

**Via Zoom**

Time: 11 am – 12:30 pm

**Members Present:** Paul Beavers (chair), Leela Arava, Linda Beale, Stephen Calkins, Wei Chen, Susan Davis, David Edelman, Brian Edwards, Mahendra Kavdia, Santanu Mitra, Jennifer Stockdill, Ricardo Villarosa, William Volz

**Members absent with notice:** Faisal Almufarrej, Sudip Datta, Carol Miller, Charles Parrish

**Liaisons:** Thomas Anderson & Karin Tarpenning, Union of Part-time Faculty; Kristen Chinery, AAUP-AFT; Jasmine Coles, Student Senate; Sharon Lean, Graduate Council; Duke Debrah, GEOC

**Guest:** Lou Romano

**The minutes for this meeting**

The chair announced that he would be making a video recording of the meeting and deriving the minutes from them.

Paul Beavers apologized for not having the minutes of the October 19, 2020 ready for review and approval.

At Rebecca Cooke's suggestion, the meeting began by reviewing the document to go before the Board of Governors Budget and Finance Committee on October 30 and then moved to the proposed current fund budget. Rebecca characterized the other items going before the Budget and Finance Committee as uncontroversial.

**Contingency Reserve**

The Contingency Reserve Report transfers the \$177,288 balance in the FY 2020 Contingency Reserve to be used in the search for a new Provost.

**Acquisition of a Field Emission Microscope to Enable Multidisciplinary Materials Research, Education and Outreach in Detroit**

Rebecca pointed out that the \$1.4 million for the purchase of this electron microscope is being funded jointly a National Science Foundation MRI award and by WSU. The grant is covering roughly two thirds of the cost (\$980,000) and WSU OVPR is covering the remaining third (\$420,000). The field emissions microscope will become part of a research core.

Linda Beale asked if this core was a new core and whether we had funding for the entire core budget. Rebecca Cooke stated that those questions would have to go to the Vice President of Research, Stephen Lanier. Leela Arava added that he is a co-primary investigator on this grant. The electron microscope will be housed in the basement of the Chemistry Building in the Lumigen Instrument Center. Jennifer Stockdill also added that it will be managed by Dr. Judy Westrick.

## **Informational Report: Major Capital Projects**

At Rebecca's request, Rob Davenport ordered this report by projected completion data moving from the most recent to the most distant. Rebecca said she did not have a great deal of information about these projects, but would be glad to answer what questions she could.

Paul Beavers asked about the Hilberry Gateway Performance Complex. It was his understanding that we are still actively seeking donations to complete this project and that we have not been garnering support at the rate expected. Rebecca indicated that there were reserve funds set aside to finish this project regardless of whether donations met expectations. There is an assumption that we will probably not have a great increase in donations though everyone will, of course, be happy if this assumption proves wrong. Rebecca also added that the delays in the Hilberry Project have not been entirely caused by the COVID-19 crisis. There were also complicated problems having to do with city sewage lines, which required some design changes. Linda Beale asked about the level of philanthropy for the Hilberry Project. Rebecca promised to send Linda a summary of the funding for the project.

Linda Beale asked about the operating budget for the Pistons/WSU Basketball Arena. Rebecca said she believed this was still being negotiated with the Piston. Indeed, there may not yet be a final contract for the arena. Linda stated she was asking because, in the General Fund Budget, there was money allocated to Athletics and she would like to understand the basis for this allocation. There is an obligation on the part of WSU to take care of that building—not simply the physical building but the staff for the building. She believes that is what this allocation addresses and will seek more detail.

Linda asked about the date on which the Matthei Office Addition was approved. Rebecca stated that it was approved before she arrived in January 2020. Paul Beavers suggested that the addition was partially funded by money originally allocated for the elevator in the stadium. When those costs proved to be lower than the original estimates, some of the savings were allocated for the addition. Linda said she had no memory of this, but it might well be the way it came about. Rebecca said she would ask Rob Davenport to supply the committee with the history of this funding.

### **Purchasing Exceptions**

Rebecca began by pointing out that this report covers the period of May through August 2020. This means that a number of contracts that are renewed annually will appear on this report. A number of other annual renewals will appear on the next Purchasing Exceptions Report. During the period from May to August, there was still a good deal of research activity as well as the expenditures related to moving instruction online.

Ricardo Villarosa asked about Item 19 from the School of Medicine, \$40,500 for a 12-month Osmosis Prime Access license for 300 M2 students. He asked if this is a new or recurring platform charge. Rebecca did not know. Linda Beale offered that she did not remember seeing this before. Ricardo commented that the \$40,000 charge looked like an annual subscription to pre-prepared online material. It may have something to do with flipped classrooms in the new medical curriculum. Jasmine Cole had additional information: this is a platform through which students learn about anatomy, physiology, and histology. It serves as a prep.

## Proposed Current Funds Budgets

Rebecca proposed to provide her narrative on how we arrived at the FY 2021 budget and then take questions.

Normally, early in the calendar year, the Budget Office looks at costs that have changed, For FY 2021, these changes were a \$33 million negative. This number is usually negative every year because revenues do not increase as much as expenses. Usually, the shortfall between increased expenses and revenue is \$12 to \$15 million. Normal cost increases, the decision not to increase tuition and enrollment remained flat, and we did budget correction for expenditures like scholarships. In the last five years, we have been increasing the budget for financial aid about 5% every year while the actual increases were approximately 7%. This 7% increase aggregates the increase in aid to undergraduate, graduate, and professional students. The correction attributable to financial aid increases is a big correction. Because financial aid is a discount and not an expenditure, it would be most correct to say that, in the past five years, we have over-projected revenue rather than overspent accounts. We will need to make great efforts to more successfully project levels of financial aid/tuition revenue in the budgets to come.

Just after the Budget Advisory Committee held its hearings and made recommendations, the COVID pandemic interrupted the process. The president formed Corona Virus restart committees, one of which was on finance. The forming of this committee was very different than the usual process. The Finance Restart Committee consisted of President Wilson, Rebecca, Bryan Dadey, Lisa Schrader, Provost Whitfield, Stephen Lanier, and two faculty members (William Volz and Paul Beavers). The committee began by considering what we could do to cut our budget. They initially settled on cuts across the university affecting all units evenly and cuts at the school/college/division levels. The proposal was to have deeper cuts in the divisions than in the schools and colleges. The cuts were intended to be 5% at the schools and colleges and 7% at the divisions. The cuts were not intended to be across the board, but strategic. Those cuts involved 60 to 70 layoffs and assumed no additional negative changes between the middle of summer and the fall census. Unfortunately, they overestimated fall enrollment. This caused another \$7 million in projected shortfalls. This activated a contingent budget planning that involved greater cuts at the school and college levels. This contingent budget entailed almost 100 layoffs. Rebecca's individual meeting with the Board of Governors made it very clear that a budget with these levels of layoff would not be passed by the Board of Governors at its September 25 meeting. That is why the September 25 meeting was postponed until this Friday (October 30). Reserves will be used to cover \$12.5 million of the shortfall in our general fund. It does not solve the structural deficit problems for FY 2021; those problems will carry over to our next fiscal year.

Ricardo Villarosa asked what the number of layoffs were in this proposal. The budget they are presenting removes all layoffs except for the layoffs associated with the C&IT consolidation and delays those layoffs until closer to the end of the fiscal year. The lines for the technicians who had been in the schools and colleges have been moved to C&IT. They do not appear as reductions to the budgets of the schools and colleges. The current list of potential layoffs has the names for 27 employees. It is hoped that some of those employees will find other positions. The university has been refraining from hiring in some union represented positions because those hires would be bumped from their positions in the event of layoffs. Some of the open positions may now be taken by employees on the list of 27 potential layoffs. After being asked about layoffs of administrators, Rebecca pointed out that the list of 100 layoffs contained significant administrative positions. The 27 layoffs in C&IT would provide a savings between

\$2 and \$2.5 million, but postponing the layoffs reduces that number to something like \$1 million. The October 30 budget proposal contains no further layoffs beyond those in C&IT. Schools and colleges are eliminating open positions; the elimination of those positions accounted for about half the position eliminations in the earlier budget.

Approximately \$22.6 million of the \$33.1 million general fund budget shortfall is being covered by non-represented employees forgoing FY 2021 pay increases, non-represented employees taking temporary pay reductions, and school/college/division reductions. The earlier version of the budget had larger school/college/division reductions that are now being covered by \$12.5 million from the rainy day funds.

The reductions of budgets for the schools/colleges/divisions now looks "kind of random" because their budgets in the proposal have simply had their planned layoffs eliminated. Some schools/colleges/divisions were more reliant on layoffs than others. Those units now benefit from the elimination of layoffs. The budgets do not at all reflect the decision making earlier in the year about which units should take larger or smaller cuts than the others. The original budget proposal was based in the 5% and 10% reduction plans submitted by the schools/colleges/divisions.

The reduction of detail because of the quick revision of budgets makes it much harder to gauge the reasons for increases and decreases. Rebecca's office simply did not have time to prepare these detailed documents on the budgets revised in the weeks between September 25 and today. Rebecca frankly stated that this was not how she and Bryan would like to do a budget process.

Rebecca also pointed out that at their September 25 meeting the Board of Governors did pass a resolution that allowed the university to continue to operate until a new budget is approved.

- a. Fiscal Year 2021 General Fund Budget
  - b. Fiscal Year 2021 Auxiliary Fund Budget
  - c. Proposed use of the Rainy Day Fund for the FY2021 Net Operating Budget Shortfall
- II. Purchasing Exceptions
  - III. Other business