

Academic Senate Budget Committee

Final Report on the Committee's Activities 2019-2020

May 6, 2020

Members: Paul Beavers, Chair, University Libraries; Faisal Almufarrej, Surgery; Leela Arava, Mechanical Engineering; Linda Beale, Law; Erika Bocknek, Education; Stephen Calkins, Law; Wei Chen, Oncology; Victoria Dallas, Communications; Brian Edwards, Biochemistry, Microbiology, and Immunology; Smiti Gupta, Nutrition and Food Science; Mahendra Kavdia, Biomedical Engineering; Santanu Mitra, Accounting; Rayman Mohamed, Urban Studies; Charles Parrish, Political Science; Ricardo Villarosa, Dean of Students Office; and Sudip Datta, Finance

Liaisons: William Volz, Accounting (Policy Committee); Kristen Chinery, Reuther Library & Archives (AAUP-AFT); Waleed Eliwat (Student Senate); Sharon Lean, Political Science (Graduate Council); Thomas Anderson, History (Union of Part-time Faculty); and Duke Debrah, Chemistry (Graduate Employees Organizing Committee)

The Academic Senate typically meets the Monday prior to each Board of Governors' (BoG) meeting to review the agenda for the BoG Budget and Finance Committee. Members of the ASBC also participated on the BoG Budget and Finance Committee, the university's Administrative Unit Review Committee, the search committee for the new Vice President for Finance and Business Operations and Treasurer, and the University Finance Restart Committee.

Having elected senate faculty participate in university deliberative bodies is critical to preserve shared governance.

The Budget Committee met six times during the 2019-2020 academic year:

- September 16, 2019 reviewing documents for September 20 BoG meeting
- October 28, 2019 special meeting on Responsibility Centered Management (RCM)
- November 18, 2019 special meeting with Susan Burns, VP for Development and the WSU Development Office
- December 2, 2019 reviewing documents for the December 6 BoG meeting
- January 27, 2020 reviewing documents for the January 31 BoG meeting and met with Robert Davenport, the new AVP for Facilities Planning and Management
- April 27, 2020 reviewing documents for the May 1 BoG meeting

The Budget Committee will also meet on June 15, 2020 to review the documents for the June 19 BoG meeting. Another meeting of the Budget Committee to be held sometime the week of May 4 or May 11 is likely to be held. It will consider tuition recommendations for FY 2012.

The Budget Committee had been scheduled to meet on March 16, 2020 to review documents for the March 20 BoG meeting; the preparation for the campus closure due to the COVID-19 pandemic led to the Budget Committee meeting being cancelled. After an initial cancellation of the March 20 BoG meeting, a brief meeting of the BoG was held on March 20 to act on time sensitive issues. The two Business and Finance documents from that meeting were discussed at the April 27 meeting of the AS Budget Committee.

The meeting between the AS Budget Committee and the unit Budget Advisory Committees usually held in late March or April did not take place due to the COVID-19 closure. The AS Budget Committee intends for these annual meetings to continue.

A meeting between the AS Budget Committee and the Vice President of Health Affairs / Dean of the School of Medicine requested by the committee could not be scheduled.

Usual Business: Key Input into Board of Governors Deliberations

Given demographic trends, WSU will not see enrollment increases and are looking ahead to \$13 million to \$20 million cuts to our budget every year. Such a pattern of annual decrease is not sustainable. We need long range forecasts looking ahead at least five years, and these forecasts must inform our planning and the implementation of our budget plans.

The Budget Committee strongly recommended that RCM set aside graduate teaching and research assistantships as a discreet funds to be used for those specific purposes. This contributed to a change in the RCM model: The funding for graduate assistantships, which will be approximately \$8,000,000 for FY 2021, will go to the Revenue Generating Units, but they will be set aside for that specific purpose

Budget Committee comments on the purchasing exception reports focused time and again on two issues. First, the frequent and costly use of consultants within the schools, colleges, and divisions frequently to conduct what would appear to be central functions of the units. Second, the expenditure made because WSU has failed to maintain its research core.

Responsibility Centered Management

As WSU transitions from the incremental budget model to the RCM budget model in FY 2021, resources will remain the same. Subvention will be used to hold the schools and colleges harmless in that transitional year. Subvention recommendations will be reviewed annually from FY 2022 onward.

The WSU model has been adjusted to make the colleges and schools less vulnerable to annual fluctuations in enrollment. A three-year rolling average of enrollment has been incorporated into the model.

The earlier WSU model treated all credit hours identically. The model has been adjusted to use a weighting of credit hours based on costs to programs and differential costs. Our weighting employs the State of Ohio's State Share of Instruction (SSI) model.

Under RCM hearings and conversations with the dean about their plans will continue to be part of the budgeting process. Those receiving subvention will need to articulate their strategies for reducing subvention over time. Those making money will be asked to articulate their strategies for using those funds.

WSU Development Office and Forthcoming Capital Campaign

There was a drop in FY 2019 fund raising, which was expected given the conclusion of Pivotal Moments, our major capital campaign.

Negative media coverage of WSU has had a negative effect on fundraising, particularly among our largest donors.

WSU Development and Alumni Affairs' Return on Investment (\$6.58) is above the 75th percentile for our peer institutions and higher than the average for the top 50% of participating institutions.

We are in the process of planning our next major capital campaign with a goal of raising approximately one billion dollars.

The emphasis of the next capital campaign will be Transformational Initiatives with the capacity to inspire multimillion dollar donations.

As in previous years, the subject of endowed chairs/named faculty was raised by Budget Committee members. The proposal for Faculty Naming Levels presented to the committee was not well received. The Budget Committee recommends more emphasis on such giving and detailed consultation with the Budget Committee and other Academic Committees on the subject.

Robert Davenport and Facilities Planning and Management

Mr. Davenport recognized that the elevators are a major concern at WSU. Deferred maintenance on the elevators has really caught up with the University. FP&M maintains a web page on elevator status at <https://facilities.wayne.edu/updates/elevators>.

There is no reserve fund to cover elevator repairs. That is something that could be addressed in planning for the future. Indeed, such planning will have to address the need to maintain and renovate elevators on a regular schedule.

Mr. Davenport believes that we have successfully located and corrected the sources for the recent legionella outbreak and have procedures in place to prevent such situations arising in the future. The LAMPS program that is in place will both manage the process and demonstrate that we are doing everything that is supposed to be done to manage legionella.

The Second Street Bridge over I-94 is closed. It will be reopened in the fall. Shortly afterwards, they will permanently remove the Third Street Bridge. Currently the 184 parking spaces in Lot 22 have been closed because it is being used for the construction of the new Second Street Bridge.

State Budget Process and the University Budget Planning Council

The AS Budget Committee began the academic year with a review of the WSU FY 2020 Budget. The Budget for the State Of Michigan was not finalized until that month and provided WSU with only a 0.5% increase in funding, roughly \$800,000 less than anticipated in June. This decrease in funding was largely covered by savings in budgeted medical insurance expenditures.

The fiscal year 2020 cuts were not across the board; there are variants between units. Budgets ranged from a 2.1% reduction at the low end to a reduction 3.45% at the high end. The divisions all received 3.45% reductions. There were \$12.7 million in total reductions.

The Budget Planning Council conducted 23 budget hearings for Schools, Colleges, and Divisions (S/C/D) of the University as part of the Fiscal Year 2021 budget development process. The council's scoring methodology sorted S/C/D into three main categories that included: "Invest", "Hold", and "Reallocate". The categories were further broken down into "More" and "Less" degrees resulting in six total scoring categories. Each member of the committee scored the S/C/D independently and the cumulative results were summarized and collectively reviewed by the Budget Planning Council as a whole.

There was a fairly level of interrater reliability in the scoring.

The Budget Planning Council also put forth several broader recommendations:

There was consensus of support for strategic budget reallocations with differential budget targets.

There was no support for across-the-board budget targets.

Several members of the committee voiced strong support to provide additional resources to Reuther Library in recognition of its historical significance and research value.

The committee expressed a need for Marketing to support the promotion of individual colleges and programs in addition to supporting WSU brand identity.

The committee has concerns about the level of funding that is allocated to the Office of Research and the related return-on-investment. Research receives a significant portion of the Indirect Cost Recovery and has a large staff. The consensus of the committee was Research is area that should be considered for reallocation.