

Academic Senate Budget Committee Minutes

November 29, 2021

Via Zoom

Time: 11 am – 12:30 pm

Members Present: Paul Beavers (chair), Leela Arava, Linda Beale, Stephen Calkins, Wei Chen, David Edelman, Santanu Mitra, Stella Resko, Wassim Tarraf, Ricardo Villarosa, William Volz

Members absent with notice: Wen Li, Charles Parrish, Sean Peters

Liaisons: Kristen Chinery, AAUP-AFT; Karin Tarpenning Szadyr, Union of Part-Time Faculty; Mahmoud Suliman, GEOC

Guests: Danielle Aubert, President AAUP-AFT Local 6075; Mark Kornbluh, Provost; David Massaron, Senior VP for Finance and Business Operations and Treasurer; Ashley Flintoff, Director of Planning and Space Management; Kenneth Doherty, AVP Procurement & Strategic Sourcing

- I. The chair announced that he would be making a video recording of the meeting and deriving the minutes from them.
- II. The minutes of the November 8, 2021, meeting were not yet available. Paul Beavers promised to for approval the minutes for the November 8 meeting as well as the minutes for this meeting at the January 24, 2022 meeting of the Budget Committee.
- III. Documents to be presented to the Board of Governors Budget and Finance Committee on December 3, 2021

A. Contingency Reserve from David Massaron

There have been no draws on the Contingency Reserve so far in FY 2022. The balance remains at \$500,000.

B. FY 2023 - 2027 Capital Outlay Plan from David Massaron and Ashley Flintoff

Though Ashley Flintoff will be presenting the plan, David Massaron began by acknowledging that Linda Beale had provided excellent feedback on the plans presentation that has been incorporated into this final version. David intends to work with Linda and the Senate Policy Committee next year as he further reorganizes the presentation of the report. We are not soliciting funding from the State of Michigan with this year's report. We made the strategic decision separately soliciting under the ARP (American Rescue Plan) Funds for projects this year. The State Budget Office (SBO) did unfreeze the capital outlay process at the beginning of FY 2022. They froze the process expecting a revenue dip and, with the increase in the consumption of durable goods during the pandemic, state revenues actually increased.

Stephen Calkins asked if not submitting a funding request actually sent the State the wrong message. That is the message that we are happy and don't have needs and so they shouldn't worry about us. David does not think they will take this view. We have communicated our differed maintenance needs as part of the RFP process. Among the research universities in Michigan, WSU probably has the greatest need for differed

maintenance measured as a percentage of value. This year is, in fact, a little unique. The American Rescue Plan funds are not just a once in a lifetime opportunity; they are never going to happen again. The State had this slug of money from federal relief funds separate from the capital outlay process. We are focused on that because there is more flexibility with how these funds can be used. Next year, we will once again propose a capital outlay project. The ARP funds are particularly aimed at health-related facilities, so we are making request related to that. The state institutions as a group are also emphasizing their deferred maintenance needs. This one-time money is ideal for addressing differed maintenance. All that being said, it is also the case that institutions do not typically present capital outlay projects every year; our not bringing a project forward this year would not harm our reputation. Ashley added that it is understood that no institution is going to get a project approved every year. We need to be strategic about what we are requesting and when we are requesting it.

Linda Beale offered that there was no meetings of the Capital Planning and Priorities Committee this year to discuss the Capital Outlay Plan. That meeting is where the Senate typically has the opportunity to talk about the draft plan. Why wasn't there a meeting of the Capital Planning and Priorities Committee? Linda does not believe the plan does enough to establish a strong foundation for academic issues that need to be addressed. She drew attention to the list of capital projects in active planning and asserted that few of those five projects have been discussed with the Senate Policy or Facilities Committees. She proposes that, for FY 2023, we have the discussion earlier and allow the Senate to have input before the report is finalized. David commented that this year was very irregular with the transition from Rebecca Cooke to him and promised that next year the process will be more deliberate.

David added that one of the priorities next year and in following years is going to be lowering the facilities' footprint in order to reduce costs. We are going to have to make upfront investments to consolidate office space. We have a lot of administrative staff that have more office space than they need. AAB was built in the 90s when we had staff that was twice as large as our current staff; we are still paying to maintain all that space. He hopes the Senate will take an active role in the process of planning these consolidations.

The health facilities project we will be proposing is, of course, the replacement for Scott Hall. We need to get our request in to the State for the Federal money they have been given for health-related projects. The decision process is always unpredictable but both there is no institution better than WSU in the provisioning of medical professionals across the state and medical research.

Paul Beavers asked about the audience for which this this report is intended. David Massaron explained that this report, when there is not a request for project funding, is read by three staff members in the State of Michigan Budget Office: Lisa Shoemaker, the Director of the Office of Economic Development, and a couple of people who work for

her in capital outlay. He is not sure the report goes beyond that. David added that he and the provost have discussed this report and updating the presentation. The language and outline of the report have not kept pace with our strategic plan.

Ashley Flintoff began her presentation on the Capital Outlay Report by explaining that filing the report is required by Public Act 431 of 1984. Though the report probably stays in the Office of Economic Development when we are not making a request, it is on file for the review of the Joint Capital Outlay Committee of the Michigan Legislature. The plan is due by October 31 each year. We are required to include, as the major divisions of the report indicate, a mission statement and address instructional programming, staffing and enrollment, facilities assessment, and implementation plans. Ashley's staff gathers data from units across campus to create the report. The report is intended to provide policymakers with the most current information available on WSU's priorities and needs.

In response to Linda Beale's comment about the list of capital projects in active planning, Ashley pointed out that the list in Appendix A of the report is only required to list projects in excess of \$1 million though WSU has typically list projects from \$750,000 upward.

Stella Resko noted that a number of the projects on this year's list fall below the \$750,000 threshold, particularly the elevator projects. Ashley said this was correct. They had presented a more detailed look at the broad elevator project that will cost \$10.9 million. The projects that are beneath \$750,000 are elements of larger projects.

Ashley concluded that she knows this project feels rushed every year. A great deal of the data in the report comes from the Office of Institutional Research and Analysis (OIRA) and OIRA does not have that data until early or mid-October. They want to gather more input on the report and continue to strive to do so but are caught in a Catch-22.

Paul Beavers also explained that, though the Senate Facilities Committee did not get the Capital Outlay Report earlier, he did share it with that committee when it became available to him. Paul added that he hoped that this report will be placed somewhere on the university website where the WSU community can find it. It contains a wealth of information about the physical university and our intentions so it will be valuable in many different contexts. Ashley explained they are legally required to post these reports; they are always posted in the Facilities Planning & Management web site on the Associate Vice President page. The reports available there go back to FY 2013.

Facilities Planning & Management web site on the Associate Vice President page:
<https://facilities.wayne.edu/avp>

Paul added that he was pleased with this report's frank admission that we do not know how the COVID crisis and its continuing impact are going to affect demand for

classrooms. He believes this is important to keep in mind moving forward. It is not just our willingness to teach in classrooms; it is the preference of students for where and how they are taught. A lot of this is not going to be a matter of conscious preference. We cannot just ask them what they anticipate desiring; we must observe the choices they will make.

Danielle Aubert asked about the discrepancy between the amount Appendix A, Capital Planning, indicates has been budgeted for the Art Building HVAC upgrade and the amount approved at the last Board of Governors meeting. The Capital Outlay Plan shows a budget of \$3 million, but \$8.5 million was approved by the Board. Ashley said these should be the same number so she will look into this. It may be an error that needs correction. David also suggested that he and Ashley are a bit of a disadvantage in addressing this specific process. Were Rob Davenport not off today, the question might be answered immediately.

Linda Beale expressed a concern that this report may come off as too boilerplate to the State Budget Office staff who do read it: these are the new numbers, same old words. David Massaron suggested that we need to differentiate between the report and a request. WSU has a history of doing that. When the STEM building was funded, Michael Wright wrote a large portion of the project description that the State funded. We need to present an honest and accurate description of what our needs are, and we need to make proposals that mesh with the funding opportunities of the moment. Under Governor Snyder, funds were available for STEM projects, and we successfully proposed such a project. We need to have a really good list of our basic needs and we need to pull projects from that list that align with the Legislature's focus at a given time. Right now, the interest is in physical infrastructure related to healthcare provision. Ashley Flintoff added that there are required questions and structures that must be in this report. There are some opportunities to be more creative and some features that are required. We also need to communicate with Patrick Lindsey, VP for Government and Community Affairs, and Elizabeth Kutter, State Relations Director, about our strategy in approaching the legislature. Ashley added that, when we have a project request, Patrick Lindsey formulates a lobbying strategy, including frequent interactions with the legislators and officials. Linda suggested that a part of that strategy ought to be using faculty in the process. The legislators should be hearing from people who will actually be using the buildings. David suggested that the strategy must focus on the right touch for the right legislator.

Stephen Calkins commented that the balance in the report seemed odd to him: there were 17 pages of background about student numbers and all sorts of general background and 7 pages about on facilities and our needs and plans. The presentation of those needs and plans should also be punched up by an experienced writer. David conceded that there is room to develop a more compelling report. Creating such a report, however, should be preceded by developing a compelling vision that describes

our needs and serves as the foundation for working together on this report and the other efforts that will get those needs met.

C. Stadium Structural Repairs – Design and Construction Authorization from David Massaron

David Massaron explained that he was subbing for Robert Davenport who would normally present this item. Rob could not be at this meeting.

These repairs are a health and safety requirement. The steel undergirding of the stadium seats has little pylons that connect the seats to the stadia (concrete flooring). Those pylons have deteriorated over the years. The question is whether we attempt to repair the deteriorated connections, or we opt to replace the existing precast concrete stadia risers and steel connections to the main structure. There was only a \$300 thousand difference between the two approaches. The replacement option has been judged to be the best in terms of timeline, costs, and longevity. The \$3 million for the project will come from the differed maintenance fund.

Linda Beale asked what we budgeted for differed maintenance in FY 2022. David said he knows we did \$5 million in FY 2021 and believes we carried that number forward. There are multiple categories within this budget and he will have to get back to the Budget Committee on this. These repairs will expend 60% of that amount. Fortunately, some of the damage from the flood has allowed us to cover some differed maintenance on our HVAC systems. HEERF (Higher Education Emergency Relief Fund) related money will also cover some of the HVAC expenses. We are diverting some of the differed maintenance to other sources of funding. Linda explained she was asking about the size of the differed maintenance budget because she is concerned about how much of the \$18 million elevator maintenance we will be able to complete in FY 2022. David replied that we have just finished a number of the elevator projects. The Applebaum elevators, for example, recently passed inspection and should now be functioning. David emphasized that the elevator projects is the issue he hears most about. Rob Davenport should be invited to the Budget Committee to discuss this issue. It is a matter of accessibility for people who are dependent on elevators.

D. Informational Report: Major Capital Projects Summary from David Massaron

The report is basically the same as the report submitted at the October 1 meeting of the Board of Governors. We can, however, now say that the Pistons/WSU Basketball Arena is now complete. The elevator projects have been updated a bit. We are on schedule to complete the design portion of the State Hall project by spring. Linda asked about the elevator repairs in Parking Structure #1. They are not listed in this Major Capital Projects Summary. Are they going to be completed soon? Ashley is aware that the flooding caused some delays in those elevator repairs. She does not, however, know the current status of the project and will have to get back to the committee on this. The project does for the most part involve repairing the elevators rather than replacement. Some of the elevator repairs are part of the larger structural repair of the parking structure.

E. Purchasing Exceptions from Kenneth Doherty

Ken Doherty began by commenting that this was a much smaller Purchasing Exceptions Report than the one submitted to the October 1 meeting of the Board. It covers a single month (September 2021) while the previous report covered four (May-August 2021). The first twelve items are all related to scientific compatibility. Items that are treated as renewals rather than being put out for competitive bids.

Paul Beavers commented on text about Ed Love being incorporated into the descriptions of contract renewals with each of the WDET radio hosts. Clearly, the text was written only to be used with Ed Love's renewal. Ken Doherty explained that our radio hosts often work for stations in addition to WDET. They could not be classified as full-time employees of WSU. In 2019, HR determined that the best approach was to treat all the radio hosts as outside contractors. We also decided to offer multiyear contracts so they will not be reported year after year after year.

IV. Discussion of the WSU FY 2022 Current Funds Budget Book

Paul Beavers explained that he had placed a discussion of the FT 2022 Budget Book on the agenda because, at the September 27 Budget Committee Meeting, Linda Beale and I were not able to provide even the slightest hint of what it contains.

Paul began by making two points. First, if you are looking at cuts to the budgets for the schools and colleges, you need to look very carefully at the positions that are being moved out to go to C&IT. Those changes are substantial. While producing drops in the budgets of the schools and colleges, they also cause something like a 45% increase to the C&IT budget. Some of the cuts are also associated with the retirement incentive program the university set up during the initial stages of the COVID crisis. Because the program involved several years of salary or partial salary going to retirees, it is also reflected in some of the cuts to the schools and colleges. My second point stems from conversations we have been having in the University Libraries and Reuther. I strongly suggest that faculty and academic staff work with the Budget Advisory Committees in the schools and colleges. They should be speaking with the Business Affairs officers who have knowledge of what the expenditures and other adjustments will be throughout the year.

Paul also commented that he still could not reconcile some of the figures in the Budget Book with figures David Massaron gave when speaking to the Academic Senate plenary session. For example, David said that the School of Information Sciences would have a 9.0% cut while in the Budget Book it is listed as a cut of 7.2%. Paul suspects that the difference may be associated with the positions that were moved to C&IT and other factors, but it isn't clear why those numbers were not consistent between the two meetings. Linda Beale explained that factors like differential tuition were also being taken into account. Provost Kornbluh confirmed that differential tuition was responsible for the inconsistencies. Those factors were figured even after the Budget Book was submitted. Linda suggested that differential tuition was the major factor, but that there were also other adjustments figured made post Budget Book.

V. Budget Committee Contributions to the Senate Statement on the Future of Higher Education

Paul began by mentioning that he had distributed to committee members a draft of what will eventually become the university's strategic plan. Paul asked if the committee members had suggestions or concerns based on what they have seen in the draft plan.

Paul stated that he was pleased to see that the draft mentioned the necessity to examine budgeting methods and to improve the procedures at WSU. Specifically, it promoted a shift to multiyear budgeting. We should be doing strategic budgeting rather than getting by a year at a time. Given our discussions at the last Budget Committee meeting with Susan Burns, it was also good to see the commitment to soliciting gifts for named faculty positions. Linda thanked Provost Kornbluh for making sure a commitment to named positions is in the strategic plan.

Paul suggested that the plans discussion of improving budgeting methods indicated a continuing interest in RCM. Provost Kornbluh disagreed. He sees the strategic plan as completely agnostic about RCM. There is a desire to have more functional budgeting to be conducted in ways we all agree upon. There needs to be some transparency and incentives. Whether this ultimately leads us to RCM is not clear. It would not be the provost's first choice. David Massaron has said that it will be at least two years before we can return to the RCM discussion. In the meantime, we will be more transparent and create incentives in the budgeting process. If a school or colleges proposes to do X, it will be able to keep a percentage of the revenues generated by doing X. That could be characterized as a step toward RCM or it could be a step toward a mixed model budgeting; part of the budget could be incremental and part could be incentive based.

Paul mentioned that before the Budget Committee meeting, he had been talking with David Massaron and was told that David would be working on the issue of multiyear budgeting with the Board of Governors over the coming months and would be meeting with Linda Beale and him about it.

One of the Budget Committee's concerns has been the funding of research. Paul did not note anything controversial or agenda changing in the manner this draft of the strategic plan addressed the issue.

Stephen Calkins commented that the word "efficiency" is used in the document three times though never in headings; it is not a big picture caption. He was surprised that the emphasis on downsizing the university's physical footprint, which was heavily emphasized in the Campus Master Plan, was not emphasized. Stephen also suggested that the title "Wayne State University: Our Moment in Time," was certainly something that he would have underwritten four years ago. But recent declines in enrollment and the huge Medical School challenges raise questions as to whether the present is indeed WSU's moment in time. Provost Kornbluh responded that the issue of efficiency is not emphasized because simply eliminate administrative buildings will not by itself solve our financial situation. The plan is sensibly written with an emphasis on increasing revenue. The provost says from comparisons of our

situation with peer universities he is convinced that we still have opportunity to grow enrollment and grow revenue. Raising revenue and not cutting costs is the key to the situation.

Ricardo Villarosa expanded on Bill Volz observation. Ricardo noted that we always look at just one number for enrollment and make projections based on that number. Perhaps it is time to abandon that. We know the enrollment count is not going to be driven by the old proportions of undergraduate and graduate enrollment. The graduate enrollment brings more revenue per head so whether the number rises or falls has a different impact than undergraduate enrollment. It is time to look at enrollment in a nuanced way. It is time to start implementing the points raised by the provost and Bill Volz.

The provost added that he hopes the committee noted the plan's defense of PhD education. PhD students cost money; they do not make money for the university. That is one of the facts obscured by relying on a single enrollment number. Bill Volz added that PhD programs and funded research are critical to the university maintain the attractive dollars per student appropriation from the Michigan legislature. Fussing with our doctoral programs, professional schools, or research orientation puts our state aid on the table. We, of course, need to keep that appropriation stable into the future.

Paul Beavers agreed. In reviewing the draft plan, he found himself thinking about the Michigan legislators as readers of the plan. He found himself wishing that there were more passages tying WSU to the State of Michigan as well as to the City of Detroit. That could also help with recruiting students from outside WSU's traditional tri-county area of recruitment. One of the good things about Ashley's Capital Outlay Plan was the information it contained about how WSU impacts Michigan as a whole. Emphasizing the benefits WSU bring to the State of Michigan and perhaps even the Midwest will make the plan a better document for people outside of southeastern Michigan contemplating coming to school here. Linda agreed and added that so many of the professions that WSU trains and educates stay in the State of Michigan. Professionals educated at UM are just as likely to leave the state. The draft strategic plan does not strongly enough emphasize that the education WSU provides benefits Michigan as a whole. Provost Kornbluh supports these suggestions.

Linda added that these comments are also relevant to the discussion of certificates and stacked strategic certificates and non-matriculating students. We should promote WSU as a research university that can also provide those sorts of education. The plan should also emphasize this.

William Volz asked with the strategic plan could put a greater emphasis on building capacity for online and hybrid education and other developing modalities. We have been wedded to campus instruction and Bill believes face-to-face instruction is more effective and exciting. But to address the future, we need to look at hybrid education and how it can be adapted to different curricula. Developing these capacities will take substantial resources.

Stella Resko commented that some of the language was not doing enough to sell WSU. The emphasis on developing things and doing things better detracts from the emphasis on our

strengths and things at which we excel. If legislators will be reading this document, we need to be emphasizing our accomplishments. The provost responded that they are still seeking balance in the draft: the long preface is very flowery and the five sections do not yet incorporate the positive statements Stella would like to see. Linda agrees that wordsmithing is very important. As Stella points out, our phrasing is sometimes inadvertently creating negative impressions. Bill Volz suggested that we should strive to express Arthur Johnson's assertion that "Number one isn't good enough!"