

Minutes, Budget Committee of the Academic Senate

Meeting of March 2, 2009

Present: Charles Elder, Donald DeGracia, Thomas Killion, Rob Kohrman (Liaison, Office of Budget, Planning and Analysis), Winston Koo, Charles Parrish, Frederic Pearson, Louis Romano, Linea Rydstedt, Vishwanath Sardesai, Assia Shisheva, Lothar Spang, William Volz (chair), James Woodyard

Invited guests: Nancy Barrett, Provost & Senior Vice President for Academic Affairs; John L. Davis, Vice President for Finance & Facilities Management.

Absent With Notice: Muhammad Amjad, Richard Needleman (Liaison, AAUP-AFT)

1. The meeting was convened at 10:30 a.m. The minutes for the meeting of January 20, 2009 were approved without objection.
2. Report from the Chair: The chair reported that the transfer of federal “stimulus” money to the State of Michigan made the possibility of a mid-year FY 2009 reduction in the University’s appropriation much less likely.
3. Mr. Kohrman then shared an overview of the impact of the federal “stimulus” money on the State’s appropriation to the University in FY 2010 and FY 2011. Governor Granholm has indicated a funding formula for higher education that would reduce the University’s FY 2009 appropriation of approximately \$220 million to about \$214 million in FY 2010 and FY 2011. During each of those two years, \$24 million of the “stimulus” money would be directed to Wayne State University. However, the Governor indicated that the University’s receipt of the federal funds would require that we “freeze” tuition at the FY 2009 level. There are several limitations on the usage of the federal funds.
4. The subsequent discussion expressed a number of concerns about the Governor’s proposal. As the federal “stimulus” funds are non-recurring, a tuition freeze for two years would cause significant problems for the University in FY 2012. Mr. Parrish noted that if the University were to accept a tuition freeze and the federal money were to be removed after two years, the University would end FY 2011 with its FY 2009 General Fund “base” budget of \$271 million from tuition revenues and \$214 million from the State Appropriation. It would take a very large tuition increase in FY 2012 to “make up” the tuition foregone in the tuition freeze of the prior two years. Mr. Elder added that a stable enrollment and a tuition increase of 6% in both FY 2010 and FY 2011 would add more than \$32 million to the FY 2012 General Fund. While the Committee will continue this discussion, there was general agreement on the danger of foregoing tuition increases in FY 2010 and FY 2011. There was also agreement that the one-time “stimulus” money should not be seen as a substitute for the continuing General Fund revenues coming from tuition.

5. Mr. Killion suggested consideration of a policy adopting reasonable tuition increases, but using the federal “stimulus” money to rebate a portion of what students would pay in increased tuition. This would leave a larger “base” of tuition revenues if the federal money was discontinued.
6. Following discussion on the importance of the university community, including the Board of Governors, in understanding the role that Pell grants play in tuition revenues. Mr. Romano asked the Office of Institutional Research to provide:
 - a) the number of undergraduate students at Wayne State receiving full and partial need-based Pell grants from the federal government, and
 - b) the number of undergraduates who have tuition costs completely covered by a combination of Pell grants, State of Michigan and Wayne State need-based scholarships.
7. There were also requests for estimates of FY 2010 tuition revenues with various tuition increase scenarios.
8. Mr. Woodyard presented a review of graduate differential tuition in business, engineering and library science. Instituted in FY 2002, the differential tuition now charged in these programs is an additional \$69.60 per graduate credit hour. The differential per hour charge is the same for both resident and non-resident students. 25% of the revenue collected from the differential tuition stays with the central administration and 75% is returned to the School or College. With the differential charge included, resident Engineering students pay \$502.7 per credit hour and non-resident students pay \$1,026.10. Mr. Woodyard noted the lower graduate non-resident tuition costs of several Michigan and Out-of-State competitors and recommended consideration of lowering Wayne State’s graduate tuition rates for non-resident students, especially in engineering.
9. Mr. Woodyard noted that the Administration had submitted a Michigan Federal Economic Request List that included a project for renovating the Macomb County Extension Library. Mr. Woodyard indicated that this project was not included in the Five-Year Capital Outlay Plan FY 2010-2014 and its high priority by the administration should have been discussed by the Budget Committee.
10. Mr. Woodyard remarked favorably on President Noren’s policy of openness in sharing budgetary materials. After a discussion of instances where requested documents were not forwarded promptly, Provost Barrett, Mr. Davis and Mr. Kohrman suggested that requests for budgetary information would be more promptly met if forwarded through the Budget Committee chair. Discussion followed on appropriate actions by the Committee, including FOIA petitions, should the requests not be honored.

11. The Committee briefly reviewed the agenda for 4/4/09 BOG meeting.

A . Mr. Davis was asked a series of questions on the Energy Management and the Strategic Energy Plan that will be presented to the Board on Wednesday. Several committee members commented favorably on the energy cost savings realized by the University's increased efforts in efficiency and conservation.

12. The meeting was adjourned at 12:00 noon.

William H. Volz