

Time: 11 am – 12:30 pm

Members Present: Paul Beavers (chair), Leela Arava, Linda Beale, Stephen Calkins, Wei Chen, Sudip Datta, David Edelman, Wen Li, Charles Parrish, Santanu Mitra, Lou Romano, Stella Resko, Wassim Tarraf, Ricardo Villarosa, William Volz

Members absent with notice: Sean Peters

Liaisons: Karin Tarpennig Szadyr, Union of Part-Time Faculty

Guests: Rebecca Cooke, Interim VP Finance & Business Operations; Robert Davenport, Associate VP for Facilities, Planning and Management; David Massaron, VP Finance & Business Operations Elect; Kelly Dormer, AS Policy Committee; Noreen Rossi, AS Policy Committee; Naida Simons, AS Policy Committee; Jennifer Lewis, AS Policy Committee; Danielle Aubert, AS Policy Committee & President AAUP-AFT Local 6075

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

Because this was the first meeting of the new academic year and the membership of the Budget Committee had changed, the meeting began with the members introducing themselves to each other.

The minutes from the Budget Committee meetings June 21, 2021 were approved.

Paul Beavers announced that there would be a slight adjustment to the agenda. Because Rob Davenport has to leave the meeting by 11:30 in order to meet with President Wilson, his items will be discussed first.

Documents to be presented to the BoG Budget and Finance Committee on October 1, 2021

Art Building HVAC Renovation

Rob Davenport pointed out that FP&M had an ongoing commitment to address all facilities related concerns stemming from the COVID pandemic and particularly the concerns about air quality in our buildings. The Art Building was built without air conditioning, and it was one of the first buildings FP&M focused on to be sure it could be opened in the fall. FP&M concluded that this could best be done with an investment of \$8.5 million to install air conditioning in the building. The funding for this project will come from the HEERF (Higher Education Emergency Relief Fund) funding. The Art Building is not a typical classroom building. It has a number of programs that require high levels of air exchange: for example, metal shops, ceramics, woodworking, and painting booths. Changes need to be made to duct work and air handling as well as introducing the air conditioning itself. The HVC plant will be built on top of the Art Building in a manner that complements its architecture. This project offers opportunity to both introduce air conditioning and to assure that we are maintaining air quality in the facility.

Linda Beale encouraged Rob to consult with the Senate and particularly the Facilities, Support Services and Technology Committee when such projects are being planned. Rob readily agreed. He explained

that the flood the campus suffered in June demanded his team's entire attention for 8 to 10 weeks and some steps in the process were neglected as they worked intensely to bring the project before the Board of Governors at this Friday's meeting. Rebecca Cooke added that she told Rob he had to get this project on the October 1 Board of Governors' agenda.

Paul Beavers also commented that—unlike Beecher House—the Art Building will be at least partially occupied during this project. Rob said that was correct. The Beecher House had no air handling at all while the Art Building does have air handling. This is a crucial difference.

Jennifer Lewis expressed concern that if the HVAC unit is placed on the McGregor side of the Art Building it could detract from the beautiful plaza that lies between the Art Building and McGregor. Rob emphasized that the HVAC unit will be on the roof of the Art Building so it will not impact the reflecting pool and art plaza. They have even taken steps to assure that the noise from the unit will not detract from this area.

Danielle Auber asked if the Art Building will have heat this winter. Rob assured her that they will have heat. The epicenter for the June flood was there at the McGregor reflecting pool over to the Art Building and also directly involved Community Arts, the Music Building, and Alumni House. They are completing the last few condensate pumps so the boilers can be started. The boilers should be operative in the last half of October. The complex will definitely have heat by November 1.

Linda asked for renderings of the project, which Rob will provide. When Linda asked about the timing of and will be completed toward the end of calendar year 2022. In the spring of 2023, the Art Building will have air conditioning.

Stephen Calkins raised the question of air handling in the Law School. In the fall and the spring, the transition from warm weather to col and vice versa are never handled well. It's always too hot or too cold. Will the Art Buildings HVAC be more efficient during these transitions? Rob explained that they were introducing dry cooling to the Art Building. This system will not require a chiller/water tower. At present, few buildings have such dry cooling. FP&M will be converting buildings from wet to dry cooling as opportunities present themselves.

Matthaei Office Addition

The Matthaei Project began work on a 1,300 square foot addition in the fall of 2019. In June 2020, heavy rains caused flooding and investigation revealed that a building roof drain line remained under the concrete slab unconnected to the storm drain system. This produced water pressure under the slab caused it to lift and damage all the interior partitions, the concrete slab and structural roof joists. FP&M has been working with the contractors, the architects, and engineers to understand why this happened. They have addressed the root cause and asked subsequent engineers to review the facility to make sure we know what we need to do to repair the damage and move forward with the construction. FP&M is requesting \$400,000 to complete the project and get the facility buttoned up before winter. This needs to be done while the university is finalizing the negotiations with the original architects, engineers, and contractors to receive reimbursement from their insurance carriers.

Linda Beale asked if the university had some sort of supplemental insurance in case it is not fully compensated by the insurance carriers of the contractors. Rob explained that there was a bond, which

the contractors originally put up, that we could exercise if needed. The Office of the General Council has strongly supported FP&M in pursuing reimbursement.

Ricardo Villarosa returned to Stephen Calkins' discussion of the climate within the Law School building. Certainly, the chillers are an important factor. The Honeywell system they installed in the remodeling at the end of the year 2000 was downgraded because of costs. That also contributes to the problem. Ricardo hopes changes to project to contain costs will not similarly damage the projects we have been discussing. Rob added that they are moving away from Siemens and Johns Control and toward Automated Logic, which has an open architecture and a lot more flexibility. FP&M has had this very discussion with the engineers on these projects.

Informational Report: Major Capital Projects Summary

Rob Davenport pointed out that nothing has changed materially on the Major Capital Projects Summary. The projects on this list have all already been approved by the Board of Governors and each involves costs of \$500 thousand or more. All is going well. The Pistons/ WSU Basketball Arena will be completed officially by October 11.

Noreen Rossi asked why the figures for the Matthaei Office Addition were different on the Projects Summary than on previous documents. The figure for the Matthaei Office Addition seems to have added the \$400,000 to be approved by the Board of Governors to the base number. He doesn't think that was the correct action because we will ultimately be reimbursed for the \$400 thousand in expenditures to be authorized at Friday's meeting. The actual cost is in the \$925 thousand range.

Linda Beale drew attention to the fact that none of the elevators in Parking Garage 1 are operating. Rob said that is correct and it is a major problem. The working elevators that had been operational were lost in the flood. Rob expects to have an estimate of when the elevators will be repaired by the end of the week. Rob added that summer construction was raving up and he would see what could be done to free more space for staff parking at lower levels.

Paul Beavers thanked Rob Davenport and he left the Budget Committee meeting.

Rebecca Cooke the remaining items going before the BoG Budget and Finance Committee.

Contingency Reserve Report

The Board of Governors will be asked to approve \$300 thousand in expenditures from the Contingency Reserve: \$150 thousand to support the search for a new Dean of the College of Engineering and \$150 thousand to support the search for a new Dean of the Mike Ilitch School of Business. \$50 thousand dollars will remain in the FY 2021 Contingency Reserve.

Purchasing Exceptions

Rebecca began by commenting that it was a very long report, clocking in at 54 pages. There are two reasons for this length. First, the report covers the four months since the Board of Governors' last meeting on June 21, 2021. Second, many of our POs (Purchase Orders) are renewed at the end of the fiscal year. WSU observes the October 1 through September 30 fiscal year also observed by the State of Michigan and the Federal Government. This report covers expenditures through August 2021 and the December report will cover the final expenditures of September 2021. Rebecca added that she will likely not be able to answer questions on specific items, but will be happy to record the questions, contact the relevant people, and get back to the committee with answers.

Linda Beale asked about Items 17 & 18, which involve acquiring a mass spectrometer for the Institute for Environmental Health and Safety. She would like to know who heads that institute. Rebecca did not know and agreed to pass the question along to Steven Lanier for an answer. Linda also asked about Item 33, which concerns coaching services from Israel Goldberg—Health Research Associate (HRA). Linda suggested that the funding could almost finance a half-time position and she questioned limiting the participants to six. Rebecca was familiar with this item. It concerns a program at the Medical School that now seems to have been expanded beyond the Medical School. It is a competitive program in which faculty are selected to receive individual coaching on their grant preparations from start to finish. The Medical School used to contribute funding to this program and Rebecca believes that other schools may now be doing the same. The results have been very positive. Rebecca will ask Dr. Lanier to supply more details about the program.

Linda asked if it would be possible for the Budget Committee to receive an annual summary of the amounts spent by the major administrative divisions as well as the schools and colleges. She would be particularly interested in such aggregate expenditures on consulting services though the total figures would also be interesting. Rebecca suggested that the short answer is “yes,” but the longer answer is that this would be complicated. When Rebecca has tried to get such information before, she learned that our expenditures do not have a tag identifying consulting services. Compiling the aggregate figure will involve a fair amount of manual review of expenditures and sorting them into the desired buckets. Rebecca will pass the question on to Kenneth Doherty, who may know more efficient ways of compiling the data that Linda has requested.

Linda then added that she would also be interested in how much we spend on software licensing annually. Rebecca replied that this question should be easier because there are expenditure tags that correspond to software licensing.

When Paul asked for additional questions, Rebecca herself drew attention to Item 14, purchase of the drug Etanercept (brand name Enbrel) for grant funded research on treatment of tinnitus. The PO amount is relatively small (\$100 thousand) but the total waiver is for a much larger amount (\$1.8 million). Over the next three or so years, the Budget Committee will see each expenditure from this fund as it is made. This is grant funded so the expenditures are essentially a pass through.

Paul Beavers took this occasion to suggest to the Budget Committee members that the third column from the left on the Purchasing Exception Reports contains information on the funding source as well as the vendor and the price and is an area of the report meriting conscious note when reviewing. We probably have different concerns when expenditures are grant funded than we do when expenditures are funded by the university. Rebecca added that these expenditures are usually detailed in the grant budgets and the PIs would be in trouble if they did not expend the funds as agreed.

Linda Beale asked about Item 56, a software development agreement with Maximus Higher Education, Inc. “Since 2012 Wayne State has used the Maximus proprietary software, Comprehensive Rate Information System (CRIS), along with Banner, to prepare its Facilities & Administration (F&A) Cost Rate Proposal to HHS-CAS.” These funds will support the annual update of this system to prepare the FY 2022 F&A Proposal. Rebecca explained that WSU basically employ this firm to do the data analysis necessary to provide the information to the federal government for the rate analysis. We have an indirect cost rate that is applied to the direct costs on all grants and that cost rate is negotiated on a regular basis. This year the firm is going to do a deep dive and create a full analysis to present to the federal authorities.

Linda noticed a sharp rise in the fee (from \$30,000 in the previous PO to \$214,000 in this PO). The increase is due to the fact that we are in a rate setting year, which demands a deeper and thorough analysis.

Linda asked about Item 66, the purchase of Athletic Equipment Gift Cards from the Prophet Corporation to be given to multiple schools that participate in the Building Healthy Communities Program. Is this an ongoing project? Rebecca knew nothing about this project and promised to get back to the Committee with details. Paul Beavers asked if Rebecca could ask, "Why we were supporting the purchase of equipment with gift cards rather than simply purchasing the equipment?"

Danielle Aubert asked about the items related to the emergency repairs due to the June flood. Does the university anticipate being reimbursed for these costs through insurance? Rebecca said we do indeed anticipate this. The university has excellent insurance coverage with a deductible of \$100,000 for the entire incident. The damage will involve many millions to repair. This does, however, raise concerns about our rates and coverage going forward. There are buildings on campus identified as flood prone for which we have been paying extra deductibles. Ironically, none of those buildings flooded. Certainly, additional buildings will be added to the list of flood prone and we will be required to purchase flood insurance. The insurance company can cancel our policy with a ninety-day notice so they do have a lot of leverage over us at midyear. But Angela Moss, who is the Senior Director of Risk Management, does a thorough analysis of our needs and negotiates strong deals. She and Rob Davenport spent a lot of time with risk adjusters from the insurance company who were camped out on our campus after the flood. We had far fewer conflicts with our insurance company than other institutions in Detroit after the flood.

Danielle Albert pointed out a statement in Item 36: "Hiring freeze practices resulting from the Pandemic have severely reduced available staffing to perform the installation and the work must get outsourced. Delays in vendor quoting have placed the university into cooling season, with the compromised plant." She was concerned with the shortage of building engineers and the fact that we have even fewer engineers now than we had last June. Rebecca offered that two things happened as the result of the pandemic: the university had less money and it had less need for certain functions on campus because there was little active use of the buildings. No one was laid off in Facilities, but we did leave positions open as they became vacant. This allowed for significant savings in custodial services. We also saw some attrition in plant engineers and in the trades. Just before the flood, we authorized the refilling of many of those positions. As many know, there is a pretty severe labor shortage in lower paying areas. The university is having difficulty filling positions particularly in custodial services. The university is about to announce a program of incentives for people filling those positions and the people who refer those hires. These programs will even extend to entry and mid-level accounting positions. The university was able to very quickly bring in staff from remediation companies to help with the flood. Danielle asked whether there would be hiring of specialized personnel like the engineers working in HVAC. Rebecca emphasized that a significant portion of the university's engineering staff is now approaching retirement age and we anticipate a growing number of actual retirements. Rebecca also mentioned the presentation Rob Davenport gave the AS Policy Committee on his reorganization of the engineers. That reorganization may involve a shift, in some instances, from building engineers to trade positions. The goal of the reorganization is regionalizing staff so they work on the same buildings all the time and they are physically in those buildings. Rebecca offered to share the presentation. Paul Beavers added that the presentation was made to the Policy Committee and was called something like the Zone Program.

Linda added that Ro Davenport also gave this presentation to a plenary session of the Academic Senate. Rebecca encouraged Linda to post the video of Rob's presentation if possible.

Noreen Rossi commented that the practice of not filling positions as they become vacant—whether from resignation or retirement—has taught us that, if we don't fill them, at least look at them strategically. Otherwise the vacancies become a critical mass issue and a supply and demand issue. This is also a problem with faculty positions. Rebecca said these were excellent points and she shares Noreen's concerns. Leaving positions open has been a way to avoid laying people off. In the FY 2022 budget process, they have been considering which positions the university can afford to lose and which they must fill. The University needs to right size across areas in which positions have been kept open.

Ricardo Villarosa added that part of the concern about the building engineers is that we have heard that there has been an elimination in the level of licensing required for the building engineers positions. This has been raised as a safety concern. Is there an expectations that engineers who were licensed for certain responsibilities will be replaced with workers who are less well licensed? Rebecca suggested that this question needs to be raised with Rob Davenport specifically. She did emphasize that the university was not eliminating building engineers. The plan will probably require fewer building engineers going forward, but there will be more people in the trades. This is probably an issue subject to negotiation with the unions representing the engineers and trades.

Rebecca concluded by encouraging everyone to attend the Board of Governors meeting on Friday to hear the details of the FY 2022 budget. The meeting was to be held in the Student Center Ballroom

Rebecca Cooke left the meeting.

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

Paul Beavers began by suggesting that the document to which our work is intended to contribute was originally referenced the Post-COVID University and now references the future of higher education. The university is now preparing to do a strategic plan. Contributing our insights and perspectives to that strategic plan is even more important than expressing our vision of the future of higher education or the post-COVID university. We need to be pushing forward ideas from the Senate. The strategic plan must be a product of dialog and shared governance. The desire was to have a document compiled by the end of October. [This deadline was subsequently eased.]

The outline for the report previously considered did not put a lot of emphasis on the perspectives of the Budget Committee. Paul believed there is an opportunity for the Budget Committee to draft two or three documents to contribute to this work. By "documents," Paul meant very concise statements addressing select concerns each containing only three or four paragraphs. Paul suggests that one of the documents should address budget challenges the committee sees in the foreseeable future. For example, for the past few years, there has been continual reference to the demographic cliff at which the number of college age students will decline precipitously. The cliff is said to loom 18 years after the Great Recession of 2008; that is to say in 2026. Another document could concern the need to balance graduate and undergraduate education. It makes a significant difference to the budget whether students are enrolling for undergraduate or graduate classes. Whether students are in-state or out-of-state students, they pay significantly more for graduate hours. Last week, the Policy Committee was told that our enrollment of non-US students has recovered to pre-COVID level. But we need to remember that the years immediately before COVID saw the plummeting of non-US enrollment during the Trump

administration. Attracting non-US students is important. Among other factors to consider, they are much more likely to pay full tuition rather than receive some sort of discount. The prospect of free community college, which is being floated by the Biden administration, could also have a serious impact budgeting, and multi-year budgeting. We might also consider the cost of doing research and how that impacts our decisions.

Paul asked the committee what other areas they would want to comment on for the strategic plan. Hearing no comments, Paul turned to Linda asking if there were areas she hoped would be commented upon. Linda suggested that the budget covers allocation and reallocation. The Budget Committee might want to address the balance between the schools and colleges. This will be important for RCM. There is also the question of how Indirect Cost Recovery (ICR) from grants is allocated. Should there be some sort of performance metric for how much of it goes to the OVPR (Office of the Vice-President for Research)? Sending more of the ICR funds to schools and colleges might result in greater growth of research. We spend a lot on SPA (Sponsored Program Administration), which the schools and colleges find does not meet their needs.

Linda emphasized that we needed everyone to participate. Jennifer Lewis offered that she has a National Science Foundation grant that requires her to report on how many hours she spends on accounting. In making the report, she realized that her accounting work was being done to satisfy WSU and not the NSF. Jennifer is very interested in indirect costs. [Jennifer is a guest from the AS Policy Committee and not a member of the Budget Committee.] Jennifer also learned that, though she intended to fund a number of students through her NSF grant, WSU Financial Aid set policies that determined whether this could be done and how.

Noreen Rossi added that it would really help the AS Research Committee, which she chairs, if we actually knew the allocations for various research activities across the university. Paul suggested that sometime this academic year the Budget Committee and the Research Committee should have a joint meeting to explore this issue. The cost of research is an issue the Budget has wanted to address for a long time. Linda Beal suggested that the joint meeting should be sooner rather than later. She also suggested inviting David Massaron and others from the CFO Office like Tamaka Butler as well as Stephen Lanier, the Vice-President for Research and his budget person. There should be a presentation on sources and uses of ICR funds. It would be helpful to know what the IVPR does with those funds as well as the schools, colleges, and departments.

Wassim Tarraf asked if we were going to do subcommittee assignments to work on these documents. Paul said that, ideally, he would like committee members to volunteer to work on these areas. Wassim went on to ask how these subcommittees will get access to information. Will the administration provide it? Paul suggested that we probably won't have time to request information from the administration. The reason why Paul and Noreen are discussing having a joint meeting and who to invite to that meeting is that such meetings are generally how the Senate secures information.

Ricardo Villarosa added that, if needs be, we could request information through a FOIA (Freedom of Information Act) request. That works best when the requests are for specific documents. It is not a rapid process.

Paul suggested that we seem to have settled on a subcommittee on budget challenges, a subcommittee on budget practices, particularly RCM, and a subcommittee on our research questions, particularly the

ICR funds. Linda stated that this was part of the expected work of the Senate; all committee members needed to participate in one of the subcommittees.

Tarraf asked if it was possible to have a document posted where members could add their names to the subcommittees. [After the Budget Committee meeting, Paul created a Teams site at:

https://teams.microsoft.com/l/team/19%3aTKRse1xEQH2g_QSqMY84qaETAGkyotAxMt10ry34xh1%40thead.tacv2/conversations?groupId=62f51b63-8de3-4415-8553-41a1b0b0537f&tenantId=e51cdec9-811d-471d-bbe6-dd3d8d54c28b

and a documents file at:

https://teams.microsoft.com/#/school/files/General?threadId=19%3ATKRse1xEQH2g_QSqMY84qaETAGkyotAxMt10ry34xh1%40thead.tacv2&ctx=channel&context=General&rootfolder=%252Fsites%252FAcademicSenateBudgetCommittee2021-2022%252FShared%2520Documents%252FGeneral]

Linda volunteered for the Research subcommittee. She also promised to prod all committee members who have not volunteered within 24 hours. Wassim Tarraf, Wen Li, and Stella Resko volunteered for Research. Paul Beavers and David Edelman volunteered for the budget practices subcommittee. Santanu Mitra, Bill Volz, and Danielle Aubert volunteered for the Budget Challenges subcommittee.

Paul emphasized is what we want is relatively short, concise statements, saying these are the issues under this topic to which we believe attention must be paid and the manner in which discussion should be pursued.