

Academic Senate Budget Committee Minutes

November 8, 2021

Via Zoom

Time: 11 am – 12:30 pm

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

Members absent with notice: Charles Parrish, Sean Peters

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

Guests: Susan Burns, VP for Development and Alumni Affairs; Peter R. Caborn, AVP Alumni Affairs and Advancement Services; Heidi Coates, AVP Corporate and Foundation Relations; Tracy Utech, AVP Principal Gifts & Campaign Director; Sharon Progar, Director of Business Affairs & Development and Alumni Affairs; Neco Walker, Secretary WSU Foundation Board of Directors

- 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 September 27, 2021, meeting of the Budget Committee were approved.
- III. Discussion with Susan Burns and the Colleagues from Development and Alumni Affairs
 - a. Development and Alumni Affairs FY22 Budget from Susan Burns
Development and Alumni Affairs took a cut of 5.7% in their FT 2022 Budget.

They are cutting seven positions and reducing their operations fund by \$127,000. Most of this cut will be taken from travel and entertainment. Travel and entertainment funds were also cut in FY 2021. This was manageable during the COVID crisis but is a real source of concern moving forward.

At the end of FY 2021, Development and Alumni Affairs had 119.5 FTE positions. This will be reduced to 112.5 during FY 2022.

Development and Alumni Affairs FY22 Budget

Wayne State University
Development and Alumni Affairs
FY 22 Budget

	Compensation	General Expenses	Total
FY21 Budget			
Original Budget	\$ 9,185,184.50	\$ 986,250.00	\$ 10,171,434.50
Adjustments*	(5,503.00)	10,000.00	4,497.00
Adjusted Budget	9,179,681.50	996,250.00	10,175,931.50
FY22 Budget Cuts**			
	(449,695.00)	(127,078.00)	(576,773.00)
FY22 Budget	\$ 8,729,986.50	\$ 869,172.00	\$ 9,599,158.50

* Adjustments = mass salary budget and reallocation of PT salary budget to operating budget
 ** FY22 Budget Cuts includes \$129,513 of fringe benefits from the central pool



i) **Development and Alumni Affairs FY22 Budget**

b. **Fundraising Performance from Susan Burns**

Though Development and Alumni Affairs missed its FY 2021 of \$55 million, it did raise \$52,172,675. This was a 6.7% increase over FY 2020. The original goal for FY 2021 was set with the assumption that life would return to normal during FY 2021. It of course did not. The hiring freeze also left the unit unable to fill critical fundraising positions in Law, Business, and Medicine.

c. **Alumni Relations Highlights from Peter Caborn**

The Student-Alumni Mentorship Program brings alumni into the student success equation. Alumni Affairs is running a number of formal student-alumni mentorship programs already and are expanding. There are four college/school specific programs as well as three university-wide programs. One of those programs supports students in the Warrior VIP Program. There is also a program pairing participants in the Black Law-Alumni Council with students in the Black Law Student Association. Students in the Future Alumni Network—co-managed by Alumni Affairs and the Dean of Students Office—are now paired with Alumni who serve on the Alumni Advisory Council.

Alumni Affairs also launched an alumni-to-alumni mentorship program that is already the second largest alumni mentorship program that they are operating. This program is currently operating in Social Work and Engineering. The Social Work program is focused on assisting recent alumni past the state licensure exam.

In Winter 2022, Alumni Affairs intend to launch mentorship programs in Chemistry, Marketing, and Law.

The Wayne State University Magazine continues to garner accolades from alumni affairs professional organizations, including the Council for the Support and Advancement of Education (CASE). Print copies of the magazine are sent to approximately 70,000 homes.

The print copies go to those who have a cumulative lifetime giving to the university of at least \$100. The digital copy of the magazine is distributed as widely as possible. Two editions of the magazine are produced per year: fall-winter and spring-summer. The production costs of the magazine are all covered by the Alumni Association; there is no cost to the university. About 93% of the Alumni Association budget goes to producing this magazine. The last two editions of the magazine brought in more than \$105,000 of donations to the university.

In FY 2021, the Alumni Association conducted alumni conditional surveys in nine of the schools and colleges. They were able to measure a number of data points with these surveys, including level of engagement with the university overall, level of engagement with the alumnus/Alumna school or college, preferred communication methods, volunteer activity, and donor satisfaction. It is clear that WSU alumni are very interested in engagement as volunteers. Such engagement is a benefit in itself and an indication of future giving.

The Alumni Association has an incredibly active, twenty-member Alumni Board. Though it is not required, the current Board has affiliation with every WSU school and college. In FY 2021, the Board awarded more than \$109,000 in student scholarships. The Association has three scholarship funds. The Board also supported university objectives in student success and undergraduate admissions.

The Alumni Association had a record number of alumni events and program attendees during FY 2021: 145 programs with 4,623 attendees. They are concerned with maintaining this progress as we shift from Zoom events to a balance of in-person and online events as the COVID crisis abates. The online environment has offered an opportunity to engage with alumni well beyond geographic proximity to WSU or other event locations. Susan Burns pointed out that EAB (the Education Advisory Board) has determined that individuals who attend events, either in person or online, so long as they are offered interactive engagement, tend to give at the same rate. Peter added that they have been hearing both from alumni anxious for the return of in person events and alumni urging that virtual events not be entirely abandoned.

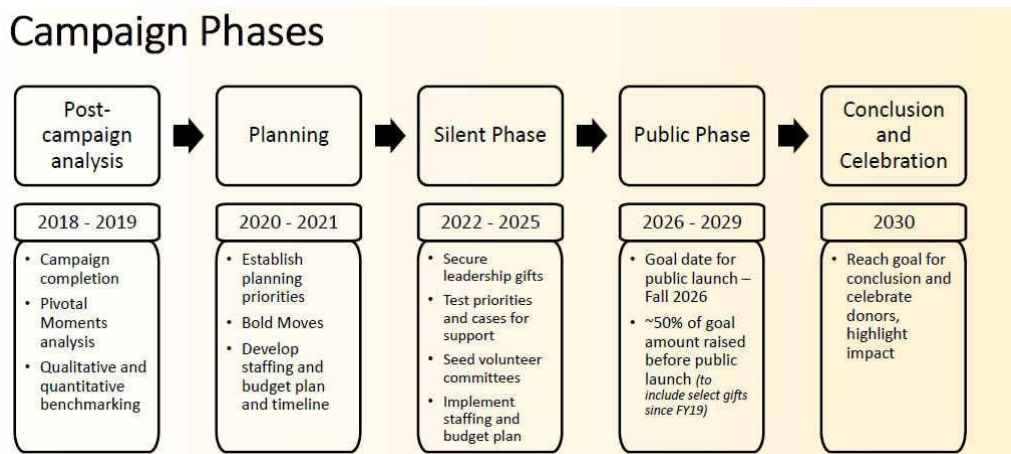
Ricardo Villarosa noted that, in the past, it was observed that senior alumni often had trouble engaging through online communication: even establishing and remembering passwords would lower participation. COVID has now given everyone much more experience in the online environment. Has this increased the participation by senior alumni? Peter asserted that it had. The technology is no longer seen as the primary obstacle. The senior alumni are, however, less engaged in the social aspects of online engagement. They are looking for meaningful content. Stella Resko asked with the Alumni Association was now having in person events. She noted that in person events for students were now very popular. Peter said there were some in person events (consistent with the Campus Health Committee's policies) and that events like the

Presidential Tailgate were being as well attended as pre-pandemic. They do plan for a 75%/25% breakdown of virtual and in person events in the coming year.

Finally, Peter reminded the Budget Committee that Giving Day in 2020 was delayed because of COVID. The first four WSU Giving Day were held in April. 2020 was our fifth Giving Day at WSU was delayed until September. They raised almost \$800 thousand; a giving level inspired by the need for student emergency funding. In 2021, Giving Day moved back to April. We did not raise as much money but did have a record level of donor engagement. There were more than 260 first-time donors.

- d. Campaign Planning from Tracy Utech
FY 2021 is the first year of our new campaign. We of course begin in what is characterized as the silent phase of the campaign.

Tracy Utech then presented the plans for the campaign. Tracy divided the campaign in five distinct phases:



II) Campaign Phases Flow Chart from 2018 Through 2030

The dates are tentative. We have completed the first two phases. The silent phase and the public phase each typically last three to five years, which is what is shown here. The Silent Phase will end when 50% of the campaign goal documented and committed before entering the Public Phase. During the silent phase, the primary activity is seeking “leadership gifts” from those individuals who are already close to the university and engaged in giving. We will be taking the priorities that have been established by the Board of Governors, the president, the deans, and department chairs to the potential donors to determine which priorities gain philanthropic support. That is not to say that any priority that does not gain philanthropic support will be dropped as a university priority, but only that we will identify which are resonating with donors. Every gift for any purpose counts toward the campaign. Indeed, gifts we have received since the close of our last campaign in 2018 will be recorded as preliminary contributions to this campaign.

We will need to recruit a significant number of volunteers to assist with this campaign. During the Silent Phase we will be strengthening our relationship with these volunteers and their preparedness. The volunteer structure will take a more formal shape in the Public Phase. Each unit of the university—each school and college—will have a dedicated volunteer liaising with the central campaign committee.

We have not yet established the goal for this campaign. We have been talking about a \$1 billion campaign, but the actual goal will be determined as we work through the Silent Phase and establish our priorities and budget. Once we have entered the Public Phase, the goal will be clearly articulated and there will be an urgency in reaching the goal in three to five years.

The priorities come from three main sources: university priorities, school and college priorities, and Bold Moves. The Bold Moves, of course, were identified through the open call for ideas that went out to the university community. The Bold Moves Steering Committee—which included the president of the Academic Senate, Linda Beale—received and reviewed 110 proposals from faculty and staff across the university. The Steering Committee selected 22 proposals to be developed more fully. After further review seven were selected as the inaugural Bold Moves:

- Advanced Digital Solutions for Stress, Trauma and Anxiety Research and Treatment (ADS-START)
- ArtsHUB Detroit
- Center for Health Equity and Community Knowledge in Urban Populations (CHECK-UP)
- Integrative Center for Engineering and Medicine (ICEM)
- Levin Center State Oversight Academy (SOA)
- Reimagining Justice: Community-Engaged Strategies to Facilitate Reform
- Wayne Mobility Initiative (WMI)

They are now working to identify donors that may be interested in these projects. The seven ideas represent almost every school and college of the university.

e. Campaign funding from Susan Burns

On October 1, 2022, the Board of Governors approved a three-year campaign budget of \$2.8 million. At the same time, the Board approved a FY 2022 budget for the university that cuts the budget for Development and Alumni Affairs by 7%. The combined cuts to the division for FY 2021 and FY 2022 come to \$1.3 million. The addition of \$500 thousand to the operating budget for the capital campaign puts the budget for the division near to its level pre-COVID, but does not give it increases over previous levels. The majority of the \$2.8 million will be for salaries and fringe benefits. The budget will, however, only restore Development and Alumni Affairs to the level of staffing it had before the FY 2021 and FY 2022 cuts.

The key to increasing philanthropy will be growing the team. Development and Alumni Affairs is at a disadvantage because the frontline fund raisers should have much greater support than we provide; the ratio of front of the house to back of the house should be higher. They will try to address this problem in the coming years, but not in FY 2022. They intend to higher eight school or college fund raisers in this fiscal year. They will also hire twelve back-of-the-house support staff.

Susan Burns was asked by the Board of Governors to explore funding for the campaign from outside the general fund budget. Administrative fees charged against the endowment and cash gifts would be the most common source of such funding. The benchmarking provided by EAB allows us to compare WSU endowment spending rates with those of the cohort of peers commonly referenced by the university. We also considered the Community Foundation for Southeast Michigan in the comparison as a local bellwether. At 0.45%, The WSU administrative fees were at the low end of the scale. Excluding WSU, the fees ran from 0.50% to 1.35% with 1.00% being most common. Our spending from the endowment at 4.05% was also at the low end of our peers, which runs from 4.00% to 5.00%. Adding the administrative fees to the endowment spending rates provides the total spending rate from endowments. The WSU total spending rate of 4.50% is the lowest in our peer group with most of our peers having a rate of 5.00%.

Comparing Endowment Spending Distribution and Administration Fees

Institution	Endowment Spending Distribution/Allocation Rate	Endowment Administration Fee
Wayne State University	4.05%	0.45%
Michigan State University	4.40%	0.50%
Georgia State University	4.32%	1.00%
University at Buffalo	4.00%	1.00%
University of Cincinnati	4.40%	1.00%
University of Louisville	4.25%	1.25%
University of Minnesota	4.50%	1.00%
Cleveland State University	5.00%	1.00%
University of Illinois, Chicago	4.00%	1.35%
University of Toledo	4.00%	1.25%
CFSEM	4.50%	1.20%

III) Comparing Endowment Spending Distribution and Administration Fees by Institution

On October 1, 2021, the Board of Governors approved increasing administrative fees as a source of campaign funding, increasing the administrative fee from 0.45% to 1.00% and setting the threshold for beneficiary spending at 4.00%. This creates a total spending rate of 5.00%

Stephen Calkins asked for a more detailed explanation of the administrative fee. Susan Burns explained that this 1.00% fee goes to an account within the operating funds to offset the costs of the capital campaign. It does not cover the cost of the investment of the endowment. Those costs are netted out in the investment earnings report that are shared with the foundation. Stephen suggested that this is saying that 1% of the monies will be going to the administrative overhead of running the campaign. Susan agreed and said that it will total \$2.3 million annually. Linda Beale added that the fees for the investment of the endowment are actually quite significant because the advisors who do this work are highly paid. The fees are actually more than \$5 million. Susan added that over the past four years the return on the endowment has averaged over 10% so the high investment fee has been justified. She also admitted that the endowment is invested cautiously so its performance will not match recent performance by Fidelity Open Market and other index funds. Compared to peer benchmarking it does, however, look very good. Linda Beale also commented that the Foundation Board has had concerns about the rate of return being low. The Board did an intensive review of the investment manager and decided to move to another manager.

Wen Li asked if we anticipate raising this administrative fee having an impact on the willingness of donors to contribute to the endowment. Susan Burns explained that this concern was one of the reasons they looked so carefully at our peer group. We wanted to make sure that we would not be out of line. In fact, we are still at the low end. Development and Alumni Affairs believes the large donors are sophisticated and will consider the comparisons and draw favorable conclusions. Newer donors may require more explanation. Susan believes that the Community Foundation for Southeast Michigan is critical here; that is the point of comparison to which many donors will look.

Linda Beale expressed concern about better use of faculty for fund raising purposes. People in the community, especially alumni across the country, like to hear from faculty about things that are going on, especially academic projects and achievements. They do not want to be restricted to public relations presentations. We should create a dashboard allowing faculty who are traveling for conferences inform Alumni Affairs about their dates and places. Alumni Affairs can then tell the faculty when there is an alumni group or meeting scheduled or some other way they can contribute to building relationships with alumni. Susan stated that her division is trying to work with faculty more and more. It does, however, require significant staff time to do so. The effectiveness of such work is proven by the Bold Moves Project in which there were hundreds of meetings with the faculty in groups and individually. One of the positions they are hoping to fill is a faculty liaison position in Principal Gifts & Campaign. We do not want the Bold Moves Project to be a one-time activity. We do a lot with the faculty when they are stewarding gifts. Donors want to learn how their gifts have impacted research and teaching. However, the kind of events Linda suggests are a lot to manage. Development and Alumni Affairs rarely send deans out without someone from the division to accompany them to such meetings. Development and Alumni Affairs has also restricted travel to deal with budget cuts. Peter Caborn added that they have found that

faculty expertise and the faculty voice do bring out high levels of alumni engagement. He believes that, when they get back on the road, additional opportunities should arise. Heidi Coates added that this is also an issue that they have been discussing in Corporate and Foundation Relations. Their challenge has always been staffing and how they get the data; the dashboard idea may well help with that. Paul Beavers added that, when they discussed this dashboard in the Policy Committee, it was felt that such a dashboard might also be used to allow the faculty to play a greater role in student recruitment. Having students come to Wayne speak with our faculty would contribute greatly to those efforts. The responsibility for developing such a dashboard might be shared across several units. Susan added that it also helps her unit keep the issues of philanthropy and alumni relations in front of the faculty so they certainly see ways the dashboard could be beneficial.

f. Named Faculty Positions

Linda raised the question about named faculty titles and the efforts of Development and Alumni Affairs to attract donors for this purpose. She recognizes that such naming does not bring in large amounts of donations, but it does bring in enough to fund some research for faculty and some funds for the schools and colleges. Susan Burns said her unit is prepared to move ahead with soliciting named positions at a lower level. She is particularly interested in multiyear naming for faculty early in their careers who are on their way up. Such support should be of interest both to the donors and to the faculty members. Susan has also talked with the provost about raising these opportunities with donors who are considering including WSU in their estate plans. During their lifetimes, they could give at a much lower level; they could create the endowment now and put money into a spending account that would in time receive the full endowment from their estate. At Linda's request, Susan shared this statement about the kinds of titles with associated donations and procedures.

Susan stated that it is the same document the Budget Committee reviewed last year. The table containing the information is appended to the end of these minutes.

Susan reminded Budget that, in last year's presentation, there were concerns about how the various levels were identified. They had used "fellow" because they were told that "scholar" made faculty sound like students. In this draft, "fellowship" is employed, which puts WSU more in line with what they are seeing at other universities. If the Budget Committee would like to make other recommendations, they will be happy to make alterations. Linda stated that she would just like to be aware of what amounts of donation are involved and the period of time for the donation and name. She suggested that the issue can be taken up soon by the Policy Committee. Any further changes can be suggested in that context.

Leela Arava asked if it would be possible to see the current list of named faculty and the donations associated with those titles. Peter Caborn said they have such an updated list.

The list is named faculty positions because of donations; there may in fact be some named faculty positions created for other reasons. The manner in which the donations for the positions are allocated is not data to which Development and Alumni Affairs necessarily has access so they may not be able to include the donation amounts. The discussion about how the funds are used is not Development and Alumni Affairs' province. They raise the funds; they do not spend it. That is a matter overseen by the Provost and CFO. Linda Beale suggested that donors might be less inclined to support named positions if they believe the funds will simply be used to pay salaries. Donors will be much more likely to support named positions if they understand the funds will support research by those faculty members. Susan Burns agreed with this 100%. Susan and Peter will supply the list of titles and where they are located.

Linda also emphasized that it is not the sheer number of faculty titles at the university that has a reputational impact, but the number of titles field by field and department by department. We would, for example, expect that excellent Chemistry and Physics departments like those at Wayne would have very many titled faculty.

Paul Beavers thanked everyone from Development and Alumni Affairs for taking the time to speak with the Budget Committee and their excellent presentations.

- IV. Budget Committee Contributions to the Senate Statement on the Future of Higher Education
Our contribution to the Senate statement on the future of higher education is focused on three areas: the research budget entailing such issues as the use of Indirect Cost Recovery (ICR) funds, the operational efficiencies of Sponsored Program Administration (SPA), and the functioning of OVPR; foreseeable budget challenges like the demographic cliff and the decline in graduate enrollment; and reforming budget practices.

The Budget Committee should be working on moving from the outline of points to a concise expression of our concerns in each area, say three to four paragraphs on each concern.

Linda Beale explained that the Statement on the Future of Higher Education will be ancillary to the university's new strategic plan. It is not an attempt to shape the development of the plan itself. Linda would like to proceed so the statement can be presented at the December plenary meeting of the Senate.

Ricardo Villarosa commented that it might be helpful if the committee had some insight into the developing draft of the strategic plan. Linda, however, commented that there are not yet shareable drafts of the university plan. She also suggested that our statement can be developed independently.

Paul Beavers suggested that all three areas sketched by the Budget Committee represent long standing concerns. They are not issues arising out of the COVID Crisis.

Wassim Tarraf suggested that we cannot put an effective statement together unless we baseline of information about research budgets and other issues. We need to be able to talk about allocations necessary to remain an R1 institution. Linda suggested that the Board of Governors Budget Books are the best documents for deriving such information. The Budget Book for FY 2022, however, is not yet available. She also suggested that we need not be suggesting specific dollar allocations, but thinking about such issues as where should the authority for spending funds to support research be located and why? We should be identifying problems that need to be fixed, but not necessarily dictating how they should be fixed. Paul asked how the Senate Research Committee is addressing the issues of research funding. Linda has not yet seen a draft of their work.

Paul created a Teams site for the Academic Senate Budget Committee 2021-2022 through which documents can be shared. Budget Committee members were sent a link to the Teams site.

Updated Faculty Position Naming Levels

Current Named Faculty Support			Proposed Named Faculty Support		
Name	Minimum Endowment	Term Naming Minimum	Name	Minimum Endowment	Term Naming Minimum
			Named Deanship (only one per S/C)	\$7.5 million	
President's Chair	\$5 million		Presidential Chair (in S/C)	\$5 million	
Dean's Chair	\$3.5 million				
Distinguished Endowed Chair	\$2.5 million		Distinguished Endowed Chair	\$2.5 million	
Endowed Chair	\$1.5 million		Endowed Chair	\$1.5 million	
			Distinguished Professorship or Distinguished Artist-in-Residence	\$750,000	\$75,000 annually for min of 3 yrs
Professorship	\$750,000	\$75,000 annually for min of 3 yrs	Professorship or Artist-in-Residence	\$500,000	\$50,000 annually for min of 3 yrs
Visiting Professorship	\$500,000	\$50,000 annually for min of 3 yrs	Visiting Professorship	\$500,000	\$50,000 annually for min of 3 yrs
Distinguished Faculty Fellowship	\$500,000	\$50,000 annually for min of 3 yrs	Distinguished Faculty Fellowship	\$250,000	\$25,000 annually for min of 3 yrs
Faculty Development Award	\$100,000				
			Faculty Fellowship	\$100,000	\$10,000 annually for min of 3 yrs