

## **Minutes of the Budget Committee of the Academic Senate Meeting of November 14, 2016**

Present: Linda Beale (Chair), Christine Chow\*\*\*\*, Victoria Dallas, William Decatur\*\*\*; Anthony Eid\*, Donald DeGracia, Brian Edwards, Nancy George, Ewa Golebiowska, Diana Goode\*\*\*, Mahendra Kavdia, Steve Lerner, Christopher Lund, Santanu Mitra, Charles Parrish, Louis Romano, Heather Sandlin, Richard Smith, Beena Sood, William Volz

Absent with Notice: Joseph Artiss, James Sondheimer\*\*, Keith Whitfield

Absent without Notice: Thomas Anderson \*\*\*\*\*, Bryan Morrow

Invited guests: Susan Burns, Tracy Utech, Roy Muir

\*Student Liaison  
\*\*AAUP-AFT Liaison  
\*\*\*Administration Liaison  
\*\*\*\*Graduate Council Liaison  
\*\*\*\*\*UPTF Liaison

The meeting began at 11:05 am.

*1. Approval of Minutes from September 21, 2016.*

A motion to approve was made and seconded. There being no corrections, the minutes were approved as drafted.

*2. Brief Update on University Budget Matters, with Vice President William Decatur and Associate Vice President Diana Goode.*

This item was moved forward in the agenda due to the flooding on the Cass corridor.

AVP Goode provided a handout on tuition revenue and credit hours by student majors, showing 2016 actuals, 2017 budgeted, and adjusted forecast for 2017 based on current expectations. The 'bottom line' difference to budget is a negative 475 thousand, because graduate and professional enrollments are now forecast as lower than expected but are mostly balanced by the stronger fall undergraduate enrollments and thus improved forecast for undergraduates in winter 2017 and spring/summer 2017. The adjusted budget is "slightly less aggressive" than the original 2017 budget forecasts.

Bill Volz noted that deans like optimistic enrollment projections because it supports hires and suggested that the Provost should "lean on" the deans and chairs to ensure that there are more spring/summer courses since there is considerable demand for such courses but the selection of courses is much less than desirable. Charlie Parrish noted that there is a perverse incentive for summer courses. Since faculty are on 9-month appointments, part-time faculty and graduate students tend to be the only ones who teach in summer. The Provost does need to address this issue.

The Chair asked how the University expected to address the roughly half-million shortfall—would it be addressed with cuts or simply absorbed. AVP Goode responded that the size of the shortfall should be clearer with financial statements in early December and that we expect a net positive General Fund for FY2016, so the minimal shortfall now anticipated can be absorbed. If the spring/summer enrollment turns out lower than currently anticipated, expenses would also be lower because of the fact that part-time faculty and graduate students are typically the ones teaching the spring/summer courses. Charlie Parrish again urged that the University recognize that it is good to have masters courses taught in the summer.

3. Update on University Development Performance and Expectations with Vice President Susan Burns

Susan Burns presented a powerpoint on the work of the Development office.

ACTION: Provide powerpoint for distribution to committee.

**Development Budget.** VP Burns noted that the capital campaign is going well, and this has been accomplished with a smaller budget increase than originally anticipated: the 2012 goal had been to increase the base budget by five million dollars, but the budget has been increased by only \$4 million.

**Staffing.** The number of staff has increased to 114, including 19 in alumni affairs, 46 in fundraising, 6 in the campaign, 23 in advancement services, 4 in communications, 7 in financial support, and 9 in administrative support.

ACTION ITEM: The Chair asked for a breakdown by schools of the amount of dollars provided to cover development staff salaries.

**Advancement Services and Database.** A member asked about the kinds of activities handled by advancement services. VP Burns responded that these are essentially back offices that conduct research, handle IT, produce donor gift agreements and perform similar services. The Marts & Lundy study had suggested that we needed more advancement services. Roy Muir noted that it is “one of the weakest areas.” The database was bad, but a new database was purchased for more than \$1 million by the University prior to the time of the Academic Senate’s 2012 development report and has been phased in over the last three years with “ongoing improvements” though report generation still is “a work in progress.” VP Burns noted that much of the relational work like thank-you letters falls on Major Gift officers (in the schools) and sometimes does not take place as quickly as it should. The President has eliminated the custom of sending a book out to various important people as a way to save money for more important functions.

Members followed with further questions about the database. The database was noted as a problem in 2011 and the Foundation has said it is a “continuing problem.” Do we know the actual size of the problem and how much has been addressed, such as the number missing from the database in 2011 compared to the current state? Roy Muir responded that one of the problems was the existence of a Medical School database separate from the rest of the university, with neither being up to national best practices. The new database was an improvement. The Chair noted that the database still apparently does not show the kinds of “profile” information that one would want in the law school, such as the area of law practice,

that would be essential for targeting donors for specific kinds of projects. VP Burns noted that some data we want simply doesn't exist in the University's records or is very hard to find. For example, it is very hard to determine who received scholarship support, because that information is in hard files in storage in different schools. The database can record various wealth indicators, but not other information that is needed. Members asked how much better the database is now and what problems remain. One answer was that there are about 148,000 "contactable" alumni, either with phone numbers, email, or mailing addresses. As to when the database would be up to the level we need it to be, VP Burns responded that there will be long-term problems because the University's data from the 1980s and 1990s is very weak. Although the Development division is investing in screening, there will be a lag because of the tight budget. Roy Muir added that the bad data framework that existed was 90% solved with the purchase of the Advance database, but that getting data into the system has trailed expectations. Work on the "prospect module" is not yet up to par, though the division is on track to do a more credible job in one-two years.

The Chair asked whether the Division had considered using more student workers to seek out hard files and enter that data into the database, as an effective way to get the job done at low cost and at a benefit to our students. Much of the information we need about law alumni would be in Martindale-Hubbell, for example, and that could be entered by students into the Advance database. Ms. Utech responded that some of that may be happening in units.

**Alumni and Annual Giving.** VP Burns noted the promotion of Peter Caborn to Assistant Vice President and various changes in staff that eliminated some positions while adding three, resulting in no additional funds but a better organization. Promotions included the Associate Alumni Officer to Alumni Relations Officer, the Associate Director of Alumni for Engineering to the Director of Alumni Relations, and the Editor of the Alumni Magazine (a position eliminated) to Communications Officer.

**Campaign.** The campaign had a \$368 million commitment towards the \$750 million goal at launch and is up to \$594 million as of September 30, 2016. New gifts and pledges (not counting FMRE) are \$201 million. The Campaign goal without FMRE is \$550 million. Principal gifts brought in include: \$40 million for the Ilitch Business School; two \$5 million gifts (over time and/or from the estate) from Gilbert and Ross for the Law School; \$7.5 million gift from Valade for Jazz Program; \$2.5 million gift from Lear.

The Chair suggested that the goal (not counting FMRE) should have been higher. Lou Romano asked whether the Marts & Lundy report suggested goal (which the campaign adopted) had included FMRE and Roy Muir answered that it did, because everybody was doing so at the time. Members noted the concern that the role of FMRE as a measure of fundraising productivity was a problem because the Development staff have no role in generating FMRE. Furthermore, the Dean's Tax here was higher than in most places and in most places the equivalent of the Dean's Tax goes directly to an endowment that is used for medical research and education rather than faculty salaries.

**Return on Investment:** At the time of the Academic Senate Development Report, our Development Division was performing just at the national average and considerably below our benchmark peer universities. That has increased (on a rolling 3-year average rate) from 5.5 in 2012 to about 8 now, but Muir indicated that our peers have likely increased to at least 10.8 now, so that the division continues to substantially underperform our

benchmark peers, even on a rolling 3-year basis. VP Burns noted that the improved ROI of 12.5 for this year only was because of the significant major gifts from Ilitch, Ross, Gilbert and Valade, and was not likely to be matched next year. Some members suggested that performance should improve substantially more and that there should be large gifts coming in annually, though others noted that the year after a major campaign ends generally has smaller gifts.

ACTION: What are current benchmark universities achieving in ROI and what is Wayne's current figure? (both without FMRE)

### **Performance Metrics.**

- a. **Gifts.** VP Burns noted the typical "pyramid" structure for gifts, with many smaller gifts at the bottom and a very few very large gifts at the top. Wayne's performance, however, has a strange pyramid shape that narrows midway and is 'cigar-shaped' at the top because we need to increase the number of gifts in the middle-high range. Thus, the plan is to focus more on gifts of \$100,000 or more. Faculty gifts for FY2016 were about \$1.7 million. A member asked how many faculty made gifts in that year. VP Burns indicated that Wayne's faculty and staff giving was about 8% (compared to Michigan State where it is about 25%).
- b. **Strategic Contacts.** The main metric for evaluating individual performance of fundraisers is to look at strategic contacts, not gifts raised per fundraiser (because it is thought fairer to assess gifts raised on a team rather than individual basis). Turnover in fundraising staff at the top of about 12 positions has impacted strategic contacts. The Division has had to spend more time training new staffers. Roy Muir noted that people trained here are often taken away by Michigan or Michigan State, and that we tend to look for experienced staff at Oakland and similar places. Asked whether the Division is now rebuilt, VP Burns noted that there is generally high turnover in philanthropy and she expects turnover to continue and need for staff training to continue.

ACTION: Members asked for current information on dollars raised per FTE of staff (page 88 in the Marts & Lundy report). VP Burns indicated she would provide that information.

- c. **Endowed Faculty Support.** VP Burns noted that between 2012 and 2016, there have been created 8 endowed faculty positions (\$1.5 million endowment except for distinguished titles, which require \$2.5 million); 19 Faculty Research positions, and 251 Student Support Funds. Lou Romano noted that at the recent Foundation Board meeting, there was a clear misunderstanding about the way that an endowed faculty position functions. Board members clearly thought that the \$1.5 million endowment was to pay faculty salary. This is not accurate and someone should make clear the way faculty endowments work, since this would help make the case for that type of funding. Much of the monies go to support research, often supporting student assistants or buying equipment or funding travel, etc. Further, Foundation Board members also thought that incoming assistant professors were awarded endowed professorships. In fact, those go to renowned senior professors.

The Chair also was concerned that the University's marketing materials don't seem to make raising these kinds of funds a priority or appropriately explain the role of faculty and why it is important to support these types of positions. VP Burns noted

that it is considerably easier to get endowed scholarships for students. Donors are “used to it” and can have dinner with students, feel good about what they’ve done. She admitted that the Division has perhaps not built the kind of pipeline that can lead to the appropriate faculty funding that we are discussing here.

Roy Muir also claimed it was hard to do at public colleges and Universities. The Chair noted that other public universities do a much better job of this than we do. If you look at a law school’s faculty titles at law schools that are not as good as Wayne Law, you will see about half or more of the faculty with some kind of title. Brian Edwards added that many different titles could be supported with less money than the levels required for the existing titles. Charlie Parrish noted that is the whole point—to fund smaller amounts with some kind of title that adds to prestige. The Chair noted that there are different models: at Illinois, even the Chair held a title as an associate professor prior to tenure—a named “Research Scholar”. The problem is that we haven’t prioritized and haven’t developed ‘scalable’ types of titles with lower or even short-term funding that can build the kind of support needed.

VP Burns acknowledged that the Division needs to come up with recommendations on this topic and considers the timing right to do so. Members suggested that it has not been done in part because of bureaucratic inertia and in part because of a sometimes existing administrative hostility to faculty. The Chair suggested that explanatory materials that make it clear why this is important to the University and to students are needed. Another member suggested that the Division needs to build the marketing around the synergy with faculty work, including lectures. VP Burns agreed that lifelong learning for alumni is an important link. Roy Muir agreed that this was a fundamental reason why strategic contacts by gift officers are critical, along with materials that help do the job.

There was discussion about how best to proceed to make this a priority. Lou Romano suggested that it be included as the first agenda item for a meeting of the President’s Cabinet with Policy that has been requested. It might also be reasonable to select up to four members of the Policy and Budget committees to work with VP Burns on this issue.

The student member noted that the Student Senate would vote ‘no’ at the Board of Governors Budget and Finance Committee on a commitment to raise more faculty endowment funds because of their view that the University needs to emphasize student support. Members reminded the student member that most faculty endowment funds are used by faculty to support students while also enhancing the reputation of the University (which also benefits students), so this would be a short-sighted approach.

Brian Edwards noted that schools like Harvard offer to contribute through annuity programs. Burns verified that Wayne has annuity programs as well.

**ACTION:** ASBC urges Division to work with the Academic Senate Policy and Budget Committees to develop a range of titles for faculty that can be developed for smaller donations and strive for a synergy between faculty work and marketing to encourage donors to see the value of faculty to the University experience.

ACTION: ASBC requested that VP Burns provide specific information on new and existing faculty endowments.

**d. Capital Projects.**

- i. Hilberry. VP Burns reported that \$5.5 million of the \$10 million goal for Hilberry has been raised and that there are ongoing solicitations. The Chair asked what the prospects for success are, especially whether it will exceed the \$10 million, given the likely higher cost of the Hilberry project at this point in time. VP Burns did not think it would exceed \$10 million.
- ii. Ilitch Business. VP Burns reported that the University will raise about \$45 million for the Ilitch building for Business, and noted a concern that raising for buildings means limited sources for raising for programs—i.e., there is an inherent conflict in that the donors who give to a building would be the donors to give for programmatic funding.
- iii. IBio. VP Burns also noted a good prospect exists to fund research at the IBio complex.

The meeting adjourned, having extended about 10 minutes over to address all of these issues.