

## **Minutes, Budget Committee of Academic Senate**

### **Meeting of November 14, 2005 (as approved Nov. 28, 2005)**

*Present:* Michael McIntyre (chair), Stephen Calkins\*, Marc Cogan, Marlyne Kilbey\*, Charles Parrish, Frederic Pearson, Louis Romano, Linea Rydstedt, Vishwanath Sardesai, Loren Schwiebert, Assia Shisheva, Cheryl Verbruggen\*, William Volz, James Woodyard.

*Absent with Notice:* Ravi Dhar, Harley Tse.

\* Liaison

*Invited Guests:* John Davis, Vice President for Finance & Facilities Management (part of meeting); Nancy Barrett, Provost

1. *Announcements and Minutes.* The meeting convened at 10:31 a.m. The chair welcomed Ms. Cheryl Verbruggen to the meeting. Ms. Verbruggen is the new Director of University Budgets and serves as liaison to the committee. On motion, the minutes of the meeting of Sept. 19, 2005, were approved. The chair also announced that Senate President Seymour Wolfson, in response to a motion from the committee, had requested that the Provost provide the Policy Committee with a report itemizing the expenditures over the past five years of the Fund for Medical Research and Education.

2. *State Funding of Capital Projects.* Vice President Davis distributed hard copies of the priority list for capital projects that he had provided to the committee in electronic form. The list includes the two capital projects for which the University requests funding from the State, plus an informational list of other projects that the University is considering. The submission to the State also includes a five-year spending plan. Mr. Davis emphasized that only the first two items on the list, the renovation of State Hall (classroom building) and the renovation of the Chemistry Building (research facility), have been prioritized. The rest of the items are unranked and are included on the list for informational purposes only. For the two ranked items, detailed information is provided to the State. No additional information is given for the other projects.

According to Mr. Davis, the list submitted to the State is prepared by a subcommittee of the President's Cabinet, made up of himself, the Provost, John Oliver, and Meredith Gibbs. The current list was prepared in the middle of October. For faculty members to have input in the preparation of the list for next year, they need to be consulted no later than the end of September. Mr. Davis indicated that the State provided instructions to universities for preparing the list and that he would share that document with the committee.

Mr. Davis noted that he had promised to come to the committee in timely fashion to discuss the priority list before it was submitted to the State (see minutes of meeting of

Sept. 19, 2005). The submission to the State, he assured the committee, is only tentative — a placeholder until a list is approved by the Board of Governors (BOG) at its Nov. 30, 2005, meeting. Provost Barrett indicated that she was expected by the subcommittee to provide input from the academic side to those making the list but failed to consult with the Policy Committee or this committee. She indicated that she did recommend that State Hall be given a high priority in response to faculty input from last year.

Mr. Davis stated that the instructions from the State indicated that preference would be given for a renovation project over new construction. For that reason, the project relating to the Purdy/Kresge Library was dropped because a study has indicated that renovation of the building is not a good option. A proposed new medical research building, which the committee had indicated last year was its top priority, was not included on the prioritized list because it is new construction and the estimated cost was far in excess of what the State was likely to fund.

The committee discussed the proposed new medical research building. Several members indicated that the long term strategic goal of the University to move up to the top 50 on the list of research institutions was not possible without adding significant numbers of research faculty and that adding more than 10 additional faculty members in the School of Medicine (SOM) was not feasible without a new research building.

Ms. Barrett indicated that the SOM has offered at least four competing plans for a new medical research facility and has not engaged in sufficient consultation with the faculty for fashioning a single plan to recommend to the University. She suggested that a new medical school research building is viewed by the Administration as a very high priority; however, it is not possible for the University to develop a funding plan until the SOM settles, with faculty approval, on a single plan that will meet its long-term needs. She suggested that Federal funding of some portion of the building is a good possibility if the SOM comes up with a plan that is consistent with Federal objectives. She indicated that some State, University, and private funding will also be needed.

Various members of the committee offered comments. One member, with substantial support from others, indicated that the numbering system used in Mr. Davis's spreadsheet is confusing at best, since it definitely gives the impression that the 25 projects on the list are all being ranked. He suggested that only the first two items be numbered and that some alternative system be developed for identifying the unranked items.

Several members suggested that the medical facility be included on the prioritized list notwithstanding the counter arguments made by Mr. Davis. Mr. Davis suggested that the cost of the building is just too high to expect it to be approved by the State. It was suggested that the State might be asked to finance only a portion of the cost, with the rest coming from bonding, gifts, and other University sources. Mr. Davis responded that the State traditionally pays 75% of the cost of projects it approves and is quite unlikely to approve a project on some different basis. One member suggested that there might be a benefit in putting the medical facility on the State list as an informational device. Ms.

Barrett indicated that the University would be jointly briefing both the Federal government and the State on the need for a new medical research facility.

One member reminded the committee that renovation of classroom space remains a high priority. He noted that there are major problems not only with State Hall but with Manoogian Hall. Other members agreed that renovation of teaching facilities is important. Mr. Davis stated that the Administration is aware of the need to renovate classroom facilities.

One member asked whether it was necessary to offer a motion to request timely consultation on capital building projects for next year. Ms. Barrett and Mr. Davis responded that they had gotten the message and intended to consult next year in timely fashion.

3. *Purchase of Building on Warren and Woodward. The South End* (student newspaper) reported in October that the University had purchased a building at the corner of Warren and Woodward for \$2.1 million. The projected use of the building was not identified. A member of the committee had asked the chair whether there had been any faculty consultation on the matter. He indicated that there had not been, and asked Mr. Davis to provide the committee with information on the purchase.

Mr. Davis indicated that the BOG has a standing policy of wanting to be informed when land adjacent to the University becomes available for purchase. He and Ms. Barrett both noted that consultation on particular building purchases is not appropriate, due to the potential impact of public discussion on the price of the building. The chair indicated that the committee has been concerned that land acquisitions do not get budgeted in the normal fashion — that the Administration decides without consultation to buy a building and then locates funding for the purchase and explores possible uses of the building. The result can be overspending on land acquisitions and underspending on more critical needs of the University.

A general discussion of University policy on land acquisitions followed. One member lamented the trend toward acquiring and then demolishing perfectly sound buildings. He also noted that many of the buildings that have been constructed over the years by the University are of such low quality that they do not last beyond a 30-year period. He contrasted the experience of many other universities, where buildings survive for 100 years or more.

One member questioned Mr. Davis about the likely use for the \$2.1 million building recently acquired. Mr. Davis indicated that there have been discussions with Ford Hospital and the DMC, dating back to 1998, on the construction of a conference center and hotel. One member suggested that the addition of a hotel might not be necessary, due to the recent establishment of the Inn at Ferry Mall. He suggested that a University hotel that adversely affected the Inn, which was responsible for restoring some fine buildings close to the campus, would be quite unfortunate. Mr. Davis promised sensitivity to that issue.

Another member asked about the value shown on the tax rolls for the new acquisition. Mr. Davis stated that he did not have that information.

*4. Budget Aspects of Long-Range Plan.* The chair noted that the University is promoting a plan for increasing enrollment to 40,000 students over the next decade, notwithstanding the fact that the number of potential students from the traditional feeder schools is likely to plummet over that same period. He suggested that this decision seems to be driven by the desire for tuition revenues. He then asked Ms. Barrett what steps were being taken to ensure that this expansion in enrollment would not result in a further decline in the percentage of the budget going to the Schools and Colleges. He also expressed concern that the Administration's stated goal of reducing the costs of delivering educational services might be viewed as a search for ways of reducing the number of tenured and tenure-track faculty.

Ms. Barrett responded that the expectation of the Administration is that the increase in enrollment would be achieved primarily by reducing the very high drop-out rate for students. She suggested that if retention could be increased from 33% to 40%, no additional students would be needed to achieve the goal of 40,000 enrollment. One member suggested that the Administration ought to look to see how other schools with a similar demographic profile have improved their retention rate.

Another member asked whether the poor retention rate is due to admission policies — the admission of students not prepared to succeed in college. Ms. Barrett provided some anecdotal evidence that students may be leaving due to short-term financial issues. One member asked whether admission standards at the bottom of the class have dropped. Ms. Barrett indicated that the University admits about 600 students who do not take the ACT or the SAT. For this group, which does not have a good retention rate, it is unclear whether admissions standards have dropped. She suggested that there has been some increase in admission factors in the top of the class, and that increase is likely to have had a positive effect on retention.

One member asked whether the University has good data on the changes in the number of tenured and tenure-track faculty. The Provost indicated that there are good numbers outside of the SOM, but that the provision of fractional tenure there complicates the counting. The member suggested that the Administration ought to develop a consistent and sensible way of tracking the number of faculty members and use that methodology consistently. Another member suggested that the University has had significant increases in the General Fund each year for the past decade but that the percentage increase in the amount going to the schools and colleges, and thus available for faculty hiring, is always well below the percentage increase in the General Fund.

*5. Consultation with Provost.* The chair indicated that the Provost had indicated an eagerness to improve consultation between her and the committee. He noted that at the last meeting, he had floated the idea of having a subcommittee work with the Provost to determine what functions were capturing the lion's share of new money coming into the University and to

develop a plan for increasing the share going to the Schools and Colleges. The Provost indicated that she would be happy to so consult and had already asked Director of University Budgets, Ms. Verbruggen, to collect information on the issue. After discussion, the committee indicated that such a subcommittee should be established. The chair invited members interested in serving on that subcommittee to contact him soon.

*6. Adjournment.* The meeting adjourned at 12:00 noon.

Michael J. McIntyre