

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

### **Meeting of November 28, 2005 (As approved, January 23, 2006)**

*Present:* Michael McIntyre (chair), Stephen Calkins\*, Marlyne Kilbey\*, Charles Parrish, Frederic Pearson, Loren Schwiebert, Assia Shisheva, Harley Tse, Cheryl Verbruggen\*, William Volz, James Woodyard.

*Absent with Notice:* Ravi Dhar, Louis Romano, Linea Rydstedt, Vishwanath Sardesai.

*Absent without Notice:* Marc Cogan

*Invited Guests:* Nancy Barrett, Provost; Charles Elder, Blue Ribbon Committee Member

\*Liaison

1. The meeting convened at 11:01 a.m.

2. *Blue Ribbon Committee.* Professor Charles Elder, faculty representative on the blue-ribbon committee looking at budget cuts and revenue enhancements, gave a report on the general progress of the committee. He indicated that the discussions of the committee are confidential. Nevertheless, he gave some general indicators of what the committee was looking at and indicated that it expects to make a report to the Board of Governors (BOG) in early January. He indicated that the committee is reviewing past reports for savings and revenue-enhancement ideas that had not yet been implemented. He also indicated that the committee was not looking at cuts that would significantly alter the core mission of the University.

Various members indicated that the committee ought to be looking hard at ways of conserving energy, by monitoring energy use in University buildings and giving units appropriate incentives to conserve energy. Members also suggested that the committee consider ways of encouraging retirement or at least not discouraging retirement. Prof. Elder indicated that these and other suggestions were welcome by the committee. The chair asked if the report of the Blue Ribbon Committee could be distributed to the Budget Committee prior to consideration of the report by the BOG. After discussion, the following motion was made and seconded and approved without dissent:

That the faculty representative on the Blue Ribbon Committee request that the committee share its report with the Budget Committee prior to consideration of that report by the Board of Governors.

Prof. Elder indicated that the Blue Ribbon Committee was the creature of the BOG and would need to provide its report to the BOG in the first instance. The chair indicated that the motion assumed that the BOG would get the report first — what the committee was requesting was a copy of the report before it was discussed by the BOG so that the committee could have timely input. Provost Barrett indicated that reports being discussed by the BOG are traditionally provided to the committee prior

to a BOG meeting. A member replied that the point of the motion was to request that this past practice be continued in this case.

*3. Discussion with Provost.* The provost had agreed to meet with the committee well in advance of the formulation of the FY 2006/07 Budget to discuss the general financial situation of the University and to lay plans for future consultation. The provost began with an overview of the situation in Lansing and the prospects for tuition increases at the University. She also noted that the shortfall in the estimated increase in enrollment this year has created a hole in the budget of around \$2 million that needs to be filled.

The provost reiterated her willingness to work with the committee to find out why the share of the budget going to the Schools and Colleges has continued to drop despite some efforts at redressing that decline. The chair indicated that he expected to have a subcommittee in place soon to begin discussions with Cheryl Verbruggen, Director of University Budgets.

Several other issues were discussed. The provost indicated that the various enhancement programs provided to some schools and colleges had a positive effect on morale. She then stated that an arrangement had been made with the School of Medicine (SOM) under which the SOM would increase the size of its entering class by 120 students and retain all of the tuition revenue. It was expected that most of the students would be from out of state (tuition of around \$30,000 per year). Various pointed questions were raised about this arrangement. The provost indicated that she did not view it as a precedent for other colleges.

The provost also indicated that she was looking into ways of reforming the summer school to make it more attractive for colleges to expand their summer programs. The chair noted that the committee has been concerned about this issue for a long time and would like to be consulted on proposals for change.

*4. Capital Outlay Priorities.* The committee discussed the report going to the BOG that sets forth the capital spending priorities for the University. The committee had discussed these priorities in great detail at a meeting last year and again at its meeting of November 14, 2005, attended by Vice President John L. Davis and Provost Nancy Barrett. At those meetings, the committee had objected to the presentation of the list of proposed projects, believing that it conveyed the impression that all of the items on the priority list were ranked in accordance with their ranking on that list.

It was the impression of the committee that the draft document it reviewed would be changed so that only the first two items would be given a priority ranking and that the remainder would be listed alphabetically or by some other method that made clear that no ranking was intended. Several members of the committee expressed keen disappointment that the document going to the BOG was not changed after the last meeting of the committee. The committee asked Provost Barrett, as faculty representative on the committee making the priority list, to

convey its views about the importance of preparing an unordered list that would appear to the reader as an unordered list.

5. *Annual Report of WSU Foundation.* The committee discussed the 2005 annual report of the Wayne State University Foundation that was submitted to the BOG. It was noted that the foundation has a return on endowment investment for the year of 11.9%. Members noted that the committee had objected last year to the 0.25% reduction in the payout to Schools and Colleges on their endowments, arguing that short-term blips in investment results did not justify a long-term cut in the payout. After discussion, the following motion was made, seconded, and adopted by voice vote without opposition:

That the Policy Committee be requested to ask the Administration to rescind the 0.25% cut in the payout from University endowment funds that was instituted on the premise, now seen to be false, that the one-year decline in the income from endowments would continue indefinitely into the future.

The chair agreed to prepare a memo for the Policy Committee that embodied this motion in time for its meeting that day at 1:30 p.m. Professor Calkins, liaison to Policy, agreed to explain the motion to Policy at the upcoming meeting. [Note: That memo was prepared and circulated to the committee.]

11. *Adjournment.* The committee adjourned at 12:24 p.m.

Michael J. McIntyre