

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

### **Meeting of February 13, 2006 (as Approved March 6, 2006)**

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

*Absent with Notice:* Loren Schwiebert (sabbatical leave), Ravi Dhar, Charles Elder, Harley Tse.

*Invited Guests:* Nancy Barrett, Provost; Representatives of College/Department Budget Committees (Gregory Auner, Kevin Cotter, Farshad Fotouhi, Henry Golemba, Donald Haase, Lowell Hansen, Eboe Hutchful, Marc W. Kruman, Barry Lyons, James Rillema, Roslyn Schindler, Jeffrey Trzeciak, Jesse C. Vivian, Mary Wischusen, Joe Zajac, Debbie Zebari); Members of Policy Committee (Mary Sengstock, Anca Vlasopolos, Judith Whittum-Hudson, Seymour Wolfson, Russell Yamazaki); Angela Wisniewski, Academic Senate Secretary.

\*Liaison

1. The meeting convened at 11:01 a.m in Room 3210 of the Undergraduate Library. The minutes for the meeting of January 23, 2006, were approved without objection.
2. *Welcoming remarks.* At the start of the meeting, the chair welcomed the chairs of the department and college budget committees to the meeting.
3. *Presentation of Budget Model.* Provost Barrett presented her budget model to the committee and guests. She began by showing the model for the FY 2006 budget, showing that enrollment had been overestimated, resulting in a deficit for the year. She then presented a pro forma budget for FY 2007. That budget initially showed a deficit of around \$16 million, assuming that some operating expenditures would go up, revenues would not change, and various enhancement expenditures were made. The Provost then showed how various changes in revenues and expenditures would affect the budget.

Budgetary balance could be achieved through cost reduction measures as well as through a variety of revenue enhancements, such as some increase in enrollment, some tuition increase, some increase in state funding, and some increase in indirect cost recovery. The Provost indicated that the governor has proposed that the three research institutions (Wayne, U-M, and MSU) receive a 2% increase in their budgets for FY 2007. Whether that recommendation will be adopted is unclear. She also indicated that the large tuition increase of last year cannot be repeated this year, but that a much more modest increase was likely. The amount of the increase will depend on the Board of Governors, and discussions with the BOG have not yet begun.

The Provost indicated that she hoped to be able to avoid any across-the-board cuts in the budgets of the schools and colleges. She also indicated that she would

strive hard to maintain a \$1 million enhancement funds for select doctoral programs. She indicated that the the Audit Committee of the BOG was encouraging the administration to provide funding for a disaster recovery plan for IT and an IT auditor. In addition, utility costs are anticipated to increase significantly in FY 2007. The Provost indicated that after the enrollment shortfall of last year, she was reluctant to budget for significant increases in enrollment for the coming year. She felt that her budget model might need to be refined to better reflect the differences in graduate and undergraduate enrollment trends.

The Provost then took questions from the committee and guests. A lengthy discussion ensued concerning the poor retention rate of the University and the difficulties that have been encountered in improving that rate. Also discussed were the estimates for increases in faculty salaries, the estimated increase in utilities, the prospects for an increase in ICR amounts, the impact of tuition increases on enrollment, the efforts made to contain medical costs, and the various initiatives to improve research facilities.

One member reminded the Provost that the percentage of the budget going to the schools and colleges has continued to go down each year and would go down again for FY 2007 unless steps were taken to reverse the trend. The provost indicated that the various non-academic divisions have not been receiving significant budget increases in recent years and that it is unclear why the downward trend in money going to the schools and colleges has continued. Cheryl Verbruggen, Director of University Budgets, noted that she is working with a subcommittee to try to see which parts of the University have been receiving above-average budget increases.

3. Adjournment. The committee adjourned at 12:15 p.m.

Michael J. McIntyre