

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

### **Meeting of June 19, 2006 (as approved July 21, 2006)**

*Present:* Michael McIntyre (chair), Anjali Anturkar\* (budget office), Stephen Calkins\*, Charles Elder\*, Frederic Pearson, Louis Romano, Vishwanath Sardesai, Assia Shisheva, William Volz, James Woodyard.

*Absent with Notice:* Linea Rydstedt, Loren Schwiebert (sabbatical), Harley Tse.

*Absent without Notice:* Ravi Dhar, Charles Parrish.

*Invited Guests:* Nancy Barrett, Provost; John L. Davis, Vice President for Finance & Facilities Management.

\*Liaison

1. The meeting convened at 11:01 a.m. The minutes for the meeting of April 24, 2006, were approved without objection. The meeting to review the proposed FY 2007 budget was set for Friday, July 21, 2006, at 11:00 a.m. [Note: A joint meeting with the Policy Committee to give input on the budget and to explore options with the Provost has now been set for Monday, June 26, 2006, at 11:00 a.m.]

2. *Engineering Development Center.* The committee discussed the proposed extension of the existing engineering building, which would be intended for enhanced research activities. The building has a projected cost of \$27.35 million, of which \$15 million would come from the State and the rest is to come from the General Fund (\$5.9 million) and gift and grant receipts (\$6.45 million). An initial borrowing of \$9.2 million would come from the General Fund's cash pool. The General Fund also would be exposed with respect to any shortfalls in gifts or payment of grant pledges.

Although members expressed support for the proposal in general and noted their pleasure at the University getting funding from the State, they did raise a number of concerns about the planning of the project. It was noted that the project was not included in the University's strategic plan and was not on the priority list of capital projects prepared annually by the University for submission to the State. Some members suggested that at least some of the gift pledges might not represent new money but rather money that was being diverted from other planned uses. The Provost indicated that the College of Engineering intends to pursue additional outside funding from gifts, grants, and other sources; if those efforts are successful, she anticipates that the proposed charge to the General Fund would be reduced accordingly.

The proposal document submitted to the Board of Governors (BOG) suggests that some of the funding might come from indirect cost recovery, although no details are provided in that document. The suggestion was made that if the building is expected to result in additional research grants and, as a result, additional indirect

cost recovery, there should be some estimates made of the expected increases and the various ICR pots that money might be taken from.

The chair noted that diversion of indirect cost recovery money from current uses is a controversial matter and ought to be discussed with this committee in advance of any plan for such diversion. One suggestion was that any contribution from ICR amounts should not come from the general ICR pools but should come from the expected increase in ICR amounts resulting from the new research facilities in the College of Engineering. Vice President Davis promised to come to the committee in timely fashion with a draft plan at an early stage in its development. [Note: Mr. Davis repeated that promise at the BOG meeting of June 21, 2006.]

3. *Cost of Maccabees Building Renovations.* Vice President Davis had promised at the BOG meeting of April 26, 2006, to provide an accounting of the total expenditures made by the University with respect to renovations of the Maccabees Building (5057 Woodward Avenue). Mr. Davis indicated that his office has not yet completed that report but should complete it shortly and would share it with the committee and the BOG.

4. *Boiler Project Update.* The BOG has approved a plan under which the University would construct a series of boilers to generate steam for heating of certain buildings on the campus. The Administration expects to save over \$1 million per year in utility costs from self-generation of steam. One member suggested that it would be useful to examine the University's experience with its prior efforts at self-generation of steam. He suggested that the basic economics of the plan needed to be examined in detail. Vice President Davis indicated that there was a lengthy consultant's report on the topic. He also stated that a report on the various boilers would be given to the BOG at its upcoming meeting.

Another member suggested that the committee not address the boiler issue in detail because a decision on it had already been made. Various members, nevertheless, exchanged views with Mr. Davis on the topic. Mr. Davis indicated that the Detroit Medical Center, the other major customer for steam in the City of Detroit, was also considering the possibility of self-generation of its steam. He also stated that the University expected to purchase the gas needed for self-generation of steam through a consortium of State universities. No action was taken by the committee.

5. *Old Main Repairs.* The Administration is proposing that the carpeting in some of the public areas of Old Main be replaced with more durable materials. Vice President Davis indicated that the present carpeting is torn and unsightly and becoming dangerous. One member noted that many aspects of the initial renovation of Old Main have been criticized for shoddy work.

6. *Second Quarterly Report on General Fund Budget.* The committee discussed with the Provost the second quarterly report on the FY 2006 Budget. That report showed some revised estimates of expenses and revenues. When the first quarterly report was presented to the BOG, the committee discussed the desirability of having the

underlying actual expenditures and revenues on which the revised estimates were based. After discussion, the following motion was approved without objection: The Budget Committee requests that the Administration provide, as a supplement to the quarterly budget reports, a report on the actual expenditures and revenues for the quarter, with comparisons to the actual expenditures for the same quarter in the prior year.

The second quarterly report did not include the requested material. Again the matter was discussed with Provost Barrett and Interim Director of University Budgets Anturkar. They suggested that certain problems would arise in trying to draw conclusions from actual expenditure and revenue numbers. Various members of the committee indicated that the Administration was revising its budget estimates based on the "actuals" and should be able to share that information with the committee. Members suggested that any potential confusion could be addressed with explanatory notes.

[Note: The matter was raised by the chair at the BOG meeting of June 21, 2006. Various members of the BOG supported the suggestion that the actual numbers be provided, with whatever caveats the Administration felt were appropriate. Vice President Davis and Provost Barrett agreed to provide the requested information in the next quarterly report.]

7. *FY 2007 Budget.* The Provost discussed informally some of the parameters of the FY 2007 budget. She indicated that she wanted to meet with the committee and the Policy Committee after she had briefed the BOG to discuss tuition matters and other issues that will arise in formulating the FY 2007 budget.

Some members expressed concern that funding from the federal government for research, especially in the medical area, was expected to drop significantly. The result may be fewer grants and less indirect cost recovery funds. It was suggested that this issue should be considered in formulating the FY 2007 budget.

The Provost indicated that she did not anticipate that she would project an increase in enrollments in setting the FY 2007 budget, because enrollment growth was overestimated in the past two years and is subject to considerable uncertainty.. It does appear, nevertheless, that some growth in graduate enrollment may be possible, due to the easing of border problems for foreign graduate students. The chair indicated that it would be helpful if the budget provided that a substantial portion of any unanticipated revenues resulting from increased tuition receipts be allocated in the budget to the schools and colleges, to be used to pay for the additional costs associated with an increase in enrollment.

The chair agreed to speak with President Seymour Wolfson to arrange a time for a meeting. The Provost indicated that she should have an updated version of her budget model ready for that meeting. [Note: As noted above, that meeting is set for Monday, June 26, 2006, at 11:00 a.m.]

8. *Report of Data Subcommittee.* Professor Woodyard gave a brief report on the work of the data subcommittee. Professor Cogan, the convener of that subcommittee, has retired from the University, leaving Professor Woodyard and Professor Sardesai as the remaining members. Professor Woodyard circulated some materials that were provided to the subcommittee by the Administration. The Administration's numbers indicated that the percentage of the revised budget going to the schools and colleges has been flat over the past several year. Some members noted that the annual budget books show a significant decline when properly adjusted for mere accounting changes. [Note. The chair will distribute to the committee a spreadsheet prepared by the Administration and provided to the subcommittee that seeks to reconcile the figures in the approved budget and the revised budget.]

One member suggested that the committee might do better by focusing on changes in the number of tenured and tenure-track faculty rather than on the share of the budget going to the schools and colleges. The Provost indicated that some information on faculty size is available in the WSU Fact Book, available on the web. [Note: Professor Romano has compiled that data and has shown that the number of faculty members has been flat in recent years, whereas the number of credit hours for students enrolled in the University has gone up by 15%.] It was also suggested that information might be available from the retention reports prepared by the Administration. The Provost indicated that the numbers from these sources might not be consistent for a variety of reasons.

9. Adjournment. The committee adjourned at 12:38 p.m.

Michael J. McIntyre