

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

### **Meeting of July 21, 2006, as approved Sept. 11, 2006**

*Present:* Michael McIntyre (chair), Anjali Anturkar\*, Charles Elder\*, Louis Romano, Linea Rydstedt, Vishwanath Sardesai, Assia Shisheva, William Volz, James Woodyard.

*Absent with Notice:* Stephen Calkins\*, Charles Parrish, Frederic Pearson, Loren Schwiebert (sabbatical), Harley Tse.

*Absent without Notice:* Ravi Dhar.

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

\*Liaison

1. The meeting convened at 11:02 a.m. The minutes for the meeting of June 19, 2006, were approved without objection.

2. *FY 2007 Budget.* The committee discussed the proposed budget that would be going to the Board of Governors (BOG) on July 26, 2006. The chair noted that again the percentage of the budget going to the schools and colleges had declined, using consistent accounting methods for the FY 2006 and FY 2007 budgets. Some discussion took place with the Provost and the Interim Director of University Budgets about the proper accounting for amounts allocated to the Provost's Office in the budget that are expected to be distributed to the Schools and Colleges at some time during the year. Various members made the point that whatever method is used, it is senseless to use inconsistent methods in comparing the FY 2006 and FY 2007 results.

At its June 19, 2006, meeting, the Budget Committee and the Policy Committee had been briefed on the proposed use of discretionary funds in the FY 2007 budget. Various objections were made at that time by various members of the Budget Committee to many of the proposed uses. No significant changes were made, however, from the draft proposal and the proposal being submitted to the BOG.

One of the items that received considerable criticism was the proposal for allocating \$1 million to the Office of the Vice President for Research (OVPR), ostensibly for financing the costs of compliance with Federal reporting requirements for research on humans. The chair had objected to this characterization of the allocation, noting that the OVPR already has adequate funds for that purpose. He also noted that the OVPR has estimated that the total costs of such reporting is around \$500,000. The Provost suggested that the remaining \$500,000 would be used to shift other administrative costs of the OVPR to the General Fund. The chair noted that sound accounting required that the costs of compliance arising from grants ought to be charged to the grants, not to the general fund. That result is now achieved by requiring that the expenses be paid out of indirect cost recovery

amounts. The chair argued that shifting the costs to the General Fund would be inconsistent with sound accounting.

The chair pointed out that the OVPR, in its January 23, 2006, memo, had set forth \$5.6 million for critical needs, the most critical of which, according to the memo, were faculty setups and faculty retention. He noted that the \$1 million allocation to the OVPR did not require that office to use any of the funds for those purposes — that in effect it created an unrestricted fund for the OVPR. He suggested that linking the money to the two top critical needs would be desirable. He expressed some skepticism that any significant portion of the funds would be used for faculty setups or retention unless the funds were linked to that purpose in the budget document.

3. *Tuition Increase.* The Administration is proposing an across-the-board tuition increase of 5.8%. This increase would apply to undergraduate and graduate students and to in-state and out-of-state students. The chair noted that out-of-state tuition was already higher than for competing schools at the law school and might well be too high as well for other graduate programs. He noted that the Budget Committee had objected for several years about the extension of the tuition increases to out-of-state students but that the Administration had not altered its policy. Indeed, the objection was made with some vigor when tuition was being increased last year.

The Provost noted that the proposed tuition increase of 5.8% was lower than the proposal made at the June 19, 2006, meeting. The reason was that the State was now proposing a 2.5% increase in the Wayne State University budget — up from an expected 2.0%. The reduction in the tuition request mirrored the proposed increase in State funding. The Budget Committee neither endorsed nor opposed the proposed tuition increase.

4. *Budget for Centers.* The Administration is proposing an increase in the budgets of certain centers (so-called Research Excellence Fund Centers) of 2.5%. Those centers are the Center for Molecular Medicine and Genetics, the Institute for Manufacturing Research, and the Institute of Environmental Health Sciences. The argument made is that these centers were once receiving their funding as a line item in the budget and should have increases and decreases in their budgets in accordance with the level of State support for the University. Some members thought this argument has little force, given that the centers and institutes no longer are budgeted in that manner by the State. The OVPR would also receive a 2.5% increase in its funding from the Research Excellence Fund for administrative overhead.

Several members of the Budget Committee objected to the across-the-board increases for the centers, claiming that some of them are not doing particularly well and do not deserve increases. It was suggested that the amount going to the centers be set by the 2.5% proposal but that the total funds be allocated by the OVPR, after consultation with the appropriate CIAC committee, according to merit. After some discussion, the following motion was made and seconded and adopted without opposition:

Moved that the 2.5% increase in the funds going to the centers and institutes be allocated among the centers and institutes by the OVPR according to merit, after consultation with the appropriate faculty committee.

5. *Tennis Court Resurfacing.* The committee briefly discussed the proposal for using money from the deferred maintenance funds and an unallocated fund provided by Pepsi Bottling Group. Some members questioned whether this resurfacing was a critical need. The chair noted that the Provost was on record as favoring self-support for programs that did not serve the core educational functions of the University but instead were serving some community interest.

6. *Public Safety Building.* The Administration is proposing to spend \$5,640,000 to refurbish a building on Cass Avenue, over the other side of the freeway from the main campus, as the new home for the campus police. Some members suggested that this relatively remote location was less than ideal. Vice President Davis suggested that no other suitable location was available.

7. *Adjournment.* The committee adjourned at 12:20 p.m.

Michael J. McIntyre