

Minutes, Budget Committee of Academic Senate

Meeting of September 19, 2005 (as approved Nov. 14, 2005)

Present: Michael McIntyre (chair), Stephen Calkins*, Marc Cogan, Charles Elder*, Celeste Lezuch*, Charles Parrish, Louis Romano, Linea Rydstedt, Vishwanath Sardesai, Loren Schwiebert, Assia Shisheva, William Volz, James Woodyard.

Absent with Notice: Ravi Dhar, Frederic Pearson, Harley Tse.

Invited Guests: John Davis, Vice President for Finance & Facilities Management (part of meeting); Nabelah Ghareeb, Assistant Vice President for Business Operations.

*Liaison

1. The meeting convened at 11:04 a.m.

2. *Announcements.* The chair asked the members of the committee to introduce themselves and welcomed Prof. Loren Schwiebert of Computer Science, who was serving on Budget for the first time. He also indicated that Vice President John Davis would be joining the meeting at some point to discuss the proposal for issuing bonds.

3. *Future Meetings.* The chair indicated that he wanted to schedule meetings for the year. In significant part, the schedule is dictated by the meetings of the Board of Governors. He asked if the current time (11 a.m. on Mondays) was acceptable. In response to comments, he agreed to ask members to provide information to the Senate Office on their availability. Once that information is received, a schedule can be finalized. In the interim, he suggested that meetings were likely on or around the following dates:

October 17, 2005
November 28, 2005
January 23, 2006
March 6, 2006
April 24, 2006
June 19, 2006
July 24, 2006

4. *Budget Form Committee.* The chair indicated that budget forms used for formation and renewal of the charters of centers and institutes have been criticized and need to be revised. He proposed that a subcommittee be formed to deal with the matter. The committee gave approval without vote. It was understood that any revised form would be circulated to the committee for comment. The chair announced that the committee would have the following members:

James Woodyard, Engineering
Peter Lichtenberg, Director, Institute of Gerontology
Sarah James, OVPR
Michael McIntyre, Law, ex officio
Gloria Heppner, OVPR, ex officio

5. *Bond Issue.* The Administration is seeking approval from the Board of Governors (BOG) to issue \$180 million in bonds. A large part of the money is for refinancing prior bonds. In addition, around \$46 million is to build boilers to replace the heating system now dependent on steam from the private sector. the boiler project has already been approved by the BOG. Around \$5.8 million is for renovation of the building at 6050 Cass for use by Public Safety, and \$2.6 million is for replacing the swimming pool in the Fitness Center with a place for exercise equipment. These projects have not yet been brought to the BOG. Vice President Davis described the projects and answered questions from members of the committee. Some concern was expressed about the refinancing plan, which many members did not fully understand but which seemed to them to be speculating on future interest prices.

6. *Medical Research Building.* Several members of the committee would like to see the University give a top priority to the construction of a new medical research facility. The Budget Committee has previously indicated that its two top priorities for State funding in the capital budget request document were a research facility for the School of Medicine and refurbishment of undergraduate teaching facilities. Vice President Davis promised that he would return to the committee in October to discuss the priorities for State funding with the committee.

A general discussion of funding for research followed. One suggestion was that any major plan for construction of research facilities would likely require a new look at the uses made of ICR funds. One member suggested that without a new research facility, the ICR rate used by the Federal government would be reduced, perhaps to as low as 47%.

A question was asked about the use of Fund for Medical Research and Education (FMRE). It is at least conceivable that some FMRE money could be used to pay interest on research construction bonds, given the contribution of those research facilities to the School of Medicine. The chair was asked to request an accounting of the uses of FMRE money.

7. *Blue Ribbon Budget Review Committee.* At the request of the BOG, the Administration has appointed a blue ribbon committee to look at revenue issues and potential cost savings. Professor Elder is the faculty representative on the committee. Apparently the name of the committee suggests that it will only be looking at tuition and other revenue issues. Professor Elder indicated that it will initially be trying to coordinate all of the various planning initiatives under way at the university. He indicated that the deliberations of the committee are confidential.

8. *Plans for Year.* The chair suggested that the committee should set forth an agenda for itself for the year. He had circulated a memo containing some suggestions. Other suggestions were offered from the floor. The following list was agreed to as a tentative agenda, to be finalized at the next meeting of the committee.

- Consultation with College and Department budget committees and arrange for a joint meeting of those committees

- Reexamination of the use by Advancement of endowment money for its operating expenses and the cut in payout rate (carryover of old business)
- Percentage of General Fund Budget going to Schools and Colleges
- Issues relating to the Devolution to the schools and colleges of the Fringe benefits
- Followup on the Provost's commitment to keep any savings from CULMA in the Schools and Colleges
- Followup on the committee's work on ICR

9. *Consultation with Provost.* The chair reported on his recent conversation with the Provost. The Provost indicated that she wished to have more extensive and effective consultation this year with the Budget Committee. She is willing to come to all or part of future meetings and to meet with the chair or subcommittees when requested. The committee welcomes this initiative and asked the chair to put together a plan for consultation with the Provost.

10. *Motion on Use of State Appropriations.* President Reid, in his address to the Academic Senate, indicated that the State may approve an appropriation for Wayne that will be around \$2 million in excess of the amount shown in the FY 2006 budget. The amount is still the appropriation for the prior year. The chair suggested that the committee might want to offer guidance to Policy in making a recommendation on the use of that money if it should materialize. The Provost had indicated to the chair that the amount might not exceed \$300,000 and that all of that money might be needed to deal with a shortfall in tuition revenue. Various members of the committee indicated that they thought that the money, if it materializes, should be devoted 100% to the budgets of the Schools and Colleges, which have suffered a sharp decline over the past decade relative to the rest of the University. After discussion, the following motion was made and seconded:

The Budget Committee recommends to the Policy Committee that it urge the Administration to allocate directly to the Schools and Colleges any amounts received from the State in excess of the amounts shown in the FY 2005-06 budget.

The motion passed. The one dissenter, although sympathetic with the thrust of the motion, was uncertain of the best use of any unallocated State funding in light of the enrollment shortfall.

12. *Remaining BOG Items.* The committee briefly discussed the following issues going to the BOG's Budget and Finance Committee at its Sept. 21 meeting.

a. *Auxiliary Budget.* One member noted that revenues for the book store have been going down for several years. He also noted that historical trends were not provided for some other auxiliary units, particularly the radio station. It was noted that funds for faculty awards are still earmarked from amounts received from the book store, contrary to what the Budget Committee believes to be sound budget

practices. The chair promised to note that issue at the BOG meeting. It was also noted that most of the auxiliary units are now paying their own way.

b. *Demolition of Buildings*. Three buildings are to be destroyed that were formerly occupied by departments that have moved to the Maccabees Building. One member noted with regret that the University has been active in destroying some historically interesting buildings.

c. *Health Center*. The Administration plans to provide a health clinic for dorm students. A couple of rooms in DeRoy will be renovated for that purpose. One member indicated that he is on a committee dealing with health care issues and that this matter was not brought to that committee.

d. *Purchasing Exception*. The usual exception report has been sent to the BOG. The committee had no substantive comments on it.

11. *Adjournment*. The committee adjourned at 12:51 p.m.

Michael J. McIntyre