

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

### **Meeting of October 12, 2009 (as approved, December 12, 2009)**

*Present:* Michael McIntyre (chair), Donald DeGracia, Judy Field, Rob Kohrman\*, Winston Koo, Rita Kumar, Richard Needleman\*, Charles Parrish, Aleksandar Popadic, Louis Romano, Linea Rydstedt, Assia Shisheva, William Volz, James Woodyard.

*Absent with Notice:* Winston Koo.

*Absence without Notice:* George Alchammas\*, Charles Elder, Thomas Killion.

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

\*Liaison

1. The meeting began at 10:30 a.m. The minutes of the meeting of September 21, 2009, were approved without objection.

2. *BOG Matters.*

The committee reviewed the materials going to the Board of Governors and had no substantial comments. The chair noted that the Reserve for Non-Recurring Projects now has a balance of over \$13 million. The Rainy day fund has a balance of nearly \$17 million.

3. *Capital Budget.*

Vice President Davis discussed with the committee the tentative plans for the capital budget requests to the State. He noted that the budget shortfalls in Lansing made it somewhat unlikely that any of the universities will be receiving special grants this year. Mr. Davis circulated to the committee the capital budget request for last year, which listed the Multidisciplinary Bio-Medical Research Building as priority #1 (for \$180 million) and State Hall Classroom Renovation (for \$40 million) as priority number two. The chair noted that the Budget Committee, in 2007/08 had successfully convinced the Board of Governors to allocate \$3 million for modest repairs of State Hall, over strong objections from some members of the Administration. Mr. Davis reported that the repairs have been completed and have significantly improved the situation in State Hall.

Several members expressed concern that the high price tag for the Bio-Medical building would cause it to be postponed for a rather long time. The suggestion was made that a more modest building be considered. In response, a member noted that building the complex in stages would add an estimated 10% to the overall cost. The chair reminded the committee that it had invited Daniel Walz, Assoc. Dean, School of Medicine, and James Sears, Assoc. Vice President, Facilities Plan & Management, to

discuss the biomedical building at its meeting of January 28, 2008. Provost Barrett suggested that funding for the building would have to come from multiple sources, such as a Federal earmark, a State appropriation, and Wayne State bonding.

Several members stressed the importance of improving the classroom situation at the University. They noted that the University is in direct competition with various regional universities that reportedly have far superior classroom facilities than those available here. The chair noted that with the projected sharp drop in the number of students graduating from high school in the tri-county region, the University will be hard pressed to avoid a significant drop in enrollment in the years ahead. As a result, it needs to improve its classroom facilities to remain competitive.

After discussion, the following motion was made and seconded and approved without opposition:

The Budget Committee endorses the Bio-Medical building and the renovation of State Hall as the two top priorities for the capital budget request to the State.

4. *Reform of Schools/Colleges Budgets.* The chair distributed the draft document prepared by a subcommittee (Profs. McIntyre, DeGracia and Elder) to provide for improved budgeting in the schools and colleges. He noted that Mr. Kohrman had offered at the last meeting to provide written comments on the chair's initial draft, but those comments were not provided. Instead, Mr. Kohrman had taken the preliminary draft to the special budget committee that was appointed by President Jay Noren. He noted that this committee had made a few comments on the draft. The chair indicated that the Budget Committee welcomed comments on its work but that it was not prepared to solicit comments until it had an opportunity to address the matter itself. The chair noted that the Budget Committee was not involved in doing staff work for some alternative committee. It would prepare its report and submit it to the Policy Committee in accord with the bylaws of the Academic Senate — bylaws that had been adopted in accordance with the expressed provisions of the University Statutes. Mr. Kohrman indicated he had no problem with this approach.

Various comments were received. It was suggested that the document should include a preamble that made clear that the Budget Committee was responding to a proposal included in the BOG's Budget Book and was not in any way offering criticism of the various deans. It was also suggested that the draft be reformulated to make it clear that the first two items in the draft were intended to be one-time events.

One member suggested that the deans may be inclined to switch many lines for operating expenses to preserve flexibility. The chair indicated that the draft required the provost to make sure that tenured/tenure-track lines were not inappropriately reduced. A suggestion was made that the deans be given the option to revert a line converted to operating expenses back to a hiring line during a 3-year period. The

goal would be to allow the deans to get funding for the fringe benefits associated with a line.

Mr. Kohrman indicated that President Noren wanted to take personal control over the use of startup funds. One member expressed concern about the president getting involved in such micro-managing. It was suggested that if a president knew enough about various departments to manage their start-up funds, he would not be spending enough time on his own responsibilities.

Mr. Kohrman indicated that the deans felt that there should be some mention of start-up funds in the document. He also indicated that the deans wanted increased flexibility to move money between lines and wanted some mention that "frozen lines" would not be subject to recapture.

The discussion concluded with the chair promising a revised draft for the next meeting of the committee.

5. *Parking.* The chair presented a draft memo to the committee dealing with parking and the lack of consultation when parking fees were recently raised. He noted that the minutes of the BOG's Budget and Finance Committee meeting of September 2, 2009, contained the following statement:

Governor Massaron asked for agreement that future increases in parking rates will come to the Board, along with the other tuition and fees that the Board considers each year, and that there will be a regular consultative process with regard to the budget as is normal, providing for consultation with faculty committees. President Noren agreed with Governor Massaron's suggestion, and indicated that the minutes would reflect that the administration concurs.

At the request of Prof. Woodyard, the chair postponed further discussion of parking for a future meeting.

6. *Adjournment.* The committee adjourned at 12:07 p.m.

Michael J. McIntyre