

Minutes, Budget Committee of Academic Senate

Meeting of December 6, 2010 (as approved, January 24, 2011)

Present: Michael McIntyre (Chair), Charles Elder, Maik Huttemann, Rita Kumar, Rob Kohrman*, Richard Needleman*, Louis Romano, Linea Rydstedt, Heather Sandlin, Karen Tonso, William Volz, James Woodyard.

Absence with Notice: Donald DeGracia, Bart Miles, Jennifer Sheridan Moss, Charles Parrish.

Absent without Notice: Winston Koo.

Invited guest: Ronald Brown, Provost; John L. Davis, Vice President for Finance and Facilities Management.

*Liaison

1. The meeting began at 11:02 a.m. The minutes of the meeting of October 29, 2010, were approved without objection. The agenda was modified to include a discussion of Parking.
2. *Capital Outlay Request to State.* The committee discussed the proposal to request State funding of \$90 million for the proposed Multidisciplinary Biomedical Research Building (MBRB) for FY 2012. The Chair suggested that the building cost of \$230 million may be more than the University could afford and that the request for \$90 million from the State was totally unrealistic, in that the State, even in good economic times, had never approved a request that large. He noted that Prof. DeGracia, who was unable to attend the meeting, has suggested that the School of Medicine (SOM) needs a Plan B with a lower price tag.

It was noted that \$50 million for the MBRB was to come from Henry Ford Hospital. That money, however, would be used to expand the project, which previously was budgeted at \$180 million. To get support from Ford Hospital, the University had agreed to locate the building near Tech Town, some distance from the SOM and not too distant from Ford Hospital. It was noted that one of the objectives of the building was to promote collaborative work within SOM and that such collaboration would be difficult at the proposed location of the MBRB.

One member circulated a news letter (attached) indicating that the Lame Duck legislature in Lansing has approved \$30 million for the MBRB for FY 2011. Vice President John Davis stated that the State, once it has approved a project, was not likely to increase the amount. He indicated he would discuss the new situation with other members of the Administration. He suggested, however, that there was a real possibility that the Administration would drop the MBRB from the FY 2012 request and substitute some other project. He indicated support, subject to discussions with other members of the Administration, for substituting the State Hall renovation

project. Budget Director Kohrman also indicated tentative support for that project. [Note: The Administration recommended the State Hall project to the Board of Governors (BOG) at the BOG's meeting on December 8, 2010, and that recommendation was accepted.]

One member suggested that the University might do better to raze State Hall and build a replacement building. The Chair indicated that the State has tended to favor renovation projects. He noted, however, that the committee, in supporting the State Hall project in the past had never looked at the possibility of supporting a new building. He suggested that this option should be given some consideration. Another member indicated that he felt that the State Hall project should be listed as the number two project if the Administration decided to ask for more funds for the MBRB project. After discussion, the following motion was approved without objections:

That renovation or replacement of State Hall be the number one project submitted to the state for funding under the University's 5-year capital outlay plan unless the University decides to submit a request for additional funding for the MBRB. If the MBRB is submitted again, then the Budget Committee requests that the State Hall project be listed second, with other projects listed alphabetically thereafter.

3. *Long Term Investment Report.* The committee reviewed briefly the annual report on long term investments for FY 2010, prepared by New England Pension Consultants, the independent consultants engaged by the Wayne State University Foundation. It was noted that the fund performance for the most recent year was below the peer performance benchmark. In the prior three-year period, however, the fund had done well. It was suggested that the fund has taken a conservative approach to investment, resulting in above average performance in bad times and below average performance in better times. Overall, the fund seemed to have performed reasonably well in recent years.
4. *Parking.* The committee received a brief report on the progress of the Parking Task Force, including a report on the tentative recommendation to eliminate for students the fee at the parking gate, replaced by a fee per credit hour. Faculty, staff, and visitors would continue to pay at the gate. Discussion followed. After that discussion, the Chair asked for views on the composition of a new Parking Advisory Committee, which he envisioned coming into being after the task force completed its work. The general view seemed to be that a committee with three faculty members and three administrators would be preferred.
5. *Lack of Consultation on Multifunction Athletic Facility.* The Chair presented a memo (attached), addressed to the Policy Committee, asking the Policy Committee to indicate to the Administration and the BOG its concern about the lack of consultation with the faculty representatives on the proposed \$1 million increase in

the scope of the Multifunction Athletic Facility. After discussion, the committee endorsed the memo and requested that the Chair forward it to the Policy Committee. [Note: The Policy Committee endorsed the memo on December 6, 2010, and forwarded it to the Administration and the BOG.]

6. *Nursing's 501(c)(3) Corporation.* The Chair suggested that the committee form a subcommittee to make a proposal for providing transparency rules for the charitable foundation formed by the Nursing School to manage the student health clinic located in the DeRoy Apartments. The clinic is funded by a fee included in the Omnibus Fee. The Provost indicated that the Nursing School was very willing to provide transparency. The Chair indicated that getting good transparency rules in place for the Nursing 501(c)(3) corporation might provide a useful precedent for dealing with other such corporations around the University.

7. *Adjournment.* The committee adjourned at 12:13 p.m.

Michael J. McIntyre

