

Minutes of the Budget Committee of the Academic Senate

Meeting of January 30, 2012

Present: Lou Romano (Chair), Linda Beale, Don DeGracia, Charles Elder, Rob Kohrman*, Rita Kumar, Lawrence Lemke, Mike McIntyre, Richard Needleman*, Linea Rydstedt, Heather Sandlin, William Slater, Senthil Sundaram, Karen Tonso, William Volz, James Woodyard.

Absent with Notice: Shawna Lee, Charles Parrish, Megha Trivedi*.

Invited guest: Ronald Brown, Provost and Senior Vice President for Academic Affairs; Richard Nork, Vice President for Finance & Business Operations.

*Liaison

1. The meeting began at 11:03 AM.
2. *The minutes of December 5, 2012.* The minutes of the December 5th, 2011 meeting of the Budget Committee were approved.
3. *New budget model for Wayne State.* Rob Kohrman and Rick Nork made a presentation using paper copies of Power Point slides (see posted file on the Budget Committee web site) regarding the development and implementation of a new budget model that moves away from the current Historical Model (HM) towards a Responsibility Centered Model (RCM). Mr. Kohrman explained that the current Historical Model uses incremental changes to a unit's budget based on the prior years budget. The problem with this model is that there is little incentive to be more efficient or to develop new revenue sources. The Huron Group recommends that Wayne State develop a new budget model that is closer to a RCM. Mr. Kohrman indicated that the final budget model would be somewhere in between the HM and the RCM.

During the presentation committee members asked questions and made comments. One member indicated that providing too much information in the budgets of the schools and colleges regarding general expenditures is not necessary. For example it is likely that the Board does want to know how much each unit spends on office supplies or travel. Another member questioned whether the new model was actually bottom up because it appeared that it was actually top down.

Moreover, the main problem with the past budget process was lack of transparency. Provost Brown indicated that the problem was that there was too little time for the faculty budget committee to analyze the budget properly but that he would be happy to have a faculty committee do a full analysis of the quality of the University units and make recommendations on how the budget should be allocated. One member said that the problem last year was not a lack of time but the fact that the promised information, such as the Deans recommendations, were not provided to the committee. Without information, the committee was unable to make reasoned recommendations regarding the College budgets. In addition, the recommendations that this committee made were, for the most part, ignored by the Administration.

The Chair stated that he would have the Policy Committee discuss the Provost's proposal. However, he said that he did not think that it was the job of the faculty to figure out which

academic units and faculty should be cut; he would be more enthusiastic if the committee's charge was to examine the budgets of both the academic and administrative units. Several members indicated that the cuts last year fell heavily on the academic units while funding for the Administration was for the most part protected. Finally, Mr. Kohrman described the timing for the development and implementation process for this new budget model. The Chair asked Mr. Nork if he, Mr. Kohrman, and the Huron Group representatives would be willing to make a presentation to the upcoming meeting of the unit budget committee chairs. Mr. Nork was agreeable to this proposal.

Finally, a member made an observation regarding academic and administrative budgets. He said it is puzzling that when an academic unit is underperforming, the response is often to cut the budget. But when an administrative unit is underperforming, the response usually is to increase the budget.

4. Board of Governors Documents for February 1, 2012 meeting. Provost Brown indicated that the Senate had not yet provided feedback on the Student Success report. One member questioned the weak performance of the portfolio and wondered why the university has not chosen to use Michigan financial services firms for our investments. Another member questioned where the resources were coming from for the new repairs to Parking Structure 1. He wanted assurances that the funds that are set aside for routine maintenance are not being used for this project. In an email response, Mr. Nork (who had left the meeting) stated that the parking auxiliary is paying for this project out of operating surplus, some carried forward from last year, some to be generated this year as was communicated to the Board last April.

A member questioned why the funding for the Counseling Center improvements was coming from the Provost's office. If this center was needed for better student retention, it is unclear why this plan was not mentioned in either the 2010 Retention Report or the Student Success Report. Mr. Kohrman indicated that the funding for the Counseling Center was not coming from the Provost's retention improvement funds.

The meeting was adjourned at 12:38 PM.

Lou Romano