

Minutes, Budget Committee of Academic Senate

Meeting of August 31, 2009 (as approved, September 21, 2009)

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

Absent with Notice: Winston Koo, Aleksandar Popadic, Jim Woodyard.

Absence without Notice: Thomas Killion.

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

*Liaison

1. The meeting convened at 10:30 a.m. The minutes for the meeting of June 16, 2009, were approved without objection.
2. *Report from Chair.* The chair complained that most members of the committee did not receive a copy of the budget until they entered the meeting, resulting in a lack of opportunity to prepare and offer meaningful consultation. The chair noted that in the past the budget was made available to members electronically. Various members expressed their concern that they were not provided a copy of the budget in a timely fashion and suggested that the Administration either reverse its new policy of not posting the budget on-line until after it has been approved or provide an electronic copy to the chair of the Budget Committee for distribution to members. The chair also indicated that he expected the share of the budget going to the schools and colleges, when measured by consistent accounting rules, will again be going down.
3. *Discussion of Administration Spending Proposals.* The chair summarized the various proposals to be submitted to the Board of Governors (BOG) by the Administration on September 2, 2009. Most items dealt with repairs of buildings and replacement of equipment. Vice President Davis answers some questions about the source of funds for various projects. The members had no substantive comments on the proposals.
4. *General Fund Budget.*

- a. Recapture of hiring slots

The chair noted that on page 147 of the proposed General Fund Budget, the Administration proposes that “[e]ffective FY 2011, all positions that are vacant for over one-year (Sept 30, 2009 to October 1, 2010), the funding and corresponding benefits will be pulled back into a central pool.” A procedure is suggested for obtaining an exception to the “policy” in special cases, after making written

submissions to the president, the office of the budget director, and the provost. The president proposes to consult with his own advisory committee (the Strategic Planning Budgeting Committee — which includes no representation from the Academic Senate) but does not mention any plan to consult with the council of deans or the faculty. The chair noted that many schools and colleges would be subject to a budget cut of 20 percent or more if this policy were implemented. He noted that most schools and colleges fund part of their operating costs from unfilled lines and have done so for several decades.

Various members of the committee raised major objections to the proposal. One member noted that many colleges fund the hiring of part-time faculty from unfilled lines. It was noted that colleges will be encouraged to make sub-optimal hires late in the year to avoid loss of a slot.

Mr. Kohrman suggested that members were misreading the intent of the proposal. He stated that the intent was not to take funds from the schools and colleges but rather to promote more honest budgeting by the schools and colleges. He said that if a dean intends to use funds earmarked for hiring to cover operating expenses, that plan ought to be spelled out in the budget of the school or college.

One member indicated that the Budget Committee has always supported more honest budgeting. The problem, he argued, is that the wording of the proposal is likely to generate mistrust because on its face it offers the Administration a mechanism for stripping funds from the schools and colleges. The chair added that the explicit reference to consulting with the president's ad hoc committee and the lack of any reference to the University's institutional arrangements for consultation also engenders mistrust. Mr. Kohrman stated that it was the intent of the Administration to consult with the Academic Senate on the matter.

There was general agreement among the members that the proposal was dangerous in its present form and was sure to engender distrust and anxiety among faculty and deans. There was also general agreement that the committee would be happy to work with the Administration to improve the way budgeting is handled in the schools and colleges with respect to open hiring lines. After discussion, the following motion was made and seconded and passed without objection:

That the section of the General Fund Budget, on page 147, setting forth a tentative plan for the capture by the Administration of funding for all unfilled hiring slots, should be deleted and should be replaced with a statement that the Administration, in consultation with the faculty and deans, shall explore during FY 2010 various ways of making the budgets of the schools and colleges more accurately reflect their expected expenditures.

b. Use of ICR funds

One member noted that the table showing the distribution of Indirect Cost Recovery (ICR) funds on page 141 was misleading in the extreme with respect to the School of Medicine (SOM). The table shows 11.5% of ICR money going to the departments and 7.5% to the School/College. In fact, the dean of SOM has forced the departments to relinquish their allotted share, resulting in the SOM getting 19% of ICR money and the SOM departments getting nothing. A lengthy discussion ensued. The chair indicated that he would put the topic on the agenda for the next meeting of the committee.

c. Extension Center Budget Model

The chair noted that the Administration intends to have a pilot program to adapt the funding model for summer school for funding the extension centers at Oakland and Macomb and for On-Line programs. Several members expressed support for this experiment.

d. President's oversight of hiring decisions

The chair noted that the president is requiring all faculty hires at a salary of \$100,000 or more to be approved personally by him. It was noted that the president would be reviewing virtually all tenured/tenure-track hires in the Business School, the Law School, and the Medical School and many hires in many other schools and colleges. The suggestion was made that if, on the one hand, the president were to do a competent job of making such reviews, the hiring process would grind to a near halt in many schools and colleges and the president would be diverted from his important duties. On the other hand, if the review were merely perfunctory, it would not serve any useful purpose.

e. Enrollment projections

Mr. Kohrman, in response to a question, indicated that he believed that the overall enrollment estimate made earlier did not require adjustment. He said that under the estimating model his office was using, undergraduate enrollment would be up a little and graduate enrollment would be down significantly, resulting in overall enrollment at about the level previously predicted.

5. *Auxiliary Budgets*

a. Parking

The committee discussed the Administration's proposal for increasing parking fees. The Policy Committee recently sent to the BOG, with copies to the President and others, a letter recommending that the BOG postpone approval of an increase in

parking fees until there has been meaningful consultation with the faculty and the Parking Advisory Committee. The chair noted that the Administration had proposed an increase in parking fees in 2007 but had failed to consult with the faculty and had failed to offer a good rationale for the proposed increase. The issue was postponed, and the Parking Advisory Committee was formed. As explained in the letter of the Policy Committee to the BOG, the Administration has failed to engage in meaningful consultation with the Parking Advisory Committee or the faculty.

After discussion, the following motion was made and seconded and passed without objection:

That the chair express the view of the committee to the BOG's Budget and Finance Committee that implementation of the proposed increase in parking fees should be postponed, as recommended by the Policy Committee of the Academic Senate, until meaningful consultation with the faculty and the Parking Advisory Committee has occurred.

Many issues relating to parking were addressed only briefly. One member suggested that the more extensive use of On-Line instruction will reduce demand for parking. Another member noted that the effect so far is likely to be very small. Questions were raised about the usage rates for the newest parking facility. The chair agreed to put the issue of parking on the agenda of a future meeting.

b. Housing

The chair noted that the proposed budget includes a proposed subsidy for Housing, reflecting the expectation that the housing budget will again be in deficit without such a subsidy. He noted that when the bonds for the various housing projects were approved, the Administration had assured the Academic Senate and the BOG that the housing projects would be self-sufficient.

One member noted the importance of the University recognizing that bonding involves significant risks to the General Funds. The housing bonds are a nice illustration of this fact. The provost noted that occupancy rates are up from last year. One member suggested that the increase in occupancy rates is the good news. The bad news is that Housing will show a significant deficit even with occupancy rates of 100 percent. The provost also noted that dormitories require a relatively high degree of maintenance and that additional funds for maintenance will be required.

c. WDET

The chair noted that the Administration is again seeking money from the General Fund for WDET, despite assurances in the past that WDET would become self-sufficient. He indicated that he had no view on the wisdom of a subsidy but that if a subsidy is to be given, it needs to be justified by reference to the contribution of

WDET to the core teaching and research missions of the University. One member indicated his view that WDET provided the University with an important presence in the community. The chair indicated that he did not intend to discuss WDET at the BOG's Budget and Finance Committee unless requested to do so by the members. No such request was received.

7. *Future meetings.* The chair asked whether 10:30 a.m. on Mondays was a good time for meetings. The consensus was that it was the best available time slot. The chair indicated that he would ask for a polling of those who missed this meeting before setting a final meeting time. He indicated that he would schedule a meeting shortly to discuss the committee's plans for the coming year.

6. *Adjournment.* The committee adjourned at 11:54 a.m.

Michael J. McIntyre