

# Memo

## **Budget Committee of the Academic Senate Wayne State University**

To: Policy Committee, Academic Senate

From: Michael J. McIntyre, Chair, Budget Committee

Subject: Recommendations and Reports on Four Centers and Institutes

Date: May 5, 2003

The Budget Committee was asked by the Policy Committee to review the following four centers/institutes that have applied for rechartering: (1) Developmental Disabilities Institute; (2) Center for Peace and Conflict Studies; (3) Labor Studies Center; and (4) State Policy Center. This report contains the recommendations of the committee with respect to each center/institute. These recommendations were approved at a meeting of the committee held on April 28, 2003, with an understanding that the report of the Chair would be circulated to committee members for comment as soon as it was completed. The detailed discussion of each center/institute is based on reports submitted to the committee by subcommittees appointed in November of 2002.

In accordance with prior practices, the committee has not based its recommendations on issues unrelated to budgetary matters. The report does include, nevertheless, some comments on certain issues that arose during its evaluation of the centers/institutes that do not bear directly on the budget but that might be useful to the Policy Committee in formulating its overall recommendations to the Academic Senate.

### **1. Recommendations**

The Budget Committee makes the following recommendations with respect to the four centers/institutes under review:

- (1) The Budget Committee recommends the extension of the charter for the Developmental Disabilities Institute, based on the conclusion that it is operating in accordance with its charter, is contributing significantly to the University, and is not a significant draw on the General Fund;
- (2) The Budget Committee declines to give or withhold a recommendation with respect to the other three centers. It is the view of the committee that all three of the centers under discussion are operating in accordance with their charters and are contributing significantly to the University. In

addition, their projected draw on the General Fund for future years, although significant, is consistent with prior practices. The committee, however, is not prepared to support the continued draw on the General Fund from these centers except in the context of a full review of all centers and institutes. The committee feels that all or most centers and institutes may need to develop plans for moving towards self-sufficiency in light of the general pressure on the General Fund as a result of State budget cuts. The committee feels that it would be unfair, nevertheless, to the centers currently under review to recommend against approval based on budget matters that were not presented to the centers when they prepared their requests for renewal. Given these two competing considerations, the committee has decided to withhold any recommendation.

## **2. Report on Developmental Disabilities Institute**

The subcommittee (Prof. Woodyard) reviewed the materials from the Academic Senate office that relate to the Developmental Disabilities Institute. Based on that review, the subcommittee supports the recommendation made in the June 18, 2002, memorandum from the WSU Center and Institute Advisory Committee. The subcommittee noted a math error in the budget materials submitted. The Prior Year and 5-Year Proj. TOTALS should read \$1,180 and \$4,607, instead of \$1,179 and \$4,597, respectively. The total draw on the General fund from this institute is around \$20,000 per year, which is a small amount relative to the size of the institute.

After discussion, the Budget Committee voted to support an extension of the charter for this institute without qualification.

## **3. Report on Center for Peace and Conflict Studies**

The subcommittee (Profs. McIntyre and Trix) reviewed of the materials for Center for Peace and Conflict Studies and concluded that it was serving a useful function within the university and did not present any new budget issues. It noted, however, that the center does draw significantly from the General Fund — around \$262,000 currently, and a projected draw five years from now of \$229,000. Based on past practices of the committee, the subcommittee recommended renewal of the center's charter. As noted below, the committee declined to recommend for or against the extension of the charter, based on overall budget concerns.

The Center for Peace and Conflict Studies is located in CULMA. According to its charter, it has a teaching, research, and service component. Its asserted goal is "to develop and implement projects, programs, activities and publications . . . relating to peace, war, social justice, multicultural awareness, and constructive conflict resolution. The subcommittee reviewed the budget materials provided by the center, and one member of the subcommittee (Prof. Trix) had discussions with Frederic S. Pearson, Director of the

Center. The subcommittee concludes that there are no new adverse effects of the center on the General Fund.

The subcommittee believes that the center deserves praise for the breadth of its work, for its clear focus, especially in dispute resolution work, and for its well established community involvement. The following issues, not directly related to the budget, were noted in the course of the review:

- The center's report notes the low number of undergraduate co-majors and minors associated with the programs of the center. It has some recommendations for increasing the numbers, which appear reasonable. The next review of the center should give attention to progress on this important matter because the center's claim on the General Fund depends in part on its service to students studying at the University.
- The center seems to be moving toward a formal integration of the center with the Master of Arts in Dispute Resolution (MADR) Program. This integration seems to be an important part of the future of the center. It may be desirable for the center to produce an informational report within the next three years on the progress of this integration.
- The center states in its report that it is developing a relationship with Nova Southeastern University in Fort Lauderdale, Florida. The relationship may be useful, but the report does not make clear why this relationship will enhance the mission of the center.
- Some more detail should be provided on how the estimates of students involved in the program were made. See page 15 of the report of the center.
- The report contains an impressive list of working papers in its appendix. If this list is being used to support the claim that the center is becoming nationally known, the national publications of those associated with the center, alluded to on page 18 of the center's report, should be listed specifically.
- The research activities of the center seem to depend very heavily on the work of the Associate Director, who is listed as the principal investigator (PI) on many grants. That individual is retained mostly or exclusively on soft money and seems to have little job security.

After discussion of the report of the subcommittee, the Budget Committee declined to give or withhold a recommendation with respect to the center for the reasons stated in section 1, above.

#### **4. Report on Labor Studies Center**

The subcommittee (Prof. Parrish and Mr. Slater) reviewed the materials for the Labor Studies Center and held interviews with the Center Director, Dr. Harold Stack, and some members of his staff. The subcommittee concluded that the center was serving a useful function within the university and did not present any new budget issues. It noted, however, that the center does draw significantly from the General Fund — around \$307,000 currently, and a projected draw five years from now of \$339,000. Based on past practices of the committee, the subcommittee recommended renewal of the center's charter for the normal six year period. As noted below, the committee declined to recommend for or against the extension of the charter, based on overall budget concerns.

The Center was established in 1957 as part of the Institute of Labor and Industrial Relations. It became a stand-alone unit in 1983, reporting to the Vice President for Labor and Urban Affairs. The Center, since its inception, has been primarily a service unit, focusing on the provision of labor education in management, collective bargaining, organizing and other similar functions to labor unions.

The Center is not primarily, or even incidentally, a conventional research center. Research in the area of labor and labor management affairs is carried out by members of the Center staff, but such activity is of the sort that one would find in a social science or history department among traditional scholars. It is not directed toward the acquisition of external funding. The Center's service activities are highly prized and complement the research activities fostered elsewhere in the College of Labor, Urban and Metropolitan Affairs (CULMA) of which it is a part, (particularly the Labor Archives and the Douglas Fraser Center). To assess the research of the Center appropriately one needs to look at the research publications of the staff and at the research activities within CULMA itself.

The Center charges fees to labor unions (and labor union members). These fees generate an adequate flow of funds to defray all support activities (supplies, telephones, travel, etc.) and some additional staff resources. However, there is little prospect for generating higher fees for the services rendered for two reasons. A number of those unions and union members who pay for the training provided are marginal unions in the process of getting themselves established or they represent low paid workers. They have little money to pay for the training they need and is provided by the Center.

After discussion of the report of the subcommittee, the Budget Committee declined to give or withhold a recommendation with respect to the center for the reasons stated in section 1, above.

#### **5. Report on State Policy Center**

The subcommittee (Profs. Calkins and Volz) reviewed the materials for the State Policy Center and had phone and e-mail correspondence with the director of the center, Peter

Eisinger. The subcommittee concluded that the center accomplished good things. It felt, however, that it could not determine the value of the output of the center and was not charged with making such an assessment. It noted that the center does draw significantly from the General Fund — around \$350,000 currently, and a projected cumulative draw over the next five years of over \$1.9 million. For reasons discussed below, the subcommittee concluded that it would be inappropriate to make a recommendation for or against the renewal of the center on budgetary grounds. As noted below, the committee accepted this position and declined to recommend for or against the extension of the charter, based on overall budget concerns.

The Budget Committee has received the rechartering proposal of the State Policy Center. Last June 26, 2002, the assigned WSU Center and Institute Advisory Committee task force (Allen C. Goodman, chair) ("Advisory Committee Task Force") recommended rechartering for five years, and urged the Center "to continue their efforts to establish an independent funding base to allow them to continue their good work independently, if necessary, of potentially uncertain state funding levels." Memorandum to Richard L. Lintvedt at 2 (June 26, 2002).

The subcommittee provided a memorandum to the Budget Committee that it hoped would be a useful commentary on the Center's rechartering budget documents. It did not make a recommendation on rechartering, which is a decision assigned to others. One important caveat should be noted: The financial documents reviewed by the subcommittee contained some inadvertent mistakes. The Center supplied the subcommittee with revised budget documents (one reprinted, one corrected by hand by the subcommittee). All references herein are to the revised documents.

The State Policy Center has an unusual financial situation. It was created when in 1997 the legislature increased the base budget of WSU by \$350,000 in order to facilitate WSU's helping to train and educate the new legislators that term limits would bring.<sup>1</sup> It is not clear to the committee how that amount has grown (or decreased) over the years, nor how closely the money is tied to specific activities,<sup>2</sup> so it is not clear to what extent, if any, General Fund support of the Center should be considered discretionary.

The subcommittee shared the view of members of the Advisory Committee Task Force that the State Policy Center accomplishes worthwhile objectives. If the Center contributes in a major way to enhancing the reputation of WSU in Lansing, the Center is invaluable; the

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<sup>1</sup>Proposal for Renewal of the State Policy Center Charter 1 (Spring 2002).

<sup>2</sup>Each of the big three universities received similar increases. *Id.* Michigan State used its money to support faculty research. *Id.* Michigan used its money to help found in 1999 its Center for Local, State, and Urban Policy, which seems (from its web site, <http://www.umich.edu/~closup>) to be a research-focused center not particularly oriented toward directly meeting Lansing's needs. WSU's use of the funds seems the most faithful to the apparent intentions of the moving forces, former Senator Joe Schwartz and former Representative Morris Hood. (Ironically, the same term limits that inspired the allocation have now removed everyone who voted for it.)

subcommittee hopes but has no way of knowing whether it accomplishes this. Similarly, if the Center's allocating of \$100,000 a year in WSU research support funds has stimulated path-breaking research, the Center is invaluable; the subcommittee hopes but has no way of knowing whether it has accomplished this.

The important budgetary conclusion is that the Center is costing the General Fund more than the \$350,000 originally awarded to WSU, but not a great deal more. (As noted above, the subcommittee pleads ignorance on how that base budget amount has risen or fallen and on the ease with which the money could be put to other uses.) Over five years, the Center projects an average annual cost to the General Fund of \$385,363.80. In 2000-01, the Center cost the General Fund \$346,500, with the Center benefitting from the receipt that year of \$125,000 for a two-year project.<sup>3</sup>

Viewed from the perspective of \$350,000, the Center has relatively modest semi-fixed costs. In FY 2001, the Center had three partial salary lines: 0.4 for the director, 0.85 for the associate director, and 0.75 for a support person, at a total cost of \$162,000. Supplies, travel, and equipment added another \$20,000. A big part of the Center's budget is the \$100,000 pot of money that the General Fund provides it each year to award to winners of its grants application process (who are asked to present their work in brown bag seminars).

The Center's plans with respect to external funding deserve some clarification. On its revised budget form the Center projects receipt of \$16,000 a year in external funds. According to Center Director Peter Eisinger, this is what can be predicted with confidence to be collected through fees and charges and a few modest program grants. The Center's proposal for renewal of its charter lists as its first goal the increasing of outside funding by rather dramatic amounts, and the Center hopes to do this but not with enough confidence to include the numbers in its budget.

Even were the ambitious raising of funds to be accomplished, moreover, it is not clear to what extent this would accomplish the recommendation of the Advisory Committee Task Force noted above. That task force appeared to contemplate the raising of funds that would replace general University funds, whereas the Center appears more optimistically to contemplate raising moneys that could be used in part or all to fund new or expanded activities.<sup>4</sup> If the University expects the Center to raise substantial moneys to permit reduction of the call on the General Fund, that needs to be communicated to the Center.

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<sup>3</sup>See Proposal for Renewal of the State Policy Center Charter 9 (Spring 2002) (listing funding category details of \$125,000 Mott Foundation grant, April 2001 - March 2003); Supplement to Rechartering Budget Form 1 (rev. Jan. 29, 2002) (\$125,000 in external funding for prior year: "Michigan At The Millennium Book, Mott Foundation Grant supports majority of WSU/SPC share of total costs estimated at \$600,000, and shared with Michigan State and University of Michigan. Project to be completed 2003.").

<sup>4</sup>See Proposal for Renewal of the State Policy Center Charter 3-4 (Spring 2002) (endowment to permit increasing interns from five to eight; endowment to help defray costs of legislative staff workshop to permit shifting of resources to other programming; support for preparation of published analyses of Michigan policy issues; support to permit creation of a summer training academy for Michigan legislators).

But, in view of that original \$350,000, perhaps the University should not expect the Center ever to fund many of its existing activities.

The subcommittee ended without a recommendation. It believed that the Center accomplishes good things, but it had no way of knowing how good and making that evaluation is not the responsibility of the Budget Committee, anyway. (In terms of building good will in Lansing, the Center may perform an absolutely critical function, and the subcommittee hopes but cannot prove that it is bringing the University great good will. Goodwill in Lansing may be more crucial now than ever.) Nor does the subcommittee offer views on how easily or ethically the University could use the founding \$350,000 for other purposes. The Center does cost the General Fund money, even more than \$350,000 a year, and is projected to do so for the indefinite future; but it does not cost a great deal more than \$350,000 a year and seems unlikely to do so in the foreseeable future.

After discussion of the report of the subcommittee, the Budget Committee declined to give or withhold a recommendation with respect to the center for the reasons stated in section 1, above.