



Budget and Finance Committee

May 1, 2019

Revised Minutes

The meeting was called to order at 11:44 a.m. by Governor Kelly in t Room BC at the McGregor Memorial Conference Center. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Barnhill, Kelly, Kumar, Thompson, and Trent; Linda Beale Faculty Representative, Richard Smith, Faculty Alternate Representative; Anchita Sanam, Student Representative and Mazen Zamzam, Student Alternate Representative

Also Present: Governors Busuito and O'Brien; and President Wilson; Provost Whitfield; Vice Presidents Burns, Decatur, Lanier, Lessem, Lindsey, Staebler, and Wright; and Secretary Miller

APPROVAL OF MINUTES, MARCH 20, 2019

ACTION: Upon motion made by Governor Barnhill and supported by Governor Trent, the Minutes of the March 20, 2019 Budget and Finance Committee were approved as submitted. The motion carried.

CONTINGENCY RESERVE

Vice President Decatur presented a recommendation for a transfer to fund the search for the Executive Director of the Office for Business Innovation, who will be responsible for the leadership, management, planning and oversight of the unit, which will drive external relationships for the university with business and industry.

ACTION: Upon motion made by Governor Barnhill and supported by Governor Trent, the Budget and Finance Committee approved the proposed transfer of \$100, 000 to fund the search for an Executive Director of the Office for Business Innovation. The motion carried.

APPLEBAUM BOILER IMPROVEMENTS

Vice President Decatur advised that the project cost of \$1 million dollars for these improvements will be funded from the deferred maintenance reserve. This building was built in 2002 and the proposed project will add small project boilers to an existing boiler which creates scalability and redundant in-house steam service. It will pay for itself in two years.

ACTION: Upon motion made by Governor Kumar and supported by Governor Barnhill, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to award contracts to implement boiler improvements in the Applebaum Building for a project cost not to exceed \$1,000,000. The project will be fully funded from the Deferred Maintenance Reserve. The motion carried.

SOCIAL WORK BUILDING, PHASE 2 RENOVATION

Vice President Decatur advised that the recommendation is for the second phase renovation for the School of Social Work. The total project cost is not to exceed \$3.5 million and will be funded from a future bond issue anticipated in the fall. The School of Social Work is on Woodward Avenue in the former Detroit Institute of Children building purchased by the University in 2012. The first project renovated three quarters of the building and included a new roof. The last phase will renovate the remaining 9000 square feet and provide flexible meeting space, classrooms, offices and updates restrooms.

ACTION: Upon motion made by Governor Trent and supported by Governor Barnhill, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to approve spending to design, solicit bids and award contracts for the second phase renovation of the School of Social Work for a project cost not to exceed \$3,500,000. Funding for this project will be provided from a future bond issue. The motion carried.

STATE HALL ELEVATOR IMPROVEMENTS

Vice President Decatur reported that this project will replace elevators at a cost not to exceed \$4.5 million and be funded from the next bond issue. The existing elevators are unreliable and do not meet ADA requirements. The two existing elevators will be refurbished and a new elevator shaft added. State Hall is a four story building located in the center of campus.

Student representative Mazen Zamzam asked if both elevators will be shut down throughout duration of the project. Vice President Decatur noted that they will both be shut down. Provost Whitfield added that the first floor of the building will remain accessible to those with disabilities. Professor Beale asked if the location of the elevator shaft will remain in the same place or be moved. Steve Pecic, the new Senior Director of Facilities

Planning and Management, advised that the new shaft will be directly across from the current elevators.

ACTION: Upon motion made by Prof. Beale and supported by Governor Trent, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to award contracts to design and implement elevator improvements in State Hall at a total project cost not to exceed \$4,500,000 to be fully funded from a future bond issuance. The motion carried.

2019-2020 CAMPUS BOARD RATE RECOMMENDATIONS

Tim Michael, Associate Vice President for Student Auxiliary Services and Chief Housing Officer, gave an update on the activities of housing and residential life, which included an overview of the housing rates preapproved by the Corvias Housing Partnership, as well as the recommended Board rates for the coming year. Last fall the first phase of the Anthony Wayne Drive Apartment complex opened, adding housing capacity, with a corresponding increase as students filled the new facility based on previous unmet demand. This fall, the other section of Anthony Wayne Drive Apartments will open, adding four hundred beds.

Occupancy rates have stayed above 90% every year for the past 11 years. This past September both apartments and residence halls were at 96%. More than half of all students living in the residence halls were 19 years of age or younger, an increase in that age group of 25% over two years ago. In the fall, graduate students and families comprised 21.8% of residents in Housing. In terms of demographics, the largest increase was among students who identified as Hispanic and the largest drop was among nonresident international students. Of the Michigan public university room and board rates, WSU places in the mid to the bottom half of MPUs. The average room increase this year for Michigan public universities was 3.47%; Wayne State's increase was 3.03%.

Anthony Wayne Drive phase two is on budget and on schedule to open in July 2019. The first of the next two projects of the Housing Master Plan is the take down of the DeRoy apartments, now closed after serving the University for 45 years, which will be demolished this summer and the clearing will be restored as a green space for the adjoining Keast Commons. The second project is the renovation of the Chatsworth apartments, which will be closed for a year and reopened as Chatsworth Suites in fall of 2020, furnished suite style housing for 360 students.

The University's first two Corvias scholars were selected last fall. A component in the formation of the partnership with Corvias included a pledge by Corvias of \$1 million dollars over 10 years for scholarships for students.

The construction of the Towers Café dining room is due to begin soon, which will add approximately 320 seats. Pictures of the proposed project and location were presented and discussed. The dining addition will have an outside multipurpose patio with 30 various

types of seats, and available to anyone on campus. The Residence Hall Association and the Student Executive Group assisted with the design of the facility.

In terms of the residential life program, benchmarking of activities was discussed. A 2019 survey, marking overall program effectiveness, overall learning and overall satisfaction, was completed with results due at a later date. The 2018 results showed that the University met or exceeded benchmarks. In overall satisfaction, the university was just ahead of a select six peers in the Carnegie classification.

As part of the terms of the partnership with Corvias, the Board delegated authority to the Corvias partnership to approve room rates. Dining rates are approved by the Board of Governors. The recommendation for dining rates for this fall are inflationary. The freshman package will increase between 3% to 3.09%. The upperclassmen package will increase by 3.07%. Meal plan rates will increase between 3.18% and 3.33%, and all room rates on campus, in both residence halls and apartments, will increase 3%. Increases have been at or below average for the last five years and one of the goals of the partnership continues to be to control the rate of increase of costs for students.

AVP Michael compared the proposed dining rate recommendations for the coming year with rates last year. This year's proposal includes three unlimited access passes that allows students to go in and out of the cafeteria as often as they would like. The plans include Warrior dollars, which can be spent in dining halls and retail locations on campus. Also offered are block plans. Block plans provide a certain number of swipes per week, plus Warrior dollars. The factors impacting the proposed increase this year are driven by increases in costs, including labor, then food and then supplies. Dining also increased wages for its student workers and are working to do that for their non-student employees as well.

Governor Barnhill asked for clarification of occupancy rates over 100% and summer occupancy. Mr. Michael noted that there was previously a period of over-capacity and the 107% rate subsequently included those who were in temporary housing who then moved to campus as space became available.

Summer housing includes a variety of camps and conferences and 400-500 summer students, and brings in revenue of approximately \$2.3 million dollars. There are opportunities being explored to grow revenue, which includes 450 Quicken Loans and other Detroit businesses, with interns who stay all summer.

Professor Beale asked for further clarification on costs impacting the rate recommendation. Mr. Michael noted that factors impacting the increases for Warrior Pass programs included labor, food and supplies and utilities. They also take into consideration the Department of Labor index on food away from home, and the sub-indexes. All meal plans are built with the assumption that not all meals will be used and this missed meal assumption factors in prices. If every student ate every meal, prices would be higher, so the goal is to stay within range of demand. Labor costs include Aramark employees working on campus, student labor paid above the minimum wage, unionized staff with unionized schedule for wage increases and non-represented employees including

supervisors and culinary staff. Turnover in supervisory staff and culinary staff has been challenging, and wage increases were needed to retain or attract quality staff. A question was raised about when the University's contract with Aramark concludes. The Aramark umbrella contract runs through 2024 and includes the subsidiary contracts within. The University is in the fourth year of a five contract, so terms could be renegotiated starting in January. The University can leave that contract at any time but will have to repay any unamortized dollars.

ACTION: Upon motion made by Governor Trent and supported by Governor Barnhill, the Budget and Finance Committee recommended that the Board of Governors approve the FY 2020 campus board rates as shown in the table below. In summary, the Warrior Pass plans will increase an average of 3.27%. Weekly plans with Warrior Dollars will increase an average of 3.2%, and block meal plans will not increase from the 2018-19 rates. The motion carried.

	Annual	Fall	Winter	Change
Warrior Pass 50 (Unlimited + \$50/sem)	\$4,056	\$2,028	\$2,028	3.21%
Warrior Pass 250 (Unlimited + \$250/sem)	\$4,468	\$2,234	\$2,234	3.33%
Warrior Pass 400 (Unlimited + \$400/sem)	\$4,740	\$2,370	\$2,370	3.27%
Weekly Plans (upperclass residents, non-residence hall students/faculty/staff)				
Weekly 15 + 100 (Fifteen Swipes/wk + \$100/sem)	\$3,830	\$1,915	\$1,915	3.23%
Weekly 12 + 350 (Twelve Swipes/wk + \$350/sem)	\$3,932	\$1,966	\$1,966	3.20%
Weekly 5 + \$200 (Five Swipes/wk + \$200/sem)	\$1,816	\$908	\$908	3.18%
Block Plans (non-residence hall students/faculty/staff)				
Block 15 (15 Swipes/sem)		\$110	\$110	0.00%
Block 30 (30 Swipes/sem)		\$210	\$210	0.00%
Block 45 (45 Swipes/sem)		\$310	\$310	0.00%

Any WSU community member can buy Warrior Dollars in \$50 increments. All freshmen must select a Warrior Pass Plan or the Weekly 15 + \$100 Block plans are only for non-resident students/faculty/staff.

SCHOOL OF MEDICINE FY 2020 TUITION RATES*

Rebecca Cooke, Associate Vice President for Finance and Administration for Health Affairs and Vice Dean of Fiscal Affairs for the School of Medicine, and Rick Baker, Vice Dean of Medical Education, presented the recommendation on tuition rates for the School of Medicine for FY2020. Ms. Cook advised that the administration is proposing a 3.9% tuition increase for next academic year, anticipated to produce an additional \$1.3 million dollars in revenue to help cover costs of required changes to the curriculum, which are estimated at \$3.2 million dollars.

The School of Medicine tuition rate was compared to other medical schools in the state of Michigan and nationally, including factors such as student indebtedness and the cost of coming to the University and living in the city of Detroit. The University fared well either at or below the median. For residents the University was the lowest cost school in the state and for nonresidents in the middle of the group.

Dr. Baker provided an overview of curriculum changes with 5 topic areas for changes. He advised that in 1910, the Carnegie Foundation defined the curriculum for a School of Medicine for the subsequent 100 years. The Foundation updated and redefined those recommendations in 2010, for the 21st century. The WSU School of Medicine had not made substantive changes in its curriculum in the last 25 years, which resulted in sanctions from its accrediting body, the LCME.

There are additional drivers that impact the need for curriculum changes. There has been an exponential explosion in medical information and the incredible speed at which medical information becomes not relevant. A goal is to produce a different type of student with self-directed learning, and complement that with major advances in the science of learning, advance learning theory and adult learning theory. All of those need to be incorporated in the curriculum.

Two other drivers included millennials who acquire, synthesize and process information very differently than the previous generation, and the changing external environment. This impacts the curriculum with respect to content, mode of delivery and the environment that's associated with it, including major topic areas and competencies that were either inadequately addressed or not in the curriculum at all. In addition, implementing these changes may include different personnel and content expertise, including social scientists, behavioral scientists, educators and others.

There is a clear road map based on the Carnegie report for new LCME standards and elements, and from other accreditation entities. There are three major reports out at AAMC Guide and reports for the 21st century and the University curriculum was specifically based upon the expectations from those reports including scientists' foundations, the second report on social behavior and health system science and then advanced clinical skills. The University curriculum was specifically aligned to address those areas. Another report due November 2019, will detail humanities and other areas to be incorporated into the curriculum.

The new paragon would not be the passive delivery of education through lectures alone. The focus will change to active learning and active strategies including small group learning. The new curriculum identified a spectrum of other factors as a part of the education delivery system that will take into account demand for increased faculty to deliver content in small groups. Future needs could include standardized teacher's associates, clinical learning skill coaches, and peer instructors to mitigate those increases. Other issues to consider include training, faculty development, or development of the teachers and quality insurance across that platform. Another factor is the translation of advanced learning theory into practice, longitudinal experiences, and individualized advanced professional development.

A startling and sobering statistic is the estimate for medical students on prescribed medications, which is currently estimated at 30% across the country. The University does not know how many students self-medicate. The high stress environment will be addressed directly in terms of interventions. Physical plant challenges also need to be addressed, and include medical education spaces where a new building is needed in the future. The School of Medicine accepts more residents from the State of Michigan and placed more graduates in Michigan residencies than any school in the nation and more graduates practice in the state of Michigan than any other school in the nation. The social obligation to the State of Michigan has been and will continue to be fulfilled.

The WSU School of Medicine's training of its students has had profound successes. Our Step one pass rates are significantly above the national average, and is a metric commonly used to laud the program. Other metrics include, for a third consecutive year, the number of applicants, an institutional record and increasing the applicant pool and increasing the diversity pool. The School's 98% match rate, in a very competitive environment, is a reflection of our students and reputation.

Curriculum reform usually takes 3-5 years to plan. The School of Medicine has to reform immediately to get into the 21st century. The pace in curriculum change has been unprecedented. It is the mission and the aspirational goal for the School to be best in class among the nation's medical education programs, an achievable goal to be in the top 25.

Governor Busuito asked if there were other sources of revenue that could be utilized instead of tuition increases. Ms. Cook noted that the money to run the Medical School on a day to day basis comes through the University's general fund. Cuts across the university and in the Medical School have already been made and she does not recommend using one time sources of money in lieu of a tuition increase. The benchmarks showed that the School of Medicine's tuition is priced competitively compared with the other schools in Michigan and the other schools across the country. The proposed tuition increase will not cover the changes in curriculum costs. There is also the standard cost of living increases across the Medical School and university. The budget is largely people based, with salaries comprising a large portion of the budget. Professor Beale asked, given the possibility that the increase in state appropriations could be 1.5% or lower, whether 3.9% was a sufficient increase. She added that some schools are adopting higher increases and adding a provision to lower the rate if more funding than expected came forward from

the legislature. Ms. Cook noted that there was room to increase further but would not recommend another .5%.

Governor Thompson asked when other universities released their tuition amounts. Ms. Cook advised that she did not have exact dates, as she tracks it on an annual basis, but most decisions will be made between May 1 and the end of June. Governor Thompson asked at what point the University would be concerned about the amount of tuition, indebtedness and the impact on LCME. Ms. Cooke responded that the threshold where the LCME would be concerned is if increases are over the median. The School of Medicine is below the median, and its scholarship strategy has helped to maintain the lower benchmark on indebtedness.

Mr. Zamzam asked how much of the proposed tuition increase will go to funding of the new curriculum and whether it's possible to lower the increases for M3 and 4 students. Ms. Cook noted that all revenue from tuition increases goes into the general fund and are then distributed across the university and it is not a direct allocation to the School of Medicine. The increase costs for the curriculum are not one-time expenses. The M3 and M4 students will be affected by the new curriculum changes next year. Governor Busuito asked whether the University supports the Medical school or if is the other way around. President Wilson responded that it's a familiar question, and that the University supports the medical school. Professor Beale concurred, and commented that the overall budget picture for the University next year will likely mean cuts in every school and college. She supports the recommendation, and given the accreditation requirements for Medicine, if there is not an increase in the tuition rates for Medicine, funding will have to come from reallocation from other units on campus. She commented on the matching increase in Financial Aid that would accompany an increase in tuition, per Board policy, helping to offset the increased tuition costs. Governor O'Brien asked whether there were savings from the early retirement program. Ms. Cook noted that the School of Medicine's budget had a significant deficit, and the savings helped to balance out the deficit. Costs have been reduced and there is no longer a deficit.

ACTION: Upon motion made by Governor Barnhill and supported by Governor Trent, the Budget and Finance Committee recommended that the Board of Governors adopt a 3.9 percent increase in the FY2020 base tuition rate for Year 1, Year 2, Year 3 and Year 4 resident and non-resident students in the School of Medicine MD program.

It is further recommended that the Board of Governors adopt a 3.9 percent increase in the following MD Program student fees:

- Student Medical School Support Fee (annual fee)
- Student Services Fee (per credit hour fee)

Detail for current and proposed tuition and fees by program year and residency status are shown in Tables 1.1 and 1.2 (tuition), and in Tables 2 and 3 (Student Medical School Support Fee and Student Services Fee).

As part of this resolution, the Board of Governors authorizes the President or his designee to make adjustments to rates for special programs or where otherwise appropriate.

Finally, this tuition recommendation applies only to students enrolled in the School of Medicine MD Program and is not an indication of rates for the general student body or an obligation by the Board of Governors regarding the rates that will be set for the rest of the University's programs.

The motion carried, with a vote of 5-2.

The School of Medicine M.D. tuition and fee rates for FY 2020 are as follows:

Category	Resident	Non-Resident
Tuition (40 or more credits)		
M1	\$34,039	\$61,414
M2	\$34,039	\$61,414
M3	\$34,039	\$61,414
M4	\$33,210	\$69,109
Tuition (per credit < 40 credit hours)		
M1	\$681	\$1,227
M2	\$681	\$1,227
M3	\$681	\$1,227
M4	\$681	\$1,417
Student Services Fee (per credit)		
M1	\$26	\$26
M2	\$26	\$26
M3	\$26	\$26
M4	\$26	\$26
Student Medical Support Fee (annual)		
M1	\$920	\$920
M2	\$920	\$920
M3	\$920	\$920
M4	\$920	\$920

AUTHORIZATION TO REFINANCE TECH TOWN LOAN

Vice President Decatur presented a recommendation to refinance the University's existing loan to Tech Town and to increase the loan amount by \$1 million dollars. Tech Town plans to use the additional funds to contribute to building improvements related to PRB research housed in this facility. The board approved funding for improvements to the building envelope earlier in the year. Vice President Decatur reviewed the terms of the

original loan and the proposed refinanced loan terms. The new principal amount will be \$6.2 million.

Professor Beale feels that some of the expenses covered by the proposed funding might be better allocated from indirect cost recovery funds, which should be used to support research infrastructure. Vice President Decatur indicated that the Division of Research has contributed to the project.

Governor Thompson asked for clarification on the capital improvements being undertaken. Vice President Decatur indicated that the repairs/improvements include the roof, and repair of cracks on and around the building envelope that are causing leaking and further damage to the façade.

Governor Barnhill asked why this transfer of funds is structured as a loan, rather than the University paying for the repairs. Vice President Staebler responded, and advised that the building is owned by a separate entity, a for-profit entity that leases it back to the non-profit, which provides the ability to generate revenue. They are working to be good partners with the University, and to pay back loans per the terms required by the University.

ACTION: Upon motion made by Governor Barnhill and supported by Governor Trent, the Budget & Finance Committee recommended that the Board of Governors approve the refinancing of the existing loan to TechOne Development, LLC (Tech Town) and provide additional funding of \$1,000,000, as per the terms outlined in the proposal. The motion carried.

INFORMATION REPORT- LEASE AMENDMENT WITH DT TUBBY'S, LLC

Vice President Decatur reviewed changes that occurred in a 10-year lease previously approved by the Board with DT Tubby's LLC, for space in the Anthony Wayne Drive Apartments. Negotiations with the tenant resulted in an increase in their current square foot footage, resulting in a higher total value of the ten-year base term, and some slight structural changes in the original plan for their space. This report was provided for information only; no action was required by the committee.

MAJOR CAPITAL PROJECTS OVERVIEW

There were no questions raised by the committee members on the major capital projects report.

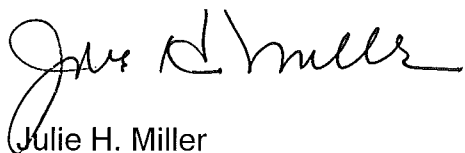
PURCHASING EXPECTATIONS

Governor Busuito asked for clarification on the professional services branding contract with CRM. Ken Doherty, Director of Strategic Sourcing, advised that CRM is the customer relationship management software program the University uses to recruit students. There were no other questions on this report.

ADJOURNMENT

There being no further business, the meeting adjourned at 1:08 p.m.

Respectfully submitted,



Julie H. Miller
Secretary to the Board of Governors

DRAFT