



OFFICIAL PROCEEDINGS

October 30, 2020

Regular Meeting

The meeting was called to order at 11:47 a.m. by President Wilson. The meeting was live-streamed; all meeting participants attended remotely. Secretary Miller called the roll. A quorum was present, with the following Board members in attendance:

Present: Governors Barnhill, Busuito, Gaffney, Kumar, Kelly, O'Brien, Stancato, and Thompson; and President Wilson

Also Present: Provost Clabo, Vice Presidents Burns, Cooke, Lanier, Lessem, Lindsey, Schweitzer, Stabler, Wright, and Secretary Miller.

APPROVAL OF CONSENT AGENDA

President Wilson asked for approval of the consent agenda containing the following items:

Board Meeting:

- A. Approval of the Official Proceedings of September 25, 2020 (Regular Board)

Budget and Finance Committee:

- B. Acquisition of a Field Emission Transmission Electron Microscope to Enable Multidisciplinary Materials Research, Education and Outreach in Detroit

ACTION: Upon motion made by Governor Kelly and supported by Governor Gaffney, the Consent Agenda was approved as presented. The motion carried.

STANDING COMMITTEE REPORTS

The President reported that the Budget and Finance Committee met earlier in the day, and that a detailed report of the discussion can be found in the Minutes of that Committee. He called on Governor Barnhill, the Chair of the Committee, for a report.

BUDGET AND FINANCE COMMITTEE

Governor Barnhill reported that the committee approved a transfer from the contingency fund, and approved several actions that have been forwarded to the Board for

consideration at this meeting. One of those, the acquisition of a field transmission electron microscope, was approved on the consent agenda a few moments ago. The remaining items, the general fund and proposed auxiliary fund budgets for Fiscal Year 2021, and a transfer from the Rainy Day Fund, were approved by the committee and forwarded for approval at this meeting. The committee also received informational reports on major capital projects and purchasing exceptions. The committee did not have time to discuss those two reports, and questions on them will be raised at the committee's next meeting.

Contingency Reserve- The administration requested a transfer of \$177,288 to fund search activity for the Provost and Senior Vice President of Academic Affairs. The full report follows:

FY 2020 Balance	\$177,288
Proposed Transfer	
Search Provost and Senior Vice President of Academic Affairs	(\$177,288)
Remaining Balance	\$0

Major Capital Projects - VP Cooke provided a progress report on major projects currently underway and their expected completion dates.

Purchasing Exceptions - The report summarized purchases greater than \$25,000 that were issued without competitive bids during May, June, July and August 2020.

President Wilson thanked Governor Barnhill for his report, and advised that each of the remaining action items will be brought forward for consideration. To begin, he asked for a motion to approve the FY 2021 General Fund Budget as presented:

GENERAL FUND BUDGET, FY 2021

ACTION: Upon motion made by Governor Barnhill, and supported by Governor Kelly, the proposed FY 2021 General Fund budget, its projected revenues and expenditures, and the budgets for individual university units and specifically funded programs as summarized are submitted for approval by the Board of Governors. With this approval, the Board of Governors authorizes the President to implement the budget management procedures, and budget-related policies, with such modifications as may be deemed necessary during the fiscal year.

The motion carried with a roll-call vote:

Governor Barnhill - Yes	Governor Kumar - Yes
Governor Busuito - No	Governor O'Brien - No
Governor Gaffney - Yes	Governor Stancato - Yes
Governor Kelly - Yes	Governor Thompson - No

**FY 2021 General Fund Budget
SUMMARY REVENUES AND EXPENDITURES
(In Dollars)**

	FY 2020 Restated Budget	FY 2021 Recommended Budget	Variance Dollars	%
Revenues				
State Appropriations	203,165,900	203,165,900	45,000	0.0%
Net Tuition and Fee Revenues	419,521,612	416,076,336	(3,445,275)	-0.8%
Indirect Cost Recovery	36,500,000	36,500,000	0	0.0%
Investment Income	5,700,000	4,100,000	(1,600,000)	-28.1%
Other Revenues	9,951,309	10,759,025	807,716	8.1%
Total Revenue	674,838,821	670,646,261	(4,192,559)	-0.6%
Expenditures				
Schools and Colleges	228,762,247	227,603,520	(1,158,727)	-0.5%
Divisions	166,913,942	162,033,905	(4,880,037)	-2.9%
Student Financial Aid	82,352,263	95,993,121	13,640,858	16.6%
Central Accounts	181,349,063	181,715,048	365,985	0.2%
Other Expenses	15,461,305	15,803,543	342,238	2.2%
Total Expenditures	674,838,821	683,149,137	8,310,316	1.2%
Net Budget Surplus (Shortfall)	0	(12,502,876)	(12,502,876)	
Use of Fund Balance Reserves	0	12,502,876	12,502,876	

AUXILIARY FUND BUDGETS, FY 2021

President Wilson next asked for a motion to approve the FY 2021 Auxiliary Fund Budget as presented:

ACTION: Upon motion made by Governor Barnhill and supported by Governor Gaffney, the Board of Governors approved the proposed FY 2021 budgets for the auxiliary activity units as summarized and detailed in the FY 2021 Current Funds Budget book.

The motion carried with a roll-call vote:

Governor Barnhill - Yes	Governor Kumar - Yes
Governor Busuito - No	Governor O'Brien - No
Governor Gaffney - Yes	Governor Stancato - Yes
Governor Kelly - Yes	Governor Thompson - No

FY 2021 Proposed Auxiliary Activity Budget			
SUMMARY REVENUES AND EXPENDITURES			
(In Dollars)			
Category	FY 2020 Approved Budget	FY 2020 Projected Actual	FY 2021 Proposed Budget
REVENUES			
Beginning Net Assets	\$3,458.2	\$5,388.2	\$4,159.5
Operating Revenue			
Student Tuition and Fees	\$6,056.5	\$6,056.5	\$6,056.5
Auxiliary Revenues	\$27,770.9	\$19,601.8	\$17,523.3
Total Operating Revenue	\$33,827.4	\$25,658.3	\$23,579.8
Non-Operating Revenues			
Gifts	\$2,400.0	\$2,300.2	\$2,540.0
Other	\$3,752.1	\$3,308.3	\$1,569.8
Total Non-Operating Revenues	\$6,152.1	\$5,608.5	\$4,109.8
TOTAL REVENUES	\$39,979.5	\$31,266.8	\$27,689.6
EXPENDITURES AND TRANSFERS			
Auxiliary Enterprises			
Compensation	\$13,635.6	\$12,229.6	\$11,228.8
Operating Expenses	\$16,389.1	\$13,809.0	\$13,125.8
Expenditures	\$30,024.7	\$26,038.6	\$24,354.6
Transfers Out/(In)			
Debt Service	\$6,951.9	\$6,951.9	\$6,918.0
Plant & Other	\$5,373.2	\$1,390.7	\$1,376.9
General Fund Support	(\$1,885.7)	(\$1,885.7)	(\$1,803.1)
Subtotal Transfers	\$10,439.4	\$6,456.9	\$6,491.8
TOTAL EXPENDITURES AND TRANSFERS	\$40,464.1	\$32,495.5	\$30,846.4
Operating Surplus / (Deficit)	(\$484.6)	(\$1,228.7)	(\$3,156.8)
Ending Net Assets	\$2,973.6	\$4,159.5	\$1,002.7

Note: General Fund Support is shown as a transfer item.

PROPOSED USE OF THE RAINY DAY FUNDS FOR THE FISCAL YEAR 2021

President Wilson then asked for a motion to approve the proposed use of the Rainy Day Funds to balance the FY 2021 General Fund and Auxiliary Fund budgets, as presented. Governor Busuito asked for an opportunity for discussion on the motion, as he would like to provide context for his vote. He will be voting no because he received the most detailed budget information just this morning. Governor Thompson agreed, and indicated that she will also vote no, and added that there was not time to fully review the information received at the morning meeting. She commented that she does not believe this was a professional and responsible way of doing business.

Governor Kelly noted that the budget received this morning has been worked on by both the administration and the board for several months and repeatedly revised as a result of input and questions from Board members. She added that it has been an evolving budget, and the entire package has been the product of months of work. Governor O'Brien advised that she will vote no and voted no on the Auxiliary and expenditures because the budget materials were received this morning and despite working on it in the previous months, many changes were not red-lined to distinguish changes between versions. She noted that when it comes to meetings, the Board By-laws require all materials to be forwarded

to the Board within a week prior to a Board meeting. She is frustrated that does not occur, and believes it is disrespectful. The budget materials are lengthy, and red-lining would clarify new or added information. Governor Kelly advised that the Board spent three additional hours this morning going over any additional questions and believes the board should be able to make a reasonable decision. Governor Busuito responded that the board was only given twenty minutes initially and had to request the presentation materials. He believes it is an irresponsible way to go about business, especially given the size of the budget. Governor Gaffney appreciated Governor Busuito's comments, but disagreed. He commented that the slight changes in the numbers received this morning were in response to issues raised by this board. He added that this is the process and it culminated in today's meeting. The Board then returned to the action on the following motion:

ACTION: Upon motion made by Governor Barnhill and supported by Governor Stancato, the Board of Governors approved the recommendation to use the Rainy Day Fund to cover the General Fund net operating budget shortfall of \$12,502,876 as presented in the President's recommended FY 2021 Current Funds Budget. The Board of Governors further approved the recommendation to use the Rainy Day Fund to cover the Parking net operating budget shortfall of \$1,296,100 as presented in the FY 2021 Auxiliary Fund Budgets schedule of the FY 2021 Current Funds Budget. A transfer from the Rainy Day Fund to the Miscellaneous Reserve Fund will cover the expected General Fund shortfall. A transfer from the Rainy Day Fund to the Parking Fund will cover the expected Parking Fund shortfall.

The motion carried with the following roll-call vote:

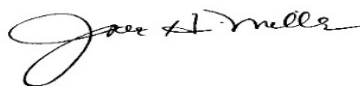
Governor Barnhill - Yes	Governor Kumar - Yes
Governor Busuito - No	Governor O'Brien - No
Governor Gaffney - Yes	Governor Stancato - Yes
Governor Kelly - Yes	Governor Thompson - No

Before asking for adjournment, President Wilson thanked the Budget and Finance team including, Rebecca Cooke, Bryan Dadey and many others not present on this call, and acknowledged the tremendous amount of work they put in to developing the budget approved today. The team responded to Board member questions and incorporated that input to try to make sure that there was some level of consensus to be able to move forward, and he expressed his appreciation for their efforts.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:56 a.m.

Respectfully submitted,



Julie H. Miller,
Secretary to the Board of Governors