



Budget and Finance Committee

May 1, 2020

Minutes

The meeting was called to order at 10:12 a.m. by Governor Barnhill via video conference. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Barnhill, Kelly, Kumar, Stancato and Thompson; Linda Beale Faculty Representative, Paul Beavers, Faculty Alternate Representative; Mazen Zamzam, Student Representative and Waleed Eliwat, Student Alternate Representative

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

APPROVAL OF MINUTES, JANUARY 31, 2020

ACTION: Upon motion made by Governor Stancato and supported by Governor Kelly, the minutes of the January 31, 2020 meeting of the Budget and Finance Committee were approved as submitted. The motion carried.

CONTINGENCY RESERVE

Interim Vice President Rebecca Cooke reviewed a request for three transfers from the Contingency Reserve to fund searches for the Vice President of Finance and Business Operations (\$175,000), Dean of the Applebaum College of Pharmacy & Health Sciences (\$150,000) and the Dean of the Graduate School (\$40,000).

Governor Thompson asked for clarification on the difference in proposed costs between the Vice Presidential Search and the Pharmacy Dean search.

Secretary Miller advised that these are estimates and that costs can vary over time and between searches. President Wilson added that in the case of the search for a new VPFBO, the search had begun but had to be suspended because of the COVID-19 pandemic, and will restart next year. There were some expenses incurred prior to suspending the search.

ACTION: Upon motion made by Governor Thompson and supported by Governor Kelly, the Budget and Finance Committee approved the proposed transfers for three search activities: \$175,000 to fund the search for VP, Finance and Business Operations, \$150, 000 to fund the search for Dean, Applebaum College of Pharmacy & Health Sciences, and \$40, 000 to fund the balance of the costs search for Dean, Graduate School. The motion carried.

AUDITED FINANCIAL STATEMENTS

Bryan Dadey, Senior Associate Vice President and Deputy Chief Financial Officer advised that the financial statements and materials were presented to the Board's Audit Subcommittee on February 13th, 2020. The audit was conducted by external auditors Plante Moran and their subcontractor, Alan C Young & Associates, who performs the WDET audit. The auditors provide reasonable but not absolute assurance that the financial statements are presented fairly in all material respects important to the institution. There are four components to the audit engagement: the annual financial statements, the audit of the federal award (student financial aid and research), the audit of WDET, which is required by the Corporation of Public Broadcasting, and a separate engagement for NCAA Procedures.

Mr. Dadey advised that the nursing practice corporation is not included because their financial information was not available at the time needed to finish the report, and it is not material. There were no findings for Research/Development in the Federal Awards Review, and one finding for Financial Aid, related to a process notification issue. The WDET audit had an unmodified opinion and the NCAA procedures review is a report done every three years; no opinion is rendered on this report.

Mr. Dadey provided some highlights of the university's financials. Operating revenues were down 1.9%. Operating expenses were up 2.3% for fiscal year 2019. Non-operating revenues include investment income, state appropriations, and Pell grants, and were up by 6.8%. The university's change in net position was a decrease of \$4.8 million. The University Foundation had a positive gain in investment earnings.

The general fund ended in a positive position of \$2.7 million. The designated fund had a decrease of \$4 million primarily driven by salary reimbursement agreements. The auxiliary fund decreased by \$6.2 million, mainly from capital projects, parking's annual maintenance program, and housing. Net tuition revenue overall was flat; overall credit hours increased for the fiscal year. State appropriations for fiscal year 19 showed a 1.6% increase. Fiscal year 2020 had a 0.4% increase. Non-Governmental contracts overall were down \$14.7 million. Salary reimbursement agreements and the designated funds were impacted as an affiliate no longer reimburses the medical school for certain faculty salaries.

The Higher education price index, or HEPI, was 2.5% 2019. Total operating expenses increased 2%, which is .5% below inflation. The general fund, which is part of the operating budget, increased by 2.4%, again below inflation. Noncurrent liabilities went down as more debt was repaid.

Professor Beale asked about the reasoning for the bypass of the nursing practice corporation. Mr. Dadey advised that including it would be a mismatch of revenue recognition years, requiring recording of revenue from a prior fiscal year. As the inclusion was not material, it was best to keep the audit clean and to note it as a passed audit adjustment. Governor Busuito asked in what category the PEPPAP funds were housed, and what else was in that fund. Mr. Dadey advised they are in the designated funds

category and there are too many other funds to name in that category. In response to a question from Professor Beale on how much of the non-spent PEPPAP fund remained at this point, Mr. Dadey advised that he did not have that number and he would have to get it. Professor Beale asked whether there is an accounting available for how the PEPPAP funds have been expended. Governor O'Brien provided some information from a presentation the Board had received earlier in the week, indicating a balance of \$81.9 million. Mr. Dadey indicated that there is a difference between a cash number and a fund balance. VP Cooke added that revenue is transferred into this account at the end of the year, and that is when the actual expenses take place. A number of transactions are coordinated at that time. Professor Beale added that it would be helpful to know how these funds are spent. VP Cooke advised that these funds support the Health Affairs budget, significant parts of the School of Medicine budget, smaller parts of Nursing and Pharmacy, and some expenses that come out of what would be considered undergraduate programs of the university related to health activities such as public health. It is dedicated to fund health related programs. Professor Beale indicated it would be helpful to have a summary of how these funds were accounted for last year. Governor O'Brien referenced the reports the Board recently received; President Wilson will review those reports, and forward a copy to Professor Beale after that review.

The committee then discussed various components of PEPPAP revenue and how the balance was comprised for both PEPPAP and the full designated fund in which it resides. Mr. Dadey added that liabilities offset the cash number and that he would need to clarify the accounting to be able to answer accurately about the fund balance. Governor O'Brien responded that it was her understanding that the \$81.9 number referenced was the fund balance. Mr. Dadey noted that there are funds that have deficits, and that there are probably hundreds of designated funds and some of them have positive balances and some of them have negative balances. President Wilson will follow up on the chart that Governor O'Brien referenced and review that prior to sharing that with the Academic Senate Policy Committee and the Senate.

AUTHORITY TO SELL BONDS

Mr. Dadey presented a recommendation to issue a bond series for 2020, which will generate proceeds from \$115 million to \$118 million. That number will fluctuate depending on what the interest rates are at the time of issuance. Many universities are heading to the bond market to improve their liquidity position. Financing terms will be very attractive, and the university will issue the bonds on a taxable basis to give optimum flexibility for use of proceeds. The use of those proceeds in the immediate term would be to enhance liquidity position, vital for this period of uncertainty. The university ultimately wants these proceeds to be used for projects such as the renovation of State Hall, for which construction will not start until summer of 2021. That project is the number one priority on the master plan. Any residual amount will be available for additional deferred maintenance projects, elevators, roofs, all of which will come to the board for approval. The resolution authorizes issuance of a bond series 2020 with proceeds not to exceed \$118 million, and authorizes the university to refund debt, the series 2013A bonds, if it is financially beneficial.

The recommendation includes a stipulation that the administration needs to receive Board approval to spend any more than \$1 million of these funds. The university's current debt profile includes \$446.4 million outstanding. Mr. Dadey presented slides summarizing the debt service schedule, the principal, the interest, the total current debt service and the impact of a 2020 series. Interest will be capitalized and there will be no principal payments for fiscal 2020 and fiscal 2021. The impact will start in fiscal 2022, with estimated debt service of \$6 million. WSU's debt profile is very similar to peer institutions. The University is not over leveraged and has a prudent amount of debt current. Compelling reasons to go to the market now include the low interest rate environment, low cost to capital, and to improve the university's liquidity position.

A question was raised as to whether more debt should be issued. Mr. Dadey advised that the liquidity need is very important as is the need to invest in the university's physical plant, and there are limited other options available. Mr. Dadey discussed the changes that may be anticipated from the rating agencies. Moody's has already given a negative outlook to higher education. The University is rated as a Triple A 3; a downgrade is probably likely, possibly to A1. The impact of that change on interest rates is only 5-10 basis points which is between .05% and .1% and very immaterial from a financial point of view. Mr. Dadey summarized the rationale for this issuance: the importance of enhancing that liquidity position, more cash on hand in this period of uncertainty, the State Hall project, debt consolidation strategy, and the masterplan.

Governor Barnhill commented that entities other than universities, governments and corporations are also taking advantage of the low interest rate environment in order to address liquidity needs. Governor Thompson raised a question about a change in the documents related to the need for Board approval for use greater than \$1 million dollars. That provision was not on the documents she previewed. She understands the purpose and importance of getting the bonds, but believes that controls need to be in place and that the Board should have to approve these expenditures in advance.

President Wilson asked VP Cooke for clarification, as he thought the change made was to be more restrictive. VP Cooke explained that this recommendation has gone through several iterations since the initial review with Governor Kelly, and that the amount was reduced several times to what is in front of the Board for consideration today. She added that in the confusion during the week when these changes were underway, an older version of the document was forwarded from her office and posted on Friday morning. VP Cooke noted the error and asked that the document be pulled, and the document before the Board was posted. She apologized for the confusion. In line with the Board's concerns, but to keep the documents that have been prepared in place, VP Cooke asked the Board if it would consider changing the limit to \$1.

Governor Kumar added that the principle is to have the money available as a safety net at a low interest but not at the sacrifice of oversight. He is comfortable with the \$1, and suggested that this could be modified in the future if needed. Governor O'Brien commented that once documents are posted, the Board should be notified if any changes are made. VP Cooke agreed. Several committee members asked if that was the only change made in the document, and Mr. Dadey concurred. Governor O'Brien asked for

clarification on the language that was going to be used. VP Cooke advised that the language would be: Any expenditures for operating purposes would be approved by the Board of Governors in advance.

Governor Thompson asked for clarification in the bullet point referencing \$85 million, and the relocation of funds to other projects in the Master plan. Even though the Board approved the master plan, she wanted verification that these projects would need to be approved by the Board. Mr. Dadey confirmed that capital projects will be brought forward to the Board for approval. The State Hall Project was submitted to the state, potentially for \$30 million in state capital outlay funds, but considering where things stand with the Michigan economy state funding is unlikely. In that these bonds will be issued on a taxable basis, should that state funding come through, it will allow the university to move the funding to other projects. All of those projects have to follow normal protocols for Board approval. Professor Beale added regarding the language that item one on the resolution itself would need to be amended to comply and should probably be written out as \$1. VP Cooke agreed. Professor Beale asked about the capital projects that could be funded other than State Hall. VP Cooke noted that the intention would be to not spend more than a dollar of this money without Board approval under the changes that have just been proposed.

The following two actions were taken:

ACTION: Upon motion made by Professor Beale and seconded by Governor O'Brien, the Budget and Finance Committee approved the change of the amount requiring Board approval to one dollar (\$1) and that the resolution be amended to reflect this change. The motion carried.

. Governor Barnhill then asked for a motion to approve the bond issuance as amended.

ACTION: Upon motion made by Professor Beale and supported by Governor O'Brien, the Budget and Finance Committee recommended that the Board of Governors adopt the attached Resolution authorizing the issuance of Wayne State University taxable general revenue bonds in the aggregate principal amount necessary to produce proceeds of \$118 million for new money projects plus the amount necessary to accomplish any refunding transaction depending on market conditions at the time of pricing. Currently, the University is monitoring the outstanding Series 2013A bonds for an interest rate refunding savings opportunity. The \$118 million includes \$85 million to fund the renovation of State Hall, and \$33 million for other capital projects, including deferred maintenance, general operating purposes, and for general bond closing costs, capitalized interest and contingencies. The bond issuance will have a term of up to 30 years. The motion carried.

2020-2021 CAMPUS BOARD RATE RECOMMENDATIONS

Tim Michael, AVP for Student Auxiliary Services, presented the annual update on activities related to residential life on campus including room rates previously approved

by the WSU Corvias partnership, an overview of the campus dining program, and the recommended board rates for next year.

Demand for housing on campus has continued to grow but the housing facilities master plan anticipated few years of disruption in both capacity and occupancy as the plan was implemented. For the last two and a half years there has been a series of new construction, demolition, and renovation activities which has changed the complexion of the housing offering for campus.

In September 2019 there was a slight decrease in the number of students living on campus, which was anticipated and will resolve itself over time. Over the last 10 years, demand has been consistently above 90% except for 2013 with the smallest FTIAC class. In fall in 2019 almost 60% of the students in traditional residence hall buildings were 19 years old or younger. This trend speaks to the annual demand from the FTIAC class and a five-year trend in returning students, either second year students or Wayne State students who did not live on campus the first year but then came in the second year. The difference from last year to this year is attributable to the continuing reduction in the number of international students living on campus and the reduction of graduate students and families living on campus. Both have been in decline and that has continued again this year. The undergraduate demand continues to be consistent or grow.

Campus housing is more diverse than the overall university and these majority non-white students who live on campus evaluate that very highly as an environment in which they enjoy living. This is a real positive for the campus as a whole. The University attracts a very diverse set of students who want to be in Detroit, want to live on campus and want to live with each other. The University does not have a housing requirement and philosophically the goal is to offer housing to anyone who wants it. In order to do that, the University has to remain competitive and provide offerings that attract students to campus. The University was right at the average room and board rate for freshmen for all of the Michigan public universities for 2019. Last year included opening the second phase of the Anthony Wayne Drive apartments and it has proved to be very popular with students with both phases at 98% occupancy.

The DeRoy apartments were demolished and Chatsworth Apartments has been closed for the last year undergoing a renovation and a conversion from apartments to suites, with an expected fall 2020 opening, but that date is in question. There was significant work at University Towers apartments with the focus on creating a graduate and family center to try to attract and raise market penetration. Housing and dining costs are part of the overall cost of attendance for students and there is close work with Financial Aid each year to set those budgets. Campus housing and dining is voluntary, and they have to be competitive and offer a good value to students. Through the WSU Corvias housing partnership, the Board gave the partnership the authority to set room rates at 3% or below each year. Anything above that has to come to the Board for approval. At its February 25th meeting this year, Corvias approved a 3% raise in room rates for next year. That is a constrained rate that was promised by the partnership and this is the third year we have had a 3% increase. That is below off-campus inflationary increases for housing. A CPI indicator, "Food away from home" was used to look at inflationary increases in food. Inflation in

dining was 3.9% year over year. The University has mitigated almost all of that in the redefining of the program.

Since 2010, the program has been driven by a series of housing market demand studies. An assessment model is used to understand what today's students want and need, but also what the demand is going forward. The housing facilities plan, which was approved by the Board in 2016, was based on the market demands studies done in 2014. The partnership with Corvias that was created in December of 2017, was based on a 2016 market demand study and this past fall a 2019 market demand study was done to understand what changes might have occurred in the market place since the start of the partnership. For students who live on campus, there has been a 10% increase in those who say it has been very positive for them. Ninety-five % say it helps them with their ability to orient to the campus and be more successful. Ninety-six % of students who live or have lived on campus say they feel like they can do that very safely. Safety is a major reason why students feel safe coming to Wayne State because the University is in the city and housing's coordination with the police to make this a very safe environment. Safety is one of the three most highly rated parts in the most recent demand study and AVP Michael commended the RA's and staff and desk attendants and community advisors and professional staff for promotion of a sense of community that is noted by students in the surveys.

The changes since 2016 shows steady growth and was based on assumptions about the university's strategic plan which had predicted growth both in international and graduate enrollment, two areas where there have been declines and not increases. The 2019 demand study showed lower demand than what was projected in 2016. As the University moves through this period of disruption and the campus can see the offerings and get used to it, those excess beds will get taken. In the master plan there is an assumption that most graduate students want to live in the apartments. But there is also a segment of the graduate population who would prefer to live in a suite style housing area with a flexible meal plan option and there will be a pilot for that for this coming fall.

In Atchison and Ghafari, a pilot program is being undertaken to take a double room suite with a private bath and convert it for single occupancy, offering one floor, or forty rooms, to see if it meets demand in the graduate and upper-class student populations. University Tower apartments was noted in the masterplan as anticipated to be the family and graduate center. Previously several graduate students came and spoke to the Board about concerns about affordable housing for graduate students. This was researched as part of the demand study to understand whether the on-campus offerings for graduate students were in fact of value for them as compared to the surrounding community. The results are a resounding yes. There are 30 apartment complexes around the university that students tell us that they live in and as we benchmark against those apartment complexes, the average monthly rent off campus is significantly higher than all three of the types of apartments that we offer at University Towers. The market demand study indicated that the average rates off campus have been going up four to six percent a year and the University has been holding those increases to 3%.

In 2013 after a full RFP process, Aramark Corporation was hired on a 14-year master lease and included in their proposal was a more than \$7 million investment in our facilities and operations. That master agreement is implemented in a series of shorter sub-agreements. This June 2020 is the end of one of those five-year sub-contracts and it gives the University the opportunity to look at all three components of the program and how they are serving the campus community through catering, retail on campus and residential dining. The University conducts annual assessments, market demand studies and consumer surveys, and Aramark does their own survey as well. An inventory developed from all of the feedback from students over the last three years prompted a reconfiguration and a re-budgeting of the entire dining program for campus.

Major changes have been requested and were able to be incorporated into the program. In terms of catering specifically, University Policy requires that most departments spend their money with the University's approved caterer, except for any small expenditures under \$200. The University has agreed to remove that exclusivity for Aramark and WSU catering for all events under \$1,000. Catering does about 5,000 events a year and at least 4,000 of them are less than \$1,000 and this change opens up the ability for competition around price and also around choice. To address concerns about control of the use of University facilities and ensuring food safety around campus, there will be work with Procurement and health safety officers to create a pre-approved list of caterers, built by looking at all of the caterers that have been used over the last three years on an exception basis by others on campus. The caterers will provide much more choice, variety around type of food and different price points which should be very attractive to the campus.

There are two types of food retail on campus. One is controlled by Aramark, the meal plan provider and there are those that are independently leased. Three locations that currently run within the meal program are underperforming and will be replaced. A retail study two years ago provided some insights for the future, and changes include a sushi offering, an alternate chicken retail outlet, and an expanded Starbuck's. A food concept will be added to State Hall once the renovation is finished, which will serve large evening population. Residential dining is a very central part of satisfaction in campus housing because anyone who lives in a housing facility that doesn't have a private kitchen is required to buy a meal plan.

All of the meal plans have cafeteria passes and Warrior dollars, additional dining dollars added to meal plans and are spent through the use of swiping the campus I.D. Card. In revamping the meal plan program, all of the existing meal plans that were available for on campus residents were scrapped and then rebuilt based on feedback received. The most important was the desire to break the monopoly on the use of the Warrior dollars. Up to now, Warrior dollars have been part of the meal plan and only used in locations controlled by Aramark. There is now an agreement to expand the use of those Warrior dollars to any food service provider on campus who wants to join the program. That will give students much more choice and also a different price point with all of the new vendors along Anthony Wayne Drive who can participate. The other benefit for students is that as part of the meal plan program, the Warrior dollars are tax exempt for students, providing a 6% savings over using cash or credit card at any of these other locations. Late night dining is being moved out of the Student Center to the Tower's Café. The construction

program is underway to expand the cafeteria there and there will be a 4th meal period. So, students will be able to eat at the Towers Café from 7am to midnight almost every day.

Other amenities will include moving all meal plan purchasing to a new user-friendly technology platform. Upper-class students have a lot more choices for meal plans, even to the point of creating their own meal plan on this new technology. The guest meal program is something that students have been asking for. Guest meals were added two years ago and after the first year, the dining provider volunteered to return 1,000 unused guest meals to a pot of meals that are now used and distributed to students who are food challenged. That 1,000 initial donation will be gone at the end of this fiscal year and students have asked for the opportunity to make their own decisions about donating those guest meals. That program is being created in conjunction with the residence hall association leadership to develop a program that allows students to make a decision about donating their own meals to help their fellow students. The terms of the contract include Aramark raising their contribution to annual maintenance. The University has indexed rent payments to inflation and added KPI's to the program. Aramark has dollars at risk, based on their individual performance on those KPIs.

The new meal plans include, for freshmen, the four meal plan choices that they had in the past, the three Warrior passes and the weekly 15 and three new options all at the same price point. There has been confusion in the past from both students and parents about which plan to select, and whether that selection can be changed. The new meal plan configuration will make it very simple as they are all priced the same. A new student can have a meal plan that gives the student unlimited access, which the Warrior plan does, 15 entrances a week or a block meal plan that provides a number of blocks per semester. Students can use 20 of them one week and two in the next week or spread them out over the whole semester. Warrior dollars are added to every plan.

In terms of costs, as an example, the current weekly 15 costs \$1915. The new weekly 15 plan will cost \$2,090, an additional cost of \$175 per semester. The new plan adds 300 more Warrior dollars per semester to the weekly 15. Students will pay \$175 more, but receive \$125 more dollars net for value of the plan. About \$5 million in cash is spent on campus every year and some of that is student cash. The plan provides flexibility and value options for students, and there are multiple ways to save, use discounts, and use Warrior dollars on campus.

Studies of past plans indicate that only 30% of freshman selected the lowest cost option. They were picking other plans either because of the entries to the cafeteria but most likely because of the additional Warrior dollars offered. The average meal plan cost for all residents required to buy meal plans, including upper class students, was \$2,049. In comparing the 2021 base plan, which proposes to reset the base plan to \$2090 per semester, from the \$2049 average price of all plans purchased, it is only a 2% increase. The University is also hoping that more commuter students will buy plans which will contribute to the program and a great value with new pricing was able to be created.

Freshman room and board rates are how Michigan public universities compare themselves. The meal plan component of that varies wildly among the schools and is sometimes less obvious because room and board are packaged together. Wayne State's unlimited access plan is over \$800 dollars cheaper than the average of those schools that offer unlimited access plans, a significant value for students and available not just to freshman, but to all students. The new rates are the \$2090 base semester plan, which is \$4,180 per year for the top three plans for freshmen; upper-class students can choose from any of the five plans. The block plans remain and are primarily bought by faculty, staff and commuter students. Those rates are increasing \$5 or \$10 dollars per plan, as those rates have not increased for three years.

The freshman room and board package include the room rates already approved at 3%. The absolute increase is \$540 which is approximately 5%. There are no apples to apples comparisons because the meal plan in this \$540 actually provides \$250 more value than last year's plan. Upper-class students can lower their costs by choosing other plans. Professor Beale believes there is an error in VP Michael's presentation (slide 44) where it states that the Corvias agreement requires at least a 3% increase and it allows at most a 3% increase in rates, and suggested that the slide in question be fixed. Professor Beale asked whether there was consideration of the importance of vegetarian alternatives and some differentiated food cost for those who eat less expensive foods.

VP Michael clarified that the information on slide 44 is correct and is a common source of confusion. The first five years of the Corvias partnership require that the increases actually be 3% or greater and the partnership has been voting every year to have that rate at 3%. In the first five years, the 3% is actually the floor, not the ceiling. The board requirement is the ceiling that for anything greater than 3%, approval is required by the board. Regarding food choice in general, vegetarian is very popular on campus. There is a fair following of faculty and staff and community members who come to Gold 'n Greens, which is the vegan/vegetarian and kosher facility in Ghafari Hall. There are vegetarian offerings also at the Towers Café and some of the new vendors along Anthony Wayne Drive will also have vegetarian options.

Price point had not been used as a first criteria for judging the addition of options on campus. Individuals often vote with their feet based not only on the food, but the cost and across those dining food options controlled by the campus dining program and others by the real estate office. LaPita for example, actually leases from the real estate office on campus and not Aramark. In response to a question from Professor Beale on whether or not faculty are asked about their preferences, AVP Michael advised that the retail survey two years ago was sent to 27,000 students and all of the faculty and staff. Governor Busuito asked if there is a contingency plan in place in the event that students cannot come back on campus in the fall. VP Michael advised that the President appointed a series of groups to look at the fall semester. In housing and dining, and in all campus services, they are looking at different scenarios of operation to be able to respond once the form of instruction is determined for the fall, and based on the number of students that may or may not be on campus as well as faculty and staff and visitors in the fall. Nothing is firm yet. Due to the timing, some relief was provided to students for the housing and dining that they weren't using. Even if the University does not open in the fall for all

students, it will be open as there are hundreds of students whose actual home is the campus, and they have no place else to go. There will always be a housing and dining facility open.

ACTION: Upon motion made by Governor Stancato and supported by Governor Kelly, the Budget and Finance Committee recommended that the Board of Governors approve the 2020-2021 campus board rates as shown in the table below. All 2019-2020 meal plans will be discontinued and replaced by the new plans below which do not have current price equivalents for comparison. Block meal plans remain for purchase by non-resident students, faculty and staff. The motion carried.

Proposed 2020-21 Board Plans and Rates

Meal Plans (per person)	2019-20	2020-21	
	Annual	Annual	% Increase
Warrior Pass 200 (unlimited + \$200/semester)*		\$4,180	
Weekly 15 + 400 (Fifteen swipes/week +\$400/semester)*		\$4,180	
Block 175 + 550 (175 blocks/semester + \$550/semester)		\$4,180	
Block 110 + 550 (110 blocks/semester + 550/semester)		\$3,200	
Block 75 + 300 (75 blocks/semester + 300 (75 blocks/semester + 300/semester))		\$1,930	
Block Plans (non-residents, faculty and staff)**		Single Purchase	
15 Block Plan (fifteen swipes good fall & winter)	\$110	\$115	4.50%
30 Block Plan (thirty swipes good fall & winter)	\$210	\$218	3.80%
45 Block Plan (forty swipes good fall & winter)	\$310	\$320	3.20%

** Block plan prices have not been increased for three academic years.

Block plans are only for non-resident students/faculty/staff.

Any WSU community member can buy Warrior Dollars in \$50 increments.

*All Freshmen must select from among these three meal plan types.

Break in the Agenda - Recognition of Stuart Baum

President Wilson proposed that due to the extended agenda and discussion for the Budget & Finance Committee, and some important subjects still to be discussed, the

Student Affairs Committee scheduled later in the morning be postponed. However, there was one agenda item from the Student Affairs Committee he would like to bring to the Board's attention now, which is the recognition of outgoing Student Senate President Stuart Baum. Governor Barnhill, Chair of Budget & Finance, and Governor Stancato, Chair of Student Affairs, agreed.

President Wilson noted that the recognition of Stuart Baum was a surprise for Stuart and he wanted to express publicly the Board's thanks for Stuart's dedicated service to the student body as President of the Student Senate during the 2018-19 and 2019-20 academic years.

Stuart's hard work, creativity and passion and perseverance paved the way for the adoption of many initiatives supporting student life and student success. These included the establishment of the poll location at the Damon J. Keith Center for Civil Rights. The expansion of campus counseling services. The provision of free bus passes for students who have transportation challenges, expanding voter registration on campus and the promotion of open education resources to reduce the cost of textbooks for students. Stuart's contentiousness and diligent email management and project monitoring will certainly be missed. In addition to Stuart's student senate service, he served on Secretary of State Jocelyn Benson's Collegiate Advisory Task Force, serves as a Newman civic fellow and was an active member of the Alpha Epsilon Pi fraternity. Stuart, we thank you for your service, your dedication to this university and for exemplifying what it means to be Warrior Strong. We send our best wishes to you as you graduate from Wayne and know that your leadership and dedication has made an impact on the university and that you will be deeply missed. Our best wishes to you on whatever comes next, we know that you'll succeed in whatever it is and just on a more personal note in my seven years here I think I've had the privilege of working with a lot of great student leaders and I mean that very sincerely and Stuart you're a leader among leaders. It's been a real pleasure.

Mr. Baum thanked the President and Board for this recognition.

The Budget & Finance Committee resumed its agenda.

FY2021 SCHOOL OF MEDICINE TUITION RATES

President Wilson introduced Mark Schweitzer, new dean of the School of Medicine and VP for Health Sciences, to begin the presentation and discussion of the proposed recommendation.

Dr. Schweitzer thanked President Wilson and the Board. He began with some introductory comments about how well the Medical School is doing and advised that he will provide some comparison information on WSU's current and proposed tuition to peer groups in Michigan and on a national level. Another area of importance to both the LCME and the Board of Governors are student debt 5-year trends and comparison of Wayne State to peer institutions on that measure. The LCME also aims to ensure that the medical school is not overly tuition based and information on financial resources will also be

provided. Mr. Skrzyniarz, AVP for Finance for the School, will finish the tuition and fee proposal.

The largest provider of practicing physicians in the state of Michigan is Wayne State, nearly double that of its two major competitors, the University of Michigan and Michigan State.

In terms of in state versus out of state, in Michigan there is a disproportionate amount of out-of-state students in all the schools compared to other states in the United States. Wayne State is in the middle of that list. Western Michigan, although it is a state University, has a private medical school, has the highest number of out of state students. Wayne State is on a high end for state universities. Wayne State is in a very diverse city, in a diverse state which is a strength. The University leadership worked to improve the diversity of the student body which is now roughly 1/3 underrepresented students in medicine, a 45% increase.

The School continues to be very competitive, with over 10,000 applications received this year and a 3% acceptance rate which is on the low end but not the extreme low end. Florida State and Georgia State may have the two lowest acceptance rates, about 1%. The University has done very well on national licensure exams with above the national average and has done very well on the match with above the national mean. Notably about half of all medical students match in Michigan residency programs. Far more important to create a physician workforce for the state of Michigan, the residents are more likely to practice where they do their residency rather than where they went to medical school.

In terms of tuition, the most valid comparison for in-state is with the other Michigan medical schools whether they be private or public. Out-of-state should be compared to national public medical schools who take out-of-state students. Many take very few out-of-state students. The University currently, even with the proposed tuition increase, will have the lowest tuition by a significant margin of all the medical schools in the state of Michigan. Michigan State's numbers are misleading because for two of the three years, it has three semesters so the tuition is actually \$47,000. For two of the years they have two semesters the tuition is slightly less than ours, but the overall average is higher than ours. The non-resident tuition was slightly above the average public medical school which is why the tuition increase proposal was designed higher for the in-state students than for the out-of-state students to make sure the out-of-state students are not adversely negatively disadvantaged.

Resident tuition is not only the lowest in Michigan, it is below the national mean. Dr. Schweitzer noted the unfairness of the national mean because 15 public Texas medical schools are in the low \$20,000's and that biases the average tuition. If Texas was removed, there would be few public medical schools that have a lower tuition than Wayne State and those include University of North Dakota, University of Central Florida, University of West Virginia, Louisiana State Shreveport, University of South Alabama, and the University of West Virginia. The only reasonably ranked state medical school that has lower tuition is Ohio State and even though Wayne State is below the median, the medical

schools who are even lower than Wayne State are noncompetitive both in and out-of-state. Because Wayne State is in a lower cost of living area according to the AAMC, we have the third lowest cost of attendance in the United States of any medical school, combining room and board, health insurance and tuition and this actually decreased by 3% compared to last year. This shows the difference between Wayne State and peer competitors with the lowest in Michigan for in state tuition. For out-of-state they are all basically the same except for Central Michigan and there is no appreciable difference between \$60,000 and \$61,000.

While many universities have frozen tuition, there are many that did not. Drexel, Jefferson and Penn State froze tuition. Penn is a state medical school, but its tuition is \$55,000. University of Minnesota froze tuition, it is a state medical school and its tuition is \$40,000. Those are the only two public medical schools found as of May 1st that had frozen their tuition. For Wayne State's local competitors, University of Michigan increased resident tuition by 5% and out of state by 3.5%, more than this proposal. Western Michigan, 5% across the board, Oakland, 3% and 3%. Their tuition is already not quite doubled, about 1.8 times Wayne State tuition, but that is a smaller increase than proposed. Michigan State will have no change in any of their tuition except for potentially their law school and Central Michigan has not made a decision but it is anticipated they will increase medical school tuition. Of the other medical schools in the state of Michigan, all of them are increasing tuition except for Michigan State, where the first-year tuition is \$47,000, almost \$13,000 more than Wayne State.

When the LCME looks at finances for medical schools it looks at the average debt per student and the percent of students that have taken out loans. Thirty-five % of Wayne State students take out no loans, which is one of the lowest in the United States. The average loan per student is \$100,000 and among the lowest in the country. Both in terms of ethics of how many of the students take out loans, the size of the loan and in terms of LCME accreditation, Dr. Schweitzer is very comfortable with this distribution. However, there are 10% of students who have more than \$300,000 in loans. The assumption is that almost all of them are out-of-state students and come from families of limited means and that should be addressed in the future with selected financial aid/scholarship. Because so many students take out zero loans, the University is in the top 20 percentile of schools that students have no loans and that has decreased every year over the last several years. There is less concern about student debt with the slight exception of that small number of students, 10% of the student body who are out-of-state and likely of limited means and the way to address that is with financial aid, not with alterations to tuition. Wayne State has a lower student debt ratio at graduation compared to other medical schools in Michigan, likely because overall cost of attendance, not just tuition, is lower than all the other medical schools.

Dr. Schweitzer concluded his comments by discussing cost cutting measures that have been implemented in the practice plan this week to address the impact of the COVID crisis. The physicians in the practice plan provide the educational services, predominately at the Detroit Medical Center campus, and will experience reductions in salaries and pension contributions, which will continue through July. COVID has impacted everyone,

but the clinical faculty at the school of medicine have had been significantly impacted and it won't be back to normal until late fall.

Mr. Skrzyniarz presented the tuition plan and noted that the projected revenue expense gap is approximately \$1.87 million. Dean Schweitzer has been very clear that this \$1.87 million is going specifically towards undergraduate medical education costs related to Wayne medical students and in particular, these costs are related to increased expenses at clinical campuses that are outside the medical school where the third- and fourth-year medical students train. Since the University does not own a hospital these campuses are relied upon for these third- and fourth-year rotations. There is a differential between resident and non-resident tuition and addresses potential LCME concerns regarding the Wayne non-resident rate tuition which is above the median. This is set in this recommendation at a 4.5% increase for resident tuition and a 2.5% increase for non-residents. Approval will generate the \$1.87million needed to cover costs. It represents a 3.58% increase in revenue over the academic year 2019-20. The \$1.87million does not cover all increased costs at the medical school. Less than 25% of the medical school budget is based on tuition revenue, within peers and should hold the University in good stead with LCME. The \$1.87million is specifically dedicated towards medical education but there are other budgetary issues. None of this revenue increase will go towards increases in research, GME, CME or strategic investments.

In response to a question from Governor Kelly, Dean Schweitzer advised if volumes go up when the Governor allows patient visits and elective procedures, salary cuts will be revisited in August. Governor Kelly asked that with all the proposed increases going to medical education, how much of that goes to faculty and administrative salaries. Dean Schweitzer noted about 75% will go to the clinical sites and expressed concern with the dependence on one or two clinical sites. He believes that puts the University in a weak position during negotiations and a tenuous position when administration or leadership changes in those institutions. Dean Schweitzer noted he wants to engage multiple clinical sites so that the University is not dependent upon any one site. Clinical sites require direct costs which could be a percentage of a site director's income to administer the medical students or percentage of a program coordinator to assist the students, but these are not Wayne State faculty. Another 10% will go to the new Wayne State pediatrics faculty to replace a large portion of teaching that was previously done at Children's Hospital of Michigan. It is necessary to ensure the continuity of pediatric medical education because of the adversarial relationship with the leadership of Children's Hospital. None will go to medical school administration or to faculty. Professor Beale asked about salary cuts and use of the funding, and for clarification on whether the 10% to pediatrics faculty was allotted to new hires. Dean Schweitzer noted that Wayne State Pediatrics is new and, in this budget, approximately \$350,000 is allotted for educational services for these pediatric faculty. It is not direct salary to hire pediatric faculty but it supports a percentage of their time teaching medical students. Dr. Schweitzer offered an example of a pediatrician training medical students and allotting 10% of their day training medical students. Funds will pay that practice plan 10% of their salary to help train students and pediatrics. Professor Beale asked if the salary cuts were actual Wayne faculty or UPG position cuts. Dean Schweitzer noted that going forward there will be an allocation for each individual based upon how much undergraduate teaching, graduate or resident teaching they do.

The rule of thumb is going to balance out to be 10% for each of them with 20% of their time allocated towards medical education. Dean Schweitzer noted that this was his proposal as the Chair of their Executive Committee, and it has been tentatively accepted and will be officially voted on.

Governor O'Brien asked that if there are savings expected from salary cuts to MD faculty salaries, why also ask for a tuition increase? Dr. Schweitzer noted that physician revenue has dropped by 70 to 85% and either the medical school or the University is going to subsidize those individuals, or cut their salaries. The tuition increase is going predominately to peripheral hospitals to effect diversification of medical student education outside the DMC to reduce dependence upon the DMC. Dr. Schweitzer advised that while DMC remains a viable part of medical student education and Ford to some degree, he also wants to strengthen relationships with the VA, maybe St. John's and Oakwood because of the large medical school population. He advised that DMC has taken advantage and decreased their support to the medical school and reiterated that none of the increase is going to go physician salaries with the slight exception of those pediatricians who are getting a fraction of their time paid for to replace the Children's Hospitals pediatricians. Governor O'Brien advised that this was her first time hearing the current presentation regarding the decrease in MD faculty salaries and the funding of Wayne PED's with the proceeds of the tuition increase. It was her understanding that the funds raised from the increase were to go to Henry Ford and to Ascension because they both asked to increase their undergraduate medical education clinical agreement rate. The other more comprehensive presentation was from Dr. Baker and addressed the need to update clinical affiliation agreements for all four contracts, for DMC, Henry Ford, Oakwood and St. John's and quoted needs of approximately \$600,000. Governor O'Brien said there is confusion about what is being asked to be funded. Dean Schweitzer noted that Dr. Baker's role is supervising medical school education but he is not a part of the budgeting process. There is an increase at Ascension, and there is an increase at Ford, and there's likely to be an increase at Oakwood, which equal roughly 75% of the requested \$1.87 million. Dr. Schweitzer gave his personal guarantee that none of this is going for anything other than undergraduate medical education. He will not hire any individuals specifically for this, although a portion of people's salaries is going to be paid for educational activity. The two presentations are at variance with each other, they are just coming at it from a somewhat different philosophy.

Professor Beale noted that the Academic Senate has not seen any real information about these issues and that the Senate has not been included in the finance discussions at the senior administration level. She would usually have a better sense of the justification for amounts, which has been further complicated by the fact that with the PEPPAP litigation settled, there is funding that could be presumably used for medical education. President Wilson noted that there is no question that students are suffering and the University has to be very sensitive to them. It is important to understand that the University is trying to get the medical school to be able to support itself, as University undergraduates are helping to fund the medical school and the medical students' education. Regarding the PEPPAP funds, there are many different aspects of the budget in funding for medical schools. While \$60-80 million dollars sounds like a lot, it is not as it relates to medical schools, as the kind of work that has to be done is tremendous and the University is being

very careful in how those monies are spent. Moving forward, medical education is not something necessarily to be funded by PEPPAP.

Dr. Schweitzer advised that he will improve communications with the Academic Senate in the future. He added that the only part of the PEPPAP funds that the medical school controls is the Dean's tax portion, and the Dean needs to be able to fund strategic investments and to be able to pursue a plan that will improve the medical school. Wayne State, even with the increase, will remain the cheapest in the state of Michigan. Peer schools are all increasing their tuition at the same or higher level. University of Michigan is not freezing tuition. It is not a great message to send to the faculty asking them to cut their salaries up to 50% and have the students not participate. The Wayne State medical school has the lowest debt ratio of any medical school in the country. This increase in tuition will make total cost of attendance the same as it was a year ago. Professor Beale asked whether the decision could be delayed until another meeting to allow for further review, and that it was her understanding that the medical school faculty were not in favor of an increase.

Dr. Schweitzer added that the medical school faculty concerns were expressed to him but they did not have knowledge of the entire budget. The one LCME issue that remains is financial stability and a report is due in December to the LCME on this issue, with evaluation in February. From numerous experiences with LCME, the major concern with financial stability is the tenuousness of the budget and that risks failure. The University has been cited twice and that's a pretty big deal. With regard to a delay, VP Cooke noted that the Board's next meeting is not until the end of June and the medical school tuition needs to be set because of the School of Medicine's start date is at end of June. President Wilson noted that the process and the Board discussion started many weeks prior and there has been sufficient time to have any questions answered. Governor Thompson asked about student concerns with this tuition increase, and whether they have been involved in the discussion. Dean Schweitzer advised that he has met with the medical school faculty senate leadership, and judged they were fairly satisfied with his explanation. He was asked to communicate the same information to the student body and he complied with full transparency.

President Wilson noted that there has not been, in his recent memory, the kind of involvement on the medical school side in terms of the students as on the undergraduate side. This was the first time he has heard of any expression of interest of the students in this regard. From the Board perspective, in the past, medical school tuition has not engendered this same level of interest as it has currently. There is a general concern about student debt. There is a general understanding that medical students and other professional students have more avenues of support in terms of loans and other areas than some of the undergraduates. Their certainty of employment and the ability to pay back those loans is at a different level than undergraduate students. VP Cooke advised that in her three years involvement in the medical school there had never been any process or requests from medical school students or any organization of medical students for involvement in the process. In her first year at the School of Medicine, she was asked to make a preliminary recommendation to the Board and was then asked to increase the recommendation over what was proposed. Last year there was more discussion about

the rate, and more of a divided opinion about whether it should go up or down or by how much among the Board members. Governor Thompson noted that given the current dire economic circumstances and uncertainty, this discussion is not unusual. VP Cooke reiterated points raised by the President and Dr. Schweitzer that students will have guaranteed jobs when they graduate and that the University is a bargain with quality education and excellent clinical experience. The debt load of WSU SOM students has been significantly reduced relative to other schools over the last several years, which has been done through the application scholarship funding. Dean Schweitzer advised that the average debt load of a Wayne State student is a little over \$100,000 dollars a year.

Governor Kelly asked Dean Schweitzer if he had any concept of what the students would say if asked to weigh a possible tuition increase against a risk of loss of accreditation of their medical school. Dean Schweitzer believes that they would not want to lose accreditation, and noted concerns about LCME section 5.1, the rating of unsatisfactory and financial stability of the school.

Governor O'Brien pointed out that 5.1 includes student debt load which is unsatisfactory and asked how raising tuition would solve this rating. Dean Schweitzer advised that there are five parts to 5.1. There is the overall budget stability, the percentage of students who have loans, there is the amount of those loans, the percentage of tuition dependence on the medical school and the trajectory. Looking at those five things together, the budget is balanced on a tightrope and making that tightrope even smaller would put one of the 5.1's at risk. The current student debt load is among the lowest in the country of public medical schools. Even with this increase, the Wayne State medical school budget is only 25% tuition dependent, putting the University in good stead for the LCME. Thirty-five % of students have no loans, which is in the top 25% of medical schools. Even if that goes to 30%, the University would still be in good stead with the LCME. Overall budgetary instability and trajectory is still of concern. Governor Stancato commented that she felt good with Board questions regarding peer comparisons like pay cuts and graduation rates and the positive perspective presented. She noted that the University includes the students, the faculty and the Board, and as a board member, she considers what is in the best interests of the University to remain viable.

Mr. Zamzam added that students would not be comfortable with paying an increase in tuition when they're not receiving any of the benefits and resources aren't available to them during COVID-19. He believes the School of Medicine Student Senate should be more involved in the process. Governor O'Brien added that in a typical year these items would be no problem to discuss but in the middle of an international pandemic the historical discussions have changed. Many medical students are poor and struggling now and many people are in food lines. At this time in the world the University is running the risk of being insensitive to the impact of these issues. Her focus is the students and she believes the University has not exhausted other revenue sources or other funding mechanisms to address the budget shortfall. She believes using PEPPAP as a source for these needs is a consistent use of these funds. Dean Schweitzer responded that concerns about financial stability with the LCME continue to be an important issue, and added that there is concern about faculty and student morale where the bulk of the faculty is clinical, taking reductions in support of the School, and not expect the students to aid

in this support with a very small increase. He reiterated that the average student debt load is one of the lowest in the country and comparisons are really important.

President Wilson responded to the Mr. Zamzam's comment and noted that the impact of COVID 19 in terms of instruction is more on the undergraduate students than the medical school. The medical school has not been using large classrooms. Most of their instruction is in problem-based and smaller settings and online with less than 10% of students coming into a classroom. He added that until the medical school stands on its own, and it's going to take years before that occurs, it has to be subsidized by the general fund, and that is primarily tuition from undergraduate students. Governor Busuito commented about medical students who graduate with debt and advised that they do not all pay it back, live the high life and are rich. He noted that the problem is paying compound interest on the debt they incur and some can't even afford to pay the interest because they will live below the poverty level if they pay off the interest while they are residents. Most of his residents are not in a position to repay that debt until they are in their late 30's or early 40's.

At the conclusion of this discussion, the following motion was made:

ACTION: Upon motion made by Kelly and supported by Stancato, the Budget and Finance Committee recommended that the Board of Governors adopt a 4.5 percent increase in the FY2021 base tuition rate for Year 1, Year 2, Year 3 and Year 4 resident and a 2.5 percent increase in the FY 2021 base tuition rate for Year 1, Year 2, Year 3, and Year 4 for non-resident students in the School of Medicine MD program.

It is further recommended that the Board of Governors adopt a 4.5 percent increase in the following MD Program student fees:

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

Details 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 Support Fee and Student Services Fee).

Special Programs

The MD Program is seeking in-state tuition rates for the following special programs:

- 1) Wayne Med Direct
 - a. The MD Program accepts up to ten students per year. All of these students are matriculating into the MD Program with a WSU Undergraduate degree as part of a special pipeline program.
- 2) Oral Maxillofacial Surgery
 - a. The MD Program currently accepts up to 4 of these students per year and have special affiliation agreements in place with clinical partners. These

students all have dental degrees and have matched to an Oral Maxillofacial Surgery Residency Program prior to matriculating into the MD program.

3) MDPHD

- a. The MD Program currently accepts up to 6 of these students per year. They are pursuing a joint MDPHD degree.

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.

Governor Barnhill asked the Secretary for a roll call vote:

Governor Barnhill - Yes
Governor Kelly - Yes
Governor Kumar - Yes
Governor Stancato - Yes

Governor Thompson - No
Professor Beale - No
Mazen Zamzam - No

The motion carried. Further details of the full recommendation follow below.

Analysis of Recommended Annual MD Program Tuition and Fees
Table 1.1: Flat Tuition Rates ≥40 credit hours

Yea in MD Program	Residency Status	FY 2020 Tuition	Proposed FY 2021 Tuition	Dollar Change	Percent Change
M1	Resident	N/A	\$35,571	N/A	N/A
M1	Non-Resident	N/A	\$62,949	N/A	N/A
M2	Resident	\$34,039	\$35,571	\$1,532	4.5%
M2	Non-Resident	\$61,414	\$62,949	\$1,535	2.5%
M3	Resident	\$34,039	\$35,571	\$1,532	4.5%
M3	Non-Resident	\$61,414	\$62,949	\$1,535	2.5%
M4	Resident	\$34,039	\$35,571	\$1,532	4.5%
M4	Non-Resident	\$61,414	\$62,949	\$1,535	2.5%

Table 1.2: Per Credit Hour Tuition Rates
Students enrolled in <40 credit hours

Year in MD Program	Residency Status	FY 2020 Credit Hour	Proposed FY 2021 Credit Hour	Dollar Change	Percent Change
M1	Resident	N/A	\$712		N/A
M1	Non-Resident	N/A	\$1,258	\$31	N/A
M2	Resident	\$681	\$712	\$31	4.5%
M2	Non-Resident	\$1,227	\$1,258	\$31	2.5%
M3	Resident	\$681	\$712	\$31	4.5%
M3	Non-Resident	\$1,227	\$1,258	\$31	2.5%
M4	Resident	\$681	\$712	\$31	4.5%
M4	Non-Resident	\$1,227	\$1,258	\$31	2.5%

Table 2:
Student Medical School Support Fee (Annual)

Year in MD Program	FY 2020 Fee (per credit hour)	Proposed FY 2021 Fee	Dollar Change	Percent Change
M1	N/A	\$961	N/A	N/A
M2	\$920	\$961	\$41	4.5%
M3	\$920	\$961	\$41	4.5%
M4	\$920	\$961	\$41	4.5%

Table 3:
Student Service Fee (Per Credit Hour)

Year in MD Program	FY 2020 Fee (per credit hour)	Proposed FY 2021 Fee	Dollar Change	Percent Change
M1	N/A	\$27	N/A	N/A
M2	\$26	\$27	\$1	4.5%
M3	\$26	\$27	\$1	4.5%
M4	\$26	\$27	\$1	4.5%

Repeat Coursework Charges

The cost for a medical student to repeat a course at full tuition rates could create an extraordinary student hardship and increase the already high burden of physician debt. Per School of Medicine policy, students who fail a course are responsible for paying only a one-time repeat fee in lieu of tuition at normal rates. This fee will not exceed \$2,500 for each repeated course and is not dependent upon the number of course credit hours.

WSU ART GALLERY RENOVATION

Robert Davenport, Associate Vice President for Facilities, Planning and Management introduced the Art Gallery and noted the proposed location at 6001 Cass, also known as

the Criminal Justice Building and is across the street from the University Police Department. It is a 6000 square foot space on the main floor, and a bump out of the building itself on the north side of the building as well as a single-story structure. The Gallery will hold over 6000 pieces of art highlighting artists from Detroit and the region and the proposal is for architectural and engineering services to help understand what the cost would be to build out the space.

Governor Kelly moved to adopt the recommendation and noted that the project proposal has been in the works for a long time and it was time to move on with architectural specs. President Wilson pointed out that this is tied to another construction project and the timing is not something that WSU has control over. Governor Gaffney asked if the money was already on hand, and whether or not it is new money. President Wilson advised that some monies have been raised through philanthropy and this is not new money. VP Cooke noted the funds are from the sale of the building and from donations to be applied to this project.

President Wilson noted that the reason he talked about two projects being tied together is that the gallery is in the old Criminal Justice Building and part of it is already built out with a restaurant in front of the space, and the proposed gallery in the back part of that building. If the restaurant continues to move forward, there is no way these two projects could be completed at separate times.

Mr. Davenport noted that it is a partnership with The Platform group, and agreed that the two elements are interconnected. Professor Beale suggested that the university should be looking for projects that could be delayed until there is more certainty about funding. President Wilson advised that a delay could jeopardize the project. Governor Kelly noted that the Board could move forward to do the planning and then delay any movement on construction until we are in different times.

ACTION: Upon motion made by Governor Kelly and supported by Governor Stancato, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to approve spending to engage architectural and engineering services for design, development and construction documents to the creation of the WSU Art Gallery at a cost not to exceed \$250, 000. Funding for this project will be provided from proceeds from the sale of 6001 Cass and 445 York, and ground lease payments.

Governor Barnhill asked the Secretary for a roll call vote:

Governor Barnhill - Yes
Governor Kelly - Yes
Governor Kumar - No
Governor Stancato - Yes

Governor Thompson - No
Professor Beale - No
Mazen Zamzam - No

The motion failed.

ELEVATOR STATUS UPDATE

VP Cooke called on AVP Rob Davenport for the update on elevator repairs.

Mr. Davenport explained that there 175 elevators across the campus. Seventy-three of the university's 120 buildings have elevators. There is a mix of dumbwaiters and freight and service type elevators and 134 passenger elevators across campus, 96 of which are in general buildings, 21 are in housing, and 17 in parking structures. The modernization efforts are focused on 8 buildings with 16 elevators. Funding has been identified for those renovations and many are underway with nearly \$6 million committed for those efforts.

The National Elevator company was engaged to do the assessment and surveys and study the complete elevator plan, and that review is almost complete. Once reviews are complete, the capital planning and prioritization details will be completed, expected to be ready in June. On the daily management side, a daily report was developed to gather information and a means to track failures that occur and then move them to a solution and a repair.

Schindler technical staff have been moved from a facility on Woodward to the FP&M building and they are now a part of the management team within FP&M. New systems are beginning to be installed on elevators that will tell immediately when an elevator is not operating properly, and two elevators now have that system, and they are planning to install that monitoring system on elevators across the campus.

In response to a question about the assessment of the elevators and how are priorities set Mr. Davenport advised that as information comes in from assessment reports and are formalized, more information will be available to help determine where to take funding requests for elevator modifications across campus. The condition of the elevator also impacts the assessment. Old elevators may be working well and not need to be modernized and as an example, a newer unit used more frequently may need modernization sooner. Mr. Davenport noted that an open forum may be scheduled in the future where faculty, staff and students can add their input on strategies. Mr. Zamzam asked if the report was available for review and with no students on campus, whether the elevator repair times could be moved up. VP Cooke noted that the elevator repair projects are affected by the Governor's shut-down unless they were critical for infrastructure.

MAJOR CAPITAL AND REAL ESTATE PROJECTS

Mr. Davenport advised that regarding capital projects, most will be delayed for 6 weeks until the Governor reactivates construction projects and hopefully that work can begin on the 7th.

There are 52 active projects, 18 of those projects are going to start on the 7th of May, 20 will start between the May 11th and May 18th, and 14 of those 52 are in the bidding and contracting phase, and have not yet started. The general contractors engaged in these projects have provided these updates.

There are no financial impacts at this time and all contractors have submitted the new safety plan that's required by the State. The CDC indicates that the highest risk

employees are in the health care environment and the lowest risk workers are in the construction business.

The construction safety plans have 4 or 5 elements including restricted access to job sites, hygiene, job site cleansing and cleaning, sanitizing, social distancing and proper PPE. Those plans have been submitted to the University. Mr. Davenport advised that with the construction projects, the workers will be in a safe environment and those around them will be as well.

PURCHASING EXCEPTIONS

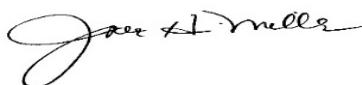
Governor O'Brien asked for clarification on item 47, payments to the Henry Ford Health System, what the funds are being used for and whether this was included in the previous presentations. Dr. Baker advised that those are personal services contracts and are used to buy out the time of specific faculty to perform functions for the School of Medicine. Governor O'Brien asked if they were people working for the University. VP Cooke noted that they were not University employees. They work for Henry Ford and the University is paying Henry Ford for doing the work. Dr. Baker added that they are faculty members but are not University employees. The University buys their time for very specific purposes. Governor O'Brien asked if they were inclusive in the dollars paid for undergraduate medical education. Mr. Skrzyniarz answered that this was his understanding it was part of the overall budget. Professor Beale asked if they were classified as voluntary faculty. Dr. Baker noted that they were either voluntary or FTA. President Wilson confirmed they were FTA. VP Cooke added that the distinction of an FTA faculty member is one who works for an affiliated organization versus a voluntary faculty member who is not working for an affiliated organization.

Governor Thompson asked about purchasing exception number 31, the EAB Global memberships, how long were they for and what is the term covered by this amount and whether there were concerns about this EAB Global. Provost Whitfield noted that the term is a year. This is a discounted rate because rather than having separate contracts for the forums, it puts them together and provides a savings. The forums provide critical information and comprehensive reports about peers, innovative practices and strategies. There is a dedicated advisor for each one of them and an annual web series.

ADJOURNMENT

There being no further business, the meeting adjourned at 1:37 p.m.

Respectfully submitted,



Julie H. Miller
Secretary of the Board