



Budget and Finance Committee

April 29, 2022

Minutes

The meeting was called to order at 10:47 a.m. by Governor Barnhill in the Student Center Ballroom. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Barnhill (virtual), Gaffney, Kelly, Stancato and Thompson; Paul Beavers, Faculty Representative, Linda Beale, Faculty Alternate Representative; Zachary Thomas, Student Representative and Anthony DiMeglio, Student Alternate Representative

Also Present: Governors Busuito, Kumar, and Land and President Wilson; Provost Kornbluh; Vice Presidents Burns, Ezzeddine, Johnston, Lindsey, Massaron, Staebler, and Wright; and Secretary Miller

APPROVAL OF MINUTES, MARCH 11, 2022

Paul Beavers advised of a correction in the minutes. He indicated that he should be listed as the individual supporting the motion to approve the minutes of January 28, 2022, not Professor Beale. Secretary Miller will make that correction.

ACTION: Upon motion made by Governor Stancato and supported by Governor Thompson, the minutes of the March 11, 2022 meeting of the Budget and Finance Committee were approved as amended. The motion carried

CONTINGENCY RESERVE

SVP Massaron presented a request for two proposed transfers, one for \$150,000, for a Dean Search for the College of Education, and the second, for \$175,000, to support a search for a new VP for Research. Those transfers, if approved, would bring the balance in the fund to \$0 for the remainder of the fiscal year. In response to a question from Governor Thompson about how any additional needs would be handled should they occur before the next fiscal year begins, SVP Massaron advised that funds would be transferred into the Contingency Reserve from another source to cover the identified need.

ACTION: Upon motion made by Governor Kelly and supported by Governor Gaffney, the Budget & Finance Committee approved the request to transfer \$150,000 to support the search for a new Dean of the College of Education, and a transfer of \$175,000 to support the search for a new VP for Research. The motion carried.

FY2023 SCHOOL OF MEDICINE TUITION RATES

Thane Peterson, Vice Dean for Finance & Administration at the School of Medicine, was introduced to begin the presentation. Mr. Peterson summarized the tuition recommendation for FY 2023, which is an increase of 1.5% for resident and non-resident students, as well as an increase of 1.5% for MD program student fees. Mr. Peterson then discussed how the new tuition rate, if approved, would compare to other Michigan medical schools, as well as how it compared to the median cost of tuition, fees and insurance for all U.S. allopathic schools. The comparison information was compiled by the AAMC. The new rate would raise WSU's SOM MD resident program tuition to \$36,791, the lowest of the 5 Michigan schools, and lower than the median cost of all U.S. allopathic schools. The numbers for non-resident students, \$64,085, are below the median cost for non-resident students, and about in the middle of the grouping of Michigan medical schools.

Mr. Peterson next discussed student debt, providing a graph showing % of students with various amounts of graduate debt, and how that compared to all schools within all regions, then with public schools and private schools. WSU has a higher percentage (31%) of students with no debt than with the average ranges for all comparison data, and are roughly on par with the debt ranges in the remaining categories. He provided some additional information from the AAMC providing total average debt of all indebted graduates. WSU's indebted graduate average is \$187,509, approximately \$10K higher than the average debt of all public medical school graduates, but lower than the indebtedness of students from Central MI, MSU, Oakland and Western Michigan. There are some options to aid student with debt assistance. Those include counseling to minimize debt, tuition scholarships provided by the SOM, federal debt repayment options, and a Michigan program called MIDOCS. The School of Medicine offers approximately \$8.5 million in University tuition scholarships and another \$2 million in scholarships generated from an endowment. The Federal debt repayment options include the National Health Service Corps - a set of four programs including a Loan Repayment Program, a Scholarship Program, a Students to Service Loan Repayment Program, and a Substance Use Disorder Workforce Loan Repayment Program. Other federal programs include a NIH Loan Repayment Program, and National Medical Fellowships Scholarships and Awards. The MIDOCs is a partnership with Central Michigan University, Michigan State, Western and Wayne State. It is funded by the Michigan Department of Health and Human Services. The program is used to recruit, train, and retain providers, and keep them in rural and underserved communities in Michigan, serving much of the state's population. The MIDOCs program provides up to \$75,000 in debt relief, during the individual's 2-year commitment.

SVP Massaron believes the proposed tuition increase is a modest one, and is driven by the need to be sensitive to LCME and other ongoing efforts at the medical school. He added that there will be a robust conversation about the medical school's budget and tuition in the coming years.

Professor Beale asked for confirmation that there will be an increase in the amount of financial aid available for students in need, commensurate with the increase in tuition, as occurs when tuition is increased for the rest of the campus. Mr. Peterson confirmed, and advised that the \$2 million earned on the corpus is an estimate for the coming year.

Professor Beale then asked whether the structural deficit for the school has been calculated for the coming year, and how it would be addressed. Mr. Peterson advised that he is working with SVP Massaron and his staff, and they are considering a number of options to address the deficit, but that plan is not yet complete. Interim Dean Sakr added they are working very intentionally on developing a plan for a balanced budget for the school. SVP Massaron advised that there are a number of component pieces to the SOM Budget, and some costs have been covered through vacant lines, which need to be filled, and can't continue to be used to address the deficit. The medical school needs sufficient resources to meet its mission to educate medical students, and there needs to be long-term structural investments in the future of the medical school. He advised that they would work to provide a clear picture of the medical school finances going forward, and to provide a strategy for financial management. He, the dean and the provost are committed to working on that. Mr. Thomas asked whether there was data available that would explain how long, on average, it takes for students with medical school debt to pay off that debt. Mr. Peterson advised that the AAMC does not survey that question at this time, and the school does not have that data. President Wilson added that the graduate's type of specialty also impacts ability to pay off debt.

Governor Busuito commented on a recent discussion at the annual AGB meeting, regarding the level of distrust that exists across college campuses when it comes to administration and budget. He wanted to offer his assurance that SVP Massaron and Interim Dean Sakr are closely examining and dissecting the SOM Budget, and from his perspective, in a manner that has not been done in a long while. He explained that there is an ongoing question of whether the medical school subsidizes the University or the University subsidizes the medical school, and he thinks that is a very difficult question to answer. He believes they are headed in the right direction.

SVP Massaron advised that he doesn't believe these challenges are limited to the medical school, and system improvements are needed. He also believes better communications are needed with the faculty and the stakeholders regarding the budget. He and the Provost have been engaged with the Academic Senate, the Budget Council and in other meetings to discuss budget issues. He added that budgets in universities are complicated, and transparency is both helpful and necessary. Interim Dean Sakr hopes to change the narrative on subsidization, as the SOM is one of 13 schools and colleges at the University, and he wants to improve the relationships between the schools, and to help identify the needs for support, and improve fiscal discipline.

Gov. Thompson asked what proportion of tuition dollars go to the medical school. SVP Massaron indicated that the answer to the question is complicated, and impacted by a number of factors, including the amount of scholarship funds expended, budgeted contractual increases, a portion which goes to support assistantships, and other business processes. The School of Medicine budget will go up, and resources provided to the School of Medicine will be more than the net revenue generated by the tuition increase. Those resources will not address the structural deficit in the School.

Mr. DiMeglio asked for clarification on whether the need-based financial aid will increase at the same level as the increase in tuition. SVP Massaron advised that the approach to the

financial aid budget for the School of Medicine is different. The emphasis on the financial aid is related to categories of students, with academic scholarships and merit-based scholarships, which are need based, and may not be related to debt. Governor Gaffney asked for an explanation of the university's discount rate, whether it is a true rate, whether it's different for undergraduates than it is for the medical school, or for graduate students, and lastly, whether it is a permanent calculation, or adapted each year.

SVP Massaron advised that the discount rate can differ based on a number of factors. It can be used to meet a financial need, or to provide merit scholarships, or to create a market opportunity. There are financial controls in place on how these discounts are used, so that the university will be able to estimate revenue. In terms of the specific questions raised, the rate for the medical school is very different from that for the university's undergraduate students. As an example of innovatively using discount for a specific market, SVP Massaron highlighted the LLM program in the Law School. In this case, it is not whether or not the Law School has the budget to offer the program, but that this program can generate revenue by the additional students the program will attract. He added that the discount rate can be both complicated and confusing. For clarification for Governor Gaffney, the discount rate is market-based, and school-based. Provost Kornbluh added that with the institution's commitment to access, there is a need-based portion of aid at both the undergraduate and graduate level.

Governor Kelly commented that while she appreciates the complexity of the models just described, the Board needs more concrete information at the time a tuition proposal is made that will identify the amount of scholarships and other funds that will be available to offset the proposed increase in tuition. In response to a question from Governor Gaffney about when in the calendar year the discount rate is set, SVP Massaron suggested that the administration follow-up with an additional discussion on the discount rate. He understands the questions being raised, and added that in relation to the discussion about medical school student debt, the institution has been able to deploy strategies in the past to keep the debt under control and within the range of our peers. He added that when the budget is adopted, they will show the total increase to the financial aid budget whether it be general fund sources or other sources of scholarships and talk about the strategy to insure students' needs will be met.

With no further questions, Governor Barnhill asked for a motion to approve the tuition recommendation for the School of Medicine, and the following motion was placed on the floor:

MOTION: Governor Gaffney moved, and Governor Stancato supported, that the Budget & Finance Committee recommend that the Board of Governors adopt increases in the FY 2023 base tuition rate for the School of Medicine MD Program of 1.5% for resident students, and 1.5% for non-resident students.

It is further recommended that the Board of Governors adopt an increase of 1.5% 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 and 1.2 (tuition) and Tables 2 and 3 (Student Medical School Support Fee and Student Services Fee), seen below.

Further, with the term conversion in 2022 (one term to four terms), all students registered for at least 10 credits per term will be charged a flat term rate (annual rate/four terms) along with associated fees. All students registered for less than 10 credits per term will be charged per credit hour along with associated fees.

As part of this resolution, the Board of Governors authorizes the President or his designee to adjust tuition rates and fees for special or joint 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.

Mr. Thomas expressed concern that the tuition proposal has been described as a modest increase, especially given the impact of tuition increases levied over the past several years. The increases compound, and he believes that this is a substantial increase. Professor Beale responded, for context, that university costs increase each year, and if there were no increases, the entire university would be hurt. From a faculty perspective, it is important to increase financial aid in a way that insures those students needing the most help can get that help. It is important that the university not run at a deficit, and that reserve funds are not used to run it. She believes the description of the SOM med school increase as modest is appropriate.

The following roll call vote was then taken in support of the motion that the Board of Governors approve the above tuition recommendation for the School of Medicine medical school students:

ACTION:

Barnhill	Yes
Gaffney	Yes
Kelly	Yes
Stancato	Yes

Thompson	No
Beavers	Yes
Thomas	No

The motion carried, 5-2.

ANNUAL SCHOOL OF MEDICINE MD PROGRAM TUITION AND FEES**TABLE 1.1: Flat Tuition Rates**

Students enrolled in over 40 credit hours

Year in MD Program	Residency Status	FY 2022 Tuition	Proposed FY 2023 Tuition	Dollar Change	Percent Change
M1	Resident	\$36,247	\$36,791	\$544	1.5%
M1	Non-Resident	\$63,138	\$64,085	\$947	1.5%
M2	Resident	\$36,247	\$36,791	\$544	1.5%
M2	Non-Resident	\$63,138	\$64,085	\$947	1.5%
M3	Resident	\$36,247	\$36,791	\$544	1.5%
M3	Non-Resident	\$63,138	\$64,085	\$947	1.5%
M4	Resident	\$36,247	\$36,791	\$544	1.5%
M4	Non-Resident	\$63,138	\$64,085	\$947	1.5%

TABLE 1.2: Per Credit Hour Tuition Rates

Students enrolled in less than 40 credit hours

Year in MD Program	Residency Status	FY 2022 Credit Hour	Proposed FY 2023 Credit Hour	Dollar Change	Percent Change
M1	Resident	\$726	\$737	\$11	1.5%
M1	Non-Resident	\$1,262	\$1,281	\$19	1.5%
M2	Resident	\$726	\$737	\$11	1.5%
M2	Non-Resident	\$1,262	\$1,281	\$19	1.5%
M3	Resident	\$726	\$737	\$11	1.5%
M3	Non-Resident	\$1,262	\$1,281	\$19	1.5%
M4	Resident	\$726	\$737	\$11	1.5%
M4	Non-Resident	\$1,262	\$1,281	\$19	1.5%

ANNUAL SCHOOL OF MEDICINE MD PROGRAM TUITION AND FEES
(CONTINUED)

TABLE 2:
Student Medical School Support Fee (Annual)

Year in MD Program	FY 2022 Annual Fee	Proposed FY 2023 Annual Fee	Dollar Change	Percent Change
M1	\$979	\$994	\$15	1.5%
M2	\$979	\$994	\$15	1.5%
M3	\$979	\$994	\$15	1.5%
M4	\$979	\$994	\$15	1.5%

TABLE 3:
Student Service Fee (Per Credit Hour)

Year in MD Program	FY 2022 Fee (per credit hour)	Proposed FY 2023 Fee	Dollar Change	Percent Change
M1	\$28	\$28.42	\$.42	1.5%
M2	\$28	\$28.42	\$.42	1.5%
M3	\$28	\$28.42	\$.42	1.5%
M4	\$28	\$28.42	\$.42	1.5%

REPEAT COURSEWORK TUITION 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.

INFORMATIONAL REPORT: MAJOR CAPITAL PROJECTS SUMMARY

Governor Barnhill called on AVP Rob Davenport and asked if there were any things he wished to highlight from his written report. AVP Davenport advised that they are projecting a completion date of August 21, 2023 on State Hall construction, and are keeping a close eye on that work, given challenges that the construction industry is currently facing. With regard to the Art Complex, the temporary chiller unit has been installed and is currently running. He cautioned care in walking around that piece of equipment, as it is quite large. There were no questions on his report.

PURCHASING EXCEPTIONS

Governor Gaffney had questions on two items. First, he asked for clarification on item #10, as the totals listed did not seem to add together. Mr. Doherty advised it is part of a series of items that are linked together; Professor Beale advised that the first 10 items are related, and the total provided is for all. Mr. Doherty explained that there are 5 categories of spend, and each category is subtotaled. The subtotals are then added together for the total listed. Governor Gaffney then asked about a renewal contract for lobbying services, and asked VP Lindsey if the renewal had been discussed at the Advocacy Committee. VP Lindsey advised that lobbying contracts are reviewed periodically, but that he would also discuss it with the Advocacy Committee at its next meeting.

ADJOURNMENT

There being no further business, the meeting adjourned at 11:31 am.

Respectfully submitted,



Julie H. Miller
Secretary to the Board of Governors