



Budget and Finance Committee

June 24, 2022

Minutes

The meeting was called to order at 9:03 a.m. by Governor Barnhill in the Student Center Ballroom. Secretary Miller called the roll. A quorum was present.

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

Committee Members Absent: Cordelia Krawjewski, Student Alternate Representative

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

APPROVAL OF MINUTES, APRIL 29, 2022

ACTION: Upon motion made by Governor Kelly and supported by Governor Gaffney, the minutes of the April 29, 2022 Budget and Finance Committee were approved as presented. The motion carried.

CONTINGENCY RESERVE

There were no proposed transfers from the FY 2022 Contingency Reserve this month.

FY2022-23 TUITION AND FEE RATE RECOMMENDATION

Vice President Massaron was joined by Tamaka Butler, Deputy Chief Financial Officer and Brelanda Mandija, Senior Director for Budget and Planning, to present the recommendation. As background for the discussion, they advised that demographic pressures brought about by the pandemic resulted in fewer people attending universities in Michigan. Wayne State fared well compared to other MPUs, but still faces downward financial pressure. They reminded the committee that the budget adopted by the Board in 2021 had an operating deficit of \$12.5 million. In 2022, the deficit was reduced to \$10 million. The 2023 proposed budget brings that operating deficit down to \$6 million, in line with the Campus Master Plan directive which calls for the University to make fiscal progress towards solvency and stability over the next 5 years. VP Massaron then presented charts summarizing revenues, including tuition and state appropriations. He noted that state appropriations had been reduced since 2005 and those reductions have greatly impacted the university. The proposals for state appropriations from the Governor and the State Senate were both at 5% or just above it, and the House's proposal was for no increase.

The administration's recommendation before the committee is based on enrollment assumptions from the Office of Institutional Research and the Provost's Office showing a decline of 5% in fiscal year 2023. Additional changes may also have to be made throughout the year as the impact of the state appropriations allocation is fully realized. The recommendation before the committee is for a 4.5% increase in tuition and fees for both undergraduate and graduate students. The rates for School of Medicine tuition were approved at the April 29, 2022 meeting of the Board of Governors. The proposal also includes an adjustment for the Pharm D program in the Eugene Applebaum College, so as to be competitive on out-of-state rates. This adjustment will not affect Michigan residents as the program was completely full of qualified Michigan residents. Under the leadership of Dean Brian Cummings and his faculty, this reduction in cost is meant to attract out-of-state students. Differential rates are in place for the College of Engineering.

VP Massaron next presented a chart outlining the opportunity cost when there is no tuition increase, and the long-term impact of those decisions on the institution. He believes it is better to make the hard decisions early. Turning to the expected impact of the proposed increase on students, financial aid is a large factor. For approximately 50% of the university's students, there will be either no impact at all, for Pell-eligible students, or less than \$240 for those that are non-Pell eligible but receiving other aid. For the students paying full cost, the remaining student base, scholarships are available, and the expected increase is approximately \$632. With 42% of WSU students PELL eligible, the institution focuses a lot of financial aid on those students. There has been an increase in PELL at \$2400 and there is federal activity around the idea of increasing it further this year. The continued commitment of the institution to financial aid is reflected in the budget, which is important in the tuition conversation. The financial aid budget has increased by over 30% since 2008. The budget will remain consistent, with an expected increase in total FY 2023 financial awards of \$5 million.

Governor Gaffney asked for clarification on the amount of Wayne State assistance for low-income students. VP Massaron advised that the financial aid budget is about \$98 million, with a planned increase in new awards funding of about \$5 million. Governor Thompson asked if financial aid consisted of both grants and loans - VP Massaron advised that the \$98 million is for grants to reduce the financial burden on students. The University does not issue loans from the general fund.

Governor Barnhill suggested that the committee next hear the presentation on the General Fund and Auxiliary Fund recommendations, and take all actions following that presentation.

FISCAL YEAR 2023 GENERAL FUND AND AUXILIARY BUDGET

VP Massaron provided summary highlights of the budget recommendation. The institution's total revenue is \$676 million, and the total operating budget is \$682 million. The \$6 million gap will be closed with one-time available resources. Charts presented showed that nearly every account will be held flat. Schools and college budgets saw a 2% increase driven almost entirely by wages. VP Massaron briefly discussed a new chart showing a 5-year outlook, which he developed as part of this process. He noted concern about the negative result at the end of year 5 that signified the work yet to be done in growing tuition, controlling costs, and better maintaining the campus. In terms of areas that need to be addressed, he advised that historically, only \$4 to 5 million had been allocated to deferred maintenance, and he indicated that needs to be increased. He also highlighted changes to restore and increase funds for strategic initiatives for investment across

the University. He explained that the primary forecast for revenues were prepared by Institutional Research in conjunction with a lot of discussions across the campus. Plans for FY 2024 are aggressive, but he believes there are areas where the institution can make additional headway.

The administration worked hard in the development of a flat budget, which includes \$16 million in reductions. He advised that the fiscal year 2023 budget realignment categories included efforts to tighten compensation, and at staffing overall, and in progress made on the amount paid in leases, which will provide savings. The rest of the realignment categories include one-time resources and more efficient use of current resources.

The auxiliary budget is largely unchanged from prior year budgets. Parking and the revenue associated with that activity on campus and downtown is a stressor on the institution and will need to be addressed. The athletic arena generated as much in sponsorship as anticipated and the administration hopes that additional revenue can be generated to bear the \$900,000 annual subsidy going forward.

Governor Kelly asked why the language in the recommendation that authorizes the President to modify the rates if the Michigan state tuition restraint was lower than 5% does not say 4.5%, the amount of the tuition rate being recommended. VP Massaron indicated that the language was taken from the Governor's proposal, and the only way to modify it would be if the Legislature set the level at a lower number (i.e., 4.5%) than what was approved by this Board. In response to a query from Governor Kelly, VP Massaron confirmed that the board would be notified if the President took that action.

Governor Thompson asked how the proposed differential rate for Engineering fits into 4.5% recommendation. VP Massaron advised that the differential is an additional charge that will be on top of the base tuition and that differential will be returned to the Engineering college. Currently there are two other schools/colleges that have a differential tuition in this form. It is a way to restore needed funding to offset cuts in non-tenured faculty, and offer classes not otherwise able to be offered.

Provost Kornbluh advised that differential tuition is charged in areas where instruction is significantly more expensive. Governor Thompson asked if the tuition cap is impacted by this differential. VP Massaron advised that while the Legislature is still taking action this year, historically they have looked at the largest group of students as a measure, and for Wayne State University, Engineering is not that group. Governor Thompson thanked VP Massaron for the 5-year plan. She asked about the categories being considered in the plan to reduce expenses by reducing compensation. VP Massaron noted that the term compensation may be assumed to mean existing salaries. He advised that there are opportunities going forward to improve in areas such as deferred maintenance and planning and preventative maintenance. Further opportunities include savings from both overtime and the total number of vacant positions, which will result in raises to existing employees and controlling the growth of additional employees. Compensation also refers to the current plan's continuous examination of equity and other adjustments, made particularly on the non-represented side to ensure control of costs. In light of the discussion, Governor Kelly moved to amend the recommendation to change the reference to modification of rates if the Michigan state tuition restraint was lower than 5%, to lower than 4.5%. Governor Gaffney seconded. The following three actions were then taken:

FY 2022-23 Tuition and Fee Rates:

ACTION: Upon motion made by Governor Kelly, and supported by Governor Gaffney, the Budget and Finance Committee recommended changing the percentage listed in the in the last paragraph of the FY 2022-23 Tuition and Fee Rate recommendation from 5% to 4.5%, and to stipulate Board notification if such a change is made. That sentence would then read: “It is also recommended that the Board of Governors authorize the President or his designee to modify the rates accordingly if the final State of Michigan tuition restraint is lower than 4.5% as currently projected.” The motion carried.

ACTION: Upon motion made by Governor Stancato and supported by Governor Gaffney, the Budget and Finance Committee recommended that the Board of Governors approve the FY 2023 tuition rates and mandatory fees as amended and presented below. In summary, the base tuition and fees for Wayne State University are increased by 4.5 percent for most undergraduates and 4.5 percent for most graduates and professional students, with the exception of College of Engineering, non-resident rates for the Doctor of Pharmacy program and School of Medicine. Tuition and fees for School of Medicine MD program students were previously approved by the Board of Governors in May. The motion carried, with a vote of 5-2. The full details follow below.

A brief summary of the tuition rate increases for a resident student in general programs is shown in the table below:

TABLE 1

WAYNE STATE UNIVERSITY FY 2023 TUITION RATE RECOMMENDATION				
Category & Level	Resident - per Credit Hour			
	FY 2022	FY 2023	\$ Diff.	% Diff.
Undergrad-Lower Division	\$412.53	\$431.09	\$18.56	4.50%
Undergrad-Upper Division	\$489.57	\$511.60	\$22.03	4.50%
Graduate (General Programs)	\$705.01	\$736.74	\$31.73	4.50%

In terms of mandatory fees, Wayne State University requires all students to pay a registration fee (on a semester basis) and a student services fee (on a per credit hour basis). It is proposed that the registration fee increase by 4.5 percent for all undergraduate students and 4.5 percent for all graduate and professional students (excluding School of Medicine MD program students, who are charged a separate fee). The student services fee rate is proposed to increase by 4.5 percent for all undergraduates and 4.5 percent for graduate and professional students. Table 4 details the specific changes for all Wayne State University tuition rates and mandatory fees.

It is recommended that the Board of Governors authorize the President or his designee to adjust the rates for special programs or where otherwise appropriate.

It is also recommended that the Board of Governors authorize the President or his designee to modify the rates accordingly if the final State of Michigan tuition restraint is lower than 4.5%, and that the Board be notified if such a modification is made.

TABLE 4

Wayne State University Proposed FY 2023 Tuition and Fees								
Category & Level	Resident				Non-Resident			
	FY 2022	FY 2023	\$ Change	% Change	FY 2022	FY 2023	\$ Change	% Change
Undergraduate - Lower Division								
<u>Tuition Rates</u>								
All Schools (other than listed below)	\$412.53	\$431.09	\$18.56	4.5%	\$944.87	\$987.39	\$42.52	4.5%
Business	\$440.99	\$460.83	\$19.84	4.5%	\$973.33	\$1,017.13	\$43.80	4.5%
Kinesiology - Education	\$440.99	\$460.83	\$19.84	4.5%	\$973.33	\$1,017.13	\$43.80	4.5%
Engineering	\$419.71	\$460.83	\$41.12	9.8%	\$952.05	\$1,017.13	\$65.08	6.8%
Fine, Performing and Communication Arts	\$440.99	\$460.83	\$19.84	4.5%	\$973.33	\$1,017.13	\$43.80	4.5%
Public Health - CLAS	\$440.99	\$460.83	\$19.84	4.5%	\$973.33	\$1,017.13	\$43.80	4.5%
Sciences - CLAS	\$419.71	\$438.59	\$18.88	4.5%	\$952.05	\$994.89	\$42.84	4.5%
Nursing	\$440.99	\$460.83	\$19.84	4.5%	\$973.33	\$1,017.13	\$43.80	4.5%
<u>Mandatory Fees</u>								
Student Services Fee - all undergrads (per credit hour)	\$39.29	\$41.06	\$1.77	4.5%	\$39.29	\$41.06	\$1.77	4.5%
Registration Fee (per semester)	\$244.33	\$255.32	\$10.99	4.5%	\$244.33	\$255.32	\$10.99	4.5%
<u>Other Student Fees (per semester)</u>								
Engineering Support Fee - Lower Div., Full-Time	\$100.00	\$100.00	\$0.00	0.0%	\$100.00	\$100.00	\$0.00	0.0%
Engineering Support Fee - Lower Div., Part-Time	\$50.00	\$50.00	\$0.00	0.0%	\$50.00	\$50.00	\$0.00	0.0%
Sciences Support Fee - Lower Div., Full-Time	\$50.00	\$50.00	\$0.00	0.0%	\$50.00	\$50.00	\$0.00	0.0%
Sciences Support Fee - Lower Div., Part-Time	\$25.00	\$25.00	\$0.00	0.0%	\$25.00	\$25.00	\$0.00	0.0%
Honors Support Fee - Lower Div., Full-Time	\$50.00	\$50.00	\$0.00	0.0%	\$50.00	\$50.00	\$0.00	0.0%
Honors Support Fee - Lower Div., Part-Time	\$25.00	\$25.00	\$0.00	0.0%	\$25.00	\$25.00	\$0.00	0.0%
Undergraduate - Upper Division								
<u>Tuition Rates</u>								
All Schools (other than listed below)	\$489.57	\$511.60	\$22.03	4.5%	\$1,125.78	\$1,176.44	\$50.66	4.5%
Business	\$533.72	\$557.74	\$24.02	4.5%	\$1,169.93	\$1,222.58	\$52.65	4.5%
Kinesiology - Education	\$533.72	\$557.74	\$24.02	4.5%	\$1,169.93	\$1,222.58	\$52.65	4.5%
Engineering	\$496.81	\$557.74	\$60.93	12.3%	\$1,133.02	\$1,222.58	\$89.56	7.9%
Fine, Performing and Communication Arts	\$533.72	\$557.74	\$24.02	4.5%	\$1,169.93	\$1,222.58	\$52.65	4.5%
Public Health - CLAS	\$533.72	\$557.74	\$24.02	4.5%	\$1,169.93	\$1,222.58	\$52.65	4.5%
Sciences - CLAS	\$496.81	\$519.17	\$22.36	4.5%	\$1,133.02	\$1,184.01	\$50.99	4.5%
Nursing	\$641.90	\$670.79	\$28.89	4.5%	\$1,278.11	\$1,335.63	\$57.52	4.5%
<u>Mandatory Fees</u>								
Student Services Fee - all undergrads (per credit hour)	\$39.29	\$41.06	\$1.77	4.5%	\$39.29	\$41.06	\$1.77	4.5%
Registration Fee (per semester)	\$244.33	\$255.32	\$10.99	4.5%	\$244.33	\$255.32	\$10.99	4.5%
<u>Other Student Fees (per semester)</u>								
Engineering Support Fee - Upper Div., Full-Time	\$350.00	\$350.00	\$0.00	0.0%	\$350.00	\$350.00	\$0.00	0.0%
Engineering Support Fee - Upper Div., Part-Time	\$175.00	\$175.00	\$0.00	0.0%	\$175.00	\$175.00	\$0.00	0.0%
Sciences Support Fee - Upper Div., Full-Time	\$100.00	\$100.00	\$0.00	0.0%	\$100.00	\$100.00	\$0.00	0.0%
Sciences Support Fee - Upper Div., Part-Time	\$50.00	\$50.00	\$0.00	0.0%	\$50.00	\$50.00	\$0.00	0.0%
Honors Support Fee - Upper Div., Full-Time	\$50.00	\$50.00	\$0.00	0.0%	\$50.00	\$50.00	\$0.00	0.0%
Honors Support Fee - Upper Div., Part-Time	\$25.00	\$25.00	\$0.00	0.0%	\$25.00	\$25.00	\$0.00	0.0%

Table 4 (continued)

Wayne State University Proposed FY 2023 Tuition and Fees								
Category & Level	Resident				Non-Resident			
	FY 2022	FY 2023	\$ Change	% Change	FY 2022	FY 2023	\$ Change	% Change
Graduate Programs								
<u>Tuition Rates</u>								
All Schools (other than listed below)	\$705.01	\$736.74	\$31.73	4.5%	\$1,527.07	\$1,595.79	\$68.72	4.5%
Business, Engineering, Information Sci.	\$818.26	\$855.09	\$36.83	4.5%	\$1,640.32	\$1,714.14	\$73.82	4.5%
Kinesiology - Education	\$801.53	\$837.60	\$36.07	4.5%	\$1,623.59	\$1,696.65	\$73.06	4.5%
Global Executive Track - Engineering	\$1,636.52	\$1,710.16	\$73.64	4.5%	\$2,458.58	\$2,569.21	\$110.63	4.5%
Fine, Performing and Communication Arts	\$740.26	\$773.58	\$33.32	4.5%	\$1,562.32	\$1,632.63	\$70.31	4.5%
Law (Graduate Programs)	\$1,096.73	\$1,146.09	\$49.36	4.5%	\$1,203.16	\$1,257.30	\$54.14	4.5%
Medicine	\$878.23	\$917.75	\$39.52	4.5%	\$1,657.94	\$1,732.55	\$74.61	4.5%
Nursing	\$961.83	\$1,005.12	\$43.29	4.5%	\$1,783.89	\$1,864.17	\$80.28	4.5%
Pharmacy and Health Sciences	\$801.53	\$837.60	\$36.07	4.5%	\$1,623.59	\$1,696.65	\$73.06	4.5%
<u>Mandatory Fees</u>								
Student Services Fee - all graduates (per credit hour)	\$56.69	\$59.24	\$2.55	4.5%	\$56.69	\$59.24	\$2.55	4.5%
Registration Fee (per semester)	\$328.01	\$342.77	\$14.76	4.5%	\$328.01	\$342.77	\$14.76	4.5%
Professional Programs								
<u>Tuition Rates</u>								
Law (JD Program) 1st, 2nd Year and Unranked	\$1,096.73	\$1,146.09	\$49.36	4.5%	\$1,203.16	\$1,257.30	\$54.14	4.5%
Law (JD Program) Final Year	\$1,076.26	\$1,124.71	\$48.45	4.5%	\$1,182.70	\$1,235.92	\$53.22	4.5%
Medicine (MD Program) All Years - Per Credit Hour	\$726.00	\$737.00	\$11.00	1.5%	\$1,262.00	\$1,281.00	\$19.00	1.5%
Medicine (MD Program) All Years - Annual Flat Rate	\$36,247.00	\$36,791.00	\$544.00	1.5%	\$63,138.00	\$64,085.00	\$947.00	1.5%
Pharmacy (PharmD Program) All Years	\$801.53	\$837.60	\$36.07	4.5%	\$1,623.59	\$1,088.88	(\$534.71)	-32.9%
<u>Mandatory Fees</u>								
Student Services Fee (per credit hour) Law , Pharmacy	\$56.69	\$59.24	\$2.55	4.5%	\$56.69	\$59.24	\$2.55	4.5%
Student Services Fee (per credit hour) MD All Years	\$28.00	\$28.42	\$0.42	1.5%	\$28.00	\$28.42	\$0.42	1.5%
Registration Fee (per semester) Law , Pharmacy	\$328.01	\$342.77	\$14.76	4.5%	\$328.01	\$342.77	\$14.76	4.5%

Proposed General Fund Budget, FY 2023

ACTION: Upon motion made by Governor Gaffney and supported by Governor Stancato, the Budget and Finance Committee recommended that the Board of Governors approve the proposed general fund and auxiliary fund budgets as follows:

FY 2023 General Fund budget, its projected revenues and expenditures, and the budgets for individual university units and specifically funded programs as summarized in this document are submitted for approval by the Board of Governors. With this approval, the Board of Governors authorizes the President to

implement the budget management procedures, and budget-related policies, with such modifications as may be deemed necessary during the fiscal year. FY 2023 budgets for the auxiliary activity units summarized in this document are detailed in the FY2023 Current Funds Budget materials. The motion also includes approval of the proposed FY 2023 budgets for the auxiliary activity units summarized as outlined below. The motion carried, with a vote of 5-2

Details for these budgets are as follows:

General Fund Budget				
SUMMARY REVENUES AND EXPENDITURES				
Fiscal Year 2023				
(In Dollars)				
	FY 2022 Approved Budget	FY 2023 Recommended Budget	Variance	
			Dollars	%
Revenues				
State Appropriations *	205,248,400	208,424,717	3,176,317	2%
Net Tuition and Fee Revenues	410,677,396	416,371,464	5,694,068	1%
Indirect Cost Recovery	34,000,000	34,000,000	0	0%
Investment Income	5,100,000	5,100,000	0	0%
Gift and Endowment Revenue	3,800,000	3,800,000	0	0%
Rentals and Leases Revenue	1,145,892	1,145,892	0	0%
Other Revenues	7,691,010	7,597,623	(93,387)	-1%
Total Revenue	667,662,698	676,439,696	8,776,998	1%
Expenditures				
Schools and Colleges	217,907,624	221,941,717	4,034,093	2%
Divisions	166,931,789	171,096,011	4,164,223	2%
Student Financial Aid	96,015,360	97,543,361	1,528,001	2%
Central Accounts	189,661,457	184,501,381	(5,160,076)	-3%
Other Expenses	7,448,673	7,355,286	(93,387)	-1%
Total Expenditures	677,964,902	682,437,757	4,472,854	1%
Net Budget Surplus (Shortfall)	(10,302,204)	(5,998,060)	4,304,144	-42%
Use of One-Time Funding	10,302,204	5,998,060	(4,304,144)	
Final Budget Surplus (Shortfall)	0	0	0	

FY 2023 Proposed Auxiliary Activity Budgets

Category	FY 2022 Approved Budget	FY 2022 Projected Actual	FY 2023 Proposed Budget
REVENUES			
Beginning Net Assets	\$423.0	\$5,706.4	\$6,222.5
Operating Revenue			
Student Tuition and Fees	\$7,250.3	\$7,250.2	\$7,957.5
Auxiliary Revenues	\$22,343.9	\$21,092.6	\$23,986.3
Total Operating Revenue	\$29,594.2	\$28,342.8	\$31,943.8
Non-Operating Revenues			
Gifts	\$2,640.0	\$2,477.7	\$2,705.0
Other	\$3,515.2	\$2,925.6	\$3,472.4
Total Non-Operating Revenues	\$6,155.2	\$5,403.3	\$6,177.4
TOTAL REVENUES	\$35,749.4	\$33,746.1	\$38,121.2
EXPENDITURES AND TRANSFERS			
Auxiliary Enterprises			
Compensation	\$12,500.2	\$11,393.9	\$13,474.0
Operating Expenses	\$16,893.9	\$15,450.4	\$18,883.6
Expenditures	\$29,394.2	\$26,844.3	\$32,357.5
Transfers Out/ (In)			
Debt Service	\$7,754.6	\$7,768.7	\$7,734.8
Plant & Other	\$1,341.6	\$1,381.8	\$1,818.0
General Fund Support	(\$2,649.6)	(\$2,764.8)	(\$2,577.1)
Subtotal Transfers	\$6,446.6	\$6,385.7	\$6,975.7
TOTAL EXPENDITURES AND TRANSFERS	\$35,840.7	\$33,230.0	\$39,333.2
Operating Surplus / (Deficit)	(\$91.4)	\$516.1	(\$1,212.0)
Ending Net Assets	\$331.6	\$6,222.5	\$5,010.5

FY 2023 CAMPUS ROOM AND BOARD RATES

Tim Michael, Associate Vice President for Student Auxiliary Services, provided background information and presented the recommendation for room and board rates for the coming year. He focused on two themes for consideration. The first is the continued success that housing and dining had serving students during the pandemic. He praised the efforts of the staff in the two organizations, noting the positive student evaluations they received regarding their interactions with students and staff. He praised the front-line staff, student and full-time staff in Housing and those who served students in the dining facilities and retail locations, noting further positive evaluations of those interactions. The second theme he referenced is about post pandemic challenges including inflation, labor shortages and supply chains disruptions, and the creativity shown by the staff and the leadership in these units addressing those issues.

Prior to the pandemic, historical occupancy for the prior 10 years was at capacity. While the University has no housing requirement, the goal has always been to provide access to a housing experience for all students who wanted and needed it. New construction with the University's housing partner has been completed. The new apartments in Chatsworth opened during the pandemic and overall occupancy, impacted by the pandemic, dropped from 95% to 37% in the fall of 2020. This past year it increased to 64%. A modest improvement is anticipated for the Fall 2022.

The student age demographic has been very consistent for housing during the pandemic; the University is primarily an undergraduate housing organization as more than half of the students in housing are undergraduate students at 19 years old or younger. Student surveys also showed diversity as highly ranked. It received some of the highest student evaluations, indicating its fundamental value to students.

The focus on development of the rate proposal was on affordability for students and in a competitive context. Wayne State is in competition not only with other public institutions in Michigan, but also with the local market around the University. In April, the inflation rate was nearly 8.3% and in May it was 8.6%. Areas of the CPI for both housing and dining are at 15-year highs, contributing to difficult decisions that had to be made in the development of today's recommendation. Mr. Michael presented slides providing the benchmark comparison rate for the 1st year room and board rates offered across Michigan public universities, with a marker showing the average. Wayne State is on the upper end of that marker by about \$270. Half of all Michigan publics were within \$500 of each other, grouped around the same marker, with some lower and some higher. Mr. Michael advised that, should the recommendation be adopted, he does not anticipate the University's relative position to change.

In terms of dining, service to students continued to innovate and improve throughout the pandemic, and the satisfaction scores with students have shown this improvement. Inflation stressors contributing to dining costs include the CPI sub index, which is over 10%. For food away from home, the closest indicator for campus dining, the rate is over 7%. Mr. Michael then presented examples of categories of popular food commodities used on campus and how those relative costs have increased. The average increase is in the 7-8% range and costs are now tracked on a weekly basis because of the impacts of cost on menu planning. He shared some specific product increases as examples. Costs for baked potatoes are up 70.5%, lettuce, popular in the Towers Café, is up 53%, fresh chicken is up 75% in one year, and eggs rose 146% in one year. The culinary staff has worked hard to maintain a menu that students enjoy with diversity of options while trying to contain these costs, because the cost of dining could not be increased to cover these price hikes. In addition to the increases in product costs, labor shortages also impact these considerations. Dining operated with almost 50% vacancies in their staffing during the pandemic, but improvement is anticipated in the fall.

Changes in the program for fall will include permanent closure of the Dunkin' Donuts on the corner of the Towers Suites on Anthony Wayne Drive and repurposing that space, and possible closure of the mini convenience stores in the lobbies of FAB and AAB. The University will also be adding a personal delivery service, called Starship, to campus in the fall, a new area of investment to help stabilize revenue streams in dining. There are 26 other universities in the United States that provide this type of service. It is anticipated to increase sales, provide more convenience, and support the retail on campus.

Mr. Michael then turned to the formal proposal rates forwarded for recommendation. Mr. Michael reminded the committee that the Board delegated responsibility for housing rate increases to the Corvias partnership if they were at 3% or less. The recommendation for FY 2023 room and board rates, provided in a table, identified an increase for typical room/board rates at 3.89%, upper-class rates at 4.03% based on certain occupancy and meal block options, 4.41% increase for room rates for residence halls and apartments, and meal plan increases between 3.02% and 3.57%, depending on which package is selected.

Following up on Mr. Michael's comment about the University as primarily an undergraduate housing organization, Professor Beale advised that both the Academic Senate Policy Committee and the full Senate believe that special graduate housing would help attract international students and others, and asked how that was being addressed. Mr. Michael advised that the housing master plan that the Board approved in 2016 re-envisioned the University Towers apartments on Cass as Wayne State's graduate and family center. He explained that over the years, more than half of the building was filled by undergraduate students, as there had been less demand among graduate students and their families. The priority is to rebuild it as a graduate student and family center. Currently, graduate students occupy half of the building, and it is currently where most of the residential medical students live. In response to a question from Professor Beale, Mr. Michael confirmed that renovations will be needed to make it more family friendly. Major renovations completed with the new housing partnership began with renovation of the oldest facilities. The University Tower Apartments, which were built in 1995, are now the oldest housing building, and has priority in future capital plans for both infrastructure and finishes. The playground was removed for some safety reasons, but can be provided again.

Professor Beale asked for clarification about the comparison slide depicting room & board rates for Michigan public universities, and whether WSU's rates keep it competitive for students among MPUs. Mr. Michael advised that the chart reflects increases charged by 8 schools last year, and that WSU's increase last year of 2.77% was the lowest of the 8 schools that increased rates. Provost Kornbluh does not consider housing costs as a deterrent to enrollment. He added that a survey will be conducted this year that will include both students who were admitted, and those who chose not to come, and it will include questions on housing.

Professor Beale asked if moving to eco-friendly and compostable disposables has contributed to increased costs. Mr. Michael confirmed it has, and noted that dining partners with several student organizations on campus and in the community who are also recycling and there is diversion of excess food. He advised that the eco-friendly disposables were one of the drivers of costs, but students asked for them.

Governor Thompson asked about the impact of these price increases on marginalized students and whether it will change the composition of students living in housing. Mr. Michael advised that a new FIRE scholarship was introduced last year, which will help students. Through admissions efforts, there are more housing scholarships being offered for the coming academic year and housing specific dollars are now available for students. These are all packaged through the Financial Aid office.

Provost Kornbluh indicated that Governor Thompson's question is important and is part of strategy moving forward. The differential is not the problem. Instead, it is the larger cost of housing and dining. The presentation by Mr. Michael indicated strong diversity and that the population is not biased by economics. Students who live on campus do better and retain. They graduate, and the 1st-year program is a major part of the university's strategy moving forward.

Mr. DiMeglio followed up on an earlier comment regarding housing costs as a potential deterrent. He noted that most of the University's undergraduate students were from the tri-county area within an hour's drive and with the current rising cost of gas, students may be choosing to commute instead of paying for campus housing. He believes that places the University in a different situation compared to a lot of other public institutions in the state. He asked for justification of the University position for housing and board rates, considering the base population. Mr. Michael advised that as an auxiliary, housing operates without support from the general fund and is paid for by the students. Cost containment measures were included in the presentation. One of the benefits of the new construction projects is the ability to eliminate deferred maintenance costs in older facilities. That all works together to build a budget every year where affordability is the focus. Students have always been primarily commuters and the University houses about 18% of the student body. For those students who want to have a housing experience, the University does its best to keep it affordable.

Governor Kelly asked whether several of the other universities lowered their rates artificially? Mr. Michael advised that he believes that to be true. Competitors across Michigan in the last 2 years made decisions about how to support their students and attract students to their campus during the pandemic. Grand Valley lowered their rates to what was charged in 2014, a decision they made to accomplish the goals they set for themselves. Ferris State cut their housing, room and board rate 10% one year and then raised it 10% the next year. Wayne State stayed the course with minimal increases only where and when needed. Governor Kelly asked if there is a projection for next year. Mr. Michael responded that the University is pacing about 3% ahead of last year's

applications and the budget is based on a modest growth, moving from 65% to 75% occupancy. A housing market study is being conducted and information will be mined to help predict the fall position. These studies are done every 2 or 3 years and it will take time to grow occupancy back to 95%. Occupancy will not be full again this fall and with the budget constrained, revenues will also be constrained.

Governor Kelly asked whether the goal is to get the University down to the state average of Michigan public universities for housing costs. Mr. Michael concurred, and advised that the University was below that until 2019. Only during the pandemic was the University above that middle number. As the University population on campus is rebuilt, the revenues will follow and that will allow for further constraint of those rates. Other schools are going to have to grow their rates to not only make up for the pandemic, but to address inflation, as the University is currently doing. Governor Kelly asked Mr. Michael how many years he thought it would take to return to that average position. Mr. Michael advised that the schools that had already approved their rates for next year were in the 3 to 5% range, and Wayne State is also in that range. He does not think that the University's relative position in that group will change but their strategies are hard to predict. Many competitors have housing requirements and a captive population, which allows them to budget in a different way. The University will always constrain rates to the smallest increases as possible to deliver the best program that students want. Mr. Beavers asked whether information could be included in next year's housing presentation on which universities have those kinds of requirements that influence the strategy of pricing. Mr. Beavers also asked Mr. Michael to give some thought to the impact of inflation. Mr. Michael noted that the new marketing piece will probably be released next week, helping students see the full picture of the decision to live on or off campus. Governor Kelly asked if that could be shared with the committee.

ACTION: Upon motion made by Governor Busuito and supported by Mr. Beavers, the Budget and Finance Committee recommended that the Board of Governors approve the 2022-2023 campus room board rates as shown in the tables below. These rates reflect an increase on room rates for campus residence halls and apartments of 4.41%, and an increase in meal plans between 3.02% and 3.57%. The motion carried with a vote of 5-2.

Room Rates

		2021-22	2022-23	
		Annual	Annual	Increase
Ghafari & Atchison Halls				
Single Occupancy room with private bath		\$8,868	\$9,259	4.41%
Large Single Occupancy room with private bath*		\$9,800	\$10,232	4.41%
Double Occupancy room with private bath		\$6,712	\$7,008	4.41%
Triple Occupancy room with private bath		\$5,716	\$5,968	4.41%
The Towers Residential Suites				
	Suite Type			
Double Occupancy room with shared bath	A	\$7,030	\$7,340	4.41%
Single Occupancy room with private bath	E and G	\$9,444	\$9,860	4.40%
Double Occupancy room within a suite	B and C	\$7,802	\$8,146	4.41%
Single Occupancy room within a regular suite	C, D and F	\$8,052	\$8,407	4.41%
The Thompson Suites				
Single Occupancy room with shared bath		\$9,158	\$9,562	4.41%
Double Occupancy room with shared bath		\$6,854	\$7,156	4.41%
Triple Occupancy room with shared bath		\$5,910	\$6,171	4.41%
Chatsworth Suites				
Single Suite with private bath		\$9,270	\$9,679	4.41%
Double Occupancy room in 4-person suite w/shared bath		\$8,344	\$8,712	4.41%
Double Occupancy room in 6-person suite w/shared bath		\$8,034	\$8,388	4.41%
Anthony Wayne Drive Furnished Apartments				
Studio apartment single		\$12,632	\$13,189	4.41%
One-bedroom apartment single		\$13,148	\$13,728	4.41%
Two-bedroom apartment single per room		\$11,552	\$12,061	4.41%
Four-bedroom apartment single per room		\$9,956	\$10,395	4.41%
University Towers Unfurnished Apartments				
One-bedroom unfurnished (can be shared by 2)		\$10,402	\$10,861	4.41%
Two-Bedroom unfurnished (can be shared by up to 4)		\$11,956	\$12,483	4.41%
Three Bedroom unfurnished (can be shared by up to 6)		\$16,076	\$16,785	4.41%

*continuing pilot for this room type

	2021-22 Annual	2022-23 Annual	Increase	Increase per Semester
Meal Plans				
Warrior Pass + \$150 Warrior + \$50 One Card Dollars	\$4,280	\$4,412	3.08%	\$66
Weekly 15 + \$300 Warrior + \$100 One Card Dollars	\$4,280	\$4,412	3.08%	\$66
Block 175 + \$425 Warrior + \$125 One Card Dollars	\$4,280	\$4,412	3.08%	\$66
Block 110 + \$425 Warrior + \$125 One Card Dollars	\$3,294	\$3,396	3.10%	\$51
Block 75 + \$225 Warrior + \$75 One Card Dollars	\$1,986	\$2,046	3.02%	\$30
Block Plans				
15 Block (suitable for both semesters)	\$118	\$122	3.39%	\$4
30 Block (suitable for both semesters)	\$224	\$232	3.57%	\$8
45 Block (suitable for both semesters)	\$329	\$340	3.34%	\$11

STATE HALL RENOVATION PHASE III OF III

With respect to time, VP Massaron referred to the slide presentation available on the website and available to the public, and asked if there were any questions. Governor Gaffney noted to Mr. Davenport the good news for those who teach in State Hall and for all of the students who use it. Mr. Davenport advised that of the \$50 million allocated to construction spend, better than \$18 million will go to NWBE spend. Around 40% of construction spend will go to diverse suppliers and contractors. Professor Beale asked if the contingency amount of \$7 million is sufficient. Mr. Davenport advised that he was very confident that this figure is sufficient. This is the first project in recent memory where the University waited until construction documents and an actual budget were received before coming to the Board for approval of the final identified number, which is \$66 million.

ACTION: Upon motion made by Governor Gaffney and supported by Governor Busuito, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or his designee, to authorize \$66,000,000 in order to award contracts for General Construction for State Hall Phase III. The project will be funded by 2020 Bond Sale Funds. The motion carried.

HARWELL FIELD BASEBALL INFIELD TURF

Governor Barnhill had to depart the meeting and Governor Thompson served as committee chair for the duration of the agenda. Governor Thompson asked when the construction for this project is supposed to get underway. Mr. Davenport advised that completion is scheduled for September; construction will start very soon. Professor Beale expressed concern that artificial turf will have to be replaced in 20 years. She agrees with the drainage system, but not with placement of artificial turf. Governor Thompson asked if the philanthropic dollars for this project have been raised. Mr. Davenport confirmed that the dollars have been raised and are in hand.

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 design, solicit bids, and award contracts for the Harwell Field Baseball Infield Turf located at 5401 John C. Lodge, with a project cost not to exceed \$1,100,000. Funding for this project will be provided by philanthropic sources. The motion carried.

INFORMATIONAL REPORT: MAJOR CAPITAL PROJECTS SUMMARY

The informational report on major capital projects was presented. There were no questions.

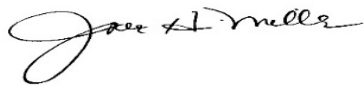
PURCHASING EXCEPTIONS

The informational report on purchasing exception was presented. There were no questions.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:04 am.

Respectfully submitted,



Julie H. Miller
Secretary to the Board of Governors