Budget and Finance Committee

September 29, 2023

Minutes

The meeting was called to order at 9:00 a.m. by Governor Barnhill in the McGregor Memorial Conference Center, Rooms BC. Secretary Miller called the roll. A quorum was present.

Committee Members Present: Governors Barnhill, Gaffney, Kelly, Kumar and Stancato; Linda Beale, Faculty Representative and Andrea Sankar, Faculty Alternate Representative; Cordelia Krajewski, Student Representative and Huda Syed, Student Alternate Representative

Also Present: Governor Busuito and President Espy; Provost Kornbluh, Vice Presidents Clabo, Ezzeddine, Lindsey, Massaron, Poterala, Ripple, Schweitzer, Staebler, Stemmler, and Wright; Associate Vice President Hafner, Associate Provost Padgett, and Secretary Miller

APPROVAL OF MINUTES, JUNE 22, 2023

ACTION: Upon motion made by Professor Beale and supported by Governor Stancato, the minutes of the June 22, 2023 meeting of the Budget and Finance Committee were approved as presented. The motion carried.

CONTINGENCY RESERVE

The contingency reserve had no activity to report.

UNIVERSITY ENDOWMENT FUND POLICY - REVISIONS TO UNIVERSITY BOARD OF GOVERNORS COMMON FUND STATUTE, SECTION 2.73.05

Vice President Massaron introduced the new Vice President for Treasury, Alana Askew, advising that she recently closed a bond refinancing that saved over $3.5 million, and is off to a strong start. The Vice President also discussed the lengthy process recently undertaken to appoint a new Chief Investment Officer (CIO) and revise investment strategies for the Foundation and University's endowment. The Investment Committee and CIO strongly supported the proposed policy changes, setting the stage for further discussion.

Governor Kelly asked about potential issues with endowment distributions when the market value is less than the gift value. Ms. Askew advised that there has not been a problem so far but given the transition to a more complex management structure with the potential for larger returns, having a contingency plan for such scenarios seems prudent. Vice President Massaron added that flexibility during market downturns is essential to honor donors' intent for the endowment to endure indefinitely. He emphasized that smaller or newer endowments might face challenges in absorbing market corrections, and as the institution moves into more illiquid investments, rushing to liquidate during a downturn could have higher consequences.

The proposed changes, according to Ms. Askew, are part of an ongoing strategy to enhance endowment management. This strategy began with the appointment of an outsourced Chief Investment Officer and updating asset allocations and growth targets. The recommended changes, which have received positive feedback from the community and have undergone review by various committees, address two challenges: budget alignment and distribution predictability, and the risk of underwater endowments. Ms. Askew explained that setting the distribution rate annually and aligning it with the budgeting cycle will address the first challenge.

The proposed changes also aim to enhance budget clarity for schools, colleges, and divisions by allowing earlier and more predictable budgeting of endowed funds, reducing the likelihood of overspending. Unspent balances may be reinvested to promote additional growth in the corpus, aligning with the donor's intended purpose in the long term. Departments with multi-year plans requiring fund utilization can discuss exceptions to reinvestment during the budget process, with the CFO having the authority to grant exceptions.

These changes improve alignment between the budget cycle and the endowment cycle, alleviating pressure on the general fund. The second challenge, underwater endowments, occurs when the market value falls below the original gift, potentially compromising the ability to fulfill the donor's intended purpose indefinitely. To mitigate this risk, distributions to beneficiary accounts will be suspended if the endowment value is underwater unless an exception is granted by the CFO. In such cases, the University could use non-endowed funds to continue supporting the donor's intended purpose. Ms. Askew noted that these updates provide additional tools and build upon the ongoing endowment transformation efforts.

Professor Beale asked for clarification, in the event of a market disruption leading to an underwater endowment and a decision to suspend distributions. In this scenario, what would be the process for notifying those overseeing the endowment spending with timely and clear information about the availability of university funds to cover the intended purpose. Ms. Askew advised that a determination would be made regarding the possibility of paying distributions from one-time funds. If feasible, this would ensure a seamless process for those receiving distributions. However, if using one-time funds is not viable, discussions with the affected units would take place to formulate a mitigation plan.

Governor Barnhill raised a question about the potential impact of a market downturn on the endowment portfolio if the proposed policy is not implemented. Ms. Askew explained that in the initial stages of an endowment, a market loss could impair its long-term viability. Using the example of a $25,000 endowment experiencing a loss, she highlighted the risk of being underwater and the consequent challenges in achieving the donor's intended purpose. Governor Barnhill advised the committee members that, from his perspective, implementing the policy is not only a prudent fiduciary measure but also the best course of action out of respect for the donors. Ms. Askew confirmed the accuracy of this assessment.

> **ACTION:** Upon motion made by Governor Stancato and supported by Professor Beale, the Budget and Finance Committee recommended that the Board of Governors approve the revisions to the Wayne State University Code Annotated statute 2.73.05, the Common Trust Fund (CTF), as presented in the attached document, Exhibit I. The effective date for these changes is October 1, 2024. The recommendation prohibits distributions from endowments when the market value is less than the gift value unless an exception is granted by the University's CFO and updates the language to provide both endowment and budgeting stability. The motion carried.

FINANCIAL UPDATES

Vice President Massaron advised that today's presentation will provide an update on finances since the adoption of the budget in the summer. He noted that an enrollment update, a key interest, will be covered in more detail by Provost Kornbluh and VP Ezzeddine in the Board's next committee meeting.

Ms. Mandija, the budget director, discussed changes in revenue for fiscal years 2023 and 2024, focusing on enrollment as a key driver. She presented a historical trend in enrollment changes since fall 2020, noting declines in almost all student groups except graduate enrollment, where enrollment declines began prior to the pandemic. For fall 2023, overall enrollment remained flat, but the distribution varied among groups. First-time, full-time freshmen (FTIACs) saw an impressive 16% increase, while international and transfer students also increased. However, continuing undergraduates and graduate enrollment declined between 2% and 4.5%. Ms. Mandija explained that the positive impact of a large FTIAC class is offset by the graduate enrollment decline, emphasizing the importance of considering the overall student population and its impact. While the increased FTIAC numbers are positive for the long term, they may not immediately address current financial challenges, due to the offsetting graduate declines. Among the challenges she identified are increased competition affecting student recruitment and retention, along with long-term student population trends that need attention and addressing.

In fiscal year 2023, the university began with a $6 million shortfall, indicating that revenues were $6 million less than planned expenditures. Tuition and fee revenue were estimated to have a $10 million shortfall, due to a decline in enrollment for fall, winter, spring, and summer. To offset these shortfalls, adjustments were made. State appropriations exceeded the budgeted amount by $5 million, and a 2.5% increase in F&A cost recovery is anticipated due to increased research activity. Structural deficits in various fund types were managed collaboratively with different units, successfully addressing all general fund base budget deficits except for the School of Medicine, which has a large deficit that will need to be addressed over time.. For the long term, the School of Medicine has improved its FY2024 budget to more accurately reflect expenditures and inflow. Review of departmental budgets is ongoing, along with reconciliation of faculty position budgets.

The university addressed deficit balances in designated auxiliaries and endowments, and efforts are underway to clean as many deficits as possible during the year-end process; some are too large for units to absorb within a fiscal year. Plans for deficit resolution are being developed in collaboration with the respective units. Year-end balances for fiscal year 2023 will be used to cover any shortfalls as they are estimated and finalized in the coming months.

FY 2024 started on a positive note with a structurally balanced budget, where ongoing expenditures match estimated revenues, a significant achievement not seen in recent years. State appropriations are expected to be $2.4 million higher than budgeted, and relatively flat fall enrollment will contribute an additional $1.5 million in revenue. However, caution is advised for spring and summer enrollment, due to the implementation of the flat tuition model, with an anticipated decline in revenue as students frontload their course load in the fall and winter semesters. The presentation acknowledged the collaborative effort undertaken with academic units in achieving the structural balance, emphasizing it as a significant accomplishment.

Ms. Mandija advised that going forward, the university will still face significant pressures. Deferred maintenance and construction costs will continue to rise, impacted by 2 years of double digit inflation, with about a 25% increase in project costs. The university will have to adjust project scope or find revenue to make up those differences. In addition, there's a significant need for more investment in the campus itself. The university's utilities, insurance, and technology costs are all increasing significantly. Insurance premiums have increased because of the losses the university incurred in floods experienced a few years ago. Compensation is also a pressure; recent contract negotiations have closed at on average a 3% increase. With revenues up 1 to 2% per year, compensation is going to grow faster than corresponding revenue, and compensation is a large share of institutional costs. Ms. Mandija touched on one final area, which are the university's housing facilities, and the work that the university will continue to undertake with its housing public/private partnership to address those issues.

Governor Kelly expressed appreciation for the detailed information provided. She inquired about the current financial status after considering year-end balances and the use of one-time funding to cover the net operating budget shortfall.

Ms. Mandija advised that currently, there is approximately $10 million in the carry-forward reserve, consisting of balances accumulated before fiscal year 2023. As the fiscal year is two days away from its end, additional savings are anticipated, particularly from vacant positions. However, the exact amount of these expenditure balances will be determined and finalized after the year-end reconciliation process. VP Massaron added that the university has additional reserves in the Rainy Day Fund totaling about $16 million, which remains untapped. Board approval is required to access those reserves. He emphasized that the institution has substantial reserves available, including the option to defer other capital projects for which funds have been allocated, providing a cushion for unforeseen financial challenges. Governor Gaffney noted that the general fund base budget deficits have been resolved and there is a balanced budget for the first time since COVID and congratulated VP Massaron and his team on their efforts.

Governor Gaffney then asked about the status of the School of Medicine deficit and the amount of the annual subsidy from the general fund that subsidizes housing. Ms. Mandija advised that the housing subsidy is about $6 million annually, which covers both the current year's shortfall, and addresses the previous year's as well. In terms of the School of Medicine, the deficit is estimated to be about the same as last year. VP Massaron added that the deficit is not in the general fund but in a designated fund related to the pediatric practice, which needs addressing as it continues to grow.

Governor Barnhill acknowledged the university's efforts in fiscal management and enrollment, particularly noting the positive trend in first-time, full-time freshman (FTIAC) numbers. However, he expressed concern about declines in continuing undergraduates and the graduate school, suggesting they may reflect economic challenges. Governor Barnhill asked whether there is a playbook for adjusting financial management and enrollment strategies based on economic indicators to anticipate shifts in enrollment trends and revenue.

Provost Kornbluh addressed the concerns about the decline in continuing undergraduates, explaining that it is not a challenge but rather a consequence of a smaller cohort and improved graduation rates. He highlighted the positive growth in first-time, full-time freshmen (FTIAC) and noted that the excitement stems from the potential to reset cohort levels over the years. The Provost acknowledged challenges at the master's and certificate levels, which will be discussed in more detail at a future meeting. He added that Deans are actively working on revising master's programs to make them more suitable for online formats, recognizing the need for better adaptation to the marketplace. Despite positive news for undergraduates, Kornbluh cautioned that challenges persist due to the ongoing issue of the costs growing faster than revenue.

VP Massaron explained that universities, like other industries, lack the flexibility to quickly reduce expenditures. He, along with the Provost and President, maintain a high degree of scrutiny on every position, aiming to right-size and provide flexibility in future hiring. Each position is reviewed. They assess future trends, and work with deans and unit leaders to maximize available funds. In terms of a short-term plan, the university has significant reserves that can be drawn upon, and if necessary, they would gradually reduce expenses. Looking ahead, VP Massaron anticipates flat budgets, which units may perceive as cuts, due to increasing salaries.

President Espy emphasized the national context, stating that challenges in the master's degree market are occurring nationwide and are somewhat countercyclical to the economy. The university aims to be competitive and responsive to market needs, particularly with the assistance of a new AVP for Enrollment. Provost Kornbluh mentioned a forthcoming presentation on Housing and expressed optimism about a path to stability and reducing the $5 or $6 million subsidy from the budget within the next two years.

Governor Barnhill raised the concept of substitute goods in the context of course offerings, questioning if, during economic downturns, people might prefer certificate programs for quick upskilling. Provost Kornbluh confirmed that the university has the flexibility to plan for such scenarios. Deans have proposed entrepreneurial ideas indicating a proactive approach to adapt to changing needs. President Espy added that this process takes time.

Governor Barnhill sought clarification on how improved graduation rates create budgetary pressure. Provost Kornbluh explained that students taking longer to graduate generate more tuition revenue. However, with a shift to a 4-year curriculum and reduced credit requirements, the actual number of credits students take has decreased over the last decade. President Espy added that quicker graduation rates free up capacity for a larger freshman class, emphasizing the positive impact on enrollment challenges at the undergraduate level.

Governor Kelly questioned the worry about diminished revenue with a higher graduation rate, suggesting that it might mean students are taking many classes that don't count toward graduation. Provost Kornbluh responded that reforms, including a movement toward a 4-year curriculum and a revised General Education curriculum, have reduced the number of credits most students need to graduate, aligning with best practices for accessibility and affordability.

Professor Beale expressed concern about the expectation of flat budgets for units despite increasing costs and compensation. She highlighted the potential impact on investments in the future, such as research support, grant writing, faculty travel, and engagement in disciplines. VP Massaron acknowledged the risk and emphasized the need to ensure dollars are available to invest in faculty and new programs. He emphasized the ongoing focus on this issue and thanked Professor Beale for raising awareness.

MATTHAEI PHYSICAL EDUCATION CENTER REPAIR & UPGRADE
AVP Davenport reported that the Matthaei project addresses critical issues such as aged electrical gear, lack of air conditioning, and humidification problems. The $6.5 million project aims to introduce air conditioning, upgrade electrical equipment, implement building automation, improve pool lighting, and address stadium lighting, eliminating the need for an existing generator. The proposal requests $6 million for project management and upgrades. Professor Beale raised concerns about the allocation of bond funding originally intended for the medical building and whether there is a shift towards using more of it for immediate projects. VP Massaron noted that the funds are from the 2015 Bond Series and are part of an effort to improve financial management by utilizing existing investment funds. He emphasized that this project does not affect the bond transaction related to the School of Medicine building, which is yet to be finalized.

ACTION: Upon motion made by Governor Kumar and supported by Governor Stancato, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or her designee, to approve spending to design, solicit bids, and award contracts for the repair and upgrade of the Matthaei Physical Education Center located on 5101 John C. Lodge Service Drive with a project cost not to exceed $6,450,000. Funding for this project will be provided by Bond Funds. The motion carried.

APPLEBAUM - MAGNETIC RESONANCE RESEARCH CARE RELOCATION

Mr. Davenport advised that the project at Applebaum building involves installing an MRI machine to replace a 14-year-old machine. The initiative is driven by a grant from the NIH. Additionally, relocating the existing operation from DMC to Applebaum is expected to result in saving just under $2 million over a 20-year period. The unique installation process was discussed, which involves digging a hole next to the building, cutting a hole in the building, sliding the machine in, repairing the wall, and restoring the area.

VP Stemmler advised that the MRI project at Applebaum is considered a great initiative with several benefits. It optimizes the University's resources by utilizing a building originally designed for an MRI facility but never utilized. This leads to cost savings. It aligns with Dean Cummings' vision for the building, enhancing its role as a clinical outreach facility, contributing to community impact, and supporting student training services. And, the project creates additional research opportunities, particularly for animal research, as the new facility eliminates the need to transport animals across campus. The project is well-received by the MRI community, and it is anticipated to have positive impacts on various aspects of university operations.

VP Massaron added that the project is highlighted as a win-win initiative on multiple fronts. In addition to the cost savings and alignment with Dean Cummings' vision, the project emphasizes the strengthened relationship with DMC, and under President Espy's leadership, is expected to lead to positive discussions about the future availability of the existing MRI machine. This collaboration not only addresses the backlog in clinical operations at DMC but also fulfills the MRI needs for Wayne Health and the broader community. The project is seen as a mutually beneficial arrangement with potential positive impacts on faculty usage and public access to additional MRI machines.

Governor Kelly asked about this and other capital outlays that depend on bond funds and whether this is all within university funding capacity. VP Massaron reassured the board that the capital outlays for various projects, including the Applebaum MRI, rely on existing bond funds from the 2018 bond issues. These funds, accumulated from investment earnings and balances from projects coming in underprice, are currently available within the institution. The utilization of these funds does not depend on future borrowing. VP Massaron acknowledged the importance of prioritizing these existing dollars before resorting to other financial sources. Governor Kelly asked if the Board could be given a report on the status of the bond funds and their usage. VP Massaron agreed, and advised that the total amount in these bond funds is estimated to be less than $15 million across all Bond issues, and a detailed report on the exact figure will be provided. The focus has been on effective planning and reprogramming to ensure the optimal use of these funds.

Governor Stancato asked for additional detail about the MRI, and community access, and whether there is any implication that more dollars will be brought into the University with this initiative. VP Massaron advised that there are ongoing discussions with DMC about the existing MRI machine. The plan is to avoid the cost of removing and selling the current MRI, which could amount to around $300,000. Instead, the University is exploring an arrangement where DMC keeps the machine, pays for its maintenance, and provides Wayne State researchers' ongoing access. This arrangement would be beneficial for both parties, as DMC has a need for the machine and a backlog for their existing one, while Wayne State avoids the costs associated with removing and selling the machine. The discussions are still in progress, but progress has been made in the past two weeks since talks first began. The potential deal could also provide Wayne State with two years of free rent or a comparable arrangement. Governor Gaffney briefly touched on the importance of waterproofing for machines located in basements. VP Massaron mentioned that all MRIs are typically placed in basements. Governor Kumar noted that usually with universities, Stark and kickback laws are not applicable. VP Massaron agreed and explained that experts are hired when issues involve complex regulatory situations.

ACTION: Upon motion made by Professor Beale and supported by Governor Kelly, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or her designee, to approve spending to design, solicit bids, and award contracts for the Applebaum building Magnetic Resonance Research Core Relocation with a project cost not to exceed $2.0M. Funding for this project will be provided by the Office of the Provost and Bond Funds. The motion carried.

COHN BUILDING - NURSING CLASSROOM REDESIGN AND RENOVATION

Mr. Davenport reported that the goal of the Cohn Building Nursing classroom design and renovation project is to consolidate smaller classrooms into one large, technologically advanced space. This will support modern learning techniques and address the growth within the College of Nursing. The project involves breaking down walls to create a spacious and accommodating environment for larger class settings. Dean Clabo advised that since 2015, undergraduate enrollment in the College of Nursing has grown by 74%, creating a positive challenge. Current classrooms cannot accommodate the large class sizes for initial Nursing didactic courses. While other general-purpose classrooms across campus could be considered, contemporary nursing education demands sophisticated equipment that is challenging to transport. The project will address this by consolidating smaller classrooms into one advanced space, facilitating efficient movement of students between classes and high-fidelity simulation labs. This approach ensures the accommodation of the growing number of students while meeting the requirements of modern nursing education. VP Massaron added that the source of funds includes the previously discussed bond proceeds. Additionally, the Dean of the College of Nursing has contributed to the project from funds saved through long-term planning. This project is designed to facilitate enrollment growth, and the Dean's proactive contribution reflects a commitment to expanding the College's capacity.

ACTION: Upon motion made by Governor Kumar and supported by Governor Stancato, the Budget & Finance Committee recommended that the Board of

Governors authorize the President, or her designee, to approve spending to design, solicit bids, and award contracts for the Cohn Building - Nursing Classroom Redesign and Renovation with a project cost not to exceed $2,000,000. Funding for this project will be provided by the College of Nursing and Bond Funds. The motion carried.

UNDERGRADUATE LIBRARY (UGL) - WARRIOR 360 ACADEMIC ENGAGEMENT HUB

Mr. Davenport advised that the goal of the next project is to create shared office space to integrate three departments: the Academic Success Center, the Student Disability Center, and the University Advising Center. This initiative aligns with the campus plan's goal of optimizing space utilization.

VP Ezzeddine explained that the Warrior 360 Academic Engagement Hub in the Undergraduate Library aims to enhance student success by creating an engaging environment for students. He emphasized the need to create a more inviting atmosphere in the Student Center. This initiative aligns with the Warrior 360 program's goal of fostering community and consolidating various student engagement activities, including the Honors College and Transfer Student Success Center, within the undergraduate library. The objective is to establish a central hub for academic and engagement activities in the heart of the campus. Governor Gaffney expressed much enthusiasm for this project. Governor Barnhill agreed, noting that such projects have a direct impact on student quality of life.

ACTION: Upon motion made by Governor Gaffney and supported by Governor Kumar, the Budget and Finance Committee recommended that the Board of Governors authorize the President, or her designee, to approve spending to design, solicit bids, and award contracts for the UGL-Warrior-360 Academic Engagement Hub with a project cost not to exceed $1.15M. Funding for this project will be provided by Bond Funds and the Academic Student Affairs & Global Engagement division. The motion carried.

INFORMATIONAL REPORT: MAJOR CAPITAL PROJECTS SUMMARY

Governor Kelly asked about the status of State Hall's first floor space, which will not be available for occupancy until next year. Mr. Davenport advised that the delay, particularly on the first floor, is attributed to challenges with the AV infrastructure. VP Massaron explained that C&IT (Computing and Information Technology) faced extended lead times for procuring projectors, sound equipment, and cameras due to increased demand for hybrid meeting and classroom setups post-pandemic. The industry experienced a rapid shift in technology usage, and the subsequent surge in demand caused delays in the supply chain, exacerbated by issues like chip shortages. Despite these challenges, the rest of the project is expected to be completed by November.

Mr. Davenport advised that the global chip shortage added to the delay. Provost Kornbluh advised that the equipment for these lecture halls is sophisticated and includes features such as side TVs in addition to front screens, making them more complex to set up. The rooms on the first floor, housing the larger lecture halls, were initially planned to be operational later than other areas due to the need for additional lead time. Despite the delay, efforts are being made to complete the project by November. He noted that the ground floor, the entry level floor, will be occupied. The large classrooms will not have classes in them for the fall semester, however, the large lecture halls hold an enormous amount of space for the students to gather informally, to study and to hang out. There is a great variety of furniture and electrical outlets to accommodate student needs. These gathering areas will be available on every floor.

REVISIONS TO UNIVERSITY BOARD OF GOVERNORS CONTRACTS AWARDS STATUTE, SECTION 2.81.01

Mr. Doherty advised that the goal of the proposed language changes to modify Board statute 2.81.01 on contract awards, reflect inflation, enhancing supply chain efficiency, and reducing wait times for faculty. Specific changes include consolidating construction sections, making interpretations consistent for new construction and renovation, moving the furnishing and equipment section to routine contracts, and adjusting the University's bid limit from $25,000 to $50,000. The overall objective is to streamline processes and improve clarity in policy interpretation. VP Massaron added that the proposed changes address the challenges faced by research faculty, particularly in acquiring specialized equipment. The goal is to streamline contract reviews, align with economic considerations, and right-size the workload for the existing staff, promoting efficiency in the procurement process. He noted that there was no increase in staff to make up for the increase in contract numbers.

Governor Gaffney asked if it would it possible to receive a compilation of these changes over the next year and give the Board an update at some point. Mr. Doherty will provide that report. Governor Kelly agreed with the idea of an update noting that the reason the Board originally established these limits was to try to keep control of expenditures. She raised concern regarding the magnitude of the increases and the potential impact on Board financial control, given the initial purpose of the limits to prevent expenditure-related issues.

Mr. Doherty advised that the proposal involves streamlining the process for bringing expenditures before the Board, specifically for new equipment exceeding $1 million and aligning FA&E (furniture and fixed equipment) with new construction proposals. The $500,000 limit for building renovation or improvements has been a longstanding number, and the rationale behind it is to encompass most projects, considering the costs for any new building would likely exceed $500,000. The $1 million threshold is consistent with the idea of significant projects requiring Board approval.

VP Massaron advised that the proposed changes will help to simplify the process, allowing internal renovations or construction up to $500,000 without Board approval. The interpretation is that smaller construction projects, typically less than $500,000, may not have significant impact or require extensive Board involvement. The goal is to streamline procedures and focus Board attention on more substantial matters, preserving time and resources for structurally important institutional concerns. Governor Barnhill emphasized the need to balance the scrutiny and responsibilities associated with being an elected Board member while considering the level of engagement required. He noted that the discussion revolves around finding an optimal balance that allows the Board to focus on higher-level governance tasks and allocate time efficiently for both the Board and University staff. Governor Kumar agreed, noting that the Board should trust responsible individuals to handle streamlined financial matters and not be overly involved in every small management issue.

Governor Barnhill then asked for a motion. Governor Kelly made the motion with the addition that there be a report in a year of what expenditures have been made, that would not have been made otherwise, had this change not been voted on. Governor Barnhill asked if she would be open to a quarterly report. Mr. Doherty suggested an annual report. Governor Stancato agreed. Governor Barnhill accepted the amendment to the motion for an annual report and asked for support for the new motion.

> **ACTION:** Upon motion made by Governor Kelly and supported by Governor Kumar, the Budget and Finance Committee recommended the approval of the revisions to the Wayne State University Code Annotated statute 2.81.01, Contract Awards, as presented in the attached document Exhibit 1, with the effective date for these changes of October 1, 2023. The recommendation would increase contract approval and competitive bidding thresholds to address inflationary increases since they were approved. A report will be provided to the Board on the impact of these changes in Fall 2024. The motion carried.

PURCHASING EXPCEPTIONS

Governor Kelly asked whether a group of these exceptions deal with not the purchase of items but payment for consulting services and other kinds of services. Mr. Doherty confirmed and advised that the statute refers to contract awards and those being reported to the Board. Whether for services or for goods, as long as a purchase order is issued above the threshold, it will appear on the report.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:11 am.

Respectfully submitted,

Julie H. Miller
Secretary to the Board of Governors