



Budget and Finance Committee

June 26, 2024

Minutes

The meeting was called to order at 10:34 a.m. by Governor Barnhill. The meeting was held in virtual format and livestreamed at wayne.edu. Secretary Miller called the roll. A quorum was present.

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

Also Present: Governors Atkinson, Busuito, and Land; President Espy; Provost Clabo, Vice Presidents Ezzeddine, Obasi, Potala, Ripple, Schweitzer, and Staebler, Chief of Staff Smiley; Interim Vice President Gielczyk, Associate Vice President Hafner, Associate Provost Padgett, and Secretary Miller

APPROVAL OF MINUTES, APRIL 26, 2024

ACTION: Upon motion made by Governor Kelly and supported by Governor Stancato, the minutes of the April 26, 2024 meeting of the Budget and Finance Committee were approved as submitted. The motion carried.

CONTINGENCY RESERVE

There were no recommended actions on the contingency reserve. The balance in this fund remains zero.

FY 2024-2025 TUITION AND FEE RATE RECOMMENDATION FISCAL YEAR 2025 GENERAL FUND AND AUXILIARY BUDGET

Interim SVP Bethany Gielczyk presented a series of slides and charts providing background about the university's revenue and expenditure drivers for the discussion of the administration's recommendations for tuition and fees, and the general and auxiliary fund budgets. The biggest driver for revenue continues to be enrollment trends, and fall 2024 enrollment is expected to remain relatively flat. With the implementation of block tuition in FY 23, WSU's tuition rates have fallen below the Michigan public university average. ISVP Gielczyk provided an overview of the institutional commitment to access and affordability, and how institutional support programs combined with state scholarship and federal grants have resulted in more than 2/3 of the university's student population attending tuition-free.

In considering all factors, including cost increases impacting the FY 2025 budget, the administration is recommending a 4.5% increase in tuition rates for all undergraduate and graduate students, other than MD Program students, whose rates were determined earlier this year. The administration affirmed their belief that even with the adoption of the 4.5%

increase, WSU is expected to stay below the statewide average among other Michigan public universities.

The committee briefly discussed impacts on sophomore to junior retention and whether upper division tuition rates impact retention at that level; committee members were advised that typically, the biggest reduction in class size occurs between freshmen and sophomore year, making that a key metric for universities across the nation. There are many life factors that impact retention, other than financial, and often students stop out and return.

Turning to the budget, nearly two thirds of the general fund budget is earmarked for compensation, which is up 4% in the proposed budget. Those figures include salaries and benefits, retirement contributions and health insurance costs. Other budget allocations include institutional scholarships, and expenditures for facilities, focused on addressing a long history of deferred maintenance and capital renewal.

In addition to tuition revenue, other revenue highlights include a 2.5% increase in state appropriations and an increase of about \$2 million in indirect cost revenues. Changes in expenditures include salary and benefit increases as noted above, contractual obligations, support to facilities for campuswide maintenance, and allocations to support schools, colleges and divisions. The balanced budget presented includes \$3.6 million in strategic budget reallocations, and improves utilization of endowment balances and elimination of vacant positions. These budget reallocations were developed in conjunction with the Budget Planning Council, which includes representation from across the campus community, and were reviewed with schools, colleges and divisions.

Provost Clabo responded to a question about ongoing support for faculty when balanced against budget reallocations and affirmed that there is no plan to reduce tenured faculty positions unless those have been proposed by the school or college itself. Budget Director Mandija reviewed several slides that outlined specific changes in school, college and division budgets and the rationale for those changes, as well as changes to the university's central accounts. The budget also includes flexibility to address additional contractual obligations that may arise from ongoing negotiations with the faculty union.

Next, a summary of the auxiliary budgets was reviewed. Ms. Mandija expanded on work underway to reduce subsidies where possible in Housing operations, University Press and in conference services. Other than those three units, all other auxiliary units are expected to operate within their fund balances.

The committee then took the following actions:

FY 2025 Tuition and Fees Recommendation

ACTION: Upon motion made by Professor Beale and supported by Governor Stancato, the Budget and Finance Committee recommended that the Board of Governors approve the FY 2025 tuition rates and mandatory fees as presented in Table 2 below. In summary, the tuition and fees for Wayne State University are increased by 4.5% for all undergraduates, graduate and professional students,

except for the School of Medicine MD students, whose rates were approved by the Board of Governors at its April 2024 meeting. A brief summary of the per semester tuition rate changes for a full-time resident student in general programs is shown below in Table 1. FY 2025 rates reflect the proposed 4.5% increase.

TABLE 1

WAYNE STATE UNIVERSITY FY 2025 TUITION RATE RECOMMENDATIONS				
Category & Level	Resident - Flat Rate (15 SCH)			
	FY 2024	FY 2025	Diff.	\$
Undergraduate-Lower Division	\$ 6,246.49	\$ 6,527.58	\$ 281.09	
Undergraduate-Upper Division	\$ 7,413.08	\$ 7,746.67	\$ 333.59	
Graduate (<i>General Programs per SCH</i>)	\$ 762.53	\$ 796.84	\$ 34.31	

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% for all undergraduate students and 4.5% 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% for all undergraduates, graduate and professional students.

It is recommended that the Board of Governors authorize the President or her designee to adjust rates for special programs or where otherwise appropriate. It is also recommended that the Board of Governors authorize the President or her designee to modify the rates accordingly if the final State of Michigan Tuition restraint is lower than 4.5%.

Table 2 details the specific changes for all Wayne State University tuition rates and mandatory fees for FY 2025. The School of Medicine’s MD program fees are listed for informational purposes only. Special rates may apply to specific programs as approved by the cohort pricing policy.

TABLE 2

Wayne State University FY 2025 Tuition and Fees						
Category and Level	Resident			Non-Resident		
	FY 2024	FY 2025	\$ Change	FY 2024	FY 2025	\$ Change
UNDERGRADUATE						
Lower Division						
<i>Education - General, Liberal Arts - General, Pharmacy, Social Work</i>						
Rate per credit hour	519.46	542.84	23.38	1,189.80	1,243.34	53.54
Flat Rate	6,246.49	6,527.58	281.09	14,307.28	14,951.11	643.83
<i>Business, Education - Kinesiology, Fine Arts, Liberal Arts - Public Health, Nursing</i>						
Rate per credit hour	555.30	580.29	24.99	1,225.64	1,280.79	55.15
Flat Rate	6,677.43	6,977.91	300.48	14,738.21	15,401.43	663.22
<i>Engineering</i>						
Rate per credit hour	555.30	580.29	24.99	1,225.64	1,280.79	55.15
Flat Rate	6,607.43	6,904.76	297.33	14,668.21	15,328.28	660.07
<i>Liberal Arts - Sciences</i>						
Rate per credit hour	528.50	552.28	23.78	1,198.84	1,252.79	53.95
Flat Rate	6,355.17	6,641.15	285.98	14,415.96	15,064.68	648.72
Upper Division						
<i>Education - General, Liberal Arts - General, Pharmacy, Social Work</i>						
Rate per credit hour	616.48	644.22	27.74	1,417.61	1,481.40	63.79
Flat Rate	7,413.08	7,746.67	333.59	17,046.62	17,813.72	767.10
<i>Business, Education - Kinesiology, Fine Arts, Liberal Arts - Public Health</i>						
Rate per credit hour	672.08	702.32	30.24	1,473.21	1,539.50	66.29
Flat Rate	8,081.65	8,445.32	363.67	17,715.18	18,512.36	797.18
<i>Engineering</i>						
Rate per credit hour	672.08	702.32	30.24	1,473.21	1,539.50	66.29
Flat Rate	8,011.65	8,372.17	360.52	17,645.18	18,439.21	794.03
<i>Liberal Arts - Sciences</i>						
Rate per credit hour	625.60	653.75	28.15	1,426.73	1,490.93	64.20
Flat Rate	7,522.77	7,861.29	338.52	17,156.30	17,928.33	772.03
<i>Nursing</i>						
Rate per credit hour	808.30	844.67	36.37	1,609.43	1,681.85	72.42
Flat Rate	9,719.75	10,157.14	437.39	19,353.28	20,224.18	870.90
<i>All Undergraduates</i>						
Student Support Fee (per credit hour)	42.50	44.41	1.91	42.50	44.41	1.91
Registration Fee (per semester)	264.26	276.15	11.89	264.26	276.15	11.89

TABLE 2 continued

Wayne State University FY 2025 Tuition and Fees						
Category and Level	Resident			Non-Resident		
	FY 2024	FY 2025	\$ Change	FY 2024	FY 2025	\$ Change
GRADUATE						
<u>Masters and Doctoral - all per credit hour</u>						
Business, Engineering, Inform. Sci.	885.02	924.85	39.83	1,774.13	1,853.97	79.84
Education - General	762.53	796.84	34.31	1,651.64	1,725.96	74.32
Education - Kinesiology	866.92	905.93	39.01	1,756.03	1,835.05	79.02
Engineering - GET Program	1,770.02	1,849.70	79.68	2,659.13	2,778.82	119.69
Fine, Performing Arts	800.66	836.69	36.03	1,689.77	1,765.81	76.04
Law	1,186.20	1,239.58	53.38	1,301.31	1,359.87	58.56
Liberal Arts	762.53	796.84	34.31	1,651.64	1,725.96	74.32
Medicine	949.87	992.61	42.74	1,793.19	1,873.88	80.69
Nursing	1,040.30	1,087.11	46.81	1,929.42	2,016.24	86.82
Pharmacy	866.92	905.93	39.01	1,756.03	1,835.05	79.02
Social Work	762.53	796.84	34.31	1,651.64	1,725.96	74.32
<i>All Graduates</i>						
Student Support Fee (per credit hour)	61.31	64.07	2.76	61.31	64.07	2.76
Registration Fee (per semester)	354.77	370.73	15.96	354.77	370.73	15.96
PROFESSIONAL						
Law - JD - all years	1,186.20	1,239.58	53.38	1,301.31	1,359.87	58.56
Medicine - MD - all years - annual						
Rate per SCH	759.00	801.00	42.00	1,319.00	1,339.00	20.00
Flat Rate	37,895.00	39,975.00	2,080.00	66,008.00	66,998.00	990.00
Pharmacy - Pharm.D - all years	866.92	905.93	39.01	1,126.99	1,177.70	50.71
Student Support Fees - Law, Pharmacy						
Registration Fee - Law, Pharmacy	61.31	64.07	2.76	61.31	64.07	2.76
Registration Fee - Law, Pharmacy	354.77	370.73	15.96	354.77	370.73	15.96
SSF - Medicine - Flat Rate - annual						
Medical School Support Fee - annual	1,540.00	1,624.00	84.00	1,540.00	1,624.00	84.00
Medical School Support Fee - annual	1,024.00	1,080.00	56.00	1,024.00	1,080.00	56.00

Prior to the committee action, Hayden Johnson, Budget & Finance Committee Student Representative, and President of the WSU Student Senate, made the following statement for the record:

Hayden Johnson: My role on this committee is to represent the student body as it relates to the budgetary matters this committee approves in whatever ways it directly impacts students. First, I want to thank Bethany and her team. I know they all put a lot of time and effort into this and I would not want to be the one to have to do it. I commend her team for doing a very good job at it. Many of us, including myself, do understand in times of increasing overhead costs, that there does need to be an increase of funds coming in.

The data reflects how that increase in tuition will increase the revenue. Even though the increase make sense on paper, I would not be doing my due diligence as a representative of my peers if I did not express my concerns for increasing tuition and putting the University's hardship on the back of the students.

At this time of record high interest rates and increased costs of living, coupled with global crises, record high anxiety and depression rates, just to name a few that I'm sure many of us are well aware of, we continue to see an increase in tuition. This increase will place a financial burden on our students and I hope that because the state allows us to have an increase, that we attempt to find other methods of reallocation to reduce the burden to students.

The vote was then called, and the motion was approved, with a vote of 6-1.

Next, the committee took the following action on the FY 2025 Proposed General and Auxiliary Fund Budgets:

FY 2025 Proposed General and Auxiliary Fund Budgets:

ACTION: Upon motion made by Governor Stancato and supported by Governor Kumar, the Budget and Finance Committee recommended that the Board of Governors approve the proposed FY 2025 General Fund Budget, its projected revenues and expenditures and the budgets for individual university units and specially funded programs as submitted. Included in this action is a recommendation that the Board of Governors approve the proposed FY 2025 budgets for the auxiliary activity units as summarized. The tables below provide the summary of the General Fund Budget and the Auxiliary Activities Budgets. The motion carried.

**General Fund Budget
SUMMARY REVENUES AND EXPENDITURES**

**Fiscal Year 2025
(In Dollars)**

	FY 2024 Budget	FY 2025 Budget	Variance Dollars
Revenues			
State Appropriations	221,957,877	229,711,577	7,753,700
Net Tuition and Fee Revenues	420,816,032	439,365,326	18,549,294
Indirect Cost Recovery	37,500,000	39,500,000	2,000,000
Investment Income	5,100,000	5,100,000	0
Gift and Endowment Revenue	3,800,000	3,800,000	0
Rentals and Leases Revenue	1,145,892	1,145,892	0
Other Revenues	7,603,104	7,603,104	0
Total Revenue	697,922,905	726,225,899	28,302,994
Expenditures			
Schools and Colleges	228,300,924	234,384,342	6,083,419
Divisions	172,813,158	184,277,379	11,464,221
Student Financial Aid	97,572,919	97,593,746	20,827
Central Accounts	191,875,137	202,609,665	10,734,528
Other Expenses	7,360,767	7,360,767	0
Total Expenditures	697,922,905	726,225,899	28,302,994
Net Budget Surplus (Shortfall)	0	0	0

Category	FY 2024 Approved Budget	FY 2024 Projected Actual	FY 2025 Proposed Budget
REVENUES			
Beginning Net Assets	\$2,745	\$3,362	\$2,614
Operating Revenue			
Student Tuition and Fees	\$8,635	\$9,657	\$9,657
Auxiliary Revenues	\$22,537	\$23,412	\$25,314
Total Operating Revenue	\$31,171	\$33,069	\$34,970
Non-Operating Revenues			
Gifts	\$3,012	\$2,843	\$3,339
Other	\$0	\$0	\$0
Total Non-Operating Revenues	\$3,012	\$2,843	\$3,339
TOTAL REVENUES	\$34,184	\$35,912	\$38,309
EXPENDITURES AND TRANSFERS			
Auxiliary Enterprises			
Compensation	\$13,533	\$13,201	\$14,955
Operating Expenses	\$17,420	\$18,400	\$19,994
Expenditures	\$30,953	\$31,601	\$34,949
Transfers Out/(In)			
Debt Service	\$7,701	\$7,701	\$7,361
Plant & Other	\$1,629	\$2,750	\$2,231
General Fund Support	(\$5,433)	(\$5,391)	(\$5,704)
Subtotal Transfers	\$3,896	\$5,060	\$3,887
TOTAL EXPENDITURES AND TRANSFERS	\$34,849	\$36,661	\$38,837
Operating Surplus / (Deficit)	(\$665)	(\$749)	(\$528)
Ending Net Assets	\$2,080	\$2,614	\$2,086

REUTHER LIBRARY HVAC CAPITAL PROJECT

The HVAC system in the Reuther archives has had performance problems for several years, and maintaining temperature and humidity levels in the archives is critical for the protection of the collection. The Library houses a wide array of collections from across the country and around the world, and is internationally renowned. AVP Davenport reviewed the plan to address and restore the HVAC system, restoring collection protection.

ACTION: Upon motion made by Professor Beale and supported by Governor Gaffney, 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 Reuther Library HVAC improvements located at 5401 Cass Avenue, with a project cost not to exceed \$2,145,000. Funding for this project will be provided by the Reserve for Special Non-Recurring Projects. The motion carried.

ART BUILDING HVAC CAPITAL PROJECT

The Art Building is part of a complex of 4 buildings whose heating, ventilation and air conditioning systems have significant performance and compliance issues, and were compromised further by major flooding in 2021, which caused irreparable damage. Funding to address these issues had been previously approved by the Board in two separate actions. The additional funding sought in this recommendation will address unforeseen health and safety conditions discovered during construction, including

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abatement and containment of asbestos materials, and upgrades to exhaust systems deemed to be non-compliant.

ACTION: Upon motion by Governor Kelly and supported by Governor Gaffney, the Budget & Finance Committee recommended that the Board of Governors authorize the President, or her designee, to approve additional funding of \$3,700,000 for HVAC improvements related to the Art Building. Funding for this project will be provided from the Reserve for Special Non-Recurring Projects and insurance reimbursement. The motion carried.

CAMPUSWIDE ELEVATOR MODERNIZATION PROJECT

This project is part of an ongoing effort for comprehensive modernization of elevators across the campus. Over the past several years, the Board has approved projects covering repairs and upgrades for 30 elevators. The request presented today covers 17 passenger and service elevators located in seven buildings, including two parking structures, throughout the campus. Modernization projects will ensure that elevator systems are code-compliant and safe for students, faculty, staff and visitors.

ACTION: Upon motion made by Professor Beale and supported by Governor Kelly, 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 modernization of seventeen passenger and service elevators located in seven buildings throughout the campus with a project cost not to exceed \$7,974,000. Funding for this project will be provided by the Reserve for Special Non-Recurring Projects. The motion carried.

PARKING ACCESS AND REVENUE CONTROL SYSTEM (PARCS) REPLACEMENT

A review of access and revenue control systems for University parking structures and lots, which are more than 13 years old, found that these systems have surpassed their life cycles. Technology in place since these systems were purchased more than a decade ago has vastly improved, in both security and reliability. University systems must include security measures for credit card transactions, and the current system does not support much of this new technology. Usage data for parking structures and surface lots is not available currently, and will be available with newer systems. This type of data will be very helpful in determining decisions on replacement, repairs and future operations. Costs for this project will be supported from parking revenues over a period of five years. The Parking Auxiliary will receive an internal loan from the university's cash pool for this project, which is less expensive for the university than borrowing funds in the current market. The administration will provide regular updates on this project as it moves forward, including how the data will be used in management of the parking system. A university-wide parking committee, which includes faculty and student representatives, has been reinstated, and provides an important mechanism for consultation with the university community.

ACTION: Upon motion made by Professor Beale 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 a new Parking Access and Revenue Control System (PARCS) located at all the parking facilities (surface lots and structures) across the campus with a project cost not to exceed \$7,000,000.

Funding for this project will be provided from a loan from the university's cash pool to be repaid with parking auxiliary revenues.

The loan rate, with a term of 5 years, will be tied to the University's cost of funds at the time of execution, which is anticipated to fall within the range of 4% to 5%. Currently rates for standalone projects of this nature range from 8.5% to 11.0%. Utilizing a loan from the cash pool yields substantial savings for Parking and Transportation Services and remains cost-neutral for the University.

Estimated annual debt service is expected to be approximately \$1.6 million, and Parking will have sufficient funds with which to make those payments because existing parking debt service payments end in FY 2025.

The motion carried.

INFORMATIONAL REPORT: MAJOR CAPITAL PROJECTS SUMMARY

There were no questions on this report.

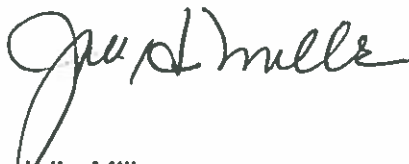
PURCHASING EXCEPTIONS

There were no questions on this report.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:44 a.m.

Respectfully submitted,



Julie Miller,
Secretary to the Board of Governors