



Budget and Finance Committee

October 23, 2024

Minutes

The meeting was called to order at 10:30 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 (virtual), Kumar, and Stancato; Linda Beale, Faculty Representative; Damecia Donahue, Faculty Alternate Representative; and Cordelia Krajewski, Student Alternate Representative

Committee Members Absent: Hayden Johnson, Student Representative

Also Present: Governors Atkinson, and Busuito, President Espy, Provost Clabo, Vice Presidents Gielczyk, Lindsey, Obasi, Poterala, Ripple, and Schweitzer, Chief of Staff Smiley, Senior Vice Provosts Baltes and Ezzeddine, Vice Provosts Cotton, Ellis, Interim Vice Provost Padgett, Acting Vice President Thompson, Associate Vice Presidents Davenport and Hafner, Assistant Vice President Phillips, Director Wallace, and Secretary Miller

APPROVAL OF MINUTES, SEPTEMBER 13, 2024

ACTION: Upon motion made by Governor Kumar and supported by Governor Stancato, the minutes of the September 13, 2024 meeting of the Budget and Finance Committee were approved as submitted. The motion carried

CONINGENCY RESERVE

ACTION: Upon motion made by Governor Stancato and supported by Governor Kumar, the Budget & Finance Committee approved the transfer of \$125,000 from the Contingency Reserve to fund the search for the vice president of enterprise planning and operational excellence. The motion carried.

PRESENTATION:

SVP Gielczyk introduced Brelanda Mandija, Budget Director, to provide a budget update to the committee. Ms. Mandija shared slides and accompanying information on budget variances for fiscal years 2024 and 2025. For fiscal year 2024, the general fund revenues exceeded expectations by 1.7% or \$12 million, mainly due to higher state appropriations and increased tuition and fees revenue. The additional revenues will cover unbudgeted expense commitments, including student service support staff, faculty and academic staff salaries, and operations of the Wayne State Athletics arena.

Ms. Mandija then discussed the fiscal year 2025 budget, which is balanced at \$726 million. The budget assumptions include a 2.5% increase in state appropriations, a 4.5% increase in tuition and fee rates, and a 5% increase in facilities and admin revenue. Fall enrollment showed a 1% increase in net tuition and fee revenue, with graduate revenue offsetting a slight decrease in undergraduate revenue. Governor Gaffney asked about the recurring nature of the \$4.3 million allocation for the Housing partnership, which SVP Gielczyk confirmed would likely continue until housing reaches 95% occupancy or the partnership is restructured. President Espy emphasized the importance of keeping pressure on the participants to find a resolution. Governor Gaffney raised a question on the status of a restaurant that has recently closed on the first floor of the new WSU apartments. SVP Gielczyk advised that Corvias, the concessionaire, manages the leases on the ground levels of buildings. Corvias had been working with the leasee on debt forgiveness, but with the lower building occupancy level, and the impact of the pandemic, the restaurant was not able to remain viable. She advised that they have made efforts to push Corvias to adjust lease costs and improve occupancy.

Finally, Professor Beale inquired about the 1.5% state appropriation increase and the 1% one-time funds, and how the budget will be adjusted. SVP Gielczyk explained that the increase in tuition and fees will generally offset the difference, and there is a lobbying effort underway to convert the one-time funds into an ongoing appropriation. President Espy encouraged everyone to advocate on behalf of the university with their state legislators.

LAW SCHOOL BUILDING PLANNING AND DESIGN

Associate VP for Facilities, Robert Davenport, and Law School Dean Richard Bierschbach provided the committee with background information about this proposal. AVP Davenport advised that the project involves replacing the existing law classroom building with a new three-story structure to accommodate the law school's growth and modernize its facilities. This project has been approved as a state capital outlay project, with a \$40 million budget, of which \$30 million has been approved by the state of Michigan, and \$10 million is to be matched by the university. Dean Bierschbach elaborated on the law school's growth, including the addition of 600 new non-JD students, and emphasized the need for the new building to support this expansion. The project is expected to cost \$45 million in total, with the additional \$5 million coming from law school philanthropy. The recommendation before the committee today is to approve \$2 million for planning and design of the building.

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 the new Law School Classroom Building located in north campus, with Due Diligence, Schematic Design and Design Development costs not to exceed \$2 million. The project will be funded from a loan from the university's cash pool to be repaid with previously authorized future fund proceeds. The complete project cost is anticipated to be \$45 million. The motion carried.

AUDIOLOGY CLINIC MOVE

This project involves relocating the audiology clinic from the basement of the Prentis Building to retail space within the Towers Residence Hall, which will provide for better accessibility, visibility, and collaboration space. Both Governor Gaffney and President Espy expressed their strong support for the move, highlighting the program's reputation and the benefits of the new location, which is located in an accessible welcoming community space. AVP Gielczyk added that the project is part of a partnership with Corvias to fill empty retail space, another benefit of this move.

ACTION: Upon motion made by Governor Gaffney 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 move the Audiology Clinic, currently located in the Prentis Building, to a retail space in Towers Residential Hall at a cost not to exceed \$1,050,000. This project will be funded from the Reserve for Non-Recurring Funds. The motion carried.

SIEMENS MAGNETOM VERIO MRI SYSTEM

SVP Gielczyk advised that by board statute, the sale of university equipment whose value exceeds \$50,000 requires Board approval. The Siemens Magnetom Verio MRI system, previously located in space the university leases from DMC, is being sold for \$222,000 to Unitech Solutions. This sale is necessary to comply with state certificate of need process regulations and to facilitate the removal and lease termination costs associated with the old MRI. The new MRI has been installed in the basement of the Applebaum building, and researchers will continue using the old MRI through the end of December. The new machine is already operational. Governor Kumar asked whether the Certificate of Need (CON) associated with the old MRI would travel with the sale, as perhaps faculty could benefit from the machine's use elsewhere on campus. It was clarified that the CON has been transferred to the new machine, and the old machine's CON is valid only until the end of the year.

ACTION: Upon motion made by Governor Kumar and supported by Governor Gaffney, the Budget & Finance Committee recommended that the Board of Governors authorize the President, or her designee, to approve the sale of the Siemens Magnetom Verio MRI System for \$222,000. This MRI has been replaced with the previously board-approved purchase of a more modern 3T Magnetom Cima X scanner. The motion carried.

MAJOR CAPITAL PROJECTS SUMMARY

AVP Davenport presented the summary of progress on major capital projects. The questions and conversation focused on the progress on the Health Sciences Building Project, and opportunities for involvement and input from the campus community. AVP Davenport advised that the project is still in the design phase, with the preliminary design completed and the schematic design and design development phases expected to be completed in June. At that time construction documents will be prepared, with an anticipated start around the same time next year. A number of faculty work groups have

been involved in the planning process, providing recommendations based on their needs, and have been integral in the conversations to date.

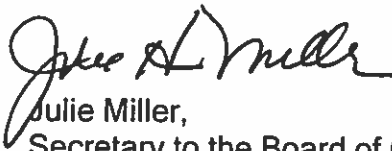
PURCHASING EXCEPTIONS

A question was raised on a funding source for the research service center project. AVP Doherty and VP Obasi will follow-up on this question with Professor Beale.

ADJOURNMENT

There being no further business, the meeting was adjourned at 11:06 a.m.

Respectfully submitted,



Julie Miller,
Secretary to the Board of Governors

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