AY 2009-10 BUDGET ADVISORY COMMITTEE (BAC)
Minutes from the April 29, 2009 meeting

ATTENDEES
Dr. Alvin Thornton – Chair
Mr. Sidney Evans – CFO
Dr. Donald Bell
Dr. Charles Betsey
Dr. Rufus Blackwell
Ms. Carole Borggren
Dr. Philip Fanara
Dr. Andre Farquharson
Ms. JoAnn Fax
Ms. Renee Grant
Dr. Barbara Hines

Mr. Thomas Lawson
Dr. Ivor Livingston
Ms. Roberta McLeod-Reeves
Dr. George Middendorf
Dr. James Mitchell
Dr. Joseph Reidy
Dr. Davis Schwartzman
Ms. Elizabeth Stroud
Dr. Dawn Williams

Committee Staff: Mr. Cecil Trotman, Mr. Terrell Allen and Mr. Eugene Cooper from the Office of Financial Analysis and Budget.

2:15p.m.
Dr. Thornton called the meeting to order. The minutes from the April 22 BAC meeting were reviewed and approved. Dr. Thornton then thanked Carole Borggren and the Office of Financial Analysis and Budget staff for the ongoing promptness, detail and accuracy of the minutes.

Dr. Thornton reviewed the proposed agenda. He then introduced Ms. Elizabeth W. Stroud, Vice President, Human Capital Management. Ms. Stroud was at the meeting to review in detail the current status of the Voluntary Separation and Incentive Retirement Program (VSIRP).

The revised version of VSIRP has been released to the Howard Community by President Ribeau. This version will be offered to eligible staff employees only; faculty are not eligible for the revised program. Only staff employees with at least ten (10) years of vested service will be eligible for VSIRP.

The primary VSIRP benefit will be severance paid of 2 weeks salary for every year of service, capped at 52 weeks worth of salary. There will be no add-on health benefits. Those who accept VSIRP will maintain existing HU retiree health benefits.

VSIRP packages will be mailed to eligible employees’ homes so that they may review and discuss with their families. Responses must be received by May 26, and there is a seven (7) day revocation period. Ms. Stroud stated that counselors are available for appointments with employees who would like to discuss VSIRP further, and so far over
100 University staff have signed up for an appointment. Dr. Thornton then opened the floor for questions for Ms. Stroud after thanking her and noting that this presentation will help with understanding the fiscal impact of VSIRP.

Dr. Ross asked about the budget impact of VSIRP. Mr. Evans noted that multiple analyses of VSIRP have been performed, using various assumptions. Specifically, if 200 eligible employees accept VSIRP, the savings are expected to be approximately $9.2 million in FY2010, $8.7 million in FY2011 and $8.5 million in FY2012. If 300 eligible employees accept, savings project to $14.2 million in FY2010, $13.7 million in FY2011 and $13.0 million in FY2012.

Mr. Evans noted that these calculations include some backfill of necessary positions with employees and contractors. He also stated that severance pay expenses will be charged in FY2009, meaning that the full net savings of VSIRP will be realized in FY2010 and the out-years.

Ms. Fax asked if there was a “goal” number of employees to accept VSIRP. Ms. Stroud stated that approximately 200 employees was the objective. Dr. Livingston noted that a survey could have been performed by faculty experts in areas such as behavioral and social sciences, to garner the Howard community’s thoughts on VSIRP prior to the announcement. This may have yielded a more accurate number. Dr. Thornton thanked him for his suggestion.

Dr. Thornton then called up the BAC website for Committee review. It is a component of the Howard Provost website and is still under development. The current link is www.Provost.Howard.edu/HUBudgetprocess.asp. The goal of website developers is to have the site be as interactive as possible. Dr. Reidy stated that the site is currently live and has unrestricted access. Dr. Thornton asked BAC member to send in recommendations for website improvements.

Dr. Thornton then started the “BAC Process” section of the meeting agenda, beginning the “Recommendation of Accountability Measures” bullet on the agenda. Dr. Bell said that issues around accountability had been raised in previous BAC meetings, for example, how what guarantees can be made that funds were spent on what they were earmarked for. This agenda item was included so that BAC could discuss any potential measures, and how to implement them.

Dr. Thornton then moved on to detailed review of FY2010 spending proposals, asking Dr. Reidy to review the Academic Affairs budget proposals. Dr. Reidy stated that these requests reflect varied processes, and were discussed and reviewed with faculty groups and Howard administration. $13 million in FY2010 budget requests was originally identified. This list was then prioritized to three (3) areas of focus – libraries; faculty and staff enhancement; and new research initiatives. The original budget request for Academic Affairs was then condensed to first $6.5 million, and then a final recommendation of $4 million was presented. He noted that these are operating funds, and are separate from the capital request.
Mr. Lawson stated that faculty equity adjustments were determined by the Faculty Senate to be of a higher priority than merit increases, then asked why no faculty equity adjustments were projected for FY2010. Dr. Reidy stated that the projected costs for faculty equity adjustments were judged to be too prohibitive for FY2010, but were included in the out-years. Dr. Livingston asked whether Howard could afford to miss a year of faculty equity adjustments. He then suggested taking the budget projections from the out-years and moving some funds to FY2010, without increasing the total number. Dr. Thornton stated that this was open for BAC discussion.

Dr. Schwartzman stated that for BAC to fully evaluate budget initiatives, more data was needed, specifically staff and administrative salaries for the last 10 years. This would help determine if Howard is “top heavy”. Dr. Thornton and Mr. Evans stated that that data analysis is currently being developed.

Dr. Betsey inquired as to the thought process involved in reducing the Academic Affairs budget request from $13 million to $4 million. Dr. Reidy stated that repeated discussions and analyses honed in on the projects of highest priority. He also projected that $6.5 million for just Academic Affairs might be too large a component of the total of only $10 million earmarked in the FY2010 total budget for strategic priorities. Again, BAC can make an alternative recommendation.

Dr. Mitchell asked whether new initiatives can be funded by budget savings in other areas. Dr. Thornton and Mr. Evans stated that this is indeed how the University expects to find the money to fund new strategic priorities.

Dr. Middendorf inquired as to the nature of the proposal for increased funds for STEM initiatives. Dr. Reidy stated that these funds are flexible seed money for such things as office set-up and staffing, support for proposal writing, and special initiatives to recruit and retain faculty in science and technology, including an initiative to increase the number of women in science.

Dr. Williams asked about details for long-term strategic initiatives. Dr. Thornton stated that BAC will focus on this when we begin meeting next year.

Ms. Fax asked for more detail on the proposed library funding, specifically were the Law Library and the Health Sciences Libraries included. Funds for the Health Science Library were requested separately by Dr. Wilson. The Provost’s proposal for library enhancement was based on a strategic plan developed for by University Libraries Director Mekkawi.

Dr. Schwartzman asked what the $1 million for “Staff Enhancements” represented. Dr. Thornton stated that these funds were for training and skill development for staff, particularly those involved in supporting research. Dr. Middendorf asked who made the prioritization decisions. Ms. Borggren stated that an initial prioritization was done to fit
within the $10 million overall target. All of the Cabinet Officer proposals are being shared with BAC, so that the Committee can re-prioritize them if it wishes.

Dr. Mitchell noted that $261 million has been included in the FY2020 base budget for “supplies”. He asked for more detail on this number, and stated that re-direction of some of these funds may be warranted. Ms. Borggren reminded the BAC the “supplies” category is a large umbrella term, and includes such items as student financial aid, debt service, and budgets for University-sponsored capital projects. Detail will be provided at the next meeting.

Ms. Fax asked whether staff positions could be reviewed for proper placement to maximize efficiency after the VSIRP process is completed. Dr. Thornton stated that this initiative is already taking place at the President and Divisional leadership levels. Mr. Evans noted that McKinsey & Co., a national consulting firm, is working pro bono to help University managers redesign their organizations. They were asked to do this by Robert Lumpkin, a Board of Trustees member.

McKinsey will start with the non-academic departments. They have already begun analyzing procurement. As a result of their findings, Mr. Evans has brought in new staff and developed a new approach to purchasing. Mr. Evans noted that McKinsey is working independent of VSIRP.

Dr. Mitchell asked whether input from stakeholders was being considered in McKinsey’s research. Mr. Evans stated that McKinsey was talking to customers. Dr. Thornton stated that the McKinsey report would not be a substitute for the long-term approach to Howard improvements being spearheaded by President Ribeau.

Dr. Thornton then asked BAC to move on to a discussion of the Capital Budget. Mr. Lawson asked how and why was the NET3 project decreased from a requested FY2010 budget of $14.6 million to a recommended budget of $1 million. This didn’t seem to be enough funding for this important initiative.

Mr. Evans stated that Dr. Minor can elaborate on the details of this. He also noted that Howard doesn’t have the resources to fully modernize its technology as required. Ms. Borggren noted that the $1 million in FY2010 spending would be in addition to money already spent on NET3, approximately $30 million in the last 3 years.

Ms. Fax noted that not all departments have benefitted from NET3. Dr. Thornton asked that all further discussion on NET3 be postponed until Dr. Minor could be in attendance at a BAC meeting to address this project in detail.

Dr. McLeod-Reeves asked whether Howard’s infrastructure would get funded for needed updates in the FY2010 budget, for example plumbing, pipes, etc. Mr. Evans noted that UNICO has been retained to help expedite deferred maintenance. He also noted that Honeywell has been contracted to help with performance contracting on 10 buildings.
These contacts will be signed in the next 30 days. Also, Mr. Evans stated that three (3) more infrastructure-focused power-plant engineering analyses are currently underway.

Dr. Thornton asked whether the work on the C.B. Powell building was included in the budget, as it is necessary for the School of Communications’ accreditation process. Ms. Borggren noted that this project is in the $8 million Deferred Maintenance budget for FY2010.

Dr. Mitchell asked whether the engineering initiatives were assessments or fixes. Mr. Evans stated that these are fixes; the assessments have already been completed.

Dr. Farquharson asked whether community partnering projects had been considered to address some deferred maintenance needs at Howard. Mr. Evans stated that President Ribeau and Dr. Minor have been focusing on naming rights initiatives and fundraising. Mr. Evans stated that other schools have noted donors and corporations’ names on their buildings. Dr. Fanara mentioned soliciting gifts for naming rights for smaller spaces such as classrooms, as is done at other universities.

Ms. Borggren noted that $11 million has been earmarked in the FY2010 capital for strategic priorities, but again the BAC needs to develop its own proposals and tradeoffs.

Dr. Farquharson then asked about a culture change and paradigm shift at Howard. He noted that past efforts to improve the University may have been hampered by a reluctance to deviate from already established approaches. Dr. Thornton stated that President Ribeau is committed to management accountability as a first step in addressing this. Mr. Evans noted that BAC is a new effort to change the culture. Dr. Thornton said that the mandate is to move the Howard culture from complaint to action, and BAC leads in this effort.

Dr. Ross asked how budget requests from University departments get addressed in the process. Dr. Thornton noted that the budget development process was ongoing, and more departmental input would be a mandate for the coming year.

Dr. Middendorf requested an EXCEL spreadsheet of the FY2010 supplies budget information. Ms. Borggren said that that would be made accessible to him.

Dr. McLeod-Reeves noted that having no site supervisors on construction projects at Howard has led to unsatisfactory completed work, which costs the University more in the long run.

Mr. Lawson asked whether it was true that not having handicap accessibility in some buildings at Howard has led to $1 million in fines per year. Mr. Evans stated that to the best of his knowledge that is not the case. He also note that the Americans with Disabilities Act (ADA) requirement to enact the handicapped accessibility does not kick in until renovations at a certain order of magnitude are undertaken.
Dr. Livingston asked about plans for the Miner building. Dr. Thornton stated that the School of Education will use the Miner building for classroom space.

Ms. Fax recommended that Howard move from requiring various paper forms with multiple carbons to better utilizing online forms as a cost-saving measure. Mr. Evans said that Finance will look into this.

Dr. Thornton then laid out the next steps for BAC as having Finance look at Dr. Schwartzman’s data request, and inviting Dr. Minor and Dr. Bonner to attend the next BAC meeting. He requested that BAC members send him via email any agenda requests and question for the next meeting.

Dr. Schwartzman asked when the last BAC meeting would be. Mr. Evans detailed that the FY2010 budget goes to the Board of Trustees Executive Committee in June. A date hasn’t been set. BAC needs to complete and present finding to President Ribeau two (2) weeks prior to the B.O.T. meeting.

Dr. Thornton stated that he will get the final dates for the Board meeting. He estimates that two (2) more BAC meeting are required, making the last meeting May 15.

The meeting was adjourned at 3:50pm.