ATTENDEES
Dr. Alvin Thornton – Chair
Mr. Sidney Evans
Dr. Donald Bell
Dr. Charles Betsey
Mr. Rufus Blackwell
Ms. Carole Borggren
Dr. Philip Fanara
Dr. Andre Farquharson
Ms. JoAnn Fax
Dr. Barbara Hines
Mr. Thomas Lawson
Dr. Ivor Livingston
Ms. Roberta McLeod-Reeves
Dr. James Mitchell
Dr. Robin Newton
Dr. Joseph Reidy
Dr. Rosetta Ross
Dr. Dawn Williams

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

2:05 p.m.
Dr. Thornton called the meeting to order, and thanked Mr. Evans and the Finance staff for preparing the materials for the meeting. Dr. Thornton then extended thanks to Dr. Reidy and the Provost’s office for their continuing updates to the website. The site has been getting multiple “hits”, and compliments from users.

Dr. Thornton then asked BAC members to review all handouts. He then asked for a review of the minutes from the May 6 BAC meeting. Dr. Newton pointed out a revision to be made to the minutes, that estimated net collectible revenue for the Faculty Practice Plan should be $20 million for FY2009, and approximately $25 million for FY2010. The minutes were adopted with these changes.

Dr. Thornton then distributed for informational purposes the budget reduction targets by Cabinet division, relative to the FY2010 Current Services Budget. The Committee was reminded that the current FY2010 proposed budget still contains a $57 million deficit, based on the assumptions that the BAC has been reviewing, including new spending for such items as a salary increase and a limited number of strategic initiatives. The targets address a proposed $43 million of the projected deficit, as part of a multi-year strategy to bring spending in line with resources while also funding critical priorities.

Dr. Bell stated that the challenge facing BAC and Howard going forward was to balance the budget, while addressing the strategic priorities identified by President Ribeau and the Board of Trustees. Dr. Bell pointed to the presence in the FY2010 budget of $10 million in strategic operating priorities, and $11 million in capital initiatives that must be funded.
Dr. Newton asked if the budget reductions were set for the beginning of FY2010, July 1, 2009, and whether the proposed reductions targets could be met by additional revenue instead of expense cuts. Ms. Borggren stated that creative ways of meeting budget challenges were definitely welcomed.

Dr. Thornton stated that discussions on budget deficit remedies would take place at the cabinet level. He then called the group’s attention to the “Salary Analysis” handout. Ms. Borggren began a walk-through review of this document, which compares Howard budgets for University faculty and staff salaries over a ten (10) year period. Ms. Borggren made special note of the fact that salary budgets for student stipends had more than doubled over the past ten years; both the number and level of graduate student stipends have been increased, and we understand that we must continue to increase the still modest level of student stipends to compete for promising graduate students. It was also noted that a substantial increase in the number of faculty below the assistant professor rank had been driven by the college of Medicine, since many of the new clinical faculty added over the past ten years carry the rank of instructor.

Dr. Newton asked if Health Sciences faculty salary detail can be provided. This would provide necessary context to the total and average salary figures on the analysis. Ms. Borggren stated that this information could be provided, with time.

Dr. Bell noted that this data shows that Howard does lag behind other area schools in salary levels. Dr. Hines stated that national salary data for Communications faculty was included in the “ASJMC 2007-2008 Faculty Salary Survey” packet she had distributed at the beginning of the meeting.

Mr. Lawson asked if Associate and Assistant Vice Presidents’ salary detail was available, and if so, was it included in the Salary Analysis. Ms. Borggren stated that this information was included in the “Other Senior Administrators” category. Mr. Lawson requested that this information be listed in separately.

Dr. Bell noted that the Salary Analysis is an evolving document, as is other BAC-related information. Dr. Bell observed that there are two more meetings scheduled in the FY2010 BAC process, so the Committee should focus on the review and revision of the FY2010 budget. The FY2011 BAC process will be conducted on a different timetable, and expects to kick off next fall.

Dr. Williams asked if this was the last day for proposals. Dr. Thornton answered no, the deadline for proposal submission would be the next meeting, May 20. He also noted that President Ribeau asks for regular updates on BAC progress, which emphasizes the importance of BAC.

Dr. Betsey requested more information on the Howard University Hospital (HUH) budget, specifically how HUH fits into the overall University budget. He stated that this information would help BAC make better-informed decisions. Mr. Evans answered that he will provide more detail into the HUH financial picture in writing. He did note that
HUH is a University subsidiary that operates autonomously. There is no budget commingling. Financial results for HU and HUH are consolidated for University corporate reporting.

HUH has been under administrative pressure to “right-size”, and improve its financial picture. There is encouraging evidence that recent management actions have been effective, and that HUH is on the way to break even operations. HUH financial results have been breakeven over the most recent two months of FY2009, and HUH revenues have been trending upward. Mr. Evans noted that HU pays certain HUH-related expenses, such as utilities and pension plans, which HUH reimburses to HU through an intercompany account.

Dr. Thornton requested a written summary of the HU/HUH relationship and Mr. Evans stated that he would provide this. Dr. Betsey asked what would happen in the event of an HUH financial surplus or deficit. Mr. Evans answered that this would serve to increase or decrease the HUH equity position on the Howard balance sheet.

Dr. Betsey asked about the HUH revenue outlook in the current recessionary market environment, noting the number of uninsured patients. Mr. Evans noted that 76.8 percent of HUH admits were through the Emergency Room, many of them of uninsured patients, and an increase in admits due to physician referrals is important. However, the new business model has HUH moving in the right direction, and is consistent with successful teaching hospitals. Dr. Newton noted that HUH has been enhanced by clinical faculty recruited over the last seven years. She noted that HUH and HU need to continue to recruit quality young faculty.

Mr. Evans noted that the University auditors had HU give a letter of financial support to HUH, effective for 12 months. He also noted the Board of Trustees is committed to Health Sciences.

Dr. Betsey stated that a commitment to Health Sciences does not necessarily equate to a commitment to HUH. He suggested that the university hospital model may be obsolete, noting that Georgetown and George Washington Universities have sold their hospitals. Mr. Evans answered that the new chair of the Medical Affairs Committee of Howard’s Board of Trustees was on the Board at GWU and active in that decision, and thus is able to give HU the benefit of his experience with the GWU hospital situation.

Mr. Evans also noted that HU is moving toward the University of Pennsylvania model. The University of Pennsylvania currently operates 4 hospitals profitably. He also noted that the Board of Trustees is giving a careful review to all university hospital models, and reiterated that FY2009 should be a breakeven year for HUH.

Mr. Lawson noted that the BAC mandate includes a review of the HUH budget. Dr. Thornton stated that Mr. Evans will provide a written walk-through, and the HUH budget review requirement will be removed.
Dr. Thornton then asked that BAC move on to review submitted proposals. He noted that Dr. Middendorf was not present to present his proposal. Dr. Thornton also asked that suggestions for budget reductions be included with proposals. Ms. Borggren reminded that BAC that four proposals have been submitted to date, with three having been reviewed in the May 6 meeting.

Mr. Lawson was asked to present his new proposal, which concerns that proposed salary increase for FY2010. He noted that $5.7 has been included in the FY2010 budget for salary increases, both faculty and staff. He stated that HU faculty salaries are low compared to other area universities, therefore faculty salary equity adjustments should be considered above merit increases. He feels that merit increases typically impact only a limited number of faculty members, and do not address equity and compression issues. Dr. Lawson feels that the ideal situation would be to use a four-pronged approach consisting of cost-of-living, equity, compression and merit but unfortunately funds are not available next year to address each of these areas in a meaningful way.

Dr. Thornton noted that President Ribeau does not support across the board faculty salary increases. Mr. Evans stated that the HU Board of Trustees does not support this approach, either, noting a preference for performance-based increases. Dr. Thornton stated that BAC can still bring forward recommendations for consideration.

Dr. Mitchell stated that HU future success depends on promising new hires being offered competitive salaries. He also said that current employees must be rewarded for successful initiatives. Dr. Bell agreed with this approach. He noted that the one of the new strategic initiatives for which the Provost is requesting FY2010 funding start-up packages for newly-hired researchers.

Mr. Lawson noted that the current Board of Trustees presided over the strategies that led to the current salary situation, where HU lags other area colleges and universities. He also stated that merit increases may not take into account previous successes by current professors. He noted that across the board increases are a fair means to remedy this. He also stated that the Faculty Senate recommendation has not yet been presented.

Mr. Evans noted that this issue may be beyond the BAC purview. BAC may make recommendations, but the President, Cabinet and Board of Trustees will make any final decisions on the best approach to distributing the pool of funds earmarked to address salary inequities. Dr. Thornton agreed that the President and Cabinet will benefit from the BAC approach. Mr. Evans noted the $12 million that has been proposed for the FY2011 budget for faculty equity adjustments. He stated that BAC will play a role both in developing an FY2011 budget that can support funding at this level, and in commenting on how the funds may be allocated.

Dr. Thornton then asked BAC to move to the “Smart Classroom” proposal, first proposed by Mr. Blackwell last week. He noted President Ribeau’s support for this approach. Dr. Dr. Thornton stated that this may be assumable under the capital budget.
Mr. Evans noted the existence of $3 million for Lab Renovations and $2 million for Classroom Renovations in the proposed FY2010 Capital Budget. He stated that the Provost and the Senior Vice President of Health Sciences will decide the allocation of these funds, based on need. Dr. Bell noted the approval of the “Smart” classroom proposal in the May 6 BAC meeting, and suggested that the $5 million in Lab and Classroom renovations be reduced by $500,000, with this amount re-directed to “Smart Classroom” support.

Dr. Thornton asked if the BAC body agreed. Ms. Fax stated that maintenance contracts should be an absolutely necessary component of any Smart Classroom agreement(s). Dr. Ross noted that the three School of Divinity classrooms were not included on the Smart Classroom proposal. Dr. Blackwell stated that the list is evolving, and will be carefully reviewed and revised.

Dr. Newton stated that current Smart Classroom are not being used to their full potential. She cautioned that classrooms should not be renovated for show, that their potential uses should be maximized. She also recommended obtaining multiple vendor quotes to install, renovate and repair Smart Classrooms. She recommended that AVI be one of the vendors asked for quotes.

Mr. Evans asked that Paul Ashley, new head of Procurement, be a key part of any vendor discussions. Dr. Blackwell stated that currently, three (3) vendors were on the list to provide Smart Classroom work. Ms. Fax agreed, and noted that AVI was on this list.

Dr. Bell noted the need for an accountability report of the Smart Classroom status for the FY2011 BAC process. Mr. Blackwell stated that this is a good idea. He also stressed the need for preventative maintenance contracts for the Smart Classrooms.

Mr. Lawson suggested the use of in-house staff and students for Smart Classroom maintenance as a cost saving measure. He stated that working with the vendors has given HU staff and students experience with maintaining Smart Classroom equipment.

Dr. Hines asked about the status of the funds for the C.B. Powell building repair. She noted that this repair has to be completed by November to comply with accreditation requirements for the School of Communications. Mr. Evans stated that $2 million has been budgeted as part of the proposed FY2010 budget for Deferred Maintenance, to prepare C.B. Powell for the accreditation visit. He also said that the design work is now in progress on this, and if funds need to be released before July 1 to ensure timely completion of the project that will be done. Mr. Evans stated that some funds earmarked for the Howard Town Center project may be moved to accreditation-required work. He noted the serious nature of accreditation requirements.

Dr. Thornton then directed BAC to review Dr. Middendorf’s strategic initiative proposals. Dr. Thornton commented that the proposal for establishing the Interdisciplinary Graduate Program in Environmental Studies is a Provostial issue, not one appropriate to the BAC, but the rest of the proposal deserves serious consideration.
Dr. Newton noted the high-priority need for focus on the HU Library system. She said that the inadequacy of the library system and the unavailability of key databases hurts the ability to do research, and deters promising graduate and faculty candidates from HU. Dr. Newton also noted the importance of adequate library resources for accreditation. Dr. Newton also suggested that a collective library improvement effort would be cost effective while addressing the needs of several schools and colleges.

Dr. Thornton agreed, and noted the inclusion of additional library support funds in the funding proposals brought forward by both the Office of the Provost and the SVP for Health Sciences. Dr. Fanara stated the need for a “Link Net” product. He noted that this product costs approximately $6 thousand, and will link all database and journals at HU, which will greatly aid research. He stated that he will get additional information on this product to present to BAC.

Dr. Thornton asked that the strategic plan for the University library system developed by Mod Mekkawi will be loaded onto the website. Dr. Mitchell suggested that a list of critical databases across HU colleges be compiled. Dr. Thornton stated that he will look at recommendations on the strategic plan.

Dr. Farquharson noted that because of process problems, University assets cannot be fully utilized. He wondered how to budget for process improvements. He also noted that the Health Sciences Smart Classrooms could not be used due to disrepair. Dr. Farquharson noted that the right people must be put in place to facilitate these process improvements. He suggested Master of Library Sciences (MLS) staff be recruited to assist in library improvement initiatives. Dr. Thornton noted the Office of Organizational Optimization component of the FY2010 budget, and stated that this represents a University commitment to the increased focus on continuous process improvement.

Mr. Evans stated that the University procurement process has been reviewed for the past 18 months. He noted that this review resulted in the hiring of Paul Ashley from Pfizer to head up the procurement effort. He also state that all contracts are being reviewed, and the procurement office is being re-engineered. He stated that these efforts have saved Howard $5 million over 18 months, and further improvements should be noticeable.

Ms. Fax asked about the incomplete Student Impact Projects that did not seem to be included in the FY2010 capital budget. She stated that these projects had been promised to the students. Ms. Borggren noted that the full $3 million for these projects has already been earmarked, although frozen due to the University’s present financial situation, and thus does not need to be re-funded in the FY2010 budget.

Dr. Thornton noted $500 thousand in Dr. Middendorf’s proposal to improve existing mechanisms for hiring, procurement and granting. Dr. Bell recommended asking responsible parties of areas targeted for improvements for their operational plans prior to allocation of funds. He noted that these parties should specify what these improvement funds are buying.
Ms. Borggren expressed support for Dr. Middendorf’s proposal that a re-design of Howard’s website be funded, hoping that this could be discussed with Dr. Minor next week. Dr. Thornton agreed with this approach.

Dr. Betsey stated that the Library database must be upgraded. He noted that current IPSCR membership must be maintained, and requested that this be made a budget item. Dr. Thornton stated that this is a CFO deliverable, and Mr. Evans agreed to follow up. Dr. Thornton asked to return to Dr. Middendorf’s proposal in the May 20 BAC meeting.

Dr. Mitchell asked whether the funding of a research office within Health Sciences wasn’t a duplication of effort, given the considerable financial investment the University has already made in creating and funding the office of the Vice President for Research and Compliance. Dr. Newton answered Health Sciences was capable of bringing in more research funds and grants, but was constrained due to current systems and processes. Moreover, this continues to be an issue in their faculty recruiting. She expects the VP for Research and Compliance to assist with improvements to these areas.

Discussion then moved briefly to Dr. Mitchell’s proposal for creating a funding pool for purchases of high-end equipment that would support the research of multiple faculty users. Consistent with the BAC mandate that new funding proposals must be offset by proposed reductions, he suggested that some of the current departmental budgets for equipment could be reallocated for this purpose. He again noted the need for such a funding pool to support the University’s research agenda, citing his knowledge of five College of Medicine faculty whose research could benefit from the acquisition of a major piece of equipment.

Dr. Thornton reiterated that the May 20 BAC meeting is the last meeting for proposal submission. He also asked that any ideas or suggestions be submitted prior to this meeting. Dr. Bell recommended using the website to access BAC meeting information. Dr. Hines complimented the website as being very well-done and readable. Dr. Bell also suggested that the site-link be sent to the University community so that more people can take this step. He recommended that BAC look at Dr. Thornton’s video on the website.

Mr. Lawson asked whether the proposed FY2010 budget $2.7 million for PeopleSoft system support should be reduced, given the efficiency improvements discussed in previous meetings. He also asked about the projected impact of the VSIRP. Dr. Thornton stated that Mr. Evans will address these issues. Dr. Thornton then reiterated the importance of the work BAC is accomplishing. He stated that this work gives the HU administration and community a sense of confidence for a successful achievement of President Ribeau’s objectives. Dr. Thornton thanked BAC for all their hard work.

The meeting was adjourned at 3:37pm.