AY 2009-10 BUDGET ADVISORY COMMITTEE (BAC)
Minutes from the May 20, 2009 meeting

ATTENDEES
Dr. Alvin Thornton – Chair
Mr. Sidney Evans
Dr. Charles Betsey
Mr. Rufus Blackwell
Ms. Carole Borggren
Dr. Philip Fanara
Dr. Barbara Hines
Mr. Thomas Lawson
Dr. Ivor Livingston

Dr. George Middendorf
Dr. Hassan Minor
Dr. James Mitchell
Dr. Robin Newton
Dr. Joseph Reidy
Dr. Rosetta Ross
Mr. Bryan Smart
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 again thanked the Finance staff for preparing the minutes and other materials for the meetings. He then extended thanks to Dr. Reidy and the Provost’s office for their continuing updates to the website. Dr. Thornton noted that several questions and comments have been posted on the website, to which responses will be posted.

Minutes from the May 13 BAC meeting were approved without modification.

Dr. Thornton then introduced Dr. Hassan Minor, Senior Vice President for Strategic Planning, Operations & External Affairs and Chief Technology Officer. FY2010 operating budget funding has been requested to revitalize the ISAS organization and to build a support team for the PeopleSoft system; capital funding has been requested for a second phase of the NET3 project. The BAC wanted the opportunity to hear in more detail about Dr. Minor’s plans around these items.

Dr. Minor began with an overview of the NET3 project. Over the past several years the University has spent over $30 million to design and begin constructing a high-speed optical network that reliably supports applications such as BANNER and PeopleSoft, and is “consistent with the University’s research aspirations.” In addition, Howard has moved to a new email messaging platform; Dr. Minor showed a chart indicating that Howard’s email platform is now more sophisticated than that at many major research universities. Dr. Minor is requesting $14.6 million in FY2010 capital funding, to complete the NET3 project. Mr. Lawson asked whether that $14.6 million requested budget represented the minimum amount needed for the project. Dr. Minor answered that the funding should be no lower that $10 million, and noted that work must be started
and completed as soon as possible. A lot of work is “on the cusp” and additional funds must be spent to garner any benefit from the investment already made.

Dr. Minor went on to say that the IT environment at Howard, particularly academic computing, is “balkanized.” The nature and level of service available varies from school to school, often based on the tech savvy or entrepreneurial approach of individual deans. His goal is a converged suite of services supported by a first-rate IT operation.

Dr. Thornton then asked Dr. Minor to expand upon his plan to restructure the ISAS organization and improve its support to the University community. Dr. Minor stated that historically ISAS had been unable to consistently recruit staff to fill its budgeted positions. He had hoped to pool unused salary lines and use that to fund a major restructuring of the organization, an initiative that could not be implemented due to the University’s current fiscal situation. The requested FY2010 funding will provide a pool to revamp the organization, adding positions and increasing salaries as necessary to build an appropriate IT support team. He noted that he will have to evaluate the impact of the VSIRP on ISAS staffing before developing a reorganization plan.

Dr. Middendorf noted that while he was out of the country he was unable log onto Howard’s website, a situation detrimental to any university, especially one which seeks a global reach. He added he is unable to use Skype, or internet iPhone access, on campus, and must go home to interact with colleagues on other college campuses using this technology.

Dr. Minor acknowledged that there are issues with firewalls and security that have affected Howard’s ability to offer remote access, problems he hopes to address with additional FY2010 funding. He noted that this problem doesn’t only affect international locations – it has occasionally been impossible for the University and Howard Hospital to communicate. Dr. Minor added that the University’s need to respond to legitimate complaints about our students’ illegal music downloading required us to shut down peer-to-peer access, including Skype.

Aware that a suggestion had been made by a BAC member to defund the ISAS reorganization and reallocate those funds to other priorities, Dr. Thornton asked about the impact of delaying this initiative. Dr. Minor addressed this question by stressing the importance of technology to Howard’s research agenda. He showed a chart of universities according to the most recent Carnegie classifications, where Howard is ranked as a “high” research activity institution. Dr. Minor finds this troubling in two regards. First, he believes that Howard needs be in the “very high” research classification, given our mission and his feeling that one of the purposes of the federal appropriation is to support this expensive activity. Secondly, Howard used to be alone among the HBCUs in producing significant amounts of research, but other institutions – notably North Carolina A&T – are making significant inroads. As Howard ceases to differentiate itself based on its research activity, this creates a case for redistribution of Howard’s federal funding to other HBCUs.
Dr. Mitchell noted that Howard will need to fund a number of things besides technology in order to become a “very high” research university. Resources are only one issue; we also need to articulate the vision, develop and implement the strategy, and remove the organizational impediments to increasing research and joining the top research universities on the Carnegie list. He noted that this has been accomplished by other universities.

Dr. Betsey asked about PeopleSoft, specifically how can the PeopleSoft launch be deemed successful while it continues to experience recurring problems. He asked what the performance standards for PeopleSoft were, and how best to address the problems with the system. Dr. Minor cited several issues that have created problems in the new system. One is the fact that Howard has not yet developed an appropriate in-house support team; in theory the external experts who help install new systems should “hand-off” the expertise to maintain them, but that has not happened at Howard. The implementation consultants are still here, and spend 50% of their time on functional issues. Other problems are due to the quality of the data entered into PeopleSoft, including inadequate efforts to scrub the data in the legacy systems before it was loaded into the new system. Dr. Minor did say that the system continues to improve, and that user input is key to identifying issues.

Mr. Evans added that he spoke with his CFO colleagues at other universities using PeopleSoft to compare experiences. These other CFOs noted that, as with any project of this scope, PeopleSoft implementations do tend to have “growing pains.” However, the software is very appropriate to how universities do business, and can be made to function properly. He also expanded on the implementation problems that Dr. Minor spoke to.

Mr. Evans said the PeopleSoft implementation was in progress upon his arrival as CFO in 2005, and that despite the questions that he raised there was a feeling that we had spent so much money already that we had to go on. Mr. Evans continues to develop plans to enhance the training, quality of data entered, and business processes of PeopleSoft. He cited specific examples of improved business processes enabled by PeopleSoft, in the procurement area.

Dr. Minor noted that a large number of required customizations delayed the implementation and functionality of PeopleSoft. He compared this to the PeopleSoft experience at the University of Virginia, where they were able to use the product “right out of the box.” Dr. Minor also stated that the PeopleSoft Financial module should have been launched first, instead of the Human Capital Management module.

Ms. Borggren asked where on the IT priority list is website support. Dr. Minor stated that the University currently has 250 websites accessed through one portal, largely maintained by individual departments. This is another example of Howard’s balkanized IT, as is the existence of 170 renegade wireless systems, many of them in the School of Engineering.
Dr. Middendorf asked why after the non-ISAS wifi site in Biology was closed, ISAS then removed the ISAS wireless system leaving Just Hall without wireless capability. Dr. Minor said he would investigate this.

After thanking Dr. Minor, Dr. Thornton moved to discussion of how the BAC would develop its budget proposal for the CFO and President. He noted that the Committee has now had the opportunity to interact with all cabinet officers for whom additional FY2010 funding is being considered. It’s now time to incorporate that information with the BAC member proposals into the Committee recommendation.

The Committee continued with discussion of two previously submitted proposals, those from Drs. Mitchell and Middendorf. It was noted that these two mesh well, as Dr Mitchell’s proposal to create a fund for the purchase of research equipment was consistent with Dr. Middendorf’s proposal. Mr. Evans required as to the useful life of this high-end equipment. Dr. Mitchell answered that the useful life was 5-7 years, making it capital equipment. Dr. Middendorf, referring to an NSF panel discussion, stated that it’s imperative that maintenance costs for high-end equipment be included with the purchase price.

Dr. Mitchell noted the proposed FY2010 funding of $2.1 million for inflation adjustments to supplies budgets, suggesting that those funds be shifted to the purchase of high-end research equipment. Mr. Evans will consider this, given that improvements in procurement should improve the purchasing power of current supplies budgets. Improvements will come about as a result of a study performed by Mr. Evans and the new head of procurement. Buyers are being trained in new procurement methods, and a new office supply vendor has been identified. $5 million in savings has been targeted.

Dr. Newton suggested that the University’s procurement office work with its counterparts at the Hospital, who have useful expertise in some areas and who have already established cost savings measures. Dr. Newton also asked how the Operating and Capital budgets were separated. Specifically, how can lower the Operating Budget help increase the Capital budget.

Mr. Evans replied that that was true. Depreciation cost is the only aspect of capital that impacts the operating results as reported according to accounting principles. However, the University may have the option to set aside an additional portion of its operating revenues to fund capital. Mr. Evans also noted that HU will utilize any HUH procurement advantages.

Dr. Mitchell had also suggested the reallocation of existing budget funds for equipment purchases. Given that the bulk of this funding is used for purchases of library materials, an area the University needs to expand, Ms. Borggren suggested reductions in the proposed funding for lab and dorm renovations to help create a pool of funding for major research equipment.
Dr. Middendorf noted that $2.0 million for a new nanotechnology initiative had been included in the base budget, and asked if the Committee could propose reallocation of these funds for other priorities. Dr. Thornton replied that the Board of Trustees had already made this commitment, and we must in general be careful to respect extant commitments. However, the nanotechnology program is in fact not yet underway, and the BAC’s task is to make creative suggestions and recommendations.

Dr. Middendorf commented that academic initiatives coming “top down” from the Board of Trustees seemed a less than ideal approach to research planning. Mr. Evans stated that BAC should go on record to detail strategic initiatives its thinks are important. He also noted that a member of the Board of Trustees had a degree in physics was, I believe, in support of the Board's ability to evaluate the directions and importance of areas of science. The discussion focused on whether there aren't other research areas which Howard might be better positioned to invest and how such decisions ought to reflect a broad review and discussion. Dr. Mitchell noted that the original nanotechnology proposal was developed with collective input from appropriate faculty.

Further discussion on Dr. Middendorf’s proposal touched on the suggestion to fund re-design of Howard’s website. Dr. Middendorf noted that the University’s web pages are disconnected and unorganized; they need to be linked, and more user-friendly. Ms. Borggren agreed, citing evidence from her work on the Middle States reaccreditation report that contemporary students rely heavily in the web as they decide where to apply and attend college. Dr. Thornton noted that this had been brought up with Dr. Minor. Dr. Middendorf believes that the BAC should recommend funding a line item for website design, to ensure that it receives appropriate attention.

Mr. Evans noted that HU spends $15 million annually on technology. The top research universities spend 5-7% of their annual budgets on technology, which would mean an expenditure of $25-$30 million at HU. Mr. Evans recommended taking any and all appropriate measures to increase technology spending at HU.

Dr. Thornton asked if the $15 million figure represented the ISAS operating budget, which Mr. Evans agreed that it does. Dr. Thornton noted that considerable technology spending occurs in the individual schools and colleges as well, rendering it difficult to establish a technology expense total. Dr. Thornton observed that this again raises the question of the proper balance between centralization and decentralization of IT support. Dr. Hines agreed that too much “balkanization” sets HU up for failure.

Dr. Mitchell interjected that research is equally important, and repeated that this is equally underfunded at HU. He recommended that part of the budget should be designated specifically for research and technology directly related to that agenda.

Dr. Thornton asked Dr. Livingston to walk through his proposal to establish a Wellness Center at HU. Dr. Livingston stated that this is needed because Howard’s success is fundamentally dependent on the health and welfare of its faculty, staff and students. He noted that the main focus of the Center will be health education.
Dr. Newton asked how this proposal would relate to the existing Student Health Center. Dr. Livingston answered that this would not be a duplication of effort. The goal of this proposal is to utilize researcher expertise. Dr. Livingston noted that students don’t fully utilize existing services. This center would refer students in a non-threatening environment.

Mr. Evans stated that this was an excellent idea; complementary to current programs, a centralized focal point for wellness is needed. He noted that this would help faculty and staff. Mr. Evans also mentioned a proposal from a development group to renovate the Miner Building and turn it into a health club. Their expenses would be recovered through fees charged to users of the facility. Mr. Evans noted that this proposal had not been vetted with President Ribeau and the Board of Trustees, and stated that it could be a good candidate to be incorporated into Dr. Livingston’s proposal.

Dr. Thornton stated that this was a good idea, and it needs more research. He directed Dr. Livingston to work with Dr. Newton on further developing the proposal. Dr. Livingston agreed, and informed BAC this proposal will be developed for FY2011.

Dr. Thornton then asked Dr. Betsey to review his proposal to continue HU’s membership in the Inter-University Consortium for Political and Social Research (ICPSR). Dr. Betsey said that ICPSR membership is $15 thousand per year, and is extremely valuable to HU, as it provides on-line access to hundreds of databases in the social and behavioral sciences. Membership also provides training opportunities to students and faculty of member institutions.

Dr. Thornton asked if membership benefited health sciences faculty and well as those in academic affairs; Dr. Betsey answered that yes it did. Dr. Thornton stated that this membership is important to HU, and he will work with Dr. Wilson and Dr. Newton to implement this through the Provost’s office, which is responsible for such membership fees.

Ms. Borggren asked that BAC quickly review the updated salary analysis distributed in the information packet, along with the response that had been repaired to a request from Mr. Lawson. Mr. Lawson asked if the $2.8 million for graduate student stipends budgeted in the Graduate School was a duplication of monies contained in the schools and colleges for stipends. Ms. Borggren stated that graduate students stipends are budgeted in a number of places throughout the University. Generally speaking, both the number and the level of graduate student stipends Howard funds should increase if we are to compete successfully for talented young scholars. Dr. Middendorf noted an inconsistency in the data regarding Health Sciences Cabinet and Deans, which will be corrected.

Dr. Thornton thanked everyone for attending, and stated that the May 27 meeting would be the last BAC meeting for this budget cycle. He asked that a draft proposal be developed and distributed before the meeting. Dr. Williams asked whether 90 minutes
would be enough time to finish everything the group needed to accomplish. Dr. Thornton believes so.

The meeting was adjourned at 3:38.