AY 2009-10 BUDGET ADVISORY COMMITTEE (BAC)

Minutes from the May 27, 2009 meeting

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. George Middendorf
Dr. James Mitchell
Dr. Robin Newton
Dr. Joseph Reidy
Dr. Rosetta Ross
Dr. David Schwartzman
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.

2:09 p.m.

Dr. Thornton called the meeting to order and thanked the Finance staff for preparing the minutes and other materials for the meetings. He then extended thanks to Dr. Bell for gathering information for the BAC meetings. Minutes from the May 20 BAC meeting were reviewed, and approved as corrected.

Dr. Thornton noted that President Ribeau wanted to be present for the last BAC meeting of the FY2010 session, but was unable to attend. Dr. Thornton did say that President Ribeau extended his personal thanks to BAC for their efforts and for a job well done. Dr. Bell reiterated President Ribeau’s gratitude for the efforts and results of BAC. Dr. Bell stated that BAC fulfills President Ribeau’s vision of transparency and openness. He added that President Ribeau was proud of BAC raising and dealing with information not previously discussed at HU.

Dr. Thornton then asked the group to review and comment on the memo from the Deans of the Academic Division. Dr. Thornton said that he wanted BAC input in order to fully respond to this memo. Dr. Schwartzman questioned the reasoning behind suggested strategy #3 on the Deans’ memo regarding a temporary, tiered salary reduction.

Dr. Bell noted that HU faculty and staff are already underpaid compared to their peers at other area and competing colleges and universities. In light of this, suggestion #3 seemed to him to be a short term solution to a long term problem, and he suggested that this suggestion be declined. Dr. Bell then referred to suggestions 1 and 2, which call for deferred funding of new initiatives and reduced funding of strategic priorities, and stated...
that numerous issues had to be reviewed before these recommendation could be accepted and acted on.

Dr. Schwartzman asked if the Deans’ memo referred to a planned furlough, which he does not believe is a good plan for a positive future. Dr. Thornton answered that it was not related to any furlough.

Mr. Lawson stated that it seem inappropriate that the current Deans, who have been unable to address the current salary situation, should be suggesting salary cuts that will put Howard further below market. Dr. Betsey agreed, and noted that suggestion 3 would take HU backward. Dr. Fanara also agreed, stating that, unfortunately, the financial problems at Howard are endemic and due to a long period of historic neglect. The current financial woes of Howard have little to do with the current recession. The Deans’ memo proposes short-term solutions to long-term issues, and reflects the same past strategies that have resulted in our current deficit situation.

Dr. Williams inquired as to an undisclosed motive for the Deans’ memo. She asked whether job losses were coming. Dr. Thornton responded no, the memo was a result of a budget presentation to the Deans. Dr. Bell confirmed that the same data reviewed by BAC was presented to the Deans.

Dr. Middendorf suggested that larger budget must be looked at in the FY20011 BAC process. He stated that substantive cuts must be made. Dr. Middendorf said that the Faculty Senate met and discussed cuts to the Leadership Academy and the TQM Program, among other programs that were initiatives of the previous administration. Dr. Middendorf stated that sometimes trees must be cut down for fuel. Dr. Bell suggested Dr. Middendorf to write down any suggestions for the FY2011 BAC process, focusing on new thinking that would help move HU towards President Ribeau’s vision.

Dr. Newton noted that the FY2011 BAC process should include a review and revision of the strategic plan, where funding follows the vision. Currently this correlation is unclear. Dr. Newton also stated that BAC, and the HU administration, must make intelligent decisions. Dr. Thornton said that a strategic plan driven by the new vision will come from President Ribeau, as his presidency progresses. Dr. Bell stated that the HU vision was discussed early in the FY2010 BAC process, but was perhaps not specific enough. More focus would be placed on this in FY2011.

Mr. Lawson noted the seeming incongruity between President Ribeau and the Board of Trustees opposing across the board salary increases, but recommending across the board budget cuts. Mr. Lawson noted that across the board budget cuts would impact productive and well as unproductive programs. Dr. Thornton stated that any budget cuts will be strategic, not across the board. Dr. Bell confirmed this and stated that the least affordable programs may have to be eliminated.
Dr. Thornton then directed BAC to review the BAC budget proposal. Mr. Lawson asked about the $10 million budget for IT that didn’t seem to be in the numbers. Dr. Bell stated that if more funds become available, the $10 million would be recommended for funding.

Dr. Newton noted concerns with the Library system, stated that the Libraries currently have huge problems and asked that they not be ignored. Dr. Thornton said that additional funds would be explored for the Libraries and IT. Mr. Lawson said the IT improvements should also help the Libraries. Dr. Middendorf agreed that both should be helped by IT funding, but said that some separation between the two should be identified.

Dr. Newton said that it was unclear whether the recommended salary increases were to be merit based or across the board. Dr. Thornton answered that this is to be determined, but salary increases probably will not be across the board. Dr. Mitchell noted the differing opinions among BAC members regarding the treatment of salary increases. He suggested polling BAC members and noting their positions on this issue to gain a consensus view. Dr. Thornton answered that this was unnecessary, and that the minutes will reflect the differing view among BAC members.

Dr. Schwartzman inquired whether nanotechnology funding was included. Dr. Bell directed BAC to page 2 of the “Operating Budget Requirements” documents, which includes Nanotechnology funding in the base budget assumptions. Dr. Schwartzman asked about the preexisting commitment to nanotechnology funding, and was assured that that item would be continued in the FY2010 budget.

Mr. Evans asked where the $6.3 million department equipment budget was located. Ms. Borggren answered that this funding was located in the various departments, but the bulk of it was in the budgets of Howard’s libraries for the purchase of library materials.

Ms. Fax asked if Website re-design and development funding was critical. Dr. Thornton affirmed that this was a high priority. Mr. Lawson questioned the $500 thousand earmarked for Website Re-Design, which seemed high. Dr. Middendorf noted that Website re-design for the entire University is a complex effort, involving hiring staff, training, and setting up a duplicate HU website on the server. Dr. Thornton affirmed that this was not a re-design of one website but of all the HU websites. Mr. Lawson suggested that HU staff would be capable of supporting this effort, helping to reduce costs.

Dr. Thornton asked if unused funds could be re-directed to other initiatives. Ms. Borggren answered that this could be done.

Dr. Schwartzman suggested a long-term, progressive approach to salary increases, namely that they be higher for lower and middle levels, and higher paid staff and faulty receive lower increases. Dr. Thornton answered that salary policy was not under BAC purview, but the recommendation would be noted in the minutes.
Dr. Middendorf recommended that an Ombudsman position be added to the Office of Organizational Optimization budget, increasing this budget. Dr. Middendorf stated that the advantage of this position would be to decrease litigation as the sole recourse of conflict resolution. Mr. Evans answered that conflict resolution is a complex process. He stated that some information may be privileged, settlements might require that no information be released, and some may be covered by insurance. Dr. Thornton asked Dr. Middendorf to submit his suggestion to BAC in writing.

Ms. McLeod-Reeves stated that improvements in student housing should be included in the budget. Dr. Thornton answered that this was captured under the capital budget.

Dr. Betsey stated that a robust Institutional Research capacity is needed. Dr. Thornton agreed that this provides helpful data, and that President Ribeau is aware of this and is supportive.

Ms. Fax recommended that the FY2011 BAC process include the creation of subgroups or subcommittees for facilitate more detail focus on key issues. Dr. Thornton indicated that this will be reviewed in upcoming BAC budget process planning. Dr. Livingston agreed that subgroups based on level of expertise would help facilitate the FY2011 budget process. Mr. Lawson noted that subgroups should not contain people unfamiliar with the particular area of the subgroup focus.

Mr. Smart recommended more student input in the FY2011 budget process to improve dialogue.

Mr. Lawson asked why Pharmacy/Nursing/Allied Health was not mentioned in the budget under accreditation needs. Dr. Newton answered that Allied Health was included in the overall Health Science accreditation budget.

Mr. Smart asked how the $3.5 million Research Equipment budget was allocated. These funds are to be reallocated via an internal, competitive proposal process. Mr. Smart then asked if the Research Equipment budget could be reduced to fund Library improvements. Dr. Thornton stated that this budget had already been reduced, and no further cuts were envisioned.

Dr. Bell noted that HU will enter FY2010 with a projected operating budget deficit, although it has been reduced from the original projection. He stated that HU is progressing toward structural reform, and envisions a balanced budget for FY2011.

Dr. Fanara asked if benefits from VSIRP had been factored into the original projected budget deficit. Dr. Bell stated that the VSIRP benefits contributed to the $43 million of budget savings, to decrease the deficit. Mr. Evans noted that VSIRP benefits apply to the year in which they occur. Dr. Blackwell asked if all the impacts occur in the same year. Mr. Evans answered that the actuarial accrual and the cash payout occurs in FY2009, while net benefits will be applied to FY2010 and forward as they occur.
Ms. McLeod-Reeves noted that other universities have fundraising goals, and asked whether HU does. Dr. Thornton answered that President Ribeau is currently reorganizing the advancement area, and will give more detail on this later.

Dr. Middendorf noted that HU has not been in compliance with federal recycling standards since 1988, and incurs heavy fines because of this. He noted that bringing HU into compliance is a project to cost $150 thousand. Mr. Evans notified BAC that a recycling initiative is already underway, and Requests for Proposals (RFPs) will be sent to three vendors.

Dr. Thornton asked for a motion to accept the BAC Budget Proposal with modifications. Dr. Fanara so moved and Dr. Hines seconded. The motion passed with Dr. Schwartzman voting nay.

Dr. Thornton asked BAC for any FY2011 budget process information needs. Dr. Bell asked BAC to note what would have been helpful during the FY2010 process, and what should be included for FY2011. Dr. Thornton asked that suggestions be sent to him, Ms. Borggren and Dr. Bell.

Dr. Schwartzman noted that Comparative Fiscal Analysis developed during the Swygert administration would be useful, and should be done again. Dr. Bell agreed that this was a useful document, and should be reviewed with BAC as part of the FY2011 budget process. Dr. Bell also stated that while the work in progress is encouraging, it may take years for HU to reach the level of its peers.

Dr. Middendorf recommended “From Good to Great” by Jim Collins as summer reading for BAC. Dr. Bell agreed, and recommended “From Good to Great in the Social Sector” also by Jim Collins as additional reading. Dr. Thornton asked BAC to send further reading recommendations to him via email.

Ms. Fax recommended a midyear report on budget process to provide better context for the FY2011 budget process. Dr. Thornton agreed with this idea.

Mr. Lawson reported having trouble accessing the BAC website. Dr. Thornton asked to be sent an email, and he would investigate the problem. Dr. Thornton also stated that the BAC website would remain accessible for review.

The FY10 BAC meeting cycle was adjourned at 2:28pm.