

Minutes of FAP Meeting #20 AY2020-21

February 1, 2021

4:00 PM – 5:00 PM

Meeting Held Electronically via ZOOM

Members in Attendance: Joseph Fehribach (FAP Chair), George Pins (RPC Representative), Mike Radzicki (FBC Chair), Jeff Solomon (Executive Vice President/CFO), David Spanagel (FAP Secretary), Kris Sullivan (Associate Vice President for Academic Affairs)

Guest: Mary Calarese (Associate Vice President of Finance)

Call to Order. Chair Fehribach called the 20th FAP meeting of the year to order at 4:04 PM.

1) **Strategic Budget Conversation.** AVP Calarese shared a summary of the budget materials that had been presented at the previous Tuesday's Budget Strategy meeting; members of the Management Council plus the Secretary of the Faculty (Prof. Tanja Dominko), FAP Chair Fehribach, and the two faculty representatives to the Trustees Budget & Finance Committee (Profs. Arne Gericke and Fabienne Miller) had attended that January 26, 2021 meeting.

The materials were comprised of a table that compared budget planning snapshots of revenues and expenses, organized into three columns: a) the "Covid austerity" budget that was originally approved last spring for FY21; b) the October 2020 "forecast" for how the FY21 "Covid austerity" budget might end up, based on the first quarter actuals; and c) a rough proposal for the FY22 "transitional year out of Covid austerity" budget, highlighting key budgeting assumptions for the coming year that will be presented to the Trustees for preliminary approval at their upcoming February meeting. A final budget will be presented to the Board at its May meeting for their review and approval.

AVP Calarese and CFO Solomon walked FAP members through all of the table's columns, calling attention to what assumptions or data were relevant to specific line item amounts, and answering questions as they arose. They explained the thinking behind calling the FY22 budget a "transitional year." While some Covid-related expenses are expected to persist into the next fiscal year, there was a strong desire to restore several important categories of "normal" expenditure to levels closer to a normal year after the severe reductions of FY21. These categories of restored expenditure include:

- i) creating a salary pool of up to 3% to cover annual merit and equity increases, but delaying the effective date of any increases (other than those raises attributable directly to faculty promotions which take effect on July 1, 2021) until October 1, 2021;
- ii) raising the institutional 403b retirement funds match up from its current 8% level part or all of the way to the 9.5% level that the WPI Forward project team has recommended going forward;
- iii) ~\$2.75 million to hire all of these approved searches: 10 new tenure-track faculty, 16 net new full-time TRT faculty, and 6 Department Head changes;
- iv) penciling in \$1 million as a placeholder for operating expenses that will be associated with the opening of the new classroom building in January 2022; and
- v) restoring most operating expense lines up from FY21's ~70% of FY20 baseline levels to something closer to 90% of FY20 baseline levels (with a more limited restoration of the more severely reduced FY21 travel budget lines). Adjustments for approved WPI Forward initiatives will also be made.

On the revenue side, the draft FY22 budget outline assumes a second consecutive year of 2.9% tuition increase (rather than our typical 3.5% tuition increase), and admitting an incoming class whose size would be targeted again at 1320 undergraduates—but with an elevated (~46%) financial aid discount rate to ensure that we continue to address our access and competitiveness goals.

One FAP member noted that, in the absence of President Leshin's earlier years of convening the Annual Planning and Budget Process (APBP) group, this budget conversation feels just a bit more "top down." CFO Solomon responded by reiterating his sense that we are operating in a very narrow space for discretion, given how Covid-related uncertainties could still make the FY21 budget's modest operating "surplus" disappear in a heartbeat. But he also expressed his hope and desire that this meeting's preview of the Board's upcoming budget discussions will allow FAP to discharge its responsibility (to provide input and communicate any concerns back from the broader WPI community). FAP Secretary Spanagel pledged to share any feedback he receives from colleagues (regarding questions or concerns about the proposed FY22 budget) so that those views may be considered as that budget continues to take shape.

- 2) **Minutes.** With our meeting time almost exhausted, the committee decided to postpone the review of Meeting #19 minutes until the following week.
- 3) **Other Topics the Committee Wishes to Discuss.** Chair Fehribach asked whether WPI had suffered in any way from the SolarWinds network cyberattack/security breach. CFO Solomon checked with CIO Patricia Patria and learned that we had not been exposed to any harm.
- 4) **Adjournment.** The meeting was adjourned at 5:06 PM.

Respectfully submitted,

David Spanagel

FAP Secretary