

Minutes
Faculty Senate
December 6, 2006

1) The meeting began at 7 pm. Seth Brown chaired. The senators introduced themselves and an opening prayer was offered.

2) Chair's report.

The chair welcomed the evening's guest speaker, John Affleck-Graves, Executive Vice-President of the University, who was present to address questions related to University finances.

3) Guest speaker, John Affleck-Graves.

Affleck-Graves opened with a power point presentation. The first slide highlighted the total operating expenses of Notre Dame and *ca.* twenty peer institutions for 2005. The operating budget of Notre Dame was about \$700 million in 2005, which was considerably lower than most of the other universities included in the graph. Total expenses per FTE student in 2005 were also near the bottom of this grouping.

A percentage breakdown of university sources of revenue in 1994 and 2005 was then presented. Also included on this slide were the targeted percentage revenue sources for 2015. These are summarized below:

- i. Tuition and Fees 2005 = 43%; 2015 = 25%
- ii. Auxiliary (e.g., Bookstore) 2005 = 20%; 2015 = 20%
- iii. Endowment 2005 = 21%; 2015 = 30%
- iv. Grants and Contracts 2005 = 11%; 2015 = 15%
- v. Giving (University societies) 2005 = 6%; 2015 = 10%

Affleck-Graves stressed that tuition at Notre Dame has essentially "maxed-out". Hence, no increases are projected over the next several years. With auxiliary sources of revenue expected to remain steady, increases must necessarily derive from the endowment, grants and contracts, and giving. Society dues have not changed in about 30 years, so dues will be raised and increases in the giving category are thereby expected (although it was acknowledged that some donors may opt out of society memberships when these increases are implemented). The generosity of Notre Dame alumni was duly noted: Princeton, Dartmouth, and Notre Dame are the top three universities in terms of percentage of donor alumni (*ca.* 50%). The endowment has been a major revenue driver in recent years, but the university is conservatively planning on a more modest return on the endowment in the future. Hence, grants and contracts are being earmarked as a major source of future revenue. Income stemming from the contract with NBC and bowl game appearances are mostly applied to undergraduate financial aid, with some being directed to the graduate and professional schools. Vaughn McKim remarked that money derived from grants and contracts is often "contained", for example, to support graduate students and purchase equipment necessary for the funded research, and not necessarily available to the university at large. Affleck-Graves pointed out that some universities (e.g., Princeton) fund graduate student tuition out of grants and contracts.

Vaughn McKim asked for comment on the recent New York Times article that touched on the large amount of revenue (\$61 million) generated by the football program. Affleck-Graves responded that the income from athletics, 90% of which derives from football, is used to fund all varsity and intramural sports and to maintain campus athletic facilities. Affleck-Graves pointed out that only 9 or 10 universities, Notre Dame included, make a profit from their athletic programs.

Philippe Collon indicated that many universities with medical schools are sustained by donations from the pharmaceutical industry--this inflates the proportion of grants and contracts income. The question was raised as to how best to grow grants and contracts dollars. Affleck-

Graves responded that having superior faculty is key, in addition to obtaining seed funding for research projects and improving the campus scientific infrastructure.

John Gaski raised the possibility that Notre Dame's total spending relative to its US News and World Report ranking may position it at the top of an efficiency comparison among peer institutions.

Affleck-Graves expanded on the increase in the operating budget between 1994 (\$292 million) and 2005 (\$702 million). Of this, about \$200 million went to academic initiatives while the remainder went towards central operations (primarily benefits) and was spent under the direction of the executive vice-president and the president. The endowment is currently over 5 billion and has outperformed the market in recent years. Affleck-Graves acknowledged the efforts of Scott Malpass and the investment office in this regard.

A slide tracking the returns on the investment pool and payout over the past several years showed large yearly fluctuations in payout percentage. After the poor market performance in 2001-2002, the board cut spending. Hence, the graph displayed a reduced payout in 2003, despite good returns on the investment pool for that year. Similarly, the payout for 2001-2002 was high, even though losses on the investment pool were incurred during those years. This was attributed to excellent market performance in the preceding years. Affleck-Graves stressed that keeping the payout more level is a major priority, such that deans of the colleges can expect a yearly payout increase of about 5%.

Gail Bederman pointed out the increase in grants and contracts will derive primarily from science and engineering. That means that science and engineering will be sustained by grants and contracts. How will arts and letters be supported? Affleck-Graves indicated that arts and letters support will come from the endowment. He also stressed that the undergraduate mission of the university and the research component should not be at cross-purposes. We can, and do, excel in both areas. Bederman also voiced concern that budget cuts might filter down to the service employees on campus and that more outsourcing might be seen. Affleck-Graves noted that outsourcing is not necessarily a negative, and that it has worked well with respect to the bookstore and its employees.

John Adams asked two questions pertaining to the research infrastructure. The first of these asked how the university planned to grow grants and contracts. The second asked that since the master plan lacked any significant addition to the proposed research infrastructure, what was the plan to have more people doing research. Affleck-Graves answered the first question by saying that the faculty will be more productive and the second question by saying that a new small engineering building was in the planning phase.

Seth Brown directed Affleck-Graves' attention to the four questions generated by the benefits committee. The first of these concerned faculty salaries and cost of living (COL) pay raises. Affleck-Graves emphasized that faculty salaries are competitive when factoring in the low COL associated with the South Bend area. Also, faculty can expect significant salary increases upon promotion, otherwise yearly raises will reflect the COL increase. Nasir Ghiaseddin pointed out that raises were lagging behind inflation and other senators agreed. Affleck-Graves said that, on average, faculty raises exceed the COL. In light of these disparate views, Ghiaseddin and Affleck-Graves agreed to share their respective figures/data with one another. Tom Gresik suggested that raises accompanying promotions should be separately financed. Otherwise, money available to the department chairs for COL salary increases is depleted. Regarding how Notre Dame faculty salaries compare to those at peer institutions, Affleck-Graves responded that they have been declining in recent years, but that a plan is in place to boost faculty compensation.

The second question asked what incentives exist to encourage faculty, especially senior, tenured faculty to pursue competitive external funding. Affleck-Graves responded that professors should be motivated by their commitment to their discipline and not driven by salary. Philippe Collon pointed out that the NSF budget makes no allowances for expenditures incurred by undergraduates conducting research. This is a serious limitation when competing for NSF dollars. Seth Brown raised the possibility of implementing differential salaries. Affleck-Graves affirmed

that the university must adopt more of a “market” culture with respect to differential salaries and teaching loads. He noted that at some other peer universities, professors can buy down their teaching load with research dollars.

The third question: Of the top 25 Ph.D. granting universities (US News & World Report) only Notre Dame and Dartmouth do not match retirement contributions for summer salaries. What are ND’s plans for providing this matching contribution? Affleck-Graves responded that the university is working on this matter and there are at least two options to examine: insuring a pension contribution with every paycheck received, or establishing a budget-neutral special class of faculty with respect to summer salary.

The last question was directed as to how faculty participation in the budgeting process can be increased. Affleck-Graves replied that faculty play a role through their department chairs and college deans. Vaughn McKim noted that in the past, a Faculty Budget Priorities Committee had existed. This committee approached the Board with recommendations on spending. Though no longer extant, such a committee represents an additional approach to faculty input on the budget.

Kevin Misiewicz asked about the decision process for spending bowl money. Affleck-Graves said that this decision is made solely at the discretion of the President. Misiewicz also asked about the need for new dormitory construction. Affleck-Graves stressed that residence life is a cornerstone of Notre Dame’s character and that the University actually lags behind the national average with respect to individual student space. James Rakowski asked if Notre Dame was experiencing too much or too little faculty turnover. Affleck-Graves replied that he regards the turnover rate as about right. Gail Bederman mentioned that the turnover rate is higher for women faculty, which Affleck-Graves also acknowledged. He also remarked that as the university continues to improve, greater faculty turnover has to be expected.

The senate broke for committee meetings at 8:30 pm and reconvened at 8:45 pm.

4) Committee Reports

Academic Affairs: Committee chair Colin Jessop was not in attendance, but filed a report that was read by Seth Brown. A joint meeting of the Academic Affairs committee with an organization of Special Professional Faculty (SPF) members was held on November 30th. Associate Provosts Jean Ann Linney and Chris Maziar also attended. It was agreed that current SPF titles have little meaning outside of Notre Dame. Linney requested that the SPF submit suggestions for new titles. Issues related to SPF promotion were also discussed and are an ongoing concern of the committee. The Academic Affairs committee will also be meeting with the provost to specifically discuss his October address to the university. Also, Associate Provost Dennis Jacobs has agreed to meet with the committee to discuss the status of the TCE situation.

Administrative Affairs: Charlie Barber reported. The working committee assembled to revise the academic articles will be meeting in January and February to review the suggested changes and to put a draft in place early next semester for the university community to examine. Many of the proposed revisions relate to SPF descriptions and categories. The committee also plans to return to the topic of minority faculty recruitment and retention.

Benefits: Nasir Ghiaseddin reported. The committee discussed the discrepancy between their assessment of salary raises/inflation compared with that of Affleck-Graves. Data will be compiled and exchanged with Affleck-Graves and his office.

Student Affairs: Kelly Jordan reported. The committee will meet with the Honor Committee representative before the next Faculty Senate meeting to review the salient features of the new Honor Code program and to communicate these to the faculty. Campus security issues and guidelines were also discussed. The campus Student Life Committee will soon be promoting issues

related to student campus safety. Safety in off-campus housing will also be included. The status of graduate student health care was also raised in committee. Next year will be a bridge year in making our plan competitive with that of peer research universities. Vaughn McKim asked if the newly remodeled Student Health Center could be a first response option for graduate students and their families. Tim Schoenharl, the graduate student representative in attendance, responded that the center is indeed a part of basic care. When the center is closed, the other option for graduate students is emergency room care. Further discussion of the current status of graduate student health care ensued. While the plan for single graduate students is reasonable, the current family plan is viewed as inadequate.

5) Old/New Business. None Raised

Meeting adjourned at 9:10 pm.

Respectfully submitted,
Mary Prorok, co-secretary

Attendance Roster

December 6, 2006

Present

Anthony Trozzolo
Carlos Jerez-Farran
Charles Barber
Claudia Polini
Dan Lindley
David Klein
David Ladouceur
Don Sporleder
Gail Bederman
James Rakowski
John Adams
John Gaski
John Robinson
John Stamper
Judy Fox
Kelly Jordan
Kevin Misiewicz
Lei Li
Mark Dehmlow
Mary Prorok
Michael Brownstein
Mike Etzel
Nasir Ghiaseddin
Noreen Deane-Moran
Orlando Menes
Philippe Collon
Robert Howland
Robert Norton
Salma Saddawi
Seth Brown
Susan Youens
Timothy Ovaert
Tom Gresik
Vaughn McKim
Dan Lapsley
Tim Schoenharl

Excused

Al Miller
Barry Keating
Chris Beesley
Christine Becker
Collin Meissner
Colin Jessop
Jeff Talley
Julia Marvin
Linda Sharp
Meredith Chesson

Absent

Peter McQuillin
Richard Pierce

**Departments without
Representatives**

Theology
Computer Science and
Engineering
Electrical Engr