

February 10, 2003

Faculty Senate meeting minutes: 02/10/2003

John G. Flynn
Northeastern University

Recommended Citation

Flynn, John G., "Faculty Senate meeting minutes: 02/10/2003" (2003). *Faculty Senate Meeting Minutes*. Paper 21.
<http://hdl.handle.net/2047/d10005286>

This work is available open access, hosted by Northeastern University.

TO: FACULTY SENATE
FROM: JOHN G. FLYM, SECRETARY, FACULTY SENATE
SUBJECT: MINUTES, 2002-2003 FACULTY SENATE MEETING, 10 FEBRUARY 2003

Present: (Professors) Alper, Alverson, Aroian, Baclawski, Bannister, Barnes, Brookins, Ellis, Flym, Gilmore, Hall, Herman, Khaw, Lowndes, Metghalchi, Morrison, Ondrechen, Platt, Powers-Lee, Serafim, Shafai, Sherman, Sherwood, Vaughn, Wallin, Wertheim, Wray
(Administrators) Abdelal, Mantella, Meservey, Onan, Pantalone, Putnam, Soyster, Stellar, Zoloth

Absent: (Professors) Bruns, Hope, Kane
(Administrators) Greene

Convened by Provost Abdelal at 11:59 a.m.

In the interest of time, Provost Abdelal suggested that the budget presentation proceed forthwith. There was no objection.

Budget Presentation.

Provost Abdelal's Presentation.

Provost Abdelal reported that the budget priorities for the coming year include financial aid support for students, faculty and staff compensation, key academic needs, enrollment management, and institutional advancement needs. Much of what the Budget Committee is recommending to the President reflects the recommendations of the Committee on Funding Priorities (CFP).

Financial Aid. In the next budget the general financial aid will increase by 7%, which is slightly ahead of maintaining the current level of assistance. The next budget will increase targeted financial aid for two reasons– (1) to support upper class students who are here full time, which would enhance retention, and (2) to recruit a diverse student body, which is not only important for the learning of our students but is important for the region and the nation as well.

Faculty and Staff Compensation. Very much in the range of the recommendation that came to the Budget Committee from the CFP is a merit pool of 3% for faculty and staff, which would be approximately \$5.3M. Market adjustments and bonuses on an annualized basis amount to \$1M for faculty and \$0.2M for targeted staff positions. For the faculty, the Provost has already initiated with the deans and the departments the matchmate process to define how available funds can be allocated to the various departments. The proposal to the President would stipulate that this allocation would be annualized effective October 1. The money that would be allocated this year actually would be less, about \$900K, but in succeeding years it would be annualized at this level.

Professor Hall pointed out that faculty traditionally have been opposed to bonuses. Provost Abdelal responded that "bonuses" was a general term. Each division would determine how to use their allocated funds in that area.

Key Academic Needs. Provost Abdelal reported that up to ten faculty positions would become available. The number is approximate because other budget needs are still to be addressed. Class sizes have been reduced from 25 to 19 in English and language sections. This reduction is intended to enhance learning as well as to improve our position in the *U. S. News and World Report* ranking. Our registration system is being modified for prompt response to enrollment shifts occasioned by students trying to register for sections that are already full. Efficient management of our offerings will help meet student demands following the semester conversion.

Honors Program. In an effort to increase the stand-alone offerings at the freshman level, \$100K is being made available. In future years, this will help attract high caliber students and will also increase our ability to be selective and competitive.

Enrollment Management. New programs and initiatives are under way to enhance enrollments as well as revenues. These initiatives are supported by the Provost's Office, as are faculty development and assessment of teaching effectiveness in a number of programs. These initiatives are already in place but have not been specifically funded by line items in the budget. By including them in the budget, or "regularizing" them, it will not be necessary to look for funds to continue them in the future. The initiative to regularize resources for important tasks, which seems quite modest now, will enhance the colleges' operational budgets over time. Provost Abdelal emphasized the importance each year of enhancing the college operational budgets so that colleges do not feel impoverished when insufficient funds impede operations.

To strengthen our Coop division, four staff positions have been added, and a modest amount is being allocated for the Library. The Provost is working with deans and academic departments on an analysis of needs across the University, after which he will be in a better position to make a definitive plan to address acquisitions for the Library and other areas.

The G and H Buildings have four floors, six classrooms, and new computer and informational equipment. The cost of the debt service portion is about \$1M, which represents a significant enhancement of our academic facilities.

In response to a request from Enrollment Management, a number of graduate assistantships are being converted to regular staff positions, which will also help to staff the DARS system. The Enrollment Management allocations total approximately \$150K.

Institutional Advancement. The newly created Office of the Vice President for Corporate Relations and staff support totals \$600K. It is expected that this area will play an important role in our effort to connect with the corporate community, both statewide and nationally.

Capital and Contingent Items. This heading includes academic space renovations, lab renovations, startup funds for new faculty, and matching funds for research grants. Some of these are continuing needs and will be funded from the continuing budget, but much of the funding will come from the contingency budget, which is the realized revenue in excess of the projected budget.

Professor Hall expressed concern that startup funds seemed tilted toward the sciences and away from the humanities. Provost Abdelal responded that setting up and equipping science and engineering laboratories cost much more than materials for faculty in the social sciences and humanities, whose needs rarely exceed \$10K and can usually be met by the continuing budget, whereas startup for senior faculty hires can cost several hundred thousand dollars. Professor Hall suggested that an analogue to equipment might be acquisitions of significant collections of textual materials, microfilm, and similar resources. Provost Abdelal indicated that he was amenable to discussing appropriate startup funds for such needs.

Professor Brookins referred to the \$200K gain from reducing class sizes to be used toward the \$900K that would fund the new faculty positions and asked to what extent class size would be reduced to meet that amount. Provost Abdelal replied that the \$200K is intended to cover the cost of going from 25 students in English introductory sections to 19, which means hiring staff to teach the additional sections. These positions would not be part-time but would be graduate teaching assistants or doctorally prepared lecturers, as is the national norm.

Professor Wallin referred to Professor Hall's earlier question about bonuses for faculty and asked for clarification. Provost Abdelal explained that bonuses would be for staff or administrative positions, but it would be up to each sector to determine what to do. Vice President Mucciolo added that bonuses do not annualize.

Professor Gilmore wondered if class size were increasing in other subjects as they decrease in English and languages and whether this would create an effect in *U. S. News and World Report*. Provost Abdelal replied that Economics was another example of classes taught with a limit of 55 students, which he would like to bring to fewer

than 50. He has been working with Vice President Mantella and her office toward the goal of not increasing the large sections, while trying to increase the number of small sections.

Professor Wertheim noted that, despite an effort last year to develop a new system, the University is still using the old teacher evaluation system. Provost Abdelal explained that the plan is to have an in-house system; however, the cost is considerable. We are not there yet, but the idea currently is to continue the process we have while we try to develop an in-house system that is both practicable and secure.

Vice President Mucciolo's Presentation.

Vice President Mucciolo explained that he would proceed through a number of items, some of which might overlap or amplify points already made. He observed that the overriding objective was to accomplish two things—to ensure budgetary stability, and to continue the efforts of the past five or six years to make strategic improvements each year to the budget. He noted that this budget continues to provide stable outcomes and helps in targeted ways to reach objectives.

Financial Aid. Financial aid is a key mechanism to advance a number of institutional goals in the area of student recruitment, retention, and diversity. The financial aid budget is increasing by 7% (\$5.8M) greater than the rate at which tuition is increasing, although we are still maintaining a stable situation with respect to overall discount rates, about 26-27%. Financial Aid has a larger context, which provides consistent aid across a student's career. Students and their families are informed as to what the aid will be throughout the student's undergraduate years. Aid is predictable and follows the pattern of attendance, whether the student is on a five-year track or a four-year track. Overall, the budget generates \$21M in incremental revenue, 28% of which is recycled in the form of aid. The rest of the budget is available to make improvements.

Strategic Goals. One way to think about the budget is in terms of what we are doing to advance our strategic goals, such as our ranking in *U. S. News and World Report*, or the goals and objectives in the action and assessment plan. President Freeland has talked about how to improve the quality and reputation of the institution while trying to augment faculty resources, how to improve student selectivity, and how to improve student success. Clearly, adding good faculty is a way to advance our academic quality. Increasing faculty salaries where they are out of line with market realities is a way of helping the *U. S. News and World Report* calculation. Class size reductions have already been mentioned. New facilities enhance our ability to attract students and also provide resources for faculty. The College of Computer Science will have a new home and additional classrooms in buildings now under construction. More money is being invested in the honors program. Additional student housing is coming on line. An improved approach to financial aid and improved staffing in a number of areas has a direct and material effect on our ability to retain students and to provide a quality education.

Academic Salaries. The budget has to address salary increases in an institution that is labor intensive. About half of the money incrementally available will go to base line improvements in salaries and related fringe benefits. Previously mentioned were the 3% basic pool and other enhancements for administration and support staff. In addition to that, strategic improvements will amount to 28% of the budget, including the funding for enhanced faculty salaries, and 22% of the remaining funds will go to other improvements.

About 68% of the total revenue identified in terms of incremental changes goes into academic budgets directly, excluding enrollment management, and the remaining 32% goes to other areas. To the extent possible, academic priorities have been emphasized in this budget.

Enrollments. Vice President Mucciolo pointed out that a university's wealth is measured by its endowment. The most important way of measuring an institution's financial health is to look at its market data. The table shows vividly the enormous improvement that has taken place at Northeastern over the past ten years. The increase in applications far exceeds the rate at which the demographics are driving additional college age students, and in fact the target number for fall 2003 has exceeded that number. The acceptance rate now is projected to be about 1 in 2 students, which is remarkable when compared to the time when 86% of applicants were accepted. The enrollment is still budgeted at 2800, with a yield rate of 29%, given acceptance rates, so we are at a good place in terms of the market data, and we expect another year of improved student quality as measured by SAT scores.

Professor Hall asked whether, with extra revenues for 2001 and 2002, there are implications for us in reaching and adhering to the lower target. Vice President Mucciolo responded that we budgeted for 2800 and attained extra revenue, causing no issues about budgetary stability, but he noted that this was just one component of enrollment. Undergraduate day enrollment has been healthy and has exceeded projections. In the case of part-time enrollment, projections have been declining. With respect to graduate enrollments, we experienced a period of decline but this has stabilized, and in the case of noncredit continuing education enrollments the bubble has burst. The freshman class has been improving in quality, while SGS and SET have been undergoing decline. Basically, the shift has been from the lower quality programs to those that can attract better students.

Professor Hall asked whether the distribution of operating funds mirrored the percentage of student enrollments in any way. Vice President Mucciolo replied that they do not in a direct way reflect the size of colleges in terms of enrollments. He added that, because different areas have different requirements in terms of cost per course and staffing, it would be unusual to find a college of business that does not operate more efficiently or consume resources at a lower rate than a college of engineering.

Vice President Mucciolo reported that fall is the customary snapshot. Day school enrollments have gone up by 200 students. This is due to improved retention and more transfer students. This year more students returned as sophomores. The 200 additional day students represent \$4.5M, but part-time evening numbers are expected to decline by 6%. Graduate programs expect a modest 1.5% increase, and Law School enrollments continue to be robust.

Retention is a key variable, related not only to revenue but to our status. When we started the financial aid equalization program, the hope was that 78% of freshmen would return as sophomores and that, eventually, we would have a modest graduation rate of 60%, a significant improvement over the 40% of several years ago. Over the last five cohorts we are on track for 60% and are raising that expectation and building into the budget the resources to go to 82% retention in freshman to sophomore year.

Tuition. Tuition generates \$15M net, after taking into account the \$6M in aid. Day student enrollments generate a net of \$13M. Part-time student losses are offset by the day program. Graduate programs have enjoyed a modest increase, with a decline in continuing education and other enrollments. The discount rate as we have become a more research, doctoral-oriented institution has decreased from 29% to 27%.

Professor Vaughn asked if financial aid is available to teaching assistants. Budget Director Sam Solomon replied in the affirmative.

Vice President Mucciolo continued. The \$15M can be viewed in several ways, such as how much of the increase is coming by virtue of an increase in price, and how much is being generated by more or fewer students. He displayed a table that indicated day undergraduate price increases after financial aid, which showed a net increase of 4.5%. The remainder comes from the 200 additional students. In the case of part-time students, the loss in enrollments is offset by an increase in tuition.

Other Areas of the Budget. Vice President Mucciolo noted that other areas of the budget net to almost zero. On the plus side, indirect cost recoveries are increasing because the level of grant award is increasing. This is evidence of improving academic performance and, as grant or award money is spent, we recover indirect cost on them. We expect about \$400K next year, as those monies are actually expended. This is the only share that goes to the central budget, colleges, and departments. PIs also recover an amount of roughly 30% against the \$400K, which is equivalent to 70% of the total. Declines have occurred in annual giving of unrestricted contributions, but overall giving to the operating budget has been flat. The difference is that more contributions are directed to colleges as opposed to the University general pool, which means the budget must be adjusted to correct for that phenomenon. In general, overall annual giving toward the operating budget has been relatively stable.

Although the endowment income is expected to decline, the problem is more manageable, given the size of the budget and relative to the size of the operating budget, than would be the case with a more heavily endowed institution.

Professor Khaw expressed concern about charging students so much tuition and then redistributing the money. He noted that Engineering charges more than Arts and Sciences. Vice President Mucciolo responded that it is easier to recruit students in some fields than in others. Tuition is relative to the student distribution. We try to balance our enrollments and to structure tuition rates that are competitive with those of other institutions. Financial aid is a way of redistributing tuition and helps to balance the student body.

Calendar. Vice President Mucciolo emphasized that the changing calendar will not affect students in a negative way in terms of what it will cost them to complete their degrees here, taking into account the year by year changes and increases in tuition. He added that we should have one rate for students, whether freshmen or seniors. Today's tuition rate is \$9100 per quarter. Tuition will be \$12,133 per semester, which is equivalent to the cost under the quarter system. Tuition and fees are expected to increase by 5.5% for next year, which will mean \$12,800 per semester.

Buildings G and H. Vice President Mucciolo reported that Buildings G and H comprise 300,000 square feet. They will include both student housing and an additional 495 beds, several classrooms, and a new home for Computer Science. The project will cost \$94M. Also under construction is the new squash facility, which is actually being paid for by an outside group called Squash Busters, under an agreement that NU will operate the building we are funding in this budget and will get to share its use. We are also developing, at our expense, more recreation space for students in the Marino Center. That project should be completed by fall.

Discussion ensued.

Professor Alper asked how the \$900K for faculty lines fit into the target for the next couple of years. Provost Abdelal responded that in the next budget cycle the focus would be on regularizing the items in the academic sector, particularly where we were overextended. The colleges will have more flexibility and, in a sense, more revenue to enhance quality by not always having to look for dollars for items that need to be safeguarded in a regular way. It is more important to regularize the budget now than to achieve the maximum number of faculty positions because we will have a stronger foundation for moving forward. He and the deans are working on a five-year plan to present to the President, which will deal with faculty resources. With strategic appointments we can also significantly enhance the number of our academic programs.

Professor Vaughn asked whether, if this is an incremental budget, there will also be new faculty hires coming from existing budgets. Provost Abdelal replied that money already in the colleges can be used in that way.

Dean Stellar expressed his support for the Provost's initiative. He thought the regularization would not only improve the efficiency of the faculty we have but would make it clearer where to make investments.

Professor Alper asked why regularized money that is already being spent enhances the budget. Vice President Mucciolo replied that the reality is that the net amount reallocated is increasing in terms of what is being made available to the Provost by a couple of million dollars. Whether you think of it as old money or new money, the net amount is up.

Provost Abdelal was not certain he agreed. From his point of view, the money is new. He advocated a philosophy of budgeting within the academic area that is more regular in the sense that, whatever we think is essential, we should not start the budget year without that money being available. To start the year with a balanced budget allows for flexibility in the colleges whose budgets are getting regularized.

Professor Herman expressed concern that we will lose graduate students if the schedule for stipend rates is not forthcoming soon. Provost Abdelal assured him that the numbers are being finalized.

Professor Lowndes noted that the only thing that seemed to be annualized in the budget was the faculty equity pool. He wondered if there might be some unexpected revenue that might show up, either this year or next year, and whether that could be used to actually fully fund the equity pool next year. Vice President Mucciolo responded that, for accounting purposes, anything that shows up this year cannot pay for salaries next year. If we do better next

year and therefore can support earlier payment than has been proposed, the answer is Yes. The Budget Committee approached it from the opposite point of view. They wanted to support having come to a certain amount of money at a higher rate of increase, hence the decision to start on October 1, with the understanding that this could have a tab that the faculty pay for in the following year. If you assume the \$1M on an annual basis and go in reverse, we have a certain amount of money to use July 1 or October 1. They wanted to say July 1 but there was concern about hiring more tenure track faculty. He added that a number of commitments must be met in the areas of the physical plant, classroom technology, and other items that are important to faculty.

Provost Abdelal cautioned that issues relating to the semester calendar may yet arise and require attention. He added that needed renovations to Mugar and other buildings are significant in terms of cost.

Professor Lowndes noted that he had heard "Yes." Vice President Mucciolo added, "in principle."

Professor Lowndes pointed out that several items mentioned in Vice President Mucciolo's answer had not come before the CFP and so apparently would be funded "on the fly," if additional revenue occurred. He thought that all of these should be part of the CFP deliberations in the future.

Professor Lowndes noted that, in the annual reports for the last two years, the operating revenues have exceeded the operating expenses by about \$24M, a profit as it were, from the operations of the University, and these were large amounts compared to those in earlier times. There was \$24M last year, \$24M the year before, \$8M the year before that, but then it went down to what it used to be, \$1M or less. The \$24M was transferred to Net Assets, to offset losses in those areas. Why were such large profits being realized, and how were they being used?

Vice President Mucciolo responded that these amounts were the result of a number of factors, including the large freshman class encountered three years ago and the unexpectedly favorable interest rates secured for new building projects, which were much lower than anticipated. The moneys had been used to offset losses in non-operating activities. These amounts include bond principal payments and reflect items that are capitalized.

Professor Sherman wondered whether allowances might be explored for when we can expect an upswing in the number of courses taught as student hasten to finish. Provost Abdelal replied that this summer is unique and the colleges should let him know what their needs are. The departments would tell the dean, and the dean would make a request, or a combined request, to the Provost.

Vice President Mucciolo reminded the body that there is no more revenue coming in. We have to deal with both sides of the equation.

Professor Brookins noted that if the class size reduction is successful, retention will improve, and this would result in a continuing net gain. He referred to startup costs and suggested that materials could be made available in the Library. Provost Abdelal responded that startup costs of \$10K would not be a problem for deans, but labs and equipment can cost hundreds of thousands of dollars. The Library budget is an important but separate discussion issue.

Professor Herman pointed out that the summer is important in two ways, and he hoped that both were reflected in the budget. First, we not only have to fund the coming summer but we have to fund the first summer session under the semester system under this fiscal budget. Second, there is a longstanding commitment by the President to equalize the summer or do something about it to make sure that appropriate numbers of faculty teach in the summer. In response to the first point, Provost Abdelal replied that he wanted to hear from the colleges as to what their obligations are. He deemed the second goal very important and agreed that a significant commitment of new funds was needed, but he thought it a problem for consideration in the next cycle because we cannot find much money in this cycle.

Professor Wallin pointed out that for the past ten years the Senate has consistently found that faculty are underpaid when compared to like institutions. This year's recommendation of an equity pool of \$2.25M was met by an offer of \$1M, annualized less. He suggested that the discussion move from physical capital to human capital. He asked whether the administration had a working assumption as to the size of the shortfall, and whether the administration

would ever commit to a plan to consistently and deliberately reduce that shortfall. Provost Abdelal considered the annualized \$1M an important step in the regularization of the human element. He recalled that the CFP had mentioned a range of \$1.5M and \$2.5M, thus leaving room to consider the \$1M. The issue, in his view, was what can be done in any budget cycle. In terms of commitment to a plan, he would like to see the outcome of the analysis toward closing the gap.

Professor Ondrechen asked what would be the impact of the tuition on yield rates. Vice President Mucciolo replied that yield rates have been improving and actually are positively related to increased tuition. The applications for this year are the strongest they have ever been.

Professor Ondrechen expressed concern that research centers have been receiving diminished funding over the years and urged consideration of an increase in overhead return to proposals that are generated from research centers. Provost Abdelal responded that he had been looking at that question and that perspectives vary on how to distribute that indirect cost when an interdisciplinary institute or center is involved. He agreed to work with the research office and the deans to see what mechanisms can be found to support interdisciplinary institutes.

Motion. Professor Herman moved to adjourn.

Adjourned at 1:30 p.m.

Respectfully submitted,

John G. Flym
Secretary, Faculty Senate