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Faculty Senate meeting minutes: 03/31/2004

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TO: FACULTY SENATE
FROM: CHARLES H. ELLIS, Jr., SECRETARY, FACULTY SENATE
SUBJECT: MINUTES, 2003-2004 FACULTY SENATE MEETING, 31 MARCH 2004

Present: (Professors) Alper, Alverson, Aroian, Bannister, Bansil, Blank, Brookins, Bruns, Bursley, Ellis, Flym, Futrelle, Hansberry, Hunt, Khaw, Krishnamoorthy, Lowndes, Morrison, Serafim, Shafai, Sherman, Sherwood, Vaughn, Wray
(Administrators) Abdelal, Finkelstein, Greene, Hill, Meservey, Onan, Soyster, Stellar, Weiss, Zoloth

Absent: (Professors) Barnes, Howlett, Kruger, Margotta, Metghalchi, Ondrechen, Peterfreund
(Administrators) None

Provost Abdelal convened the meeting at 11:59 a.m.

I. **Minutes.** The minutes of March 10 and 17 were approved.

II. **SAC Report.** Professor Lowndes reported the following.

- A. **Meetings.** Since the last meeting, SAC met once in regular session, and once with President Freeland and Provost Abdelal.
- B. **NU Press.** Following the straw vote and sentiments expressed at the last Senate meeting concerning the closing of the NU Press, SAC met with the President and Provost.

The discussion focused on the two central issues, the process involved and the actual decision.

President Freeland and Provost Abdelal both acknowledged that the process had not been handled well, and concurred that such a lack of communication and collegiality should not happen again.

On the substance of the decision, new facts emerged. First, President Freeland indicated that when he first arrived the NU Press was even then operating with a budget deficit and that subsequently the Press had been asked to reduce and or eliminate these deficits, but this has never been achieved; indeed the deficits had grown.

Second, the operating budget for the Press has been ~\$1.8 million, so that this year the revenue stream has only been around \$1.2 million. Given the 40 projects per year at, say, \$40 per book, this leads to average production runs of ~1,000, a tough level at which to sustain a profit.

Given these two points, and the fact that Library purchases, which constitute the primary purchasers for many such books, have been continuously declining because of their own tightening budgets, the decision is understandable from a business point of view.

SAC did, though, raise the issue that many entities at NU are subsidized, some heavily, such as doctoral programs, which collectively, along with the NU Press, do shape the academic reputation of the University, and then, at the other end of the spectrum, the football program, which absorbs millions but contributes little. There was no response to this.

Finally, it is important to understand two things. First, the closing of the NU Press cannot lead to any reallocation investment in other continuing budgets. The only money saved would be the money used to underwrite the deficit that currently comes out of the \$20 million profit, or so called supplementary budget moneys. So, the supplementary budget that is used for diverse issues on a onetime basis will be \$600,000 richer, but no one will ever know if these moneys came back to the academic side. Second, the Provost has agreed to work with SAC to establish a faculty group to advise on the possibility of joining a consortium press and selecting one. Such a move will provide at least token visibility for NU in the university press area.

III. **Provost's Report** Provost Abdelal reported the following.

NU Press. Provost Abdelal had shared with the Senate a memorandum that articulated his concurrence that the process could have been better if a blue-ribbon committee had been created to look at the data and recommend options. The arguments for considering a consortium arrangement were compelling and, based on the discussion with SAC, a committee with significant faculty representation will be constituted to advise about options. While funds will not be reallocated, they will come from money put in the front end of the budget, the contingency budget. The contingency budget was also used to fund \$400K allocated for the book collection in this fiscal year.

IV. **Question and Discussion Time**

Professor Futrelle reported that the Morgan Kaufman publishing firm was acquired two years ago by a huge company, but the Morgan Kaufman catalogue continues to be sent under its name.

V. **Interdisciplinary Master of Science in Technological Entrepreneurship** Vice Provost Meservey moved the following resolution, and the motion was seconded.

BE IT RESOLVED That the Faculty Senate approve the Interdisciplinary Master of Science in Technological Entrepreneurship as approved by the Graduate Council on 13 February 2004, to be offered in an appropriate academic unit.

The floor was yielded to Dr. John Friar from the College of Business Administration, who declared his intention to talk about both the school and the masters program because he could not separate them. Both proposals are responses to trends that are going on in the field. The NSF has written of the need for engineering and technology-based people to think more about commercialization and the business side. A couple of years ago, a group of faculty got together to talk about the integration of technology and business research areas. For example, the marketing side of new product development directs engineers to build something with certain benefits. The engineers look to the design aspect, and ask for a market analysis from the business side. The group of faculty decided to offer a program that would be interdisciplinary, mostly team-taught by business and technology faculty.

The proposed organizational structure would contain professional development incentives for faculty working together. The primary model for these programs has them reside in an engineering program rather than a business program. Most engineering programs do not understand entrepreneurship. The secondary model allows engineering students to come over to a business program.

Provost Abdelal noted that an undergraduate minor in technological entrepreneurship would also be housed in the school.

Dean Soyster reported that benchmarking studies have found a significant restructuring of enterprises in the marketplace over the last dozen years. He pointed out that having a minor in technological entrepreneurship is a critical strategic issue that has received overwhelming demand elsewhere. He had visited ten other schools and learned that students with high SAT scores are attracted to business and engineering under the rubric of management technology or technological entrepreneurship. Northeastern is ideally situated to enter this field.

Dean Weiss reported that the minor in technological entrepreneurship would relieve the difficulty that students encounter in getting into some of the core courses in CBA because of high demand. Students from five colleges would be able to gather in a project-oriented environment to better understand each other's disciplines and how to get a product to market.

Professor Shafai reported his experience of quite positive collaboration and interaction with students from business and engineering in the last two years.

Professor Khaw asked why the proposal was restricted to business and engineering and not biotechnology. Dr. Friar responded that faculty from five colleges (CAS, COE, CBA, Bouvé, and Computer and Information Science) have expressed interest in participating.

Dean Zoloth reported that many of his faculty were supportive, particularly of entrepreneurship in the pharmaceutical sciences.

Professor Ellis asked who of the faculty on the interdisciplinary team of proponents had signed on to actually be part of the program. Dr. Friar replied that Professors Marc Meyer, Thomas Cullinane, Francis Dibella, and Karl Lieberherr were the initial faculty who developed the program. Thus far no one has signed on, but a number of faculty are waiting to see what happens. Learning and training are not the same for business and engineering students, for example, so a tandem approach will be used by faculty from both disciplines.

Professor Alper expressed concern that faculty in the school would be tenured with a set of supervisors other than those directly in the school and asked how the faculty from a college--who would be reporting to, and assigned by, the director of the school--would be reviewed by the faculty in their home college. Dr. Friar responded that five specific new faculty lines would allow participants in a joint project to be evaluated as being in that joint area. Candidates for promotion or tenure would be jointly reviewed.

Provost Abdelal acknowledged this to be an important administrative question, and the method by which it will be resolved is an important part of the discussion, as it is one of the first of such models in which NU will be engaged.

Vice Provost Meservey distributed copies of a document entitled, "Responses to Faculty Financial Affairs Committee Questions, Provost's Office, March 31, 2004" (See Appendix), which stated, "Initially faculty will be tenured in the basic colleges. Tenured position in SOTE will be established following a successful three-year review of the School and development of joint appointment (interdisciplinary) tenure review policies and procedures."

Dean Stellar pointed out that large interdisciplinary operations are already under way and successful in the University. For example, in CAS, the International Affairs major has 160 students in it, and Behavioral Neuroscience has 100 students. Some faculty are paid by two programs or colleges, and possible pilot projects are being cobbled together to resolve any foreseeable conflicts.

Vice Provost Meservey reported, in response to the issues raised in the Financial Affairs Committee memorandum of March 18, that there will be 15 courses, five new faculty positions plus a dedicated position for the minor, as well as the expectation that some of the faculty in colleges will be participating. Also, there will be allocations for adjunct faculty. Courses will be developed over a two-year time frame by a large group of faculty, many of whom will be senior faculty. The budget will cover any reductions in teaching loads for junior faculty. The Academic Investment Plan will support faculty positions. The dean's initial salary should be sufficient to attract a dean for a new, small school. If the school has a positive three-year review, we would move to establish tenure positions in the school. The 19-25% contribution range falls within the range of the FY02 ranges for the other colleges and is expected to grow as enrollments and funding increase. Of the original seed money, about \$1M remains to advance the programs forward. With regard to the concern about cannibalizing undergraduate enrollments, we do not have a university-wide cap on transfer students, and indeed the number can grow. It is hoped that the undergraduate minor will actually relieve some of the pressure that has occurred in CBA due to the large number of transfers and the number wanting to minor in Business. As to the composition of the third-year review committee, the Provost's Office agrees that a member of the Financial Affairs Committee be included.

Professor Vaughn pointed out that the contribution margins given in the budget are between -13% and +11%. He noted that, traditionally, in presenting budgets, development funds are not properly included in the revenue category, as they are in this proposal. Even if you were to divert faculty from other programs, someone would have to pay their salaries.

With regard to salary expenses, fifteen courses would be taught by five half-time faculty. The graduate program is budgeted for three full-time faculty. That does not buy much, and calling the unit a school will not bring in faculty at a lower cost. Professor Vaughn saw a zero contribution margin, but somehow counting development funds as revenue seems to roughly balance the costs of administration and operations of the school. He did not think adding another dean in the University would help the coordination. He recommended housing the program

in CBA with significant college and faculty interaction. He observed that, without the separate costs of administration and operation of the school, the interdisciplinary program would be more financially viable and administratively effective. While he agreed with the intellectual foundations of the program, he was skeptical about not housing it in CBA.

Motion. Professor Vaughn moved to amend by deleting “in an appropriate academic unit” and substituting “to be administered by the College of Business Administration.” The motion was seconded.

Professor Sherwood recalled that the same argument—that it was important to the success of the program to have a central, independent unit—had been made for the proposal to establish the College of Computer Science. His only reservation was that he would like to see more funding for the school.

Professor Lowndes supported the amendment. In response to Professor Sherwood, he pointed out that, unlike the proposed school, the College of Computer Science was established with the knowledge that computer science was already a large and established new field that would generate enrollments and revenue. Opposition at the time derived from the politics of, on the one hand, Dean Astro being wary that such a program might, if located in CAS, not be properly funded by the Administration and hence be a draw on the CAS budget and, on the other hand, the intended Computer Science faculty not wishing to be part of the College of Engineering. In the present case, the interest seems to be more in establishing a school than in the degree program. He cited other institutions, such as MIT and RPI, which have technological entrepreneurship programs in place but which are housed within their business programs. Similarly, USC has raised \$20M over the last three or four years but has not put their school in place yet. The reason seems clear. There is no apparent market of any significance, and this is also reflected in the low estimates for enrollment contained in the proposal. Looking at the budget should bring second thoughts about how the school ought to be developed. We would have a school, with a dean and the usual entourage, supervising two and a half faculty and ten full-time students per year, with the whole operation barely breaking even in year five, and even this is only achieved according by the extraordinary measure of counting development gifts as revenue. With a real budget, in three or four years, the school would likely absorb rather than contribute revenues to the budget process. It appears that the only reason for considering a school was that one or more donors had offered preliminary gifts for its creation. The appropriate way to proceed would be to establish the masters program, keeping in mind that it is not a big discipline nationwide, and then to proceed to establish a school if the program flourished. He urged that the program be instituted in CBA initially, to see if it succeeds.

Professor Ellis pointed out that the College of Computer Science was founded by a core group of existing NU faculty, many in the Mathematics department, who moved 100%, not half-time, to the new college.

Dean Weiss indicated that he understood the amendment and the conversation around it. He noted that the key issues were the seriousness about creating these kinds of programs and whether we have the environment to facilitate their success. He acknowledged that the startup phase of the program would need phenomenal facilitation and coordination, but it would be an opportunity to create a unique programmatic school that will not be replicated anywhere in the U.S., and will be a vehicle for fundraising from alumni, trustees, and various foundations. His sense was that this would be difficult to manage through a unit such as the College of Business Administration, given the scope of the growth opportunities. We need to create the environment that will propel it to success, and that would be to have its own separate identity.

Dean Finkelstein explained that the focus of the original discussions was not on establishing a school but on the intellectual content of the program and how it created a unique opportunity for the University. The existing models for interdisciplinary programs would not allow faculty to become sufficiently engaged to really develop the volume of curriculum needed to make a mark on the national landscape. The structure of housing the program as a free-standing school was designed to optimize the program’s success, and this would not happen if the program were housed in CBA with faculty brought in as subcontractors.

Professor Sherwood did not see the smaller approach as unreasonable. The proposed school would be limited in resources and faculty, but, on the other hand, its development in CBA would be limited. He was convinced that the top quality people integrally involved had given their best judgment and expertise.

Dean Stellar explained that he had joined the discussion when the proposal was fairly well developed. To him, it looked like an experiment that contained the right experimental conditions. While he thought the experiment deserved the opportunity to succeed, he would be prepared to eliminate it after three years if it did not. He also thought that the reason the University has not raised enough external development funds is that we have not articulated a dedicated vision to sell to potential contributors.

Professor Vaughn argued that the faculty in the school would still be connected to their original colleges. An unsuccessful program would be easier to eliminate if it were in a college.

Dean Soyster noted that, when discussion began three years ago, the issue was how to distinguish our university from competitors' and to leverage the keystone program we have in Coop, which has to continue to evolve. Having our students return from Coop positions and design and build things with great enthusiasm is a good recruiting advantage. The benchmark institutions failed because they could never get the faculty and students to collaborate. The notion of having an institutional commitment and a dean has to be a steady state solution to this issue.

Professor Lowndes countered that it was hard to understand what a dean would do with five faculty. Success in 2008, according to the budget sheet, has a contribution margin of \$20K, or 2%. That is not success. Cutting back on the school in the future would not be easy for the Senate. Though the Senate could recommend dissolution, the ultimate decision would be up to the President and the Trustees. The budget in the proposal was the most optimistic that could be crafted. Other similar programs in MIT, USC, and the Lally School at RPI are concentrations that do not stand alone. They do not generate great profits. He did not believe that the Senate had ever before approved a program with such low contribution margin numbers that are in this proposal.

Provost Abdelal pointed out that deans do not necessarily have entourages. An interdisciplinary program would have a small number of core faculty, a large number of associated existing faculty, and a significant number of qualified entrepreneurs, all of whom would be managed by the dean. There would be ten students in the first year and ten students in each succeeding year. What was presented was a minimum estimate of revenue rather than an upper limit of revenue. It is imaginative and creative to be in the forefront of a developing trend that has huge potential.

As it was 1:30 p.m., Provost Abdelal suggested that the Senate recess and reconvene the next day.

Recessed at 1:30 p.m.

Respectfully submitted,

Charles H. Ellis, Jr.
Secretary

Appendix

Responses to Faculty Financial Affairs Committee Questions
Provost's Office
March 31, 2004

1. The budget does not seem to provide funds for the development of the new courses. Because models do not exist for the proposed courses, course development would consume a considerable amount of faculty time at the outset. Indeed, added time costing between 25% and 50% proposed salary budget would not be unreasonable.

There are 15 courses between the masters program and the baccalaureate minor. Several of the minor courses have already been developed. It is anticipated that the remaining courses would be developed over two years. The four new faculty targeted for these programs represent a core faculty that will be supplemented with existing faculty from the relevant colleges that are interested in this program as well as by successful entrepreneurs as adjunct faculty. Course development will be shared among these groups of faculty.

2. It is customary to give new faculty hires a reduced teaching load in their first years of service as well as released time during the summer. No provision has been made for these expenses.

Reduced teaching loads are provided to junior faculty entering a tenure-track position. The SOTE programs would be offered by a mix of faculty from the participating colleges including tenured, tenure-track and adjunct faculty. With this mix, accommodation for reduced loads for junior faculty can be achieved.

3. It is implied that faculty teaching in SOTE will have half-time appointments in existing colleges. No assurance has been offered that such positions will be available.

Faculty positions will be supported by the Academic Investment Plan and all colleges will benefit from this enhancement of our professoriate.

4. The Dean's compensation appears to be inadequate in today's market.

The proposed salary is \$160,000 plus benefits. For a new, and initially small, school, this compensation is sufficient.

5. Are the faculty to have tenure in the basic colleges or in the SOTE? What happens to tenured faculty if the School ceases to function? To the extent that faculty are hired who have tenure there is a lifetime commitment for employment not underwritten by the proposed School.

Initially faculty will be tenured in the basic colleges. Tenured positions in SOTE will be established following a successful three-year review of the School and development of joint appointment (interdisciplinary) tenure review policies and procedures.

6. The contribution to general University operations of between 19% to 25% implies that the existing colleges will be subsidizing the School.

The projected contribution falls within the range of the FY 02 Contribution ranges for the other Colleges. The contribution is projected to grow as the enrollments increase and external funds are secured to support the School.

7. We would like to know how much of the \$1.75 million of "seed" money remains to cover some of the future start-up costs of the School.

Approximately \$1 million of the original \$1.75 remains available to support the School. Initial conversations indicate that substantial funding is likely to be available from NU alumni who are highly successful entrepreneurs and who are very enthusiastic about this School proposal.

8. Is there not inevitable cannibalization of undergraduate enrollments if the caps on freshmen and transfers remain in place? With such caps in place the undergraduate revenues will not be incremental revenues.

There are no university-wide caps on transfer students. At the undergraduate level, the SOTE programming is a minor. The availability of this minor may reduce pressure from students from colleges outside CBA seeking a minor in business. The minor also diversifies our offerings and is likely to be attractive to competitive students.

9. We believe that the third year review should include issues of long-term financial viability and that a member of the FAC at the time of the review should be a member of the review committee.

This is a reasonable recommendation.