



# FORDHAM UNIVERSITY

THE JESUIT UNIVERSITY OF NEW YORK

Faculty Senate

Joseph M. McShane, S.J., Hon. President	Gregory Acevedo	Christine Hinze	Mary Procidano
Joel R. Reidenberg, President	Dominic Balestra	Margo Jackson	Berish Rubin
Christopher GoGwilt, Vice President	William Baumgarth	Eve Keller	Aditya Saharia
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	Diana Bray	Harry Nasuti	Falguni Sen
	James Cohen	Leonard Nissim	Shapoor Vali
	Jeanne Flavin	Chaya Piotrkowski	Grace Vernon
	Marcia Flicker		

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 Dr. Leonard Nissim/FCLC (ext. 8-6331) [nissim@fordham.edu](mailto:nissim@fordham.edu)

Meeting: O'Hare Special Collections Room, Walsh Library, Rose Hill Campus

Guests: Dr. Stephen Freedman, Provost  
 Dr. Jonathan Crystal, Interim Associate Vice President and Interim Associate Chief Academic Officer  
 Dr. Salvador Aceves, Associate Vice President for Academic Financial Planning and Analysis  
 Mr. John Lordan, Senior Vice President, Chief Financial Officer, Treasurer

Excused: Senators Dominic Balestra, Chaya Piotrkowski, Henry Schwalbenberg, and Shapoor Vali

## **1. Call to Order and Invocation.**

Senate President Joel Reidenberg called the meeting of the Faculty Senate to order at 2:30 pm and welcomed Father Joseph McShane, S.J., President of the University, Dr. Stephen Freedman, Provost, and Mr. John Lordan, Senior Vice President for Finance, to this special meeting of the Senate for the purposes of discussing academic budget planning. Senator Gregory Acevedo offered the invocation.

## **2. Approval of the Minutes.**

The Senate approved (11:0:3 the Minutes of the September 9, 2011 meeting of the Faculty Senate as presented (Koterski/Flicker).

## **3. Remarks by the President of the University.**

Father McShane identified the following items as his priorities for academic budget planning:

(1) Completion of the Capital Campaign as soon as possible. To date, the University has raised some \$435 million toward a \$500 million goal. If we receive an anticipated \$25 million gift in the next few months, we expect to be able to finish the campaign this fiscal year.

(2) Completion of the two major capital projects currently underway: (a) the reconstruction of Hughes Hall as the new home for the Gabelli School of Business (needed on-line by August 2012), a \$36

million project; (b) completion of the building that will be jointly a new home for the Law School and a residence hall (needed on-line by fall 2014), a \$250 million project that thus far is on schedule and on budget.

(3) Planning for the re-assignment of space in the building currently occupied by the Law School, so as to relieve some of the present overcrowded conditions at Lincoln Center. In addition, there is planning for the recycling of Loyola Hall, which the University will buy from the Jesuit community by the end of the current academic year. It will become an academic building and is much needed at Rose Hill.

(4) Refinement and revision of the new budgeting process that was introduced last fiscal year. This will include a change for FY 2013 in the way central administrative costs are allocated to each of the colleges and schools in order to provide a more equitable distribution of these costs.

(5) Academic planning:

(a) The creation of what will be called the “Bronx Science Consortium,” a joint program of Fordham, the Bronx Zoo, the New York Botanical Garden, Montefiore Medical Center, and Einstein Hospital. This arrangement will give our faculty access to the science faculties of those institutions and to their facilities, and it will vastly enhance research opportunities for our students.

(b) Encouraging Deans and Chairs to consider the development of new programs that will be market-savvy (and thus likely to generate new revenue streams) as well as mission-rooted. The University needs to conduct good market research, to make sure that what we think to be a good idea will be likely to succeed in practice. The University needs to provide start-up funding to assist in the development of such new programs.

(c) Research on the cost-implications of moving the University from its current rate of having 48% of its courses covered by full-time tenured and tenure-track faculty toward a rate of 60% such coverage, a benchmark often claimed by our peer and aspirant institutions.

(d) Cultivating at Fordham a culture richly devoted to research and grantsmanship, with enhanced support for faculty who have established productive research records.

(e) Further work in the general area of assessment and in particular work on outcomes assessment, as required by Middle States.

(f) Progress toward consistency in pre- and post-tenure programs for faculty development across the various schools of the University.

Father McShane concluded his presentation by commenting on the importance of placing these priorities before the Senate for its consideration and he restated his own commitment to invest in the intellectual capital of the University.

#### **4. Remarks by the Senior Vice President for Finance.**

In introducing Mr. Lordan, Senate President Reidenberg thanked him for providing the Senate with detailed budget materials in advance of the meeting and increasing the transparency of the budget process. Mr. Lordan then reviewed the material that he had provided to the Senate in advance for this meeting, including year-end accounting for fiscal year 2011, the budget for fiscal year 2012 by Vice Presidential areas and by college and school, the budget projection for fiscal year 2016, and materials on the use of the budget surpluses over the last five years (copies attached as Appendix 1). Mr. Lordan

thought it would be useful for the University's five-year budget plan with its projections of the budget for each of the University's schools through 2016 to be made available to the faculty and indicated that he would enable distribution. An electronic copy will shortly be made available to faculty through my.fordham.edu.

Mr. Lordan noted that fiscal year 2011 was a good year for Fordham, for revenues exceeded expenses by about \$2.6 million after the transfer of \$6.7 million to the Capital Facilities Reserve fund and \$1.6 million to supplemental capital spending as well as a \$7 million authorization for increased spending midway through the year. He pointed out that these transfers to the capital facilities reserve account will help us over the next few years to make sure that we have adequate funds to absorb the fixed operating and depreciation costs that will commence after the completion of the two current capital projects. The University, he explained, raised the money for the new building at Lincoln Center by the sale of property assets on that campus and by borrowing the rest. As a normal result of the borrowing, there are various covenants made in connection with the issuance of bonds by the University that require the University to maintain balanced budgets and certain financial reserve ratios linked to our bond rating by the bond rating associations. At the present time the University is in good shape with regard to these ratios, especially because we have held the proceeds from the Lincoln Center asset sale. A second asset sale will be retained in the endowment devoted to supporting operating costs, and we expect to supplement that fund from additional gifts expected by the Law School. We also expect to grow the Capital Facilities Fund that will be used to support these buildings to about \$125 million; it will then use a 6% pay-out rate, which is slightly higher than the pay-out rate for the rest of the endowment, to cover a substantial portion of the operating, maintenance, and depreciation costs, which will then be supplemented by revenue raised from the residential portion of the building.

Finally, Mr. Lordan noted that the budget process was revamped in 2010 in a way that assigns certain additional responsibilities to the Provost and that uses more decentralization in the budget process and thus relies more heavily on individual schools to have specific knowledge of markets, costs, and so on. These changes mean that budgets will be built from the ground up and not just on the basis of future financial projections. The process is designed to promote the realization of the priorities of the University's Strategic Plan.

## **5. Remarks by the Provost.**

Dr. Freedman explained that the revised budget process makes possible a more comprehensive examination of academic budgeting. He and his staff have already had three meetings with the Deans on this subject, and each Dean is involved in correlating the priorities of the School with the Provost's priorities and the available resources. A retreat with the Deans gave them additional details about how the process will work.

At Dr. Freedman's request, Dr. Salvador Aceves discussed the systemic changes that have been made in the academic budgeting process to help align resources to priorities in light of market-driven analysis. Among the items he emphasized is a website that has been developed for use by the Deans to coordinate various initiatives and planning priorities with the resources available and with possible revenue streams needed to achieve their goals. A special importance has been placed on looking for new programs that could bring in new revenue streams. There will also be careful consideration of the possibility to re-price some of our programs and of the relation between pricing and financial aid, so as to be responsive to market challenges.

## **6. Discussion.**

Senate President Reidenberg thanked Father McShane, Mr. Lordan, Dr. Freedman, and Dr. Aceves for their presentations and especially for the transparency achieved by the sharing of information through the materials provided. He then opened the meeting to questions, discussion, and comments. The discussion that followed included the following items.

Regarding the place of research in budget priorities, especially in light of the Report of the University Task Force on Research Competitiveness presented at the Senate's October meeting, several Senators commented on the distinctive way in which research at Fordham is understood not only as something important in itself but also as something connected to the fulfillment of the University's mission along with teaching and service. In response to Senators' comments about the need to integrate support for research into the budget planning process and to resist budgetary allocations that would decrease research – some Senators commented that the figures we received appear to be showing some decrease in research support – Dr. Freedman explained that he had re-affirmed the importance of the protection and enhancement of research support in his recent meetings with the Deans and commented on the need to enhance research support. He also noted the importance of determining the right size for our faculty in relation to Fr. McShane's comments on the percentage of courses staffed by full-time tenured and tenure-track faculty. Dr. Freedman further commented on the need to address the allocation of funds for supporting graduate students and the enhancement of grantsmanship. Dr. Freedman noted that it will be important for all faculty members to receive copies of the Task Force Report, so that the process described in the report can continue as planned.

Dr. Freedman was asked if providing adequate budgetary support for research in alignment with the University's strategic goals would translate into raising new funds or re-allocating existing funds on the basis of "market-driven analysis," Dr. Freedman stressed that the achievement of our goals may mean some significant changes in the way we currently operate, but that the Administration remains committed to a number of guiding principles, including the University's commitment to continue to serve under-served and impoverished communities, and to continue to promote academic quality in a way that is faithful to our legacy as a teaching institution. Among other things, this means not promoting the idea of a two-tiered faculty but working toward a culture of teaching scholars, based on the idea that effective teachers also need to be good in their scholarly research.

As part of their reply to questions about likely sources of new revenue, Dr. Freedman and Mr. Lordan explained that most of the new programs where fresh sources of revenue can be expected will presumably be at the graduate and professional levels, for we are presently operating at or even beyond capacity in our undergraduate colleges. The new residence hall at Lincoln Center, for instance, is not envisioned as bringing any significant number of new students to the University so much as making it possible for commuter students to become residential students. Mr. Lordan noted that many fine universities have considerably enhanced their reputations by promoting close cooperation between budgetary and academic offices in working to secure the kinds of grants that enhance their teaching and research goals with their budgetary goals.

In the discussion of the funds listed on a handout provided by Dr. Aceves as set aside for the use of the Provost's office for the support of academic initiatives, Mr. Lordan clarified that the Administration was able to set aside about \$8 million (that is, \$4 million in each of two recent years), and that doing so again would be a good candidate for the use of surpluses that may accrue in the future. The discussion addressed the value in the Provost's Office having a start-up fund for academic initiatives. There was also discussion about whether the establishment of a Facilities Reserve Fund for the support of the new buildings currently under construction and soon to be on-line would decrease the likelihood of any

surplus funds being allocated to the Provost's restricted fund for academic initiatives. Mr. Lordan reassured the Senate about the importance of increasing the fund for academic initiatives while also balancing the needs of the University for good stewardship of the University's funds for the many demands that are placed on the institution's total budget.

In reply to questions about the figure (60%) discussed earlier in the meeting as a possible (but not yet formally adopted) target for the percentage of courses taught at the University by full-time tenured and tenure-track faculty, Mr. Lordan emphasized that there will be need for thorough discussion and tough decisions within the academic sector if we are to realize the priorities and objectives discussed by Father McShane earlier in the meeting and articulated in the University's Strategic Plan. Following Mr. Lordan's observation that funding would be likely to come from growth opportunities in the graduate and professional schools, several Senators asked whether the realization of these aims will in effect mean the subsidization of the costs allocated to the undergraduate colleges by some of the professional schools.

Mr. Lordan stressed that understanding the budgeting process for the whole institution needs to include a sense of how complex the process is. Some of the costs allocated to a given division of the University are fixed costs and others are variable costs on which some efficiency-initiatives may be able to produce some savings. One division may well need to help others at one time, and be helped by them at another time in the institution's history. But the budgetary process makes provision for these matters precisely by long-term planning. Any huge budgetary shifts would be very problematic if done abruptly, but re-allocation of costs can be handled well when we move gradually and discuss the matter thoroughly in appropriate venues such as the Faculty Senate, the various budgetary committees, and the Board of Trustees. In this way, he explained, any changes can be made over the course of a sufficiently long stretch of years that the changes will not cause damage to any school or division.

On the particular question of the Capital Facilities Fund, Mr. Lordan explained that the intention is to bring the fund up to \$125 million from its current level of \$75 million, which was derived from the Lincoln Center asset sale. The funds transferred this year (about \$6 million derived from an operating surplus) will presumably be joined by other resources such as those derived from initiatives now being developed by the Law School for the generation of additional revenue. Mr. Lordan noted that throughout the University the allocation for the cost of operating facilities and the depreciation costs are allocated to the various schools that use a given facility. He stressed that the goal remains financial prudence as well as the promotion of good decision processes that are informed but not simply dictated by financial considerations.

When the discussion turned to questions about the process for setting priorities within academic budget planning, Dr. Freedman reviewed his work in promoting a collaborative process among the Deans and Chairs to get beyond thinking within one's own silo and thinking more broadly, especially about questions of re-allocation of resources, and about proper faculty-size in any given department or division. There was also discussion about the processes to be used for the re-allocation of space at Lincoln Center in the building currently occupied by the Law School once the new quarters of the Law School become available. Additionally, Dr. Freedman also noted the need for considering faculty development funding as a distinct but related topic to the question about faculty research, and he indicated that he has spoken with the Deans about this topic.

In response to a question about contingency planning for problems like the 2008 market collapse, Mr. Lordan reviewed some of the processes that are used in the budget planning process to anticipate possible problems in the future. He also noted that the actual damage from the 2008 market collapse

was less than we anticipated. While some accounts were unable to deliver their expected 4% payout because the funds were underwater (that is, their market value had dropped below their capitalization), most of the programs of the University that make use of these accounts were able to find other temporary resources. Likewise, the Administration feared that this market collapse was going to make it impossible for some families to support the costs of their children's education, the actual impact proved less than what was estimated. Nonetheless, a lot of people have lost considerable portions of their net worth over the past few years, and we must continue to be concerned that a new economic downturn could tip the balance for any number of our families. We are trying to take this possibility into consideration in our contingency financial planning. Dr. Freedman indicated that at the present time there is no intention to implement contingency plans; the plans were developed simply in case that need should arise.

A number of Senators stressed the need to be sure to include within the academic budget planning process a respect for the University's commitment to concern for diversity and for minority students, Dr. Freedman noted that decision-making in the academic area will remain mission driven. He suggested that this are might be well suited to discussion at a future Senate meeting.

At the conclusion of the discussion, Senate President Reidenberg once again thanked Father McShane, Dr. Freedman, Mr. Lordan, and Dr. Aceves for this discussion and for their release of significant information such as Father McShane's articulation of his priorities for academic budget planning and the explanation provided by Mr. Lordan and Dr. Freedman about the processes for protecting the priority of academic concerns in the way we plan to handle the budgetary issues related to the operation of our newly constructed buildings. He also expressed appreciation for the re-affirmation of the commitment to align financial resources with academic priorities within the budgeting process, and for Mr. Lordan's expression of a willingness to consider use of some portion of future surpluses of revenue over expenditures for the development of an endowment to support the University's academic capital.

The meeting was adjourned at 4:10pm (motion by Senator Mannion).

Minutes supplied by Joseph W. Koterski, S.J.