1. **CALL TO ORDER:** Speaker Steve Beer: “Good afternoon, ladies and gentlemen. I’d like to call to order the December 15th, 2011 meeting of the University Faculty Senate. I’d like to remind all those present in the room that there will be no pictures taken or audio recording. I would like to ask everyone to please turn off or silence your cellular phones.

“And when you wish to speak, please first raise your hand and be recognized, and then wait for one of the ladies to bring you a microphone and then please stand, identify yourself as to name and department or other administrative unit, and then give us your opinions or your statements.

“There will be no Good and Welfare speakers today. I would like to also announce that Associate Dean of the Faculty, Professor Fred Gouldin, will be in charge of the meeting today. And it turns out that the first report is from Associate Dean Gouldin, the Committee on Nominations and Elections report.

2. **NOMINATIONS & ELECTIONS COMMITTEE (REPORT)**

   Associate Dean Fred Gouldin: “Thank you very much. To begin with, Dean Fry has asked me to convey his regrets to you that he's not able to attend today's senate meeting. He is off giving a research talk, a talk on his research; and again, he's sorry he's not going to be able to attend.

   “For nominations and elections, the report is brief, particularly in comparison to reports at previous senate meetings. So if I just can read through here, Sandra Greene, College of Arts and Sciences and History, has agreed to serve on the Academic and Professional Status of the Faculty Committee. David Bindel, College of Engineering, in Computer Science, will be serving on the Faculty Advisory Board on Information Technologies.

   “Carol Devine, Nutritional Sciences, College of Human Ecology, will be serving on the Faculty Committee on Program Review; and finally, on the Music Committee, Peter Diamessis, College of Engineering and Civil Engineering; and Martin Hatch, College of Arts and Sciences Music Department, has agreed to serve. So I want to thank all those people for agreeing to serve, and that completes my report. Steve?”

   Speaker Beer: “Thank you very much, Fred. It is appropriate that we accept the report. Any objections to accept the report? Seeing none, the senate will accept the report unanimously.”
3. REPORT FROM COMMITTEE ON ACADEMIC PROGRAMS AND POLICIES

“I would like to now call on Professor Thomas Cleland for the report on Committee of Academic Programs and Policies.”

Professor Thomas Cleland, Department of Psychology: “Thanks, Steve. So this report primarily concerns one continuation, which I have talked about here before the Senate in that CAPP is serving as an advisory panel on behalf of the faculty cross-colleges to the provost’s office regarding the technical campus in New York City, and particularly with respect to Academic Programs and Policies, things that primarily concern this body.

“As you may be familiar with, before we've presented some of the information in detail in previous meetings, notably September, which I won't reiterate. Cornell's full submission occurred on the 20th of October, and currently the status is that New York City will not be making a decision until January. There are presently all kinds of pre-decision negotiations made with Cornell, certainly with Stanford and a few of the other institutions that might be called to do this.

“Where CAPP comes into this is primarily again with respect to academic programs. In particular, we've asked and met with the provost a couple of times since that meeting--once November, once December--to ask questions about the degree to which contractual negotiations that Cornell is undertaking both with New York City and with our likely partner, the Technion from Tel Aviv, would have on academic programs and policies; that is, are there any corners in which Cornell's negotiations are going to box us into with respect to what we can implement academically.

“So the first thing that we are confident in is that there are really no--nothing is being negotiated with New York City that really even bears upon the nature of the academic programs except as already outlined in the request for proposals; i.e., it be a technical campus with a strong technical program, so nothing strange. Beyond that, New York doesn't seem to have a great deal of interest in the nature of the structure of the academic programs. Current negotiations are largely about things outside our purview: Financial arrangements and commitments, land use, nature of the buildings and such.

“We had additionally the possibility of concern with the university's discussions with Technion about the nature of a dual degree program, shared space, interactive programs and such, and what this would mean for our ability to decide how we, as Cornell, would structure our academic programs in New York City and their affiliations with departments in Ithaca, which I'll remind you is still an open question.
“Although there’s definitely Plan A in place, many details of which are available in the Office of the Dean of Faculty for anyone of this body to peruse -- and I would like to add, especially given CAPP’s report on preliminary assessments of academic program, we very much appreciate feedback on what is good and bad in that proposal or that shadow of a proposal and what important factors we may be overlooking -- but aside from that, for present purposes, we were satisfied in our discussions with the Provost.

“The discussions with Technion are not such they are going to interfere with the freedom that we would have next year, should we win this negotiation, should we win New York City's decision do develop academic programs as we see fit. The general proposal is that it is a Cornell campus on which there will be an institute as a subset, a proper subset of that institution, and that latter will be shared with the Technion. There may be dual degree, but not to interfere with Cornell's ability to judge its own degree granting or other academic programs.

“I am happy to take any questions.”

Speaker Beer: “Any questions from members of the faculty on this matter?”

Professor Cleland: “Thank you.”

Speaker Beer: “Are you ready to --.”

4. **RESOLUTION ON THE USE OF THE TITLE “CLINICAL PROFESSOR” IN THE COLLEGE OF VETERINARY MEDICINE (RESOLUTION)**

Professor Cleland: “Yes. So also on behalf of the Committee of Academic Programs and Policies, it's my pleasure to bring before you this resolution for the Veterinary College’s request to initiate the clinical professor title within the Vet College. I presented this in some detail in the September meeting of the Senate.

**WHEREAS** the Clinical Professor title is available at Cornell, per Faculty Senate legislation of September 2002, and

- **WHEREAS** the Veterinary College has proposed to utilize this title, and
- **WHEREAS** the proposal was publicized more than 60 days ago;

**THEREFORE**, be it resolved that the title Clinical Professor be available to the Veterinary School in accordance with their proposal.
“To the extent it’s remembered, I won’t go through it again; but upon request, I’m happy to represent the high points again. The gist of it is to enable the Veterinary School to appoint clinical professors within the programs under its purview.

“So CAPP has no concerns about the proposal. It is exemplary and well-situated, given the mission of the Veterinary College. If there’s someone who’d like me to hit the high points of the proposal, which is available in detail at the URL that you received in the e-mail announcing this meeting, but if you would like me to hit the high points, I am happy to. Otherwise, on behalf of CAPP, I would like to recommend passage of this proposal.”

Speaker Beer: “Questions? Any debate? I think it is appropriate to consider the resolution that is before us and, in the bottom three lines: ‘Therefore be it resolved that the title ‘clinical professor’ be available to the Veterinary School in accordance with their proposal’.

“I assume that you are ready for the question, so all senators should have a clicker in which to vote. And the first action is to turn on the clicker, and I’ll try to turn on the clicker sensor here.

“So the idea is you click an A if you favor the resolution, B if you are opposed to the resolution and C if you wish to abstain. So click away, please.

“I will give you another 15 seconds for clicking.

“Anyone need more time? We will display the results. And the results on the resolution are 44 -- somewhere between 43 and 44 in favor.

   (LAUGHTER)

“One in opposition and one abstention. So clearly the resolution passes. Thank you.

5. APPROVAL OF OCTOBER 12, 2011 FACULTY SENATE MINUTES

“The next item we have on the agenda is the approval of the minutes of the meeting of the University Faculty Senate in October. There was no meeting in November. It was the meeting on October 12th, 2011. Are there any comments, additions or corrections?

“Seeing none, any opposition to the acceptance of those minutes? Seeing none, the body has approved the minutes of the October 12th, 2011 meeting.
“Now we’re at the point where we will have a report on university financial aid and initiatives and impacts.

“I am sorry. We first have report from the Financial Policies Committee by Professor Ehrenberg.”

6. REPORT FROM THE FINANCIAL POLICIES COMMITTEE
Professor Ron Ehrenberg: “Thank you. Dean Fry asked me to report to you on the November meeting of the Faculty Financial Policies Committee. The Provost reported to us on the progress of the New York City proposal, and we got to look at the whole financial statement. We understand from the press, as you’ve already heard, that there are five bidders that are still involved.

“A number of faculty members of the committee had some concerns about the operating budget assumptions, but he assured us the assumptions were very elastic in the sense that if the revenue did not materialize, there would be a proportionate cutback in expenses. We spent most of our meeting talking with Vice President Mangum about the upcoming budget proposals that the administration will bring to the Board of Trustees, and she discussed with us some issues relating to possible undergraduate tuition increases, possible faculty and staff salary increases.

“The committee was able to provide her with no useful guidance, because there was no consensus on the committee on different things. Some people wanted to keep tuition low, some people wanted to raise as much as possible. Some faculty wanted all the money for salary increases. Others were more concerned about taking care of the staff, and so we weren’t that helpful to her.

“She reported to us that she would be discussing these matters with the finance committee of the board this month, and I believe that probably already has happened. She and the Provost felt that the discussions were too fluid and not well-defined enough for them to come before the Faculty Senate and to give a report to you on the proposals, so they are not here; although she will speak to you about the budget model in a few minutes.

“I might mention just as a lead into the next presentation that one of the real big issues that the University faces is our financial aid policies, and we are now at a point where approximately 50% of our undergraduate students received grant aid from Cornell. And that means whenever either tuition or housing and dining costs go up, that our financial aid budget goes up.”
“So that means when you raise tuition by a given percentage amount, you get a much smaller percentage increase in the net tuition revenue, which comes back to the deans and the center of the university, and this is something that, of course, the administration is worrying about considerably. So that's my report. I'm happy to answer any questions, if there are any.”

Speaker Beer: “Thank you very much. Now Provost Knuth will give us a report on undergraduate financial aid.”

7. REPORT ON UNDERGRADUATE ADMISSIONS AND FINANCIAL AID TRENDS

Barbara Knuth, Dean of Graduate School and Vice Provost: “Thank you. It is nice to be here and -- it's nice to be back, I should say. I served a couple of years in Steve’s position here as speaker of the senate, and I will admit that it was pre-clicker time, so I would have no idea what to do with that little chart up there. So congratulations to you all for learning how to do that.

“I wanted to introduce myself and someone else briefly. So I am a professor in Natural Resources, but for about a year and a half now, I've served as dean of the graduate school and vice provost. And in my vice provost responsibilities, I work with the undergraduate admissions and financial aid.

“This past year we conducted a very thorough national search to hire a colleague for me, and that's Lee Melvin. Lee, if you could stand up. Lee is our new, as of September, our new associate vice provost for enrollment, so he most directly oversees undergraduate admissions and financial aid. So I'd ask Lee to join me here, so that he could be privy to the conversation and questions that you have.

“Lee comes to us having served as a vice president for enrollment management at the University of Connecticut, and he has experience also at Michigan and Wisconsin, both on the admissions side of the house and the financial aid side of the house, which is a very unusual set of credentials actually to be bringing, so we're really pleased that Lee is here.

“Okay, so just a little bit of background on the presentation that I'll share with you today; as Ron indicated, there's been quite a lot of interest in the university administration and the university leadership at large, including the board of trustees, about these issues of undergraduate financial aid and undergraduate admissions and how the two intertwine.
“So what I’ll be sharing with you today has also been shared in different versions with the academic deans, so all of the college deans, for really some very focused discussion on this topic, and also with the Board of Trustees Academic Affairs Committee. So clearly the board is quite interested in these topics.

“What I hope to cover today will be an overview of the goals associated with our financial aid initiatives at Cornell and just an overview, very briefly, about why we have these financial aid goals, particularly to support our ability to, one, maintain our need-blind admissions policy, but also to support a diverse undergraduate student body.

“I will give you an overview of the recent financial aid initiatives that have been instituted, primarily in 2008 and 2009, share a little bit of information about peer comparisons and where we’re trying to head, particularly with the president’s agenda, and then leave you with a little bit of information about the campaign goals associated with the Cornell Now 2015 campaign.

“As far as goals for financial aid, as I mentioned, this is really tied in to attempting to try to continually increase the diversity, economically and otherwise, of our undergraduate student body. A key goal is to provide access for students who are deserving intellectually of the opportunity to be at Cornell, regardless of their ability to pay. So again, this underlies our need-blind admissions policy.

“Also with the goal to enable students to pursue their academic dreams and not necessarily be tied to a particular career that would be tied to their ability to pay back a huge amount of loans or cover a huge amount of debt from when they graduate.

“And then certainly, in our admissions process, when we are trying to maintain and improve the academic excellence of our undergraduate body, we’re often going head-to-head on admissions with competitive peers who have very competitive financial aid packages, and particularly the Ivy League institutions, but not only the Ivy League institutions.

“Is it possible to get rid of that little box up there, the clicker box? Thank you. Okay, so now you can see a little bit more clearly maybe what my titles are, so you see what I’m talking about.

“So two major types of financial aid initiatives. This first one was a set of changes that focused on reducing the amount of loan debt that students would have when they graduate, and then the second initiative that I’ll show in just a minute focuses on
reducing the amount of parental contribution that’s assumed toward financial aid packages.

“On this particular one, which focuses on loan reduction, there were two changes that were made in 2008 and 2009. In 2008, the policy was implemented that students who come from families with annual income below $60,000 would have zero loans associated with their financial aid package.

“So when you see zero loan, essentially that means that any aid that they are calculated to be eligible for would be a combination of state and federal grants, whatever they qualify for state and federal funding, but mostly Cornell grant aid. So what we’re saying is we would replace loans with grant aid. So zero loan in 2008 for students for families below the income level of $60,000. In 2009, that was increased to be zero loans for families with income below $75,000.

“In 2008, there was also a $3,000 annual loan cap for the income segment between $60,000 and $120,000, that in 2009, to go with the zero loan policy, that income range for the $3,000 annual loan cap was changed to range between $75,000 and $120,000. And also in 2009, we instituted that for those need-based families who are calculated to have financial aid need with incomes above $120,000; their annual loan would be capped at $7,500.

“So recognize that these are getting up into what some would perceive as higher income categories, but recognize that need is calculated based on, for example, the assets that you have or don’t have, the number of students that you might have pursuing a college education, all sorts of things. So even at $120,000 and up, there are certainly students who are clearly qualified under our assumptions of financial aid need.

“Down here, this notion about some targeted populations, their loan was capped at $3,000 per year. This is what we refer to as preferential treatment or preferential packaging. So some particular types of students that we are trying to recruit or underrepresented students from particular geographic areas, college priorities, which might include, for example, in the College of Engineering, women, because they are trying to diversify or have more women undergraduate students. College priorities in the College of Agriculture and Life Sciences have traditionally been students who come from agricultural families, farm families, so college priorities might fit in that; and then selected recruited athletes. And there was a cap on the number of athletes included in this.
“And then the next slide is about the parental contribution reduction. And again, this was instituted in 2009, and what was instituted there was that if a family income was below $60,000 a year and their assets were under $100,000 a year, then the parental contribution or family contribution was calculated to be zero.

“There was also a preferential parental contribution applied to certain populations of students that related to a percent of family income, based on different income levels, so you can see that up there.

“In 2010, the Ivy League presidents discussed and voted that they would discontinue the ability to treat athletes as a separate and distinct group for these kinds of financial aid initiatives, and so you might have read about that Cornell then instituted an Ivy, Stanford, Duke, MIT match program, where any student -- not just athletes, but any student who has a financial aid offer from any of the Ivy schools, Stanford, Duke or MIT could come to us and say would you match the financial aid package that I'm being offered from Harvard or Princeton or whatever, and we could do that.

“And we did that for this year, and we had I think a little over a dozen or so non-athletes who took advantage of it. Lee, I'm forgetting the number of athletes who took advantage of it. About 30 or so athletes who took advantage of it. This was the first year that it was used.

“So then looking at the impacts, how have these programs affected what we’re trying to achieve towards our goals. So in terms of student yield, the yield for students who were admitted to Cornell and offered aid and received the loan reduction portion of the package, that yield for that segment increased by 8%, but the yield for other populations that we can compare to, so for admitted aided students who were not offered the loan reduction because they weren't in those income categories or for admitted students who were not offered aid, did not qualify for financial aid, yield decreased for those groups.

“So there is some indication that this particular policy, the loan reduction policy did enable us to improve yield. The cost of that initiative is roughly $30 million a year. The yield for related to the parental contribution reduction, the yield for students who were admitted and offered aid and the parental contribution reduction increased very slightly, but then seemed to level out and there’s not really evidence that there’s been a significant lasting impact from that. The cost of that has been about $1 million a year.

“So as we think about ways to evaluate and tweak and enhance the financial aid packages and policies that we have, these are the kinds of things we are considering.
Now, when I refer to URM or underrepresented minority students, I’m primarily talking about African-American students, Hispanic and Native American students. For students in these underrepresented categories who were admitted, the evidence that we have when we do the analysis is that the loan reduction and the parental contribution reduction had what appears to be a minor or negligible additional impact on yield relative to those underrepresented minority admitted students who were not offered these specific initiatives.

“What that relates to, we think, and we are still doing additional modeling on this, but what it relates to is that notice of preferential packaging that I mentioned that would reduce loan to $3,000. That’s been in place since 2003. So the policies we put in place in ’08 and ’09 apply to all students, but some version of that had already been in place for underrepresented minority students since 2003.

“Then secondly, the yield for all groups, our yield when -- yield, meaning when we offer an admissions slot to a student and they accept our offer of admission -- yield for all income groups increased over this time period, but those students from lower income quintile showed the greatest increases in yield and the highest yields. So there does seem to be an effect of these policies on lower income groups, which is one of our goals to increase the economic diversity of the student body.

“So in terms of this notion of diversity of student body, one of the indicators of economic diversity is the percent of undergraduate student body eligible for and receiving federal Pell grants. The income cutoff, I believe, for Pell eligibility, I believe you have to be under $50,000 of family income on an annual basis, although most recipients of Pell awards nationally -- I don’t know if this is so for Cornell -- but most recipients of Pell nationally have an annual family income of $20,000 or below. So it is truly a low-income population.

“So President Skorton had been concerned, because the percent of Pell recipients that we were attracting to Cornell was declining over time. And so in 2007, ’08, before these initiatives were instituted, we were at 14% of our student body receiving Pell awards, and last year we were up to 18%; again, believed to be tied to these financial aid initiatives.

“There doesn’t appear to be evidence that we’ve determined of a negative impact of these financial aid initiatives on yield or enrollment among higher income students, so the number of enrolling students from non-aided group is in fact growing. And this gets to the point that Ron Ehrenberg was just making earlier in that the costs are continuing to rise.
“So cost of tuition, cost of housing and dining is continuing to rise, but we aren’t seeing a negative impact on higher income student enrollment falling off, those students who aren’t qualified for financial aid under our policies.

“We also don’t see an academic drop-off, meaning that the quality of the academic credentials of students in terms of SAT scores, quantitative and verbal; in terms of class rank, where class rank is reported -- the number of high schools reporting class rank is declining over time, but the indicators that we have are that we are continuing to maintain an academically competitive student body.

“Then this chart, which hopefully you can at least see the trend lines here, what this does is to model the cost of attendance in real dollars, not inflation adjusted dollars, but in real dollars, for different income groups based on income levels within the student population. So this models cost of attendance and what the student is actually having to pay after they receive all their grant and financial aid and so on.

“So this light blue line is the first income quintile. I think that’s about $27,000 and below - so family income about $27,000 and below. Their contribution was at this level, and then has gone down in real dollars. The second income quintile runs from about $27,000 to about $48,000. Green is from about $48,000 to $73,000. $73,000 to about $112,000 or so. $112,000 and over.

“So these are all populations that receive financial aid, and then this top line is the not aided group. So you see that their cost of attendance has been rising; but again, we haven’t been seeing enrollment decreases among this non-aided group, but we have seen, especially in these lower income and middle income categories, that the cost of attendance has been decreasing based on our financial aid policies, which if you have been following all of the debates in higher education, there’s a lot of concern about the cost of education.

“So then looking at the impacts on our student body, what this is showing you is the number of students from underrepresented groups, the percent those students make up of total enrollment in the student body, and the percent of those students who are receiving aid.

“So from ’05 to ’11, we have seen increases in the numbers of students coming from these underrepresented populations, even though our undergraduate enrollment is increasing somewhat. Those are still increasing percentages for the most part with the overall trend. And the percent of the population receiving aid has increased as well.
“With looking at the cost of financial aid initiatives, and much of this modeling -- all of it is done with great support from our office of Institutional Research and Planning for the University. So what we did was to look at the amount of grant money that we are giving to students in '06-'07 and '07-'08, and then we modeled the initiative years as if the initiatives had not existed. And so that's why you see in those years there were no initiatives, so it's the same.

“So what we saw as we model each of these years, in this without initiative column is modeling the grant expense as a function of changes in the cost of attendance, family ability to pay, availability of federal and state grants, performance of investment pool funds for the endowed aid and the availability of other scholarships.

“So if we control, if you will, for all those, if we had not had the initiatives, this is the difference that the financial aid grant bill for the University would have been in each year, and roughly works out to $32 million a year as the cost of those initiatives.

“Then when we look at a five-year forecast of grant expenses coming up -- and again, these are estimates. We don't yet know for sure what '11-'12 is going to be, because students' circumstances change during the year -- but what we are doing is to model certain assumptions.

“So we model cost of attendance, roughly a 4% increase, that includes a 4.5% tuition increase and some increase for housing and dining and other smaller elements of the cost of attendance calculation. Modeling the family contribution would increase by 2.75%. The work loan, no increase. Federal grants, no increase. State grants, no increase. Other grants, very mild increase. And the number of unrestricted grant recipients are modeled as a 0% increase.

“Between '07-'08 and '08-'09, and then '09-'10, when the economic downturn was happening, we saw an increase in the numbers of our aided population. So hopefully, this idea of a 0% increase is a good assumption based on an economy that will not tank further.

“So what you see here, this is the unrestricted grant money, so you could say that comes from the general purpose fund of the University. And then restricted grant fund would come from endowments essentially that are targeted for particular purposes. And that shows you how the grant aid expenses are modeled to increase.

“Then in terms of the cost drivers, what contributes to these increases, so changes in Cornell financial aid policy, just as an example, the loan reduction policy I talked about
added an average of $8,900 in Cornell grant aid to each eligible student. That's an average. So certainly for each individual student it was different. Increases in tuition fees, room and board, and 4% to 5% annual increase.

“Again, remember that the revenue stream is tuition, and that goes up. When tuition goes up by 4%, 4.5%, but room and board expenses go up as well, but they aren't covered in a separate financial aid pool. So any increases that room and board experience has to be covered through the financial aid pool, the revenue for which, one could argue, is really the tuition pool.

“To Ron's point, as tuition revenue goes up, but also housing and dining goes up, you are not seeing all that tuition revenue then, the increase in tuition revenue comes to the University as for operating budget, because it's going back out as financial aid.

“Certainly changes in the economy and families' ability to pay. The size of the aided population increased by about 15% from 2007 and 2010. That stabilized now. Roughly 50% of the student body receives financial aid. We've seen increases in enrollment. Undergraduate enrollment increased about 3% from fall '07 to 2010.

“We also saw, as you know, a decrease in the endowment payout, which then meant that more of our grant aid had to come from unrestricted general purpose fund sources rather than from restricted endowed sources. Then we've also seen changes in federal and state entitlement grants.

“Just in other terms, what we can do is to look at how this change in restricted and unrestricted grant has occurred; so you can see some percentage changes there. You will see where the initiatives were instituted is this break point, but then you'll also see that the change in restricted grant went down as the payout on the endowment went down.

“Then when you look at these numbers, which show essentially grant aid as a percent of tuition revenue, for the amounts of unrestricted grant and restricted grant -- sometimes you hear this referred to as tuition discount -- so when we look at the Ivy peers, the percent of unrestricted grant aid as compared as a percent of tuition ranges from a high of 34.2% to a low of 8.5%.

“So you can probably imagine which institutions are at this end of the spectrum. And we are at about 33.5%. Kind of on the converse for our restricted aid, which you would hope to have more endowment going to aid, we are at about 6.5%. The low in the Ivy is
5%. We are not quite there, but the high -- and you can imagine which schools these are -- is around 46.5%.

“Then to look at comparison of financial aid policies, just to give you an overview; so again, for Cornell, our loans now, when a student is assigned a loan as part of their financial aid package, that begins at $75,000 income. When we look at other schools, Columbia, Harvard, Penn, Princeton, Yale and Stanford, they have no loans for any aided students. Any student who receives financial aid will be given grant, and that could be institutional grant or federal and state grants, but they do not have their students have loans.

“Then other schools, Brown, Dartmouth and Duke, their loans begin at $100,000 of family income, not $75,000, and their maximums run $3,000 to $5,000 or so. Our maximum per year loan is about $7,500. With the parental contribution, ours begins at $60,000 family income with assets less than $100,000, and for some preferred populations, it’s about 10%.

“So Brown, they’re similar. Their parental contribution begins at $60,000. Harvard is an interesting one, because their parental contribution begins at $65,000, but they significantly reduce it for these categories. And they also don’t count your home as an asset for these purposes. So what they do is say we’ll do somewhere between 0% and 10% of your income, depending on where you fall within this.

“So clearly, different Ivies have different policies. Then the last thing is we assume the assets that are earned by a student or a parent, earned or saved by the student are included in the family assets, and that 25% of the assets from other sources would be assumed to be available annually for financial aid. Most other Ivy institutions assume 5% of assets, not this 25% asset contribution.

“So the last is where we are heading in the future, and that’s our Cornell Now 2015 campaign goals. So the campaign goals for undergraduate financial aid include, for endowed aid, $132 million goal, where responsibility for that is $65 million centrally and $67 million from the seven undergraduate colleges and current use funding of $25 million.

“Then with the special international undergraduate financial aid, endowment of about $25 million. Currently for international undergraduate financial aid, we provide about $6.5 million per year in international undergraduate financial aid. So that’s it, and I’d be happy to entertain questions or hear some discussion.”

Speaker Beer: “We have three or four minutes for questions. Any questions?
Wait for the microphone, please.”

Professor Lisa Earle, Plant Breeding and Genetics. “The improved financial aid policies are clearly a good thing, but I’m concerned about where the money is going to come from, particularly for the contract colleges, which are already under great financial stress. And before we reach our endowment goals, how are the colleges expected to come up with their part of the $30 million extra per year?

“So I think there has to be some balance between what we’d like to do and what we can afford to do, without starving many other worthy programs.”

Dean Knuth: “Point well taken. And just to tell you another piece of what’s going on, the provost has asked me to chair a financial aid task force that includes a couple deans and several staff from Planning and Budget and other elements of the university to do a more detailed analysis of cost impacts and students’ enrollment and diversity impacts and come up with a set of recommendations that could help inform a discussion of the university leadership about other potential changes that could be made in our financial aid policies that could lead to cost savings without having a terribly negative impact on our ability to recruit the kinds of undergraduate students we want to have.

“So the question that you are asking is something that’s receiving quite a lot of discussion among the academic deans and the provost’s staff and the senior leadership team of the university. So there is a group that’s working on this to develop recommendations for the president and the board to be considering.”

Speaker Beer: “Other questions? Professor Stein. Wait for the microphone, please.”

Professor Peter Stein: “Peter Stein, used to be a professor of physics. Now it’s something like -- you said 50% of the people get grant aid. Now, for those people, when you raise tuition, you don’t get any extra money from that 50% because you’ve reached the point where they’re doing all they can.

“As the tuition goes up, that number must be getting bigger and bigger as to where it is that where you can’t get any more money out of more and more of the population. I just wonder, you know what the limit is? At some point, when you raise tuition, you don’t get a cent back. Do you have any idea what that number is and how close we are to it?”

Dean Knuth: “We are not there yet. We are still seeing net revenue from what we’re doing.”
Professor Stein: “But do you have any idea at what point you wouldn't?”

Dean Knuth: “I don't know if Elmira knows that break point. Do you want to comment on that at all, Elmira?”

Vice President Elmira Mangum: [Inaudible]

Speaker Beer: “Take one further question.”

Emeritus Professor Don Holcomb, Physics: “Maybe I can speak. It’s really related to Professor Stein’s question. You don’t have to know a lot about exponentials to know that you can’t raise your costs up 4% more than other things forever. Is there concern about that? The possible answer is gee, we’ve been doing that for 30 years, so maybe we can do it forever.”

Dean Knuth: “No, there’s a lot of discussion about what would be an appropriate percent increase for tuition and also for housing and dining, and certainly those are discussions that are ongoing with the senior leadership team and the Board of Trustees and the Finance Committee specifically of the Board of Trustees. So yes, those questions are being asked.”

Speaker Beer: “Thank you very much, Provost Knuth. We’ll now continue our budget discussions with a report from Vice President Mangum.”

8. **UPDATE ON UNIVERSITY’S BUDGET MODEL (UPDATE)**
Vice President Elmira Mangum: “Thank you very much for the opportunity to speak with you today about the new budget model. You may recall two years ago or more discussions started around creation of a new budget model and a new strategy to allocate resources on campus. During that period of time, the provost had appointed a committee that was part of the strategic planning process at Cornell, as well as the One Cornell philosophy.

“One of the task forces involved in that effort was one that focused on the budget model and suggested changes for redistributing resources on campus or a way of thinking about how we should reallocate resources on campus. The idea and the goal of that particular committee, and you have a little background here, was that we would have one campus model on the Ithaca campus; that is, try and erase some of the lines associated with contract college, endowed college and provide a budgeting strategy that was transparent, that was simple.
“There were concerns about whether or not it should be data-driven or data-informed. I believe we ended with a data-informed strategy, as well as one that would promote academic excellence. So the other idea that’s associated with this model was also to decrease the cost pressures in the current environment, so there were several strategies that we hoped to -- or goals we hoped to achieve by introducing a new budget model.

“Basically, it also included improving service, reducing cost. You may recall that we have involved much of the campus in administrative streamlining programs focused on trying to reduce some of those costs, so multiple strategies and activities have been taking place to try and focus us on a new budget model in trying to achieve that.

“That process included improving some of the cuts or responding to some of the cuts in the state appropriation as another major driving factor. We also focused on decreasing the parental contribution and financial aid picture in terms of students' ability to pay, and also on the operational cost in deferred maintenance activity, as well as some of the other capital activities that was also involved in our major budget decisions back at that time.

“Some of the principles beneath the strategy that was proposed was, again, to make decisions that were data-informed. Also a major effort is involved in the process to align fiscal responsibilities and activities; that is, to relate the expenses to the revenue and the sources that we receive to support them. Also to make costing more transparent, or at least as transparent as possible, sharing of information.

“Much of the process and the discussions that took place had to do with transparency, making sure that the university community and people involved in budgeting and expenditures understood where the costs were coming from and how we were making plans to pay for it, which is the kind of conversation that Barb was just having and the questions you asked a few minutes ago, looking ahead at the cost.

“Also involved in the process has been a review of the policies, making sure that policies are flexible enough for us to be able to manage the complexities associated with the budget. We are in an environment where we have many policies and practices that are not well understood, not well known, and many have not been updated to respond to the current financial realities on campus.

“And so part of the process requires that we look at those policies, and also to ensure that they’re standardized, to update them in the policy manual at the university and make sure that they’re uniformly applied across the decision processes that are being
made. So the budget model design -- and I just put it here in three phases, and we are still in, I’m going to say in Phase 2.

“We are having a lot of conversations around defining what that future state should look like, so we’re spending more time in this phase than perhaps we had hoped we would, but it’s a very necessary activity right now. What was completed in Phase 1 was a definition of some of the underlying principles around a new budget model.

“Part of that phase also included us evaluating what currently existed. I believe part of the clarity of this process is for us, as a campus, is to understand what it is we’re actually involved in and what we are doing, how we are making decisions, because I don’t think it’s been that clear across the campus, at least from one school to another or across the administration.

“We understand our own environments, but how it actually applies to some of the budget policies and practices, how they apply to others across the institution is being untangled as we go through many of the discussions. So we’re also receiving recommendations about how to change the current practices and policies and how they actually impact.

“Understanding the impact of these changes is where much of the discussion is taking place, so in Phase 2, as we try to define what we want the future to look like, we’re going through a lot of modeling, a lot of discussions across a variety of groups on campus about what those future changes should be, and also what the procedures to achieve those changes, what they would involve, and also determining what that impact is.

“One of the things that we had stated early on is that once the decisions are made regarding the different strategies across the different funding sources and allocation methodologies, we would model them, explain them to the university community and also smooth out any drastic changes that would take place so as not to put things out of balance in a way the university community could not adjust and come to accept and embrace the changes that would be proposed through any budget model change.

“So that would include creating different communication strategies. As part of this phase, we’ve been talking with a variety of different groups across campus. I try and inform the financial planning group of the Faculty Senate about things, get feedback from them on different activities that we’re involved in in the different planning groups. I talk with college officers, business managers, deans groups and others to get feedback
on what some of the potential impacts would be in the particular units as we go through the process.

“Once we’ve completed this particular phase, and we are hoping to get most of that done by the spring, during the spring, it will still take time for us to implement the changes across the University. And we’ve started with some of the implementation of some smaller decisions, but in getting ready for an implementation, there are infrastructure changes that need to take place, policies that need to be reviewed and visited, and there are discussions that we need to continue to have.

“As part of that implementation and preparation or getting ready for implementation or readiness assessment, et cetera, we are going through all of those things in parallel during Phase 2 in order for us to be able to move into an implementation stage. Just to give you some idea about the subcommittees and governing structure, we have gone through several structures in terms of providing information and input into the process.

“We had several budget modeling teams. We started in the summer of 2010 with appointing subcommittees of faculty members, deans, college officers and other administrative groups to look at four major aspects, maybe five major aspects of a budget model change. We looked at the cost of instruction, tried -- this is where I’m starting here at the bottom -- we looked at the cost of instruction, looking at how we should consider distributing tuition, how we determine how to distribute tuition, but what it actually costs to provide instruction to an undergraduate or graduate student.

“A committee of people worked on that, looked at what currently exists. You may be familiar with accessory instruction, how we try to smooth out some of the student movement across campus with an assessed restriction kind of allocation methodology. One of the things this committee focused on, however, was also the freedom of student movement, so that students wouldn’t be sensitive to where they took a course and were able to actually take courses, but for us to be able to fund that instruction wherever it was taken.

“And that was one of the major concerns that we had, and one of the goals was to not inhibit student movement, but also to fund the faculty and fund the departments in schools for the instruction that they provided. So that’s a major part of that discussion.

“On the space use subcommittee, one of the recommendations from the Budget Model Task Force was to charge for space. When we immediately appointed groups of people to look at space and how to charge for space and how to control our capital spending
and to make better use of the space that we have, one of the things that came up was how do we determine who owns the space.

“When we determine who owns the space, we have many public spaces that are used across the campus, so in order to distribute cost or distribute revenue associated with those spaces from the central coffers, we needed to address some issues with regard to quality and ownership, so that's been part of that focus of that group.

“Regarding the administrative cost and a USP, or university support pool, was also proposed. A committee was appointed to look at -- some of you may know what CAM is, Cost Allocation Methodology -- for administrative services, but a group of people were also charged to look at that and to determine what’s the best way to charge CAM, what should be charged CAM and, if they are charged CAM, on what method or what basis they should be charged CAM. So we are getting a lot of feedback.

“And the last one here was recharge cost recovery for facilities, utilities and communications and other operations, where you actually pay by the drink or pay for the service. The idea here is to get as much input and as feedback from across the university community about the principles that were outlined in the budget model proposal, to see whether or not it wasn't just a committee of twelve or a group of people that were proposing a change, but to see whether or not the university community embraced this kind of change and wanted this kind of change, not that the prescription that was provided or the framework was provided was going to be the final answer, but that whether or not we needed to actually make changes and how we needed to make them.

“And we got an awful lot of feedback, which let us know that something needs to happen. People really wanted to understand it more, wanted it to be more transparent and also found that there was need or expressed need to make some changes in the way that we do budgeting and allocation of resources on campus.

“As part of that process, then another group of people, steering committee was also appointed that was designed to provide advice as well in the process to champion some of the design efforts, so we had deans involved, vice presidents involved, college officers, the budget director, university auditors and other people across the university involved in giving advice, feedback, looking at policies.

“The vice provost took on the part of looking at and evaluating the proposals to see how they’d impact graduate education, undergraduate education and across the
institution to advise the Provost and committees on the impact of certain budget model changes.

“And we have now in place another leadership group that consists primarily of deans across the campus, five deans, the Provost and myself, again reviewing the feedback that we received across the campus and reviewing the decisions and alternatives. One of the things that we are doing now, which is where we are, is looking at and testing the alternatives that have been presented and trying to understand the impact of those alternatives across the university community, and those conversations have been going on for most of the fall and the early part of the summer.

“So the major issues that we have addressed, I’d like to just run through them and give you some information on the current status of them, because most everyone on campus has heard us talk about undergraduate tuition. The idea for undergraduate tuition that was proposed is that it would be pooled. I think we’ve all agreed; it should be pooled. How we distribute that tuition, once it’s pooled, and how we assess it for administrative cost is where we are now.

“And we’ve had several models associated with distribution of undergraduate tuition. They are centering around allocating tuition based upon the course enrollment, number of credit hours, whether students take courses in and out of college, et cetera. We have not finalized any particular methodology at this point, but we have certainly modeled a number of them, I will say, and are getting closer to being able to make a recommendation for the Provost to make a decision and make a recommendation to the deans to consider in the early part of next year.

“Part of the discussions on the allocation of undergraduate tuition inevitably involves financial aid. As the major revenue source for the campus being tuition related to undergraduate education, how we pay for financial aid is an extremely important part of that, and we are talking about how we do that so that we do not penalize colleges -- since we have need-blind admission. We can’t determine where the costs are going to fall, so what we are working with now is how to meet the financial aid needs without penalizing a particular college or any particular college because of the volume of students that may have need or the magnitude of that need of the students in their particular school.

“We are also working on space use. In the spring, a space study will be launched to look at the existing campus space and how it's being used and what it's being used for, as well as what it costs to operate that particular space. One of the things that we’ve also done is beefed up our space use office, and that office has developed space
guidelines about how to allocate what the uses of space are and actually access a triaging function for people that have needs for new space so that we can kind of defrag space and make people know where space is available when they have new needs.

“The idea is not to lease space that we don't need to lease, if there is space available on campus and have an office as an intermediary that can negotiate between the different departments, colleges and schools around use of space.

“The CAM committee, the Cost Allocation Methodology, is another major area. It's being modeled now, as we talk, about how we should allocate CAM, whether or not it should be allocated based upon revenue receipt, based upon the number of students or the number of faculty. The subcommittee that looked at this topic last year modeled a variety of different scenarios on how to distribute CAM.

“The latest version of CAM that was implemented this year was a model that was designed in 2008, but it had been phased in to the campus, and this year was the first year that the CAM has been fully implemented the way it was designed to be implemented. So we're looking at its impacts and looking at impacts if we change the methodology and should have some decisions on it also in early January.

“The university support pool is something that’s under review. And this was an idea, a new idea that was proposed by the Budget Model Task Force to provide a pool of resources to the center to provide subventions for new activity or support across the university community from the provost. So we've talked about different ranges of what that support pool would be. Some people call it a tax.

“Right now we have a general purpose budget that we try and fund most requests from the academic community as well as the administrative units across campus to fund activity that's new activity and to sustain many activities that are currently underway. “We need a new way of doing that because, clearly, you all probably know well, we've over-allocated what we've had over the past, and we need a way to try and control it. One of the things that Budget Model Task Force was suggesting is we control it by controlling the size of the pool, which constrains the university center to live within that pool once it's decided on what the size of it should be. So that's under review.

“The F&A reimbursement proposal is something else that's also under review. We had a proposal given to the leadership by the Vice Provost and Vice President for Research, as well as opportunities that were presented to us from the subcommittee about how to distribute F&A.
Most of you probably know that it’s different depending upon whether or not you’re in a contract college or you are in an endowed college, so what we are trying to do is erase a lot of the differences with regard to how we distribute F&A across the institution, so we are modeling that.

The New York State appropriations are something that we were also asked to consider. There’s a defined distribution now that’s been in place many, many years. The question is, if we are going to look at how we distribute resources across campus, it’s time to look at how the New York State appropriation is distributed across the contract colleges and schools as well, and that’s something that we are hoping to complete as part of this process.

Graduate tuition, there’s basically been no change in it. We talked about pooling graduate tuition, what should happen with graduate tuition; but right now, the idea is there should be no change in the current practice as far as graduate tuition is concerned.

Some things that we have addressed already, that started this year was Cornell abroad program and the endowed professorships. We moved the Cornell abroad program to the GP budget, which basically reduced the cost to the students and started funding it through the CAM methodology as an administrative cost, because we wanted to incent more global opportunities in students to participate in the study abroad program without penalizing the schools or colleges from which those students came.

The endowed professorships that are centrally held in the provost’s office were moved out to the dean’s office this year to be managed within the dean’s office. It’s a resource that is important to the deans and it’s being a middle person in between the deans and the endowed professorships and the colleges -- it wasn’t efficient, so that was a couple of things that we changed immediately as part of the process.

The next steps involve us continuing to talk with the deans, that are part of that leadership group, and the provost to reach agreement on major principles and on the implementation strategies. The provost is planning to hold a meeting at the January 17th dean’s meeting for the full two hours to discuss where he is with the decisions that need to be made, so that we can move forward and continue to model.

One of the major requests have been that we can’t make decisions until we can model and see what the outcome is going to be, so it’s kind of like chicken and egg. If it’s a set of decisions that we make, then we smooth it out over a period of time. But the question is, do you make a decisions first or you go back and revisit the decisions based upon the outcome. So we are going back and forth with that.
“What we do is model various decisions. At some point, we will collectively have a group of decisions that we can provide several alternatives to be presented to the university community as a package, and then start having conversations. So I’ll take questions around that, but that’s where we are today.”

Speaker Beer: “Thank you very much. Any questions for the Vice President? The woman in the rear-most seat.”

Professor Elizabeth Sanders, Government Department: “This is in many ways a perennial question, but in no way a reflection on our speakers today, but I find it really frustrating, as a faculty senator, that we sit here and we listen to the administration tell us what they are going to do. And that’s how we spend 90% of our time, hearing the administration tell us what they are going to do.

“I think it’s a waste of the aggregate intellect represented on the university campus that we have so little input into any important decision that’s made here. I thought one of the phrases on the screen there was quite telling: "Communicate budget changes to stakeholders." That’s what the administration sees as consultation. It’s very, very far from deliberation. We just have no representation.

“When I see a list of important decisions to be made, the things that are not in that list that are very important that we've seen made quite on top unilaterally, decisions about buildings. Do we need to spend $70 million on a new building or could that money better go into hiring faculty and research account and so on.

“Building design, of course, is never put out for conversation. We have to accept whatever crazy and unsustainable, ungreen building design is foisted on the campus. There’s often quite a lot of discussion about that after the fact and absolutely nothing we can do about it; what it does to green space, what it does to the environment to build buildings and parking lots in a certain way and cover up green space, never a matter of consultation.

“We had what I thought was a very important -- an effort to participate in getting Cornell not to lease the Cornell land for fracking, but much later, just a few weeks ago, I found out from a very knowledgeable colleague at the university that actually the administration had already leased its land for fracking.

“We never knew that. We’re sitting here talking about it. They had already done it; but the contracts fell through apparently, because the price of natural gas dropped and someone connected with the Board of Trustees or something -- but that fell through.
Now we know what -- what I'm saying is, these are very big, important decisions. And this body, which is elected from the bottom up, not appointed by the administration, we have almost nothing to say about the use of money.”

Speaker Beer: “Perhaps the Vice President can respond to what I would interpret as a request for more faculty input in budgetary matters.”

Vice President Mangum: “Okay. I think what we are trying to do at every opportunity is include as much faculty input as possible. We do -- I work with Financial Planning Committee of the Senate on issues of budget. In fact, every meeting this fall and last spring I met with them on some issue related to budget to get their input and feedback, so I am getting as much feedback as I can from them and sharing our strategies.

“Also, I think the faculty senate chair, Bill Fry, sits with the provost at deans meetings and other places to become informed and to provide input, but that’s all I can say about that. As much as I can, I try and include the views of the faculty as represented through the committees that I have an opportunity to speak with and am invited to talk to.”

Speaker Beer: “Thank you. Are there any other questions or points? If not, thank you very much.”

Vice President Mangum: “May I introduce one of my colleagues that came with me? This is John Adams, Assistant Vice President of Planning and Budget. John joined us in January of this year, and he is doing a lot of the modeling and shepherding us through a lot of the modeling associated with a variety of budget construction activities. Thank you.”

Speaker Beer: “Thank you very much. So we've reached the end of the agenda for the calendar year for the University Faculty Senate, and it only remains to wish the members of the faculty a very pleasant holiday season and a good break. The meeting is adjourned.”

(MEETING ADJOURNED.)