**MINUTES OF A MEETING OF THE FACULY SENATE**
**Wednesday, December 17, 2003**

Mary Beth Norton, Professor of History and Speaker: "The Senate will come to order. We do not have a quorum at present. Maybe we will get a quorum. I want to thank everyone for being here. Everyone who signed in today definitely gets a gold star. How that will translate ultimately in the mind of the Dean of the Faculty is not clear, but I can tell you that the speaker appreciates it. I would remind everyone that no photos or tape recorders are allowed during the meeting, and please turn off your cell phones. When you speak please identify yourselves and your department. We may have one Good and Welfare speaker. Is he here? Not yet. We may not have a Good and Welfare speaker. I call on Provost Martin for remarks and to answer questions. I might add that there is only one thing on the agenda for this meeting that we absolutely have to vote on and that's approval of the minutes. So if we don't have a quorum, the minutes will have to be approved next time."

**1. REMARKS BY AND QUESTIONS FOR PROVOST BIDDY MARTIN**

Provost Biddy Martin: "Before I present the budget as I was asked to do, I should give you some other news which might be more exciting. We have two new deans at the university. The new dean of the Law School is Professor Stewart Schwab and the new dean of Arts and Sciences—we just made the announcement about an hour ago—is Interim Dean G. Peter Lepage."

APPLAUSE.

Provost Martin: "I think they are both outstanding administrators and scholars as well as teachers, and we are delighted to have them. The other two dean searches for Architecture, Art and Planning and Human Ecology are moving forward nicely. We have reviewed over 120 names, reviewed the credentials of over 120 prospects, and we intend this week to narrow down those very long lists to a considerably more manageable list of possible candidates. So if you have any questions about any of the four dean searches—the two that are complete or the two that are still ongoing—let me know now, or later. No questions? You would rather hear about the budget? All right.

"I just realized that having come over here an hour or so ago to announce the new dean of Arts and Sciences and have champagne, I actually neglected to bring my notes, so I'm going to do what I can by memory, and I have with me today the Vice President of Budget and Planning for the university, Carolyn

Ainslie, whom I believe most of you know. Do you all know Carolyn Ainslie? Does anybody not know Carolyn Ainslie? Well, you should get to know Carolyn Ainslie. There she is, and she is one of the most extraordinary people at Cornell University, one of the most multi-talented people I have ever encountered in my career in any field and also certainly one of the most helpful. If you have a chance to get to know her, you should take advantage of it. That is if she will permit it.

“Faculty Senate Budget and Planning Update: What I am going to do is give you an overview of the planning schedule and process and then talk about some key planning assumptions. This is the budget planning update, which Carolyn actually discussed with the trustees last week, so you are going to be seeing what we presented to them. If you actually heard that presentation and discussion last week, you will have to bear with me just for the duration of these slides, which are somewhat different in a couple of details that we have changed since the trustee meeting, but more or less it’s the same presentation and discussion we had there.

“This overhead (Appendix 1) tells you just what the planning cycle is. Ron Ehrenberg is sitting in this audience as well as other people who have a lot of experience with budget planning at Cornell and they will find this repetitive, but I am assuming that at least many of you haven’t really thought that much about how we go about planning budgets, and I hope this will be useful to you. We have spent the entire fall reviewing results from the prior year and developing budget models for next year and also establishing priorities. During the winter we reach campus consensus. How do we do that? We do that by meeting repetitively with the deans and going over our assumptions and plans for the next year. We work on five-year long budget plans, but the kind of consensus that we reach in the winter, in January, is really a consequence of meeting primarily with the deans on the budget for this next year. We get approval from the Board of Trustees on the budget parameters we have set on campus in January, and then in the spring Carolyn and her office work on detailed operating budgets to be presented to the Board for overall approval. In the summer we implement the approved plan.

“The part of this cycle that you all are probably most familiar with, or are most directly affected by, is salary improvement programs in the spring. I’ll come back to that. Now, just for context, for those of you who haven’t seen this ever or not recently, this is the general operating revenue from the 2003-2004 financial plan (Appendix 2), and this gives you a sense of the sources of our revenue. If you have any questions, let me know. I’ll leave it up long enough for you to focus on the fact that tuition and fees represent 25% of our overall revenues; sponsored programs, 21%; government appropriations, the 7% is primarily appropriations from the state, of course, with some funds from the federal government, in particular Hatch and Smith-Lever funds which come to us by virtue of our land grant status; clinical and hospital 19%, this includes not just the Ithaca campus but the medical school as well."

Professor Francis Kallfelz, Clinical Sciences: "I thought that was all veterinary hospital."

LAUGHTER.

Provost Martin: "You know I wish it were."

Professor Kallfelz: "So do I!"

Provost Martin: "When you think about it, that would be damn good for the Ithaca campus. But no, it is actually Weill Cornell as well. Gifts, 8%; investments, 8%; and the enterprises, 6%. What I want to say about gifts and investments, and gifts in particular, is though they seem to represent a fairly small percent of the overall budget, they are a major source of unrestricted funding for us. Any questions?"

Profess Peter Stein, Physics: "Other sources—6% sounds trivial, but on the other hand when you look at it compared to gifts, it sounds huge. I was just wondering what is that exactly—it represents hundreds of millions of dollars?"

Carolyn Ainslie: "It actually includes things like the Statler Hotel, Executive Education . . ."

Professor Stein: "But aren't those enterprises?"

Carolyn Ainslie: "No, the enterprises are dining, etc. - operations for return.

Question: "Is Qatar in this as well?"

Provost Martin: "Yes, Qatar is on this as well, because it is part of Cornell."

Charles Walcott, Neurobiology and Behavior and Dean of the Faculty: "I think it is interesting that government appropriations is very close to the gift income, for example. Presumably that gift income does not include gifts to capital projects."

Provost Martin: "Yes, it does."

Dean Walcott: "So this is total gifts?"

Provost Martin: “Yes. Any other questions or comments?”

Question: “The sponsored programs pie, that’s just the university overhead portion of all the outside funding that comes in, right?”

Provost Martin: “No, that’s all revenue.”

Question: “Does the gift income just mean actual money or promises of money to come?”

Provost Martin: “That’s a good question. It’s a combination of things.”

Carolyn Ainslie: “This number is actually the gifts that we have received, so it doesn’t include pledges.”

Provost Martin: “So it probably doesn’t even include all gifts then.”

Carolyn Ainslie: “It doesn’t include the capital pledges.”

Question: “Have these categories shifted in the last couple of years?”

Provost Martin: “They don’t shift dramatically in terms of percent. The category that is actually going up most significantly right now is sponsored programs, but not really as a major percent difference, but in absolute dollars. Sponsored programs funding is going up more dramatically in the contract colleges than on the endowed side, but it’s going up on both sides of that divide.”

Question: “If you look just at the Ithaca campus, what percentage would tuition and fees comprise?”

Provost Martin: “I don’t know. Do we know that for sure, Carolyn? I would say slightly more than 25%, but it wouldn’t be that different. Other questions? No. Now we’ll look at our major expenses (Appendix 3). Obviously, we are labor intensive. Salaries and wages account for 49% of our entire expenditures; debt service, 3%; student financial aid, 9%; general expense, 26%; capital expense, 3%; and employee benefits, 10%. You see that there is a footnote there on debt service, excludes debt service on employee benefits as paid by New York State on behalf of the contract colleges. So that for both of these categories of debt service and employee benefits, we receive funding from New York State, which is excluded from this percent of our total expenses. Is that clear?

"Another way to say the significance of that would be to say that if we lost that source of state support, which is considerable if you think about the benefits on salaries for faculty and staff in the contract colleges, we would need to replace that with an endowment of a very significant magnitude. It's not that we expect to lose it, by the way.

"Now, we go to the major budget parameters and some planning assumptions based on data of this kind. This shows you the rise in undergraduate tuition using 2003 dollars from 1967 to 2003 (Appendix 4). For endowed Ithaca, the contract college non-residents is the blue line, the contract college residents is the green line. Any questions there? As you can probably imagine this graph looks quite similar to ones you would see from other universities in our peer group. We don't stand out for better or worse.

"Here you will see a comparison of tuition and fees at Ivy League and other peer institutions in comparison to Cornell (Appendix 5), and we are in the lower half on tuition. The change from the year before last year is actually 5%. If you are thinking comparatively, this is the good news side. The next one (Appendix 6) isn't horrible news, but it looks a little less good if what you are concerned about is being in the bottom tier of our peers. When you put tuition and fees together with room and board, we are third in this peer group. Aren't you going to ask why?"

Professor Brad Anton, Chemical Engineering: "I notice that we are third. We must be resounding winners when we compare ourselves to other universities that have bucolic rural settings where you might expect the room and board fees to be somewhat less than you have for example in New York City or downtown Chicago or downtown Boston or Philadelphia. That makes this seem even more startling."

Provost Martin: "I'll give you some reasons why this turns out to be the case that our room and board rates are higher and that jacks up our ranking in the combination of tuition and fees and room and board. There are several different reasons."

Question: "I just wondered is there just a room and board fee without the other funds?"

Provost Martin: "We do have that information. I don't have it here."

Comment: "We must be first on that one."

Provost Martin: "Are we first, Carolyn? I don't remember us being first."

Professor Stein: "The point I want to make is that this list may overstate our cause in the following sense, that in the first place note that there is only 5% from the bottom of the range to the top. That is a very compressed range. Secondly, isn't it still true that we house a smaller fraction of students than other places do?"

Provost Martin: "Yes."

Professor Stein: "To that extent, then, if you look at the total room and board that people actually paid, Ithaca is probably a lot cheaper in rent than most of the other places where people live off-campus. Then what our average student pays would be further down that list."

Provost Martin: "Yes, those are excellent points. One of the reasons why our rates are higher is because the total cost is spread over a smaller number of students. We have comparatively fewer students who actually live in residence on campus. The other reason is because that, unlike these peers in particular, we have not historically used gifts to pay for student residences, for dorms. We have used debt service, and payment out of the operating budget or out of the funds of the enterprise of student and academic services, more specifically, to pay for the cost of facilities. With the West Campus, as I think you all know, we are changing that in so far as the $200 million cost of the West Campus house system will actually be born by private gifts, so that will actually help drive this cost down a bit because it won't be covered with debt."

Question: "Aren't some of our dormitories named after donors to the university?"

Provost Martin: "I'm not going to be able to tell you which ones of those are simply named after Cornellians and which ones were actually gifts, but when I talk about us historically it's a shorter historical period than say Morris Bishop covers in his book. I mean over the past four or five decades. The North Campus now has a named building, the Appel Center, but that gift was actually a gift made to West Campus, which then permitted us to name Appel Hall on the North Campus. However, it is part of the gift funding that we decided we needed to use for the West Campus house system."

Professor Stein: "West Campus is named after a donor, Alice Cook."

Provost Martin: "The first house, not the entire West Campus, is not a donor. The first house, which is going up quickly on the west campus and will open next year, is named after Alice Cook, so it is the Alice Cook House. A decision was made that the houses on the West Campus should all be named after well-known faculty members and not donors. So what we need to do then is get gifts from donors based on naming opportunities that don't require that the houses themselves be named after donors. They will all be named after dead faculty members. So if you are hoping to have your name on one of those buildings, you'll have to die."

LAUGHTER.

Provost Martin: "That was, I think, a good decision made by the West Campus Council. There really should not be a competition among still living faculty for this naming opportunity. So this is the residence tuition and fees at selected public institutions (Appendix 7), and there Cornell is in first place by a significant margin. What's the justification for that you might ask? I would explain it quite simply in these terms. Cornell is actually a mixed model. Those students who enroll here in the contract colleges actually take their general education in the endowed colleges and the expenses incurred as a consequence of the numbers of students who take their general education program in the College of Arts and Sciences, primarily, and other endowed colleges constitute part of the expenses that we have to cover with tuition."

Comment: "I would like to offer a different explanation. There is no difference in the quality of the education in the contract colleges and the private colleges. The difference between salaries means what the students pay and what the real cost is. The State of New York pays us much less than what is that difference. Therefore, that is why tuition has to be higher. Probably that will be increasingly higher as the State of New York deigns not to provide that subsidy."

Provost Martin: "Yes, that's right. That is actually a more fundamental point, but I also think the other is true and an argument that we have to use with the State of New York to help them understand why their assistance continues to be important not only for residents but non-residents as well.

"Here is the table for non-resident tuition and fees (Appendix 8), Cornell compared to Michigan, Vermont, Virginia, Davis, Berkeley, etc. Again we are first, but the point Peter Stein made about some of the figures on tuition and fees before holds true here too. For the first three or four the differences are not so huge, and I think the University of Michigan is actually a good comparative peer institution for Cornell. Any questions or comments?

"Sources of support for undergraduate grant aid (Appendix 9). You will see the steady upward rise of Cornell unrestricted funds to cover Cornell undergraduate planned aid. Restricted funds are the green line, which has gone up quite sharply as a consequence of part of the campaign, which was successfully executed a few years ago. Government is the grey-blue and slate is Other External."

Professor William Arms, Computer Science: "Does this say that if we didn't give financial aid, we could reduce our tuition by a third?"

Provost Martin: "If we didn't give financial aid?"

Professor Arms: "Yes, although I'm not advocating that."

Provost Martin: "Good, I'm glad you aren't. No, it's not quite that much. If you think about what's called the discount rate on tuition overall at Cornell, which I think is the next slide or it's coming right up. Here it is, let me show you (Appendix 10). If you look at unrestricted grant aid as a percent of tuition, by virtue of the campaign for financial aid, funds and scholarships that ended two years ago, that percent went down. At this point it is well below 20%, and at the point at which it got above 20% that was the point at which administrators, faculty but also trustees got concerned. So I would say that gives you a better picture."

Dean Walcott: "But the trend looks unfortunate. In 2002 it looks like it's headed back up again."

Provost Martin: "Yes, that's true but we also haven't yet had all of the gifts that were collected in the campaign mature. Carolyn Ainslie, to her credit, also set aside over $30 million just in case some of those pledges and promised gifts didn't arrive or mature when we hoped they would. So at the moment we are fine on financial aid funds. That's what makes us feel OK about rising tuition. It doesn't make anybody feel great to have to raise tuition year after year, but what's true (and I'll show the slide about what we are thinking about for the next year) is that we can raise tuition by a quite large percent and still not get to the actual cost per student of a degree, and we can say that a raise in tuition won't affect those students who have financial need because of the financial aid funds that we have."

Question: "I think this goes back to your pie charts. Does this tuition, is it included in the 25% of revenue or is it on the expenditure chart as grant aid?"

Provost Martin: "The financial aid is on expenses."

Question: "Tuition that is paid for by somebody's check—some parent's check."

Provost Martin: "Right, that's on the revenue side, and our expenses take the form of unrestricted grant aid."

Question: "You report full tuition for students who are getting financial aid?"

Provost Martin: "Yes, we report full tuition for every student, and then we off-set the cost of tuition for those students who demonstrate need with financial aid."

Question: "Sorry. So to back up those, that 25% of the pie, since you record full tuition for each student, some of that revenue is actually coming from us?"

Provost Martin: "Yes, absolutely. It's shown here as an expense against that revenue that I showed you in the 25% of all revenues. Does that make sense?

"Proposed 2004-2005 Endowed and Contract tuition. Having shown you that background or given you that much context, let's just talk a little bit about our proposals for next year. Endowed tuition based on the information we have now, we would recommend to the trustees that it go up by 4.8%, which is .2% less than it went up last year and would bring endowed tuition to $30,000. Contract residents would pay 9.4% more than they are currently paying. That is in absolute dollars the same increase that our endowed students would pay, which is a significant point I think. Contract non-resident tuition would increase by 5.3% for continuing students, so that they don't have to absorb what we would do on the contract non-resident for new student side, which would be a 10% increase, bringing their tuition to $28,400. You can see that we are getting the tuition for contract students non-resident close to the tuition for students on the endowed side, which we think is appropriate."

Question: "What is the fraction of non-resident contract-college students?"

Provost Martin: "We have asked the contract colleges on average, so across the different colleges, and not necessarily for every single college, to observe a 60% resident—40% non-resident ratio. I don't think we are quite at 60%. I don't know the figures for this year. Would you say we are close to 60%?"

Professor Kallfelz: "I was wondering what the rationale was for giving this consideration to continuing non-resident students but not to continuing resident students? That is a smaller percentage increase for continuing resident students."

Provost Martin: "It's the difference in absolute dollars. So a 9.4% increase on $15,870 doesn't end up being more painful than the 5.3% increase."

Professor Kallfelz: “So the 5.3% increase on continuing non-residents is the same as the 9.4% increase?”

Provost Martin: “I don’t think it’s the same in absolute dollars, but it is close.”

Question: “The 9.4% increase, of course, is significantly greater than the inflation rate has been for the last ten years. What is it that drives these kinds of increases? Is it extra expenses, or is it a decrease in other revenues?”

Provost Martin: “I would say first and foremost if we are talking sort of present time reality, as opposed to what drives it over longer periods of time, it is a loss in revenues. We cut the payout from the endowment this year, and we are going to have to unfortunately cut the payout from the endowment again for this next year. So that is one drop in revenues. It is also the case that we have taken quite significant hits in state appropriations for the contract colleges. We have seen increases in funding for sponsored research but not nearly enough to make up for what we are absorbing in hits on revenues. One of the drivers for increased tuition is simply the downside on our revenue side for next year, but it is also true that our expenses continue to increase at higher than the rate of inflation. We can say safely and responsibly that we are not increasing our expenditures at an irresponsible or at the moment unnecessarily excessive rate given the revenue picture and given the constraints. So I would lay it more on lost revenue at the moment than greatly escalating costs, but both are there.”

Question: “In an earlier slide we had government appropriations at 7%?”

Provost Martin: “Right. That’s overall, but even if we think only about the contract colleges, state appropriations now make up less than 30% of the overall revenues for those colleges. So 30% seemed difficult enough, it’s now below 30%. Hunter Rawlings used to talk about this frequently, and Jeff and I will continue to talk about it frequently. But our contract colleges, and this is also, I’m sure you know, the case at other public institutions (the University of Virginia would be a good example), they are increasingly becoming hybrid institutions—state assisted but increasingly dependent on private funding and sponsored program support. That’s not necessarily a bad trend. It’s unfortunate that the state is not supporting higher education at the rate it should in my view. I don’t think the federal or state governments understand what an economic boon it has been through the history of this country and continues to be to have a higher education system that is as strong as the one we have. However, given that they are not likely to increase significantly what they invest in higher education, I think the hybrid model for our contract colleges is the inevitable but potentially also the liberating future for our colleges. I don’t think we need to see it only in terms of its downsides but also potentially in terms of some of its upsides."

Professor John Guckenheimer, Mathematics: "Related to these issues, do you have any sense of what the cost to the university of maintaining dual administrative systems for the contract and the endowed colleges is?"

Provost Martin: "Well, I should let Carolyn talk about this, but actually we don't have dual administrative systems anymore. Over the past few years, under Carolyn's leadership, we have merged the budget offices, and we no longer have two separate planning and budget offices, for example. We don't have separate finance operations for contract and endowed parts of the university, and I would say while it's true that each of the colleges themselves and in our budget office we have to keep state funds separate from all other sources of revenue to remain legally within the limits of what we are required to do for the state, other than that, there are not enormous differences in the administration of the contract and endowed colleges, and I think it is probably going to be a goal of our new president to continue the trend toward breaking down the boundary between the two in lots of other ways as well. We don't actually right now have significant expenses associated with trying to operate two different administrative systems."

Professor Cynthia Farnia, Law: "What are the major categories of expenses that are going up faster than inflation? What one hears about are health care costs, for example. You might imagine salary remuneration, although it doesn't seem like the salary pool for the last few years has been significantly over inflation."

Provost Martin: "You're kidding, right? The salary pool over the last few years has been much higher than the rate of inflation. Last year it ranged between 3.5% (of course we are talking about different colleges) to 6.5%. The year before that it was 6% across the university. It's also the case that increases for staff have been higher than the rate of inflation. Remember the pie chart that showed how labor intensive we are and how much of our budget is actually salaries and benefits. If you think about that and then think about the salary program that we started three years ago, in which we committed to keeping going until we reached the median of the peer groups that we established, then we realize that actually salaries has been a major source of the increase in costs.

"We chose to make it the driver of an increase in costs, and I think it was an important choice. It's not the only driver. But if you think about salaries, if you look at the costs of start-up for scientists in virtually every field, not just in physical sciences any more, but in the biological, physical sciences and engineering, those start-up costs have increased so much more than the rate of inflation, many orders of magnitude more. So those are just two examples.

Everything is increasing much higher than the rate of inflation. Virtually everything. Carolyn, are there other major drivers?"

Carolyn Ainslie: "Also mundane things like compliance, environmental compliance, animal care compliance, those kinds of things. A lot of them are unfunded mandates, and in the last five years we have added millions of dollars for those kinds of things. Then the other thing, and I think that will become clear today, is the cost of libraries and acquisitions. Compared to the other sectors, those tend to run faster than inflation."

Professor Stein: "There is another way of looking at it. Let me just take the comment of Professor Farina. I still remember the point in time when I was promoted from Associate to full Professor, I went to a faculty meeting and heard the president of the university, Dale Corson, say with absolute conviction that we could not break the $10,000 a year tuition barrier, that if we did break that barrier we would find such enormous pressure, consumer opposition, that we would not be able to attract students. That prediction, which seemed reasonable to me at the time, since I had paid $600 a year for my tuition at a comparable institution, that seemed reasonable to me as it must seem reasonable to you sitting hear today if I tell you that when Professor Farinia is as old as I am tuition is going to be $90,000 a year. That is the determining factor, if people are willing to pay it, then we can raise it. In between Dale Corson's dire prophecy, which was wrong, and the present we have not experienced any evidence of consumer reluctance to pay a tuition rate that increases substantially beyond the cost of inflation. Given that, we can continue to do it. We would find ways to cope with it if they wouldn't pay it. But, in fact they will pay it, and so we try to build a better institution with that money that they pay."

Provost Martin: "I would add a provision. We can afford to raise it as long as we can afford to pay financial aid to the students who need it. That is not infinitely increasing revenue. I'm not disagreeing with you fundamentally. The data on all of this are incredibly interesting, and there are people even among our alumni and trustees who think we are leaving a lot of money on the table by charging so little because there are students who can afford to pay a lot more and that would help us when it comes to students who can pay a lot less.

"Long-term pool payout policy (Appendix 11). This tells you the goal of the policy, which is to have steady, predictable payout increases for operating budgets, that they be smoothed for budget and planning purposes with sensitivity for changes in the market. I'm just going to show you quickly this graph. We try to stay within the red line and the blue line. That's our goal to stay between the red line and the blue line in terms of what we pay out. You see the black line at the top. In the coming year shareholder payout, we are right up against our maximum level which is the reason we are going to have to cut back the amount that we pay out from the endowment. We had to last year, and we are going to have to this year in order to stay within our policy. The target is 4.4% as a percent of the value of the endowment, and you see where we are, so in order to get back within range, or to put it another way, to avoid going well above our range, we have to cut back again. We hope for only this one more year, but that depends on things going well in the economy, and that depends on things going well in the rest of the world. And I really just don't have time to comment on that right now.

"The proposed Cornell 2004-2005 long-term pool payout (Appendix 12) reduced the payout from $2.43 a share to $2.25 per share. That will be a 7.4% reduction in what we get coming into our general operating budget. If we assume a positive return of 6% in this year, the 3.5 per share will keep us just below the upper bounds of the target, which was the black line next to the red. This results in a $10 million reduction of resources for our operating expenses for this next year, so things will be tight, but they won't be dramatically awful. I know it seems hard to believe when you see the numbers, but we will be OK.

"Faculty salaries (Appendix 13). You know all of this. You are the Faculty Senate. You got us to agree to set goals to increase faculty salaries to the median of a representative peer group. You established two different peer groups, one for endowed and the other for contract colleges. Here is where we stood this past year on the endowed side (Appendix 14), average faculty salary 2002-2003, $102,287. We made good progress, and we will make good progress when we get the figures for this next year as well. We will have again made good progress; we are getting closer to the median.

I want to show you something. I know I'm out of time, but part of it is due to your questions. The average faculty salary, all ranks, on the contract side (Appendix 15) is $85,429. Endowed--$102,000. Now you may be thinking to yourselves, 'This is horrible. What have we done?' Well, we are almost at our goal for the contract colleges. We have moved so quickly in relation to the public institutions that we named as our peers that we have practically reached the goal we set a few years ago. I'm going to tell you something about this, because you are going to see it over and over and people are going to say, 'Oh, my God. Look at the difference.' There is a difference, but on the endowed side, you have to remember that what's included in that count, in the average, is the Johnson School, the Law School and the Hotel School, three professional schools. If you take them out, which I asked Carolyn Ainslie to do for me today, so that I could tell you this, there is very important news. If you take out the three professional schools, and then compare the endowed side with the contract side, one of the general purpose endowed colleges has an all-ranks faculty average below that of the contract faculty side and the College of Arts and Sciences is not that far from the contract college average. You could say that just shows you that the Johnson School, the Law School and the Hotel School faculty are all making too much compared to the rest of us. That's fine. But you should at least know that the $102,000 versus $85,000 is a skewed picture, if what you want to compare are people who are in more or less the same disciplines: our biologists across several different colleges, including endowed and statutory, our economists, or our sociologists."

Professor Nelly Furman, Romance Studies: "Is it still true that at most of the contract colleges we have twelve month appointments as opposed to academic year in the endowed?"

Provost Martin: "It differs by college, there have been a number of conversions. It was never 12 month; it was 11 month. There have been a number of conversions from 11 month to 9 month salaries in the contract colleges."

Question: "But regarding these figures, are they relating to the fact that we have the same amount of time?"

Provost Martin: "Yes, these are nine month equivalents."

Professor Vicki Meyers-Wallen, Biomedical Sciences: "In the contract colleges, is the veterinary school the only professional school included in those?"

Provost Martin: "It's the only professional school. It's also the case, however, that ILR could count for certain purposes as closer to a professional school and certainly given the number of economists, you would expect that they would drive the average up a little more than say some other disciplines."

Professor Meyers-Wallen: "So if you took those two out of the contract college figure, would it still be as high as $85,000?"

Provost Martin: "That's a good question. We could try that."

Professor Ronald Ehrenberg, Industrial and Labor Relations: "One of the things that faculty Financial Policies Committee hopes to do next semester is to work with Vice President Ainslie to do some disciplinary comparisons across the endowed/ statutory boundaries. This will enable us to learn if lower average salaries in the contract colleges as compared to endowed reflect differences in the disciplinary composition of the faculty in the two sectors."

Provost Martin: "Yes, right. Let me just do this quickly. Faculty salaries for 2003-2004 (Appendix 16) - this is the new data that we got about what happened this past year when raises went into effect. Average salaries grew 5.4% in the endowed colleges to $107,794 and in the contract colleges 4.8% to $89,519. Please remember what I just showed you. The five-year average for endowed is 6% and for the contract colleges, 6.4%. So again when you think about this in relation to inflation and then think about the percent of our overall expenses accounted for by salaries, you will see part of what is driving up our costs.

"Average salaries for continuing faculty as opposed to the snap shot view that we turn in to those survey keepers, if you look at continuing faculty only, the salaries grew 5.8% in endowed and 5.6% in the contract colleges overall. Everyone in this room has to bear in mind that you may have received an increase that doesn't look anything like this. It may have been 15% or it may have been 2%. I think that is one of the hardest things about looking at this data, is that everybody imagines this can't possibly be the case, either because you got a much bigger increase or probably in the majority of cases, a smaller one.

"We are developing college-specific goals for this next year. We anticipate that the ranges of faculty increases in the colleges during this next year will range between 3% and 6%. As I said, we are getting very close to the goal we set with the Senate a few years ago.

Staff pay (Appendix 17) - our goal is to be at 100% of the market median in various job categories, and we are getting close for all bands, except alumni affairs and development where the competition is really quite extraordinary. Our next steps, you probably don't need to know because unless you are on the Financial Policies Committee, because you won't need to think about the next steps quite in the same way as we will and the Financial Policies Committee will. I hope this was clear enough for you, and if you have any questions, please direct them to Ron Ehrenberg."

Professor Ehrenberg: "On behalf of the Financial Policies Committee I would like to thank the provost for coming and making this presentation to us. It was a long-standing agreement, which I believe Peter Stein negotiated with the administration when he was Dean of the Faculty, that the provost would come and make a presentation to the faculty senate on the budget prior to formal adoption of the budget in January by the trustees. If my memory serves me correctly, this represents the first time in six to seven years that this has been done, and you can see from the discussion that the faculty greatly appreciates it. So I want to thank you.

"I also want to publicly thank Vice President Ainslie, who has been meeting with the Financial Policies Committee bi-weekly during the fall semester. She is about as open and forthright as anyone could even dream that an administrator would be. We have worked on a number of issues with her so far, and in the spring among the issues that we will focus on will be issues related to financial aid, because although the numbers look like it's under control, our self-help packages are getting very, very large. We'll also focus on some faculty salary issues, so again I want to thank both of you."

Provost Martin: "You are very welcome. Thank you, Ron. I want to say one thing. I didn't know that this was a tradition or I certainly would have done it in prior years. That just allows me to make one little point before I sit down. We really try to be as open and transparent as we can be, despite the sometimes-rampant belief that we try not to be. But sometimes it is simply out of ignorance or failure to have time to realize what we could do to make things clearer, that we don't do it. So it's good that you tell us what to do, and I hope over time you will come to believe that we really don't aim to hide things. There are not enough hours in the days or the semesters to get in front of you about everything."

Carolyn Ainslie: "One last thing. We actually have shared with you all our planning assumptions. We haven't gone public yet. In fact when we post it on the faculty website, the recommendations for next year on tuition and salaries and things, we will take those specific numbers out, because it is a competitive situation, and actually we are not supposed to be doing that, but have done so in the spirit of sharing with you all were we are and also there will be changes, as we have more meetings and consultations to take place over the course of the next month."

Provost Martin: "It is actually illegal for us to share them back and forth with other institutions. So if you have friends at other institutions, that is especially critical that you not tell them what our planning assumptions are, because we could be hit with some sort of suit."

Speaker Norton: "Thank you. I will now call on the dean of the faculty for brief remarks."

**2. REMARKS BY DEAN CHARLES WALCOTT**

Charles Walcott, Neurobiology and Behavior and Dean of the University Faculty: "Very brief. First of all, Biddy and Carolyn, thank you so much. These charts and graphs with certain emendations or omissions will be on with website, so that if you want to look at them or think about them further, they will be available to you.

"All I wanted to say is that we had a faculty forum the other day to discuss the question of how do we teach. We had about sixty participants, had good discussion, and I hope it results in a barrage of e-mails to the president. I think we will try one more of those this spring, perhaps on something to do with research priorities or something of that sort, and have another discussion and see how that goes. Other than that, I have no further announcements."

Speaker Norton: "Because there is no quorum present, we will pass over the motion for approval of the minutes, and I will now call on Professor and Senator Francis Kallfelz, member of the University Faculty Library Board, to introduce the resolution that was circulated with the call to the meeting."

**3. RESOLUTION REGARDING THE UNIVERSITY LIBRARY'S POLICIES ON SERIAL ACQUISTIONS, WITH SPECIAL REFERENCE TO NEGOTIATIONS WITH ELSEVIER**

Professor Francis Kallfelz, Clinical Sciences and member, University Faculty Library Board: "Thank you very much, Madam Speaker. The fourth item on the agenda is listed as a resolution regarding the University Library's policies on senate acquisitions. That's an error; it should be serial acquisitions, with special reference to negotiations with Elsevier. The resolution (Appendix 18) was distributed with the call to the meeting and there are extra copies here. I hope everyone has seen those. It's a rather long resolution, and I hope all of you have read it, so on behalf of the University Faculty Library Board, I would like to move the resolution."

Speaker Norton: "What the Dean of the Faculty and I have decided that we will do is take a straw vote. Since we don't have a quorum, we can't vote on it."

Professor Kallfelz: "It can be introduced?"

Speaker Norton: "Oh, yes, it can be introduced. Anything from a committee doesn't need a second, because it is automatically introduced by a number of people. So I think we'll just open it up for discussion."

Professor Kallfelz: "Could I just call on Professor Scott Mac Donald, who is the chair of our committee to make some remarks."

Professor Scott MacDonald, Philosophy and Chair, University Faculty Library Board: "I'll keep it very brief, and I will try not to repeat what is in the background material that was provided with the resolution. Ross Atkinson, whose is the Assistant University Librarian for Materials Acquisitions, is here with us today, too. Ross will be able to answer questions from the library's perspective, and I'll try to answer questions about the discussions we have had in the Library Board.

"I do want to say one or two things to give context to this resolution. I won't repeat the facts and figures that make the crisis apparent, I think. I wanted to say that this is a trend and an issue that the Library Board has been talking about with the university librarian for several years. It has come to the point that significant action has had to be undertaken for the 2004 contract, forced on us you might say by Elsevier in particular. Their price increases have finally gotten to the point that the library absolutely cannot bear them, so we have had to make some hard choices, and this resolution grows out of that sort of immediate context.

"The Library Board conceives of a kind of two-stage process of which this is the first stage. We mean by this resolution to address the immediate budget crisis, particularly as it involves Elsevier and to begin to lay the foundation for longer-term strategy in dealing with the issues that underlie the present crisis. Stage two of the process in our view will be to take these discussions and these issues to the faculty at large. These are issues that affect a wide-range of faculty in the university very directly, and we would like more feedback from them before we introduce what I hope will be a second resolution in the spring with more concrete and you might say toothier components directed at Elsevier and other publishers. So we hope that this resolution will start a conversation that will continue in the spring and bring us back with a second resolution after we had consulted more broadly with the faculty. With that said, I think I would prefer to throw it open for discussion so that we have plenty of time to hear what you think."

Speaker Norton: "The floor is open. Please identify yourselves."

Professor John Guckenheimer, Mathematics: "I would just like to point out that within the mathematics community quite a few individuals have been adopting a personal policy of not reviewing papers published by Elsevier, and I would just encourage you to think about that as something that you might wish to do."

Professor MacDonald: "That's part of a wider trend. In fact, some faculties across the nation, I believe the University of California at Santa Cruz is prominent among them, have actually passed a resolution encouraging its faculty to take that position with regard to Elsevier. Our Library Board did not think that should be our first step. We would like to talk more broadly with the faculty at Cornell before we bring a resolution of that kind, but many of us on the board think that a resolution of that kind would be absolutely appropriate and something like that may come back in the spring."

Professor Philip Nicholson, Astronomy: "I also happen to be editor of a journal on campus which is actually published by Elsevier, so it would be embarrassing if the faculty went on record as refusing to have people review papers any more when I am in the business of sending them out for review. I have a question about the statement here, though. It wasn't clear whether you were talking about largely print subscriptions or the electronic access through Science Direct, or whether these are both effectively bundled together and you are talking about both when it comes to canceling the bundled contract with Elsevier for next year."

Professor MacDonald: "Ross can answer that particular question. I'll start it out with less than full information, and Ross can correct what I say. My understanding is that when electronic publishing appeared on the horizon, publishers like Elsevier directly linked electronic access with their print versions. What they didn't want to see happen was their print enterprises collapse as everybody went over to electronic. So the package we buy includes both of those, and I'm not sure how the cancellations affect those two different types of acquisitions. Ross, maybe you can help us out here."

Ross Atkinson, University Library: "If you are subscribing to a title, the title can be paper or electronic. You can cancel either one, but you still subscribe to the whole title. So virtually everything we have now is electronic, and we are canceling paper; we still pay for the electronic. The electronic only costs more than the paper subscription."

Professor Nicholson: "So what are you canceling for next year in the bundled contract—effectively both?"

Ross Atkinson: "Yes, that's right. In other words, you actually have to cancel both in order to cancel the title. So the $250,000 commercial cancellation is the fee for both."

Professor MacDonald: "If you looked at the background material, at the end I provided the URL for the library's website that deals with these issues and one of the pages on that website is the list of journals that will be canceled effective January 1. It's between 200 and 300 Elsevier titles."

Ross Atkinson: "Closer to 200."

Professor MacDonald: "Close to 200 Elsevier titles, and they are listed there individually if you are interested in looking at that list."

Professor William Arms, Computer Science: "I thought it might be interesting to note how this position arrived. I looked at the readouts of the website this afternoon, and last year their revenues and profits were about 25% to 29%, and the chairman very carefully stated that it was their intention to continue this rate of profits. That is historically high, even by their standards. This goes back to the 1950s when Robert Maxwell, who fortunately fell overboard under suspicious circumstances and nobody mourned, recognized that by having a monopoly on journal literature, they could raise their prices without any limits.

"This has been growing unbearably for a very long period of time. It just has to break, and there are two things going on a present. One is that a number of universities are saying enough is enough, and Cornell libraries have been very brave in standing up and doing this, and I think we all owe them a vote of thanks in the long-term. The second is that we as faculty members and researchers create this problem. When we send our papers to their journals, when we are editors of their journals, when we review for their journals, we are creating that monopoly that enables them to rip-off universities like us. In the long-term, we have to break that. The difficulty is that some of these are good journals, and some of them are our colleagues and our friends. Some of this has got to break and this seems to be the time in which a number of leading universities are standing up to publishers. They are not the only one; I think we should support the library."

Professor MacDonald: "Let me just underscore what Bill said. Certainly one of the most significant contributors to this trend in the pricing of serials is this, you might say, 'double whammy.' On the one hand publishers like Elsevier have acquired near monopolistic control of certain ranges of journals, in Elsevier's case the sciences and social sciences. They publish in the neighborhood of 1800 journals in the sciences and social sciences. They buy up small presses; they buy up independent journals. So there is the near monopolistic control and then there is the culture, which we participate in. We create valuable intellectual property; we hand it over to these presses virtually free of charge and then they turn it around and sell it back to Ross Atkinson at enormous prices. When I said that we want to address the underlying mechanisms in the future, item number five on the list of resolutions here is a sort of gesture in the direction of undertaking steps that might help to change fundamentally this culture and loosen Elsevier's grip on our library expenditures."

Professor David Levitsky, Nutritional Sciences: "Can you give me a better idea of what other universities are doing?"

Professor MacDonald: "I can say something. I think Ross probably knows more. There have been two high profile formal resolutions. One by the University of California at Santa Cruz and the other one was, I believe, North Carolina State. Is that right, Ross? Formal resolutions, which are in fact tougher than this one, at least in certain respects. They encourage their faculty to cut ties with Elsevier, to refuse to support Elsevier in various ways as referees, as members of editorial boards and so on. Those are the high profile formal resolutions. A number of university libraries though in the big group of which Cornell is a member are worried by what is happening and are considering doing the kind of thing which Cornell has announced the intention to do, which is to withdraw from the bundle pricing contract, which has been characteristic of the contracts with the large research universities.

"Cornell's announcement of its intention to do that some months ago caught the attention of the media. Cornell is mentioned in all the articles in the *Chronicle of Higher Education* and various journals that track information technology, *The Wall Street Journal* has been on the phone with both Ross and me and perhaps some others of us in recent weeks. So other places around the country are paying attention to what Cornell is doing. I just heard an anecdotal remark before the meeting today. A faculty member or librarian at Duke has remarked that it is important that Cornell is taking this leadership role, and they at Duke appreciate it. One suspects that with these sorts of steps, Cornell will take the leadership position, and other university libraries will be emboldened to take some of the steps we have taken as a result of our having taken them. Ross, are there others?"

Ross Atkinson: "The University of California system is still talking with Elsevier and Harvard has stepped out of the bundling plan, as far as I know."

Professor MacDonald: "I might say also that as a result of our having announced this intention the Elsevier reps, including the representative for all of the Americas, showed up in Ithaca at the end of November, thinking apparently that something significant enough was going on that it required his attention. So the librarians were able to talk with those reps, and the Library Board was able to meet with them. I think they got the clear message that we were concerned and things had to change."

Professor Stein: "I have heard this same discussion with other natural monopolies, and the one that comes to mind that gets even more public ink than this one is the pharmaceutical companies."

Professor MacDonald: "I thought you were going to say Microsoft."

Professor Stein: "It's important to have *Office*, but it's a lot more important to have a blood pressure lowering drug if you need it. So there is the same situation—that there is a monopoly of something that is in high demand and that people simply must pay the price because they are unwilling to do without it. The answer that I have heard is that it is a fake problem, because if you look at the profits of the pharmaceutical companies, you'll find that they only run 10%, therefore that the natural cost of producing those pharmaceutical drugs could only be lowered by at most 10% by taking away their profits. I don't know if that argument is true or not, but I have certainly heard it often enough. I wonder is it true that Elsevier is making profits of 50% or 75% or do they have the same 10% to 15% and can one make the same argument that taking away their profits entirely would simply reduce the prices of these things by a small amount?"

Professor MacDonald: "Well, let me take a stab at it, and then I'm sure there are economists out there who can actually speak with some knowledge about these things. The first thing I would say is that we are under no obligation to provide Elsevier with any level of profit, and one reason we want to encourage and talk more in the near future about alternative venues for scholarly communication is because it seems entirely possible to do what it is we do (by sending our papers off to Elsevier journals and having them published and then supplied to the library) in ways that don't involve Elsevier at all. The library has undertaken electronic publishing enterprises of this sort already, and there are lots of other ideas floating around, as I'm sure you know. So even if we could whack Elsevier from their 10% or 29% profit margin down to zero, there is no reason why we should think that would be a particularly good deal in itself. We might better dispense with Elsevier altogether."

Professor Alan McAdams, Johnson Graduate School of Management: "Elsevier is in a very vulnerable position. I think that they can be dealt with quite readily, and one way to deal with monopolies like this is to recognize that you already have budgets that can create an alternate distribution mechanism. The money that you are paying for Elsevier—all you have to do is to shift it over to electronic publishing directly. There are costs in doing that, but it costs Elsevier absolutely nothing to distribute this stuff in electronic form, so the marginal costs are approximately zero.

"I would like to comment briefly on Peter's discussion of pharmaceutical costs. The pharmaceutical companies spend more on advertising than they do on R and D. They spend on all kind of things, so you really have no idea what's going on in their financial statements. There is a problem in getting some of the research done, and you don't have as quick a turnaround possibility with them as we do with somebody like Elsevier. As you know, Bob Cooke is already on a crusade to get electronic publishing more widely recognized. This is a problem that can be dealt with. It will take a concerted effort and a recognition of the resources that are available to be used to turn this absolutely around."

Professor Guckenheimer: "Two comments to address Peter's questions and add to that. One is that I have observed a greatly increased flow of aggressive marketing from Elsevier coming into my electronic mailbox over the last six months. The second comment is that as a former president of a professional society that publishes about a dozen journals, I know that Elsevier's prices are exceedingly high compared to the costs of producing journals."

Speaker Norton: "I am going to call this to a halt. We want to continue with our agenda. Are there any absolutely final comments that need to be made? Seeing none, because we don't have a quorum, I am just going to ask for a straw vote. All those approximately in favor of this resolution, please say aye."

"AYE."

Speaker Norton: "Opposed? The chair hears no nays. Are there any abstentions? The chair hears no abstentions. We can assume that it is adopted unanimously by the non-quorum of the Faculty Senate."

Professor MacDonald: "In a straw like way. Thank you very much."

Speaker Norton: "The chair will call on Professor Ron Booker for a report from the Affirmative Action Committee."

**4. AFFIRMATIVE ACTION COMMITTEE REPORT**

Professor Ronald Booker, Neurobiology and Behavior and Chair, Affirmative Action Committee: "I want to give a rundown of what we have been doing for the last year or so on the Faculty Affirmative Action Committee. We have met about twice each semester since the beginning of last year, and we have discussed a number of different issues during those meetings relevant to issues of diversity and inclusion on campus such as providing a faculty view of a program called the Safe Places Program that was initiated by the dean of students, as well as discussing issues related to diversity fellowships that are offered by the university.

"What I really want to do is actually just give you an overview of some of the issues that we have tried to deal with in terms of what our goals were as a committee or should be as a committee, and the reason why we decided to spend some time discussing an issue that has to do really with the creation of a new position within the provost's office.

"About four or five years ago, the university created a Vice Provost for Diversity and Faculty Development. I don't know if you have ever read the resolution, the legislation enacting our committee, but one goal of our committee was to provide an annual review of the college affirmative action committees on campus. In creating this new position, what happens is that this individual is charged (the position is filled by Bob Harris who is a professor in the Africana Studies Program as well as the History Department) with a number of different responsibilities. One is preparing an annual report on Cornell's progress towards diversity and inclusion. It also runs a number of different programs on campus that I think actually some of you may be interested in. For instance, it turns out that this office established a number of pre and post doctoral diversity fellowship programs that are run out of the provost's office that students and PhD post-doctoral fellows on campus can actually gain access to. There is an application process, and I believe there is a round that has been initiated quite recently, so if you have proposals that you might be interested in submitting or you know someone who is one of the eligible minorities who might want to apply, you might consider contacting the office to learn more about that process.

"The key thing is that this individual, this office, works with the colleges and the affirmative action committees of the college to actually help build and establish diversity goals. So what this office does is something very similar to what was being done by the affirmative action committee. What we wanted to do was think about how we could try to figure out some process so that we are not being totally redundant in terms of actually collecting and gathering information on diversity activities of the colleges, but to actually add something, to be a bit more proactive perhaps in terms of what we hope to accomplish.

"I think before we can actually consider that we should try to take a look at where we are in terms of the university, where the university is in terms of its hiring trends, in terms of its goal of achieving diversity. This is from the university, the report prepared by the Vice Provost for Diversity and Faculty Development, in terms of hiring trends of faculty. This is over a five-year period, and what you see is what has happened here at Cornell in terms of changes. The percentage change in women faculty (Appendix 19), as you can see there has been some progress over the years in the hiring trend for women. I'll allow you to make your own judgment as to how successful we have been. In 2001 Cornell ranked eighth out of twelve institutions in terms of the percentage increase in women faculty in the ten-year period between 1991 and 2001.

"Here is a companion table (Appendix 20) that looks at the hiring trend for minority faculty here on campus. This is for all colleges; we are not trying to break this down by individual colleges, although we could. There are endless tables that one could gain access to in order to look at this. As you can see, again you might say there is some progress. There is one interesting trend that I saw. If you look at the total Hispanic faculty that have been hired, that's quite an improvement, although one can micro-analyze that as well and ask some serious questions about how to interpret this trend. For instance, are those individuals that are identified in the charts as Hispanics actually target minorities? Not all Hispanics are considered target minorities, but that is another issue. What we wanted to do is try and get a sense of where we were as a university as we try to increase diversity and also improve that sense of inclusion, that community feeling we have on campus."

Professor Risa Lieberwitz, Industrial and Labor Relations: "How are you defining faculty?"

Professor Booker: "In this particular case, faculty as defined in the tables."

Professor Lieberwitz: "Are we talking about tenured faculty?"

Professor Booker: "This is tenure-track faculty. Any other questions about the tables?"

Professor Kallfelz: "When you say minority faculty, you mean all minority faculty not just under-represented minority faculty?"

Professor Booker: "That is actually an issue that our committee dealt with. We wanted to come up with definitions. We discussed that. Yes, we thought that was a source of confusion in some cases. What is a minority faculty? How you define that individual can vary dramatically. For instance, is someone that is a non-U.S. citizen that happens to be of African descent a minority faculty or not? Depending on the context, the answer could be yes or no. The same is true for Hispanic. You could be from Chile, and you could be of Italian decent, but if you are from Chile and if you have a Hispanic surname, are you Hispanic or not? It's confusing but those are the sorts of issues."

Professor Kallflez: "In an affirmative action program certain Asian Americans are not considered an under-represented minority."

Professor Booker: "But some are."

Professor Robert Harris: "They are considered in terms of faculty, because we have to go by the federal government guidelines."

Professor Booker: "That's right. It's not a simple case. Those are the sorts of issues that we had to educate ourselves about as we tried to deal with this issue. As a matter of fact, what we decided to do was to try and take a more proactive stance in terms of trying to see what we could do as a committee in terms of addressing this issue. So what we actually did, and to be honest, I'm not all that pleased with the outcome, is that we asked each of the colleges at the end of last year to submit a five-year report on their efforts in the area of diversity and inclusion. We got one response from CALS, and I managed on my own to somehow get the folks in Arts and Sciences to provide me with their report. That is the staff, because we just couldn't get a response. We heard there was a document, and I was surprised if you called them up, someone will actually go to the files, pull it out and send it to you.

"What we intend to do is to try and go through and organize some visits next semester and try to be proactive in terms of the stance we take. We are not so much interested in hearing reports of this sort, but we are trying to get the colleges to think about how they think about their efforts in terms of addressing this issue. We mainly wanted the colleges to begin thinking about the whole issue of inclusion, because if you hire a faculty member—these numbers that we saw before depend on more than just hiring faculty but also mean you have to try to increase your efforts at retention of minority faculty. What sort of environment do we create for individuals here on campus? What sort of environment do they encounter once they arrive on campus? What efforts are you making in your college and in your departments within the college to try and make that environment an inclusive environment? For instance, if you can recruit a minority faculty member or a woman, how happy are they? Just asking some questions, making some sort of assessment of the environment that exists within that community is actually an important question.

"So we are trying to create a series of questions, a scheme, that will get the college to think about how they are actually trying to address this question of inclusion. For instance, when an individual faculty member resigns, do you keep track of why that individual, minority and non-minority, resigns. Is there a difference in the data for minority faculty and women faculty? Is there some sort survey or tool that has been developed, perhaps not just by the college or even by the university, that tries to address that issue? We are hoping that we can get the deans and the affirmative action committees in these meetings to begin to think about these issues and address these issues in an effort to try to attack diversity at two levels: One, hiring trends and the other, retention. That is what we hope to do. Whether or not this is successful is another issue. Given the time, I probably should not show you any more overheads. Are there any questions?"

Speaker Norton: "Any questions for Professor Booker?"

Professor Booker: "Then we can all try to go home."

Speaker Norton: "Thank you very much. The chair declares the non-meeting adjourned."

Respectfully submitted,

Cynthia R. Farina, Secretary and Associate Dean of the Faculty

# Appendix 1

# Appendix 2

Appendix 3

# Appendix 4

# Appendix 5

# Appendix 6

# Appendix 7

# Appendix 8

# Appendix 9

# Appendix 10

# Appendix 11

# Appendix 12

# Appendix 13

# Appendix 14

# Appendix 15

# Appendix 16

Appendix 17

Appendix 18

# Resolution regarding the University Library's Policies on Serials Acquisitions, with Special Reference to Negotiations with Elsevier

Submitted by the Faculty Library Advisory Board for consideration at the December 17, 2003 meeting of the University Faculty Senate

## BACKGROUND

### A Crisis in the Cost of Journals in the Sciences and Social Sciences

For many years, increases in the prices of library materials have exceeded increases in library acquisitions budgets, at Cornell and abroad. One significant reason is the growing commercialization of scholarly publishing, especially in the sciences and social sciences and especially where journals are concerned. Statistics from the Association of Research Libraries (http://www.arl.org/stats/arlstat/graphs/2001/2001t2.html) show that over the fifteen years from 1986 to 2001 the prices of serials generally increased by 215%, library expenditures on serials went up by 210%, and the number of serials titles purchased by large academic research libraries decreased by 5%. The Consumer Price Index during the same period increased by only 62%.

At Cornell, Ithaca campus library budgets for materials increased by 149% during approximately the same period, but the number of serials titles purchased increased by only 5%—at a time when the number of serials published increased by approximately 138%. The contract colleges subscribe to 14% fewer serials than they did fifteen years ago, even though their combined library acquisitions budgets have increased by 117% during that period.

Commercial publishers charge more—sometimes many times more—for their materials than scholarly societies or university presses do. The Dutch company Elsevier, which publishes mainly science journals, is the best example. Over the last decade Elsevier's price increases have often been over 10% and occasionally over 20% on a year to year basis. (They have recently announced a policy of not raising prices by more than 10% in a given year.) In 2003 Cornell subscribed to 930 Elsevier titles at a cost of approximately $1.7 million. Those 930 titles represent fewer than 2% of the total number of serials titles to which Cornell subscribes; the $1.7 million comprises something over 20% of the library's total serials expenditures, including those of the Medical School. Elsevier's proposed price increase of 6.5% for 2004 would have required an increase in the library's serials expenditures of approximately $100,000. By contrast, the library's ***total*** materials budget, including materials for the Medical School, has in fact ***decreased*** by 1.4%. It is clear that increases of the magnitude that Elsevier regularly expects have become quite literally unbearable. The long-term trends of which these particular increases are a part are therefore also unsustainable.

The Cornell library's relationship with Elsevier has given definition and urgency to problems the library has been facing for some time and that extend beyond Elsevier to include other commercial publishers.

**Elsevier's pricing practices**

One way the library can accommodate increases in serials prices that exceed increases in the library's budget is by canceling some titles. Elsevier's pricing practices, however, make this straightforward solution especially costly. In the past, Cornell has contracted with Elsevier for a package of journals and electronic services. The contract has been priced as a "bundle," that is, in such a way that, if the library cancels any of the Elsevier journals it currently subscribes to, the pricing of the other individual journals the library chooses to keep increases substantially. (The actual process is somewhat more complicated than this, but this is the end result.) Because the prices of the journals that are retained greatly increase when others are cancelled, the only way to achieve any real savings is to cancel a great many journals.

In 2003 the library was able to maintain its subscriptions to Elsevier journals only because of one-time assistance from an extra-budgetary source. Given that the library cannot bear Elsevier's price increases for 2004, it has decided that it must withdraw from the bundled pricing plan that has characterized past contracts and begin canceling Elsevier journal titles. The library, in consultation with affected faculty, has identified several hundred Elsevier journals for cancellation at the end of 2003.

There are two clear benefits to this course of action: it enables the library to retain the most important Elsevier titles without drastically impacting serials collections and the library's ability to acquire non-Elsevier journals and non-serials materials, and it frees the library, in 2004 and in the future, from contractual obligations that have in effect compromised its ability to make case-by-case judgments about the value to the collection of particular Elsevier journals.

Understandably, there is growing dissatisfaction at universities in the United States with Elsevier's prices and pricing practices and increasing militancy among university librarians and faculty with regard to modes of response. Cornell's announced intention to withdraw from the standard contractual arrangements with Elsevier for 2004 has received substantial attention in the press. Cornell is clearly perceived as assuming a leadership role in these matters. Moreover, the faculty at some other major universities have endorsed or are considering endorsing resolutions designed to address, in varying ways, this same set of issues.

(For more information, see the web page the library has set up to explain these issues: http://www.library.cornell.edu/scholarlycomm/problem.html)

**BE IT RESOLVED THAT:**

**(1)** The University Faculty Senate supports the library's efforts to maintain and enhance the outstanding quality of Cornell's library collections for teaching and research**.** Moreover, recognizing the special challenges presented by current economic, market, and budgetary conditions, the University Faculty Senate supports the library's efforts to bring serials costs under control while at the same time maintaining the collection's quality.

**(2)** Recognizing that given present and future budget constraints, the library requires autonomy and flexibility to manage its materials acquisitions decisions effectively, the University Faculty Senate endorses the library's decision to withdraw from Elsevier's bundled pricing plan and undertake selective cancellation of Elsevier journals as deemed appropriate by the library in consultation with the faculty.

**(3)** Recognizing that current trends regarding serials costs are unsustainable and that the current business models and marketing strategies of commercial publishers bear significant responsibility for those trends, the University Faculty Senate encourages the library to take an aggressive approach in negotiating new contractual models and pricing structures with Elsevier and other commercial publishers designed to bring serials costs in line with realistic long-term library budget projections.

**(4)** Recognizing that the cost of Elsevier journals in particular is radically out of proportion with the importance of those journals to the library's serials collection (measured both in terms of the proportion of the total collection they represent and in terms of their use by and value to faculty and students), the University Faculty Senate encourages the library to seek in the near term, in consultation with the faculty, to reduce its expenditures on Elsevier journals to no more than 15% of its total annual serials acquisitions expenditures (from in excess of 20% in 2003). Moreover, the University Faculty Senate encourages the library to work toward long-term pricing structures with Elsevier and other publishers based on reasonable measures of a subscription's importance to the Cornell collection.

**(5)** Recognizing that the increasing control by large commercial publishers over the publication and distribution of the faculty's scholarship and research threatens to undermine core academic values promoting broad and rapid dissemination of new knowledge and unrestricted access to the results of scholarship and research, the University Faculty Senate encourages the library and the faculty vigorously to explore and support alternatives to commercial venues for scholarly communication.

Appendix 19

Appendix 20