

MINUTES OF A MEETING OF THE FACULTY SENATE

December 14, 2005

Speaker Barbara Knuth called the meeting to order. "We apologize for the lateness in starting time but there was a class in here taking a final exam. We didn't feel it appropriate to just to come on through. We do have a quorum for our meeting. The items of business will proceed as you have on the agenda. I would like to begin with a few routine announcements that you have heard before but I will remind you again. Please remember that no photos or tape recorders are allowed during the meeting. Please turn off all your cell phones. When you speak please stand and please identify yourself and your department or your unit so we know who is addressing us. To my knowledge we have no good and welfare speakers today so we allocate that time to other matters on the agenda.

"I would at this point just like to use the Speaker's prerogative to remind the Senators of some of the procedural rules of the Senate based on discussion that came up at last session of the Senate. There are just two items. One, a reminder that to place an item on the agenda, to place a motion on the agenda of the Senate, it has to be endorsed by a faculty committee, the UFC, or any four members of the Senate, or any twenty-five members of the University faculty. Keep that in mind. These rules are posted on the web, the University Faculty web site. The other item that there seems to be some uncertainty about was the idea of proposing amendments to the motion at meetings. And again, to clarify that, according to the procedural rules governing the Senate, all proposed amendments to motions must be submitted at least twenty four hours prior to the meeting to the Dean of the Faculty's Office, which will forward it to all of the Faculty Senators via e-mail. It is up to the Speaker to rule substantive amendments out of order but I am able to accept minor wording changes. Please remind yourself of the procedural rules in case you have motions or amendments that you choose to bring before the body at some point.

"With that I would like to move on to our first item of business and that is to ask Provost Martin to lead us in some consideration of budget issues. We have forty five minutes devoted to this."

1. Remarks by and Questions for Provost Biddy Martin

"Thank you Barbara. When you said lead us, I was thinking that you were going to say in song. I have been asked at a couple of official occasions to lead us in the Alma Mater and I can't carry a tune. I always have to seek help. Thank you for not asking me that.

"I'm here to give you a Planning and Budget update and I am happy to do that. Before I do so I want to make sure all of you know our Vice President for Budget and Planning, Carolyn Ainslie. If you don't you should get to know her. She works very closely with your committee on Financial Policy matters. She is here today in case you have highly technical questions that I would like to defer to her.

"Let's start. I'm going to give you a little bit of context but not much. I will not take too much of your time with context. I wish we had Power Point in the Senate. I never thought in my life I would say such a thing, that I wish that I had Power Point but nonetheless I have gotten accustomed to it and I see that it's superior to overhead projectors.

"Here's our agenda for today (Appendix 1). Just a little bit about academic priorities and what's going on in campus planning and then some budget and planning assumptions for you. Many of you, because I have been going from college to college and giving the report that I gave our Trustees last March, have heard me go over this outline about what might be distinctively Cornell and what also might be some of our goals for the campaign.

"I'm just going to put this slide up (Appendix 2) to remind you - or for those of you who haven't yet had the pleasure of hearing my lovely report, for the first time - what we are saying to our Trustees, our major donors and alumni, that they will also then say to their fellow supporters of Cornell about what we consider to be distinctively Cornell, among other things, and what our goals are for the campaign.

"Here are some of the characteristics of the University that we have been emphasizing for the purposes of thinking about the campaign and the identity of the University in that context (Appendix 2). As I have said to many of you, the first founding vision, 'I would found an institution where any person can find instruction in any study,' I think is the one that is perhaps the most important to many of us. That's because we hold on to the importance of that vision in the late nineteenth century of a university that was open to qualified students regardless of gender, regardless of race, regardless of ethnicity, and regardless of religion or creed. We aim to remain a need-blind admissions University, and we are currently one of the few remaining in the United States that is completely need-blind in our admission of students. That's something of which we are, I think, rightly very proud but you will see in a minute when I show you a little bit about budget planning and budget assumptions that we have to do well in the campaign in order to not to stay need-blind, we will stay need-blind, but in order to provide the levels of financial aid our students need.

"Goals for Cornell in 2015, I'll just show this very quickly (Appendix 3). This is part of the Trustee report. I have been over it with many of you in some detail in the college

presentations. I think our goals ought to actually to be higher than this, by the way, but these are the ones that we cited in the Trustee report.

“The question is, for those of you who haven’t seen the entire report, one of the goals that I have set for myself with the Trustees is to help them understand that not all rankings matter. For example, the US News and World Report rankings are not rankings that we highly value. The National Research Council rankings of graduate programs and graduate faculty quality are rankings that we think matter somewhat more, though we have our skepticism about those too. But when they ask us to put stakes in the ground, as they put it, when it comes to some of our goals, what I focus on are the National Research Council rankings and also professional school rankings that our professional school faculty and deans think have merit. Those are not typically the US News and World Report rankings.

“I want you all to understand what is going on on-campus. It’s interesting that these various planning exercises are either already underway, or about to start, and that they will converge with one another over the next year or two (Appendix 4). They include campaign planning. Campaign planning by the way, as many of you know, has been going on for what seems to me to be forever. We decided to enter into a capital campaign before Hunter Rawlings left during his first presidency and we are still more or less in a campaign-planning mode, but we really need to launch a public campaign. And we will launch a public campaign soon. We are also in the midst of ten-year financial planning of our operating and capital budgets, and that of course converges in a very critical way with campaign planning because we need to know what we will be able to afford over the next ten years when it comes to capital and operating expenses.

“We are also beginning to enter into another process about which you probably know less and so I might be introducing it today. If I am, I am glad to be the one introducing it. At the urging of our Trustees and our own judgment, we decided we wanted to do master planning for the campus and I think that this will interest a lot of you. I don’t know how many of you have ever been involved in master planning exercises but this really is a quite serious comprehensive view of the entire campus and beyond Ithaca to some of our other campuses. It really is a view of how we think the campus should look and will look over quite a long time frame. This concerns not only the physical plant itself, obviously, but the relationship and our academic priorities and goals, our assumptions about student or faculty growth, or not, and what needs the faculty and students will have over time for building and/or other aspects of the campus. Is there a question in the back?”

Professor Sheila Hemami, Electrical and Computer Engineering. “I was just wondering, in an abstract sense that makes a lot of sense, but could you give an example of a university that has done this type of thing recently and what became of it so we have an idea of what might come out of this?”

Provost Martin: "I want to first say that I am no expert on Master Planning. I am just beginning to learn myself. There is a recent example on the web. If you would like to look on the web, you can read a completed study for Brown University. I just talked to the architects who did the Brown University's Master Plan and that is a very interesting one.

"The reason that I am qualifying what I am about to say, is that apparently there are many different ways to do master planning. When architects or consultants come in to do master planning, some of the completed studies don't go beyond setting out, based on what they have heard from the campus, a set of principles that guide the campus's planning and its decision-making going forward. Some are much more detailed and actually give a sort of map, they map out, in some concrete detail where we're likely to want to build or not, what kinds of spaces we are likely to want to keep sacredly open and free of building and development, or which ones not. Some of them will get as detailed as assessing the relative uses, speculatively, of various buildings on campus; which are likely over time to need to be demolished or seriously renovated as opposed to simply expanding our existing facilities; which one's we will choose or how detailed a final report will we end up wanting. We are just at the very beginning of this process. There will be faculty input at every stage of this Master Planning exercise. It's right now being organized out of the Office of the Vice President for Finance and Administration. You will hear more about it. I just wanted you to know it's about to begin and it converges, I think thankfully, with these other planning exercises so that we will have a good sense of where we are headed in these particular areas.

"Are there any other questions about any of those planning exercises?

"All right, if not let's go to the budget. Here is the Ithaca operating plan (Appendix 5), the revenue side for 05-06 and it tells you things that I think most of you already know about the Ithaca campus budget. I'm showing you just the sources of revenue. As many of you know, Sponsored Programs, which are research grants and non-grant based funds, and Tuition and Fees make up about half of our revenues. If you have any questions about any of the other elements of the budget on the revenue side, let me know. This is just to give you a sense of what the components are and what their relative weight is."

Professor Howard Howland, Neurobiology & Behavior, At-Large: "I have a question about enterprises. Is that like dormitories and restaurants? Some of us have noticed the incredibly high prices of some of the restaurants around campus. I just wonder, are they supposed to be making money? What should they be making - 20%, 30% or zero percent?"

Provost Martin: "The enterprises that bring in revenue to the general budget are not the residence halls and campus life. They are self-sufficient as an enterprise. This includes - and Carolyn you correct me if I am stating this incorrectly - but this includes things like the Campus Store and other kinds of revenue raising enterprises of that sort. Campus Life doesn't make money on dorms and food service that it then feeds back into the University's budget. It has a cost-subsidy system within itself in the domain of Student and Academic Services, but it does not contribute to our net gain if that's the concern. We are not trying to make money off those projects."

Professor Brad Anton, Chemical and Biomolecular Engineering: "First of all, how big is the total pie, hundreds of millions of dollars?"

Provost Martin: "\$1.632 billion total pie."

Professor Anton: "Investments - the 13% - is that pay out?"

Provost Martin: "Yes."

Professor Anton: "That's the revenue we take as a percentage from the endowment?"

Provost Martin: "It's the payment from long term endowment, short term endowment and working capital: \$1.632 billion. I should have said that is the total pie for just the Ithaca campus. This doesn't include Weill Medical College."

Professor Nick Calderone, Entomology: "How does this break down by contract and endowed? In other words 'government appropriations,' what exactly does that entail?"

Provost Martin: "That's hard to do off the top of my head because it doesn't breakdown on the basis of government appropriations as the stand in for the contract college side, obviously because of the tuitions shared. Do you know Carolyn?"

Carolyn Ainslie, Vice President for Planning & Budget: "Most of the government appropriations is for the contract side. If we just look at their budgets that would account for about 30% of their budgets right now."

Provost Martin: "But I think Professor Calderone would like to know what's the breakdown if you take contract colleges as a whole in relation to the rest of the campus. Is that right for the 1.632 billion or only at the state appropriations?"

Professor Calderone: "Just the state appropriations."

Provost Martin: "The 33 percent of the contract colleges' budget that comes from the State of New York is a higher percent, perhaps surprisingly to many of you, than many

other state universities now get from their state government. As a percent, it's not that the total is much higher than what some state universities get. But as a percent of the total budget, 33 percent, I think we should say unfortunately is significantly higher. Ron Ehrenberg would be the person to consult about this overall trend in the country about which I think we should all be concerned - that is the diminishing of state funds to our public universities.

"Here you have a chart that shows you the general operating revenue for Ithaca (Appendix 6) and it's a comparison over time, which will tell you a little something, but is of course also potentially misleading. In any case, you see the increase as a percent of total tuition and fees, but what I want you to know about that is that the bulk of that is a change in the number of students, not the increase in the amount of tuition. I can't break it down for you precisely here, but from the seventies to now it's a significant increase in the number of students, so that would account for the change in the percent of total of tuition and fee revenues to some degree. The rest is made up obviously by the increase in tuition and fees. You see the change in government appropriations in the Seventies; it was 29 percent of the total budget. It's now down to 10 percent. Gifts are up only one percent over that time of the total budget. Enterprise is down. Do you have any questions about any of this or comments? I would be glad to hear them."

Professor Kathy Rasmussen, Nutritional Sciences: "Are these constant dollars?"

Provost Martin: "No. They are not constant dollars.

"Now on the expense side (Appendix 7). I don't think this will surprise you. Many of you know this information relatively well. Here we have on the expense side, we are very labor-intensive and that little pie chart shows you that. Compensation costs for staff and faculty make up - if you add benefits to salaries and wages - 60 percent of the total budget on the expense side. If you have any questions about any of the other elements, feel free to ask. Sixty percent is quite a sizeable percentage of a total budget on the expense side and that's where your salaries and benefits come. It's just a comparison on the expense side. I'll give you a few minutes to look at that and see if you have comments and questions about that." (Appendix 8)

Professor Cornelia Farnum, Biomedical Sciences, Senator-at-Large: "When we submit a grant to NIH we are asked to use as fringe benefits something approaching 46 or 47 percent but it looks like our benefits in relationship to our salaries are significantly less than that."

Provost Martin: "Yes. It differs across the contract and the endowed line. The reason yours is so high has to do with the State of New York and what's occurred there. Carolyn, do you have anything else?"

Vice President Ainslie: "We also don't record in our books the significant portion of benefits that are provided to the contract college faculty and staff, which is about \$75,000,000 in the year that we are in. The benefits that you are actually paying there is the reimbursement to that. When sponsored programs and restricted funds gives a reimbursement to the State so that piece because their support only provides support for their own activity."

Provost Martin: "Carol, you need to stand up so that everyone can hear you."

Vice President Ainslie: "On the contract college budget, it's about \$75,000,000 of benefits that are provided directly by New York State and they are not recorded on our books here. Actually this understates that, so if you are trying to calculate that percent in your situation on restricted funds and grants and contracts, we have to reimburse the State for that. That rate actually is for benefits that we don't provide here. We don't control those costs. That number is actually approaching 50 percent right now."

Provost Martin: "Any questions or comments about this comparison on the expense side?"

"For 2005/2006, as a budget update, we think we are doing quite well this year. Here are a couple of items that will interest you (Appendix 9). I hope that you will have heard that the contract colleges have seen an increase in funding this year for salaries and operations. As many of you know, this comes after several years of cuts from SUNY and New York State. The other thing we are quite worried about for this year are the electricity and energy costs. We have been forecasting that we will have a \$7,000,000 deficit; that is in relationship between what we will see and what we budgeted. We now think we will be significantly less than \$7,000,000. That's partly because the State is going to provide all of its SUNY campuses additional monies to make up the short fall for campuses. That will bring us over \$3,000,000 to help us with the \$7,000,000 projected shortfall. In addition, once the word went out that we really needed to conserve, you all are also helping quite a bit. I can only urge you to try as long as you can to continue in that vein."

Professor Brad Anton: "What, if anything, inspired the State to be more generous this year?"

Provost Martin: "Well, it's Governor Pataki's last year as Governor. It's an election year. He has ambitions beyond the state level, apparently, about which I know very little except to say that. I know a little more than that but I don't think it's worth your while hearing it. New York State is actually doing well. It has done well in the past few years, surprisingly. Unlike many other states, the New York State budget is actually doing well. It's a combination of the interests of the Governor and the Legislature. But, I should also say in terms of how we fared with SUNY, just our share, what we have

gotten has resulted from a lot of lobbying on our parts and a lot of lobbying on the part of Trustees and alumni in Albany, in not only the Legislature but directly to the Governor's office."

Professor Anton: "Did our cut in the SUNY budget increase?"

Provost Martin: "Not our proportion."

Professor Anton: "But the whole budget increased?"

Provost Martin: "Yes, it did."

Professor Dorothy Ainsworth, Clinical Sciences: "In the Master Planning - will alternative sources of electricity also be considered, like windmills, or geothermal or things like that?"

Provost Martin: "Actually the Master Plan, I think, is not the place where those things will be considered but they are being considered separately. In the Master Planning, I think, when it comes to issues of sustainability there will be a whole set of questions about transportation, for example, and the use of the physical plant and its implications for energy use and so on. The actual concrete and direct questions about energy will be handled separately from the Master Plan, but then everything again needs to be integrated. I think the involvement in the Master Planning, which as I say will include faculty, staff and I hope some students as well, will take up these issues but that won't be the direct focus. It will be synthesized with planning going on elsewhere about these issues. Are there any other questions?"

"The endowment payout policy (Appendix 10). I have been around to several colleges, I think six or seven by now, to give my presentation and at several of those presentations actually one of the questions I've gotten has been, why we are not doing a little bit better in our investment strategy. We are doing better! Our investments are doing better, and let me say to you what I said to the people who asked that in these other settings, our Investment Committee of the Board of Trustees reorganized the way in which the University handles our investment strategy. We have over the past two years seen improvements. Are we doing as well as Harvard and Yale in our returns on investments? No, but no one is. Why are they doing so well? Because the rich get richer. By that I mean because they are taking bigger risks in the market. It might also be that, indeed it is actually the case, that over a long period of years they have made smarter bets than we have done. But right now, their endowments are so much larger than, not just ours but everyone else's, they can take even bigger risks and those risks have been paying off. I don't think anybody in our Investment Office or our own Board of Trustees feels that it would be wise for us to take quite the same risks that some of our peers are taking. Nonetheless, we are doing better."

"On endowment payout the goal is to have a steady flow to the campus of monies from the endowment. We have a policy to which we try to stick and indeed have for the most part stuck. I will show you graphically how well we have done over the past several years and what you will see here on the graph (Appendix 11). The green line is the policy, the target (4.4%) of our rolling average over twelve quarters. In the nineties you see we actually paid out, this is the way I put it when I first became Provost, we paid out too little, I thought. We all know what happened. The Trustees agreed to increase the payout and at that very moment the markets fell. So we got a little bit outside of our policy, on the high side. Over the past two to three years, as many of you know all too well, we've had to take a cut in endowment payout in order to get back within our norms. This year the endowment payout will definitely go up. We're hoping by as much as five percent. So what gets paid out for this next year's budget from our investments will go back up. Are there any questions about that?"

"Carolyn, where are we right now in the year, at what percent are we in terms of endowments."

Vice President Ainslie: "In gross returns?"

Provost Martin: "Yes."

Vice President Ainslie: "We are a little under seven percent."

Professor Piliero, Education, Senator at Large: "Could you just clarify when you say seven percent return. Is that annualized?"

Professor Ainslie: "It's a calendar year number."

Provost Martin: "Let's look at another element of the budget that we all care about. That's undergraduate tuitions (Appendix 12). This is the two out of six dollars and you see the trends. I don't know whether you can see in the back the color-coding of the lines. Good. You see the particularly steep increases on the contract side especially for non-residents. Are there any questions or comments on those trends?"

"Here is a comparison of Cornell with some of our peers on tuition and fees (Appendix 13). You see that we are actually in the lower grouping."

Now for our Unrestricted Grant Aid (Appendix 14), that is what percent of tuition are we using to pay financial aid for students who otherwise can't afford to come to Cornell. You see that that too has gone up, as tuition has gone up. That is one of the reasons, though not the only reason, why we were worried about having enough financial aid to provide grant aid to students where we really would like to be able to

do so. The other reason is because we had a campaign for scholarship funding, which was a successful campaign, but some of the pledges from our donors have actually not come in on time and some which are deferred gifts that will come in but haven't yet begun to come in at the rate that we thought they would at this point."

Professor Sheila Hemami: "I don't understand what that title means. Does that mean that of students that pay tuition, we pay 20 percent of those that are contract college and non-residents turn back around? Maybe Carolyn could explain that more."

Provost Martin: "All it means is that if you total up what we get in tuition and fees and then look at it in relation to what we turn around and provide in the form of financial aid to students, the percent of financial aid we provide is, say in this case a contract college, non-resident, is now over twenty percent of the total."

Professor Hemami: "When you total it, does that total include the money that comes in? Is that funny money, or real dollars."

Provost Martin: "It's everything, the cost of tuition and fees for the students we have."

Professor Hemami: "Every single student here, including the ones on break?"

Provost Martin: "Yes. It's the percent of the total of tuition and fees for all students that we pay out on financial aid. We have a scholarship campaign because we did not want that discount rate to go above eighteen percent or so. When it was headed up close to twenty, we had a campaign to raise private monies in order to try and get it back down."

Professor Ted Clark, Microbiology & Immunology: "What's the pressure that's driving that up?"

Provost Martin: "The pressure that's driving it up is the increase in tuition and our ability to provide financial aid in the form of grants."

Professor Clark: "For the contract colleges, that spike is pretty dramatic. Was there an equivalent spike in the tuition for the contract colleges?"

Provost Martin: "Yes. Since you are in the Vet School you probably wouldn't have been keeping up with the same degree as others have. But tuition in the contract colleges, both for residents and non-residents, has been increasing at a very steep rate. That has to do with amount of funding that the contract colleges are getting (the University is getting) from the State of New York and therefore our ability to cover our costs. This of course, as you probably know, is a nationwide trend. Even though we show very steep spikes in tuition and fees on the contract side, we are not leading the

way. The other thing I want to point out, for non-residents of contract colleges, this is the result of policy. It's not sort of ad hocing. The policy that the deans of the contract colleges wished to set was to have the tuition and fees for non-resident students of the contract colleges, get close to tuition and fees for students on the endowed side. The state subsidy primarily benefits residents. We want to allow for about ten percent subsidy to non-resident students but perhaps not more than that so that non-resident students in the contract colleges would pay about ninety percent or so of what our endowed students pay. Is that clear? Carolyn, did you want to add something to that?

"The other thing that adds to the amount of financial aid we are providing as a percent of the total of tuition and fees has to do with a decision that Hunter, before he stepped down the first time, helped make and is called the 'consensus approach.' It had to do with the change in the way universities would view middle class families and their assets, which ended up meaning that we would agree to pay more financial aid for families with what was considered to be middle class incomes based on a whole set of technical decisions about their relative assets, relative to income (Appendix 15). We had to provide more financial aid than we had imagined that we would provide based on our model because we entered into this agreement with other universities to provide more financial aid to more middle class families."

Professor Peter Stein, Physics: "I want to make a comment to Sheila, to point out that this graph probably is not quite what you think it is. Because, notice this is unrestricted grant aid, and then there is some other grant aid, which is restricted grant aid so the total financial aid is more than what is shown on there. As a matter of fact, if you look at it one way you could say, well you should plot unrestricted plus restricted because the people that gave the money restricted to financial aid could have equally well have given it as unrestricted funds and our financial situation would have been exactly the same except that this graph would look differently. Do I make myself clear?

"Do you have any idea what the ratio is between restricted and unrestricted grant aid?"

Provost Martin: "I don't know off the top of my head, do you Carolyn?"

Vice President Ainslie: "We spend about \$55,000,000 for the unrestricted, and the restricted funds is slightly less than \$40,000,000."

Professor Stein: "So essentially it's almost double this, the actual total grant aid?"

Professor Ainslie: "Yes."

Professor Peter Davies, Plant Biology, At-Large: "The time when that does the uptake is an interesting time, 01. 01 is the exact year where several Ivy League colleges declared

that they were no longer going to give loans, but they were going to give grants. To what extent is this measured by the University to remain competitive?"

Provost Martin: "Well, it's actually more of a result really of the consensus approach more than it is an effort to compete with those policies of Harvard, Yale and Princeton."

Professor Davies: "Of Brown, also."

Provost Martin: "I am trying to remember if Brown is doing precisely the same thing. They are doing less, I think. They are not doing what Harvard, Yale, and Princeton had promised to do, which is to supply grant aid as opposed to a combination of grants and loans, for example, for students of families making \$40,000 or less. We would like to be able to compete with that, and we will spend more financial aid dollars in order to compete for the best students but we can't possibly now, nor probably in foreseeable future, and possibly ever, compete with what Harvard, Yale and Princeton have decided to do.

"Here's something I want you to bear in mind (Appendix 16). Why are Harvard, Yale and Princeton doing that? Well, partly because they can afford to do it. But they are trying to attract a more economically diverse student body. If you take Pell grant recipients as an indicator, as actually they are, the economic diversity of student bodies you can see that Cornell is barely below Columbia as the highest among the Ivy League universities, with the greatest number of Pell grant recipients. We lead Harvard, Yale and Princeton by quite a margin. Harvard, Yale and Princeton are trying very hard with the policy they have set and the money they promised to spend on financial aid in the form of grants to make a difference in the composition of their student bodies. Some people believe that it might already be starting to make a little difference but in my meetings with the Ivy Provosts, the Provosts have acknowledged that it is a very, very, very difficult thing to do. Why is that? Because students and their families care about more than just money and a lot of students from backgrounds with which I feel I'd be familiar, don't feel comfortable, don't believe they would feel comfortable at Harvard, Yale and Princeton. They are trying a lot of different measures and a lot of improvement efforts in addition to providing grant to aid to make their student body more diverse."

Professor David Pelletier, Nutritional Sciences: "Do you have any way of gauging how much of our diversity comes from the contract colleges as opposed to the endowed?"

Provost Martin: "Yes, we do know and I'm glad to report that the Pell grant recipients are distributed across the colleges and they are not heavily weighted toward the contract colleges. A lot of people believe that when they see this. They assume that we are talking primarily about New York State residents in the contract colleges. That is the fault of what accounts for our economic diversity, but it's not the case."

Professor Pelletier: "Is there another component that diversity from being contract colleges that bumps us up even higher, apart from the Pell Grant measure?"

Provost Martin: "In economic diversity? Another measure or another indicator suggests that it does help us? Probably, yes. We don't have precise figures that I could show you and say, this is the way in which we use some other indicator, other than the Pell Grant that we can show the contract colleges and the state subsidy to residents helps account for more and more economic diversity. I can only show you this and tell you that the Pell Grant recipients are spread across the campus."

Professor Shirley Samuels, English: "I have a two part question and it's partly because I've been feeling as though I was waiting for another shoe to drop. I was on the Faculty Council of Representatives twenty years ago, we were presented, I think by Dick Schuler, with a model that set up exact tuition and fees versus faculty salaries. I did notice when you set up your earlier chart and I should have asked the question then, the percentage of expenditure on faculty salaries in 1975-76 was 58 percent and now it's 48 percent, which is a significant drop, not quite accounted for by the factors. The two-part question involves first - is that part of the kind of trade-off that's now being imagined and second - is there any way of thinking about the question of diversity among faculty as part of a need to have high enough faculty salaries that you can actually attract and retain them?"

Provost Martin: "Those are two different questions. Let me take the second one first. We're going to get to salaries in a minute. I think that salary increases we have been providing, as part of the agreement we made with the Senate some years ago, have got faculty, at least at a level most deans seems to be feel comfortable with. I think that the Financial Policies Committee of your own Senate also feels that we have met a goal that was important to meet and our salaries, relative to our peers, are at a place where we can successfully recruit and retain faculty. The pool is large enough so that the recruitment of faculty into the disciplines in which we really need to recruit and the retention of faculty we most want to keep, is possible. Actually salary is not the biggest impediment for us. In some domains it's not the start-up funding. It's dual career issues, which is actually a salary issue, clearly, but a slightly different one from what you mean, I think. In other cases there are other constraints that stand in the way of getting the faculty to go on board and retaining the faculty we want to keep. I don't think the actual overall salary levels are considered by most people to be a constraint in the diversification of the faculty. You all should tell me if that seems wrong. It is not what is being reported by the Deans. So, I would have to hear it from you all."

Professor Ron Ehrenberg, ILR and Economics: "I think first of all, this is not just faculty. It's faculty and staff. From the perspective of the University the thing to look at is not just salary and wages but also salary and wages and employee benefits. If you add the

two of those together you will see that the drops have only been from 62 percent to 60 percent. Presumably that reflects the fact that we have a somewhat smaller faculty now than we did awhile back. Most of the increase in employee benefits costs are not anything that the University has control over because that's sort of our Social Security, and to some extent health insurance costs. So it's sort of problematic because we as faculty members look at the salaries that we are receiving but the University and Planning and Budget has to look at the total costs that it is incurring for faculty and staff."

Provost Martin: "Thank you Ron. That's right, if you add in the benefits and the differences."

Speaker Knuth: "Excuse me Provost Martin, we have five minutes left for discussion and you mentioned you wanted to get to faculty salaries."

Provost Martin: "Yes I did want to get there, but first I want to show you some of the assumptions on the basis of which we are proceeding at the moment for our planning for next year, so you have this in your pockets and you have had a chance to think about it, if you wish (Appendix 17).

"We are considering, on the endowed side, a tuition increase between four and four and one half percent but I should tell you that we don't collaborate nor are we permitted to by law to collaborate with our peers when we make decisions about increases in tuition and fees. Now that the information is available, we discovered we were on the low side for this past year. We had a lower increase. Many of our Trustees, and this might be the case for many of you too, urge us to think about the potential to have tuition increases, especially for those who can afford them, operate as a kind of progressive tax so that raising tuition is actually not so problematic if you realize that it helps us garner resources from those people who can afford to pay the higher tuition so that we can provide financial aid to the students who can't afford to come. So thinking about tuition increases is a difficult and complicated matter but this is what we are thinking right now. We are being encouraged as I say to think about whether we should continue to be at the low end of the increase or not. You can immediately see the information here. If you have any questions about it let me know. These are the ranges we are considering at the moment."

Professor Brad Anton: "Has any consideration ever been given to retroactively changing the Cornell Children's' Tuition Scholarship Program? These increases are steadily above the consumer price index, for example, where as our salaries are actually pretty close to the consumer price index. These increases, for those of us who are only getting the half tuition benefit or the thirty percent at other places instead of the full tuition benefit here at Cornell, have had the effect of completely eating up that half. Projecting in to the future, that half would be twice as big as it otherwise would have

been and actually becomes the future value of the present cost of tuition, inflated with normal inflators. It puts more pressure on us. It's like that benefit is disappearing."

Provost Martin: "Yes, it's a smaller benefit. Then of course there are the people who would like us to reconsider it because only a certain percent of the faculty get to take advantage of that particular benefit and yet everybody pays for it. The question would be, 'is it time to look at the suite of benefits and think about them differently for a whole set of circumstances.' That's something that I think the faculty could decide might be a good idea. At the moment there's been no pressure, either from within the administration or from the faculty to reconsider the question of benefits and how they are allocated. But certainly that could occur, that could be on our agenda along with all the other planning exercises that we have decided to undertake but we will have to stage it a little bit.

"This slide (Appendix 18) is just the graph that shows you how we have done on our faculty salary program in trying to reach the median of our peers, the peer groups that the Faculty Policies Committee of the Senate actually chose for the endowed and contract side. We reached our goal on the contract college side. We came close this past year to reaching our goal on the endowed side, but we didn't quite make it. This shows growth in average Ithaca campus faculty salaries (Appendix 19). Are there questions, comments on that? I'm trying to rush so that you can discuss as you wish this particular set of projections and reports."

Professor Kathy Rasmussen, Nutritional Sciences, Faculty Trustee: "Can you give us any information about those salaries by rank? I understand we did better with respect to assistant professors than we have with respect to full professors."

Provost Martin: "Is that true? Do we have the information? Yes, we absolutely have that information. If you wish, at the next Senate meeting, I will bring it to you broken down. Right now, I can't in my head reconstruct precisely enough to say whether we have done that much better in any one rank. We aimed to do, as you all remember, well for full professors because we were actually more worried about full professors. We were already doing quite well in most disciplines at the assistant professor level. We were not having trouble recruiting and we were actively trying to keep beginning assistant professor salaries at a level that would allow us to compete well. I think most Deans have succeeded in doing that. At the associate professor level there were issues and at the full professor levels there were the biggest issues of all. I'm not sure we've done that much better in any one rank than the others, but we'll bring that information to you."

"These are the goals that we have given our Trustees as being essential in the Campaign (Appendix 20). Let me just say in summary, that we are doing well in our operating budget. I think our forecast for the future, barring unforeseen problems, which always

occur, but which we can't as yet predict, but barring any really dramatic unforeseen problems, we feel confident that based on our planning and the policies we have in place, that we are sound financially and have some room to continue to do interesting and exciting things, but only with the success of the campaign. That is, folding in a set of planning assumptions about a successful Capital Campaign, tells us we'll be fine and we can do exciting things. With that, I'll end and be glad to take any more questions if there's time or I'll also hear comments."

Speaker Knuth: "One final question and then we need to move."

Professor Rich Burkhauser, Policy, Analysis and Management: "As a person who has kids to go through Cornell and get the in-state tuition, I appreciate that you don't want to increase the tuition that I pay, but I don't understand the logic of increasing the endowed side by \$1400 and the in-state contract colleges by only \$700. I believe the real costs have increased by the same absolute amount. I think it has gotten us into trouble in the past that we have tried to keep our percentages the same when in fact with the state's contributions on the contract side that we are not getting enough money in tuition to really maintain quality. I'm surprised that we have gone back to this notion of making absolute amounts in the contract college less than in the endowed college."

Provost Martin: "I don't think that that's our primary goal, Rich. Our primary goal, especially for residents, is to keep the total of tuition and fees about half of what it costs for endowed students."

Vice President Ainslie: "That assumption that is up there (Appendix 17) is predicated on an expectation that we are going to get state funding to make up that other piece of the cost. The reason we have up to this point, and we keep track of it in terms of cost perspective level over the last couple of years, and that has been pushed to eight and nine percent, is because we didn't get state support. This is predicated on an important assumption that we are going to get state support next year."

Speaker Knuth: "Thank you very much. That was very helpful information. Thanks Provost Martin and Carolyn Ainslie."

"I would now like to call on Dean Charles Walcott for remarks."

2. Remarks by Dean of Faculty

Dean Charles Walcott: "I will be very brief. I just want to report that the other day we received a request from the Presidential Search Committee to find three faculty members to go down and interview finalists in the next few weeks for the Presidency, We decided that we would draw them from the University Faculty Committee, which is the body that has been elected by the entire faculty. The way I did this was to poll the UFC and see who could do it and then Cynthia and I selected three of those who could do it. They are Brad Anton, John Gukenheimer, and Alice Pell. That's my report."

3. Approval of Minutes of November 9, 2005 Senate Meeting

Speaker Knuth: "Our next item of business is to approve the minutes from the last meeting, November 9, 2005. They were available to Senators in advance on the University Faculty web site. I would like to ask for approval of these minutes by unanimous consent, but will allow an opportunity to add any corrections to the minutes.

"Seeing no corrections and no objections, the minutes stand approved."

4. Report from the Nominations and Elections Committee

Dean Walcott: "I will be brief. There are two recommendations of the Nominations and Elections – Margaret Washington for FACTA and Eva Tardos for the Financial Policies Committee."

Speaker Knuth: "Thank you and we do need to approve them so again I'll ask for unanimous consent for approval of the report. Seeing no objections, the report stands approved.

"I also have a message from Professor Farina who wanted to convey to you the results of the vote regarding the reappointment of the Dean of the Faculty. I'll quote from her letter to President Rawlings in which she wrote, 'I am pleased to report to you that by secret ballot, the members of the University Faculty Senate have chosen, by a three to one margin of those voting, to extend Charlie Walcott's term as Dean of Faculty through June 30, 2008. I am requesting that you seek prompt confirmation by the Board of Trustees Executive Committee as required by the University By-laws.'

"Congratulations to Dean Walcott.

"Our next item of business is going to be led by Professor Peter Stein, from Physics, who will lead us in a discussion of a proposal to revise the charge of the Committee on Academic Freedom and Professional Status of the Faculty."

5. Discussion of Proposal to Revise the Charge of the Committee on Academic Freedom and Professional Status of the Faculty

Professor Peter Stein, Physics, Chair AFPS: “You received a long and complicated proposed change to the way that the Committee on Academic Freedom and Professional Status operates in its role as a grievance committee (Appendix 21). I won’t bother to display it, nor will I particularly summarize it. What I would like to do is to put it into perspective for you and explain to you what it is we are trying to accomplish and why it is that we decided to go in this particular direction.”

“Let me first give you a transparency showing who this proposal comes to you from (Appendix 22). These are the members of the Academic Freedom and Professional Status Committee. There’s more on here there than you might think should be, and that’s because we asked the faculty members who were rotating off to stay for awhile because the work on this proposal transcended the July 1st change of the Committee.”

“With that let me tell you a little about Grievance Committees (Appendix 23). Let me just read you the contents of the boxes. What I am trying to do is describe to you in a schematic form exactly how the grievance procedure works. On the left hand side of this we have an organizational chart, a simplified organizational chart of the University, which you will recognize immediately. Namely there is the Provost who is the head of the academic part of the University. The University is divided into colleges and there’s a Dean that’s in charge of each college and then each college is divided into departments and there’s a departmental chair that is in charge of a department. Here is a lone single faculty member down here. There are black arrows that go in both directions on this organizational chart to try to convey the feeling or the concept that each level communicates with the other in two directions. The one higher up on the scale supervises the person below that person and the person on the bottom reports to the person above.

“Let me tell a little about this. Cornell has a very elaborate grievance procedure. It’s a very elaborate grievance procedure, which is not very often used. It’s very wide and very shallow. Let me try to explain what goes on. Here we have a lone faculty member and this lone faculty member has a green arrow coming from his department chair to him. That green arrow represents something that he doesn’t like. It could be a reprimand. It could be a raise he thinks is inadequate. It may be an office that is really a broom closet or something like that. As a matter of fact it can be almost anything. This green arrow can be almost anything with a certain number of exclusions. The policy says that any grievance that a faculty member has can be taken to a grievance committee with some exclusions. The exclusions are bad things that happen to you that are covered under other policies. For instance, you didn’t get tenure. That’s covered under another policy. Or, someone has discovered that you have been taking money

out of the till. That's covered under another policy. You have been sexually harassing somebody. That's covered under another policy. I think that's all there are. I think those are the special cases. Those are not covered by the grievance procedure because there are other elaborate procedures that cover those.

"Suppose the green arrow was outside of those excluded classes, what does the faculty member do? What the faculty member does is the faculty member sends a blue arrow up to the grievance committee. On this side is the grievance procedure and there are essentially two committees there. The first is a college grievance committee and then there's a University committee, which is the Academic Freedom and Professional Status Committee, which I happen to be the chair of at the moment.

"The grievance committees are individualized at each college. Each college has a different procedure for doing it. They range from simple to very elaborate procedures. Some colleges have ad hoc committees where the committee is formed to hear the particular grievance; other colleges have standing committees. The procedures for choosing the ad hoc committees when they are chosen, which is the more common procedure, are very carefully tailored to make sure that the grievance committee is as neutral as you can get from drawing a committee within this University. I think that I haven't heard anyone that has any complaint whatsoever with the way these ad hoc committees are formed.

"The AFPS is selected by the Nominations and Elections Committee as are the other Senate committees. Those committees as far as I know, I've never heard any complain about the composition of that committee. Obviously, the Nominations and Elections Committee tries to get a group of nine responsible people and I think they are generally successful.

"The grievance committees have no connection to each other. There are no black arrows going between these committees. There are no black arrows going anywhere because they don't report to anybody and nobody takes direction from them. They sort of float over here.

"Now the problem is a structural flaw that we saw in the system. It emerged as the result of consideration of a particular grievance that AFPS committee heard last year. This grievance, of course, is all very confidential so I can't tell you anything about it, but I am going to discuss it at some length. The discussion will be the flow of what happened without talking about the particulars in the case.

"In this particular case the faculty member felt aggrieved. The faculty member got a green arrow from his (I used the male pronoun) supervisor. The faculty member felt aggrieved. The faculty member then launched a blue arrow to the grievance committee in his college. The college grievance committee heard the case. The grievance

committee spent a fair amount of time, wrote a rather thick report, had many conversations with many other people that were involved in this particular case and gave a finding. The finding that they gave was that the Department Chair had been in error in sending out this green arrow and that went to the dean and that represents another blue arrow. This is the blue arrow that the grievance shot out at the Dean. The dean then responds with an orange arrow. The orange arrow could say I agree with you or the orange arrow could say I don't agree with you. Well the Dean said he didn't agree with the report.

"Now in a certain sense the Dean here is responding to a decision that in some sense he has a conflict about. The reason he has a conflict about this is that the Department Chair reports to him. There is a relationship between the Department Chair and the dean. A lot of people see that to ask somebody to give a judgment on what their superior did that would be an enormous conflict and nobody would ever ask anyone to do that. People often don't see that there is the same kind of relationship going down. But there is the same kind of relationship going down. Just to give you one example a couple of days ago I spent six lovely hours grading the Physics 214 final with a whole bunch of TAs. We sat in the room in for six hours and graded these. The way we grade them is each TA has a question that they grade. The papers for all the students are passed around amongst the TAs. There's an issue and every time I have been involved in something like this, this issue is seen without even discussing by all TAs. The TAs will not grade their own sections because they understand that there's a conflict that they have a personal relationship with the people there and they feel that it's being unfair to the people in the other sections for them to grade students for whom they have some wish to see these students succeed. So we don't do that. I think that kind of relationship is clear in all kinds of these bi-directional relationships, namely people reward loyalty. If the department chair has carried out the functions that the dean asked very well, the dean develops a sense of loyalty. We consider that to be a structural flaw. In any case in this particular case the dean shot out a red arrow. The red arrow I chose with great care because the answer was no. That came back.

"The faculty member then, as was his right appealed to the academic freedom committee. The faculty member shot out a blue arrow there. The academic grievance committee had a long charge. By the way, I should say for both of these committees, I said that the grievance procedure is broad, but it's rather narrow too. The broadness, the breath of it is that it can cover anything. The narrowness of it is that the recommendation of the findings of the grievance committee is only a recommendation. That's said again, and again, and again in the policies. It's only a recommendation to the administrator that carries it out. It's unlike most judicial procedures, which generally have more force than a recommendation. What happened is the faculty member appealed to the AFPS committee. The AFPS committee heard the grievance, also did a great deal of work and spent essentially a semester doing it. It made a report that was forty or fifty pages long where it analyzed carefully acting in a certain sense

following the model of the Appeal Court where it did not hear the evidence once again but just looked at the two conflicting documents, namely what the Grievance Committee had said and what the dean had said in rejecting the report of the Grievance Committee, trying to look to see whether the Grievance Committee made a good case, whether the dean made a good case in rejecting it.

"The AFPS committee came to the conclusion that the Dean's rejection was weak and that the Grievance Committee made a much stronger case for overruling this green arrow down there than the Dean made for letting the green arrow stand. And so they wrote a report to that affect and that report was sent two places. The policy we have at the moment says essentially that the report should be sent back to the Dean. It says also that we the committee can inform the Provost of our findings. The committee did that. The committee launched out two blue arrows here, one to the Dean and one to the Provost. What happened was that the Dean sent out a red arrow back to the AFPS committee saying he rejected it. What happens, if you look at this chart, you see that the dean has launched three red arrows all on the same issue. The question is will you reverse the decision you made or your subordinate made (the green arrow) or will you not? The Dean decided no when asked by the faculty member; no, when asked by the college grievance committee; and no when asked by the AFPS committee. If it stops at that point then you have to ask yourself was this procedure worth a whole lot. Is it worth two faculty committees that have spent a lot of time and a lot energy asking the Dean to reverse a decision that he made, presumably in good faith, where the only obligation he has is to consider this recommendation. I'm not a psychologist but I have the feeling that the more times you ask a person to consider something they've done without any leverage towards making them change their mind, they will in fact, not change their mind. If you read the three letters that were written by the dean they are essentially the same letter.

"It seemed to us that this whole thing doesn't make any sense. It's just too much energy expended by faculty committees to get a result which is rather predictable. There is of course another thing, mainly that the AFPS also has the right to send out a blue arrow to the Provost. The arrow from the Provost has not been sent back yet, but we had a preliminary discussion with the Provost's office and the preliminary discussion led the committee unanimously to conclude that what was going to happen was that a red arrow was going to be sent out by the Provost's office."

Provost Martin: "The Provost has not been part of the conversation at this point."

Professor Stein: "No. I used the words Provost's office to make it clear."

Provost Martin: "I just want to say that when you voted unanimously about what the Provost was going to decide it wasn't based on any discussion with the Provost. I just want to clarify that."

Professor Stein: "This is a difficult problem to describe in this room. I used the words Provost's office and of course I don't know what the Provost is going to decide. But the committee in the discussion that they had concluded that that's what they thought was going to happen, okay? Again, I have said this many times, there is no assumptions of ill will, it's just what the committee thought was going to happen."

Provost Martin: "I was just trying to distinguish between reality and conjecture, not between ill will and good will."

Professor Stein: "That's right. I use the word Provost Office, okay. As we thought about this, we thought that this posed the same kind of problem as that of the Physics 214 TAs had assessed between themselves and their students, and we believe worked between the Dean and the Department Chair over here, that same dynamic exists between the Provost and the Deans. Namely, that there is a strong relationship there and the relationship between the faculty member to the department chair was weak, certainly from the faculty member to the Provost and the faculty member to the dean. Essentially to sum up we thought it was not a fair shake that the individual faculty member was getting. We did not think that this elaborate procedure, in fact, was worth pursuing, or worth keeping, for something that we felt did not give a level playing field to the person who was asking for it.

"What could we do? We thought there were two possible things that we could do. One, is to say we recommended to you that the AFPS get out of this business. Sorry, I left out another piece. I left out another piece of the pie, which I think is necessary to put in, that is what happened with the Provost's office. The Provost's office made it's own investigation of the case, which was completely parallel to what the other two committees had done. So the committee felt rather unanimously that their work had really not resulted in anything and one could have told from the beginning that their work was unlikely to have resulted in anything, except to launch an investigation from the Provost's office.

"We thought there were two things that one could do. The first thing was to get out of the business of doing these appeals. It was a lot of effort to do that appeal for both of these two committees. The committees felt that there was very little result to show for what they did. The second is to change the procedure, so that in fact the recommendations of the AFPS committee were not quite so shallow as they are at the moment. Namely that they had more force, that they were more than just a recommendation. That's what we wrote down as a set of draft procedures; procedures that would have that characteristic to it. One thing is that in speaking to the Provost's office, the Provost's office was clear that the model the Provost's office was using for this particular relationship was that a Dean is essentially sovereign in his own college. That unless the Dean was violating some particular rule of the university or the college,

that the Dean had a right to have his decisions be final. That concept is a reasonable concept, I suppose, but it's concept that doesn't fit very well with the grievance procedure. If the Dean's decisions are final and nobody can in fact overrule the Dean, then it doesn't seem appropriate to have something that's called a grievance procedure. The Dean in that case could ask for advice if he wanted but now a formal grievance where a faculty member could initiate it where in fact the presumption of right was with the dean. It did not seem like a good structure for a judicial system.

"What we thought we should do is to bring to you what our thoughts were. One is we thought that either one should get rid of this role of the AFPS or design something which took away the presumption of authority of the Dean in those cases where the dispute is between a faculty member and a Dean. You might ask how often does this happen. The answer is rarely.

Speaker Knuth: "Professor Stein if I might just say we have about seven minutes left if you wish to get comments from the members you should probably move on."

Professor Stein: "Yes, I do. I will stop."

Professor Ron Ehrenberg, ILR and Economics. "I find myself agreeing with Peter for the second time today. He was absolutely correct on the financial aid issue and he's also absolutely correct in terms of the problem relationships with Provosts and Deans. I was once involved in a situation (which I will mask) in which a faculty member's spouse was the executive assistant to the Dean. The Dean agreed to stay out of a tenure case. The department unanimously recommended against tenure for the candidate. The Dean appointed the ad hoc committee and then went along with recommendation. I went to the Provost who was a Provost who I had almost as much respect for as the current Provost and the Provost said to me I can not lose the Dean over a tenure decision. These issues do occur.

"Having said that, I disagree with the remedy that the committee has proposed because you know I have been on the inside and I'm sort of thinking that if we pass this proposal, the Provost's office brings it to the attorney's office, the attorney's office takes one look at it and says 'are you out of your mind? You want to accede the authority of the University to an arbitration panel.' And the thing goes away. I would like the committee to think of an alternative proposal and that proposal is to some how involve at the level of grievances which involve deans a joint faculty administration committee; have the AFPS plus some administrative representatives appointed perhaps by the Provost. The reason for that is that it would give the Provost cover if a committee that included administrators made the recommendations to him or her. This is sort of an issue, which more broadly probably should be included in the committee that is going to be examining governance but that's a year down the road. I would just ask your committee to think about that."

Speaker Knuth: "I would just ask Provost Martin if she has any comment in response to that."

Provost Martin: "Yes. I have a couple of comments actually. I actually think Ron's suggestion is interesting. I will repeat what I said to this committee earlier today. There are about four points. I think faculty individual grievances for whatever reason are really serious business and that we should try to ensure that we have policies and procedures that protect faculty and ensure fairness. If these are not satisfactory we ought to fix them. I have a different idea from Ron's, but that's an interesting one too.

"What I feel we absolutely should not do is go outside the University. Not because Counsel's office won't like it. I don't like it. To say that universities can't govern themselves and would need to go beyond the boundaries of the university especially in this day and age where the effort of public figures is really to intrude on the autonomy of universities anyway strikes me as extraordinary. I understand the exasperation of this committee but let me make a couple of other points. One is we really are working with one single case anecdotally in order to draw conclusions backwards in retrospect to suggesting a structural problem. I don't entirely agree with a couple of the points. I do agree if you look at the graph then look at some of the experiences, there are improvements that need to be made in the grievance process. I want to say that. I don't agree that a Provost can't overturn a dean, and in fact the Provost does overturn deans. If you look at the history of the Provost's actions in response to FACTA, which is a Faculty Committee on Tenure, in overwhelming numbers the Provost has ruled with FACTA against deans. It simply isn't the case. Peter said to me the reason it works with FACTA but not in a grievance case is because maybe the dean wanted the Provost to overrule him or her in the tenure and just couldn't say so. I think that's very cynical. In fact is not my experience. When I have overturned deans on these tenure cases they have been enraged. Some have still not gotten over it.

"The larger point I want to make about that is this - deans can overrule department chairs and do so quite frequently. Provosts can overrule deans and do. Is it easy? No. Should there be some policies worked out that protect faculty members in cases of grievances because it can be hard? I would not be opposed to that. But if you start assuming that nobody in an institution like this who is in a position of authority can make a fair and just decision because of his or her relations with one another, then you start to unravel the structure of the institution. You start to say basically that nobody can make a fair and just decision if they have any relation at all to one another, whether it's upward or downward or sideways. We rely on the possibility that people have that capacity. The institution is organized on the basis on the assumption that we have that capacity. While I think we should build better measures into this particular set of procedures, I think to start going outside the university as if implicitly saying we are not capable of governing ourselves is really a measure that I would hate to see this

University take. I know of no peer university that resorts to outside measures, having thrown up its hands about the possibility - not the reality, because we don't have a record here, evidence - of not being able to deal with this. On the basis of what people perceive as a structural problem in this particular set of circumstances to say we've got to go outside the university, that to me - as I said this morning to the committee - would be very sad. I think to this university, very dangerous. That's my set of comments. Let me emphasize in ending that I don't argue, in saying all this, that what we have now is a perfect protection for individual faculty members. I think it probably isn't. But I've made my case."

Speaker Knuth: "I'm going to ask Professor Stein to make a brief comment and then take a question."

Professor Stein: "The brief comment I wanted to make is that going to an arbitrator may be a good idea, or may not be a good idea. I don't think it's as dangerous as people think, but I don't think that that's the essential feature. The central feature is to find some neutral way of resolving this, that does not depend necessarily on infinite good will.

"Number two, is that it's not quite as dangerous as you think, Ron, because it's not giving up all authority to an arbitrator. This is only giving up granting relief to a single marginal faculty member. In general the people that go this route are marginal to start with. It's allowing a marginal person to get justice for a very narrow grievance that that person has. That's the only thing that's going to an arbitrator. Corporations as you know go to arbitrators all the time for just this kind of thing. For things that are not central to their decision-making."

Speaker Knuth: "I need to step in here and take the one question who has been waiting."

Unidentified: "I presume from the discussion that the proposal that is presented here -- ---- I didn't hear what Peter mentioned, (unclear). I heard what the response was but I never heard what was the proposal was."

Professor Stein: "Essentially that was the case. The graph looks the same except that the changes that were made are that the AFPS conclusion is given the presumption of correctness. The Provost is charged with saying that the presumption is that the AFPS conclusion is the right conclusion compared to the dean. That's check number one. Number two is that if the Provost overrules it, then that particular case can go to an arbitrator if indeed the faculty member wants it. That's the guts of the proposal."

Speaker Knuth: "I am going to step in at this point because by the orders of our legislation we stand adjourned in thirty seconds. I'll remind the group that you've had

information on this sent to you by Peter Stein through the Dean's office. Please read that. The purpose of today's discussion was to give feedback to the committee. Please read their proposal and if you have feedback, please send it along to Professor Stein. And we stand adjourned."

Provost Martin: "Can I just make one clarification? The thing that's misleading about the arrows from the AFPS to the Provost - and this might be something you should fix - is, it doesn't actually come to the Provost. I have no jurisdiction in these cases. As Peter said, the AFPS can send it to me as an informational matter. It can ask me to take extraordinary steps if it seems warranted. That might need to be changed because in fact when you heard from the Provost's Office that the dean has a certain amount of authority over these cases, it's because that's embedded in the policy. Not because it's a view of the Provost. In other words, do you see what I mean? It goes back to the dean and that's the end of it, unless the Provost's Office is told that this is an extraordinary measure and you should get involved. That might be part of the problem, too, because then it puts me in the position of having to say 'is there enough evidence that there was an extraordinary error in this case?' That should be taken into account."

Speaker Knuth: "With that we really do stand adjourned."

Meeting adjourned at 6:05 p.m.

Respectfully submitted,

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



Cornell University

Agenda

- ◆ Academic Priorities
- ◆ Campus Planning
 - Task Forces
 - Campaign Planning
 - Master Planning
- ◆ 2005-06 Budget Context
- ◆ Budget Planning Assumptions 2006-07
 - Investment Payout
 - Tuition and Financial Aid
 - Compensation



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- ◆ Our founding vision as a university where “any person can find instruction in any study”
- ◆ Our unique identity as a private university with a public mission
- ◆ Our core academic values and enduring strengths
- ◆ Our openness and sense of community
- ◆ Our tradition of entrepreneurship and innovation



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1. To rank in the **top ten** in faculty and program quality in **30 fields** and **every professional school**.
2. To be the best research university for **undergraduate education**.
3. To make transformative contributions in **interdisciplinary** areas of critical social importance.
4. To be the **land grant** institution for the world.



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Planning Underway

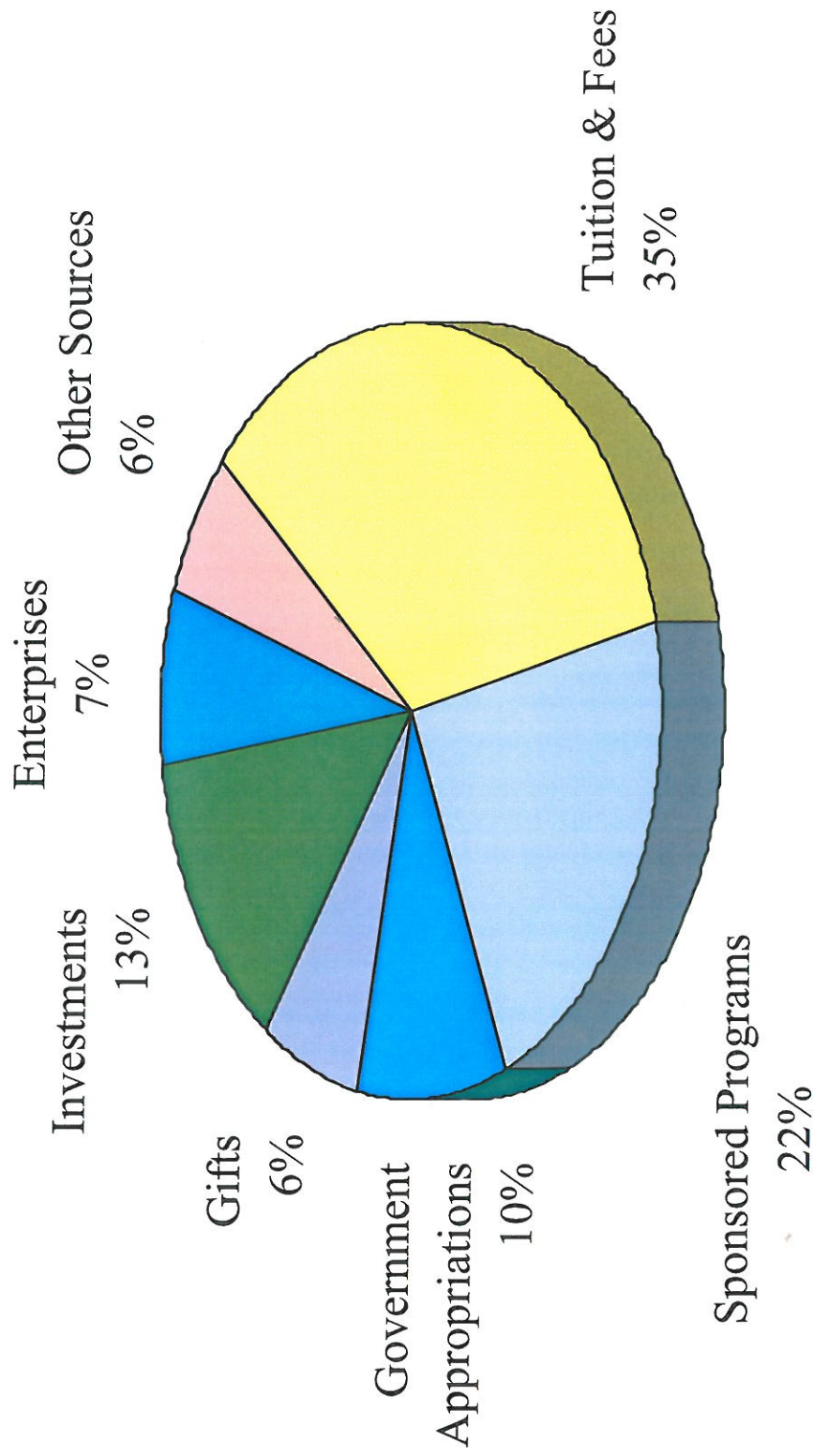
Building from Academic Priorities:

- ◆ Campaign Planning: fundraising
- ◆ Ten Year Financial Planning: operating and capital
- ◆ Master Planning: integration of academic plans and physical space planning
- ◆ Annual Budget Planning : operating and capital



Cornell University

05-06 Ithaca Operating Plan Revenue





Cornell University

General Operating Revenue – Ithaca

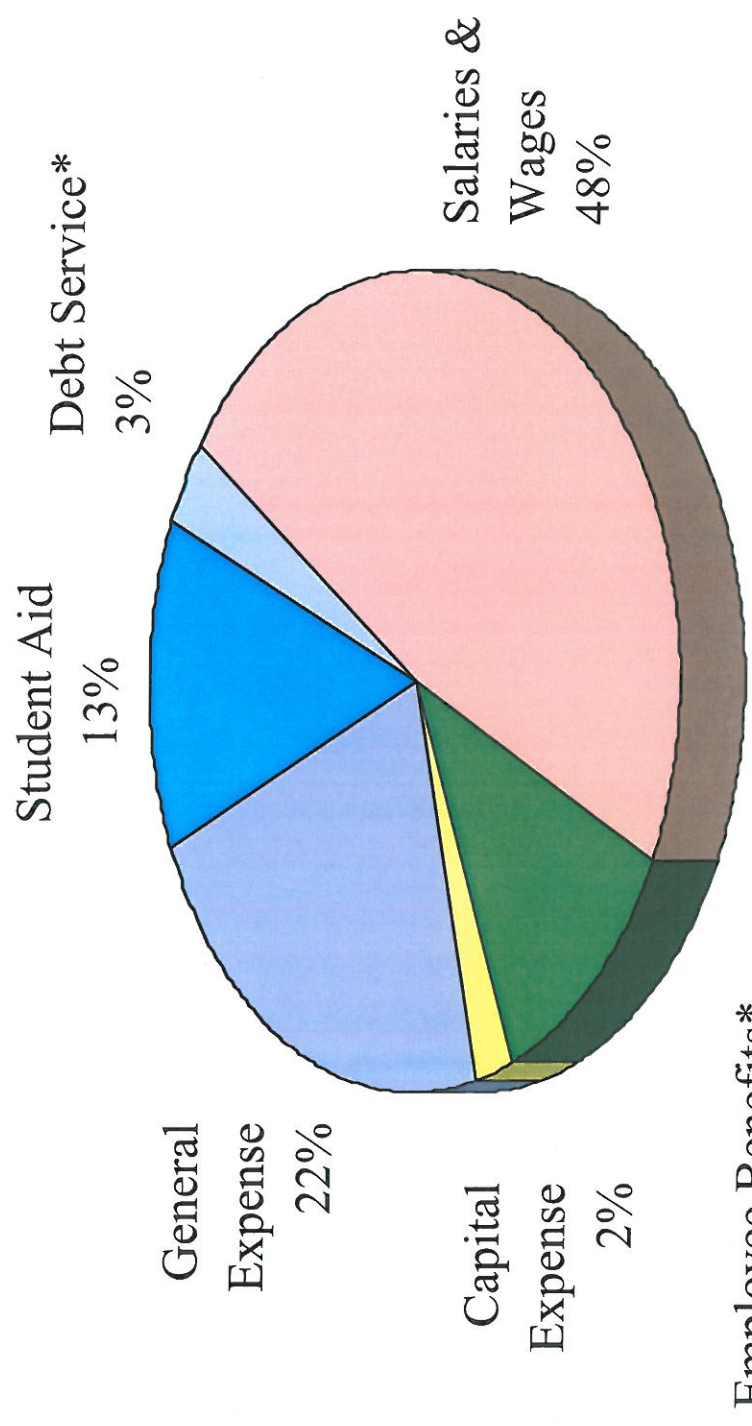
(comparison of planned amounts)

(dollars in thousands)	<u>75-76</u>	<u>% of Total</u>	<u>05-06</u>	<u>% of Total</u>
Tuition & Fees	\$48,338	25%	\$574,776	35%
Sponsored Programs	35,831	18%	361,615	22%
Government Appropriations	57,052	29%	160,388	10%
Gifts	9,537	5%	104,389	6%
Investments	10,362	5%	214,344	13%
Enterprises	20,372	11%	116,424	8%
Other Sources	13,402	7%	99,848	6%
Total	<u>194,894</u>	<u>100%</u>	<u>1,631,784</u>	<u>100%</u>



Cornell University

05-06 Ithaca Operating Plan Expense



* Excludes debt service and employee benefits paid by NYS on behalf of contract colleges.



Cornell University

General Operating Expense – Ithaca

(comparison of planned amounts)

	<u>75-76</u>	<u>% of</u> <u>Total</u>	<u>05-06</u>	<u>% of</u> <u>Total</u>
Salaries & Wages	115,546	58%	\$745,685	48%
Employee Benefits	8,111	4%	181,204	12%
Capital Expense	7,288	4%	36,888	2%
General Expense	47,715	23%	348,076	22%
Student Aid	17,219	9%	203,868	13%
Debt Service	3,668	2%	51,380	3%
Total	<u>199,547</u>	<u>100%</u>	<u>1,567,101</u>	<u>100%</u>



Cornell University

2005-06 Budget Update

- ◆ Most budget elements are on track after first quarter.
- ◆ Contract colleges saw increases this fall in state funds for salaries and operations after several years of cuts.
- ◆ Electricity costs have increased substantially and we are forecasting to be \$7 million over budget.



Cornell University

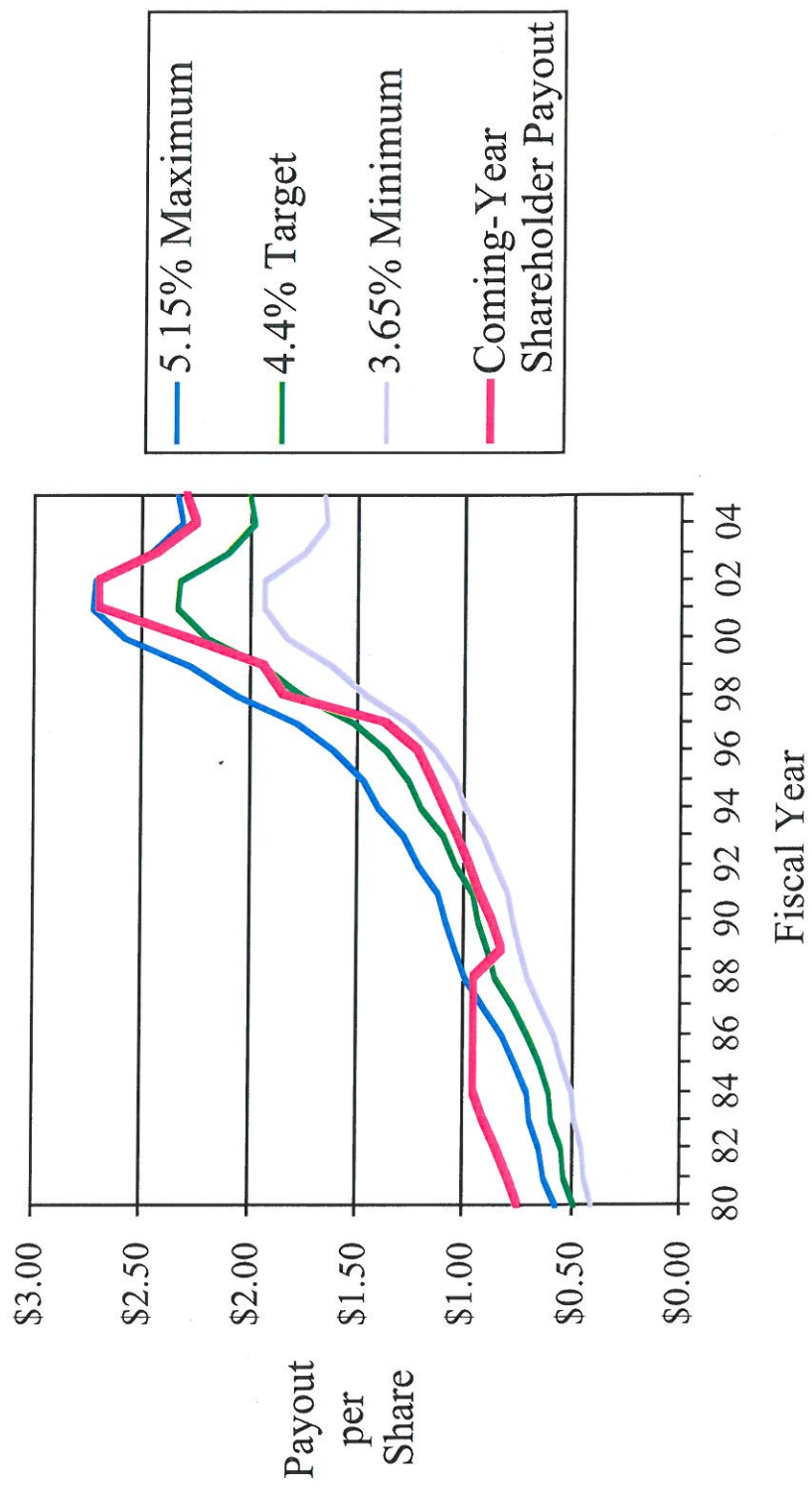
Cornell Endowment Payout Policy

- ◆ *Goal:* Steady, predictable payout increase for operating budgets with sensitivity to changes in market value.
- ◆ *Calculation:* Increase payout rate for the coming year as long as it remains within a range of ± 75 basis points of a target calculated as 4.4% of a 12-quarter rolling average of unit share values (at market).



Cornell University

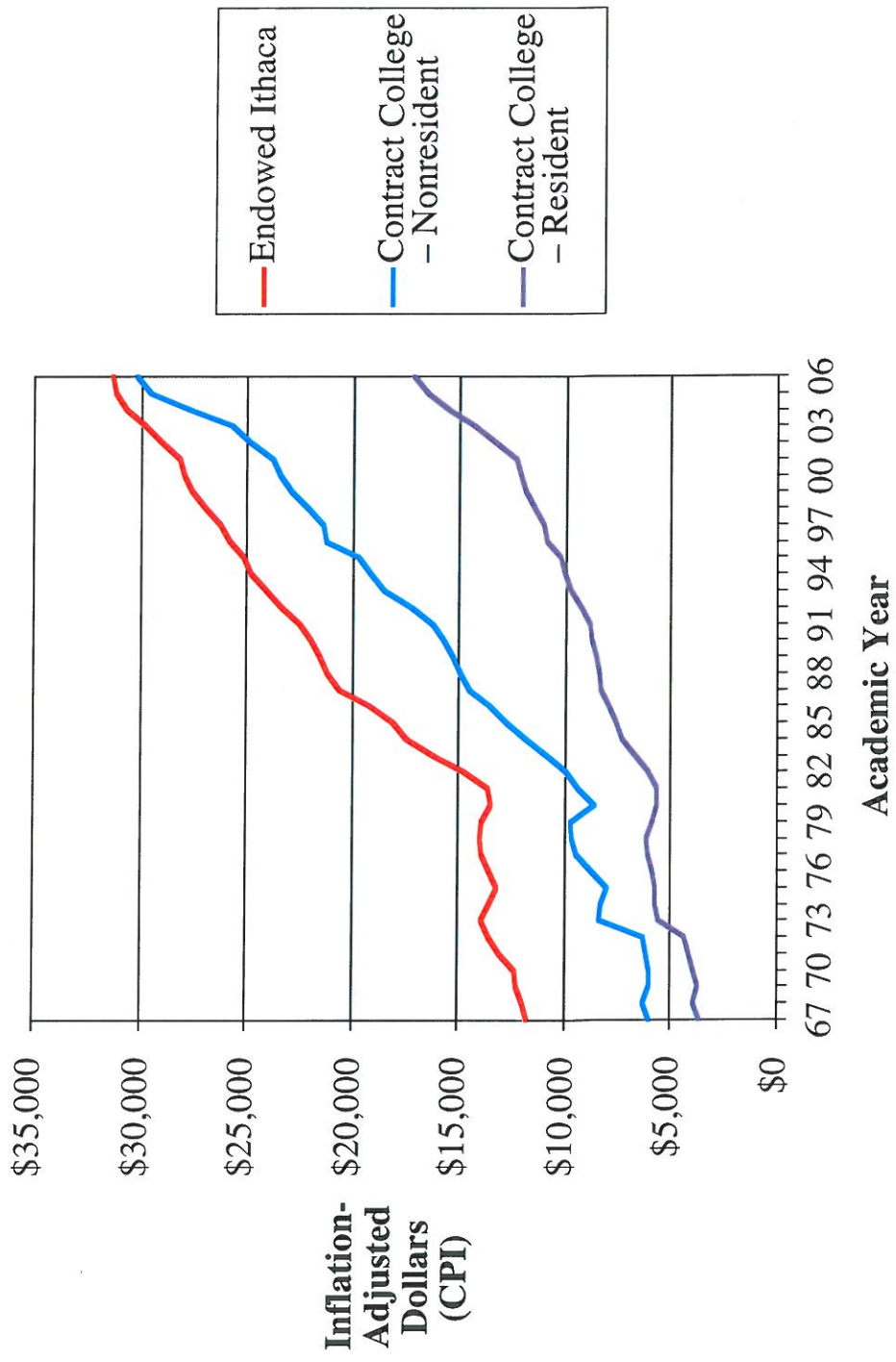
Investments





Cornell University

Undergraduate Tuition (2006 dollars)





Cornell University

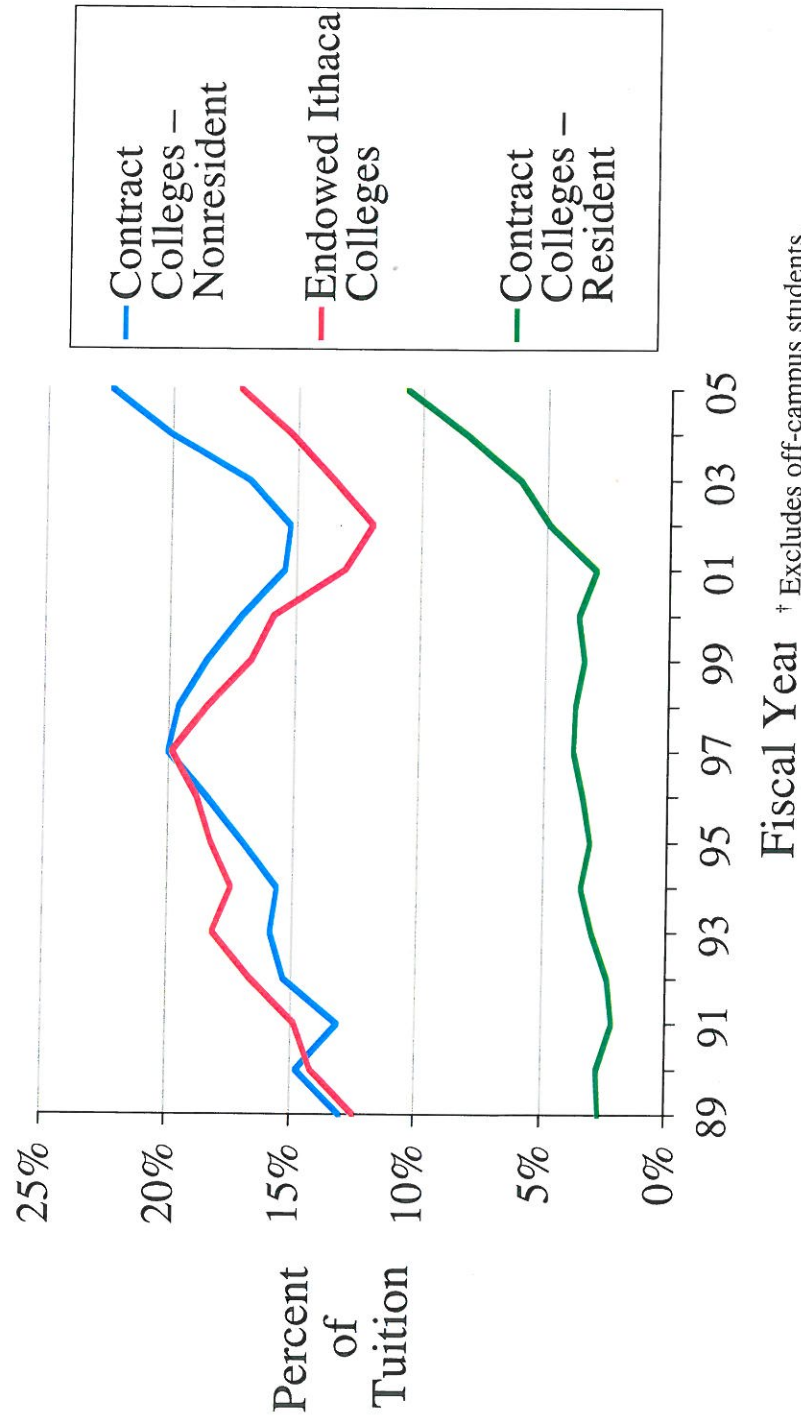
Tuition and Fees

	<u>2004-05</u>	<u>2005-06</u>	<u>Change</u>
Columbia	31,472	33,246	5.6%
Brown	31,334	32,974	5.2%
University of Pennsylvania	30,716	32,364	5.4%
MIT	30,800	32,300	4.9%
University of Chicago	30,729	32,290	5.1%
Harvard	30,620	32,097	4.8%
Princeton	30,495	32,095	5.2%
Dartmouth	30,465	31,965	4.9%
Cornell (Endowed Ithaca)	30,167	31,467	4.3%
Yale	29,820	31,460	5.5%
Stanford	30,103	31,452	4.5%
Cornell (Contract Nonresident)	28,567	30,367	6.3%
University of Michigan (Nonresident)	26,027	27,601	6.0%
UC – Berkeley (Nonresident)	22,912	24,332	6.2%
University of Virginia (Nonresident)	22,890	24,290	6.1%
Cornell (Contract Resident)	16,037	17,367	8.3%



Cornell University

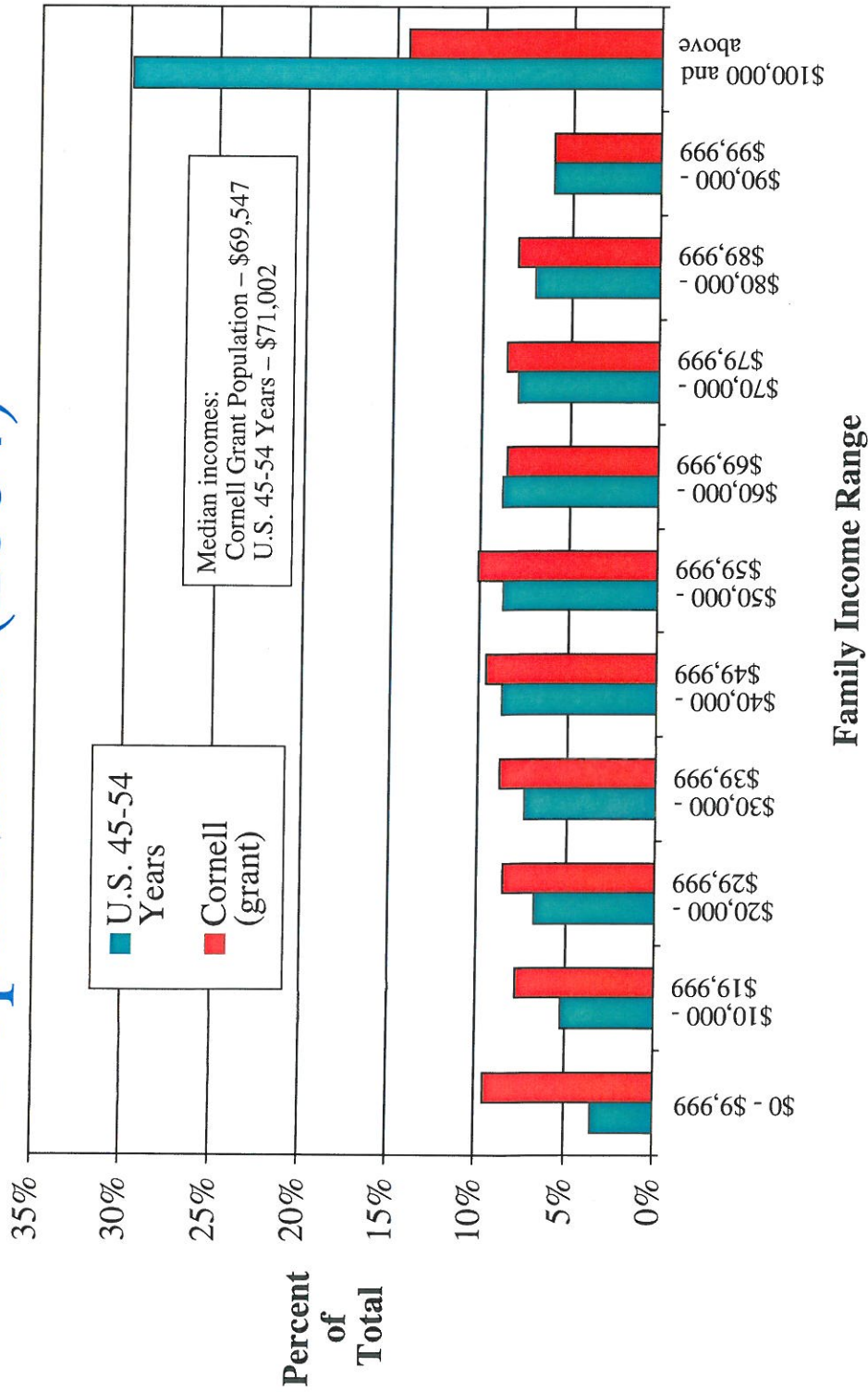
Unrestricted Grant Aid as a Percent of Tuition[†]





Cornell University

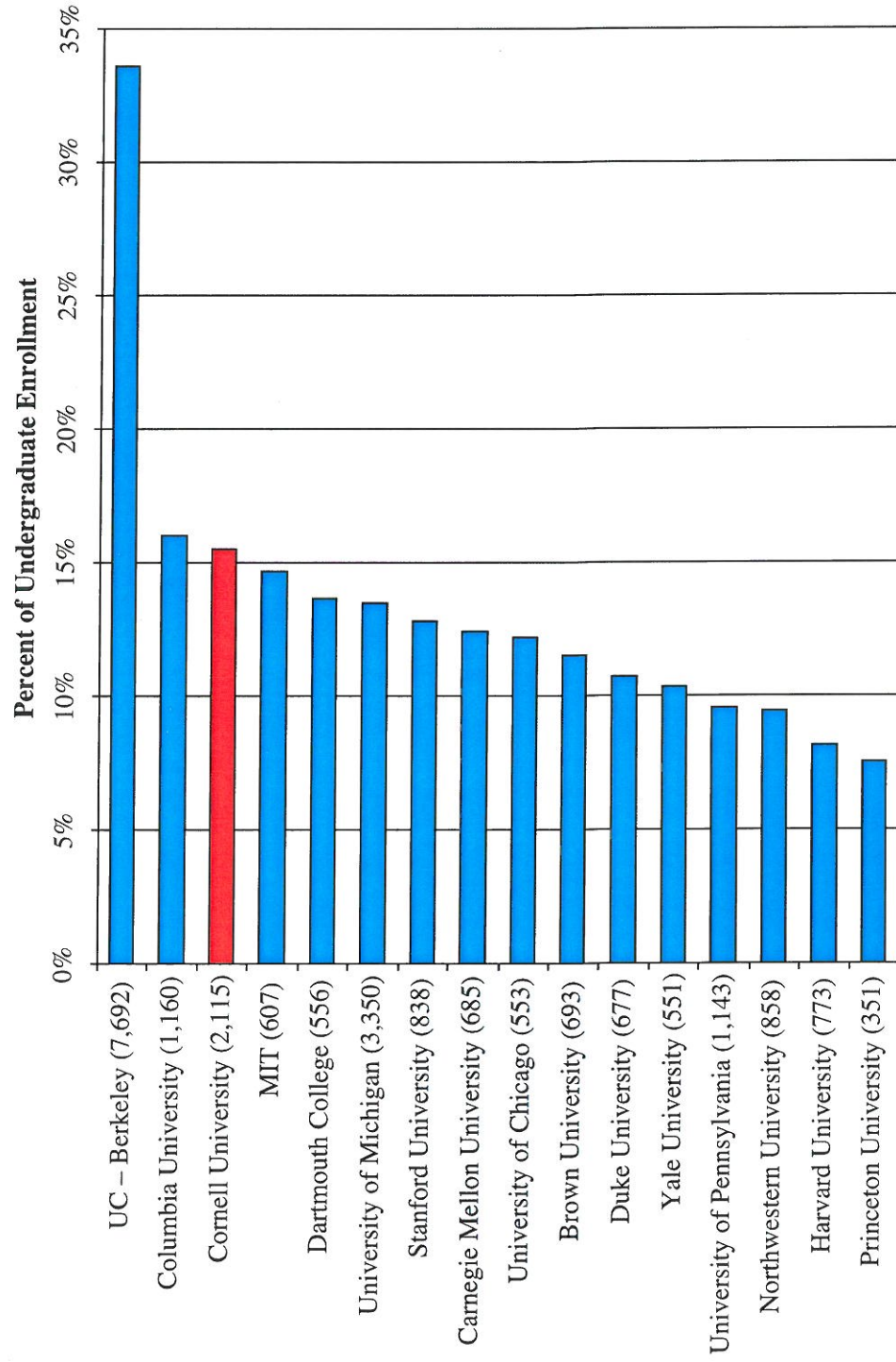
Cornell Grant Versus U.S. Family Income Populations (2004)





Cornell University

Distribution of Pell Grants (2004)





Cornell University

2006-07 Endowed and Contract Tuition

Endowed: Currently at **\$31,300**
 Range considering **4.0% to 4.5%**
 Likely \$1,300 increase or 4.3%.

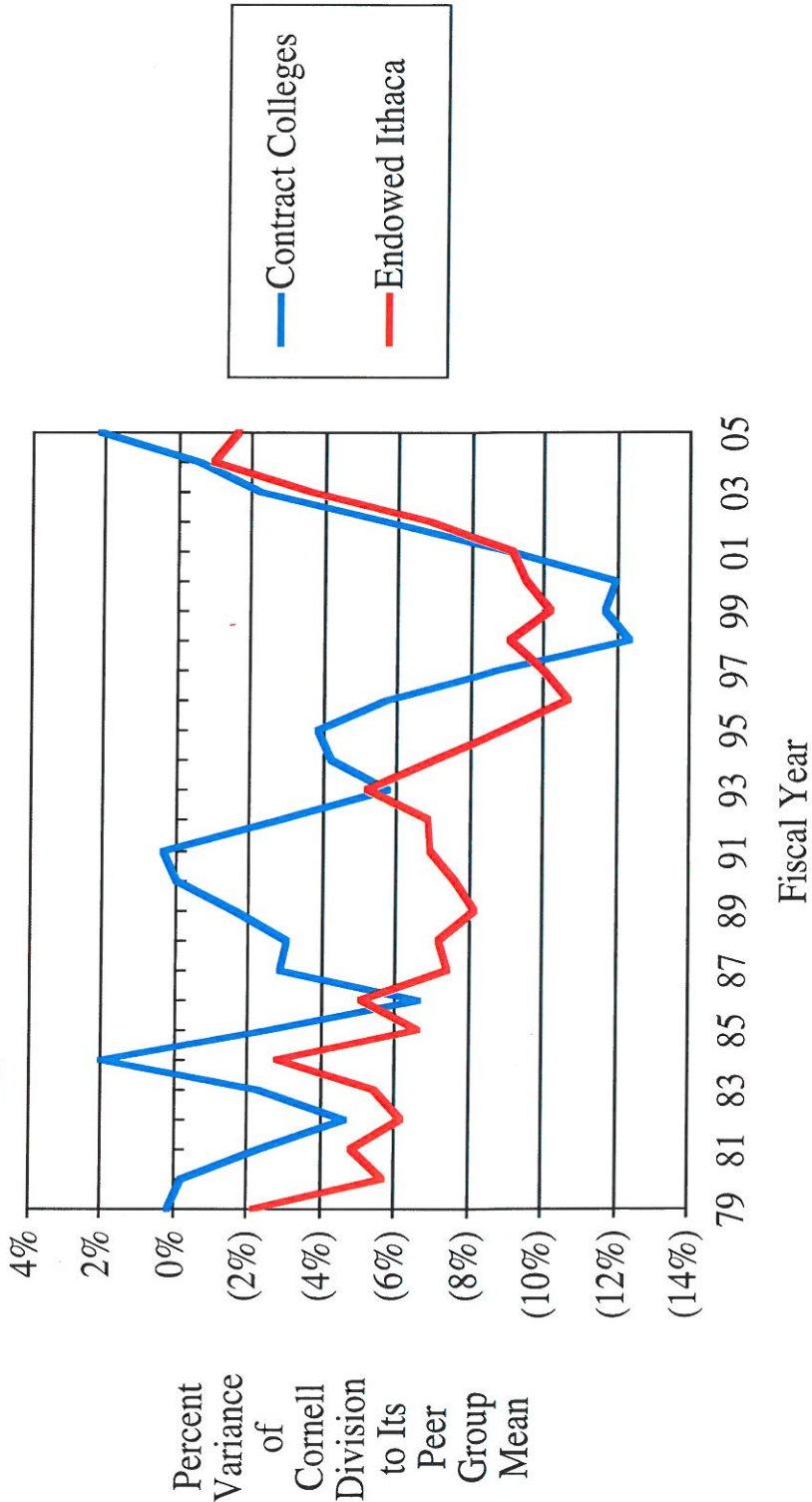
Contract In: Currently at **\$17,200**
 Range considering **4.0% to 4.5%**
 Likely \$700 increase or 4. 1%

Contract Out: Currently at **\$30,200**
 Range considering **4.0% to 4.5%**
 Likely \$1,300 increase or 4.3%



Cornell University

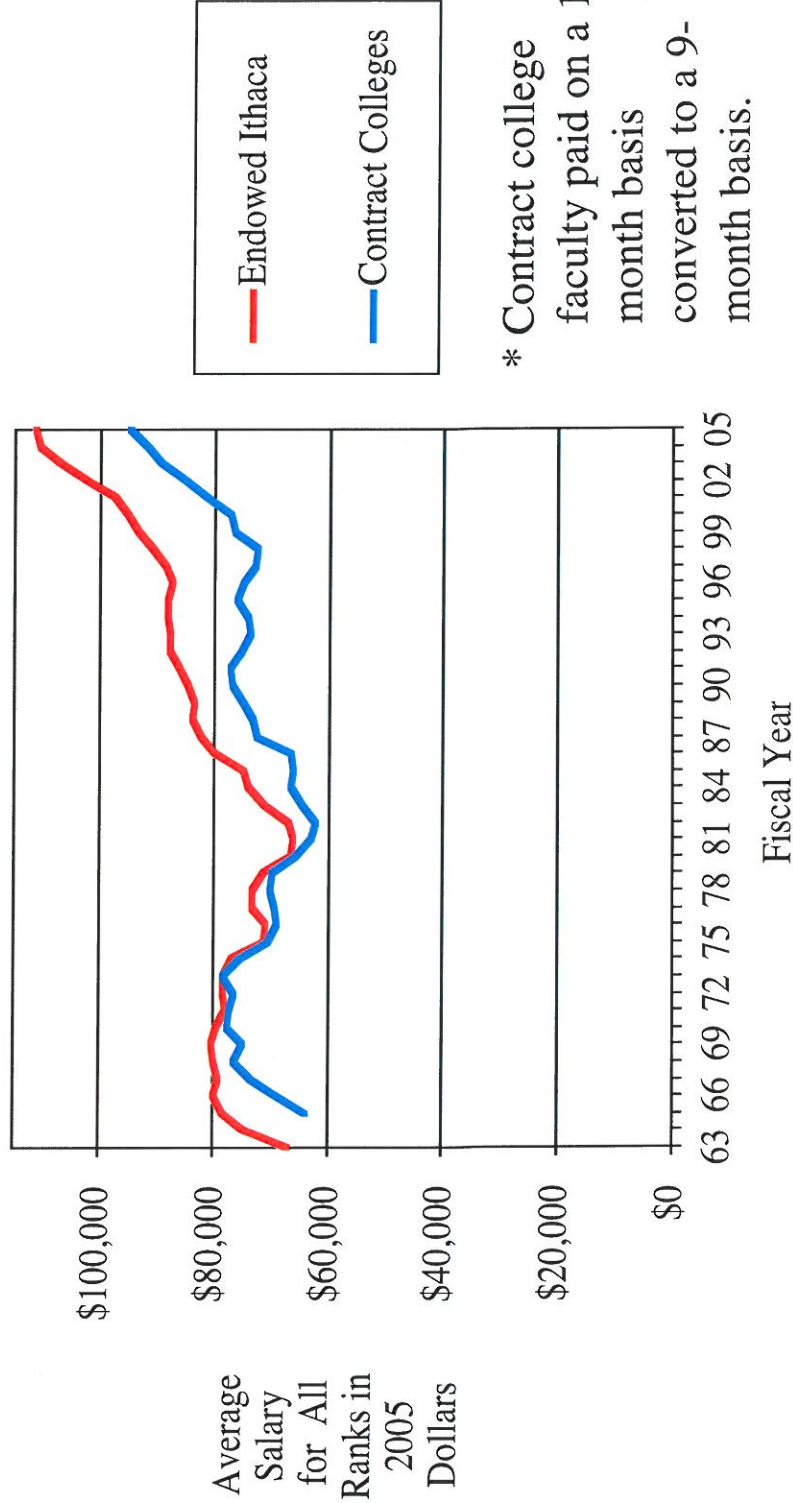
Ithaca Campus Faculty Salaries – Peer Group Means





Cornell University

Growth in Average Ithaca Campus Faculty Salaries*





Cornell University

Achieving our Goals

To achieve our goals for students, faculty and programs, we will need:

Financial aid and Graduate fellowships

Competitive salaries, research and start-up funds

Unrestricted resources to seed new ideas

State-of-the-art facilities that foster collaboration

Library resources and easy access to information

Flexible and responsive administrative structures and staff

Technical resources

AFPS MEMBERS 2004-2005 & 2005-2006

Philippe Baveye	Agriculture & Life Sciences
Steven Beer	Agriculture & Life Sciences
Toby Berger	Engineering
Richard Booth	Architecture, Art & Planning
Barbara Correll	Arts & Sciences
Locksley Edmondson	Africana Studies & Research
Shelley Feldman	Agriculture & Life Sciences
Peter Kahn	Arts & Sciences
Risa Lieberwitz	Industrial & Labor Relations
Vicki Meyers-Wallen	Veterinary Medicine
Laurence Moore	Arts & Sciences
Peter Stein, Chair	Arts & Sciences

Laura Schechner	Student-Undergraduate
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Ex-Officio

Cynthia Farina	Associate Dean of Faculty
Charles Walcott	Dean of Faculty

The AFPS Committee is currently the final step in the procedure by which faculty members can grieve a broad range of decisions made by their academic supervisors. The Committee has unanimously come to the conclusion that its role in the grievance procedure should be reconsidered.

The Committee has therefore drafted a substantial revision of its role in the grievance procedure, and brings it to the Senate to solicit the Senate's comments and advice before formally presenting it to the Senate for action.

COMMITTEE ON ACADEMIC FREEDOM AND PROFESSIONAL STATUS OF THE FACULTY

PROPOSED REVISED POLICY

*Additions are in **bold font***

Charge to the Committee

A. Examine and make recommendations concerning issues and considerations in the following areas:

1. Academic Freedom and Responsibility
2. Freedom of Teaching and Learning, including but not limited to the special concerns of the faculty that teaching and learning at Cornell University be carried on freely and without disruption, interference, or intimidation.
3. The Professional Status of the Faculty, including but not limited to policies and procedures relating to faculty appointments, promotion, retirement, separation, tenure and other related matters.

B. Receive and review written complaints brought by or against a Faculty member with respect to matters involving academic freedom and responsibility and freedom of teaching and learning and any other matters that might affect his or her professional reputation, impair the execution of his or her professional and University

responsibilities, adversely affect his or her economic status, lead to his or her dismissal, or otherwise alter terms of his or her employment.

1. It shall lie within the discretion of the Committee to determine whether it will or will not entertain a specific complaint brought to it. **If the complaint falls within the jurisdiction of the appropriate college grievance procedure or any other avenue of review within the University, the AFPS will not entertain the complaint until that review process has run its course. The Committee will not entertain complaints regarding decisions of another review process that forbids its decisions from being reviewed by the Committee.**

(a) When possible, the Committee should promulgate to the community any criteria it establishes (attached) that it will utilize in determining whether or not to entertain complaints.

(b) If the Committee determines it will not entertain a specific complaint, the individual or individuals advancing such complaint can appeal such decision to the University Faculty Committee. The University Faculty Committee can uphold the Committee's decision, direct the Committee to entertain the complaint or direct the Committee to entertain a portion of the issues raised in the complaint or the complaint in some modified form.

(c) Once a complaint has been accepted and adjudicated by the Committee, the complaint will not be subject to further appeal within the faculty governance system.

2. Procedures for reviewing complaints brought to it shall be established by the Committee, subject to the following limitations:

(a) Such procedures must

(i) Comport with the basic precepts of due process.

(ii) Maintain at all times strict confidence in the handling of individual cases unless otherwise agreed in writing by all parties involved. This rule of strict confidence includes the dissemination of any Committee reports except under the following terms and conditions:

(1) After reviewing a written complaint, the Committee shall prepare a written, draft report of its findings and any

recommendations for action. Copies of this draft report shall be sent to the complainant, the other principals in the case (typically a department chair and dean), the University Faculty Committee of the Faculty Senate and the Dean of the Faculty. All recipients shall be enjoined to keep the draft report confidential and to return it promptly with comments or criticisms to the Committee. After reviewing these replies, the Committee shall prepare a final report which it shall send to the same people as the draft report and, when appropriate, to the President and Provost of the University. The complainant shall not be enjoined to keep this report confidential but other recipients shall be requested to do so. However, if the complainant makes public a portion of the report, other recipients may make public the entire report. Moreover, if in the judgment of both the Committee and the University Faculty Committee, public release of a report, in whole or in part, either would clear any individual involved in the proceedings of charges damaging to his or her reputation or serve to clarify incorrect publicity, or provide guidance to the faculty or the University community because of the issues involved, this may be done. The complainant and others involved shall be advised that such a public release is a possibility.

(b) The Committee may utilize subcommittees of its own members to undertake the initial review of complaints brought to it, but all final decisions on any complaint must be by a majority vote of the Committee members attending a meeting of the Committee called to review the complaint.

(c) The Committee should make available the procedures it will utilize in reviewing a complaint to those involved prior to the undertaking of its review.

(d) The Committee's findings and recommendations arising out of the review of complaints, other than complaints that appeal the decisions resulting from other avenues of review, are solely advisory to the administrators to whom they are addressed.

(e) The review of complaints brought to the Committee appealing the decisions resulting from other avenues of review and the disposition

of the Committee's findings and recommendations in those cases shall conform to the following special procedures:

(i) The Committee will base its decisions solely on written records of previous reviews, written records supplied by the parties to the dispute and oral and/or written testimony of the two parties.

(ii) When the Committee finds the previous reviews to have been inadequate or deficient either in terms of fact-finding or inferences from the facts, it shall have the authority to ask the prior review body to reopen its review, correct the inadequacies and deficiencies and re-examine its findings in the light of that reconsideration. The complainant may submit a new complaint to the Committee appealing the further actions of the prior review body.

(iii) The Committee will issue its draft report within 90 days of its first meeting to consider the complaint.

(iv) The Committee may establish reasonable time limits for receiving responses to the Committee's draft report from the opposing parties.

(v) The Committee's report will make recommendations to appropriate members of a college administration or the University administration regarding the disposition of the specific complaint(s) directed to the Committee.

(vi) In the normal course of events, the appropriate college or University administrator will accept and implement the recommendations of the Committee. If the administrator declines to do so, he or she will provide the Committee with a detailed written explanation stating the reasons for rejecting the Committee's recommendations. In coming to his or her decision whether to accept and implement the recommendations of the Committee, the administrator will refrain from carrying out a new investigation of the matter. The administrator(s) will come to a final conclusion on the disposition of the Committee's recommendations within 90 days of receipt of the Committee's final report.

(vii) If the administrator(s) declines wholly or partially to accept the Committee's recommendations, the complainant

may, within 15 days of the receipt of the administrator's decision, advise the administrator(s), the Dean of the college, and the Committee of the complainant's decision to proceed to arbitration.

(viii) The selection of the arbitrator and the arbitration procedure shall be conducted in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association, subject to the provisions below:

1. The scope of the arbitration will be limited to the issues of academic freedom and professional status raised in the original complaint and/or raised in the Committee's final report and recommendations.
2. The decision of the arbitrator shall be final and binding upon the complainant and the University.
3. The arbitration shall not be deemed a waiver of the complainant's right to pursue any legal claims related to the subject matter of the arbitration.

The first \$500. of the costs of the arbitration, excluding advocate fees and witness expenses, shall be equally borne by the complainant and the University. Costs in excess of \$500. (excluding advocate fees and witness expenses) shall be borne entirely by the University.

Composition of the Committee*

Nine members of the faculty appointed with the concurrence of the Faculty Senate by the Nominations and Elections Committee for three-year terms.

Two student members (of which at least one shall be an undergraduate) with voting privileges, selected annually by the Staffing Committee of the Student Assembly. Reselection of a student for a second year shall be permitted. Student members of the Committee shall not participate in the review process set forth in Subdivision B of the Committee's Charge.

*Except as noted specifically below the Committee shall be organized and operate under the Rules and Procedures governing standing committees of the Faculty Senate.

Adopted by the Faculty Council of Representatives, December 9, 1987, Records, pp. 6530-44C, Appendices A and B. Changes in nomenclature from FCR and Executive Committee to Faculty Senate and University Faculty Committee and to reflect amendments to the Organization and Procedures of the University Faculty, October 1995.

COMPLAINTS TO THE COMMITTEE ON ACADEMIC FREEDOM AND THE PROFESSIONAL STATUS OF THE FACULTY

This note is designed to help potential plaintiffs bring their concerns before this Committee. This note has been prepared by the Committee, and should be read in conjunction with the charge to the Committee from the Faculty Senate.

1. Complaints typically pass through grievance procedures within individual colleges before reaching this committee.

2. Complaints must be in writing. Plaintiffs should not ask committee members to help in preparing a complaint. The Dean of the Faculty or the Ombudsman may be able to recommend someone willing to assist in this regard.

3. Potential plaintiffs may ask the Committee chair or the Dean of the Faculty to clarify procedures, but lengthy discussion of a case's merits with these individuals is inappropriate.

4. Complaints are confidential, but not from any Cornell officials who can clarify the facts of the case—including the respondents (those whose actions are the subject of the complaint).

5. As mandated in the Faculty Senate's charge to the Committee, before issuing a final report the Committee allows plaintiffs and respondents to respond to a draft of that report. However, the Committee does not ordinarily reconsider a complaint after issuing a final report on that complaint.

*The following is a **typical** sequence of action in response to a complaint.*

1. The Committee considers whether the complaint has passed through all appropriate preliminary grievance procedures.

2. The Committee then considers whether the complaint alleges violations of the written or generally understood policies of Cornell University.

3. The Committee finally addresses the merits of the complaint. The Committee may appoint subcommittees to collect and report facts, or to draw up written statements of the Committee's conclusions, but subcommittees do not formulate and submit recommendations. Recommendations on complaints are made only by the full Committee.

