

MINUTES OF THE FACULTY SENATE MEETING
TUESDAY, FEBRUARY 17, 2004
LEAVEY PROGRAM ROOM
(approved 4/15/04)

- PRESENT:** Andrews, Areen, Arend, Bates, D. Betz, P. Betz, Bonanno, Douglas Brown, Clarke, Cumby, Danielsen, Davis, Diamond, Dimolitsas, Dover, Fink, Friedman, Furth, Gale, Haramati, Hauser, Hirsh, Hussey, Iglarsh, Joyner, Keesling, Lachat, Lieber, Lightfoot, Linafelt, Little, McFadden, S.J., Murphy, Oakley, A. O'Donnell, Owens, Pfeiffer, Ronkainen, Shedel, Sitterson, Tilden, Verbalis, Walker, J. Walsh, S.J., T. Walsh, Walters, Weiss, Witek
- ABSENT:** Bloch, Byrne, Cleary, Cohn, Connor-Linton, Ernst, Gallucci, Glazer, Goldfrank, Haft, Lamiell, Larsen, Mastorovich, Mayo, McAuliffe, McCabe, Moran Cruz, Moscovitch, Mujal-Leon, J. O'Donnell, Pedrick, Rameh, Richmond, Ross, Salles-Reese, Sandberg, C. Sanz, L. Sanz, Sedmak, Shad, Sistrunk, Taylor, Tyler, Vroman, Weidenbruch
- GUESTS:** Chris Augostini (University Treasurer), James Reuter (Associate EVP, Medical Center), Marjory Blumenthal, Mary Beth Fargo, Gloria Massaro, Steven Sabat, Siva Subramanian

The meeting was called to order at 4:30 pm by Professor Wayne Davis.

The minutes of the December 15, 2003 meeting were approved unanimously.

Professor Davis reminded everyone that Senate meetings are open to everyone in the University Community. He also reported that the grievance code revisions were approved by the University Board of Directors. The sole item of the agenda for today is the budget.

Chris Augostini, University CFO, gave out a hand-out (see attached) and led the discussion. The financial plan adopted in Feb 2003 assumed a deficit of \$23M. It included GUMC losses of \$12M. By Dec. it was noted that the forecast was off. The deficit was \$41M, coming mostly from the GUMC deficit plus the rising fringe benefit costs and a deficit in the University Services budget. The Main Campus and Law Center are doing fine. "University Wide", which is a catch-all budget of things that don't fit anywhere else, also shows a deficit.

The cash forecast is conservative: we are not counting on 'iffy things', so we will not spend dollars that never materialize. We cannot stop spending money because we are committed to academic excellence. Interest on debt is never projected to go above 8%. We are assuming a conservative growth rate for endowment at 8%. Moody's has put us under a "watch"; however, our current financial plan should help keep us from being downgraded this spring. We will be hiring a Chief Investment Officer.

Spiros Dimolitsas, University Senior Vice President, said that "University Services" broke even in 2003, but in 2004 there is a deficit of over \$5 million, and deficits are

projected for the next three years. Consequently, some open positions will remain unfilled, there will be more equipment failures, and longer delays in service.

Jamie Reuter, Associate EVP of GUMC, representing Dr. Dan Sedmak, spoke about the Medical Center financial situation. He stated that this year's projected GUMC deficit of \$12.5M had materialized as a \$26.8M deficit due to overestimates in development and in indirect cost recovery. Outside consultants were brought in to estimate future revenues from development and research; they project flat revenue growth in these areas so that is what is in the revised 05 - 08 budgets.

The Strategic Planning committee had a two-day retreat. The report of that committee said GUMC should focus on Oncology, Neurologic Sciences, and Child Health and Development, and – as a second tier – Immunology, and Cardiovascular and Kidney disease. Principles guiding future plans include honoring commitments, honoring tenure, and reaching for excellence. There will be a cost containment plan, to be worked out by Dr. Sedmak and his faculty advisors. There will be some tuition increase. This plan was accepted by the Board, meeting in executive session.

Wayne Davis, representing Provost Jim O'Donnell, spoke about the Main Campus financial situation. Some problems noted were: The "University Wide" budget has to be absorbed by three campuses. In FY05, fringe benefits will be fully charged to the campuses. There is a significant financial aid increase, the result of the consensus methodology agreement with peer schools, and of a greater number of students expected to be on financial aid. Solutions include: Increasing undergraduate tuition by 7%, and graduate tuition by 8%; reducing the faculty salary increase by .75%; reducing the budgets of schools and centers by \$1.6M (to be passed on to departments); reducing financial aid expenses by \$1M by changing the formula used. Additionally, the budgets of the Provost's office, athletics, and the student affairs office are being cut.

Following a short question-and-answer period the meeting adjourned at 6:20pm.

RBF/jhg