

**Minutes of the Joint Meeting of the Main Campus Executive Faculty
and the University Faculty Senate Main Campus Caucus
February 27, 2004
(approved 5/6/04 by Main Campus Caucus, Faculty Senate)**

Executive Faculty Present: Jeffrey Anderson (SFS), Anthony Clark Arend (Faculty Senate), Dorothy Betz (Faculty Senate), Heidi Byrnes (German), Sandra Calvert (alternate for Jim Lamiell, Psychology), Peter Charles (Art, Music & Theater), Robert Cumby (Faculty Senate), Carol Dover (Faculty Senate), Pamela Fox (Women's Studies), Ellen Henderson (Biology), Michael Hudson (CCAS), Harvey Iglarsh (MSB; Faculty Senate), Catherine Keesling (Classics; Faculty Senate), Mark Lance (JUPS), Janet Mann (Faculty Senate), Monica Maxwell-Paege (EFL), Marcia Morris (Slavic Languages), Joshua Mitchell (Government), Theodore Moran (IBD), Barbara Mujica (Spanish and Portuguese), Patrick O'Malley (English), Makarand Paranjape (Physics), Nicoletta Pireddu (Italian), Michael Pope (Chemistry), James Reardon-Anderson (MSFS), Terrence Reynolds (Liberal Studies; Chair), Mark Rom (alternate for Judy Feder, GPPI), Veronica Salles-Reese (Latin American Studies; Faculty Senate), George Shambaugh (SFS), Katrin Sieg (CGES), Joe Sitterson (English; Faculty Senate), Andrew Sobanet (alternate for Paul Young, French), John Tutino (alternate for David Goldfrank, History), Andrea Tyler (Linguistics; Faculty Senate), Susan Vroman (Economics; Faculty Senate).

Faculty Senate: Paul Betz, Michelina Bonanno, John Hirsh, Sandra Hussey, Tod Linafelt, William McFadden, Peter Pfeiffer, Clea Rameh, Andrea Tyler, Thomas Walsh, Leroy Walters, Charles Weiss, John Witek.

Visitors Present: Anne Glenzer (Blue & Gray), Joe Neale (Athletic Advisory Committee).

I. Call to Order

The meeting was called to order at 1:20 p.m.

II. Approval of Minutes of the Meeting of January 16, 2004

A member of the Main Campus Executive Faculty remarked that the January Steering Committee meeting minutes had been distributed prior to the meeting rather than the January Executive Faculty meeting minutes. As a result, the Chair ruled that the minutes of the meeting of January 16, 2004 would be considered for approval at the March 2004 meeting.

III. Announcements

The Chair briefly provided some background information on the SSCE/CPD Task Force. He reported that the Task Force has proposed that the Provost appoint a drafting committee to work on the reconfiguration proposal. Peter Pfeiffer and Jo Anne Moran

Cruz, members of the Task Force, will serve on the committee along with Deans and Associate Provosts. He remarked that within one or two weeks the drafting committee will have its first meeting and begin to examine the proposal.

IV. Old Business – Update on the University and Main Campus Budgets

The Chair noted that the Medical Center restaging plan projected a “break even” point by 2007. However, for some time, it has been clear that this projection was based on optimistic expectations, particularly with regard to philanthropy. This has resulted in a fiscal shortfall that is significantly more than had been predicted. The Chair explained that he is concerned about the impact this deficit may have on the Main Campus. Already it is clear that there will be some impact on departmental operations, although the Main Campus Planning Committee has tried to minimize this effect. This past fall, it became clear that the University would need to reconsider the Medical Center restaging plan; Daniel Sedmak, the Executive Vice President for Health Science has spearheaded this effort. He worked for months to devise another approach to the Medical Center’s financial problems, and has determined that the Medical Center must focus on reducing expenditure costs. Therefore, there now is recognition that, in addition to a planned increase in enrollment at the Medical School, serious cuts need to be made to keep pace with the revised plan which still projects that the Medical Center will break even by 2007. In addition, the new plan only projects virtually no growth in philanthropy. The Chair remarked that he feels this plan is much more sustainable and realistic than those which have been developed in the past.

Susan Vroman asked if the increase in medical student enrollment will impact the Main Campus. Tony Arend explained that this increase will not impact the Main Campus, since the enrollment caps only impact undergraduate students.

A member of the faculty asked who was responsible for the over-inflated philanthropy projections in the first place. The Chair explained that when those projections were made, it was assumed that if the same fund raising techniques that had been used successfully on the Main Campus were applied to fund raising at the Medical Center, then the same level of improvement in fund raising would be seen. However, that assumption was not accurate. Robert Cumby also remarked that other medical centers typically do a better job with supporting research with philanthropy. As a result, when the projections for philanthropy at Georgetown were made, there was no reason to believe that the Medical Center could not do a better job raising funds.

Susan Vroman expressed skepticism about the effectiveness of the new plan. She remarked that it seems the Medical Center will have a bigger deficit than expected, but that there is not a plan for how to pay for that deficit. Robert Cumby explained that cuts will be made to pay for the deficit. However, these cuts will have to be phased in over the next few years since some commitments for expenditures must be honored. The Chair also added that both grant and fund raising expectations have fallen short and emphasized that growth expectations for both of these income sources are frozen in the new plan so that

they cannot be relied upon as a source for attaining a financial equilibrium.

The Chair went on to explain that Daniel Sedmak intends to reduce the Medical Center's expenditures by approximately \$20 million. Part of this reduction will be the elimination of some positions at the Medical Center, and thus will result in a reduction of personnel. In addition, funds will be focused on maintaining areas of excellence at the Medical Center – such as the Lombardi Cancer Center. Once this new restaging plan is in place, Daniel Sedmak will report every three months to the Board of Directors. This will allow for the plan to be revised if it strays far from established goals. The Chair remarked that he feels it is fair to say that the University administration feels guardedly optimistic about this plan.

Joe Neale expressed concern that such cuts will drive the most exceptional faculty away from Georgetown. In response, the Chair remarked that faculty at Georgetown will continue to be supported in their work and noted that for that reason such faculty might not leave.

With regard to concerns about personnel cuts at the Medical Center, Robert Cumby noted that the University can no longer afford as many people performing valuable tasks. The Chair added that the personnel cuts do not necessarily equate into lay-offs. He noted that department chairs could get outside funding in order retain certain positions.

Robert Cumby acknowledged that many elements of the plan might not work. However, he emphasized that failure to reach benchmarks will only result in further cost reductions.

Mark Lance asked about the other major sources of income, besides philanthropy and grants, that are relevant to this budget situation. Robert Cumby briefly explained the other major sources of income include: direct cost recovery on grants, tuition and fees, and indirect cost recovery.

Charles Weiss asked who will handle the personnel cuts. The Chair clarified that the Medical Center administration would handle these personnel decisions through close consultations with departments and faculty. If there is a position over which there is a matter of significant debate, then Daniel Sedmak will make the final decision.

Peter Pfeiffer noted it will be important for the faculty to be closely involved with these changes, so that they are not made solely by the administration.

Once again, the Chair emphasized that 2005-2006 will be a very difficult financial year for the University. However, the University administration is moving forward in a guardedly optimistic way and is being monitored closely; the Board of Directors will be briefed on the situation every three months, and the University President deals with the situation daily.

James Reardon-Anderson asked if there has been any discussion of closing the Medical Center. The Chair responded that closing the Medical Center was not discussed when the restaging plan was being reevaluated since there is the sense that this plan needs to be pursued whole-heartedly in order for it to work.

The Chair remarked that he has made a point of making the faculty leadership aware of the situation. In addition, he has told administrators that faculty need to be made aware of, and have ownership of, the University's financial situation.

Joseph Sitterson asked if it is the responsibility of each University body to ask for updates on the situation, or whether it is the responsibility of the administration to assure that such information is readily available. Robert Cumby noted that the University administration regularly reports to the University Budget Committee. However, how the Executive Faculty is updated on the situation is up to the body itself to decide. The Chair remarked that the Executive Faculty could be updated every quarter if necessary.

Susan Vroman asked if there has been a serious examination of the costs of closing the Medical Center. The Chair explained that there has been a "serious guess" at the cost of closing. However, he accentuated the fact that the plan is not to close the Medical Center. He added, that since closing the Medical Center would entail some significant one-time costs, the University's cash flow is also limits pursuing closure of the Medical Center. Robert Cumby also noted that the Medical Center does pay towards University operations costs. In addition, when the hospital was sold to MedStar, there were some hard estimates regarding the close of closing were developed. However, those estimates were not widely disbursed since the University was looking for someone to take on the Medical Center. He observed that what the Executive Faculty needs to do is to hold the University administration to their commitment to continue making expenditure cuts if the projections are not accurate.

James Reardon-Anderson pointed out that he understood that the University could not talk publicly about closing the Medical Center when it was trying to build it up. However, he noted that the Medical Center financial issues are not isolated to that part of the University. Those issues have already shown up in the Main Campus budgets for 2005. He expressed faith in the new plan, but also asked that the Executive Faculty be informed about the situation regularly so that there is pressure on the University administration to actively pursue the new restaging plan. He noted that he is concerned about hollowing out the education offered at the University because of the lack of funds. In affirmation of James Reardon-Anderson's comments, the Chair noted that when the Vice-Chairs and he speak to members of the administration about budgetary issues, they try to reflect the feelings of the faculty.

Following up on what James Reardon-Anderson said, Heidi Byrnes pointed out that the Executive Faculty can assume that its representatives are being vigilant with regards to budget matters. However, she felt there was a deeper question to be asked at both the Medical Center and on the Main Campus – that is, how will these budget cuts impact

academics? In addition, she urged the Executive Faculty to examine what will be the “point of no return” for maintaining a quality institution if money is taken away. The Chair reported that Daniel Sedmak had performed studies at the Medical Center with respect to such issues. Over time, the University administration has consistently held that undergraduate education is the University’s core enterprise, and has therefore been careful not to impact this enterprise too greatly. He noted that the situation will be watched carefully, and as the Medical Center becomes more well-off financially, this should have a positive impact on the entire University.

Robert Cumby pointed out that the University is pursuing a strategic planning process, and that a consensus has been reached to not maintain quality across the board. There will be growth in targeted areas and reductions elsewhere. He noted that at the last meeting he reported that the Main Campus has to make up \$7 million and that a proposal had been developed to increase tuition by seven percent. Since that time, it has been decided that, in addition to the tuition increase, those funds will be made up through more conservative financial aid, changes in the equity-exceptional merit pool and in the adjunct pool, and reductions in funds allocated to departments. He noted that it is his understanding that some costs will be pushed down to departments.

James Reardon-Anderson mentioned that the merit pool was exempted from the cost reductions and asked for the reasoning behind that decision. Robert Cumby explained that the salary plan was put into place several years ago because of serious concern about Georgetown’s competitiveness and ability to keep its most senior, productive faculty. The merit pool was not cut because it was feared that it would result in the loss of valuable faculty members. James Reardon-Anderson noted that while he liked his salary, he felt that cuts in other areas were just as detrimental to the quality of the institution. In response, Robert Cumby also pointed out that he could not come to the Executive Faculty saying that the University Budget Committee had scoured to cut costs for activities outside of the University’s core enterprise; only if that had been true would he have felt cutting the merit pool would have been appropriate. In the meantime, University Budget Committee is currently looking at next year’s budget to make such cuts outside the University’s core enterprise.

Heidi Byrnes noted the importance of putting all the information “on the table.” However, she also pointed out that the University must look at the “big items” to see what is touchable and what is untouchable. While the discussion has focused on cutting financial aid, salaries, *et cetera*, they do not reflect what the University does as an institution.

Ellen Henderson expressed concern about charging students premium tuition in the face of reducing the number of sections and courses offered.

Robert Cumby stated that if the Executive Faculty wants to reduce the size of the salary pool, that sentiment will be brought forward to the University administration.

Peter Pfeiffer noted his concern that the Main Campus Planning Committee is making academic decisions when they should be focusing more on management decisions. The result of this, he fears, will be that the Main Campus becomes a wasteland of academic initiatives. He pointed out that he understands that academic decisions have a budgetary impact, but he does not feel that the Main Campus Planning Committee should set academic priorities based on budgetary issues. Although he has confidence in what the Main Campus Planning Committee is doing, he proposed that a different body on the Main Campus that would serve in an advisory capacity with regard to these academic matters.

Charles Weiss voiced support for Peter Pfeiffer's comments. He added that he feels the Executive Faculty should be looking at the University's money-raising apparatus.

Susan Vroman remarked that departments have already paid for the University's budget problems in terms of their ability to recruit faculty.

Carol Dover noted she would like to see precise figures regarding how the upper-levels of the administration are making cuts in their own budgets.

Robert Cumby pointed out that the Steering Committee has invited the Provost to speak with the Executive Faculty several times, however he typically travels to fund raising events on Fridays.

Hans Engler asked if the Main Campus will be asked to make up a sum similar to the \$7 million in the next few years. Robert Cumby explained that next year the Main Campus will be asked to make up \$4-5 million. In response, Hans Engler noted that it is one thing to be asked to do that for one year, but it is much more difficult to sustain over several years. He suggested that the faculty might have to get used to the salary plan being just "smoke and mirrors."

The Chair conceded that what Hans Engler said was plausible. He noted that Chris Joyce, the former Chief Financial Officer of the University, had once expressed the opinion that the University's financial situation was a result of over-expansion. The problem now is how to determine how much of that overreaching can be stepped away from, without doing harm to our core enterprise and national ranking.

Robert Cumby agreed that the next year is going to be a difficult one. However, hopefully the budget cuts will be dealt more strategically next year. He noted that the Main Campus Planning Committee and the University Budget Committee would like to have a better sense of what the faculty feel priorities should look like, and that discussion might be appropriate for a future Executive Faculty meeting.

A special meeting with the Provost was briefly discussed and it was determined that the Executive Faculty Steering Committee would establish such a meeting and would notify the Executive Faculty and Main Campus Caucus of its date and time.

V. New Business

There was no new business.

VI. Adjournment

The meeting was adjourned at 2:57 p.m.

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(4-29-04: corr. attendance)