Meeting Minutes Archive

November 7, 2001

To: Members of the Corporate Faculty
From: Dr. Carolyn Saari, Secretary, Faculty Council
Subject: Meeting held on the 13th Floor, Lewis Towers, WTC

I. The Meeting was Called to Order by Chair, Dr. Bren Murphy at 3:00pm.

A prayer was offered by Ms. Kerry Cochrane, Libraries.

II. Minutes of the October 10 Meeting

Motion: that the October 10, 2001 minutes be approved.
Moved: Dr. Janis Fine
Seconded: Dr. Robert Flanigan
Action: Motion passed unanimously.

III. Chair's Report - Dr. Bren Murphy

Dr. Murphy reported that Fr. Garanzini's time constraints mean that the December meeting must begin at 2:00pm. and there will be no cocktail party afterward. Since December 5 is a Reading Day, there should be some flexibility in Lakeshore faculty schedules and we hope the SSOM faculty can accommodate this.

Again because of Fr. Garanzini's schedule, the order of this meeting will be reversed.

VI. New Business

Special Report on the 2002 Budget by Fr. Garanzini, President, and Ms. Janet Gibbs, Senior VP for Finance

Fr. Garanzini stressed that what he is presenting now are the parameters of the budget which he will be presenting to the Board of Trustees at their December meeting. The tuition for the next year will be determined at that meeting. Then the preliminary budget will be presented to the Board for approval in the March meeting. He thought that, since the budget is not yet finalized, now is the time when faculty can give feedback.

Overall, there were several points that were highlighted:

1. this is a work in progress, not yet completed;
2. there is a multi-year plan over all with the goal being a balanced budget for FY'05;
3. there is an attempt to look at every operation in the university for efficiencies and cost saving opportunities with input and recommendations welcome;
4. that while enrollment is key to our financial health, they are also looking at enhancing other revenue sources, such as fundraising, and indirect cost recovery on research and sponsored projects.

Ms. Gibbs passed out her discussion outline with the elements of the budget under consideration. This document is attached - See Appendix A.

Enrollment

A major issue is Enrollment since tuition is 60% of our revenue. This year's freshman class of 1424 is the largest since 1985. In 1992 enrollment began to decline. Projections are 1500 for 2002, 1585 for 2003 and 1600 for 2004. As of today, applications are up 7-10% compared to this time last year. The total enrollment is 12,000 now but we are set up for 14,000 students. So, we are presently 2000 students short. In particular we need undergraduate enrollment. At present we have 5600, but the Deans seem to think we can get to 6200 by 2005. 6800 would mean solid health.

In the past we had 600-800 transfer students. We need transfer students, but realistically what we really need is undergraduate full-time enrollment. We need 300 more returning students next year. Part-time undergraduates are not as big a focus. We need to rebuild the graduate professional school enrollments. The terrorist attacks of September 11 may actually help us by encouraging students to stay closer to home and our recruitment efforts are concentrating on the the Chicago market. It was encouraging that 1200 applications came in in one day last week.

One of the assumptions of the budget model is that we will not be cutting either faculty or programs. However, this does not mean that attrition from retirements and resignations will automatically be replaced. This will be evaluated on an individual basis.

Operating Deficit

There is an expectation of operating deficits in 2002, 2003 and 2004. In 2002, we expect this to be about 24 million. However, the data on which we can estimate is very poor. We need to have, and are working on our data systems including new computer programs so that we can have a much better sense of our real situation. In the past there has been so much individualization of the various departments that there is real difficulty in getting information across the university.

Tuition Increases

Three models for tuition increases - 3%, 3.5% and 4% are being constructed. This year Loyola's tuition and fees is $19,274. Fr. Garanzini has several lists which show where Loyola stands compared to other schools, i.e. private schools in Chicago, Jesuit schools,etc. The lists are available for faculty perusal if desired. DePaul's tuition and fees are $16,695 (87% of Loyola's). We need to look at the financial aid offered and strategies for it. We need to know what kind of student we want and use the money to target those students. The discount rate is 40% for freshmen, and 30% for the rest. We need to reduce this one point per year.

Reductions and Increases

Fr Garanzini has asked Finance to cut 15% from the budget this year, but there are some areas where there will have to be increases these include salaries, health insurance, utilities, and property casualty insurance. There will be a salary increase next year - are aiming for something around 3%.

There is an attempt to increase efficiency throughout the university. In some cases this can be done through combining two departments that have similar or overlapping functions. For example, this is to be done with Special Events and Alumni Activities. Many administrative departments will be reorganized - these include Information Technologies, Facilities, Finance, and Student Affairs. We have many more staff members than do other similar organizations and much of this is because of the inefficient way we have been organized.

In addition, there is a property analysis underway. If we sell Malinckrodt we will save $1 million per year. We are developing a housing plan for the future, particularly at Lakeshore where properties beyond a certain circumference may also be sold. Some attempt will be made to change building usage so as to move some property that has housed taxable operations can be moved to tax-exempt status (Granada Center, for instance, will become a dormitory and can then be used as a conference center in the summers.)

There are a number of other areas that are being examined. For examples: Parking centers should become self-sufficient, and parking tickets should be enforced. Student fees are being examined with fees for graduate students likely to be increased. There is an attempt to make all forms electronic and to use fewer different forms so that application forms will be standard throughout the university. There will be a new fee structure for the use of exercise facilities and a fee for alumni/ae use of the career center.

Investment strategies are being reviewed so as to minimize risk and management fees. We will also be increasing our fundraising activities. Last year gifts were only 2.5% of our total revenue and this is very low in comparison to other institutions. Last year over half the money raised last year was for the medical center. Until recently our Trustees were not expected to raise or give money and this is being changed. Every Dean is now expected to have an advisory council and will be expected to use this for fundraising. Fundraising will be much more school-based than it has been.

Discussion

During the discussion, several other topics were raised:

It was noted that in the past fundraising has been poor because the development office did not know enough about the units under consideration. Fr. Garanzini indicated that this will be dealt with partially by the development office having lunches with the Deans and alumni/ae from the different units.

For a long time now, the university has paid a very small percentage of salary to TIAA-CREF and this makes a huge difference for faculty when they are ready to retire. Is the university looking at this? The answer was no; not at this time.

There was also a question about the plans for the WTC campus, noting that there is demolition going on in the buildings at Chestnut and State Streets. The answer was that the plans for the campuses will not be ready until about January. There are now 3 bids for building the Science Center for the Lakeshore campus. At WTC there is a need for parking and a residence. There is an attempt to find a developer who would build and maintain the structures while having a 99 year lease and paying rent to the university.

Next meeting

Fr. Garanzini will be at our next meeting, (December 5 at 2:00pm) and will talk about Strategic Planning.

V. Committee Reports

Faculty Status Committee - Allen Shoenberger, Chair

There has been concern expressed that the difference in the salaries between Humanities and Social Science faculties at Loyola is excessive. Dr. Shoenberger passed out a comparison of data between Loyola and Northwestern Universities on this topic. He noted that data around this has been very hard to get, but what data he has indicates this is not the case.

There are problems with the Senior Scholars program in which a retired faculty member could teach at a higher salary than other part-time faculty. This program has been dysfunctional since administrators do not have a budget that can afford this, and we are therefore not meeting the university's commitment to the retirees. There was agreement that the Faculty Status Committee should investigate this matter.

There are continuing concerns regarding the salary incentive plan at the medical center.

Dr. Shoenberger indicated he would like other committee members and wants people to come to his meetings.

Academic Cabinet - Dr. Susan Ross

There is a plan for another Administrative Retreat on January 28-29. Dr. Ross has been invited to attend.

III. Chair's Report (continued)

Fr. Garanzini wants to have 3 "conversations" about what shared governance would look like and he is expecting that the Deans will be participating in these along with other members of the administration. It is expected that FC's executive committee will also participate.

Dr. Murphy noted that FC members are expected to participate in committees and asked that those who have not been working with a committee become involved with this work.

There was a suggestion that FC members become informed about what strategic planning is going on in their units so that there will be a base from which we can discuss this with Fr. Garanzini at the December meeting.

VII. Adjournment

Motion: That meeting be adjourned
Moved: Dr. Raymond Benton
Seconded: Dr. Nicholas Lash
Action: Passed unanimously

Respectfully submitted,

Carolyn Saari
Secretary, Faculty Council

Members Present:

Arts and Sciences: Dr. Robert Bireley, (History); Dr. Leslie Fung (Chemistry); Dr. Paolo Giordano (Modern Languages & Literatures); Dr. Bren Murphy (Communications); Dr. Susan Ross (Theology); Dr. David Schweickart (Philosophy); Dr. John New (Biology); Dr. James Johnson (Psychology); Dr. Fred Kniss (Sociology).

Professional Schools: Dr. Raymond Benton (Marketing); Dr. Janis Fine (Education); Dr. Robert Flanigan (Urology; Dr. Jennifer Haworth (Education); Dr. Gloria Jacobson (Nursing); Dr. Dorothy Lanuza (Acute, Chronic and Long-term Nursing); Dr. Nicholas Lash (Finance); Dr. Kenneth McClatchey (Pathology); Dr. David Mirza (Economics) for Dr. Marc Hayford; Dr. Carolyn Saari (Social Work); Dr. Allen Shoenberger (Law).

Graduate Institutes and Professional Librarians: Ms. Lenora Berendt (Libraries); Ms. Kerry Cochrane (Libraries); Dr. Lamont Stallworth (Institute of Human Resources and Industrial Relations).

Guests: Fr. Michael J. Garanzini, President; Ms. Janet Gibbs, Senior Vice President for Finance; Dr. Lawrence Braskamp, Senior Vice President for Academic Affairs.

Appendices

Appendix A

Discussion Outline

Faculty Council Meeting
November 7, 2001

1. Budget Realities
   A. Operating deficit
   2. Administrative inefficiencies
   3. Poor systems, data, internal controls
   4. Developing strategic agenda
2. Enrollment (2 overheads)
   A. Historical trends (overhead 1)
   2. Revised projections (overhead 1)
   3. Student / faculty ratios (overhead 2)
3. Tuition Increase Proposals
   A. Discuss the potential of 3%, 3.5%, and 4% increases
4. Salary increases are included in budget plans
5. Budget balancing strategies:
   A. Must be balanced by FY 2005
   2. Reductions of 10% to 15% by FY 2005
   3. Allows for spending increases for salaries, utilities, insurance, etc.
   4. Reduce freshmen discount rate by 1 point per year
   5. Reduce graduate and professional tuition reductions
   6. Enhance fundraising success
   7. Enhance research grants, especially indirect cost recovery
   8. Right-sizing administrative operations - Student Affairs, Finance (including HR), Facilities, Information Services
   9. Challenging all administrative areas to develop 10% to 15% reductions by FY 2005
   10. Property analyses - Mallinckrodt, LSC residential properties, student housing study, Granada Center, Campion Hall
   11. Swapping debt from taxable to tax exempt
   12. Evaluating investment strategies to minimize risk and reduce management fees
   13. Reviewing use of LUMC financial and HR systems
   14. Making parking self-sufficient
   15. Creating purchasing efficiencies, and working with LUMC
   16. Overhaul of student bundled fee - UG and graduate students differences
       1. New fee for alumni use of career center
       2. New fee structure for WTC exercise facility

17. Room and board fees redesign that reflect actual costs - ongoing
18. Review admissions functions - do we need multiple graduate / professional admissions offices?
19. Centers and institutes - self-supporting goal?

6. Cost increase challenges
   A. Utilities
   2. Health Insurance
   3. Property and casualty insurance
   4. Shared services with LUMC
7. Open Discussion