

Northwestern University  
Minutes of the Faculty Senate  
Guild Lounge - Evanston, Wieboldt Hall 421 - Chicago  
January 15, 2020

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The Northwestern University Faculty Senate held its standing monthly meeting on January 15, 2020, at Guild Lounge in Evanston with videoconferencing to the Chicago campus in Wieboldt Hall 421. A number of Senators participated remotely. President Lois Hedman called the meeting to order at 5:07 p.m. A quorum was present.

The president welcomed the Senate and noted that the minutes from the November 20, 2019 meeting were approved and entered into the record.

The president then introduced Provost Jonathan Holloway and Senior Vice President Craig Johnson.

Provost Holloway began by thanking the Senate for another opportunity to speak before them. The first time he gave this presentation to the Senate two years ago was during the initial discovery of the budget deficit. After that meeting, and each meeting since then, Provost Holloway said he and President Schapiro, and now Senior Vice President Craig Johnson, send out a condensed version of the report given to the Senate to the entire University community. He used this example to express how much he values transparency, especially during challenging moments like the recent budget deficit. Provost Holloway then stated how happy he was to present good news this year: Northwestern concluded FY2019 with a budget surplus of \$68.7 million. He noted that the budget turnaround in the last two years has been quite dramatic. He said such a turnaround could not have been possible without the collective work of unit leaders, department leaders, deans, etc. He added that with a university as decentralized as Northwestern, creating and implementing a more universal accounting and budgeting framework was no small task, and while he would have preferred the budget deficit had never taken place, Provost Holloway said he does believe the University is in a very strong place with the accounting and budgeting measures they have since implemented. Provost Holloway did make clear, however, that there is still more work to be done with regard to the budget.

Provost Holloway then laid out some goals for FY2020-2026: expanding the compensation pool for faculty and staff; reinvesting in the IT infrastructure; modestly increasing resources to facilities maintenance—Jacobs (phase 1 and phase 2), opening floors 4 and 5 of Mudd Library, and renovating Deering Library; continue to invest in the safety infrastructure; and continuing initiatives like the [Faculty Pathways Initiative](#), which is in its second year and currently focusing on establishing the Society of Fellows (directed by Past President Baron Reed), and the [Undergraduate Student Lifecycle](#). With that, Provost Holloway turned the presentation over to Senior Vice President Johnson.

Senior Vice President Johnson said that, in addition to Provost Holloway's overview, he wanted to present more detailed data on the University's investments. Accordingly, Senior Vice President Johnson said that the University has spent \$2.89 billion on capital projects—buildings and maintenance, IT infrastructure, financial aid, student diversity, faculty recruitment and retention—since FY2012. Given those investments, the University is now in a three-year stabilization period. Senior Vice President Johnson then broke the capital spending down into categories: \$1.47 billion in academics (Kresge, Tech Infill, Simpson-Querrey, Kellogg Global Hub, etc.); \$469.7 million in athletics (Ryan Fieldhouse, Welsh Ryan Arena, etc.); \$156.9 million in student housing (560 Lincoln, Willard renovation; etc.); \$92.6 million in IT capital investment (infrastructure, administrative systems, cybersecurity); \$36.5 million in undergraduate and graduate student initiatives (no-loan policy, increase in Ph.D. and MFA stipends). Additionally, Senior Vice President Johnson said faculty hiring and recruitment has cost \$590.4 million from 2009-2018, the results of which have led to growth in research awards from \$477 million in 2009 to \$798 million in 2019 (about 5.3 % growth annually). Senior Vice President Johnson said all of these investments have had significant impact on the operating budget, which was about \$972 million in 2009 and was over \$2.5 billion in 2019. This led to an increase of over \$1.5 billion in the institution's debt load. He said this growth also means that the University has become more reliant on philanthropy and investment returns on the endowment to accommodate the increase in annual budget costs.

With these investments online, Senior Vice President Johnson said the University is now in a post-special investment period where the draws on the endowment are slightly higher than historically. Draws are typically less than 5%. (5.5% draw in 2017, 5.6% in 2018, 5.2% in 2019, 5.4% in 2020, and 5.1% in 2021).

Senior Vice President Johnson then shared some FY2019 highlights: \$68.7 million surplus minus a \$50 million payout to cover strategic investments; 5.1% operating revenue growth; \$216.4 million decrease in assets, primarily due to poor investment performance. Senior Vice President Johnson then briefly went over the 2019 financial report, which can be found [here](#).

Senior Vice President Johnson then presented a seven year (FY2020-2026) financial plan. The academic priorities will be faculty recruitment and retention, excellence in all disciplines, interdisciplinarity, global presence, and capital plans and investments in more space.

Senior Vice President Johnson gave a brief update on the downgrade in the University's Moody Rating—Northwestern dropped from the highest ranking, AAA, to Aa1, which is the second highest. The reason for this drop is the capital investments, and the debt incurred from the investments, detailed above.

The president then opened the floor for questions.

Senator Claudia Swan thanked Provost Holloway and Senior Vice President Johnson for sharing this information with the Senate. She then asked how determinations for faculty salary allocation will be made. Provost Holloway said when the administration considers salary distribution they utilize several sources, like data from the recent salary equity study, the annual reports from the Faculty Senate's Salary and Benefits Committee, and conversations with the deans.

Senator Judy Franks asked for more details regarding the athletics expenditures. Specifically, what revenue comes in from athletics programs in relation to the decisions that were made to invest in capital improvements for athletic facilities. Senior Vice President Johnson said athletics operates more independently than other areas in the University. It covers its own debt service and has revenues from its Big Ten Network contract. Senior Vice President Johnson said athletics' impact on the central budget is minimal and that it is, for the most part, managed separately. He added that the athletic facilities were a piece of the University's debt, but there were some streams of revenue coming in to cover that extra cost. Provost Holloway added that the athletic buildings are named facilities. He also said Northwestern will not build buildings without a certain amount of money coming in.

Past President Reed said that the data presented paired standard faculty raises and retention offers. He then asked if the administration keeps track of how much money separately goes to each of those categories and is there a tipping point for when faculty pursue retention offers because standard raises do not reach market value. Senior Vice President Johnson said retentions take many different forms— labs, early recruits, standard salary adjustments. He said they do track that data, but they try not to interject in the deans' negotiations when it can be prevented. Provost Holloway added that they do try to avoid retentions that continue coming back for more. He reiterated that most retentions are handled at the dean's level unless there is an exceptional situation.

Senator Karen Springen asked how the current financial situation will affect student-centric buildings like Hinman dorm and the Norris Center. Senior Vice President Johnson said a few student residences need to be addressed. He said they are currently recalibrating their plans for student investments as the search for a Vice President of Student Affairs is ongoing. He added that Norris Center is not currently in the plan. The financial aid commitment will continue. Provost Holloway said the undergraduate dorms must be attended to as well as the graduate student residences.

Senator Hermann Riecke said there has been significant staff turnover in some departments and wondered if there are plans to retain staff so significant time and resources are not devoted to continuous recruitment and training. Senior Vice President Johnson acknowledged this is an issue. He said that is why a faculty and staff salary pool will be one of their major priorities next year.

Senator Robert Hariman asked why the Jacobs Center renovations were split between two phases. Senior Vice President Johnson said there was an original plan to renovate all of Jacobs prior to the budget deficit. Now, he said they are taking a more measured approach, which means fixing dated infrastructure first followed by more substantive change in the layout. Provost Holloway said he still envisions Jacobs as a social science hub and he remains committed to honoring the promises made to faculty in regard to space allocation.

Senator David Uttal asked how vulnerable Northwestern is given the increased draw on the endowment and the general volatility of the financial market the endowment relies on. Senior Vice President Johnson said they are phasing out the special draws (above). He also added that if there is a prolonged down period in the market, there will be stress put on the operating expenses. Provost

Holloway said that in working through the finances, President Schapiro made the discovery that endowment draws over the last 10-15 years have been under 5%. The recent larger draws actually balance out some of those leaner years, but Provost Holloway conceded he preferred more stable draws from year to year.

Senator Kathy Martinez asked if future financial plans will include an increase in Counseling and Psychological Services (CAPS). Senior Vice President Johnson said they just approved increases for CAPS on both campuses and a communication sharing more details should be coming soon.

The president then thanked Provost Holloway and Senior Vice President Johnson and gave her report.

She congratulated a few senators who have recently achieved some outstanding accomplishments: Senator Jennifer Cole (chair of the Faculty Rights and Responsibilities Committee) and Senator Noshir Contractor were among five faculty members selected as 2019 fellows in the American Association for the Advancement of Science. Senator Cole was recognized for her distinguished contributions to the understanding of prosody and intonation as well as her theoretical and methodological innovations in linguistics. Senator Contractor was recognized for contributions to advances in computational social science, network science, and web science. Additionally, Senator Josh Hauser (chair of the Social Responsibility Committee) was featured in a December Wall Street Journal article about physicians who read poetry to their palliative care patients as a way to foster reflection on their illness and their life.

Senator Craig Lamay was named the acting dean of NU-Q when Dean Everette Dennis announced his medical leave. Senator Lamay will serve as dean until the fall when the new dean will be appointed.

The meeting adjourned at 6:08 p.m.

Respectfully submitted,

Jared Spitz

Secretary to the Faculty Senate