General Faculty Meeting Minutes
John Carroll University
Dolan Auditorium
October 19, 2016

All members of Faculty Council except Dr. Nancy Taylor were in attendance.

I. Meeting began at 2:05pm. More than 39 faculty members present.

II. Chair's announcements

- The minutes from 9/21 General Faculty meeting were approved.
- The Chair asked that all faculty members read the HR Policy Review regarding "Drug-Free Workplace" and "Mandatory Reporting for Incidents of Sexual Harassment and Interpersonal Violence" available here.
- The Chair asked that, if there were any requests for changes to existing academic programs, the department must contact their associate dean and dean. She reminded the faculty that most changes do not call for review by the full faculty but they do need review by associate dean and dean as per the protocol for academic program changes established by the Faculty Council last year.
- There will be an open hearing for three new curricular programs, both in person (location and time to be announced via email soon) and online via Canvas discussion.
- The next Faculty Council Meeting will occur on November 2.
- There is a Morning Social on Friday, November 4 from 8:30am to 9:00am at the Alumni Lounge in Rodman Hall.
- The next General Faculty meeting will occur on November 16.

III. Annual Report to Faculty by VP for Finance and CFO

Dennis Hareza, Vice President for Finance and CFO of JCU spoke to the faculty regarding the current Financial State of the University. He began by explaining his overall purpose for this talk: namely, rather than simply read off numbers, he would like to explain what story the numbers are telling us.

JCU generated a total revenue of $78.5 million with a total expenses of $78.2. There has been no revenue growth since 2015. In fact, JCU has been surviving with minimal or no revenue growth for some time now. The only way we have been able to ensure financial health for JCU has been through cutting expenses.

Mr. Hareza pointed out some very pertinent aspects of JCU's financial situation:

- Approximately 90% of our revenue is generated through students: undergraduate and graduate tuition, room and board.
- Graduate-level revenue has declined by 30% since high point in 2011.
- JCU was authorized by the Board of Directors to take out additional 2 mill from endowment in order to support operating flow.
- Curbing expenses has focused on decreasing staff salaries; division expenses has decreased by 11.5% since 2015.
- We haven't had the funds to invest in the things that we should be investing in according to the strategic plan.
- Debt service has dropped by 40.3% since last year. This allowed us to put more money in plant fund.
- Net assets declined by $20 million. Most decline came from investment returns (down by about 6%, decrease by 19.3 mill) and power plant and equipment was depreciated by 2.2 mill in aggregate.
- Overall market was down 2% for everyone. But we were down by 6%. Dennis asked Monticello about this. This is a current topic of discussion and investigation.
- Debt ratio – should we ramp up our debt now with interest rates down and our Moody ranking uptick? Liquidity ratio is at 1.6, still well above the "target" of 1.

Forecast for 2017

The current plan for 2017 was set in December of 2015 and then was reviewed in August 2016. The plan was designed to be break-even. So far, undergraduate tuition revenue is higher than it was last year. But graduate tuition revenue is lower. Overall revenue is 0.9% less than the current plan. In order to make up for this loss, $0.9 million was cut from the plan: $0.6 from salaries and $0.3 from expense.

In forecasting for 2017, Mr. Hareza said that we will continue to be in a low growth environment and will need to keep expenditures down in order to

survive. It is important to realize that we need to get the revenue growth back.

The next steps will be to identify, prioritize and tackle strategic investments and to indentify and "game plan" opportunities and risk to ensure delivery of 2017 budget. We also need to create monthly, quarterly and annual management reports to track financial progress and proactively address opportunities and risk.

At this point, Mr. Hareza took questions from the faculty members. It was asked whether there were any plans to update the Banner financial system. Mr. Hareza replied that our system is typical for most universities but nonetheless not really acceptable. At the request of Fr. Niehoff, he is working with Mike Bestul to figure out the best Enterprise system for JCU. No matter what the solution will be, it will be expensive and not implemented for quite some time (typical implementation time is 1.5 to 2 years).

Another question focused on whether JCU has the correct human resources (as in, personnel with the proper skills and expertise) to reach the goals of the Strategic Plan, or will the faculty be asked to take on additional work in order to make it successful. Mr. Hareza noted that this was a major concern for him and wants to keep track of this but that there were no easy answers to this concern.

Another faculty member asked how and when the funds from the Capital Campaign will be divided up across the campus. Mr. Hareza described a 2-step process: 1st, figure out how much is currently available (as opposed to funds that are available later); and 2nd, review the original fund allocation list and compare it with the available funds. This isn't done yet. But it needs to be in order to complete the 2018 budget. The Provost added that there were only about 3 million dollars in the Campaign for unrestricted funds. So, there actually isn't much that hasn't been allocated.

It was asked whether other revenue streams besides those associated with enrollment were being pursued. Mr. Harezo agreed that JCU does not have a balanced portfolio. There are two things that need to happen at the same time: 1. Get more high schoolers to join JCU; 2. Get more commuters to stay on campus. We should also revive Continued Education, which used to be significantly larger than it currently is. And then the question is: Are there

other ways to use our excess resources to start something that will eventually generate new revenue.

At this point, another faculty member asked how our revenue percentage (90%) compared with the Comparator Group. Mr. Hareza did not know the answer to this. But he thought that tuition might not be the way to go. Maybe student fees would be a better method for generating revenue – with the caveat that, whatever we do, it must keep any fee increases ethical.

A question arose as to whether the increased number of commuters was a larger problem than we (JCU) could actually solve. That is, is it actually part of a larger, possibly national trend? And: might we use property holdings to generate revenue? Mr. Hareza said that an analysis with peer schools and the Comparator Group vis-à-vis commuters and room & board issues is ongoing. So far in the analysis, it seems that we are fairly well in the median with this group. He did suggest that dropping the Campion 3-person room rates for certain students might bring some additional commuters onto campus. But, it's also struggle to keep juniors and seniors on campus, given some of the very cheap apartment rates in the region. We might be able to do some modest experimentation with regard to this is the upcoming 2018 room rates.

IV. Provost and AVP: Goals for 2016-2017

The goals for this year had been sent out earlier in an email message. The Provost reviewed a couple of items:

The Provost thanked all of the faculty for the reception given to the HLC team during their visit as well as the overall turn-out and preparation by the faculty and staff. There was noticeable engagement, depth of knowledge and ability to speak about all of the hard work leading up to the visit.

She also thanked Dr. Michael Martin for co-chairing the upcoming 2018 HLC visit (Goal 2 in the document).

The Provost also noted that enrollment growth is an institutional priority. It has to be done through a good strategic plan, adding a highly developed analytics plan with focus on academic programs. We are up 6% in applications this year, and there is indication that this is the result of utilizing the micro-sites as well as focusing on new geographic regions. As quoted by

the Dean of the Boler School: The number one criterion that students and parents use to make their academic institution of choice is academic programs. And we are addressing this. E.g., we have radically enlarged the Accountancy Department in order to stay competitive. E.g., The Department of Mathematics and Computer Science has submitted 3 new programs, each of which are potentially market-rich and don't cost much to implement.

Next up: we need to think about bringing graduate tuition revenue back up. A faculty member wondered whether there was a connection between the demise of the Graduate School and the decline in graduate-level tuition. The Provost stated that, if there is a causal relationship, we will change it.

It was also noted to the Provost that the faculty would very much love to find out any specifics about how our alumni are doing. Currently, the faculty only know about alumni anecdotally. And, thus, it's very difficult to find out whether we are doing a good job on any level – as faculty of higher education, as academic departments, as colleges or as a university overall. It was further added by another faculty member that this lack of information is costing JCU by impeding our ability to apply and get large grants for the departments.

The Provost ended her question-and-answer period by introducing Dr. David Sipusic, who now serves as the Title IX Coordinator for John Carroll University. She reminded the faculty members that JCU "has received notice from the U.S. Department of Education's Office for Civil Rights about a complaint filed by a former student. As part of the process, the Office for Civil Rights be conducting a compliance review of our policies and practices." Thus, we must have a unified policy regarding sexual harassment – this is the reason why the current policy was not created ground-up: it was a federal mandate.

V. Adjournment

There being no announced new business, the meeting was adjourned at 3:20pm.