

Report of the Faculty Council meeting

June 3, 2020

On June 2nd, Steven Herbert sent two proposals to the faculty council executive committee:

1. A proposal to temporarily suspend the University's contribution to employees retirement accounts
2. A proposal to permanently change the medical benefits coverage and the percentage co-pay that all employees would contribute, including the faculty.

A general faculty meeting has been scheduled on June 3rd to discuss concerns about budget cut. Brent called for a special faculty council meeting to be held one hour before the general faculty meeting. The intention is to discuss the two proposals before releasing them to the full faculty. Procedurally, Brent seeks a vote to send the proposals to the Faculty for consideration. Substantively, he seeks different perspectives on the best way to address the issues raised by these proposals.

In the beginning of the meeting, Brent stressed the importance of gathering evidence of faculty opinions so they can be presented in various task force meetings. He will send out a survey to the full faculty to collect data by the end of this week about what the faculty thinks about the proposals and what actions are preferred.

Brent went over the retirement proposal briefly, and pointed out that it is still not clear at what percentage the retirement contribution will be reinstated. A hypothetical 50% has been mentioned in conversations which would mean a \$1.1m permanent cut. He invited people to share comments and questions.

1. Not feeling comfortable with the open-ended statement about reinstatement. Cannot imagine myself voting for it unless we get to vote again next year about the level of reinstatement.
2. A concern was voiced about violating the handbook by voting in summer. Is there anyway we can vote without violating the handbook? If we start violating the handbook first, what can we say when the administration violate it?
 - Brent: technically everything we do is optional now. It's not clear that the handbook prohibits voting in the summer. Will consult with handbook committee members to verify that.
 - It is later confirmed by Jeff that the handbook doesn't prohibit voting in summer. Many faculty members may not be happy that such a momentous vote is held outside of contract period. But we cannot afford to wait.
3. When the FC takes any proposal to the faculty, it is often perceived that FC has approved it, when all we did is to approve that it goes to the faculty. The distinction must

be made clear in the general faculty meeting. Brent will make it clear both orally and in writing.

4. The faculty is getting cuts at three levels, the lack of trust (between faculty and the administration?) needs to be expressed.

Brent views Steve as transparent. When salary cut was first mentioned as an option to the faculty executive committee, they told Steve that it has to be progressive. He immediately responded to it, apparently already having it in mind. But there is a history (of lack of trust), and the president has not done everything to alleviate that history. The president has been told that it looked like the crisis is being used to advance cause, and said that he understood it looked like that.

5. The hesitation to draw from the endowment may be due to two reasons--some of it is limited, and they think it would look bad for HLC. But the \$5m that they are prepared to cut from faculty compensation is clearly available from the endowment. This shows a lack of regard for faculty morale and other issues.

To this the administration may say that we've already taken \$22m from endowment over the years, yet we still have an increasing structural gap at \$6.2m. As student body shrinks and revenue shrinks, there's need to reduce expenditure. Some expenditures are unavoidable. The data from two years ago show that 62% of money spent on the part of the university is spent on compensation. So the \$5m cut is not a one-time shot. They have to reduce the overall annual expenditures of the university by roughly \$15m, a lot of which is permanent, to get us back on an equal footing. The president has said recently that some of the endowment can be used to cope with the temporary covid-19 expenses. But the longer-term right-sizing of the university is viewed to be absolutely essential for the university to continue.

6. According to the handbook, they must show they are doing this cut to avoid financial exigency.

According to the handbook, the admin can cut salary if it's part of an overall salary reduction of all faculty. It has to be university-wide. They can cut salary if they can make the argument that doing so will avoid imminent financial exigency. Benefits, on the other hand, cannot be changed without faculty agreement. They can reduce benefits if it's mutually agreed between faculty and leadership. The faculty may not be willing to accept permanent reduction of benefits. The chief worry then is that the board may decide to change the handbook without faculty consent, which they have the power to do according to the handbook. But they will have to wait a full year before they can do that, which will leave protection for a year, and it would also mean no saving for a year. If the admin decides to close programs and reduce faculty size, they can do it. But it's up to the faculty to decide the standards for early severance of tenured faculty.

7. Brent just received reports from the AAUP on the use of financial exigency in these budget cut scenarios and the AAUP's perspective on this. According to the reports, a number of institutions are misusing the 2013 standards. The articles will be forwarded to the full faculty.

8. The crust is how hard are we going to push back?
 - What happens if we do not agree to these proposals? Would we get bigger cuts of salary?
 - The only thing we know for sure is that they are committed to make the \$5m cut out of faculty compensation. Chances of programs being cut may increase if we cannot find other ways to make the \$5m cut.
 - A competing point of view is that programs will be cut anyway, and it's not going to matter whether we agree to these proposals or not.
 - In terms of the strategic redesign, when asked how the new programs will be funded, the answer is some combination of increased revenue of grad school (by changing financial aid and redesigning some Boler programs), and finding donors for specific programs. But if all the efforts are made to generate programs that are deemed critical to mission and positive return on investment, then programs that are deemed less critical to mission and generate less return on investment may be in danger.
 - It was shared that, at one point, the faculty was told that accepting a reduction of medical benefits would help to avoid salary freeze. But one year after the faculty agreed to the benefit reduction, there was a salary freeze.
 - It was also shared that a lot of money has been spent on consultants to examine our current mix of majors and minors and the future ones, which means that the admin may have a plan regarding programs based more on the consultants' advices than on faculty negotiation results. If we refuse to cooperate, it would put more pressure on deeper cuts elsewhere. But accepting all proposals probably won't save all majors and minors either.
 - Avoiding all cuts on faculty compensation may also lead to deeper cuts on staff and operating budgets.
 - The current short time frame is artificial. If we slow down the decisions a bit, it may help us to get other ideas of revenues/options. E.g. a significant number of "say yes" students and appropriate donors may be added given the current climate.

9. We are paying for many years of poor management in terms of marketing. We have high rating for our school type in this region, and yet we have to give our students a 70% discount.

According to data that were put in the HLC report, we've been flat to slightly decreasing in terms of student for a while now. Northeast Ohio is in the second worst tier in its projection of student demographics. We are expected to have a slight uptake between 2023 and 2025, followed by a 15% declining in traditional

school age students after 2025. So this kind of conversations will continue in the future. Thus it's part of the goals to strengthen grad school and bring in more non-traditional students, including students who come not for degrees but for certificates or a few classes. Nursing may be the most profitable program according to some data, but it is also the most expensive one.

10. It has been suggested in meetings at Boler college that we should market JCU's care for the students and the fact that we are reducing tuition by 65-70% for all students as well as offering so many online options.

- This suggestion has been passed to Steve, and we have not heard back from him about that.
- It was also brought up that JCU has never used the resources of its marketing department. More ideas about marketing should be generated and plans drawn.
- The idea of creating new programs is part of the marketing effort.
- Brent and Medora will bring it up in next week's scenario planning meeting.

11. Negotiating can go in a variety of ways. If negotiation is done right, we shouldn't give in to everything. We need to consider the general strategy regarding the proposals.

A starting point may be to ask how substantive is the figure of \$5m. Is there room to push back on that? Once we establish a firm mark, we can discuss the most effective and the least harmful way to get to that mark. So far it's not clear how much of the \$5m is permanent and how much is temporary.

12. Some faculty members expressed concerns about the university's financial health. One way to push back is to demand more transparency. E.g. it needs to be laid clear how we will address the short-term shock and how we plan to get out of it. The admin needs to share how much they plan to draw from the endowment to deal with the short-term crisis. They can also provide benchmarks of reinstatement of retirement contribution for next year.

Having a transparent and full proposal that encompasses various elements of saving would help a lot of faculty.

Faculty members have different opinions about how fair the 6:5 split of cuts among staff vs faculty is.

Brent has 5-6 year-old data about the ratio of VP's salaries to others'. We may decide to demand a higher level of tiers for salary cut.

13. The university is asking us to risk our health and our lives to go into the classrooms because we have such value on the student experience. There is an attitude of blaming the faculty for everything. We should recognize our value when we are negotiating.

In terms of negotiation, we need to consider where we push back and how we push back. Simply accepting everything as it is and not responding are both nonstarters. We need to find a balance between pushing too hard and not hard

enough. The survey that Brent will send to the faculty will help him to better represent their interest.

14. Would it be possible to defer retirement contribution instead of cutting it, so when cash flow is better we may get it back?

The proposal of suspending retirement contribution for one year and bringing it back at a higher level was shot down quickly. But there should still be room for negotiation regarding future retirement plans.

15. While it's understandable that revenue needs to be increased, it's hard to see how getting rid of 40 faculty would help us remain attractive to students. The administration needs to be told that the structural problem shouldn't be solved during the covid year. We should try temporary fixing of the budget, but closing programs and releasing faculty should not be done this year.

Brent clarified that the targeted reduction of faculty members is less than 40. They are hoping for a 20% reduction. One of the questions on the survey ask if people are in favor of separating the short-term from the long-term problems. It was also pointed out that the finalization of the strategic plan is also happening next year. Why would we want to bring about a haphazard change before the strategic plan comes to focus.

16. University should utilize its own resources the best it can (e.g. the marketing and communication depts). We can also consider offering dorms as temporary housing for health care workers. We should consider getting into closer connection with the medical community.

Steve was in contact with the state and the corp of engineers about the possibilities of renovating dorms as extra hospital space, should that have been required by the state. Brent will forward the above-mentioned idea to Steve.

17. Considering the general faculty meeting which will be started right after this meeting, it's important that the faculty knows what's going on. The faculty needs to see that the administration has sent proposals, but it's different from saying that faculty council is even initiating a vote or wants a vote regarding the proposals.

18. Brent called for a vote to send the proposals to the full faculty for purposes of discussion, not for purposes of vote. Medora proposed it. Marc seconded it. The FC members unanimously agreed to send the proposals to the full faculty without calling for a vote and without any recommendation.