I. The Chair observed a quorum and called the meeting to order at 4:00 pm.

II. Reflection was given by Dr. Heidi Bostic

III. Response to Questions Raised by UAS Resolution on Shared Governance from the Marquette Chapter of the American Association of University Professors (AAUP) – Dr. Kimo Ah Yun, Provost; Mr. Joel Pogodzinski, Senior Vice President and Chief Operating Officer; and Mr. Ian Gonzalez, Vice President for Finance (4:03 to 4:45) (Att. III)

   a. Senate Chair: In the AAUP resolution that UAS approved in February, there was a Further Resolved section. Items 1-3 asked some questions of the executive leadership and other leaders on campus. Kimo, Joel and Ian will share that information today. These three individuals met with UAS EC and FC EC last week to present this and solicit feedback. One of the requests made by Senator Wichowsky was to have the Provost talk more about the vision of the university.

   b. Provost Ah Yun thanks the Senate Chair and the attendees for the opportunity to share the vision of Marquette. The provost invites people to engage with him in conversation to further build upon the good work that has already been started. He encourages everyone to listen to President Lovell’s comments during the November 15 town hall where he addresses the university’s vision. The starting point that the president references, however, is “How do we best uphold our Catholic and Jesuit identity and values in the presence of our current challenges”?

   c. We are and will continue to be grounded by the existing vision and mission of the university. The mission and vision are what guide the decisions made by the provost. The university adopted Beyond Boundaries as its strategic plan in 2013, and in 2016 the BOT reaffirmed this as the university’s strategic plan. We remain committed to the six main themes/goals of this plan. As a Jesuit institution, we need to be able to read the sign of the times, be mindful that we are adapting accordingly, and ensure that our mission continues. Despite our recent budget challenges, we have donors who are giving large donations to support our colleges and our mission. We do not know what Marquette will look like in five or more years, but we know what will guide us. Our Catholic Jesuit identity will continue to serve as our foundation. The purpose for how we develop our students is grounded in the Gospel. We are directing our efforts to build men and women for others. We want the students to understand the world and fundamentally have a deep understanding of the human experience, and we wrap that up in enriched co-curricular experiences. The MAGIS allows them to then grow beyond their time at Marquette. Marquette will have a smaller undergraduate student population. External forces are compressing the university and will be challenging us. For example, free online certificate programs are being offered by Google, and they will honor it as a 4-year degree if you work for them in that area of degree. Amazon and Microsoft are also creating similar programs. Affordability continues to be an important question for our students; trade schools are a likely alternative path for some. In light of these things, how do we reach nontraditional undergraduate students? We will have a larger graduate and professional program student population, especially in the online space. We recently signed a contract with OPM Everspring to help us with growth and recruitment for our graduate programs. The provost invites all who have ideas for program growth to present this information to their department chair. Marquette will be a more diverse campus, and we will change our majors/programming and services accordingly. Research will remain a priority; we rank second within our AJCU counterparts on research spending. Community engagement will continue to be central in what we do. Our work should help transform Milwaukee and Milwaukee should help transform Marquette. Our students have come to expect this and donate 550k hours annually to the community. A strong liberal arts foundation will be the basis upon which we educate our students. We need to think and act differently as we remain true to our values. To ignore what is happening
will not serve Marquette. We start from a place of firm grounding. The vision I have talked about today is an image that was derived from what we collectively decided was important for Marquette; it was fully formed in a cooperative manner. President Lovell and I welcome feedback and engagement on this topic.

Further Resolved: 1. That the President and Provost should explicitly identify those portions of what they have determined are necessary budget reductions that reflect the temporary impacts of COVID-19 and those portions that reflect permanent and structural reductions.

   o Joel expresses appreciation for the opportunity to present to Senate. He begins by explaining that when we set the strategy and outlook for what we thought we needed to do as a university, being informed by the work groups, it was driven by what is going on with our students and families, and what is going on in higher education more broadly. It is not easy to identify which market conditions are tied to COVID vs. longer-term challenges in our industry. There are four main drivers that are causing us to act and change.

   1) Enrollment levels: this year’s freshman class is down ~300 students. We build our cost structure around supporting a class size of 2k+; yet our class this year was ~1650 and that will stay with us for four years. Going forward we do not expect class sizes to return to what they were. While we cannot predict what will happen, deposits are currently down in our current admissions cycle, and we will likely be seeing this for the next five years. Our mission calls us to align our cost structure to what our enrollment levels are and the revenue levels that the university will have during that time. Enrollment is a tangible item, but it is only one of the impacts.

   2) Tuition pricing: tying this to COVID vs long-term, you could make an argument that there is an impact from both. The only other industry outside of higher education that has been able to consistently increase prices over decades and still have the same level of customers is healthcare. We are the outliers, however. We have a mission that hinges upon student access to a Catholic Jesuit education, yet the same time, student debt levels are increasing every year. We need to take action to maximize access and affordability. We have kept tuition flat for the upcoming year. We do expect to moderate tuition in meaningful ways for the foreseeable near term.

   3) Financial aid: to attract new students and retain existing students, we needed to increase financial aid. Students and families are making choices about the institution they want to attend, class modalities, and the impacts of personal family economic conditions. We expect these elevated levels of financial aid to persist in the short term.

   4) Operating margin: we have a BOT mandate around the budget and sustainability of the university. That mandate is requiring us to operate at a 3% operating margin to enhance the long-term sustainability of the university. We have an annual minor capital budget and an annual operating budget, but they do not address all of the needs of the university over the long term. A number of our peer institutions expect to operate with a modest margin. Some examples of benefits of the operating margin are investments in updated research spaces as well as living & learning spaces, building and technology infrastructure, debt restructuring to decrease the amount of interest we pay annually, and increased endowed scholarships.

Further Resolved 2. That, prior to announcing any additional budget reductions for FY22, and resuming academic leader and academic workgroup tasks for FY ’23 and FY ’24 budget planning, the President and Provost should advise UAS and FC of the basis for the allocation of budget reductions between non-academic operations and academic operations and consider the responses provided by UAS and FC as required by the Statutes and norms of shared governance. See I, VI, and VII.

   o Kimo: I have listened and considered all of the recommendations and ideas presented so far, and I will continue to do so. In the case of FY ’22, ELT realized we would have about $45mil less than what we had in FY ’21, and we needed to consider how that would be divided up among our three areas. We had to think about where the spending was and how we align that with our mission and values. We looked at the two main areas that make up the bulk of the budget (faculty/staff levels and discretionary spending) and considered how we would divide that across Academic Affairs and the administrative operation areas. Faculty and staff levels: we made the decision to look at the last decade and target when we were the most efficient in each of the units during this timeframe. I had to consider USNWR rankings, research, graduation rates, meeting mission goals, etc. We connected these items with where we were with enrollment (headcount, ratios, etc.). We found that faculty and staff levels had gradually increased over time despite enrollment levels remaining flat or decreasing. We then considered discretionary spending and how we align that with lower enrollment, tuition pricing, financial aid, the board mandate, etc. We used a few factors to research what we believe to be achievable reductions: proportion of spending across academic units and spending trends; but we also gave additional consideration to the nature of
the spending (e.g. relative to the strategic plan). Based on all of this we decided how to meet our teaching needs.

Further Resolved 3. That, prior to announcing any additional budget reductions for FY22, and resuming academic leader and academic workgroup tasks for FY ’23 and FY ’24 budget planning, the President and the Provost should share with UAS, FC, and faculty as a whole full information concerning its calculation of instructional and administrative expenses as a percentage of total expenses and why publicly reported data are or may be misleading. See I, VI, and VII.

- Ian – I will frame my comments within three points and then I will elaborate. 1) Why percentage of total expenses on its own could be misleading. 2) Other metrics to look at for instructional expenses on a per student basis. 3) A look forward while shedding light on our current state. Finance is partnering with individuals across campus to review IPEDS reporting methodology; this has not been done in many years, so there is work to be done.
  1. Instructional expenses as a percentage of total (the resolution indicated that MU ranks 25 of 27 AJCU schools in 2018): Because the denominator of this metric is total expenses, the ranking does not consider differences in structures of each university. This would include such things as a police department, university owned apartments, retail space, a child care center, etc. These areas serve our students and staff but are considered nonacademic expenses; however, not all AJCU schools offer these services. Therefore, there is a comparison issue in the denominator of this metric and we should not look at this metric alone to gage the university’s progress. Another example is research. Marquette is ranked in the top five (3rd) when looking at research as a percentage of total expenses. These research initiatives may drive up total expenses, making the proportion of instructional expenses lower. For these reasons, I would argue it is better to look instructional expenses on a per-student basis.
  2. Instructional expenses on a per-student basis: Marquette ranks near the middle for instructional and academic expenses for fulltime enrollment. For instructional and academic support expenses per student (looking at 2018 IPEDS data), we are ranked 13 of 27. Looking at instructional expenses alone on a per-student basis, we are still near the middle at 18 of 27. By definition, these student metrics focus on the amount of instructional dollars that are being spent on each student and shows we are closer to the middle as opposed to the 25th ranking. You may feel that the middle may not be where we want to be or give us the credit we deserve. This leads to my third point.
  3. Looking forward: The Office of Finance has partnered with individuals across campus to review the accuracy of our current IPEDS classifications. Throughout this process we have learned a few take-aways. Our methodology to report IPEDS data has largely not evolved with the changing times. For example, ITS is an area that has grown over the years and is critical in supporting academic and nonacademic functions; however, our methodology has always placed these expenses fully in the institutional support category. Other institutions allocate these expenses across the colleges and areas they support. This example shows we unintentionally inflate institutional support expenses and don’t report enough of the other categories. We are identifying areas where the gaps are in our reporting. This will be reflected in the 2020 data moving forward. Ultimately, when 2020 IPEDS reporting is publicly available, we expect rankings to improve from 25 to more of the middle of the pack. We expect to remain a leader in research and will perhaps improve our ranking. For instructional expenses per students, we should improve a few spots in 2020. Instruction and research are two key pillars of our mission. Combining instructional costs plus research as a percentage of total, we expect to rank at or near the top five of AJCUs.

- Discussion/Questions:
  - Q: Senate Chair asks about Ian working with faculty
    ▪ A: Ian – yes, our finance team has partnered with folks across campus to understand the methodology of what we do today and we benchmark other institutions as well. If we found other institutions reporting numbers differently than us, we worked with business directors and department leaders who understand the information in each college in terms of what we should be reporting according to the guidance. It’s a process we should have been doing for years.
  - Q: Senator Wangrow to Joel – when the resolution came up, I canvassed as many colleagues from my college as I could to get a read. There was a pretty strong statement that transparency needed to improve. We get a lot of high-level statements of impact, but don’t see a lot of detail re: assets, debts, obligations, or how business model assumptions play into it, etc. It seems we just get the outcome. How do we address this going forward?
    ▪ A: Joel – in part we are here having this conversation because we want to continue to improve the dialogue across campus. When you look at these factors, the enrollment projections are not created in a bubble; it is a cross-campus effort with the colleges. With respect to tuition, we have been pretty
clear about where we want to go with that. For financial aid right now, we have elevated levels and expect that to be flat going forward. Our commitment is to continue the dialogue through these events, coffee chats, written updates, etc. Of course, there is a difference between sharing within a dialogue and having every unit on campus oversharing every detail of their operations. I think there is a line between effectiveness and efficiency, but we will continue the dialogue.

- Question raised sustainability and transparency. We have heard that the 3% will make our institution more sustainable. We are making decisions now about the elimination of more positions which will ultimately affect research advances. We are making these decisions in the absence of the final report from the Research work group. I don’t see the relationship between sustainability (in a meaningful sense of that word) and 3% margin.
  - A: Joel – sustainability is a term the Board used to describe how they would like Marquette to operate from a budget and sustainability standpoint. We know that our mission is not just based on economics. It is based on academic excellence, Catholic Jesuit teachings, and a number of other factors that ensure that we provide the best possible results. There are also economic realities, and the sustainability relates to those realities as well. Marquette has been around for a very long time, and we want to make sure it is around for a long time in the future with the same level of mission and excellence; this also takes economic resources. The economic landscape nationally and in higher education is changing: tuition levels, access, affordability, enrollment levels, financial aid, etc. Our Jesuit mission calls us to be mindful of these things and adjust accordingly. Having a modest surplus that we work with is a prudent way to operate an organization that strives to achieve those things. We are not alone in this. Loyola, Creighton, Xavier, DePaul and many others operate with an expectation of having that so they can sustain themselves economically (which protects the sustainability of core mission and academic excellence).
  - Comment – it is not so much just the sustainability but the 3% margin this year; that’s where reason eludes me.
  - Joel – we knew when we entered this pandemic that we would have significant revenue shortfalls and increased costs this year. We largely navigated that with temporary actions over the course of this year. The work groups were created to look at the strategic and structural changes coming in FY ‘22 and beyond. The Board would like to see us, in our planning efforts for FY ’22 and beyond, operate within that environment. Some would say that this is a challenging time to implement that; on the flipside you could say that this is a moment for Marquette and our industry. This might be the precise time to ensure that we are creating the long-term viability so that we can deliver on that mission.
- Question raised about the Catholic Jesuit mission. I keep going back to the desire and aspiration to create men and women for others, but shouldn’t we practice what we preach too? I find it troubling that we keep talking about the Catholic Jesuit mission, but we seem to take direct aim at personnel who have been here for a long time and are unprotected.
  - A: Kimo – I regularly meet with the Jesuits. In fact, Joel, the president and I just met with the Jesuits last week to talk about the types of things we are doing at the university and how to move forward. Part of the Jesuit tradition is reading the signs of the times and adapting to it. Part of what we attempted to do through this process is to pull together as many voices as we could to discuss the best way to navigate this. In the end we are called to increase the diversity of our campus, and we are also called to control costs for our students. Difficult decisions had to be made. We would have liked to not have taken those actions, but we cannot deny that we are at a $45mil shortfall. As the year progressed and we found that we had to de-densify our residency areas that maybe could have been looked to first.
  - Comment – I just think it sets a bad example for us to be men and women for others while we just carelessly whack away at people who have been here.
  - Kimo – none of these decisions were done carelessly. In fact, the decisions were made with great reflection. Carelessly would suggest that we did this in a way that was not thoughtful. These are difficult decisions, but I can assure you that they were not done carelessly.
  - Comment – careless may have been the wrong choice of words. What I mean is that there are other areas that maybe could have been looked to first.
- Question about what role the COVID relief money play in supporting the university? In a simplistic way, it seems the relief bill is helping to fund the surplus when it could save jobs.
  - A: Joel – if you go back to previous discussions, we entered the year thinking that we would have a $20-$25mil shortfall. As the year progressed and we found that we had to de-densify our residency...
spaces and then we lost athletic ticket sales, the amount of shortfall has grown for us to $45mil for this FY. We were taking a number of actions to temporarily get us through FY ’21. We have taken about $30-$35mil of actions through merit and 403B suspensions, leadership pay cuts, etc. While we always budget with a contingency to help us bridge gaps, it was incumbent upon us to take measures to ensure we kept the university sustainable this year. At that time, we had no line of sight as to whether or not there would be government assistance, and frankly I would contend that relying on that would be a bad strategy. There is another round of stimulus that is being contemplated by congress. About $3.3mil of that is going directly to students, much like the CARES Act that was in place last spring. We have drawn on those dollars (there was an application process), and those funds are being disseminated to our most needy students. We are expecting there to be about $6.4mil for the university to help navigate this COVID environment. Those funds are being distributed to help us navigate this year only. The funds will help us address some of the gaps this year. I will say, however, that a lot of the work we have done over the last months is to position us for next year and beyond. This is setting aside the demographic shifts which we will address as a campus going forward. With us moderating tuition, and with enrollment expecting to stay where it is, we are doing work that is going to be important to position us for next year and subsequent years on an annual and cumulative basis. In summary, we cannot carry those stimulus monies over to future years, and even if we were able to do that, it would only be a fractional amount that would not have strategically changed the requirement for us to think differently about where we need to be next year and beyond.

IV. Next Steps – Dr. Sumana Chattopadhyay and Dr. Alexandra Crampton, Chair, Faculty Council

o UAS Chair: we did meet with BOT in February, and this surplus question did come up. What Joel and Kimo mentioned here is what the trustees told us about sustainability as well. We also talked to them about making the shared governance process better, especially with situations such as restructuring OIE. Even though I was consulted as Senate Chair, we need a better process in the future. We also talked about needing more access to the trustees such as creating a liaison from the Board who could be the connection for Senate. We don’t have that system right now but they are open to that. We also need a direct connection with the university budget committee, and this is something that we are working on. We are hoping to share something in the May meeting about that.

o FC Chair: in listening to all of this in these large forums, I am thinking there is a pressure to make everything seem neat and tidy. But my experience in the smaller, more informal meetings is that there is a recognition that this is messy and at times brutal. In FC, we are working on ways to bring faculty together to talk through some of this. Some faculty don’t think everything is being addressed, especially the human side of this. We also recognize there are some tensions amongst the faculty. I was really heartened by last fall when we were all scrambling to get our voices heard and I got in touch with Fr. Dan McDonald who is the Provincial assistant for higher education. We talked for about an hour and he asked me to put a small group of faculty together whom he could listen to and share what he could with the administration. It was such a great conversation and it made me realize that we need that level of conversation as well. We want to build on that a little bit. I also appreciate Ian saying that we need to work on the IPEDS information. I was also heartened to join the presentation that Sumana and Allison gave to the trustees. One of the trustees recognized that when you go through these huge structural changes, there will be margins of error (about 10%-15%). There will need to be things that will need to be revisited and we need to allow ourselves some breathing room as we try to find ways to work through these things together.

o UAS Chair: we are working to fix the issues with student feedback in the long-term. Members of the Senate EC will be at a listening session with MUSG and the Chair will touch base with GSO too. Finally, the work groups will start their long-term decision-making listening sessions soon, so watch for those invitations.

V. Adjourned at 5:05pm

o Motion to adjourn: Dr. Joshua Burns

o Second: Ms. Janice Welburn

o Passed without objection

Respectfully submitted,
Ms. Rebecca Blemberg
UAS Secretary

The next meeting will be Monday, March 22, 2021 at 3:00 p.m. in Teams.