

University of Puget Sound
Faculty Meeting Minutes
February 2, 2004

1. President Thomas called the meeting to order at 4:07 p.m. in McIntyre 103. He explained that, although there was no formal business to conduct, this meeting provided opportunity for informal conversation that we normally do not have time for in faculty meetings.
2. Minutes of the October 13, 2003 faculty meeting were approved as distributed.
4. President Thomas reported that progress was being made on the master planning process. He thanked faculty serving on the task force and urged us to attend the next open session at 4:00 p.m. on February 6, 2004 in the Murray Board Room. President Thomas said that he had had a good meeting this morning with city officials and that a good collaborative framework existed. He reported briefly on visits to other private colleges in the region, most of which had recently completed master planning efforts.
3. Jacalyn Royce announced that the Theatre Arts department was sponsoring a juggling class next Saturday afternoon at 3:00 p.m. Saying that “juggling increases the gray matter in your brain,” she invited all to attend.
5. Dean Terry Cooney observed that some 1200 people attended the basketball games with Pacific Lutheran University in the Fieldhouse last Friday night and that “the place was full of energy.” President Thomas added that he understood Friday’s attendance was the largest crowd at an athletic event in the Fieldhouse since the college moved to NCAA Division III.

Dean Cooney mentioned that, because of the large number of faculty candidate interviews on his calendar the next few months, email is not a good medium by which to communicate with him. He suggested instead that, “The telephone is the instrument of choice these days.”

6. Faculty Senate Chair Bill Beardsley had no report
7. President Thomas introduced Sherry Mondou, Associate Vice President for Finance, whom he thanked for “stepping up to the plate” to fill in for Karen Goldstein after her upcoming departure, allowing the search for a new Finance Vice President to be deferred until the Dean’s search is farther along. He said that Sherry has been active in the Budget Task Force process, cabinet budget discussions, and long range planning, and was “eminently prepared to do the job.”

President Thomas announced that an offer made to a new web manager was accepted by someone who had a similar job at Olympic College. He said we were just about to sign a

contract for the redesign of the college's web site and that, together with Gayle McIntosh's recent appointment as communication director and the redesigned view books "coming soon in quantity," these were very good steps for the college's efforts to position ourselves more effectively and communicate our strengths more successfully.

President Thomas turned the podium over to Dean Cooney as we moved to open discussion of Budget Task Force (BTF) recommendations for next year. Dean Cooney distributed a handout entitled "Basic Budget Assumptions for FY2004-2005," also available on the web at http://www.ups.edu/financeadmin/Basic_Budget_Assumptions.shtml. Dean Cooney reviewed the tuition-setting process and the operating budget. He reminded us that the Budget Task Force consists of two students, two faculty, two staff, the Finance Vice President (Karen Goldstein), the Academic Vice President (Dean Cooney), and Sherry Mondou as a resource person. He thanked this year's faculty members of the BTF, Leon Grunberg and Andy Rex.

Dean Cooney introduced Karen Goldstein, who spoke of the challenge of enrollment. Factors that combined to yield lower enrollment than expected this year included 641 new freshmen rather than the 650 expected; 75 new undergraduate transfer students rather than the 80 expected; lower enrollments in two of our three graduate programs; student retention that dipped a bit despite the long-term upward trend; and increased study abroad enrollment. All of these little pieces, she said, had an impact on current enrollment that will continue to impact enrollment next year and beyond. The BTF proposal is to maintain enrollment at current levels with a budgeted contingency increased from 15 this year to one per cent, or 26, next year.

Karen Goldstein turned the floor over to Sherry Mondou to talk about endowment payout. She reported that our endowment declined from a high of \$213 million to a September 2002 low of \$147 million. In September 2003 our endowment was valued at \$185 million. Endowment payout peaked at \$10 million, and we expect \$8 million next year, for a loss of \$2 million revenue. She said that endowment payout would probably remain at \$8 million for the next few years because the payout formula uses market performance values for the three most recent years.

Mondou added that another source of income, investment income, derives from interest earnings on operating cash. This cash earned 4.5-6% four years ago, but now earns 1% or less. Income from this source has dropped from \$1.5 million to about \$250,000 next year.

Dean Cooney then spoke about the BTF recommendation to increase the size of the freshman class from 650 to 675. He reminded us that the purpose of reducing the class to 650 several years ago after faculty conversation was to improve the quality of students by narrowing the band from top to bottom. Since then things have changed, he said, and projected future enrollment is too low based on 650 fall freshmen because the number of new fall transfer students has declined from 125 then to about 75 now. Also, study

abroad enrollment has increased significantly and, whereas students on affiliated programs are included in enrollment figures, those on approved programs disappear from enrollments while they are abroad. Declining enrollment would produce a declining budget base and to prevent that the BTF decided to move the freshman target to 675—not to grow, but to keep enrollment where it is now. Although 675 is about the actual average class size the past few years, moving the target to 675 “is a bit scary,” so the contingency figure was expanded as well.

Dean Cooney noted that freshman applications for fall 2004 are at their highest level ever for this time of year, up 17% over last year. He reported that freshmen accepted for fall 2003 with SAT scores over 1300 and with no financial need enrolled at predicted conversion rates, but that the conversion rate for those with SAT cores over 1300 who did have financial need dropped by 9%, losing us 40-50 good students we would otherwise have enrolled. Other colleges recruited these students away from us with better financial aid offers. Because this is not a group we want to lose, the BTF recommended that our discount rate be increased. He said our discount rate has been 8-9% lower than at other colleges, but that “now we have to move ours up a bit.”

By way of summary, Dean Cooney said that the two major BTF recommendations this year were (1) to increase the size of the freshman class target from 650 to 675, and (2) to increase the discount rate beginning with next year’s freshmen. To counter the “bad” enrollment news of this year with some good news, Dean Cooney pointed out that we had good fall-to-spring student retention this year; we have not had to cut budgets; nobody got fired; we have not had to sell any of the library’s books on ebay; and we have maintained a solid operation.

Dean Cooney then invited comments. Bill Beardsley said that he understood it was necessary to increase the size of the freshman class to 675. But he said that he viewed this as being a “necessary evil” and that by itself it was “a very dangerous thing to do.” He asked for assurance that, as conditions improve, we would return to classes of 650.

Dean Cooney responded that “the bandwidth in the freshman class” is not the same now as it was a few years ago. He said that this year’s experience demonstrated that with the financial aid we need we could have had a higher quality class even at 675; without the financial aid, we will not maintain quality even at 650. He said he could not guarantee we would go back to 650 or say that that would be necessary to maintain quality.

President Thomas followed up by asking Beardsley what “the evil” was in moving to 675 freshmen. Beardsley responded that, at 17 students per course in the new freshman seminars, we would put extra pressure on teaching. President Thomas said that 675 was in fact the actual average class size the past few years. Beardsley worried that because that overage occurred when the target was 650, a target of 675 would lead to actual enrollments higher than that. President Thomas pointed out that with this year’s small class of 641, the SAT average went down. Beardsley argued that the range of quality was the most important consideration. President Thomas reminded us that the proposed

additional financial aid was to be strategically directed to the group of high-ability students that we lost this year. Dean Cooney said that, if the quality range widens, that would be bad news, but he thought we could probably move to 675 without widening the range. Beardsley asked if we “were going to do this forever,” and President Thomas responded yes, if it is necessary in order to maintain current enrollment. He added that if student retention improved, then we would not need as many new freshmen each year.

Dean Cooney pointed out that we would need to track the mix of freshman enrollments, transfer enrollments, graduate student enrollments, student retention, and study abroad enrollments as time goes on to know how many new freshmen we will need to maintain the current enrollment level. Karen Goldstein suggested that we may not be able to maintain past enrollment successes with our low tuition discount rate. She said that other colleges’ rates have been going up and were much higher than ours. She added that she hoped higher endowment earnings would give us more money to be competitive. President Thomas said that we must in the future become less dependent on tuition for our revenues; that with 90% of our revenues coming from tuition and fees we were too subject to the whims of the market place.

Alva Butcher asked if peer schools have the same problem we do of losing revenue when students study abroad in approved programs. Dean Cooney said that all good liberal arts colleges have high study abroad rates and that all are affected by the same financial issues we are. President Thomas said that we actually lose less money than some colleges do. On the one hand some colleges actually pay students to go elsewhere, and on the other hand some colleges allow students to study abroad only in the institution’s own programs.

Grace Kirchner asked about the status of the “rainy day funds” that accumulated as the result of overenrollment during the 1990s. She asked if we had some “quasi-endowment stash of money” in addition to that yielded by the contingency number. Karen Goldstein said that quasi-endowment funds are used to support endowment funds that are currently below the values they had when they originally came into the endowment.

Jacalyn Royce argued that our inability to fund unmet need has also caused a drop-off in student diversity. She said she was happy about the effort to secure more financial aid money and argued that “we need to focus on smart kids who haven’t done well in high school as well as those who have.” She said it was “horrifying” that some of our freshmen have to borrow \$20,000 to support their first year in college. She noted that our students have low loan default rates.

David Tinsley, responding to President Thomas’ question of Beardsley about what the evil was in freshmen classes of 675, said that for him the evil occurs when students arrive here who cannot handle the workload, as used to be the case. President Thomas said that that is not the circumstance we currently face. He said that among 2003 freshmen we had consistent yield at every group except high need students with SAT scores over 1300. He said that if the quality band is narrowing, it is narrowing from the top instead of the bottom. He added that self-selection among applicants has changed who applies to Puget

Sound in the first place, eliminating many low-ability students. President Thomas said his challenge to George Mills was to raise the size of the freshman class to 675 without lowering standards.

Tinsley also raised concern about the idea that all our study abroad programs might become affiliated programs. He said we needed to reconsider our decision to sever cultural immersion and language proficiency considerations from study abroad programs. He said this trend was not good and that many programs may be available where there is not a convincing rationale for them. Dean Cooney pointed out that the new study abroad committee allows faculty to discuss these and other study abroad issues.

David Droge asked when we might anticipate announcement of the next major fundraising campaign. President Thomas said that was being studied now and additional conversation with trustees and others would need to occur first.

Dean Cooney departed as we touched briefly on the dean's search. President Thomas said the position has already been posted electronically and would be published in print soon in various journals. He said we are close to the final draft of the full profile for the position. The goal is "to bring a name to the board at the May meeting, with finalists to us before that." He said that applications have started to come in. Beardsley asked what level of experience we were expecting of the new dean. President Thomas responded that competence and demonstrated promise were being emphasized over experience, and that candidates "from the ranks" would certainly be considered.

We adjourned at 5:08 p.m.

Respectfully submitted,

John M. Finney
Secretary of the Faculty