



Northeastern University
Office of the Faculty Senate

TO: FACULTY SENATE
FROM: Robert Hanson, Secretary, Faculty Senate
SUBJECT: Minutes, 15 November 2017

Present: (Professors) Adams, Andrews, Brooks, Dencker, Dennerlein, Desnoyers, De Ritis, Erdogmus, Fox, Frader, Hanson, Hayward, Kanouse, Kelly, McGruer, McOwen, Monaghan, Nyaga, Patterson, Portz, Powers-Lee, Silbey, Sipahi, Stephens, Vicino

Administrators: Bean, Henderson, Hudson, Loeffelholz, Parish, Poiger, Wadia-Fascetti, Ziemer

Absent: (Professors) Barberis, Barczak, Howard, Kaeli, Kirda,
(Administrators) He, Brodley

I. **CALL TO ORDER.** Provost Bean convened the Senate at 11:46 AM

II. **MINUTES** of 1 November 2017 were approved as amended.

III. SAC REPORT

III.1 Professor Powers-Lee reported that SAC has met four times since the last Senate meeting, with one meeting including the Provost and one including the Senior Leadership Team.

III.2 The pilot queries that were approved at the 1 November 2017 meeting have been incorporated into the TRACE survey for Fall 2017.

III.3 SAC is in the process of staffing the search committee for the Architecture Director.

IV. THE PROVOST'S REPORT

Provost Bean reported work is underway for the next BoT meeting which is essentially "what's research and why do we do it?" We will explain that the research programs complement the UG programs, which is relevant to today's meeting and presentation by SVP Nedell instead of President Aoun. Provost Bean requested a motion to accept the change in the agenda, which was made by Professor Foxx, seconded and approved by a voice vote.

V. UPDATE of the Financial Status of Northeastern University by SVP Thomas Nedell

The following was a thirteen slide presentation which was identical to that given to the BoT earlier this year, essentially highlighting the strong fiscal health of Northeastern University and the progress it has made over the past 10 years. This is essentially the result of a prudent operation model that allows for reinvestment on a "pay as you go" basis.

Over the past 10 years NU has invested \$775 M in operations and over \$1,000M in capital improvements. This strategy has been validated by third parties, such as Moody's, which has upgraded our ratings compared to other institutions.

Our sources of strength are derived from a disciplined approach to investing, resiliency, focus on the bottom line, and deliberate debt portfolio. Investments in faculty and research constitute the largest component for both operations and capital.

Our revenue growth is almost double that of other private universities (7% vs 3-4%) and total revenue has doubled in the last 10 years. Our revenue sources have diversified as well. While tuition revenue has increased 130% over 11 years, PAN/CPS now constitutes 26% of overall revenue. PhD programs now only generate 13% of all revenue. Professional graduate programs are increasing 12% per year and now generate \$213M. Research awards are increasing at a 10% annual rate and have more than doubled in value over 10 years. Philanthropic contributions are also increasing at an average 15-19% per year.

As a result, the balance sheet which looks at total net assets went from \$835M in 2006 to \$1625M in 2017. Long term debt went from \$538M to \$904M in the same period, but the ratio of variable to fixed rate debt changed dramatically, from 68:32 to 8:92 in that time frame. This has stabilized the debt service of the university.

Endowment is an asset that provides intergenerational support and has increased to \$834M and has diversified to maximize return and reduce risk.

V.1 Questions and discussion in conjunction with the presentation ensued at this point.

Professor Patterson asked about the net worth of the endowments and further discussion examined the sector investments in energy, which constitutes about 10% of the endowment investment. SVP Nedell noted that the University was committed to investing up to \$25M in sustainability over 5 years and has already invested \$18M in the last 1.5 years. Prof Brooks asked why this was done instead of \$80M divestment of energy stocks. TN indicated that the investment was diversified and only a small percentage was in fossil fuels. Prof Brooks added that the students wanted an evaluation of the impact of divestment upon the portfolio. TN responded that the choice was not going to be "divest" but to choose an area for impact, and therefore the university chose to invest in selected sustainability targets.

Presentation continued with a slide on liquidity which represented essentially cash reserves. In 2006 this was \$75M and now is \$440M. This was a significant component of the upgrade in Moody's ratings. As a result, the net debt in which debt is offset by liquidity has gone from \$416M in 2006 to \$958M in 2017, and as a percent of assets, has dropped to 28% (half of what it was 10 years ago). We are poised to make sustained improvements going forward. Here ended the presentation.

V.2 Questions and discussion in conjunction with the presentation continued at this point.

Prof Erdogmus said that his dean had indicated that in 2009 that the endowment was >\$900M. TN indicated that was incorrect. Calculation of endowment returns is done on a rolling 3-5 year average.

Prof Kelly returned to fossil fuels and asked whether the retention of the small energy sector investment was worth the adverse publicity, e.g., the Guardian article.

SVP Nedell responded that 10% is not insignificant and reallocation may put the portfolio at a disadvantage with possibly lower returns. We can counter the bad publicity by our commitment to the positive impact of sustainability.

Prof Desnoyers asked whether the question could be framed in a morals/ethics context. It doesn't seem right to have a compensatory mechanism.

SVP Nedell responded that there have been questions regarding the investment vehicles used offshore, however, the equity/hedge funds that we use are legitimate and legal, and used by other institutions.

Prof Kanouse asked about computing the impact of divestment, if the analysis had been done last year, would we have appeared in the Guardian article.

SVP Nedell answered that the investments are not direct but are spread out among a number of companies, the composition of which may change over time. For example coal may be only 0.25% and embedded in a larger group of funds. It would be difficult to divest a small component from a larger mingled sector.

Prof Foxx had a different question. After a 25 year mantra of "smaller but better" are we moving to higher admission numbers?

SVP Nedell responded that there was nothing to indicate that we would be changing our Fall admissions goals. We are looking at "rightsizing." UG education is expensive and expanding that component significantly would require changes in infrastructure. Most of our changes in moving toward 2025 look at expanding professional

and graduate programs. Provost Bean commented that there are also Town-Gown issues related to housing and services if we expanded the UG component.

Prof McGruer asked about where "staff" fit into the budget picture.

SVP Nedell indicated that administration-staff-police (for example) are in the \$110M linked to support infrastructure in operations.

VI. New Business

IV.1. Name change: Graduate council- Ph.D in Law and Public Policy to Ph.D. in Public Policy. Moved by Professor Stephens, seconded by Professor Fox.

Be it resolved that the Ph.D. in Law and Public Policy be renamed to the Ph.D. in Public Policy in the School of Public Policy and Urban Affairs in the College of Social Sciences and Humanities as approved by the Graduate Council on 26 October 2017 (8-0-0).

There being no discussion on the resolution, the motion was called. 31-0-0. The resolution was passed.

IV.2. Name Change: Graduate Council- Ph.D. in Ecology, Evolution and Marine Biology to Ph.D. in Marine and Environmental Sciences. Moved by Professor Patterson and seconded by Professor Hanson.

Be it resolved that the Ph.D. in Ecology, Evolution and Marine Biology be renamed to the Ph.D. in Marine and Environmental Sciences in the College of Science as approved by the Graduate Council on 26 October 2017 (8-0-0).

There being no discussion on the resolution, the motion was called. 31-0-0. The resolution was passed.

IV.3. Academic proposal- Graduate Council- Joint program in the College of Science and College of Social Sciences and Humanities. Moved by Professor Stephens and seconded by AVP Ziemer.

Be it resolved that the University establish the Master of Science in Environmental Science and Policy in the College of Science and the College of Social Sciences and Humanities as approved by the Graduate Council on 25 October 2017 (8-0-0).

Professor Stephens briefly described that this program had been developed several years before and was now streamlined. No further discussion on the resolution ensued and the question was called. 31-0-0. The resolution was passed.

VII. Motion to adjourn 12:50PM

Respectfully submitted,

Robert Hanson, Secretary
Faculty Senate