Minutes of a meeting of the Council of the Princeton University Community held November 10, 2014 in Betts Auditorium in the School of Architecture. Present were Council members Ms. Banks, Professor Benson, Mr. Boyle, Professor Braverman, Mr. Brown, Ms. Burnett, Mr. Cannon, Mr. Chang, Ms. Cherrey, Ms. Clifton, Mr. Davidescu, Mr. Durkee, Mr. Edington, President Eisgruber (chair), Professor Hare, Professor Harman, Professor Haykel, Mr. Jackson, Mr. Johnson, Ms. Johnston, Mr. Keller, Mr. Khoury, Provost Lee, Dr. Matese, Dr. McClure, Mr. Mozley, Mr. Nan, Mr. Nuckols, Mr. Okuda-Lim, Ms. Principi, Mr. Ravikumar, Dean Smith, Professor Stilz, Ms. Stoneman, Mr. Suryanarayan, Ms. Voelcker, Professor Wysocki, and Professor Yang. Ms. Halliday was secretary.

Approval of Minutes; Question and Answer Session

The President called the meeting to order at 4:30 p.m. After the roll call he asked for and received approval of minutes of the September 29, 2014, meeting as circulated in advance of the meeting.

In response to a question, the President reported that the Faculty-Student Committee on Sexual Misconduct held its first meeting that day and that the Office of Civil Rights had released a resolution agreement with the University.

Introduction of Mollie Marcoux ’91, New Athletics Director

The President introduced Mollie Marcoux ’91, recently appointed the Ford Family Director of Athletics. She comes to Princeton after 19 years with Chelsea Piers which owns and operates two world-class amateur sports complexes. As a student she was a letter winner in several sports and graduated cum laude. She has also been a coach and dean at the Lawrenceville School.

After showing a video which athletics features during freshman orientation, Ms. Marcoux described her first few months at Princeton. She has spent most of her time listening to colleagues in the Athletics Department, student athletes and members of the community who participate informally in sports and athletics. She outlined her goals based on the department’s informal motto of education through athletics. Through anecdotes, she underscored for the Council the importance that athletics places on developing leadership abilities in students, even when they experience losses. She described also the strong service-oriented activities of student athletes. In response to a question, Ms. Marcoux noted that she intends to pursue partnerships with the Pace Center for community-outreach programs and with Career Services. She invited members of the community to contact her with questions and suggestions.

Strategic Planning

The President updated the Council on the strategic planning process the Trustees initiated last year. Princeton’s approach differs from other strategic plans: the goal is not to construct a ‘wish list’ but to develop a framework to evaluate opportunities. As background he described the
environment in which the study is being undertaken, including the financial environment. Universities experienced a long period when revenue grew faster than expected, but the recent financial crisis has changed how universities think about budgets. As one example, opportunity costs which were less “vivid” in the past are now factored into each decision about new expenditures. Noting that the current campus plan ends in 2016, he said that a new campus framework plan will be developed in parallel with the strategic planning process. The focus for the campus plan will also be about choices and how best to make choices.

He drew attention to a new website that describes the strategic planning process and will provide updated information:  http://www.princeton.edu/strategicplan/. The site allows viewers to submit questions and suggestions. He also described the structure of the process which is led on campus by a variety of task forces (described in the attached presentation; see p. 5 of appendix A). The task forces and the process are organized around a set of key questions concerning challenges and opportunities facing the university. The process anticipates multiple layers of dialogue involving these task forces and Trustee committees. Within the next two years the task forces will issue recommendation, some of which may become the foundation for new university initiatives.

During the discussion that followed the President noted that task force membership is based on relevant expertise. Many task forces do have student members and in some cases alumni, and he noted again that the website is an effective way to communicate with the task forces. In response to a question he confirmed that the University had looked at how other universities plan, and he added that an external review is planned for later in the process.

Report of the Priorities Committee

The Provost described the “who,” “what,” and “how” of the Priorities Committee process as explained in the attached presentation (appendix B). This standing CPUC committee is charged with making yearly recommendations about the operating budget to the President for the Board of Trustees’ approval. The operating budget includes undergraduate and graduate student tuition and fees; financial aid; and faculty and staff salary pools. The committee also reviews and makes recommendations concerning one-time and permanent budget requests. In developing recommendations, the committee looks at past precedent and makes projections of future years’ budgets. Their work is completed in early January.

At present, the University’s financial position is solid: at the end of the last fiscal year, the market value of the endowment was $21 billion; it has a solid credit rating and sufficient liquidity, and loyal and generous alumni and donors. In spite of this favorable position, he explained why not all priorities can be funded noting for example that the principal of the endowment can’t be spent and that the University adheres to long-standing principles to spend efficiently, balancing the interests of current and future generations. These principles have led to development of a planning rule by which the University spends about 5% of the return on investments each year and reinvests about 5%. Historically the narrow wedge between the endowment income increase and inflation has supported new academic and campus initiatives and other requirements, for example, related to compliance, safety and risk management or the recent digitization of the art museum’s collection. The committee has tough decision to make among important priorities and he urged members of the community to reach out to the committee if they have questions.
Discussion followed. In response to a question about the spending rule, the provost noted that these decisions depend on the financial environment and outlook for the future. For example, in the past, when returns were stronger, University budgets were increased permanently to a new higher floor. During the economic crisis, the committee recommended for FY10 a budget that assumed an 8% reduction in endowment spending for each “unit” or share of the endowment by comparison to FY2009. Decisions each year are guided by the goal of maintaining balance between present and future needs of the University. He urged those with questions and comments to contact the secretary to the Priorities Committee, Aly Kassam-Remtulla (akassam@princeton.edu).

The meeting was adjourned at 6:00 p.m.

Respectfully submitted,

Ann Halliday
Secretary
Update on Strategic Planning

Christopher L. Eisgruber
for the Council of the Princeton University Community
November 10, 2014
Princeton’s approach to strategic planning

- **Purpose:** to create a flexible, iterative, and dynamic framework for future decision-making

- The plan will .....  
  - Highlight priorities
  - Identify challenges, opportunities, and risks
  - Describe Princeton’s resource envelope
  - Allow for consciousness of opportunity costs

- The *strategic planning process* will be closely integrated with the *campus planning process*
Strategic planning website: www.princeton.edu/strategicplan

Princeton University’s strategic planning process is organized around a set of key questions about challenges and opportunities facing the University. To answer these questions effectively, a variety of board committees and campus task forces are gathering data and formulating recommendations about topics that are important to the planning process. The University’s planning process will require broad input from the Princeton community. Princeton students, faculty, staff, alumni, parents and friends are invited to share feedback through an online form throughout the process.

UPDATES: As the process evolves, new task forces and reports will be added to this site, so please check back periodically.
Task forces supplement ordinary planning processes

- Academic and administrative departments routinely engage in strategic planning
- They will continue to do so
- Some questions require deliberation across units
Many task forces are now underway

**Share Your Feedback**

**University-wide Teaching and Research**
- Committee on the Future of Sponsored Research
- Internationalization Self-Study Working Group
- Princeton Entrepreneurship Advisory Committee
- Strategic Review of Online Education
- Task Force on the Future of the Graduate School

**Specific Areas of Teaching and Research**
- Regional Studies Task Force
- School of Engineering and Applied Science Strategic Planning Task Force
- Task Force on Statistics and Machine Learning
- Task Force on the Future of the Humanities
- Task Force on the Natural Sciences
- Woodrow Wilson School Self-Study and Strategic Review Committee

**Campus Life**
- Service and Civic Engagement Self-Study
- Task Force on the Residential College Model

**Stewardship of University Resources and Connections with Communities Beyond the Campus**
- Alumni Affairs Self-Study
Most task forces are likely to issue recommendations within the next two years

- Will inform and educate the trustees and the administration about key challenges and opportunities

- Task force recommendations will be vetted by the administration and trustees

- Some will become the foundation for new university initiatives
There will be formal and informal opportunities to comment

- Task forces will reach out to the community

- You can reach out to them
  - The website includes the charges to the task forces
  - And their membership

- You can comment directly from the website
We want to hear from you!

Share Your Feedback

Thank you for taking the time to share your comments, questions and ideas to inform the University's strategic planning process. Comments received via this form will be forwarded to the appropriate task forces for consideration.

Comments

What is your Princeton affiliation? (optional)

- Faculty
- Student
Priorities Committee FY16

For presentation to the Council of the Princeton University Community
November 10, 2014

David S. Lee
# Members of the Priorities Committee

<table>
<thead>
<tr>
<th>Constituency</th>
<th>Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cabinet members</td>
<td>David Lee (Provost), Carolyn Ainslie (VP Finance and Treasurer), Debbie Prentice (Dean of Faculty), Treby Williams (EVP)</td>
</tr>
<tr>
<td>Faculty members</td>
<td>Chris Achen (POL), Jill Dolan (ENG), Maria Garlock (CEE), Sally Poor (GER), Blair Schoene (GEO), Nick Turk-Browne (PSY)</td>
</tr>
<tr>
<td>Graduate students</td>
<td>George Khoury (CBE), Loan Le (ELE)</td>
</tr>
<tr>
<td>Undergraduate students</td>
<td>Brandon Holt’15 (HIS), Michael Kochis’15 (MOL), Yessica Martinez’15 (COM), Carolyn Yang’15 (WWS)</td>
</tr>
<tr>
<td>Staff representative</td>
<td>Devin Livi (Facilities)</td>
</tr>
<tr>
<td>Staff to committee</td>
<td>Steven Gill (Budget Director), Aly Kassam-Remtulla (Provost’s Office)</td>
</tr>
</tbody>
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Priorities Committee charge (slide 1)

- Review the University’s operating budget: FY14 actuals, FY15 current, recommendations for FY16
- Recommend changes to the undergraduate fee package (tuition, fees, room, and board) and the financial aid budget
- Recommend changes to faculty and staff salary pools
- Recommend changes to graduate student tuition and stipend
Priorities Committee charge (slide 2)

- Recommend changes to graduate student, staff, and faculty housing rates
- Prioritize one-time and permanent budget requests from University officers
- Provide feedback on potential administrative initiatives (e.g. SUMAR)
- At the end of the process, review budget projections for future years
Priorities Committee schedule

- Semi-weekly meetings (orientation, presentations, deliberations): mid-October through early January

- Meetings with the Finance Committee of the Board of Trustees: November, December

- Final report: early January

- Provost presents report to Trustees for their approval of operating budget for FY16: January 30
Overall financial context

- We are in a solid financial position
  - Endowment of $21.0 billion (June 2014)
  - Solid credit rating
  - Sufficient liquidity
  - Loyal and generous alumni and donor base

- However, we are still subject to trade-offs among many important priorities
Given the large endowment and large return, don’t we have resources for all our priorities?

- 21 billion dollars ≠ ∞
  - (We cannot and should not spend principal)

- The 19.6% return is encouraging but misleading
  - The more relevant number is a 10-year average, which is about 10 percent
  - Of that, our long-standing planning rule is to spend about 5% and to reinvest about 5% to balance interests of current and future generations

- How we spend is NOT tethered to a volatile annual return
  - It is tethered to principles (e.g. spending efficiently) and values (e.g. commitment to financial aid)

- Endowment income increases at 5% per year
  - However, there is inflation in expenses to keep doing what we are already doing

- The difference between the endowment income increase and inflation supports
  - New academic and campus initiatives, activities and programs
  - Also, compliance, safety, risk management
Conclusion

- Committee has tough decisions to make among many important priorities

- We welcome your comments and questions which may be directed to: Aly Kassam-Remtulla at akassam@princeton.edu

- To read prior reports, please see the Committee’s website: http://www.princeton.edu/provost/priorities-committee/