

COUNCIL OF THE PRINCETON UNIVERSITY COMMUNITY
November 10, 2008

Minutes of a meeting of the Council of the Princeton University Community held November 10, 2008 in the Friend Center. Present were Council members Ms. Ainslie, Mr. Ayalon, Mr. Candelaria, Ms. Chen, Ms. Chism, Ms. Dickerson, Professor Draine, Mr. Durkee, Provost Eisgruber (chair pro tem), Professor Fiske, Mr. Fraisse, Professor Guild, Ms. Hudleston, Ms. Hultholm, Mr. Hunter, Ms. Kaplan, Dr. King, Ms. Lang, Dr. L'Esperance, Professor Lyon, Dean Malkiel, Ms. McGinty, Ms. Metro, Mr. Mosteiro, Professor Nunokawa, Mr. Parameswaran, Ms. Rosen, Ms. Salciccioli, Mr. Schiff, Ms. States, Professor Strauss, Mr. Lang Wang, Mr. Mike Wang, Mr. Weinstein, Professor Zakian, Mr. Zumbetta; Ms. Halliday was secretary.

Approval of the minutes

In the absence of the President, Provost Eisgruber chaired the meeting. He asked if there were questions or comments about the minutes of the September 22 meeting, and the Council approved them in the form in which they had been previously distributed.

Question and Answer Period

Ms. States had submitted a question in advance of the meeting regarding the University Humanitarian Relief Efforts policy established in response to the devastation caused by Hurricanes Katrina and Rita. The policy allows for up to 2 weeks of paid leave and reimbursed travel expenses for participation in recognized relief efforts at the discretion of the employee's department. She asked whether the University is considering extending and/or expanding the policy. Vice President for Human Resources Lianne Sullivan-Crowley said that the policy had been extended once to June 2009. Her office is reviewing how many employees took advantage of this opportunity and is considering extending another year.

Christina Hultholm, chair of the Graduate Student Government, noting the essential importance of graduate students to the University's mission, including their work as researchers, asked about University support for graduate students. Their needs include stipends, and also childcare, parking and shuttle services. The Provost said he was happy to reaffirm the University's commitment to giving students the tools to do their work. One of the topics on the agenda for the meeting was budget constraints, and it is clear that the University will not have a blank check for supporting graduate students – or supporting any other part of its mission. But he reaffirmed that the University recognizes graduate students as an indispensable part of the enterprise, and he was pleased by the partnership with the Graduate Student Government to address concerns that students raise.

The Campus Master Plan: Parking and Transportation

The Provost introduced the first agenda topic, parking and transportation, which, because of time constraints, had been postponed from the previous Council meeting discussion about long-range planning. Kim Jackson, Director of Parking and Transportation, noted that on January 5 the University would launch a new transit system which had been created using information from outreach to the University community. New, fuel efficient vehicles are being added; attention is being paid to use of biodiesel fuel. The system has been expanded to include Forrester campus and will include new University offices at 701 Carnegie Center. Attention has also been paid to including area shopping on the route including MarketFair and to provide “on demand” service at night that will cover late train arrivals at Princeton Junction station. The goal is to be efficient enough to get people to where they need to go. On the basis of use patterns, new express services are being added to serve sectors of campus at rush hour and in response to requests from graduate students, service on the west side of campus has been expanded past 9:00 p.m.

Parking will remain a challenge as campus grows, and new facilities are built on existing lots. The University is trying to reduce the number of single-occupancy vehicles coming to campus by promoting car and van pools, biking and walking. Rezoning of parking is in progress in part to allow for overflow closer than Lot 21 by Jadwin Gym. During the discussion that followed Ms. Jackson explained why the University had instituted a tag system for vehicles this year noting that this helped eliminate multiple vehicles from one household parking at the same time on campus. It is estimated that this step will free up about 100 parking spots a day. In response to comments from graduate students, Ms. Jackson noted the challenge of timing in making decisions about closing lots, at times resulting in a closure that seems early to drivers. The goal is to meet all needs fairly and to balance the system as a whole. This will mean that some staff will be inconvenienced just as some graduate students are inconvenienced. Other points raised in the discussion include the following:

- Graduate students who live on campus will be provided a pass that allows for a limited number of times to park on campus. If students encounter particularly difficult situations that require campus parking for an expanded period of time (to make doctor’s appointments, for example), they can e-mail her office for help.
- Bikes are being promoted, but safety remains a concern, for example, at the crossing of Washington Road by Molecular Biology. A new bike map is being produced that will include “rules of the road,” and new bikeways.
- With construction, parking lots are disappearing, and priority is given to those who must commute to campus. Freshmen and sophomores no longer can bring cars to campus. The goal is to reduce demand for parking and the number of cars on campus, and strategies are being developed on all levels to accommodate students without cars, including new shuttles routes to shopping districts.
- Graduate students work late in labs and while they are allowed freedom to park around campus after 5:00 p.m., some lots close at 2:00 a.m. Ms. Jackson asked that they contact her office when they need to park later than 2:00 a.m.
- Ms. Jackson confirmed that the new shuttle service to Princeton Junction was intended to cover hours after the Dinky train stops.

The Provost thanked Ms. Jackson for her efforts to balance all considerations that have emerged in these discussions, noting the critical role parking and transportation play in the University's commitment to sustainability.

Update from the Priorities Committee

He then introduced an update from the Priorities Committee, which he chairs and which is a standing committee of the CPUC, by talking about what the current downturn in the economy means for the University. In these "hard times," the University cannot be totally insulated from impact, and he and his colleagues are looking at the operating and capital budgets to see what adjustments should or can be made. The University adopted recently an extremely ambitious capital plan, and they are examining the timing and scope of projects with the expectation that some will be postponed. It is expected that salary pools will be constrained here as at other institutions of higher education. Relatively speaking, Princeton is not especially exposed because of very deliberate investment policies that plan for bad times as well as good times. A key priority is financial aid and maintaining the University's commitment to need blind admission. There are no plans to pull back on financial aid even realizing that more families will likely apply and that applications will be for higher amounts of aid. The other key priority is to maintain the quality of University programs and to continue to attract top faculty and graduate students.

It is within this context that he and his colleagues on the Priorities Committee are considering their charge to develop recommendations to the President for the operating budget for FY10. He introduced members of the Committee who were present at the meeting, inviting them to add comments to his presentation. The Committee is still developing recommendations about the operating budget, the focus of its work. It is concerned with expenditures that recur annually (like salaries and program costs), not capital costs (e.g., whether to construct buildings) or term costs (e.g., a two-year position that goes away). The operating and capital budgets interact in different ways – for instance, a new building requires building services assistance, an ongoing expenditure. The yearly recommendations include tuition and fees; average increases to salaries; programmatic increases, as well as graduate student stipends, rents, etc. A copy of his presentation is attached as a Powerpoint file: PriCom08Nov.ppt.

He then introduced Carolyn Ainslie, the newly appointed Vice President for Finance and Treasurer, to provide context for understanding the impact the recent global economic downturns may have on Princeton and other institutions of higher education. Ms. Ainslie, referring to a Powerpoint presentation [attached here as Ainslie.ppt], drew some of the differences between education and business finances. Different cyclical patterns influence universities, or influence universities differently from business or the financial sector. For example, if there is a downturn in the economy, people are more likely to go back to school. Higher education budgets draw on a variety of revenue sources, not just from government sponsored research, but corporations, students and individuals. However, the university is impacted by financial downturns. She noted that tuition "sticker shock" is misleading, at least at Princeton, where admission is need blind and over 50% of undergraduates are on financial aid. Retirement of members of the baby-boom generation will increase competition for the best faculty. Changes in the federal government administration in January will likely also have an impact.

Ms. Ainslie talked about recent economic instability and uncertainty in the investment and credit markets in the Princeton context. Princeton is incredibly financially healthy. The University's triple-A bond rating allows Princeton to borrow at favorable rates; the return on the endowment has been great over the long term. Fundraising benefits from intensely loyal alumni and friends groups; leadership of the University is stable. In all, Princeton is in a good position to weather this difficult economic climate. The University's outstanding debt is \$1.5 billion in long-term fixed rate instruments which also puts Princeton in a strong position.

Using charts, she accounted for income and expenses in the operating budget, noting that now 40% of the operating budget comes from return on the endowment. The greatest expenses if considered by "functional area" are associated with the academic program (33%), facilities (29%) followed by student aid (13%). Because higher education is labor intensive, if expenses are considered by expense category, 42% of the budget is related to people – to salaries and benefits. Overall, income from sponsored research reflecting a decrease in work at PPPL and financial aid expenses are up.

With respect to the impact of the economic downturn on endowment income, the endowment spending rule has allowed the University to plan for next year anticipating a 5% increase in income from endowment. Given the extraordinary financial climate, it is not certain what long-range possibilities are. The University will monitor changing events and draw on long-established budget processes to ensure financial health and stability.

The Provost thanked Ms. Ainslie for her report, noting that her first few weeks as Princeton's Vice President for Finance and Treasurer coincided with unprecedented financial challenges. He reminded the Council that the University is in the middle of the Aspire Campaign, which continues to go forward and make progress albeit against something of a "headwind." But campaigns are long-distance endeavors, and fundraising efforts continue despite these challenges.

During the discussion that followed a graduate student asked whether the University will be able to maintain current standards of living given increasing regional inflation and higher costs. The Provost replied that the Priorities Committee looks at pressures like these for all members of the community including staff, and such concerns are definitely on the committee's radar screen. But hard times are hard times, and the University cannot promise that there will be no consequences to standards of living in the future. Others asked about the impact of the economic climate on projects that are on the horizon, some of which have been at least partially funded, like the Center for the Performing Arts, through donors' gifts. The Provost answered that the University is now considering recommendations about the status of projects. Those already begun are difficult to stop usually; some projects may be postponed, but the hope would be that they would be back on track sooner rather than later. In response to another question about this year's requests to the Priorities Committee for funding, the Provost referred to an open meeting next Monday after which the requests will be posted on his office's website (see <http://www.princeton.edu/~provost/Pricomm.htm>).

Respectfully submitted,

Ann Halliday
Secretary