

Minutes of FAP Meeting #5 AY2017-18

2 October 2017, 11 a.m. – 12 p.m.

Faculty Governance Conference Room, SL225

In Attendance: Nancy Burnham (Secretary), Tanja Dominko (Chair), Fabienne Miller (RPC representative), Jeffrey Solomon – Executive Vice President and CFO, Kristopher Sullivan – Associate Vice President for Academic Affairs, Mark Richman (Secretary of the Faculty)

Absent: Tahar El-Korchi (FBC Chair)

Invited Guests: Provost Bruce Bursten, Michelle Jones-Johnson (VPTD and CDO), Judi Trainor (AVP for Finance),

- 1) **Approval of the Agenda.** The agenda was approved as amended.
- 2) **FY 2017 Year End Operating Results.** In preparation for the Board of Trustees' Budget and Finance Committee meeting AVP Trainor summarized the results from the FY17 operating budget. Overall, fiscal year 2017 ended with a higher than anticipated surplus of \$9.6M. , \$8.6M over the budgeted surplus.

Revenues exceeded budget by \$5.4M (5% growth over previous year to \$218M). One main variance contributing to the revenue growth include undergraduate and graduate tuition and fees (\$2.0M). While undergraduate tuition revenue was lower than budgeted, this was offset by decrease in tuition discount rate from the rate budgeted (39.8% actual vs. 40.5% budgeted). Graduate programs on campus and online exceeded budget projections by 5% and 17%, respectively; while corporate delivery tuition revenue was 6% lower than budgeted. Indirect cost recovery was 7.6% below budget, a consequence of reduced sponsored research expenditures by 18% compared to the previous fiscal year. The other main variance contributing to additional revenue was an increased endowment support and additional gifts received (\$2.6M).

Prof. Miller asked whether the FBS MBA blended courses are included in online credits and VP Trainor explained they were included in on-campus credits.

Expenditures were \$3.2M below budget (6.4% growth over previous year to \$208M). The main variances contributing to reduced expenditures include vacancy savings from open staff positions cost of utilities, and limited use of contingency funds.

FAP members inquired about the use of surpluses in recent years. Executive VP Solomon explained that the surpluses have been placed into University reserve funds and are used for increasing WPI investment into deferred maintenance (accessibility upgrades), other capital projects, and faculty startups. In particular, this year an initial investment of \$3M into to replace the Banner management software with WorkDay software is planned and additional resources will be needed over the next few years. He added that budget planning process is using conservative projections in addition to planned contingency (\$3.0M) and budget surplus (\$1.0M) line items.

VP Trainor left the meeting at 11:20 am.

- 3) **Faculty Salary Survey 2017.** VP Jones-Johnson updated FAP on the presentation of the 2017 Faculty Salary Report to the Executive Compensation Committee of the Board of Trustees in May 2017. The presentation was made by Sibson Consulting and the Executive Compensation Committee did not

identify any concerns or recommendations regarding the report. She suggested that FAP, in collaboration with HR and the Provost's Office, could develop a set of guidelines for evaluating appropriateness of faculty compensation in response to the change from our nearly 75th percentile ranking in 2013 to just above the 50th percentile in 2017 (in aggregate – all ranks). Ms. Jones-Johnson offered to draft a document for discussion among FAP, HR, and the Provost's Office.

Prof. Richman asked whether the report in 2017 was used for development of an institutional strategy. FAP members were concerned that in the absence of an institutional strategy for compensation of faculty, the salary trends could continue to decline, but this decline would not be obvious until the next salary survey is conducted, likely in 3-4 years.

FAP will propose that the issue be discussed at an upcoming Executive Compensation Committee of the Board of Trustees.

4) The meeting was adjourned at 11:55 am.

Respectfully submitted,

Nancy A Burnham
FAP Secretary for AY 2017-18