Minutes of a Stated Meeting of the
Senate of New York University
February 5, 2009

A stated meeting of the Senate of New York University was held in Room 914 of the Kimmel Center for University Life at 2:00 p.m. on Thursday, February 5, 2009. The meeting was convened with Chief of Staff and Deputy to the President Diane Yu in the chair, who had been designated President pro tem for this meeting by Dr. Sexton.

Present in addition to Ms. Yu were members of the Faculty Senators Council Black, Cappell, Czepiel, Dunbar (for White), Economides, Goodman, Hammack, Hendin, Jones, Kinnally, Kovner, Lebowitz, Ling, Lowrie, Moran, Raiken, Ramsey, Reiss, Rosenberg, Schacht, Simon, Simonoff, Thompson, Young, and Zwanziger; members of the Student Senators Council Adorno, Alvarez, Boehne, Caribai (for Ampaw), Crehan, Jean, Eugenia Lee, Justin Lee, Major, Peaden, Petrie, Reformat, Robyn (for Aggimenti), Schaffer (for Desouki), Schmidt, Schoenberg, and Vir; members of the Deans Council Bertolami, Callahan (for England), Cameron (for Campbell), Carey (for Brabec), Farrington (for Santirocco), Greenbaum (for Blount-Lyon), Hvala (for Cooley), Lapiner, Schall, Stimpson, and Wofford; members of the Administrative Management Council Fauerbach, McIntyre, Moppett, Pender, and Summers; and members of the University Administration Provost McLaughlin, Executive Vice President Alfano; and Acting Secretary Chamberlin, constituting a quorum.

Approval of Minutes

The minutes of the stated meeting of the Senate held on December 4, 2008, were approved.

Report of the President

Ms. Yu referred to a memorandum, which was mailed to each Senator and is attached to these minutes as Exhibit A, that outlines some of the collective achievements at the University since the Senate's last meeting.

Update on University Financial Picture

Executive Vice President Michael Alfano reported on the University's current financial picture. See Exhibit B. Dr. Alfano began his report by referring to the various frameworks upon which the University's programming is based. He reminded the Senate that during the 2008 academic year Ms. Yu had spearheaded "NYU Framework 2031," which he described as the first and foremost among the frameworks relied upon by the University.
Dr. Alfano said that NYU Framework 2031 was not an actual strategic plan, but rather a set of parameters that reflect the University's ideals and the metrics by which to value the various opportunities presented to the University and ways in which to prioritize and initiate them.

"NYU Green" is the University's sustainability program led by Senior Vice President for University Relations and Public Affairs Lynne Brown and Senior Vice President for Operations Alison Leary. This framework has included cooperative efforts between the University and the surrounding community, planning grants, and small research start-up funds. The University has become more conscious of its carbon footprint and has signed on to Mayor Bloomberg's plan for reducing carbon emissions. NYU Green has spawned the development of environmental studies programs at the University and a commitment on the part of the administration to a greater emphasis on building "green," which will save money through lower energy costs.

The framework known as "NYU Plans Space 2031" is the University's space planning initiative, also spearheaded by Dr. Brown with input from a strategic assessment and design planning group. To date, five public meetings have been held in the Silver Center where each of the various iterations of the plan have been displayed. The plan includes expansion of the University's footprint on the superblock located just south of Bobst Library, coupled with the understanding that the University's ability to expand within the Greenwich Village neighborhood is finite and that other locations need to be considered in order to meet the University's growing space needs.

The final framework is assessing how the University will be able to afford all that it hopes to achieve, particularly in the context of very difficult economic times. Dr. Alfano noted that three years ago, the administration had begun taking a more realistic approach in its budget assumptions. The administration also acknowledged that the University is defined by its students, faculty, and research and, as a result, took steps toward making the administration as lean as possible. In 2007, the administration began the quiet stage of Phase I of a re-engineering effort that resulted in administrative savings of approximately $11 million. After addressing various structural needs, particularly in information technology, the administration realized a net savings of approximately $5 million, which then was used to begin building a strategic contingency reserve fund. This was done in part to address the fact that two to three years previously the University's budget contained only $7 million of contingency funds, which would have left the University ill-prepared to address a financial crisis. Dr. Alfano noted that any excess from the University's normal operating reserves is put into the strategic contingency reserve fund each year and that each school contributes to the fund through a one percent tuition tax. The goal is to allow this fund to grow over a period of years in the University's endowment until it reaches ten percent of the University's total operating budget or approximately $250 million.

In March, 2008, well before the current economic crisis, the University launched the public stage of its Phase I re-engineering effort and nine months into this effort had succeeded
in raising $25 million for the strategic contingency reserve fund. Dr. Alfano reminded the Senate that as part of this effort, five task forces had been formed and charged with reviewing the effectiveness of a broad range of University-wide management functions, including revenue programs, human resources policies, construction and facilities management optimization, information technology, and financial systems. Dr. Alfano said that the strategic contingency reserve fund is intended to be used only in cases of extreme emergency.

Dr. Alfano said that the next step was an effort to match the University's physical infrastructure needs over the next 25 years with its financial capacity. This contrasts with past practice, when the University operated more opportunistically. The administration is gauging its borrowing capacity and its ability to service debt in order to project realistically which of its physical needs can be met. Over the last few months, the administration has requested that a set of operational contingency budgets be designed to help blunt the impact that any future downturns will have on the University. These budget contingencies may be implemented partially or not at all and have been designed to address what is seen as a finite problem, albeit one which may last two to three years. The potential savings from operational contingency budgets is different from the savings achieved through re-engineering, which are structural savings resulting in $25 million being available on an annual basis. The University is currently in the process of expanding its re-engineering plan and is looking to further trim the administration while at the same time increasing funds available for teaching, research, and student programs, such as residential education and student health services.

Dr. Alfano noted that the threats to securing the University's financial capacity include a downturn in students' family resources and their ability to obtain loans, less philanthropic giving, and the decrease in the value of the University's endowment funds. The University's financial strengths include the elimination of its structural deficit, the development of a more conservative budget, and the construction of the strategic contingency reserve fund. The elimination of the structural deficit was achieved through a salary freeze implemented in 2002. The University changed its assumptions on revenue and costs in order to build a more conservative budget, and its re-engineering succeeded largely through attrition.

Dr. Alfano said that the threats to securing the University's financial capacity had not ended. Previously the University was able to insure its bonds through "AAA" rated agencies, resulting in a lower rate of interest on its bonds. Those insurers are now essentially defunct. Fortunately, the University has been given an "AA" rating which means that it can borrow from New York State at very favorable rates without the need for bond insurance and without onerous covenants. Public dissatisfaction with tuition increases at twice the rate of inflation for the last 40 years has resulted in Congressional focus on how universities have been managing their endowments. Last year Iowa Senator Charles Grassley, who serves as the Ranking Member on the United States Senate's Committee
on Finance, sent a letter to colleges and universities requesting information about endowment growth and spending on student aid.

Dr. Alfano noted some specific threats facing the University in fiscal year 2010. The University's endowment has decreased in value by approximately 20 percent since June, 2008. Under a New York law known as the Uniform Management of Institutional Funds Act ("UMIFA"), not-for-profit entities are restricted from spending endowment accounts whose current market value is lower than its historic dollar value, which is the initial value of a fund plus any principal additions to the fund. Accounts whose values have fallen below historic dollar value are termed "underwater endowments." For fiscal year 2010 the University is projecting that the ban on spending from underwater endowments will have a negative budget impact of approximately $20 - $40 million. An additional five percent drop in the market value of the endowment could have an additional impact on the budget in excess of $40 million. In addition, lower returns are expected on both the University's endowment (an estimated impact of between $6 million and $20 million) and working capital accounts (at least $12 million). The risk to student financial capacity coupled with the need for an increase in student financial aid could result in a negative impact of at least $10 million. In recent months, revenue from philanthropy also has substantially decreased.

Dr. Alfano noted that all aspects of the University's budget, with the possible exception of sponsored research, are under threat. Other universities, including Princeton, Massachusetts Institute of Technology, and Stanford have been negatively affected and have reported operating deficits and the implementation of austerity measures.

Dr. Alfano emphasized that while building on the strategic contingency reserve fund, the University was able to complete Phase I of the re-engineering effort without any layoffs, service cuts, or any school participation, and modeled operational contingency budget reductions of between two and twelve percent for schools and administrative units. The administration is now ready to launch Phase II of its re-engineering effort. Dr. Alfano noted that the University needs more than the $25 million that exists in its reserve fund to support the academic goals of its schools and to further enhance the University's information technology systems. In addition, it is important that debt service capacity be written into the University's budgets.

Dr. Alfano explained the difference in the parameters between Phase I and Phase II of the re-engineering effort and stressed that Phase II remains a work in progress. The three main parameters of Phase II are: selective layoffs upon approval of a group of senior administrators (the Provost, Executive Vice President, and Chief of Staff); selective reductions in service upon approval of the senior administrators; and participation on the part of the schools through reductions equal to two to fifteen percent of controllable administrative expenses, with all school savings to be retained within the school for academic initiatives and facilities improvements as approved by the Provost.
The methods that will be used to achieve Phase II will include freezing most external non-faculty hiring; implementing voluntary three or four day work weeks at pro-rata salaries; implementing mandatory nine, ten, or eleven month contracts as allowed by law at pro rata salaries; freezing the use of most temporary help; eliminating the use of non-student casual employees; restricting the use of consultants; implementing appropriate suggestions of the re-engineering task forces; reducing travel, entertainment, and car service spending; reducing food service at internal meetings; reducing printed distributed material; and cancelling or deferring non-essential construction and rehabilitation projects.

Other options to achieve Phase II include evaluating the outsourcing of a number of the University's functions; evaluating the consolidation of a larger number of University units; eliminating hard wired phone services in student housing; creating school or unit service clusters in human resources, information technology, and finance; reconfiguring computer laboratories to wireless lounges with collaboration software; renegotiating service contracts wherever possible; reducing future benefits costs by grandfathering existing employees; implementing appropriate suggestions of the re-engineering task forces; and empowering the University's Purchasing Services to mandate specific commodity purchases.

Dr. Alfano explained that Phase II of the re-engineering effort includes the participation on the part of the schools to develop internal administrative savings and to create plans to apply those savings to high priority projects. In turn, should the need arise on the part of the administration to implement operational contingency plans, the savings re-engineered by the schools will be applied to contingency targets. Once the threat has passed, the money will revert back to the schools' budgets.

Mr. Schoenberg asked if anything was being done to make the University less reliant on tuition and more reliant on its endowment. Dr. Alfano said that the administration was trying to make the University less tuition-dependent and that it was less dependent on tuition than it used to be. It is hoped that the University's investments in residential education, student residence facilities, and student health services will pay dividends in the future through the development of stronger bonds between students and the University and give rise to greater alumni philanthropic giving. Dr. Alfano noted that when the Investment Committee of the Board of Trustees met on September 9 it had decided to reduce the University's stock portfolio from 35 percent to 25 percent, which ultimately helped the University save approximately $50 million that otherwise would have been lost in the economic downturn that immediately followed.

Professor Economides said that it would be helpful if the administration were to make the budget more transparent and post the consolidated financial statements online. Senior Vice President for Finance and Budget Martin Dorph noted that the University's consolidated financial statements could be accessed on the Controller Division's website. Professor Economides then asked Dr. Alfano to comment on the Bernard L. Madoff investment securities scandal in which Mr. Madoff has admitted to defrauding clients of up to $50 billion in a massive Ponzi scheme. Dr. Alfano noted that the University had
discovered that it was invested in Madoff funds through an investment in the Ariel Fund run by Ezra Merkin, which was invested in the Madoff fund. The University has initiated a lawsuit against the Ariel Fund and Mr. Merkin in an effort to protect any other assets that may be available to investors. The University has been successful in obtaining a preliminary injunction. Dr. Alfano said that he could not comment any further on the matter due to the fact that the lawsuit was pending.

Professor Economides asked Dr. Alfano to comment on the "Open Letter to President Sexton," which had been distributed jointly by the Administrative Management Council and Faculty Senators Council at today's meeting and is attached to these minutes as Exhibit C, in reaction to Dr. Sexton's January 26, 2009 message to the University community regarding the economy and the University's priorities. Dr. Alfano noted that he had received the document just minutes before today's meeting and said he felt that it did not accurately reflect the budget process followed at the University. Dr. Alfano said that a letter always has been sent from the Budget Office before final decisions are made on the budget. The letter had been sent somewhat earlier this year than in the past because the budget timetable had been moved up to give the University's trustees more time to review the data and to allow the administration more than one opportunity to present it to the Board of Trustees before their June meeting. The administration hopes to present the final budget in April to the trustees. Dr. Alfano pointed out that he had attended every meeting of every constituent Council to which he had been invited since being named Executive Vice President and has spoken honestly about the University's budget and finances at each of those meetings. Dr. Alfano said that he was disappointed that a public document had been issued, which might be technically accurate, but which was not fully reflective of the budget process.

Upon motion duly made and seconded, the report of the President was approved.

**Report of the Academic Affairs Committee**

The Committee had no report for this meeting.

**Report of the Committee on Organization and Governance**

In Professor Gans's absence, Ms. Petrie reported that the Committee continued to examine the issue of Senate representation from students enrolled in the Liberal Studies Program and would hear a report from Dean of the Liberal Studies Program Fredric Schwarzbach regarding the Program at its next meeting.

Upon motion duly made and seconded, the report of the Committee on Organization and Governance was approved.
Report of the Financial Affairs Committee

Dr. Alfano reported that the Committee would be meeting immediately following today's Senate meeting.

Upon motion duly made and seconded, the report of the Financial Affairs Committee was approved.

Report of the Public Affairs Committee

Professor Tannenbaum referred to the proposed resolution, attached to these minutes as Exhibit D, that had been circulated to the Senate prior to the meeting recommending that the University administration rescind the ban on the sale at the University of all products produced by The Coca-Cola Company ("Coca-Cola").

Professor Tannenbaum reminded the Senate that Coca-Cola had been accused of complicity in human rights violations at bottling plants in Colombia in the 1990's. In February 2005, in response to growing concerns at universities across the United States about these allegations, Coca-Cola hired the Cal Safety Corporation ("Cal Safety") to inspect the bottling plants. Cal Safety's review did not identify any current human rights violations, but opponents of Coca-Cola rejected the Cal Safety report, faulting it on its procedures. Coca-Cola and representatives from a group of universities subsequently met in Washington DC in the summer of 2005 to attempt to agree upon an independent and impartial investigating team.

In November 2005, with the negotiations lagging between Coca-Cola and the university commission, the University's Senate voted to ban the sale of Coca-Cola products on campus until the company agreed to an independent investigation of these allegations. The anticipated investigation did not materialize and the University's ban has remained in effect since that time.

In spring 2008, the Committee learned that the International Labour Organization ("ILO"), an agency of the United Nations, was moving forward with an assessment. Based on reports that an agreement was in place and an assessment scheduled, the Committee proposed lifting the ban in April 2008. That proposal was rejected by the Senate.

The ILO assessment subsequently was carried out in June and July of 2008, and the final report was issued in October, 2008. The report was emailed to the Senate in the fall 2008, and the Committee advised the Senate that it would revisit lifting the ban since the terms of the resolution appeared to have been met. Last week a forum organized by the Public Affairs Committee was held on this topic. Four students delivered presentations both pro and con and questions and comments were taken from the audience of approximately 75 attendees, including approximately 20 senators and alternate senators.
Professor Tannenbaum summarized the key points from both sides.

The arguments in favor of keeping the ban in place include:

1. The terms of the resolution have not been met.
2. The ILO conducted an assessment of current conditions, not a full investigation of past human rights violations.
3. The ILO is not an independent body and therefore was not equipped to conduct an impartial investigation.
4. The University community has a moral obligation to hold the corporation responsible for these alleged crimes.

The arguments in favor of lifting the ban include:

1. The terms of the resolution have been met.
2. Even if the report did not reflect an independent assessment within the strict terms of the Senate's resolution, it was reasonable to question whether it could be possible to conduct an independent assessment that would satisfy the terms of the resolution.
3. The NYU community is entitled to freedom of consumer choice.

Professor Tannenbaum summarized the Committee's position as follows. When the ban was enacted in 2005, NYU and a group of universities were pressuring Coca-Cola to agree to an independent investigation which was thought to be imminent. It had been hoped that the threat of a ban would motivate Coca-Cola to agree to the terms of an investigation. The Committee was pleased that, after two years, the ILO, Coca-Cola, and the participating unions had worked out the preliminary agreements and had scheduled the assessment in spring 2008. The Committee felt that this investigation would satisfy the terms of the 2005 resolution to permit the University to lift the ban.

Professor Tannenbaum said that the Committee had since received the report and concluded that the ILO had conducted an assessment of current working conditions in the Colombian bottling plants and not, as dictated by some of the language of the 2005 resolution, an "independent investigation into allegations of The Coca-Cola Company's complicity in human rights violations against the SINALTRAINAL union." Professor Tannenbaum acknowledged that while there is some disagreement about the credibility of the ILO's report, the Committee is satisfied with the ILO's credentials. It is a longstanding, legitimate human rights and workers rights organization which represents workers, employers, and governments. In addition, the ILO has some 180 member countries and was awarded the Nobel Peace Prize in 1969.

Professor Tannenbaum acknowledged that the Director of Coca-Cola's Global Workplace Rights Edward Potter attends the ILO annual conference as one of four United States delegates nominated by the United States Department of State, but does not serve on the ILO's Executive Council or on its staff.
The ILO had stated that the assessment would be an independent one, carried out through the expertise of the ILO, and that it did not envisage, or consider appropriate, involvement of either Coca-Cola or the international trade union in the assessment. At the same time, Mr. Potter had asserted that he had no contact or discussion with the ILO with respect to the substance, scope, process, or timing of the assessment.

In sum, Mr. Tannenbaum said that the Committee felt that the assessment had not been compromised by the ILO's connection to Coca-Cola and that the assessment was fully within the ILO's stated mission, objectives, and competencies. In the Committee's opinion, it was unlikely that an investigation that fully complied with the terms of the Senate's resolution would come to fruition in the near future. No other organization universally recognized as having the authority, experience and impartiality has come forward to offer itself to undertake a thorough investigation of the alleged complicity in human rights violations. The anti-Coca-Cola groups have said that they were working to encourage a group to launch an investigation, but to date nothing has emerged.

Professor Tannenbaum said that the Committee considered it a step forward that Coca-Cola agreed to the assessment of current conditions, that the assessment was able to be completed, and that the report's findings were positive. He said that there is evidence that Coca-Cola had listened to the concerns of universities and that this investigation had been meaningful to Coca-Cola and not just a step to mollify its critics.

Professor Tannenbaum noted that the Committee feels that it needs a pathway to make a decision on this matter. Either the Senate should vote to leave the ban in place or it should agree to accept the ILO assessment as the best possible result in the foreseeable future. If the ban remains in place, the Committee is not optimistic about having any progress to report going forward.

Mr. Lee said that he took issue with the words "insofar as feasible" in the third paragraph of the proposed resolution and did not feel that those words were entirely accurate in the context of the resolution. He suggested that the Committee look for another organization to conduct an investigation if the Senate voted not to lift the ban at today's meeting. Professor Tannenbaum said that he appreciated Mr. Lee's input and said that the word "feasible" had been used in the resolution because the resolution included the words "assessment" and "investigation." He noted that the ILO had conducted an assessment and not an investigation. Mr. Lee said that he was more concerned that an investigation take place of the alleged complicity in human rights violations in the 1990's.

Ms. Boehne said she had invited Camilo Romero, a member of the SINALTRAINAL union, to attend today's meeting as her guest. Ms. Boehne asked that Mr. Romero be permitted to read a letter on behalf of Luis Cardona, who had attended a forum sponsored by several student groups and outside organizations held the previous night at the School of Law where he gave eyewitness testimony of the assassination of a Colombian union leader. Under the Senate Rules of Procedure, Ms. Boehne noted that she was required to ask the
Senate to vote to allow her invited guest to speak at today's meeting. Mr. Tannenbaum objected to the vote taking place. Ms. Yu opened the floor for discussion. Mr. Peaden noted that the Senate had received numerous documents about the issue and that he did not feel that it was appropriate at this time to have outside speakers address the Senate given the fact that there already had been ample opportunities for each side to express their points of view. Ms. Boehne replied by saying that allowing Mr. Romero to speak would put a human face on this very important issue. Upon motion duly made and seconded, the Senate voted against allowing Mr. Cardona to speak by a vote of 30 to 18.

Ms. Boehne then proceeded to read Mr. Cardona's prepared statement which recounted how he had witnessed the murder of his colleague and chief negotiator for the SINALTRAINAL union. In the statement, Mr. Cardona described how he had heard multiple gunshots, left his forklift, and later observed the murder of his colleague. Ms. Boehne noted that the wife of Mr. Cardona's colleague had been killed three years later while on her way to testify at a court hearing against Coca-Cola, which left their two daughters orphaned. Ms. Boehne stressed that the ban had served as a shield for the workers at the plant and that the University had a moral obligation to keep it in place. Ms. Boehne said she felt that there was strong support on the part of the students for keeping the ban.

Ms. Schmidt noted that the Steinhardt School of Culture, Education, and Human Development held a forum on the Coca-Cola ban earlier in the week and said that the sentiment was evenly split over whether to keep the ban in place. Ms. Schmidt said that she had been approached by a student athlete who informed her that the University's baseball team had lost funding as a result of the Coca-Cola ban which prevented them from taking their annual trip and purchasing needed equipment. She said that students understood why the ban had been put in place in 2005, but felt that the terms of the resolution had been met.

Mr. Peaden noted that today's edition of the Washington Square News had reported that students were divided on whether to rescind the ban. Mr. Peaden said that the Committee had made a good point about finding the best possible solution and noted that at the time that the resolution was first drafted, it was hoped that an investigation would be conducted into the alleged human rights violations. However, the specific language of the resolution called for an independent assessment of work and labor relations at the Colombia bottling plant and he said that those conditions had been met and that the ILO had met the criteria of an independent assessment. Mr. Peaden said that he did not feel that another feasible alternative exists and that the Senate should honor its own resolution and lift the ban at today's meeting.

Ms. Lee agreed with Mr. Peaden's remarks that students on campus seemed to be divided on the issue. She said she was personally in favor of keeping the ban for the sake of adding language that would satisfy both the pro and con components of the student body.
Professor Tannenbaum read from an email that he had received from a student. It stated that if a student felt a social or moral responsibility to boycott Coca-Cola he or she did not have to drink it. It further said that at a University that so strongly promotes social responsibility it should be a student's right to choose a proper course of action and not have decisions made for him or her.

Upon motion duly made, the Senate approved the resolution to rescind the ban on the sale of Coca-Cola products at NYU by a vote of 28 to 22.

Professor Tannenbaum promised that the Public Affairs Committee would remain vigilant on this issue. Professor Economides expressed his hope that going forward both Pepsi and Coca-Cola would now be sold on campus.

Upon motion duly made and seconded, the report of the Public Affairs Committee was approved.

**Council Reports**

**Faculty Senators Council.** Professor Cappell reported on the Council's recent events which included hosting a successful spring reception, hearing a very cogent presentation from Dr. Alfano, holding a meeting with Dean Foley regarding the Liberal Studies Program, planning a reception for Polytechnic faculty, and looking forward to a future meeting with Dr. Sexton.

**Student Senators Council.** Mr. Lee reported that Council was looking forward to the all-University Games on February 12 and the Violet Ball on February 28, and would be reaching out to its counterparts at Polytechnic.

**Deans Council.** On behalf of Dean Brabeck, Vice Chair of the Deans Council Ellen Schall reported that the deans had been working individually and collectively on developing the operational contingency budgets for each school. The Council is looking forward to meeting with members of the Faculty Senators Council at its next meeting and continues to explore the ongoing development of the global network university.

**Administrative Management Council.** Mr. Summers reminded the Senate that the Council had submitted its open letter to President Sexton and had nothing further to report at today's meeting.

There being no further business, the meeting was adjourned at 3:53 p.m.

Leona S. Chamberlin
Secretary
As we begin the new year, it is my pleasure to share with you announcements of recent news, honors, and gifts.

NEWS

New York University has once again received a record number of applications for undergraduate admission. Over 37,000 high school seniors applied for NYU’s class of 2013, an increase of 123 applications over last year, the previous record. The number of early decisions applicants remained steady this year. Next year’s freshman class is expected to number around 4,400.

HONORS

Faculty Honors

University Professor Richard Sennett, from the Faculty of Arts and Science, has been named the winner of the 2009 Tessenow Medal for his work in the areas of urban culture and public space. Since its inception in 1963, the medal had been awarded exclusively to architects and designers. Sennett, a sociologist and social critic, is the author of several works, most recently The Craftsman (2008), which explores artisans across different historical periods.

Susan Antón, Craig Calhoun, and Daniel Stein have been awarded the distinction of Fellow by the American Association for the Advancement of Science. Antón, an associate professor in the Department of Anthropology, was selected for her contributions to the field of human evolution, especially to the understanding of the genus Homo. Calhoun, University Professor of the social sciences, was cited for his research in social theory and international and humanitarian applications. Stein, a physicist and NYU’s Dean of Science, was chosen for his pioneering work toward understanding how randomness and disorder influence the organization of matter, and for his university leadership.

Professor of Economics M. Ishaq Nadiri has been awarded the “Ghazi Amanullah Khan,” Afghanistan’s highest civilian honor, by President Karzai. Nadiri was cited for his efforts in preparing both the “Afghan Compact” and the “Interim Afghanistan National Development Strategy” and in completing the “Afghanistan National Development Strategy.”
Dr. Vivian Lee has been named a 2009 Chang Lin Tien Educational Leadership Award recipient. The award, given by the Asian Pacific Fund, honors Asian Americans with significant academic accomplishments and the potential to advance to the highest leadership levels in higher education. Lee is Vice Dean for Science and Chief Scientific Officer at the School of Medicine.

Assaf Naor, an associate professor at the Courant Institute of Mathematical Sciences, has been awarded the 2008 Salem Prize. The prize is awarded to young mathematicians for outstanding work in the theory of Fourier series. Naor works primarily in the area of metric spaces, which are abstract mathematical "universes" in which one can quantitatively measure the distance between any two points. Last fall, Naor won a Packard Fellowship for Science and Engineering.

Mohamed Bazzi, a professor in the Arthur L. Carter Journalism Institute, won the American Academy for Diplomacy's Arthur Ross Award for Distinguished Reporting and Analysis of Foreign Affairs. Bazzi was recognized for his articles written for the Nation magazine on Lebanon.

Student Honors

Cary Joji Fukunaga, an MFA student in the Tisch School's Kanbar Institute of Film and Television, is the winner of the 2009 Sundance Film Festival's Directing Award in the U.S. Dramatic competition. His film, Sin Nombre, also received the Excellence in Cinematography Award.

Alumni Honors

Congratulations to the NYU alumni nominated for Academy Awards, including:
- John Patrick Shanley (Steinhardt '77) for Adapted Screenplay for Doubt
- Philip Seymour Hoffman (TSOA '89), for Actor in a Supporting Role in Doubt
- Victor J. Zolfo (TSOA '85), for Achievement in Art Direction for The Curious Case of Benjamin Button
- Elliot Graham (TSOA '99), for Achievement in Film Editing for Milk
- Dan Jinks (TSOA '85), as a producer, for Best Motion Picture for Milk
- Lora Hirschberg (TSOA '85), for Achievement in Sound Mixing for The Dark Knight

In addition, Brian Grazer, a TSOA Dean's Council member, is a nominee in his role as producer for Best Motion Picture contender Frost/Nixon.

GIFTS

The Institute of Fine Arts announced the receipt of a $4 million gift to support student fellowships. The gift, given by NYU Life Trustee Sheldon Solow, will also endow two professorships and allow expansion of the IFA library to an adjacent building on East 78th Street. The gift is part of the "Call to Action," NYU's fundraising initiative launched last fall to increase support of scholarships and fellowships for students.
Financial Framework for NYU

Michael C. Alfano
Senate Meeting – February 2009
Frameworks at NYU
Frameworks at NYU
Financial Planning at NYU

- More realism in budget assumptions
- Re-engineering I –
  - 2007 quiet phase; $11 million total, $5 million net
  - March 2008; 18 month public phase; $25 million – Success!
  - Will get additional benefits from the 5 taskforces – May, 2009
- **Strategic Contingency Reserve – 2007**
  - Really an exigency plan!
- **Financial/Space Integration Plan**
  - Sequences NYU’s ability to fund Space 2031
- **Operational Contingency Budget Planning**
- Re-engineering II
Financial Planning Theme

University Administration

Teaching, Research, Students
Securing Financial Capacity

Threats

Student Finances
Less Philanthropy
Endowment Returns

Strengths

Eliminated Structural Deficit
Developed more conservative budget
Constructed Strategic Contingency Reserve
Re-engineering I
Key Tools Deployed

- Salary freeze
- Change assumptions on revenue and costs
- Eliminated Structural Deficit
- Build more conservative budget
- Build Strategic Contingency Reserve
- Re-Engineering
- 1% Tuition tax and administration savings contribution
- Attrition
NYU Was Ahead of the Curve
In March, New York University embarked on a plan to reduce administrative costs by 10%, putting it on track to save more than $25 million in 18 months. A few months later, the University completed a seven year capital campaign that raised close to $3.1 billion.

Both moves were made long before the stock market crash that shocked the rest of the nation’s universities into taking drastic steps to shore up finances. Each was prompted by President Sexton’s single-minded mission to make NYU a leading global research university – and to insulate that mission from any threats including impending recession.
Threats to Higher Ed are Growing

Threats
- Revised Credit Ratings
- Reduced Borrowing Capacity
- Political Disenchantment
- Public Dissatisfaction

Strengths
- Conservative Boards
- Enlightened Administrations
- Co-operative Employees
Some specific threats to NYU in FY’10

‘Underwater’ Endowments – UMIFA/UPMIFA

- $20 - $40 million

Lowered endowment returns

- $6 growing to $20 million

Lower returns on working capital

- $12 million

Risk to student financial capacity + Increased fin/aid

- $10 million to $+++ 

Reduced philanthropic revenue

- FY’09 year to date off substantially; Impact $16 - $+++ million
Finance and Budget

Richard Bing
V.P., Public Resources Administration - 212.998.2391 - richard.bing@nyu.edu
- Ensures and enforces regulatory compliance
- Directs grant negotiation and administration (public and non-public agencies)
- Responsible for finance area emergency planning

Samantha Green
Director, Business Operations - 212.998.2421 - samantha.green@nyu.edu
- Develops / improves policies and practices across University financial areas
- Coordinates interdepartmental process improvements
- Develops response to external auditor's comments

Anthony Jiga
V.P., Budget and Planning - 212.998.2278 - anthony.jiga@nyu.edu
- Develops and manages annual operating and capital budgets for the WSQ campus
- Coordinates enrollment and financial planning goals with the Colleges and Provost
- Improves financial reporting and analysis to all WSQ units

For information regarding the University's budget for the Washington Square Campus, please click on the button below.
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University Senate Meeting, February 5, 2009  
Exhibit B, page 15

**Pie Chart:**

- **$2.001 Bln**
- **58%** Student Housing & Dining
- **10%** Endowment Distribution & Other Investment Income
- **4%** Contributions
- **4%** Other Auxiliary Operations
- **2%** Real Estate
- **4%** Sponsored Research
- **3%** Sponsored Educational Programs
- **2%** Dental Patient Care
- **8%** All Other Revenue

**Tuition & Fees Net of Financial Aid**

- Tuition and Fees = $1.416 bln
- Less Financial Aid = .256 bln
- TOTAL = $1.160 bln
$2.001 Bln

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- 10% Student Housing & Dining
- 4% Contributions
- 4% Other Auxiliary Operations
- 2% Dental Patient Care
- 3% Sponsored Educational Programs
- 4% Sponsored Research
- 2% Real Estate
- 5% Endowment Distribution & Other Investment Income
- 8% All Other Revenue

Tuition & Fees Net of Financial Aid
- Tuition and Fees = $1.416 bln
- Less Financial Aid = .256 bln
- TOTAL = $1.160 bln
"We must also look for ways to conduct all aspects of the University's operations more efficiently. All non-personnel administrative budget allocations will be reduced by 5% in fiscal year 2010. Furthermore, departments with restricted endowed funds must plan for an 8% decrease in their annual allocations from these funds, and it is possible that further decreases will be needed in fiscal year 2011."

Shirley Tilghman, President
Last week borrowed $1.0 billion for working capital = $55 million/yr.

an 8% decrease in their annual allocations from these funds, and it is possible that further decreases will be needed in fiscal year 2011."

Shirley Tilghman, President
"The global economic contraction will likely compromise all of the Institute's major revenue streams: endowment, tuition, gifts and research.

Taking all these factors into account, we can reasonably anticipate the need to decrease spending by about 10-15% over the next two to three years. In the current budget planning cycle for FY10, we will plan for a base budget reduction of 5%. Future years will undoubtedly require additional cuts by all units.

Early savings will compound, so that a dollar saved today gives greater long-term budget relief than one saved a year from now."

Susan Hockfield, President
"We now anticipate a need for deeper, permanent reductions in the general funds budget, which funds most of our faculty and staff salaries, central administrative operations and non-research expenses. The most prudent forecast requires us to eliminate as much as $100 million in base expenses from the $800 million general funds budget over the next two years. To give us planning flexibility, we are now asking every school and administrative unit to submit reduction scenarios to the University Budget Group of 5 percent, 7 percent and 10 percent for 2009-10, in the context of an overall plan to eliminate 15 percent over the next two years.

It is important to recognize that reductions of this scale will unfortunately not be possible without reducing the size of the university workforce. Again, we do not plan to mandate an across-the-board approach, and we will provide options for deans and managers to minimize the scale of the inevitable reductions."

John Etchemendy, Provost
"We now anticipate a need for deeper, permanent reductions in the general funds budget, which funds most of our faculty and staff salaries, central administrative operations and non-research expenses. The most prudent forecast requires us to eliminate as much as $100 million in base expenses from the $800 million general funds budget over the next two years. To

Last week the Business School laid off 49 people, reduced workload of others

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John Etchemendy, Provost
"In the aggregate, we believe we must close an annual operating deficit of about $36M in our $600M non-research budget. While this is a significant challenge, every university is facing similar circumstances. Peer institutions that depend more heavily on their endowments to fund operations are facing even greater challenges.

Tufts is the kind of place that it is because of its dedicated faculty and staff. I believe we must do everything we can to try to minimize layoffs. In truth, I cannot guarantee that we will not have layoffs because I do not know how long or how deep this recession will be. Salaries and related expenses account for more than 60 percent of our operating budget. We are unlikely to avoid significant layoffs unless we forego raises in FY2010."

Lawrence S. Bacow, President
So, what is NYU doing??

- Building **Strategic Contingency Reserve (SCR)**
  - For financial acuity only
- Completing **engineering**
  - Began quietly in 2007 with gross savings of $15 million largely from FCM netting $5 million in structural savings that initiated the SCR
  - Expanded in March of '08 with formation of $25 million program
  - $25 million saved **without** layoffs, service cuts, school participation
- Modeling **Operational Contingency Budget**
  - Reductions of 2 - 12% for schools and administration units
- And, launching.....
Re-engineering II

• Why more re-engineering?
  – Provost requires $10 mm more financial resources to support academic goals of schools, and perhaps for IT enhancements
  – Trustees will continue to be appropriately conservative, and will need to see debt service capacity in our budgets
  – Competition now in a crash mode to re-engineer their enterprises; so we will lose our relative advantages if we do not continue

• Why Re-engineering II, and not simply more of Re-engineering I?
  – Because some of the parameters are changing
Re-engineering II

*It is a work in progress!!!*
Re-engineering II: Three New Parameters

- Selective layoffs will be allowed with approval of the Core (Provost, EVP, Chief of Staff)
- Selective reductions in service allowed with approval of the Core (Provost, EVP, Chief of Staff)
- Schools will participate:
  - Reductions equal to 2 – 15% of controllable administrative expenses will be targeted for each school (mean at 5% negotiated with Dean by Provost and EVP)
  - All school savings will be retained within the school for important academic initiatives and facilities improvements as approved by the Provost
Re-engineering II: New Basic Methods

- Freeze most external non-faculty hiring
- Implement voluntary 3 or 4 day work weeks at pro-rata salaries for appropriate positions (health insurance and other benefits which are not-salary linked will be retained; salary-based benefits to be prorated)
- Implement mandatory 9, 10 and 11 month contracts at pro-rata (+) salaries for appropriate positions (benefits managed same as #2)
- Freeze use of most temporary help
- Eliminate use of non-student casual employees
- Restrict consultant usage
- Implement appropriate suggestions of the Re-engineering Taskforces
- Markedly reduce travel, entertainment, and car service spending
- Markedly reduce food service at internal meetings
- Markedly reduce printed vs. web distributed material
- Cancel/defer all non-essential construction and rehab projects
- Other ideas developed by individual units and approved by the Core
Re-engineering II: New Basic Methods

- Freeze most external non-faculty labor.
- Implement voluntary 3 or 4 day contracts at pro-rata salaries for appropriate positions (health insurance and other benefits which are not-salary linked will be retained; salaries to be prorated).
- Implement mandatory 9, 10, 11, 14 day contracts at pro-rata (+) salaries for appropriate positions (benefits will be prorated).
- Freeze use of most temporary employees.
- Eliminate use of non-faculty as teaching assistants.
- Restrict consultant use.
- Implement appropriate Taskforces.
- Markedly restrict consults.
- Markedly reduce hiring.
- Markedly reduce recruiting.
- Cancel all full-time tenured faculty.
- Other...
Re-engineering II: Specific Options

• Evaluate the outsourcing of a number of University functions
• Evaluate the consolidation of a large number of University units
• Consider reconfiguring hard wired phone services in student housing
• Consider creating school or unit service clusters in HR; IT & Finance
• Consider reconfiguring computer labs to wireless lounges with collaboration software
• Renegotiate service contracts wherever possible
• Reduce future benefits costs by grandfathering existing employees
• Implement appropriate suggestions of the Re-engineering Taskforces
• Empower Purchasing to mandate specific commodity purchases
Re-engineering II: Specific Options

- Evaluate the out...the costs of re-engineering.
- Evaluate the consequences of implementing new technology units.
- Consider reconfiguring existing facilities to improve safety and accessibility.
- Consider creating new taskforces for specific projects, such as student housing.
- Replace computer software for more efficient student registration and communication.
- Renegotiate service contracts with suppliers for better deals.
- Reduce future benefits costs through better management and control.
- Implement appropriate change management strategies, including training and support.
- Empower Purchasing Taskforces to make more autonomous decisions in the future.
Re-engineering: The Sequel
Re-engineering II Theme

School & NYU Administration  Teaching, Research, Students
Relationship Between Re-Engineering II and Contingency

**Operational Contingency**
- Crisis Passes
- Continued new savings revert to school
- New academic priorities achieved

**Re-Engineering II**
- Schools develop internal administrative savings
- Schools create plans to apply these savings to their high priority projects

**Normalcy**
- School Re-engineering savings applied to contingency targets
- Funds first solve school problems or redeployed to crisis elsewhere
February 5, 2009

OPEN LETTER TO PRESIDENT SEXTON

Dear President Sexton:

In response to your letter of January 26, 2009 to the NYU Community, the Faculty Senators Council and the Administrative Management Council would like to make known their appreciation of your willingness to inform us about the state of the University in these economically difficult times. However, we also wish to register disappointment and dismay that existing governance structures have been bypassed as the deliberations surrounding the University's priorities and the economy have taken place.

The Senate Financial Affairs Committee met December 4, 2008, only a day before a Memorandum announcing a salary freeze, among several other very important decisions, was distributed to fiscal officers throughout the University. At the Senate Committee meeting, those present were reassured that the financial standing of the University was sound and that, unlike a number of other universities and colleges, our lack of dependence on the proceeds of the endowment was, somewhat ironically, a source of strength. Yet, the next day, a memorandum from Anthony Jiga, Vice President for Budget and Planning, made clear that the University's finances were sufficiently challenged that the extreme policy of a salary freeze was necessary and that the decision to implement that policy had been made.

As participants in the University governance system and representatives of our respective constituent members of our community, we are deeply committed to working on behalf of the University. We take seriously our responsibilities as Senators, and understand this work as contributing to the strength and effectiveness of the institution. To be uninformed through the Governance structure about the condition of so central an issue as the University's finances undermines confidence in the Administration's commitment to those structures. The governance system should be vehicles for the faculty, administrators, and students to work hand-in-hand with the University Leadership Team.

We realize that important and sometimes unpopular decisions will have to be undertaken. For the decisions to be made entirely outside of the consultation and advisement system afforded by the governance structure results in unnecessary anxiety, a loss of trust, and a weakening of the cohesion of the University community so important in these challenging times. We urge that in the future this cooperative governance system be used to strengthen the sense of University community and advance our common goals.

Respectfully,

Administrative Management Council
Faculty Senators Council
RESOLUTION
TO RESCIND BAN ON THE SALE
OF COCA-COLA PRODUCTS AT NYU

WHEREAS, the University Administration, pursuant to a resolution approved by the University Senate at a meeting held on November 3, 2005, enacted a ban on the sale of all products produced by The Coca-Cola Company in any facility owned or controlled by the University, effective as of December 8, 2005; and

WHEREAS, in accordance with the terms of the Senate's resolution, the Senate Public Affairs Committee has continued to monitor the progress made by The Coca-Cola Company in permitting an independent assessment of the company's complicity in human rights violations against the SINALTRAINAL union at bottling plants used by the company in Colombia; and

WHEREAS, the Public Affairs Committee is now satisfied that, insofar as feasible, the terms of the 2005 resolution have been met, in that The Coca-Cola Company has permitted an independent assessment of work and labor relations at its Colombian bottling plants, and that such an assessment was conducted by the International Labour Organization in June-July 2008, resulting in an October 2008 report which the committee has received and reviewed.

THEREFORE BE IT RESOLVED, that, upon the recommendation of the Public Affairs Committee, the University Senate recommends that the University Administration rescind the ban on the sale of all products produced by The Coca-Cola Company, effective February 6, 2009.