

**American University of Beirut  
Minutes of the University Senate  
Special Meeting of Wednesday, March 6, 2014**

**Present:** A. Al-Hroub, T. Amin, S. Arnaout, E. Baydoun, R. Brow, J. Chaaban, S. Chahine, A. Dallal, Z. I. Dayya (on invitation), Z. Dawy, G. DeBin, J. DeJong, P. Dorman (chairing), I. Elhadj, N. Farajalla, J. Ghafari, Z. Ghazzal (representing M. Sayegh), S. Hout, H. Huijjer, N. Hwalla, D. Jaalouk, S. Jabbour-Khoury, D. Jamali, A. Kayssi, V. Khamis, H. Khoury, P. May, P. McGreevy, T. Nizameddin, S. Nouredine, I. Nuwayhid, M. Roth (on invitation), M. Salameh, S. Saleh, I. Saoud, E. Shammass, M. Suidan, J. Usta, D. Wickens, D. Wrisley, S. Zeineldine, A. Zenger

**Absent:** A. Al-Kutoubi\*, N. Dajani, G. Matar\*, L. Nasreddine\*, M. Sayegh,\*  
(\* = regrets notified before meeting or on leave)

The meeting was called to order at 2 pm.

President Dorman opened this special meeting on the University Budget summarizing recent accomplishments of AUB. He stated that budget issues for AUB are very complex given its economic role in Lebanon and the region with its large work-force (being the largest private employer in Lebanon), large estate, ageing infrastructure and having both a medical and educational mission. He described AUB as a ‘bellweather’ for Lebanon. There are many challenges to be faced but AUB needs to stay strong and unified and approach them with good will, an open mind and a spirit of cooperation. He noted that D. Wickens would present on the assumptions regarding revenue streams and expenditure for the next year.

One senator brought up the issue of the change in custodian of Plan B, but President Dorman asked that this be deferred.

D. Wickens opened the presentation saying that this item had been on the Senate agenda since January 2014. He had presented it in February to the SSC and SCFA and added slides at their request. The presentation assumes a tuition increase of 6% but noted that this was not a final decision. The presentation also assumes an increase of 100 undergraduates, an increase in the technology fee, dorm rates, on-campus housing and HIP and a merit increase for faculty of 1.5%.

In discussion, senators raised concern about AUB borrowing to finance buildings. President Dorman stated that globally universities rarely receive 100% of the cost of buildings and therefore need to take loans, which make it possible to build the facilities sooner. D. Wickens noted that the debt ceiling set by the BoT is \$150 million dollars, and so far \$70,000 has been borrowed, and there are contracts for \$140 million, with \$10 million remaining below the cap.

Questions also focused on whether there were cross-subsidies from campus to AUBMC. D. Wickens clarified that AUBMC has its own finance group which does the budget for AUBMC and the Faculty of Medicine, but these are merged in the financial planning. He stated that AUBMC breaks even, but the Faculty of Medicine has a deficit of \$2.7 million. Z. Ghazzal

noted that historically AUBMC was making losses, but the loss has now been reduced. Some AUBMC expenses benefit the campus, such as the IRB.

Continuing the presentation, D. Wickens noted that the possibilities for cost reduction were reductions in non-academic hiring, in campaign funding, in merit increases or to withhold employee taxes and reduce expenditures. Senators commented on the need for good tax advice and that as a non-profit, AUB could legally benefit from tax reductions. President Dorman welcomed advice on this issue.

Questions were also raised concerning the increase in the Advancement budget for the campaign and the plans to hire additional staff. R. Brow noted that the Advancement work of AUB in both NY and Beirut has a budget of \$7 million. This year \$37 million has been raised; the campaign aim is to raise \$500 million and already \$170 million has been raised before it has started. Generally estimates are that universities spend 20 cents for every dollar raised, although in a campaign, when fund raising is more efficient this can be reduced to 15 cents. Regarding staffing, he noted that before the last campaign AUB was raising \$3 to \$5 million a year, but after the campaign, this amount was \$20 to \$30 million a year. It is difficult to recruit experienced fund-raising staff in the region. He underscored the need for close working relationships with Deans, faculties and AUBMC but also the need for professional fund-raisers. Few of the funds raised are unrestricted typically.

In response to comments that the presentation was not concerning the whole budget, President Dorman stated that the entire budget is complex and will take time, but agreed it would be good for the sake of transparency. Senators raised concerns about equity across faculties and that some departments with many students have buildings in urgent need of renovation. President Dorman concurred that renewal needs to be rotated. Provost Dallah stated that AUB is involved in the Delaware study on institutional costs that shows discrepancies across faculties; for example some departments have no majors but are heavily involved in service teaching. The President noted that some departments in any university will have higher demand than others and it is essential for AUB to offer the full complement of disciplines.

Senators underscored the need to focus on where costs can be cut. One senator asked that the document sent by J. Chaaban be appended to the minutes; another noted that these figures are published on the IRS website and the document contains questions and requests for explanation. The President was reluctant to do this because it contains some misinformation. He thanked D. Wickens for his effort in addressing that document that was received the evening of March 5.

Responding to concerns about the costs of legal services at AUB, P. May reported that education is one of the most regulated sectors. He noted that expenditures on issues pertaining to US law had decreased with an in-house counsel, but AUB is looking to recruit a second lawyer specialized on Lebanese law to reduce the costs of outside legal fees.

Regarding a question about the endowment, President Dorman stated that in 2010 a revised New York state law increased flexibility to spend from endowment funds and investments had to be reclassified. In response to questions about who manages financial investments of AUB, D.

Wickens stated that there is an investment committee of the BoT that meets every two months; it is a strong committee and the current rate of return on investments is 15.9%.

Several senators noted the need for greater shared governance and that faculty and students should not receive information at the last minute. P. McGreevy stated that he agreed that there is a need to find other ways to increase revenue other than tuition increases, but noted that the spirit of the meeting was honest (in addressing for example the \$2.7 million deficit of the Faculty of Medicine, that REP has lost money and the extent of loans). He stated that it was important to work together in support of the university. J. Ghafari returned to the agenda item from the previous Senate meeting regarding the formation of a Senate Budget committee; he also suggested that every unit at AUB should be mandated to make a 2% decrease in their budget. The Provost stressed the importance of alternative budget models and to have a more streamlined budget process.

Concerns were expressed about the divide between faculty and administration getting worse and that the administration has not been affected by cost-cutting, which is primarily affecting faculty and students. It was confirmed that administrators whose presence is mandated by their position have housing provided on campus as a taxable benefit. A senator suggested that the administration should chip in in terms of cost cutting and, as a gesture of good faith, make a commitment to not increase fees for next year. A motion was made **to: recommend not having tuition and other fees increase for the next year. Vote 2014-36: Motion approved (15 in favor, 2 opposed, and 2 abstentions).**

The meeting was adjourned at 4:35 pm.

Minutes recorded by J. DeJong, Secretary of the Senate (with assistance of Dima Jamali from 4:15 to 4:35)