

American University of Beirut
Final Minutes of the University Senate
Meeting of Friday, November 27, 2020

Present: M. Abiad, A. Abu-Alfa, F. Afiouni, E. Al-Chaer, A. Al-Hroub, H. Auji, I. Baalbaki, T. Bazi, G. Burris, A. Chalak, R. Chedid, A. Daou, H. Darwish, Z. Dawy, N. Dumit, N. El-Cheikh, H. El Rassy, M. Farah, L. Farhoud, A. Harutyunyan, S. Isber, H. Jaafar, K. Kabalan, F. Khuri, S. Mallat, N. Melhem, R. Mohtar, L. Musfy, M. Nachar, R. Nakkash, M. Nasrallah, T. Nezameddin, G. Saad, N. Saliba, A. Shihadeh, A. Sibai, Y. Sidani, F. Talih, B. Tucker, G. Zaatari, S. Zein-el-dine

Absent: T. Amin *, R. Sultan

(* = regrets notified before meeting)

The meeting was called to order at 2:00 p.m. The meeting was held virtually using “Zoom”.

1) Approval of October 30, 2020 Senate meeting minutes

The minutes of October 30, 2020 were unanimously approved with minor modifications.

2) President’s report on the November 2020 BOT meetings

President Khuri reported on the activities of the November 2020 BOT meetings. Forty trustees and trustees’ emeriti participated in the meetings and discussed topics including the following:

- The educational experience during COVID, Fall 2020 enrollment reports, crisis communications and community outreach, iPark developments, and updates from the Medical Center, Faculty of Health Sciences and School of Nursing.
- The President’s report covering four important areas: AUB’s impact as a research university, the transformative university experience, the inflation adjusted tuition rate in the spring of 2021, and paths towards diversifying and strengthening AUB’s revenue streams.
- CFO Drew Wickens briefed the Budget Committee on AUB’s current financial status and financial challenges facing AUB and AUBMC, including faculty and staff attrition, enrollment, cost savings initiatives, and FY 2021 forecast.
- Progress reports from two VITAL Advisory Groups: “Managing and Enhancing the AUB Brand and the Academy”, and “Leading the Region in Discovery and Innovation.” The Discovery group, led by Abdo Kadifa and Hana El-Samad, thoughtfully outlined strategies to help AUB maintain and expand research excellence, research impact and maximize knowledge transfer. The “Academy” group, led by David Bradley and Marwan Muasher, outlined discussions related to identifying a higher purpose: to set the ambition of the university and its students to service beyond oneself and to leadership for the greater good.
- The Audit and Risk Committee approved the COI and Discrimination Policies, Audited Financial Statements, Single Audit Report, and FFELP compliance report and management letter.
- The Board voted to approve the Catalyst Initiative proposed by the Investment Committee. The mission of the Catalyst Initiative is to support the innovation ecosystem and help generate a positive return for the AUB endowment. This will be done through investing in potential AUB start-ups and research generated by faculty, staff, students and alumni.
- All committees discussed, from one perspective or another, the impact and effects of the financial environment, COVID-19 and the Aug. 4, 2020 explosion at the Port of Beirut on AUB and Lebanon.

3) Discussion on the planned tuition increase

CFO Wickens started with a presentation on the current financial situation at AUB:

- AUB USD accounts in Lebanese banks are expected to be used up over the coming few months

- AUB has sufficient LBP to cover all commitments through the end of the current academic year
- US dollars in New York are expected to last till December 2021
- Savings due to faculty and staff attrition are as follows:
 - \$28.4M due to staff layoffs, retirement , resignations and expired contracts
 - \$4.2M due to ending the casual workers agreement (SAMCO). This service will be replaced through new agreements currently under negotiation.
 - \$5.5M due to faculty resignations and expired contracts
 - \$5.6M due to faculty leaves without pay
- Fundraising initiatives since November 2019 generated approximately \$24.5M. These include the Solidarity Appeal fund, Corona Response Fund, AUB Emergency Fund, and the AUB4Beirut Fund. Recent initiatives including the #AUB4BeirutRun and #AUBNecessary have generated an additional \$560K.
- The main financial challenges are:
 - Revenues have been severely impacted (less than 30% collected on a net basis)
 - Current multi-faceted crisis exhibited by exchange rate volatility, shortage of foreign currency, student attrition, etc. will erode all the contingency reserves that AUB has set aside over the years
 - Urgent revenue enhancement and cost containment strategies are required

Interim Provost Dawy followed with a presentation on student enrollment, retention and tuition fees:

- The Fall 2020 semester has 850 less UG students than Fall 2019.
- Although the number of students dropped significantly, the total students' financial aid awards are continuously increasing:
 - 3650 students were awarded financial aid in AY 2019-2020 reaching a total sum of approximately \$39M
 - 85 students got 100% merit scholarships in AY 2019-2020
 - 66 students got 70% liberal arts scholarships in AY 2019-2020
 - The foreign grant funded scholarships increased to 648 in the Fall 2020 semester. These include grants from USAID, MEPI, MCF, ELC, ULYP, AL Ghurair ... These are all fresh dollar grants and significantly contribute to AUB's net revenue.
- This year also witnessed a significant drop in the number of faculty members, 140 in total distributed as follows:
 - 59 full time professorial rank faculty members
 - 26 full time non-professorial rank faculty members
 - 27 full time clinical faculty members
 - 28 part-timers
 - A significant portion of the 140 faculty members who left took a leave without pay. Some resigned, others retired and the contracts of few members were not renewed post expiration. It is expected that faculty attrition will continue over the coming months.
- AUB is providing financial support packages and developing incentive programs to try and retain faculty members. The aspiration is to have 50% of faculty salaries be paid in fresh USD.
- The devaluation of the LBP and students settling their tuition bills at the 1508LBP/\$ rate led to a significant drop in net revenues. Moving forward, AUB needs to contemplate ways to increase revenue. One possibility is adopting the 3900LBP/\$ exchange rate coupled with a significant increase in the amounts of awarded financial aid support packages. This change will not lead to excess revenue in the budget but will help decrease the deficit.
- The enhanced financial aid model will guarantee that approximately 60% of the students will get financial aid. The average aid package per student will be around 52% of the total tuition

fees. These percentages are in line with financial aid programs at top tier universities such as Princeton, MIT, and Harvard.

- The risks associated with charging tuition fees at the 3900LBP/\$ exchange rate along with the corresponding mitigation measures were presented:
 - The risk associated with student attrition in the spring semester is mitigated through a significant increase in financial aid packages. A communication plan is being developed to relay all related information to students in a comprehensive manner.
 - The risk associated with a drop in the number of incoming students next fall semester will be mitigated by amplified and unified recruitment efforts involving all university constituents.
 - The risk of losing students to other universities if they don't adopt similar exchange rates the coming spring semester is hedged by the fact that the Universities Association of Lebanon is in full support of this transition.

Several senators inquired about what will happen to faculty salaries. They also stated that most payroll expenses are currently being dealt with at the 1508LBP/\$ rate. This should reduce the deficit in the budget especially that payroll is a significant portion of AUB's expenses. President Khuri explained that faculty salaries will remain the same for the foreseeable future. This increase in exchange rate is to cover part of the deficit rather than generate excess income. AUB currently has an annual obligation of around \$48M in foreign currency, he added. This includes, the faculty support packages, pension plan contributions, international procurement ...

Some senators suggested adopting a two stage increase in tuition. Stage 1 will adopt an exchange rate of 2500LBP/\$ and stage 2 will be the 3900LBP/\$ rate. Others suggested classifying students as in state and out of state based on whether their parents generate LBP or USD income, respectively. President Khuri stated that both options are not feasible. There is no legal basis for adopting the 2500LBP/\$ rate while the 3900LBP/\$ rate is officially traded in local banks. Moreover, AUB has received legal advice that the Lebanese laws enforces a unique tuition fee structure for all students.

Senators also asked about what will happen to current students who cannot afford the tuition increase even with the accompanying increase in financial aid, and what will AUB do if a large number of students left due to the increase in tuition. President Khuri assured the Senate that the administration is working on an efficient communication strategy to relay the information to students convincing them of the necessity of such increase for the University's survival. Moreover, a significant portion of student attrition to date is attributed to the instability in the country rather than tuition increases or devaluation of the LBP. The University will try to retain as many of the existing student population as possible, but will most probably witness a reduction in the size of the incoming class in coming years.

4) Challenges with ordering material for research and teaching from outside Lebanon

H. Itani gave a presentation summarizing the challenges faced with ordering material for research and teaching from outside Lebanon.

- Before the current financial crisis, the procurement office used to handle an average of 1200 foreign purchases on an annual basis. 60% of those transaction were low value, sole source supplier, credit card purchases. The office was receiving an average of 60 weekly shipments.
- The main challenges nowadays are related to either securing the source of funding or to hurdles related to shipping and clearing goods.
 - Each request has to be dealt with individually; the source of fund has to be checked, and approvals from the comptroller's office need to be secured. This results in delays in the ordering process, and sometimes orders are cancelled if appropriate approvals are not granted.
 - Limited international flights due lockdown, and flight schedules are being changed without prior notice.

- Shipping companies insist on all invoices being settled using fresh money transfers or paid in cash.
- Lebanon is on list of excluded countries for outbound shipments to the US.
- The Lebanese custom's offices at downtown Beirut were heavily affected by the August 4 explosion. Moreover, COVID 19 led to limited attendance of ministry staff in office.

5) Approval of Senate of the Online Engineering Management (OEM) Master's Degree from MSFEA

Professor B. Madah presented the OEM Master's degree to the Senate. The motivation behind the online program mainly stemmed from an MSFEA-Petrofac partnership for an engineering management master's program for furloughed employees. Through this partnership, Petrofac has committed that 100 of its employees will register for the online degree over a two year period. MSFEA aims to reach out to other companies in the region to coordinate similar arrangements for their employees. Such online initiative will provide a means for diversification of income streams and generation of fresh income from outside Lebanon.

The online degree will offer the exact same content as the on campus EM degree but in a new modality. Students will be subjected to the same admission criteria and will pay the same tuition fees as the regular EM program. However, the online degree will allow group discounts on tuition fees. The online degree will be limited to the non-thesis option only, but it will provide the same areas of concentration as the regular program. The plan is to get the program fully running in the Spring 2021 semester. Based on an average annual enrollment of 50 students, the online degree will generate a net income of around \$930,000. The program will breakeven with as low as 17 students in steady state.

Some senators inquired about how will the Ministry of Higher Education regard this program since to date the Lebanese government does not approve of online degrees. Both President Khuri and Prof. Madah assured the Senate that Ministry officials did not show strong opposition based on preliminary talks. Moreover, the online program is mainly targeting people outside Lebanon who do not require Ministry approval. A senator raised concern that the proposal did not include a market analysis or a feasibility study. Dean Shihadeh stated that there are no risks/ financial losses associated with the online degree. All preparation, launching and direct operation costs will be fully covered by the Petrofac cohort. Moreover, MSFEA's strong ties with regional companies will guarantee continued success of the program.

A senator asked why the online program is limited to the non-thesis option only. Prof. Madah explained that the courses are mainly designed to target working professionals. Moreover, if a student elects to transfer from the online to the regular program, they can transfer three courses only as per the Ministry of Higher Education requirements.

A motion was made to approve the Online Engineering Management (OEM) Master's Degree as presented. Vote 2020-17. Motion passed unanimously.

6) Approval of Senate on three new library policies

University librarian L. Meho briefly presented the below new library policies. He emphasized that the below policies are a must in all academic libraries.

- **Appropriate Use of the University Libraries Electronic Resources:**
This policy is designed to help prevent problems with our electronic resource providers. It informs users about acceptable and unacceptable practices regarding our e-resources. Minor amendments were introduced to the presented policy. **A motion was made to approve the policy as amended. Vote 2020-18. Motion passed unanimously.**
- **Copyright, Fair Use, and Reproduction of University Library Materials:**
This policy states that materials held by AUB Libraries may be protected by the Code of Best Practices in Fair Use for Academic and Research Libraries (PDF), the Digital Millennium Copyright Act and the Lebanese law for the Protection of Intellectual Property. Copyright

regulations protect unpublished as well as published materials. For publication, distribution, reproduction or other use of protected items which goes beyond fair use, written permission of the copyright holders and/or other rights' holders is required. **A motion was made to approve the policy as amended. Vote 2020-19. Motion passed unanimously.**

- **University Libraries Privacy and Confidentiality Policy**

This policy explains the library users' rights of privacy and confidentiality. It states that AUB libraries strive to respect and protect the privacy of its users in compliance with the ALA document on Privacy in libraries: An Interpretation of the Library Bill of Rights, the IFLA Statement on Libraries and Intellectual Freedom and AUB's institutional policies related to information privacy and Lebanese laws concerning privacy. **A motion was made to approve the policy as amended. Vote 2020-20. Motion passed unanimously.**

7) Other Business

A senator shared a concern raised by a former colleague at FAS. Upon resignation, and when asked by HR to sign for relinquishing her benefits, the resigned faculty member noticed that there was no mentions to HIP fringes and was not offered the chance to study the document over night before signing. The senator added that HR should inform faculty members of these details beforehand to avoid such confusion. President Khuri stated that all applicable HIP conditions are explicitly stated in the policy. Moreover, no generalizations should be made based on an individual case. The faculty member should communicate with the director of benefits first. Any obstacles that arise should be reported to SCFA, and SCFA can follow up on this and suggest amendments to existing policies.

Another senator inquired about the online student elections process. He was assured that the elections were very collegial and went as smooth as possible. It was decided to add this item to the agenda of the Senate December meeting for a full discussion.

Other senators inquired about the financial support package for part-timers. Representatives of part-time faculty members met with SCFA on November 27, 2020 and shared their concerns. SCFA will report to the Provost office which will decide on proper actions. The Board of Deans recently formed a task force to develop a common approach to extend financial support to part-time faculty, who are not permanent employees of AUB, but who are nonetheless suffering the economic crisis of Lebanon. Another senator inquired about the recent decision to restrict graduate students to those coming from accredited non-profit institutions only. The senator asked whether any pre-filtering of the incoming cohort this Spring semester was conducted by the admissions office. The interim Provost said that this has to be taken care of at the Department/ School level this time, but the process will be better coordinated with the admissions office next Fall.

The meeting was adjourned at 4:50 pm.

(Minutes recorded by G. Saad, Secretary of the Senate)