




SMU

Office of the President

October 19, 2016

TO: Jeanne Stevenson-Moessner

FROM: R. Gerald Turner, President 

RE: Faculty Senate Resolution on Salaries and Shared Governance

The Board of Trustees, institutional executives and administrators, and the faculty all share the common commitment to sustain the positive movement of the University into greater national visibility. The Strategic Plans from 1996 to the current have listed support of academic quality as the number one goal. In support of this priority, the Second Century Campaign added a total of 54 new endowed chairs and professorships to the 62 that had been raised over the previous 90 years. In addition, goals for endowed student scholarships were also surpassed. Nevertheless, there is always much more to do regardless of achievements in the recent past, or even in the present.

Lists of aspirant institutions, as well as cohort ones, were developed to provide a comparative basis for evaluating the progress of the University on important measures. Aspirant institutions are ranked above us in the *U.S. News and World Report* rankings based upon levels of endowment, student quality, faculty quality, and reputation. Those 12 institutions in the cohort group are either near or below SMU in the U.S. News rankings. The characteristics of these institutions are on average more similar to those of the University than are the schools in the aspirational group, with some exceptions for individual programs.

Like most of the cohort institutions, SMU is very dependent on increases in tuition for new income. In fact, approximately 70% of our budget is based upon tuition. The indirect cost recovery from our faculty research grants is much smaller than for aspirational schools, as is the earnings from endowments, which are usually multiples of our endowment. Therefore, we want to be above the mean of our cohort institutions on these measures while recognizing we will often be below the aspirational averages, which provides an ongoing challenge for us.

The dramatic changes in the funding of public higher education across the country and the political focus on the cost of tuition at all institutions since the 2008-2009 recession have resulted in a new reality. Annual increases in tuition at most private universities, including SMU, have contracted by 20-30%. Earnings on cash assets have dropped from 4-5% per year to miniscule levels, and

endowment earnings are just returning to their pre-recession totals having lost 20-30% of their value during the 2008-2009 years. As a result, particularly for institutions with predominately tuition-based budgets, there is simply less new money to go for salaries and benefits, and programs.

Faculty and staff salaries and benefits have been for twenty years at the top of the needs list for spending new resources. As a result, average faculty salaries are greater than our cohort institutions and in some cases approach or exceed aspirational group levels even though income from sponsored research and endowments do not match Aspirational levels. This has not occurred accidentally, but is based upon holding faculty salaries as a first priority for new funding.

As a result, the University will continue to have faculty and staff salaries as a top priority within the constraints of our ability to generate new income.

Board of Trustees

When the structure of the Board of Trustees was modified in the late 1980s, it was among a very few universities with a voting faculty member of the Board and with voting members of faculty on all trustee committees. It is my, and the Board's belief, that the "liaison" cited in the AAUP recommendation is fully met by this structure. As a result, the faculty trustee and those faculty members on University's committees are provided opportunities four times a year to provide their input on all issues facing the University. This maintains clear delineation of authority from the Board to the President to the faculty, staff, and students that has very effectively operated since 1988. Therefore, the faculty trustee and faculty members of the committees have important roles within the University governing structure.

I appreciate the work of the Faculty Senate to assist in the oversight of issues related to the academic programs of the institution.