

Notre Dame

R E P O R T

S P E C I A L • E D I T I O N

Colloquy for the Year 2000

Committee on Academic Life

- 2 *Committee Report*
- 26 *Committee for the Whole Executive Summary*

Committee on Finances, University Relations and Athletics

- 28 *Subcommittee on Finances*
- 47 *Subcommittee on University Relations*
- 52 *Subcommittee on University Athletics*
- 76 *Subcommittee on Human Resources*
- 83 *Committee for the Whole Executive Summary*

1992-93

Colloquy for the Year 2000

Committee on Academic Life

Committee on Finances, University Relations and Athletics

*Editor's Note: Printed in this special edition of Notre Dame Report are the final reports of the Colloquy for the Year 2000 Committees on Academic Affairs and on Finances, University Relations and Athletics. (The latter report actually takes the form of reports from four subcommittees.) Appendixes are listed in the tables of contents and may be obtained by request from the Office of the Executive Vice President. Reports from the two other major Colloquy committees will be printed in a future special edition of Notre Dame Report. **These reports are not the final report of the Colloquy itself.** The final report of the Colloquy itself will flow from discussion of these reports by the Colloquy Committee for the Whole, which is composed of representatives of the four major Colloquy committees. The final Colloquy report will be in the form of a report to the trustees of the University signed by the president of the University. Executive summaries of the Committee for the Whole discussions of the two reports are to be found following their texts.*

Colloquy for the Year 2000

Chapter 1: Our Academic Mission as a Catholic University

We commit ourselves as a community of scholars, teachers and students to a constructive and critical engagement with the whole of human culture.

We commit ourselves as well to learning within an educational setting where the Catholic faith is alive and taught, where students may interact with its various traditions and expressions, and where faculty may pursue its implications for the understanding of human culture and of the divine.

Our mission is therefore at once intellectual and Catholic.

We seek educational excellence at all levels, baccalaureate and postbaccalaureate, by attracting and enrolling students of high quality, by offering demanding programs, and by providing an excellent environment in which students can learn.

We on the faculty conceive of our professional life as a vocation, engaged as we are in the work of understanding, furthering and transmitting human cultures. With this in mind, we aim for excellence in undergraduate teaching, in postbaccalaureate studies, in scholarly achievement, and in searching for and discovering the truth.

We as a University community affirm the freedom of all scholars and students to pursue the truth in critical inquiry, carried out in all the ways appropriate to a community of learning.

We call upon the trustees, the president, and the provost to join us in an unambiguous commitment to:

- educational excellence at all levels, undergraduate, graduate and professional;
- excellence in research, scholarship and artistic creativity across the board;
- the animation of Catholic intellectual life.

Chapter 2: The Faculty

Our faculty is made up of teacher-scholars dedicated to the pursuit of learning in our various disciplines and to the fostering of learning among our students. We animate our work through teaching, scholarly investigation, scientific research, written communication, artistic performance, and technological invention. Several issues are crucial to the future development of our faculty: the way in which the faculty functions at the heart of the intellectual life of the University; the components of the faculty's vocation; the steps necessary to maintain a faculty of the highest quality; the

size and configuration of the faculty necessary for the University to perform its mission; departmental involvement in the University's mission; and the long-range prospects for academic leadership.

2a. The Faculty and the Intellectual Life of the University

The individual commitments of faculty to scholarly work and to the intellectual formation of students are charged with an importance for the entire human community. The world views and orientation of teacher-scholars cannot be treated as matters morally neutral or intellectually indifferent, therefore, Notre Dame, as a Catholic university, must have a strong Catholic presence. While respecting the intellectual and moral integrity of all, we expect dedicated and committed Catholics to predominate in number among the faculty, and each member of the faculty to respect Notre Dame's Catholic identity and to engage it both critically and constructively. We welcome teacher-scholars of all faiths and persuasions, who are expected to pursue the truth in the full exercise of that freedom of inquiry essential to the academy.

Pursuit of the truth is far subtler than any matter of sectarian labels. Much that Catholics embrace in understanding the universe and the human condition is indebted to the learning of those who were not Catholic, even as those outside Catholic tradition benefit from Catholic contributions to learning. To be sure, not all at Notre Dame who are Catholic contribute in practice to the Catholic character of the University. At the same time, many inside and outside the Catholic tradition share the University's larger commitment, recognizing the need in our society for a university of quality that stands in a religious tradition, with its distinctive ways of perceiving the universe and the human condition. These scholars contribute to the Catholic character of Notre Dame.

What we intend has no exact models. We intend to be a great university, without conceding that professionalization and insistence on quality inevitably entail secularization. We intend to be a great *Catholic* university, without conceding that allegiance to a religious identity is possible only at the level of a strictly sectarian college. We can avoid both an indifferent secularism and a narrow sectarianism only if a significant number of our faculty are dedicated to first-rate work in their disciplines and to the larger intellectual conversation animated by the teachings found in Christian learning generally and in the Catholic tradition more particularly. We must focus our energies upon forming such an intellectual community of scholars and students, grounded in the whole of the Catholic intellectual heritage and open to people of all disciplines and all persuasions.

Committee on Academic Life

To form such a community is the task of everyone, but especially of our academic leadership. The president, the provost, the deans, and the departmental chairs must provide thoughtful reflection and articulate the essential features of Catholic identity pertinent to our University. Since, however, these leaders cannot alone ensure such a vision of the scholarly life, a major responsibility for this task must fall upon the faculty in the various colleges and institutes. This accords entirely with the spirit of the Second Vatican Council, which encourages lay people to share responsibility for the Christian apostolate in the modern world, including that proper to education and the intellectual life.

All departments must, therefore, make extraordinary efforts to locate and recruit scholars of the highest merit who are personally committed to the life of faith and whose work is informed by the long and varying traditions of Catholic intellectual life. The University must also be prepared to authorize and fund hiring beyond the beginning ranks when outstanding scholars become available.

RECOMMENDATION 1: *In recruiting new faculty, each department must make energetic efforts to hire faculty of the highest caliber who seek to participate in the intellectual life of a dynamic Catholic university. All who participate in hiring faculty must be cognizant of and responsive to the need for dedicated and committed Catholics to predominate in number among the faculty.*

Professed religious, male and female — and, in particular, the Congregation of Holy Cross, which founded and nurtured our University — must continue to play a significant role in fostering this dedication to a Catholic vision of higher education. Therefore, it is important that there be a significant presence of C.S.C.s, highly regarded as teachers and scholars, on the faculty.

RECOMMENDATION 2: *In the interest of sustaining and developing the Catholic character of the University, it is anticipated that the Congregation of Holy Cross will continue to emphasize academic careers and it is recommended that the University give special consideration in personnel decisions, consistent with prevailing standards of excellence, to the congregation's unique role at Notre Dame.*

The participation of the faculty in the intellectual life of a Catholic university also has implications for their integration into the common life of the University community.

Faculty Orientation. We have a responsibility to make clear to all potential and present faculty members the University's continuing commitment to its Catholic identity. Suitable opportunities for doing so should be arranged. At the same time, faculty members of all persuasions must be respected for their intellectual integrity and welcomed as full and equal members of the community.

Centers of Strength. Colleges, departments and institutes must be encouraged to develop scholarly strength in areas of particular importance to the vitality of Catholic intellectual life. Several have come into prominence over the past two decades. The University must adequately support such centers of strength and must see to their scholarly excellence. These centers must conceive their role to include the animation of Catholic intellectual life, even when that entails sharp critique of the past or present and controversial engagement with the Catholic community. Such concentrations of intellectual strength most benefit the scholarly community and graduate education, but undergraduates should be drawn into them as well.

Scholarly dialogue and conflict. Colleges, departments and institutes, with the full support of the University, must foster the development of a scholarly community in which there is open dialogue on all issues of the Christian faith and the intellectual life. This should be encouraged through lectures, forums, symposia and the like, which address issues openly, without personal or political threat.

Personal and Professional Conduct. Teacher-scholars must maintain a high standard of personal and professional conduct in their relations with colleagues and students inside and outside the University. When those standards are violated, the University must have legitimate recourse to uphold its ideals for teacher-scholars at Notre Dame. It is one measure of our commitment to a community of scholars in the Catholic tradition of higher education that those ideals for moral integrity and intellectual honesty also be evident in the lives of our teacher-scholars.

RECOMMENDATION 3: *The University must make every effort to promote a Catholic intellectual community among the faculty and students. The Provost's Office should support and encourage a variety of faculty and student initiatives to this end. Our success in this mission will be seen in a variety of ways, including the makeup of our centers of strength, the nature of scholarly discourse on campus, and the personal and professional conduct of individual members of our community.*

2b. Components of the Faculty's Vocation

At Notre Dame excellence in teaching and excellence in scholarship are considered complementary aspects of a single vocation. Research invigorates teaching, and teaching stimulates research. The University hires, tenures and promotes faculty members with proven accomplishment in teaching and scholarship. The University recognizes, as do most faculty colleagues, that dual strength as a teacher-scholar remains the ideal. People vary in their abilities, some achieving more success as teachers and others as scholars, some better at one form of teaching or scholarship and others at another. People also vary in strengths at dif-

Colloquy for the Year 2000

ferent stages in their careers. But the University expects, at the very minimum, high quality in both teaching and research, and recognizes the dangers at either end of the spectrum: Faculty members given only to teaching will lose touch with their fields, and those given only to research will lose touch with their students. The University therefore must reiterate forcefully, as it did in PACE, that its ideal remains a single regular faculty of the highest possible quality committed to the vocation of teacher-scholar. Of course, in an institution as large as Notre Dame, a small number of people may fulfill more specialized vocations in teaching, research or administration. But the regular faculty of teacher-scholars must overwhelmingly provide the teaching that Notre Dame students receive and produce the scholarship that fulfills our mission to create as well as transmit knowledge.

Teaching. Quality teaching involves a commitment to students and their intellectual formation that is easily lost amid the heavy demands upon faculty in contemporary higher education. The challenge for scholars at a university like Notre Dame is to renew the wellsprings of teaching and learning as a vocation, a set of practices into which one pledges to initiate students and younger colleagues. The acceptance of intellectual and moral responsibility for students transcends the kind of careerism and withdrawal from the common good that Robert Bellah and others suggest has become so pervasive in American culture, particularly in professions such as medicine, law and higher education.

Since about 1975, it is sometimes said, teaching suffered at major universities as research expanded. At Notre Dame, the Taskforce on Teaching found that teaching in the classroom was, in general, better than ever, but that the number of teachers available to do the job properly had become inadequate. This resulted in part from a redistribution of duties between teacher and scholar. Teaching is crucial to the vocation of the university professor, and no amount of emphasis upon scholarship should deny teacher-scholars that fundamental responsibility. Much harder than encouraging good teaching is judging it. We must examine the possibility of redesigning our quantitative measures and include in the assessment of teaching effectiveness such considerations as "results" and "outcomes." Much more important, each department must put in place the means, sometimes peculiar to disciplines, for the collegial mentoring and measuring of teaching effectiveness. At the same time, units of the University should see to it that the resources to support teaching are readily available for faculty.

Research, Scholarship and Artistic Contributions. As we continue to improve as a center of research and scholarship, the faculty must maintain and surpass the high standards of performance established during the last decade. The encouragement to do so, and the continuing judgment of scholarly quality, must begin with departmental colleagues

who know the character and the intellectual rewards of first-class scholarship. To assure the proper climate for scholarly advancement, the University must provide structural and other supports, which are discussed in Chapter 4.

All faculty are expected to make continued contributions in their own disciplines and to publish these. The quality, significance, and impact of their contributions must be high and the emphasis must be on long-term productivity. These contributions may vary somewhat during one's academic life cycle, but the commitment to teaching and scholarship should be unwavering throughout a faculty member's career. Service expectations for faculty are usually more pronounced at the senior levels. The mix of teaching, scholarship, and service depends on the capabilities and experience of the individual, but all faculty members should aspire to "make a difference" to their disciplines and to their students.

Two related factors in achieving the proper climate for teaching and scholarship are policies on teaching responsibilities and leaves. Neither is quantifiable, since needs and expectations vary from one discipline to another; but Notre Dame must remain competitive to attract faculty of quality. Both factors would be better addressed by regularized, public policies for individual units of the University.

RECOMMENDATION 4: *Faculty must strive to achieve the highest level of excellence in both teaching and scholarship, or artistic expression. We must encourage such excellence by offering appropriate incentives for both teaching and research, and by providing appropriate institutional support structures.*

2c. Maintaining and Enhancing a Faculty of High Quality

Every teacher-scholar at Notre Dame is a full and equal participant in the life of the University. Every teacher-scholar will be presented with the same challenges and judged by the same standards, according to the discipline in question. For every teacher-scholar, then, and for the benefit of all the students, alumni and friends devoted to the life of Notre Dame, we must recommit ourselves to several principles which have emerged in the course of the last decade.

Standards for Promotion. The faculty must continue to meet competitive standards for appointment, tenure and promotion — standards which include consideration of scholarship and teaching as well as service to the University and the profession. While it is exceedingly difficult to quantify such matters, and judgment must begin with peer review in the relevant departments, the University expects the standards by which faculty members are judged to equal, at the least, those of the top 25 universities in the pertinent discipline.

Committee on Academic Life

Salary. Over the past decade we have comfortably achieved a "Number 1" AAUP rating (upper 20 percent) in each of the professorial ranks; indeed, we have placed most recently among the top 25 best paid faculties in the country. Over the next decade we must maintain that rating in each of the professorial ranks.

Recruitment. We must continue to recruit the finest available teacher-scholars. We must renew our commitment, and redouble all efforts, to hire women and minorities in increasing numbers. Initiatives such as pre- and postdoctoral recruitment fellowships for potential faculty should be pursued to meet this goal. Additionally, money and other incentives should be made available to deans and department chairs to search for tenured women appointments. Such appointments are especially urgent in those colleges where there are few or no tenured women faculty. Our recruitment efforts must additionally take serious account of our mission to be a great Catholic university. We should also establish funds to address spousal hiring, provided spouses are judged qualified by the relevant departments.

Quality of Life. It is essential for recruiting and for the support of faculty morale that we address immediately the issues of day care and help with spousal placement.

Retirement. We must assess the demographic profile of the faculty, and plan for the retirement of our faculty members. We must assist those considering semiretirement by providing essential benefits, notably health care coverage. Those fully retired should enjoy appropriate privileges, e.g., access to the library and common office space. The provost should have a fund designated to facilitate retirements without penalizing departments.

RECOMMENDATION 5: *We must continue to hire, tenure and promote a single faculty of teacher-scholars who meet standards at least equal to those of the top 25 universities in the pertinent discipline. In the interest of developing an excellent professoriate, we must continue to reward the faculty well within the "Number 1" AAUP salary level in each professorial rank. In the hiring process we must have a particular concern in seeking out dedicated and committed Catholics, women and minorities; in the tenure and promotion process, we must consider every teacher-scholar as a full and equal participant. We must be concerned with the quality of faculty life and we must find ways of assisting faculty as they approach retirement.*

2d. Size and Organization of the Faculty

The Taskforce on Teaching of 1988, the taskforces generated by this Colloquy, and recent student government reports all are emphatic in their conclusion that the regular faculty of teacher-scholars remains too small to meet the intellectual goals of the University, to guarantee students an outstand-

ing undergraduate education, to address legitimate concerns about course selection, to enhance existing programs, and to assure adequate access by students to faculty members.

The imbalance between faculty resources and responsibilities is manifest in various ways. Teachers who are not regular faculty have, in recent years, assumed a significant proportion of instruction in some units of the University such as the College of Arts and Letters. The proportion of such faculty staffing courses at lower levels is particularly high. In order to provide more instruction by teacher-scholars to all students, more regular faculty must be available at all levels.

Imbalance is also manifested in class sizes which, in some popular departments, are regularly too large to allow for meaningful interaction between faculty and students. While some kinds of instruction are possible in the setting of large lectures, a significant portion of all undergraduate programs should take place in seminars, laboratories or other small class formats. To achieve this goal will require more regular faculty.

The imbalance is also manifested in the phenomenon of restricted access to some classes, a problem that has surfaced in departments that have kept class sizes relatively small. To assure adequate selection of engaging classes will require more regular faculty.

There are some areas of study within established departments that will be vital for students of the 21st century but which are now minimally staffed. To assure that programs of sufficient breadth and depth are available will require more regular faculty.

If we are to fulfill our goal of becoming a University distinguished for its research as well as its teaching, with a significant impact in graduate education in even more areas than now, we must have more regular faculty.

Much of our success in improving the quality of teaching and research during the past two decades has been due to the added strength provided by endowed faculty positions. Continued enhancement of our stature as a leading force in higher education will require maintaining our ability to recruit the very best senior faculty in all areas. In addition to seeking endowment funds to support recruitment of the best senior scholars, we should also consider endowing junior professorial positions. The discretionary funds for research support that would accompany such positions could help in recruiting very promising junior faculty.

RECOMMENDATION 6: *Over the next 10 years, we must increase the size of our regular teaching and research faculty by approximately 150 new appointments. To meet part of these staffing goals we should seek endowment for 50 new endowed senior chairs along with 50 new junior endowed positions. Some of*

Colloquy for the Year 2000

these chairs should be designated for scholars who are outstanding teachers. Since there is an immediate need for more senior women on the faculty, strategies should be developed to attract female chairholders.

Reclassifying Faculty Responsibilities. The University should meet more of its teaching and research obligations with regular teaching-and-research faculty, particularly in the core courses offered in the freshman year. Since, however, some tasks will inevitably fall to persons outside this body of teacher-scholars, we should reclassify the titles and responsibilities of those persons: research professors (appointed full-time without tenure for research purposes), lecturers (appointed full-time without tenure for teaching purposes), adjuncts (part-time, with specialized expertise), professional specialists (academic and high-level technical support), administrators (not already on the regular faculty), visiting teacher-scholars, and emeriti. For each category the terms of the appointment, including the rights of the appointees, should be publicly clarified.

2e. Departmental Contributions to the Academic Mission

Excellence in teaching and research must begin at the departmental level, with monitoring at the collegiate level. Each department should construct a statement relating its purpose to the overall mission of the University. This statement should reflect on the department's:

- teaching contributions to undergraduate service courses, to its own majors and to its graduate students;
- research, scholarly and creative contributions to the disciplines represented in the department and to the academy; and
- role in contributing to the animation of Catholic intellectual life.

Each department should also conceive a plan to make its major offerings competitive with the best in the nation. It should also consider a culminating major project for its majors, in writing or in research, wherein students work at the highest levels with departmental faculty.

RECOMMENDATION 7: Each department of the University should conceive a plan, to be reviewed at the collegiate level, which reflects on its purpose within the overall mission of the University.

2f. Long-Range Prospects for Academic Leadership

In order for the University to thrive and to attain new levels of excellence, it must continue to have strong leadership at every level. Throughout higher education, however, identi-

fying and encouraging new academic administrators has become a problem as a result of the increasing complexity of the task. In addition, Notre Dame must seek academic leaders who represent and encourage the standards this Catholic university has set for itself.

Departmental chairs must be respected scholars who set high standards in matters of teaching and scholarship, display good judgment in personnel actions, and articulate the aims of departmental programs. Both departmental units and the leadership of the University must recruit the best possible chairs, looking outside the University if necessary. The University must be aware that departmental chairs increasingly are constrained by the deans above and the committees on appointment and promotion below, and at their own level by limitations on resources and terms of office. Ways must be found to offer departmental chairs greater opportunities to exercise creative leadership and greater incentives to remain in leadership roles. Among other things, chairs should be compensated appropriately, aided with adequate staff support, and provided with the discretionary resources to enhance departmental life.

What is true at the departmental level also applies throughout the administrative structure of the University. Directors of institutes are to represent the same high standards as departmental chairs, and additionally are to stimulate academic programs across departmental lines.

Deans of colleges must meet and surpass the standards set for chairs and institute directors. To make wise personnel judgments, they must embody and enforce the standards described for the University's teacher-scholars. To make prudential judgments about programs and budgets, they must understand and facilitate the University's commitment to educational excellence within the Catholic tradition. In recruiting faculty, deans and departmental chairs must be concerned to identify individuals with the potential to become academic leaders.

The provost must oversee and energize the entire academic enterprise, enforce the standards for teaching and research, stimulate the development of excellent educational programs, and articulate the academic goals of the University. To fulfill these leadership functions, the provost must have the respect of faculty colleagues. To enforce the highest standards throughout the University, the provost should be chosen with special care from faculty members, either within the University or outside of it, who are distinguished by their excellence in research and teaching and highly regarded within the academy of learning.

In order to achieve these objectives in the selection of the deans and the provost, the University must follow its established principles and procedures involving consideration of a pool of candidates with national, indeed, international distinction, who are subject to rigorous faculty screening.

Committee on Academic Life

What the academic leadership is charged to do can be achieved only with the strong and continuing support of all the officers of the University. Cooperation and mutual understanding must be rooted in a common commitment to the highest levels of academic and educational excellence.

RECOMMENDATION 8: *We must find ways of strengthening the position of department chairs; we must find ways of developing future leadership among the faculty; and we must reaffirm that high-level academic leaders, in addition to being able administrators who identify with the ideals of Notre Dame, be distinguished teacher-scholars, highly regarded within the academy of learning.*

Chapter 3: Students, Teaching and Learning

Learning is the goal which the University seeks in all of its educational activity. Student learning should focus on preparing students:

- who are independent, critical thinkers, literate, confident and articulate;
- who share the desire for intellectual creativity and the acquisition of knowledge;
- who are tolerant of others and of opposing views; and
- who graduate from Notre Dame reflecting its values with a social conscience, knowledge tempered by a mature judgment, ingrained ethical behavior and a positive outlook.

In order to create a learning environment that inspires students to think critically, imaginatively and broadly, outstanding teaching must stand as an educational hallmark of Notre Dame. Faculty hiring, promotion, tenure, professional development and financial reward must reflect our commitment to excellent and innovative teaching. Faculty who consistently aspire to serve students through creative teaching and who diligently mentor the academic progress of students deserve recognition and remuneration.

The first priority in creating an excellent learning environment is to elevate the importance of excellent teaching.

3a. Undergraduate Studies

It is imperative that an assessment of the quality of the student learning experience at Notre Dame should take place. At least four components contributing to this learning experience need to be considered.

The curriculum is the formal structure through which learning takes place and it is our statement about the content of a liberal education. Key issues such as the following need to be examined: Is the curriculum too flexible or too rigid; is the emphasis on learning or on acquiring knowl-

edge; what is the impact of the curriculum on the colleges and the Freshman Year of Studies; how might the Freshman Year of Studies best orient first-year students to academic life; how might the colleges best stimulate the intellectual development of their students?

The courses are the vehicle through which the curriculum is delivered. Key issues such as the following need to be examined: Do course requirements provide adequate opportunity for a truly liberal education in the Catholic tradition; does a core curriculum remain the best way to structure the educational experience of Notre Dame undergraduates; if a core curriculum is deemed desirable, does the current set of requirements constitute the optimal configuration of core courses; are ethical issues adequately and appropriately treated; should new elements, such as a technology requirement, be introduced into the core; should any current requirements be altered, reduced or expanded; how are core courses staffed and should that staffing be changed; are class sizes appropriate; is a reasonable selection of courses available to all students?

Appropriate learning resources must be available for and integrated into a quality learning experience. Key issues such as the following need to be examined: the quality of advising in the colleges and in the Freshman Year of Studies, undergraduate library facilities, undergraduate science laboratories and undergraduate computer facilities.

Students learn not just from the formal in-class experience, but from the **total campus environment**. Efforts must be made to enhance the intellectual and artistic climate on campus. As an example, space should be provided in the residence halls and elsewhere to foster faculty-student interaction.

RECOMMENDATION 9: *A University Curriculum Committee should report and make recommendations to the Academic Council on the quality of the undergraduate learning experience at Notre Dame with a special emphasis on curriculum, course of study, learning resources and total campus environment.*

The fine and performing arts, together with architecture, represent disciplines central to human cognition and expression and should therefore play a prominent role in a major university. Over the past two generations they have played a less prominent role in the University's total mission than they ought. Within the larger Catholic community, moreover, the University of Notre Dame should provide leadership in the Church's involvement with the arts, both creative and critical.

During the past decade advances have been made: a much enhanced and very active art museum, renovated space for the studio arts, a theater program that has come into its own, the promise of a new performing arts center, and an architecture faculty moving toward autonomy.

Colloquy for the Year 2000

Over the next decade the mission of the arts on campus must be articulated and put into effect. A committee should be formed to explore 1) the particular curricular needs and difficulties of students majoring in the arts and architecture; 2) the recruitment of excellent students in the arts by way of merit scholarships; 3) the endowed support of artistic programs of the highest level in the various disciplines, which can also reach out to the regional arts community; 4) focusing programs in the arts in which Notre Dame can expect to demonstrate leadership, such as liturgical art, architecture and music; and 5) structural representation of the arts on campus.

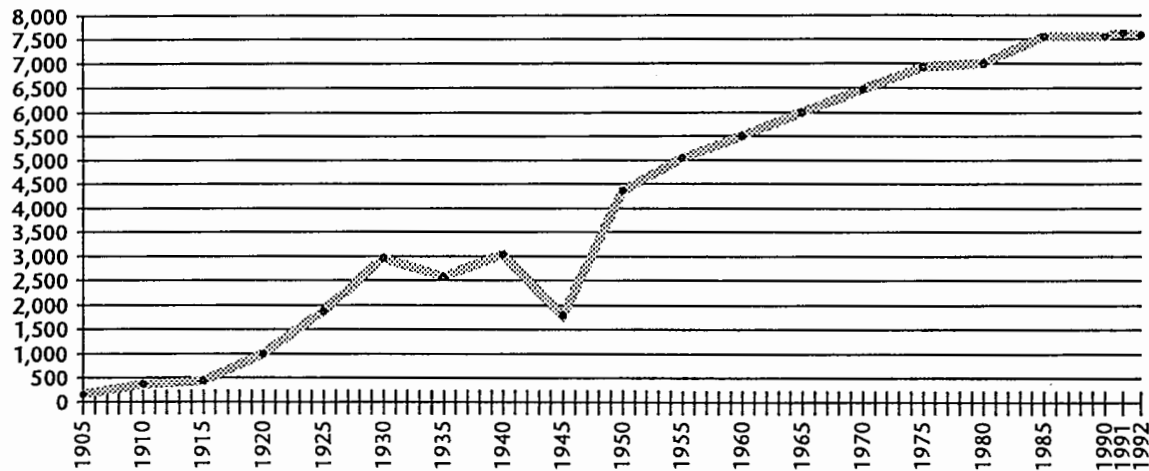
RECOMMENDATION 10: *A University committee on Architecture and the Fine and Performing Arts should be formed to construct a mission statement for these disciplines, to review the curricular structure of their programs, to consider their possible reorganization and representation on campus, and to plan for their future growth at the University.*

Our undergraduate enrollment figures since the year 1905 are shown in Figure I below.

The sentiment expressed during the PACE discussions 10 years ago was that we had grown to an optimal size and

therefore it was recommended that during the 1980s undergraduate enrollment be held constant. As a matter of fact, however, undergraduate enrollment has continued to grow from a fall enrollment figure of 7,408 in 1982 to a current figure of about 7,625. There are several reasons for this: Enrollment projection is an inexact science; in order to play it safe financially, enrollment projections have erred on the plus side and a dependency then developed on the increased revenue generated by overenrollment; new overseas programs have been funded by increased enrollments, the theory being that the total enrollment on the home campus would remain constant; some of the steps toward coeducation were accomplished without reducing the undergraduate male population; and on one occasion enrollment was increased specifically to assist in solving a budget problem. In early discussions within the Academic Life Committee of the Colloquy it was implicitly assumed by some that future development at Notre Dame could be accomplished either through adding to the undergraduate student body or by appropriate increases in tuition. Yet others suggested that future development could be accomplished by reducing the student body and increasing tuition in a proportionate way. In the end, the thinking of the Academic Life Committee is that enrollment during the 1990s be kept constant at its present level.

Figure I. Fall Undergraduate Enrollment, 1905-92



Committee on Academic Life

RECOMMENDATION 11: *Undergraduate enrollment must be maintained at a fall enrollment of 7,625 during the 1990s. Furthermore, self-discipline must be introduced into the system to guarantee adherence to this figure.*

Undergraduate enrollments in the various colleges have suffered from a different kind of problem. While total undergraduate enrollment has continued to grow, the enrollments in the colleges have fluctuated rather significantly

over periods of approximately 10 years. (This is illustrated in Figure II below.)

If we consider sophomore enrollments rather than total enrollments in the colleges, we obtain the graph in Figure III.

Figures II and III suggest that we might be at another turning point in the cyclical behavior of college enrollments. These fluctuations are obviously caused by sociological fac-

Figure II. Fall Undergraduate Enrollment by College 1950-92

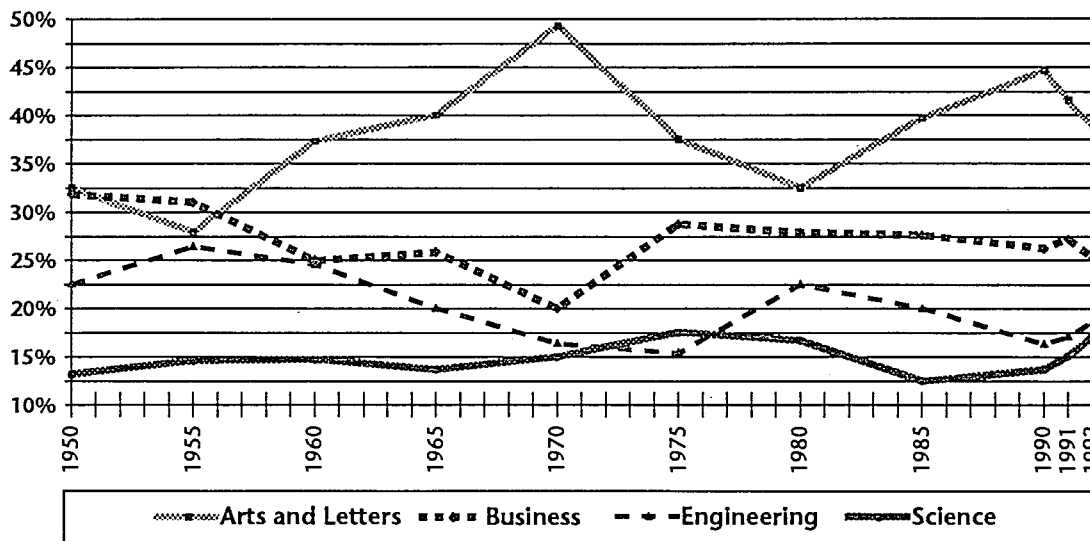
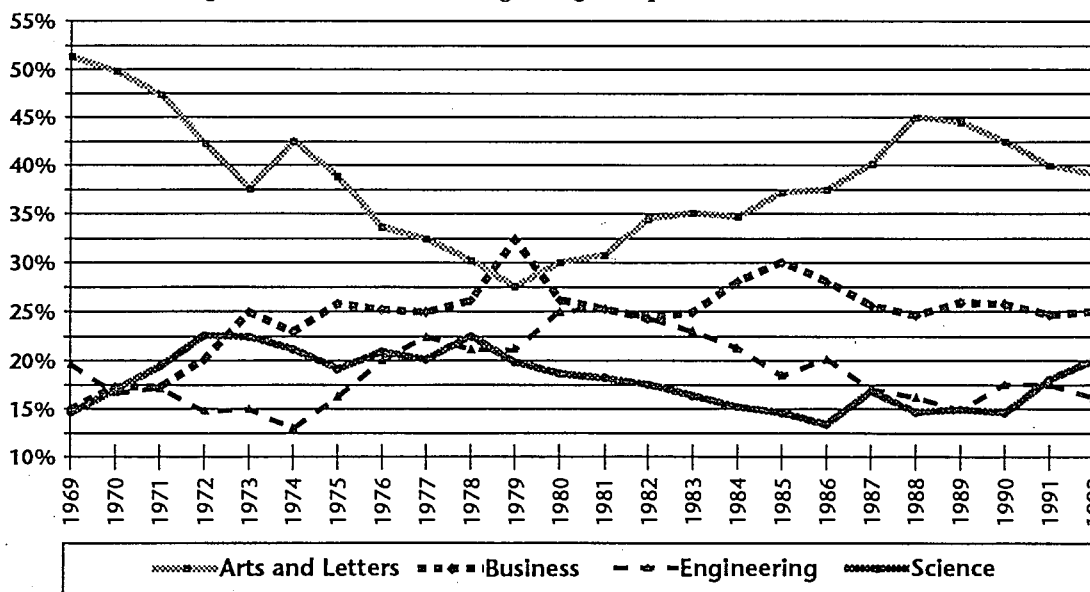


Figure III. Distribution at Beginning of Sophomore Year, 1969-92



Colloquy for the Year 2000

tors coupled with the fact that admission is to the University at large and with no gates between colleges. It is unlikely that we will be able to make radical changes in these enrollment patterns because of our educational history and philosophy. Nevertheless, some attempts should be made to soften the effects of shifts in enrollment on the colleges, as follows.

RECOMMENDATION 12: *In order to reduce the amplitude of the cyclical enrollment shifts among colleges, an enrollment management plan should be articulated by the vice president and associate provost. Furthermore, a separate budget should be established in the Provost's Office to respond on a short- to medium-term basis to enrollment shifts that occur among the colleges.*

The size of the applicant pool and the percentage of minorities enrolled in the freshman class both peaked in 1989. Demographic factors and economic forecasts indicate that it will be increasingly difficult to enroll a high quality and appropriately diverse student body in the 1990s. The tables below lend support to this concern.

It is the view of the Academic Life Committee of the Colloquy that the single most important priority in enrolling a high quality and appropriately diverse student body is the provision of financial aid. Accordingly, the following recommendations are made.

RECOMMENDATION 13: *Our ideal and goal should be to provide each undergraduate with a financial aid package which meets 100 percent of demonstrated financial need and is only moderately dependent on loans and work. Additional funds for financial aid should be sought primarily through enhanced endowment, though also from other sources.*

RECOMMENDATION 14: *In order to attract and enroll the most qualified students, financial aid packages for the top 10 percent of students should be made more attractive by the inclusion of more grant money and less loan money. There should also be some funds available for merit and talent scholarships to attract and enroll the most outstanding students who will be a leaven in their respective academic programs.*

Figure IV. Admission Statistics, 1970-92

Year	No. of Apps.	Number Admitted	Total No. Enrolled	Ethnicity				Total Minority	Percent Minority
				Black	American Indian	Asian	Hispanic		
1970	4,963	3,374	1,735	59	1	6	10	76	4.4%
1971	4,843	3,259	1,625	54	4	5	19	82	5.0%
1972	5,559	2,995	1,611	21	3	4	38	66	4.1%
1973	4,573	3,059	1,783	45	0	6	35	86	4.8%
1974	5,514	2,846	1,699	36	2	14	43	95	5.6%
1975	6,225	2,836	1,639	53	1	12	39	105	6.4%
1976	6,309	2,813	1,698	34	0	10	40	84	4.9%
1977	6,458	2,694	1,611	51	3	11	49	114	7.1%
1978	7,678	2,633	1,632	46	0	25	56	127	7.8%
1979	7,179	2,554	1,607	44	1	20	47	112	7.0%
1980	7,264	2,571	1,692	65	6	20	49	140	8.3%
1981	7,728	2,820	1,753	47	3	31	61	142	8.1%
1982	7,668	3,008	1,791	73	6	30	68	177	9.9%
1983	6,293	2,829	1,786	57	4	28	60	149	8.3%
1984	6,643	2,971	1,811	36	9	43	61	149	8.2%
1985	6,452	2,966	1,844	47	8	33	58	146	7.9%
1986	6,705	3,002	1,830	63	9	31	59	162	8.9%
1987	7,975	3,100	1,812	77	4	38	82	201	11.1%
1988	9,634	3,255	1,822	96	10	54	94	254	13.9%
1989	9,931	3,346	1,839	109	14	63	111	297	16.2%
1990	9,118	3,418	1,796	84	6	78	104	272	15.1%
1991	8,304	3,549	1,879	74	9	76	119	278	14.7%
1992	7,686	3,839	1,879	53	6	80	122	261	13.9%

Committee on Academic Life

3b. Graduate and Professional Studies

The first round of external reviews of the graduate programs of the University was undertaken in the 1970s. The University is currently in the middle of its second round of reviews, and it is clear from virtually all the reports of the external reviewers that we have made significant progress in the quality of our programs. A common reaction of the external reviewers is one of surprise, and this leads to a criticism that we are not succeeding in getting the word out as to how strong our programs really are. This affects both the quality of incoming doctoral students and the placement of those who have completed their degrees. The fact of the matter is, however, that several of our graduate programs have moved forward and several of our departments have strong research faculty in place. So we are well situated for yet another significant step forward in the quality of graduate programs at Notre Dame. The overall emphasis should be on a graduate school that is small but superb. During the next decade, the University should expect to increase the number of graduate students from the current 1,400 to about 2,000.

In order to make quality the hallmark of its graduate programs, the University must redouble its efforts to recruit students of the highest calibre, to rethink and streamline programs, and to enable students to be competitive for the finest teaching and research positions. To these ends, the University should continue to address the following issues:

- Ensure that graduate stipends are competitive, department by department.
- Give priority in new funding to departments which can recruit the very best students.
- Encourage departments to focus graduate programs on identifiable areas of faculty strength.
- Develop programs to assist graduate students in becoming gifted teachers.
- Explore the feasibility of a limited number of new doctoral programs where they are warranted by faculty strength, by the need for new faculty within a given discipline, and by the provision of new financial resources.
- Enhance the overall quality of academic and social life for graduate students, including addressing the pressing issues of health insurance and child care.

RECOMMENDATION 15: *We must seek over the next decade an endowment for the graduate school of \$40 to \$50 million in order to achieve excellence in graduate education. The endowment would provide funds for the recruitment and support of graduate students, with the intent to increase the number of prestigious graduate fellowships fivefold by the end of the decade. In addition, in the same period the number of graduate assistantships should be increased by half. The value and duration of both fellowships and assistantships should be competitive with those of departments at peer institutions.*

A special situation exists in the College of Business Administration, which does not now have a doctoral program. It has, however, recently completed a strategic plan in which one of the components is the development of a doctoral program of high quality in the college. A Ph.D. program in business offers both short-term and long-term prospective benefits. In the short term, the program can greatly contribute to faculty recruiting and retention, and to the quality, productivity and impact of research emanating from the college. In the longer run, the program can advance the state of knowledge about business activities, the economy and the individuals involved in both production and consumption. An excellent program can also contribute significantly to the recognition and reputation of the college and the University. The program will also attract strong scholars in the social science disciplines closely related to business administration, thereby strengthening the core group of scholars in those areas. In addition, the program will be influential in promoting ethical values in the business community. The rationale here is that educating and influencing (through doctoral studies) the future professoriate of business schools will in turn influence the future business leaders of the nation. The college is interested only in a program of high quality; a series of small increments to its current program would not be worthwhile. All operating costs will have to be derived from an endowment, estimated at \$40 to \$60 million, which would have to be raised in the next fund-raising campaign. This is a major initiative on the part of the college which will be submitted in due course for consideration by the appropriate bodies of the University.

The University has a long and strong tradition of preparing individuals for the professions through its postbaccalaureate programs leading to law, MBA, and Master of Divinity degrees. Qualified students should be able to enroll in these programs despite limited financial means, and graduates of these programs should not be so burdened with loan repayments that their choice of employment is determined solely by salary considerations.

RECOMMENDATION 16: *Increased financial aid must be made available to law, MBA and M.Div. students so that the University can compete for the best students, provide appropriate racial and ethnic diversity, and avoid a stratification of our student body on the basis of wealth.*

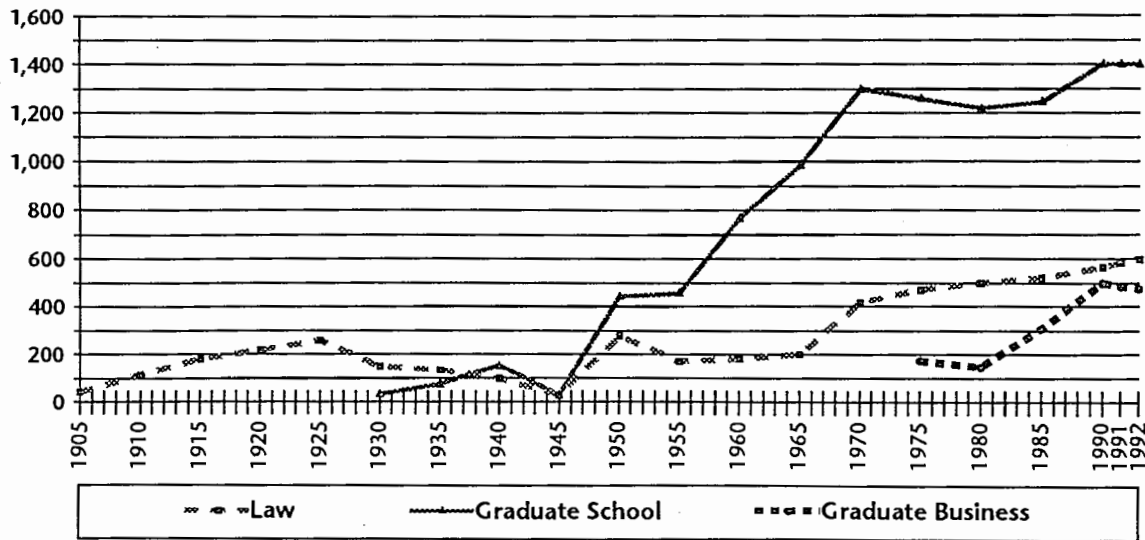
Enrollment figures for the Graduate School, the Law School and the Business School appear in the following table.

3c. International Studies

Each year more than 400 Notre Dame students study in 12 different countries through 16 different programs offered or facilitated by the University. In addition, about 30 more

Colloquy for the Year 2000

Figure V. Fall Post-Baccalaureate Enrollments, 1905-92



Notre Dame students enroll in the three Saint Mary's College international study programs. The expansion of programs to Australia, Chile and other countries is developing quickly. The programs we currently sponsor are diverse and academically strong. As we look to the year 2000 and beyond, we must strengthen and increase them so that our graduates will be truly "citizens of the world."

RECOMMENDATION 17: *A University Committee on International Studies should be formed to prepare a mission statement for these programs, to assess and ensure their academic strength, to consider their reorganization and relocation to a more visible campus site, and to plan for their future growth along the following lines:*

- Expand programs to sites in Eastern Europe, the Middle East, Africa, China and South America.
- Create appropriate programs for students of science and engineering, now virtually excluded because of curricular constraints.
- Develop strong curricular support in all areas in which programs operate, so that courses in language, politics, literature and the like give students adequate preparation for, and build upon, studies overseas.
- Allocate special financial aid to make international study programs available to all qualified Notre Dame students, not just those whose parents can supplement the usual room, board and tuition costs.
- Explore creative ways to work out genuine exchange programs so that students come to the University from the various overseas sites.

3d. Environment for Learning

If we are to provide an excellent environment for learning, academic quality must be the motivating force of our endeavors. Eight critical areas must be addressed to create a milieu supportive of intellectual and artistic life at Notre Dame.

Support for Teaching. Given the dynamic nature of teaching and the rapid expansion of knowledge, it is essential that faculty in departments and institutes be supported in their efforts to provide the highest quality instruction to their students. The state-of-the-art technology in DeBartolo Hall will have an impact on learning only if faculty are provided with the support and training to utilize it fully. The emphasis on superb graduate education requires increased attention to developing the teaching skills of graduate students. Teaching also must be supported through efforts to assist students outside the classroom. In particular, assistance in the form of tutoring and collaborative learning groups and in areas including writing, study, time management and test-taking skills should be provided through a learning resource center.

Residential Life. The strong residential life program of which Notre Dame justifiably boasts should be enlivened by more intellectual discourse. Structures and incentives to encourage learning and academic dialogue within the residence halls should be developed. Faculty should play a larger role in shaping the intellectual dimension of the undergraduate residential experience. New technologies such as computer networking should be available in all residence hall rooms to make academic pursuits more accessible to students.

Committee on Academic Life

Bookstore. A first-rate university needs a first-rate academic bookstore. The bookstore should be regarded as one of the major intellectual resources of the Notre Dame community. Books available should range far beyond the needs of individual classes. This is especially pressing for Notre Dame, in light of the University's location.

The Press. The University of Notre Dame Press has experienced constant growth in the quality, impact, sales and international recognition of its publishing program. It could play an even greater role in disseminating and advancing knowledge and announcing the strengths of the University in a clear and compelling way.

Distance Learning. Thanks to satellite technology available through the resources of DeBartolo Hall and WNDU, the University has the opportunity to take a leadership role as a center for distance learning on the national and international level with peer institutions, with other Catholic colleges and universities, with the business world, government leaders and agencies, and with educators. The Academic Life Committee of the Colloquy believes this potential should be fully explored.

Center for Continuing Education. As the University comes of age as an important center of learning, the Center for Continuing Education can be a significant resource. Conferences highlighting the research of our own faculty or meetings of major professional associations are especially appropriate for our campus center. Often such meetings require seed funding or special financial assistance when outside funding cannot be found.

Snite Museum of Art. The Snite Museum of Art has become one of the nation's top university art museums and a major campus attraction. However, exhibit space and support for operations and staff have not increased in concert with the growth in the collection or with the increased attractiveness of the museum to visitors. Further, limited space and staff hinder the museum from becoming more fully integrated into the academic life of the University.

Computing. The University will soon complete a five-year computing development program which will have brought state-of-the-art hardware, software and services to the campus. In order to retain this technological level, which has become vital for modern teaching, learning, research and administration, the University should be prepared to grow in these areas as new technologies and new needs and expectations evolve. For example, the campus network should be extended to the residence halls and other buildings. New buildings should be networked routinely with offices and classrooms furnished with modern equipment. To the extent that other programs grow and to accommodate growth of the faculty, additional computing resources necessary to support them should also grow. Administrative

computing services should be expanded so that users around the campus may have better access, when necessary, to the University's data base. Facilities in the University Libraries and Archives should be kept abreast of developing computer-based technologies for information access and storage.

RECOMMENDATION 18: *Notre Dame's environment for learning must be enhanced.*

Structures to support teaching, such as a center for excellence in teaching and a learning resource center, should be established.

A standing committee of faculty, residence-life staff and students should be established to promote intellectual life in the residence halls.

The University should build and support a first-class academic bookstore, with a professional staff and a full range of scholarly offerings.

The Notre Dame Press should be brought closer to the academic life of the University. An endowment to support the press should be sought.

The University should explore the potential and, if appropriate, develop a plan to take a leading role as a center for distance learning.

The University should provide a special fund to assist in conference costs for a select number of conferences each year at the Center for Continuing Education. The fund should be administered by the University Committee for Continuing Education.

The University should seek an endowment to help support operations which undergird the continuing growth in the collection of the Snite Museum of Art. In addition, a new wing should be constructed to increase the museum's exhibit and instructional space.

The University should expand the campus computing network to include residence halls and other buildings, including new ones at the time of construction, and be prepared to meet new user needs and expectations as computer-based technologies continue to evolve.

Chapter 4: Research, Scholarship and Infrastructure

Scholarly creativity and the generation of new insight and understanding through research are fundamental to the mission of the University. It is no accident that the top research universities are among the most selective undergraduate institutions. A dynamic base in research and scholarship is fundamental both in attracting the best faculty and in sustaining the kind of intellectual vitality that is the essence of superb teaching.

During the last decade, our faculty have demonstrated an increasing momentum in research, made possible by faculty recruitment and the commitment of University resources to the research enterprise. Even with these advances, however, we remain modestly placed among research universities in the nation. Notre Dame ranks about 130th in terms of federal support and is positioned in only the third of the Carnegie Foundation's classifications. The Carnegie categories include (with examples): Research University I (Northwestern, University of Chicago, Princeton, Duke, Vanderbilt); Research University II (George Washington, Georgetown, Tulane, Brown, Brandeis); and Doctorate-Granting University I (Denver, BYU, Fordham, Marquette, Loyola of Chicago, Notre Dame). Even in per capita research funding, Notre Dame has difficulty competing with peer universities, as can be seen from Figure VI on the following page.

As an institution, we need to enhance our research potential through careful planning and investment. The Federal government, which provides about three quarters of the University's sponsored-program support, increasingly requires additional cost sharing by universities to match federal research dollars. If faculty are to remain competitive for research funding in an increasingly competitive environment, the University must do everything in its power to strengthen their applications, providing ample matching funds, technical support and laboratory space.

RECOMMENDATION 19: *The University should set goals of becoming one of the premier private universities in the country, renowned for research as well as teaching, and attaining membership in the Association of American Universities. To achieve these goals, we should commission a comprehensive strategic plan for enhancing research and scholarship at Notre Dame. Our success at this mission will be seen in such indicators as the GRE scores of incoming graduate students, the number of Ph.D.s awarded annually, the number of doctoral graduates securing faculty positions at prestigious universities, the quality of faculty publications, the number of faculty earning awards or membership in honorary societies and the level of federal funding of research at Notre Dame.*

4a. Infrastructure

Considerable attention will have to be given to developing a University infrastructure in support of research and scholarship. Needs include the following:

- more technicians and professionals supported by the University as part of its commitment to research;
- more space for graduate student offices; this is an important sign of the integration of graduate students into the life of the University;
- a greater commitment to support computing in graduate education and research;
- a University accounting system suited to the needs of research faculty in administering grants and contracts: researchers should be able to obtain current and correct information on-line through the University computer network; grant and contract accounting should be available year-round;
- a purchasing system suited to the needs of grant and contract administration: purchase order status should be available on-line; purchasing and receiving equipment should be possible year-round.

RECOMMENDATION 20: *Immediate attention should be given to planning a University infrastructure that is more responsive to the needs of research, scholarship and sponsored programs. Components in that infrastructure include technicians and professional staff, space for graduate students, a greater commitment to support computing on the advanced level, and improved accounting and purchasing systems.*

4b. Research Development

There are four basic kinds of research development needs and they are these:

Capitalization Funds, or start-up costs, for new faculty at competitive levels; at the present time these levels average \$175,000 per position for experimentalists in science, \$100,000 for experimentalists in engineering, and \$15,000 for many appointments in arts and letters and business.

Library Support Funds for new faculty when current library holdings do not adequately support their work.

Matching Funds for research equipment should be increased 30 percent per year for the remainder of the decade; the goal is that proposals not be limited by the lack of available matching funds.

Research Initiation and Development Funds to assist new faculty in launching their research at Notre Dame and to enable permanent faculty to undertake new research initia-

Committee on Academic Life

Figure VI. Federal Research and Development Dollars, 1989-90, at Selected Universities

		Total Dollars	Total Faculty	Dollars Per Faculty
	Villanova U.	\$ 767,000	539	\$ 1,423
	Marquette U.	\$ 2,871,000	575	\$ 4,993
	American U.	\$ 4,237,000	447	\$ 9,500
	Brigham Young U.	\$ 4,893,000	1095	\$ 4,468
	Fordham U.	\$ 4,904,000	525	\$ 9,300
A	Catholic U. of America	\$ 6,152,000	384	\$ 16,000
	U. of Denver	\$ 6,876,000	365	\$ 18,838
	Loyola of Chicago M	\$ 7,513,000	512	\$ 14,673
	NOTRE DAME	\$ 12,302,000	586	\$ 21,000
A	Rice U.	\$ 15,015,000	382	\$ 39,000
A	Brandeis U.	\$ 21,173,000	282	\$ 75,000
A	Tulane U. M	\$ 21,884,000	436	\$ 50,193
	G. Washington U. M	\$ 23,387,000	263	\$ 88,924
	Georgetown U. M	\$ 28,740,000	521	\$ 55,163
A	Brown U. M	\$ 33,342,000	489	\$ 68,000
A	Carnegie-Mellon	\$ 50,025,000	489	\$102,300
A	Princeton U.	\$ 50,474,000	620	\$ 81,000
	Boston U. M	\$ 59,380,000	980	\$ 61,000
A	Northwestern U. M	\$ 61,100,000	864	\$ 71,000
	U. of Miami M	\$ 63,707,000	642	\$ 99,000
A	Caltech	\$ 69,228,000	714	\$ 97,000
A	Vanderbilt U. M	\$ 70,585,000	597	\$118,000
A	U. of Rochester M	\$102,453,000	520	\$197,000
A	U. of Chicago M	\$104,074,000	802	\$130,000
A	Duke U. M	\$116,109,000	610	\$190,000
A	USC M	\$122,734,000	1,217	\$101,000
A	Yale U. M	\$142,483,000	727	\$196,000
A	MIT	\$218,318,000	1,000	\$218,000

Note: Institutions in the Association of American Universities are denoted: A
 Institutions with medical schools: M

Colloquy for the Year 2000

tives; these resources are required so that faculty research programs have the necessary momentum to receive external funding.

RECOMMENDATION 21: *The critical need for research-development funding must be addressed in the short run and then made a major priority in the next campaign. The four areas needing funding are these: capitalization, library support for certain new appointments, matching monies, research initiation and development.*

Many academic units in the University have found it increasingly difficult over the past two decades to cope with the problems of maintaining and upgrading the tools of their scholarship. These problems vary from discipline to discipline, but include, as examples, expanded library holdings, the acquisition and maintenance of data bases, and the critical problem of replacement and maintenance of educational and research equipment. This latter situation reflects a national concern in higher education and is caused by the high cost of sophisticated equipment, the accelerated rate of obsolescence, the need to purchase expensive annual maintenance contracts, and a relative decline in external grant funding for capital purchases and maintenance. Even when external funding is available, a high proportion of University cost sharing (frequently 50 percent) is required. As a consequence, some equipment here, and on a typical campus, is World War II-vintage or even older.

This deteriorating equipment situation is a weak spot in some of Notre Dame's academic programs. Inadequate, obsolete, or poorly maintained equipment has obviously deleterious effects on the quality and effectiveness of teaching, learning and research. In educational programs, examples of vital equipment would include instrumentation and other apparatus for science and engineering laboratory courses. On the research side, experimentalists simply cannot be competitive or even productive in their fields if the necessary equipment is not available or does not keep pace with technological advancement. New fields of research continue to develop within and among disciplines, requiring new kinds of instruments.

RECOMMENDATION 22: *The University should prepare a long-range plan for the maintenance, renovation, and replacement of educational and research equipment and for other necessary tools of scholarship and research. This plan should include specific needs, projected annual costs, and recommendations as to possible sources of funding.*

4c. The Library

Libraries are by their very nature need-driven. The commonly cited measures of library excellence such as those produced annually by the Association of Research Libraries

(ARL) — overall quantitative data on collection size, expenditures and other general elements compared to other institutions — are certainly indicative in a general way of overall capacity for service. They are of relatively little value in evaluating an individual library as they inherently cannot take account of the great variations in programs and populations among institutions and the very specific and sometimes rapidly changing local needs. The traditional library collection of print resources, while still of great importance, is being increasingly complemented by video and electronic resources and by access to external resources through international networks. These new resources have only exacerbated the financial pressures faced by research libraries and their sponsoring institutions because of rapidly increasing prices and the impact of dollar devaluation.

Inevitably, the academic aspirations of Notre Dame in teaching, learning and research as outlined elsewhere in this report depend on high-quality library resources and services. The Notre Dame Libraries must meet the academic needs of the University community through either local ownership or reasonable, expedited access to external resources. To be successful, this concept of "selective local ownership and broad access and expeditious delivery" requires careful planning. That planning involves broad community participation and significant expenditures to ensure appropriate local acquisitions and adequate mechanisms, physical and electronic, for the provision of access and the delivery of external resources. In addition, significant additional investment in well-qualified faculty and staff is essential to plan and operate the system. Finally, for many legitimate reasons the library will continue to be a "place," and existing physical facilities and access to them must be adequate to meet reasonable user expectations.

As noted in a number of internal and external evaluations, the libraries present a mixed picture. In some limited areas, print resources are of national importance, as is the case with medieval studies, Catholic theology, historical botany, American Catholic literature and U.S. history. Some areas that were reasonably strong in the past, especially in science, have been seriously weakened by the large serial cuts necessitated by the tight budgets of the past several years. In other areas, most notably foreign languages and literatures and some specific subdisciplines in engineering, the collections are woefully inadequate for all but the most basic undergraduate teaching. Inadequate staffing at all levels, frequently noted, are felt particularly in technical areas and in certain foreign-language and subject disciplines. The libraries' use of technology, particularly in the exploitation of electronic media, has been modest. Space problems, recognized for some years in both the Hesburgh and branch libraries, have steadily become more severe and within a very few years will be in a state of crisis. A broad-based committee is currently studying intensively the long-term library needs of the University and alternative solutions to them.

Committee on Academic Life

Notre Dame's libraries have made significant progress in some of the categories of statistics published by ARL and that provides some satisfaction. Ultimately, however, the quality of the library is measured by how well it is meeting the information needs of its users. Undoubtedly, success in this regard will positively influence various numerical measures and rankings, but the relationships are not direct. In the final analysis, the statistics are less important than the fulfillment of needs. This conviction underlies our recommendation.

RECOMMENDATION 23: *The University must dramatically improve library resources and services to ensure that the faculty and students have readily accessible the resources required for their work. The achievement of this goal will require:*

- active involvement of the libraries in academic planning at all levels within the University;
- expansion and upgrading of the library faculty and staff and the improvement of their compensation to meet the challenges of a rapidly changing and increasingly complex academic and technological environment;
- careful evaluation of information needs and resources and the identification of areas in which strong local support is particularly appropriate;
- increased emphasis on collaboration with other institutions and agencies in the cooperative development and provision of resources;
- major expansion of the current serial holdings of the libraries;
- increased funding to maintain currently strong collections of national importance;
- funding to fill major gaps in the basic resources required in other areas, especially as new academic programs are introduced and new faculty hired;
- capital support for the maintenance, upgrading and expansion of the hardware and software systems necessary for electronically-based library service;
- timely resolution of library-space concerns in all facilities, Hesburgh, Law, and the branch libraries, in line with current space-planning efforts. This may require expansion, remodeling, and, in some cases, new construction;
- support for a far more active participation by the library faculty in the intellectual life of the University.

4d. Facilities for Academic Programs

A SCIENCE TEACHING LABORATORY FACILITY

This building would accommodate all teaching laboratories in chemistry, biology and physics, as well as computer rooms for students in mathematics. The general problem with teaching laboratory space, particularly with regard to the Departments of Biological Sciences and Chemistry and Biochemistry, centers around the lack of sufficient space to accommodate greatly increasing enrollments and the inad-

equacy of the current space in terms of modern safety standards. Some relief in the latter will occur with the refurbishing of laboratories in Nieuwland Science Hall, but this can only be viewed as a short-term solution and will not greatly assist in providing space for more students who are increasingly requesting courses involving laboratories. We currently attempt to accommodate modern science teaching and modern safety requirements in buildings constructed more than 30 years ago, with no allowance for proper renovation at reasonable cost. A good university must provide adequate science instruction for its undergraduate student body. To attract first-rate faculty and students requires facilities of high quality. We currently do not have even adequate laboratory teaching facilities.

The immediate pressure points affect certain courses in the Department of Biological Sciences and the Department of Chemistry and Biochemistry, in which laboratory enrollments have increased approximately 47 percent since 1990. The Department of Chemistry and Biochemistry has already added evening sessions, and the Department of Biological Sciences will have to do so next year.

The Department of Physics also has utilized all of its teaching laboratory space. Any further increases in enrollment in the larger sections will force evening and weekend laboratory sessions. An observatory is also needed for introductory astronomy courses, taken primarily by non-science majors. This is a longstanding need which has severely limited enrollment in these popular courses.

The Department of Mathematics also has critical laboratory needs, particularly involving computer laboratories. Its courses increasingly utilize symbolic processors, such as MAPLE and MATHEMATICA, which require high-end computers. Several upper-level courses used require processors in the fall 1992 semester. In addition, computer assignments are becoming an increasingly important part of sophomore calculus courses. About 360 students are now enrolled in such courses, and this number probably will increase to approximately 1200 over the next few years owing to increasing computer use in freshman calculus courses. A computer laboratory, then, would be part of the proposed Science Laboratory Teaching Center.

Finally, construction of this facility will also solve many research space needs in the College of Science. The severe shortage of research-laboratory and office space has made hiring faculty very difficult. Rather than construct additions to all science buildings, which would otherwise need to be done in the near future if we are even to maintain our faculty size (as several current faculty who retire in the 1990s will have to be replaced by faculty with greater lab needs), we should move all teaching laboratories to a new facility. This will allow conversion of current teaching laboratories to research laboratories, both a cost-effective and scientifically sound solution.

Colloquy for the Year 2000

A LONDON FACILITY

The purchase of a facility in London both to house the five existing programs and to allow for expansion must be among the University's building priorities for the 1990s. A rent review of our current London property will take place in 1997. We can expect a sizeable increase. Our lease on the property expires in 2004 and at that time it will revert from educational use (which carries a 50 percent rent reduction from the market price) to commercial use. This will put us at a prohibitive disadvantage. We must therefore seek a new site before 2004.

Faculty, students and staff have operated in the current facility under extreme space constraints. During the fall semester, approximately 150 students, 50 faculty and three full-time staff utilize the 6000-square-foot area. In fact, in 1992 a cap was placed on MBA enrollment because of lack of space. During the spring semester, because the MBA functions only in the fall, the numbers are reduced by 25 students and five faculty. Problems of space for classroom teaching, study, computers, library and offices persist, nonetheless, even in the spring.

Based on a 1988 study, we decided to search for property of approximately 20,000 square feet. This plan should be revisited and a feasible cost determined.

AN ENVIRONMENTAL SCIENCES AND ENGINEERING BUILDING

Environmental problems are too complex to be solved either by individual investigators or within single disciplines. Significant technological and policy breakthroughs demand cross-disciplinary approaches. Recognizing this, Notre Dame established in 1987 its Center for Bioengineering and Pollution Control (CBPC). In the five years since the formation of the CBPC, noteworthy advances have occurred in Notre Dame's ability to educate the next generation of students dedicated to addressing environmental problems. Among the more telling developments:

The Department of Earth Sciences from the College of Science was merged with the Department of Civil Engineering into the College of Engineering in the summer of 1991. Since that time an undergraduate degree in the new Department of Civil Engineering and Geological Sciences has been established — designated as a Bachelor of Science in Engineering and Environmental Science — that provides students with an engineering background as well as increased exposure to the fundamentals of geology, chemistry and biology. This major will attract students who wish to address environmental problems from a sound technological foundation.

Faculty and graduate students from the Departments of Civil Engineering and Geological Sciences, Chemical Engineering and Mathematics are cooperating on environmental research projects. For example, funding obtained under the Graduate Assistance in Areas of National Need Program entices faculty and students with diverse academic backgrounds to come together to address environmental problems.

Through the CBPC, faculty in the Colleges of Engineering and Science have obtained substantial support in the last five years to conduct basic, developmental and applied research related to pollution control. Funding sources have included both federal agencies and private sponsors. This research is cross-disciplinary and involves expertise from civil and chemical engineering and the sciences. Topics under study include radiolytic destruction of organics, automotive exhaust pollution control, modeling of groundwater contamination, genetic manipulation of enzymes, bioremediation of contaminated soils, waste minimization, investigation of the environmental effects of road brining and on-site biological remediation.

As the interest in environmental issues has spread through various entities on campus, such as the Peace Institute, the Kellogg Institute, and the Colleges of Science, Engineering, and Arts and Letters, it has become clear that designated space is needed, set aside to allow faculty and students of diverse backgrounds to come together to discuss and work on problems of mutual interest. The optimal setup of this space would include laboratories and offices for individuals working on environmental problems.

Because a significant fraction of faculty in the Department of Civil Engineering and Geological Sciences teach and do research in environmental problems, this department should be housed in the new space. The natural involvement of the Department of Chemical Engineering in environmental issues argues that this department should also move to the same space. Additionally, the CBPC would move to this facility. Such a complex would have the stability enjoyed by units educating a well-defined set of degree-seeking students, would stimulate interdisciplinary work between the two departments, would allow for involvement of students and faculty from other departments, and would signal Notre Dame's commitment to the scientific and technical challenges involved in preserving our global environment.

Committee on Academic Life

ARTS AND LETTERS ACADEMIC FACILITIES

Three developments will require the construction of new academic facilities for the College of Arts and Letters during the coming decade:

1. Much of the expansion in the size of the faculty projected by this report will take place in the college. Since current office space is used to capacity, new space will have to be created.
2. The basement of the Hesburgh Library currently houses the Social Science Research and Training Laboratory, numerous emeriti offices, as well as several journals and research projects connected with the Center for Contemporary Society. The library will need this space well before the end of the decade and new space will have to be found.
3. Graduate students in the humanities and social sciences have a critical need for offices when they serve as research or teaching assistants. Such offices should be situated in a location that will foster collaboration with faculty.

Some of these space needs can be met by conversion of academic facilities freed by new construction, e.g., Washington Hall, Crowley Hall, Hurley Hayes-Healy. Yet such conversion will not solve all space problems. Hurley Hayes-Healy, for example, does not provide even enough square footage to house the offices now located in the basement of the Library.

New office space for arts and letters should be designed with the goal of integrating the offices of faculty and graduate students in each department throughout the college.

SPACE FOR A MICROELECTRONICS AND MATERIALS RESEARCH LABORATORY

The approximately 12 faculty in microelectronics and the science and engineering of advanced electronic materials have been successful at generating both industrial and government funding for research and teaching programs, receiving more than \$4 million in external support in the past five years. The need for specialized laboratory facilities constrains the continued flourishing of this effort. Further, the needs in microelectronics and materials research overlap substantially with the needs of the Departments of Chemistry and Biochemistry, Physics and Chemical Engineering in advanced materials characterization research. Either a new building or refurbished space released by other moves is needed to support an expanded microelectronics facility and an advanced materials characterization facility.

The Microelectronics and Materials Research Laboratory proposal includes facilities for advanced lithography, cryogenic testing, surface analysis, and magnetic structural, thermal, optical and microchemical characterization of advanced materials. The laboratory would require permanent technical staff to operate and maintain equipment, but no additional faculty positions would be needed.

Such a facility would serve to highlight and enhance Notre Dame's prominence in an important research field receiving national attention as a priority in maintaining global competitiveness. It would also showcase an educational opportunity for undergraduates which very few universities can offer: a hands-on microelectronics fabrication laboratory in which students actually create microchips using state-of-the-art facilities. Finally, the laboratory would be a test-bed for an emerging paradigm of industry-university collaboration in both teaching and research.

LABORATORY OF AQUATIC ECOLOGY TEACHING AND RESEARCH

The Department of Biological Sciences has made a major commitment in the area of environmental sciences, including the establishment of an undergraduate program in this important field. Currently there are seven faculty members who require a separate and specialized "wet laboratory" for aquatic research. This requires a building addition of approximately 10,000 square feet or renovation of the basement of the Freimann Life Sciences Center.

A GRADUATE CENTER

As graduate education at Notre Dame becomes more central in the priorities and planning of the University, it may be important to bring together in a single Graduate Center as many functions and services as possible. A central, year-round place for the Graduate School would house the administrative offices of the Graduate School, computer clusters for graduate students, a graduate student placement office, offices for the Graduate Student Union, and a graduate commons. By combining academic, professional and social functions, such a facility would serve as a hub for graduate-student life on campus, thus helping graduate students achieve a greater sense of identity. Such a center could be located in a new facility or in renovated space such as an entire floor of the restored Main Building.

The Graduate Center would also be a logical home or adjacency for two other academic needs: a center for excellence in teaching and a new University bookstore.

Colloquy for the Year 2000

4e. Other Initiatives

COLLEGE OF ARTS AND LETTERS

New Endowment for Existing Centers and Programs. During the last decade the college undertook a number of new initiatives to foster research in areas vital to a Catholic university (The Institute for Philosophy of Religion; The Cushwa Center for the Study of American Catholicism; The Medieval Institute; the Hesburgh Program in Public Service); to enhance teaching effectiveness (The Lilly Teaching Fellows Program); and to create new cross-disciplinary configurations (The Reilly Center for Science, Technology and Values; The Gender Studies Program; African and African-American Studies). Some of these successful and significant ventures have endowment; some do not. All need a more stable and secure source of funding to maintain their operations.

Endowment for New Centers. Research centers have proven to be of enormous value in stimulating creative work within and across disciplinary boundaries. The college proposes to create two new centers, one in Theological Inquiry to support the work of a department central to the University's general mission, and one in Humanistic Studies to coordinate the research efforts of our humanities departments. At the same time, new support will be necessary for a reconfigured Social Science Research and Training Laboratory.

Endowment for the Fine and Performing Arts. As the quality of programs in studio and performing arts increases, it will be necessary to ensure a sound financial base for increasing program costs and for regular replacement of instruments and equipment.

COLLEGE OF BUSINESS ADMINISTRATION

The college has concluded its strategic plan called "Strategic Directions 2000." This plan identifies 13 strategic initiatives and specific strategies for the development of the college through the decade ahead. Some of these strategies will be self-sustaining, indeed revenue-producing, after the infusion of seed-money to get things started; others will call for permanent funding from endowment and other sources. The following four initiatives identified by that study will require substantial funding.

Doctoral Program in Business. This initiative, already discussed in Section 3B, would greatly enhance the quantity of high-quality research done by college faculty and increase the attractiveness of Notre Dame to prospective faculty. It would also enhance the scholarly reputation of the college and the University.

Institute for Research in Business Administration (IRBA). The strategic goal of this initiative, in tandem with a new doctoral program, is to become competitive with the better business schools in research. The core aspects of this initiative include maintaining and improving available databases, funding of research projects, and administering these research efforts. The college databases, essential for much empirical research in financial accounting, business economics, and finance, must be expanded and managed. Funding of research initiatives, especially for younger faculty, is required to be competitive in hiring and retaining faculty. The college research activity will be directed and coordinated by a center which would provide administrative support, sponsor seminars, and encourage and support substantially increased grant writing efforts.

Strengthening of the Undergraduate Program. The strategic goal of this initiative is to maintain and improve the quality and reputation of the college's oldest and largest program. The initiative will include a thorough review and revision of the undergraduate program to reflect the new AACSB accreditation standards and the strengthening of student counseling. The curriculum will be modified to include emphasis on communication skills, expanded coverage of the international component, and integrated study of business and professional ethics. The major part of this initiative will be to remedy the program's heavy dependence on part-time adjunct faculty, the cumulative effect of years of stringent budgeting, through the addition of several members of the regular teaching and research faculty. Most of these initiatives are already included in a University-wide context in earlier parts of this report.

Internationalization of the College. Building on the college's focus on international business ethics, the strategic goal of this initiative is to sensitize our faculty and our students to foreign cultures, economies and business modes. We will encourage students to undertake a language sequence, support foreign internship programs, increase faculty and student exchanges around the world, support faculty initiatives to expand international components of our curricula, increase support for international conferences and research and develop centers for global business studies.

COLLEGE OF ENGINEERING

Center for Systems Research. Faculty from every department in the College of Engineering participate in this center, and very fruitful ongoing interdisciplinary work with ties extending to the Colleges of Science and Business Administration has reached the stage where joint laboratories, seminar series, graduate support, travel and seed money for new research activities would make possible a significant leap forward. Research areas being addressed include control systems, signal processing, communications systems, automation, robotics, artificial intelligence, visual systems and systems which reduce natural disasters.

Committee on Academic Life

Center for Advanced Food Technology. The center would carry out research focusing on the application of technology to the processing of food from raw to finished products to accomplish increased productivity, decreased cost, improved quality, and an overall beneficial impact on the third world. Disciplines from the Colleges of Engineering and Science which would contribute to the center include thermal sciences, fluid mechanics, materials science, chemistry, biochemistry, biology, and control systems. Endowment should be sought to support students, new technology development, and acquisition and maintenance of research equipment.

Hessert Center for Aerospace Research. A one-time infusion of funding should be sought to meet a critical need for equipment for this newly-reestablished research facility.

LAW SCHOOL

Law Library Development Fund. Endowment should be sought to ensure financial support for the current Law Library collection, to allow for necessary growth of the collection, and to create a Law Library capable of supporting the educational and research mission of the Law School.

Institute for Research in Law (IRLA). This institute would expand on the work done presently by the White Center and would incorporate that center's functions. The initial concentration of the institute would be research in the field of Law and Ethics and would involve law faculty and faculty from other disciplines. The institute would sponsor internal research, provide seed money for funded research, publish a scholarly journal and organize Law and Ethics conferences.

Endowment for the Legal Aid Clinic. The Legal Aid Clinic directly promotes the twin aims of teaching students the practice of law and providing crucial legal services to the poor. The clinic now turns away too many law students and clients it cannot, for lack of resources, serve. Addressing this serious problem requires an endowment.

The Center for Civil and Human Rights, an institute for advanced research and teaching, prepares young lawyers, primarily from foreign countries, for the teaching or advocacy of international human rights law. It also sponsors major conferences and lectures. Providing the core funding for the center requires an endowment.

COLLEGE OF SCIENCE

Life Sciences Nuclear Magnetic Resonance Research Facility. NMR spectroscopy has become the analytical tool of choice for studying a wide range of chemical and biological systems. As NMR instruments and techniques become ever more sophisticated, problems of increasing complexity and importance in medicine and the life sciences can be studied. The College of Science will require a 750 MHz NMR facility for modern chemical and biological research.

The Notre Dame Center for Molecular Design and Dynamics. Advances in chemistry permit the design of molecular systems having special applications in medicine, electronics, engineering, and other areas of science and technology. This proposal calls for the establishment of a new center to fund advanced research, using the tools of organic and inorganic chemistry for the design of new materials and the study of their properties. Research of both a basic and an applied nature will be pursued. Funding should be sought primarily for the permanent endowment of the center, but some funding also will be needed for initial setup costs including special instrumentation.

INSTITUTES

The Notre Dame Institute for Church Life (ICL). This recently-created institute builds upon the work of the Institute for Pastoral and Social Ministry even while it expands its scope in both membership and purpose. It will address new and challenging questions and issues in American pastoral life. Also, it will engage and draw upon the work of other University programs and centers that are involved in the study of Church-related issues, as well as upon the scholarly expertise of various academic departments. To accomplish these aims, the institute will require a permanent endowment.

The Center for Social Concerns (CSC). The largest and most comprehensive center of the Notre Dame Institute for Church Life is the Center for Social Concerns, whose goal is to inform and shape the social conscience of the Notre Dame community. The CSC offers its constituents an intellectual analysis of the social teaching of the Church in conjunction with a variety of opportunities for experiential learning. Like the institute of which it is a part, the center requires a permanent endowment to carry out its mission.

Colloquy for the Year 2000

The Academic Life Committee of the Colloquy 1991-93

Ani Aprahamian, *Assistant Professor of Physics*
Harold Attridge, *Professor of Theology, George N. Shuster Dean of Arts and Letters*
Francis Castellino, *Kleiderer-Pezold Professor of Biochemistry, Dean of Science*
Paul Conway, *Associate Professor of Finance*
Fernand Dutille, *Professor of Law, Acting Dean of the Law School*
Lynn Friedewald*, *Undergraduate in Arts and Letters*
Deborah Grismer, *Graduate Student in Aerospace and Mechanical Engineering*
Kate Halischak, *Director of Academic Services for Student-Athletes*
Nathan Hatch, *Professor of History, Vice President for Graduate Studies and Research*
Amy Houm, *Undergraduate in Science*
John Keane, *Howard J. and Geraldine K. Korth Professor of Strategic Management, Martin J. Gillen Dean of Business Administration*
Eileen Kolman*, *Dean of the Freshman Year of Studies*
Craig Lent*, *Associate Professor of Electrical Engineering*
David Lutz, *Graduate Student in Philosophy and MBA*
Sabrina McCarthy, *Associate Professor of Law*
Jennifer McRedmond*, *Undergraduate in Science*
Naomi Meara*, *Professor of Psychology*
Anthony Michel, *Frank M. Freimann Professor of Electrical Engineering, Matthew H. McCloskey Dean of Engineering*
Robert Miller, *Director of University Libraries*
Dennis Moore*, *Director of Public Relations and Information, Secretary of Academic Life Committee*
Patrick Murphy*, *Chair of Marketing*
Timothy O'Meara*, *Howard J. Kenna, C.S.C., Professor of Mathematics, Provost, Chair of Academic Life Committee*
Victoria Ploplis, *Adjunct Assistant Faculty Fellow in Biological Sciences*
Roger Schmitz, *Keating-Crawford Professor of Chemical Engineering, Vice President and Associate Provost*
Timothy Scully, *C.S.C., Assistant Professor of Government*
Kathleen Sullivan, *Director of Continuing Education of the Alumni Association*
John Van Engen*, *Professor of History, Director of the Medieval Institute*

*On Executive Committee

Task Force Contributors 1991-92

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Neal Cason, *Professor of Physics*
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JoAnn DellaNeva, *Associate Professor and Chair of Romance Languages and Literatures*
Christopher Fox, *Associate Professor of English*
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Alan Gunn, *Professor of Law*
Gary Gutting, *Professor and Chair of Philosophy*
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Ronald Hellenthal, *Associate Professor of Biological Sciences*
Paul Helquist, *Professor and Chair of Chemistry and Biochemistry*
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Appendix

The following pages contain two assessments of the financial impact of the narrative of the report

The first assessment, "The Vision," is the result of an analysis and initial paring down of the recommendations of the report. The second, a sterner paring, is appropriately called "The Tempered Vision."

Each of these assessments was arrived at in a process involving two separate committees: a Deans' Committee which included the vice president for graduate studies and research, the vice president and associate provost, and the provost; and the Executive Committee of the Academic Life Committee of the Colloquy.

Committee on Academic Life

Cumulative Budget Add-Ons

1994-2004

Columns in 1993 Millions of Dollars

	The Vision			The Tempered Vision		
	Annual	Endowment	One-Time	Annual	Endowment	One-Time
CHAPTER 2 — FACULTY						
2A	Scholarly Initiatives	—	2.0	—	1.0	—
2C	Quality Faculty and AAUP Ratings	6.0	—	5.6	—	—
	8 Recruitment Fellowships	—	4.0	—	2.0	—
	Common Space for Retired Faculty	—	—	.4	—	.4
2D	50 TR Faculty	3.0	—	3.0	—	—
	50 Junior TR Faculty, Endowed	—	62.5	—	50.0	—
	50 Senior TR Faculty, Endowed	—	125.0	—	100.0	—
	Office Space for 150 Faculty	—	—	3.4	—	2.9
2F	25% Enhancement of Non-Salaries for Academic Departments	1.8	—	1.4	—	—
CHAPTER 3 — STUDENTS, TEACHING AND LEARNING						
3A	Provost Enrollment Shift Fund	.3	—	.3	—	—
	Enhancement of Undergraduate Aid	—	160.0	—	130.0	—
	Superinflation on Undergraduate Aid	—	56.0	—	48.0	—
	Merit Scholarships for Top 10%	—	15.2	—	12.0	—
3B	New Doctoral Programs in AL	—	30.0	—	20.0	—
	Graduate School Development	—	50.0	—	40.0	—
	New Doctoral Programs in BA	—	60.0	—	40.0	—
	Financial Aid for M.Div.	—	2.0	—	2.0	—
3C	International Programs:					
	New Programs	.3	—	.3	—	—
	Financial Aid	—	1.0	—	1.0	—
	Exchange Programs	.2	—	.2	—	—
3D	Teaching Support	—	2.0	—	2.0	—
	Teaching Center	—	2.0	—	2.0	—
	Bookstore	.2	—	5.5	.2	—
	Press	—	2.0	—	2.0	—
	Distance Learning	—	—	—	—	—
	Center for Continuing Education	—	2.0	—	2.0	—
	Snite	—	2.0	5.0	—	2.0
	Computing	.4	—	8.0	.2	—

Colloquy for the Year 2000

		The Vision			The Tempered Vision		
		Annual	Endowment	One-Time	Annual	Endowment	One-Time
CHAPTER 4 — RESEARCH, SCHOLARSHIP AND INFRASTRUCTURE							
4A	26 Technicians and Professionals	1.2	—	—	.8	—	—
	Accounting System Upgrade	—	—	—	—	—	—
	Purchasing System Upgrade	—	—	—	—	—	—
4B	Start-Up Funds for Faculty Hires	1.2	—	—	1.2	—	—
	Matching Fund	1.5	—	—	1.5	—	—
	Research Development and Initiation	.5	—	—	.4	—	—
	Equipment Renewal and Restoration	2.0	—	—	1.5	—	—
4C	Library: New Positions	—	10.0	—	—	10.0	—
	Salary Upgrades	.4	—	—	.4	—	—
	Interlibrary Activity	.3	—	—	.3	—	—
	Serials, Superinflation	1.5	—	.3	1.5	—	.3
	Serials, New	.2	—	—	.2	—	—
	Serials, New Programs	.2	—	—	.2	—	—
	Maintaining Strong Collections	—	8.0	—	—	8.0	—
	Filling Gaps	—	2.0	—	—	2.0	—
	Hardware, Software	.4	—	—	.4	—	—
	Space Restoration	—	—	10.0	—	—	10.0
4D	Science Teaching Laboratories	—	2.0	36.0	—	2.0	36.0
	London Facility	—	—	20.0	—	—	20.0
	Environmental Building	—	—	12.0	—	—	12.0
	Arts and Letters Space	—	—	4.5	—	—	4.5
	MicroElectronics Lab Conversion	—	—	5.0	—	—	5.0
	Aquatic Laboratory	—	—	2.0	—	—	2.0
	Graduate Student Offices	—	—	5.0	—	—	5.0
	Graduate Center	—	—	2.0	—	—	0
	Performing Arts Facility	—	—	—	—	—	—
4E	AL Centers	—	12.0	—	—	8.0	—
	BA IRBA	—	13.0	—	—	12.0	—
	Undergraduate Programs	—	9.0	—	—	7.0	—
	Internationalization	—	4.0	—	—	3.0	—
	EG Centers	—	9.0	1.0	—	7.5	1.0
	LW Financial Aid	—	10.0	—	—	8.0	—
	Library, Collection and Space	—	6.0	3.5	—	6.0	3.5
	IRLA	—	6.0	—	—	6.0	—
	Centers	—	8.0	—	—	5.0	—
	SC Nuclear Magnetic Resonance	—	1.5	1.5	—	1.5	1.5
	Centers	—	8.0	2.0	—	6.0	2.0
	ICL	—	2.0	—	—	2.0	—
	CSC	—	2.0	—	—	2.0	—
TOTALS		21.6	695.2	127.1	19.6	557.0	119.1

Committee on Academic Life

Key to the Table

The Annual column represents the cumulative effect of annual increments, over and above normal academic inflation, to the annual academic budget over the 10-year period 1994-2004. Thus, the normal academic budget, the so-called unrestricted academic budget, will be \$21.6 million dollars higher for 2004-05 than for 1994-95, assuming no inflation for the period. The Endowment column represents the total addition to the academic endowment during the same 10-year period. Thus, following a 5 percent rule, the figure of \$695.2 million will contribute \$34.8 million of new money each year to the academic enterprise starting with the year 2004-05, again assuming no inflation. This is part of the restricted academic budget and is in addition to the figure in the Annual column. The One-Time column is fully described by its title.

In the computations that follow, when things are broken down by college, the order is as follows:

AL, BA, EG, LW, SC, PROV. Architecture is included under EG.

- 2C. Line 1. $\$40m \times 1.2 \times .0125 \times 10 = \$6m$
 Line 2. $(\$25k \times 8) + (.05) = \$4m$
 Line 3. Expected usage is based on 113 faculty between the ages of 70 and 80:
 $113 \times .25 \times 100 \times 1.4 \times \$110 = \$4m$
- 2D. Spousal hirings, early retirements, targets of opportunity, are included in these figures. Faculty for new doctoral programs come under 3B.
 $80 + 14 + 14 + 8 + 14 + 20 = 150$
- Line 1. $50 \times \$50k \times 1.2 = \$3m$
 Line 2. $50 \times \$1.25m = \$62.5m$
 Line 3. $50 \times \$2.5m = \$125m$
 Line 4. $(80 + 0 + 14 + 8 + 14 + 20) \times 160 \times 1.4 \times \$110 = \$3.4m$
- 2F. $\$7m \times .25 = \$1.8m$
- 3A. Lines 2 & 3. Do not include aid for athletes, faculty children and ROTC
- Line 4. $(7,600 \times .1 \times \$1k) + .05 = \$15.2m$
- 3C. Line 2. Includes international programs in EG and SC
- 3D. Line 5. Distance Learning will be self-supporting

4A. Line 1. $26 \times \$40k \times 1.2 = \$1.2m$

Lines 2 & 3. Unknown

4B. Line 1. This includes filling new positions and replacing retirees

$$\begin{aligned} & \$ (80 + 50) \times 10 \text{ k} \\ & + (14 + 12) \times 10 \text{ k} \\ & + (14 + 16) \times 100 \text{ k} \\ & + (8 + 7) \times 10 \text{ k} \\ & + (14 + 28) \times 175 \text{ k} \\ & + (20 + 0) \times 10 \text{ k} \end{aligned}$$

$$= \underline{\quad \quad \quad} \underline{\$12.3m} \quad \quad \underline{\$12.3m + 10 = \$1.2m}$$

Colloquy for the Year 2000

Committee for the Whole Executive Summary November 12, 1992

Father Malloy convened the meeting on the 14th floor of the Library at 7:05 p.m.

Present: P. Antsaklis, E.W. Beauchamp, C.S.C., Greg Butrus, M. Conboy, F. Connolly, P. Conway, L. Cunningham, V. DeSantis, M. Gleason, M.L. Gude, C.S.C., C. Hegarty, G. Jones, M. Kelly, C. Kselman, C. Lent, E. Malloy, C.S.C., N. Meara, W. Miscamble, C.S.C., P. O'Hara, T. O'Meara, L. Ramsay, K. Mass Weigert, W. Wilkie, R. Winsor, and R. Conklin, who took the minutes. Absent: M. Kelly and C. Mooney.

A report from the Academic Life Committee of the Colloquy was distributed in advance to the members of the Committee for the Whole. Father Malloy reviewed the remaining steps in the Colloquy process. He said each of the reports of the four committees would be reviewed at a Committee for the Whole meeting and then be reflected upon further by individual members. When all four reports had been reviewed, the process of melding them into a final report would commence. The final document from the Colloquy would take the form of a report from Father Malloy to the trustees, but it was his expectation that this report would be a consensus document in its provenance. Any impasse in discussions would, however, be resolved by Father Malloy, who would accept full responsibility for the final report. *Notre Dame Report* will carry the texts of the committee reports, and faculty will have an opportunity to respond to them before the final Colloquy report is composed. The final report has to combine comprehensiveness, clarity of analysis and brevity. Father Malloy said recommendations with major budget implications would have to be prioritized. The report on Academic Life would be the heart of the final report, and the purpose of tonight's Committee for the Whole meeting would be to discuss its broad thrust, rather than to get into its minute detail. Members would have additional time on an individual basis for a closer analysis leading up to the sessions that would amalgamate the committee reports into the final document. Provost O'Meara said a preface would be added to the report describing the manner in which the Academic Life Committee went about its business and adding some necessary explanation to some parts of the report. The provost himself also intended to see if he could address each of the college councils on the Academic Life report.

The provost led the committee through the report, drawing attention to certain sections and entertaining comment from committee members on any point. There were some reservations about the use of the word "mission" in the

opening section, given the chance for confusion with the actual mission statement of the University. There is no conflict between the ideas of the two statements, however.

The provost acknowledged vigorous debate on the Catholic identity issue but said the document was a unanimous one. He noted that the report's discussion on the role of the faculty in maintaining the Catholic character of the University reflects similar thoughts in the COUP and PACE Reports but goes further in that it mandates departments to state their roles "in contributing to the animation of Catholic intellectual life." The tone of the section on the Catholic identity of the University is one that stresses the role of the faculty itself in this regard.

In discussion it was noted that this section is long on exhortation and short on "how." For example, is the creation of postdoctoral positions a way in which the recruitment of young Catholic scholars could be aided? Opinion differed on how specific this section could get, especially since some felt Notre Dame was paving new ground in its attempt to be a first-rate university with an acknowledged religious interest. It was agreed that the perception was that the issue of the Catholic identity of the University as it related to faculty had not been adequately addressed in recent years. It was also observed that all affirmative action programs — whether for Catholics, Holy Cross religious, minority group members or women — eventually are set against the equally compelling issue of quality, of hiring the best candidate the market has to offer. There is no way of resolving this, but we ought to acknowledge the inevitability of tension between these two objectives. The provost called attention to the paragraph on personal and professional conduct. While not defining specific standards, it makes clear there is a legitimate institutional concern.

The treatment of the faculty's vocation restates the conviction of the University that teaching and research are complementary not oppositional aspects in the life of a teacher-scholar. The following section on faculty quality is deliberate in its linking rhetorically the fact that overall faculty salaries are among the top 25 in the country with the expectation that teacher-scholars at Notre Dame "meet standards at least equal to those of the top 25 universities in the pertinent discipline." In essence, this is a restatement of the PACE Report's linkage of the goal of getting Notre Dame salaries into the top 20 percent in the country (now accomplished) with enhanced standards for hiring and promotion.

It was conceded in discussion that credible national rankings of departments by academic quality were difficult to find, but that the rhetorical statement should be seen as useful in defining our aspiration. (One person thought the top 25 too low to use as a benchmark.) One commentator wondered whether the blanket statement about expecta-

Committee on Academic Life

tions of faculty realistically took into account individual differences between faculty members themselves and between departments. Within ranks within departments, salary outcomes might well be more uniform than will ever be the performance of individual faculty members, given that some, for example, might have an aptitude for research, while others might prefer teaching, and so on. And does not this fact argue for differential responsibilities among faculty members, a notion that might impact teaching loads. Also, is it not unfair to expect any academic department without a doctoral program ever to rank in the top 25 in its discipline? On the matter of health benefits and early retirement, it was mentioned that the Human Resources Department is close to an announcement of positive changes in this area.

It was noted that the recommendation to augment the size of the faculty was fiscally cushioned by the fact that 100 would be underwritten by endowment, while 50 would be built into the operating budget. The breakdown of where these new positions would go within the University would reflect student needs. It was stressed that all regular teaching and research faculty should be expected to teach undergraduates, including freshmen.

In discussing departmental chairs, it was noted that Notre Dame had a relatively young cohort in this area. It was pointed out that the desire for a larger faculty makes for larger departments and a more complex and less appealing administrative task. It was suggested that some of this administrative burden could be shifted to personnel not members of the teaching and research faculty — administrative assistants, special professional faculty members — leaving chairs to devote more time to academic leadership. This, however, can lead to charges of administrative bureaucracy.

There was consensus that a curriculum review was necessary, as well as a more imaginative approach to the control of enrollment surges short of gates within and between colleges. In admissions, the drop in the number of black students, while a problem not unique to Notre Dame, is of concern. Given the fact that we are institutionally committed to meeting the full need of accepted black applicants (granted that such need might have a higher self-help factor than other institutions), some skepticism was voiced about financial aid being cited as the all-important factor in black recruitment. Attention was also called to the dropping number of applications, which has also affected other private universities. The lack of encouragement of faculty to replicate themselves by recruiting young women and men for academic life was criticized. This lack was explained by the practical awkwardness of encouraging academic careers at a time when jobs in many disciplines simply are not available.

The comparatively extensive treatment of the College of Business Administration under "Graduate and Professional Studies" was explained by reference to the fact that the college had recently completed a strategic plan calling for a doctoral program, a recommendation that has been met with a range of opinion within the college's faculty. Provost O'Meara said the committee did not want to pre-empt the role of the Academic Council in deciding this question, but its treatment in the report should be taken as implicit support for a doctoral program in the college.

It was suggested that a recommendation for a thorough study of Notre Dame's international programs be added to the report.

Chapter 4 was described by one commentator as having more of the character of a "wish list" than other sections of the report, and it called out for even more prioritization than that which might have preceded its inclusion. The plight of the Notre Dame libraries drew a sympathetic response. In the discussion of the role of centers and institutes, it was noted that they hold out the most promise for interdisciplinary endeavor.

The meeting was adjourned at 10 p.m., with the next meeting set for December 1 to discuss the report of the Committee on Finances, University Relations and Athletics.

Colloquy for the Year 2000

Subcommittee on Finances

Table of Contents

I. Introduction and Summary	28
A. Income-Cost Comparisons	29
B. Cost Estimates	29
C. Income Projections	30
D. Choices for the Year 2000	30
II. Income Projections	33
A. Tuition	33
B. Gifts	33
C. Endowment Income	33
D. Auxiliary Enterprises	34
E. Grants	34
F. Other Sources	35
G. Total Increase in Revenue	35
III. Cost Estimates	41
A. Assumptions	41
B. Summary of Departmental Requirements	42
C. Explanatory Notes	43
IV. Appendices:	
A. The College of Arts and Letters	
B. Student Affairs	
C. Graduate Education	
E. The College of Science	
F. University Libraries	
G. The College of Engineering	
I. The College of Business Administration	
J. Admissions and Financial Aid	
N. University of Notre Dame Press	
O. Office of University Computing	

I. Introduction and Summary

The members of the Finance Subcommittee of the Committee on Finances, Athletics and University Relations are the Rev. Ernest Bartell C.S.C., executive director, Kellogg Institute, professor, economics; Michael Hamilton, assistant professional specialist, Graduate School, graduate student, history; Scott Malpass, University investment officer; Thomas Mason, vice president for Business Affairs; Gerald Jones, chairman, professor, physics; and Jennifer Warlick, associate dean, College of Arts and Letters, associate professor, economics. The subcommittee has made financial estimates of two kinds:

- (1) the amount of increased annual income and capital expenditure that could reasonably be expected to be available to the University by the year 2000; and
- (2) the cost of program and facilities expansions during the same time interval contemplated by the various units of the University.

In the latter we have considered primarily, but not exclusively, areas that directly affect the academic enterprise.

We have made these estimates in the hope of better understanding the nature and magnitude of some of the choices the University will face in the next few years. This has been a complex process. Projecting income is a guessing game. We cannot reliably predict the economy's performance over the next eight years, and that performance will affect all of the University's major sources of income. For this reason the subcommittee has made both a high-end, or optimistic projection of income, and a low-end or pessimistic projection. The subcommittee expects, but cannot be confident, that reality will lie somewhere between the two. The cost estimates are also uncertain but probably less so than the income projections. The subcommittee believes that the University currently confronts a series of problems related to finances whose resolution will affect every aspect of academic and student life. Some of these include:

- how much to increase tuition, and how increases will affect the composition of the student body and the public's perception of the University;
- whether to raise the goal for spending on the endowment, to shorten the time period in which to reach the current goal, or both;
- the role of auxiliary operations, especially athletics;
- setting priorities among competing needs, and;
- assessing and providing for real infrastructure needs.

Only in the most optimistic case does the subcommittee believe that the University can raise both the capital and the operating funds necessary to support most of the programs proposed. It is more likely that the University will have to set priorities and direct its efforts to meeting those priorities. Our subcommittee, however, has not studied the merits of the many proposals made and offers no opinion on their relative importance.

This report has three sections. In this first section we summarize estimates, describe how the necessary information was collected, the major assumptions and choices made in developing the estimates, and list factors important to consider in making the various choices the University must face between now and year 2000. We make several recommendations in this section. Some of these suggestions question current policies. We have not, however, made a systematic study of all current financial policies of the University and do not comment in general upon them. Section II contains a more detailed explanation of how the income estimates were made, and section III does the same for the cost estimates. Both sets of estimates define two quantities:

Committee on Finances, University Relations and Athletics

1) the total one-time capital raised/expended by the year 2000, and

2) the increase in annual income/spending needs in the year 2000.

This distinction between one-time costs and increases in annual costs is independent of the source of income. In principle, any source of income could fund items in either category. These two sections have attached reference documents.

Income - Cost Comparisons:

In section II we have made both high-end and low-end estimates of income. The high-end income estimates provide for a total of \$294 million of one-time capital spending between now and year 2000 and an increase of annual expenditures of \$88.6 million by year 2000 (all estimates are in constant 1992 dollars unless otherwise specified). The low-end income estimates allow for \$125 million of one-time capital expenditures and an increase of \$32.8 million of annual expenditures (section II, table 8).

The new programs and enhancements given in section III are estimated to require a total of \$316.03 million in one-time capital costs by the year 2000 and annual expenditures which will have increased by \$96.07 million in the year 2000. There are, however, some adjustments¹ necessary to these cost estimates because they are not completely independent of the assumptions made in estimating income. For example, the need for student financial aid depends on the rate of tuition increase. The adjusted estimates (rounded to the nearest million) are given in table 1 which compares the cost of the proposals (needs) of section III to the projected available income estimates of section II.

Table 1: Summary of income and expenditure projections (all numbers in millions)

	Capital		Annual Income	
	Needs	Available	Needs	Available
High-End	\$316	\$294	\$97	\$89
Low-End	\$316	\$125	\$81	\$33

The high-end estimates would provide for about 93 percent of both the total capital expenditure and annual income estimated to be needed for all programs. The low-end would provide for 40 percent of the estimated needs.

Cost Estimates:

We obtained cost estimates largely from the administrative heads — deans, directors, and the like — of the various listed units, usually in meetings with our subcommittee but occasionally through phone or letter communication. We include any written documents we received in the appen-

dix, and refer to them in our explanations of the cost estimates.

The estimates are in a spreadsheet format with a section of explanatory notes. We have made no judgment of the relative merit of the various program suggestions but have simply included what we received. We have, however, had to make some judgments and adjustments of our own. These include:

- All cost estimates (and income projections) are given in constant current (1992) dollars. Actual costs will be increased by the amount of inflation. There are some costs, such as health insurance, which will likely inflate more rapidly than the general rate of inflation as measured by the Consumer Price Index. For these items we have added an inflationary increment to our cost estimates of section III to try to compensate for the extra inflationary increase. If we have done this realistically then our overall estimate should increase at about the rate of the Consumer Price Index.
- Some annual cost estimates were given us in the form of the endowment required to produce the necessary annual income. We have converted those to annual costs by assuming the spending rate of endowment income will be 5 percent over the longer term, the current goal of the University.
- The cost estimates of some units (University libraries, graduate school and several others) were based on the assumption of constant faculty size and are affected by the increase in faculty size requested by other units. We have attempted to compensate for this by adding an increment to the estimates for these units.
- New facilities requirements were sometimes not given in dollar amounts. Also, sometimes needs implied by other requests — such as office space and supporting staff for new faculty or the cost of operating new buildings — were not mentioned at all. In these cases we had to use our judgment to make reasonable estimates and in a form compatible with the report.
- Some cost estimates are affected by income estimates. For example, the amount of student financial aid needed depends on assumptions about tuition increases which in turn affect income estimates.

In every case we have tried, through the explanatory notes in section III, to make clear the source or rationale of the estimates.

The estimated total capital expenditures of \$316 million includes about \$250 million for new space. Maintaining this new space accounts for about \$10 million of the \$96.07 mil-

Colloquy for the Year 2000

lion estimated increment to annual operating budget. Salary increases for current and new faculty and staff accounts for about \$22 million in new annual costs.

Income Projections:

We have made three major assumptions in developing the income estimates:

- **Tuition income:** The size of the undergraduate student body remains constant and that tuition increases are 2 percent per year above inflation for the low-end estimates and 5 percent per year above inflation for the high-end estimates.
- **Gifts:** The average real rate of giving to the University will increase at 9 percent per year for the high-end estimate and at 3 percent per year for the low end estimate. Unrestricted gifts will be used as income. Restricted gifts will be used for capital expenditure and to increase endowment. The reason that the low-end estimate of endowment income is higher than the high-end estimate is that the low-end estimate assumes a much smaller capital expenditure and thus a larger fraction of unrestricted gifts go to increase the endowment.
- **Income from endowment:** Endowment principal will be protected against inflation but beyond that endowment income will be available at the level of 5 percent of endowment value.

Many other assumptions are described in detail in section II. Most of these depend on economic factors outside the University and over which we will have no control. For example, the high-end projections assume that gifts to the University increase at a real rate of 9 percent per year. At this rate total gifts between now and 2000 would be \$554M in 1992 dollars or about \$700M in year 2000 dollars. Since our last campaign, The Strategic Moment Campaign (1985-90) raised \$463M in gifts and commitments, \$700M seems a reasonable goal for the next campaign but were bad economic times to persist it might be beyond reach. Also these gifts would have to be applicable to the proposals of section III because gifts restricted to other uses would not support these proposals. Finally, for the purposes of this report the gifts would have to be in hand by the year 2000 rather than committed. Thus, we believe our income estimates are less reliable than our cost estimates. We nevertheless believe the estimates are reasonable given the current data.

We note that tuition increases account for about 60 percent of new revenues. Gifts and endowment income are other major sources (section II, table 8).

Choices for the Year 2000; (Recommendations):

Income and expenditures in the year 2000 will depend on a host of decisions that the University will make in the interim — and many of these will be difficult. The ability to effectively prioritize needs will become increasingly important in the years ahead.

Recommendation #1:

The Finance Subcommittee's review of departmental requirements resulted in a total of \$316.03 million in one-time capital expenditures by the year 2000 and an increase in the annual operating budget of \$96.07 million in the year 2000. In addition, a review of revenue estimates resulted in low-end and high-end projections of \$32.8 million and \$88.6 million, respectively, in increased revenue by the year 2000. It is obvious, therefore, that the University must develop the appropriate apparatus to document and validate departmental needs, and to prioritize these needs throughout the University. In addition, it is clear that there is always going to be the need to establish budget priorities as it is unlikely that sufficient annual income will be available to fund all requests each year. These decisions normally fall to the central administration, however, some involvement of the larger University community, at least in an advisory capacity, is essential to their acceptance. The subcommittee feels that the process by which budget priorities are currently determined should be reviewed, and that a mechanism should be provided for input by the larger University community.

A few of the other choices that will have to be made include:

Tuition increases: Among the issues that affect income surely tuition decisions are the most important and probably the most complex. One might argue that tuition increases — the largest potential source of new revenue (section II, table 8) — should be driven primarily by the financial needs of the University and that the resulting program improvements justify the increases.

Yet, what effect will tuition increases have on the profile of incoming students? What will be their SAT scores, class rank, median family income, minority representation, religious affiliation? How will it affect the public perception and support of the University? gifts to the University? Should tuition increases be set to keep us at some level relative to some set of peer institutions, say the COFHE schools? Should they be indexed by economic indicators? If several of these factors are important, what relative weight should each have?

Recommendation #2:

The University should develop a tuition policy statement, or guidelines, that would represent an institutional response to these questions. There is considerable,

Committee on Finances, University Relations and Athletics

and rising public concern over the increasing costs of higher education. If raising tuition is justified by program improvements, then we should clearly and effectively articulate why, both to ourselves and to our constituents.

Endowment investment: The endowment fund of the University has experienced tremendous growth since the inception of the unitized investment pool in 1969 with assets totaling some \$60 million. The endowment fund at the end of fiscal 1992 was valued at \$727 million, placing it among the 16 largest educational endowments in the country. The period 1985-91 was particularly important for the endowment, with increased diversification of assets, opportunistic investment allocations and strong capital market returns resulting in annual returns in excess of 14 percent.

Endowment funds represent permanent funds to be used in accordance with donor wishes for the programs of their choice. Endowment restricted to a specific purpose ensure that the activity has financial support in perpetuity. Some endowments are unrestricted and may be used for any legitimate purpose of the institution. The long-term total rate of return (current income plus capital appreciation) objective for the endowment fund, as established by the Board of Trustees,² is to achieve a return of inflation (to preserve purchasing power) plus 5.5 percent (to provide for spending). This *real* rate of return on the endowment fund over the past 15 years has been 5.7 percent,³ however, over the past 20 years the *real* return is 4.1 percent. As the endowment has grown, it has been able to take advantage of a broader spectrum of investment opportunities, i.e., is much more diversified than was prudently possible in the early 1970s when the total value was less than \$100 million. The stock/bond ratio in those early years was nearer 60/40 instead of the 75/25 ratio today. The University had much less flexibility in its operating budget in the early 1970s, and required the endowment to spend a higher percentage of current income than could be sustained over the longer term if purchasing power were to be preserved. There is more emphasis now on investing for total return, which is consistent with the long-term goals of the endowment fund.

There has been a structural change in the management of the fund over the past few years due to its increased size and the sophistication of investment opportunities that are appropriate for a larger fund. It seems reasonable to expect that the endowment fund should be able to meet the inflation plus 5.5 percent return objective going forward. In fact during the past eight years, the investment performance of the Notre Dame endowment has been quite strong when compared to appropriate market benchmarks, to other institutional investors, and to other educational endowment funds. The primary area of focus, therefore, for the Finance Subcommittee has been the issue of the spending policy from endowment.

Endowment spending: Notre Dame, like most endowed institutions, must balance the competing needs of current and future generations of students and faculty. A sound spending policy is, therefore, critical to ensuring that a portion of investment return is distributed for current expenditure with the remainder reinvested to protect against inflation. In order to achieve this, the Board of Trustees has established a spending policy⁴ from endowment which has two primary objectives:

- 1) To allocate total earnings from endowment in a manner which balances the competing needs of current and future spending requirements, and
- 2) To provide a predictable and growing stream of earnings to endowment fund programs.

The long-term spending rate target from endowment is 5 percent of the value of the assets over the longer term. There are three primary types of spending rules utilized by endowed institutions to meet spending targets. The three rules and their respective advantages and disadvantages are as follows:

- 1) **Spend All Income:** This rule provides for the spending of all current income (dividends and interest) earned each year. Capital gains are reinvested to protect against inflation.
 - spending will increase or decrease with investment results and interest rates which may show large yearly fluctuations.
 - spending may influence investment asset allocation policies, which goes against all principles of fund management.
 - spending may exceed a long-term sustainable rate during periods of high inflation.
- 2) **Total Return Rule:** Spend a fixed percentage of the endowment fund's average market value. The market value is usually defined as an average of quarterly market values over a three- to five-year period.
 - spending increases or decreases with investment results, enhancing the likelihood that the fund's purchasing power will be maintained.
 - the degree of fluctuation of spending depends on the number of years included in the average of market values.
- 3) **Constant Growth Rate Rule:** Determine base year spending and increase that amount annually by a pre-specified growth rate.
 - spending never decreases, but it may remain constant in nominal dollars for several years.

Colloquy for the Year 2000

- spending does not increase rapidly, even with very positive investment results.
- high predictability of spending for fund participants.

The University's spending policy was essentially a spend all income rule from the inception of the unitized investment pool in 1969 until a constant growth rate rule was established in 1989. The current rule was adopted in response to growing dissatisfaction among participants with the lack of predictability inherent in a spend all income rule. In addition, the spend all income rule resulted in over-spending during periods of high inflation and when the stock/bond ratio was nearer to 60/40 than to the current 75/25. The current rule established base year spending at \$180 per unit of endowment owned and provides for fixed increases at the rate of 3.5 percent compounded annually, bringing high predictability to fund participants. The criticisms of the current rule include the concern that the 3.5 percent increase does not always keep pace with inflation, and that the policy does not adjust rapidly for very positive investment results like those achieved over the past eight years.⁵ In fact, under the current policy it is unlikely that the spending rate will average 5 percent of assets unless there is a sustained period of very low inflation and poor investment results.

The University recognizes that with the focus of investment policy on total return, the spending policy must provide for the spending of capital gains to meet the long-term spending rate target of 5 percent. Changes are currently being made in endowment accounting systems to incorporate this need. Although a perfect spending policy is not possible, the current policy is not likely to achieve the long-term spending rate goal of 5 percent.

Recommendation #3:

The endowment spending policy should be reviewed with the intent of making it compatible with the long-term spending goal on a reasonable time scale.

Use of discretionary monies: Some of the money received by the University is restricted in that it must be used for specified purposes and some is unrestricted and could be used in a wide variety of ways. The current and future use of these discretionary monies should be re-examined. For example, in each of the last two years about \$7.5 million of such money was transferred to the plant fund,⁶ primarily used for major renovations and new buildings, and about \$4.3 million invested in endowment,⁷ with the income to be used primarily for student aid. This is not to question the purposes of these actions — they are worthwhile. But undergraduate student aid and new buildings are purported to be two of the most attractive areas for endowment giving to the University.

Recommendation #4:

The use of discretionary monies should be reviewed to

determine to what extent they should be reserved for needs for which other sources of income are difficult to find.

Debt Policy: Colleges and universities are permitted under I.R.S. regulations to issue up to \$150 million in tax-exempt bonds to finance construction projects on their campuses. This is typically the lowest cost of capital available to a college or university. The University has historically financed construction projects through the expenditure of unrestricted gifts from benefactors and alumni that were deposited to the Plant Fund. The first tax-exempt bond issuance was \$10.5 million in 1990, and a second smaller issue of some \$9.4 million was recently completed to finance an expansion and modernization of the campus electrical distribution system and the new campus telephone system.

The current debt policy is to consider tax-exempt debt for projects that have a revenue stream that can pay all or a significant portion of the debt service required going forward. After this second bond issuance, the University will have some \$130 million in tax-exempt financing available. This is an excellent financing option available to the University and should be considered for future projects. One attraction of tax-exempt financing as an interim funding source during the construction period, is that donor gifts are then free to be invested in higher earning securities, either in the plant fund or in the endowment fund, to pay debt service, or to fund overhead and maintenance of the building going forward.

Recommendation #5:

The debt policy should be reviewed. A more aggressive use of tax-exempt financing should be considered.

Auxiliary enterprise and athletic income: The expansion of the football stadium and more aggressive marketing activity by the University are two potential sources of additional income. The stadium expansion has been well studied and there seems no technical reason to prevent it. The effects of these activities on the public perception and support of the University are harder to evaluate.

Infrastructure needs: As a final general observation we note some feeling that the administrative apparatus of the University is approaching saturation. As we continue to grow in size and complexity, practices which have served us well in the past may no longer be adequate. We note, for example, the provost's reference to budget procedures in his annual report on finances to the faculty.

Recommendation #6:

The University should undertake a comprehensive review of administrative practices. Topics that come to mind include budgeting procedures, long-range planning, and opportunities provided by computer networking, such as on-line purchasing and accounting.

Committee on Finances, University Relations and Athletics

II. Income Projections

Notre Dame's annual financial statement categorizes the major sources of income as tuition, unrestricted gifts, endowment income, auxiliary enterprises, grants and "other." In the following paragraphs we describe each category and the choices and assumptions we made concerning the income and the expenditures from those sources.

We make two income projections — high and low — that we think are realistic: i.e., there are plausible scenarios in which either would occur. We make these projections in constant 1992 dollars — that is, we project real growth, and the dollar figures down the road will be higher, depending on inflation rates.

Tuition:

We consider here tuition only since board and room are auxiliary enterprises. In making our projections we assume that the undergraduate enrollment remains constant since no unit plans to increase it. The proposed one-third increase in the number of regular Teaching-and-Research faculty would increase the number of advanced (graduate, MBA, Law) students and thus the amount of advanced student tuition, which we also estimate below.

Table 2: Estimated increases in tuition (in millions)

	<u>High-End</u>	<u>Low-End</u>
Current Enrollment	\$51.5	\$18.6
Increased MBA Enrollment	5.5	0.0
Total Increase	\$57.0	\$18.6

Tuition has risen at about 5 percent above the rate of inflation for the past few years. There is substantial feeling that this will be hard to sustain, and scheduled increases for the next four years are somewhat less.⁸ For this reason we take our high estimate as an average annual 5 percent (above inflation) tuition increase until 2000. Under this assumption, tuition that year would be 47.7 percent higher than in fiscal 1991.

Total tuition income for 1991 was \$117.8 million⁹ but about \$9.8 million was remitted graduate student tuition.¹⁰ Using the remaining \$108 million as a base, we project additional income from tuition increases of $.477 \times 108 = \$51.5$ million. A proposed increase in the number of MBA students by 250 would produce an additional \$5.5 million. We thus take as our high-end estimate \$57 million additional annual income.

For the low-end estimate we assume, somewhat arbitrarily, an average annual tuition increase of 2 percent (less than half that anticipated for the next four years). This would produce an additional 17.2 percent of the current \$108 mil-

lion for \$18.6 million by the year 2000. If the MBA program were not to expand there would be little additional increase from advanced student tuition. We therefore take the low-end estimate to be \$18.6 million additional annual income by year 2000.

Gifts:

Gifts can affect the annual income of the University in several ways. Unrestricted gifts can be used for any purpose while restricted gifts primarily go to capital expenditures (buildings) or endowment. In 1991 the total gifts to the University amounted to \$46.1 million, of which \$9.8 million (21 percent) were unrestricted.¹¹ About \$7.5 million of the unrestricted gifts were allocated to the plant fund and the rest used in current operations of various kinds.

Table 3: Estimated increases in unrestricted gifts (in millions)

	<u>High-End</u>	<u>Low-End</u>
Growth in Unrestricted Gifts	\$19.1	\$12.3
Less Plant Fund Commitments	9.8	9.8
Total Increase	\$9.3	\$2.5

To make income estimates we must project the growth of gifts by the year 2000. For this we have relied heavily on the advice of Bill Sexton, vice president for University Relations.

For our high-end estimates we assume that gifts to the University grow at an average annual real rate of 9 percent. This would increase gifts, in the year 2000, to $1.99 \times 46.1 = \$91.9$ million of annual giving. If unrestricted gifts remain at 21 percent of the total, then they would be \$19.1 million. If the demands of the plant fund and other purposes on unrestricted giving remain at about the current level of \$9.8 million then we must subtract that amount since these costs continue and were not included in our cost estimates of section III. Thus there would be an additional $19.1 - 9.8 = \$9.3$ million available from unrestricted giving and we assume this would be used in the annual budget, and not put in endowment. Our high-end estimate then is \$9.3 million of increased annual income from unrestricted gifts.

For the low-end estimate we assume an average real growth of gifts at 3 percent per year. By the year 2000 total gifts would have become $1.27 \times 46.1 = \$58.4$ million. This would give \$12.3 million of unrestricted gifts, an increase of \$2.5 million which we take as our low-end estimate of increase in annual income from unrestricted gifts.

Endowment Income:

To project endowment income we need to estimate both the growth of endowment and of rates of return on endowment and to make assumptions about endowment spending policy and capital expenditures.

Colloquy for the Year 2000

Table 4: Estimated increases in endowment income (in millions)

	<u>High-End</u>	<u>Low-End</u>
Growth in Restricted Gifts	\$438.0	\$349.0
Less Capital Expenditures	294.0	125.0
Total Increase in Endowment	144.0	224.0
Increase in Available Income	\$7.2	\$11.2

We first consider the total increase in endowment. This is related to growth-of-giving estimates and assumptions concerning the use of gifts. The high-end giving estimate of a 9 percent annual increase would produce total gifts of \$554 million by year 2000¹² (in 1992 dollars). We previously assumed that unrestricted gifts will be 21 percent of this and that they will not go into endowment. The remaining $0.79 \times \$554 = \438 million would be available for capital expenditure or increasing the endowment.

In our cost estimates there are \$316 million of capital expenditures listed. If we were to expend 93 percent (\$294 million) of this that would leave \$144 million to increase the endowment. If less of the requested capital expenditures were made then the endowment would increase accordingly. We will see that our high-end estimates will provide sufficient funds for about 93 percent of both the capital and the annual expenditure requests of the next section and hence take \$144 million as our high-end estimate of the increase in endowment.

For the low-end estimate we assume a 3 percent real annual increase in giving. Then giving in the year 2000 will be \$58.4 million with total gifts of \$442 million and total restricted gifts of \$349 million. It will turn out that our low-end estimates will provide about 40 percent of \$89 million annual budget increment in the year 2000 to fund all requested programs. We assume the capital funds required will be reduced by about the same factor; from \$314 million to \$125 million. This would leave \$224 million for endowment investment and we take that as our low-end estimate. This is higher than the high-end estimate because less restricted income has been used for capital expenditures. We now consider how much income might be produced by the increase in endowment. The current long-term goal for endowment investment is to provide a return of 5.5 percent plus inflation. The current spending rate target is 5 percent of the endowment value.

Despite the questions raised about the spending target and the ability to reach it, the past 15 years' experience indicate that the investment and spending goals are realistic and not likely to undergo any drastic modification in the next eight years. Therefore, the high-end estimate of spending from the additional endowment is at the 5 percent level for $.05 \times 142 = \$7.1$ million additional income by the year 2000. The low-end estimate would be $.05 \times 224 = \$11.2$ million.

Auxiliary Enterprises:

The major units in this category are student room and board, athletics, the JACC, the bookstore and the Morris Inn. As a whole they had expenditures of \$70.4 million and revenues of \$80.3 million, yielding a net of \$9.9 million in 1991.¹³ The major sources of this were the bookstore (\$3.7 million), athletics (\$1.1 million) and post-season (bowl) income (\$3.1 million).

Table 5: Increases in auxiliary enterprise net (in millions)

	<u>High-End</u>	<u>Low-End</u>
Enlarging Football Stadium	\$5.0	\$0.0
Marketing, Licensing, Bookstore	4.0	0.0
Room and Board	0.0	0.0
Total Increase	\$9.0	\$0.0

The athletic director, Dick Rosenthal, believes that TV, radio and bowl income has topped out and that increases in ticket prices and attendance will produce only small increases in revenue. Adding 20,000 seats to the stadium would produce an additional \$5 million. Increased marketing, licensing and bookstore sales could also increase income. It's hard to estimate this but perhaps an increase of \$4 million would be optimistic. We take then as our high-end estimate \$9 million of additional income in the year 2000 from auxiliary enterprises.

Our low-end estimate here is zero if the stadium seating is not increased. We note that income from auxiliary enterprises has been level in the recent past.¹⁴ Additional income could be raised by increasing board-and-room costs more rapidly than inflation but we assume that increased real costs to students will come in the form of tuition increases.

Grants:

In 1991 the University received about \$48.1 million in grants from all sources.¹⁵ Of this \$44.0 million was restricted and could be spent only for the specific purposes of the grants. The remaining \$4.1 million was unrestricted.

Table 6: Increases in unrestricted income from grants (in millions)

	<u>High-End</u>	<u>Low-End</u>
Indirect Cost Recovery	\$1.5	\$0.6
Total Increase	\$1.5	\$0.6

Growth in restricted grant income will entail an equal growth of expenditure to accomplish the grant purposes so only growth in unrestricted grant income will contribute a net increase to annual income. This unrestricted income is largely from indirect costs on government-funded grants, primarily in science and engineering. External funding per faculty member in these areas has been flat in the recent

Committee on Finances, University Relations and Athletics

past and, given the budget problems of all government units, the prospect for substantial future increases are not good.

The proposals of the next section would, however, increase the numbers of faculty in science and engineering by 37 percent and it is reasonable to assume that indirect cost recovery would increase by about the same factor. We take as our high-end estimate $.37 \times 4.1 = \$1.5$ million increased annual income from grants by year 2000.

At the low end we again assume that funds would be sufficient to accomplish 40 percent of the proposed expansion and take the low-end estimate to be \$0.6 million.

Other Sources:

The 1991 Financial Statement lists \$10.2 million of income from other sources.¹⁶ These are the CCE, the University Press, rents on University owned properties, sale of excess power, and a variety of smaller contributions. There seems no reason to expect substantial changes in these sources. We consider in addition some non-mandatory transfers.

Table 7: Increases in other revenues (in millions)

	<u>High-End</u>	<u>Low-End</u>
Limiting Non-mandatory Transfers	\$4.6	\$0.0
Total Increase	\$4.6	\$0.0

There are some other "other sources." WNDU is wholly owned by the University and any increase in its profits would come to the University. Unfortunately there seems no immediate prospect of radio/TV stations increasing their profits.

Monies for annual spending could be increased by a new policy for non-mandatory transfers. In 1991 the University transferred \$4.6 million of unrestricted monies to the endowment. The income from this is to be used primarily for student aid. Since we have already included increases in student aid in our estimated costs of the next section we count these monies as available income in future years.

We assume such funds are usually available and will not appreciably increase. Annual spending would be maximized by using these monies, so we take as a high-end estimate \$4.6 million for increased annual income from all other sources. Should such transfers to the endowment continue, then the low-end estimate would be zero.

Total Increase in Revenue:

A summary of these estimates is given in table 8. By far, the most significant factor is rate of tuition increase. In the high-end projection, it represents 64 percent of the increased revenue; in the low-end projection, 57 percent.

Table 8: Estimates of increased revenue: summary (in millions)

	<u>High-End</u>	<u>Low-End</u>
Tuition	\$57.0	\$18.6
Unrestricted Gifts	9.3	2.5
Endowment Income	7.2	11.2
Auxiliary Enterprises	9.0	0.0
Grants	1.5	0.5
Other	<u>4.6</u>	<u>0.0</u>
Total Increase	\$88.6	\$32.8

Reference Documents and Works Cited

1. Annual Report of the Provost to the Faculty on University Finances. 1992.
2. University of Notre Dame du Lac, Financial Statements, June 30, 1991.
3. University of Notre Dame du Lac Endowment Fund Investment Objectives and Policies.
4. University of Notre Dame Endowment Fund Spending Policy Review
5. University of Notre Dame Endowment, Historical Endowment Profile, June 30, 1992.
6. University of Notre Dame Endowment, Spending Profile, June 30, 1992.

Colloquy for the Year 2000

1. Annual Report of the Provost to the Faculty on University Finances, 1992

II. Revenue

Along with the consideration of needs, there is also a projection of anticipated revenue. The basic components in this analysis are: total enrollments; tuition; short-term investments; indirect cost recovery from grants; the Holy Cross community gift; income from auxiliary enterprises. Auxiliary enterprises, which include room and board, athletics, and the bookstore, are budgeted independently from the process which I am describing; they do, however, produce a net income which is factored into constructing the budget under discussion. If we consider the hopeful equation

$$E = R = nT + X$$

where E is the total expenditure for the year, R the total revenue, n the total enrollment, T the tuition, and X the other sources of revenue which I have just described, then E will increase for next year by 8.7 percent, n by 30 net, T by 8.5 percent, and X will be virtually flat. The shortfall produced by the flatness of X will be made up by unrestricted gifts for the next year or two, but in the long run there is a real con-

cern about this imbalance and thought is being given to increasing X by finding new sources of revenue. For purposes of comparison and simplicity, the variables in the above analysis have been interpreted in such a way as to reflect on-going changes in the budget system which are motivated in part by the goal of eliminating off-budget items described in Section IV.

As you are well aware, there is a general concern at Notre Dame as well as in the rest of the country about the cost of a college education, and we are making a concerted effort to keep the percentage gap between increased tuition (8.5 percent) and inflation (3.5 percent) as small as possible. Anticipated percentage increases reflecting concerns of the trustees are as follows:

	Tuition	Room and Board	Total
1991-92	9.0%	6.0%	8.3%
1992-93	8.5%	6.0%	8.0%
1993-94	7.9%	6.0%	7.5%
1994-95	7.9%	6.0%	7.5%
1995-96	7.9%	6.0%	7.5%

Since T is the major portion of the equation, it follows that the budget is tuition driven.

2. Financial Statements

June 30, 1991

Highlights for the Year 1990-91 Compared with 1989-90

		1990-91	1989-90
Revenues and Other Additions	Current Fund operations	\$285,236,830	\$264,261,600
For Operations	Student tuition and fees	\$117,798,652	\$107,331,483
	Sponsored programs	\$ 47,728,086	\$ 43,658,394
	Endowment income used	\$ 17,016,930	\$ 15,427,406
Expenditures and Transfers	Current Fund operations	\$278,179,137	\$258,715,304
In Operations	Instruction	\$ 74,542,354	\$ 67,718,109
	Sponsored research	\$ 18,974,195	\$ 16,694,374
	Libraries	\$ 9,346,839	\$ 8,055,022
	Physical plant	\$ 15,216,209	\$ 13,843,874
Student Aid	Scholarships, fellowships, grants	\$ 33,676,325	\$ 30,921,854
Gifts	Total	\$ 46,106,596	\$ 55,604,949
	Unrestricted	\$ 9,844,922	\$ 9,927,577
Financial	Endowment at market	\$637,234,000	\$605,630,000
	Investment in physical plant - carrying value	\$249,962,465	\$215,652,895
	Physical plant - insured replacement value	\$560,000,000	\$537,000,000
Statistics	Enrollment - undergraduate	7,545	7,673
	Enrollment - graduate	2,481	2,372
	Degrees awarded - bachelor	1,908	1,935
	Degrees awarded - advanced	826	759
	Tuition - undergraduate	\$12,390	\$11,315
	Tuition - graduate	\$12,270	\$11,195

Committee on Finances, University Relations and Athletics

Statements of Current Funds Revenues, Expenditures and Other Changes

	Year ended June 30			
	Unrestricted	1991 Restricted	Combined	1990 Combined
REVENUES AND OTHER ADDITIONS				
Educational and general:				
Student tuition and fees	\$117,798,652		\$117,798,652	\$107,331,483
Endowment income	4,392,317	\$13,815,827	18,208,144	16,944,222
Gifts, grants and contracts:				
Cash gift from Religious of Holy Cross	322,147		322,147	320,583
Government	3,337,885	23,465,311	26,803,196	26,435,108
Nongovernment	722,005	20,553,388	21,275,393	17,650,095
Other sources	10,191,995		10,191,995	10,508,157
TOTAL EDUCATIONAL AND GENERAL	136,765,001	57,834,526	194,599,527	179,189,648
Sales and services of auxiliary enterprises	80,249,211		80,249,211	74,647,372
Expired trust agreements	543,170		543,170	497,003
Unrestricted gifts	9,594,922		9,594,922	9,694,116
Unrestricted bequests	250,000		250,000	233,461
TOTAL REVENUES AND OTHER ADDITIONS	227,402,304	57,834,526	285,236,830	264,261,600
EXPENDITURES AND MANDATORY TRANSFERS				
Educational and general:				
Instruction and departmental research	63,853,316	10,689,038	74,542,354	67,718,109
Organized activities relating to educational departments	6,161,931		6,161,931	4,698,148
Sponsored research and other sponsored programs		21,375,835	21,375,835	18,463,497
Continuing education and other public service	2,063,447	2,939,004	5,002,451	4,450,860
Libraries	7,544,796	1,802,043	9,346,839	8,055,022
Student activities and services	8,716,968	295,478	9,012,446	8,535,704
Operation and maintenance of physical plant	15,216,209		15,216,209	13,843,874
General administration	15,677,931		15,677,931	14,094,589
General institutional expense	8,125,825		8,125,825	8,096,797
Student aid - scholarships and fellowships	9,739,836	20,733,128	30,472,964	28,150,545
EDUCATIONAL AND GENERAL EXPENDITURES	137,100,259	57,834,526	194,934,785	176,107,145
Mandatory transfers for:				
Principal and interest	41,688		41,688	45,125
Matching grants	72,441		72,441	122,621
TOTAL EDUCATIONAL AND GENERAL	137,214,388	57,834,526	195,048,914	176,274,891
Auxiliary enterprises:				
Expenditures	70,381,202		70,381,202	66,102,856
Mandatory transfers for:				
Principal and interest	164,359		164,359	158,632
Renewals and replacements	38,145		38,145	38,145
TOTAL AUXILIARY ENTERPRISES	70,583,706		70,583,706	66,299,633
TOTAL EXPENDITURES AND MANDATORY TRANSFERS	207,798,094	57,834,526	265,632,620	242,574,524
OTHER TRANSFERS - ADDITION (DEDUCTION)				
Unrestricted gifts allocated to Plant Fund	\$ (7,445,422)		\$ (7,445,422)	\$ (9,466,344)
Unrestricted bequests allocated to Endowment Fund	(250,000)		(250,000)	(233,461)
Expired trust agreements	(543,170)		(534,170)	(497,003)
Amount equivalent to depreciation of certain facilities transferred to Plant Fund	(789,229)		(789,229)	(761,663)
Allocation to Plant Fund, principally for building renewal programs	(3,703,000)		(3,703,000)	(4,192,600)
Endowment income reinvested	(1,191,214)		(1,191,214)	(1,516,816)
Athletic income transferred to Endowment Fund	(3,126,859)		(3,126,859)	(3,144,179)
Capital program for computing	(1,065,335)		(1,065,335)	(900,600)
Restricted receipts in excess of transfers to revenues and other funds		\$ 6,795,262	6,795,262	5,219,668
Other	(1,227,550)		(1,227,550)	(647,782)
TOTAL OTHER TRANSFERS	(19,341,779)	6,795,262	(12,546,517)	(16,140,780)
NET INCREASE FOR THE YEAR	\$ 262,431	\$ 6,795,262	\$ 7,057,693	\$ 5,546,296

Colloquy for the Year 2000

3. Endowment Fund Investment Objectives and Policies

May 3, 1990

I. Investment Objectives:

- A. The University of Notre Dame du Lac endowment fund supports the purposes of the University and its mission over the long term. Spending from endowment investment return provides operating support for individual programs. The real value of the endowment should be maintained and preserved over time.
- B. Notre Dame's endowment fund will be invested to maximize total return consistent with prudent risk limits. It is expected that a total rate of return equal to inflation plus 5.5 percent will be achieved over the long term. Performance should also be in the upper one-third of the investment return distribution for other endowment funds with similar investment objectives.
- C. A portion of investment return will be spent each year, with the remainder reinvested. The reinvested portion must be sufficient to maintain the real value of the endowment fund over time.

II. Investment Policies:

- A. The endowment portfolio will be a broadly diversified portfolio of various equity and fixed income asset classes. The long-term (strategic) asset mix target is 75 percent equity and 25 percent fixed income.
- B. Decisions regarding allocations among asset classes, or the addition of new asset classes, will be made when such actions are expected to produce incremental return, reduce risk, or both. It is expected that extreme positions will be avoided to prevent the possibility of a significant reduction in value given adverse market conditions.
- C. The equity fund, that is funds in the hands of equity advisers, will not exceed 80 percent of total fund assets. In the event that equity allocations exceed this level, sales will automatically be made and cash transferred to the fixed income fund.
- D. Equity fund allocations to international equities, real estate equity, venture capital, and other private equity or special situation investments will not exceed 25 percent of total fund assets.
- E. The fixed income fund, that is funds in the hands of fixed income advisers, will not exceed 40 percent of total fund assets. Up to 50 percent of the fixed income fund may be managed in house.

- F. Performance evaluation will be based on total returns, which include interest and dividend income, and realized or unrealized capital appreciation. Investment managers will be evaluated relative to defined statements of investment objectives and guidelines. These guidelines delineate the length of an evaluation period (a market cycle — usually three- to five-year periods), and the appropriate performance benchmarks and expectations. All managers have full investment discretion within defined statements of objectives and guidelines.
- G. Investment managers are required to adhere to the University's Social Responsibility Investment Policy Statement and the Policy Statement on South African Investments.
- H. Investment firms managing University portfolios are expected to act in an ethical manner and with integrity in all phases of the investment process. It is expected that, as a minimum requirement, investment managers will comply with The Code of Ethics and The Standards of Professional Conduct as established by the Association for Investment Management and Research (AIMR).
- I. Endowment spending policies should provide a predictable and growing stream of income to fund participants while maintaining the real value of the endowment fund.

4. Endowment Fund Spending Policy Review

I Introduction

By definition, the purpose of an endowment fund is to maximize current spending, consistent with preservation of purchasing power. In other words, an endowment fund is meant to spread its benefits equally over time. In order to achieve this, the University's endowment fund is invested to produce income and capital gains. Net income (that is, dividends and interest net of operating costs) is distributed for current expenditure; capital gains are retained to offset inflation. Ideally, capital gains should equal inflation over the long term. Beginning with the fiscal year ended June 30, 1989, the University adopted a constant growth rate spending policy, which replaced the spend all income rule that had guided spending behavior since the inception of the pooled endowment fund in the late 1960s. The new policy was adopted in response to endowment fund participants' need for greater predictability in the preparation of their annual budgets. The new constant growth rate rule established base year spending at \$180 per unit of endowment owned, and stipulated that spending per unit would increase at a rate of 3.5 percent compounded annually with a long-term spending rate target of 5.0 percent. The new

Committee on Finances, University Relations and Athletics

policy also established earnings reserve accounts for periods when current income earned falls short of the amount required by the spending policy. The University's spending policy is reviewed annually to ensure that spending objectives are being met.

II. Spending Policy Objectives

There are two primary objectives of the University's spending policy:

- 1) To allocate total earnings from endowment between current spending and reinvestment for future earnings.
- 2) To provide a predictable and growing stream of income to endowment fund participants.

The first objective is an attempt to satisfy both the need for current income and the need to preserve the purchasing power of the endowment fund in perpetuity. The second objective is a result of the need for endowment fund participants to be able to anticipate the amount of income that will be made available for spending each fiscal year in order to prepare annual budgets.

III. Endowment Spending Alternatives

The three primary types of spending policies used by endowed institutions, and their respective advantages and disadvantages are as follows:

- 1) *Spending All Income Rule*: Spend all current investment income (dividends and interest payments) and reinvest capital gains.
 - spending may increase or decrease with investment results and interest rates.
 - spending may influence investment asset allocation policies.
 - spending may exceed a long-term sustainable rate during periods of high inflation.
- 2) *Total Return Rule*: Spend a fixed percentage of the endowment fund's average market value. The market value is usually defined as an average of quarterly market values over a three- to five-year period.
 - spending increases or decreases with investment results, enhancing the likelihood that the fund's purchasing power will be maintained.
 - the degree of fluctuation of spending depends on the number of years included in the average of market values.

3) *Constant Growth Rate Rule*: Determine base year spending and increase that amount annually by a pre-specified growth rate.

- spending never decreases, but it may remain constant in nominal dollars for several years.
- spending does not increase rapidly even with very positive investment results.
- high predictability of spending for fund participants.

IV. Recognition of Earnings

The endowment fund is like a large mutual fund with individual scholarships and professorships owning shares and participating accordingly. New contributions to the endowment fund purchase shares or units at the prevailing net asset value or unit value, which is calculated on a quarterly basis by dividing the market value of the total endowment fund by the total number of units in the pool.

$$\text{Net Asset Value} = \frac{\text{Endowment Market Value}}{\text{Total No. of Units in the Pool}}$$

Contributions to the endowment fund begin accumulating earnings in the quarter following their investment in the pooled fund. The recognition of earnings is a two-step process. The first step is the distribution of earnings, which involves a crediting of total earnings to endowed accounts, usually an earnings reserve. The second step is the application of earnings, which involves the crediting of earnings to an account outside of the endowment fund, usually an expendable fund. The proportion of total earnings that is applied to the expendable fund is the amount required by the spending rule. Therefore, income earned in excess of the amount required by the spending rule remains in the earnings reserve accounts for periods when current income earned falls short of the amount required by the spending rule. Endowment fund participants are permitted to spend only earnings that are applied to the expendable fund. Both the distribution and application of earnings takes place on a quarterly basis throughout the fiscal year. These procedures provide for the expenditure of interest and dividend income on a controlled basis over time, with the earnings reserve accounts the mechanism that allows for a controlled disbursement of earnings at a pre-specified growth rate. The current spending policy established base year spending at \$180 per unit for fiscal 1989, which grew at 3.5 percent to \$186.30 per unit in fiscal 1990 and to \$192.82 per unit in fiscal 1991, etc.

Colloquy for the Year 2000

5. Endowment Historical Endowment Profile

June 30, 1992

Annual Results — Trailing 15 Calendar Years

Year Ending	Market Value	Estimated Annual Income	Units Outstanding	Total Assets Per Unit	Nominal Returns (%)	Real Returns (%) ¹
Dec. 77	\$109,565,000	\$6,078,053	\$50,057	\$2,188.80	-4.6	-10.7
Dec. 78	117,786,741	7,264,464	53,601	2,197.47	6.4	-2.4
Dec. 79	148,932,858	8,896,930	58,869	2,529.90	22.2	7.8
Dec. 80	203,439,420	11,200,180	64,610	3,148.73	31.7	17.2
Dec. 81	197,455,295	12,493,743	70,202	2,812.67	-5.2	-13.0
Dec. 82	220,538,634	13,351,000	75,393	2,925.19	11.8	7.6
Dec. 83	256,639,942	12,721,064	80,751	3,178.16	14.2	10.0
Dec. 84	261,576,576	15,782,218	85,638	3,054.45	2.3	-1.6
Dec. 85	316,540,691	18,161,744	91,759	3,449.70	19.6	15.2
Dec. 86	379,328,705	16,298,514	99,044	3,829.90	16.2	14.9
Dec. 87	409,573,421	22,397,211	103,766	3,947.09	8.1	3.5
Dec. 88	465,775,551	24,561,349	111,284	4,185.45	11.6	6.9
Dec. 89	567,849,732	26,005,552	116,259	4,884.36	22.6	17.2
Dec. 90	564,892,249	26,327,441	122,520	4,610.62	-1.0	-6.7
Dec. 91	703,073,402	25,317,361	127,372	5,519.84	24.6	20.9
92 to date	694,858,351	24,775,969	127,892	5,433.18	0.2	-1.3

Quarterly Results — Trailing 12 Quarters

Quarter Ending	Market Value	Estimated Annual Income	Units Outstanding	Total Assets Per Unit	Nominal Returns (%)	Real Returns (%) ¹
June 89	\$524,123,822	\$28,089,928	114,797	\$4,565.66	6.4	4.9
Sept. 89	560,261,916	26,089,885	115,825	4,837.13	7.2	6.4
Dec. 89	567,849,732	26,005,552	116,259	4,884.36	2.1	1.2
Mar. 90	555,756,380	27,070,229	117,891	4,714.14	-2.3	-4.3
June 90	589,242,603	26,588,104	120,276	4,899.09	5.1	4.1
Sept. 90	537,021,670	27,869,806	121,283	4,427.84	-8.4	-10.4
Dec. 90	564,892,249	26,327,441	122,520	4,610.62	5.3	4.5
Mar. 91	627,008,472	27,030,365	124,711	5,027.70	10.2	9.2
June 91	619,796,396	25,550,152	125,393	4,942.81	-0.7	-1.4
Sept. 91	658,840,164	26,671,973	125,884	5,233.71	7.0	6.0
Dec. 91	703,073,402	25,317,361	127,372	5,519.84	6.4	5.9
Mar. 92	701,926,668	25,420,442	128,796	5,449.93	-0.4	-1.3
June 92	694,858,351	24,775,969	127,892	5,433.18	0.6	0.0

Annualized Returns for Trailing Horizons — Periods Ending June 30, 1992

Trailing 3 Years	10.6	6.3
Trailing 5 Years	9.8	5.3
Trailing 10 Years	13.3	9.2
Trailing 15 Years	11.7	5.7

¹ Real returns = nominal returns adjusted for inflation during the period.

Committee on Finances, University Relations and Athletics

6. Endowment Spending Profile

June 30, 1992

Fiscal Year Ended June 30	Net Asset Value (NAV)	Average NAV For Trailing 12 Quarters	Current Income Per Unit	Spending Per Unit	Spending Rate (%) ¹
1972	\$2,102	\$2,081	\$106.08	\$106.08	5.1
1973	2,091	2,124	99.19	99.19	4.7
1974	1,945	2,138	97.50	97.50	4.6
1975	2,186	2,065	107.00	107.00	5.2
1976	2,335	2,068	96.50	96.50	4.7
1977	2,301	2,129	100.50	100.50	4.7
1978	2,173	2,219	117.32	117.32	5.3
1979	2,405	2,268	123.31	123.31	5.4
1980	2,685	2,332	142.36	142.36	6.1
1981	3,024	2,639	154.64	154.64	5.9
1982	2,574	2,757	182.91	182.91	6.6
1983	3,309	2,918	190.23	190.23	6.5
1984	2,931	2,920	158.00	158.00	5.4
1985	3,277	3,080	172.00	172.00	5.6
1986	3,861	3,263	175.78	175.78	5.4
1987	4,301	3,570	172.00	172.00	4.8
1988	4,160	3,909	186.00	171.00	4.4
1989	4,566	4,158	207.50	180.00	4.3
1990	4,899	4,432	217.25	186.30	4.2
1991	4,943	4,632	205.00	192.82	4.2
1992	5,433	4,998	193.73	199.57	4.0

¹ Spending Rate = Spending per unit divided by the average Net Asset Value for the trailing 12 quarters.

III. Cost Estimates

In the spreadsheet tables that follow we give cost estimates of various programs proposed to us. Numbers in the left column of the spreadsheet refer to notes that follow and explain the item in question. These notes in turn sometimes refer to documentation which we received and have appended.

Costs are classified as either annual (that is, permanent increments to the annual budget) or capital (one-time expenditures). This is independent of the source of funds: i.e., whether they come from endowment income, tuition or elsewhere. The Increment to Annual Operating Budget column gives the estimate, in 1992 dollars, of the increase in the annual operating budget in the year 2000 resulting from the item in question and does not include increments necessary to compensate for inflation. The Capital Expenditure column lists one-time costs associated with the various proposals.

Assumptions:

Financial estimates were given to us in a variety of forms and some assumptions were necessary to make them comparable. The assumptions include:

- Whenever an operating cost was specified by the amount of endowment necessary to generate the required income

we computed the required budget increment at 5 percent of the endowment (the investment office's goal).

- When we have had to estimate construction costs for new space we have used \$150/sq. ft. unless otherwise noted.
- The annual operating cost associated with space are estimated at \$2/sq. ft. for routine maintenance, \$2/sq. ft. for utilities and \$2/sq. ft. for long term renovation for a total of \$6/sq. ft. or, equivalently, 4 percent of estimated construction costs.
- A total of about 200 new faculty positions are proposed. Some of the associated costs — salary, construction and maintenance of office space — are listed with the requesting unit. There are, however, other costs of supporting these new positions incurred by the Graduate School, the University Libraries, the Office of University Computing and by administrative and clerical services (accounting, payroll, purchasing, secretarial). Because the estimates given us by these units did not include services for additional faculty we have added a faculty increase increment to their estimates as described in the explanatory notes.
- Some costs, such as medical insurance, are expected to continue to rise more rapidly than the general rate of inflation as measured by the Consumer Price Index. For these items we have added an increment to our cost estimates to compensate for these unusual increases.

Colloquy for the Year 2000

Summary of Departmental Requirements

Departmental/ Major Budgetary Units	Increment to Annual Operating Budget (\$ Millions)	Capital Expenditures (\$ Millions)
A. ARTS AND LETTERS		
1. 104 New Faculty Positions	7.00	
2. Support Budget	0.87	1.10
3. Enhancing Current Programs	0.84	10.00
4. New Programs	1.23	
5. Facilities	1.00	25.00
6. Performing Arts Building	1.20	30.00
Subtotal	\$12.14	\$66.10
B. STUDENT AFFAIRS		
1. 3-4 New Staff Positions	0.15	
2. Rector Training Program	0.08	
3. Social Space/LaFortune	0.24	6.00
4. Security Needs	0.28	0.19
5. Expanded Campus Ministry Program	0.07	1.65
6. Computerization	0.10	0.10
Subtotal	\$0.82	\$7.94
C. GRADUATE SCHOOL		
1. Graduate Student Support (Hatch's 5 year plan)	2.00	
2. Research Internal Grants	0.22	
3. Research Matching Funds	2.00	
4. Research Development and Infrastructure	0.80	
5. Faculty Increase Increment	2.00	
Subtotal	\$7.02	\$0.00
D. LAW		
1. Library (Current Acquisitions)	0.50	
2. Library (Retrospective Buying)		5.00
3. Library Space (20,000 sq. ft.)	0.12	3.00
4. Financial Aid	0.50	
5. 3-4 New Faculty Positions	0.40	
6. Student/Faculty Space (2,000 sq. ft.)	0.01	0.30
7. Computer Instruction Equipment		0.10
Subtotal	\$1.53	\$8.40
E. SCIENCE		
1. 22 New Faculty Positions	1.40	
2. Capitalization for New and Replacement Postions	1.44	
3. Teaching and Research Infrastructure	1.50	
4. Teaching Lab Facility (120,000 sq. ft.)	0.72	36.00
5. 10 Offices (1,500 sq. ft.)	0.01	0.23
Subtotal	\$5.07	\$36.23

F. UNIVERSITY LIBRARIES

1. Maintain Current Position Until 2000	0.14	
2. Serials	1.88	0.25
3. Monographs	0.12	0.20
4. Major Purchases	0.10	
5. Preservation	0.08	
6. New Staff and Faculty	0.23	
7. Establish Competitive Salaries	0.20	
8. Technology	0.13	
9. Increased Space	0.07	1.75
10. Faculty Increase Increment	1.10	
Subtotal	\$4.05	\$2.20

G. ENGINEERING

1. 15 Faculty Positions Plus Associated Staff	1.50	
2. Administrative Staff	0.10	
3. Lab and Research Equipment	0.75	3.50
4. Research Centers	0.10	2.5
5. Teaching Innovation	0.20	
6. Support of Areas of Concentration	0.40	
7. Microelectronics Center	1.50	17.50
8. Environmental Sciences Building	1.13	19.00
9. Hessert Center Research Equipment		1.00
10. Advanced Food Processing Center	0.10	
11. New Teaching Programs	0.80	
Subtotal	\$6.58	\$43.50

H. FRESHMAN YEAR

1. 2 Staff Positions	0.08	
Subtotal	\$0.08	\$0.00

I. BUSINESS

1. Research Program	1.27	
2. Doctoral Program	2.99	
3. Undergraduate Program	2.35	
4. MBA Program	2.79	
5. Teaching Effectiveness	0.03	
6. Ethics Initiative	0.60	
7. Internationalization	0.35	
8. College Environment	0.14	
9. New Business Building	0.80	20.00
Subtotal	\$11.32	\$20.00

J. ADMISSIONS AND FINANCIAL AID

1. Meet All Student Need (Undergraduate)	12.00	
2. Tuition Increase Adjustment	5.19	
Subtotal	\$17.19	\$0.00

K. PROVOST

1. Maintain Salaries in Top 20%	5.60	
2. Faculty Increase Increment	1.90	
Subtotal	\$7.50	\$0.00

Committee on Finances, University Relations and Athletics

L. ARCHITECTURE			
1. Space Addition and Renovation	0.12		7.00
2. New Faculty Positions	0.25		
3. Two Staff Positions	0.07		
4. Technology		0.15	
Subtotal	\$0.44		\$7.15
M. INSTITUTE FOR PASTORAL AND SOCIAL MINISTRY			
1. Center for Social Concerns	0.15		
2. Center for Pastoral Liturgy	0.10		
3. Renewal Programs	0.03		
Subtotal	\$0.28		\$0.00
N. UNIVERSITY PRESS			
1. Three Staff Positions	0.07		
2. Salary Upgrades	0.03		
3. Venture Capital	0.05		
4. New Facility (6,600 sq. ft.)	0.04	0.99	
5. Computer Workstations		0.02	
Subtotal	\$0.19		\$1.01
O. UNIVERSITY COMPUTING			
1. Extend Networking			7.50
2. Support Services	1.7		
3. Faculty Increase Increment		0.50	
Subtotal	\$1.70		\$8.00
P. HUMAN RESOURCES			
1. Increased Medical Insurance Costs	8.01		
2. Faculty Increase Increment	5.00		
3. Increased Services	0.10		
Subtotal	\$13.11		\$0.00
Q. ATHLETICS			
1. Room, Board, Tuition Scholarship Costs	0.00		
2. Travel and Lodging	1.29		
3. Additional Women's Scholarships	0.07		
4. Assistant Coach and Retrospective Salary Corrections	0.09		
5. Stadium Renovation/Addition	1.60		
6. Intramural Sports Building	0.20	5.00	
7. New Football Scoreboard		2.00	
Subtotal	\$3.25		\$7.00
R. INTERNATIONAL STUDY PROGRAMS			
1. Added Staff Positions	0.06		
2. London Facility	0.80	20.00	
Subtotal	\$0.86		\$20.00

S. ANCILIARY NEEDS			
1. New Bookstore	0.22		5.50
2. Administrative Services Building	0.80		20.00
3. Expanded Dining Halls	0.48		12.00
4. Main Building Renovation			30.00
5. Hazardous Wastes Building	0.08		2.00
6. Handicap Access			10.00
7. New Dormitory	0.32		8.00
8. Faculty Increase Increment	1.00		
9. Day Care Facility	0.04		1.00
Subtotal	\$2.94		\$88.50
TOTAL		\$96.07	\$316.03

Explanatory Notes

A1 — Estimate is taken from page 5 of attachment A provided by Harry Attridge, dean of arts and letters. The estimated cost of 80 regular faculty positions is \$4M. The 24 chairs are estimated to require an endowment of \$60M. We convert this to operating budget increase of \$3M by assuming a 5 percent return on endowment (which is the investment office's goal). This gives a total of \$7M increase in the operating budget in the year 2000.

A2 — From part C (pages 5 and 6) of A. This is the sum of the estimates for the six items of part C excluding the Graduate Student Support.

A3 — From part D (pages 6, 7 and 8) of A. The sum of the estimates for the various items of this section.

A4 — From part E (page 8) of A. The sum of the estimates form this section.

A5 — From part F (pages 8 and 9) of A. This estimate does not include the Performing Arts building.

A6 — Substantial commitments from donors have been made but since the money is not yet in hand we list the full estimated cost of the building.

B1-4 — These items were presented in a meeting with Dr. O'Hara, vice president for Student Affairs and associates. Some cost estimates were made by the heads of the departments in Student Affairs.

B5 — Our estimate of cost of space needs for Campus Ministry, as outlined in attached letter from R. V. Warner C.S.C., director of Campus Ministry.

B6 — Our estimate for cost of office computerization.

C1 — Vice President Nathan Hatch's plan for the development of graduate education will require \$2M of additional operating budget. See attachment C, first page, provided by Nathan.

Colloquy for the Year 2000

C2-4 — Estimates taken from attachment C provided by Tony Hyder, associate vice president for research of the Graduate School. We have used the higher end of his estimates to partially accommodate the research costs of proposed increases in numbers of faculty.

C5 — The above estimates assume a static faculty size. For each additional faculty member we assume one additional graduate assistantship (200) at an estimated annual cost of \$10,000 for \$2.M.

D1-5 — Estimates from the Law School taken from notes of our meeting with acting Dean Dutile and associates.

D6-7 — Our estimates of cost.

E1 — Science needs are presented in attachment E provided by Dean Castellino. The need for 22 new faculty positions is from page 2 of E. The estimate of \$1.4M is ours.

E2 — From page 4 of E. We assume the \$11.5M is provided in equal increments over the eight year period at \$1.44M/yr. This cost will recur as retirements continue so it is counted as an increase in operating expense.

E3 — From page 7 of E. There is an estimated need of \$12M (or \$1.5M/yr.) for equipment replacement and this will be a recurring cost. An additional \$1.5M/yr. is required for matching funds which we do not include here since a similar item appears in the Graduate School estimates.

E4 — From page 5 of E. The size and cost estimates are ours. Cost is estimated at \$300/sq. ft. because of the special features and equipment required for teaching laboratory buildings.

E5 — From page 5 of E.

F1 — See attachment F provided by Maureen Gleason, acting director of University Libraries. Some library costs have consistently risen faster than inflation and therefore, additional increments are necessary to maintain current position. Based on Page 1 of F we estimate an increment of about 2 percent of the operating budget.

F2 — From page 2 of F. $.05M+.1M+.02M+.025M+.02M+.02M = .235M$ increase each year for \$1.88M in Operating by 2000. Retrospective buying in serials will require .25M.

F3 — From pages 2 and 3 of F. $.048M+.065M+.05M = .118M$ Operating and 0.2M in capital for retrospective buying.

F4 — From page 3 of F.

F5 — From page 3 of F.

F6 — From pages 4 and 5 of F. $.06M+.035M+.017M+.04M+.017M+.03M+.03M = .229M$ in Operating.

F7 — From page 5 of F. $.1M+.1M = .2M$ in Operating.

F8 — From page 5 of F. $.0.16M+.03M+.015M+.07M = .131M$ in Operating.

F9 — From page 6 of F. $1.5M+.25M = 1.75M$

F10 — Increases in faculty size will place additional demands on the University Libraries. These are estimated at \$5000 per position in business and arts and letters and \$7000 per position in science and engineering. This would add $150 \times 5000 + 50 \times 7000 = \$1.1M$. See the memo from Bob Miller, director of University Libraries, at the end of F.

G1-2 — Attachment G is "Meeting the Challenge of Tomorrow" provided by Tony Michel, dean of engineering. Taken from page 4 of G.

G3 — From page 4 of G. May overlap with G3 and G5.

G4-5 — From page 4 of G.

G6 — Taken from page 5 of G. 5 percent of 8M endowment adds .4M to Operating.

G7 — From page 10 of E. Operating costs are estimated at the usual \$6/sq. ft. plus the .5M and .4M on page 10 for a total of 1.5M.

G8 — From page 6 of G. Operating costs of \$6/sq. ft. (.88M) plus .25M for Technicians (page 10 of G) for a total of \$1.13M.

G10 — From page 7 of G. 5 percent of 2M adds .1M to Operating.

G11 — From page 11 of G. $.5M+.15M+.15M = .8M$ in Operating.

H1 — From a meeting with Dean Kolman of the Freshman Year of Studies.

I1 — Taken from a summary sheet, Attachment I, provided by Dean Keane of the College of Business Administration and associates at our meeting with them. A complete report will be available in August. This item is to fund a center for research to provide funds for summer research grants.

I2 — From I. To start Ph.D. programs in the four departments of the college. Funds are primarily for faculty salaries (12 new positions) and graduate student support (60 graduate students anticipated).

I3 — From I. Funding for 18 new faculty positions to support teaching of undergraduates.

I4 — From I. Primarily for 18 new faculty positions necessary to double the size of the MBA program from about 250 to 500 students. This expansion will generate considerable tuition income-in contrast to most graduate programs.

I5-7 — From I. Various teaching initiatives.

Committee on Finances, University Relations and Athletics

I8 — From I.

I9 — A substantial part of the estimated \$20M has been pledged but is not yet in hand.

J1 — The figure is from a meeting with Joe Russo, director of Financial Aid and Kevin Rooney, director of Admissions. The goal is to meet 'all financial need' of every student. The financial need of a student is arrived at through a complex of considerations. We currently meet about 40 percent of our students' need at a cost of \$8M so an additional \$12M would be required for the remaining 60 percent. See attachment J, provided by Joe Russo.

J2 — Tuition accounts for about 80 percent of the cost of attending Notre Dame and therefore presumably about \$16M of the total \$20M of required student aid. In our income estimates we assumed that tuition would increase at a minimum of 2 percent per year and a maximum of 5 percent per year for total increases of 17.2 percent and 47.7 percent for the eight years. The \$16M of tuition based financial aid would increase by a minimum of \$2.75M and a maximum of \$7.63M: We list a median value of \$5.19M. One must add (subtract) \$2.44M to this to get the maximum (minimum) increments necessary to compensate for tuition increases.

K1 — The provost intends that faculty salaries remain in the top 20 percent of those of major universities. We estimate that this will require an annual increment of at least 1 percent beyond inflation, or 8 percent real growth by 2000. For a salary budget of about \$70M this will add about \$5.6M to the Operating budget by 2000. This 1 percent is the increase in the total salaries paid. Individuals' salaries will increase more rapidly as they rise through the ranks.

K2 — The addition of 200 new faculty positions will require an increase of about a third in K1 or an additional \$1.8M.

L1 — From a meeting with Thomas Smith, chair of the School of Architecture. This includes renovation of old space and construction of 20,000 sq. ft. of new space for an auditorium and additional library facilities.

L2 — Two chairs and six regular faculty positions to improve coverage and start a master's degree program. The cost estimate is ours.

L3 — A librarian and a slide curator. The cost estimate is ours.

L4 — Continued development of computerized instruction and video disc technology. The cost estimate is ours and is very rough.

M1 — From a meeting with Sr. Kathleen Cannon, director of this institute. Operating funds to remove a current deficit and add two new staff positions at the Center for Social Concerns.

M2 — To add a staff position and make up for loss of grant funds at the Center for Pastoral Liturgy. Two or three new offices are needed.

M3 — Financial aid for participants in renewal programs for church leaders.

N1-3,5 These figures are taken from attachment N provided by James Langford, director of the University Press.

N4 — We have added the usual operating cost for new space.

O1 — Taken from a meeting with Roger Schmitz, vice president, and Don Spicer, assistant provost for University Computing and from attachment O provided by Don Spicer. Funding is in place to accomplish the original plans for campus computer service. This did not include the networking of non-academic buildings such as the 27 residence halls and graduate student housing. To network 30 buildings at an estimated \$.25M per building will require \$7.5M in capital.

O2 — Expanded services suggested in attachment O are estimated to require an annual increase of 2 percent in the OUC operating budget (currently at \$10M) for an additional \$1.7M by year 2000.

O3 — Increased faculty size will require additional funds for services and the workstation program. We estimate \$2500 per new position for \$0.5M of capital cost associated with 200 new faculty members.

P1 — From a meeting with Roger Mullins, director of Human Resources. Medical insurance costs have been rising at a rate considerably above general inflation as measured by the Consumer Price Index. To such items we add an increment to compensate for the anomalous inflation. Here we assume that medical insurance costs will inflate at about an additional 10 percent per year for a total compounded increase of 114 percent beyond the Consumer Price Index. Current expenditures are about \$7M so an additional \$8.01M would be required.

P2 — To this we must add an increment for increases in numbers of faculty and staff. If all program suggestions were implemented we estimate this to increase medical costs by one third ($7+8.01 = \$15.01M$) for an additional \$5M.

P3 — Retirement and Benefits counseling services should be expanded. We estimate several staff positions for about \$0.1M.

Q1 — Taken from a meeting with Dick Rosenthal, director of Athletics, and Joe O'Brien, business manager of Athletics. Increases in room, board and tuition scholarship costs will be keyed to University decisions regarding those costs. These cost increases, however, are already included in the Admissions and Financial Aid section (J) and are therefore omitted here.

Colloquy for the Year 2000

Q2 — Travel and lodging costs have been increasing at about 4 percent above general inflation. If this persists it would add 36.9 percent, or \$1.29M to the current expenditure of \$3.5M.

Q3 — An increase of six or seven scholarships in women's sports is planned.

Q4 — An assistant softball coach is needed and some salary correction is necessary for some assistant coaches.

Q5 — A renovation of the football stadium is necessary at an estimated cost of \$15M. The stadium could be renovated and expanded by 20,000 seats at a cost of \$40M. There are financing options for expansion which would require no University resources and would produce about \$5M/yr. income. We therefore do not list any capital costs here but do include the usual 4 percent operating cost of \$1.6M.

Q6 — Athletic Department estimate for building cost.

Q7 — A new scoreboard is not part of the stadium renovation above. Estimate is from the Athletic Department.

R1,R2 — Provided by Isabel Charles, associate provost.

S1-7 — From Thomas Mason, vice president for Business Affairs.

S8 — Additional faculty will require additional supporting secretarial, accounting, payroll and purchasing services. Current staffing ratios suggest an additional 10 staff positions and perhaps 40 new secretarial/clerical positions estimated to cost annually about \$1M. We note that cost of maintaining the required new office space has been included in the operating cost estimates for new space and is therefore not counted here.

Endnotes:

¹ We estimated student aid costs in section III assuming a real rate of tuition increase of 3.5 percent per year. However, our high-end income estimate of section II assumes a rate of tuition increase of 5 percent and our low end estimate a rate of 2 percent. This means that the student aid estimates of section III are too low for the high-end scenario and too high for the low-end scenario. The high-end needs estimates should be increased by \$2.44 million and the low-end needs estimate decreased by \$2.44 million (see also J-2 of the explanatory notes of section III). Similarly, the cost of operating new buildings depends on how much we spend on buildings. In the high-end case, with a capital expenditure of \$294 million, the annual cost of operating new buildings would be about \$9 million a year rather than the \$10 million included in the full cost estimate (\$316 million) of section III. Thus, the high-end needs estimate should decrease by \$1 million. In the low-end case, we assumed that only \$125 million of capital expenditure is available; thus

fewer buildings would be built and their operating costs would be reduced from \$10 million to perhaps \$4 million. The low-end needs estimate should be reduced by \$6 million.

Finally, the cost estimates of section II include about \$11.0 million of Faculty Increase Increment (Graduate School, University Libraries, Provost, Human Resources, Ancillary Needs), which assumes all requested faculty positions are forth coming. For the high-end estimates about 93 percent of requests would be met so the \$11.0 million should be reduced by 7 percent or \$.77 million. At the low-end, 40 percent of requests would be met, so the \$11.0 million should be reduced by 60 percent or \$6.6 million.

Based on these interactions between cost and income estimates, the high-end annual needs estimate should be increased by about $2.44 - .77 - 1.00 = .67$ to \$96.6 million, and the low-end needs reduced by about $2.44 + 6.00 + 6.6 = \$15.1$ million to \$80.9 million as done in table 1.

² Endowment Fund Investment Objectives and Policies (see end of section II).

³ Historical Endowment Profile as of June 30, 1992 (see end of section II).

⁴ Endowment Spending Policy Review (see end of section II).

⁵ 1992 Endowment Spending Profile as of June 30, 1992 (see end of section II).

⁶ Unrestricted Gifts Allocated to Plant Fund, 1991 Financial Statements (see end of section II).

⁷ Endowment Income Reinvested, Athletic Income Transferred to Endowment Fund, 1991 Financial Statements (see end of section II).

⁸ 1992 Annual Report of the Provost (see end of section II).

⁹ 1991 Financial Statement (see end of section II).

¹⁰ Unrestricted Student Aid, 1991 Financial Statement (see end of section II).

¹¹ Gifts, 1991 Financial Statement (see end of section II).

¹² For the mathematically inclined this is $1.09 \times 46.1 + (1.09)^2 \times 46.1 + \dots + (1.09)^9 \times 46.1 = 554$

¹³ Sales and services of auxiliary enterprises, Auxiliary Enterprises: Expenditures, 1991 Financial Statement (see end of section II).

¹⁴ 1991 Annual Report of the Provost (see end of section II).

¹⁵ Government, Non-government, 1991 Financial Statement (see end of section II).

¹⁶ Other Sources, 1991 Financial Statement (see end of section II).

Committee on Finances, University Relations and Athletics

Subcommittee on University Relations

Table of Contents

I. Charge to the Subcommittee	47
II. Membership	47
III. Organization of Report	47
IV. Community Relations	47
V. Fund-Raising	48
VI. Alumni Relations	49
VII. Institutional Advancement	50
VIII. Conclusion	51
IX. Appendices:	
A. Notre Dame Development Office Record of Giving	
B. CASE Report on Overall Alumni Program	
C. Closing the Gap: Perception vs. Reality	

I. Charge to the Subcommittee

The University Relations Subcommittee of the Committee on Finances, University Relations and Athletics was charged with examining the relationship of the University with the local community and with those elements of the larger society whose perceptions and support are important to fulfillment of Notre Dame's mission. Notre Dame cannot isolate itself from the environment in which it is geographically situated, nor can we hope to achieve our goals without the financial and moral support of alumni, benefactors, and those governmental, educational and religious agencies whose decisions help determine University possibilities. To ignore this reality would be to jeopardize the outcome of the Colloquy and the subcommittee was fully aware of it as we carried out our charge.

Initially, we defined our purview as those areas covered by the University's Department of University Relations: Alumni, Community Relations, Development, Public Relations and Information and Publications. After discussion we decided that the following topics were of greatest relevance to the Colloquy's aims: 1) the Northeast Neighborhood; 2) fund-raising; 3) alumni relations; and 4) institutional advancement.

II. Membership

The original subcommittee consisted of Professor Vincent DeSantis, emeritus, Department of History; James Kuser, undergraduate; Rev. Terry Linton, C.S.C., rector; Daniel Reagan, director of Development; William Sexton, vice president for University Relations; and Maureen Gleason, University Libraries, chair, all members of the Committee on Finances, University Relations and Athletics. In addition, Christopher Coury, law student; Professor Michael Etzel, Department of Marketing; Professor Joseph Guiltinan, Department of Marketing; Professor John Roos, Department of Government; and Professor Robert Schmuhl, Department of American Studies, met with us regularly.

III. Organization of Report

A section is devoted to each of the four topics on which the subcommittee focused its inquiry, and our recommendations on each are highlighted there. In addition, we have condensed the chief recommendations into an executive summary for quick reference.

IV. Community Relations

The subcommittee explored the interaction between Notre Dame and the surrounding communities, particularly South Bend, in meetings with James Roemer, the University's director of Community Relations; James Caldwell, representative of the Mayor of South Bend; Rex Rakow, director of Campus Security; and in a meeting with students representing three residence halls. In addition, we obtained information from a former student who had investigated the relationship between Notre Dame and the Northeast neighborhood. We learned that a great deal of communication and cooperation does take place between the University and the local community, both officially and through the activities of individuals. In fact, over the last decade Notre Dame has moved into a new phase of interaction with its surrounding community. This presents both opportunity and problems. The University has led in its attempts to help in some areas, such as its support for the Center for the Homeless. In other areas, such as the recent attempt to deal with deterioration in the immediate environs of the Northeast neighborhood, it has been more reactive. The subcommittee endorses the acceptance by the University of a legitimate role in the affairs of the area, both as a demonstration of its service mission and as a matter of self interest. We take favorable note of recent University actions which illustrate this attitude.

Recommendation 1: The University should continue and expand cooperative activities with groups and officials in the surrounding community.

Colloquy for the Year 2000

In reviewing these involvements over the next several years, the University should make sure that interactions are marked by mutual respect and benefit all. It should ensure that there are clear lines of responsibility for University decision-making, and that these are made known to local groups, agencies and governments. The University should continue to pursue and expand opportunities for cooperative action with groups and officials in the surrounding community. The University should maintain its strong support for community service projects with the Center for Social Concerns as clearinghouse and organizer, and should continue to emphasize joint planning between University and community residents.

Recommendation 2: The University should pay particular attention to the Northeast neighborhood, seek ways to work effectively with the South Bend Police in maintaining security there, and give significant support and publicity to meetings for students moving off-campus.

The situation in the Northeast neighborhood (Notre Dame Avenue and Eddy Street) is serious enough to warrant particular and constant attention. For students, security in the area is clearly an overriding concern. Our interviews confirmed the extent to which perceived dangers have restricted students' freedom of movement in the area, and also the rising level of response to the problem on the part of the University. Such a response is entirely appropriate given the potential consequences of neglect. In the short term, Student Affairs should arrange meetings for students moving off-campus and involve student organizations, the Office of Student Residences, the Office of Community Relations, and Security in these meetings. The meetings should be well publicized and should stress not only student security, but student obligations to the neighborhood as well. They should take into consideration the concerns of neighborhood residents. Ongoing programs directed to the off-campus life of students which are sponsored by student organizations, as well as the Office of Student Affairs, are particularly desirable. While not taking over responsibility for patrolling the neighborhood, Notre Dame Security should maintain the closest possible contact with the South Bend police, and should continue to seek ways of reinforcing the latter's security activities.

Recommendation 3: The University should strengthen its cooperative efforts to support revitalization efforts in the Northeast neighborhood.

Over the longer term, the University should continue to participate in the Northeast Neighborhood Partnership in order to plan, seek financial resources for, and carry out actions to make the neighborhood more livable for all. The partnership is a coalition formed by the city of South Bend, neighborhood representatives, the St. Joseph Medical Center and Notre Dame, which is attempting to gain consensus

for specific steps toward neighborhood improvements which can then be proposed to funding agencies. Its deliberations have been informed not only by an investigation of specific conditions here, but by knowledge of the experience of other universities in similar circumstances. Due to the fiscal crisis in local government, Notre Dame may have to make an even greater effort to ensure that these security and revitalization efforts are adequately staffed and carried out.

Recommendation 4: The University should consider the role of University-owned lands in encouraging convenient residential, recreational, social and shopping opportunities for students, faculty and neighborhood residents.

The subcommittee took note of the often expressed desire of students and faculty for a variety of convenient recreational, social and shopping opportunities. These should be compatible with overall neighborhood land use. University efforts to encourage such development must recognize the neighborhood's concern with the undesirable effects of uncontrolled commercialization. However, the University should consider the role of University-owned lands both south and east in commercial developments.

V. Fund-Raising

It is hard to overestimate the importance of the fund-raising operation. Since nearly one-fifth of the University's current revenues come from endowment income, gifts and grants, and bequests and trusts, and the University's ability to achieve the goals emerging from Colloquy 2000 depend to a significant extent on the success of its fund-raising. The subcommittee was impressed by Notre Dame's record of increasingly successful campaigns and by the favorable impact of such fund-raising mechanisms as the Sorin Society and the Badin Guild on proceeds from the Annual Fund and Planned Giving (see Appendix I). However, we reviewed fund-raising at Notre Dame primarily from the perspective of priority-setting; that is, who sets priorities for fund-raising, how does it happen, and especially, can it be improved? We also examined the merits of the centralized fund-raising program that the University has always employed versus one in which colleges would be responsible for their own fund-raising.

The subcommittee interviewed several individuals from the academic side who work with the Development Office on behalf on their units. These were Kathy Blackstead, University Libraries Advancement Officer; Dean Frank Castellino, College of Science; Associate Dean William McLean, Law School; Associate Dean Jerry Marley of the College of Engineering; Associate Dean Jennifer Warlick, College of Arts and Letters; and Associate Dean Bob Williamson, College of Business. We solicited their opinions of the goal-setting process for fund-raising and the current highly central-

Committee on Finances, University Relations and Athletics

ized organization in the light of their experiences. The subcommittee then drew some conclusions based on these conversations.

Recommendation 5: The Development Office and specific academic units should establish closer ties in order to encourage better communication of priorities and more appealing packaging of funding opportunities.

A common observation of the parties we talked to was their uncertainty about how fund-raising priorities are decided and then communicated to the Development Office. They realized that most priorities are developed by the deans and then passed through the provost's office, but there appeared to be little opportunity for participation in the planning of priorities within the units. There was confusion about the translation of departmental and college needs into Development Office priorities, and discouragement about persistent failure to raise money for certain goals. Better communication of goals, needs and priorities should be attempted. A possible method is a matrix organization intertwining Development Office administrators with specific academic units such as colleges, libraries and institutes, while retaining the regional orientation which has much to recommend it. Before fund-raising priorities are announced, an attempt at "packaging" fundable opportunities should occur between the Development Department and the respective unit for which the funding is being sought. An example might be a joint effort on the part of library and development personnel to create the optimal "package" for an endowed library collection. And certainly, a detailed review of the project for which money is being sought in which those closest to the project can explain its nature and direction to fund-raisers is highly desirable.

Recommendation 6: More realistic assessment of fund-raising goals for specific purposes, including a feasibility study and review of staffing needs, should be carried out prior to any future campaigns, and the relationship of these goals to the University's mission communicated to University faculty and students.

While closer collaboration on the linking of specific academic needs to concrete fund-raising aims should improve the success rate for some items, realism demands recognition of the overwhelming difficulty of obtaining money for certain other purposes. Therefore, we believe that a feasibility study with leading benefactors conducted prior to finalization of fund-raising goals would promote more realistic expectations and the more productive use of time. Assessment of the overall feasibility of campaign goals should also include determination of whether the Development Office is adequately staffed to pursue the announced goals.

Recommendation 7: Alternative sources of funding, including internal funding and unrestricted gifts, should be considered for those priorities less attractive to donors.

A hard-headed estimate of fund-raising feasibility should not diminish the importance to the University of certain crucial goals, nor should it dictate priorities. For important priorities that are deemed nonfundable through fund-raising, an alternative internal funding strategy should be sought prior to the campaign. To throw these into the campaign on the off-chance they might be funded is deceptive, and impedes their achievement. Once fund-raising priorities are set, they should be communicated to the University community to assure the members of the relationship of these priorities to the University's mission, and to establish realistic expectations.

Recommendation 8: The use of donated funds and amount of contributions should be highlighted in an annual report, an active stewardship program established, and the endowments' spending rate should be reviewed.

The good will of donors is essential to the University since we cannot be what we want to be without their continuing generosity. Informing them regularly of what their dollars have accomplished through a stewardship program is one way of nourishing that generosity. Although not the chief reason for reviewing the endowment's spending rate, making endowment giving more attractive to donors reinforces the argument for such a review. The emphasis on endowments, while necessary, is often hard to explain to donors who want to see more immediate results proportionate to the amount of their gifts. Finally, an annual report describing how contributed funds are being used, and relating these to overall University expenditures would not only provide information to donors, but to others within and outside the University who tend to translate fund-raising success into unlimited fund availability.

VI. Alumni Relations

Notre Dame alumni have a long and positive history of involvement with the University, not only in support of athletic events, but in many other ways as well. In turn, the University recognizes the value of interested, active alumni. This is reflected in the prominence given to the Alumni Association.

The subcommittee was impressed by the clarity and comprehensiveness of the Alumni Association's mission statement and by the evidence that it is being intensively pursued (see Appendix II). It provides for a wide variety of alumni interests and activities. In addition to social activities, the Alumni Association sees support for life-long spiritual and educational development and opportunities for service as part of its role. Statistics on the growing participation by alumni in association-sponsored events indicate that its efforts are being well-received (see Appendix II). Particularly noteworthy is the association's vigorous and successful move into continuing education and community service projects.

Colloquy for the Year 2000

Recommendation 9: The University should make creative use of alumni experts from a variety of professional fields in University planning and programs.

The focus of the University's programs for alumni has been on providing programs and activities, and the subcommittee endorses the continuation of these efforts. However, the level of involvement of alumni in service projects coordinated by the Alumni Association suggest the opportunity for another form of participation. Notre Dame Alumni are very successful in a variety of professional fields (e.g., neighborhood development, media of all kinds, public relations, work with the disabled, minority affairs) and this expertise could be brought to bear on a number of University objectives. A starting point could be an Alumni Association study of current involvement of alumni experts with University programs, and an identification of other alumni who could be invited to apply their expertise to University projects. Ways of communicating this information within the University should be devised. Other possible uses of alumni experts would be as mentors to students in particular fields of specialization and as sources of advice on careers including the establishment of internships.

Recommendation 10: In a continuous program of communication, the University should focus on issues of particular concern to alumni, such as the respective roles of research, graduate and undergraduate education at Notre Dame, and the question of stadium expansion.

Although Notre Dame has an admirable record of alumni interest and support, some current issues are clearly troubling many of them. There is some evidence that many perceive the University as following a mistaken course, or of being indifferent to their concerns. For instance, many alumni are sensitive to the increasing emphasis on research and graduate education. They fear that the University is reducing its emphasis on undergraduate education and that traditionally strong undergraduate programs at Notre Dame will be neglected. Regardless of how the Colloquy handles this crucial issue, the interest of the alumni should be recognized. Information on the role research plays in the University, and the efforts that are being undertaken to maintain and improve the quality of the undergraduate programs should be conveyed to them in a vivid and convincing manner.

Another issue agitating a significant portion of the alumni is the availability of seating at football games. The widespread discontent over the inability of many alumni to obtain football tickets and the perception that the University is not sympathetic to their desires should be recognized. Whatever the resolution of the stadium issue, alumni should be given a complete explanation and consideration should be given to ways in which the ticket situation can be ameliorated.

VII. Institutional Advancement

While the various units in Notre Dame's Department of University Relations fulfill their responsibilities by communicating the University's message to prospective donors (Development Office) or by providing information on specific events and issues (the Department of Public Relations and Information), etc., the subcommittee sensed a certain lack. Attainment of Notre Dame's vision of what the University should be in the year 2000 is dependent on more than our internal efforts. The support and recognition of a variety of publics is essential; without them, our achievements, while worthy, will have limited influence and we will be hampered in our pursuit of excellence.

Recommendation 11: The University should initiate a program of University Advancement within the Department of University Relations in order to bring the accomplishments of Notre Dame, its faculty, and students to the attention of several publics in a coordinated and sustained manner.

Although the subcommittee is not prepared to prescribe the organization structure to accommodate such a program and warns against unnecessary layers of bureaucracy, the value of this initiative suggests that it be recognized as an office.

The responsibilities of this office could include:

1. Ensuring that appropriate messages about Notre Dame are brought to critical constituencies: higher education, the Catholic church, the business community, alumni, benefactors and Washington, D.C. (see Appendix III).
2. Working with existing University bodies (for example, the Notre Dame Press and Golden Dome Productions) to bring messages about the University and its varied work to specific publics. (Such enterprises as "Today's Life Choices" should be more widely known as on-going projects of Notre Dame.)
3. Maintaining familiarity with all University programs and the activities of the University community so that messages distributed by University Relations are accurate reflections of what is taking place at Notre Dame.

The Office of University Advancement would not duplicate the activities of the existing Department of Public Relations and Information, which is now fully occupied by media relations, managing major events on campus, and reacting to situations as they arise. To the contrary, the office would enhance what is already being done by drawing together the efforts of various units in a well-planned and active approach, backed by solid research. Messages would be coordinated so that they could be delivered in a purposeful way — an institutional spot aired during an athletic event might

Committee on Finances, University Relations and Athletics

deal with a subject treated in a targeted release with a similar focus and statements from a University official might reinforce the points already made. For example, the office might develop a detailed plan to explain the University's effort to balance undergraduate teaching with its graduate efforts as well as its commitment to research. Its mandate to talk directly to departments and colleges about their initiatives and achievements would make it possible for them to do this. The office could also seek to foster better understanding about how the University uses its money in the light of a myriad of financial demands. Another dimension of the office would be to utilize the sophisticated communications technology available at the University (such as the satellite facilities at WNDU) to inform the broader public about work conducted by people at the University.

VIII. Conclusion

The self-study mandated by Colloquy 2000 requires that the University look inward to examine its policies, operations, finances, as well as its intentions and goals. The University Relations Subcommittee urges the necessity of looking outward as well. Our actions as an institution affect others, who in turn react, and the environment in which we must carry out the work of the University is to some extent created by that interaction. We hope our report will serve as a reminder of the importance of honest and effective communication and of collaboration marked by mutual respect and understanding.

Colloquy for the Year 2000

Subcommittee on University Athletics

Table of Contents

I. Introduction and Overview	52
A. Membership in Charge	52
B. Purpose and Content	52
II. Position of Athletics Within Notre Dame	53
III. Structure of Athletics at Notre Dame	54
IV. Recreational Sports Program	55
A. Overview of Athletics	55
B. Future Needs and Plans	55
V. Athletics and Academics at Notre Dame	57
A. A Diffused, Unique Structure	57
B. Admissions Policies and Statistics	58
C. Academic Performance Statistics	58
D. Office of Academic Services	59
E. Instances of Problems	59
F. Further Policies in Support of Academics	60
G. Conclusions and Recommendations	61
VI. External Factors	62
A. National Collegiate Athletic Association	62
B. Conference Affiliation	63
C. Federal Law	64
VII. Financial Issues in the Athletic Department	66
A. Strong Institutional Control	66
B. Trends in Revenue and Expense	66
C. Financial Pressures Increasing	67
VIII. Marketing Activities of the Athletic Department	69
IX. Stadium Expansion	71
A. Serious Demand Problem	71
B. Alternative Decisions	72
X. Role of the Faculty Board in Control of Athletics	73
A. Controversial Issues	73
B. Conclusions and Recommendations	74
XI. Appendices:	
A. Statement on Intercollegiate Athletics	
B. Athletic Department Organizational Charts	
C. Intramural Sports	
D. Indoor Athletic Facilities	
E. Faculty Board in Control Report on Academics	
F. Athletic Department Revenues and Expenses	
G. Athletic Department Revenue by Category/Sport	

- H. Athletic Department Expenses Over Normal Base Budget
- I. "Marketing the Irish" Article
- J. Ticket Supply and Demand Summary
- K. Partial List of Items to be Included in Renovation
- L. *Faculty Handbook*: Faculty Board in Control of Athletics
- M. Memo from Faculty Senate Subcommittee (re: Faculty Board in Control of Athletics)

I. Introduction and Overview

A. Membership and Charge

The Subcommittee on Athletics was charged with reviewing the University's posture with regard to this significant aspect of its institutional life, and addressing issues of where Notre Dame should be in the year 2000 with respect to our athletic program. Its membership includes:

- Kathleen W. Anthony, director, University Audits
- Roger F. Jacobs, professor and director, Law School Library¹
- Richard A. Rosenthal, director of Athletics
- Richard G. Sheehan, associate professor, Department of Finance
- Stephen C. Trust, M.B.A. student
- (Chairman) William L. Wilkie, Nathe professor, Department of Marketing

The subcommittee would like to clarify that at its request Mr. Rosenthal did not provide written portions of this report. This was done in order that the Notre Dame community would understand that this report represents the independent opinions of subcommittee members not associated with the Athletic Department. Mr. Rosenthal did participate fully in our various meetings and discussions, did provide us with background information, and did provide reactions to earlier versions of our report. We realize that this has been a somewhat aberrant process, and wish to publicly acknowledge Mr. Rosenthal's constructive contributions and good humor during our work. The net result is that this report is *about* the Athletic Department, but not *from* the department, and likely does not adequately reflect Mr. Rosenthal's views.

B. Purpose and Content

Over the course of many meetings with almost every group interested in the athletic program, as well as many individual administrators and support personnel, we have come to appreciate the complexities and challenges facing the University's athletic operations. Our attention has been drawn to debates that, among others, question the fundamental justification of major entertainment sport in an academic context, the appropriate entities to provide superintending control of athletic programs, the prudential ap-

Colloquy for the Year 2000

observation that the attention given to athletic decisions far outweighs that accorded to more significant choices being made elsewhere within the institution. To place this in context, the Athletic Department's expenditures account for only 5 percent of the University's budget. Out of 34 recommendations in the PACE Report, only one dealt with athletics. And in this regard it is noteworthy that the Colloquy's original draft of a Mission Statement for Notre Dame contained *no mention* of athletics anywhere in its several pages of text. All of the above relates to the informal status of athletics at Notre Dame and in the media, where we have observed an overall need for a better balance in discussion and priorities. Turning to the *formal* dimension of athletics at Notre Dame, we are pleased to report having found a history of serious focus on the matter of balance.

Perhaps the best representation of Notre Dame's formal view of the role of athletics is provided in President Malloy's *Statement on Intercollegiate Athletics*, issued in 1987, his first year in office. The full document is attached as Exhibit II-A. Among its key points:

- *Academics are central.* "We are a University dedicated to the mission of providing the highest quality education for all of our students." In this regard, athletes will be admitted only if they are judged to possess the capacity to successfully complete the baccalaureate degree. Once admitted, the University pledges to provide proper academic counsel and support, to arrange schedules to minimize time conflicts with classes, and to monitor and foster normal academic progress toward a degree in four years.
- *Athletes are students.* "The student athlete is first of all a student. Each one is held to the same general standards of conduct as any other student." In this regard, rules of student conduct pertain, athletes are expected to normally live as campus residents with the goal of full integration of athletes into the student body, and chaplains are provided for athletic teams.
- *Coaching extends beyond athletics.* "Coaches are primarily teachers. They share with members of the faculty the responsibility to educate and train the students entrusted to them." In this regard, coaches are to be hired for specified periods of time, are expected to abide by high standards of personal conduct and by the guidelines and rules of the NCAA, and are expected to appreciate and express the importance attached to academic life at Notre Dame.
- *Athletic administration is within the University.* "The Athletic Director and his staff are directly responsible for the administration . . . the Athletic Director reports to the Executive Vice President."
- *The athletic program is to be self-supporting and is to serve the needs of the entire University community.* "The total athletic program of the University will generate sufficient funds to be self-supporting . . . non-varsity athletics will be provided sufficient support to enable every student to have the opportunity to participate in some form of athletic activity." However, the generation of funds "should never be done to the detriment of the integrity of the institu-

tion or its identifiable priorities." In this regard, no booster clubs are allowed outside of the direct control of the Athletic Department, and the annual operating budget is to be subject to the same review and approval process as all other operating units of the University.

In his conclusion, President Malloy states, ". . . as an institution we will pursue a standard of achievement in athletics consistent with our overall purposes as a University. We will attempt to excel in every form of intercollegiate athletics, but not at the price of distorting our primary role as educators and moral guides. If we discover instances of misjudgment or abuse we will strive speedily to rectify the situation."

Our subcommittee applauds the role of athletics as defined in this statement. The advancement of lofty standards surely creates challenges, but we conclude that the University is right in pursuing these standards.

Recommendation 1: The University should continue to adhere to the laudable values and standards articulated in President Malloy's 1987 statement on athletics. To the extent possible, however, attention should be given to clarifying the mission of the Athletic Department as regards financial self-sufficiency and/or the generation of surplus funds to be used for general University purposes.

As noted above, our subcommittee was most impressed with the overall positioning of athletics within Notre Dame. As will become evident in our following discussions, however, the financial dimension of athletics is a likely source of much of the controversial issues that arise (e.g., the NBC contract, commercialization, Title IX, stadium expansion, etc.). At present, most Division I athletic programs are not financially self-sufficient, while ours is delivering a positive flow of funds to the University. This is a difficult matter, but clarification of the University's goals regarding the generation of revenues from athletics appears to be a worthwhile undertaking.

III. The Structure of Athletics at Notre Dame

The Athletic Department is organized in a structure designed to serve the campus community as well as its intercollegiate activities. It is our understanding that, relative to other universities with similar athletic programs, Notre Dame's organization and expenditures are relatively modest (more details are provided in Section VII). The Athletic Department presently employs 110 full-time staff, plus 32 part-time workers. The formal organization charts are shown in Exhibits III A-H. Some observations about these:

- Notre Dame's athletic program is clearly located administratively under the University authority. The athletic director reports to the executive vice president (III-A).
- The Faculty Board in Control of Athletics occupies an unclear position, both in reality and on the organization

Committee on Finances, University Relations and Athletics

chart (III-A). [We will discuss this issue in detail in Section X of the report.]

- The scope of the department is broad, including facilities, medicine, recreational sports, student services, NCAA compliance and business management activities (III-B).
- The broad scope of cooperative activities means that coordination among functions is essential, with some offices performing functions that overlap areas of responsibility. For example, trainers are listed as reporting to the assistant athletic director, but obviously must coordinate closely with the director of sports medicine as to medical conditions of athletes (III-B, III-C).
- The "behind the scenes" infrastructure is significant, including trainers, strength coaches, stadium and grounds operations, equipment managers, and ticketing, marketing, and other business activities (III-C).
- Public relations is an important activity (III-D).
- The office of Academic Services for Student Athletes is located — both physically and organizationally — within central University administration (this is discussed further in Section V). Unlike other universities, it is not positioned within the athletic program, nor within the provost's office, nor within the student affairs structure (III-E).
- The significant role of NCAA regulations is reflected in the positioning of the associate athletic director's office for compliance (III-F).
- The fact that over 90 percent of total department revenues come from football and men's basketball is reflected in their coaches reporting directly to the athletic director (III-F).
- The Athletic Department also contributes significantly to the recreational opportunities for students and other members of the Notre Dame community (III-G & H). [This is discussed further in Section IV.]

IV. Recreational Sports Program

A. Overview of Activities

Notre Dame has a fine reputation for the scope and quality of its recreational sports program run by the Athletic Department. The expressed aim of the Office of Recreational Sports (RecSports) is to provide an opportunity for everyone in our academic community to enjoy a broad offering of organized and informal recreational activities, regardless of ability. This program has evolved over the past 20 years, from a simple intramural program for males ("Interhall Athletics") to a broader-based program for males and females ("Non-Varsity Athletics") to a highly diversified athletic program ("RecSports") that now serves not only students, but also the entire University community. Under the direction of Dr. Tom Kelly, RecSports runs three basic types of programs: a competitive intramural program, club sports (organized competition with other universities and clubs), and recreational services (non-competitive activities in areas of health and fitness).

1. *Intramural Sports.* An impressive array of intramural offerings is available to students through interhall or open competition, and also to graduate students and faculty members through their own leagues. During 1991-92, 20 different sports were offered (these are listed in Exhibit IV-A). Over 7000 persons participated in these activities (4900 males and 2200 females). Our campus interviews confirmed that many students hold this program in high regard: It clearly contributes to hall-based spirit on the campus.

2. *Club Sports.* Club sports are open to any individual who is a full-time student, with each club governed by its own elected officers. An interesting menu of 10 sports are currently offered through clubs: competitive skiing, water polo, crew, rugby, sailing, men's volleyball, gymnastics, equestrian, boxing and synchronized swimming. Several of the clubs have been very successful nationally, with the volleyball, synchronized swimming and skiing clubs earning the right to compete for national club championships. Almost 300 Notre Dame students participated in about 115 club contests during the 1991-92 academic year.

3. *Recreational Services.* This program focuses on non-competitive activities in areas of health and fitness. It has experienced growth in both offerings and participants, with projects such as "Dump Your Plump," instruction on women's safety and self-defense, and outdoor recreation programs such as horseback riding and cross country skiing. Recent programming has engaged in collaboration with other departments (e.g., Human Resources and the Health Center), and has developed special events such as the Late Night Olympics, which raised money for Special Olympics.

4. *Other Benefits.* In addition to the benefits it offers program participants, RecSports also offers students opportunities for part-time employment in such positions as student supervisors, issue room supervisors, night managers, game officials and aerobic instructors. In addition, development of the walking/jogging trail around St. Mary's Lake has served many members of the campus community as well as visitors, while improvements on the golf course have increased player satisfaction as well as profit potential for the course.

B. Future Needs and Plans

The RecSports office recently completed a self-study as a basis for future planning. This study identified the program's strengths as follows:

1. Adequate budget and flexibility in expenditures.
2. University philosophy of educating the total person (including physical, social and emotional).
3. Participatory student body and faculty/staff, with background of physical activity.
4. Athletic tradition of the University.
5. Continual support from the University and Athletic Department administration.

Colloquy for the Year 2000

6. Residentiality of student body and nature of the South Bend community.
7. Commitment of professional staff to departmental mission; continuing excellence of student staff.

The program's weaknesses are seen to be:

1. Lack of "dedicated" indoor recreational facilities with continued expansion of varsity programming.
2. Proactive approach in reaching the non-participant and the non-traditional individual.
3. Systematic, effective communication with graduate students, and special populations, and for unique or special events.
4. Indoor facility maintenance staff is not oriented to recreational use.
5. Systematic and effective program evaluation.
6. Monitoring of on-going intramural activities.

The major plans to be undertaken by the office involve the development and implementation of a Notre Dame community-wide health and wellness program, working in conjunction with other departments in the University. RecSports wishes to develop a comprehensive "participant recognition" program to help engender positive feelings that would support sustained activity in RecSports on the part of individuals. In this regard, RecSports also wants to target the traditional non-participant for RecSports activities. The members of the Notre Dame community that might benefit most from activities offered through RecSports include many persons not presently using them. These "non-participants" may be more likely to develop health and fitness-related problems which may reduce their overall productiveness in the Notre Dame community. By targeting the non-participants, productivity and general physical well-being in the Notre Dame community can rise.

Finally, RecSports hopes to build an indoor recreation facility that would alleviate the strain on other facilities while providing a campuswide center for recreational activities. Our subcommittee has not analyzed this proposal in detail, though we do understand that potential funding has been offered to the University to further the realization of this indoor facility. A new indoor recreational facility could greatly enhance the overall effectiveness of the RecSports program, and deserves future consideration.

Although Notre Dame is well-endowed with athletic facilities, presently there are many demands to use athletic facilities and at times fields, courts or tracks are not always conveniently available. A brief description of current indoor facilities is given in Exhibit IV-B. Outdoor facilities include Stepan Fields, the White Field, Cartier Field, the Courtney Tennis Courts, several outdoor basketball courts, the Notre Dame Golf Course, St. Joseph's Lake and the track.

The Office of Recreational Sports seems well-positioned for the coming decade. As noted earlier, our subcommittee meetings indicated that students were generally very pleased with the offerings through RecSports (some concern was expressed over the lack of trainer availability during outside intramural events). As noted above, our subcommittee endorses the analysis and plans of this office as indicated.

Beyond these points we would offer three further thoughts not stressed above, for consideration. One is that the prevailing attention to "life-long" sports is wise, and should be enhanced where possible. Related to this, family-oriented options, perhaps including lessons in both popular and less-familiar sports, could stretch the impact of this office into the married graduate student population, as well as further into the faculty, staff and administrative communities. Finally, as a source of feedback as well as suggestions, occasional surveys of both RecSports participants and campus non-participants may be useful.

Recommendation 2: The University should continue to support the evolution of the RecSports program. In particular, a wellness program, together with and targeting non-participants and families appear worthwhile, and a new campuswide center for recreational activities merits further attention.

Exhibit IV-A Intramural Sports

Badminton	(Men's singles and doubles)
Baseball	(Men's interhall)
Basketball	(Men's and women's interhall, co-rec., graduate and club)
Cross Country	
Floor Hockey	
Football	(Men's and women's interhall, graduate)
Golf	
Hockey	(Men's interhall and graduate)
Lacrosse	
Racquetball	(Men's and women's singles, men's doubles, men's team, graduate men's singles)
Soccer	(Men's and women's interhall, graduate, co-rec indoor, campus tourney, and men's and women's indoor)
Softball	(16", co-rec, men's and women's 12", graduate)
Squash	
Swim Meet - Fresh.	(Men's and women's)
Table Tennis	(Men's and women's singles)
Tennis	(Men's and women's interhall singles, interhall mixed doubles, graduate mixed doubles, graduate men's singles, and men's and women's interhall team)
Ultimate Frisbee	

Committee on Finances, University Relations and Athletics

Volleyball	(Men's and women's interhall, co-rec, outdoor and graduate)
Wallyball	(Co-rec)
Water Polo	(Co-rec)

Exhibit IV-B Notre Dame's Indoor Athletic Facilities

Joyce Athletic and Convocation Center

The JACC is a complete multi-use facility and, as such, The Recreational Sports program (both scheduled and drop-in play) shares the facility with varsity, commercial and University functions. Extensive set-ups and tear-downs frequently preclude recreational use both before and after events. Recreational users have difficulty understanding when the various parts of the building are available for use due to frequent schedule changes. Areas include the arena basketball court, auxiliary gyms, racquetball courts, squash courts, track and infield, boxing room, ice rink, fencing gym and Rolfs Aquatic Center.

Rockne Memorial Building

The Rockne Memorial is used primarily for the physical education program and for drop-in play. Very little activity is scheduled for the building and Recreational Sports use for programming is limited to its scuba diving course as well as some aerobic classes. Areas include the auxiliary gym, upper weight room, lower weight room, racquetball courts, squash courts, swimming pool, classroom and exercise rooms.

Stepan Center

Two basketball courts scheduled for intrahall play by Student Activities. Leaks in roof and non-athletic use makes condition fair to poor. RecSports schedules only the Bengal Bouts here.

Loftus Center

The brand new facilities of the Loftus Center are premiere. Varsity sports have priority but RecSports have use at some off-times. The facility is used for the Flag Football Tourney to Cure Paralysis and for the RecSports indoor soccer program, as well as being used as a backup for outdoor soccer, football and lacrosse programs as available. Recreational runners can use the track for jogging at posted times.

Eck Tennis Pavilion

The award-winning Eck Pavilion is an excellent tennis facility. Varsity programs have priority scheduling. The facility is well-used by students and staff during those hours that it is available. Clinics and tournaments are scheduled by the facility and by RecSports.

(Facility inventory adapted from RecSports "Indoor Recreational Facility Proposal," June 1, 1992.)

V. Athletics and Academics at Notre Dame

The external acclaim accorded to Notre Dame athletics includes the image of athletes competing at the highest levels of sport, while also competing as students to earn academic degrees. Our student-athlete graduation rate is at the highest national level, and is at a par with our student body as a whole. Because of the central importance of this perception as the underpinning of support for a continued major athletic role at Notre Dame, our subcommittee was especially sensitive to learning more about our performance in this area.

Our subcommittee has come away impressed with the commitment that the University makes to the academic training of its student-athletes. Our discussions at every level — with University administrators, members of the Faculty Board in Control of Athletics, with administrators and coaches in the Athletic Department, and with student-athletes themselves — confirm the real and substantial University commitment to promote the education and personal development of its student-athletes.

In addition, during the course of our discussions we have also heard some reports of problem episodes and some negative characterizations of athletes and academic performance. We do not wish to sweep these reports away. Upon reflection, however, we believe that these concerns can be remedied within the University's existing program and structure. (In this regard — and somewhat to our surprise — we have also come away with a sense that more active attention by individual faculty members would likely be the most useful step that can be taken. This point will be addressed following a fuller description of the University's current program.)

A. A Diffused, Unique Structure

Two major offices concerned with the academic dimension of athletics are the Admissions Office (under Kevin Rooney) and the Office of Academic Services for Student-Athletes (under Kate Halischak). It is interesting that both offices are organizationally independent from the Athletic Department: the Admissions Office reports to the University Provost, while the Academic Services office reports directly to the executive vice president of the University. Both offices are located in the Main Building, affording perceptual distance from the competitive pressures of the athletic arena. The Academic Services program is, however, funded from the Athletic Department budget.

1. *Admission of Athletes.* In the case of the *Admissions Office*, placement within the University's academic wing is natural. However, as at many universities, this organizational structure means that some forms of coordination and cooperation are needed in order to mesh Athletic Department recruiting activities and the University's normal admissions process.

Colloquy for the Year 2000

As background, the Admissions Office does about 1000 credential checks each year, simply to determine whether or not admission might be possible and recruiting should proceed. However, timing is a problem. The timing of recruiting differs by sport, but generally involves considerable activity prior to the start of a student's senior year in high school. This timing — coupled with the fact that a high proportion of the finest athletes will not meet minimal standards for admission to Notre Dame — means that tentative judgments of the academic qualifications of prospective student-athletes must be made considerably earlier than for non-athletic applicants to the University, and on the basis of less data, including the normal increases expected in later takings of the SAT or ACT.

Admissions actions at these early points are accepted to be only advisory as to stopping/continuing recruiting, but they also obviously play a key role in the directions coaches then take in their recruiting decisions. In addition, there is an NCAA "early signing period" in November for those sports that do not compete in the fall: the Admissions Office offers only contingent decisions at this time, with official acceptance and notification occurring as with all students in April. At the November signings, however, it is obvious that both the student and the Notre Dame coach are making important decisions: It seems that these should be later overturned by Admissions only for serious cause.

Thus there is a considerable natural stress in this process for the individual coaches within the Athletic Department and for Mr. Rooney and his staff. Based upon our interviews it appears that workable procedures have evolved over time, and there have been some improvements recently that have eased tensions. This process by its nature is difficult, however.

2. Academic Support for Athletes. The organizational placement of the *Office of Academic Services for Student-Athletes* at Notre Dame is interesting and possibly unique. Unlike many universities, this office is not located within the Athletic Department, nor within Student Affairs, nor within the academic wing of Notre Dame. It has instead been located directly within the Office of the Executive Vice President (Father Beauchamp), a clear signal of the importance given to athletes' being supported in their academic pursuits. Again, however, the organizational placement brings needs for considerable coordination and cooperation between this office and the student-athletes, their coaches, the academic colleges and the faculty. We were surprised to discover the extent of this office's activities, and will discuss them in a later section.

At this point we wish to turn to a brief descriptive overview of the status of academics and athletics at Notre Dame. A comprehensive picture is available in a lengthy "Report to the President" recently produced by the Faculty Board in Control of Athletics, and reprinted in a condensed form in the November 22, 1991, issue of *Notre Dame Report*. The fol-

lowing sections reflect several key points from it (abstracted from pages 212-217, which are reproduced in full in Exhibit V-A).

B. Admissions Policies and Statistics

"According to Kevin Rooney, director of Admissions, admission decisions on student-athletes are made in the same way they are for most other students, i.e., admissions counselors make a thorough analysis of each applicant's academic and personal credentials. To this is added a coach's evaluation of the candidate's athletic ability and how that person would help a Notre Dame team. For football and men's basketball, the standard is an analysis of whether or not the applicant has a reasonable chance to succeed in academic work at Notre Dame." In addition, we have learned that it is apparently common at Division 1 schools — even at the most prestigious universities — to reserve some "coach's slot" admissions that are agreed to proceed outside the control of the Admissions Office. Our understanding is that this practice does not occur here: It is Notre Dame's policy to have all athletic admission decisions made through the Admissions Office, free of outside pressure from or control by athletic interests.

Admissions statistics for the decade 1980-90 were studied and reported by the Faculty Board. In regard to SAT scores, "Among all student-athletes, 65 percent scored higher than 1000 . . . [Of 21 teams] only three sports had an overall decade average below 1000; they were men's basketball, women's basketball and football." In regard to high school class-rankings, ". . . for 1021 recruited student-athletes from 1980 to 1990 . . . 43.2 percent were in the top 10 percent of their high school graduating classes . . . [only] 8.7 percent graduated in the bottom half of their high school classes." The trend, moreover, is upward: "The three freshmen classes of student-athletes admitted to Notre Dame in 1988, 1989 and 1990 have averaged in the top 15 percentile of their high school classes . . . in 1990 the average high rank in class [for football] jumped to the top 22.8 percent, a significant improvement."

C. Academic Performance Statistics

"Of the 548 recruited student-athletes who matriculated between 1980 and 1986, 484 or 88.3 percent have graduated as of summer 1991. This figure of 88.3 percent is the unadjusted graduation rate. It represents simply the number of student-athletes who entered the University and the number who graduated from Notre Dame. If the number of student-athletes who . . . chose to leave . . . are taken out of the formula, the adjusted graduation rate is 96 percent. Further, if disciplinary dismissals are removed, the rate is 96.7 percent. In other words, only 3.3 percent of matriculated student-athletes did not graduate for academic reasons . . . the adjusted graduation rates (number graduated/number enrolled — transfers and withdrawals) are as follows: Men's

Committee on Finances, University Relations and Athletics

basketball is 100 percent; football, 92 percent; and the Olympic sports, 98 percent." 84 percent of the graduates received their degrees in four years, 15 percent in more than four years, and 1 percent in less than four years.

With respect to grade point averages, 10 percent graduated with honors, 30 percent with a GPA of 3.00 or better, and 83 percent with a GPA above 2.30. There was a significant difference between revenue sports and Olympic sports: for men's basketball 71 percent graduated with a GPA less than 2.5; for football, 62 percent; and for Olympic sports, 18 percent.

D. The Office of Academic Services for Student Athletes

The University has provided academic guidance to student-athletes for almost 40 years. This growing operation was for many years under the direction of Professor Michael DeCicco, and was known as the Office of the Academic Advisor for student-athletes. In 1990 Father Beauchamp renamed the office, moved it to a direct reporting relationship, and appointed Dr. Kate Halischak as both his special assistant and director of this activity.

A useful overview of this activity appears in Exhibit V-A (pages 214-217) from the Faculty Board's Report. The objectives of this office state: "The University makes a sincere commitment to all student-athletes for their education and graduation. To fulfill this promise, Academic Services strives to:

- assist student-athletes to graduate in four years
- maintain the academic integrity of the University
- comply with all rules, regulations, and procedures of the University and the NCAA
- promote the academic good standing of every student-athlete."

In contrast to a possible perception that the key role of this office is simply to maintain an athlete's eligibility, we have found a sincere desire to create a support and guidance system that will enhance the educational and personal development of student-athletes, taking into account the realities of our setting. Among the activities of this office are:

- Orientation programs for new arrivals
- Academic adjustment workshops (re: study skills, time-management, career decisions, college socialization, stress management, adjusting to physical trauma, conflict management)
- A tutoring program upon request
- Structured study hours (required if low performance)
- Academic monitoring (by course, during semester)
- Academic planning (including summer school attendance decisions)
- Academic records and reports (to various offices)

The subcommittee has been impressed with the scope of coverage of these activities, and recommends that faculty members acquaint themselves with the publications from this office, such as the *Orientation Handbook* and the *Tutor Handbook*.

E. Instances of Problems

As noted earlier, our subcommittee has discovered that overall the academic system is working well. However, we have heard perceptions of instances of problems in grading, assignments, class attendance and/or deportment. (We are well aware, of course, that these same problems can exist with students who are not athletes, and that similar remedies would be called for in either instance.)

While Notre Dame's system is geared toward minimizing academic difficulties, several realities cannot be ignored. Admission consideration is given to some student-athletes, with the judgment being made that these individuals do possess the capacity and drive to succeed in the Notre Dame classroom. This policy has been proven many times, and appears to be sound. However, it clearly depends on each student-athlete maintaining a high academic drive level in the face of a stressful environment. Among the diversions from academic pursuits are the time and energy consumed in preparing for and participating in practices, physical conditioning sessions, and team meetings, travel to and from sporting events, and the informal social interactions with fellow students who wish to discuss developments in the sport. In addition, some of our student-athletes devote further time and energy to works of community service and interviews with the media. There is little question that, while a few other students on campus may have equally busy schedules, our student-athletes are faced with significantly greater time demands than many of their fellow students.

Our discussions with student-athletes and graduates revealed that many felt that academic success required that they be highly disciplined in their approach, with time management a key factor. They stressed that the academic support system should be used, if needed, that summer school attendance can be helpful, and that the role of coaches in underscoring the importance of academics was also significant.

Another significant factor involves the attitudes and behaviors of the faculty. We heard (especially from some athletes and members of the Athletic Department) that some faculty members appear to be *biased against* athletes, and that some have let them know this early in a course, even to the extent of suggesting that they may be unwelcome in the class. On the other hand, we also heard (primarily from student non-athletes) that some professors appear to be *biased in favor* of athletes, allowing them favors not granted to other students. *In both cases a high level of resentment appeared to be*

Colloquy for the Year 2000

present, and we agree that such resentment is entirely warranted. In neither case is the faculty member's behavior appropriate.

Other relevant issues involving faculty included the scheduling of additional course activities and the reporting of academic progress during a course. Coaches and administrators of the Athletic Department have stressed that their players may be excused from practices in order to attend special course activities (speakers, tutorials/review sessions, technical demonstrations, etc.) held during practice times. However, while recognizing the right of the faculty to schedule such meetings in the best interests of the course, they indicated that they would appreciate consideration being given to alternative timing if this were possible.

With respect to reporting of a student-athlete's academic progress during a course, it is instructive to consider that the only parties who are aware of academic deficiencies as they are occurring are the student and the instructor. Without reporting into the academic support system, no intervention or remedial action can or will be taken.

The realities of academic freedom mean that this system is voluntary. At the present time, some faculty members are working with the system and reporting regularly, some are reporting intermittently, and some are not reporting at all. The Office of Academic Services has indicated their sincere interest in obtaining such feedback from individual faculty members, as well as from student-athletes. They pointed out that the timing factor is often crucial if an academic problem is surfacing, and indicated their commitment to contacting the student to attempt to help him or her to resolve any difficulties and to perform well in the course. In addition, they are working to improve their feedback system to the faculty.

In counterpoint, we have had conversations with individual faculty members who feel uncomfortable with several aspects of this reporting system (these have been informal, and we make no quantitative representation on the extent to which the positions are held across the faculty). Those who are not cooperating with the system at this point are in several segments, acting for significantly different reasons. Some faculty hold a philosophical reservation about unequal treatment for some students: These individuals indicate that they would be willing to report regularly if the reports dealt with all students in the class, and if equal assistance were available to all their students. Other individuals indicated that their course structure and grading policies did not lend themselves to the timing of the reports (e.g., cumulative points with major reports due at the end of the semester might lead to misleading indications early in a semester). Still other individuals hold the view that these reports are negative, and might cause problems for a student-athlete: These faculty are willing to report in severe cases, but not in marginal or emerging instances. The net result,

however, is that each of these faculty segments produces deficient feedback into the academic support system for student-athletes. We shall return to this point in our section on conclusions and recommendations.

Summary. Because of the diffused nature of the academic setting, our subcommittee has no quantitative measure of the extent to which instances of academic problems may exist presently. However, we do not believe that they are so severe that they characterize student-athletes as a group, nor that they would threaten the validity of the perception that a Notre Dame athlete must also be a student. Further, we are impressed that the University's structure is in fact intended and designed to foster a genuine educational and personal development experience for our student-athlete.

Our key finding about problems, then, is simple but significant. They appear to exist at an individual — not systemic — level. Many could be remedied if the present system were simply allowed to work better and if certain individuals simply acted within their roles at a higher level. As noted above, the significant parties are individual student-athletes, coaches and faculty members.

F. Further Policies in Support of Academics

In addition to the Office of Academic Services, the University has developed several broad policies that support a student-athlete's progress toward an education. First, even though athletic scholarships are required to be limited to one year at a time, Notre Dame's *scholarship policy* commits to renewals of its scholarships for a full four years regardless of the athletic success or contribution of the student-athlete. This is in contrast to some schools, where a coach may choose to replace the scholarship of a less successful athlete with an offer to a new recruit. Second, as noted above, the University's *practice policy* states that student-athletes are to be excused from athletic practices and meetings in order to fulfill academic requirements.

Third, the University recently instituted a *scheduling policy* under which each athletic team's schedules must be designed so that team members will not be absent from class any more than three times per semester. This decision places considerable stress on certain sports' travel schedules, and is apparently much more stringent than other academically-oriented universities (Stanford, Duke, Virginia, etc.). Our subcommittee received comments from both athletes and coaches that in some instances the policy results in arduous travel schedules that may actually hinder study time. It may be, therefore, that consideration of a reasonable waiver policy by the Faculty Board would be worthwhile (e.g., we understand that the Athletic Department already affords a waiver in the event of dangerous travel conditions). Whether team waivers would be workable is unclear, but it is clear that the new schedule policy does comport well with the academic support structure outlined above.

Committee on Finances, University Relations and Athletics

G. Conclusions and Recommendations

In our view, the issue of academic achievement is vital for the future of a Notre Dame that will strive to achieve at the highest levels in both athletics and academics. Our discussion to this point provides a basis for a number of conclusions and recommendations we would offer for Colloquy deliberations on where we should be headed in the future:

Recommendation 3: The University should continue its structure to admit and academically support student-athletes. In this regard, it should continue to seek strong efforts at coordination to allow the system to work well.

As is evident, we are impressed with the structure that has evolved to admit and support student-athletes. We are also impressed with the strong support of academic standards voiced by everyone we encountered, including University administrators, Athletic Department officials and coaches. We would stress that this structure contains natural buffers to protect the integrity of academic decisions. At the same time, these buffers mean that strong efforts at coordination are needed. Some of our recommendations are aimed at this goal.

Recommendation 4: In light of the changes brought by the introduction of the DART registration system, the University should consider revisions in its handling of course registration by student athletes. In particular, our subcommittee recommends that the Faculty Board consider a policy that would limit the number of student-athletes in any section of a course (e.g., members of any one team might be limited to 10 percent of section enrollment), with academic waivers available when appropriate.

The move to the DART computer registration system has removed considerable control from the Academic Services office as to classes taken by student-athletes (this could lead to isolated difficulties with progress toward degrees). Also, athletes have been given priority DART registration times (in order to allow scheduling of classes meeting at non-practice times).

These factors combine to increase the potential for athletes to congregate in particular courses or sections, an outcome that has contributed strongly to some of the complaints we heard about both student department and pro-athlete bias on the part of selected faculty members. We therefore recommend that the Faculty Board in Control of Athletics examine this area with a view toward designing new policies for operating with the DART system. As part of this investigation, our subcommittee wishes to recommend that the board consider a *policy that would limit the number of student-athletes in any single section of a course* (e.g., members of any one team might be limited to 10 percent of section enrollment, all student-athletes might be limited to 20 percent of

the enrollment in the class, etc.). Waivers from this rule may of course be needed to account for requirements in a major, times of course offerings, and so forth, but these waivers should emanate from the academic department or college working in conjunction with the office of Academic Services.

Recommendation 5: The Faculty Board, in conjunction with the Office of Academic Services, should examine means by which to enhance participation in the academic support system on the part of individual faculty members and student-athletes.

As we have become somewhat educated about the academic support system, we have become increasingly positive about its potentials. We believe that it is important that the Office of Academic Services succeed in its present programs and its future initiatives. We advocate increased support for this system on the part of individual faculty members and students.

Recommendation 6: The University should continue to recognize and encourage its coaches' support for educational achievement by their players.

It has become clear that coaches play an important role as well, both in terms of their athletic demands and their expressed support for the importance of educational achievement. We were impressed with the support accorded this area on the part of the coaches with whom we met, and simply advocate that this continue in the future.

Recommendation 7: The University and Athletic Department should continue to offer easy access for athletes and others who wish to voice sensitive questions or complaints. In addition, the Faculty Board might consider possibilities of further promulgating this system.

Late in the course of our deliberations it occurred to us that the Colloquy was possibly unique in that an outside group was attempting to solicit reactions within the structure of an organization. In the normal course of events, however, where should someone with a potentially sensitive question, criticism or complaint go to voice it? We have not pursued this issue sufficiently to offer a detailed recommendation. The Athletic Department has just instituted an "exit interview" process with graduating seniors, as one means of obtaining feedback and suggestions. This appears to be an excellent idea, and we understand that it has been successful in its early stages. Standing alone, however, it does not afford a timely option for a younger student-athlete, and does not reach anyone else who might wish to voice a complaint or question. Obviously, the appropriate persons to talk to depend on the nature of the problem. We do understand that Fr. Beauchamp, when welcoming student-athletes each year, stresses that they should feel free to come forward to be heard, and that a number of key athletic officials are contacted frequently by student-athletes and their

Colloquy for the Year 2000

families. These include Mr. Rosenthal, Mr. O'Brien, Ms. Conboy and Mr. Boulac. In addition, Dr. Halischak and the chaplains are sought out often. Thus it appears that the system is working well. Without suggesting that we see a problem, then, we would suggest that this is another reasonable topic for the Faculty Board to consider, especially as to the possibilities of further promulgation of this system.

Recommendation 8: The University should explore opportunities for an increased analytical role for the Office of Academic Services in conjunction with the Faculty Board.

If some other suggestions are adopted, the timeliness of academic information should be enhanced, and the office of Academic Services will be in a position to increasingly understand the nature of academic achievement on the part of student-athletes. At such a point, in conjunction with the Faculty Board, the office might find it useful to conduct further studies to explore specific issues (e.g., specific dimensions of academic success/difficulty regarding course or major choice; any barriers to participation in specific majors, such as pre-professional studies, identification of key determinants of academic success that might be helpful for admissions decisions; the existence of college education; student-athlete alumni perspectives on strengths and weaknesses of the Notre Dame experience, etc.).

Recommendation 9: The University should direct attention to the structural process for developing academically-related policies for athletics, such as with the revisions to Proposition 48.

The University currently has a policy of not accepting athletes who do not meet the minimum standards to be allowed to compete as freshmen (Proposition 48). The Athletic Department has issued no objection to this policy, stating that admissions standards are appropriately within the province of the academic wing of the university. However, it is the understanding of our subcommittee that in 1995 the NCAA will be phasing in new, higher minimum requirements for Proposition 48. It is entirely possible that the University ban should be extended to these new requirements as well. However, given the graduation success of our athletes, and the fallibility of objective test measures, it is also conceivable that Notre Dame should revise its policy with respect to the new requirements. It does not appear that a clear policy-making structure exists for this type of issue, as it impacts on both the academic and athletic decision areas. As one structural suggestion, therefore, we would propose that this issue, with appropriate analytical studies, be undertaken by the Faculty Board in Control, which would offer its recommendation to the Committee on Admissions, Scholarships and Financial Aid. The recommendations of both committees would then be forwarded to the Academic Council for its policy recommendation.

Recommendation 10: The University should explore mechanisms for diffusing to the general student population the successful programs developed by the Office of Academic Services for Student-Athletes.

As noted earlier, the Office of Academic Services for Student-Athletes is funded from the budget of the Athletic Department and is an integral part of the University's educational commitment to these students. Our subcommittee did encounter a perception of unfairness in that these services are not made equally to all students of the University. We are aware that this topic exceeds our ambit, and of the budget implications this would entail (also, that increased monitoring would not be universally welcomed by students), so advance only a modest proposal. Essentially, this office over time will be developing increasing numbers of insights and programs that work. The University should be alert to opportunities to diffuse these successes to other students when it is feasible to do so. For example, if successful workshops can be videotaped, copies might also be made available to residence halls or student organizations. Similarly, booklets could also be made available for duplication if they provide insights not already available to other students. Further, lessons learned for academic program planning and for career planning might usefully be transferred to other University units dealing with these issues.

In discussion with the larger Colloquy committee chaired by Father Beauchamp, the question also arose as to why the strong commitment to the academic success of student-athletes (as expressed in Father Malloy's statement (see Exhibit II-A)) is not also extended to the general student population, for example, through the availability of a tutoring service. We recognize that this issue is not strictly within the purview of our subcommittee's assignment, but do wish to forward it for consideration in the Colloquy's deliberations in the event it has not arisen elsewhere.

VI. External Factors

External factors exert tremendous influence over athletics administration at Notre Dame and all institutions across the country; most major athletic department decisions are controlled, at least in part, by the regulations of National Collegiate Athletic Association (NCAA). Other external factors which significantly affect our athletics policies and procedures are our conference affiliation and the Congressional Statute "Title IX." This section provides background on the roles of each of these external forces.

A. National Collegiate Athletic Association

The NCAA is the primary governing body of intercollegiate varsity athletics. It is a private, voluntary association with 828 college and university members. The NCAA has a full-time administrative staff, as well as a board of trustees and

Committee on Finances, University Relations and Athletics

several specialized NCAA committees primarily comprised of administrators from member institutions.

The NCAA establishes policies and procedures under which member institutions must operate their athletic programs. Members' input is solicited for all proposed legislation. Notre Dame's practice is quite detailed in carefully considering the positions the University should take with regard to these proposals. We noted that input is obtained from coaches, athletic administrators, the Faculty Board in Control of Athletics and the president and executive vice president of the University before Notre Dame formally responds to proposed legislation. In addition, Notre Dame administrators serve in leadership roles in developing NCAA guidelines and programs. Once legislation is enacted, the compliance branch of the NCAA reviews members' cooperation with established rules and guidelines. There is also an enforcement branch to investigate deviations from NCAA regulations and issue sanctions against any member institution found to be in violation.

Recommendation 11: The University should maintain its strong emphasis on running a "clean" athletic program and, as in its past NCAA and Knight Commission activities, should continue to offer leadership to the development of policies to guide intercollegiate athletics.

The NCAA supports "chief executive officer"/presidential authority over athletics as a most effective means to keep intercollegiate athletic programs under control. Notre Dame's Board of Trustees has delegated virtually all athletic responsibilities to the University president, Rev. Edward A. Malloy, C.S.C., who in turn delegated them to the executive vice president, Rev. E. William Beauchamp, C.S.C. Thus, Father Beauchamp effectively has the final word regarding the hiring of the director of Athletics and head coaches, approving the annual operating budget for the athletic program, and approving policies and standards of conduct for all representatives of the institution's athletic program. Father Beauchamp makes regular reports to the University's Board of Trustees and annually submits a copy of the athletic program philosophy for their review and approval. The director of Athletics reports to Father Beauchamp.

Father Malloy's *Statement on Intercollegiate Athletics* sets forth principles under which he expects Athletics to operate, including that "coaches are held to the guidelines and rules agreed upon by the member institutions of the NCAA. This applies to recruitment, financial aid, team discipline and other related matters. Any violation of these standards will be treated with utmost seriousness." Notre Dame administrators, coaches and student-athletes are expected to respect the NCAA and operate strictly under its regulations. There have been very few violations in our programs. Potential violations identified by the University are voluntarily reported to the NCAA.

Annual informational sessions are held with all varsity athletes and coaches to explain the University's position with respect to compliance with all of the NCAA's rules and regulations, including the principles of fair play and amateur athletic competition. Any new NCAA legislation is also explained in detail in these sessions. To provide this training and to regularly monitor compliance with NCAA regulations, the University employs a full-time *Associate Athletic Director for Compliance*, Ms. Melissa Conboy, who advises and assists the athletic director on matters of policy and procedure, and acts as the departmental liaison with the NCAA with regard to rules compliance and interpretations. Although Ms. Conboy is primarily responsible for compliance, the president, executive vice president, director of Athletics, director of Academic Services, Financial Aid director, registrar and the director of Admissions provide support to her.

One recent rule enacted by the NCAA which has a significant impact on many athletic programs is the controversial "Proposition 48," which raised entrance requirements for student-athletes to be eligible to participate during their freshman year. This has not had a major impact on Notre Dame's program since our admission standards are normally higher than the Proposition 48 levels. Notre Dame did accept three Proposition 48 candidates in the first year the rule was enacted, but later re-evaluated its position and no longer admits students falling below Proposition 48 standards (we were informed that all three of these candidates graduated in four years).

Per our discussions with various athletic administrators, coaches and student-athletes, it is obvious that the University places great emphasis on NCAA compliance.

B. Conference Affiliation

For the past five years, Notre Dame has been a member of the Midwestern Collegiate Conference (the MCC) (except for football, fencing, lacrosse and men's basketball, while hockey is affiliated with the Central Collegiate Hockey Association). The decision to join the MCC for the remaining Olympic sports (women's basketball, softball, baseball, volleyball, men's and women's soccer, men's and women's golf, men's and women's track, men's and women's swimming) was a decision recommended by the Athletic Department administration and supported with reservation by a consensus of coaches at the time of the decision. Men's soccer and men's baseball were conference sports in which the MCC had automatic bids at the time Notre Dame joined the conference. Immediately thereafter, the conference lost its automatic baseball bid.

The athletic administrators recommended joining the conference because the conference members were private schools with a similar blend of academic and athletic com-

Colloquy for the Year 2000

mitment, and because it was believed the conference could develop as a better opportunity for participating Olympic sports. In the last three years, baseball has regained its automatic bid to the NCAA championship field and women's basketball and volleyball also received automatic bids to the NCAA national tournaments. Since joining the conference, six Notre Dame teams — men's soccer, women's basketball, volleyball, baseball, cross country and tennis — have been invited to national NCAA tournaments.

Recommendation 12: The University should continue to monitor its status as an independent in some sports and conference member in others, as external events continue to change.

The current mix of independence and MCC membership has served Notre Dame well to this point. MCC membership presents both advantages and disadvantages to Notre Dame. Some coaches of Olympic sports have expressed opinions that MCC affiliation is a detriment to their programs. These coaches believe the member schools (Butler, Dayton, Detroit Mercy, Duquesne, Evansville, LaSalle, Loyola, Notre Dame, Xavier) are not nationally-recognized competitors, and that being a member of the conference hurts recruiting. The coaches indicate, in a perfect "world," being a member of a more-recognized conference would better serve the interest of their sport. Some coaches opined being an independent could be a better alternative to conference membership.

Six of the Olympic sport teams play regular-season schedules (women's basketball, men's and women's soccer, women's volleyball, baseball and softball). Four of these sports have automatic bids to NCAA tournament competition. Two (women's soccer and softball) do not, and those coaches whose sports have automatic bids are concerned that the conference may lose the automatic bid in their sports, although they have no positive information to support their concern. All coaches state if their sport lost its automatic bid membership in the conference would not be in their sport's best interest. Four other sports (men's and women's tennis, men's and women's swimming, men's and women's track, men's and women's golf) participate only in one-event championships and membership or non-membership is immaterial to them.

Notre Dame and all other conference members have committed to support the conference this year and for the succeeding next two years. Some Olympic coaches have asked the Athletic Department to revisit the conference membership decision if the conference doesn't continue to develop, if automatic bids are lost, or if additional sports aren't recognized with automatic bids.

In summary, there are points both for and against MCC conference membership. The arguments in favor include:

The conference consists of private schools with similar commitments to academics and athletics. The conference receives automatic NCAA bids in a number of sports. Conference membership aids in constructing schedules, and the regional proximity of the schools means fewer missed classes by student athletes and lower travel expenditures. The arguments against include: The perception exists that the conference may be unstable in view of its changing membership. The perception also exists that some conference schools are not as strong athletically as Notre Dame. Some coaches also have cited the difficulty in recruiting against, say, the Big Ten. Finally, there is a more substantive question about whether Notre Dame is competing as a regional school or as a national school.

The Athletic Department believes, and the Colloquy Subcommittee on Athletics concurs, that it would be in Notre Dame's disinterest to have football join a conference. With that exception, we believe that all options, including conference affiliation or independence, should be carefully and critically examined. We further recommend that since conference affiliation involves the fundamental question of who we are, of who shares our goals and aspirations, and of who represents our competition in a wide arena, that this discussion should take into account the views of the broad University community.

C. Federal Law: Title IX and Gender Equity

1. *The Essence of the Law.* Title IX is a federal civil rights statute enacted as part of the Education Amendments of 1972. The statute prohibits discrimination on the basis of sex in any education program or activity receiving financial aid. In March 1988, Congress enacted the *Civil Rights Restoration Act* (CRRA) which redefined the term "program or activity" to include all the operations of any higher education institution receiving financial assistance; thus it provides for equal opportunity for men and women in athletic programs provided by educational institutions.

Title IX has since become a key issue in intercollegiate athletics. Said simply, schools must provide equal opportunities for both sexes. In reality, however, the requirements are complicated and interpretations are evolving. It does appear clear, however, that implementation of the legislation requires additional funding for women's programs or a redistribution of funds among programs, new facilities, increased staffing and support services, etc.

In essence, Title IX requires athletic programs to (1) accommodate the athletic interests and abilities of women to the same degree to those of men, with respect to the number of participation opportunities, team competitive levels and selection of sports offered, (2) allocate athletic financial assistance in proportion to the number of male and female participants in intercollegiate athletics and, (3) afford partici-

Committee on Finances, University Relations and Athletics

pants of each sex equivalent benefits, opportunities and treatment. Measuring compliance with these regulations is difficult: The Office of Civil Rights has documented and distributed its approach to assessing compliance with the athletics requirements of Title IX which includes various very complicated data analyses and comparative tests for gender equity (Notre Dame's compliance to date has not been computed using these formulas).

2. *The University's Program.* Notre Dame athletics has made substantial efforts to comply with Title IX by increasing available women's programs and scholarship aid for women. Since 1988, Notre Dame has added five varsity programs for women (for a total of 11 programs versus 13 programs for men), and has increased women's scholarships over 100 percent. The recent decision to terminate varsity wrestling reduced available men's programs to 13.

As will become evident, appropriate calculations and projections in this area are not simple. As a baseline, it is noteworthy that at the present time Notre Dame's athletic scholarships are nearly in line with the gender proportions of the student body. Males, who constitute 61.4 percent of the student body, receive 67.5 percent of athletic scholarship dollars. Females, who constitute 38.6 percent of the student body, receive 32.5 percent of athletic scholarship dollars.

However, the role of football is crucial to these calculations, with its 92 men's scholarships (this number is to be phased to 85, per NCAA cost-cutting regulations). *Apart from football, Notre Dame presently offers 53 scholarships for men and 70 scholarships for women* (or 57 percent of non-football scholarships for 38 percent of the student body). Considering Olympic sports only, women are now receiving more scholarships than men.

So, is Notre Dame presently in compliance, or not? Future decisions will hang on the answer to this question. If football scholarships are to be fully counted, it appears to be nearly impossible to meet the gender equity equation without either reducing football scholarships or taking away athletic aid from other male programs. Further, however, at Notre Dame football accounts for a large proportion of the total revenues that fund all athletic scholarships and other expenses of offering each sport. Also, this law is not intended to diminish men's programs in order to equalize opportunities, and Notre Dame clearly wishes to sustain its men's sports. At this point there is no clear answer: An NCAA committee has been established to study this issue and determine how universities with football programs will handle gender equity. Mr. Rosenthal is a member of this committee.

Recommendation 13: The University should maintain its full commitment to the principles of equal opportunities by gender in its athletic activities, and should con-

tinue to monitor shifting requirements that may be called for by the recent policy change to gender-blind admissions.

Even the foregoing discussion has not been sufficient to capture the full complexities of the issues confronting our University, as the policy change toward gender-blind admissions presents an increasing challenge for future years. This means that Notre Dame must review the composition of the student body on an annual basis to ensure that equal opportunities exist for both sexes; if there is a swing in the male/female ratio which appears permanent, Notre Dame will have to re-evaluate programs offered, and funding, to meet the changing needs of its student body.

3. *Challenges for the Future.* The future challenge involves deciding how to make the trade-off between increasing the athletic budget or decreasing program expenditures. Increasing the athletic budget is presently not a University priority; financial aid for the greater student body appears to take precedence over funding additional athletic programs or scholarships. However, the University does strive to provide equal opportunities for athletic endeavors for members of its community and to achieve excellence in its programs. In the future, to achieve equity while maintaining opportunities for all, Notre Dame may have to either find new sources of funds and/or re-evaluate its priorities and increase the athletic budget; without an increase in budget, expenditures would have to be reallocated to women's programs which would, in turn, eliminate or deteriorate men's programs.

The subcommittee does not feel that "gender equity" is achieved by reducing men's programs, but rather by building programs for women. However, recognizing that there is a budget which is not unlimited, the University will have to determine how far it should go to provide equality: Does Title IX mean we have to cut popular men's programs to meet the equity computation? Do we allocate additional funds to athletics? If so, do we still require athletics to maintain financial self-sufficiency or do we recognize the importance of athletics to our community and use other University funds to support the programs? If self-sufficiency is important, what additional revenue-generating ventures are acceptable? Do we fund women's programs that do not generate much interest among the student body in order to satisfy the "equity" equation? Such issues will need to be addressed on a program by program basis, while taking into consideration the benefit of these decisions to the entire University and University priorities at that time.

Recommendation 14: As one leadership response to the Title IX difficulty, the University should consider the possibility of adopting an alternative "open-system" view of gender equity, that would expand its purview beyond the athletic arena.

Colloquy for the Year 2000

It is important to note that the entire discussion to this point has implicitly assumed that the relevant set for Title IX is closed to consideration of only athletic program offerings, and that relevant quantitative calculations should be restricted only to athletic considerations.

Our subcommittee feels strongly that these restrictive conventions should not be accepted by the Colloquy as being either necessary or optimal. They would urge that Colloquy attention be given to the possibilities of defining the appropriate setting for gender equity on some broadened basis that would include, but not be restricted to, athletics. They point out that the fundamental criterion for gender equity is that the *interests of the students best be served on a basis that does not discriminate by gender, and that this criterion applies to all of the University, not just athletics*. If, for example, an additional performing arts scholarship (or academic scholarship) better serves the interests of female students at Notre Dame than does an additional athletic scholarship, why should this decision not be made? The suggested standards and proposed calculations within athletics represent pragmatic efforts to produce quantitative measures to address a situation in which great imbalance existed. It is not clear that they are designed for situations in which equity may be close to being attained. Further, they have historically been advanced within the athletic arena, and the NCAA will almost certainly continue its focus on this arena as well. It seems clear, however, that Notre Dame's Colloquy should place athletics within its broader University context, and consider other options that would allow us to best serve the future interests of our female students as well as our male students. If this investigation showed that a viable and fair option were possible, Notre Dame would be in a position again to offer a leading vision for college athletics.

5. *Additional Feedback.* The committee noted that the student-athletes and coaches we interviewed expressed positive responses to Notre Dame's attempts at gender equity: There were minor grievances aired with regard to locker room facilities, meal allowances, travel accommodations, and training room treatment (primarily in comparison to men's football and basketball). In general, the individuals we met with expressed satisfaction with the programs and Notre Dame's attempts to equalize opportunities for men and women.

VII. Financial Issues in the Athletic Department

A. Strong Institutional Control at Notre Dame

The National Collegiate Athletic Association (NCAA), the governing body of intercollegiate athletics, established guidelines over financial activity of athletic departments. Said simply, "institutional controls of athletic program finances is fundamental to adequate institutional control of

intercollegiate athletics programs." To achieve institutional control, all sources and funds associated with athletics operations should be subject to review by regular institutional financial accounting mechanisms.

The Notre Dame Athletic Department records all revenues and expenditures through the University's General Accounting offices including the cashier, payroll, purchasing and accounts payable departments. Athletics is treated as an "auxiliary enterprise" of the University, meaning revenues are recorded under standard operating procedures to the University's general operating fund. These revenues are not earmarked for athletics. Monthly reports of athletic expenses are monitored by the University comptroller.

1. *Budgeting.* Since the Athletic Department is not independent of the University, all funding of programs is made through the University budget system consistent with standard operating procedures for all other units of the University. The operating budget is prepared each spring by the athletic business manager and approved by the athletic director. It is then directed to the executive vice president for further review. The University budget committee then approves or modifies the budget for final copy.

Note that revenues are budgeted as a part of the total University revenue pool; the budget for expenditures is supposed to be made independent of the budget for revenues (i.e., expenditures are subject to the standard University annual increase, regardless of an increase in revenue). However, with the University's focus on Athletic Department self-sufficiency, management obviously must compare budgeted revenue to expense to ensure these requirements are met.

2. *Independent Reviews.* The Athletic Department is subject to audit by the University's internal audit staff as well as independent Certified Public Accountants. The internal staff reviews football and basketball revenues on an annual basis, and other programs as deemed necessary. The NCAA requires an annual audit of expenditures in accordance with their guidelines which must be certified by an independent accounting firm.

B. Trends in Revenue and Expense

Exhibit VII-A details Athletic Department income and expenses, plus post-season revenues and expenses, for the five fiscal years ended June 30, 1992. As detailed in the accompanying exhibit, regular season revenues have increased \$6.1 million (58 percent) in five years while associated expenses have risen \$5 million (49 percent). The total net contribution of revenue in excess of expense has been \$6.1 million. Total post-season net revenue generated over the five years is \$12.6 million. Income from athletics which exceeds expenditures reverts either to the general operating fund of the University or to other designated funds.

Committee on Finances, University Relations and Athletics

1. *Endowments and Other Funds.* "Other designated funds" include several significant endowment funds established for athletics over a period of years and also two Plant Fund accounts. The net income from post-season appearances had been accumulated into an athletic endowment account until the decision several years ago to transfer these proceeds directly to a financial aid endowment. The remaining principal and earnings over time have resulted in an account balance of approximately \$19 million. This account is intended for the support of athletic programs.

Another athletic endowment is that designated as a General Purpose true endowment. If an endowment is designated as true, its principal is not expendable; only its earnings may be spent. This General Purpose endowment is \$7.4 million and resulted from many restricted gifts solicited primarily during formal campaigns.

A review of athletic revenues and expenditures several years ago noted two trends. First, football games with Navy and Southern California were settled on division of gate receipts. Due to higher prices and larger stadiums, the years in which these teams hosted the game, athletics received additional revenues. Conversely, when Notre Dame hosts these teams, a larger amount is due the visitors. As Navy and Southern California are both home or away the same year, athletic revenues fluctuate up and down in consecutive years. Expenditures, on the other hand remain constant in growth. Second, the expansion of programs in athletics has increased expenditures with little if any offsetting revenue. In order to cover potential shortfalls in the athletic program due to timing differences or other occurrences, some net income was set aside into endowment. Having a current balance of approximately \$3.7 million, this fund is in place for the University should athletics be unable to meet budgeted net income.

For many years, a surcharge on season football tickets was collected and placed into endowment. Several years ago, funds from this source were directed on an annual basis into the plant fund. Consequently, two funds exist from this source and resultant earnings — an endowment fund and a plant fund. The endowment account has a balance of approximately \$5.2 million and the plant account a balance of \$4.4 million. Both accounts are intended to support the athletic building programs.

Finally, there is an athletic plant fund account within the reserve (sometimes referred to as rehabilitation) grouping. This account has a balance of \$10.0 million and has been created over many years through the funding of athletic depreciation and earning thereon. Its purpose is to replace athletic facilities no longer serviceable because of age.

2. *Categories of Revenue.* Exhibit VII-B details Athletic Department revenue by category and by sport. Fifty-eight and

three-tenths percent of total revenue is generated by games; related television revenues account for another 26.1 percent. Of the total game revenue generated, 77.2 percent is from football and 16.2 percent from basketball. It is obvious that revenues from these two programs support the entire set of Athletic Department activities.

However, the accounting figures do not tell the entire story on revenues. Substantial income generated as a result of athletic events is not included as Athletic Department revenue. For example, stadium concessions revenue (both novelty and food) is obviously generated as a result of an athletic event; however, these revenues are attributed to the Bookstore and Food Services. Morris Inn revenue increases due to additional visitors to campus, and this income is attributed to the Morris Inn. Bookstore, Varsity Shop, Golf Shop, etc., merchandise sales are extremely high on football weekends; however, none of this increased income is attributed to athletics. Licensing fees, which are now in excess of \$2 million per year, are not reflected in athletics revenue, although some would argue that the popularity of the Notre Dame insignia is due to athletics. It is thus virtually impossible to quantify the total financial impact of athletics on the University, but it certainly is well in excess of the figures listed.

C. Financial Pressures Increasing

1. *Focus on Self-Sufficiency and Surplus.* Per Rev. Edward A. Malloy's *Statement on Intercollegiate Athletics*, "the total athletic program of the University will generate sufficient funds to be self-supporting. This should never be done to the detriment of the integrity of the institution or its identifiable priorities. There will be no booster clubs or other such entities outside of the direct control of the Athletic Department. The annual operating budget and the ongoing financial activities of the Athletic Department will be subject to the same review and approval process as are all other operating units of the University."

The matter of self-sufficiency is not as clearly positive as it may at first appear. This standard places pressures on the Athletic Department to continue to seek new sources of revenues over time. Indeed, both the NCAA and the Knight Commission state that forcing programs to be self-sufficient can foster an unhealthy emphasis on winning at all costs; the NCAA endorses spending institutional funds on athletic programs to affirm the legitimate role of athletics on campus and relieve pressure on revenue-producing teams to support non-revenue sports.

However, throughout our campus discussions it became apparent that other factions of Notre Dame do not support funding athletics with institutional monies; many feel the University already places too much emphasis (and funding) on athletics and should concentrate on other academic pri-

Colloquy for the Year 2000

orities. In this regard, it should be noted that the president's statement does not contradict the NCAA endorsement since he clearly states that the athletic program should never be self-supporting "to the detriment of the integrity of the institution or its identifiable priorities."

2. *Why Cost Increases Exceed Inflation.* The Athletic Department is subject to the same annual budget increases afforded other units of the University, which are normally 4 percent per annum. However, Athletics is unique in that a large percentage (approximately 26 percent in 1992) of their total expenditures are scholarship grants-in-aid. Grant-in-aid costs rise with tuition and room and board rates, which increase approximately 8.5 percent per annum. This disparity between rising costs and budget increases has continued to grow each year. As this trend continues, the Athletics Department will have to increase revenues or reduce other expenditures to maintain self-sufficiency.

It was noted in our meetings that "one time" budget increases made by the University to cover the costs of the introducing new programs or enhancement of existing programs as required by law (Title IX), NCAA rules and conference affiliations may not have been adequate, and additional funds may have to be requested for these efforts in the future. The accompanying Exhibit VII-C details in total the "athletic expenses over the normal base budget" for the five fiscal years ended June 30, 1992.

3. *Changing External Constraints.* A detailed discussion of external constraints was provided in Section VI under the "External Factors" of this report. Here we simply indicate some of the financial implications of external factors, and what they may bring in the future. For example, Notre Dame Olympic sports participate in the Midwestern Collegiate Conference (MCC), which requires a minimum number of scholarships by sport. Coaches must be provided with adequate recruiting budgets to attract the candidates for these sports. Also, teams must have adequate funds to travel to all matches.

As noted in Section VI, Congressional Statute Title IX requires an equalization of athletic programs for men and women. As new and improved programs are established for women, more funding is required. Also, facilities must be equal, so Notre Dame must either build new facilities or renovate existing facilities to accommodate these new programs. Meeting Title IX guidelines has and will require a substantial commitment of funds.

On the other hand, NCAA regulations set maximum limits for athletic scholarship aid by sport. The NCAA has also instituted cost-control measures including reductions in coaching staff sizes, recruiting activities and the number of athletics scholarships offered, to try to keep the costs of athletic programs under control and operating within the spirit

of intercollegiate competition (we should note that some coaches and student-athletes with whom we met expressed disagreement with some of these measures).

Overall, as these external factors change, Notre Dame must conform to the new requirements; some may require additional funding while others should reduce annual expenditures.

Recommendation 15: Despite pressures to enhance resource flow, the University has chosen both to tightly restrict the number and activities of booster organizations and to retain all development efforts within a centralized University Relations office. We recommend that these arrangements be continued.

The response to a picture of sharply increasing cost pressures, contributions from booster organizations offer one option that could provide significant funding. In this regard, it is significant that the University has determined that athletic foundations and booster clubs are not permitted to provide support for athletic programs outside the administration's direct control. Notre Dame has significantly limited the organizations involved with athletics (only the Quarterback Club and Three Point Club) and maintains control over their activities with the athletic program. For 1991, we noted that these organizations contributed approximately \$175,000 to the University.

We also noted that Notre Dame does not employ Athletic Department personnel to do development, or development personnel who concentrate on athletic fund raising. Such development programs have been extremely successful at other universities such as Stanford and USC who have five to seven people devoted exclusively to athletic development. Despite the potentials for success here as well, Notre Dame has chosen to set University priorities for development and keep all of these activities centralized under University Relations. This reflects a concern that a separate "athletic development" effort could conflict with University priorities. It is our view that this approach has served the University well: We recommend that it be retained.

As a third option for raising funds, the Athletic Department has made initiatives through merchandise marketing and promotions. These initiatives are frequently criticized as unseemly for a prestigious academic institution and have caused tension between some academic and athletic interests. Through discussion, however, we have learned that many other prestigious academic institutions participate in these initiatives and more flagrant commercial schemes to raise funds. At this point we wish simply to clarify the nature of financial pressures and incentives for engaging in marketing and commercial ventures. Our response to existing and increased commercialization is discussed in Section VIII of this report.

Committee on Finances, University Relations and Athletics

VIII. Marketing Activities of the Athletic Department

A. Major Marketing Activities

The topic of marketing (or, in a more pejorative sense, "commercialization"), is assuredly controversial as it pertains to Notre Dame athletics. However, the subcommittee has learned some interesting facts about the actual state of marketing here, and would request that readers maintain open minds about this topic while reading this section. The person who does so will learn (1) there are many forms of marketing undertaken by the Athletic Department, and most readers would likely agree that some forms are desirable; (2) there are many more forms of marketing that Notre Dame has chosen not to pursue, effectively passing up large sums of money because of the view that these are not appropriate for our institution; and (3) that because of its conservative approach to commercialization, Notre Dame is actually *behind* most other leading athletic programs in the extent of seizing on commercial opportunities.

Our subcommittee is confident, therefore, that it is not appropriate to simply condemn all marketing activities out of hand. Further, we have seen that financial pressures have been increasing: unless Title IX issues are resolved with some substantial cost savings, Notre Dame can anticipate even greater pressures in the future. Marketing offers one route to meeting these pressures. If marketing activities were to be prohibited at Notre Dame, what should be done to replace them to help meet the revenue pressures?

The rationale for marketing activities is not basically reactionary, however. The basic concept of marketing is to attempt to meet the wants of consumers. The enormous popularity of Notre Dame athletics brings with it a host of wants and needs, including desires to see Notre Dame games on television, attend games on campus, wear symbols identifying with the University, enjoy videos of past games, and so forth. The fact that large numbers of persons voluntarily purchase is a good sign that consumers view that they are obtaining benefits that, for them, exceed the costs. Thus there are positive aspects to the general field of marketing.

In this section of the report we will first discuss what we have learned about the various marketing efforts of the Athletic Department. (For a longer and more colorful discussion, interested readers may wish to consult Exhibit VIII-A, which reproduces a recent *Notre Dame Magazine* article on this topic.) We then examine some of the difficulties in making these decisions, then turn to the future.

Recommendation 16: The University should continue its marketing efforts to promote attendance and fan support at sporting events, to manage the licensing efforts well, and to successfully and tastefully conduct those merchandising efforts that respond to consumer demand.

1. *Promotion of Individual Sports.* One of the three major marketing activities in the Athletic Department is individual sports promotion. Beyond men's basketball, the main focus here is on the Olympic sports (which usually produce little or no revenue).

There are two primary goals in this area, to generate increased fan support for the players, and to possibly build this support to a point at which there can be some inflow of revenue to help offset costs. While it is doubtful that most of these sports would ever be profitable financially, sports that show revenue potential include ice hockey (which does show profits at some other schools), baseball (especially with impact of the new 1500 seat stadium), volleyball and women's basketball. While Notre Dame tends to promote its Olympic sports on a more even basis than many other universities, even here promotion is not equal, as sports with admission fees receive more promotional attention.

Commercialization, including corporate sponsorship, has dramatically increased in Notre Dame's Olympic sports in recent years. It is also the case that men's basketball, where attendance has slipped in recent years, has been receiving further attention for sports promotion. In contrast, football has seen little if any increased marketing activity, although the NBC contract is perceived by some as commercialization. However, in the case of the NBC contract there are two sets of constituents who clearly benefit from this decision: (1) the contract allows many alumni and fans to watch Notre Dame games when they would otherwise not have been able to do so; (2) the contract allows undergraduate and graduate students at Notre Dame to receive scholarship support that would otherwise not be available.

2. *Licensing.* Until 1983, all merchandising efforts at the University were handled through the Hammes bookstore. In 1983, Notre Dame sought trademark protection for both its name and emblems. This was done to reduce "bootleg" merchandise which was growing rapidly, and also to satisfy the increasing requests from different companies wishing to legally sell products with the Notre Dame name or emblems. A licensing committee was established at this time, consisting of representatives from the Athletic Department, Student Activities, the Alumni Association, University Relations and Business Affairs office.

The Champion Licensing company was hired to act as a clearing house for the school, and screens out manufacturer's applications which are offensive, alcohol-related or otherwise inappropriate. Those which are acceptable are then forwarded to the licensing committee at the University. Certain guidelines are set for the companies before final approval is granted. Companies should have prior licensing experience, an ability to market the products nationally and have demonstrated the quality of the goods. The committee also avoids products with potential liability concerns, such as furniture and gas grills. Also, the commit-

Colloquy for the Year 2000

tee will cap the number of companies in a specific product category. As with some other marketing forms, the money which is generated through this merchandising does not flow into the Athletic Department; the income flows directly into the University's general operating revenues. Thus, the Athletic Department does not benefit from these marketing efforts.

3. *Merchandising.* Merchandising is conducted by the Varsity Shop (a retail outlet within the Joyce Athletic and Convocation Center), and a direct mail catalog operation. However, Varsity Shop revenues are used to support the JACC and are not part of Athletic Department income. Thus the catalog operation is the merchandising source for revenue inflow to the Athletic Department.

This operation entails the mailing of seasonal catalogs (featuring primarily apparel) to a growing list of consumers (now about 100,000) who have either requested the catalog or are believed to be interested in Notre Dame athletics. Consumers can call in their orders to a local fulfillment center that handles inventory and shipping. The direct mail business was started only recently, and is still in its growth stage. Its gross revenue last year was approximately one million dollars. Although not as profitable as some athletic administrators believe it will be, the effort is improving its results as it grows.

A related area in which Notre Dame has thus far chosen *not* to participate involves the marketing of sports memorabilia (actual game jerseys, autographed footballs, etc.). This market has shown enormous growth and great popularity in the United States in recent years. It is our understanding that many other universities have begun to market these types of items.

Recommendation 17: To the extent feasible, the University should attempt to develop, perhaps in conjunction with the Faculty Board or a series of University sounding boards, a policy statement regarding cooperative activities with corporate sponsorships and advertising.

A wide range of options exists in this area. For example, advertising in game programs has been run for many years, and appears to be non-controversial. Also, the backs of tickets are also used for advertising that defrays their printing costs. As an example of a more recent, creative effort, the "halftime tuition shootout" at men's basketball games originated in the 1989-90 season. The intention is to generate student interest by providing a large prize donated by a named company. At each game, \$2,000 in tuition funds is available to one or two students who have been successful in making designated shots. The sponsors typically pay little more than the amount of the prize. Consumer reaction has been highly positive: When surveyed at a game last year, students and non-students alike gave this an extremely high rating, even though it was clearly identified as the

"Pizza Hut" event. In a very different form of promotion, partial corporate sponsorship for the Phoenix Gorilla last year helped to offset the cost of the men's basketball promotion, as Northwest Airlines paid for the airline ticket and the Jamison Inn provided accommodations. Crowd reaction was so positive that a return visit is scheduled for this year, but now for a women's basketball game, where the lower ticket prices may allow a significant attendance boost.

Recommendation 18: Given a widespread perception by some that both Notre Dame and athletics are overcommercialized, the University should consider the possibility of communicating its many refusals of commercial ventures, some of which have been adopted by other leading educational institutions.

Notre Dame often finds itself the brunt of criticism for being overcommercialized. However, the subcommittee has learned that there are many commercial actions that other schools take that Notre Dame will not. Because of the wide array of options that can be developed, the subcommittee had difficulty isolating a clear and direct policy statement that would guide every decision. Essentially, there is a refusal to allow the Notre Dame name to be "used" as an extrinsic means of selling a company's product or service. Thus, for example, sweatshirts are licensed on the basis that the Notre Dame symbol is an intrinsic part of the product being purchased. Even where there is an arguable connection, the University has tended to be conservative. For instance, most universities in the country have developed affinity credit cards. Notre Dame does not do this. Other universities have engaged in "cause-related" marketing programs in which, if a certain product is bought, the sponsoring company makes a donation to the school. Within athletics, it is our understanding that most schools sell advertising on their stadium scoreboards, but Notre Dame has chosen not to do this. Similarly, at basketball games corporate banners do not decorate the scorer's table. Notre Dame also has turned down a range of other creative requests:

"When the TV show *China Beach* wanted a character in drag to wear a Notre Dame sweatshirt, the University said no. When a potato chip manufacturer asked that the Notre Dame band play its jingle at halftime (and offered music scholarships as an incentive), the University said no. When a national retailer wanted to use campus scenes as backdrops in a fashion catalog, the University said, "not if the settings are recognizable as Notre Dame locations." And when one entrepreneur wanted to cut up Notre Dame stadium turf into one-inch cubes and sell them ("Your own piece of America's most famous football field"), the University declined. ("Marketing the Irish," *Notre Dame Magazine* Winter, 1991-92.)

The commercial ties for the Athletic Department do vary across sport, however. The Teacher's Credit Union was approached to promote a women's basketball game last year

Committee on Finances, University Relations and Athletics

(setting an attendance record in the process), but would not have been allowed to be tied to a football game. The distinction is that the women's basketball game was attempting merely to attract an audience, while the same promotion for football could easily be perceived as an attempt to squeeze corporate sponsorship money. This explains why ice hockey games feature advertising on the scoreboard, when football and basketball do not.

Thus commercialization may seem to be more acceptable within the Olympic sports because their purpose seems more altruistic (draw more fans in order to enhance the athlete's experience). In contrast, commercialization at football games would seem only to be profit motivated. In other words, if the athlete's experience is enhanced, then commercialization seems to be good, whereas when commercialization means more revenue it is perceived to be bad. Our subcommittee encountered two potentially telling counters to this position: (1) it seems to be saying that "the ends justify the means," and (2) the negative views of commercialization at college football games seem to be either absent or much less apparent at other universities.

Recommendation 19: To the extent possible, the University should examine ways in which key commercial decisions will be made in the future. The development of a guiding policy for marketing and commercialization decisions, though difficult, would appear to be a useful step.

There are many marketing alternatives that may arise in future years. Several bear special mention, however. The expiration of the NBC football contract in several years will offer the University several options to explore. The possibility exists that the contract could be renewed with NBC, or an agreement could be reached with another major network. Alternatively, a pay-per-view arrangement might be explored, although this step could meet with public relations criticism. Also, the possibility of self-syndication exists, with the University acting to develop its own set of agreements with television stations to carry its games. This will not be an easy decision, and the proper direction is not clear at this point. Clearly, the revenues from a football television contract have a strong impact on both scholarship funds for Notre Dame students who are non-athletes, and on the funds that are potentially available to handle increased expenses of the Athletic Department.

The placement of scoreboard advertising may also be an important future issue. Some Olympic sports feature advertisers prominently displayed (see ice hockey and women's basketball), and certainly the norm across the country at most universities is the placement of such sponsors. Further, the scoreboard at the football stadium will be in need of refurbishing (expansion or not). Accepting advertising on a scoreboard, as many schools do, would not only pay for the scoreboard, but return further funds for University purposes. In this regard, given the advances in recent electron-

ics technology, it would be wise to investigate the range of options that exist for size, timing and other dimensions of possible advertising displays. It is certainly likely that some options would be better received than others by the Notre Dame public, and it is possible that some scoreboard signage options would even be seen as desirable by a majority of fans and followers if they delivered other entertainment or informational benefits. Similarly, it is conceivable that creative designs for corporate giveaway programs, which are currently prohibited at the stadium, would be both well received by the fans and could serve as a further source of revenue for athletics.

In conclusion, the subcommittee is agreed on several basic points: (1) there are many forms of marketing activities, which makes it difficult to generalize about the desirability of marketing and commercialization; (2) there are clearly some marketing activities and commercial tie-ins that have proven to be successful and appropriate for the Athletic Department to have undertaken; (3) there have clearly been many proposals from outside parties that would have been inappropriate for Notre Dame to have undertaken; (4) it is possible that there are significant further opportunities in the licensing area that would not adversely reflect on the University; (5) the future will bring many further options and decision points; (6) the University has in reality been much more conservative in its approach than is generally asserted by commentators; (7) development of a guiding policy for marketing and commercialization decisions, though difficult, might be another area in which prospective Faculty Board involvement would be beneficial.

IX. Stadium Expansion

The Stadium Expansion Feasibility Committee has examined in detail the issues surrounding the expansion of the current stadium. This section of the report largely is based on their data and their conclusions.

A. A Serious Demand Problem Exists

1. *Statistical Analysis.* The demand for Notre Dame football tickets far exceeds the number of tickets available. Furthermore, the demand appears to be increasing substantially with no indication of any change in this trend. Exhibit IX-A provides some documentation of the observed increase in alumni demand. On average in 1991, 66 percent of the alumni that requested tickets did not receive tickets. For the first game of the 1992 season, approximately 43 thousand alumni ticket requests went unfilled. For the first time in 1990 (and again in 1991), groups that previously were guaranteed tickets (e.g., the Monogram Club, Sorin Society, "Senior Alumni") did not have all of their requests fulfilled.

The total unfilled demand for tickets undoubtedly is much higher even than suggested by these numbers, however,

Colloquy for the Year 2000

since (1) alumni are limited to requesting two tickets per game; (2) groups such as the Monogram Club are now limited in their number of tickets; (3) the general public's allocation of season tickets has been substantially reduced despite perceived growing ticket demand; (4) the business community has changed appreciably since season tickets were available to the public and may have a substantial but unobserved demand; and (5) faculty and staff likely would purchase additional tickets were they available. (Many staff currently are not eligible to purchase season tickets.)

The number of tickets requested by alumni has increased substantially in recent years, from 127 thousand in 1986 to 202 thousand in 1991. If the current rates of growth in ticket requests from alumni continue, a straight line projection suggests that the percentage of requests filled will fall to only 25 percent by 1995. Furthermore, the alumni base is growing substantially with over 2000 graduates each year. While demand from other groups may or may not be growing as rapidly as the alumni's, casual evidence suggests that those other demands certainly are growing. There is absolutely no evidence to suggest that a decrease in demand from other groups will offset the increase in alumni demand.

2. Associated Perception Problems. While the demand for seats is important, almost as important is the perception of demand and the perception of allocation of seats. At least some of the demand for Notre Dame football tickets stems from a desire by many to be at "THE EVENT." The NBC contract simply confirmed in many people's judgments that Notre Dame football was such an event and thus appears to have increased rather than decreased ticket demand.

If a problem with perceptions exists, it focuses on a perception in some quarters that tickets are unfairly allocated. For example, the perception has been that some tickets go to the proverbial "Joe's Bar" which then allocates those seats to its regulars while alumni ticket requests are denied. That perception appears to be held by a narrow and shrinking group, due in large part to two administrative actions. First, the administration has adopted an aggressive policy prohibiting resale of tickets where possible. And second, general public season tickets have been reduced and those tickets reallocated to alumni.

B. Alternative Decisions

Given that demand for tickets for all games far exceeds the supply, one must ask what are the alternatives? There are at least four.

1. Raise Prices. It would be possible to dramatically increase ticket prices and still consistently sell out the stadium. The alleged premium for resold tickets suggests that on average prices could be perhaps doubled. While the revenue gain would be appreciable, the public relations effect likely would be devastating. We do not consider increasing

the ticket price to a level consistent with only limited excess ticket demand to be a viable option.

2. Build a New Stadium. A stadium to meet current and projected future increases in ticket demand would likely require in the vicinity of 100,000 seats. Such a stadium likely would cost in excess of \$100 million. Such a project also likely would have substantial negative public relations effects and certainly would serve as a large financial drain on the University at least in the short run. We also do not consider a new stadium to be a viable option.

3. Expand the Existing Stadium. This alternative has been considered in detail by the Stadium Expansion Feasibility Committee. In particular, they examined the feasibility of a 20,000 seat expansion costing approximately \$40 million. The numbers they discussed were not precise but represented only reasonable approximations at this point.

The stadium expansion without question represents a major financial undertaking. However, we must emphasize that the existing stadium structure, while carefully maintained, has reached that point in its life where costly renovation is absolutely necessary for the University to be able to continue to use the facility even without expansion. The costs to bring the existing stadium up to the standards of comparable major college facilities are estimated to be in the range of \$12 to \$15 million and possibly as high as \$25 million. What would be included in the renovation is detailed in Exhibit IX-B. Thus, the net cost of expanding the stadium, over and above the costs of the necessary renovation, appears to be approximately \$25 million.

The Stadium Expansion Feasibility Committee also examined financing alternatives. Even a most conservative financial plan would suggest that interim financing could proceed with tax-exempt bonds with the revenue generated by the stadium addition being used to retire the bonds. The committee considered a number of alternative arrangements to generate the revenues. For example, the simplest would be a "rights fee" of, say, \$2,000 paid up front that would allow the holder to purchase a seat for some period of time. (\$2,000 per seat times 20,000 seats yields the estimated \$40 million expansion cost.)

While the costs of expanding the stadium can be stated relatively firmly, more uncertainty exists over the revenue generated by a stadium expansion. The question is how much income would be generated by a stadium expansion *over and above* that which would otherwise be forthcoming to the University. In the rights fee example above, the ticket revenue (at \$25/ticket equal to \$3 million per year) would be additional income to the University. Clearly, selling the rights fee may adversely influence other fund-raising efforts of the University. On the other hand, as more alumni are denied football ticket requests, not expanding the stadium also could adversely influence University fund-raising ef-

Committee on Finances, University Relations and Athletics

forts. In sum, the numbers strongly suggest that a stadium expansion would generate revenues substantially exceeding expansion costs. Based solely on financial considerations, it appears that this investment in the infrastructure of Notre Dame would generate a substantial positive net present value.

4. *No Expansion: Renovation Only.* The stadium could be renovated with no additional seating capacity. (Not renovating the stadium in the time span of the Colloquy 2000 is not a viable alternative due to health and safety considerations.) As noted above, this renovation likely would cost the University \$12 to \$15 million.

In addition, the option of not expanding the stadium has "opportunity costs" in terms of the ill-will generated by failure to obtain tickets or by having to pay scalper's prices, the perception of allocational inequities, and the revenue foregone by not selling additional seats. Further, University benefactors generally do not have football tickets in mind when they contribute. Nevertheless, having to deny subsequent ticket requests does not engender good will and may reduce the probability of further contributions. In addition, some members believe that alumni primarily are interested in revisiting Notre Dame and that the football game simply represents the most opportune time to schedule their visit. If this is the case, some additional creativity in scheduling alumni-oriented events at other times of the year may be able to reduce the alumni component of football ticket demand.

Recommendation 20: In light of the rising alumni ticket demand and the University's pressing need for funds, the issue of stadium expansion should be seriously considered.

This subcommittee of the Colloquy is in an awkward position with respect to the stadium expansion issue. We have not participated in discussions with the officers of the University or with the Board of Trustees, and cannot at this point reflect their positions on this matter. Similarly, we have been unable to conduct a valid study of University sentiment since much of the relevant material has (appropriately) not been made available to the broader University community, and we believe that peoples' views might well shift depending on the information they have and the options offered. Our formal recommendation is thus offered as a means of acknowledging the significance of this decision.

Based upon our examination of the Stadium Expansion Feasibility Committee's report, it appears that the stadium expansion is sorely needed. The option of not expanding is not costless: It has been increasing pressures and negative feelings over time, and renovation will involve considerable expense. An expansion of the stadium would satisfy the legitimate demands especially of the alumni for football tick-

ets, a demand that the University is increasingly unable to meet. (Even with the stadium expansion, current alumni demand would not be met. Thus, examining alternative expansion options also appears to be vital.)

Further, a stadium expansion also would generate additional funds for the academic programs of the University. While the timing of those funds depends on the method of financing the expansion, some means exist of generating those funds almost immediately.

Expanding the stadium would clearly have major public relations implications. If expansion is chosen, two arguments would need to be addressed. 1. "The stadium expansion takes money away from academic programs." An aggressive information campaign would be required to make explicit the final funding plan and demonstrate that the financing of academic programs will be helped rather than hurt. Our subcommittee is divided on where the funding should be directed, and over what time period. However, a detailed plan should be available and introduced when the stadium expansion decision would be announced. 2. "Athletics takes precedence over academics." This perception is more difficult to alter. Again, providing information would be a key. It would be vital to note the number of denied alumni ticket requests and the importance of the alumni to the financial and academic health of the University.

In summary, the Stadium Expansion Feasibility Committee concluded that there was no reason stadium expansion should not be undertaken. Based on the information available to us, our subcommittee agrees with their conclusion. If further information is to be brought to bear, the Colloquy will need to decide how this is to be done.

X. The Role of the Faculty Board in Control of Athletics

A. Controversial Issues

Perhaps the most noteworthy feature of our discussions concerning the Faculty Board was sincere interest in the workings of the board, coupled with the extent of the disagreement about its role, its composition and its effectiveness. We begin by stating the areas where there appears to be agreement and then turn to more contentious issues.

1. *Areas of Agreement.* Past and present board members, the administration and the faculty all agree that the board has in recent years been taking a more active role in the development of policies related to athletics. Previously, the board's primary tasks appeared to be limited to certifying monogram winners and team captains. (Exhibit X-A shows the formal mandate of the board.) Agreement also exists that the board is advisory only and, despite its title, does not "control" anything. A name change is clearly needed. Beyond that, there is little agreement.

Colloquy for the Year 2000

2. *Areas of Disagreement.* What are the principle areas of disagreement? Many of them represent well-travelled avenues of debate. First, what should be the composition of the board? The Faculty Senate among others has argued, given the board's title, that its composition should emphasize faculty with faculty narrowly defined to exclude individuals with primarily administrative responsibilities. Other individuals whose input may be required on some issues would be invited to attend as necessary. (Exhibit X-B presents a statement from the Faculty Affairs Committee of the Faculty Senate.) According to these guidelines, the board arguably has slightly less than a majority of faculty. The response to this argument is either that faculty should be defined more broadly to allow those with administrative responsibilities to be included or that the nature of the issues addressed fundamentally requires the presence of individuals having primary responsibilities other than teaching and research. In addition, it was pointed out that it does not appear that previously debated issues have split along "faculty vs. administrator" lines.

Second, what issues should the board discuss? In the past the board has spent substantial amounts of time on questions, including certifying monogram winners or captains, that some board members characterize as "minutia" while larger issues have been ignored. Some board members contend that issues including the decision to drop wrestling were presented to the board but were made essentially without board input. The response to this argument is that many other issues are not primarily academic in nature and thus do not require the academic expertise of the faculty. In the context of a university, there clearly may be different views on what contributes (or detracts) from the academic life on campus. Using a broad definition, however, virtually all decisions at a university would have an academic component or impact. It also was noted that the turnover in the committee, although not large, could at times give new members the appearance that issues were decided without sufficient prior discussion.

And third, there was a debate about whether appropriate information was provided in a timely fashion. That is, did board members know enough about issues in advance to be able to reasonably discuss them at board meetings? The argument made by some was that information was only disseminated to the board at a meeting where the issue was to be discussed. Thus, reasonable dissent from the official University position was very difficult. From a pejorative perspective, the impression occasionally received by some members, albeit perhaps not intentional, is that the administration is interested in the board's consent but may not always spend the time and effort to achieve the board's *advised* consent. Clearly, some issues are "quick calls" that cannot be debated at length, perhaps the faculty's forte. This point was vigorously rejected by others who argued that appropriate information was available on a need-to-know basis.

A further problem in trying to make some sense of these disagreements is that the use of the board has been changing appreciably over the past few years. It generally was agreed that the perceived issues with the board were much more pronounced five years ago than they are today.

B. Conclusions and Recommendations

1. *Possibilities.* In designing a role for the Faculty Board in the future, there are three primary questions to answer:

1. What should be the composition of the committee?
2. What issues should be brought before the committee?
3. What should be the powers of the committee?

We turn next to these issues.

Clearly, the questions are interrelated. Thus, we begin by stating what appear to be viable combinations. Given the University's governance structure, there appear to be four possibilities: 1) Primarily a faculty board serving in an advisory capacity; the issues that would be discussed then would appear to be limited to those with clear academic concern. For example, should athletes be allowed to live off campus or how many classes should athletes be allowed to miss? 2) Primarily a faculty board serving as a sounding board; the issues discussed then could be much broader in scope. For example, what is the faculty perspective on the NBC contract or on a stadium addition? 3) Wider membership serving in an advisory capacity; again, the range of issues discussed would appear to be wider than the first case considered since a wider range of areas of expertise are represented. For example, should the staff have some access to football tickets or how should RecSports interact with the non-student population? 4) Wider membership serving as a sounding board; the issues discussed could be very broad-ranging, dealing with virtually any issue falling into the general category of athletics in an academic environment.

Given the disagreement on the role and current use of the Faculty Board in Control of Athletics and given the alternatives listed above, it is not surprising that we are unable to present clear and simple recommendations. While there is debate within our subcommittee on a number of points, however, we do agree on some proposals.

Recommendation 21: The name of the Faculty Board in Control of Athletics should be changed to be consistent with both its composition and its mission.

Recognizing that the board is advisory in nature, we suggest the name "Faculty Advisory Board on Athletics." The faculty recognizes that the board does not control general athletic decision making and should not be offended by the name change. Some of the past discord may be ameliorated simply by making the committee's name coincide with its membership and charge.

Committee on Finances, University Relations and Athletics

Recommendation 22: Information should be provided to the Faculty Board in Control of Athletics on a timely basis before the committee is asked to reach a decision or make a recommendation.

The agenda should be distributed in advance with as much background information as possible so that members can come ready to discuss the issue at hand and prepared to ask informed questions. This proposal is consistent with changes the administration has been making in the board as well as in more general University settings. These changes should improve the quality of the recommendations from the board. In addition, the emergence of a stronger board having a better enunciated role in the decision making and participating in the public announcements of those decisions would dilute the "us vs. them" attitude that at times has prevailed after some major decisions. It also would make clear, both to the University's internal and external constituencies, that decisions at this University are made primarily with a view of their academic impact.

Recommendation 23: The University should carefully consider how best to revise the composition and mandate of the Faculty Board to make it most effective. It is our view that the board's composition and mission should be consistent with one of the alternatives laid out in our discussion.

We have listed above alternative possible compositions of the board and roles that a reconstituted board could fulfill. It is our belief that the current construction of the board does not fit into any of the above characterizations. The arrangement suggests that it is a faculty board but individuals having primarily administrative or athletic responsibility arguably have comprised a majority. This setup has led some board members as well as the Faculty Senate to question the workings of the board.

In contrast to the phrase, "If it ain't broke, don't fix it," there is a widespread perception that the board has not always functioned in the manner desired. There also is the perception that it is functioning better now than in the past. Our subcommittee could not reach an agreement on how best to structure or restructure the board. Two alternatives to the present composition have been suggested and appear to have potential merit. One is that the board be exclusively a faculty board serving in an advisory capacity to the executive vice president. Its role then would be primarily limited to matters focusing on the academic components and implications of athletic decisions. The executive vice president would, of course, be free to consult other advisory panels as well, and/or convene joint meetings for broader discussions. Alternately, membership could be expanded somewhat from its current composition, potentially to include elected student, staff and/or administrative representatives. This wider membership of the board would al-

low it to address a wide range of issues. (In this regard, the need for confidential treatment of certain information is also a consideration.) Maintaining the significant faculty presence on such an expanded board would reduce the contention or perception that decisions are being made primarily based either on finances or on athletics without proper regard to their implications for academics.

Recommendation 24: This recommendation, which is not unanimous, is that board members continue to accompany the University official party to bowl games, perhaps with additional faculty representation as well.

Finally, the Faculty Senate raised a direct question concerning the propriety of having a board that in one sense monitors the actions of the Athletic Department also receiving perquisites like free trips to bowl games. At the same time, the senate recognizes that these trips are available to many administrators as well as to those in Athletic Department offices and that some faculty presence is often required at those events. After considering these arguments, the majority of this subcommittee, however, was not persuaded by them, and recommends that board members continue to participate in these trips.

Endnotes

¹ In London during fall semester 1992

² In fact, the Athletic Department wishes it to be known that its budget is only at the mid-point of Division 1 schools: This point is discussed in more detail in Section VII of the report.

Colloquy for the Year 2000

Subcommittee on Human Resources

Table of Contents

I. Introduction and Summary	76
II. Communication	77
III. Performance Reviews	77
IV. Job Classification	78
V. Promotion and Transfer	78
VI. Compensation	79
A. Salaries and Wages	79
B. Benefits	80
VII. Statement on Human Resources	81
VIII. Appendices:	
A. Samples of the Subcommittee's letters to Univesity Personnel	
B. Promotion and Transfer Policy	
C. Sick Leave and Family Leave Policy	

I. Introduction and Summary

The members of this subcommittee of the Colloquy appointed by Father Beauchamp are Panos Antsaklis, professor, electrical engineering; Father Paul Doyle, religious superior, Corby Hall; Barry Keating, professor and chair, Department of Finance; Claudia Kselman, assistant director, International Study Programs; Joe Russo, director of Financial Aid; and Susan Sattan, undergraduate, engineering. We asked Roger Mullins, director of Human Resources, to join us from the outset. In order to broaden the representation of the committee we recruited several staff members who either offered their services or were nominated by other employees — Jennifer Morehead, secretary, Government Department; Don Newsom, cook, Morris Inn; Joel Preston, technician, Hessert Center; and Liz Rosencrantz, secretary to the registrar.

Initially our subcommittee had presentations from Roger Mullins about the Department of Human Resources. We then decided that it would be useful to prepare a Statement on Human Resources at Notre Dame which could be included in the final report of the Colloquy and which could also serve as a basis for discussions with University personnel. That statement went through several drafts during the months of March and April. A preliminary draft for discussion was approved for dissemination among staff at a meeting of the Finance, Athletics and University Relations Committee on May 12.

We believed that an important responsibility of our committee was to involve the clerical and service staff in the Colloquy. These people had been overlooked in the COUP and PACE reports and we wanted to ensure that they found a place in the report of the Colloquy, both through the drafting of a statement which would apply to staff as well as faculty, and through our meetings and recommendations.

Since drafting the Preliminary Statement our work has consisted principally in meetings with people across the University. We have had 13 sessions with clerical and service staff, the latter including food service, maintenance, groundskeeping and housekeeping personnel. The meetings were preceded by mailings to groups of staff which included the Preliminary Statement on Human Resources and a letter asking them to think about a number of issues. We also asked for written comments. (See Appendix A.) In an effort to reach all staff who may have been missed we published an invitation to a final meeting along with the statement in the September 1, 1992, issue of the *Staff Newsletter*. That meeting was held on September 8.

Administrators and faculty were also consulted by this subcommittee. On July 8, 1992, we met with the Human Resources Task Force on Policies and Procedures to obtain comments from administrators at Notre Dame. The task force is made up of directors from a cross-section of University departments. We asked them to meet with their administrative staff about our statement and issue letter and report to us by September 1. We received several reports, but felt it was necessary to supplement those reports by contacting administrators directly. We therefore sent the statement and a letter to administrators across the University inviting them to an open meeting held on September 18. We have received some letters from individual administrators and 20 of them came to the September 18 meeting.

The existence of the Faculty Senate which has over the years represented faculty on issues of wages and benefits provided a forum for contacting faculty. We met with the Benefits Committee of the Faculty Senate on September 24, 1992, and with the Faculty Senate at large on the same date. As a result of the publication of the statement in *Notre Dame Report* on July 10, 1992, we have also received comments from faculty. Issues of salaries and benefits as they pertain to faculty were also treated by the Academic Affairs Subcommittee of the Colloquy.

Roger Mullins chaired all of the meetings described above and several members of the Human Resources Subcommittee also participated in them.

Our subcommittee met several times during and after our meetings with University personnel to discuss their concerns and to make recommendations. The 13 recommendations included in this report were drafted at a series of meet-

Committee on Finances, University Relations and Athletics

ings after the sessions with personnel were completed in late September. Our statement was also revised at that time.

What follows is a report on our meetings with staff and faculty. Attendance at the sessions varied, but the conversation was always lively and open. Many employees have thanked us, both verbally and in letters, for giving them the opportunity to contribute to the Colloquy. Our subcommittee feels it developed a good sense of the main concerns of the University employees. The issues of insufficient communication, promotion and transfer, salaries, performance reviews, job classification, benefits, day care, football tickets and parking came up at most of the meetings. The following report highlights the main personnel issues and our recommendations. We report on these issues at some length so that the Colloquy has a sense not only of which issues concern employees but of how those concerns were expressed.

II. Communication

Communication within departments and between employees and the University is an important issue. Administrative, clerical and service employees believe that they need more information about University-wide activities and more opportunity to express their views to University officials. At many of the meetings people asked if there were staff members on the Human Resources Subcommittee. After the first meeting with secretaries our committee decided to add staff employees for the purposes of writing our report and making recommendations, a decision which we have communicated in following meetings. Some staff members asked that they be allowed to recommend those who would be added to our committee and they asked that staff at large have access to this report (Arts and Letters, Law School, Service staff).

At the second Arts and Letters meeting on June 2, an example of our communications difficulties surfaced. Some staff pointed to the smoking policy as one that was automatically decided and imposed on them. Employees seemed to be unaware that secretaries and service staff as well as administrators and faculty were members of the task force on the smoking policy. They also asked how staff were selected to serve on University committees. Law School secretaries suggested that staff nominate candidates for such appointments.

In general people felt that the *Staff Newsletter* should be expanded to include all major issues such as the new sexual harassment policy, plans for new construction, administrative changes at the University, new faculty appointments (Arts and Letters Meeting, June 2). Frequently the University relies on supervisors or directors to inform their staff, but they apparently fail to do so. This tends to frustrate and demoralize people.

One group of administrators suggested that there be a standard method of soliciting staff suggestions. In one of the Arts and Letters meetings on June 2, a secretary suggested that a standing committee of staff members be formed by election by the staff at large to represent staff, analogous to the Faculty Senate for faculty. This committee could then be consulted on any issue affecting staff.

There was also a feeling that the University often does not respond to staff problems. This feeling naturally contributes to a sense of alienation, and is related to the insufficient communication among managers and employees and between the University and its personnel. Staff pointed to the lingering day care question as evidence of the lack of change. On a couple of occasions Roger Mullins described to staff ways in which the University has responded to their suggestions. The equalization of the tuition benefit for children of faculty and staff and the establishment of more flexible summer work hours were responses to staff suggestions. So the perception that nothing is accomplished is not necessarily the reality.

Recommendation #1:

Open two-way communication is an important aspect of maintaining positive relationships between faculty, staff and administration. The University needs to improve the communication of important decisions as well as the rationale for those decisions and the debate that preceded them. The University must also provide a formal means of staff input. The following steps: (A) The *Staff Newsletter* should be expanded to communicate important decisions, appointments, policy clarification and general information of interest to staff. The *Newsletter* can also be used to solicit feedback from staff on selected issues. (B) The *Human Resources Handbook* should be updated and distributed to all staff employees to enhance their understanding of compensation, benefits and policies. (C) The current Human Resource Advisory Committees should be expanded in membership and meet on a regular basis. A separate Retiree Advisory Committee should be established. Names of committee members should be published in the *Staff Newsletter* to provide broader representation and encourage staff participation.

III. Performance Reviews

Related to the question of communication is that of performance reviews, the annual discussion of work performance between employees and their supervisors. There was widespread criticism of the lack of reviews. Some supervisors complete the evaluation and others do not. One secretary on our subcommittee has had two reviews in her eight years of employment at Notre Dame, and one of those took place three months after she was hired. There are administrators who also feel that the reviews should be mandatory and should have both positive and negative consequences.

Colloquy for the Year 2000

Some faculty also feel that a more standardized review procedure should be developed so that professors are evaluated regularly, not just at promotion to associate and full professor.

Clerical and service employees feel the review serves no purpose since it does not lead to pay increases. Roger Mullins explained that currently the purpose of a performance review is to enhance communication between an employee and his or her supervisor, rather than provide a basis for raises. He emphasized the importance of the review and told staff that his department would encourage all supervisors to do them. Effective leadership skills and discussions about performance contribute to higher levels of motivation and employment satisfaction. The lack of reviews is part of the overall breakdown of communication between staff and supervisors which his department hopes to remedy through management training seminars.

Recommendation #2

The University should expand the current leadership development program and require all individuals with administrative responsibility to attend a minimum number of hours. The program should emphasize effective communication skills. The Provost Advisory Council should develop specific recommendations for academic administrators.

Recommendations #3

Individuals with administrative responsibility should be required to conduct performance review sessions with each person under their direction. The quality of performance reviews would be an important criterion in determining administrative performance. The Provost Advisory Council should develop specific recommendations for academic administrators' responsibilities for conducting performance reviews and making annual salary decisions.

IV. Job Classification

The need for an overall reassessment and reclassification of positions on campus was another important issue. There are several ways in which this concern was expressed. In the Law School some secretaries argued that their jobs had become more complicated over the years and that they therefore should be given a new and higher classification.

For other staff the issue of internal equity is paramount. Some are upset when they see colleagues classified at their level who have a lighter work load. In Arts and Letters, for example, departmental secretaries are generally given the S-3 classification, regardless of the size of the department and its programs. Thus a secretarial position in a department of 25 faculty members and a graduate as well as an undergraduate program is classified at the same level as one in a department with 10 faculty and only an undergraduate pro-

gram. It has also come to our attention that an administrator may bring in his or her secretary at a higher pay classification than the other employees of a department, even though the new person does the same work. One administrator suggested that the distinction between the professional specialist and the regular administrative track be re-evaluated. In some cases there may not be a substantial difference in the duties and responsibilities of the two groups, although the former are paid more.

Another issue for some clerical employees is that the house-keeping staff is paid at a higher level than secretaries, even though the latter are more highly skilled. There are also inter-departmental inequities. The director of the Bookstore remarked upon the unequal wages of cash register operators in the Bookstore and in the Laundry, for example.

In general employees hope that job reclassification will lead to internal equity in salaries. Many hope, mistakenly perhaps, to improve their salaries through reclassification. In some instances secretaries desired the upgrading of their positions to administrative assistant to reflect their responsibilities rather than because they desired a raise.

Roger Mullins explained on several occasions that a wholesale reclassification of jobs on campus, with the possible introduction of a new classification system is not planned for the next two years. It will be a very costly process, when it does take place.

Recommendation #4:

The current position classification system should be revised to provide a more effective means of establishing internal pay equity.

V. Promotion and Transfer

Given the fact that people can improve their salaries mainly by changing jobs there was reference at every meeting to the University's job transfer processes and policies. There was some support among administrators for the liberty to hire the most qualified candidate, whether or not that person comes from within the University. But administrators also felt that giving internal applicants priority was important to employee morale. Service employees had the impression that internal candidates were not given priority in job applications because outside applicants could be paid less. Secretaries in the Main Building felt that they were not well enough informed about job openings and they were frequently left uninformed about the outcome of their job transfer applications. Law School staff were concerned that their supervisors were informed of transfer applications even before the employee was interviewed for a new job.

Committee on Finances, University Relations and Athletics

Employees would like the Human Resources department to ensure that internal candidates are considered first. Technicians in Engineering suggested the establishment of an appeal process to investigate the denial of a transfer application.

In the meeting with secretaries in the Main Building Roger Mullins said that he would do a statistical report on whether positions were filled with inside or outside candidates and publish the results in the *Staff Newsletter*. This study was reported in the September 1 issue of the *Staff Newsletter*. (Appendix B)

Recommendation #5:

The job posting and transfer policy and process should ensure that University staff who meet job requirements are given priority in consideration for open positions.

VI. Compensation

A. Salaries and Wages

Wages are an important concern for Notre Dame's employees. Some administrators feel that Notre Dame's salaries are not competitive and that we will not be able to attract and retain the most qualified professionals (e.g., in the library and in the student services area.) At almost every meeting people asked how Notre Dame's salaries compare with those of local businesses. Staff in the Business College made the comments that while the University boasts that its faculty pay ranks among the best in the country, it makes no effort to have comparable standards for staff, a sentiment repeated by a member of the Human Resource Task Force on Policies and Procedures. The technical staff in the Engineering College feel that their salaries are low and that there is no means of improving them. In one letter to our Subcommittee a technician wrote that she was making just over \$18,000 even though she had a B.S. and 19 years of laboratory experience. She found it hard to make ends meet as a single mother of two children. An associate director in the library also wrote about the low wages for library staff, and of the need for some library personnel to take second jobs.

Many were skeptical when Roger Mullins reported that the Department of Human Resources conducts comparative salary surveys every year and that Notre Dame's salaries compare favorably (103 percent overall when compared to service sector and 96 percent when all businesses are taken into account.) When the total compensation package of wages and benefits is compared with those locally Notre Dame comes out far ahead. Some employees would like to see a list of institutions used in such a survey.

Employees are unaware of the cost borne by Notre Dame for many of the benefits provided — for health care, for example. It was suggested at the meeting of the Task Force on

Policies and Procedures that an accounting of the University's expenses for individual benefits be included with a payroll check once a year.

Concern about the phenomenon known as "salary compression" was expressed at the Faculty Senate meeting. Some faculty are troubled by the trend to pay new faculty at the same levels as those who have been at the University for many years. Some clerical employees are also disturbed that entry level salaries for new hires increase faster than their own salaries.

Related to the pay issue is dissatisfaction with the lack of promotion and merit pay policies at the University. In the absence of a merit pay policy and a regular system for re-evaluating jobs people cannot improve their salaries without applying for a new position. This penalizes staff and administrators who enjoy their current positions. In at least two of the meetings secretaries mentioned that there should be a regular promotion track for them, as there is for faculty. (Arts and Letters, June 2, 1992, Law School, June 8, 1992). One group of administrators agreed that raises that rewarded seniority combined with merit would improve morale. In service staff meetings, also, employees asked about the possibility of longevity pay.

In many meetings Roger Mullins explained that merit pay means that some people will receive raises that are smaller than average or none at all. He pointed out that while most people assume they are doing well, merit pay means selective raises.

One more issue for some members of the Faculty Senate and for some staff is openness regarding salary information. They would like to see Notre Dame disclose the salary ranges by rank in each department.

Recommendation #6:

Total compensation should be at least equal to comparable positions in the appropriate labor markets. Certain positions currently below market in wages — technicians and library staff, for example — should be increased to market rates.

There was some discussion within our subcommittee about making a recommendation which separated wages from the total compensation package. However, we all agreed to the final wording of Recommendation #6.

Recommendation #7:

The current wage and salary administrative plan does not provide a means of advancing employees from minimum to maximum in the salary range. The University should investigate the feasibility of implementing a formal system to move staff through the range of their salary classifications. The feasibility study should include an analysis of a pay for performance program to accomplish in-range progression.

Colloquy for the Year 2000

B. Benefits

In general people are satisfied with the University's benefit package and with the concept of flexible benefits; some believe those options should be expanded. Some faculty believe that every employee should be given a standard allotment of benefit dollars, to use for benefits they choose. Such a policy would eliminate the current system in which single employees absorb some of the cost of family benefits.

Recommendation #8:

The Notre Dame Flex Plan should be expanded to increase the number of benefit options available and to provide greater opportunity to choose between direct compensation and benefit options.

— Pension Plan

There is a misperception among secretaries and service employees that the faculty have better benefits than staff. Roger Mullins stated on several occasions that faculty and staff have the same benefits, except for the pension plans. In several meetings secretaries asked why the staff and faculty pension plans were different. Roger Mullins explained that the results of the pension plans are similar but that the faculty assume the risk in their plan whereas the University assumes the risk in the staff plan. At a few meetings it was suggested that it was demeaning to staff not to have the choice of pension plan.

— Health Insurance

Complaints about the cost of health insurance were generally satisfied when the staff was informed about the University's large contribution to health insurance. There is some concern that a married couple has to contribute the same amount for health insurance as a family of six. Some administrators indicated their interest in a Preferred Provider Option for health insurance as a means of containing health care costs. The Department of Human Resources is currently investigating this type of plan.

— Dental Insurance

People did mention some benefits which they would like to see added to the benefits options, especially dental and, to a lesser extent, eye insurance. Many support dental insurance even if the University does not contribute to it. They feel it should be offered as an option in the flexible benefits program. Some suggested that the University explore the possibility of a group dental plan. If such a plan is too expensive Human Resources should explain that problem to all employees.

Recommendation #9

Faculty and staff expressed interest in a group dental plan. The feasibility of offering such a plan should be determined.

— Paid Days Off

Service and clerical employees perceive some discrimination in the University's application of sick and vacation day policies. While staff must account for every minute away from work, supervisors can come and go at will (Main Building, June 24). Roger Mullins explained that while staff are hired to work 40 hours a week, administrators are hired to get a job done, which may take 80 hours a week. Service staff said they frequently had to work more than 40 hours and that they did not receive overtime (time and one-half) pay for this.

Staff across the University feel very strongly that Notre Dame should offer personal and family sickness days, in addition to sick days. Currently, in order to stay home with a sick child or take care of another emergency an employee must lie to his or her supervisor. People believe that it is important for an institution like Notre Dame which puts a premium on the family to allow individuals time off for an occasional family crisis. In several meetings staff also suggested that the accumulation of sick days be extended beyond the current 60 day ceiling.

Our subcommittee drafted a recommendation to make the paid sick time policies more responsive to family issues, and to allow personal days to be taken from accumulated paid sick time. These changes have taken place before our report was completed. In the October 1, 1992, issue of the *Staff Newsletter* the Department of Human Resources announced that staff could use a given number of sick days for caring for sick children or parents and could take two personal days per year (see Appendix C).

— Professional Development

There was also discussion about professional development. Administrators felt that Notre Dame does a good job of encouraging participation in seminars and would like to see those opportunities increase. Several mentioned an interest in Total Quality Management seminars. The staff appreciate the training and personal development opportunities offered by the University. Technicians would like to see more educational opportunities in seminars, on campus, and through the manufacturers of the equipment they use. Clerical and service staff were interested in the opportunity to take college courses. In theory every employee may take a three hour course per semester at 10 percent of cost. In practice supervisors frequently do not allow the time off to participate in class. Consequently many asked that Notre Dame pay for them to take an evening course at IUSB, Ivy Tech or other local institutions.

Recommendation #10:

The University should determine the feasibility of extending Tuition Assistance Program to enhance job-related skills to include IUSB, IVY Tech and other local institutions.

Committee on Finances, University Relations and Athletics

— Tuition Benefit for Children of Employees

Those who have used the University's tuition remission policy for their children are very appreciative of that benefit. There was little criticism of the tuition remission policy from those who have not benefitted from it, although in one letter a secretary stated that it was unfair to people without children. Some would like that benefit applied to children who attended Holy Cross College.

— Day Care

There was much support for the establishment of day care on campus, both in the meetings and in letters addressed to this committee. However, many people who supported day care did not have young children. Staff with young children indicated that they would not be able to afford the charges of a center like ECDC, and suggested that a sliding scale for day care costs be considered. There was no support for the idea that the University should subsidize day care beyond providing land and a building.

Recommendation #11:

Child care continues to be of high interest to staff and faculty. A child care center should be established on a site in close proximity to campus. The annual operational cost of the center should be covered by fees. An effort should be made to make the service available to employees at all income levels.

— Parking and Football Tickets

Parking is an area of concern to some service and clerical staff. In the Main Building some resent the fact that administrators and secretaries of University officers park in the interior lots while they have to park at the Stepan Center. They believe that interior parking should be based on seniority. Roger Mullins explained that at most Universities staff have to pay for parking.

Many employees also feel slighted because they do not have the opportunity to purchase football tickets. They resent the fact that visiting professors and post docs receive season football tickets while they do not receive tickets for even one game. One employee suggested that a small number of football tickets be set aside each season to be awarded to staff by lottery.

Recommendation #12:

An allotment of football tickets should be made available to staff employees, with priority granted to those who have been here longest.

Finally our subcommittee believes that it is important to elaborate a general statement which applies to all University personnel, a framework for policies affecting employees. Such a statement could then be used, for example, as an introduction to the Managers' and Employees' Handbooks currently being drafted by the Department of Human Re-

sources. It could also be distributed to incoming faculty. We offer here two versions of a Statement on Human Resources. The first was drafted by our subcommittee and revised somewhat after our meeting with University personnel. The second was drafted by the Wages and Benefits Committee of the Faculty Senate, and presented to the chair of our subcommittee on October 30. We have not had an opportunity to review it. We include it here for the consideration of Father Beauchamp's Committee on Finances, Athletics and University Relations and the Committee for the Whole.

Recommendation #13:

A statement on Human Resources should be included in the final report of the Colloquy.

Revised by Human Resources Subcommittee of the Colloquy
September 30, 1992

A STATEMENT ON HUMAN RESOURCES

The University of Notre Dame seeks to attract, develop and retain the best faculty, staff and administration possible. While pursuing this end the University shall be committed to an affirmative action plan and equal employment opportunities. The objective of employing the most qualified people is addressed through compensation, opportunities for scholarly growth and career development, clear organizational policies and the campus environment.

The University aims to develop and maintain a total compensation program (wages and benefits) that is equitable, affordable and competitive in the appropriate markets, including other universities and similar institutions. An important aspect of this is a flexible benefit program that provides a variety of options. The University actively promotes professional development for faculty, staff and administrators, and recognizes performance by offering people job security and promotion from within.

The University values its Catholic heritage and character. Notre Dame expects a spirit of cooperation and a high standard of performance from people. Because it recognizes that it is important for individuals to derive a sense of achievement and satisfaction from their work Notre Dame seeks to promote communication and trust. It encourages faculty, staff, students and administrators to be socially responsible and ethical members of their communities. The University believes that all of its people determine the character and strength of the institution.

Colloquy for the Year 2000

A STATEMENT ON HUMAN RESOURCES

Proposed by the Benefits Committee
of the Faculty Senate

The University of Notre Dame seeks to attract, develop, and retain the strongest possible staff, faculty and administration. Toward this end, the University shall continue its commitments to equal employment opportunities and affirmative action goals. To maintain the highest possible standards for the development of human resources, the University shall also, to the extent feasible and advisable, address matters of compensation, benefits, and conditions of service through communally developed and publicly articulated policies.

The University shall develop and maintain an affordable compensation program that assigns wages and benefits equitably within the University and competitively with those of peer universities and institutions. Through community formulated policies, the University's program shall also maintain the flexibility necessary to meet changing conditions and diverse opportunities. In all respects, the University's program will seek to sustain the professional development, economic security, and personal health and well-being of each members of its staff, faculty and administration.

Because the University lives in the Catholic heritage in which it was founded, it remains faithful to its mission as a Catholic university. The University therefore depends upon the dedication, high performance, mutual concern, and ethical and moral responsibility of its members. Through open, equitable, and responsive policies and procedures that promote trust, understanding, and dedication at all levels of its calling, the University shall seek to promote, guided by the values and commitments of its ever-renewing Catholic tradition, a spirit of individual and communal achievement, growth, and aspiration toward excellence.

Members of the Committee on Finances, University Relations and Athletics

Rev. E. William Beauchamp, C.S.C., chair, *Executive Vice President*

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Committee on Finances, University Relations and Athletics

Committee for the Whole Executive Summary December 1, 1992

Father Malloy convened the meeting on the 14th floor of the Hesburgh Library at 7:07 p.m.

Present: P. Antsaklis, E.W. Beauchamp, C.S.C., G. Butrus, M. Conboy, F. Connolly, P. Conway, L. Cunningham, V. DeSantis, M. Gleason, M.L. Gude, C.S.C., C. Hegarty, G. Jones, M. Kelly, C. Lent, E. Malloy, C.S.C., N. Meara, W. Miscamble, C.S.C., C. Mooney, P. O'Hara, T. O'Meara, K. Maas Weigert, W. Wilkie, R. Winsor. Absent: C. Kselman, L. Ramsay.

Father Malloy noted that the separate reports from the four subcommittees of the Committee on Finances, University Relations and Athletics were distributed in advance to members of the Committee for the Whole, as well as a summary report incorporating their major points and recommendations. The names of these subcommittees correspond to the three areas in the title of the committee itself, with the addition of a subcommittee on Human Resources. He suggested that, in the interest of time, that the committee concentrate on the recommendations of each subcommittee.

Prof. Jones, in introducing the recommendations of the Finance subcommittee, noted that the basic intention of the subcommittee was to be informative and that its recommendations flowed from that process. He emphasized that in its survey of academic needs, a given unit's "wish list" and price tags were accepted without being scrutinized and that no attempt had been made to prioritize needs. Father Beauchamp underscored the fact that the subcommittee painted with a very broad brush, and that the shortfall between needs and financial resources cited in recommendation 1 necessitated priority-setting somewhere along the line. It was noted that the nature of the apparatus to set priorities was left unspecified in the recommendation dealing with needs and resources. In regard to recommendation 2, it was conceded that the University had a tuition plan (to lower the rate of tuition increase to 7.5 percent) and a general objective of keeping tuition as low as feasible to meet needs, but that these did not constitute a policy. It was stressed that the University's base tuition was lower than virtually all peer institutions but that it has rejected suggestions it dramatically raise tuition and then essentially discount it for the poor (the Robin Hood principle) because there are not enough rich in its applicant pool to subsidize the poor. Concern was voiced that high tuition was feeding a reaction against private higher education. Provost O'Meara said he was commissioning a comparison of need projection as indicated in Finance subcommittee report with that in the Academic Affairs Committee report. His

initial feeling was that they were close and should be because both were based on common source documents. He also said the Academic Affairs Committee was working on a prioritization of academic needs cited in its report. Recommendation 3 — There was strong support for reviewing the current endowment spending rate which is about one percent below the stated goal of 5 percent. Recommendation 4 — The University has already started using some unrestricted income for underfunded priorities, such as the \$2 million designated from these funds for student aid. Recommendation 5 — Likewise, tax-exempt financing is now being employed by the University, e.g., the bonds that helped underwrite the Fischer Graduate Residence Complex.

In turning to the University Relations subcommittee recommendations, the following points were made in discussion.

Recommendations 1 through 4 — The University's recent initiatives in the Northeast neighborhood were made to avoid a crisis situation in deterioration and were welcomed by the residents. Recommendation 5 reflects discussion of the relative advantages of the University's current centralized fund-raising structure vis a vis a decentralized one in which University units have their own development personnel. The centralized system has worked well but should be sensitive to the need for better communications with individual academic units. Similarly, Recommendations 6 and 7 are the result of unrealized goals in recent campaigns. There is a need to do better planning to keep underfunded priorities at a minimum, as well as to consider alternate sources of funding to help meet chronically undersupported but important needs. (The word "internal" should be inserted after the word "including" in Recommendation 7, so the phrase is ". . . including internal funding.") Recommendation 10 — We must recognize that the historical roots of the predominant number of Notre Dame alumni are undergraduate, and it is important to convey to them that the institution intends to build on, not diminish, the excellence of the baccalaureate program in improving graduate education and research. In regards to Recommendations 8 (a stewardship program) and 11 (a constituent-based public relations strategy), it was noted that University Relations had already begun initiatives. In discussion of Recommendation 11, it was noted that the University employs no full-time lobbyist in the nation's capital and does not intend to.

The following were comments on the Athletics subcommittee recommendations. Recommendation 1 — The concept of financial self-sufficiency for Notre Dame athletics seems positive at first blush, but the question arises about whether the expectation puts pressure on the Athletic Department to generate funds as an auxiliary enterprise, while some would argue that if athletics has an educational purpose they ought to be funded as any other educational endeavor of the University. It was explained that the Athletic Department is part of the regular budgeting process of the Univer-

Colloquy for the Year 2000

sity. All Athletic Department revenue go to the University, and are allocated according to approved budgets. Recommendation 5 — Faculty participation in the academic support system for athletics needs to be encouraged. Any problems in the area of the interface between athletics and academics appear to be individual and not systemic. Recommendation 10 — The point was made that athletes are not the only students receiving special academic attention; the same is true, for example, for minority group students in certain academic areas. Recommendation 13 — It was pointed out that Notre Dame does not have a "gender-blind admissions" policy. The recent trustee action removed the quota on female undergraduate admissions but left gender as one of several criteria used to select an entering class. Recommendations 16-19 — The subcommittee found that the subject of athletic marketing often elicited "strong statements but weak thought." Its basic position is contained in Recommendation 16. Recommendation 20 — The subcommittee examined the feasibility study on stadium expansion done by another University committee and came to the same conclusion. Construction, traffic and financial issues are manageable, but a major challenge lies in the public relations ramifications of the manner in which a positive decision would be perceived. Father Malloy stressed that the Colloquy needs eventually to take a stand on this issue. Recommendations 21-23 — The mission of the current Faculty Board in Control of Athletics needs to be refined (e.g., is its purview academic or larger?), and its membership and name then determined by that mission.

By consent of the committee members, the meeting was adjourned at 10 p.m. and the decision made to discuss the recommendations of the Human Resources subcommittee at the next meeting of the committee.

Committee for the Whole Executive Summary February 9, 1993

The discussion of the report of the Committee on Finances, University Relations and Athletics resumed at the Colloquy Committee for the Whole meeting on February 9, 1993, and the report of the Subcommittee on Human Resources was taken up.

Father Beauchamp called attention to two statements on human resources in the document, one drafted by the subcommittee itself to provide a basis for discussions with University personnel and the other by the Wages and Benefits Committee of the Faculty Senate. In one of its recommendations, the Subcommittee on Human Resources advocates that the Colloquy include a statement on human resources in its final report.

The discussion moved to the subcommittee recommendations. Father Beauchamp said Recommendation 1 about communications underscored a theme present in many other Colloquy discussions—the need for improved internal communications as the University grew larger and more complex.

In regard to Recommendations 2 and 3, discussion emphasized that both deliberately included academic administrators. Many academic administrators, especially in the colleges, do not view themselves as managers and are less motivated to take advantage of Department of Human Resources' programs designed to improve crucial administrative skills, such as conducting performance reviews. It was also noted that new issues, such as sexual harassment, have arisen in the workplace, making managerial development programs even more important.

While its wording is simple, Recommendation 4 has far-reaching impact, Father Beauchamp noted. A University-wide job reclassification is a complicated and costly undertaking. It was generally agreed that growth of the University has resulted in outmoded job classifications, but the opinion was expressed that perhaps changes can be made without taking on a wholesale revamping. It was also noted that any large-scale reclassification will result in some downward re-evaluations as well as the upward reclassifications that advocates expect, and that this presents challenges in handling personnel adversely affected.

Committee on Finances, University Relations and Athletics

Recommendations 6 and 7 deal with perceived inadequacies in setting salaries and movement within salary ranges. Sometimes the quarrel is with what is the appropriate labor market for comparison. For faculty, there is a national norm, the AAUP salary and total compensation rankings. For secretaries, the controlling labor market is local non-profit organizations, such as hospitals and schools. When it becomes evident that certain positions are below the prevailing comparable labor market, adjustments have been made. It is tempting to factor in benefits, especially the tuition remission benefit, in comparing total compensation for Notre Dame staff vis a vis their counterparts in the workforce, but some employees object that this benefit only applies to a part of the workforce, not to all.

Recommendations 8 through 12 deal with benefits and proposals to widen them. It was pointed out that the officers of the University are awaiting a recommendation from Roger Mullins in Human Services and Sister Kathleen Cannon in the Provost's Office dealing with the child care issue. Recommendation 11 implies a sliding scale of fees for such a service. The key question is: Would the higher-end fees necessary to subsidize those on the low end of the economic spectrum be such as to discourage those with the ability to pay, especially if the fees are in excess of comparable child care facilities in the area? It was noted that while advanced students were included in the needs assessment surveys done on this issue, they are not mentioned in the recommendation.

In response to a question, it was noted that effective January 1 part-time University employees could continue as a part of the University's health care plan if they pay 100 percent of the premium. Heretofore, such persons could not remain in the plan and were forced to seek individual coverage at far greater cost. It was also noted that Notre Dame, like all employers, has to start building up a reserve to cover potential liability for post-retirement health benefits. This will cost the University \$1.8 million in the initial year.

Notre Dame

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