

Faculty Council Meeting
April 7, 2005
3:30 – 5:30 PM
Faculty Club North

Members Present: Diane W. Birckbichler, Graeme M. Boone, Karen S. Bruns, Daniel E. Collins, John R. Current, Philip T.K. Daniel, Mark C. Ellis, Allen R. Firestone, Susan W. Fisher, Jared Gardner, Jacqueline Gargus, Deborah Yale Georg, Norton H. Neff for Ronald Glaser, Gerald S. Greenberg, David G. Horn, Ashok K. Krishnamurthy, Kenneth A. Loper, William M. Masters, Brian W. McEnnis, Dennis B. McKay, Randolph L. Moses, Stephen C. Myers, Berl R. Oakley, John M. Parson, Stephen S. Pinsky, Jack A. Rall, Nancy R. Reynolds, James E. Sheedy, Allan J. Silverman, Anne M. Smith, Dale D. Vandre, Sharon C. West and Charles E. Wilson

Guest: James Schroeder

I. University Development- Investing in Excellence: James Schroeder, Vice President for Development and President of the OSU Foundation

- A. Background: James Schroeder received his PhD at the University of Toledo and is a graduate of Miami University. He spent sixteen years at the University of Illinois, in Arts & Sciences. He went to the Business School at Harvard University as head of external relations and then to the Mayo Foundation to do fundraising for medical research. He has been at OSU for about a year and one-half. Jim has expressed an interest in having more interaction with faculty.
- B. A strategic plan for development is being formulated. Ohio State will soon start a new campaign. The previous campaign, The Affirm Thy Friendship Campaign, was very successful. 1.3 billion dollars was acquired; 850 million dollars was the goal. The campaign concluded in 2000. All of the Big Ten universities who are now launching campaigns are in the 2 billion dollar plus range.
- C. The strategic plan is being driven by three factors: the lack of State support, a need to increase our donor prospect base and the need to increase investment in development. On a national basis between the years 1980 and 2000, the share of state revenues appropriated for higher education has dropped from 9.8% in 1980 to 6.9% in 2000. Tuition has increased from 12.9% in 1980 to 18.5% in 2000. Private gifts and grants at the same time increased in the annual budget from 2.5% to 4.8% - almost doubling. There has been dramatic state support increases in K-12 support, corrections and nursing homes. But the most dramatic decline is the decrease in support for higher education. In 2001 revenues from state support and revenues from tuition flip flopped with state support going down. This is the reality.
- D. The University must look at alternative sources of revenue. Thirty years ago there were only five public universities among the top 25 universities in dollars raised. Today half of the top 25 is made up of public universities. In response, to the decrease in support from the states, public universities increasingly are involved in private gift fund raising. This occurred most dramatically in the mid to late 70's. In fiscal year 2000, Ohio State ranked 21st, 4th in the Big Ten, among the 25 universities.
- E. A big advantage for Ohio State is size. OSU has about 400,000 living alumni. We recognize that only a small portion of that base will provide major support. There are a

number of individuals who are touched by Ohio State. They attend athletic events, use the medical center, listen to WOSU, and participate in 4H. They are beneficiaries of extension and outreach programs; they attend cultural and art activities.

- F. People in Ohio think of OSU as their state university. We need to use this for leverage. We need to think very creatively about all of the things that we do at OSU that touches their lives. We need to think very creatively about the whole communications program at OSU by talking to our closest constituents as well as our more distant constituents. This is going to be part of the strategy as we go forward with private funding opportunities.
- G. OSU has a top down fund raising model, i.e., a pyramid model in development. At the bottom there are a large number of small gifts. At the top there are a relatively small number of very large gifts. Last year 2004, OSU received about 204 million dollars in private gifts; 83% of those dollars came from 1½% of the donors. Most universities are in a similar situation. It's not uncommon for 95% of the dollars to come from 5% of the donors, particularly in a campaign.
- H. OSU is most focused on the very best donors and prospects – major gifts that are 5 million or more dollars. These are transformational gifts. These are large enough to have a transforming impact on whatever the purpose is that the donor is making the gift. Mr. Max Fisher gave a transformational gift with the Fisher Business Complex. Deans were invited to give a sense of what the priorities are for their unit. Then we asked them if you were to receive a transformational gift, what would you wish for. It was interesting to listen to the answers. The majority of the deans mentioned a few more endowed chairs, fellowships or whatever.
- I. Big ideas attract big gifts. This is what inspires the donors. These are the terms OSU needs to be thinking about. We need to help them to think about a 25 million instead of 2 million dollar gift. We need to keep these opportunities in focus and articulate them to supporters of the University.
- J. We need to continue to grow our prospect base. We have 1500 to 1600 qualified major gift prospects. We define qualified as individuals who have an interest in Ohio State and the ability to make a major financial gift. We go to the individual, talk about their interest, and make an evaluation or judgment. Do they have a serious interest? This would qualify them as a major donor prospect. That is the way our development officers work. All of the things we do in support of them are to help us identify these potential prospects, qualify them and begin the process of cultivation, ultimate solicitation.
- K. Once a gift is made, the single most important thing to do is to steward the whole process. We use the gift in the way the donor agreed that it would be used and we agreed we would use it. We take the relationship with that donor to another level, a more intimate relationship. We talk to them about what their wonderful gift is doing. There are different ways we can steward donors. It is the old business notion, i.e., it is cheaper to keep a donor than to acquire a new one. Your best donors are your current donors. They know what we are trying to accomplish. We need to leverage this in ways that make the most sense.
- L. Between 1985 and 1990 when OSU was in the first campaign, dollars kept going up even after the campaign ended. Between 1995 and 2000 with the Affirm Thy Friendship Campaign there was almost a doubling of the dollars from the beginning to the end of those campaigns. That is where we acquired 1.3 billion dollars. There is a dramatic

spike immediately following the campaign and that reflects pledge payments. We continued on an upward trend.

M. As we think about what we are trying to do to get our next campaign launched, there are several things that we call institutional readiness. Things we must have in place working well and efficiently so that we can do a well-organized campaign.

1. The first is the case for support. What will this do to change the way we do business at Ohio State? We will use the academic plan as the umbrella concept. Each college or program should be able to get under the umbrella and tell what their unit wants to accomplish and what kind of support would be necessary from private sources to do that. This is part of the articulation and goals from the university and from unit by unit. We have very few dollars that come to the university unit by unit. Because basically we have very few major gifts that come to the University for university wide initiatives or projects. For the most part, people have a very specific notion of what they want to see their gift do or for what part of the university they would like to see their gift support.
2. Another element of institutional readiness is the commitment of the academic leadership. This is an activity that is endorsed by and supported by academic leadership, i.e., the President, Provost, selected Vice Presidents, Deans, and key Department Chairs. They need to be the points of contact in many cases. What we do in development is broker those relationships. We find the donors through our prospect qualifying system and then talk to them about support. At the end of the day, the deals get closed because we put the donor and the President, or the donor and the Dean or the donor and the key faculty chair in contact with each other to talk about their goals or visions for their unit because we have already determined that is where the prospects primary interest would be. Development officers do not close all of the deals. The big deals are the ones where we have key academic leadership involved.
3. We need to double the number of donor prospects we had in the last campaign. We need to have at least 3000 qualified prospects for gifts at the major gift level and above.
4. We also have our key volunteer organizations in place. We have a foundation board, university wide group of 48 people who come from all parts of the university as alumni and friends. Each of the units needs their own development fund raising group of people, made up of alumni and others. University Development works very hard with these units to help them understand the role of the volunteer group. These groups come together to help a unit raise money. We need adequate development resources to insure that there is sufficient support for our development officers, for deans and others who do this type of work. There are a lot of things that go on behind the scenes like prospect research, facilitating research, maintaining databases, etc.

N. Discussion

- Q. Of the 200 million dollars that was raised last year, how much of that money was in cash? A. That amount does not include pledges or deferred gifts. This is cash money. When pledges are counted, we received about 280 million dollars.
- Q. What percentage of the money was raised for faculty and endowed chairs? How typical is this to other institutions? A. We are fairly typical in terms of % of \$ raised to go to student, faculty, program and bricks and motor. These are four big

categories. Where universities would deviate from this is when the university is in a campaign and the university has defined its goals. Then the percentages may change.

- Q. Some of the development monies come in to support research programs. What is the difference between development money supporting research programs versus money coming in to support OSURF contracts? A. OSURF contracts are just that, contracts. If there is a deliverable in a contract then we don't count that. This is not philanthropic motivated support for the university. There is a portion of OSURF income that does not require a deliverable. So we do have a portion of that money. There are national guidelines and rules that we must abide by.
- Q. Are there any strings attached to these dollars that the university receives? What is the code of ethics? A. We would not accept a gift if there were certain strings attached that would keep us away from our mission. We would not want to take a gift if we could not use it in the way the donor would want the gift used.
- Q. Are there overall guidelines for corporate donations and the percentage of gifts? A. Corporate giving is not philanthropic. It is important for some corporations to have a high profile in their community. Corporate donations account for about 10%.
- Q. What about foundation grants? A. We have a group in our development office that works with colleges seeking opportunities to generate proposals to foundations and corporations. Ohio State has been very successful in this arena. It is a market that we recognize that we can grow.
- Q. What plans do you have for the 98% of the donors who are small donors? A. This plan is not as intense, however; we do not ignore these donors.
- C. I don't think that the resources of the development offices maximize the potential these 98% of the donors could contribute to the university. A. Good point. When I was putting together the strategic plan, I was proposing that all of the university development resources come together in a central spot and then university development would allocate to the units. I have never been involved in a budgeting model like Ohio State's where the center holds a small percentage of dollars. Dollars come in and they are out to the units. So I put this in the original plan and vetted it with some deans. I received a serious pushback. University Development will try to seek resources, if a unit believes that it has more potential and wants to add more firepower to that particular activity, they will have to do it out of their own budgets. We don't have a budget for that. If they want to add more development officers and train them, that will be the responsibility of the unit. We can work with the departments to talk about the funding level of resource funding, but ultimately the deans will have the responsibility in those decisions.

II. Development of a university rule relating to financial fraud by faculty: Susan Fisher

- A. At the meeting with the Provost, she said that there was going to be an issue coming forward that we would have to deal with pretty quickly. The issue had to do with fiscal fraud in this case committed by a faculty member and detected by the audit committee that is affiliated with the OSURF Board. The audit committee filed a 04 complaint against the faculty member which it should have done. The complaint went from the department level to the dean level as it should have done by rule. That was the end of the process because the dean took it upon himself to take what he felt

were appropriate steps to deal with the problem. The faculty member in question had been filing multiple claims for reimbursement for the same charges. This occurred a number of times and the audit committee picked up on it and filed a complaint. The audit committee inquired about the status of their 04 charge and was told that the dean had adjudicated the complaint. This did not make them happy. They were under the impression that anyone who stole from the university would be fired. One of the Board of Trustees members, Ms. Karen Hendricks, sits on the audit committee. She was surprised that the faculty member was not fired. In the corporate world this person would have been fired. The problem went to the Board of Trustees for a full discussion. They spoke with one voice. They said this was outrageous; if people steal from the university they must be fired. That's how this problem came to the Provost and then to Susan Fisher.

- B. The Senate faculty leaders (S. Fisher, D. Horn, J. Rall, T.K. Daniel) met with Ms. Hendricks, Provost Snyder, Carole Anderson. Ms. Hendricks made it clear that the faculty could do something about this problem or the Board of Trustees would do something about this problem. The Board of Trustees does have the power to do this. The authority of the University Senate is delegated by the Board of Trustees. Everything is advisory up to the Board of Trustees.
- C. The thought of having the Board of Trustees write a rule of any sort let alone one dealing with fraud was motivating to Susan Fisher. As a result of that meeting, and the part that was critical, was that the faculty members at the committee were effective in narrowing the scope of the fraud issue to one dealing with specifically fiscal fraud, i.e., stealing money. Ms. Hendricks is interested in looking at the issue more broadly, but given the time restraints, we convinced them to look specifically at fiscal fraud, deal with that problem and if more detailed lengthy discussions are needed we could do that later at a more leisurely pace. The Board of Trustees wants something by June.
- D. Following that meeting, the Senate faculty leaders began drafting some rules that might be used. The principles used to guide these discussions include:
 - 1. First, there is a need for a cogent, concise definition of fiscal fraud, one not equivocal or prone to interpretation.
 - 2. Second, Provost Snyder does not want the process to end with the dean. She wants the matter to come to her desk for her consideration and not to be terminated by a dean. The dean may have a recommendation but the matter cannot end with the dean.
 - 3. Another issue, which is problematic for the faculty, is that the faculty fraud issue be dealt with in the same way as a staff fraud issue would be dealt with, i.e., a staff member would be immediately terminated. The Board realizes that we cannot just de-tenure someone nor is there anyone on the committee that is willing to write a rule that will override tenure. One of the things that could happen to a staff member who has committed financial fraud is that he/she could be placed on a paid suspension pending the outcome of the investigation. The Provost wants some mechanism like that to be in place.
 - 4. After looking at everything, it was decided that it would be better to work within the 04 rule, even though the Provost wanted a new process outside of the current 04 rule because of the concern that due process still be available to the faculty

member. Due process had to guide the deliberations and had to be still in place even after the rule was modified.

5. These are the ideas that have guided the discussion to date. David Horn has had a more recent discussion with the Provost. He said that she is sympathetic to due process and is no longer requesting a stand-alone procedure. One of the questions is, will what pleases her, please the Board of Trustees? What we are moving toward is to get such cases to the Provost but it may not be quickly because 04 would take some time. I think the Provost is Ok with this but we are not sure how much speed the Board feels this process should have in it.
6. Any draft of the modified rule will come back to Faculty Council for review. We would like to have a rule that is effective and that protects faculty prerogatives if possible by June. If it is not possible to have it completed by June, we will report to the Board what we have done and they can decide if they can live with the process as it is being played out or whether they want to intercede and do something else. It's going to be a quick process whatever it is and we are trying to make the best of a bad situation and protect faculty prerogatives as we do that.

E. Discussion

- Q. Fraud is a legal term. Is it being used in this context as a legal term? A. We did argue that this is a crime and we should let the legal system take over and do what it is going to do. This does not satisfy the Board.
- C. David Horn said that in this case there was a legal resolution.
- C. There is the criminal justice system and let them handle their due process in the way they normally do and there is the University System and let us handle our due process in the way we normally do. What you will have is two due process approaches growing out of the same infraction. That is what we have. This is not unique and happens all of the time.
- C. Rules currently have a provision for de-tenuring someone that is convicted of a felony. A. No; grave misconduct. If you choose to define grave misconduct as a felony, which we do not, that would be the case. That is one of the Provost's frustrations that she cannot legally fire a faculty member under our current rules. Grave misconduct could be expanded to include fraud, but we don't want to give them too much license, do we?
- Q. Has anyone ever been fired because of grave misconduct? A. Yes, in fact, there was a case two years ago in the extension field; someone was guilty of an inappropriate relationship with a minor.
- Q. If stealing is stealing, will there be any latitude in the final resolution? A. There will be an investigation committee that will make a recommendation and they will take into account all factors. When Ms. Hendricks spoke, she said stealing from the corporation should lead to being fired, period. She didn't care how much money the person brought into the university.
- C. Faculty need protection. Honest mistakes could be made.
- C. A concern was the possibility of de-tenuring upon allegations of fraud. We parallel due processes but it is disturbing that there is no provision made for reinstating someone should the courts, jury of peers, determine that this person was innocent. There is a danger that the university's due process would trump the court system. I

- find this to be a bizarre situation. A. We do this for students already. I don't disagree with you.
- C. Upon an allegation, you are de-tenured? A. If an allegation comes forward it is possible for a person to be suspended with pay. To be de-tenured the person would have to go through the entire process.
- Q. Are there any other universities that have adopted similar rules, especially private universities? A. Academic Affairs looked at public, not private, universities. It turned out in 8 out of 10 cases for fiscal fraud they use the same procedures that they have in place to deal with other kinds of complaints. It is a case that our process is somewhat lengthier than the typical process at other universities. Nonetheless, that is why we felt this could be dealt with under the 04 rule instead of creating another rule.
- C. We would not want to compare ourselves to private universities because due process procedures emulate from the 14th Amendment of the United States Constitution. One of the parties must always be a governmental act there. You wouldn't necessarily have that with a private institution. The private institution could say you don't have such rights here because we are not a governmental act. We wouldn't want that.
- C. Chair Rall said that this is a process that is only just starting. It is likely to move along rather rapidly. You will have a chance again to see drafts of what happens. One of the things that we feel very strongly about is that there can be no erosion of due process because of this kind of complaint.
- Q. There seems to be four crucial elements. 1. Who is the fact finder - this should be a neutral. 2. Full discovery. 3. If everyone else does it but you are unpopular with your chair or dean, this could lead to unfair treatment and 4. The knowledge that you have committed fiscal fraud.
- C. The rules are very detailed and there is a very careful process in the rules. There is nothing there that says does not apply to financial fraud. A lot of deadlines could prompt a very expeditious process.
- C. The issue that caused this case to be a problem was in the 04 rule; deans have the authority to resolve a complaint. There could be a conflict of interest. There is nothing in the rule that says it has to go beyond the dean's authority.

III. Update on evaluation of Deans: Lynne Olson, Dennis McKay, Jared Gardner

- A. The Faculty Council survey will be tested by using the faculty Senators for a trial run. There will be four questions that are designed to evaluate the survey.
- B. Who will pay? The Faculty Council should pay and conduct the survey. The ad hoc committee will collate and collect the results.
- C. The committee feels that deans should not be ranked but have the information available. In this way, a dean could compare himself/herself to other deans. Feedback would be given to the deans so they could see their strengths and weaknesses. After a year or two of doing this, the Faculty Council may want to do the ranking. The deans and Faculty Council should have a chance to look at the data before doing any ranking.
- D. Discussion
- C. Ranking is not what we are looking at here. What we are interested in is satisfaction and competence. A. What is coming out of this is numbers. How are you going to make meaning out of the numbers?

- C. Faculty who participated in the survey will see the results. Faculty will know what the numbers are in their college. They will be able to see the numbers from each college.
- Q. Will the results be seen by the deans? A. The deans will not see the trial run. The reason for this is that there will be feedback on every question so members of faculty council can comment on each question as to whether it is pertinent to the survey or should be tossed and another question put in its place.
- C. Two deans, Brueggenmeier and Beck, have agreed to review the survey and provide feedback.
- Q. Has any thought been given to regional campus faculty who serve two deans, College Dean and Regional Dean? A. No.
- C. A case could be made that a very unpopular dean is unpopular because he is making very courageous but correct decisions. A. One hopes that faculty are mature enough to respond to this well. There is one question that asks how satisfied are you with your job. The answer to this question may tell you where your spread is on this survey.
- C. The valuable reasons for collecting this data is that it can be used to see the “big picture” about how our university is being administered. The questions are slanted toward issues of faculty governance; issues of faculty input in terms of major administrative and financial decisions. There is potential for some meaningful data to come out of this but probably over time.
- C. Hopefully the deans will use this information to become a better dean.
- Q. Are there any questions that deal with perceived leadership? A. Yes, and the questions can be changed. The dean can also ask questions.
- Q. Could this survey be included in the annual review process for the deans? A. After a year or two if the data looks good then we can argue that these documents should be used in the annual review process.
- Q. What about the dean clusters groups? C. Let each dean make comments.
- C. Chair Rall said that there are three dean clusters that meet monthly. They could be contacted by email.
- C. There should be an overall summary question regarding the dean’s performance. The only danger in doing this, and this occurs with SEI’s, is that an overall question seems to be the focus of the survey and the other numbers seem to get washed out.
- C. Chair Rall thanked the committee for their good work.

IV. Faculty role on Board of Directors of OSU Health Care Systems: Stephen Pinsky

- A. Faculty Council was asked last year to make a recommendation for a faculty member to serve on the Board of Directors of OSU Health Care Systems. Steve Pinsky was appointed and he has been reappointed for a second year.
- B. Managed Health Care Systems has existed since 1992. This past year was the first time that they requested that a faculty member serve on the committee. Managed Health Care System is a not for profit corporation that serves the university. It stands between the University Medical Center and Human Resources. They serve to contract with HR for medical services and they contract with the University Health Center for the provider. They stand in the middle of these groups and handle all of these transactions

for the university. They have a mission statement to serve the Ohio State University community and affiliated customers with innovative quality and economical efficient programs that will achieve outcomes of better health.

- C. The overall managed health care system is 150 million dollars. This piece is about 80 million dollars. This is used to serve 20,000 people - \$4000 per year for each person.
- D. The President of the board is Fred Sanfillipo, VP is elected by the board, acting secretary is Nancy Miller, and treasurer is Dick Schrock. Board Members are: USAC, Diane Beall; Faculty, Steve Pinsky; Business Community, Phil Moots; Senior Medical Staff, Doug Run, M.D; Human Resources, Larry Lewellen; Acting VP for Health Services, Pete Geier; Board of Trustees, David Frantz and Karen Hendricks.
- E. The major thrust over the past year has been directed at instituting informational based medicine here at Ohio State. It is assumed that if we have a better information based medical delivery system here where all the physicians and all of the providers have ready and complete access to records that will improve the quality of medicine that is practiced. One doctor will know if another doctor has prescribed medicine that will interact with what he or she may want to prescribe. The other piece of this is the emphasis on patient involvement with their own health - bringing together these two ingredients to make for better health; that is the object of this board. If you do this you are going to improve the quality of the patient health and reduce the cost of medical insurance, save the university money. Each individual (20,000 at Ohio State) will have a health risk assessment. This will tell the patient what they are at risk for and what they can do to minimize the risk.
- F. Discussion
 - Q. Should there be a second person from the faculty on the board? A. It may be difficult to do this because of the structure of the board. C. Chair Rall said that he suggested this in the letter from Faculty Council to the President but she only reappointed Professor Pinsky and was silent about adding someone else to the board.

V. OSU plans for re-accreditation review- Special Emphasis: Jack Rall

It is likely that the university will pick a special emphasis for re-accreditation and Faculty Council has been asked for suggestions. Some suggestions have been received. Does the Faculty Council want to send suggestions to the Provost? If so, what might they be? An email will be circulated requesting feedback. The provost wants to move on with the process.

VI. Other business

Chair Rall reminded everyone about the AAUP invitation to come to the April 22 Faculty Legislature Brunch at 9:00 a.m. in the Faculty Club. If interested, please respond to Doug MacBeth. The invitation was emailed to everyone on Faculty Council. It is free and is an AAUP tradition.

The meeting adjourned at 5:30 p.m.