Dean Carolyn Dever called the meeting to order at 4:14 p.m. in Wilson Hall 103. Approximately 140 faculty members were in attendance.

1. Update on Vanderbilt’s Finances.

Provost Richard McCarty stated that the Vanderbilt administration has made every effort to carefully manage the budget. Due to the protective measures made by Matthew Wright, Vice Chancellor for Investments, Vanderbilt has not had to take many of the measures that other universities have had to make. Vanderbilt has not made any employee layoffs, for example, and has continued to hire faculty members. He said that faculty members should be engaged and informed about Vanderbilt’s financial strategy and situation. The next academic year, 2011-2012, will be tough for all of us, Provost McCarty continued, and he asked faculty members to be mindful of Vanderbilt’s financial state and to help conserve financial resources as much as possible. He emphasized that the following presentation includes the same information and figures that are presented to the Board of Trust.

Provost McCarty stated that Brett Sweet, Vice Chancellor for Finance, is uniquely qualified to plan and steward Vanderbilt’s finances through the present challenges. He has in-depth experience with both post-secondary educational institutions and university hospitals.

Vice Chancellor Brett Sweet presented an update on Vanderbilt’s finances and included information to place Vanderbilt’s financial position in the context of the country’s economic situation as a whole. He explained that Vanderbilt’s 2011 fiscal year budget estimates revenues of approximately $3.5 billion, most of which will come from health care provision. Other major sources of revenue include government grants and contracts, tuition and fees, investment income, and endowment distribution. Tuition and fees, though a relatively small portion of total Vanderbilt revenue, constitute a large percentage of the Provost’s budget. Similarly, endowment distributions comprise a relatively small portion of total Vanderbilt and VUMC revenues, but constitute a much larger percentage of revenue for the Provost’s office. Moreover, within the Provost’s office, endowment distributions and financial dependency upon them vary from school to school. The College of Arts and Science relies on endowment distributions to a significant extent, but not as much as some of the other Vanderbilt schools.

Vice Chancellor Sweet explained that Vanderbilt, like most universities, has relatively fixed costs. A large portion of Vanderbilt’s expenses are related to salaries, wages, and benefits, and most of the remaining expenses are related to services and supplies. Some
of these expenses are made to support Vanderbilt’s five strategic imperatives, which are to improve the quality of the student experience, to enhance graduate education programs, to continue enhancing the quality of the faculty, to unify research themes across the university, and to reshape our physical environment in support of our academic mission. Actual financial figures show, after two quarters of the 2011 fiscal year, that Vanderbilt has received slightly more revenue than expected and has spent slightly less than budgeted.

Vice Chancellor Sweet stated that Vanderbilt is 4% dependent on its endowment in this fiscal year, as measured by endowment distributions as a percentage of operating revenue. As in any financial investment, the rate of return of the endowment is critical, and, over the past thirty years, Vanderbilt has had only four negative years. One of those negative years was 2009, however, in which the rate of return was -16%. Despite the size of this loss, it could have been worse. Vanderbilt’s rate was strong in comparison with most other American universities. Because Vanderbilt is less dependent on its endowment than most of the other top-25 American research universities, it is in a relatively good financial position. Yet, the 2012 fiscal year will be difficult, because Vanderbilt uses a trailing three-year average on the rate of return of the endowment in order to calculate the amount of the endowment that is available for distribution in any given fiscal year. Consequently, the endowment payout in 2012, using the trailing three-year average method, will include the mediocre return of 2008 and the significant loss of 2009. The largest effect of the 2009 loss will be noticed in 2012, even though the economy is recovering somewhat and Vanderbilt had a positive rate of return on its endowment in 2010. This financial pinch in fiscal year 2012, again, will affect different components of Vanderbilt in different ways, depending on the degree to which each unit or school is dependent on endowment distributions.

One possible method to increase revenue would be to raise tuition fees, but Vice Chancellor Sweet expressed strong reservations about this option. The annual growth rate of Vanderbilt tuition had been similar to the annual growth rate of the value of home equity until about 2006, and since then the latter rate has dropped significantly. This decline makes it more difficult for families to borrow money, and, consequently, it would not be fair or reasonable to significantly raise tuition fees at this time.

Other factors will also make the next few years financially difficult, Vice Chancellor Sweet continued. First, “stimulus” funds from the American Recovery and Reinvestment Act (ARRA) will be significantly declining in the next few years and then ending altogether. The ARRA has brought almost $150 million in grants and other funding to Vanderbilt. Second, it is going to be more difficult to receive NIH and NSF funding. The NIH budget, for example, has declined in real terms since 2003. Moreover, household wealth has declined, the unemployment rate is high and has been declining only very slowly, and the economic recovery itself has taken longer than other recessions. All of these factors directly or indirectly affect Vanderbilt’s financial position.

Vice Chancellor Sweet, in conclusion, stated that Vanderbilt is in a better financial position and is less dependent on its endowment than many other research universities.
As a result, Vanderbilt can continue to pursue opportunities to fulfill its five strategic imperatives, including hiring outstanding faculty members and increasing funding to students.

In response to questions from faculty members, Vice Chancellor Sweet stated that the “services and supplies” budget item includes travel expenses, office supplies, groundskeeping and custodial expenses, and patient supplies (at VUMC). The latter expense comprises more than three-quarters of Vanderbilt’s “services and supplies” budget. Vanderbilt does not have significant real estate holdings and thus does not receive much revenue from them. The mission of the Vanderbilt real estate group is not to make investments. Most philanthropic foundations are suffering from the same endowment problems as universities and so they are an unlikely source of new funding, but there are some opportunities for fundraising with corporations, many of which have significant cash reserves. Vanderbilt is considering fund-allocating methods other than the trailing three-year average to determine the amount of the endowment that is available for distribution. No method, however, would have been unaffected by the historic low in 2009, Provost McCarty added, without gaming the entire system.

Provost McCarty explained that Vanderbilt’s relatively strong financial position has enabled us to implement our new undergraduate student financial aid policy, and Vanderbilt is not going to back off of it. Vanderbilt is one of only six major American research universities to have a need-blind admissions policy and to meet all of the demonstrated financial needs of undergraduate students. As a result of this policy, Vanderbilt is receiving applications from and enrolling the best and brightest students in the country. To help fund this student financial aid policy, the Vanderbilt administration has been granted permission from the Board of Trust to increase the payout from the endowment. Vanderbilt is not going to do that, Provost McCarty stated, because that would be taking money that people twenty years from now are going to need. Vanderbilt is not going to use any short-term fixes to solve these financial challenges.

Faculty members thanked Provost McCarty and Vice Chancellor Sweet for their presentation.

2. Memorial Resolution for Paul H. Hardacre, Professor of History, Emeritus.

Samuel T. McSeveney, Professor of History, Emeritus, presented a Memorial Resolution in honor of Paul H. Hardacre, Professor of History, Emeritus. Faculty members paid their respects and signified their assent to the resolution by standing for a moment of silence. The Memorial Resolution is appended to these Minutes.

3. Approval of the Minutes of the Faculty Meeting of December 7, 2010.

There were no comments or questions, and the Minutes were approved.
4. **Review of Faculty Council’s e-mail approval of new and revised courses.**

There were no comments or questions.

5. **Approval of the Candidates for Degrees at the end of the fall semester, December 18, 2010.**

Associate Dean Fräncille Bergquist moved that the faculty of the College of Arts and Science recommend to the Board of Trust that it confer upon these candidates their degrees. Her motion was seconded and unanimously approved.

6. **Original Motion Calendar.**

No issues were raised.

7. **Good of the College.**

No issues were raised.

8. **Adjournment.**

The meeting adjourned at 5:17 p.m.

Respectfully submitted,

Kathryn H. Anderson,
Secretary of the Faculty
MEMORIAL RESOLUTION FOR PROFESSOR OF HISTORY

EMERITUS

PAUL H. HARDACRE

25 JANUARY 2011

Paul Hoswell Hardacre, for his entire academic career a member of Vanderbilt's Department of History (1947-1981), died in Pasadena, California, on April 10, 2010. He was 94 years old. A native of Los Angeles, Paul earned his B.A. from Stanford University (1937), then his M.A. (1940) and Ph.D. (1947) from the University of California at Los Angeles. His graduate study was interrupted by service in the Army of the United States, 1941-1946, first in the Pacific War, during which he won a Bronze Star, then in the occupation of Japan. After lengthy subsequent service in the Army reserves, Paul retired as a lieutenant colonel. While conducting doctoral research at the Huntington Library in San Marino, California, Paul met Gracia Louise Manspeaker, also a Los Angeleno, whom he married in 1947.
At Vanderbilt, as V. Jacque Voegeli, dean of the College of Arts and Science, emeritus, and professor of History, emeritus, has put it, "Paul Hardacre served . . . long and ably as a teacher, scholar, and participant in numerous councils of the university. He chaired the Department of History from 1967-1970, a period of rapid growth. In all that he did, Paul displayed sound sense of purpose, conscientiousness, good judgment and fairness." Paul’s selection as department chair and as chair of the University Committee on the Installation of Chancellor Alexander Heard attest to the high regard in which he was held. So, too, the university’s bestowal on him of the Thomas Jefferson Award (1971) "for distinguished service to Vanderbilt through extraordinary contributions as a member of the faculty in the councils and government of the University" and the College’s awarding him the Ernest A. Jones Faculty Adviser Award (1979) for his counseling of undergraduate students. Paul’s doctoral students benefited from his support and understanding, as well as
from his expertise. On a personal note, Dr. Adam A. Hetnal, a Polish-born graduate student who went on to earn his Ph.D. in a field other than Professor Hardacre's, recalls Paul's kindnesses to a newcomer to the department and the United States, including "excellent cups of tea" brewed by Paul in his office during their conferences and Thanksgiving Day and dinner with the Hardacre family in their home.


Following his retirement from the faculty of Vanderbilt University, Paul again based himself in the Huntington Library,
where he researched, processed, and catalogued the library’s large collection of Godfrey Davies papers and several smaller English historical collections. He also produced a valuable handlist of large numbers of microfilms of English historical manuscripts acquired by the Huntington from institutions that housed the documents themselves. Further, Hardacre long served (1960-86) on the advisory (now editorial) board of the Huntington Library Quarterly. In 1993, his and John Loftis’s co-edited *Colonel Joseph Bampfield’s Apology* was published by Associated University Presses, Inc. “Prudence Versus Passion,” an episode in a British television series, “The Trouble With Love,” was based on this work.

Mary L. Robertson, then Chief Curator of Manuscripts at the Huntington Library, recalls that Paul not only conducted research there but regularly attended conferences, lectures, and seminars at which he asked “gentle but penetrating questions,” made “constructive suggestions,” and “introduce[d] himself to new (and
especially very young and uncertain) readers in his field.” “A quiet, courtly, and self-effacing gentleman,” Robertson continues, Paul was “respected and liked” “for his kindness, expertise, and generosity.” Ms. Robertson also remembers the hospitality of Paul and his family to Huntington friends during the Hardacres’ annual August week’s break at Carpinteria, a Pacific beach community.

Gracia Hardacre, Paul’s wife, died in 1987. He is survived by their two children, Helen Hardacre, Reischauer Institute Professor of Japanese Religions and Society at Harvard University, and Alan Hardacre, a software engineer for Hewlett-Packard. Paul asked that there be no public memorial service. His children request that memorial contributions he made to the Huntington Library, 1151 Oxford Road, San Marino, California 91108, and designated for the Manuscripts Department.
Dean Dever, as has long been the custom, I ask that a copy of this Memorial Resolution be entered into the minutes and that copies be sent to members of Paul Hardacre’s family.

Respectfully,

Samuel T. McSeveney

Professor of History Emeritus