REPORT OF THE

President

to the
Slippery Rock University
Council of Trustees

Friday

June 9, 2006
Quarterly Report
To the Slippery Rock University Council of Trustees
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By Robert M. Smith, President

This report begins with an update on our budget planning. The fiscal year will end within a few weeks and another begins July 1. Thanks to the careful stewardship of Dr. Charles Curry and his staff, we will end the year balanced. In the past three months, we have continued our work to manage the expected budget shortfall for 2006-07. Our strategic work to maximize our performance funding award and better strategies to maximize the state allocation along with reductions in programs and expenditures has produced a projected balanced budget for 2006-07.

Our proposed budget depends on the proposed decisions by the state legislature and Governor for our appropriation and the State System Board of Governors proposed tuition levels. The legislature is expected to complete its decision this month and the Board of Governors is expected to decide tuition levels in July. As you have the opportunity to discuss our needs with legislators or Board members, the message that needs to be reinforced for the entire System is that we are seeking a 6% increase in the appropriation in order to hold to a 3.1% increase in tuition. This combination would balance the estimated cost increases for next year. Most of those cost increases are associated with labor agreements made two years ago that have back-ended commitments for salary adjustments. We can't avoid those obligations and they are significant. Further, our utility costs, like yours, have shot through the roof. Unlike yours (I hope!), our increase has been more than $500,000 in one year that was not anticipated for our budget needs.

Although nothing is finalized, there is optimism in Harrisburg that the 4.5% proposed increase in the state appropriation is going to happen. I still hear from Democratic legislators that the amount might increase to 5%. I doubt that will happen. However, this is still far from the 6% appropriation hoped for by all of us. If the appropriation is 4.5%, then the tuition necessary to cover costs is an increase of about 4.2% and not 3.1%.

The real issue is tuition. We are led to believe that the Governor's representatives on the Board want no increase in tuition. The difference between the proposed 6% tuition increase and no increase is a loss of $2.5 million to us. That would be catastrophic. Even in our conservative backup plan for next year (where we take our worse case), the loss of tuition is more than $750,000 and would lead to more cuts in staff including faculty. We cut administration last year by 20%. We don't have many of those folks left and we have cut so much in the last three years that we have to start cutting entire programs.

While the budget demands a great deal of our time and concerns, we remain focused on our key university goals. One of those is to continue to enhance the value of the SRU degree. In the last three months, we have had five accreditations or program review visitations by outside evaluators. These professionals investigate the quality of our offerings and recommend accreditation status or program review improvements.
Accreditation is particularly important as a confirmation to the public that our programs meet the highest rigorous standards of the respective national organization within the discipline. We are pleased to announce initial accreditation for our theater program. This was a major step to accredit all of our performing arts programs. Congratulations to Dr. Gordon Phettaplace and his faculty in the Theater Department. We only have one more program, art, to yet earn accreditation. Their site visit is scheduled for the Fall 2006.

Here is a list of other achievements received in the past three months:

- We were notified that the Athletic Training program has been reaccredited. Congratulations to Dr. Patricia Pierce and her faculty in Athletic Training.
- The B.S. in Safety and Environmental Management became one of only three programs in the United States to be recognized by the Institute for Safety and Health Management. This gives our students in that program advanced status among graduates in other programs. Congratulations to Joe Cali and his Safety and Environmental Management faculty.
- We have been notified that our social work program has been reaccredited for the maximum period of eight years.
- We have also been told by the visiting team for the dance program that we are recommended for reaccreditation. The team was very impressed by the working relationship between the faculty, students, and administration at SRU.
- The Pennsylvania Department of Education completed their program review visit and we expect recertification of all of our programs. The team found a number of areas to compliment including the Professional Development School model for field experience in elementary education. I think we should be particularly proud that the team found our “faculty to be caring and concerned about student progress.”

As we end the academic year, our students and faculty have been collecting some notable awards that have brought a great deal of positive attention to the campus. Here are some highlights:

- Congratulations to our May 2006 graduates. Of those who have reported their acceptances, eleven will be attending graduate school at the University of Pittsburgh, as well as Baylor, Ohio State University, West Virginia University, Duquesne University, University of Maryland, Pittsburgh Theology Seminary and one going to the Pittsburgh Institute of Mortuary Science.
- In addition, Michelle Maruska, a graduating senior in the Health Services Management program, has been accepted for graduate studies at the University of California at San Francisco, Graduate Nursing Program.
- Stephen Ball, voice performance major won the National Association of Teachers of Singing eastern regional competition. Mr. Ball had a distinguished career with us, having performed with the Pittsburgh Opera and the Cincinnati Conservatory of Music as part of Opera Theater and Music in Lucca, Italy (He is the person who sang The National Anthem at our Commencement in May).
- Mickey Cruikshank, Theater, recently won two make-up design awards at the Kennedy Center American College Theater Festival’s Region II competition. As a result, she was one of eight students nationwide to compete in the national make-up design
championship in April at the Kennedy Center in Washington, D.C. Professor Rebecca Morrice has provided the mentoring of Mickey.

- A team of three Math students (Thomas Deems, Josh Harpst, Peter Schallot) participated in the International Mathematical Contest in Modeling. They earned a rating of Meritorious, the only team in Pennsylvania to be rated that high. Only 11 universities in the United States ranked higher. We are proud to add that Thomas Deems, this year’s Outstanding Senior Male, will be entering the Ph.D. program in Applied Mathematics at North Carolina State.

- A team of finance students qualified to compete in the national finals of the Ameriprise Planning Invitational. Competing against seven other schools from across the nation, the team took third place. SRU was the only school in the Northeast United States making it to the finals. Congratulations to Jeramy Genaway, Eric Lewis and Stephen Sullivan.

- Congratulations to the Jazz Ambassadors who have been invited to perform at the Montreux Jazz Festival in Switzerland as well as the North Sea Jazz Festival in Rotterdam, Holland. The Montreux Festival is the oldest and most respected in the world and our jazz group is the first college band from Pennsylvania to ever have been chosen to perform. Best wishes to Dr. Steve Hawk for his leadership of the Jazz Ambassadors as they depart in July.

- Congratulations to Deborah Bryan, P.T., who received the Mary McMillan Award from the American Physical Therapy Association, March 2006.

We remain undeterred by our immediate budget circumstances. Our goal to provide a premier residential campus will take several giant steps forward in the coming month and years. We expect occupancy for the new Advanced Technology and Science Hall to be granted next month. This is the new home for the departments of chemistry; computer science; geography, geology and environmental sciences. It will provide our faculty and students expanded space and new laboratories for research and teaching as well as a showcase auditorium for the campus.

Your approval today of two construction projects will move us forward with our next major transformation of the campus. The proposed student union will serve as a gateway between the academic quad and the residential community. It will provide our students greater space and service for their needs. The university union is projected to be a 122,500 gross square foot facility to house the bookstore, retail shops, a food court, a new Rocky’s dining room, a movie theater, ballroom for special events, greatly expanded student club and organization meeting rooms, five different student lounges as well as student offices and staff offices for some Student Life employees. The projected cost is broadly estimated at $3.7 million.

The other project is expansion of the Alumni House. The Alumni Association Board of Directors has generously offered to pay for a major expansion of the facility. The Board’s goal is to provide the university an inviting warm first-class place to host events, meetings, and socials that serve the university’s goals.

The housing project continues to move ahead of schedule. Two of the facilities will be open in the fall with a third building completed by spring. Two model suites have been opened for
prospective students and parents to tour. The final three residential buildings to be constructed have now been sited and plans begun for the launch of Phase II construction in February 2007.

Our third goal to establish financial stability was enhanced in several ways in the past few months. The Advancement Division added funds that moved the Campaign for Slippery Rock University to the 65% completion level at $21.5 million and the value of the endowment reached $18.2 million as of April 30, 2006. The Division also welcomed Ms. Kelli McKee as the manager of prospect research. Ms. McKee was formerly employed by the University of Pittsburgh’s Office of Institutional Advancement.

One other dimension of establishing financial stability is the Regional Learning Alliance. The RLA has enjoyed a very successful year and bookings for the coming months have been very strong. There are now fifteen educational partners housed at the RLA facility. Since the RLA was opened in August 2004, close to 70,000 people have received some form of training not including formal courses from the educational partners (includes duplicate training).

Approximately 395,000 hours of training have been offered since the opening. The figures for 2005-06 to date are 36,517 people trained (up 9.5%) and 219,000 person hours of training (up 24.7%) as of April 2006 with two months of comparative reporting due.

As we approach the end of the current fiscal year, we stand in solid financial and academic condition. The projections for the coming year are also very promising. We will welcome a number of new employees. Since Fall 2005, we have hired five full time managers including four women (80%) and hired fifteen tenure track faculty, four persons of color (26%) and nine females (60%).

We will also welcome a new freshman cohort of approximately 1475. Transfers are expected to add an additional 575 students. The freshman group will be as academically talented as last year with a slightly higher percentage from the top 25% of their graduating class. We expect a more diverse class with African-American deposits for enrollment up 28% compared to last year and Latino-American student deposits holding about the same. Out-of-state student deposits are 14% ahead of last year at this time.

With all of these dynamic projects and special events and the prospects of continued positive news, it is fitting to end with a simple truth: This is a great time to be at Slippery Rock University.