Quarterly Report
To the Slippery Rock University Council of Trustees
October 1, 2010
By Robert M. Smith, President

We begin this new academic year with numerous matters to discuss. One beginning observation: This will be an interesting year. We can liken it to Mr. Toad’s Wild Ride, so hang on.

I know the Trustees join me in officially welcoming Mr. Brandon Maharaj, an exercise science major from Indiana, Pennsylvania, who was appointed to the Council of Trustees in June of 2010. Brandon brings a wealth of leadership experience to the Council. During the Week of Welcome (WOW), he joined me on stage with the freshman class to welcome our newest students to SRU.

This year’s freshman class continues a pattern of attracting more highly qualified students to our campus. This year’s class was limited to 1,575. Forty three percent came from the upper quarter of their high school class. Thirteen percent (up from twelve percent) came from the upper ten percent of their high school class.

The freshmen joined transfer and returning students to reach yet another enrollment record: 8,852 students (up 2.36% headcount and 2.83% FTE students). An important statistic from this fall’s data is a retention rate of 81.2% (up from 80%) for the freshman to sophomore levels.

The year will be occupied with events important to the University. One of the most important is the decennial accreditation review by the Middle States Commission on Higher Education. We are fortunate to have a very large and committed team of people involved in our self-study. The Council will be involved at every stage of this review. The chair of the review team, Dr. John Ettling, SUNY Plattsburg, will visit campus October 17-19, 2010. He will assess our preparation for his team’s visit, which is scheduled for March 20-23, 2010. Members of the Council can stay abreast of our preparation for the review at: http://www.sru.edu/administration/middleStates/Pages/default.aspx.

This year will also see the final draft of our comprehensive strategic plan. Our plan has many unique features. One of the most important features is that it is the “student’s plan,” not just the institution’s. The plan focuses on the expected outcomes for the student and how he or she goes forward to change the world. I’ve been impressed by the leaders and members of the trend groups that comprise the plan. We expect to have a draft of a formal document within the next month outlining the plan.

One dimension of our plan is to bring formal recognition to the improvements and growing stature of the university on the national stage. We have received numerous recognitions since our last meeting.

SRU was named for the second consecutive year as a military friendly campus (only 15% of colleges in the nation qualify). This recognition was due to the dedicated work of the Financial Aid and Veterans Affairs Offices.
Public Relations received five national awards for marketing from the Higher Education Marketing Group.
SRU was again named by the Chronicle of Higher Education as one of only 95 "Great Colleges to Work For." This is the second consecutive year to receive that recognition.
Princeton Review listed us for the eighth consecutive year as one of the Best Colleges in the Northeast United States.
Princeton Review also recommended SRU as one of 286 Universities that demonstrate an exemplary commitment to sustainability.
We were ranked number two in the nation's top rural colleges and universities. We were ranked between Washington and Jefferson University and Appalachian State University.
And for the first time, we made it into U.S. News and World Report's top 100 universities in the north.

In addition, we had two very nice recognitions for specific academic programs. The therapeutic recreation program was named one of the top twelve programs in the nation and sport management was one of the first two programs in the nation to receive accreditation from their national accrediting agency.

This summer saw the completion of our first year to reorganize the service-learning program at SRU by combining with the Center for Student Involvement and Leadership within the Student Life Division. This last year we engaged 21% of the student body in formal service-learning experiences (classroom-based) with thirty-one faculty members offering service-learning classes.
The Compass Leadership program, which provides certification in progressive levels of leadership development, enrolled 1,928 students (22% of the entire student body). These activities enhance the University's vision to provide for an enriched residential experience beyond classroom education and are part of our vision as a premier residential public university.

We also continued our aggressive facility development program. We began this academic year with the completion of construction and development of the intermural field, a new $400,000 television production studio in Maltby, and the first full year in the new Art Sculpture building.

The signature construction project for the campus in the current year is the new 104,000 square foot student union where we will celebrate a ground-breaking event today. We are seven long years from the date when I first appointed a task force to begin this project. We expect to occupy the building by February 2012 or earlier.

There are several other important projects that will reach milestones this year. We will occupy the newly renovated Vincent Science Building (anticipated for January 2011). The new performing arts center renovation will begin design work in December.

We are preparing for five facility projects to follow closely behind in the coming years: The Student Success Center (renovation of the old student union); renovation of West Gym to improve space for the dance program; an addition to McKay to serve the College of Education; and completion of Patterson Phase II once the temporary residents from Vincent are relocated.
And, the final designated project on the horizon is renovation of Bailey Library.
As exciting and important as these capital projects are to our future, they represent a difficult perceptual problem. Many observers find it confusing that we can have all of this visible construction while facing major reductions in the general operating and staffing of the University. The explanation is that capital money comes from the Commonwealth independent of the operating budgets. Capital money is “one-time” funding for special projects. It can’t be moved to operating or personnel expenses. Because of the political priorities of our legislature and Governor, we are fortunate to receive capital dollars even though we are not keeping pace with our operating dollars. Our position is that we will not decline capital project investments when the opportunities are available. They meet important needs of the University. We would not want to look back twenty years from now and question why we failed to make facility improvements.

We can report that we have a balanced budget for 2010-11. Our challenge this past year was to close an $8.9 million deficit through a combination of cost savings and revenue enhancements. Our process for addressing this challenge was to engage the entire campus community throughout the decision-making stages. I conducted more than a dozen forums with more than 300 people attending. We encouraged fresh ideas and received more than 150 through our website from students, faculty, staff, and community members. Many of those ideas were implemented to meet our deficit.

One of the revenue opportunities that we projected for helping us close our deficit was through success in the PASSHE performance funding program. Performance funding is a critical part of our budget. In the last couple of days, we received the report that we earned $3,558,760. This was the fourth highest amount received among our peers without correcting for enrollment. We were the second highest performer when correcting for full time equivalent students.

The methodology for evaluating institutional performance will change for the 2011-12 year. We will have ten new performance indicators to pursue for the next five years. Soon we will make careful strategic decisions as to which indicators we will want to pursue.

As we look to 2011-12, we again face a projected budget shortage. At this point, using the known variables, we predict at least a $6.1 million deficit. We will devote this year to closing that gap using the same successful transparent and shared-governance process that we used successfully last year.

The three essential elements of our process will remain: (1) Set a strategic approach based on shared-governance; (2) Follow a disciplined calendar; (3) Stay true to our strategic plan. We have held four budget forums already and have four more scheduled from now through November.

However, the coming year has many unpredictable variables that frustrate even the best planning processes. We know that the Commonwealth is not likely to be helpful and could impose reductions in the appropriation. Revenues to the state are not encouraging of any positive budget relief. We also are predicting that the legislature will not restore the $3 million in ARRA (stimulus) funds they substituted into our budget two years ago. We will have a new Governor with his priorities. Neither of the two candidates seeking that office says they will consider tax
increases in spite of facing a state budget shortfall estimated between $3-5 billion.

We are mindful that we are in the early stages of an eight-year demographic downturn in the number of projected high school graduates in Western Pennsylvania. Data for the period from 2009-16, show sixteen of our twenty top feeder counties will see a decrease in high school graduates averaging 15.9%. For the past seven years, we predicted these conditions and responded with our enrollment and marketing plan to increase our market share. Those plans assume we will take talented students away from competitors just to hold our own. We believe we are well positioned to be successful.

There are other critical variables that will seriously impact our budget projections for 2011-12:
- Additional SERS and retirement assessments could cost as much as $1 million more to our budget;
- Performance funding changes put $3.5 million at risk;
- Health care costs to our employees will increase by as much as 10% but will depend on negotiations with Highmark as well as collective bargaining contract shifts in personal payments by employees;
- Tuition will be determined in July 2011 by a Board of Governors seated by the new Governor. We have no idea what philosophy they will bring to their decision-making; and
- All collective bargaining contracts expire June 30, 2011, one day prior to the beginning of the fiscal year. Finalizing those contracts will determine the salaries and benefits needed in the budget.

One more variable, as if the above list is not sufficient: The national economy has not turned around. Unemployment is persistently high in our region as well as the nation. Our students and their families are in more need of aid to meet costs. We must find a way to increase our support for them.

In this environment, we are left to our own devices. We have used up the easy solutions: Eliminating or reducing some essential services; collaborative purchasing, reductions in maintenance; cost-saving strategies such as reduced travel budgets and the replacement of tenure track faculty with contingent faculty.

However, you can’t cut your way to prosperity. We have to continue the dialogue I proposed last spring: We have to Change the Equation. We must consider a fundamentally different model other than simply replacing more expensive personnel with less expensive. We have to begin to consider more effective models for the delivery of learning.

This argument is not driven by budget alone. The world has changed and we have not fundamentally responded. Our students have not only changed, they are not even the same kind of people who were here just a few short years ago. Examples can be found in Beloit College’s annual “Mindset” lists, originally created as a reminder to faculty to be aware of using dated references in class. For them:
- E-mail is too slow;
- One quarter of this year’s freshman class has an immigrant parent. They are not afraid of
immigration;
John McEnroe has never played professional tennis;
Clint Eastwood is better known as a sensitive director than as Dirty Harry;
Al Gore has always been animated; and
Buffy has always hunted down Lothos and other blood suckers at Hemery High.¹

Certainly prevalent in this list and other commentaries about today’s students are that they have the world at their fingertips — and the world has been at their fingertips for their entire lives. Their use of technology is important to understand. As Tim Clydesdale, professor of sociology at The College of New Jersey, commented, “I think this access to information seriously undermines this generation’s view of authority, especially traditional scholastic authority. Today’s students know full well that authorities can be found for every position and any knowledge claim, and consequently the students are dubious (privately, that is) about anything we claim to be true or important.”²

George Mehaffy, Vice President for AASCU, who is engaging “The Red Balloon Project” for AASCU wrote a similar observation: “The new technology-enriched context poses three pressing questions to leaders in higher education: (1) How are our universities going to use these new models of knowledge acquisition and application to change the way teachers teach and students learn? (2) How are we helping prepare students to be creators, disseminators, and strategic users of this new knowledge in what is now a deeply networked environment? And (3) At the most important level, how are we beginning to deal with the challenge presented by new technologies to traditional, top-down notions of expertise and authority?

“How can we use the new technologies, and the ways of knowing embedded in them, to challenge and reshape—even reinvent—universities at every level? What long-held assumptions about teaching, learning, and about the role of the professor still have resonance in this age of the Internet?

“Creating core change in higher education organization and structure is enormously complicated. Thinking about systemic change is almost mind-boggling. Take, for example, the deceptively simple idea of the credit hour. Tinker with the credit hour and suddenly your higher education world will collapse like a damaged sand castle. Challenge the credit hour and you raise questions about workload, student time, academic program design, graduation requirements, and indeed, the very idea of the degree.”³

We have to be bold enough to ask these questions for ourselves. What would be the difference in our approach if we examined the university as a network, not a campus? Would we be more focused on how interrelated we are instead of how many buildings and acreage we have? Would we recognize the storage of information is not as critical as retrieval? And how can we critically examine what we retrieve? The faculty who ban Wikipedia instead of showing how to make

critical use of it (skills such as critical decision-making, recognizing bias from facts, verifying facts, etc.) actually do greater harm to our students than they think.

On a more macro-level, we have to be mindful that the delivery of education has radically changed. Simply examine Peer 2 Peer University, a grassroots open-education project (a Wiki university) where education occurs in a voluntary community. Or view the StraighterLine website where you can enroll for college credit-based courses for as little as $99/month and $39 per course (fully transferable to SRU). Or observe that students can take courses on-line for free from any of these institutions: MIT, Carnegie Mellon University, Stanford University, Cal – Berkeley, UC Irvine, and Kutztown University to name just a few. When a student can get a course from any place, any modality, and transfer it to our transcript, then what is the new role for our faculty? Where is the value-added that convinces a student that our delivery is better?

These questions are the challenges we should take up in the context of our financial decision-making. How we deliver our form of education defines us. When we say that our aspiration is to be the region’s premier public residential university, then something very special has to happen in this network, beyond the classroom, beyond the exam, beyond the term paper.

We will be left to our own devices in this economy and in this political arena. Some would say that the path ahead is foreboding, threatening. Given our strengths in our creative faculty and our innovative administration and staff, united to one vision, I think left to our own devices is a great opportunity.