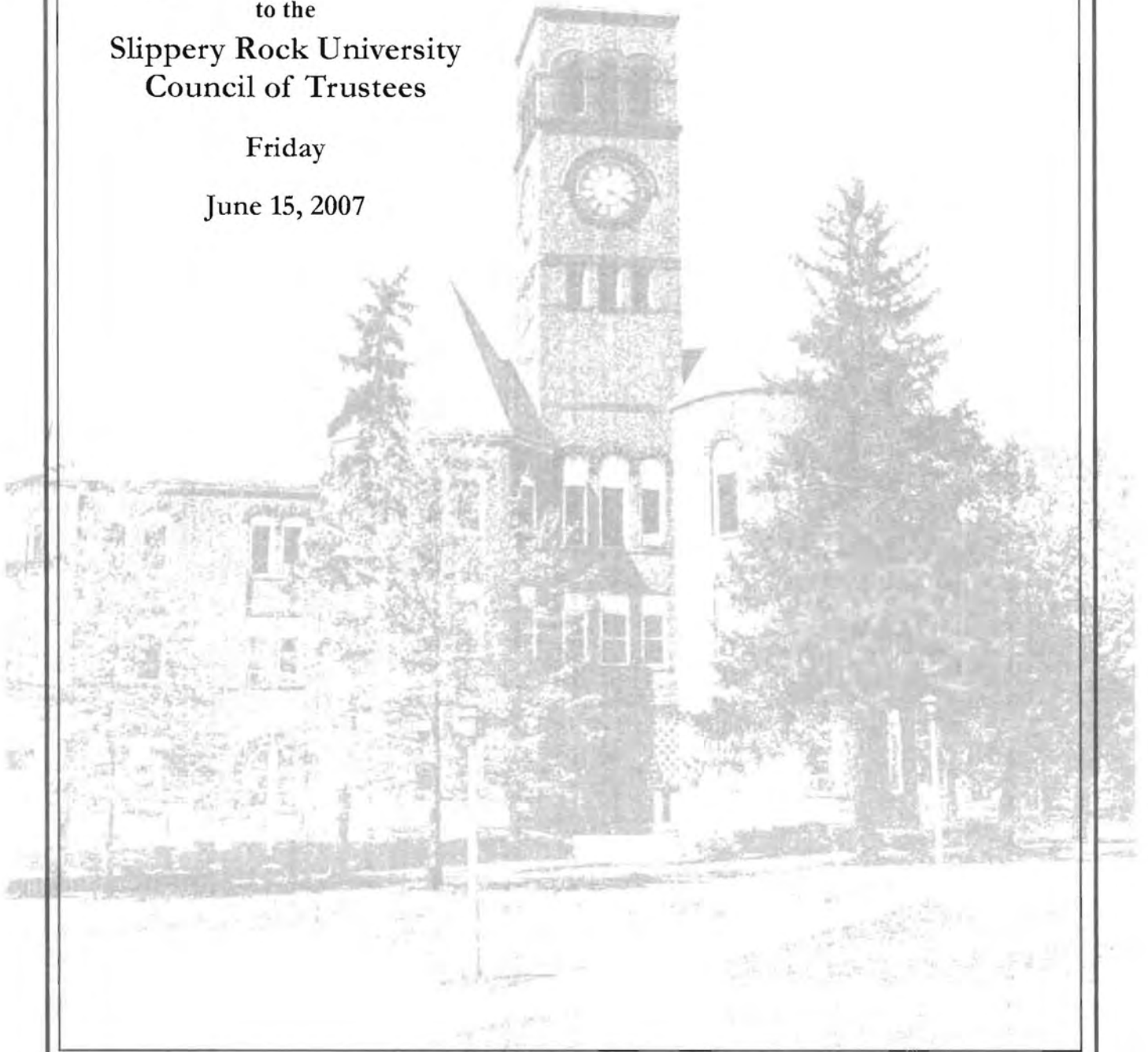


REPORT OF THE

President

to the
Slippery Rock University
Council of Trustees

Friday
June 15, 2007



Quarterly Report
To the Slippery Rock University Council of Trustees
Friday, June 15, 2007
By Robert M. Smith, President

We welcome two new Trustees to the Council but neither is a stranger to Slippery Rock University:

Joshua Young is a 2004 graduate of Slippery Rock with a B.A. in Political Science. While at Slippery Rock, Mr. Young served many leadership roles including Student Trustee, SGA Senator and Speaker of the Senate. Since leaving SRU, Mr. Young has become a leader in Chester County business and politics. On January 3, 2006 Mr. Young was sworn in as the youngest Commissioner in Caln Township history. Commissioner Young is currently the youngest elected official in Chester County and has already made his mark for innovative tax savings and leadership in the development of the township. He currently works for Young's Garage Inc., which his grandparents started in 1960. He is currently the third generation working for the company.

Dr. John A. Hicks retired from Slippery Rock University in 2002, following nearly 30 years of service. He held several interim administrative positions -- Dean, Associate Dean, Director of Continuing Education, and others. For his final 11 years, he served as Assistant to the Dean of Education. He also graduated from SRU with distinction both in the classroom and on the athletic fields. He is a senior member of the Slippery Rock University Sports Hall of Fame. In an earlier period, he was a teacher, coach, and administrator in the schools of East Cleveland, Ohio where he was named "Coach of the Year" by the Cleveland Wahoo Club, following his baseball team winning the Ohio State Championship.

The University will also see some new faces in key leadership roles.

Ms. Barbara Ender is our new Vice President for Advancement. Ms. Ender was at Morehead State University as Vice President for Development and CEO of the Morehead State University Foundation. While at MSU, Foundation assets doubled from \$15 million to \$30 million, annual gift income and alumni giving increased significantly, and the planning stages for the University's first capital campaign were completed. Prior to her seven years at Morehead, she was at Indiana University of Pennsylvania where she served as Executive Director of the Foundation. In her 16 years at IUP, she was responsible for a number of key areas including corporate and foundation relations (that led to a successful Kresge Challenge Grant), developing policies and practices for the foundation, and supervision of development professionals. Ms. Ender brings a lot of talent to SRU at a most opportune time. Her experience and knowledge of Western Pennsylvania, and the Pittsburgh market in particular, give us an immediate start on her arrival.

Mr. Scott M. Albert joins us as the new Director of Facilities. His arrival also completes the reorganization of Administration and Facilities. Under Mr. Albert, all day-to-day operations of facilities, housekeeping, maintenance, and the motor pool will be centralized to his command. Mr. Albert brings fourteen plus years of higher education facilities management to SRU. His most recent work has been as Associate Director of Building Operations for Indiana University-Purdue University Indianapolis campus. He was responsible for their Quality Assurance processes, management of the

maintenance and building services operating budgets of more than \$15 million. Mr. Albert holds an MBA in Finance from Indiana University and a BS in Organizational Leadership and Supervision from Purdue University.

Mr. W.C. Vance is our new Director of Undergraduate Admissions. Mr. Vance was the Associate Director of Admissions at the University of Toledo where he was responsible for out-of-state recruitment, coordinating academic-based recruitment with a special interest in math and science. He brings a strong background in technology and liaison with academic colleagues, two areas important to us in advancing our enrollment management vision. Mr. Vance holds an MPA and a B.B.A. from the University of Toledo.

Mr. Cliff McCormick has accepted our invitation to be the new Director of Graduate Admissions. His position includes assisting with the recruitment of graduate students, managing the assignments of graduate assistant ships, and developing new program initiatives for graduate studies such as distance education and on-line programs. Mr. McCormick brings a strong marketing background to this position and a wealth of experience in technology. Since 2000, he was the Associate Director, MBA Admissions, for the Joseph Katz Graduate School of Business for the University of Pittsburgh. Prior to that he was the Senior Director of Admissions for the Art Institute of Pittsburgh. Mr. McCormick holds an MBA from the Graduate School of Business, University of Pittsburgh.

One face moving into an appointed leadership role is not new. We are delighted to formally present Dr. Susan Hannam as the dean of the College of Health, Environment and Science following a national search. Dr. Hannam has served since January 2005. Dr. Hannam received her bachelor's degree from Acadia University, and her master's of science in physical education and her doctor of health and safety degree from Indiana University. She joined the faculty in 1987 as an instructor in allied health and rose through the ranks as assistant, associate and full professor. She served as chair of SRU's department of exercise and rehabilitative sciences from 2001 to 2005.

I am happy to report progress on four key activities for the past quarter: Strategic planning, budget preparation for 2007-08, gender equity in sports, and advancement of the strategic initiatives of the University's drive for excellence.

The Strategic Planning Committee completed its series of meetings to review the varied strategic directions of the University. For the past quarter, the University planning committee has heard the final of many wide-ranging presentations. We are now in the draft stage of a comprehensive document for the University strategic plan.

The University was asked by PASSHE to present its strategic planning and budgeting to the Board of Governors. One of two universities selected for presentations, Slippery Rock University used the opportunity to describe the manner in which the long-range planning linked to the budgeting process for the coming five years. Using interactive budget sheets and five-year enrollment forecasts, the University demonstrated a coherent management of its future and its ability to adapt to changing demographic and economic conditions. Of special interest to the BOG members was the University's award-winning enrollment management plan. The Board has a special concern about how state-system universities will manage through a predicted downturn in the number of high school graduates for the

next eight to ten years. Board members saw how the SRU was maximizing its fiscal resources through micro-targeted recruitment and retention programs and how carefully the University managed its marketing and recruitment plan. One caution the University asked of the BOG was for them to not make major changes in their policies for budget allocations and admissions criteria until our universities make it through the next decade of challenging enrollment trends. In particular, SRU asked the Board to not make changes in the out-of-state tuition policy as the current policy has taken years to set up the right marketing plan.

The University used the presentation to the Board members to also address how the University managed resources to advance the University's strategic goals. This allowed us to showcase our utilization of financial reserves to enhance the living/learning environment and our development of alternative funding sources such as the Regional Learning Alliance and our SRU Foundation housing project to buffer unpredictable changes in the base budget. This presentation led to a national forum for our budget and planning processes. In May, 2007, I was invited to Washington, D.C. to present our methodology through a national webcast. The program featured Slippery Rock University and George Mason University with more than 400 higher education institutions tuned in to see and hear how we strategically drive our vision.

The strength of the University's budget and planning process is certainly being tested as of this report. We are within two weeks of the beginning of the fiscal year yet we are without a clear number for what our allocation will be from the state appropriation. We are without a clear number for what the tuition rate will be for the coming year. And most significantly, we are in the final two weeks of the existing contract with the faculty union as well as several other unions.

Finalizing the contract with the faculty union is critical to the University for many reasons. From a budget perspective, we obviously need to know what our costs of instruction are going to be. A major portion of our budget is tied to faculty contractual issues. Maybe even more important is the threatened job action by the faculty union leadership. If the negotiators in Harrisburg do not resolve the issues on the bargaining table by the end of the month, the faculty have said they will strike. Although we have little if any control over that decision locally, the impact is entirely local on our reputation, our covenant with our students both current and future, and our trusting relationships across the campus. All of these factors and more could all be severely damaged and take years, if ever, to restore.

The next four weeks may be the most critical time for the University and our future. In two weeks, the contract expires for these unions. In four weeks, the Board of Governors meets to determine the budget allocation and tuition. I guess these events are additional reasons why we say "This is an exciting time to be at Slippery Rock University."

This is an exciting and positive time in our history and evidence is abundant. At the top of "good news" is the announcement that Consumers Digest ranked Slippery Rock University as one of the "Top 5 Best Values among Public Colleges and Universities." SRU is ranked No. 5 on the list, which ranks 100 public colleges and universities and is published in the June 2007 issue. The magazine analyzed approximately 3,800 institutions of higher learning and ranked the best based on attributes that validate or define the institutions' academic prowess factored against annual cost of tuition and

room-and-board. The "value-index" score was factored with the cost of attending each school to determine which schools offered the most academic value per dollar. This ranking validates our argument that we are providing high quality at an affordable cost.

Slippery Rock University's art department has been granted associate status in the National Association of Schools of Art and Design following application and an on-site visit that resulted in high praise for the department's academic programs. This first step toward full membership is expected to follow after five years of monitoring and a second on-site program review. With the Art program accreditation, all performing art programs at Slippery Rock University have now achieved accreditation status.

Student Health Services earned another accreditation from the Accreditation Association for Ambulatory Health Care. Status as an accredited organization means the student health services program has passed a series of rigorous and nationally recognized standards for the provision of quality health care set by the association. SRU's Student Health Services, the first accredited health service in the Pennsylvania State System of Higher Education, has maintained its accreditation status for more than ten years. Only ten Pennsylvania university health centers have met the rigorous standards to achieve accreditation.

The University conducted its largest graduating ceremony in its history last month with forty diplomas to students receiving doctor of physical therapy degrees, 100 diplomas to those receiving masters degrees and 990 diplomas to those receiving bachelors degrees. Our own Dr. Martha A. Smith, president of Anne Arundel Community College in Arnold, Maryland, and a 1970 Slippery Rock University graduate, delivered the commencement address.

In other action, The University settled with the Women's Law Project the second of two separate agreements that will bring the University into full compliance with requirements of Title IX. The second legal case was to establish the University was in compliance with the "other benefits and opportunities" section of the Title IX law. No institution has ever been tested on this section and both sides found themselves on new legal ground with complex issues and fewer clearly defined measures for compliance. Within two and one-half hours on April 6, 2007 both sides agreed to settlement on all the myriads of conditions. Most of the agreement memorializes steps the University had already begun.

Two segments of the agreement have attracted the most attention. The University agreed to spend an additional \$300,000 over the next three years on women's sports (\$100,000 each year). At least half of that amount is to be in the form of scholarships for women. The second segment is for a report each August on the budget planned for athletics and the actual expenditures for athletics. This requirement is set for three years following the first year in compliance. If the University remains in compliance, the settlement will expire in August 2010. This date will bring to a close all legal action against the University regarding Title IX.

In further action related to issues of equity, Slippery Rock University approved a new "Respect for Individuals in the Community" statement underscoring appreciation of all persons. The new statement states: "Slippery Rock University provides an environment that respects, encourages, and

promotes the talents and contributions of all. Slippery Rock University values a community with a shared sense of purpose, where people demonstrate mutual respect and appreciation. Slippery Rock University values diversity that honors and includes all persons regardless of age, creed, disability, ethnic heritage, gender, gender identity, race, religion, sexual orientation, or socioeconomic status in academic and extracurricular endeavor, in the working environment, and in the daily life of the University community.” This will appear on the University’s web site, job applications and in official publications. SRU’s chapter of the Association of Pennsylvania State College and University Faculties Gender Issues and Social Justice Committee took the lead in the development of the statement.

The University will continue with special initiatives to promote and enhance the climate of acceptance with a program this fall headed by the Office of the President with the valued assistance of Dr. Herman Jones and others. This will be an ambitious effort to embed more diversity-related instruction across the curriculum so that teaching and learning about diversity is a more ubiquitous part of the University.

In preparation for the Fall, Finance and Administrative Affairs is busy with a \$1.4 million upgrade to the chemistry labs in the new ATSH, a complete renovation of the McKay auditorium, a new women’s athletics locker room at the stadium, expansion of the Alumni House, and the demolition and rehabilitation of the abandoned residence halls. Additionally, we are resurfacing and constructing parking lots to ease the congestion around the major construction projects underway.

Other summer activity has brought positive national attention to the University. With the trivia question: What American city of 3,500 people sponsors two professional sports teams, one short of the total number sponsored by Pittsburgh? The answer is for the summer of 2007, Slippery Rock, Pennsylvania and SRU. SRU earned that distinction when Paul Lueken, athletic director, signed an agreement with the New Castle Thunder of the North American Football League (NAFL), a minor league football organization, to make SRU and Bob DiSpirito Field at N. Kerr Thompson Stadium its home. The Thunder join the Slippery Rock Sliders, members of the independent Frontier Baseball League, in calling SRU home. The Sliders signed a deal earlier this year to play 32 home games at SRU’s Jack Critchfield Park. The fact that two pro franchises have chosen SRU as their home is a testimony to our facilities and the unique arrangements we have included to provide student learning experiences as part of the packages. With two exceptions, the entire Slider staff is composed of SRU students this summer. The Thunder and Sliders will bring a lot of people to SRU and the Slippery Rock community, which gives us tremendous exposure, and it helps our scholarship program and the local economy.

Enrollment forecasts for Fall, 2007 are on target with the University plan. We expect to see a generally stable enrollment and the quality of the class will remain consistent with the high quality of the last several years (percentage of students from top ten and twenty-five percent of high school class, SAT scores, and high school grade point averages).

All of these activities are in anticipation to welcoming our new students along with our new transfer students and a record number of returning students. Fall is always a wonderful time for SRU as we take on the challenge of changing lives and shaping destinies for our students.