

State of the University Address  
February 2, 2009

## **“Keeping Focus”**

Thank you everyone for being here today.

During last year’s “State of the University” address, I stood in this very spot and told you that “change was coming.” I also reminded you that “change is what we do well at Shawnee State University.”

Boy, are we ever getting the opportunity to prove that.

This past year was full of new challenges for us, for our students, and for our community. Change not only came to Shawnee State, it came to Ohio, to our nation, and to the world. And, our environment is still changing.

Increased accountability.  
Increased reporting requirements.  
Changing funding sources.  
A decline in the economy.  
Change.

Surprisingly, change isn’t really what I want to talk to you about today. It’s too easy to list the things that are changing our world. More important than the challenges that we face are the ways that we are meeting those challenges while keeping focus on what’s important to us and our future.

Our primary focus has been – and always will be - our students. In a world of change, that is one thing that will never change for us.

### **A Focus on Who We Are**

In light of the news of the day and the questions I’m sure each of you has about how our future will change, let me begin by focusing on what we do.

I have a long-time friend who always reminded her children when they went out for the evening to “remember who you are and what you represent.”

As we get caught up in the routines of our personal and professional lives, I doubt that many of us take the time to “remember” very often.

We are Shawnee State University. We prepare students for the changing needs of business, industry, education, and society by offering diversified degrees and programs.

We recognize the importance of knowledge, values, and cultural enrichment. We are committed to providing higher education that fosters competence in oral and written communication, scientific and quantitative reasoning, and critical analysis and logical thinking.

We value teaching and learning, growth and development, and community.

While we are the youngest university in the state of Ohio, we represent centuries of tradition in the academy that have protected and promulgated the canons of knowledge. We represent all of the traditions of each of our faculty disciplines. And, we represent the citizens and the State of Ohio in its efforts to ensure an educated citizenry.

These traditions burden us with responsibilities and expectations from our students, our colleagues, and the public.

### **A Focus on Our Students**

Our primary responsibility is to our students. They are the reason that we are here. And, that reason significantly increased this year. During the fall semester, we welcomed a record number of students to campus — nearly 4,000.

This number represented a 7.5 percent increase in enrollment and a 10 percent increase in full-time equivalent students. This number also represented the culmination of a lot of work, by a lot of people, within our university setting and beyond — in our state and local government — to make higher education more affordable and more accessible.

With the increase in enrollment also came an increase in housing applications. To accommodate more than 800 students wanting to live on campus, we tripled many of our rooms in the fall and have begun work to develop a master housing plan that addresses continued growth.

The face of our students is changing.

Not only do we have more students living on campus, we have more traditional students with more than 79 percent of SSU students under 25 years of age. The mean ACT score of incoming students is also increasing, to 19.8. We have an increased number of students coming to us from beyond our immediate region. Fall semester saw a 7 percent increase in students from central Ohio in the Columbus region, and a 21 percent increase in students from southwestern Ohio and northern Kentucky, near Cincinnati. We also saw an increase in the number of graduate students and international students.

These students come to us for a variety of reasons — our unique and expanding programming, affordable tuition, apartment-style housing, personalized attention, accessibility, and nationally-recognized athletic programs.

While students choose SSU for different reasons, they all receive a quality education that allows them to achieve their career and life goals.

We now have nearly 12,000 Shawnee State University graduates. These former students are making their mark on the world in nearly every field. Our students are going on to become nationally-known authors, leaders in their communities, heads of major corporations, educators, coaches, healers, motivators, and inspirations to many.

Each of these alumni are taking what they have learned here and are making a difference in the world.

### **A Focus on Progress**

We are making a difference here. We have accomplished much in the past year — for our growing number of students, our campus community, and our regional community.

To help meet demands in our regional job market, last year, we expanded our two-year nursing program to accommodate the growing demand for nurses in our region.

We also partnered with Scioto County Career Technical Center, Pickaway-Ross Career and Technical Center, Pike County Career and Technical Center, OSU South Centers and Ohio University Chillicothe to offer special training programs for those seeking employment with American Centrifuge.

Our Master of Occupational Therapy program prepared its first group of students for graduation.

For the first time, four Shawnee State University seniors completed their student teaching in China last year. An additional ten Chinese Philosophy students toured China as part of their curriculum.

This semester, two of our students are traveling to Spain and one student is traveling to Morocco as exchange students. By expanding the borders of our university, we are truly bringing the world to Shawnee State students. We also have over 30 international students on our campus.

To help our new students transition into college life here, we kicked off a pilot program called “Shawnee Connect.” Through this program, 40 first-time students were paired with a faculty member, staff, upper classman or alumni mentor. We have had much success with the program and look forward to its future.

Our student athletes did exceptionally well during fall semester. Our women’s and men’s cross country teams and women’s volleyball team competed in nationals.

This semester, our women's basketball team is currently ranked number two, and quickly moving into the number one spot, in the nation. And our men defeated the #1 team on Saturday night.

Such accomplishments speak to the excellence of our programs and the dedication of our students. Athletics plays a major role in the recruitment of students and our student athletes are doing an outstanding job representing Shawnee State.

Our faculty and staff continued to shine in their fields with several attaining special certifications and earning doctorate degrees.

Three of our faculty members published books this year and several had articles published in professional and trade journals. One of our faculty members was featured in Ohio Magazine for Excellence in Education. Another received recognition and had his artwork featured in the highly competitive and influential Watercolor USA Juried Exhibition.

These are but a few examples of how our faculty and staff are receiving state and national recognition for their contributions to education.

In the last five years, our employee complement has grown by more than 10 percent, with the largest growth in faculty. Over this time period, 55 of our professors and 23 administrators received promotions. Several of our departments reorganized around functions, such as enrollment management and student affairs, to focus efforts and maximize results.

Just this month, we brought campus security and safety in-house. We believe this will be a tremendous benefit to the university, and to our officers. And I am so glad to have someone working full time on our safety and security.

We have experienced growth in a number of areas this year.

Most visible — as bulldozers and cranes become part of our landscape — is of course, our expansion. We began our renovation and expansion of the University Center this year. As you can see, it is progressing and changing daily. Soon, we will be able to offer our students the expanded facilities and amenities that they want and need.

We also completed several projects this year. The new William E. Daehler Tennis Courts opened in October, and the renovated gymnasium floor was completed and ready for volleyball season.

We moved and added parking areas to accommodate our increase in students and faculty, and we renovated the ATC building to create an area for security and facilities.

We also completed the largest capital campaign in SSU history this year, "Poised for Tomorrow." A record \$16 million was pledged by community members and SSU employees, with 94 percent of Shawnee State employees contributing.

The campaign is an indication of the pride that our community and employees have in Shawnee State and our future.

### **A Focus on Results**

We have begun to integrate the operations and goals of the USO into SSU. Many of the administrative offices have new jobs to do and the university has performance targets for the remainder of the USO Strategic Plan.

We have introduced the Seniors to Sophomores program, seamless articulation with community college programming, and new services for veterans into the university. At its meeting earlier this month the SSU Board of Trustees approved institutional performance targets in Access, Quality, Affordability and Efficiency, and Economic Leadership. The final approved targets may be found at [www.shawnee.edu/off/ri/Quick%20Facts.html](http://www.shawnee.edu/off/ri/Quick%20Facts.html) and there will soon be a series of In-Focus articles to help you learn more about them.

In the future we will report on our progress on these goals.

These targets were developed with campus input and a review of past institutional performance. Some of them are “stretches” and I expect the current economic climate will challenge us to meet them. There is much work to be done.

### **A Focus on Our Fiscal Responsibility**

We are in a strong fiscal position that allows us to continue our mission and adapt to the changes within and outside the university.

During the past year the State and the nation have experienced cataclysmic changes in the economy. We have seen some dramatic changes of our own and our conservative growth and use of reserves has served us well.

If you read our recent In-Focus you know that reserves are critical to our fiscal health and ability to interact with the external financial environment and at least half of them are tied up in the plans of individual departments and the university at large. Most importantly, reserves can be spent one-time-only and we need to keep the flexibility to use them to deal with what lies ahead.

During fall 2007, the university experienced a 5% drop in enrollment. This drop was anticipated in our transition to semesters and the resulting loss of income was planned to be absorbed by the use of some of our reserves.

I imagine that the majority of you did not even notice a change in your own area because of the enrollment decline. Our reserves helped us weather the impact of that decline.

During the same period an unanticipated loss in revenue from our investments resulted in the additional use of general fund monies to meet operational needs.

We also began several planned capital projects in 2008. The result was that we spent more than we took in as revenue.

But that is what reserves are for—expected and unexpected one-time financial needs.

There is no question that our careful use of reserves is allowing us to weather the impact of significant loss of revenue in FY08. The need to do so continues to be the case for our current fiscal year.

In October, Governor Strickland announced a 4.75% cut in current year funding. This was the second significant cut of the year and the first to impact the university. Because of the work of our legislative delegation the cut to our supplement was reinstated and we realized a relatively small reduction in funding.

In December, the Governor announced another cut. This cut resulted in reductions in funding for a number of programs including the JOBS Challenge, College Readiness, and the Economic Growth Research Incentive.

At that time we announced a 15% reduction in non-compensation budgets for the remainder of the year. This cut was paired with our earlier freeze on the use of carry-forward funds, equipment replacements, and a soft-freeze of hiring.

We made this cut because

1. we are working with an approved budget and it is fiscally responsible to take efforts to follow that budget,
2. we are seeking to preserve our reserves as we “ride out” the current economic environment,
3. we must be prepared for additional loss of revenue during the current fiscal year, and
4. we must anticipate implications of the Chancellor’s directive to his Advisory Council on Efficiencies to develop criteria for reduction of FY09 cuts that are unique to institutions with enrollments less than 5,000 FTE.

Under the Chancellor’s directive, we will be incentivized based upon the extent to which we

1. participate in new statewide or regional efforts for reducing the cost of purchasing goods and services,
2. enter into statewide or regional agreements for sharing IT costs, and
3. enter into agreements to share administrative functions with other institutions, and the anticipated results of those efforts.

The mandate to enter into efficient collaborations is requiring a greatly expanded amount of time. We are working with the state and outside experts to identify the best opportunities for SSU.

If there is not another cut during the current fiscal year and we have adequately met the forthcoming criteria from the Advisory Council on Efficiencies, we expect to have addressed the current cuts, stayed within our budget, and protected our reserves during a volatile market environment.

The Governor and the Ohio General Assembly have been “good” to higher education and we have not yet experienced the very deep cuts felt in other state agencies.

At this point, higher education is operating at approximately 95-96% of its original budget while other state agencies are operating with approximately 85%.

You have seen the press accounts of the impact of these cuts.

The Governor recently noted that the “real wages of the average American worker are lower today than they were 30 years ago. That means in terms of purchasing power, American workers are making less than their parents.”

We can expect these impacts to continue into the next biennium as the Governor announced last week that state employees will be asked to make cuts of 10-20%.

We have also not yet experienced the cuts felt at some of our sister institutions. In December, Miami University announced a \$22 million shortfall in their budget requiring layoffs and “deep cuts” in all their operations, including academics and student affairs. The University of Toledo announced it would lay off more than 100 workers as the school prepared for cuts in state funding. We earnestly hope that our conservative fiscal planning and practices will help us avoid such fates.

It has been a good year. We are growing. The successes of our faculty and students have brought attention to our university and we are making a difference in our community.

My hope is that we will find ways to continue to distinguish ourselves as we address the changes in our world.

### **A Focus on New Challenges**

Two years ago I spent 4 months meeting with Legislators and testifying before key committees intent on cutting our special supplement.

In my testimony I spoke about an approaching “perfect storm” where state support of institutions and the ability of state institutions to raise revenue through tuition increases

would be limited. That storm is nothing compared to the current “perfect storm” facing our economy and new administration. We are “at sea” and are navigating in very unusual waters that are full of contradictions.

**Public policy and expectations of the role of public education have shifted to focuses upon accountability and economic development.** In his State of the State address last week Governor Strickland reiterated the importance of higher education in Ohio’s economic recovery and his commitment to build a system that will yield more college graduates. He spoke of the need to make education more affordable and accessible. In order to address these goals the University System of Ohio has developed a 10-year Strategic Plan complete with measures of accountability and each institution has developed its own targets to meet the goals of the plan.

We have joined the national Voluntary System of Accountability. Our own Assessment Committee has brought us into compliance with the USO assessment and reporting requirements and we are reporting assessment results and information on the Ohio College Portrait.

Coupled with new measures of accountability are clear expectations about the roles of higher education. Universities are now partnered with the Department of Development and other state agencies to develop programming to meet state-wide goals.

For me, the discussion of accountability, has been very “light” on considerations of quality. The measures of success of our “productivity” are more quantitative than qualitative.

**Accountability is not quality.**

In a recent letter to member institutions, Sylvia Manning, the new President of the Higher Learning Commission, identified information templates such as the Ohio Profile and the USO Accountability plan as transparency and of limited value because they include data which “represent only single markers derived from the broader and richer evidence that institutions need to foster improvement in educational programs and services” and are not substitutes for the “more extensive use of data for analysis, planning and improvement.”

She continued by noting that the information included in such accountability templates are “at best, proxies for educational quality, but no matter how good they are, they suffer limitations from both narrowness and generality” and “cannot begin to substitute for the rich and complex analysis an institution brings to bear on its self-examination in the matter of student learning and growth.”

As we adapt to changing expectations of the university we will be challenged to find unique methods for protecting the essence of a good general education within our curricula and will need to examine our own standards of quality and instructional methods within the current environment.

In the Governor's announcement of his new plan for K-12 education in his State of the State address last week he spoke of the importance of education that will prepare students to "thrive in the 21<sup>st</sup> century."

His plan calls for new topics in the curriculum such as global awareness and the utilization of "teaching methods that foster creativity and innovation, critical thinking and problem solving, communication and collaboration, media literacy, leadership and productivity, cultural awareness, adaptability and accountability."

Perhaps the discussion of these goals will include considerations of quality that will spill over into discussions about higher education.

I should also note that the Governor's evidence-based plan for education includes a plan to "improve educator quality" that will "revolutionize teacher preparation and development in Ohio with a residency program." We expect this will mean new programming for our colleagues in teacher education. The Provost and I will work closely with the department to ensure that our programming responds to, and thrives during the "revolution."

**We are challenged to invest in institutional and programmatic growth with fewer resources.** The University System of Ohio's Strategic Plan calls for a dramatic increase in enrollment in the State. Each institution has been directed to develop goals and targets to meet the USO plans. We have recently completed that process.

The Chancellor and Governor have directed us to continue to pursue our goals even in the context of the current economic environment. We cannot lose ground during the difficult period. We want to protect the gains the campus has made in recent years and we are required to make further gains.

At the same time we are experiencing budget cuts and there is complete uncertainty about future state funding. The Governor announced last week that his budget will be built with university's tuition frozen at the 2007 level and capped at 3.5% for FY11.

At this point, we do not know what level state funding will take for the biennium. In his budget released today the Governor has a plan to utilize funds from the economic stimulus package to offset the impact of a tuition freeze.

The stimulus package is yet to be finalized and passed and the actual amount for higher education is yet to be mediated by the state legislative process. We anticipate that whatever the level it will be further diluted for SSU by the new outcomes-driven funding formula.

We are hopeful that at least for this biennium universities will be able to transition to the new formula through a "stop-loss" provision but there is no guarantee that something like this will survive the legislative process.

FY11 is a matter of extreme concern. The Office of Budget and Management is projecting a three-year decline in income tax revenue and a two-year decline in sales tax revenue and Ohio's general revenue taxes have declined two years in a row.

The Governor indicates that projected revenue taxes available to the state of Ohio "will be lower in the 2011 fiscal year than they were seven years earlier."

We already know of the plan to limit institutions to 3.5% tuition increases. If the State has not yet realized a complete economic recovery we should expect further declines in state support.

FY12 looms "even larger" for SSU. This is the first year our funding will be based entirely upon our performance as determined through the funding formula and the USO Strategic Plan goals. We have just two years to turn around our extremely low retention and graduate rates. Funding will be linked to student course completion and graduation rates, as determined by the new formula, and we will need to accommodate the fact that the continued inclusion of associate degrees as part of our degree attainment numbers is at risk.

And, we will need to grow.

Failure, or even underperformance, in these areas will result in a decrease in state support. We will address these challenges by growing our enrollment and a realignment of resources, fiscal and personnel, to meet new goals. In the next two months we will both develop plans for growth as we finish our 20/20 planning process and plans to realign our current funding to "free up" funds for new programming that will help us grow.

We will also identify an academic area for a Center of Excellence as required by the USO Strategic Plan. We are about to begin a journey that will lead to a limited region-based research agenda for the university. Such an agenda will require new resources to build an infrastructure, enhance our grant writing capacity, secure new faculty with modified performance expectations, and develop appropriate facilities.

These are formidable requirements that will strain our current personnel and resources and I have asked the Provost to explore methods for us to develop a Center of Excellence in conjunction with one of our sister universities.

This means that even with a level budget some current programs will be cut and funds reallocated.

Enrollment increases and increased efficiencies will help meet the costs of growth and new programming and offset the necessity to cut current programs or possible decreases in state funding.

**We must grow within very limited physical resources.**

At the end of the 10-year USO Strategic Plan we should be serving an additional one thousand students with basically our current buildings and grounds.

Our classrooms cannot accommodate larger classes and we need more office space. We need more laboratory facilities and housing. We need to make room for other institutions that we will be inviting to campus.

We have already begun to maximize our use of facilities with the semester calendar and we are seeking space on the perimeter of the campus to house some of our community-based programs.

I expect the 20/20 planning process to recommend new science facilities and next year we will begin the planning process for such facilities. And we will need to find new resources to pay for such facilities. If we can match the requirements, we will tap into Economic Stimulus funds for “shovel ready” projects that are likely to come to the State.

Additionally, we are developing a master plan to meet additional student residence needs without investment of university resources.

**We have new tasks to perform without new staff and resources.**

Our “spurt” in enrollment this fall stretched our instructional faculty and our administrative offices are daily receiving new duties related to the evolution of the USO, new state and federal requirements, and our own institutional “growing pains.”

Every day each of us is likely to be asked to do more with less. And the changes just don't seem to stop. We need to reinvent ourselves in a manner that seeks to ensure our current employees have a place here.

Higher education doesn't do a good job of balancing its workload. We add new things but we rarely get rid of something. We are currently addressing some of the new demands by temporarily reassigning administrative personnel to align specific skill sets with new tasks, we are attempting to keep the campus informed about new programming, reports, etc. with a “functions chart” to complement the organizational chart, and we will identify possible activities to “get rid of” or reorganize through an upcoming campus-wide budget planning activity.

**We cannot count on our assumptions about enrollment in this recession.**

In past recessions universities have seen their enrollments grow. Community colleges have seen students stay close to home to keep down costs and graduate programs have seen as much as double-digit enrollment. However, the current credit crunch is already impacting family decisions about college attendance.

Although we have an increase in applications at this point in the year and we are accelerating our advertising in some markets, we cannot count on families being able to borrow the money they need. With the passage of the Federal Economic Stimulus Package there will be more Pell funds available to our students. And, we are evaluating the value to our students by having SSU become a “direct lending” institution.

We expect the next 6-8 weeks will begin to reveal information about family abilities to pay for college.

So, we must plan for a possible enrollment growth AND a possible enrollment decline.

### **A Focus on the Future**

Because so much of what I have talked about today has been linked to state funding and I know budget and job security are on the minds of many of you, I am going to spend the rest of my time talking about budget.

I will not take time to detail the aspects of the budget. That will occur at a meeting later in the semester, complete with power point and a Q&A session.

I will talk about general characteristics of this year’s budget and the process for building next year’s budget. And I will end with some observations about the role each of you can play in that process.

Let me begin with the FY09 budget. We built the budget for the current year based upon a legislature-initiated 10 percent increase in state funding. This increase was greater than we would have received had state support been diluted through the old funding formula, but probably less than we would have realized with modest increases in state support and tuition. Recall, however, that this revenue came with strings—a mandate to identify and report the achievement of nearly \$1 million in efficiencies and collaborative efforts.

We complied with this mandate.

Even though we had experienced some losses in the market during the first and second quarters of 08 (the end of the FY08 budget) we decided to move ahead with plans to use reserves we had been “saving” for a multi-purpose field to provide recreational resources for our increasing residential student population—an investment in our growth.

We were also beginning to see a decline in investment income and anticipated that there would be further decline, however, we had no idea what was ahead.

The loss of institutional reserves has many implications. We expect, like most other Ohio public universities, to realize a degradation of our SB6 rating that measures fiscal strength. Secondly, we have lost resources that would have been available to cover other income shortfall (e.g. loss of state funding, money to cover increased expenditures, etc.)

And finally, it forces us to find alternative options to continue projects that we have planned and for which we have “saved.”

The approved FY09 budget anticipated the use of \$3.8 million of general fund reserves—that was before the major changes in the stock market. It included the use of planned savings for major projects essential for our growth as a residential campus.

Right now we are reviewing all locally-funded projects, including the multi-purpose field, to find efficiencies and alternative sources of funds so that we can continue to invest in these types of initiatives.

I fully intend to move forward on these projects.

The use of reserves was done with great reluctance because they are a finite resource in an uncertain period. Once they are gone, they are gone. Each year the Board and I consider the disadvantages of a budget that utilizes reserves. In recent years our investments have helped us grow our reserves and we have started “counting” on them as we grow our university. Because we are good stewards of our funds, are engaging in increased efficiencies, and have been growing our enrollment, since 2001, we have only actually ended one fiscal year utilizing reserves. That was FY08.

Consequently, I have directed that we work to adopt budgeting and spending practices that bring our revenues into alignment with our revenue and require us to only plan for a use of reserves for planned projects and unplanned demands.

As you know, we experienced a large increase in enrollment in the fall.

The related increase in revenues helped pay for the related instruction and offset the impact of the state’s budget cuts and the loss of investment revenue. Late last spring I began to focus upon increasing the flexibility of our reserves. Working with the Cabinet we identified that \$4.5 million, or 30% of our reserves are in unit-based carry forward funds.

In order to insure that such carry forward funds are used for expressly intended purposes and not just “savings” accounts we asked departments to submit plans to identify their intended use. Without an approved plan, the funds are to be returned to the general fund. This is how we will handle unexpended year-end departmental allocations in the future. Departments did a tremendous job developing their plans and they are ready to go. Right now those plans are on hold, but we will return to them.

I realize that the measures we have taken have required sacrifices by many of you and I thank you. Your efforts are making a difference and helping us secure our future.

Now we are in the preliminary stages of developing our budget for FY10 and developing the foundation for FY11. In recent months the universities have been in conversations with the Chancellor and the Governor regarding State and USO goals, tuition flexibility, access

and accountability. The current economic and political environments have given those conversations a quality similar to traveling down Alice's Rabbit Hole.

In the next few months the university must prepare a budget. Before the budget is completed we will need more information. Right now there are some "knowns" and "unknowns."

### **Knowns**

1. Ohio is investing in college graduates. Increasing the educational level of Ohioans will help the state address and solve Ohio's economic challenges.  
It is not investing in you or me.  
The investment is in our students and their futures.  
This investment requires accountability on the part of the providers of higher education.  
Accountability means achievement of goals.
2. Tuition for FY10 is frozen at the FY07 level and likely to be limited to a 3.5% increase in FY11.
3. We are obligated to increase our enrollment, student retention rates, and graduation rates as conditions of funding. Our performance will be measured against state criteria, our own targets, and the performance of USO identified peer comparitors.  
This means investments in programming, personnel, and infrastructure to generate and accommodate growth.  
Additionally, new revenues will allow us to grow our current programs and invest in our new strategic and campus master plans.
4. Our ability to raise additional funds to fund new programming, personnel, and infrastructure is limited to increasing our enrollment, engaging in efficient collaborations, demonstrating additional efficiencies, and increasing revenue from other sources, such as fund-raising campaigns.
5. Future funding for SSU will change dramatically during the upcoming biennium. Any state funding increases coming to SSU will be "filtered" through a new performance-based funding formula that focuses upon course completion and graduation rates.

As we understand the formula, there are three elements that will be important to us.

- I. Whatever the State funding percentage, SSU will not receive the full amount. This is because of our "performance" on the factors of the formula.
- II. If the formula is strictly followed, our level of funding will be "held harmless" at 98% of the FY09 level for FY10 and 97% for FY11. At this time we expect that in the following biennium, performance on formula indicators will be the sole determinant of funding distribution. This biennium is our only opportunity to

develop and implement methods for meeting performance indicators and our USO goals with limited fiscal impact.

- III. SSU is currently underperforming on course completion and graduation rate indicators. USO identifies our graduation rate at 29 percent. If we do not make significant improvements in our course completion and graduation rates we should expect to see a significant modification of our funding in the following biennium. Additionally, the Chancellor has indicated that our funding will also be impacted by our engaging in efficient collaborations with other institutions.
6. SSU should be an attractive institution for future students. We offer high quality education and are financially attractive. With a well planned and executed recruitment plan we are likely to attract students from a larger geographic area.

### **Unknowns**

1. We do not yet know our FY10 funding. Deliberations in the Ohio legislature are likely to impact this proposed level of funding so we will not know actual funding amounts and the specifics for SSU for several months. Additionally, we are yet to receive budget development guidelines from the USO.
2. We do not know anything about FY11, the second year of the biennium, and will need to develop some “worst case” planning scenarios.
3. We are carefully evaluating data about our incoming class and our retention patterns.
4. We do not yet fully understand the Chancellor’s plans to impact budgets based upon the efficient collaborations and partnerships for institutions with FTE enrollments of less than 5,000.
5. We are experiencing a decline in the flexibility of our reserves that are in investments. We continue to experience revenue losses, we have reconfirmed the current investment strategy and determined that it would be disadvantageous to convert these investments to cash. At this time we cannot count on investment revenue to finance any expansion within the university.
6. Market fluctuations are also impacting our Foundation. We were fortunate to have completed our very successful “Poised for Tomorrow” capital campaign before the recent chaos in the market. However, there is the potential of our not securing all of our pledged funds during the 5-year pledge period of the campaign and the value of some of the gifts we have already received have declined in the current market. The current climate is impacting our ongoing fundraising activities, our operations, and our scholarship funding.

Our next steps in the Budget Planning Process are

- To complete two planning scenarios. We will identify institutional priorities for new programming, including a Center of Excellence, and strategies for meeting our USO goals.

The completion of the 20/20 planning process this month will provide us with direction, as will the work of university-wide committees. Recommendations will be analyzed to determine costs and implementation timelines will be developed.

This process should be completed by mid-March.

- We will also identify assets to support new programming and/or allow us to deal with any downturn in enrollment.

We have already received some good recommendations for achieving significant savings from members of the university community. This month university units will be asked to prepare plans for 7% and 15% cuts in compensation and non-compensation that include means for efficient reorganization and realignment, and the elimination of some of our current activities.

This process will be completed by early March.

- In March we expect to ask the Board to approve new housing rates and graduate tuition for FY10. During the upcoming fiscal year students will also begin to pay the planned for University Center fee. Also in March I will set parameters and assumptions for the FY10 budget and we will begin to develop scenarios based upon the outcomes of the two planning processes.

When scenarios are complete and we have better information about funding we will hold meetings to update the campus on budget planning. Then the budget will be refined in light of campus feedback and the guidance we receive from Columbus.

We hope to take a draft budget to the Board in May.

### **A Focus on You**

What Can Each of You Do?

One of the best things about being a member of a university community is the excellence and variety of thinking in our community.

Sometimes we consider and discuss outside the parameters of the requirements placed upon us by the state and the federal government.

We hope to “harness” some of that thinking into the parameters and timeline we have for developing a budget. I ask that each of you participate in the two budget planning processes.

If you have not yet been involved in the 20/20 planning process, look carefully at the recommendations that will go to the Strategic Planning Committee. Talk about them in your departmental and governance meetings and provide the committee members with feedback.

Bring an open and creative mind to the 7% and 15% budget cut planning. We need good ideas! Make suggestions about efficiencies that are creative, constructive and well intentioned

If you are on a university-wide committee that is considering recommendations about methods for improving retention, growing our enrollment, being more efficient, or achieving our USO goals be certain that the recommendations are fully developed and forwarded for consideration in the budget planning process.

Ask questions and seek to understand current budget environments. We will keep you informed about what is going on with the budget at the State level through the Friday Letter and In-Focus and we will brief governance leadership about major issues.

Read the materials that will be provided about recommendations for growth and cuts and attend information sessions about the budget. Give feedback. Talk about the facts and don't gossip. We need to be working together and support one another through change and uncertainty.

Do your job and embrace any new requirements that come to your position. Everyone is experiencing change.

### **Keeping Focus**

The theme for this year's address is “Keeping Focus” because we don't want to lose sight of what's important — who we are and why we are here.

I said at the beginning of today's address that this speech wasn't going to be just about change.

We talked a lot about the challenges before us because we need to understand our current and future environment to be able to develop plans that allow us to continue to focus on our goals — and our future.

I hope that today's address gave you a better understanding of our environment.

More importantly, I hope you have a renewed sense of our resolve to rise to meet our challenges while staying focused on our goals.

We are growing.

We are moving forward.

And, we will continue to do what we do best — provide a quality education that meets the changing needs of our students and our community.