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Faculty and Staff Breakfast Remarks

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President's Remarks for Faculty and Staff Breakfast

Friday, August 24, 2012

Welcome

I am delighted to welcome you to this special breakfast and to the start of a new academic year at Illinois Wesleyan. This is a very exciting time for all of us and for the students who have already begun to arrive. I would like to thank everyone for the work done over the past few weeks to ready the campus for the start of school, from the residence hall staff and the buildings and grounds crew to the faculty putting final touches on course syllabi and all those who executed the orientation and summer reading programs for new students under the direction of Terrance Bond and Chandra Shipley.

At this time, I would like to recognize Mike Welsh and his staff for their efforts in preparing breakfast for us this morning and for their continuing work on our behalf throughout the academic year. The Sodexo group impresses us all with their willingness to meet our needs in almost any location on campus.

One of the special opportunities I have as president is to announce the Max Starkey Award winner. This award is presented to a staff member who has provided an invaluable service to the IWU community through loyalty, enthusiasm, and outstanding contribution in his or her work and assistance to others. The award was established in 2001 at the suggestion of and with generous assistance from the Starkey family. Max was University Comptroller and served his entire career of nearly 40 years in the Business Office, after graduating from IWU in 1957. The awarding of this distinction to an IWU staff member provides continuing recognition of Max's legacy of dedicated service to IWU, its students, staff and faculty. The award consists of a framed certificate, a cash stipend, and recognition on the permanent Max Starkey Award plaque near the Business Office in Holmes Hall.

Everyone who works at Illinois Wesleyan is asked each year to provide nominations of individuals who are deserving of this honor. The number of nominations indicates that there are many people here at Illinois Wesleyan who are thought to be worthy of this distinguished award. These are the people that make Illinois Wesleyan such a supportive and thriving institution, and we depend on them for the continued success.

As in the past, a committee of retired staff and faculty, along with two of Max's children, were asked to review the nominations and choose the 2012 honoree. This committee provides a long-standing perspective on excellence in serving the Illinois Wesleyan community as well as knowledge of the dedication and loyalty to which Max exemplified so well and which we seek to pay tribute.

And now, this year's clues...

- One person's nominating letter said this person exemplifies exactly what this award is all about. He-or-she supports teaching and scholarship and is willing to go above and beyond any request.
- The recipient is described as loyal, enthusiastic and outstanding at assisting others-- with an attitude toward work that is all about a generous willingness to meet everyone's need. This person is also described as empathetic and avuncular, a kindly country doctor with a tweed cap, who makes house calls and always finds a solution to a problem.
- An IWU employee since 1991, this individual keeps professors up and running with technology in the classroom, always to the rescue and is the "go to" person for multimedia presentations in classrooms and at public events across campus.

- A nominator said of this instructional technologist, whose office is in The Ames Library, “his reassuring manner is a wonderful complement to his technical expertise and dependability.” With a never-ending smile, ever-present good nature and willingness to help others, just about everybody in the county knows his name.

I would now like to ask Patrick McLane, Instructional Technologist in Information Technology, to come forward as our 2012 Starkey Award winner.

I would also like to recognize the new faculty and staff who have joined us since our breakfast last year.

I would like to make one other announcement. For the past four years, Gabriella Johnson has worked for the Grounds Crew while competing on the track team and earning her degree at IWU. I suspect that many of us in this room have seen her working on projects around the campus. Today is her last day, and I ask that you join me in a round of applause for Gabriella as way of thanking her for her work as a Titan.

Finally, I have waited eight years for the billboard at the corner of Empire and Main to come down. I want to publicly thank Carl Teichman for his sustained efforts in working with the seller and the buyer to get that done.

State of the University

This is one of the few occasions when the entire campus community comes together, and I cherish the opportunity to talk with you for few minutes about the state of the University. I have divided my remarks this morning into two parts: (1) an update and summary of key accomplishments over the past year and (2) observations about some plans and priorities for the future that I believe are important.

Updates and Accomplishments

- I need not tell you that approximately 532 new students arrived earlier this week, a class with several important characteristics:
 - This is the most diverse class in Wesleyan’s history. 107 students identified themselves as Multi-racial, African-, Latin-, Asian- and Native American, crossing the 100 student threshold for the first time and bringing total MALANA enrollment on campus to 300 (15% of our total enrollment)
 - The number of international students in the class is 25, bringing the international student total to 93 (almost 5% of our total enrollment);
 - 80 students in the class had a close family member or relative attend IWU;
 - 35 transfer students arrived this week, the vast majority from other four-year colleges
 - And the academic qualifications of the entering class are comparable with previous years.
- As a result of the tremendous growth in MALANA enrollment over the past five years, we added a second position in the Office of Multicultural Student Affairs and welcomed George Jackson and Tonya Daniel into leadership positions in that office.
- We announced a new phased/early retirement program for the faculty and four of our colleagues have already decided to take advantage of this new program. With tremendous help from Staff Council, we are finalizing the details of a similar program for staff which we are planning to announce on October 1.
- We welcomed to campus this fall six new tenure-track faculty members listed in the handout.
- The Office of Grants and Foundation Relations has been reorganized, and Carlo Robustelli moved into that area as the new Director.

- We made several improvements in information technology: purchased a new core router; upgraded network electronics in Munsell, Ferguson, Presser and Memorial Center; added wireless capabilities to Ames Library, Presser Hall and CLA; and upgraded the broadband from 90Mbps to 155Mbps. In addition, ITS and Ames Library combined three service desks into one service point in Ames.
- Following a thorough review, the faculty voted to retain the overall structure of the General Education program but revised nine specific components.
- Thanks to the diligent efforts of the Self Study Steering Committee, our report was completed and submitted to the Higher Learning Commission well in advance of the August 1 deadline (*ask members of the committee to stand and be recognized*).

Given where we were fifteen months ago, we have made tremendous progress on assessment goals. Academic units have devoted enormous time and attention to this matter, and we have moved from a position of serious deficit to one of considerable strength. As part of this effort, a campus-wide Assessment Committee has been established to monitor progress and provide advice on best practices.

- Our continuing commitment to sustainability is reflected in three special initiatives this past year: installation of two electric car-charging stations at the Welcome Center, dedication of the Peace Garden, and installation of 144 geothermal wells in the Quad to heat and cool the new classroom building.
- A group of faculty members went to Russia to participate in the International Conference on Childhood, and we welcomed to campus scholars from Russia, Slovakia, China, and Taiwan.
- Students' experiential learning opportunities were outstanding. We had 134 students study abroad for a semester or year and 132 who participated in travel courses in May. Equally exciting, we used a synchronous learning system to permit 5 nursing students to take two required courses and participate in our study abroad program in Barcelona, and managed 462 internships through the Career Center, a 12% increase from last year.
- We welcomed our first exchange student from Al Akhawayn University in Morocco and signed a new exchange agreement with Lingnan University in Hong Kong.
- We made some progress in addressing the back-log of repair and remodeling projects, some with private gifts and some with funds in the operating budget: new steam line for McPherson (now that's exciting), phase II remodeling of Presser, new furniture in some of the residence halls, security cameras installed at Shirk, Beecher Street parking lot was expanded, and a new generator installed at the Heat Plant. In addition, Student Senate allocated \$180,000 for upgrades in the Hansen Student Center that were completed this summer.
- We dedicated the new entrance to the Art Building and played our first season of football on artificial turf. Income from the Shirk Endowment was used to install a new surface in the Activity Center at Shirk and a combination of private gifts and an allocation from Student Senate funded replacement of the practice gym floor in Shirk.
- All of the design, siting, and financing issues related to the new student apartments were completed and construction of *The Gates at Wesleyan* will begin early in September. The cost and operating expenses for these buildings will be covered through rental income generated by the students living there.
- We continue to make good progress on the *Transforming Lives Campaign*. We crossed the \$100 million mark in gifts and commitments in July and are exactly where we need to be to reach our goal of \$125 million by 2014. We have received \$11.3 million for endowed scholarships, \$17.6 million for endowed professorships, and \$21.8 million for facilities.

- We announced the Eckley Scholars and Artists Program, allowing us to jump-start our efforts in terms of involving students in scholarly and artistic projects over the summer.
- And finally, although we will not have final financial data for a few more weeks, Vice President Klotzbach and I have reviewed preliminary reports and can assure you that we will end the fiscal year “in the black”. In addition, all financial audits were completed successfully with no reportable conditions. Standard and Poors upgraded our bond rating from BBB+ to A-, not an insignificant change in the current economic environment.

I might add at this point that Sterling Partners (a private equity firm) and Bain and Company (no, not the one in the news) issued a report in July on the financial health of 1692 public and private universities in the United States. Illinois Wesleyan is among the 40% judged to be in a sound financial position. The remaining 60% either were judged to be “at risk of slipping into an unsustainable financial condition” or “have been on an unsustainable financial path in recent years”.

Plans and Priorities

My overall assessment is that we had a very good year and made progress on many important priorities. I want to turn now to the challenges and opportunities in the year ahead but do so with the knowledge that we are operating from a position of considerable strength.

New Classroom Building. After staring down into big hole in the ground for what seemed like six months during the spring and summer, the installation of the steel and the roof, and just this week, the start of stone work, seems to be moving at lightning speed. The building will be completed no later than July of next year, and we will hold Commencement on the plaza in front of the building. We have secured the funds to construct the building and have an endowment of \$1million to provide repairs and remodeling in the future.

Installation of the geo-thermal well field was quite an undertaking. In the first instance, the contractor drilled 144 wells 300 feet into the ground. That was enough of a challenge but along the way they encountered the buried foundation of Hedding Hall, slowing the process down considerably. Nevertheless the well field is in place and reseeded the Quad began yesterday. I want to mention at this point that our grounds crew is overseeing all of the landscaping for the new building.

Trees. Several people have asked me about the plan for replacing trees that were taken down over the past few months. Several of the trees had to be removed to construct the new building, but we were careful to weave the geothermal field around the trees on the Quad. The landscaping plan for the new building includes the planting of 41 new trees.

Equally significant is the number of trees taken down by us and by the city during the summer because of the emerald ash borer. As many of you may know, we live in a quarantine zone with respect to the ash trees, and these trees are being removed by communities all over the state. Although there are treatment regimens that work in some instances, they are expensive, and there are no assurances that the trees will survive for the long term. The staff is attempting to save a few ash trees on campus, but there are no guarantees. Thus far, 27 ash trees have been removed over the past two years, including 17 surrounding the parking lot at the corner of Park and Empire (turning the President’s House into sunstroke acres just in time for the hottest summer on record). These trees and others on campus will be replaced as soon as the weather conditions are right. I might add that the city has removed 500 ash trees in the community this summer, including a few on campus that will be replaced in the fall.

Accreditation. I think everyone is aware of the fact that our HLC accreditation visit will occur on October 1-3, 2012. As I mentioned earlier, I think the self study committee has done a remarkable job of writing a report that portrays fairly our accomplishments since the last accreditation visit and our challenges for the future.

Campaign. We have made good progress on campaign goals related to scholarships, professorships, and facilities. The area in which we have made less progress is what we have labeled the “Endowments for Excellence”. The fundraising targets in this category are tied to strengthening the core programs of the University, e.g., study abroad scholarships, summer research funds for students, departmental endowments, lecture series, and young investigator stipends. We intend to intensify our efforts to secure gifts for these programs over the final two years of the campaign.

Compensation. As everyone in this room knows, faculty and staff received a very modest salary increase this year along with a 1% increase in the retirement contribution (from 6% to 7%). I recognize that compensation levels are not where they need to be and assure you that improving compensations remains a priority. I will have more to say about this issue in a few minutes.

Enrollment and Budget Planning. I want to devote the balance of my remarks today to our enrollment and budget situation for this year and next year.

At this breakfast last year, I mentioned that the enrollment market was very volatile, not only for us but for many private universities. The dimensions of this problem have not changed and, if anything, have intensified:

National Context

- Unemployment continues to be a serious concern. Even people who have jobs are worried about whether they will be able to keep them.
- The concerns that parents have about their own employment is now reflected in their approach to selecting a college for their sons or daughters.
- Over the past year, much national attention has been focused on the high cost of tuition at private institutions, usually coupled with a comment about the rate of increase over the past ten years.
- Parents and students are very worried about covering college costs and have become increasingly fixated on avoiding debt.
- Institutions are being asked to justify their costs (i.e., the value proposition).

Institutional Context

- Even with the modest tuition increases we have planned, the comprehensive fee at IWU will pass the \$50,000 mark in two years.
- The number of students applying for need-based financial aid at IWU has increased from 72% to 81% over the past five years.
- The number of students from low socio-economic status families (i.e., Pell Grant Eligible) has increased from 11% to 20%. This is actually a good thing in terms of our economic diversity but it does present financial aid challenges.
- The adjusted gross income of families with students admitted to IWU has not changed materially in the last three years
- We are currently allocating 60% of all tuition increases to financial aid

- Despite this investment, the increases in our financial aid budget have not been sufficient to sustain both our merit based scholarship program and meet student demonstrated need.
- Need-based financial aid at the state level has been reduced and federal aid is under constant threat.
- Finally and most importantly, the average financial aid gap for our students has increased from \$3600 to \$6600 over the past four years. What that means is that when we sum all of the grants, scholarships, and federally subsidized loans, the typical student still has a \$6600 gap that must be filled by parents securing alternative loans. That has become an increasingly difficult position for us in terms of student recruitment.

The concern that I expressed last year at this breakfast about the need to take action to adjust to the environment in which we are working has become more critical in light of our enrollment shortfall this fall. I have spent most of the summer reviewing data and analyzing alternatives with the Cabinet and have developed some tentative conclusions and recommendations that I want to share with you.

First, it would be very painful for us to “cut” our way out of this problem. What I mean is that we have spent considerable time over the last decade looking for ways to become more efficient, and we have taken advantage of the most obvious cost-cutting options. Sure, we must continue to look for ways to be more efficient, but the money involved will be nominal in comparison with the challenges we face.

Second, I don’t find the prospect of reducing our size very attractive. We have built this institution, both in terms of personnel, programs, and facilities, to work best with a student body in the 2000-2100 range. In addition, there is something compelling about our size in making our case to students—small enough to provide personal attention but large enough to offer opportunities.

Third, we cannot increase tuition enough to address all the needs we have. We currently have the third highest net price in the state (after subtracting grant and scholarship aid from tuition). Furthermore, if we continue to allocate 60% of each tuition increase to financial aid, we will have difficulty meeting other important needs with the balance that remains. To illustrate this point, a 3% tuition increase yields about \$2.1 million in new revenue. Our current experience requires that we allocate \$1.2 million to financial aid, \$300K to cover health insurance increases, and \$200K to cover the increase in the pension contribution. That leaves us with only slightly more than enough for a 1% salary increase and almost no funding for expense budgets, repair and remodeling, information technology, and utility increases.

If we can’t cut budgets enough or increase tuition to solve our problem, then our only choices are to more effectively recruit students to reach our enrollment target, build the endowment, and/or increase the size of the annual fund. And all of this must be done rather quickly. So, what do I have in mind?

Fiscal Year 13. In June, I reported to you that our estimates at that time indicated that we would not meet our enrollment target of 2050 for fall. Although we won’t have final enrollment data for a couple weeks, our current estimate is that we will be 25-30 students below that target. That shortfall, plus the fact that we overcommitted our financial aid budget in order to enroll the class that we have, results in a budget shortfall for this year of approximately \$1 million (about 1% of our total operating budget of \$90 million).

Our plan to address this problem relies on identifying non-recurring funds that can be saved during the course of year, thus protecting current budgets and buying us some time to implement longer-term strategies. For those of you unfamiliar with what I mean by non-recurring funds, I am referring to cash in this year’s budget that is not spent, e.g., salary savings when someone leaves part-way through the year and is not replaced immediately, financial aid that is saved when a student leaves at the end of the semester, or money in expense budgets that is not used.

The way we are going to identify these funds is outlined below:

- 1% tax on budgets of the President, Provost, and Vice Presidents/Deans: \$500,000
- Financial aid savings: \$200,000
- Reserve a portion of R&R Budget: \$100,000
- Other Sources: \$200,000

I believe this approach to covering the shortfall for this year will be least disruptive to normal work on the campus as a whole, sustain momentum on important priorities, and buy us a year to make some permanent changes that will have a salutary effect.

FY14 and Beyond.

As we look to the future, it is clear that some changes need to be made if we are to thrive as an institution. Like most complex problems, there is no single panacea and we must move forward on several fronts at the same time:

1. **Faculty and Staff Engagement in the Admissions Process** . The faculty and staff have always participated in the admissions process, but the current environment places a premium on active engagement throughout the year. We know that this approach is used by the schools in our peer and aspirant group, and I am delighted that the faculty has elected to make admissions the theme for the Fall Faculty Conference. I look forward to hearing more about the ideas generated during this Conference that can help support the recruitment of qualified students. I also suspect that the Conference will serve as a springboard for conversations by the faculty over the course of the year on appropriate ways to connect our present and future curricular offerings with the interests of prospective students while, at the same time, honoring the essential elements of our mission.
2. **Strengthen International Student Recruitment**. One immediate difference between the size of this year's entering class and the one that entered last fall is the number of international students. We had 10 fewer international students enroll this year. When Provost Green was in China in June, he met with an alumnus who is working in the college placement business in China. Tony Bankston has initiated conversations with him about becoming an admissions counselor for IWU in Asia. I feel very confident that having an IWU admissions counselor in Asia will have an immediate impact on our enrollment of international students.
3. **Review of Financial Aid Regimen**. Each year our enrollment consultant, Human Capital, provides us with an analysis of the efficiency with which we have awarded financial aid. The objective is to determine whether we have allocated need and merit aid to best advantage. We made several changes last year to improve our yield of students from specific income levels and academic backgrounds. We need to determine if those changes were successful and where our regimen did not work. Some of this information will be shared with the faculty at the retreat that follows this breakfast.
4. **Implement the SLATE System in Admissions**. About two years ago, the Office of Admissions began exploring a more robust information system. A system called SLATE that had been developed at Yale and adopted at several other schools emerged as the preferred option. This system has been installed and will allow us to integrate all aspects of the admissions process, from initial inquiry and the application through acceptance and enrollment. The system is both broad and deep in terms of functionality, e.g., allowing us to contact more prospective students in an efficient way, making it easy to segment mailings according to interests, and providing students with on-line information on the status of their applications. We need to increase the number of applications in order to meet our enrollment target, and SLATE offers this potential.

5. **Lacrosse.** One interesting development in the Midwest has been the growth of lacrosse at the high school and college levels. In our athletic conference, Augustana, North Central, and Carthage have recently established lacrosse teams, partly to help with their student recruitment efforts and partly to enhance their academic profile and achieve greater geographic diversity. We have been following these developments carefully, assessing the potential opportunity for IWU, and developing some background information for discussion early in the fall.

6. **The Wesleyan Annual Fund and the Endowment.** Securing private gifts for the Wesleyan Fund and the Endowment need to be the highest priority for the balance of the campaign and for the foreseeable future. The Annual Fund is budgeted to grow at 3% per year and certainly is an important source of unrestricted gifts. However, the projected growth yields only about \$100,000 a year. Three loyal alums who understand the elements of a successful annual fund have recently completed a thorough analysis of our program and made several recommendations that will be implemented immediately to help us meet and exceed our target.

The endowment is projected to grow at 6% per year through a combination of new gifts and appreciation. The market was very sluggish for the first six months of the year but has been moving in a positive direction for the past two months. A downturn in the last two months of 2011 kept us from reaching our endowment target last year, and I worry about the election having a similar impact this year. Nevertheless, the size of our endowment is the primary difference between IWU and many of our peers and growth of that important resource is key to our long-term success.

Closing

As I welcomed an enthusiastic group of students to campus earlier this week, I found myself excited about the start of another academic year. Sure we have challenges but we have much to celebrate. I think our mission as a liberal arts college with selected professional and pre-professional programs anchored in that tradition is a distinctive niche that positions us well for the future. In addition, we have plenty of evidence that students receive an education of the highest quality at IWU. The faculty is very talented and cares deeply about teaching and learning. The staff on this campus is both conscientious and loyal. We attract great students, and they find this to be wonderful undergraduate home; our retention and graduation rates confirm that fact. We also can take considerable pride in the accomplishments of our graduates. If we must face challenges, these are the assets that make the effort worthwhile and will ensure our success.

Thank you very much for coming today. I am happy to answer your questions about any of the topics that were part of my remarks or about anything else for that matter. I look forward to another terrific year at Illinois Wesleyan.

Richard F. Wilson