

TITLE SLIDE

Good morning and welcome to the annual President's State of the University Address. I know that there isn't a single person in the room that doesn't have something more productive that they could be doing elsewhere, so I doubly appreciate the fact that you're taking the time to come here and exercise your right and your responsibility to be a member of the community of people working together for the betterment of everybody who is here, not just in this room this morning, but elsewhere throughout the University. I hope that everybody had a terrific holiday season and enjoyed time with your family and friends and that you have returned for what I hope will be for you personally, as well as for all of us collectively, a very happy and prosperous and productive year for 2013.

I'd like to begin this morning by recognizing the Trustees who are here and thanking them for coming.

It's gratifying to have so many people show up. I hope that as you reflect upon my remarks, they will inspire you to continue your excellent work here at the University and to build upon what you have already accomplished in order to ensure our future collective success. Because of the complexity and importance of what I intend to share with you today, this may take a bit longer than normal, and so in advance I want to thank you for your understanding of that added marginal length to my comments.

We face at Roosevelt University unprecedented challenges in our history, and while these challenges may at times seem to be overwhelming, when we look at them thoughtfully and in a comprehensive manner, they can also be seen and should be understood to be great opportunities to re-position the University for success in the 21st century.

Therefore, it should be no surprise to you that my remarks today will focus on the strategic planning initiative in which we are all heavily engaged, and on its increasing importance in determining both the nature and the scope of our future successes. I intend to share with you the results of the work that has taken place thus far on the development of the institutional strategic plan and especially one critical component of it, the strategic enrollment plan, and then I intend to engage you in thoughtful consideration of our plans to finalize the project and launch the new future of the University by the end of the spring semester 2013.

To begin, the strategic planning process is in its current state of development because of the active participation of over 100 individuals from all parts of the University. Over the last semester you have attended assemblies, submitted suggestions, provided data and served on task forces. And throughout this process, you have provided valuable insights and helped shape future thinking as the process unfolds. I know that our consultants, the Enrollment Task Force, and the Steering Committee deeply appreciate this feedback and have used it to inform their deliberations and their recommendations over the past several months.

In the midst of launching and engaging in these foundational discussions, we also learned that Moody's Investors Service had downgraded our bond rating from BAA2 with a negative outlook last year to BAA3 with a stable outlook this year. This decision was driven by our continuing enrollment challenges and the associated revenue declines that we experienced in the fall 2012 semester.

In light of these events and other operational issues, some have begun to question our long-term financial viability. Provided that we fix our enrollment challenges, Roosevelt University has a solid and stable long-term financial position. But we must fix our enrollment challenges.

As Moody's has acknowledged, **SLIDE:** "the stable outlook reflects their expectation that Roosevelt's recently implemented changes in recruiting and marketing will help [the University continue to produce] at least break-even operating results and that recent improvements to financial management and budgetary controls will improve cash flow sufficient to cover debt service."

Our notable strengths include the performance on our endowment, our long-term assets, and our future revenue projections based upon positive future enrollment indicators due, among things, to the success of the College of Pharmacy, and our **SLIDE:** "diverse academic program offerings, with popular new health science programs and the transformation into an increasingly residential institution from a commuter base. Strategic partnerships with local community colleges also strengthen our transfer enrollment." And there are some really good indicators for this semester in that area alone.

We also have great cause to celebrate our growing co-curricular strengths in the Honor's Program, the Academic Success Center, and Intercollegiate Athletics, as well as in other places. All of these centers of excellence and many others, when combined with our strengthening partnerships with community colleges and community-based organizations, and when coupled with our efforts to expand our national and international foot print --- all these position the University, despite our current financial challenges, to have substantial reasons to be encouraged about our potential to pull through these difficult financial times.

But let me be clear about the situation. While the prospects for successfully dealing with our enrollment challenges are there, success will elude us unless, and until, we undertake significant reforms in all divisions of the University. I'll have much more specifically to say about these things in just a moment.

In the immediate short run, however, as a tuition-driven institution, we like all other tuition-driven institutions in the country, face great challenges.

Our current short-term financial position is difficult. Under my leadership, we took a bold risk in simultaneously financing two major capital projects with the Wabash Building and the Goodman Center and in re-instituting intercollegiate athletics, all during the most challenging economic times in this nation's recent history. We also invested significantly in Schaumburg in both new, modernized space and in personnel in order to create the College of Pharmacy.

I acknowledge that some aspects of this risk have not played out as projected, but I continue to believe that ultimately these strategic investment decisions will yield results that will benefit Roosevelt University well into the future. I also acknowledge that in any task of this magnitude ultimately calls for sacrifice. Everyone here today has made significant sacrifices in order for these investments to be made. You continue to do so, and for that I simply cannot thank you enough.

From the bottom of my heart I am keenly aware daily that these have been, and will continue to be, difficult times. Yet I know as well that we are on the right path towards the transformation of the University --- a path that is essential for our future success --- and I know that if we pull together to improve our retention and recruitment rates for both continuing and new students, we will solve our financial problems, and we will return to a path of growth.

Over the recent past, I have asked myself again and again, what could we have done differently? How could I personally have better positioned the conversation in such a way as to yield better results and less stressful outcomes? There isn't a day that goes by that I don't replay all those old tapes and revisit all of these issues. And I keep coming back to two conclusions:

First, that leaving aside pharmacy and athletics, our enrollment decline in all other populations over the last decade has been continuous, but especially in adult and part-time undergraduate students. This would have put us in far worse condition than we are today, therefore, if we hadn't added these new programs. Indeed, the addition of new programs (Pharmacy, Athletics, the IO Psychology Ph.D. and Sustainability Studies being the most prominent though not the only ones), has enabled us to mitigate significantly against the decline in all these other groups of students over the past decade. They were supposed to, of course, fuel our growth, and not to cushion our decline in enrollment.

Second, that these new programs mandated a new type of infrastructure investment, or at least an investment that is new to Roosevelt if not so novel in higher education generally. Let me be clear: once we determined that the requirement that we invest in a new sprinkler system to keep the Herman Crown Center operational was a cost that was too large for the benefit we might receive, we knew that we had to build something else on that site. Then, and only then, in 2007-08, did we realize that this opportunity wasn't just about a new residence hall per se, or even about facilities more generally; it was about programmatic enhancement of the sort that would address the continuous decline in enrollment that we already faced by those years and the creation of facilities that would also sustain new program growth in the University generally.

So, the plan was to create new programs to enable us to grow and then to build facilities both worthy of these new programs and that would enhance the quality of the programs that we already had, in such areas as business and science, most especially.

Instead, what happened? As I noted, we now know our successes in these new areas have only mitigated against the impact of continuing enrollment declines in our traditional operations. I am extremely grateful for the new initiatives, and I thank those faculty members, those administrators and staff who have worked so smartly and diligently to assure that these initiatives have been so remarkably successful in such a short period of time. They prove that we can do

amazing new things at Roosevelt, both in new programs and in re-envisioning, rethinking, and reinventing the ongoing ones.

It's important to remind ourselves, as well as all the rest of this, that these changes --- some might even say imperatives --- took place against the backdrop of the worst economic recession in 70 years, which also contributes to our current stressed circumstances. So I think we have two options for institutional success going forward: **SLIDE**

- 1) We can, first, either seek ways to tinker with current paradigms, hoping that working harder and smarter will be sufficient to deal with our challenges; or
- 2) We can move boldly forward and assertively re-envision the University for its future.

Though it is no secret which option I prefer, in the end you, and only you, can decide which path we will take. This is a community-wide discussion, and it requires community-wide engagement; and this is why the strategic planning process is so critical this spring.

Make no mistake about it. If we miss this moment in time to make fundamental strategic changes in order to create the University's future, we may perhaps well lose the opportunity to do so as that future unfolds.

Now let me say something about how you all, each and every one of you, should and must be an active participant in shaping our future together.

We completed work last fall on draft statements laying out Roosevelt's core values, its vision, and its mission, all three of which resulted from several thoughtful discussions of the 21-member Strategic Planning Steering Committee after several campus forums in both Chicago and Schaumburg.

A great deal of foundational work has been accomplished in order to get us to this point, and the Steering Committee is already focused on the future as we move to address the implications of these three baseline statements, each of which is driven by questions about who we are and what we aspire to be. So, what are these questions?

Slide: core values statement

What are our fundamental beliefs...the truths we hold as self-evident?

Everyone in this room should ask themselves, is this who I am? Do I believe these are the truths for me? Success, you see, will rest on the shoulders of those people who answered those questions with a resounding yes.

Second, we moved on to the vision statement.

Slide: vision statement

What is our ideal future?

I think we have agreed on what that was. It is our goal to be “nationally recognized for providing transformational experiences and opportunities for discovery that create socially conscious citizens who are leaders in their professions and their communities.” This is our goal, now only imperfectly realized.

Third, the mission statement, which addresses four fundamental questions:

Slide: mission statement (2 slides)

- *Who are we?*
- *What do we do?*
- *Who do we serve & where?*
- *How are we different from all the other 4000 institutions of higher education out there in the world just in this country alone?*

These three enduring statements, as I look at them and as I hope you will look at them, will change very little, if at all, over time. They will drive our five goals as discussed at the campus assemblies in December.

These goals will have two primary characteristics: they will be action oriented, and there will be clear and public responsibility and accountability for attaining them. Each of these goal statements will include a set of objectives -- desired outcomes, if you will -- that will be pursued over the next three months to five years and that will be converted into action items on which we can measure success and for which we can assign again responsibility for implementation.

So let's turn to the first goal. While all of these goals are overarching in some ways, and all of them deserve lengthy comment, today I want to spend most of my time on the first, **SLIDE:** “**Enhance the total student experience; increase retention, graduation rates, and enrollment.**” I do this for two reasons:

- First, we are further along in its development of this goal; and
- Second, and more importantly, it's the central goal that we need to focus on for the short-term.

As important as the others are, if we don't get this one right --- and fast --- then it may matter less what we do in addressing the others.

As you know, we've just come through a presidential election. Like many of you, I'm an electoral wonk, and I recall, thanks to this election, a time in 1992 when James Carville told Bill Clinton that everything else notwithstanding, only one issue mattered. **SLIDE:** He said, “It's the economy, stupid.”

Well, this a community of smart people, so let me rephrase that quote slightly, but hopefully with the same impact and clarity at Roosevelt: “Hey, everybody! It's enrollment!!!”

We all know that enrollment consists of two features. **SLIDE:**

- The first is getting the students to come here. This, while still vitally important, is actually the lesser of the two.
- The second is retention and graduation, which is critical to success.

An institution that attends only to the first, or even largely to the first as we have unfortunately done at Roosevelt, cannot succeed, especially in today's environment where students have choices and where they exercise their choices freely, regularly, and often without warning.

So, it was critical at our campus assemblies on December 4th and 5th for us to receive a forthright presentation from our consultants on the competitive higher education landscape in metropolitan Chicago specifically and the changes taking place in higher education across the country more generally. They stressed that we must leverage the programmatic and geographic advantages of our operations and provide top quality service from the moment students inquire about admission until the day they walk across the stage in the Auditorium Theatre at graduation. Students must feel comfortable at Roosevelt and they must be both socially at home and academically challenged if they are to succeed here. Otherwise, if either of these factors is missing or uncertain, they leave us and look for a better fit for themselves.

Let us look dispassionately at the data.

SLIDE: Peer Dashboard Highlights

Here's the quality of Roosevelt as compared to its peer group.

It is a myth, the first of two that I intend to dispel here today, that our freshman students are less well prepared than the students that matriculate at peer institutions. That is simply not so, and it is time for us to stop saying it is. The data does not support this conclusion. The University is actually succeeding in the first element of enrollment management if we use freshman student quality as measured by ACT scores (the third column from the left and in red on the slide before you) if we use that quality of measurement as the key indicator.

As we know from these data, we are recruiting freshman who have the capability to stay and graduate at the same rates as our peer institutions -- but they are not. We must ask why. The answer isn't simple or easy to ascertain. But we are making good progress after an excellent start in discerning the elements of our comparative lack of success in this, more important aspect of enrollment management, retention, etc., and we will do more as we learn in the future from our endeavors.

Retention is directly correlated to student satisfaction, both personal and especially in the student's belief that the academic challenges of the institution are worth the sacrifices (financial and personal) that they have to make in order to complete their college degree.

In addition, students have to have sufficient financial wherewithal so that they can afford to stay in school, especially when unanticipated economic events outside their control (for instance, the loss of a parent's job) fundamentally change the nature of their financial circumstances.

Put another way, academically prepared students such as ours need to be challenged in the classrooms, but they also must have some degree of financial capacity or preparedness if they are to withstand external changes in their home environment that undermine their financial security.

When one or both of these attributes is not there when lack of academic challenge, perceived or real, including disappointment in the quality and focus of the academic program, and financial unpreparedness combine, it is next to impossible for us to keep them here at Roosevelt. Studies all over the country over the past thirty years, over all types of institutions, reached the same conclusion for all higher education.

Knowing this, therefore, I decided to analyze our freshman class and to look specifically at our freshman to sophomore retention rates and their impact on our overall financial situation.

Here's what I discovered. I looked at the freshman classes of the last two years. Our freshman to sophomore retention rate for 2010-11 was 65%, and for 2011-12 was 58%. This rate for our peer group was on average 70%. Applying that average percentage to our freshman class in each of the last two years, here would be the additional sophomore enrollment for fall 2011 and fall 2012. I have also provided the actual differences in raw numbers. You will note the numbers are actually quite small (24 and 53 respectively).

I then calculated the net revenue loss after financial aid was deducted over the last two years for just these two comparatively small groups of students who were at Roosevelt in that period of time, and here is what I got.

The conclusion is that we lost \$1.15M that we could have spent on operations and support of our people just from our lack of retention as an average institution in our peer group over two years. If we merely perform as an average institution in the peer group and we do nothing else, we will significantly improve our financial position over time.

This solve all of our financial difficulties, of course, but it certainly will mitigate against many of them.

If you do a similar analysis for transfer students, part-time students, and graduate students, and you spread it out over four or five or six years depending upon the class, there is still work to be done in these areas because those numbers are too low, as well. And given the comparative size and scope of these other groups, when you put them all together, the financial impact of improved retention in these groups along with the freshman class is also potentially vastly significant to our overall wellbeing in the future.

If you contemplate these numbers, which will be up on the web for you to review again and again as soon as we can get them there, I think you will all understand where our challenges lie. It's enrollment. And it's not just getting them here, it's keeping them here until graduation.

Everyone can now see where the great opportunities lie as well. These are things we can fix, if we but chose to do so. But we must be smart, we must be bold, and we must move expeditiously. We must act, not talk and analyze everything to death.

Strategically, what do the overarching demographic data, to which I now return, mean about our future recruitment and enrollment patterns? I think we have to look at that future as part of the discussion. Here are the data the consultants have given us for the top five counties in Illinois that provide the vast majority of our current freshman class on a national basis.

Slide: Demographics and Market Share

It is clear to me that given the demographics in Cook and the other four counties we recruit most successfully in, that we need to expand into other markets even as we strive to increase our share of a declining market locally. It is also clear that if we keep our current market share and maintain our current academic quality, we will contract.

So, we have to seek to expand our market share in Chicagoland just to stay even in the numbers of new freshman students, and we simply must engage in finding and developing and being successful in new markets outside of Illinois, with all the attendant implications that strategy has for the nature of our student body and for our mission.

I applaud the Admissions Office, led by Asia Mitchell and guided by Dr. Sallye McKee, for restructuring their freshman recruitment strategies so that we can spend appropriate amounts of time in the schools locally and travel more outside of Illinois to develop these new markets.

In addition, I asked Dr. McKee to reassign one admissions counselor to be a transfer coordinator for all institutions other than the community colleges in the Northwest Suburbs, which are being served by Elizabeth Gomez De La Casa, and the community colleges that are in the City of Chicago and in the Southern Suburbs that are being served by Jennifer Jones. This will enable us to place greater emphasis on recruiting transfer students for the coming year without significantly reducing our commitment to freshman recruiting, especially in Chicagoland.

I also applaud Provost Gandre's decision to sign a contract with Study Group, USA, in order to bring more international students to the University, as well as the decision that he and Dr. McKee have made to be more aggressive in recruiting international students through the Office of International Programs.

I also applaud the work that George Olson, Kim Ruffin, Tom Kersten, Mike Dessimoz, and many others have been doing to restructure graduate recruitment and to place it in the Provost's Office, working through the Division of Graduate Studies, where it is closer to the faculty, (where it belongs in my opinion), so that we can go forward and successfully in graduate recruitment and dedication at Roosevelt.

All that said, we still need to address retention in each and every one of these groups. We need to do that in an ongoing and evolving way, and that is why the first new strategic goal is to "Enhance the total student experience; increase retention, graduation rates, and enrollment."

Those of you working on that goal need to be bold, imaginative, and you need to develop very specific and creative actions that will ensure success in attaining it, both in student support areas and in the quality, focus, and delivery of academic programs.

Now I turn briefly to the other four goals, and I begin with the fact that there may be some misperception in the community about their nature.

So let me begin by identifying one element of the misperception. Specifically, there are some who reportedly think that because there are no explicit academic and learning goals in the draft plan, the plan is devoid of concern on those issues. Nothing could be further from the truth.

The plan as I see it, and as I think has been conceptualized by the Steering Committee, is actually a plan that compels us to think about academic matters as drivers of each and every one of these goals, one through five. It is my expectation that when the specific action goals come forward from each of the task forces that are writing them, these goals will include measurable academic and support actions that enhance the academic quality of the university overall, and they will do so in very specific and forthright ways.

In short, academics must be infused in everything. Academic issues are not a separate category, though they are likely to be a greater focus in Goal 4 than in some of the others. Academics is everything. It lies at the core of what we do. It is our business.

So, the other four goals briefly are **SLIDE:**

- 2) Increase/diversify non-tuition revenues
- 3) Enhance the quality of life for faculty and staff
- 4) Bring greater clarity to the role and mission of Roosevelt University as a whole, for [each of] the two [physical] campuses, and [for adult/] and online education
 - [To do those things, in the latter category, we must:]
 - A) Enhance diversity and inclusively and cultivate being at home in a diverse community, and we must
 - B) Strengthen social justice and civic engagement, [among many other things that will come forward. And finally, we have to:]
- 5) Improve institutional effectiveness

In each of these goals, desired outcomes in both academic and support services will come into play. So the next phase of the planning process is for task forces, which have begun their work this week, to develop and write a set of objectives -- desired outcomes, if you will -- for each of the five goals.

To ensure that the University follows through and accomplishes the forward-looking outcomes, each specific action item will ultimately include timelines, progress benchmarks and measurable results.

As you see from all this activity, this cannot be accomplished unless all of us who will be affected by the new strategic plan get involved in creating it and implementing it. Everyone must remain actively involved and for those who have not yet engaged in the plan and process, they need to do so soon. We have a great deal of work to do --- and very limited time in which to do it.

Meanwhile, we also have to deal with the current year's challenges honestly and forthrightly. And so I turn to the one issue that is on many people's mind, and that is, what to do about revenue shortfalls this year.

As you know, we have had a series of significant financial challenges over the last three years which we addressed by the reduction in the TIAA-CREF contribution, by giving no merit raises, and by implementing a significant reduction in staff. I continue to hear that some individuals think we can do more cutting, especially to address what is euphemistically called "administrative bloat".

Now, "administrative bloat" congers up a nice, but hardly useful image. After all, the core mission of the University is to provide high-quality academic programming in a supportive environment for our students, which means academic programs are the central mission and should be protected to the maximum extent possible when budget cutting takes place. Who could argue against that? Not I. And I don't.

Our own local discussions on the size and scope of administrative support units are being nicely supplemented nationally as reported in the press, which is full of stories about universities with too many administrators, meaning, to be clear, too many employees not providing direct instruction to the students. Well, I don't know what it is elsewhere, but it simply is not true at Roosevelt University, at least any more. And this is my second myth to dispel.

Here are the numbers.

Slide: Staff/Faculty FTE

Because of the reduction in staff over the past three years, undertaken in very painful and trying circumstances, we now have arguably one of the leanest administrative structures in the country.

The FTE staff average per 100 fte students at Roosevelt is 10.36 while the average American university is at 17.34. Another comparison is faculty FTE as a function of student FTE. At Roosevelt it is 9.58 while the average at other institutions is only at 6.21. We have protected the integrity of the academic units in these cutting processes.

These are the official data that we are required to submit to the US Department of Education for the current fiscal year. As president, I have to say that any further structural reductions in administration of this institution are not possible without essentially eroding or curtailing exactly those services that are essential or required by law in order to perform basic University operations and/or to provide maximum support for our faculty and our students.

We are an industry in crisis. So, I ask myself an existential question regularly. Have we somehow moved into a space here at Roosevelt where our circumstances are fundamentally different from those at other institutions of higher education? And if so, how could have that have happened? What could I have done differently to prevent it?

Or, alternatively, is there something happening in higher education in our country generally that helps explain our situation and makes Roosevelt less unique? Like most college and university presidents, I read widely on the state of higher education, and one recent study especially caught my attention. It is about the eroding public confidence in the academic enterprise; it's about the declining faith in America that higher education and college degrees are going to continue to be significant drivers of individual economic and personal success for all citizens; it's about the fact that college costs too much and that the return on investment may not be worth it anymore; it's about growing doubt that institutions, even if you still believe in those other values that have prevailed over the last 50 years; and it's about the growing doubt that institutions are actually delivering on their promise at a high enough level of quality to justify the cost.

These views are found everywhere. It used to be just in the higher education press, but now they are now in the main stream press. They are everywhere daily. You don't have to look far to find them. Surprisingly, however, this now includes college and university board rooms.

Slide: AGB data on value proposition

The Association of Governing Boards recently surveyed college and university trustees across the country on the value of higher education, and the results, as you will see, are startling and worrisome. Trustees were asked first, should higher education be expanded further. Here is their reply: 21% said no. They were also asked if higher education costs too much, and 55% said, generally, yes.

If a significant minority of those who serve as trustees and regents feel that we don't need more college graduates, and an overall majority think that we do need them but we are still too expensive, small wonder that the public generally, with less knowledge and understanding about the enterprise of higher education, see things the way it does.

And so my final comment has to do with the competitive world of higher education generally.

Twenty years ago, of the top 100 universities in the world, nearly all of them were in the United States of America. In 2012, using academic reputation and accomplishment as the measure of determining who gets in the top 100, Times Higher Education found that only 47 are in that distinguished company today, fewer than half, with the University of Chicago at number 10, Northwestern at 19, and the University of Illinois–Urbana/Champaign at 33.

If the elite institutions are being challenged for preeminence because of investments in higher education in other countries, especially China, India, in many countries if not all of Europe, and Latin America, then the endeavor as a whole is seriously challenged in a way that is analogous, in my mind, to where the auto industry was 25 years ago. And the analogy is this:

When you are No. 1 and unchallenged, there is no incentive to change. When the challenges take root and you begin to prosper and you still don't change, you will lose. And when you lose, you will go through a very difficult and painful transformation after which, if you survive, your business practices and your very way of life will have changed dramatically and forever.

I believe that this is where higher education stands today. We are on a precipice, and it's a very uncomfortable place to be just as it is no consolation that we are all there together, not just at Roosevelt, but everywhere, looking over that precipice.

So the challenge for Roosevelt, irrespective of what the others may do, is to get ahead of the game, to think and envision together as a community what it is that we can do to be sure that we help shape what that new world will be for an institution like ours. And then as we begin to envision it, we must become that institution.

This will require bold and imaginative and values-driven thinking. It certainly will require purposeful action, and it will require change. Anything less will be unacceptable, and besides, it simply won't work.

So I end today by pledging to you to do my part to keep us focused on this agenda and to see to it that your work in this way is successful and leads to enduring success for this university going forward into the 21st century.

And I take as my hero of this matter, FDR, (which I think is an appropriate thing to do), who maintained constantly his confidence in the future of this country, even in the darkest hours. And FDR said it better than I do, I'll just quote him.

Conclusion slide: Quote by FDR

“Confidence... Thrives on honesty, on honor, on the sacredness of [mutual] obligations, on faithful protection [of our beliefs] and on unselfish performance. Without them it cannot live.”

Thank you for coming today and joining me at the beginning of this journey, and I thank you, once again in advance, for all the very hard work you will do to shape a promising and successful future here for us at Roosevelt.