

UNIVERSITY CENTER

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David J. Steinberg, President

Memorandum

TO: Long Island University Community

FROM: David J. Steinberg

DATE: November 12, 2010

SUBJECT: University Update

As part of an ongoing effort to keep our community informed in an era of economic stress and to be sure that everyone is aware of what actions and plans are being adopted, I will continue writing these periodic updates. We need to sustain transparency and I welcome your responses, if you choose to communicate (president@liu.edu).

As many of you know, the national economy remains, at best, static and higher education support from the federal, state and private sources may be sharply down in the next few years. Moody's, the bond rating agency, remains gloomy about the entire higher education sector, and many other universities have seen their bond ratings downgraded and their financial outlook deemed "at risk." Our task is to navigate these treacherous waters without damaging our capacity to deliver on the promise of our mission. We must maintain our economic validity to ensure our future and to be able to borrow from the Dormitory Authority for essential future capital needs. We can not end any year with an operating deficit and, in fact, need to generate surpluses sufficient to adequately fund our physical plant rehabilitation and modernization needs and to increase operating reserves by making modest additions to the University's quasi-endowment fund. We have, thus, taken many steps to lower our expense budgets, including the Voluntary Early Retirement Incentive Program and reductions in operating budgets, and, if necessary, we may have to take additional action. Building the quasi-endowment is the institutional equivalent of a family saving more for unexpected expenses and providing a base of support for future generations, just as maintaining our plant is equivalent to a family fixing the gutters to prevent a roof collapse and, when ultimately necessary, to repair or replace the roof.

It is in this broader context that I report on the recent Board of Trustees meeting, using that event to share details of our journey toward safe harbor. First I am happy to report that four alumni/ae have been recently elected to the Board. Linda Amper P'78,'85 has been the Senior Vice President of OSI Pharmaceuticals. She is a Post alumna and the daughter of a distinguished C.W. Post faculty member, Hamilton S. Blum. Peter Gibson P'82, President of 4Sight Ventures Group, was on several varsity teams as an undergraduate student and has long worked in the computer business. Michael Gutnick B'68 is Senior Vice President, Finance and Assistant Treasurer of Memorial Sloan-Kettering Cancer Center. He is responsible for overseeing all operations other than the delivery of medical care and research. Stephen Hornstein P'80, is the Chief Investment Officer and Managing Partner of Global Credit Advisors, a hedge fund. He was President of Student Government while an undergraduate and also a varsity football player. All care passionately about the University and each brings broad experience and leadership capacity to the Board.

The Board paid close attention to the financial results (unaudited) for the fiscal year that ended August 31, 2010. Fortunately, it proved to be far more successful than initially anticipated, primarily because enrollment and retention were better than budget. The Board was truly grateful that so many units within the University kept a tight lid on expenditures, another critical variable. The budget for the General Fund that was initially approved by the Board for FY 2010 reflected an operating deficit of \$8.5 million, primarily because it was anticipated that the current national economic condition would have a significant negative impact on enrollment. The Board made it clear to the Officers that we could not close the year in deficit. Unaudited results for the year happily reflect a General Fund operating surplus of \$6.3 million and an operating surplus of \$8.6 million when including all University operating funds. This successful result is directly linked to your hard work and includes the Board's approval of salary payments equal to four percent of base salary for all non-unionized staff in lieu of a salary increase.

The University depreciates its billion dollar plant (estimated replacement value) at approximately \$15 million annually. Good fiscal management dictates that an equivalent sum be provided annually for deferred maintenance and modernization: plant renewal, laboratory upgrades, dormitory improvements, roof repairs, equipment upgrades and replacements, to cite several examples. Long Island University has rarely been able to renew the plant at that appropriate level because current operating requirements, including providing competitive scholarship packages, have always been deemed to take precedence. The Trustees, after learning of last year's General Fund operating surplus, instructed the University to put three-quarters of the excess of revenues into the Plant Fund to help address critical plant needs. The prioritization of those expenditures is being led by Vice President Kane, Provost Forestell and Provost Haynes in concert with their teams. It further instructed the administration to place the remaining 25% in quasi-endowment. The University must zealously enhance its bond rating by building up its quasi-endowment. The current market value of the University endowment is \$78 million. The University cannot borrow for new facilities unless it has adequate reserves.

The Trustees also focused attention on the current FY 2011 academic and fiscal year. The Budget and Finance Committee reported that to date the University is on budget with respect to Fall tuition, fees, room and board revenue. Based on the eight week "final" Fall enrollment report, total undergraduate and graduate credits sold decreased slightly (0.4%) compared to the prior year. Undergraduate credits sold increased by 0.2% (up by 0.9% at the Brooklyn campus and down by 0.9% at the C.W. Post campus). Graduate credits sold decreased by 1.7% (up by 5.5% at the Brooklyn campus and down by 6.4% at the C.W. Post campus). Graduate enrollment is soft in large measure because of sharp declines in the graduate education programs. This is a national and regional phenomenon. Thus, while overall enrollment is stable, there remains a fragility in the marketplace, as families and individuals grapple with how to pay tuition. The "takeaway" for all of us must be that we are an enrollment driven institution and we are still down four percent overall from 2007-2008.

As many of you will recall, the University has increased institutionally provided financial aid (discounted tuition) significantly -- from \$65 million in FY 2008 to \$72 million in FY 2009 and to \$78 million (unaudited) in FY 2010. In FY 2011 that number will increase to approximately \$85 million. We have also creatively revamped our financial aid policies to help our students remain in school.

There was a report on the four "mini" fundraising campaigns launched to seek endowment support and/or capital contributions for Tilles Center; the 125th Anniversary campaign for the Arnold & Marie Schwartz College of Pharmacy and Health Sciences; expanding and upgrading the outdoor athletic facilities at Brooklyn, dubbed the "Field of Dreams" campaign; and the reconstruction of the stadium at C.W. Post for football, lacrosse and other events. Each of the campaigns has trustee leadership, a solicitation strategy, and a committee hard at work. Each attempts to tap into those members of the University family with a special interest in one of those four areas, and each is making good progress.

The Board also considered many other important topics, including the upcoming Middle States reaccreditation process, which will culminate in a visit to the University in the spring of 2013 by a team of peer evaluators from other institutions. Our Self-Study Report must reflect an honest, balanced self-assessment supported by data and analysis. The standards all higher education institutions must meet have changed significantly since our last Middle States review some ten years ago. In fact, approximately two-thirds of all colleges and universities that have recently undergone a Middle States review have not met the accreditation standards fully, and have been subject to a follow-up progress report, monitoring report and/or site visit. The areas in which these schools are most often being asked to demonstrate evidence of compliance are: assessment of student learning, assessment of institutional effectiveness, and strategic planning linked to resource allocation. The University now processes \$173 million of National Direct Student Loan funds and reaffirmation of our accreditation is a *sine qua non*. The self-study process represents a significant commitment in time and other institutional resources, but it also presents an opportunity to reflect on our progress and to improve our University.

At lunch the Board was joined by the deans, invited faculty, senior administrators and students for a shared presentation by Brooklyn and Post faculty members, students and deans explaining how we reach beyond the borders of our campuses while introducing students and faculty to possibilities of community service both at home and abroad. Five different programs were described, including two in Africa, one in Haiti and two here in the metropolitan area. Every member of the University community should take great pride in the commitment and efforts of our colleagues.

At the last session of the day, the Trustees listened attentively to a thoughtful presentation from three members of the Brooklyn faculty detailing some of their pedagogical ideas to create "learning communities." The goal is to improve both how students learn and how faculty sharpen the curriculum. The insightful discussion, led by Professor John Ehrenberg, the Brooklyn Campus Faculty Senate representative to the Board of Trustees, Jose R. Sanchez and Deborah Mutnick sparked an enthusiastic response from the Trustees. The Chairman of the Board was prompted to commit the University to a \$25,000 for a planning grant to advance this project.

The Board will next meet on December 7th. By then it will have more data to assess this year's results. Your collective energy and commitment will demonstrate then the further progress under way to deliver "Access and Excellence." We have a sacred trust, a covenant, with our students that is our collective mission.

David I. Steinberg