LONG ISLAND UNIVERSITY OFFICE OF THE PRESIDENT

MEMORANDUM

TO: Long Island University Community

FROM: David J. Steinberg

DATE: June 27, 2011

SUBJECT: University Update

As I have communicated in my several messages throughout this academic year, we remain a precariously balanced institution, subject to the vicissitudes of the larger economy and a broad shift in public attitudes against education at every level from public school through college. This evolving national phenomenon is destructive for society and dangerous for us. And while it is true that every university in New York has similar pressures and faces its own set of problems, there is little solace if others are caught in a downpour when we also are soaked by the rain.

We cannot do much about the national mood, but we can recommit ourselves to our core mission of delivering quality education and of operating the University as efficiently and effectively as possible. Thankfully our prior purchase of the Oracle management systems and investments in plant and professional staff over the past decade provide us with both effective systems and skilled managers to deliver on behalf of our students. We have continued to hire superb faculty committed fully to our students. Over the last ten years we have tenured 185 faculty members, a vital affirmation of our mission.

My goal in writing these memos is to tell you what we currently do and do not know. The periodic Board meetings serve as a platform for these updates. And thus, at the final meeting of the Board of Trustees on June 7th, the Board accepted the recommendation of its Budget & Finance Committee, approving the budget for 2011-2012. The Board was explicit in instructing the Administration to take all possible steps to end next fiscal year with approximately \$10 million more of revenues than expenditures so that the University can meet critically important deferred maintenance needs and strengthen its balance sheet by some modest increase of its quasi-endowment. At present, the budget for the upcoming fiscal year is in surplus by only \$2.073 million. The University's general funds budget next year will be \$385 million, net of the \$86 million committed to financial aid for our students. Including all the restricted accounts and this pool for scholarships, the University has become a half billion dollar enterprise.

Summer enrollment and, therefore, summer revenue is down from last year, even though Brooklyn seems to be bucking that trend. Many of our students and their families can no longer afford the cost of summer session courses. And various Education programs and institutes taught across the University during the summer months have lost substantial enrollment. Education at both the undergraduate and graduate levels has been a vital driver of University revenues, especially at C.W. Post and the regional campuses, just as Brooklyn depends on its Allied Health, Nursing and Pharmacy offerings. The national recession and the current assault on public school education and teachers have negatively impacted the teacher education market, and therefore, our bottom line. The American economy is in serious trouble, higher education has lost its special role in providing access to the American Dream, and the Biblical "lean years" are likely to be with us for some time to come.

Offsetting these trends to some degree, fall freshmen and transfer student numbers at the undergraduate level are positive at Post and even better at Brooklyn. And since our University remains tuition-driven, retaining current students remains a top priority. Central to this task is finding the right balance between student scholarships and our other pressing institutional needs, including next year's compensation, capital construction projects or retrofitting of key facilities and other pressing demands on scarce dollars.

Temporarily offsetting the harsh realities of the Great Recession and our budget cycle is the pride and joy of witnessing commencement at our several campuses. More than half of the individual Trustees and an overwhelming number of faculty attended one or more of these celebrations where approximately 1500 undergraduate students and 2900 graduate students earned degrees. The energy and grit of these students should be a balm for all of us.

The Board with delight voted to confer senior professorial status on four members of the faculty: Ralph Engelman (Journalism & Communication Studies Department) at Brooklyn, Phyllis Dircks (English Department), Phyllis Kudder Sullivan (Art Department), and Stephanie White (Computer Science & Management Engineering Department), at Post. These talented faculty members have excelled as teachers, scholars and leaders in their fields; each deserves this very special recognition.

Like every other institution and business in America, we must take a fresh and holistic look at all our fringe benefits in order to manage fair and reasonable levels of benefits with a controlled cost. In that context the Board explored ways to reduce the costs of our current health plans, seeking to preserve the existing benefits of the current Oxford "Gold" plan through administrative savings, consolidation of providers and self-insurance. At present every plan we offer is characterized as a "Cadillac" plan under new federal law, and we cannot sustain annual increases of 10 to 12 percent annually. Total fringe benefits this year cost nearly \$70 million, of which approximately \$30 million goes to providing all of us health insurance. All of us must remember that the many benefits each of us receives are directly funded by tuition dollars from our students and their families.

As I already noted, nothing is more critical than growing revenue by significantly increasing admissions. It is for this reason that the Trustees have given the Officers a mandate to develop a singular, unifying brand for Long Island University. Increased competition and a shrinking pool of high school students require us to clarify who we are and why our value proposition is clear and compelling. The goal of common branding has been a critical focus for the Board over the last several years. Fortunately, Trustee Stan Barshay '60, former Chairman of the Board of Schering-Plough Health Care Products, introduced us to John Ferrell, one of the most successful Creative Directors on Madison Avenue over the last decades. He has become intrigued by our challenge and motivated by the apparent opportunity to differentiate ourselves in a competitive higher education market.

Much of John Ferrell's career has been with Young and Rubicam where he rose to Executive Vice President and Creative Director of the New York Office. His client list reads like a "Who's Who" of national brands and Fortune 500 companies, including Ford Motor Company, Goodyear, Jell-O, Dr. Pepper and Hallmark Cards. John developed the MetLife campaign featuring the Peanuts characters, created "Brush your breath with Dentyne," and was the Creative Director for the Merrill Lynch campaign featuring the bull in the china shop. Working with our marketing services division, he has developed a powerful marketing and advertising campaign (including a dramatic new logotype). My fellow Officers, the several admissions teams and senior administrators have been enthusiastically engaged in this process.

A prototype of the new identity and marketing program was presented to the Board for its preliminary review on June 7th and at its next meeting in October the Board will be asked to approve a comprehensive, finished product. Once the Board gives its blessing to this project, it will be "rolled out" over the 2011-2012 academic year. Early in that process, we will share our new logo and marketing strategy with the University community. I am confident that this final work product will enable us to stand out in a saturated marketplace, attracting more students at both graduate and undergraduate levels.

May I wish you all a happy and productive summer. If you are teaching, I hope the classrooms are not too hot. If you are doing research, may it thrive. If you are enrolling new students, may they come in droves with high scores and excitement. If you are charged with renewing our campuses, may the work go smoothly, be on time and under budget. And may all of us find joy in welcoming the class of 2016 in September.