

STATE OF THE UNIVERSITY, 2008

Good Morning and welcome to the new school year at Ohio Northern University. This is the 137th year in the life of this wonderful institution and I know it will be as exciting, eventful and successful as all the others. Toby and I hope you have had a delightful and refreshing summer. We certainly did. In early July, we left for a 10 day cruise of the Norwegian, British and Scottish coasts in celebration of our 25th wedding anniversary (albeit two years late!) and at the end of July, we spent a week with our children and grandchildren on the beach in Hilton Head. Both trips and experiences were simply spectacular and I could take every minute of our time this morning to tell you about them. I'm quite sure, however, that you would, quickly, tire of my "home movies!!"

I do, though, want to tell you about three experiences because they remind us so well of how small our world is and of how significant the reach is of the institution that binds us all together. In Newcastle, England, Toby and I were on a train returning to our ship. I was standing next to several other passengers and, naturally, we began to inquire about where we were from. I said Ohio and then was asked where in Ohio. When I said, "around Toledo," the individual I was talking to said he visited Lima (pronouncing it correctly!) regularly because his brother owned a motel there. His name was Prakask Naik and it turns out that two of his nieces, Jaymini and Anjali graduated from ONU and his nephew, Amit, is a current student in Marketing. While we were in Hilton Head, I ventured out every morning to run in the heat and humidity. When I returned one morning drenched to the skin, a passerby asked: "Are you Dr. Baker?" When I answered that I was, she introduced herself as Peggy Jakab, the mother of pharmacy grad, Justin Jakab. And, finally, as we were returning to Ada from Hilton Head, we passed a pick-up truck on Interstate 77 near Beckly, West Virginia. After we passed it, I noticed in my mirror that it was accelerating and about to pass us. When the truck came up along side of us, the person in the rider's seat held up an ONU logo and one of our old bears! They had obviously noticed our license plate frame and wanted us to know that they were Polar Bears too. Their Ohio license plate was personalized and said "Bradog." Unfortunately, I have not yet been able to learn who this was.

As I said at the outset, we live in a very small world and thus never know when we will meet someone who shares our affiliation or affinity. What impressed me most about these examples, though, was that these three families were very proud of their association with ONU and wanted me to know about it. That says something very special about our institution and the relationship folks develop with it. It gives us a strength and nurtures a loyalty, dedication and commitment that is, without question, the envy of our peers.

Of course, the pride folks feel in ONU is a product of the great things that take place on campus every year. And, 2007-08 was no different than its predecessors. Moreover, we accomplished a number of important “firsts” last year. Let’s remember just a few of them. Chris Lemon, one of the most talented students we’ve had at ONU in recent years, won the University’s first student Fulbright award. He will be spending this year at the University of Auckland in New Zealand studying inorganic chemistry. In 2006, Chris was a Goldwater Scholar. This year, two additional ONU chemistry majors achieved major recognition in this national competition. Nick Dunn won a scholarship for 2008-09 and Sam Manzer received honorable mention.

While our chemistry students were achieving national and international recognition, our student athletes were accomplishing something that had never been done before: They won the all-sports title in both men’s and women’s athletics for the second year in a row in the Ohio Athletic Conference! Along the way, they won 5 OAC championships, sent individuals or teams to 4 regional or national NCAA play-offs, produced, in Jenny Markle, the #1 3 point shooter in all NCAA divisions, celebrated Jimmy O’Brien’s and Michael Schultz’s fabulous running and swimming championships, and compiled GPA’s of 3.03 for the 450 men participating in athletics and 3.30 for the 221 women. Not bad, I’d say!! Because of this extraordinary success, it’s not surprising that 3 ONU coaches, Peggy Ewald, Glen Scheutzow, and Mark Batman, were named OAC Coaches of the Year, one, Michele Durand, was named Region Coach of the Year, and two, Jason Maus and Brian Cole, were named as Cross Country Coaching Staff of the Year. And, in a very special event in Cedar Rapids, Iowa in March of this year, Ron Beaschler, was inducted into the National Wrestling Coaches Association Hall of Fame. This is obviously a singular honor and I know all of us congratulate Ron on this wonderful achievement.

Ron, however, was not the only ONU faculty or staff member to receive major national attention last year. For example, Eric Baumgartner, Dean of the College of Engineering, along with two colleagues from the Jet Propulsion Laboratory, received the 2008 Robotics and Automation Award from the IEEE (Institute of Electrical and Electronics Engineers.) The program for this awards ceremony, which will take place in September, includes the congratulatory piece now on the screen. But, inside the front cover at the bottom of the page is an acknowledgement from the IEEE to the organizations contributing to the 2008 IEEE Honors

ceremony. As you can see, our logo is there along with logos from Microsoft Research, the University of California, Berkley, USC, the University of Pittsburgh, and Purdue University. We certainly appreciate the fine work Eric did that put ONU in this kind of company.

Pharmacy dean, Jon Sprague, contributed in a similar manner last year. He received a \$247,500 grant for his research from NIH. This is one of the largest research grants ever received by an ONU faculty member and one of the very few times our University has received a major NIH research grant. Dr. Sprague, though, wasn't the only pharmacy faculty member who was successful in obtaining external funding last year. Indeed, in all, 13 College of Pharmacy faculty generated \$404,500 from external sources last year.

But, our faculty and staff members were engaged in a great deal more than seeking external monies last year. Terry Keiser was selected as President-Elect of the Ohio Academy of Science; Keith Durkin served as President of the Mid South Sociological Association; David Crago served as Chair of the Judicial Campaign Advertising Monitoring Committee of the Ohio State Bar and as Program Chair of the Spring Ohio Bench/Bar/Deans Conference; Randy Ewing was elected President-Elect of the Atlantic Marketing Association. Terry Maris was inducted into the Ohio Veterans Hall of Fame; Bryan Ward was inducted as a Fellow of the Ohio State Bar Foundation; and Dede Myers received the Good Government Award of the Ohio Pharmacist Association for her super work in motivating students to participate in the political and legislative efforts of the National Community Pharmacists Association.

Four ONU faculty, Sandy Hrometz, Rob Kleine, Mike Rider, and Adam Stienecker, were honored as Outstanding Educators in the Ohio Magazine Celebration of Excellence in Education in December of last year, and many others were recognized by their colleagues around the country for the quality of their research and contributions. For example, Michele and Paul Govekar received the Distinguished Paper Award for their presentation on service learning and volunteering at the North American Management Society meeting in April. In June, John Estell and JD Yoder, along with three faculty members from Northeastern University, won the Best Paper Award from the Freshman Engineering Division of the American Society for Engineering Education (ASEE) for their paper on active learning in engineering design in the first-year curriculum. This was the third year in a row that Dr. Estell received a best paper award at the ASEE meeting. I know all of us congratulate him on his distinguished contributions. In the law school, Scott Gerber continued to write extensively on constitutional law, judicial review, and Justice Clarence Thomas. He even weighed in thoughtfully on the Roberts Court in a ***Wall Street Journal*** opinion piece this summer. His colleague, Mike Lewis, also focused on a number of contemporary and controversial issues last year by writing op-ed pieces on "Waterbording"

as torture, and debating colleagues at the University of Maryland, the University of Cincinnati, and Drake on law of war issues, domestic surveillance and the limits of executive power.

Perhaps one of the most fascinating areas of faculty/staff activity in 2007-08, however, was the work of Nathan Oliver, Diana Garver, Sandy Crosser and her husband, Ron, during a trip to Lepesi, South Africa in August, 2007. They were there to work with local teachers on literacy instruction and the use of computers in the learning process but the experience, as Sandy told all of us in the Northern Sun last October, was fulfilling and heartwarming in all sorts of other ways. This past summer they spent two more weeks working with Lepesi teachers. In addition to providing computer training and instruction in the use of other, donated multi-media equipment, they established a network that matched 12 Lepesi teachers with ONU alums trained in instructional technology. This network will facilitate continuing conversations about 'professional issues, including the use of computers for instruction' and, in the process, promote global understanding and awareness by encouraging participants to learn about one another's culture. And, where will these South African schools get some of the computers they will be using? From the IT department at ONU!! George Gulbis and his colleagues in IT have donated more than 30 machines to this effort. This wonderful project is a tribute to Sandy, Diana, and Nathan and is another example of ONU's efforts to include an international dimension in its educational programs.

Our colleagues in The Dicke College of Business Administration continued to pursue their entrepreneurial interests last year as well. Jim Fenton, Rob Kleine, and J. D. Yoder received a second \$50,000 grant from the KERN Foundation and sponsored a special program in May that was attended by 35 faculty from across the campus and focused on the integration of the entrepreneurial mindset and spirit into all disciplines and learning opportunities. The ultimate goal of these efforts is, in the words of Jim, Rob, and JD to "embed the entrepreneurial mindset within ONU's institutional DNA." This mindset emphasizes the kinds of things you see on the screen now. I think you would agree that these attitudes and characteristics are, indeed, the kinds of things we'd like to have in the ONU institutional DNA and we want to express our appreciation to Rob, J.D. and Jim for their super work in this area.

The Dicke College sponsored another exciting program in early July when it brought Dr. Harvey Brightman to campus to lead a Master Teacher Workshop. Approximately 51 faculty, again from across the campus, spent 2-1/2 days listening to Dr. Brightman and exploring a variety of topics ranging from preparing and delivering presentations to motivating students and incorporating active learning into the learning process. Dr. Brightman provided each participant with a wonderful guide that includes all kinds of sources and examples. I'm sure Dean Fenton would be happy to provide a copy to anyone who is interested.

Now, with all these great things going on with our faculty and staff, it certainly won't surprise you to learn that our students excelled, individually and in all kinds of groups in all sorts of ways last year as well. Our law students, for example, were #1 in the State among first time takers of the Bar exam in July, 2007 with a 95% passage rate. Their colleagues on the Moot Court teams the College of Law sponsors each year also did well in 2007-08. For example, the international team of Greg Behringer, Josh Boswell, Ryan McLelland and Esther SanInocencio, finished 4th at the Jessup Mid-Atlantic Super Regional in Washington, D.C., while the ABA team, consisting of Jason Flower and Adam Runkel, made it to finals in the Boston competition. Along the way, these teams beat teams from places like Georgetown, Penn State, Ohio State, Capital, and the University of South Carolina. We obviously can and should take great pride in the accomplishments of these students. Likewise, we should applaud the success of our Model UN team which, in the role of Syria, earned "Honorable Mention" at the national conference in New York in April. More than 2000 were present for the competition. We should also acknowledge the hard work of the six Civil Engineering students (Nancy Burgett, Kevin Gilbert, John Mackey, Korey Sarven, Kacey Smith, and Mitchell Vincent) who finished first in the Statewide Ohio Contractors Association bid competition and those who finished second at the regional Concrete Canoe competition in April. And, let us not forget the students in our American Marketing Society who received a national award for the excellence of their communication and were selected to present a leadership session at the National Conference. Only 15 of the more than 200 chapters across the country were invited to do this. And, finally, let us not forget those students who won gold and silver awards at the National Robotics' Challenge and those Chamber players who journeyed to Mexico with Lloyd Butler to offer music from Faure through Copeland and to the Beatles and the Rolling Stones to enthusiastic audiences.

When one studies the lists of student accomplishments that the colleges and departments provide every year, though, one cannot help but be impressed by the large number of students who are presenting papers and posters on research projects they are doing in conjunction with faculty at national and regional meetings. I didn't count all the presentations that were listed this year because I knew it would not fairly or accurately reflect the true number of presentations made. After all, we didn't ask units to identify the papers/posters their students developed and presented in their annual reports. Hence, what was in the materials I reviewed were the papers departments and colleges chose to identify. Suffice it to say, therefore, that the extent of this activity this year certainly adds credence to and accords with the argument we often make that, on average, more than 40% of the students graduating from ONU have done research with faculty and reported it at professional meetings during their collegiate careers. And, some of the papers that have been presented have been very well received. For example, Rajvi Patel (presenting research from Dr. Amy Stockert's lab) and Danny Krall

(presenting research from Dr. Tarek Mahfouz's laboratory) tied for 1st place at the National Sigma Xi Student Research Conference in Orlando. In Dayton, several of our mechanical engineers (Todd Anderson, Joshua Danklefsen, Zachary Schroeder, and Eric Weatherhead), won the "Best Student Paper" Award at the ASEE North Central meeting. Other students presented their research at meetings like the Association for Psychological Science, the Mid-South and North Central Sociological Associations, the American Physical Society regional meetings, the International Sigma Tau Delta Conference, the National Council of Teachers of English Conference, the national meeting of the American Chemical Society, the Butler Undergraduate Research Conference, the Artspace Lima Juried Show, the International Conference on Advances in Computer Science and Technology (held in Malaysia) and the Society for the Advancement of Management International Business Conference. And, this is a list of just the conferences I was able to easily identify!

I think it is abundantly clear – as you all already know – from this brief review that we are very fortunate at ONU to have exceedingly talented students that make us proud in every way every day. We also, however, have some exceedingly talented alums and friends, and I want to briefly mention two of them this morning. As I suspect most of you know, Walt Bettinger who joined our Board of Trustees several years ago, was recently named CEO of the Charles Schwab Corporation. His father, Donald Bettinger, was a chemistry professor, chair of the Department of Chemistry and Head of the Division of Mathematics and Natural Sciences at ONU from 1963 to 1979 and Walt is an ardent recruiter of ONU graduates and a strong supporter of our athletic program. Indeed, the new basketball floor that honors Joe and Margaret Campoli is a gift from Walt and his wife Terri. We congratulate him on his appointment to the position of CEO of one of America's leading financial corporations. Another board member, Mike Kaufmann, was recently named head of Cardinal Health's pharmaceuticals and medical products division, the largest component of this billion dollar, well known corporation. We want, therefore, to also congratulate him on the central role he is now playing in one of America's leading health care supply and services companies.

Not only, though, was this a year of special accomplishment for students, faculty, staff, alums and friends of ONU. It was also a year when we celebrated other special treasures of and changes to the University. We began the year with a truly spectacular gala evening honoring the naming of our business college as the James F. Dicke College of Business Administration. At Homecoming, we unveiled the Tad McKillop sculpture of H.S. Lehr and we followed that with the ground breaking for the Mathile Center. In January, we dedicated the Helen Spar Ludwig Women's Intercollegiate Athletics Locker Room and welcomed a record 972 top flight students

and their families to campus as part of our annual scholarship days. In May, we moved our business services operation to its new quarters on Union Street and in the next few weeks we will move the Alumni Office to the Old President's House on Lima Avenue. In June and July, we supported the Sakae and Kasukabe programs that welcomed more than 60 Japanese and American students to campus to participate in academic and ESL programs. And, just last week, we were treated to a fabulous production of *South Pacific* on this very stage. Congratulations to Lloyd, Kirsten, Rene, Nils, Lance, and the great group of student performers led by Cassie Rea, Crissy Wenning, Mike Doyle and Matt Zimmerman.

Throughout the year and at Homecoming, we visited with record numbers of alumni and friends and the number of individuals joining the Lehr Society, which requires a minimum annual gift of \$1,000, exceeded any year in the history of the University. We also prepared ourselves last year for the official launch of our \$100 million Comprehensive Campaign, *Ohio Northern University's Tomorrow*, and advertised ONU in major magazines like Time, Newsweek, and Sports Illustrated.

Finally, at Undergraduate Commencement in May, we recognized the commitment of one of our honors students to the service of others by awarding Zeke, who crossed the stage with his trainer, JJ Coate, the degree of Bachelor of Science in Canine Companionship.

Yes, it was a good year!!

But, what about this year? What will our focus be during the forthcoming academic year? What issues and concerns will pique our curiosity and require our attention? To begin with, we know we will continue to work in two areas, general education and calendar conversion, that received close and careful attention last year. After engaging in discussions in May, the Steering Committee on General Education issued its progress report in June. In accordance with the learning outcomes accepted by the colleges some time ago, this report proposed the adoption of an outcomes based approach to general education. It recommended the University adopt the revised outcomes presently displayed on the screen for general education and that the faculty begin discussing standards of acceptable performance or "rubrics" for each of these outcomes during the fall 2008-09 opening sessions. According to the committee's timelines, the colleges will be asked to complete their discussion of these outcomes this fall and approve them before the end of the quarter. The remainder of this academic year can then be devoted to developing the other components of ONU's new general education program. This new program will be implemented in 2011 when the University moves to a semester system.

Speaking of calendar conversion, the special transition committee established after our vote last year to develop guidelines, standards and process for the conversion completed its work

before the end of the spring term. Minutes of its deliberations are available on our webpage. Specific tasks and timelines have now been assigned to campus offices and committees and all indications are that this process, which will also be discussed during our opening sessions, is moving along smoothly.

Next year will also be the “Year of the Polar Bear” at ONU as we celebrate our unique connection to this magnificent but endangered animal. We intend to sponsor a variety of events including campus visits by wildlife experts and authors, a special night at the Columbus zoo, and polar bear themed entertainment that will feature a commissioned symphonic piece performed by the ONU orchestra on February 21, 2009.

There are, however, two other topics that will be on our agenda next year and I want to spend the rest of our time together this morning talking about them. First, we intend to embark on conversations with our colleagues in the Village about the future development and direction of the community of Ada. Everyone sitting in this room today knows that the opportunities and amenities available in the Village as well as the general environment and living conditions that characterize the Village impact significantly – **very** significantly – the decisions of students and families to enroll at ONU and the decisions of prospective faculty and staff to accept positions at ONU. I know many of you have been asked, as I have, questions about schools, housing, shopping, entertainment, medical facilities, etc. by students and faculty and staff thinking about coming to Ada. With the opening of our beautiful new school and the creation of facilities like the Visiting Nurse Services, McDonald’s, The Inn at ONU, and the planned Hardin County Credit Union, the answers to these questions resonate, perhaps, more positively with prospective students, faculty and staff than they may have in the past. Still, I believe there is value in thinking more expansively about the direction of our community in the years to come. For example, what kinds of amenities, infrastructure, regulations, opportunities, etc., will continue to make Ada an attractive destination for businesses, residents, visitors, investors, etc.? In my view, questions like these are important not just for the Village, but for the University as well. As we know very well, prospective students, families and employees follow their assessment of the programmatic and professional opportunities available at ONU with a careful evaluation of whether our community will facilitate the lifestyles they have chosen to pursue. When the answer to questions like this is yes, we are often successful in persuading the individual to join our community. When it is not, we are often unsuccessful.

In my view, therefore, it is crucial that we thoroughly review and assess the opportunities for Ada in the years to come and the ways in which the University can join with the community to facilitate the accomplishment of its goals and objectives. Accordingly, I began discussions with Mayor Retterer about 18 months ago that have now reached a point where we want to launch

two important initiatives. First, we want to talk with business owners about the uses, conditions and appearance of downtown Ada. If they believe, for example, that certain kinds of landscaping or painting or restoration would be valuable in certain areas, we want to work with them to find ways to accomplish these projects. Similarly, if they have ideas about joint projects, investments, etc. that will benefit the community, we want to help them turn these ideas into reality. At the Mayor's and my request, Bill Robinson has already begun these conversations by bringing the downtown business owners together on August 21. Bill tells me this meeting went very well and that there will be more in the future.

There is, however, a second initiative that I hope we can get underway this year. As all of you know, we initiated a planning process at ONU several years ago that has guided our programmatic growth and direction as well as our allocation of resources. Simply stated, we have tried to direct our resources to our programmatic priorities. To date, there have been two iterations of the University's plan (2002 and 2004) and we plan to present the third iteration which the Planning Council worked on in 2007-08 this fall. We'd like to initiate a similar planning process for our community. We'd like to convene a relatively small group of Ada and University citizens and ask them to identify an external contractor that is expert in helping communities develop plans that can facilitate their futures.

Like the University's plan, any plan for our community would be a living document and thus constantly changing. We believe, however, that it could help us assess our potential and opportunities and focus our general direction and options for the future. The University, therefore, will be delighted to be a collaborator with the Village on this important project and we will be calling on some of you to help with it.

Finally, next year, we want to continue the discussions that started last year about "Becoming ONU." You will remember that I challenged you in my Opening Day Remarks last year to "Think Big." I suggested that we were already much more like some schools, such as Drake and Creighton, that had more national reputation than we and that it was healthy, stimulating—and entirely appropriate—for us to aspire to be like other national institutions, including such schools as Wake Forest, Case, and Dartmouth. I reminded us at that time that this aspiration was, in many ways, simply another statement of the fundamental vision that has driven the allocation of resources in recent years, namely that ONU needs to increase its reputation, recognition and visibility as a leading institution that integrates liberal and professional learning.

I know that some of you thought my "Think Big" challenge last year was a foolish pipedream with no basis in reality. Fortunately, our deans did not and in February in Cleveland, they made a presentation to our trustees that was a natural extension of these concepts. It indicated that

ONU needed to position itself “among our nation’s elite colleges” and compete for students in areas where quality education was valued and folks were willing to pay for it. The essential message was that we needed to emphasize excellence and quality in everything we did. Today we are among what was termed the “middling many” or among those “colleges that neither enjoy national status nor fear closure.” As a consequence, ONU is largely seen as a “quality alternative to regional state-supported and relatively undistinguished private schools for students from the surrounding geographical area.”

But, how do we move from the “middling many” to the next level? How do we become the ONU that many believe is within our grasp? To answer these questions, I asked the deans to prepare reports on their colleges that addressed four questions:

- I. How many faculty and other resources would be needed to achieve our goals in your college?
- II. What outcomes could we expect for our investment?
- III. What programmatic and enrollment changes would likely occur?
- IV. What metrics could be used to evaluate success and accomplishment?

The answers I received to these questions tell us a number of important things. First, they clearly point to the primacy of the need for additional faculty. Altogether, across the 12 year time frame I asked the deans to work with, 71 new tenure track positions were requested. The total cost of these positions would be almost \$7.3 million dollars and, if one includes fringes, this represents almost 80% of the total operating dollars requested in these proposals. Not at all surprisingly, the largest number of requested new faculty positions was in the College of Arts and Sciences at 36 or 3 per year for the next 12 years. The least was in pharmacy at 1. This also is not surprising, especially when one realizes we have allocated more than \$1.3 million to the college for its experiential program in the last 8 years. What may be a little surprising, though, is that business wants to double its current faculty of 15 in the next 12 years and engineering wants to expand by almost 2/3 or by about 13 faculty positions.

Are these exorbitant or excessive requests? I think not. When one compares ONU to the institutions we aspire to be like, it is clear that our greatest deficit is in the number of tenure track positions available. At Lehigh, it is 440; at Richmond, it is 286; at Bucknell, it is 317. The comparable number at ONU is 227. Among the institutions I identified in my “Think Big” talk last fall plus the three institutions the deans talked about in February (Lehigh, Richmond and Bucknell), the average number of faculty is 465. ONU is last in this list and 105% away from even the average for these schools.

In addition to faculty, 7 staff positions were requested at a cost of almost \$300,000. One dean also sought \$100,000 for marketing and the engineering dean noted a need to expand his facility to accommodate his new staff. He estimated this cost at \$2-5 million. The business dean presented a similar argument, noting that he might need to build an addition to Dicke Hall that would have almost as much square footage as the existing structure. Although he didn't give an estimate for this renovation, we know that the existing Dicke Hall cost more than \$8 million to construct. Finally, the Arts and Sciences dean (who has now moved to a vice presidency in Texas) noted that he will need a new facility to house his 36 new faculty. Joe Hermillier estimates such a structure would cost \$139 per square foot and that we'd need close to 38,000 square feet. Hence, his estimate on this facility is almost \$7 million.

Now, if we were to hire 71 faculty and 7 staff in the next 12 years, we'd have to cover their fringe benefits at 42%. This adds, conservatively, \$3.2 million to the cost of this expansion. We'd also have to provide them with technological access and support, parking, offices, and all sorts of other services that are normally associated with employment at the University. We have estimated this cost at \$10,000 per new faculty and thus have added \$710,000 to the total cost of this expansion.

Quickly, in other words, the costs of the development we are proposing have escalated to more than \$11.5 million. And, this doesn't even consider the actual staff costs which will probably be 3 or 4 times the identified 7 positions, or the costs the staff in the Admissions Office will incur as they move to recruit students from across this country. They want to increase our out of state enrollment to at least 30% and they estimate the cost of this effort at \$525,000. Although this figure may strike some as exorbitant, Karen and her colleagues remind us that they currently have 17 states with 200 leads and 8 states with 500 leads. Their requests, therefore, seem eminently reasonable

Our costs, to this point, are more than \$12 million in personnel and operating, and probably \$15 to \$20 million in capital. Can we handle this? Before we address this question, let's explore what we would get for this investment.

From talking with the deans and reading the materials, it is clear to me that ONU would be a very different institution after this investment than it is now. This doesn't mean it would be any different in its commitment to students or its emphasis on an education that integrates liberal and professional instruction, and constantly reminds students that values matter. The curriculum, though, and the majors and the degrees we offer would certainly be different. Our LLM program, for example, would be made permanent and not dependent on the annual competition for grant funds and earmarks. This, of course, would enable the Law School to use this program as part of its distinctiveness and would enable it to differentiate itself from other

programs. In Business, we would see the development of a Masters Program in Professional Practice in Accountancy that would be a collaborative program between the Law School and the Dicke College and would enable the college to address the 150 semester hour requirement for CPA certification. Engineering may have to do something similar as conversations continue about a 150 hour requirement for professional engineers. For sure, though, engineering will eventually collaborate with business on the creation of an engineering management degree, while business would look at the possibility of degree programs in areas like insurance and risk management, entrepreneurship and hospitality management. The allied health area will also continue to develop and expand with contributions from pharmacy, business and engineering as well as arts and sciences.

In addition to these changes in our programs and our degrees, the overall prominence of our colleges--and thus our University--will also increase significantly as we move through this transition. The law school, for example, which has recently moved from the 4th to the 3rd tier in the U.S. News and World Report rankings indicates that it will be a "Top Tier" law school at the end of this 12 year period. Pharmacy, which its dean estimates is currently in the top 10 schools in the nation, expects to rise to one of the top 3 in this time period. In addition, pharmacy expects to reduce its discount rate during this period from 34% to 30%, thereby increasing the available dollars for our operating budget. Engineering has similar aspirations as it hopes to reduce its discount rate to 35% or less. Engineering also plans to achieve a top 20 U.S. News ranking among those engineering programs that don't offer the doctorate (38th this year), and to graduate 85% of the students in the college who don't take a co-op in 4 years. Although engineering does not anticipate an increase in the overall size of its student body, it expects to increase its out-of-state enrollment to 40% or more. Business is even more ambitious, expecting to recruit half or more of its students from outside of Ohio in the years to come. The Dicke College, which to this point has not participated in any of the national ranking efforts, also commits itself to an enrollment of 500 students and becoming one of the top 30 undergraduate business programs in the U.S. News poll.

Finally, the College of Arts and Sciences intends to identify "signature" programs that can be competitive regionally and nationally. It intends to be guided in its assessment of professional programs by benchmarks provided by the Association of New American Colleges, an organization that specializes in supporting the needs of universities that integrate liberal and professional programs. In its review of the liberal arts components of the college, it will pay attention to benchmarks that focus on the records of select liberal arts colleges. All College programs will be invited to seek "signature" status and the additional investments that come with this designation. However, to be selected, a program will have to demonstrate, through

comparisons to national benchmarks, a “strong propensity” to be able to achieve regional and national notoriety, eminence, reputation and prestige.

I think we would all agree that these changes and developments would be beneficial for ONU. But, will they enable us to achieve our goals of greater visibility, reputation and recognition? After all, we will not, in all cases, get new or expanded degree programs when we add faculty. We will not even, in most cases, get significant increases in enrollment. What we will get, however, will be faculty who can and will do the things that lead to reputations for excellence and preeminence. This, in turn, will result in students wanting to come to ONU to study with renowned individuals and in faculty wanting to join the ONU staff in order to be part of a renowned University.

But, can we afford this kind of change at ONU? I think we can so let’s talk for the remainder of our time this morning about how.

Let’s begin with a quick and brief review. As we’ve discussed with you on numerous occasions, there are three basic components to the higher education financial model: tuition, size, and non-tuition/student fee based income. State universities add a public subsidy, but, as we hear regularly in the media, this is a declining component of their financial model. In the 1980s and 1990s, tuition was a major factor in our growing quality and comprehensiveness. We were able to increase tuition significantly each year (in some years even at double digit percentage rates) and this generated much of the discretionary, uncommitted income that enabled us to develop the University. During this time period, the University also got a bit bigger. This, too, contributed to our financial welfare.

Since 1999, the size of the University has increased by more than 600 students. Tuition increases have accompanied this expansion even though they have been considerably more modest than at earlier time points. With this model, we’ve generated considerable discretionary income. In fact, if we concentrate on the period from 2000 to 2009 (i.e. including the budget projections for 2008-09 that have been approved), we see that the University has expended more than \$9 million on new initiatives. This has included the creation of 64 new faculty and staff positions; salary increases at 4% or better every year except two; an increase in the TIAA-CREF contribution to 10%; a greater than \$1.3 million allocation to the pharmacy college to support the experiential program; and a salary adjustment program for faculty and staff that has eliminated the salary problems with our support staff (class 5) and reduced our faculty deficit from \$1.1 million to \$660,000. In addition, we’ve managed to maintain a solid health care program, in the face of crushing inflationary pressures, attend to annual maintenance and renovation needs, maintain and expand our equipment and instrumentation inventories, keep our operating budgets close to level, and create a budget carry-over system

that generates about a million dollars a year. And, we've been able to do all of this while balancing our budgets and maintaining our student/faculty ratio and our commitment to small class sections.

It is clear, therefore, that the financial model we have followed in recent years has worked. It has produced discretionary income and we have invested this income in projects and, especially, personnel that have contributed to the continuing development of excellence at ONU. The only problem is that it is unlikely that this model can sustain us in the future. The number of high school graduates is declining in Ohio and one of the consequences of this is intense competition for students. Indeed, our admissions folks are reporting that the current year is the most difficult they have faced. Much of the uncertainty is fueled by the rising cost of a private university education, especially at institutions like ONU that have expensive programs rooted in the sciences. The gaps between what we can offer and the costs of attendance are increasing and more and more families are asking whether the additional private loans or sacrifices are justified. Hence, although ONU wants to continue to grow, we do not believe this will be as easy as it has been in the past.

The national conversation about costs is also complicating our lives. We are being urged to keep our tuition increases at or below inflationary levels and we're being encouraged to look to our endowments to support scholarships. Our trustees, moreover, like those at many other institutions, are asking us to reduce our discount rates. And our "book" price is marching continually upward, now approaching and exceeding more than \$40,000.

The implication of all of this is that the traditional drivers of our financial model, student numbers and tuition, will not be able to play the role in the future that they have played in the past. We must, therefore, look to other sources to finance our future. There are, of course, a variety of options and possibilities to consider. External grants, whether from federal, state or private sources, can be sought and won. Entrepreneurial activities, like the ones we can build around the University Inn, can contribute income, expand our visibility and recognition, and enhance our reputation for quality programming. Recruitment efforts can be consciously focused on students with less demanding financial needs, whether in this country or beyond. Campus housing can be expanded to include options for faculty, staff, and even seniors.

Perhaps most important, though, we can increase our endowment and our use of the proceeds it generates annually. At the schools we seek to emulate, it is not unusual to find endowments in the \$500 million to \$1 billion range. Indeed, at these 13 schools, the endowments average \$207,118 per FTE student. ONU's average is \$51,199 or more than 300% below the average for these schools. Their "spend rates," moreover, are rarely less than 4% and average 4.5%. In concrete terms, what does this mean about their budgets? What portion of their annual

expenditures derive from the revenues generated by their endowments? Well, the University of Richmond has an endowment of more than \$1.6 billion and our analysis of its budget materials indicates that it derives 34.8% of its annual budget from this source. For Bucknell University with an endowment of \$599 million, the comparable figure is 14.1%.

It is clear, therefore, that for many quality universities, endowment earnings are an important source of annual investment and expenditures. At ONU, they need to begin to play the same role.

We also, though, need to reinvest some of our own resources in this important project. Reallocation is always a difficult task to accomplish, but it's even more difficult at an institution that has been known – and even admired – for its lean operation for many years. In charts we have shared with you previously, we have shown that we are more heavily invested in instruction and more lightly invested in administration than our peers. Nevertheless, we can and must reallocate resources from lower to higher priorities if we hope to succeed with this effort.

There are a variety of strategies that can be pursued to achieve reallocation. They include zero-based budgeting, budget reduction scenarios of various different levels, e.g., 1%, 5%, 10%, “replacement and turnover” processes, etc. Each has advantages and disadvantages. Regardless of the strategy we pursue, though, it is clear that reallocation must be a part of the process we use to identify the resources to invest in ONU.

Indeed, the trustees provided a strong signal about the importance of reallocation at ONU at their May meeting. At that time, they asked the Vice President for Academic Affairs to provide them with a listing, analysis and explanation of the bottom 10% (in terms of enrollment) of the courses in each college. They also asked the vice president to work with the deans to identify two programs in each college that could be considered for “signature” status. For this process, they adopted our definition of signature programs, namely a program that can compete regionally and nationally in terms of professional reputation and in terms of the recruitment of students and faculty. We are to provide an interim report on our progress in gathering this information at the October meeting of the board. A final report that provides the rationale for the courses at the bottom of each college's list and identifies the candidates for each college for signature status is due to the trustees in February.

Given this timeline, it certainly won't surprise you to learn that we started working with the deans on this assignment this summer. We have now carefully examined the list of the bottom 10% of courses in each college and we are comfortable that we have compelling explanations as well as proposed changes and improvements to share with the trustees. With reference to

signature programs, I think we have solid and logical candidates in the professional colleges that I know the deans will be discussing them with their colleagues this fall. In the College of Arts and Sciences, Dean Robeson intends to create a faculty committee that consists of three arts and science faculty and three faculty from outside the college to identify the programs that should be nominated for signature status. In conjunction with the Division Chairs, Dean Robeson prepared a list of possible candidates for this status this summer and this will, I believe, be the starting point for the committee's deliberations. There will definitely be some urgency to the committee's work. I must report to the board on February 6-7. We will, therefore, need to send the report to the board in the middle of January. Hence, we will have to start working on it in early December so we can complete a draft that can be reviewed internally before Christmas.

When we submit our report to the Board, we will demonstrate our commitment to the reallocation of resources. We will show, in short, our willingness to make the investment that will be required for us to achieve our goals. It is my hope that this will encourage the Board to make a similar investment and give us access to the resources, especially those available through our growing endowment, that we will need to support our aspirations to compete with the best schools of our type in the nation. Board members have now devoted two full meetings (February and May) to serious discussions about moving ONU to the next level and becoming one of the highest quality and best recognized and regarded universities of our type. I believe, therefore, that they intend to pursue this goal vigorously. Hence, I am very optimistic that they will provide us with the resources we need if we demonstrate a serious intent to identify priorities and reallocate resources to achieve them. When we do this, we can be sure that *Ohio Northern University's Tomorrow*, the title of our comprehensive campaign, will be very different than its past.

In sum, 2008-09 will, like its predecessors, be an eventful and productive year. We will make major changes to our curriculum while readying ourselves for a new academic calendar. We will complete the construction of the Mathile Center and the Inn at Ohio Northern University and start phase two of our housing renovation and expansion project with the addition of 4 more components to the affinity complex and the renovation of Founders Hall. We will support new efforts and initiatives with the Village of Ada, launch a \$100 million comprehensive campaign, and continue our efforts to "Become ONU" by increasing and reallocating resources that will enable us to expand our faculty and programs and enrich the opportunities and experiences available on our campus. Along the way, we will recruit new vice presidents, a dean for the College of Arts and Sciences, and identify new colleagues who want to be part of an institution with our aspirations. And, throughout it all, we will, I hope, continue to "Think Big."

At no point, though, will we lose sight of the fundamental character of this institution. At bedrock we are and always have been about students. Our goal is and always has been to offer these students a unique kind of education that blends liberal and professional education and emphasizes the intrinsic, long lasting value of the relationship between student and teacher. The latter requires a faculty and staff that is without equal in its dedication to the learning process. You are that faculty and staff. I thank you and I salute you for everything you do every day to make ONU the very special place it is.

Have a great year!!!