

2019 State of the University President James M. Smith

Good afternoon and welcome.

It's my pleasure to be here and share my thoughts with you today about the direction of this special and distinct place, Eastern Michigan University.

I want to talk about where we've been in recent years, and more important, about where we're going.

We've been through some trying times these past few years, but I want to reassure you that it's all been part of a plan directed at the worthy goals we share.

We want more students graduating. We want even more students getting the careers they desire after studying at Eastern.

We want to address the ever-growing and important student/parental concerns of Return on Investment (ROI) for a four-year college experience.

And we want to deal with issues such as student debt that plague students at all universities.

These issues represent a national challenge faced by many universities and colleges, and today I want to lay out how we're confronting this test, by following the priorities laid out in our Strategic Plan, and by continually improving Eastern in the years to come.

The dramatic first step came during the last two years, during which we have implemented a financial turnaround plan that has

been painful but successful. We're in a far better place now, thanks to your collective hard work and commitment to this University.

But in order to describe the turnaround plan we've implemented – and that so many of you have felt – some context is in order.

When I arrived at EMU in the summer of 2016, I found an institution with some deep strengths upon which to build:

- We have a tremendous legacy of 170 years of existence, with a highly recognized brand in training educational professionals.
- We have a passionate alumni base heavily concentrated in southeast Michigan. Specifically, we have nearly 100,000 alumni in the five-county southeast Michigan region.
- We have a diverse and engaged student body. We have in fact, one of most diverse student bodies in the State of Michigan, a defining element of who we seek to be at Eastern.
- We have a rich history of public service, underscored by our Carnegie Engaged Institution classification for more than 10 years. We care about our community and we show it. We need to share that fact, because it's a powerful reality.
- And, a central aspect of who we are is our dedicated and hard-working faculty.

Frankly we don't talk enough about this signature element of Eastern.

And we're going to talk more about it. Our faculty are deeply engaged with our students in a way that sets us apart in public higher education. Ask students about their most cherished memories of Eastern, and they will – time and again – cite

experiences with faculty. Frankly, our faculty work harder than most faculty and they deserve continued recognition for that fact.

(Pause before describing EMU's situation in 2016)

But, in coming to understand our shining virtues, I also discovered that we faced serious financial challenges. They were based on a variety of factors, and had been snowballing for some years.

WE WERE NOT IN GOOD SHAPE.

- State aid had been slashed by \$11 million in 2012, and still has not recovered to previous levels. Michigan ranks 44th in the nation for support of higher education. That's just a miserable statistic.
- Enrollment was declining, reflecting the evolving demographics of Michigan and the Midwest and affecting all regional public universities.
- Despite those serious challenges, we had not sufficiently reduced staffing, even in the face of decreases in our two primary sources of revenue, tuition and state aid.

As a result, the University incurred seven consecutive operating deficits from FY11 to FY 17, totaling nearly \$60 million.

That, my friends, was clearly not sustainable.

With those deficits, our reserves were dwindling and fell well below peer benchmarks, and well below targets set by our national accrediting agency and by bond rating agencies.

The Higher Learning Commission had placed us on a financial "watch list." That's a neutral term denoting a dire situation. It goes without saying that such a designation **must** be avoided.

(Pause before describing turnaround plan)

It was clear we had to quickly take action.

So we effectively began what can best be described as a “multi-year turnaround plan.”

We took difficult steps. That included reducing staffing to reflect a smaller institution more in line with our revenues. We also reduced other expenses as well. For all of campus, this was a shared and painful but highly necessary experience.

Looking outward, we launched external business partnerships in dining and parking. The latter of those partnerships admittedly has had a few bumps in the road, but these changes allow us to focus more resources and time on our core mission, which is educating students. They also provided a significant financial shot in the arm that allowed us to increase our reserves and get us off the “watch list.”

The recently completed Voluntary Early Retirement Incentive Program, or VERIP, has provided an excellent opportunity to become more efficient and focus on the things Eastern does best.

I want to emphasize: The VERIP was not simply about saving money. Instead, it was primarily about giving us the flexibility to reorganize the way we do business. We should not and will not replace every vacant position.

Now that the VERIP is done, we are reviewing processes and the organization of work in divisions to become more efficient. Our turnaround efforts have positioned us to continue to make focused and strategic decisions to support student success.

I have to emphasize again that I know how much of this was extremely difficult and painful for you.

Every employee at this University has sacrificed by doing more with less.

(Pause before describing success of turnaround)

But, I'm pleased to report that our sacrifice has paid off.

Our turnaround effort, while not entirely complete, has been successful. Let me list some of the results of our collective efforts.

- After seven consecutive years of operating deficits, we had two years of balanced operating returns, in FY18 and FY19.
- We've doubled our unrestricted reserves.
- As a result, the HLC removed us from its financial watch-list and also re-accredited us for 10 more years.
- We strategically invested in campus infrastructure to further reduce expenses and lay the groundwork for long-term program and financial sustainability.

What do I mean here? I'll give one example. Remember all that orange fencing on the east and south end of campus in the summer of 2017? That was to replace our primary electric loop that provides services to the many buildings in that area. A big project that you can't see, but with major results.

- We also installed the co-gen facility, significantly reducing our energy expenses. That huge turbine produces approximately 93 percent of the campus' electric needs, and generates approximately 98 percent of the campus' thermal needs, in the form of steam heat.

The sustainability gains from the co-generator are significant. It results in an annual reduction of more than 21,000 tons of carbon dioxide, equivalent to 78 million miles driven by an average passenger vehicle, or the preservation of 260 acres of forests. The project is achieving an annual net energy savings to the University of more than \$2.8 million.

- We renovated Strong Hall and are renovating Sill Hall and the Rec/IM, undertaking projects that support students and faculty in high-demand academic programs and in terms of quality of life.

I want to make clear we have more to do. But overall, I am pleased to report that this coming year is different. We're financially stable.

I want to take a moment to personally thank our labor partners. Strong labor-management relations were key to the success of this turnaround plan, and I am grateful for their valuable partnership.

Thanks to these collective efforts, we are in position to further invest in Eastern's future and continue to position ourselves to best serve students in these challenging times.

(Pause before describing our three institutional priorities)

And I think **we do indeed have a bright future**. We have a plan, which I am extremely excited about.

We're organizing to make further strategic investments in University resources under the guidance of our Strategic Plan.

As you recall, the Strategic Plan was developed through a campus-wide process that involved extensive participation by students, faculty and staff.

And it is now being updated by a devoted group of students, faculty and staff.

Three institutional priorities outlined in our Strategic Plan will continue to guide our actions. Those priorities are:

- 1. Promoting Student Success and Engagement;
- 2. Delivering High Quality Academic Programs and Quality Research; and,
- 3. Engaging and Serving EMU and our Regional Communities.

Additionally, the important over-arching institutional commitment to diversity, equity and inclusion will be weaved into all of these priorities.

These priorities should guide all of our work every day. These are our pathway to our future.

To ensure that can happen, the work groups that are charged with updating the Strategic Plan are focused on proposing specific institutional goals to support those priorities.

They are also charged with proposing institutional outcomes that will allow us to measure whether we are making progress toward our goals.

Together, these goals and outcomes will form the roadmap for our strategic investments that will drive our University forward.

As a first step in that direction, today I am excited to announce the **creation of the University Strategic Investment Fund.**

We will commit \$250,000 beginning in next year's budget to support NEW campus initiatives that support the University's institutional priorities.

Such proposals could include projects related to faculty initiatives... student retention... or community engagement ... among other areas.

Requests to access these funds will come through the annual budget process, and we will ask for feedback from campus as we refine the criteria and process for this exciting new initiative.

(Pause)

But in the meantime, we continue to do excellent work every day that is driven by the three institutional priorities.

So, first, what will we do to continue to Promote Student Engagement & Success?

This is the heart of our mission as a student-focused and teaching-focused institution of opportunity. So far, we've done solid work toward this institutional priority, and it is paying off.

For example, this year, six-year grad rates increased significantly for a variety of student populations. These include students who receive the Educational First Opportunity Scholarship, commonly known as "EFOS", student-athletes whose cumulative GPA was an all-time University best of 3.27, and other populations.

These improvements reflect the commitment of our faculty and staff, as well as our strategic and intentional student persistence efforts. It demonstrates our increased focus on support systems such as improved advising procedures.

Our efforts also include the ReUp program, in which our partner is helping us locate and re-enroll students who stopped out at Eastern. The program has helped us re-enroll 176 students since this past summer.

Similarly, our Eagle Engage Corps combines debt forgiveness and public service in tandem with community programs to re-engage students who have left EMU or are considering leaving as a result of financial challenges. We'll have our first graduate from the program this coming December.

The Mentor Collaborative was launched to pair at-risk incoming first-year students with older students. The initial data show strong engagement and progress. Now, going forward, Provost and Executive Vice President for Academic and Student Affairs Rhonda Longworth plans to expand the program.

Another example of our efforts to facilitate student persistence is the launch of the Diversity Campus Climate Assessment, about which you've received communications.

This initiative includes several components, and will provide a roadmap for a variety of future actions. This process stems from the idea that a welcoming climate is crucial to student engagement. The assessment is an exciting and vital exercise in self-understanding, and central to helping students succeed here.

This must be our collective focus: **supporting our students to ensure that they persist in each class and each year toward the end goal of a degree.** That's a goal to keep in mind each day we come to work.

The second focus is to Deliver High Quality Academic Programs & Research.

You can see this emphasis in the new academic programs launched recently, including a bachelor's in Electrical and Computer Engineering, a bachelor's of science in Engineering, Technology and Workforce Education, a master's in Data Science & Analytics, a master's in Finance and a bachelor's degree in Teaching English to Speakers of Other Languages.

Other programs continue to be successful and grow, such as our neuroscience program, which has shown 400 percent growth since its launch in 2016.

Last year, I called on the campus to develop more high-demand online programs, especially in the business, health care and technology fields. This past year, we launched an online master's degree in Curriculum, a master's in Early Childhood Education and a master's in Special Education along with a bachelor's degree of science in Cyber Defense.

But more must be done in terms of generating online offerings.

Graduate students, in particular, demand online programs because they don't want to quit their jobs to attend school, and their employers will often pay for the degree – as long as they keep working. Undergraduate students also want the flexibility online offers.

In addition to our academic developments, our faculty continues to secure grants at record levels for Eastern. For example, our awards are up 36 percent over 2016, and the number of proposals is up 20 percent from that year.

Going forward, we will continue to actively invest in strategic programs and in our talented faculty.

Our final institutional priority is this: Engage & Serve EMU & Regional Communities

Eastern continues to focus on this priority in a variety of areas, including supporting local schools, ensuring safety and security and promoting community health.

The launch of our Engage @ EMU office has resulted in a remarkable array of partnerships with area schools and with the larger community. I could speak for a half hour on all the specific programs that arise from this effort.

But I would like to highlight one example. That's the Collaboration for Change, a partnership we have with Ypsilanti Community Schools and Washtenaw County that seeks to promote student success in the community.

The partnership was launched this past summer, with the goal of creating new initiatives and of fortifying existing ones, such as our Bright Futures after school program and Pathways for Future Educators, which supports high school students in their goal to become teachers.

Also, in terms of school support, this past school year the College of Education engaged in a year-long immersion in Estabrook Elementary School, just down Cross Street from Eastern. The effort, led by Jackie LaRose, a professor of teacher education and this year's Porter Chair, is part of a deep and mutual collaboration between the faculty, principal and staff of Estabrook and the COE.

As part of the collaboration, 20 Eastern teacher education students were embedded in the school as they took curriculum and practicum courses. This fall, the program is being expanded to Holmes Elementary, in Ypsilanti Township.

In terms of safety, our police force now patrols a considerable area around campus as we work to support Ypsilanti and county law enforcement. Our officers are fully sworn in the city of Ypsilanti and deputized in Washtenaw County.

And we now have more than 900 cameras on campus, helping ensure Eastern is even more safe for visitors as well as our own students and employees.

Finally, you can see vivid evidence of our community engagement at the northwest end of campus, where the IHA Health Center @ EMU is set to open on Nov. 4.

The center, a collaboration with IHA and the Saint Joseph Mercy Health System, will provide primary health care services to students, faculty and staff, as well as to members of the community at-large. You're all invited to the center's community open house, to be held from 10 a.m. to noon on Saturday, Nov. 2.

But it's not just our programs or partnerships that will propel us in this vision. This final priority is also all about communication – notice the “Serve EMU” aspect here.

That involves enhanced communication. We are working very hard on a variety of fronts to make that happen. This annual address to campus is just one example.

(Pause before noting Comprehensive Campaign, enrollment)

Before closing, I want to touch on two more efforts that fall outside of the three above priorities but are of vital importance to Eastern Michigan.

The first is enrollment. It has been falling at universities across the Midwest and in Michigan, and Eastern is not immune to that trend. There are fewer high school students in Michigan, impacting our first-year enrollment, and fewer community college students, which is affecting transfer enrollment.

Again, it is important to note that we are not at all isolated in these declines. We know that, despite those trends, and the growing demand for online opportunities, ground-based enrollment remains crucial to our future. We are working diligently on several fronts in seeking students from near and far.

Utilizing traditional media channels and an increased emphasis on digital outreach, we are sharing more positive information, more broadly, about the University's academic quality, academic rankings, student and recent graduate success and our vibrant campus community.

Our enrollment team continues its aggressive outreach efforts with additional focus on sharing academic quality messages throughout the recruitment cycle.

We continue to lead the state in articulation agreements with community colleges. We now have 150 such agreements – more than any university in the state – including 10 new ones launched in the last fiscal year.

And, we continue outreach efforts to recruit international students – with active focus on Asian nations such as India and China – as well as in the Middle East.

We also are undertaking a comprehensive review of our enrollment practices – specifically as they pertain to enrollment of graduate students. College of Arts and Sciences Dean Dana Heller is leading a broad effort designed to identify impediments in the graduate recruitment process and streamline those functions, and thereby increasing graduate admissions.

Finally, to help support all of the efforts I've noted in this address, a comprehensive multi-year fundraising campaign continues to be developed. This is a major initiative; its scope is without precedent at Eastern.

A feasibility study will be undertaken, and interviews with major stakeholders are underway. Our campaign case statement – noting why Eastern is so worthy of your support – has been drafted and is being reviewed.

In the meantime, please be on the lookout, as our annual faculty and staff campaign is coming soon.

Regarding that campaign, I can't say it enough: We simply cannot credibly ask our alumni or others outside the University to invest their resources in EMU unless we, the employees, are willing to do so ourselves.

In closing, I want to emphasize the sense of community we have on our campus. It truly does exist. Through good times and bad.

We possess a singular ability to work together, the potential to realize our vision and further implement the plans I've laid out today.

In that vein, I call on each of you to think of one thing – it can be small or large – from your area or elsewhere that you think will help us follow through on our three priorities and help us meet the challenge of serving our students in the years to come.

You can email me your thoughts at president@emich.edu.

As I conclude, I'm sure that many of you may have questions or feedback. I and the members of the Executive Council, who are seated in the front row, will be available for conversation after I finish my remarks. So please, come on down!

With that, I want to say thanks very much for your time and attention today.

It's a privilege to be your partner and your president at Eastern Michigan University.

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