

**State of the University**  
**August 21, 2008**

Omens and prognostications are an important part of human nature. Humans attempt to create order out of chaos, to see patterns in the natural forces that surround us. For us in the academy, the finding of order in what we study is frequently our highest calling. Yet omens also play an important role in our emotional and psychic lives. For us in the State University of New York, we continually read the omens and prognostications of the state budget, the actions of the Governor, and the actions of the Legislature. In this regard I am reminded of the events that led up to the conquest of Mexico by the Spanish. The emperor of Mexico, Moteucuhzoma Xocoyotzin, was confronted with eight omens of the forthcoming destruction. These included unexplained fires, thunderbolts out of the clear sky, a falling meteor and comets. The most evocative was the mirror-headed crane.

The story tells that some people of the lake were hunting and they captured a large grey bird, like a crane. But this crane was different and special. It had a mirror on its head. The hunters carried the bird to the emperor. The ruler looked into the mirror and saw the night sky and constellations. The Nahuatl legend reads: "he saw something like a multitude of people coming along, coming bunched, outfitted for war, carried on the backs of deer." He called his sages to look and to explain this strange vision to him, but when they arrived the vision had disappeared.<sup>1</sup> Of course, what the emperor saw was an omen of the invasion by the Spanish. The animals he thought were deer were in fact horses. The accounts of the conquest, written from the native point of view, note that had they been able to interpret these omens, they might have better been able to fend off the Spanish. Furthermore, the conquest also became imbued with an other-worldly tone, also causing a certain fatalism among the Nahua. Then as now, understanding omens and prognostications is important in dealing with future events. While we no longer rely on soothsayers and interpreters of dreams, we do employ economists and meteorologists to help us forecast the future. Right now, here at SUNY Potsdam we also look forward to an uncertain future and wonder how best to proceed.

The last year has seen some very important accomplishments. The Legislature has approved the funding for the construction of the Performing Arts Building, the first new academic building on campus in over 30 years. We received our second million-dollar gift from an anonymous donor. This gift will establish two funds: The Kilmer Fund and The Pratt Student Fund. A portion of the gift (\$100,000) will also go into the College's unrestricted fund, to allow the College the greatest flexibility in using that amount wherever there is greatest need. The Kilmer Fund, named in honor of Dr. Frederick B. Kilmer, the original science director of Johnson & Johnson, will support undergraduate research projects. An endowment of \$450,000 will provide stipends to students to work with faculty on research projects during the summer, monies for student travel to professional conferences to present the fruits of their creative activity, as well as other related expenses. The Pratt Fund will support student activities, enhancing opportunities for student engagement and learning outside the classroom.

This past year we broke our own record for charitable giving for the second year in a row. We received over \$3.6 million in gifts last year, significantly more than the previous record of \$3.2 million. Of that, a third was in the form of annual giving through the Fund for Potsdam campaign. We also received \$97,000 from the federal government, through the appropriations process, to fund an initiative in the teaching of math and the sciences, thanks to the help of Rep. McHugh, and Senators Schumer and Clinton. Additionally, the College received several grants this year. The most significant of these was a \$1.6M Department of Education Title III grant to pursue an "Expansion of Undergraduate Research to Strengthen Student Confidence and Retention." The funds will directly assist student research projects, faculty development, and administrative support. These are but two examples of many successful grants and appropriations we have received.

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<sup>1</sup> James Lockhart, ed. and trans. *We People Here: Nahuatl Accounts of the Conquest of Mexico* (Berkeley: University of California Press, 1992), pp. 54-57

You have, no doubt, noticed the construction projects all across our campus. I am happy to announce that the second set of town houses is ready for occupancy and students will be moving in to them momentarily. We are nearing the end of the construction phase for Becky's Place, located between Raymond and Carson Halls. This will be a state of the art dining facility and coffee shop that will serve the entire campus community. Our thanks go to the anonymous donors, PACES, and our Physical Plant Division who provided funding for this project. Thanks to the Legislature, for the next five years we will receive approximately \$14 million per year to address significant problems of critical maintenance. Included in this program will be the renovation of classrooms, laboratories, studios, and offices. This money is earmarked specifically for this purpose and cannot be spent in any other way.

As many of you undoubtedly already know, our programs in Education have been re-accredited by NCATE. We hosted the visiting team last fall, and their report was approved by the national office this spring. I have been part of accreditation visits in four different states, and never have I received such a glowing report as the one for SUNY Potsdam. It is a splendid recognition of the excellence of our programs. The Corporation for National and Community Service named SUNY Potsdam to the 2007 President's Higher Education Community Service Honor Roll with Distinction for exemplary service efforts and service to disadvantaged youth. The Community Service Honor Roll is the highest federal recognition a school can achieve for its commitment to service-learning and civic engagement.

Several faculty members have also distinguished themselves during the past academic year, and while this is by no means a complete list, I would like to take a moment to highlight some of these achievements. SUNY Potsdam Professor of Mathematics, Dr. Laura Person, was awarded the Mathematical Association of America (MAA) Seaway Section's Clarence F. Stephens Distinguished Teaching Award. The Theatre Division of the National Communication Association (NCA) named Gerald Lee Ratliff of SUNY Potsdam's Office of Academic Affairs the recipient of the Distinguished Service Award in recognition of his leadership role in educational theatre. Four SUNY Potsdam faculty members were presented the 2008 Chancellor's Awards for Excellence: Professor of Curriculum and Instruction Dr. Sergei Abramovich, Professor of Art Dr. Caroline Downing, Instructional Support Specialist of The Crane School of Music Gary Galo, and Professor of Art Mark Huff. Associate Professor of Theatre and Dance Kimberley Bouchard was one of only eight directors nationwide to be accepted to participate in the summer seminar "The Collaborative Process: The Designer/Director Relationship" at the John F. Kennedy Center for the Performing Arts in Washington, D.C. Vice President Chris Strong was recognized with a President's Citation for Exceptional Service to the American College Personnel Association. SUNY Potsdam earned first place in the SUNY Outstanding Student Affairs Program Awards (student government and organizations category) for our work in Promoting Student Engagement in Student Organizations. In the area of Advancement we won two important Awards. Media Relations Manager Deidre L. Kelly, earned a Judge's Citation from the State University of New York Council for University Advancement (SUNYCUAD) Awards for Excellence in News Writing for her work publicizing SUNY Potsdam's historic purchase of 142 Steinway pianos. Director of Web Communications Mindy Collins was selected to receive the SUNYCUAD Best of Category Award in the alumni relations subcategory for her work on "Alma Matters," the College's alumni e-newsletter.

Our students also achieved important recognition. Studio art major Laura A. Murphy earned a "Best in Show" award from the Best of SUNY Student Art Exhibition for her work "Life in a Moldy Cup of Coffee." SUNY Potsdam Senior, Erin Harrington, was selected for the prestigious 2008 Kennedy Center Summer Playwriting Intensive Workshop in Washington, D.C. SUNY Potsdam teams won the undergraduate and graduate categories of the Fifth Annual Business Ethics Case Competition at St. Michael's College in Colchester, VT. Cara Alexander, a 2008 graduate and recipient of a SUNY Chancellor's Award, was given Honorable Mention for the National Science Foundation Graduate Research Fellowship to support her graduate training in bioarchaeology at Arizona State University.

In summary, we accomplished much last year, only a small portion of which was reported here. As President, I am very proud of the accomplishments of our students, faculty and staff. Ours is a

distinguished institution, and our people are making truly significant achievements. I am gratified that our accomplishments have been recognized so broadly.

During the last academic year we made significant progress towards achieving our strategic goals. Related to our highest priority, Marketing the Institution, we are near the completion of the overhaul of our web site. As you all know, the new web design is occurring right now. The Advancement Office continues to develop and implement a plan to market the College and to identify the distinguishing message that best represents the campus. The discussions surrounding the Bicentennial Plan have assisted us greatly.

Within our second priority of Facilities, we have seen notable progress. I will not repeat what I have already observed about critical maintenance and other projects. We are proceeding to make our combined heat and power plant a reality. Discussions with the consulting engineers have been more complex than we first realized, but progress will soon occur. We have begun dialogue about renovations of the Barrington Student Union and the Crumb Library, and we will be among the first SUNY campuses to revise their facilities master plan.

Resource Development is the third strategic goal. We have made considerable progress in preparing for our next comprehensive campaign. Again the development of the Bicentennial Plan was an important component. We are currently developing proposals based on the plan which will be presented to selected alumni and friends of the College as part of a feasibility study. Our budget planning process has continued to develop, although changes in levels of support have placed strain on the system, as I will discuss in a few minutes.

In the two areas of enrollment management, recruitment and retention, we have made significant strides. An enrollment management council has been charged with monitoring retention and proposing policies to improve student persistence. The Provost oversaw a study of the sophomore year and will be inaugurating some new programs aimed at better retaining second-year students. We continue to meet our recruitment goals for first-year students, transfer students and graduate students. We need to work hard to continue to reach our enrollment goals, to increase our selectivity, and to insure that we appeal broadly to students of color, students of limited financial means, and students from other underrepresented or challenged groups.

Faculty and Staff Worklife encompasses several important goals. The Diversity in Action Coalition is working to implement the recommendations of the Diversity Task Force to attract and retain faculty and staff from underrepresented groups. Human Resources staff are working to better understand the workload issues in other areas of the campus and will recommend actions to address the findings as they emerge.

In the area of the Student Experience, the Provost has begun to develop a plan to see that all students engage in one of the high impact educational opportunities identified in the National Survey of Student Engagement and in the American Association of Colleges and University's manifesto, Liberal Education and America's Promise. We have funded initiatives in student leadership and student activities and will continue to make our campus an engaging and active environment for students.

This past academic year, we initiated efforts to address the instructional portion of faculty workload. The cost of that plan has limited our ability to also address salary issues for faculty, but these both remain strategic goals. In the realm of technology, we have increased the staff in CTS and have deployed important improvements in our technology infrastructure. Michael Galane, a 1974 graduate and senior director of fulfillment operations at Hewlett-Packard, has teamed with HP to donate nearly \$20,000 worth of computer equipment to SUNY Potsdam. Galane and HP are providing SUNY Potsdam with HP's BladeSystem, which will help build vital solutions to support the College.

Finally, in the area of assessment, we are making significant progress implementing assessment programs throughout the College. Recently, Dr. Bruce Brydges was appointed Director of Academic Assessment. Bruce will bring to the entire College the skills he developed working with the School of Education and Professional Studies in the area of assessment.

Taken as a whole, we have made significant progress on our strategic goals. Nevertheless much remains to be done. The common thread that runs through our strategic goals is the need for a more stable financial base. Like many state supported colleges and universities, SUNY Potsdam can be considered a fragile institution. We employ all of the funds we take in, and the smallest perturbation has a significant impact on our budget. I would like to take a few moments to discuss our current financial status.

There are two ways to look at the College budget. One is to look at the functional units. Each division of the College receives a portion of all the money we have at our disposal. These divisions correspond to the portfolios of each of the vice presidents: Academic Affairs, Business Affairs, Student Affairs, Advancement, and Institutional Effectiveness and Enrollment Management.

The other way to look at our budget is in terms of the types of money and their function within the budget. We receive money in several ways. Most of us are familiar with tuition and state support. Combined, these are known as the operating budget. The College also receives money through the operation of our residence halls, the collection of various student fees, funds generated by summer session and study abroad opportunities, from our foundation, and from the PACES corporation which operates our dining services, bookstore, vending machines and other activities. The funds from fees, residence halls, and those collected by PACES are accounted for separately, and generally designated for the operation of those specific areas. Annually, PACES does support the College from its operations through a gift to the Foundation.

We also track money according to the purpose for which it is to be spent. The lion's share goes to what we call PSR, Personal Service Regular: that is, the salaries and wages paid to regular employees of the College. We have an allocation called TS, Temporary Service, for the salaries and wages to persons not on continuing contracts with the College, such as adjunct faculty members. Another large category is OTPS, Other Than Personal Service, which consists of money for expenses, ranging from paper, copies, and telephones, to salt and sand for the sidewalks. Other allocations include Utilities and Scholarships. As I noted earlier, we receive money from the state for the improvement of the campus physical plant. Because our buildings represent a significant asset and capital investment, these funds are called capital funds, and may only be used to maintain and improve the buildings and infrastructure of the campus. The capital money is not included in our operating budget or financial plan and is accounted for separately.

Our financial plan for 2007-2008 totaled \$44 million. The financial plan included money from tuition and state support, as well as from the Foundation, and other miscellaneous sources, such as carry over from previous years. Of our financial plan, the single greatest part went to pay employees, accounting for 67.2% of all of our expenses. Temporary Service represents 4.3% of the financial plan, so that in total, salaries and wages account for some 72%. Utilities are 9.3%, scholarships, 2.5%, and expenses (OTPS) 14.4%. It is clear that personnel costs were the largest component of our financial plan. The financial plan was allocated to the various divisions of the campus. By far the largest of these is Academic Affairs. The portion of our total financial plan that went to Academic Affairs was 58.2%. The next largest area was Business Affairs, which includes Physical Plant and Facilities, Human Resources, the Business Office, and Athletics. This represented 15.1% of our financial plan. Much of our Athletics program was funded through the Athletic fee and was not represented in our financial plan. Next in size was Student Affairs. Several departments in Student Affairs, such as Residence Life and the Health Center, received their funding through student fees. Student Affairs accounted for 2.3% of the financial plan, excluding those fees. Both Advancement and Institutional Effectiveness and Enrollment Management were very small parts of our state operating budget, representing 3% and 2.9%

respectively. Finally, some expenses such as our utility bills and scholarships could not be allocated to any given area. These costs in support of the whole campus amounted to 17.7% of our financial plan.

What I just outlined is a snapshot of our financial plan for last year. It is worth noting that the budget has evolved over the last many years. In fall 2002 we had 4455 FTE students. By fall 2007 we had fallen to 4353, a decrease of 2.3%. Although the College lost approximately two percent of its students, we added 76 permanent employees, an increase of 12 percent. The greatest increases occurred within Academic Affairs, where we grew by 15.4% or by 55 FTE, and in the Advancement Division which grew by 28%, or 5 ½ employees. New positions in Advancement came as a result of significant increases in our levels of charitable giving. Within Academic Affairs the number of full time and part time faculty members has increased. We have grown by 34 full time and 39 part time faculty members. Much of the increase in teaching faculty came as a result of the retirement of senior faculty members who were replaced by junior faculty. Consequently, we were able to increase the number of faculty without a significant increase in expenditures. This means that we have an appreciably lower student faculty ratio than we have had at just about any point in the history of the College. The ratio dropped from 18.06 students per faculty in fall 2002 to 16.4 in fall 2007. This occurred because, while enrollments declined slightly, we have added noticeably more faculty members.

We do not have a breakdown readily available for the historic division of funds among the various sectors. Nevertheless, since salaries and wages account for so much of the College's budget, by looking at the distribution of permanent employees we can get a rough idea of the changing expenditures among the sectors. Five years ago, the teaching faculty constituted 41.9% of our total FTE permanent employees, with Academic Affairs other than teaching accounting for 12.8%, Student Affairs was 7.7%, Business Affairs 29.5%, Advancement 3%, and Institutional Effectiveness 4.8%. This last year the faculty had grown to represent 43.8% of our permanent employees. The other areas remained largely the same or declined slightly.

This year, our budget has suffered some sizeable cuts. The Legislature concluded its deliberations with a SUNY Budget that was lower than in previous years by some 3%. In addition to a lower level of support from the state, SUNY implemented some accounting changes with regard to utilities that also had the effect of reducing our campus budget. Subsequent to that, Governor Paterson mandated a reduction to all state budgets. Once all of these changes and reductions were implemented, it meant a reduction of just under 1 million dollars in our campus budget. The Cabinet and I have adjusted the 08 - 09 financial plan to accommodate these cuts. While it has not been easy, I believe that the reductions we have implemented will not seriously affect the academic core. The largest share of the resolution deals with how we transfer money from our state budget to the Dormitory Funds in order to cover the cost of certain students on financial aid. We also benefitted from some turnover savings when new employees were hired for less than the senior person they replaced. Lastly, we have imposed an eight-week waiting period before vacant positions, other than teaching positions, may be filled. These, plus some modest other reductions, have allowed us to balance the budget for this year.

We had hoped that these cuts would be the end of the issue, but in late July, Governor Paterson announced a second series of cuts that could amount to an additional \$1.3 million reduction of state support to Potsdam. To reduce our budget by this amount will require dramatic action.

The Cabinet has been wrestling with the implications of these potential reductions for several weeks. In addition, the Leadership Council and representatives of the Faculty Senate spent the better part of our recent retreat brainstorming solutions to close this budget gap. If called upon to do so, we will accomplish it while remaining faithful to our mission and our students. Furthermore, just as our strategic goals direct our actions when resources are available, it will also guide us as to how to reorder our expenditures. It is my sincere belief that we can emerge from these financially difficult times a healthier and more stable college. In fact, we are already better able to handle the reductions because of the important strategic planning over the last three years.

The difficulty in which we find ourselves at present is that the reductions we have already identified must be converted into ongoing, permanent reductions. The reductions already in place this year lie in our ability to move money on a one-year basis and to reduce certain expenditures for one year. But we are severely limited in our ability to continue these onetime only reductions. We must reduce our financial plan **permanently** by at least \$1million. This would amount to 60% of what we spend on scholarships in any one year, one-quarter of what we spend on utilities, and fully one sixth of our total expense budget.

This could just be the beginning. Unfortunately, the future is cloudy. Governor Paterson has indicated that he will request as much as a ten-percent reduction in state expenditures for 2009 – 2010, amounting to another permanent \$2 million reduction to our operating budget, a total of just over \$4 million in two years. Continually chipping away at OTPS funds simply cannot help us reduce our spending to any significant degree. Because three quarters of our financial plan goes to wages and salaries, there is no way that we can meet this challenge without addressing the size of our workforce.

At present we simply do not know the size of the reductions to come, or if the possibility of a tuition increase exists to ameliorate the cuts, but we do know that change is coming and that it is our duty to craft an institution that can respond to this change in timely and responsible ways. As such, we must plan for systematic change in order to change the direction of the campus and to create something truly new and unique. We must evaluate what we do, how we do it and how we must change while holding true to our deepest held values, the mission and goals of the College. We also have no choice but to address the problems we anticipate now. Unlike most businesses, we do not control our income, and are severely constrained on much of the expenditure side. We do not control our income because tuition is set by the Trustees and the Legislature. Most of you know that SUNY has had only one tuition increase in the last 13 years. The cost of higher education has gone up approximately 22% since our last tuition increase five years ago. Anything less than a truly unprecedented tuition increase would not improve the financial situation.

One of the only ways that we can increase our income is by increasing our enrollment. To increase our tuition revenue to resolve the current budget gap, we would need to instantly add 505 students without increasing any other expenditure. There are considerations related to quality as well. Consequently, enrollment growth alone cannot solve our financial problems.

SUNY Potsdam is a leader among comprehensive colleges nationwide and certainly within SUNY for a host of reasons. Yet we are a financially fragile institution. When serious financial problems come, we struggle to accommodate them. Although the financial news we face today is bleak, it does provide us with a challenge and an opportunity to become different, stronger, more focused. We need to analyze all of the programs of the College to see how we can best accomplish the things we want. Building a legacy means that, while respectful of the past and of tradition, we embrace the realities of the future and create the educational experience we want our students to experience. The Cabinet has already begun this discussion. We are developing a series of metrics whereby we can evaluate departmental utility and effectiveness. In the coming months we will be analyzing as much data as possible and conducting conversations around campus to help us better understand what we want to preserve, what we want to achieve, what we want to eliminate, and what we want to avoid in the creation of a new SUNY Potsdam.

The Bicentennial Plan helped us to collectively envision the future of the College. The time has come for us to accept the challenge of attaining our goals in spite of troubled financial times. We are today a bit like emperor Moteucuhtzoma, looking into the mirror held by the crane. We can see the movement of the economy and hear the pronouncements of the politicians, but we do not yet fully understand what the implications will be. To quote from the Bible, “For now we see through a glass, darkly.” (I Cor. 13:12) We do, however, know what we would like our college to become. What awaits us is the opportunity to face the current adversity, to respond with courage and innovation, and to become stronger and better for the effort. This will be our legacy.

