

University Convocation

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Thank you all for being here this morning. Welcome back to campus and the opening of the University's 153rd academic year. I join Jim Wiser in extending a particularly warm welcome to new faculty and staff. We are delighted with the influx of energy and ideas that you bring with you to the Hilltop. You are a much-needed transfusion of new blood.

I express my appreciation, gratitude and admiration to you veteran staff and faculty for the patience, understanding and good grace with which you have borne the racket, dust and dislocation of the last few years of campus construction. It is not yet over, so I exhort you to the continued practice of those same virtues as we complete K Hall and other campus projects. That we were able to accomplish so much over so short a time this summer is due to the generosity, cooperation, commitment and hard work of virtually every department of the University. I thank all of you on my own behalf and that of the entire University community.

Eight years ago the University articulated its vision, mission and values and identified four initiatives for gaining USF increased recognition as the premier, diverse, Jesuit Catholic, urban university that it is. Those strategic initiatives are not rocket science. They call us to focus on:

1. recruiting outstanding faculty and staff who will contribute to the mission of USF;
2. recruiting and enrolling diverse students of high academic achievement who want the rigorous and humanizing education USF offers;
3. providing a more attractive campus environment and the resources to enhance teaching/learning and service to the university community;
4. strengthening the university's financial position.

This morning's convocation is a report to you on the progress the University has made, or not, on the four strategic initiatives that we set for USF eight years ago after extensive discussion across the university. Those four initiatives, along with our *Vision, Mission and Values Statement*, were formally adopted by the Board of Trustees at its September 11, 2001 meeting. Those of you who were here at the time will recall the strong, prevalent feeling that the tragedies that have forever scarred that date in American history were compelling evidence of the world's need for well-educated persons with the capability and the desire to create a more humane and just world for all. Many of us returned to our campus responsibilities with a heightened sense of purpose and a renewed commitment to educating the minds and hearts of our students in the hope that they would create a better world than the one we currently inhabit. In reviewing the four strategic initiatives, I ask that we stay focused on the Jesuit humanizing education that these initiatives are meant to support and advance. I fear there are too many trees in this morning's presentation, so please try not to lose sight of the forest.

First Initiative

Regarding the first initiative, over the intervening eight years we have allocated 112 new positions to academic affairs to support new programs and accommodate our expanding student population. The majority of these new positions — 74 of which are faculty — are in the College of Arts and Sciences, where the most significant enrollment increases have taken place — about 1,100 additional students.

On the issue of faculty diversity, the total number of faculty of color has grown from 56 to 74. Since 1991, white members of the faculty have decreased from 88 percent to 76 percent. In the last six years, the percentage of full-time faculty who are women has grown from 40 to 46 percent. The Leadership Team has welcomed two additional women vice presidents, two women deans, two persons of color and two Jesuits.

Data on other qualitative indicators for faculty are not so easily obtained. We do know that external grant funding has increased just over \$1 million in the past three years, and that USF faculty authored some 170 books in a six-year period ending in 2007. Further, our faculty, just this spring, scored above the national average for all 22 questions on a national teaching evaluation instrument called the SUMMA, which offers benchmark comparisons with 100 other institutions.

We have likewise experienced an increase of about 50 new staff outside of academic affairs. They are distributed across the University with a slight concentration in Information Technology to support our greatly expanded services and increased capacity. Today 37 percent of staff are persons of color, compared with 30 percent in 2000; gender distribution has remained constant at 56 percent women.

Those of you involved with faculty/staff searches and recruiting have done a spectacular job. Your efforts have really paid off and the University is better for your hard work, and I thank you for that.

This year, with the support of the Jesuit Foundation and sponsorship of the Provost and Deans, a Central American immersion experience will be available for faculty. These opportunities, as you well know, have profoundly affected our students and left a lasting impact on those of us on the Leadership Team. Just this summer we led a group of trustees and alums on a one-week experience in El Salvador. One alum participant wrote, “Hearing directly from people who lived through the savagery of economic, social and physical oppression is a visceral experience that is life changing.” A trustee emerita wrote, “We thought we understood what love and faith were. We thought we knew what forgiveness was. We thought we had known people of courage in the past...but not like this.” Another participant said, “The way I live my life now is different. I no longer live in a state of wanting more ‘things’ like too many Americans do. This is the gift I received from El Salvador.” The final word on this experience comes from our Board Chair who said, “I can’t tell you what it felt like there. It took me a couple of days to process it.” I thank the Jesuit community for funding this experience and our Deans and the Provost for their leadership and imagination in offering this to faculty.

Second Initiative

With regard to recruiting and enrolling high quality students, the mean GPA for entering first year, undergraduate students has gone from 3.3 to 3.5 and the mean combined SAT score increased from 1,083 to 1,140 — these point to the increasing academic quality of our students. Freshman applications have increased 138 percent since 2000, and the admit rate has dropped by almost 20 percentage points from 81 percent to 63 percent; this is very good. I pause here to publicly acknowledge the great work of our colleagues in Admissions and all of the folks in Enrollment Services. I thank you.

The yield rate on our applicant pool has dipped from a high of 28 percent in 2002 to an eight-year low of about 20 percent, which means that only 20 percent of those whom USF accepts actually enroll here. As USF becomes a more selective university, pressure on our small endowment will grow as we look to it to help us attract and retain these high quality students. A more troubling indicator is the attrition rate of our traditional undergraduates between their first and second years. This is a problem that we have studied and will take steps to redress.

Students of color have increased overall by just over six percent since 2000, so that USF is now ranked as the 19th most diverse university in the nation, with just under 40 percent of our students being white. Eight years ago, 18 percent of our entering freshmen were the first person in their family to go to college; this year it is 35 percent. We should take great pride in this statistic. I recall the former, ill-fated president of Harvard, Larry Summers, challenged that institution to stop protecting the privileges of the wealthy and start opening up opportunities for poor students. We do that. As you may know, Catholic universities in this country were originally established to educate the sons and daughters of European immigrants who were barred from our elite universities during 19th and early 20th centuries. USF remains committed to this population, whether documented or not, whose parents now emigrate from Asia, Latin America and Eastern Europe. Overall, enrollment at USF has increased 11 percent; the undergraduate population, which has grown by 37 percent or 1,330 students, accounts for the lion's share of this growth. Over the past eight years, the University has more than doubled its financial aid to students, from approximately \$21 million to \$47 million, only \$5 million of which comes from endowed funds. Remember that a \$1 million endowment yields a little less than \$45,000, which does not quite cover the full cost of a year's undergraduate education at USF. I am convinced that our student yield rate of 20 percent is the result of a competitive disadvantage: that is, our lack of capacity to award financial aid from endowed scholarship funds to promising, needy students. Harvard, for example, has the benefit of a \$36 billion — that's "B" billion — dollar endowment. Closer to home, Santa Clara's endowment was approaching \$700 million when the market was hot, while USF's stood at \$224 million. We must increase endowment in order to be able to offer promising students with need competitive financial packages that draw them to USF.

Third Initiative

Eight years ago, the University faced a significant gap *vis-à-vis* competitor institutions with regard to campus environment, facilities and technology. We have been closing that gap as we have remodeled older buildings, constructed new ones and laid a new

technology infrastructure. We have made significant headway, as anyone who has been around for awhile can attest, but there is still some distance before USF goes toe-to-toe on this basis with those universities against whom we directly compete for students.

The past eight years have witnessed fundamental changes in USF's network and technology infrastructure, which was completely replaced at a cost of approximately \$12.5 million. Some of you may remember that in 2000 only four classrooms had computer projection, students did not have web-based email, one person staffed the help desk, our Internet connection was one-tenth its current size, the phone system was 15 years old and our information systems were even older. Currently, every standard classroom in the University has technology upgrades; this fall, all of our campuses — San Francisco and regional — will be wireless environments; by November, Banners on Board or BOB will be finished — thanks to God and many of you — and we will have completely replaced our primary information systems; since 2000, Blackboard has been implemented, upgraded and most recently, integrated; the University has developed web-based registration, grading and the delivery of other forms of administrative self-services; we opened “One-Stop” less than three years ago, so that students may register, pay bills, negotiate financial aid, drop/add and conduct other routine business without having to traipse all over campus to different offices. The price tag for these improvements and other lesser ones that I have not detailed is just over \$22 million.

With regard to facilities, the jewel in the current campus crown has to be the newly renovated Kalmanovitz. I urge everyone to take the time to go through this remarkably practical, radically historical and aesthetically stunning facility — graced even with a stairway that goes nowhere! K Hall now takes pride of place among other successful construction projects that include Zief Law Library and Malloy Hall; and the dramatic remodeling efforts on Lone Mountain, Fromm Hall, Kendrick Hall, the Studio Theater and War Memorial Gym. These campus improvements came at a cost of approximately \$114 million.

Since 2000, the University has expended about \$11 million to make our residence halls more comfortable and attractive. USF's student accommodations are all double loaded corridors reminiscent of the 1960's and generally out of sync with current campus housing trends. Loyola Village, now six years old, is the only contemporary and alternate style of on-campus living. More pedestrian and less glitzy campus improvements include replacing the main steam line on the lower campus, re-roofing seven of our largest buildings, installation of solar panels, painting and sealing exterior surfaces — the School of Education is a case in point, replacing leaking windows, refinishing floors and refitting rotted pipes and plumbing fixtures. The overall cost for these types of unglamorous but necessary projects is about \$13 million.

Before moving on, please join me in expressing our appreciation to the people in facilities, IT and Residence Life for their Herculean efforts to make this campus more attractive and conducive to teaching/learning.

Gleeson Library's entire *raison d'être* is supporting the teaching/learning and scholarly

activity, which are the heart of the University. The past eight years have not been gentle to libraries, with the costs of print and electronic media escalating far beyond the cost of living. In this difficult and challenging environment, Gleeson has significantly enhanced its services and increased its holdings; for example, it now provides access through *Link Plus* and *Pickup Anywhere* to 45 other library collections in Northern California; it has joined with other Jesuit universities to provide 24/7 reference services to faculty and students; the number of online databases have doubled; through *Passport* faculty may access and borrow from all 28 of our sister Jesuit institutions; the nursing collection has expanded to support our new doctoral program; wireless connectivity exists throughout Gleeson and Monihan Atrium is open 24/7 for students. Gleeson library has made these and other qualitative improvements because of the leadership, initiative and hard work of its dedicated staff. I thank them all.

Fourth Initiative

This last initiative is perhaps the most challenging to present because it is so easily misunderstood, and because I am not particularly adept at finances. Please bear with me. During the Q&A that follows Charlie Cross or Salvador Aceves can answer your questions better than I.

I begin with “old” good news that a year ago at this time we celebrated our most successful capital campaign ever. We raised about \$180 million in *The Campaign for USF*, which is more than double what we have ever raised before. Many of you contributed to the success of the campaign and for that I am most grateful. The money raised by the campaign, however, is not cash in the bank; much of it is pledged to come in increments over five to seven years or through wills and bequests. Virtually all of the campaign funds are restricted, that is, donors have directed their gifts to particular programs or projects. Thus, money designated for student scholarships or endowed chairs may not be re-directed to construction projects, intercollegiate athletics or compensation.

Eight years ago, we faced an impending \$5 million operating deficit and a huge backlog of deferred capital maintenance projects in the neighborhood of \$180 to \$200 million. We averted a deficit that year through stringent strategic cost cutting measures that the University community rallied to support. Over the past six years we have run an average annual operating surplus in the range of \$4 to \$5 million. Operationally, we are in better financial shape. Those modest surpluses are what the University has to re-invest in deferred capital projects, technology upgrades and other necessary campus improvements. The backlog for such projects currently stands at about \$120 million; much work remains to be done before the campus and its infrastructure are in satisfactory shape.

In our uniquely transparent budget process, requests for new funding from the budget come up from the unit level through a thorough and systematic vetting process to the Leadership Team. Final determinations on budget priorities are made by the President, after review with the Leadership Team. You may trace the evolution of our operating budget online. If you do so, you will see how many important requests we are not able to fund because of the financial constraints under which we operate. Our budget does not

generate enough money to pay for all that we need to do. In the face of competing budget claims, our priority is very clear. Approximately two-thirds of the operating budget, net of financial aid, is committed to ensuring that our salaries and benefits package remain competitive in the marketplace. Making choices among so many compelling and competing goods is a difficult task that the Leadership Team takes very seriously.

At this point, I would like to directly address a popular “urban legend” frequently heard these days on the Hilltop: claims that the University has run very large surpluses, on the order of \$40 million-plus dollars per year in each of the last three years. How I wish this were true! I think this legend draws sustenance from an understandable but imprecise understanding of the University’s finances. There is a fundamental distinction between what I will call the University’s total worth or net assets and its operating surplus. The operating budget accounts for the revenue that we collect each year to cover the cost of offering a high quality Jesuit education in San Francisco to some 8,500 students. As I already indicated, our revenue has exceeded our operating expenses at an annual average of \$4 to \$5 million each of the past five years, and that is our operating surplus. As a point of reference, these projected one-time operating surpluses have helped to provide funding for some of the deferred maintenance projects on campus that we are beginning to address.

USF’s total value is constituted by the sum total of the worth of everything that the University owns: endowment, plant and facilities, land, vehicles and, yes, even palm trees. Attach a value to each one of those items, add them all up and you will have the University’s total value or net assets. For example, when our endowment increased from \$132 million in 2002 to \$224 million in 2007, the University’s net assets increased by \$92 million dollars; similarly when it dropped from \$224 to \$214 million, as it did last year, our net assets decreased by \$10 million. It is important to realize that about 90 percent of our endowment is restricted, that is, designated for specific purposes and we are morally and legally prevented from redirecting the earnings from those funds to anything other than what has been specified. An increase in the value of our real estate holdings and/or endowment does not translate directly into expendable dollars, unless we want to sell off some campus acreage or K Hall, which added to USF’s net worth. Bottom line: if the value of one’s home increases, that does not add money to the checking account, but it does increase the overall value of what an individual owns.

With regard to finances, USF has gone from operational deficits to modest surpluses and increased fundraising success. The University is in a stronger financial position now than it was eight years ago. This progress is due in large measure to the good work of our colleagues in University Advancement, the diligence and creativity of those in Business and Finance, the care and thoroughness of the Planning and Budget Office and the active involvement of our trustees. I thank them all on our behalf.

The University’s financial future is not without its challenges. USF remains extraordinarily, even unhealthily, dependent on tuition and student fees to pay its annual operating costs. Approximately 95 percent of our operating revenue comes from student tuition, fees and room and board. This dependency is all the more problematic in the face

of a tanking economy that may significantly reduce the borrowing capacity of our families. We know the average debt of a student leaving USF has increased from \$22,000 to \$29,000. We cannot keep raising tuition at disproportionate rates without pricing ourselves out of the market. And, like everyone else, the University has already been hit by rising prices — for fuel and insurance premiums, to name two recent examples of how we are feeling the pinch. The picture is further complicated by a strong push from Congress to impose cost containment measures that would limit the rate of annual tuition increases to CPI. We narrowly ducked that bullet in the Higher Education Reauthorization Act that the President signed into law two weeks ago. The act did not impose mandatory tuition rate hikes, but it did noticeably increase compulsory reporting requirements. The costs will not be negligible for collecting and reporting on such items as textbooks, illegal file sharing, vaccines, fire safety and missing students, to name just a few of the new categories.

By way of a summary on the four initiatives, I would say that today USF is a stronger, more confident and widely recognized institution than it was eight years ago. That our strategy has paid off is to your credit. Together, we have moved further up the path toward the goals set for ourselves on September 11, 2001, but we still have miles to go before we sleep. Nine years ago, from this stage, in my first remarks to the University, I identified some challenges that faced us. They included: the cost of living in the City, revision of the General Education Curriculum, enhancing technological support for teaching and learning, strengthening the educational infrastructure, developing a vibrant community of scholars and more strategic deployment of our personnel, financial and physical resources. Together, we have met those challenges — with the exception of the rising cost of living and whoever can solve that one should replace Joe Biden as Obama's running mate. Today, we celebrate our success and prepare to begin to write the next chapter of the USF story. That planning exercise will occupy us for the greater part of this year.

As we plan for the immediate future of the University, I think what the principal of a new charter school in post-Katrina New Orleans said speaks directly to our unique opportunity at this moment in USF's history. When asked by a *New York Times* reporter why she left a comfortable life in Memphis to come to New Orleans and start all over from scratch, the young African-American thought for a moment before answering, "I think when we get it right, we will transform education for the nation. We have an opportunity here to create a model that works, so we can say to other schools... 'This is what we should be doing. *This* is how we give all students a quality education.'"

I believe that what we have here at USF because of you, our talented and committed faculty and staff, our dedicated trustees and our generous alums and benefactors is nothing less than an opportunity to rewrite the script for higher education, so that academic rigor, social responsibility and human development are not viewed as competing claims but as the complementary components of an excellent education. USF has the opportunity to offer the nation an educational model that measures excellence not simply by test scores, pass rates and graduate school acceptances but also by the humanity of its graduates and the unique contributions each of them makes to fashioning

a more humane and just world for all. We are not simply offering an excellent education to our students — we are doing that; we are also redefining “educational excellence” in a more comprehensive and responsible way, which reflects our 450-year-old Jesuit Catholic tradition and may serve as a model to the nation of quality education.

Let me conclude with a musing from my summer’s beach reading. *The Yiddish Policeman’s Union* is an imaginative, somewhat noir novel featuring a quasi-burnt-out, alcoholic, fairly seriously Jewish detective and his former wife, now his lieutenant/boss. Their relationship has cooled but not completely burned out. At one point Landsman and his ex-wife, Bina, are ruminating aloud about the victim of the murder they are investigating. The deceased, drug-addicted young man had made claims to being the messiah of Jewish tradition. Anyway, the narrative picks up here with Bina saying that she is glad *she* is not the messiah.

“You don’t want to redeem the world anymore?” Landsman asks.

“Did I used to want to redeem the world?” she says.

“I think you did, yes.”

Bina considers it, rubbing the side of her nose with a finger, trying to remember. “I guess I got over it,” she says, but Landsman doesn’t buy that. Bina never stopped wanting to redeem the world. She just let the world she was trying to redeem get smaller and smaller until, at one point, it could be bounded in the hat of a hopeless policeman [169].

As each of us goes about our work at USF — teaching, cleaning, counseling, coaching, counting, recruiting, advising, fixing, planning, meeting, meeting, meeting and meeting — our world need not shrink, such that “the joys and hopes, the grief and anxieties of this age, especially of those who are poor...fail to raise an echo in our hearts”[*Gaudium et Spes*, #1].

If our responsibilities are limited, our hearts may embrace the entire universe. I suggest that each of us understand what we do here as our contribution to fashioning a more humane and just world for all. Then, like Bina, we will see opportunities beneath the surface of our lives that others might not — and, like Bina, we will never stop working to redeem the world.