

Vice Chancellor and Provost's Address to the Faculty 2008

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Good afternoon everyone, and thank you for making time to be here. I begin today with the sad reflection that too many of us have spent far too many afternoons in Hendricks Chapel this year mourning the death of a student. Four times this semester, our community has learned the cruel news that a vibrant young student has left us and our world far too early. Beyond reflection on the short but promising lives of these students, for me, these clustered tragedies have driven home the fragility of life and the nature of our connection to our students.

As individual faculty and staff members, and as an institution, we invest our hopes, our dreams, and our professional lives in our students. This is a precious and intimate connection that defines us as a caring educational community and it makes this a terribly sad semester for us all. Our thoughts are with all faculty, staff, and students who have suffered from these losses. As we observe a moment of silence, I ask us all to reflect on the lives of our departed students and on that intimate bond between teacher and student that motivates us to be the best that we can be.

[PAUSE]

Thank you.

Since the current global economic climate is an inescapable backdrop for just about any public discussion today, I thought it appropriate to begin my formal remarks with the following relevant excerpt:

“The period preceding...was ‘an era of economic growth unparalleled before that time’...The onrushing prosperity of [these] years suffered an abrupt interruption...The murky origins...lay in massive speculation permitted by the unbridled expansion of credit...Questionable banking practices had been used...[In] ways that remain to be fully explained, the decline of the American economy...seems to have been a particularly serious manifestation of a larger economic crisis...National economies made distant localities both the beneficiaries and the victims of uncounted anonymous decisions taken in distant commercial centers...Economic decisions were peculiarly impersonal and invisible; they could neither be seen nor identified, yet they had the power to determine the quality of individual and community life.”

¹ Delivered at Hendricks Chapel, November 3, 2008

If this post-mortem of turbulent economic times sounds familiar, though oddly distant, it's because it is taken not from a pundit's column in a recent edition of *The New York Times* or *The Wall Street Journal*, but from *Crucible of the Millenium*, a work by our own Professor Michael Barkun. In these stitched together and de-contextualized phrases from a portion of Michael's highly praised book—including embedded references to analyses by our own Professor Roger Sharp—he is examining neither the current global financial downturn, nor even the crash of 1929, but the economic crisis of 1837. It was a crisis so severe that some people interpreted it as a key sign that the end of the world was imminent.²

As we grapple with what to make of the financial uncertainty of our own times, it is instructive to note that following the crisis of 1837, quite to the contrary of a cataclysm, there came an era of vast intellectual ferment, one of the most fertile and productive periods of social innovation in American history, catalyzed to a large extent by ideas and trends developed and promulgated right here in Central New York. As an institution, then, we should learn from this history and resolve not to allow fear to constrain our expectations or govern our actions. Rather, we must commit ourselves to study the landscape carefully, take stock of our strengths, and strategize to seize opportunities arising that would not merely allow us to maintain our course, but to build on the momentum now accelerating us along the impressive trajectory we have established. We must continue to hone our strategic and disciplined approach to investing in the academic enterprise, vigorously pursuing increased quality and increasingly profound impact.

Although the present economic climate presents significant challenges to us—as well as to all colleges and universities, no matter the size of their endowments or the degree to which they are driven by tuition revenue—we have very good reason to tackle them with confidence. Two decades of prudent fiscal management have put Syracuse University in a solid position at a time when many institutions are less sure of their footing, and our stability will certainly enable us to weather the current crisis.

Our relatively recent shift to a Responsibility Center Management (RCM) model also works in our favor in this more challenging economic environment. From a philosophical perspective, RCM very clearly puts the schools and colleges at the center of the University and encourages us to protect them financially so that they can advance our academic reputation. The transparency inherent to RCM allows us to readily track our sources and uses of funds, and will enhance our ability to decrease central spending during this tight period, thereby leaving more of the revenue to be controlled by the schools and colleges. In addition, RCM will encourage and reward those colleges that are able to increase their revenue through entrepreneurial development of new revenue streams, including from sponsored research and core academic programs.

Our position is strengthened by a range of factors that significantly enhance our fiscal stability and our quality, and signal to the higher education community and to our publics that we are an institution on the rise.

² Michael Barkun, *Crucible of the Millenium*, Syracuse, NY: Syracuse University Press, 1986. pp 114-117.

- We are in an era of record levels of demand, diversity, and quality among our applicants and incoming undergraduates. While the recession may test this demand at all private institutions, we enter this period in a much stronger position than we were in previous eras when we faced fiscal challenges, such as the late 1980's.
- We have academic leaders in place across the schools, colleges, and library who are top-notch and highly collaborative, and who have chosen to be here because of their belief in what we aim to accomplish not only within their academic units, but as an institution. I would match this team of leaders against any in higher education.
- The new faculty members that we all have worked hard to recruit to Syracuse in the past four to five years are exceptional in their quality and superbly matched to our vision and direction. As the Chancellor noted early in her tenure at Syracuse, the faculty is our institution's greatest asset, and there is no doubt that it is strengthening each year. We must and will continue to invest in this faculty of superb teachers and renowned scholars.
- We are experiencing record support for our faculty and students from alumni, friends, foundations, and corporations, all of which is evident in the ongoing success of the present fundraising campaign, which, as of October 31st, has garnered \$590 million. This is a powerful indication of our momentum and a testament to the power of our ideas and their impact.
- Finally, the vision of Scholarship in Action is being widely recognized as a highly consequential model for American higher education. This bold vision was explicitly cited by the Carnegie Corporation of New York in bestowing a 2008 Academic Leadership Award upon Chancellor Cantor. Further, none of us who have been involved in previous Middle States reaccreditation visits here or elsewhere can recall an assessment of an institution's progress that is as strongly worded as the final report from our Middle States site visit team this past summer. We must not underestimate the meaning of these closing lines from that report.

“The Middle States Commission on Higher Education defines a university as ‘a community dedicated to the pursuit and dissemination of knowledge, to the study and clarification of values, and to the advancement of the society it serves.’ We would be hard pressed to come up with a better summary of what we found at Syracuse University. Faculty, administrators, and students displayed a consistently high commitment to academic excellence, to expanding access to higher education, to accountability in operations, and to amplifying the impact of their work on the world.”

Drawing upon these strong, fundamental assets, we envision the coming few years not as a period of retrenchment, but as one of continued advancement of our academic mission. “Wise,” “prudent,” and “disciplined” will be our watchwords for the coming few years, as they should be in any year. We will tighten our belts, but we also will continue to invest in our highest academic priorities.

While even the experts are still trying to figure out exactly what caused the global financial crisis and how to restore and maintain stability in the financial markets, the effects of market losses and the international credit crunch for us are measurable, even though their boundaries may continue to change with time. We are taking steps, many in consultation with key University bodies, to monitor this unfolding environment and plan our path forward.

- Like most other colleges and universities in the nation, a portion of our endowment has been invested in financial instruments that have been susceptible to the market's swings. Our portfolio is diversified and well-managed, though, so while our losses are real, we believe that they are contained and are optimistic about their recovery. Our Executive Vice President, Lou Marcoccia, will continue to work closely with internal and external managers and be advised by the highly experienced Board of Trustee Investment and Endowment Committee.
- We also are carefully monitoring the bond market, as we have used bonds to help finance building projects for some time. But again, we have many experienced eyes watching events on our behalf and are well prepared to exercise options to ensure that the current debt remains manageable, while we also limit new borrowing in the coming year or two to the few projects that are time-critical in nature.
- Understanding that the depth of the recession and the level of unemployment are unknown, we are devising strategies to help keep SU affordable for our current and prospective students whose families may be adversely affected by the economic downturn. This must be among our highest institutional priorities, both because we are tuition-driven and because broad access to an education at Syracuse is one of our hallmarks as an institution.
- The Fiscal Year 2010 budget—for the period beginning in July 2009—is being developed through extensive consultation with a wide range of individuals and groups across the University, including the Chancellor's Cabinet, the Senate Budget Committee, the RCM Committee, the deans, and the Board of Trustees. There is still much we do not know about the financial environment in FY2010, but we are developing a budget using conservative estimates, and then also developing contingency plans in case the economy continues to worsen, creating a more substantial decrease in revenue to the University.

It is important for all members of our community to understand something about the approaches being taken and the values guiding the development of the FY2010 budget. First, we should recall that we came into the year knowing that we had some out-of-the-ordinary financial matters to tend to. For example:

- An arrangement that kept costs exceedingly low for the steam we use to heat our buildings has expired as expected after ten years. This will increase our energy costs unavoidably over the short and long term by several million dollars annually.

- We have taken a number of different steps in the past two to three years to increase safety and security for our campus community, and the costs are being phased in over the next few years. In addition to introducing the Orange Watch program and our electronic crisis alert system, we are investing in capital improvements such as improved lighting, expanded closed-circuit television, and expanded card-access for campus buildings.
- We have made essential and fundamental improvements to our campus computing network that recognize the dramatic changes in demand for bandwidth for instructional and research uses, as well as trends in student life.
- We have added important new teaching and research space on campus—wonderful, award-winning buildings such as the Life Sciences Complex and Newhouse III—and thus we have increased both the amount of debt service and the space costs that we must pay.
- And we have invested more in financial support for students whose families have been experiencing sudden changes in their finances, to make sure that we're doing all we can to enable these students to remain at SU.

Making these critical investments and ensuring that we protect the schools and colleges has put us in the position of having to ratchet up our wisdom, prudence, and discipline in managing our budget—a situation compounded now by the global economic downturn. Consequently, as you know from the recent campus-wide message from Chancellor Cantor, she has asked the members of her Cabinet, who represent all of the central administrative and support units, to review their budgets and operations to identify strategic efficiencies and spending reductions. As the Cabinet has discussed parameters for responding to the atypical budget constraints we are facing, we have resolved to target administrative and support spending at a level that offsets many of the costs of the critical investments that are being made. We do this in order not only to preserve the quality of the academic enterprise, but to seek to advance it—this, after all, is our very reason for being, as a University.

This institution-wide exercise is proceeding within the RCM framework, which provides a common language for understanding the flow of resources both across and within the divisions of the University. The Cabinet has exhibited selflessness in this process, engaging in difficult discussions with good nature and a singleness of purpose, motivated by the good of the institution. Indeed, it is expected at this time that the salaries of Cabinet officers and deans will be frozen as one means of setting a tone for fiscal prudence. They also have been engaged in frank dialogue to determine whether administrative efficiencies can be achieved by creatively positing alternate scenarios for how and where certain support functions are carried out. We hope to achieve savings in administrative and support units in the current fiscal year, while minimizing or avoiding altogether impact on staff who are not as highly compensated as others. We also will need to minimize the amount of bonding we do this year and next, which may cause some very important space projects to be phased in or delayed.

All of these discussions are occurring with the overarching goal that we need to drive down the cost of providing institution-wide services so that we can reduce centralized expenses that are

funded by the schools and colleges. Although administrative costs are the focus of this exercise, we will be discussing the emerging plans with the Senate Budget Committee, the RCM Committee, and the deans, just as we have been exchanging information with them as the economic crisis has unfolded. Ultimately the Senate and the RCM Committee also will be deeply involved in recommending institution-wide fiscal parameters such as tuition rates, the undergraduate discount rate, salary increments, and benefits options, among other items. These bodies have been very helpful thus far and have influenced our course in important ways. We also are keeping the close counsel of members of the Board of Trustees, ensuring not only that we keep them abreast of our fiscal status so they can carry out their fiduciary responsibilities, but so we can tap their experience in financial, insurance, and bond markets and their knowledge of other universities.

Once our exercise in reducing administrative and support costs is complete, and we have established the overall fiscal parameters for moving forward, we will be able to assess the state of each school and college and develop individualized two-to-three-year plans that account for their strategic directions and ensure their fiscal health for the long term. In most cases, revenue growth will be important to the advancement of the schools and colleges, including selective and modest growth in undergraduate enrollment, real growth in graduate and executive education programs, and increasing activity across all schools and colleges in research and scholarship that is funded by government agencies, foundations, and corporations.

Among the highest priorities we will bring into planning at the level of schools and colleges are the needs to search for and hire faculty members this year and to protect faculty salaries. This is simply imperative if we are to strengthen the faculty and build on our momentum, and the deans and the central administration are united in acknowledging that this is the top priority.

Despite the difficult choices we face, advancement toward our vision of excellence and impact must continue. Indeed, as the people of our region found in the years following the financial crisis of 1837, difficult times often foster the conditions for extraordinary opportunity and innovation. We must redouble our efforts to find such opportunities by keeping a cool head, as it were, and building on the strategic and disciplined approach to pursuing our vision—an endeavor at which we have been so clearly successful.

- We must continue to vigorously pursue faculty excellence and scholarly distinction. In a short time, we've been very successful in doing this by constructing endowed professorships and chairs founded on matching funds from the Trustees. In the last six months alone, we have appointed those you met earlier this afternoon, and searches are underway in several other departments for endowed positions that will make our disciplines stronger and create new interdisciplinary opportunities. The attractiveness of this kind of financial packaging poises us for even greater success in this critical dimension of faculty excellence, which allows us to recruit and retain scholars of the highest caliber. Conversations with deans, chairs, existing faculty, and new faculty make it clear to me that we have a strong foundation and we have the potential to be even better than we are today.

- As another part of our pursuit of scholarly excellence, we must continue to build clusters of faculty that span disciplines, bringing together great minds by breaking down silos that artificially divide scholars who approach the same issues from different angles. We have seen dramatic successes already in several areas, including one in “global enterprise technology.” In this area, we have joined with a visionary, private-sector partner—JPMorgan Chase (JPMC)—to address challenges that organizations from every sector around our increasingly small world face in collaborating across continents and oceans, ensuring security of personal information, and creating more sustainable workplaces. In just one year, we’ve built the core of a new technology curriculum spanning three colleges that includes five courses this fall, eleven courses this coming spring, and a new minor in Global Enterprise Technology that will shortly go to the Senate for review. We’re bringing this extensive relationship to bear immediately on the preparation of our students through internship and work experiences—last year alone JPMC opened their doors to 31 SU interns from four different SU colleges who tested their knowledge and talents while contributing to JPMC’s key businesses and operations; and all eleven interns who were offered full-time jobs upon graduation accepted them. Our faculty and graduate students are also benefiting from research opportunities created as part of the partnership. The early results from funded research projects are highly promising, showing real “return on investment” for JPMC and providing rich and exciting projects for our faculty and students that are extending our scholarly reputation. Indeed, it is likely that JPMorgan Chase will establish at least one “center of excellence” at their Technology Center at SU as a result of some very promising collaborative research that is currently being done.
- We must also continue to vigorously advance our efforts to maintain wide access and support for enterprising students. Our quality profile for incoming students is at an all-time high, as is our diversity—and that tandem is no coincidence. In fact, we are among the most accessible private institutions in the nation, as measured by the percentage of Pell Grant-eligible students we enroll. But a combination of factors—including a looming national demographic trough in production of high school graduates, which will be even steeper in the Northeast—is making the recruiting environment more competitive than it ever has been. So, we must be prepared to be more creative than we ever have been in finding the resources to sustain our recent gains. To build from our position of strength as a leader in accessibility, we are developing a new approach to the distribution of financial aid that will move us in the direction of meeting full need for all students, while ensuring that we continue to enroll a high-quality and highly diverse student body characterized by a healthy distribution of students across the full socio-economic spectrum, all while meeting the very specialized enrollment goals in each of our schools and colleges. In particular, we will be working to decrease the loan burden that our lower-income students must assume while also supporting in real ways middle- and upper-middle class families, who are now exhibiting need based on the current economic climate. Making these changes now will enable us to continue our strong tradition of access across all socio-economic levels as demographic trends change in the coming years.

- Finally, we must continue to expand our collaborations with communities of experts—at other universities, in government, in the private sector, and in neighborhoods because these kinds of collaborations strengthen the academic experience in all its dimensions, catalyzing innovative research and transformative teaching and learning. One wonderful example of such a collaboration that is driven by an academic opportunity is our so-called “LA Initiative.” For quite a few years, deans and faculty from several colleges have been working on academic programming and parallel development activities in Los Angeles. Over the past year, these initiatives have begun to coalesce, and with the support of key trustees and Institutional Advancement, deans and faculty members are leading discussions about how SU can create an ongoing presence in LA that will highlight our rich community of experts in the arts and entertainment industry in Southern California and make that expertise available to faculty for their scholarly engagement and to our students for their professional advancement. Another example of collaboration with a rich community of experts is the Large Hadron Collider, the massive particle accelerator construction project just completed in Switzerland, for which four of our own physicists led a team contributing to the work of 10,000 collaborators from 60 countries, all of whom are focused on unlocking the secrets of subatomic particles and, ultimately, the secrets of the universe. Make no mistake: by engaging in global, multi-disciplinary basic scientific research like this, we’re helping to change the world by changing the way we see the world.

We cannot allow ourselves to forget that it is by boldly making investments in projects such as these that we have changed the way the world sees us. Increasingly, we are attracting attention from major foundations such as Ford, Mellon, and Kauffman largely owing to the breadth of our vision and our commitment to the public good. In fact, it was precisely for this reason that the Carnegie Corporation of New York awarded Chancellor Cantor its highly prestigious Academic Leadership Award this summer. The award included a \$500,000 grant stipulated for use at the Chancellor’s discretion specifically to support initiatives that continue to advance Scholarship in Action.

I am pleased to announce this afternoon that another foundation—the John and Maureen Hendricks Foundation, created by the founder of Discovery Communications—has recently informed Chancellor Cantor that it is awarding the University \$1 million in recognition of her extraordinary leadership of Syracuse University and to further promote the pursuit of the vision of Scholarship in Action.

I am even more pleased to announce on her behalf that Chancellor Cantor has determined that the most effective means to fulfill the spirit of these generous grants is to combine them and use them to support faculty-led projects that exemplify Syracuse University’s abiding commitment to bring its vast intellectual resources to bear on challenging questions and problems of our time. The projects to be funded with this pool of \$1.5 million will be known as “Chancellor’s Leadership Projects.” To ensure the impact of each, there will be 10 grants made of \$150,000 each, some to brand new projects and some to move along promising projects that are tied to current initiatives. The defining characteristics of Chancellor’s Leadership Projects will be that they:

- Be interdisciplinary, including contributors from at least two SU schools or colleges;
- Integrate student learning opportunities;
- Engage outside experts and integrate them into scholarly and/or creative activities with on-campus faculty and students; and
- Have strong prospects for making an impact.

In the coming weeks, I will work with the deans to encourage them to join together to advance to the Chancellor and me ideas from their faculties for projects that might be supported within this framework. It is our hope that the Chancellor's Leadership Projects will touch every school and college at Syracuse and engage a broad segment of our student body. Further, we fervently hope that the success of these projects will lead to additional fundraising both for the projects themselves and for the extension of Chancellor's Leadership Awards to more projects, thereby leading to even more opportunity for our faculty and students.

The Carnegie and Hendricks awards send us a powerful message about the urgency of our vision—a message reinforced by so many other indicators that what we are doing here at Syracuse really matters, and not only to us, but to the world. Even in an economic climate like we are experiencing today, we must not shrink from the vigorous pursuit of that vision. We must appreciate that our history is on our side. We have thrived despite adversity numerous times in our past—certainly, we have weathered the periodic economic downturns that have afflicted our nation and the world. In fact, right out of the gate, SU faced such a challenge. In 1873, it was a fledgling institution that had just moved from its quarters downtown on a street corner that no longer exists—Montgomery and East Genesee Streets—to what was then considered a state-of-the-art facility here on the Hill: the Hall of Languages. That year, a global financial crisis struck that many consider the worst in American history up to that point—and some economists find hauntingly familiar to what we face today. Scott Reynolds Nelson, for example, attributes the fiscal malaise of that time as owing to “a building boom brought on by easily obtainable mortgages; a banking crisis; the purchase and consolidation of major, brand-name companies at fire-sale prices; cash-hoarding; and conspiracy theories.”³ As we all know, of course, SU prevailed despite its precarious position as a nascent institution during that era, which also was characterized by increasing competition in higher education as numerous colleges and universities were launched.

Today, we face increasing competition once again, but our position is far from precarious—and we also have the benefit of a much longer view of the cycles of the American economy than our founders had. Further, we have the benefit of wisdom from experienced members of the now prodigious SU family. Take Marty Whitman: class of '52, member of the Greatest Generation, founder of one of the nation's most respected investment firms, 50-year veteran of Wall Street's occasional roller coaster rides, benefactor of our own Whitman School, along with his wife Lois, and Trustee Emeritus. When *The New York Times* asked Marty recently for his assessment of the current economic situation, he astutely acknowledged the challenges and the risks of the day, but ultimately he affirmed with confident resolution: “This is the opportunity of a lifetime.”⁴

³ Cited in Catherine Rampell, “1929? Try 1873,” *The New York Times*, October 3, 2008.

⁴ Alex Berenson, “Those With a Sense of History May Find it's Time to Invest,” *The New York Times*, October 12, 2008.

Let us exude that kind of confidence and seize opportunity. Let us be astute in our planning and invest strategically. And let us build from our position of unprecedented strength to assure SU's ongoing legacy as a place of access and opportunity for all.