

State of the College

Summary Overview

[Slide: Title Slide]



Welcome. It is good to be able to join together at the start of our 145th academic year to share an overview of the state of our college. I am also grateful that we are joined today by members of our Board of Regents for this important discussion. With us are Jodi Harpstead, CEO of Lutheran Social Services and chair of our Board of Regents [pause] and Dr. Paul Mueller, chair of the General Internal Medicine Department at Mayo Clinic, and vice chair of the Regents [pause].

We launched the annual State of College meeting last year – along with numerous Focused Conversation meetings and email updates – in recognition of the desire across our community to more fully understand how the College is doing. The interest and engagement on the part of this community last year was nothing short of phenomenal. The work before us at that time was indeed difficult – we joined together in many different ways, making tough decisions, doing more with less, saying goodbye to several of our colleagues. We left many open positions unfilled, reduced others and realigned workloads. None of us liked or wanted to make those changes. In fact, if you were at all like me, you were probably angry about the changes we needed to make. And I know that all of us here are still in the process of taking on new responsibilities, adjusting to new ways of working, and building relationships with new people across campus to get our work done.

But that work and those changes were critical – critical to positioning us to enter this year on a sound financial footing so that we could continue to pursue Augsburg’s core academic mission. It was because of the best of this place – your belief in this institution, its mission and the value it provides – that we were able to weather the challenges last year and come into this year ready to welcome a new class and provide an outstanding educational experience to all of our students.

The hard work of last year enabled us to set enrollment targets that we had a high probability of achieving and realign our cost structure to match our revised revenue forecasts – especially during this fiscal year when the academic calendar is expected to shift some of the 2014 summer-term revenue into the next year. The process of reviewing and readjusting our cost structure also helped to create a stronger collective understanding of our operations – one that is more sophisticated, more thorough, and more grounded in fact. I want to say a special word of thanks to our colleagues – faculty and staff – who served with Tammy McGee on the Financial Solutions task force last year, helping to guide our decision-making about budget assumptions and priorities. This deep engagement is something we want to continue building this year, and I will talk more about how we plan to do that in a few minutes.

But first, let me provide some information about the structure of this meeting. In a moment, I will invite Jodi Harpstead to the podium to share some brief remarks and perspective from the Board of Regents. Then, I will share highlights of last year’s accomplishments, this fall’s enrollment results, and our strategy work. Given the brief time slot for this meeting, and knowing that some of you may need to leave at noon, we will not have time for questions from the floor during this session. Instead, we have incorporated responses to the majority of questions we received in advance of this meeting. The rest of the questions focused on quite specific, factual information, so we will post responses to those on the State of the College Q&A page, rather than use time today to report out data. Following today’s meeting, we will continue to post weekly responses to additional questions submitted on the State of the College online form. That form is available directly from the main page of Inside Augsburg, and you do not need

to be logged in – or even on an Augsburg computer – to submit a question. I very much hope that you will take advantage of this opportunity to ask questions and share concerns.

With that, at this time, please join me in welcoming Jodi Harpstead, chair of the Augsburg Board of Regents, to the podium.

[Jodi to podium]:

- 1) Recognition that last year involved some difficult decisions and transitions. The Board understands and appreciates the work done to bring the cost structure of the College in line with lower enrollment.
- 2) Also excited about the positive momentum the College was able to create last year: the turnaround in first-time, first year student enrollment; the momentum in CSBR fundraising, the Board's No. 1 priority.
- 3) Finally, the strategic visioning work. In the upcoming October Board meeting, the Board will transition from guiding the development of this work to establishing and monitoring key performance measures tied to the strategic goals. Implementation of the initiatives to achieve the desired metrics and targets will be up to you. The one area where the board will continue to have an implementation role is in the Shared Governance Task Force, which President Pribbenow referenced a few minutes ago and will talk more about now.

[Back to Paul]

[Slide: State of the College Agenda]

WE ARE CALLED | AUGGIES

State of the College 2013

- 2012-13 accomplishments and results
- Fall 2013 enrollment
- 2019 vision and near-term initiatives

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Thank you, Jodi.

As Jodi noted, the Board has charged the College with establishing a Shared Governance Task Force as part of the strategic planning work. This task force was preliminarily announced Tuesday in the Faculty Meeting, and I want to talk about it now, rather than at the end of this address, because of the very high level of interest in this topic. The Shared Governance Task Force will revisit—at a foundational level—essential principles that shape our organizational structures, processes, and effectiveness. Board member Matt Entenza and sociology professor Diane Pike will lead this effort and will coordinate the initial steps of appointing additional members, in consultation with the Faculty Senate, and developing a plan for the group’s work. Matt has already started the process by scheduling a meeting with Faculty Senate chair, Kathy Swanson, in order to ensure a collaborative process for appointing additional members to the task force. Our plan is to formally launch this work with a collaborative leadership and governance conversation at the October Board meeting. This conversation – the first of many – will involve regents, faculty, staff, and students – very similar to the strategic planning discussions the Board held last year with members of the campus community. I look forward to learning from that input and from the insights and discussions we will have this coming year as part of this very important initiative.

Now, let’s review some of the highlights from 2012-13.

[Slide: Accomplishments]



We continued our successful track record last year in grant-seeking and in student scholarship and fellowship awards. In the last two years, Augsburg was awarded more than \$7 million in external grant funding – supporting student programs, faculty-led research, and other projects. In 2012, specifically, we were ranked third in Minnesota in National Science Foundation awards -- behind the University of Minnesota, Twin Cities and the University of Minnesota, Duluth...and ahead of *every single other private college in the state*. All of them.

We also added three more Fulbright Scholars – bringing to 17 the number of Augsburg Fulbrights in the past seven years. Plus:

- Last year, we had our first NSF Graduate Research Fellow – an extremely competitive award, which is granted based on the viability of the student’s proposed research.
- We also had four students receive Gilman International Scholarships from the U.S. State Department, studying in Brazil, Ecuador, Jordan, Vietnam, South Africa, and the United Arab Emirates.
- We had another student named as a Kemper Scholar – our third in three years in this prestigious program where Augsburg is one of only 16 participating U.S. liberal arts colleges.
- Augsburg also had one of only eight students in Minnesota to receive a Goldwater Scholarship, which are granted to students pursuing research careers in science, math and engineering.

- Three more Auggies last year were recognized for outstanding research at Posters on the Hill in Washington, D.C. – one who was selected to present her research to members of Congress and two who received honorable mentions, which means they ranked in the top 10 percent of the 800 applicants.
- Plus, at least a dozen more Auggies spent this summer doing off-campus research across the U.S. and in Africa.

Clearly, in scholarship and academic excellence, we have much to be proud of. Much to build on and grow.

[Slide: Year-end results]

WE ARE CALLED AUGGIES
2012-13 Financial Results

Balanced budget		Record fundraising	
(in '000s)		Pledges and gifts	
Total revenue	\$88,500	Annual fund and other fundraising	\$7.0 million
Total expenses	\$68,486	CSBR	\$11.5 million
Net income	\$37	Total	\$18.4 million

AUGSBURG COLLEGE

In terms of financials, let me first say that having a focus on maintaining a solid financial footing for the College does *not* mean that we’re not focused on our mission. We can – and need to be – both mission-driven *and* good stewards of the funds entrusted to us by our students and donors. It would be a serious mistake to pursue the fulfillment of our mission without regard to the impact on our bottom line. The work we do is too important to for that. So, we focus on the financial information and health of the College *because* of our mission, not instead of it.

For those interested in the details of the financials of the College, I remind you that each month’s statement of activities is posted on the College Reports page for your access. As noted in the May 2013 report posted there, we closed 2012-2013 with a small but positive surplus – importantly, while still being

able to preserve \$750,000 from our operating budget to prepare us for groundbreaking on the Center for Science, Business and Religion. Our demonstrated resolve to take decisive actions relative to expense management last year was a key contributing factor to the favorable reactions we saw from external rating agencies.

In fundraising, we achieved another record year, with gifts and pledges totaling more than \$19 million. The growing momentum in the CSBR campaign was particularly exciting after several challenging years. And I'm personally grateful to our Board of Regents for their ownership of and dedication to this project, to our Campaign Chair, Mike Good, whose leadership is a driving force in this effort, and to so many of you who have participated in and supported our campaign summits and other donor contacts this past year. I love the "CSBR Believe" posters that I am seeing all around campus!

In addition to balancing last year's budget, we also did a lot of work this past spring to identify achievable enrollment and revenue targets for this year, given the highly competitive market in which we continue to operate. And that meant we also had to do the hard work of realigning the cost structure of the College.

At the same, beginning last fall, we increased our investment in Enrollment and Admissions infrastructure: expanding the number of prospective students who learn about Augsburg in their search process, establishing a formal recruiting pipeline in Athletics – a model that we can now try out in other areas – and supporting the work of our enrollment counselors and operations staff to manage a larger number of inquiries, applications, and admitted students. These investments have paid off – particularly in our first-year day student results. This helped offset some of the impact of having graduated a very large day undergraduate class this past May, which I'll talk more about in a few minutes.

Finally, we would be remiss if we did not recognize the remarkable work that the faculty did this past year in revising our academic program structure to meet federal credit hour regulations. The foundation for this work was provided by the thorough study and thoughtful recommendations of the academic taskforce. From there, faculty across programs worked to revamp courses – moving more than 300 to a

hybrid format, particularly in our adult undergrad program. And, knowing this faculty, it's a given that those course changes were designed to enhance academic excellence – not simply to meet the federal standards.

This year, we will continue to build on the work of the faculty to deepen academic quality across the institution as we prepare for our accreditation visit next spring. With Karen Kaivola's leadership, we will revisit the work of the Commission on Academic Opportunities to enhance the effectiveness of our planning and to further strengthen assessment both in general education and in our degree programs.

[Slide: Fall Enrollment Table]

	Fall 2013		% of Target
	Actual	Target	
New First-Year Day	460	400	115.0%
New Day Transfer & Re-admit	201	240	83.8%
Continuing Day	1,283	1,245	103.1%
Total Day	1,944	1,885	103.1%
New Adult Undergrad	216	205	105.4%
Continuing Adult Undergrad	557	594	93.8%
Total Adult Undergrad	773	799	96.7%
New Grad	212	200	106.0%
Continuing Grad	620	658	94.1%
Total Grad	832	858	97.1%
Total Fall 2013 Enrollment	3,556	3,542	100.4%

Turning now to this year, let's take a look at our enrollment results for the fall.

[First-year Day]: We exceeded our enrollment target for the day program. The biggest news, of course, is that our first-year incoming class is one of the largest ever. That's a result worth celebrating. [Pause.]

It's particularly impressive when you look at overall private-college enrollment in Minnesota this year. According to the Minnesota Private College Council, total first-year deposits as of September 1st were down by 17 students across all private colleges in the state compared with last year at that time.

Meanwhile, Augsburg's year-over-year deposits, as of September 1st, had grown by more than 80 new first-years. The only other Minnesota private college to gain 80 new-student deposits – or even more than 50 -- was Concordia University, which slashed its tuition last year in order to grow its incoming first-year class to more than 200 students.

Many factors went into our enrollment success this fall. As our new VP of Enrollment Management, William Mullen, tells us: Enrollment success never results from just one thing. It involves many, many integrated initiatives to build incremental growth over time. Still, there are a few driving factors that we should call out from among the many reasons for this year's success:

- First, the Enrollment Management staff deserve our congratulations for their great work [applause].
- The Enrollment team, however, is the first to recognize that collaboration across campus – with faculty, advisors, coaches, staff, and students – was critical to this success.
- Also critical was the Hobsons recruitment management system we implemented last year. That system has a lot of capability – to streamline our recruitment operations, tailor our communications to prospective students, and support more collaboration from departments and programs in recruitment activities. We are committed to continuing to build out that infrastructure and maximizing its capabilities in support of ongoing enrollment growth.

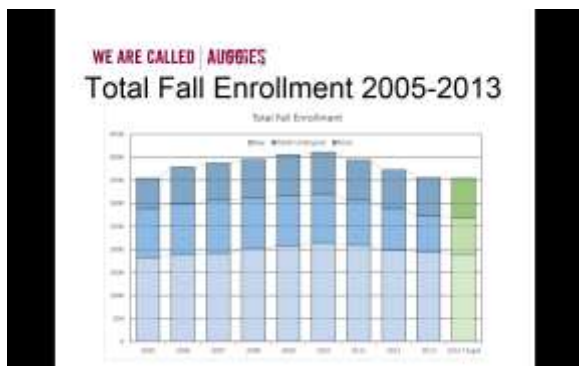
[Day student retention]: In addition to growing new day student enrollment, we also surpassed our target for continuing day students. However, although we beat the retention estimates that we built into this year's budget, we did not make an improvement in our overall fall-to-fall retention rates over the previous year. At last year's State of the College event, we announced the Augsburg Promise – an initiative with a goal of increasing retention 5% over five years. Although we saw good improvement in our first year to sophomore and sophomore to junior retention rates – in the range of 1-2 percentage points, which is very good news for the future – overall improved rates are still to be realized. We were down 1% in our overall day student retention rate. I am pleased with the major strides this year in building the infrastructure to support our goals. In particular, we implemented two additional modules in our Hobsons database – Retain and Agile Advisor – which provided us the opportunity to review our communication flow with continuing students and remove some registration hurdles and obstacles. We are now continuing to build on our capabilities in Hobsons, improving our ability to track individual student progress, and helping students and advisors connect at critical junctures in order to ensure that

students have the support needed not just to persist but, more importantly, to successfully complete their degree programs. Our five year retention goal remains in place – improving 5 percentage points in five years – and we will be monitoring this work very closely in the year ahead.

[Adult Undergrad]: In our adult undergrad program, we have seen declining overall enrollment for many years. That program is currently undergoing a redesign – targeted to be launched in the fall of 2014. I will talk more about that effort at the end of this address, but for now, I just want to note that we lowered our fall 2013 adult undergrad enrollment target by 10% compared with the prior year – knowing that the redesign was still underway – and, as you can see from these results, that was a prudent planning decision.

[Grad]: Finally, our graduate program results were aided by strong enrollment in the high-demand DNP – Family Nurse Practitioner track launched this past spring. That program had not been included in the budget, so the additional students who enrolled there helped boost new grad student enrollment above the budgeted target.

[Slide – Historic Enrollment Comparison]



In aggregate, here is what our total enrollment looks like. The green column on the far right represents this year’s budgeted target. As you saw in the previous table, we met that goal – as is shown in the 2013 actual results in the blue column farthest to the right. The 2013 results are down about 4.5% from fall 2012, and 75% of that decline is explained by the year-over-year drop in adult undergrad enrollment.

So, we now have a total enrollment of just over 3,500 students. You would have to go back to 2005 to find the most recent year where overall enrollment was around that level. So, despite the excitement of having a large incoming class and the satisfaction of meeting our overall enrollment target, it's important to remember that – until we have time to build enrollments back up and relaunch our adult undergrad program – our cost structure needs to remain at a level that can be supported by the tuition from a 3,500-student campus, not a 4,000-student campus. And every bit of work that was done last year to get us to this point was important and necessary. If we hadn't adjusted the enrollment forecast for this fall – and the cost structure to go with it – we'd be making those adjustments now. I know none of us wants to live through making cuts “on the run” again – pick up the newspaper every morning and read about companies doing just that with layoffs and program closures. Instead, we dedicate ourselves to enrollment and financial plans that are mission-based and financially prudent – just what we did for this year and will do in the future.

[Revenue impact]: These enrollment results are projected to give us a small revenue surplus – assuming that our incoming students will persist at typical retention rates and that we meet our enrollment targets for the spring term.

This is good news, and I am pleased to report that it means we will eliminate the mandatory furlough announced last year as part of this year's budget. There will be no furlough this year. [Pause.]

In addition to removing the furlough, we also have good news about our 2014 medical and dental plans. Based on our healthy performance last year, we have been able to confirm that employee medical premiums, depending on the plan option, will stay the same or, at most, only slightly increase -- \$10 or less per month. And our dental plan premiums will actually go down slightly. On top of that, we will introduce a new, more comprehensive Health and Wellness Program this year. Employees who participate in that program will benefit from an array of wellness support tools and also may further reduce their

health insurance premiums in the coming year. More information on these programs will be coming from Human Resources very soon.

The bottom line, after adjusting our budget for the cost of eliminating the furlough, is that there's still a projected revenue surplus – it totals less than 1% of our overall budget but is fairly firm. Our plan is to continue closely monitoring retention, enrollment, and expenses. Then, if surplus funds are available, we will invest them in the initiatives that have been named as the most important areas of focus based on the strategic visioning work that the Board of Regents will review in their meeting two weeks from now.

[Click to Prezi – click 4 times to show the mission and all three dimensions]

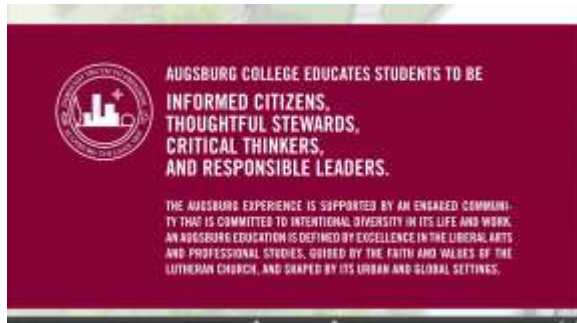
[Overview of the mission + the three dimensions]



For today, I just want to provide a high-level overview of the major components of the strategic plan. This material is part of a “living document,” so, instead of providing a handout – which will be out of date very quickly – we will post a link on the 2013 State of the College page so you can access the most recent version of the document at any time. We also plan to schedule Focused Conversation meetings – after the October Board of Regents meeting – to facilitate more dialogue with the full campus community about this plan and its components. I don't think there will be any major surprises in this plan – there's nothing in it that's a departure from where we've been headed for some time. The plan merely works to articulate more clearly our strategic vision and the institutional-level initiatives that support it.

In terms of structure, the strategic plan comprises three categories – or dimensions: Our academic distinction, our reputation and identity, and our institution. These three dimensions make up a *comprehensive* strategic plan framework – one that addresses all aspects of our institution, not just our programs.

[Mission]



The plan is grounded in our mission, which was updated in 2010 through a process of broad and deep engagement on campus...and which has proven to authentically reflect what this College is all about. In fact, I often say that this is one of the most mission-driven colleges I've ever known. I also hear people from outside our community frequently comment that, to them, it's clear that Augsburg doesn't just *have* a mission; we live it. And so, our mission forms the critical foundation for our strategy.

[Dimension 1: Our academic distinction]



The first dimension, then, is about our academic distinction: Educating for lives of purpose – across the disciplines, beyond the classroom, and around the world. The goals in this category challenge us:

- to rigorously integrate the liberal arts and professional studies,
- to use high-impact teaching and learning practices – enriched by our core commitments of faith and spiritual inquiry, vocational discernment, civic engagement, and global understanding –
- and to provide each student with a pathway for success to graduation and beyond.

[Dimension 2: Our reputation and identity]



Next is Dimension II, our reputation and identity: Being “at the table” with our neighbors and institutional partners in shaping education to address the world’s needs. The goals here call on us:

- to prepare an intentional mix of diverse learners for a complex, interconnected world;
- to help them discover their gifts, discern their vocations, and open doors to careers;
- and to publicly advance those same four core commitments -- faith and spiritual inquiry, vocational discernment, civic engagement, and global understanding – that enrich our learning environment.

[Dimension 3: Our institution]



The third and final dimension focuses on the institution: Augsburg is “built for the future,” which means:

- We are a place-based institution, anchored in our community and designed for educational excellence.
- We are organized for collaboration, efficiency and effectiveness,
- and we maintain a sound and sustainable financial footing.

[Click three times until “2019>>” replaces the mission]

[2019 Vision]



We bring all of this together in a simple vision for 2019: Augsburg is a new kind of student-centered, urban university that is small to our students and big for the world.

The word “university” is used to reflect the complexity of our academic programs, which means we need to think like a university even if we are not called that. “Small” reflects the relationships, community, and personal attention that are hallmarks of the educational experience at Augsburg. “Big for the world” acknowledges the significant impact we know our students – our graduates – do and will make in the world.

[Initiatives]



To conclude the strategic discussion today, I want to touch on a few of the initiatives we are looking at for the next 12 to 18 months.

[First destination analytics] One of the initiatives is “First Destination analytics,” which is third from the bottom. This is about outcomes – something prospective students and parents pay a lot of attention to these days. The goal of this initiative is to track – and, of course, to improve – the number of our graduates who successfully move on to graduate school or a job position in their fields immediately after they complete their degrees here.

[CSBR] Then, of course, there’s the Center for Science, Business and Religion, which is at the top of the list. That campaign is currently just over \$24 million. The focus of this initiative is to secure next-level leadership gifts and develop detailed plans for moving into the construction phase of this signature academic building. It supports our goals of integrating the liberal arts and sciences, employing high-impact learning practices and providing pathways for student success to graduation and beyond. It also advances our goals of being a place-based institution designed for educational excellence and organized for collaboration.

[Office of Planning & Effectiveness] I’ve already talked about the Shared Governance Task Force, so let’s move to the initiative just below that: creating an Office of Planning & Effectiveness. This initiative involves reorganizing the College’s institutional research efforts into an integrated function that will drive greater institutional effectiveness by deepening the analytical use of data and aligning our strategic planning model with evidence and ongoing performance measurement. This initiative also includes developing and nurturing a culture of assessment in student learning – to ensure that we are doing what we think we’re doing and that we consistently meet our promises around vocational inquiry, interdisciplinarity, experiential learning and cultural literacy.

Adult Undergraduate. The final initiative that I will talk about today is the 2014 launch of a new format for the adult undergraduate program – a format designed to meet the needs and expectations of the adult

learner market. As John Schmit said in Tuesday's faculty meeting, we have done an amazing job with the Weekend College program given that our research shows that only 7% of the adult learner market in the Twin Cities prefers a weekend schedule, while 58% prefer weeknights. Clearly there's a demand for an Augsburg education among adults seeking to complete their bachelor's degrees. If we respond to that demand by offering the degree programs that large numbers of adult learners are seeking in a format that they can fit into their lives and with the mission focus and quality we all expect, I know we can grow our adult undergraduate enrollment -- and, as a result, build our overall enrollment and do so in a financially responsible manner.

[Click Prezi one more time to return to the overview screen]



We have a great deal of work in front of us. But it is good work, fun work, even – work that builds on our strengths and our distinctiveness as an academic institution focused on educating students to be informed citizens, thoughtful stewards, critical thinkers and responsible leaders. I look forward to engaging with you to define, refine and deliver on these initiatives this year. We will begin posting answers to the State of the College Q&A later next week, and I encourage you to participate in the Focused Conversations and in discussions within your departments throughout the year as we implement our plan and build toward our 2019 vision.

Thank you again for being with us for this important community gathering and for all you do to serve our students and advance Augsburg's mission.