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University Update - September 2018

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OFFICE OF THE PRESIDENT

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September 26, 2018

Dear Colleagues,

I don't know about you, but I am still on a post-Homecoming high. What a great weekend! It was one of our largest in history, where we got to celebrate the \$52.7 million record-breaking campaign, the opening of the Point (with our new partner JP Morgan Chase), and countless other accomplishments. And we impressed everyone with a remarkable production of Big Fish (go see it this weekend if you haven't yet!).

All our thanks go to the many involved faculty, staff, and students for making this happen. It was great to see different departments (from Music to Facilities Operations) working so seamlessly together. Plus, of course, our Advancement staff coordinated it all and basically lived on campus all weekend. This was the 38th and final Homecoming for Becky Smith as a member of our staff and she is certainly going out on top. Thank you!

Enrollment

We are officially past census day and have 2,374 degree-seeking undergraduate students and 393 graduate students this fall. Undergraduates are up 3 from last fall, including 669 new students and 1,705 returners. Additionally, 121 non-degree seeking undergraduates are enrolled, including 90 high school students participating in College Credit Plus. At 23% students of color, the entering first year class is the most diverse in Otterbein's history, for the fifth year in a row. Graduate enrollment, 393, is down 63 from a year ago. We saw declines in both entering and continuing students, and are working with the Graduate School to understand why we saw such a sharp decrease. The budget called for a total enrollment of 2,410 undergraduates and 460 graduates, so we are close to the mark. Of concern is that our discount rate for new first year students increased almost 3% to 60%, which is a sign of how competitive our environment is.

To be successful in such an environment, we will need to be innovative in our program offerings and tap into traditionally underserved populations. We are considering ways to signal Otterbein's affordability and commitment to inclusivity through new pricing and financial aid strategies. They are still under development, but watch for more information soon.

Searches

The CFO/VP for Business Affairs search has launched with Jeff Ankrom as its Chair. In just the first week, we have received over 50 applications.

We will soon launch the Provost/VP for Academic Affairs search. On the good advice of FAEC, we will ask faculty to elect representatives to the Committee and I will appoint others (staff, Trustees, etc.). I will select the Chair from the faculty representatives.

Compensation

Hopefully you have seen the draft compensation philosophy developed with our consultants. It is a draft for feedback as the Total Compensation Committee works on next steps. It will soon be followed by a complete final report from our consultant (including data on pay grades and peer averages, but not individually identifiable data).

While communicating anything of this complexity, there is always confusion. To clarify, our intention is to spend the next several years dealing with positions that are paid significantly under market through “gap closing” funds and across-the-board cost-of-living adjustments. We will simultaneously work on equitable pay systems for faculty and staff that take into account performance, so that we can begin to utilize such a system after “gap closing” is complete. We are anticipating up to \$3.5 million will be required over four-years to implement the plan.

There is much more to come on this, including a common hour presentation on October 11 at 3:00 pm for staff and 4:00 pm for faculty. Both sessions will be in Towers 110.

Budget

Of course, any discussion of compensation is tied to our budget and what we can afford. We have had a recent history of operating deficits, including a projected \$4.8 million one for this year (FY19). If we do nothing new (no salary increases, no capital projects beyond the Campus Center, etc.) and anticipate enrollment conservatively, then the deficit shrinks but never totally closes (\$1.2 million deficit in FY22).

So, here is our dilemma – clearly, we cannot operate with deficits in the long-term. And, clearly, we will want and need to allocate new funds to compensation and other priorities.

The Budget Committee will soon receive a draft four-year budget plan for how we might approach these competing priorities (and there will be an open campus common hour session on the topic on October 17 at 4:00 pm in Roush 114). In this draft, we will suggest ways we can hope to balance the budget by FY22 and invest in compensation and other areas. As you can guess, this will require some tough choices about how many faculty/staff vacancies we can afford to fill, how we account for savings from vacant positions, and how much we can spend on capital projects.

Health Care

We are currently requesting bids for employee health coverage. These always come back with relatively little time for us to consider them, so I have asked HR and the Total Compensation Committee to plan for how we share the results and gather feedback rapidly. We do not anticipate major changes to the plans.

Know that health care costs continue to go up at a rate beyond the University’s capacity to generate new revenue. Our budget model anticipates a 12% annual increase in University costs each year (our best guess). I only share this because it is on my mind as a greater and greater share of our budget must be dedicated to health care and that prevents us from funding other priorities.

Town Halls

Finally, I believe we must communicate in multiple ways to ensure we are all informed and can give feedback as we face decisions. Staff and faculty leaders should be sharing what they learn in committees. We will use written communication like this one on a regular basis and when needed for special concerns (i.e. the compensation philosophy). Finally, we will provide opportunities in campus common hours (or town halls) to share information face-to-face and take questions, comments and concerns. I have mentioned several already, but here are all the upcoming common hours and topics:

October 11, 2018	Compensation Study (Towers 110) 3:00 pm – 4:00 pm (Staff) 4:00 pm – 5:00 pm (Faculty)
October 17, 2018	Budget Planning (Roush 114) 4:00 pm – 5:00 pm
November 2, 2018	University Senate Town Hall (Riley Auditorium) 4:00 pm – 5:00 pm
November 26, 2018	Property & Real Estate (Roush 114) 4:00 pm – 5:00 pm

Note that these are also videotaped and will be posted for internal use. More information regarding where to find them on the O-Zone will be sent to you soon. In the meanwhile, click [here](#) to view it.

Thanks again for a great Homecoming and start to the semester!

Sincerely,

A handwritten signature in black ink, appearing to be 'John', written in a cursive style.

John