



State of the University Address

Seattle Pacific University
Philip W. Eaton, President
September 19, 2001

Gathering together to begin another year. I am glad we are here. I am glad we are beginning again. I am glad we have the good work ahead of another school year.

As we faced the crisis in our country last week, I felt an overwhelming sense of blessing of being a part of this community. Three prayer services. Lots of talk around campus. Coming together. Leaders all over campus assuming responsibility. I feel blessed that we work in a community where we can lift up our fears, anger, confusion to God-and find there hope rather than despair. I am proud of our country. Proud of the people of SPU. I feel blessed this morning that I work in a grace-filled community.

I am convinced that the best thing we can do is get back to work. But not business and usual. I believe we live in a changed world, and this is a moment to put on new glasses, to see the world differently, and to think through how our lives should be different.

I believe our vision is profoundly relevant for such a time as this. I believe this fine Christian university exists for such a time as this. What can we do? How can we serve? How can we bring insight and wisdom? How can we help our students as they shape a new worldview out of these events? These are huge questions that define our purpose even more clearly.

Some Introductions. Board of Trustees. Roger Eigsti, the new chair. Cabinet. I would like to recognize every one of you, all across the spectrum of responsibilities. Faculty preparing for teaching, doing their scholarship. ASSP officers and student leaders. Our facilities crew making major changes to our campus. Admissions and financial aid folks bringing in another historic class. Res life folks gearing up. So many good people doing so many good jobs. This is a busy time of year. I am grateful to each one of you for your contribution. In the midst of all of our excitement and anticipation for the year, we have to keep our sights on what we are doing. We have a big purpose. Preparing graduates to change the world. Engaging the culture through scholarship. Modeling grace-filled community.

Major New Strategy to Achieve Our Vision. With this State of the University Address and the Board of Trustees meeting this afternoon, we are laying out a major new strategy to achieve our vision for Seattle Pacific University. We have been working all summer to define this strategy. I think we have new understanding of what it will take. My question for myself and for the President's Cabinet this summer has been this: what will it take to make sure we reach new levels of effectiveness with our vision? How can we ensure that we are moving in the right direction and getting the job done? How can we make sure that we are providing the resources necessary to be effective with our vision for Seattle Pacific? In order for us to achieve our vision, three things have to happen:

- Everyone must understand and be committed to the vision. We seek to bring the good news of the gospel into the world, to be change-agents for good in a world that knows a great deal of harm, destruction, hatred, and darkness. We must learn better all the time how to engage the culture and change the world.
- We must know what it will cost and where the resources will come from to achieve our vision.
- Everyone will need to contribute.

So, let me explain.

History of CP21. Let me provide a bit of history. November 1998, after two years of planning, we presented our final draft of a comprehensive plan to the Board. We conducted a grand conversation across the campus about who we are and what we want to become. We began to grasp a vision. We created a needs list for that vision. We proposed to the Board our *Comprehensive Plan for the 21st Century*. This is our vision. This is the plan that guides us to this day. It is constantly being assessed and updated, but believe me it is not on the shelf.

The vision is strong and clear: engaging the culture and changing the world, with the gospel of Jesus Christ, through graduates of competence and character, scholarship of wisdom, and modeling grace-filled community.

CP21 So Far. Let me tell you what I think we have accomplished so far:

- **Facilities and Finance.** The Science project. Emerson Hall. Marston renovation. Gwinn Commons. Interbay soccer field. New classrooms. The Walls Advancement Center. Technology infrastructure. We tackled the extraordinary work of securing \$87 million in bond financing for these projects. Completion of the Master Plan and approval by the City. Acquisition of the Ft Casey Inn. We completed five years of inflation-controlled tuition without any deficit, increasing enrollment and decreasing financial aid impact on budget, while at the same time adding faculty positions and increasing salaries. I commend Don Mortenson, Craig Kispert, Darrell Hines, Dave Church, Wayne Elling, Dave Tindall and so many others in this area for truly remarkable work.
- **Faculty and Staff Salary Increases.** I have said every step of the way that we must pay our people well if we are going to effectively achieve our vision. We are making progress.

	Pool Increase	CPI
2001-02	6%	4%
2000-01	5%	3%
1999-00	4.70%	2.70%
1998-99	5%	3.40%
1997-98	3%	3%

We have achieved a 24% increase in the salary pool over five years when the CPI increased by 16%. This was accomplished while we were holding tuition increases to inflation. Make no mistake here, we have a lot of work to do. But this must be a top priority if we going to effectively achieve our vision.

- **The Common Curriculum.** We tackled a major curriculum revision as part

of the CP21. This turned out to be incredibly demanding and costly. But I believe it turned out to be an amazing time of renewal for the faculty, a coming together around curriculum, focusing our vision through curriculum. We have added 30% to the academic budget over five years (while revenues increased by 22%); we have added 19 faculty positions to meet the needs of the Common Curriculum and the needs of other departments. While enrollments have increased significantly, we stand at the same student/faculty ratio (17.3 to 1) that we did five years ago. My thanks to Joyce Erickson, Les Steele, now Cindy Price, Tom Trzyna and Martin Abbott in the early days, and all of the faculty who have gathered around a new vision for our core curriculum.

- Enrollment Increase And Student Profile. We experienced a staggering 22% increase in applications this last year producing what must be the largest waitlist in history. Admissions staff reports that SPU is the school with the long lines at college fairs. While there are some applicants who could not come to SPU, this ensures that those who are here are better able to succeed.
 - Headcount in our traditional UG programs is expected to reach 2673 this fall, an increase of 15% since fall 1995 (+347). This is an increase in the number of new HS students and greater retention of continuing students. We will be welcoming 900 new students tomorrow night.
 - Persistence rates and graduation rates:
 - Persistence Rate for first-time full-time FR has improved by 5% since 1995. We now stand at 81%. There are all kinds of reasons this is happening: improvement in the academic ability of the incoming class, the implementation of USEM and Common Curriculum, student success strategies team. In a survey of 210,000 students in 183 institutions regarding student satisfaction with residence life, SPU ranked in top 5% and number 1 out of the 183 schools on how well students felt the program enhanced their ability to live cooperatively with others. I would like to recognize Kathleen Braden, Kim Campbell for the success of our Res Life programs. I recognize, of course, the faculty for their part in retaining students.
 - As persistence rates improve, we must also make progress with our graduation rates. Our four-year graduation rate for 2000 jumped by 5% in one year. But currently, our six year graduation rate is 55%, and that is not good enough. I will have more to say about the graduation rate later.
 - Graduate programs are healthy and continuing to grow. This will be a growth area for us. I met last night with the first-ever reception for graduate and evening students.
 - New Student Admission Profile:
 - We have 24 National Merit Scholars this year, up from 15 in 1995.
 - Increasingly our enrollment is national. We are seeing a significant interest from students all over the country, many from the North East and Mid West.
 - Students will arrive this fall with tremendous experience and academic preparedness. These are great students. Our average high school GPA now stands at 3.6 and SAT scores

at 1144. With the admissions success we are having these numbers will continue to improve.

- Ken Moore tells me that SPU students score remarkably well on the MCAT exams for Med School: when compared to all other 1311 schools with Premed programs during the period of 1997-2000, our students score from the 86th to the 98th percentile in all categories. I commend the work of Ken and the science faculty with the success of these graduates.

Let me commend the work of Marj Johnson, Ken Cornell, Janet Ward, Jennifer Kenny and all the admissions and financial services folks. We are bringing more students here, students more capable of succeeding, and we are keeping them better.

- Faculty Scholarship. We have not done any kind of work quantifying the progress in scholarship. Perhaps that is inappropriate. But I have watched growth in this area over the years I have been here. We have an amazingly productive faculty. Books are being written, papers written, presentations made. Our faculty are indeed engaging the culture and making a real difference with their scholarship. I commend the faculty. Under Les Steele's leadership, we will continue to make great progress here. In the year ahead we will be launching a Center for Scholarship and Faculty Development. We have just now really cranked up the engine of academic grant writing work. With Mike Hamilton teaming up with the Advancement staff, and Les's commitment to going after grants, I think there are great things to come in this area.
- Endowment growth. This is an area where we are working intensely, and we have made some progress, despite the market drop over the last year. We have doubled the size of the endowment and the Seattle Pacific Foundation in five years, from \$32.2 million to \$63.7 million as of June 30, 2001. That is \$31.5 million we have added to the Foundation over five years. This growth is the result of strong investment management and return and the infusion of new trusts. Our pure endowment now stands at \$30,028,000. This is a number that must increase dramatically over the next five years. I want to lift up the work of Don Mortenson, Gordie Nygard, the Foundation Board, Bob McIntosh, Gene Keene and so many others. We have good, savvy, committed people working in this area. We will make progress.
- The Campaign and overall fundraising. We have much work to do, but we are building momentum. In the past five years, giving for the University Fund is up 29%; total Unrestricted and Restricted giving is up 76%; we have added \$23.3 million in new endowment gifts in the past five years; total donors supporting SPU has increased by 15%, that is 1,810 new donors, 286 new Fellows; total Alumni donors has increased by 11%. We have raised \$20.3 million in the first two years of the campaign including five of the largest gifts in history of school: \$4.9 million, \$3.2 million, \$2.4 million, \$1 million, and \$2.2 million. We have the commitment of 35 volunteers for Campaign Leadership. We received \$250,000 this summer from a family for a mental health initiative; \$2.2 million from the Gates foundation for the work of Jeff Fouts and the School of Education; \$1 million from Gary and Barbara Ames for ethnic and minority mentoring and scholarship. Just yesterday we received \$65,000 from the Stewardship Foundation, an historic first. We received \$35,000 support from the Gates Foundation for a conference of presidents on ethnic and racial harmony. We have a \$2 million grant proposal before the Lilly

Foundation (thanks to Mike Hamilton and Les Steele) and a \$3 million proposal in front of the Murdock Trust for science. There are close to \$20 million in asks on the table from various families and foundations. Over the last five years we have transformed the advancement team under Bob McIntosh's leadership. I believe we have truly raised the bar for fundraising. We have a stalled economy and a market that is correcting and a world in chaos and uncertainty, but I am confident that some real results will materialize in the five years ahead. I want to commend the work of Bob McIntosh, Robert Gunsalus, Gene Keene, Doug Taylor and the fantastic team in Advancement.

- Positioning. A lot has been going on behind the scenes. We must communicate our value and our vision. We are still motivated by the goal of being one of three great universities in Seattle and providing national leadership in Christian higher education. Positioning efforts are happening all over the place, guided by a very able team: the Business Breakfast, the Benaroya Hall Christmas choir concert, a national, Christian publications ad campaign, a regional campaign this fall, a vision film, and so on. This team is always advising me where I should be taking the vision. We have formed a whole new strategy to marketing and positioning for graduate and CE programs. I would like to lift up the work of Marj Johnson, Ken Cornell, John Glancy, Jennifer Gilnett and so many others in that area.
- Outcomes assessment. We are making great progress. The Interim Visit for October report is the best statement of accomplishments in the academic area I have seen. It recognizes outstanding work in the academic area, an intense seriousness with which our faculty take their work and care about quality. The goal of any outcomes assessment is to get the vision into the fabric and to improve. I want to especially thank Joyce Erickson, Les Steele, Cindy Price, Tom Trzyna, and others who are working on this report.
- Building a Board of Trustees. Through all of this we have sought to build a strong board of trustees. In the natural turnover that occurs with boards, we have lost some folks who have been of tremendous support in the past. But then we also gain new boards members with fresh vision and energy and connectedness. We must have that support, certainly as a guiding group, but as well as a connecting and supporting group. We must keep our vision high for our board.

So, that's some of the accomplishments. Now, for the next chapter. Where to we go from here?

CP21 Challenge: 2001-2002, the Wharton Project and the Year Ahead. We are moving in the right direction. We have tremendous momentum. But we must know exactly where we want to go. We need to know exactly what it will take to achieve our vision. How can we leverage our resources, focus our energies, increase our revenues-so that the *Comprehensive Plan* will become a reality?

That was the question that drove the work of the President's Cabinet throughout the summer. I knew we needed some fresh thinking about strategy. And so the President's Cabinet went to the Wharton School on the campus of the University of Pennsylvania this summer. We received some of the best research and the best thinking about higher education available today. We received as well some direct coaching about where we are as an institution.

We come back now and present to the campus community, to the deans and directors, and the Board of Trustees today, a major new strategy, a new angle, a new understanding of where we stand and what it is going to take to reach our goals.

We are opening a new chapter today. This is the beginning of a new chapter in my administration. What I will outline here will be the focus of my work for the years ahead.

So, let me sketch out this new strategy.

First, we must define and set out to achieve the standards of excellence necessary to most effectively reach our vision. You can't set a high vision and then limp along at a low level of achievement.

If we seek to engage the culture and become change-agents for good in the world, what will it take? What are those standards that we must establish to become effective? What kind of quality do we seek?

We have used in the past the language of a premier, national Christian university. I think that is an image that is helpful as we seek to define our standards? But what does it mean to reach for the top? What would it mean to be a premier, national Christian university?

Please note that we cannot pursue such a goal as an end in itself. If we seek to become a premier, national Christian university, we will do it so that we may engage the culture and change the world with the gospel of Jesus Christ. And we don't want to use this language in a way that defines always a competitive posture, that we seek this goal in order to beat someone else.

But what does it mean to be a premier, national Christian university? I will be anxious to hear from you about that question. Let me take a stab.

- It means we are an institution that is vision centered; we are focused; we have a clear, common sense of purpose and direction, and we do not tackle things outside that vision. We operate from our core competencies. We provide focused investment of our resources.
- It also means that
 - We pay our people at the top of our category of institution.
 - We support faculty scholarship at the highest levels of support; we plan for a faculty development program that is the best.
 - It means that we have students who stay with us through graduation.
 - It means that we have excellent facilities (we are moving down the track here) and that we are supported with first rate technology.
- It means that we understand where our revenue comes from, that we understand our markets, and that we are very savvy about achieving revenue growth. In the days ahead, I will have much to say about this.

Here is the language we want to introduce today. How are we going to reach our goal to be a premier, national Christian university? By becoming vision centered

and market smart. We have to know who we are, where we want to go, and we have to be resource savvy.

So here are the specific challenges that we think it will take to reach our goals. From all of the research we have been exposed to this summer, and from the coaching that the Wharton faculty has provided for us, we think the following indicators are critical to our success. These are the indicators that define a quality institution.

By the way, we come away from Wharton and all of the analysis discovering that we are in much better shape than we thought. We also know exactly where we need to go to work.

We must set clear targets for the following indicators (remember these are all coupled with being vision centered):

1. We must improve our undergraduate graduation rate. Our current six-year graduation rate is 50%; that puts us in about the 25th percentile of our category of institutions. We need to be in the 75th percentile to accomplish what we want. Where we are is not acceptable. That is not an indicator of a premier, national Christian university. There are huge negative implications if we stay where we are and huge gains if we make significant progress. We must launch an all out, all-institution effort to improve this rate.
2. Undergraduate admit rate. This is an indicator of demand. How many people are seeking to come to SPU and how many are we willing and able to take?
3. Endowment income per fte. This is a critical indicator of long-term health. We must start now.
4. Tuition income per fte. This is overall, gross revenue from all tuition. In a sense it is the price we can charge.
5. Net revenue per fte. This is our net after financial aid, the calculated price.
6. Average faculty salary. This must be at the top of our priorities as an indicator goal and we must reach the top of our category.
7. Financial health ratios.

This is the package. What should we add? If these goals are set properly and achieved, we believe we have a real chance of achieving our goals of CP21. This is the data we must gather, the data-dashboard we must create to know how we are doing.

Note: Revenue growth is critical. From our study and deliberations we are banking on this premise: if we achieve these goals, set by the above indicators, we will achieve the kind of revenue necessary to reach our vision. We must focus our energies on achieving revenue growth from the following revenue streams:

- From existing tuition revenue streams;
- From new program efforts;
- From overall fundraising;
- And from endowment.

Conclusion: We live in a changed world. Let me end by saying a few things about why all of this is important. Why should we work so hard to improve our

standards? Why should we seek to fulfill our vision?

I believe we live in a changed world. Abraham Lincoln said in another hour of national peril that "as our case is new, so we must think anew, and act anew. We must disenthrall ourselves, and then we shall save our country."

I think we must put on a new set of glasses in order to understand the world. We must understand this new world, and we must reflect on how we change our purpose in life, as individuals, as a country, as an SPU community. That's the work of a Christian university.

If we were focused on learning as an end in itself, we might be changing our vision. It is quite extraordinary that our vision to engage the culture and change the world is so relevant for this moment in history.

Most assuredly the world needs graduates of competence and character. Most assuredly the world needs wisdom. Most assuredly the world needs those who understand grace-filled community.

I am going to be speaking to the trustees tonight about a little scene in David's life from I Samuel 30. After David's world had been changed, after the weeping and the accusations, still in the moment of uncertainty, David sought strength in the Lord his God. And then he set out with hope to bring good into the world and change the world.

We must think about the world. We must be global in new ways. We must be patriotic in new ways. We must come together as a nation and as an SPU community. We must not tolerate hate to Muslim, Middle Eastern, or any ethnic or racial minorities among us. We have new work to do here right in our own community. We must seek to bring peace and light and hope in all that we do.

I believe we have to think about war. But whatever we do militarily, we must wage a war of goodness. We must think about how to bring goodness, wholeness, prosperity, opportunity, and unity into the world.

I believe we may just have built this Christian university and articulated our vision for such a time as this. We have a lot of work to do in the days ahead to do this more effectively. But we are moving down the right track.