

REPORT TO THE BOARD OF TRUSTEES February 2009

David L. Parkyn President

As part of the strategic plan for North Park University which we completed during the 2008-2009 academic year we affirmed (with slight revisions) our core statements of institutional identity – mission, vision, core values, and educational ideals. These are important statements and should guide all we do – what we expect for student development, what and how we teach, who we hire, how we assess our life in this learning community.

Lee Schulman, the president of The Carnegie Foundation for the Advancement of Teaching, calls statements such as these our "signature pedagogy." He maintains that each college and university should identify those characteristics or ideals which make teaching and learning at the school distinctive.

One of my responsibilities as president (and I affirm it also as one of your responsibilities as trustees) is to assure that all who teach and learn in this community embrace and actively engage this "signature pedagogy." You and I are responsible for our institutional voice – the language we use to understand our work and life together as a learning community and the stories we tell to explain to others how we approach our commitment to "prepare students for lives of significance and service."

During this academic year I am writing a series of short essays on each of the seven "educational ideals" which we have identified as contributing to the distinctive learning community at North Park. As I share these "musings" with the members of this community my hope is that my voice will be joined by the voices of all educators at North Park (including your voice as a trustee). As we hear each other's voices we'll better know our collective story, our signature pedagogy.

I write these essays each month as the first page of my "Occasional Campus Communiqués." To date I've completed an introduction and essays on the first three ideals. The remaining essays will be written during the spring semester. Those essays already completed are included for your reading and reflection with the additional materials prepared for this Board meeting. I look forward to having your voice join mine.

HIGHLIGHTS OF THE FEBRUARY MEETING

- It will come as a surprise to no one that much of our time at this meeting will be focused on institutional finances. The national economic environment and financial challenges unique to our campus combine for plenty of opportunity for the Board of Trustees to assume its fiduciary responsibility! The Board is receiving update materials regarding our annual operating budget, expenditures related to damages from the September flood, and recent investment performance. In additional, we'll provide an update on activities initiated in recent months, and to be continued during the coming months, to support the proposed fund raising campaign.
- The session planned as a "professional development" opportunity for the Board will
 focus on an area of student learning central to our mission. The departments of
 Biblical and Religious Studies, Youth Ministries, and University Ministries will provide
 a workshop designed to introduce the Board to personnel in these areas as well as
 selective program activities within each department.
- Each of the Board's committees will address matters pertinent to its respective areas of responsibility and interest.
- In addition, the Board will host a reception for staff members in the offices of Admissions, Athletics, and External Relations.

SPECIAL ACHIEVEMENTS - STUDENTS

- Senior Kelley Thoes has received the 2008 Student Laureate Award from The Lincoln Academy of Illinois.
- Two students, Phil Bloss and Travis Moore, have been selected for scholarship awards through the American Humanics Next Generation Nonprofit Leaders Program.
- The Brandel Library is host for the premiere of 60625, a photography exhibit organized by three students. Photographers Eric Staswick, Bethany Crino, and Lucas Larson named the project after our neighborhood zip code. The exhibit includes photos of individuals wearing "Chicago" clothing as well as clothing from their home countries.

SPECIAL ACHIEVEMENTS - FACULTY SCHOLARSHIP

Several books by faculty members have been published during the past few weeks. These include:

- Angelyn Balodimas-Bartolomei (education), Footsteps Through Athinia: A Traveler's Guide to Greece
- Paul De Neui (seminary), Communicating Christ in Asian Cities: Urban Issues in Buddhist Contexts (William Carey Library)
- Scot McKnight (biblical and theological studies), *Fasting* (from the Ancient Practices Series edited by Phyllis Tickle and published by Thomas Nelson)
- Kurt W. Peterson (history), Lincoln's Land: The History of Abraham Lincoln's Coles County Farm (Friends of the Abraham Lincoln Historical Farm LLC)

In addition, the book *Stories with Intent: A Comprehensive guide to the Parables of Jesus*, published this past year by Klyne Snodgrass (seminary), was recognized for the 2009 Christianity Today Book Award in the category of biblical studies. The judges commented: "This is a superb culmination of career-long reflection on one of the most important genres in biblical literature. Readers will be deeply impressed by Snodgrass's exposition, his command of the relevant scholarship in the field, and the lucid quality of his analysis." His colleagues at North Park are also impressed!

SPECIAL ACHIEVEMENTS - TRUSTEES

- Jimmie Alford has been selected to receive the Chair's Award for Outstanding Service from the Association of Fundraising Professionals.
- Ann Alvarez received the "Beacon of Light" Award from the Latino Advisory
 Committee at the Illinois Department of Children and Family Services. A few months
 ago Ann and her work at Casa Central were the subject of a feature article in the
 alumni magazine of the School of Social Services Administration at the University of
 Chicago. The article also mentioned Ann's work with the North Park University
 Board of Trustees.
- Owen Youngman was recently appointed as Knight Professor of Digital Media Strategy in the Medill School of Journalism at Northwestern University.

UNIVERSITY-WIDE RECOGNITION

 North Park University has been named to the 2008 President's Higher Education Community Service Honor Roll by the Corporation for National and Community Service. This is the first year North Park has been named to the honor roll. This program, launched in 2006, "recognizes colleges and universities nationwide that support innovative and effective community service and service-learning programs." The Honor Roll is sponsored at the federal level by the President's Council on Service and Civic Participation, and the U.S. Departments of Education and Housing and Urban Development.

MID-YEAR ENROLLMENT REPORT

Our enrollment report for the spring semester is stable, but stability may be the beginning sign of pending challenges. Over the past three years we've noticed a gradual decline in the overall number of new students who enroll mid-year in many of our programs. As this is coupled with a higher-than-normal December graduating class this year, it results in a smaller total enrollment for spring 2009 when compared with the 2008.

Comparison data, for both new students and total enrollment, is provided in Exhibit A.

MID-YEAR FINANCIAL REPORT

In the Fall, we were confronted with a "perfect storm" of financial challenges. The challenges remain and we are responding as best we can. Here is a mid-year summary.

- <u>Budget</u> Despite an unanticipated large number of traditional undergraduate December graduates, we experienced good retention of students "eligible to return" for the spring semester. This is encouraging as mid-year provides an opportunity for students to "stop-out". Based upon our analysis of all favorable and unfavorable enrollment changes at mid-year for all programs, we believe that our main revenue streams are largely intact. Our overall budget outlook at this time is that we should be able to balance the budget for the year save one caveat, namely, uncertainty with respect to our endowment appropriation (see below). We are accumulating 5% and 10% reduction scenarios for program budgets for the remainder of the year and will have some report on this at the Board meeting.
- <u>Liquidity</u> Recall that the University had transferred about \$3.5M of government loan proceeds to be joined with other cash in a short-term bond fund that has been used to great advantage over the past sixteen years for short-term cash management. This Commonfund vehicle froze a substantial portion of its assets when certain securities went "under water" as investors raced to safety (treasuries). The Commonfund has now released about 73% of the fund's cash. We still have about \$1.5M inaccessible. We utilized our \$3M line-of-credit to make December payrolls. We are currently off the line-of-credit because of receipt of second semester tuition payments.
- <u>Bond Interest Expenses</u> Just prior to the Fall Board meeting, we had experienced a couple of weeks of elevated interest on our variable rate demand bonds (VRDB). The rates quickly returned to normal levels and, in fact, we have

had a sustained period of some of the lowest rates that we have seen (e.g., base rates of 0.5%). We have been well-served by our VRDB structure.

- Bond Covenants We were clear at the Fall board meeting about our expectation of missing the required 1.0/1.0 unrestricted investment + cash/debt ratio at December 31, 2008. The ratio had fallen from about 1.2/1.0 (at June 30th) to about 0.85/1.0 at October 22nd. By December 31st the ratio had fallen to 0.75/1.0 because of the impact of the market on our investments. CHASE was willing to negotiate a new target of 0.65%/1.0 at 12/31/08 with the expectation that we will build back the ratio to 0.85/1.0 by 12/31/10. This averted the bank declaring "an event of default". Combined with that act of grace, however, was an increase in our credit enhancement fee from 52 basis points to 100 basis points (a cost to us of an additional \$270K/yr).
- Endowment Appropriation The decline in the investment markets has removed all unrestricted dollars and has taken our restricted fund balances below their "historic gift value". There is a tension between Illinois law, which would prevent drawdown in such a situation, and accounting conventions (FASB 124) which might allow the unrestricted values to go "negative" temporarily until markets recover. We are sorting this out with our auditors and legal counsel. At risk is a \$2.5M allocation for this year's operating budget and something of similar magnitude for next year. This highlights the importance of the budget cutting scenarios noted above and introduces considerable uncertainty into planning for next year.

PROGRAM PLANNING UPDATES

Last year we completed a five-year strategic plan for the University. This will serve us well as an overarching guide for the years ahead.

However, additional attention is required each year to address how we take the principles of the strategic plan and apply them directly to our day-to-day activities. There are a number of ways to do this, and this year we have looked at three means in particular.

• As has been our custom, at the beginning of each academic year the senior administrative team identifies a list of Annual Priorities. This year these priorities were arranged according to the objectives of the Strategic Plan. This statement of priorities was distributed to the campus community in late August and was also provided for the Board of Trustees at the October meeting. At mid-year, the senior administrative team evaluated our collective work-to-date on each of the priorities. Summary comments from this mid-year evaluation have been incorporated in the statement of priorities, and these are provided for the Board as supplementary materials.

 One of the year's priorities was to undertake strategic planning discussions with each of the University's academic units. These discussions were completed during the fall semester. The major outcomes or "findings" of these sessions have been compiled in a summary document and is distributed to the Board with other materials for this meeting.

Both sets of materials have also been distributed to the campus community.

Work also continues in drafting a new strategic plan for the seminary. One part of
this is a "listening tour" underway to engage representatives from across the
Covenant Church, and church leaders beyond the ECC, to identify critical needs in
the Church and ascertain how the seminary can respond to these. The current
working-draft of the strategic plan will be considered for comment by the Seminary
Committee as part of the February meeting.

New and Continuing Initiatives

- We have initiated a pilot program to hire graduate assistants to support the work of
 the University's athletics program. Three individuals will be working half time during
 the next three semesters to assist primarily with student recruiting activities in
 football, women's rowing, and track and field. This is a low-cost approach but has
 the potential to yield useful results for the University as well as providing careeroriented experience for these graduate students.
- A new Content Management System tool is being implemented over several months
 to improve support for the University's web site. This coincides with a major revision
 to the "look and feel" of the web site, and to the way in which content on the site is
 managed. The revised web site will be launched in mid-March.
- The University Gospel Choir Touring Group will travel to Oregon and Washington during spring break. Several concerts are planned including a CHIC-fund raising concert at the First Covenant Church in Seattle on Saturday evening, March 13.
- The calendar year-end Campus Flood Relief fund raising appeal raised \$114,600 through 307 gifts as of December 31. This special appeal helped to achieve total annual fund receipts at calendar year-end at \$44,000 over the previous year. Other efforts in the Development Office have focused on refocusing staff expectations and major gift officer assignments.
- A preliminary (quiet phase) case statement has been prepared for the campaign and
 is being used in visits with potential lead donors. Through this effort, in collaboration
 with our campaign consultants, we continue to assess donor readiness for the
 proposed campaign. A report of this activity, with next-step recommendations, will
 be presented to the Board at the May meeting. The campaign co-chairs and the

campaign chair for the President's Club are consulting and working with us throughout this period.

 The campus Retention Committee has begun to meet. Their responsibility is to identify areas of risk for students, evaluate our efforts to address these risks, and promote best practices for encouraging student retention across all program areas. The topic of student retention and our collective efforts in this regard will be central to the agenda for the Committee on Student Recruitment and Retention.

Exhibit A
Enrollment Report
Spring Semester 2009

	New Students			Total	Total Enrollment		
Academic Program	2007	2008	2009	2007	2008	2009	
Undergraduate (Traditional)							
Undergraduate (Traditional) Returning				1565	1633	1646	
First-Year	16	10	7	1505	1033	7	
Transfer	92	59	54	92	59	54	
Visiting	7	3	2	7	8	7	
TOTAL Undergraduate (trad)	115	72	63	1682	1710	1714	
Undergraduate (Non-Trad)							
College Bridge	5	1	1	5	1	2	
ESL	14	21	10	26	28	19	
RN Completion	18	19	15	57	87	77	
School of Adult Learning	39	38	26	218	247	222	
Education Certification	14	8	6	57	66	49	
TOTAL Undergrad (Non-Trad)	90	87	58	363	429	369	
Graduate							
SBNM	63	54	71	331	351	350	
MS Nursing	24	27	24	140	139	149	
Adult Nurse Practitioner	2	0	5	13	17	25	
MA Education	12	13	20	132	134	162	
MA Community Development	3	0	0	24	23	11	
Master of Music	1	0	0	13	13	12	
TOTAL Graduate	105	94	120	653	677	709	
Seminary							
Traditional	21	17	17	245	238	219	
Cross Registered	12	9	5	15	12	5	
TOTAL Seminary	33	26	22	260	250	224	
GRAND TOTAL	343	279	263	2958	3066	3016	
Others (Non-Revenue)							
International Exchange	16	20	26	26	22	34	