A strategic planning process with a longer time horizon involving faculty, staff, trustees and students is now beginning. The strategic plan will cover similar issues as this plan but will stretch further into the future and will deal with longer-range and more fundamental issues. It is expected that the planning process will be concluded by the end of the spring semester, at which time that plan will replace or build on this plan.
<table>
<thead>
<tr>
<th>CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction .................................................................</td>
</tr>
<tr>
<td>Mission ..................................................................................</td>
</tr>
<tr>
<td>Vision ....................................................................................</td>
</tr>
<tr>
<td>Goals - Fall 2007 – Spring 2010 ..............................................</td>
</tr>
<tr>
<td>Strategic Priorities and Operating Principles ..........................</td>
</tr>
<tr>
<td>Growth - Recruitment and Retention Goals for Fall 2008 and Thereafter</td>
</tr>
<tr>
<td>Financial Management ..............................................................</td>
</tr>
<tr>
<td>Strategic Repositioning ..........................................................</td>
</tr>
<tr>
<td>A Growing Academic Reputation in Selected Areas .....................</td>
</tr>
<tr>
<td>Continuous Improvement in Faculty, Staff and Student Life ............</td>
</tr>
<tr>
<td>Changes in the Management Culture ..........................................</td>
</tr>
<tr>
<td>Definition of Goals and Actions to be Commenced Immediately ........</td>
</tr>
<tr>
<td>Financial Stability through Moderate Growth in Total Enrollment and Cost Reduction</td>
</tr>
<tr>
<td>Strategic Repositioning ..........................................................</td>
</tr>
<tr>
<td>A Growing Academic Reputation in Selected Areas .....................</td>
</tr>
<tr>
<td>Continuous Improvement in Faculty, Staff and Student Life ............</td>
</tr>
<tr>
<td>A Steadily Improving Management Culture ...................................</td>
</tr>
</tbody>
</table>
Introduction

This Three-Year Plan charts a path to financial stability, growth in size and reputation and improvement in the professional lives of Pace students, faculty and staff. Attaining financial stability is and must be our paramount goal. It is the bedrock on which our ability to carry out Pace’s unique mission and realize the potential of its many strengths is based. The path to financial stability is composed of

- Continued growth in new student recruiting.
- Significant improvement in reducing attrition.
- Rigorous cost control.

The other goals of this Plan set forth below represent ends in themselves and means to achieve financial stability. The goals are not intended to be sequential. Indeed, they are highly interrelated. All goals must be pursued in parallel throughout the three-year period.

Over this year and the next two, we must strongly reverse the trend of the 2003-07 period, unite behind a clear vision for the strategic repositioning of the University and implement and market that repositioning. This plan provides the clarity of purpose that will help all members of the Pace community make the difficult choices needed to achieve our goals. Implementing the plan will occupy us for much of the next three years. The planning for the period commencing in the fall of 2010 will begin with the strategic plan to be developed during this academic year. That strategic plan should be revisited during the 2009-2010 academic year.
Mission

Pace University’s historic mission retains its central importance today: to provide high quality professional education and training coupled with an excellent liberal education to students for whom that education offers the opportunity to lift their lives and prospects to new levels.

Vision

Pace is a university dedicated to offering a wide array of programs of education for professions in demand, framed by the perspective and independent critical thinking that comes from an excellent liberal education. In selected areas in each school or center, Pace will offer professional programs that are among the best in the New York tri-state area. Pace will always seek to relate its programs of professional education to the most important currents in those professions, capitalizing on its location in and around New York City to offer students real-world experience through internships and co-operative work experiences, using community service as a learning tool and employing problem-solving and other teaching techniques that re-enforce the relationship between a student’s university experience and professional challenges and satisfactions.

Goals - Fall 2007 – Spring 2010

Financial Stability through Moderate Growth in Total Enrollment and Cost Reduction

Strategic Repositioning toward Professional Education

Growing Academic Reputation in Selected Areas

Continuous Improvement in Faculty, Staff and Student Life

Steadily Improving Management Culture
The following sections of this plan first set forth the strategic priorities and principles that will govern all significant decisions over the next three years concerning the achievement of the goals listed above. Then each goal is more fully defined and accompanied by a list of immediate actions and decisions that will be taken to move toward that goal.
Strategic Priorities and Operating Principles

Growth - Recruitment and Retention Goals for Fall 2008 and Thereafter

- **The Test is Total Enrollment.** It is easy to forget that what counts from a financial perspective is total enrollment, which is composed of both (1) new freshman and transfer students and (2) continuing students. In the fall of 2007, while recruiting brought in 465 more new students than the prior year, attrition resulted in a shrinkage in total enrollment of more than 500 students (including a reduction of 193 students in the Teach for America and Teaching Fellows special programs)*. Moreover, it is not just first-to-second year attrition that hurts. The University experiences attrition throughout the undergraduate years, hence the difference between a first-year retention rate ranging between 72% and 77% and a six-year graduation rate ranging between 54.8% and 56.4%. Almost as many students are lost as they move into their junior and senior years as after the end of the first year.

- **Retention.** For the period of the Plan, improving retention must be viewed as at least as important as new-student recruiting in the effort to manage the University’s enrollment levels. The Provost’s Office has developed a multi-pronged approach to decreasing attrition, including the collection of data, the assignment of responsibility to individuals in the Office of Student Success and individual schools for persuading students to stay, changes in the University’s financial aid policies for students who would otherwise drop out or transfer, monitoring of the success of the program on a real-time basis and conducting and collating the information from exit interviews.

- **New Students.** The recruiting of new students for the class of 2007 improved substantially over the prior year. Significant efforts need to be made, however, to do even better to make up for the small size of the class of 2006, which will have, in financial terms, a negative impact for two more years after the current year. Increased recruiting will also be necessary to move the University to financial stability as quickly as possible. Special attention needs to be devoted to opportunities to expand the number of graduate students.

- **Administrative Structure**
  
  - **Central Enrollment Services.** The appropriate staffing of Enrollment Management is a top priority for the allocation of staff resources. There

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* The SOE’s special programs are excluded from much of the data and many of the goals in this Plan because those programs have a different tuition level and tuition structure from traditional graduate programs.
should be no continuing vacancies in this function and when they occur every effort should be made to fill them immediately.

- **School-Based Efforts.** The central enrollment and retention programs will benefit significantly from more active involvement by the staff and faculty of each school in marketing, recruiting and retention. The development at each school of an appropriate enrollment staff function is a top priority in the allocation of school staff resources. In general, schools will have to find the resources for these efforts within their own budgets.

- **Individual Schools**
  - **Lubin Enrollment.** Solidifying the reversal of the decline in Lubin enrollment is our highest priority. Lubin majors account for a high percentage of all undergraduate majors and a significant percentage of the students taking Dyson courses in the core program. If Lubin declines, the whole University is likely to decline as well because of Lubin’s size and the fact that it accounts for so many of the students in the core classes taught by Dyson faculty.
  
  - **Dyson and Lienhard.** Dyson accounts for about the same percentage of all undergraduate majors as Lubin and about half of total undergraduate credit hours (in 2006). Except for the fall of 2006, the number of Dyson majors has been steadily increasing since the fall of 2001. Lienhard has nearly doubled in size in the last five years. Nothing should be done that will hinder the existing healthy growth in these schools, especially Dyson, which generates the highest relative contribution to the rest of the University. As these schools grow, careful attention needs to be given to the balance of adjuncts and tenured and tenure-track faculty to take into account future fluctuations in size.
  
  - **Seidenberg.** Because of its loss of conventional undergraduate students, the overhead burden at Seidenberg is much too high. Enrollment must be increased, or school-based overhead reduced or other steps must be taken to reduce overhead costs (or a combination of all three). Growth in the enrollment in the traditional degree programs at Seidenberg is an important objective.
  
  - **Education.** Careful consideration needs to be given to the marginal contributions of the TFA and Teaching Fellows programs and to the market for traditional education programs. If the fee structure of those programs cannot be increased, then, to the extent practicable, the resources allocated to those programs should be redeployed to more conventional and lower-discounted programs.
Law School. The School of Law experienced a drop in enrollment in the fall of 2004 because of a decline of its USN&WR ranking on the basis of the prior year. It has recovered substantially since that time and its full-time entering classes for the fall of 2006 and the fall of 2007 are the largest in many years. The Law School remains, however, substantially smaller than its principal competitors in the New York area. At the same time, it is approaching the limit of its current classroom resources, and needs to come to grips with the issues posed by growth.

- Growth vs. Academic Admissions Standards. Many members of the Pace community believe that raising academic admissions standards is an important goal, but that objective must take second place to employing moderate growth to achieve financial stability. After that has been attained, the desirability of further growth to fund expansion or deepening of programs and the quality of academic life needs to be balanced against the desirability of restraining growth by raising admissions standards.

Financial Management

- Overhead

  - School-Level Overhead. Overhead at each school must be consistent with a level of enrollment at that school that we believe can be replicated over time (“stability levels”). In the case of each of the smaller schools, Lienhard, Seidenberg and Education, actual revenues arising from enrollment should cover instructional costs and school-based overhead and have a remaining contribution margin sufficient to cover a fair share of centralized academic and facilities costs.

  - Centralized Academic Overhead. The costs of the functions overseen by the Provost and other centralized services specifically focused on academic functions must bear a reasonable relationship to tuition and other school-based operating revenues at stability levels.

  - Non-Academic Overhead. Other centralized overhead functions, such as the Office of the President, Finance and Administration, Human Resources, etc. must similarly be supported by operating revenues.

- Priorities in Cost Reductions. Building the depth and breadth of Pace’s curriculum and academic program is a major goal. In examining possible overhead cost reductions, functions that

  - support enrollment activities,
 produce or have a high likelihood of enhancing or restoring net contributions to unrestricted net assets or University overhead,

 increase charitable giving to the University in the short run, or

 support academic activities that are central to our educational mission should be given preference for continuation over functions that

 are directed to the general enhancement of the University’s reputation, or

 support relationships with outside groups or constituencies that are not central to our academic mission or directly related to our marketing for enrollment or the image of the University.

• Change in Revenue Mix. To the extent practical and consistent with our academic mission, we should seek to substitute higher margin programs for low margin programs in the same school or other schools. If the lack of availability of classrooms and other facilities are restricting the growth of high margin programs in other schools, we should consider eliminating low margin programs that are not central to our academic mission in one school and shifting those classrooms and other facilities to the school providing the high margin programs.

➢ Criteria for Retention of Low-Margin Programs. In considering whether to re-allocate resources away from a course or academic program that is not making a sufficient financial contribution to the school of which it is a part, the following should be considered:

  ▪ Is the program an essential or strongly desirable part of our educational mission?

  ▪ Is the program of sufficient size and quality to make the contribution that was intended? If not, can we afford to make it sufficiently strong in this time period?

  ▪ How serious would be the loss to the school or the University if the program were eliminated?

➢ Priority of Reallocation. Consideration should first be given to allocating funds or faculty lines taken from one school to another course or program at the same school, and thereafter to another course or program at a different school.

• Financial Health. In a variety of ways the University has slipped into an undesirable position in the financial community.
- Its long-term credit rating is below investment grade.
- Because of its credit rating, it is not able to incur additional debt, which limits its financial flexibility.
- It has too much debt and some of that debt is too expensive.
- Its lenders have its financial performance under special scrutiny.
- Its unrestricted net assets have been eroded.

The effect of these and related factors is to increase our costs, divert management resources and limit our flexibility to expand, undertake renovations and engage in innovative projects. While we are an educational institution, our lenders think of us as an economic unit that must be capable of repaying debt – and for that reason the high opinion of our lenders is important to our ability to fulfill our educational mission.

Accordingly, bringing the University back to full financial health – from a lender’s perspective – must be and remain an important priority. That means that “profits” in excess of those budgeted presumptively should go to rebuild unrestricted net assets, that putting resources into our financial and accounting systems is very important and that we must budget conservatively so that we do not have unexpected losses.

**Strategic Repositioning**

- **The Importance of Professional Education.** The historical competitive edge of Pace University lies in high quality professional education coupled with an excellent liberal education. In its marketing and in its allocation of resources, the University must return to its emphasis on high-quality professional education and the connection between a Pace education and employment as a professional. It is the independence of mind, critical thinking and insistence on probing to the center of the matter that are the essence of liberal education, combined with the substantive focus and discipline that are the hallmarks of professional education, that differentiate Pace from both trade schools and traditional liberal arts colleges and universities.

  - **A Leader not a Museum.** That does not mean that Pace should go back to the way it was educating students 10 or 20 years ago, or even five years ago. Our objective must be to be at the forefront of pedagogical methods for professional education and to make the most effective use of technology – not be a museum for professional education.

- **Alignment with Market Needs.** The nature of professional education is such that it is critical that undergraduate and graduate programs be well-aligned with the market for
the services of its graduates and that they reflect current trends in those professions. Maintaining that alignment requires a constant dialogue between the academic leadership and major employers of Pace graduates.

- **The Core.** Pace’s core liberal education plays an important role in undergraduate education throughout the University. It needs to be harmonized with the educational track of the professional schools where appropriate and, as financial conditions improve, nurtured, while the strategic repositioning moves forward.

**A Growing Academic Reputation in Selected Areas**

- **Academic Leadership Areas.** Pace must be, and must be seen to be, an intellectual and pedagogical leader in selected areas. This will require that each school identify the areas in which that school already has very strong programs and, to the extent practicable, redeploy available funds and faculty resources to those programs. Our objective is for each such Academic Leadership Area to be, and to be recognized as, among the top two or three in the New York tri-state area.

- **Creation of New Centers.** To the extent that different schools or departments have programs in the same area, those programs should be gathered in a center or institute that permits Pace to both have and market a stronger curriculum in that area, which will be an Academic Leadership Area. This will require us to break down traditional barriers between departments and between schools. Doing so is absolutely essential to presenting the strongest programs possible.

**Continuous Improvement in Faculty, Staff and Student Life**

- **Deferred Maintenance Broadly Defined.** The University is experiencing the effects of deferred maintenance in the broadest sense of that term. The infrastructure needs improvement and some innovations like the Banner system have been too skimpily introduced. More broadly, we have not spent the money over time to make this environment as pleasant, appealing and supportive as it should be. The same pattern is reflected in the compensation of some faculty and staff and in expenditures for various purposes that support faculty, staff and student professional life.

- **This Cannot be Fixed at One Time.** Because of the financial constraints and the lack of flexibility dictated by the experience of this past five years, our ability to improve these matters in large steps is limited. That does not mean, however, that nothing can or should be done. If small changes are made on a continuous basis, over time they can have a very large impact.

- **The Reward System.** Taking the goal of continuous improvement seriously, and demonstrating that each University executive has taken serious and substantial steps
to implement it during the year, should be built into the system of praise, criticism, performance assessment and compensation.

Changes in the Management Culture

- The Reward System. The management cultural change objectives must also be built into the system of praise, criticism, performance assessment and compensation.
Definition of Goals and Actions to be Commenced Immediately

Prefatory note: the following discussion contains a variety of action steps to be taken and critical decisions to be made in order to move promptly toward the goals of this plan. Each action and decision requires considerable further effort to actualize it, to make it happen. Accordingly, responsibility for each action or decision is being assigned to a University or school executive whose first task will be to set a timetable for completion and a method of assessing relative success or performance.

Goal: Financial Stability through Moderate Growth in Total Enrollment and Cost Reduction

- **Definition of Goal**
  
  - **Enrollment.** Financial stability requires establishing an enrollment level for each of the schools’ undergraduate and graduate degree programs that we are reasonably confident can be replicated in good times and bad. As a somewhat arbitrary goal, we have chosen an increase over fall 2007 of 700 FTE students (excluding the special program students in the School of Education) as the stability goal for the University as a whole. Our goal is to reach that level with the end of registration for the entering class of 2009. That represents recapturing one-third of the number of FTE students (excluding the School of Education’s special programs) that were lost between the fall of 2002, which is the high point in enrollment for the past ten years, and the fall of 2007.

  - **Expenses.** We must also establish stability levels for school-based and centralized expenses that yield a surplus at the enrollment stability goal, and we must be confident that this level of expenses can be maintained, subject to inflation in both tuition and expenses. While the larger schools may be asked to bear a proportionally larger share of central expenses, the school-based overhead level of each school should be in proportion to the revenues generated by its enrollment.

  - **Capital Campaign.** Although the capital campaign should not be used to fund current operations, it is a critical part of finding the right balance between increased selectivity on the one hand, and increases in the quality of the academic or other programs on the other. Gifts permit improvements in academic and other programs to be made without using operating funds. Completion of the $100 million capital campaign is an important goal.
➢ Cash Flow. The University must maintain sufficient borrowing capacity and cash reserves so that we are highly confident that we can meet all reasonably anticipated payables as and when due.

• Actions

➢ Enrollment Objective – Fall of 2008. We have established new student and retention goals for enrollment in the fall of 2008. Those goals have been fixed by agreement between the Deans of each school and Enrollment Management for both undergraduates in each class in each school and graduate students in each program in each school. The new-student goals are dual, a relatively conservative “budget” goal on which the budget for 2008-09 will be based, and a more aggressive “stretch” goal. The 2007 actual enrollment levels and the 2008 goals are set forth below (excluding 821 law students, 21 NACTEL students and 1,727 students in the School of Education’s special programs):

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<th>2007 Actual</th>
<th>2008 Budget Goals</th>
<th>2008 Stretch Goals</th>
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<tr>
<td>Undergrad - New</td>
<td>2,500</td>
<td>2,565</td>
<td>2,653</td>
</tr>
<tr>
<td>Undergrad - Cont</td>
<td>5,171</td>
<td>5,408</td>
<td>5,408</td>
</tr>
<tr>
<td>Graduate - New</td>
<td>786</td>
<td>926</td>
<td>1,059</td>
</tr>
<tr>
<td>Graduate - Cont</td>
<td>1,975</td>
<td>1,872</td>
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<tr>
<td>Total Undergrad</td>
<td>7,671</td>
<td>7,973</td>
<td>8,061</td>
</tr>
<tr>
<td>Total Graduate</td>
<td>2,761</td>
<td>2,798</td>
<td>2,931</td>
</tr>
<tr>
<td>Total University</td>
<td>10,432</td>
<td>10,771</td>
<td>10,992</td>
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</tbody>
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➢ Enrollment Objectives – Fall of 2009 and 2010. Our objective is to achieve, within the period covered by the Three-Year Plan, the stability levels for both enrollment and expenses.

➢ Recruiting New Students

▪ Continue to improve the execution of central enrollment operations.

▪ Link central recruiting to active recruiting efforts at each school. The Deans should participate in shaping the marketing programs for their schools. Deans, staff and faculty must be actively involved in recruiting at high schools, community colleges and fairs and in visiting high school placement directors.

▪ Special marketing and enrollment efforts will be concentrated in Lubin.
Improving Retention

- Primary responsibility for retention-related activities is vested in the Office of Student Success in close co-ordination with the Office of Student Assistance and Enrollment Management.

- Goals (the following goals exclude the School of Education’s special programs)
  - The goal for first-year retention is to raise the rate for the University as a whole to 80% during the period of this Plan. That is a level that has never been achieved during the period since the fall of 2002 (the period that has been the focus of our analytical efforts). Accordingly, it is arbitrary in the sense that the combination of steps set forth below has not been tried during that period and there is no comparable experience on which to base the goal. There are, however, other universities with student bodies similar to Pace that have achieved or exceeded that rate.
  - The goal for second-year and upper class retention is to build on improvements in the first-year retention rate to raise the five-year graduation rate to 55%.

- The Dean of each school should designate a person with primary responsibility for retention efforts at that school and, together with the Office of Student Success, should establish headcount goals for improvement of retention of each class at the undergraduate level and in each graduate program at that school.

- Information of all kinds indicating whether a student may transfer or drop out that comes to a central University function should, in addition to any central-function-use, be immediately sent to the student’s adviser and the responsible retention designee at the school in which that student is registered. The Provost will establish a system to allocate clear responsibility for response to a student’s needs. Throughout the year:
  - the timing and nature of the University’s response to this information will be recorded and tracked;
  - the success of each school-level retention program will be tracked on a program basis against the school’s goals for retention;
  - the University’s financial aid policy has been modified to permit the provision of additional aid to dissuade potential transfers whom we wish to retain; and
to the extent practicable, uniform exit interviews will be conducted with all students who transfer or drop out; the resulting data will be analyzed to determine any discernable patterns. Retention efforts and possibly admissions practices will be adjusted as indicated by the results.

- Efforts to enhance the relationship of first and second-year students with the schools that they elected on entry need to be expanded.
  - The new enhancements of the first-year advising program should be evaluated and re-enforced.
  - New ways to involve second-year students more deeply in the life of their schools need to be developed and implemented.

- It is essential to improve the experience of Pace students in dealing with the whole administration. This is an important part of the service component of the improvements in management culture goal set forth below, and training programs in the service area have already begun.

- The Office of Student Assistance has been taking important steps to improve the student experience, including those listed below. Many of those steps are not widely understood and should be announced and fully realized.
  - The hiring of additional “front-line” OSA employees.
  - Special training for OSA employees as part of the University’s new service initiative.
  - The conversion of student records to digital form, initially on a going-forward basis, to end the frustrating experience of the loss of documents.
  - An effort to permit as many students as possible to register online.
  - A review of all approval processes affecting students, such as those required to change majors, schools, etc., to reduce the number of approvals and decrease the time involved.
  - An effort to enhance communication between students and OSA, including
    - a series of Town Hall meetings that will be repeated each semester,
- a clear statement of the issues that can be dealt with by OSA and those for which a student must go to another department, accompanied by instructions about who to contact and how.
- The use of tracking software to show the time involved in dealing with questions posed to OSA.

- **Improve the Revenue Mix**
  - After receiving the Goldin Associates “four wall” analysis of the marginal contribution of various majors, programs, schools and other activities, identify those that do not meet the criteria for retention set forth in the operating principles below, and reallocate those resources to other programs in the academic program of that school or another school.

- **Establish Stability Levels at Each School**
  - Each school has agreed upon recruiting and retention goals for the fall of 2008.
  - The next step is to establish at each school an enrollment level for undergraduate, graduate and special programs that is both large enough to justify the programs and is believed to be replicable once achieved. A timetable and plan for each school to achieve its stability level will be established. The aggregate of each school’s stability level will be matched against the arbitrarily established stability goal for the University as a whole of an increase of 700 FTE students (excluding the School of Education’s special programs).
  - In establishing enrollment levels, careful attention should be given to the desirable and achievable levels of the CAP program in each school.

- **School-Based Steps to Increase Enrollment**
  - **Lubin.**
    - Growth at Lubin is essential to growth of the University in the short-to-medium term. It is important that Lubin demonstrate during the 2007-08 recruiting season that it has the capacity to resume the growth pattern that characterized it until the fall of 2003.
    - The Lubin Dean and decanal staff have been given a substantial role in shaping and participating in the marketing and new-student recruiting effort for business and accounting students during the current year.
Special efforts will be devoted to publicizing and advertising Lubin graduate programs and marketing Pace’s capacity for professional education in accounting, finance and business.

There are a number of steps that need to be taken by Lubin itself:

- The Lubin task force (see below) needs to review and report on the Lubin curriculum and its alignment with market needs.

- The Lubin task force should also consider whether the de-emphasis on part-time undergraduate students at Lubin is consistent with market needs.

- Decisions need to be made quickly as to which centers of excellence at Lubin will be the basis for both marketing and any reallocation of resources. Lubin should consider whether, in light of Pace’s continuing reputation in accounting (as contrasted with other aspects of the business school) and the continuing high demand for accountants, special emphasis should be given to accounting in the marketing plan for undergraduates.

- Attention needs to be given to Lubin’s role in various potential centers of excellence. Lubin has a certificate program in nonprofit management. That might be expanded and provide some synergy with the Dyson MPA program. There is also potential for joint programs in health care management (Lubin and Lienhard) and theatrical production (Lubin and the MFA Program). Lubin and the Law School have been talking about joint activities on real estate graduate degrees. There are numerous other possibilities, including an Executive Educational Leadership graduate program.

**Dyson.** Continued moderate growth at Dyson should flow from the improvements in execution of the admissions and retention processes described above, and from the steps taken to allocate resources to Dyson’s very attractive professional programs and emphasize those programs in our marketing. The continued growth of the undergraduate and graduate performing arts programs, the communications program and creation of formal centers of excellence that cut across school lines and include Dyson programs – such as environmental studies and criminology and forensics – should provide additional support for Dyson growth. As Dyson grows, consideration should be given to whether more central and profitable Dyson programs can expand into classrooms currently used in
the evening by the lower-margin School of Education special programs in New York.

- If expansion requires additional faculty, staff and/or capital expenditures, they should be made provided that the budget shows that the additional costs will be covered by the additional revenues with no decrease in Dyson’s marginal contribution rate in the first and subsequent years.

**Lienhard**

- Continued growth at Lienhard will respond to the continuing demand for highly skilled nurses and other health care professionals.
  - If expansion requires additional faculty, staff and capital expenditures, they should be made provided that the budget shows that the additional costs will be covered by the additional revenues with no decrease in Lienhard’s marginal contribution rate in the first and subsequent years.
- The Lienhard task force should consider whether Pace should broaden its concept of the health care curriculum to include programs and courses in other schools, including Dyson, Lubin (health care management) and the Law School, creating a health care center of excellence.
- The Lienhard task force should also consider the adequacy of the laboratory and other facilities supporting the nursing program to determine any physical constraints on an expansion of this program in response to market demand.

**Seidenberg.**

- The Seidenberg task force needs to identify the reasons for the precipitous decline in non-NACTEL Seidenberg undergraduate enrollment (which is in accord with nationwide trends) and what programs should be offered at what levels (undergraduate, graduate, certificate, etc.) to respond to the market’s continually growing need for trained computer and information services professionals.
- The undergraduate NACTEL program is innovative in being all online and in reaching a non-traditional audience. Its marginal contribution needs to be closely examined to ensure that the correct tuition pricing model is being used and whether that program should be expanded.
School of Education

- The School of Education has had enormous growth in its Teach for America and NYC Teaching Fellows graduate programs, and a 20% decline in its traditional undergraduate and graduate programs.
- The financial results of those programs need to be closely examined to determine if their marginal contribution is adequate and if its fees can be increased. In that connection, the fact that tuition payments are heavily loaded to the second-year of the programs, which is the first year in which student payments are made, requires that special attention be devoted to determining the attrition rates for these programs and the extent to which pro-rated tuition for the first year is actually being paid.
- Since these special programs fill the New York City classrooms in the evening, to the extent that use of those classrooms for growth in other programs at the School of Education or in other schools would significantly increase the marginal contribution of programs using those classrooms, we need to determine whether the size of the special programs can be ramped down as the other programs grow.
- The School of Education task force needs to examine closely the status of the traditional undergraduate and graduate programs at that school, the reasons for their decline, whether they need to be realigned more closely with market needs and the likelihood of being able to generate significant growth in those programs.

School of Law.

- Total enrollment in the School of Law is up considerably in 2007 because it has brought in large first year classes both this year and last year.
- The Law School is close to its physical limits for day students. At the same time, it is considerably smaller than most of its competitor law schools in the New York area. A careful decision needs to be made about the desired size of the Law School over the next five years and consideration needs to be given to the alternative ways to accommodate any desired expansion.

Continue to Reduce Costs

- Develop working objectives for the ratio of overhead costs to anticipated revenues based on the stability enrollment levels set for each school. To the extent that there is not a strong basis for believing that schools with
high school-based overhead costs can achieve enrollment levels that exceed those costs in the next year or so, the process of reducing school-based overhead will begin immediately.

- A special review will be conducted of overhead costs at the University and Centralized Academic Support (Provost’s area) levels to eliminate costs that do not meet our criteria for retention.

- We will continue the campaign of process reviews to convert whenever practicable the remaining paper-based administrative processes to electronic form.

- A consultant that specializes in reducing the cost of purchased goods and services will be retained.

- The pros and cons of combining some of the smaller schools will be closely examined.

➤ **Real Estate Utilization**

- We have convened a group charged to do the following:
  
  - Identify and implement opportunities to use classrooms and office space more efficiently.
  
  - Fully utilize the Graduate Center both during the day and in the evening.
  
  - Review whether any of the major real estate holdings of the University should be sold and, if so, do a detailed plan for the sale or sales and commence to implement it.
  
  - Develop a plan for the most effective long-term use of our two principal campuses in New York and Pleasantville.

➤ **Budget**

- The Deans and department heads are being asked to link their decisions and deployment of resources in the current year to this plan.

- The budget process for 2009 is being revised as follows:

  - Rather than beginning with a bottom-up expense budget and then finding revenue sources at the University level to fund those expenses, we beginning with a bottom-up revenue budget based on enrollment (recruiting and retention) projections. The resulting revenues will be
allocated among the schools and departments, each of which will have a great deal more discretion about how to spend its available revenues.

- Unlike prior years, there will be a good deal more detail in the budgets – which are currently composed principally of salaries, benefits and a catch-all for supplies and services. The additional detail is designed to produce more understanding of the manner in which the group’s budget decisions are linked to the goals, priorities, operating principles and actions in this plan.
- The budget documents will require at least one additional year of additional budget projections.
- The two-year budget will be accompanied by a written plan demonstrating the manner in which the budget decisions are linked to the goals, priorities, operating principles and actions in this plan.

- Financial.
  - In addition to eliminating annual losses, Pace must
    - demonstrate year-on-year increases in unrestricted assets from operations,
    - avoid violations of debt covenants,
    - continue to improve internal controls, and
    - prepare a plan to reduce the University’s debt.

Goal: Strategic Repositioning

- Definition of Goal
  - Over the past four or five years, Pace University has configured and presented itself to prospective students and to the world as a single unit under the unifying banner of Opportunitas, treating the schools as the functional equivalents of large departments, centralizing essential functions and de-emphasizing the participation, authority and accountability of the administration of the schools. The effect of this process has been to blur the public perception of the historical strengths of Pace and to obscure the importance of redeploying funds to the areas of greatest strength.
  - The historical strength of Pace has been its reputation and capacity in professional education, both for undergraduate and graduate students. That
remains the solid base of the university, both within the professional schools and at Dyson. The strategic repositioning will return Pace to that strong base; it will market both the enrollment program and the University in general with a strong connection between a Pace education and professional careers, giving much more emphasis to the schools and its centers of excellence than is now the case.

- While this repositioning emphasizes professional education, it is the quality of the Pace liberal arts core that lays the basis for the independence of mind, critical thinking and insistence on probing to the center of the matter that differentiate Pace professional education from professional trade schools. The core liberal education needs to be carefully preserved and, as financial conditions improve, nurtured, while the strategic repositioning moves forward.

**Actions**

- **The Core Curriculum.** Consideration should be given to tailoring the core curriculum of those students who elect one of the professional schools to align it more closely with the nature of their chosen professional area.

- **Student Identification.** Steps should be taken at the school level to increase the identification of first and second-year students with the schools that they have elected.

- **Task Forces.** Task forces should be formed at each school composed of outside market participants, decanal staff, faculty and, in appropriate cases, trustees, with the objective of assessing the responsiveness of each school’s professional programs and curriculum to market needs. The programs and curricula should be adjusted as required to create and maintain alignment.

- **Centers of Excellence.** There are a number of areas in which Pace has substantial intellectual and programmatic power that is spread across school lines, which has the effect of both narrowing the public perception of the university’s strengths and narrowing the range of options open to students in those areas.
  - A model should be developed for creation of centers of excellence that cut across school lines to create a critical mass of teaching and research in selected areas.
  - Some examples include (1) health care, with programs in Lienhard, Dyson, possibly Lubin and the Law School, (2) security and law enforcement, with programs in Dyson, Seidenberg, possibly Lubin and
the Law School, (3) environmental studies, with programs in Dyson, Seidenberg, possibly Lubin, Lienhard and the Law School and (4) graduate programs in areas like real estate, where Lubin and the Law School are currently discussing joint programs.

- Including the Law School in the centers presents special challenges because (1) it would combine graduate and undergraduate education, (2) they employ different pedagogies and undergraduates in some cases have no exposure to the Socratic method, (3) of the possible dilution of the level of class discussions at the Law School and (4) the Law School has different tuition and financial arrangements. Nevertheless, there are obvious advantages to be gained from some moves in this direction, and we should experiment with different structures to find one that works.

- **Marketing Centers of Excellence.** Marketing of both the enrollment program and of the University generally should be recast to emphasize the professional strengths of the University and its schools.

- **The Capital Campaign.** The capital campaign plays a critical role in both the three-year and longer term future of the University. Because of the losses of the last few years, members of the staff and faculty have come to assume that there is simply no money to fund any innovative new ideas or to deal with much needed refurbishment. Accordingly, funds flowing from the capital campaign that are unrestricted, or that produce substantial income available for spending in the near term, can have a powerful impact on both morale and our ability to fund new initiatives that will be essential parts of the strategic repositioning.

- **A Focused Two-Campus Strategy.** There is general agreement that the current allocation of activities between the New York and Pleasantville campuses is very much the product of history. The rationalization of the use of the two campuses has both a facilities-utilization aspect (see above) and a pedagogical aspect. The two campuses have a somewhat demographically different student body and a different set of potential employers. As part of the review of the curriculum that is an inevitable attendant of the strategic repositioning, a decision should be made whether programs should be primarily or exclusively centered on one campus or the other and, if that is the direction in which we desire to or must move, a plan should be developed to move in that direction over time.
Goal: A Growing Academic Reputation in Selected Areas

• Definition of Goal

➢ We need to revisit the issue of what kind of academic reputation the University as a whole and the individual schools desire to have, particularly the question of the relative importance of scholarship and teaching. To the extent that a decision is made in any area to give special prominence to teaching, it should be clear that this definition of academic excellence places special demands on the faculty in terms of both the number of classroom hours and the quality of their teaching.

➢ Whichever course is taken, it will not be possible in the short run to achieve across-the-board increases in Pace’s academic reputation, which means that the identification of areas of special strength and centers of excellence (“Academic Leadership Areas”) should also be the focus of our effort to improve the reputation of the university.

• Actions

➢ Academic Leadership Areas. After the Academic Leadership Areas that we wish to be our vanguard have been identified, specific plans must be developed at the school level to make those areas and centers as truly outstanding over time as we can, and to project that success as part of both enrollment marketing and the more general marketing of the university.

➢ Balance of Teaching and Scholarship. In conjunction with the care and feeding of the Academic Leadership Areas, each school needs to consider with the Provost the right balance of emphasis on teaching and scholarship in its programs, and particularly in its Academic Leadership Areas. It will sometimes be the case that innovative scholarship is an essential element of recognition that Pace has a serious research program in an Academic Leadership Area.

➢ Reallocation of Resources. In preparing their annual plans and budgets, the schools, and the Provost in allocating resources, will be expected to make difficult decisions to reallocate funds to Academic Leadership Areas.

➢ The Need for Leadership. The creation of cross-school centers of excellence is challenging in a university setting, and the Provost, Deans and Department Chairs will be expected to provide the leadership necessary to make them work effectively.
- **Curriculum Reform.** Implementation of the recommendations of the school-level task forces will undoubtedly require curriculum reform – which can often consume two or three years. Every effort must be made to accelerate that process.

- **Projecting Pace’s Strengths.** Wholly outside of enrollment marketing, a careful marketing and public relations campaign should be developed to publicize our Academic Leadership Areas in each major external constituency – academia, alumni and the New York community.

**Goal: Continuous Improvement in Faculty, Staff and Student Life**

- **Definition of Goal**
  - Pace is a large and complex institution. It is difficult to make major changes in the quality of the professional lives of its major constituents quickly, and it is certainly not possible to do so without a spending program that is currently beyond our reach.
  
  - At the same time, there are myriad small ways to improve the quality of the experience of faculty, staff and students without any cost or with only a very low cost. If these small changes are made continuously, over the course of a few years they tend to aggregate into a significantly different experience for faculty, staff and students.

  - Many of these changes cost little or nothing. Some are more expensive. The period of financial constraint in which the Pace Community has been functioning has tended to focus attention on opportunities for savings and for not spending money whenever possible. While the constraints are far from a thing of the past, our focus needs to shift from not spending to spending in the most effective way and in a way designed to implement the objectives of this plan and improve the professional lives of our faculty, staff and students.

  - The important element of this process is to hold the objective of continuous improvement as a major value, to identify opportunities whenever possible and to insist that the changes be made promptly.

- **Actions**

  - **Start at The Top.** Implementation of this kind of change must begin in the President’s Office and at the head of every department and school in the University. The importance of improving service to faculty, students and each other should be constantly emphasized.
Constant Assessment. It is in areas like continuous improvement and culture changes (see below) that constant assessment is key to effecting change. Mechanisms will have to be put in place to ensure that this process moves forward on a continuing basis.

Performance Evaluation. The implementation of continuous improvement, like the other improvements in management culture described below, should be built into the university’s system for performance evaluation and into the individual goals that are set for each new year. Staff members who have responsibility for any area should be asked each month what steps they have taken that month to move us forward on the road of continuous improvement.

Re-enforcement through Reporting. The improvements should be aggregated and reported to the Pace community at least every six months.

A Steadily Improving Management Culture

- Definition of Goal
  - The objectives of the required change in management culture are as follows:
    - Raise our standards of performance
    - Eliminate bureaucracy
    - Proceed with a sense of urgency
    - Execution, not process, is what counts
    - Develop a genuine service ethic
    - Decentralize and push decision-making down
    - Insist on accountability

- Actions
  - As in the case of continuous improvement, these cultural changes must begin at the top and must be the subject of constant assessment and must be built into the system of performance evaluation and compensation.
  - The service ethic objective is the subject of a separate consciousness-raising and training program initiated by Human Resources.