

# STATE OF THE UNIVERSITY

## John Waterbury

February 24, 2004

It has been a little over six years since I was privileged to become AUB's 14th president. It is a good time to take stock, and see what we have done. I see myself as having continued efforts initiated before I came to rebuild our faculty, upgrade our facilities, and expand our student body without sacrificing student quality. I do not forget, nor should any of us forget, that the quest for academic excellence has no precise beginning in time, and it has no individual heroes. It is a collective effort, like a relay race. The only problem is there is no finish line.

My predecessor, President Robert Haddad, said the following at Commencement in 1996:

*"...a campus on which research and free intellectual inquiry prevail is characterized by a certain hum; during the evenings and nights, even over weekends and holidays faculty and students, laboratories and offices are never quite still."*

My sense is that there is a definite hum at AUB. It manifests itself in a surge in faculty research, in new research programs cutting across our traditional faculties, in curricular reform and innovative teaching techniques, in the intense self-examination triggered by the accreditation process, in our efforts to reach out to our Lebanese and regional communities, in spectacular gains in the productivity of our non-academic staff, and in our embrace of information technology to link to our alumni and friends around the world.

Progress has been made in every part of this University. Change has occurred in every part of this University. We have left the bad days of the civil war far behind us. The stalwart university citizens who saw us through that long and taxing period are still mainly with us. Rather than rest on their laurels of service and sacrifice, they have not only accepted change and the quest for renewed excellence, they have led the charge. To these citizens we have added new blood. Universities must continuously be renewed, and we are doing that.

### STUDENT/FACULTY GROWTH AND CHANGE

#### **Faculty Recruitment, 1998 - 2003**

Since 1998 there has been a net increase of 74 in the number of professorial faculty. The total number of faculty FTEs<sup>1</sup> has increased by 110 so that despite the substantial growth in student numbers in recent years, our student-teacher ratios have remained constant.

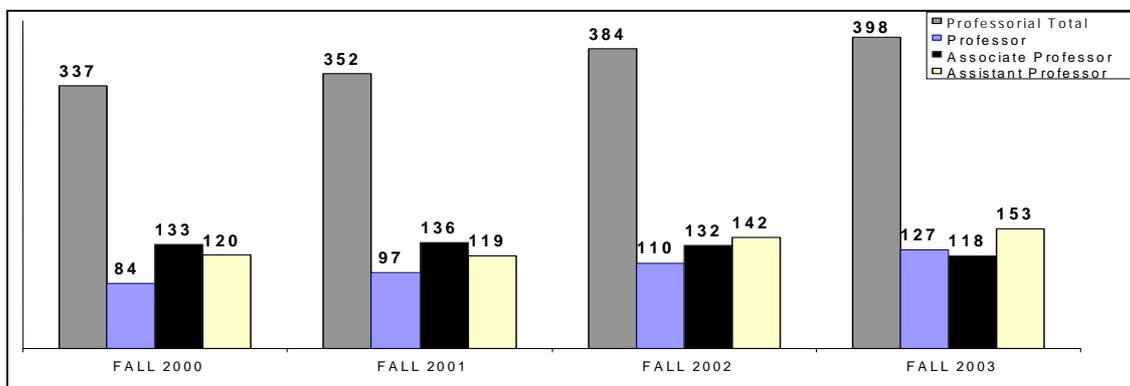
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<sup>1</sup> FTE means full-time equivalent. Normally three part-time faculty members are the equivalent of one full-time member.

While 149 faculty members left the University during the last five years through retirement or non-promotion, we were successful in recruiting 215 new faculty members. This rate of turnover is healthy. We are getting the right balance between those with wisdom and experience and those with high energy and fresh ideas.

New Hires	Prof.	Assoc. Prof.	Assist. Prof	Total
Jan. 1998 - Sep. 1998	5	5	5	15
Oct. 1998 - Sep. 1999	7	5	14	26
Oct. 1999 - Sep. 2000	6	7	9	22
Oct. 2000 - Sep. 2001	3	4	26	33
Oct. 2001 - Sep. 2002	6	6	34	46
Oct. 2002 - Present	9	7	57	73
<b>Total :</b>	<b>36</b>	<b>34</b>	<b>145</b>	<b>215</b>

### Full-time Professorial Faculty

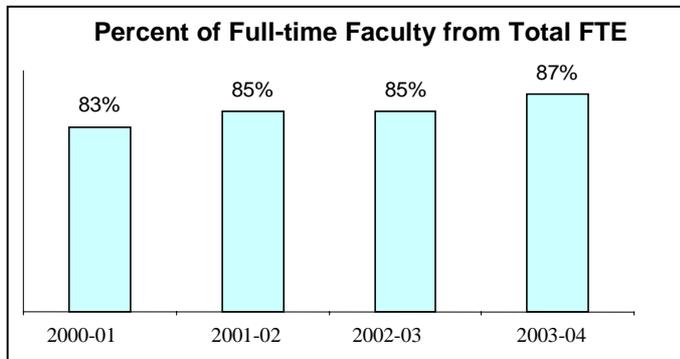


### FTE Student/Faculty Ratio by Faculty or School

Faculty/ Semester	FALL 1999	FALL 2000	FALL 2001	FALL 2002	FALL 2003
FAS	13.7	14.0	11.6	11.2	10.7
FAFS	8.6	11.8	13.1	15.2	15.3
FEA	15.9	15.4	15.3	16.0	15.7
FHS	6.1	7.9	9.6	11.5	9.1
NURS	6.4	7.3	8.2	10.4	11.7
BUS	37.5	36.7	23.6	24.4	25.1
<b>AUB OVERALL</b>	<b>13.8</b>	<b>14.4</b>	<b>12.9</b>	<b>13.4</b>	<b>13.1</b>

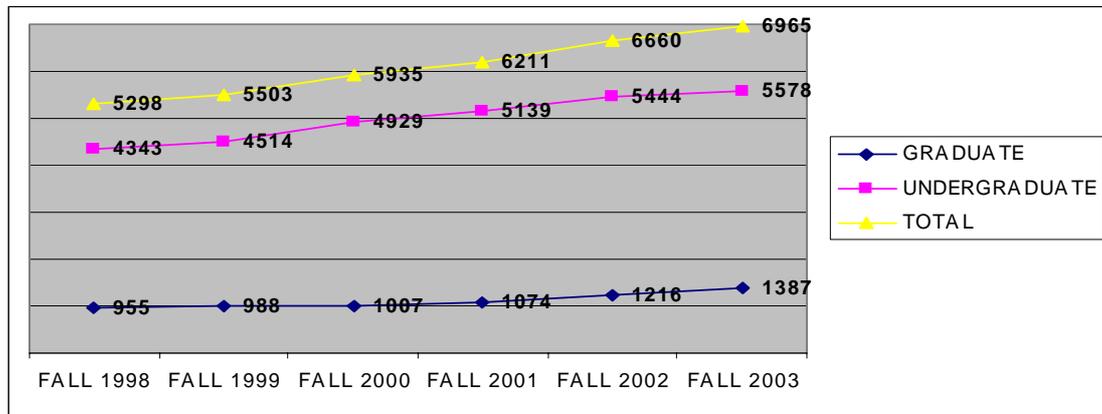
As important, we have corrected the demographic profile of the faculty. In 1997-98 we had too many assistant professors and too few full professors. It falls upon the shoulders of full professors to chair departments and exercise other positions of faculty leadership. Six years ago we had 78 full-time full professors. We now have 127. The ranks of full-time associate professors have increased by 11 while the ranks of full-time assistant professors have increased by 10.

We believe that increasing the numbers of our full-time faculty and reducing the numbers of part-timers will enhance the quality of our teaching and research. This we have been doing, but let me emphasize that in many areas of the curriculum, part-timers play vital roles. They often bring practical experience to their teaching that our full-time faculty cannot reproduce themselves. In business, engineering, architecture, graphic design, studio arts, language instruction, and so forth we rely on part-time faculty. My hope is that we will make a greater effort to make them true participants in our educational programs. We have, as the following figure shows, reduced their numbers, but we have also increased their quality. It is up to us all to give them the recognition and respect they deserve.



One of the most remarkable developments of recent years has been the rapid and basically unplanned growth in student enrollments. This has been beneficial to the University, bringing in its wake increased regional and social diversity, a disproportionate growth in our graduate student body, and an increase in the overall size of our faculty.

### Student Enrollments 1998-2003



Our student body has grown since 1998 from 5,298 to close to 7,000 in 2003. At the undergraduate level we have grown from 4,343 students to 5,578 or a growth of 29 percent, and at the graduate level from 955 in 1998 to 1,387 in 2003, or a growth of 45 percent.

### ENROLLMENT GROWTH AT AUB

We have not sacrificed quality in expanding our admissions. To the contrary, the mean composite score of admitted students has increased modestly since 1999, rising from

533 to 544. At the same time our applicant pool has not grown significantly, and we now offer admission to about three-quarters of all applicants. About 60 percent of those to whom we offer admission actually register. That is our yield rate. Our retention rate, the percentage of students admitted to the freshman class who move on to the sophomore year, has likewise improved from 86 percent in 1998 to 93 percent in 2002. The graduation rate for those who enter AUB as sophomores is 87 percent; the overall graduation rate is 80 percent. These rates attest to the uniformly high quality of our admitted students.

**Composite Scores for Admitted Students**

SEMESTER	FALL 1999	FALL 2000	FALL 2001	FALL 2002	FALL 2003
Mean Composite Score	533	530	537	539	544

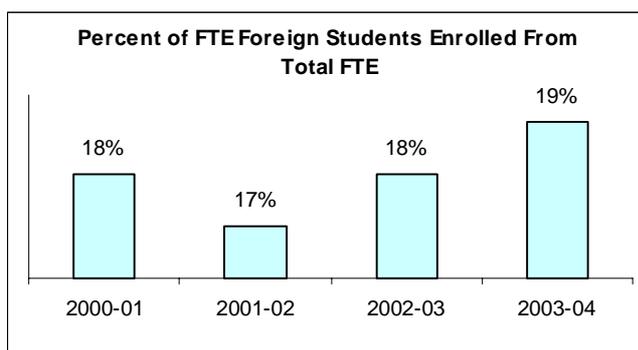
**Acceptance Rates**

In terms of gender, the graduate student body is two-thirds female, although in the medical school the proportion is reversed. At the undergraduate level 47 percent of our students are female, and that proportion has held steady for the last five years.

Admission Term	Applied	Accepted	Acceptance Rate	Registered	Yield
Fall 1999-2000	2630	2027	77%	1106	55%
Fall 2000-01	2923	2360	81%	1356	57%
Fall 2001-02	2877	2266	79%	1308	58%
Fall 2002-03	2891	2364	82%	1435	60.8%
Fall 2003-04	3027	2230	74%	1411	63.2%

We have absorbed the new students without any significant increase in physical infrastructure—classrooms, laboratories, study space, and dormitory space—and without any increase in non-academic personnel in grades 1-12. There has been a laudable increase in the productivity of our personnel who have met the challenges of increased numbers without compromising the quality of the support services we offer.

We are slowly recovering our role as the university of choice for the region as a whole. This may be the most difficult challenge we face. Forty years ago about half of our students came from outside Lebanon and were not of Lebanese origin. I would be happy if we could attract 25 percent of our students from outside Lebanon and of non-Lebanese origin. I think



we can achieve that, but it will take hard persistent effort. Since 1975, there has been an explosion of public and private universities in our neighborhood. Moreover, the great universities of the west have opened their doors as never before to students from abroad. The comfortable prestige we enjoyed in the 1940s, 1950s, and 1960s is a thing of the

past. We have to build our reputation every day and defend it through measured performance. Everyone in this University has shown in various ways their readiness to take on this challenge.

## **INNOVATION AT AUB**

### Academic

- External Academic Review, 1998-99
- University accreditation, Middle States Commission, 2001-
- FEA, ABET accreditation, 1998-
- Olayan School of Business accreditation, AACSB, 2003-
- AUH accreditation, JCI, 2003-
- FHS accreditation, CPEH, 2004-
- School of Nursing accreditation, CCNE, 2004-
- Reinstatement of Policy on Promotion, 1998
- Curriculum review, all faculties
- Introduction of problem-based learning, FM
- Introduction of general education requirements, 2001
- Consolidation of departments, FAFS
- Establishment of the School of Business as AUB's sixth faculty, 2001
- Program and campaign for teaching excellence, 2002
- Teaching excellence award, 2003

### New Units and Programs

- Water Research Center
- Center for Advanced Mathematical Sciences
- Environmental and Sustained Development Unit
- Energy Research Group
- Center for Research on Population and Health
- Initiative for Biodiversity Studies for Arid Regions
- Institute for Financial Economics
- Center for American Studies and Research
- Institutional Research Board

- Bioinformatics and Computational Science Unit, FM
- Neurosciences, Cardiovascular Disease, Women's Health, FM

### New Academic and Research Facilities

- Core Environmental Lab
- Molecular and Cellular Medicine Research Facilities, FM
- Central Scientific Research Lab
- Raymond Ghosn Building, FEA
- Extensive renovation and upgrading of facilities, AREC
- Reuters Trading Room, OSB
- Intel Financial Competency Center, Computer Science
- Children's Cancer Center of Lebanon, AUBMC
- Animal Care Facility, FM
- Seed Bank and Poultry Houses, AREC

### Student and Faculty Services

- Office of Institutional Research and Assessment
- Office of Admissions
- Office of Financial Aid
- Office of Grants and Contracts
- Academic Computing Center
- SCT Banner SIS

### New Degrees

- Master's in Environmental Science
- Master's in Financial Economics
- Revised MBA
- Executive MBA
- Master's in Population Health
- Master's in Computer Science

- Non-thesis MA in Engineering Management
- BS in Food Science and Management
- BS in Landscape Design and Eco-Management
- Master's in Nursing

### Support Services Innovations

- Establishment of Computer and Networking Services
- Oracle Financial Information System
- Banner IS for Development
- Medical Information System - underway
- Installation of fiber optic computer backbone
- Sufficient bandwidth for full internet access
- Service Quality Initiative and Balanced Scorecard
- Director of Service Quality and Organizational Improvement
- Facilities Planning and Design Unit
- Emergency Response Team
- Re-structuring of Physical Plant Department
- Empowering the AUBMC as a "strategic business unit"
- Devolution of personnel, budget, and physical plant responsibilities to the AUBMC
- Policy Preparation and Review Committee; all university policies are now on-line

### New Facilities

- Visitors' Bureau, Main Gate
- Total renovation of West Hall
- Construction of Raymond Ghosn building
- Total renovation of Van Dyck
- Total renovation of Building 56, underway
- Total renovation of the old OPD for clinical office, underway

- Mary Dodge cafeteria and ballroom renovation
- Emergency room expansion, underway
- Total renovation of Ada Dodge cafeteria, underway
- Air conditioning of student dormitories
- Renovation of Nadim Khalaf tennis courts, underway
- Rededication of College Hall
- Renovation of Jafet Library
- Renovation of Science Lecture Hall
- Total renovation of West Hall theater, now the Bathish Auditorium
- Overhaul, emission, and sound control, the power plant
- New seminar and exhibit space, Post Hall
- Landscape studios and lab renovation, FAFS

### Policy Development

- Policy and Procedures Review Committee
- Departmental manuals (currently 18)
- Faculty Manual
- Non-Academic Staff Manual
- Student Handbook
- Code of Business Ethics
- Student Code of Conduct
- Conflict of Interest
- Discrimination and Harassment
- Fraud
- Fundraising
- Housing
- Intellectual Property
- Parking
- Policy Development
- Selecting Professional Services
- Smoking
- Travel
- Corporate Bylaws
- Unified Faculty Bylaws

Let us dispel the notion that age and experience mean rigidity and resistance to change. A great institution is one that constantly translates innovations into institutional culture and tradition. AUB is such an institution, and it has always made innovation an integral part of its traditions. The feedback loop is continuous.

Think of our modest Department of Medicine in the 1870s, in itself a huge innovation in this region, blossoming over time into the Faculty of Medicine and School of Nursing with over 150 faculty members, 300 world-class students, and a 330-bed hospital providing the best care in the Middle East.

Think of the Syrian Protestant College beginning nursing education at the turn of the last century. The innovation led quickly to co-education at AUB soon after the First World War. The number of women students grew slowly, but today nearly half our students are women. The trends in our faculty are moving in the right direction: we have only one female dean; only 12 of our full professors are women, but 27 associate professors are women, and 55 assistant professors are women. Several women hold key senior administrative positions at AUB. Many of our female graduates have made their mark on the world: one thinks of the late Hala Salaam Maksoud, of Hanan Ashrawi, and of Rima Khalaf Hunaidi.

Or take our Department of Commerce in 1902, the functional equivalent of the first program in business education in the Middle East, evolving into what became in the year 2000 the School of Business, AUB's sixth faculty. It is, this semester, launching an Executive MBA program that should be the pacesetter in the region for executive business education. The regular MBA program has been completely redesigned with two years of relevant work experience required for admission to the MBA program. The size of the faculty of the Olayan School of Business has trebled in the last three years.

The Faculty of Engineering and Architecture has built on its traditional base of civil and mechanical engineering to move into the newer fields of computer and electrical engineering and engineering management. Architecture has embraced computer-assisted design as has graphic arts. The Faculty of Agricultural and Food Sciences has seen its early emphasis on production shift toward nutrition and food sciences. The production-side faculty experts are increasingly taking on issues of environmental management, including organic and sustainable rural production.

The Faculty of Arts and Sciences remains the locomotive of undergraduate education. It has been the locus for the implementation of our general education distribution requirements, initiated in 2001, and the institutionalization of our commitment to a liberal arts education built on choice and a broad exposure to all significant fields of human learning. It is responsible for the freshman curriculum that has been significantly redesigned in the past few years.

Arts and Sciences has furthered the growth of computer sciences at AUB, leading to the launch of a master's in computer science and the establishment of a separate Department of Computer Science in 2003.

If, as we hope, PhD programs will be offered beginning in 2005, Arts and Sciences is likely to be the locomotive for those programs as well.

Health Sciences has been aggressive in building its regional role primarily in conjunction with Bir Zeit University and the American University in Cairo. It has revamped its curriculum, strengthened its graduate offerings, and continued its tradition of community-focused research and assistance. No other faculty has put its mission to serve the community so squarely at the forefront as has Health Sciences. Next year it will be celebrating its fiftieth anniversary.

After the end of the civil war, and with the strong backing of the Board of Trustees, the Faculty of Medicine launched a wonderfully successful drive to attract back to AUB many of the superb clinicians and scientists who had made their mark in North America and elsewhere. Upwards of 40 medical professionals have joined the medical faculty and its clinical practice in recent years, allowing AUB to maintain its edge in quality medical education and quality patient care.

Medicine's greatest innovation in recent years was the introduction in 2001 of a new Medical Practice Program (MPP). In essence, it provides a new incentive structure for clinical physicians and service departments of the Faculty of Medicine. This system simultaneously enhances the financial viability of the AUBMC and provides positive incentives for increased clinical research and the development of integrated medical programs bringing together different medical specializations and departments around critical medical problems. On the curricular side, the Faculty of Medicine has made great strides in problem-based learning.

The School of Nursing has launched this year a new Master of Science in Nursing program and in 2005 will be celebrating its 100th anniversary.

So, look around you. No department and no program is resting on its laurels. Each and every one is engaged in continuous self-examination to find the best way to fulfill its educational mission and to make sure that its mission is relevant to the job market and to the needs of society. We have to be quicker and more nimble than our competitors or we will be swept aside. Our trump cards are our history of innovation and the quality of our faculty.

### **STRENGTHENING OUR ACADEMIC MISSION**

We must never lose sight of the fact that AUB's mission is education. We believe that research strengthens the ability of our faculty to educate students in a way that distinguishes us from our competitors. But if research were to undermine education and teaching, then we would have to rethink our research mission. I say this merely to focus us all on what we are about: recruiting a diverse set of excellent students and giving them the quality education they deserve.

In 1998-99 we underwent an extensive academic review, led by some 30 eminent scholars from abroad who reviewed our curriculum and departmental missions, interviewed our faculty and students, and assessed our teaching and research infrastructure. Their thorough analyses and recommendations became the foundation for the rethinking of many programs of study, for faculty recruitment, for upgrading facilities, and for instituting general education distribution requirements. The academic review was paralleled by the evaluation of the medical center by the Joint Commission World-Wide (JCW), a consulting arm of the main medical accrediting body in the United States. As a result of that assessment, we moved to establish a new vice presidency for medical affairs and toward establishing the medical center as a strategic business unit responsible for its own budget, personnel, safety standards, and physical plant.

The academic and JCW reviews led logically to two further steps of great magnitude. We engaged with the Middle States Commission on Higher Education in the United States that encompasses the state of New York in which AUB is incorporated. We began a process with Middle States that is entering its final stages. We hope to be fully accredited in the United States soon. Our programs of study, degrees, and diplomas have always been registered with and recognized by the NY State Board of Education, but accreditation is a much broader process involving an extensive self-study of every aspect of university life, including governance, policy and procedures, finances, and core educational functions.

When accreditation is achieved, several of our educational units can seek accreditation for their own undertakings: FEA will bring to a conclusion its multi-year preparation for ABET (Accreditation Board for Engineering and Technology) accreditation.; the Olayan School of Business can accelerate its application to the AACSB (American Association of Colleges and Schools of Business); and Health Sciences will seek accreditation of its graduate program with the CEPH (Council on Education for Public Health). The Faculty of Agricultural and Food Sciences will be seeking accreditation for its BS in Nutrition and Dietetics. The School of Nursing will seek accreditation either with the Commission on Collegiate Nursing Education or the National League for Nursing Accrediting Commission, and the AUBMC with the Joint Commission International Accreditation Board.

The second step was to draw up a master plan for the physical development of the campus and all its facilities. With the assistance of Sasaki Associates of Watertown, Massachusetts a 20-year plan was elaborated and approved by the Board of Trustees in March 2002. It covers the redesign and rehabilitation of existing structures, improvement of the power, water, and communications and enhancement of the landscape and careful preservation of the 'middle campus', and the possible construction of several new buildings. A rough estimate of the value of all projects encompassed by the master plan is \$150 million over 20 years in 2002 prices.

The most important feature of the Campus Master Plan is the setting of detailed design guidelines for all aspects of the development of the campus. The guidelines apply to

view corridors and aesthetics, quality and type of materials, preservation of historic structures, equipment, signage, safety, and space ratios.

Two facets of the plan bear special mention. The plan emphasizes the pedestrian uses of the campus and will move us soon to a state where the only vehicles circulating on campus will be for service, the handicapped, or for emergencies. All parking will be peripheral with no circulation among parking facilities. Second, the allocation of instructional space—classrooms, auditoriums, and laboratories—will become increasingly centralized so that our scarce instructional space can be assigned and used fully and efficiently.

As a result of the adoption of the master plan, the administration created a new unit, the Facilities Planning and Design Unit, which supervises all construction and rehabilitation projects undertaken on the campus. It is the custodian of the guidelines and hence of the logic of the Campus Master Plan. Once a project is completed, it is then turned over to Physical Plant that will be responsible for its basic maintenance and operations.

What I have described are the academic and physical plans for moving AUB squarely into the twenty-first century. The Campus Master Plan is designed to undergird the academic mission. Both initiatives will cost a great deal. For that reason the Board of Trustees announced the launching of a Campaign for Excellence in fall 2002. Its target is to raise \$140 million by 2006-07 evenly divided between support for programs (i.e. endowment for chairs, research, teaching, and above all financial aid for which the target is \$15 million), and physical infrastructure and buildings. To date we have raised in gifts and pledges about \$80 million toward our goal.

Some gifts will lead to a major physical transformation of the lower campus. The Charles W. Hostler Student Center will transform the asphalted expanse of Sea Parking into a verdant recreational and athletics center for students. It will also have a 300-seat multi-purpose theater auditorium. The outstanding design by Vincent James Associates of Minneapolis will extend the planting of the middle campus into the heart of the new center and the lower campus.

To the east of the Green Field, the new Olayan School of Business (OSB) will arise. It will be primarily dedicated to the functions of the undergraduate, MBA, and Executive MBA programs of the school, but its classrooms and other facilities will be open to all parts of the University. The OSB will represent the first major addition to classroom space at AUB since the construction of Nicely Hall in 1961 forty-four years ago!

The old teaching labs of the FEA, known as Wings B and C, epitomize a zone of the lower campus that is industrial in its feel and look. The new Irani Engineering Complex that will replace Wings B and C will transform this industrial zone and provide FEA with up-to-date teaching and research labs and new office space. The Irani Complex will free up space in Bechtel and allow for the location of a new Science and Engineering Library on the first two floors of that building.

I touch here only on some highlights. Much more is going on. West Hall has been entirely refurbished and was rededicated a year ago. Van Dyck has been completely rehabilitated. Ada Dodge and the cafeteria are undergoing renovation. A complete facelift and redesign of the University Archaeological Museum will begin soon. On our medical campus the old hospital, Building 56, is undergoing complete renovation. Renovations have begun on the Old OPD to house clinical office space. The Emergency Room and facilities of the hospital are under extensive renovation and expansion.

We have begun to restructure our curriculum and teaching methods in a variety of ways. The academic review prompted the updating of course materials, the elimination of seldom-taken courses, and, in at least one instance, the elimination of a department. Simultaneously we created the Academic Computing Center and initiated a faculty-led program in teaching excellence.

The speed with which our faculty has embraced new technology and informatics in teaching has been astounding. Since 2000-01, the equivalent of 1,119 faculty members have undergone training in WebCT course software, web page design, and other computer applications. Currently 118 courses out of 836 are using WebCT software and over 2,400 students took WebCT-based courses in fall 2003. Two hundred faculty members have built their own web sites.

#### **WebCT Use at AUB**

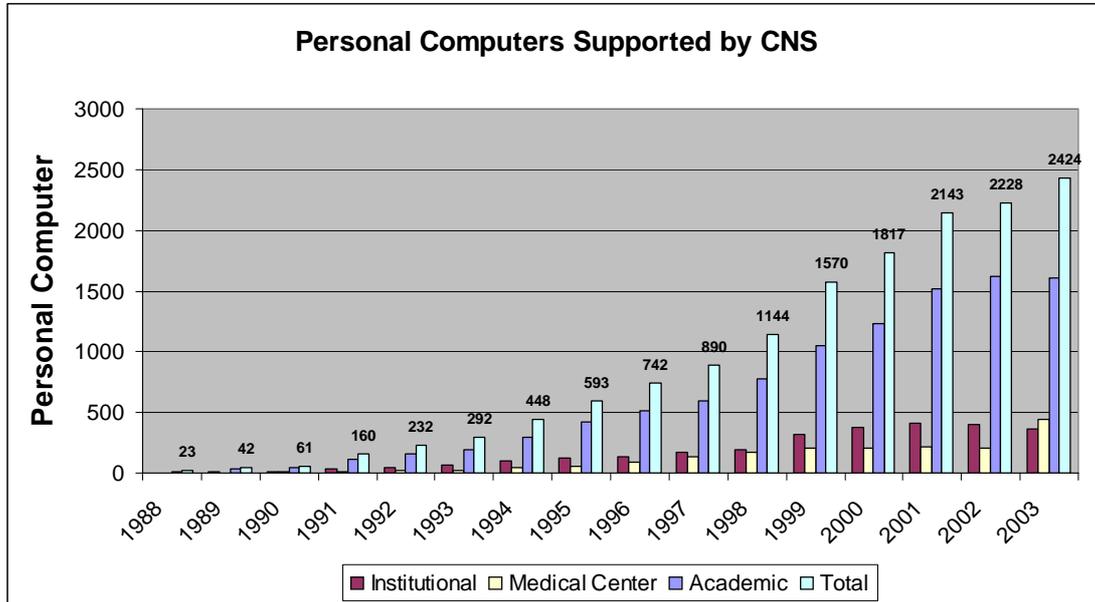
As our faculty and students become more familiar with this technology we can expect more 'asynchronous' learning and student-faculty contact. This means that students and faculty interact at times that most suit them, using the web as the vehicle for debating, submitting written work, and asking

<i>Faculty/School</i>	<i>WebCT Courses</i>	<i>All AUB courses</i>	<i>Percentage</i>
<b>FAFS</b>	<b>8</b>	<b>71</b>	<b>11.27%</b>
<b>FAS</b>	<b>39</b>	<b>423</b>	<b>9.22%</b>
<b>FEA</b>	<b>56</b>	<b>162</b>	<b>34.57%</b>
<b>FHS</b>	<b>6</b>	<b>44</b>	<b>13.64%</b>
<b>OSB</b>	<b>7</b>	<b>78</b>	<b>8.97%</b>
<b>FM</b>	<b>2</b>	<b>58</b>	<b>3.45%</b>
<b>TOTAL</b>	<b>118</b>	<b>836</b>	<b>14.11%</b>

questions. Asynchronous learning has the potential to greatly relieve pressure on existing classroom space. Moreover, WebCT allows the readings for a course to be posted on the web, thereby reducing pressure on the reserve rooms of the libraries and, as well, the need to purchase costly reading materials. Where this technology has been tried elsewhere, faculty have found that students actually write more than in conventional course settings because they are writing at times during the day and night that better suit them. They become more intensely engaged with their fellow students as well as with their professors.

In a more general sense we are wired. We do not know how many students and faculty members have their own PCs, but we have nearly 800 PCs available for student use in various locations; there are 200 internet connections in the dormitories. Computing and

Networking Services (CNS) currently supports about 2,400 institutional, academic, and medical center PCs.



Our mission statement rightly claims that faculty research complements teaching. It means our faculty members are bringing the latest ideas and sometimes the results of their own research into the classroom. They can also advise both undergraduate and graduate students much more credibly and usefully when they themselves are part of the world-wide community of research scholars.

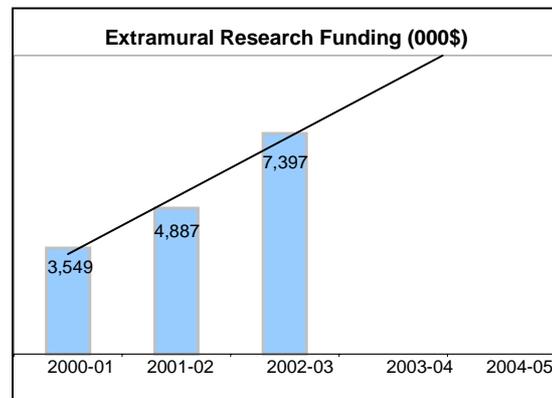
Demonstrated research productivity is a major component of our criteria for faculty promotion. The University cannot reasonably demand significant research output if we do not provide the necessary research infrastructure and incentives. We have made progress in this area, but we still have some distance to go. Nearly four years ago, we put all faculty members outside of Medicine on nine-month contracts without any reduction in salary. The move affected the Faculties of Engineering and Architecture, Agricultural and Food Sciences, and Health Sciences. Arts and Sciences and Business faculty were already on nine-month contracts. The result was to give the faculty in the three affected faculties two months of paid time that could, if they so chose, be devoted to research. Simultaneously Arts and Sciences introduced large lecture formats in some disciplines to reduce the teaching load and to allow more time for research. Some course prerequisites were reduced in some faculties that also tended to reduce the call on teaching time.

The University Research Board has increased the resources to support faculty research from \$357,000 in 1998-99 to \$772,000 in 2002-03. Combined with short-term faculty development grants, AUB is spending nearly \$1 million a year to support faculty scholarship. In addition, the Faculty of Medicine has funded from the MPP over \$600,000 in faculty research and development grants. With the support of the William and Flora Hewlett Foundation, we have instituted special grants that provide junior

faculty with a semester off from teaching to pursue research that will prepare them for promotion to associate professor. Our leave policy was rewritten to replace the sabbatical year with periodic paid research leave. The sabbatical year, coming as it did in the seventh year of appointment was of no relevance to the research progress of assistant professors. By contrast the University will now pay to deserving faculty a full semester of leave after six semesters of appointment in order to pursue research. The semester of paid leave can be extended if the faculty member is able to raise support from sources outside the University.

The University has made steady progress in establishing new research labs, such as the Environmental Core Lab in the Diana Tamari Sabbagh Building and the Central Science Lab in the Physics Building. Each faculty has plans for rehabilitating and upgrading existing lab space. Our libraries now subscribe to well over 13,000 electronic journals and provide access for our faculty to over 70 databases. The Saab Medical Library has an on-line search link to the National Library of Medicine in Bethesda, Maryland that is the first of its kind in the Arab world.

Despite formidable obstacles due to our location and recent history, our faculty has made impressive gains in generating outside support for research. In only the last three years the value of externally funded research projects currently underway has grown from \$3.5 million to \$7.4 million. We should all be proud of that achievement.



For at least the last two years, the Board of Deans has focused on practical ways to limit cheating and plagiarism among our students. It is also seeking ways to make sure the faculty does not contribute to the problem. This is part of a university-wide effort to strengthen institutional integrity. We are taking very seriously our existing code of professional ethics for faculty members. We have introduced a completely revised Student Code of Conduct. Through our Service Quality Initiative and our Internal Audit Office we are moving toward a code of conduct for our non-academic staff. All AUB employees in the faculty and in positions of management are required annually to sign a conflict of interest declaration form. We are considering extending this to all employees of AUB regardless of rank or grade.

### **SUPPORT SERVICES**

Support Services are aptly named. They are the critical units that help us achieve our academic mission. Their work is thankless. When something goes wrong, their leaders and staff are the subjects of intense criticism and complaints. When all goes well they are seldom thanked. Physical Plant, Personnel, the Comptroller's Office, Student Affairs, the Registrar, the Director of Admissions, the Director of the Hospital and his staff, Business Services, Nursing, and so on down a very long list.

Reflect on some of the challenges. Physical Plant has to maintain probably a billion dollars in physical assets. Personnel has to manage some 3,000 faculty members and non-academic staff. Student Affairs is responsible for all aspects of the extracurricular life of 7,000 students. The director of the hospital and the director of Human Resources in the hospital must assure the quality of service rendered to tens of thousands of patients each year. Campus Protection quietly looks after the safety and security of all our personnel, faculty, students, and patients. The Facilities Planning and Design Unit has under its management about \$40 million in current projects.

Despite the growth in our student body and in our faculty ranks, support services have not grown in personnel and their share of our total operating budget has held steady at about 24 percent. The greatest productivity gains achieved in recent years have been in support services. Our non-academic staff is working harder to extend quality service to our faculty, students, and patients. An outstanding example of this is our custodial services whose members for years have cooperated with our campus recycling project through sorting trash without any financial reward. Very few members of our community know what they are doing nor do they receive much community recognition for their efforts, but this is the kind of quiet work that is making AUB a better institution.

For some years now we have been moving steadily on the front of improved service quality and organizational improvement. We are setting targets for all units of the University and developing measures by which to evaluate performance. At every level, both academic and non-academic, our employees are subject to annual performance reviews based on a new framework devised by the Personnel Department and the director of Service Quality. All faculty members are reviewed at least every three years, but I hope that there will be in the future a serious annual review. All senior administrators, in addition to the annual performance review, will now undergo an intensive review in the fifth year of their appointment. Most salary increases at AUB are now based on assessed performance. My goal is to move over time to a situation where all salary increases are based exclusively on assessed performance.

This is slow and painful work, and it requires a kind of cultural change in how we go about our business. It requires constantly asking who are our customers, who depends on our services, and what can I do to deliver what is needed in a more efficient and friendly manner.

But our efforts in service quality range far beyond customer satisfaction and now extend to developing measures of our progress toward achieving our institutional goals. At every level of the University we are translating our broad strategic objectives into practical quantitative measures of performance. When you hear the terms 'benchmarking', 'balanced score card', and 'best practice', you are hearing the language of institutional growth and institutional strategy at AUB.

## **FINANCES**

You will not be surprised that there is good news and there is bad news. The good news is that at a critical juncture in its efforts to rebuild after the civil war, AUB was able to benefit from one of the longest booms in the history of US equity markets. The university trustees decided to tolerate deficits in our operating budget in order to finance aggressive recruitment of new faculty and improvement of services. In 1997-98 for instance the deficit in our Beirut operations was \$12 million, but returns on our portfolio reduced the total operating deficit in the same year to \$3.5 million.

I need not tell you that in late 2000 and in the months leading up to September 11, 2001, US equity markets had begun to decline. The spendable return on our endowment also began to decline very slowly. The bad news was that we had assumed considerable growth in spendable yield, and that did not materialize. Nonetheless we continued to run operating deficits, although smaller ones than in the 1990s. Fortunately we have gradually reduced those deficits until the end of fiscal year 2002-03 when we managed to balance our budget. The administration and the trustees have agreed that henceforth the University will bring balanced operating budgets to the Board of Trustees. In so doing we are recognizing the fact that continued deficits are eating away at the principal of our endowment. Inevitably that means that future generations of AUBites will pay the price of our current spending patterns, no matter how well justified they may appear to be.

We must all remember that a primary duty of the trustees is to make judgments on inter-generational equity and to make sure that future generations will have the resources available to maintain and improve our educational product. The challenge to us all is to improve that product today without starving any of our vital functions. In a word we must continue to become more efficient in our use of existing resources.

There is another piece of good news/bad news. The growth in our student body has been gratifying, and it has had a substantial impact on our operating revenues. Even though we have held tuition increases to a minimum, and increased our financial aid at rates well in excess of tuition increases, the proportion of our operations funded by tuition has increased over the last five years. If one nets out the operations of the hospital, representing about half of our operating budget, tuition revenues grew from covering 75 percent of our campus operating expenses in 1998-99 to over 90 percent today. However, and this is very important, if we net out total financial aid from tuition revenues, then those percentages change to 67 percent and 78 percent. Nonetheless, AUB is very much tuition-dependent in the structure of its operating budget. For years I have been emphasizing that in US institutions those percentages are driven down by other revenue sources, primarily gifts and externally-funded research. While we have made notable gains in both areas, the impact on our operating budget has yet to be significant.

## **STRATEGIC PLANNING**

The time has come for AUB to pull all the strands of institutional improvement together in light of our mission statement. It is time to integrate our academic review, the

recommendations of the accreditation task teams, the basic elements of the Campus Master Plan, the Service Quality Initiative, and multi-year budget planning into an integrated strategic plan for AUB.

In all that I have said so far, you will have heard constant reference to US dollar and Lebanese pound outlays and costs. It would be nice if reality were otherwise, but everything we do has a cost. If we are to achieve our mission, we must set priorities. When we set priorities we must keep two variables in mind: first, what do we believe is most important in achieving our educational mission, and, second, which priorities must be pursued now as opposed to some time in the future. Can we wait to seek regional and socio-economic diversity in our student body? Are there priority PhD programs and others that can wait? In managing our endowment how do we balance the demands of our current student body and faculty as opposed to the demands of future students and faculty members? If we spend down our endowment to meet today's needs, what will be left for future generations? I cite these merely as examples of the kinds of priority issues we must address in any strategic planning process.

Strategic planning does not have a beginning and an end. Many of you are familiar with SWOT analysis. It is the process by which we identify our strengths and weaknesses, our opportunities and our threats. Opportunities and threats are often environmental: the state of the economy in which we operate, the growth of competition from other institutions, the performance of financial markets in which some of our assets are invested, changes in the law governing our operations, etc. Because these environmental factors change in unpredictable ways, it follows that our strategic plan must constantly be adjusted. Sometimes unforeseen change may come from within the University itself. We did not plan the marked increase in student numbers in the last five years, but because of it we have had to adjust all facets of our planning process.

In short we must now put in place a strategic planning process and structure that will deal with threats and opportunities in a comprehensive way, so that we will know how adjustments in one area will impact other parts of the University.

A fundamental question is, how to begin? We could follow a bottoms-up process whereby each major unit of the University draws up its own strategic plan, with estimates of required resources, and passes it up the chain to the central administration and ultimately to the Board of Trustees. The University's strategic plan would then become the aggregate of all of the bottoms-up plans. The major risk of this process is that it would not lead to a clear definition of priorities, and the costs of the plan would spiral out of control.

The alternative, which I advocate, leaves to me, as president, the setting of very broad strategic goals for the entire University. All sub-units can then elaborate their strategic plans in conformity with the broad strategic goals. The model here is the Campus Master Plan. It lays down specific design guidelines that cover the choice of building materials, meeting required safety and environmental standards, as well as honoring recommended practices in landscaping, heights and widths of structures, square meters of space for

certain functions, and so forth. The master plan does not say we have to build a certain building or rehabilitate a certain space; it says if AUB wants to build a specific building or rehabilitate a specific space, it must honor the master plan design guidelines.

In this same spirit, each department, each faculty, each major administrative cost center must ask itself, "how can we meet our strategic objectives and fulfill our mission within the broad strategic guidelines laid down by the president?"

The structure to carry the process forward is premised on the assumption that our Budget and Planning Office, the Campus Master Plan and the Facilities Planning and Design Unit, and our institutional assessment office, OIRA, will all be harnessed to implementing our institutional strategy.

Here then are my strategic goals and guidelines for AUB. I doubt that any will come as a major surprise.

- *Undergraduate education is and will remain the core of AUB's educational mission. It is at the undergraduate level that we can have the greatest impact on our students' values and cognitive processes. It is at this level that we can truly educate as opposed simply to train and transfer skills.*
- *Choice and flexibility in course work and the structure of majors must be built into the undergraduate experience. The 'liberal arts' or general education distribution requirements are a major step in this direction.*
- *AUB is a regional, and one day, I hope, a global university. We have a strategic goal to build a student body that reflects our regional neighborhood as well as the socio-economic conditions of the people who live in it. That kind of diversity is critical, above all, to the undergraduate experience. Financial aid must be used in part to encourage regional and socio-economic diversity without sacrificing our high academic standards.*
- *We cannot meet our educational goals without a world-class faculty. In turn, that faculty must be committed to the proposition that excellent research and superior teaching go hand-in-hand. The University must strive to provide the resources to make both possible, but the faculty must share in the search for outside research funding.*
- *For some years, enrollment should be capped at current levels at the undergraduate level and probably at the graduate level. Our physical carrying capacity is being stretched. Further increases will create demands for classrooms, laboratories, and faculty office space that our capital budget cannot accommodate.*
- *While strengthening graduate education in general, AUB must re-launch a limited number of PhD programs in the next few years. We must become a university in the full sense of the word. The initial steps may be taken without increasing our*

*graduate student numbers, but rather by shifts between the MA/MS programs and the PhD programs.*

- *Keeping in mind that the AUBMC exists primarily to fulfill the educational needs of our medical students, it must give equal attention to maintaining its role as the provider of the best patient care available in the Middle East. It must provide patient care at a cost that will allow it to compete effectively in a crowded market for medical services. Because AUBMC accounts for about half of AUB's operating budget, it merits a strategic objective specific to itself.*
- *All academic units, and some administrative units, must build into their missions a commitment to seek ways to benefit the broad communities in which we live. It is not enough to provide a good education to our students. We must in addition constantly ask ourselves how can we serve our community. The answer to that question will be easier for some units than for others, but all must ask it.*
- *We must strive to be a model of sustainable urban growth. This means in all aspects of managing our physical plant and protecting our unique landscape and habitat, we must demonstrate best practices in energy and water use, respect for the flora of this and similar regions, and elaborate a habitat management plan that respects natural cycles. AUB's campus is not a park. It is a dynamic, eastern Mediterranean habitat.*
- *AUB will continue to implement balanced operating budgets. Given the other strategic priorities, this will entail stringent cost controls, increased productivity of non-academic staff, redoubled efforts in fundraising, and continued progress in attracting outside funds for faculty research.*

We should all be proud of what we have accomplished in recent years but also excited about what lies ahead. I know that faced with your daily routines and obligations, it is all too easy to lose sight of the big picture. AUB has influence in this region far greater than the size of its student body, its faculty, or its budget. The quality of everyone here, combined with our attention to values and due process, allow us to cast a very long shadow. AUB's history is the foundation of our credibility. Our care and respect for that legacy, especially for our commitment to innovation, is what will protect our credibility in the future.