Town Hall Meeting

President David W. Leebron

Feb. 25, 2010
Vision for the Second Century

- Increase our commitment to our research mission and raise our research and scholarship profile.
- Provide a holistic undergraduate experience that equips our students with the knowledge, skills and values to make a distinctive impact in the world.
- Strengthen our graduate and postdoctoral programs to attract and recruit high-caliber students and young researchers.
- Aggressively foster collaborative relationships with other institutions to leverage our resources.
- Invest in a select number of interdisciplinary endeavors that will enable us to leverage our own strengths as well as the strengths of potential collaborators.
Vision for the Second Century

• Continue to invest in our professional schools in architecture, management and music, as well as the Baker Institute for Public Policy, and seek ways to integrate their success into the broader university.

• Increase the size of the university to realize more fully our ambition as an institution of national and international distinction that attracts the very best students and researchers from around the globe.

• Become an international university, with a more significant orientation toward Asia and Latin America.

• Provide the spaces and facilities that will cultivate greater dynamism and vibrancy on the campus and foster our sense of community.

• Fully engage with the city of Houston — learning from it and contributing to it.
A Tradition of Service

- 347 faculty and staff celebrated service anniversaries from 5 years to 45 years in 2009
  - A total of 5,322 years of service!

- 34 faculty and staff members retired
  - 16 faculty and staff retiring with 20 or more years of service will be honored with name plaques on campus trees
Elizabeth Gillis Award for Exemplary Service

- This is the 10th year of the Elizabeth Gillis Award to a Rice staff member who has provided exemplary service to the university.

- “In recognition of her dedication, the Board of Trustees of Rice University establishes the Elizabeth Gillis Award for Exemplary Service to Rice University, to annually recognize the outstanding achievements and services by a staff member in support of the mission of the university. Recipients shall, like the woman for whom the award is named, show consistently outstanding performance and embody an exceptional attitude of service.”

> Resolution by the Board of Trustees, May 2000
Gillis Award Winner

Rachel Miller
Assistant Dean
Wiess School of Natural Sciences

“Rachel embodies a willingness to work together and separately as needed, the capacity to work with others across the university to ensure that goals are achieved, and openness to query and challenge, flexibility to explore new ways of approaching problems, and an underlying sense of integrity and commitment that does not waiver despite challenges and exhaustion!”

Dan Carson, Dean of Wiess School of Natural Sciences
Rice: A Great Place to Work

- A Houston Business Journal’s Best Place to Work for four straight years
  - Consistently, our employees have believed in Rice and Rice’s future, care about doing their jobs well, understand how their work supports Rice’s mission, and seek greater development, recognition, and communication.

- A Chronicle of Higher Education’s Great Colleges to Work For in 2009, on first try
  - Highest scores for pride and connection to the institution, satisfaction with work, and respect
  - Overall honor roll for schools our size, as well as in areas including work/life balance and teaching environment

- Benefits of participating:
  - Great recruitment and reputation boost
  - Identifies areas where we need to improve
  - Catalyst for new programs (Whitaker Scholars, TEAMS, Town Hall feedback)

Keep the streak going.
Houston Business Journal voting starts March 1
Chronicle of Higher Education starts March 22
Progress and Challenges
• Year-long global financial downturn takes a toll
  - Endowment fell from $4.6 billion June 2008 to $3.6 billion June 2009 ($838 million losses plus $215 million spending)
  - 5 percent budget reductions in FY10 and FY11
  - Phased reductions vs. one big cut: to minimize layoffs and maintain V2C implementation

• Rice has accomplished much, with more to come
  - Capital investments: 16 major projects complete
  - Faculty: up 46 net instructional FTE since fall 2005
    • 32 successful recruitments in 2009
    • 27 recruitments under way
  - Student support: two new residential colleges; new class, lab and recreational facilities; new housing and improved medical insurance and stipends for grad students
  - Research growth: $49.7 million expenses through Jan 31, 2010 -- up 5.2 percent from a year ago
Consolidated Budget: 46% growth to $479 million

Facilities includes utilities and financing charges. Other is supplies and expenses and equipment.
Consolidated Budget: Revenue

FY10 Revenue: $479.1M

- Endowment Distribution 47%
- Net tuition 16%
- Athletics 1%
- Fees & Misc. Revenues, 1%
- Sponsored Research 15%
- Annual Fund and Trust Distribution 2%
- Restricted Gifts and Designated Funds 7%
- F&A Recovery 4%
- Auxiliaries 7%
Three-fifths of budget is compensation

- Salary and Benefits: 61%
- Supplies & Expense: 24%
- Utilities: 4%
- Interest and Capital Renewal: 7%
- Equipment: 3%
- Capital Budget: 2%

FY 10 Consolidated budget: $479.1M
Key Factors Shaping the FY11 Budget

- Endowment distribution
- Net tuition revenue
- Cost of new facilities
- Compensation enhancements
Endowment Market Value FY 1989 - 2010

($ in Billions)

Fiscal Years ended June 30
Endowment Spending

FY 2001-2009 is actual.
FY 2010 is projected.
Endowment Spending Scenarios

Assumes 8.5% annual returns
Undergraduate Tuition Revenue

- Net tuition revenue projected to increase 3.4 percent in FY11 vs. FY10
- Posted price: $45,507, up 5.1 percent
  - Tuition: $33,120
  - Fees: $637
  - Room and Board: $11,750
- Fall 2010 enrollment assumptions
  - 940 entering students (up 46 from 894 in fall 2009)
  - 3,399 total estimated undergraduates enrollment
- Financial aid*
  - Continuation of no-loan requirement for families with less than $80,000 income
  - Total four-year limit on required loans for those with need: $10,000

*Applies to students entering Rice in fall 2009 and later years
Net Funded Undergraduate Tuition Revenue: 7.3% growth since FY05*

*Compound Annual Growth Rate
New Facilities

- Managing capital projects during financial challenges: All construction on schedule and on budget
  - Renovation of south colleges: Seized opportunity to use new Duncan and McMurtry Colleges for transition space
  - New Brockman Hall for Physics: Maintained commitment to outstanding department and won both gift and grant support
  - Pending projects will require fundraising
- New facilities add operating costs to budget
  - Financing, utilities, custodial and maintenance, insurance
- BioScience Research Collaborative
  - Official opening April 1; AAAS regional meeting April 8-10
  - 250 faculty, staff and grad students housed, plus undergrad students in classrooms
  - Tenants include Texas Children’s Hospital and the Cancer Prevention and Research Institute of Texas
  - Discussions with BCM for NASA grant personnel at BRC
Impact on Staffing

• FY 2011: There will be layoffs and vacant positions will be eliminated. Expected:
  - 10 vacant faculty positions and 26 vacant staff positions eliminated
  - 25 additional staff positions eliminated: staff will be laid off or transferred to other positions at Rice
  - 7 additional staff will shift from full-time to part-time

• FY 2011: Current budget planning does not call for further layoffs, although departments will continue to reorganize and evolve.

• FY 2012: Additional reductions not expected.

We are fortunate that we have kept layoffs to about 1% of total staff
Staff FTE: +15.5% growth
Faculty FTE: Net increase of 46 Instructional Faculty
Savings and Revenue Enhancements

• We’ll be greener and leaner
  - We’ll continue to shift from paper to electronic
    • Benefit booklets won’t be printed this spring
    • Online directory will replace phone books
    • Planning for electronic personnel forms and time entry
    • Check requests will be electronic
  - We’ll walk more as shuttle schedules are trimmed

• Raise revenues through more summer use of campus
  - Summer school
  - Teach for America

• Reduced library acquisitions

• Spotting opportunities to save
  - Celebrate service awards without the ceremony
  - Shift to more modest holiday celebrations

Goal: Save jobs
How Are You Affected?

- FY 2011 pay raise pool is small, but all employees are eligible
- Health insurance rates will increase; there will be some plan changes
- Dental, life and other insurance rates will remain stable
- No changes to Rice retirement plan (other than addition of Fidelity Investments)
- No increases in parking fees
- No increases in Recreation Center fees
  - Offering prorated fees for rest of academic year and summer
    - $12 per pay period
  - All undergraduate students are members; 780 grad student members; 157 faculty and 307 staff members; 240 community members
<table>
<thead>
<tr>
<th>School</th>
<th>Faculty/Staff Rate</th>
</tr>
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<tbody>
<tr>
<td>MIT</td>
<td>$445</td>
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<tr>
<td>Penn</td>
<td>$400</td>
</tr>
<tr>
<td>Chicago</td>
<td>$395</td>
</tr>
<tr>
<td>Texas A&amp;M University</td>
<td>$375</td>
</tr>
<tr>
<td>Yale</td>
<td>$312</td>
</tr>
<tr>
<td>University of Houston</td>
<td>$297</td>
</tr>
<tr>
<td>Vanderbilt</td>
<td>$288: salary $0-18K; $245: salary $18-30K; $259</td>
</tr>
<tr>
<td>Rice</td>
<td>$288</td>
</tr>
<tr>
<td>University of Texas</td>
<td>$267</td>
</tr>
<tr>
<td>Northwestern</td>
<td>$260</td>
</tr>
<tr>
<td>Princeton</td>
<td>$212</td>
</tr>
<tr>
<td>Duke</td>
<td>$190</td>
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<tr>
<td>Emory</td>
<td>$180</td>
</tr>
<tr>
<td>Tulane</td>
<td>$150</td>
</tr>
<tr>
<td>SMU</td>
<td>$120</td>
</tr>
<tr>
<td>Texas Christian University</td>
<td>$60</td>
</tr>
<tr>
<td>Harvard</td>
<td>$20 (academic year) + add-ons for certain access and services</td>
</tr>
<tr>
<td>Baylor University</td>
<td>Free (with valid I.D.)</td>
</tr>
<tr>
<td>Carnegie Mellon</td>
<td>Free (with valid I.D.)</td>
</tr>
<tr>
<td>Stanford</td>
<td>Free (with valid I.D.)</td>
</tr>
<tr>
<td>Wake Forest</td>
<td>Free (with valid I.D.)</td>
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Other Universities and Colleges

- Yale: Endowment fell from $22.9 billion to $16.3 billion
  - Cutting $150 million in FY11; similar cut in FY10
  - Endowment spending cut 13.4% for FY11
- Dartmouth: Endowment fell from $3.7 billion to $2.8 billion
  - $100 million budget cut
  - 276 layoffs
  - Reinstated student loan requirement for families making more than $75,000
- Princeton: Endowment fell from $16.3 billion to $12.6 billion
  - Budget cuts of $170 million over FY10 and FY11
  - Department budget cuts of 15.5% for FY11
  - Endowment spending cut 15.4% over two years
- Stanford: Endowment fell from $17.2 billion to $12.6 billion
  - Budget cuts of $300 million over FY10 and FY11
- Harvard: Endowment fell from $36.9 billion to $25.6 billion
  - Endowment spending cut 8% in FY10 and 12% for FY11
The Centennial Campaign
The Centennial Campaign

Commitments to the University
FY 2000 - FY 2009

- FY 2000: $99.9
- FY 2001: $55.9
- FY 2002: $60.5
- FY 2003: $40.9
- FY 2004: $62.4
- FY 2005: $46.6
- FY 2006: $144.0
- FY 2007: $148.7
- FY 2008: $167.6
- FY 2009: $84.7

- Centennial Campaign Goal
- Actual
Campaign Commitments by Category

- Buildings & Equipment: $156.5
- Faculty Research: $48.0
- Departmental Endowments: $85.8
- Funds Pending Designation: $20.0
- Endowed Professorships: $69.7
- Rice Annual Fund: $30.8
- Other Departmental Funds: $109.6
- Endowed Scholarships: $62.4

Total: $582.8 million as of 1/31/10
Rice Annual Fund Growth: Goal $8.2 million by FY12
V2C Progress
### Completed Capital Projects

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data Center</td>
<td>Rice Children’s Campus</td>
</tr>
<tr>
<td>Cameron Field at Reckling Park</td>
<td>South Plant</td>
</tr>
<tr>
<td>Keith-Wiess Geological Laboratories</td>
<td>BioScience Research Collaborative</td>
</tr>
<tr>
<td>Ryon Lab and Mechanical Engineering Renovation</td>
<td>Tudor Field House</td>
</tr>
<tr>
<td>Brochstein Pavilion</td>
<td>Rice Village Apartments</td>
</tr>
<tr>
<td>Central Quad</td>
<td>Duncan College</td>
</tr>
<tr>
<td>The “John and Anne” Grove</td>
<td>McMurtry College</td>
</tr>
<tr>
<td>Oshman Engineering Design Kitchen</td>
<td>Gibbs Recreation Center</td>
</tr>
</tbody>
</table>
**Capital Projects in the Pipeline**

<table>
<thead>
<tr>
<th>Complete by January 2011</th>
<th>Planning</th>
<th>Aspirations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brockman Hall</td>
<td>Continuing Studies*</td>
<td>Opera Theater*</td>
</tr>
<tr>
<td>South Colleges Renovation and East Servery</td>
<td>Social Sciences*</td>
<td>Visual Arts*</td>
</tr>
<tr>
<td></td>
<td>Science and Engineering Renovations</td>
<td></td>
</tr>
</tbody>
</table>

*Project proceeds only with sufficient fundraising*
Art: Dynamic Campus
Undergraduate Enrollment: Applications Double
Undergraduate Degrees by Major

Undergraduate Degrees by School
2008-09
(First Majors Only)

- Social Sciences: 23%
- Engineering: 25%
- Humanities: 26%
- Natural Sciences: 18%
- Architecture: 5%
- Music: 3%

Undergraduate Degrees by School
2008-09
(Includes Multiple Majors)

- Social Sciences: 34%
- Engineering: 25%
- Humanities: 35%
- Natural Sciences: 18%
- Architecture: 5%
- Music: 4%
New Undergraduate Minors

• 2009-2010
  - Anthropology
  - African Studies
  - Biochemistry and Cell Biology
  - Ecology and Evolutionary Biology

• 2008-2009
  - Poverty, Justice and Human Capabilities
  - Computational and Applied Mathematics
  - Energy and Water Sustainability
  - Jewish Studies

• 2007-2008
  - Global Health Technologies
  - Business
  - Sociology

• 2006-2007
  - Financial Computation and Modeling
Student Satisfaction: Undergraduate Experience

*Satisfaction - Overall (%)

Rank 2/9

*Percent

*Rice compared with a select group of research universities.
Student Satisfaction: Campus Community

*Satisfaction - Community (%)
Rank 1/12

Percent

100
90
80
70
60
50
40
30
20
10
0


Senior Survey Trend File

*Rice compared to a select group of research universities.
Student Satisfaction: Campus Climate for Minorities

*Rice compared to a select group of research universities.
Strengthening Graduate Programs

• Awards for the NSF Graduate Research Fellowship* have increased steadily from 11 in 2007-08 to 21 in 2009-10.

• 4,872 applications to date (excluding Master of Liberal Studies and Jones School), up 100 from last year

• New Ph.D. programs
  - Art History
  - Business
  - Sociology (proposed)

*The National Science Foundation’s Graduate Research Fellowship Program is a prestigious, competitive award to outstanding graduate students in NSF-supported science and engineering disciplines which supports the fellows with a three year stipend and cost of education allowance.
Doctoral Degrees Conferred by School

Year of Degree

<table>
<thead>
<tr>
<th>School</th>
<th>2004</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering</td>
<td>37</td>
<td>65</td>
</tr>
<tr>
<td>Humanities</td>
<td>15</td>
<td>21</td>
</tr>
<tr>
<td>Music</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Natural Science</td>
<td>27</td>
<td>57</td>
</tr>
<tr>
<td>Social Science</td>
<td>16</td>
<td>19</td>
</tr>
</tbody>
</table>
• A bold V2C opportunity that engaged the Rice community

• Extensive due diligence and consultation

• A difficult decision to end the negotiations

• Going forward: Expanding our relationships with BCM and other institutions in the Texas Medical Center
  - The BioScience Research Collaborative plays a central role
  - BRC researchers already making new connections and creating collaborations thanks to proximity of TMC
Great Progress, Great People, Great Place
Have Fun at the Rodeo!

- “Go Texan” Day and Rice Night at the Rodeo on March 10

- Great deal on rodeo tickets
  - Know more at www.rice.edu/rodeo

- Wear your cowboy duds to work!
Staff members spend their lunch hour knitting and crocheting helmet liners and afghans for U.S. troops overseas.

Rice set a United Way campaign record of $127,179. Nearly 500 Rice employees participated, and Board of Trustees Chairman Jim Crownover ’65 put it over the top.

An FE&P team won the "Most Complex" award in the 23rd annual American Institute of Architects (AIA) Sandcastle Competition in Galveston June 6.
As a leading research university with a distinctive commitment to undergraduate education, Rice University aspires to pathbreaking research, unsurpassed teaching and contributions to the betterment of our world. It seeks to fulfill this mission by cultivating a diverse community of learning and discovery that produces leaders across the spectrum of human endeavor.