



BRANDEIS UNIVERSITY
Office of the Executive Vice President
and Chief Operating Officer

TO: All Members of the Brandeis Community
FROM: Peter B. French, Executive VP/COO
SUBJECT: Update on University Financial Status, Capital Projects, and
Facilities Work
DATE: August 24, 2009

I would like to welcome back to campus all members of the Brandeis community. I am writing to share with you information on the University's financial status and provide some further insight on how we have continued to cope with the enormous financial challenges of the past year and how the University is planning to address the challenges that lie ahead. In addition, I have included a report on what the Office of Capital Projects and the Office of Facilities Services have accomplished this summer together with a look ahead for the three major capital projects underway. This and my previous community update memos are available on the EVP/COO website, at www.brandeis.edu/evpcoo (click the [News and Info](#) and [Archives](#) links). More information on University budgets can be found at www.brandeis.edu/budgetandplanning. More information on capital projects, including plans and images, can be found at www.brandeis.edu/capitalprojects.

Follow these quick links for information on the following:

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Major projects under construction:

- [Science Complex Renewal Project, Phase 1](#)
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If you have questions about capital projects or facilities work, please refer to the contact information at the end of this memo.

As President Reinharz informed the community on July 21, following a national search, Jeff Apfel was selected to become the University's next Executive Vice President and Chief Operating Officer (EVP/COO). Jeff began at the University on August 18, and initially has the role of Senior Vice President for Administration and Finance. In

October, Jeff will transition to the role of EVP/COO. Please join me in welcoming Jeff to Brandeis. Jeff shares our collective goal of continuing to ensure that Brandeis is fiscally and operationally sound and he has the experience to successfully navigate the challenges that remain ahead.

Jeff is located in the EVP/COO office suite in Gryzmish 112. His email address is apfel@brandeis.edu and he is reachable by phone at x6-4400.

Financial Status Report

In Fiscal Year 2009 we faced unprecedented financial challenges and as a result there was a great deal of sacrifice and pain for all segments of the University. The reduction of 76 staff positions was especially difficult. At the end of the spring 2009 semester, the University was projecting a \$5M operating deficit for Fiscal Year 2009. A plan was presented to the Board of Trustees to close this gap with the use of \$4M in unrestricted reserves (the University's "savings account") and the use of a \$1M estate gift that was above the budget plan.

As a matter of course, the University's financial planning process always considers multiple scenarios, including worst, middle, and best, with many points in between these. At the conclusion of FY 2009, the University's financial status can be characterized as slightly stronger than the middle-case. The University ended the year with a modest positive operating result of \$500K (pending final close) thanks to increases in revenues and decreases in expenses.

In March 2009, the University was projecting an \$8.9M operating deficit for the current fiscal year, FY 2010. The administration presented a gap-closing plan to Trustees at the May Board meetings, which included \$7.4M of expense reduction that would be realized through the action of suspending for one year the University's matching contributions to employees' retirement accounts. The Trustees approved the one-year suspension, which began on July 1, 2009. In doing so, the Trustees emphasized their recognition of how difficult this one-year suspension is for the community, while acknowledging this as the least painful among the many options considered and discussed with the community.

At the May meetings, the administration also revised the endowment return projection for FY 2009 to -20% from an earlier March estimate of -30%. The actual endowment return in FY 2009 was -17.3%, and this result is a factor in the endowment revenue available to the budget in FY 2010. Brandeis's endowment return compares favorably with many of our peers. According to Bloomberg.com, US endowments on average fell 24% during the last six months of 2008. Many institutions, including Brown and Yale, are estimating fiscal year losses of 25%. Tufts announced a 24.5% loss, and Harvard has announced anticipated losses of closer to 30%.

The operating result for FY 2010 is now projected to be balanced, primarily due to the \$7.4M of expense reduction from the retirement contribution suspension, and the

improved endowment return result. However, there continue to be concerns related to key budget areas, including tuition, financial aid, investment returns, and fundraising. We are monitoring all of these areas very closely.

Significant challenges continue to lie ahead. Looking forward, the University is currently projecting annual operating deficits for FY 2011 – FY 2014, ranging from -\$7M in FY 2011 to -\$2M in FY 2014. These projections assume that the University will be successful in its efforts to increase enrollments by 400 undergraduate students and decrease the Arts & Sciences faculty budget by \$5M or by roughly 35 full-time equivalents. If the enrollment and faculty savings objectives are not met, the annual operating deficits could increase by as much as \$4.2M in FY 2011, \$6.6M in FY 2012, \$9.4M in FY 2013, and \$12.1M in FY 2014.

The University administration along with representative constituents in the broader community, is engaged in continued review of the financial and budget planning parameters, and updates to both the FY 2010 budget and the FY 2011 – FY 2014 projections will be presented to the community and the Board of Trustees in October.

Major Projects Under Construction

Science Complex Renewal Project, Phase 1

With the Carl J. Shapiro Science Center fully open and operational, the final elements of the Phase 1 project—renovation of spaces in Bassine and removal of Friedland and Kalman—are in progress and preparation. Renovations are nearing completion in some of the spaces in Bassine (vacated by researchers now in the Shapiro Science Center), to create new teaching and research space. The last remaining occupants of Friedland recently moved into Bassine, and demolition of Friedland is scheduled to begin in early September and to be complete by mid-October.

At that point, construction of a temporary loading dock will begin adjacent to the site currently occupied by the chemical storage building. That work should be complete by early January 2010, at which point the process for removal of Kalman will begin. That removal is expected to be complete by mid-April.

Landscaping of the space formerly occupied by Friedland and Kalman will begin in late April. With the deferral of Phase 2 of the Science Complex Renewal Project (announced by President Reinharz last year), a proposed plan for that space, including recreational use and a tree nursery to supply trees for the Brandeis campus, will be presented to the community in the coming weeks. A website will be created explaining and illustrating the proposed plan, with an opportunity for comments and a bulletin board for those comments.

New Carl and Ruth Shapiro Admissions Center

Work on the fully gift-funded Carl and Ruth Shapiro Admissions Center is progressing quickly, and occupancy of the Center is scheduled for the first week of October. The Center will include a 100-seat presentation room with state-of-the art presentation technologies, a waiting area accommodating 100 visitors, a reception and welcome center, a Financial Services satellite office to provide information to waiting parents and prospective students, and all Admissions Office functions, including support operations.

As part of the Shapiro Admissions Center Project, a landscaped Admissions Quad, first envisioned in the campus master plan, is now being created between the Admissions Center and Slosberg, and a new section of the Brandeis Walk (the campus's central pedestrian spine) has been installed to connect the section in front of the Village Residence Hall to the section running by the Shapiro Campus Center Great Lawn. New ADA-accessible paths now provide access to the entire south residential area.

Mandel Center for the Humanities

Construction of the Mandel Center for the Humanities is now well underway. Foundations are nearing completion and pouring of walls and floors for this concrete-structure building is progressing. That work is expected to be complete by early December.

A direct connection will be created from the lobby of Olin-Sang into the Mandel Center for the Humanities, while the Center's main entrance will face the loop road to the south. This will result in greatly improved ADA access to the North Academic Quad, which is being renamed the Mandel Quad. The four-story Center will provide classrooms, public spaces, offices, and work areas, and will include a planted terrace and a roof garden. Construction is scheduled to be complete in time for occupancy at the start of the fall 2010 semester. The Mandel Humanities Center and Mandel Quad projects are fully gift-funded.

Consistent with President Reinharz's and the University's commitment as a charter signatory to the American College and University Presidents' Climate Commitment, all capital projects at Brandeis are designed and built to a LEED-silver-equivalent or better standard (the LEED guidelines have been developed by the U.S. Green Building Council to guide sustainability efforts in construction and renovation), incorporating environmentally responsible design and construction practices. This commitment is being met in both the Carl and Ruth Shapiro Admissions Center and the Mandel Center for the Humanities, as it has been in all major capital projects over the last several years.

Facilities Work Accomplished this Summer

As happens each summer, Facilities Services has been working hard to make improvements and repairs to campus facilities and grounds. Work this summer included:

- Creation of a new home in Gerstenzang for the Genetic Counseling Program and the Graduate Student Study Lounge;

- Upgrade of selected lab spaces and teaching spaces in Rosenstiel, Kosow, Bassine, Edison-Lecks, and Gerstenzang;
- Installation of a new floor in the Spingold Theater rehearsal room;
- Relocation of the computer repair shop to Goldfarb;
- Emergency egress improvements in Goldfarb Library;
- Upgrade of the campus steam distribution controls and addition of building energy controls and links to the Campus Energy Management Network at residence quads;
- Replacement of a section of the water loop, to improve flow.

Questions?

If you have questions about the University's financial status, please contact Fran Drolette, Vice President for Budget and Planning / Acting VP for Financial Affairs and University Treasurer, at x6-8303 or drolette@brandeis.edu.

Please contact Dan Feldman, Vice President for Capital Projects, at x6-8405 or feldman@brandeis.edu, with questions about the following projects:

- Science Complex Renewal Project, Phase 1
- New Shapiro Admissions Center
- Mandel Center for the Humanities

More information about these and other capital projects can be found on the website of the Office of Capital Projects at www.brandeis.edu/capitalprojects.

Please contact Mark Collins, Vice President for Campus Operations, at x6-4564 or collins@brandeis.edu, with questions about Facilities work accomplished this summer.