

Farewell Reception for Neil Theobald and Sheona Mackenzie

Remarks of Michael A. McRobbie

President

Indiana University

Musical Arts Center Lobby

Monday, December 10, 2012

4:00 PM

1. WELCOME AND ACKNOWLEDGEMENTS

Good afternoon and welcome, ladies and gentlemen.

Thank you all very much for joining us as we gather to celebrate the extraordinary service given by Neil Theobald to Indiana University, and to wish Neil and his wife, Sheona Mackenzie, the very best as they become the new President and First Lady of Temple University in Philadelphia.

I think it is a mark of the esteem in which Neil and Sheona are held by so many of their colleagues and friends at Indiana University that we have a huge array of dignitaries and senior administrators from across the university here.

I do want to recognize two of our Trustees who are here: Trustee Phil Eskew and Trustee Tom Reilly.

Would you join me in welcoming them?

It is particularly appropriate that both Tom and Phil are here, because Phil is chair of the Board of Trustees' Facilities Committee and Tom is chair of the Finance and Audit

Committee. And Neil has done so much over the last six years to keep both of them busy!

2. "IN THE MIDDLE OF THE MAELSTROM"

"The chief financial officer of any institution of higher education stands squarely in the middle of the maelstrom," write higher education consultants Lucie Lapovsky and Mary McKeown-Moak.

"To the CFO," they continue, "fall the tasks of balancing the operating and capital budgets, planning for changes in the revenue mix, estimating enrollments, containing costs, ...and managing the institution's level of risk so that assets are protected. CFOs," they write, "need to keep many hats tucked away in the drawers of their desks to respond to the demands of changing customers, competitors, and technology."¹

Given the various demands and responsibilities faced by a typical university CFO, it is fair to say that he or she stands squarely in the middle of this maelstrom.

But now, imagine doing all this not just at any college or university, but at one of the nation's largest universities, with more than 110,000 students and with a budget of more than \$3 billion.

Imagine, too, that the CFO's portfolio also includes oversight of one of the five largest residential housing complexes in the country, the second-largest student union, and a human resources operation that provides services to more than 5,000 faculty and over 15,000 staff members.

¹ Lucie Lapovsky, Mary P. McKeown-Moak (eds.), *Roles and Responsibilities of the Chief Financial Officer: New Directions for Higher Education*, Volume 99 of J-B HE Single Issue Higher Education, (John Wiley & Sons, 2010).

And finally, imagine being responsible for the oversight of the university's key financial and business functions during a major and prolonged economic crisis, and you will begin to get a sense of how very fortunate we really have been here at Indiana University to have had the benefit of Neil Theobald's outstanding fiscal leadership.

3. A LEADING MIND IN EDUCATIONAL FINANCE AND EDUCATIONAL POLICY

Neil is widely recognized in academic circles as one of the leading minds in educational finance and educational policy in the nation.

He earned his doctoral degree from the University of Washington, and joined the faculty there in 1988.

His research has since focused on modeling educational labor markets and on the appropriate role of decentralization in educational financing. Over the course of his career, he has been the recipient of more than \$1.5 million in funded research, he has written numerous books and book chapters, has published dozens of articles in professional journals, and has written dozens of policy reports for state governments across the United States.

In 1993, Neil came to IU as associate professor of education finance.

At the same time, he began his administrative service to IU as director of the Indiana Education Policy Center, which is now the Center for Evaluation and Education Policy. At the time, the center was funded by the Lilly Endowment and the Indiana General Assembly, and a large part of its focus was on improving the process through which funds amounting to approximately \$7 billion annually were allocated to Indiana's public schools.

In 2002, Neil was named vice chancellor for budgetary administration and planning for IU Bloomington.

In 2006, I was appointed as provost, and immediately appointed Neil as senior vice provost, with responsibility for budgetary matters on the Bloomington campus. We knew each other, though not well, earlier and had worked together in the past. I knew Neil as a “fixer”—someone who could actually deal with problems and solve them. The two of us clicked almost immediately, and, I’d like to think that in the short time we were in those positions, we achieved quite a bit on the Bloomington campus. This began what has been one of the closest working relationships I have had with anyone in my time at IU. Since early 2006, barely a day has passed—certainly not a week—when I have not some contact with Neil in some way, on some financial or other issue.

So, it seemed logical that in 2007, when I was appointed president, that I would name Neil as vice president and chief financial officer of Indiana University to succeed Judy Palmer, who had retired.

4. OUTSTANDING FISCAL LEADERSHIP DURING A CHALLENGING TIME

Within a year, as many of you will vividly remember, we found ourselves in the beginning of a marked global economic decline. In September 2008, as I’m sure most of us will remember only too well, the Dow Jones Industrial Average experienced the largest one-day point drop in its history. Although we did not know at the time how long it would last, it soon became abundantly clear that the Great Recession was upon us.

Universities across the nation began to feel the effects. Many institutions, including many in neighboring states, ran out of scholarship money and were forced to turn down thousands of qualified applicants. Decreased state funding forced some public universities to cancel classes and dismiss faculty. University endowments declined—

and collapsed in some cases—and research funding became increasingly scarce. Massive building projects on many campuses stopped entirely.

In December 2009, with tax revenues for the State of Indiana far below projections, Governor Mitch Daniels ordered a \$150 million cut in state higher education funding. IU was faced with a \$59 million—or about a six percent cut—in state funding. And this came on top of an already large cut of \$30 million in state funding to IU—a total of nearly \$100 million we had to cope with.

It was, in large measure, due to Neil's innovative thinking during this extraordinarily challenging period that we were able to surmount these challenges. In fact, thanks to his foresight, we had already taken a number of steps that would reduce the impact of these cuts.

Neil led our comprehensive efforts to cut costs and control spending and to ensure that we operated more efficiently, including the consolidation of our purchasing systems and organizations, establishing an early retirement incentive program for employees, and changes in the vesting provision in the retirement plan, all of which resulted in major savings for the university amounting to tens of millions of dollars.

Thanks to Neil's outstanding financial management of this institution, IU has been able to weather the Great Recession far better than any of our peers.

We have been able to not only preserve—but enhance—the core academic mission of the institution and the infrastructure that supports it. We have continued to elevate the quality of our faculty—we kept hiring. We have continued to ensure that an IU education remained affordable. We have continued to attract record numbers of highly qualified students, and to provide these students with record amounts of institutional financial aid, and we have kept building.

Neil's leadership has helped to make all this possible.

Indiana University and the state of Indiana owe him a great debt for his outstanding service over the past two decades.

Neil is also a devoted fan of IU sports—he has often travelled to support our teams when they were on the road—and he has been a loyal patron and supporter of the arts at IU.

In fact, Neil's loyalty to Indiana University has been evidenced throughout his two decades with the university. In all he has done, his aim has always been to try to ensure that Indiana University could be as successful as possible.

I will miss his wise counsel and his friendship immensely. He has been one of my closest colleagues at Indiana University. He has been a superb colleague in every way: unflappable, wise, thoughtful, intelligent, and he will, I am sure, make a superb and outstanding college president—and Sheona will make an outstanding first lady as well.

His inventiveness and his forthright working style will clearly serve him very well in his new role. Temple is gaining an outstanding educator, an exceptionally talented administrator, and a visionary leader.

5. PRESENTATION OF THE PRESIDENT'S MEDAL FOR EXCELLENCE

Neil, would you please join me at the podium?

In recognition of all that you have done for Indiana University, for the state of Indiana, and for your outstanding fiscal leadership during a time of nearly unprecedented

economic adversity, it is my great pleasure to present you with the highest honor an Indiana University president can bestow: the President's Medal for Excellence.

This medal itself is a reproduction in silver of the symbolic jewel of office worn by Indiana University's president at ceremonial occasions. You'll have your own jewel to wear soon, too, I'm sure. The precious stones represent the university's cultivation of reading, writing, and arithmetic, as well as the arts, sciences, and humanities.

This medal is given to recognize exceptional distinction in public service, service to Indiana University, achievement in a profession, or extraordinary merit and achievement in the arts, humanities, sciences, education, and industry.

Neil, in every one of these categories, your distinction has been extraordinary during your outstanding career at Indiana University, and for that let me extend our deepest and most grateful thanks.

So, by virtue of the authority vested in me by the trustees of Indiana University, and in gratitude for your extraordinary service, dedication, and leadership over many years, I am privileged and honored to present to you the President's Medal for Excellence.

Congratulations!