

ENGINEERING THE FUTURE
STRATEGIC PLAN FOR
CHAPMAN UNIVERSITY

2018-19 TO 2022-23



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Executive Summary

Since the early 1990s, Chapman University has experienced unprecedented growth and academic achievement. The University accomplished this growth through the implementation of a series of five-year plans.

1993-94 to 1997-98	Improving the quality of incoming students, by increasing student selectivity
1998-99 to 2002-03	Establishment of the Fowler School of Law and the Dodge College of Film and Media Arts; growing existing professional programs
2003-04 to 2007-08	Enhancement of physical facilities
2008-09 to 2012-13	<i>A Path to National Stature</i> – Recruiting faculty with national and international visibility: Economic Science Institute, Institute for Quantum Studies, Institute for the Study of Religion, Economics, and Society; expanding programs in the sciences
2013-14 to 2017-18	<i>Moving into the Health Sciences</i> – Emphasis on growth in graduate health science programs and establishing a school of pharmacy; strengthening our traditional commitment to the undergraduate student

The next five-year plan, *Engineering the Future*, is the sixth plan in the series and lays out the University's plan for 2018-19 through 2022-23. As the title suggests, the central feature of this plan is the establishment of the Fowler School of Engineering, scheduled to open in the fall of 2020. The new school will build on existing programs in computer science and software engineering by establishing new programs in computer engineering and electrical engineering. Once these programs are established, we will consider other programs, such as mechanical, biomedical, and/or civil engineering.

A second feature of "Engineering the Future" is the continued development of the Rinker campus. In addition to the ongoing build-out of existing facilities, we propose to expand student services on that campus, launch a new research institute – the Institute

for Interdisciplinary Brain and Behavioral Sciences – and continue the growth of pharmacy and graduate health science programs.

Beyond our investments in engineering and health sciences, we propose to make strategic investments in response to changing student demographics and profile, and to expand the infrastructure and opportunities for faculty research as well as student-faculty research collaboration. Finally, we plan to take steps to create the “Chapman Experience” – making Chapman a place where people “fight to get into, don’t want to leave, love to support, and never forget.”

Our physical facilities will also continue to change. In the fall of 2018, we will open the newly completed Keck Center for Science and Engineering, which we expect will be a major draw for STEM students in the next decade. The newly acquired Chapman Grand apartment complex will open its doors as the newest student residence facility in fall 2018 as well. Another student residence hall, located at the Villa Park Orchards site, is in the planning stage. Together these new residence facilities will help us achieve our goal of housing at least 50% of Chapman undergraduate students in Chapman residence facilities.

Each of these initiatives requires investment of time, energy, and financial resources. To address the challenges and achieve the goals outlined in this five-year strategic plan, the University will initiate a \$500 million comprehensive fund raising campaign over the next seven to ten years.

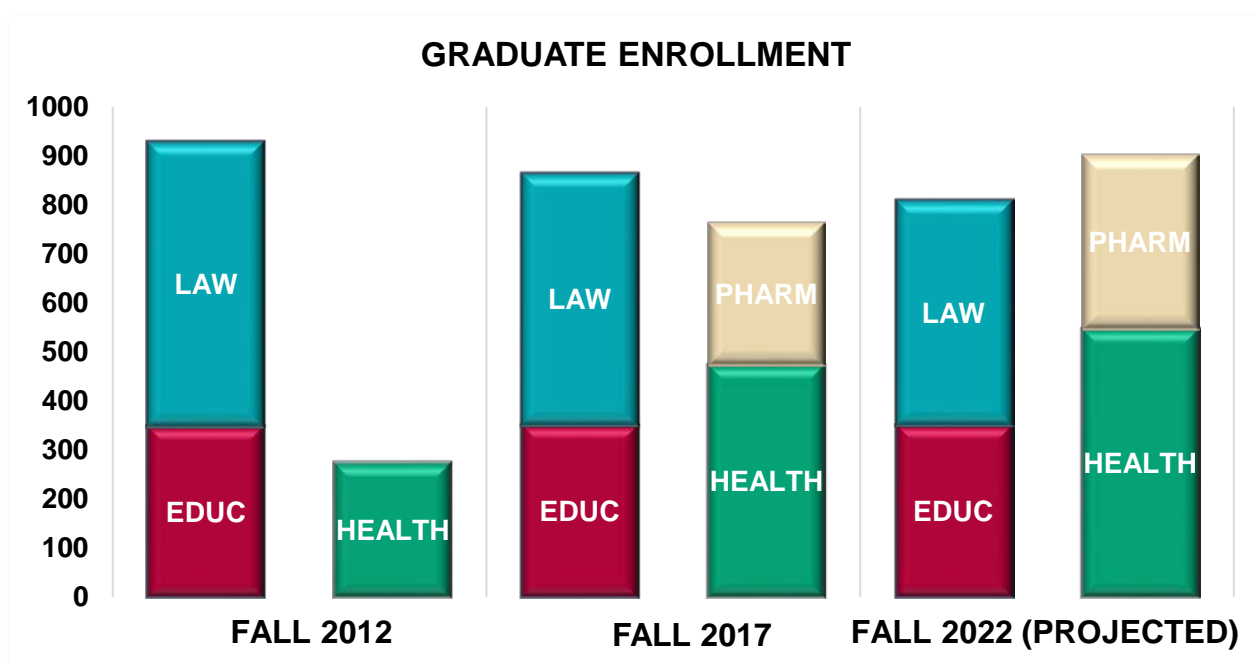
**MEASURING THE IMPACT OF
THE LAST STRATEGIC PLAN:
*MOVING INTO THE HEALTH SCIENCES***

Review of the Last Strategic Plan: Moving into the Health Sciences

The 2013-14 through 2017-18 five-year plan covered a period of transition for Chapman University. In the fall of 2016, Chapman inaugurated a new president, Daniele Struppa. President Struppa follows President Emeritus Jim Doti, who served for twenty-five years and led a transformation from Chapman College to the midsize, comprehensive university that we are today. Prior to his inauguration, President Struppa served as Chapman University's provost and chancellor for ten years, and was an essential partner in the success of the last two strategic plans.

Health Science Initiatives

During the past five years, the University opened a new campus in Irvine – the Rinker Health Sciences Campus – and started a school of pharmacy that will graduate its first class of Doctor of Pharmacy students in the spring of 2018. We expanded existing graduate health science programs in physical therapy and communication science and disorders and started a new physician assistants program. The expansion into pharmacy and the health sciences has been an overwhelming success and addressed a need for greater numbers of healthcare professionals in Southern California and nationwide. A look at graduate enrollment trends illustrates this expansion. Five years ago, programs in business, law and education dominated graduate enrollments, with law and education representing the largest graduate programs. The growth in the health sciences and the creation of a school of pharmacy has changed the graduate landscape at Chapman. As law school enrollments have declined slightly, the combination of health sciences and pharmacy is scheduled to overtake law and education by the end of the next five-year plan, as shown in the next graph. Clearly, the movement into the health sciences has been a success.



Several other initiatives were advanced during the last five years.

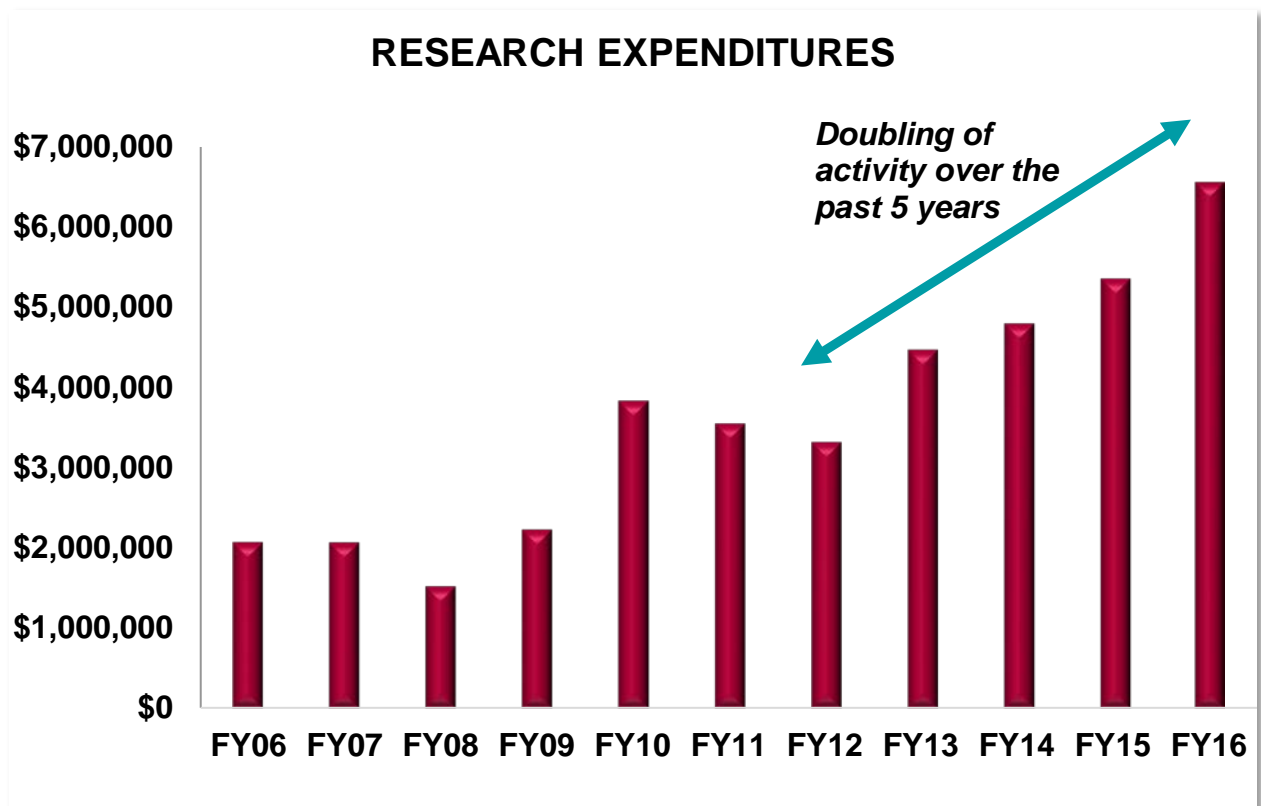
Student-Faculty Research and Teacher-Scholars

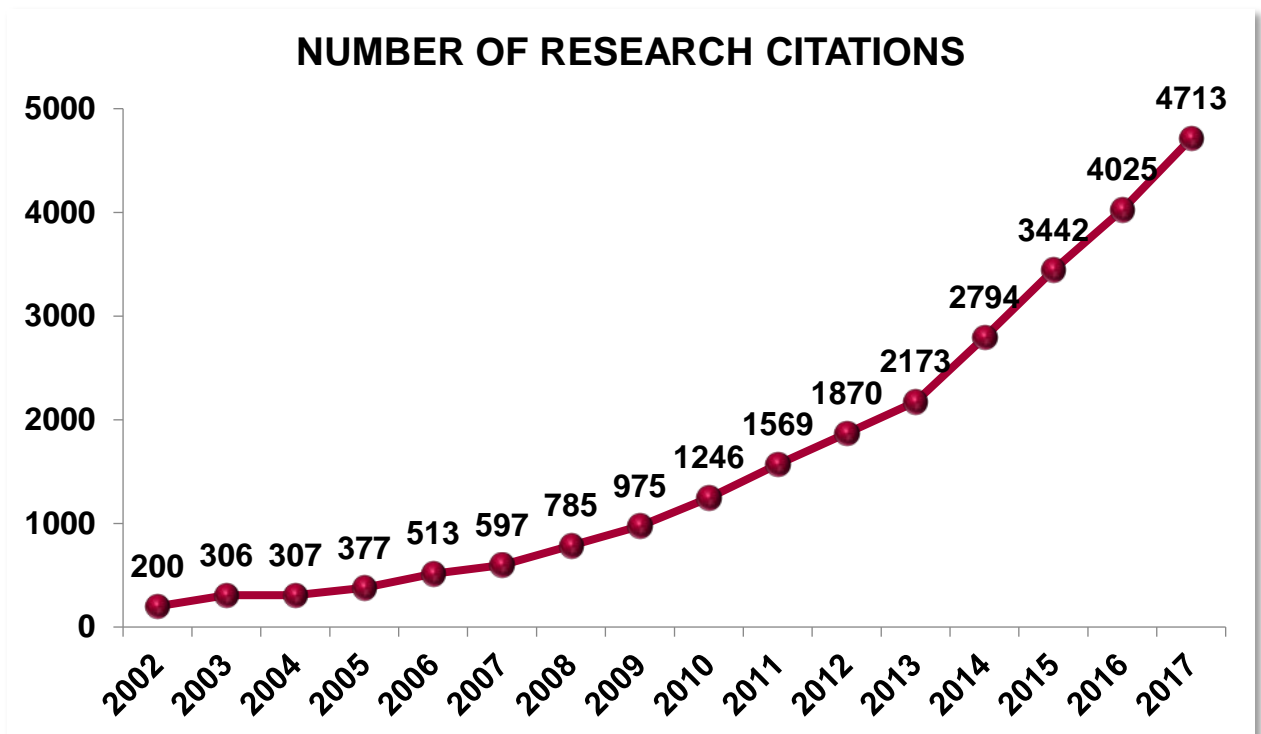
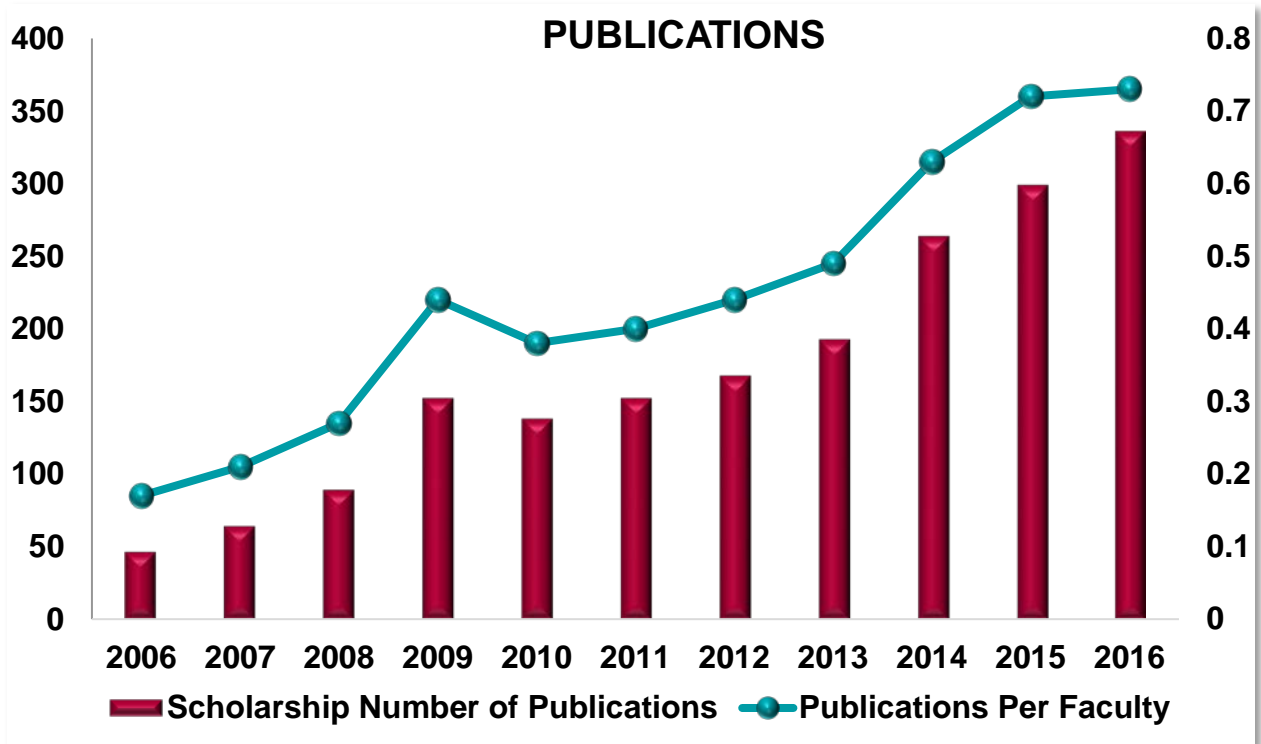
2013-18 saw the expansion of the Office of Undergraduate Research and Creative Activities (OURCA). During the past five years, OURCA has funded \$149,857 in undergraduate scholarly and creative grants and \$58,155 in student travel grants allowing students to attend research conferences and present their research. During the same period, 725 students participated in faculty-mentored research for credit and 1,269 students presented research at Chapman Student Research Day events. It is noteworthy that more than 3,300 students and faculty attended these presentations.

Student-faculty research collaboration is a means by which productive faculty research scholars can conduct research while simultaneously providing personalized instruction by engaging students in independent research projects. The integration of faculty research into the classroom enhances development of critical thinking skills and allows faculty to fulfill both their teaching and their scholarly-creative responsibilities.

In the fall of 2016, Chapman created the Office of Research under the direction of Thomas Piechota, our newly hired Vice President of Research. A few highlights of the first year of the Office of Research include:

- \$6.6 million in research expenditures;
- \$4.5 million in research awards granted, including \$1.3 million in the new school of pharmacy;
- A doubling of the number of annual research publications by faculty from 168 in 2012 to 336 in 2016;
- Continued increases in the number of citations of Chapman faculty research, a measure of research quality, to almost 5,000 citations per year.





Beyond the academic mission to create new knowledge, faculty research and creative activities serve a valuable purpose at Chapman University. Research grants, publications and citations are lead indicators of academic reputation. Academic reputation is an important component in most of the rankings we follow as measures of Chapman's success. Although we take pride in our advancement in the rankings, the rankings themselves are less important than the implications they have for our ability to attract the highest quality students and our ability to compete to hire the best faculty.

Interdisciplinary Programs

In December 2016, President Struppa announced the creation of the new Smith Institute for Political Economy and Philosophy supported by \$15 million in gifts from three founding donors. The Smith Institute is the brainchild of Nobel Laureate Vernon Smith, economics professor Bart Wilson, and English professor Jan Osborn and integrates the humanities and economics in the spirit of Adam Smith, author of *The Theory of Moral Sentiments* and *An Inquiry into the Nature and Causes of the Wealth of Nations*. Since 2010, professors Wilson and Osborn have taught a course titled "Humanomics," which creates an interdisciplinary bridge between economics and the humanities. The course was extremely popular among students and led to the creation of advanced elective offerings two years later. The purpose of the new institute, supported by the long-range planning council and the faculty senate, is to advance this interdisciplinary curricular initiative by creating a minor in humanomics and expand the participating disciplines to include philosophy and possibly other humanities. In addition, the institute will fund interdisciplinary research projects. The Smith Institute hired three new faculty members who started in the fall of 2017 and plans to hire six additional faculty over the next two years. This institute creates a unique opportunity to build stronger academic connections between disciplines in the Argyros School and Wilkinson College.

Global Engagement

Chapman's mission and vision express explicitly our goal of preparing students who are global citizens. To that end, the Center for Global Education tracks students engaged

in all international study, including semester abroad, international travel courses and international internships. The number of students who spend a semester abroad has fluctuated over the last five years, totaling 334 students in 2017-18. About 2/3 of these students travel abroad in spring semester.

Overall, the number of semester abroad students has grown by over 15% over the five-year period, which is approximately equal to the percentage growth in undergraduate enrollment over the same period.



Chapman has experienced a larger increase in students participating in short-term travel courses. When we combine the semester abroad students, students who participate in short-term travel courses and international internships, Chapman ranks #10 nationally among master's level institutions for total number of students who study abroad and #14 nationally for the percentage of students engaged in some study abroad experience (48.9%). These numbers are especially encouraging given that some institutions require study abroad as part of the general education requirement.

New Approaches/Technologies for the Delivery of Education

In 2013, all universities faced major concerns that new technologies and educational approaches would disrupt the traditional models of teaching and learning. Among the

potentially disruptive changes were Massive Open Online Courses (MOOCs), Competency Based Education (CBE), and rapidly changing classroom technology. The threat of MOOCs failed to materialize in a significant way and CBE is still an emerging concept in which Brandman University, our subsidiary, has made a major investment. However, we have witnessed significant changes in classroom technology that can enhance teaching and learning.

In response to these emerging technologies, Chapman created the Institute for Excellence in Teaching and Learning, now located on the first floor of Beckman Hall. Under the leadership of Professor Roxanne Miller, the IETL has held regular workshops for faculty interested in improving their teaching skills, engaged in one-on-one mentoring of faculty, and developed facilities and methods aimed at enhancing faculty members' use of technology in the classroom and online. In addition, Professor Miller led the transition to online student evaluations of faculty teaching, eliminating approximately 100,000 pages of paper evaluations per year as well as saving significant staff time spent processing the paper evaluations.

Effective in the fall of 2017, at the recommendation of the chief operating officer, Information Systems and Technology (IS&T) was moved to reporting directly to the president. Following this move, the Leatherby Libraries will move to report to IS&T as well. The rationale for these changes lies in the increasing importance of information technology in the academic mission of the University. Consequently, IS&T has become more than a service department; it is an important intellectual driver of the entire institutional culture.

In recent years, The Provost's office has worked closely with VP/CIO Helen Norris and the staff in IS&T to incorporate new technologies into existing classrooms. These include classroom capture audio and video technology and the creation of several active-learning computer labs at both the Orange campus and the Rinker Health Sciences campus. In addition, we added virtual cadaver technology to our undergraduate anatomy labs. In January 2018, IS&T will open a "TechHub" in DeMille Hall. The TechHub is a space where faculty and students can consult and collaborate with IS&T staff, and test out new

technology for teaching and collaboration. As classrooms are maintained and updated, we will continue to apply the latest technology to enhance teaching and create an effective learning environment for our students.

Facilities

In addition to the opening of the Rinker Health Sciences Campus, Chapman added several other important facilities in the past five years. These include the Panther Village residence, the Beckett office building, the Digital Media Arts Center and adjacent parking structure, the new Launch Labs, home of the Leatherby Center for Entrepreneurship and Business Ethics, the Lastinger Tennis Complex, the Hilbert Museum of Art and the spectacular Musco Center for the Arts. These are in addition to major renovations designed to update the historical buildings on campus.

PERFORMANCE THROUGH 2017-18

Performance through 2017-18

This section contains tables and charts that detail Chapman's performance over the past several years. The first two charts detail undergraduate and graduate enrollment compared to targets laid out in the last five-year plan. The charts show that undergraduate enrollment has exceeded expectations each year with the exception of 2016-17. A significant increase in the size of the fall 2017 freshman class caused undergraduate enrollments to exceed expectations by a wide margin in 2017-18. Graduate enrollments lagged behind forecasts in 2015-16 and 2016-17, but increased recruitment efforts, especially in business, education and law, resulted in 2017-18 enrollments that are very close to the target established five years earlier.

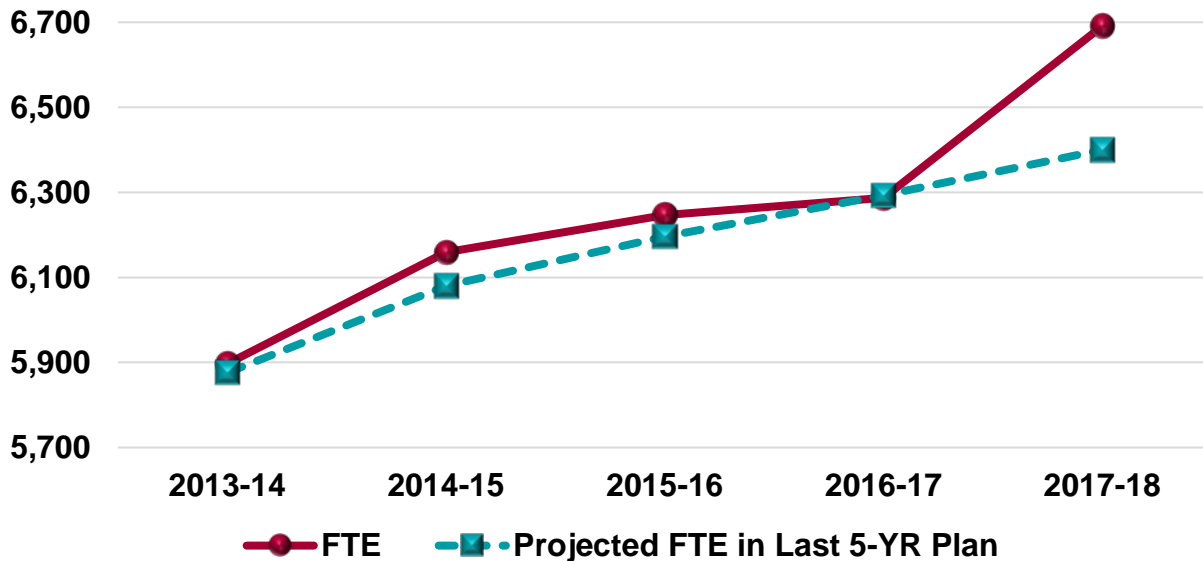
The next two charts show the growth in undergraduate applications and fluctuations in the admission rate for incoming freshman students. Total applications have stabilized at approximately 15,000 per year over the past few years, but a slightly higher admission rate has led to larger freshman classes. The two charts that follow show comparisons to some of our peer institutions (LMU, USD, USF, Pepperdine, Pacific) in terms of freshman-to-sophomore retention and 6-year graduation rate.

Next, we provide two charts that illustrate the growth in Chapman financial resources as represented by Net Assets and the Market Value of our Endowment. During the past five years, Chapman has enjoyed incredible financial success resulting in significant growth in net assets – now in excess of one billion dollars – and endowment. This success is due to conservative fiscal management and generous support from donors. The next few charts detail the success of University Advancement, which has been instrumental in raising more than \$400 million in philanthropic support over the past five years.

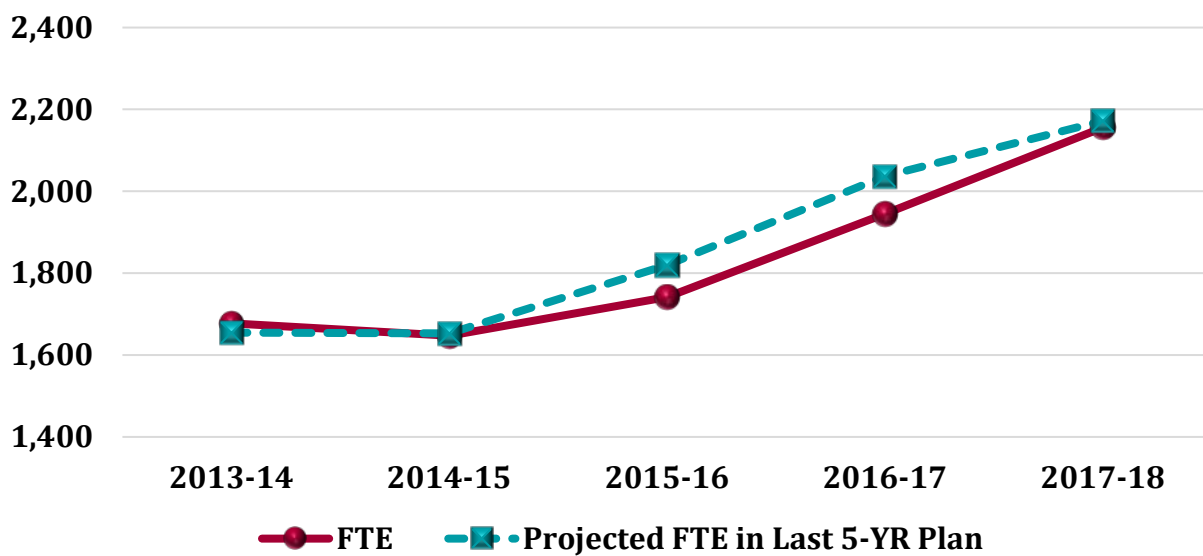
Finally, we present a table that details the ratio of FTE students to FTE faculty and a graph displaying the recent history of Chapman in the *U.S. News and World Report* rankings. The impact of our planning process is measured, in part, by looking at Chapman's position in the *U.S. News and World Report* rankings among masters-level universities in the Western United States. These rankings aggregate several important

dimensions of the University's performance, including student selectivity and quality, graduation rate, class size and student-to-faculty ratios, academic reputation, financial strength, and alumni and community support. This last graph illustrates how Chapman has climbed to a fifth-place ranking overall and seventh in academic reputation.

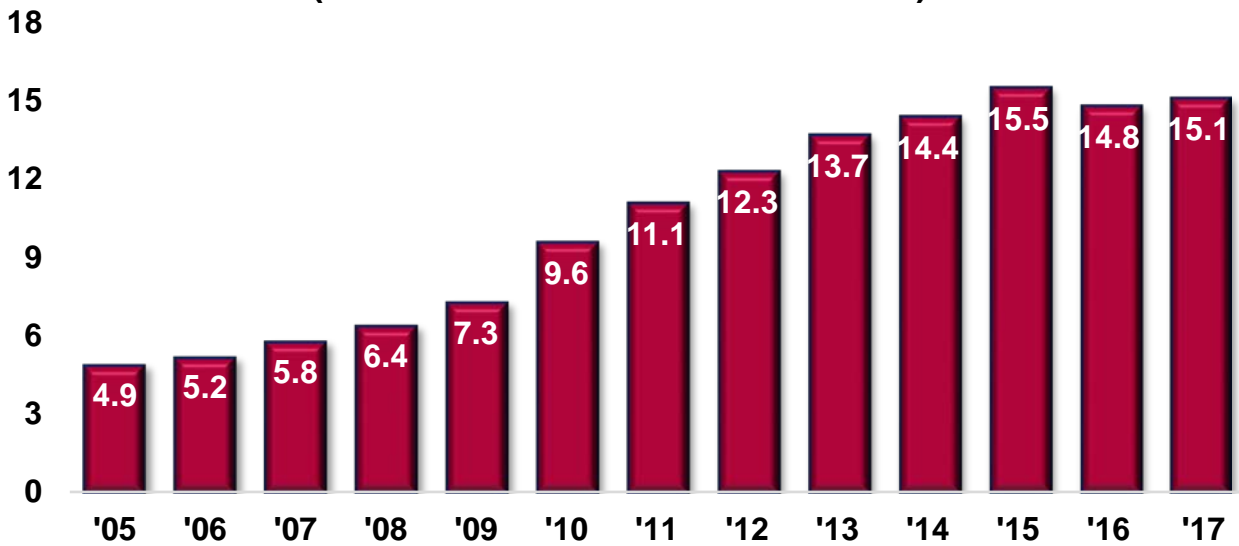
UNDERGRADUATE FTE ENROLLMENT COMPARED TO PLAN



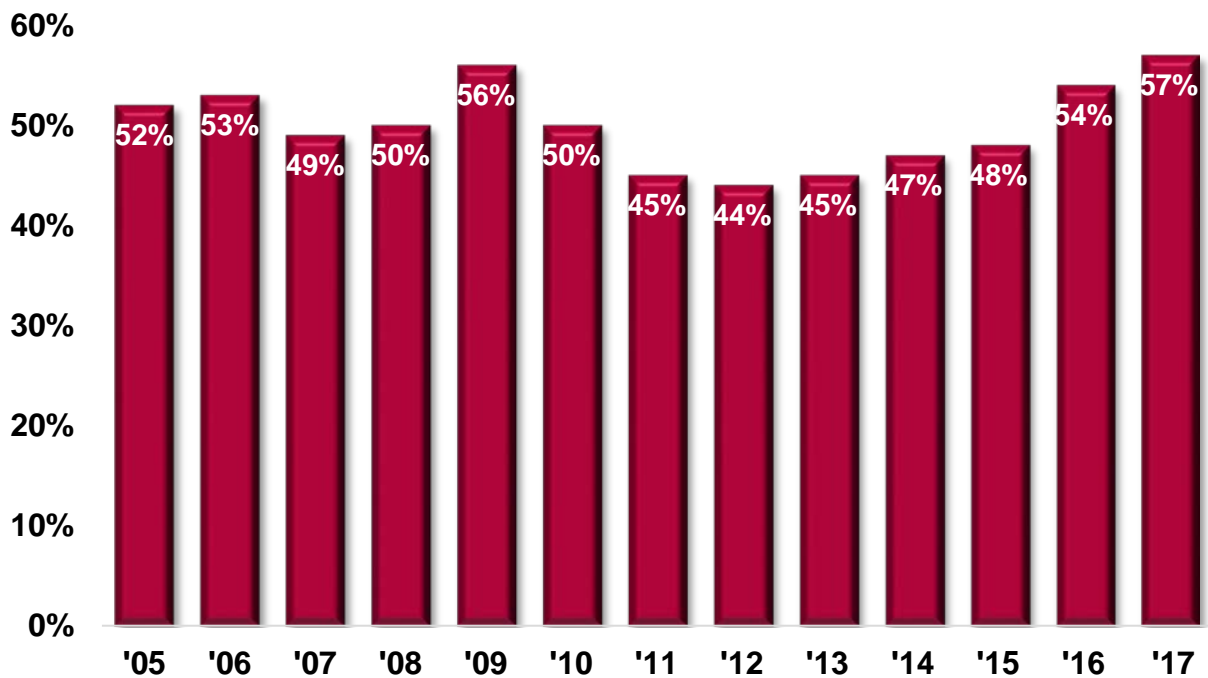
GRADUATE FTE ENROLLMENT COMPARED TO PLAN



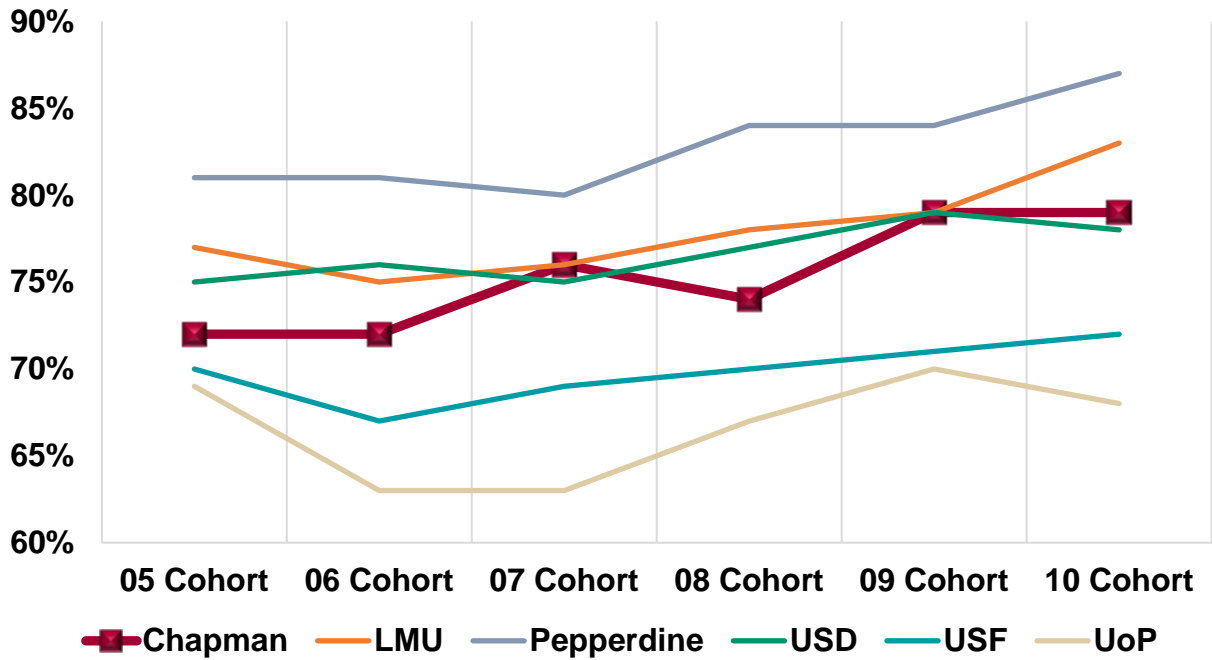
APPLICATIONS FOR UNDERGRADUATE ADMISSION (FALL SEMESTER - THOUSANDS)



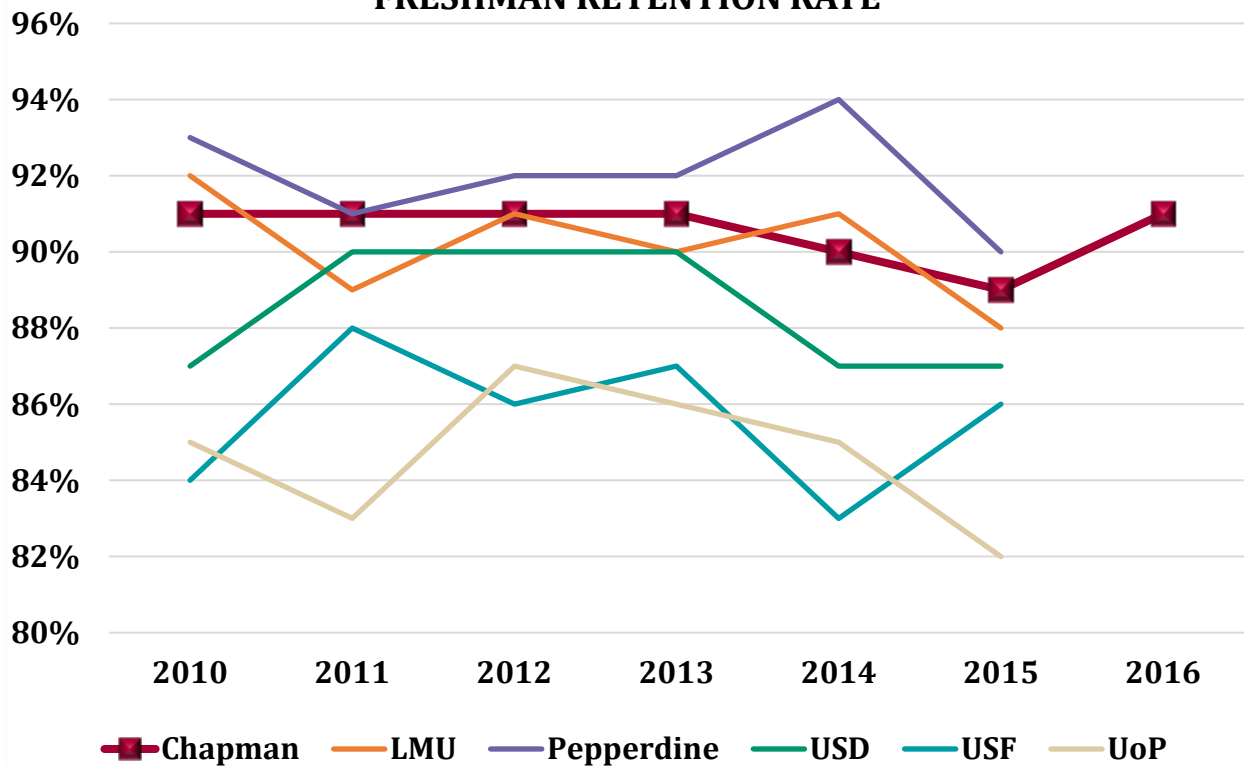
FRESHMAN ADMIT RATE

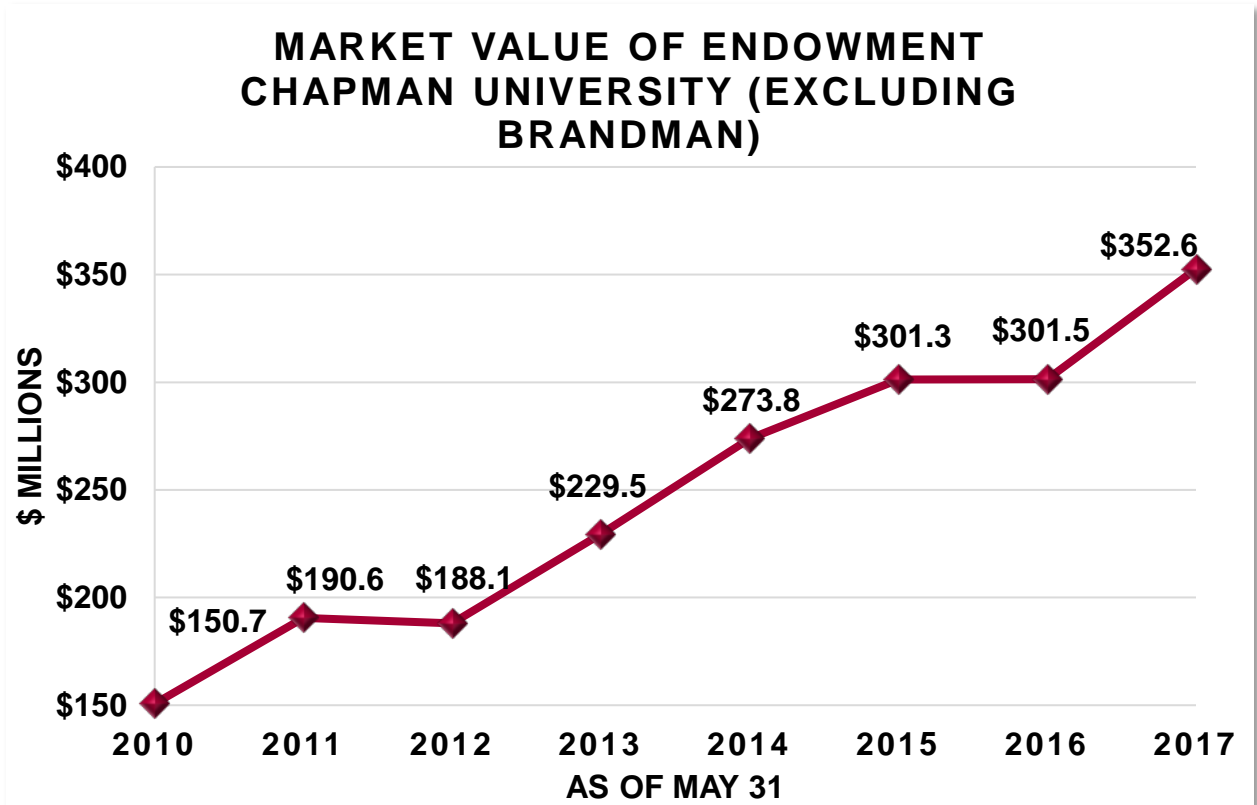
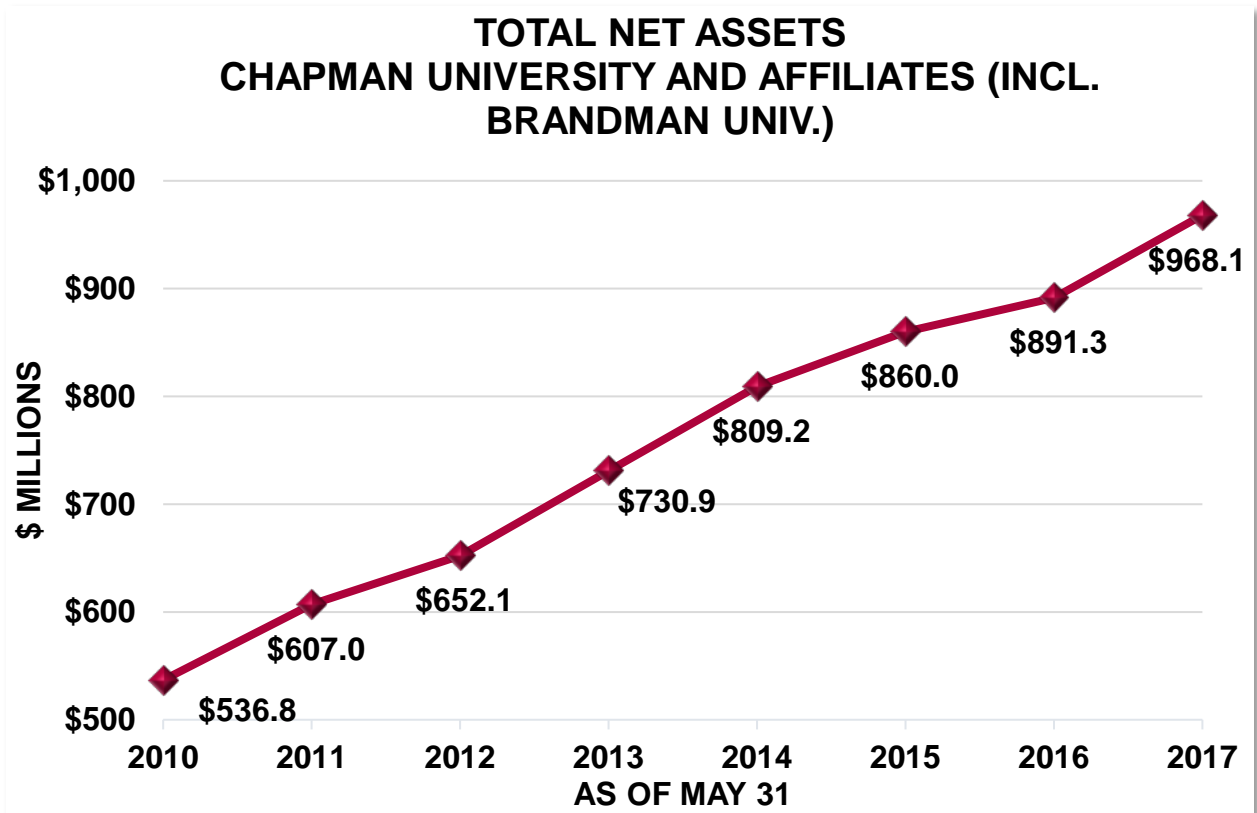


6-YEAR GRADUATION RATE



FRESHMAN RETENTION RATE





UNIVERSITY ADVANCEMENT: THE LAST FIVE YEARS

DEVELOPMENT

- Generated close to \$400 million in philanthropic support
- Helped to grow endowment by more than \$70.6 Million
- Grew Chapman Fund by more than 46 percent and reduced dependency on event-related fund raising activities

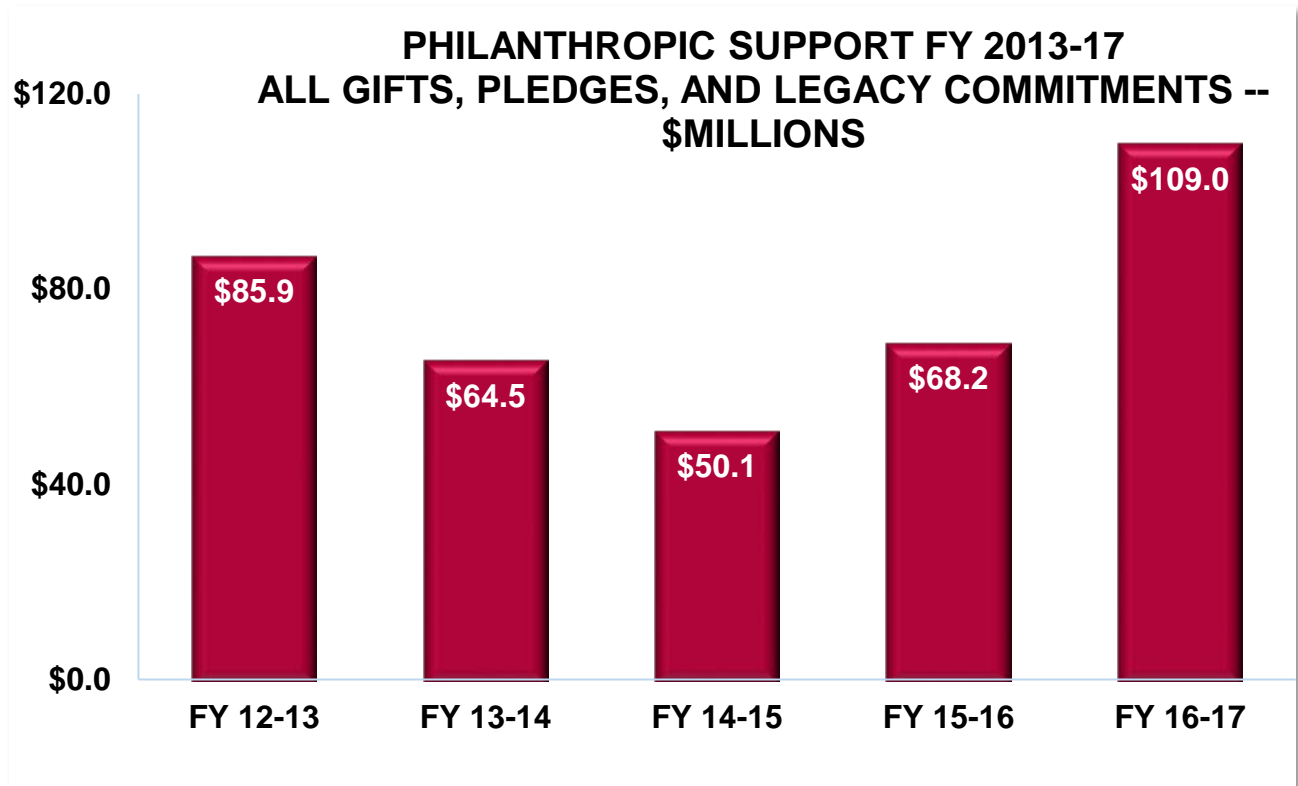


UNIVERSITY ADVANCEMENT: THE LAST FIVE YEARS

Development, CONT'D.

- Secured naming commitments for:
 - Fowler School of Law (\$55 M);
 - Rinker Health Science Campus (\$10 M);
 - Lastinger Tennis Center (\$3.2 M);
 - Smith Institute for Political Economy and Philosophy (\$15 M);
 - Fowler School of Engineering(\$45 M);
 - Keck Center for Science and Engineering (\$21 M);
 - Attallah College of Educational Studies (\$10.5 M)





UNIVERSITY ADVANCEMENT: THE LAST FIVE YEARS

MARKETING/COMMUNICATIONS

- Established position as industry leader in website design, agility and mobile responsiveness.
- Won more than one hundred awards for several of its publications, interactive media efforts, video programs and websites.
- Implemented robust social media agenda and remains on the leading-edge of new technology adoption.
- Helped grow institutional reputation from #10 to #5 in *U.S. News & World Report* – highest level in University history.

UNIVERSITY ADVANCEMENT: THE LAST FIVE YEARS

GENERAL CAMPUS SUPPORT

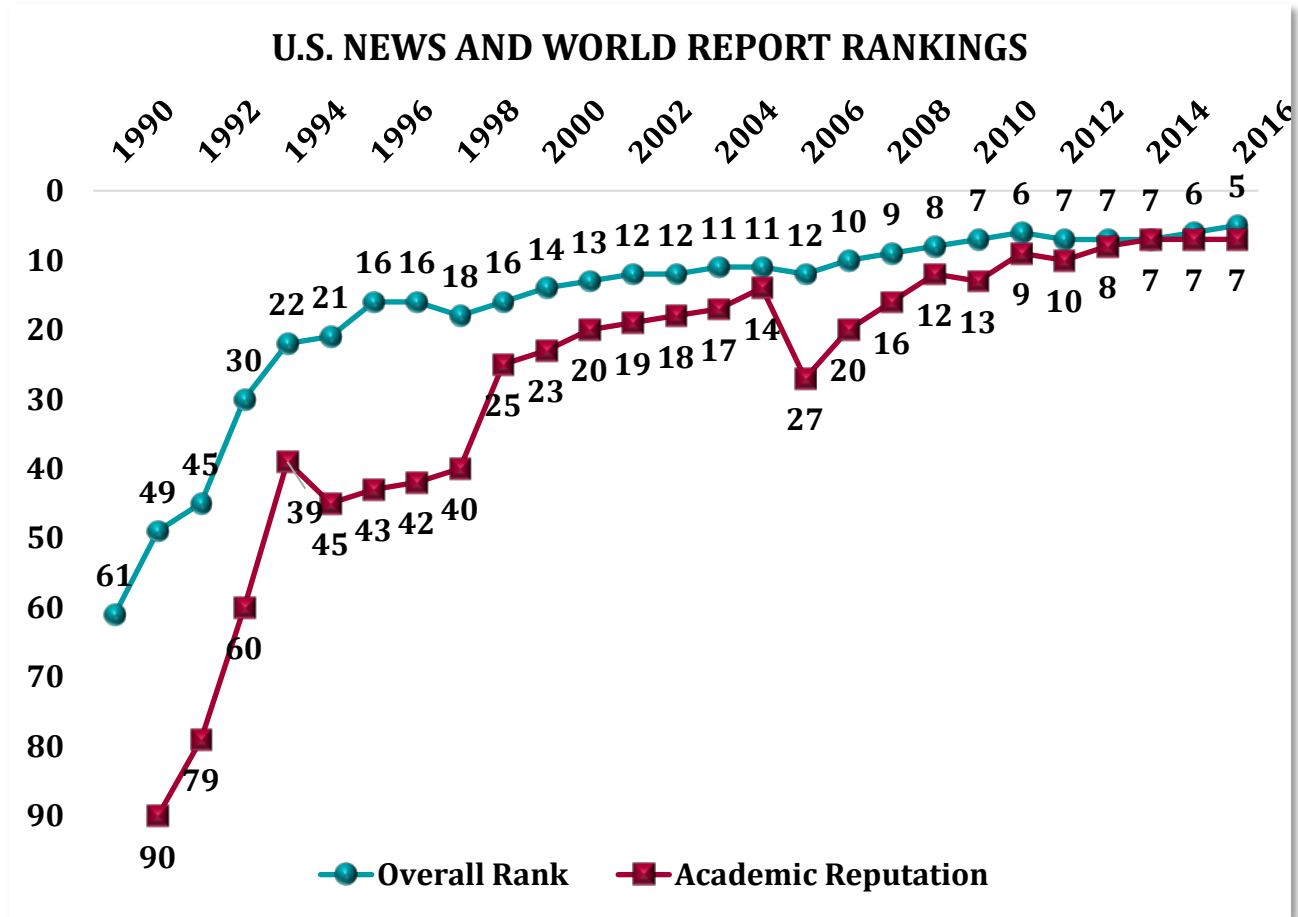
- Oversaw the installation and weeklong inaugural activities for the 13th President of Chapman University; attracted more than 6,000 people and star-studded list of guests.
- Orchestrated two successful board engagement activities: January 2017 Board Enrichment; and the June 2017 Board Retreat
- In an effort to build deeper alumni engagement, established a new Alumni Compact, an Annual Distinguished Alumni Awards Ceremony, and began the **“Think Chapman First”** Campaign to build student/alumni career opportunities.
- Implemented **“I’m In”** Faculty-Staff Annual Giving campaign.



STUDENT AND FACULTY FTE

Fall Term	Student FTE (Undergraduate + Graduate)	Faculty FTE*	Student to Faculty Ratio
2008	5,791.8	426.7	14:1
2009	6,090.4	448.0	14:1
2010	6,566.4	473.3	14:1
2011	6,878.4	502.0	14:1
2012	7,277.5	518.0	14:1
2013	7,574.6	541.7	14:1
2014	7,806.3	583.3	13:1
2015	7,988.0	595.0	13:1
2016	8,232.2	624.7	13:1

* Full-time Faculty + 1/3 of Part-Time Faculty



THE FUTURE

The Path Forward:
Engineering the Future

The Path Forward: Engineering the Future

President Struppa initiated the process for creating Chapman's next Strategic Plan through discussions with the Board of Trustees during his "President's Reports," then in a focused way during the June, 2017 Board Retreat. At the retreat he made a substantial presentation of the results of the past plan (*Moving into the Health Sciences: 2013-14 to 2017-18*) and a brief overview of the topics to be included in the next plan during the Board meeting of September 25. President Struppa also sought significant input from the Faculty, engaging with them on Strategic Planning during the August, 2017 Faculty Retreat, and then again during the October, 2017 town hall meeting. After these discussions and input were reviewed and analyzed, the next strategic plan was prepared and presented for formal approval. *Engineering the Future* was approved by the Finance Committee on November 30 and by the Academic Committee and the Board of Trustees on December 11.

Here are the main areas of emphasis in *Engineering the Future*:

- The Fowler School of Engineering – launch with Computer Science and Software Engineering, Computer Engineering and Electrical Engineering;
- The Continuing Development of the Rinker Health Science Campus – Expand services on campus; launch the Brain Institute, add new health science programs;
- Changing Student Profile – Our strategic response to changing demographics;
- Research – expand opportunities for faculty research and undergraduate and graduate student research; enhance support structures for research activities;
- The Chapman Experience – making Chapman “A place that people fight to get in to, don't want to leave, love to support, and never forget;”
- A Comprehensive Fundraising Campaign for the future of Chapman University.

The Fowler School of Engineering

Chapman has been discussing the prospect of a School of Engineering for most of the past decade. With the growth in size and strength of the Schmid College of Science and Technology, our expansion into the health sciences, and the completion of the Keck Center for Science and Engineering, the university is now poised for this important new initiative. The generous gift by the Fowler family provides a crucial financial foundation for a new school.

Engineering is critically important to the economy of California and the United States. California leads the nation in most high technology industry metrics, including employment (968,800 jobs) and salaries (average salary of \$123,900 per year). California's tech workers had the nation's highest annual average wage, which is 131 percent more than the nation's average private sector wage of \$53,600. In Orange County, there is a clear need for engineering talent. A recent McKinsey study reveals that there are 352 biomedical companies, 494 high-tech companies and 29 clean-tech companies in Orange County.

While other California universities produce high-quality engineers, they are not meeting the needs of the business and scientific community or the demand from students. From 2008 to 2013 applications to engineering programs at the University of California increased by 80 percent, while actual freshman enrollments increased at less than half that pace.

Moreover, California universities are not producing enough engineering graduates to meet the needs of employers. Only 4.4 percent of the undergraduate degrees awarded by U.S. colleges and universities are in engineering, compared to 13 percent in key European countries (the United Kingdom, Sweden, Finland, Denmark, Germany and France) and 23 percent in key Asian countries (India, Japan, China, Taiwan, South Korea and Singapore). In the past, the United States has been able to attract engineering graduates from other countries to meet the demand. Increasingly, however, employers in other countries are offering attractive opportunities for engineers, with excellent salaries,

facilities and growth potential. Thus, we can no longer assume that the world's top engineering talent will want to come to the United States to work.

Beyond the economic and demographic justifications for starting an engineering school, there are several benefits to Chapman University:

- Student quality. Engineering students tend to have the highest academic credentials among entering students. These students tend to raise the overall quality of students in all programs.
- Employment outcomes. Given the demographics, engineering graduates will improve the employment outcomes of the University.
- Continued growth of sciences. The establishment of the Fowler School of Engineering will attract additional focus on our existing basic science and health science programs.
- Interdisciplinary programs. Engineering is a gateway to other disciplines as engineers have the highest acceptance rates to graduate programs in health care, law, and business. In addition, the opportunities for synergistic undergraduate programs and “4+1” graduate programs in law, business and film will provide new opportunities for students in those areas.
- Extramural research funding. Engineering faculty are traditionally very active in procuring extramural research funding, which will grow Chapman's reputation as an important research center.
- Engagement of the business community. Engineering programs will attract additional industrial investment and engagement.

The creation of the Fowler School of Engineering will progress in two phases. In the first phase, we will expand the existing computer science, software engineering and data analytics programs within Schmid College. These programs currently have enrollments of approximately 240 majors and represent one of the fastest growing academic disciplines at Chapman. As we expand the faculty in these programs to meet growing demand, we will be mindful of hiring faculty who will transition into a school of engineering in the future and will be able to assist in curriculum development.

The first year of the engineering curriculum will be modeled after the successful Grand Challenges Initiative in Schmid College. This initiative provides students with the opportunity to tackle major problems in teams with an interdisciplinary focus. This GCI curriculum directly addresses our goal of training engineers who possess important communication, teambuilding and leadership skills in addition to a solid engineering foundation. These skills have been identified by prospective employers as critical to successful careers in engineering beyond the first job.

The Fowler School of Engineering will open in the fall of 2020. In this second phase of development, we plan to establish bachelors programs in computer engineering, electrical engineering, and a master's degree program in computer science.

From a budget perspective, computer engineering and electrical engineering are more cost effective than other areas of engineering as faculty startup costs tend to be much lower. These areas are also high-demand disciplines within the California economy. Thus, expanding into computer engineering and electrical engineering represents a logical extension of existing programs. This expansion should begin at the same time the Fowler School of Engineering separates from Schmid College in the fall of 2020.

Graduate programs in engineering will allow Chapman to attract the highest quality students for advanced study. They also provide some of the best opportunities for interdisciplinary collaboration between engineering and law, business and film students. Moreover, high-quality faculty with research agendas tend to be attracted to schools that have graduate programs. For these reasons, our plan is to add a master's degree program in computer science in the fall of 2022. Beyond the current five-year plan, expansion of the Fowler School of Engineering will consider mechanical, biomedical, environmental and civil engineering programs as avenues for future growth.

The table below summarizes the financial model for the engineering initiative for the next seven years.

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
New Engineering Enrollment	20	53	123	203	307	404	483
Total Engineering Enrollment	264	297	367	447	551	648	727
Incremental Net Revenue	\$333,036	\$917,847	\$2,209,899	\$3,924,793	\$6,413,871	\$8,779,217	\$10,964,369
Incremental Expenses:							
Compensation	197,200	1,637,365	3,733,646	5,483,113	7,260,379	8,166,940	9,007,124
Operating costs	0	94,800	132,770	151,755	207,655	210,355	224,755
Total -- Operations	197,200	1,732,165	3,866,416	5,634,868	7,468,034	8,377,295	9,231,879
Operating Surplus (Deficit)	\$135,836	(\$814,318)	(\$1,656,517)	(\$1,710,076)	(\$1,054,163)	\$401,922	\$1,732,491
Capital Costs (excl. Building)	\$0	\$1,550,000	\$1,550,000	\$1,575,000	\$1,575,000	\$795,000	\$570,000

Optimizing our Campus Footprint

Chapman's campus footprint now encompasses two vibrant campuses – the Orange campus, which is currently home to all undergraduate and some graduate programs, and the Rinker Health Sciences campus in Irvine. We plan to expand and improve our campus infrastructure through four major initiatives.

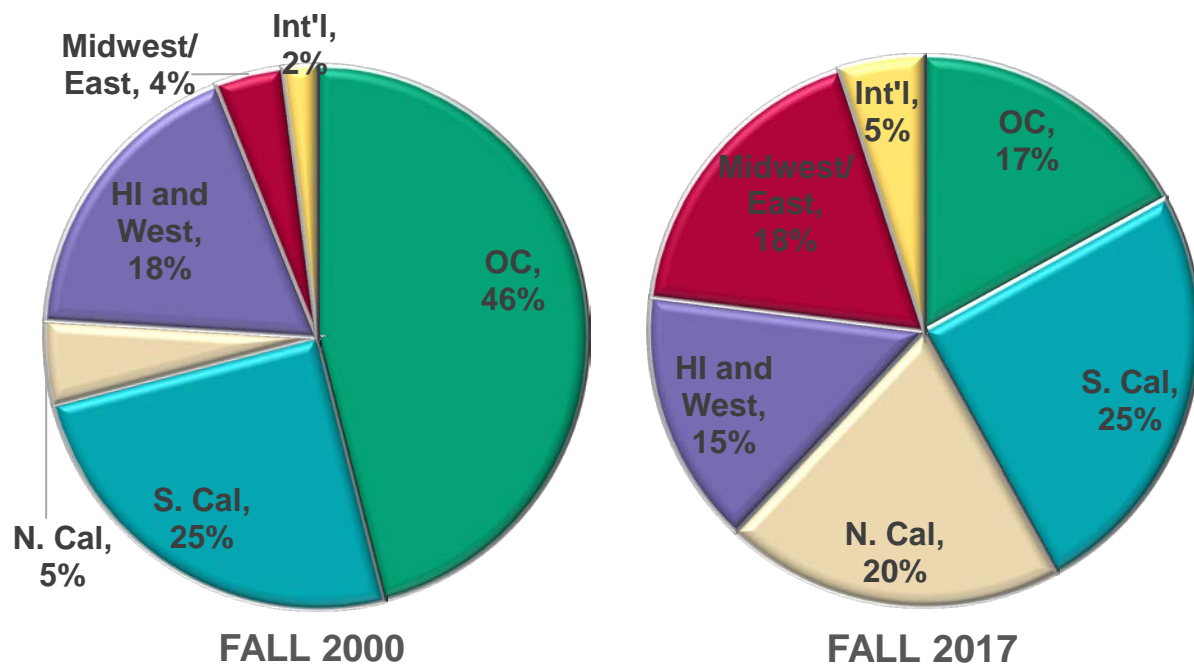
- **Student housing.** As the student population has grown, so has the need for university-owned student residences. We have established a goal of housing 50% of our undergraduate students in Chapman-owned residence facilities. We plan to achieve this goal during this next five-year plan. The recently purchased Chapman Grand apartment complex in Anaheim will open in the fall of 2018 and will be a very desirable residence for sophomores, juniors and seniors. Construction will begin on the VPO West Residential Village in the spring of 2018 and is expected to be complete by the fall of 2020. Together, these two residence facilities will add 1,303 beds to Chapman-owned residences.

- Engineering facilities. The Keck Center for Science and Engineering is scheduled to open in the fall of 2018. The building will contain state-of-the-art facilities supporting the Schmid College of Science and Technology. However, in the original budget, the north wing of the building was intentionally left as an unfinished shell available for future growth in the sciences. Now it has been designated for the Fowler School of Engineering, and therefore needs to be completed.
- Expand services and facilities at the Rinker campus. The Rinker Health Sciences campus is currently home to the School of Pharmacy and several graduate professional programs in the Crean College of Health and Behavioral Sciences. Plans for the Rinker Campus include the opening of the Brain Institute, expansion of research facilities including a planned expansion of the existing vivarium, and possibly adding or moving other graduate programs to the campus in Irvine. As existing programs have grown and future plans come to fruition, the need for student services at the Rinker Campus has become acute. *Engineering the Future* includes plans to add several staff positions for support services and security. The building at the corner of Alton Parkway and Hughes Street (14725 Alton) will be remodeled and designated as the home of the Brain Institute as well as offices for various service. The plans also include dining and recreation facilities, which have been identified as a high priority by students.
- Main campus expansion and renewal. We will continue our efforts to modernize and expand the existing Orange campus facilities. These plans include the renovation of Smith Hall (beginning in 2018), the second floor of Wilkinson Hall, and Hashinger Science Center. In addition, we plan to build new studios for the Dance program in the VPO packing plant and use the current dance facilities to expand the space committed to the Hilbert Museum. Finally, we will begin construction of a new parking structure, which is necessary before any further expansion of the Orange campus academic facilities can be considered.

Changing Student Profile

Chapman has been able to grow significantly during the past two decades despite declining numbers of prospective students in the most relevant 18-25 year-old age demographic. There are many reasons for this success. The most obvious is that Chapman has invested in the faculty and other resources that have enhanced our academic reputation, making Chapman the first choice for many of its applicants. In addition, concerted marketing and recruitment efforts have expanded our geographic market over the past two decades. In 2000, Chapman was principally a Southern California university, with 46% of the entering class coming from Orange County and only 9% coming from Northern California and the East/Midwest regions combined. By the fall 2017, only 17% of the freshman class came from Orange County, while 20% hailed from Northern California and another 18% came from Midwestern and Eastern states. This shift in geographic profile means that Chapman has been able to expand its market share during a period when peer institutions are facing declining enrollments.

GEOGRAPHIC DISTRIBUTION OF FRESHMAN CLASS: 2000-2017



While marketing and recruitment efforts in these diverse geographic markets will continue to be a priority, continued growth will require a concerted effort to identify and attract students from underserved segments of the higher education market. The next decade promises to bring a number of changes in the characteristics, values and types of students who will be going to college. In California, for example, Latinos/Latinas will soon become a majority of the state's population.

The changing demographics of high school graduates in California and across the nation provide the impetus for Chapman to enhance its curriculum and student support services in ways that will enrich the campus climate with a direct impact on student success. Equally important is the concept of multicultural competency, as employers will expect college graduates to possess skills that will enable them to collaborate, lead effectively, and navigate today's global work environment.

To ensure continued growth in an increasingly competitive market, we identified the following initiatives as essential steps to expanding our presence in underserved markets:

- Student recruitment. Develop strategies for recruiting students from underserved populations and first-generation students in our local community. Create support infrastructures and budgets in Admission and Financial Aid, plan early outreach activities, enhance community engagement, design yield events, and train recruitment staff.
- Community engagement. Develop and sustain outreach programs and partnerships with our local communities. Develop strong pathways for K-12 students in the local community and first-generation students to attend Chapman. Particular emphasis will be placed on engagement with K-12 students in the City of Orange, the City of Santa Ana, and the City of Anaheim—Chapman's closest neighbors.
- Campus climate. Develop and implement programs, services, and physical spaces to create a welcoming campus. Strengthen campus resources to create a campus climate that supports student success with the critical goal of increasing four- to six-year graduation rates. Support for Disability Services, Student Psychological

Counseling Services, Veterans Affairs, Financial Services, First Generation Student Support Services, the Center for Global Education, and the Fish Interfaith Center will be critical to this initiative.

- Curriculum. Support and expand interdisciplinary ethnic and cultural studies minors; service-learning opportunities connected to general education requirements; and professional development opportunities to assist faculty with curricular innovation.

Recruiting from underserved communities in Southern California requires convincing prospective high-quality students that Chapman is a welcoming and affordable alternative to state institutions of higher education. Enhancing Chapman's curriculum, increasing academic service learning and community engagement with Chapman's neighbors will help all Chapman students develop the multicultural and collaborative skill sets they need to become the effective leaders of tomorrow.

Research and technology infrastructure

Chapman is committed to the teacher-scholar model and will continue to emphasize a student-centered culture. Faculty research and student-faculty research collaboration play an important role in in this environment. By providing the infrastructure necessary to cultivate faculty research, Chapman is able to attract outstanding faculty from top Universities all over the world. These faculty bring research and creative talents to the university, and allow the integration of the knowledge creation process into the classroom and laboratory, enhancing the educational experience of our students. Our initiatives to expand and support our research and technology infrastructure include the following:

- Faculty development. Create/enhance the Faculty Opportunity Fund (seed grant program) to provide funding for exploratory research initiatives. These exploratory studies are often necessary to demonstrate feasibility in order to attract external grant funding.
- Student research. Provide increased support for graduate student research – particularly Ph.D. students – as well as increased funding for the Office of Undergraduate Research.

- Sponsored research. Increase support for sponsored research with the goal of improving the rate of success in obtaining external grants and increasing the amount of external funding.
- Economic development. In collaboration with the Leatherby Center for Entrepreneurship and Business Ethics, establish processes and develop opportunities for commercialization and industry partnerships.
- Research technology. Invest in high-performance computing resources to support computational sciences and engineering as well as existing research centers – the Institute for Quantum Studies and the new Institute for the Study of Brain Behavior, for example. Continue investment in the digital arts to maintain our current leadership position.
- Library of tomorrow. Invest in technology that will transform our Leatherby Libraries into the library of the future. This will begin with a period of self-study, in which we will gather input from students and faculty and study innovations at other universities as well as corporate information centers such as Google.

The Chapman Experience

To build competitive advantage in a market-driven industry like higher education requires Chapman University to *consistently* and *intentionally* deliver an exceptional experience to the members of the Chapman Family: students, staff, faculty, alumni, donors, board members and friends. In fact, Chapman must recognize that its competitors are no longer just colleges and universities, but instead other service providers, be they Amazon, Starbucks, Netflix, LA Fitness, Apple or Target, to name but a few. Higher education is part of the experience economy and the stakes to maintain market share are getting higher each year. Every interaction a current or future stakeholder has with the institution is an opportunity for Chapman to build brand loyalty and to gather information about future needs.

To assist our efforts moving forward, Chapman has initiated a three-year partnership with the Disney Institute. One of the world's most recognized names in business solutions and professional development, the *Disney Institute* is a training and development

company focused on empowering organizations to create lasting change through a time-tested model for cultural transformation. The Disney Institute helps organizations turn insights into action when it comes to developing and sustaining great experiences.

The Disney Institute will help Chapman define its exceptional service strategy. This will require leadership to operationalize the values and vision by which our University thrives. We will review and assess everything we do to determine how well it supports a service-minded environment and one dedicated to continuous improvement. This thorough review will allow us to:

- Clarify Chapman's strengths and opportunities, in a service-centric environment;
- Identify organizational barriers inside/outside Chapman;
- Identify current perceptions of Chapman leaders, faculty, staff, parents, alumni, and students concerning service;
- Gain insights into the opportunities Disney Institute may have to build and/or reinforce service-centric processes and practices;
- Guide the creation, adoption and implementation of process improvements.

Recruitment, orientation and career progression practices will need to be refined, so that our entire team of staff and faculty becomes engaged in, and rewarded for, building a service-minded environment through aligned behaviors and quality standards. Activities and practices must be examined to ensure they have the highest impact on student success and outcomes. Additionally, our alumni support network and offerings will need to grow and improve to enhance the personal and professional gains realized by our graduates.

Exceptional service is achievable for our organization because we can design architecture from systems and processes that we will determine and control. Our hope is to make Chapman a place that *people fight to get into, don't want to leave, love to support, and never forget.*

Comprehensive Campaign

As we are entering a new phase in the history of Chapman University, it is fitting that we undertake a major fundraising effort to support the university's planned growth and strengthen its financial position. The comprehensive campaign will be a seven- to ten-year undertaking with a goal of raising \$500 million to expand the endowment, support capital and academic program enhancements, and increase scholarship support for students. The campaign's funding breakdown is as follows:

- Endowment: \$235 million (47%)
- Capital/campus expansion: \$195 million (39%)
- Scholarships: \$50 million (10%)
- Academic program enhancement: \$20 million (4%)

The central goal of the campaign is to support *Engineering the Future*. The endowment and academic program enhancement funds will support our efforts to attract the highest quality faculty into academic programs that are recognized as distinctive and differentiated from our peers. Support of research and creative activities is central to creating distinctive academic programs. In addition, raising endowment funds will create endowed chairs and professorships that will help us continue to attract top-notch scholars in select disciplines. Scholarship funds will be important to attract, retain, and graduate the underserved student populations that are a significant part of the changing student profile. Finally, the capital component of the campaign provides funds to support the plan's initiative to optimize the campus footprint as well as fund additional expansion of spaces for classrooms, student services, and faculty research, including the Leatherby Libraries.

Enrollment Projections

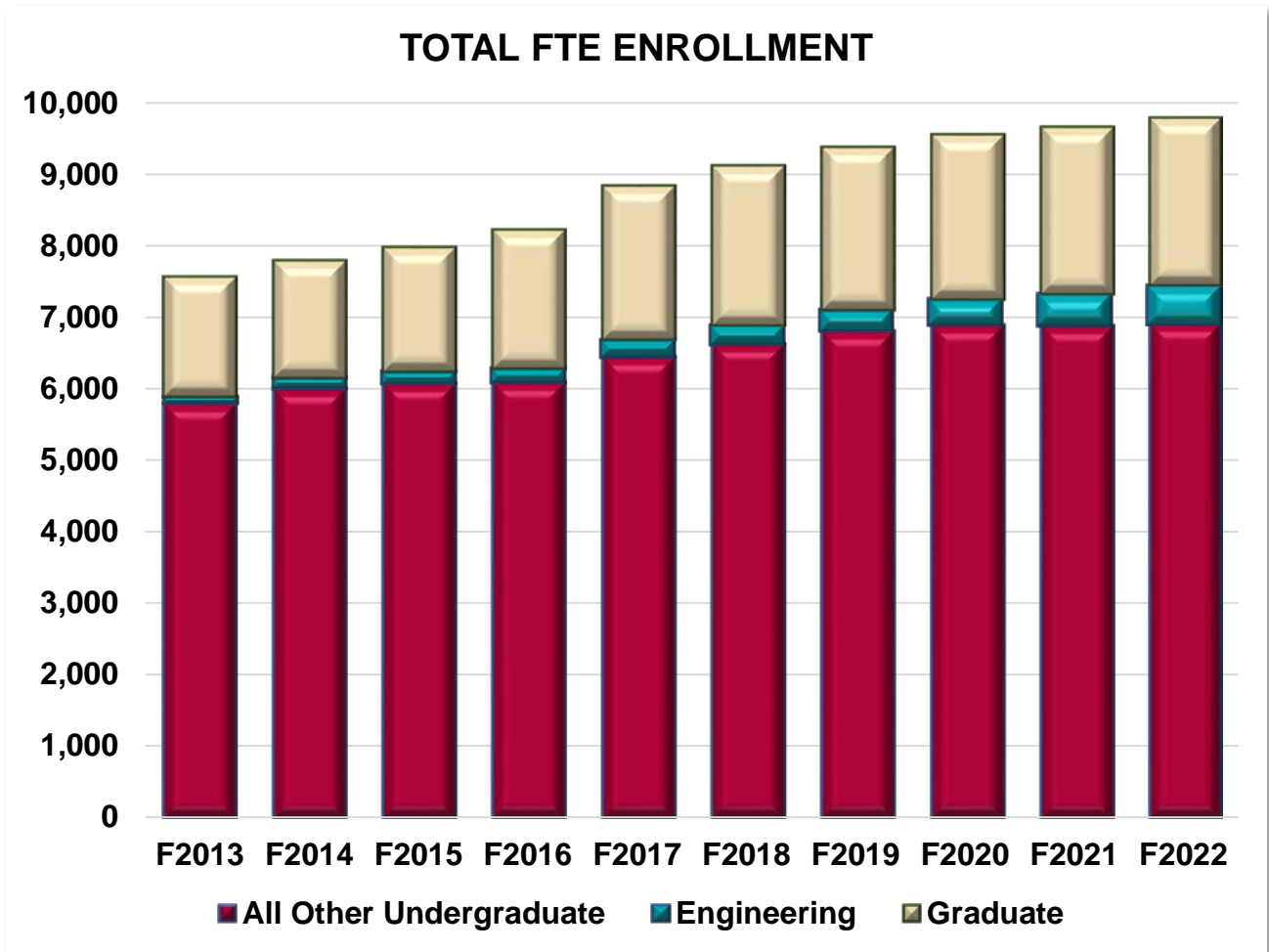
Enrollment Projections

Engineering the Future calls for a period of moderated enrollment growth, with undergraduate enrollment growth tapering down to 2% of the entering first-year class by the end of the plan. Most of this growth will be the result of launching and expanding programs in engineering. Current programs in computer science, data analytics and software engineering have been growing steadily and will continue to expand. The opening of the Keck Center for Science and Engineering will be a big draw as facilities play an important role in recruiting STEM students. Once the Fowler School of Engineering opens officially in 2020, we expect engineering enrollments to grow further, while enrollments in other undergraduate programs level off or reach practical capacity.

Graduate enrollment, following a period of aggressive growth principally at the Rinker Health Sciences Campus, will expand by less than 1% per year. Planned increases in graduate health science, pharmacy and film programs will offset declining enrollments in law. Enrollments in other graduate programs, particularly in business and education, will remain flat over the next five years.

ENROLLMENT HEADCOUNT AND FTE TOTALS AND PROJECTIONS: FALL 2013-2022

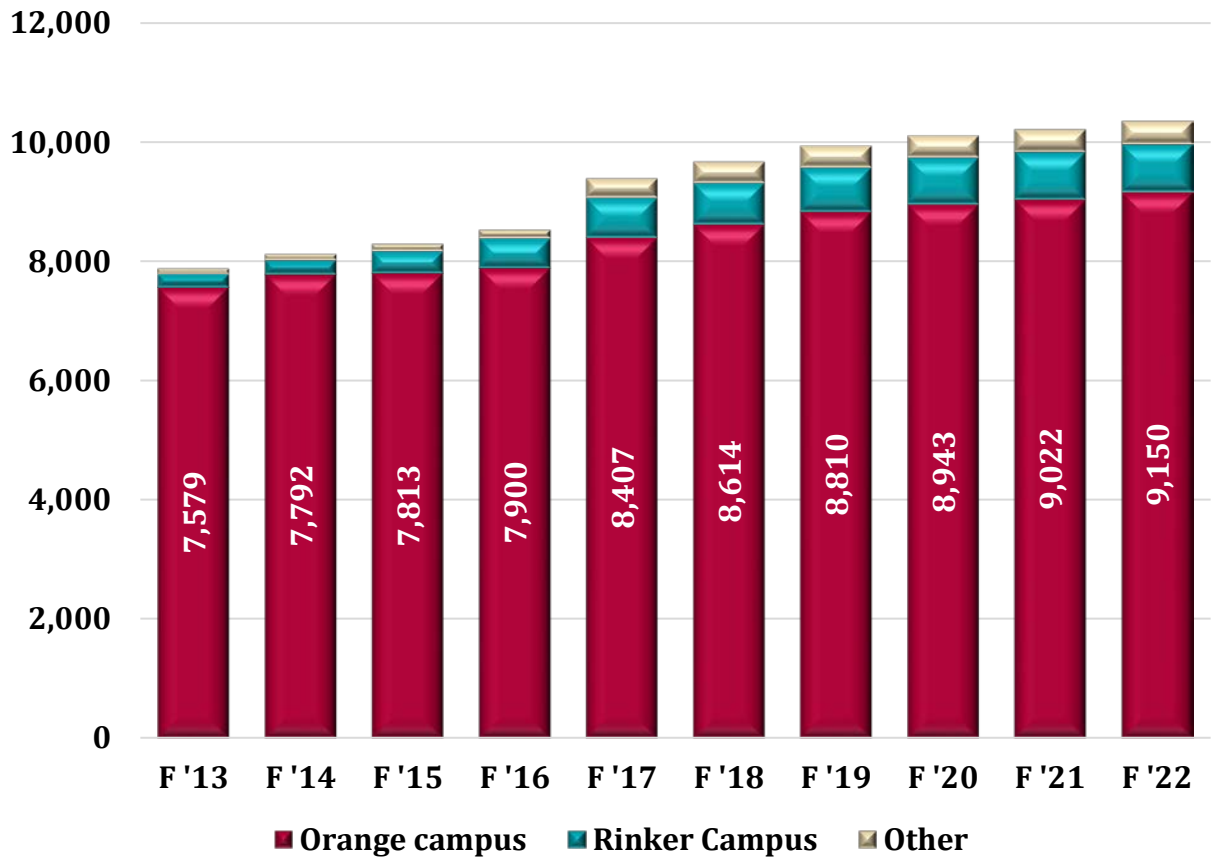
	F '13	F '14	F '15	F '16	F '17	F '18	F '19	F '20	F '21	F '22
Undergraduate enrollment (Fall):										
New frosh (incl. FEAP)	1,289	1,425	1,426	1,516	1,696	1,650	1,683	1,716	1,750	1,785
New transfers (incl. Post Bacc)	410	371	385	377	399	400	400	400	400	400
Non-degree (permit and exchange)	25	26	36	26	34	20	20	20	20	20
Total new students	1,724	1,822	1,847	1,919	2,129	2,070	2,103	2,136	2,170	2,205
Continuing UG (excluding High school dual enrollees)	4,281	4,459	4,516	4,491	4,682	4,938	5,124	5,243	5,286	5,373
Total undergraduates (excluding High school dual enrollees)	6,005	6,281	6,363	6,410	6,811	7,008	7,227	7,379	7,456	7,578
High school dual enrollees	0	0	0	0	209	250	250	250	250	250
Total undergraduate enrollment	6,005	6,281	6,363	6,410	7,020	7,258	7,477	7,629	7,706	7,828
Graduate enrollment (Fall):										
Attallah College of Education	384	383	372	338	350	356	353	352	350	350
Argyros School of Business	258	256	252	264	280	258	255	256	267	272
College of Performing Arts	0	0	0	0	1	1	1	1	1	1
Crean College of Health & Beh	295	306	353	391	473	485	510	534	542	542
Dodge College of Film & Media	225	222	230	256	274	292	317	316	316	316
Fowler School of Law	554	525	498	510	515	496	460	446	448	448
Schmid College of Science	86	77	79	102	108	112	107	104	104	104
School of Communication	12	7	5	9	9	12	16	20	24	24
School of Pharmacy	0	5	95	197	291	312	339	351	357	359
Wilkinson College	93	85	75	78	95	98	101	101	101	101
School of Engineering	0	0	0	0	0	0	0	0	0	15
Non-degree seeking <i>(Less: students in multiple schools)</i>	10	9	3	11	5	10	10	10	10	10
	30	24	20	24	29	25	25	25	25	25
Total graduate enrollment	1,887	1,851	1,942	2,132	2,372	2,407	2,444	2,466	2,495	2,517
Total enrollment (headcount)	7,892	8,132	8,305	8,542	9,392	9,665	9,921	10,095	10,201	10,345
FTE:										
Undergraduate FTE (excl. HS dual enroll)	5,897	6,159	6,246	6,287	6,691	6,889	7,104	7,254	7,329	7,449
Graduate FTE	1,678	1,647	1,742	1,945	2,156	2,238	2,282	2,304	2,334	2,356
Total FTE (excl. HS dual enroll)	7,575	7,806	7,988	8,232	8,847	9,127	9,386	9,558	9,663	9,805



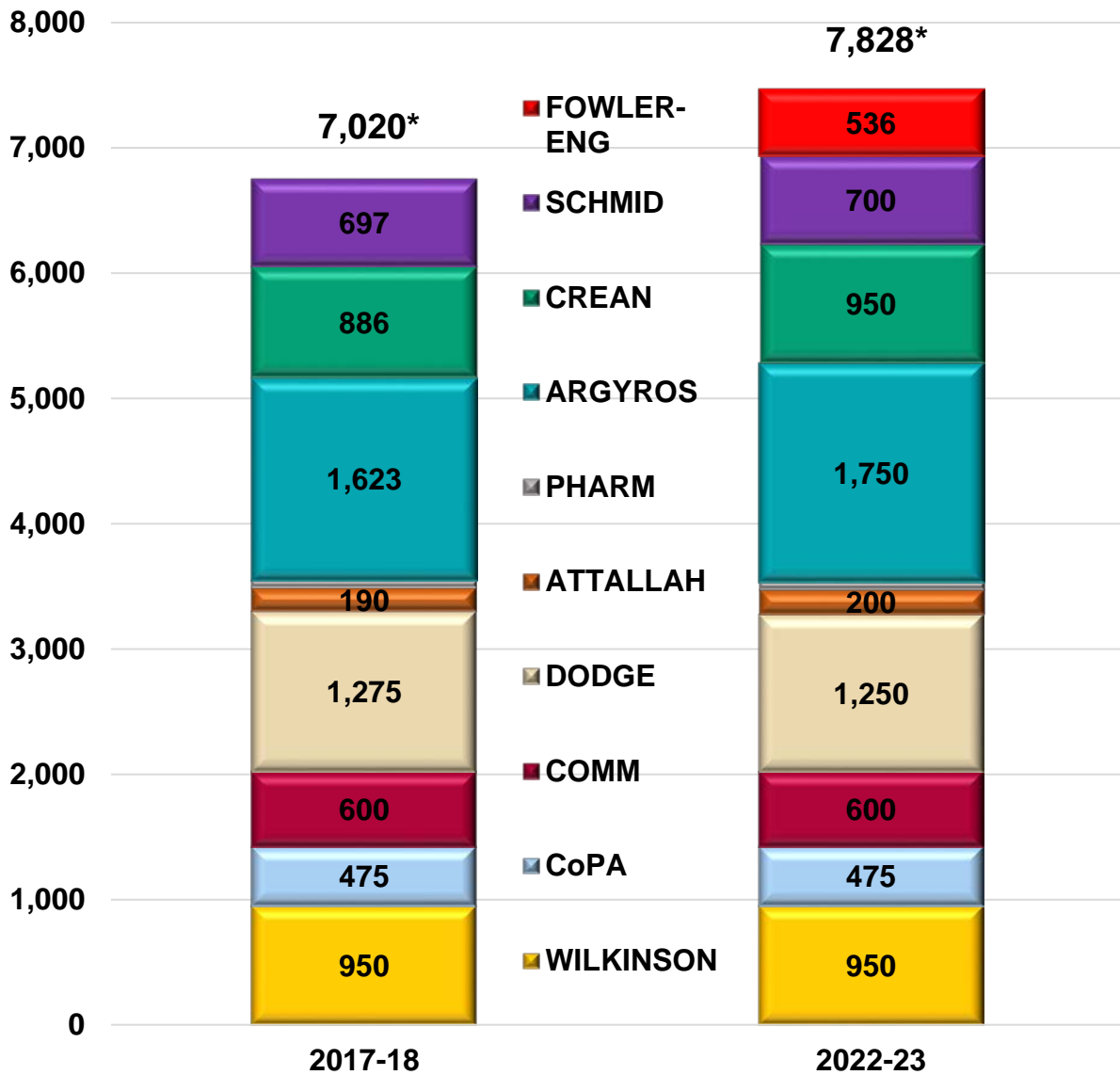
ORANGE CAMPUS STUDENT HEADCOUNT

	F '13	F '14	F '15	F '16	F '17	F '18	F '19	F '20	F '21	F '22
Orange campus headcount:										
Total enrollment (headcount)	7,892	8,132	8,305	8,542	9,392	9,665	9,921	10,095	10,201	10,345
less:										
Rinker campus	224	241	370	498	666	694	746	782	796	798
Study abroad and exchange (fall)	89	99	122	144	110	107	115	120	133	147
HS dual enrollees	0	0	0	0	209	250	250	250	250	250
Net Orange campus headcount	7,579	7,792	7,813	7,900	8,407	8,614	8,810	8,943	9,022	9,150

DISTRIBUTION OF STUDENTS BY CAMPUS

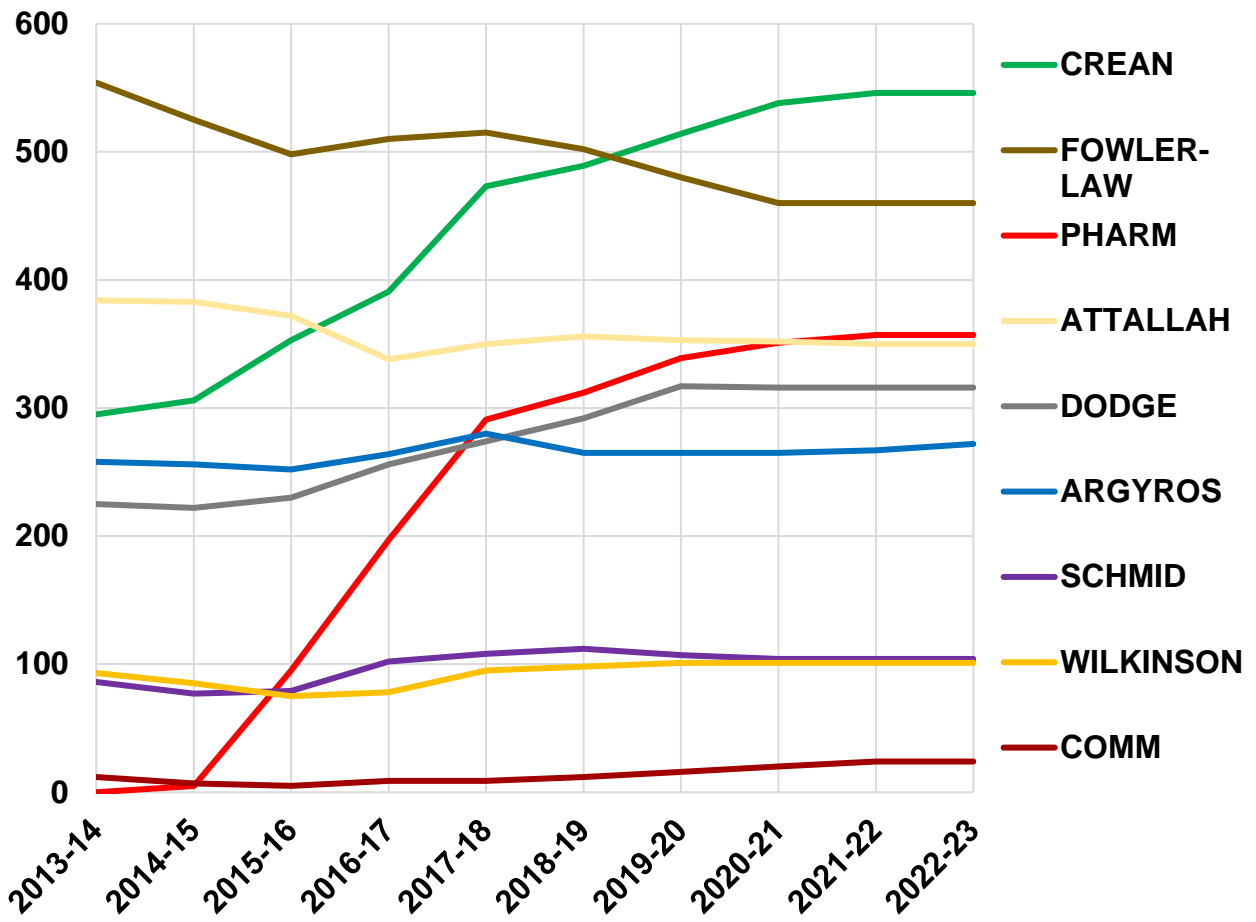


UNDERGRADUATE ENROLLMENT BY SCHOOL/COLLEGE



(*Total enrollment includes undeclared majors and non-degree students)

GRADUATE ENROLLMENT BY SCHOOL: 2013-2023



**Financial Pro Forma:
2018-19 through 2022-23**

Financial Pro Forma: 2018-19 through 2022-23

The first table on the following pages presents the key assumptions underlying the financial projections of the five-year plan, *Engineering the Future*. The financial plans hinge on enrollment projections, presented in the previous section, and assumptions about tuition increases, scholarship discount rates, and changes in expenses, especially expected increases in salary levels. The plan calls for annual tuition increases of 4% for undergraduate programs and 3% to 11% for graduate programs. Projected salary merit increases for faculty and staff range from 2.5% to 3% per year.

Following the table of key assumptions is a summary of tuition revenues for the next five years. The average annual dollar increase in total net tuition in this plan is \$18.3 million (vs. \$17.7 million for the previous strategic plan).

After the tuition summary is a summary of planned faculty and staff hiring. The plan calls for hiring 88 new full-time faculty and 102 new staff employees over the next five years. Several of the new staff positions will be assigned to the Rinker Health Sciences campus to provide services as we continue to build out the health science programs. This table is followed by two graphs, which illustrate the planned faculty hiring and explicitly shows the impact of new schools (Pharmacy and Engineering) on the ratio of FTE students to full-time faculty. Overall, the ratio of FTE students to FTE faculty will remain at 14:1.

When we combine projected total net tuition revenue with all other projected sources of revenue, and add to that expenses related to the various strategic initiatives associated with this plan, we can project the overall financial performance of the University from 2018-19 through 2022-23. The next table presents this financial pro forma.

Central to *Engineering the Future* is the plan for acquisition, renovation and construction of facilities in support of Chapman's mission, and consistent with the Plan's priority of optimizing our campus footprint and creating the *Chapman Experience*. There is \$202 million for 1,303 additional beds in new student residence projects. As part of the focus on the Fowler School of Engineering, there is \$25 million proposed for engineering

facilities in the Keck Center for Science and Engineering. The Rinker Health Sciences Campus is proposed to receive \$32.2 million in facilities funding. The complete list of proposed capital projects is presented in the final table, organized by proposed date of completion and showing all funding sources. Additional facilities projects will be added as external funds become available from the Comprehensive Campaign.

FINANCIAL PRO FORMA: 2018-19 THROUGH 2022-23

KEY ASSUMPTIONS FOR 2019-23 FIVE YEAR STRATEGIC PLAN

	FY19	FY20	FY21	FY22	FY23
REVENUES					
UG Tuition Rate	4.2%	4.0%	4.0%	4.0%	4.0%
Graduate Tuition Rate	3.3-11.1%	4.0%	4.0%	4.0%	4.0%
Law Tuition Rate	3.0%	3.0%	3.0%	3.0%	3.0%
Housing Rate	4.0%	4.0%	4.0%	4.0%	4.0%
Dining Growth Rate	4.0%	4.0%	4.0%	4.0%	4.0%
UG 1st Year FT Scholarship Rate (Fall)	42.5%	42.9%	43.3%	43.7%	44.1%
All UG Scholarship Rate	37.2%	37.2%	37.0%	37.3%	37.7%
Graduate Scholarship Rate	12.3%	12.5%	13.0%	13.5%	14.0%
UG Enrollment (Fall)					
New Freshmen	1,650	1,683	1,716	1,750	1,785
Percentage Change in New Freshman	-3%	+2%	+2%	+2%	+2%
New Transfers	400	400	400	400	400
UG FTE (Fall)	6,889	7,104	7,254	7,329	7,449
Graduate FTE - Existing	2,228	2,254	2,268	2,284	2,286
Graduate FTE - New Programs	10	28	36	50	70
Total Graduate FTE (Fall)	2,238	2,282	2,304	2,334	2,356
Total FTE (Fall)	9,127	9,386	9,558	9,663	9,805
Study Abroad	320	345	360	400	440
Students in Housing	3,033	3,415	3,415	3,415	3,415
EXPENSES					
Faculty Salaries Merit Increase Rate	2.5%	2.5%	3.0%	3.0%	3.0%
Staff Merit Increase Rate	2.5%	2.5%	3.0%	3.0%	3.0%
Full-time Benefit Rate	33.0%	33.0%	33.0%	33.0%	33.0%

FINANCIAL PRO FORMA: 2018-19 THROUGH 2022-23

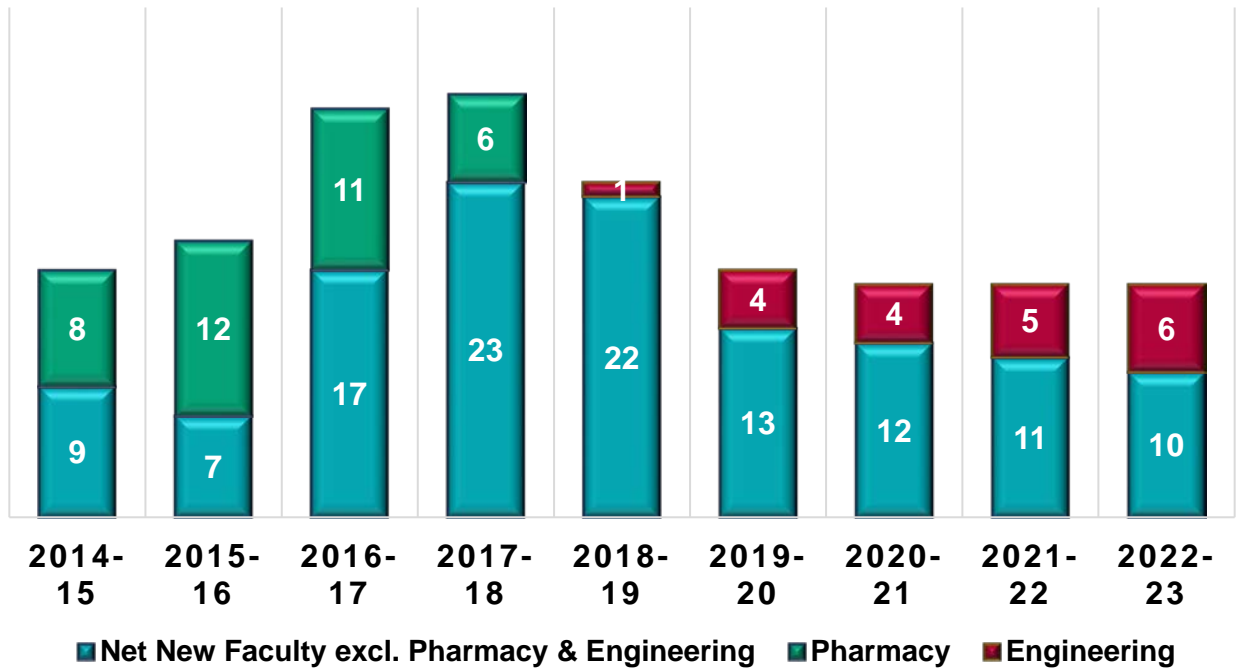
SUMMARY OF FTE ENROLLMENT					
	FY 19 2018-19	FY 20 2019-20	FY 21 2020-21	FY 22 2021-22	FY 23 2022-23
Undergraduate	6,889	7,104	7,254	7,329	7,449
Graduate:					
Existing Programs	2,228	2,254	2,268	2,284	2,286
New Programs	10	28	36	50	70
Total Graduate	2,238	2,282	2,304	2,334	2,356
Total	9,127	9,386	9,558	9,663	9,805

NET TUITION SUMMARY					
(\$ MILLIONS)					
	FY 19	FY 20	FY 21	FY 22	FY 23
Undergraduate Tuition and Fees	\$353.7	\$378.4	\$400.5	\$420.9	\$444.5
Scholarships	128.7	137.9	145.5	154.2	164.5
Net Tuition	225.0	240.5	255.0	266.7	280.0
Scholarships as a % of Tuition	37.2%	37.2%	37.0%	37.3%	37.7%
Graduate Tuition and Fees	97.8	104.6	110.5	114.2	120.3
Scholarships	19.9	20.5	21.6	22.8	24.3
Net Tuition	77.9	84.1	88.9	91.4	96.0
Scholarships as a % of Tuition	20.5%	19.7%	19.7%	20.1%	20.3%
Total Tuition and Fees	451.5	483.0	511.0	535.1	564.8
Total Scholarships	148.6	158.4	167.1	177.0	188.8
Net Tuition	302.9	324.6	343.9	358.1	376.0
Scholarships as a % of Tuition	33.5%	33.4%	33.2%	33.6%	33.9%

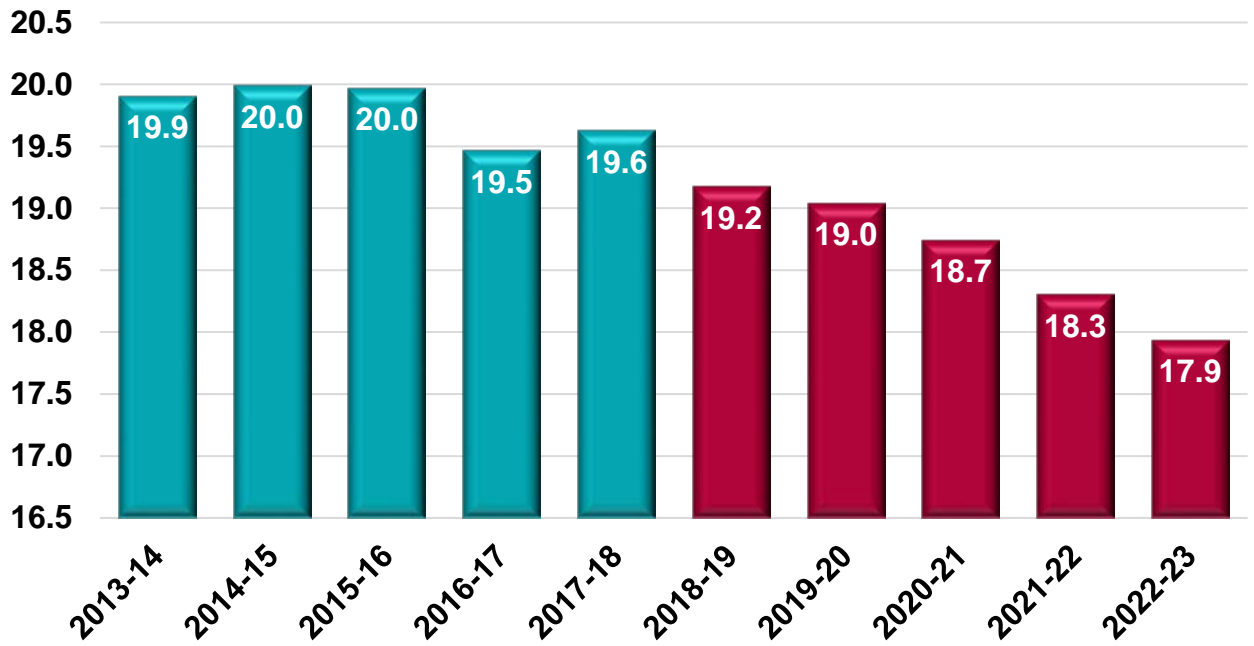
FINANCIAL PRO FORMA: 2018-19 THROUGH 2022-23

SUMMARY OF FULL-TIME FACULTY AND STAFF					
Full-time Faculty Positions	FY 19	FY 20	FY 21	FY 22	FY 23
Total Faculty Positions – Beg. of Year	497	520	537	553	569
New positions based on enrollment		9	7	3	6
New academic programs	2	5	4	7	6
New initiatives and all other	21	3	5	6	4
Subtotal: New Full-time Faculty	23	17	16	16	16
Total Faculty Positions – End of year	520	537	553	569	585
Student to Full-time Faculty Ratio	17.6:1	17.5:1	17.3:1	17.0:1	16.8:1
Staff Positions - FTE					
Staff Positions - FTE	FY 19	FY 20	FY 21	FY 22	FY 23
Total Staff Positions – Beg. of year	878	940	944	956	966
New positions based on enrollment			6	6	12
New academic programs		4	6	4	2
New initiatives and all other	62				
Subtotal: New Staff	62	4	12	10	14
Total Staff Positions – End of Year	940	944	956	966	980
Student to Staff Ratio	9.7:1	9.9:1	10.0:1	10.0:1	10.0:1

NEW FACULTY LINES



FTE ENROLLMENT PER FT FACULTY (EXCLUDING LAW AND PHARMACY)



FINANCIAL PRO FORMA: 2018-19 THROUGH 2022-23

CHAPMAN UNIVERSITY FINANCIAL SUMMARY						
(\$ MILLIONS)						
		FY 19	FY 20	FY 21	FY 22	FY 23
1	Revenue	\$375.0	\$403.5	\$424.7	\$441.2	\$461.6
2	Expense	360.3	389.4	408.3	424.0	443.0
3	Investment Capital	14.7	14.1	16.4	17.2	18.6
4	Depreciation (incl. in expenses)	35.3	39.9	40.6	42.8	44.4
5	Cash from Operations	50.0	54.0	57.0	60.0	63.0
6	Capital Expenditures	26.0	29.0	32.0	35.0	38.0
7	Net Available for Endowment & BREA	24.0	25.0	25.0	25.0	25.0
8	Designated for Endowment & BREA	24.0	25.0	25.0	25.0	25.0
9	Designated for Endowment	10.0	10.0	12.5	12.5	12.5
10	Designated for BREA	14.0	15.0	12.5	12.5	12.5
11	Balance	-	-	-	-	-

FINANCIAL PRO FORMA: 2018-19 THROUGH 2022-23

MAJOR BUILDING PROJECTS – FISCAL 2017-2023					
(\$ MILLIONS)					
	Completion	Project Cost	Funding Sources		
			Capital	Brea	Bonds
Chapman Grand Purchase	2017-18	148.0	-	38.0	110.0
Chapman Grand Renovation and IT	2018-19	6.5	-	6.5	-
VPO West Residential Village	2019-20	47.4	-	7.4	40.0
Aitken Arts Plaza	2019-20	2.0	-	2.0	-
Rinker Vivarium Expansion	2019-20	2.5	2.5	-	-
Dance Studio Expansion	2020-21	4.0	-	4.0	-
Keck Center Engineering Buildout	2020-21	25.0	25.0	-	-
Purchase 14725 Alton – Rinker Student Services Center	2021-22	13.7	13.7	-	-
Renovate 14725 Alton – Rinker Student Services Center	2022-23	16.0	16.0	-	-
Orange Campus Parking Structure	2022-23	40.0	-	40.0	-
Hashinger Science Center Renovation	2022-23	10.0	10.0	-	-
Total Cost		\$315.1	\$67.2	\$97.9	\$150.0

APPENDIX: PLANNED CAMPUS INFRASTRUCTURE PROJECTS

Appendix: Planned Campus Infrastructure Projects

CHAPMAN GRAND RESIDENCE ACQUISITION



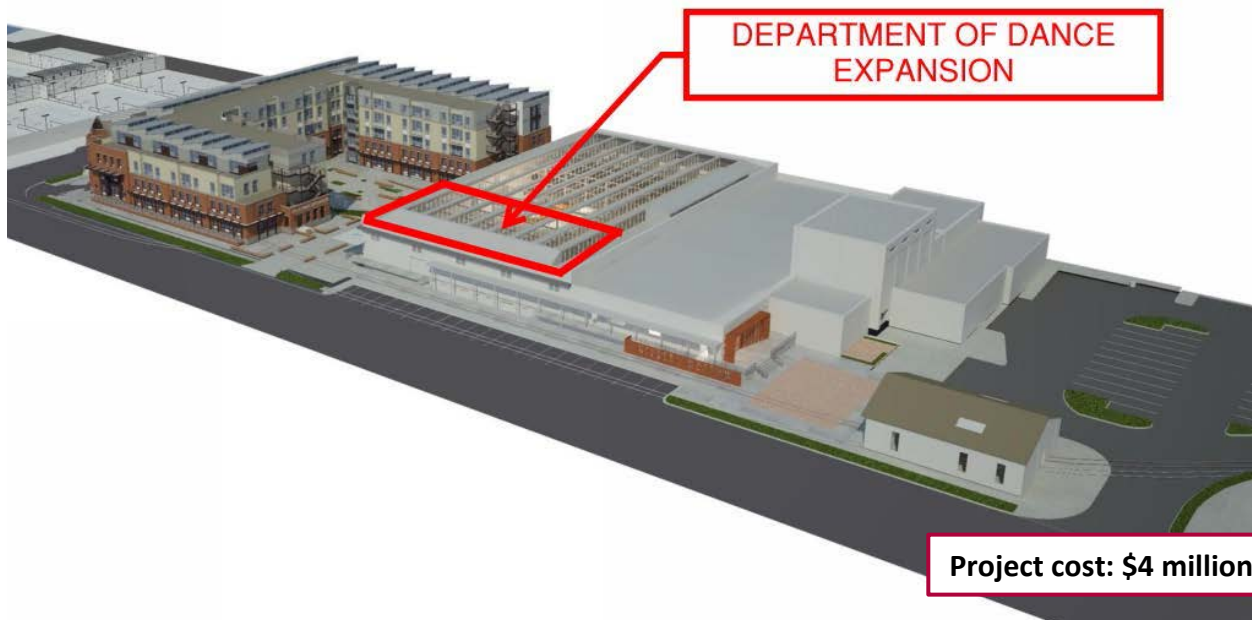
VPO WEST RESIDENTIAL VILLAGE



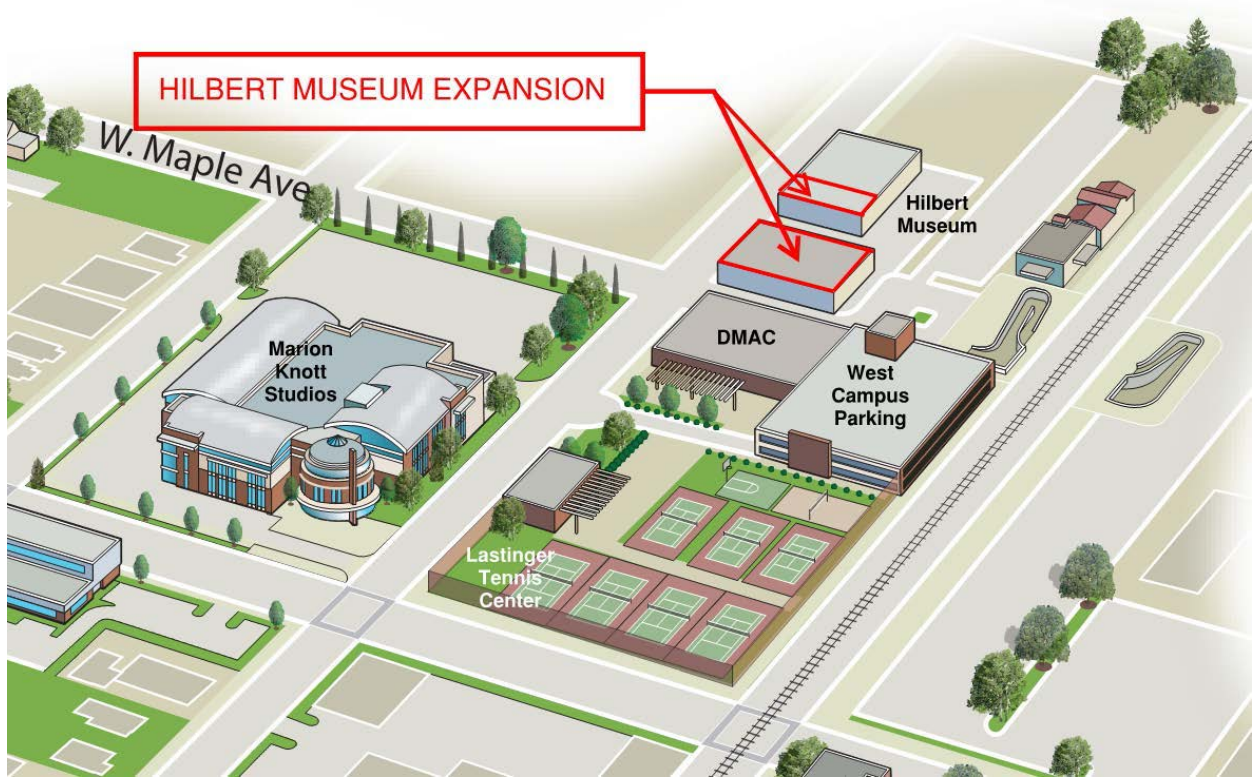
AITKEN ARTS PLAZA



PARTRIDGE DANCE STUDIO EXPANSION



HILBERT MUSEUM EXPANSION



ENGINEERING BUILDOUT – KECK CSE



HASHINGER RENOVATION



ORANGE CAMPUS PARKING STRUCTURE



VIVARIUM EXPANSION – RINKER HEALTH SCIENCES CAMPUS



14725 ALTON STUDENT SERVICES PURCHASE AND BUILDOUT



RINKER HEALTH SCIENCES CAMPUS MASTER LANDSCAPE PLAN

