



A Message on the Economy and Johnson College Priorities

To: The Johnson College Community
From: Dr. Ann L. Pipinski
Re: A Message on the Economy and Johnson College Priorities
Date: February 19, 2009

Dear Fellow Members of the Johnson College Community:

The impact of the global economic crisis has been widespread, and each institution of higher learning has had to chart its own course in confronting it. I want to describe to you what we are contending with at Johnson and how we are responding, as well as point to our continuing commitment to further the upward movement of excellence that has marked Johnson College for 90 years.

Major colleges and universities in recent weeks have sent out letters to their respective communities. It is now almost conventional wisdom that over the next year or two, universities will have to make cuts in staffing, and wring as much as possible out of their expenses. Johnson will not be immune from these measures and sacrifices; however, it is in a better position than many institutions.

Early initiatives have allowed us the ability to move ahead. Unlike many other schools, we have not cancelled hiring or capital projects. We intend to continue to move forward, and to do so following the guiding principles of our Strategic Initiatives. Our Strategic Initiatives 2011, which was completed well before the current economic problems, pointed out that if Johnson College is to continue its climb to becoming one of the truly great colleges, it has to be more disciplined and focused than the wealthier institutions against which it competes for students and faculty. The current crisis has not affected the priorities or strategies as laid out. It does, however, mean that we as a college will need to become even more disciplined and focused.

Every budget is a balance of — on the one hand — revenues and resources, and — on the other hand — needs and priorities. Thanks to the measures that were taken Johnson's budget is sound, but we cannot be complacent. For that reason, I want to provide you with a brief summary of the economic status of Johnson College, to describe the priorities that will guide our decisions in the coming months, and to outline the planning we have prepared in case we face a shortfall.

I. OUR REVENUE BASE

Tuition: Far and away our largest source of revenue is tuition; it accounts for some 78% percent of the College's annual revenues. So, the majority of our attention has to be directed towards this part of our budget.

Endowment: College and University endowments have been the subject of much interest in recent months. Our endowment has experienced a decline between June 30 and December 31, 2008 of 22 percent, however this is much better than many other institutions.

Fundraising: In 2008 Johnson College successfully completed the largest annual fundraising campaign in the history of Johnson College. Still, our donors to the campaign continue to honor pledges.

February 19, 2009

State Funding: Initial information regarding the Pennsylvania budget indicates that Johnson College will be taking a cut of 11% from last year. However, we are grateful that in fact we still have a place in the State budget.

Because of these risks to our revenue, I want to outline for you the College's priorities — which will guide the choices we make — and the additional planning steps we are undertaking in the event of a shortfall.

II. OUR STRATEGIC INITIATIVES AND OUR PRIORITIES

Strategic Initiatives:

1. Enhance Academic Excellence of Faculty and Students.
2. Enhance the Financial Strength and Efficiency of the College.
3. Increase Enrollment and Competitiveness in the Marketplace.
4. Increase Emphasis on Economic Development and Community Collaborations which Strengthens the Identity of the College.

In addition to our Strategic Initiatives we have additional priorities that we should focus on in these uncertain times:

- Sustaining Our Academic/Technology Momentum
- New Program Development
- More Institutional Financial Aid
- Preserving Our Campus Community to the Greatest Extent Practicable
- Continuing Education as it relates to the Economic Stimulus Package

III. POSSIBLE OPPORTUNITIES

The American Recovery and Reinvestment Act could have some opportunities for Johnson College. When it is finalized and we look to see how Johnson College can play a role, I will update you on how we can quickly respond to any opportunities. There are possible opportunities that might assist our College and our students such as training money, energy, funding for buildings, college work-study programs, increased Pell money for our students, continuing education/short term programs etc. Johnson College is relied on in the community to train and retrain in times like this.

IV. CONCLUSION

The above summarizes the situation we see today, but if the last six months has taught us anything, it is to expect the unexpected. As we know more and programs are updated I will share that information with you as well as look for suggestions and recommendations from the college community.

We cannot know for certain what the coming years will bring in the economy or for our College. I know that uncertainty is a challenge and tends to be filled by anxiety. However, I can assure you that the Board, the administrative leaders, and I will use every tool at our disposal to sustain our academic integrity and protect our mission; and we will do all that is possible to aid our students and their families, to preserve our sense of community and our collective morale, as well as maintain our momentum as outlined in our Strategic Initiatives document.

Sincerely,

Dr. Ann L. Pipinski