

UNIVERSITY CENTER

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David J. Steinberg, President

Memorandum

TO: Long Island University Community

FROM: David J. Steinberg, President

DATE: February 23, 2009

The freefall of the American economy continues to impact virtually every university and college in America, presenting challenges unprecedented in the higher education sector since the Great Depression. The newspapers are filled with stories about how different institutions are trying to cope and about how families are attempting to manage in this crisis. There is very little comfort, however, in knowing about misfortunes elsewhere. The challenge for Long Island University is to remain true to its own mission, to help each and every student persist, and to do whatever is necessary to strengthen the University, its finances, and its capacity to be a force for good in our nation.

The Board of Trustees met earlier in February to review in detail how our institution is functioning in light of the economic maelstrom. As I have written previously, our University has had to alter some of its policies and practices as it adjusts its budget downward. This will be an ongoing process. I also made it clear that we would not take important decisions based on supposition. The Oracle technology deployed in the last several years provides vital data in real-time, and the University is using this data to good effect.

There was a 3.6 percentage drop in enrollment across the University in the fall, resulting in a revenue contraction of approximately \$7 million. Based on billings for the spring term, we now project enrollment declines at both the undergraduate and graduate levels, which will result in an additional \$10 million shortfall for the spring. Summer revenues are notoriously difficult to predict, but we must anticipate a shortfall of at least \$3 million. In addition, revenues from various sources, including interest on operating cash, will likely be reduced by another \$2 million. Therefore, at this point we project that the University has a gap of approximately \$22 million this fiscal year.

So far we have addressed this problem by implementing a freeze in hiring, by limiting overtime expenses, and by reducing non-salary expenses by 20 percent. Where there have been critical faculty positions that must be filled, we have authorized those positions. In a few administrative areas we have also authorized new hires, but only in situations where the need has been pressing and to assure the smooth functioning and responsiveness of the University. The University Officers are sensitive to the difficulties created by curtailing operating expense budgets so substantially, and we acknowledge with gratitude your collective efforts to manage limited resources as prudently as possible.

As you have heard, the University has created an emergency student loan fund to which trustees, the University Officers, faculty, staff and donors have contributed nearly \$300,000 to date. Through this fund, students whose economic circumstances have suddenly changed can gain access to a loan in order to be able to stay at the University.

The University has seen its endowment contract from more than \$90 million to \$71 million. The climate for fundraising is obviously difficult, but I am gratified by the growing number of alumni who are continuing to contribute, even though they are feeling the pinch.

In the coming weeks we will make essential enrollment, tuition and budgetary projections. The Board of Trustees has instructed the University Officers to do whatever is necessary to balance this year's budget before August 31st, the end of the fiscal year, and to ensure that next year's budget also is balanced. Our bond covenants require this discipline. We simply must comply.

Even under these difficult conditions, the Board and the Officers remain fully committed to the Strategic Agenda, which places primary focus on students and their needs. As a result of steadfast effort, collaboration and imagination, several major initiatives continue to advance. For example, the new Web site will come online early in the next academic year, and student empowerment, as represented in the powerful new portal, My LIU, has changed how students navigate their years at the University. At its peak the number of daily hits was more than 20,000, indicating that this is an important tool that will help the University to change existing business practices and to improve service to our students. In the next month online billing and student registration, as well as the introduction of electronic document management in some areas, will dramatically change for the better how the institution functions. The University remains committed to harnessing modern technology to enhance learning, to permit blended and distance learning to thrive, and to give faculty the tools they need to deliver a superior education to our students.

The economic downturn has forced hard choices upon us and will impose yet others. As decisions are reached, we will do our best to communicate them in a straightforward and honest manner. Among the many options under active review are various plans that will reduce our payroll expense through voluntary agreements between the University and those employees who would find such an option attractive. Details will be forthcoming once the plans are finalized, hopefully in the next week or so.

As always, I extend my deep gratitude to you, the members of the University community, for your sustaining good will and cooperation. I am confident not only that Long Island University will survive and flourish but also that it will come out of these difficult years with a more focused sense of mission and clarity of purpose.

David J. Steinberg