

HOWARD UNIVERSITY

OFFICE OF THE PRESIDENT

December 3, 2008

Dear Members of the Howard University Community:

I am writing to provide an update on Howard University's financial position during this time of national economic crisis and to indicate actions we must take to ensure the stability of our University. The fact that we are in the midst of a national economic crisis is not new for those who have followed recent developments in our global financial and consumer markets, or received information from me regarding the University's financial situation during the past four months.

The financial crisis has impacted all sectors of the American economy. Colleges and universities are not exempt, as their endowments and budgets are under severe pressure. The broader picture for institutions of higher education is that the nation's economic markets are in turmoil; there is a credit crisis, endowments are shrinking, and universities are uncertain about how all of this will affect their spring and fall 2009 enrollments. These developments are impacting Howard University, and we will have to take immediate and appropriate actions to address them to secure the University's short and long-term fiscal stability.

I will continue to be open and candid about the financial issues Howard is facing as we navigate through these challenging economic times. Howard has faced financial challenges for an extended period of time. Minimal revenue growth, juxtaposed against increased expenditures for healthcare, technology, deferred maintenance and other mandatory costs, has significantly weakened our overall financial health. If we fail to respond to this situation, we will undermine the University's short-term operational effectiveness, and our long-term ability to achieve the University's historic mission and respond to national educational needs.

I addressed the major budgetary challenges and their implications for our University in my fall 2008 State of the University Address. The current market turmoil created by the economic crisis has exacerbated Howard's problems. At the November 2008 Board of Trustees' meeting, the Board adopted a resolution that requires the University to balance its FY-2009 operating budget before the close of the current fiscal year. Howard's current operating budget has a \$14.8 million deficit. We are tackling this head on, not as a Board of Trustees' mandate, but because we believe that this is the right thing to do in order to remain strong and competitive. We must be prudent and fiscally responsible. We need a balanced budget because we are responsible for and must be better stewards of our finances.

All available options will be considered as we implement strategic cost curtailment measures to reduce expenses. There are short-term measures that will be enacted immediately to address our deficit. These include, but are not limited to:



- a hiring freeze;
- a salary freeze until the end of the 2008-09 academic year;
- establishment of budget reduction targets for all Cabinet reporting areas;
- substantial reduction in consulting fees and professional services; and,
- substantial reduction in overtime, stipends, and travel.

These are some of the required actions that must be taken to balance the University's FY-2009 operating budget. To secure the University's future, we must identify sources of revenue enhancement and cost savings to ensure long-term sustainability. Working with our Board of Trustees' Academic Excellence Committee, we must continue to review our academic portfolio, with a goal of streamlining program offerings and operations, while improving overall academic quality. The academic portfolio assessment process must include as essential components: (1) research; (2) support for faculty, student and staff excellence and development; (3) internationalism and; (4) improved customer service. Collectively, they are indispensable in the achievement of our goal of becoming a top-tier national research university.

The immediate FY-2009 budget adjustments and continuing strategic portfolio evaluation are critical elements of the changes that must be made. These are University-wide priorities; and I encourage everyone to contribute in the effort to balance our budget by cutting expenses and nonessential costs. Howard University's financial challenges, like those of other institutions, are not insurmountable. Over the years, Howard has faced a significant number of challenges, which we have successfully overcome. I am very optimistic about our future. During this time, support is needed from every member of the University family. Our students, faculty and staff deserve the best that Howard has to offer, even in financially difficult times. With focused discipline and dedication from the Howard University community, we will achieve our short and long-term financial and educational goals.

I welcome your feedback and ideas regarding how we can work together to create the Howard University of tomorrow. I am confident that we can continue to work together in our various capacities to do all that is required to ensure the continued viability and enrichment of our beloved institution.

Sincerely,

Sidney A. Ribeau
President