STEVENS INSTITUTE of TECHNOLOGY
THE INNOVATION UNIVERSITY

Office of the President

Tel 201 216 5213

president@stevens.edu

October 21, 2020

To the Stevens Community:

As our university community is well aware, the coronavirus pandemic has created unprecedented disruption to many aspects of our society, our health and welfare, our economy, and to the routines that used to make up our daily lives. It has also had an extraordinarily disruptive impact on the higher education sector—on students, faculty, and staff, to be sure—but also on the financial health of colleges and universities across the nation.

Stevens has not been immune to these negative financial impacts caused by the pandemic. Faced with a budget gap of $36 million for FY21 (July 1, 2020-June 30, 2021) due to a projected revenue shortfall of $25 million—largely as a result of reduced housing and dining revenues due to campus de-densification measures—and increased COVID-19 related costs of $11 million, Stevens has implemented a number of measures to mitigate the negative financial impact and has produced a balanced budget for FY21. This balanced budget preserves core academic and student service capabilities; includes augmented student financial aid and $3 million in Stevens COVID-19 grants; and invests in significant health and safety protections for our campus. The Board approved this budget, which includes strategic reductions totaling 13%, at its October 16, 2020 meeting.

In adopting this budget and through an extensive collegial and consultative process among all divisions of the university, Stevens has taken a judicious and deliberative approach that minimizes, and in most cases avoids, many of the draconian measures that have been necessary at other institutions. Balancing our budget, however, has not occurred without sacrifice or unpleasant actions. These cost reduction measures were thoroughly considered with the goals of minimizing disruption—to the greatest extent possible—to students and student-facing services including instructional activities, to university operations, and to employees. Major categories of budget reductions include:

- significant reductions in travel, hospitality, and other materials and supplies expenditures, including more favorable contracts with several vendors of key services;
- continuation of the current hiring freeze, except for mission-critical positions and with approval of the Vice President for Human Resources and President;
- a modest number of furloughs and layoffs including through some departmental reorganizations;
- other personnel-related budget reductions, including the Voluntary Retirement Incentive Program and elimination of the merit and incentive compensation program for FY21; and,
- reduction of the net operating margin to a minimal threshold necessary to preserve the university's healthy financial profile and positive credit rating.

At this time, all conversations with those colleagues affected by personnel-related actions have already taken place.

While these are painful actions to take, it is important to put them into context.

First, they are far less severe than many other institutions have had to implement. Higher education and national media stories have recently reported the impact of significant budget cuts required at many public and private institutions in New Jersey and across the country; these cuts are very directly affecting the lives and livelihoods of individual faculty and staff, but also, importantly, academic programs and student services. The approved Stevens FY21 budget safeguards key academic and student programs and initiatives, accounts for new COVID-19-related expenses, and importantly, avoids many unpleasant measures implemented at other institutions, such as across-the-board reductions to salaries, benefits, and employee headcounts. It is also noteworthy that while many universities took drastic steps to reduce budgets last spring, including layoffs and furloughs, Stevens was able to weather the last seven months of financial impact and uncertainty and avoid budget reduction measures until now. This is a testament to the disciplined fiscal management systems in place and the collegial approach of key leaders throughout the campus community to address this significant budget challenge.

Second, enrollment remains strong at Stevens. Undergraduate enrollment increased 4% over last year. Graduate enrollment is 5% lower than last year, but we have a considerable number of deposits and deferrals of newly admitted international graduate students to the Spring 2021 semester. These statistics indicate that Stevens does not have a structural revenue problem, but that this year's budget gap is directly related to the particular challenges we are experiencing due to the pandemic.

Third, however, we must continue to be cautious and conservative in our budget oversight while simultaneously capitalizing on opportunities to distinguish Stevens in a post-pandemic world. No one can predict the near- or longer-term impacts that COVID-19 will have on higher education or on Stevens. We must preserve resources now so that—at the appropriate time—we have the ability to invest wisely in strategic opportunities that will set Stevens and the Stevens education apart when our society returns to "a new normal." This will be the work of our university community as we prepare for our next strategic plan in 2022.

Together, we will continue to carefully manage our way through this unprecedented pandemic period, supporting one another and our students, remaining true to our core institutional values, and ensuring that we achieve a stronger, safer Stevens.

Per aspera ad astra,

N. Farvardin
Nariman Farvardin
President