

President Message – September 29, 2020

Dear Campus Community,

In its 150th year, Lock Haven University stands at a crossroads as it looks to redefine its future and continue its mission. We stabilized enrollment this year even during the pandemic and “stopped the drop” for the first time in seven years. This was a community wide effort by all of us – administration, faculty, staff and coaches that we are very proud of. And I believe the quality of our offerings, location, brand and culture can provide further growth opportunities for LHU too. But over the past decade extended enrollment loss, increased labor and other costs, and lagging state support created significant structural deficits that cannot be ignored. As you know, in 2010/2011 we had 5,400 students and today we have about 3,000. Expense reductions have not kept pace with the dramatic enrollment losses. The misalignment between revenues and expenses created financial deficits and gaps that must be closed. For fiscal year 2020/21, we are projecting an E&G deficit of \$4.7 million and an Auxiliary deficit of \$2.7 million - a total of \$7.4 million that will need to be covered by reserves. But reserves are not recurring revenue and that should not be perceived as a long term solution.

The need to create a more viable financial foundation for today and into the future is something we must act on now so we can ensure the preservation of LHU’s mission and legacy of providing access to affordable, high-quality academic experiences to the students here in our local community and in the region.

Most of any university’s costs are represented through what is spent on personnel. And yes, this requires cost reductions across the board in both instructional and non-instructional areas. We have already enacted efficiency measures to reduce executive and administrative positions and costs and we will do more of that too.

We have dedicated, committed faculty and excellent programs. But these programs need to be more efficiently staffed and some may need to be discontinued or modified to meet changing demands and employment trends. This does not mean that every class will mushroom to 100. It absolutely does not. But too many classes which are offered in the single digits are hard to justify.

We are certainly not alone in higher education in looking at how we can keep our programs affordable and reduce costs. The options to do this are not infinite. And with the two years we have been given by the System to accomplish it and reach certain financial and efficiency targets within that time, it represents a herculean task. Our system is facing monumental fiscal challenges as a whole that effect each component campus, which impacts our own financial condition and available resources. The collective debt of the system and the financial circumstances of each university effects all the universities. This includes constraints on the use of reserves and the state appropriation formula. That formula is set by the board of governors and allocates state aid to the campuses. Up to now it has been fashioned to provide additional funds to struggling campuses who have not achieved higher levels of efficiency—and that will surely be changing—meaning significantly less state aid for us. Raising tuition for our students is not the answer either.

That’s why we find ourselves at the start of a process of a proposed system redesign/integration with fellow PASSHE institutions, Bloomsburg University and Mansfield University. The system’s economic and financial analysis indicates that this combination creates a scale necessary to achieve success in terms of

both cost savings and potential growth, and we have been asked to pursue it. This potential integration provides the opportunity to utilize the advantage of increased scale in expanding access to a greater diversity of high-quality educational programs across three institutions for the region's students.

This is the "vision." It is not, however, the "plan." Presently, it is a proposal, some have called it a "vision." At this early stage it offers promise. But the proposal has not yet evolved into a plan and therefore it does not yet answer the many questions that we all have - including me. We will have the ability to influence the potential elements of the plan and to advocate for what we feel is important to preserve critical elements of our identity in service to our region. For example, we are advocating for building mechanisms to deliver workforce development and short-term affordable credentials here. This is something we can work on with the Clinton County Economic Partnership. We are reaching out to talk to them about that, and to others like the Mayor & City Council, Commissioners, and School District so that we can work together to preserve and continue to recognize what the institution means to the local economy and the citizens here.

Most importantly, this also, of course, applies to involving the LHU community in developing such a plan over the coming months. Early integration planning discussions, in fact, include the participation of a local APSCUF designated faculty member. The input from faculty, staff, coaches and our students, donors and alumni is vital. A final plan will be presented to the PASSHE Board of Governors next year. We should take advantage of this time in the months ahead to influence its outcome. Details with regard to how to do that will be forthcoming.

Change of this magnitude and pace is hard. Taking this on in the middle of a pandemic only adds to the burden. So I understand and appreciate the concern and anxiety this is causing. I will continue to discuss this with all of our stakeholders. Our goal is to best preserve the culture, history, and heritage of our beloved institution and keep the needs of our community and most especially our students at the center of our decisions.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Sigurdson". The signature is written in a cursive, flowing style.