

Dear Messiah College Employees,

In April 2017, I announced that our campus community would be engaging in a prioritization effort in order to maintain Messiah College's short- and long-term financial vitality in a time of significant change and challenge in higher education.

**A recap of the challenge**

This initiative, rooted in the College's current strategic plan, required us to comprehensively assess our campus programs, functions and processes. *To help alleviate the strain on our annual operating plan, we need to achieve a total of \$1.8 million in permanent reductions by the beginning of FY20, with at least half of those reductions to be implemented by June 30, 2018.* (This targeted prioritization goal was increased earlier this fall from the original \$1.5 million due to a projected FY18 net tuition revenue shortfall.)

As I shared in my November 2017 President's Campus Update, the two teams formulating the recommendations related to prioritization, the Educational Program Area Task Force and the Administrative Support Area Task Force, completed their initial work. Those recommendations were then reviewed by the Prioritization Steering Committee and the President's Cabinet throughout November and December 2017.

**On track to meet our institutional target**

*I am pleased to report that, thanks to the diligent work of the task forces and all those who contributed to their research and analysis, we are on track to meet our institutional prioritization financial target. To date, between the recommendations of the two task forces combined, we have identified a total of \$1.46 million in savings to be realized in FY19 and \$244,250 to be realized in FY20.*

Additionally, the Prioritization Steering Committee and the President's Cabinet are currently processing further recommendations from the task forces for an additional \$94,000+ in savings that will allow us to meet or exceed the \$1.8 million target. However, some of these recommendations require a longer timeframe for analysis. It is important to note that these recommendations, to be announced later this spring, involve mainly operational and finance efficiencies versus personnel reductions.

Savings were realized in the following areas:

**Early retirement, personnel attrition and personnel restructuring**

- Retirement Incentive Option (RIO) retirements—with most positions replaced and savings realized from career pay differential;
  - Provost area—10 ranked faculty and six (6) curricular administrators/co-curricular educators
  - Other administrative areas—Eight (8) staff/administrators
- Position restructuring and voluntary attrition of positions across several divisions

**Operational efficiencies and reductions**

- Reducing operational budgets (i.e., print, professional development, hospitality, contracted services, etc.) to meet savings targets across all divisions (including a change to the board of trustees winter meeting location)
- Outsourcing some of the College's mail metering services
- Reducing some institutional software licenses

- Reducing institutional budget for legal fees
- Eliminating employee cell phone stipends as of July 1, 2018
- Streamlining the amount/location of campus watercoolers
- Remarketing of the College's debt to result in lower interest expense

**Curricular and co-curricular efficiencies and expense reductions**

(All majors, centers, QuEST, institutes and the co-curriculum were reviewed)

- Reducing the offering frequency of low-enrolled courses in selected majors
- Streamlining of curriculum in some majors in consultation with impacted departments
- Restructuring (operational and personnel) in institutes and centers, library, non-instructional college and departmental FTE allocations, the Registrar's Office and Student Affairs
- Eliminating excess sections in the QuEST curriculum
- Increasing enrollment cap of CCC courses from 22 to 25
- Implementing a per-credit fee (2019-2020) for independent and directed studies to realize expense reduction
- Managing base increases in ranked faculty salaries to realize savings in the faculty pool (while retaining increases from step increases) over a two-year period [There will be further information and discussion at the January 2018 Ranked Faculty Meeting.]

**Educational program phase-outs**

- Discontinuing the NCAA golf team (following the spring 2018 season; as announced to campus in December 2017)
- Phasing out of the criminal justice major; to be replaced with a concentration
- Phasing out of the German major; retain a minor in German

**Revenue increase strategies**

- Implementing a small increase in the room/board fee for summer student employees who live on campus
- Implementing a nominal fee for student health services

**Next steps**

I will continue to keep you informed through my quarterly campus updates as the prioritization task forces and steering committee finalize their remaining recommendations between now and the end of the semester. As we have experienced, prioritization is not a "once-and-done" undertaking. But central to this entire process is a commitment to achieve a solid financial foundation for Messiah College so that we will continue to fulfill our distinctive institutional mission now and in the future.

I am encouraged that the demand for a Messiah College education remains strong, and that our students are educated, mentored and cared for by such a dedicated and remarkable community of employees. Thank you for the thoughtfulness you have brought to the prioritization process, as well as your cooperative spirit.

Warm regards,

Kim S. Phipps  
President