



Mim L. Runey, LP.D.
Chancellor

May 5, 2025

Dear Colleagues:

Today, I write to you with a heavy heart as we announce a reduction in workforce that will be implemented this week. Throughout Johnson & Wales University's 111-year history, the institution has known incredible growth, success, and achievement while also facing many challenges, obstacles, and periods of instability. There has been one constant through all these periods—the deep commitment of all our employees to advance the greater mission of providing an exceptional education to our students, always working beyond any challenge. Today, Johnson & Wales University must overcome serious financial challenges while also building for our future.

In the next few days, we will notify 91 of our colleagues that their jobs will be eliminated as part of a restructuring and reorganization of key departments and programs and an overall reduction in workforce. This action will align our operational size with the reality of our current student population and budget. These reductions will affect both faculty and staff positions. We understand this will be difficult news for all of the JWU community. Those directly impacted will have an individual meeting with Human Resources by the end of the week and all will receive offers of severance during this transition. Meeting invitations will be distributed by Tuesday morning.

The decision to implement layoffs has been carefully evaluated and deeply deliberated by university leadership, with full support from the Board of Trustees. We simply cannot afford to be the size that we once were, and we believe this reduction will allow us to close a financial deficit and to move forward with a balanced budget.

A structural imbalance between revenues and expenses has created a current operating deficit of \$34 million. Budget deficits of smaller scale have been addressed in recent years by one-time cash reserve spends, mostly from the sale of real estate. This was always meant to be a temporary tool while we allowed investments in programs to create their expected returns. Without changes to the core way the university operates, the deficit could continue to grow, creating an operational imbalance that would be very difficult to reverse. Changes made now will mitigate the potential for a larger more severe impact in the future.

How did we get here?

From 2011 to 2021, the university experienced declines in enrollment despite investments in new programs and recruitment and several significant actions to counter the trends. Since FY2012, overall enrollment has

decreased 54 percent from a high of 17,294 (2011) to more than 8,000 each year for the last four years (2021-2024). Every academic area has been affected by these declines, including flagship programs. While there is some indication that we are on the right track with enrollment, we do not believe we will return to levels of enrollment that supported a much larger organization and operating budget. Our current student population is more than 50 percent smaller than it was in 2011, but our operating staffing and budget has decreased at a slower pace. Therefore, the changes we are implementing now will serve as a rightsizing of operations that will put the university on a stronger path.

Institutions of higher education also have faced various external challenges ranging from the demographic enrollment cliff, changing cultural attitudes toward higher education, loss of international students, and a host of other factors. JWU has not been immune to these challenges.

Building for growth

As many of you know, over the last decade, the university has taken intentional actions to address budget concerns while also investing in new endeavors. We are a much smaller organization than we once were as a result of the ongoing process to evaluate all departments and operations with close scrutiny toward efficiency and sustainability.

In addition to the closure of two of our campuses that had been operating in a deficit for several years, sale of underused real estate assets, and a reduction of upper leadership structure (by around 50 percent since 2012), we have also consolidated programs, closed low-enrolled programs, eliminated open positions through natural attrition, and streamlined multiple aspects of university operations. This work has accelerated in recent years to stem the tide of mounting external factors. Revenue from the sale of former campus buildings has helped to bolster the endowment, reduce overall debt, and cover deficits in the past three year's budgets.

As with most institutions, our greatest resource and the largest part of our operating budget are our employees. Throughout this time, we invested in our staff and faculty, providing compensation increases of 5 percent in 2022, 5 percent in 2023, and 3 percent in 2024, while also maintaining retirement contributions and other benefits including health insurance and paid time-off in spite of increased costs. This year, we will delay increases until later in the year when we can evaluate what is possible. Our one-time cash reserves are now nearly depleted, although the university benefits from reduced debt, a healthier endowment, and having maintained many talented staff and faculty.

In the last decade, investments in new programs have been broad-ranging and diverse. Some programs have yielded great results while others less so, and some were reduced or discontinued. These opportunities to introduce new majors and degrees is never endeavored without significant work, and these efforts provide important intelligence as we have gained greater understanding of the marketplace, changing student demands, and what subjects are most closely aligned with our unique brand and reputation. All of these efforts were helpful in developing our current strategic directions. We are more focused than ever on a path to progress.

More recent investments in new academic programs, particularly in health and wellness and new graduate offerings, have shown promising early results. They also have required start-up costs to build specialized facilities, to hire qualified faculty, to pursue accreditation, and to recruit new types of students. These new program investments, while showing great early outcomes, have not yet had time to yield returns that would significantly improve the operational budget. Although in the past we experienced more rapid growth of new program enrollment under different market conditions, today we plan with the conservatism that the times demand.

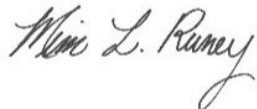
The future

We are at the beginning of a new journey, forged out of a moment of crisis. Through our collective leadership we will demonstrate the resilience that has defined our history and will emerge a stronger university deeply rooted in our core mission and values.

We are seeing reasons for optimism in our current strategic direction, but the stark reality is that Johnson & Wales University must endure a rapid evolution into a different way of working. We have elevated our academic quality and advanced our unique brand of applied learning while preserving the core hallmark characteristics of industry-responsiveness and student empowerment. These qualities will serve us now as they have for over a century. We have had success with improving student retention, persistence, and graduation rates. We are now seeing positive signs in every college. You are all a part of that success, and I appreciate your contributions to student achievement and the university's accomplishments.

Johnson & Wales University will continue on far into the future beyond all of us. The responsibility that we hold for that future is significant. Our actions, decisions, and commitments today will have ripple impacts for the university and our students for many years to come. As Chancellor, I am committed to creating an enduring and robust university, ready to meet the day and built upon a strong foundation. I thank you for your commitment to the university and our students.

Forever JWU,

A handwritten signature in cursive script that reads "Mim L. Runey".

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