

## Message about Budget Process

September 28, 2012

Colleagues,

As you know, following the legislative session this past spring our university budget was reduced by \$19 million dollars effective July 1, 2012, part of a \$50 million reduction in our recurring budget since 2007.

In making decisions about our budget, we endeavored to find ways to strategically re-invest so that we could continue to emphasize and strengthen as much as possible the academic core of our campus, the work that goes into teaching and supporting our students. As a result, the percentage of reallocations was higher for administrative units, including the offices of the President and the Provost, than in academic units.

Due to several events outside of our control, we did not have a lot of time to absorb the cuts for the FY 2012-13 budget. Yet, even in a compressed time, we made appropriate adjustments to the original "across the board" targets.

We want to avoid a hurried decision-making process in the future. Instead, we began providing financial information to units over the summer and we want to use this semester to work together to make even more thoughtful, data-informed decisions for the FY 2013-14 budget. For example, as part of the General Assembly's biennial budget process, we already know that we won't receive any increase in state appropriations next year. So, we have begun the process of making plans for the 2013-2014 budget now, which again will include strategic reallocations to cover fixed cost increases and make strategic investments in our people and programs that will advance as much as possible the most important work we do in teaching students and providing direct patient care to those in need.

The beginning of that process this semester has prompted, understandably, questions about what will take place and the time frame for decisions. Here's where we are in that process:

- Even as we were completing this year's budget, we gave units tentative targets around which to build a preliminary plan as to how they would address the needed reallocations and strategic reinvestments in FY 2013-2014.
- These preliminary plans represented the starting point. The idea is to provide additional time so that everyone can take an even more deliberate approach to address the reallocations for FY 2013-2014. To this end, we began having meetings in the summer with various units to more fully understand their budget needs and carry on a dialogue on how to implement these reallocations and make the right strategic investments in education and research.
- For example, within the provost's units specifically, we are having focused meetings with deans and unit directors to re-evaluate the plans they proposed and further refine these plans.

- During October, we will have additional meetings in which the plans will be again evaluated and further refined in light of the projected revenues for this year.
- Once all the plans are refined, we will begin assessing them together in early November for final decisions. At that point, units will know what adjustments they will need to make and can begin informing their faculty and staff prior to the close of the semester with the goal of implementing the necessary actions early next year.

It is important to underscore that the overarching goal is to do everything possible to advance student success and strengthen our research enterprise. As we strategically grow -- both in the number of students and in their academic preparedness -- we must also fund and implement the strategies necessary to continue to improve retention and graduation rates and further bolster our efforts to conduct research that transforms communities and advances discovery.

That's the right thing for students and the state we represent. It's also the right thing for the university as we seek to find ways to generate new and enhanced revenue sources to fund our ambitions and continued ascent in a time of continued economic challenge.

This two-step approach -- of creating initial plans and then evaluating and re-evaluating them over the course of this semester -- will allow us to assure we again enhance as much as possible our academic and research core and top priorities.

At the same time, such a methodical and deliberate approach will allow for potential mitigation of the size of the reallocation. We are in the process now of evaluating the potential increased revenue of a larger than budgeted for first-year class.

A similar process -- of evaluation and re-evaluation of plans-- is occurring beyond the Provost's office throughout administrative units across campus.

Please know that as part of this challenging but necessary process, we are taking all steps possible to be deliberate and thoughtful. As we continue this process over the next few months, we are committed to treating with respect those who may be impacted by tough, and, yes, painful decisions.

Throughout this period, we will be sensitive to the uncertainties and anxieties that exist and communicate as much as possible and answer the understandable questions and concerns that arise. In the meantime, thank you for your continued commitment to this institution and the important work that we do together.

Sincerely,

Eli Capilouto  
President

Tim Tracy  
Interim Provost