



Monday, October 13, 2008

TO: All UConn Employees
FROM: President Michael Hogan and Provost Peter Nicholls
SUBJECT: University Budget

Dear Colleagues,

There has been much discussion of the difficult budget situation we are confronting and the ongoing economic challenges that are facing the state and the nation. We write to you today to communicate what we know about our current situation and our future, and to let you know how much we value the many phone calls, e-mails, and letters we've received in support of our efforts to manage this daunting budget situation. Indeed, it has been moving to see the expressions of your resolve to work with us to help UConn in this difficult time.

Let us share what we know now and what we anticipate.

It seems clear that we will continue to face a very difficult budgetary climate. This probably comes as no surprise to most of you-- we've all been following the news about the worldwide economic situation. By many accounts, the forecasts regarding the difficulties Connecticut is facing are not as dismal as what some other states and their public universities must address. Nonetheless, we are already experiencing a 3% reduction in our budget for the current fiscal year, and further reductions seem likely.

This is the message that Governor Rell communicated in a meeting last week with President Hogan and the Chancellors of the Connecticut State University and Community College systems. The Governor provided an overview of the state budget and the ongoing fiscal challenges that the state is confronting. In our discussion, it was clear that she is struggling with the budget shortfall as much as we are. The economic realities are not ones that any of us can ignore and we appreciate her candor in speaking directly with us.

The Governor did not consider it desirable to manage the current budget shortfall by depleting the state's rainy-day fund. She opposed new or higher taxes, and she reiterated her deep misgivings about another early-retirement plan, which would do little in her view to aid in the current circumstance. With these options off the table, she urged us to be prepared for the possibility of further reductions in our budgets.

While these are only possibilities at this point, it seems best to anticipate them and plan accordingly. This is what the Governor has asked us to do and what we have asked our deans to do, beginning with planning for the possibility of another 2% rescission in this fiscal year and further significant rescissions in FY10. At the request of Gov. Rell, we have also asked the deans

to manage any additional rescissions, so far as possible, without significant layoffs and without impeding student progress or the quality of the education we deliver.

Recognizing the enormity of this cost-savings task, we are exploring the use of one-time (i.e., non-recurring) funds to address additional rescissions this year. This strategy cannot cover us into the future, but it will buy us time to make more strategic permanent cost-savings decisions. Also, we are, of course, continuing to abide by the Governor's request to freeze hiring and out-of-state travel on state funds. In addition to these steps, we are examining ways to generate additional revenues, including carefully looking at enrollments at Storrs and our regional campuses in select areas of high demand and state need.

We have always made it a point to be straightforward with you—even when the news is not positive. We believe that being forthright gives us more of an opportunity to think collaboratively and creatively about how we will manage these daunting budget rescissions in a way that will preserve, even advance, the gains UConn has made in the past several years.

Knowing now what lies ahead gives us more time to plan for it and, we think, a greater capacity to manage it. Your deans and directors will need your creative input to most effectively address any additional rescissions, and we ask that you give them the same support and confidence that you have given us.

Of course, we would much prefer to be sharing news of a great prosperity that has come our way. Although this is not the case, we remain convinced that UConn is a great public research university with a committed and talented group of faculty, staff, and students. We firmly believe that the current challenges will only make us stronger as we work through them together and with the best interest of our university uppermost in our minds.

Sincerely,

Michael J. Hogan
President

Peter J. Nicholls
Executive Vice President and Provost