By now you may have heard about the Joint Budget Committee’s decision yesterday to cut the State’s funding to higher education by an additional $300 million in the FY2010 budget. This action follows several other smaller cuts to higher education’s FY2009 and FY2010 budgets, and is in response to updated budget forecasts from late March that predicted a statewide revenue shortfall of $1.4 billion for FY2010.

Previously I have communicated to you actions by the Governor and the JBC that seek reductions to the 2009 and 2010 budgets. We have been able to manage within those cuts through strong enrollment and careful and prudent financial management. Unfortunately, yesterday’s news changes our outlook considerably. The $300 million reduction – along with earlier cuts - equates to approximately $11 million in reductions to Mines.

The information presented in today’s Denver Post closely matches what we know so far. The JBC hopes to backfill the proposed $300 million cut by transferring what it believes are excess cash reserves from Pinnacol Assurance, while the Governor has requested that a portion of the earlier cuts be backfilled by federal American Recovery and Reinvestment Act funds. Without going into the specifics on the many issues surrounding the Pinnacol transfer, I believe the prospects for this occurring are still much in doubt. Moreover, even if the transfer occurs it will only be a one-time solution, meaning the problem will reappear in FY2011 given the likely economic conditions as well as restrictions in Colorado’s Constitution.

The appropriations bill for FY2010 begins in the House on Monday. The process will continue for about a month to early May. There is no way to predict how long the discussion surrounding the Pinnacol transfer will take, or if it will even get resolved in time.

I have directed senior administration to work with their direct reports and the campus budget committee to begin the process of determining how Mines will plan for this dramatic revenue shortfall. It is quite understandable that, during such difficult and uncertain times, there will be many questions, considerable speculation and a desire for information. We will communicate with campus as frequently as significant information is known and decisions are made.