As you are all no doubt aware, the economic downturn is being felt nationally as well as in Colorado. The global economic picture has not been bright for some time and has considerably deteriorated since mid-September. In order to address this economic downturn and its probable impact on our budget, this past fall I instituted a hiring freeze on all non-academic faculty positions and asked all Vice Presidents to delay, reduce or forgo certain expenditures in their respective areas.

The Governor’s Office and the Legislative Council have respectively developed forecasts for the state’s revenue projection for both this current fiscal year as well as next year. While both forecasts vary greatly, they both reflect a significant deficit in the state’s operating budget for both this year and next year. That deficit will need to be eliminated with budget cuts from several state sources and higher education will clearly be one such source. As you know, our state’s constitution not only mandates a balanced budget, but also has provisions which control allocation of funds.

There has been and will continue to be considerable media coverage on the “budget crisis”, including early projections that the Governor’s Office has publicized on how much higher education might need to shoulder in terms of cuts. However, at this time, we are not certain that those early projections take into account the full impact of the cuts that could be seen by higher education. We expect more clarity when the Governor submits his fiscal year 2009 and fiscal 2010 budget plans to the legislature later this month. In addition to state budget issues, the market value of our endowment investments has declined significantly and we are seeing indications of reduced sponsored research funding for certain programs next year.

Recognizing this uncertainty, our objective must be to preserve budget flexibility without diminishing the quality of education and services to our students. With this mind, I urge all faculty and staff to exercise careful considerations when expending funds. Discretionary spending on items such as non-critical travel, official functions that include food and beverage, non-essential equipment purchases, and any other discretionary type spending must be delayed, reduced or forgone in order to protect the existing budget of the school. Except for funds expended on sponsored research projects, this deliberate assessment and reduction of expenses must be done regardless of whether the funds were to come from the state, auxiliary enterprises, or the CSM Foundation. Being prudent now with our spending will help us to prepare for the impending negative impact that will surely be seen by higher education.

When I receive more clarity from the Governor’s Office regarding the impact to higher education and more specifically Mines, I will communicate further with you a plan on how we will move forward through these difficult times. Thank you for your continued commitment and support of Mines through these challenging times.