Dear Colleagues,

Since the town hall meeting on April 22, the state’s budget for FY2010 was signed into law by the governor. The FY2010 budget currently protects funding for higher education at the FY2009 level with the assistance of funding from the American Recovery and Reinvestment Act (ARRA). The bad news is that the storm clouds have not cleared; and therefore demands that we must continue to manage our finances prudently. The following unresolved issues will continue to put pressure on budget discussions:

- ARRA funds will provide assistance to higher education through FY2011 after which this source of funding will cease. As a result, Mines will likely see at minimum a $4.4 million reduction in state funding for FY2012.

- I write “at minimum,” because the state’s economic situation – and thus its budget - is far from settled. The next economic forecasts will be delivered in late June and many are anticipating worse than previously expected news. Should that happen, this forecast may still impact the FY2010 budget but will certainly impact funding for FY2011 and/or FY2012.

- The state’s FY2009 and FY2010 budgets have been balanced through significant use of one-time transfers from cash accounts. As a member of the state’s Joint Budget Committee pointed out, the state is “out of tricks” unless economic recovery begins in earnest in 2010 and continues beyond.

- The constitutionally mandated funding levels for K-12 will continue to put pressure on the state’s budget. Further, the state has been delaying payment to the State Education Fund to balance budgets and will likely face significant funding requirements in FY2011 and FY2012 in order to comply with constitutional requirements.

- For Mines, mandatory operating expenses such as utilities, insurance and benefit contributions will continue to increase.

- Due to the volatility of the investment markets, we can anticipate that for the next several years, the School’s general fund will need to backfill approximately $2 million annually to cover reduced funding from the Foundation for scholarships, faculty positions and other critical commitments.

By now we typically have a solid budget to present to the Board of Trustees. The uncertainty of the State’s situation, however, has clouded the process considerably. Due to strong growth in tuition revenues, I’m pleased to report that the school’s general fund budget remains relatively healthy. That said, the issues outlined above require that budget decisions be made with a longer term horizon than just the next year. We must continue our focus on reducing expenditures and
finding cost efficiencies in order to create a budget structure that allows for future investments in key strategic objectives.

Although the campus budget discussions are still ongoing, the following directives will be implemented in the FY2010 budget:

- Hiring restrictions will remain in place, with only pre-approved positions critical to achieving strategic goals being filled. This restriction applies to all open positions and positions that become open.

- Travel and all discretionary expenditures should be examined and reduced if possible. Because funds can be fungible within applicable restrictions, this applies to all budgets, whether or not supported directly from the school’s general fund.

- The governor has mandated zero percent salary increases for state employees. We will extend that order across all employee classifications at Mines. At the same time, next year’s budget will include funding to support salary increases due to promotions and necessary equity adjustments.

- The directive from the governor’s office has been that furloughs are not mandatory for higher education. At this time, there are no plans to implement furloughs at Mines; however, like all budget related decisions this could be revisited pending new information from the state.

The campus budget committee continues to meet this month and we plan to present a budget to the Board of Trustees for their approval on June 5. The committee will also convene in the fall with plans of working with the campus community to identify cost savings that can be achieved while still allowing Mines to sustain our excellence in teaching and research.

We will continue to provide updates to campus throughout the summer as additional news becomes available. Thank you again for another outstanding year, and for those traveling away from campus I hope your summer is safe and rewarding.

Best regards,

Bill Scoggins