

President's Report to the Faculty Senate

May 2008

The May 2, 2008 Faculty Senate meeting will be my last after eight years as provost and interim president at USM. I expect this news will affect many of you differently—some happy, and some less happy about it. Perhaps I will find an opportunity to rejoin the Senate in the future, then as a voting member!

I would like to use this report as the basis for grounding my oral report to the Senate on May 2nd for closing the FY 2008 budget and building the FY 2009 budget.

For FY 2008, we are getting closer each week to achieving the balanced budget we projected for the year, recognizing that balance includes an originally projected deficit of \$2.6M. We now believe the deficit will be approximately \$3.M. Summer school revenues and expenses will be a major factor in the final determination. Limitations on equipment purchases and travel will remain in place.

For FY 2009, we are working to reduce expenditures to achieve four objectives:

1. We are working to eliminate the accumulated FY 2008 deficit as soon as possible.
2. We are working to fix the structural budget problems we identified to PricewaterhouseCoopers, this largely through internal reallocation. Without this work, many units would continue to have on-going deficits, something I have argued against for a number of years—indeed we called for doing this in **Transforming USM 2004-2009**. Now we can fix this problem.
3. We are working to achieve balance between projected revenue increases and projected expense increases. Even if all other things were equal for the FY 2009 budget, we would still have a gap here of several million dollars between revenues and expenses.
4. We are working to ensure investment funds for strategic initiatives, such as integrated marketing, recruitment, and retention, all of this through reallocation.

We are doing this while working under several assumptions:

- We can expect compensation and benefit increases based on contracts presently in place for FY 2009.
- We can expect more utility and operations costs because of increased facilities, and we know energy costs will increase across the university
- There will be no increase in State appropriation for FY 2009.

-There will be tuition and fee increases, although the rate of increase has not been determined by the Board of Trustees.

-We will impose some new program fees for especially high cost, high demand programs.

-We will not likely experience an enrollment increase. If we do so, and we have hope we might, it will make budget balancing easier, but we do not believe we should count on that now.

I will continue to communicate with the USM community on budgets via ***Moving Forward Updates*** through June, but I am hopeful that I will be able to reveal all of the difficult decisions on the FY 2009 budget and the consequent impact on personnel in May, before faculty go off contract. It is my intent to avoid any appearance of a “summer surprise.” At this point we are finalizing verification of available dollars in accounts we expect to reduce on the one hand and fully reviewing all aspects of any proposed personnel reductions on the other. The situation also has considerable fluidity in it.—weekly we get retirements and resignations that allow us to reduce anticipated layoffs, even as we are vetting layoff proposals to ensure we meet all legal requirements for such personnel actions.

I want to remind you that all the while many of us were focused on budgets, hundreds of faculty members were successfully engaging thousands of students in transformative learning. Thank you for that.

I look forward to seeing all of you at Commencement, where we can celebrate our students’ success.

Joe