



MEMORANDUM

TO: UAHuntsville Faculty and Staff

FROM: Dave Williams
Vistasp Karbhari
Ray Pinner

RE: Governor's Proration Announcement

DATE: December 17, 2008

UAHuntsville is moving forward on many important fronts. Student enrollment is climbing. Applications for next year are up 8 percent and admits are up 14 per cent. New gifts and pledges for FY 08 increased by 22 percent. New gifts and pledges for the first quarter of FY 09 (October through December 08) exceed those of the same period in FY 08 by nearly 200 per cent. Research awards are up to \$84.5 million for 08, a record year. Our residence halls are full, and a bright future awaits our graduates.

The dedication, hard work, and sustained efforts of our faculty and staff have made all of this possible, and we commend you for a job well done. We must continue our positive momentum in the face of difficult economic times for our country and the State of Alabama.

As you have no doubt heard, on Monday Governor Riley announced a 12.5% reduction in State appropriations for all State agencies, including higher education. The Rainy Day fund will be tapped to mitigate the shortfall, resulting in a 9% net proration for all entities. The immediate impact for UAHuntsville is a reduction of about \$4.6 million from budgets remaining through September 30, 2009. We must take quick action to ensure a balanced budget in the face of this significant decrease in resources:

- Effective immediately, a hiring freeze is in effect for all open positions funded on 2-accounts. Exceptions for critical positions may be granted only by a Vice President or the President.

- The Vice Presidents and the President will begin planning immediately for permanent budget reductions. The current State financial projections for FY 2010 indicate further reductions beginning next October 1, and our planning process must recognize this possibility.
- With about 2/3 of our budget in personnel costs, we must carefully review our organizational structure. Given budget realities, a reorganization based on increased efficiency will give us the needed financial strength and provide a superior educational experience for our students.
- Capital projects are planned years in advance through our Campus Master Plan and other mechanisms. The renovation of Wilson Hall has begun, and that project will continue since the funds are already in the budget. This vital project will give Liberal Arts, Nursing, and Continuing Education the necessary teaching space while extending the life of the building by another fifty years or so. We will proceed with plans for the 400-bed residence hall to open in Fall 2010, which will be paid through student rental fees. All existing halls are full, applications for 2009 are up, and we need additional on-campus housing to serve our projected student population.
- Additional guidance to campus units as to specific budget reduction targets will be issued in January.

We have all worked diligently to build a solid foundation to weather this financial challenge. With our student recruitment, housing demand, giving and research initiatives all trending upward, we will continue to move forward as we together develop solutions to the current budget shortfall.

Further correspondence will follow as we gather new information about the current prorating and the FY 2010 State budget picture.