



March 30, 2009

Dear Colleagues:

The University has been analyzing and evaluating detailed budget options since the conclusion of the recent General Assembly session. Final decisions about the overall budget for 2009-2010 and beyond must await the follow-up session on April 8 when the General Assembly considers any changes presented by Governor Kaine. This year's decisions are complicated by the role of Federal stimulus funding in the overall budget allocation to the university. Issues involving tuition will require action by our Board of Visitors.

However, we have identified a number of decision items that we wish to announce sooner since timing is a critical issue in preparing for the next fiscal and academic year. The provost's office and the budget office have been working closely together and we are confident that the decisions announced below and approved by President Steger can be implemented regardless of any other budget adjustments.

First, we intend to move forward with our long-term strategy to enhance funding for the libraries. We have always given special consideration to the library budget during budget downturns and we see no reason to alter our plans. Expressions of support for the library from the university community affirm our plans. The library budget for next year will be increased by \$300,000 above current levels rather than decreased by \$700,000 (if a 5% cut were imposed). This is a funding difference of \$1M and will consist of an equal mix of base funding and one-time (but indefinitely renewable) funding. We have asked the library for a revised plan in response to this decision.

Some of the earlier proposed reductions may still make sense to the library, and we will evaluate all dimensions of the new plan. Our goal is to enable the library to meet the essential needs of our faculty and students. We intend to keep working on long-term, stable, and appropriate funding. Our ability to make the adjustments to the library budget is supported, in part, by our plan to require all units of the university, including non-state-funded auxiliaries such as athletics, to provide funding to the central university budget to help us meet both reductions and university academic priorities.

Second, we recognize the constraints colleges face in making budget adjustments when tenured and tenure-track faculty positions are not subject to reductions. Faculty salaries make up a substantial portion of college budgets. As a result, a disproportionate share of potential reductions could fall on instructors, teaching assistants, support staff, and operating funds. The impact of such reductions would be felt most severely in the colleges that teach relatively large numbers of core and service courses. Following an analysis of proposed budget plans, we are allocating an additional \$1.3M at this time to offset the most significant potential reductions.

Also, the provost's office has already protected the existing annual central university commitments to the instructional programs from any reductions. In this way we can continue to support our high quality core teaching mission and ensure students of timely access to essential classes. This additional funding

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will preserve jobs, and the core instructional program is one of the direct beneficiaries of the stimulus program.

We continuously monitor the funding patterns for core and service courses and we will be working to assure long-term, stable funding for our instructional efforts.

We will continue to keep you informed of ongoing budget decisions and strategies as the full plan evolves. Since the long-term budget situation remains cloudy, we will be selective and conservative in all of our decisions.

Mark McNamee, Senior Vice President and Provost

and

Dwight Shelton, Vice President for Finance and Chief Financial Officer