

March 22, 2007

To: Ex Com, CADs, FADM Directors, University Relations

From: Roy Koch and Lindsay Desrochers

Re: Ways and Means Co-chairs budget

We received some discouraging news late this afternoon. The Co-chairs of the Ways and Means Committee released their proposed budget and it represents a significant reduction (about 4%) in the operating budget and budget enhancements proposed by the Governor and a very serious reduction in the capital budget of almost 85%.

The elements of the operating budget that were most impacted were:

1. The various packages proposed by the Governor for enrollment, faculty salaries, student-faculty ratios and for the regional colleges were reduced by \$8M (20%),
2. ETIC was reduced by \$10M (59%)
3. State wide public service programs were reduced by \$5.5M (100%)
4. Lottery debt service was eliminated (\$8.5M, 100%)

We are also deeply concerned about the major reduction in the capital request. As you know we had been planning on those funds to support deferred maintenance for Lincoln Hall and Science Building 2, enhancements in Science building 2 and general funding for repair and maintenance on campus. It is our best guess that, if this level of funding is maintained that only those projects with matching funds will even be considered for funding.

So what does this mean for us? We are, of course, very concerned with this development. However, as Debbie Murdock observes, "There is still a long way to go in the session". President Bernstine has released a statement reacting strongly to this significant budget reduction and we will be mobilizing the PSU Advocates to express our deep concern directly to the legislative leadership. We feel that there will be a considerable amount of political maneuvering that will now occur because there was, and still is, significant support for higher education. When it is all over, we will end up somewhere between this proposal and the governor's.

As additional information becomes available, we will keep you informed.