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## Memo Regarding an Update on FY09 Operating Budget Reductions by the State

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December 4, 2008

To: The GSU Community

From: Elaine P. Maimon, President

*EPM*

Re: Update on FY09 Operating Budget Reductions by the State

At the request of Governor Rod Blagojevich, the Illinois Board of Higher Education (IBHE) has, in a memorandum (November 26, 2008), directed each public university in Illinois to “reserve” 2.5% of its original FY09 appropriation. In effect, this is a mid-year rescission, which renders unavailable some of our appropriated funds. For GSU, the amount to be withheld by the state is \$708,110. This directive did not, of course, come as a surprise to us in light of the legislation that the Governor introduced two weeks ago seeking “emergency budget authority” to “hold back up to 8%” of all appropriated funds to address the severe budgetary shortfall that the state is experiencing as a result of the unprecedented crisis in the financial and capital markets.

Through our FY2008-09 PBAC-driven budget allocation process last June, and in anticipation of such developments, we set aside reserve funds to meet such emergencies. I am, therefore, pleased to announce that we will be using these funds to respond to the IBHE directive and, as such, colleges and other operating units will see no reductions in their FY09 budget allocations as a result of this round of budgetary rescissions.

Given the unprecedented turbulence in the financial markets and the deep recession that the U.S. and state economies are now in, it would be prudent for us to anticipate that even more difficult budgetary times are ahead. At an emergency meeting on Tuesday, November 25<sup>th</sup>, 2008, the Planning and Budget Advisory Council (PBAC) discussed the current economic and budgetary environment and its implications to us and recommended that the University be guided by the following set of principles in responding to and managing any state-mandated budgetary cuts during FY09:

1. In the event that budgetary reductions/limitations become necessary, resources for direct instruction will be the last to be reduced.
2. Budgetary reductions/limitations should not occur through institution-wide, across-the-board measures.
3. All centrally-mandated reductions or spending limits will be undertaken after consultation with PBAC and appropriate notification of the Faculty and Civil Service Senate leaderships.

PBAC has also recommended that the University consider implementing the following specific budget management practices to reduce or delay discretionary spending during the current fiscal year:

1. All requests to post and hire faculty or staff positions of .5 FTE or more, whether new or replacement, must be discussed with, justified to, and recommended by the appropriate vice-president for final approval by the President prior to posting/advertising or filling of any such positions.
2. All purchases of equipment and new contracts for goods or services in excess of \$5,000, except those paid for out of grant funds, must be justified to, discussed with and approved by the appropriate vice-president before the purchasing or contracting process is initiated. The Procurement Office will not process such purchases and contracts without an appropriate vice president's signature on the requisition.
3. All out-of-state travel not related to externally-funded grant activities must be justified to and approved by the appropriate vice president prior to the commencement of the travel.

In light of the "rescission" that has already been imposed on us and the likelihood of additional appropriation reductions in the months ahead, I have accepted all of PBAC's recommendations to go into effect on Monday, December 7, 2008, and to remain in effect for the rest of this fiscal year.

FY09 has become a challenging year for GSU and promises to become even more so in the weeks and months ahead. As I have always said, times like these "concentrate the mind." Together, guided by our strong "can-do" spirit, we can meet these challenges and emerge even stronger.