

President's Newsletter
February 3, 2002

As part of my on-going efforts to keep you informed concerning matters affecting the university, this communication is to update you on the state budget problems.

On Thursday of last week, I received information from TBR Chancellor Manning regarding proposed reductions in this year's budget and plans for further reductions in the upcoming year's budget which begins July 1. The requested reductions are a result of deficits in the state budget for this year which ends June 30th and anticipated deficits for the new fiscal year. This problem is caused by the increasing costs of TennCare and the slowing of the economy.

MTSU must submit plans of budget reductions to the current year appropriation for 2.5% and 5.0%. This amounts to \$2.175 million and \$4.318 million respectively. We are also required to submit plans to reduce our 2003-04 state appropriation by 8.8% or \$7.56 million. We have been told to expect the worst case in the cuts which means the 5% level. The percent reductions will be based on our state appropriation budget.

I have asked the Provost and the Vice Presidents to begin to develop plans to reduce their budgets accordingly. While these proposed cuts are significant and will certainly affect every aspect of the university's operation, we will make every effort to manage these cuts to minimize adverse impact on the institution's core mission...educating our students. Obviously, budget reductions of this magnitude will be difficult and painful. Our budget, like most organizations our size and complexity, is personnel intensive. I anticipate that personnel will be impacted as we plan for these reductions. Our priority must be protecting the quality of instruction.

I want to assure you that we will manage our way out of this difficult financial period and position the university to move forward in reaching its goal. This budget problem will slow us down in accomplishing some of our strategic objectives, but better days will come. We all need to be positive about the future. We are not alone in facing these budget problems. I will keep you updated as we proceed. As always, please don't hesitate to share your thoughts and ideas with me.

Sidney A. McPhee
President