

Subject: Budget Reduction

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To: everyone@cnu.edu

The Board of Visitors met this evening to hear Governor Warner's address to Virginia and took action to balance CNU's budget.

The Budget Advisory Committee and the administration are scheduled to meet tomorrow with faculty, staff and students to discuss these actions and their consequences. We had hoped to have this discussion on campus with each of you before it became public knowledge. A reporter from the Daily Press attended the Board meeting and an article will likely appear in the Daily Press tomorrow morning - Wednesday morning. Accordingly, I want to advise you of the substance of the actions taken by the Board.

Tonight, Governor Warner announced to the citizens of Virginia that the state has a budget deficit of nearly \$2 billion and ordered state agencies to curtail spending. The state's contribution to CNU's Educational and General (E&G) budget has been slashed by another 8.3% or \$1,502,679 in this academic year and by another 10% or \$2,072,879 in the next academic year.

This is the third round of cuts which in total reduce CNU's E&G funding by 12.8% or \$3,014,373 million in the current school year and by a total of 18% or \$4,130,350 million in the academic year 2003-2004.

The Governor's actions tonight will reduce overall state spending by \$858 million. This is only the first installment of painful reductions. The Governor will present another round of budget-balancing actions to the money committees of the General Assembly on December 20, 2002. Given this reality and the deteriorating state of the economy, there is good reason to believe there will be more cuts imposed on CNU and other state agencies in the days ahead.

Last spring, the General Assembly reduced our E&G budget for the 2002-03 fiscal year by \$1,511,694. Roughly half of this amount was offset by a 9% tuition increase. The remainder was achieved by reducing the size of the full-time instructional faculty from 188 to 186 positions, converting 7 part-time instructional faculty positions to adjunct positions, eliminating and/or holding vacant 12 full-time administrative staff positions, cutting \$100,000 from the library's acquisitions budget, eliminating our continuing education program and roughly \$50,000 in non-instructional non-personal services expenditures. The net reductions on the academic side of the house were 2.58% and those on the administrative side were 3.16%. These reductions were achieved through the creative and thoughtful efforts of the Budget Advisory Committee. The reductions left the institution financially weaker but preserved essential services and all academic programs. A reduction of \$2,057,471 for the 2003-04 fiscal year was planned for at that time and assumed an additional 9% tuition increase in 2003-04.

Now we must reduce the University's presently-allocated E&G budget for 2002-03 by an additional \$1,502,679 and for 2003-04 by an additional \$2,072,879.

The additional reduction for this academic year must fall largely in the area of non-personal services and will require significant, but temporary, curtailment of normal activities. On the other hand, the reduction for 2003-04 must be sustainable in the long term and will therefore require us to cut personnel, including faculty positions. Consistent with the advice of the Budget Advisory Committee, the reductions for the second year will be programmatic in nature, reducing

the number of academic programs offered and eliminating the departments which offer them - rather than cutting all programs across the board. For 2003-04 and beyond, we must choose to do well those things which are most central to our mission as opposed to doing inadequately all that we now do.

In keeping with these realities, the Board of Visitors has directed the administration to implement the following reductions for 2002-03 and 2003-04.

In this academic year 2002-03, all non-personal services under the jurisdiction of the Provost are reduced by 25%. Library acquisitions are reduced by an additional \$100,000. E&G funding to VECTEC is reduced by \$50,000. In addition, two salaried positions in the library, one in the academic advising center, and one in the President's Leadership Program will be eliminated, as will one hourly position in the department of education. On the administrative side, 8 E&G salaried positions and one hourly position will be eliminated and one salaried position will be converted to part-time status, credit card use for tuition payments will be stopped (saving about \$40,000), SCT hardware acquisition costs will be reduced by \$88,000, and all other non-personal services will be reduced by 20%. In all, the reductions for 2002-03 in academic affairs total \$710,790 and those in administration total \$791,889.

The cuts for 2003-04 are independent of those for 2002-03, i.e., they are based once again on the initial E&G operating budgets which were promulgated on July 1, 2002. The departments of Nursing, Education, Recreation, Sport, and Wellness Management and the academic programs they house will be closed. The MAT program will be closed. All E&G allocations to VECTEC will be eliminated. The total savings from these actions will be \$1,465,978.

An additional reduction of \$283,955 will result from leaving vacant 3 faculty positions in other departments when incumbents retire at the end of the present academic year. The positions in the library, the academic advising center, and the President's Leadership Program referenced in the above paragraph will be abolished and all part-time faculty positions will be eliminated for an additional net savings of \$285,392. Non-personal services will be reduced by 18% or \$208,358 (as opposed to 25% in 2002-03). Student employment will be reduced by 25% for a savings of \$24,563. These actions, less severance costs of \$388,124 and the restoration of leases and contracts of \$705,895 result in total savings of \$1,174,227.

On the administrative side, staff positions totaling \$549,922 in annual costs will be eliminated from E&G; student assistant costs will be reduced by \$36,000, and reductions in various non-personal services (including, but not limited to, the elimination of credit card payments for tuition and fees, telephone voice mail, and winter commencement) will total \$534,835. These actions, less the restoration of insurance premiums and contracts of \$222,105, result in total savings of \$898,652. The total savings for the entire university's E&G budget for 2003-04 is \$2,072,879.

The reductions for 2003-04 are especially painful because they will adversely affect many of our colleagues - people with whom we have worked and dreamed for years. In all, 50 positions will be eliminated in 2003-04. These positions include 19 full-time salaried faculty, 6 part-time faculty, 12 administrative/professional staff, 10 classified employees, and 3 hourly employees. Approximately 10% of the total work force of the University will be lost.

All salaried faculty members will be employed through the academic year 2002-03. Moreover, the Code of Virginia provides for severance

payments that are based on longevity of service and that may extend pay and benefits up to an additional 36 weeks. The Code of Virginia also provides for severance payments for our classified colleagues whose employment will be terminated. The Provost, administrative Vice Presidents and Doug Gallaer and his colleagues in our Human Resources department are available to help all CNU personnel affected by these difficult decisions. Those of us who remain at CNU have a solemn obligation to help as best we can those who will be leaving. We must be mindful that these are sorrowful decisions which are necessary to cope with sorrowful circumstances.

We will also assist all students in the closed programs of study to find ways and means to complete their educations. Seniors in affected undergraduate programs should be able to finish their degrees at CNU next spring or summer, and we will adjust the schedules for these two terms so as to make that possible in virtually every instance. For juniors, we will explore with our sister institutions - William and Mary, Hampton University, Norfolk State, Old Dominion, VCU -- the possibility of their offering courses on this campus or at nearby locations which will enable degree completion at CNU. We will also be accommodating in accepting transfer credit from other institutions when necessary to make the completion of a CNU degree possible. For freshmen and sophomores, even if a first choice of a major field is no longer offered, CNU will continue to offer an impressive array of baccalaureate programs from which to choose.

Many graduate students in the MAT program will be able to complete their degrees if they are sufficiently far along; and those who are not will be assisted in their efforts to transfer to similar programs at other institutions.

We urge students to discuss their situation with their faculty advisor and/or to contact Ms. Carol Safko and her colleagues at the Academic Advising Center (Administration Building, first floor, 757-594-8763 or csafko@cnu.edu). All of this will take time to work through, and we will, individual-by-individual, work through it.

There has been broad and informed participation in making these difficult decisions. The Budget Advisory Committee, chaired by Dr. Bobbye Bartels and composed of senior faculty and administrators, developed this budget reduction plan. The Board of Visitors carefully weighed the difficult decisions forced upon us by our state government. All have done their best to preserve the ability of the University to meet its central mission in these difficult times.

We must now commit ourselves to making the plan work, to assisting those of our students and our colleagues who will be most adversely affected, and to preserving the ability of Christopher Newport University to go forward with undiminished resolve in its quest to bring the best of liberal learning to our students.