

TO: Boulder Campus Deans, Directors, Dept Chairs

FROM: Phil DiStefano, Provost and Executive Vice Chancellor
Ric Porreca, Senior Vice Chancellor and Chief Financial Officer

SENDER: Kristin Miller

DATE: October 24, 2008

SUBJECT: Actions to Preparing for a Possible State Revenue Shortfall
in FY 2008-2009

Many of you are wondering about how the current global economic problems are impacting the university. This memo is intended to address this issue and update you about some early actions we are taking to prepare for a potential downturn in the Colorado and national economy that might impact the university and our financial condition.

Generally speaking, our fiscal health is in good condition relative to recent years--our enrollment numbers and mix of students are right on budget, state support has improved, our fundraising efforts have been fruitful, and sponsored research activity is strong. While investment income is down and the debt market has tightened, there are no immediate problems with meeting current budget obligations. However, we need to prepare for potential changes in this situation brought on by the national and global economic problems we have all been witnessing.

Based on the first quarter financial results, the Colorado Legislative Council office is predicting a possible shortfall in the state's tax revenue collections of approximately \$100 million in the current fiscal year. Although there is not complete consensus about the likelihood of this shortfall, in response, the governor has called for a temporary hiring freeze within the Colorado state executive branch and a temporary freeze of current fiscal year capital construction funds (including the Ketchum and Ekeley renovations). Following the second quarter reports in mid-December a new assessment of state revenues will be made by the governor and legislature.

In support of the governor's actions, President Benson has requested that we temporarily adjust our hiring process to include an additional level of review; assessing the urgency and critical nature of filling any vacant or new general funded positions. For those general funded positions that are not urgent and critical in nature, hiring decisions should be postponed through the end of the calendar year. Even though we are not currently implementing a hard hiring freeze, it is anticipated this should result in many vacant general funded positions remaining unfilled.

Therefore, effective immediately, the Boulder campus will be implementing an additional review of the hiring process at the vice chancellor and provost level. This additional review applies to all faculty, regular classified, and officer and exempt professional positions supported either partially or fully with general funds (Fund 10). This review does not apply to positions fully funded by

non-general fund sources, where the current levels of review will continue to be sufficient. This review also does not apply to temporary or student employees.

The hiring authority will need to justify to the vice chancellor/provost the urgency and critical nature of filling any vacant or new positions using the following form.

<http://www.colorado.edu/humres/downloads/HiringRequestForm.xls>

In addition, we ask that you consider postponing purchases or travel wherever possible through the fall semester; in order to preserve financial flexibility in your budget should the state decide on the need to reduce our funding in the current fiscal year. At a central level, we will carefully consider decisions on allocating additional investments to also preserve financial flexibility and help shelter our primary units from mid-year cuts.

We understand these changes may increase the administrative burden required in the hiring process and slow down some efforts in your units; however, we feel these are prudent actions and we greatly appreciate your cooperation.

Please direct any questions related to classified and officer/exempt professional positions to the Department of Human Resources, Employment Services at 303-492-6475. For questions regarding teaching faculty positions please contact the Office of Faculty Affairs at 303-492-5491.

Finally, for questions regarding research faculty positions, please contact the Office of the Vice Chancellor for Research and Dean of the Graduate School at 303-492-7099.

We are confident that with your assistance we will be better prepared to manage through any problems that might result from a state funding reduction or enrollment decline as a result of the economic situation. Thank you in advance for your help.