MEMORANDUM

To: All Vice Presidents, Deans, Department Heads and Activity Heads

From: Lieutenant General John W. Rosa, President

Date: 4 September 2008

Subject: FY08/09 President’s Fiscal Planning Guidance

The Citadel has recently felt the impact of declining State revenues by the allocation of over $1,000,000 in reductions to our 2008-2009 state appropriations. The South Carolina Board of Economic Advisors (BEA) has also put the State on notice that it will again review the status of State revenues and its impact on the FY08/09 budget in November. This could result in additional state appropriations reductions at mid-year.

We anticipated the potential of state appropriations reductions during the budget build process and created a modest strategic reserve. However, with the reductions in state appropriations we have already received, the remaining reserve likely will not cover any additional reductions of the magnitude we have thus far experienced. On the other hand, our requirements to conduct our mission and meet the needs of our students grow daily. As a result, we must still address our budget priorities given the fiscal restraints under which we must operate. The following guidance is to posture The Citadel for any further mid-year State appropriations reductions.

Following is my FY08/09 budget guidance to all Vice Presidents, Deans, Department Heads and Activity Heads:

The Budget Office has already loaded into the system a budget from which you are authorized to operate your day-to-day business in accomplishing your mission. To be fiscally prudent, we are requesting that you set a target of using only 95% of your operating budget (excluding personal services – salary and fringe). To achieve this:

- Vice Presidents should review vacant positions within their organization to make the most efficient use of existing full-time vacant positions. We will not request any new full-time positions (FTEs) from the State this year for FY09/10.
There will be no salary increases of a permanent nature for the next six months or until after we determine the extent of the FY08/09 mid-year appropriations reduction. This does not include any salary increase that may occur from our recently completed salary study. The funds supporting this study were planned for and approved by the Board of Visitors.

Department heads will restrict travel to only that which is essential to conduct the mission of the organization for this fiscal year. Travel associated with the transition to the new Enterprise Information System is exempt from this restriction request.

Defer the purchase of computers, furniture and other non-mission essential equipment where possible this fiscal year.

The following are budgeting realities that we are prioritizing and developing a long-term plan to address:

- The Citadel currently has over $69M in deferred maintenance requirements that continue to grow. The challenge for this year will be to prioritize those critical requirements and put a plan into place to address those needs. The Vice President for Facilities and Engineering, in conjunction with our other Vice Presidents, will update quarterly a prioritized list of deferred maintenance requirements and open work orders.

- The Citadel also currently has over $7.8M in unfunded operational requirements left over from previous years. We should review these requirements at least quarterly and insure that our priorities are well known so that as funds become available we can make informed decisions regarding which projects can be accomplished. When decisions are made to fund projects out of priority, we will create a plan to address those requirements at another time.

- The Citadel’s unrestricted gifts pool of funds is shrinking based on demand for those funds. Our Athletics Department must develop a plan and continue to seek efficiencies to lower and eventually eliminate its need for use of those funds.

Your understanding and cooperation in helping us manage through this fiscally constrained environment is greatly appreciated.