MEMORANDUM

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

From: Lieutenant General John W. Rosa, President

Date: 31 October 2008

Subject: FY08/09 Additional Fiscal Guidance

This memorandum supplements the one I sent you on 4 September, and it reflects my guidance to you for dealing with the state budget cut to The Citadel. The state has just reduced our appropriations by another 14.8% or $2,353,314, which equates to a total reduction for the year of $2,740,287. State appropriation dollars are provided to help support the Education and General portion of the mission of our college. Therefore, $2.7M represents a 4.9% reduction to our total 2009 E&G budget. Our challenge is to develop an action plan that will offset the reduction while minimizing its impact on our mission and people; implement some cost savings initiatives; and target program reductions that have the least impact on the primary mission of the college.

Effective immediately, I am directing the following measures:

Fiscal Review Board: I have directed the immediate establishment of a Fiscal Review Board made up of all of the Vice Presidents, the Athletics Director, the Commandant, and the Director of Staff. The Provost serves as the Board chair. This Board has the authority to grant waivers to directed cuts in funding as outlined below and to hiring delays.

Contingency and Discretionary Funding: The Budget Office will identify any and all funds held in contingency or that are held as department discretionary funding in nature and reduce them to at least the same level as the state budget cut. Written justification must be provided to the Fiscal Review Board to retain these funds because it jeopardizes the organization's ability to address unanticipated mission needs to the end of the fiscal year. The Budget Office will soon be contacting those program managers that have accounts affected by this action and inform them of the size of the cut they will be receiving.

Remaining Salary Study Funding: I have directed the Budget Office to use the remaining set-aside funds associated with the salary study for this year as an offset to the appropriations reduction. We intend to implement the remainder of the salary study shortfall next year.
Travel Reductions: All department and activity heads must restrict travel to only that which is essential to conduct the mission of the organization. I expect that the reduction will be at least 50% of your original travel budget. Exceptions to this goal will be addressed through the Vice President for Business and Finance to the Provost who has my authority to take action in this area.

Unrestricted E&G Program Reductions: The Budget Office will conduct an analysis of all unrestricted E&G programs (2XXXX accounts) to determine the opportunity to reduce funding levels in those accounts. I have directed that non-mission essential funds be diverted as an offset to the appropriations reduction. Those impacted account program managers will be contacted before the budget adjustments have been made and will have an opportunity to justify why cuts should not be made to their program(s) to the Fiscal Review Board. In addition, I have approved a plan to transition the on-campus print plant to a “copy center” before 31 March 2009.

Utility Savings: The cost of utilities is on the rise. Doing the small things such as turning off lights when leaving an unoccupied area and shutting off computers each evening can add up to large savings. You are directed to be diligent in those efforts. At the more macro level, we will continue to seek out ways to save large pots of energy dollars by shutting down non-essential buildings and activities when possible.

Hiring Delay: In all but critically needed permanent positions (as determined by the Fiscal Review Board) there will be an immediate delay in the filling of any permanent employee position for six months or longer from the date of vacancy. This will cause additional funding to flow into the college’s lapse account. All funds that accumulate above what was budgeted for the lapse account can be used as offset to the appropriations reduction.

Delay Funding of Strategic Initiatives: I have authorized the Budget Office to remove a portion of the funding from The Citadel’s strategic initiative reserve account set up to fund the college’s most critical strategic initiatives in the upcoming year. Removing funding from this account will delay several strategic initiatives until such time as the college can support them.

Even as we implement the current budget reduction plan, it is important that you understand that we may not be finished with budget cuts. Already there are estimates from usually reliable sources that the state revenue shortfall may exceed the most recent Board of Economic Advisors’ projections. For that reason, we will continue to prepare for future budget cuts. We will endeavor to keep you informed in a timely fashion as the consequences of the economic recession for The Citadel’s operating budget become known to us.