



TO: University Community

FROM: Office of the President

DATE: June 22, 2010

SUBJECT: Update on Budget Direction/Workforce Reduction

Last month I wrote to you concerning the very serious issues we face in balancing the University's budget and the need for additional reductions to balance the budget for fiscal years 2010-11 and 2011-12. As my communications over the past two years have reported, during this time period we have been able to manage our budget by reducing operating expenses by \$7.6 million and controlling personnel costs by eliminating or not filling 37 vacant positions. However, we continue to foresee a deficit for 2010-11 of approximately \$3.4 million based on an anticipated shortfall in the Commonwealth's annual support to the State System of Higher Education.

With approximately 80% of the University's budget in labor costs, the time has come to recognize the need for personnel reductions as we move into the next fiscal year. We had hoped that the Voluntary Retirement Incentive Program would help minimize layoffs and provide extra flexibility in the budget. Twenty-four Millersville University employees have expressed an interest in the program with the intent to retire over the summer months. While this program has the potential to assist in balancing the budget, more reductions are required.

Today, I regret to inform you we must move ahead with further action by abolishing several staff positions. Unfortunately, we have had to eliminate or freeze 25 positions: ten administrative positions and 15 non-instructional positions. Of these, five are currently filled and the incumbents will be laid off.

There will not be any additional staff or administrative layoffs in 2010-11. However, further workforce reductions are possible for the 2011-12 academic year, when the University will lose more than \$3 million in stimulus funds, and the cost of Millersville University's contribution to SERS will increase from \$711,548 in this year's budget to more than \$2.2 million for 2011-12.

Making these decisions has been challenging and difficult for all of us. As we look to the future, we will continue to examine potential budget reductions in ways that hopefully minimize the impact on our educational mission. Let me express my continued appreciation for the recommendations that many of you have made, your understanding of these unusual economic times and for your dedication to Millersville University and its

students. Through my discussions with faculty and staff , it is impressive that the commitment to our students continues, regardless of the budget situation. That commitment is the foundation for giving our students an educational experience that is second to none.