For the past several years budget messages addressing important fiscal issues have been provided to the University community, some from the president and others from the vice president for finance and administration. Since I arrived in April it has been clear that the University's budget for fiscal year 2014 would be a challenge to balance. Given the current financial circumstances, I am continuing the practice of providing information on important budgetary developments.

Cost increases in utilities, health care, state retirement system employer contributions, contractual obligations of collective bargaining agreements, demographic trends impacting admissions/enrollment numbers, and flat state appropriations have collectively outpaced our revenues to meet those expenses. In spite of a continuing freeze of administration and staff positions from the 2012-2013 budget and freezing an additional 26 administration/staff positions for the 2013-2014 (47 positions in total), the University still faced a $6.8 million deficit.

Helping the revenue side of the ledger, the Board of Governor's approved a $97/semester (3%) tuition increase and a $5 increase in the technology fee which is anticipated to provide an additional $1.6 million in revenue in 2013-14. The University added one-time funds of $1.5 million from its contingency reserve and $250,000 in unrestricted funds from external sources for a total of $3.3 million to further reduce the 2013-14 budget deficit.

In consultation with the Cabinet, 11 additional staff positions above last year were frozen or eliminated (eight of these positions were permanent layoffs of current employees). These painful but necessary steps will result in salary savings of $947,000. The Cabinet and I deeply regret that such steps had to be taken, but we did so in furtherance of the concept that there should be a minimum disturbance of services to students. Separation assistance is being provided to affected staff. Faculty vacancies, both permanent and temporary part-time, will produce $1.1 million dollars in savings. Additional cuts to equipment, facilities projects budget, and other operating cuts will result in another $1.4 million in savings.

We have done what is necessary to balance our budget for the 2013-14 school year. The University is working hard to lessen the impact on students, and we will reallocate resources to best protect our core mission, meet the expectations of our students for a quality academic and student life experience, and to ensure that students have the opportunity to make desired progress in completing their degree programs.

The University has much to be proud of given our past successes. I know it is within our collective ability to confront and overcome the challenges we face over the next several years. I have charged the Cabinet to work with their senior leadership teams to review all programs, to examine the return on the University's investment, and to consider new programs (based on our core mission) that might also provide additional revenues. A new strategic planning process will guide this institutionally critical work. I have, with input from campus constituent groups, appointed a very capable strategic planning steering committee led by co-chairs Drs. Laurie Hanich and Victor DeSantis, assisted by Dr. Lisa
Shibley. Beginning this fall many of you will be contacted to participate in a planning process that will review our core mission, vision and values. Looking to the future we will build consensus on the strategic direction the University will take regarding academic programs, new student markets, student services, and program delivery models.

A new reality is upon us. I look at this as an exciting time in the history of our University. We will make thoughtful decisions on how to generate new revenues while preserving the core traditions that have made Millersville University such a highly thought of institution of higher education. You will receive more information as we move forward at the beginning of the fall semester regarding the process and opportunities to engage in the strategic planning initiative. I am confident that we will come through this planning process with renewed vigor and strength, and set upon a course for a bright future for the University and the students we serve.

John M. Anderson, Ph.D.
President