

Dear Colleagues,

This coming fall we will welcome about 3,150 new students to our first-year class on the Oxford campus. While it is a strong incoming group, the number of students is about 350 less than we were anticipating. It is not unusual to be above (we were 150 above last year) or below (we were 280 short in 2005) our target, given the many variables that affect student choices. However, the consequences of such a shortfall this year are significant.

Under normal circumstances we would use our reserves to manage the financial shortfall, but these are not normal circumstances. The continuing deep economic distress has left us, like almost all colleges and universities, with few readily available reserves. Consequently, we will only be able to address a portion of the shortfall from central reserves and will need to make an additional permanent cut of approximately \$5 million to the University's core budget. We will continue to distribute the budget cuts strategically as we did this past year, ensuring that our students' learning opportunities are not compromised.

Given the actions we took last year to reduce our budgets, this cut will be even more challenging, and will require hard choices. We will do everything possible to eliminate vacant positions (including some vacant faculty lines) and will include some temporary cuts to allow more time to adjust permanent budgets. However, given our low employee turnover rate, unfortunately more layoffs will likely be necessary. As with last year, we will hold numerous public forums to discuss the status of our budget situation and our efforts to deal with our financial circumstances.

We have also been working with the University Senate Executive Committee, UPAC, and CPAC to create more flexibility in our ability to respond to rapidly changing economic conditions, while preserving our commitment to our staff and faculty. Specifically, we will seek approval from the Board of Trustees to amend our unclassified position elimination policy to provide for a rolling 5 months notice of position elimination for those employees who have five or more years of service and at least 60 days notice for those employees who have been here less than five years.

We will also seek approval to add a clause to all appointment letters that clarifies the University's ability to implement changes during the fiscal year that might help us minimize employee layoffs. Such changes would be made only after broad, campus consultation. This clause is in response to numerous employee suggestions to consider alternatives like furloughs, or greater employee benefit contributions, in lieu of employee lay-offs. It will enable the University's leadership and governance groups to consider alternative approaches when short-term cuts are required.

Let me also note that we are thoroughly re-assessing all of our admissions and financial aid procedures. Our preliminary analysis has highlighted financial aid as one of the most critical decision elements for prospective students in these difficult times. More students than expected were unable to attend Miami because of financial need. Clearly, we must address this issue, and we will. We must also thoroughly examine all our procedures to make sure that the opportunity to attend Miami is one of the very best that prospective students are offered.

We must keep improving Miami, despite the difficult times we face. We must engage in conversations and actions that focus on those elements of our university that are most central to our mission and to our future. Reducing our budget, like almost all universities have been forced to do, will help us meet the financial challenges of the moment, and continuing to focus on more cost-effective measures is critical to our future financial health. Ultimately, however, our future success lies most profoundly in our ability to continue to improve the Miami Experience, to seize the opportunities of a rapidly changing world and the best of our historic traditions to ensure that our graduates are even more exceptionally well prepared.

Together, we will meet these challenges. I thank each of you for the role that you play in ensuring Miami's excellence, and Miami's future.

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