February 16, 2010

MEMORANDUM

TO: Campus Community

SUBJECT: 5% Budget Reduction Plan for FY10-11

Most of you are aware that due to the current economic situation and reduced sales tax revenues, Texas Leadership has asked all State agencies to develop a plan to return 5% of their General Revenue appropriation for fiscal years 2010 and 2011. For Texas A&M University Corpus Christi, this equals $4,096,969 for the two-year period of the biennium. An additional reduction of approximately $500,000 may also be forthcoming.

Since receiving the letter and subsequent instructions from the Legislative Budget Board and the Governor’s Office of Budget and Planning in January, we have been planning how these cuts can be achieved with the least disruption to instruction and student services. Because we are already half way through fiscal year 2010, the administration recognizes that this reduction is particularly difficult for departments whose budgets are primarily comprised of personnel costs (approximately 70% in most cases). Therefore, we are making every effort to reduce the impact of this reduction on instruction and student services by utilizing central funds (comprised primarily of salary savings from vacant positions, and reserved funds for enrollment growth) for the majority of the reduction. This use of central funds is possible because we foresaw this possibility and budgeted very conservatively.

Indications are, however, that cutbacks in general revenue appropriations will extend into the next biennium (FY 12-13). In such a case, the use of central funds to accomplish the reductions cannot be sustained. Therefore, all university personnel are being asked to continue their efforts to reduce costs, implement operating efficiencies, and develop new revenue streams wherever possible. It is imperative that we do everything we can to minimize the impact of this reduction on our students and their families by keeping tuition and fees as low as possible.

Planned reductions (in order of lowest impact on instruction and student services first) for A&M-Corpus Christi are detailed below with a description of impacts and potential impacts.

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<td>1. Reduce departmental operating expenses</td>
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<td>$664,997</td>
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Reductions may include all or a combination of the following: travel, memberships, supplies, student wages and other operating expenses. These types of reductions will impact faculty and staff professional development, the ability to hire student workers, and other operational issues. In addition, in FY11 the reduction will include savings anticipated from a new electricity contract and other conservation measures.
2. Reduce funds allocated to research enhancements $0 $300,000

Reduction in university funds allocated for research release time and scholarly proposal support will affect research efforts in competitive proposal submission and may impact the basis for future Research Development Fund appropriations.

3. Flexible Hiring Freeze $32,000 $750,000

All positions will remain vacant for a minimum of 90 days or longer. This will affect the university’s ability to fully cover all courses and the level of support services to students and institutional functions. Inability to hire adjuncts results in higher faculty to student ratios, reduced summer school offerings which could affect graduation rates, student success and retention.

4. Reduce New Faculty & Adjunct Hires Planned for Enrollment Growth $854,000 $1,395,972

Enrollment growth for FY2010 is approximately 5% and these funds are needed for faculty salaries, to hire adjuncts, and for other instructional items to meet student needs. Funds used to hire new faculty and adjuncts will be delayed leading to higher faculty to student ratios and could potentially decrease the number of course offerings, negatively impacting student retention and graduation rates.

Please know that I will do everything possible to keep the campus community informed about the budget situation and will continue to work with the special budget committees on efficiencies and revenue enhancement to minimize impacts on instruction and student services as we move forward in these turbulent economic times.

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Flavius C. Killebrew
President/CEO