

CLEMSON

UNIVERSITY

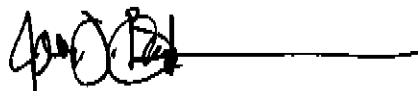
October 10, 2008

The Honorable Mark Sanford
Governor
State of South Carolina
Post Office Box 12267
Columbia, South Carolina 29211

Dear Governor Sanford:

Per your letter dated October 7, 2008, attached is the budget information that was submitted to the House Ways and Means Committee for Clemson's Education and General budget and Clemson's PSA budget.

Sincerely,



James F. Barker, FAIA

JFB/stm

Attachments



PRESIDENT

201 Sikes Hall Clemson, SC 29634-5002

864.656.3413 FAX 864.656.4676

Agency Code: H12						
Agency Name: Clemson University						
		FY 2008-09 Base Budget		\$ 110,919,491		
		10% of FY 2008-09 Base Budget		\$ 11,091,949		
Reduction Priority	Program	Description of Reduction	Amount of Reduction	Cumulative Total of Reductions	Cumulative % of Base Budget	FTEs
1	III	Fringe benefits	\$ 966,491	\$ 966,491	0.87%	
2	I A	Classified	\$ 3,487,386	\$ 4,453,877	4.02%	74.41
3	I A	Unclassified	\$ 3,138,072	\$ 7,591,949	6.84%	32.19
4	I A	Special items	\$ 3,500,000	\$ 11,091,949	10.00%	
5				\$ 11,091,949	10.00%	
7				\$ 11,091,949	10.00%	
8				\$ 11,091,949	10.00%	
9				\$ 11,091,949	10.00%	
10				\$ 11,091,949	10.00%	
11				\$ 11,091,949	10.00%	
12				\$ 11,091,949	10.00%	
13				\$ 11,091,949	10.00%	
15				\$ 11,091,949	10.00%	
16				\$ 11,091,949	10.00%	
17				\$ 11,091,949	10.00%	
18				\$ 11,091,949	10.00%	
19				\$ 11,091,949	10.00%	
20				\$ 11,091,949	10.00%	
21				\$ 11,091,949	10.00%	
22				\$ 11,091,949	10.00%	
23				\$ 11,091,949	10.00%	
23				\$ 11,091,949	10.00%	
24				\$ 11,091,949	10.00%	
25		Above subject to change as work continues on strategic allocations of reductions and Clemson University's Board of Trustees' review/input and approval		\$ 11,091,949	10.00%	
GRAND TOTAL			\$ 11,091,949			106.60

Clemson University

Impacts of current and possible state funding reductions

Clemson is redefining the term “top-tier research university” by combining the best of two models: the scientific and technological horsepower of a major research university and the highly engaged academic and social environment of a small college. With a distinctive governance system that fosters stability in leadership, unique college structures that create an unmatched climate for collaboration, and a driven, competitive spirit that encourages faculty, staff and students to embrace bold, sometimes audacious, goals, Clemson has set its sights on being one of the nation’s top-20 public universities by 2011. Clemson continues to be committed to improving the quality of a Clemson education and providing South Carolina with an educated workforce to meet the needs of the global economy.

Clemson University employs over 4,800 individuals. As one of the single largest employers of the upstate, Clemson’s annual payroll exceeds \$286 million, providing significant economic support to many South Carolinians. Significant reductions in state support will decrease Clemson University’s positive impact on many South Carolinians and will adversely affect the economy of the state.

The current level of state support of \$107 million is \$50 million below the Mission Resource Requirement (MRR) as calculated by the South Carolina Commission on Higher Education. State support currently represents 24% of Clemson’s base budget. Even without additional cuts, Clemson’s state support per student (adjusted for inflation) is lower now than in 1991 – the year that many of our current freshmen were born. At the same time that state support has dwindled, the cost of complying with numerous costly and non-value added state regulatory constraints and unfunded mandates has increased substantially. Reduced funding and increased bureaucracy is an impossible combination. Relief from these onerous and costly regulations is even more critical as state support decreases and as we must become more efficient in order to survive.

FY2009 Base reduction – \$3,019,048 (2.7% before July 1, 2008)

The base reduction of \$3.019 million was coupled with the need to fund a state mandated pay increase of 1%, requiring Clemson University to fund an additional \$1 million. In total, the \$3.019 M reduction, coupled with the state raise and unfunded fringe costs increase, effectively reduced Clemson’s state support by \$8.8 coming into the current fiscal year.

Tuition increase for FY2009 - Tuition increased by 5.5%. The state reduction was covered through cost reductions and reallocations, in order to allow the tuition increase to be directed at quality investments for the benefit of our students. This rate of increase was one of the lowest percentage rate increases in the state of South Carolina.

Instituted strategic reallocations – In its continuing drive to provide a top 20 option to South Carolina’s students, Clemson University took a strategic review of its programs and functions and reallocated additional dollars to investments in quality and critical programs and services.

FY2009 Mid-year reduction – \$3,327,585(3% in September 2008) Cumulative cuts to date total \$6,346,633 since June 30, 2008

In managing the \$6.3 million in cuts to date, Clemson has been strategic and has maintained its focus on providing a quality education to the students of South Carolina. For example, Clemson has already:

- Halted critical faculty and staff searches and hires
- Outsourced the University Motor Pool
- Outsourced the University's Printing Services division
- Eliminating temporary positions
- Strategically eliminating positions at the end of their TERI period
- Travel has been cut
- Some planned facility projects have been delayed

FY2009 additional mid-year reductions

1% - \$1,075,919; 3% - \$3,227,757; 5% - 5,379,595; 7%-\$7,531,433

Reductions of this magnitude will likely be devastating to certain programs, functions, and services. To give cuts of this magnitude some context, it is important to understand just how large and how critical these numbers are. For illustration, an additional cut of 7% would be the equivalent to eliminating the entire Eugene T. Moore School of Education. It would be equivalent to the elimination of the entire School of Nursing and the School of Architecture and Planning. Hitting more closely to home, it would be equivalent to the elimination of the entire Department of Mechanical Engineering and CU-ICAR as well as the Department of Civil Engineering. Clemson remains committed to its long term goals but cuts of this magnitude are potentially devastating to Clemson and to the state. In all likelihood:

- Academic program elimination will be required
- Entire functional areas and programs may have to be eliminated
- Quality would be negatively impacted, and students will not graduate as quickly – thus adding to their cost as they remain in school longer
- There would be fewer faculty and staff as the University is forced to eliminate positions
- The already critical deferred maintenance and crumbling infrastructure issues in higher education will worsen as funds are even less available for capital asset stewardship
- Efforts to help the state develop a knowledge based economy will be greatly impeded – at a time when the need is at its greatest.

Summary

In summary, Clemson will respond to the challenges presented to it by the current economic crisis boldly, decisively, and strategically – with a focus on protecting academic quality and serving the people of South Carolina through teaching, research and economic development, and service. Clemson will not whine, and it will not abandon its long-term goals. Clemson will be guided by its priorities, both in making strategic cuts and in making strategic investments. In order to maintain these priorities, it is likely that very focused cuts will be made to particular programs and functions. It is inappropriate to speculate on these in a public record at this point given the uncertainty of the cut levels. It is also inappropriate to speculate on these in a public record prior to decisively identifying and communicating with those areas. Clemson holds out hope that the General Assembly will recognize that higher education is a part of the solution to the current problem, and that higher education will be protected to the greatest extent possible. We encourage strategic cuts by the General Assembly to functions, services, programs, and areas in state government that are perhaps less critical to the economic viability and prosperity of the state going forward. By working strategically, and by reducing the cost of doing business (through meaningful and substantive regulatory relief), South Carolina could protect its most valuable investments and emerge better positioned to compete in the rapidly changing global economy.

With this said, Clemson recognizes that the General Assembly has a very difficult challenge with which to deal. Clemson requests that these three points be considered and remembered through the deliberative process.

1. In years past the conventional wisdom has sometimes been that higher education can absorb cuts more readily because of its other revenue streams. This is not the case in the current challenge. Every revenue stream for higher education is being significantly and negatively impacted by the current economic crisis.
2. Higher education, and particularly the research sector, is part of the economic solution. In order to increase prosperity and in order to facilitate a robust recovery, SC needs more college graduates, more high-tech jobs, more start-up companies, more small business entrepreneurs, and more research to stimulate an innovation-based economy. Cutting the solution is not the answer.
3. Reduced funding and an increase in the onerous and costly regulatory environment is a devastating combination. In order to save money, improve quality, and to increase effectiveness, it is time for South Carolina to enact serious regulatory relief legislation to improve SC agencies and to reduce operating costs. This could allow agencies to absorb some additional cut without negatively impacting quality or service levels. In fact, they could be enhanced even in the face of reduced support.

Agency Code: P20						
Agency Name: Clemson PSA						
		FY 2008-09 Base Budget		\$ 51,329,566		
		10% of FY 2008-09 Base Budget		\$ 5,132,957		
Reduction Priority	Program	Description of Reduction	Amount of Reduction	Cumulative Total of Reductions	Cumulative % of Base Budget	FTEs
1	IA	Eliminate Bollweevil program	\$ 134,974	\$ 134,974	0.26%	0.00
2	V	Eliminate State Energy Program	\$ 75,664	\$ 210,638	0.41%	2.05
3	VI	Eliminate Bioengineering Alliance	\$ 101,690	\$ 312,328	0.61%	1.05
4	VII	Eliminate Agromedicine	\$ 195,712	\$ 508,040	0.99%	0.00
5	III	Unclassified reduction	\$ 926,643	\$ 1,434,683	2.80%	18.53
7	III	Classified reduction	\$ 517,736	\$ 1,952,419	3.80%	12.54
8	III	Operating Reductions	\$ 104,080	\$ 2,056,499	4.01%	0.00
9	IV	Unclassified reduction	\$ 1,024,190	\$ 3,080,689	6.00%	17.89
10	IV	Classified reduction	\$ 527,614	\$ 3,608,303	7.03%	12.27
11	IV	Operating and travel reduction	\$ 100,000	\$ 3,708,303	7.22%	0.00
12	IA	Unclassified reduction	\$ 76,032	\$ 3,784,335	7.37%	1.00
13	IA	Classified reduction	\$ 39,169	\$ 3,823,504	7.45%	1.00
15	IIA	Unclassified reduction	\$ 154,897	\$ 3,978,401	7.75%	2.85
16	IIA	Classified reduction	\$ 79,795	\$ 4,058,196	7.91%	2.00
17	VIII C	Employee benefits reduction ratable to unclassified and classified reductions in eliminated programs	\$ 77,249	\$ 4,135,445	8.06%	
18	VIII C	Employee benefits reduction ratable to unclassified and classified reductions in other programs	\$ 997,512	\$ 5,132,957	10.00%	
19				\$ 5,132,957	10.00%	
20				\$ 5,132,957	10.00%	
21				\$ 5,132,957	10.00%	
22				\$ 5,132,957	10.00%	
23				\$ 5,132,957	10.00%	
23				\$ 5,132,957	10.00%	
24				\$ 5,132,957	10.00%	
25		Above subject to change as work continues on strategic allocations of reductions and Board of Trustees review/input and approval.		\$ 5,132,957	10.00%	
GRAND TOTAL			\$ 5,132,957			71.18

Clemson University Public Service Activities

Impacts of current and possible state funding reductions

Clemson Public Service Activities (PSA) is the outreach arm for research and education programs needed by the state's agricultural and natural resource industries. Reductions in funds will severely affect our ability to perform these functions.

For every state dollar received, Clemson PSA leverages 1.1 additional dollars in federal funding, grants, fees and gifts. We are moving toward increasing external funding as rapidly as possible, following a five-year strategic plan. This plan has enabled us to continue delivering critical services to the state's agricultural and forestry producers in spite of 8% reductions in state funding from July 1, 2001 to October 1, 2008. A summary of current reductions and an analysis of possible additional reductions are below.

FY2009 Base reduction – \$1,230,587 (2.36% before July 1, 2008)

We took a strategic approach vs. across-the-board cuts to protect critical services to the state. This reduced operating expenses as well as the number of new research and Extension hires to support the needs of the state's agribusinesses.

FY2009 Mid-year reduction – \$1,539,887 (3% in September, 2008)

- We have halted critical faculty and staff searches
- We have begun shifting some full-time staff to part-time
- We have begun to eliminate temporary positions
- We have cut travel

FY2009 Additional reductions

1% = \$497,897

3% = \$1,493,690

5% = \$2,489,484

7% = \$3,593,070

A cut of as much as 10 percent would be deeply felt. It could result in the closure of programs and support units. We are looking at many options. It is premature to discuss specific programs that we might eliminate until we have had time to assess the impact on all of our revenue streams and to communicate with the people who could be affected directly.

- A cut of up to 10 percent would **undermine our efforts to develop a knowledge-based economy**, to create new start-up and spin-off companies through research to support our state's most important industries such as agriculture and natural resources, and to provide solutions to problems faced by our families and communities. Ironically, these activities would be reduced when the need has never been greater.
- Clemson will respond to this crisis by making **strategic decisions about where to cut and where to invest**, as opposed to across-the-board cuts. Both investments and cuts will be guided by the goal of protecting quality, serving the people of South Carolina, and making positive contributions to economic development. We will not abandon our mission and long-term goals.
- President Barker has charged the mission vice presidents (academic affairs, research and public service/agriculture) to work together to develop a strategy, with campus input, for dealing with the budget crisis. We are **exploring a variety of personnel tools**, including not refilling vacant positions, reducing workweeks or converting some positions from 12- to nine-month appointments.
- We also will **continue our ongoing "discovery" process**, which is now part of the culture of Clemson, to find ways to reduce costs or increase revenues.
- To avoid cuts to our highest priorities, **some programs and services are likely to be eliminated**. But we have not yet identified what those programs would be or communicated with the people who would be directly affected; therefore, we do not believe it is appropriate to discuss those in a public setting at this time.