Dear Faculty and Staff,

In this challenging economy, the Commonwealth of Pennsylvania is facing its biggest financial shortfall in decades. On September 22, the Commonwealth instructed Temple University to prepare for a potential 4.25% rescission to our annual appropriation. This reduction was a part of the Commonwealth's plan to identify $200 million in savings to balance its budget in the face of a weakening economy and a projected revenue shortfall.

At that time, I directed Anthony Wagner, Senior Vice President for Finance and Administration, to develop a plan to prepare for this potential cut which would equal $7.46 million or 1% of our education and general budget. Given the continued decline in the overall economy, we expect that we will face cuts beyond this initial proposed 4.25% rescission. Therefore, I have directed a budget reserve equal to 1.5% of our education and general budget or $11.625 million to be established.

We will all share responsibility for creating this reserve, and it will have several key components.

1) Effective immediately, a hiring freeze is being instituted across the University. Officers may petition for an exception to the hiring freeze by submitting a written request and justification to the appropriate Senior Vice President.

2) Effective immediately, out of state travel is restricted with exceptions approved at the cabinet officer level.

3) The 2.0% inflationary supplement allocated as part of the 2008-2009 budget process will be rescinded.

4) Each officer will be assigned a targeted reduction based upon a portion of their compensation budget to the University's total compensation budget.

Guidelines for the hiring freeze and out-of-state traveling restrictions will be posted on the Office of The Treasurer's web-site and distributed throughout the University.

These steps are necessary to ensure a solid financial foundation for Temple University as we face the challenge of a continuing decline in our Commonwealth appropriation. However, this plan should not compromise the delivery of essential University services related to health, safety and revenue producing units. Nor should it detract from the advancement of our academic mission and research. Please review the exceptions and do not hesitate to ask your supervisor if you are unclear if a situation qualifies for review.

I want to thank you for your cooperation. We can all work together as good stewards through this economic downturn so that we can continue to fully meet our obligations.

Best wishes,

Ann Weaver Hart