

Colleagues:

There has been a lot of talk across campus and in the press that has apparently created some uncertainty regarding the furlough that was announced last week, so I want to update you on where we are at this point in the process. While we continue to work with our legislators and lobby for their support to restore the proposed cuts, we must have appropriate strategies identified to address any potential reductions. The development of the state budget is a multi-step process as follows:

Step 1 – Governor presents his budget plan to the Commonwealth. His budget for 2016-18 included a 4.5% cut in the current year appropriation followed by a 9% cut in 2017-18 and phased implementation of performance funding for 100% of MSU state appropriation as we move through the next biennium.

Step 2 – The House of Representatives has the opportunity to make adjustments to the Governor's proposed budget based on their goals and priorities for the Commonwealth. Based on preliminary information, the House has proposed restoring cuts to Postsecondary Education, and is expected to vote on the revised budget on Wednesday, March 16th.

Step 3 – When the budget is passed by the House, it will go to the Senate where they have an opportunity to make adjustments based on their goals and priorities for the Commonwealth.

Step 4 – A Conference Committee made up of leadership from both the House and Senate will meet to finalize the budget and resolve any differences in their respective versions of the budget.

Step 5 – Both the House and Senate must pass the budget after changes are made by the Conference Committee.

Step 6 – The final budget passed by the Conference Committee will be submitted to the Governor for his signature. At that point, he has the ability to make adjustments through the use of the line item veto. Depending upon timing, the General Assembly may have the opportunity to override the Governor's veto(s). All of this work must be completed by April 15th.

As you can see, there is still much budget work to be done in Frankfort and it is likely to be a month before we know final results. In the meantime, we must plan for the most severe cuts and continue to work with legislators and try to influence a favorable

outcome. I appreciate and applaud all members of the legislature for their hard work in this process.

I believe we must stay our course with our plans to reduce our current year personnel expenditures to build financial flexibility for potential cuts and recurring budget challenges. However, as we continue to do our due diligence in understanding all of the legal nuances associated with furloughs, we have identified some adjustments in the plan necessary to maintain compliance with both federal and state regulations. The regulations vary by employment type and therefore implementation of the furlough is being adjusted as follows:

- All staff and administrators will be required to schedule five furlough days—one during each pay period ending April 30, May 15, May 30, June 15 and June 30. The one day of furlough pay will be deducted during the pay period when it was taken.
- Full time faculty, due to the nature of their appointment, will not be included in the furlough. All faculty reappointment letters issued to faculty for academic year 2016-17 will include a non-recurring salary reduction equal to five contract days of pay.

After the furlough was announced last week, I realize that many of you made plans to be away and I am sensitive to further disruptions in your schedules. Therefore, I have decided to close the University during spring break (March 21 – March 25) and all employees will be on paid status for that week.

I will continue to provide information to you as the state budget is completed and our campus budget development process progresses. I appreciate your patience and support as we work together during these challenging times.

Attached is a FAQ document to help clarify the furlough and pay reductions for each employment category. Instructions will be forthcoming for how to identify furlough days through the leave reporting process.

Sincerely,
Wayne D. Andrews
President