

To: All Faculty, Students and Staff  
From: Thomas F. Rosenbaum, Provost  
Re: Budget update  
Date: March 3, 2009

In January I wrote of our approach to the financial exigencies that affect the University of Chicago, our peers, and society at large. Today, I offer the specific results of the efforts of the Divisions, Schools, and administrative units across the University. For budgeting purposes, the University is divided into 35 units, and each and every one of those units has found a substantive way to contribute. Moreover, each unit has made its hard choices with the overall best interests of the University in mind. We have emphasized the overarching need to prioritize sharply and to position the University to emerge from this economic crisis with its fundamental capabilities protected and its ambition intact. I am proud of this effort and thank the Deans, Chairs, Directors, and Officers for their leadership, and the campus community as a whole for its contributions to this process

Based on reductions now being made across the University, we have reset the current year's operating budget \$45 million lower than its original total. The University budget for fiscal 2010, which begins July 1, is set \$143 million lower than the original FY2009 total, with \$98 million in savings coming from the Medical Center and Biological Sciences Division and \$45 million coming from the rest of the University. Between fiscal years 2009 and 2010, the \$2.8 billion budget of the University will be approximately \$200 million smaller than it would have been if we had seen normal revenue growth.

The most significant loss of revenue to the University derives from a steep drop in the University's endowment, estimated at 30 percent as of the end of February. We have acted swiftly to reduce our expenditures so that we can get out in front as much as possible and limit the size of the cuts that we have to make. As you have heard earlier, we gave different schools, divisions, and administrative units individual targets, avoiding one-size-fits-all solutions such as campus-wide hiring or salary freezes. The leadership of each area identified the most appropriate savings for itself given the overall financial constraints. Depending on the function and available means for a unit, these actions range from pauses in faculty hiring to a reduction in the number of incoming Ph.D. students, elimination of some services and associated staff positions, reducing travel and equipment purchases, and moving print publications online. You will hear more details about changes that affect you from your dean or vice president.

At the same time, we have been able to remain steadfast in our commitment to meeting the financial needs of our students. We will offer more aid to those undergraduates whose families have increased need, and we are proceeding with the Odyssey Scholarship and other programs that help students afford an education here. We will continue to increase graduate student support through the Graduate Aid Initiative, keeping out-of-pocket expenditures from rising despite tuition increases, and increasing pay for teaching.

In addition to the effects of the decrease in endowment, the Medical Center is facing particular challenges related to flat patient revenues. As a result, there have been more substantial reductions within the Medical Center and as it relates to the Biological Sciences Division, including significant cuts at the leadership level in January, administrative reorganization, and 450 layoffs last month. Details of the reorganization are available on the Medical Center's website.

We continue to re-examine every piece of planned construction and renovation. We will proceed with a number of projects nearing completion, including the new residence hall, Searle Chemistry Laboratory, and the Knapp Center for Biomedical Discovery. We also plan to proceed with three approved projects crucial to the continued momentum of the University: the Mansueto Library, the David Logan Arts Center, and the New Hospital Pavilion. At the same time we have halted \$30 million in smaller projects that were deemed less essential. We will continue planning and design for a number of other projects now on the drawing board, but we expect that construction will be delayed for the majority of these projects. The length of the delay will depend on the availability of capital, the effect of borrowing on our overall debt, and the operating costs we will incur when those projects are completed.

The budget planning process has required a great deal of work and difficult choices. Implementing these changes will demand still more of us. None of this is easy. But after hundreds of meetings with members of the campus community, I can assure you that our commitment to the highest level of scholarship, research, and teaching has not dimmed in the slightest. I am grateful for your help and for your continuing dedication to the fundamental intellectual mission of the University.