

November 25, 2008

Dear Members of the Keene State College Community,

Repercussions from the global economic crisis are hitting federal, state, business, and family budgets. Here in New Hampshire, state legislators approved a \$60 million budget reduction package proposed by Gov. John Lynch on November 21. In my [testimony](#) before the joint N.H. Legislative Fiscal Committee last Friday I discussed the impact of the current economic situation on the College, and now I want to share more specific information with you.

In FY2009 the University System of New Hampshire (USNH) has been asked to give back \$7 million to the state (\$4.5 million from the original FY2009 budget, on top of \$2.5 million given back at the outset of the fiscal year). Keene State College will share in the system's give back to the state during this fiscal year. Both KSC campus operating savings and USNH reserves will be part of the total returned to the State.

First the good news: Many of the institutions that have been in the news lately take a percentage of their operating budgets – some as high as 40% –from the payout on their endowments. When economic times are volatile, their budgets are vulnerable. This is not the case for KSC. Our ability to weather this economic crisis is partly due to the fact that only a small portion (about 1%) of the USNH revenue comes from endowment income.

As the public liberal arts college of New Hampshire, our mission dedicates us to the development of knowledge and skills necessary to meet the challenges of our changing world. As a public institution, we provide educational opportunities for all qualified students and continue our heritage of service to New Hampshire and the New England region.

In keeping with this mission, the College has made a choice to hold harmless, as much as is possible, the academic program in order to preserve our principal business, education. And we will make budget reductions necessary to share the state's fiscal burden in areas that will not directly impact students' ability to access higher education and the quality of the academic program.

- I do not foresee the need to lay off staff or cut operational budgets at this time.
- While many private and public institutions have been forced to raise tuition for the spring semester, the College will not increase tuition during the 2008-09 academic year. Keene State students and their families have had to absorb savings losses and are facing greater loan uncertainty. The College has pulled from its operating funds to provide greater amounts for financial aid to assure that New Hampshire students who are academically prepared but not monetarily able may attend college.

- Construction of the Alumni Center will move forward. As the connection between entering KSC students and the alumni who have gone before them, this center represents our long-term commitment to our students, and will help them to achieve their goals after graduation.

Keene State College's budget is lean and efficient by due diligence. Our new and renovated buildings are sustainable, with recycled materials and energy efficient lights and toilets. The co-generation heating plant under construction will save on energy costs. The College has reduced its budget by strategically holding vacancies open to save salaries and benefits payments and by limiting its capital projects.

But operating costs continue to climb: We are predicting a 10 percent utility increase for 2009, and fuel costs have increased and affected supply and contractual service costs. Continuing Education revenues have declined at KSC and statewide, perhaps because employers have reconsidered paying for professional development.

Our major challenge in the months ahead will be how to make available the funds to sustain academic quality and well-maintained facilities while providing access. I will need all of your help to meet this challenge, and I have asked the Cabinet to begin working with their divisions to consider where additional cuts could take place should additional reductions be requested. I am specifically challenging the Budget and Resource Council to take a leadership role in working with the entire campus to find additional ways that we can contain costs, and I ask all within the campus to support them in this effort. We will continue to keep the campus community informed with updates, which will be emailed to the campus and posted at <http://www.keene.edu/admin/>.

Ours is a strong institution with a clear vision of becoming the leading public liberal arts college in New Hampshire and New England. Our costs are competitive, our enrollment remains strong, and our retention rates are high because of the hard work of the faculty and staff who help our students pursue their goals. Though these are challenging times, we will look for ways to make this vision come true. This institution has lasted for almost 100 years, and during its next century, I expect it to flourish.

Best wishes,

Helen Giles-Gee, President