

**TU's Fiscal Response to
Continued Economic Weakness:
Budget Protection Measures**

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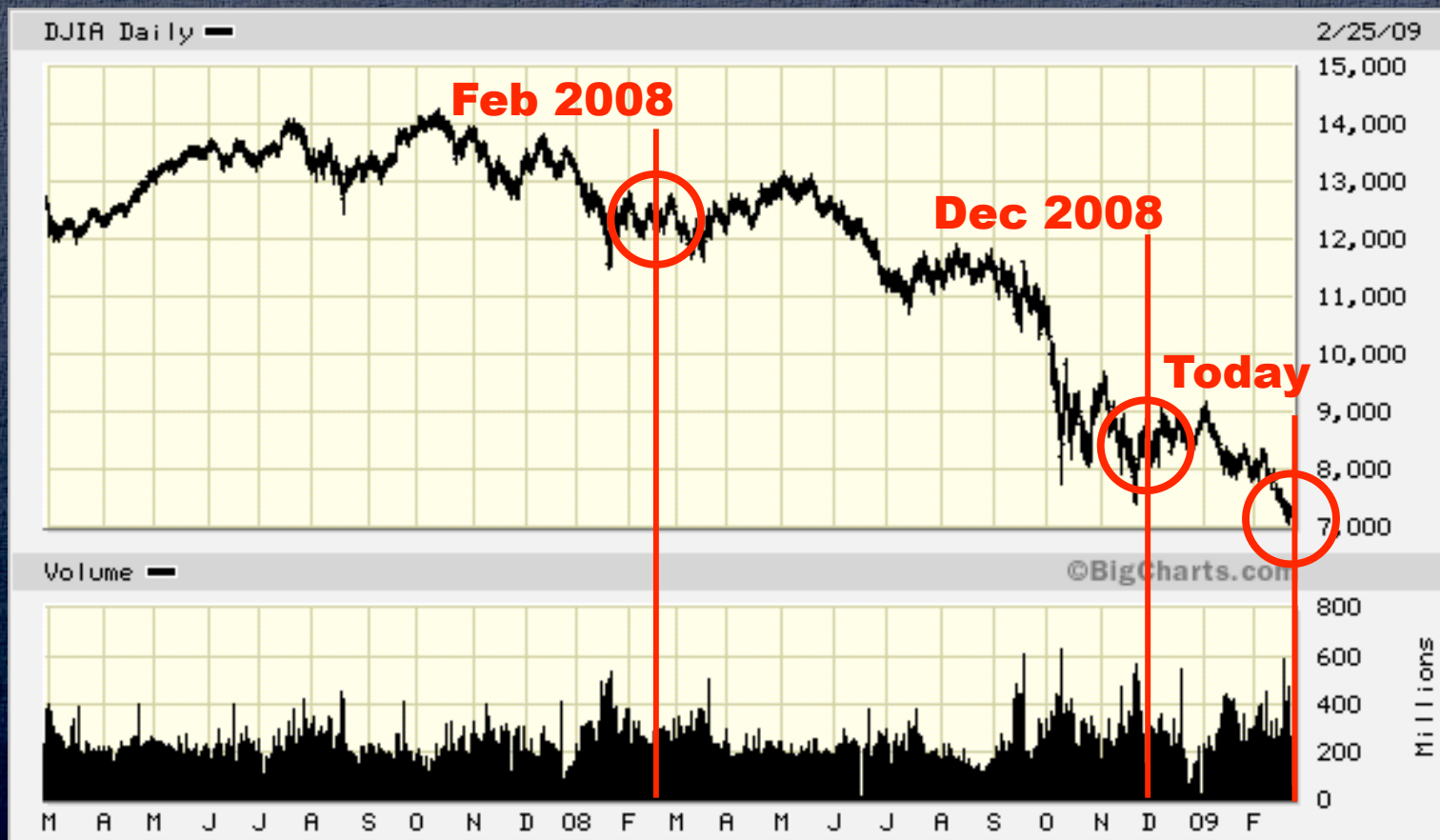
President

February 27, 2009

Budget Update

- Balanced FY10 Budget includes
 - Increased funding for scholarships to meet rising student needs
 - Increased support for growing study abroad programs
 - Increase in federal minimum wage
 - Sharply higher utility costs
 - Alexander Health Center enhancement

Markets Now Down To 1997 Levels



Endowment Income Declines Expected

- Income Impacts *(current predictions, compared to FY09)*
 - Down by \$3M FY10 (this year)
 - Down by \$8M FY11
 - Down by \$15M FY12 *(worst-case scenario)*
- Endowment earnings supply 20% of TU's operating budget.

Our Budgeting Principles

- Move *now* to begin conserving cash
- Take incremental cuts
(a “controlled descent” vs. a “crash landing”)
- Protect the quality of the TU student experience
- Protect our employees’ jobs

Continuing Staffing Measure

- Funding for Vacant Positions Reclaimed
 - Total FY10 savings of \$2.8M
 - Will roll forward and grow with normal attrition
 - Deans and division VPs can reallocate other budget to address strategic staffing needs

New Measures Effective Immediately

- Significant Reduction in the Use of Overtime
- June & July Half Days Will Be Unpaid Leave
- Merit Salary Increases on Hold (will be reviewed Jan. 2010)

Our Focus

- Quality of TU education
- Security of TU Family jobs
- Fundraising remains strong
- Strategy remains unchanged
 - National profile
 - Excellent academics
 - Residential campus
 - Outstanding students

