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Following is a summary of the issues that led to our decision yesterday for further ATB reductions. This is for your use in talking to your departments as to reasons for the further reduction. If you have any questions or have concerns that I have missed something here, please let me know.

- Original budget on which previous actions were taken was based on UG enrollment being down 3% and graduate enrollment being up 7%
- UG actual down 4.48% and Grad up only 3.08%
- Together this resulted in revenue being \$1,400,000 below projections
- We had anticipated scholarships being able to be reduced 1.5% or \$217,220. Instead scholarships went up due to increased spending for international and other out of state programs. While this prevented revenue from being down even further, it did result in increased costs of \$400,000
- In addition, there were additional expenses of \$500,000 related to Bad Debts and Property Insurance
- Together, these three items result in a projected increased budget deficit of \$2.3 million which the executive committee has recommended an additional 2% ATB reduction to cover.
- This is based on Spring enrollment experiencing a normal decline as compared to prior years. If Spring enrollment exceeds expectations, a portion of the reduction may be restored. If Spring enrollment is below projections, further adjustments may be necessary.

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