Dear Colleagues:

As you are no doubt aware, turbulence in financial markets resulted in flat endowment performance in 2014/15 and losses in the current year. The Trustees have responded by holding 2016/17 endowment payout at the same level as 2015/16. Expenses funded by endowments will continue to experience rate inflation, creating a $3.6M funding gap for the school.

The ongoing nature of this payout gap requires an ongoing solution and school reserves are not sufficient to allow us to postpone action or eliminate this problem. The school will implement base funding cuts for the upcoming fiscal year (2016/17), but will limit them to the minimum amount necessary to fill this gap.

Since 2010, non-salary expenditures have grown over 37%. A belt-tightening funding cut equivalent to 7.25% of a subset of 2014/15 actual non-salary expenditures will be made. In addition, cost rise on 2016/17 Dean’s Office graduate aid funding will be limited to a 1.92% increase. The Dean’s Office Finance team will separately forward reduction amounts and details of how calculations were made for each budget unit.

I regret that these actions will create difficult choices for each of you, but am confident that they are needed to ensure the long-term health of the School. The Dean’s Office is sharing the pain, taking cuts to non-salary and other expense areas, that will result in a larger pro-rata share overall. Thank you for your understanding and for thoughtful stewardship of your financial resources.