



**BOARD OF REGENTS OF
THE UNIVERSITY SYSTEM OF GEORGIA**

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Dear USG employees,

As each of you is aware, the nation and Georgia are undergoing challenging economic conditions. Here in Georgia, state revenue collections are, through the end of October, down two percent over the previous year. Georgia, by its constitution, must operate a balanced budget.

In August, the Board of Regents took action to reduce current Fiscal Year 2009 operating budgets by six percent. In addition, the board approved in concept reduction plans totaling eight and ten percent. Economic indicators now make it clear that we must make a further reduction to the eight percent level.

Accordingly, the regents met today and approved two of the steps it had previously adopted in concept, back in August. One affects all of our students, instituting a temporary fee beginning in the winter semester, 2009. The second step will affect virtually every USG employee, by reducing the employer contribution rate for the PPO and HMO plans from 75 to 70 percent. The employer contribution rate for the Indemnity plan will be the same as the PPO plan. Rates for the high deductible plan will not be affected.

These are difficult decisions and I wish that conditions did not necessitate them. In a time of severe budget restraints, our central concerns are the preservation of essential jobs to serve our students, the availability of reasonably priced health care benefits, and the need to keep campus academics and operations strong, for faculty, staff and students. These are the principles that guided us as we reviewed the difficult options available to us.

This decision may complicate your own household budget because your healthcare plan choices during open enrollment were made based on a lower employee contribution. Therefore we will be reopening open enrollment through December 15, 2008. The following website may be useful as you review your healthcare plan: <http://www.usg.edu/employment/benefits/health/>

Over the past months, as we have worked to implement reductions and serve students, I have witnessed creativity, dedication, and teamwork. On behalf of the board, I want to close by expressing our deep appreciation to each of you and our shared concern for the financial burdens we all are being asked to bear. Although this is not a great holiday greeting, I am thankful for the spirit, the leadership, and the professionalism you have so clearly demonstrated.

With warmest regards,

Erroll B. Davis Jr.
Chancellor