



Office of the President

March 4, 2003

Humboldt State University Community
Humboldt State University
Arcata, California

Dear Colleagues:

The Governor of California has proposed a 2003/04 spending plan for the State that includes a \$326.1 million reduction for the CSU. That, plus Mandatory Costs outlined below, translates into approximately an \$8 million reduction in the Humboldt State University budget beginning in July of 2003 if the Legislature accepts the Governor's proposals. What follows is background information for Humboldt's budget figures and a summary of the process that HSU will use to reduce our budget next year. We all need to remember that many aspects of the budget are complex and very uncertain at this point. It is certain that we will have to revise Humboldt's budget projections as California officials move through the process of determining a final State budget over the next 4-6 months. However, we must move forward with our budget planning because the class schedule and academic planning for next year are well underway, and we must prepare for potential adjustments that we may need to make in order to meet the large budget reduction we anticipate now.

The Governor has asked that the CSU reduce its budget by \$326.1 million (a 12.1% reduction in the \$2.71 billion 2002/03 base CSU budget) as follows:

- Reduce the base budget – all programs and services \$142.8 million
- Reduce academic and institutional support \$ 58.1 million
(e.g., administration, libraries, telecommunications,
public safety)
- Generate savings by increasing the student/faculty ratio
from 18.9:1 to 19.9:1 \$ 53.5 million
- Reduce student services by 20 percent \$ 53.2 million
- Reduce CSU outreach funding by 50 percent \$ 12.6 million
- Eliminate the CalTeach recruitment program \$ 2.0 million
- Eliminate bilingual teacher recruitment program \$ 2.0 million
- Reduce the Center for California Studies by 50 percent \$ 1.4 million
- Reduce public service programs \$ 450,000

In addition to these mandated reductions by the Governor's proposed budget, the CSU administration estimates that the following budget increases must be met:

- Unfunded Mandatory Costs \$ 78.6 million
(includes salary increases for faculty, health premium increases, and increased workers compensation premiums)
- Permanent Reduction in Long-Term Needs Program \$ 43.0 million
(base reduction taken at the beginning of this fiscal year)

Total Fiscal Impact to CSU Campuses in 2003-04 \$447.7 million

2003-04 Revenue to the CSU Support Budget (\$187 million)

Assumed Net Student Fee Revenue (less State University Grant allocation) \$142.0 million
General Fund Revenue from 2002-03 Student Enrollment \$ 45.0 million

TOTAL \$187.0 million

Subtracting the anticipated new revenue above (\$187 million) from the reductions (\$447.7 million) leaves a permanent base budget reduction of \$260.7 million for the CSU in fiscal year 2003/04. Some CSU campuses, which are at or above their enrollment targets, may receive enrollment growth money from the State as well as the fees these new students would bring to their campuses. HSU is not likely to receive much of these funds because we have not met our enrollment targets yet, although we are making significant progress. We are likely to receive a small portion (about \$500,000) of the proposed funds to pay for unfunded CSU enrollment in 2002/03. Based on the information summarized above and contained in other materials from the Chancellor's Office, we anticipate that we will have to reduce spending at HSU by about \$8 million in fiscal year 2003/04. The origins of this reduction are summarized below.

The table immediately below estimates the revenue HSU can expect to have for expenditure in fiscal year 2003/04 based on the Governor's January 2003 budget proposal including the 25% increase in student fees.

REVENUE	
General Fund Support	\$61,348,100
Student Fees	\$19,811,952
Total General Fund Support Revenue	\$81,160,052

The table below shows the budget for major divisions at Humboldt State for the current (2002/03) fiscal year. The column headed All University and Mandatory makes adjustments to various units for categories such as Summer Term, Common Management System, and Public Service Programs that have historically been budgeted separately in the row labeled All University. It makes the provision for exclusion of protected categories such as EOP and State University Grants. Additionally, it makes adjustments for our annual lease bond payment, risk management premiums, and mandatory computer paper fees, which are predetermined and consequently exempt from any reduction. The row labeled Other includes budgets for Work Study and a staff benefit contingency within which a provision was made to fund the mandatory cost of health premium increases effective January 2003. The Total Budget column is simply the sum of the previous two columns. These figures include fringe benefits for personnel.

	2002/03	ALL	TOTAL
HSU UNIT	FINAL BUDGET	UNIVERSITY	BUDGET
		& MANDATORY	
Academic Affairs	\$50,650,600	\$1,599,861	\$52,250,461
Administrative Affairs & Development	\$11,431,461	\$920,807	\$12,352,268
Student Affairs	\$7,180,378	\$92,555	\$7,272,933
President's Office	\$955,807	\$50,000	\$1,005,807
All University	\$12,293,723	(\$7,803,209)	\$4,490,514
New Compensation	\$1,368,750	\$0	\$1,368,750
Other	\$876,250	\$0	\$876,250
Health & Mandatory Paper Fees	\$1,208,000	\$0	\$1,208,000
Total Proposed Expenditures	\$85,964,969	(\$5,139,986)	\$80,824,983

The table below shows a preliminary set of reductions each Humboldt unit may be required to take to meet the \$8 million reduction that the State of California is imposing on us presuming the Governor's proposed budget comes to fruition. The percent reductions listed are proposed by the University Executive Committee and are based on the criteria for HSU Budget Reduction recently approved by the Academic Senate. These criteria are available on line at <http://www.humboldt.edu/~budget/index.htm>

	\$	%	2003/04
HSU Unit	REDUCTION	REDUCTION	Budget
Academic Affairs	\$5,052,885	9.67%	\$47,197,576
Administrative Affairs & Development	\$1,547,321	12.53%	\$10,804,947
Student Affairs	\$722,130	9.93%	\$6,550,803
President's Office	\$110,286	10.96%	\$895,521
All University	\$450,399	10.03%	\$4,040,115
New Compensation	\$0	0.00%	\$1,368,750
Other	\$116,979	13.35%	\$759,271
Health & Mandatory Paper Fees	\$0	0.00%	\$1,208,000
Totals	\$8,000,000		\$72,824,983

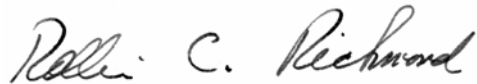
Currently each vice presidential division is working to prepare a plan to accomplish the reductions shown in the table above. The Executive Committee has agreed to allow each of the major divisions to carry forward funds from the current fiscal year into the coming fiscal year to alleviate some of the budget reductions required. Based on these discussions and consideration of the impacts of the proposed reductions, the University Executive Committee will prepare a joint proposal for consideration by the University Resources Planning and Budget Committee which will meet jointly with the Senate Executive Committee on March 13. The University Executive Committee's

proposal for budget reductions may differ significantly from those proposed in the table immediately above to meet the proposed criteria for HSU budget reductions as well as to meet the specific reductions listed in the Governor's January budget proposal and summarized at the beginning of this letter.

We will need your help and patience as we attempt to plan for the budget reductions that we face. It is important that each of us remember that our plans at this stage of the process are preliminary and will almost certainly have to be revised as State officials modify their plans. We value your ideas and suggestions for ways to accomplish the reductions while maintaining the quality of the education that we provide for our students. Please convey your suggestions to us via the contact form available on the President's web site, <http://www.humboldt.edu/~hsupres/contact/>.

Thank you for being a part of the Humboldt State University community and for all that you do for our institution.

Sincerely,



Rollin C. Richmond
President

cc: Charles B. Reed, Chancellor, CSU
Richard P. West, Executive Vice Chancellor, Business & Finance, CSU
David S. Spence, Executive Vice Chancellor, Academic Affairs, CSU
Jackie R. McClain, Vice Chancellor, Human Resources, CSU