



Humboldt State University Community
Humboldt State University
Arcata, California

July 20, 2005

Dear Colleagues:

The Governor of California has signed the 2005-2006 budget into law. The approved budget will provide The California State University (CSU) with a total of \$235.2 million in new funding, representing a 6.5 percent increase. It ensures funding for an additional 10,000 students system-wide. The 2005-2006 general fund support for the CSU is \$2.6 billion, an increase of \$134 million (5.4 percent).

CSU Budget Highlights include:

- Enrollment growth funds of \$63.7 million to fund 10,000 headcount/8,103 full-time equivalent students
- Increase of \$23.3 million for 2,700 additional student financial aid awards
- Employee compensation increase of \$88.1 million providing for a CSU employee pay increase, as bargained for represented employees
- \$26 million in general obligation bonds for capital renewal programs
- Fee increases for undergraduate students to \$2,520 (8 percent); teacher credential students to \$2,922 (8 percent); graduate students to \$3,102 (10 percent)
- \$560,000 to expand graduate nursing programs and \$250,000 to increase the number of teacher preparation programs to produce additional K-12 science and math teachers.
- Mandatory cost increases for health/dental insurance and space totaling \$41.8 million
- \$7.9 million for long-term needs for libraries, deferred maintenance, technology initiatives

The table immediately below estimates the revenue that Humboldt State University can expect to fund expenditures in the fiscal year 2005-2006. This represents an increase of \$5,818,594 to our base budget.

| | |
|----------------------------------|--------------|
| Sources of Funds | |
| General Fund Support | \$68,727,876 |
| Student/Other Fees | \$21,004,976 |
| Total General Fund Support Funds | \$89,732,852 |

While HSU receives state funding for 7,389 full-time equivalent students (FTES), our revenue projection is based on an optimistic enrollment projection of 7,268 FTES. With the state funding and our projected revenue, we will have approximately \$5,818,594 in additional revenue for fiscal year 2005-2006.

HSU has the following mandatory cost increases that we must fund. The salary increase funds have been set aside and will be distributed per the bargaining unit negotiations.

Total FY05-06 Mandatory Funding Initiatives

| <u>Description</u> | <u>Budget</u> |
|--|--------------------|
| Salary Increase 7/1/05 per unit negotiations | \$2,299,000 |
| Health/Dental Benefits Rate Changes | 936,000 |
| Retirement Rate Changes | 1,108,000 |
| Property Insurance-Risk Pool | 190,964 |
| Energy Costs | 113,000 |
| SUG Adjustment | 945,900 |
| Space allocation | 50,000 |
| Long Term Maintenance | 42,200 |
| Total Mandatory Funding Initiatives | \$5,685,064 |

Subtracting the mandatory costs from projected new income leaves us with a balance of \$133,530. However, we also have a number of urgent recommendations from the University Budget Committee, the Vice Presidents and the President's unit. We will fund the following items from these recommendations:

Total FY05-06 Other Important Funding Initiatives

| <u>Description</u> | <u>Budget</u> |
|--|--------------------|
| Academic Affairs | |
| Summer Session | \$1,000,000 |
| Lecturers | 300,000 |
| Masters of Social Work | 250,000 |
| Operating Expense for CNRS | 285,000 |
| Unit 11 administration | 55,000 |
| Information Technology Services (ITS) | 90,000 |
| WASC Accreditation | 65,000 |
| Total Academic Affairs | \$2,045,000 |
| Student Affairs | |
| Alcohol & Drug Intervention Program | 56,000 |
| Pay equity adjustment | 30,000 |
| Multicultural Center/HOP Staff | 42,000 |
| Total Student Affairs | \$128,000 |
| University Advancement | |
| VP Office/Enrollment Campaign | 265,000 |
| Capital Development Officer – Advancement | 80,000 |
| Total University Advancement | \$345,000 |
| Administrative Affairs | |
| Fiscal Data Integrity | 250,000 |
| Total Administrative Affairs | \$250,000 |
| President's Division | |
| Enrollment Management – Admissions | 500,000 |
| Diversity Training | 22,000 |
| Total President's Division | \$522,000 |
| Total Other Important Funding Initiatives | \$3,290,000 |

The cost of the mandatory and other important funding initiatives minus the projected new revenue leaves us with an internal reallocation totaling \$3,156,470. We will make the following reductions to the major university units for 2005/06 to meet these reallocations.

Campus-wide Reduction to FY04-05 base

| <u>Description</u> | <u>Budget</u> |
|------------------------|----------------|
| Academic Affairs | \$ (1,726,628) |
| Administrative Affairs | (510,530) |
| Student Affairs | (296,723) |
| University Advancement | (63,941) |
| President's Unit | (175,518) |
| All University | (383,130) |
| Total | \$ (3,156,470) |

A few items are still pending as far as the budget is concerned.

The salary and benefit levels set aside in mandatory funding initiatives are placeholders until HSU receives final information on bargained salary and benefit changes.

We are exploring the possibility of obtaining a loan from the Chancellor's Office that will allow us to do a better job of implementing CMS as a whole and the data warehouse in particular.

We will work with the campus and the Chancellor's office to create proposals for additional funds for the expansion of our graduate nursing program as well as our K-12 science and math teacher education programs.

The following are the preliminary divisional budgets for the fiscal year 2005-2006. Salary and benefit allocations will adjust these budget levels as soon as rates are determined.

Total FY05-06 Base Budgets by Division

| <u>Description</u> | <u>Budget</u> |
|--|---------------------|
| Academic Affairs | \$48,470,582 |
| Administrative Affairs | 10,625,856 |
| Student Affairs | 6,842,299 |
| University Advancement | 1,685,079 |
| Presidents' Unit | 5,089,425 |
| All University | 17,019,611 |
| Total FY05-06 University Budget | \$89,732,852 |

As I mentioned above, Humboldt State University's budget is partially dependent on the level of students that we enroll. Increasing enrollments must remain our number one priority on this campus. I urge each of you on this campus to do your part in this endeavor.

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

Sincerely,

A handwritten signature in blue ink that reads "Rollin C. Richmond". The signature is written in a cursive style with a light blue background behind the text.

Rollin C. Richmond
President