

President's and Vice Presidents' Proposal for 08/09 Budget Reductions

The following are the priorities in order of importance that I have asked the Vice Presidents to use in making decisions about budget reductions for fiscal year 2008-2009. The sub-bullets may be viewed as examples under each bullet.

Cluster 1

- Student Success
 - Retention and graduation rates
 - Success for traditionally underrepresented students (WASC, Theme 2)
- Academic Excellence and Educational Quality
 - Interdisciplinary study of the environment and natural resources
 - Focus on the visual and performing arts
 - Social and Environmental Responsibility/Learning to make a difference (WASC, Theme 1)

Cluster 2

- Fiscal Stability and Revenue Enhancement
 - Enrollment
 - Advancement
 - Grants and Contracts
 - Entrepreneurial faculty and staff
- Institutional Support

Cluster 3

- Service to the North Coast Community

We do not know what the state's final budget recommendations for the CSU and consequently HSU will be and probably will not know this with any surety until mid summer. Given this ambiguity, we have decided to plan for a \$3M university-wide reduction in fiscal year 08/09.

Based on the priorities summarized above, we propose to reduce our 08/09 base budget by \$3M allocated as follows:

<u>Administrative Unit</u>	<u>07/08 Budget</u>	<u>\$3M reduction</u>	<u>% 07/08 Budget</u>
Academic Affairs	\$56,645,135	\$1,500,000	2.65%
Administrative Affairs	\$15,006,937	\$502,500	3.35%
Student Affairs	\$10,425,050	\$332,500	3.19%
University Advancement	\$2,068,484	\$70,000	3.38%
Presidents' Unit	\$1,239,696	\$45,000	3.63%
<u>University Wide</u>	<u>\$13,804,125</u>	<u>\$550,000</u>	<u>3.98%</u>
Total	\$99,189,427	\$3,000,000	

If we have to make reductions in excess of these to meet a larger reduction of \$7.3M that includes compensation increases, we propose to use *one-time* funds we have identified to

meet additional cuts. These monies amount to approximately \$4.55M and derive from excess revenue in the 07/08 fiscal year, excess risk pool funds, the CMS campus reserve, business management trust funds, and CMS loan repayment funds not required in 08/09.

It is clear to us that the future of HSU rests on our ability to maintain and if possible expand the FTES we educate. We need to give Academic Affairs the time to plan for the prioritization of programs and especially the reform of their curricula. It is the intent of the vice presidents and myself also to continue to examine all the non-academic units on campus as we have done for nearly five years. We will work to identify the core or central non-academic units within each of our areas. By core, we mean those units without which the university could not function within the legal guidelines within which we operate, or those units whose absence would result in significant harm to our students. It is our intent to combine this process with the strategic planning that the WASC review clearly necessitates and the age of our current strategic plan dictates. It is our intent to create a process, as a part of the planning procedure next year, that will allow us to compare the worth and efficiency of non-academic units led by the vice presidents and the president. This process will ultimately need to be joined to the academic prioritization process currently underway. As the prioritization task force is doing for academic units, the non-academic areas will also identify non-academic services that need to be enhanced, those that are effective as they are, and those that can be reduced with the least harm to our students and the community in general.

Thus we propose that we once again allow academic affairs a reprieve for the 08/09 fiscal year with the understanding that unless our financial situation improves, their base budget will be reduced by \$1.5M in 09/10. This reduction must be at least partially a result of program elimination/reduction and appropriate revision of curricula to permit more efficient use of academic personnel and to maintain FTES at the current levels. We will use some of the one-time funds we have identified to cover academic affairs proposed \$1.5M reduction for 08/09.

The following summarizes the budget reductions and reallocations we are proposing for the 08/09 academic year.

Academic Affairs

- We propose a \$1.5M base reduction to be applied for the 09/10 fiscal year. In 08/09, we will cover the reduction that they would otherwise be taking with the one-time funds.
- We propose to allocate one-time money to provide Academic Affairs with \$400,000 to meet Freshman and GE course needs. This allocation will not continue in 09/10, so Academic Affairs must make a base adjustment for 09/10 to cover these costs.
- Academic Affairs needs to plan to teach about 7,400 FTES in 09/10 as it prepares to take the \$1.5M reduction and cover the \$400,000 for Freshman/GE courses within their reduced budget.
- Academic Affairs will receive \$175,000 in base money for International Programs in 08/09 and must continue to fund this area in the future.

Administrative Affairs

- We propose that Administrative Affairs cut \$502,500 from its base budget for 08/09.
- Administrative Affairs must find funds for long term maintenance from its existing budget.
- We propose to make a \$200,000 base allocation to Administrative Affairs for maintenance of the retained Forbes buildings.

Student Affairs

- We propose that Student Affairs cut \$332,500 from its base budget for 08/09.
- Student Affairs will receive base allocations to fund police (\$85,000) and a retention program (\$150,000) for fiscal year 08/09 and must continue to fund these areas in the future.

University Advancement

- We propose that University Advancement cut \$70,000 from its base budget for 08/09.
- University Advancement will receive a base allocation to fund the planned giving initiative (\$180,000) in 08/09 and must continue to fund this area in the future.

President

- We propose that the President's Office cut \$45,000 from its base budget for 08/09.

University Wide

We have little flexibility to reduce this area which includes such things as risk management, tax assessments, utilities, energy bonds, State University Grants for financial aid and others. We propose to take the reduction of \$550,000 for 08/09 from one-time funds.