HUMBOLDT STATE UNIVERSITY

University Budget Committee

November 24, 2008

TO: Rollin Richmond, President, Humboldt State University

FROM: University Budget Committee – Chair: Carol Terry -- Members: John Powell, Han-Sup Han, Mary Kay, Martin Flashman, Colleen Mullery, Randi Darnall-Burke, Lynne Sandstrom, Robin Bailie, Ann Moore, Sofia Pereira

SUBJECT: UBC Response to the President on the President's and Vice Presidents' Proposal for 2008-09 Mid-Year Budget Reductions

In response to President Richmond's charge to the University Budget Committee, the UBC offers the following commentary and recommendations on the President's and Vice Presidents' proposal for the 2008-09 mid-year budget reductions:

a) We commend the President and the Vice Presidents for anticipating the possibility of mid-year cuts and for using a conservative management approach to the development of the 2008-09 annual budget.

b) We agree with the recommendation to use available one-time funds to cover the $849K one-time, mid-year budget cut and the possible additional $1.8 million mid-year budget cut recently proposed by the Governor's Office.

c) After covering the two budget cuts above from the University Reserves, if further budget cuts become necessary, we recommend that the President and the Vice Presidents propose a plan based on strategic priorities to address any additional cuts and again consult with the UBC.

Additionally, we recommend that Humboldt State establish an appropriate target for its reserve levels and work over multiple years to establish and maintain such reserves. We suggest a target of 4% to 7% of operating revenues or about $4 to $7 million in one-time reserves.