

2010/11 Budget Proposal for Humboldt State University

Submitted to the University Budget Committee
by the President and the Vice Presidents
February 12, 2010

The Vice Presidents and the President continue to use the principles and priorities established during the development of the 2008/09 budget to guide our decisions about Humboldt State University's budget for 2010/11.

Student success, both in improving retention and graduation rates as well as advancing the success rate of traditionally underrepresented students, remains the top priority (WASC, Theme 2) along with academic excellence and educational quality as defined in WASC, Theme 1. The second priority concentrates on making Humboldt State fiscally stable and centers on revenue enhancing functions such as enrollment, advancement, and grants and contracts. The current fiscal status of the state has reduced our ability to increase enrollment but we continue to believe that the university must be prepared to move forward when circumstances change. The third priority focuses on our responsibility of service to the north coast community.

Assumptions for the 2010/11 Budget

The Governor released the details of his proposals for the state budget on January 8, 2010. This budget has identified a \$19.9 billion state deficit in 2010/11 and also presumes the receipt of \$6.9B of federal funds. The Governor's budget for the CSU recommends the appropriation of about \$377M. This figure consists of \$305M that replaces funds removed by the Governor and Legislature in last year's budget negotiations. It also includes an addition of \$60.6M for enrollment growth and \$11.9M to possibly buy out the 10% fee increase recently approved by the Trustees. While the financial staff in the Chancellor's Office is somewhat optimistic that the CSU will receive the \$305M promised to them to restore one-time cuts taken last year, the fiscal situation in the State is too uncertain to plan on getting those funds. There is little hope that the remainder of the Governor's proposal for the CSU will be appropriated.

What assumptions are we making for HSU?

1. The Chancellor's Office has set HSU's enrollment target at 6612 FTES for 2010/11 which is a reduction of 422 FTES from the enrollment target set for the 2009/10 academic year. Our enrollment management group anticipates that we are likely to exceed the 10/11 target by 1-2%.
2. Based on our estimates of revenues for 2010/11 and the information we have gathered from the governor's budget and the Chancellor's Office, HSU must continue to realign its base budget for the financial health of the institution. This means enacting the reductions that have been assigned to date.
3. In addition, HSU must be very careful to carry forward any one-time sources of funding. While HSU does not currently anticipate any further mid-year budget reductions in the new budget at this time, given the ambiguity of the state's budget it is imperative that we conserve a University one-time contingency fund to help the institution react to potential

mid-year reductions issued by the state. Please see the attached table and the discussion below for a summary of revenues and expenditures.

Rationales for proposed budget in the attached table

Given projected revenues and expenditures and increases in mandatory costs, we are projecting a shortfall of **\$658,000** for AY 2010/11. However, given the projected one-time funds that will be available from the current year (center of the table), we have not allocated the base reductions indicated at the top of the table.

Four base-budget augmentations were considered:

- The Office of Diversity and Inclusion (ODI) has submitted a proposal to restructure the Office, hiring a fulltime director and associate director. Those budget impacts would come in AY 2011/12 and therefore were not considered in this budget cycle. However, there was a request for a **\$36,000** base-budget augmentation to cover current expenditures of the .8 associate director, faculty release time, halftime office support and OE.
- The Office of Institutional Research and Planning (OIRP) requested a **\$73,000** base-budget augmentation to cover an analyst and part of a halftime office support position that are currently on one-time money.
- The Retention Work Group recommended a **\$60,000** base-budget augmentation to the Learning Center to take over advising of disqualified students from the Advising Center so it can oversee the early-alert advising pilot project aimed at increasing retention for freshmen and sophomores.
- Advancement requested a base-budget augmentation of **\$100,000** to help bring current expenditures into line with its base allocation.

We recommend that the first three items receive one-time funding but not base-budget funding. We do not support the fourth item at this time. Any base-budget augmentation for the ODI should wait on discussion and approval of the restructuring proposal. That discussion should take place this semester so that a decision can be made in the next budget cycle. The OIRP has just hired a Director, and she needs to do an assessment of the Office and its needs before any base-augmentation should be considered. That assessment should be completed in time for the next budget cycle. Funding for the retention efforts is a pilot project and should be funded with one-time funds until it has been evaluated. Advancement has one-time funds to cover the difference between expenditures and revenues for next year. Therefore it does not need one-time funding. However, a discussion about base-budget augmentation for the Division should take place this semester so that a decision can be made in the next budget cycle.

We recommend that the President continue to have a **\$500,000** Initiative Fund, which should eventually be a base-budget allocation. However, in the interim we recommend that it be allocated out of one-time funds. In the current year, these funds have been used to support faculty and student travel to conferences, professional education and

stipends for faculty to develop online courses, renovation of facilities devoted to faculty and student use, replacement of old musical instruments used by students, the purchase of laboratory equipment for student education and improving infrastructure for biotechnology education. Still under consideration are proposals for a mentoring program for Native American students and the purchase of an art picture database to support courses in the Art Department.

We recommend that the \$658,000 shortfall initially be covered in one-time funds for the coming year. Our reasoning is as follows: First, we have enough in university reserves to cover this and other critical costs and still maintain a reasonable reserve going into next year. Second, and more importantly, the budget situation is so uncertain at this time that we should wait to revise base budgets until we have a better idea of the state budget and funding for the CSU. Once we have that information, we will be in a much better position to adjust base budgets for the divisions.

University Budget Committee Timeline

The Vice Presidents and President would appreciate a response to this proposal for the 2010/11 budget by March 19, 2010. If the UBC wishes to make changes, we request that its proposal identify specific units for reduction and provide clear rationales for the proposals. We very much appreciate your service on this important group and look forward to your comments.