

2011/12 Budget Proposal for Humboldt State University

Submitted to the University Budget Committee

By the President and the Vice Presidents

February 25, 2011

The Vice Presidents and 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.

Student success, both in improving retention and graduation rates as well as advancing the success rate of traditionally underrepresented students, remains our top priority along with academic excellence and educational quality. The second priority concentrates on making Humboldt State fiscally stable and centers on revenue growth through enrollment, advancement, grants and contracts, and enterprise functions. The third priority focuses on our responsibility to serve our local communities.

Assumptions for the 2011/12 Budget

The Governor's proposal recommends a \$500 million reduction to the CSU, bringing state support to \$2.2 billion, the same level as in 1999, despite the system now enrolling 70,000 more students. Part of this reduction is offset by the increase in student tuition and fees authorized by the Board of Trustees.

For Humboldt State University, this represents a reduction of approximately \$13 million. With a planning target of 7010 resident FTES and 217 non-resident FTES, given the increase in tuition and fees, the reduction over the 2010/11 budget is approximately \$8.6 million. Of the tuition/fee increase, approximately \$1.8 million (33%) will be set aside for financial aid. Compensation increases for this coming year, primarily in such areas as retirement and health benefits, are estimated at approximately \$2.6 million. Because the 2010/11 budget came to the University so late, most of the base increase over the 2009/10 budget was not allocated to base – approximately \$8.5 million. We recommend counting those unallocated funds toward the budget reduction for next year.

The Governor's budget proposal assumes a special election to extend some current taxes. If the extensions are not approved, the CSU will likely face additional reductions. This budget assumes that those current tax extensions will be approved. The Governor has stated that he does not support further increases in student tuition/fees and does not want access reduced. He believes the CSU can achieve its budget reductions through increased efficiencies in administration and instruction.

Rationale for Proposed Budget

Given projected revenues, expenditures and increases in mandatory costs, we are projecting a shortfall of approximately **\$4,410,000** for AY 2011/12. In addition, we recommend **\$900,000** in base budget augmentations, bringing the total shortfall to **\$5,310,000**.

Recommended base-budget augmentations are:

1. Academic Affairs: **\$600,000**.
 - a. Research and Sponsored Programs: **\$420,000**. This provides funding for all current pre-award positions and includes an OE budget of \$50,000. It does not include funding for a Research Dean position. This base-budget augmentation is part of our commitment to stabilize and improve service in the Sponsored Programs Foundation and to increase revenue to the campus.
 - b. The Offices of Diversity and Inclusion (ODI), Institutional Research and Planning (OIRP) and the Learning Center: **\$180,000**. Last year, approximately \$180,000 was provided in one-time funding for these offices to hire one staff position for probationary advising and to cover on-going expenditures in ODI and OIRP. This year, we are recommending that money to base. This base augmentation is part of our commitment to inclusive academic success.
2. University Advancement: **\$150,000**. This is the first part of a two-year plan to bring its base budget in line with current expenditures. Revenue generation continues to be a high priority for the campus.
3. Enrollment Management and Student Affairs: **\$150,000**.
 - a. Hobson's license: **\$30,000**. This covers the annual license costs for our student communication software. Good student communication is critical for our goal to increase enrollment.
 - b. Increasing recruitment effectiveness: **\$120,000**. This money will be used to purchase expanded lists of names of prospective students, and covers the costs of producing and mailing recruitment literature to these prospects. Recruitment remains a high priority for the campus.

In order to meet this reduction in state funding, we recommend a combination of increased revenue generation and divisional base-budget reductions. Specifically, we recommend setting a goal of generating **\$3,110,000** in new revenue over the next three years to offset some of the reduction in state funding. The remaining **\$2,200,000** will be assigned to divisions as base-budget reductions.

Revenue generation will focus on increasing self-support activities, grants and contracts, donations, enrollment and enterprise activities. We recommend assigning \$3,110,000 of the budget reduction to General University Obligations with the understanding that those revenues will be replaced over the next three years by increased revenue to campus. If this does not happen, then additional base budget

reductions will be assigned to the divisions. One-time funding will be used to bridge the funding shortfall to General University Obligations for 2011/12.

We recommend that the remaining \$2,200,000 be allocated as base-budget reductions to Academic Affairs, Administrative Affairs and Student Affairs on a basis proportionate to their combined adjusted base budget, which would result in reductions of **\$1,530,000** for Academic Affairs, **\$465,000** for Administrative Affairs and **\$205,000** for Student Affairs.

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 for academic support.

University Budget Committee Timeline

The Vice Presidents and President would appreciate a response to this proposal for the 2010/11 budget by March 11, 2011. We appreciate your service on this important group and look forward to your comments.