

HUMBOLDT STATE UNIVERSITY

Lisa A. Rossbacher, Ph.D., President

25 August 2016

Dr. Alex Enyedi, Provost and Vice President for Academic Affairs

Dr. Mark Rizzardi, Professor of Mathematics
Co-Chairs of the 2016-17 University Resources and Planning Committee (URPC)

Members of the 2016-17 University Resources and Planning Committee

Re: Charge to the 2016-17 University Resources and Planning Committee

Dear Alex, Mark, and the members of the University Resources and Planning Committee:

As promised in my budget letter approving the 2016-17 University budget, I am sending this memo as a formal charge to the University Resources and Planning Committee to help focus your work on the 2017-18 budget and on fiscal issues to be considered in the 2016-17 academic year.

As noted last year, I want to reiterate the importance of building the University's reserves. Reserves are a critical aspect of our multi-year financial planning, for both operations and capital planning. Our operating reserve level is still among the lowest in the CSU. A critical goal for URPC is to balance our competing and immediate financial priorities with the need to invest for the future, and increasing reserves must be a key component of our strategic budgeting.

For planning purposes, I suggest that we change our terminology regarding the funds we have traditionally described as reserves. I believe we should use this word to refer to operating reserves, which provide a buffer against budget shortfalls and which, if unused in a fiscal year, could be transferred to a Capital Improvement Fund (previously known as "capital reserves"). The development of a Capital Improvement Fund is vital to HSU's ability to successfully request state support for capital projects, under the new capital funding model for the California State University; this new name for the fund should clarify its intended purpose.

As you begin planning for URPC's work in the coming year, I would like to ask you to keep the following goals as high priorities:

- Continuing implementation of strategic budgeting principles and defining strategic assets;
- Recommending a balanced budget for 2017-18 that eliminates the University's structural deficit;
- Beginning the planning process for 2017-18 using actual previous-year enrollment, not future-year targets;
- Developing multi-year budget plans (at least for the two subsequent fiscal years);
- Asking all divisions to develop two budget scenarios and describe the impact of a 5% increase in the budget and a 5% decrease in 2017-18, as a tool for understanding strategic priorities and planning and to prepare for the uncertainties of the next fiscal year; and
- Completing and recommending formal policies for both operating reserves and the Capital Improvement Fund.

The California State University's Board of Trustees will begin planning for its 2017-18 budget request to the Governor and Legislature in September. I will keep you informed about developments as this planning process moves forward.

Thank you for your commitment to this important effort to support the University's educational mission. URPC made valuable progress in implementing strategic budgeting in the last year, and I look forward to working with you in the coming year and seeing these efforts continue. If you need additional assistance or information from me, please just let me know.

With very best wishes,

LAR

Lisa A. Rossbacher, Ph.D.
President