



CALIFORNIA STATE UNIVERSITY, STANISLAUS

OFFICE OF THE PRESIDENT

February 12, 2009

TO: Provost William Covino, Academic Affairs
Vice President Susana Gajic-Bruyea, University Advancement
Interim Vice President Suzanne Green, Business and Finance
Vice President Stacey Morgan-Foster, Student Affairs
Associate Vice President Carl Whitman, Information Technology

FROM: Ham Shirvani
President

SUBJECT: General Operating Fund Budget Call for 2009-10 FY

This is a call for 2009-10 Campus Operating Fund base (permanent) budget reduction scenarios from each Division. Instructions and forms to be used are also included. Please follow them in developing and submitting the Division base budget scenario to the University Budget Office *by Friday, March 2nd, 2009*.

Budget Planning Context

The State is facing a budget gap of about \$14 billion this year (2008-09), that, without quick mitigating action by the Legislature and Governor, may grow to over \$42 billion in 2009-10. According to the Legislative Analyst's assessment,

"The administration has accurately projected that the state faces a colossal budget shortfall. With each passing month without action, the fiscal outlook becomes more dire. We have concerns with some specific components of the administration's solutions, such as its risky borrowing plan. In addition, the plan's approaches to achieving programmatic savings often can be improved. Yet, the Governor's budget makes a good faith effort to close the gap. There are no easy paths to solving the crisis, and virtually all choices will have some negative consequences. But the Legislature must act immediately to address a budgetary and cash situation that has the state on the edge of fiscal disaster." (California Legislative Analyst's Office, 2009-10 Budget Analysis Series, "Overview of the Governor's Budget", January 8, 2009, p. 11)

Should the Governor's Proposed Budget ultimately be adopted, among the largest changes anticipated are:

- The CSU would be budgeted to teach 8,786 additional students with no additional state funds to cover costs;

- The CSU would incur about \$84 million in mandatory costs not funded by the state;
- It's assumed in the Governor's Proposed Budget that the CSU Board of Trustees will adopt a 10% student fee increase to offset state budget reductions and unfunded mandated costs. If approved, the fee increase would leave a \$16 million base budget reduction to be distributed to campuses. CSU Stanislaus' estimated share of this base reduction is about \$300,000.

When added to the campus' existing \$4.4 million structural gap, the University's anticipated structural gap would rise to \$4.7 million. However, due to the severity of the state budget gap, we believe the Governor's Proposed Budget is a 'best case scenario' for the CSU. Because the state budget decisions are made during the summer months when many members of the campus community are not present, we agree with the University Budget Advisory Committee (UBAC) that planning now for up to a \$6 million base budget reduction is a prudent step.

Scope

The scope of this budget call is the University's General Operating Fund. Budget proposals for other funding sources will be requested separately. It is anticipated that you may shift costs from the General Operating Fund budget to other resources, if you have such funds available, to mitigate reductions. Any such cost shifts should be reflected in both the General Operating Fund and the other funding source budgets proposals. The University will consider all its funding sources when making budget recommendations and decisions.

Budget Development Parameters

I want to thank UBAC for their work in developing recommendations for framing a campus budget call request. I have carefully considered the advice received from UBAC and others on these matters. Please use the following parameters in developing your Division budget scenarios.

Division Budget Reduction Scenarios: Each Division is asked to provide three levels of base (permanent) budget reductions. The first two levels of base reductions are 6% and 10%. The third level varies by Division as follows: 15% for Academic Affairs, Business & Finance, President's Office and Student Affairs, and 20% for University Advancement and Information Technology. The higher budget reduction scenario levels for University Advancement and Information Technology takes into account the fact that these areas were given budget augmentations in 2008-09 to undertake initiatives to improve fundraising and campus technology operations.

The reduction targets are needed to develop base budget reduction recommendations totaling \$6 million, and will help us understand the Division's priorities as they relate to the University's operating needs and strategic plan. We ask that you identify the base cuts in priority order and explain the impact of each cut. I will ask you, as my Executive Administrative Group, and the University Budget Advisory Committee to consider the Division proposals and make recommendations for a balanced budget for 2009-10.

The budget plans must be built with full consideration of the University's mission, strategic goals and priorities, and Division goals. It is assumed that Division goals are based on continuing University activities needed to serve our targeted student population of 7,090 resident full-time equivalent students plus our non-resident student population, meet campus operational requirements, and preserve the quality of those programs and services that will continue. It's expected that the scenarios may reflect a change in the scope of services or programs offered to preserve the quality of the continuing programs.

Please include in these Division scenario proposals the budget and operational implications for the following items:

Academic Affairs

- Consolidation of colleges and/or programs.
- RSCA support
- Faculty workload and assigned time
- Shifting instructional delivery modes
- Self Support programs

Student Affairs – Possible reorganization of managerial assignments, while preserving Student Affairs positions that provide critical services for students.

Business & Finance (including auxiliaries and enterprise funds, Public Safety, Human Resources, Facility Services, and Financial Services) – Possible reorganization of managerial assignments while preserving critical services provided to the campus.

Consideration of Broad-based Campus Changes – In addition to the Division-specific budget reduction scenarios, we will consider the following issues to determine the role they could play in positioning the campus for achieving its strategic goals while balancing the budget. They are:

- Stockton Center long-term direction;
- Winter Term;
- Greater campus-wide efficiencies (i.e., four-day week);
- Voluntary furloughs/time base reductions;
- Campus-wide maintenance and replacement costs;
- Planning for a future University operating reserve fund.

Later this term, a committee will need to be formed to study the overall impact of Winter Term. We also will need to carefully study the best long-term direction for the Stockton Center. At this juncture, we are not considering voluntary furloughs and time base reductions until we have further direction from the Chancellor's Office. I have asked Interim VP Green to direct staff to study the funding needed for campus-wide maintenance and replacement costs. Finally, planning for a University Reserve is something that we must undertake, and we will discuss this further throughout the University budget development process.

Timeline and Due Dates

Established policies and procedures for shared governance will be respected throughout this process, including consultation as appropriate with faculty governance, labor council, and Associated Students, Inc.

February 12, 2009 - Budget Call for the 2009-10 Fiscal Year General Operating Fund budget scenarios are distributed.

March 2, 2009 – Each Division’s completed budget scenarios are due to the University Budget Office.

March 9 to April 17, 2009 – Division proposals are considered by UBAC and the University Executive Administration.

April 17, 2009 – Balanced budget recommendations are due to the President from UBAC and the University Executive Administration.

Before the end of May – I will make a preliminary announcement to the campus about 2009-10 campus budget directions.

Summer – Campus budget deliberations and recommendations by UBAC, Executive Administration, and others will continue until the state and CSU budget processes are completed.

Fall – The campus initial 2009-10 General Operating Fund allocations will be finalized.

Budget forms and instructions for the Division scenarios are enclosed. For assistance in completing the budget call request, please contact Michelle Legg, University Budget Manager or Jeanetta Hazelwood, Associate Budget Analyst.

cc: University Budget Advisory Committee
Senate Executive Committee
President’s Executive Cabinet
University Budget Office