October 29, 2014

To: The Campus Community

As we do each year, we’ve posted the annual budget and budget narrative on the website. It is accessible through the UBAC and Budget Central pages. I have placed a longer version of today’s President’s Update, with greater attention to specific position allocations, on the UBAC site for those who are interested, but the gist of the 2014-15 budget is as follows:

The major themes underpinning the budget are those articulated in my earlier response to UBAC’s recommendations. We have stretched last year’s budget as far as is practical. New revenue, meaningful but far less than was counted upon with our increased enrollment target, has been allocated reasonably in line with recommendations from the Vice Presidents and UBAC. We have kept our structural deficit modest and manageable by working to maintain personnel lines in the ongoing base and dependable recurring revenue columns and non-personnel lines in less dependable, non-recurring columns should the overall budget become threatened.

Are budget problems imminent? The likelihood is greater than mere chance would suggest. System enrollment expansion, the major source of new revenue for a CSU campus, is unlikely in any significant sense in 2015-16. Proposition 30 funding, the source of any new revenue attached to matters like enrollment growth, is scheduled to shrink by about 15 percent during the next two years, with no signal that the gap will be filled by state funds. Proposition 30 has two more years of life, and there are no indications whether renewal will be sought or if the state’s finances will be such that the difference can be addressed. In short, we could easily be in trouble in two years. We need to be very careful not only to use current dollars wisely but to be prepared to hold things together should we get bad news when Proposition 30 expires.
On the positive side, this year's new money and virtually the last of unallocated base have been designated for salary and benefits for mandatory Title IX positions and otherwise badly needed public safety, psychological counseling, and critical staff positions. Funds also have been allocated for release time for department chairs.

Also on the positive side, if we move forward conservatively, we will be all right during the Proposition 30 era. The combination of base funding, generally recurring one-time dollars (as in those from UEE), and non-recurring one-time reserves mean that we can maintain the status quo -- a flat budget situation vastly superior to the situation we faced just before Proposition 30 passed. If expansion dollars arrive unexpectedly, we will, of course, be thankful and happy.

As always, I am grateful for your hard work and wish us all much success during 2014-15.

Sincerely,

Joseph F. Sheley
President