

**Facing and Meeting  
the CSU, Chico  
2008-09 Budget Challenge**

**University Budget Committee**

**October 31, 2008**

# The Challenge

- Immediate Reduction of \$1.3 million  
(currently “one-time”)
- Mid-Year Reduction of 2 – 7 %
- Unfunded Excess Enrollment
- Unfunded Mandates

# One-Time Reduction

Chancellor Reed's Communication of  
October 23, 2008:

*“...we have been informed ... that agencies receiving General Funds need to cut a total of an additional \$390 million ... For the CSU, this amounts to \$31.1 million ...”*

CSU, Chico Share:	\$1,334,000	(1.1%)
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# **Marginal Cost Funding and Enrollment**

# Marginal Cost Funding

2008/09 Marginal cost of instruction funding per the CSU  
Trustee's budget is as follows:

<b>Marginal Cost of Instruction Component</b>	<b>Cost Per FTE</b>	<b>Percent</b>
Faculty Salary	\$3,445	33.0%
Faculty Benefits	1,292	12.4%
Teaching Associates Salary	19	0.2%
Instructional Equipment	126	1.2%
Instructional Support	916	8.8%
Academic Support	1,389	13.3%
Student Services	1,095	10.5%
Institutional Support	1,138	10.9%
Operation and Maintenance of Plant	<u>1,008</u>	<u>9.7%</u>
Total Marginal Cost	\$10,428	100%
Less: Fee Revenue	<u>(2,399)</u>	
State General Fund Support	<u>\$8,029</u>	

# Marginal Cost Funding – cont.

	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
State General Fund	\$7,225	\$7,710	\$8,029
State University Fee	<u>2,264</u>	<u>2,257</u>	<u>2,399</u>
Gross MCF	<u>\$9,489</u>	<u>\$9,967</u>	<u>\$10,428</u>

2007/08 marginal cost funding received:

222 FTES growth @ MCF = \$ 1.6 million <sup>1</sup>

2006/07 marginal cost funding received:

221 FTES growth (1.5%) @ MCF = \$1.5 million <sup>2</sup>

<sup>1</sup> Net of funding allocated to “new space” system-wide pool

<sup>2</sup> Net of funding allocated to “new space” system-wide pool plus fee buyout

# Enrollment FTE's

2008/09

	<u>Resident</u>	<u>Resident &amp; Non-Resident</u>
<i>Target</i>	<i>14,712</i>	<i>15,141</i>
Summer 08 ( <i>actual</i> )	380	380
Fall 08 ( <i>actual</i> )	15,535	15,962
Spring 09 ( <i>estimated</i> )	<u>14,701</u>	<u>15,171</u>
Annualized FTES	<u>15,308</u>	<u>15,756</u>

596 – additional “resident” FTE’s over target  
@ \$8,029 MCF rate  
= \$4.7 million of State funding will not be received



**2008/09**  
**Campus Budget**

# *UBC May 23, 2008*

*(slides 18-19)*

The University adopted a multi-year budget approach:

- 10% budget reduction over the next 2 years
- One university; four strategic priorities:
  - Student success, learning and progress to degree
  - Generation and wise stewardship of university resources
  - Commitment to local / regional service in the North State
  - Commitment to diversity

# 2008/09 “Pre Oct 23<sup>rd</sup>” Budget

2007/08 State Base Budget	\$120,878,800
Retirement Rate Adjustment	(351,000)
Aux. Audit Base Reduction	(42,758)
1/3 Set Aside State Univ Fee	(1,486,000)
State Univ Grant Distribution	<u>891,700</u>
2008/09 State Base Budget	<u>\$119,890,742</u>
<i>2008/09 Base Budget Reduction</i>	<b>(\$988,058)</b>
State University Fee Revenue (10% increase)	\$4,459,000

# 2008/09 Campus Budget – cont.

State University Fee Revenue	\$4,459,000
<u>Mandatory Uses of Funds:</u>	
Employee Health Benefit Increase	(\$1,012,000)
2007/08 Full-year SSI Compensation	(179,000)
New Space	(114,200)
Energy	(176,000)
Compensation*	<u>(1,715,000)</u>
Subtotal – mandatory costs	<u>(\$3,196,200)</u>
“Net” New Revenue less Mandatory Costs	<u>\$1,262,800</u>

\* Compensation increases that are not subject to 2008/09 budget contingency language in the CFA agreement.

# 2008/09 Campus Budget – cont.

2008/09 State Base Budget Reduction	(\$988,058)
“Net” New Revenue less Mandatory Costs	1,262,800
Unfunded Other Costs/Commitments	<u>???</u>
“Net” Increase 2008/09 Budget	<u>\$274,742</u>
1 <sup>st</sup> Mid-Year 2008/09 Budget Reduction (1.1%)	(\$1,334,000)
Add’l Mid-Year 2008/09 Budget Reductions	Up to 7%

*Note – Amounts above do not include other campus commitments that need to be funded in 2008/09.*

# 2008/09 Planned Budget Reduction

	<u>Total</u>	<u>%</u>	<u>Reduction</u>
07/08 State General Fund Base Budget	\$120,878,800		
08/09 Base Budget Reduction	<u>(988,058)</u>		
08/09 State General Fund Base Budget	119,890,742		
Student Fees & Other Revenue <sup>1</sup>	<u>54,833,000</u>		
<b>08/09 Base Budget</b>	<b><u>\$174,723,742</u></b>		
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Division Budgets <sup>2</sup>	\$147,885,910	5%	<\$7.3 M>
Centrally Managed Budgets <i>(Fin Aid, utilities, risk pool, compensation)</i>	<u>26,837,832</u>		
<b>08/09 Base Budget</b>	<b><u>\$174,723,742</u></b>		

<sup>1</sup> – Revenue per Chancellor’s Office Prelim Budget Allocation Memo B 08-03

<sup>2</sup> – Reductions can not be taken on total budget, 5% on division budgets only and allowed VP’s to make strategic decisions

# 08/09 Potential Reductions

\$7.3 M - 08/09 Campus Planned Budget Reduction

State General Fund Base: \$119,890,742

2%	\$2,397,815	5%	\$5,994,537
3%	3,596,722	6%	7,193,445
4%	4,795,630	7%	8,392,352

# Additional and Future Challenges

- Maintain “Alliance for the CSU” efforts
- AB 1389 Governor’s Rainy Day Fund
- Governor calling special legislative session on budget November 5<sup>th</sup>
- Continuing worsening economic conditions; global, national, state and regional
- Increasing, unfunded, non-salary costs

# VP Reports on 5% Budget Reductions

- Provost/VPAA – Sandra Flake
- VPBF – Lori Hoffman
- VPSA – Drew Calandrella
- VPUA – Rick Ellison

# Provost/VP Academic Affairs Report

## *VPAA 2008-09 Reduction Plan* *5% = \$5,648,024*

■ Colleges:	\$ 2,476,928
■ Support Units:	1,020,001
■ AA Division:	<u>2,151,095</u>

*Total AA Division*      \$ 5,648,024

# *VPAA 2008-09 Reduction Plan Sample Actions*

## Colleges

- Reduced # of sections offered & part-time lecturers
- Increased course enrollment caps; SFR higher
- Reduced the # of searches
- Suspended academic programs
- Kept MPP positions vacant
- Reduced chair and staff appointment levels
- Reduced AWTU's
- Reduced operating expenses; recruitment; development; outreach
- Reduced student assistance

# *VPAA 2008-09 Reduction Plan Sample Actions*

## Support Units

- Did not fill current vacancies: MPP and Staff
- Reduced funding of ‘On the Creek’ Speaker Series
- Reduced support for ‘Green Dance Film Festival’
- Reduced equipment purchases; extend refresh cycles
- Reduced travel and staff development
- Reduced student assistance
- Reduced operating expenses: postage, printing, supplies and services

# *VPAA 2008-09 Reduction Plan Sample Actions*

## Division of Academic Affairs

- Did not fill current vacancies: MPP and staff
- Reduced non-critical program support
- Eliminated Shop II funding
- Eliminated critical needs program
- Reduced operating expenses, incl. travel
- Reduced student assistance
- Consolidated functions across AA offices

# VP Business & Finance Report

- Each unit took at least a 5% base budget reduction.
- Temporarily eliminated several vacant positions. Any vacancies are being held at VPBF level.
  - Strategic review of units – combining talents to gain efficiencies, provide succession planning and training opportunities
  - Combined job responsibilities into positions
- Reduced funding for Scheduled and Deferred Maintenance on campus.
- Reduced O&E spending – travel, supplies, etc.
- Roll-over funds from 07/08 held centrally at VP level.

# VP Student Affairs Report

*The Division of Student Affairs has implemented the following strategies to address current budgetary shortfalls during the 08/09 academic year:*

- Each department took an average of 5% reduction in their budget.
- Each department has been asked to consider all federal and state mandates and to specifically adhere to any requirements outlined in executive orders.
- All vacant positions are being centrally held by the Vice President's office. In certain cases positions may be backfilled with rollover funds.
- Departments have greatly reduced or eliminated operational expenses (i.e. travel, office supplies, publications and other misc expenses).

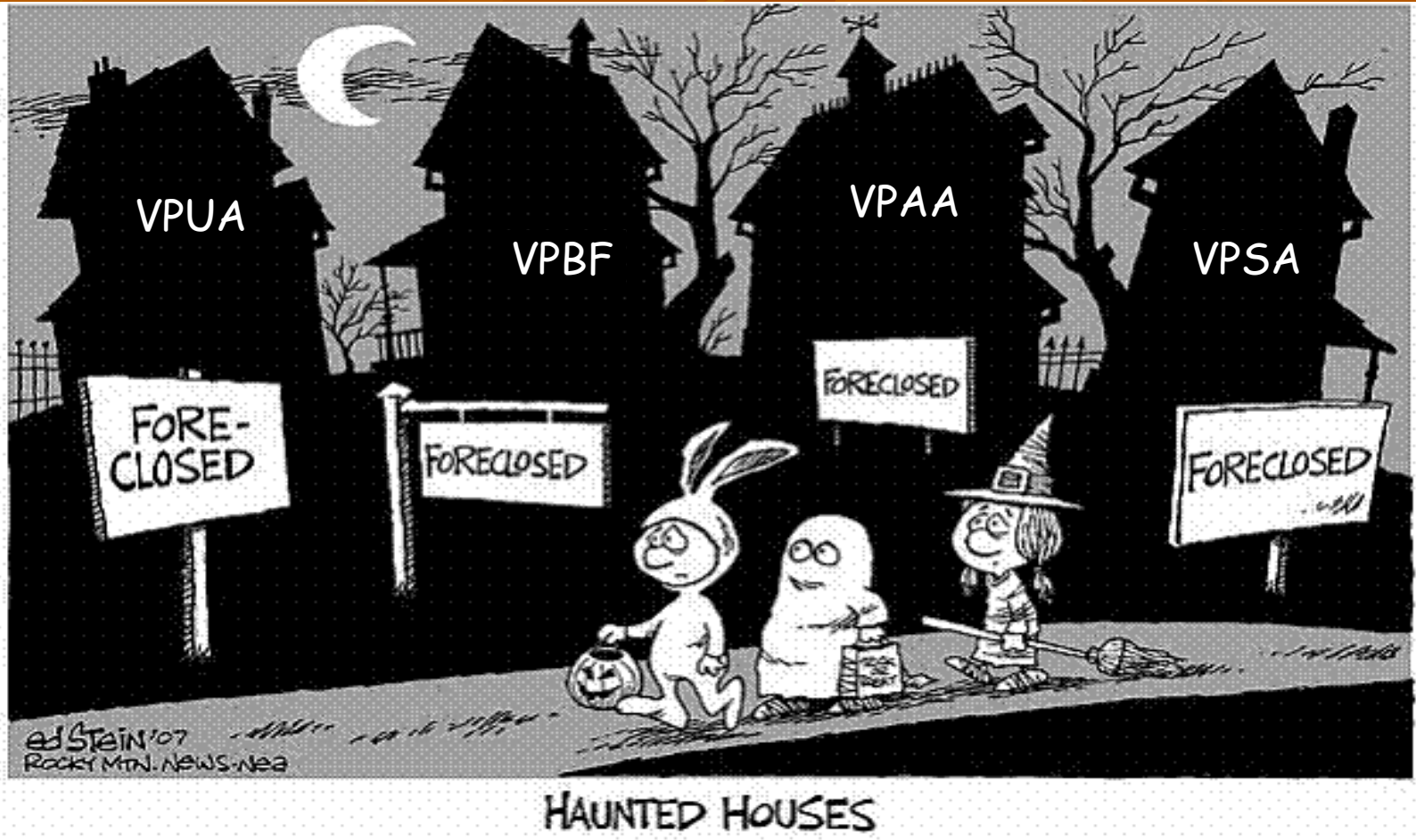
# VP University Advancement Report

*University Advancement remains committed to engaging, communicating, and soliciting stakeholders to advance the University. In our 2008-09 general fund allocation we are actively seeking ways to find operational efficiencies to meet the 5% reduction, while still serving our constituents and raising funds.*

## The areas we will reduce are:

- Communications (Chico Statements) – printing and distribution cost savings
- Alumni programming - reduce funding for alumni events
- Reduce professional contract staff
- Database management - transfer of database contract services
- Equipment - reduce funding for computer related equipment
- Personnel – centrally manage vacant positions
- Student workers - reduce hours
- Reduce operational expenses

# Conclusion



Happy Halloween...