

University Budget Committee  
Budget Update  
April 9, 2010

1. Since the release of the Governor's January budget, state lawmakers have been meeting in special session and committees to address the \$20B budget deficit for the next fiscal year.
2. The Joint Committee for the Master Plan on Higher Education held its sixth public hearing this week on the status of higher education in California.
3. The first five hearings focused on topics including access, affordability and financial aid, coordination and articulation, academic and financial accountability. This week's hearing included discussions on how to connect financing with statewide goals for higher education; trends; current and best practices on how higher education is financed nationally. The Committee will conclude its work in early May with the hope that the state will use the findings to develop a strategy on how to create access and fund higher education in the future.
4. The 8<sup>th</sup> Special Session adjourned in early March with minor fixes of \$2M; primarily to mass transit and tax credits. Between now and the release of the May revise, there will unlikely be any significant budget developments. We have been told to plan for a budget impasse over the summer and the tough decisions will not be made until after the June 8<sup>th</sup> primaries.
5. The CSU continues to direct campuses to plan for FY 2010-11 under the same assumptions established in early fall which include our General Fund allocation remaining the same as this year; no furloughs beyond this fiscal year; a 6% FTE enrollment decrease; and a 10% increase in the State University Fee.
6. Based on the campus's midyear review, the President has asked division leaders to redirect proposed fiscal reduction funds to those items identified as highest priority by the University Budget Committee.
7. The University Budget Office projects \$2.5M from campus-wide activities and unallocated revenue and \$2.4M in divisional balances at year end that will carry forward into FY 2010-11.
8. Although we remain hopeful that the budget outcome will be more positive than our planning assumptions, we are still a long way from an enacted state budget.

**CSUSM Multi-Year Budget Model**  
**Allocation of Operating Fund Incremental Budget**  
**MYBM FIRMS Final\_September 2009.xls, MYBM 0910**

	A	G	H	I	K
		FY 2008-09	FY 2009-10	FY 2010-11	
1					
2	<b>Anticipated Enrollment Growth</b>				
3	Annual Funded Resident FTES	7,283	7,283	7,283	
4	Annual Funded Resident FTE Growth	0	0	0	
8	FTE Marginal Cost GF Support Allocation	\$10,325	\$10,338	\$10,338	
9					
10	<b>Sources of Funds - Permanent</b>				
11	Net Change to General Fund	(19,858)	0	0	
12	10% State University Fee Increase	1,890,000	2,570,000	3,000,000	
13	20% Net SUF Increase (includes SUG set-aside and waivers)	0	5,068,000	0	
14	NRT Increase	0	85,100	0	
15	6% Enrollment Reduction - Revenue Loss	0	0	(1,700,000)	
16	State University Grant Funding	1,274,600	2,539,200	0	
17	33% State University Grant Set Aside	(630,000)	(2,560,000)	(1,000,000)	
18	Retirement Funding	(185,000)	(27,080)	0	
22	Space Funding	0	(185,200)	0	
23	\$66.3M Legislative Special Session Reduction	0	(1,546,000)	0	
24	July Revise -GF Adjustment	0	(11,870,100)	1,197,800	
25	Adjustments to Revenues/Waivers (FIRMS)	815,196	320,516	(65,000)	
26	<b>Permanent Resources Sub-Total</b>	<b>3,144,938</b>	<b>(5,605,564)</b>	<b>1,432,800</b>	
27					
28	<b>Uses of Funds - Permanent</b>				
33	Central Campus Servers	88,800	0	65,000	
40	Benefit Pool Augmentation	760,000	450,000	495,000	
43	University Reserve	14,304	0	0	
46	Computer Refresh program	0	30,500	100,000	
47	Student Credit Card Fees/Collection Costs	2,000	0	0	
48	Risk Management	0	155,178	162,569	
51	Compensation Increases	2,039,232	0	0	
52	Compensation Salary Lag Funding	1,192,951	0	0	
53	FY 08/09 unused discretionary compensation pool funds redirected	0	(2,400,000)	0	
54	FWS 25% campus match re-directed perm to fiscal	0	(92,478)	0	
55	Utilities	238,846	209,059	221,602	
60	CMS Computer System	0	57,852	773,245	
61	Hazardous Material	0	8,685	3,407	
62	ADA Compliance	47,407	0	31,410	
66	State University Grant (Non-Discretionary Funds)	1,274,600	2,539,200	0	
71	Division Pro-Rata - Office of the President	(243,689)	0	0	
72	Division Pro-Rata - Academic Affairs	(3,135,938)	0	0	
73	Division Pro-Rata - Student Affairs	(629,295)	0	0	
74	Division Pro-Rata - Finance and Admin Services	(1,299,865)	0	0	
76	FIRMS Revenue Adjustments (Non-Discretionary)	403,335	421,160	0	
77	<b>Permanent Allocation</b>	<b>752,688</b>	<b>1,379,156</b>	<b>1,852,233</b>	
80	<b>Permanent Gap/Surplus</b>	<b>2,392,250</b>	<b>(6,984,720)</b>	<b>(419,433)</b>	
81	<b>Cumulative Permanent Gap/Surplus</b>	<b>1,297,609</b>	<b>(5,687,111)</b>	<b>(6,106,544)</b>	
82					
83	<b>Sources of Funds - Fiscal</b>				
84	FY Carry over of University Fiscal Reserve Balance	1,499,150	2,215,707	(0)	
85	Commitment of FY Carry over of Campus Wide Activities	500,000	0	0	
86	Additional Mid-Year surplus to carry over (Prior Year)	798,790	0	0	
87	Estimated Interest Earnings (Prior Year)	250,000	0	0	
88	Revenue Adjustments from +/- Enrollment Targets	(921,555)	0	0	
89	FY 08/09 Budget Act Fund Reconciliation Reduction	(748,400)	0	0	
90	Legislative Special Session Reduction	(1,546,000)	0	0	
91	FY 08/09 unused compensation pool funds	2,712,493	0	0	
92	FY 08/09 Mid-Year Discretionary Balance	556,108	0	0	
93	One-time CF Reduction	0	(1,858,100)	0	
95	<b>Subtotal Fiscal Resources</b>	<b>3,100,586</b>	<b>357,607</b>	<b>(0)</b>	
96	Surplus Rev from Exceeded Enrlmt Targets (Current Yr Projection)	700,000	0	0	
97	Commitment of Carry Forward from FY 09/10 University Resources	0	425,380	0	
98	<b>Total Fiscal Resources</b>	<b>3,800,586</b>	<b>782,987</b>	<b>(0)</b>	
99					
100	<b>Uses of Funds - Fiscal</b>				
101	Plant Maintenance	300,000	300,000	300,000	
103	SBSB Moves	0	0	373,000	
104	CMS computer system	1,634,550	1,519,860	1,788,666	
105	Smart Class Room, Networking, Video Surveillance	107,000	145,800	276,400	
106	Global Affairs Incentive Funding	36,392	36,500	73,840	
110	ADA compliance	104,546	0	69,271	
112	FWS 25% Campus Match	0	107,170	100,000	
113	2.5% Enrollment Growth Over Target-Allocation for Instruction to AA	600,000	0	0	
114	2.5% Enrollment Growth Over Target-Allocation for Learning Ctrs to SA	58,000	0	0	
115	2.5% Enrollment Growth Over Target-set-aside for remediation	42,000	0	0	
117	AA - added sections for Fall 2009	0	250,000	0	
118	SA-Application Fee	0	90,000	0	
119	Furloughs (24 days/12 months; 20 days/AY-10 month)	0	(5,080,386)	(462,064)	
120	Division Reduction - Office of the President	0	(83,965)	0	
121	Division Reduction - Academic Affairs	0	(1,275,189)	0	
122	Division Reduction - Student Affairs	0	(239,918)	0	
123	Division Reduction - University Advancement	0	(55,022)	0	
124	Division Reduction - Finance and Admin Services	0	(618,973)	0	
125	<b>Fiscal Allocation</b>	<b>2,882,488</b>	<b>(4,904,123)</b>	<b>2,519,113</b>	
126	<b>Net Fiscal Resources Available</b>	<b>918,098</b>	<b>5,687,110</b>	<b>(2,519,113)</b>	
127					
130	<b>Variance to University Fiscal Reserve (Perm + Fiscal)</b>	<b>2,215,707</b>	<b>(0)</b>	<b>(8,625,657)</b>	
131					
139	<b>Revenue Disclaimer:</b> The University's Multi-Year Budget Model is for planning purposes only and is continually subject to change based on many unknown factors.				
140	CSU revenue projections are based on the entire CSU system and on a very complex process subject to changes from the Governor, the Legislature and the Board of				
141	Trustees. Once these changes are known, the CSU Budget Office makes their adjustments and translates the systemwide amounts into individual campus allocations.				
142	All of these factors combined make it exceedingly difficult to project revenue with a high degree of certainty.				

**Marcy Boyle**

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**From:** Office of the President  
**Sent:** Friday, March 26, 2010 9:35 AM  
**Subject:** Budget Update

**California State University**  
**SAN MARCOS**

Office of  
the President

**Date:** March 26, 2010  
**To:** Faculty and Staff  
**From:** President Karen S. Haynes  
**Subject:** Budget Update

Before we leave for spring break, I want to share with you an update on planning for the 2010-11 budget and other related actions.

After reviewing the recommendations put forth by the University Budget Committee, careful analysis of our budget planning scenarios and the mid-year budget report, and because of prudent decisions made early on and your vigilance in cost savings, I am taking the following actions:

- We have determined there will not be layoffs of permanent employees at this time.
- We will meet our \$6 million permanent budget reductions in a variety of ways. We anticipate reducing our expenditures through employee attrition and the non-renewal of temporary staff appointments where appropriate. Further, divisions have already eliminated many vacant positions and have identified other vacant positions that will be eliminated. We will reduce travel, supplies and services budgets, and where possible, will shift general fund expenditures to different funding sources.
- We will use carry forward funds from campus-wide activities and unallocated revenues to avoid the 5 percent in fiscal reductions planned for next fiscal year in each division. I have directed the provost and vice presidents to reinvest these funds in their division, giving preference to those items identified as highest priority by the University Budget Committee.
- We continue to plan for a 6 percent reduction in enrollment. Enrollment Management Services put a number of tools in place early on to meet that reduction. As is the case every year, it is difficult to project the number of

first-time freshmen and transfer students until we have passed the May 1st deadline for admitted first-time freshmen and the June 1st deadline for admitted transfer students to submit their "Intent to Enroll" and enrollment deposit. The first-time freshmen yield is most critical for completing planning for the fall course schedule and the number of sections offered. The supplemental allocation of \$1,272,500 received from the Chancellor to support additional course sections, revenue generated from offering summer through self-support, and the reinvestment of the restored 5 percent fiscal reduction, or \$1.9 million, to Academic Affairs will all help mitigate the impacts of the 6 percent enrollment reduction on course section offerings.

We continue to operate on the same planning assumptions – a \$6.1 million permanent reduction, a \$2.5 million fiscal reduction and a 6 percent enrollment reduction. In January, the provost and division vice presidents developed budget reduction plans which included a 10 percent permanent reduction and a 5 percent fiscal reduction for their respective divisions. From those plans, they presented categories targeted for reduction to the University Budget Committee for their deliberation and recommendations for reinvestment priorities should funds become available.

This week, I received the recommendations from the UBC. The committee prioritized the categories to align with the campus strategic priorities and our budget reduction principles to serve students, protect as many jobs as possible and continue to build for the future. The committee members' "university first" perspective was evident in the recommendation put forward. The categories given highest priority for reinvestment include activities from across the University and represent core University functions, rather than privileging one division over another. The high priority categories included student academic support, course sections, faculty course release for service, library collections, enrollment management, student development, safety and emergency assistance, financial reporting, and support of campus operations and building for the future. Indeed, members of the University Budget Committee not only recommended that they be the first priorities for reinvestment, but that my executive council look for means to fund these categories whether CSUSM's budget is cut less than expected or not.

My executive council and I have continuously reviewed budget planning scenarios, information from the Chancellor's Office, and, this week, the mid-year budget report from the University Budget Office.

Since the beginning of this crisis, I have asked you to keep a watchful eye on spending for the fiscal year in order to maximize our carryover funds. Because of your efforts at cost savings, the University Budget Office projects divisions will carry forward \$2.4 million in non-designated general funds to 2010-11. As in recent years past, these funds will not be swept from divisions. We will also carry forward \$2.5 million from campus-wide activities and unallocated revenue.

Significant challenges and uncertainty remain. Over the past two years, the CSU budget has seen a 21 percent or \$625 million decrease in state support. The governor has proposed to restore \$305 million to the California State University's 2010-11 budget. Should the CSU, and therefore CSUSM, receive an increase, reinvestment will be made keeping in mind the priorities recommended by the UBC.

However, the reality is that significant challenges to the state's financial situation remain, and it is highly unlikely the CSU will receive the increase. In late February, the Chancellor's Office released the 2010-11 Governor's Budget Allocation Memo which directed us to expect and plan for a flat budget. We expect a very long budget season with continued contingency and uncertainty about how the CSU will end up with the final budget bill.

Cal State San Marcos is a campus poised for growth. We sit in a region that will see significant population growth and our applications continue to increase each year. That is why we made a commitment to continue to build for the future. That commitment includes serving as many students as possible and facilitating their progress toward graduation, not suspending or discontinuing academic programs at a point in our maturation where we are still developing our academic offerings, and protecting as many jobs as possible to both prepare for growth and support growth when it continues.

We must continue to advocate for the CSU and for CSUSM by delivering a strong message to Sacramento that funding for public higher education must be a top priority. We must take every opportunity to send the message loud and clear that an investment in higher education has a guaranteed return because it is an investment in the most promising and essential assets we have: educated and prepared leaders of tomorrow.

I will continue to hold budget forums and provide updates as we receive new information or we reach critical milestones in our 2010/11 planning process. I look forward to seeing you when we return from spring break as we begin the countdown to Commencement and enjoyment of the many year-end activities celebrating the achievements of our graduating students.