

Date: October 28, 2010
To: Campus Community
From: Karen S. Haynes, Ph.D.
President
RE: Budget Update

On Friday, we received the memo from the Chancellor's Office outlining the campus distribution of the final state budget. The California economy continues to present challenges. Mid-year budget cuts and a difficult budget year in 2011-12 are a real possibility. The budget also includes a 5 percent state university fee increase, effective Spring 2011, which is subject to Board of Trustees action at their November meeting.

The initial base budget allocation is based on 7055 resident FTES target for our campus. The Chancellor's Office is holding funds to provide additional marginal cost funding that it will allocate to campuses that exceed their base targets up to the new targets released in October. That target for San Marcos is up to 7258 resident FTES. Our fall census and spring projections indicate we will achieve that target, and we will retain any student fee revenues for any FTES above target.

The \$106 million in American Recovery and Reinvestment Act (ARRA) one-time funding announced over the summer is included in the campus distribution calculations, with the expectation it will be restored to the CSU base budget in 2011-12. Upon notification of the ARRA funding this summer, I had allocated \$1.4 million to instruction for additional courses in the spring semester. I also allocated \$230,000 to student support services. We have already initiated searches for staff positions in Student Affairs tied to those dollars. These would be part of the base (ongoing) budgets in 2011/12 given the expectation that the ARRA funding amount is restored to the CSU base budget in 2011/12.

Our campus allocation also includes \$1.3 million in funding designated for mandatory health, utility and new space costs related to the Social and Behavioral Sciences building.

Last week I announced that I was allocating \$2.5 million to instruction, specifically for tenure track faculty hiring based on the Academic Affairs rolling plans. This was in addition to the \$1.4 million allocated to instruction for spring course sections.

I am also making additional allocations that are tied to the priorities set by the University Budget Committee and that are focused on building infrastructure to achieve our strategic priorities and aspirations: \$400,000 will be allocated to the Academic Affairs base budget for ongoing costs associated with college restructuring, and \$100,000 will be provided to the Faculty Center base budget for ongoing development of grant writing, diversity training and other key faculty development activities.

For some years now, we have discussed the creation of a position for a full time Diversity and Educational Equity Officer to further institutionalize and achieve the goals of our educational equity strategic priority. I am proceeding with that plan and anticipate conducting a national

search for an Associate Vice President for Diversity and Educational Equity in the spring with a target starting date of July 1, 2011. The position will report to the President.

I am also funding a central pool for staff professional development opportunities. Vice Presidents will develop their division's staff training and development plan and budget, and bring to executive council for discussion and funding allocation. More information will be forthcoming.

I am allocating \$600,000 to provide infrastructure and support to launch our first comprehensive fundraising campaign and our ongoing fundraising activities. At Convocation and my recent President's forum I announced we would launch a comprehensive campaign toward our 25th year anniversary to build our philanthropic support and diversify our funding sources for academic program support, student and faculty support and capital development.

Last spring, the University Budget Committee (UBC) made recommendations to me for reinvestment should additional funding be received for the 2010-11 fiscal year. Student academic support and course sections were two of the highest priorities for reinvestment identified by the UBC. The priorities also included professional development, support of campus operations and building for the future. These allocations reinvest in the academic mission of the University, particularly instruction, and are reflective of the hard work the University Budget Committee did to identify categories for reinvestment that reflect the priorities of the institution.

We are continuing to review our multi-year budget models, the campus allocation and revenue projections. We will also know in January whether the state's fiscal condition will result in mid-year budget reductions and we will have the Governor's Proposed Budget for the 2011-12 fiscal year. As the current year budget picture develops and we have more certainty about the outlook, I will make additional allocations that continue to reinvest in ensuring a high quality of education and support for our students, and that supports campus operations and building for the future.