

MEMORANDUM

May 31, 2007

TO: Provost Joseph Sheley
Vice President Stephen Garcia
Vice President Carole Hayashino
Vice President Lori Varlotta
Vice President David Wagner
Chief Information Officer Larry Gilbert
President's Office, Carol Ensley

FROM: Dr. Alexander Gonzalez, President

SUBJECT: Campus Operating Fund Budget Call for Fiscal Year 2007/08

This is a request for 2007/2008 Campus Operating Fund budget scenarios from each Division. The lateness of the request was necessitated by the timeframe for the process with Faculty Senate to appoint the Campus Budget Advisory Committee. We have developed a set of budget assumptions, with input by the University Budget Advisory Committee (UBAC), which should be incorporated into the Division scenarios. These assumptions, along with an overview of the state, CSU and campus fiscal context, are provided below. Instructions and forms to be used are also included. Please follow them in developing and submitting the Division budget scenario to the University Budget Office by **Friday, June 29, 2007**. For assistance in completing the budget scenario request, please contact Stacy Hayano, University Budget Officer.

A balanced Governor's budget is dependent on new revenues to the state General Fund, on the success of the Governor's proposed "budget solutions" and on favorable resolutions to court cases. The Legislative Analyst's Office is a little more pessimistic and predicts state operating deficits for the next four years ranging from just under \$1 billion to \$3.4 billion. It's not anticipated that the state budget will be approved by June 30 this year; it may be delayed until August. We do not anticipate any CSU operational problems from the delay in the budget approval unless there are major changes in the funding proposed for the CSU.

For 2007/08, the Governor's Proposed Budget honors the Compact with the CSU and UC systems, which provides the CSU with enrollment growth and an increase for general operations. The Compact also assumes a 10% student fee increase, which has been authorized by the CSU Board of Trustees. The fee increase is a major concern to us all and will likely become an issue in the state budget deliberations.

As you know, Sacramento State's 2007/08 budget is premised on an extremely small resident student enrollment growth of 14 FTES. Our initial budget projection for 2007/08 does not include anticipated additional funding for over enrollment, but it does assume that we will meet our budgeted resident student enrollment target. As the state, CSU and campus budget develop, we will provide you and the campus with updates and incorporate the changes into the budget planning process. Divisions should inform their departments of these latest developments.

The campus will receive partial funding for the negotiated compensation increases. We have been advised by the Chancellor's Office that campuses will have to find resources to cover the balance. Since we are in a relatively flat enrollment growth mode, this factor as well as other unavoidable cost increases will increase our structural budget gap.

At the beginning of 2006/07, we adopted a three-year budget plan to address a structural budget gap of \$6.5 million. We distributed \$2.2 million in baseline reductions, although one-time funding was allocated to Academic Affairs to mitigate their share of the reductions. In 2007/08 we will implement the remainder of "Year 1" reductions, as well as include the "Year 2" reductions. Based on the recommendation of the University Budget Advisory Group, the reduction amounts for "Year 2" will be based on, but not limited to, three potential scenarios implementing 1%, 3%, and 5% reductions. Divisions will retain their unspent funds from 2006/07 to assist with baseline budget reductions. Although the budget gap is projected to grow, it is our intention to manage the increased gap for 2007/08 with one-time funds to provide Divisions time to fully absorb the baseline budget cuts. This approach also provides us time to assess the projections and propose solutions for 2008/09 and beyond.

Budget Planning Assumptions

- The campus state funded resident student enrollment target is 22,950 FTES, an increase of 14 resident full-time equivalent students. Non-resident student enrollment is budgeted at 377 FTES, for a total enrollment of 23,327 FTES. Divisions must plan to serve this enrollment level. Academic Affairs will be allocated marginal cost funding at \$3,552 per growth FTES up to a total campus enrollment increase of 14 FTES. This would equate to \$49,728.
- The Benefits Pool would be allocated marginal cost funding, \$1,290 per growth FTES, for the related employment benefits costs associated with FTE growth. This would equate to \$18,060. The campus has an obligation to provide funding for unfunded mandates and will set aside funds to cover compensation and All University Expense increases.

- Division goals adopted for 2007/08 are the primary guiding force for you to plan and allocate resources. Budget/expenditure plans will incorporate your planning assumptions, priorities and budget strategies to preserve the quality of instruction and minimize disruption of programs and services as much as possible.

- Divisions must develop a balanced budget and operate within resources available. Division resources include:
 - 2007/08 Operating Fund baseline allocations
 - 2007/08 All-University Expenditures Line Items
 - 2006/07 Unspent Carry Forward Funds
 - Special funding sources such as Lottery, Miscellaneous Course Fees, charges for services and the like.

I look forward to working with you and the University Budget Advisory Committee to address the various campus budget issues we'll face in 2007/08.

Attachments

c: University Budget Advisory Committee
Deans, Directors and Department Heads
Budget Office

**SACRAMENTO STATE UNIVERSITY
2007-08 RESOURCE PLANNING PROCESS
FORM 1 – MISSION STATEMENT AND MAJOR RESPONSIBILITIES**

In the Space Below, Indicate the Primary Mission of Your Program.

In the Space Below, Indicate the Major Responsibilities of Your Program.

Division Name
Form 2 - 2007/08 Budget Call Data Detail

Division Name			Base Scenario	Scenario 1%	Scenario 3%	Scenario 5%
			Initial Baseline	Budget Cut	Budget Cut	Budget Cut
BUDGET & REVENUE						
<i>(List by funding source)</i>						
2006/07 Initial Baseline	\$0					
2006/07 Permanent Reductions	\$0					
2006/07 Adjusted Baseline	\$0					
2006/07 Adjustments (including continuing costs for salary increases, faculty promotions, staff reclassifications, etc.)	\$0		Adjustments total does not include the CFA bargaining unit salary increase allocations or the retroactive salary increase for CSUEU, Unit 4 or Unit 6 - to be determined			
2007/08 New Allocations	\$0					
2007/08 Organizational Changes	\$0					
2007/08 Initial Baseline			\$0			
2007/08 Reduction Scenarios				\$0	\$0	\$0
Total Budget and Revenue			\$0	\$0	\$0	\$0
SALARIES - MPP	CLASSIFICATION	FTE				
<i>(List employees individually)</i>		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
Subtotal MPP FTE and Salaries		0.00	\$0	\$0	\$0	\$0
FACULTY - TENURE TRACK	CLASSIFICATION	FTE				
<i>(List employees individually)</i>		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
		0.00	\$0			
Subtotal Faculty-Tenure Track FTE and Salaries		0.00	\$0	\$0	\$0	\$0
FACULTY - LECTURERS & TEMPORARY FACULTY		WTU				
Total Cost		0.00	\$0	\$0	\$0	\$0
Subtotal Faculty-Lecturers & Temp Faculty Salaries			\$0	\$0	\$0	\$0

Division Name
Form 2 - 2007/08 Budget Call Data Detail

Division Name			Base Scenario	Scenario 1%	Scenario 3%	Scenario 5%
			Initial Baseline	Budget Cut	Budget Cut	Budget Cut
<i>Grand Total Expenditures</i>			\$0	\$0	\$0	\$0
<i>Net Total Budget vs. Expenditures</i> <i>(If negative, show below how deficit will be managed)</i>			\$0	\$0	\$0	\$0
<i>One Time Resources to cover deficits</i>						
<i>2006-07 Carry Forward Funds</i>			\$0	\$0	\$0	\$0
<i>Lottery Funds</i>			\$0	\$0	\$0	\$0
<i>Other Funds - Please Identify</i>			\$0	\$0	\$0	\$0
<i>Surplus/(Deficit) after utilizing other resources</i>	(This total line should = \$0 for columns)		\$0	\$0	\$0	\$0

**SACRAMENTO STATE UNIVERSITY
2007-08 RESOURCE PLANNING PROCESS
FORM 3 - PROGRAM CHANGES AND IMPACT REPORT
DIVISION: (INSERT NAME HERE)**

Identify your Program Changes Necessary to Balance your Budget

Budgeted Resources: _____ Less Expenditures _____ = Difference _____
Plus Other Funding Sources _____ = Amount of Impact to Program _____

Indicate the Impact of these Changes to Your Program

Impact of 2006/2007 Reductions – provide breakdown of reduction & description of impact on operations in bulleted format

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Impact of 2007/2008 Reductions (3 scenarios) – for each budget reduction amount shown on Form 2, provide bulleted explanation of impact on operations

Scenario #1 (1% budget cut)

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Scenario #2 (3% budget cut)

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Scenario #3 (5% budget cut)

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