

General Fund Budget

College of Arts and Letters
Presentation

September 26, 2006

Structural Problem

Definition:

Structural Budget Gap =
On-going financial commitments >
renewable resources

Budget gap of ~ 2.7% or \$6.4 million

Structural Problem

- ◆ Contributing Factors:
 - Temporary Solutions
 - Missing FTES Targets
 - Increasing Mandatory Costs

Structural Problem – Contributing Factors

- ◆ *A structural problem occurs when a long term financial gap is managed with temporary solutions*
 - Temporary solutions include:
 - ◆ Use of carry forward funds to plug the gap on a year to year basis
 - ◆ Use of salary savings – not filling positions for a temporary period
 - ◆ Spending more than earned
- ◆ To reduce a structural problem, permanent solutions are needed
 - Evaluating vacant positions
 - Other cost saving or revenue generating measures

Structural Problem – Contributing Factors

- ◆ Missing FTES Targets

(FTES = Increasing student retention rates + meeting Freshmen and Transfer targets)

- Effects on FTES shortfall

- ◆ Lower FTES = lower revenue
- ◆ Late budget adjustments
- ◆ Lost opportunity for growth = \$
- ◆ Loss of FTES = payback

Structural Problem – Contributing Factors

Increases in mandatory costs

- ◆ Insurance (WC, Property/Liability)
- ◆ Employee benefits
- ◆ Utilities
- ◆ Aging campus buildings - maintenance
- ◆ Administrative and academic technology
- ◆ Compensation
- ◆ Other program initiatives

Sac State FTES Comparison Illustration

COMPARISON OF FTES BY COLLEGE YEAR					
SACRAMENTO STATE STUDENT ACCESS AND ENROLLMENT TARGETS					
	2002/03	2003/04	2004/05	2005/06	
BUDGETED	21,820	22,765	22,082	22,617	
ACTUALS	22,135	22,458	21,717	22,306	
DIFFERENCE	315	(308)	(365)	(311)	
% (DIFF/BUDGETED)	1.44%	-1.35%	-1.65%	-1.38%	
UNMATERIALIZED REVENUE					
	2002/03	2003/04	2004/05	2005/06	TOTAL
General Fund @ Enrollment Growth Marginal Cost Rate		(2,277,653)	(2,737,539)	(2,446,948)	(7,462,140)
State University Fee Revenue *		(450,279)	(792,419)	(982,375)	(2,225,073)
TOTAL REVENUE:		(2,727,932)	(3,529,958)	(3,429,323)	(9,687,213)
Enrollment Growth Marginal Cost Rate		\$7,407	\$7,496	\$7,868	
* Difference equals actual less projected revenue					