California State University
Long Beach:
Budget Outlook
2012-13

March, 2012
Gov’s Proposed 2012-13 Budget

Gov Brown proposed 2012-13 budget (05 Jan 2012)

- Addresses $9.2b budget deficit
- Depends on successful November 2012 initiative on temporary tax increases
  - No change to CSU budget if initiative passes
  - $200m “trigger” reduction to CSU if initiative fails (effective January 2013)
CSULB’s Current Budget Situation

- As planned, current year budget reductions are being backfilled using one time “restoration” funding from the last Schwarzenegger budget.
- This strategy enabled CSULB to achieve its goal (as much as possible) of:
  - Preserving classes
  - Preserving vital services to students
  - Protecting permanent employees
- Hope had been that the 2012-13 state budget would provide a permanent restoration of the 2011-12 cuts.
- Potential restoration is no longer a possibility.
Magnitude of the Problem

CSULB recent and looming reductions:

- $9.9m net reduction for 2011-12
- $7.7m mid-year reduction, January 2012
- $15.6m potential reduction if Nov tax initiative fails
- $4.0m unfunded mandatory costs (i.e., health care, energy)
- Schwarzenegger temporary “restoration” funding soon exhausted
Fee Increases

Fall 2012 tuition fee increase approved by Trustees Nov 11

- $498/year
- About $15.5m gross additional revenues
- One-third financial aid set-aside required, about $5.1m
- Net revenue about $10m
- Amount covers budget reduction for 2011-12
- Does not cover January 2012 $7.7m reduction
- Does not begin to cover potential $15.6m reduction if Nov initiative fails

Trustee approval of additional fee increases if Nov initiative fails is very uncertain
Key Unknowns

- May state tax receipts
- Voter approval of November 2012 tax increase initiative
- Chancellor’s Office budgetary actions
- Trustee tuition fee increase actions
Additional Budget Parameters

- Enrollment goal
  - 27,176 resident FTES (1.2% over current target)
  - Very similar to 2011-12
  - Achievable

- Instruction remains priority

- Proposed changes to Cal Grant eligibility criteria would increase student demand on our SUG pool that would increase our financial aid costs
With higher fees, in the short term only, enrollment increase contributes positively to net budget.

Planned enrollment target must be achieved due to budgetary reliance on tuition fee revenue.

Current enrollment direction from Chancellor: acceptable range is -2% to +5% of target.

Fall enrollment decisions nearing completion.
## Potential Range of Reductions FY 2012-13

### Reductions

<table>
<thead>
<tr>
<th>Reduction</th>
<th>Scenario A</th>
<th>Scenario B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior reductions mitigated with temporary resources</td>
<td>-$9.9m</td>
<td>-$9.9m</td>
</tr>
<tr>
<td>January 2012 $100m mid-year permanent reduction</td>
<td>-$7.7m *</td>
<td>-$7.7m *</td>
</tr>
<tr>
<td>November 2012 $200m trigger reduction ???</td>
<td>$0</td>
<td>-$15.6m *</td>
</tr>
<tr>
<td>Unfunded mandatory costs</td>
<td>-$4.0m</td>
<td>-$4.0m</td>
</tr>
<tr>
<td>Gross budget reduction</td>
<td>-$21.6m</td>
<td>-$37.2m</td>
</tr>
<tr>
<td>Mitigation: fee increase net SUG</td>
<td>$10.2m</td>
<td>$10.2m</td>
</tr>
<tr>
<td>Two-year cumulative budget reduction</td>
<td>-$11.4m</td>
<td>-$27.0m</td>
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</table>

* - Unexpected developments in January 2012

- **Scenario A** = November tax increase initiative succeeds, avoiding $200m trigger cut
- **Scenario B** = November tax increase initiative fails and Trustees do not enact an additional tuition fee increase
Further Tuition Fee Increases May Not Be a Solution

- Large fee increase needed to offset $200m trigger cut
- Every 1% tuition fee increase generates approximately $1,280,000 to CSULB in net resources after the financial aid set-aside
- Would take an additional tuition fee increase of $1,313 (22%) to offset our shortfall of $27m.
- Very uncertain whether Trustees would support such an increase
In planning, we start with our mission, vision, and purpose...

<table>
<thead>
<tr>
<th>Mission</th>
<th>Vision</th>
<th>Academic Purpose</th>
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<tbody>
<tr>
<td>California State University Long Beach is a diverse, student-centered, globally-engaged public university committed to providing highly-valued undergraduate and graduate educational opportunities through superior teaching, research, creative activity and service for the people of California and the world.</td>
<td>California State University Long Beach envisions changing lives by expanding educational opportunities, championing creativity, and preparing leaders for a changing world.</td>
<td>Our academic purpose is to graduate students with highly-valued degrees.</td>
</tr>
</tbody>
</table>
Key priorities based on our mission, vision and purpose...

- Preserve classes and services as much as possible
- Protect permanent employees as much as possible
- Save money
- Manage workload
Budget Planning Mistakes (we hope to avoid)

- Not focusing on where the money is
- Confusing other (maybe good) ideas with budget solutions
- Magic bullet thinking (e.g., “If only you/she/he would …”)
- Conspiracy thinking (e.g., “________ is hiding the $ …”)
- Failing to consider multiple solution strategies together
- Conflating strategic vision with budget problem solving
- Not listening to constituents
- Squandering campus morale

If you have a budget-related concern or idea, please use the anonymous Budget Suggestion Box at http://csulb.edu/about/budgetcentral/
Budget Strategies

- All funds budgeting: repurpose revenues to support classes and services (i.e., CCPE, Lottery)
- Long-term, strategic solutions
  - Revamp business practices to fully utilize technology, improve usage of facilities, save on utilities, gain efficiencies
  - Increasing instructional efficiencies may be unavoidable, given the depth of the problem
Actions to Manage Reductions:
Provost has announced actions

• Reduce travel, assigned time
• Hold lottery and CCPE to backfill operating funds
• Award promotion salary increases (contractual) but suspend TIPs (Associate Professors) and FPAs (Full Professors)
• Complete current tenure-track faculty searches but authorize few for Fall 2013
• Limit staff hiring
• Support Research, Scholarly, Creative Activities (RSCA) but shift some costs to F&A
• To manage enrollments, limit initial registration to 13 units
• Use Student Excellence Funds to shelter advisor jobs
• Suspend admissions to grad program with issues identified in Program Review, low grad rates, or low demand
• Under consideration
  • Moving chairs to a 10 month state compensation
  • UG programs with issues identified in Program Review, low grad rates, or low demand
  • Moratorium on new programs, curricular changes
Actions to Manage Reductions:

- Mandate electronic processes for travel reimbursement, (electronic funds transfer), purchase orders, time reporting, procurement cards
- Manage operating costs: master purchasing agreements, reduce hard copy mailings/documents, postage, state vehicles
- Reduce in-person services and window hours
- Schedule facility closures, utilities savings: consolidate weekend/summer use
- Reduce operating funds
## Potential Negative Consequences

<table>
<thead>
<tr>
<th>Students</th>
<th>Faculty</th>
<th>Staff</th>
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<tbody>
<tr>
<td>• Reduced access to classes</td>
<td>• Reductions of lecturers</td>
<td>• Probable reductions</td>
</tr>
<tr>
<td>• Reduced services</td>
<td>• Teach more, larger sections</td>
<td>• Reassignment/retooling</td>
</tr>
<tr>
<td>• Higher tuition fees</td>
<td>• Reassignment/retooling</td>
<td>• Reduced travel, equipment purchases</td>
</tr>
<tr>
<td>• Reduced graduation rates</td>
<td>• Reduced travel</td>
<td>• Quick adaptation to (implementation of) new business</td>
</tr>
<tr>
<td>• Increased time to degree</td>
<td>• Reduced equipment purchases</td>
<td>practices required</td>
</tr>
<tr>
<td></td>
<td>• Quick adaptation to (use of) new business practices</td>
<td>• Severely limited capacity to implement new programs,</td>
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<tr>
<td></td>
<td>• Lower morale</td>
<td>projects, initiatives</td>
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<tr>
<td></td>
<td></td>
<td>• Severely limited capacity to handle special requests,</td>
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<tr>
<td></td>
<td></td>
<td>appeals, customized and ad hoc reports</td>
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<tr>
<td></td>
<td></td>
<td>• Lower morale</td>
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**CSULB Annual Budget Process**

- Has served campus well during prior difficult periods
- Is admired by CSU campuses, others
- Involves broad representation: Resource Planning Process Committee (RPP)
- RPP includes:
  - Academic Senate Chair
  - Senate Council Chairs
  - CFA President
  - Staff representative
  - Administrators
  - Student President
- Will have a challenge this year!
- During entire process, efforts are made to keep campus well informed: roadshows, emails

<table>
<thead>
<tr>
<th>Typical Date</th>
<th>Step</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>Gov’s Jan budget message</td>
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<tr>
<td>Jan-Feb</td>
<td>Planning parameters based on Gov set by Chancellor’s Office</td>
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<tr>
<td>Feb</td>
<td>Campus Resource Planning Process (RPP) Committee begins;</td>
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<tr>
<td>Feb</td>
<td>RPP charges CSULB’s four divisions with developing plans</td>
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<tr>
<td>Mar-Apr</td>
<td>With leadership from vice presidents, plans are developed inside each division</td>
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<tr>
<td>May</td>
<td>RPP issues recommendations to President</td>
</tr>
<tr>
<td>June-Aug</td>
<td>President finalizes budget plan (timing depends upon circumstances)</td>
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Budget Outlook: Final Thoughts

- We are justly proud of The Beach
- We are facing the greatest budget challenge ever for the campus
- We are concerned about our future
- Together we have all helped CSULB become a place of high quality and great experiences
- Protecting faculty, staff, and students as much as possible is a priority
- We will continue to work together to get through these budgetary challenges
- We do not wish to retreat on our remarkable achievements
What can you do to help?

- Talk to your legislators
- Talk to your friends and neighbors about the November initiative
- Acknowledge that we are all going through a time of great uncertainty and discomfort
- Allow for rising tensions among all of us
- Stay positive and be patient

GO BEACH!
Budget Central

March 19, 2012

Provost’s Letter to the Campus Community

Students, Faculty and Staff

The CSU and CSULB budgets for next year depend upon Governor Brown’s November ballot initiative that would increase sales and income taxes. Voter approval is very uncertain. Should initiatives fail, the CSU will face a $200 million reduction. The CSU Board of Trustees will include many new Governor-appointed members who may not be willing to approve a fee increase large enough to mitigate the reduction.

Suggestions
Your comments or suggestions regarding the university’s budget

Updates
2011-12 Resource Planning Process

Budget Central
Chancellor's Office Budget Information