

CALIFORNIA STATE UNIVERSITY, LONG BEACH
2002-03 Resource Planning Process
Recommended Budget Planning

Each year, the Resource Planning Process Task Force advises the President on a budget plan that responds to the upcoming year's support budget. Unlike most years, this year's work is particularly challenging because of the possibility of several widely different outcomes. Even with relatively favorable treatment in the 2002-03 Governor's January Budget, the RPP Task Force understood that there was a high probability that the actual budget would be leaner, and that we might even need to be prepared for a reduction in our base budget. This necessitated contingency planning for three possible, but very different, budget scenarios:

1. A decrease of up to 5% in our state support budget effective July 1, 2002;
2. A reduction at the middle of fiscal year 2002-03 and/or at the beginning of the 2003-04 fiscal year; and,
3. A budget increase sufficient to cover the budgeted enrollment increase and some existing commitments while providing a modest level of discretionary funding to address a number of priorities.

Budget Decrease Plan

Given the uncertainty that surrounds this year's budget, the RPP Task Force adopted the principle that contingency planning was absolutely necessary. Each division was asked to plan for the possibility that the entire increase proposed in the Governor's Budget would be eliminated, including a reduction in our base budget. Each division developed a budget reduction plan that incrementally responded to a one-time reduction of up to 5% from their 2001-02 base budget. The underlying premise for this planning was that the divisions would preserve critical services, avoid fundamental disruption, and prevent loss of any permanent faculty or staff.

The Task Force has been assured by each of the divisions that they will be able to preserve most instruction and critical services at the lower reduction levels. However, the Division of Academic Affairs has indicated that if budget cuts reach the upper limits of those predicted, there is a correspondingly higher probability that services will be adversely affected. Concurrent increases in enrollment and existing contractual obligations combine to have an impact on support for instruction.

Recommendation: Should there be a need for the base budget to be reduced as a part of the final budget, the RPP Task Force recommends that a one-time, non-recurring adjustment be made consistent with divisions' planning and only to the extent necessary.

Budget Decrease at Mid-Year FY 2002-03

Another possible outcome would be a mid-year reduction and/or a reduction at the beginning of fiscal year 2003-04.

Recommendation: Because a mid-year reduction remains a possibility, the RPP Task Force recommends that the divisions' contingency planning be held in place throughout the fall semester.

Budget Increase Plan

Based on the assumption that some portion of the Governor's January Budget would survive, the RPP Task Force set the upper limit for the budget increase plan at \$3.750 million in discretionary funding over the current year. The Task Force then selected and prioritized from a total of twenty-eight (28) requests, a list of eleven (11) items to be recommended for funding consideration.

One of these eleven requests was funding for faculty for the new enrollment target. The campus' new budgeted enrollment target for 2002-03 was set at the level we originally anticipated this year's enrollment would reach. Subsequently, our enrollment in the current year exceeded this level and we anticipate further growth next year. Therefore, the RPP Task Force recommends that the highest priority be funding for additional faculty to accommodate the increase in our budgeted academic year enrollment target.

After the Governor released the May Revise, which included further reductions to the CSU, the Task Force saw little probability of being able to fund any of the remaining division requests. A display of RPP's original priorities totaling \$3.742 million is included in the appendix of this report.

Recommendation: Should sufficient funds survive from the May Revise upon passage of the final budget, the RPP Task Force recommends that \$2.029 million be allocated for additional faculty to accommodate the increased enrollment target of 835 FTES.

The Task Force commends the divisions for preparing responsible budget increase requests, for making difficult choices, and for forwarding only essential needs. Many multi-year contractual obligations have been funded on a year-to-year basis using non-recurring discretionary funding, especially in the division of Academic Affairs. In the absence of new discretionary funds, the need to honor such prior commitments and to respond to compelling service needs will result in the need to reallocate existing resources within the division; the net effect will be a budget cut. Examples of major commitments that will be honored include the ongoing cost for faculty promotions (\$318,000) and new faculty start up and second year assigned time (\$1,165,000), which remain in existing employment contracts.