

**CALIFORNIA STATE UNIVERSITY, LONG BEACH**  
**2003-04 Resource Planning Process**  
**Recommended Budget Planning**

In responding to the expected reductions in the campus budget for the coming year, the RPP Task Force recommends that our local planning process incorporate three phases of planning: a 4% reduction plan that provides for the Governor's January Budget Plan, the application of university-wide savings that provides temporary funding for a further 3% deterioration, and a contingency plan that provides for an additional 3% reduction in our general fund budget.

Assuming the Governor's January Budget and an enrollment target of 28,650 FTES, each division was asked to develop a detailed budget reduction plan consistent with a permanent reduction of 4% from their 2002-03 base budget. Early in the planning, the Task Force recommended the allocation of \$3.5 million in permanent funds to offset the 4% levy to the instructional program. Divisions were also asked to prepare conceptual plans for an additional 3% permanent reduction should the budget deteriorate to the third phase.

Since no new funding would be available, new requests for unfunded needs were not considered.

**Three-phased Campus Budget Reduction Plan**

**4% Reduction Plan Based on Governor's Budget** *(4% reduction to all non-instructional budgets)*

- The System's original budget planning was based on the Governor's Budget issued in January. Our own action plan was designed to respond to the Governor's original plan, calling for a \$34 million reduction unfunded costs in our general fund budget. The cut would be partially offset by revenue increases in State University Fees (\$11 million) and new enrollment growth funding (\$15 million). These offsets together with advance planning by RPP last year (\$4.2 million) made it possible to contain the campus budget cuts to non-instructional units to the 4% level and protect instruction from this first level of reduction.
- Each division presented its impact statement for the 4% budget reduction plan. These statements included descriptions of the functions and service areas to be affected, as well as qualitative and quantitative information about service degradation and changes in hours of operation, backlogs, etc. Also, each division described how its reduction plan related to the Campus Goals set for 2003-06.
- While there will be regrettable service reductions, the Task Force is confident that the campus is prepared to handle this phase of reduction with minimal disruption to our mission-critical services, while avoiding layoff of permanent/probationary faculty and staff.

**7% Reduction Plan using University Savings** *(no additional reduction to any operating unit)*

- As is the case each year, the University will achieve some one-time, temporary savings from university-wide budgets and excess revenues. These funds are held centrally and will be applied to any deterioration in the budget before contingency planning is invoked.
- It is anticipated that the CSU will experience budget reductions beyond those contained in the Governor's January Budget to this second phase. At this time, it appears there are sufficient savings to provide temporary funding up to another 3% reduction in the final campus budget, and holds both instruction and non-instructional units exempt from further reduction.
- Since the reductions in our state operation budget will be permanent, and this phase of our plan utilizes temporary savings not available in future years, the permanent solution must be finalized in the next budget cycle.

**10% Contingency Plan** *(3% additional reduction to all operating units)*

- Unfortunately, there is much disagreement in Sacramento on the State's final budget plan for next fiscal year. The final outcome will be a compromise between the Governor and the Legislature, and therefore we cannot ignore the possibility that the CSU could again experience even further reductions in the State operating budget.
- The Task Force judged some contingency planning was necessary.
- Each division discussed at a conceptual level with RPP its preliminary contingency plans should an additional 3% reduction in the base budget be required. When the final budget becomes known and if we find the need to move into this contingency phase, each division would be required to develop operational details of its plans and present those to the RPP Task Force. If necessary, appropriate notification would be given at that time to labor unions about the possibility of layoffs.
- Contingency planning would only be implemented to the level required to balance the budget. This planning is only for fiscal year 2003-04, and does not imply a commitment for 2004-05 and beyond.

Although the final outcome of the State Budget remains uncertain, the RPP Task Force recommends adoption of this three-phased budget reduction plan and believes that the University is as prepared as it can reasonably be, given the uncertainty of the final outcome. Refer to the table on page 14 for further clarification of this budget plan.