California State University Long Beach: Budget Outlook 2012-13

May 10, 2012
Gov’s Proposed 2012-13 Budget

• Jan 05, 2012
• Addressed $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 reductions are being backfilled
- Backfill from one-time “restoration” funding from last Schwarzenegger budget
- Enabled CSULB to (as much as possible):
  - Preserve classes
  - Preserve vital services to students
  - Protect permanent employees
- Hope had been that 2012-13 state budget would provide permanent restoration of 2011-12 cuts
- Restoration is no longer a possibility
CSULB’s Current Budget Situation

- CSU CO has assumed November initiative fails
- Will provide campuses with reduced 2012-13 budgets on July 1
- We must plan based on reduced budget
- Hope for some mitigation but...
- Many new Trustees on CSU Board may not support significant additional fee increases
Budget and Enrollment

- CO no-penalty enrollment range: -2% to +5% of target
- Campus plan: 27,176 resident FTES (1.2% over current target)
- Spring closure directed by Chancellor
- Higher fall, lower spring; annual average similar to 2011-12
- With higher fees, in the short term, enrollment increase contributes positively to net budget
- Important to achieve enrollment goals due to budgetary reliance on tuition fee revenue
- Fall enrollment decisions completed
- Achievable campus plan
Key Unknowns

- Final state tax receipts (but...current receipts through May are projected to be $3b below forecast)
- May revised Governor's budget (May 14th)
- Voter approval of Nov 2012 tax increase initiative
- Trustee tuition fee actions, if any
Potential Range of Reductions FY 2012-13

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

* - 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
Scenario B Budget Reduction Planning

- The Scenario B budget problem corresponds approximately to the complete elimination of one of the following:
  - About 1,800 classes and 36,000 needed seats for students
  - The entire College of Natural Sciences and Mathematics
  - The (two) entire Colleges of Engineering and Business
Scenario B Budget Reduction Planning

- Campus operating divisions were asked to submit budget reduction plans based on the $27m two-year cumulative problem.
- The divisions have already implemented permanent budget reduction actions in the current year totaling $5m.
- A total of $7m in one-time funds will be utilized in 2012-13 to mitigate some of this problem. This only pushes the problem into 2013-14.
- So the divisions have developed plans to implement permanent budget reductions totaling $15m in 2012-13.
Scenario B Budget Reduction Planning (cont’d)

- Even without additional cuts in 2012-13, cumulative affect of prior reductions are mounting:
  - All divisions operating with far fewer positions
  - Less support from student assistants
  - Reduced services and service hours
  - Reduced operating expenditure funds severely limits travel, equipment purchases, training, supplies, etc.

- Current levels of service cannot be sustained
Scenario B Budget Reduction Planning (cont’d)

• Some consequences of proposed budget reduction actions*

Administration and Finance:
• Ongoing, routine operations will be affected by longer response times, decreased customer support, and longer processing times, e.g. admission and financial aid, purchasing requisitions, facility and telecom work order requests
• Can no longer keep up with multiple projects, special tasks, process exceptions, and innovations at the same pace as in the past
• Will likely take more risk in the areas of compliance
• Facility closures during the summer

* - not exhaustive, not in any particular order
Scenario B Budget Reduction Planning (cont’d)

Some consequences of proposed budget reduction actions*
(cont’d):

Student Services, University Relations & Develop, Athletics:

- Decreased services and longer response times in disabled student services and counseling and psychological services
- Potential decline in fundraising, resulting in less student support and program funds for faculty
- Reduction in:
  - Outreach to external constituencies, such as alumni and community
  - General operating budgets for sports teams
  - Support for student cultural events
  - Outreach efforts related to LB College Promise and President’s Scholars program

* - not exhaustive, not in any particular order
Scenario B Budget Reduction Planning (cont’d)

- Some consequences of proposed budget reduction actions*
  (cont’d):

  **Academic Affairs:**
  - Students capped and rationed in the number of courses each can take
  - Continuing students will take longer to complete degrees
  - Graduation rates will decline and time to degree will increase
  - Laboratory and information technology equipment will become out-of-date
  - Instructional environments will deteriorate as classroom and laboratory maintenance are reduced

* - not exhaustive, not in any particular order
Provost’s Announced Actions

- Reduce travel, assigned time
- Repurpose 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 repurpose F&A to cover costs
- Limit initial registration to 13 units to manage enrollment demand
- Repurpose Student Excellence Funds to shelter advisor jobs
- Suspend admissions to grad programs with issues identified in Program Review, low grad rates, or low demand
Actions Under Consideration

- Moving summer chair compensation to self-support, because summer school has moved to self-support
- Examining UG programs with issues identified in Program Review, low grad rates, or low demand
- Examining additional grad programs with issues identified in Program Review, low grad rates, or low demand
- Moratorium on new programs, curricular changes
## 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</td>
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<tr>
<td>• Reduced graduation rates</td>
<td>• Reduced travel</td>
<td>• Equipment purchases</td>
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<tr>
<td>• Increased time to degree</td>
<td>• Reduced equipment purchases</td>
<td>• Quick adaptation to new business practices</td>
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<td></td>
<td>• Quick adaptation to (use of) new business practices</td>
<td>required</td>
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<td></td>
<td>• Lower morale</td>
<td>• Severely limited capacity to implement new programs, projects</td>
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<td>• Severely limited capacity to handle special requests, appeals, customized reports</td>
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Spring Semester 2013

• If Nov tax initiative is not approved by voters...
  • Support (e.g., for travel, assigned time, equipment, operating $) will remain at (low) levels similar to Fall because...
  • ...We are already planning on the assumption that the November initiative fails

• If Nov tax initiative is approved by voters...
  • Funding to some activities will be restored but...
  • ...Some cuts will still be required due to the structural deficit that constitutes part of our problem

• Either way...
  • Enrollment will be significantly down because campuses are closed to Spring admissions
  • Fewer lecturers will be needed for Spring instruction
Fiscal Year 2013-14

- We have no knowledge of what the Governor’s 2013-14 state budget proposal might bring
- We are likely to have additional cuts to make because temporary funds will have been exhausted
- CSULB preliminary enrollment target has been reduced 3 percent which reduces revenues
- Unfunded mandatory cost increases
Looking Ahead:  
Is our Budget Challenge Cyclic or Longer-Term?

- Global recession triggered state revenue problems, but...
- Public costs of benefits & health care will continue to rise due to US demography, competing for public funding with education
- US position in the global economy is less competitive and will continue to erode due to growth in Asia
- Willingness of voters to support taxes for public education has shifted markedly
- Appears unlikely that our budget will return to prior levels any time in the next few years
- Beyond that we cannot even speculate
CSULB Annual Budget Process

- Has served campus well during prior difficult periods
- Is admired by CSU campuses, others
- Involves broad representation on Resource Planning Process Committee (RPP):
  - Academic Senate Chair
  - Senate Council Chairs
  - CFA President
  - Staff representative
  - Administrators
  - Student President
- Efforts are made to keep campus well informed
  - Roadshows
  - Emails

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

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

• Talk to your friends and neighbors about the November initiative
• Acknowledge that we are all going through a time of great uncertainty and discomfort and 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

CSULB 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.