



MEMORANDUM

Date: December 6, 2010

To: John Thomlinson, Chair
University Budget Committee

From: Mildred García, Ed.D.
President

Subject: University Budget Plan for FY 2010/11

I want to thank the University Budget Committee for their report submitted on April 29, 2010 for fiscal year 2010/11. I sincerely appreciate the hard work the committee put in to complete the proposed set of recommendations to address the \$4,284,612 budget reduction for the fiscal year 2010/11.

As you know, the state Budget Act of 2010 was signed over 100 days after the start of the fiscal year and despite the state's fiscal condition, the governor made higher education a central priority of his 2010/11 budget that included \$199 million for budget restoration, and \$60.6 million to fund 2.5 percent enrollment growth. Additionally, the state shifted \$106 million of costs to the federal American Recovery and Reinvestment Act State Fiscal Stabilization Fund on a one-time basis. The \$106 million combined with the \$199 million represents a total of \$305 million budget restoration that is intended to be part of the permanent ongoing CSU base in 2011/12.

In addition to the change in the state budget, at its June meeting, the Board of Trustees (BOT) took action on the first five percent State University Fee (SUF) rate increase assumed from a state "buy-out" proposed by the Assembly. However, in August the fee buyout proposal was dropped by the Legislature's budget conference committee. The BOT anticipated this possibility so they revised the fee rates at its November meeting as a mid-year five percent SUF rate increase, effective Spring 2011 semester.

Given the state's fiscal circumstances, the CSU was fortunate to receive a budget that allows partial recovery of enrollment, but still falls short of funding fundamental needs. The restoration of the 2010/11 General Fund appropriation and SUF rate increase has allowed CSUDH to cover the structural deficit of \$4,284,612 in which UBC proposed a set of recommendations, designate funds as unallocated, set aside the Home Depot Funds for University Initiatives and establish a small General Fund expense reserve.

As for the remainder of fiscal year 2010/11, since the overall balance of the state budget is extremely precarious, the governor and legislature may need to rebalance the 2010/11 budget with mid-year cuts. Therefore, the Vice President of Administration and Finance has prepared a preliminary budget report to provide an overview of our current budget situation which may be adjusted after the January 2011 governor's budget. As more information becomes available, I will keep UBC and the campus community informed on the progress and how it may impact the university.

Again, I want to acknowledge the committee's time and effort that was put into the proposed budget recommendations.

cc: Cabinet
UBC Members