



Managers' Meeting Budget Update

February 19, 2009

Overview

- Welcome
 - 1st of several meetings designed to improve communication
 - Budget crisis will be an on-going challenge
- Update on State Budget
- Federal Stimulus Package
- CSUF Budget Reductions
- Administration & Finance Budget Reductions
- FY 2009-10 Issues & Challenges
- Questions & Answers

Current California Economy

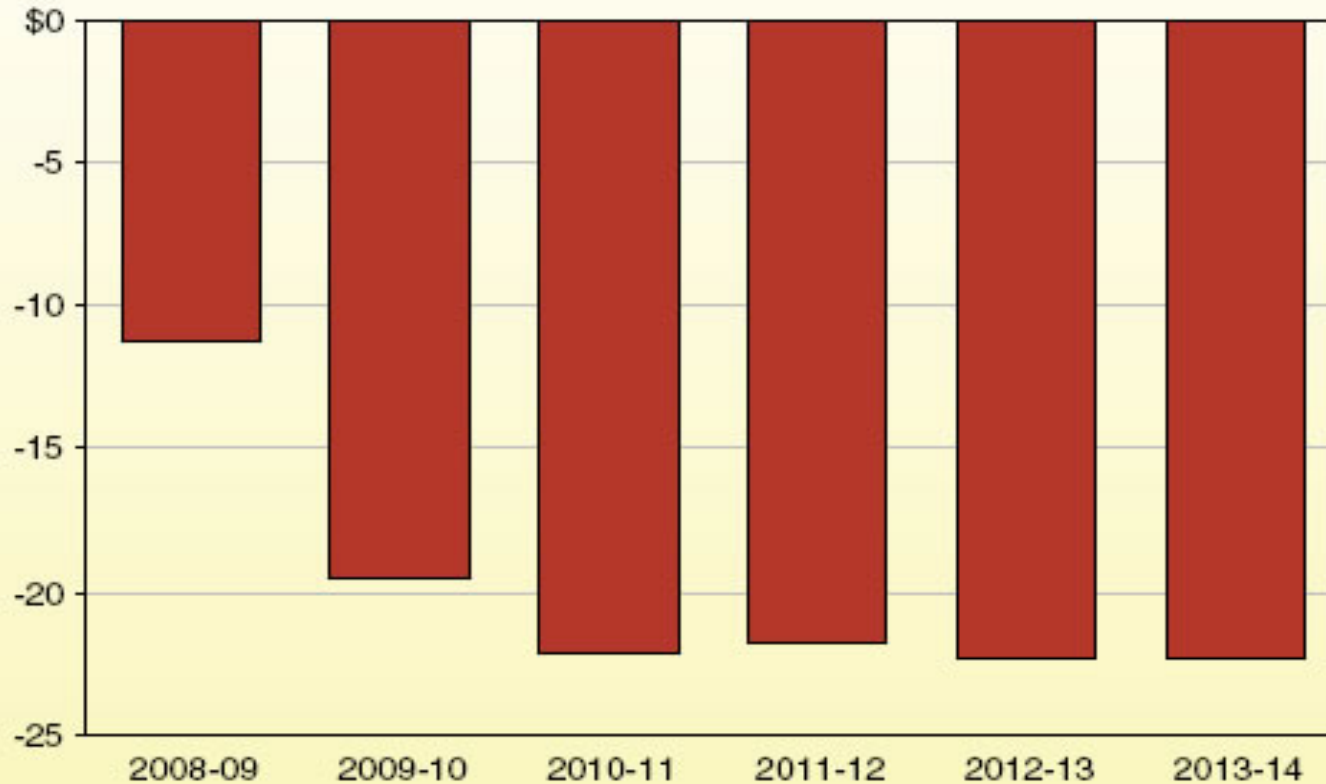
- Nine consecutive months of job loss in CA
- CA unemployment rate - currently 9.3 percent
- CA unemployment rate - one year ago 5.7 percent
- Largest year-over-year jump since
December 1982
- Single Family Home Price below 2007 - 40 percent
- New home construction at record low



LAO Special Session Report

Huge Operating Shortfalls Projected Throughout Forecast Period

General Fund (In Billions)



Worsening Budget Deficits

- 2008-09 projected deficit now at \$14.8 billion.
- Absent action by Legislature, deficit grows to \$41.6 billion over 18-months ending June 30, 2010.
- A staggering gap; exceeds combined amount spent annually on higher education, prisons, courts, mental hospitals and Medi-Cal.

Cash Flow Issues

- LAO forecasts a “cash abyss”
- State deficit expected to grow to \$41.6 Billion in 2009-10
- State unable to borrow or sell bonds
- Suspension of work on State capital projects - \$1 Billion in CSU capital projects suspended
- On February 17, the governor threatened to suspend all State capital projects
- Income tax refunds deferred

Cash Flow Issues *continued*

- Furloughs for State employees – does not currently apply to higher education
- Controller may issue “IOU’s”
- CSUF cash flow can cover payroll for at least 3 months
- On February 17, the governor threatens to layoff 20,000 State employees - does not currently apply to higher education

Governor's Proposed Budget Solutions

- Combination of temporary and permanent measures, totaling \$41.6 Billion, addressing 2008-09 and 2009-10 (18 months)
 - \$14.3 Billion in revenue adjustments (primarily taxes)
 - \$17.3 Billion in spending cuts
 - \$10 Billion in various forms of borrowing

Federal Stimulus Package Impact

- How much of the higher education portion will go to CSU?
- How much of the infrastructure/construction portion will go to CSU?
- A significant stimulus package contribution to the state could mitigate larger budget reductions to the CSU

State Budget Crisis Impact to CSUF

What has happened so far...

FY 2008-09 Budget Reduction Summary

	FY 08-09 Budget			FY 08-09 Round One			FY 08-09 Round Two	FY 08-09 Round Three	FY 08-09 Total Budget Reduction		
Division	Baseline Budget	One-Time Budget	Total Budget	Baseline Reduction	One-Time Reduction	Total Reduction	One-Time Reduction	One-Time Reduction	Total Baseline Reduction	Total One-Time Reduction	Total Budget Reduction
President	3,338,607	235,000	3,573,607	247,441	199,941	447,381	16,479	43,946	247,441	260,365	507,806
Academic Affairs	131,412,694	3,651,589	135,064,283	9,682,082	7,857,556	17,539,638	647,604	1,727,036	9,682,082	10,232,195	19,914,278
Administration and Finance	21,002,167	-	21,002,167	1,560,289	1,258,384	2,818,672	103,713	276,584	1,560,289	1,638,681	3,198,970
Information Technology	11,315,278	-	11,315,278	809,469	654,043	1,463,513	53,905	143,754	809,469	851,702	1,661,172
Student Affairs	16,783,938	202,005	16,985,943	1,017,889	1,004,222	2,022,111	82,766	220,721	1,017,889	1,307,709	2,325,598
University Advancement	5,376,678	-	5,376,678	397,164	321,938	719,102	26,534	70,760	397,164	419,232	816,396
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Total Without All University	189,229,362	4,088,594	193,317,956	13,714,334	11,296,084	25,010,418	931,000	2,482,800	13,714,334	14,709,884	28,424,218
All University	131,392,863	11,207,490	142,600,353				1,066,800	2,517,200	-	3,584,000	3,584,000
Total	320,622,225	15,296,084	335,918,309	13,714,334	11,296,084	25,010,418	1,997,800	5,000,000	13,714,334	18,293,884	32,008,218

Division Budget Reductions

Baseline

Round One Cut	1,560,289
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One-Time

Round One Cut	1,258,384
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Round Two Cut	103,713
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Round Three Cut	276,584
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Total One-Time	\$1,638,681
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Subtotal

Baseline	1,560,289
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One-Time	1,638,681
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Subtotal Cut	\$3,198,970
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Additional Baseline Reduction

Police Building Debt Service	\$300,000
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Division Cut	\$3,498,970
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\$3,498,970 represents almost 17% of the Division's baseline budget

Division Budget Reductions by Area

	Baseline	One-Time	Total
Vice President for Administration & Finance	170,082	876,418 *	1,046,500
Associate VP for Administration	306,389	138,178	444,567
Associate VP for Facilities Management	863,421	389,392	1,252,813
Associate VP for Financial Services	311,771	140,605	452,376
University Police	127,273	57,399	184,672
Assistant VP for Administration & Finance	81,353	36,689	118,042
Total	\$1,860,289	\$1,638,681	\$3,498,970

These budget reductions resulted in a loss of:

- Approximately 27 full-time base line positions eliminated
- Approximately 9 positions held vacant
- More than \$102,000 in permanent baseline OE & E reductions
- Approximately \$1million in OE & E cut on a one-time basis

* Funded primarily from 07-08 carry forward rolled up to the Division from departments

Other Division-Related Budget Reductions

Deferred Maintenance

Beginning Baseline Balance	3,200,000
Baseline Cut	1,700,000
One-time Cut	500,000
Remaining 2008-09 DM Budget	<u>\$1,000,000</u>

FY 2009-10 Concerns

- Continued lack of State budget
- Potential failure of initiatives that require voter approval:
 - Lottery
 - Budget spending cap
- Unfunded mandates such as benefits and energy costs
- Mandated enrollment reductions for 2009-10
 - No more than 2% above 2008/09 target of 27,190 Resident FTES

FY 2009-10 Issues & Challenges

- The Division should prepare for additional budget reductions
- Irvine campus costs
- Hiring freeze – exceptions for ‘essential’ positions
- Continued efforts to reduce expenditures
- Travel limitations
- Division strategic planning priorities

Keep In Mind

- Planning Resource Budget Committee (PRBC)
Guiding Principles:
 - No layoffs
 - Maintain Public Safety
- The campus continues to seek ways to save money and operate more efficiently
 - Energy savings initiatives
 - PRBC solicited cost savings ideas
- We have a good team with experienced managers, many of whom have endured previous budget reduction cycles
- Repeat: State mandated furloughs do not currently apply to higher education

Questions & Answers