TO: Norma Rees, President  
FROM: Committee on Budget and Resource Allocations  
SUBJECT: Recommendations on Distribution of Cuts in the 2004-05 CSUH Budget

The Committee on Budget and Resource Allocations (COBRA) makes the following five recommendations to the President for implementing the 2004-05 General Fund Budget for CSUH.

1. The first priority of the University should be service to its students. And the primary service the University provides its students is the education they receive in the classroom. Two consequences follow from this principle:
   a. We must provide all the courses students need to complete their education in a timely manner;
   b. We must maintain sufficient FTES to meet our assigned target, so future budgets will not be reduced, forcing additional cuts, curtailment of services, and further loss of FTES.

2. To realize those goals, we recommend a maximum cut in Instructional Funding of 5%.

   Five percent of $37,746,793 is $1,887,340, netting an instructional budget of $35,859,453.

   Subtracting $1,887,340 from the shortfall of $7,263,393 projected in the May 28, 2004 estimate of the CSUH 2004/05 General Fund Budget leaves a remaining shortfall of $5,376,053.

3. We recommend that the remaining shortfall be met by a 12.36% cut distributed proportionally across the base budgets of all non-instructional units of Academic Affairs, the other three vice-presidential divisions, and the President’s budget.

<table>
<thead>
<tr>
<th>UNIT</th>
<th>BASE ALLOCATION</th>
<th>12.3606% CUT</th>
<th>REDUCED ALLOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Affairs</td>
<td>$27,990,673</td>
<td>$3,459,815</td>
<td>$24,530,858</td>
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<tr>
<td>(non-instruction)</td>
<td></td>
<td></td>
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<tr>
<td>Business &amp; Admin</td>
<td>$9,614,782</td>
<td>$1,188,445</td>
<td>$8,426,337</td>
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<tr>
<td>Affairs</td>
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<td></td>
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<tr>
<td>Student Affairs</td>
<td>$3,808,774</td>
<td>$470,787</td>
<td>$3,337,987</td>
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</table>
a. The total reduced allocation for Academic Affairs (including instruction and non-instructional units) will be $60,390,311, a reduction of 8.135% ($5,347,155) from the original base allocation of $65,737,466.

b. All sectors need to share the burden of this fiscal crisis, including University Advancement. UA may be able to supplement those cuts it considers most intolerable with the new funding it will generate from the recently approved administrative fee on trust funds.

c. The president’s office should set an example by continuing to share the sacrifice required in these critical times. Although the amount of dollars is relatively small, the symbolism is significant and important.

4. The vice-presidents should determine how to best allocate the cuts within their divisions. Hopefully many units will manage to bank funds from this year’s allocation to cushion some of the impact of the cuts being recommended.

5. If and when additional funds become available, we recommend restoration of cuts in the following order of prioritization:

   a. University Advancement--We recognize that funds raised will have exceeded expenditures from the General Fund for the first time this year, and that continuing the successful efforts recently undertaken constitutes a high priority for the future of the University.

   b. Academic Affairs--Restoring instructional capacity should remain the top priority of the University, but we recommend the following services also need to be supported as important priorities: enrollment services, the Library, Information & Computing Services, and the Contra Costa Campus.

   c. Business & Administrative Affairs--We recognize the sustained cuts this division has suffered and support the priorities given to Facilities Planning and Management and to Business, Accounting and Fiscal Services.

   d. Student Affairs--we likewise support the priorities given for use of additional funding in this area.

   e. President’s Budget—services to be restored will be determined by the President.

COBRA appreciates the sacrifices that all segments of the University have been making over the past several years, and recognizes the pain that these additional cuts being recommended will entail.