

## MEMORANDUM

**Date:** July 9, 2008

**To:** Members of the Council of Academic Deans and the Executive Committee, University Relations, Finance and Administration Executive Team, Faculty Senate Budget Committee Chair

**From:** Lindsay Desrochers, Vice President for Finance and Administration  
Roy Koch, Provost and Vice President for Academic Affairs

**cc:** Interim President Michael Reardon; Vice President Cassie McVeety, and General Counsel Henry Lazenby

**Re:** **University Budget Plan for 2008-09**

This memo is to update you on the status of the 2008-09 University Budget Plan. Currently, all units should continue to operate at the current service level budget until final detailed actions are completed on the new 2008-09 plan. The budget plan is anticipated to be completed and approved by the President by mid July. The Budget Office is now preparing detailed 2008-09 budget allocations (the Budget Exhibit) and these allocations will be completed by the end of September.

As we began the 2008-09 budget process earlier this year, we brought your attention to the potential loss of anticipated state compensation funding, originally scheduled for release in February 2008. PSU's share of this allocation was just below \$5 million. The decision to release this allocation was put on hold until after the next state revenue forecast at the end of May. The new May forecast indicated that the State did not suffer additional significant losses in revenues as feared. Still, to be cautious in a very unstable, recessionary economy and to be prepared for other large financial obligations / problems looming (i.e. loss of federal Timber funds), the State E Board (representing the Legislature) chose to release only 80% of the State employee compensation funds at this time. Thus PSU, as with all other OUS institutions, will lose 20%, or \$1 million of the funds intended to cover two years of employee compensation needs. There were no indications of other reductions at this time.

With the action of the State E Board and a more current enrollment and tuition revenue estimate, the University Budget Team is now prepared to make final recommendations to the President. Fortunately, the Budget Plan will not require significant reductions, although some expenditures will need to be delayed and some one time funds will be called back to the central fund. The one million dollar permanent loss can be accomplished over the course of the budget year and into the next biennium through careful budget planning. Given the anticipated 3 to 4% enrollment increase, most additional expenditures will need to be focused on the costs associated with delivering the classes needed for increased enrollments, primarily faculty and associated costs as

well as additional cost of space for classrooms. Some minor administrative support improvement may be possible, and the Budget team has requests that are being reviewed for this purpose.

Last year, an academic priorities identification process was undertaken to establish directions for the next 3 to 5 years and to inform the budget process. This process led to the subsequent identification of multi-year strategic investments to build academic capacities for Improving Student Success and Expanding Innovative Scholarship with an initial focused investment in Sustainability. These established academic priorities have been continuously discussed with the Council of Academic Deans and the Faculty Senate Budget Committee as well as the administrative leadership of the campus over the past year and they will now continue into the second year of the biennium.