

Date: January 28, 2009

To: Members of the Council of Academic Deans
Cheryl Livneh, Faculty Senate Budget Committee Chair

From: Roy Koch, Provost and Vice President for Academic Affairs
Carol Mack, Vice Provost for Academic Administration and Planning

cc: President Wim Wiewel, Vice President Lindsay Desrochers, Vice President Cassie McVeety, General Counsel Henry Lazenby, and Michael Fung, Budget Director

Re: Development and Submission of 2009-2010 Budgets

Update on biennial budget planning

Despite the uncertainty of this year's financial situation, we are asking you to proceed with our annual planning and budget development process as outlined below. In some cases we will be sending further information as it becomes available, especially as it relates to the current biennium.

A memo summarizing the context for our upcoming campus-wide budget process can be found at www.pdx.edu/fadm. On January 21, the President began a series of events to be held in 2009 that will involve multiple stakeholders in a dialogue about the budget process. This first event provided (a) the context for State budget planning based on the latest revenue forecast and (b) a framework for Portland State's budget planning process. Forums are planned to seek input on the principles for making budget allocation/reduction decisions as well as options for short term and longer term budget management.

Goals

The primary objective of our budget planning process is to allocate funding in a way that maximizes Portland State's ability to carry out its mission, with an eye toward the future. An important principle for making budget allocation/reduction decisions will be the potential impact on the five guiding themes established by the President. Reductions and investments should focus on our ability to provide civic leadership, improve student success, achieve global excellence, enhance educational opportunity, and expand resources and improve effectiveness.

Goals for the OAA budget development process for the 2009-2010 academic year are to:

- Align our budgets with unit planning, specifically allocating funds, where appropriate, for program transitions (self-support to in-load), program expansion, and new programs that are, at a minimum, revenue-neutral.
- Develop strategies for budget reductions and a prioritized list of actions that lead to reductions in your base budget. The exact percentage of reductions has not been

determined but is tentatively set at 7.5% for instructional units (credit hour producing) and 12.5% for non-instructional units (non-credit hour producing). We will provide you with updated information as further details are available.

Instructions for 2009-2010 Planning and Budget Development

(Note: Support units will complete Parts 1, 4, 6, and 7. Other OAA units will complete all Parts.)

Part 1: Unit Plans

Updated plans are available at http://www.oirp.pdx.edu/unit_plans.html.

Part 2: Student Credit Hour Projections (Use attached Templates for Parts 2 and 3 [Excel attachment])

Part 2a: Update of 2008-2009 SCH Projection

Part 2b: 2009-2010 Base Budget SCH Projection

The following data are provided for your reference and/or convenience (see *Data file for 2009-10 SCH projection [Excel attachment]*):

- Tab 1: E&G Base Budget (2008-09 Exhibit B figures plus any other permanent allocations)
- Tab 2: Strategic Investment Details
- Tab 3: Fall 08 (EOT) SCH production by unit
- Tab 4: AY 07-08 Total (total SCH by unit: In-load and self-support credits)
- Tab 5: Fall 07 EOT (Fall 2007 End-of-term SCH production by unit: In-load and self-support credits)
- Tab 6: Winter 08 EOT (Winter 2008 End-of-term SCH production by unit: In-load and self-support credits)
- Tab 7: Spring 08 EOT (Spring 2008 End-of-term SCH production by unit: In-load and self-support credits)

Directions for (2a): Using the attached file, *Templates for Parts 2a and 2b: SCH Templates for 2009-10 Budget Development*, fill out section 2a of the Excel spreadsheet to update your 2008-2009 three-term student credit hour projections. Refer to the attached *Data file for 2009-10 SCH projection Tabs 3 through 7* as needed (Excel attachment).

Directions for (2b): Using the attached file, *Templates for Parts 2a and 2b: SCH Templates for 2009-10 Budget Development*, fill out section 2b of the Excel spreadsheet to project the number of student credit hours that your unit can generate given your base budget. The base budget dollar amount for your unit is provided in the *Data file for 2009-10 SCH projection (Tabs 1 and 2)* and includes Exhibit B figures and any other permanent allocations. The Budget Office will roll up salaries and benefits to the appropriate 2009-2010 levels. Add to that amount any monies you have typically received from UNST to generate additional SCH.

Note: Credit hours from Part 3a proposals, if any, should be included in your Part 2b Self-support projections. OAA will transfer the appropriate number of credits to in-load once budget decisions have been made.

Part 3: Proposals for Program Conversion, Program Expansion or New Programs (Use attached Templates for Parts 2 and 3 [Excel attachment] and Part 3a and/or 3b [Word attachment])

Part 3a: Self-support SCH Converted to In-load for 2009-2010

Part 3b: New Programs and Program Expansions

Proposals for additional funding should specifically address expenses, revenue generated as a result of the investment, how the investment will support Portland State's guiding themes, and how the investment supports the strategic priorities of the unit. To achieve revenue-neutrality, the Office of Budget and Planning advises us that we must generate \$1.77 of tuition revenue for every \$1.00 expended. Therefore the ratio of revenue generated to funding requested should be at least 1.77. It is our expectation that investments, as well as being consistent with the five guiding institutional themes, should be revenue-neutral and lead to at least one of the following outcomes:

- Investments will support our academic priorities, enhance the visibility and stature of Portland State, and generate additional resources.
- Investments will improve support services and administrative processes so that academic units can more effectively carry out their responsibilities and generate additional resources.
- Investments will improve the financial sustainability of the institution.

Directions for Part (3a): Self-support SCH Converted to In-load. If your unit wishes to propose moving self-support programs or courses in-load, enter the program SCH and funding request into Part 3a of the attached spreadsheet. Address the criteria listed in the bullets above using the attached Word document. **Remember that, for the time being, these credit hours should be included as part of your 2b self-support projections. OAA will transfer the appropriate number of credits to in-load once budget decisions have been made.**

Directions for Part (3b): Program Expansions or New Programs. Enter the program SCH and funding request into Part 3b of the attached spreadsheet. Address the criteria listed in the bullets above using the attached Word document.

Part 4: Strategic Investments (Use attached Template for Part 4 [Word attachment])

Provide no more than three high-priority investment proposals. Describe each investment and how it would address one or more of the five guiding themes.

Part 5: Adjustments Required by Collective Bargaining Agreements

Pending negotiations for 2009-11 collective bargaining agreements.

Part 6: Remodeling/Renovation Priorities

Because of the potential for increased federal funding for capital projects, we ask that you review your unit's previous requests, revise if necessary, and submit an updated list in priority order.

Part 7: Budget Reduction Strategies (Use attached Template for Part 7 [Excel attachment])

Develop a prioritized list of actions that lead to at least a 7.5% reduction in your base budget (12.5% for non-instructional units). Realizing that cuts of this magnitude will impact academic programs, we encourage you to consider organizational and/or structural changes that may be necessary. Provide a brief description of the short- and long-term consequences of each of the actions, with particular emphasis on the loss of student credit hours and tuition revenue. As the situation develops, we will continue to update you.

Deadlines

Send your completed templates and narratives to Sharon Buhlinger (buhlingers@pdx.edu) **no later than 5pm on:**

Parts 2 and 3: Wednesday, February 11, 2009
Parts 4 through 7: Monday, March 2, 2009

Call Sharon at extension 8317 if you have questions.

Attachments Related to these Instructions

- *Templates for Parts 2 and 3 (Excel attachment)*
- *Data file for 2009-10 SCH projection (Excel attachment)**
- *Template for Part 3a and 3b: Narrative for Proposals (Word attachment)*
- *Template for Part 4 (Word Attachment)*
- *Template for Part 7 (Excel Attachment)*
- *Updated OAA Budget Development Timeline**

*** To be distributed Friday, January 30, under separate cover.**