

Closing the Gap Overview

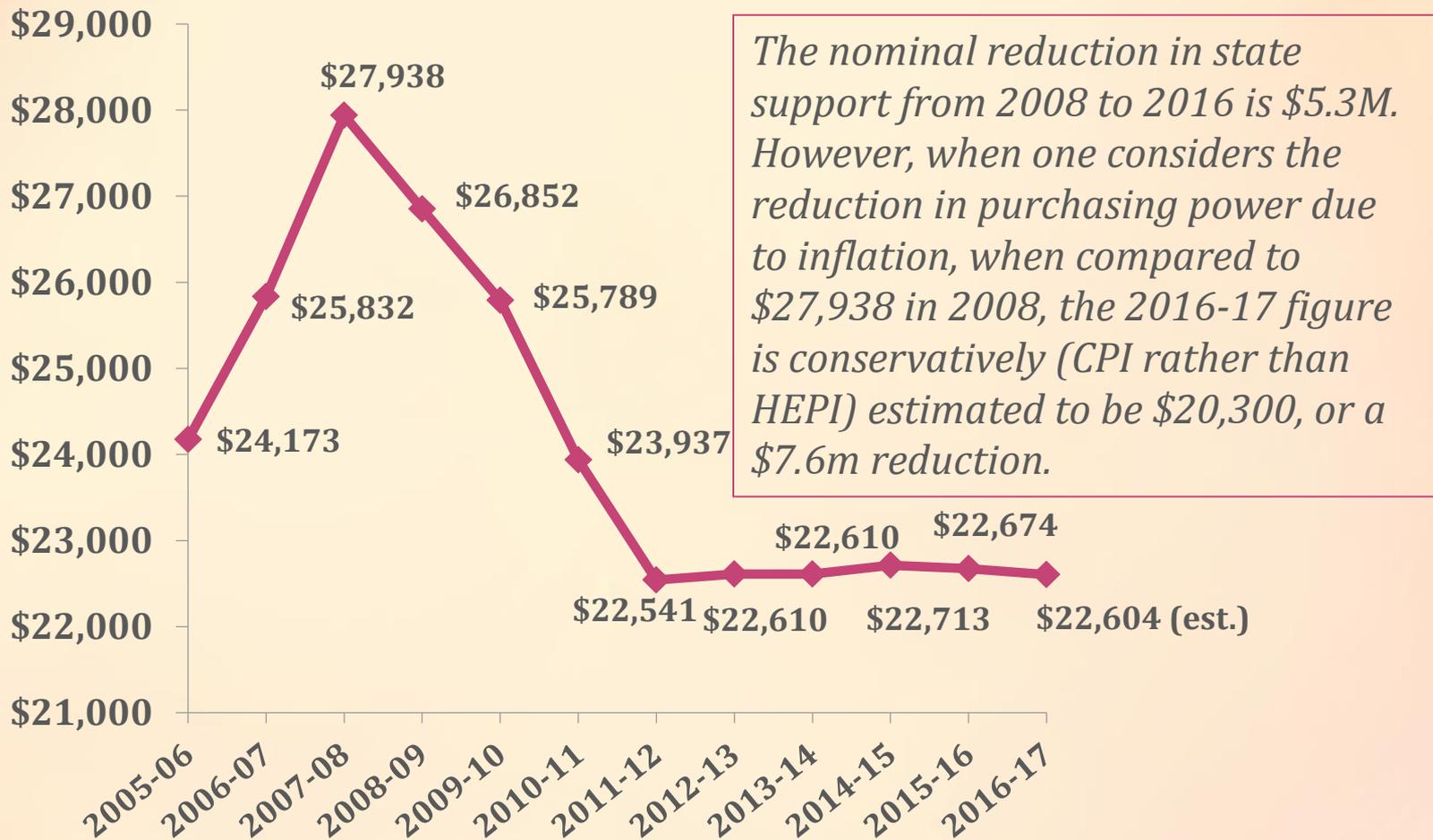
Academic Governance Meeting

Valerie A. Luzadis
November 15, 2016

Budget Gap: Problem and Context

- Several years of reduced state support
 - Not expected to return
- Lower state funding for capital projects
 - Critical maintenance and strategic initiatives
- Extended limited reserves to cover gap through constrained spending
 - Limited hiring
 - Deferred maintenance
- Building on strong history, must now adjust to a 'new normal'

Decline in State Support Nominal vs Real Impact (\$000s)



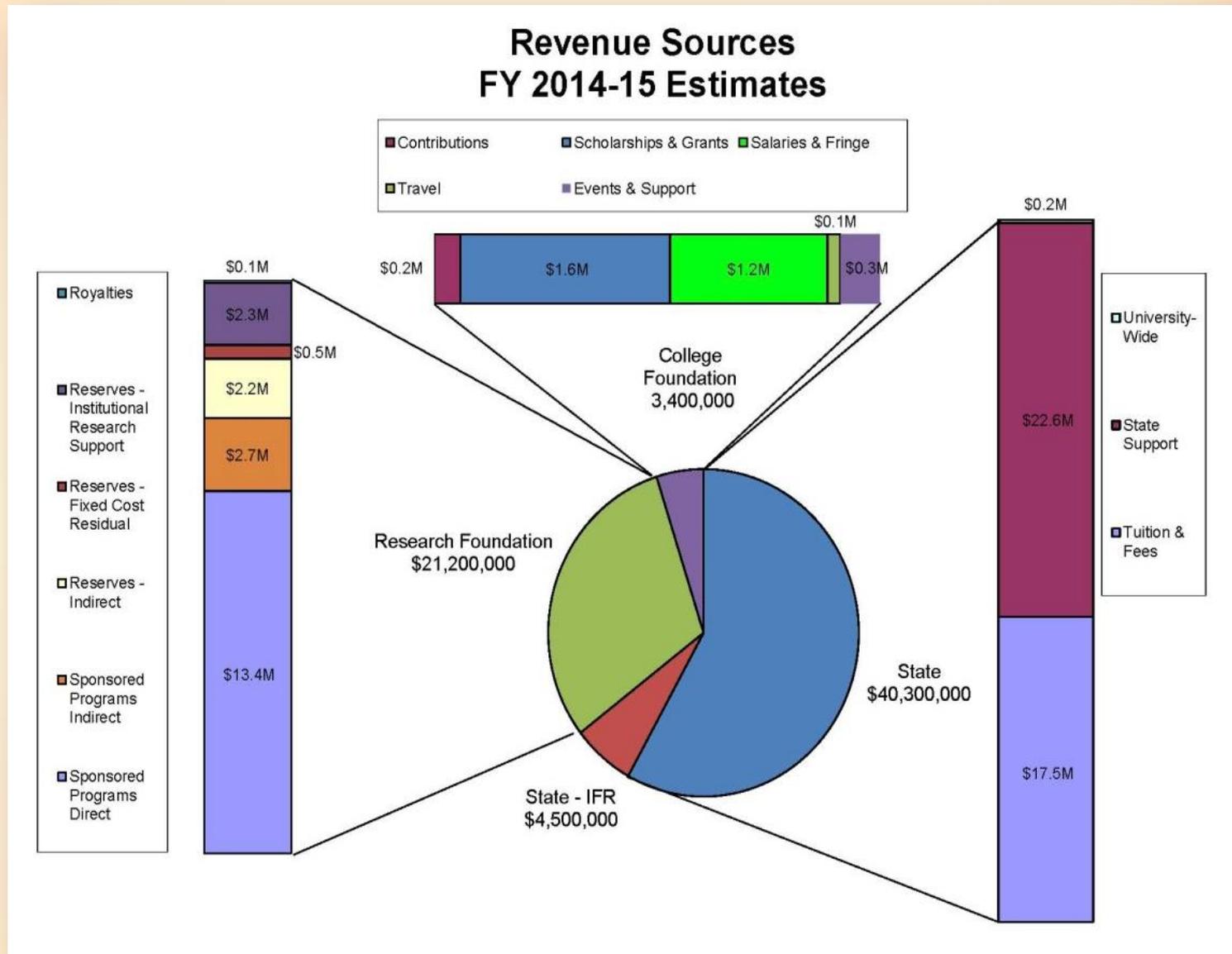
Eliminating the Gap and Building to the Future: Foundations of the Plan

- ESF is, and will remain, a doctoral granting, high level research institution.
- Pursuit of a growth-oriented framework that does not identify reductions in workforce, administrative units, or academic departments.
- The plan extends beyond elimination of the structural budget gap to build the resources needed across the institution.

Eliminating the Gap and Building to the Future: The Plan

- All enterprise view for full understanding
 - Primary Revenue Sources
 - State, Research Foundation, College Foundation
 - Additional New/Expanded Revenue Sources
 - Expenditures beyond those currently budgeted
 - Program and research obligations and needs
 - State Mandates
 - Infrastructure needs
 - Maintenance and capital needs
 - Classrooms, labs
 - Accessibility
- Reflecting institutional priorities
 - Vision 2020 Bridging Document
 - June 2016 All Campus Leadership Planning Retreat

All Enterprise View: Primary Funding Sources



The Draft Plan: Estimated Marginal Expenses

- Determine expenses BEYOND those in operating budget
 - Structural Budget Deficit ~ \$1.3M/year
 - Furlough Payback ~ \$353,207 (across 2 years)
 - Salary Escalator ~ \$550,000/year
 - Faculty Searches ~ 6 in 2016-17 (3 new, 3 backfill); 3 new in each of next 2 years (9 new in 3 years)
 - Library Director, Chief Enrollment Office, Chief Diversity Officer, Chief Information Officer, Vice President for Research, Provost and Executive Vice President (all backfills except CDO)
 - IT, Maintenance, Diversity, Teaching and Lab Support

New/Expanded Marginal Revenue

- Four primary sources
 - Increased proportion of out-of-state students
 - Increased development efforts
 - Initial effort – replace \$3M operating to support student aid
 - Longer term – relationship building for philanthropic gifts
 - Greater energy efficiencies
 - Josh Arnold, Physical Plant Team and Sustainability Committee
 - Reduced utility expenditures
 - CHP Gateway
 - Campus-wide audit
 - Online enrollment – new, enduring markets
 - Growth expected within 3-4 years
- Several additional possible revenue sources
 - Some annual revenue, some one time

The Plan: Five Year Planning Cycle

- Administrative unit annual work plans and assessment
 - In support of strategic and financial plans
- Academic planning and assessment
- Five year financial planning, every year
 - Annual adjustments to institutional priorities
 - Development
 - Visibility
 - Enrollment
 - Efficiencies