Closing the Gap Overview
Academic Governance Meeting

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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)

The nominal reduction in state support from 2008 to 2016 is $5.3M. However, when one considers the reduction in purchasing power due to inflation, when compared to $27,938 in 2008, the 2016-17 figure is conservatively (CPI rather than HEPI) estimated to be $20,300, or a $7.6m reduction.
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
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