Integrated Financial Strategy:

2012/13 and Beyond
Introduction – President Hirshman

• Three part strategy:

  • Fiscal Stabilization (grow revenues, lower expenses)

  • Strategic Allocations

  • Communicate Excellence
Revenue Strategies

- Non Resident Tuition
- CES/ALI
- Cost Shifting
- Campaign
### FALL 2012
OUT-OF-STATE UNDERGRADUATE APPLICATIONS, ADMITS AND ENROLLEES

<table>
<thead>
<tr>
<th></th>
<th>Fall 2011 Census</th>
<th>Fall 2012 (As of 8/3/2012)</th>
<th>Fall 2012 (As of 8/10/2012)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Applications</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First-Time Freshman</td>
<td>2,416</td>
<td>2,924</td>
<td>2,925</td>
</tr>
<tr>
<td>New Transfer</td>
<td>379</td>
<td>383</td>
<td>383</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>2,795</td>
<td>3,307</td>
<td>3,308</td>
</tr>
<tr>
<td><strong>Admits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First-Time Freshman</td>
<td>1,346</td>
<td>1,788</td>
<td>1,789</td>
</tr>
<tr>
<td>New Transfer</td>
<td>177</td>
<td>161</td>
<td>162</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>1,523</td>
<td>1,949</td>
<td>1,951</td>
</tr>
<tr>
<td><strong>Enrollees/Intents to Enroll</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First-Time Freshman</td>
<td>289</td>
<td>436</td>
<td>435</td>
</tr>
<tr>
<td>New Transfer</td>
<td>65</td>
<td>111</td>
<td>112</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>354</td>
<td>547</td>
<td>547</td>
</tr>
</tbody>
</table>
2012/13 OUT-OF-STATE RECRUITMENT PLAN FOR FALL 2013 ADMISSION

For the 2012/13 recruitment cycle, the main objectives will be to:
- Increase the number of qualified applicants applying for fall 2013
- Increase the number of prospects attending an SDSU sponsored event/reception or campus tour
- Increase the number of out-of-state students enrolling for fall 2013
- Collaborate with other offices on campus to be able to offer programming and special events for prospective students and families to increase yield

Specific metrics are currently being created for the above objectives.

In addition to these objectives, the out-of-state recruitment efforts will now include new targeted areas. The two admission counselors will be traveling to the following states: Arizona, Washington, Texas, Colorado, Nevada, Hawaii, Illinois, New Jersey/New York area and Pennsylvania. In the spring, we will review the geographic locations of our admitted students to strategically plan the admitted student receptions.

To ensure that these goals are met, Enrollment Services will be implementing the following strategies:

1. Increase use of Hobsons CRM system to capture prospects lists and communicate with prospective students.
   1. Encourage prospective applicants to log in to MY SDSU page to allow us to capture their interest and keep them engaged.
   2. Highlight academic programs, location, research, student life, student success stories, and overall experience of SDSU students.
   3. Import contacts (prospects) from Cappex and Zinch to Hobsons CRM system and implement communication plans that encourage them to apply to SDSU.
   4. Monitor effectiveness of recruiting events and assess what communication pieces are working.

2. Continue to use multi-media and social networking to encourage prospective out-of-state students to apply and participate in recruiting events
   1. Produce videos to e-mail to students using other students and admission counselors. Review comments and monitor view rate to assess effectiveness of messaging.
   2. Encourage prospective student participation of online community (Zinch) where students can sign up to be recruited by colleges. Target specific geographic areas via e-mail and mailings.
   3. Monitor traffic to various Web site by Google Analytics.
   4. Engage prospective students using SDSU Facebook/Admissions to help answer questions and communicate with prospective out-of-state applicants and admitted students.
   5. Use Twitter to interact with prospective students and answer questions related to the admission process.
3. Advertising (Online and Print)
   1. Use targeted advertising on specific search engines during admission cycle to reach out-of-state applicants. Focus on targeted areas of Texas, Hawaii, and Colorado, Pennsylvania, New Jersey and Illinois.

4. Strategic Marketing and E-mail Communication
   1. All cold contacts (leads that are captured through Cappex & Zinch) will receive the following e-mail communications:
      a. HTML designed message w/ video clip a week after we received a lead.
      b. Prospect will receive additional recruiting e-mails outlined below.

   2. Fall E-mail Communication Plan – Encourage applicants to apply. All prospects will receive the following messages in the fall “apply to SDSU” e-mail campaign. These messages are in addition to the initial personalized e-mail from Malerie McNeill. All e-mails will be in an HTML template with contact information. Many will include video or flash.
      a. SDSU is coming for fairs, high school visits (select states) (Sept - Nov)
      b. SDSU is coming for admission presentations (select states) (Sept - Oct)
      c. Visit SDSU (campus/virtual tours, prospective student site, apply today) (10/1)
      d. Don’t forget to apply to SDSU (w/ junior/senior application calendar) (10/15)
      e. One month left to apply... (10/30)
      f. Online college fair (11/5)
      g. Greetings and apply today from Associated Students president (11/12)
      h. 10 reasons to apply to SDSU – Update (11/21)
      i. Incomplete application (12/16)
3. Spring E-mail Communication Plan – Encourage admitted students to enroll. All admitted students will receive the following messages in the spring e-mail campaign. All e-mails will be in an HTML template with contact information. Many will include video or flash.

   a. Set Up WebPortal (12/1)
   b. Finance your Education (1/5)
   c. Congratulations follow up from Malerie and student recruiters (1/16)
   d. President’s congratulations on admission (2/1)
   e. SDSU is coming for admission presentation/reception (selected states) (February-April)
   f. Explore SDSU (2/11, 3/24)
   g. Pre-Explore SDSU (2/23, 3/18)
   h. Online college fair (3/11)
   i. Housing options (3/26)
   j. Welcome from college dean (4/6)
   k. Intent to Enroll reminder (4/14)
   l. Day in the life of an SDSU Aztec (4/18)
   m. Final transcript deadline (6/8)
   n. Provost and VP Kitchen Welcome to SDSU (6/18)
   o. Testing requirements (7/30)

4. On the Road Communication - Create special e-mail invite that includes information about the event and admission counselor.

5. Early Admission Notification - Early admission notification to non-resident freshmen will be emailed on a rolling basis during and after the application cycle. Most notifications will be completed by mid-December. Special admission packets will be mailed to out-of-state admitted students (FTF) again by mid-December.

6. Phone Banking – Telecenter in Hobsons - Student assistants will follow up with phone calls to non-resident applicants during the application process and 2-3 days before any major event/reception or deadline.

7. Pre-Explore SDSU event and special on campus programs
   1. Create magnet and print piece to admitted students about specialized pre-Explore SDSU activities for non-residents
   2. Design specialized tours and admission presentations for out-of-state students that incorporate information that is pertinent to them.
3. Expand campus visit program and encourage out-of-state families to come join us in an admission presentation and campus tour. During the summer offer “Life as an Aztec” panel to prospective families and provide the opportunity to speak with current OOS students.

8. Out-of-State Travel
   1. Fall – Targeted visits are established to encourage applications. Focus on the following states – Arizona, Washington, Nevada, Texas, Hawaii, Colorado, Illinois, New Jersey/New York area, and Pennsylvania. Visits will include high school visits, college fairs and prospective student receptions.
      a. Receptions – WA/Oregon (Early November)
      b. Receptions – New Jersey/Pennsylvania (November)
   2. Spring – Visits to cities within the targeted stated to include admit presentations and junior visits. Visits will include high school site visits, and admitted student receptions.
      a. 8 receptions will be planned in collaboration with areas of Student Affairs. Cities will be based on the geographic locations of admitted group.
   3. Plan prospective student receptions with parent and alumni component and work closely with New Student and Parent Program Office on programming.

9. Counselor Breakfast
   1. Select high schools in targeted areas and invite designated counselors to attend a breakfast with the admission counselor during a morning session.
   2. Highlight academic programs, research, student success stories, etc., and application process.

August 13, 2012
INTERNATIONAL STUDENT RECRUITMENT PLAN FOR FALL 2013 ADMISSION
FISCAL YEAR 2012 - 2013

In light of continued global competition to attract international students to U.S. colleges and universities, SDSU must be strategic with its international recruitment efforts while at the same time continue its visibility to establish name recognition as well as its brand. Toward that end, the ISC has:

- Trained additional staff members to support SDSU’s recruitment efforts in Asia and Latin America who are fluent in Mandarin, Cantonese, Spanish, and Portuguese.

- Continued to research and employ various recruiting methodologies including online communication; use of social networks and multi-media including email, Skype, group chats, video clips, or other electronic means; ongoing development of additional contacts; updating power point presentations and printed recruitment materials; maintaining relationship with stakeholders (e.g., alumni, scholarship councils, high school counselors, community colleges, parents, Fulbright officers, embassies, foreign government offices, boarding schools in the U.S. and those abroad, Institute of International Education/Linden Educational Services/Council of International Schools/Education USA, ministries of higher education, ESL providers); and most importantly face-to-face interactions with students and their families in our strategic areas of recruitment.

- Offered international admissions workshops and campus tours to prospective international student groups from international schools from outside and inside the U.S.

- Offered international admissions workshops and campus tours to college placement advising centers from abroad.

- Started tracking application and enrollment trends from the regions and countries we recruit students to measure growth and success over a period of five years.

- Developed strategic marketing and email campaigns through use of Hobsons CRM system to communicate with prospective international students.

- Developed and implemented strategic marketing and follow up email communication through Zinch China online communication.
For the 2012/2013 international student recruitment cycle, the main goals of the ISC will be to:

- Increase the number of qualified prospective students applying for fall 2013
- Increase the number of international students enrolling for fall 2013
- Partner with other offices on and off campus to enhance communication to increase enrollment yield

In order to accomplish these targeted goals, the ISC will continue and expand its efforts as outlined above and will participate in the following targeted recruitment activities:

In fall 2012, the ISC will join Linden Educational Services in partnership with the Institute of International Education in Asia and in Latin America in partnership with Education USA. In addition, the ISC will attend the Council of International Schools (CIS) Forum and participate in international high school visits. These activities include a variety of outreach efforts and recruitment methodologies as outlined above.

In spring 2013, the ISC will join Linden Educational Services and the Council of International Schools to recruit in Asia and Latin America in addition to the U.S. Educational group to recruit in Eurasia and other recruiting activities as appropriate and necessary. All of these activities will provide universities access to high qualified students at all levels including those who need intensive English training. Our recruitment efforts will be in alignment with the University’s goal of attracting qualified first-time freshmen and graduate students as well as increasing overall international enrollments from diverse countries and academic programs.

**Tentative Recruitment Schedule:**

**Fall 2012**

**Asia (September 15 – October 10)**
We will be starting off the academic year in China to consistently increase our presence as well as enhancing our professional working relationship with Education USA/Fulbright officials, Chinese Ministry of Higher Education, Chinese Scholarship Council, U.S. Commercial Services, and high schools as well as university academic counselors.

**Latin America (September 2- September 18)**
Our efforts will mostly be concentrated in Brazil, Chile, Ecuador, and Colombia but will expand to other areas to maximize recruiting dollars that have been assigned to this region.


Spring 2013

EURASIA:
The ISC will focus on attracting more sponsored students in Eurasia. Therefore, we will join the U.S. Educational Group tour in spring 2013. We will also participate in the Education USA Triennial Conferences with a focus on Malaysia. These events bring together more than 50 Education USA Advisers who will help us with our recruitment efforts. As part of these events, we will take part in higher education fairs and we will work with Ministries of Higher Education to recruit prospective students to SDSU.

Canada and Mexico:
The ISC will formalize their recruitment activities for students from these areas as we continue to expand our efforts in accordance with the University’s strategic plan.
Budget Status and Implementation

• Structural Deficits
<table>
<thead>
<tr>
<th></th>
<th>2007/08</th>
<th>2012/13</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>221,339,350</td>
<td>103,632,446</td>
<td>(117,706,904)</td>
</tr>
<tr>
<td>Basic Tuition Fee</td>
<td>91,530,181</td>
<td>176,421,000</td>
<td>84,890,819</td>
</tr>
<tr>
<td>Non-Resident Tuition</td>
<td>12,947,055</td>
<td>15,009,200</td>
<td>2,062,145</td>
</tr>
<tr>
<td><strong>Mandatory Costs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Univ Grant</td>
<td>(17,564,300)</td>
<td>(45,205,000)</td>
<td>(27,640,700)</td>
</tr>
<tr>
<td>Other (1)</td>
<td></td>
<td>(14,239,147)</td>
<td>(14,239,147)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>308,252,286</td>
<td>235,618,499</td>
<td>(72,633,787)</td>
</tr>
</tbody>
</table>

(1) Includes incremental changes in compensation, retirement, health, dental, energy, and new space costs.
Structural Deficit Plan:

Business and Financial Affairs has reviewed very carefully the ongoing obligations against the University Operating Fund in our various departments to ensure we understand fully the source of and solution to any structural deficit that has resulted from the years of state budget reductions. The department in BFA of concern is our Physical Plant, with a base budget of $10.4m in University Operating Fund allocation and total annual expenditures of $12.4 million. The difference in UOF budget and expenditures is due to the significant dollars that are budgeted for Plant from other sources and from reimbursements for special project work such as building out a smart classroom or renovating Peterson Gym to create a new 300+ seat classroom. The source of funds for these projects can be departmental, colleges, including CES, as well as renovations related to relocation during major construction projects such as the Aztec Student Union and Storm and Nasatir Halls renovations. The average annual revenue for this purpose leaves a balance of expenditure over revenue (from all sources including UOF) of $457,983. The math is displayed in the table below.

<table>
<thead>
<tr>
<th>Operating Expenses and Equipment</th>
<th>3,150,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>9,300,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,450,000</strong></td>
</tr>
<tr>
<td>UOF Budget</td>
<td>10,264,357</td>
</tr>
<tr>
<td><strong>Deficit before Cost Recovery</strong></td>
<td><strong>(2,185,643)</strong></td>
</tr>
<tr>
<td>Projected Annual Net Revenue</td>
<td>1,727,660</td>
</tr>
<tr>
<td><strong>Net Deficit</strong></td>
<td><strong>(457,983)</strong></td>
</tr>
</tbody>
</table>

Of the $457,983 deficit, there are three known retirements pending in the current calendar year, and normal turnover of 5 employees such that I believe the structural deficit will be eliminated within the next fiscal year due to known and reasonably predictable attrition.

Structural Deficit Resolved:

This is to confirm that our structural deficit of $457,000 has been resolved. The retirements did occur (or will shortly) and there was sufficient other turnover such that our structural deficit has been eliminated.
NARRATIVE SUPPLEMENT TO STUDENT AFFAIRS THREE-YEAR PLAN
FOR ADDRESSING STRUCTURAL DEFICITS

The structural deficit for Student Affairs is projected to be $435,192. There are three primary components to our strategic planning focusing on the following key elements:

1. **Attrition** projected over a 3-year period resulting from retirements (6 staff positions and 1 MPP position) with a total annual salary expense of $395,448, excluding benefits. This amount will be reduced by the cost to replace some key staff ($134,456), leaving $260,992.

2. **Deeper Collaboration** with Associated Students that will result in support for the administrative responsibility resulting from Executive Order 1068 totaling $126,200 plus benefits.

3. **Revenue Enhancement** resulting from additional outreach and related recruitment activities focusing on increasing international student enrollment, totaling $48,000 plus benefits.
The URAD Division has three sources of funding:
- University Operating Fund allocation
- Gift Fee income (5% of cash gifts)
- Endowment Investment Management Fee (1.25% of 3 year rolling average of endowment market value)

How is URAD addressing its structural deficit?
- URAD is dealing with its structural deficit with increased revenue from non-University Operating Fund sources and position attrition.

How is URAD addressing the current year base budget reduction of $395,227?
- Reduced our State expense budget by $571,693
  - Cost shifted $299,093 from the State side to other two funding sources
  - Reduced overall expenses by $272,600
**FOUR-YEAR PLAN (REVISED) FOR ACADEMIC AFFAIRS FACULTY RECRUITMENT / DEFICIT REDUCTION**

<table>
<thead>
<tr>
<th></th>
<th>2012/13 Based on Actual Savings</th>
<th>2013/14 Projected Savings</th>
<th>2014/15 Projected Savings</th>
<th>2015/16 Projected Savings</th>
<th>Cumulative Total at the End of 2015/16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anticipated funding available from separations</td>
<td>39 @ $3,564,870</td>
<td>39 @ $91,582</td>
<td>$3,571,698</td>
<td>$3,571,698</td>
<td>$14,279,964</td>
</tr>
<tr>
<td>Cost of New FERPs</td>
<td>11 @ $-541,992</td>
<td>16 @ $49,481</td>
<td>-$791,696</td>
<td>-$791,696</td>
<td>-$2,917,080</td>
</tr>
<tr>
<td>Cost of New T/T</td>
<td>11 @ $-858,000</td>
<td>11 @ $-858,000</td>
<td>-$858,000</td>
<td>-$858,000</td>
<td>-$3,432,000</td>
</tr>
<tr>
<td>Cost of Lecturers</td>
<td>-$774,330</td>
<td>9 @ $-485,982</td>
<td>-$485,982</td>
<td>-$485,982</td>
<td>-$2,232,276</td>
</tr>
<tr>
<td>Subtotal Salary Reduction</td>
<td>$1,390,548</td>
<td>$1,436,020</td>
<td>$1,436,020</td>
<td>$1,436,020</td>
<td>$5,698,608</td>
</tr>
<tr>
<td>Associated Benefits @ 15%</td>
<td>$208,582</td>
<td></td>
<td></td>
<td></td>
<td>$208,582</td>
</tr>
<tr>
<td>Total</td>
<td>$1,599,130</td>
<td>$1,436,020</td>
<td>$1,436,020</td>
<td>$1,436,020</td>
<td>$5,907,190</td>
</tr>
</tbody>
</table>

**NET PROJECTED STRUCTURAL DEFICIT**

$4,361,289

Note: Difference between original projected structural deficit of $7,147,084 and current projected structural deficit of $5,750,174 is due to a reduction of faculty expenditures between 2010/11 and 2011/12 of $1.4M.

[1] Difference of $53,229 to be offset with additional retirements or to be identified additional savings.

AVPAA - 1
Revised 8/6/12
Budget Status and Implementation

• 2012/13 Budget
### 2011/12 Support Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State General Fund Allocation</td>
<td>133,941,246</td>
</tr>
<tr>
<td>Basic (SUF) Tuition Fee</td>
<td>159,073,000</td>
</tr>
<tr>
<td>Other Fee Revenue</td>
<td>36,690,122</td>
</tr>
<tr>
<td>Other Revenue and Cost Recovery</td>
<td>16,278,325</td>
</tr>
<tr>
<td><strong>2011/12 Support Budget</strong></td>
<td><strong>345,982,693</strong></td>
</tr>
</tbody>
</table>

### 2012/13 Adjustments:

#### 2012/13 GF Base Adjustments
- SDSU share of base reduction ($100M systemwide) (BL Attach B (2)) (7,859,700)
- SUG set-aside (BL Attach E (5)) (5,497,000)
- **Total** (13,356,700)

#### 2012/13 Estimated Revenue Adjustments

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012/13 tuition revenue on Nov 2011 BOT approved rate increase</td>
<td>SDSU 17,348,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong> 17,348,000</td>
</tr>
</tbody>
</table>

#### 2012/13 Mandatory Costs
- CO Projected Health and Energy (BL Attach C (a) (b)) (1,605,000)
- **Total** (1,605,000)

#### 2012/13 Multi-year Commitments
- 12/13 Faculty Promotions (70% of cost) [a] (SDSU (225,200))
- **Total** (2,161,100)

#### 2012/13 Trigger Cut
- Trigger cut ($250M systemwide) held in System-wide Provisions (Attach C (2)) (20,696,750)
- **Total** (18,535,650)

[a] Agreed upon formula = funding allocated for 70% of cost; estimated cost.
2012/13 January/May Budgets:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>January Budget Reduction</td>
<td>$(13,385,100)$</td>
</tr>
<tr>
<td>May Budget Reduction</td>
<td>$(5,150,550)$</td>
</tr>
<tr>
<td><strong>Total Budget Reduction</strong></td>
<td>$(18,535,650)$</td>
</tr>
<tr>
<td>BFA Cost Shifting</td>
<td>$1,500,000$</td>
</tr>
<tr>
<td><strong>Balance for Distribution</strong></td>
<td>$(17,035,650)$</td>
</tr>
</tbody>
</table>

2012/13 January/May Budgets Combined:

<table>
<thead>
<tr>
<th>President/ ODE/KPBS</th>
<th>Academic Affairs</th>
<th>Athletics</th>
<th>Business &amp; Financial Affairs</th>
<th>Student Affairs</th>
<th>University Relations &amp; Development</th>
<th>University Non-Divisional</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>(173,764)</td>
<td>(391,820)</td>
<td>(2,410,545)</td>
<td>(1,027,250)</td>
<td>(395,227)</td>
<td>(6,375,884)</td>
<td>(6,261,160)</td>
<td>(12,637,044)</td>
</tr>
<tr>
<td>(6,375,884)</td>
<td>(173,764)</td>
<td>(391,820)</td>
<td>(2,410,545)</td>
<td>(1,027,250)</td>
<td>(395,227)</td>
<td>(6,261,160)</td>
<td>(17,035,650)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2012/13 Support Budget [a]</th>
<th>% of Total</th>
<th>2011/12 Support Budget [b]</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>President/KPBS</td>
<td>2,535,303</td>
<td>1.02%</td>
<td>2,535,303</td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>183,970,112</td>
<td>74.18%</td>
<td>92,826,124</td>
</tr>
<tr>
<td>University Non-Divisional[c]</td>
<td>91,143,988</td>
<td>36.75%</td>
<td>35,102,970</td>
</tr>
<tr>
<td>Athletics</td>
<td>5,696,727</td>
<td>2.30%</td>
<td>5,696,727</td>
</tr>
<tr>
<td>Business &amp; Financial Affairs</td>
<td>35,102,970</td>
<td>14.15%</td>
<td>35,102,970</td>
</tr>
<tr>
<td>Student Affairs</td>
<td>14,956,607</td>
<td>6.03%</td>
<td>14,956,607</td>
</tr>
<tr>
<td>UR&amp;D</td>
<td>5,759,333</td>
<td>2.32%</td>
<td>5,759,333</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>248,021,052</td>
<td>100.00%</td>
<td>248,021,052</td>
</tr>
</tbody>
</table>

[a] Excludes institutional, revenue-based and cost recovery; includes benefits

[b] AA budget excludes probationary/tenured faculty, librarians, and SSPARs

[c] University Non-Divisional budget includes AA probationary/tenured faculty, librarians, and SSPARs
BFA faces a divisional pro-rata budget reduction of $2,410,545 contingent upon the “trigger” in the 2012/13 Governor’s Budget being activated if proposed taxes are not supported by the voters in the November 2012 election. In addition to the pro-rata reduction, BFA is taking on an additional $1,500,000 reduction in order to mitigate additional reductions to the other divisions, for a total 2012/13 divisional budget reduction of $3,910,545.

BFA will manage these cuts by cost shifting to auxiliary enterprises (such as Housing and Parking) and to Auxiliary organizations by recovering indirect costs in addition to increasing recovery for direct costs (such as Public Safety and custodial staff), and by expense reductions achieved through attrition and reduction in operating costs, and transfer of $78,871 from reserves.

Sources for the additional cost recovery for 2012/13 include the following:

<table>
<thead>
<tr>
<th>Cost shifting</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auxiliary Org</td>
<td>$700,000</td>
</tr>
<tr>
<td>Auxiliary Enterprises Indirect</td>
<td>$1,826,547</td>
</tr>
<tr>
<td>Auxiliary Enterprises Direct</td>
<td>$250,116</td>
</tr>
<tr>
<td>Cost savings*</td>
<td>$1,055,011</td>
</tr>
<tr>
<td>Permanent Reserves</td>
<td>$78,871</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,910,545</strong></td>
</tr>
</tbody>
</table>

*Cost savings to be achieved over 2 fiscal years, using one-time reserves
STUDENT AFFAIRS FISCAL STRATEGIES
FOR ADDRESSING 2012/2013 BUDGET REDUCTIONS

The FY 2012/13 Student Affairs budget reductions total $1,027,250.00. Planning and spending are being done in a thoughtful manner to protect infrastructure and core (essential) programs and services to students.

**Key elements** of our strategic planning focus on ensuring quality of programs and services is not diminished and continuing to ensure provision of mandated services and programs by shifting some services from State General Fund support to fee-based revenue support, or a hybrid of General Fund and fee-based revenue support:

1. **Cost Shifting** operations within Student Affairs. Some departments and programs were moved to self-support operations or a hybrid of State General Fund and self-support (fee based) funding, (i.e., New Student and Parent Programs, Counseling & Psychological Services, Student Disability Services). ($453,972)

2. **Attrition** resulting from retirements, resignations and vacant permanently budgeted positions. ($353,150)

3. **Pro-Rata Reductions** to sub-divisions within Student Affairs. ($220,128)
The URAD Division has three sources of funding:

- University Operating Fund allocation
- Gift Fee income (5% of cash gifts)
- Endowment Investment Management Fee (1.25% of 3 year rolling average of endowment market value)

*How is URAD addressing its structural deficit?*

- URAD is dealing with its structural deficit with increased revenue from non-University Operating Fund sources and position attrition.

*How is URAD addressing the current year base budget reduction of $395,227?*

- Reduced our State expense budget by $571,693
  - Cost shifted $299,093 from the State side to other two funding sources
  - Reduced overall expenses by $272,600
2012/13 ACADEMIC AFFAIRS PHASE I AND II BUDGET REDUCTION
BY CATEGORY

Administration/Staff $1,891,935 [1]
Faculty $460,671
Supplies and Services $478,714
Travel $131,747
Student Assistant $100,391
Library Books and Periodicals $10,000

Subtotal $3,073,458

Research Affairs Cost Shifted to the Research Foundation $302,426
International Programs Cost Shifted to Extended Studies $421,821
Twelve-Month Department Chairs Cost Shifted to Extended Studies $2,578,179

Total $6,375,884

[1] Includes retirements, resignations and non-reappointments.

AVPAA - 5
8/8/2012
Budget Messaging – President Hirshman

• We are creating a new financial model for the university: we will serve like a public university, but we will plan and execute with entrepreneurial spirit.

• Three part strategy:
  • Strengthen our financial position through growing revenue, lowering costs.
  • Invest resources strategically to build on strengths.
  • Raise awareness of our Excellence.

• SDSU’s plan for 2012/13 positions us well to move forward.

• We can control our own destiny and continue our development as a leading public research university.