



Louisiana State University System

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Office of the President

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Memorandum

July 2, 2003

TO: LSU System Chancellors
SUBJECT: 2003-2004 Operating Budget

The Board of Supervisors will consider the 2003-2004 operating budget at the August 21-22, 2003 meeting. Executive Vice President Silvia will summarize the significant issues in the budget in a presentation to the board. The printed 2003-2004 operating budget will again consist of the budget forms issued by the Board of Regents.

As the forms on the Regents' web site do not have any formulas included in them, you may wish to simply change the headings on the forms you used last year and resubmit them with the proper data for 2003-2004 FY. Budget materials will be due in the System Office no later than July 31, 2003, with the mail-out to the board on August 12, 2003.

The BOR memorandum and budget forms can be found at the following web sites:
<http://www.regents.state.la.us/Finance/opmemo.htm>
<http://www.regents.state.la.us/Finance/borforms.htm> (click on subject line in memo)

The budget forms are basically unchanged from last year, so we will be able to take last year's forms and input the new information. The State Office of Planning and Budget has asked us to add the following items to certain budget forms:

- All amounts transferred to other state agencies should be entered on the rows titled 'Interagency Transfers' on the forms. (i.e. Risk management payments, legislative auditor payments, and civil service payments)
- We will need to add a row on the BOR-1 form titled 'Unallotted' between the 'Total Acq. & Maj Repairs' and 'Total Expenditures' lines. This row will be used to record Act 844 retiree amounts for those campuses that had them.
- We have also been asked to add total lines to the columns on the BOR-10 and BOR-11 forms.

Budget Summary

Please continue to follow the enclosed example of a budget summary that provides an easy way to view the various changes from your 2002-2003 operating budget. In addition, please prepare the summary of budget changes by function. This form, which is also unchanged from previous years, is enclosed.

Fee Increases

The revenues generated by the Academic Enhancement Fee or any other fee approved for your campus by the legislature should be included in your operating budget. If they do not get added into the appropriation letter, we will have to add them later in the year using the BA-7 process. Please provide this office with a listing of the items/initiatives that will be funded with the proceeds of these fees.

Louisiana State University & Agricultural and Mechanical College

LSU at Alexandria • LSU at Eunice • University of New Orleans • LSU in Shreveport

LSU Health Sciences Center • Hebert Law Center • LSU Agricultural Center • Pennington Biomedical Research Center

.8 Percent Cut

Your operating budget should include the impact of the .8 percent cut mandated by the legislature. Please provide this office with a listing detailing the impact of this operating budget cut.

Board of Regents Pool Funds

At this time, we are not expecting the various pool funds to be distributed by the Board of Regents to be allocated in time to be included in this year's initial operating budget. We will have to add them later in the year using the BA-7 process.

Utility Surcharge

Due to the increase in energy prices, LSU system campuses may have to impose a utility surcharge later in the fiscal year. Any balances remaining in previous surcharge accounts would have to be expended first. If the need arises, we will provide guidelines on how the utility surcharge will be implemented.

Auxiliary Enterprises

Prepare a summary report on each of your campus' auxiliary enterprises. Include total and available cash balances (estimated) by each auxiliary as of June 30, 2003. You must specifically itemize planned uses of these funds. For each auxiliary that is in a deficit posture, you must explain the cause of the deficit and submit a specific plan to restore profitability.

Your budget should not include transfers from the auxiliaries whose net effect is to reduce fund balances without my approval.

Health Care Services Division

Mr. Plaisance office will work with the HCSD to develop appropriate reporting formats for this division.

Special Line Items

Any campus that received a special line item appropriation should complete the '2003-2004 Special Appropriation' form enclosed. This form will summarize proposed and, if appropriate, prior year budgets highlighting differences and providing details on the use of funds.

LSU System Expenses - Campus Charges

Please budget the appropriate charge for your campus from the table below. These charges have been calculated based on the same model as last year. These funds are used to offset expenses incurred by the LSU Board of Supervisors operation.

**Louisiana State University System
Campus Charges for Fiscal Year 2003-2004
Based on Fiscal Year 2001-2002**

**Actual Revenues By Campus (From Exhibit C-1 of the Financial Report)
Charge calculated as 1.5 tenths of a percent for all campuses except HCSD
HCSD's charge is 1 tenth of a percent**

	Unrestricted	Restricted	Total	Campus Charge
LSU	\$ 288,625,734	\$ 247,826,051	\$ 536,451,785	\$ 804,678
LSU-A	9,906,203	6,155,412	16,061,615	24,092
LSU-E	8,597,522	6,711,231	15,308,753	22,963
Law	13,576,102	713,877	14,289,979	21,435
LSU-S	20,813,694	13,190,957	34,004,651	51,007
UNO	104,450,375	78,790,376	183,240,751	274,861
HSC-NO	152,853,896	196,368,174	349,222,070	523,833
HSC-SHRV	39,124,571	311,633,790	350,758,361	526,138
HCSD	795,042,272	23,674,901	818,717,173	818,717
Ag Ctr	83,702,599	19,555,570	103,258,169	154,887
PBRC	9,165,162	21,678,992	30,844,154	46,266
TOTAL	\$ 1,525,858,130	\$ 926,299,331	\$ 2,452,157,461	\$ 3,268,878

LSU System 2003-2004 Salary Guidelines

Board Philosophy and Policy

The LSU System salary policy was established by the Board of Supervisors on March 10, 1995 when the board adopted the following goals and principles regarding wage and salary administration.

1. All employees regardless of rank or classification should be treated equitably. In this regard, campuses should make periodic adjustments to salary schedules that offset the impact of inflation and mandatory cost of living increases, such as insurance increases.

2. As a minimum, average faculty salaries by rank should equal those paid by campuses with similar roles, scopes, and missions.

3. As a minimum, average professional and administrative staff salaries should be equivalent to similar positions at comparable institutions.

4. Campus salary policies for faculty and professional employees should be specifically structured to reward productivity, provide financial incentives, and remove inequities.

5. Annual operating budgets should place a high priority on achieving the ideals established in items one through four above. Each budget shall specifically identify funds that have been allocated to achieve, on a phased basis if necessary, the Board of Supervisors' salary objectives.

The methodology of achieving the above goals will be left to each campus. It is strongly suggested that campuses reallocate existing resources and / or attract external funding sources to implement the board's salary objectives. Generally, salary increase guidelines should be applied uniformly to all employees without regard to source of funds.

Faculty

This year there is no pool of funds to provide for a faculty salary increase. However, faculty salaries remain the University's highest priority. Salary increases for faculty must be based on promotions, merit, market demands, or equity.

Executive Staff

Permanent Memoranda No. 69 issued on December 13, 1999 defines executives as those individuals with the following titles: chancellor, executive vice chancellor, vice chancellor, provost, vice provost, associate vice chancellor, dean, directors reporting directly to the Chancellor or her/his immediate staff who have institution-wide policy/administration responsibilities, athletic director, head coach, and other titles as designated by the President. You must obtain prior approval from me before extending a job offer, providing salary increases, or making any changes in the sources of funding to individuals in these positions.

Salary Increase Reporting Requirements

All faculty and professional employees receiving salary increases this fiscal year should be reported on the interim personnel transaction report that is presented at each Board meeting. Even if a salary increase is being shown in the July 1st operating budget, that transaction must still be reported on the interim personnel transaction report. Proposed salary increases for employees subject to PM-69 should be submitted with enough time for system review and approval prior to being placed on the interim personnel transaction report.



William L. Jenkins
President

cc. System Officers
Chief Business Officers