



STATE OF TEXAS

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January 15, 2010

TO: State Agency Board/Commission Chairs
State Agency Heads/Executive Directors
Appellate Court Chief Justices
Chancellors, Presidents and Directors of Institutions of Higher Education
Presidents and Directors of Health-Related Institutions
Presiding Officers of the Texas House and Texas Senate

In Texas, we have been fortunate that our economy has fared better than most other states during the current national recession. Nevertheless, Comptroller Susan Combs noted in her November 2009 economic update that our revenues have "weakened substantially as the national recession began exerting its full influence on Texas." Due to the uncertainty of the state's short-term economic future, as well as potentially substantial long-term costs associated with the passage of federal legislation currently being debated in Washington, D.C., we are asking each state agency to thoroughly review all planned expenditures for the remainder of the biennium.

We respectfully request that each state agency submit a plan to identify savings in priority increments totaling 5 percent of the general revenue and general revenue-dedicated appropriations for the 2010-11 biennium. Please submit these plans to the Legislative Budget Board and the Office of the Governor's Budget, Planning and Policy division, no later than February 15, 2010. Agencies under the jurisdiction of the Texas Health and Human Services Commission should work with the commissioner to present a unified plan. Likewise, each institution of higher education represented by a system office should submit a unified plan for the system and its components.

Your plan should represent prudent, efficient reductions that minimize the impact on direct services. For purposes of this review, we expect you to analyze the necessity of all administrative expenses and purchases. Reducing direct services should be your last option, but should be identified, if necessary, in order to meet the 5 percent target. Specifically, there should be no reductions to benefits or client eligibility levels in the Medicaid entitlement, Children's Health Insurance Program and foster care programs, and no reductions to eligibility staffing. Programs exempt from this request include the Foundation School Program, Social Security contributions, contributions to the Teacher and Employees Retirement Systems' retirement programs, contributions to the Higher Education Fund, and debt service for previously issued obligations.

Texas has a balanced budget and comparatively sound economic conditions. However, we owe it to the taxpayers to be especially prudent with their hard-earned dollars during these difficult times. Thank you in advance for your assistance.

Sincerely,

Handwritten signature of Rick Perry in black ink.

Rick Perry
Governor

Handwritten signature of David Dewhurst in black ink.

David Dewhurst
Lieutenant Governor

Handwritten signature of Joe Straus in black ink.

Joe Straus
Speaker of the House

TEXAS STATE UNIVERSITY SYSTEM
5% Reduction Plan
2010 - 2011 Biennium

LAMAR STATE COLLEGE PORT ARTHUR

Comments

Response to 5% Reduction in appropriated funds

The Lamar State College Port Arthur Campus has reduced the FY 2009 budget by \$2.1 million dollars. This reduction included an 11% reduction in force of approximately 28FTE. During this time of budget reduction the campus severely reduced campus operating expenditures and travel. There is nothing left to reduce in appropriated funds in these two areas without doing serious harm to the campus mission. The campus does not use appropriated dollars for capital expenditures.

During the current year the campus enrollment has been rebounding and some new programs have been implemented to restore the campus enrollment. For FY 2010 80% of the campus funds have been obligated as the spring semester is already underway. It had been the plan of the college to offer full summer I and summer II classes as this is a counting period for the funding cycle. Since the LBB is now allowing the campus to list the reductions proposal in the 2nd year of the biennium we are proposing to take the greater part of the reduction in the 2nd year. This will allow the college to fully fund summer school during the counting period but it will be a critical reduction to next years educational program. The campus will have difficulty providing classes to local unemployed workers seeking to retrain for new jobs.

The required appropriation reduction for the biennium is \$837,750.

TEXAS STATE UNIVERSITY SYSTEM
 5% Reduction Plan
 2010 - 2011 Biennium

LAMAR STATE COLLEGE PORT ARTHUR

Item Number	Fiscal Year	Reduction Amount	Expenditure Category or Description	Narrative
		\$222,459		
1	2010	\$172,459	Staff Vacancies	The college is proposing to implement a hiring freeze of all open positions on campus. Currently there are 5 positions open. The school already cut the workforce by 28FTE or 11% in the FY09 budget reductions. Only positions necessary to fulfill grants and other special projects will be filled the remainder of the biennium. This will adversely impact several critical areas of the campus such as finance, student and computer services. The college is in critical stages of a major computer upgrade and loss of these positions will adversely impact these service areas and slow down the project. Because of the fact that the school fell behind with raises several key positions were lost in a short time adversely impacting the current projects.
2	2010	\$25,000	Faculty Salaries-Summer School Class Reductions	Efforts will be made this summer to reduce small classes and class offerings to achieve a reduction of E&G expenditures. Deeper cuts are not being made this Summer because this is the appropriation counting period.
3	2010	\$25,000	M&O Expenditures	The college will seek further reductions of the department M&O expenditures. These expenditures were already deeply reduced in FY09 when the campus had the reduction in expenditures and employees associated with loss of revenue after Hurricane Rita. The college has already drastically reduced travel and campus expenditures in this earlier \$2.1 million budget cut.

TEXAS STATE UNIVERSITY SYSTEM
5% Reduction Plan
2010 - 2011 Biennium

LAMAR STATE COLLEGE PORT ARTHUR

Item Number	Fiscal Year	Reduction Amount	Expenditure Category or Description	Narrative
		\$615,291		
1	2011	\$172,459	Staff Vacancies	<p>Continued from the prior year: The college is proposing to implement a hiring freeze of all open positions on campus. Currently there are 5 positions open. The school already cut the workforce by 28 FTE or 11% in the FY09 budget reductions. Only positions necessary to fulfill grants and other special projects will be filled the remainder of the biennium. This will adversely impact several critical areas of the campus such as finance, student and computer services. The college is in critical stages of a major computer upgrade and loss of these positions will adversely impact these service areas and slow down the project. Because of the fact that the school fell behind with raises several key positions were lost in a short time adversely impacting the current projects.</p>
2	2011	\$242,832	Faculty Salaries- Class Reductions	<p>Since the campus is already operating at a reduced budget due to the FY09 budget cuts; all reductions have been made except further reducing class offerings. The campus does not have large auditorium styled classrooms which would allow for larger class sizes. The college can cut small classes, combine classes and increase internet classes to provide classes to as many students as possible. This will be a reduction of 25% of classes and a loss of 20% headcount is expected. The college will suffer further reductions in local revenue collected as a result of this student loss.</p>
3	2011	\$200,000	Faculty Salaries- Eliminate Summer School	<p>Elimination of summer school except for internet classes will not be good for the public image of the school. Unfortunately, due to previous budget cuts, there is nothing left to eliminate and still maintain the core mission of the college and provide administrative services necessary for the schools operation. The college will look for other funding sources over the next year so that summer classes are not eliminated.</p>