

# Economics Club

VOLUME 1, ISSUE 2

APRIL 22, 2011

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## Gas Prices Affecting Everyone Everywhere

By Emily Gavigan

Planning on doing a lot of traveling this summer? Constantly driving all the time to work and other functions? According to Wall Street, within in the next month or two gas prices will be rising to a national average of \$4.00 a gallon. This rise in gas price is a result of the increase in the cost of crude oil, an unfortunate consequence of the conflicts currently taking place in Libya. In addition to Libya's conflicts, the political conflicts in Nigeria could also impact the crude-production operations, escalating the international oil crisis.

Although the oil crisis is an international issue, citizens of United States are especially feeling the effects of rising gas prices. The extent of proliferation varies by region, and fortunately Pennsylvania is not included in the top ten places experiencing the most extreme increase. That being said, any increase in gas

prices will be detrimental to the pockets of Pennsylvania constituents, so it is important to understand the factors influencing the differences in each region's rising gas rates. One reason for these discrepancies is differing gas taxes and another reason is the cost of transporting fuel. Wall St. looked at factors that make gas more or less affordable by state, examining the average price of gas, as well as, other factors that make fuel affordable. These included a state's median household income, unemployment levels and the proportion of people who live below the poverty line. A state with high gas prices, high unemployment and low median income is likely to be one where consumer-spending levels are threatened.

Hopefully either something will be done by our own government or the

conflicts with the countries that are providing us with gasoline will come to an end soon. In the meantime, people may need to consider postponing their summer plans to travel and cut back on unnecessary daily expenses. Construction companies may need to suspend some of their activities and businesses that deliver goods to homes or other businesses may need to raise their prices to offset their costs of transportation. Everyone is being affected by these rising gas prices, and because it is unlikely these prices will begin to go down soon, all we can do is make the necessary changes to our daily lives and hope that the prices will not exceed the projected national average of \$4.00 per gallon.

# B U D G E T S

## Proposed BU Budget Cuts: Revisited

By Ashley Kobal

Bloomsburg University President, Dr. David Soltz, held a second Campus Roundtable discussion to update the university community on the progress of the current budget situation. As previously indicated in the first edition of the newsletter, with no changes in the salaries of current employees, heating and cooling prices, and not increasing the number of new freshman, the budget deficit for Bloomsburg University would be \$18 million. The proposed budget cut would be the greatest cut in the history of higher education for any state.

If we were to compare Bloomsburg University to the PASSHE System as a whole, it is easy to see how BU isn't quite as bad off as other state universities. For example, in order to balance the budget over all 14 state universities, tuition would have to increase 34%; for BU that increase would only have to be 25% - as shown in the table to the right.

The average salary and benefit cost of each employee at Bloomsburg University is \$91,000. This amount takes into account faculty, staff, and administrators. If we were to eliminate employees to cover the cost of the budget, BU would have to dismiss 112 employees. Using the Quick Facts statistics provided by the university, this would be an 11.6% reduction in full-time employees. How efficiently can the university run with that large of a cutback? If this was the direction the

system would choose to balance the budget, students would be tremendously affected. Fewer professors equal fewer classes being offered which equals more semesters needed to finish their degrees.

On a positive note, Dr. Soltz mentioned that, "the budget that comes out of the House should have more funds in it for the PASSHE System." We'll just have to wait to see what transpires in the next 10 weeks to know what the actual reduction in the budget is.

### A Balanced Budget Scenario for FY 2011-12

	Tuition Increase	
	0%	25%
<b>E&amp;G Revenues</b>		
Tuition	\$72,909,635	\$89,927,263
Fees	\$12,440,966	\$14,016,488
Net Tuition and Fees	\$85,350,602	\$103,943,751
State Appropriation	\$17,903,898	\$17,903,898
All Other Revenue	\$4,582,788	\$4,582,788
Budget Carry-Forward		
Prior Year Corrections		
<b>Total Revenues</b>	<b>\$107,837,287</b>	<b>\$126,430,436</b>
<b>E&amp;G Expenditures and Transfers</b>		
Compensation Summary:		
Salaries & Wages	\$68,216,529	\$68,216,529
Benefits	\$30,062,194	\$30,062,194
Subtotal, Compensation	\$98,278,723	\$98,278,723
Services & Supplies	\$22,534,655	\$22,534,655
Capital Expenditures	\$1,817,023	\$1,817,023
Transfers	\$3,231,793	\$3,231,793
<b>Total Expenditures and Transfers</b>	<b>\$125,862,194</b>	<b>\$125,862,194</b>
<b>Revenue/Sources less Expenditures/Transfers</b>	<b>-\$18,024,907</b>	<b>\$568,243</b>

Taken from Bloomsburg University's budget website

[www.bloomu.edu/pa\\_budget](http://www.bloomu.edu/pa_budget)

# National Budget Issues

By Lauren Eberhardt

Two weeks ago, the two political parties were at odds trying to figure out a budget for the remainder of 2011. If a deal was not finalized, the government could have shutdown laying off workers, closing national parks and forgoing payment to the military. The Democrats and Republicans reached an agreement that “will involve cutting almost \$80 billion from Barack Obama’s proposed budget for the year, or roughly \$38 billion from current spending levels” according to the article “Done Deal”, published on [theeconomist.com](http://theeconomist.com) on April 9<sup>th</sup>(M., 2011). The new budget hopes to lessen the deficit by cutting infrastructure projects and many programs people rely on. In the same article, Obama said “that the country had to learn to live

within its financial means.” He was citing that even on a smaller scale, families make sacrifices during financial difficulties to afford the necessities.



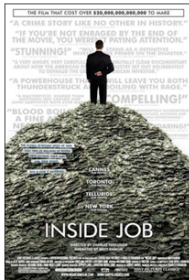
A financial deficit has many implications for a nation. In short, a deficit is when a government or company spending exceeds its income. In the long run, a high level of government borrowing adds to the accumulated National Debt. The hope for the continued deficit spending was to create a market for business production, creating income and encouraging consumer

spending. However, with the 2012 election approaching, a want and need for a cut in spending and tackling the budget is a major concern in Washington. According to a poll on [washingtonpost.com](http://washingtonpost.com) published yesterday, Americans want the deficit to be cut but they do not want any major changes in government programs a lot of people rely on, like Medicare and Social Security (Cohen, 2011).

In order to attack the budget crisis, both political parties need to stop grid locking on every issue and make difficult decisions. People will need to forego programs once seen as luxuries of the “American Way.” The next few weeks will be filled with political squabbling over which party has a better plan for the nation and which will be implemented.

Economics Club Presents the Oscar Winning Documentary

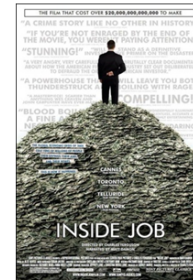
# Inside Job



**When: Thursday, April 28<sup>th</sup>**

**Where: McCormick 1303**

**Time: 7:00 pm to 9:00pm**



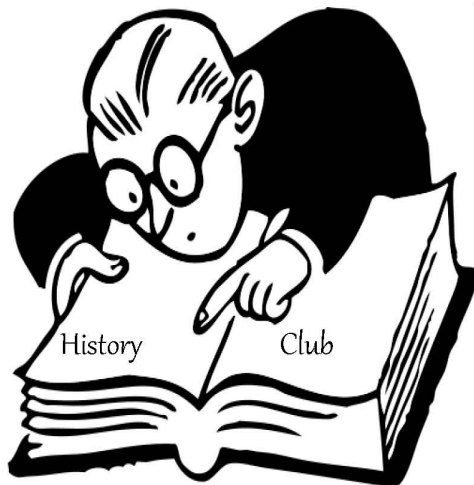
Comprehensive yet cogent detail of the pervasive and deep-rooted corruption that led to the global economic meltdown of 2008. Through research and interviews with key financial insiders, politicians, journalists and academics, Ferguson paints a galling portrait of an unregulated financial system run amok without accountability.

*If you're not enraged by the end of the movie, you weren't paying attention*

*Come and enjoy the movie with us 😊*

# SOFTBALL GAME

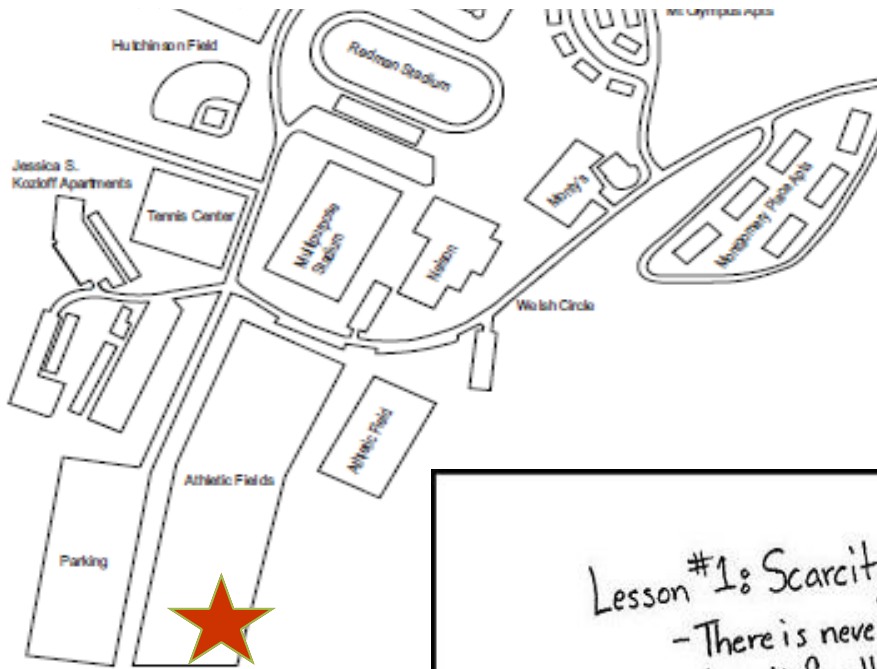
STUDENTS AND FACULTY TEAMS  
UPPER CAMPUS



VS



**SATURDAY APRIL 30<sup>TH</sup> AT 3:30PM**



Economics  
vs. History  
Saturday,  
April 30  
3:30 PM





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