

California State University, Chico
Academic Senate
(530) 898-6201, Zip 020
MEMORANDUM

UNIVERSITY BUDGET COMMITTEE MINUTES
September 16, 2016, 8:00 p.m., K-207/209

University Budget Committee meetings are recorded. Traditionally the written minutes consist of a summary of topics discussed. For more detail, listen to the audio file [here](#). Time stamps for each agenda item are provided in parenthesis for convenience. For accessibility questions, please contact the Academic Senate Office.

Chair Boyd greeted everyone at 8:05. (4:00). She thanked FMS for the spectacular room refresh and Stephanie Lynch and Jennifer Meadows for their help with design ideas and noted that the room will have acoustic challenges for a while.

She outlined the basic operating procedures of the committee and encouraged visitors to participate by getting a member's attention so that this person could get on the formal speaker's list on the visitor's behalf. She said there is coffee coming since our old coffeemaker seems to have died.

1. Approve Minutes of May 13, 2016. (7:08)

http://www.csuchico.edu/fs/ubc/9-16-16/ubc_minutes5-13-16.pdf

Minutes were approved.

2. Approve Agenda. (7:44)

http://www.csuchico.edu/fs/ubc/9-16-16/ubc_agenda16--09-16.pdf

Agenda was approved.

3. Announcements. (7:57)

- Crotts offered to share from his very strong thermos of coffee.
- Hutchison reminded everyone that the Fall Reception will be this evening at 6:00.

Boyd welcomed President Hutchinson and Interim Vice President of Business and Finance Jim Hyatt to their first UBC meetings in their new capacities.

She also thanked Jeni Kitchell, Arno Rethans and Jennifer Mays for their hard work in preparing the materials in advance of this meeting so that committee members had a chance to review them.

4. Enrollment Update - Fortin. (9:56)

[See Agenda [Item 5.d](#) below]

Boyd introduced Barbara Fortin to discuss the University Enrollment Update figures as of yesterday. She began describing where Chico is relative to 2016-17 enrollment planning.

- The 2016-17 resident FTES target is 15,197, which is the FTES for which we are funded.
- This target is 197 or 1.3% over the 2015-16 resident FTES target of 15,000.
- The annualized headcount estimate is 16,933

- Summer semester is built into the annualized number and we had 55 though we had planned for 20.

Fall 2016 comparisons with 2015 are

- Headcount is up 326/1.8%
- FTES is up 170/1%
- Resident FTES is up 278/1.8%
- Resident average unit load is 13.88, lower than last year at this time of 13.98
- International enrollment is 516, lower than last year at this time of 633

Barbara Fortin explained that today is the observed census date (though Monday is the actual date) and it will be two weeks before all the records can be completely cleaned up before sending to the Chancellor's Office. She acknowledged Paula Brackett for all her work in finishing these reports.

As of yesterday, Dan Reed, Director of Financial Aide and Scholarship Office, reported that almost \$60M in financial aid resources have been dispersed to 10,292 (58%) of our students.

New student enrollment is 4,858 (planning goal was 4,975). [see the details lower page on the chart 5.d]. This put us below our goal for transfer students which puts our overall new student total about 117 (2%) below our estimated planning goal. Our enrollment is as strong as it is because of the number of students who persisted from Spring to Fall at a higher rate (our plan was 75% persistence but it appears that this ticked up a couple of percentage points -she will know next week). This is very encouraging.

The impact on our overall annualized planning goals [last chart on 5.d] was the difference between the Fall 2016 goal headcount of 17,341 and the actual headcount of 17,574. It looks like we are coming in where we needed to be at this major milestone for Fall.

Arno asked why Fortin thought this was occurring. He wondered if we have more part time students than full time? Fortin said she did not know the answer. She will ask Institutional research next week. She noted that there was a slight decline in unit load in Fall 2015 and that the EMAC had wondered if we have reached our maximum for what students could really take on. Perhaps they cannot carry a full load since they might be working, which seems to be true for many of our students.

5. Graduation Initiative Proposal – Discussion Item. (Fortin, Hutchinson) (18:53)

- a. 16-9-2 Graduation Initiative 2025 CSU Chico Campus Plan 2016.**
http://www.csuchico.edu/fs/documents/academic_senate/2016-2017/9-15-16/4.16-9-2_graduation_initiative2025_csuchico_campus_plan2016.pdf

Boyd reminded everyone that Barbara Fortin had given an overview of the Graduation Initiative in Academic Senate yesterday and will expand on it today.

Fortin said that we have had a graduation initiative program since 2009 and that we achieved our targets for the first six year period. In Fall 2014, the next round of goals was received for 2025 and we were steadily working toward these. As the Governor and state

legislature prepared for the 2016-17 budget cycle, they decided that there should be more effort expended in the CSU on getting first time freshmen to graduate after four years and upper division transfer students after two years. Beside the national standard of a six year cohort focus, they wanted more effort on four and two year completion rates. They contemplated a one-time infusion of money of \$35M to promote this effort. This led to a system wide effort to refine our system goals for 2025.

In August Chico was asked as a campus how we would move toward these goals in the short term (2016-17 cycle) and the longer term. [See report above and ancillary documents below]. This happened in a three week period which was challenging to accomplish by September 2. This plan will join the other University campus initiatives and be combined as an entire CSU plan for the state Department of Finance by September 30. It appears that of the \$35M projected for the system, that Chico could receive \$1.3M. Our plan was completed and signed by President Hutchinson September 2 [See Item 5.a above].

Fortin focused on the strategic dimensions of the planned allocations in the short term. There are various initiatives to support retention. These include Supplemental instruction and building up course offerings in the Spring of 2017 in the U-course program and REACH program (part of the student success initiative).

Other efforts include the focus on 2 and 4 year graduation rates. The Chancellor's Office analyzed the students who are close to finishing in this timeframe and concluded that there are about 4,000 students who are a semester away from graduating (as they are in line to finish in 2.5 and 4.5 years respectively). If these folks finished before the final half year estimation, it would impact the system 4 year completion rate by +8%. These students might be helped by additional outreach, extra course sections, and other ideas (like the purchase of electronic data monitoring programs).

To encourage students at Chico who are graduating in January 2017 to instead graduate in May 2017, Fortin explained that we began by analyzing our data about our students. Daniel Parks, the new University registrar, with his team in the degree audit and Smart Planner sections of that office did a deep dive to identify who our students were who might fit this profile. They identified 805 students and will move to help these students in several ways. Fortin highlighted a few of these:

1. Identify what the course needs of these students are. Fortin emphasized that it was important to have critical analytic tools in the body of our People Soft student information systems which we have been working on for years. This includes the highly developed degree audit program, and the Smart Planner program that lets students plan their curriculum.
2. Bill Loker will be reaching out to Chairs to determine how good this data is. The Chairs will be essential in determining what additional Spring sections could be offered.
3. In Enrollment Management additional resources will be required (\$306,000).
4. People Soft consultants since we are understaffed in our student information systems (\$100,000).
5. Other incentives include Winter session course discounts, waiving the student

graduation application fee.

Additional efforts to set the stage for longer term 4 year graduation rates include:

- working with upper division transfers who arrive in Spring 2017 and enhancing our course section offerings for these students
- reaching out at new student orientation and perhaps even reserving course seats for these cohorts

b. LJB to Presidents Grad Initiative 2025 Target and Plan Memo 072916.

http://www.csuchico.edu/fs/documents/academic_senate/2016-2017/9-15-16/4.ljb_to_presidents_grad_initiative2025_target_and_plan_memo072916.pdf

This is the planning charge and template from the Chancellor's Office.

c. Graduation Initiative 2025 Goals FAQ – Chico.

http://www.csuchico.edu/fs/documents/academic_senate/2016-2017/9-15-16/4.graduation_initiative2025_goals_faq-chico.pdf

d. UBC Enrollment Update 9-16-16.

http://www.csuchico.edu/fs/ubc/9-16-16/ubc_enrollment_update9-16-16.pdf

e. UBC 2016-17 1.3M proposed allocation 9-16-16.

http://www.csuchico.edu/fs/ubc/9-16-16/ubc2016-17_1.3m_proposed_allocation9-16-16.pdf

Boyd thanked Fortin for the highlighted overview.

Meadows asked if the goals set by the Chancellor's Office were hard goals or aspirational, since she recalled Jed Wyrick's comment in Senate yesterday that it will be difficult to move the gap between underrepresented minorities and Pell students to 0% by 2025. Hutchinson replied that the Presidents asked a similar question of the Chancellor and the term utilized was "stretch goal" which is aspirational, but we will do everything in our power to see significant improvement in these categories.

Meadows wondered why the focus of supplemental instruction was on STEM courses. Ward said that broadly these were mostly STEM related but that there are other courses as in Business, for example, where supplemental instruction will greatly improve graduation rates.

She asked if Ucourses significantly improve retention and Ward answered affirmatively. She finished by wondering if the advising factors holding students up in the 2.5 and 4.5 year categories were GE related, or were they major requirements. This would mean either that money should be spent on the departments advising, or on general academic efforts. Ward answered that these questions were significant and the focus of analysis right now. They are trying to find common themes among all the individual cases and they are looking at the whole spectrum of actions that could help.

Fortin thought that was a very good question as they hoped to learn more about what we should be frontloading to achieve these goals into the future.

Hutchinson added that she is hopeful that the \$1.3M will assist with the wonderful proposal the team put together. She emphasized that the Presidents had advocated strongly that more money find its way out to the campuses. They had doubled the funds pledged to campus pilot programs to enable them to truly examine what the issues are so that we set ourselves up to institutionalize our aspirational goals.

6. **Budget Building Process and Timeline – Discussion Item** (Hutchinson, Hyatt, Rethans and Boyd) . (38:10)

http://www.csuchico.edu/fs/ubc/ubc_presentation_9-16-2016_item6.pdf

Hutchinson gave a brief introduction to the presentation. She observed that the University Budget Committee is an important committee as it provides the opportunity to come together to listen to what budget plans are and weigh in. She said that the University has a very strong strategic plan, but that a new plan will be built on this year. As this happens, the intent is to go through the budget cycle together and this can be an opportunity to hear from everyone about ideas about how to build consultation into making the University budget. The budget must align with the strategic priorities since the strategic plan is, in many ways, the moral compass for the institution.

“Aligning with the priorities” means more than ancillary references to numbers in a document. It is about holding ourselves accountable. The intention is to have many conversations this year to figure out how to do this well together. She pointed out that the University budget is a description of “what we want to do” while thinking about finance is really “looking back” at accomplishments.

In addition, she underlined that the University does not operate autonomously. We are part of a large system with a Chancellor who sends initiatives, and we are also part of the State. The context that Rethans will provide today, will help drive the conversations that we have and eventually help with the decisions we make.

[SLIDES 1-2]

Interim Vice Provost Rethans introduced his quick overview of the California higher education budget cycle by recognizing that it will provide guidance about the budget process and timelines by which the campus can determine its path. The intent is to show the wider state context to give an idea about how funding comes to this campus and how it gets distributed to the various divisions and programs.

[SLIDE 3]

This slide has the basic overview of the allocation process with websites that provide more information. Conversations begin between the Legislature and the CSU which submits a so-called “support budget”. After the legislature allocates, the CSU eventually distributes some of this amount out to the campuses to cover mandated costs, compensation and other expenses and also FTES growth (with its marginal cost of instruction). These funds are then divided to the varied units of the campus until they reach the Departments/Units. We are part of a large system, which is part of the larger education system that all provide opportunities and constraints about the type of funding

we can expect.

The rest of the slides that follow give a sense of what is in the documents that follow our particular flow. Rethans shared a few of these that Barbara Fortin mentioned. [SLIDE 4] gives a sense of the budget cycle which begins in May and continues until the following June. [SLIDE 5] contains the same information but provides more textual context. It shows the beginning of the cycle in June through consultations through September and then in October the serious consultation within the CSU starts to take place. The Governor's budget comes out on January10 which gives our campus some fairly good indications as to what the governor and legislature may be up to. In February there is an analysis by the Legislative analyst's office in terms of what they believe is good or bad about the budget. By law the governor is supposed to sign off on the budget by June 30, which governor Brown has done fairly regularly.

That is the process to arrive at the support budget which is full of messaging to the campuses. [SLIDE 6] shows how the Chancellor starts the process with an introductory letter that embodies Chancellor and Board of Trustees shorter and longer term priorities that they must or hope to address. This letter is always looked at to see the language being proposed. Rethans echoed Fortin's observation that there is more language every year about student success and the four year graduation initiative. Rethans believes that more and more funding will be tied to such success measures in the future.

The budget is complicated as we are a big system with billions of dollars. Typically, the system asks for more money and will provide an illuminating one page summary [SLIDE 7] of what they hope to do with it. This year they defined Mandatory costs (Compensation related expenditures and other expenses like maintenance) and enrollment growth, student success and completion initiatives. Enrollment growth is always funded by so-called new money. This is money that should not be construed as having more flexibility to use since it is received within the framework defined in the CSU.

[SLIDE 8] illustrates the governor's budget allocation process to the CSU which is often very extensive and lengthy. The page selected shows totals to the varied California educational systems and provides proof that the state invests in education! [SLIDE 9] shows how the budget is focused further (in this case on the CSU) and again it mentions the four year initiative. This all shows how things become features of the budget even if we have questions about the rationale employed. Rethans anticipates that over time the budgets will become more specific as they lay out more measures that we as a system must address and that will eventually come down to us at Chico.

Hutchinson called the committee's attention to Chico's number five ranking in four year graduation rates and wanted to comment on the aspirational stretch goals of trying to improve the 1 in 5 success rate that we have of students matriculating in four years. Even if it is true that they must work while going to school, or other things surely we have room to improve. The pressure about the successful use of the money that comes to us will continue.

[SLIDE 10] comments on efforts to close the achievement gap between different ethnicities in the CSU and says this must be more quickly than envisioned by the Board of Trustees or the Chancellor's Office. Rethans stressed that sooner or later, if the legislature gives \$35M to address such issues they will ask what was done with the money and how successful was this expenditure. The governor's budget also mentions that at the same time that these goals should be accomplished more quickly a funding model should be developed based primarily on student success. Rethans said he thought these aspirational goals will become more proscriptive in a few years.

[SLIDE 11] shows the analysis of the Legislative Analyst which is usually released on February 14. This office can be rather critical of the CSU and the governor giving more money to the CSU without demanding more accountability.

The next phase is the May revise when the state evaluates its tax receipts to see if it will adjust any of the governor's proposals.

[SLIDE 12] after this, the CSU's budget is sent to the CSU and finalized, and then the system translates that into allocations for the campuses. These are typically awarded by coded memos as shown here. Internally at Chico, as of this year, the funds are allocated. This chart is from 2015-16 just to illustrate what this allocation looks like at Chico. [SLIDES 13-15] are determined by the divisional officers and distributed to the campus and these are put on the web right away. Last year's budget was approved on October 16 which illustrates that it takes some time to apply the numbers to our local circumstances.

There are a number of Exhibits. Exhibit I [SLIDE 13] shows the budget planning summary for the fiscal year 2015-16. Exhibit II [SLIDE 14] gives the allocation of what came to the campus to the individual divisions. Exhibit III [SLIDE 15] shows the total resource summary. These give a quick overview about how the various funds that came to campus are being distributed by the officers. [SLIDE 16] summarizes the yearly process again.

Hutchinson wanted to return to [SLIDE 5] that depicts the annual budget cycle. She wanted to compliment her Cabinet and the Senate Exec. especially Boyd for looking at UBC and thinking about how we can make it more effective. She said the common budget starts with parameters delivered by the Chancellor's Office to the President, who then takes it to the Vice Presidents, who take it to their directors and deans, who take it to their Chairs and Units which creates consultation through prioritizing budget development in the Departments that moves it way back up the hierarchy to presentation at UBC.

She wanted the committee to remember that in October the Board of Trustees will be making its ask to the governor and in November they submit that ask, which means that we don't usually know what the CSU will be asking for until November. That then goes into the governor's office to come out in January. This shows how UBC meetings should be conducted. The first should occur in September to remind ourselves what the process is about, the second meeting should occur in November to get a sense of what the CSU put in and what we might anticipate, and finally we should meet after the governor's budget has come out in January to start thinking about what that means. All the while departments and units should be prioritizing their budgets all along. Then in the Spring UBC should make its recommendations to the Cabinet about

prioritization. Finally when the May revise has come out and the budget is set, the President will receive recommendations from this body as well as all the others that have been working to prioritize their parts of the budget. This is the cycle and shows key points when the UBC could make formal recommendations.

Finally, Hutchison wanted to comment on the limitations of new money into Chico. Of course, it is typically tied to student enrollment targets. However, as we develop our strategic plan and tie the budget to it, she hopes we will also think about not what happens with the new money, but how we prioritize the existing resources we have that make us supportive of student success. We might need to think truly about what comes off the plate at these times as well. In every division and unit and every other place as well as UBC. This is where strategic planning can help us in tough conversations.

Ford observed that the timeline we have discussed seems to be out of cinque with academic planning and courses he is involved with for 17-18. He wondered how we can anticipate our budget and have a cycle that is connected to the actual processes and timelines that all of the Chairs, Deans and Directors must deal with on a real world basis.

Hutchinson explained that if we go through this process for next Spring so that by May you have an idea of what your budget will be doing next year. We should have a pretty clear idea by the end of Spring what will be coming. This will be a best guess.

Ford said we will be surprised on the margins by enrollment fluctuations, or last minute special mission money, but that we should be able to take the bulk of the budget and have serious conversations about allocations through that process. Hutchinson said that by implementing this process, we will do exactly what Ford described. It will always be in preparation for next year.

Ford said that enrollment has been surprising this year. The Chairs and the Deans will have to absorb this cost. There is no nimble response for the Deans and Chairs to make adjustments the first and second week of school.

Arno said that his presentation can touch on this problem as he discusses the budget model being worked on. He noted that there is a lag between the different cycles of the legislature and educational institutions. Presidents should have a notion of what might be in their support budgets by January. New moneys are incremental and not part of the base budget, so that won't really impact the base budget picture estimations.

Hutchinson said there will always be surprises, but that planning beside this annual cycle works will be predictable since base budgets don't fluctuate that much.

Boyd said she hoped that UBC could be guided by agendas that note the place in the annual cycle the conversation is occurring and that the various dives down into division budgets can be organized in this way as well.

7. **Budget Update** –Hyatt, Kitchell (1:09:54)

http://www.csuchico.edu/fs/ubc/9-16-16/ubc_budget-update_09.16.16.pdf

Hyatt introduced the presentation and asked Jeni Kitchell to speak first.

a. Video Tutorial – How to use OpenGov. com.

<http://www.csuchico.edu/bud/documents/HowToUseOpengov.mp4>

Jeni Kitchell reminded the committee of our conversations last May when we took a tutorial about how to use Opengov. to find financial information of the University. She showed the promised introductory video which is only three minutes long and provides a quick local overview of our financial transparency platform with exportable documents. Kitchell reminded everyone about how to give feedback about Opengov by clicking on the link provided in the UBC minutes and agenda, or on the University Budget Office website. She said she also could be emailed directly. The hope is to update some of the language for consistency as well.

She noted that everything on Opengov represents actual transactions which is a window into what President Hutchinson meant when she referred to Finances as focusing on what has happened. She said that the 2015-16 data has been added so that Opengov now has three years of comparison data about whatever the user seeks whether it is by division or expense type.

David Daley asked about comparison data, noting that in the past if one looked at unit allocations the benefits were not included in those numbers. Kitchell described how to view this data by using the filters to breakdown the information by expense type, then expand it and “uncheck” benefits so that it will not show up and can be compared with other data that does include benefits compensation.

[SLIDE 2] Kitchell underlined that Opengov shows actuals (revenues and expenses), not balances or reserves, nor does it show budget. Hyatt said that he had been spending time comparing actuals and budget to see where the deviation lies. He explained that his office has been doing a deep dive to look at the figures to see how we budgeted something compared to how we actually spent it. These differences frequently become the reserves. For example underspending on salary and compensation creates reserves that are sometimes used for projects or other things that might not be fully spent either. The key to the current investigation is that it is multi-year for expenditure and for budget both so that we can see what we actually budgeted versus what we actually spent on it.

b. 15/16 Actuals – review by division in csuchicoca.opengov.com.

<https://csuchicoca.opengov.com>

c. 16/17 Budget Update.

[SLIDE 3] As she addressed the 2016/17 Budget Update, Kitchell observed that when we last met in May we did not yet have the full information on our allocations, which did not happen until mid-July (via a coded memo). She said that the Chancellor’s Office divided their allocation announcement differently this year by Base and One-Time dollars. The chart at the bottom of this slide shows an historical progression of how we arrived at the final figure for Budgeted Revenues for 2016-17.

[SLIDES 4 and 5] show the detail of these Base and One-time Allocations. Above the

line items are specific for mandatory costs we have incurred that also includes campus wide funds dedicated to specific purposes. Hyatt noted that the funding for salary increases awarded last June have not come to the campuses yet and will have to be covered from our existing budget until these arrive.

Below the line, Kitchell described how her office is working on how the Student Success and Graduation Initiatives will be funded.

Ford wondered how adjustments are accommodated in enrollments since Fall enrollment is typically higher than Spring enrollments. Hyatt answered that customary evaluation of estimated enrollments and the estimated fee revenue it will generate must be made. Kitchell pointed out that any differences between the actual and the budget are redistributed back to the divisions.

Boyd asked what the One Time funds refer to. Kitchell said that one way the Chancellor's Office funded the faculty compensation increases was through one time money. The Board of Trustees is working to convert this into Base money eventually. Capital projects also received \$1M specifically for the library water damage project. There is also Student Success money that is not part of the \$1.3M from the legislature discussed earlier. She reiterated that it is not best practice to make long term plans around one-time money which is supposed to be spent the year it is allocated. This is making the graduation initiatives and student success planning complicated as they are supposed to be projecting out to 2025.

Hyatt said that the one time funding from the governor and legislature expected a demonstration that the goals (as in the Graduation Initiative) could be achieved. Then the University must go back and apply for base funding after their capacity has been proven. That is why it is important to achieve the goals short term. He thought this was pretty normal for most states to handle their funds this way.

Hyatt began the discussion on the 2017-18 budget which is usually discussed at the Board of Trustees meeting in September in terms of initiatives and finalized in November to go to the governor's budget. 2017-18 has four major initiatives that have projected expenses and that usually the governor will cut by \$100M.

- 1) The Graduate Initiative wants to move from a six year graduation rate of 20% to 40% for the system and the CO is asking for base funding for this.
- 2) Asking for a 1% enrollment increase
- 3) Compensation increases (this is the largest item of over \$200M)
- 4) Facilities Financing which will be base funding

This is a part of a system response to the problem of how the CSU can build capital projects when the State is no longer supporting them. The CSU will be asking the Board of Trustees next week for authority to start a capital program of five billion dollars. This can guarantee some certainty for project planning.

There is also an initiative called The Investment Authority which will allow the CSU to collect money to invest in very conservative investments yielding .02

interest (much like a passbook account). The intention is to invest in longer term low yield investments which yield a much higher return (estimated conservatively at about 4%). The authority will allow \$200M at CSU to be invested the first year, \$400M the next year and up to over \$1 Billion over the longer term. This will all be dedicated to capital needs, which currently across the system are so great they are not fundable really. We will have more specific dollars when the BOT votes in November about what to send the governor.

Hyatt noted that we are in the seventh year of growth in the State of California and many believe that recession is on the way since growth periods only last about ten years at the most. The Legislative Analyst's Office has projected 5% growth in 2017-18; 2% the year after and 2% the third year. The department of Finance is typically more conservative, but they are projecting 3% next year, 5% the second year and 3% the third. It is clear that the governor and legislature want to put base funding into the graduation initiatives in this climate

Sistrunk wondered about the piece of the capital investment efforts that will allow individual campuses to purchase long term bonds. These can create long term obligations for repayment as well that could expose campuses if the market drops. Hyatt thought that it is a good time to borrow for long term investments and not as a financing strategy. These responses are necessary because the state is no longer providing funding for capital projects.

d. University Funding Sources.

http://www.csuchico.edu/bud/university_funding_sources.shtml

Kitchell said that the information provided above was in response to questions about creating a place to find University funding sources. These were supposed to provide high level sources of funding with resource links included. She hoped people would make suggestions or send comments if they were so moved.

8. A Review of AA Budget Process and Models - Rethans. (1:38:23)

http://www.csuchico.edu/fs/ubc/ubc_presentation_9-16-2016_item8.pdf

Boyd especially acknowledged Jennifer Mays for her work on behalf of Academic Affairs and for tireless efforts to help with the budget and communication about the finances of the division during what was a turbulent time.

Rethans began by observing that the general financial context of our local budgets have been shared from the state level and the system level. At the University level the upcoming plans are almost finalized for the coming year.

[SLIDE 2] He hopes to share the budget process that has been rebuilt in Academic Affairs. He, Ward and Jennifer Mays have tried to address some of the concerns that had been expressed by the unit managers. He trusts that by the time the University budget is finalized that the Provost will be able to make the allocation for the division this coming year and set up some of the parameters of the following year.

[SLIDE 3] As the President said we are all part of the same system from which we get our funding, opportunities and challenges. This chart shows the interconnections and alignment of the University which was used at the last visit of WASC. He is working on such a chart for Academic Affairs. [SLIDE 4] provides websites to assist in planning and understanding the varied initiatives that impact the strategic plan which will be updated. At the bottom of this slide and continued on [SLIDE 5] the websites provide the aspirations of the units within academic affairs.

[SLIDE 6] describes the budget process we already discussed, but Rethans will focus especially on the flow in Academic Affairs formed by the allocations to the colleges. [SLIDE 7] shows the challenges and perceived areas for improvement that Ward and Rethans considered as they thought about rebuilding the Academic Affairs resource allocation process. The rebuilding began with consultation with the individual units and this slide shows some of the results. Since we all feel underfunded, we will have to determine not only what we would like to accomplish, but perhaps what we won't fund any longer. He wondered if there was anything that is not covered in our strategic aspirations. He pointed out that most of the units agreed that with all the new regulations and layers of accountability, their management duties are becoming more complex and a major undertaking. Added to this is the question: How do we manage programs whose costs have skyrocketed? All these problems suggest that it is time to review the older budget models and revisit the underlying assumptions so that some recalibration can be effected. Will it be possible to return in some fashion to an enrollment based funding model that is not just based on past practices?

PERCEIVED AREAS FOR IMPROVEMENT

1. Future allocation models should reflect both an historic and a future orientation. We need a funding model that is based on a realistic portrayal of costs. And we need a strategic component that addresses unique (*future*) opportunities that will enhance our portfolio of distinctive programs.
2. Review and reconsider the allocation of scarce academic resources: AWTUs, CCFs, SLF, CERF dollars, grants/contracts funds and interdivisional transfer of funds
3. Tracking expenditures to ensure appropriate and effective use of all sources. As Hyatt studied the actual expenditures it is clear that this was not always the case.
4. Improve budget transparency at both university and divisional levels. Share best practices? Hold meetings with AA/Ss.
5. Eliminate uncertainty about carry-forwards. Rethans observed that the carry forwards of previous budgets were being swept and the rationale was not really shared.
6. Continue work on inefficiencies (curriculum and administration) and improve effectiveness.
7. Improve interactions with HR and clearly identify decision authority versus service / consultancy.
8. Explore / define the role of external funds in the operations of the University.

9. **Overall:** Return to sufficiency, consistency and predictability.

[SLIDE 8] shows the 2016-17 Sustainable Budget Development Process which started with an initializing phase and is still in process. Ward, Rethans and Jennifer Mays built different models and have run a series of simulations. The first was shared with the Deans and now they are returning to the individual units to ask for the model impacts on them. The team is in the Development phase still and will k the Deans about the four sets of models they just shared.

[SLIDE 9] shows the principles that begin to articulate the framework for the new, sustainable budget allocation model for the colleges within Academic Affairs.

The suggestion was made to analyze whatever the model will be named by using real cost data and not averages. [SLIDE 10] shows the types of data that were collected and that were then double checked with the units so that the team began to feel they had reasonable data of actual expenditure. This process is ongoing. These expenditures were then expressed as a ratio per FTES, per WTU to try to see the “efficiency” or the decisions that are being made along those lines.

Rethans hoped the committee would consider the marginal costs of enrollment. Every time the CSU says “you will take an additional FTES” there is only a limited amount of money given alongside specifications about how the funds ought to be spent. The money given by the state does not cover all the costs in all the given programs. This means balancing acts will have to be performed.

[SLIDE 11] shows the latest information being worked on to construct the models. They include: Instruction, Administrative and Academic Support, Labor Cost Adjustments. The team had thought to add more on compensation but the tenure density and labor costs vary across units so much, that averaging them out in cost categories will distribute funds across them all unevenly. They decided instead to make an adjustment series and revisit the model after three years.

The Model Initialization and Cost Drivers are allocated according to local annualized FTES (16,006). It used to happen in March or April that the University would negotiate future FTES targets with the Deans. The cost drivers proposed in the model are FTES, # of majors and # of graduates. [SLIDE 12] The allocations made by the Provost will be informed by the model, but not formulaically. PAC will help to make judgement evaluations to aid the Provost.

What this means is very preliminary [SLIDE 13]. He knew that the numbers will be bigger though this does not mean we will have more flexibility in how we allocate the funds. He hoped many things could be finalized in two or three weeks though many things will change. We want to move away from being in the hole at base level which means that one time moneys will have to be utilized. He hopes we can reach parity in base this year so that we can develop more flexibility. This will let us participate in the Investments of the Future program.

[SLIDE 14] calls on dean/ unit managers to allocate resources to his/her units according to the vision, mission, values and strategic priorities of the unit. Working to assure a proper alignment of department goals with unit goals will best utilize increasingly scarce resources.

Boyd asked committee members to send her questions so she can work with support staff to find the answers or make suggestions about how to direct future UBC meetings.

9. Other. (1:59:50)

None.

10. Adjourn.

Meeting adjourned at 10:00 a.m.

Respectfully submitted,

Tim Sistrunk, Secretary

General Resources for Background:

State of California, Department of Finance:

http://www.dof.ca.gov/HTML/BUD_DOCS/Bud_link.htm

State of California. Legislative Analyst's Office: **<http://www.lao.ca.gov/>**

CSU System: **<http://www.calstate.edu/budget/>**

CSU, Chico: **<http://www.csuchico.edu/vpaa/planning/resourceallocation/index.shtml>**

CSU, Chico: **<http://www.csuchico.edu/bud/budgetplans/index.shtml>**

OpenGov: **<https://csuchicoca.opengov.com>**