

HUMBOLDT STATE UNIVERSITY

University Resources & Planning Committee

Date: May 31, 2017
TO: President Rossbacher, Humboldt State University
FROM: University Resources & Planning Committee (URPC)
RE: URPC Recommendation to the President regarding the 2017-18 Budget

As the advisory body of the University Senate on budgetary issues, the URPC offers the following commentary on Cabinet's 2017-18 budget for Humboldt State University. After reviewing and discussing the five-year budget planning spreadsheet on April 28 (updated spreadsheet and planning assumptions attached), we support moving forward with the current plan and wish to highlight several aspects as we move forward:

- We appreciate action being taken to address the long-term deficit situation and acknowledge that this is an iterative process that will evolve in response to campus community input and changing circumstances.
- Enrollment will need to continue to be closely monitored as current fall 2017 enrollment numbers may potentially be even lower than the -3.5% Resident FTES drop reflected in the budget planning document.
- There needs to be significant [Phase 2](#) progress in the coming months for the campus to successfully address the deficit by 2018-19. The URPC requests a written update of progress to date by June 30, given that the spring meeting timeline did not facilitate this occurring prior to the URPC breaking for the summer. The progress update should include a concrete plan for next steps to engage the campus in determining specific Phase 2 items for implementation, as well as an update from EMSA on the Phase 1 operational reconfiguration. In the eyes of the campus community, the future legitimacy of this process and support for its resulting decisions will likely depend upon the degree that sincere and broad collaboration is utilized. It will take significant effort for the campus to establish a comprehensive Phase 2 plan by the end of October. As part of the Phase 2, the URPC urges the University to consider organizational changes (both within and across divisions) that could lead to significant budget savings.
- While the budget as presented appears balanced in 2018-19 (contingent on the successful implementation of 90% of [Phase 1](#) and 70% of [Phase 2](#)), this budget does not contemplate a sustainable long-term plan for Athletics, the deficits in the colleges, or other existing campus deficits. To truly achieve a balanced budget, the University will need to establish action plans to eliminate deficits in all areas.
- The choices made in determining the budget should reflect and promote the University's [mission/vision](#), [strategic plan](#), and [brand](#). Doing so will facilitate a broader understanding around why changes are being made and where we are trying to go as an institution.

- The recently allocated \$2.1 million for Graduation Initiative 2025 is not fully distributed at this point and the URPC requests additional updates regarding this funding and intended outcomes once allocations have been finalized. Improving retention and graduation rates are critical to the mission and fiscal standing of the University.
- The current plan, as presented, does not include any investment in the Capital Improvements Fund. In order for the campus to have sufficient resources to support future capital projects, investment in this area will need to be prioritized in future budget iterations.
- As we continue to move deeper into an evidence-based approach to budgeting, budget decisions should include intended outcomes and meaningful measurements to provide a mechanism to assess their efficacy.

HSU's financial situation continues to be challenging and resources will remain constricted in the coming years. The base budget deficit after implementing \$1.5 million in [Phase 1](#) reductions is still projected to be over \$1.6 million. Addressing the remaining deficit by 2018-19 will require 1) completing implementation of [Phase 1](#) and 2) achieving 70% of [Phase 2](#) reduction targets for 2018-19. In addition to the base budget deficit described above, existing deficits in Athletics and the academic colleges, among others, exceed \$2 million and will need to be addressed to truly achieve a balanced budget.

Even in the midst of budget reductions, the URPC continues moving forward with strategic budgeting and establishing a framework to support sustainable financial planning. This year, the URPC drafted a [Strategic Asset Planning Guide](#), which will be finalized come fall once information from subject matter experts has been incorporated. In addition, the URPC has recently submitted the [University Operating Fund Reserve Policy](#) to you for consideration.

While much of this budget planning cycle has focused on reducing expenditures to achieve a balanced budget, the 2017-18 budget recommendation does invest in select initiatives and responsibilities. These allocations implement strategic budgeting decisions through the investment and reallocation of resources to support the University's high priority needs and continue to advance strategic plan goals and outcomes in parallel with reduction planning:

- \$390,000 is allocated on an ongoing basis to:
 - \$150,000: Invest in title IX activities and provide additional support for the Office of Diversity, Equity, and Inclusion. (HSU Strategic Plan Sub-Outcomes 1.2D, 2.2A)
 - \$100,000: Provide base support for the Accessible Technology Initiative (ATI) to support implementing the ATI vision that "All CSU programs, services, and activities should be accessible to all students, staff, faculty, and the general public" (<https://www.calstate.edu/AcadAff/codedmemos/AA-2013-03.html>). (HSU Strategic Plan Objective 1.2C.3)
 - \$100,000: Provide sustainability funding to begin implementing the Climate Action Plan and help the campus achieve its moonshot goal of carbon neutrality by 2030. (HSU Strategic Plan Sub-Outcome 4.4C)

- \$40,000: Provide funding for off-site hosting of public-facing campus websites, which was previously supported with one-time funding. (HSU Strategic Plan Outcome 4.3, Sub-Outcome 4.2B)
- The University is investing \$2.1 million in activities related to Graduation Initiative 2025. A significant portion will be invested in tenure track faculty (HSU Strategic Plan Sub-Outcome 4.4D). This funding was allocated to HSU in the preliminary CSU Budget Memo sent in late April and conversations are still underway regarding the full distribution of this funding.

Going forward, the University will need to work collectively to fully eliminate the deficit while at the same time improving student outcomes – challenging, yet necessary tasks to undertake simultaneously. We urge Cabinet to deeply engage the campus community in the transformational change needed to create a sustainable financial structure that is reflective of the strategic priorities of the University.

Please keep the URPC informed of any changes that occur after the State of California budget is approved and the final CSU budget memo is distributed.