

Date: April 23, 2019
TO: President Rossbacher, Humboldt State University
FROM: University Resources & Planning Committee (URPC)
RE: URPC Recommendation to the President Regarding the 2019-2020 Budget

The role of the University Resources and Planning Committee (URPC), as described in Section 11.3 of the University Senate Bylaws, is a body that makes recommendations to the Senate and University President "concerning the allocation of university resources and general budget policy". Furthermore, the URPC has the duty to "question, review, and evaluate resource allocations based on current fiscal priorities and strategies in support of the University vision and Strategic Plan". In fulfilling these duties, it has become tradition that the URPC review the Cabinet's budget proposal for next fiscal year and provide formal feedback to the President. What follow are our responses to the March 29, 2019 budget plan for the 2019-2020 fiscal year.

A budget describes the values, priorities and direction of an institution. This letter, therefore, will consist of more than simple advisory notes on the proposed budget, but also a commentary on issues pertaining to budget and budget implementation. The URPC, whose members range from students to Vice Presidents, understandably must navigate some differing ideas on how to best achieve a high quality University. With that said, we are all committed to a "Student First" policy, working to make recommendations that are in the best interest of students as our primary aim. We are also all committed to promoting a more transparent decision-making process and improving the communication of budget issues to both the internal and external stakeholders of HSU.

The 2019-2020 proposed budget can be found in the third column of both appendices B and C of Cabinet's proposal. To achieve a balanced budget for next fiscal year, it is estimated that the University will need to make \$952,695 in reductions. While an existing method, utilizing the marginal cost of instruction, will be leveraged to categorize these reductions to FIRMS program groups this year, committee members suggest exploring other processes next year, including resource and cost base allocation processes. Determining and implementing final reductions will be a challenge. This challenge is magnified by the University only recently having completed most of its goal of \$9 million in reductions, the remainder of which have been assigned within the divisions, but not yet all implemented. The URPC is a proponent of balanced budgets rather than depending on the use of reserve funds, as that tact is unsustainable given our projections for the coming years, and disallows future investments in the University.

The URPC was charged with the task of developing multi-year budgets plans, so the University Budget Office now produces five year budget projections. These budget projections make it very

clear that stabilizing and then growing enrollment is critical to HSU's viability. Columns 4 through 7 in appendices B and C show expected budgets out to Academic Year 2023-2024. Projecting forward requires many assumptions which are listed in appendix A. One assumption is an enrollment forecast. Different enrollment forecasts are what distinguish appendix B from C. The CSU's enrollment target for HSU is 7,603 Resident full time equivalent students (FTES), a number that is considerably higher than the projected Resident FTES enrollment for Fall of 2019 of 6,320 students, a marked decline from 2018-2019. Appendix B assumes a continued decline in enrollment, albeit at a rate of only 1.2% by 2023-24, as compared to an expected - and maybe too optimistic - 7.1% decrease from 2018-19 to 2019-2020. Ignoring possible state appropriation cutbacks for not meeting enrollment targets, such declining enrollment would result in more multi-million dollar reductions each year. Declines in revenue of this sort would necessitate substantial programmatic changes throughout the University.

Appendix C is a growth scenario where the enrollment stabilizes, followed by modest growth starting in 2022-2023. Even with this optimistic scenario, budgetary reductions would be required each year until 2022-2023. Therefore, strategically working to foster growth towards the CSU's enrollment target is not only advisable, but absolutely vital to the continued operation of our institution as we currently know it. It cannot be emphasized enough that the health of the University depends upon increasing enrollment.

Reversing the declining enrollment trend will obviously depend upon increasing both student recruitment and student retention. In contrast to the tightening in the University budget, generous new State money earmarked exclusively for Graduation Initiative 2025 (GI 2025) is helping the University invest in measures that we anticipate will increase retention and close opportunity gaps. The University's budget should also emphasize strategic investments in tactical student recruitment. Some members of the URPC suggested that the University should explore new avenues in online degrees, hybrid programs, and programs that would service non-traditional students. Others, in regard to retention, point to the success of place-based learning communities, and the promise of implementing holistic protocols for professional advising. Regardless of the strategies adopted, the projections detailed in the budget plans illustrate that persisting in our current, status quo model of operation is untenable. It should be clear that stabilizing and growing enrollment is an "all hands on deck" situation for the University.

On August 10, 2018, the University completed its 2018-2023 Strategic Enrollment Management (SEM) plan. The SEM plan development was a collaborative effort that included HSU students, faculty, staff and administrators. The SEM plan outlines 6 outcomes and 27 objectives to increase and stabilize HSU's enrollment, but there is a further need to establish a coordinated connection between those proposals and our financial planning, budgeting, allocation processes, and SEM stewardship and communication. Some members of the URPC have identified additional components and language to consider for inclusion in the current SEM to provide

guidance and support in building this connection. These include: the development of enrollment targets and goals at both the University and programmatic levels; a structure to recognize high quality, relevant programs with clear educational pathways, course offerings that align with student demand/need to ensure timely progress toward graduation, and appropriate student support; close interaction amongst the campus community and the identification of critical linkages between and within programs; strategies that lead to equitable access and outcomes at all levels; communication and marketing with internal and external stakeholders to increase understanding of SEM and to meet SEM goals; and increased collaboration (among colleges, departments, programs, students, faculty and staff) to support a stable and sustainable enrollment at HSU.

Innovative, solution-based thinking like that described in the SEM plan should be one focus of our resource planning, but we should simultaneously be working to critically assess recent challenges and our responses to them. One factor that has been suggested might impact our efforts to recruit and retain students has been the public perception of the University, especially in regard to its interaction with the surrounding community. At their best, public universities are meant to be culturally reflexive centers of discourse and collected knowledge, especially important in secluded, rural regions. In turn, the relationships and connections that our institution develops and maintains with the surrounding community enriches that institution, and the experiences that are available to students, both curricular and otherwise. Further, these relationships affect how students, employees and community members perceive the quality of life in the Humboldt region, and, when soured, can have a negative impact on community philanthropy that benefits students and the University. The University is still reeling from the death of student David Josiah Lawson, exacerbating feelings of isolation and disconnectedness amongst students, HSU employees, and community members. Increased awareness and mindfulness of these perceptions and realities carried by all stakeholders should be considered in forthcoming decisions, in hopes of nurturing and maintaining our community relationships, and helping students to feel welcome in and connected to HSU.

For instance, some difficult recent budget decisions have resulted in the closure of the football program and the Third Street Gallery in Eureka. These tough decisions were announced beforehand and opened to public comment and deliberation, with the inclusion of the URPC, receiving robust feedback from the community to inform the final decisions. Other recent actions have not been subject to the same sort of public-facing scrutiny and discourse. The most notable example is the recent restructuring of KHSU. A University press release claimed the restructure was, in part, to "prevent further negative impact to the University's budget". Despite budget stated as one of the primary reasons for the restructure, KHSU was never formally discussed within the URPC even though the Vice President for Advancement is an ex-officio member of our committee. Some members of the URPC considered the handling of the KHSU restructure a poor display of leadership, antithetical to the shared governance model of a public university,

and were insulted by the committee's exclusion. More open deliberation may have allowed better public understanding of the decision and perhaps prevented possible collateral damage, such as that described by Connie Stewart in the May 16, 2019 University Senate meeting where she retold an incident wherein reaction to the restructure may have negatively impacted fund raising for the nursing program. Maintaining an atmosphere of mutual trust requires consistent norms of collaborative decision making.

One example of a recently designed system that ensures shared deliberation is the “Integrated Assessment, Planning and Budget Process” (IABP), published as a flowchart in February of 2019. It was piloted as a means of assessing applications for the aforementioned GI 2025 funds. While it is understood that this model would not be an effective means of assessing reductions, it represents a deliberate effort to openly distribute new resources. The URPC was repeatedly briefed on the development of the IABP process and its pilot application on 2019-2020 GI 2025 funds. A line item list of GI 2025 proposals and how they were ranked by the Student Success Alliance working group and the Cabinet was presented to the URPC. The URPC found the Cabinet's final list to be acceptable. There was broad enthusiasm within the URPC for the IABP's deliberate process, its GI 2025 pilot application, and its resulting prioritization of how to apply the GI 2025 funds.

In summary, the URPC is supportive of the budget plan provided by the Cabinet. The budget projections make it clear that enrollment management must be a high priority for the University. The URPC requests that the University be more mindful about how its budget decisions impact the University's relationships with all communities, on and off campus. It should also be made clear which type of major budget decisions will or will not go through the URPC and the campus communities for discussion. The URPC praises the current IABP process as a strong first attempt to create a transparent and thoughtful process for resource allocation.