

Date: March 19, 2018

TO: President Rossbacher, Humboldt State University

FROM: University Resources & Planning Committee (URPC) Co-Chairs
Alex Enyedi, Provost and Vice President for Academic Affairs
Mark Rizzardi, Professor of Mathematics

RE: URPC Feedback Concerning Cabinet's February 22, 2018 Budget Memo

This letter provides you with URPC feedback concerning budget reduction decisions outlined in the University Cabinet's February 22, 2018 memo. In particular, you requested that URPC members focus on how Cabinet's decisions align with fiscal priorities and the University's vision and strategic plan.

The hard choices outlined in Cabinet's letter were necessitated by HSU's current fiscal dilemma which can largely be attributed to: 1) deficit spending over multiple years, 2) depleted central reserve fund, 3) decreased student enrollment and retention since fall 2015, 4) increased salary and benefit costs, and 5) the Governor's proposed 2018-2019 budget that does not provide a State funding increase adequate to cover CSU goals and promised salary increases. Furthermore, one can argue that our predicament has been amplified because, as repeatedly noted in the 2010 WASC report, HSU has demonstrated a pattern of "finding ways to avoid hard decisions."

The URPC was pleased to see bold fiscal decisions that are strategic in nature as opposed to being simply "across the board", dependent upon optimistic revenue generation, or relying on an unlikely increase in student enrollment during the 2018-2019 academic year. The URPC is appreciative that hard decisions are no longer being avoided by HSU leadership. The challenges and impacts of some of these decisions underscore the importance of developing a clear communication plan as the University moves forward with budget reductions. Also, despite the need to direct current focus on finding near-term budget solutions, the Committee encourages Cabinet to keep HSU's long-term strategic goals in mind while moving forward in building a sustainable budget model.

The 2015-2020 Strategic Plan began with a letter from the planning committee co-chairs that stated: "... a sustainable budget will enable HSU to implement this strategic plan..." Therefore, budget decisions that move the University toward a sustainable budget are in alignment with HSU's strategic plan. In fact, Goal 4 of the Strategic Plan listed three objectives:

- Objective 4.1: Develop and implement a unified, transparent, and evidence-based budget model that reflects institutional priorities and the actual cost and size of programs;
- Objective 4.2: Reduce operational costs and reallocate funds to areas as defined by the strategic plan; and

- Objective 4.3: Expand resources to support the University's mission, including identifying new resources, finding efficiencies, and being good stewards of existing resources.

The creation of the URPC, numerous open forums in the past twelve months, and public-oriented components of the University Budget Office's website (<https://budget.humboldt.edu/>) represent significant movement toward transparency. Use of FIRMS expenditure codes to compare HSU to other CSU campuses represented one aspect of evidence-based budgeting. As a whole, Cabinet's budget decisions appeared to focus on reducing operational costs, finding efficiencies, and demonstrating responsible stewardship of existing resources.

Moving forward, the URPC urges Cabinet to develop a clear communication plan. Uncertainty surrounding budget reductions will feed rumors which negatively impact morale. The importance of morale cannot be understated at a University which depends upon human capital - students and employees. Ideally, the communication plan should inform campus constituents about: what decisions are being made, why the decisions are being made, how they will be implemented, and the expected or realized savings and benefits.

Student misinformation and morale are significant concerns to the URPC. Students are fearful that reductions in academic spending will impact their access to courses and negatively affect the quality of their education. Rumors about potential loss of student employment (for example in Housing and the Children's Center) also feed students' fear of becoming unable to afford their education. Obviously, the success of the University depends upon the success of its students, and vice-versa. A "Students First" message needs to be continually broadcast to reassure students that their success is *genuinely* the University's foremost priority. Building a "Students First" narrative connected to the budget process informs the students that their success is top priority, and provides focus and vision to future budget planning.

Relations and communication with the off-campus community is also important. The public letter writing campaign to save the Third Street Gallery provides evidence that more effective communication is needed. Some members of the URPC did not understand the details behind the decision, so the URPC can assume the public also lacked understanding of the rationale. Not knowing relevant details may have exacerbated the public's negative reaction to the proposed closing. Furthermore, HSU should make a concerted effort to inform the off-campus community of the University's many positive contributions, many of which are made by HSU students. In general, we should be vigilant that the University not risk isolating itself from the general community.

Communication with faculty, staff, and students should be increased with regard to final decisions and their impact. Open budget forums held this past year have been a great start keeping the University's members informed, and for gathering feedback. Now that decisions are being implemented, additional approaches are needed. Change management should be utilized to help facilitate details of what the changes should be, and how to put them into effect. Where

allowable, details of "what", "why" and "how" should be shared with the campus community to quell uncertainties and rumors. Furthermore, URPC members recommend that the Budget Office website include a summary of implemented actions, realized dollar savings (one-time or General Fund base dollars) and/or efficiencies realized (e.g. reduction in unnecessary work duties, combining units, eliminating redundancies, streamlining processes).

Because the URPC is composed of administrators, staff, faculty, and students, committee members hold different perspectives and opinions about Cabinet's decisions. This letter represents concerns voiced by the majority of the URPC members. Committee members with individual concerns have been encouraged to write to you directly. Topics raised by more than one URPC member were: the Children's Center, impacts on teaching/instructional delivery, and Athletics.

Many URPC members had questions about the search for alternative pathways to deliver Children's Center services. Questions revealed concerns about the impact to student employment, students with children, Children's Center employees' collective bargaining agreements, external grants, and the potential for being placed within an auxiliary. Recognizing the significant expense of the Center, the URPC is not critical of the decision, but many details remain to be flushed out on the Children's Center topic.

There was concern expressed by a few URPC members about the search for savings in instruction/academics. Many faculty are wary that the measures being directed from administrators have the potential to harm students by restricting access to required classes. Faculty desire that flexibility be employed when invoking change. Open communication channels between faculty and administrators is necessary so that, when needed, timely corrections can be made. In the long run, a strategic academic master plan should be explored to help guide changes that ensure student success and achieve the goals of the Graduation Initiative 2025.

The URPC noticed that Athletics, although mentioned several times in the letter, was not targeted for budget cuts in the Cabinet's letter. We acknowledge that the Athletics budget situation is fluid, however, we request being kept informed about where Athletics stands in regard to impacting the University's budget planning for the 2018-2019 fiscal year.

Moving forward beyond the Cabinet's letter, the URPC has several suggestions. The campus should continue to build a participatory budget process for strategic budgeting and include a clear communication plan. We also propose the Cabinet employ thoughtful cost-benefit analysis practices to help articulate the costs and values of all campus programs and services. Cost-benefit analyses could also benefit campus strategic decision making. The Budget Oversight Policy should provide necessary tools for quarterly monitoring revenues and expenditures, so difficult situations, such as the current CNRS overspend (deficit), do not arise in the future. The University should also continue the use of FIRMS expenditure codes to benchmark how we spend and invest resources relative to other CSU campuses. Finally, once

HSU has achieved fiscal stability and has resources to invest, we will need to increase our search for new and creative avenues to generate revenue.

In summary, URPC is pleased to see hard decisions being made that are strategic in nature versus simply “across the board” horizontal budget cuts. We commend the Cabinet for initiating action. Although not every individual decision was supported by every URPC member, the general consensus was one of support and relief that decisions are finally being made and acted upon. We encourage a clear communication plan be developed. The communication plan, where feasible, should clearly inform people of the "what", "why", and "how" of each decision. A communication plan should not overlook the importance of keeping students accurately informed. Using a tactic of transparent cost-benefit analyses could aid future strategic budgeting. The URPC is looking forward to an era where fiscal stability allows the University more opportunities to focus on growth and self-investment.