

Humboldt State University Review of Budget Process

**Maddox Management Consulting
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Executive Summary

Humboldt State University engaged Maddox Management Consulting to conduct a comprehensive review of its budgeting practices to address concerns identified internally and through external review. In discussing the budget process their preparatory review, the WASC Visiting Team expressed concerns over

- “Complicated, cumbersome, and difficult to understand” governance and decision-making processes
- A “fragmented approach to institutional decision-making which creates internal confusion and sometimes unclear results”
- A lack in transparency due to “the complexity of process and fragmentation of information.”

The Visiting Team acknowledged, as have earlier reviews, that changes in CSU funding policies are not favorable to a campus like HSU due to its size, growth rate, and program composition, and the University needs to look for budgeting structures that put it on a sustainable course in this challenging environment. In addition to the concerns about the budget process, the University is addressing overall decision-making and cultural systems through a project led by Keeling Associates. Budget processes are deeply entwined with campus culture and leadership, and budgeting and decision-making can never be addressed in isolation—the most critical aspect of budgeting is the act of making decisions on resource allocation, and those resource allocation decisions are among the most important and most potentially contentious decisions a campus makes.

Maddox Management Consulting’s report is intended to identify the most critical issues in the current budget process and propose concrete changes to meet the University’s goal of a process that is easier to understand, reduces confusion, and helps the University move forward more effectively to address budget challenges.

Maddox Management Consulting conducted its review through five basic steps:

- Reviewed documents retrieved from on-line sources and provided by HSU
- Met with participants and stakeholders in the budget process as individuals or groups
- Prepared and submitted a set of preliminary recommendations
- Developed further recommendations
- Returned to campus to review all recommendations with core process participants and stakeholders

The meetings with participants and stakeholders generated a number of observations and concerns that are addressed in this report’s recommendations. In broad terms, the concerns revolved around six areas:

1. Inability to rely on budget numbers
2. Limited availability and/or use of time series, spending detail, and figures on all-funds activity
3. Trust and organization issues
4. Role of the UBC and other decision-makers

5. Strategy and planning
6. Certain technical budgeting issues

These meetings generated some concrete suggestions for process improvements that were passed on “as is” in areas like budget code definition, access to the position inventory, and protocols for data requests.

A series of factors were raised that put constraints on what HSU can do in its budget process. These are the sorts of factors that can become “excuses” for the way things are and a justification for leaving them as is. They cannot be used that way, but it is important to acknowledge their impact.

Analysis

Looking at the concerns identified, there are four primary groups of issues.

1. Planning

There is clearly a need for more clarity on the strategic intentions of the University. Strategy needs to function on several levels. On one hand, there is a need for a unifying vision, something that everyone on campus can, ideally, rally around, or at least can acknowledge as the core thrust of the institution’s efforts. There is a second level to strategy that may be more important for budgeting—it involves understanding what moves the university must make to be successful in its funding environment. In essence, it is the University’s model for itself as a sustainable economic entity.

2. Information

One of the typical weaknesses of higher education budgeting is the availability of information. It is not a problem of quantity, although sometimes the availability of information is at issue. It has as much to do with the structure of information and the choice of information that holds explanatory power.

3. Communications

Many of the issues cited come down to communications. For some of the hardest issues, better communications is the best first response, and may be the one concrete option available. Communications at HSU need to make use of the range of tools available, consider the background of the audience, communicate extensively and frequently, and reinforce messages.

4. Group processes

HSU needs to improve the quality of its group processes. This dovetails with the cultural issues Keeling Associates addressed.

General Principles

Every institution finds processes and policies that fit it due to history, structure, personalities, resources, and community context. That being said, there are a few elements that characterize the current higher education budget systems that seem to be

most successful—transparency, accountability, and optimizing all resources. The recommendations in this report are designed to be consistent with these principles.

Transparency

Most universities are making more information available within and outside their campus. The demands for this are multiple, including societal and governmental demands for greater clarity and accountability, and internal needs.

- The push for transparency is consistent with a move to a “culture of evidence,” which has been a rallying cry in management circles recently.
- Institutions are pushing their comfort zone when it comes to transparency, and generally feel well-served by taking the risk.

Accountability

Accountability for the use of resources is increasingly demanded of institutions themselves and therefore must be asked of those within the organization who use resources on behalf of the institution. Accountability can only be effective if it is aligned with *authority* and *resources*—a manager must have authority at the right level to achieve that for which he or she is being held accountable, and must have access to a plausible level of funding to achieve it.

Optimizing all resources

Higher education funding is becoming increasingly complex, with greater reliance on more types of funds. The financial management challenge now consists of making the best use of the entire range of funds. Decisions must of course honor the restrictions on the use of different funds, but management needs to start with a comprehensive view and consider what’s going on across all funds.

Recommendations

1. Planning

- Develop the **strategic model** for the university. This includes an overarching statement of vision that has the capacity to unify the campus, but it also must include clarity on how HSU is going to “play the game” when it comes to funding. The model needs to balance idealism and pragmatism.
- Implement a **prioritization process** similar to Academic Affairs in Administration and Student Services (Advancement is small enough that a multi-functional analysis is not needed).
- **Contingency plans.** HSU needs contingency plans to deal with potential in-year cuts this year and cuts in its allocation next year. That planning process is underway.
- **Multi-year models.** HSU needs multi-year data and simple models to evaluate its strategic options and contingency plans.
- **Revisit base budgets** and link them to prioritization efforts. The issue of budget bases lies just under the surface of current discussions but links logically to efforts like the prioritization process.

2. Data and reports

Data and reports are the basic tools of the budget process. Improvements in this area, particularly better alignment of reports and data with decision-making, will provide some of the most concrete benefits for the process.

There are several categories of information that need to be made available and used more widely in the budget process.

- **Expenses.** More detail on expenses should be included in many budget reports. HSU needs to organize expenses into categories that set the right balance between detail and summarization. HSU should distribute its budgets between these categories as well as report actuals.
- **Time series.** HSU needs to make much greater use of time series data.
- **One-time funds.** One-time funds are often the “missing link” in public higher education budgeting. HSU needs to provide more information on the source, amount, and flexibility of one-time funds, and they need to be integrated into basic reports.
- **Diagram funds flow.** A key part of achieving transparency is to provide everyone with the material to understand any part of University finances within a comprehensive framework of all funds. Users need to understand what part of the budget they are looking at and why. In order to communicate this framework, use diagrams that show how funds flow into the organization from all sources and where those funds are directed. Once users grasp at a high level the variety of funds and their uses, these relationships can be translated into more precise tables and charts.

Basic reports. The previous four bullets inform a proposal for several basic reports that modify or supplement existing reports. With several of these reports, the assumption is that HSU will start by building reports at higher levels and develop “drill-down” reports for sections of the whole (organizational units, specific types of expenses, etc.).

1. **All Funds Financial Summary.** This is the tabular representation of the relationships shown in the Funds Flow diagram.
2. **Auxiliary Enterprises and Organizations detail.** A subsidiary report for the first.
3. **Divisional All Funds Financial Summary.** An organizational “drill-down” report providing the next level of detail below the first report.
4. **Detail by department.**
5. **Monthly report.** Similar to a report in development by the University Budget Office, with the addition of the expanded set of expense summary categories and a column for results for the month.
6. **Five year history of HSU Operating Funds.** This report allows the University to identify trends within revenue and expense categories.
7. **Five year history of HSU State Funds.** Since a multi-year format makes it unwieldy to separate multiple fund types in one table, HSU needs reports for each major set of funds to see trends within each.

Additional recommendations related to reporting:

- Generate ratios and statistics from these standard reports.

- Define budget nomenclature. The University Budget Office needs to stabilize definitions of terms related to the budget and funds and use a consistent nomenclature.
- Analyze how HSU went from deficits to surpluses. On a one-time basis, HSU needs to dissect several years of financial communications and planning to determine and communicate how the University has gone from projected deficits to surpluses in recent years.

Institutional Research

One of the key recommendations of the Ad Hoc Budget Review Committee, reinforced by the WASC team, was that HSU create an Office of Institutional Research to clarify and improve information flows. This seems like a constructive move, although it will be hard to fund during the immediate financial crisis.

One of the primary roles of Institutional Research will be to coordinate departments in generating data and serve as an advocate for stronger data use and management, including infrastructure and tools. Data generation will likely still occur within the units currently responsible.

Institutional Research will become just one more source of conflicting data without better data definitions. Institutional Research cannot make decisions about data definitions on its own—it's a decision that has to be made by senior leaders. The University Budget Office and the Office of Academic Affairs also must work together more effectively on data issues.

3. UBC charge and timeline

- **Continue with the current charge** and composition this year and see what works well and what needs improvement.
- **The major emphases of the committee** should be on budget policy and effectiveness of the budget process.
- **Provost leadership.** The UBC will have greater impact with a tighter connection to the decision-making process, so next year it should be put under the leadership of the Provost, one of the key decision makers.
- **Role of the Academic Senate.** In recognition of the critical position of the faculty to the University, the President and the Provost should meet separately with the Academic Senate Executive Committee to get their input early in the budget process and to review the budget proposal.
- **Re-emphasize the role of line management.** The Vice Presidents are the key line managers in the institution, accountable for preparing budgets, seeing that finances are managed, and delivering results. It is important to recognize their role and authority as the key budget managers, and acknowledge the need for them to work together to coordinate resource use and programs.
- **Changes in timeline.** If the UBC is to effectively play a role as a “think tank” on budget issues, several adjustments to the timeline will provide time in the Spring and Fall to examine a few major issues each year.

4. Communications

- **Disciplined roll-out and preparation.**
 - Make sure presentations, memos and other announcements are reviewed before presentation or release by someone not involved with their preparation
 - When presenting material, do not assume that the audience remembers earlier material on the same subject. Take time to reiterate the main points of background, including the reasons for an action.
 - Prepare materials so they can be understood by people with a variety of comfort levels with the material. This often will require including material that recaps technical basics.
- **Pay attention to basic customer service standards** in communications.
- **Finance should meet with the budget analysts once a month.** This meeting should cover budget and accounting and should have representatives from both areas.
- **Keep the UBC website up to date.** This appears to be happening.
- **Avoid instructions that subtly encourage gamesmanship.**
- **The President and Provost need to communicate to the campus regularly** during the year on the budget.

5. Various technical proposals

- Finance should **develop three standardized reports** on budget status and deliver them to users. Two of these reports should mirror the old AM090 and AM091 reports, plus a payroll activity summary.
- **Systems**
 - Get all units on CMS, including auxiliaries and the university-related corporations.
 - Establish structures to manage and support Hyperion.
- **Develop a policy on recharges.**

Prioritization of Recommendations

In general the priorities need to be:

- **Planning:** define the vision and funding tactics, test practicality, and then communicate this strategic model.
- **Data:** report on expense categories (extend them to budget development later), assemble multi-year information.

The report contains a table that identifies whether each recommendation should be addressed in the short, medium, or long term, or whether it is something that can be adopted immediately.

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Introduction

Humboldt State University engaged Maddox Management Consulting to conduct a comprehensive review of its budgeting practices. Some of the reasons for this project were enumerated in the report of the WASC Visiting Team preparatory review. In discussing the budget process their report expressed concerns over

- “Complicated, cumbersome, and difficult to understand” governance and decision-making processes
- A “fragmented approach to institutional decision-making which creates internal confusion and sometimes unclear results”
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The Visiting Team acknowledged, as have earlier reviews, that changes in CSU funding policies are not favorable to a campus like HSU due to its size, growth rate, and program composition, and the University needs to look for budgeting structures that put it on a sustainable course in this challenging environment. In addition to the concerns about the budget process, the University is addressing overall decision-making and cultural systems through a project led by Keeling Associates. Budget processes are deeply entwined with campus culture and leadership, and budgeting and decision-making can never be addressed in isolation—the most critical aspect of budgeting is the act of making decisions on resource allocation, and those resource allocation decisions are among the most important and most potentially contentious decisions a campus makes.

Maddox Management Consulting’s report is intended to identify the most critical issues in the current budget process and propose concrete changes to meet the University’s goal of a process that is easier to understand, reduces confusion, and helps the University move forward more effectively to address budget challenges.

Maddox Management Consulting conducted its review through five basic steps:

- Reviewed documents retrieved from on-line sources and provided by HSU
- Met with participants and stakeholders in the budget process as individuals or groups (see Appendix I, page 24 for a list of persons and groups consulted)
- Prepared and submitted a set of preliminary recommendations
- Developed further recommendations
- Returned to campus to review all recommendations with core process participants and stakeholders

Background

The budget process has gone through several years of transformation. The new President arrived in 2002, replacing an incumbent who retired after 28 years of service. The budget process in place was highly centralized and not transparent, but probably reasonably effective for its time. During periods of resource growth, it is relatively easy for a centralized process to be seen as responsive to campus strategic needs because the decision-makers are in a position to fund significant priorities. One can make the case for

transparency in good times or bad, but as resources constrict, calls more information and access to the process will likely increase.

By the time President Richmond joined the University, the funding environment had become consistently difficult, and it was understood that a more transparent and participatory process would enable the University as a community to respond to budget challenges. This led to the formation of a Budget Policy Committee, which recommended the creation of a University Budget Committee, replacing the former University Resource Planning and Budget Committee. These policies went into effect in 2004. The membership of the committee was amended to include more faculty representation during the 2006-07 academic year. During that year, the University had to distribute budget cuts assigned to the campus, and the general consensus on campus was that this was a difficult, possibly unreasonable, task for this sort of committee. An ad hoc committee was formed to assess the budget policy and procedures, and it came back with recommendations in January 2008. Significant changes included clarifying the committee's charge, modifying the composition of the committee (a major change taking the Vice Presidents off the committee and replacing them with other representatives of each area), annual priority-setting, and creation of an Office of Institutional Research. This newly configured UBC started work in November of this year.

In broader terms, budgeting at HSU comes in the context of significant changes in CSU funding mechanisms. During the period 1974-1993, CSU provided funding based on enrollments, the instructional discipline, and building utilization and square feet. This meant that "more expensive" programs would generate more funding for a campus reflecting the higher cost of instruction. Under this formula, HSU fared well, with its relatively high mix of "expensive" programs, especially in the sciences. However, in 1993 CSU shifted to a system of providing lump sum increases or decreases based on a percentage of previous funding and additional funding for increased enrollment that does not differentiate by discipline. Thanks to the legacy of the older funding formula and several years of missed enrollment targets, HSU ended up with one of the highest rates of funding per student in the CSU system. HSU's programs and program support reflect the higher cost structure enabled by its funding legacy. If HSU continues on its current (or perhaps more accurately previous) path, it will have difficulty sustaining what the campus has built. Therefore, it will need to either 1) change the mix of what and how it teaches students, and how it supports that teaching, or 2) develop new sources of funding. In all likelihood, the best sustainable strategy combines approaches.

While much of the focus in the budget discussion starts with the University Budget Committee, it is useful to step back and look at the entire system and all those who participate in it. A core group within the budget process is the President and the Vice Presidents. This is not to make a case for a centralized budget process, but to recognize that it is the Vice Presidents (and those who report to them) who put together the budgets for each major area, manage the resources available, and should be held accountable for results. It is through them that areas and activities "compete" for resources.

The decision on how resources will flow to those areas ultimately lies with the President. Again, this is said not to argue for a highly centralized process, but to reflect the fact that the President is the position where all of the factors and input come together in a set of decisions. The budget system determines how different groups on campus provide input to and influence those decisions, and how well understood the decisions are. It is within the President's purview, depending on a positive campus culture and good will from those involved, to make decisions that are effectively collaborative within a larger circle of participants. That's why structures like the University Budget Committee are so important.

Among the groups with significant voices in the process are the faculty, primarily but not exclusively speaking through the Academic Senate, staff, students, the University Executive Committee, and managers and staff within each area who participate in budget processes designed for those areas.

It is also critical to acknowledge the role of the units which provide technical leadership for the budget process and much of the analytical muscle. This includes the University Budget Office and its leadership, Budget and Institutional Data in Academic Affairs, and budget specialists in the colleges and support units.

The flowchart in Appendix II (p. 25) represents the current University-level budget process. The process mapped here is fed by budget processes within each major unit on campus (Academic Affairs, Student Services, Administration, and Advancement).

Observations and Concerns

The meetings with participants and stakeholders generated a number of observations and concerns that are addressed in this report's recommendations. This section summarizes the key concerns that HSU stakeholders expressed, along with observations as someone new to the campus. In this section, we will not try to analyze the causes of issues or propose recommendations, but present issues as raw materials for analysis and recommendations that follow.

1. Inability to rely on numbers

- **Changing and unavailable data.** One of the most frequent complaints about the budget process was that members of the University community lacked budget numbers they could rely on. People have the experience that numbers frequently change, leading to suspicion of manipulation. However, the indications in this review were that changes were more often due to factors such as changes in defining and framing data or in corrections. In the worst cases, there were reports that it can simply be difficult to get numbers—sometimes with the implication that this reflected an effort to hold back information on the part of various offices that might be responsible. However, given staffing levels and systems status, it is likely that the most pervasive issues are difficulty generating the figures and limited staff time.
- **Inconsistent formats.** A telling comment was that “no report on the budget is presented in the same format twice.” Review of documents supports that comment. Often, confusion can occur simply from a lack of graphic consistency, making it hard

to recognize the connection between one document and something seen earlier, or to have confidence that the figures come from the same kinds of sources, following the same rules about their definition and generation.

- **Contested data definitions.** There are recurring and unreconciled disagreements about budget figures and other numbers that are critical for resource discussions such as faculty counts. Student:faculty ratios are a basic measure of resource allocation, but there are on-going disagreements between different offices about how to count faculty and therefore how to calculate this ratio. There are several legitimate ways to count faculty (include those on leave or not, unfilled positions, non-tenure track faculty) that depend on the purposes of the information. HSU has not worked out some of these basic understandings about data definitions and use.

2. Underutilized information

- Certain kinds of information are not commonly consulted: financial figures reflecting all fund sources, multi-year arrays of information, and detail on spending. This information is available, although not always easily generated due to systems implementation and constraints. As an observer on campus, it is interesting to note how seldom one sees information on, for example, the dollar amount of restricted grants supporting HSU's activities, a chart or table presenting three to five years of financial information, or a spending report that details operating expenses. There are even relatively few places when one can compare faculty salary costs to staff salaries or other costs. In some cases this reflects the technical problems with generating data during a period of systems conversion, but it also reflects patterns of thinking that focus on certain dimensions of resource allocation.
 - Take as an example the idea that restricted funds lie outside the purview of financial planning. They are outside of the purview of University budgeting, but when doing financial planning, any university needs to understand trends in its restricted funding. Will these funds provide relief to the Operating Budget? And will the grants create new demands on the Operating Budget? Decision-makers need data to back up those kinds of questions.

3. Trust and organizational tension

- **Lack of trust.** Concerns about trust are evident in various relationships in the budget process. Keeling Associates has focused on this issue, so this report will do little more than acknowledge it. We do intend that some of the recommendations will ameliorate conditions that may discourage trust. In the budget process, lack of trust is apparent in relations between faculty leadership and the administration, and to some extent between the Vice Presidents. It is difficult to build trust where competition for resources and influence over decisions is seen to be intense, and it will tend to increase as resources are perceived to be more constrained.
- **Role of faculty.** Faculty are concerned about their role in and influence on the budget process. All universities experience some tension between administration and faculty. The concerns of HSU faculty about their role in the budget process seem intense, especially on the part of the Academic Senate. Faculty are concerned that decisions are made without their input and without due regard for the academic mission—these

are points of debate, particularly the latter, but it is important to acknowledge faculty views here.

- **Perceived unilateralism.** Actions by central budget and finance operations have come off as unilateral. This was an issue raised by both leadership and support staff. Stakeholders felt there was at times inadequate consultation and a perceived reluctance to take unit concerns into consideration. Sometimes the formulation was “systems are being designed to make things easier on central finance staff.”
 - Again, the purpose of this section is to report the concerns expressed in interviews. It was not in many cases possible to research and resolve disputes. However, we did receive enough information to know that in some cases the “unilateral actions” of finance staff were dictated by conditions beyond their control, such as requirements and deadlines laid down by the CSU Chancellor’s Office. One of the examples related to the implementation of guidance to assign certain trusts to unit budgets.
- **Communications breakdowns.** There were multiple ways in which communications have not been effective. They range from breakdowns in simple practices like returning phone calls and emails to more complicated issues of well-prepared communications causing confusion. Efforts to get input and respond to it have been start and stop, or failed to uncover what emerged as significant objections and concerns. Efforts to communicate on background, priorities, rationales, and decisions have not been consistently effective (not for lack of trying).
- **Turnover in Finance and in leadership.** There has been 100% turnover in the Budget Office (and high rates of turnover in Accounting too) in recent years. There has been a sequence of turnover in the Provost, and the current Provost and two Deans serve as interims. This makes it hard to implement strategy and follow through, and it invites skepticism about the long term commitment to any decision.

4. Role of UBC and other decision-makers

- **UBC role definition.** Uncertainty remains about the role of the UBC. It has changed nearly every year. While there is a written charge, the committee and the community need to work with this structure this year to understand what role it can and will play.
- **Decision-making clarity.** Some people expressed the perception and concern that a decision can be overturned at any time. One may believe a decision has been made, only to find out later that it came out differently. This feeds into a perception there’s a nominal process and a hidden, “real” one, in a room where some set of people get together to make decisions.
- **Disconnection from decisions process.** One of the issues for the UBC is that it seems disconnected from the most important budget decisions. This is most acute when it comes to budget reductions. There is a view that this sort of committee can’t deal well with reductions, which require hard decisions at someone’s “expense,” and that the committee wastes everyone’s time when it spends time evaluating budget augmentations when there is no additional money.

5. Strategy and planning

- **Strategic and tactical priorities.** There is not enough clarity on strategic and tactical priorities. This came up repeatedly in conversations, was cited by the WASC team

and figured heavily in Keeling's work. In the budget process, uncertainty about strategic priorities made it difficult for people to understand the President's priorities even after he disseminated them, and it makes it difficult for committees and decision-makers to evaluate budget proposals, conduct prioritization analysis, etc.

- Priorities should be pragmatic, not just visionary. One person asked why securing reaccreditation wasn't among the major campus priorities. One answer is that reaccreditation is simply an enabling step that supports higher strategic objectives. But the fact is that most budget decisions involve those practical, enabling steps. The strategic vision needs to be clear at that level what practical steps are priorities for HSU.
- **Different views of HSU.** Developing strategic clarity is important because there are fundamentally different views of HSU, rather than an unspoken but shared view. Among the perspectives, one hears the campus described as providing a liberal arts college experience within CSU, a school that specializes in science and technology, and an institution that will emphasize sustainability and environmentalism.
- **Lack of cross-divisional planning.** Like many institutions, budgeting at HSU largely occurs within silos with little cross-divisional planning. Some of the separation occurs due to the different fund types in place—Student Services, for example, consists of a portfolio of units and operations many of which are funded by dedicated funding streams. However, Student Services does receive general funds like all of the areas. More importantly, critical institutional objectives, such as retention rates, are influenced by the actions of faculty and staff in all areas of the University and allocating resources to enhance retention would require a cross-divisional perspective. The institution is a ways from being able to assess allocations between divisions.
- **Criteria for effectiveness of resource deployment.** Stakeholders report they do not have a basis for knowing which programs are effective. This makes it hard to know if resource allocation decisions have been effective and which allocations would most benefit the institution.

6. Technical budgeting issues

There were several issues of a technical nature in the budget process.

- HSU has a target of \$2M for institutional reserves. The University has struggled to reach that target within the current budget process and current budget pressures. HSU needs to look for ways to incorporate funding of reserves into the process.
- Some major expense categories such as adjunct salaries are budgeted at a college or division level, but spending occurs within the departments that use the teaching resources. This makes it difficult to conduct budget to actual variance analysis. However, this method allows the deans and vice president to direct these resources where they are most needed each year, which shifts each year.

7. Process improvements

The unit budget analysts had several suggestions for process improvements. We endorse all of these suggestions and present them under observations because we saw no need to add anything to the analysts' ideas. The primary responsible units are indicated in parentheses.

- Provide better definitions of budget codes. (University Budget Office)

- Get the position inventory on line. (University Budget Office)
- When making data requests, provide templates, instructions, and the reason for the request. (All central administrative departments)

8. Constraining factors

Stakeholders mentioned several factors that have caused some of the issues and created the context within which HSU must respond—in many cases limiting the University and making it more difficult to respond. These are the sorts of factors that can become “excuses” for the way things are and a justification for leaving them as is. They cannot be used that way, but it is important to acknowledge their impact.

- State of California budget process and timeline—it is drawn out (at best several months) and unpredictable (the final budget decision depends on the Legislative process which can run well over deadlines).
- Rulings and requirements from CSU and elsewhere.
- Difficulty of managing static or shrinking resources. Resource constraint makes budgeting more contentious and difficult.
- Lack of information systems. The campus has put in place transactional systems but has been slower to develop derivative systems that provide reporting and information.
- CMS implementation has been slow and difficult. It has been a factor in staff turnover as well as impeding the extension of data access.
- Staffing levels make it hard to provide everything that might be desired on a timely basis. In budgeting processes, there are economies of scale through which a larger campus can support more budget analysts who are able to generate reports and analysis that would be needed regardless of campus size.
- Inevitable differences when evaluating requirements for different divisions. While everyone might want a “key” that allows someone to assess the relative merits of say a proposal for additional faculty compared to a proposal for additional counseling staff, the fact is that they are evaluated by different standards set by different groups and they are technically difficult to compare.
- Disagreement about goals between reasonable people with an understandable variety of perspectives. No university will see complete unanimity on critical decisions. There will be passionate advocates for different priorities and uses of resources.
- Not everyone can be in every room where decisions are discussed and made. This means of course that not everyone can have a hand in making the decision. It also adds to decision-makers’ challenge in communicating the rationale for decisions with all of their nuances.
- Unfunded mandates put pressure on the budget process. At HSU, people identified assessment, the Accessible Technology Initiative, and writing across the curriculum as examples of unfunded mandates.
- Units with multiple funding sources are harder to understand in budget deliberations and analysis. The multiple funding sources come with different degrees of restriction on their use, and create complicated decision environments as leaders consider factors such as the ability to assign costs to one fund or the other. The variability and number of funding sources makes it hard to make a straight-forward presentation of financial

position for such units, which creates confusion, can cause suspicion, and demands skillful communications.

- Transition from the Orange Book to pure FTE-driven funding formula. As noted above, this major policy change put HSU in a less advantageous position in the assignment of resources within CSU. Arguably HSU developed as it did only because of the differential funding provided by the Orange Book, leaving HSU now in a position of trying to sustain a program premised on a different funding model.

Analysis

The previous section presented the concerns expressed about the budget process more or less as they were presented. Stepping back, the primary issues fall in four areas. The recommendations offered in this report generally follow upon this analysis of the issues expressed and observed at HSU.

1. Planning

There is clearly a need for more clarity on the strategic intentions of the University. This is always challenging for a university, given the diversity of interests it serves and the variety of people who make up the university. However, in the current funding climate, more clarity is needed.

Strategy needs to function on several levels. On one hand, there is a need for a unifying vision, something that everyone on campus can, ideally, rally around, or at least can acknowledge as the core thrust of the institution's efforts.

There is a second level to strategy that may be more important for budgeting. It relates to providing basic organizational capacity. This involves understanding what moves the university must make to be successful in its funding environment—in the face of resource constraints, what combination of cost reduction and revenue enhancement is possible? How can the institution achieve them? It also includes making sure there is an understanding about the relative priority of supporting activities such as reaccreditation, facilities maintenance, faculty development, accounting and controls, etc. In essence, it is the University's model for itself as a sustainable economic entity. It will inform many decisions. This may in fact be tactics more than strategy, but it has a lot of similarity to what constitutes strategy in the corporate sector—even the most high-sounding statement of corporate vision is tied to an explicit or implicit economic model that covers how the entity earns income and how it provides goods or services in a sustainable way.

In addition to sitting down to define the strategy, strategy needs to be understood as an ongoing activity of an organization, one of the primary things its leaders should be involved in regularly, and one which should engage the community as broadly as possible without taking them too far away from the core activities of the organization.

2. Information

One of the typical weaknesses of higher education budgeting is the availability of information, or lack of it. It is not a problem of quantity, although sometimes the

availability of information is at issue. Providing voluminous reports does nothing to elucidate issues unless someone can go through it and find the key trends. Information needs to be designed in ways that give it explanatory power. You start by considering the structure of information—how are figures grouped by categories, what definitions are used within a category. You move on to assembling information across various dimensions—time, organization position, expense or revenue type. An institution also needs to think about the use of benchmarking data and external comparisons to shed light on internal results, and the interaction of types of information—the relationship between operating data (e.g., number of transactions) and finances (e.g., expenditures by the unit that processes transactions).

3. Communications

Many of the issues cited come down to communications. For some of the hardest issues, better communications is the best first response, and may be the one concrete option available. Those who want to make information available need to make use of the variety of tools available to communicate, particularly quantitative information: diagrams, charts, tables, and words. Communicators need to go to great lengths to consider the background of the audience and what pieces of information and presentation format will allow them to understand. Finally, communication needs to be extensive, frequent, and reinforced.

4. Group processes

HSU needs to improve the quality of its group processes. This moves into the cultural issues Keeling Associates addressed. The various groups on campus need to do a better job of making use of input, but there also needs to be a better understanding of what it means to have a leadership position—the purpose and authority of management. The different parts of the organization also need to collaborate more thoroughly.

General Principles

The variety of budget practices across institutions gives one pause in making generalizations about “best practices.” Every institution finds processes and policies that fit it due to history, structure, personalities, resources, and community context. That being said, there are a few elements that characterize the current higher education budget systems that seem to be most successful. The recommendations in this report are designed to be consistent with these principles.

- Transparency
- Accountability
- Optimizing use of all resources

Transparency

Most universities are making more information available within and outside their campus. The demands for this are multiple, including societal and governmental demands for greater clarity and accountability. Internal to any institution is the concern that

withholding information will corrode internal cooperation. There might have been a time when people on campuses were willing to accept lack of access to information as something that relieved them from being bothered about things for which they do not have responsibility, but that paternalistic approach seems much less effective today.

- The push for transparency is consistent with a move to a “culture of evidence,” which has been a rallying cry in management circles recently. It is important to keep in mind the difference between data and information—piles of numbers can actually make it harder to know something about an organization. Information consists of disclosure, but also explanation. Evidence means identifying the salient facts that work together to create a narrative that reveals the truth of a situation.
- Institutions are pushing their comfort zone when it comes to transparency. Universities around the country are asking themselves if they dare release more information on budgets, and are finding themselves opening up more than they might under a more cautious approach. Generally these institutions feel well-served by taking the risk.

Accountability

Accountability for the use of resources is increasingly demanded of institutions themselves and therefore must be asked of those within the organization who use resources on behalf of the institution. Accountability can only be effective if it is aligned with *authority* and *resources*—a manager must have authority at the right level to achieve that for which he or she is being held accountable, and must have access to a plausible level of funding to achieve it. This means that when a manager is given a budget, she or he must have some freedom to make decisions. If an individual or group has veto power over those decisions, that individual or group effectively has the authority and therefore are the ones to hold accountable.

Optimizing all resources

Higher education funding is becoming increasingly complex, with greater reliance on more types of funds. The financial management challenge now consists of making the best use of the entire range of funds. Decisions must, of course, honor the restrictions on the use of different funds, but management needs to have a view that shows what’s going on across all funds. The institution needs to constantly evaluate how one source can support another, and what impact activity funded in one way has on other activities. If Federal grants for research go up, this increases the profile of the institution as a source for research innovations, which can have significant benefits for other aspects of the program—research breakthroughs reflect well on the institution, the grants may bring research assistants to campus who could also be available for teaching assignments. However, grant activity may reduce the effective course loads covered by tenure-track faculty and may put increased demands on administrative services. Leaders need to start with the most comprehensive view of trends before focusing on specific areas like general operating funds.

Recommendations

1. Planning

- Develop the **strategic model** for the university. This includes an overarching statement of vision that has the capacity to unify the campus, but it also must include clarity on how HSU is going to “play the game” when it comes to funding. The model needs to balance idealism and pragmatism.
 - A model does seem to be emerging, but it needs to be solidified and formalized.
 - Once this model is in place—the vision and the funding tactics—the President needs to make the case on how investments and priorities relate to this strategic model. The President will want to bring this model to the University Executive Committee for review.
 - The University Executive Committee would be a good body to address the vision level of strategy, as would the Cabinet for Institutional Change convening in response to the Keeling report.
 - The model for funding tactics needs to be well-connected to operations, and therefore it should start in work done by the President and the Vice Presidents. The model they develop should be taken to other groups for feedback, including the University Executive Committee, the Cabinet for Institutional Change, the University Budget Committee, and the Academic Senate. If the University Executive Committee is willing to endorse this model, that would be good, but if that group cannot reach consensus, the President needs to use his best judgment and move forward. He needs to work from some model and needs to be in a position to explain this model and how it guides decisions.

- Implement a **prioritization process** similar to Academic Affairs in Administration and Student Services (Advancement is small enough that a multi-functional analysis is not needed). Some efforts are underway—Student Services for one is going through a prioritization process. The Vice Presidents need to make sure their methodologies are comparable in terms of direction, rigor, and timeline. Academic Affairs’ approach of identifying programs that are priorities for investment and those which will receive less priority should be a model, with some differences to reflect differences in the divisions:
 - Administration and Student Services have a large degree of difference in type between their various activities.
 - Student Services, and to a lesser extent Administration, is composed of units with partially to largely discrete funding streams, limiting the degree to which activity can be traded off between one or the other.

- **Contingency plans.** HSU needs contingency plans to deal with potential in-year cuts this year and cuts in its allocation from CSU next year. That planning process is underway.

- **Multi-year models.** HSU needs multi-year data and simple models to evaluate its strategic options and contingency plans. The University should start by getting

together more information on cost trends. Most importantly, the development of funding tactics requires an understanding of the multi-year effects of these tactics, including trailing costs and/or the ramp-up in revenue. Simple models of these elements will allow HSU to test the practicality of its strategic model.

- **Revisit base budgets** and link them to prioritization efforts. Many institutions are grappling with questions about how their base budget is allocated (typically through a process of historical accretion), and how to shift that base into more contemporary priorities. Immediate budget issues take up more of the energy in the budget conversation at HSU, but the issue of base budgets lies just under the surface and likely will move to the forefront in coming years. As the institution goes through the effort to prioritize programs, one use of that information will be to guide decisions on funding increments or decrements, but it is inevitable that people will ask whether the current resource distribution could be altered to better align with those priorities.
 - One of the best ways to prepare for the conversation about base budgets is to prepare historical information on funding and spending to provide context for the conversation. Benchmarking and performance information are also important, and need to be gathered, analyzed, and refined to give the information more potential impact.

2. Data and reports

Data and reports are the basic tools of the budget process. Improvements in this area, particularly better alignment of reports and data with decision-making, will provide some of the most concrete benefits for the process.

First, there are several categories of information that need to be made available and used more widely in the budget process.

- **Expenses.** More detail on expenses should be included in many budget reports. HSU needs to organize expenses into categories that set the right balance between detail and summarization. Issuing data that shows expenses or budgets by say every account results in a profusion of data that's nearly impossible to sort through, but reporting only by three categories (salary, benefits, other expenses) gives too little information to quickly determine what expenses are covered or to say much about the components of spending. This is an issue of transparency—users need enough information to know something about what HSU spends money on, but most users need to see that information at a summary level to make sense of it.

HSU has a series of summary categories that have been prepared for reporting in Hyperion, and these seem like a reasonable starting point. See Appendix III (page 27) for a proposed set of revenue and expense categories. When users start using these categories to assess budgets, they may ask for different divisions of the information.

In addition to reporting expenses on the basis of these categories, HSU should distribute its budgets between these categories, at least for reporting purposes and at least on the division or college level.

- **Time series.** HSU needs to make much greater use of time series data on a routine basis. Tables and charts showing 3-5 years of spending by unit and expense category should be used as part of budget preparation and analysis.
- **One-time funds.** One-time funds are often the “missing link” in public higher education budgeting. The budget process focuses on the allocation of “in-year” revenue—the funds the campus receives that year. The difference between total needs and funding, and the source of funds for additional strategic priorities often comes from one-time funds. One-time funds may be balances from previous years, current year contingencies, or funds available for reallocation on a temporary basis. HSU needs to provide more information on the source, amount, and flexibility of its one-time funds, and one-time funds need to be integrated into basic reports.
- **Diagram funds flow.** A key part of achieving transparency is to provide everyone with the material to understand any part of University finances within a comprehensive framework of all funds. Users need to understand what part of the budget they are looking at and why. For instance, institutional strategic planning exercises should be informed by a view of all funds available to the institution since the University needs to think about how any and all of those funds could best be tapped to serve the University’s strategic interest. On the other hand, the annual budgeting process will not need much information on restricted funds since those funds are not allocated through the annual process.

In order to communicate this overarching framework, it is advisable to start by using diagrams that show how funds flow into the organization from all sources and in general terms where those funds are directed. A diagram is the most effective way of communicating those relationships—a well-designed diagram is understandable at a glance, and it allows people to think about the basic relationships without getting lost in numeric detail (this is particularly important for people who are not comfortable with financial data). Once users have a grasp at a high level on the variety of funds and their uses, then these relationships can be translated into more precise tables and charts. A sample of this diagram is shown as Appendix IV (page 28), but this needs more review and critique to determine if it provides a correct and intuitive representation of the funds relationships at HSU.

Basic reports. The previous four bullets inform a proposal for several basic reports that modify or supplement existing reports. With several of these reports, the assumption is that HSU will start by building reports at higher levels and develop “drill-down” reports for sections of the whole (organizational units, specific types of expenses, etc.). One of the pitfalls for institutional reporting is to try to start at the most granular level of detail and then build up—while this makes sense, it turns out that there are often more technical complications at the lower levels that wash out when you work at a higher organizational level. Rather than let those technical issues bog down development, start at a higher level since this is the level on which many of these reports are most relevant. For instance, a report that shows revenue becomes less relevant at lower organizational levels because revenue is collected and attributed at a high level, much of it institution-wide. At lower

levels, revenue can only be expressed in the form of allocations that are somewhat artificial.

Appendix V (pages 29-25) provides mockups of the following proposed reports.

1. **All Funds Financial Summary.** This is the tabular representation of the relationships shown in the Funds Flow diagram. It includes information on all types of funds, and shows how those funds are spent by expense categories. It includes the summary expense categories discussed above. It also includes starting and ending reserves.
2. **Auxiliary Enterprises and Organizations detail.** This is a subsidiary report for the first, providing detail on the Auxiliary Enterprises and auxiliary organizations.
3. **Divisional All Funds Financial Summary.** This is an organizational “drill-down” report providing the next level of detail below the first report, following the same format with some modifications. Since State Appropriations and most fees come to the University as a whole, it is not possible to associate them with a division. What you can show is the portion of state funds allocated to the unit. The report does include Gifts and Endowment payout to reflect restricted funds associated with the division.
4. **Detail by department.** This report focuses on the distribution of funds by department, not fund type, based on the assumption that at the next organizational level, more of the funds are pooled into the allocation that the division makes to the departments, and that each organizational units has a limited number of designated funding streams so the source of funds will be clear enough when summarized by revenue type.
5. **Monthly report.** This is similar to a report in development by the University Budget Office, with the addition of the expanded set of expense summary categories and a column for results for the month.
6. **Five year history of HSU Operating Funds.** Collapsing all fund types into a single column for each year, this report allows the University to identify trends within revenue and expense categories. This report includes basic operational data, such as numbers of faculty, staff, and students. Those figures are the most obvious place to look for explanations for rates of change, and provide a way to test reasonableness—if faculty salaries went up by 30% but the number of faculty went down by 20%, it would raise questions about the reliability of the data.
7. **Five year history of HSU State Funds.** Since a multi-year format makes it unwieldy to separate multiple fund types in one table, HSU needs reports for each major set of funds to see trends within each, and it is particularly important to analyze State Funds. For example, has the percent of State funds spent on faculty salaries increased or decreased over the last five years? This report would allow a user to answer that question. Similar reports could be produced for other fund groups.

Generate ratios and statistics from standard reports. Once these reports have been developed and institutionalized, they should be used as the source for key statistics like student:faculty ratios, or at least should draw in those statistics automatically and

consistently with accepted definitions. This maintains a connection between operating statistics and the budget, and makes it more likely that those statistics will be high on everyone's mind as they consider the budget. Asking these reports to serve as a source for key ratios will require collaboration between the divisions to refine the definitions of statistics.

Define budget nomenclature. The University Budget Office needs to stabilize definitions of terms related to the budget and funds and use a consistent nomenclature. One of the easiest ways for people to get confused about budget figures is if titles are used loosely, making it hard to know what figures differ from other. HSU needs to assign names for

- The set of funds that includes the State Appropriation, State University Fees, Nonresident Fees, and Course Fees.
- The set of funds that includes those above plus Lottery Funds, IRA, and other fees and receipts.
- The budget with and without one-time funds targeted for spending during the year.

These different parts and views of the budget do not have a consistent set of names, requiring one to establish what is under discussion on nearly every occasion. In many cases, people will move forward without adequately checking whether they are speaking about the same things, leading to confusion later.

Analyze how HSU went from deficits to surpluses. On a one-time basis HSU needs to dissect several years of financial communications and planning to determine and communicate how the University has gone from projected deficits to surpluses in recent years. As it stands now, the credibility of the budget process is damaged by the sense that University leaders and the Budget Office have framed budget discussions with troublesome projections that ended up better than initially presented.

It is likely that these disjunctions between initial projections and final results occurred from a combination of conservative projections, fortuitous outcomes that could not be anticipated (or at least could not be counted on in projections), and actions taken to mitigate threats. The campus community deserves to understand how these factors combined to take the University from a position of deficit to surplus or breaking even.

Institutional Research

One of the key recommendations of the Ad Hoc Budget Review Committee, reinforced by the WASC team, was that HSU create an Office of Institutional Research to clarify and improve information flows. This seems like a constructive move, although it will be hard to fund during the immediate financial crisis.

One of the primary roles of Institutional Research will be to coordinate departments in generating data and serve as an advocate for stronger data use and management, including infrastructure and tools. Data generation will likely still occur within the units currently responsible. It may make sense to fold some of those personnel working on data

into the new organization, particularly staff from the Budget and Institutional Data group in Academic Affairs.

Institutional Research will become just one more source of conflicting data without better data definitions. Institutional Research cannot make decisions about data definitions on its own—it's something that has to be led by senior leaders deciding how they want to look at data. It also will require the University Budget Office and the Office of Academic Affairs to work together, identify differences in the ways they use and define data, and agree on which form will be used in different contexts.

3. UBC charge and timeline

The role of the University Budget Committee has been a matter of discussion for several years. The continued evolution makes it hard to assess its structure and working—it has not had a chance to build a track record under its latest configuration.

- **Continue with the current charge** and composition this year and see what works well and what needs improvement. The design this year is intended to respond to several concerns raised about the role of the group, so HSU should wait to see to what extent it succeeds. In any case, the campus should treat the UBC this year as an experiment and see where it performs well and it does less well.
- **The major emphases of the committee** should be on budget policy and effectiveness of the budget process. This would include
 - Evaluating budget process for consistency and fairness
 - Developing proposals on ground rules (e.g., recharges/cost recovery)
 - Accountability studies such as whether funds were used as planned and did they produce the results forecast (this also needs to be discussed among the Vice Presidents or by University Executive Committee).
 - Post analysis of budgets and expenditures

These are covered by the printed charge to the Committee and were amplified by the President's verbal comments to the Committee at its first meeting. These assignments suggest that the Committee will serve as a kind of "think tank" on budgeting for HSU, and this seems appropriate.
- **Provost leadership.** The UBC will have greater impact with a tighter connection to the decision-making process, so next year it should be put under the leadership of the Provost, one of the key decision makers. This assignment also reflects the Provost's role as a chief operating officer for the University. Keeling Associates argued for this change in their report, and it is consistent with the practices identified in the CSU Senate's study of budget processes.
- **Role of the Academic Senate.** One of the major issues in budgeting at HSU has been the faculty's role in budgeting, and in particular the role of the Academic Senate as the faculty's representatives. This has informed some of the conversations about the composition of the University Budget Committee. Under its current configuration, the UBC is not a strong vehicle for communicating the voice of the Academic Senate.

The Academic Senate Finance Officer is on the UBC, but this representative will be one among many on the committee. Given the many voices on the UBC, this committee cannot serve as a platform for extensive Senate input. In recognition of the critical position of the faculty to the University, the President and the Provost should meet separately with the Academic Senate Executive Committee to get their input early in the budget process and to review the budget proposal.

- The budget calendar requires the Academic Senate to respond within two to three weeks of receiving the President and Provost’s proposal. This is consistent with the timeline that the UBC will work on.
- **Re-emphasize the role of line management.** In the discussion of the budget process, one group has been overlooked in some places—the President and Vice Presidents as a group and as individuals. The Vice Presidents are the key line managers in the institution, accountable for preparing budgets, seeing that finances are managed, and delivering results. It is important to recognize their role and authority as the key budget managers, and acknowledge the need for them to work together to coordinate resource use and programs.

While it may seem a small thing, the orientation materials for the UBC have a diagram representing the budget process that does not reflect the role of the Vice Presidents. The diagram shows each Vice President reporting individually to the UBC, which then forwards information to the President. This does not reflect the current process, where the President brings a proposal to the UBC for feedback. More importantly, it does not acknowledge the role of the Vice Presidents as a group—one budget timetable document indicated that they would meet every other week to put together the budget proposal. This is the appropriate forum for working out priorities between units, which will be a matter of negotiation as well as persuasion and analysis

- It is important that the Vice Presidents stick to the plan to meet as a group. The President’s proposal needs to be more than one person’s synthesis of a set of bi-lateral conversations if it is to have the quality of an institutional plan.
- **Changes in timeline.** If the UBC is to effectively play a role as a “think tank” on budget issues, several adjustments to the timeline are in order. The timeline laid out for this year is very reactive, primarily dedicated to receiving background information and then responding to the President’s proposal.

After the UBC gives its feedback on the budget proposal, it should have a meeting in the late Spring in which the committee identifies a few issues of budget policy and impact that it wants to address. These might include some of the kinds of issues the President has identified as potential topics for UBC investigation—e.g., whether previous cuts in Administration budgets have been counter-productive, or whether to fund an Office of Institutional Research—or issues raised by committee members, such as library funding. The committee should pick a major topic or two with high priority. The UBO and others would conduct background research and analysis over the Summer. When the committee reconvenes in the Fall, it would first receive an

update on the final budget for the new year, and then address the issues it identified in the Spring, working with background material prepared over the summer. The results of these conversations would be given to the President in the Fall as input for budget planning for the following year.

- A revised timeline is presented Appendix VI (page 36). It also reflects the fact that the UBC will not need the same kinds of orientation it received during its November meetings this year. For the most part the proposed timeline leaves in place the steps and timeline developed for December through April of this year.

4. Communications

- **Disciplined roll-out and preparation.** HSU has had various communications about the budget come out less than entirely successfully. This creates a cycle of frustration in which those communicating feel like their efforts create more confusion and the intended audiences feel deprived of real access to information. Some of this frustration is a function of communications basics.
 - When making presentations or issuing memos or other announcements, make sure they are reviewed before presentation or release by someone not involved with their preparation. Someone with fresh eyes needs to give input on how the material is likely to be understood by its audience, which is hard to know when one is in the thick of preparing the materials. For presentations, it is always desirable to do a dry run.
 - This sort of review is often a victim to tight timelines, but it is also a matter of discipline to work that review into the process.
 - When presenting material, do not assume that the audience remembers earlier material on the same subject. Take time to reiterate the main points of background, including the reasons for an action.
 - Prepare materials so they can be understood by people with a variety of comfort levels with the material. This often will require including material that recaps technical basics.
- **Pay attention to basic customer service standards in communications.** This includes making sure all phone calls and emails are returned in a timely manner. Each department should have standards on the amount of time between receipt of a message, acknowledgement, and substantial response.
- **Finance should meet with the budget analysts once a month.** This meeting should cover budget and accounting and should have representatives from both areas. There may be exceptions, but in general the divisional budget analysts should attend this meeting, not their supervisors—it is important that Budget and Accounting leadership staff establish strong working relationships with the analysts. It is also important that this meeting occur once a month, regularly. This will reduce the potential for lapses in follow up. The simple routine of meeting regularly means that issues raised will continue to receive attention, even as other demands on everyone’s time emerge.
- **Keep the UBC website up to date.** This appears to be happening.

- **Avoid instructions that subtly encourage gamesmanship.** There were several cases in which instructions to a group seemed structured in a way that would encourage gamesmanship. It is important that anyone making a request to a group in the budget process think through how a person might respond to the request and make sure it hasn't been phrased in a way that encourages partial response or defensive reactions.
- **The President and Provost need to communicate to the campus regularly** during the year on the budget. While it can be difficult to discuss the budget with the broad campus audience, it is important to do so. Lack of information is more disruptive than the potential confusion from trying to communicate. Comprehension grows as the messages build upon each other. Communication needs to occur around key points in budget cycle and the academic year—at the beginning of the year, recapping the previous year and reminding everyone of plans for the current year, an update on budget prospects as developments in Sacramento become clearer, and then later in the budget process to communicate the priorities and decisions made for the next year.

5. Various technical proposals

- Finance should develop **three standardized reports** on budget status and deliver them to users. Many reports are available through Hyperion, but that is not enough to establish a consistent culture of budget management. Not everyone is equally comfortable with the flexibility offered by a system like this. Providing a few set reports would make sure everyone has a starting point and give them assurance that they are covering the basics. Sending reports out to people provides a structure for financial management—the regular timing of these reports suggests a regular schedule for reviewing financial activity.

Two of these reports should mirror the old AM090 and AM091 reports, plus a payroll activity summary.

- **Systems**
 - Get all units on CMS, including auxiliaries and the university-related corporations. These units may still run their business on separate systems, but they need to feed data into CMS so that it can be integrated into reporting systems. If the University is going to take an all-funds view of its resources, it needs easier access to the data related to all sources.
 - Establish structures to manage and support Hyperion. Hyperion is a critical tool for reporting and budget management, but right now it does not have dedicated support staff or single custodian. HSU needs some structure to manage Hyperion, coordinate system developments, work with stakeholders, and communicate developments. This could be a committee or assigned staff—given budget constraints, forming a stakeholder committee may be the best solution.
- **Develop a policy on recharges.** Currently there are a large number of services that units recharge to other units, but there is not a system to regulate them. HSU does not

have very good information summarizing the recharges in place, the rates in place, and methodologies for establishing those rates. These recharges have the potential of undercutting budget decision-making by shifting resources outside of a process based on strategic priorities.

Prioritization of Recommendations

In general the priorities need to be:

- Planning: define the vision and funding tactics, test practicality, and then communicate this strategic model.
- Data: report on expense categories (extend them to budget development later), assemble multi-year information.

The following outline identifies whether each recommendation should be addressed in the Short (S), Medium (M), or Long-Term (L), or whether it is something that can be adopted immediately (I). This list also indicates those recommendations that appear to be underway.

| | |
|---|---------------|
| 1. Planning | |
| President and Vice Presidents develop strategic model | S |
| Make the case for investment | S |
| Prioritization process in other areas | S/M |
| Contingency plans | In process |
| Multi-year models | S |
| Revisit base budgets and link them to prioritization efforts | L |
| 2. Data and reports | |
| More on expenses | S |
| Assemble time series | S |
| Integrate information on one-time funds | S |
| Diagram funds flow | S/M |
| New and modified reports | S |
| Budget according to new expense categories | M (next year) |
| Generate ratios and statistics from standard reports | M\L |
| Define budget nomenclature | M |
| Analyze how HSU went from surpluses to deficits | M |
| Institutional Research: Create Office of IR | L |
| Institutional Research: Senior Management resolve data definitions | S |
| Institutional Research: OAA and UBO work together | I |
| 3. UBC charge and timeline | |
| Continue with current charge this year | In process |
| Emphasis on policy and process effectiveness | In process |
| Put UBC under the Provost's leadership next year | L |
| President and Provost meet with Academic Senate Executive Committee | M |
| Re-emphasize the role of line management | I |
| Changes in timeline | M |

| | |
|--|------------|
| 4. Communications | |
| Disciplined roll-out and preparation | S |
| Basic service standards | I |
| Meet regularly with budget analysts | I |
| Keep UBC website up to date | In process |
| Avoid instructions that encourage gamesmanship | I |
| President/Provost budget communications | M/L |
| 5. Technical proposals | |
| Three standardized reports for regular delivery | S/M |
| Systems: Get all units on CMS | L |
| Systems: Establish structures to manage and support Hyperion | L |
| Policy on recharges | M/L |

Appendices

I. List of People Consulted

II. Current Institution-Level Process Flow Chart

III. Proposed Revenue and Expense Categories

IV. Sample Funds Flow Diagram

V. Sample Reports

VI. Proposed UBC Timeline

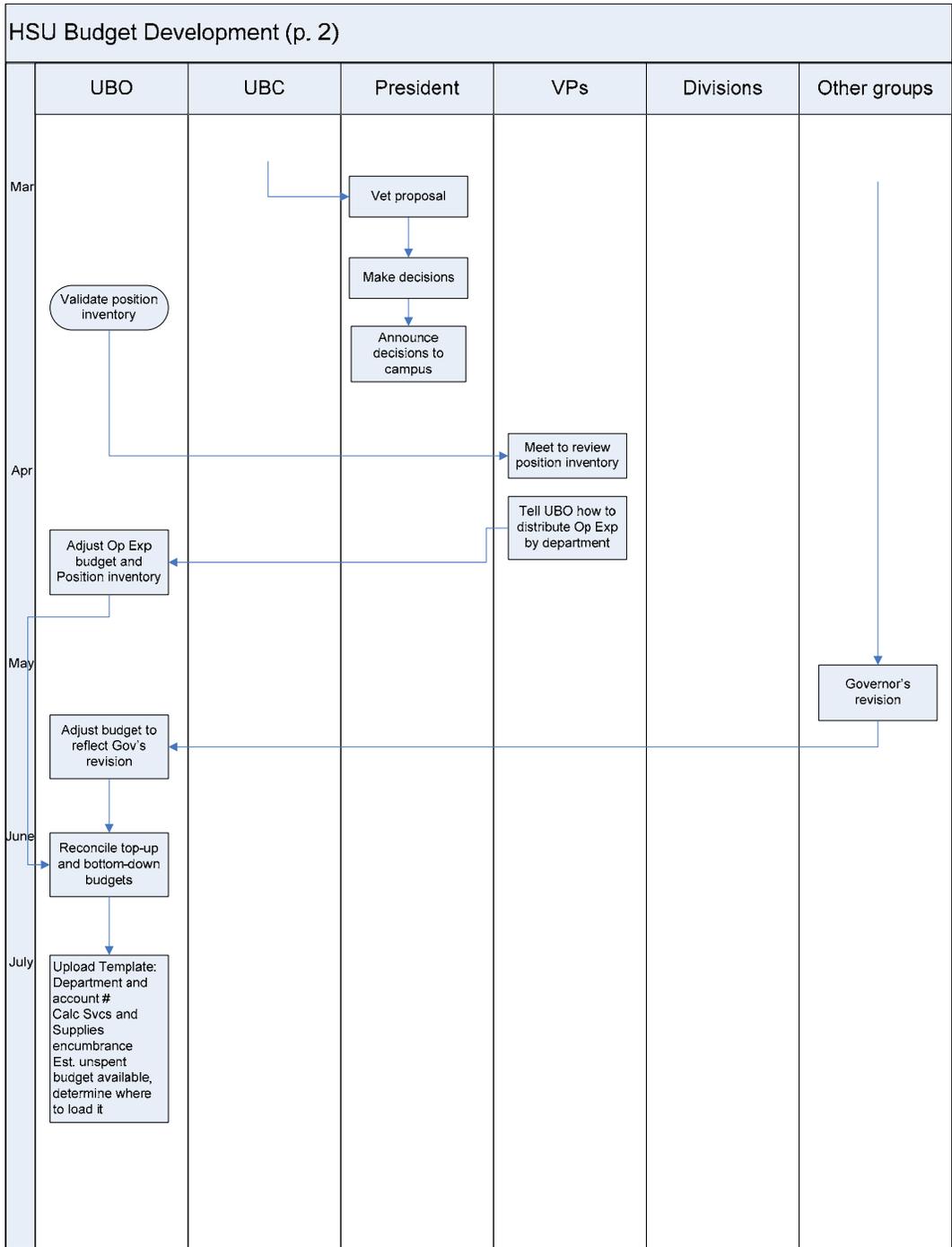
I. List of People Consulted

Kenneth Ayoob, Interim Dean, College of Arts, Humanities & Social Sciences
Amber Blakeslee, Administrative Analyst/Specialist, University Budget Office
Jená Burges, Vice Provost, Academic Programs and Undergraduate Studies/ WASC
Liaison
Steven Butler, Vice President for Student Affairs
Carl Coffey, Vice President for Administrative Affairs
Nick DeRuyter, ITS
Jon Filce, Research Analyst, Academic Affairs
Rob Gunsalus, Vice President for Advancement
Nancy Hurlbut, Interim Dean, College of Professional Studies
Nancy Kelly, Budget Analyst, Academic Affairs
Anna Kircher, Chief Information Officer
Lee Lindsey, University Budget Director
Linda Mortenson, Administrative Analyst/Specialist, University Budget Office
Ann Moore, Administrative Analyst, College of Arts, Humanities & Social Sciences
Sofia Pereira, President, Associated Students
Rollin Richmond, President
Steve Smith, Associate Dean, College of Natural Resources & Sciences
Robert Snyder, Interim Provost
Carol Terry, Associate Vice President for Business Services
Ray Wang, Interim Dean, University Library

Groups

Academic Senate Executive Committee
Ad Hoc Budget Review Committee
College and Division Budget Analysts
Deans (as a group)
University Executive Committee
University Budget Committee
Vice Presidents (as a group)

Campus Open Forum



III. Proposed Revenue and Expense Categories

Sources

State University Fees

Nonresident fees

Course fees, etc.

Subtotal fees

State Appropriation

Lottery funds

IRA

Other fees/receipts

Systemwide Allocation Transfers

Interest and investments

Grants and contracts

Other

Total in-year sources

Roll forwards and encumbrances

Total funding

Expenses

Faculty salaries

Permanent

Temporary

MPP salaries

Staff salaries

Other salaries

Benefits

Total compensation

Communications

Utilities

Travel

Capital Outlay Projects

Library acquisitions

Contractual services

Lease bond payments

Information Technology Costs

Services from Other Funds/Agencies

Equipment

Misc. Operating

Expenses

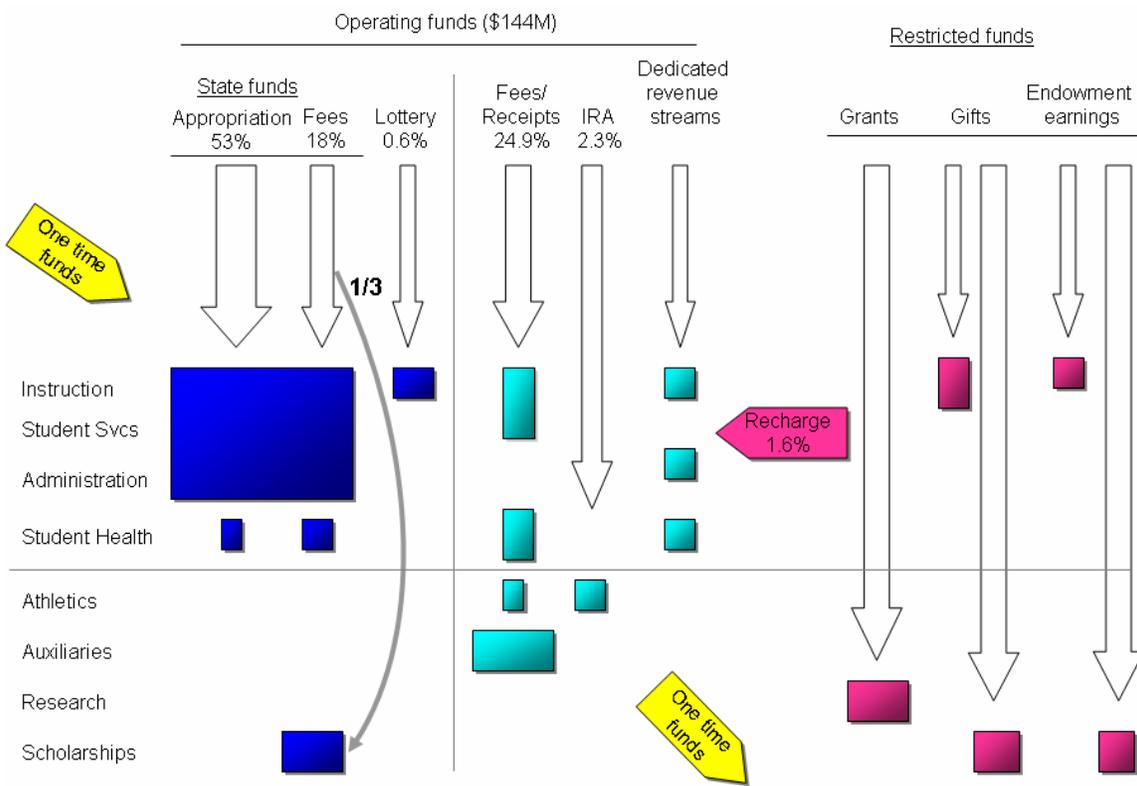
Financial aid

General University Obligations

Cost Recoveries

Total expense

IV. Sample Funds Flow Diagram



V. Sample Reports

| HSU All Funds Financial Summary | | | | | | | | | | |
|------------------------------------|-----------|----------------|---------|-----------------|-----------|---------------------------------|----------|------------|----------------------------|-------|
| 2008-09 Budget (\$M) | | | | | | | | | | |
| | | Operating Fund | | | | | | Restricted | | Total |
| | | State Funds | Lottery | Health Services | Athletics | Auxiliaries and Self-Supporting | Subtotal | Grants | Gifts and endowment payout | |
| Reserves -- starting balance | | | | | | | | | | |
| Current Year | | | | | | | | | | |
| Sources | | | | | | | | | | |
| State University Fees | | 22.4 | | | | | 22.4 | | | 22.4 |
| Nonresident fees | | 1.7 | | | | | 1.7 | | | 1.7 |
| Course fees, etc. | | 1.6 | | | | 0.8 | 2.4 | | | 2.4 |
| Subtotal fees | | 25.7 | 0 | 0 | 0 | 0.8 | 26.5 | 0 | 0 | 26.5 |
| State Appropriation | | 76.2 | | 0.1 | | | 76.3 | | | 76.3 |
| Lottery funds | | | 0.9 | | | | 0.9 | | | 0.9 |
| IRA | | | | | 3.1 | | 3.1 | | | 3.1 |
| Other fees/receipts | | | | 2.2 | 0.6 | 28.5 | 31.3 | | | 31.3 |
| Systemwide Allocation Transfers | | | | | | | 0 | | | 0 |
| Interest and investments | | | | | | 0.2 | 0.2 | | | 0.2 |
| Grants and contracts | | | | | | 0.1 | 0.1 | | | 0.1 |
| Other | | | | | | | 0 | | | 0 |
| Total revenue | | 101.9 | 0.9 | 2.3 | 3.7 | 29.6 | 138.4 | 0 | 0 | 138.4 |
| Roll forwards and encumbrances | | | | | | | 0 | | | 0 |
| Total funding | | 101.9 | 0.9 | 2.3 | 3.7 | 29.6 | 138.4 | 0 | 0 | 138.4 |
| Expenses | | | | | | | | | | |
| Faculty salaries | Permanent | 25 | | | | | 25 | | | 25 |
| | Temporary | 11 | | | | | 11 | | | 11 |
| MPP salaries | | 8 | | 0.4 | 0.4 | 2.1 | 10.9 | | | 10.9 |
| Staff salaries | | 16 | | 1.2 | 1.4 | 7.5 | 26.1 | | | 26.1 |
| Other salaries | | 3 | | | | 1.2 | 4.2 | | | 4.2 |
| Benefits | | 15 | | 0.3 | 0.4 | | 15.7 | | | 15.7 |
| Total compensation | | 78 | 0 | 1.9 | 2.2 | 10.8 | 92.9 | 0 | 0 | 92.9 |
| Communications | | 1.5 | | 0.05 | 0.05 | 0.5 | 2.1 | | | 2.1 |
| Utilities | | 5.5 | | | 0.2 | 1.75 | 7.45 | | | 7.45 |
| Travel | | 1.5 | | | 0.05 | 0.05 | 1.6 | | | 1.6 |
| Capital Outlay Projects | | 3 | | | | 1.6 | 4.6 | | | 4.6 |
| Library acquisitions | | 0.75 | | | | 0 | 0.75 | | | 0.75 |
| Contractual services | | 3 | | 0.05 | 0.1 | 6.3 | 9.45 | | | 9.45 |
| Lease bond payments | | 1 | | | | 0 | 1 | | | 1 |
| Information Technology Costs | | 1.4 | | | | 0.85 | 2.25 | | | 2.25 |
| Services from Other Funds/Agencies | | 0.25 | | | | 0 | 0.25 | | | 0.25 |
| Equipment | | 2 | | 0.05 | | 1.1 | 3.15 | | | 3.15 |
| Misc. Operating Expenses | | 0.8 | 0.9 | 0.25 | 0.3 | 5.55 | 7.8 | | | 7.8 |
| Financial aid | | 4 | | | 0.8 | | 4.8 | | | 4.8 |
| General University Obligations | | | | | | | 0 | | | 0 |
| Cost Recoveries | | | | | | | 0 | | | 0 |
| Total expense | | 102.7 | 0.9 | 2.3 | 3.7 | 28.5 | 138.1 | 0 | 0 | 138.1 |
| Net | | -0.8 | 0 | 0 | 0 | 1.1 | 0.3 | 0 | 0 | 0.3 |
| Reserves -- ending balance | | | | | | | | | | |

| Auxiliary Organizations and Enterprises | | | | | | | | | |
|---|-----------------------|---------|---------|--|-------------------------|---------------------|-------------------|------------------------|-------|
| 2008-09 Budget (\$M) | | | | | | | | | |
| | Auxiliary Enterprises | | | | Auxiliary Organizations | | | | Total |
| | Extended Education | Housing | Parking | | Sponsored Programs Fdtn | Associated Students | University Center | Advancement Foundation | |
| Reserves -- starting balance | | | | | | | | | |
| Current Year | | | | | | | | | |
| Revenues | | | | | | | | | |
| State University Fees | | | | | | | | | 0 |
| Nonresident fees | | | | | | | | | 0 |
| Course fees, etc. | | | | | | 0.8 | | | 0.8 |
| Subtotal fees | 0 | 0 | 0 | | 0 | 0.8 | 0 | 0 | 0.8 |
| State Appropriation | | | | | | | | | 0 |
| Lottery funds | | | | | | | | | 0 |
| IRA | | | | | | | | | 0 |
| Other fees/receipts | 1.9 | 8.3 | 1 | | 1 | | 16 | 0.3 | 28.5 |
| Systemwide Allocation Transfers | | | | | | | | | 0 |
| Interest and investments | 0.1 | | | | 0.1 | | | | 0.2 |
| Grants and contracts | 0.1 | | | | | | | | 0.1 |
| Other | | | | | | | | | 0 |
| Total revenue | 2.1 | 8.3 | 1 | | 1.1 | 0.8 | 16 | 0.3 | 29.6 |
| Roll forwards and encumbrances | | | | | | | | | 0 |
| Total funding | 2.1 | 8.3 | 1 | | 1.1 | 0.8 | 16 | 0.3 | 29.6 |
| Expenses | | | | | | | | | |
| Faculty salaries | | | | | | | | | 0 |
| | Permanent | | | | | | | | |
| | Temporary | | | | | | | | |
| MPP salaries | 0.3 | 0.55 | 0.05 | | 0.2 | | 0.5 | 0.5 | 2.1 |
| Staff salaries | 0.7 | 2.1 | 0.15 | | 0.3 | | 3.25 | 1 | 7.5 |
| Other salaries | | | | | | | | | 0 |
| Benefits | 0.2 | 0.75 | 0.1 | | 0.2 | | 1.25 | 0.5 | 3 |
| Total compensation | 1.2 | 3.4 | 0.3 | | 0.7 | | 5 | 0.2 | 10.8 |
| Communications | | | | | | | 0.5 | | 0.5 |
| Utilities | | 0.75 | | | | | 1 | | 1.75 |
| Travel | | | | | 0.05 | | | | 0.05 |
| Capital Outlay Projects | | 0.5 | 0.1 | | | | 1 | | 1.6 |
| Library acquisitions | | | | | | | | | 0 |
| Contractual services | 0.2 | 2 | | | 0.1 | | 4 | | 6.3 |
| Lease bond payments | | | | | | | | | 0 |
| Information Technology Costs | | 0.25 | 0.1 | | | | 0.5 | | 0.85 |
| Services from Other Funds/Agencies | | | | | | | | | 0 |
| Equipment | 0.1 | | | | | | 1 | | 1.1 |
| Misc. Operating Expenses | 0.6 | 0.5 | 0.5 | | 0.25 | 0.8 | 2.8 | 0.1 | 5.55 |
| Financial aid | | | | | | | | | 0 |
| General University Obligations | | | | | | | | | 0 |
| Cost Recoveries | | | | | | | | | 0 |
| Total expense | 2.1 | 7.4 | 1 | | 1.1 | 0.8 | 15.8 | 0.3 | 28.5 |
| Net | 0 | 0.9 | 0 | | 0 | 0 | 0.2 | 0 | 1.1 |
| Reserves -- ending balance | | | | | | | | | |

| HSU Academic Affairs All Funds Financial Summary | | | | | | | |
|--|-----------|----------------|---------|----------|------------|----------------------------|-------|
| 2008-09 Budget (\$M) | | | | | | | |
| | | Operating Fund | | | Restricted | | Total |
| | | State Funds | Lottery | Subtotal | Grants | Gifts and endowment payout | |
| Reserves -- starting balance | | | | | | | |
| Current Year | | | | | | | |
| Revenues | | | | | | | |
| Allocation of state funds | | 57.1 | 0 | 57.1 | | | 57.1 |
| Course fees, etc. | | 5 | | 5 | | | 5 |
| Lottery funds | | | 0.9 | 0.9 | | | 0.9 |
| IRA | | | | 0 | | | 0 |
| Other fees/receipts | | | | 0 | | | 0 |
| Systemwide Allocation Transfers | | | | 0 | | | 0 |
| Interest and investments | | | | 0 | | | 0 |
| Grants and contracts | | | | 0 | | | 0 |
| Other | | | | 0 | | | 0 |
| Total revenue | | 62.1 | 0.9 | 63 | 0 | 0 | 63 |
| Roll forwards and encumbrances | | | | 0 | | | 0 |
| Total funding | | 62.1 | 0.9 | 63 | 0 | 0 | 63 |
| Expenses | | | | | | | |
| Faculty salaries | Permanent | 25 | | 25 | | | 25 |
| | Temporary | 11 | | 11 | | | 11 |
| MPP salaries | | 2 | | 2 | | | 2 |
| Staff salaries | | 3 | | 3 | | | 3 |
| Other salaries | | 1 | | 1 | | | 1 |
| Benefits | | 10 | | 10 | | | 10 |
| Total compensation | | 52 | 0 | 52 | 0 | 0 | 52 |
| Communications | | 2 | | 2 | | | 2 |
| Utilities | | | | 0 | | | 0 |
| Travel | | 1 | | 1 | | | 1 |
| Capital Outlay Projects | | | | 0 | | | 0 |
| Library acquisitions | | 0.75 | | 0.75 | | | 0.75 |
| Contractual services | | 1 | | 1 | | | 1 |
| Lease bond payments | | | | 0 | | | 0 |
| Information Technology Costs | | 1.1 | | 1.1 | | | 1.1 |
| Services from Other Funds/Agencies | | | | 0 | | | 0 |
| Equipment | | 1.25 | | 1.25 | | | 1.25 |
| Misc. Operating Expenses | | 3 | 0.9 | 3.9 | | | 3.9 |
| Financial aid | | | | 0 | | | 0 |
| General University Obligations | | | | | | | 0 |
| Cost Recoveries | | | | 0 | | | 0 |
| Total expense | | 62.1 | 0.9 | 63 | 0 | 0 | 63 |
| Net | | 0 | 0 | 0 | 0 | 0 | 0 |
| Reserves -- ending balance | | | | | | | |

| Operating Fund Monthly Report | | | | | | | | |
|------------------------------------|-----------|-----------------|----------------|---------------|-------------|-------------|----------|-------------------|
| Monthly Report Template | | | | | | | | |
| | | Original Budget | Revised Budget | Current Month | YTD Actuals | Encumbrance | Balances | % of Budget Spent |
| State University Fees | | | | | | | | |
| Nonresident fees | | | | | | | | |
| Course fees, etc. | | | | | | | | |
| Subtotal fees | | 0 | 0 | 0 | 0 | | 0 | |
| State Appropriation | | | | | | | | |
| Lottery funds | | | | | | | | |
| IRA | | | | | | | | |
| Other fees/receipts | | | | | | | | |
| Systemwide Allocation Transfers | | | | | | | | |
| Interest and investments | | | | | | | | |
| Grants and contracts | | | | | | | | |
| Other | | | | | | | | |
| Total revenue | | 0 | 0 | 0 | 0 | | 0 | |
| Roll forwards and encumbrances | | | | | | | | |
| Total funding | | 0 | 0 | 0 | 0 | | 0 | |
| Faculty salaries | Permanent | | | | | | | |
| | Temporary | | | | | | | |
| MPP salaries | | | | | | | | |
| Staff salaries | | | | | | | | |
| Other salaries | | | | | | | | |
| Benefits | | | | | | | | |
| Total compensation | | 0 | 0 | 0 | 0 | 0 | 0 | |
| Communications | | | | | | | | |
| Utilities | | | | | | | | |
| Travel | | | | | | | | |
| Capital Outlay Projects | | | | | | | | |
| Library acquisitions | | | | | | | | |
| Contractual services | | | | | | | | |
| Lease bond payments | | | | | | | | |
| Information Technology Costs | | | | | | | | |
| Services from Other Funds/Agencies | | | | | | | | |
| Equipment | | | | | | | | |
| Misc. Operating Expenses | | | | | | | | |
| Financial aid | | | | | | | | |
| General University Obligations | | | | | | | | |
| Cost Recoveries | | | | | | | | |
| Total expense | | 0 | 0 | 0 | 0 | 0 | 0 | |
| Net | | 0 | 0 | 0 | 0 | | 0 | |

| HSU Operating Funds | | | | | | | | |
|------------------------------------|-----------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|
| Five-Year History (\$M) | | Actuals | | | | Budget | | |
| | | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | Change | Percent |
| State University Fees | | 20 | 19.8 | 21.2 | 21.9 | 22.4 | 2.4 | 12% |
| Nonresident fees | | 1 | 1.2 | 1.4 | 1.6 | 1.7 | 0.7 | 70% |
| Course fees, etc. | | 1.8 | 1.9 | 2 | 2.3 | 2.4 | 0.6 | 33% |
| Subtotal fees | | 22.8 | 22.9 | 24.6 | 25.8 | 26.5 | 3.7 | 16% |
| State Appropriation | | 70.1 | 71.1 | 73.1 | 74.1 | 76.3 | 6.2 | 9% |
| Lottery funds | | 0.7 | 0.7 | 0.8 | 0.9 | 0.9 | 0.2 | 29% |
| IRA | | 2.5 | 2.7 | 2.8 | 3 | 3.1 | 0.6 | 24% |
| Other fees/receipts | | 28.2 | 29.2 | 29.5 | 30 | 31.3 | 3.1 | 11% |
| Systemwide Allocation Transfers | | | | | | | | |
| Interest and investments | | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 | 0.1 | 100% |
| Grants and contracts | | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0 | 0% |
| Other | | 0 | 0 | 0 | 0 | 0 | 0 | |
| Total revenue | | 124.5 | 126.8 | 131.1 | 134.1 | 138.4 | 13.9 | 11% |
| Roll forwards and encumbrances | | 0 | 0 | 0 | 0 | 0 | | |
| Total funding | | 124.5 | 126.8 | 131.1 | 134.1 | 138.4 | 13.9 | 11% |
| Faculty salaries | Permanent | 23 | 22 | 23 | 24 | 25 | 2 | 9% |
| | Temporary | 11 | 12 | 13 | 12 | 11 | 0 | 0% |
| MPP salaries | | 9.8 | 9.9 | 9.8 | 10.7 | 10.9 | 1.1 | 11% |
| Staff salaries | | 23.8 | 24.4 | 23.8 | 25.8 | 26.1 | 2.3 | 10% |
| Other salaries | | 3.8 | 4.2 | 3.8 | 4.2 | 4.2 | 0.4 | 11% |
| Benefits | | 14.6 | 14.9 | 14.6 | 15.3 | 15.7 | 1.1 | 8% |
| Total compensation | | 86 | 87.4 | 88 | 92 | 92.9 | 6.9 | 8% |
| Communications | | 1.8 | 1.8 | 2 | 2 | 2.1 | 0.3 | 17% |
| Utilities | | 7.4 | 7.3 | 7.9 | 6.9 | 7.45 | 0.05 | 1% |
| Travel | | 1.1 | 1.2 | 1.1 | 1.4 | 1.6 | 0.5 | 45% |
| Capital Outlay Projects | | 4.2 | 4.1 | 4.3 | 4.4 | 4.6 | 0.4 | 10% |
| Library acquisitions | | 1 | 0.75 | 0.8 | 0.7 | 0.75 | -0.25 | -25% |
| Contractual services | | 9.2 | 9.3 | 9.1 | 9.2 | 9.45 | 0.25 | 3% |
| Lease bond payments | | 0.8 | 1 | 0.9 | 0.9 | 1 | 0.2 | 25% |
| Information Technology Costs | | 2.05 | 2.1 | 2.3 | 2.3 | 2.25 | 0.2 | 10% |
| Services from Other Funds/Agencies | | 0.2 | 0.25 | 0.2 | 0.2 | 0.25 | 0.05 | 25% |
| Equipment | | 2.65 | 3.1 | 3.2 | 3.1 | 3.15 | 0.5 | 19% |
| Misc. Operating Expenses | | 3 | 5.3 | 7 | 6.8 | 7.8 | 4.8 | 160% |
| Financial aid | | 4.4 | 4.5 | 4.6 | 4.7 | 4.8 | 0.4 | 9% |
| General University Obligations | | | | | | 0 | | |
| Cost Recoveries | | | | | | 0 | | |
| Total expense | | 123.8 | 128.1 | 131.4 | 134.6 | 138.1 | 14.3 | 12% |
| Net | | 0.7 | -1.3 | -0.3 | -0.5 | 0.3 | -0.4 | -57% |
| Enrollment | | | | | | | | |
| Undergraduate | | 6,529 | 6,395 | 6,466 | 6,760 | 6,869 | | |
| Graduate | | 1,021 | 1,067 | 969 | 1,013 | 931 | | |
| Total | | 7,550 | 7,462 | 7,435 | 7,773 | 7,800 | | |
| Faculty (FTE or FTF?) | | | | | 518 | | | |
| Student:Faculty ratio | | | | | | | | |
| Staff | | | | | | | | |
| Gross SF | | | | | | | | |

| HSU State Funds | | | | | | | | | |
|------------------------------------|-----------|----------------|----------------|----------------|----------------|----------------|---------------|----------------|--|
| Five-Year History (\$M) | | | | | | | | | |
| | | Actuals | | | | Budget | | | |
| | | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | Change | Percent | |
| State University Fees | | 20 | 19.8 | 21.2 | 21.9 | 22.4 | 2.4 | 12% | |
| Nonresident fees | | 1 | 1.2 | 1.4 | 1.6 | 1.7 | 0.7 | 70% | |
| Course fees, etc. | | 1 | 1.1 | 1.2 | 1.3 | 1.6 | 0.6 | 60% | |
| Subtotal fees | | 22 | 22.1 | 23.8 | 24.8 | 25.7 | 3.7 | 17% | |
| State Appropriation | | 70 | 71 | 73 | 74 | 76.2 | 6.2 | 9% | |
| Lottery funds | | | | | | | | | |
| IRA | | | | | | | | | |
| Other fees/receipts | | | | | | | | | |
| Systemwide Allocation Transfers | | | | | | | | | |
| Interest and investments | | | | | | | | | |
| Grants and contracts | | | | | | | | | |
| Other | | | | | | | | | |
| Total revenue | | 92 | 93.1 | 96.8 | 98.8 | 101.9 | 9.9 | 11% | |
| Roll forwards and encumbrances | | | | | | | | | |
| Total funding | | 92 | 93.1 | 96.8 | 98.8 | 101.9 | 9.9 | 11% | |
| Faculty salaries | Permanent | 23 | 22 | 23 | 24 | 25 | 2 | 9% | |
| | Temporary | 11 | 12 | 13 | 12 | 11 | 0 | 0% | |
| MPP salaries | | 7 | 7 | 8 | 8 | 8 | 1 | 14% | |
| Staff salaries | | 14 | 15 | 14 | 15 | 16 | 2 | 14% | |
| Other salaries | | 2 | 3 | 2 | 2 | 3 | 1 | 50% | |
| Benefits | | 13 | 13 | 13 | 14 | 15 | 2 | 15% | |
| Total compensation | | 70 | 72 | 73 | 75 | 78 | 8 | 11% | |
| Communications | | 1 | 1.3 | 1.4 | 1.4 | 1.5 | 0.5 | 50% | |
| Utilities | | 4.9 | 4.7 | 5.1 | 5.2 | 5.5 | 0.6 | 12% | |
| Travel | | 1.6 | 1.4 | 1.3 | 1.2 | 1.5 | -0.1 | -6% | |
| Capital Outlay Projects | | 1.9 | 2.5 | 2.6 | 2.7 | 3 | 1.1 | 58% | |
| Library acquisitions | | 1 | 0.5 | 0.7 | 0.75 | 0.75 | -0.25 | -25% | |
| Contractual services | | 2.5 | 2.8 | 3 | 3 | 3 | 0.5 | 20% | |
| Lease bond payments | | 0.8 | 0.8 | 0.9 | 1 | 1 | 0.2 | 25% | |
| Information Technology Costs | | 1.3 | 1.1 | 1.2 | 1.2 | 1.4 | 0.1 | 8% | |
| Services from Other Funds/Agencies | | 0.2 | 0.2 | 0.2 | 0.25 | 0.25 | 0.05 | 25% | |
| Equipment | | 1.8 | 2 | 1.9 | 2.2 | 2 | 0.2 | 11% | |
| Misc. Operating Expenses | | 0.5 | 0.6 | 0.7 | 0.6 | 0.8 | 0.3 | 60% | |
| Financial aid | | 3.5 | 3.6 | 3.7 | 3.9 | 4 | 0.5 | 14% | |
| General University Obligations | | | | | | | | | |
| Cost Recoveries | | | | | | | | | |
| Total expense | | 91 | 93.5 | 95.7 | 98.4 | 102.7 | 11.7 | 13% | |
| Net | | 1 | -0.4 | 1.1 | 0.4 | -0.8 | -1.8 | -180% | |
| Enrollment | | | | | | | | | |
| Undergraduate | | 6,529 | 6,395 | 6,466 | 6,760 | 6,869 | | | |
| Graduate | | 1,021 | 1,067 | 969 | 1,013 | 931 | | | |
| Total | | 7,550 | 7,462 | 7,435 | 7,773 | 7,800 | | | |
| Faculty (FTE or FTF?) | | | | | 518 | | | | |
| Student:Faculty ratio | | | | | | | | | |
| Staff | | | | | | | | | |
| Gross SF | | | | | | | | | |

VI. Proposed UBC Timeline

Items in italics are unchanged from current timeline

May

- Orient new members
- Identify longer term budget issues to address
 - Could be process, policy, or strategy
 - UBO work on over the summer

Summer

- UBO and Institutional Data work on analysis

September

- Update on current budget from President and UBO

October

- Discuss longer term budget issues, provide feedback to President or others
- Assess issues of strategic alignment of budget decisions and outcomes with plans, priorities and visions, provide feedback
- President and Provost meet with Academic Senate

November

- Receive update on current outlook for coming year

November/December

- Discuss approach to current year budgeting, provide feedback to President or others
- Review Budget Book
- *Report from Enrollment Management*

January

- *Review comments on divisional use of new funding initiatives*
- *Review quarterly reports*
- *Briefing with President and Vice Presidents on proposal*
- *Finalize decision process*

February

- *Meet weekly*
- *Open forum on divisional impacts*
- *Prioritize proposals*
- *Make recommendations to President*

March

- *Meet with President to review his decisions*

April

- *Review quarterly reports*
- *Review process and make recommendations if needed*