COMMITTEE ON BUDGET AND RESOURCE ALLOCATION

2017-18 COBRA 5
April 25, 2018

TO: The Academic Senate

FROM: The Committee on Budget and Resource Allocation (COBRA)

SUBJECT: 17-18 COBRA 5: Academic Affairs Budget Report

PURPOSE: For Information to the Academic Senate

Background

Dr. Edward Inch, Provost and VP, Academic Affairs attended COBRA and presented Academic Affairs Budget to COBRA on April 11, 2018. COBRA 5 presents a summary of the presentation on the Academic Affairs Budget at CSUEB and the discussions at COBRA. Provost Inch’s PPT presentation is included in attachment A.

Action Requested:
For Information to the Academic Senate.
Dr. Edward Inch, Provost and VP – Academic Affairs attended COBRA and presented the preliminary 2018-19 Academic Affairs Budget to COBRA on April 11, 2018. COBRA 5 is a summary of the presentation on the Academic Affairs Budget at CSUEB and the discussions at COBRA. Provost Inch’s PPT presentation is included in attachment A.

I. Preliminary 2018-19 Budget
   a. AA Budget Assumptions

Academic Affairs Budget Assumptions include:

- **Capacity is primary goal**
  - Students will have the classes they need.

- **Division is not allowed to run a deficit.**
  - College Deans are asked to keep a 3% reserve, in case they need to open new sections.
  - For this planning process, Provost does not want any college reserve to exceed 5%. If the college surplus exceeds 5%, the college needs to provide a spend-down plan that includes what they are targeting that money for, or it will need to go back to AA central budget. Provost does not want a budget outlier requiring us to explain to executives and the state government.

- **Pencil is for planning only.**
  - This is not a final budget, just a planning document based on the Governor’s January budget announcement. This provides the Deans enough information to make good decisions now until we get the May revise.

- **Begin with the worst-case scenario.**

- **Based on the CSU budget increase of $92.1M.**
  - This is currently in the Governor’s budget.

- **History is a good predictor.**
  - AA used a three-year running average to estimate the cost on what does it cost to educate a student at each of our colleges. This is a broad based estimate for each college assuming the mix of courses will be similar at each college from year to year.

<table>
<thead>
<tr>
<th>Description</th>
<th>FY 2017-18</th>
<th>FY 2018-19</th>
<th>Difference</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOTAL</td>
<td>68,263,625</td>
<td>66,199,964</td>
<td>(2,063,688)</td>
<td>(3.02%)</td>
</tr>
<tr>
<td>- Base</td>
<td>63,857,831</td>
<td>62,899,964</td>
<td>(957,867)</td>
<td>(1.50%)</td>
</tr>
<tr>
<td>- One-Time</td>
<td>4,405,821</td>
<td>3,300,000</td>
<td>(1,105,821)</td>
<td>(25.10%)</td>
</tr>
<tr>
<td>FTES</td>
<td>13,369</td>
<td>13,023</td>
<td>(346)</td>
<td>(2.59%)</td>
</tr>
</tbody>
</table>

The total AA budget for the fiscal year of 2017-18 is $68,263,625, which consists of a base budget of $63,857,831 and the use of one-time budget of $4,405,821. The budget for fiscal year 2018-19 is $66,199,964, which consists of a base budget of $62,899,964 and the use of one-time budget of $3,300,000. The 2018-19 budget is $2,063,688 (3.02%) lower than the 2017-18 budget. The significant reduction is the source of one-time budget, which is $1,105,821 (25.1%) less than the amount in the 2017-18 budget.
The FTES for 2017-18 is 13,369 and the FTES for 2018-19 is 13,023, 346 less than 2017-18. This is an estimated 2.59% reduction in FTES. Since the predicted number of FTES for 2018-19 is 2.59% lower than 2017-18. This will mean a reduction of the budget of approximately $2.1M for 2018-19.

Table 2 – Pencil Budget Allocations
Based in Table 2, AA’s budget allocations for 2018-19 are as follows: $53,663,631 to Colleges, $3,305,561 to the library, $2,988,146 to APS, 5,637,523 to other AA functions and $805,102 to Reserve (1.2%). The budget reduction in 2018-19 compared to 2017-18 for Colleges are $2,227,651 (4%), for Library 155,759 (4.5%), for APS 157,271 (5%), for OAA 328,109 (5.5%). The budget reductions are spread among different AA units, ranging from -4% to -5.5%.

b. The Pencil to the Pen

As stated above, this initial planning is “pencil to pen.” In order to help develop and refine ideas on how best to achieve Academic Affairs’ goals as we wait for the following budget information.

May: State budget revise, budget calls to Deans
July: System budget distribution
August: August: Campus distribution
September: College distributions
NOTE: The pencil budget is refined as budget information becomes available.

If there are no changes and the $92.1M is the increase, we will deplete our reserves next year to cover educating our students.

If we do better than the $92.1M, we will begin planning a more sustainable budget process that includes reserves.

CSUEB is hoping that during the budget revise process that the legislature will infuse an additional $102.1M into the CSU budget. That additional $10M would make a big difference (this was cut by the Governor). The Legislature is looking at increasing the CSU budget. If the legislature adds $100M, that would allow us to do more for our students, developing advising centers, etc. This will help us erase a big chunk of our current deficit.

It was noted that this is really a bare-bones approach, each student has a seat in class. Budget is cost per FTES x #FTES target. There will be a call to colleges to plan what they need for salary, hires, etc. The number of FTES for each college is negotiated with each college (programs, forecasting, ask for data that supports each dean’s request for more).

This year that there will be ten new tenure-track faculty positions allocated for 2018-19, plus this academic year searches carried forward. This number was determined by the President’s risk
tolerance - how much risk the president is prepared to take on by looking at expected retirements for the following year, historic ratios of recapture.

c. Concerns & Initiatives

Concerns:

- Dependency on One time funds
- Sustainable budget model
- Budget capacity and accountability
  - need to rethink “hoarding” mentality;
- Diversification of consistency, reliable revenues sources
  - cannot rely on state fund; how to support changes in workforce; how can struggling programs be retooled to be successful; Finance Committee under Enrollment Management is supposed to help and would like COBRA and CAPR reps to contribute; long term grant orgs or self-support; endowed funds
- Faculty Workload
- Facility

Initiatives

- Strategic enrollment management
  - how we recruit, how we manage our student enrollment
  - need to review in a very transparent way
- Creating flexibility to support faculty research – workload
- Decreasing student access barriers
  - Transportation
  - Educational resources
  - Technology (Stretching out the calendar in semesters, how do our students come and go; affordable textbooks)

It was noted that there exists a mythology that there is no incentive to go self-support due to high overhead percentage for self-support program. But there are some colleges that do very well in self support programs (Business, Science) depending upon how and what we design the program to be.
A2E2 Overview

The A2E2 fee was voted in by students who agreed to pay an extra fee to accomplish these goals.

Goals

- Retention and success
- Innovative high impact assessable programs
- Workforce development through use of technology
- Enhanced classroom resources
- Electronic platform-based educational learning materials

Three Components

1. Enhanced Student Learning and Success (Implemented)
2. Electronic-text and Rental Services (not implemented)
3. Electronic Devices (Not implemented)

Component 1 – Resource History

Table 3

<table>
<thead>
<tr>
<th>Description</th>
<th>2014-15</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available</td>
<td>4,755,100</td>
<td>4,871,466</td>
<td>3,845,841</td>
<td>3,900,635</td>
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<tr>
<td>Expended</td>
<td>2,980,072</td>
<td>4,465,746</td>
<td>3,921,213</td>
<td>2,047,053</td>
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<tr>
<td>Clickers</td>
<td>61,279</td>
<td>75,104</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ECL</td>
<td>145,436</td>
<td>263,070</td>
<td>178,360</td>
<td>175,253</td>
</tr>
<tr>
<td>EIRA</td>
<td>727,394</td>
<td>800,657</td>
<td>727,500</td>
<td>390,665</td>
</tr>
<tr>
<td>IREE</td>
<td>491,104</td>
<td>1,466,499</td>
<td>904,898</td>
<td>180,070</td>
</tr>
<tr>
<td>UAP</td>
<td>1,515,815</td>
<td>1,813,182</td>
<td>1,984,435</td>
<td>1,273,225</td>
</tr>
<tr>
<td>General**</td>
<td>39,044</td>
<td>47,234</td>
<td>126,020</td>
<td>27,840</td>
</tr>
<tr>
<td>Remaining</td>
<td>1,775,029</td>
<td>405,719</td>
<td>(75,371)</td>
<td>1,853,582</td>
</tr>
</tbody>
</table>

% Used 63% 92% 102% 52%

Table 3 shows the amount of A2E2 funds available for 2014-15 to 2017-18 and the amount expended from 2014-15 to 2017-18 on clickers, ECL, EIRA, IREE, UAP and General. The percentage of funds used were 63% for 2014-15, 92% for 2015-16, 102% for 2016-17 and 52% for 2017-18. The amount remaining at the end of 2017-18 will be $1,853,582.

Component 2 – Status

- Access issues
- Library OER (open education resources) initiative
• Development models
  o Bookstore
  o Library

Component 3 - Status

• Access issues
• Pilot design
  o Vendor discounts and leasing options
  o Campus discounts using savings from other programs (UAP, salary)
  o Open access loan program
  o am

Component 3 – Tentative

• Projected available - $3.5M + Carry Forward
• Projected Allocations
  o ECL/EIRA = $1.1M
  o UAP = $1.1M* (reflects that permanent base-line salaries have been moved to EB001)
  o IREE = $400K
  o Learning Device = $500K
  o To be distributed = $400K