TO: The Academic Senate
FROM: Committee on Budget and Resource Allocation (COBRA)
SUBJECT: Recommendations to the President for 2006-07 Budget Allocations
PURPOSE: Information Item to the Senate

ACTION REQUESTED: Acceptance of the report below, which was finalized and given to the President after the final Senate meeting last year

CALIFORNIA STATE UNIVERSITY, EAST BAY
DATE: May 26, 2006
TO: Norma Rees, President
FROM: Committee on Budget and Resource Allocation
SUBJECT: Recommendations for 2006-07 Budget Allocations

Background
We base our recommendations on information received throughout the year (described in COBRA 3 and COBRA 5) and on additional presentations made by the vice presidents at the May 24\textsuperscript{th} Budget Advisory Committee meeting. We are assuming here that CSUEB will be held to an approximate $2.5M payback (cut) for failing to achieve the 2006/2007 FTES target, but acknowledge that the state budget is not finalized and that the payback would be smaller were FTES to grow more. Recognizing this, we exhort the faculty and staff to do everything in their power to attract students to CSUEB.

Before beginning our recommendations we repeat our earlier finding: CSUEB’s budget woes are the result of persistent under funding by the state. There is no evidence that a satisfactory solution can be found by shifting budgets within the institution or by increased efficiency. We may certainly find opportunities for improvement, but we are too lean to expect to be able to continue to do significantly more and significantly better with significantly less. Funding per student has been shrinking while educational costs have been rising, as documented in COBRA’s mid-year and year-end reports. While increasing FTES, if possible in a region with shrinking high school and junior college populations, may ultimately bring some relief through economies of scale, this is not a long term solution, as evident from the also-difficult financial conditions of our more populous sister institutions.
2006/2007 Budget Recommendations

We begin our recommendations by reaffirming our midyear assessment (COBRA 3) that if a substantial payback is imposed, it can only be funded out of Academic Affairs, and primarily from the instructional budget. There are two main reasons for this. First, instruction, as it should, commands the lion’s share of the university’s budget. Second, the history of extreme cuts to Administration and Business Affairs and Student Affairs (~25% each over the past 5 years) have undermined critical university functions and present very substantial financial risks, described in COBRA 3 and in the 05/06 Year-end Report of COBRA to the Senate.¹ The budget of the only other division, University Advancement, is too small to absorb a large cut and, while not recommending an increase in funding for UA in 06/07, we do recognize Advancement’s success is bringing in funding and do not want to disable it.

At the same time, we are dismayed to recommend cuts to instructional units. We recognize a potential FTES risk in doing so. We also recognize that the faculty is already overworked and underpaid. This is clearly indicated by the still-growing CPEC gap, which is projected to reach 18% in 06/07, and tripled from 01/02 to 05/06.² Cuts to instructional budgets are likely to exacerbate this. We recall that we are forced to turn to the instructional budget for the payback largely because we protected it from the most severe cuts in the past, while cutting many other units to the point that they present risks to the continued well-fare of the institution.

Budget Priorities

A major factor in setting our priorities is our conviction that maintaining and growing FTES is critical to the University’s well-being. There are several reasons we believe this to be true. First, we are penalized proportionate to the degree to which we miss targets ($571k per % under target). Second, marginal funding increases for FTES occur only after targets are achieved. Third, by growing the student body we can capitalize on economies of scale in administration and provision of services.

Growing enrollment can help us achieve many of the goals and objectives in the Strategic Plan, which constitutes the basis of our budgetary decision-making. A larger student body allows us to offer more courses at more times, offer more classes with prerequisites, and thereby improve educational quality by deepening the curriculum. A larger student body brings in more funding that can support extra-curricular activities to enhance campus life and educational services, like the library and information technology. The additional funding can help us to meet administrative needs more efficiently as the same number and kinds of services are required regardless of the size of the student body. More important, the continued erosion that will occur if we fail to maintain and enhance FTES will undermine the achievement of all goals. Thus, because the budget appears likely to be so very constrained, we focus on measures that cross-cut goals. This forced our attention in particular to Enrollment Services.

To understand the need for immediate action on the Enrollment Services budget, one must understand the budget history of the unit. According to Armando Gonzales, AVP of Academic Resources and Administration, a little under $1M of Enrollment Services’ $4.4M funding in 05/06 came from one-time allocations. Therefore, without a new authorization, its funding

² State of California, Faculty Salaries at California’s Public Universities, 2006-07, California Postsecondary Education Commission, March 2006.
would drop by almost a quarter, significantly reducing the staff needed to admit, retain, and graduate students, and thereby seriously jeopardizing CSUEB’s FTES prospects. Therefore:

*The committee’s highest priority is to maintain enrollment services funding at least at the current level in 06/07. We recommend this regardless of whether further FTES debt relief occurs. At the same time, we are concerned about Enrollment Service’s volatile performance history, unstable management history, and sharp changes in budget allocations over the past few years. Therefore, we also recommend that Enrollment Services begin next year reporting on performance and expenditures using robust indicators, benchmarks, and trends analysis, without which we cannot determine an appropriate level of funding.*

Indeed all units should be adopting such tracking and reporting procedures, but Enrollment Services is a priority for implementation.

On other issues, the committee did not agree on the degree to which allocation should depend on new money. However, all functions identified below were considered critical functions that deserve special attention by a majority of the group.

We used the following procedure to identify priorities.

- Based on the information reviewed over the year and the University’s Strategic Goals and Objectives, each member was invited to identify what they saw as critical priorities for spending. Critical priorities were identified by functions. All members recognize that the university has many functions that must be carried out for the university as a whole to function. We made no attempt to identify all of these. In fact we specifically avoided doing so. This process yielded a list of eight priority areas.
- Each member present (9 out of 11 members) then ranked the priorities 1 through 8, with 1 being the highest priority and 8 the lowest. We reiterate here than an 8 did not represent a low priority for funding, only a ranking with respect to other critical priorities, each of which deserve special attention.
- We then tallied and summed the scores for each function, the lower the score, the higher the priority.

**Summary of recommendations on budget priorities**

Eight critical functions were identified, as shown in the table below, in addition to the enrollment services function identified above. Our reasons for particular concerns over these functions were stated in our mid-year and year-end reports. We reiterate that the rankings indicate the relative priorities among functions, all of which merit special attention. Note also that limited funds should not imply that the highest priorities be funded to the complete exclusion of lower priorities.
Critical Priorities for Funding. Raw scores indicate relative priorities among items, all of which are considered important enough to merit special attention.

<table>
<thead>
<tr>
<th>Ranking</th>
<th>Function</th>
<th>Raw Score</th>
<th>Strategic Goals supported</th>
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<tbody>
<tr>
<td>1</td>
<td>maintaining enrollment services funding</td>
<td>*</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>computer servers (maintain, replace, and upgrade)</td>
<td>16</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>accounting compliance</td>
<td>26</td>
<td>5</td>
</tr>
<tr>
<td>4</td>
<td>housekeeping and grounds keepers</td>
<td>32</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>general education advising</td>
<td>41</td>
<td>2</td>
</tr>
<tr>
<td>6</td>
<td>support current policy of increasing TT positions</td>
<td>45</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>compliance with the Americans with Disabilities Act</td>
<td>50</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>library materials budget</td>
<td>53</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>space management plan</td>
<td>61</td>
<td>5</td>
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(*) Not scored with other priorities.

As indicated above, many of these functions cross cut or underlie the achievement of our strategic goals, which are repeated below for convenience. In the table above, we have indicated the goals to which each function is most closely aligned. We also note that two major themes underlie almost all of our decisions: the need to continue to provide essential services (items ranked 1, 2, 4, 5, 6, 8) and the need to reduce financial-, operational-, and compliance-related risks (items ranked 2, 3, 7).

CSUEB Strategic Goals

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<tbody>
<tr>
<td>1</td>
<td>Develop and sustain rich academic programs that meet student and regional needs and are recognized for their excellence in teaching, learning, and research.</td>
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<td>2</td>
<td>Provide opportunities for all students to be successful in their university experience and lives.</td>
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<td>3</td>
<td>Provide a stimulating university climate that is welcoming, diverse, and inclusive and fosters multicultural learning experiences.</td>
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<td>4</td>
<td>Establish Cal State East Bay as a first-choice regional university.</td>
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<tr>
<td>5</td>
<td>Develop and maintain an effective and responsive administrative, fiscal, and physical environment that supports the university’s mission.</td>
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COBRA 2005-2006
College of Science—Saeid Motavalli and Sue Opp
College of Business and Economics—Sam Basu and Nancy Mangold
College of LASS—Karina Garbesi and James Petrillo
College of Education and Allied Studies—Bonnie Ho and José López
Library—Dana Edwards
Presidential Appointees—Kris Erway and Armando Gonzales