TO: The Academic Senate

FROM: Committee on Budget and Resource Allocation (COBRA)

SUBJECT: 2008-09 Cobra Annual Report And Recommendations To The President

PURPOSE: For Acceptance by the Academic Senate

ACTION REQUESTED: That the Academic Senate accept the following report regarding the COBRA 08-09 Annual Report And Recommendations To The President

BACKGROUND

INFORMATION: The primary activities of COBRA this year consisted of ongoing budget discussions, as well as presentations by and discussions with heads of university units as outlined below, and development of new documents to guide committee operation, faculty participation in budget decisions, the use of electronic resources and communications, and online teaching.

The multi-year goal of COBRA has been to develop a deeper understanding of the roles of different units on campus, as well as an understanding of performance metrics used by those units, to facilitate comparisons and analyses of budgets and a comprehensive view of the financial side of the institution. As part of this process, in 2006-07, COBRA received reports from Academic Affairs, Information Technology Services (ITS), Enterprise Operations and the Foundation (EO&F), Planning and Enrollment Management (PEM), and Administration and Finance (A&F). In 2007-08, COBRA received reports from Continuing and International Education, Student Affairs, and University Advancement. Because budgeting, particularly in times of fiscal uncertainty, changes year-to-year, COBRA again received reports in 2007-08 from ITS, PEM, and A&F. This past year, we planned to continue this process, however a greater proportion of our time was spent discussing the changing budget situation than originally anticipated. Nevertheless, we received a report from Facilities Planning and Operations, as well as updated reports from A&F, and EO&F.

Budget Discussions and Plans

The budget situation of CSUEB in 2008-09 and planning for fiscal year 2009-10 were strongly affected by the economic uncertainty of the State of California. In light of this uncertainty, the President’s Cabinet produced and widely disseminated a document called Cal State East Bay Budget Principles and Ideas in November, 2008, to guide the development of a multiyear approach to strategically plan for necessary reductions in allocations on campus. Members of COBRA, UPABC, and the University community provided feedback that led to revisions of the document later in November, 2008. In essence, the principles outlined a process of budget planning that included:

- avoiding “across the board” actions
- making reductions based on long-term commitments rather than “quick fixes”
- the necessity of maintaining enrollment momentum
- doing things differently in order to reduce costs while protecting service and/or quality,
the need to make decisions in a timely manner.
The priorities developed in the seven mandates, the Academic Plan, and the Strategic Planning Summary and Priorities for Implementation formed the basis for a strategic analysis and subsequent budget reduction recommendations.

Because of the worsening State budget situation and additional one-time cuts to funding that occurred in Fall 2008, courses scheduled for Winter quarter 2009 that had low enrollments (as determined by the departments/colleges offering these courses) were cut from the schedule in December 2008. In all, more than 150 course sections with low enrollments were eliminated. In addition, CSUEB was forced to halt construction on the Student Services and Administration building in January (although construction was re-started in March).

An initial 2009-10 Base Budget plan was presented to UPABC and COBRA following the development of the budget principles and ideas. Feedback from COBRA reflected a strong discomfort with using a marginal cost calculation to estimate and budget the cost of direct instruction rather than using the actual cost of instruction. Note also that the “cost of direct instruction” only covered the cost of faculty salaries but did not cover associated costs of instruction, e.g., laboratory supplies and services, staff needed to prepare classes and labs, equipment costs, etc. In addition, COBRA members were unhappy with an apparent 19% reduction to the Academic Affairs budget (minus direct instruction), a level of reduction which exceeded the cuts being taken by the rest of the University on average. This reflected the concern of COBRA that educational quality and access would be severely impacted and that this budget plan did not appropriately reflect the commitment made by the university to place instruction first in priorities. Subsequently, and following similar discussions with Excom and UPABC, a revised 2009-10 Base Budget plan was developed that included funding for the actual cost of instruction rather than a marginal cost formula; however this revised budget still did not cover the associated costs of instruction. The level of reduction in the Academic Affairs budget continues to be a concern for faculty, particularly considering the wide range of instructionally related support services that are affected, including the Library, Faculty Development, Office of Research and Sponsored Programs, Academic Programs and Graduate Studies, and the Senate Office, to name a few.

State and Federal budgets are still in a state of flux, thus the estimated level of impact on the 2009-10 and 2010-11 budgets of CSUEB continues to change as well. Currently, even factoring in the Federal Economic Stimulus Plan, it appears that the CSU system will incur a $50 million one-time cut in 2009-10 (which translates into a one-time cut of approximately $1.7 million for CSUEB) in addition to reductions that were already known. However, the full effects of the State budget situation on CSU budgets will not be known until after the results of the California Election on May 19, 2009 are fully analyzed because Propositions A-E will affect the State budget.

Summaries of Presentations by and Discussions with University Units

November 7, 2008: VP of Administration and Finance and CFO, Mr. Shawn Bibb:
  - Discussion of the budget as well as the Cabinet’s Budget Principles and Ideas
  - Budget priorities of CSUEB: instruction, student services, public safety
  - No money for enrollment growth from CSU for the next 2 years = more lecturers
  - Multi-year budget approach with no across-the-board cuts, using agreed priorities, and long-term commitments
  - 2008-09 one-time cuts will be taken mostly from reserves and trusts
February 20, 2009: AVP of Enterprise Activities and Executive Director of Foundation, Mr. Chris Brown:
- The Foundation includes the bookstore, dining and catering, post office, vending, auxiliary audits (plus accounting and HR), post-award administration of public/private grants and contracts
- Enterprise Activities includes parking, alternative transportation, facility rentals and reservations, and cell tower rentals
- Parking enforcement has been increased; facilities rentals were discussed
- The Aramark food contract has been renegotiated
- Retiree health benefits plans had not been fully funded in the past for Foundation employees and now the liabilities need to be paid off
- The Foundation had a net positive operating income of over $1.2 million for 2008 but no money was “contributed” to the University for that year. (Whether or not money will be contributed to the University from the Foundation for 2009 has not been determined yet. Note that the original University three-year budget plan of the Qayoumi Administration indicated that the Foundation would contribute $500,000 to the University initially with an increase in contributions over time.)

February 20, 2009: AVP Facilities Planning and Operations, Mr. David Cain:
- This unit is in charge of cleaning, maintenance, design, construction and remodeling
- Buildings being planned are the Recreation and Wellness Center (being paid for out of student fees), a parking garage (to be paid for out of parking fees), and a 600 bed student residence complex (to be paid for out of campus housing fees)
- A maintenance level matrix indicated our level of maintenance is currently a level 4, whereas the President would like it to be level 3 (with level 5 being the worst on a scale of 1-5)
- Campus average building age of CSUEB buildings is about equal to the CSU average (CSUEB = 35 years; CSU average = 34 years)
-Assignable (usable) square footage per student at CSUEB is greater than the CSU average, but CSUEB laboratory square footage is much less than the CSU average.
- Facilities management cost is about 6.64% of gross institutional expenditures
- The stadium will be renovated in June, 2009, at a cost of about $2 million (funds come from capital outlay funds, not general funds, and so may not be used for general operating costs for things like instruction)

2008-09 Documents from COBRA Forwarded to the Academic Senate:

08-09 COBRA 1 Policies and Procedures for Committee Operation
This document revised the description of the goals and duties of COBRA and was passed by the Senate. However the recommendation that membership terms be changed from 4 years to 2 years, and that Chair terms be changed from 2 years to at least 1 year, required passage of a change to the By-laws of the Senate. These changes did not occur because the By-laws changed failed in two elections this year for lack of voter turnout.

08-09 COBRA 2 Dissemination of “Principles for Faculty Participation in University Budget Decisions”
This document, passed by the Senate, recommends that the Senate-approved Principles of Faculty Participation in University Budget Decisions (2006-07 COBRA 1, revised), be provided
by Academic Affairs to UPABC members and to the heads of academic units, including Department Chairs, Deans and the University Librarian.

08-09 COBRA 3 Use of Electronic Resources and Communications to Reduce Costs and Streamline Communications
The Senate passed this document which encourages faculty to use electronic resources and communications in department, college, committee, and teaching activities to reduce costs and streamline communications.

08-09 COBRA 4 Revenue and Budget Implications of the Online Campus Initiative
The Senate accepted this report which supports the continued development and build-out of online courses as long as educational quality is sustained, with the understanding that offering courses online is not a way to save money, although there may be potential for revenue generation.

Unfinished Business and Plans for the Future

- Meet with the Athletics Director to discuss budgeting in Athletics as the University moves to Division II Athletics.
- Request an update on the CSU-wide matrix survey of building use in the CSU (which had not been finalized at the time we met with Facilities Planning and Operations).
- Continue to play an active role, as the voice of the faculty, in UPABC.
- Request quantified, clearly described budgets and action plans from University units as well as the University as a whole.
- Seek better access and instruction on budgetary and financial databases so that faculty may fully participate in budgetary discussions.

2008-09 COBRA RECOMMENDATIONS FOR THE PRESIDENT

COBRA commends the increasing openness and inclusiveness that have marked budget planning at CSUEB during this time of extreme fiscal uncertainty and difficulty.

COBRA recommends that:

- The President and the President’s Cabinet continue the meaningful involvement of faculty in budget planning and implementation.
- Internal University communication of budget plans, priorities, and changes be enhanced.
- Instruction be the first and foremost consideration when University budgets are being developed, modified, and implemented, in accordance with the President’s message to the campus community identifying the core functions of the university as “starting with direct instruction, student access, and academic quality” (CSUEB Communique, January 9, 2009).
- If UPABC meeting(s) occur during summer 2009, the faculty members of UPABC from 08-09 be included because new faculty representatives for UPABC for 09-10 will not be determined until the first meeting of COBRA in fall quarter.
- The President (or designee) confer with the Chairs of the Senate and COBRA if any significant budget cuts become necessary during the summer.