Year-end Report to the Academic Senate
Committee on Budget and Resource Allocation
K. Garbesi, Chair
May 2, 2007

Overview

This report describes the work of the Committee on Budget and Resource Allocation (COBRA) in AY 06/07 though May 4, 2007. We note that major committee responsibilities will continue into June, because the development of budget recommendations for AY 06/07 cannot be developed until after the May 25th meeting of the University Planning, Budget, and Assessment Committee (UPABC), where key aspects of next year’s financial situation will be discussed. While COBRA hoped to make its budget recommendations available earlier this year, the major and late turnover in CSUEB management this academic year has made this impossible (see box below). Detailed discussions with division heads and other key personnel, and analysis of their financial data and reports, constitute a major input to member’s recommendations. Most problematic, two key players, the Provost and the Chief Financial Officer, arrived only in March and have understandably needed time to assess their units.

Five key positions came under new management over the course of the year, with appointments beginning on the dates indicated:
• President (Mo Qayoumi, July 2006)
• Provost (Michael Mahoney, March 2007)
• Chief Financial Officer (Shawn Bibb, March 2007)
• VP of Planning and Enrollment Services (Linda Dalton, January 2007)
• AVP of Enterprise Activities and Foundation Director (Chris Brown, January 2007)

At the same time two of the four Colleges had Interim Deans, one of whom started mid-year, during a year in which Academic Affairs was cut by $3.05M because of CSUEB failing to meet its system-mandated FTES target

This management turnover has meant that most of the key personnel with whom COBRA would normally interact on budgets were new to their jobs. This presented both problems and opportunities. The problem was that the new management itself was struggling to understand the budgets, running into the very same problems that COBRA had struggled with and noted in previous years. See for example 05/06 COBRA 2. On the positive side, new management presented an opportunity to begin to aggressively address these problems. Indeed, the current administration appears at least as concerned about these issues as we have been, holds the same priorities to address them, and has been moving forward rapidly in doing so. Thus the Committee’s focus this year shifted significantly toward developing and defining relationships with the new administration, sharing information on financial management issues, discussing and agreeing on financial management goals, and monitoring the transition to improved financial management and reporting systems—a transition that is still under way.

1 Available online at http://www.csueastbay.edu/senate/cobra_docs.htm.
The following sections describe in turn COBRA’s goals for AY 06/07 and the extent to which they were met, faculty input to budgetary decision-making in the new administrative context, budget dialogs held to-date, committee member’s service outside of COBRA, and our conclusions about the year’s activities.

**COBRA goals for AY 06/07**

Beyond the perennial tasks of reviewing the budgets of the divisions and colleges and making recommendations on the following year’s budget, COBRA identified the following priorities at the beginning of the academic year. Check marks indicate objectives that were largely accomplished. Dashes indicate those largely not accomplished, because of the disruptions mentioned above. Explanations appear in the comments section.

### COBRA Goals and Objectives for AY 06/07

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<thead>
<tr>
<th>Goals</th>
<th>Objectives</th>
<th>Comments</th>
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| 1     | To develop principles of consultation for faculty involvement in instructional budgeting. | a. Review existing documents (internal and external) on faculty participation. ✓
        |             | b. Develop principles ✓
        |             | c. Institutionalize principles in CSUEB policy guidelines –
        |             | Principles of Faculty Participation in University Budget Decision (06-07 COBRA 1) were developed and adopted by the Senate. VP Mahoney indicated the strong support of the administration for these principles. |
| 2     | To assess whether Enrollment Services is appropriately funded to perform its mandated functions? | a. Determine if funding level is appropriate using benchmarks and performance indicators identified by new VP. –
        |             | b. Determine what changes have been made, of are planned address prior problems? ✓
        |             | c. Work with VP of ES to improve budget management. ✓
        |             | Met with new VP Dalton, who discussed the new framework for planning and changes in Enrollment Management. While she is unable at this time to provide recommended benchmarks and performance indicator, she indicated her commitment to doing so and to share these with COBRA next year. |
| 3     | To work with the administration to improve budget reporting practices at CSUEB | Determine if the new reporting system achieves transparency goals and meets information needs outlined in 05-06 COBRA 2 ✓
<pre><code>    |             | Based on review of the all-funds EB budget and the college budgets the reporting is beginning to address issues raised in 05/06 COBRA 2. Continued serious commitment will be required to go further. It appears administration to continuing along this path. |
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<th>4</th>
<th>To understand the enterprise and auxiliary budgets and their implications and to develop a working relationship with fund managers.</th>
<th>✓</th>
<th>Met with AVP Brown, who explained that the purpose of Enterprise Activities is to raise funds for the university, but that they have largely failed at this in the past. He shared his plans to achieve this goal and his analysis of budget implications of current activities.</th>
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<td>5</td>
<td>To understand the purpose and budget implications of CSUEB debts.</td>
<td>Answer the following: a. Are we operating with an appropriate level of debt?—✓ b. What are our major debts? ✓ c. What revenues are used to repay them? ✓ d. How are our debts affecting the current budget and how will they affect future budgets. ✓</td>
<td>COBRA met with VP/CFO Bibb on May 4, who outlined all of EB’s major debts and other contracted obligations, their duration, plans for repayment, revenue sources for repayment, and, where relevant, whether associated revenues or savings cover the debt. Bibb also made clear the plans to eliminate old debt (for stadium lights, the AY 03/04 Golden Handshake, and the I-House lease).</td>
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**Faculty input to budgetary decision-making in the new administrative context**

Our first task was to determine if and how COBRA would interact with the new administration on budgetary decisions. In the Summer of 2006, incoming President, Mo Qayoumi, met with Senate Chair, Hank Reichman, and COBRA Chair, Karina Garbesi, to consult on how the new administration could best interact with faculty governance on budgetary decision-making. From this meeting a preliminary plan was developed. Consistent with current best practices and the COBRA chair’s recommendations from last academic year, the President created an advisory committee that combined the functions of planning, assessment, and budgeting. (Planning and budgeting had previously been addressed in separate committees with very little overlap and budget assessment was not formally addressed.) From the faculty governance perspective the main question was: What would COBRA’s role be in this process? In the previous administration, all COBRA members had been appointed to the president’s Budget Advisory Committee. The expanded scope of the new advisory committee required input from more sources. To avoid an overly large committee, the President proposed that only a subset of COBRA faculty be members be formal members of UPABC. After consultation with COBRA it was decided that UPABC would include five COBRA faculty members, the selection of which to be determined by COBRA.

**New principles of faculty participation in budgetary decision-making**

As indicated in the Goals section, COBRA developed a statement of Principles of Faculty Participation in University Budget Decisions. The Committee views this statement of principles as a foundation for institutionalizing faculty participation in budgetary decision-making and for developing and maintaining a culture of transparency and accountability in university budgeting.
The following principles were developed by Ad Hoc Committee (Opp and Spielman), approved by COBRA, and the Senate.

**Principles of Faculty Participation in University Budget Decisions**

In the spirit of shared governance and budget transparency, broad faculty participation in the budgeting process at CSUEB is of the utmost importance. Therefore, faculty involvement will be encouraged and facilitated in the planning and development of budgetary priorities within their departments and programs, colleges and library, and the university as a whole. Budgeting will be a collaborative process, informed by planning and assessment, benchmarks for success, and transparency and accountability at all levels.

**Summary of budget and finance management dialogs**

COBRA received a number of budget and finance management reports throughout the year (see Table below). Because in most cases the unit heads were just beginning to get a handle on their budgets and to develop management plans, frequently the most important part of the dialogs was developing good working relationships and common goals. The following were widely discussed and agreed on:

- To use benchmarks, performance metrics, and trends analysis in budget requests and reports.
- To increase uniformity and consistency in budgeting to improve transparency and facilitate comparisons and analysis of budgets.
- To improve transparency by making budget information available and understandable.
- To provide written procedural guidelines to improve the efficiency of financial processes.

It appears that these goals are now consistent across divisions, and are fortified by a strong presidential mandate.

**Summary of budget reports received and scheduled**

<table>
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<tr>
<th>Date</th>
<th>Description</th>
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<tr>
<td>October 6, 06</td>
<td>All Funds Budget Report (President Qayoumi)</td>
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<td>October 20, 06</td>
<td>Enterprise Activities (President Qayoumi)</td>
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<tr>
<td>November 17, 06</td>
<td>Report on allocation of the $3.05M payback within Academic Affairs</td>
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<td>(Interim Provost Dorer)</td>
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<td>February 2, 07</td>
<td>Report on ICS and CMS Budget Issues (VP Charles)</td>
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<td>March 9, 07</td>
<td>College Budgets, Uniform Reporting Format (AVP Gonzales)</td>
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<td>March 16, 07</td>
<td>Enterprise Activities and Foundation (AVP Brown)</td>
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<tr>
<td>April 6, 07</td>
<td>Planning and Enrollment Management (VP Dalton)</td>
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<tr>
<td>May 4, 2007</td>
<td>Administration and Finance (VP and CFO Bibb)</td>
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<tr>
<td>May 18, 2007</td>
<td>Three year plan to eliminate the structural budget deficit (President</td>
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<td>Qayoumi)</td>
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It is clear, both from the many dialogs and from the products we have begun to receive, that the financial management goals of the new administration are consistent with COBRA’s goals and prior recommendations. Examples include the following:

- At our first meeting, the President delivered an *all-funds* preliminary budget, rather than just a general fund budget
• The college budgets for the first time, under presidential-mandate, were presented in uniform format.

• New finance management software (Cognos) will permit instantaneous accounts tracking by departments (to be implemented this summer). It will also facilitate budget transparency because all departments will be able to view all other department’s accounts. This relatively low cost software improvement (<$90k) will begin a move toward single system, open-access accounting, avoiding the confusion and lack of transparency caused by the use of multiple shadow systems.

• Throughout the year, the President has kept COBRA and Senate Chairs informed of changes in East Bay’s financial situation,

Though it is likely to take several years to get financial systems and reporting to where we want them to be, this strong start makes us optimistic that we are moving toward a day when East Bay will be able to make much better informed financial decisions than have heretofore been possible. More active financial management than we have seen heretofore also make us optimistic about the future financial health of the institution. In consultation with faculty governance, a three-year plan is being developed to eliminate the structural budget deficit. At the same time, the administration has begun aggressively to reduce East Bay’s debts, its revenue-loosing lease obligations, and its risk management and energy costs.

The Committee applauds the President’s aggressive efforts to improve CSUEB finances. He secured a $2.8M augmentation from the Chancellor’s Office (CO) early in the Fall. He secured forgiveness for a $2.6M CMS loan from the CO and his staff found a $4M accounting error in our favor, resulting from overcharges at the State Controller’s Office. In addition, we anticipate almost $1M in costs savings from reduced risk management obligations, primarily as a result of the aggressive settlement of outstanding workers compensation cases and about $0.25M in energy efficiency savings next year. Most reassuring, for the first time to our knowledge, the administration has developed a feasible multiyear plan to eliminate the structural deficit.

Conclusions

The Committee has achieved most of the goals that it set itself at the outset of the academic year. An overarching theme of these goals was to establish a good working relationship with the new administration, which would allow us to make progress toward improved financial management, a goal set out in previous recommendations of the Committee. That has certainly been achieved. The administration has demonstrated its commitment to work collaboratively with the Committee and to make much needed improvements to financial systems and practices. While it will take an estimated several years to bring these to where we would like them to be, we are encouraged by the aggressive start and the high degree of competence demonstrated by the new administration.

The Committee on Budget and Resource Assessment
Karina Garbesi (Chair) and James Petrillo CLASS
Nancy Mangold and Steve Ugbah CBE
Jose Lopez and Melany Spielman CEAS
Saeid Motavalli and Sue Opp COS
Dana Edwards Library
Kris Erway and Armando Gonzales Presidential Appointees