TO: Academic Senate  
FROM: Committee on Budget and Resource Allocation  
SUBJECT: Annual Report

1. FORMATION AND MEMBERSHIP

The Committee on Budget and Resource Allocation (COBRA) membership consists of two tenured faculty elected by the faculty from each of the four colleges and one tenured faculty elected by the Library faculty; and two appointees of the President, one from Academic Affairs and one from Business and Administrative Affairs.

José A. López (chair) and Bonnie Ho represent CEAS; Karina Garbesi and Terry Kelly represent ALSS; Nancy Mangold and Don Wort represent CBE; Saeid Motavalli and Bruce Trumbo represent SCI; Dana Edwards (secretary) represents the Library; Armando Gonzales, Academic Affairs and Kris Erway, Business and Administrative Affairs serve as presidential appointees.

Members of COBRA are also appointed to the University Budget Advisory Committee (BAC) by President Rees. Membership of the latter also includes the four vice presidents and the Academic Senate Chair, as well as student and staff representatives.

2. CHARGE AND DUTIES OF THE COMMITTEE

Article XVI, Section 2.A of the Bylaws of the University Faculty enumerate the duties of COBRA:

1. To recommend to the Academic Senate budgetary processes, priorities and policies that help the University to achieve its long-term academic goals in the light of changing conditions;

2. To investigate, review, report and make recommendations to the Academic Senate on all budgetary issues, not limited to issues directly involving the colleges of the University;

3. To recommend to the Academic Senate processes and procedures for distribution of Lottery Funds;

4. To consult with the appropriate administrators and committees of the administration regarding academic planning, current budget issues, allocation of resources, and campus development, and to report periodically the nature of the consultation to the Executive Committee of the Academic Senate;

5. To make recommendations concerning principles and procedures (including procedures for faculty consultation) governing the development, improvement, and use of the academic facilities of the University and the
allocation of all categories of funds and staff directly related to the instructional program; and
6. To consult, when appropriate, with other Standing Committees.

3. COBRA ACTIVITIES 2004-2005

For 2004-2005 COBRA developed goals and objectives to guide and facilitate its work. These were presented to the Executive Committee of the CSUEB Academic Senate in January 2005. Some of the goals and objectives were derived from recommendations contained in the 2003-2004 COBRA Annual Report.

2004-2005 COBRA Goal Areas
1. Develop standard budget report system for COBRA
2. Promote Faculty Involvement in the Budget Development Process at the College, Dept. and Program Levels
3. Develop Recovery plan
4. Continue to develop knowledge of the budget development and allocation process
5. Align processes for faculty consultation with University President and faculty consultation with COBRA

The five goal areas and the related objective(s) form the structure for this report.

Goal Area No. 1—Develop standard budget report system for COBRA
Objective: Establish a method for standardizing the information presented in budget allocation documents and in expenditure reports that would facilitate comparisons between initial allocations and actual expenditures, as well as comparisons of different fiscal units with one another.

COBRA formed an Ad Hoc Committee on Budget Information. Karina Garbesi and Kris Erway led this committee was led by.

COBRA’s main function is to make recommendations on the university budget to the Academic Senate and to the President—the latter because COBRA members also serve on the President’s Budget Advisory Committee. Thus, one of COBRA’s primary tasks is to review current and pending budgets. The task of the Ad Hoc Committee on Budget Information has been to make recommendations to COBRA on budget information format and content that would facilitate the review process.

The Ad Hoc Committee found that past review of CSUEB-level budgets has been unnecessarily difficult and time-consuming because content and format of the annual budgets make them difficult for non-experts to interpret. Preliminary general recommendations for changes include the following:
- to combine all CSUEB-wide budgets into one document (that is, from all revenue sources, not just the general fund),
- to provide budgetary breakdowns by function as well as by unit,
- to include trends analysis, not just current year numbers,
Specific recommendations on how to achieve this have been developed and are currently being reviewed by the Ad Hoc Committee. These will be submitted to COBRA for approval before the end of the academic year. There has been excellent cooperation and strong agreement between faculty and administrative members of the Ad Hoc Committee.

Goal Area No. 2-- Promote Faculty Involvement in the Budget Development Process at the College, Dept. and Program Levels.

Objectives:

- Assure that adequate consultation between deans and the faculty of each college occurs, in order to protect the curriculum and maximize the quality of instruction we can offer in these financially constrained times.
- Explore greater responsibility for academic department chairs in participating in their college budget allocation process and in making decisions about the expenditure of funds allocated to their departments.
- Explore the development of FTES targets for academic departments in ways that optimize pedagogical resources while maximizing their academic program goals and research priorities.
- Develop methods to increase faculty feedback in the COBRA decision making process.

To address this goal, COBRA decided to seek information directly from Department Chairs from each College and from representatives from the Library faculty. The members of each College’s Council of Chairs (COC) were invited to participate in hour long meetings with COBRA to seek information relating to the four objectives above. Five individual sessions were held between January and February, 2005. COC members were given three questions in advance.

1. Could you describe the budget development/allocation process used in your College/Library? In doing so please address:
   - ways in which your Dean/Library Director involve COC/Library faculty members in securing tenure-track faculty positions and funding for faculty lecturers.
   - any specific “allocation model” your College/Library uses for faculty positions and/or budget allocations to departments and offices
   - the processes or steps that you employ as department chair to secure faculty involvement in securing tenure-track positions
   - the allocation process for major equipment expenditures, faculty research support, professional development and library professional resources

2. Does the Dean assign FTEs targets to academic departments in your College? If so, how are the targets determined? What issues or successes can you see in this process? In Academic departments where FTES targets are assigned, are faculty allowed to determine how to meet those targets in ways that optimize pedagogical resources while maximizing the departments’ program goals and research priorities?
3. What ideas do you have to improve the involvement of the faculty in the fiscal development/allocation process at your College/Library?

These sessions yielded varying levels of participation. Three of five departments in the College of Education and Allied Studies were represented and the meeting with library representatives was also well attended. The College of Business and Economics was represented by two department chairs of a total of four. Two department chairs from the College of Science (nine total) were available and three of the 18 department chairs of the ALSS attended the COC/COBRA session. Findings from these joint COBRA/COC sessions will be published in a separate report.

In addition to Department Chairs, COBRA also felt it is important to consult with the faculty to determine their involvement and participation in the budget development and allocation process. Therefore, COBRA voted to conduct a separate survey of faculty. This survey is currently being conducted in an effort led by Karina Garbesi and Bonnie Ho. The results of both efforts will be included in a separate report of faculty involvement and participation in the budget development and allocation process.

**Goal Area No. 3—Develop Recovery Plan**

**Objectives:**

- Develop a Recovery Plan, so that valuable practices that are now being suspended in order to meet the budget crisis are reintroduced.
- Plan for the implementation of ACR 73 level ratios of tenure-track faculty to lecturers. Given the curtailment of tenure-track hiring in recent years due to budgetary constraints, the need for increasing the ratio of tenure-track faculty to lecturers has been recognized by the CSU, the statewide Academic Senate and the CFA.

COBRA formed an Ad Hoc committee composed of members Don Wort, Saeid Motavalli and Mark Karplus. They interviewed Vice Presidents and key unit heads to determine budget priorities for their respective units. In addition to the Provost and Vice Presidents the following were interviewed: Dean, Contra Costa campus, and the Associate V.P. for Information Technology. The information secured will be utilized by COBRA in its deliberations to determine budget recommendations to the President to be presented at the June 3rd BAC meeting.

**Goal Area No. 4—Continue to develop knowledge of the budget development and allocation process.**

**Objective:** Institute a discussion of priorities with the administration early in the academic year, in order to reach agreement about their implementation sufficiently before the May revise, so that the input of BAC can reflect those priorities in a thoughtful and considered manner.
During the 2004-2005 academic year COBRA devoted time to determine the involvement of faculty in the budget development and allocation processes. As described in goal area four, this effort is ongoing.

Provost Jim Kelly and Vice Provost Pablo Arreola described the tenure track allocation process in two different sessions. The current allocation process that was developed last year, which included the changes put in place by Provost Clark, will be followed by Provost Kelly. As a result of a high number of separations, including the Golden Handshake retirements, Provost Clark funded the 30 position requests made by the Deans. The spirit of the new procedures is to streamline the process and regain losses in tenure track faculty. This is consistent with the WASC goals and allows the University to move in the direction of a ratio of 75% faculty to 25% lecturer in the future, as budget conditions allow. This ratio is recommended in the ACR 73 Report. For fall 2005 there are currently 30 searches underway, 13 in ALSS, 4 in B&E, 5 in CEAS, 7 in SCI, and 1 in University Library.

The provost describes two “rounds” in the tenure track allocation process. The first round identifies separations since summer 2004. As part of this process, there are 19 positions already allocated for fall 2006 as of April 15. These include: 8 in ALSS, 5 in B&E, 2 in CEAS, 3 in SCI, and 1 in the University Library. Round 2 will begin in July when additional separations are identified. However, it remains to be seen if this second round will produce as many additional positions (22) as the previous year because of the Golden Handshake option available last summer.

Goal Area No. 5--Align processes for faculty consultation with University President and faculty consultation with COBRA

Objectives:
- Consider ways to coordinate the work of COBRA with the WASC process, in establishing and refining University goals and priorities.
- Coordinate and align the work of COBRA and CAPR to provide feedback to the University President in resource allocations and to provide input to and feedback from the faculty to COBRA in its deliberations.

The Provost, working with Deans, developed a procedure, or timeline for the allocation of tenure track positions. This timeline was to come before the Senate as part of a CAPR document on tenure track hiring and program review. Because of COBRA’s work on budget allocation (including the tenure track hiring process), the committee asked Julia Norton, chair of CAPR, for an opportunity to give input on the new timeline.

Copies of the timeline were distributed to COBRA members and on May 6, 2005 the committee met with Julia Norton and Don Sawyer, chair of the Academic Senate. During that meeting COBRA members recommended a number of changes to the timeline. As the committee most familiar with the University budget, the committee asked that COBRA meet and advise the Provost before Round 1 and 2 allocations were made (the original document had any meeting taking place after the announcement of tenure track line allocations). This would put the committee in a better position to assist the Provost
in determining the appropriate number of tenure track lines in light of the University’s budget. The committee also recommended a more formal consultation between Department Chairs and faculty members—perhaps through Department meetings.

4. UNDERSTANDING THE BUDGET PROCESS

This information was originally presented in the 2003-2004 Final COBRA Report to the Academic Senate. The budget process remains unchanged from last year and it is salient to present it in the current year’s COBRA report.

At CSUEB two processes must be carefully differentiated: allocation of funds constitutes the process whereby the total amount of funds to be allocated to each fiscal unit for the coming fiscal year (July 1 to June 30) is determined. The expenditure process constitutes the process wherein the managers of each fiscal unit actually spend funds from their initial allocation during the fiscal year.

The managers of the divisional units are the four vice-presidents (and the president, who has her own budget). Managers of the fiscal units are the heads of the various units who report directly to their vice-presidents. The deans of the four colleges, the University Librarian, the director of Enrollment Services and others report directly to the Provost; the director of Human Resources, the director of Business and Financial Services and others report to the Vice President of Administration and Business Affairs; the chief of police and others report directly to the Vice-President of Student Services, and so on.

A. Outline of the Budget Allocation Process

Funding for the campus budget comes from two primary sources: General Fund allocations, and student fees. The latter go directly to the campus, and are projected based on past enrollment patterns and anticipated student fee increases.

The Governor unveils his proposed budget in January. (The Chancellor’s Office and the CSU Board of Trustees prepare a budget request before January and submit it to the Governor for his consideration while he is preparing his proposed budget.) In May the Governor revises his budget proposal, based on updated information, and submits it to the legislature. The legislature is supposed to pass a budget by June 15 of each year, and the governor is supposed to sign a budget by June 30 of each year. Delays have regularly occurred in recent years.

The Chancellor’s Office projects an allocation for the upcoming fiscal year for each campus, based on the Governor’s May revision of his proposed budget (called the May revise.) The president and vice-presidents project a first draft of a CSUEB budget shortly thereafter to the BAC. That draft contains allocations for campus wide expenditures, such as utility costs and employee benefits; for the four divisions (Academic Affairs, Administration and Business Affairs, Student Services, and University Advancement); and for the President’s own unit expenses. The amount of funds available for allocation is determined primarily by the General Fund allocation from the Chancellor’s Office and an
initial calculation of expected revenue from student fees done by the campus budget
director.

Determination of these initial allocations is the result of a complex process. An initial
allocation to each divisional unit is made, based on the percentage of that unit’s
allocation of the present fiscal year’s funds, adjusted for various factors, such as salary
increases, inflation (in the cost of benefits, utilities, and other mandatory expenses) and
newly mandated services or programs. Special Allocation Provisions (SAP’s) also affect
the amount allocated to the different divisional units. The source of these special
allocations may be legislative, allocations provided for specific programs by the
Chancellor’s Office, or campus-based decisions, including priorities recommended by
last year’s BAC.

BAC reviews the initial allocations to the four divisional units. Each vice-president
presents requests for programs to be offered should additional funding for their unit
become available. BAC then recommends a priority ordering of those requests.

Once a final budget is passed by the legislature and signed by the Governor the President
authorizes allocations to the divisional units.

[In recent years mid-year cuts have not been unusual, due to legislative action or
executive order by the Governor. When such mid-year cuts occur, allocations to the
divisional units are revised following a process similar to the one just outlined.]

Each vice-president makes an allocation to the managers of the various fiscal units in his
or her division. That process varies from division to division.

**B. Actual Expenditure of Funds**

The different fiscal units are allocated a budget by the vice presidents to whom their
managers report. Targets in the form of services to be provided, programs to be
administered or other responsibilities to be fulfilled are established. Managers are granted
considerable discretion in determining how best to spend their allocated funds in order to
meet their targets.

At the end of each month and at the end of the fiscal year the budget office of the
University prepares a Budget Expenditure Report. That report shows how funds were
actually spent by each fiscal unit.

The process is designed to allow specific decisions about the expenditure of funds to be
made, to a great extent, by the actual managers of each fiscal unit. The advantage of this
approach is that decisions about the best way to spend limited funds are being made by
those directly overseeing the actual programs on which those funds are being expended.
Presumably those with the best working knowledge about how the programs operate can
identify the best ways to achieve efficiencies.
The disadvantage of this approach is the difficulty presented in identifying points at which major decisions concerning the expenditure of funds are taken, so that meaningful faculty input can be made.

Department chairs function as managers of their own academic units. But the input they have in the allocation process and the flexibility they enjoy in the expenditure of funds allocated to the department varies considerably from college to college.

5. COBRA’S RECOMMENDATIONS ABOUT THE BUDGET PROCESS

Most of this second year has been focused on determining faculty involvement in the budget development and allocation process. COBRA is formulating some recommendations to present to the administration and to the Academic Senate for consideration. Among them are:

- Development of Principles of Collaboration that ensure consultation between deans and department chairs of each college and between department chairs and faculty in the budget development and allocation processes.
- Standardized budget documentation and reporting systems to facilitate examination of initial allocations and actual expenditures for prior year (at a comparable level of detail), and trends in funding and expenditures over the longer term (at a far lower level of detail) as well as comparisons of different fiscal units.
- Incorporation of WASC goals into the budget development process
- Encourage the development of a plan for implementation of ACR 73 ratios of tenure-track faculty to lecturers that ameliorates the decrease in the lecturer ranks
- Continued examination of the tenure-track faculty allocation process to ensure timely faculty involvement

6. THE 2005-06 CSUEB BUDGET

Until the legislature passes a budget and the Governor approves, we will not know the actual allocation for CSUEB for 2005-06. On May 25th a projected budget will be presented to the BAC, based on the Governor’s May revision of state budget proposal.

However the 2005-2006 fiscal outlook for the CSU is much different than last year based on the Governor’s January and May revised budgets. The governor’s budget adheres to the Compact signed last year with the CSU and UC systems. The Higher Education Compact is a six-year agreement from 2005-06 through 2010-11. It promises to fund at least a 2.5 percent annual enrollment growth, allowing the CSU to stem enrollment decreases experienced in 2004-05. It also provides a 3 percent minimum General Fund increase in 2005-06 and 2006-07, and a 4 percent minimum increase in 2007-08 through 2010-11 for basic needs, including salary increases, health benefits, maintenance and inflation. For 2008-09 through 2010-11, the compact provides an additional 1 percent for core academic needs.
According to the CSU, the 2005-2006 budget includes a general operations increase that will provide $88.1 million to support a 3.5 percent compensation increase for faculty and staff, effective July 1, 2005. This compensation amount is subject to contract negotiations. Governor Schwarzenegger released his May revision to the 2005/06 state budget. The May Revise, which is an update to the budget that takes into account the tax revenues the state received in April, fully funds the compact agreement. This revised budget will include an additional $212 million for the CSU in 2005/06, the first increase after three years of budget reductions. With this funding we will be able to enroll 10,000 new students beginning in fall 2005, increase by 2,700 the number of State University Grants and, for the first time in three years, give our employees a pay increase. The governor also proposed a $250,000 augmentation to the CSU's budget to increase the number of students seeking a math or science teaching credential.

It is anticipated that the allocation for CSUEB will be examined at the May 25th BAC meeting. At that meeting the four vice presidents will report proposed budget allocations for their respective units. The vice presidents will also present programs or services which they would implement, expand or reinstate, should additional funds become available for their division or unit. The figures will be based on the Governor’s May revised budget. COBRA members as members of the BAC will participate in this meeting. On May 27th and June 1st COBRA members will convene to determine the budget recommendations it will make to the President. On June 3rd the President will convene a BAC meeting to review revised budgets from the vice presidents and to accept COBRA’S recommendations on the 2005-2006 CSUEB budget.

Presented by:

José A. López,
Chair, COBRA
May 31, 2005