University Budget Committee
Agenda

Friday, August 20, 2004
2:00-4:00pm
Corbett Conference Room

1. New HSU budget philosophy and UBC expectations - Rollin Richmond

2. Update of HSU's FY04-05 budget (recap of proposed budget allocations)

3. Review budget process timeline and meeting dates

4. Higher Education Compact FY04-05

Also see emailed attachments as follows:
Committee Roster
UBC Timeline
UBC Meeting Schedule
Higher Education Compact
University Budget Process
University Budget Policy
University Budget Committee

The HSU Budget Review Process establishes the membership composition and role of the University Budget Committee. The UBC's charge is to:

- Advise the President on general budget policy issues that affect the University;
- Become informed regarding the annual budget of the University;
- Determine a methodology to use in the evaluation of augmentation requests; and
- Recommend budget allocations for divisional initiatives.

Members include:

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<tr>
<th>Name</th>
<th>Position</th>
<th>Type</th>
<th>Term Expires</th>
<th>Email Address</th>
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</thead>
<tbody>
<tr>
<td>Rick Vrem</td>
<td>UBC Co-Chair Provost and Vice President for Academic Affairs</td>
<td>Non-voting</td>
<td>Appointed annually</td>
<td><a href="mailto:vrem@humboldt.edu">vrem@humboldt.edu</a></td>
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<tr>
<td>Ken Fulgham</td>
<td>UBC Co-Chair President, Academic Senate</td>
<td>Votes to break tie</td>
<td>Appointed annually</td>
<td><a href="mailto:fulghamk@humboldt.edu">fulghamk@humboldt.edu</a></td>
</tr>
<tr>
<td>Saeed Mortazavi</td>
<td>Chair, Finance Committee</td>
<td>Voting Member</td>
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<td><a href="mailto:sm5@humboldt.edu">sm5@humboldt.edu</a></td>
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<tr>
<td>Judith Little</td>
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<td>Voting Member</td>
<td>Term expires August 2005</td>
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</tr>
<tr>
<td>Vacant (Carlson)</td>
<td>Faculty representative, Natural Resources and Sciences</td>
<td>Voting Member</td>
<td>Term expires August 2006</td>
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<tr>
<td>Thomas (TK) Koesterer</td>
<td>Faculty representative, Professional Studies</td>
<td>Voting Member</td>
<td>Term expires August 2006</td>
<td><a href="mailto:tkj17@humboldt.edu">tkj17@humboldt.edu</a></td>
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<tr>
<td>Wayne Perryman</td>
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<tr>
<td>Samantha Williams-Gray</td>
<td>President, Associated Students or designee</td>
<td>Voting Member</td>
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<td><a href="mailto:ss11@humboldt.edu">ss11@humboldt.edu</a></td>
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<tr>
<td>Laurie Sheppard</td>
<td>Staff representative, Division of Student Affairs</td>
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<td><a href="mailto:sheppard@humboldt.edu">sheppard@humboldt.edu</a></td>
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<tr>
<td>Susie Dodson</td>
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<tr>
<td>Nancy Kelly</td>
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<tr>
<td>Vacant (Read)</td>
<td>Student representative appointed by Associated Students</td>
<td>Voting Member</td>
<td>Appointed annually</td>
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<tr>
<td>Representative of the Labor Council</td>
<td>Attendee will vary as schedules permit</td>
<td>Observer</td>
<td>Appointed annually</td>
<td><a href="mailto:anda.webb@humboldt1.com">anda.webb@humboldt1.com</a></td>
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<td>Carl Coffey</td>
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<tr>
<td>Steve Butler</td>
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<td>Diana Campos</td>
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<tr>
<td>Carol Terry</td>
<td>University Budget Director and staff to UBC</td>
<td>Ex Officio</td>
<td>Appointed annually</td>
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<td>Karen Earls</td>
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<tr>
<td>Lori Rudebock</td>
<td>Administrative Affairs, Director of Fiscal Affairs</td>
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<td>Appointed annually</td>
<td><a href="mailto:rudebock@humboldt.edu">rudebock@humboldt.edu</a></td>
</tr>
<tr>
<td>Month</td>
<td>Divisional Responsibilities/ Campus Schedule</td>
<td>CSU Schedule</td>
<td>State Schedule</td>
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<tr>
<td><strong>July 1</strong></td>
<td>Campus annual budget planning begins</td>
<td>Initial discussion and review of CSU budget by Executive Council</td>
<td>Beginning of State Budget Cycle</td>
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<td>July -August</td>
<td>Executive Committee with President sets calendar for annual process</td>
<td>Review of CSU budget by System-wide Budget Advisory Committee</td>
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<td>August 12</td>
<td>Current Year Annual Budget presented to Academic Senate and campus community</td>
<td>BOT statement of CSU budget priorities</td>
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<td>September 09</td>
<td>President and executive leadership review HSU mission and strategic plan and set priorities</td>
<td>BOT statement of CSU budget priorities</td>
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<td><strong>October 11</strong></td>
<td><strong>Campus annual budget process begins</strong></td>
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<td>October 11</td>
<td>Divisional leadership initiate unit budget processes</td>
<td>BOT approval of CSU budget</td>
<td>Legislative Analyst Office (LAO) issues Fiscal Outlook - Governor's Budget released</td>
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<td>October - December</td>
<td>Divisional budget development continues - division will independently set meeting and development timelines to complete their divisional process by February 11</td>
<td>CSU meet with Governor's Office and Department of Finance (DOF) staff</td>
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<td>January - first week</td>
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<td>Governor's Budget released</td>
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<td>February 4</td>
<td>University Budget Committee (UBC) reviews HSU mission and strategic operating plan and develops evaluation plan for proposals</td>
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<td>February 11</td>
<td>Prioritized divisional budget requests due to University Budget Office (UBO)</td>
<td>Second week - CSU provides preliminary campus budget allocations based on Governor's budget</td>
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<td>February 14-16</td>
<td>UBO compiles divisional budget requests</td>
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<td>February 17</td>
<td>Executive Committee review of annual budget reductions/requests for funding</td>
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<td>March 4, 11</td>
<td>UBC holds open hearing where divisions will present their divisional budget request priorities -- Goodwin Forum 2-5pm</td>
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<td>March 11, 25</td>
<td>Conclude divisional budget presentations. UBC deliberations of divisional budget presentations</td>
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<td>April 1</td>
<td>UBC publishes preliminary prioritized funding recommendations for review and comment</td>
<td>Legislative Analyst Office (LAO) reviews preliminary campus budget</td>
<td>Legislative Analyst Office (LAO) reviews Governor's initiatives</td>
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<td>April 13</td>
<td>Deadline for campus input of UBC recommendations on budget funding priorities -- Comments should be sent to UBO or Co-chairs</td>
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<td>April 15</td>
<td>UBC compiles final budget recommendations</td>
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<td>April 21</td>
<td>UBC recommendations presented to President and Executive Committee</td>
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<td>April 26</td>
<td>Budget Update to Academic Senate (possible request for special Academic Senate meeting later depending on status of State/CSU budget process)</td>
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<td>May 05</td>
<td>Budget Update to campus community -- room tbd</td>
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<td>May-third week</td>
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<td>May Revision of Governor's budget is released</td>
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<td>May-fourth week</td>
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<td>May Revision of initial CSU budget document distributed to campuses</td>
<td>Subcommittees report to the full Budget Committee</td>
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<td>May-late to June-early</td>
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<td>Assembly and Senate debate versions of the Budget Bill -- Full Budget Committee, House Approval</td>
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<td>June - second week</td>
<td>Finalize HSU budget based on the May Revise Budget</td>
<td>Budget goes to Two House Conference Committee</td>
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<td>June 15</td>
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<td>Constitutional deadline for Conference Committee to pass Budget Act</td>
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<td>June 30</td>
<td>Final budget allocation to CSU campuses</td>
<td>Constitutional deadline for Governor to consider line-item vetoes</td>
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<td><strong>July 1</strong></td>
<td>Implement fiscal year budget as approved by the President</td>
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<td>Budget Act takes effect.</td>
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<td>Friday, August 20, 2004</td>
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<td>Friday, September 10, 2004</td>
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<td>Friday, October 08, 2004</td>
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<td>Friday, November 05, 2004</td>
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<td>Friday, December 10, 2004</td>
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<td>Friday, January 14, 2005</td>
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<td>Friday, February 04, 2005</td>
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<td>Friday, March 04, 2005</td>
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<td>Friday, March 11, 2005</td>
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<td>Friday, April 01, 2005</td>
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<td>Friday, April 08, 2005</td>
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<td>Friday, April 29, 2005</td>
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<td>Friday, May 06, 2005</td>
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<tr>
<td>Friday, May 20, 2005</td>
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FYI -- April 21 UBC recommendations presented to President and Executive Committee

Corbett Conference Room, Siemens Hall = CCR
Goodwin Forum, Nelson Hall E = GF
HIGHER EDUCATION COMPACT
Agreement Between Governor Schwarzenegger, the University of California, and the California State University
2005-06 through 2010-11

The Master Plan, which has been California’s blueprint for higher education for four decades, has produced the two best public systems of higher education in the world. In order to assure access, quality and affordability, the Master Plan specifies the University of California’s missions as teaching, research and public service, and defines the pool of high school graduates from which the University is to admit its students. The Master Plan designates the primary function of the California State University as provision of undergraduate instruction, and defines the pool of high school graduates from which it, too, is to admit its students. In addition, the CSU mission incorporates the responsibility for applied research and community service to support business and agriculture in providing instruction opportunities for their students. By delineating the mission of each institution, the State is able to concentrate its resources within each segment to best meet priorities.

Adequate financial support for the University of California and the California State University is essential if UC and CSU are to fulfill their missions under the California Master Plan for Higher Education, contributing to a higher standard of living and better quality of life for the citizens of the state.

This Compact is based on the value of the UC and CSU to the State of California and its citizens. To ensure these institutions are well positioned to serve the State’s students and industry, Governor Arnold Schwarzenegger commits to a long-term resource plan for UC and CSU that addresses base budget allocations, enrollment, student fees and other key program elements for 2005-06 through 2010-11. In exchange for this long-term stability, UC and CSU commit to focusing their resources to address long-term accountability goals for enrollment, student fees, financial aid, and program quality. To allow appropriate monitoring of progress toward these goals, UC and CSU commit to providing student and institutional outcome data in numerous program areas including program efficiency, utilization of system wide resources, and student-level information. The details of this Compact are contained in the body of this document.

State's Commitments to Provide Adequate Financial Support for UC and CSU

The following represents a phased, multi-year plan for providing sufficient basic operating and capital funding needed through the remainder of this decade to support UC’s core missions of teaching, research and public service and CSU’s core missions of teaching, applied research, and public service. This multi-year plan is contingent upon UC and CSU agreeing to report progress, and to sustain or improve performance on the accountability measures delineated in this agreement. This Compact is developed within the context of the fiscal crisis currently confronting the State of California. UC and CSU have faced several consecutive years of base budget cuts and unfunded cost increases. Salaries at the segments have fallen significantly behind the market, cost increases related to employee benefits, energy, libraries, instructional
technology, maintenance, and inflation have not been funded, and base budget cuts have seriously reduced the basic infrastructure of UC and CSU.

Both segments have significant unmet funding needs, both related to budget cuts over the last several decades and insufficient funding of programs critical to the academic enterprise. This Compact does not meet all of the segments’ budget needs, but does provide the minimum level of funding needed to prevent further erosion to their budgets, while accommodating enrollment growth, and maintaining quality.

The Administration, UC and CSU share a deep concern for both preserving the quality of the higher education system in California, and for maintaining the ability of the segments to meet their basic missions under the Master Plan. By providing fiscal stability in the initial two years of this Compact, the State is able to prevent further erosion of support for higher education in California. Funding commitments in the third year and beyond reflect the belief that the State will return to a position of fiscal health based on moderate economic growth that will allow some recovery of vital needs for UC and CSU, such as the ability to provide competitive salaries, and to address several years of underfunding of core programs.

**Basic Budget Support:** The State will provide a General Fund increase of 3% to the prior year's base in both 2005-06 and 2006-07. This will help prevent further erosion in the segments’ ability to fund competitive faculty and staff salaries, health benefits, maintenance, inflation, and other cost increases. Beginning in 2007-08 and through 2010-11, the State will provide a General Fund increase of 4% to the prior year's base for basic budget needs including salary increases, health benefits, maintenance, inflation, and other cost increases.

In order to help maintain quality and enhance academic and research programs, UC will continue to seek additional private resources and maximize other fund sources available to the University to support basic programs. CSU will do the same in order to enhance the quality of its academic programs.

**Core Academic Support Needs:** In 2008-09, 2009-10 and 2010-11, the last three years of this Compact, the State will also provide an additional 1% increase to the prior year's base to address the annual budgetary shortfalls in State funding for other instruction and research support for core areas of the budget critical to maintaining the quality of the academic program—including instructional equipment, instructional technology and libraries—and for ongoing building maintenance.

**Enrollment:** UC and CSU enrollment plans project enrollment increases of approximately 2.5% per year through the end of the decade. This growth rate represents an increase of 5,000 students annually at UC and 8,000 students annually at CSU. The State will provide funding for this enrollment growth at the agreed-upon marginal cost of instruction as adjusted annually. This rate of growth will allow the segments to achieve enrollment levels consistent with earlier projections for this decade. A portion of the funding in the initial years will be used to implement State support for existing summer enrollment on campuses not currently receiving State support for summer instruction.
State funding will not be provided to support an undergraduate student whose credit units within the system exceed a specified threshold above the minimum necessary to complete the degree program, consistent with the policies established by the segments in 2004-05. Both UC and CSU will phase in fee policies to charge these students full cost for excess credit units.

The policy of providing no State funding for UC to support remedial courses will be continued.

**Student Fees:** Following significant student fee increases during the State's budget crisis of the early 1990s, student fees did not increase at UC or CSU for seven consecutive years during the 1990's and 2001-02, and fees were actually reduced by 10% for undergraduate students and by 5% for graduate students during that time period. As a result, student fees at both segments were significantly lower than those of comparable public institutions across the nation. The State's current fiscal crisis has led once again to significant increases in student fees over the 2002-03 and 2003-04 fiscal years.

The student fee policy contained in this Compact assumes that UC and CSU will retain student fee revenue without a corresponding reduction in State funds which, together with State funds provided each year, will be used to help meet their budgetary needs as well as help the segments recover from the current fiscal crisis.

- **Undergraduate Students.** The Administration and segments agree that it is important to implement a more stable fee policy that recognizes the desire to keep student fee increases reasonable, while also providing adequate funding for cost increases for student fee-funded programs and preserving the quality of the universities. The Administration has proposed a long-term student fee policy that calls for increases in student fees based on the rise in California per capita personal income. However, in years in which the UC and CSU governing boards determine, based on fee policies developed by their governing boards and in consultation with the Administration, that fiscal circumstances require increases that exceed the rate of growth in per capita personal income, consistent with the Governor’s proposed student fee policy, UC and CSU may decide that fee increases of up to 10 percent are necessary to provide sufficient funding for programs and to preserve quality. However, in years that the UC and CSU governing boards believe fiscal circumstances may require increases that exceed the Administration’s per-capita personal income policy, the segments shall consult with the Administration about those compelling circumstances. After consultation, UC and CSU may decide that fee increases of up to 10% are necessary to provide sufficient funding for programs and to preserve quality. UC and CSU will develop their annual budget plans based on the assumption that student fees will increase by 14 percent for 2004-05, and by 8 percent for 2005-06 and for 2006-07. Thus, undergraduate fees will have increased by 10 percent per year on average over the three-year period, consistent with the intent of the Governor’s proposed student fee policy. This fee policy is contingent on the provision of resources for the basic budget at the level called for in this Compact. It also is contingent on no further erosion of the segments’ base budget, and it assumes that revenue from student fees will remain with UC and CSU, and will not be used to offset reductions in State support.
It continues to be the priority of the State and of UC and CSU to provide financial aid to ensure students are not denied the opportunity for a higher education because of financial barriers. An amount equivalent to no less than 20 percent and no more than 33 percent of the revenue generated from student fee increases is to be used to provide aid to needy students who qualify for financial aid, based on the federal methodology for determining need.

- **Graduate Academic Students.** It is critical that UC and CSU maintain their ability to offer competitive support packages to recruit and retain the best graduate students. UC will increase graduate student fees by 20 percent for 2004-05, while CSU will increase graduate student fees for non-teacher credential candidates by 25 percent, and will increase graduate student fees for credential candidates by 20 percent. In view of these proposed increases, fee increases for graduate students will be no less than 10 percent in both 2005-06 and 2006-07. For future years, the segments will develop plans to achieve student fee levels in graduate academic programs that consider the following factors: average cost of instruction, average fees at other public comparison institutions, total cost of attendance, market factors, the need to preserve and enhance the quality of graduate academic programs, the State's need for more graduates in a particular discipline, and financial aid requirements of graduate academic students. Revenue from student fees will remain with the segments, and will not be used to offset reductions in State support. UC and CSU will commit to make progress toward the Administration’s policy expectation that graduate fees be 50 percent higher than systemwide undergraduate fees to better reflect the higher cost of instruction and relative value of graduate education to the student.

- **Professional School Students.** UC will develop plans to achieve student fee levels in professional schools that consider the following factors: average fees at other public comparison institutions, average cost of instruction, total cost of attendance, market factors, the need to preserve and enhance the quality of the professional programs, the State's need for more graduates in a particular discipline, and financial aid requirements of professional school students. Revenue from student fees will remain with the University and will not be used to offset reductions in State support.

**UC Merced:** The State will continue to provide one-time funds needed for initial development of the UC Merced campus. Such one-time funding will be phased out by 2010-11, when the campus is expected to reach a level of enrollment (5,000 FTES) sufficient to generate an adequate level of workload funding.

**Other Budget Adjustments:** The State will provide funding for other basic budget costs, such as annuitant health benefits, employer retirement contributions, and changes in debt service, in addition to the base budget support provided each year.

**Capital Outlay:** In addition to annual increases in State support cited above, the State will provide funding for debt service to support general obligation bonds of $345 million per segment per year from Proposition 55 to be used to finance high priority capital outlay projects that address seismic and other life-safety needs, enrollment growth, modernization of out-of-date facilities that no longer serve the academic programs they support, and renewal or expansion of infrastructure and other facility systems that cannot accommodate ongoing needs. The
Administration will support additional General Obligation bond measures to provide funding of similar magnitude in future years of this agreement. If appropriate, the State may consider the use of lease-revenue bonds for approved projects to maintain a viable building program within prudent State debt levels. It is recognized that the annual level of funding proposed in this Compact does not meet all of the segments’ capital needs. Therefore, UC and CSU will continue to use institutional resources to help meet other critical needs unmet by State funds.

**One-Time Funds:** As the State's fiscal situation permits, and one-time funds become available, the State may provide one-time funds to address high priority infrastructure needs, such as capital renewal of facilities and deferred maintenance needed to maintain the segments’ capital assets. For UC, at least $200 million per year is needed for systematic capital renewal of existing facilities and utilities, and the deferred maintenance backlog for high-priority projects exceeds $500 million. For CSU, at least $141 million per year is needed for systematic capital renewal of existing facilities and utilities, and the deferred maintenance backlog for high-priority projects exceeds $365 million.

**Initiatives:** Depending on the State's fiscal situation, there may be initiatives mutually agreed upon by the segments, the Governor and the Legislature, either through legislation or through the budget process, that may be funded in addition to the basic budget funds provided to the segments as outlined above in order to meet high priority needs of the University and the State. In addition, if agreed upon by the Governor and the Legislature through the annual budget process, the State will fund the fixed cost needs of developing campuses and off-campus centers, that are not addressed in the basic funding provisions to the segments outlined above.

**UC's and CSU’s Commitments to Achieve Outcomes that are High Priorities for the State**

It is recognized that, as a result of the significant budget reductions that have already occurred, the segments, of necessity, have introduced budgetary efficiencies and productivity measures. The outcome goals delineated in this Compact are focused on academic productivity measures needed to meet the State's highest priorities within higher education.

Because this Compact is developed in the context of several consecutive years of significant budget cuts, the segments will need some latitude in the initial years of this Compact in terms of accountability expectations. The following states the long-term goals for accountability that UC and CSU agree to achieve to the best of their ability.

**Enrollment**

The Master Plan specifies the mission of each public higher education segment, and defines the pool of high school graduates from which each segment is to admit its students. The Master Plan also calls for the State to provide adequate resources to accommodate enrollment.

Consistent with the Master Plan, enrollment levels at UC and CSU should match the resources provided. To the extent resources are provided consistent with this Compact, UC will maintain its commitment to the Master Plan to provide a space for the top 12.5 percent of graduating high
school seniors wishing to attend and will maintain its commitment to provide access to transfer students.

To the extent resources are provided consistent with this Compact, CSU will maintain its commitment to the Master Plan to provide a space for the top one-third of graduating high school seniors wishing to attend, and will maintain its commitment to provide access to transfer students.

The segments’ highest priority for enrolled students will be to ensure they receive appropriate courses and services necessary for them to succeed in meeting their degree objective in a timely manner.

As funds are provided for normal enrollment growth, the UC and CSU will continue their efforts to achieve on all general campuses a goal of State-supported summer instruction and off-campus enrollment at least equal to 40% of the average of fall/winter/spring enrollment by 2010-11.

Course articulation for community college transfers for general education requirements has been achieved by each UC campus with all 108 community colleges. In addition, six campuses have major preparation articulation with all 108 community colleges and the remaining campuses have major preparation agreements with approximately 80 colleges and will achieve complete agreements with all 108 colleges by 2005.

Course articulation for community college transfers for general education requirements has been achieved by each CSU campus with all 108 community colleges. CSU campuses will articulate a lower division major preparation pattern of a minimum of 6 units (two courses) for each high-demand major with all 108 community colleges, and achieve complete agreement by June 2006.

The funding provided in the 2004-05 budget results in a general campus reduction from planned levels for UC of 5,000 FTES related to Chapter 228, Statutes of 2003, and an additional 3,200 FTES reduction associated with the proposal to redirect 10 percent of new freshmen to the Community Colleges. The funding provided for CSU in 2004-05 results in a general campus reduction from planned levels of 13,000 FTES related to Chapter 228, Statutes of 2003, and an additional 3,800 FTES reduction associated with the proposal to redirect 10 percent of new freshmen to the Community Colleges. It is the Administration's expectation that otherwise eligible students who are redirected to the Community Colleges will, upon successful completion of their lower-division work, transfer to a UC or CSU, where they will complete their degree. The segments will target resources to assist participating students to enhance their chances for transfer, and the segments will carefully coordinate their efforts with the Community Colleges.

The UC and CSU will continue efforts to maintain progress and improve where possible both persistence and graduation rates, and time-to-degree

The State is experiencing a critical shortfall in the number and quality of K-12 teachers in science and math. This trend must be reversed if the State is to maintain its economic viability over the next several decades. As the State's premiere science and technology research institution, with highly regarded graduate and undergraduate science and math programs, UC is
uniquely positioned to work in partnership with the State, K-12, and the business community to help reverse this trend. The California State University prepares 60 percent of the state's elementary and secondary teachers with the support of all the state agencies involved in teacher development and preparation. Therefore, the University of California shall develop in collaboration with the California State University a major initiative to improve the supply and quality of science and math teachers in the State of California and thus help better position the State for economic recovery.

The state is challenged to improve the overall quality of K-12 instruction and to produce sufficient teachers in the public school system that meet the definition of Highly Qualified Teachers capable of improving student outcomes consistent with the state’s content standards. The CSU is uniquely positioned to ensure that the majority of new teachers will have the skills necessary, particularly in the areas of special education and English and language arts, to meet the demands of rigorous state standards and will continue to improve the quality and efficiency of teacher training sufficient to meet demand.

The UC and CSU have been engaged in outreach programs to improve the academic preparation of K-12 and community college transfer students for three decades and remain committed to working with K-12 schools and all higher education segments to continue their efforts. UC agrees to provide no less than $12 million and CSU agrees to provide no less than $45 million to support the continuation of the most effective programs. Any additional funding provided by the State would be subject to the annual budget act. The resources will be supplemented by matching private sector funds to the extent possible.

The State continues to place considerable value on high school coursework that is intended to prepare California youth for careers that will bolster the state's economy. To the extent that such courses contain appropriate academic content, such courses should be recognized by both the UC and the CSU as meeting 'a-g' subject requirements. CSU and UC have in the past and will continue to review and approve college preparatory courses that adequately integrate academic and career-technical course content.

Increasing public service to help meet community needs and fostering a citizenry that is oriented toward performing community service are high priorities for the State. The CSU and UC will strengthen programs to encourage students to participate in community service programs while they are enrolled at their campuses.

Student Fees/Financial Aid

Student fee increases will be approved by the respective governing boards as they carry out their responsibility to serve the State's students and maintain educational quality.

Any student fee policy adopted by UC and CSU governing boards should include the following considerations:

- Both the State and students must share in funding the cost of providing an education and related support services.
• To the extent the State provides the resources called for under this Compact for basic budget needs, increases in student fees should be gradual, moderate, and predictable, and should be considered in the context of total cost of attendance.
• Financial aid should be provided to ensure that needy students, as defined by federal program requirements, can afford to attend UC and CSU.

Maintaining Quality

The ability of the CSU and UC to return to a fiscally healthy position while maintaining quality will greatly enhance the State's ability to produce jobs and help the economy recover. A high priority will be given to restoring funding for competitive salaries for faculty, staff and for graduate students, and for other core areas of the budget that are critical to the instructional program and that have been significantly underfunded, such as libraries, instructional technology, instructional equipment, and building maintenance.

The UC and CSU will continue to maintain faculty workload policies that are comparable to those at other institutions. The highest priority for the UC and CSU should be to ensure that students have access to the classes they need to graduate in a timely manner.

In the interest of ensuring priority for instruction, the segments will not increase the proportion of the budget designated for administration above their current levels, assuming no significant additional administrative mandates are imposed on them.

In order to help maintain quality and enhance academic and research programs, UC will continue efforts to seek additional private resources and maximize Federal and other fund sources available to the University to support basic programs. Similarly, the CSU will continue to seek additional funds from other sources to support basic programs.

Student and Institutional Outcomes

UC will continue its efforts to achieve improved student and institutional outcomes and will place a high priority on providing needed classes so that students are able to graduate in four years or less. Similarly, the CSU will continue efforts to improve outcomes and will place a high priority on providing needed classes to reduce the time to degree.

The Administration places a high priority on student success as well as other mission related measures and seeks to foster greater student and institutional accountability through the inclusion of performance-based outcomes. In order to accomplish this, the Administration, in consultation with UC and CSU, will seek to remove barriers to these goals.

As with the K-12 system, accountability for these outcomes should be highly visible and public. This will require that timely and reliable data be collected to provide a strong foundation for sound decision-making in these matters. Therefore, the UC and CSU each agree to provide a comprehensive single report to the Governor, Secretary of Education, the fiscal committees of
the Legislature, the Legislative Analyst’s Office and the Department of Finance by October of each year on the following measures that compare performance for each item for three prior years and the most recently completed academic year:

Efficiency in graduating students
- Number of undergraduate degrees awarded;
- Number of graduate and professional degrees awarded, including detail on degrees awarded in fields that are high priorities for meeting state workforce needs (mathematics, engineering, computer science and other science fields);
- Average time-to-degree for undergraduates;
- Total number and percent of graduating undergraduates who have accumulated excess units required for their degree, as determined by the segments, and the average number of excess units accumulated by these students;
- Persistence and graduation rates for freshmen and California Community College (CCC) transfer students;
- Number of undergraduates admitted as freshmen who leave in academic difficulty;
- Number of undergraduates admitted as (CCC) transfer students who leave in academic difficulty.

Utilization of systemwide resources
- Student-to-faculty ratio;
- Instructional activities per faculty member;
- Percent of total State-funded salary and benefit expenditures dedicated to direct teaching staff;
- Rate of change in total State-funded staff salary and benefit expenditures for instructional staff, administrative staff, and other student and public service staff;
- Faculty honors and awards;
- Information on technology transfer, including progress in achieving industry-university partnerships, number of patents, total annual income generated by UC-held patents, the proportionate split of those revenues between the University and third parties, and UC’s annual patent-related legal costs (UC only);
- Federal, private, and other support for research (UC only);
- Total State-funded expenditures and staff levels for the President’s and Chancellor’s Office, together with rates of change from the previous year.

Student-level information
- Total enrollment (both headcount and FTE), by class level;
- Number of new CCC transfer students enrolled (headcount and FTE);
- Number of new freshmen enrolled (headcount and FTE);
- Number and percent of new freshmen and CCC transfer students who were admitted by exception;
- Progress on achieving course articulation agreements with CCCs;
- Number and percent of undergraduates who did not meet the UC entry level writing requirement for reading comprehension before entering UC.
• Number and percent of undergraduates who did not meet the math and English placement exam requirements before entering CSU.

Capital Outlay

The UC and CSU will continue to provide five-year capital outlay plans outlining the capital priorities for each campus. The plans should include projects that provide safe and accessible learning environments for students and the faculty and staff that serve them.
Humboldt State University

Budget Review Process

Budget Process:

The proposed budget process is designed to provide an open, inclusive, and objective process by which to allocate Humboldt State University’s resources. Allocation of resources should be consistent with the Strategic Plan for the campus.

The University Budget Committee (UBC):

Co-Chairs: Provost and Vice President for Academic Affairs (Non-voting)
Chair, Academic Senate (Votes to break tie)

Voting members: Chair, Senate Finance Committee
Faculty representative, Arts Humanities & Social Sciences
Faculty representative, Natural Resources and Sciences
Faculty representative, Professional Studies
Faculty representative, Non-College Affiliated Faculty
President, Associated Students or designee
Staff Representative, Division of Student Affairs
Staff Representative, Division of Administrative Affairs
Staff Representative, Division of Academic Affairs
Student Representative, 2-year term, appointed by Associated Students

Observers: Representative of the Labor Council
Vice President for Administrative Affairs
Vice President for Student Affairs
Administrative Vice President, Associated Students or designee

Ex Officio: University Budget Director
Academic Affairs Director of Budget and Institutional Data
Student Affairs budget officer
Administrative Affairs Director of Fiscal Affairs

Committee selection and voting process:
Faculty representatives shall be elected by a campus-wide vote of the faculty. Staff shall be selected in a manner agreed upon by staff. Committee members are expected to apply a University perspective to their budget deliberations and recommendations. Voting members of the committee shall be non-management.

Terms of office for voting committee members will be staggered, three-year terms (except the Associated Student’s President). Of the original committee members, one-
third will be replaced after the first year, one-third will be replaced after the second year, and one-third will be replaced after the third year.

Staff support for the committee will be provided by the University Budget Director’s office.

**General process:**

Each division is given a historically derived base budget, however, each base budget should be examined every year with adjustments made gradually. Deans and directors develop a budget in full consultation with department chairs and unit heads who in turn develop a unit budget in consultation with faculty/staff and submit any augmentation to base resource requests to dean/director. Auxiliary units will participate in the process as well as state-funded units. As part of this process, units will

- provide information on all sources of funds available to their unit
- describe how any funds allocated in the previous year’s process were used
- explain year-end balances (surpluses or deficits).

Each college dean or division director prepares necessary resource planning forms to submit to the VP of the appropriate division for consideration through their divisional budget process. The details of the divisional budget process are to be determined by each division. Deans and directors consult with department/unit heads, who in turn consult with faculty/staff to determine final resource priorities for college/unit. Requests for augmentation to base budget will be sent forward for campus review. Requests for one-time funding may be approved at the divisional level, or forwarded for campus review.

UBC then holds open hearings for each division. These hearings are open to the entire campus community. The VP of each division explains and justifies the resource requests consistent with the strategic plan. UBC reviews VP’s recommendations and makes a preliminary recommendation. This preliminary resource allocation recommendation is published for review and comment prior to a final recommendation to the President. The President consults with the University Budget Director, University Executive Committee, Academic Senate, and the President’s Cabinet, Associated Students, and Staff Council. President then makes final decision about the budget.
Humboldt State University
Budget Process Flow and Responsibilities

**PRESIDENT**
- Review University Budget Committee recommendations
- Consult with University Executive Committee, Academic Senate, President’s Cabinet, Associated Students, Staff Council, University Budget Director
- Make final decision on budget allocations

**University Budget Committee (UBC)**
- Hold open hearings for each divisional budget request
- Review Divisional Unit Head recommendations
- Prioritize University budget requests within the scope of the strategic plan and mission of the University
- Publish preliminary prioritized recommendations for review and comment
- Make final prioritized recommendation to the President

**Divisional Unit Head (President, Provost/Vice Presidents)**
- Reexamine unit base budgets
- Develop and prioritize divisional budget requests in consultation with Deans/Directors
- Prepare, submit and present prioritized divisional budget requests to the UBC for consideration through the University budget process.
  - Provide information on all sources of funds available to their unit
  - Describe how any funds allocated in the previous year’s process were used
  - Explain year-end balances (surpluses or deficits)
- Make recommendations to UBC for changes outside the scope of the divisional funding ability

**Deans/ Directors**
- Reexamine cost center base budgets
- Develop and prioritize unit budget requests in consultation with Unit Heads
- Prepare and submit necessary planning documents to appropriate divisional unit heads for consideration through each division’s budget process.
  - Provide information on all sources of funds available to their unit
  - Describe how any funds allocated in the previous year’s process were used
  - Explain year-end balances (surpluses or deficits)
- Make recommendations to Divisional unit heads for changes outside the scope of Dean/Director funding ability

**Unit Heads**
- Reexamine cost center base budget
- Develop and prioritize unit budget in consultation with Faculty/Staff
- Make recommendations to Deans/Directors for changes

**Faculty/Staff**
- Reexamine cost center base budget
- Make recommendations to Unit heads for changes
Humboldt State University
Budget Process Diagram

PRESIDENT

University Budget Committee (UBC)

Provost, Academic Affairs
Deans/Directors
Unit Heads
Faculty/Staff

Vice President, Student Affairs
Deans/Directors
Unit Heads
Faculty/Staff

Vice President, Administrative Affairs
Directors
Unit Heads
Staff

President’s Division
Directors
Unit Heads
Staff

University Executive Committee
Academic Senate
President’s Cabinet
Associated Students
Staff Council
University Budget Director
<table>
<thead>
<tr>
<th>Month</th>
<th>Divisional Responsibilities/ Campus Schedule</th>
<th>CSU Schedule</th>
<th>State Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1</td>
<td>Campus annual budget planning begins</td>
<td>Initial discussion and review of CSU budget by Executive Council</td>
<td>Beginning of State Budget Cycle</td>
</tr>
<tr>
<td>July - August</td>
<td></td>
<td>Review of CSU budget by System-wide Budget Advisory Committee</td>
<td></td>
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<tr>
<td>August - second week</td>
<td>Executive Committee with President sets calendar for annual process</td>
<td>BOT statement of CSU budget priorities</td>
<td></td>
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<tr>
<td>August - last week</td>
<td>Current Year Annual Budget presented to Academic Senate and campus community</td>
<td></td>
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<tr>
<td>September - second week</td>
<td>President and executive leadership review HSU mission and strategic plan and set priorities</td>
<td></td>
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<tr>
<td>September third week</td>
<td>President and executive leadership communicate priorities and initial direction to campus</td>
<td></td>
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<tr>
<td>October - second week</td>
<td>Campus annual budget process begins</td>
<td>BOT approval of CSU budget</td>
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<tr>
<td>October - December</td>
<td>Divisional leadership initiate unit budget processes</td>
<td>CSU meet with Governor's Office and Department of Finance (DOF) staff</td>
<td>Legislative Analyst Office (LAO) issues Fiscal Outlook - Governor's Budget released</td>
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<tr>
<td>January - first week</td>
<td></td>
<td>Governor's Budget released</td>
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<tr>
<td>February - first week</td>
<td>University Budget Committee (UBC) reviews HSU mission and strategic operating plan and develops evaluation plan for proposals</td>
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<tr>
<td>February - second week</td>
<td>Prioritized divisional budget requests due to University Budget Office (UBO)</td>
<td>Second week - CSU provides preliminary campus budget allocations based on Governor's budget</td>
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<tr>
<td>February - second week</td>
<td>UBO compiles divisional budget requests</td>
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<tr>
<td>February - second week</td>
<td>Executive Committee review of annual budget reductions/requests for funding</td>
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<tr>
<td>March - first week</td>
<td>UBC hold open hearing where divisions will present their divisional budget request priorities</td>
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<tr>
<td>March - second and third week</td>
<td>UBC deliberations of divisional budget presentations</td>
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<tr>
<td>April - first week</td>
<td>UBC publishes preliminary prioritized funding recommendations for review and comment</td>
<td>Legislative Analyst Office (LAO) reviews preliminary campus budget</td>
<td>Legislative Analyst Office (LAO) reviews Governor's initiatives</td>
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<tr>
<td>April - second week</td>
<td>Deadline for campus input of UBC recommendations on budget funding priorities</td>
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<tr>
<td>April - second week</td>
<td>UBC compiles final budget recommendations</td>
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<tr>
<td>April - third week</td>
<td>UBC recommendations presented to President and Executive Committee</td>
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<tr>
<td>April - third week</td>
<td>Budget Update to Academic Senate (or possibly request special Academic Senate meeting later) depending on status of State/CSU budget process</td>
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<tr>
<td>May - first week</td>
<td>Budget Update to campus community</td>
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<tr>
<td>May-third week</td>
<td>May Revision of Governor's budget is released</td>
<td>May Revision of initial CSU budget document distributed to campuses</td>
<td>Subcommittees report to the full Budget Committee</td>
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<tr>
<td>May-fourth week</td>
<td></td>
<td>Assembly and Senate debate versions of the Budget Bill -- Full Budget Committee, House Approval</td>
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<tr>
<td>May-late to June-early</td>
<td></td>
<td>Budget goes to Two House Conference Committee</td>
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<tr>
<td>June - second week</td>
<td>Finalize HSU budget based on the May Revise Budget</td>
<td>Constitutional deadline for Conference Committee to pass Budget Act</td>
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<tr>
<td>June - second week</td>
<td></td>
<td>Final budget allocation to CSU campuses</td>
<td>Constitutional deadline for Governor to consider line-item vetoes</td>
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<tr>
<td>June - end of month</td>
<td></td>
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<tr>
<td>July 1</td>
<td>Implement fiscal year budget as approved by the President</td>
<td>Budget Act takes effect.</td>
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Humboldt State University
Ad hoc Budget Policy Committee
Budget Policy Recommendations

Overview
The Academic Senate Executive Committee and the University Executive Committee met jointly on January 14, 2003 and requested that the President appoint an ad hoc committee to review current University budget policies. The committee's charge is to identify and develop budget policies and make recommendations that will result in a more efficient and open budget process at Humboldt State University.

Ad hoc Budget Policy Committee Members:
Saeed Mortazavi, Senate Finance Chair, Co-Chair
Carol Terry, University Budget Director, Co-Chair
Joan Berman, Librarian
Steve Carlson, Chair, ENRS
Randi Darnall Burke, Student Affairs
Chip Dixon, Professor of Computing Science
Karen Earls, Academic Affairs Budget & Institutional Data
Susan Higgins, Dean, Professional Studies
Emilia Patrick, Student Representative
Lori Rudebock, Fiscal Affairs

Budget Policy
The guiding principles by which budget policies will be developed, until such time that the HSU Strategic Plan sets goals for the university, include:

1. Protect and assure the quality of our academic programs and services
2. Provide clear and consistent priorities for funding
   o Encourage and reward sustained and managed enrollment growth
   o Allow for allocation of funding to meet changing enrollment demand
3. Develop and identify initial cost center level base budget within current funding levels and mission expectations using a consistent format
4. Provide a responsible university contingency reserve

These budget policies are meant to complement the mission and strategic plan for the University. It is recommended that on the completion of the new mission and strategic plan for the University, that these budget policies be briefly reviewed to assure proper alignment with the mission and strategic plan.

Purpose. This policy describes the annual operating budget policies and processes that will be used at Humboldt State University to create a more efficient and open budget process.
Annual Operating Budget. The University’s annual operating budget is defined as planned revenues and expenditures categorized within current authorized funding levels and includes funding authority granted by the California State University System (CSU). (See Glossary of Terms for list of funds.) Also fundamental to this definition and to creating a more efficient and open budget process is the development of budget at each cost center level. These cost center budgets need to identify, at a minimum, salary and benefit funding for positions and other operating expenses.

Annual Operating Budget Policies.
The University shall have an annual budget process that is open and understandable by all.

The annual operating budget policies shall enhance the University’s overall mission and strategic plan and shall ensure that planned expenditures are supported by appropriate resources. The annual operating budget planning process shall incorporate the budget process prescribed by the University. Budgets for funds under this policy shall be entered by the University Budget Office into the University’s financial system at the cost center level by July of the new fiscal year or upon receiving final budget authority from the legislature and the CSU.

The budget detail shall be displayed in terms of positions, salaries, benefits and operating expense budgets at the cost center level. The University Budget Office shall provide quarterly financial status reports to the Executive Committee.

Divisional leadership shall develop written operating budget policies in such a way that the divisional policies complement the University budget policies. At a minimum, divisional policies shall include:

• Current year and base budget year salary and benefit funding during employee transitions and as new positions are established or modified.
• Current year and base budget year salary and benefit cost recovery during employee transitions and as new positions are established or modified.
• Roll forward policy

Each divisional policy shall become an addendum to the central budget policy and shall be posted with the University budget policies.

Budget Planning and Accountability
Humboldt State University has a fiduciary responsibility to the state, the CSU, and its campus constituents to effectively manage and use its financial resources. The President is ultimately responsible for the fiscal solvency of the University. Divisional leaders are ultimately held responsible for the fiscal solvency of their divisions. Deans of colleges and directors of major budget units are held accountable to the divisional leadership for their organization’s fiscal solvency. Unit heads are held accountable to the deans/directors of major budget units for their individual cost center budgets.

The University is committed to effective resource management and accountability. Ongoing budget oversight is provided to ensure that resources and expenditures are occurring in general conformity with the budget plan. Throughout the fiscal year, the University Budget Office and each of the divisional unit heads, deans/directors, and unit heads shall monitor resources and
expenditures to determine whether the financial outlook for their accounts is unfolding as planned or changing in significant respects. If significant changes are detected, the divisional unit heads, deans/directors, and unit heads shall work with the University Budget Office to determine the underlying reasons for the changes and, if needed, appropriate corrective action shall be taken. Significant changes shall be reported to the Executive Committee.

The University Budget Office and each of the divisional unit heads, deans/directors, and unit heads shall monitor and oversee operating funds ensuring that:
- year-to-date resources and expenditures are occurring in a manner consistent with the budget plans
- resource shortfalls and expenditure overruns are identified and resolved quickly
- deficit spending at the cost center level does not occur
- budget adjustments are reviewed and, if approved, entered into the University’s financial system by the University Budget Office

Annual Budget Detail
The University shall have cost center level base budget allocations detailing positions, salaries, benefits and operating expenses. The University will use the position inventory salary and benefit data associated with each cost center’s budget to create the salary and benefit budget for each cost center budget.

These budgets will be developed in a very collaborative process between divisional leaders, deans/directors, unit heads and faculty/staff. The cost center unit heads shall monitor and manage their budgets being careful not to deficit spend. Oversight and monitoring is also expected at dean/director levels just as it is expected at divisional levels. This management and oversight of a cost center, major unit, and division budget should never be viewed as an exclusive right, but a joint responsibility for collaboration, monitoring, concern, and management of the University’s resources. Constant dialogue must occur at every level.

The cost center’s budget shall not be viewed as an entitlement. From time to time it is expected that increments or decrements to the cost center budget may occur. These increments or decrements may happen, for example, as a result of policy decisions associated with the University budget process or changes in workload and/or divisional priorities. (See budget process document for further details of the process.)

Salary Budgets
Salary costs for positions are a major expense of the HSU budget. It is important to manage this expense effectively. A position inventory is an effective tool to provide managers with the information needed to make decisions on whether to recruit and refill a position vacancy.

The University Budget Office shall develop a position inventory to track each position’s salary and benefit costs associated with each cost center’s budget. The University Budget Office shall maintain this position inventory and provide monthly updates, during the academic year, to the various divisions. The University Budget Office shall work with key offices on campus to define the routing flow of personnel actions to assure that funding is available before recruiting for a new
position, refilling a vacant position or making modifications to a position that would result in a salary adjustment to a position.

This policy does not create an entitlement to an ongoing position. As each position becomes vacant, it is expected that unit head will provide analysis and justification for the continuation of the position and then meet with their dean/division head to obtain approval for continuation of the position prior to taking any action toward refilling the vacancy. Other increments or decrements may happen, for example, as a result of policy decisions made through the University budget process, changes in workload within a division or general salary increases.

Salary Increments
When the CSU funds authorized salary increases, it generally funds the increases proportionately to each university, based on available system-wide funds. The University Budget Office shall proportionately allocate the salary funding to divisions based on participating employee units and each divisions budgeted salary base for that participating employee unit. In the event that CSU provided funding is not adequate, any additional funding required shall be the responsibility of each division. The University Budget Office and the divisional leadership shall make every effort to be informed about these funding initiatives and may request salary funding consideration during the annual University budget process.

Base Salary Savings (from employee turnover)
Base salary savings—the difference between the incumbent salary and new hire—shall revert to the divisional levels. The divisional leadership may delegate this policy to other levels in their organization with a written policy stating the level of delegation.

Responsibilities for Funding Initiatives Within Units
Base salary savings funding was formerly recovered at the university level to fund changes in salaries for various purposes. Decentralizing this funding source will require the divisions to carefully plan for and fund changes such as reclassifications, in-range progression increases, grade level changes, promotions (including faculty promotions), faculty early retirement program (FERP), overtime, and night shift differential. It will be critical for divisions to manage their position resources effectively and recover savings wherever possible to manage the salary changes during position turnover. The divisional leadership shall develop a written policy addressing the careful management and recovery of the salary savings funds.

One-time (current year) Salary Savings
Salary savings accrued in a current year—the difference between the vacancy and the fill—shall revert to the divisional levels. Unit head and division heads shall work closely together to assure cost center’s viable operations in the interim. The divisional leadership shall develop a written policy addressing the careful management and recovery of one-time salary savings funds, and providing cost centers with adequate interim resources for their continued operation, especially during position transitions.

Responsibilities for Funding Initiatives Within Units
One-time salary savings will be necessary for units to cover temporary staff, temporary replacement faculty, recruiting expenses, moving expenses, settlement costs, lump sum
cashouts, etc. At no time will one-time (current year) salary savings be used to fund permanent and ongoing expenditures, including permanent positions. It is even conceivable that a vacancy may not create any salary savings. For example, when a vacancy is created by a retiring faculty with a faculty early retirement program (FERP) agreement or when there is overlap with a staff position, it is plausible that there may be no savings. The units will need to be cognizant of these issues and set aside funds to cover these contingencies appropriately.

**Funding for Employee Benefits**

Benefit costs for positions are a major expense of the HSU budget and have traditionally been managed centrally. The divisional choice to create a salary expense is directly linked to the cost of benefits. The division making a choice to rehire, promote, or create new positions must be accountable for the full cost of that decision.

Therefore, the benefit costs associated with each position in the position inventory, shall be decentralized and funded as part of each cost center level budget. Changes (savings or costs) associated with turnover, salary increments and other salary adjustments affecting benefit costs shall become the funding responsibility of each division. The University Budget Office shall work carefully and closely with each division to assure a smooth transition.

**University Contingency Reserve**

**Funding History.**

The University Contingency Reserve funding source has historically been generated through the centralized policies to fund salaries and benefits for positions on campus. The savings from positions being terminated, reduced to vacant level, reclassified or retired was captured at a June 30 snapshot and redistributed to fund divisional new hires, new positions, and the contingency reserve. This centralized funding process was misunderstood and confusing to the campus. Further, the June 30 snapshot tended to underfund divisions such as Academic Affairs, which may have had vacant positions during the June 30 snapshot. The old method was not a widely understood policy.

The new budget policy recommendation is twofold. First, the salary and benefit savings remains with the division and the division recycles that savings per its division policies. This policy means that a June 30 snapshot does not remove position savings from a division. Second, it recommends that the University Contingency reserve, formerly funded by centralized position savings, be made whole by establishing a base budget allocation.

The university must responsibly plan for unforeseen funding initiatives that come up throughout the year, despite best planning efforts. A contingency reserve budget is a university’s way of planning a buffer for a margin of uncertainty. It is important for the university community to understand that the University Contingency Reserve will be used to fund unforeseen divisional and university initiatives as approved by the Executive Committee and the President.

**University Contingency Reserve Policy.**

Approximately two and four tenths percent of the University’s state allocation shall be established as a reasonable base budget funding level for the University’s contingency fund. A base budget contingency reserve of one and two tenths percent shall be established with an initial budget
reallocation from divisional budgets for the fiscal year 2004-2005. Starting in fiscal year 2005-2006, an additional base budget allocation of a third of one percent per year shall be added to the University Contingency Reserve until the goal has been reached. Once fully established, maintaining the base budget contingency reserve level at the funding goal shall be considered a funding priority during the annual budget process. The university contingency reserve funds shall be allocated by the President and the Executive Committee. Allocations from this reserve shall be reported during the annual budget process.

All University Funding
The “All University” or general university expenses that are not the direct responsibility of any administrative area shall be centrally budgeted. Individual expense items may vary from year to year, but an itemized listing of the funds budgeted shall be shared with the university community during the annual budget process.

Financial Aid Grants
The State University Grant and Educational Opportunity Program funding is allocated as restricted funds to the campus and cannot be used for any other purposes. Balances remaining in these accounts will be rolled forward to the following fiscal year and reallocated for their original purpose.

Work Study/Perkins Loan Program
Work Study On/Off Campus is primarily funded from a federal award and partially offset by cost center matching funds as well as private reimbursements. Funding for the program will continue to be allocated as a general university program.

Reporting Accountability
As part of the annual budget process, each division shall provide:
- information on all sources of funds available to their division
- description of how any funds allocated in the previous year’s annual budget process were used
- explanation of year-end balances (surpluses or deficits).

Identification of Peer Institutions
It is critical to identify peer institutions to use as a measure against characteristics that define an institution. HSU shall undertake a study to identify peer institutions based on academic, enrollment and financial criteria. This data shall serve as information to guide our institutional decisions.
Glossary of Terms

**Division/Divisional leaders** – refers to the major units or executive levels of the University including President’s division, Academic Affairs, Administrative Affairs, and Student Affairs.

**Deans/directors** – Titles vary from division to division, but the term is meant to generally describe the managers of a major budget units reporting directly to a Divisional leaders.

**Unit heads** -- Titles vary from division to division, but the term is meant to generally describe the managers of a cost center reporting directly to a manager of a major budget unit.

**Cost center** – refers to a functional unit related to a specific program or function and is comprised of detailed budget information including personnel salaries, benefits and unit operating expenses related to that functional unit. Examples: English, Financial Aid, Economics, Anthropology, Geology, Mathematics, Wildlife Management, Plant Operations-Custodial Services, Career Development, University Budget Office, Cashiering.

**Employee Units** – refers to the Higher Education Employer - Employee Relations Act (HEERA) designation/collective bargaining units the CSU position salary classes have been assigned to.

**Budget** – A budget represents a proactive, initial plan of action for a list of proposed activities. It represents your best plan for the year. A budget contains a list of proposed activities, each with their associated cost expressed in whole dollars. A budget helps to anticipate the revenue and associated cost of an operation. It is a means of tracking revenues and expenses to assure that resources are being used effectively to meet the goals of the University. A budget also helps to assure a proposed activity is in compliance with the legislation for the state. A budget also helps to identify an appropriate level of funding for a cost center or function by making it possible to compare the operational units within other universities. A budget is not a reactive plan of action that allocates budget to cover expenses that have already occurred.

**Funds for purposes of the annual operating budget process** – Those funding sources include general fund state and other receipts including reimbursements for financial aid and other State/CSU receipts, and revenue primarily comprised of the following:

- State University (student) Fees, student health fees, mandatory paper fees, non-resident student tuition, application fees, miscellaneous revenues including transcript fees, library fines, late registration fees, bad check fees, late fees and independent operations fees. Also included within the scope of the state budgets are cost center recharges (chargebacks).

The preceding fees are sources currently combined to create the HSU’s “state” operating budgets. The CSU allocation is primarily based on an authorized level of full-time equivalent students enrolled on an annual basis. Occasionally, the allocations from the CSU are restricted...
to a specific purpose. Restricted funds cannot be used for initiatives other than their intended purpose and will not be used as part of HSU’s annual budget allocation process.

Lottery trust funds are provided specifically for instructionally related initiatives. These trust fund balances will be reported as part of the annual budget process, but will have a separate budget allocation policy.

Other trust funds, also established for restricted purposes, will be reported as part of the annual budget process, but will not be within the scope of this budget allocation policy.

Other revenue and fees not included in the University’s annual state budget allocation process, but included for reporting purposes are as follows: enterprise funds including University Center, Foundation, and Associated Students; auxiliary funds including housing, continuing education, parking; Instructionally Related Activities (IRAs) and other incidental fees.

University Fees Associated with the University Annual Budget Process

<table>
<thead>
<tr>
<th>CSU Budget to HSU</th>
<th>HSU &quot;State&quot; Budget Allocation</th>
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<tbody>
<tr>
<td></td>
<td>GFS</td>
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<td>State Fees</td>
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<td>63,159,200</td>
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<td>Student Health Fee</td>
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<td>Application Fees</td>
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<td>Misc Fees</td>
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<td>Other Revenues (wkst/Fed Reimb)</td>
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<td>Subtotal Fees/Reimbursements</td>
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<td>Reimbursed Activities</td>
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<td>Total Fees/Reimbursements</td>
</tr>
<tr>
<td></td>
<td>Total CSU Budget Allocation</td>
</tr>
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</table>

|                   | Subtotal Fees/Reimbursements | 4,758,276 |
|                   | Reimbursed Activities        | -          |
|                   | Total Fees/Reimbursements    | 4,758,276 |
|                   | Total HSU "State" Budget Allocation | 82,962,552 |

Reporting Purposes
Reimbursed Activities
Trusts
University Center
Foundation
Associated Students
Housing
Continuing Education
Parking
IRAs
Other fees

Approved 02/2004