University Budget Committee (UBC) Notes
Friday, April 2, 2004

Present:
Steve Butler      Nancy Kelly      Wayne Perryman
Steve Carlson     Gretchen Kinney Newsom Laurie Sheppard
Carl Coffey       Thomas (TK) Koesterer Carol Terry
Randi Darnall-Burke Judith Little    Rick Vrem
Susie Dodson     Sue MacConnie     Samantha Williams
Karen Earls       Saeed Mortazavi

Absent:
Robert Read      Donna Sorensen

Agenda:
1. Approval of March 26, 2004 Minutes
2. Discussion of information shared at the March 26th meeting.
3. Additional questions for unit leaders.
4. Discussion of budget reduction criteria and the proposed reductions.
5. Discussion of the proposed differential cuts.
6. Discussion of Committee recommendations regarding budget cuts.

Implication of Staff reductions:
- Union notification of layoffs underway
- Must balance openness with sensitivity, recognizing impact on morale
- How handled on other campuses?
  - Senate Chairs meeting at Long Beach and Dominguez Hills
  - Discussed in generic terms
  - Deeper cuts at HSU because of lack of new enrollment dollars
  - Look at decision making criteria, ask questions

Information required to determine reduction criteria:
- Size of units?
- Capacity of programs?
- Enrollment patterns?

Propose top priority to meet enrollment target (1077 FTES):
- If fall below target by > 1%, must payback
- Rationale behind differential reduction in Academic Affairs
  - 10% reduction for Colleges
    - Enrollment target more difficult to meet with larger reduction
    - Persistence rate will decrease
  - 14% reduction for non-Colleges

Other criteria:
Long-term planning
  o Align budget to reflect campus priorities
    ▪ Historical peer data
      • University Budget Office to provide data
        o Expenditure data by NACUBO programs and across different salary categories
        o Compare $ and % to selected CSU campuses
    • Why do budgets grow?
      o Enrollment patterns?
      o New programs
      o Increased use of technology
      o Additional regulations/compliance issues
    • Additional data considerations
      o Calculation of enrollment elasticity, i.e. For each 1% increase/decrease in budget, what is the effect on enrollment?
      o Age of buildings and physical plant and long-term effect of deferred maintenance
  o Affected by external forces
    ▪ State economic forecasting
    ▪ Governor’s enrollment mandates
      • 10% reduction in freshmen
    ▪ CSU strategies
      • 5% across the board reduction
      • Rumors of additional $42M reduction next year to CSU
        o HSU share $800K to $1M
    ▪ Cost of unfunded mandates

Short-term planning
  o What can we recover from most quickly?
  o What can be restored quickly in better times?
  o Total funding
    ▪ Size of carryforward?
    ▪ Use of trust accounts?
    ▪ Potential for increasing revenue?
  o Possible strategies
    ▪ Limiting course offerings
      • Balance potential savings against negative impact on student enrollments? Retention?
    ▪ Reducing number of faculty Fulbright scholars and sabbaticals
      • Effect on faculty recruitment and retention
    ▪ Effect of “Golden Handshake” unknown
      • Nationwide, 7-10% of those eligible will take advantage
      • CSU different because of FERP
      • Known retirements and FERP applications factored into budget plan
    ▪ Shift some part of divisional reductions to All University?
- Need more detail of what is in All University
- Some pieces already exempt from reduction due to mandates
- Other budget represents university-wide obligations, i.e. Utilities
  - Limitations of short-term planning
    - Masks fundamental shifts
    - Delays implementation of more effective long-term strategies

**Consensus:**
- Evaluate all division differential cuts as to the division’s ability to help campus reach enrollment target of 7077 FTES
  - Recognize that if Academic Affairs reduction is smaller, other areas' reductions will increase
    - All divisions contribute to success of the university
  - What is the fixed cost of enrolling 7077 FTES?
    - Get the students to enroll
      - Ease of completing online application
      - Increased number of applications submitted
      - Yield rate decreasing
      - Less selective recruiting process than at some campuses
    - Keep the students here
      - Offer proper balance of courses
        - Offer full schedule of Fall classes and adjust, if necessary, in the Spring?
      - Provide adequate student retention services
    - Estimate cost using Student:Faculty ratio (SFR)?
      - Merely supports status quo
      - Most cost inefficient in CSU
        - High cost majors with few students
        - Target enrollments in exceptionally low SFR programs
        - Increased number of major and minor programs over time without proportional increase in students in those programs
  - Pursue concentric circle model of campus priorities
    - Use model as one tool to evaluate divisional differential reduction levels
  - Continue discussion and identification of other criteria and models
  - Analyze peer data, as available