

HUMBOLDT STATE UNIVERSITY
ACADEMIC SENATE

Resolution on Proposed Changes to the HSU Budget Process

#11-07/08-EX – April 15, 2008

RESOLVED: That the Academic Senate of Humboldt State University recommends that the following changes to the *HSU Budget Process* be implemented at the beginning of the 2008/2009 fiscal year:

University Budget Committee (UBC) Composition

Recommendation: The composition of the UBC should be structured as follows:

- 2 Facilitators: (To be determined by criteria recommended by ad hoc Budget Review Task Force) – non-voting
- Members:
- 3, Faculty representatives (1 from each College, to be elected by the General Faculty for staggered, renewable, three-year terms)
 - 1, Faculty member, appointed by the Provost in consultation with the Deans and the Senate Executive Committee
 - 1, Academic Senate Finance Officer
 - 1, Academic Affairs representative
 - 1, Student Affairs representative
 - 1, Administrative Affairs representative
 - 1, University Advancement representative
 - 1, Staff representative selected by Staff Council
 - 1, Associated Students President or designee
- Advisors:
- University Budget Director
 - One Budget Analyst from each division

UBC Process

Recommend: That a consensus decision-making process be used (***agreeing with the ad hoc Budget Review TF report***), but also recommending that when voting occurs, votes and their distribution should be recorded and forwarded with UBC recommendations to the President.

UBC Training

Recommend: At a minimum, a binder of information and background should be prepared annually for all members and a "training program" should be developed for new members. (***agreeing with and expanding upon the ad hoc Budget Review TF report***)

UBC Role

- 1 Recommend: That the UBC. develop a year-round oversight role for monitoring the campus budget (***agreeing with the ad hoc Budget Review TF report***) and also recommending that this oversight process to include:
 - Division leaders should report annually what they achieved with the money allocated to them relative to their projected goals and objectives.
 - The UBC should know, on an annual basis, how all budgeted and unbudgeted funds were spent (for example, per the Report, such monitoring should include review of quarterly reports from the University Budget Office on budgeted revenues and expenditures relative to actuals of agreed-upon budget categories).
- 2 Recommend: The UBC should advise the President on general budget policy. (***agreeing with the ad hoc Budget Review TF report***)
- 3 Recommend: Campus budget priorities should be linked to the university's strategic plan. (***agreeing with the ad hoc Budget Review TF report***)
- 4 Recommend: The UBC. should recommend to the President allocation of unbudgeted funds, in accordance with the university's Strategic Plan priorities. (***agreeing with the ad hoc Budget Review TF report***)
- 5 Recommend: The UBC should be included in discussions about how budget reductions are to be distributed (in terms of the principles to be used for budget reductions as well as percentage distributions among divisions) prior to division leaders developing plans to reduce their division budgets. (***expanding upon the ad hoc Budget Review TF report recommendation***)
- 6 Recommend: The UBC. should review all division plans to reduce services when budget reductions are required, relative to the university strategic plan priorities, and report recommendations to the President and the University Executive Committee. (***agreeing with the ad hoc Budget Review TF report***)
- 7 Recommend: That the campus undertake campus-wide program prioritization so the UBC will be able to make informed recommendations when reviewing division plans to reduce services when budget reductions are required. This would allow the U.B.C. to actually evaluate any division's priorities relative to all other division priorities. (***expanding upon the ad hoc Budget Review TF report recommendation***)
- 8 Recommend: The UBC will provide timely communication to the campus community and improve its web site content (including quality of its minutes). (***agreeing with the ad hoc Budget Review TF report***)

•9 Recommend: It is an appropriate role for the Academic Senate to review the *HSU Budget Policy*, and its addendum, and recommend any needed changes or follow-up on previous recommendations included in the Policy. The UBC should be one of many advising groups or individuals on campus who provide feedback to the Senate in this process. ***(disagreeing with the ad hoc Budget Review TF report)***

Other

• 1 Recommend: That HSU should establish an Office of Institutional Research.
(agreeing with the ad hoc Budget Review TF report)

RATIONALE: The recommendations for changes are based upon the following series of events:

- *Senate and President approval of the HSU Budget Process (October 2003) (see Attachments 1 and 2)*
- *Revision to the composition of the University Budget Committee (November 8, 2006) (see Attachment 3)*
- *Senate and President approval of formation of ad hoc task force to review the HSU Budget Process and the HSU Budget Policy (February 2007) (see Attachment 4)*
- *Receipt of "Budget Review Recommendations" (1/22/08) from ad hoc Budget Review Task Force (see Senate packet for January 29, 2008).*

Following discussions at both Senate and Senate Executive Committee meetings, these recommendations were prepared by an ad hoc subcommittee (Mark Larson and Saeed Mortazavi) and amended following the open Senate discussion of March 11, 2008.

PASSED – April 15, 2008

Attachment #1 to Resolution #11-07/08-EX

**Resolution on HSU Budget Process
(#01-03/04-SF)**

- WHEREAS,** Budgeting is an integral part of strategic planning; and
- WHEREAS,** An effective method of budgeting based on resource priorities is necessary for the success of the strategic plan; and
- WHEREAS,** Budget transparency is of utmost importance to faculty, staff, and students at HSU; and
- WHEREAS,** The Fiscal and Governmental Affairs Committee of the CSU Academic Senate conducted a survey of campus budget advisory committees in 1998; and
- WHEREAS,** The survey identified the following elements necessary for the effectiveness of a budget advisory committee
- Frequency of meetings
 - Membership structure and make-up of the committee
 - Meeting attendance and time devotion to meetings
 - Staff support for research
 - Connection to Academic Senate
 - Training of committee members
- ; and
- WHEREAS,** The survey found strong faculty participation in fiscal planning crucial to the success of a budget advisory committee; and
- WHEREAS,** The survey identified HSU as having the lowest faculty representation among the CSU campuses in the budget advisory committee; and
- WHEREAS,** The survey found the leadership at the President or Provost level to be essential in smooth functioning of budget advisory committee; be it
- RESOLVED:** That the Academic Senate of Humboldt State University recommend approval of the Ad hoc Budget Process Committee's proposal for the formation of a new University Budget Committee and the implementation of the budget process recommended in the attached document and amended by the Academic Senate of Humboldt State University; and be it further
- RESOLVED:** That the Academic Senate of Humboldt State University recommend that the budget process be coordinated with the enrollment cycle as much as possible; and be it further
- RESOLVED:** That the Academic Senate of Humboldt State University recommend that the budget process be reviewed during the Fall 2006 term.

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.

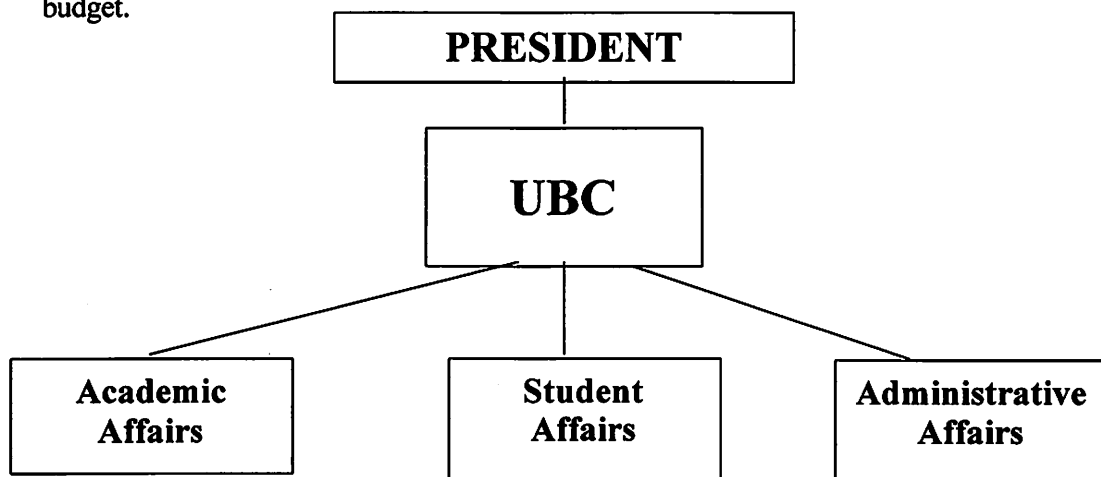
General process:

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

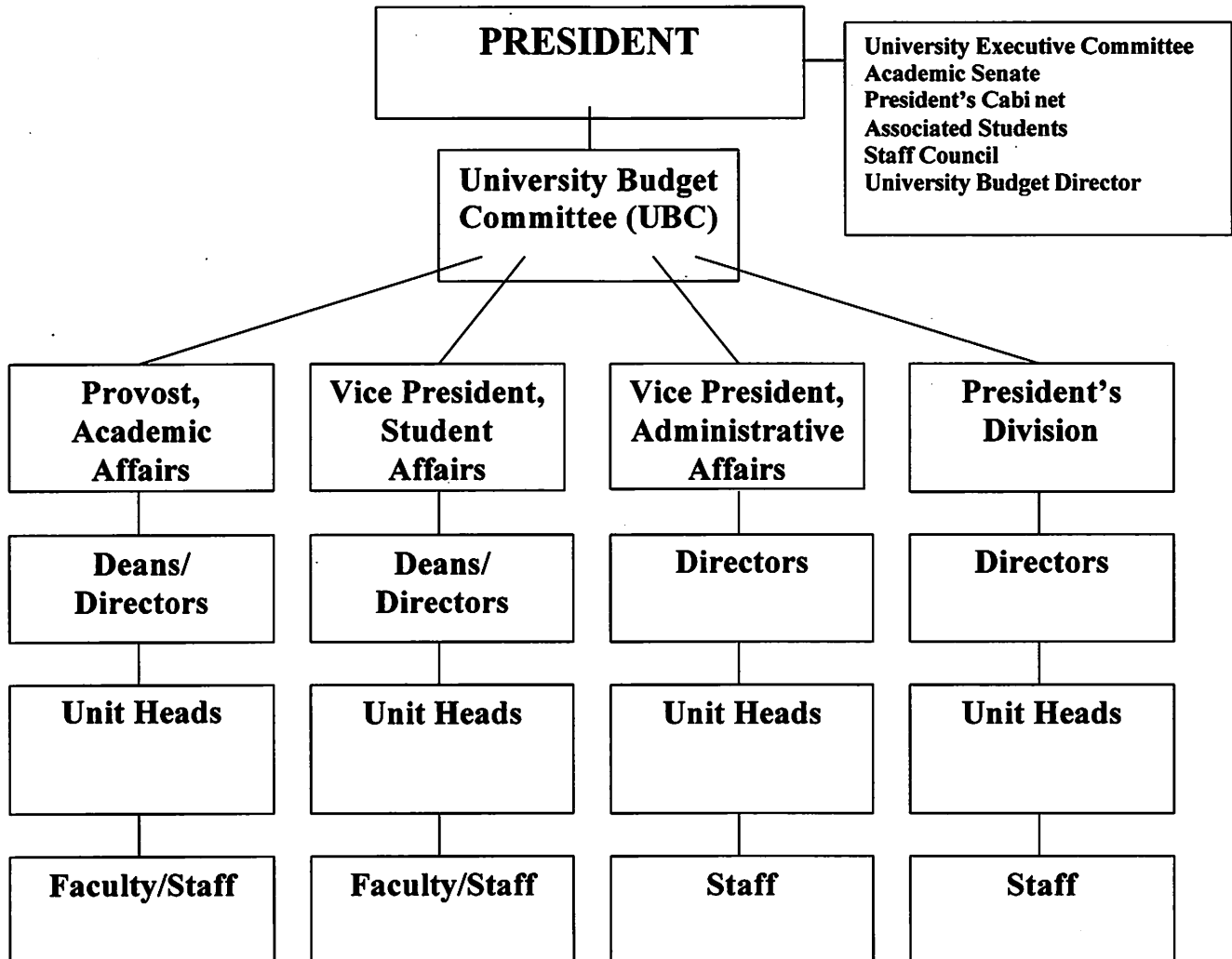
Unit Heads

- 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



Humboldt State University

Budget Cycle: A Continuous Process

Month	Divisional Responsibilities/ Campus Schedule	CSU Schedule	State Schedule
July 1	Campus annual budget planning begins		
July -August		Initial discussion and review of CSU budget by Executive Council	Beginning of State Budget Cycle
August	Executive Committee with President sets calendar for annual process	Review of CSU budget by Systemwide Budget Advisory Committee	
September	President and executive leadership review HSU mission and strategic plan	BOT statement of CSU budget priorities	
September	President and executive leadership set HSU Priorities and community priorities and initial direction to campus		
October 14	Campus annual budget process begins		
October 15	Divisional leadership initiate unit budget processes	BOT approval of CSU budget	
November-December		CSU meet with Governor's Office and Department of Finance (DOF) staff	Legislative Analyst Office (LAO) issues Fiscal Outlook - Governor's Budget released
February 1-10	Executive Committee review of annual budget reductions/requests for funding		
February 10	Prioritized divisional budget requests due to University Budget Office (UBO)		
February 10-15	UBO compiles divisional budget requests		
February 1	University Budget Committee (UBC) reviews HSU mission and strategic operating plan and reviews evaluation plan for proposals	Feb. 5 - CSU provides preliminary campus budget allocations based on Governor's budget	
March 1	UBC begins review of campus budget requests -- holds open hearings		
April 1	UBC publishes preliminary prioritized funding recommendations for review and comment	Legislative Analyst Office (LAO) reviews preliminary campus budget	Legislative Analyst Office (LAO) reviews Governor's initiatives
April 15	UBC makes final recommendations to the President		
April - May	President confers with committees		Subcommittees confer on the Budget Bill
May 4	Budget Update to Executive Committee, Academic Senate, and campus community (or possibly request special Academic Senate meeting later) depending on status of State/CSU budget process		
May-mid			May Revision of Governor's budget is released
May-end		May revision of initial budget document	Subcommittees report to the full Budget Committee
May-late to June-early			Assembly and Senate debate versions of the Budget Bill -- Full Budget Committee, House Approval
June 1-14	Finalize budget based on the May Revise		Budget goes to Two House Conference Committee
June 15			Constitutional deadline for Conference Committee to pass Budget Act
June 30		Final budget allocation to campus	Constitutional deadline for Governor to consider line-item veto
July 1	Implement fiscal year budget as approved by the President		Budget Act takes effect.
September	Budget Update to Academic Senate and campus community		

President

TO: Rick Vrem and Saeed Mortazavi, Co-chairs, University Budget Committee

FROM: Rollin Richmond, President

Date: November 8, 2006

SUBJECT: University Budget Committee Voting Membership and Process

Thank you for the recommendations on the structure of the University Budget Committee membership as stated in your October 9 letter. Your input on this committee membership is valuable in order for the campus community to feel truly represented in the budget process. Effective with this planning cycle for the fiscal year 2007-2008 budget, I am modifying the current committee structure and appointing the following committee membership.

The following will be non-voting members:

The Provost and the Chair of the Academic Senate will remain as co-chairs. The Chair of the Senate will vote only in the event of a tied vote.

The following will be voting members:

- The existing UBC faculty representation will be retained.
- The President of the General Faculty or designee will be added.
- The four Vice Presidents or designees will be added.
- The President of Associated Students or designee will be retained.
- The Chair of the Staff Council or designee will be added.

The Associate Vice President for Business Services or designee will continue to serve as staff to the UBC.

In summary the representation is:

- 6 Faculty plus the Chair of the Senate
- 4 Administrators
- 1 Staff representative
- 1 Student representative

A list of the revised committee structure follows:

HSU University Budget Committee Membership

Co-chairs:

ADM Rick Vrem, Provost/Vice President for Academic Affairs (Non-Voting)
FAC Saeed Mortazavi, Chair, Academic Senate (Votes to Break a Tie)

Voting Membership:

FAC Lumei Hui, Faculty Rep, College of Natural Resources and Sciences
FAC Michael Thomas, Faculty Rep, College of Professional Studies
FAC Judith Little, Faculty Rep, College of Arts, Humanities & Social Sciences
FAC Wayne Perryman, Faculty Rep, Non-College Affiliate
FAC Mark Larson, Chair, Academic Senate Finance Committee
FAC Lou Ann Wieand, President, University Faculty
ADM vacant, Provost/Academic Affairs Vice President or designee
ADM vacant, Administrative Affairs Vice President or designee
ADM vacant, Student Affairs Vice President or designee
ADM vacant, University Advancement Vice President or designee
STA vacant, Chair of Staff Council
STU Crystal Chaney, President, Associated Students or designee

Staffed by the Associate Vice President for Business Services or designee

The meetings of the UBC are open to interested observers.

The committee'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 to evaluate budget proposals and recommend budget allocations/de-allocations

With a somewhat restructured committee, I hope you will consider developing a new process for making budget recommendations using some of the processes and materials that our CSU Long Beach colleagues have employed on their campus. No doubt these processes and materials will need modification by the UBC, but they should be most useful in getting the information that the UBC will need to make recommendations. I also encourage you to consider identifying those processes and functions that you believe are central to the core mission of the university as identified in our strategic plan. Once you have revised the process, please prepare a brief summary highlighting the changes to the structure and function of the UBC. I will then submit this to the Academic Senate in order to meet its recommendation for a review of this process.

I would urge you to keep your decisions about the university's finances at a top level and not focus your review on lower level decisions made by individual unit administrators such as chairs, deans and directors. As you engage in your deliberations on these important and difficult issues, please keep in mind that the university's priorities continue to be to maintain and increase our student enrollment and to ensure that students have access to the courses that they need to make reasonable progress toward their degrees. In the last few years, we have worked to create an advancement foundation and we have recruited an experienced professional to lead that unit. Those decisions are already yielding benefits for the University that should be continued. Please keep these priorities in mind as you discuss our budget allocations for next year.

I have prepared a timeline for actions on budget recommendations that follows. If you have suggestions for changes, I would welcome them but would remind you that we have a limited time period to make the adjustments required.

Thank you again for your work with and leadership of the UBC.

Timeline for the Development of HSU's 2007/08 Budget

Nov. 8 – Response to Senate regarding resolution on budget recommendations

Nov. 9 – Decision from President to UBC on structure and function of the UBC

Nov. 30 – UBC to make budget information requests to Vice Presidents and President based on Long Beach model (deadline for submission of information to the UBC is January 1)

Nov. 1-Feb. 8 – Vice Presidents and President work within their areas to develop plans to reduce expenditures by a target of 5 percent; Associate Vice President of Business Services to prepare summary of 5 percent reduction levels based on 2006/07 allocations by November 13

Feb. 8 – Retreat for Vice Presidents and President to prepare for UBC presentations

Feb. 16 – Vice Presidents and President make presentations to UBC on proposals for budget reduction

Feb 16- March 1 – Consultation with Senate and campus community

March 20 – Final budget reduction recommendations from the UBC to Executive Committee and President at joint meeting with the Senate and Staff Council

March 20-March 30 – Executive Committee and President consider recommendations

April 2- Notification to campus of decisions on 2007/08 budget

Resolution on Senate Review of the HSU Budget Process and the HSU Budget Policy

#18-06/07-SF – February 6, 2007

RESOLVED: That the Academic Senate of Humboldt State University and University Executive Committee form an ad hoc task force in Spring 2007, and charge it to undertake a review of the HSU Budget Process and the HSU Budget Policy; and be it further

RESOLVED: That the ad hoc task force submit a written report and recommendations to the Academic Senate and to the University Executive Committee by the last scheduled Senate meeting of the Fall 2007 semester.

RATIONALE: *In 2003/2004, the Academic Senate of Humboldt State University approved a new University Budget Process (resolution #01-03/04-SF) and a new University Budget Policy (resolution #11-03/04-SF). Both resolutions recommended that the policy and the process "be reviewed during the Fall 2006 term". The Senate feels that it is important that it take part in this review and because other more immediate budgetary issues have taken priority this term, the Senate proposes postponing the review to Fall 2007. This will allow for a more thoughtful and thorough review process.*

PASSED UNANIMOUSLY – February 6, 2007
Revised

Merry Schellinger

From: Rollin Richmond [rollinr@humboldt.edu]
Sent: Wednesday, April 30, 2008 4:59 PM
To: Mark Larson
Cc: Merry Schellinger; Mary Greta; Patty Lindley; Carol Terry; Steve Butler; Ken Ayoob; Rob Gunsalus; Bob Snyder; Anna Kircher; Nancy Hurlbut; James Howard; Carl Coffey; Denise Helwig; Scott Paynton; Steve Smith
Subject: Senate Emergency Items

This is in response to your memorandum of April 15, 2008, informing me of emergency items from the Senate. My responses are below. Rollin

Resolution on HSU Budget Process (#11-07/08-EX): I do not approve this resolution. The ad hoc Budget Review Task Force was composed of a strong group of faculty, staff and a student and contained several individuals familiar with the budgetary operations of the university and shared governance processes. The Senate was consulted about the membership of the task force. The report of the task force was written after broad consultation with a number of campus constituencies. My specific comments on the resolution are summarized below.

UBC Composition - The UBC is a campus-wide group charged to operate in the best interests of the campus as a whole, not specific units. The additional Senate recommendations will return us to a largely dysfunctional process that encourages inter-unit competition. The recent WASC review noted that HSU needs to develop a more centralized, decision-making budget process. Clearly the Senate should be consulted by the Provost and Deans on their appointments to the UBC, but an election of UBC faculty has not proven successful in the past as documented by the task force.

UBC Process - The task force provides a clear rationale for recommending a consensus-based process for determining its recommendations to the president. The Senate's recommendation has the potential to return the UBC to a former process that focused on the budgets of individual units rather than the best interests of the campus as a whole.

UBC Training - I agree that this should be done. The Senate should realize that this will require staff time and money to accomplish.

UBC Role - The role of the UBC is to help plan for the upcoming year's budget, not to manage current expenditures. That is the responsibility of the administrative leaders. I concur that division leaders should be accountable for the use of funds allocated to their units, and the current budget policy identifies this responsibility as an important part of the budgetary process. Our budget office provides the Executive Committee with monthly financial reports. These reports will be provided to the UBC. In addition, the university budget office will prepare a budget book each year that will be available to everyone at the university. While highly desirable, this will require staff time and money to implement.

Office of Institutional Research - HSU lacks a number of administrative offices, and institutional research is an important and badly needed one. While we can create this office from some existing personnel, it will be necessary to expand administrative personnel and reallocate university resources to fully implement this recommendation.

It is my intention to work with the Vice Presidents and the UBC to implement many of the recommendations of the task force. Should the Senate wish to reconsider its perspective on the the task force's report, I will be pleased to consider its views.

Resolution to Extend the Timeline for Appendix J Criteria (#14-07/08-FA): I approve the recommendation for a change in the deadline for departments and units to submit their criteria and standards. It is regrettable that this straightforward request has not been met by a majority of departments. I urge the Senate to work with its colleagues in the departments that have not met the deadline to make this a high priority for action since it affects the development of younger faculty who will determine the quality of the university in the future. I suggest the Senate draft a resolution that will provide a means for holding departments and units accountable for not meeting the revised timeline.

Rollin C. Richmond, President
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