

CAL POLY HUMBOLDT

University Resources and Planning Committee

Date: 4/19/23

TO: Senate Chair and General Faculty President Monty Mola,
Cal Poly Humboldt

FROM: Jenn Capps and Jim Woglom – Co-Chairs of the University Resources and Planning
Committee (URPC)

CC: Committee Members

RE: 2023-24 Budget Recommendation to the President

Chair Mola,

Below, please find the University Resources and Planning Committee's (URPC) Budget Recommendation for FY 2023-24. If this recommendation successfully passes through two readings in the Senate, we ask that you forward its contents to President Jackson in order to inform his decisions regarding budgeting for next year, in accordance with the [CBC Guidance on Senate Ratification of URPC Recommendations](#).

Narrative Overview/Executive Summary

Each year, the URPC provides a recommendation, directed to the President through the Senate Chair, regarding changes in distribution (allocations and reductions) from the University to the Divisions. The funds addressed in this recommendation are limited to new or reduced resources applied to [the HM500 or "General Fund"](#) (GF) from state allocations and tuition-based revenue. The URPC, per practice and bylaw, does not recommend distribution of resources in (A) self-support entities (Housing, Parking, Extended Education, etc.) as their respective resources are derived from payments for services they provide, (B) entities funded by student fees (Associated Students, Health Services, etc.), as the application of those fee-based resources are limited and mandated by ed code and student referenda, (C) funds derived through philanthropy or grant funding by the division of Advancement or the Sponsored Programs Foundation (as these resources are largely defined by fundors and applicants through contractual agreements), or (D) the allocation of resources within divisions. That being said, we will at times speak to these entities as they relate to the recommendation and concerns raised by the campus community during our engagement efforts this academic year.

With that framing in mind, this year's submission will outline the current financial milieu of the University, including [enrollment assumptions](#), [revenue assumptions](#), [expenditure assumptions](#), and [reserve assumptions](#), for the sake of shared understanding, and to illustrate how and why we project

available funds allocatable as ongoing investments from University to Division for the '23-'24 budget. Briefly, the combined assumptions suggest that the Baseline Projection for the HM500 for AY 23-24 is \$170.5M, with a total of \$9,333,000 of newly allocatable funds.

We will need to retain some of those available funds for important, required allocations expected in the coming year. The Cozen Report on Title IX will soon be delivered to the campus and there will be necessary investments tied to its implementation recommendations, including staffing and increased pathway to services. Concurrently, staff unions are currently engaged in bargaining, and we will need to support otherwise unfunded, negotiated, and well-deserved salary increases. A 1% increase in staff payroll would equate to about \$1.1M, and though we are unsure of what the result of negotiations will be, and how much the campus will be expected to cover of those salary increases, we have determined that a responsible initial position would be to set aside \$2.2M for this eventuality. Finally, enrollment recalibration, after years without change, is on the immediate horizon, and our state allocation (and enrollment target) will be reduced by 5% if we don't end up within 10% of our enrollment target (7,603 FTES). At this time, that reduction in enrollment-based state funding would equate to \$3,382,000 in decreased ongoing funds.

After set-asides for these expected allocations have been made, the President's Administrative Team has prepared a list of priority needs for future allocation from state allocations and projected tuition revenue. These priorities have been reviewed by the URPC, The Senate Executive Committee, The University Senate, attendees at an Open Forum held in the Fishbowl of the Library, and the Campus community broadly through distribution of a video of the same. These priorities are listed below, in order of priority (as determined by vote of the URPC), with corresponding overall costs associated with fully funding each endeavor, and with proposed totals for investment towards those items with remaining available ongoing funds. We provide a list of [expected or required allocations](#) (with total projected costs and rationale), and then a list of [discretionary suggestions for allocation](#) (with total projected costs and rationales) for how to allocate the remainder.

In addition to new resources derived from tuition and state allocation, further aforementioned opportunities for investment include resource distributions from the Polytechnic build-out allocation and Graduate Initiative 2025 funding. The Polytechnic resources, while transformative in impact, have mandated guidelines and earmarks that limit its application across programs. Similarly, GI 2025 distribution must be strategically applied and rationalized towards its stated intent of increasing graduation rates.

After years of painfully impactful reductions, we are seeing indications of growth on the horizon, and, depending on mitigating factors we will outline hereafter, we are likely to have substantive, ongoing funds available to distribute in the AY 23-24 budget. Seen from the perspective of having the option to invest new resources in our ongoing University budget, we are in a relatively positive position. We must acknowledge, though, that this perspective is limited: the reductions alluded to above, along with the circumstances that necessitated them (years of declining enrollment, issues related to COVID-19, etc.)

have complicated the need for and distribution of resources across campus, and, as such, we hope to temper the sense of effusive optimism regarding emerging opportunities with empathy for the lived experience that a sustained period of belt-tightening has caused (and continues to be felt). There is much work to be done to improve resource distribution relative to need across campus and we appreciate the campus community's engagement and feedback with our efforts to ensure shared governance around this document. Further, though increased enrollment and subsequent tuition dollars are more broadly applicable than some of the more restricted categories mentioned above, projections are still in flux, and we will not be entirely sure where headcount will land this Fall until census, in spite of very promising application numbers.

Guiding Measures and Principles

As the University moves to adopt a budget that:

- is sustainable and aligns with our [Strategic Plan](#) priorities,
- proceeds conservatively and builds a larger Contingency to support campus efforts to move beyond continuous reduction cycles of the past, and
- distributes allocations contingent on available funding,

the URPC adopted the following principles to guide decision making:

Guiding Principles

These Guiding Principles serve as a recognition that there are components of this University that transcend budgetary concerns and that these components should be prioritized and honored throughout the process of budget reduction or realignment.

Students First:

We will always prioritize the needs of students and their education first. We will support students' academic success and provide courses and services that facilitate their education and graduation.

Preserve and Value Personnel:

The education of students is intimately linked to the morale and security of staff and faculty. As such, every effort will be made to avoid concerted personnel dismissals. We will instead focus on preserving jobs for existing employees and engaging in thoughtful, evidence-driven approaches to filling positions as vacancies arise, and leveraging reassignment of personnel in line with student needs and growth.

Fiscal Stability and Revenue Enhancement:

The budget must be balanced on an annual basis, and be sustainable into future years, through co-equal consideration of contemporary needs and ongoing institutional health.

Mission, Vision, and Context:

We will continue to work toward realizing the articulated vision of the University.

Transparency, Communication, and Shared Governance:

We need input in order to make informed decisions about resource allocations such that they reflect the values, needs, and avowed intentions of the University community.

2023-24 UNIVERSITY Budget Allocations

PAT Ongoing Funding Priorities

Expected/ Required Allocations

- **Note: These allocations are currently defined as “University-Wide” until divisional allocation is realized.**

Budget Planning Priorities	Allocation Amount	Rationale
Enrollment Recalibration Set Aside/One-Time Investment In Instruction*	\$3,382,000	<p>While the campus has made proactive efforts to shift summer stateside to improve our enrollment position, we are still being conservative in planning a year in advance of the expected implementation of CSU recalibration for 24-25.</p> <p>This set-aside would thus be available for one-time allocation during ‘23-’24, affording the campus a year to ascertain instructional needs for our expanding student population prior to assigning ongoing funding.</p> <p>*If our campus meets the enrollment target required to avoid recalibration (see Enrollment Projection Update), these dollars will become available to fund the instructional needs required to support new and returning students.</p>
Campus Support for Increased Compensation Costs	\$2,200,000	A 1% increase in wages would equal about \$1.1M. This is a strategic set-aside, as the results of negotiations are still underway. Set

		-aside in excess of negotiated wage increases may be applied as one-time allocations for other needs. Strategic planning of this sort has not been possible in past cycles.
Cozen Report on Title IX Implementation	\$250,000	In the fall of 2022, the president committed to funding one additional position to the Office of Title IX. The funding reflects the allocation of \$133k to support the FTE. In addition, the campus is patiently awaiting our report from Cozen so funding is being set outside to start a phased approach in addressing any proposed recommendations.
Total Base Allocations	\$5,832,000	

Discretionary Allocations of the Remainder of Allocatable Resources

Budget Planning Priorities	Total Recommended Allocation From University to Division	Rationale
Move Remaining Position Costs of Athletics from Fee Support to Stateside (Allocation from University to the Athletics and Recreation Division)	\$500,000	Last fiscal year, compensation to the tune of \$1.9 million and rising was currently covered by student fees, which were not rising commensurately with salary commitments. The university bridged \$1.2m with the plan to allocate an additional \$700k in 2023-24. The department's costs increased from shifting employee positions from 10 months to 12 months. In addition, the department added a new sport with grant funding but the funding did not cover the new faculty coaching position. Therefore, the total remaining needed shift to athletics is \$935,000. However in light of anticipated increased fee revenue tied to enrollment growth, it is likely that Athletics will be in a stable financial position for AY 23-24; as such we recommend allocating \$500,000 towards this investment in this cycle, with the remainder to be addressed in future cycles.
Move Remaining Cost Gap of SAC	\$352,000	The university funded \$900k of the \$1.6m gap for the Students Activities Center (SAC). With the projected increased enrollment and the proposed

URPC 2023-24 Budget Recommendation to the President

<p>from Fee Support to Stateside</p> <p>(Allocation from University to Enrollment Management Division)</p>		<p>allocation of \$352,00, we will achieve our goal of stabilizing a critical area and position EMSS to leverage future increased revenues to bolster the operation to support student needs.</p>
<p>Stabilize Cost Allocation</p> <p>(Allocation from University to Administrative Affairs Division)</p>	<p>\$865,000</p>	<p>Over a three year period (2017-18 through 2019-20) when the campus was addressing significant budget reductions, cost recovery revenue totalling \$865,000 generated via the cost allocation model from campus self support and auxiliary organizations reimbursing the cost of services provided by Operating Fund personnel was applied toward reductions, rather than provided to support the services being provided. At the same time, areas like SPF and the Foundation experienced considerable growth and success, with SPF increasing revenue by 81% during the overlapping five year period. Simultaneously, areas providing services were also taking considerable reductions to help balance the budget. Administrative Affairs, the majority service provider, has taken more than \$4 million in reductions over the past five years. The net effect was a double reduction impact, and an inability for service providers to sustain service levels to the campus and support growth given their lack of available resources.</p>
<p>Strategic Enrollment Management Plan</p> <p>(Allocation to the Enrollment Management Division)</p>	<p>\$884, 000</p>	<p>The VP for Enrollment Management and Student Success in collaboration with her leadership team have developed a phased budget proposal to stabilize and support the polytechnic transformation. A significant portion of the Phase One funds are related to Admissions positions currently on soft funding (i.e. one-time funding) and are not actual new positions for the campus. Others are enhancements of current employee jobs that will allow for an expansion of duties and</p>

		<p>direct student services in order to meet needs.</p> <p>In Phase One, the only new positions requested are those whose absence has been directly proven to be detrimental to growth efforts or whose presence is needed to manage software or other processes essential to core functions. Similarly, many efforts currently supported by one-time funds (i.e., chatbot, expanded marketing) are included for base funding. The new infrastructure funding items are those necessary to begin expanding proven efforts – such as involving faculty directly in recruitment efforts, enhancing aid-related communication with students, or increasing direct marketing to current students in support of retention.</p> <p>The total request was \$1,540,294 for phase 1, with an additional \$914k from GI 2025 and Poly supporting SEM plan as well. In addition, there will be additional needs focused on enrollment management in 2023-25 which has been planned by Enrollment Management.</p> <p>The initial ask for ongoing base from University to Division was \$1,181,000. The URPCs proposal reduces the Strategic Enrollment Management Plan amount by \$297,000, from \$1,181,000 to \$884,000. We recommend backfilling the \$297,000 with one-time funding from the Enrollment Recalibration set-aside.</p> <p>In addition, it is recommended that the “Move Remaining SAC” allocation of \$352,000 be considered in combination with the Strategic Enrollment Management Plan amount to provide VP Holliday with discretion to prioritize the investments within these two categories to best meet the needs of Enrollment Management & Student Success.</p>
<p>Transportation and Public Safety Infrastructure Enhancements</p>	<p>\$300,000</p>	<p>The Division of Administrative Affairs is embarking on aligning key departments to expand oversight of new and to support urgent expansion of transportation infrastructure (Bus Operations and Fleet) to support bridge housing, SDRC transportation, satellite parking and the need to</p>

<p>(Allocation from University to Administrative Affairs Division)</p>		<p>expand fleet operations.</p> <p>The phased approach will align risk, emergency management, safety services, police, transportation and parking into one unit. This alignment will require a number of realignment of duties to ensure we create capacity to effectively have administrative oversight to manage the development of new transportation operations which is inclusive of fleet and bus operations.</p>
<p>Advancement Infrastructure</p> <p>(Allocation from University to Advancement Division)</p>	<p>\$180,000</p>	<p>After the transition of the Humboldt Bay Aquatic Center (HBAC), Advancement and Intercollegiate Athletics leadership have been assessing an appropriate staffing model to support building management to support Center Activities, Advancement and university activities. The funding will support a building coordinator, student assistants, supplies, equipment and operating expenses.</p> <p>There are additional future infrastructure needs in the Advancement Division related to Marketing and Communications, and Development services that will need to be addressed with ongoing resources in future cycles, but the details regarding these resource needs have not been fully realized to date.</p>
<p>Human Resources</p> <p>(Allocation from University to Administration Affairs Division)</p>	<p>\$420,000</p>	<p>After an extensive assessment of needs by the Interim AVP for HR and the draft audit HR audit report, Humboldt must reorganize our department to provide efficient operations, maintain compliance and support the polytechnic vision. A critical part of this transformation is shifting from a specialist model to an HR partner model, leveraging the expansion of existing campus technology to improve the employee life cycle and introducing new technology to enhance the employee experience from onboarding to exiting. In addition, it dedicates resources for part-time project management support for HR and ITS to sustain existing systems and projects while managing the implementation of new and fully integrating existing technology. The combination of reorganization and investment in technology, training and certifications will improve</p>

		efficiencies and service delivery to our campus community. The total request is \$420k (\$360k personnel and \$60k for technology, software, training and certifications).
Total Projected Allocations	\$3,501,000	

Total Expected/ Required Allocations	\$5,832,000	
Total Discretionary Allocations of the Remainder of Allocatable Resources	\$3,501,000	

One-Time Priorities

In addition to the ongoing priorities outlined above, there are considerable one-time priorities that are being supported via several other one-time funding sources for activities such as bridge housing, transportation, and instruction. For example, \$7 million in polytechnic funding has been carved out to support student bridge housing needs over the next two years.

In addition, the URPC is actively discussing leveraging a portion of the enrollment recalibration set aside to support temporary faculty costs on a one-time basis in 2023-24. Academic Affairs provided analysis regarding the projected lecturer (temporary faculty) budget gap in 2023-24 based on currently planned courses to support student enrollment growth in the fall. In total, the current lecturer gap is estimated at \$4.5 million. Contingent upon Academic Affairs being able to earmark \$2.5 million in salary savings roll forward to help address the gap in 2023-24, the remaining gap requested to be covered by a portion of the Enrollment Recalibration set aside is \$2 million. In total, we're proposing an earmarked total of \$2,297,000 from the Enrollment Recalibration set aside to fund lecturer instruction and the portion of the Strategic Enrollment Management Plan costs that will not be addressed with ongoing funds this year.

In future rounds of increased allocation, Athletics will need additional base funding to move to a fully stable position. Further, the temporary faculty funding accomplished through one-time allocations through this proposal allows us to use the next year to establish guidelines and metrics for instructional need, and what the cost of that need may look like as we experience growth (or, less desirably, shrink). We also note that the salary savings roll forward and the enrollment calibration funding tactic are not a

one time event; we have historically used salary savings, and other one time funding, to fund the base budget gap for temporary faculty as a practice, and this will not be fully sustainable as we grow. We will likely always need some combination of additional lecturer base and one time funding commitments, annually, in order to balance instructional costs and other applicable areas.

Polytechnic Funding

In August of 2022, Gov. Newsom and the state legislature approved \$458 million (\$433 million in one-time funding and \$25 million in ongoing funds) to help support the polytechnic vision. Funding from this investment is being allocated to launch 12 academic programs by Fall 2023. It is also funding extensive infrastructure improvements and new facilities that directly support student success and retention and allows Cal Poly Humboldt to build out new programs and enhance current academic offerings. This investment, while incredibly exciting, must be tied explicitly to polytechnic related initiatives, and as such, allocations that cannot be overtly identified as polytechnic-centric must be funded through existing tuition-based revenue and/or other forms of fundraising. The University has submitted a prospectus with specific indications of expected allocations planned through 2029, with annual spending requests and mandated spending reports submitted twice annually to the Chancellor's Office.

For 2023-24, we are requesting an additional \$4,572,000 in ongoing funding to support polytechnic implementation efforts, bringing the total ongoing funding requested to date to \$13.45 million, out of the \$25 million ongoing allocation. In addition, we continue to leverage the untapped portion of the funding toward one-time polytechnic initiatives to support our transformation. A few highlights regarding investments and progress include:

- Our recruitment and outreach efforts are showing incredible results, with record applications for fall 2023, currently outpacing Prospectus targets
- We are on pace to hire 27 new faculty by Year 3 with polytechnic funding, with 14 hires completed last year and 13 recruitments actively underway
- We have completed the initial phase of our comprehensive rebranding initiative.
- The campus held a public kickoff in September to begin the planning process to update our campus [physical plan](#); the process is anticipated to take 18 months to complete to facilitate broad engagement in the planning process.
- We have refined our planned one-time investments in academic program/lab space renovations and equipment modernization to ensure new labs and equipment are available to support new polytechnic programs launching in fall 2023, including equipment modernization for existing programs.
- New category: \$7 million in one-time investments to expand housing capacity in the short term while new housing is being built—this is an escalating emergent need given the lack of available housing in the community to support our projected enrollment growth, which is currently exceeding Prospectus expectations, and ensure students have access to housing

A more comprehensive polytechnic financial update will be shared separately with the campus in the near future once it is finalized.

GI 2025

Another planned allotment of ongoing and one-time allocations available for the next year's budget will be derived from GI 2025/Inclusive Student Success resources. These allocations consist of:

- \$914,000 in ongoing funding which breaks down in the following way:
 - \$512,000-GI 2025
 - \$142,000- GI 2025 Basic Needs (housing- already allocated)
 - \$260,000-Polytechnic Funding

The distribution of these allocations were arrived at through consultation with VP of Enrollment Management Chrissy Holliday, a review of the recommendations from the GI 2025/Inclusive Student Success Implementation Team (described below), a review of GI 2025 goals, a review of the polytechnic prospectus, a review of the Strategic Enrollment Management (SEM) Plan (attached). Further detail on these allocations is forthcoming as a more formal memo.

GI 2025 Spending Plan-Ongoing	
Advising Software	\$190,000
EM Communications Position and Associated Software Needs	\$170,000
Orientation Coordination Position	\$100,000
Diverse Male Scholars Program Coordinator Position and OE	\$112,000
Office of Diversity Equity and Inclusion Initiatives	\$100,000 (\$75,000 at their discretion; \$25,000 earmarked for Annual Equity Arcata Partnership)
Learning Center (Tutoring, Supplemental Instruction, etc.)	\$100,000
Already allocated	\$142,000
	\$914,000 (\$722,000)

GI 2025 Spending Plan-One Time

Student Employment (35K earmark for orientation)	\$75,818
Advising Fellows	\$58,374
Accessibility Fellows	\$57,808
Summer Aid for free units	\$300,000
Total	\$512,000

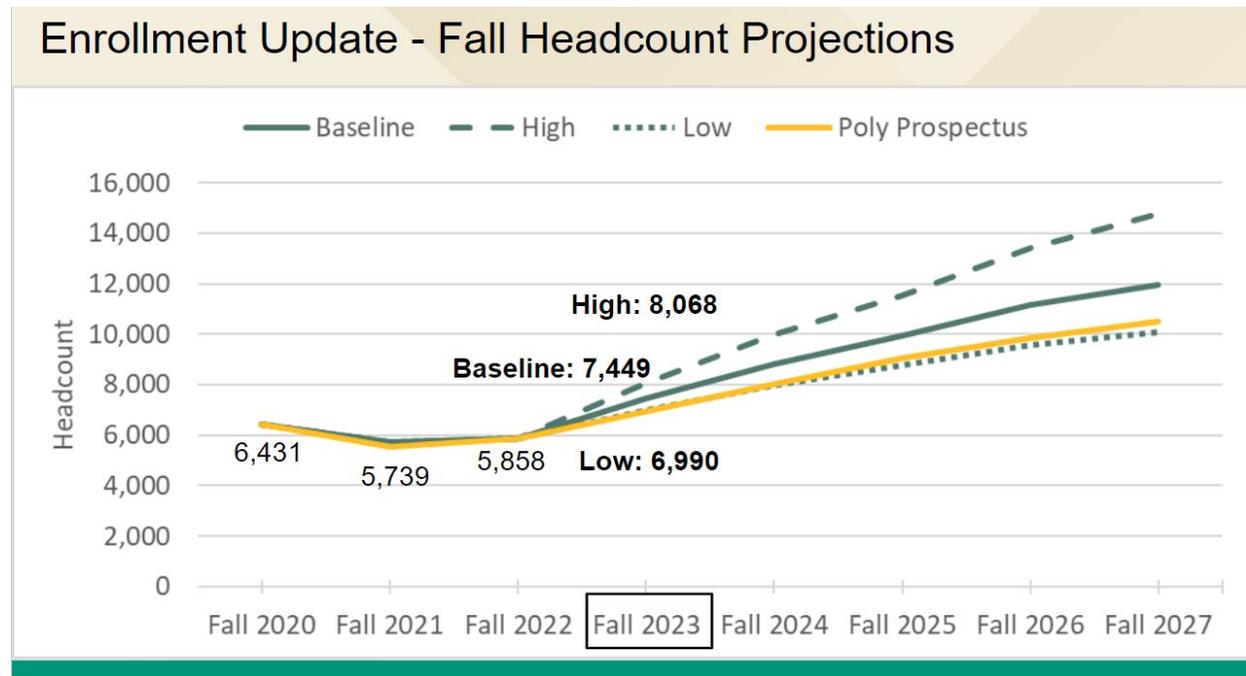
There are a few items, particularly the advising software, that may come in under budget and therefore those remaining resources could be reallocated for other priorities at a future date.

Budget Assumptions

Enrollment Assumptions

Fall 2023 applications are at record levels and the growth trajectory is strong. After several years of declines, we saw year-over-year enrollment growth in fall 2022 for the first time since fall 2015, one of only three CSU campuses to see enrollment growth. As of April 3, fall 2023 applications total 20,025, an increase of 69% from the prior year. Humboldt has a single-year increase in admitted students of almost 72%, as well as a 34% increase in confirmations of intent to enroll. First time undergraduate applications have increased 86%.

The fall headcount projection in our baseline planning scenario is 7,449, within a range of 6,990 (low) and 8,068 (high). Currently, our low scenario is keeping pace with the Polytechnic Prospectus, with both baseline and high scenarios outpacing the Prospectus.



For budget planning, we use full-time equivalent students (FTES) as the enrollment metric. In total, we are anticipating overall FTES enrollment growth in our baseline planning scenario of 32%.

HSU Operating Fund - BASELINE Enrollment Scenario Date: April 7, 2023	2022-23 Budget	2022-23 Actuals	2023-24 Budget
Academic Year Enrollment Target			
Resident FTES	4,776	4,777	6,403
WUE FTES	200	206	215
Out-of-State FTES	70	74	75
International FTES	25	24	25
Total Academic Year FTES	5,071	5,081	6,718
<i>Total Academic Year Headcount</i>	5,306	5,600	7,114

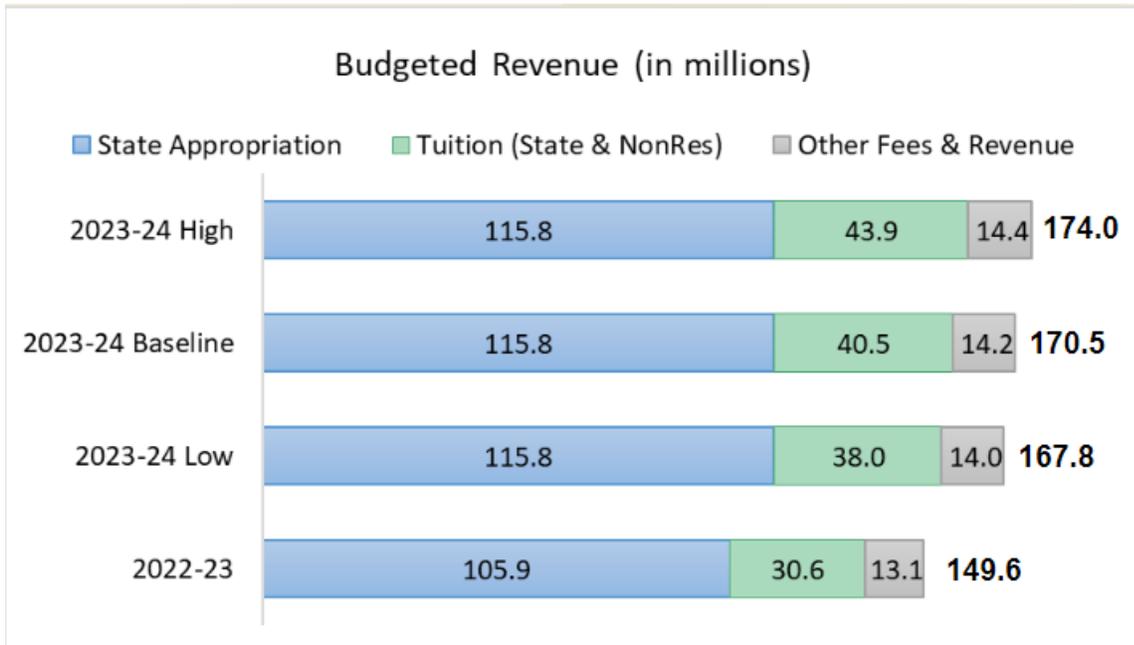
The Enrollment Projections Group (EPG) analyzes enrollment variables and trends throughout the year to develop enrollment targets used in budget planning, as well as other planning campus activities. To guide planning and ensure the campus is prepared, baseline, high and low projections are developed, with the baseline scenario reflecting the active scenario used in the formal budget recommendation. A more in depth review of current enrollment trends and variables is available in the Enrollment Projections Group’s latest [Enrollment Projection Update - Fall 2023 \(12-19-2022\).pdf](#)

A key area of focus is our CSU funded annual resident FTES target of 7,603, especially with CSU enrollment recalibration coming in 2024-25 (based on 2023-24 actuals). If we are not within 10% of our target of 7,603, our enrollment target (and associated state appropriation funding) will be reduced by 5% in 2024-25. We estimate we will need to reach between baseline and high to end up within 10% in 2023-24. One change we are implementing this summer is shifting summer session state-side. While the summer session is budgeted separately from this recommendation, the associated FTES will now be counted toward our target.

Total Annual Resident FTES Projection	Low	Baseline	High
Academic Year Resident FTES	6,008	6,403	6,935
Summer Resident FTES	250	250	250
Total Annual Resident FTES	6,258	6,653	7,185
% below system target of 7,603	-18%	-12%	-5%

Revenue Assumptions

The 2023-24 Revenue Budget is \$170.5M at baseline. 2023-24 revenue is projected to increase by \$20.8M (including the infusion of earmarked Poly funding) compared to the 2022-23 budget level after factoring in the preliminary CSU Budget Memo updates and polytechnic funding (Years 1, 2 and 3).



The two main sources of revenue that make up this increase are the State appropriation and tuition:

- State Appropriation (+\$9.93M): With the infusion of \$25 million in ongoing polytechnic funding over the next several years from the State’s historic investment in Cal Poly Humboldt, which is

being held central by the CO pending allocation, Cal Poly Humboldt will have two annual State Appropriation funding streams for the foreseeable future:

- Annual New State Allocation (+\$5.36M): The Governor’s January Budget Proposal included a 5% increase to the CSU. Based primarily on the preliminary CSU Budget Memo, and in light of continuing collective bargaining negotiations, we are estimating all net new State appropriations will go to offset compensation and benefit increases, and other mandatory costs. \$5.92M to support compensation, benefit increases and mandatory costs, partially offset by a decrease of \$.56M to our SUG allocation, results in a net State appropriation increase of \$5.36M.
- Polytechnic Funding (+\$4.57M): Of the \$25M ongoing polytechnic funding allocation, \$4.57M has been requested for 2023-24, bringing the total ongoing request to date to \$13.45M. Planning continues regarding future allocations, with the remaining \$11.55M in spending anticipated in Years 4 – 6 (2024-25 through 2026-27) in alignment with launching and sustaining new polytechnic academic programs in fall 2023 and additional new programs in subsequent years.
- Tuition: Tuition revenue is anticipated to increase \$9.80M. This reflects a significant positive shift from previous cycles and will be an important revenue source to monitor in tandem with our enrollment as this revenue increase is dependent on us reaching our baseline enrollment target.

Expenditure Assumptions

The 2022-23 Expenditure Budget reflects mandatory cost increases and campus determined allocations based on priorities identified during the budget planning process:

- Mandatory CSU system-wide compensation and benefit increases totaling \$5.4M
- University wide operating costs (Insurance and State University Grant (SUG)) and dedicated budget increases totaling \$877,394
- 2022-23 GI 2025 allocations totaling \$654,000
- Polytechnic investments totaling \$4,572,000
- Recommended base allocations totaling \$9,333,000 (see Allocations tables above for details)

Including base budget adjustments, the 2023-24 Base Expenditure Budget is \$170.5M, and reflects a balanced budget. This budget reflects a significant turning point in Cal Poly Humboldt’s financial position.

The URPC recognizes that there is great uncertainty regarding current collective bargaining negotiations underway and acknowledges that adjustments may be needed to proposed base allocations to offset costs that must be absorbed by the campus once negotiations are final in order to maintain a balanced budget.

Reserves Assumptions

The anticipated 2023-24 Operating Reserve beginning balance is \$7.1M, which is less than 5% of the 2023-24 Operating Fund Budget. This is well below the campus and CSU policy goal of a 25% minimum. The Operating Reserve provides flexibility to take mission-related risks and to absorb or respond to temporary changes in environment or circumstances. Without adequate reserves the University can suffer cash flow stress and become distracted from appropriate long-term decision making. Any spending out of the Operating Reserve must be accompanied by a plan to replenish the reserve fund.

Of note, the [University Operating Fund Reserve Policy](#) outlines reserve thresholds in alignment with the revised CSU Reserve Policy. Reserves are essentially our savings accounts and are funded by one time dollars available at the end of the year. They are not funded through base reduction or the elimination of positions, though they are dependent on coming in under budget each year. Reserves help us to preserve current operations and navigate difficult financial times.

Since July, 2021-22, \$.9M in earmarked Roll Forward is still pending distribution to the Reserve accounts.

URPC Budget Planning Activities

The URPC is a senate subcommittee that includes faculty, student, and staff representatives along with all of the VPs and representatives from the Budget Office, Enrollment Management, AS, and Advancement. The URPC has senate duties ([Senate Bylaws](#)) and receives an annual charge/request from the President. The URPC meetings are public and additional representatives from other departments, including Institutional Research, Analytics, and Reporting (IRAR) and Associated Students (AS), present, and contribute to the meetings. The duties of the URPC can be summarized as reviewing, evaluating, and making recommendations on previous and future expenditures based on the Strategic Plan and Vision. This is intended to occur at the University-to-Division level. The URPC reviews information from a number of sources including the Enrollment Projections Group (EPG), IRAR, Housing, Dean of Students, Admissions, the Budget Office, etc. (Figure 1). The main deliverable of the URPC is a Budget Recommendation that is reviewed by the Senate and then delivered to the President.

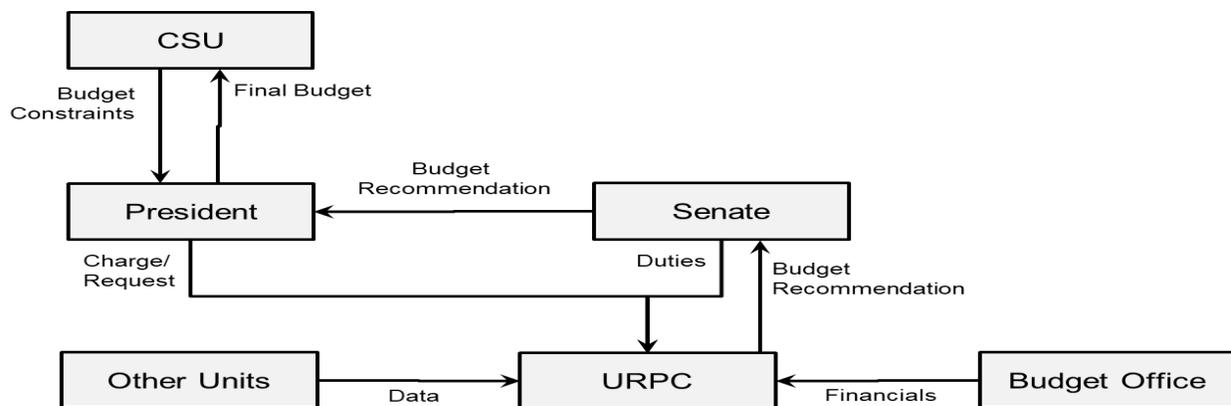


Figure 1. Diagram of URPC in relation to other organizational units.

After conducting extensive campus outreach, the URPC collaboratively outlined two separate means of achieving a balanced budget, given the fact that the cost of prioritized allocations identified by Divisional Leaders exceeded the projected tuition and state allocation-based revenue by \$732,000. Each of the proposals reduces some of the proposed allocations to achieve a balanced budget. The URPC membership initially considered reducing the set-aside for enrollment recalibration, but ultimately determined that compromising that set-aside would be irresponsible given the preponderance of unknowns that surround that sum (we are still not sure what enrollment will look like next year). Furthermore, the budget deficit (-\$3.72M) in the low scenario is similar to the enrollment recalibration amount (\$3.82M), so preserving this amount helps ensure a positive budget position even if enrollment ends up closer to the low scenario.

	BASELINE STARTING POINT		HIGH	LOW
Ongoing Funding Funding Available	9,333,000	%	12,898,000	6,693,000
Enrollment Recalibration	3,382,000	34%	3,382,000	3,382,000
Campus Support for Increased Compensation Costs	2,200,000	22%	2,200,000	2,200,000
Title IX & Cozen Implementation	250,000	2%	250,000	250,000
Move remaining athletics	935,000	9%	935,000	935,000
Move remaining SAC	352,000	3%	352,000	352,000
Stabilize Cost Allocation	865,000	9%	865,000	865,000
Strategic Enrollment Management Plan (Enrollment	1,181,000	12%	1,181,000	1,181,000
Safety and Transportation Enhancements	300,000	3%	300,000	300,000
Advancement Infrastructure (Development and Mar	180,000	2%	180,000	180,000
Human Resources	420,000	4%	420,000	420,000
Instruction?				
	10,065,000	100%	10,065,000	10,065,000
Available Balance - Over / (Under)	(732,000)		2,833,000	(3,372,000)

The first option (Option A):

- Reduces all of the priorities that were not identified as “Expected/Required Allocation” or a carry-forward request from the prior year (Athletics and SAC position transitions to Stateside) to an allocation of 90% of the initially projected ask.
- Reduces the Athletics amount by \$435,000, from \$935,000 to \$500,000, in acknowledgment of the additional anticipated IRA Fee revenue to support Athletics in the coming year that should still result in a positive budget position for Athletics overall. Note: an additional allocation will be needed in the future to shift remaining Athletics positions stateside to complete the multi-year priority to do this. (same as Option B)

The second option (Option B):

- Reduces the Strategic Enrollment Management Plan amount by \$297,000, from \$1,181,000 to \$884,000. In addition, it is recommended that the “Move Remaining SAC” allocation of \$352,000 be considered in combination with the Strategic Enrollment Management Plan amount to provide VP Holliday with discretion to prioritize the investments within these two categories to best meet the needs of Enrollment Management & Student Success.
 - Recommend backfilling the \$297,000 with one-time funding from the Enrollment Recalibration set-aside
- Reduces the Athletics amount by \$435,000, from \$935,000 to \$500,000, in acknowledgment of the additional anticipated IRA Fee revenue to support Athletics in the coming year that should still result in a positive budget position for Athletics overall. Note: an additional allocation will be needed in the future to shift remaining Athletics positions stateside to complete the multi-year priority to do this. (same as Option A)

	BASELINE STARTING POINT	OPTION A		OPTION B	
			Option A Delta from Baseline		Option B Delta from Baseline
Ongoing Funding Available	9,333,000	9,333,000		9,333,000	
Enrollment Recalibration	3,382,000	3,382,000	-	3,382,000	-
Campus Support for Increased Compensation Costs	2,200,000	2,200,000	-	2,200,000	-
Title IX & Cozen Implementation	250,000	250,000	-	250,000	-
Move remaining athletics	935,000	500,000	(435,000)	500,000	(435,000)
Move remaining SAC	352,000	352,000	-	352,000	-
Stabilize Cost Allocation	865,000	778,000	(87,000)	865,000	-
Strategic Enrollment Management Plan (Enrollment	1,181,000	1,062,000	(119,000)	884,000	(297,000)
Safety and Transportation Enhancements	300,000	270,000	(30,000)	300,000	-
Advancement Infrastructure (Development and Mar	180,000	161,000	(19,000)	180,000	-
Human Resources	420,000	378,000	(42,000)	420,000	-
Instruction?					
	10,065,000	9,333,000	(732,000)	9,333,000	(732,000)
Available Balance - Over / (Under)	(732,000)	-	-	-	-

The committee voted for Option B, with members noting that it effectively covered all of the areas’ requests through a combination of one-time funding and ongoing allocations, while maintaining a balanced budget. In the event that we trend towards the “Low” Scenario, we should be prepared to pursue a combination of A and B, reducing all proposed allocations to 90% of the overall asks detailed above, reducing the allocation to athletics, and reducing the Strategic Enrollment Management Plan as detailed above. If our revenue is significantly lower than the projected Low Scenario, we recommend reconvening the URPC during the summer to reconfigure the proposed allocations. Though the “High” Scenario is

considerably less likely, we encourage the campus leadership to consider filling all of the requests and then reconvening the URPC considering the remainder.

Next Steps - New Multi-Year Budget Planning Process

We have heard significant campus feedback regarding the need for a new budget planning process on campus. Effort is underway to build out the framework, tools, and timeline to launch a new multi-year budget planning process in the fall. Draft documents will be vetted with the URPC in September, followed by broader campus engagement. For the initial context of the multi-year planning needs, [here](#) is a projection of baseline operating fund changes over the next five years, provided with the caveat that these projections follow the assumption that enrollment growth and tuition-based revenue continue following baseline trends, and that state appropriation continues at status quo in future years.

Conclusion

Cal Poly Humboldt budget planning assumptions are based on current, known information gathered from campus enrollment planning, projected mandatory cost increases, information from the Chancellor's Office, and the Governor's budget proposal. While we are aware that the Governor's budget is subject to change until approved by the Legislature, we recognize the importance of moving forward with a 2023-24 budget recommendation prior to that date. In the event of significant changes to the approved State of California budget or allocations from the Chancellor's Office, we request that the URPC be reconvened to discuss how to proceed in light of the new information.

We appreciate your review of this recommendation and look forward to your feedback and comments.