

CAL POLY HUMBOLDT

University Resources and Planning Committee

Date:

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, or (C) 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.

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 likely 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. 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).

After set-asides for these expected allocations have been made, the President's Administrative Team has prepared a list of prioritized 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 the endeavor, and with proposed percentages for investment of the total sum of remaining available funds. We will provide a list of [expected or required allocations](#) (with total projected costs and rationale), and then a list of [priority suggestions](#) (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 Polytechnic resource distribution, GI 2025 resource distribution, and a substantial projected increase in enrollment. The Polytechnic funding, while transformative in impact, has 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. Increased enrollment and subsequent tuition dollars are more broadly applicable, but projections are still in flux (we will not be entirely sure where headcount will land this Fall until census, in spite of very promising application numbers).

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 have caused (and continue 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.

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

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>

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	

Prioritized Suggestions for Allocations of the Remainder of Allocatable Resources

Budget Planning Priorities	Allocation Amount	Rationale
Move Remaining Position Costs of Athletics from Fee Support to Stateside	\$935,000	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 shift to athletics is \$935,000

Move Remaining Position Costs of SAC from Fee Support to Stateside	\$352,000	The university funded \$900k of the \$1.6m gap for the students activities center. With the projected increased enrollment and the proposed 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.
Stabilize Cost Allocation	\$865,000	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.
Strategic Enrollment Management Plan	\$1,181,000	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

		<p>are enhancements of current employee jobs that will allow for an expansion of duties and direct student services in order to meet needs. 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. The total request is \$1,540,294 for phase 1. Notes: 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>
Public Safety Enhancements	\$300,000	<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 expand fleet operations. 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>

Advancement Infrastructure	\$180,000	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.
Human Resources	\$420,000	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 efficiencies and service delivery to our campus community. The total request is \$420k (\$360k personnel and \$60k for technology, software, training and certifications).
Total Base Allocations	\$4, 233, 000	<i>We acknowledge that this total reflects a base budget gap of \$732,000, and that further decision making will have to occur in the intervening weeks between first reading and second reading in order to ascertain what we recommend funding and to what extent, based on campus feedback.</i>

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. 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.

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.

GI 2025 (More Detail pending, with upcoming meetings)

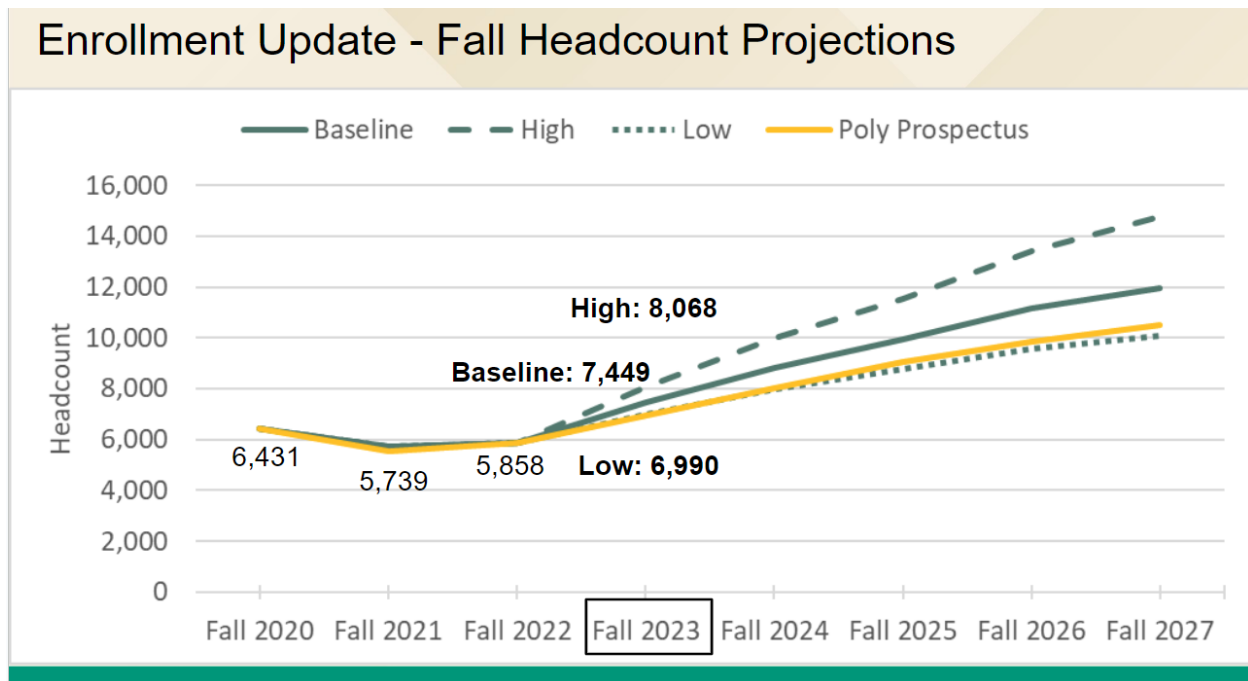
GI 2025 Spending Plan	
Strategic Enrollment Plan Initiatives	\$654,000
<i>GI 2025 - Detailed allocations pending</i>	<i>\$512,000</i>
<i>GI 2025 Basic Needs (Housing)</i>	<i>\$142,000</i>
Total	\$654,000

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
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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>	<i>5,306</i>	<i>5,600</i>	<i>7,114</i>

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 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. 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 (+\$4.72M):** 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 \$822,394
- 2022-23 GI 2025 allocations totaling \$654,000
- Recommended base allocations totaling \$XXX

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.

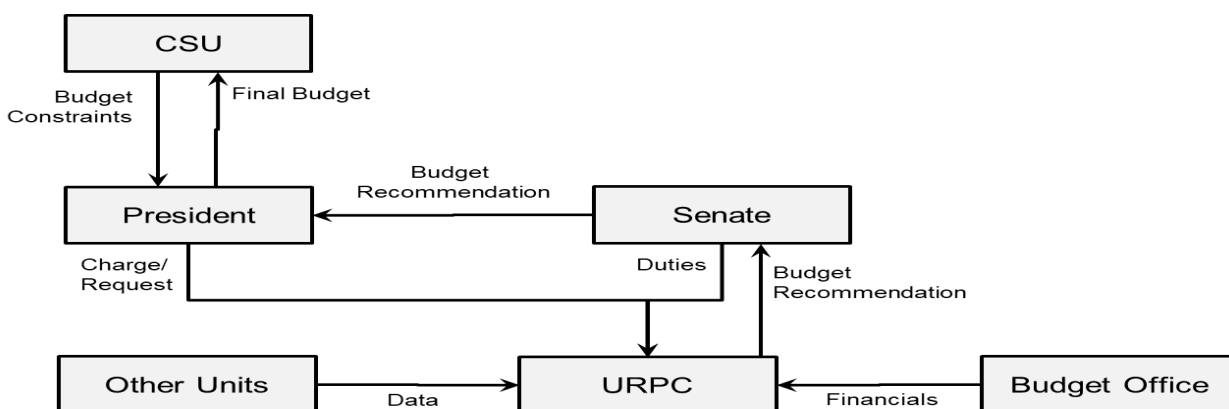


Figure 1. Diagram of URPC in relation to other organizational units.

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.

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. 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.

