

Date: December 23, 2019
TO: Dr. Thomas Jackson, Jr., President
Dr. Stephanie Burkhalter, Chair of the University Senate
FROM: University Resources and Planning Committee (URPC)
RE: URPC Balanced Budget Proposal for 2019-2022

Executive Summary

The [University Resources and Planning Committee](#) recommends the following to President Thomas Jackson, Jr. and the HSU University Senate:

1) That Humboldt State University begin the collaborative process of developing a *scalable budget model* that places student success as our highest priority, and that reflects the observations/recommendations of the Spring 2018 [WSCUC accreditation report](#), [our Strategic Plan](#), and the shared values of Humboldt State University.

As this new budget model will take time to develop, we further recommend that...

2) ...we allocate expected revenue to each Division during the 2020-2022 budgeting cycles guided by functional program categories called [FIRMS Codes](#). We specifically recommend university-wide budgeting based on the five FIRMS Codes categories that have flexibility for modification (*Instruction, Academic Support, Students Services, Institutional Support, Operation & Maintenance of Plant*).

This second recommendation reflects the projected \$5.4 million reduction in spending necessitated by the decrease in tuition-based revenue due to our ongoing enrollment decline. This short-term approach to addressing the revenue shortfall projected for the next 3 fiscal years will ensure HSU only distributes and expends available revenue, and will further provide needed time to design a robust, strategic and scalable resource allocation model.

The recommended revenue/resource distribution in each FIRMS Code category is listed in the table below. Rationale for these revenue/resource distribution decisions and a narrative regarding how the URPC arrived at this distribution is described in detail in the Breakdown of Proposed Distributions for 2020-2022 section below and in the [Methodology](#) narrative.

Each Division will be tasked with providing a clear, transparent, and rationalized summary to the URPC regarding progress towards identifying and adopting strategies to achieve the specified reductions in alignment with our [Guiding Measures and Principles](#). These summaries will be submitted quarterly, beginning March 31, 2020. Though there is some necessary flexibility in actual amounts related to the percentage decreases described below, each Division and their

constituents should immediately begin to plan their budget allocations for 2020-21 based on these projections.

Proposed Distribution

FIRMS Codes (Functional Classification)	Current Amount	Current Distribution	% Adjustment	Allocation % Adjustment	Proposed Distribution	Proposed Distribution	Proposed Change	Percent Change
Instruction	56,560,000	46.3%	stay the same	0.0%	46.3%	54,060,000	(2,500,000)	-4.4%
Academic Support	16,280,000	13.3%	stay the same	0.0%	13.3%	15,560,000	(720,000)	-4.4%
Student Services	12,030,000	9.9%	increase	0.1%	10.0%	11,610,000	(420,000)	-3.5%
Institutional Support	21,620,000	17.7%	decrease	-0.1%	17.6%	20,550,000	(1,070,000)	-4.9%
Op & Maint of Plant	15,590,000	12.8%	stay the same	0.0%	12.8%	14,900,000	(690,000)	-4.4%
	122,080,000	100.0%		0.0%	100.0%	116,680,000	(5,400,000)	-4.4%

Division	Divisional Change by 2021-22	2020-21	Additional by 2021-22	2-Year Breakdown by FIRMS Code	2020-21	Additional by 2021-22
President's Office	(91,519)	(64,402)	(27,117)	Instruction	(1,759,259)	(740,741)
University Advancement	(198,427)	(139,634)	(58,793)	Academic Support	(506,667)	(213,333)
Academic Affairs	(3,618,164)	(2,546,115)	(1,072,049)	Student Services	(295,556)	(124,444)
Admin & Finance	(908,179)	(639,089)	(269,090)	Institutional Support	(752,963)	(317,037)
Enrollment Management	(374,503)	(263,539)	(110,964)	Op & Maint of Plant	(485,556)	(204,444)
University Wide	(209,208)	(147,220)	(61,988)		(3,800,000)	(1,600,000)
Total	(5,400,000)	(3,800,000)	(1,600,000)			

Breakdown of Proposed Distributions for 2020-2022

After excluding *Financial Aid, Provisions for Allocation, and Housing Facilities Activity* from the 2019-20 base budget of \$143.22 million, as these categories are not fungible, the baseline starting point for evaluating budget allocations is \$122.08 million. The \$5.4 million reduction mentioned above represents a reduction of 4.4% from 2019-20, to be achieved over the next two years. In alignment with our [Guiding Measures and Principles](#) and continuing efforts to prioritize areas that most directly serve students, we recommend the following allocations:

- We propose that the allocations for *Instruction* and *Academic Support* are maintained at their current percent proportion of the budget (46.3% and 13.3%, respectively). *Instruction* and *Academic Support* are core to maintaining a quality educational experience for our students, and the URPC has made a conscious decision to protect instruction and assure students have access to classes necessary for graduation. As such, we recommend maintaining an unchanged allocation percentage in these two FIRMS categories, with the expectation that expenditures scale up/down as needed with changes in enrollment. Though the percentage of the overall budget committed to these areas will remain constant, we project that the resulting proportional reduction of dollar amount allocation will result in a 4.4% decrease in funding to *Instruction* and *Academic Support* as compared to fiscal year 2019-20 (i.e., \$2.5M and \$720,000, respectively).
- In keeping with URPC’s priority to maintain and enhance student success, and align with our current focus to recruit and retain additional students, we recommend an allocation

adjustment to distribution percentages to protect our investment in *Student Services* while reducing investment in *Institutional Support*. The allocation adjustment reflects a change of 0.1% between the two FIRMS codes. This change will result in an increase in the proportion of the allocation to Student Services from 9.9% to 10%, and a decrease in the proportion of the allocation to Institutional Support from 17.7% to 17.6%. These changes will result in an effective reduction of only 3.4% in *Student Services*. However, *Institutional Support* will experience a 4.9% reduction.

- *Operation & Maintenance of Plant* directly supports students, maintaining a safe and welcoming campus environment, which plays an important role in student success by ensuring we have space and infrastructure in place to meet students' needs. As such, we recommend maintaining this category at its current percentage level (12%). Although the percentage of the overall budget committed to this area will remain constant, the resulting proportional reduction of dollar amount allocation will result in a 4.4% decrease in funding in comparison to 2019-20 (i.e. \$690,000 reduction).