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Memorandum

Date: May 23, 2013

To: Mildred García
President

From: Robert W. Mead
Chair, Planning, Resource and Budget Committee (PRBC)

Subject: PRBC Recommendations for AY 13/14

California State University, Fullerton (CSUF), is well positioned to be a model comprehensive university that is nationally recognized for exceptional programs that prepare our diverse student body for academic and professional success. We have the scale, the diversity, and the credentials. We serve 38,000 students and are the largest university in the largest public higher education system in the country. One out of every three of our students comes from low-income backgrounds. We are both a Hispanic Serving Institution and an Asian American and Pacific Islander Serving Institution. In fact, we are one of only five 4-year institutions in the US that enroll a more than average proportion of low-income students, cost those students proportionately less than what middle-income students are expected to pay on average across the nation, and provide students at least a 1 in 2 chance to graduate.

We are not only well positioned for success, we are well on our way. We now have a university-wide 2013-2018 Strategic Plan with four goals, 14 objectives, and 14 strategies – all interlinked in pursuit of our ambitious aspirations for our students, our region, and our nation. The challenge we face is how to operationalize, fund our strategic plan given our strategic context, while providing opportunities for all members of the campus community to engage in this process.

Strategic Context

The PRBC is charged with presenting budget recommendations that reflect the highest priority needs of the university and recognize the fiscal realities of the State of California, California State University (CSU) system, and California State University Fullerton (CSUF) campus. Discharging this responsibility has always been a challenge, but this year has been unique.

First, this year's university budget projections have seen a different dimension of volatility as we faced the possibility of dramatic cuts that were ultimately averted with the passage of Proposition 30. Passage of Prop 30 notwithstanding and as is true every year, budget details

have continued to be rather vague as state entities slowly figure out the allocation of funds and the state and CSU Chancellor have begun to articulate performance-based and RFP-driven funding allocations for the California State University.

Second, a significant level of the university's talent, time, and energy was invested in developing a five-year university-wide strategic plan. The 2013-18 Strategic Plan was unveiled on April 12, 2013, leaving little time to engage the campus community on the development of operational plans and budget scenarios for FY 2013-14.

Finally, the various transitions in the university's senior leadership team and the new team's university-wide (cross-divisional) approach to solving university-wide problems – within the budget uncertainty and strategic planning process previously cited – necessitated a higher-level approach toward the development of the PRBC's recommendations contained herein.

FY 2013-2014 Budget Outlook

After the passage of Proposition 30 in last November's election, and after years of drastic state budget cuts, in January 2013 Governor Brown proposed a balanced state budget for FY 2013-2014. The on-going annual \$20 billion gap between state revenues and expenditures had been eliminated, and the proposed budget included increased funding for K-12 and community colleges, expanded health care, and higher education including the CSU.

The Governor's proposed CSU budget included the following key budget items:

- \$125.0 million appropriation increase to "buy out" the decreased student fee revenues resulting from the tuition fee increase roll-back related to the passage of Proposition 30
- \$125.1 million programmatic appropriation increase - \$115.1 million undesignated and \$10.0 million to address course "bottlenecks" through the innovative use of technology and online courses
- Various other technical appropriation adjustments for such items as CalPERS retirement, dental insurance, interest to the State, financial aid, and debt service
- A multi-year stable funding plan through FY 2016-2017 which would also include a freeze on tuition fee rates
- Numerous policy change and student success accountability proposals that don't immediately affect the FY 2013-2014 budget, but which if approved could modify funding models in future fiscal years, and thus need to be monitored closely
- All of these items are also included in the Governor's May Revise budget proposal

At the March 2013 Board of Trustees meeting, the board reviewed a revised spending plan to prioritize programmatic needs, and the Chancellor's Office subsequently issued a draft budget

memo. Our campus budget discussions and planning incorporated the key budget assumptions and instructions from the Chancellor's Office:

- Our CSUF share of the \$125.0 million CSU appropriation related to the passage of Proposition 30 is \$11.7 million
- Our CSUF share of the \$48.2 million CSU appropriation for mandatory cost increases (health benefits premiums, energy, and new space) is \$3.3 million
- Our CSUF resident enrollment target was increased by 1.2% to 27,198 FTES (the Systemwide average enrollment target increase is 1.45%) – our actual resident FTES enrollment is forecast to be 4.9% over target, within the 5.0% over-enrollment threshold established by the Chancellor's Office
- Our CSUF share of the \$21.7 million CSU appropriation for enrollment growth is \$1.4 million
- Finally, three appropriation funding pools will be held centrally by the Chancellor's Office to be subsequently allocated to the campuses:
 - \$38.0 million Employee Compensation Pool (1.2% average increase) – Collective Bargaining processes
 - \$10.0 million Bottleneck Courses Through the use of Technology – RFP process
 - \$7.2 million Graduation Initiative and student success – RFP process

The latest FY 2013-2014 budget estimates provided to PRBC reflect these key assumptions and also incorporate additional CSUF budget requirements including CMS loan payment, Academic Affairs pass-through expenditure items, additional funding tied to our enrollment increase, and faculty settlements, promotions, and benefits.

As shown on the budget estimate attachment (Attachment 1), at this time specific line-item Budget Priorities and associated funding requirements and recommendations have not been finalized, as work continues on the prioritization and planning process. While the details are not complete, recommendations will be aligned to support the 3 funding priorities of effectiveness and efficiency: Operationalizing the University's Strategic Plan, Reinvesting in Instructional and Support Facilities, and Strategically Addressing Divisional Structural Deficits.

PRBC Recommendations for 2013-14

The recommendations presented herein were influenced by our current strategic context—including the anticipated state budget and FY13/14 budget outlook – and positions the PRBC has taken in the past. As part of its deliberative process, the PRBC considered a cross-divisional presentation prepared by the university's vice presidents; the university's 2013-2018 Strategic Plan; the Academic Senate Resolution in Support of Student Learning Language in Strategic Plan (ASD 13-33); the WASC Letter recommendations; and the "detailed strategies" document

developed by the various strategic planning workgroups. In addition, the PRBC considered its long-standing commitment to public safety and ensuring sufficient faculty to adequately serve our students – a commitment that served the university well as the 2008 Recession began to have a prolonged impact upon state funding and necessitates budget cuts beginning in the 2009-10 academic year and continuing through 2012.

In review and discussion of the above factors, the PRBC makes several recommendations.

Recommendation #1: Reinvest in Instructional and Support Infrastructure

The PRBC recommends that the University undertake essential infrastructure modifications to enhance the learning environment and strengthen the University's ability to recruit high quality faculty and staff. There are many maintenance, refurbishment and space needs across campus: classrooms are in need of upgrades or retrofits; departments need space to house new faculty and support scholarly and creative activities; and the quality and adequacy of other spaces for curricular, co-curricular and student service activities are in need attention.

The PRBC also recommends that the University perform a long-term, comprehensive analysis of space needs, deferred maintenance priorities, inefficient uses of space, and opportunities for new space. This analysis will be used to develop a multi-year, holistic, space plan.

This recommendation addresses concerns expressed by various campus constituencies as articulated in Academic Senate Resolution ASD 13-33. It also supports the following statement in our strategic plan: "We are committed to student success... Going forward, our challenges will be to build out the infrastructure in terms of facilities...to support our activities. Yet, it is by taking on these challenges now and pursuing our goals that we can attain our long-term vision."

Recommendation #2: Recruit and Retain Diverse and High Quality Faculty

The PRBC recommends that all colleges prepare and submit multi-year hiring plans to the Office of the Provost. These plans should include strategies to align faculty demographics with national pools of appropriately qualified applicants and to support effective implementation of HIPs such as student faculty research, writing intensive courses, and capstone courses. The plans should also address how extra capacity will contribute to our ability to drive progress in the assessment of student learning, student advisement, student success and generate reassigned time for faculty engaged in time-intensive High Impact Practices including faculty-student scholarly and creative activity.

The implementation of these plans should result in a net-gain in tenure track faculty positions, increase student success in gateway courses and improve degree completion rates.

This recommendation directly addresses Goal #3 of our Strategic Plan (Recruit and retain a high-quality and diverse faculty and staff) and indirectly supports Goals #1, #2, and #4.

Recommendation #3: Optimize Student Advisement Services

The PRBC recommends the implementation, staffing, including reassigned time, and funding of an effective advisement system that initially includes academic and career components. We should review the existing reports on advising (Academic Senate, ASI, Inc., and Title V Workgroup) and then clearly specify the existing roles and supporting responsibilities of the college and department advisors, Academic Advisement Centers and Career Centers. In addition, a CSUF policy for mandatory advisement beyond new student and transfer student advisement should be implemented.

This recommendation directly addresses Goal #1 of our Strategic Plan (Develop and maintain a curricular and co-curricular environment that prepares students for participation in a global society and is responsive to workforce needs) and indirectly addresses Goal #2 (Improve student persistence, increase graduation rates University-wide, and narrow the achievement gap for underrepresented students.)

Recommendation #4: Develop an Effective Student Learning Assessment Process

The PRBC recommends the development, implementation, staffing, including reassigned time, and funding of an assessment process that builds upon existing efforts, incorporates recently approved University Learning Outcomes, provides resources and training, supports program accreditation and emphasizes the use of assessment to improve student learning. As a first step, the PRBC recommends an examination of the alignment of the University Learning Outcomes with unit level student learning outcomes and the development of a roadmap for University assessment processes, including curricular and co-curricular aspects consistent with goal 2, strategy c.

This recommendation directly addresses Goal #1 of our Strategic Plan (Develop and maintain a curricular and co-curricular environment that prepares students for participation in a global society and is responsive to workforce needs) and indirectly addresses Goal #2 (Improve student persistence, increase graduation rates University-wide, and narrow the achievement gap for underrepresented students).

Recommendation #5: Diversification of Revenue Streams

The PRBC recommends the development, implementation, staffing, including reassigned time, and funding of a multi-year plan to increase overall philanthropic giving to at least \$15 million a year. Further, we recommend that the campus establish the infrastructure and support systems necessary to increase campus-wide engagement in fundraising, entrepreneurial activities, grants and contracts.

This recommendation directly addresses Goal #4 of our Strategic Plan (Increase revenue through fundraising, entrepreneurial activities, grants, and contracts) and indirectly supports Goals #1, #2, and #3.

Recommendation # 6: Creating a University Strategic Planning Initiative Grant Program

The PRBC recommends the establishment of an internal grant funding mechanism that will allow faculty, staff, and students the opportunity to submit proposals for projects that will help advance the goals and objectives identified in the university's strategic plan. The funding mechanism would resemble the former University Mission and Goals Initiatives (UMGI) Grant Program in form and funding levels. If approved, the PRBC would develop a request for proposals outlining the program's structure, funding levels, areas of interest, evaluation processes, etc.

In addition to the six funding and operational priorities previously listed above, the PRBC recommends that the University strategically address any existing divisional structural deficits that may exist – including in the areas of faculty and staff professional development. The PRBC also recommends that the University work with the Chancellor's Office to address the historical inequities that have led to Cal State Fullerton's students being funded at a significantly lower rate than all other CSU campuses (see Attachment 2).

During AY 2013-14, the PRBC will establish workgroups to develop monitoring plans for strategic goals and core operations. These plans will help determine the effectiveness of our initiatives and investments, provide transparency to the campus community, and ensure that the university's operational plans benefit from a wide-range of institutional perspectives. As part of this process, the PRBC will review, discuss, and consider changes to the bylaws and policy statements that guide its efforts to ensure that policy supports practice and is sensitive to our changing strategic context. To establish momentum towards these goals, a sub-committee of PRBC and the Senate Executive Committee will work with the University's Senior Leadership Team during the month of July 2013 to establish a framework for this work.

We hope the recommendations presented herein will serve to establish a strong foundation for the work that lies ahead. We look forward to working with you and the campus community in the operationalization of our strategic plan and the optimization of the core university activities that, together, will advance our mission and make our vision a reality.

Attachments (2)

Attachment 1--PRBC Budget Recommendation Memo Attachment

Attachment 2--State Allocation Comparison

Cc: Sean Walker, Academic Senate Chair

Ann Camp, Chief of Staff to President García

Paul Deland, 2013-14 PRBC Chair