

CAL STATE LA

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

New Campus Budget Model

Moving to an All Funds Model

May 25, 2016

CAL STATE LA

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

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Why Change?

Alignment with Strategic Priorities

Enhance Transparency

Increase Accountability

Foster Innovative Activities

CAL STATE LA

PUSHING BOUNDARIES

Current Budget Model
Incremental Plus

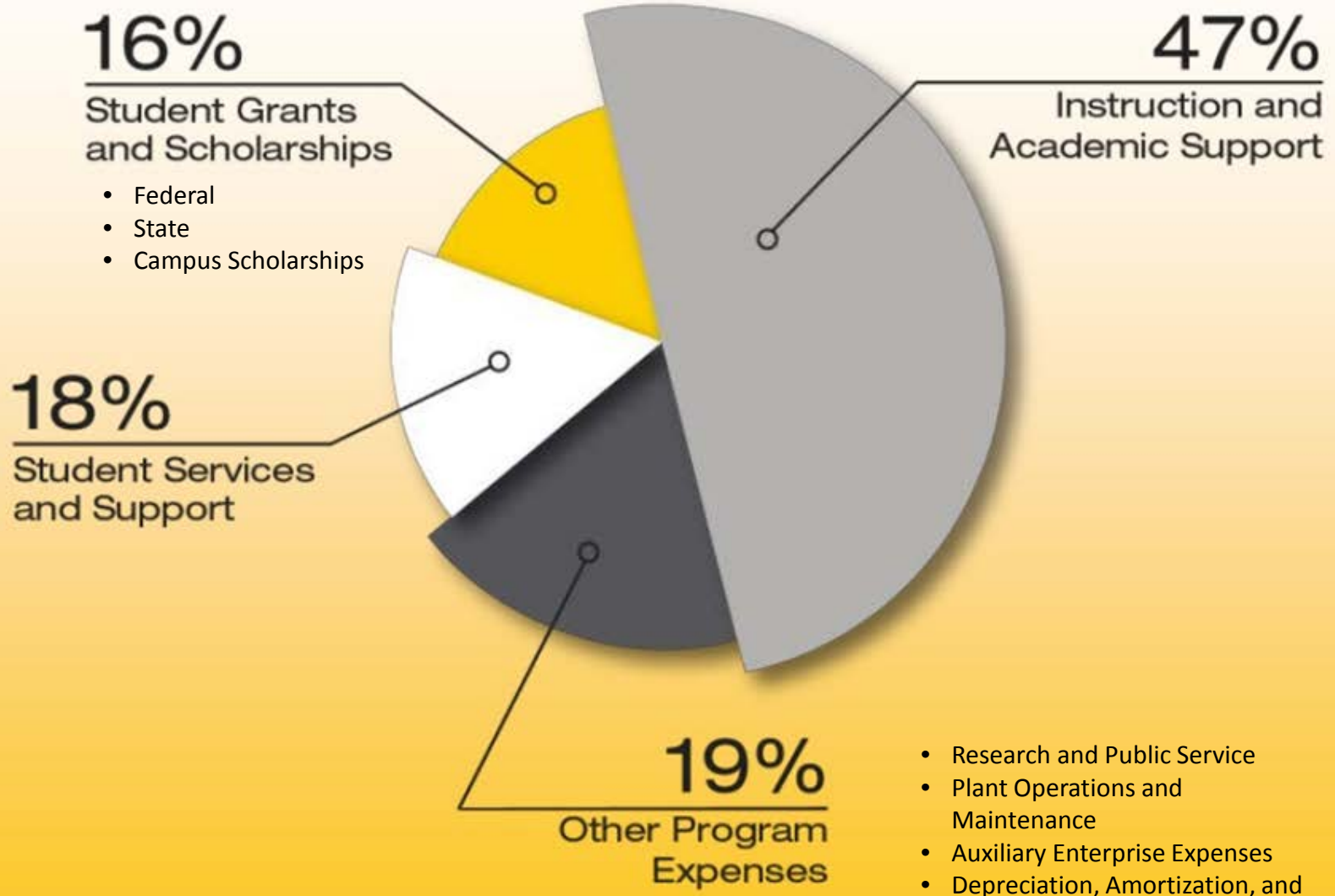


- **Fully-funded Base Operations**
- **Mandatory Cost**
- **Campus Priorities**
- **Division Allocation as Percentage of Base Budget**

University Funds

Campus Operating Fund	Miscellaneous Operating Fund	Dormitory Revenue Fund	Parking Revenue Fund	Special Trust Fund	IRA and Lottery Funds	Auxiliary Funds
State General Fund Appropriation Student Tuition Fee Revenue	Restricted Student Fee Revenue, i.e. Student Success Fee, Athletics Fee	Self-Support Program, i.e. Housing Fee	Self-Support Program, i.e. Parking Fines and Parking Fees	Funds Held In Trust For Specific Purposes, i.e. Cost Recovery	Restricted Fee Revenue	Auxiliary Organizations, i.e. Foundation

USES OF FUNDS



- Research and Public Service
- Plant Operations and Maintenance
- Auxiliary Enterprise Expenses
- Depreciation, Amortization, and Interest Expenses

Budget Model Redesign







Presidential Vision and University Initiative

Planning, Research, and Evaluation

Developed New Cal State LA Budget

Campus Engagement and Communication

Three-Year Implementation Timeline

Conception to Implementation

www.calstatela.edu/admfin/resource-allocation-model-review

Start
Sept. 2013
Presidential/Campus Initiative
- Budget Model Redesign

Dec. 2013
Planning, Research, and Evaluation of Requirements for Budget Model/White Paper

Jan. 2014
Formed Budget Allocation Task Force

Feb. – Jun. 2014
Assessment of Base Expenditure Need
- Develop the ZBB Template
- Training Sessions on ZBB
- Analysis of ZBB Submissions

Jul. 2014
ZBB Meetings with University Divisions VP, College Deans, and Fiscal Managers

Nov. 2014
Budget Allocation Task Force Convened

Jan. 2015
Budget Allocation Task Force Reconvened

Aug. 2015
Vetting and Feedback from Campus Constituents
- University-wide Email Communication

Oct.– Nov. 2015
Communication of New Budget Model
- University-wide Budget Townhall

May. 2015 – Jan. 2016
Design Framework of New Budget Model
- Development of Key Performance Data Analytics
- Update Campus Administrative Procedures

Finish
Fall 2016
Implementation

Fine Tuning
Post Implementation Review

Planning	11 Months
Development	16 Months
+ Implementation	9 Months

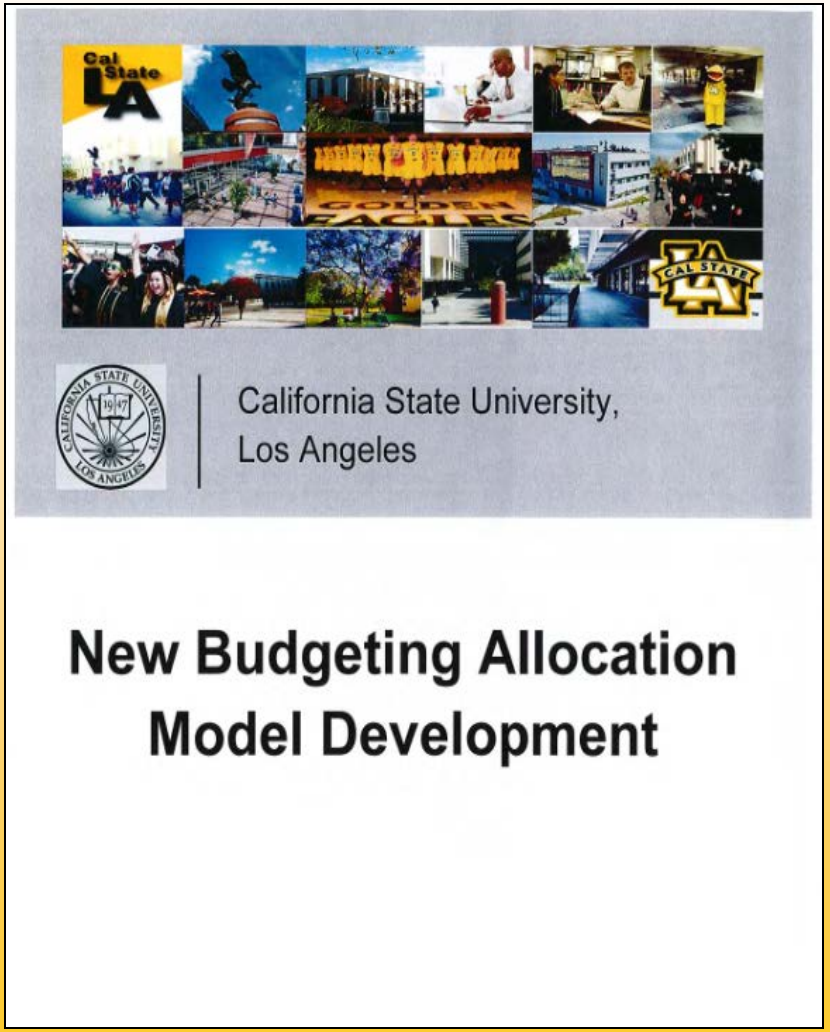
Total Model Transition: 36 Months

Budget Allocation Model Taskforce

Appointed by and advisory to the President on budget policy, planning, and resource allocation matters.

- Provost and VP Academic Affairs
- VP Administration and Chief Financial Officer
- VP Information Technology Services and CTO
- VP University Advancement
- Senior AVP Enrollment Management
- Chair of the Academic Senate
- Chair Fiscal Policy Committee
- College Dean
- Faculty Member
- President of the Associated Students, Inc.
- Non-Academic Administrator
- Senior Administrator for Finance (without vote)
- Staff Member
- Director Strategic Planning & Quality Improvement (without vote)
- Associate Director of Budget Administration (without vote)

Self-Assessment of Current Budget Model White Paper



California State University, Los Angeles
University Resource Allocation – Process for Change

CURRENT ALLOCATION MODEL – OVERVIEW

The University Resource Allocation, as defined by Administrative Procedure 212, establishes the policy and procedures for allocating the fiscal resources of the University. Campus budget allocations are based upon predefined Chancellor's Office allocations (formula-based) and the campus strategic initiatives (non-formula). Around January of each year, the President provides the preliminary budget guidelines that outline the campus priorities for the following year. The preliminary budget guidelines initiate the university's Resource Allocation Plan and these are provided to campus stakeholders for input, consultation, discussion and information.

Following the Governor's January Budget, the Chancellor's Office provides preliminary funding allocation information for the next fiscal year. Administration identifies the funding changes and prepares a resource allocation handout for the Resource Allocation Advisory Committee (RAAC). The RAAC's role is to advise the President on budget policy, planning, and resource allocation matters. As outlined in Administrative Procedure 212 Section 5.10, RAAC members include faculty, administration and student representation.

The Chancellor's Office issued the final 2013-14 budget allocation, B 2013-02, on July 24, 2013[1]. The University's 2013-14 General Fund base budget is $221,839,675 consisting of General Fund Appropriation, Tuition Fee Revenue, Non-Resident Tuition Revenue, and Other Fee Revenue and Reimbursements.

General Fund Appropriation	$ 103,544,039
Tuition Fee Revenue	112,223,870
Non-Resident Tuition Revenue	4,621,000
Other Fee Revenue & Reimbursements	1,450,766
Total Estimated Gross Budget	**$ 221,839,675**

The University has operated under a traditional incremental (or decremental) budget model in which, generally speaking, annual increases (or decreases) are adjusted by a uniform percentage. The University provides annual base-funding to the Executive areas in support of their on-going operations. The 2013-14 budget allocations were as follows: Academic Affairs 65.90%, Student Affairs 7.59%, Administration and Finance 13.37%, Information Technology Services 7.98%, Office of the President 3.58%, and Institutional Advancement 1.57%[2]. Benefits pool, compensation pool and University-wide programs are centrally managed. Included in the Executive allocations are restricted funds dedicated for specific programs or purposes (i.e., Financial Aid programs, utilities, University Reserve, etc.). The restricted funds cannot be used towards operational needs or to fund division deficits.

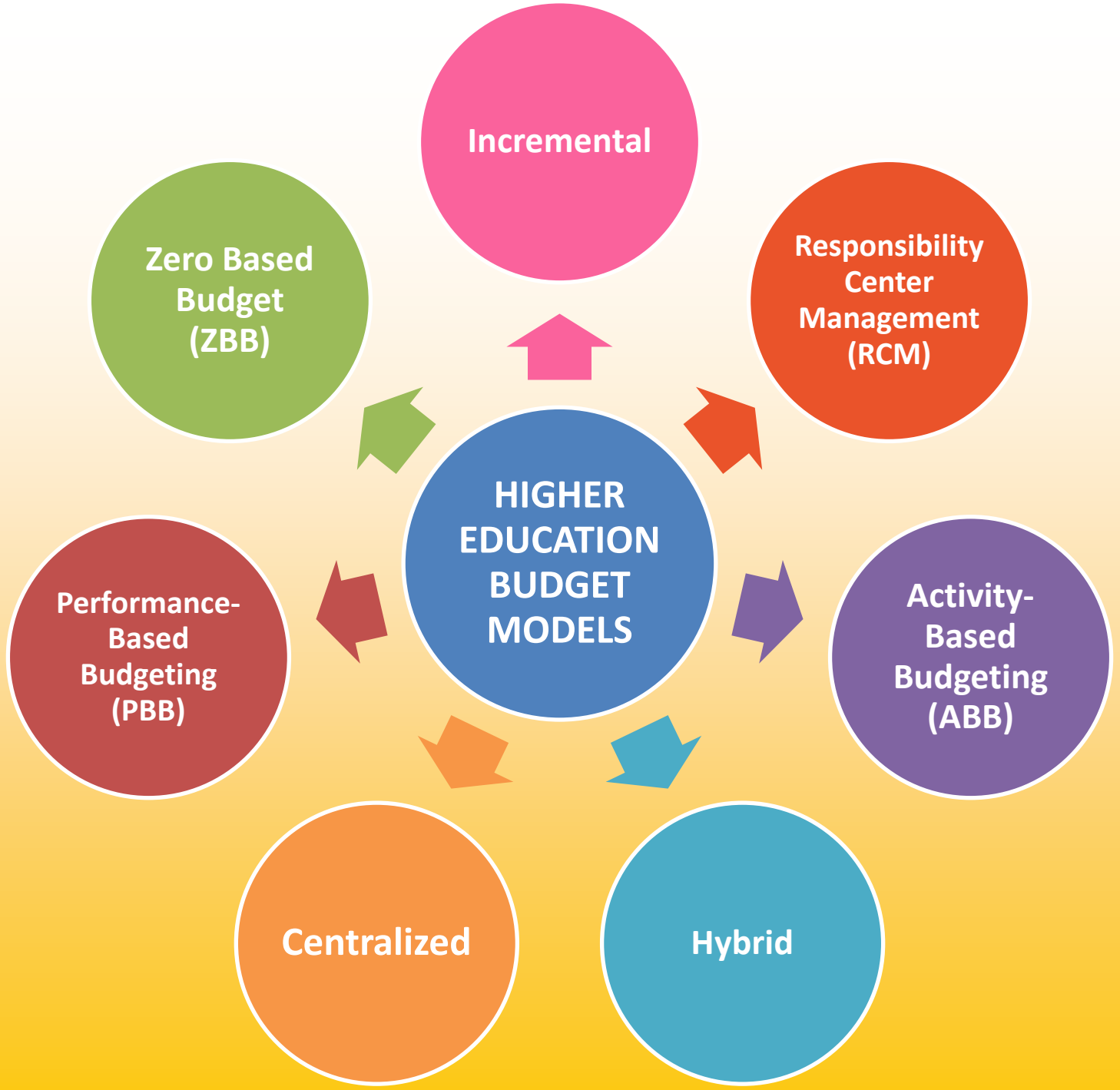
SUMMARY BY EXECUTIVE OFFICE

	RAP BASE BUDGET	RAP RESTRICTED BUDGET	RAP ADJ. BASE BUDGET		RAP % BASE BUDGET
President's Area	6,760,859	(2,821,114)	3,939,745	a	3.58%
Academic Affairs	72,918,904	(328,500)	72,590,404	b	65.90%
Information Tech. Services	8,791,415	0	8,791,415		7.98%
Student Affairs	53,540,657	(45,174,869)	8,365,788	c	7.59%

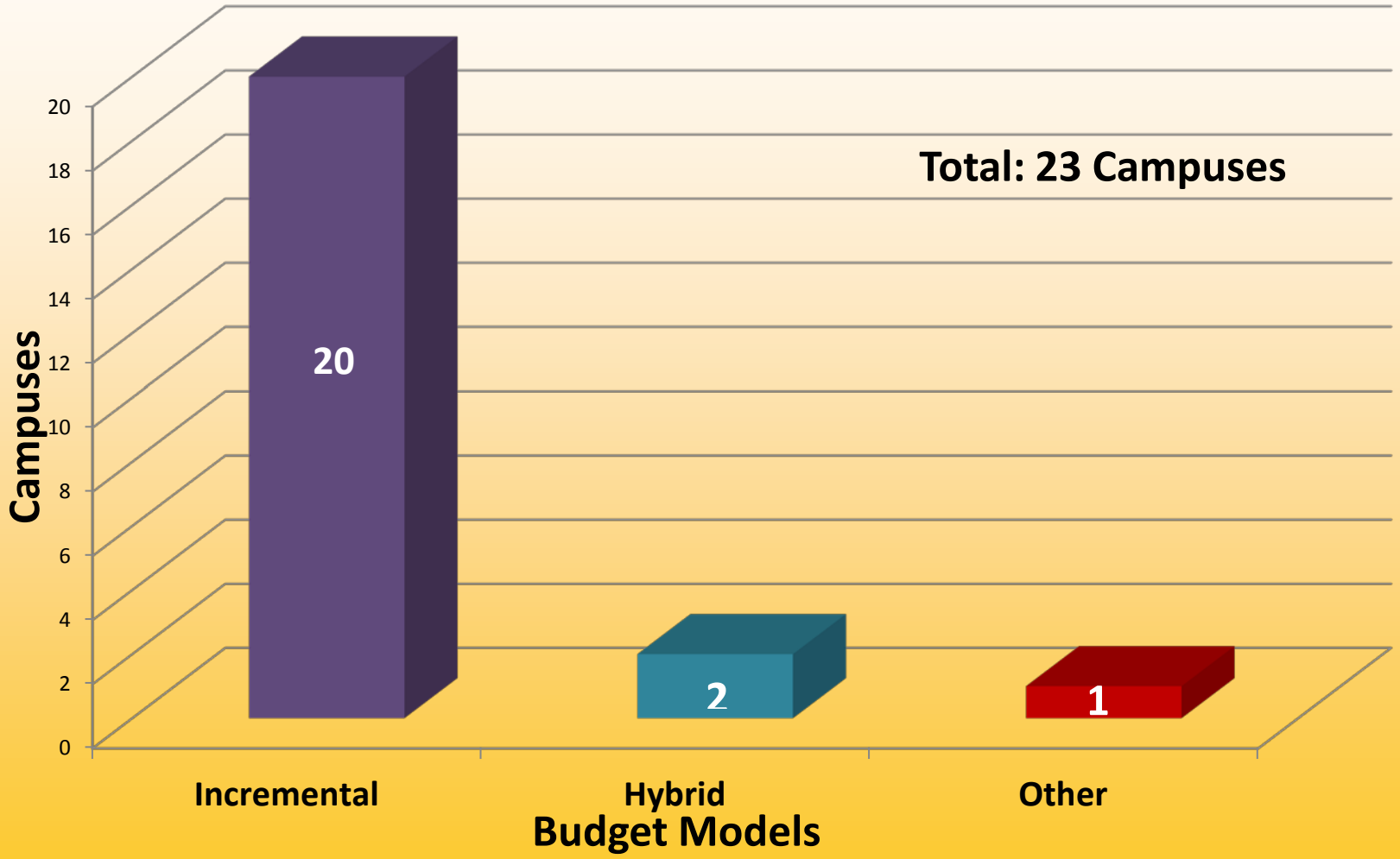
DRAFT

Budget Guiding Principles

A. Accountability	• VPs and Deans will be accountable for performance and accountable to the general public.
T. Transparent	• Inclusive. Simple to understand. Easily communicated.
E. Equitable	• Equitable allocations consistent with University strategic initiatives.
A. Adaptability	• Adaptable to changing needs. Divisions and colleges have flexibility to best manage their budgets.
M. Mission Sensitive	• Mission sensitive and incorporates campus strategic initiatives into the planning.


HIGHER EDUCATION BUDGET MODELS
Incremental
Responsibility Center Management (RCM)
Activity-Based Budgeting (ABB)
Hybrid
Centralized
Performance-Based Budgeting (PBB)
Zero Based Budget (ZBB)

Cal State University Campuses Budget Model Survey Results



Blended Model Elements

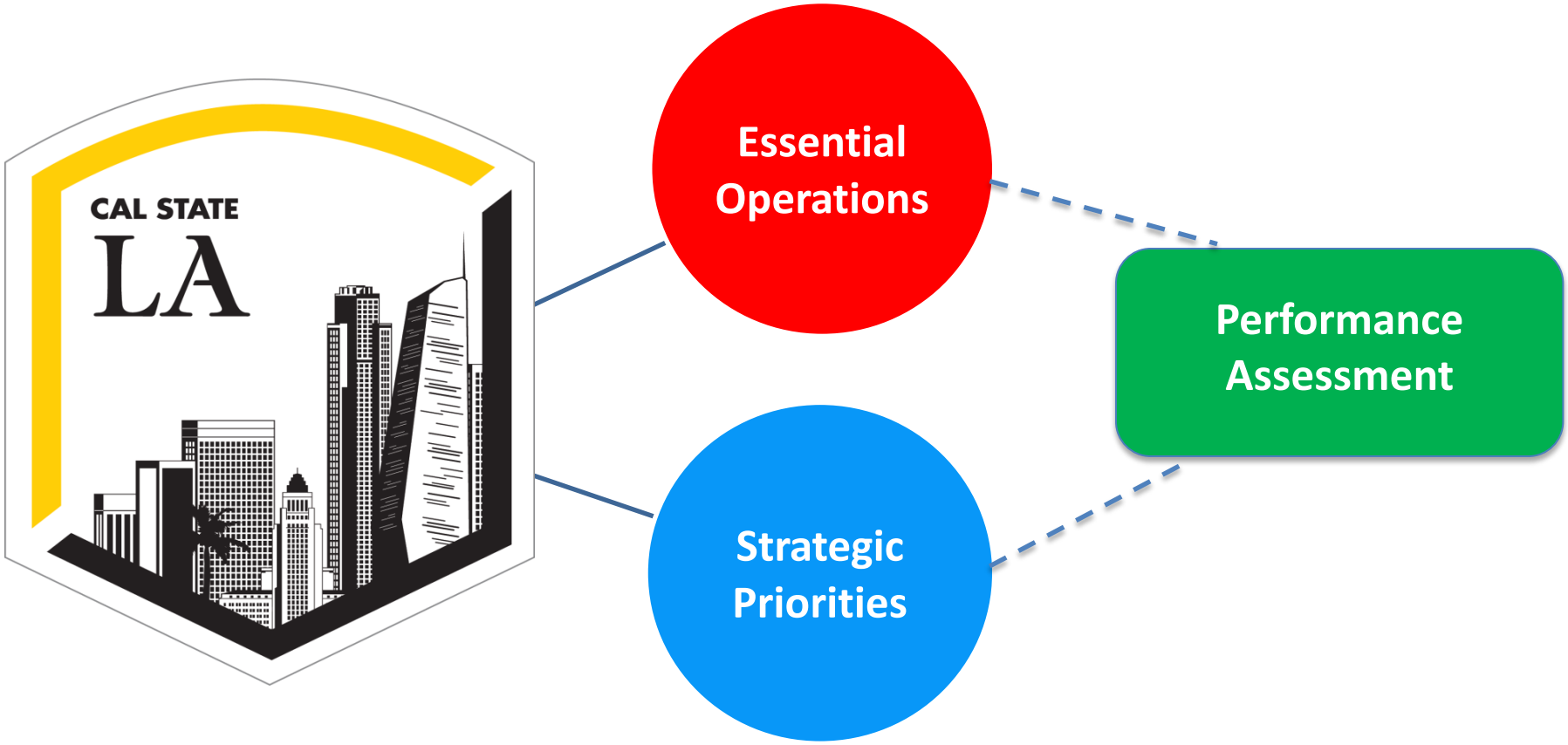
Incremental Budgeting	• Provides Stability • Provides Predictability
Zero Based Budgeting	• Resets Base Funding Annually
Activity-Based Budgeting	• Allocates funding to activities with the highest return for the institution.
Responsibility Center Management (RCM)	• Revenue centers control revenues they generate and are responsible for financing both direct and indirect costs.
Centralized Budgeting	• Budgets are centrally developed and allocated to divisions.
Performance-Based Budgeting (PBB)	• Resources are allocated based on a program's success in achieving specific established targets.

Source: Goldstein, Larry. A Guide to College & University Budgeting: Foundations for Institutional Effectiveness. 4th ed. Washington, DC: NACUBO, 2012. Print.

Budget Guiding Principles
Budget Model Matrix

	Incremental Budget	Zero-Based Budget	Activity-Based Budget	Responsibility Center Management	Centralized Budget	Performance-Based Budget
Transparent and Easy to Understand	■					
Equitable	■					
University-Wide Standards with Divisional Flexibility	■			■		
Accountability and Autonomy with Distinction				■		
Mission Sensitive - Represents Collective Interest of University					■	■

Moving To All Funds Model



- Student Success
- Academic Excellence
- Welcoming Campus
- Engagement, Service, and the Public Good

Draft Strategic Priorities

www.calstatela.edu/strategicplan/draft-strategic-plan

Student Success

Create a positive, holistic student experience with a clear and timely path to a high quality degree.

Academic Excellence

Provide high quality academic programs and investment in faculty who are exceptionally/uniquely committed to educating our diverse student body.

Welcoming Campus

Nurture a welcoming campus where students, faculty, and staff thrive and community is honored and cultivated.

Engagement, Service, and the Public Good

Graduate civic-minded students equipped for and committed to engagement, service, and the public good.

Guidelines for Linking Performance Measuring

- Performance indicators should support the University's mission and strategic plan.
- Students, faculty, and staff need to be involved in development of the indicators to have lasting success.
- Performance results must be communicated timely and clearly to campus community and the public.
- What cannot be measured cannot be controlled, and what cannot be controlled cannot be managed.
- The number of performance indicators should be kept to a minimum <10.

Resource Allocation Plan
All Funds Budget Summary

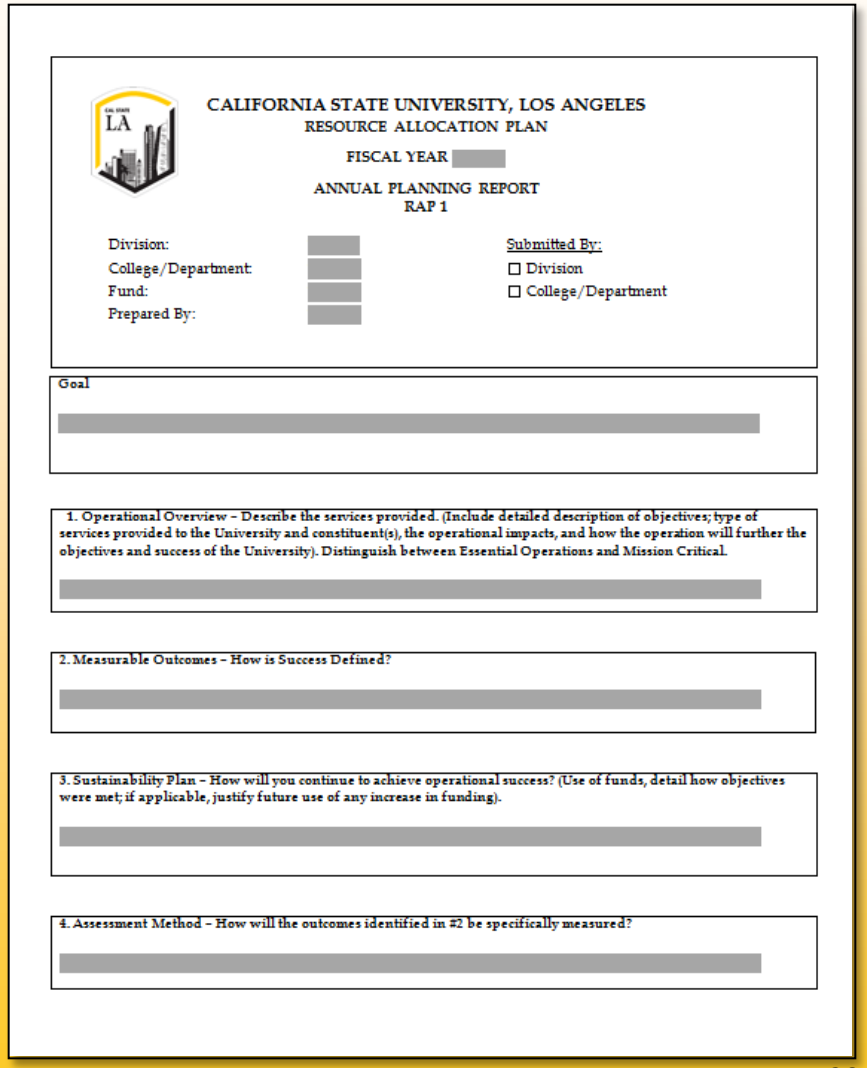
California State University, Los Angeles
All Funds Budget Summary

Fiscal Year: _____ Division: _____

Allocations and Revenue	General Fund	Lottery	Self-Support	IRA	SSF	Trust	Totals
Base Budget Allocation							
							$ -
							$ -
							$ -
							$ -
							$ -
Total Base Budget Allocation	-	-	-	-	-	-	$ -
One-Time Adjustments							
							$ -
							$ -
							$ -
							$ -
							$ -
							$ -
							$ -
							$ -
							$ -
Total One-Time Adjustments	-	-	-	-	-	-	$ -
Other Allocations and Transfers							
							$ -

Annual Planning Report

- Strategic goals
- Objectives
- Action plans
- Proposed assessment methods.



CALIFORNIA STATE UNIVERSITY, LOS ANGELES
RESOURCE ALLOCATION PLAN
FISCAL YEAR
ANNUAL PLANNING REPORT
RAP 1

Division:
College/Department:
Fund:
Prepared By:

Submitted By:
☐ Division
☐ College/Department

Goal

1. Operational Overview – Describe the services provided. (Include detailed description of objectives; type of services provided to the University and constituent(s), the operational impacts, and how the operation will further the objectives and success of the University). Distinguish between Essential Operations and Mission Critical.

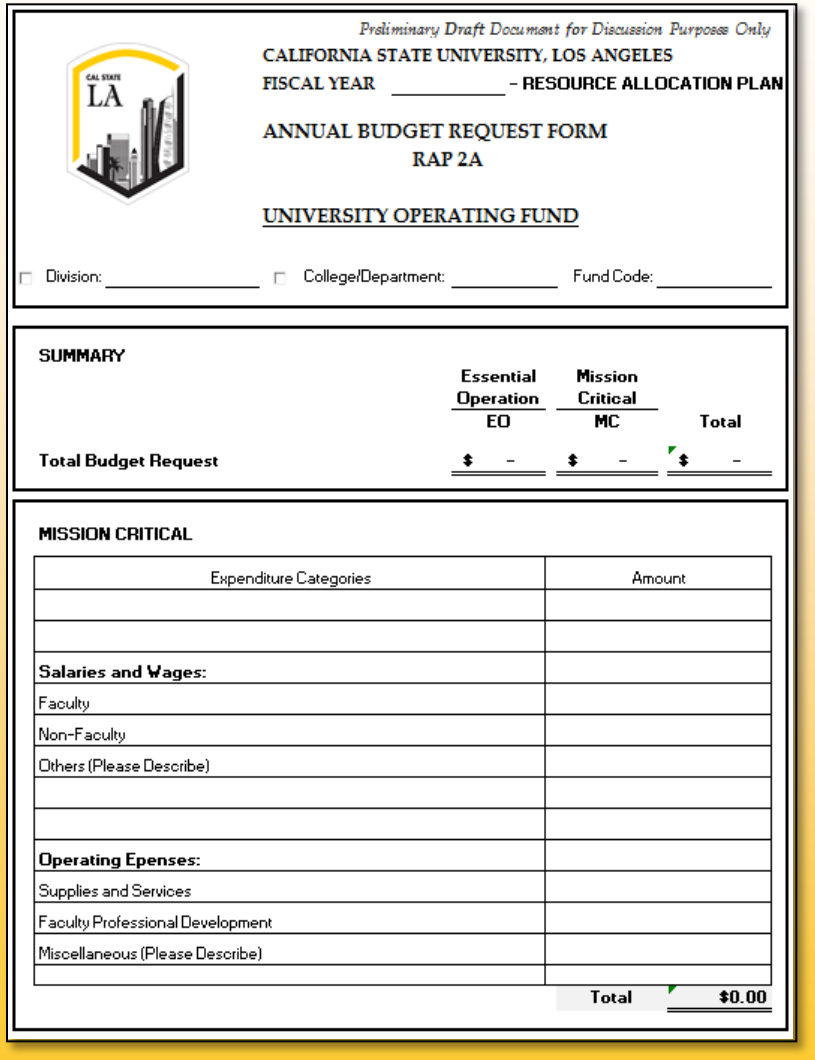
2. Measurable Outcomes – How is Success Defined?

3. Sustainability Plan – How will you continue to achieve operational success? (Use of funds, detail how objectives were met; if applicable, justify future use of any increase in funding).

4. Assessment Method – How will the outcomes identified in #2 be specifically measured?

Annual Budget Request Form

Budget Request for Essential Operations and Mission Critical funding.



Preliminary Draft Document for Discussion Purposes Only

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

FISCAL YEAR _____ – RESOURCE ALLOCATION PLAN

ANNUAL BUDGET REQUEST FORM

RAP 2A

UNIVERSITY OPERATING FUND

☐ Division: _____ ☐ College/Department: _____ Fund Code: _____

SUMMARY

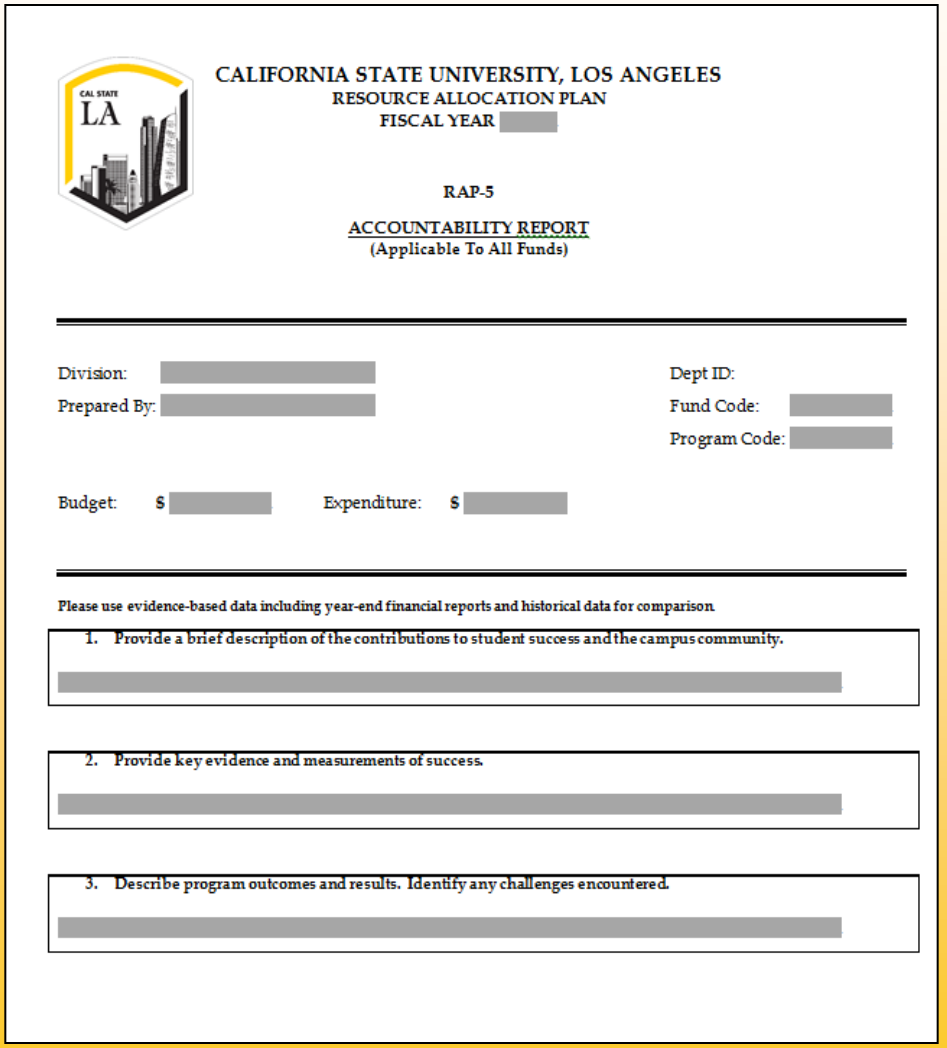
	Essential Operation EO	Mission Critical MC	Total
Total Budget Request	$ –	$ –	$ –

MISSION CRITICAL

Expenditure Categories	Amount
Salaries and Wages:	
Faculty	
Non-Faculty	
Others (Please Describe)	
Operating Epenses:	
Supplies and Services	
Faculty Professional Development	
Miscellaneous (Please Describe)	
Total	**$0.00**

Accountability Report

Evidence-based assessment of the goals and objectives outlined in the planning report.



CALIFORNIA STATE UNIVERSITY, LOS ANGELES
RESOURCE ALLOCATION PLAN
FISCAL YEAR

RAP-5

ACCOUNTABILITY REPORT
(Applicable To All Funds)

Division:
Prepared By:
Dept ID:
Fund Code:
Program Code:

Budget: $ Expenditure: $

Please use evidence-based data including year-end financial reports and historical data for comparison.

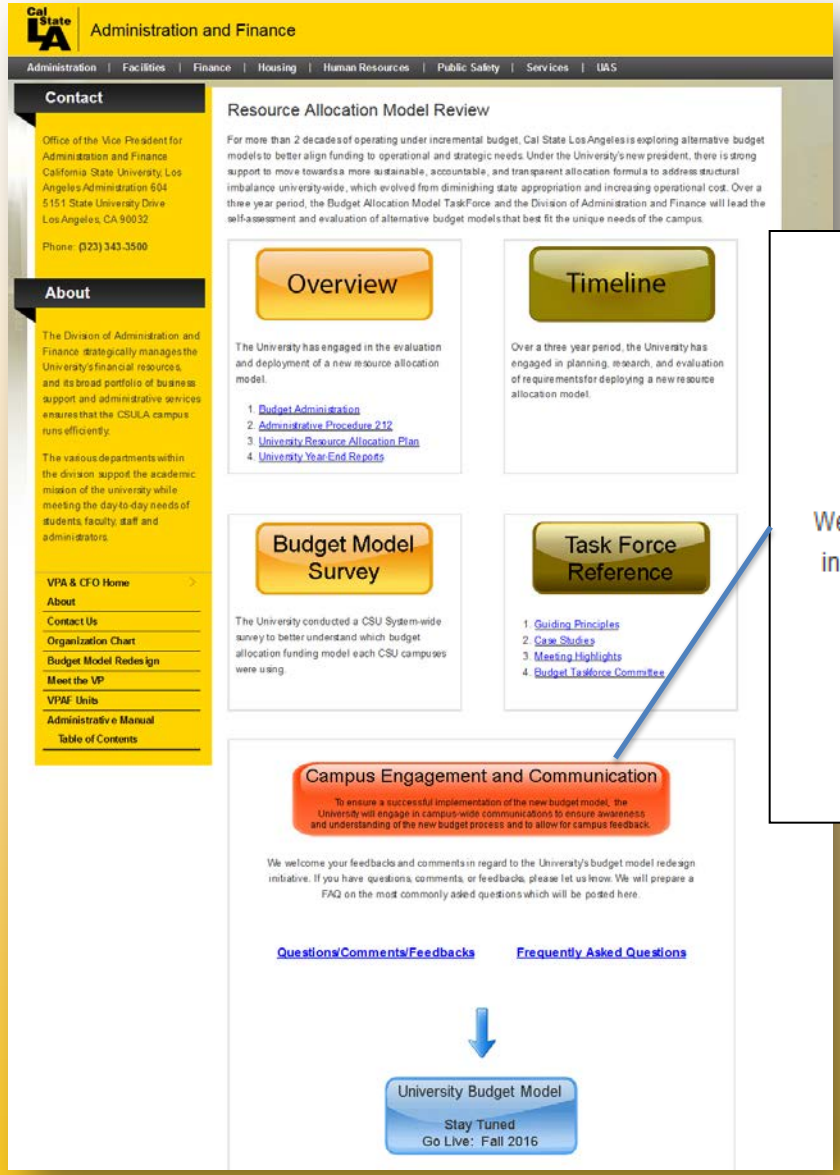
1. Provide a brief description of the contributions to student success and the campus community.

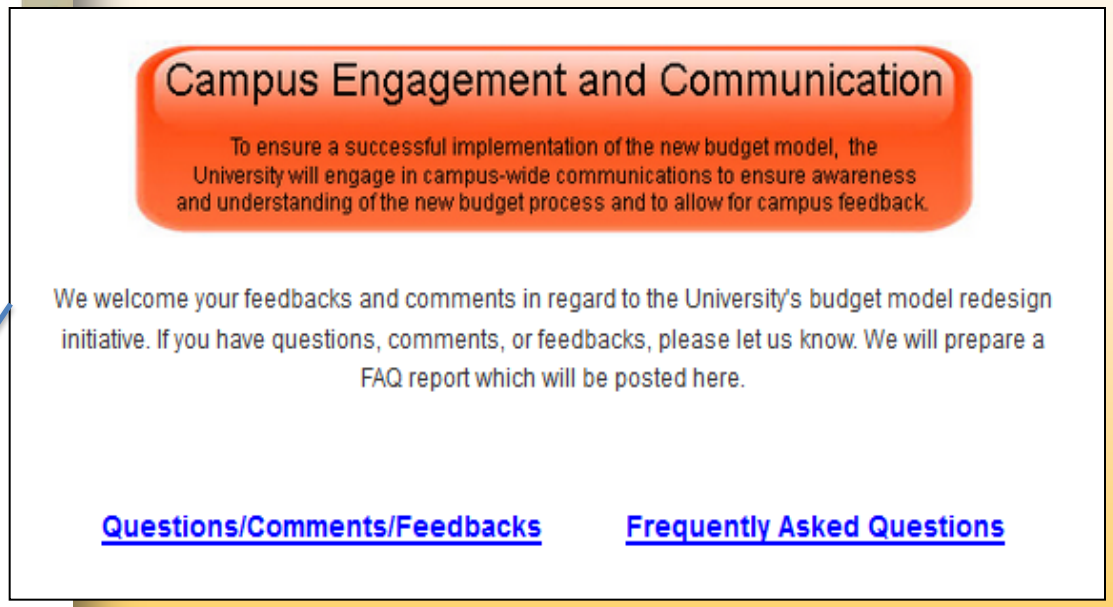
2. Provide key evidence and measurements of success.

3. Describe program outcomes and results. Identify any challenges encountered.

Budget Redesign Webpage

www.calstatela.edu/admfin/resource-allocation-model-review





BudgetAdmin@calstatela.edu

Discussions and Questions



Email questions, comments and feedback to:
BudgetAdmin@calstatela.edu

Thank you