

F96-4 THE BUDGET PROCESS AT SAN JOSE STATE UNIVERSITY

Legislative History:

At its meeting of December 9, 1996, the Academic Senate approved the following Policy Recommendation presented by Bethany Shifflett for the Executive Committee.

This policy replaces UP F 93-2 "Financial Reports to the Senate".

ACTION BY THE UNIVERSITY PRESIDENT:

"Approved as University Policy". Signed: Robert L. Caret, December 18, 1996.

THE BUDGET PROCESS AT SAN JOSE STATE UNIVERSITY

F 96-4

Replaces: F 93-2 "Financial Reports to the Senate"

Whereas, San Jose State University needs a budget process that directs the University's resources towards its highest priorities; and

Whereas, There is an important role for the Senate to play in advising the President how best to shape the University's budget priorities; and

Whereas, Currently, the Senate's role in the budget process is vaguely defined and results in limited input regarding budget priorities; and

Whereas, The attached document clearly defines the Senate's role in the budget process as well as providing useful guidelines to help organize the entire budget process at San Jose State University; and

Whereas, The Trustees "CSU Statement on Collegiality" (October 14, 1985) states that "The collegial process also recognizes the value of participation by the faculty in budgetary matters, particularly those directly affecting the areas for which the faculty has primary responsibility"; now, therefore, be it

Resolved, That the attached document entitled "The Budget Process at San Jose State University" be adopted as policy, effective immediately; be it further

Resolved, That this policy be reviewed by the Budget Advisory Committee immediately after the completion of a full calendar cycle of its implementation, before the end of Fall 1997.

THE BUDGET PROCESS AT SAN JOSE STATE UNIVERSITY

1.0 Principles of the Budget Process

1.1 The budget process is designed to find the most effective means to apply the resources of the University to pursue the mission of the University.

1.2 This policy is predicated upon a distinction between budget policy and budget management.

1.21 The manner in which budgets shape the overall direction of the University is a matter of policy. Similarly, the evaluation of major proposals to implement University priorities, or the critique of a budget that fails to recognize or implement University priorities, is also a matter of policy. The Senate is properly consulted in all matters of budget policy, and particularly with respect to the creation of overarching policies within which the budget process takes place.

1.22 The formation of base budgets for the purpose of maintaining essential University functions is a matter of budget management. The preparation of detailed budgets that do not seek to shift priorities or to alter the implementation of existing policies are similarly a matter of budget management. The Senate need not be routinely consulted in matters of budget management.

1.3 All those charged with implementing this policy should seek to do so in ways that pursue the following principles:

1.31 The budget process should be fair and open to members of the university community.

1.32 The budget process should encourage "virtuous" behavior over entrenched interests; the process should encourage the pursuit of university-wide goals over parochial concerns.

1.33 The budget process should achieve a balance between centralized and decentralized decision making, too much centralized decision making tends to discourage entrepreneurial behavior, while too much decentralization tends to encourage local protectionism.

1.34 The budget process should foster year-to-year stability, which allows for long-range planning, and also provide sufficient flexibility to allow for changing needs and conditions.

1.35 Budget planning decisions should take into consideration information identified through assessment, (e.g., WASC, HERI, SNAPS.)

1.36 The budget process should focus on the academic mission of the University and should encourage cross-divisional collaboration in the effort to set university-wide priorities that transcend organizational boundaries.

1.37 The budget process should produce results which can be assessed in such a way that findings can be incorporated into future budget planning, and used for comparative analyses within the university and also with other similar universities.

1.38 The budget process should be educational for those who participate in it; each year's iteration should result in a better informed base of participants.

1.39 The budget process should encourage the development of initiatives among programs and units at

all levels that strongly reflect the university's budget priorities. To help bring this about, the documentation for all budget proposals should specifically explain how they help achieve the university's overall budget priorities.

2.0 Setting Budget Priorities

2.1 The President will propose a set of general budget priorities to the Budget Advisory Committee (BAC).

2.11 The priorities should be general. The priorities may include not only suggestions for new directions but also endorsements of existing budgetary priorities.

2.12 The President should informally consult with administrative officials throughout the University prior to proposing the general budget priorities, so that the President's proposal may reflect any major anticipated shifts in priorities for the coming year.

2.13 The President will present his/her budget priorities to the BAC before its last meeting in the Fall.

2.2 The BAC will draft a Sense of the Senate "Priorities Resolution."

2.21 After receiving the President's draft budget priorities, the BAC will consult with the President on the subject of budget priorities.

2.22 After deliberating, the BAC will draft a Sense of the Senate resolution that sets forth its own budget priorities. This resolution will be known as the "Priorities Resolution."

2.3 The Senate will consider the Priorities Resolution

2.31 No later than its first meeting in the Spring, the Senate will debate the BAC's proposed Priorities resolution.

2.32 If the Senate fails to pass a Priorities Resolution by the end of February, the President's draft budget priorities will automatically take the place of the Priorities Resolution in the rest of the budget process.

2.33 If the Senate passes a Priorities Resolution, then this resolution will serve as the Senate's Recommendation to the President regarding budget priorities and guide the remainder of the budget process.

3.0 Preparing Proposals for Priority Funding

3.1 Defining budgetary units for purposes of implementing this process

3.11 For the budget process to function appropriately, the units which prepare budgets and proposals for further scrutiny must be similar in size.

Therefore, this policy defines a unique set of budgetary units that may or may not be parallel with existing administrative units.

3.12 Each administrative unit headed by a Vice President (or equivalent) is considered a budgetary unit, except for the Academic Affairs division.

3.13 Each college is considered a budgetary unit.

3.14 The University Library is considered a budgetary unit.

3.15 The remainder of the Academic Affairs division, once colleges and the library are separated, is considered an additional budgetary unit.

3.16 Any Vice President (or equivalent) may split his/her division(s) into smaller budgetary units provided:

3.161 Each unit constitutes at least 2% of the overall university budget.

3.162 Each unit must hold unique budgetary concerns that distinguishes it from the remainder of the division.

3.2 Preparation of budget proposals for "priority funding"

3.21 Each budgetary unit may submit a proposal for "priority funding."

3.22 The proposals are not to be comprehensive base budgets; rather, they should propose the expenditure of additional base funds or one-time funds (the proposals should specify which) in furtherance of the University's approved budget priorities. The proposals need not at this stage identify revenue sources, although the internal capacity of the unit to fund the proposal should be evaluated. Each application or proposal should offer a clear rationale as to why additional funds are needed, and an explanation of how they would be used.

3.23 The Vice Presidents (or equivalent) will have final authority to modify or adjust any applications arising from subordinates in their charge. This remains true regardless of how many budgetary units answer to a particular Vice President.

3.24 Applications and proposals should be no longer than 10 pages in length, and are due by April 1.

3.25 Academic Senate policy committees may also submit proposals for priority funding. Such proposals must adhere to the same guidelines as all other priority proposals, except that rather than approval by a Vice-President, they must be approved by a majority vote of the policy committee submitting the proposal. Senate-generated proposals must specify the administrative unit(s) that should receive and administer the funds.

4.0 Evaluating Proposals for Priority Funding

4.1 The BAC will evaluate all proposals for priority funding.

4.11 Each Vice President (or equivalent) will advise the BAC on the proposal(s) for his/her division. Any Senate proposals will be presented by the appropriate Policy Chair. The Vice Presidents will offer advice on any Senate proposals that affect his/her division.

4.12 The BAC will evaluate the merits of all budget proposals, applying the criteria listed below, and utilizing procedures it will adopt for itself.

4.13 The evaluated list of priorities proposals will then be submitted directly to the President for his/her consideration.

4.2 The BAC will apply three criteria to the evaluation of the proposals.

4.21 To what extent will the proposal further the mission of the university?

4.22 To what extent will the proposal help to implement the priorities identified in the Priorities Resolution?

4.23 To what extent will the proposal help achieve the budgetary principles outlined in this document?

4.3 The BAC will deliver its evaluation of proposals to the President prior to the end of April of each year.

5.0 Funding Priority Proposals

5.1 Upon receipt of the evaluated proposals from the Budget Advisory Committee, the President and his/her officers shall prepare a funding plan.

5.2 The funding plan will identify which of the evaluated proposals will be funded and will identify the sources of funds. The funding plan may indicate that funds will be drawn from the entire budget on a pro-rata basis, or from specific units, or internally from the unit(s) making the proposals.

5.3 The funding plan will be delivered to the Budget Advisory Committee for consultation and advice prior to the end of the Spring semester.

6.0 Implementing the Budget

6.1 The President makes all final decisions and shall see that the budget is implemented.

6.2 The President should provide to the Academic Senate, through the officers reporting to the President, annually, not later than November 15, reports summarizing the fiscal state of the University in all of its areas and programs.