



**San José State**  
UNIVERSITY

*A campus of The California State University*

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**S04-11**

At its meeting of May 17, 2004, the Academic Senate passed the following Policy Recommendation presented by Senators Lessow-Hurley and Veregge for the Executive Committee.

**POLICY RECOMMENDATION**  
**THE PLANNING AND BUDGET PROCESS AT SJSU**

- WHEREAS, The CSU Board of Trustees recognizes that the collegial process of academic governance benefits from the participation by the faculty in budgetary matters,<sup>1</sup> the Chancellor's Office has for many years called for campuses to have committees consisting of students, faculty and other appropriate constituencies to offer advice on budget policy, planning and resource allocation (see set of principles included as Appendix A),<sup>2</sup> and
- WHEREAS, The CSU Statewide Senate has called upon the Board of Trustees to include evidence of working collegially with campus senates on budget planning as a criterion for presidential evaluation;<sup>3</sup> and
- WHEREAS, Effective participation of the Academic senate in the budget and planning process is essential to its policy-recommending functions, and
- WHEREAS, The Budget Advisory Committee (BAC), a group consisting of the AS President, faculty members of the Executive Committee and additional senators to ensure that there is at least one faculty member from each college, has worked well for many years, but has limited input with respect to the entire university budget and allocation of resources;
- WHEREAS, The budget process at SJSU has continued to evolve, becoming more open as a result of campus forums and the development of a cadre of faculty who have served on the BAC over the years, and because faculty have become more knowledgeable about various components of SJSU finances;
- WHEREAS, Decisions about budget allocations have traditionally only been discussed by the President and his staff with limited input from the Senate's BAC regarding budget priority requests and lottery dollars, all totaling to less than 5% of the overall campus budget;
- WHEREAS, The annual set of budget priorities established by the Senate and the President have been questioned in recent years for lack of prioritization and being too general;

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<sup>1</sup> Report of the Board of Trustees' Ad Hoc Committee on Governance, Collegiality, and Responsibility in the California State University, 9/85.

<sup>2</sup> Letter dated June 26, 1987 to campus presidents from Chancellor W. Ann Reynolds.

<sup>3</sup> CSU Academic Senate, AS-2599a-03/FGA/FA, March 2003.

- WHEREAS, For the past few years, the BAC has strived to learn more about SJSU finances and at its September 2003 retreat began looking at budget processes used at other universities with the agreement to work with university administrators to have the BAC evolve into a group that has a more proactive and less reactive role in the overall campus budget process;
- WHEREAS, In early Spring 2004, the Senate Executive Committee passed, and Interim President Crowley signed, S04-1 to create a Resource Planning Board to increase budget transparency and have a more broadly representative group to advise the President regarding budget cuts and resource allocations, with the structure to be tested in Spring 2004 before being made permanent;
- WHEREAS, Various groups on campus, including the BAC, WASC Steering Committee and the President and his staff, have identified the need for strategic planning to enable the university to have a clear and focused way to align its resources with its long-term goals and to operate at a higher level of efficiency and purpose;
- WHEREAS, There is greater acknowledgement by the BAC and others that budget decisions need to be informed by a set of well-thought out goals that guide the campus in broad allocations and assist the units in developing their goals and objectives and thus, their budget decisions;
- WHEREAS, The RPB needs additional time to complete its work for 04/05 before making permanent a structure and charge for it;
- WHEREAS, Incoming President Paul Yu implemented planning and budgetary approaches at SUNY Brockport that provided transparency and decision-making by a faculty-led committee and has indicated his desire to support the RPB model but requests time to work with the Senate to establish a resource planning structure which best meets the needs of the campus; therefore be it
- RESOLVED, That the RPB as described in S04-1 continue until a new budget policy is established or until May 31, 2004, whichever occurs first, with the existing membership continuing except for persons holding an elected position, such as AS President; and
- RESOLVED, That in considering a new budget policy, the Executive Committee consider its report prepared in May 2004, attached as Appendix B;
- RESOLVED, That the principles articulated by the Chancellor and Board of Trustees in 1987 (see Appendix A) are to be followed in planning and budgeting decisions and activities; and
- RESOLVED, That the Executive Committee of the Senate work with the President to establish a body or mechanism that will guide ongoing strategic planning efforts for the campus with that work and outcomes used to inform the Resource Planning Board and units on campus with respect to university goals and priorities; and
- RESOLVED, That in the event there is no strategic planning group or process to establish budget priorities or goals by the date the President calls for proposals for priority funding for 05/06, the Senate encourage the President to work with the RPB and Senate Executive Committee to create a set of budget priorities for 05/06; and
- RESOLVED, That the Senate Officers (as defined in Senate By-law 2.1) engage in ongoing review of the Resource Planning Board, including considering whether a committee separate from that board is warranted for effectiveness of Senate functions and duties.

RESOLVED, That in any budget and planning policy adopted, effective linkage to the Academic Senate should be assured by provisions similar to those stated in paragraphs 3.1.6 – 3.1.10, 3.7 and 3.8 of the Resource Planning Board policy attached to this resolution as Appendix B, section 2; that is, substantial Senate representation, regular reports to the Senate, and identification of actual and potential policy issues for Senate consideration.

Approved: May 10, 2004

Financial Impact: None

## **Appendix A**

### **CSU Principles Regarding the Role of Faculty and Students in Budgetary Matters**

*The CSU Chancellor's Office and Board of Trustees have for many years recognized the need and benefit of campuses having constituency groups involved in the budget process and have information on financial condition. The following set of principles included in a June 26, 1987 memo from then Chancellor W. Ann Reynolds to the campus Presidents, is included in this policy as a helpful set of principles to help ensure budget transparency at SJSU.*

#### Principles

1. *Access to Information*
  - a. *Faculty, student, and other members of the University community are entitled to information which provides a meaningful summary of the institution's budgetary status and financial condition.*
  - b. *Persons serving in a formal consultative role should have early access to relevant information regarding the public funds available to the institution and their use.*
  - c. *The campus policies and procedures employed in the development of the campus budget should be clearly described and understood by those engaged in formal consultative roles.*
  - d. *The campus policies and procedures employed in the allocation of the campus resources should be clearly described and understood by those engaged in formal consultative roles.*
  - e. *The groups engaged in formal consultation, and the procedures employed in the consultative process should be clearly described and understood by those engaged in the process.*
  
2. *Formal Consultative Process*
  - a. *There will be a committee, or committees, advisory to the President, or designee(s) of the President. The committee(s) will include faculty and students selected through established campus governance procedures. The President or designee, may appoint additional members because of their special expertise or value to the committee.*
  - b. *The role of the committee(s) in budget matters, including special considerations such as lottery funds, will be made known clearly through a written charge to the committee.*
  - c. *Regular committee processes normally should be followed, including the preparation of timely agendas, advance distribution of discussion material, and maintenance of a written record of the committee's recommendation. Actions regarding recommendations will be communicated to the participants.*
  - d. *The desirability of membership continuity in budget deliberations should be recognized by appropriate terms of service.*

**Appendix B**  
**Senate Executive Committee Report of May 2004**  
**THE PLANNING AND BUDGET PROCESS AT SJSU**

**There are three sections of this report:**

1. *Introduction – why this report exists*
2. *Draft policy*
3. *Matters to consider in drafting a new budget policy*

**1. Introduction**

*For some time, the Budget Advisory Committee (BAC) of the Senate has been concerned that it plays too small of a role in budget and planning matters. The BAC explored other models, particularly the one used at CSULB which other CSUs have also considered. In fall 2003, Senate Chair Nellen and Interim President Crowley discussed budgeting at SJSU and alternative models. Crowley noted that he believed that greater budget transparency was needed at SJSU. Nellen and Crowley discussed the CSULB model and Crowley visited CSULB and learned first hand how the model worked by meeting with their President, VP Finance and Strategic Planning Director.*

*In early spring 2004, the Executive Committee and President created a Resource Planning Board (RPB) for spring 2004. The work of the BAC was suspended because it would be performed by the RPB. There was interest expressed at the time to create a new budget policy before the Senate's last meeting on May 17, 2004 so the Senate could send a strong message to the incoming president (unnamed at that time) that the campus was very interested in greater budget transparency.*

*In April 2004, it was announced that Dr. Paul Yu would be the next president of SJSU. Dr. Yu has a record of employing mechanisms that yield a high level of budget transparency and was pleased to see the RPB structure in place. Dr. Yu also expressed to Interim President Crowley that he would like to have time to work with the RPB as currently structured and the Senate to create the best resource planning structure rather than see the Senate finalize a structure before his arrival.*

*The Executive Committee discussed its options and concluded that it would be best to extend the life of the RPB while the Executive Committee and President Yu could study it further. So as not to lose the work done on a possible new budget policy, the Executive Committee decided to include the draft of the new policy in the resolution calling for the extension of the RPB. That draft is included as section 2 of this report.*

**2. Draft Policy**

*As mentioned above, the Executive Committee completed a lot of work on a new budget policy in spring 2004. The Executive Committee wants to preserve this work as a possible starting point for creating a new budget policy in AY 04/05. Therefore, the draft is included in this resolution (next, in italics).*

1.0 *Planning and Budgeting at SJSU – Overview [mostly from F96-4]*

- 1.1 *The planning and budget process is designed to find the most effective means to identify the goals of the university and to apply the resources of the university to efficiently and effectively pursue those goals. It can also be described as a resource allocation process. Yet, to be effective, allocation of resources must be guided by a framework where university goals and objectives have been identified through an informed shared governance process and realistic paths identified to enable the university to achieve its goals. The university community must understand the goals so that budgetary units can also guide their budget and planning processes with the key goals in mind. Budget decisions must be guided based on how the use of resources will help the university and units achieve the specified goals.*
- 1.2 *The planning and budget process must consider all parts of the university so that planning and budgeting can be coordinated and the university can “speak with one voice” regarding its goals, objectives and priorities.*
- 1.3 *The planning and budget process must be guided and informed by a strategic planning process whereby the vision, mission, goals and priorities of the university have been articulated so that they can guide resource allocation. A process is needed to ensure that the strategic plan is a living document and functional so that long-term, mid-term and short-term resource allocation decisions can be made to help the university achieve its vision, mission and goals.*
  - 1.3.1 *Strategic planning must help the campus to understand its goals and priorities in the areas of enrollment management, academic planning, student services and institutional resource needs. It must also be guided by system-wide mandates, recommendations and goals.*
  - 1.3.2 *Strategic planning must be informed and continually guided by a set of measurable objectives to enable the university to measure progress to attaining the goals and to identify areas where additional resources or work is needed. Appendix B provides a list of sample data prepared as part of the 2004 WASC accreditation process that can help guide strategic planning with such data to be used by the divisions to create performance measures to aid in the determination of progress towards meeting goals.*
  - 1.3.3 *Strategic planning must involve communication to, from and among campus constituencies so that the process is informed and broadly known across the SJSU community.*
- 1.4 *The planning and budget process should be fair and open to members of the university community through the broad dissemination of information via the web, printed form and campus forums.*
- 1.5 *The planning and budget process should encourage “virtuous” behavior over entrenched interests; the process should encourage the pursuit of university-wide goals over parochial concerns.*
- 1.6 *The planning and 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.*
- 1.7 *The planning and 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 and lost sight of the broader campus goals and needs.*

- 1.8 *The planning and budget process should foster year-to-year stability, which allows for long-range planning, and also provides sufficient flexibility to allow for changing needs and conditions.*
- 1.9 *The planning process should take into consideration information identified through assessment (including WASC, HERI and SNAPS) and campus and system-generated statistics that illustrate trends and needs. Initiatives and plans identified through strategic planning should include techniques to assess their effectiveness and progress. The budget process should also include assessments using comparable universities as benchmarks.*
- 1.10 *The principles articulated by the Chancellor and Board of Trustees in 1987 (see Appendix I) are to be followed in planning and budgeting decisions and activities.*
- 1.11 *The planning and budget process should encourage the development of initiatives that are cost-effective and avoid duplication of effort and encourage collaborations between units on related matters. Cost efficiencies to be gained through use of technology (such as email and web-based processes) must be considered in planning and budgeting.*
- 1.12 *The planning and budget process should be educational for those who participate in it; each year's iteration should result in a better informed base of participants.*

## *2.0 Framework of SJSU's Planning and Budget Process*

*2.1 Overview: The process of resource allocation requires knowing the university's goals, obligations, and short-term and long-term priorities. While the past is some indicator of current resource needs, needs and priorities and costs will change over time which requires a process that consider trends, new obligations and needs, and reviews assessments of prior expenditures to judge current expenditures.*

### *2.2 Roles and Responsibilities*

*2.2.1 The President, as chief operational officer of the university, answering to the Chancellor and Board of Trustees, has the final decision-making authority over resource allocation matters. To be sure he/she is able to make decisions on planning and resources that reflect the campus and system needs, the President will consult with and obtain advice from the Resource Planning Board (RPB). This group will be informed on campus needs, priorities, activities and accomplishments through the Academic Senate, University Council of Chairs and Directors, Management Personnel Plan employees, and similar groups, as well as via campus forums, as appropriate. The President will meet annually with the RPB, as it begins work on the current budget cycle and remind the RPB of its obligation to seek broad campus input and to perform careful review of institutional data, statistics and performance indicators. The President will ensure that a process is in place to enable the RPB to have information on university goals and priorities, as informed by a strategic planning process.*

*2.2.2 The Resource Planning Board serves to advise the President on allocation of resources among the divisions and any special initiatives approved by the President. The RPB reviews budget priority funding requests from the divisions and makes recommendations to the President as part of the RPB's general work. The RPB makes recommendations to the President on the broad categorical use of lottery dollars, with review of individual*

*proposals handled by a task force (with a majority of the membership being faculty) created by the RPB and Senate Executive Committee. The RPB shall develop guidelines for the solicitation of budget priority and lottery requests and the procedures for review of the proposals and making recommendations to the President for funding. The RPB shall ensure that requests for funding indicate what campus goals the request addresses, what assessment measures will be used to gauge the success of the funding, why current base budget is not adequate to handle the funding need and what other sources and ideas were pursued to obtain the funding. The RPB shall specify, with approval of the President, the format and detail for presentation of budget and actual financial data to the campus.*

- 2.2.3 The Senate Executive Committee will consult with campus constituencies to determine whether the RPB is functioning such that the principles of section 1.0 of this policy are honored and the roles explained above are followed and are appropriate to benefit the campus and advise the President. The Senate should also co-sponsor annual forums with the RPB to help educate the campus about its processes, purpose, role and current activities.*
- 2.2.4 Personnel in charge of unit budgets are to be sure that they follow the principles laid out in section 1.0 of this policy and help the work of the RPB by providing information as requested.*
- 2.2.5 Each division is to identify a person to be in charge of data collection and reporting so that institutional performance indicators (such as those listed in Appendix II) can be timely maintained. The Vice Presidents of the Divisions should review the data annually, in light of goals identified by strategic planning efforts and their Division, to ensure that useful data and indicators are available.*

### *3.0 Resource Planning Board (RPB)*

*3.1 The membership of the Resource Planning Board consists of,*

- 3.1.1 The Provost, serving as a non-voting co-chair*
- 3.1.2 The VP of Administration & Finance, serving as a non-voting co-chair*
- 3.1.3 A representative from each of the four divisions: Academic Affairs, Administration & Finance, Advancement, and Student Affairs*
- 3.1.4 A representative of the deans chosen by the deans*
- 3.1.5 The President of Associated Students*
- 3.1.6 The Chair of the Academic Senate*
- 3.1.7 The Vice-Chair of the Academic Senate*
- 3.1.8 The Chair of the Curriculum & Research Committee*
- 3.1.9 The Chair of the Professional Standards Committee*
- 3.1.10 The Chair of the Instruction & Student Affairs Committee*
- 3.1.11 A department chair selected by the University Council of Chairs and Directors*

- 3.1.12 A staff member selected by the Executive Committee from nominations including self-nominations (such nominations are to be accompanied by a brief statement of the person's experience with the SJSU budget and interest in serving)*
- 3.1.13 A representative of the SJSU unions selected by the labor council to serve as an observer only*
- 3.1.14 The Executive Assistant to the President to serve as an observer only*
- 3.2 The co-chairs will provide staff to the RPB for recording of minutes, issuance of reports, and other administrative needs.*
- 3.3 The RPB is to use the goals approved by the President as informed by campus strategic planning efforts in guiding its budget and planning work.*
- 3.4 The discussion of fiscal matters gives the RPB the ability to meet in Executive Session with only its members, as determined appropriate by the co-chairs of the RPB.*
- 3.5 Any action taken by the RPB requires the presence of a quorum of its members.*
- 3.6 The RPB shall keep the campus apprised of its work through periodic reports issued at least once per semester and forums at least once per year.*
- 3.7 The RPB shall report to the President and Senate Executive Committee at least twice per semester on the status and nature of its work.*
- 3.8 The Senate Chair shall identify policy implications of the work of the RPB and make appropriate recommendations to the Senate Executive Committee for modifications of existing policies or creation of new policies as warranted.*

#### *4.0 Accountability and Reporting*

- 4.1 Budget and actual financial data are to be reported to the university annually. Broad categories of salaries and operating expenditures are to be further broken down into details such as travel, office supplies, etc. as specified by the Resource Planning Board and approved by the President.*
- 4.2 Budget and actual financial data are to be made easily accessible to campus constituencies via the web and printed copies available in the university library and division offices.*
- 4.3 A website for the RPB shall be maintained that provides access to budget-related policies and procedures, reports of the RPB, links to other campus budget reports, and distribution of lottery and budget priority funds. The site shall also include links to system-wide budget and financial data and accountability reports.*
- 4.4 College deans each year shall, within the first 30 working days of each semester, report in writing to their faculties the resources allocated to and within their colleges for the current year and the uses made or to be made of these resources. A copy of the report for fall semester shall be filed with the Academic Senate office not later than October 15 and a copy of the report for spring semester shall be filed not later than March 15. [F91-1]*

#### *5.0 Definition of Terms*

- 5.1 *Budget Priority Funding Requests- proposals from the Divisions requesting an expenditure of additional base funds or one-time funds.*
- 5.2 *Lottery – funds made available to the CSU by the State with restrictions as set out in state law. See the Chancellor’s Office budget website for information on the restrictions on use of lottery funds.*
- 5.3 *Strategic Planning – an organized effort whereby an organization develops a vision (what it desires to become, why it exists), mission (describes why it exists, what it does), goals (what it strives to do to reach its vision and meet its mission) and measurable objectives to help it assess how it is progressing in achieving the vision and mission. The process of strategic planning should be broadly informed with that input used by a smaller group responsible for the efficient and appropriate use of university resources. Strategic planning helps all members of the organization to be able to make decisions that will help the organization reach its vision.*

## **Appendix I**

### **CSU Principles Regarding the Role of Faculty and Students in Budgetary Matters**

*The CSU Chancellor's Office and Board of Trustees have for many years recognized the need and benefit of campuses having constituency groups involved in the budget process and have information on financial condition. The following set of principles included in a June 26, 1987 memo from then Chancellor W. Ann Reynolds to the campus Presidents, is included in this policy as a helpful set of principles to help ensure budget transparency at SJSU.*

#### Principles

##### **3. Access to Information**

- f. Faculty, student, and other members of the University community are entitled to information which provides a meaningful summary of the institution's budgetary status and financial condition.*
- g. Persons serving in a formal consultative role should have early access to relevant information regarding the public funds available to the institution and their use.*
- h. The campus policies and procedures employed in the development of the campus budget should be clearly described and understood by those engaged in formal consultative roles.*
- i. The campus policies and procedures employed in the allocation of the campus resources should be clearly described and understood by those engaged in formal consultative roles.*
- j. The groups engaged in formal consultation, and the procedures employed in the consultative process should be clearly described and understood by those engaged in the process.*

##### **4. Formal Consultative Process**

- a. There will be a committee, or committees, advisory to the President, or designee(s) of the President. The committee(s) will include faculty and students selected through established campus governance procedures. The President or designee, may appoint additional members because of their special expertise or value to the committee.*
- b. The role of the committee(s) in budget matters, including special considerations such as lottery funds, will be made known clearly through a written charge to the committee.*
- c. Regular committee processes normally should be followed, including the preparation of timely agendas, advance distribution of discussion material, and maintenance of a written record of the committee's recommendation. Actions regarding recommendations will be communicated to the participants.*
- d. The desirability of membership continuity in budget deliberations should be recognized by appropriate terms of service.*

## **Appendix II**

### **Institutional Performance Indicators**

*The portfolio and performance indicators assembled as part of the WASC accreditation process in 2004 provided a significant start on organizing data and identifying measures that would help the university assess its performance in a variety of areas from enrollment management to resource utilization. Listed below are some of the measures identified. They are included here to serve as examples of what data and measures the RPB will need to effectively do its work from year to year. The RPB will work with various campus constituencies to identify performance indicators that will help guide its work.*

*Enrollment data by category*

*Degrees awarded*

*Faculty headcount and FTE*

*Percent of applicants that were admitted and percentage of admitted students that enrolled*

*GPA's by categories*

*Retention rates*

*FTE's by department and college*

*Results of outside surveys such as NSSE and SNAPS*

*Alumni giving rates*

*Classroom utilization rates*

*SFR by department and college*

*Average class size by department and college*

*Library materials expenditures per FTE student*

*Deferred maintenance amounts*

### **3. Matters to Consider in Drafting a New Budget Policy**

*In its discussions in spring 2004 on drafting the above new budget policy, the Executive Committee discussed and debated several matters. These matters are noted here so that they may be considered in ongoing discussions of creating a new budget policy and so that the Senate knows what some of the areas of possible change may be.*

- A. Membership – what is the best make-up and what should the length of service be for members in order to ensure continuity while enabling new people to become involved.*
- B. Leadership – who should be chair or co-chair be, should there be a faculty chair or co-chair.*
- C. Relationship to Senate – is it best to have policy committee chairs serve on the RPB or should there be some alternative senate structure to get the faculty members (and perhaps others) for the RPB.*
- D. Strategic Planning – work is needed to create a structure or mechanism to enable the campus to better identify its priorities and goals so that process can inform the work of the RPB.*
- E. Reporting Mechanisms and Procedures – what budget and finance reports should be provided to the campus (the desire of the Executive Committee is to have it as transparent and detailed as that used at CSULB; for example, see [http://daf.csulb.edu/offices/bhr/managementbudget/budget\\_policy\\_proced\\_files/fy0304/0304\\_internal/academic\\_affairs\\_summary\\_0304.xls](http://daf.csulb.edu/offices/bhr/managementbudget/budget_policy_proced_files/fy0304/0304_internal/academic_affairs_summary_0304.xls)). Also, how should budget information and updates on the work of the RPB be communicated across campus to ensure a high level of transparency and accessibility.*
- F. Transition – if there are significant changes in membership or terms or charge, a new budget policy should consider how best to transition from the current structure and process to the new structure and process.*
- G. Options – the Executive Committee should continue to look at other models, particularly of comparable universities in the CSU to see how universities have successfully achieved a high degree of budget transparency, shared governance in decision-making and coordination of strategic planning and resource allocations.*

**Action by University President: APPROVED BY INTERIM PRESIDENT  
JOE CROWLEY ON MAY 24, 2004**