Frequently Asked Questions

Why change?

For more than two decades, the University has operated under a traditional incremental budget model with minimal budget re-alignments. While the traditional model of incremental budgeting served the institution well in times of growth, it needs to be enhanced to meet today’s demands to address the structural imbalance evolved from diminishing state appropriation and increasing operational cost: and to include accountability efforts to measure effectiveness in meeting strategic goals.

Budget model redesign initiative is to develop a sustainable budget model that:

- Responds to budget challenges more effectively
- Improves budget alignment with strategic priorities
- Promotes innovation and creativity
- Incorporates performance assessment into budget process

The new Budget Allocation Model will better support executive leadership to make evidence-based decisions as the University continues to promote student success during and after college, stronger engagement with the community, and a more collaborative culture across campus.

What are the Guiding Principles in developing a new Budget Allocation Model?

Five guiding principles have been identified in order to focus on our shared values and priorities while evaluating various budget models.

1. **Transparent - Easy to Understand**
The funding formula should be inclusive and effectively communicate the budgetary process and how changes in State, CSU, and campus allocations/policies will affect funding levels. The funding model should be simple to understand and can be easily communicated to the campus community and stakeholders.

2. **Equitable**
The funding formula should provide optimal allocations consistent with the University's strategic initiatives.

3. **University-Wide Standards with Divisional Flexibility**
Divisions and colleges should have flexibility to best manage their budgets. They should have autonomy to manage their budget as long as they adhere to University-wide standards.

4. **Accountability and Autonomy with Distinction**
Vice Presidents and Deans will be accountable for performance and accountable to the general public. Able to prioritize the welfare and well-being of students, faculty, and staff.

5. Mission-Sensitive - Represents Collective Interest of University
Funding model needs to be mission-sensitive and incorporates campus strategic initiatives into the planning.

What is different?
Our current approach uses an incremental budget model in which new programs are funded based on the campus priorities. The new budget model incorporates the qualities of three budget models commonly used in higher education; Incremental Budgeting, Responsibility-Centered Management, and Performance-Based Budgeting.

In this Blended Budget Model, new budget requests will be considered in three major categories:

1. Essential Operations: Maintains base support for on-going commitments critical for University operations.
2. Mission Critical Funding: Funds will be set-aside in support of strategic initiatives and investments required for a world class university.
3. Innovation Funding: Creation of an innovation fund that expands research opportunities, entrepreneurial projects, community engagement, and social responsibility.

Annual performance reporting of division operations will be conducted to assess the outcome.

What is the timeline?
The newly redesigned budget model will be implemented effective Fiscal Year 2016-17 after three years of comprehensive research and campus consultative process.
How is the new Budget Allocation Model being developed?

The new budget model is being developed through vigorous research and consultation work led by the Budget Allocation Model Task Force.

The Budget Allocation Model Task Force consists of:

- Mae Santos, AVP Administration and Finance/Financial Services*
- Troy Allen, Director of Strategic Planning and Quality Improvement**
- ASI President
- Lisa Chavez, Vice President for Administration and CFO
- Janet Dial, Vice President for University Advancement
- Daniel Frankle, Faculty Appointee
- Jose A. Gomez, Senior Vice President and COO
- Lynn Mahoney, Provost and Vice President for Academic Affairs
- Peter McAllister, Dean College of Arts & Letter
- Veena Prabhu, Chair of Fiscal Policy Committee
- Peter Quan, Vice President for Information Technology Services
- John Tcheng, Assistant Director of University Budgets**
- Nancy Wada-McKee, Senior Associate Vice President for Enrollment Management
Throughout the budget redesign process, there have been on-going campus communications to gather input. The Budget Model Redesign webpage has been created to promote enhanced campus engagement and communications. As the University advances in its shift to the new Budget Allocation Model, the Budget Allocation Model Task Force will sponsor open forums to the campus community to provide opportunities for students, faculty and staff to learn more about the budget model transition and to express their views.

**Who do I contact if I have any questions about the University’s Budget Model Redesign Initiative?**

A dedicated email, BudgetAdmin@calstatela.edu, has been created to receive questions, comments, and feedback from the campus community. We welcome your questions, feedback, and comments on this very important initiative.

*Footnote:*

*Since the redesign process is in the development phase, the information provided in this document is intended for informational purposes only and is subject to change.*