Integrated Planning, Resource Allocation, and Assessment

CSU Fullerton

Larry Goldstein
President, Campus Strategies
Workshop Agenda

- Welcome / introductory remarks
- Overview of integrated planning, resource allocation, and assessment
- Future Timeline
- Engaged planning process
- Resource allocation process considerations
- Strategic resource allocation / assessment
- Outcomes measures
- Wrap-up
Session Agenda

- Overview
- Planning considerations
- Resource allocation considerations
- Assessment considerations
- Dialogue
Overview
Terminology

- Purpose
- Mission
- Values
- Vision
- Goals
- Strategy
- Initiatives
- Tactics...
Terminology (contd.)

- Strategic plans
- Strategic planning
- Plans
- Resource allocation
  - Budgeting
  - Budget
- Integrated planning and budgeting
- Assessment…
Terminology (contd.)

- Inputs
- Outputs
- Outcomes
Caveats

- Some advanced concepts, but still an overview
- General guidance
- Takeaway is the seed; not the garden
- Much to learn from each other as well as from your presenter…
Caveats (contd.)

- No perfect system / process
- Institutional character dictates approach
  - Culture / climate / history
  - Size / mission
  - Purpose / values
  - Centralized / decentralized
  - CSU Fullerton’s public character
  - Governance (i.e., lack of separate board)
Success

One key to institutional success is the integration of Planning ~ Resource Allocation ~ Assessment

Processes are
– Ongoing
– Iterative
– Interrelated
Planning

Vision

Assessment

Resource Allocation
Questions?
Planning
Premise

- Planning is the hard part
  - When it’s done well, resource allocation and assessment are relatively easy
- Effective planning identifies what is important and what’s not
- All resource allocation decisions should support what is important
- Similarly, assessment should focus on what’s important
What Really Matters?

- Resources
  - Dollars
  - Positions
  - Space
  - Technology

Planning, resource allocation, and assessment must address all four
Overall Objectives

- Achieve vision while honoring values
- Overall improvement while accomplishing specific goals
- Maintain financial equilibrium
  - Balance the budget
  - Develop and nourish human capital
  - Preserve physical assets
  - Protect endowment purchasing power
Operational Committee

- Campus-wide planning / resource allocation / assessment committee
  - Accountable to steering committee or designated individual(s)
    - President
    - Provost
    - Chief financial officer
    - Other?
Staffing

- Budget director
- Chief institutional researcher
- Controller
- Director of planning
- Others?
  - Functions as executive committee
  - Directs overall effort
Representation

- All constituent areas
  - Faculty Senate
  - Staff Council
  - Student Government Association
  - Academic departments
  - Service departments
  - Business units (e.g., auxiliaries)
Data Driven

- Comprehensive knowledge
  - “Soft” (qualitative) inputs
    - Culture / climate / values / norms
  - “Hard” (quantitative) inputs
    - Enrollment
    - General revenue sources / cost drivers
    - Assessment results
    - Market data
Data Providers

- Enrollment management process
  - Admissions, Financial Aid, auxiliaries
- Human Resources
- Sponsored Programs Administration
- University Advancement
- Business Services
- Institutional Research...
Data Providers (contd.)

- Business units (e.g., auxiliaries)
- Other revenue centers (e.g., athletics)
- Marketing and Public Relations
- Other outreach offices
Board’s Role

- More involvement in planning than resource allocation or assessment
- Resource allocation implements plan; planning is where the action is
- Review / approve budget assumptions
- Periodically review assessments (e.g., status of budget, progress against plan)
- Approve financial statements—end of cycle
Questions?
Resource Allocation
Establish Decision Processes

- Plans should identify areas of emphasis, establish priorities, and suggest decision criteria
- Determine factors to consider when choosing between alternatives
- Finalize criteria before formal annual budget process begins to avoid problems during negotiations
Effective Resource Allocation

- Implements plans
- Responds to assessment data
- Combines top-down guidance informed by bottom-up knowledge / realities
- Uses measures consistently
  - For example, budgets should align with GAAP financial statements
Contingencies

- Recognize that projections will not be 100 percent accurate
- Establish a contingency to address unanticipated revenue shortfalls, expense overruns, other budgetary impacts
  - If contingencies don’t materialize, consider special year-end allocations linked to plan or additions to reserves
Budget Contraction

- No across-the-board reductions—ever!
- Resist temptation to allow deferred maintenance to grow
- Focus on plan(s) and priorities
- Selectively use reserves
- Less important programs take relatively larger cuts to protect priority programs
- Avoid cost-shifting within the institution
Multiyear Budgets

- Planning horizons vary
- Budget period should be tied to planning cycle
- Summary budgets matching plan
- Detailed operating budgets for at least two years
- Capital budget covering all approved projects
Operating / Capital Budget Linkage

- Capital budgets impact operating budgets
- Facilities maintenance cost is operating expense
  - Even donor-financed projects rarely provide for maintenance
- Cost of borrowing (e.g., interest) is operating expense once project is completed
- Revenues must cover debt repayment and increased facility operating costs
Depreciation

- Noncash expense, generally not controllable at unit level
  - Exception for business units

Challenge: to fund or not to fund
  - Funding depreciation means generating sufficient operating revenues to produce positive bottom line

If not funded, alternative sources must be identified for asset replacement
Statement of Cash Flows

- Accounting standards require statement of cash flows
  - As a public institution, the university must prepare statement using direct method

- Statement provides a useful tool for budgetary context—especially because of the direct method

- Ultimately budgets are about cash
Questions?
Assessment
Meaningful Assessment

- What gets measured, gets managed
  - Measure what’s important
- Goals must have pre-defined measures
- Emphasize *outcomes* as much as possible
- Avoid focusing just on “easy-to-calculate” metrics
- Measure consistently across periods
- Assess both internally and externally
- Use results to influence decisions—take action!
Integrated Planning, Resource Allocation, and Assessment

Questions, Comments, and Reactions

Larry.Goldstein@Campus-Strategies.com
540.942.9146