



FY20 College Budget Report

College: College of Business

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- Budget reports shall be no longer than 5 pages, not including the required budget breakdown nor the FY 20 CWU Core Theme Budget Distribution.
- Completed Budget Summit PowerPoints and Budget Reports are due to the Associate Provost Office by 5pm on January 29th, 2020.

1. What do these budget numbers actually mean in terms of your college's current ways and means? What, precisely, is the current state of the college as it pertains to budgetary matters?

The FY20 budget has been challenging for the College of Business (CB). As noted in the "Fiscal 2020 Budget Report" presented to the CWU Board of Trustees in July, 2019, CB has received less funding each of the first three years of RCM than would have been expected under incremental budgeting. In the aggregate, that report documents \$799,012 less funding over the three year period. This has resulted in CB needing to expend out of reserve funds to meet operating budget needs.

This problem is highlighted in the FY20 budget. The CB RCM allocation fell from \$8,631,494 in FY19 to \$8,406,329 in FY20, a reduction of \$225,165. At the same time, due to mandated salary increases, fixed costs for current positions (no new investments) increased by \$288,601. This combination resulted in the college having a deficit of \$513,766 just to maintain current operations. Including new investments in initiatives (e.g., graduate programs) and positions (e.g., alumni engagement, advising), the total deficit at one point was forecast at over \$637,000. When FY19 149 carry forward was applied to this deficit, it was reduced to \$329,503. At the 4+8, the estimate was reduced to \$319,000. I expect by the end of FY20, the deficit will be closer to \$250,000.

Enrollment analysis suggests that reducing investment in course sections is not an appropriate response to bridge the budget deficit. The CB schedule is carefully monitored throughout each enrollment period to ensure student needs are met. The SCH fluctuations over the past 3 years show no discernible pattern that would allow for reduced number of sections. Unweighted SCH

for the three terms informing the FY20 budget allocation was down 1.9% from the FY19 budget. Unweighted SCH for the FY21 budget is up 1.6% from FY20. Hopefully this will result in an allocation that meets CB operating needs.

Funding only current operations is also not sustainable for CB. We are, and need to continue investing in new, revenue producing academic programs, as well as student support programs designed to increase retention and graduation rates. Some of these investments are highlighted in Q2 and Q4 below.

Despite the deficit spending in FY20, the CB budget is sustainable in the short-term. The estimated FY20 Carry-Forward Balance is \$1,152,779, which does allow the college the ability to cover current operating costs and modestly invest in the programs identified both above and below in this report.

2. What are some current academic highlights for your college resulting from your budgetary decisions? Pay close attention to how these academic highlights move your college toward the 5-year goals that the President announced at his recent State of the University Address: that is, higher student retention rates, faculty and staff diversity, and environmental sustainability.

The primary area of academic investment in CB is in graduate programs. Two graduate accounting certificates were launched in Fall 2019. Pending approvals, a Master of Professional Accountancy degree will launch in Fall 2020, along with two graduate business certificates. Additional graduate business certificates, and potentially specialized Masters degrees are planned over the next 5 years. We do believe these programs will have a positive impact on retention, especially in Accounting as the certificates and MPA offer a 5-year pathway to CPA eligibility. We have proposed differential tuition for these programs that if approved, will allow us to invest in additional faculty positions as the programs grow. Those positions will contribute to faculty diversity in the college and the university. Further, differential tuition is a strategic component of long-term college financial sustainability.

3. How did the college utilize carry-forward funds from FY19?

The college carried-forward approximately \$330,000 in 149 funds from FY19. All of those funds, and an estimated additional \$250,000+ from 148 funds were needed to meet FY 20 operating budget needs. The reduced RCM allocation has forced CB to spend significantly into carry-forward reserves to maintain operations.

Additional investments from carry-forward include launching two graduate accounting certificates and hiring a new professional advisor. Current deficit spending is unsustainable in the long-term without subvention or additional resources allocated from the RCM process.

4. Has the college or will the college invest funds in specific initiatives? How will these initiatives affect student success, recruitment and retention?

In addition to the academic investments outlined in Q2, CB continues to invest in the CB C.A.T. (Career, Advising Tutoring) Center. This is a full-fledged effort to drive student success, retention, graduation and professional development. The C.A.T. Center opened in Winter 2019 and has integrated CB Academic Advising, Career Counseling and tutoring services (a small PUSH Pantry is also available). While serving as a one-stop shop for CB student services, the integrated center also allows for more holistic understanding of individual student needs. Tutoring usage has increased and is already forcing a re-organization of space to meet needs. Career counseling visits have also increased, and we are seeking to have our embedded career counselor full-time in the C.A.T. Center (through a Strategic Initiative request). We have also invested in a peer advising program through initial support from a Strategic Initiative grant, and have relaunched a student-alumni mentorship program with the onboarding of our CB Alumni Relations Coordinator in September 2019. It is too soon to empirically conclude that these investments are increasing student success and retention, but anecdotally we believe they are/will.

To address recruiting needs, CB on-boarded a Recruiting and Events Coordinator in July, 2019 to invest in our program specific recruiting efforts.

5. Complete the FY20 CWU Core Theme Budget Distribution spreadsheet and submit with this report. Briefly discuss how your unit uses funds to support one or more of CWU's five core themes:

a. Teaching and Learning

Nearly all of the CB budget, and arguably all of the 149 budget, are directly invested in teaching and learning. As an academic college, this is the core activity and accounts for the vast majority of the budget allocation.

b. Inclusiveness and Diversity

CB continues to support inclusiveness and diversity initiatives. We have made direct investments in joining the PhD project, and in securing access to Edquity for our students. We have also invested in a staff position that, in part, leads diversity efforts within the college. CB has an active college level diversity committee that pursues inclusivity and diversity initiatives within the college. We have also increased outreach to diverse communities outside the college with events like the Many Faces of Entrepreneurship, which has been extended beyond the Kittitas and Yakima valleys in FY20.

c. Scholarship and Creative Expression

CB will invest over \$75,000 in faculty and staff professional development in FY 20. This investment directly supports the production and presentation of research. In FY 20, each faculty member received \$1500 in addition to CBA funds for professional development.

d. Public Service and Community Engagement

CB also continues to invest in community engagement. In addition to the Many Faces of Entrepreneurship events noted above, the college coordinates the annual Economic Outlook Conference, CWU Mariners Night, boot camps, corporate site visits, and LAUNCH. LAUNCH is our largest annual event, bringing together graduating students, alumni and corporate partners for a networking and professional development opportunity. Our clubs are highly engaged in outreach, both in bringing connections to campus, and participating in events off campus. The college produces an annual outreach publication, the *Beacon* (soon to be renamed), which has served as the primary form of outreach to alumni. We have added an Alumni Relations Coordinator to the staff, allowing us to develop a monthly e-newsletter to over 10,000 alumni, partners and friends. The position has also allowed us to strengthen our mentoring program, pairing students with alumni. Lastly, service learning projects have become a staple in many of our classes. These too, offer significant public service and community engagement opportunities.

e. Resource Development and Stewardship

CB has substantially increased its development activity. This has allowed us to grow scholarships, and to bring private support to many of the initiatives identified in this report. We have invested in the new Alumni Relations Coordinator position, increasing our outreach and engagement with alumni, partners and friends. FY20 will be the first fiscal year in many years where we have had continuity in the CB Development Officer position, bringing stability to donor relation and fundraising efforts.

As noted in this report, we continue to invest in programs with potential for revenue production to close the operating budget deficit and increase the long-term financial sustainability of the college. Appropriately so for an academic college, our resource allocation across core themes is very heavily skewed toward the core teaching and learning function.

- 6. CWU's regional accreditor, the Northwest Commission on Colleges and Universities, requires that institutions demonstrate their adaptability and sustainability in the face of financial and other challenges. To that end, how would your college absorb a permanent 5% cut to your college's 149 funds?**

A permanent 5% reduction in 149 funds would result in a loss of approximately \$420,000 toward annual college operating expenses. With 149 funds no longer covering full instructional costs, CB would be forced to reconsider delivery locations and modalities. CB "loses" approximately \$150,000 per term offering face-to-face classes at Lynnwood, Des Moines, Pierce, and Joint Base Lewis-McChord. A permanent reduction in 149 funds could result in CB focusing its distance learning initiatives completely online. This would be detrimental to the CWU and CB mission, as we would be forced to exclude groups (i.e., military, veterans, international students) requiring face-to-face courses from CB programs.

It is also possible that CB would need to narrow the scope of programs offered if the college were unable to hire the faculty necessary to meet AACSB faculty sufficiency requirements across programs and locations.

7. Optional: Is there anything in particular concerning recent trends that needs clarification?

No.