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COMMITTEE ON BUDGET AND RESOURCE ALLOCATION

23-24 COBRA 14

April 18, 2024

TO: The Academic Senate
FROM: Committee on Budget and Resource Allocation (COBRA)
SUBJECT: 23-24 COBRA 15: University Extension
PURPOSE: For Information to the Academic Senate

BACKGROUND INFORMATION:

Balvinder Kumar, Interim AVP University Extension came to COBRA to provide information on University Extension on April 10th 2024.

ACTION REQUESTED:

For Information to the Academic Senate.

Presentation by Interim AVP Balvinder Kumar University Extension

Balvinder Kumar, Interim AVP University Extension joined the COBRA meeting on April 10th and reported on the recent consultants' recommendations regarding University Extension operations. The slide presentation is linked [here](#) and the relevant slide# referenced in the report. Also provided is a link [here](#) to the consultants' report.

AVP Kumar had visited COBRA earlier in the Spring semester and referenced the work of a consultancy group the university was employing to review Extension and make recommendations. Her visit this time was to share the report and highlight some of the key recommendations. AVP Kumar first reminded the committee of the different entities that comprise University Extension such as continuing education, the Oakland Center¹, the conference center as well as degree and non-degree programs. The scope of the consultants' remit was primarily on the programs offered through Extension and the Continuing Education unit. In looking at the programs offered, the consultants also looked at the regional demand for programs we should offer. In looking at the organizational structure the focus was on potential changes to the current structure (summarized in Slide#2).

The consultants recommended that Extension revisit its vision and reimagine itself (see Slide#3). Some suggestions included being more proactive in promoting the work of extension across campus and beyond and perhaps a new name for the unit. Another suggestion was to broaden the scope of offerings to include credentials and linking credentials to degrees.

A key recommendation from the review was to revamp the current financial mode (see slide#4). This included a renegotiation of the campus cost allocation model for Extension. Specifically, reviewing the current charged overhead costs to extension. As a self-support unit extension must cover all its costs which include paying for the support services from the university in addition to its own operating costs. AVP Kumar noted that in the past extension has been charged an overhead cost that run to about \$10M. The consultants suggested this seems high. The current fiscal year assumes a charge of \$5.1M with the lower amount reflecting the move of summer to stateside. AVP Kumar did not see this as a reduction in the overhead rate merely the transition to summer not being on self-support but stateside. AVP Kumar is collaborating with Administration and Finance gaining a better understanding of how the overhead is calculated and she hopes the overhead charge is reduced as suggested by the consultants. Second, it was to revisit the revenue sharing formulas for degree programs and bring them more in line with what is done nationwide. Third, reexamine the compensation rates for instructors. Lastly, explore making some strategic prices increases based on program costs and program demand. Related to this is doing a better job of creating budgets for programs that accurately reflect the potential for revenue generation and the true costs of marketing, delivery, and administration.

In terms of governance (see Slide#5), some of the suggestions were to speed up the curricular approval process to be able to offer programs currently in demand. As part of this, it was suggested that an *ex officio* position be established on CAPR that would be symbolic but also substantive. The goal would be to have extension more engaged with the campus governance process through academic senate. At one time

¹ The lease of the Oakland Center will not be renewed when it expires.

extension did have an *ex officio* position on CIC. In proposing new programs, it was suggested that there was a need to undertake centralized market research to improve the rigor of proposals.

The next area in which the consultants offered suggestions was around strategic growth (see Slide#6). They identified around 50 different programs extension could offer moving forward. As noted above, credentials were part of this. Better marketing of the programs offered was also suggested along with prioritizing development of programs especially in the first year offered. Investing heavily on degrees as this is where the greatest returns can be found. It was noted that there is a need to break down the academic silos that currently seem to exist. There are opportunities to be realized by leveraging the expertise across campus in collaborative ways.

In addressing organizational change (see Slide#7), the consultants suggested, in line with what was noted around strategic growth, is breaking down academic silos. AVP Kumar noted that based on her prior role in extension, she couldn't understand how extension was losing money. Since taking on the interim role of leading extension she now better understand how that happened. There needs to be much more transparency with the extension budget and improving accountability mechanisms (to this end, AVP Kumar included two slides #11 and #12 on extension's budget). There needs to be more cross campus collaboration and better training of extension personnel and strategic hiring of positions within extension. Slide#8 outlines some suggestions around reorganization of online programs. One option was to centralize all administrative support for fully online degrees into one unit. A second option was to strengthen the governance processes around accelerating curriculum development and approval as described above (*ex officio* appointment to CAPR; centralized market research; cross functional marketing and enrollment team).

In slide#9 several themes already presented were coalesced around leadership. If extension is to realize its potential it needs a stable and strong leader and leadership team. This is needed to champion a new vision for extension and push for the needed changes in extension's financial model and its governance and organization structures. There also needs to be some back stop support for extension to see it through the current fiscal challenges. AVP Kumar elaborated more on why extension is currently having fiscal challenges. In the past, revenue from extension was shared with colleges *before* having fully covered all the expenses related to the program. When all those costs became due, there were no funds available (see Slide#11 for fiscal year 2022-23). This needs to change along with the other suggested financial changes (as shown in Slide#11, the current equity balance is a positive \$935K).