



## University Budget Committee Meeting

### MINUTES

DATE: Friday, April 1, 2016

LOCATION: Seven Hills Conference Center

#### **Members present:**

Ronald Cortez, Vice President & CFO, and UBC Co-chair

Sue Rosser

Luoluo Hong

Troi Carleton

Janet Remolona-Blecha

Genie Stowers

Robert Nava

Darlene Yee-Melichar

Antwi Akom

#### **Members absent:**

Les Wong, University President, and UBC Co-chair

Phoebe Dye

Pamela Howard

Linda Oubré

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#### **Call to order**

A quorum was reached, and Ronald Cortez, Vice President & CFO, and UBC Co-chair, called the meeting to order at 1:06 p. m.

#### **Opening**

Mr. Cortez noted that we received preliminary budget from Chancellor's office. The Co-chair gave an overview of the budget timeline, structure and process. He particularly noted that the funding comes in two categories, mandatory or "pass-through" funding and funding based upon enrollment growth. Mandatory funding covers pay increases, health benefits and retirement monies. We receive half of the enrollment based funding from Chancellor based upon a formula that considers the number of students; we are expected to collect the other half in tuition. To receive the monies, we must meet enrollment targets. The Chancellor's plans are based upon the 5-5-4-4 agreement made with Governor Brown. However, the Chancellor requests additional funding from Governor for programs. To be more effective in advocating for our needs and to be more transparent in our processes, we are looking for ways to bring in more community involvement including the scheduling of UBC meetings.

### **Comments and Questions**

Genie Stowers asked whether the enrollment targets are set by the CSU system or generated by SF State. Mr. Cortez responded that the targets are set by the Chancellor's office.

Dr. Sue Rosser, Provost & Vice President for Academic Affairs, noted that the Board of Trustees requested \$100 million more in funding than the Governor allotted in his preliminary budget.

There followed an explanation of how target is generated. We no longer share discretionary funds with other campuses.

Dr. Genie Stowers, Professor of Public Affairs & Civic Engagement, asked about the work around creating a more robust model for predicting enrollment growth. Dr. Luoluo Hong, Vice president for Student Affairs and Management, responded that work is ongoing in producing a robust model.

### **Review of minutes of previous meetings**

Dr. Darlene Yee-Melichar, Professor of Gerontology, noted that Robert Pope had left the University in the previous August, and thus is no longer a member of the committee. The Committee approved the draft minutes of the November 5, 2015, with edits noted above, without opposition.

### **Budget Update**

Mr. Jay Orendorff, Executive Director of Budget & Risk Management, provided the budget update with an accompanying PowerPoint presentation. Highlights includes:

- Chancellor asking for \$100 million in additional funding over the Governor's 5-5-4-4 spending plan.
- Governor is committed to putting excess into Rainy Day Fund. We are not expecting additional funds in FY 16-17.
- The State is facing some risks going forward. The State economy may not continue to expand; a recession may come and reduce revenues. Proposition 30 is set to expire; this is the last full year of additional funding.
- Higher Education which are the Community Colleges, CSUs, UCs and other minor institutions, will have \$14.6B of funding which is 12% of the total allocation plan for the state.
- The Governor's additional budget for the CSU system of \$148.3M is still in-line with his initial 5-5-4-4 plan.
  - One of the main things the state is really focusing on is Deferred Maintenance which is budgeted for \$35M.
- Governor expects all the CSUs with high percentage on 4 year graduation rate, although percentage on 6 year graduation rate is significantly higher for SFSU, due to the individual student's situation.
- We are requesting more funding for support budget because some of the items are not in governor's budget.
- The initial Draft B-Memo shows that fund base was 23,836 FTE and we've been given an additional 180 FTE for a new target of 24,016 resident FTE.
- Base FTE is determined by averaging all of the expenses of all CSU campuses per year and calculate these expenses per FTE.
- FY16-17 CSU funding is \$3.1B with \$148.3M increase. Although CSU funding has increased, a lot of this is already committed to health care and other expenses.
- FTE targets in the last 3 fiscal years weren't being met. This isn't good for the school because this affects the school's additional funding. Due to this, the school needs to budget conservatively.

- Due to the little increase in the budget for FY16-17, budget allocations for this year will be a lot similar to the FY15-16 budget allocations.
- In the past years, sources of revenues have changed. State support used to be the highest source but now tuition is SFSU's highest source of revenue.
  - University Wide has the highest budget allocation from the revenues and will keep growing.
- FY15-16 pass-through funds are \$7.4M.
- In FY15-16 the school did good with additional funding:
  - Tuition Fee Revenue, \$2.1M
  - Student Success and Completion, \$1.0M
  - CSU Allocation for Enrollment Growth, \$2.7M
- Although the fiscal year isn't over yet, the allocation from the additional funding has already been planned:
  - Permanent positions and operating expenses, \$1.5M
  - Increases in benefits, \$300K
  - Matching funds- Student success and completion, \$1.0M
  - Additional course sections for this fiscal year, \$2.0M
  - Student success and completion, \$1.0M

Mr. Cortez continued the rest of the presentation about structural deficit.

- It is challenging for SFSU to work out of structural deficit because the state gives the school money but then takes it back.
- Structural deficit won't impact faculty but will impact staff.
- In A&F division structural deficit was dealt by:
  - Reducing staff's salaries
  - Increased delegation to Housing, UCorp, and all other self support
  - Took money from one-time trust fund
- To deal with structural deficit, our campus needs better position control to use funding more efficiently.
  - Accurate number of people on each division can make budget projections on benefits more accurate, and the school could use that money on other things.

- Better accuracy will make it easier for the school to locate where the money is at.
- With all the efforts in managing the structural deficit, the deficit has been getting smaller and it will continue to get smaller in the future.

### **Comments and Questions**

During the discussion about the 4-year graduation rate, Dr. Rosser added that the measuring system that the state is using doesn't fit the CSU system very much because it is eliminating other factors that are important for the CSUs.

During the same discussion, Dr. Yee-Melichar mentions that she will speak with former CSU trustee Steve Glasser who has a bill that promotes 4-year graduation rate onto CSUs and a conversation with Chancellor White who is really pushing to close the achievement gap.

Dr. Rosser shared that SFSU is at above average compared to other CSUs. The whole CSU system average is at 14% while SFSU is at 18% on 4-year graduation rate.

Dr. Hong then added that SFSU is doing a lot better with 4-year graduation rate as it increased in the last few years.

Dr. Yee-Melichar suggested to change the formula for tuition calculations to increase FTEs and graduation rate. Mr. Orendorff then responded that this issue is being discussed in Long Beach.

While Mr. Orendorff was explaining the formula for base FTE, Dr. Yee-Melichar asked if rebenching CSU sustainable financial model is currently being discussed. Mr. Orendorff answered that it is being discussed.

Dr. Stowers asked if student success fees were allowed and Dr. Hong said it was but lifted.

Mr. Cortez shared that the challenge for campuses is that they only get little money to move around.

When Mr. Orendorff was presenting about FY16-17 CSU funding, Dr. Stowers asked if the school have recovered from the recession and Mr. Cortez answered that the school still hasn't recovered from the lost.

While the topic about FTE target was being discussed, Dr. Yee-Melichar asked if we can do what CSU San Diego did during the recession, when they lowered their target FTE and had higher FTE at the end of the year to get more funding. Mr. Orendorff response was that, this won't work for us now because it only works during the recession due to budget cuts.

Dr. Hong then mentioned that although target FTEs were not being met in the past years, actual FTEs has been growing. Dr. Yee-Melichar then asked if we could recruit more students. Dr. Hong answered that the school is actively recruiting international students but the challenge is there isn't enough faculty and space.

Mr. Cortez explained then that the chart looks worse than the reality. The school included summer enrollment for FY14-15 therefore there was a huge difference between the past years.

Dr. Stowers suggested to reset the FTE comparison chart back to zero to portray a more accurate data. Mr. Cortez agreed and suggested to also include lost revenue to the new chart.

Dr. Yee-Melichar asked to clarify if changes in State University Grant(SUG) is being discussed and Mr. Orendorff said that it is being discussed.

Dr. Yee-Melichar asked if the school is getting the IT Upgrades and Renewal funding. Mr. Orendorff answered that this might be a separate allocation. Dr. Yee-Melichar then explained that she asked about this because of the issues about the school's Wi-Fi. She then suggested to measure how many devices per student uses, to provide better Wi-Fi coverage for the whole school, Mr. Orendorff and Mr. Cortez both said that they will look into it.

Dr. Yee-Melichar asked what happened to the funding from the governor for new faculty went and a member answered that it wasn't distributed to SFSU.

When Mr. Cortez spoke about structural deficit, Dr. Sue Rosser shared that in Academic Affairs, the money stays in the colleges but in other campuses, funds are all centralized and funds are reallocated.

### **Enrollment Update**

Dr. Luoluo Hong, Vice President for Student Affairs & Enrollment Management, gave an update on SF State enrollment.

- Dr. Hong started sharing how the school did relative to the target FTE. Although FY15-16 is slightly lower than the target FTE, FY16-17 is projected to go up and go above the target FTE.
- FTEs are growing but the school just isn't growing fast enough to meet the target FTE.
- The school is expecting 4,400 new first time freshmen students, 3,800 new transfer students, and 1,150 new graduate students for FY16-17.

### **Comments and Questions**

Dr. Stowers asked, what is the retention rate for 1<sup>st</sup> year students to 2<sup>nd</sup> year students. Dr. Hong answered that the school went up to close to 80%.

Dr. Yee-Melichar asked if there is a way of knowing what are the percentages of undergraduate and graduate students in the campus and if there is a way to increase the number of graduate students since they pay higher tuition.

Dr. Hong then answered the cost for educating graduate students is higher. She then further explained that the population for undergraduate students is growing, and population for graduate students is declining.

- Part of FTEs growth is not only from the headcounts but also the average number of credit load per students.
- With the increase in first time students, the school is becoming more traditional because we are becoming less of a transfer institution and more of 4 year for students.

### **Next Meeting**

The next University Budget Committee meeting will be held on Thursday, September 1, 2016 2pm in NEC room of the Administration building.

### **Closing Remarks**

Mr. Cortez talked about meeting with people mentioned during the meeting to discuss issues that were brought up. He then asked if anybody else had any questions, when nobody had any questions, he then thanked Mr. Orendorff for his presentation and everyone else in the room.

### **Adjournment**

The meeting was adjourned at 2:41 p.m.

Respectfully submitted,  
Edwin D. Critchlow  
Administrative Analyst/Specialist  
Budget Administration & Operations

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