



**SAN FRANCISCO  
STATE UNIVERSITY**

UNIVERSITY BUDGET COMMITTEE  
Les Wong, Co-chair  
Ron Cortez, Co-chair

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## University Budget Committee Meeting MINUTES

DATE: Monday, March 2, 2015

LOCATION: NEC Room – Administration Building, room 560

### **Members present:**

Les Wong, University President, and UBC Co-chair  
Ronald Cortez, Vice President & CFO, and UBC Co-chair  
Phoebe Dye  
Luoluo Hong  
Pamela Howard  
Andrew Ichimura  
Robert Nava  
Linda Oubré  
Janet Remolona-Blecha  
Sue Rosser  
Genie Stowers  
Darlene Yee-Melichar

### **Members absent:**

Robert Keith Collins  
Trevor Getz  
Robert Pope

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### **Call to Order**

A quorum was reached and Dr. Les Wong, University President and UBC Co-chair, called the meeting to order at 10:03 a. m.

### **Opening Comments and Announcements**

President Wong welcomed all participants to the meeting, and discussed the purpose of the purpose of the committee. He noted the challenges the University has faced in the past year and will face in the year ahead, with emphasis on maintaining infrastructure, lower enrollment, and bringing on talent in hiring. Despite Prop. 30, the University budget is flat. The faculty will receive 1.8% to 6% raises as promised by the CSU Chancellor. Any equity raises for other units must come from the University budget. He believes the enrollment issue, “will even itself out,” and “priority must be given to investing in our people.” Recently, we became the target of recruiters. President Wong wishes to be forthright, but he remains very hopeful regarding the prospects for the fiscal year 2015—16 budget. The CSU Chancellor is petitioning the Governor for \$129 million, but the Chancellor does not expect to receive it. The Governor wishes to maintain fiscal discipline as revenues expand. However, President Wong sees a contradiction in SF State facing a budget deficit while California has a surplus.

Vice President Ron Cortez – Vice President of Administration & Finance and CFO, and UBC Co-Chair – reiterated the University has a \$7 million structural deficit. Academic Affairs has been spending more that the University is taking in. Once a correction is made, the University can move forward. The structural deficit can be dealt with without significant impact. Vice President Cortez noted that the University came through the challenge of the Science Building closure. The University paid \$2.8 million for lead paint and asbestos abatement, received \$900k from CSU Risk Management funds, and hopes for another \$4.2 million claim will be reimbursed. Though the institution is okay, it must make corrections to sustainably move forward. He added, thus far, deferments have not been catastrophic.

### **Comment Period (3 minutes per speaker)**

None.

### **Questions**

Professor Darlene Yee-Melichar asked if a CSU has not met enrollment target in an academic year, will it be penalized. President Wong responded that there are no free passes, however we have not been penalized from Chancellor’s Office. He related, that if an institution came close to target it would not be penalized. He continued, though SF State was below target, it was by a small percentage. He announced, a task force on sustainable budgets and enrollment management has been created to address this issue.

Professor Genie Stowers asked how the University is dealing with deficits. President Wong responded that the University has been spending its savings.

Mr. Russell Kilday-Hicks voiced concern that Operations will take a hit, and asked what plans are in place to address this. President Wong responded that the University is looking for ways to

“rebalance the workforce”. He noted that some areas are starved for assistance while others are overstaffed. The University is looking at how it can invite people to retrain for and transition to new positions.

### **Review of Minutes of October 22, 2014 UBC Meeting**

Dean Linda Oubre suggested that the minutes be reviewed after the March 2 meeting, and be approved at the next meeting.

The following changes were requested:

1. Mr. Kilday-Hicks noted that he is not a member of the UBC, and asked to be removed from the list of members.
2. Professor Darlene Yee-Melichar asked that her last name appear as “Yee-Melichar” in the October 22, 2014 minutes and in any future documents.

### **Budget Update**

Vice President Cortez introduced the presentation noting we do not have all the information yet, but we will share what we know so far.

Mr. Jay Orendorff, Interim Executive Director of Budget Administration & Operations, provided the budget update with an accompanying PowerPoint presentation.

He provided the following highlights of the Governor’s 2015/16 state budget:

- \$113.3 billion spending plan
- Proposition 2 advances a multi-year budget plan that expects to remain balanced in future years
- State revenues forecasted to increase modestly
- This will be the third year of the 5-5-4-4 Plan (predetermined, multi-year funding increase for CSU and UC) of 4% or \$119.5 million
- Continue reinvestment in education
  - Maintain Affordability
  - Funding increase for CSU and UC
  - Funding of Middle Class Scholarships
  - Increase Cal Grant funding
  - Provide \$25 million for Innovation Awards to Recognize CSU Institutions
- Though state’s current fiscal condition continues to improve, require fiscal restraint
  - Economic expansion don’t last forever
  - Address other long-term costs pressures, debts, and liabilities

CSU 2015/16 Support Budget Request \$5.084 billion

Total Ongoing CSU Expenditure Increase \$269.0 million

SF State was allocated \$6.9 million  
Tuition Fees Total Variance (\$3,472,643)

Mr. Orendorff noted we are currently on schedule for the budgeting process. He also noted that the 5-5-4-4 Plan is for a percentage increase to the General Fund. It does not increase all revenues to the University.

### **Questions and Comments Period**

Question: Regarding middle class scholarship: Is our legal department is considering “re-direct” of scholarship, or changes to definition of middle class?

Mr. Orendorff: Scholarship will not affect SUG.

Dean Oubre: Sacramento may not be aware of variance in fees from campus to campus. For example, SLO fees are three times SF State fees.

Vice President Cortez: As fiscal conditions improve, Governor insists we must have fiscal responsibility. The 1.4% in raises was given one-time, but it is not funded going forward

Dean Oubre: What levers are on revenue side?

Vice President Cortez: Enrollments are down, especially graduate and international students and those less than 60 units.

Dean Oubre: How do we put incentives for bring on more students?

Mr. Kilday-Hicks: [inaudible]?

Vice President Cortez: Counties get revenue from increased property taxes. Cities get revenue from increased sales taxes. We get revenue from governor.

Vice President Luoluo Hong: The balance is where fees come in.

President Wong: We will look to collect fees from contracts and agreements; especially any outstanding fees. We must establish stability.

Mr. Orendorff: Since we have not grown as much as other campuses since CSU went off Orange Book, we are at a disadvantage in funding increases.

Vice President Cortez reviewed a few slides. He commented that we are analyzing spending patterns. Purchasing may be area to find monies through efficiencies.

—: Where will Comprehensive Capital Campaign come in?

Vice President Cortez: We have been talking about structural spending. The Capital Campaign is for new items.

President Wong: Campaign will give for enhancing the University and programs.

### **Enrollment Update**

Dr. Jo Volkert, Sr. Associate Vice President of Enrollment Management, presented enrollment data. Some highlights include:

- Enrollment is down for the second year in a row.

- Continued long-term trend in a decline in the percentage of Graduate students.
- Continued long term trend of nearly equal numbers of transfer and first-time freshman students
- Continued long-term trend of increasing percentage of first-time freshman from outside the six Bay-Area counties.
- After two years of closing the gap in underrepresented minorities (URM) graduation rates, the gap widened for the most recent cohort.
- Improvements in continuation rates.

### **Questions and Comments Period**

President Wong: Benefits of increases in enrollment are not felt until the next year.

Vice President Hong: We all have role to play in recruitment and retention.

Dean Oubre: Encourage students to take summer class to speed their graduation.

Dr. Volkert: We ought to spread the message students should take 15 units per semester to stay on track to graduate within 4 years.

Professor Stowers: Take advantage of Economics and Decision Science Departments' expertise to develop model for enrollment.

Professor Yee-Melichar: We ought to look to connect with graduate and International students to enhance student profile & revenue generation.

### **Closing Remarks by Co-Chair, President Les Wong**

President Wong noted all positive impacts to student life help with retention. He suggested that we consider impacts such as adding faculty, and the constraints of our facilities. He reiterated that everything matters when it comes to retention & draw, including gender, age, housing, program impactions, available entertainment, and the diversity of programs.

### **Adjournment**

The meeting was adjourned at 11:50 a.m. by Co-Chair Wong

Respectfully submitted,  
Edwin D. Critchlow  
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Budget Administration & Operations

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