

**CSU STANISLAUS  
UNIVERSITY BUDGET ADVISORY COMMITTEE  
JANUARY 10, 2014**

**SUMMARY NOTES  
(Approved January 31, 2014)**

Present: Ms. Eileen Hamilton, UBAC Chair; Mr. Carl Whitman, UBAC Associate Chair/AVP; Professor David Lindsay (FBAC); Professor Paul O'Brien (Sociology); Professor Stuart Wooley (Biology); Ms. Mariam Salameh (ASI President); Ms. Alissa Aragon (Staff/Campus Life); Ms. Lori Phillips (Staff/CAHSS); Dean James Tuedio (CAHSS); Director Julia Reynoso (Facilities Planning); Budget Manager Michelle Legg (non-voting); Ms. Julia Fahrenbruch (non-voting/volunteer). Not Present: Mr. Marvin Hooker (ASI Vice President).

Chair Hamilton called the meeting to order at 12:30 p.m. Action: It was moved and seconded to approve, as submitted, the draft December 13, 2013, summary notes of the UBAC meeting with President Sheley. The motion passed unanimously.

**BUDGET DEVELOPMENT TIMELINE FOR FY 2014-2015** (previously distributed) — In November 2013, the CSU Board of Trustees approved its FY 2014-2015 budget request to the Governor that sought a General Fund increase of \$237.6M to the CSU budget. Budget Manager Legg reported that the Governor's budget proposal, released on January 9, 2014, provides for a \$142.2 million increase to the CSU. The CSU Chancellor's Office will discuss each line item with the Governor's representatives between now and March, and we should have a good idea as to what the CSU budget allocation will be when the Governor releases his final budget recommendations to the Legislature in the May Revise (based, in part, on State revenue projections). Following additional discussions and legislative actions, we anticipate the State budget will be adopted in time for formal implementation on July 1, 2014.

**ENROLLMENT**—The campus is projecting enrollment increases for next year, but we don't know what amount of admissions would be allowed. Chancellor White does not want campuses to go more than 3.5% above target. A 2.9% increase to our enrollment is what we are anticipating could be allowed.

**UBAC STAGGERED TERMS 2013-2014** (handout) — Associate Chair Whitman noted that the chairs have two-year terms by presidential appointment and the other members have renewable three-year terms (with staggered initial terms). In response to questions, ASI President Salameh pointed out that both the ASI President and Vice President positions are typically one-year terms (unless reelected). The ASI procedures for appointing student representatives emphasize selection by experience/knowledge. UBAC is ranked as needing the President and Vice President to be involved because they are in the best position to advocate for students. Action: The proposed staggered terms model was unanimously supported by UBAC.

**STATE AND CSU SYSTEM BUDGET PROCESS, FY 2013-2014** (handout; to be posted on UBAC Website)—Budget Manager Legg reviewed the slides and charts displaying how funding moves from the State through the CSU Chancellor's Office and down to the campuses. She noted that the CSU is almost 50/50 funded by State and Student tuition fees (46%-52% range over the last few years). The CSU receives two budget appropriations from the State: General Operating Funds and Lottery Funds. Higher Education represents 11.4% of the State budget which is distributed as follows: Community Colleges-51%; Student Aid Commission-5%; Hastings College of Law-1%; University of California-22%; and California State University-21%. The UC percentage is slightly higher than the CSU due to some agreements between UC and the State regarding retirement funding. The CSU funding represents 2.9% of the overall State budget.

In reviewing the CSU System Budget Overview for 2013-14, Ms. Legg noted that dental insurance (\$473M) and State interest payment adjustment (\$766M) funds are held centrally. The State interest payment adjustment is based on the State authorizing the CSU to invest its own funds, but the CSU pays back the State Controller's Office for the lost interest earnings that used to go through their bank. The \$125.1M augmentation is new money that the CSU received for the current year, of which \$10M was designated for bottleneck courses. The remaining \$115.1M was undesignated, thus allowing the CSU to prioritize how those funds would be used (within State General Fund spending guidelines).

The CSU priorities for the most pressing needs in 2013/2014 included: mandatory cost increases for health benefits (\$36.2M), operation/maintenance of new space (\$6.8M), and energy (\$5.2M); Employee Compensation Pool (\$38M); Enrollment Growth (\$21.7M); and Student Access/Success Initiatives (\$7.2M).

Ms. Reynoso noted that the new space funds were for new buildings that came on line, but did not have any funds allocated for maintenance. The Governor's FY 2014-2015 budget currently recommends continuation of the space adjustment funds. In response to questions from Professor O'Brien regarding solar funding, Ms. Legg indicated her intent to discuss that in more detail at a future meeting, but pointed out that the utility budget was kept whole in the one-time allocations and any one-time money that is left over would be saved to go toward solar. Professor Wooley noted that Science I does have solar.

In response to questions from Professor O'Brien regarding the compensation pool, Ms. Legg reported that of the \$38M, CSU Stanislaus received \$740,000 (approximately 1.2%), which will be allocated for all bargaining units in accordance with various bargaining agreements. She noted that as they go line-by-line there might be a small short fall, but she will come back with new numbers later in the Spring.

Regarding enrollment growth, Ms. Legg said the Chancellor is looking at what is fairer for each campus, rather than across the board. Each campus would receive a minimum of 1.2%, although CSU Stanislaus did a little better than that in this current year (2013-14). In response to questions from Dean Tuedio, Ms. Legg said that the Chancellor's Office did not give nonresident FTES targets and would not penalize campuses for significant increases in nonresident students.

Regarding Student Access and Success, Ms. Legg indicated that the campus proposal was not funded by the CSU. In response to several comments that some funding for that purpose had been distributed, Associate Chair Whitman said that the pool of money for bottleneck courses (\$10M) was the source of those funds.

Action: Budget Manager Legg will provide information at a future meeting on the marginal cost of instruction.

**CSU STANISLAUS BUDGET OVERVIEW FY 2013-2014**—Professor Wooley asked why the total estimated gross budget allocation is shown as \$92,975,000 when information provided last year showed \$98,498,000. Ms. Legg responded that the current document includes General Fund base and one-time allocations and tuition revenue, noting her intent to bring information on self-support programs later. The five self-support programs are: 1) Parking; 2) Housing; 3) Extended Education; 4) Health Center; and 5) Student Recreation Center. These self-support funds are restricted.

Ms. Legg reviewed information showing how the \$5,382,600 increase in the campus general operating fund revenue for FY 2013-2014 was allocated to the divisions. She also noted the documents that were distributed to UBAC (via email) in December provide additional detail on the General Operating Fund allocations to all divisions.

In response to questions, Ms. Legg pointed out that Academic Affairs largest allocation was for faculty salaries, including for the recruitment of new positions already underway and for redistribution of funding cuts made in departments over the past few years. The benefit costs are 40% on any new positions. In addition, the Chancellor's Office stopped funding faculty development during the years of severe budget cuts, so the campus funds that from the General Fund. The handout displays (in red) the funds that were reduced in the Universitywide account and redistributed to division accounts to build up funding for salaries plus benefit costs. She also noted that no funds have been allocated yet this year for new faculty on a permanent basis. The goal is to bring department ratios and student allocations back in line.

This year's enrollment growth money (162 FTES in the Academic Affairs budget for instruction) is here as a one-time allocation for two years, because we didn't know if the enrollment was going to go up or down. This would become base dollars; the base budget for faculty positions is funded on prior years payroll data. Ideally, we will get on a schedule and know what our funds are earlier; rather than becoming available at the very last minute, we would know ahead of time how much is available for part-time positions.

In response to questions from Professor Wooley, Ms. Legg confirmed that the chart matches the vice presidents priorities from last year, with the exception that each vice president had one position funded from GR funds. Those GR funds represent one-time dollars equal to the amount of non-resident tuition collected for the last two years and put into the General Fund. Ms. Legg commented that UBAC might want to look at non-resident fees, which technically are permanent funds, and determine whether to recommend doing this on a permanent basis or continuing with one-time allocations.

**BUDGET BRIEF**— Discussion focused on developing a budget brief to communicate the University's financial situation to the campus community, including:

- Information displayed in the handout titled "All Division General Fund Budget Requests and Allocations 2013/2014."
- List of the Divisions/Colleges priorities to demonstrate how the allocations match up with the funding priorities (include a Web link to the detailed financial documents).

Action: Budget Manager Legg will prepare a condensed version of the 2013/2014 VP priorities along with a summary of the final budget allocations.

**GOVERNOR'S PROPOSED BUDGET 2014/2015** (handout)—Budget Manager Legg distributed copies of the Governor's Budget Summary for Higher Education (released 1/9/2014). Referring to the section on mechanisms to address infrastructure needs (page 42), Associate Chair Whitman pointed out that the State has been funding (in a separate allocation from the CSU budget) the debt service costs for CSU capital improvement projects; fluctuations in interest rates were absorbed by the State. This section would move "x" dollars from the pool used by the State for this purpose to the CSU budget, which also means the CSU would now be taking on the risk associated with interest rate fluctuations. Ms. Legg noted that this proposal was included in last year's budget, but the CSU was able to negotiate it out and will likely try to resist it again; it is not really a win until we pay off some projects. Ms. Reynoso noted that if this proposal becomes part of the final State budget, the CSU would most likely hold the money at the system level, as it would be extremely difficult to allocate those funds out to campuses.

**BUDGET PROCESS/TIMETABLE**—In response to questions regarding the budget development timetable, Budget Manager Legg provided the following information/assumptions:

- January—the Vice Presidents were asked to develop a list of initial priorities for 2014/2015 by the end of January, which they would then begin debating over.

BUDGET PROCESS/TIMETABLE (continued)

- February—review the data from last year and where we ended up. The end of February is when the budget call for 2014/2015 goes out.
- March—beginning in March (most likely) is the earliest the Vice Presidents would reach some tentative agreements and have the data to provide at community forums.
- March/April—The end of March (most likely) is when the Vice Presidents would reach an agreement on their priorities for formal presentation to UBAC.

Dean Tuedio and Associate Chair Whitman commented that UBAC was not only asked to respond to the budget development process, but to help shape the cultivation of that process. We are trying to move that timeline into the Fall for development of budget priorities for FY 2015/2016. UBAC would have a position in helping to define how that budget call would be structured, so that the information suits the process. Professor Wooley also commented on the importance of focusing on priorities now and, after the FY 2014/2015 budget is out, start talking about priorities for 2015/2016 in the Fall.

**OTHER ISSUES**—Additional discussion focused on areas that generate a lot of misunderstanding or concern about transparency within the campus community, including:

- Base versus one-time funding—need to get these numbers lined up so everyone knows how much is being spent on instruction. For example, what kind and how much FTE are produced as a result of that spending? How does that compare to last year? (Workload creep has been an area of concern that this could help address.)
- Constituent input/analyses (faculty/staff/students)—need to understand what various constituent groups are interested in and what information they need to help focus whatever numbers are developed. For example, where does the money come from (which pot)? Why do we have all these different pots of money? How is it being allocated (priorities)?
- Visual displays—identify other ways to present the budget information/numbers and timelines including using visual displays to show where the money is going. For example, develop graphs that provide side-by-side comparisons of cuts that occurred in the past with restorations that are occurring now (i.e., FY 2012/2013 position cuts compared to FY 2013/2014 position restorations).
- CSU Chancellor's Office (CO) funding priorities/process—identify the areas for which the CO contributes funding (e.g., IT software), as well as what the CO no longer funds (e.g., RSCA). Associate Chair Whitman pointed out that a lot of the funding/refunding is externally defined by State statute. In addition, the CO makes decisions about how funds will be allocated to the 23 campuses, the Chancellor's Office, and to new CSU systemwide initiatives/priorities that are centrally funded. For example, the OIT budget does not include money to pay for Microsoft software licenses, because the CO pays for it; the real cost to the institution to provide technology services isn't to be found by looking at the OIT General Fund Operating budget.
- Salary savings—consider whether UBAC should address issues related to salary savings in its recommendations. Dean Tuedio noted that salary savings are generated from year-to-year, but there is a nebulous relationship about what units should control those salary savings. He indicated the college deans are concerned about having the flexibility to make priority decisions when those funds are siphoned up to the Provost level. He suggested consideration be given to a budget model that would be sensitive

OTHER ISSUES (continued)

to college/department redistribution priorities, as well as the needs of other divisions, rather than having all of those funds at a central place. Professor Lindsay commented on a model where the salary savings are taxed and a certain percentage goes to a centralized pool, noting this would give the deans a certain amount of discretion that they don't have otherwise. Professor Wooley agreed, noting it would not be outside UBAC's purview to address these types of issues and encourage development of a framework, so it is not ad hoc, in its recommendations to the President.

•Budget reserves—Chair Hamilton commented on the importance of having a budget reserve in the event of another economic downturn as well as for emergencies. She noted that UBAC could help convey to the campus community the rationale for, and the importance of, maintaining an adequate reserve.

**UBAC MEETINGS**—Committee consensus was to adopt the meeting schedule outlined below through February and begin weekly meetings in March. In addition, the schedule should incorporate a session with the President to discuss his priorities, which would occur after the vice presidents provide their priorities, and then another meeting for UBAC to present its recommendations to the President.

- January 31, 12:30-2:00 p.m., Lakeside Room
- February 14, 12:30-2:00 p.m., Lakeside Room
- February 28, 10:00 a.m. to Noon, MSR 130 — Open Forum

**ADJOURNMENT**—The meeting adjourned at 2:30 p.m.