

**CSU STANISLAUS
UNIVERSITY BUDGET ADVISORY COMMITTEE
JANUARY 31, 2014**

**SUMMARY NOTES
(Approved February 14, 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); Mr. Marvin Hooker (ASI Vice President); 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: Ms. Alissa Aragon (Staff/Campus Life).

Chair Hamilton called the meeting to order at 12:35 p.m. Action: It was moved and seconded to approve, as submitted, the draft January 10, 2014 summary notes. The motion passed unanimously.

The following background documents were distributed:

- 1) UBAC Reformulation Statement and Charge (effective 7/12/2013)
- 2) FY 2013-2014 UBAC Recommendations (6/28/2013)
- 3) President's Response to UBAC Recommendations
- 4) Glossary—Budget Office Terms

FINANCIAL REPORTS—GO106 and GR106. Budget Manager Legg pointed out that the General Operating and General Restricted funds represent 90% of campus funds.

General Operating Fund—GO106 (handouts).

- End-of-Year (EOY) Financial Reports (6/30/2013). The first document provides a high-level summary organized by division and university wide. The second drills down further into the colleges and departments within each division and university wide accounts. The budget balance available as of June 30, 2013 is \$16.3M. It was pointed out that departments, or line items, are allowed to show deficits as long as the overall budgets for each of the divisions are in balance at year-end. Budgets shown as not fully spent include some one-time funds that have not yet been expended or allocated (e.g., unexpended funds for staff development carried forward for expenditure in the current year).

In response to questions, Ms. Legg said that the university wide account includes campus reserves and other unspent funds that roll forward as one-time dollars. Examples of sources include rebates from utilities (planned to go toward solar) and unexpended funds from the benefit pool (due to vacant positions last year). These unspent allocations are not encumbered. Ms. Legg also discussed the university wide budgets and expenditures.

- One Time Carry Forward Budget Allocations 2013/2014 FY. The first document is a summary by division that displays the FY 2012/2013 budgets, expenditures, and balances as of 6/30/2013, totaling \$16.3M. The last column displays the one-time 40% carry forward allocations by division and university wide for FY 2013/2014. The second document details the one-time General Fund budget allocations for the current year, as of August 2013. The financial commitments list totals \$7,391,881 and includes the 40% distribution to each division. The unallocated resources totals \$8,920,126, which includes the contingency reserve/long term stewardship (\$4,773,089), the potential CMS loan settlement reserve (\$1,278,953), and unallocated one-time resources (\$2,868,083).

In response to questions regarding the 40% carry forward, Ms. Legg said this represents the initial allocation of the carry forward dollars. She pointed out that the campus used to let each division keep

their carry forward funds, but that was later changed to place all those dollars into a central carry forward line. Now, the divisions are getting 40% of their carry forward back. The remaining 60% is shown in the unallocated line (2.8M).

Additional discussion of various detailed one-time allocations is summarized below.

-Accreditation. The costs vary significantly from year-to-year. Typically, the costs remain low for three years, but go up substantially when site visits occur. There are several different college and Provost funds for this purpose.

-Work Study. As Federal work study funds decreased the campus chose to build up those dollars on the General Fund side.

-Part-Time Faculty End-Of-Year Contracts. Costs include less than full time lecturer contracts for faculty who previously taught those classes, but still have two months of pay coming (July and August). Some part-time faculty contracts ended in June and others were converted to full-time. In addition, some prior year benefit costs were not funded (overlooked) that had to be covered.

-Facilities Deferred Maintenance. The campus has a lengthy list of maintenance needs that do not always get funded by the Chancellor's Office. The capital projects very often cross fiscal years, because they start in June (work is performed during the summer when there are fewer people on campus). Examples of projects include generators, main dining work, and an irrigation control system.

-Admission Reservation Fee. This is the second year the campus has collected this fee. There is approximately \$200,000 in deposits required by students that are paid up front and allocated back toward revenue. These fees are pre-collected revenue applied to the Fall account--collected in the previous fiscal year (June 30), but utilized in the next fiscal year. The funds from students who do not actually come are held in a General Fund reserve account (intent to enroll excess fees); last year's total was \$39,000.

-Teacher Recruitment and Retention Matching. The Provost is allocated matching funds for these programs, which are typically operated during the summer; most of the costs happen between June and August.

-Information System Upgrades. OIT will be putting this system in place next year, which is largely devoted to a virtual infrastructure system that will provide the equivalent of a PC to faculty and staff.

-Contingency Reserve. The UBAC recommendation was to build a base budget reserve fund with a goal of continuing each year (if feasible) until a maximum of 5% of the University annual budget is reached. The reserve is currently at 2.7%. The difference between the reserve fund and other one-time funds is that the reserve continues to generate one-time money each year, while the others, once spent, are gone.

- General Operating Fund Base Budget Allocation Comparison (Post Prop 30)—November 2012 & August 2013. In response to earlier requests for an explanation of the university wide account, Ms. Legg referred to the section titled "Mandatory University Wide Budget Allocations" totaling \$41,659,764. The items include benefits, financial aid, work study, CMS loan payments, contingency reserve (unallocated), Stockton lease payments, baseline course funding, faculty development, staff development, centralized university expenses (e.g., disability services, payroll system costs—things for which no one unit has responsibility), risk management and insurance premium, and utilities. The majority of University Wide funds are transferred out monthly to benefits.

Ms. Legg also noted that the section titled "Non Mandatory Discretionary Budget Allocations" (\$45.9M) includes the \$2.2 M General Fund base budget increase. In November, with Proposition 30, the campus reduced all student fees and returned those funds and subsequently got an increase in the campus base allocation. The difference between the reduced revenue and General Fund increase was \$2.2M. That was held centrally and not allocated until the end of the FY; two years of base funds were allocated this year.

- Library and Lottery Funds.

ASI President Salameh asked questions regarding the Library renovation plan as well as the reliance on Lottery Funds to support library operations. Ms. Reynoso responded that the library renovation is a major capital project that would have to be funded through a bond. Right now, the Chancellor's Office is looking at funding infrastructure projects and any major components that might create real issues for the entire campus operations. Regarding the Library budget, Ms. Legg pointed out that most of the payroll and benefits are funded with General Operating Funds, but a large portion of the operating costs are funded from Lottery funds. As budget cuts occurred over the years, resulting in significant decreases in General Fund dollars, the campus chose to use Lottery funds to help keep the Library whole. Ms. Legg noted her intent to bring information on the Lottery Funds to the next UBAC meeting.

Provost Strong pointed out that, by statute, Lottery funds are supposed to be supplemental to the normal budgeting process. There is concern that \$500,000 for library acquisitions in lottery money looks like a replacement of base budget General Funds, rather than a supplement to those funds. He noted that the Library also is funded in the Summer Term with Extended Education funds. Salaries in the Summer Term are paid for with UEE surplus funds, based on the rationale that those are University Extended Education academic programs and the library is expected to provide support to those programs. The CSU Board of Trustees also has raised lottery expenditure issues.

General Fund Restricted—GR106 (handouts).

The EOY Financial reports provide a high-level summary organized by division and university wide and then drills down further into the colleges and departments within each division and university wide accounts. The total General Fund Restricted dollars as of June 30, 2013 is \$6,700,361. Ms. Legg reported that there are numerous sources for these funds, including doctoral fees, athletics fees, miscellaneous course fees, non-resident student fees, F&A cost recovery, and one-time Chancellor's Office allocation.

Summary of Vice Presidents 2013/2014 Priorities and Final Budget Allocations (handout).

Ms. Legg noted that UBAC reviewed the 2013/2014 FY General Fund base budget at the January 10 meeting. The current document, *Division General Fund Budget Requests-All Base & One Time Allocations 2013/2014 FY*, shows the dollars distributed to fund the last of the Vice Presidents priorities that were not funded in the first round. This document adds three columns showing one-time GR106 allocations from Non-Resident Student Fees (\$1.2M), Stockton (\$1.5M), and UEE (\$1.2M). The last column is a small allocation from the UW Lottery Reserve (\$1,100).

- Non-Resident Student Fees. Ms. Legg pointed out that the fees are invested in growing international education and, if successful, those dollars could multiply. She said UBAC might want to address whether the campus should move some of those dollars into base or continue to allocate on a one-time basis. Noting it will take time to grow international education programs, Professor Wooley asked how much in non-resident fees is coming in each year? Ms. Legg reported that the \$1.2M is a combination of non-resident student fees collected over two years--\$630,000 the first year and \$630,000 the second year.

An additional \$630,000 will come in again this year; believe we have about \$600,000 that is safe and we can count as on going. Provost Strong pointed out that non-resident fees are essentially a tuition account. We want to grow non-resident fees by recruiting more international students and the fees collected year-to-year have been reasonably stable. He also pointed out that international (non-resident) students do not count toward the campus FTES target. We can go for as many as we choose, can recruit, and properly educate. The Chancellor's Office places no restrictions on non-resident numbers.

Stockton. Professor Lindsay pointed out that next Fall his department will be offering the complete BSBA degree with a concentration in accounting in Stockton, noting this is the third time they have tried to do this since his time on campus. He expressed concern that the campus is repeatedly making promises to Stockton, but when faced with cutbacks the decisions are made in favor of Turlock rather than Stockton. He expressed his belief that the same thing will happen again with the next budget downturn, noting the only solution may be for the Chancellor's Office to give a separate FTES target and budget to Stockton.

In response to questions from ASI President Salameh regarding how other universities function with a second campus, Ms. Legg suggested looking at other CSU campuses with off-campus centers to see how they handle their accounting and other issues to get an idea of best practices. Provost Strong said his recommendation would be to keep Stockton as a strategic business unit where all direct costs and FTES targets are allocated. This would be an investment and, when the opportunity for growth is there, we would provide more targeted allocations to demonstrate to the Chancellor's Office our investment in Stockton and how it is performing. He pointed out that we serve the region and the right thing to do is to serve Stockton and explain to all stakeholders why our plan for Stockton is appropriate.

FUTURE AGENDA ITEMS

Budget Manager Legg indicated her intent to bring the following items to a future meeting:

- Marginal cost of instruction
- Five-year comparison at department level
- Lottery Funds
- Grant Funds

Noting there are a lot of questions about the reserve fund, Dean Tuedio said it would help to have a one-page summary of what those reserves are and what they look like (e.g., base, one time, utility reserve, etc.)?

NEXT SCHEDULED UBAC MEETINGS

- February 14, 12:30-2:00 p.m., Lakeside Room
- February 28, 10:00 a.m. to Noon (location to be determined) — Open Forum
 - Chair Hamilton asked Committee members to consider what would be presented; are we ready?
 - ASI President Salameh noted she is unable to attend on this date.

ADJOURNMENT—The meeting adjourned at 2:10 p.m.