

**CSU STANISLAUS
UNIVERSITY BUDGET ADVISORY COMMITTEE
FEBRUARY 14, 2014
SUMMARY NOTES
(Approved February 28, 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); 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).

Chair Hamilton called the meeting to order at 12:37 p.m. Action: It was moved and seconded to approve, with revisions, the draft January 31, 2014 summary notes. The motion passed unanimously.

Note: The revisions were a misspelled committee member name and, under Facilities Deferred Maintenance (page 2), deletion of the references to "utilities maintenance in Science I and the sewer lift station" in the list of examples.

GRANT FUNDS — Trish Hendrix, Post Award Specialist in Grants Administration, reviewed a document titled *Sponsored Projects, Research Administration and Compliance* that provided an overview of how grants work and a listing of grant expenditures (actual costs charged to that grant) during Fiscal Year 2012-2013. It was noted that grant funds are specifically restricted to expenditures that support the purpose of the grant, as determined by the sponsoring agency over a pre-determined time period (typically ranging from six months to five years), and cannot be comingled with other University funds. Some grants also may require a cost match.

Each grant is given a unique fund code and only allowable costs directly related to the grant can be charged against that account. Facility and Administrative (F&A) funds received from a grant pay for the indirectly related costs of a sponsored program or project that cannot otherwise be directly charged to a grant. In the event a sponsor organization places restrictions on the F&A rate or does not allow for indirect cost reimbursements, the University may still pursue the grant if it is determined that the project benefits the mission of the University. The Federally negotiated Indirect Cost (IDC) rate is 49% of salaries and benefits for on-campus projects. In addition, grants do not necessarily abide by the campus fiscal year—some run from September 1 through August 31 and others from January 1 through December 31. Detailed information is available on the Financial Services Web site under Financial Reports (budgets are posted for the current year and each year thereafter for longer-term grants).

In response to questions about how cost overruns are handled, it was reported that the University has a specific pool of funds to cover some costs (e.g., vacation pay out), which is derived from the benefits line. Benefits are based on averages, so an additional one percent is written into the benefits rate and the excess put into a pool for personnel related issues. The process for addressing any cost overruns for a grant would involve a conversation with the Principal Investigator (PI) to identify what it was and how it happened. Any expenditures that may come through after-the-fact would have to be reduced down (the excess has to be moved somewhere else), and would need to be addressed by the Project Director, the Dean, and/or the Provost. Financial Services (Business & Finance) might also be involved in helping to resolve the problem.

LOTTERY FUNDS — The following documents were distributed for review:

- 1) Lottery Financial Report as of 6/30/2013
- 2) Lottery base budget allocations 2013/2014 FY
- 3) Lottery one-time budget allocations 2013/2014 FY

Each year, Lottery Funds are allocated to the campus through the Chancellor's Office as a one-time allocation. Generally, any carryforward funds in the campus Lottery budget go back to the originating department. The funds for a printer at the Stockton Center was an exception.

Library Resources. Committee discussion focused on the President's request to consider all the issues associated with using Lottery funds to support the Library budget. Approximately \$500,000, of the \$662,000 campus Lottery budget, goes to support Library acquisitions (e.g., subscriptions, database programs, journals, books, etc.), which includes multi-year contracts. Comments and suggestions included:

- Review Lottery Fund expenditure guidelines and identify the full range of allowable uses.
- Lottery money is to supplement, not supplant, regular funding support. Does the current one-half million allocation to the Library violate that requirement?
- Identify a more reliable funding source for the Library (e.g., General Fund base) due to the volatile nature of Lottery funds.
- Shifting Library acquisition costs (\$500,000) to another funding source would likely require cuts to other programs/projects and might have to be done gradually over several years—basically talking about shifting funds around, not creating new resources.
- Identify how much of the acquisition costs are in renewable subscriptions, expanding collections, or contingent purchases—what portion of Lottery funding might stay in the Library budget for one-time purchases?
- Prioritizing the Library as an essential service and stabilizing the budget are the primary goals.

Writing Center. Commenting that one of the President's priorities is developing or strengthening student writing skills, ASI President Salameh suggested that UBAC review funding for the Writing Center as well—looking at how the Writing Center is funded and whether it fits under Lottery guidelines. Dean Tuedio responded that, currently, the only money for the Writing Center is in carryforward funds. Professor Lindsay also pointed out that the employers he meets with frequently talk about the importance of employee writing skills. He suggested that this presents an opportunity for University Advancement to get some community support for funding something like the Writing Center. Professor Wooley responded that he would make that suggestion as a faculty representative on the Foundation Board.

COMMUNICATION AND PRIORITIES — Professor O'Brien asked how much of the University budget is fungible, noting his understanding that 80% is in personnel, leaving 20% on which UBAC could make some recommendations. Director Reynoso pointed out that additional fixed costs, such as electrical and other contractual obligations beyond personnel, could potentially bring that number down by the time all those costs are addressed.

Dean Tuedio commented on the importance of being able to clearly communicate and provide advice regarding the flexible resources that are not otherwise locked in or dedicated to a specific purpose. During the campus forums, it makes sense to zero in on where the moveable pieces are—rather than a top down presentation talk about what parts of the budget can be opened up to the prioritizing discussion. He also said that UBAC should not wait until we know how much money is available to get a sense of what we want to prioritize. Professor Wooley agreed, noting that last year the focus was on the priority, rather than the money.

Dean Tuedio also expressed concern about giving a lot of detailed information that is not really germane, noting that will not alleviate concerns within the campus community regarding transparency—we need to be able to respond to the notion that there is a lot of hidden money in the budget. For example, UBAC should address the reserves and what it would mean if the President’s suggestion for a certain amount of reserve funding goes forward. In addition, it is important to be clear about the different kinds of reserves. If the reserve pool includes one-time money, what would it be used for? What are the contingency areas? What current priorities is that pool of money serving? What does the collective reserve look like, especially that part that would be perceived by others as flexible pots of money. That concept has not been discussed at forums—Why are we doing it? What is the scope? What are the elements that comprise it? What flexibility does the reserve provide to respond to various types of exposures/risks?

In response to questions from ASI President Salameh regarding the percentage set-aside for the reserve, Ms. Legg said that last year’s recommendation was to get it up to 5%. Currently, the campus has 2.77% in the “base” reserve, but also has quite a bit of one-time reserves.

Ms. Phillips commented on the need to clarify how funds go into the reserve pool and how expenditure decisions are made—who decides? In addition, the term one-time fund tends to be used in multiple ways, which creates confusion.

Professor Wooley commented on the need to distinguish between carryforward and directed one-time money that comes in for a specific purpose and once expended is gone. Carryforward refers to unexpended base dollars from the previous year that are brought forward into the next fiscal year as one-time dollars—we are likely to always have carryforward although the amounts will vary from year-to-year. Ms. Legg noted that the document, *One Time Carryforward Budget Allocations 2013/2014 FY* (distributed at the last meeting) represents the total General Fund carryforward.

Professor O’Brien asked whether the Budget Office prepares a five-year budget, so we know where things are going? Budget Director Legg said they just started to look into that within the last year or two, especially with reserves—the goal is to avoid reactive type cutting and look at what services we are adding or losing.

CHANCELLOR’S OFFICE ALLOCATIONS — Budget Director Legg reviewed a document titled *Cash Posting Order Listing 2013-2014 and 2012-2013*. The first page shows what the campus has received to date in the current calendar year for various projects/programs (\$567,226). The second page shows what the campus received in total during the previous fiscal year (\$1,645,539). This document strictly relates to funding received from the Chancellor’s Office for the specific projects listed. A few are received every year (e.g., PIQE), but for many others we don’t always know if we will get an allocation. The items shown in “red” represent campus deallocations—they include campus tithes for some system-wide programs (e.g., COAST; CSUPERB), as well as an over enrollment assessment (\$2,078,000) for having exceeded the campus enrollment cap in 2011-2012.

In response to questions, Ms. Legg noted that these funds are generally tied to a particular department’s program or faculty member. Professor Wooley pointed out that e-Academy is one of his programs; when they send the money it is tied to the department’s salary line. Ms. Reynoso said that for projects like special energy repairs the campus had to put in a bid and the Chancellor’s Office then decides whether the project will save enough to warrant investing the funds. She pointed out that the \$1.7M listed as science building renovations is the furniture for Science I.

Ms. Legg also noted that last year the campus received \$1.5M from the Chancellor's Office as a one-time allocation for Stockton. Associate Chair Whitman pointed out that even though these funds may be expended over several years it represents an implied commitment to Stockton. Provost Strong reported that the campus is working on establishing a separate target for Stockton—treating Stockton like a college and a strategic business investment. Enough FTES will have to be produced to support the cost structure for Stockton.

VICE PRESIDENTS PRESENTATIONS — In response to questions regarding a timeline for the presentations, Vice President Shimek said there was not a fixed time, however, the Vice Presidents anticipate completing their work by the end of February and would defer to UBAC as to the preferred timeline.

Action: Following discussion, there was consensus to ask the Vice Presidents to submit, by March 7, their written recommendations to UBAC for review prior to the formal presentations, which will begin on March 14. Vice President Shimek asked that UBAC formally communicate the schedule and expectations to provide clarity as to when and what the Committee wants from the Vice Presidents.

UBAC MEETING SCHEDULE (updated) — UBAC will begin weekly meetings starting in March. The campus forum will be rescheduled to March 7. UBAC will meet on February 28 to discuss how the forum would be conducted—the intent is to update the campus community on what happened last year and set the tone for future discussion.

DRAFT—UBAC Meeting Dates and Times

February 28	1:30 – 3:00 p.m.
March 7	(time/location TBD) — <i>Campus Community Forum</i>
March 14	12:30 – 2:00 p.m. — <i>VP individual presentations begin</i>
March 21	1:30 – 3:00 p.m. — <i>VP individual presentations continue</i>
March 28	12:30 – 2:00 p.m. — <i>VP individual presentations continue (as needed)</i>
April 4	12:30 – 2:00 p.m.
April 11	12:30 – 2:00 p.m.
April 18	1:30 – 3:00 p.m.
April 25	12:30 – 2:00 p.m.
May 2	12:30 – 2:00 p.m.
May 9	12:30 – 2:00 p.m.
May 16	1:30 – 3:00 p.m.
May 23	12:30 – 2:00 p.m.

• *UBAC meetings will be held in the Lakeside Conference room, unless otherwise notified.*

Ms. Phillips asked what the protocol is for someone to request to make a presentation to UBAC?

Action: Following discussion, there was general consensus that anyone wishing to make a presentation should outline the specifics in a written request to the Committee for consideration.

ADJOURNMENT — The meeting adjourned at 2:00 p.m.