



## **University Budget Committee Meeting**

### *Unapproved minutes*

**DATE:** Tuesday, February 14, 2017

**LOCATION:** NEC Room – Administration Building, Room 560

**MEMBERS PRESENT:**

Les Wong, University President, and UBC Co-chair  
Ann Sherman, Interim Vice President & CFO, and UBC Co-chair  
Sheldon Axler, Troi Carleton, Shannon Deloso, Sheldon Gen, Luoluo Hong , Pamela Howard , Robert Nava,  
Michael Overby, Linda Oubré , Janet Remolona-Blecha, Christina Sabee, Jennifer Summit, Darlene Yee-Melichar

**Members absent:** Jamal Cooks

**Guest Present:** Sutee Sujitparapitaya, Academic Resources

**Committee Staff Present:**

Nancy Ganner and Dilon Reynolds A&F VP Office, Staff to committee.  
Elena Stoian, A&F Budget Executive Director

**CALL TO ORDER**

A quorum was reached, and Les Wong, President, and UBC Co-chair, called the meeting to order at 2:10pm.

**WELCOME AND INTRODUCTIONS**

- President Wong welcomed Michael Overby, VP of Finance for Associated Students.
- President Wong welcomed Ann Sherman and Interim VP & CFO of Administration & Finance, replacing Ron Cortez

**APPROVAL OF DECEMBER 1ST, 2016 MINUTES**

- Approved with no changes

**ANNOUNCEMENTS – CO-CHAIR LES WONG**

- Higher Education Act renewal:
  - Concerns in current political climate under new Secretary for Education. We have support in Sacramento but CSU is caught in between UC and PreK-12 education. Higher Ed Act runs the gamut of education budgets, financial aid, Pell grants, entitlements – it's far-reaching. Financial decisions have not been passed in a timely manner. It's largely argued, debated, then given a

compromise. University Presidents around country having broad discussion how to contend with the inexperience that might occur.

- Upcoming 5% tuition increase aimed at financing Student Success Graduation Initiative. It has nothing to do with physical plant repair or programmatic pieces.
- Campus level update: upcoming major organizational changes with budget implications:
  - Academic Affairs: Interim Provost Summit met with Academic Senate and their Executive Committee and is planning to reorganize and reinvigorate staffing in the Academic Affairs unit. We applaud their effort as they reflect the new challenges that lie ahead.
  - Admin & Finance: it's time we look at how IT infrastructure is organized and deployed, separate from academic computing. Nish Malik is doing a terrific job but we have such imbalance on campus. This is a big task, but once we define our problems with the help of Huron Consulting, we can invite Nish to share with this committee the 20 big questions that need solutions.
  - ITS: We need to understand how the imbalance set the stage for us getting further and further behind. The CSU only recently hired a system CIO a few months ago, so the CSU itself has 23 campuses but no integrated IT plan. Where to locate our IT is also a very big question.
  - Advancement: This is the same issue with Athletics. It's true that Athletics is a front door to the university - students see it as an entry-way. If you look at small school success, their enrollment tracks the success of the sports team. Each athletic team brings in 2.5 FTE so we need to think of it as integrated within the institution.
  - Physical plant: More details will be shared with this committee, but over the next 2-3 years the campus construction will be dramatic. Mashouf will open this summer, we received funding to start the construction of the BECA building, and Tapia Triangle will be ready for first of three pieces of new Holloway Corridor. With regards to the new Science Building, the plastic model of the 19<sup>th</sup> & Buckingham corner is in my office if you want to view it, and also the new Winston plan to add student and employee housing is underway. A&F and Advancement are considering ways to generate money for this construction.
  - Bayview campus: The Hunter's Point-Bayview participation is on hold. The soil remediation has pushed Lennar timeline into 2025 at best. We will tell them we were not backing down, but our priority is rebuilding our own campus at this time. At Super Sunday we announced we would not abandon the Bayview, but it has enrollment and construction implications. We will work that into our Strategic Plan.

- 1550 Evans: We're being offered a property at 1550 Evans, in an education building that they will construct. Building by 2020, they're interested in us being the flagship presence on that property. The Chancellor has approved the idea in concept. We need to be in the Bayview. It will open up options.
- Downtown Campus: We have to review options with Westfield, as our lease expires in 2022. Jay Orendorff said renewal may not be on the table, and we may not get same rental rate on 2022 that we're paying today. We want to have a plan ready, just in case.
- Romberg Tiburon Center: The transformation is moving forward.
- SF State identity: We should discuss what our identity is, and what does it mean for the Southeastern neighborhoods of San Francisco.
- **LINDA OUBRE** → Asked about tuition increase and the prospect of having to prioritize graduating students with less and less money. The cost difference puts a burden on the students and families. Is there any being allocated for campuses that need it more? Do you have a sense from the Trustees this is being considered?
- **PRESIDENT WONG** → Historically, dollars for FTE students stretches across all 23 campus. Dollars in FTE between us and San Louis Obispo is \$3K per student. Chancellor is cutting equity across campus, but we are not all same. Fullerton and SF State are 22<sup>nd</sup> and 23<sup>rd</sup> with the least dollars per student. Chancellor has been trying to cut that gap, but we can't speak for the Governor or Trustees. We control what we can to best of our abilities. If we can improve our retention of 2<sup>nd</sup> and 3<sup>rd</sup> year students, that budget savings alone would be dramatic. That's something we can control, and we are focusing on retention and graduation.
- **LUOLUO HONG** → At their CO meeting recently, they understand the tuition increase proposal has specific investments that would go to 3,000 new core sections and new faculty lines. What will the process be? What about financial aid? The VP's created a dialogue about proactively educating students.
- **PRESIDENT WONG** → Between the lines, they're hoping increase won't go through,
- **DARLENE YEE-MELICHAR** → Returned from CSI conference where they focused on closing achievement gap. If it goes forward, it gets the legislature off the hook and funding might be compromised. Who is overseeing Higher Ed in CA? Equity is an issue – not all campuses are equal: compare the cost of living our students and our faculty face, but Bakersfield housing is cheaper than SF. We have to find a way to help this -- we need to call for equity within the CSU. \$250 is very different from campus to campus.
- **PRESIDENT WONG** → That's why it's important for us to synchronize our messages.

- **SHELDON GEN** → In discussing equity, Bayview and the Downtown Campus, we think of these as “off-campus” sites, but we need to think of the students. For students, the Downtown Campus has been challenging in fees, and it also has not been fully utilized either. In light of the charge of being able to offer other spaces, we need to think about how those fees are distributed - it’s now too confined to MBA and MPA students.
- **LINDA OUBRE** → COB has strategic issues as well. Our enrollment will significantly decline if we’re not downtown.
- **PRESIDENT WONG** → We’re still engaged in a rental agreement signed 20 years ago. That will be our challenge moving forward at the Downtown Campus. Our service to students and curriculum is job #1. Money is job 2, and other steps are job 3, in that order.

### **AGENDA TOPIC #1:**

#### **University Budget Committee Charge:**

- The document sent electronically to members before the meeting is a compilation of original charge drafted in 1987, the 1993 amendment and the 2013 amendment.
- The Committee Charge is in need of updating.
  - **SHELDON AXLER** → Since this committee only meets twice a semester, it should be only be advisory to VP’s who make the budget decisions. Draft states committee resolves budget issues, but should only be advising and decisions left to those with expertise in finance.
  - **SHELDON GEN** → Agreed, the level of responsibility in current draft is too much. Sees value in considering those obligations, but meeting time is insufficient to make budget decisions. Committee should list dates when budget is released, when Chancellor’s budget is received and schedule committee meetings to align with these dates.
  - **DARLENE YEE-MELICHAR** → Agreed with members Axler and Gen. Suggested committee review how charge might be more productive to reflect where SF State is today. Also, membership is problematic, because faculty 3-year term may be insufficient to apply what is learned.
  - **PRESIDENT WONG** → Requested comment/suggestions brought to next meeting for review.
  - **SHANNON DELOSO** → Requested while reviewing membership, another AS student is requested. UBC meetings are difficult around class schedules so having additional student as an alternate would be helpful. AS going through evaluation as to where they see themselves and how much they can be involved, and this aids with transparency.
  - **MICHAEL OVERBY** → Associated Students in trying to be more involved in university processes, so appreciates this committee membership.

- **PRESIDENT WONG** → Agreed that scope of this committee is that transparency permeates all divisions of the university, including the Auxiliaries and Associated Students.

**AGENDA TOPIC #2:**

**Fiscal Year 2016-2017 Budget Update and State Projections**

- **Co-chair Ann Sherman**

Attended CABO last week: State is conscious about what being done at federal level and what kinds of allocations will be returned to the state. With potential changes to the Affordable Care Act, they're being cautious about funding they give. The anticipated downturn in the economy did not happen, but they're being conservative about monies that may need later for other purposes. Tuition increase is not certain with them, and on a net basis they're looking at additional \$75M should it be approved, but that would be devoted to SSGI, and other monies would be from scholarship increases.

**AGENDA TOPIC #3:**

**Academic Year 2016-2017 Enrollment Update and 2017/18 Enrollment**

- **Presentation by Sutee Sujitparapitaya, Academic Affairs \* See attached Enrollment presentation**

- Here is what would happen in 2016-17 and looking forward to assumptions for 2017-18:
  - We captured census data for Spring 17: for CA residents, we are 1.9% lower than last year, and 7.9% for non-residents. Our budget is focused on CA residents, so when you measure this against the CO's target, there's going to be 4% yield, and in dollar amounts it is significant.
  - What caused the reduction are many factors, such as:
    - We need new students: without them, we cannot meet the CO's targets. We either graduate them slower (joking), or we help make more classes available so the average unit load increases and we can graduate them faster, in order to sustain FTE over time.
    - Looking at CA resident new students: there are three cohort groups: first-time freshman had a 15% drop from last year, new undergrad transfers had a 20% drop, and new graduate students had a 3% drop.
    - Upcoming 2017-18 year is up in the air, but based on applications for 2017 Fall, we used the yield rate (applications to enrollment) from last year, and we will have a further 6.5% reduction in first time freshman, a 2% reduction in new transfers and another 4% in new graduates
    - We have to prepare for this – all three groups of CA residents are down for next year.
    - Non-resident declines are another story, but they're not related to our budget.

- It's probably about \$10M reduction, and the more we reduce in new students, it will snowball. We peaked in 2015 and this group will be graduating. The longer we have reductions over time, the harder it will be to bring it back up.

- **DARLENE YEE-MELICHAR** → Asked if this has anything to do with free tuition at CCSF?
- **Response** from Sutee: No, this is unrelated as it is based on our own data.
- **SHELDON GEN**→ Asked what might be the underlying dynamic explaining the drop? Are we competing with other universities? At SFUSD, the number of children is decreasing demographically and they've had to close schools, so why might this be happening here?
- **Response** from Sutee: If we look at our feeder schools such as in Santa Clara, Alameda, etc. For Santa Clara, we often lose to San Jose for many reasons, and the same with their transfers. Also, free CCSF, as mentioned, will have an affect on our new student and first time freshman numbers. We also looked at high school graduates – if we are only recruiting from our neighborhoods, we don't have enough supply of students. San Diego is a major feeder for us, and we might be able to increase capture with outreach and communication of the work SAEM is doing. However, looking at our competition and future student supply, it's not very optimistic, unless we do something very different.
- **JENNIFER SUMMIT**→ Sheldon Gen's questions approached incoming students, but asked about the effect retention has on these projections, and how we can improve overall enrollment via retention?
- **Response** from Sutee: Retention = graduation. Now we're at 60-70% for 2<sup>nd</sup> year retention, but it improves over time. In the last five years, all retention rates we measured need to improve more. One thing that may have hurt us this year re: FTE which is the figure that counts, is that we graduated a lot more last year than any other semester. We help our students out, but we're not helping them in, so we are only retaining smaller numbers.
- **SHELDON AXLER**→ Most new students start in the Fall, but did we help rectify in admitting more students in Spring, and how successful were we?
- **Response** from Sutee: Traditionally we receive more transfer students in Spring, but it's less than 200 first-time freshman in the Spring for FTE. This year we allowed more, but I don't know about how we outreach to that group.
- **LUOLUO HONG** → With regards to outreach to Spring transfers: a correction in the Spring doesn't have the same impact in the whole year because it's a smaller number of students. They did admit more transfers this Spring – the numbers jumped from 200 to about 800 students, and we are making a concerted effort to increase the yield, but our yield is low compared to our peers. We tried a new “high-touch” approach this time and we called our students, and we linked housing and financial aid (typically students would know they're admitted but not where they'd live). What we learned we will apply to

Fall. To Sutee’s point, he did projections based on everything remaining the same, but we have the ability to change our destiny by aligning these sources.

- **Response** from Sutee: Our yield of first-time freshman is 11%, (10 students applied, but only 1 enrolled). For a university like ours, our yield should be around 15%. For transfers, 2 out of 10 actually applied. For Grad students, 3 out of 10. Summer enrollment is another factor we can build upon. For the last two years, we’ve moved our summer from being self-supported to state supported, so that helps. Without summer, we’d be worse off.
- **PRESIDENT WONG** → We’re in transition period where we need to employ curriculum better than we do now. An effort to rebalance the curriculum is underway, because if we help 3<sup>rd</sup> year students with limited resources, then what’s left for freshman and sophomores.
- **PRESIDENT WONG** → Thanks to Sutee for supplying data for these meetings.
- **PRESIDENT WONG** → The City has not finalized free tuition model for City College. Our yield from SFUSD is pretty mediocre – we’re in 12-15% yield. However, if all eligible freshman next year went to CCSF instead, we’d look at \$4.5M debt at minimum. I will be meeting with the Mayor and SFUSD leadership, but we were left out of planning in the CCSF tuition conversation. This is another risk, and we don’t know how it’s being shaped. As a reminder, we do not receive any money from the City of San Francisco.
- **ELENA STOIAN** → We will provide more mid-year data to assist with decision making and to assist with transparency:
  - GSI: we funded all increases for 2016-17 and will project for 2017-18.
  - Year-end close was better than last year’s, and we’re developing one-click dashboards in BI to easily access current information.
  - Ann Sherman is committed to continue funding graduation initiatives.
  - Capital Projects will open in August 2017. They have a sustainable operating budget – we’ve projected 10-20 year numbers.
  - Chart shows how critical enrollment is to budget
  - Chart shows projected carry-forward for each Cabinet
  - Chart shows the augmentation that went to the Governor and what went to benefits.
  - There is no funding for a deferred maintenance program. Not sure about cap and trade – maybe we’ll receive some funding there.
  - Chart shows how expenses follow if we meet our enrollment target, and if we don’t.
- **PRESIDENT WONG** → We have too many question marks and unresolved issues, but we have a good model moving forward.

- **LINDA OUBRE** → As a College that does not receive many grants, but we can build revenue. CEL funding cannot be used to fund self-support programs, but other CSU’s do this. We generate a lot via Open University and our special sessions, and it would be helpful to use those funds for other programs.
- **ELENA STOIAN**→ We should have more flexibility in using the funds. The audit mandated we’re supposed to recover Gen’l Fund monies from being used in other areas. I will review any monies sitting in CEL balances to possibly be used, that other campuses are using.
- **PRESIDENT WONG** → There may be a rule that is not being enforced on other campuses, but that’s a hot spot for campus Presidents.
- **SHELDON AXLER**→ With regards to the yield, at COSE, when enrollment was dropping in the dot.com boom, Admissions office gave us a list of CS students and the Dean had each faculty member call those students who were accepted but had not yet enrolled and asked if they had any questions about the program. Anecdotally, it affected the parents that faculty called students – they were thrilled. We had nearly 700 faculty – if each of them just called 10 students, 7,000 can be contacted and potentially enrolled.
- **LUOLUO HONG** → SAEM is discussing these kinds of “hi-touch” options.
- **PRESIDENT WONG** → This is an example of things that others can do. Now that we have Sutee’s data, we can review the numbers. Having faculty call instead of the Admissions office is tremendous.
- **Response** from Alan Jung, Interim AVP - Academic Resources: We’re looking at how CEL funds are reimbursing Gen’l Funds, which may help us move in the right direction.
- **PRESIDENT WONG** → We don’t have a good model for our colleges to retain their funds and reinvest in their colleges and it’s in discussion.
- **LUOLUO HONG** → We have a similar situation in our Cabinet area, when they get GSI pool of monies for our fee-funded units, we get the allocations as Gen’l Fund, but the actual GSI’s are paid from Student Health Fee account. So there’s this pod of money she would love to invest in more Student Life, but the restrictions that GSI came to Health, then I can only use in Health and can’t use this money and can’t touch it, so it shows up as a rollover.
- **ELENA STOIAN**→ Offered to help SAEM with that problem.
- **PRESIDENT WONG** → If we can use our data wisely and become more systematic and still be open to entrepreneurial ideas, the future looks good. Getting people to see the new future is about retention and student graduation. We really have to adopt more private-school model thinking about our enrollment, retention and graduation. We are publicly-located, not publicly-funded. The anxiety across our system is palpable, from the funding side. We’ll work hard and Academic Senate has been pushing hard too, so all hands are on deck.

**Open Forum – ten minutes with 3-minute limit per speaker**

- No speakers came forward.

**Next meeting:**

- Friday, April 21, 2017, 9:00AM – 10:30AM, NEC Room, ADM 5<sup>TH</sup> Flr

**Proposed dates for 2017 Committee Meetings:**

- Thursday, July 13, 2017, 2:00PM – 3:30PM , NEC Room
- September – TBD
- December - TBD

**Adjournment: 12:09pm**