



San Francisco State University

We Make Great Things Happen

University Budget Committee

December 1, 2017

Today's Agenda

1. Call to Order
2. Welcome and Announcements (President Wong and VP Sherman)
3. Approval of Sept 12, 2017 Meeting Minutes (VP Sherman)
4. Budget Process (VP Sherman)
5. Funds Chart Update (Elena Stoian & Jeff Wilson)
6. Academic Affairs Budget Advisory Committee (BAC) update (Provost Summit)
7. Faculty Housing Equity (VP Sherman)
8. Updated Committee Charge and Membership (N. Gerber)
9. Open Forum; Ten minutes, 3-minute limit per speaker
1. Upcoming UBC Meetings for 2017/2018:
 - Thursday, February 1, 2018, 2:00PM – 3:30PM *Enrollment Update
 - April 2018 – TBD
 - Summer 2018 - TBD
2. Adjournment; next meeting February 1, 2018

Welcome and Announcements

President Les Wong
and
Ann Sherman, Vice President & CFO (Interim)
Administration & Finance

Approval of Sept. 12, 2017 Minutes

Ann Sherman, Vice President & CFO (Interim)
Administration & Finance

Budget Process



Ann Sherman, Vice President & CFO (Interim)
Administration & Finance

Fiscal Year 2017/18

“Color of the Money”

Elena Stoian, Executive Director
Budget Operations & Administration

Jeff Wilson, Associate Vice President
Fiscal Affairs

Administration & Finance

The Color of the Money

WHAT IS “THE COLOR OF THE MONEY?”

This is an illustration used by the CSU to demonstrate how different funding sources are identified and made available to achieve the mission of the university while adhering to laws, regulations and policies governing how funds are expended.

Revenue Budgets – Consolidated Budget for Operations

WHAT IS THE COLOR OF THE MONEY?

There are four different categories of funds:

Current Funds. Revenue used for current operating activities (e.g., tuition revenue, sponsored research support, state appropriation, endowment payout, and other investment income)

Restricted Funds. Federal and state grants and contracts, endowment income, federal and state financial aid, and restricted gifts; use of funds for research, scholarships, public service and financial aid

Capital Funds. Funds to be used for capital projects, such as construction of new facilities, nonrecurring maintenance or debt service

Student Loan Funds. Funds to be borrowed by students

Revenue Budgets – Consolidated Budget of Operations

Major fund sources include funds

- Allocated by the university (operating fund, state appropriation, campus mandatory fees, grants and contracts, and lottery funds);
- Revenue generated by self-support programs (Housing, Parking, Student Health, CEL, and Campus Recreation); and
- Auxiliary organizations funds.

Source: data included in the presentation is based on SFGAP-GAAP BU derivation - statement of revenue, expense and changes in net position (w/o 017 fund and only program code 05 and 13).

FY 2016-17 Current Funds

In thousands

Current Funds

	Value	%
441- Extended Education Operations	\$14,980	3.3%
452- Health Facility Revenue	136	<1%
463- Instructional Related Activities	6,492	<1%
471- Parking Revenue –Fines	1,050	<1%
472- Parking Revenue	1,718	<1%
481- Lottery Education Fund	2,100	<1%
485- CSU Operating Fund (1)	349,841	78.1%
491- Special Project Fund (2)	7,658	1.7%
496- Miscellaneous Trust (3)	7,648	1.7%
534- Campus Union Operations	4,076	<1%
531- Housing Operations	51,928	11.6%
541- Pooled Investment Fund	154	<1%
542- Capital Project Mgmt.	159	<1%
Total	\$447,940	100%

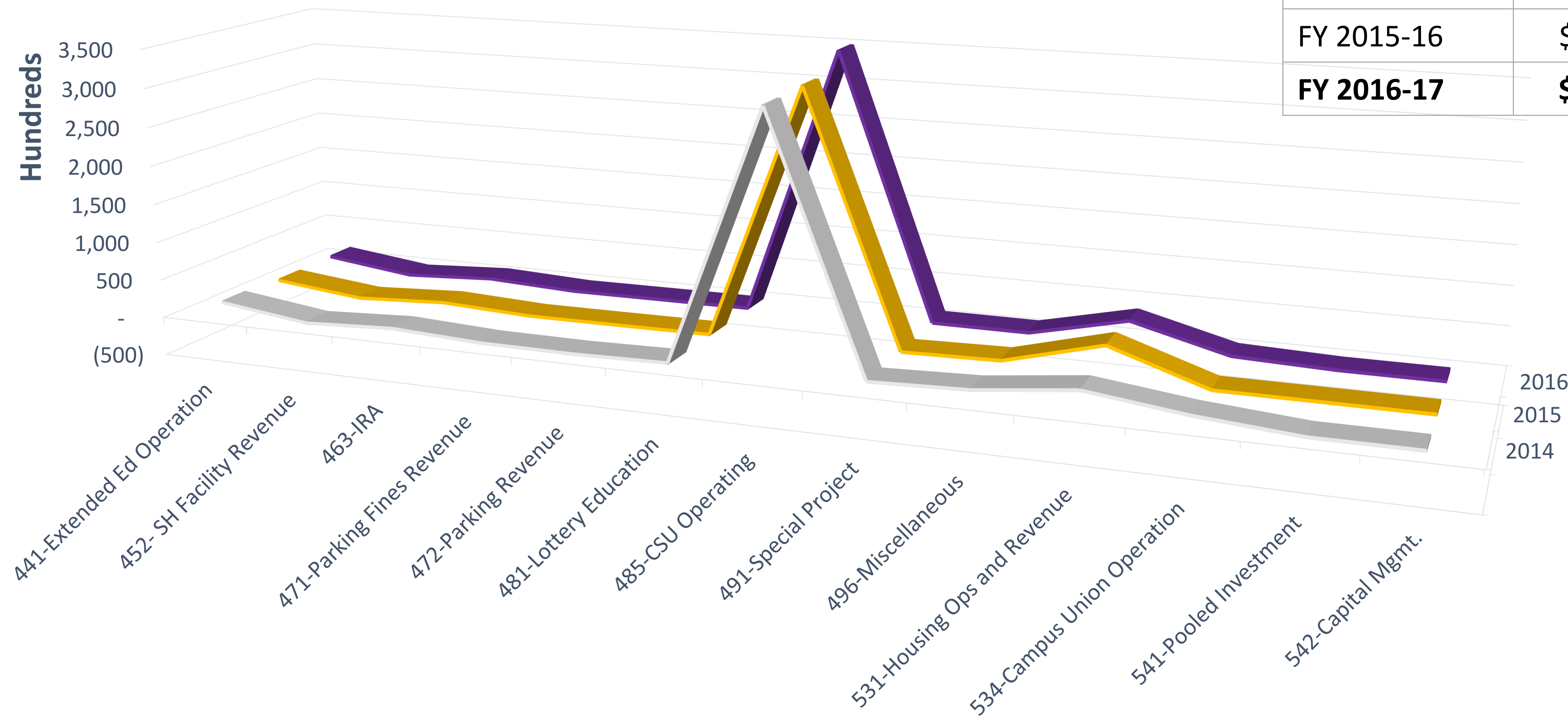
FY 2016-17 Current Funds

- **CSU Fund 485 – General Fund** includes tuition and fees, student health fee, other fees (e.g. lab fees), and state appropriation.
- **CSU Fund 491 – Special Project Fund** includes fees received for workshops, conferences, institutes, indirect costs (F&A) and special projects.
- **CSU Fund 496 – Miscellaneous Trust Fund** includes fees received for purposes not described by any other CSU Fund such U-Corp reimbursed payroll, children campus operations, athletics programs.

Changing Funding Landscape – Current Funds

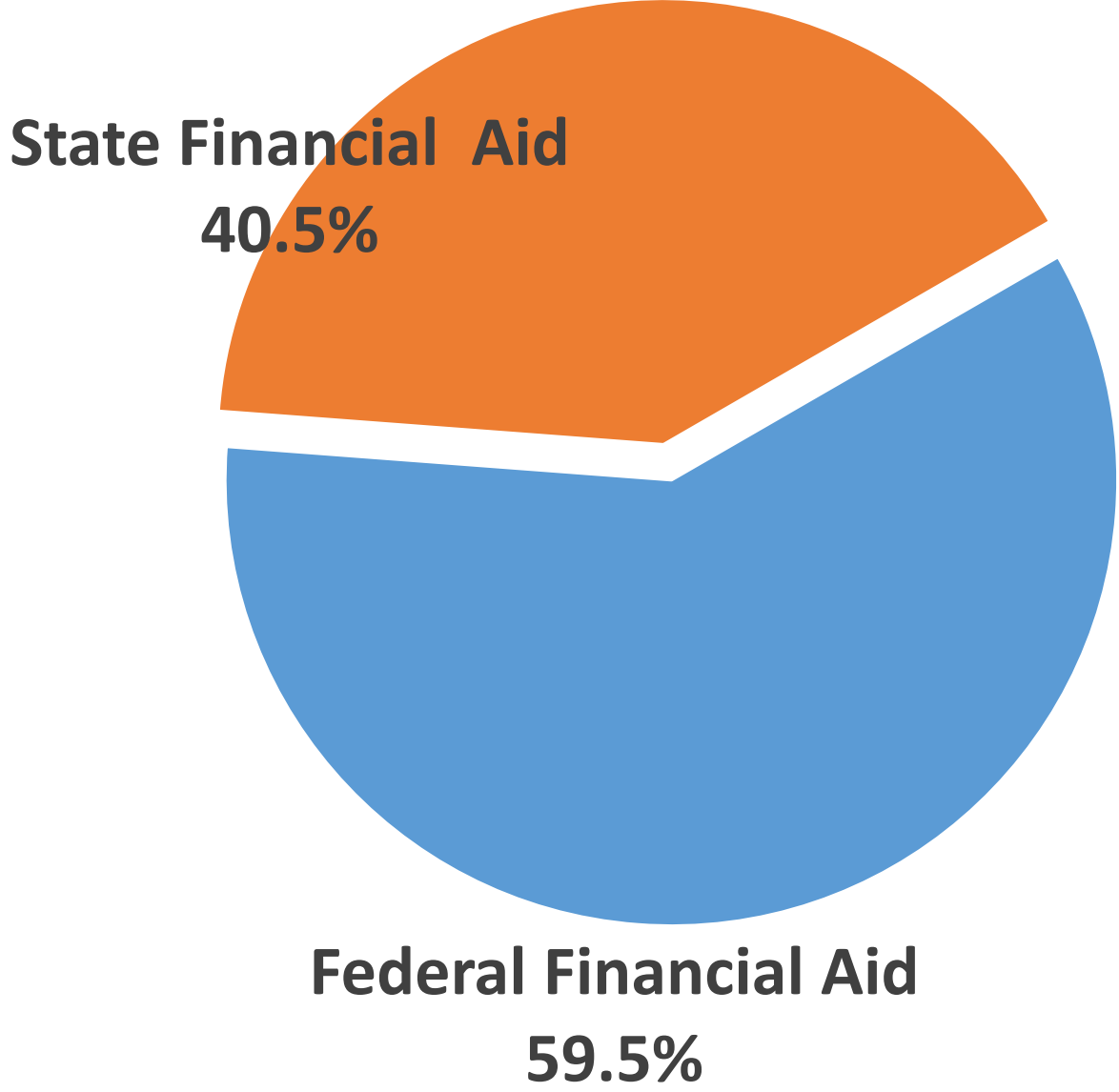
■ 2014 ■ 2015 ■ 2016

FY 2014-15	\$405 M
FY 2015-16	\$407 M
FY 2016-17	\$448 M



Restricted Funds – Student Federal and State Financial Aid Grants

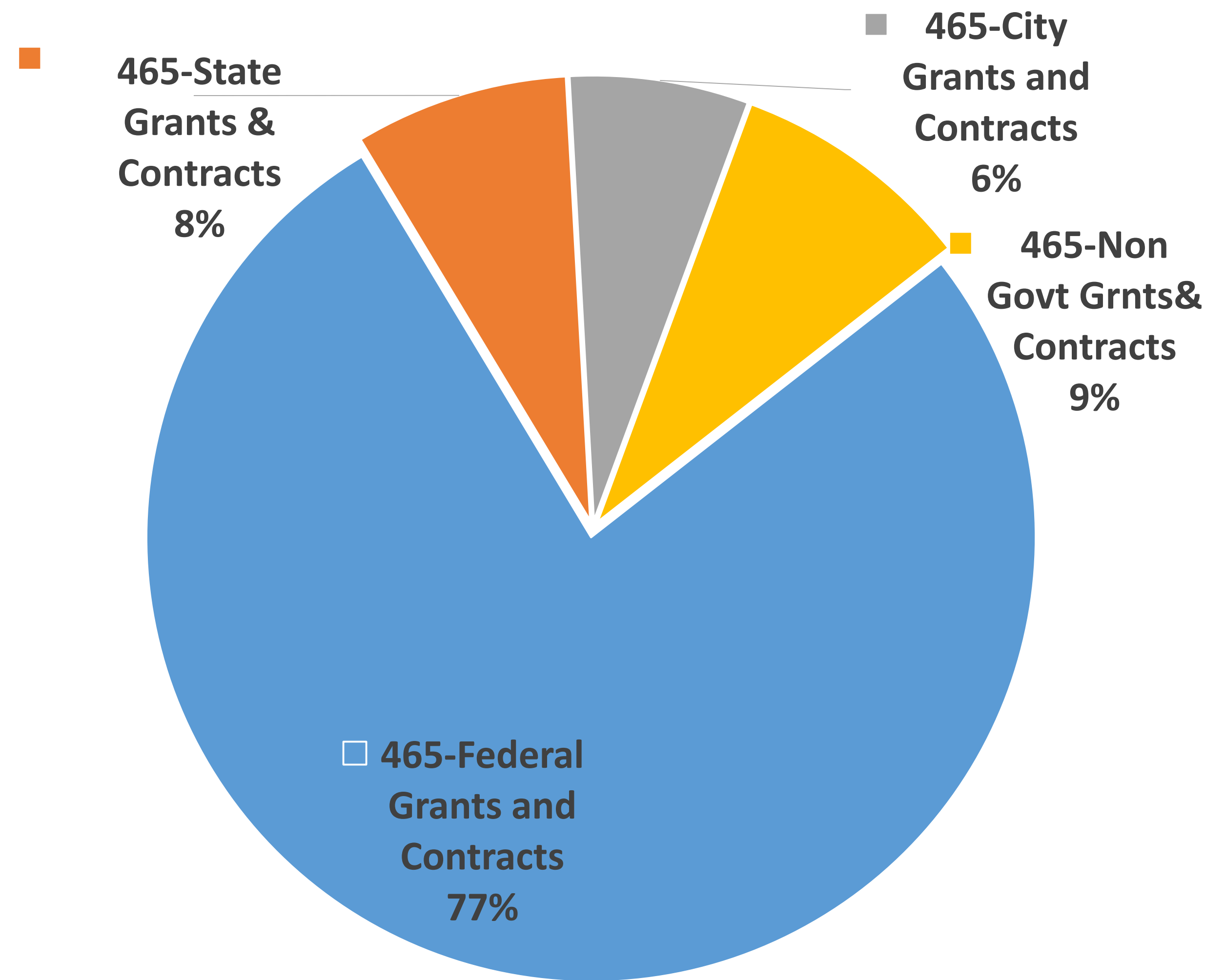
	In thousands
Federal Financial Aid	Value
408-Federal Pell Grant	\$51,242
409-College Work Study	1,461
412-Federal Teach Education Association	832
401-Federal Supplemental Education	59
Total	\$53,594
State Financial Aid	Value
424-California Grant Programs	\$32,882
425-Middle Class Scholarship	3,558
Total	\$36,440



Grand Total = \$90,034 thousands

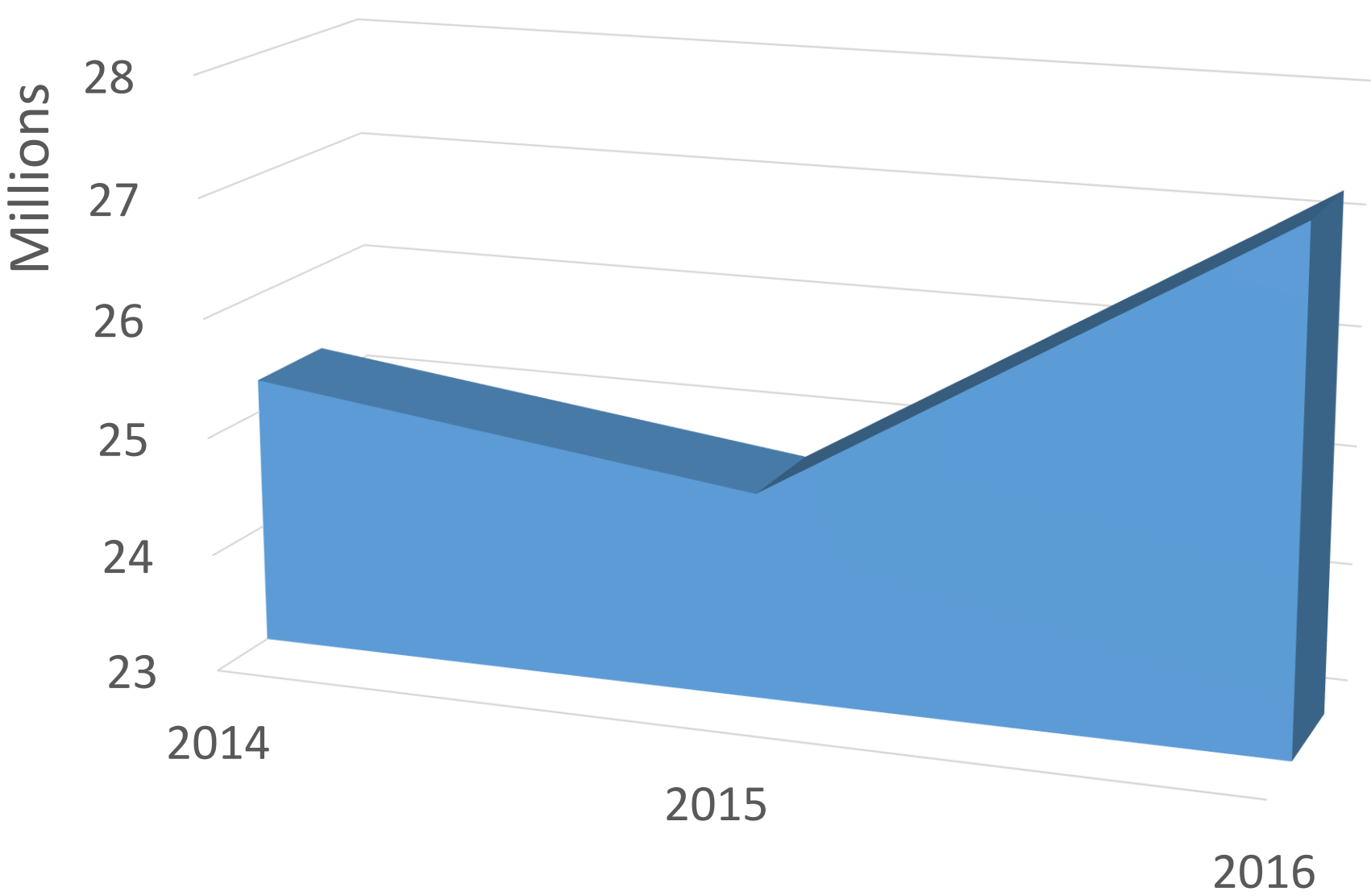
Note: It does not include SUG in amount of \$46 million since is included in the gross Current Fund sources.

Restricted Funds – Grants and Contracts



Total =\$27,039 thousands

2014-16 Grants & Contracts

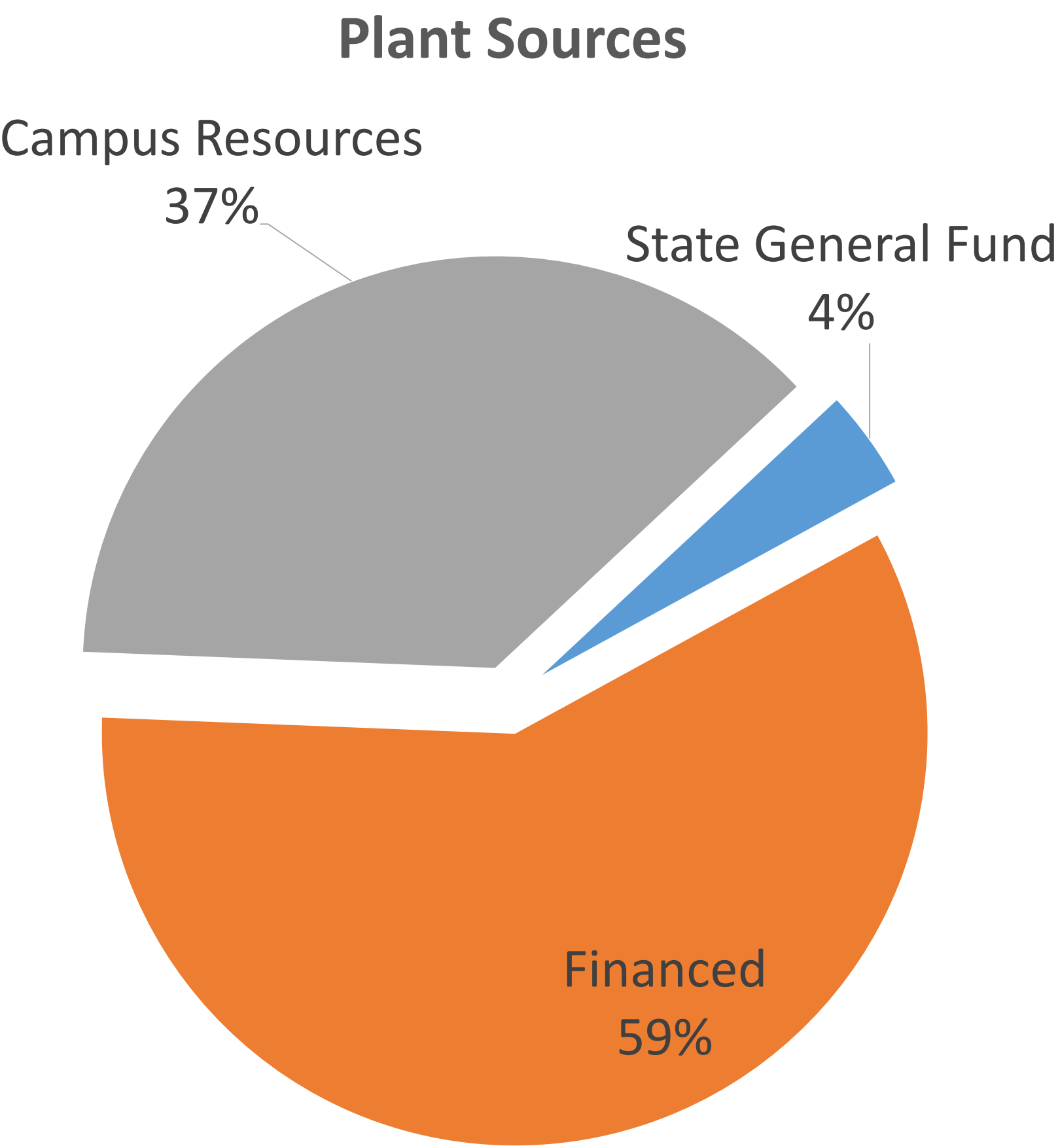


Capital Funds – FY 2016-17

In thousands

Plant Sources	Funds	Value
State Funded	017 Academic Capital Outlay	\$2,110
Financed (SRB) (*)	230-Academic Deferred Maintenance & Capital Renewal	31,114
Total		\$33,224

(*) includes CARB \$29 million and campus infrastructure projects \$1.9 million.



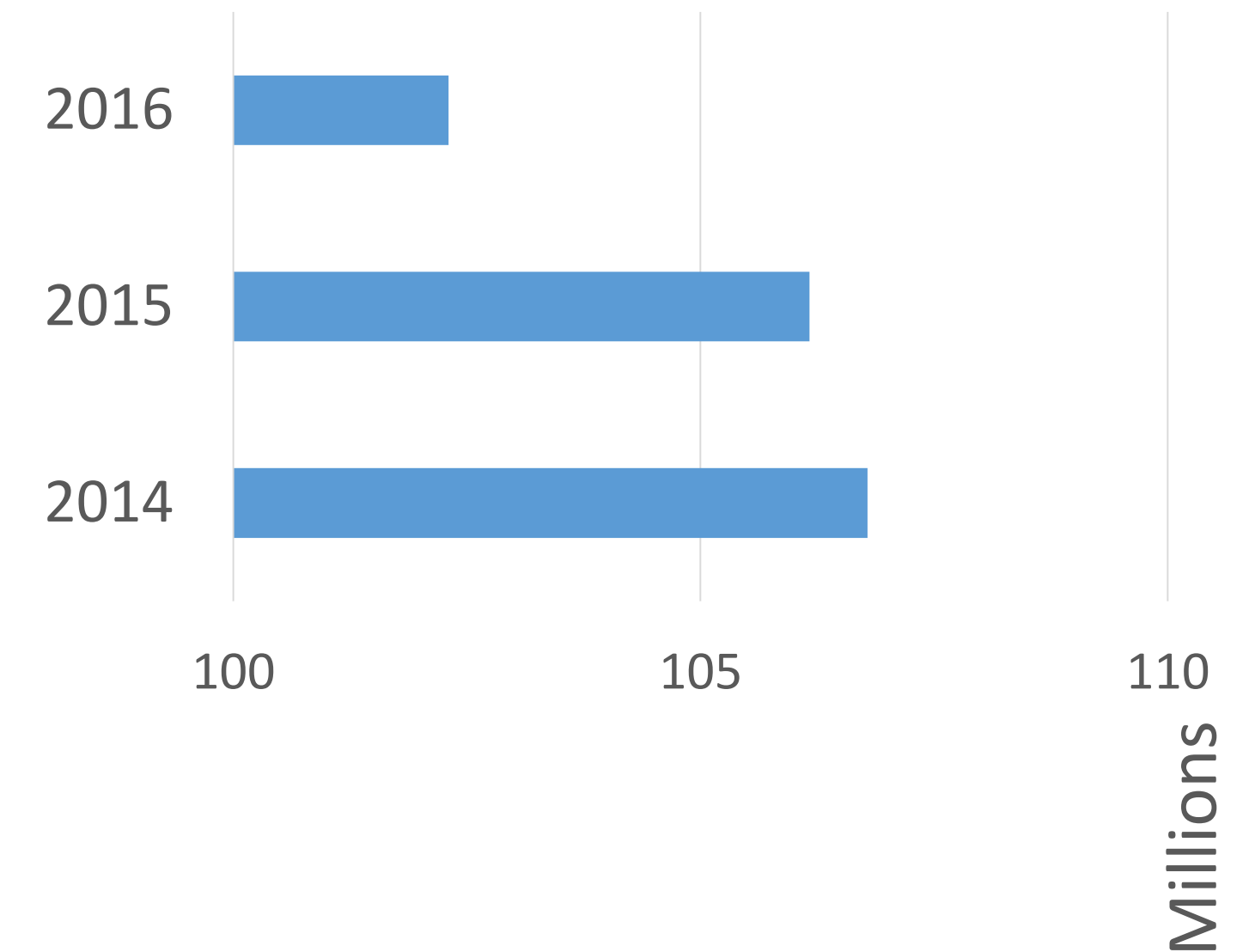
Capital Funds – FY 2016-17

In thousands

Plant Sources	Funds	Value
Campus Resources (transfers from current funds)	443- CEL Maintenance& Repairs	\$15
	454- SHC Maintenance& Repairs	236
	486- Academic Maint & Repairs	3,244
	487- Academic Capital Improvements	1,693
	491- Special Projects Fund Special Projects	537
	496- Miscellaneous Trust	1,687
	532- Housing Maint. & Repairs	2,267
	533- Housing Capital Improvements	2,500
	535- Campus Union Maint. & Repairs	7,685
	550- Restricted Expendable Capital Projects	10
Total		\$19,874

Student Loan Funds – Federal Direct Student Loans

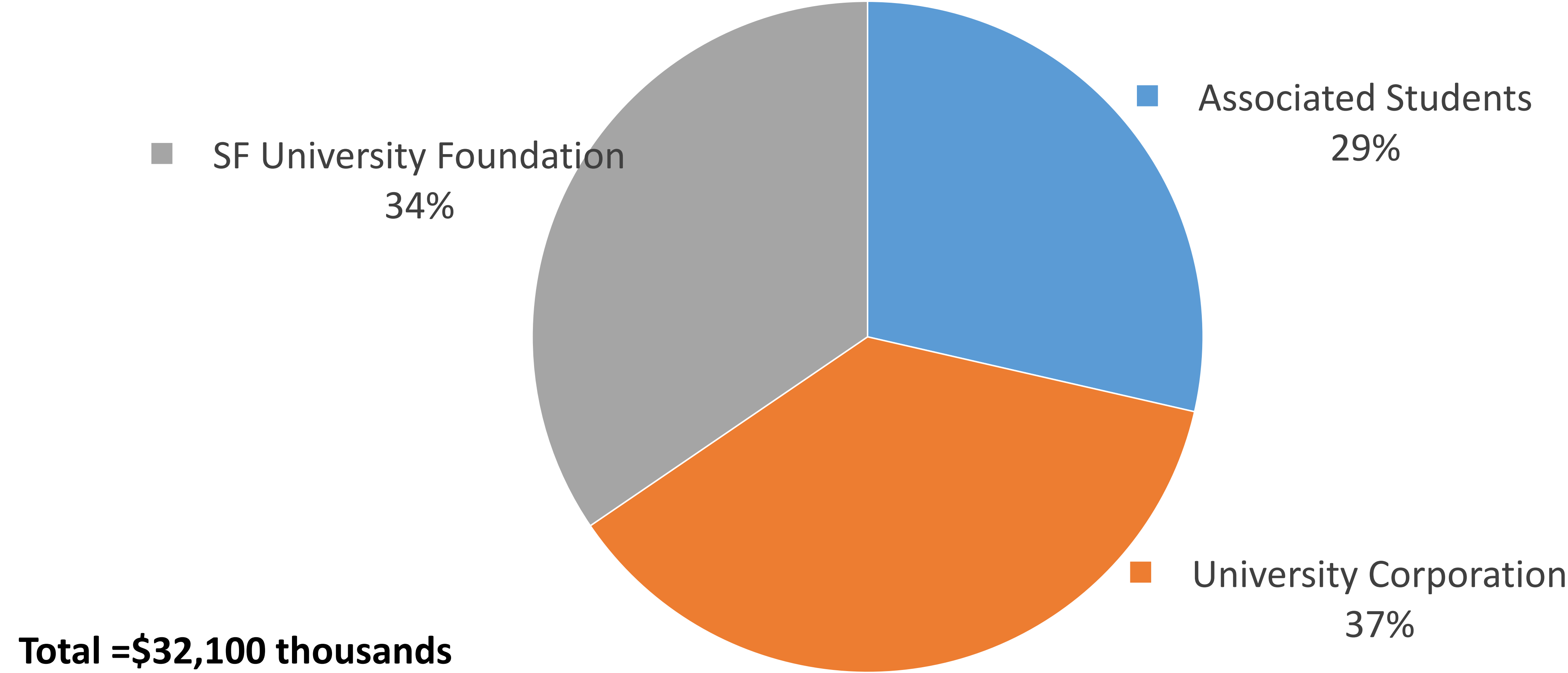
In thousands		
410 - TF-Federal Direct Student Loans	Value	%
FD001 - Fed Dir Stafford-Ford Loan	\$34,635	34%
FD003 - Fed Dir Unsub Stafford-Ford Ln	43,137	42%
FD004 - Federal Parent Plus Loan	22,007	22%
FD005 - Federal Grad Plus Loan	2,524	2%
Total	\$102,303	100%



Four loan programs supported by the federal government that provide students and parents financial assistance.

- Stafford Subsidized is available to students with demonstrated financial need. Subsidized loans are interest-deferred while the student is a half-time student in good academic standing.
- Stafford Unsubsidized loans are available to eligible students; however interest is accrued once the loan is disbursed.
- The Federal Parent Loan for Undergraduate Students (PLUS) program is available to parents or guardians who need assistance with the family contribution portion of a financial aid award. Interest on a PLUS loan accrues immediately and repayment begins within 60 days of the last disbursement.
- The Graduate PLUS is available to students pursuing a graduate level degree. Terms and interest are similar to the PLUS Loan.

Auxiliaries – U-Corp / Foundation / Associated Students



Auxiliaries – Associated Students

Associated Students	In thousands	
	2016-17	2015-16
Student activities	6,801	6,653
Program fees	1,227	1,302
Investment income	159	163
Contribution Grants	1,011	903
Total	\$9,200	\$9,021

Source: Financial statements, supplementary information and report of independent certified public accountants- Grant Thornton

Auxiliaries – University Corporation

In thousands

University Corporation	2016-17	2015-16
Grants and contracts	1,829	1,804
Program revenue	3,447	3,382
Retail revenue	2,648	2,804
Programs funded by related parties	1,792	1,718
Rental income	2,073	2,044
Other revenue	87	87
Total	\$11,877	\$11,840

Source: Financial statements, supplementary information and report of independent certified public accountants- Grant Thornton

Auxiliaries – SF University Foundation

In thousands

SF University Foundation

2016-17

2015-16

Operating Revenue

\$1,445

\$1,364

Non operating revenue

Contributions

2,943

6,804

Investment return

6,722

-488

Total

\$11,110

\$7,680

Source: Financial statements, supplementary information and report of independent certified public accountants- Grant Thornton

B.A.C. Update

Jennifer Summit, Interim Provost & Vice President
Academic Affairs

Preliminary Marginal Cost of Instruction

December 1, 2018

UBC Meeting

Interim Provost Jennifer Summit



ACADEMIC AFFAIRS DIRECT AND INDIRECT
INSTRUCTIONAL COSTS

TENURED TRACK FACULTY SALARIES

LECTURER SALARIES

GRADUATE TEACHING
ASSISTANTS

LABS
(e.g., instructional supplies)

STAFF
(e.g., instructional lab managers)

STUDENT ASSISTANTS
(in classroom and as graders)

MARGINAL COST OF “DIRECT*” INSTRUCTION (MCI) FORMULA

$$\text{MCI} = \frac{(\text{TT FTEF} * \text{AVG TT Salary}) + (\text{LEC FTEF} * \text{AVG LEC Salary})}{\text{FTES}}$$

Full Time Equivalent Student (FTES) Calculated at
 $\text{FTES} = \text{course credit units} * \text{enrollment} / (15 \text{ if undergraduate student or } 12 \text{ if graduate student})$

Full Time Equivalent Faculty (FTEF) in the Classroom Calculated at
 $\text{FTEF} = \text{Course WTU} / 15 \text{ WTU}$
e.g. most courses are 3 WTU (3 units), which translates to $\text{FTEF} = 0.2$ (or $3/15$)

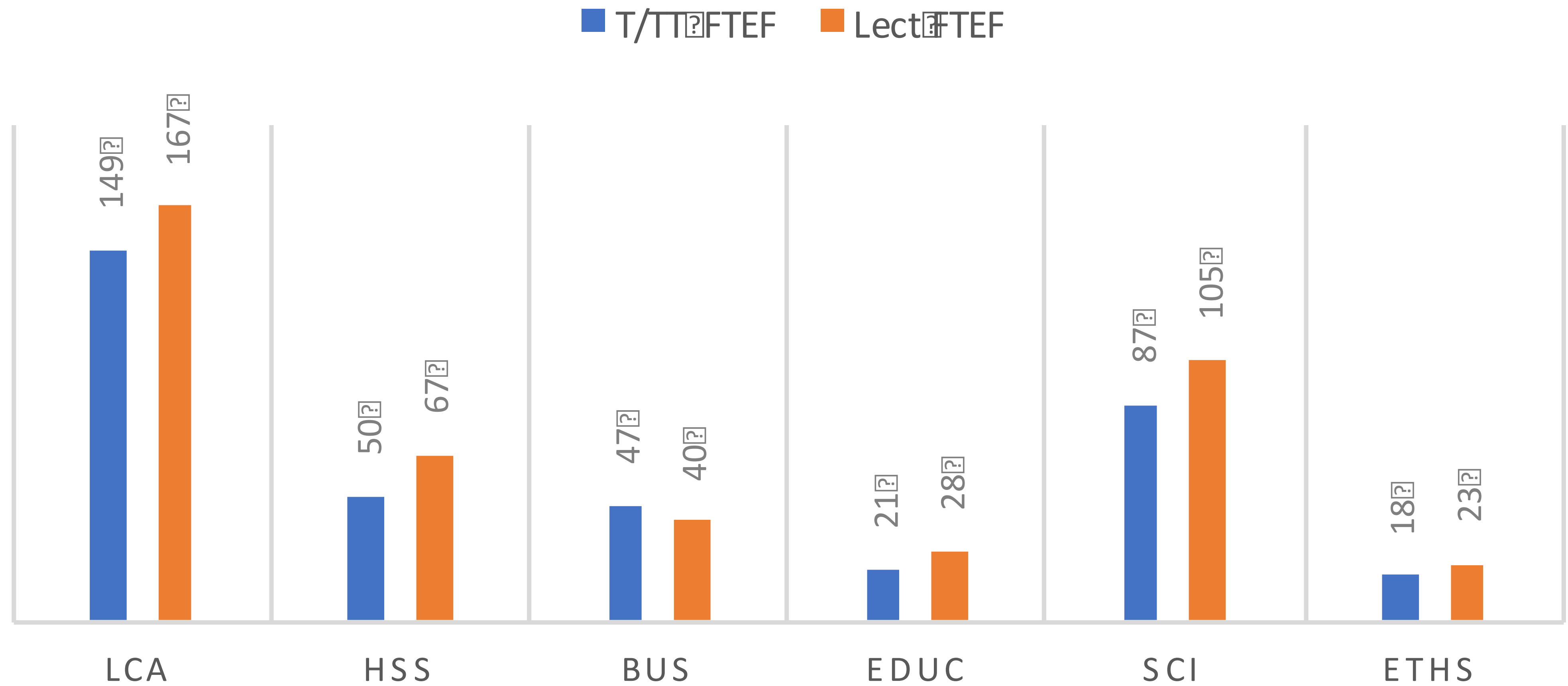
*Cost of faculty in the classroom

Preliminary Marginal Cost of Instruction
Academic Year FTE, FTES, and Costs (2016-17, Fall & Spring)

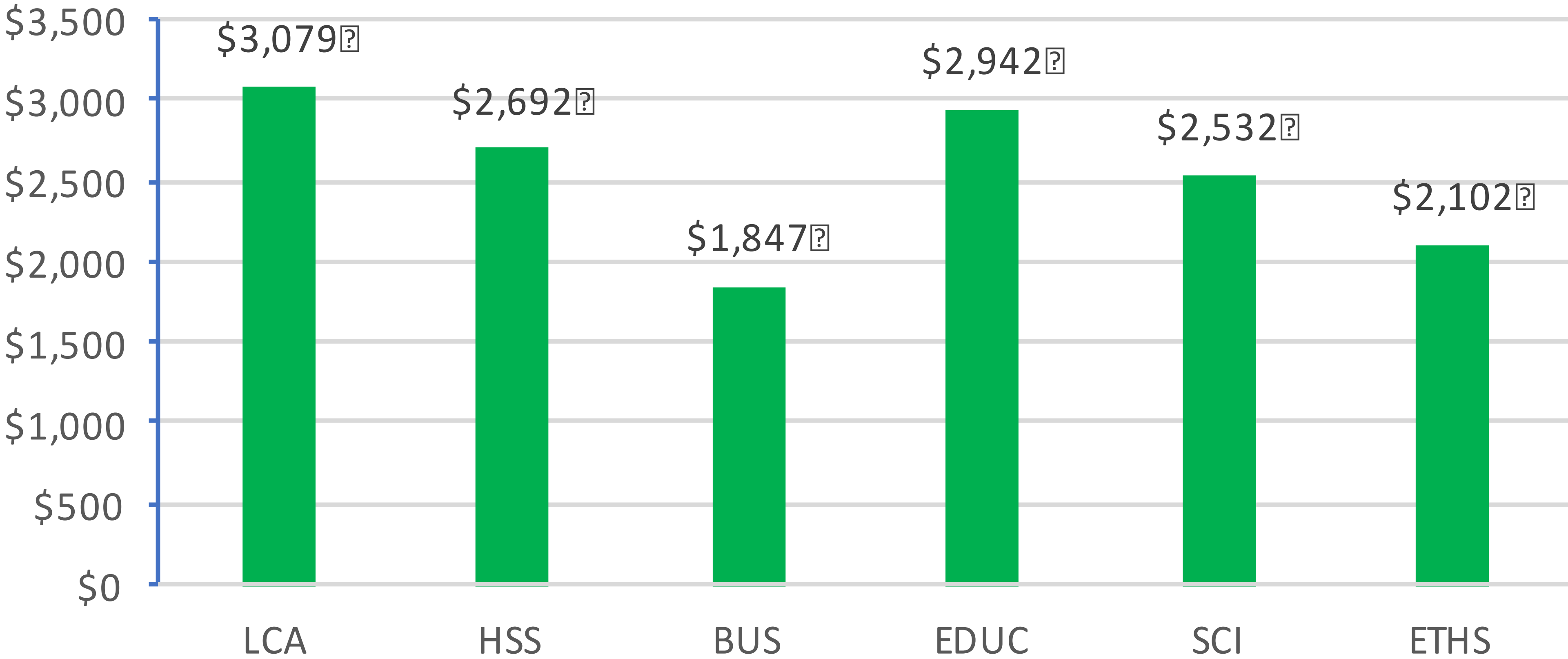
	Key	LCA		HSS		BUS		EDUC		SCI		ETHS	
		Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
FTES (Fall, Spring)	(a)	7,575		3,118		3,915		1,163		5,718		1,494	
Direct Instructional FTE													
T/TT FTE	(b)	1149.15	47.3%	1150.35	42.9%	11146.75	53.9%	11120.80	42.5%	11187.35	45.5%	11118.00	43.7%
Lecturer FTE	(c)	1166.50	52.7%	1166.95	57.1%	11139.95	46.1%	11128.10	57.5%	11104.70	54.5%	11123.20	56.3%
Total Direct Instructional FTE	(d) = (b) + (c)	1115.65	100.0%	1117.30	100.0%	11186.70	100.0%	11148.90	100.0%	11192.05	100.0%	11141.20	100.0%
Average Salary													
Avg T/TT Salary	(e)	\$93,017		\$90,478		\$106,428		\$92,680		\$96,897		\$96,094	
Avg Lecture Salary	(f)	\$56,749		\$57,299		\$56,441		\$53,228		\$57,414		\$60,838	
Direct Instructional Cost*													
T/TT FTE Cost (\$M)	(g) = (b) * (e)	\$13.87	59.5%	\$4.56	54.3%	\$4.98	68.8%	\$1.93	56.3%	\$8.46	58.5%	\$1.73	55.1%
Lecturer FTE Cost (\$M)	(h) = (c) * (f)	\$9.45	40.5%	\$3.84	45.7%	\$2.25	31.2%	\$1.50	43.7%	\$6.01	41.5%	\$1.41	44.9%
Total Direct Instructional Cost (\$M)	(i) = (g) + (h)	\$23.32	100.0%	\$8.39	100.0%	\$7.23	100.0%	\$3.42	100.0%	\$14.48	100.0%	\$3.14	100.0%
MCI													
Direct Inst Cost / FTES	(i) / (a)	\$3,079		\$2,692		\$1,847		\$2,942		\$2,532		\$2,102	

* Cost of T/TT and Lecturers in the classroom

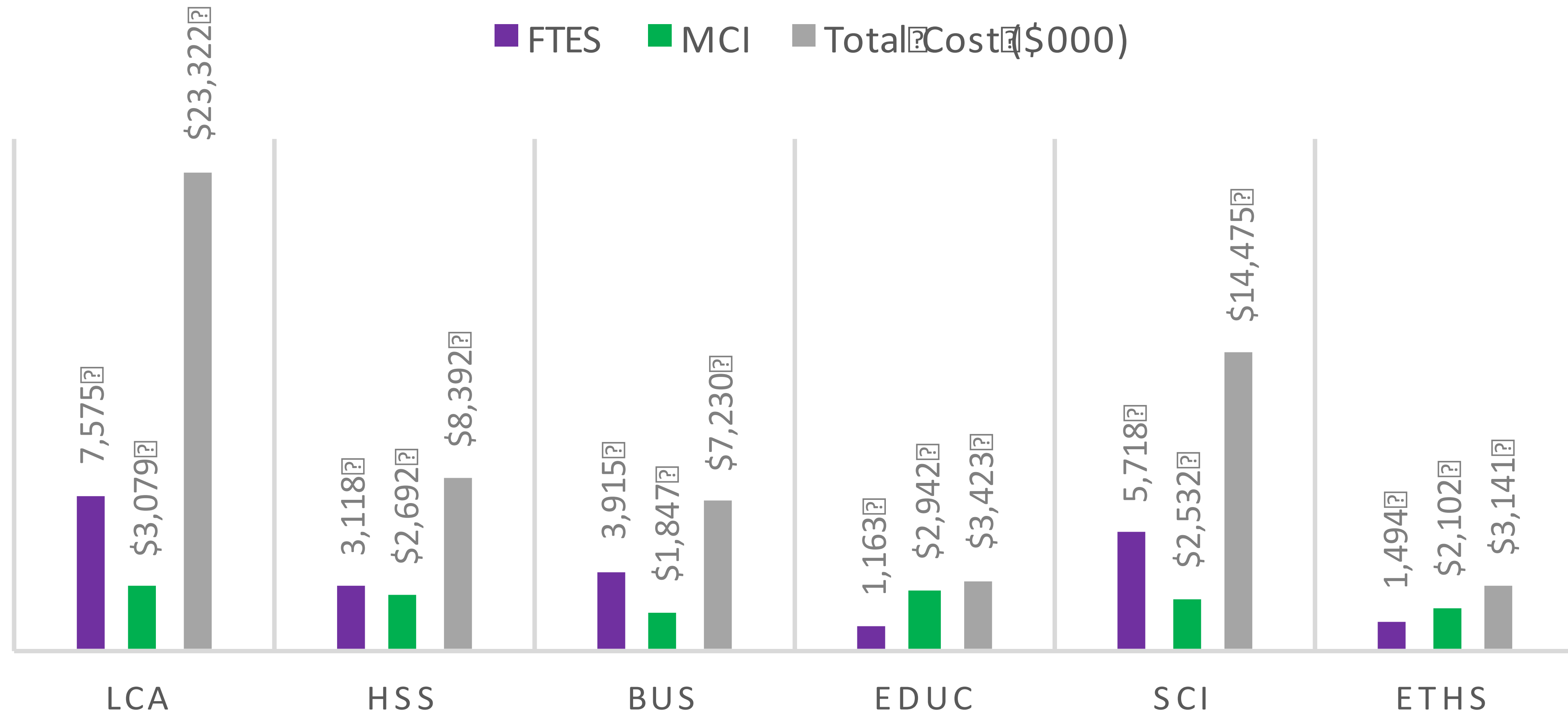
PRELIMINARY T/TT & LECTURER INSTRUCTIONAL FTEF



Preliminary MCI (Direct Instructional Cost per FTE)



PRELIMINARY DIRECT INSTRUCTIONAL FTES, MCI, & COST



To Be Continued.....

To Be Continued.....

To Be Continued.....

To Be Continued.....

To Be Continued.....

To Be Continued.....

Faculty Housing Equity

Ann Sherman, Vice President & CFO (Interim)
Administration & Finance

Housing Access and Rates

Ann Sherman, Interim Vice President & CFO, Administration & Finance

December 1, 2017

- UNIVERSITY HOUSING IS SELF-SUPPORT
 - Generates its own revenue and does not receive monies from the General Fund
- UNIVERSITY HOUSING IS **NOT** RENT CONTROLLED NOR GOVERNED BY CITY AND COUNTY ORDINANCES
 - Operates under Title 5 and California Education Code
 - University, via the Trustees, has the authority to adjust and set its own rates to ensure viability

Housing, Dining & Conference Services University Park License Agreement, 2017-2018

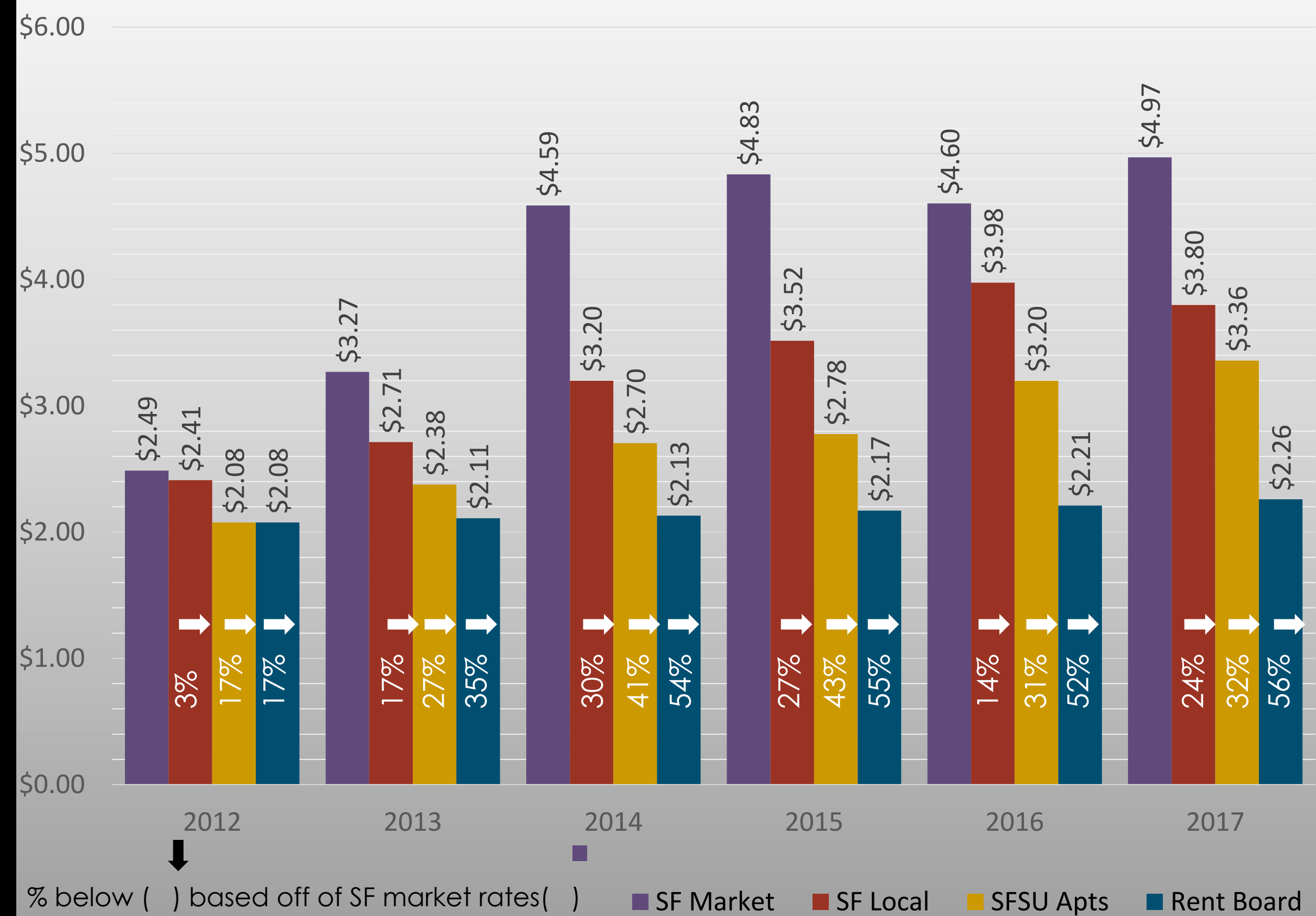
PART II TERMS AND CONDITIONS

TERMS AND CONDITIONS: This License Agreement is subject to the regulations contained in Title V of the California Administrative Code, sections 42000-42103. A copy of those regulations is available by request at the offices of University Housing and by email at <http://www.oal.ca.gov/>. Licensee(s) agrees to comply with University Park Rules and Regulations, which are attached hereto, and any subsequent amendments. **Rent Control Ordinances and San Francisco Rules and Regulations do not apply per City and County of San Francisco Municipal Code Administrative Code Section 37.2(r).**

Current SFSU target = 15% below San Francisco market; currently at 32% below SF average market rate

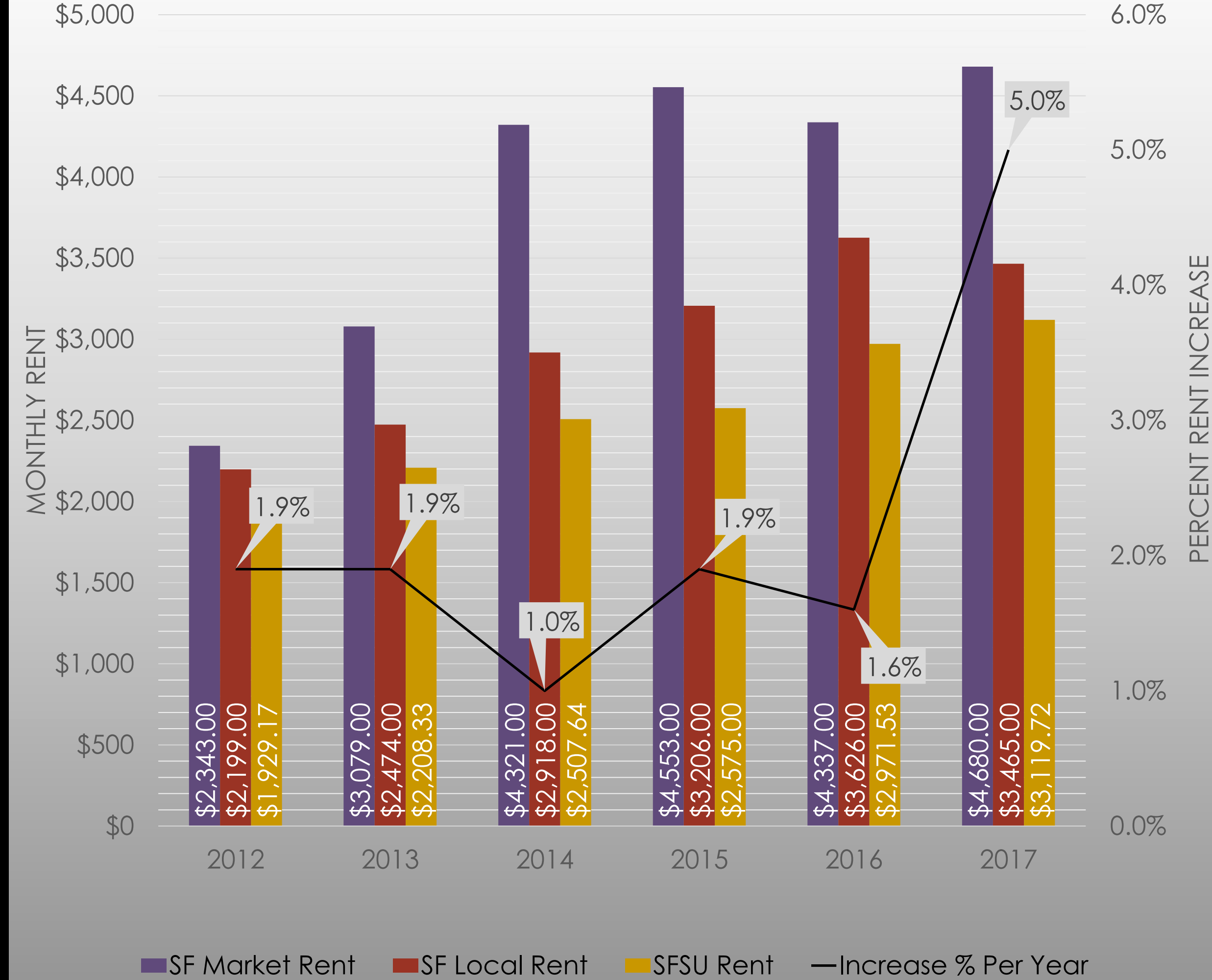
MARKET RATES/SQUARE FOOT

(2 BDRM Apartments)



Rent sources: Rent.com, Rent Jungle, Rentbitz

COMPARABLE RENTS BY DOLLAR AMOUNT



1. Of the 64 faculty tenants, 38 are below current rates, some dramatically so. Students are the most disadvantaged as they are subsidizing revenues for those tenants severely below SF State's rates
2. University Housing caters to occupancy availability with relaxed qualifications
3. Projected tax reform requires loss-to-license (lease) be taxable as earned income
4. Reserves – industry allocations versus targeted goals – Housing currently not meeting targets nor recommendations
 - Industry recommended (annual)
 - Recommended allocation 0.5% to 2.5% of Current Replacement Value of buildings
 - For SFSU, Deferred Maintenance should equal \$3M - \$15M, in good condition (it's not!)
 - Recommended allocation 2.0% to 4.0% of Current Replacement Value of building
 - For SFSU, Capital Improvement: \$12M - \$24M
 - Asset Development: as determined through the Campus Master Planning process



1. Why haven't we "made" a ton of money, given the rental rate increases?

There is only minimal movement each year (~5%) to garner the increased rate

2. Why isn't SF State exhibiting social justice in its housing rates?

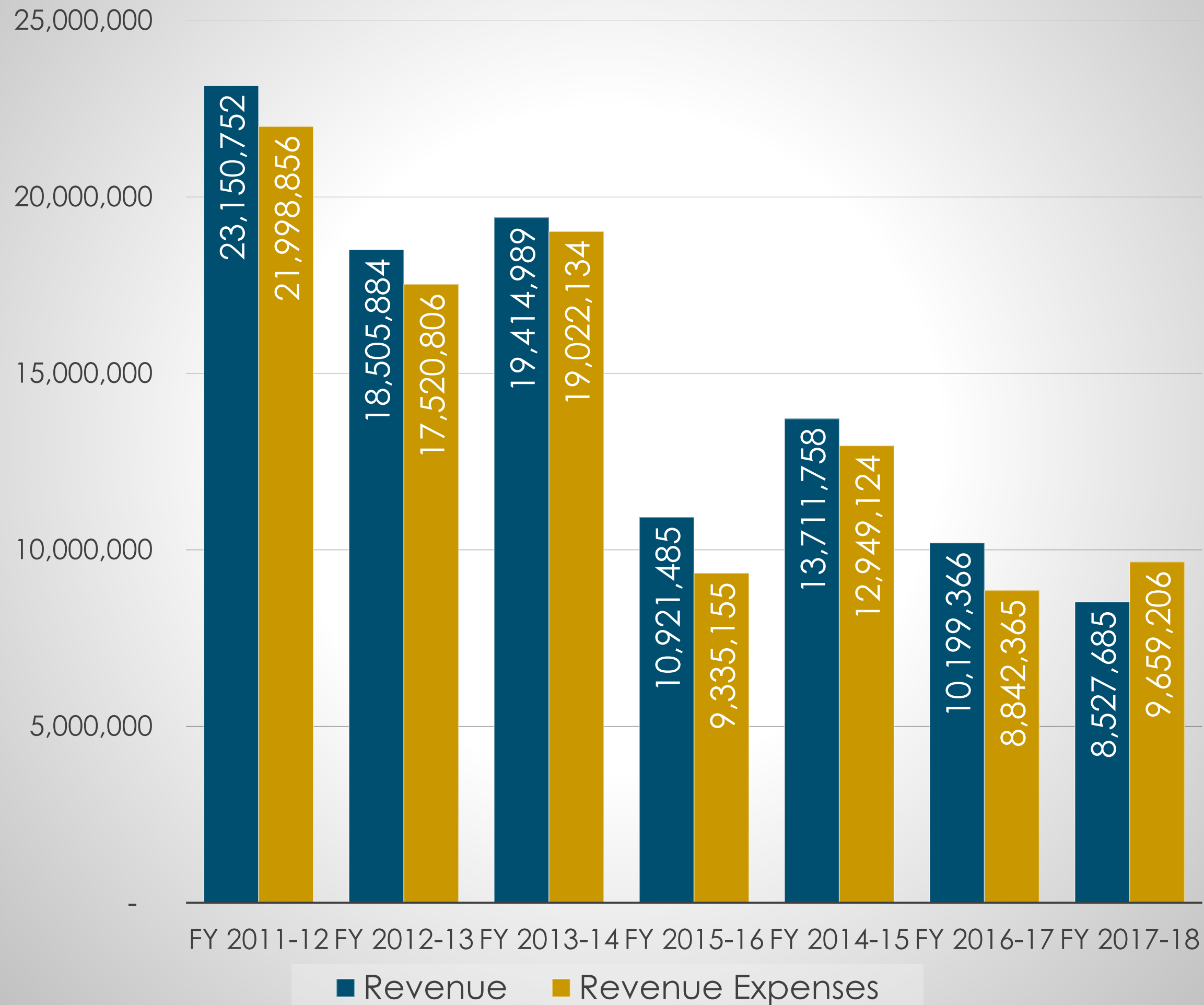
We are! Some faculty pay way below our target, which is a further 15% below market. We also relax qualification standards to permit faculty/staff housing access. We pay Housing employees the same rates and benefits, as well as re-charge fees for campus help. New faculty extra pay. Master Plan.

3. What capital or deferred maintenance improvements have occurred or are expected that are driving the projected rate increase?

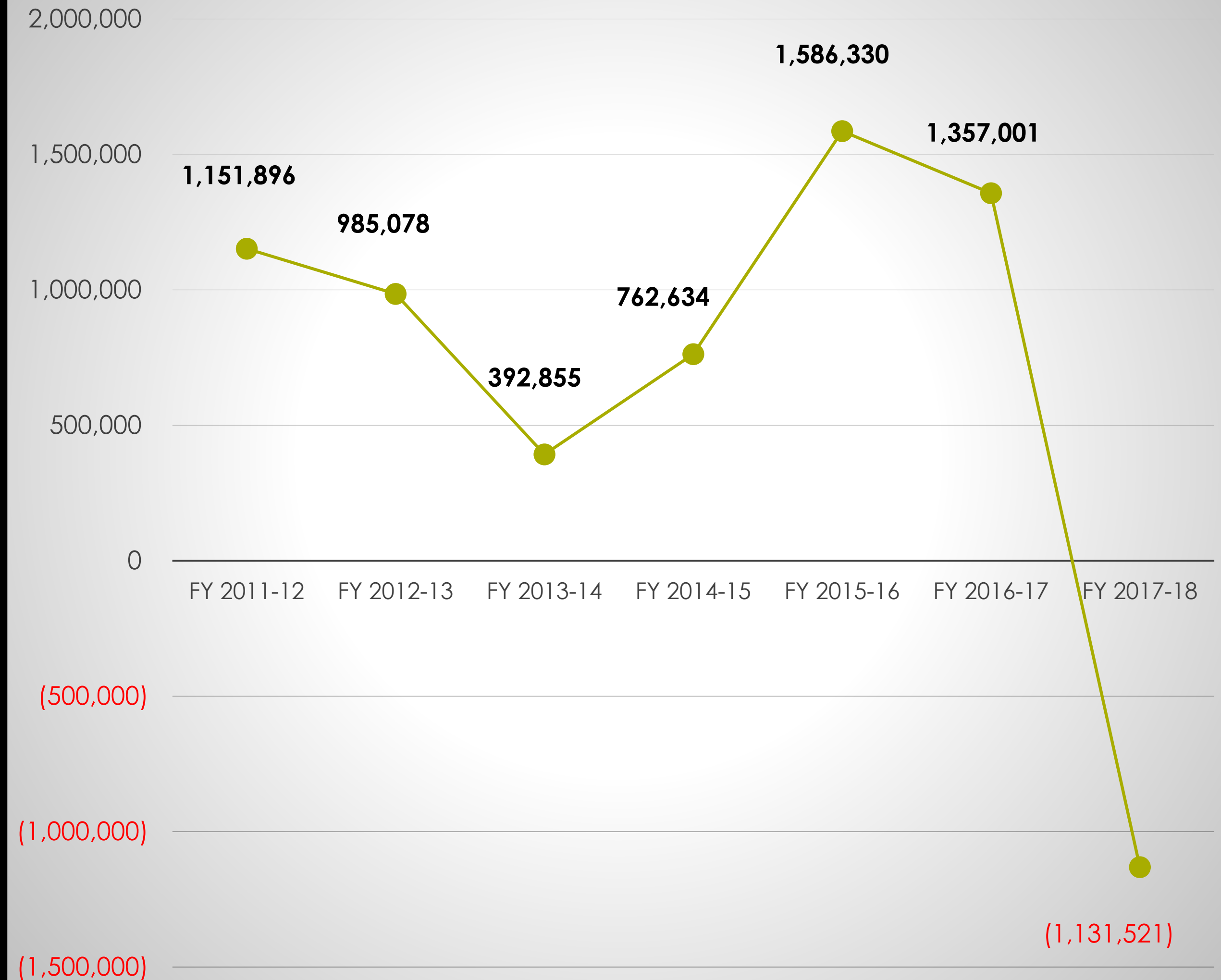
- Exterior painting and landscaping in University Park North (\$1.7million)
- External and hallway lighting upgrades for safety and security (\$320,000)
- Part-time Community Services patrol staff and other security enhancements (2 in 2016/2017, and 2 more in 2017/2018) (\$100,000+overtime)
- Hazardous Material remediation (asbestos-wrapped pipes) (\$600,000)
- Plumbing lateral line replacements (\$250,000)
- Fire and Life Safety System enhancements (fire alarms and sprinklers) (\$1.4million)
- Security fencing and access controls (\$400,000)
- Window replacements in high rises (\$1.5million)



EMPLOYEE & FAMILY HOUSING REVENUE & EXPENSES BY FY



HISTORICAL INCOME & LOSS BY FY



Housing issues/interests

- Communication with tenants
 - Re-implement Housing newsletter, 60/30 day notices, Advisory Council, improve website; personnel changes
- Information provided to incoming faculty
 - Meet with Academic Council, campus visits, clarify taxability in offer letter
- Poor maintenance – see prior maintenance improvement list
- Access and affordability for students, faculty, staff – who is priority, and to what degree do we balance competing objectives?
- Interspersion of adult residents with students
 - Save Bldgs 8 & 9, based on vacancy rates; offers to move, if desired; Floor Assistants
- Noise and smoke (of various sorts) – can't police adults behaving badly
- Security concerns
 - Hired more Community Service officers; could hire a security company at a higher cost; gates, security lighting, gate/fencing proposals

Rental Rates: Possible Options & Considerations



Possible Options

1) PROCEED AS PLANNED

a) 5% to affiliates; adherence to “spirit” of rent board increase for legacy promised by Corrigan

2) 5% to ALL tenants, including legacy

3) Equity-based rental increase based on ability to pay (if legal)

4) Progressive Increase, based on current rental rate

a) 0% under 15% SFSU rate

b) 2% for those between 15% and 30% under current rate

c) 4% for those between 30% and 45% under current rate

d) 6% for those over 45% under current rate

5) Deferred Maintenance and Capital Pass-throughs charges on top of rental rate increases

6) Combination

a) Progressive increase to affiliates as listed above

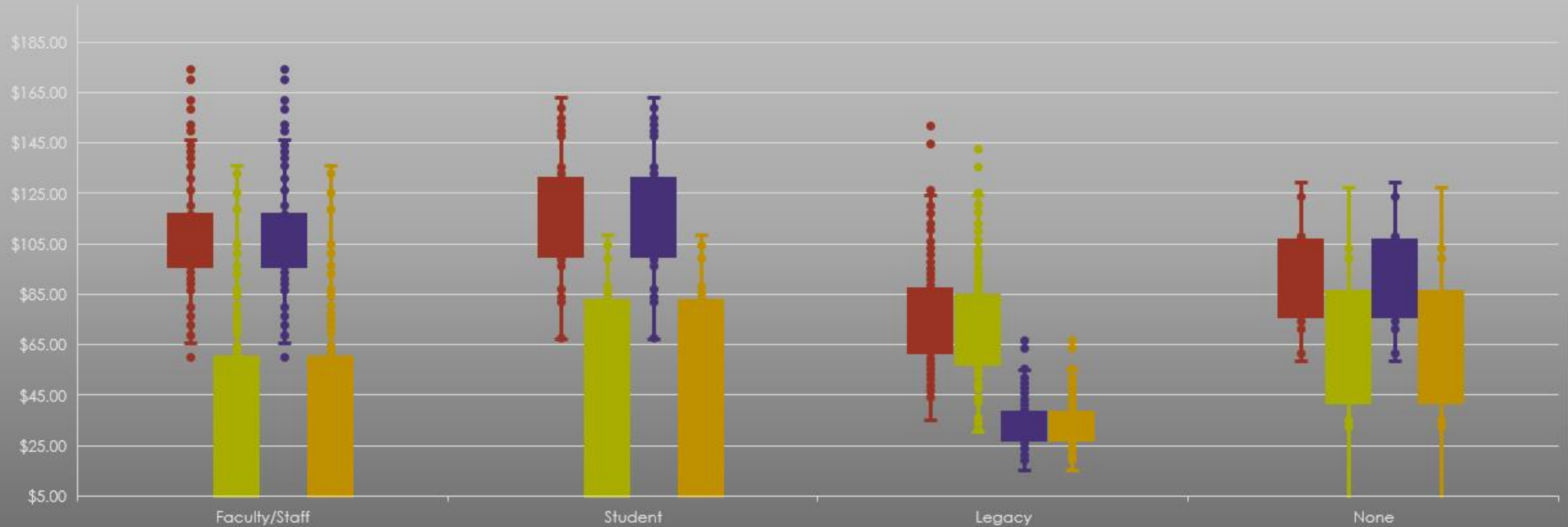
b) Adherence to “spirit” of RB increase for legacy

CONSIDERATIONS

- Letters to legacy residents as the commitments made during transition of private ownership to SF State
- Impact to students – subsidization
- Cost escalation for continued delays

INCREASE OPTIONS

5% Progressive Commitment Combo



Fundamentally.....

We are trying to provide accessible, below-market housing to as many of our campus community members as possible, while maintaining a quality, safe living environment and preparing for future growth.

Updated Committee Charge

Ann Sherman, Vice President & CFO (Interim)
Administration & Finance

Open Forum

(3-minutes per speaker)

Next meeting:

Thursday, February 1, 2018, 2:00PM – 3:30PM

April 2018 – TBD

Summer 2018 - TBD



University Budget Committee

Thank you for attending!