

UNIVERSITY BUDGET COMMITTEE
February 21, 2013
Final Minutes

Members present:

Ramon Castellblanch
Robert Keith Collins
Lawrence Hanley
Nancy Hayes
Andrew Ichimura
Marty Linder
Robert Nava
Sue Rosser
Jerald Shapiro
Genie Stowers
Don Taylor
Jo Volkert
Les Wong

Members absent:

Harvey (Skip) Davis

Call to Order

A quorum was reached and President Wong and Nancy Hayes called the meeting to order at approximately 10:30am.

Comment Period (3 minutes per speaker)

Russell Kilday Hicks, a staff member from Capital Planning Design and Construction addressed the committee. He expressed his interest in filling the open staff representative position on the UBC committee. He also provided a copy of a letter that was prepared for the state legislature on behalf of the CSUEU opposing the governor's 2013 budget proposal that would give the CSU authority to negotiate employee healthcare contribution rates.

Catherine Dunham, staff member to the committee, reminded the UBC that nominations for the Staff Representative position are still being accepted. UBC committee members are encouraged to forward names of promising candidates to the Academic Senate office (senate@sfsu.edu) by Friday, February 22nd.

Approval of the Minutes from the November 15, 2012 UBC Meeting

The draft minutes of the November 15, 2012 UBC meeting were approved, no changes were requested.

Budget Update

Jaylan Turkkan, AVP, Research and Sponsored Programs, spoke about the effects of sequestration on all federally-funded education programs (other than Pell grants). These budget cuts will reduce funding for programs in the federal education department by approximately \$2.5B, the largest cut to education funding to date.

Implementation is happening on a program by program basis to minimize disruptions and ensure required savings. The CSU anticipates federal funding reductions of roughly \$22M for FY13. Examples of CSU across-the-board cuts include NSF (\$2.6M), NIH (\$5.6M), and USDA (\$841,000). Other examples include campus-based aid programs (SOG and Work Study), competitive grants to institutions as well as grants in other agencies. Mandatory funded programs such as Federal student loans, Stafford, and PLUS loans will see increased origination fees. Here at SF State alone, federal grants and contracts will see an annual sequester reduction in FY13-14 of approximately \$2.1M; workstudy financial aid reduced approximately \$77K, and SEOG reduced \$44K. Therefore SF State's total sequestration effects for FY13-14 is expected to be \$2.2M.

Franz Lozano, Budget Officer, then reviewed our current budget picture via a PowerPoint presentation. He explained that the Governor's proposed 2013-14 state budget is balanced with \$97.7B in spending and \$1B in reserve. Voter approved propositions 30 and 39 helped achieve this balance. None the less, fiscal risks and uncertainties remain, such as unfunded liabilities, debt obligations, and federal sequestration. Higher Education is the third largest general fund expenditure \$11M, after K-12 Education \$41M, and Health and Human Services \$28M. The top three revenue sources for the Governor's budget are Personal Income Tax \$61M, Sales and Use Tax \$21M, and Corporation Tax \$8M. SF State's 2013-14 Operating Budget post-election brings our projected revenues to \$295.5M, projected expenditures to \$301.9M and projected structural deficit down to \$6.4M (which equates to a \$8.9M benefit to us compared to pre-election numbers).

Some of the major highlights of the Governor's proposed 2013-14 budget for the CSU include:

- an increase in state support for higher education for the next four years
- no tuition and fee increases for the next four years
- no enrollment targets
- a cap on the number of units the state subsidizes
- funding for on-line courses
- freezing state appropriation funding for retirement costs based on 12-13 payroll costs

Franz explained that the legislature has four months longer to fine-tune the state budget. The following step will be the Governor's May Revise. After that, the legislature has until June 15th to finalize the budget, or their salary will be cut. The Governor then has until June 30th to sign the final budget.

Enrollment Update

Jo Volkert reported that our current enrollment target is 22,800 FTE, about the same as last year. We have 3,600 new freshmen as well as new transfer students. Our graduate enrollment is approximately 15,000 for an overall headcount of 29,500. The Governor has not set enrollment targets but campuses will.

The annual Sneak Preview day is scheduled for Saturday, April 13th. We're planning for a self-support (CEL) summer session. The CSU's old Master Plan is being updated, as economic conditions have changed significantly. The Governor recognizes that tuition costs at the CSU are significantly below market value but he's determined to maintain them in spite of California's strained economic picture. Additionally the Chancellor is well aware of

capacity concerns at many of our campuses and wants to ensure that students already in the system get the classes they need to progress toward graduation.

Jo distributed and discussed the handout entitled "Impaction at SF State, fall 2014, with FAQs". The additional majors being proposed for impaction beginning fall 2014 include: the Accounting Concentration in Business; Biology; Chemistry/Biochemistry; Communication Studies; Criminal Justice; Health Education; Kinesiology; Sociology; and Undeclared with an interest in Nursing. The handout is being distributed widely, including to the Board of Trustees, SF School Board members, and to the Principles at Bay Area high schools.

Three public hearings have been scheduled to explain and receive input about impaction at SF State and how the proposed changes will affect freshmen and community college transfer admission guidelines for the 2014-2015 academic year. The hearings are schedule for:

1. Monday, March 18, 4:00 pm, City College of SF, MUB 140
2. Tuesday, March 19, 4:00 pm, SF State, LIB 244
3. Wednesday, March 20, 4:00 pm, Jefferson Union H.S. Dist., 699 Serramonte Blvd., Galleria Room, Daly City

Misc.

Brian Beatty, AVP, Operations, Academic Affairs, and Jose Galvan, AVP and Dean, CEL, spoke to the UBC about the work of the Online Course/Program Development Incentives Committee. Their goal is to strategically approach online education, articulated with possible pathways for innovative expansion of the university's academic program to encompass professional development, community partnerships, and lifelong learning opportunities. These developments need to be done carefully, while projecting, measuring, and assessing desired outcomes.

They provided a handout that outlined some initial concepts for discussion which are summarized below:

1. Basic support for course/program design, development, delivery efforts.
2. New online programs might require additional faculty lines.
3. Professional development approach – may attract faculty with funded (release time/grants) opportunities to grow.
4. Focus on innovative curriculum design – where online may not be the primary focus of efforts, but is likely to be a significant delivery method.
5. CSU Online program development potential.

Adjournment

The meeting was adjourned at 12:00pm.

Respectfully submitted,
Catherine Dunham
Administrative Assistant to the VP & CFO
Administration & Finance