



University Budget Committee Meeting Minutes

DATE: Monday, May 13, 2019

LOCATION: ADM 560 (NEC Room)

MEMBERS PRESENT: President Les Wong, Co-Chair, Interim VP & CFO Jeff Wilson, Co-Chair, Provost Jennifer Summit, VP Luoluo Hong, VP Jason Porth, Dean Andrew Harris, Senate Chair Nancy Gerber, Sheldon Axler, Sheldon Gen, Andrew Ichimura, Genie Stowers, Jerry Shapiro, Ian Dunham, Singing Chen, Elena Stoian, Maria Martinez, Sutee Sujitparapitaya

Absent: Interim VP Venesia Thompson, AS President/AS VP of Finance

Guests Present: Tom Thomas, Professor & Dept. Chair, College of Business and SIC Committee Chair, Academic Senate

Committee Staff Present: Nancy Ganner

Accompanying PowerPoint presentation for this meeting can be found here:

<http://adminfin.sfsu.edu/sites/default/files/UBC%20May%202019%20Presentation%20FINAL%20PDF.pdf>

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❖ UBC Co-Chairs called this meeting to order at 10:00 A.M.

### **Agenda topic #1 - Welcome and Announcements**

❖ **PRESIDENT WONG:** Good morning everyone, it goes without saying that if you saw the minutes from the last meeting this is my last meeting at the UBC. I just wanted to make a couple of brief observations and then the presentations you see coming down the line I think will give you pretty substantial and good detail. Friday was a good day for the CSU, the news talked about the May revise to the budget. I think the commitment to the graduation initiative is still very firm and why I will share with you that the additional dollars is for deferred maintenance will help and I was most particularly pleased that Governor Newsom saw to fund the statewide budget rebound with permanent dollars with 10 million dollars a year and that might allow us to move from 9 highland campuses for the last couple of years to maybe 13 or 14. I think that would go well but that is certainly undecided right now. The issues as you all know is that nothing is final until June 30th at 11:59pm so there will be a lot of work still being done. Typically the May revise has pretty good legs into June 30th. As you all expect when the state revenues are up by 2 billion dollars and was very unexpected it casts a new light on the bargaining and negotiating that will occur in Sacramento but if you were an agency or agent who was cut a little short they will argue to have things reported or

money is given back to them. So there are certain people that will have a lot of discussions. The last thing I will say is I think the survival of the GO Bond legislation is also one way and I think that if it continues to have legs going into the end of the academic year it will be the first GO Bond in a long time. I think that will do us well in planned and unplanned reconstruction so we will keep an eye out and do our best to keep you well informed. It was hard to walk away from Friday without a smile on my face at least when thinking that there are fewer bumps and we can keep moving forward. The only opinion I can give you is that the Board of Trustees are starting to think about multi-year budget models as they try to factor in enrollment demands and you'll hear more about our campus specifically, that's philosophically a significant change instead of thinking budget to budget but trying to think of a model for multiple years particularly in regards to tuition, so on that let's get moving and I'll turn it over to Jeff.

### **Agenda topic #2 - Approval of February 4<sup>th</sup> Meeting Minutes**

- ❖ **JEFF WILSON:** My name is Jeff Wilson Interim VP & CFO, this is my first UBC meeting that I am leading. The first item is the agenda and you all should have received that, is there any discussion about this. Second item is the approval of the minutes from February 4<sup>th</sup> any changes? Motion to approve requested, seconded and passed.
- ❖ Third agenda item is the Enrollment Update.

### **Agenda topic #3 - Enrollment Update: The 2018-19 Official and 2019-20 Projection**

- ❖ **SUTEE SUJITPARAPITAYA:** I want to start with the new students and take a look at first year students and new undergraduate transfers. May 1<sup>st</sup> is the deadline for the acceptance offer. For first time freshman we admitted 136 more, we received less applications for first time freshman this fall but admitted 136 more first time freshman. We received 624 less AAO this year than last year so I used the conversation from last fall and ended up at about 524 projected enroll for first time freshman this coming fall.
- ❖ For transfer students we admitted 391 more than last year, so if we look at AAO we have 24 less AAO, not a lot but less than last year. About 15 students less when we use last year's conversions. This is the only information we have for fall because we are still waiting on graduate students.
- ❖ We do not know summer projections so we assume that we will receive the same amount of students than last summer. I do not have information for new students in the spring so I am using the same information, with that I project we come in 3% less than Chancellors Office projection. Keep in mind this coming year 19-20 we got 25% CA resident target than last year. I project we come in 3% less.
- ❖ Non-residents this year for the first time we have a positive enrollment 2.2% projected about .5% lower.
- ❖ **SHELDON AXLER:** For first time freshman we accepted more, but the question is why such drastic decrease projected in the number.
- ❖ **LUOLUO HONG:** We have to be careful when we say decrease. For example in the past we have enrollment increases but still fell short because the target went up. The projections Sutee is talking about

as of today we will be short of the new target because the new target went up .5% and we will fall short 3%. I just want us to note that this is a projection and an assumption. We changed our AAO practice from all at once AAO practice, to now this year as soon as they got their admissions we have the AAO on our increases. This will hopefully impact the number and increase enrollment.

- ❖ **MARIA MARTINEZ:** System wide there is an overall observation that the number of students who submitted an application in the new system, Cal State Apply, lowered. That's because the portal shows students right from the beginning whether they are eligible for admissions or not. Many students have already self-denied themselves and didn't go through the application process. 5 or 6 other campuses have also seen a decrease in their applications.
- ❖ **GENIE STOWERS:** Can you go more in depth about the prediction of the decline in freshman. How come all of a sudden a decline of 500 fewer students? What factors in your model are impacting that?
- ❖ **SUTEE SUJITPARAPITAYA:** I did a conversion of CA residents and non-residents and I separated them first and looked at last year conversion so I am looking at the entire group of CA residents. Last year AAO and how many of them actually enrolled is about 82% and I used that percentage and applied it. I do the same thing with non-residents and combine those two numbers.
- ❖ **Andrew Harris:** Most of this drop in first time freshman has already happened so we can do things now to minimize the drop that is yet to come. The baseline is 634 and that is something that we need to grapple with.
- ❖ **JENNIFER SUMMIT:** Can you talk a little about retention rates and graduation rates and what are the implications of both for our overall enrollment.
- ❖ **SUTEE SUJITPARAPITAYA:** New students have to keep up, if you look at graduation rates over the last 4 years we have increased every single year. We have to continue chasing new students in order to maintain the same level.
- ❖ **PRESIDENT WONG:** The source of new students locally and transfer students pool is shrinking. Humboldt is down almost 20% enrollment and community colleges are flat. We should start paying more attention to this.
- ❖ **LUOLUO HONG:** This year the Chancellors Office has done something different than prior years. In past resident FTE targets were taken at the system level and then distributed proportionally. This is the first year the targets were distributed in a targeted manor. Two campuses only received .5% increase to our target and all other campuses received a higher percentage. The demographics of Northern California are shifting and we need to look at K-12 and High school for the last 5 years the only state to have increase in high school was Texas.

### **Agenda topic #3 - Enrollment Update: Fall 2019 Accepted Admission Offers (AAO)**

- ❖ **MARIA MARTINEZ:** Good Morning everyone, so this is really just giving more details about Sutee's projections. Sutee's AO in both freshman and transfer show they are down. I want to offer a moderate objective for our summer yield, based on last year's yield rate of 82% in freshman we will have 3,547 that

will actually enroll. Based on the same kind of yield 78% on the transfer level we will have 3,116 that will enroll. I offer two scenarios, the first scenario 82% yield about 3% higher. The second is 5% higher than last year.

- ❖ If we work toward a better yield rate over the summer we will have a total enrollment of something that's higher than last year. In Enrollment Management we are working towards a better yield rate than before.
- ❖ In non-resident enrollment we see a trend that first time freshman is also low on AAO so we are applying the same ambition on the yield rate and it will project, if we do 2% better than last year we will have an increase in yield rate in non-California residents. These numbers are still soft because we do not know if they are residents or not.
- ❖ We want to talk about the redirection process, this year Chancellors Office changed the redirection policy. Before the redirecting students who are transfer students are not admissible to any CSU campus. Now they have opened up the redirection policy to all students and they have asked the students whether they want to be redirected and where they want to be directed. Not all campuses are accepting only 6 campuses including SF State are accepting redirects. To date as of last week, we have received 858 redirected applications. Majority of them are from Southern California that is heavily impacted. Despite the passing of the May 1<sup>st</sup> deadline we are reaching out to students and we have received 150 AAO. We are also speaking about partnerships with Community College and specifically SF schools. Those who have AAO from City College are going to come, the counselors from City College are working with their students to make sure all of their needs to go to San Francisco are met.
- ❖ **PRESIDENT WONG**: The presidents are finally getting the total number of redirects at a system level. As of Thursday there were 1,454 redirects. These numbers are looking much better than years before.
- ❖ **LUOLUO HONG**: I do want to share, the system is trying to do a regional enrollment management. We are not sure how promising this is but what it is a concerted effort from San Francisco, Sonoma, East Bay, and San Jose will try to get together and look at high school and graduation enrollment trends and see what it looks like and how we are going to divide it up and what will the strategies be. What the target is has a huge impact for use for budgeting and enrollment management. It will be interesting if this goes anywhere.
- ❖ **PRESIDENT WONG**: It is the first time the Chancellor has said that the regional schools should get together and have a talk about this.

#### **Agenda topic #4 - Graduation Initiative 2025 Update**

- ❖ **JENNIFER SUMMIT**: I wanted to start by acknowledging everyone who have played a critical role in our Student Success plan. Student success is truly something that involves all of us, so thank you.
- ❖ First off, the Student Success plan has been in place for two years and we see progress in all of our goals. Our four year graduation rate are just shy of 25%, it wasn't that long ago that our graduation rate was 18% and I am very encouraged by this very dramatic move in the right direction. Six year graduation is

just shy of 55%, I think many of us remember when it was under 50%. Our two year graduation rate for undergraduate transfer is up to 44.7%. Four year graduation rate is flattening out but we look forward to seeing progress in our transfer graduation.

- ❖ The Student Success Plan is funded by the Chancellors Office by way of the legislature and the governor, we implemented our plan and track our spending in each element of the plan and report back on every penny we spend and also on the outcomes. It shows us how budget is linked to our mission oriented goals. We have 6 components of our plan and is all based on data from institutional research on why students leave and when. On the basis of that data, our priorities would be curriculum course availability, advising, data, first year experiences, student support, and faculty hiring. There are critical elements of student success that are not included in our plan because they exceed the capacity of our GI 2025 funding. I will walk you through each of these elements and give you some high level summaries and some takeaways on where we have to go next.
- ❖ The first one is curriculum and course availability and this priority was established based on our annual surveys from our departing seniors where we asked two questions: are you graduating in the time you expected, if not what was the reason of your delay and if changes were made what is the one thing we could do to improve your San Francisco State experience. Consistently, year after year the overwhelming answer to both questions is that course availability is delaying student's graduation and harming their experience at SF State. We also know that curricular complexity contributes to student's lack of degree progress. So focusing on helping departments to revise their curricula to make them more student friendly as well as working with the senate on academic spaces in order to increase the course availability. We have also implemented a new budget model, the budget is linked to enrollment and is meant to boost course availability and we have seen some good returns over the last year. The takeaways are that the exit survey tells us that we are seeing some improvement, while students still tell us this is the #1 delay and unhappiness. These negative responses have decreased from the two years when we started implementing this course availability effort. We know we are still not meeting demand but we have the tools to determine where the demand is and this is helping us target resources and efforts appropriately.
- ❖ Advising is the second element that graduating seniors identify as a barrier to graduation and to their experience here. The first thing we did with the first funding we got from the GI 2025 was to put it straight into advising. We were able to hire 20 new advisers that were shared between University Advising Center and the colleges and we were able to train them so that we have a more coordinated and targeted advising system. We have refurbished many of the college student success centers: COSE, COB, and Ethnic studies all have new visible welcoming advising centers and we are looking forward to refurbishing the University Advising Center so it is visible and welcoming. We are deploying a new e-advising platform, EAB, once it is fully in place allows us to complement our in person advising efforts with a robust platform. The takeaways from this are that collaboration and coordination across the advising centers is really critical, it means that our students are getting timely information that's relevant to university requirements. We are looking forward to using EAB and finding that hiring an onboarding

staff in advising is an ongoing effort. It seems that as soon as we hire good advisers they tend to be hired by other people.

- ❖ Student Success Data, here is where I would like to tip a hat to Institutional Research for developing new tools that are now college level student success dashboards that are available down to the department level. Each of the colleges have developed a student success plan using its data and we are asking the colleges and the departments to reference their data when making key decisions in curriculum development and hiring. We have a number of faculty who participated in a CSU wide faculty focused student success initiative and this is moving in the right direction to target a very complex problem and recognizing that it doesn't happen without good data. The next steps are that we know there is a voracious appetite for good data so in order to address that, Institutional Research is undertaking a strategic plan in order to figure out how to best deploy its limited resources to help the colleges as well as to consider what resources the colleges need to be responsive to their own student success data.
- ❖ First year experience, this developed from our foundations of excellence effort two years ago. This has been one of the largest full scale curricular efforts we have done at SF State. We are developing required first year seminars for all of our first year students which is also in conjunction with the Area E requirement. This has been a massive effort recruiting and supporting faculty to teach these and is going to be a game changer for student's experience because typically in the past we are finding that our first year students coming to campus were put into some of our largest and unwelcoming classes so by instituting first year experience seminars it will maximize student exposure to faculty so that they get engaged sooner and decide to stay. This is an effort that is ongoing and we created paired leaders in Student Affairs Enrollment Management and Academic Affairs, that partnership has been critical to the success of this effort and I just want to acknowledge Nancy Gerber who was the co-chair of that effort.
- ❖ Support services, we have expanded the metro college success plan through the GI 2025. We have also conducted an operational review of all of the tutoring services on campus, the goal is to create a coordinated and integrated tutoring program like we did with advising following the review we did three years ago. We will have a much better collaboration between University, college and department tutoring services so we can really target those where they are needed. We are also expanding student support services in Student Affairs Enrollment Management in the division of Equity and Community Inclusion. The basic needs initiative and additional staff in Student Affairs Enrollment Management focused on student services have been critical. Some of these are just underway, the operational review of tutoring report has been received but the implementation will wait until next year. These will remain high priority items as we move forward.
- ❖ Faculty hiring and development is the last but certainly not the least of the pillars of our program. Faculty orientation and the Center for Equity and Excellence in Teaching and Learning (CEETL) have really focused on faculty development to establish a strong base for equity pedagogy. All of our faculty with CEETL were developing pedagogy for faculty teaching first year students across the golden floor. When this is fully implemented all of our freshman will be taught by faculty trained in equity pedagogy this will have an enormous effect on reducing our opportunity gap.

- ❖ I also wanted to talk about a new initiative that we are launching this year or next year, it is a hiring of six new faculty to address and support student success. This is with new additional funding we have received from the Chancellors Office, will allow us to hire these six faculty and place them in areas where they will have a significant impact on undergraduate student success.
- ❖ Takeaways, faculty are critical in student success and on our campus we have really found that given the complexity of the problem no body is better at the challenges of student success than our faculty, chairs, and colleges.
- ❖ **NANCY GERBER:** The piece I was missing was the budget details, I do get a lot of questions from faculty about how this money is being spent and where in all of these six pieces is it being spent and how those decisions are being made and I've noticed when I do my google search I keep hitting the old IR site and it seems that the data isn't available on the new site and it's a little hard for these questions to be answered if we do not have access to the data.
- ❖ **JENNIFER SUMMIT:** To the point of accessibility of IR data, I know that IR is in the process of revamping its website so this is a golden moment to address this.
- ❖ **SUTTEE:** If you would like to talk more offline we can discuss this further.
- ❖ **NANCY GERBER:** Yes, I think that would be good. I can send you links on data that I found of the old site but can't find on the new IR site.
- ❖ **JENNIFER SUMMIT:** The other question is about where the money is going, it is part of the public record so it is available, I've shared with you the outcomes but I haven't shared with you specifically where the allocation has gone. I think what you are asking for is transparency and I would be more than happy to show you this with an invitation from the co-chairs.

#### **Agenda topic #5- Budget Update**

- ❖ **JEFF WILSON:** The next item will be a budget update with a higher level of review of the State of California budget. As President Wong mentioned, the CSU was pleased with the initial budget in March, but that pleasure was based on an increase in revenue. There is also a lot of increase in costs. We are limited by the additional cost that will be confronted in 19-20. Everybody keeps waiting for the other shoe to drop in this economy, but every time there seems to be a little bad news, good news comes. Personal income tax in CA was lagging in February and March and spiked in April and May so those two things offset each other. The 19-20 budget is optimistic and Elena will talk more on that.
- ❖ **ELENA STOIAN:** So I am not here to report on the San Francisco approved budget but I am here to talk about the good news and the biggest effort for the campus to get there to have a balanced and an approved budget. So the first slide will talk about the Governors May revise. In the previous meetings I have shown the Governors January budget and it hasn't changed much from the May, he approved \$300 million in base and \$264 million in onetime funding. It is good news, however every time we receive funds they comes with expenditures. There is very little room to wiggle. Graduation initiative if we look in May revise, the governor approved \$45 million base, \$148 million in compensation, enrollments

original request to approve 2%, 5% governor approved and we received 2% from the Chancellors office a 0.5% increment. In infrastructure we have received \$247 million in one times. Overall we received from the state \$13.5 million and if we meet the target we are going to have an additional revenue of about \$505 thousand.

- ❖ On the next slide, what significant adjustments we received from the governors may revise, we received an additional base allocation of about \$6.5 million to support students who are experiencing homelessness but \$6.5 million is for 23 campuses so I do not have figure for our campus. Project Rebound, it went from \$250K per year to \$1 million per year and again it may be extended to 23 campuses. In Sacramento they are receiving one time funding about \$740 thousand for foster youth program at CSU Sacramento. These are the news from the May revise. The \$13.5 million puts our base budget from \$378 Million to \$392 Million and I am talking base budget without the one-time allocation.
- ❖ What is going on with SF State FY 19-20 and what's next, we are actually at the completion of the budget meetings where the cabinets meet with the CFO and the President and they present their budget requests. On the capital budget, capital planning already submitted the 5 year capital plan draft to the Chancellors Office and they are one year ahead 20-21, as soon as we close the books we will be able to see what available resources the campus has and that is somewhere around end of June or beginning of July.
- ❖ What is going on next, between May 13-16 planning units, business managers, VP's, and CFO meet with the President on their requests. On May 20<sup>th</sup>, the planning units review the cabinet files and roll-up for the CFO and Presidents approval, my office is going to receive all of the files from the campus and it is going to be a tremendous effort from my office to roll up all university consolidated budgets. It is not only general fund but all funds. We are going to report back to the CFO and President our findings and recommendations. June 10-14 we hope to have feedback for the planning units and by June 17-28 we will have a base budget to be uploaded in the system. By August 15<sup>th</sup> my office must finalize the budget and submit it to the Chancellors Office, by end of August we hope to have the revised budget which is all of the approved one time allocations and any carry forwards that are going to be additional to the base and upload it in the financial system. Also, we are going to have adopted the capital budget and start the campus wide budget presentations and town halls.
- ❖ **JEFF WILSON:** So I will just add in the shorter terms between now and June 30<sup>th</sup>, the deliberations will go on in Sacramento between the Governor and Legislature and some things to expect is that if there is additional funding it will be similar to GI 2025 funding in which it will come with significant reporting and performance based metrics so there is some push back on do we really want that extra funding. You probably heard that there are funded studies for two new CSU campuses and maybe a third, so there is a fear that there might be additional earmarking for funds for particular projects. We would rather just have the budget cleaned.



- ❖ **PRESIDENT WONG:** One of them is in the South Bay and the other is in Stockton. The hypothetical third one is that there has always been a push to have one between San Bernardino and San Marcos but this one did not receive funding.
- ❖ **Agenda Topic #6 - Preparing for the Next Downturn**
- ❖ **JEFF WILSON:** So I will go ahead and start with the final item and it really is the beginning of a conversation the CFO and the Presidents are being challenged to have all of their campuses address what we all know will eventually happen.
- ❖ So this shows the incremental funding changes from 2003-04 until 2017-18 and for those of us who were with the CSU in the recession we will see those bottom two points from 2009-10 to 2011-12. The point upward in the middle is when we received ERA funds, recovery funds, so there was a spike in revenue but it was all based on federal support.
- ❖ This graph shows tuition revenue and state appropriation and you can see that 2003-04 there was a significant difference between the two sources of revenue and during the recession those two crossed over so we went from being state funded to state supported. Over the past few years there have been increased investments in Higher Education so those numbers have begun to spread apart.
- ❖ **ANDREW HARRIS:** How different would that graph look if it were per FTES?
- ❖ **JEFF WILSON:** I do not have an answer to that, so I am not sure.
- ❖ **PRESIDENT WONG:** Until 2014 the dollars per FTES varied across the 23 campuses so Chancellor White did not stabilize the dollars per FTES until 2014. At \$6,600 dollars before in 2012, the difference was so dramatic that Fullerton and SF State were at 22 and 23 in dollars per FTES.
- ❖ **JEFF WILSON:** These show the changes in funding from 2007-08 to 2011-12 this is the gross budget of tuition and fees and the general fund. The increase is the increase in tuition and ERA funding and the changes range from 6% to an increase of 11% and short term solutions were deployed to balance the budget. On the expense side what occurred was un-funded mandatory cost increase of \$185 million some increases were offset by a tuition increase of \$349 million we implemented furloughs in what was a 10% salary reduction and campuses experienced layoffs. Then on the revenue side during this period tuition increase 97%. The average campus fees increased 40% over 5 years and we received a one-time federal fund and there were cuts across the system.
- ❖ Now that we are anticipating another down turn, there are other issues we must confront. The reopening of labor agreements will occur next year, capital improvements we see construction cost increasing, and with increased enrollment in Southern California they need more space and more buildings. The current

year cost of pension and retiree benefit obligation is \$1 billion that is complemented with a 4.5% annual increase in health care costs. We have growing unfunded liabilities that have been allocated among participating agencies and is related to pension and other post-employment benefits. This was the first year the CSU had to record these in their financial statement so we had to record a 14 billion dollar liability.

- ❖ The chancellor's office put our budget through some modeling and shows all 23 campuses. If we received a 6% reduction in state appropriation offset by a 2% increase in tuition, this shows us what the impact on our budget would be. San Francisco State would have a \$23 million reduction in funding. This is if we had a downturn and is only a hypothetical.
- ❖ So as I said in the beginning, this is a start of a planning process for having a strategy to deal with this downturn. No one anticipated for what happened before and we should plan for it so we are not caught off guard. What are the things that we can do to plan, one is to draw from reserve, that 23 million decrease in funding will eliminate our reserve in one year. Some other things that can be done is increasing tuition, reduction in FTES, and reduction in labor force. So how do we plan now so that these negative actions won't happen?
- ❖ **ANDREW HARRIS:** For the reduction in FTES, I've seen other economic downturns that the FTES goes up. So if there is an economic downturn more students decide to go back to school.
- ❖ **PRESIDENT WONG:** Typically nationally when you go into a recession you try and reduce enrollment and maximize graduation because you are trying to try and find a balance the cost for graduation relative of the cost for instruction for fewer students.
- ❖ **JENNIFER SUMMIT:** Can you walk us through what is the process by which we hope to develop and approve a campus wide carryforward policy.
- ❖ **JEFF WILSON:** I prefer to separate carryforward from reserve. A carryforward policy has an intended use to support the base budget, it is not a savings account to roll forward year to year. A reserve policy would officially set aside funds for situations like this and would require some political action from the campus president or a group like this to use those funds.
- ❖ **PRESIDENT WONG:** This institution was not systematic through the years not only managing but identifying the difference between carryforwards, reserve accounts, and general fund obligations. Many local units were using reserve and carryforwards to pay for general fund activities this is not a great preference.
- ❖ **Genie Stowers:** I have seen a real change in culture on this campus. At the 2008 downturn this campus had no planning culture at all. There really was no ability to look ahead and I have seen that shift an

enormous amount, just the whole attitude on evidence based decision making and following up on that and making sure everyone has these tools, there is a lot more transparency, more participation in problem solving and it's just not a few people. It makes me feel more optimistic about where we are at on campus and our leadership.

❖ **Agenda Topic #7 - Open Forum: Ten minutes, 3 minute limit per speaker**

❖ **PRESIDENT WONG**: I wanted to take advantage of that compliment because it deserves a compliment from me. People are noticing the teamwork, the sharing of the data and the transparency but the culture that exists now the problems to the university are now faced by multi-teams and multi-units are so much more credible and lead to better decision making. I take your compliment deeply. I wanted to thank you all, this has be fun.

❖ We're adjourned. Thank you.