



SAN FRANCISCO
STATE UNIVERSITY

University Budget Committee

May 16, 2024

Welcome!

UBC guests: Please ensure your full name shows onscreen

- ◆ Please use the “raise hand” function for questions
- ◆ We’ll do our best to address questions posted in the Chat
 - ◆ Public forum begins approximately 11:45AM
- ◆ Today’s presentations will be posted to the UBC webpage

first UBC meeting for Fall 2024:

Thursday, September 19, 2024, 10:00 AM – 12:00 PM via Zoom

Welcome

from UBC Co-Chairs

Amy Sueyoshi
Provost & Vice President
Academic Affairs

Jeff Wilson
CFO & Vice President
Administration & Finance

Share Your Thoughts

UBC Meetings

Attend and participate in the public forums

UBC Office Hours

Attend drop-in UBC member peer-hosted Office Hour on **Fridays** after UBC

By Email

ubc@sfsu.edu
Shared with UBC Steering Committee

Personally

Reach out to a member and they can share knowledge and bring input back to UBC

UBC Webpage

<https://adminfin.sfsu.edu/ubc>

Click on the

Feedback and Questions

button

UBC Office Hours

Members of the University Budget Committee (UBC) invite you to attend UBC office hours to provide your feedback on meeting presentations, to suggest topics for future meetings, to discuss university budget-related questions, etc. This is an opportunity to dialogue directly with your UBC member-peers, as sessions are offered specifically for Staff and Faculty/MPPs.

UBC OFFICE HOURS

(tomorrow) **Friday, May 17, 2024**

Faculty & MPP: 11:00 AM – 12:00 PM

Staff: 11:00 AM – 12:00 PM

RSVP to: ubc@sfsu.edu

All meetings take place via Zoom

AGENDA

Welcome/Office Hours/Agenda Review	Jeff Wilson
Member rollcall	UBC coordinator
Minutes Approval (UBC April 18 meeting)	Jeff Wilson
President's Message	Lynn Mahoney
Budget Update	Jeff Wilson / Elena Stoian
Voluntary Service Incentive Program (VSIP) update	Ingrid Williams
BREAK (5 mins.) -----	
Action Item: IDC Policy draft 2 nd reading / member vote	Eugene Sivadas
Cabinet Allocation Process	Elena Stoian
Responses from UBC Office Hours (verbal report)	Jeff Wilson / Amy Sueyoshi
Public Forum	ALL

Member Rollcall

and thank you!

UBC sends sincere thanks to outgoing members for their committee service:

- Iese Esera, Chief of Staff, Associated Students
- Shrey Patel, VP of Finance, Associated Students
- Gretchen LeBuhn, Professor of Biology, College of Science & Engineering

Approval of Minutes

from UBC meeting April 18, 2024

All past meeting minutes can be found on the UBC Webpage

President's Message



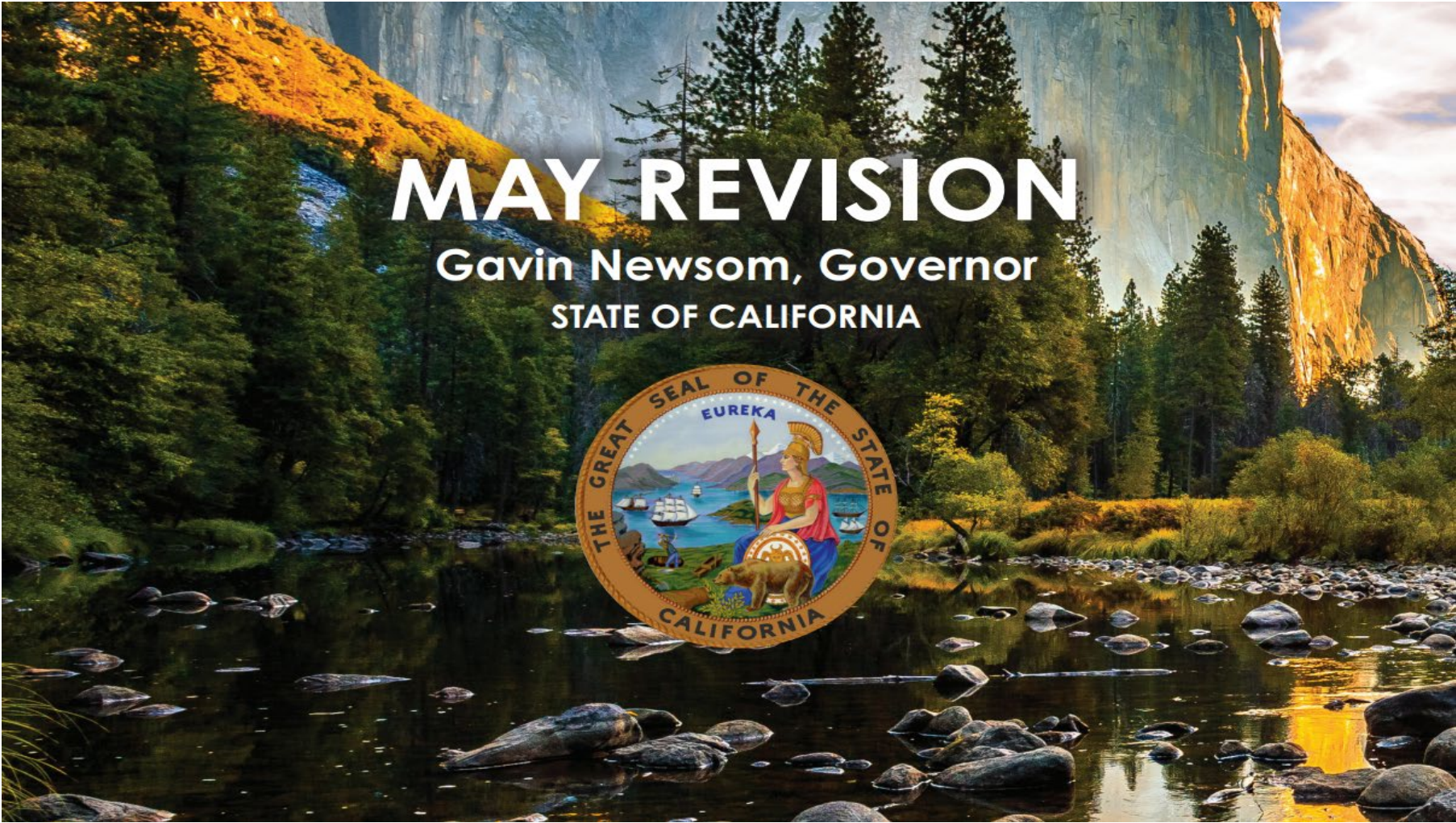
J. Paul Leonard Library
Sutro Library

Budget Update

Jeff Wilson

San Francisco State University
Administration & Finance

GOVERNOR'S MAY REVISION



Headlines for CSU/SF State

Good news:

Year 3 (2024-25) Compact Deferral holds based on April agreement between Governor and Legislature – the “Early Action Plan.” (no change from January proposal)

Bad news:

Governor introduces two-year budget model (current year +1 year) and FY 25-26 state budget deficit exceeds FY 24-25 state budget deficit.

Will (Can) state provide funding for deferral, permanent allocation for 2024-25, and permanent allocation for 25-26?

How the DEFERRAL works:

2024 – 2025: CSU spends \$240 million one-time funds
(CSU level – not campus level)

2025 – 2026: State reimburses \$240 million one-time funds

State appropriates \$240 million ongoing funds
(Compact Year 3 - FY 2024-25)

State appropriates \$254 million ongoing funds
(Compact Year 4 – FY 2025-26)

$$\text{\$240} + \text{\$240} + \text{\$254} = \text{\$734}$$

How the DEFERRAL works:

2024 – 2025: CSU spends \$240 million one-time funds
(CSU level – not campus level) **Early Action Plan**

2025 – 2026: State reimburses \$240 million one-time funds **Early Action Plan** but pending until final budget act – June 30, 2024

State appropriates \$240 million ongoing funds
(Compact Year 3 - FY 2024-25) **July 2025**

State appropriates \$254 million ongoing funds
(Compact Year 4 – FY 2025-26) **July 2025**



2024 – 2025 SF State Budget Planning

MULTI-YEAR ASSUMPTIONS & CONDITIONS

Tuition Revenue	State Appropriation	Compensation Adjustments	Operating Costs	Multi-Year Reductions
<p>6% increase beginning for Fall 2024 (continuing for 2025-26 and 2026-27); enrollment <i>continues to decline</i> from 20,566 FTES in 2023-24 to 18,419 FTES in 2026-27.</p>	<p>Compact holds; CSU reallocates (reduces) SF State funding by 3%; assume Governor’s commitments in January proposal related to deferred funding will hold.</p>	<p>5% salary increases for all employees (+ related benefits costs); additional costs per various CBAs (e.g., raising minimum starting salaries for specific faculty ranges); CSU <i>only partially</i> funds these additional costs.</p>	<p>Costs grow by 3%. Known increases above 3% (e.g., utilities) are also included.</p>	<p><u>For 2024-25 reduce costs by 5%</u>; for 2025-26 and 2026-27, reduce costs by 3%.</p>

2024-25 ASSUMPTIONS & CONDITIONS

Tuition Revenue	State Appropriation	Compensation Adjustments	Operating Costs	Multi-Year Budget Reductions
<p>6% increase beginning for Fall 2024; Enrollment projected to decline from 20,566 FTES in 2023-24 to 18,932 FTES in 2024-25.</p> <p>FTES = Full-Time equivalent student</p>	<p>Compact holds. CSU reallocates (reduces) SF State funding by 3%.</p>	<p>5% salary increases for all employees (+ related benefits costs); additional costs per various CBAs (e.g., raising minimum starting salaries for specific faculty ranges); CSU <u>only partially</u> funds these additional costs.</p>	<p>Costs grow by 3%. Known increases above 3% (e.g., utilities) are also included.</p>	<p>Target for 2024-25 is 5% reduction.</p>

FY 2023-24 AND FY 2024-25 BUDGETS

(\$ in millions)

	FY 2023 - 2024	FY 2024 - 2025	Change
Total Resources	\$362.2	\$361.9	-\$0.3
Total Expenditures	<u>379.2</u>	<u>384.7</u>	<u>+5.5</u>
Operating Surplus (Deficit)	(\$17.0)	(\$22.8)	+5.8
One-Time Funds	17.0	22.8	+5.8
Surplus (Deficit)	\$0.0	\$0.0	\$0.0

2023-24 RESOURCES → FY 2024-25 RESOURCES

(\$ in millions)

	Amount
FY 2023 – 2024 Total Resources	\$362.2
Less: 3% Reduction (Chancellor’s Reallocation Plan)	(6.0)
Add: Mandatory cost support (e.g., compensation, health premiums, insurance)	10.8
Less: Tuition increase offset by (1) lower enrollments and (2) 30% SUG	(5.5)
Add: Additional interest revenue	<u>0.4</u>
FY 2024 – 2025 Total Resources	\$361.9

2023-24 EXPENDITURES → FY 2024-25 EXPENDITURES

(\$ in millions)

Amount

FY 2023 – 2024 Total Expenditures

\$379.2

Add: Mandatory Costs Increases (e.g., compensation, health care premiums)

20.6

Add: Higher utilities costs

1.0

Add: Higher risk/campus insurance premiums

0.4

Add: Higher operating expenses

0.5

Less: Targeted divisional reductions

(17.0)

FY 2024 – 2025 Total Expenditures

\$384.7

2024 – 2025 DIVISIONAL REDUCTION TARGETS

(\$ in millions)

	<u>Prior</u> FY 2024 – 2025 Salaries + Wages Reduction (@ 3%)	<u>Additional</u> FY 2024 – 2025 Salaries + Wages Reduction (@ 5%)	<u>Updated</u> FY 2024 – 2025 Salaries + Wages Reduction (@5 %)
Academic Affairs	-\$5.00	-\$3.24	-\$8.24
Administration & Finance	-0.90	-0.58	-1.48
Office of the President	-0.04	-0.03	-0.07
Student Affairs/Enrollment Mgt	-0.60	-0.39	-0.99
University Advancement	-0.20	-0.12	-0.32
University Enterprises	-0.06	-0.04	-0.10
University-Wide Benefits	-3.40	-\$2.40	-\$5.80
Total	-\$10.20	-\$6.80	-\$17.00

Open Items:

1. Savings from VSIP
2. Unfunded mandates (e.g., +3 FTE employees for Title IX Office)
3. Enrollment
4. Operating expense increases
5. Budget negotiations between governor and legislature
6. Divisional budget reductions

Thank you.

Questions?

Voluntary Separation Incentive Program (VSIP) Updates

Ingrid Williams

Associate Vice President, Human Resources



Voluntary Separation Incentive Program (VSIP)

Allocated Budget For VSIP: \$3.5 M

Total VSIP Applicants: 87

Total, by Division:

Academic Affairs: 52

Administration & Finance: 32

Office of the President: 1

Student Affairs & Enrollment Management: 1

University Advancement: 1

Total, by Represented groups/bargaining units:

CFA unit R03 (Faculty): Tenure/Tenure Track = 29 (of this, 11 are FERP)
3 Year Lecturers (1.0 FTE) = 7

CSUEU: unit R02 (Healthcare support) = 1
unit R05 (Operations support/Facilities) = 18
unit R07 (Clerical/Administrative support) = 2
unit R09 (Technical support) = 23

APC unit R04 (Academic professionals/advisors) = 0
Teamsters unit R06 (Skilled Workers/Facilities Maintenance) = 5
SUPA unit R08 (University police) = 0
UAPD unit R01 (Physicians) = 0

C99 (Confidentials) = 2

Thank you.

Questions?

5 Minute Break

IDC proposed policy

2nd reading and member vote

Eugene Sivadas

IDC Policy Workgoup

Dean, Lam Family College of Business

Indirect Cost Policy Proposal

Second Reading

May 16, 2024

John Kim, Interim AVP of Academic Resources

Gretchen LeBuhn, Professor of Biology, College of Science and Engineering

Tiffany O'Shaughnessy, Associate Professor of Counseling, College of Health & Social Sciences

Michael Scott, AVP for the Office of Research and Sponsored Programs

Eugene Sivadas, Dean, Lam Family College of Business

Audrey Gavino, Parangan-Smith, Co-Director, SF Build

Crystal Kam, College Business Officer, College of Science & Engineering



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"Resolution on the Transparency in Recovery and Allocation of Indirect Cost" (RS21-422)

In May 2021, SF State's Academic Senate passed a "Resolution on the Transparency in Recovery and Allocation of Indirect Cost" (RS21-422), calling for "a taskforce of stakeholders to be convened to review the current IDC allocation policy and consider if revisions should be recommended," and further "calling on the University Budget Committee (UBC) to include IDC recovery and allocation policy as a budget literacy learning objective."

The Workgroup was expected to review the University's current policies and practices around IDC collection and allocation, alongside federal regulations relating to IDC and best practices from peer institutions, and propose recommendations for change if warranted. That workgroup completed its work in August 2022 and came up with a set of recommendations. The current workgroup was tasked with creating a set of policies that could be adopted by the University.



IDC Explained

Sponsored projects have direct and indirect costs.

Direct costs are specifically and uniquely attributed to and billed to a particular project or activity and are allowable under the sponsoring organizations' guidelines.

Indirect costs are charged to a funder to cover the expenses associated with the facilities and administrative support for a sponsored activity.



IDC Explained

- IDC is not profit but reimbursement of costs incurred by the university for facility and admin. costs
- SFSU IDC rate ranges from 0-55% .¹
- Each college or unit gets 25% of the IDC it generates and not 25% from a pool.
- SFSU does return 25% of IDC generated regardless of the IDC rate (most universities only return IDC that meets certain rate thresholds)
- The remaining 75% IDC is used to:
 - reimburse A & F (\$1.25 Million) for facilities and some administrative costs
 - Salary / Benefits of one ORSP Staff
 - ORSP Operating Expenses including Small Grant Program for Faculty
 - Tiburon Expenses
 - COSE new faculty start-up packages

¹ 0% IDC grants must be primarily focused on supporting students.



Impact of faculty grants on students

\$ 9,031,260

direct student support



Students supported by faculty grants at ORSP

Salaries & Wages

\$1,705,059.29

Graduate Assistant	1,016,663.46
Student Assistant	688,395.83

Participant Support Costs

\$4,831,747.64

Scholarships	265,063.13
Stipends	4,400,191.79
Supplies & Services	117,321.68
Travel	49,171.04



Students supported by faculty grants at UCORP

Salaries & Wages		\$ 79,083.00
Participant Support Costs		\$ 1,338,348.00
Scholarships	49,790.00	
Stipends	1,284,858.00	
Honorarium	3,700.00	
Tuition and Fees		\$ 478,167.78



SJSU vs. SFSU

- SJSU uses a rate threshold of 23% and only returns IDC on grants with IDC rates $> 23\%$
- SFSU gives back 25% of IDC on all grants that generate IDC regardless of IDC rate
- Last year, many departments would have lost all their IDC return if a 20% threshold was in place.
 - The College of Ethnic Studies would have lost their entire distribution.
 - A total 138 PIs generated some IDC and it was distributed.
 - We had 100 PIs with grants with IDC rates above 20%.
 - **About half of the total spending on campus was from grants at 20% or less.**
 - Last year, SJSU gave out \$500K, with only **\$300K** going to the colleges.
 - We gave out \$1,177,868 to Colleges/Units, nearly 4 times as much as SJSU.



Proposed IDC Distribution Policies

I. Academic Resources shall return 25% of IDC to the college where the grant is generated.

- The remaining 75% of IDC remain in General Fund and are used to pay for financial commitments including Administration and Finance expenses, ORSP operating costs, start-up packages for new faculty hires in COSE, operating costs of the Romberg Tiburon Campus and the Estuary and Ocean Science Center.
- If the fixed costs exceed 75% of total IDC generated, the amount returned to colleges will be pro-rated in subsequent years.

II. Academic resources and ORSP will consult with the University Research, Scholarship, and Creative Activities Council of the Academic Senate before agreeing to new financial commitments.



IDC Distribution Policies

- ORSP shall create a reserve fund equivalent to 20 percent of IDC generated to better weather variations in grant activity.
- Funds from this reserve will be controlled by the AVP of Research and Sponsored Programs and may only be spent to support the research mission of the University.



Each College shall publish a clear policy for how IDC is shared back to the Department.

At present, the College policies are:



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College	College Split Policy	Comments
LCA	College retains 100% IDC	Uses it to offset research expenses for new faculty and support faculty research. It also gives up IDC to cost-share in low-IDC grants.
GCOE	College retains 25 percent and gives 75 percent to the Department	Departments may give it back to the faculty.
CHSS	College retains 25 percent and gives 75 percent to the Department	Specifically, units utilize 75% of the 25% for faculty travel and OE (Operating Expenses), while the College allocates 25% of the 25% for new faculty professional development and staff professional development.
COSE	College and Department split 50-50.	In the Dean's Office, we use it to support faculty start-up packages and address equipment and infrastructure problems. The departments use these funds at their discretion but mainly support research efforts.
LFCoB	College gives 100% to the Department.	Minimal grant-seeking activity. Very small amounts are generated in IDC.
COES	College retains 100% IDC.	Only small amounts are generated in IDC and are used for faculty professional development.



- Colleges must detail their IDC sharing policies with Departments and the use of retained funds.
- Departments receiving IDC allocations must publish how they spend the funds and what amount they chose not to spend.
- IDC fund distribution should be shared annual faculty with the faculty in Colleges and Departments.



PI Share

- The policy does not mandate a set percent of IDC go back to the PI.
- Many Universities give a set percent back to the PI.
- The logic of PI Share.
- No Automatic Entitlement for PI.
- **Departments shall craft a policy on PI share, and ensure that all current and new PIs are aware of the policy.**



1

2

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Increasing Transparency

- By end of fall semester, ORSP website will report the amount of IDC generated by each college in the previous fiscal year, and a report on how IDC retained at Academic Resources and ORSP was spent during the previous fiscal year.
- By the end of the fall semester, each College must publish an annual report posted on their website reporting how much IDC they received and a report on how it was spent.
- By the end of the fall semester, In Colleges where IDC is shared with Departments, department chairs are required to submit an annual report to the faculty reporting the amount of IDC received and a report on how it was spent. One year holiday for department sharing is proposed.



Suggested Details On College and Departmental IDC Spending

- Student assistants
- Supplies and services
- IT hardware and software
- Research equipment and service contracts
- Infrastructure improvements and remodeling of research spaces
- Support for start-up faculty
- Vehicle operations for field trips
- Faculty professional development
- Health and safety measures, and insurance expenses



Annual Facilities and Administrative Report

<https://research.sfsu.edu/annual-facilities-administrative-report>

Annual Facilities & Administrative Report

Facilities & Administrative costs / Indirect Costs (IDC)

Facilities and Administrative (F&A) costs, also known as indirect costs (IDC), are defined in the federal Uniform Guidance as “costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity.” A federally approved percentage, the F&A rate, is applied to sponsored projects to recover the allowable overhead costs associated with conducting organized research.

At SFSU, the federal rate for research is 55% of the total direct costs spent on the work. The 55% is broken into two components, the facilities rate (29%) and the administrative rate (26%). The funds collected for facilities are reimbursing the University for building depreciation, equipment depreciation, plant operation and maintenance, interest expense, and the library. The administrative rate covers general, departmental, and sponsored projects administration costs.

For entirely instructionally related activities, the facilities component of the rate is lower and the overall rate for instruction projects is 50%.

Projects funded by sponsors that involve the performance of work other than Instruction or Research are referred to as Other Sponsored Activities and the IDC rate for these is 42.5%.

IDC Distribution

IDC is collected and distributed to A&F and ORSP to cover the costs of supporting the work. A total of 25% of the total IDC generated annually by an award is returned to the College or VP unit of grant PI to support the project. Some of these funds should be used to cover costs that cannot be charged to direct costs, such as office supplies.

IDC Use

The IDC funds are collected to cover the costs incurred to support the project. It is a reimbursement from the funder to the university and the funds reside in a General Fund account. IDC can be used for any purpose as long as it meets all CSU rules for non-recurring General Fund.

Reports

- [Fiscal Year 2022](#)
- [Fiscal Year 2021](#)
- [Fiscal Year 2020](#)
- [Fiscal Year 2019](#)

Contact

Email: orsp@sfsu.edu
Telephone: (415) 338-1111

Location

1400 Holloway Avenue, ADM 469
San Francisco, CA 94132-1722

Office Hours

Monday through Friday 8 a.m. - 5 p.m.

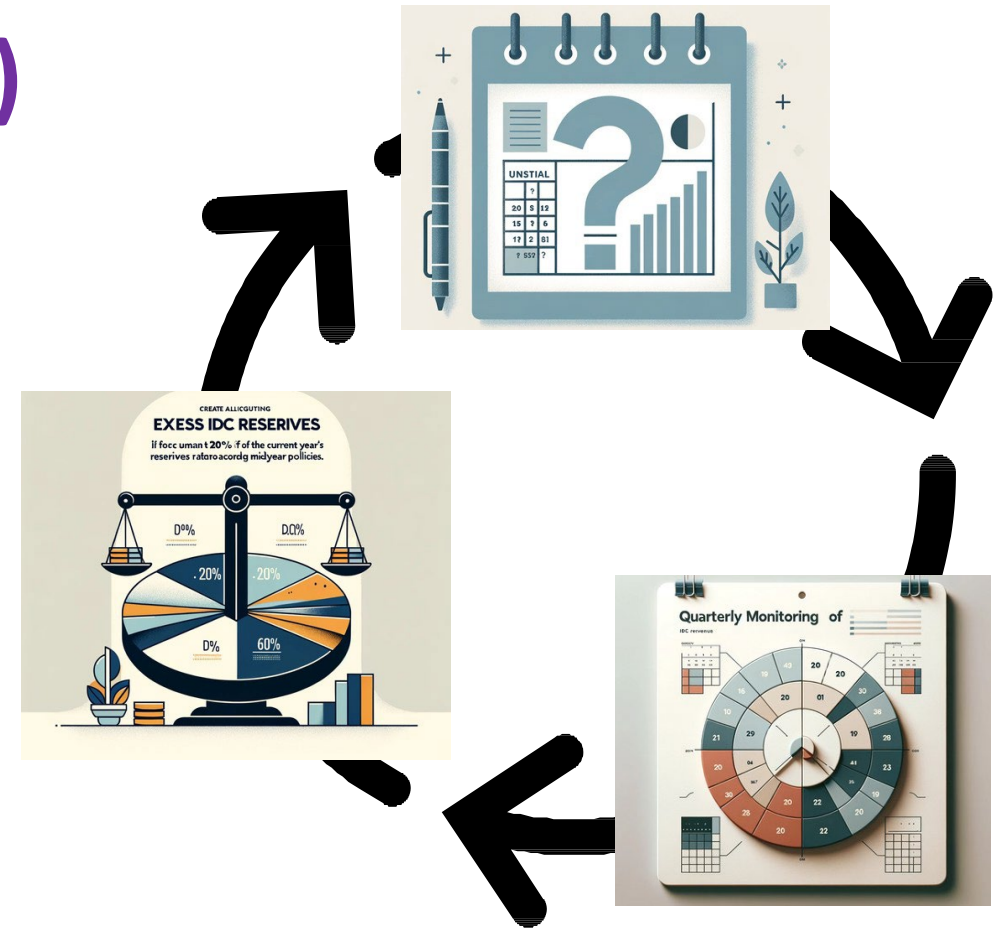
Quick Links

[Faculty Additional Pay Request Form](#)
[Uncrewed Aircraft Vehicle \(UAV\) / Drone Policy](#)
[HRMS \(Human Resources Management System\) Login](#)
[Forms Library](#)
[Intellectual Property](#)



Reserves & Carryforwards (University IDC)

- IDC revenue collected by the University in an upcoming fiscal year cannot be predicted with great accuracy.
- This affects planning for the fiscal year in at least two ways: (a) annual budgets must be allocated without knowing whether annual IDC revenue will be sufficient to cover those budget allocations, and (b) annual spending of IDC may under- or over-estimate the amount of annual IDC revenue. This factor and other emergencies such as unanticipated equipment failure may necessitate the need for reserves.



Reserves and Carry-Forwards

In addition to regular monitoring of IDC spending and IDC revenue during the fiscal year, the following measures shall be enacted:

When possible, a central reserve in the amount of 20% of the previous fiscal year's IDC revenue will be set aside as a reserve for the current fiscal year. The purpose of this reserve is to ensure that the IDC fund will not end the fiscal year in deficit, under the assumption that IDC revenue for any fiscal year will be at least 80% of the IDC revenue from the previous fiscal year. If there is reason to expect that IDC will increase significantly each year, the central reserve may be reduced to as little as 10%. If there is reason to expect that IDC will decrease significantly in a given year, the central reserve may be increased to as much as 30%.



Unit Specific IDC

- Any unit that receives an IDC distribution can carryforward 20% of its IDC allocation to the following fiscal year without justification. This rule shall not apply if total IDC allocation is less than \$10,000.
- For any amount of carryforward greater than 20%, the relevant unit must write a justification for the use of that part of the carryforward over the course of the next 3 years.



**These policies
should be reviewed
every 3 years by the
University Budget
Committee.**



Thank you.

**UBC voting members, please use
the poll to recommend this policy
to President Mahoney**

Thank you!



SFSU Allocation Process

Elena Stoian

San Francisco State University
Administration & Finance

SFSU- ALLOCATION PROCESS

HISTORICAL BASE	NEW ALLOCATION (INCREMENT)	DISTRIBUTION (DESIGNATED)	BUDGET	CABINETS
PRIOR YEAR BUDGET	Enrollment Growth	By FTES	CURRENT YEAR BUDGET	Academic Affairs
	Mandatory costs	Benefits reimbursing		University Wide
	General Salary Increases	Union Negotiations & CSU HR technical letters		All cabinets
	New space	Sqf.- maintenance. Utilities, Insurance, IT		Academic Affairs Adm & Finance University Wide
	New programs/Initiatives	Performance-based/ Proforma		Cabinets included in proforma or program

Thank you!

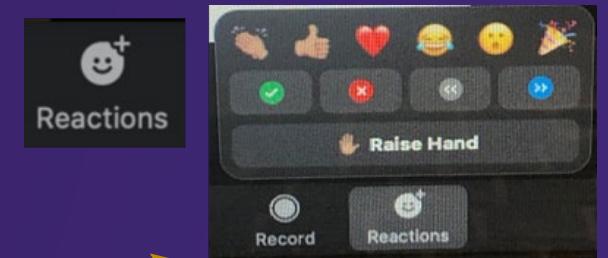
Questions?

Public Forum

Open to all guests and UBC members

Please:

- ✓ **“raise your hand”** (*found on your Reactions menu, lower right corner*)
Unmute when called upon to speak. For transparency, please begin with your name, title/department. Mute when finished to reduce noise please.
- ✓ **limit to one question, so everyone has a chance to speak.**
You can “Raise your Hand” again with a follow up question, if time allows.
- ✓ **Thank you for sharing this space respectfully with our community members**



We appreciate your interest in our University's budget process and the service of our UBC members and guests, in support of our students and all our Gator families.

Check our UBC webpage for information, past meeting materials, meeting updates and how to contact the UBC

<https://adminfin.sfsu.edu/ubc>