



SAN FRANCISCO
STATE UNIVERSITY



Photo courtesy of Undergraduate Education and Academic Planning website

University Budget Committee

Thursday, October 22, 2020

Welcome from UBC co-chairs

Jeff Wilson

Interim Vice President & CFO
Administration & Finance

Jennifer Summit

Provost and Vice President
Academic Affairs

Coming in November:

2020-2021 Budget Forums

Offered on 2 dates, join us (via Zoom) to learn about:

University Budget Overview

- presented by Interim Vice President & CFO Jeff Wilson

Academic Affairs; Planning in a Time of Fiscal Instability

- presented by Vice President & Provost Jennifer Summit

Thursday, November 5th, 10:00 am – 11:00 am

Friday, November 13th, 10:00 am – 11:00 am



RSVP to: Nancy Ganner at ganner@sfsu.edu

Today's Agenda:

OPENING

1. Welcome
2. Approval of minutes from September 24, 2020
3. Opening remarks from President Mahoney
4. Human Resources update

Co-Chairs Wilson & Summit
VP Wilson
President Mahoney
Jeannette Peralta

BUDGET TRANSPARENCY

5. Reserves

VP Wilson

PRESENTATIONS

6. Fall 2020 Enrollment Update

Tom Enders

UPDATES AND INFORMATIONAL ITEMS

7. 2020-2021 Budget status
8. UBC Steering Committee Update
9. UBC RSO Workgroup Report
10. UBC Policy Workgroup Report

VP Wilson
Provost Summit
Genie Stowers
VP Wilson

ACTION ITEMS FOR THE COMMITTEE

None for this meeting

OPEN FORUM (15 minutes; three-minute limit per speaker)

ADJOURNMENT (next meeting, November 19, 10:00 AM –12:00 PM)

Approval of September 24th Meeting Minutes

(Members, please request an edit or
state your motion to approve)

Opening Remarks

President Lynn Mahoney

Human Resources Update

Jeannette Peralta

Executive Director

Professional and Organizational Development

Human Resources

Managing Through a Layoff Workshop

The Human Resources Office of Professional and Organizational Development is hosting a presentation to provide guidance on ‘Managing Through a Layoff.’ This workshop will focus on job loss-stages of grief, guidance on next steps, job search action plan, how to prepare a resume and cover letter. This workshop is open to everyone.

Info can be found here: <https://hr.sfsu.edu/professional-development-training>

Dates: Tuesday, November 3 and Wednesday, November 4

Time: 1:30 pm to 3:00 pm (both days)

Location: Zoom

Facilitator: Jeannette M. Peralta, Executive Director of Organizational Development, HR

Thank you.

Please email any questions re: layoffs to:

workforce@sfsu.edu

Budget Transparency topic:

Reserves

Jeff Wilson

Interim Vice President & CFO

Administration & Finance



Designated Balances & Reserves

October 22, 2020

San Francisco State University

Transparency: Designated Balances & Reserves

Contents

1. Overview and background information
2. Common terminology
3. SF State's designated balances and reserves
4. Q&A and discussion

Transparency: Designated Balances & Reserves

1. Overview and background information

Transparency: Designated Balances & Reserves

Three outcomes for this presentation:

- Shared background around reserves and the state auditor's report on CSU reserves
- Common terminology for UBC members to use when discussing reserves
- A general understanding of SF State's designated balances and reserves

Transparency: Designated Balances & Reserves

Shared background around reserves and the state auditor's report on CSU reserves

- Reserves in higher education
- State auditor's 2019 report on CSU reserves

Transparency: Designated Balances & Reserves

Reserves in higher education

State University of New York Policy

*“On an ongoing basis, campuses should work to establish and maintain an unrestricted operating reserves (cash available with the operating funds) of up to **25%** of operating disbursements...or the equivalent of three months of disbursements.”*

Transparency: Designated Balances & Reserves

Reserves in higher education

Texas State University Policy

*“Texas State has targeted an available funds ratio of at least .2”
(about 2.5 months)*

Transparency: Designated Balances & Reserves

Reserves in higher education

University of Wisconsin Policy

*“The Board of Regents recognizes there are many instances where accumulation of balances is a prudent practice to achieve strategic priorities over a multi-year period...Total balances above the **12%** threshold should be obligated, planned or designated by the Chancellor for specific purposes.”*

Transparency: Designated Balances & Reserves

Reserves in higher education

*“...the **Primary Reserve Ratio**...measures current and future financial sustainability. According to this measure, ideally, institutions ought to have reserves available to withstand at least 3 months [25%] of operations in the face of adversity.”*

Tahey, P., Salluzzo, R., Prager, F., Mezzina, L., and Cowen, C. (2010) Financial Analysis in Higher Education Identifying, Measuring, and Reporting Financial Risks (7th ed.). Prager, Sealy & Co.; KPMG LLP; Attain LLC

Transparency: Designated Balances & Reserves

Reserves in higher education: no prescriptive requirement for reserves or amount of reserves

- If reserves are too high then maybe resources are not being deployed effectively and efficiently
- If reserves are too low, institution cannot continue its operations during periods of economic distress
- Privates vs. publics
- Policy vs. performance (or both)

Transparency: Designated Balances & Reserves

State auditor's 2019 report on CSU reserves:

“The Chancellor’s Office Did Not Fully Inform Legislators and Students About CSU’s \$1.5 Billion Surplus”

- The “surplus” referred to here is the CSU’s designated balances and reserves for the general operating fund (CSU Fund 485).
- SF State’s portion of the \$1.5 billion was \$78.1 million.

Transparency: Designated Balances & Reserves

State auditor's 2019 report on CSU reserves:

General Acknowledgement

The audit report correctly points out that CSU properly stewards financial resources and that “the Chancellor’s Office established appropriate practices to safeguard CSU’s outside accounts.”

Transparency: Designated Balances & Reserves

State auditor's 2019 report on CSU reserves:

- The audit report's reference to a “discretionary surplus” mischaracterizes the essential role that these reserve funds play.
- It is irresponsible to imply that **one-time reserve funds** could have been used instead of ongoing revenue sources - such as state funding or student tuition - that are used to support ongoing operational expenses in delivering our educational mission such as employee compensation, energy and maintenance costs, etc.

Transparency: Designated Balances & Reserves

State auditor's 2019 report on CSU reserves:

Fast forward to June 30, 2020:

- CSU designated balances and reserves equaled **\$1.7** billion
- SF State's portion of **\$1.7** billion is **\$46.7** million (down from **\$78.1** million as of June 30, 2018)

(more information to follow on SF State's designated balances and reserves)

Transparency: Designated Balances & Reserves

2. Common terminology

Transparency: Designated Balances & Reserves

Common terminology

CSU policy #8559140 – *Designated Balances and Reserves*

Transparency: Designated Balances & Reserves

Designated balances

As the name implies, are fund balances designated to cover future **one-time** costs that are generally definable. In some cases, such as designated balances for encumbrances, the costs can be specified to the timing, type and amount. In other cases, the designated balances are estimates of costs necessary to achieve a goal or objective but without, as of the reporting date, definable timing, types or amounts of the costs.

Transparency: Designated Balances & Reserves

Reserves (for economic uncertainty)

On the other hand, are fund balances set aside for economic uncertainty. The critical focus of reserves is the amount of reserves set aside – not necessarily the types of costs the reserves will eventually cover. These fund balances are not designated with specific costs in mind but set aside to address budgetary shortfalls during economic downturns and strategic investments. Reserves are also **one-time** funds.

Transparency: Designated Balances & Reserves

3. SF State's Designated Balances & Reserves

Transparency: Designated Balances & Reserves

Consolidated Campus-wide Designated Balances & Reserves

Category	June 30, 2019	June 30,2020*
Short-term Obligations	\$60,307,189	\$56,594,167
Capital	21,911,976	6,802,775
Operations	52,149,643	18,231,827
Financial Aid	0	398,121
Total	\$134,368,806	\$82,026,890

*Unaudited

Transparency: Designated Balances & Reserves

Consolidated Campus-wide Designated Balances & Reserves

Category	June 30, 2019	June 30, 2020*
General Operating Fund	\$76,577,107	\$ 46,746,254
Extended Education Operations	269,414	2,185,919
Student Health Services	179,936	234,865
Instructionally Related Activities	3,603,871	4,060,883
Parking	2,070,121	274,208
Lottery Funds	1,218,272	1,554,240
Housing	31,109,667	15,793,783
Campus Union	19,340,417	11,176,737
Total	\$134,368,805	\$82,026,890

*Unaudited

Transparency: Designated Balances & Reserves

General Operating Fund Campus-wide Designated Balances & Reserves (CSU Fund 485)

Category	June 30, 2019	June 30,2020*
Short-term Obligations	\$35,136,462	\$31,398,329
Capital	2,773,900	540,303
Operations	38,666,745	14,409,501
Financial Aid	0	398,121
Total	\$76,577,107	\$46,746,254

*Unaudited

Transparency: Designated Balances & Reserves

How designated balances and reserves change from year to year

- Revenues, allocations, and relieved obligations from the prior year **increase** reserves.
- Expenses against revenues and allocations and new commitments for the next year **decrease** reserves.
- Reserves are **recategorized**.

Transparency: Designated Balances & Reserves

Changes in designated balances and reserves from 2018-2019 to 2019-2020

Category	June 30, 2019	June 30,2020*	\$ Change	% Change
Short-term Obligations	\$35,136,462	\$31,398,329	(\$3,738,133)	-10.6%
Capital	2,773,900	540,303	(2,233,597)	-80.5%
Operations	38,666,745	14,409,501	(24,257,244)	-62.7%
Financial Aid	0	398,121	398,121	100.0%
Total	\$76,577,107	\$46,746,254	\$29,830,853	-39.0%

*Unaudited

University Budget Overview

Short-term Obligations	June 30, 2019	June 30,2020*	\$ Change	% Change
Program Development	\$9,027,427	\$511,338	(\$8,516,089)	-94.3%
Outstanding Commitments	19,007,940	24,867,649	5,859,709	30.8%
Encumbrances**	7,101,095	6,019,342	(1,081,753)	-15.2%
Total	\$35,136,462	\$31,398,329	(\$3,738,133)	-10.6%

Operations	June 30, 2019	June 30,2020*	\$ Change	% Change
Economic Uncertainty (reserve)	\$38,666,745	\$14,409,501	(\$24,257,244)	-62.7%
Total	\$38,666,745	\$14,409,501	(\$24,257,244)	-62.7%

***Unaudited**

**Encumbrances are funds for enforceable contracts and obligations.

Transparency: Designated Balances & Reserves

Remaining General Operating Fund Designated Balances & Reserves (Less Encumbrances)

Short-term Obligations	June 30, 2019	June 30,2020*	\$ Change	% Change
Program Development	\$9,027,427	\$511,338	(\$8,516,089)	-94.3%
Outstanding Commitments	19,007,940	24,867,649	5,859,709	30.8%
Economic Uncertainty	38,666,745	14,409,501	(24,257,244)	-62.7%
Total	\$66,702,112	\$39,788,488	(\$26,913,624)	-40.3%

Of these reserves, approximately **\$18 million** is committed to fund ongoing operations and not available to fill the funding gap. The remaining **\$22 million** must be used responsibly to cover at least three years of downward adjustments of funding and cover any emergency unanticipated costs (e.g. flood damage, fire damage, critical infrastructure failure.)

***Unaudited**

Transparency: Designated Balances & Reserves

3. Q&A/Discussion

Enrollment Update

Tom Enders, Special Assistant to the President

Fall 2020 Enrollment

Fall 2020 enrollment is down 6% from Fall 2019 largely due to new undergraduate enrollment.

	Fall 2019	Fall 2020	Difference	
New Students				
First-time Freshmen	3,694	2,781	(913)	-25%
Transfers	3,563	3,018	(545)	-15%
Post-Bac	128	127	(1)	-1%
Graduates	926	1,027	101	11%
Total New Students	8,311	6,953	(1,358)	-16%
Continuing Student Enrollment				
Undergrads	18,582	18,113	(469)	-3%
Post-Bac	165	210	45	27%
Graduates	1,822	1,784	(38)	-2%
Total Cont. Students	20,569	20,107	(462)	-2%
Total Enrollment				
Undergrads	25,839	23,912	(1,927)	-7%
Post-Bac	293	337	44	15%
Graduates	2,748	2,811	63	2%
Total	28,880	27,060	(1,820)	-6%

Fall 2020 Enrollment

- COVID has had a disparate effect on new Freshmen enrollment.
- The largest reductions were in New Undergraduates from outside the Bay area.

	Fall 2019	Fall 2020	Difference	
First Time Freshmen				
Bay Area (6 Counties)	1,906	1,581	(325)	-17%
Non Bay Area	1,788	1,200	(588)	-33%
Total	3,694	2,781	(913)	-25%
Transfers				
Bay Area (6 Counties)	2,133	1,902	(231)	-11%
Non Bay Area	1,430	1,116	(314)	-22%
Total	3,563	3,018	(545)	-15%

Fall 2020 Enrollment

- There is also a disparate effect on non-resident enrollment with obvious financial consequences.

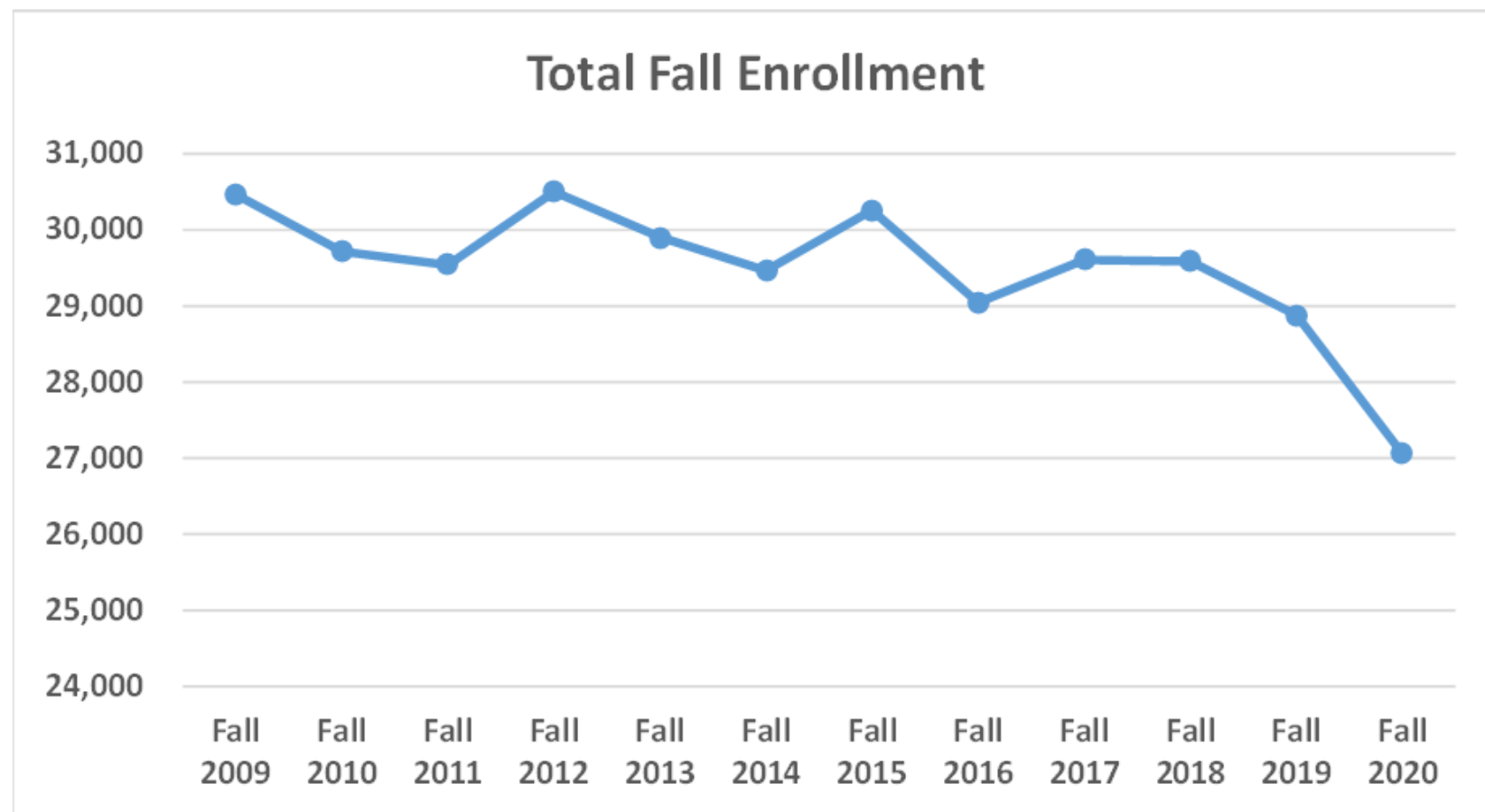
	Fall 2019	Fall 2020	Difference	
Total Enrollment				
Resident	27,196	25,604	(1,592)	-6%
Non-Resident	1,684	1,456	(228)	-14%
Total	28,880	27,060	(1,820)	-6%
International				
Undergrad	1,032	826	(206)	-20%
Grad/Post Bac	258	230	(28)	-11%
Total	1,290	1,056	(234)	-18%

Reflecting on the Past

- **As we plan for the future it is important to reflect on our journey**
 - **Pre-COVID**
 - **And After....**

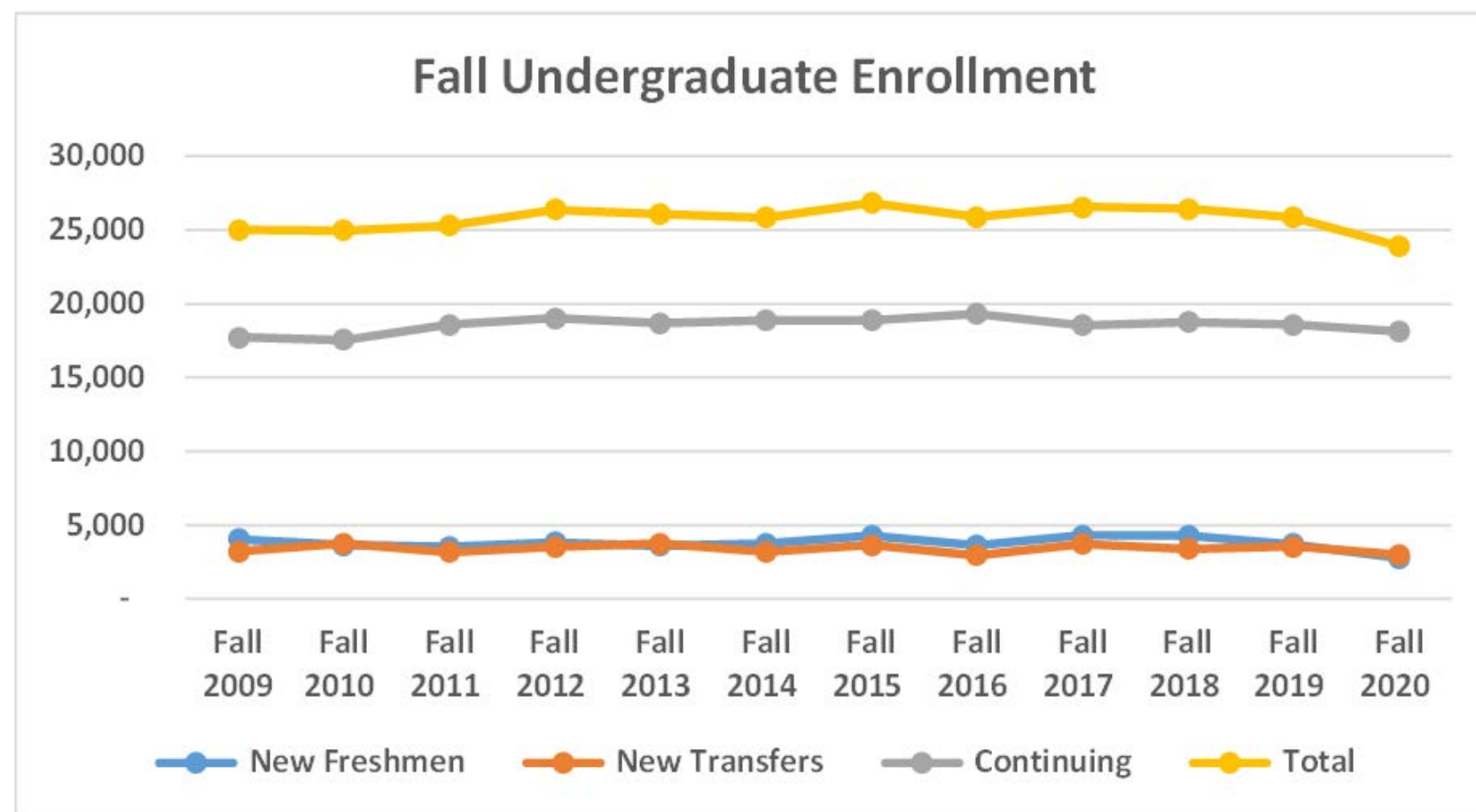
Fall Enrollment History

All
2009 to 2019 -5%
2009 to 2020 -11%



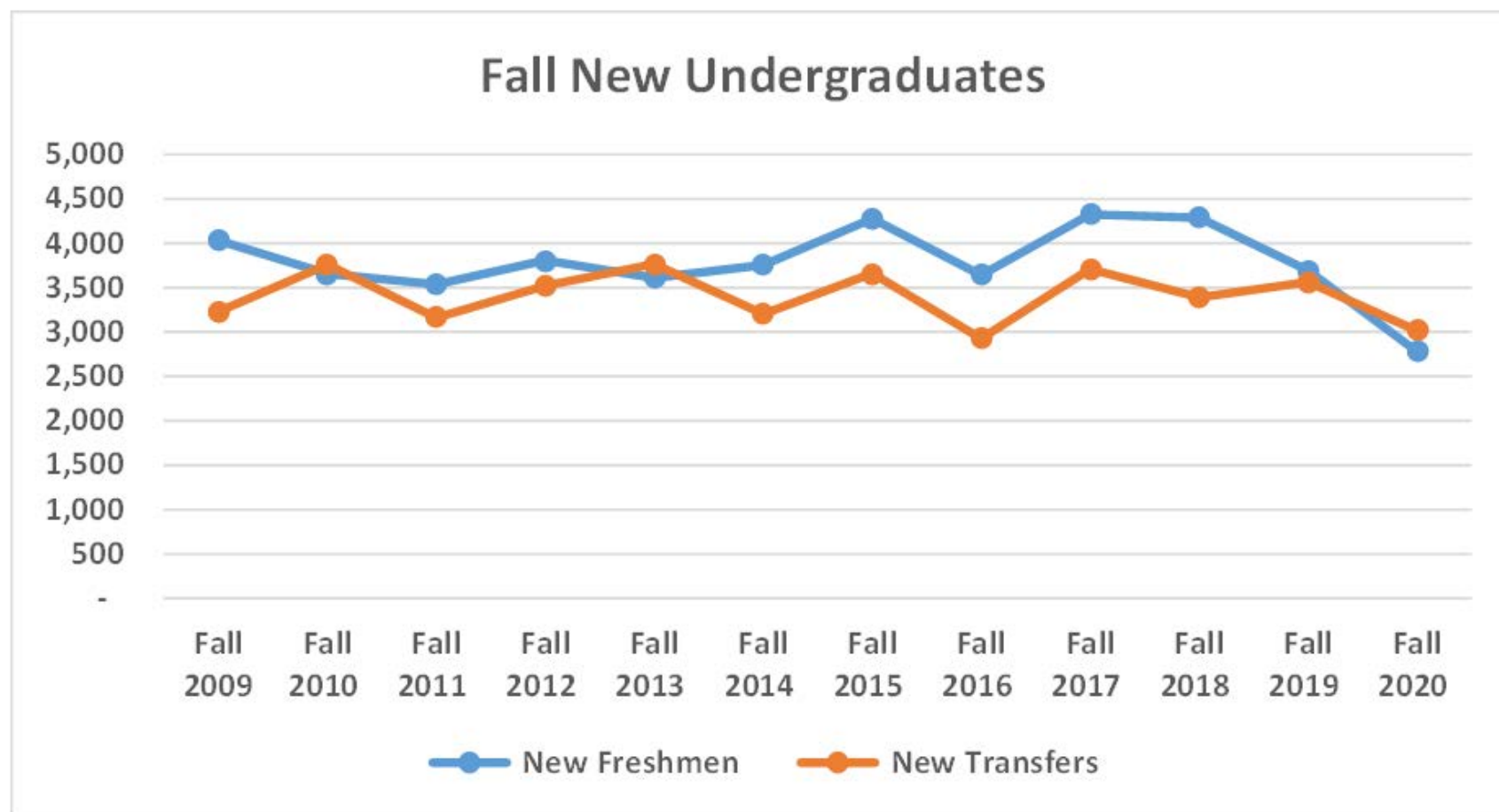
Fall Enrollment History

	All	Undergrad
2009 to 2019	-5%	3%
2009 to 2020	-11%	-4%



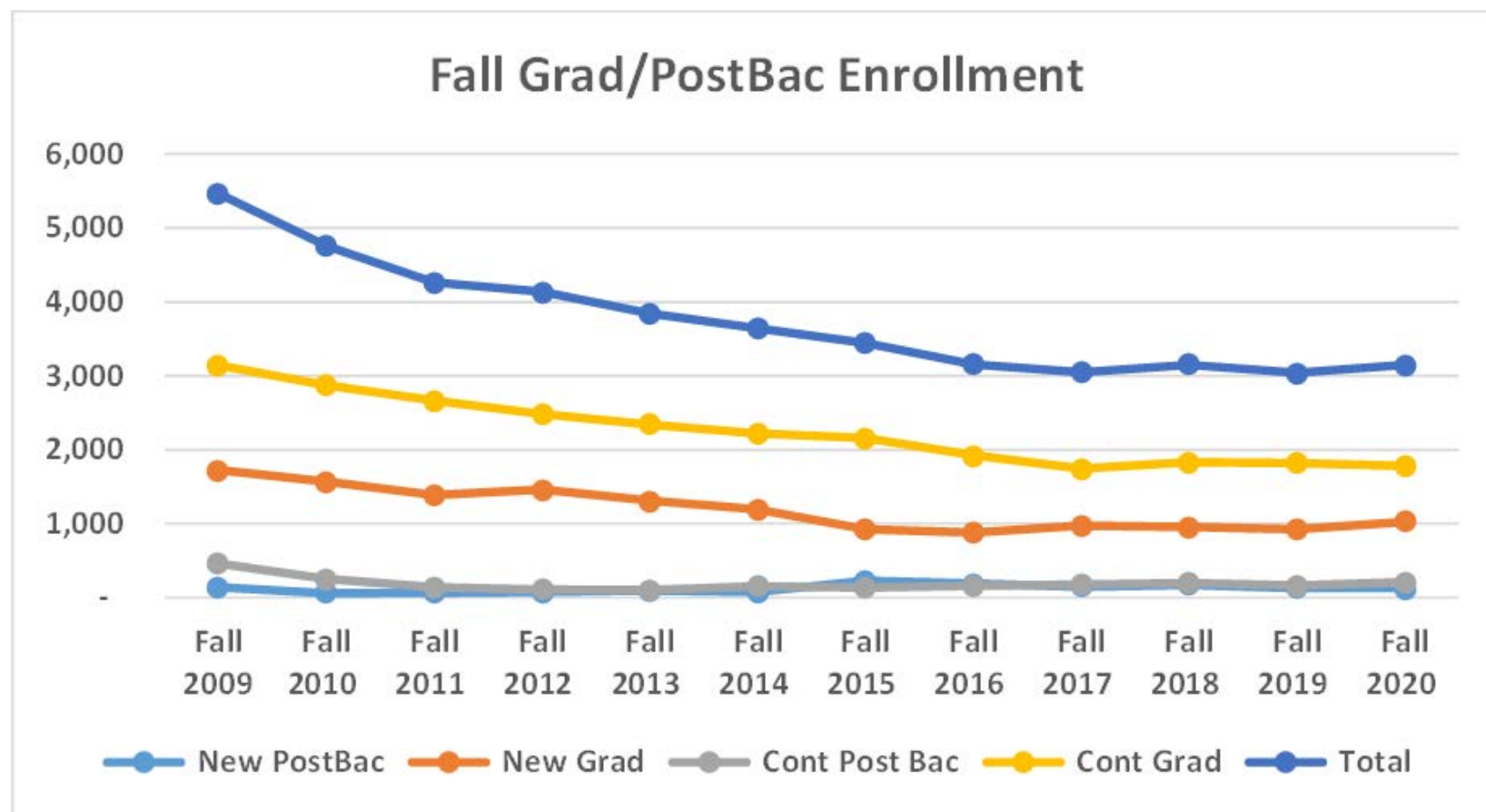
Fall Enrollment History

	All	Undergrad	New Freshmen	New Transfer
2009 to 2019	-5%	3%	-8%	10%
2009 to 2020	-11%	-4%	-31%	-7%



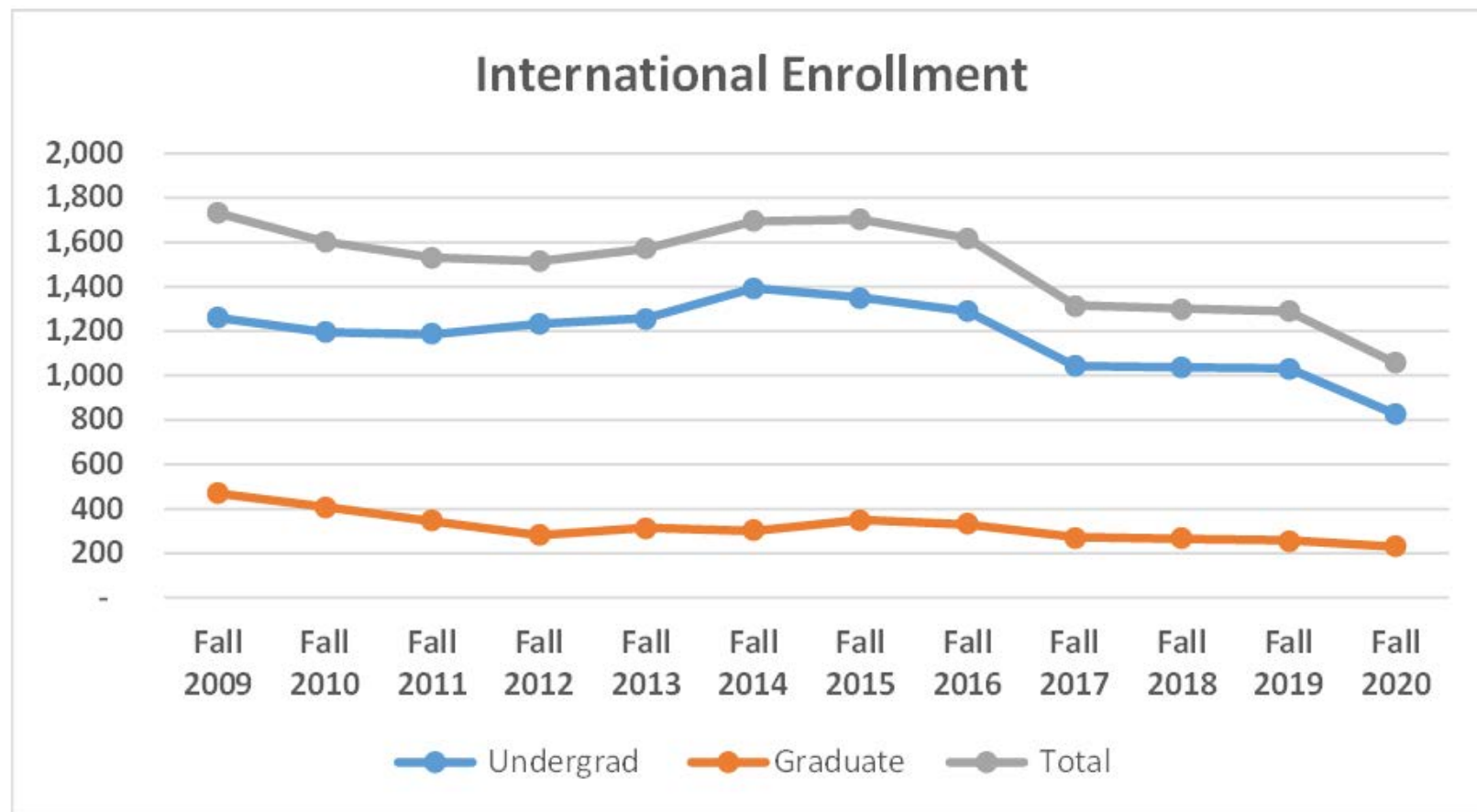
Fall Enrollment History

	All	Undergrad	New Freshmen	New Transfer	New Grad	Total Grad / PostBac
2009 to 2019	-5%	3%	-8%	10%	-46%	-44%
2009 to 2020	-11%	-4%	-31%	-7%	-40%	-42%



Fall Enrollment History

	All	Undergrad	New Freshmen	New Transfer	New Grad	Total Grad / PostBac	International
2009 to 2019	-5%	3%	-8%	10%	-46%	-44%	-25%
2009 to 2020	-11%	-4%	-31%	-7%	-40%	-42%	-39%



Enrollment Uncertainty

- **The sharp decline in new undergraduate enrollment in Fall 2020 will result in smaller continuing student bodies into the future.**
- **New student enrollment prospects are very uncertain as the effects on the pipeline and student choice are unknown.**
- **Spring 2020 transfer applications are up a surprising 17%**
- **San Francisco has capacity but will be stretched to serve given the overall budget situation.**

2020-2021 Budget update

Jeff Wilson

Interim Vice President & CFO

Administration & Finance

University Budget Update

Dollars in millions

	19-20 Budget	19-20 Actual	20-21 Working Budget	Budget to Budget % Change	FY 20 Budget to FY 19 Actual % Change
Total Revenues	\$401.3	\$403.0	\$368.0	-8.3%	-8.7%
Salaries and wages	216.2	211.1	204.0	-5.6%	-3.4%
Benefits	107.2	105.4	103.6	-3.4%	-1.7%
Operating Expenses	20.3	19.9	17.1	-15.8%	-14.1%
University wide Expenses	57.6	61.7	60.1	4.3%	-2.5%
Total Expenses	401.3	398.1	384.8	-4.1%	-3.3%
Revenues less expenses	\$0.0	\$4.9	(\$16.8)		

UBC Steering Committee Update

Jennifer Summit

Provost and Vice President

Academic Affairs

UBC Steering Committee met to discuss:

1. Review role, per current UBC Charge
2. Review Staff Rep nomination process
3. Prepare Agenda for UBC meeting October 22nd

UBC Research & Service Organization (RSO) Workgroup update

Dr. Genie Stowers

UBC faculty member and RSO Workgroup Lead

Public Administration Program / School of Public
Affairs & Civic Engagement (PACE)

UBC Policy Workgroup update

Jeff Wilson

Interim Vice President & CFO

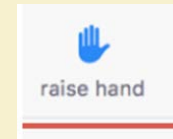
Administration & Finance

PUBLIC FORUM

15 minutes, three minutes per speaker

Please:

- ✓ “Raise your Hand” *(found on your Participants menu, lower left corner)*
*Unmute yourself when called upon to speak. For transparency, please begin with your **name, title, department or campus affiliation**, then Mute when finished, to reduce noise*
- ✓ 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 ~





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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 presentation materials
and meeting updates:

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