



University Budget Committee Meeting Minutes

Date: Thursday, October 22, 2020
Location: via Zoom

Members Present: Interim VP & CFO Jeff Wilson, Co-Chair, and Provost & VP Jennifer Summit, Co-Chair, Interim VP Beth Hellwig, VP Jeff Jackanicz, VP Jason Porth, Senate Chair Teddy Albiniak, Ian Dunham, Andrew Ichimura, Kathleen Mortier, Gitanjali Shahani, Jerry Shapiro, Genie Stowers, Michael Goldman, Darlene Yee-Melichar, Mary Menees, Associated Students President Andrew Carrillo
Non-voting members: President Lynn Mahoney, Dwayne Banks, Maria Martinez, Elena Stoian, Cesar Mozo, Mirel Tikkanen, Venesia Thompson-Ramsey, Tammie Ridgell, Jamil Sheared, Sandee Noda, Jaime Haymond, Deborah Elia, Kay Gamo

Absent: Amy Sueyoshi, Rashid Abdul Rahiman, James Martel, Lark Winner,
Guests Present: Tom Enders, Special Asst to the President, Ben Kumli for CFA rep James Martel, Jeannette Peralta, Executive Director, Human Resources
Carter Pauline Roa, AS rep and designee for AS VP of Finance
(list of all attendees furnished upon request)

Committee Staff Present: Nancy Ganner, Edwin Critchlow (Budget Administration & Operations)

Accompanying presentation for this meeting can be found here: [UBC Presentation 10.22.20](#)

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UBC Co-chairs called this meeting to order at approximately 10:10 A.M.

### **Agenda topic # 1 – Welcome from Co-Chairs**

- **Jeff Wilson** and **Jennifer Summit** welcomed members and guests.
- Showed slide with upcoming Budget Forum dates in November and invited all to attend.
- Introduced new meeting agenda format.

### **Agenda topic # 2 – Approval of Minutes from September 24<sup>th</sup>, 2020 meeting**

- **Jeff Wilson** requested approval of the meeting minutes.
- **Darlene Yee-Melichar** requested amendment to member attendance.
- Voting members motioned to approve; seconded and passed.

### **Agenda topic # 4 – Human Resources Update**

- **Jeannette Peralta** read a statement from Ingrid C. Williams, AVP of Human Resources who could not attend, which included:
  - campus continues to grapple with the implications of the budget deficit
  - they continue to explore options to identify cost savings and efficiencies in every area of operations

- similar to other CSU campuses, it was the most painful decision to engage in layoffs of 120 CSUEU positions, 11 Teamsters and 12 administrators received non-retention notices.
- the university has been able to rescind layoffs for 36 positions, including grant-funded positions, and also identified individuals who have retreat rights.
- Meet & Confers continue with union leadership to work towards a resolution
- the hiring chill continues, a number of open positions have been eliminated and there are deep cuts in discretionary spending. All options will be reviewed to minimize further staff reductions to resolve the significant financial challenges anticipated in Spring and into the 2021-2022 year.
- staff members impacted by these measures are valued colleagues, and all deeply regret that the reduction in state financial support and other budgetary challenges affecting the university has necessitated in these reductions to the workforce.
- invited anyone with layoff questions to email [workforce@sfsu.edu](mailto:workforce@sfsu.edu)
- Showed slide with Human Resources Managing through a Layoff Workshop dates. Invited anyone to attend.

### **Agenda topic # 5 – Budget Transparency topic: Reserves**

(see slides 11-37)

- **Jeff Wilson** introduced the Reserves presentation in three parts:
- **Overview:**
  - Showed various university's reserve policies about ideal reserve balances (SUNY, Texas State, Univ of Wisconsin)
  - Highlighted how the differences in balances may be perceived, and public vs. private universities.
  - Reviewed the State Auditor's 2019 report that mischaracterized CSU reserve balances as "surplus"
- **Common Terminology**
  - Defined Designated balances and Reserves (for economic uncertainty)
- **SF State's Reserves**
  - Reviewed SF State's Consolidated Campus-wide Designated Balances & Reserves Balances for:
    - Short-term Obligations
    - Capital
    - Operations
    - Financial Aid
  - Included categories:
    - General Operating Fund
    - Extended Education Operations
    - Student Health Services
    - Instructionally Related Activities
    - Parking
    - Lottery Funds
    - Housing
    - Campus Union
  - Explained how designated balances and reserves change from year to year
- **Andrew Carrillo** asked for clarification on the "red line" for reserves, and whether that was CSU policy or State law, as AS's request to cover parking was denied based on this and so AS could identify which path of advocacy can help change this.

- **Jeff Wilson** responded there are laws in higher education code in the State of CA which restrict fund use, and parking is an example of those restrictions; they cannot supplement it with General Fund monies. Lottery funds are also restricted.
- **Michael Goldman** referred to reserve policies shown from other universities and asked about CSU and/or SF State policies.
- **Jeff Wilson** responded the UBC Policy workgroup will be bringing a proposed designated balance and reserve policy for SF State to the next meeting.
- Noted in year 2010-2020 the operating budget for that year was approximately \$400M, so if there was a 10% designated reserve balance, the balance should have been \$40M available to cushion economic downturns. SF State has \$22M, to use over 3 years, so this means the balance is only about 5%.
- Once things begin to bounce back in California those reserves have to be rebuilt, to cushion for the next possible economic downturn, and use as little as 10% as a goal.
- Other CSU campuses have more, or have less, regardless of the size of their campus, which may mean they have a more conservative fiscal outlook on those campuses.
- **Darlene Yee-Melichar** observed a large gap on slide 31 in the reserve fund balance of about \$52M (\$134,368,805 - \$82,026,890) and other large gaps in those categories listed, and since cannot co-mingle funds, asked about plans to bridge those gaps. Also inquired as to the new SF parking tax and if that would be deferred in this time.
- **Jeff Wilson** responded there may be potential of additional stimulus package post-election that would benefit higher education, but it depends on the result. SF did move forward with their parking tax and payments have begun, but payments are smaller because the amount of cars on campus are few.
- **Teddy Albinak** asked about the 2019 State auditor's report and the \$1.5B noted, and if that was an amalgamated amount of all 23 CSU campuses and if it also included the Chancellor's Office.
- **Jeff Wilson** responded it included all 23 campuses plus the Chancellor's Office.
- **Jerry Shapiro** commented the figures from other campuses don't apply to the current environment, not only in the uncertainty but also in the fluidity of how funding comes and goes, like Cares Act funds. Asked about contingency planning, if the proposed legislation mentioned by President Mahoney happens, that the campus has an agreed-upon amount or reserves, and how that changes amount drawn to be prepared for whatever resources are needed to address the situation and to improve enrollment.
- **Jeff Wilson** agreed contingency planning is needed and will bring to the Steering Committee for a future agenda topic to incorporate into the UBC's work of providing advice to the President.
- **Jamil Sheared** asked about the reserve balance of about 5%, and if that was a goal or prior amount used. Also, in order to rebuild reserve balances if more cuts would be needed.
- **Jeff Wilson** replied that 10% is aspirational, and is why a policy is needed to determine the goal. The time to build reserves is not during an economic downturn, but when California bounces back, and any additional funding received will require analysis and plans to invest and rebuild those reserves back up.

### Agenda topic #3 – Opening Remarks by President Mahoney

- **President Mahoney** apologized for having to jump in and out of the UBC meeting quickly as she is attending a CO meeting concurrently. Updated on the CSU budget request for next year:
  - State is projecting a \$50B deficit. BOT presented a preliminary plan and has been meeting with stakeholders, to be discussed at BOT meeting in November. Students are advocating for Basic Needs, especially as many struggle as a result of the pandemic.

- BOT will also make a request for campus facilities maintenance funds, as SF State is using their maintenance funds to meet the budget gap.
- Legislators will make campus visits this Fall, including SF State.
- Greatest need for advocacy is between January and May and she hopes all of the campus community will advocate together for more funding.
- (note helpful budget timeline resource: <https://budget.sfsu.edu/content/budget-process>)
- **Jamil Sheared** asked about definition of the 'significant ask' as President Mahoney mentioned.
- **President Mahoney** explained it's for additional funds to help cover the Graduation Initiative 2025, mandatory costs, facilities and infrastructure, and to have some of the previous cut restored. Also, for funds to cover the new AB1460 Ethnic Studies requirement.
- Thanked everyone and departed, noting she would listen to the meeting recording later.

### **Agenda topic # 6 – Enrollment Update**

(see slides 38-48)

- **Tom Enders** presented a Fall 2020 enrollment update and Spring 2021 preview.
- Enrollment is down 6% over last Fall. Largest decline in new undergrad enrollment; FTF and transfers.
- Non-Bay Area students is 33%, the largest decline, and undergrad, international students; 20% decline.
- Low numbers of undergrads will continue to drive down continuing student headcount for years.
- Reviewed enrollment trends from 2009 – 2019 and showed a mostly gradual decline in FTF and transfers 11%.
- Retaining students is the key component in the enrollment solution. The pandemic remote experience is a huge challenge to sustain students to their degree goal.
- Spring Applicants applied before remote Spring was announced so admission offers and financial aid offers were sent early.
- The noted 17% increase is only 170 students, which makes a small difference compared to the loss experienced this Fall.
- The university has the capacity and commitment, but the hard work remains in the reengineering of the recruitment and communication efforts. Budget realignment conversations need to be had about how the student mix has changed, and look at our market opportunities and where they're a match with the services, values and program offerings the university has.
- **Jerry Shapiro** remarked that student demand data is needed to make informed decisions. Cited an example: in Social Work, they have more applications than they can admit – nearly 400, but they have to reduce to only 25-35 admits. They already have 309 applications, and Counseling has even more. Enrollment should analyze where the applications are coming in, and recommends having demand inform how resources are allocated.
- **Tom Enders** replied they are looking at all the factors and SEAC (Strategic Enrollment Advisory Committee), co-chaired by VP Hellwig and Provost Summit, is examining where opportunities align can with resources. For grad programs it may be possible to do market demand research and find other data sources to consider.
- **Jerry Shapiro** further commented that when there are programs with large applicant pools and consistent demand, but a large amount is rejected, it also influences the way the university is seen, and may affect where undergrads end up going. Conversations need to be had in terms of a social justice campus, and how the university conveys community partnerships.
- **Michael Goldman** agreed with Jerry and further remarked that declines in graduate and international enrollment may present an opportunity and challenge. Graduate students tap different resources than undergrads so maybe there is some untapped capacity. For example: grad students contribute to RSCA

(Research, Scholarship & Creative Activities) and they help teach in undergrad classrooms. Would also be interested in this analysis and what the capacity might be.

- **Tom Enders** responded this conversation is critical right now as the SEAC formulates its planning. More data is needed and programs with more students may require additional resources, where shrinking programs may have available resources and where they may be tradeoffs.
- **Jamil Sheared** asked how enrollment strategies would be met in the short term with layoffs, with a loss of institutional memory.
- **Tom Enders** replied that long-term enrollment plans are being developed so budget reallocations or future staffing needs are considered to meet student demand.
- **Darlene Yee-Melichar** asked if enrollment is based on degree attainment; it seems with unemployment caused by COVID-19, many want to “re-tool” and not necessarily want a degree. There other ways of teaching/enrollment through certifications or badges the university can consider.
- **Tom Enders** clarified that State funding is based on FTE (not headcount); 12 units for Grad students, 15 units for Undergrad. There’s increased evidence of the role of continuing education and credentials. These numbers only show State-supported programs and not self-supports, such as CEL, which is in the position to take up advanced credentials.
- **Teddy Albinia** asked about a few spikes in the mostly downward enrollment trend (2011 and 2015) and if they were attributed to any changes or efforts in particular.
- **Tom Enders** responded he found no consistent evidence of any particular efforts other than further outreach into SoCal, but that has retention challenges with housing and affordability
- **Genie Stowers** agreed that taking a deeper dive into grad enrollment data shows the 2009 decline is attributed to a few programs mostly in education and business sectors, which reflect trends across the country. A further look into data that provides more patterns would help develop meaningful strategies as to the enrollment growth in grad programs.
- **Tom Enders** agreed and reiterated it’s important to look at all the data to help understand the mix of students now, especially at the graduate level.

#### **Agenda topic # 7 – Budget Status 2020-2021**

(see slide 50)

- **Jeff Wilson** presented a brief update to the Operating budget: the budget was loaded into CFS and campus budget officers will begin reviewing their actuals compared to their budget plans. All will go through a comprehensive financial review soon with the four months of data, to ensure alignment with their budgets.

#### **Agenda topic # 8 – Steering Committee Update**

- **Jennifer Summit** presented an update from the first UBC Steering Committee meeting:
  - Developed a revised agenda format, such as used today, to distinguish between informational and action items, in order to facilitate deliberation as well as responding to President Mahoney’s need for UBC input.
  - Determined the UBC process for Staff rep member nominations, which was mentioned at the Senate, at this meeting and posted to CampusMemo.
  - At the next meeting they will discuss how to include all voices in decisions and recommendations, including those dissenting decisions.

#### **Agenda topic # 9 – RSO Workgroup Report**

- **Genie Stowers** summarized the workgroup is meeting with campus RSOs which are not completely self-sustaining and some which are, then will make recommendations the UBC.

#### **Agenda topic # 10 – Policy Workgroup Report**

- **Jeff Wilson** summarized the workgroup restarted its work last week to develop a reserve policy for the university to align with CSU policy. Hopes to have a draft to UBC for discussion at November’s meeting for a possible recommendation to the President at that time. When the reserves policy is done, they will work on other policy areas, including IDC allocations.

#### **Open Forum**

- **Jeff Wilson** opened the public forum inviting speakers to limit their time to one question to allow everyone the opportunity to speak.
- **Sandra Henao** observed review of past enrollment trends and asked if there are also enrollment forecasts for the next 3-5 years, using assumptions we can make.
- **Tom Enders** responded they are starting to work on the 5-yr model and goal-setting. There are known factors, but as Jerry and others suggested, there are also conscious factors that may influence the results. That’s all part of the work that’s beginning, especially for the prep work that needs to be done for Spring.
- **Danny Gabriner** inquired about the affect the budget shortfall will have on outreach and recruitment; with the anticipated decline in enrollment pre-pandemic, and the hiring chill, how will sufficient resources be allocated to support these areas.
- **Jeff Wilson** responded the state allocation reduction adjustment this year (\$22M) was more severe than the decline in enrollment (\$16M) this year. As co-chair of SEAC, invited Provost Summit to respond.
- **Jennifer Summit** replied SEAC is on a formative stage but will enter a more consultative stage in Spring. One of the recommendations will be to strengthen outreach and target areas which anticipate highest yield for the greatest impact.
- **Gail Mallinson** asked if there were significant differences in the ratio of students applying from students enrolling from previous years.
- **Tom Enders** replied the “yield”, the percentage of students admitted-to-enrolled, declined significantly, especially with new freshman families, first-generation, low income, who are considering the cost of a CSU vs. community college for undergrad. It’s a confusing decision happening at a difficult time, but even prior to the pandemic there was decline in the yield. The university can do more with what it has; in its messaging, in its relationship-building with community colleges, high schools and community partners. Sending a clear and consistent message to on-going relationships can make a huge difference. The dynamics are different at the graduate level. The university can add resources and efforts where it believes the payoff will be worthy, but, retention is the largest enrollment driver and those retention rates have been stuck. Utilizing all resources across campus will go further than any single investment.
- **Jeff Wilson and Jennifer Summit** noting no further questions, thanked everyone for their participation, and adjourned the meeting.

#### **Meeting adjourned approximately 11:45am.**

- Next meeting: Thursday, November 19, 2020, 10:00 am – 12:00 pm

/nr-g