

University Budget Committee Minutes
November 09, 2017, 2:30-5:00 P.M., KNDL 207-209

University Budget Committee meetings are recorded. Traditionally the written minutes consist of a summary of topics discussed. For more detail, listen to the audio file [here](#). Time stamps for each agenda item are provided in parenthesis for convenience. CSU, Chico is committed to making its resources accessible for all audiences. If you have accessibility-related difficulties with any of these documents, please email oats@csuchico.edu.

1. Approve Minutes of September 22, 2017
The minutes were approved.

2. Approve Agenda
The agenda was approved.

3. Budget Building Timelines and UBC Engagement (Hutchinson 2:35-2:45)
Hutchinson reviewed the State Budget Cycle and the Chico Budget Cycle.

CSU BUDGET PLANNING

November

- Trustees adopt CSU budget request to be submitted to the Governor

January

- Governor's Budget submitted to Legislature

February

- Legislative Analyst's budget analysis released

May

- Governor's May Revision

June

- State Budget Adopted
- CSU Budget

CHICO BUDGET CYCLE

"We mirror the state budget cycle"

The key components guiding us are transparency, input, and discussion.

July

- Final budget allocation received from Chancellor's Office

August

- Prepare campus allocations

September

- Release campus allocations
- UBC Meeting
 - Review 17/18 Campus Budget Plan
 - Review 16/17 Expenditures

November

- Review CSU request
- UBC Meeting
 - Begin collecting input on 18/19 Campus Budget Plan

March

- Review Governor’s CSU allocation
- UBC Meeting
 - Collect input on revised 18/19 Campus Budget Plan

April/May

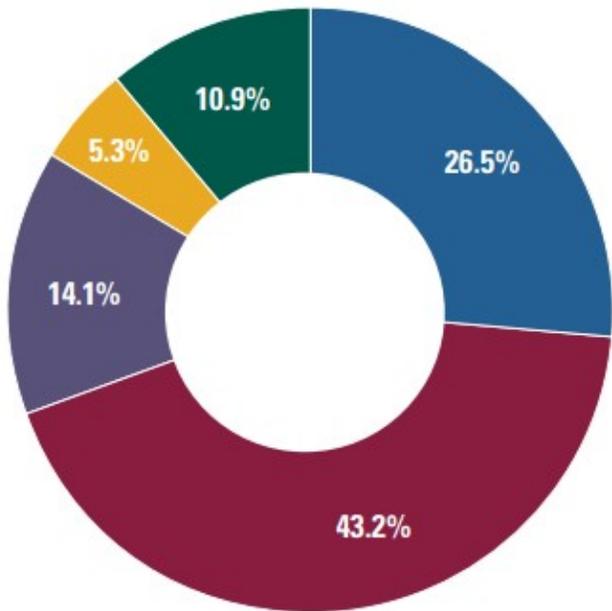
- Review May Revise of CSU allocation
- UBC Meeting
 - Continue collecting input on revised 18/19 Campus Budget Plan

4. 18/19 Support Budget Plan – Board of Trustees (Hutchinson/Kitchell 2:45-2:50). Kitchell noted that on the BOT approved this “Expenditure Plan” on November 08. The BOT request is an increase of \$282, 893,000. The proposed sources are the general fund (\$263,015,000) and revenue (tuition) from a 1% enrollment growth. Kitchell noted that new component of the request is “cost avoidance, efficiencies, and program reallocation.” This includes operating expenses like software agreements and contracts where we haven’t been getting “cost of living” increases to maintain and upgrade. Traditionally, campuses, including Chico, have had to “scrounge around” for dollars to support these needs.

The Expenditure Plan proposes to distribute the BOT request (\$282,893,000) as follows:

Graduation Initiative 2025	\$75,000,000
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Compensation	\$122,100,000
Enrollment Growth (1%)	\$39,905,000
Academic Facilities & Infrastructure	\$15,000,000
Mandatory Cost Increases	\$30,888,000
Total	\$282,893,000



Distribution of Budget Increases

- Graduation Initiative 2025
- Compensation
- One Percent Increase in Enrollment Growth
- Academic Facilities and Infrastructure
- Mandatory Cost Increases

The Governor’s funding plan allocates an increase of \$102,000,000 in general fund revenue, resulting in a funding gap of **\$161,000,000** below the BOT request.

Requested Funding:

Total Operating Budget General Fund Increase	\$248,015,000
Academic Facilities and Infrastructure Increase	15,000,000
Tuition from 1% Enrollment Growth	19,000,000
Total Source Funds	\$282, 893,000

Anticipated Funding:

General Fund Revenue from Governor’s Funding Plan	\$102,000,000
Net Tuition from Enrollment Growth	19,900,000
Board of Trustees Additional Request	161,000,000 [Funding Gap]

Total Anticipated Revenue **\$282,893,000**

Board of Trustees – November 2017

Hutchinson noted, as the Trustees take our request to the Governor, right now, this leads to a lot of conversation occurring from now through January, February, and March. “This is why advocacy days are so important.” This is why it is so important to “tell people about the importance of education, and especially the importance of higher education in the CSU.” However, we need to recognize that we may end up getting substantially less than what we need, “and we’re just going to have to get used to this.”

5. Overview of Allocations (Kitchell 2:50-3:00)

Kitchell reviewed the 2017-18 Allocations & Budget.

Operating Fund	\$223,000,000
Housing	24,000,000
Continuing Education	5,400,000
IRA Funds	4,300,000
Parking Funds	1,400,000
Lottery	1.300,000

Kitchell reviewed a budget summary of the 2016-17 and 2017-18 operating funds.

2016-17

President	\$1,205,721
Academic Affairs	\$121,380,420
Business & Finance	\$26,695,476
Student Affairs	\$15,852,902
University Advancement	\$5,189,900
Centrally Managed	\$41,010,048

Total	\$211,334,467		
2017-18			
President	\$1,241,925	3.0%	
Academic Affairs	\$129,564,108	6.7%	
Business & Finance	\$27,169,067	1.8%	
Student Affairs	\$16,962,824	7.0%	% Change
University Advancement	\$5,285,019	1.3%	
Centrally Managed	\$42,858,131	4.5%	
Total	\$223,054,074	5.5%	

Hutchinson reviewed the scope and purpose of the CSU’s new “Budget Oversight Policy: “The campus chief financial officer must ensure budget reviews, that **compare budget and actual revenue and expenditures**, occur during the fiscal year” The policy takes effect on November 12, 2017. The primary purpose of the policy is to stop the tendency toward deficit spending.

6. Updates by Division

6a. **University Advancement** (Boura/Hollis 3:00-3:15)
Pam Hollis reviewed the Advancement Budget Cycle.

Monthly

Directors report their budget to actuals on a monthly basis.

April/May

- Directors provide a strategic report to the VP with plan for the upcoming year and a budget request.

June

- VP meets with directors to finalize strategic plan and budget.

July

- Plans are consolidated to create the University Advancement Strategic Plan and Division Budget.

August

- Campus allocations are announced and divisions rework their requests to meet the new allocation amounts.

September

- Final budgets are approved by the Vice President and transfers are made to the units.

Hollis reviewed the 2017-18 General Operating Fund budget.

Projected expenditures:	\$6,002,918
Funding Sources:	\$5,258,019
Capital Campaign Reserves	744,899
Total Sources	\$6,002,918

Wages and benefits encumber 81% of projected expenditures.

Reserve Balance on 7/1/17	\$4,060,811 on 7/1/17
Spend down FY 17/18	(744,899)
Projected reserve balance 6/30/18	\$3,315,912

The reserve balance originates from an allocation of \$5 million for the Capital Campaign that was not spent until a couple years ago. “Only now are we seeing that being spent on the campaign.” Hutchinson emphasized the importance of using this money because “we need money to leverage and money to invest” to reach the \$100 million goal of the Capital Campaign. The intent is to continue paring down reserves to support reaching the Capital Campaign goal of \$100 million in 2020. The reserve balance will also be “pared down” by supporting new media technology, social media, and new research that will serve to enhance advancement.

Hollis noted that the General Fund allocation goes a long way toward actual fund raising. The approximately \$5,000,000 received in 16-17 was only about 3% of the total university budget, but it generated \$14,800,000 in return.

Hollis reviewed Existing and Emerging Funding Challenges

Existing Funding Challenges

- Campaign funding will be expended in 2019/2020.
- Unfunded student salary increases.
- Unfilled staff positions, overworked staff.
- Difficult to recruit fundraising and executive talent at the salaries we can offer.
- Turnover for better paying jobs.

Emerging Funding Challenges

- Laxson Auditorium repairs/refurbish.
- Campaign funding will be exhausted in 2019/2020.
- Unfunded mandates.
- Economic downturn.
- Strategic plan for the university.
- Keeping technology current.

Laxson Auditorium was characterized as “falling apart.” Kitchell noted we need \$400,000 to keep student assistant hours at present levels. If the budget remains flat, we would be in the position of reducing student assistant hours by 34,000. Hutchinson added, “These are exciting times for advancement at this university.” We are engaging alumni in ways not pursued in the past. “As a result, they are excited; they are giving back and giving back to help you (students).” When we reach the \$100 million goal of the Capital Campaign in 2020, “we won’t stop there.” This represents a trajectory for continued building of our endowments, which will fill in for state funding that we may not receive.

6b. **Business and Finance** (Stivers/Kitchell 3:15-3:30)

Stivers reviewed the division's budget building process.

DIVISION BUDGET BUILDING PROCESS

- Budget hearings for each unit
 - Review prior-year budget information
 - Opportunity to share efficiencies and challenges
 - New funding requests – BASE and ONETIME
- VP considers funding sources then approves budget
- Additional funding requests should be limited to emergency items

Stivers reviewed the division's 2017-18 base allocations.

The total base allocation is \$27,296,459. The majority of the allocation, \$24,413,883 (89%), is encumbered by compensation (salaries and benefits). The division is anticipating a reserve balance of \$11,615,562 in June 30, 2018. The beginning balance of reserves was \$23,374,689 (July 01, 2017). "The rapid rate we are spending down our reserve makes me uncomfortable." We should have roughly \$50 million in reserves and we have \$40 million. "We don't have an abundance of money." We have \$50 million less this year than last year. That's compounded by the less we got the prior year and the prior year and so on. We need to have the money to do what we are expected to do, "and we do not."

Stivers responded to concerns noted over the variation in reserves among the colleges. Reserves are generally calculated to reflect the proportion of the budget each college receives. But this is not a concrete standard and individual circumstances can figure into the mix. The overall reserve balance and the way reserves are used are the primary points to consider.

Existing and Emerging Funding Challenges

- Unfunded division requests for 2017-18
 - 1,650 hours of Student Assistant work
 - Compliance Manager
 - 2-Administrative Support Assistants
 - Police Dispatcher
 - 3-Reclassification requests
 - \$144,000 of Operating Expenses
- Deferred maintenance
- Vehicle & equipment replacements
- Tree trimming, multi-year commitment
- Creek clean-up
- Warehouse / FMS Yard
- Siskiyou moves
- Increasing benefit costs
- Salary equity issues
- Physical security infrastructure (cameras)

The goal of Business and Finance is to use the resources we have at our disposal to perform the functions and fulfill the responsibilities expected of us in the most efficient manner possible.

6c. **Student Affairs** (Douglas/Moroney 3:30-3:45)
Douglas reviewed the budget process for Student Affairs.

Budget Process

- VP Office reviews prior-year allocation and expenditures.
- VP Office develops preliminary budgets for each department; each department reviews their preliminary budget both base and onetime.
- Meet with each department Director and ASC to discuss preliminary budget allocations. We discuss any significant changes in the department, explanations for any deficits and additional funding request both base and onetime.
- Budget is finalized and allocations are made.

Douglas noted that the preliminary 2017-18 base allocations to the general operating fund total \$16,930,925. Compensation (salaries and benefits) encumber 85% of the total allocation. The campus budget plan allocation is slightly higher at \$16,962,825, resulting in \$32,539 going into the reserve fund.

Douglas noted that onetime allocations to the general operating fund are used for a wide variety of purposes and total \$3,844,872. This has reduced the reserve balance of \$6,774,247 in July 01, 2017, to an estimated \$2,929,375 in June 2018.

Student Health Services has a fee-based allocation of \$4,400,000 for 2017-18. However, expenses are estimated at \$6,113,900, resulting in a negative balance of \$1,713,900. This deficit results from the lack of any major fee increases at least since 2001 and continuing fee increases. Additionally, Counselling, which historically was supported from the general fund, was transferred to student fee support when the general fund became under great pressure. The deficit will be mitigated by reserves from the general fund. However, this is not sustainable. Potential solutions include increasing the student health fee and restructuring allocation of present funding. Hutchinson noted, "We're looking at options. We've been on this for a while now." Stivers added, "These concerns are not going unaddressed. We have a game plan."

Douglas reviewed the existing and emerging funding challenges for Student Affairs.

Existing Funding Challenges

- Onetime Expenses with no Base dollars
- Student Health Services/Counseling and Wellness
- Technology
- Supporting Changing Demographics
 - PATH Scholars
 - Dreamers/H.S.I.

Basic Needs – Food and Housing Insecurity

Emerging Funding Challenges

- Athletics
- Residential Housing
- Accessible Technology
- GSI Funding
- Space Challenges
- Future Budget Uncertainties

6d. **Academic Affairs** (Larson/Mays 3:45-4:10)

Larson reviewed the budget building process for Academic Affairs.

Budget Building Process

- October/November – Initial fiscal year re: program trends, projects, strategic initiatives, budget model adjustments.
- December – Mid-year look at actuals-to-budget by college/support unit.
- January – Governor issues draft state budget; continue to discuss budget with PAC; develop overview of total sources/uses.
- February – Firm up faculty hiring needs, pilot projects, and facilities projects for the following FY.
- March – Support units submit budgets to VPAA; set FTES targets for next year following census; begin budget model scenarios.
- April – Continue budget model scenarios and overview of total sources/uses.
- May – Firm up faculty hiring needs; continue Base and One-time allocation discussions after May Revise; Year-end closeout discussions (balances, carryovers).
- June – Colleges/support units receive penultimate budgets; update of changes in current faculty; legislature passes state budget; end fiscal year.
- July – Begin new fiscal year; firm up yearend and share balances with PAC; roll back carryovers.
- August – Allocate new fiscal year funding upon receipt of the system allocation to the University.

Larson noted that a “College Allocation Model” team has been formed (Jeff Bell chairing) to work on methodology for determining allocations to the colleges. Boyd emphasized the importance of providing input to the group. Salary savings that are freed up from retirements, FERPing, and resignations can help us address faculty hiring needs and other uses. However, we may not get a good idea of faculty transitions until late spring semester, and well on into August.

Larson reviewed the Academic Affairs Base Allocations from the general operating fund to the units within Academic Affairs. Total base allocations are \$128,603,520. Salaries and benefits

encumber 93% of the total allocation. The campus budget plan allocation for Academic Affairs is \$133,000,000, by far the largest of the divisions in the university. (Larson noted that some numbers under “Benefits” are not correct.) “Benefits continue to be a really growing concern.” Unforeseen expenses will push us into overspending what we projected on December 22 by about \$1.2 million. Consequently, we will draw upon reserves for such things as the “Siskiyou Exit” and relocating the print shop. Other upcoming challenges for 2018-19 include funding a portion of a general salary increase, staff equity, finishing out the new science building and facing what may come with the Governor’s budget. Belt tightening will come again, and we may have to find some \$2 million to balance our budget. Larson concluded with briefly reviewing a (lengthy) list of 2018-19 Centrally Funded Expenses beyond the college allocations that the division supports.

Hutchinson “put into perspective” the overall budget picture.

“The entire budget is approximately \$223 million.”

Academic Affairs	72%
Student Affairs	9
Business and Finance	15
Advancement	3

“We were in the weeds today. I really want to give a shout-out and compliments to the hard work that’s gone on behind the scenes by our staff...And I think they (and the VPs) have done a terrific job to pull this information together in a short period of time.” Their efforts go far in helping us understand together “what is the university budget? what are the challenges associated with the budget?” Hutchinson reiterated what Boyd noted that we are looking for you to forward your questions and ideas (to the College Allocation team and others) that we can “pull together for consideration as we move forward.”

7. February Student Forum on Tuition, Fees, and Budget (Gray/Camacho 4:00-4:10)

Grey is planning a forum on tuition, fees, and budget in spring semester. Wyrick set the groundwork for this event as emerging from conversations between Gray (Associated Students President) and Hutchinson. Hutchinson added that students are taking budget, and tuition, and how the university works, very seriously. “It’s very important that they have accurate information...One way to help students have accurate information is to have a forum.” A tuition increase has not been decided, and probably will be decided at the January meeting of the Board of Trustees. Consequently, Hutchinson suggests that the forum be scheduled after that meeting. Gray noted that “We’re all on the same team.” If there is an increase, “How is increased tuition being allocated? Where is money going?” Student groups have held demonstrations. These demonstrations have been very beneficial in getting the message across that we want some answers. Camacho noted the critical need for greater transparency between students and the administration. Hutchinson noted the value of “spreading the word on where to find information on web pages...Everything we do, we do so with you in mind.” However, “We are lean as lean can be, and we’re drawing down on our reserves.” Gray declared, “Students want to be part of the process.” Hutchinson added, “At the end of the day, the BOT will play a big part in solutions.” We need to engage in ways to push legislators into thinking in real and meaningful terms, “We need to be supporting higher education...not put it on the backs of students by raising tuition.” Wyrick noted that increasing tuition works at cross-purposes to the Graduate

Initiative. It may result in students slowing down in progress toward degree. Hutchinson noted the need to engage in a variety of ways to get our message to decision-makers. We need to get students and legislators together. Luncheons with area legislators would provide the opportunity for students and legislators to meet and discuss issues. We should continue bringing Trustees to the campus. The message should be conveyed, however we can, *Why, and why, it's so important to support higher education.*

8. Other

No other items were brought forward.

9. Announcements

There were no announcements.

10. Adjourn

The meeting adjourned at 4:40 P.M.

Respectfully submitted,

Joe Crotts, Secretary.