

CHICO STATE ENTERPRISES

Finance and Investment Committee Meeting Minutes

Tuesday June 2, 2020, 3:30 – 5:00 pm

<https://csuchico.zoom.us/j/96602238955?pwd=VDBmdTczYVdTR1I2S3IOTFgxUzZCUT09>

Committee Members Present: Bob Kittredge, Annabel Grimm, David Stachura, Tod Kimmelshue

Members Absent: None

Other Board Members Present: Debra Larson, Ann Sherman, John Unruh

Also Present: Vance Kelly, Mary Sidney, Natalie Carter, Michelle Flowerdew, Liz Squire, Tom Wilder,

1. **Call to order – Kimmelshue called the meeting to order at 3:30pm.**
2. **Approval of Minutes from April 28, 2020 – Action Item (Kittredge/Grimm)**
Motion carried (4/0/0)
3. **Public comments and announcements - none**
4. **Reports**
 - a. **Congratulations Vance Kelly, Director of Finance!** – Sidney shared that Vance Kelly was selected as the new Director of Finance for Chico State Enterprises.
 - b. **FY20-21 Proposed CSE General Fund Budget** – Sidney presented the FY 20/21 proposed budget, sharing that the budget considered the needs to achieve more efficient and transparent operations by addressing current vacancies, and making needed technological improvements. She directed the committee to a summary of changes from the previous year’s budget. She highlighted the most significant changes: an increase in staffing cost, a decrease in ITSS costs, and an increase needed to further and improve the implementation OneSolution. She added that the current proposed budget represents a 2.9% increase over the previous year.

Kittredge asked if the increase costs for staffing was sufficient to cover the needed positions and wage increases. He also asked about the cost of absorbing the State side employees resulting from the recent reorganization. Sidney shared that the University has agreed to support CSE during the transition to provide funding that would cover the CEO’s salary for up to five years, and to support the cost of administrative support of the Institutional Review Board’s (IRB) for the Human and Animal Subject Use. She added that the effort needed to provide support for IRB is being assessed. Kelly shared that staff positions and duties are still being assessed in order to improve operations. He continued that time-saving measures are also being explored, and that the transition to virtual operations has resulted in some significant process improvements.

Kittredge asked about potential impacts to the revenue resulting from the pandemic, specifically the Grant and Contracts activity. Sidney shared that the impact is not yet clear. She said that initially there was a slow-down in both pre and post-award activity, and that several deadlines were extended. Pre-award activity has since rebounded and

is now busy, but noted that there may be some impacts from researchers not having access to labs, for which currently only limited exceptions are being granted. Flowerdew shared that while there have been extensions, there have not been any stop orders received as a result of the pandemic. She added that the Contracts department is busy, receiving a lot of renewals. Lastly, she shared that some programs have received funding from the CARES Act. Kittredge asked about revenue to support the University lease being lost. Sidney explained that in the past a lease was paid by the University to support RESP, and that CSE was absorbing that cost.

Sidney shared that in addition to the general operating budget, is a special facilities request to update 25 and 35 Main Street and improve the buildings appearance. She shared that the request of \$131,000 from the Professional Development Fund would refresh the buildings at a time when occupancy is low due to the pandemic and allow staff to return to an improved working environment. Larson asked about the sources of the Professional Development Fund. Flowerdew shared the source of the Professional Development Fund is the 50/50 split on Fixed Price Contracts, and that it does not include any F&A funds.

Sidney shared that the Distributions and Allocations have not yet been completed, pending internal discussions, and that the current amounts shown are historical. She shared plans to share and socialize a new methodology with Faculty in the future. Larson asked about fund accounts not shown in the current budget (i.e. the Professional Development Fund). Sidney explained that staff are currently working to clarify the sources and uses for these accounts, and that she plans to include these details in future budget reports. She pointed to the net balance, and to the fact that it is not yet clear where positive net balances were directed. Larson expressed the importance of clarifying how F&A is calculated and distributed, the formula for which has been confusing in the past. Sidney shared that there was still work to be done to present a clear financial picture. Kittredge shared that the gross operating balance should drive the F&A allocations, and the reduction in the gross operating balance is concerning. Sidney shared that investment income plays a role, and that there is still a need to understand some of the inconsistent labeling and the dynamic of the fixed price contracts. Kittredge encouraged Sidney to continue developing a new F&A formula for a future meeting. Tom Wilder shared that from a PI perspective the source of distributions is lost, and individual PI's are unable to clearly identify F&A funds that a project has generated for their College.

**Motion to recommend approval of the budget for FY 20/21 through the Gross Operating Balance Line (Revenues and Expenses), recognizing that there is further work to be done on the Distributions and Allocations
(Kittredge/Stachura)
Motion carried (4/0/0)**

**Motion to recommend approval of the special facilities budget request and for the work to be done ASAP.
(Kittredge/Stachura)
Motion carried (4/0/0)**

- c. **Example of aging report (internal working document)** – Sidney shared an update relating to accounts receivable activities and efforts to improve collection and reporting. She shared an aging report used internally and prepared by Vance Kelly. Kelly emphasized that the document is an internal working document. He shared that CSE did not previously have an aging report that tied to the General Ledger, but one has now

been created. The aging report is run on the 25th of the month, for the previous month, and supports staff in following up on outstanding payments. Kelly shared that significant improvements have been made in collection efforts for invoices over 120 days past due. Kelly referenced priority items identified in the report, based on the size of the outstanding balance and/or age of the billing. Sidney shared that this working document was a first step in developing a management aging report that can provide the board a clearer picture of the true aging of billed and unbilled receivables. Kittredge expressed interest in a report that would provide that information. Kelly shared challenges relating to unbilled revenue, which is dependent on receiving expense information in order to generate a bill. He added that the process is often delayed on the program side.

5. Next meeting date / time TBD

6. Adjourn

Respectfully submitted,



Mary Sidney, Secretary