

California State University, Chico
Academic Senate
(530) 898-6201, Zip 020
MEMORANDUM

UNIVERSITY BUDGET COMMITTEE MINUTES

December 13, 2019, 8:00-10:00, K-207/209

Discussion was held about what constituted a quorum for UBC. Nine members were present of the sixteen total and the meeting proceeded with this majority. Boyd volunteered to step in for the missing Secretary.

1. Approve Minutes [September 27, 2019](#). [6:06-6:39]

Ferrari asked for corrections to the minutes.

Minutes were approved.

2. [Approve Agenda](#). [6:40-7:23]

Boura hoped to remove Item 7: [University Advancement Update](#) to a later day. Moved /seconded-approved.

Amended Agenda was approved.

3. [Budget Building Timeline, Budget Process, and UBC Engagement](#)

(Hutchinson/Kitchell) [7:24-23:48]

Ferrari asked Jeni Kitchell to begin discussion of the Budget Building Timeline.

[Slide 2] Kitchell quickly reminded everyone of where we are in the budget cycle. We just finished the November Board of Trustees submission of the 20/21 budget request to the Department of Finance. The next step will be around January 10, when we should hear the Governor's proposed budget

[Slide 3] This slide shows the Chico coordinating timeline. This is the meeting to review the CSU request and begin collecting input on the 20/21 Campus Budget Plan [this meeting was originally slated for November]. We will have more information in March to begin talking about what the state is proposing and what it will look like for Chico in 20/21.

[Slide 4] Kitchell wanted to share conversations she has been having on campus about Chico's budget process. She met with Academic Affairs PAC and the Chairs Council and thought it would be helpful to share with UBC. She said the hope is to align the recently completed Strategic Plan and the Master Pan with our financial planning. This will take some work

- Develop strategic intentional spending plans across the campus
- to better oversee and manage our financial decisions
- and eventually align our resources

As we consider our objectives, we must plan for our fixed and variable costs (what changes from year to year or every 3-5 years). If we have our plans in place, we can evaluate whether we have been achieving our goals and plans.

[Slide 5] Other campuses have begun these processes and some things we have already considered include:

- Questica budget software which will allow us to leverage technology to create multi-year budget plans. We have been working to implement this programming and get data into it
- The most important component of this program is position management
Nearly 90% of our budget is people and we need data to make decisions around personnel.
We have been evaluating what is in our People Soft systems to consider the permanent positions, staff, management and tenure-track
- They have also been establishing spending plans based on current positions. We could be more efficient if we budgeted by category (ie. salaries for staff, salaries for management, salaries for tenure-track, salaries for Lecturers, and specifically a travel budget, a budget for printing). We are not currently posting this in our system so that we can track and manage expenditures.

[Slide 6] outlines the milestones of what has been completed so far and what remains:

- Nov 2019: Complete university-wide position review
- Dec 2019: Post 19/20 unit budgets by category (at a least a college and unit level)
- Jan 2020: Develop standard reporting template
- Mar-Apr 2020: Preliminary 20/21 budget development

Kitchell explained that this was being derived from all the college AAS who were looking at their base budgets from the division and they are posting it based on their prior understandings. She said they hope to develop a standard template for reporting, but that it is not intended to be limiting but to leave a department or college the ability to adjust their budget. They can adjust expenses like travel if they need to and have a clear template to report it up. The CFO can thus monitor how we are doing from a financial perspective.

In early spring we can then look at what 20/21 will look like.

Larson noted that a perennial complaint is when she will approve faculty searches. She has not approved this allocations until she know when salary caps will be finalized around August 15. For some disciplines this means we are late getting our ads for positions out. If we could develop a model that gives us budgetary flexibility we could run our searches without risking deficit spending because our budget is so tight. This rolls over into the diversifying faculty conversation. FERPS are not finalized until August 15 and they are a big part of salary capture.

Ford suggested we could estimate based on historical experience. What is the worst case if we hired a couple of extra positions?

Kitchell observed that there is a great difference about how ASC's in departments and divisions monitor budget. She thought more consistency would create more transparency and give Chairs, Deans and directors a better gauge on their budgets so they can make better decisions. A more consistent measure will allow a better preliminary budget picture.

Wyrick said he looked forward to tracking the amount of money spent on administrators so that across divisions we can make informed decisions about creating new divisions or consolidating administration. Data about actual amounts and positions could correct misperceptions.

Hutchinson said she thought we already did this

Sistrunk thought this could not be a new problem in budgeting, aren't there models that define a plan that can be revised later. Sherman said we are getting better at parsing out what's in the line items so we can pursue our budget in a proactive, rather than reactive way.

Allen said in BSS they had to learn budgeting themselves and develop their own system and categories. Some of the categories (like tech) are obscure and opaque and don't allow managers to observe how or why things are changing when they do. She wondered if the way that these are coded could be standardized to help make them more understandable.

Kitchell said they have been working on this so that some reports can be reported at a rolled up level without too much detail at least for planning purposes. They are trying to create a template that makes sense at both the college and department levels, since with narrower concerns sometimes one wants more detail. She said the intention is to create less work because right now entries are being keyed in to transact them, and then the departments are having to key in the same data to keep track themselves (with a spreadsheet on the side) creating twice the work.

4. 2020-21 Operating Budget Request – Board of Trustees Request (Hutchinson/Kitchell)

[23:48-44:33]

[Slide 1] Kitchell explained that we are at the stage in the cycle when the Board of Trustees has made their budget request in November.

[Slide 2] Our total budget right now is \$7.2B, and so we are only talking about the new money being requested. Larson pointed out that in 2009-10, the CSU's budget went down to a little less than \$3B, and so we are fortunate to have the support for higher education we do now.

The CSU is asking for another \$564M baseline budget from 2010-20. The request includes a 5% enrollment increase (there is a link to the Board of Trustees Agenda and the Budget Book which has more detailed information)

[Side 3] Our ask is for general fund dollars of \$563.7M, and the tuition increase of \$84.6M, for a total expenditure of \$648.3M. This enrollment increase is a projected base increase that is funded. Larson pointed out that enrollment demand elsewhere in the system is much higher than ours is currently. She said the CSU is still responding to the 2017 report that California will need a million new college graduates in the next several years. 5% growth will not get us there, but we need to start asking to get there.

Kitchell said there are some campuses that are significantly over-enrolled and this target can be reached across the system.

[Slide 4] outlines our new incremental expenditures:

- The Graduation Initiative was planned to give for six years at \$75M a year. This current year (19-20) we only got \$45M and so this budget is trying to make up for this short fall in the current year (\$30M) as well as ask for our fourth year funding (\$75M).
- The expenditure side of the 5% enrollment growth will be \$248.6M
- Costs related to Salaries and Benefits
The Compensation pool is estimated at 3%
- Academic Facilities and Infrastructure Needs is \$75M which is base money to satisfy debt. This would give us the ability to issue about \$1.1B in bonds which would go a long way in the system.
- Basic Need Partnerships the CSU is asking for base money to support these needs
- Mandatory Costs This is part of the unfunded pension liability. This \$27.3M includes \$18M repayment of a loan for SB84. In 2017, when the State had a surplus, it paid down Calpers debt with \$6B. Now they are coming back to say that the state agencies must pay this back. The CSU is on schedule to pay back about \$26M a year for seven years. This is a new cost to us that was not originally in our budgets. The state asserts its loan kept retirement rates down.

Kitchell added that the Auxiliaries are also paying for this including Housing and anyone else with personnel in the Calpers system. The Enterprises is not paying.

Kitchell said that these are the funds that would be available for our coming negotiations and this has been calculated at a 3% pool. This includes salary and benefits. The 3% increase has about a 35% benefits cost on top of this. Sherman noted that when personal health benefits go up the cost to the state is about 4 times this.

Kitchell said she added some Chico estimates to these incremental expenditure requests and some question marks (which are just estimates!). She noted that we do not control these and the amounts that Chico gets funded are variable and will play out until July.

- Last year we got about 3.5% of the Graduation Initiative moneys
- She did not think it was prudent to estimate what Chico might get from the 5% enrollment increase
- The Salaries and Benefits is really a zero sum game because we are charged when costs go up
- If Facilities and Infrastructure did go to a bond measure, it would be a few years out, and it is hard to estimate what Chico would get from that
- She thought we might get @\$1M to cover our Mandatory Costs

Mike Guzzi (Associate Vice President, Facilities Management and Services) said that System facilities managers continued to be optimistic about the bond measure coming in March. He noted we still have the number one priority project in the system for \$85M to replace our chiller water lines which still keep him up at night.

[Slide 5] Kitchell noted that the state has been filling the rainy day fund up, and although they are thinking an economic downturn is coming, they are perhaps willing to spend on one time projects more than ongoing expenditures.

- The CSU is making a pretty big ask on some Deferred Maintenance projects \$500M. This would fund pay-as-you-go one-time costs.
- They are also making a second ask on Basic Needs \$15M one-time funding

[Slide 6] Kitchell underlined that there will be much advocacy for this funding from the State in the next months

- Consultation will also begin with students about the option of raising tuition. This is part of the statutory process that was started last year as a way to keep this option as a contingency if the state does not adequately fund the system
- GO Bond Measure AB 48 will be on the ballot as Proposition 13 (2020) School Construction Bond

Kitchell noted this is a \$15B bond of which \$2B will go to the CSU. This would translate to 20 large projects to the state which is significant. We have not had this kind of measure since 2006.

This will include our 5 year affordable student housing plan (this will impact Chico because we have critical needs). Sherman noted we have to have our plan in place to tap into the \$2B if the bond passes. Housing is self-support, but if it is tied to our other project priorities (like safety, seismic deficiencies and critical deferred maintenance) we might qualify for some of the funds.

Hutchinson noted that we will submit our Housing plan on time guided by the rubric provided by the Chancellor's Office She said his was written by teams working on different aspects of the issue that will be developed in the future. Ferrari noted that more will be discussed in January at Senate when housing insecurity is the topic.

Mike Guzzi explained that our local plan becomes part of the CSU system plan that is submitted to the Department of Finance. Hutchinson noted that we have already been working on this in our Master planning and will discuss it more in the future.

5. The Color of Money: Budget Exercise (Sherman/Kitchell) [44:33-1:10:51]

[Slide 1] Kitchell said this power point had been shared with different management teams across campus in October to think about how to do financial planning by assembling all the sources of revenue. The intention is to remind everyone about the kinds of funds we have available.

[Slide 2] Kitchell noted that there are many people involved in actively managing our funds –the college administrative areas, the Chairs, the Deans, Directors, Vice President all have expectations about how we are leveraging these dollars. We need to review our sources of funds and think about their appropriate use. There can be multiple funds to choose from.

A short worksheet was been passed out to practice thinking about some of the funds one could use to pursue goals.

Kitchell emphasized that if any help is needed from Business and Finance when making funding decisions that they are available.

[Slide 3] shows Funding Sources. There are two basic sources:

- State Funds (which amount to about \$287M)
- Auxiliary Funds (\$74M)

Three buckets of funds make up State Funds -\$287M

- Operating Funds which we were just discussing come from State dollars and tuition (86%)
- Self-Support Funds include funds that charge a fee to cover their expenses and stays in its own bucket (11%)
- Other Funds (3%)

Auxiliary Funds also include three buckets: (\$74M)

- Associated Students (32%)
- Chico State Enterprises (52%)
- University Foundation (16%)

[Slide 4] gives a pie chart with the percentages of the individual buckets of the State Funds

[Slide 5] depicts the individual funds that make up the three buckets of State Funds:

- The 3% of funds that come from Other sources and these are defined (Lottery and IRA Funds)
IRA funds are applied to many student activities across the University (competitions, Athletics, performances, etc.)
- Self-Support Funds include: Housing (\$23,738,587) This is the cost of both room and board and all the operational costs
Continuing Education and Parking
Both Parking and Housing have debt that they must pay down annually
- Operating Funds: \$248,617,061 shows the State Support dollars and the many fees students must pay

Larson asked why IRA funds were pulled into the Other category when CCF and SLF fees (under Operating Funds) also have strict rules about their applications. Kitchell thought it was because it has a separate education code that is not part of the operating fund.

[Slide 6] shows the Auxiliary Funds (\$75M)

- Chico State Enterprises (52%) organizes a lot of contract activity (longer than this list can show), NSPR and the University Farm are all over in the Chico State Enterprises. (This latter is funded by both state and enterprises funds).
- Associated Students (32%) includes dining and food services across campus. The AS Activity fee funds all the AS activities. The BMU and WREC also have their operational costs covered by the students.
- The University Foundation (16%) governs all the philanthropic activity, endowments and gifts and more recently the Board of Governors Awards.

[Slide 7] Funding Uses

This shows what Operating Funds are Restricted or Unrestricted in use. In actuality, there are always some rules about how fund sources may be used. Restricted funds (shown in red) have more restrictions in how they can be used

[Slide 8] Another consideration when making funding choices will be determined by whether the expense is onetime or ongoing.. Some maintenance agreements just like longer term personnel decisions should not use onetime funds. Printing costs, travel, and other ancillary expenditures may be ongoing for 3-5 years. Some of the Graduation Initiative money was declared onetime money and could not be invested in longer term development.

[Slide 9] These considerations are important because there will not be a lot of room to make discretionary decisions from your operating funds. This pie chart shows what the operating expenses actually were for 1018-19. It shows that after salary and benefits only 12% of the total operating fund remained. This is why it matters how one leverages supplemental funds (Lottery, Campus Partner, Restricted Student Fees, Grants & Contracts, Fundraising)

[Slide 10] Kitchell noted that when choosing what to spend first, one should use restricted funds first. If an unrestricted need arises you may not be able to go to restricted funds to meet it.

Kitchell invited everyone to follow the worksheet exercise to select what funds might be used for a select number of examples. People brainstormed answers and Kitchell discussed the possibilities. She concluded that decision makers should know what the possibilities are and reach out to Business and Finance if they need more ideas or were unsure.

Ferrari asked if there was a resource to give an overview of the sources. Kitchell noted that there is information on the University Budget website. They have developed the possibility for departments to run a report to see what is available to them from general funds.

Evanne O'Donnell (Associate Vice Provost) thought this exercise and discussion would be useful for Chair training regularly. Others added that a flow chart would be useful, and hoped the FLC dedicated to this for Chairs would become regular and not just ad hoc.

Jeff Bell (Biology) added to Allen's point earlier that oftentimes the reports chairs get are just numerical codes and don't use the titles we have been using in this presentation. The reports should use the words not the codes. Kitchell said this would be attended to in January.

6. Review of Student Success Awards from GI 2025 One-Time Funds (McCarthy/Patterson) [1:10:51-1:49:15]

Kate McCarthy (Dean of Undergraduate Education) introduced the most recent efforts of the Graduation Initiative Advisory Team to award initiative one-time money to applicants. She noted that funds came to the committee in different forms and different amounts with varying obligations attached to them. She will talk about one small slice of this from the past year, but wanted to provide a context. The Advisory team has been working over the past few years to

revise the structure of the group and its processes to improve transparency about how the funds allocated to it are dispersed.

In the past year GI 2025 funds came to the committee in two large buckets:

- A base allocation
- One time allocation

The organizing policy statement calls on the committee to report to UBC once a year about the student success awards expended.

- **[Proposal Review Rubric](#) (GI Advisory Team Steering Committee Members: Kate McCarthy, Chela Patterson, Chiara Ferrari, Barbara Fortin, Katlyn Baumgartner Lee, Ellie Ertle, and Ben Juliano)**

Kate McCarthy explained the cross divisional quality of the GI Advisory Team which is Chaired by herself and Chela Patterson with representation from Business and Finance as well. She said the committee went annually through a process to identify priorities for student success in May and the steering committee identifies recommendations for funding should these materialize. This list of priorities is presented to the Provost and Vice President of Student Affairs and they assign some portion of the funds to student success awards.

This year's allocations (linked on [Slide 2] note 1) are posted on the Graduations Initiative 2025 Website. 615 applications were received and \$303,000 was awarded out of over \$600,000 in requests. All the colleges made requests and one very fine proposal Came from Student Affairs.

[Slide 2, note 2] has the reports successful applicants from last year returned measuring the relative success of their efforts (as measured by the benchmark they submitted with heir proposals). This kind of report will be returned for the awards just made next year.

There will be changes in process next year. Currently we give partial awards to spread the funds as widely as possible. The criteria for partial awards were 2:

1. Could something be done with the partial award?
2. Establish some equity (for example parity in awards for course redesign)

Next year we will ask if the applicant is interested in attaining partial funding or can find further funds on campus.

Larson suggested adding a question to reveal whether an applicant knew about similar efforts already on campus. This might be a way to promote collaboration and take their projects further. She hoped we could signal that we are leveraging our accomplishments as well as building new things if necessary.

Ferrari said that she was impressed by the steering committee's efforts to find similar funding on campus as they considered applications.

Kate McCarthy was gratified by efforts to close the equity gap between underserved students as this was one of the principles guiding committee selection. She also pointed out that new

guidelines particularly recused members of the steering committee from reading proposals if they had submitted anything themselves. This was a Senate recommendation last year and the policy language will be changed to reflect what was done this year.

These Student Success Awards amounted to about \$300,000 out of \$1.2M awarded to Chico. Much of the rest of these moneys were spent because of recommendations the steering committee brought to the Provost and Vice President of Student Affairs. They have identified programs that might benefit from development as they have been identified by the data that Jeff Bell gathered about the grading equity gaps of underserved students. Working on equitable outcomes might provoke progress in time to degree, retention, course level outcomes for a given program (not a targeted individual course). Six teams have been funded for this work.

Ford was excited by the possibilities of funding for next year if it materializes. Larson noted that the budget for Academic Affairs is committed to salary and benefits for close to 96% of its budget. She said this to underline how important this money is.

Ferrari thought it would be nice to develop one website for faculty to find funding opportunities in the university in one place. Kate McCarthy said she had a resource she was trying to develop to give a basic orientation to faculty and staff at a glance.

Sherman said she had seen this process on two different campuses and she recognized that developments had been tentative and slow because it was unclear whether the funds would last. She has been feeling anxiety about how we might be using our funds with less impact than they might have because of this. She noted the example of award of \$15,000 spent to benefit 9 students. She did not think we were hitting enough people. What can we do with the greatest good for the greatest number?

We should talk about housing security. We should talk about giving good career counseling before going into disciplinary curriculum counselling so they don't switch majors and can get done faster. How can we support students through intercessions and summertime so you get out sooner? How about training for focus and low anxiety and accomplishment in class instead of generalized stress? What could Chico state do that is dramatically different that drives the greatest good for the greatest many right now?

Kate McCarthy answered: "I completely agree" She said most of the GI committee conversation was not about technique but scale. We know what works. They need to feel they belong through connection with a professional on campus who cares about them. They need basic needs met, healthcare and everything else. And they need good pedagogy in the classroom. The student success awards are intended to be those new ideas. Success (like the Reach faculty mentors) will then move something from onetime to base. Doing all this for every student is an enormous budgetary challenge.

Wyrick noted his change from the exciting and significant work of the GI team and going back to regular faculty and having almost no contact with this discourse. He wanted to recognize that students are changing rapidly and responding to dramatically different circumstances. He noted there is no support for him to reach out to a student who has disappeared for weeks.

Larson wanted to speak some more about Wyrick's sense of disengaging from the GI work. She wondered if some kind of conversation could be had at the Tipping point to consider this question. She thought much of the base capacities being built this year, not only in the colleges, but we have put money into the Chico 360 services including more advisors so that faculty can find the resources they need for interventions with their students efficiently. Still, she wondered how we gate to the other percent of the faculty who are not engaged in part of this work?

McCarthy said that so much GI 2025 work is faculty development work and we need a better interface with faculty.

Ford thought that communication from the Chairs to strengthen communication between the GI 2025 team and faculty development would be a way to get this information out.

He also asked what the metric was to move the REACH program forward. McCarthy said: "5 to 7% higher retention rates between 1st and 2nd year student compared to the rest of the university"

Sherman wondered if the CARE team was a mechanism to appeal to for reaching out to students who have disappeared. McCarthy said this might be imbedded into the advisors 360 approach. Larson said that a systemic overhaul of our haphazard advising is the work of the hour s that it will be coordinated and effective. Academic Affairs is currently working on a two year plan to coordinate AA advisors in the colleges with student affairs advising.

Sistrunk wondered about the choices to hire more advisors instead of more faculty who are more flexible, and was told these matters had been widely discussed by almost everyone already.

Evanne O'Donnell wondered what resources faculty had if they had the kind of problems Wyrick had discussed if the CARE team was not the answer.

Ford said that Natural Sciences had an SSP that faculty could go to for these matters and this could be done through all the other colleges.

Ferrari pointed out that faculty don't get to hear what the results have been when they alert the CARE team about students in trouble in various ways. The response is always that these cases are confidential. Faculty don't need confidential information, they want to know the problem has been addressed.

7. Other [1:48:16]

None.

8. Announcements (1:48:16-1:50:34)

Sherman asked if people had to be specifically invited to the Tipping point conversations. General conversation ensued.

Boyd asked if we were considering that we are about to go into a major scheduling overhaul because of Butte Hall coming off line. How are we going to gauge impacts on students when we know there are correlations between how they learn and what time of day it is. She thought we will need to address these issues eventually.

9. Adjourn [1:50:34]

Meeting adjourned at 9:51 a.m.

Respectfully submitted,
Tim Sistrunk, Secretary

General Resources for Background:

State of California, Department of Finance:

http://www.dof.ca.gov/HTML/BUD_DOCS/Bud_link.htm

State of California. Legislative Analyst's Office: **<http://www.lao.ca.gov/>**

CSU System: **<http://www.calstate.edu/budget/>**

CSU, Chico: **<http://www.csuchico.edu/vpaa/planning/resourceallocation/index.shtml>**

CSU, Chico: **<http://www.csuchico.edu/bud/budgetplans/index.shtml>**

OpenGov: **<https://csuchicoca.opengov.com>**