



MEMORANDUM

TO: [UNIVERSITY BUDGET COMMITTEE \(UBC\)](#)
FROM: Ana Medic, Academic Senate Secretary
SUBJ: **UNIVERSITY BUDGET COMMITTEE (UBC) – MINUTES**
September 29, 2022, 2:30-5:00 p.m., Via Zoom:
<https://csuchico.zoom.us/j/83875802482?pwd=dFptdk03Rzk3UnhMeWdVR0F3aktxZz09>
Meeting ID: 838 7580 2482
Passcode: 724398

“The charge to the Committee is to meet regularly to review the relationship of academic programs and campus budget; to provide timely participation by faculty and students in budget processes; to propose broad strategies for adjusting the academic programs and budget to one another; and to review the effects of their implementation before adoption by the University.” – [Executive Memorandum 05-017](#)

Chair Paiva called a meeting to order at 2:33 pm.

1. Approve Minutes of [May 16, 2022](#)

Minutes from May 16th approved.

2. Approve Agenda

Motion made to include as item 8 Updates from the President’s office. Second. Approved.

Agenda approved as amended.

3. Overview of [CSU Budget Cycle and Priorities](#) - Sherman

VP Sherman, the Vice President for Business and Finance and the CFO at Chico State introduced item 3:

- a. The State of California provided \$13 million more in funding for higher education.
- b. Lower enrollment produced lower tuition and fee revenue, decreased \$8 million. Total increase is \$4.5 million.
- c. Expenses increased \$15 million (e.g., compensation increases for faculty and staff, benefits costs, healthcare costs, utility costs, liability and property insurance, and inflation impact).
- d. CSU budget was approved earlier (September instead of usual November) by the BoT to provide more opportunity for advocacy with the California Department of Finance and legislators.
- e. The governor’s budget proposal and decision revealed in January.
- f. In June, the state budget is finalized, and the allocation process starts for the CSU system.
- g. For the 2022/23 the State of California had \$308 billion budget; higher education received 8.1% of budget (\$23.6 billion), and CSU received 20.8% of that (\$5.2 billion). Chico State received \$152.9 million. Last year 2021/22 state funds were \$140 million.
- h. Last year 2021/22 tuition and fees were \$97.6 million while this year is \$95 million due to which campus plan to lower their expenses.

4. [Enrollment Update](#) — Ross

- [Enrollment revenue impact](#)

Jerry Ross introduced item 4:

- a. The fall semester had increased new student applications, lower transfer student applications due to lower enrollment within the California Community College system.
- b. Enrollment of first-time freshmen students increased 4%; decreased transfer student enrollment 11%. Expected the application and admission number to continue throughout the yielding and enrolling process.
- c. The team in admissions worked with campus partners to engage admitted students earlier more often and more strategically. The enrollment continuing project trying to revitalize campus student yielding rates.
- d. Overall headcount is down 2% or 9.5% lower FTES year over year.
- e. The average unit load is going down, which impacts course registration, headcount, enrollment in courses, and FTES.
- f. The Office of Admission worked on the intent to enroll process being significantly faster.
- g. The entire CSU has been seeing declined enrollment with first time in college, which are the students that represent the bulk of campus enrollment. Decline at Chico State seen 2014/15.
- h. The first time in college yield rates have gone from 19.3% - 9.9% for the fall of 2022.
- i. Compared to other CSU campuses, Chico State had the sixth worst decline, losing 31% of FTF.
- j. Currently in the process of taking applications until December 15th.
- k. A campus wide forum for the enrollment continuum process will be held later in a semester.
- l. For two years rebuilding enrollment, management efforts and trying to modernize these efforts.
- m. For spring and fall 2022 campus began digital advertising efforts for those cycles.
- n. Restructured teams particularly enrollment management, and admissions to build capacity and modernize enrollment process.
- o. Building out greater partnerships with community colleges.

Question: what are current efforts in place on campus? Answer: the enrollment continuum project is underway and is designed to improve around four strategic areas recruitment in yield, marketing and communications, academic and curricular revitalization, and retention. Efforts to improve enrollment by 2023/24. Continuing work on GI2025.

5. [Business and Finance](#) – Corona

Stacy Corona, AVP for financial services introduced item 5:

- a. See attached document for details.
- b. FTES on an annualized basis, annual impact on campus revenue feeds into campus budget plan.
- c. At the beginning of a semester FTES was at 12,238, now is 12,638 and was used for budget plan.
- d. Noticeable 5-year decline period showing headcount and FTES.
- e. Two sources that contribute to the campus budget are tuition revenue and state support.

- f. Reduced enrollment from 2017/18 until now reported \$20 million in reduced budget due to lower student enrollment (22%).
- g. This showed what enrollment reductions have been and how they directly impact campus budget and its planning.
- h. Revenue goes to other programs on campus. FTES difference is showing campus is down 3,200.
- i. Visual presentation of the lower enrollment impact on the other fee funded programs e.g., IRA, health center, student groups.
- j. The CPI index may project and include a fee increase for the given year.
- k. A portion of the budget has been masked by the increase in state support.

Question: How does CO set the enrollment target? Answer: Campus enrollment target has not been changed in the last four years. It is a combination of looking at the past enrollment numbers and trends, and comparison with other CSU campuses. Expecting in spring 2024 to increase numbers 5%. Chico State had been spared to change FTES due to Camp fire and pandemic impact, which means received higher state support than what enrollment numbers were. Expecting change in funding to come in academic year 2024/25 at the current FTES level, lower funding.

Stacy Corona continued the campus budget planning presentation:

- a. Campus budget plan finished last week, finalized revenue, and expenditures; sources and uses.
- b. State support for Chico State is \$152 million. Decreased tuition, increased costs.
- c. Allocations are designated based on last year's compensation agreement.
- d. Compensation adjustments, benefits for this year are all those subtle bargaining agreement increases. All this is increasing campus costs.
- e. \$74 million is the tuition portion, rest are non-resident and other designated fees. This amount was \$20 million higher only five years ago.
- f. Budget is \$243 million.
- g. All uses and the amounts allocated to each division presented in slide. Centrally managed costs are financial aid, utilities, insurance, and restricted student fees.
- h. The actual cost is around \$7.4 million, campus is about \$1.5 million short due to extra costs going to e.g., health care premiums, benefits costs, GI2025.
- i. The \$9 million reduction to campus budget is because of the reduced enrollment.
- j. Reallocation of some funds went to utilities, supporting the new IT division.

6. [Academic Affairs Budget](#) – Larson

Provost Larson introduced item 6:

- a. Shared the actual budgets for the Academic Affairs division and what those implications mean.
- b. Division's website provide more specific information on budget and academic resources.
- c. Out of budget, Academic Affairs allocation is \$122.9 million.
- d. Division expenses are higher now estimated to be \$132 e.g., \$74 million for colleges, \$9 million for support units (library, undergraduate/graduate programs, benefits for all employees, work study).

- e. Division is compensated for the difference by using one-time funds and reserves (\$9.2 million).
- f. In the last two years incorporated into this allocation the compensation and compensation increases.
- g. ABC model is using responsibly centered methodology (RCM) to allocate funds out to the colleges. In the last two years, this allocation included a \$2 million cut by adding compensation expenses as additional cost.
- h. Currently, colleges are receiving a 3% cut due to compensation expenses plus an additional 1% as those are unfunded.
- i. Bargaining agreement produced MPPs, faculty, and staff compensation increase, which translates to a budget loss of nearly a \$1 million, and in addition onetime bonus \$861,000. A total of \$1.78 million and will come out of allocated Academic Affairs budget.
- j. ABC model is used and continues to evolve, allocating approximately 40% for TT instruction, 60% for lecturer instruction, 15% for the administrative support, and 6% for special needs. ABC model allocated \$8 million while actual expenditure is close to \$10 million.
- k. Colleges are keeping a large portion of rollover funds. See presentation for details.
- l. Projected to have less funds available next year and see this as a problem (only \$13 million).

Question: is mentioned assigned time used as a tactic to balance the budget by reducing assigned time?

Answer: it could be.

- m. Campus hired 37 new TT faculty. Salary capture from a previous year and allocation of GI2025 funds helped to fund 37 new faculty hires.
- n. Expecting another year of lower enrollment and lower budget availability on campus. In the future, the need exists to reduce expenses for at least \$9 million (from \$130.2 million that is close to 7% for the AY2023/34).
- o. Planning fiscal and financial AY2023/24 though shared governance process and everyone's engagement. Hope a slight increase will be seen in AY2024/25.

Discussion and questions:

- a. Based on a previous presentation and suggested budget cuts, the senator presented rough calculations. If campus experience lower enrollment, it can be assumed less sections available and first lecturers will be the ones to lose jobs (rough cost estimate \$6,000 per lecturer per section taught).
- b. To save \$1 million campus will have to cut 166 sections. To save \$8 million campus will have to cut 1,328 sections.
- c. Shared the Chancellor's Office consumes about the amount of money that it takes to support seven universities. Answer: The chancellor's office budget is about \$196 million. Chico State budget is \$243 million.
- d. Suggested to examine all strategies, not only the one impacting faculty cut. Campus has available reserves to help colleges and support units' work.
- e. Shared an example of traveling expenses being non-existing during pandemic and helped with budget while now campus is experiencing this as additional costs needed to be covered.

- f. Campus will not be able to balance the budget by cutting lecturers and sections. Proposed to rather look at the other innovative ways.
- g. Shared comment that enrollment, faculty teaching sections and budget are connected. If there is lower enrollment, then campus will cut sections/classes. If campus wants to grow enrollment, campus will need to invest in the additional support and sections. If campus have no sections, there will be no students, and this is a very challenging situation.
- h. Suggested to look at other areas and trajectories to project future ways to increase students' numbers.
- i. Next UBC meeting will include multiyear planning and focus on next year's budget.
- j. Added to a previous comment: 1,300 sections cut is an equivalent to 260 full time lecturers.
- k. Commented that campus does not anticipate cut of that proportion as currently campus offers around 3,500 sections per academic year.
- l. These projections are a worry for contingent employees.

7. [Student Affairs Budget](#) – Brundage

- Impacts of Reduced Enrollment on Student Fee Funded Programming

VP Brundage introduced item 7:

- a. Division and leadership team started similar budget related discussions.
- b. Self-supported areas are significantly impacted.
- c. Campus has 85% occupancy of university housing. This is higher than current apartment occupancy in Chico, and is a \$2.6 million decrease from campus typical occupancy.
- d. Raises and bonuses can additionally impact the budget although coming from the state budget.
- e. Deferred maintenance, salary increase, associated students' costs are part of ongoing costs.
- f. Health center had recent split of counseling services and WellCat health services to better serve campus students and their needs.
- g. Overall, there is a \$1.9 million decline.
- h. The division is assessing ways of how to serve students in the best way possible, and how to offset fund decline.
- i. Athletics and recreational sports are at about an \$8,000 decrease from 2019 to 2020.
- j. Considering focus on the funding opportunities.
- k. Division will use reserves to support portion of division's budget decline.

Question: What is the percentage of the overall budget used for the Health and Counseling Center support? Answer: It is a \$7.7 million and currently supported by reserves.

Question: the state had talked about increasing paying for counseling and other student services like basic needs project. Is this sustaining campus well? Answer: it does help but is not enough. The state has not given funds that can be used as flexible funds nor where campus needs are.

8. Updates from President's Office

Seema Sehrawat, President's Chief of Staff introduced item 8:

- a. Video of Mechoopda land transfer shared.

- b. There is a \$2 million grant for NorCal teachers pipeline project received by Ben Seipel in the College of Communication. The goal of the grant is to alleviate the financial burden from becoming a teacher.
- c. Expect a new video moment with president focused on enrollment efforts.
- d. The campus is being recognized for sustainability efforts. In the master institution category Chico State ranked #1 for 2020.
- e. The university advancement through their efforts brought in \$17.8 million to campus last year. Since July campus brought in \$3 million.

9. Other (if possible please submit topics in advance to academicsenate@csuchico.edu)

Question: is the academic and curriculum team going to expand? Answer: currently the team works with Deans. Encouragement shared to reach out to deans and chairs for more information and ways to collaborate.

Question: Is it normal for the chancellor's office not to fund 100% of the raises and bonuses they negotiate with the unions? Answer: Campus didn't receive enough funds from the state, not from CO. Slide showing MPP, faculty, and staff funding is showing an overall shortfall in funding (15-18%). The system did ask for a sufficient amount of funds to support the negotiated contracts. In the follow up, the state did not fund at that promised level.

10. Announcements

- *Upcoming UBC Meeting: Monday, December 12, 2022 – 3 pm (Via Zoom)*

11. Adjourn at 4:14 pm.

Respectfully submitted,

Ana Medic, Academic Senate Secretary

General Resources for University Budget Information:

State of California, Department of Finance: <http://www.ebudget.ca.gov/>

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/bud/index.shtml>

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

CSU, Chico, Academic Affairs: <http://www.csuchico.edu/vpaa/bar/resource-allocation/index.shtml>