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## MEMORANDUM

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TO: [UNIVERSITY BUDGET COMMITTEE \(UBC\)](#)  
FROM: Ana Medic, Academic Senate Secretary  
SUBJ: **UNIVERSITY BUDGET COMMITTEE (UBC) – MINUTES**  
**January 26, 2023, 3:00-5:00 p.m., Via Zoom:**  
<https://csuchico.zoom.us/j/83875802482?pwd=dFptdk03Rzk3UnhMeWdVR0F3aktxZz09>  
Meeting ID: 838 7580 2482  
Passcode: 724398

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*“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 3:03 pm.

1. Approve Minutes of [September 29, 2022](#)  
Minutes from September 29<sup>th</sup> meeting approved.
  
2. Approve Agenda  
Agenda approved.
  
3. Welcome and Budget Overview – Hutchinson  
President Hutchinson shared a budget overview and welcoming remarks:
  - a. Welcome back wished to faculty and students.
  - b. Acknowledged that Chico State is on the land of the Mechoopda people; statement shared.
  - c. The new Chief Diversity Officer is Joseph Morales and will be a member of the president’s cabinet.
  - d. Acknowledged that as there are mass shootings in California and across the country, Chico State had a lockdown due to a suspicious individual thought to have a gun. Working on safety, especially after the open forum held in December. Weekly communications will be shared with campus, check announcements. Safety is a top priority.
  - e. Congratulations shared with VP Dr. Brundage and EHS Marvin Prat for organizing safety forum, receiving feedback and planning future safety workshops.
  - f. Addressed question: attended the Board of Trustees meeting in Long Beach on Tuesday and Wednesday representing Chico State with other presidents due to which did not attend Tuesday’s safety forum on campus. Thankful to all the feedback, working on sharing conversations and safety practices on campus.
  - g. There was a significant difference this year as the Board of Trustees submitted their request to the governor in September (previous years in November). This will give the governor and the office department of finance a little more time to examine all of the CSU requests prior to releasing the budget proposal in January.

- h. January through May is the advocacy periods; for CSU it is on March 8<sup>th</sup> in Sacramento.
- i. Revenue is down this year, \$22.5 billion deficit.
- j. Funds for farm update has been pulled back; there will be an opportunity to continue with that in future.
- k. The Governor really anticipates the 3% average growth in tax revenue.
- l. The CSU Board of Trustees asked the governor for \$513.7 million this year and the governor offered in his proposal in January \$227.3 million. BoT asked for \$1 billion for capital projects, not funded currently. 71% of the CSU operating budget, \$5.6 billion is spent on instruction, academic support, student services and financial aid.
- m. There has been a decrease of \$404 million in one-time allocations. The governor is providing \$27 million in debt service funding to cover any borrowing that the CSU or campus may need to fund projects e.g., for Chico State the farm project funding.
- n. A steady decline in student enrollment has been seen in the last five years. This will be an important topic for campus this and in next few years. Budget adjustments will be made beginning in 2023-24.

#### 4. [State Budget Updates](#) – Sherman

- All Funds Budget Sources and Processes

VP Sherman presented the state budget update:

- a. The overall decline reflects national trends and has more effect on northern campuses.
- b. Projected for the end of spring 2023; a systemwide decline will be more than 7%. Advocacy period will be important.
- c. The enrollment target from the state and a budget reallocation plan within CSU is going to be a central element of CSU's response. The system will reallocate resources to align with the realities of student demand and the enrollment trends on particular campuses.
- d. The campus will look to achieve or exceed systemwide the resident student enrollment targets. The universities who are exceeding their enrollment will not be penalized. Over the long-time permanent enrollment resources will be awarded to universities based on their actual achieved student enrollment at or near the above target.
- e. Chico State is in the group X with enrollment more than 10% below its target. In 2024-25, these campuses will receive a lower budget which will be reallocated to campuses that are enrolling more students.
- f. Group Y is under the 10% and will not see a difference in general funds. Group Z universities are with the enrollment at or above target; will receive extra funds.
- g. All universities are expected to grow resident FTES targets and the Chancellor's Office is looking to provide limited one-time funding to support one-time enrollment strategies. Only campuses above target will receive additional funds; Chico State is not among them.
- h. In 2024-25 is when CSU starts to sweep 5% of enrollment funds for those campuses that are first 10% below target and then 7% below target in 2025-26, then 5% below target in 2026-27. The expectation is to have campuses closer to the enrollment targets over time.
- i. Reserves have been created due to prudent fiscal management during the time President Hutchinson has been on campus as a result of increased state funding and received federal HEERF funds. Portion of reserves will be used to balance the budget.
- j. The goal is to leverage other types of specific use funds before using general funds e.g., energy funds for energy, specific donor gifts, CO directed obligations, deferred maintenance projects, new buildings projects (funded few years prior and are specific).

- k. Significant enrollment declines year over year and are projected to continue, increasing costs. The primary costs are compensation, declining tuition, and fee revenue, all causing revenue shortage. This year actual spending is more than the campus's budgeted allowance due to which the campus is starting to use reserves.
- l. Some actions will not be noticed e.g., changing business property insurance to help overall budget and balancing costs. Others will have a moderate impact e.g., retiring faculty and no substitution yet (hiring slowdown). Actions significantly impactful e.g., structure, procedure.
- m. The campus is expecting a 5% budget decrease in 2024-25. Salaries and benefits are using 84% of the campus budget.
- n. The realistic assumption for 2023-24 is a \$20 million reduction. Each division will have plans to adjust budget.

Discussion and questions:

Question: What is the campus' actual enrollment target? Answer: 15,560 FTES.

- a. Not known how CO came with that number. Chico State has not received decline in FTES numbers due to Camp fire, pandemic, and floods.
- b. Requested to ask CO how this information is obtained and potentially work on reassessment.
- c. Concern shared that the budget will be lower, especially as the campus will need help to grow.
- d. Shared that six-seven campuses are in the same group as Chico State.
- e. Shared Sac State is increasing enrollment and asked to consider requesting them to divert portion of students to Chico State instead. Confirmed that these conversations occurred several years ago and looking for ways to continue conversations at the statewide level.

Question: should Chico State be held accountable to a target that is unrealistic and impossible to meet? What are the criteria that are used to determine what the target should be and why has that number not changed?

- f. Support shared for these questions to be asked at the statewide and CO level.

Question: this tactic can draw away students from impacted to non-impacted campuses. Have there been any conversations about this? Answer: Several years ago, there were conversations between presidents and CO on regional support. Asking for the senate executive committee and statewide senators to collaborate on further actions and conversations on this topic.

- g. Suggested to support a salary step system and advocate for the same.

## 5. Enrollment Update — Ross

- Spring and Fall 2023 Application Update

Jerry Ross provided an enrollment update:

- a. The redirection process is used now, from a small number to around 100 students now.
- b. Admitted students increased a bit compared to last years despite lower intents.
- c. Overall, FTES and headcount are declining.
- d. Fall is a cycle where campus has extended application deadline, until February 15.
- e. The campus is building advertising to grow applications and yield the class.
- f. Transfers and first-time freshman students are slightly higher than last year. Applications are steady, require more work on this.
- g. The enrollment continuum project is a very thoughtful strategic enrollment planning process led by the president, interim provost, and VPs. Four teams have co-leads across different divisions and are providing a foundation for this work (see website for details).
- h. The program Investment and assessment is a group where faculty can be involved.

- i. The broad engagement with marketing and recruiting both perspectives, students and families is used by campus to build enrollment. The admission process started almost a year ago.
- j. Campus restructured teams particularly in the central enrollment management, and admissions to build capacity and modernize. This is where success was seen this year.
- k. The campus admitted a stronger class for the fall of 2022. The academic profile was higher. The average GPA was 3.51. Potential students are seen in the service area and Sacramento area. Reaching out to lower levels of high school students, Butte College, and community colleges. This is increasing transfer applications.
- l. The recruitment coordination committee is very important in planning recruiting activities, the full admissions funnel and yielding activities. Spring conversion rate, where campus admitted about 83% of applicants this time.
- m. Financial aid, funds, scholarships evolved and are increasing security for students.

Question: is there a way to proactively identify students that are being turned away from other high demand campuses or programs and then recruit them? Which continuum team might look at that?

Answer: admission team. Improving the redirection process can reveal who those students are.

6. [Academic Affairs](#) – Perez

Interim Provost Perez:

- a. Thanked the community for a warm welcome.
- b. Challenging times ahead and will look for a significant level of care, participation, and commitment.
- c. Slide shared information about sources and uses, and how those are being allocated. The budget was \$123 million, used an additional \$8.9 million in reserves to have a total of \$132 million for support of units, benefits, work-study.
- d. Academic Affairs will use \$63 million on faculty salaries, \$5 million in management salaries, almost \$12 on staff support, \$1.7 million on student assistance and \$44 on benefits. 125.5 million used for personnel, while operating expenses are \$6.6 million.
- e. Current FTES are 15,560. Predicting that in two years, Chico State will not reach target and consequently will see a 5% target FTES reduction and a 5% baseline funding decrease.
- f. If the following year campus is still below 7% of its FTES target, there will be an additional %5 of FTES reduced as well as 5% of baseline funding reduced.
- g. There are going to be threshold effects that if campus can get will have a significant impact campus funding levels and how to operate them. Enrollment, and student retention will be important.
- h. Planning scenarios for the next three years. AA is looking at a \$12.8 million baseline reduction next year, then \$1.4-1.6 million for 2024-25 and an additional \$1.5 million for 2025-26. Total around \$17 million budget gap in baseline general funds and \$3.3 million additional - \$20 million in next three years.
- i. AA implemented a major reduction of \$4.7 million trying to align course offerings with enrollment costs and student needs.
- j. Planning actions to change programs and be more attractive to future students.
- k. Expecting reserves not to be available next year. Being strategic and planning to be more efficient, grow sources, minimize the impact on campus and maximize the impact on students.
- l. Ideas to be innovative and bring more outside funds to support the system.

7. [Business and Finance](#) – Sherman/Corona

VP Sherman and Stacy Corona introduced business and finance updates:

- a. Business and Finance is using 70% of operating funds and others are revenues and reimbursements from programs and groups across campus.
- b. Division is working with \$5 million in reserves.
- c. 90% of the budget is for salaries and benefits.
- d. Few short-term process investments will be necessary like big system implementations coming from the chancellor's office (HR system implementation).
- e. A huge proportion of B&F work is driven by external forces e.g., a number of reporting requirements from the state, federal and then CSU reporting levels.
- f. Division has obligations to secure and maintain buildings and grounds on campus.
- g. Division is looking at \$2.75 – 3.25 million in reduction.
- h. Possible tactics are to think about how to evaluate service levels, ways to reduce the employee workload and the demands on people; process improvements and fill only high priority positions. Time-based reductions were considered.
- i. Looking at the standardizing procurement and cost savings, redoing vendor agreements for potential savings.
- j. Expecting energy costs to be 1\$ million higher this year.
- k. Division will pause on several one-time project investments.
- l. Division is evaluating all the positions that come open through either retirements or separations and expecting to be able to achieve a balanced budget in the moderate budget reduction scenario.
- m. The Chancellor's Office does some allocations of investment earnings which helps with additional resources and budget.
- n. Division will focus on process improvement and help campus to be more efficient.

8. [Student Affairs](#) – Brundage/Jessee

VP Brundage introduced student affairs updates:

- a. Team worked together in the best interest of the university and students.
- b. The division has a state budget and student fees.
- c. Division worked with AVPs and scenarios of 10%, 20%, and 30% budget reductions.
- d. The division is expecting \$2 million in state funds reduction and \$4 million for operation support; will use reserves (\$6 out of \$11 million reserves available).
- e. Division started looking at areas to reduce the amount needed and therefore, use less reserve funds.
- f. The division is reviewing service contracts, housing, vacancies, reducing recruitment to improve the 2023-24 budget.

9. [Information Technology](#) – Sendze

VP Sendze introduced IT updates:

- a. The IT budget at a high level is \$22 million (\$18 million is from general fund and \$4 million is from other sources like cost recovery, GI 2025).
- b. 22% of the budget is spent on salaries and benefits, 17% on software, hardware, and licensing.
- c. IT is a new division with no reserves and in 2023-24 is looking at \$1.6 million in budget deficit.
- d. The division worked on ways to approach cuts and optimize costs and project parts.

- e. Expecting that deficit of \$2.6 million by 2025-26 can be minimized via cost optimization and project parts & vendor management, asset optimization, project reprioritization and workforce optimization.
- f. Division is looking at possible vendor renegotiations of contracts, or to consolidate contracts, and optimization around the licensing.
- g. 10 budget cut includes strategic slow down hiring, renewal contracts with 10% discount in costs.
- h. IT is devoting resources to things that will grow enrollment and improve the student experience.
- i. IT is reevaluating projects (needed, postponed, or removed).
- j. Redundancies in software licensing, redeploying staff and restructuring work can produce \$300,000 in savings.
- k. Division took over OATS, WildCat Health Center and positions from these sections are now funded by IT.

#### 10. [University Advancement](#) - Boura

VP Boura introduced university advancement updates:

- a. The University Advancement will focus on marketing and communication to help boost enrollment, and fundraising to prepare for the next campaign.
- b. UA is planning to reduce 12% of their budget. Lower and limited resources will limit available resources for students.
- c. Fundraising efforts will have an implication impact on operation and different programs through endowments, to recruit and retain students through scholarship opportunities, and to support faculty and staff.
- d. UA will work to support every division on campus, operations, special projects, marketing, and communications.
- e. UA will reduce printing costs, hiring process slow down, and investment in engaging in alumni.
- f. The focus will be on university communication and using all marketing tools from print, digital, video and social media platforms to tell stories. Recruitment will include billboards that will be presented in different geographical locations, such are the north state, the Bay Area and in Southern California targeting and recruiting students.
- g. Suggested to see the video from the presentation: CMT team worked with admissions.
- h. Division is working with a hiring firm to hire a regional director of philanthropy that represents the institution in a part-time capacity in different regions. Planning to meet donors in a region where they are to maximize their potential for giving to the institution.
- i. UA raised over \$7 million as of January 19. \$4.5 million came from tower society to support operations and different programs on campus.
- j. The next big Chico State Giving day is going to be the biggest crowdfunding campaign on March 1. Over 105 different programs will be participating in this.
- k. Last year, in 24 hours raised over \$400,000. UA had over 2,400 donors participated and gave over 5,100 gifts.
- l. This Giving day goal will be \$500,000.

#### 11. Other

Chair Paiva collected questions during the meeting. These will be addressed below:

Question: will departments get a list of admitted students to contact them and encourage to attend Chico State? Answer: The list of admitted students has been submitted to the Dean's office.

Question: is the enrollment drop hitting some colleges worse than others? Answer: it is pretty equally hitting each college. Next UBC meeting there will be the college enrollment presented over the last 25 years period.

Question: is the chancellor's office paying for mandates they require in new systems? Answer: no, they are often unfunded, and this is the responsibility of a campus.

Question: what admin positions are being consolidated and not filled for future revision of the division budget vs. strategic planning? Answer: this can be presented at the next UBC meeting with specific classification of positions and numbers.

Question: Is there federal or state money to meet climate change goals for energy? Answer: potentially yes. The campus is looking at grants and various kinds of programs, particularly as more solar will be installed across the campus.

Question: is student affairs thinking of ways that safety changes can be publicized to reassure students to come here? Answer: yes. The student forum provided great feedback that will be implemented soon.

Question: was the original IT budget designed to save money overall? Why have a new division?

Answer: IT is an important division and provides essential resources for campus to operate. Important improvements, updates to a platform and operative support are key of their work.

Question: Debra Larson announced retirement a few weeks ago when the new interim provost was announced. She was described as being in a consulting role and as she transitions toward retirement, does this mean that we are now paying for two provosts? If so, how long will this be the case? Answer: Yes, we are obligated to pay Dr. Larson salary. She is not a provost. She resigned from that position with her plan for retirement as of May. She is still employed by CSU and is finishing her responsibilities with the Chancellor's Office. Additionally, she is not consulting but is available if needed by new Interim Provost Perez during the transition period.

Question: the FDEV in collaboration with the READI hub is offering to pay \$500 for up to 20 faculty (\$10,000) to attend workshops designed to offer faculty and introduction to basic concepts of equity, diversity, inclusion and how they can be implemented in the classroom to create a more equitable and accessible learning environment. Where is this money coming from? This does not seem to be reflective of a university with a budget shortfall. Why do they need financial incentives to persuade faculty to attend these workshops? Are they unpopular? Wouldn't it make more sense to offer workshops that the faculty are interested in attending rather than spending money to get them to attend workshops on topics favored only by a small handful of people in the Office of Faculty Development? Answer: Those have been funded with grant and not revenue funds. This is an opportunity open to faculty and staff; providing them with paid professional development.

Question: how is the demographic advertising target managed? Is there something done to increase trans inclusivity and enrollment? Answer: campus focused efforts around where the data shows more likely to get enrollment and recruitment. The advertising and marketing are in conjunction with a marketing agency around recruiting priorities. The main areas are the northern region, the bay area, and southern California (LA). The office of admission over the last year hired an equity initiatives coordinator who is not a recruiter per se, but someone who is providing EDI space.

## 12. Announcements

- *Upcoming UBC Meeting: Friday March 3, 2023 – 8 am (Via Zoom)*
- *Academic Senate meeting February 9.*

## 13. Adjourn at 5:02 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>