

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

October 5, 2018, 8:00-10:00, K-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.

Wyrick called the 1st meeting of the academic year to order at 8:03. He invited support staff to committee members to sit at the table if they wished. (5:11-5:55)

1. Approve Minutes of April 27 and May 14, 2018. (5:55-7:55)

Sistrunk offered a correction on page two, second paragraph from the end “ne tine” should read “one time”.

Bell thought on page one, slide 2 the language about budget requests should make it clear that these were requests for budget increases. This should be noted throughout.

Amended minutes of April 27 were approved.

2. Approve Agenda. (7:56-8:01)

Agenda was approved.

3. UBC Overview and Budget Cycle Review. (8:03-13:32)

Hutchinson reminded everyone that our budget cycle aligns with the Chancellor’s Office and the Governor’s Office negotiations through the year. This reminder is because there are new faces at the table and new faces in the audience at UBC. The Cabinet and the Academic Senate are committed to educating our campus in budget and budget process and sharing information.

[Slide1] State Budget Cycle

- The CSU begins budget planning in July. The Chancellor’s Office assesses needs and gathers information from campus Presidents and other constituent groups to determine how best to ask for what we need.
- In November, the Chancellor presents a budget to the Board of Trustees, and they typically adopt it in the same month and forward it to the Governor.
- In January, the Governor releases his budget and by February, the Legislative Analyst will depict what they think might happen in terms of budget approval. Hutchinson encouraged members to follow the state process online and use the Legislative Analysts’

excellent discussion of how budget processes are moving for education as an important guide.

- In May, the Governor steps forward with any adjustments his office has to the budget
- The hope is that this budget is approved by the state by June.

January through May is advocacy season. Last year, students, faculty, administrators, Presidents and the Chancellor all descended on Sacramento with meetings, protests and rallies to influence decisions made on budget and we were quite successful. She hopes we can join together in advocacy this spring in the same way.

[Slide 2] Chico internal process.

- In late July, we get our allocations. Three years ago the resulting budget was sent out to all the colleges fairly late (in November even). Jeni Kitchell and the Division of Business and Finance have done amazing work and delivered the allocations to the colleges earlier. This year they were released in September, the earliest time yet.
- In September, UBC meets to consider the campus budget plan and reviews the expenditures from last year.
- By November, we look at the budget requests from the Chancellor and collect information and input about what we think our budget priorities for the next year will be.
- This is repeated in March and April so that Cabinet can take that information into account to make final decisions over the summer and get ready for July when the Chancellor's Office send its allocations.

This is how our two systems align.

4. Review of 2017-18 – Kitchell (13:32-27:35)

Kitchell was grateful for the acknowledgements to Business and Finance, but also recognized that it is a team effort across all the divisions to get out the budget allocations to all the divisions so they can go to the colleges as swiftly as has been done.

She gave an overview of last year's budget.

- **Budget to Actual**

[Slide 1] She explained that the “budget” is our plan. It is made up of our projected revenues and expenses.

Throughout the year the Actual transactions happen. Thus, Budget to Actual means “what was planned compared to what actually is spent”.

[Slide 2] This chart shows our operating budget last year (2017-18). Our base budget of \$223M went to all the divisions and the Centrally Managed Funds. Throughout the year as actual transactions happen and we spend our funds, the budget changes. Sometimes we can

get additional revenue that was not planned. Or we can get additional budget from the Chancellor's Office. Changes happen over the year that were not part of the original \$223M plan. In total last year, almost \$13M things happened throughout the year that increased our budget.

There was also spending throughout the year. These were the actual salaries, benefits, operating costs that happen within each division. These are the high level numbers. A researcher can look up the details in OpenGov. In the exercise later this morning we will practice drilling down in the numbers to see what we are actually spending.

Each Division also has purchase orders out to vendors obligating the University to pay for goods and services –these things have not yet happened. These are called Encumbrances at the year end. The chart shows that we have planned to spend some \$2.7M, we just have not yet. That is taken out of our budget to get to a Net Change. The Net Change was a decrease of \$2.8M.

Ford asked what the basic principle was to identify an encumbrance. How do the encumbrances from last year fit into the budget for this year, and how do the encumbrances shown here fit next year's budget?

Kitchell said that recognizing something as an encumbrance shows that a purchase order was sent to the vendor. This creates an obligation. It then lands in the expenditure for next year if it is transacted. Or an encumbrance can be changed or cancelled as well.

The encumbrances of the previous year are not built into the Base Budget (in the first column) of the next year.

- **Reserve Balances**

[Slide 1] June 30, 2018: Operating Fund Reserves

On June 30, the University had some \$42M in reserves. The \$2.8M Net Change is taken into account here. The (Reserve) Balance as of June 30 is \$40M. The encumbrances of the previous year are already accounted for in next year's base. The \$40M balance is called the operating reserve.

[Slide 2] June 30, 2018: Other Operating Fund Reserves

The operating fund reserves are what each Division and Central has left of normal tuition, fees, and state support. There are also special fund generated for specific activities that also sometimes have a balance at year end.

[Slide 3] June 30, 2018, Other Reserves

- There are other Campus Partner Funds that are in Academic Affairs in the colleges.
- Instructionally Related Activities are another student fee.
- These include additional Financial Aid Funds

- Health Facilities are reserves from the Health Center.
- Lottery funds

Wyrick asked why these were kept as reserves and not spent. Kitchell answered that some of the reserve are similar to reserves in operating funds. The Health Facilities reserves are generated by the very low fee students pay, and it is specific to that facility. Student Affairs utilizes IRA fund reserves of \$1.7M to pay for Athletics. This is very expensive since they have a lot of employee costs, and they attempt to set aside 6 months of operating costs. Other items like Campus Partner Funds are plans the colleges may have for the future.

[Slide 4] June 30, 2018: Self-Support Program Reserves

There are four programs that are self-supporting because the fees collected go specifically to fund the activities within these programs. The three buckets of reserves provided (Operating Funds, Maintenance, Capital Improvements) are all mandated because they must all must maintain facilities. These do not cross over into other funds and must be maintained to keep them whole.

Bell noted that the Student Union total reserve of \$25M seems pretty hefty. Kitchell said Student Union managers were currently considering what they needed to get their capital improvement plans in place. Lang said there were plans for this and that the number would go down drastically in the next few years.

Lang added that AS is constantly seeking ways to partner with the University to advance its mission to support student success programs, diversity programs and other things. They are truly committed to the University moving forward.

Sistrunk noted that criticism he has heard of the ongoing build-up of reserves by AS is that they does not serve the students who are actually paying the fees. It was deemed necessary to raise student fees last semester which was very controversial. The question is who benefits from another large scale remodeling project of the Union. Is it the students, or some vested interests that are beyond the real interests of the students themselves?

Hutchinson suggested putting that question to the AS board.

5. Review of 2018-19 – Vice Presidents (27:35-1:15:03)

- Final Campus Budget Allocation Plan

[Slide 1] Kitchell described how we looked back at budget and actuals last year and now we will look at budget planning for this year (that was already launched over this last summer on July 16 when the Chancellor's Office released the final budget allocations).

We finalized our campus budget plan August 29.

[Slide 2] shows the increase allocation of 15M up from last year. The obligations listed above the bar were obligations already incurred before the year commenced (these are called Central Mandatory Costs). We also received Graduation Initiative 2025 funds (\$2,566,000).

This was a special allocation between the two divisions working on the Initiative. We had a net decrease of about \$120,000 for local fees and tuition.

[Slide 3] provides an elegant perspective on the total budget numbers that have changed from last year to this – from total revenues of \$223,054,074 to \$238,495,926. One can see the division changes and their percentages as well.

[Slide 4] displays the Centrally Managed Campus Budget Plan funds and percentage change for this year. There are four categories that are centrally managed in the \$47M:

- Financial Aid the majority of this is from state university grant
- Utilities/Risk Pool/other represents the \$10M that are centrally managed within this budget
- Enterprise Systems \$2M managed within Mike Schilling's area in Informational Resources related to technology and infrastructure on campus
- Restricted Student Fees that represent Health fees; Student Learning fee; Consolidated Course fees and NBA fee. These are fees that come in directly to a program and stay with it. They are centrally managed but don't fund central programs. Altogether they rose 71.2% from last year.

Wyrick asked why some parts of the Enterprise fund are centrally managed and other parts are within Academic Affairs. Kitchell thought that some items like People Soft are managed across campus as well as some services like the Security Office.

- Division Updates (33:20-1:15:03)

Each division will give an overview of their part of the \$238M 2018-19 Budget.

University Advancement

Boura reported that Advancement is the smallest division on campus using 3% of the operating funds. This office promotes all the successes on campus-the stories of our students, our faculty, our alumni and everyone. We offer people the opportunity to invest in the University.

[Slide 1] The funds assigned to the division are used to leverage more money. We are a resource to all the divisions. The budget is about \$6,372,592. We are the home of five offices:

- 1) Development -funds
- 2) Advancement Services –data
- 3) Alumni and Parents
- 4) Public Engagement Program –entertainment for the North State
- 5) University Communication. –publicity, crisis management

We are advancing the capital campaign to get \$100M. We are just shy of \$70M now.

Student Affairs

Lang explained that Student Affairs is supposed to provide support services for our students so that they will have academic success and enjoy diversity and inclusion so that every student feels supported and valued and can feel their integral part in this campus community.

[Slide 1] shows the base budget allocations across 10 departments. Most of our resources are spent on personnel Salaries and Wages (55%) Benefits (34%). \$535,488 is sent on student Work Study that gives jobs and services to students. Other Expenses are 7% of our budget.

Wyrick asked about the pay raise that will be coming for student workers that will raise Work Study costs. Lang said this is a wide ranging discussion across campus. His division might have to decrease student jobs, but it remains unclear.

Kitchell said all the divisions will be impacted significantly by this.

Zartman asked if the share of funds going to Student Affairs was moving downward. Kitchell pointed out that this division received GI 2025 funds which seems to suggest a slight increase overall.

[Slide 2] provides an overview of the division's one-time allocations. These are all the various programs that provide programs every year to benefit students. A robust assessment of these will be instituted to evaluate the effectiveness of the programs to guarantee that they are doing what we want them to. We will continue to try to be good stewards of University resources.

[Slide 3] The division is evaluating these one-time programs in an effort to move those that are effective off this contingent status to permanent base funding. Examples include CCLC which represents a successful body of work that we need to support. Greek life initiatives are important. The Wildcat Welcome brings thousands of students and their families to campus every year to experience Chico State and really close the deal so that the students attend. This should be put on a solid foundation with base dollars.,

This slide also shows the GI 2025 base allocations. Lang said that he and Larson are striving to be the best stewards of these funds that they can. Student Affairs will receive 25% of the GI funds (\$641,500) and a proposal process will be unfolding soon. The goal is to reduce the achievement gap, enhance persistence and the graduation rates of our students.

Larson would like to use the funds to promote high impact practice on campus. Thousands of students are not being touched by support programs and that is problematic.

Student Affairs is also working on a Strategic Transition and Retention Center (Star) that will provide low income first generation student support especially to African American

and Lantinx students but others as well. This is exactly what the G funds are supposed to do.

The Male Initiative is a system-wide idea to support unless and especially males of color who are not succeeding as well as we would like.

Sistrunk apologized for simplifying the amazing things that Greeks do at Universities, but he wondered if there was more we should ask of this pretty small group of students on campus if we are going to permanently fund their activity with base funds. There is substantial scholarship that suggests that male and females living together will lower the rates of violent sexual crimes and assault that occurs at universities. Should we ask that they change things structurally?

Hutchinson thought the point was interesting and invited Lang to expand on University attempts to curtail unsanctioned fraternities at Chico.

Lang said he thought that when Greek life is done right, it has extraordinary impact on the experience of its participants. When it is wrong it can be devastating. Greek life has been at Chico for a very long time. The University should partner with our Greek organizations, alumni and property owners to talk about creating a safe environment for our students. Lang said he has been fully engaged in this effort since he arrived.

There is a phenomenon of students who move out of shared living circumstances when they are juniors or seniors, or who live in what we call annexed housing. They can sometimes dedicate themselves to wild parties and many of these are not sanctioned fraternities although they may have Greek letters on their buildings. They are portraying a false image. Many of these houses are unsafe and this has led to efforts working with the city to have them closed. The current city manager is considering some kind of ordinance to prohibit them since they are a public danger. This would be a game changer for us.

Livingston asked if we knew how many rogue fraternities were in Chico. Lang thought there might be three or four.

A student fraternity President spoke up and said there are three of these.

Business & Finance

[Slide 1] Kitchell displayed the 12 departments of Business and Finance. Like the other divisions, Salaries are the majority of the division budget (55%) and Benefits make up (36%). Benefits are running about 65% of salaries which is significant. There is very little left in the division to supply the services that are needed specifically in FMS.

Work Study is also used across all of the departments.

The total Base Allocations of the division are \$28.5M.

[Slide 2] lists the one-time budget allocations that support some very important departments and initiatives. The most significant one time allocations are for FMS which

receives \$1M a year to continue to tackle our deferred maintenance needs across campus. There is money to replace equipment and do some tree work. We are also buying two new police cruisers. Two large capital projects include the Kendall roof in June and energy projects across campus to continue to maintain our sustainability efforts.

Bell asked why they kept \$12M in reserves which seems like a high percentage of the overall budget. Is this being saved for something down the line? Kitchell thought that \$4M of the 12 was specifically for energy projects. The remainder serves to partner with other funds or keep moving forward in some way with our many capital projects. She noted there are system-wide projects or efforts to jump-start these kind of initiatives and we want to be ready.

Boyd asked what the Business Info Tech Services are? Kitchell said that those were the various IT efforts on campus within the division. FMS and People Soft really have some specific IT needs and we need these people to help us with those programs.

Academic Affairs

[Slide 1] Larson thanked Jennifer Mays for her help organizing this information.

The base of Academic Affairs included the GI 2025 funds. Last year we received \$2.2M, this year \$2.5M.

[Slide 2] provides two links at the bottom of the page. These will be useful for all the details that informs these summaries.

The principle that has been implemented in Academic Affairs is that units may keep their rollover amounts at the end of a year. This gives units the possibility of making wise purchases. In engineering they were able to save enough money that they made some critical investments in laboratory space. Thus talking about reserves at the University at the highest level includes all the rollover money that has accumulated.

This slide allows the reader to compare the actuals of 2017-18 with the planned budget of 2018-19. Since April, Academic Affairs has been working to rebalance our expenses so that we will project zero deficit spending. Even with these efforts we are still diminishing our reserves a little so that if we had persisted our reserves would have been \$7M which would last us less than one month of salary and benefits for the division.

We need to stay the course and exert discipline to avoid returning to our precarious state.

[Slide 3] shows how we changed our reserve spending between 2017-18 and 2018-2019.

[Slide 4] depicts the way that carryovers were applied in 2018-19. Besides cutting some units, we also swept some of the carryover so that we could begin to add to our reserves. We swept 17.5% of the surplus. This generated \$633, 285 to add to our reserves.

Ferrari said that Josh Trout shared the faculty affairs development fund amount with the Faculty Affairs Advisory Board. The \$25,000 in that fund appeared the same as the amount awarded in the teaching and learning grants last year, and it seems it be half of

the faculty learning enhancement grants last year. Coupled with the reduction in faculty development money this represents a significant lose to faculty efforts in this very important area. There was also a \$50,000 cut to faculty development which really was CELT development. These cuts happen to the only unit really supporting faculty research.

All the units took a 17.5% sweep. If units were running a deficit they might have lost more. We need to get back to a place where we can end the year with a “zero” for deficit spending. This will allow us to return to thinking about ways to be flexible again next April or so. Everybody is feeling tis same cut.

Ferrari noted that faculty are required to go to conferences and do research for promotion and tenure. There is no money for this. Larson said her budget shifts more dollars to the colleges so that we no longer micro-manage the kinds of decisions that belong there. The professional development category is moved to the college, it is no longer in Kendall hall. In total the amount reduced was \$14,000.

[Slide 5] depicts the changes made when we added to the colleges \$1.7M.

[Slide 6] captures the ABC allocation model adjustments and lists reductions of \$1,586.796. [Slide 7] focuses on the ABC Model Allocations more specifically. HFA and Business received an increase to its base budget. This model was based on instruction type of classes.

[Slide 8] shows how the GI 2025 funds were organized toward achieving three goals: Faculty & Instruction/ Advising/ HIPS. It articulates the constraints around these dollars. Larson has asked Kate McCarthy to figure out how to award the \$274,340 for HIPs as given to the GI team.

Wyrick asked the committee to continue to think about innovations and communicate about them.

6. Enrollment Update and Discussion of Link between Enrollment and Budget (1:15:04-1:37:08)

Kitchell and Barbara Fortin was called upon to explain the link between enrollment and budget planning. Kitchell explained how they had spoken with the Enrollment Management Committee and shared with Senate Executive as well.

[Slide 1] gives an overview of the roll of tuition and non-resident fees in our budget. They both make up 40% of it.

- Resident and non-resident enrollment impact both of these fees.
- The enrollment estimates that are posited are used to develop our campus and spending authority for the year.
- State support is based on resident enrollment targets from the Chancellor’s Office

- Funded resident target FTES has remained flat at 15,250 (unchanged from 2017-18) and Non-resident enrollment has been declining. (see the actual numbers in the box).

[Slide 2] Although our enrollment target did not change from the Chancellor's Office from 2017-18 we built into our resident student a number of 15,375 and a non-resident number of 500 for a total of 15,875 total FTES. Which would generate a budget of \$98M. Our Actual FTES was 16,281 that generated \$99M (which was pretty close).

[Slide 3] As we built the 2018-19 budget in May or June we did not know how to project our non-resident numbers for this year. We thought our Non-resident FTES would be 430 which put us about 15,805 or \$1.8M short. We had to plan a flat budget when it came to tuition increase.

[Slide 4] In our Final budget for 2018-19, we are trying to reach 15,700 resident FTES. This will result in a deficit of \$119,750. In retrospect we need to discuss our enrollment goal earlier and moderate our projections. We should have reduced our non-resident number earlier.

[Slid 5] Barbara Fortin explained that this chart represents a periodic check-in of how our enrollment growth projections are holding up over 2018-19. She noted that there is pretty sophisticated calculation of variables underneath these numbers.

Model 1 was prepared right after the 17-18 census. Since enrollment was held flat we knew we would not receive new funding for enrollment growth in the next year. We built out what we expected: headcount and FTES to be for next year's enrollment. We also needed to project what we might get for new student numbers in the Fall and also in the Spring.

We realized we were going to suffer a loss, but it is hard to effect an enrollment increase in the summer since we had already enrolled most of the students. There were measures to be taken and we also had a buffer because for six years we have added a +1% to our projected targets in case of near misses. In the three years before this one, we always received additional funding from the CO as well. This year it did not happen, but we still we were coming in at .8% above target. In order to meet our new target we were going to have to enroll 1200 students for the Spring which is clearly challenging. We need everyone's help to enroll sufficient numbers. It appears that we will be very close.

Bell wondered if we could plan a +2% cushion in the future instead of +1% since it would avoid some of the stress we are undergoing right now.

7. Data Exercise using <http://csuchicoca.opengov.com> (137:08-1:54:04)

Wyrick invited everyone who had brought a laptop to take them out. Kitchell explained the varied ways to link to opengov. and encouraged people in the room to form into five groups to work together. Questions were distributed for the Breakout activity.

- **Topic questions**
 1. Tuition fees
 2. Student Health Services

3. University benefit costs
4. Divisional spending
5. Divisional salary & benefits

- **Deep Dive on Data**

- **Construct meaningful questions**

Wyrick hoped people found useful information and began to navigate successfully and they would utilize it again on their own.

Kitchell encouraged people to send her questions at the budget office if anything came up later.

8. University Advancement Updates – Boura (1:54:04- 2:05:10)

Boura wanted to give an update on the University Foundation first. The mission of the Foundation is to support Chico's strategic plan by raising funds and investing those funds and distributing funds to promote the excellence of the University. As we closed the books on June 30, he wanted to share the progress made in the last five years.

The total assets of the Foundation have grown from \$71M to \$85M. Our endowments continue to grow and to create money that we can distribute to people on campus.

- 95% of the gifts given to the Foundation are restricted according to the interests of the donors of the gifts.
- 5% go to scholarship
- 5% are unrestricted. These are the most flexible and can serve many purposes.

There are two ways to earn money for the Foundation:

- 1) Raise funds
- 2) Manage our money better than others. We have a very experienced Board from all over the country who give us advice. The Board has maintained consistency over many years no matter what the ups and downs are the daily market are.

Last summer was the conclusion of the best year of fundraising we have ever had for the Foundation. We closed the books with \$16,919,880. This was done by 15,450 donors who gave 35,297 gifts to programs across the campus. 656 Tower members gave \$4,827,108. 212 Tower Gold Members gave \$57,496.

Many people in our division are dedicated to telling our story and awakening the deep feelings people have for this place. We made 36,000 phone calls that connected with 15,000 people and there were over 1000 face to face visits.

An endowment is a gift that someone gives to the University that will last in perpetuity. These start with \$25,000 that will guarantee that the principle of the gift and its purpose will not disappear. Then, on an annual basis the Foundation distributes 4% of the money you gave for

the purpose that you gave it. Institutions that do well have large endowments. These can support operations, faculty, students and many other things.

Endowments can be restricted or not, there are many kinds. Unrestricted funds are managed by the Endowment Board. We need both kinds of gifts.

Boura wanted to acknowledge the many people who make Advancement work. There are data collectors, researchers, gift processors, people dedicated to stewardship, there are ambassadors for every college and many others. He asked his team to stand and the clapping was pretty unrestrained.

Boura wanted to recognize that Chico is everywhere. The donors for the successful campaign came from 46 states, 2 territories and 1 district-from all over the world. The 16.9 million came as cash, multiyear gifts and deferred pledges

The Campaign is just shy of \$70M today. Everyone can help in so many ways.

9. Other (2:05:10-2:05:49)

Sistrunk noticed that the theme of all the different ways money is spent for IT is spread across all the divisions and across the University. It seems many decisions are made and policy enacted. Maybe we should invite Mike Schilling to UBC to discuss IT and its place in the budget of our University.

10. Announcements (2:05:52-2:05:54)

None

11. Adjourn

Meeting adjourned at 10:03 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>