University Budget Advisory Committee (UBAC)

Thursday, September 26, 2024

9:00am-10:00am

Via Zoom

Members Present:

Myeshia Armstrong, Co-Chair; Paul Carpenter, Co-Chair; Sarah Bahadur, Staff Rep & Presidential Appointee; Ayona Chatterjee - Faculty Rep & Presidential Appointee; Monique Cornelius - AVP, Budget and Planning; Suzanne Espinoza, VP of Student Affairs; Provost Kim Greer; Deputy Provost Rafael Hernandez; Karen Ling, Staff Rep; Charan Reddy Doolam, Student Rep; Michelle Rippy, Faculty Rep; and Kathleen (Wong)Lau, University Diversity Officer.

Members Not Present:

None

Staff and Guests Present:

Veronica Salvador, Director, Human Resources

Jake Hornsby, AVP, Information Technology Solutions

Dwyla Jourdan, Executive Assistant to Vice President Armstrong, A&F

1. **Call to Order / Introductions** VP Armstrong called the meeting to order at 9:04 a.m. ***Motion to approve agenda - Provost Greer, Second Paul Carpenter***

   - Introduction of Student Rep: Charan Reddy Doolam, ASI VP of Finance & Computer Science major (Third Year)
   - Introduction of Staff Reps: Karen Ling, Faculty Recruitment Advisor and Recruitment Specialist, Faculty Affairs - Office of Academic Affairs; and Sarah Bahadur, Budget Analyst and Office Coordinator, Enrollment Services
   - Introduction of Faculty Reps: Ayona Chatterjee, Associate Professor & Chair in Department of Statistics & Biostatistics; Michelle Rippy, Professor and Chair, Department of Criminal Justice; Paul Carpenter, Professor and Chair, Department of Kinesiology & Co-Chair of UBAC.
   - Acknowledgement of Administrators: Provost Greer; VP Espinoza; UDO Kathleen Wong (Lau); AVP Monique Cornelius; and Deputy Provost Rafael Hernandez.
   - Introduction of Guests: Veronica Salvador, Interim Director of Human Resources and Director of Clery Compliance; Jake Hornsby, CIO and AVP of ITS.
   - Acknowledgement of Supporting Staff: Dwyla Jourdan, Executive Assistant to VP Armstrong

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2. Review of Bylaws VP Armstrong reviewed the established Bylaws with the committee.

- Review of the purpose and function of this committee as a recommending body to the President; the charge is to have robust discussions regarding the University's budget. A committee like this last came together in 2016.
- Concerted effort to have a well-balanced committee with representatives from all areas of our campus. Additional voices may be added to the committee's membership later; however, currently specific members have been recruited for their expertise, at this moment in time.
- Minimum of 2 meetings per semester; however, we may need to add an additional meeting or a monthly meeting to the meeting schedule
- Any action that the committee takes will be based on a simple majority
- Question was posed regarding the reason for voting and non-voting members. Non-voting members are to serve as a resource to the committee and are to remain neutral (as has often been the case within the structure of other committees). Non-voting members are also present to either represent the President or to provide important information to the committee.
- Question was posed about how this committee will interact with COBRA. More discussion will need to take place regarding how UBAC and COBRA will overlap. While COBRA is a subcommittee of the Academic Senate, UBAC is supposed to be a representation of the entire campus.

3. Finance Reports (Information)

- A) AVP Monique Cornelius presented a brief high-level overview of the operating budget for 2024 -2025:
  - Major sources of revenue for our general operating fund are state support (our tuition fees paid by the students); other campus fees (such as nonresident mandatory fees like Athletics fees, health fees, and University Union fees); and the cost allocation plan, which ensures costs incurred by the operating fund for services and supplies provided to the self-support and auxiliary funds are recovered.
  - For the fiscal year 24 -25, the state budget for higher education was approved at 11% of the general fund budget. The CSU averages about 22% of all higher education.
  - The CSU estimates & projects a system-wide budget gap of $218 million.
  - There are 3 main challenges w/this budget for the CSU for 24-25:
    - Funding gap of the $218 million
    - Continued Compensation increased costs
    - Enrollment challenges

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- Key Takeaways
  - The state intends for a 7.95% reduction to the CSU's baseline budget in 25 - 26. This would be a cut in the tune of $397 million.
  - A mention of a possible deferral of $252 million in 25-26 to be in 26-27, instead. If this reduction is implemented for next year for CSUEB, that would be approx. $11 - $12 million alone.
  - Between the general fund adjustments for 23-24 and the adjustments for 24-25, we received an increase of $5.9 million in total.
  - The high level of our campus operating budget for 24-25, shows a projection of our revenue & expenditures based on the information we had at the time our budget was finalized. State appropriation at $135 million, then projected tuition & other fees at $86 million, & cost allocation plan brings in $10 million. So total projected sources are $231 million but we've projected our expenses at $245 million (incl. all of our divisions in our central areas—benefits, utilities, insurance, & other campus wide cuts & expenses). Thus, projected deficit of $14 million for the fiscal year 24-25.
  - VP Armstrong mentioned that there is another area of the budget, called the Reallocation Plan. This plan requires that the CSU campuses below their enrollment targets to give up their resources to other campuses within the system that are growing.
  - UDO Kathleen Wong(Lau) asked for a deeper description of what a structural deficit is and what it means for our campus. VP Armstrong explained the largest of our expenditures are salaries, benefits, and utilities. Then, we must balance that with our projected enrollment for the entire year. So, if we have a decline in our enrollment, there's also a decline in the fees that we receive and in our allocation from the Chancellor's Office. When what we have doesn't balance with what we're spending, that becomes a structural deficit. CSUEB has carried this deficit for years. During the pandemic, we received funding, from the Federal government, for lost revenue. That funding added to our reserves and we were able to proceed with that for a while.
  - AVP Cornelius shared the distinction between base, permanent, and one-time funding. The funding for our reserves was one-time funding. VP Armstrong added that one-time funding is through special initiatives. Additionally, she shared that something that adds to the structural deficit is that the programs and special initiatives become institutionalized, where the funding is not necessarily permanent funding. However, the activities associated with the initiatives become institutionalized and that also contributes to the structural deficit going forward. AVP Cornelius stated that (at a high level) the structural deficit is everything based and permanent, & excludes one-time expenses. It is the projected ongoing base and permanent deficit.

- B) Guest, HR Director Veronica Salvador, presented a Financial Annual Report Review.
  - This inaugural report is one of VP Armstrong's initiatives to show our commitment to fiscal transparency to the campus.

- The report was completed in collaboration with the Budget Tiger Team (led by VP Armstrong) and with University Communications.
- The report is still being fine-tuned and it's approximately 80 pages.
- The report begins with a message from President Sandeen & reviews our mission, vision, values, and priorities.
- The report includes: a little background info. about the university, all of our major Divisions, and descriptions of lead departments under each Division; some of the development process for budget; some of the relevant budget policies that we comply with when preparing budget; and the budget for 24-25 (once finalized) will be in the report, along with the actuals for the past 3 years. This way, our campus constituents can view expenditures from the past 3 years and see the trend.
- This report will be a more easily digestible way to share information and materials that are accessible to the campus community without having to log into different systems.
- The document will be both for our internal campus, as well as for our external campus partners and our surrounding community, & it will live on our university website.
- The report will include a glossary of terms (including acronyms) to help the campus community (who may be unfamiliar with financial jargon) to learn the financial terms.

- C) AVP Jake Hornsby shared a dashboard preview of the webpage where the financial report will live.
  - The budget and action, by division, will be viewable. All presentations & videos (such as the Budget Deep Dives) will be on this site. There will be some interactive reports that people can filter.
  - This will be the site where people can find everything about Finance centralized

4. Academic Affairs Report

- Deputy Provost Hernandez was unable to report out due to time constraints. He emailed his PowerPoint to the committee.

5. New Business/Scheduling of Meetings

- VP Armstrong noted that the next meeting will be extended to an hour and half to allow more time for all presenters.
- Co-Chair Paul Carpenter requested that an item regarding the structural deficit and how unfunded legislative mandates tie into that (i.e. pending legislation around PACE funds) be added to the agenda for the next meeting. He also requested that an item regarding the Chancellor's priorities and goals, as they relate to the fiscal matters happening across the CSU. Additionally, he requested that the topic of enrollment be an agenda item, as well as the Chancellor's Reallocation Plan.
- Next meeting is scheduled for **Thursday, October 24, 2024, from 9 a.m. - 10:30 a.m.**

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6. Adjournment

- Motion to Adjourn - Co-Chair Paul Carpenter, 2nd - UDO Wong(Lau)
- Meeting adjourned at 10:01 a.m.