

## University Budget Committee Thursday, November 18, 2021

### Members

Michael Spagna, Deborah Wallace, William Franklin, Chris Manriquez, Scott Barrett, Rama Malladi, Jonathan Molina Mancio, Ricardo Ortega Martinez, Kate Fawver, Edward Cleek, Sonal Singhal, Lisa Hutton, Wendolyn Vermeer, Elwin Tilson, Ken O'Donnell, Jacqueline Kuenz, Susan Sanders, Cecily McAlpine, Hadia El-Bardisy, Katie Robinson

### Summary

#### Budget Request Process

- *Previously* each division would present their budget requests to the committee and share how they believed these requests would advance the university
  - o UBC would then allocate funding based on what that year's members believed to be a priority
- The 2020-21 UBC shared that they wished to see a more cohesive, cross-divisional request that eliminated the silos of each division making their requests individually
- *Now* Cabinet will review needs and present a consolidated request to the University Budget Committee
  - o Request will focus on targeted goals and outcomes to make exponential progress on priorities
- Example: Closing achievement gaps. In the previous process each division would have shared how their requests could help close "achievement gaps". In the current process, Cabinet will create a targeted plan and action items to address these gaps and request an allocation to fund that plan.

#### CARES Update

- As of 11/11/21 the campus had drawn down \$21.6M over 18 claims
- There are 158 claims remaining (labor and paper intensive processing), but they cannot be completed until all expenses have been recognized- they range from \$741 to \$3.2M

#### Next Steps

- More transparency so campus understands CARES
  - o Making existing reporting easier to understand
  - o Retooling CARES website with more graphic representation
  - o Notice the campus when CARES updates are posted

#### 2022-23 Board of Trustees Budget Request

- The CSU operating fund budget is \$7.4 billion for 2021-2022 (+5.7% from previous year).
- On November 9<sup>th</sup>, the Board of Trustees reviewed and approved the 2022-23 Budget Request
- In 21-22 a committee was convened to develop strategies to increase graduation rates and accelerate the elimination of equity gaps

#### Request:

- 75M – Graduation Initiative:
  - o If the 75K is allocated, it is possible this funding would have specific designations to support the committee's recommendations
- 20M – Basic Needs
  - o Intended to address the following areas: food and housing insecurity, unanticipated financial distress, mental health concerns, overall health and safety concerns.

- 75M Technology Equity Divide
  - o Likely would be used to expand the CSU Connectivity Contributing to Equity and Student Success (CSUCCESS) program which provides students with an iPad bundle for the entirety of their undergraduate experience. The program is currently at 8 campuses.
  - o Could possibly be used to optimize course delivery methods that were developed during the pandemic
- 223M - Salary & Benefits
  - o Of this amount \$209.4M is outlined to be used for compensation increases for all employee groups.
  - o \$14M is being requested to support the increase in benefits. If these are not funded the campus will need to absorb the cost.
  - o There is a footnote that the staff salary study will be completed before the May Revise and this request may increase to reflect those findings.
- 135M - Academic Facilities / Infrastructure
  - o The amount would be the annual debt service for a \$2 billion bond that would be issued to address critical infrastructure, energy projects, and renovation/ modernization of existing facilities and new facilities
  - o This request has been included for many years, but never allocated in base. It has historically been allocated in one-time.
- 130M – Enrollment Growth
  - o This funding would support a 2.5% enrollment growth or an increase of 9,434 FTES
  - o CSUDH needs approx. 2,000 FTES to bring funded enrollment up to match our base tuition and 21/22 enrollment levels (marginal cost = \$9,257/FTES)
  - o The language in the request references a distribution methodology to *“campuses that are experiencing significant prospective student demand and can expand more seats in academic programs that are vital to reducing current and prospective workforce shortages.”*
- 17M – SB 169-SUG Requirement
  - o SB169 changed the Middle Class Scholarship program to state law
  - o The law requires that the proportion of SUG relative to undergraduate enrollment should always be maintained at the 2021-22 AY level.
  - o This request for an increase to SUG corresponds to the increase in enrollment.
- 40.5 M – Mandatory Costs
  - o Mandatory costs are the costs that must be paid despite levels of state support. This bucket includes several items which had previously been requested outside of the Mandatory Cost category.
  - o \$29.6M is for inflation on non-personnel expenditures. The state has not traditionally allocated funds for increases to operating expense.
  - o \$3.1M for Maintenance of New Facilities, or what we usually refer to as “New Space Money”.
  - o \$7.8M for increase in minimum wage.

715.5M - Total New Expenditures

- o The budget request outlines \$715,508,000 in new expenditures
- o However, the **request from the state is only \$672,980,000**
- o The assumption is the remaining \$42,528,000 will be funded from tuition from enrollment growth
- o In addition to these base increases, the CSU will also be requesting \$1 billion for deferred maintenance and infrastructure projects.

Action Item: UBC Recommendation

- Typically, UBC sends the President the funding recommendation in January for the current year
- The current year’s allocation was already distributed by UBC and the letter was sent in June

- Action Item: Send memo to President from UBC explaining that funding for this year has already been allocated, and the standard schedule and process will resume in Fall 2022. Cabinet will present its request in Fall 2022, but should start that planning process immediately.

Strategic Budgeting is the process of aligning resources with the university strategic plan and priorities

- Strategic budgeting should be used in achieving both short-term and long-term goals.
- The campus (and country!) is in a time of transition with higher than usual voluntary staff turnover
- Since 75% of the University budget is associated with compensation, this turnover provides an opportunity to align positions with division and campus priorities
- As part of the previous budget cycle, each division identified needs in their respective areas
- As positions become vacant, they can be either refilled or repositioned to align more closely with the needs previously identified

Other UBC Topics (if budget allocation requests are not reviewed):

- Develop Infrastructure around multi-year planning
- Review Presidential Memo
- ~~Planning around all funds budgeting~~
- How does the budget process advance the Strategic Plan?
- Review audited Financial Statements
- Define relationship with University Planning Committee

### **Action Items**

None.

Full recording available upon request.