



University Budget Advisory Committee (UBAC)

September 18, 2026

1:30PM-2:30PM

UEC-102

<https://csusb.zoom.us/j/89194396598>

Minutes

Attendees: Dr. Samuel Sudhakar, Dr. Rafik Mohamed, Dr. Matthew Smith, Dr. David Dufault-Hunter, Robin Phillips, Raymond Watts, Sesar Morfin, Anna Lim, Dr. Jordan Fullam, Dr. Haakon Brown, Dr. Janelle Gilbert, Dr. Rueyling Chuang, Dr. Chinaka DomNwachukwu, Dr. Kelly Campbell, Amira Shalabi, Joselyn Yap, Heather Hopkins and Andreina Dominguez.

Absent: Dr. Edna Martinez, Dr. Andrew Hughes, and Dr. Jenna Aguirre.

Welcome and Introductions

Dr. Mohamed welcomed attendees to the first UBAC meeting of the academic year. He emphasized UBAC's important advisory role in guiding campus budget decisions. He also noted the importance of meeting more frequently to promote transparency and provide regular opportunities for feedback during the leadership transition.

Dr. Mohamed invited attendees to introduce themselves and welcomed the following new committee members who were present at the meeting:

- Dr. Jordan Fullam, Faculty Senate Chair
- Dr. Haakon Brown, Faculty Senate Vice-Chair
- Dr. Janelle Gilbert, Educational Policy and Resources Committee Chair
- Dr. Rueyling Chuang, Dean, College of Arts and Letters
- Dr. Chinaka DomNwachukwu, Dean, College of Education
- Dr. Matthew Smith, Vice President for Student Affairs
- Amira Shalabi, ASI President

Fiscal Year 2025-26 Year-End Report

Dr. Sudhakar reported that the University ended Fiscal Year 2025–26 with an operating fund budget balance of approximately \$22.4 million. Most divisions ended the year with positive balances. Academic Affairs and Finance, Technology, and Operations were the exceptions. Academic Affairs had a negative balance of approximately \$19.2 million, primarily due to budget reductions during the previous three years and unfunded or underfunded commitments, including mandated compensation increases. Finance, Technology, and Operations had a reported negative balance of approximately \$551,099. This was attributed to the transition to CSU Buy, which affected the timing of releasing encumbrances and closing purchase orders before fiscal close. After accounting for these timing issues, the division had a surplus of approximately \$400,000.

Dr. Mohamed added that personnel costs accounted for approximately 96% of Academic Affairs' actual expenses, leaving limited discretionary funding. He noted that most of these costs are dedicated to supporting core instructional activities, including offering the classes necessary to meet the institution's obligations to students.

Dr. Sudhakar explained that the University ended the year with an overall operating fund budget balance of approximately \$22.4 million, although Academic Affairs had a negative balance of approximately \$19.2 million. The central budget's positive balance of approximately \$39.2 million helped offset the Academic Affairs deficit. He noted that Academic Affairs would continue to carry the deficit forward and that the University would need to identify strategies to reduce it.

Dr. DomNwachukwu asked why Academic Affairs would continue to carry the deficit if it resulted from unfunded or underfunded mandates. The discussion raised questions about the sustainability of the division's financial position and how the ongoing shortfall would be managed.

Dr. Sudhakar explained that until the University is fully funded, Academic Affairs will continue to carry its deficit unless the University reduces costs in other divisions or reallocates resources, including additional tuition revenue. He noted that the University is exploring strategies to reduce the deficit, including discussions with the Provost about reallocating funds. He added that funding from the State and the CSU has improved compared with the previous three years, when the University faced a \$50 million deficit, enabling progress toward reducing the deficit. This improved financial outlook provides an opportunity to continue this progress during the current fiscal year.

Dr. Chuang inquired about the allocation of budget resources, noting that Academic Affairs was initially allocated approximately \$81.6 million, while the central budget received approximately \$52.7 million. She asked why the central budget received a substantial allocation given that Academic Affairs primarily supports faculty and staff personnel costs. She noted that the central budget covers utilities, insurance, and other miscellaneous expenses and questioned whether Academic Affairs' allocation adequately reflected its personnel needs.

Dr. Sudhakar clarified that the initial approximately \$81.6 million allocated to Academic Affairs did not include benefit expenses, most of which were held in the central budget. He explained that benefits can account for up to 40% of salaries, which can make the Academic Affairs allocation appear smaller when those costs are managed centrally. He stated that, when benefits are included, Academic Affairs represents approximately 60.8% of the combined Academic Affairs and central budget allocations.

Dr. Fullam asked whether Academic Affairs' benefit costs are paid from the General Fund or tracked separately and sought clarification as to whether benefits are paid from the central budget or if there is a separate accounting process for them.

Ms. Lim explained that Academic Affairs had \$281,258 in benefit costs assigned directly to its special programs, compared with approximately \$81.2 million in benefit costs held in the central budget. She clarified that benefit costs are initially funded centrally and allocated to divisions monthly throughout the year. She noted that combining salaries and benefits would increase Academic Affairs' initial budget from approximately \$81.6 million to approximately \$139 million, providing a more complete view of the division's support than the initial allocation alone.

Dr. Sudhakar reviewed the University's operating fund expenditures for Fiscal Year 2025–26 and explained that salaries and benefits accounted for approximately 73.4% of total expenditures. He noted that this distribution reflects the institution's labor-intensive operations and leaves limited funding available for discretionary uses.

Operating Fund Budget Balance 3-Year Trend

Dr. Sudhakar reviewed the three-year trend in the University's operating fund budget balance, which was approximately \$23.1 million in Fiscal Year 2023–24, \$22.2 million in Fiscal Year 2024–25, and \$22.4 million in Fiscal Year 2025–26. He also reviewed the central reserves at fiscal close, which totaled approximately \$39.2 million and included outstanding commitments, an economic uncertainty reserve of approximately \$17.3 million, and other designated balances. He noted that much of the reserve was committed or designated for specific purposes and is intended as a one-time resource rather than to fund ongoing expenses.

Mr. Morfin explained that the University's economic uncertainty reserve represented approximately 5.5% of annual operating expenses, or roughly 18 days of operating expenses. He noted that the Chancellor's Office recommends maintaining reserves equal to three to six months of operating expenses, a level that most CSU campuses do not meet. He added that the current reserve, while aligned with the minimum requirement, was below the recommended level and provided a limited buffer against catastrophic events.

Dr. Sudhakar noted that, despite ongoing economic uncertainty, the University's enrollment trend had begun to improve following strategic enrollment management initiatives led by Dr. Dufault-Hunter. He explained that this improvement contributed to increased tuition and fee revenue for the University.

Dr. Dufault-Hunter attributed the recent improvement in enrollment to coordinated strategic efforts, including increased new student enrollment, expanded dual enrollment, and efforts to improve first-year retention. He reported that first-year retention increased by 6.2% for Fall 2026. The 2026–27 enrollment projection is 16,957, which is 468 FTE above the Chancellor's Office allocation of 16,489. He noted that the University continues to face challenges, including competition from the University of California, Riverside (UCR) and Cal Poly Pomona, as well as demographic declines. He stated that sustaining this progress will require continued recruitment and strategic enrollment efforts.

Fiscal Year 2026-2027 Operating Budget

Dr. Sudhakar explained that the Governor's June budget fully funded the Fiscal Year 2026–27 CSU compact at \$264.8 million and partially funded the Fiscal Year 2025–26 compact at \$100.9 million. The budget also restored \$143.8 million of the Fiscal Year 2025–26 baseline reduction. These funds are held centrally by the CSU for later distribution, and campus allocations remain undetermined and contingent on labor negotiations. He noted that the funding helps address deficits accumulated over the previous three years, although some prior-year funding remains deferred and sustained support will be needed to address ongoing budget pressures. He also emphasized that, during the recent period of fiscal restraint, the University implemented cost reductions and should continue pursuing efficiency and cost savings as financial conditions improve.

Dr. Sudhakar noted that the favorable short-term funding outlook remains subject to the State's structural deficit, which exceeds \$10 billion annually, and potential future pressure on higher education funding. He stated that the University relies substantially on State funding and should prepare for potential budget challenges based on projections from the Legislative Analyst's Office and the Department of Finance.

Fiscal Year 2026-27 CSUSB Budget Outlook

Dr. Sudhakar explained that the University's projected Fiscal Year 2026–27 operating budget of approximately \$314.9 million includes \$197.4 million, or 63%, in State General Fund appropriations; \$110.3 million, or 35%, in tuition and fee revenue; and \$7.2 million, or 2%, in new fee revenue. Together, tuition and fee-related sources account for approximately 37% of projected resources. The University is projecting a budget deficit of approximately \$3.6 million, or about 1% of the operating budget, after accounting for projected expenses and commitments.

Fiscal Year 2026-27 CSUSB Budget Summary

Dr. Sudhakar explained that the final budget plan was based on a prior-year General Fund appropriation of approximately \$172.7 million. The plan anticipated approximately \$18.4 million in new General Fund appropriations, including \$9.3 million in full-year compact funding for Fiscal Year 2026–27, \$3.5 million in partial compact funding for Fiscal Year 2025–26, and \$5.6 million to reinstate the Fiscal Year 2025–26 baseline reduction. These funds were held centrally by the CSU, and campus allocations remained pending and contingent on labor negotiations. Projected tuition and fee revenue was approximately \$117.5 million, and the budget projected a \$31.9 million increase in resources from the prior year.

He explained that mandatory costs totaled approximately \$13.6 million and included retirement adjustments, health, liability, and utility costs, as well as a State University Grant adjustment. Additional campus commitments included \$1.28 million for strategic planning, \$1 million for other anticipated commitments, approximately \$10.9 million to restore prior General Salary Increase (GSI) allocations from Fiscal Year 2024–25, \$131,000 for minimum-wage costs, \$1.43 million for step increases, \$1.7 million for cabinet commitments, and approximately \$5.6 million for a potential Fiscal Year 2026–27 compensation allocation. Together, these costs and commitments totaled approximately \$35.5 million. With a projected increase in resources of approximately \$31.9 million, the budget projected a deficit of approximately \$3.6 million. To mitigate the deficit, the University implemented a one-time 6% budget reduction totaling approximately \$10.2 million. The Strategic Enrollment Management and Marketing division was excluded from this reduction.

Fiscal Year 2026-27 One-Time Budget

Dr. Sudhakar provided an overview of the University's Fiscal Year 2026–27 one-time budget, including its nonrecurring funding sources and planned commitments. He explained that the budget was funded by approximately \$2 million in 2025 summer carryforward funds and an estimated \$3 million in 2026 summer revenue, for a total of \$5 million. These nonrecurring funds were separate from the regular operating budget. Planned uses included \$136,370 for the final payment on the iHUB 2023 rent and sublease improvement agreement, approximately \$2.05 million in CGI agreement payments, an estimated \$253,769 allocation against cell tower lease revenue, \$200,000 for a Title IX reserve, \$300,000 for an SSD reserve, \$500,000 for deficit mitigation, \$506,757 for central fiscal-year obligations, \$500,000 for Summer GIG funding for Summer 2027, and \$555,000 for enrollment initiatives through Strategic Enrollment Management and Marketing.

Fiscal Year 2026-27 Budget Adjustments

Dr. Sudhakar explained that, if released, funds from the Chancellor's Office would be allocated to divisions for GSI, step increases, and total compensation. The budget adjustment plan included approximately \$10.9 million for Fiscal Year 2024–25 GSI allocations and \$1.4 million for Fiscal Year 2025–26 step increases, totaling \$12.3 million in compensation allocations. As a deficit-mitigation measure, the University implemented a one-time 6% budget reduction totaling approximately \$10.2 million. The Strategic Enrollment Management and Marketing division was excluded from the reduction. Dr. Sudhakar noted that the Chancellor's Office typically distributes these funds quickly, but their release was delayed this year pending resolution of labor negotiations.

Questions/Comments

Dr. Sudhakar asked what additional information stakeholders would find useful and whether UBAC should meet more frequently. He noted that these discussions are consistent with the President's broader emphasis on promoting transparency, accessibility, and visibility within the campus community.

Dr. Fullam suggested scheduling a presentation for the Faculty Senate, preferably earlier in the academic year when meeting schedules are less busy, possibly in October.

Ms. Shalabi suggested bringing a similar presentation to the ASI Board to promote transparency and make the information more accessible to students. She noted that students frequently ask questions about these topics and that presenting the information in student-friendly language through the ASI Board could help promote understanding among students.

Dr. Sudhakar also announced that the Annual Campus Budget Open Forum is scheduled for Tuesday, October 13, 2026, from 12:00 p.m.–1:00 p.m.

Adjournment

The meeting adjourned at 2:53 p.m.