**University Budget Advisory Committee Meeting**

**May 27, 2020**

**3:00pm – 5:00pm**

**Minutes**

***Attendees:****Beth Steffel, Davida Fischman, Dena Chester, Dr. Douglas Freer, Francis Hulsizer, Jake Zhu, Jenna Aguirre, Lee De León, M. Monir Ahmed, Paz Olivérez, Provost Shari McMahan, Robert Nava, Rong Chen, Samuel Sudhakar, Sastry Pantula, Stacy Brooks,*

1. Welcome and Introductions

Dr. Freer welcomed the committee and announced that the Governor Newsom’s May revise included a pull-back of all new funds proposed in his January budget, and added a 10% budget reduction for the CSU. Dr. Freer went on to discuss that today, the group will be going through the different budget scenarios drafted by the campus, as well as cover a few pieces of the University Budget Open Forum. Lastly, we will finish with outstanding questions that we expect to happen between now and the next couple of months that may change or reaffirm any of the information that has been shared today.

1. Updated COVID-19 Spring Losses - Draft

Dr Freer introduced the revised projected COVID-19 impacts for Spring quarter, which have been revised since the last UBAC meeting. The document was updated on May 25, 2020 and projects the impact from Spring quarter through June 30, 2020.

Ms. Chester welcomed the committee and discussed that the report was initially prepared at the beginning of April. During this time, there was not as much information as we have now and there were a lot of assumptions listed. It has since been updated to reflect the impact to all areas within the campus operating fund, the Auxiliaries and Enterprise. The report showcases all revenue losses and high-level list of expenditures. The campus wide projections show an impact of about $8.7M.

1. Student Institutional Grants - Draft

The purpose of this item is to present the group with a summary of the Institutional Student Grants, which is the institutions support for students that were not covered by the CARES Act. Ms. Chester shared that campus received $13.1M from the CARES Act to distribute to students. These funds were distributed either by direct deposit or a live check mailed to the student. Since undocumented, international and CEGE students did not qualify for CARES funding, additional grants were established and funded by the campus. The proposed funding sources for these grants, which total $1M, are shown on the handout. This $1M is in addition to the S13M that we received from the CARES Act totals over S14M distributed directly to students.

1. FY 2020/21 Estimated Operating Fund Budget Scenarios - Draft

Dr. Freer introduced the revised budget scenarios that have been updated based on Governor Newsom’s May Revise. Ms. Chester explained three of the four scenarios assume the 10% state reduction as well as a 50% reduction in non-resident enrollment. In addition, the first scenario assumes a 10% reduction in resident enrollment. The second scenario includes a 5% resident reduction, and the third scenario highlighted in blue assumes that resident enrollment will stay the same as FY19-20. Lastly, the fourth scenario assumes that there is no change to our state funding or resident target. Ms. Chester emphasized that the third scenario highlighted in blue is the most likely and moving forward we will continue to plan around this scenario. This highlighted scenario projects a $23.5M deficit after mandatory costs and additional funds for the campus strategic plan.

Dr. Freer then informed the group that the legislative analyst office is providing the Governor with advice on how to manage the current situation. One of the scenarios that is gaining some attention is pulling back part of the $160M in deferred maintenance the CSU received this year. Each campus was able to utilize these funds to tackle current projects. This would help reduce the cut 1x in 20/21.

Ms. Chester went on to address the deficit total of $23.5M and presented the group with how one-time funds from FY20-21 could help offset the budget deficit for one year. When adding Housing and Parking projected deficits to the scenario, the campus shows an overall shortage of $15.6M, not including CARES Act funding that is expected but has not been received.

Dean Pantula asked if the CARES Act is part of the $26M that we received and if the $13M was given to the students or is this a new allocation. Ms. Chester explained that there were three allocations from the CARES Act, the first and second allocations total $26M ($13M to students and $13M for institutional expenses). A third allocation of $1.8M is also expected for being a minority serving institution. This allocation is also for institutional expenses.

Dr. Chen then asked if the amount for Housing is due to revenue loss or additional expenses. Ms. Chester explained that this number represents fund balance at June 2021 and assumes that housing will not have a substantial residency through Spring of next year.

Dr. Fischman asked what the normal process is for division rollover funds. Ms. Chester answered that normally these funds would get distributed back to the VPs. Mr. Ahmed discussed that this is not a plan, just a resource review; we must look at which one would make the most sense. We are giving the group a look at all the options available, and what this committee can look at to make a recommendation. Dr. Fischman then asked how and when these decisions be made regarding what funds to use. Dr. Freer answered that is the purpose of this committee, it would be recommended to go line by line and answer which option feels best. When we get to an actual budget, we will come back together and start talking about each one of these options.

1. CSUSB Budget Management Core Principles

Dr. Freer shared some core principles that were drafted and asked for the committee’s feedback.

Dr. Fischman asked how do you envision these playing out? Dr. Freer emphasized that our role as a committee is to set an institutional framework and that it is too early to know what the impacts are going to be. Provost McMahan added that by looking at the 10% reduction, we are putting holds on positions that have been vacated but are not essential while we are remote. However, we are not entirely there in terms of what we're going to cut.

Dr. Freer then emphasized the benefit of the reserve structure which was a UBAC recommendation a few years ago. These 1x reserves can help bridge the gap for a year and allows the campus to not to feel rushed to make big decisions.

Dr. Steffel shared that there is a struggle with balancing core value number 1 and 3. To figure out strategically how to prioritize the delivery of the academic mission, but to also make sure there are successful programs across the campus, would be a worthy challenge to take on.

1. Budget Process Timeline

Dr. Freer introduced the Budget Timeline, which is a typical graphic that is used in many budget presentations with the addition of the red box. One of the many curveballs thrown this year is the revised tax deadline, which has been moved from April 15th to July 15th for 2020. Because of this, the state will not know the amount of revenue generated until later in the Fall, which could cause a mid-year budget revision for the state.

1. Financial Impacts

Dr. Freer addressed the new federal stimulus bill called the Heroes Act, which was recently passed by the House but is not expected to be passed by the Senate. There is a small chance that there will be another effort to move this act forward. If so, this could potentially provide us with a one-time solution especially considering this act could be three-times the size of the CARES Act. Next, Dr. Freer addressed that currently we do not know whether the May Revise will be the actual July budget, however we should know by June 15, 2020. Also, we need to keep in mind that additional reductions may be required in FY 21/22. Regarding COVID-19's effects on enrollment, Dr. Freer discussed that so far we are doing well. This is good news since enrollment revenue is a large part of our budget.