**University Budget Advisory Committee Meeting**

**May 6, 2020**

**3:00pm – 5:00pm**

**Minutes**

***Attendees:*** *Adonis Galarza-Toledo, Davida Fischman, Dena Chester, Dr. Douglas Freer, Francis Hulsizer, Jake Zhu, Jenna Aguirre, Lee De León, M. Monir Ahmed, Paz Olivérez, Provost Shari McMahan, Rong Chen, Samuel Sudhakar, Sastry Pantula*

1. Welcome and Introductions

Dr. Freer welcomed the group and discussed that normally the committee would be focusing on new budget requests. However due to COVID-19, we are focusing on what we know going into next year with the mindset that this situation is changing daily, and our projections of what is and what is not, is reactive to our environment. Dr. Freer then went on to discuss the importance of the committee coming together regularly, to help mitigate the situation, and in the meantime will defer conversations about new budget requests. The whole budget cycle has also been deferred and although not currently on today’s agenda, Dr. Freer discussed that typically what we would expect to see in a normal year, has changed since the federal tax deadline has been moved to July 15th, 2020. Because of this, Dr. Freer mentioned that there will not be a July 1st budget in 2020. The best-case scenario would be that the state would finalize their budget in late Fall, and we would be almost halfway through our fiscal year before we know what we can count on or not, related to state support. Dr. Freer then provided a recap of the agenda for today's meeting and announced cancellation of the second UBAC meeting that was scheduled for May 13th, 2020.

1. FY 2019/20 Operating Fund Activity Report -3rd Qtr.

Ms. Chester presented the 3rd quarter operating fund activity report by division/college. All areas were in good standing and nothing alarming stood out. Three-quarters through the year we can expect to have about 75% of our budget to be spent. Encumbrances may cause areas to reflect higher than usual, however when you deduct encumbrances from the equation, it brings them closer in line with the 75% or below. Ms. Chester also emphasized that we currently have campus reserves and centrally managed accounts that are currently being held due to time of uncertainty such as what we are experiencing with COVID-19.  No red flags have been identified in operating fund, and the report will be updated again at year-end.

Dr. Freer mentioned that the transition to the virtual world took place in March which caused significant changes on travel, hiring and hospitality. Because of this we can expect to see changes going into the 4th quarter.

No questions were asked regarding the individual college sheets and third quarter report.

1. COVID-19 Estimated Losses – Spring 2020

Ms. Chester was asked by the Chancellor’s office to prepare the COVID-19 Estimated Losses report. This report shows how COVID-19 has directly impacted the campus during Spring quarter and was prepared in the beginning of April. Currently it reflects Spring quarter revenue losses and unfunded expenditures that are related to COVID-19. The first section shows all anticipated revenue losses, such as Housing, Parking and Auxiliaries. Ms. Chester also discussed that many unfunded expenditures happen to lie in the operating fund, which is mainly because of the salaries and benefits related to administrative leave and emergency pay. Since more details regarding emergency pay have come out, we expect the numbers to be lower than originally projected.

Dean Pantula mentioned that a large portion seems to be comprised of mostly salary and benefits and then went on to inquire about Housing and if meals were still being provided to students. Dr. Freer explained that the convenient store and the commons are still open daily. About 216 students have been moved to apartments because they have single occupancy accommodations with kitchens. However, we still have about 100 students who have requested to stay on meal plans.

Lastly, Ms. Chester went on to discuss that a big portion of why the COVID-19 Estimated Losses document was drafted, was because it reflects how COVID is directly affecting us in terms of revenue loss, not just expenses.

Lee De Leon asked the question if emergency pay is considered an incremental cost. Ms. Chester informed Lee that when on administrative leave, there is no additional cost to the campus but continuing to track the cost and gathering specific details will help justify any claims. All non-exempt employees working on campus will continue to receive time and a half as emergency pay and the emergency pay portion will be an additional cost to the campus.

Dean Pantula asked if an individual is on administrative leave, are departments hiring others, more specifically are we seeing additional costs due to administrative leave? Ms. Chester informed Dean Pantula that folks on administrative leave, are composed of a very small group. Currently there has not been anyone hired to replace someone on administrative leave. Dr. Freer emphasized that the only impact is for employees classified as physically essential such as facilities, parking, printshop, phlebotomists in the health center, who cannot work remotely. These individuals are qualifying for the various leave programs at the same cost and there is no pay differential involved for them. AVP, Monir Ahmed added that in some cases, campus is trying to make use of physically essential employees in other departments such as support services.

No additional questions were asked.

1. FY 2020/21 Estimated Operating Fund Budget Scenarios

Ms. Chester presented the group with three different estimated operating fund budget scenarios.

The first scenario shows the outcome of a 5% reduction in both state funding and resident enrollment, as well as a 50% reduction to non-resident enrollment. This scenario would be the worst-case scenario with the total deficit estimated at $21.3 million.

The second scenario shows the outcome of a 2.5% reduction in state funding and resident enrollment, as well as a 50% reduction to non-resident enrollment. In this scenario, the estimated deficit is $15.5 million.

The third scenario which is considered best case, shows no charge to our state funding or resident enrollment over 19/20, but still showcases a 50% reduction in non-resident enrollment. The impact of this scenario is estimated at a $9.6 million deficit.

All three scenarios assume our SUG commitment at 75% of the 19/20 amount, per the CO’s recommendations.

1. Questions and Feedback

Lee De Leon asked the question if we can share the information in this meeting within our respective areas. Dr. Freer suggested yes, however the only hesitation would be to make sure you are sharing that there is a wide range of landing spots that are ahead of us, we do not know what scenario we are going to land on currently since we are at the mercy of the Governor.

Dean Pantula asked if the Governor was going to say something about the budget on May 14, 2020? Dr Freer speculates the Governor will only put forward a maintenance budget, which will only be enough to put us through the first fiscal quarter and will probably do an August/September revise. Hopefully, the Governor will give signals on what he expects.

Dr. Chen asked if there are going to be any one-time distributions as we have done so in the past. Ms. Chester informed Dr. Chen that they are currently on hold because of the budget unknowns. We do not want to move forward with chances of not having any funds to give out.