

## 2022-2023 Year End Committee Report Form

**Committee:** Budget Advisory

**Chair:** Charlie Faas, CFO and Karthika Sasikumar, Vice-Chair of the Academic Senate

**Chair-Elect for 2023-2024:** Charlie Faas and Tabitha Hart

(Please include phone/zip/email if available)

**Number of Meetings held:** 9

### Items of Business Completed 2022/2023

1. Reviewed a draft of the budget presentation by the CFO to the senate in October 2022, and shared suggestions for inclusion of items in the presentation—specifically related to the proposed Alquist building and other campus construction.
2. The CFO explained the processes related to the state budget, the ‘May Revise,’ and earmark funding requests.
3. Welcomed President Cynthia Teniente-Matson who entrusted us with an expanded vision of our charge, that is, to suggest ways to address the structural deficit that SJSU faces as a result of decisions at the level of the university, CSU system, and larger economy.
4. Pursuant to #3 above, the committee split into several subgroups and heard presentations from various financial bodies at the university (such as Academic Affairs Division, Enrollment, Athletics, FD&O, Housing, Research, Information Technology). The intent was to educate ourselves in order to prepare a memo to the President, that was presented after significant discussions, at the conclusion of the academic year.

### Unfinished Business Items from 2022/2023

1. BAC members expressed an interest in framing procedures, at the CSU level, for fair compensation.

### New Business Items for 2023/2024

1. Continuing the process of involving the BAC members in budget formulation from the initial stages, using appropriate consultation mechanisms. These must be put in place starting in August, so that members’ input is worthwhile and practical.

2. Giving consideration to expanding BAC membership, which would require a referral to the Organization and Government Committee of the Senate; specifically adding a student member, but also considering other additions.

**Please return to the Office of the Academic Senate (CLK 500/0024) by July 1, 2023.**

**Budget Advisory Committee  
(Special Agency of the Academic Senate)  
Minutes**

Thursday, Sept 22, 2022: 1:00 p.m.-2:00 p.m.

Via Zoom

<https://sjsu.zoom.us/j/93679580616?pwd=bmE1QWhEd1RXcDYwT2swRDJQOUNzZz09>

(Also, in Calendar invitation sent by Lisa Vlay)

**Today's Minutes:** BJ Grosvenor

**Attendees:** Karthika Sasikumar (co-chair), Charlie Faas (co-chair), Antonio Maldonado (AS Controller), Eric Rollerson, Kathleen Prunty, Jennifer Nathan, Audrey Shillington, Tamar Semerjian, Kristen Rebmann, Susan Jaynes, and Billie Jo (BJ) Grosvenor

**Absent:** Sami Monsur

1. Approval of Agenda

Approved by consent

573474336. Introduction of the co-chairs and description of the charge of the committee  
The Academic Senate is still seeking two individuals to serve on BAC in the faculty roles.

573474224. Introductions of members

All introduced themselves.

573474000. Requests for volunteers to take minutes (BJ Grosvenor, Sep 22)

October 20 – Tamar; December 15 – Kristen. Thank you for volunteering.

573475232. Associated Students Update: Controller: Antonio Maldonado

Report: AS is now meeting in person. The AS house is a hub of activity this semester. AS 'hit the ground running' in their work this Fall 2022 term. The Executive team are all returning students. The additional board members are new and excited to engage in the work.

Grants to Recognized Student Organizations (RSO's) <https://www.sjsu.edu/getinvolved/student-orgs/index.php>. There is approximately \$100,000 available that is granted from AS to RSO's. AS is currently promoting/marketing the opportunity. Funding request are being sought by RSO's. Thus far approximately \$4000.00 dollars have been given already this Fall 2022 term. All RSO's requesting funds need to present their request to the AS Finance committee prior to funds being approved.

Jim Westbrook is the Interim Executive Director of AS. Soon there will be a search for a permanent ED. Antonio will serve on that committee.

Administration & Finance: Charlie Faas, Vice President for Administration and Finance/CFO

Shared his role this term in the preparation work prior to the October Academic Senate meeting. The finance team is still working through the budgeting process based on the budget allocation that came from the State through to the CSU.

Faas question to BAC - what do you think the Senate wants to hear in October? BAC provides CFO Faas feedback as to topics of most interest to the Senate.

Questions put forth in the meeting today

1. Cost of living how is that being calculated into SJSU budget
2. Utilities costs
3. Infrastructure challenges in teaching spaces and the implications for budget

Faas shared PPT slides that explained the CSU budgeting cycle. This included an explanation of what occurred in the ask to Governor Newsom, the modification and the final dollars given to the CSU.

Shared good news from the budget allocation.

Some of the money is in one time money. Over 300 million in undesignated funding. Graduation Initiative 2025 basic needs and mental health funding. All CSU – 500 million infrastructure funding was requested, however, SJSU only received \$6.8 million for deferred maintenance. 5% multi- year compact established, which requires CSUs to achieve specific outcomes, in return for which 5 percent increases in funding will be allocated by the governor.

Shared the CSU State Budget reality.

HEERF dollars (pandemic) are no longer allocated by the federal government but the associated expenditures still remain. Pressure to reduce on-going \$ increases. Additional stresses come from supply chain, inflation, recruiting, retention, and cost of living. Faculty salary raises, like staff raises, are not determined at the campus level or by the CFO. These are negotiated by unions. Issue of heat and discomfort for the specific buildings on campus during the September heatwave cannot be resolved by simply putting in air conditioning, given that the buildings are extremely energy inefficient.

General questions from faculty – listed on the agenda

nnnnnnnnnnnnnnnnnnnnnn. SFR connection to funding--how determined  
vvvvvvvvvvvvvvvvvvvvvvvvvvvvvvvv. Reduced raises for faculty in current AY compared to promised raises

zzzzzzzzzzzzzzzzzzzzzzzzzzzzzzzz. Allocations for heat-mitigation infrastructure given deferred maintenance resource deficit

- h. Speed City Project approval – to be discussed at a future meeting

Web link shared by Kathleen to BAC. A brief article about the California Senate Bill Charlie mentioned. <https://capitolweekly.net/legislation-to-divert-funds-would-hurt-csu/573475736>. Adjourn at 2:05pm

**Budget Advisory Committee Minutes**  
Thursday, Oct 21, 2022: noon - 2:00 p.m.

**Today's Minutes:** Sami Monsur

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**Attendees:** Karthika Sasikumar (co-chair), Charlie Faas (co-chair), Antonio Maldonado (AS Controller), Kathleen Prunty, Sami Monsur, Audrey Shillington, Tamar Semerjian, Kristen Rebmann, Susan Jaynes, and Billie Jo (BJ) Grosvenor

**Absent:** Eric Rollerson, Jennifer Nathan

1. Approval of Agenda
1. First - Sami, Second Tamar All - yes, but Sami. Sami - abstain

573475904. AS Update - Antonio Maldonado

1. AS is towards the end of its Executive Director search. AS interviewing the final two candidates
2. Variance Report. They have the full budget. Capital outlays - remodel CCAC and Child Dev center. The budget shows a surplus starting the year but the full year of charges is expected. Some questions came up regarding the Child Dev center.
3. Last year's board approved this budget
4. Candidates' info was posted in the chat

573444544. This was an open agenda to discuss the Senate budget presentation on Monday. Charlie to present and take questions

1. Charlie confirms that slides will be available after the senate presentation
2. What have we accomplished? Also the challenges in past years
3. Transformation 2030 - we are a much better campus with all these past accomplishments.
4. Tuition & Fees have not really changed over the past 10 years. (\$250 increase in 17/18)
5. HEPI (Higher education price index) and growth of Higher Ed over the years - questions about how to give more info on what data is used for HEPI. Suggestion from Karthika: pie chart or similar showing how much of the cost of providing the service compared to what is coming from the state, from tuition, and from other sources
6. Enrollment headwinds and how the rest of CA is struggling. CSU enrollments are down about 25K FTES
7. The budget request is about half of what we requested/need. Most "Good News!" funding is 'One Time'. Reviewed a slide that shows CSU vs. SJSU allocation. This slide may not make it into the presentation. Simon asked a question that requested clarification. Charlie showed how we are upside down on (self-funding) salary increases which add to causing the structural deficit.

We are understaffed and underfunded. \$36.7M Gap. The gap is covered this year by Savings, Reserves, OE&E/Unfilled Salary saving. Tamar's question about increasing enrollments on the backs of faculty. Charlie agreed but is leaving those details to the Provost. From Kristen: There are some structural challenges in our charter that undermine our ability to boost enrollment. Right-sizing could involve de-coupling instruction from grading but right now that can't happen due to our charter. Is this the type of aggressive ask that is being considered?

Charlie continues the discussion on the limitations we have. He argues that we should be able to differentiate types of degrees that generate more salary for the graduate (Engineer vs. Arts degree).

8. Discussion on funds. Sami commented on some ways we can use PaCE to help realign actual self-support costs that over time have fallen to the Op Fund. Charlie mentioned that Vin is working with a CO committee to discuss ways to maximize and benefit the campus. Simon asked how we used PaCE funds before. Charlie mentioned part of ISB

9. Karthika has questions about the way that the pay raises hit the faculty and the PDF raise letters don't give details explaining what the numbers represent. Sami offered up ways to find help in explaining the details (Benefits office, Marie, Anita) and Susan confirmed that they also encounter these concerns.

10. Questions about the 10% cut from Karthika. Sami explained that the 10% one-time cut to OE&E. Tamar asked a more detailed question about the 10% and if it would include one-time funds. No. The 10% reduction is for OE&E base. SSETF and other colors of money will not be affected. Please talk to your dean and/or DRO (or Sami) for more information.

11. BJ asked about the reserves and Charlie explained the difference between "committed" reserves and 'uncommitted' reserves.

573444600. Meeting adjourned at 2:03 pm

**Budget Advisory Committee**  
**(Special Agency of the Academic Senate)**

**Minutes**

Thursday, December 15, 2022: 12:00 p.m.-2:00 p.m.

Via Zoom

<https://sjsu.zoom.us/j/93679580616?pwd=bmE1QWhEd1RXcDYwT2swRDJQOUNzZz09>

(Also, in Calendar invitation sent by Lisa Vlay)

**Today's Minutes:** Kristen Rebmann and [Karthika Sasikumar](#)

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**Attendees:** Karthika Sasikumar (co-chair), Charlie Faas (co-chair), Antonio Maldonado (AS Controller), Eric Rollerson, Kathleen Prunty, Jennifer Nathan, Simon Rodan, Audrey Shillington, Tamar Semerjian, Kristen Rebmann, Susan Jaynes, Billie Jo (BJ) Grosvenor, and Sami Monsur

1. Approval of Agenda and October Minutes

Approved by consent

2. Associated Students Update: Controller: Antonio Maldonado

AS is looking to develop a more competitive subcategory of funding over the winter.

Upcoming event: Spartan Showcase where clubs share their funding-based activities. The timeline of these activities are in the report.

573444432. Q&A

1. Sasikumar requested an update on what percentage of the AS budget (amount) has been used. Faas replied about 28% and that it is common for this low percentage to be used up at this point in the academic year. Sasikumar shared that the situation is similar with scholarships, we saw a record low number of applications.

2. Rodan question to Faas: Will outstanding funds be rolled over? Faas replied that yes, they will be rolled over. Funds that are not spent are sent to the reserves of AS.

573444433. Faas shared updates with regard to his recent presentations for the academic senate and community.

1. In his presentation to the community, Faas provided updates to the activity surrounding the Alquist Building. He indicated these updates were warmly received. It is estimated to bring \$4 million to the local community.

2. Process activities include seeking approval from CSU system (Long Beach) and development of RFPs connected to future redevelopment activities. Acquisition of the deed is anticipated by March/April 2023. Construction is expected to conclude in 2027

3. The reception in response to the Alquist project has been positive: a great thing to happen for faculty, staff, students, (and possibly) foster youth. One emphasis is workforce housing and there are several upcoming meetings with executives about the Alquist Redevelopment project.

4. It is a public-private partnership and it will be financed by local (not State) bonds to the tune of \$800 million. 1000 units of housing (potentially 1500 if a city garage is acquired) will be created. 500 of these units will be available for rent at below market rates and the rest will be market rate (and subject to property tax). If the 500 units are not occupied by SJSU employees, they may be offered to others such as City of San Jose employees.

5. Faas indicated he is hopeful that a proposal will get passed in January.

6. Faas mentioned the arrival of SJSU's new President. She is developing initiatives relating to the budget and will grapple with the decline in enrollment.

573444992. Q&A

a. Rodan question to Faas: With regard to the Alquist project, when will financing be needed? How will funding be structured? Faas replied that Public Private Partnerships (P3), not bonds, will pay for the project.

b. Rodan question to Faas: What are the possible structures of P3? Rent control? Affordable housing? Faas replied that many potential partners have approached SJSU. The project as currently imagined, would hopefully include a 20+ story building with 500 market rate units and 500 below market rate units. There are efforts (currently) working toward collaborating with the city of San Jose to acquire and redevelop a parking garage. Faas discussed further that incomes are being explored to identify market rate and below market rate (perhaps \$150K being a possible threshold for market rate rent and \$80K being a threshold of below market rate rent. Ultimately, rates are planned to be tiered with market rate profits used to reduce SJSU workforce rental rates.

Sasikumar question to Faas: Will the project rent to other San Jose workers? Faas replied: yes, and market rate tenants will be engaged via short term leases to fill the building until more university people move in.

c. Sasikumar question to Faas: What barriers do you foresee to filling the building? Faas replied: Some barriers might include employee preferences for single family or townhome style residences and K-12 school quality or current school enrollment elsewhere.

Nathan question to Faas: Will single income people be represented and considered in planning? Faas replied: yes, rates will vary based upon income and situation.

Nathan question to Faas: Will rents be means-tested? Faas replied: Yes, tiers will be modulated based upon documented (and monitored) income and situation.

Sasikumar question to Faas: Will the Alquist project include retail space? If so, will retail support rent reductions? Faas replied: Yes, hopefully a movie theater and grocery store will be part of the project and yes, rents will be (slightly) subsidized by retail.

Rodan question to Faas: Will the Alquist project represent a showcase for sustainability and will it be carbon neutral? Faas replied: Yes, there are goals for sustainability (strive to get eco-certification as a Gold or Silver building). It is hoped that tenants will walk to work and this will reduce cars on the road.

573444993. Faas questions to committee members: What do we want to know about or ask our SJSU's new President?

a. Nathan: What developments can be shared with regard to housing and safety?

b. Rodan: What availability is there with regard to better tools for scheduling and demand forecasting?

c. Grosvenor: How can SJSU do more to focus on effective teams and roles?

573445496. Campus Fee Advisory Committee (CFAC) reports that the SSETF will be \$687 for this AY (an increase of \$18). Does BAC review the use of the SSETF, in other words, oversee the outcomes it is collected towards? Faas replied that CFAC reviews SSETF outcome reports for base allocations on a rolling three-year schedule. The last review occurred in Spring 2020 as per Susan Jaynes. As per this [link](#) we see that the highest campus fees are charged by CSU San Luis Obispo, and San Diego. Our fees are not that high. A member asked if the fees were pro-rated by the number of units that a student takes, and the answer was that the fees are the same for SSETF and for the Health Center, irrespective of unit load.

8. Tamar Semerjian asked a question about the impact of the centralization of the budget. Sami Monsur responded that the Central Compensation Pool works well when there is plenty of money. At least now the Data Warehouse is configured so that each admin can see their budget and how much they are able to spend at the start of the year. However, savings go back to the pool. Tamar pointed out that the chairs get salary estimates only in October or even November when spring schedules are set and students are enrolled. Sami promised this will be speeded up. Tamar also reported that from the Chair's perspective, increasing enrollment was the priority and now Chairs are being asked to cut sections and manage salaries without training or context. Chairs who are in departments that met enrollment targets are disappointed when they are getting budgets cut. She suggested that Sami should visit UCCD to hear their concerns.

Jennifer Nathan expressed concern about depleted staffing in UP and FDO. Charlie Faas acknowledged this is the top concern at most organizations and we are understaffed (around 20% overall). We are unfortunately required to have lots of forms because we are a state organization, this holds up hiring.

Adjourned at 2:05pm



**Budget Advisory Committee  
(Special Agency of the Academic Senate)**

**Minutes  
Thursday, January 26, 2023  
11:30am-1pm  
Via Zoom**

<https://sjsu.zoom.us/j/93679580616?pwd=bmE1QWhEd1RXcDYwT2swRDJQOUNzZz09>

Today's Minutes: Jennifer Nathan

Attendees: Karthika Sasikumar, Jennifer Nathan, Kristen Rebmann, Kathleen Prunty, Audrey Shillington, Susan Jaynes, Simon Rodan, Antonio Maldonado, BJ Grosvenor, Charle Faas, Eric Rollerson, Tamar Semerjian

1. Approval of December 15 minutes

- Approved by consent

2. Need to change time for one BAC meeting (March)

Proposed to have the meeting March 17, but some might have conflicts. Lisa will send an email to check people's availability

3. Update from the AS Controller Antonio Maldonaldo

- a. Reported about the budget and that there is deficit of over \$300k and AS plans to host ticketed events and other revenue generating plans
- b. AS need to utilize their reserves at this time
- c. Deficit can be based on lower enrollment and other factors.

4. Update from CFO Faas

- a. Viewed Chancellor's meeting (Ryan Storm, Steve Relyea /CFO). Operating Budget Update 2023-24. Short term, CA has a \$22.5 billion revenue deficit. The CSUs will actually get a \$227M increase, that was due to a prior commitment. Mainly to provide funding for student success initiatives, salaries and benefits for faculty and staff, facilities, and enrollment growth.
- b. Link to [multi-year compact between the Newsom administration and the CSU](#)
- c. Chat from Susan Jaynes: Capital gains as a percentage of income is down - 5.52% estimate this year, last year was 9.75%. The progressive tax structure is consistently inconsistent. Personal Income Tax down \$25.4B, Corporate tax down \$3.8B, Sales tax down \$2.5B from 2022 Budget. In the 2022 May Revise, 99% of the new revenue last year was set-aside for one time investments based on the anticipated concerns. However, this year apparently Newsom's administration rejected \$10B of one time funding requests based on anticipated funding constraints this year.
- d. Bottomline- 2023-24 state budget looks rather slim and the forecast is for future reductions.
- e. <https://lao.ca.gov/Publications/Report/4657>
- f. [https://lao.ca.gov/Publications/Detail/4657?utm\\_source=Legislative+Analyst%27s+Office&utm\\_campaign=23815b9b0b-](https://lao.ca.gov/Publications/Detail/4657?utm_source=Legislative+Analyst%27s+Office&utm_campaign=23815b9b0b-)

[RSS\\_EMAIL\\_HIGHER\\_EDUCATION&utm\\_medium=email&utm\\_term=0\\_230ef9f9f2-23815b9b0b-517611371](https://www.sjsu.edu/rss_email_higher_education&utm_medium=email&utm_term=0_230ef9f9f2-23815b9b0b-517611371)

g. Fund corrections nation-wide for overspending during the pandemic (ie tech industries lay-offs, no more CARES funds, etc)

h. Discussion about merging of CSUs like we at SJSU are planning/doing with consolidating HR systems with State-side/Research/Tower.

i. Viewed Alquist component of Chancellor's meeting held on 1/25/23. Topic title- Conceptual approval of a workforce housing that is a public-private partnership. Plan for affordable faculty, staff, and student housing. The site is planned to be given to SJSU in the spring/April 2023. CSU approved next steps, getting bids from private development partners.

#### 5. Questions for CFO

a. President Teniente-Matson: her vision and priorities for the university. One component is to create a budget commission. Charlie suggested to her to possibly expand the BAC to fit the President's vision. Due to time we were not able to expand on this discussion.

b. Graduations in Fall 2023: costs and revenues if any (cost comparison with one large stadium graduation). Thoughts of holding graduation in the stadium. How to do that while making it a meaningful experience for our graduate students?

c. Update on Alquist Redevelopment progress. Key factor is that the Alquist building needs to be affordable for our staff and faculty. Half of the units will be market rate and help subsidize the BMR units.

d. Budget cuts: rationale and predictions (we did not have time to discuss this topic)

5. Kristen Rebman question in chat. I wanted to ask about the gearing up of SJSU Online. Are there processes in place to understand which departments and programs actually need facilities space or will SJSU online work to build enrollment from non-traditional populations? CFO's response- we need to expand our online education especially to capture out of state student enrollment. We need to look at how to optimize our campus, especially with the goal of utilizing campus space on evenings, weekends, and Fridays.

## Budget Advisory Committee

(Special Agency of the Academic Senate)

Minutes of Thursday, February 9, 2023 (by Karthika Sasikumar)

11:30am-1pm, Via Zoom

<https://sjsu.zoom.us/j/93679580616?pwd=bmE1QWhEd1RXcDYwT2swRDJQOUNzZz09>

**Present:** Charlie Faas (co-chair), BJ Grosvenor, Susan Jaynes, Sami Monsur, Kathleen Prunty, Jennifer Nathan, Kristen Rebmann, Simon Rodan, Eric Rollerson, Karthika Sasikumar (co-chair), Tamar Semerjian, Audrey Shillington (on the phone)

**Absent:** Antonio Maldonado (report from AS was circulated to members by email)

This meeting was scheduled at short notice, as a result of Presidential policy changes to budget accountability.

CFO Faas reported that the President has asked the committee to ramp up its output. The work will be in accordance with the scope of BAC. President Teniente-Matson wants the committee to take a more active role.

There will be a formal charge of the committee. That's what the President has done in her previous positions.

Previous BAC meetings have mainly featured the CFO talking to the committee. This will change, as the President wants the committee to be a strong adviser. Her top priority is enrollment. We need to address the structural deficit that we created for ourselves. We call it a structural deficit because it is the result of decisions (we hired 100-plus faculty without additional funds to pay for them, faculty received a 7% raise which was mostly not funded by the state). HEERF dollars paid for Zoom licenses, but they are spent down, and we are still paying for the licenses.

We need to identify alternative revenue sources. As it has taken several years to get into the deficit, it will take multiple years to get out of it (President has estimated 2-3 years). Growing ourselves out of the deficit is the best solution.

Should we consider this to be a deviation from the existing Senate Agency charge? We can have advisers or guests currently. Do we want to formally add members? CFO Faas felt that we do not need to expand membership. Karthika Sasikumar, who is the Vice-Chair of the Senate agreed that it is less important whether invitees are advisers or members, and more important what they bring to the table.

Susan Jaynes, Kathleen Prunty, and Charlie Faas have been making the budget, and members have been tweaking it. Cynthia wants BAC members to be more involved in the decision-making process and socializing the larger community into understanding the decisions.

This committee has been mainly interfacing with the CFO, but now is being asked to also interface with other aspects of the budget process (such as enrollment initiatives). So far, members were presented with the budget slides that were about to be shared with the Senate in order to provide feedback. Henceforth, they can peek into the sausage-making, that is, the formulation of the Budget starting in the Spring.

Deliverable: a report to the President by the end of the semester. We will need to meet every other week until May 4, and a proposed calendar was presented.

The discussion turned to ways to reduce the deficit. Layoffs, salary reductions, hiring freeze are some tools in the toolkit but we do have to discuss it. These are all hypotheticals at this point. If you look across the campus, we have 20-30 percent open positions. We've been counting on those salary savings to bridge the budget gap each year. We need to streamline these and eliminate stopgaps, even if it means reducing the number of open positions. We could also give a higher salary to some employees who are performing the tasks of multiple positions.

Many of you are also in unions. We will be discussing a variety of measures. If you feel that you cannot be a neutral party, you should contact the co-chairs. We do sign confidentiality agreements for RTP. Do we need one for a portion of the discussions (perhaps for specific timeframes)?

Suggestions: open position for the faculty member should be filled (we can identify a person), also create sub-committees for specific aspects of the budget process, and clearly compartmentalize information that should not (yet) be shared with those outside the committee. CFO Faas will send out a list of questions that we will discuss in our next meeting, so that we can use our time efficiently.

The governor is going to give us the CSU the five percent compact (2.8% to the General Fund) even though the system did not hit the enrollment numbers. 21 of 23 campuses are under-enrolled, and some are massively under-enrolled. We need to revisit how we divide up state dollars. Basically, the state of California matches tuition dollars (not based on current enrollment but enrollment at some point of time). So the base money from the state was somewhat stable for under-enrolled campuses, and we were starving the campuses that were growing. Finally, something is being done at the system level to align enrollment and budget. The Presidents of CSUs agreed that from now on, those campuses that are flat will continue to get state base money. Under-enrolled campuses (over ten percent) will have dollars taken away from them. Usually these are smaller campuses such as Chico and Humboldt. The dollars go into a pot that will be given to those campuses that are over-enrolled. We want to be in this group.

Tamar Semerjian raised the point that we are tasked with raising enrollment, but if we are chasing less prepared students, these will bring down the graduation rates--which we are also supposed to be raising. Why not follow the strategy of doing more of what we do really well?

Kristen Rebmann suggested that we consider "birthright" in-state tuition for kids whose families have left the state? How about partnerships with sister UC campuses where we help fund their doctoral and post doc researchers and they help us grade in return? She also asked whether we have a set of categories of reduction that we know (from prior downturns) provided the biggest return.

## Budget Advisory Committee

(Special Agency of the Academic Senate)

Held via zoom:

<https://sjsu.zoom.us/j/93679580616?pwd=bmE1QWhEd1RXcDYwT2swRDJQOUNzZz09>

Password: 500527

February 23, 2023

Present: Charlie Faas, BJ Grosvenor, Susan Jaynes, Antonio Maldonado, Sami Monsur, Jennifer Nathan, Kristen Rebmann, Simon Rodan, Tamar Semerjian, Audrey Shillington, Eric Rollerson

[Karthika Sasikumar](#) (minutes)

The agenda and minutes of the previous meeting were approved unanimously.

Antonio Maldonado presented a report on behalf of Associated Students. He noted that this week all department budgets were to be reviewed by the Finance Committee of AS. He also informed members that AS had some funds that could be invested, choosing between two companies, namely Commonfund and Beacon Pointe Wealth Advisors. Currently the reserves for AS are being invested by UBS. Last year, CFO Faas suggested that they could get better returns and lower fees, by choosing other investment avenues. Beacon Pointe will offer auxiliaries the same terms as they give the Tower Foundation. Antonio and the Executive Director will evaluate these two firms and create an investment policy.

In response to a question, he said that the Child Development Center is having lower revenues because of a lack of staff. Lower enrollment has had an impact on the AS fees. However, although the slide he shared was currently showing a reduction of \$500,000, this is as of January 31, 2023. There will be a bump up next month. The projection is for AS to end the financial year with \$120,000 which will stay in reserves.

Kathleen Prunty announced that she will be leaving the university at the end of April for family reasons. Susan Jaynes will continue to attend the meetings and contribute subject matter expertise.

CFO Faas reported on his conversations with the President, about her expectations for a greater role for the BAC in budget development and oversight. He explained that the BAC has operated differently from the similar committees that she has seen at other institutions, and it is unrealistic to expect that the committee can go from 'brakes on' to '100 miles an hour,' in a matter of a few months. The President will meet with us as planned. She was assuming that the committee was involved in academic planning, enrollment and reserves, which is not the case.

He shared a slide with a proposed categorization of the members into sub-committees. He suggested that members could choose different committees than the assignment if they choose. Members can also choose to attend any subcommittee meeting that they want to (will be listed as optional). Karthika Sasikumar asked to be included in all of the subcommittee meetings. Each meeting will be 1.5 hours long approximately, and each member is on two subcommittees. The member listed in bold will be tasked with reporting back to the BAC about the proceedings.

Simon asked if the CFO would share the different financial models, that show the linkages and the contingencies, with the members. He said that it would be fine to share, but everybody

doesn't have to be an expert on every financial issue. Charlie reiterated that this is meant to be an educational experience for the members so that in the fall semester, they would be more equipped to participate in financial planning.

Kathleen specified that the decision-making will be still by the campus leaders and the BAC's role is to give advice.

Lisa will be sending out a revised calendar for BAC meetings, as well as the subcommittee meetings which will all be by Zoom.

Simon suggested that before the subcommittee meeting, we spend some time understanding the details of the issue assigned to the subcommittee with a half hour meeting. Karthika suggested that instead of meeting for 30 minutes, that information should be shared with the subcommittee members, via email so that they are better Informed before they come to the meetings.

A link to the CSU portal for financial information for all campuses was shared and Charlie explained how to navigate it.

We looked at different campuses and their different balances and reserves. Susan explained that the CO reviews the reserves. By pooling reserves in different places on campus, we can make meaningful investments. BJ asked whether centralized budgeting is here to stay, because with decentralized budget planning, each department has a better idea of its needs and resources.

Simon asks about the reasons behind the noticeable fall in SJSU reserves—Susan says that part of it was COVID-related expenditures that could not have been anticipated.

When HEERF dollars were handed out, half went to students. The other was spent differently by different universities. The government wanted to ensure it was spent on pandemic-related items, such as loss of income or training of staff. The Pell-eligible students number was the basis for allocation of the HEERF. SJSU has fewer Pell students than other CSU campuses, so this put us at a disadvantage.

For the slide presentation by the CFO please see the PowerPoint titled Budget Advisory Committee Commission 2023.pptx which has been uploaded to the shared BAC drive.

## Minutes of March 21

Budget Advisory Committee (11.30 AM to 1 PM)

Meeting held via Zoom:

<https://sjsu.zoom.us/j/93679580616?pwd=bmE1QWhEd1RXcDYwT2swRDJQOUNzZz09>

**Present:** Charlie Faas, Alerie Flandez, Billie Jo Grosvenor, Susan Jaynes, Antonio Maldonado, Sami Monsur, Jennifer Nathan, Kristen Rebmann, Simon Rodan, Eric Rollerson, Tamar Semerjian, Audrey Shillington, Karthika Sasikumar (note-taker)

### Report by the AS Controller

Antonio Maldonado reported that AS would be talking to two investment firms and a decision on investment of the surplus will be made shortly. He clarified that in the upcoming financial year AS would have a deficit of \$80,000 (estimated). However, he would work on increasing revenue, and Jim Westbrook (Interim Executive Director) will work on cutting costs. We are projecting an enrollment increase of 1 percent (for the university as a whole) and this will close the revenue shortfall. However, we need to rationalize the staffing situation at the CDC and the Print Shop (which Faas encourages departments to use).

Simon Rodan asks how much of the problem is caused by inflation. Antonio says that he does not know. It was remarked that the existence of the childcare opportunities at the CDC need to be better marketed.

### CFO report

It is not clear that the governor will continue to give us the money that he promised in the compact. Along with other campuses, SJSU applied for Higher Education Student Housing Grant Program (HESH) money for student housing (\$89 million). But this cash will come in over a period of time, and is uncertain. Since the CV3 land and final designs are not done yet, we can wait for the state funding to arrive.

The group then discussed the deficit. Eric Rollerson asked where the deficits are. CFO Faas responded that the structural deficit has been there for 4-5 years. At the same time as enrollment went down, we were adding things to the budget. We did not get the tuition increase we anticipated and there have been several unfunded mandates from the CO. He asked members to see the deficit as affecting SJSU as a whole. Karthika explained that Charlie Faas has a CFO-view of the unit, but we are each responsible for our own units and we are trying to fix what we are able to.

Jennifer Nathan shared her perspective on the relationship between compensation and student enrollment. We are having trouble hiring people in enrollment, because we don't pay them handsomely and we work them to death. We need to hire people to review applications for graduate courses. Eventually this boosts enrollment.

CFO Faas emphasized that we have to get transfers and freshmen and then retain them. UCs are opening up to our students. We need to get students to take more units. Advisors need to explain to students the opportunity costs of staying in school for another year, instead of getting out and earning a wage.

## Discussion of the sub-group presentations and deficit reduction

Simon Rodan asked a question about the fee structure. We know that students can take up to 15 units for 6800 dollars. They pay another 2000 dollars in fees for AS and the Health Center and so on. Simon concluded that when we are at target enrollment, marginal revenue = marginal cost. For resident students, if we go over target enrollment, marginal revenue is lower than marginal cost since the state is not funding us. Therefore, we cannot grow out of this deficit. Instead, he suggested that we need efficiency gains. These can come from automating processes and increasing Student Faculty Ratio (SFRs).

Charlie Faas pointed out that on the other hand, the CSU will punish us for falling short of the target enrollment number, and reward us for exceeding the target. So it also makes sense to try to raise enrollment and gain these extra funds.

Simon also said that the research initiative that has been implemented at SJSU is costly, as it takes 25 percent of courses away from the faculty. We can learn from the UCs to make research self-funding. In addition, we may have invested around 300 million dollars in the Athletics Program over the last decade but the revenues are ploughed back into Athletics. Instead we should split it three ways, a third retained in Athletics, a third sent to the University's General Fund, and a third to the students.

Kristen Rebmann referred to the presentations in the subgroups and mentioned the one on SJSU Online as particularly interesting. We need to make more of SJSU's leader of the North identity, similar to the way that SDSU is in the South (we can help some of the smaller CSUs). We can change some of the features of our contingent workforce.

Alerie Flandez shared her perspective on the presentation on enrollment. Some classes are bottlenecks because they do not have enough spots for students. Many students in engineering where I advise do not have prerequisites so they cannot take 15 units and our academic plans are rigid. We can't find the classes. Therefore, by creating more sections and hiring more faculty we can speed up time to graduation and increase enrollment.

Sami Monsur shared her feedback on some of the presentations. Since they lacked numbers, it was frustrating as we do not know what we are supposed to do.

Simon pointed out that as a department chair he was unable to plan even for one semester. Would a more scientific planning process be helpful with enrollment?



## Budget Advisory Committee meeting

April 13, 2023 (via Zoom, 11.30-1 PM)

**Present:** Charlie Faas, Alerie Flandez, BJ Grosvenor, Sami Monsur, Jennifer Nathan, Kathleen Prunty, Kristen Rebmann, Simon Rodan, Eric Rollerson, Karthika Sasikumar, Tamar Semerjian, Audrey Shillington

**Absent:** Antonio Maldonado

Minutes taken by Karthika Sasikumar

Karthika Sasikumar reported that the new Senate Vice-Chair (the ex officio co-Chair of the committee) would be elected on May 8.

Kathleen Prunty would be retiring formally on April 28, but she would be still on the May call, as she continues her role during the transition. The search has been announced for the new Senior AVP.

The CFO explained the term ‘May revise’: this year the CSU budget request process to the governor started in the summer (not in November as in the past). The governor then made his budget announcement in January. Between January and May lobbying and petitioning happens in Sacramento. In the second week of May the governor’s staff prepares the revised budget. Although June 30 is the official financial year end, final numbers for the budget are available to us only in July. Earmarks are announced in July. Last year, in July, we were notified that SJSU would receive money through earmarks for Moss Landing, wildfire research, and track program.

The reprieve for filing taxes, to accommodate the effects of natural disasters, means that we lack insight into whether the State of California has enough revenue to fund our requests. We may need to adjust our spending.

Simon Rodan asks whether the goal of the BAC/SJSU is to fix the problem in the short term, or the long term—in the first case the deficit can be fixed by dipping into the reserves. The CFO says that we need to fix it in 3-5 years, because any quicker would involve mass pain. We should not count on enrollment growth in the next year. But two to three years of growth in the future, especially if the CO increases tuition will help solve it (though that may cause the governor to pull back on the compact). Also, any potential tuition increase only applies to the first-year students, and not all the enrolled students.

Our campus is, from a Pell eligibility standpoint, lower than other CSU campuses (only upper 30s of our students are Pell eligible)—so we have a fair amount of HEERF money, but other campuses got much more. We continued to hire faculty and grow our research base during the lean times of the pandemic.

Simon Rodan asks if we could benefit from re-apportionment based on enrollment (as was announced by the CSU leadership). Other campuses are going to be ‘stealing students’ from us given the incentives from the CSU, so we need to increase our out-of-state and international student recruitment.

Alerie Flandez emphasizes that using the Smart Planner would allow chairs to plan for allocating the right number of sections for bottleneck classes. In Engineering students are using it but

Chairs do not have access to all the tools related to enrollment that they need for strategic planning (this is reiterated by Tamar Semerjian).

President Teniente-Matson joins the meeting (12:11 PM).

Simon Rodan says that chairs are always eager to have planning tools and are forced to rely on the previous year's data for scheduling sections. We offer 15-23 sections of our capstone course in the Business School, but we do not know how many are applying for graduation.

Alerie Flandez and Charlie Faas suggest that we include an expert on enrollment on the BAC.

Sami Monsur says that Academic Scheduling and Space is in the process of activating new tools and has made an offer to a new project person—this should facilitate access by the Chairs.

President Teniente-Matson commends the committee and emphasized the importance of the work that is outlined in senate policy F15-9. The management of resources for the institution requires us to work together. She says that in the future, at the beginning of each academic year, she would create a presidential charge for the co-chairs of the committee. She asks the members for their advice for recommendations for a structurally balanced budget—a realistic approach, a multi-year strategy. We cannot do everything first as an institution. The system is focusing on enrollment growth, and we must align our campus resources with the strategic plan. We are having a summit on April 24 from 2-4 on recalibration of the strategic plan.

Alerie Flandez says that she used to be a classroom teacher. She is not surprised by the enrollment decline. We need to foster partnerships with the county and school districts, such as the NorCal Promise Coalition would be useful. Jennifer Nathan says that as per her personal experience, SJSU is understaffed in the area of recruiting in local high schools.

Simon Rodan says that it would be good to have priorities as we look through various options. Also, it appears that the marginal cost of adding a student is seemingly equal to (or even more than) the marginal revenue of adding one. This would imply that enrollment growth is not the answer to our budget woes. As for scheduling, we could get efficiency gains by eliminating under-enrolled classes.

He also poses some strategic questions to the President: the push to do more research has significant costs—are we committed to it? The Athletics subsidy of \$9 million is because we are in Division One.

The President responds that strategic enrollment management is needed to keep our brand strong. Everybody needs to be reminded about it post-pandemic. Market analysis is needed on Gen Z preferences. She states that we will maintain the research agenda, because of our size and stature and our location in Silicon Valley. Undergraduate research is important for first-generation students. Athletics is a critical part of the student experience. How do we support it to grow revenue so that it need not depend on the General Fund? Most athletics departments need General Fund support to some extent. Our sport participation buys some national attention in a good way. Kathleen Prunty shares that San Diego State had a valuation of their media exposure of \$200 million due to March Madness. This helps with enrollment.

CFO Faas then shares the list of proposals for reducing the budget deficit. Not filling staff positions: we can save \$5-7 million in salary with benefits on top, but it creates issues with workload. O and E cuts are worth \$4 million. Charging entities appropriately for use of campus resources, such as classrooms and common areas (expected gain of \$2.5-3 million) Enrollment management to be moved from Student Affairs to Academic Affairs, to have more explicit

alignment with local high schools and community colleges

### **Budget Advisory Committee meeting**

May 4, 2023 (via Zoom, 11.30-1 PM)

**Present:** Charlie Faas, Alerie Flandez, BJ Grosvenor, Sami Monsur, Jennifer Nathan, Kathleen Prunty, Kristen Rebmann, Simon Rodan, Eric Rollerson, Karthika Sasikumar, Tamar Semerjian, Audrey Shillington

**Absent:** Antonio Maldonaldo

Minutes taken by Karthika Sasikumar

The last meeting of 2022-23 was informal and there was no set agenda, since the only task was to generate ideas for the memo requested by the President to address the structural deficit that the university faces.

Simon Rodan reported on the presentation by Provost Del Casino. The major takeaway was that online programs are a future revenue generator. CFO Faas agreed that SJSU online has done well this first year and we plan to grow it. Eventually it will be a significant revenue and even profit stream. Tuition rates for CPGE programs are 25% over market, yet enrollment is growing.

The discussion then turned to the structural deficit. BJ Grosvenor asked for clarification about the goal. Are we trying to fill a third of the deficit in each year, or are we trying to fill more in the first year? CFO Faas responded that we need to take the hard decisions first, rather than in the second and third years, which are uncertain. He also predicted that revenues to SJSU from the state are not going to increase. On this topic, Simon Rodan said that this is not a balance sheet number that we have to fix, it is a P and L number. We still rack up debt every year. BJ asked if we are trying to restock the reserves and by what percentage.

Alerie Flandez pointed out that the Pell Grants—federal government payments towards students' tuition—are a source of revenue, so we should reach out to local institutions to get Pell-eligible students to come to us. She again reiterated the lack of coordination at SJSU in terms of using tools for enrollment. CFO Faas informed the committee that we have only 30 percent of students who are Pell eligible, which is lower than the proportion at other CSUs.

Karthika Sasikumar asked for a change in the memo recommendation regarding the hiring freeze on positions which have not been filled for over one year. She suggested that each division VP be asked to do a review and justification of the open positions—those that are crucial and legally mandated to be kept and the others are to be eliminated. Similarly, the Student Faculty Ratio (SFR) in each college is to be justified by the respective deans. It was agreed that the length of time that positions are unfilled is not the only factor by which the freeze is to be determined. Sometimes reorganization is required.

Enrollment is a key factor in revenue generation. However, where it stays on the organizational chart is not part of the charge of the BAC. We could ask for a re-examination of our

organizational structure overall, for example, why ‘research and innovation’ is separate from ‘academic affairs.’

Jennifer Nathan reiterated that we must provide an additional stipend for people doing extra work. Cross training for shared services should also be provided so that SJSU employees are not unfairly burdened. We should have redundancies at the staff level for vacancies and sick leave, how about we combine this with the first bullet point so that people can get compensated for doing additional tasks?

Karthika Sasikumar also said that in fact we may need to do some hiring for growth, for example in international enrollment and outreach. Audrey Shillington said that not filling positions is just a continuation of the approach that started during the pandemic. We will continue the pause on these positions. Kristen Rebmann suggested requiring supplemental financial justification documentation for positions that a unit really wants (until the economic environment improves). CFO Faas explained that removing positions from the books is the biggest lever that we have to reduce the deficit.

Alerie Flandez shared with the group the statement that was produced by the Campus Committee on Diversity Equity and Inclusion (CCDEI). She said that we don’t set up anyone for success because we don’t have a strong onboarding process and called for investment in these tools. We can use Transformation 2030 as an anchor as well to justify our decisions. Kristen Rebmann asked if we could really justify the hiring of MPPs in terms of their financial contributions.

Simon proposed a cost-saving measure: contracting out certain services. CFO Faas agreed and gave the example of CSU campuses having separate dispatch services for their police forces. We could move many services out to other states where the cost of living is lower. Another proposal to boost revenue through enrollment came from Kristen Rebmann. Kristen shared the experience of CSU Bakersfield, which improved the technology to identify former students. This new technology allowed them to come back with an easy online process, with a simple 1-click.

Audrey Shillington pointed out that in the presentation to the campus, Provost Del Casino talked about reducing the number of faculty (lecturers). He has said in several forums that he wants to reduce the number of .4 lecturers who get full benefits. Tamar Semerjian suggested maybe staff should do certain tasks so that we don’t have to give assigned time to faculty. We prefer to hire 1.0, that is permanent lecturers, instead of having lecturers who teach below 1.0 and are still eligible for benefits.

Jennifer Nathan said that the memo should encourage the Provost to boost online learning. Alerie Flandez said that we should offer more online certificates that lead into full Master’s programs. There was a proposal to increase the number of student representatives on the BAC.

