

Sasikumar then welcomed the new student representative, senator Chevis-Rose, and the new H&A representative, senator Blanco.

B. From the President: None

V. Executive Committee Report:

A. Minutes of the Executive Committee: None

B. Consent Calendar: None

C. Executive Committee Action Items: None

VI. Unfinished Business: None

VII. Policy Committee and University Library Board Action Items (In rotation)

A. Instruction and Student Affairs Committee (I&SA): None

B. University Library Board (ULB): None

C. Organization and Government Committee (O&G): None

D. Professional Standards Committee (PS): None

E. Curriculum and Research Committee (C&R): None

VIII. Special Committee Reports:¹

**Notes: All reports were made using slides. In the following minutes, the title of each slide is given in square brackets.*

**A. University Budget Report by CFO and VP of Administration and Finance
Charlie Faas**

[Senate Budget Presentation 2023]

budgets are difficult at universities even in the best of times, and we are not in the best of times. We are trying to create a sustainable financial model to operate and teach our students.

The Board of Trustees passed a tuition increase of 6% over the next 5 years. We recognize that it is not easy for everyone, but it is necessary. Two years ago, the Governor made a compact to provide a 5% annual growth funding into the CSU, but it is contingent on graduation rates and growing enrollment; it is not a guarantee.

[Agenda] Today, I will talk about: Current financial status, how we got here, our current budget, and where we go from here. There is a QR code for a budget model that you can download after this meeting and simulate the budget.

[Current Financial Situation] Current deficit: Today we have approximately a \$15 million structural deficit. Last year, it was \$37 million. Working with the Budget Advisory

¹ The minutes for Section VIII are aligned with the left margin for space consideration.

Committee, Cabinet, and President, we took that 37 million down to the 15 million. Structural budget is what we spend in a year, and the key is to reduce the normal spending. We do not use the one-time money to solve the structural budget problem.

Operational reserves: As shown in the CSU Transparency portal in the Chancellor's website, we had about \$188 million worth of reserves five years ago. We had the same amount this past year, but the operational part has shrunk.

Labor negotiations: About three of the unions have either settled or about to settle, but the CFA is not there yet.

Tuition: There will be a 6% increase. It will not impact this year; it will start next year.

Enrollment fluctuations: We are about 99.6% of the plan in the fall. We will focus on what we need to do to regrow our California enrollments. International enrollment also dropped by 1000, resulting in significant loss of revenue.

State financial picture: The state budget is declining now and for the next few years. Until the state budget recovers, it will be difficult for the CSU to ask for more money.

[What got us here]

Rising costs: The pandemic, which caused all kinds of expenses, and inflation, caused more money to be spent by everyone at the institution. Our expenses are up across the board.

Enrollment: It has been down considerably. Last year, we were down by over \$10 million in revenue due to the shortfalls in enrollment.

Transformation 2030: We tried to accelerate our strategic plan. It includes expansion of Research and Innovation, more Athletics spending to be a part of the Mountain West, and creating new divisions in the past few years.

[All milestones & challenges have associated costs] There are many positive things that have happened (e.g., providing basic needs & mental health, hiring tenure-track faculty) – our pride points. There are challenges (e.g., IT cost due to the pandemic) as well. Decrease in number of international students means significant revenue decrease (i.e., $\$16,000 \times 1000 = \16 million drop) for multiple years.

[SJSU Enrollment vs. Target] In 1999-2020, the enrollment was growing and exceeding the target. In the next couple of years, during the pandemic, the target went up but the actual enrollment went down. When the tuition rate remains flat and the budget is based on the number of students coming in, we lose revenue.

[Enrollment Headwinds] Over the past number of years, the number of high school seniors has declined across the countude high sc 1999

they go to the UC, so our transfer number was down. We are seeing fewer international students. We are improving graduation rates, which is great, but it impacts the budget negatively. Decrease in retention also impacts our revenue.

[Budget 101]

[State Funding], [2023-24 State of California Budget] & [2023-24 State of California Budget Higher Education] This is the instructional part. The state gives money to the CSU system, not to us directly. The State has a \$226 billion budget, and 10% of it is for higher education. Of the \$2.6 billion, the CSU gets 20-21%.

[CSU – 2023/24 Budget Request] The compact is for \$240 million, it is 5%, though the Board of Trustees requested 11%. A part of it was the \$1.6 million for compensation that we asked and got denied. We got \$240 million at the system level.

[Tuition & Fees] About 10 plus years ago, tuition was \$5472. This year, it is \$5742, up by \$270. It has been basically the same revenue for 10-12 years. On campus fees, these fees were all approved by students in various years by votes. The votes were based on the HEPI (Higher Education Price Index) index. Fee growth went from \$1650 to \$2250 now. It is an average 3% growth over time. If we did the same on tuition, we would not need to burden our students with the 6% over the next 5 years. We are doing a catch up here. All expenses are going up but the revenue is the same.

[The Picture at SJSU] We have about \$450 million worth of revenue. Half of the operating fund revenue is state allocations: 40% for in-state tuition and 5% for international tuition. We also have another \$300 million from Auxiliaries, Enterprises (mostly fee-based), and self-support.

[Additional Funding Sources] We have about a \$200 million endowment. That is 5th best in the CSU. 4% goes out mostly to scholarships for students. Though we are one of the best, that money does not go to the General Fund; it will go to students and specific projects that donors specify. Associated Students have student fee revenues. On enterprise funds, PaCE and Research Foundation, we get a fee that comes back, but that is a very small amount.

[SJSU General Operating Fund Revenue] & [SJSU Operating General Fund Expense Budget] 52% is from the state and 39% is from tuition fees. 63% of the expenditure is for Academic Affairs. The percentage went up because we transferred about \$10.5 million of enrollment management from the Student Affairs and we did \$20 million reductions throughout the university.

[SJSU Operating Fund Expense Budget] 51% of our expense is for labor salaries, and another 27% is for benefits. This 78 to 80% is reasonably fixed.

[Impact of Potential Salary/Benefit Examples] We have \$370 million worth of salary and benefits. 1% salary increase means \$3.7 million impact on our General Fund budget; 5% increase, \$18 million; and 12%, which is what the CFA is negotiating for, will have a \$44 million impact. Our \$15 million structural deficit would go up accordingly. When it comes to making sure people are paid fairly and reasonably, it needs to be done, because without faculty and staff, we don't have an institution.

[Sources of funding for Capital Improvements/Buildings] A lot of people ask if money is taken from the General Fund to build buildings. The answer is "no" with one exception where money was taken from a State Revenue bond to build buildings. All the newer buildings around the campus have been refinanced with 2-3% interest rates. Sometimes we get money from donors for different areas.

[Interdisciplinary Science Building] This Science building cost about \$190 million; \$120 million from State Revenue bonds with 2-2.5% interest rate. We used Campus General

[Budget Advisory Committee]

[Who we are] & [What we do] I thank all members of the Budget Advisory Committee. We have been meeting on a regular basis. This past year, the committee got into budget, and came up with a series of actions to reduce the \$37 million deficit down to \$15 million.

[Stepping Stones to Recovery] These actions include: \$20 million in base reductions and one-time savings; moving enrollment from Student Affairs to Academic Affairs; encouraging tuition growth, etc.

[\$20 M in Base Reductions for 2023/24] We closed some of about 300 “dormant” positions – long open positions. We also used salary savings to offset structural deficits. It does not fix the base problem, so next we will fix the base problem, by going through and cutting different areas.

[Financial Model for You to Try] & [QR code] I encourage you to download this Financial Model and input different conditions to see how revenues, teaching load, etc. will change. I will send this QR code to everyone.

[Some Final Questions] If you have ideas on reducing costs and potential new revenue opportunities, now is the time to raise your hand.

[Going Forward] We need to fix the structural deficit and stop borrowing as soon as possible to get us onto a sustainable financial model going forward. We will regrow operational reserves. Labor negotiations are TBD. The tuition increase was approved. Enrollment is at 99.6% of planned today, so we will need to make up ground in the spring. The State financial picture is not looking good, so this is on us to figure out. Thank you.

Q-A and Comments:

[C]: This is a correction, not a question. You mentioned that all campus fees were approved by students by votes. Actually, these were just a few of them; there were many IRA fees on which students were consulted but didn't vote and approve.

[A]: Thank you.

[Q]: You talked about the dormant positions that were eliminated. What were they; in what divisions were they; and how was the elimination determined?

[A]: First, the Budget Advisory Committee identified a pool of 300 positions and tasked Vice Presidents to look at the positions to have and cannot have. For example, in my finance group, I identified 8 such positions. Each VP determined what could be reduced while keeping the necessary level of service.

[Q]: I have a question about planning for reserves. Do we find reserves by looking at our positions at the end of the year, or do we plan at the beginning of the year about how much to put into reserves?

[A]: It depends. We planned what we could grow and it depends on the fund. We also want to grow to the needed level, not for the sake of growth. We spend money where we need and put money aside for a rainy day. So, it is a balancing act. We have not had a surplus all these years, so we are using our reserves to cover our structural deficit.

[Q]: On the operating reserve slide, the legend doesn't show everything. What are these two categories?

[A]: I will check them and inform you after the presentation.

[Q]: My understanding is that Federal Student Aid covers more for higher tuition fees. Is there a possibility of raising tuition to the point where we will be able to deal a lot more with the Federal money?

[A]: That is the difficult part of the equation. About 60% of our students receive full coverage, so raising tuition fees will not impact them and only benefit the institution. On the other hand, for the other 40%, who are not or only partially funded, it will cost a lot more and we will not be the approachable public institution that we promise to be.

[Q]: You said reserves were used to pay the deficit. Can we utilize other monies to pay off some of the deficit or to build up reserves again? For example, we are running a comprehensive campaign (although we don't know what the status of that campaign is), could we develop funds from that space to fund some of the logistics of the university?

[A]: So, the question is: how "fungible" are our reserves from account to account?

[A]: That is exactly the next step that the Budget Advisory Committee will have to do this year. We will look at shared services and duplication efforts across various units and groups for possible consolidations and better use of resources.

[Q]: On the Student Recreation Aquatic Center, if we have a \$100 million bond, why do we not use it for the building instead of using the Student Union funds? Can the Student Union reserve be used in a better way?

[A]: It is similar to the previous question that asked if we plan for reserves. We had a certain amount of money in the Student Union Trust account. The plan was to grow those reserves to finance a good chunk of it, but also to use what we saved over time for this building. Now \$20 million is sitting in the Student Union Reserve account, which will not be used for any other issue.

B. Academic Affairs Budget Report by Provost and Sr. VP of Academic Affairs Vincent Del Casino

Prior to the report, Provost requested that Vice Provost for Faculty Success Magdalena Barrera be recognized for the additional report after the provost's report. The Provost also announced that the presentation slides will be distributed at a later time.

[2023-24 Academic Budget]

The overall operational fund for the Academic Affairs is \$358 million, out of the \$756 million. We called out Enrollment Management, so it is under the division now.

[Campus-Wide Budget Reductions] VP Faas talked about the \$20 million budget reduction. We are 63% of the university and our budget was cut by 41% this year.

[Allocation of Reductions] We did the cut in different ways: 10% operations reduction to all units; centralized cost savings; reallocation of PaCE to cut \$1.7 million; and distribution – that is salaries and benefits – for another \$3.5 million. The library budget was maintained. We distributed cuts and preserved some of the core missions.

[Configuring Enrollment Management] Enrollment Management takes about \$10 million in operational funds. One of the challenges we have in Enrollment Management is that a lot of OE&E is accounted for such as management systems and OnBase. That area took a \$1.4 million cut (=10% of the budget cut) this year.

[Institutional Investments] The Academic Affairs contributed to the structural deficit of the institution through institutional investments. We invested in RSCA programs. It costs \$7.8 million, and with the \$6 million investment, we are still short for \$1.8 million. So, people ask if RSCA programs are sustainable. It is sustainable at a \$6 million level, but not yet at a \$7.8 million level. We need a long-term sustainable model.

We also allocated \$1.2 million for student assistants for the fall. With the spring \$2.4 million is committed. We will see how much is actually needed.

Contractual salary increases: The last CFA contract got a 7% raise over 2 years. This is completely funded by the system. In the contract, there were two other items not funded by the system. One is the PPI (Post Promotion Increase) and the other is additional \$4.4 million for the two SSIs (Service Salary Step Increases). The campus has to absorb them. When compared with the budget of about 2014, the instructional budget has gone up about \$50 million.

[Examining the AAD Operations] As we think where we are, we must restore Student-Faculty ratio to the previous level and evaluate and tighten up assigned times and guidelines for low-enrollment classes. We are also not effectively maximizing some of our academic spaces; there are courses that can enroll more. We are working on that. We are also trying to create shared services to cut down administrative costs and directly invest in faculty and staff.

[Student-Faculty Ratio] We are back to the fall 2018 level (25.7), but given the tight budget we need to go back at least to the fall 2017 level (26.3). That is where your RSCA programs and other money would come from.

[Assigned Time (fall 2018 - fall 2023)] Not surprisingly, College/Dept RSCA has dropped, while University RSCA has increased. We took the burden off the colleges to invest in those programs. Assigned time for Admin/Committee type of work has decreased.

[College & Department Assigned Time Cost] You can see some of the cost savings. There has been a million dollar decrease since fall 2020. Again, that is how you backstop the RSCA programs.

[Stateside Enrollment Targets] Enrollment is where the money comes from, and what I have been doing is moving the enrollment to where the enrollment is. We had no one-time enrollment money this year, so I made changes in base budgets. We got 39 FTE (Full-Time Equivalent) increase in terms of the budget. As Charlie mentioned, the 99.6% is the prediction. If it holds in spring, then it will be one of the things that are impacted. Another thing is the Average Unit Load (AUL). The number we report to the CSU system is FTES, so if we raise AUL, say, from 12.5 to 13, we will be well ahead of the target and be on the opportunity side of the funding redistribution of the system. For students, taking units below 15 means another semester in school, and it will impact students' lives. For us, if we hit 17 AUL, it will mean 102 or 103%; it will make a big difference.

[CPGE Organizational Change] We are taking the service areas out Tf72 eQq0 792 ervice a 12a0 792

more responsibility, but we have not added a new line. The Dean of the College is the same. There needs to be some state operations investment into that position, but the college has grown dramatically in terms of FTES, as there has been a big FTES investment in Professional and Continuing Education because they have taken more State-supported students. The overall goal is to make it revenue neutral as much as possible and centralize services that would produce savings.

We are going to maintain the college and program reserve levels at 90 days, which is more than what we have on the State-side. I will not be concerned about paying for administrative oversight, because they are much larger on the Self-support side with more financial flexibility than any other units in the division.

Q-A and Comments:

[Q]: You mentioned that the student-to-faculty ratio is near its historical high level, but student enrollment has been dropping. How was the student-to-faculty ratio increased?

[A]: We close small sections and classes. During the pandemic we dropped enrollment but we increased the number of faculty by hiring more people. We had smaller classes, which drove expenses in budget. So, we will manage back on class sizes.

[Q] (follow-up): So, many part-time lecturers are let go?

[A]: Yes. There will be a reduction ostensibly in the non-tenure track faculty. In fact, there has been movement in that the tenure is going up, and total Full Time Equivalent Faculty and Non-Tenure faculty going down, increasing tenure density. We are 1500 FTE down from our height, so we should have some change in the overall faculty number.

[C]: This is a critique. We have saved some money by cutting back on non-RSCA assigned time. But work in departments does not go away when assigned time is cut, and someone such as department chairs will have to do it. There will be consequences for morale in general.

[A]: Thank you.

[Q]: Who is responsible for recruiting international students? Should we invest more in that? Would it be a hopeless endeavor or would there be an opportunity?

[A]: There is an opportunity to restore international student enrollment, but you have to do it very specifically. Our advantage is our location; a lot of international graduate students want to come and have the opportunity to work. It changed not because we have not been able to recruit but we do not enroll them. Historically departments have made decisions about enrollment, and we could debate whether it is the right thing or not.

[Q]: Is the RSCA program sustainable?

[A]: We run some part of RSCA on base money and some part on one time money. It is now sustainable at a level of about \$6 million, but not at a level of \$7.8 million. By the way, the RSCA program reduced the average teaching load of a tenure track faculty; taking RSCA and other assigned time, the average teaching load is 2 courses per

We received a question on the number of international applicants and how many were hired, their RTP progresses, and separation rates. We do not have tools to obtain those data nor definition of “international” faculty. We can work on some of them for future presentations.

[New Faculty Members 2023-2024] I hope you all have had a chance to check out our new faculty member yearbook. Thanks to University Marketing Communications for their help. It has been shared to colleges and departments so you can welcome new colleagues and find opportunities for collaboration.

[New TT Cohorts: 5-year Trends in Diversity] Between 2018 and today, there have been fluctuations in Black, Latinx, Native American faculty. Work to diversity faculty is a challenging one. We need to engage with intention and purpose. It is critical to have buy-in from college leaderships on practices and tools, including dean’s support for a search committee and training members selected for the committee. A culture of accountability is also critical and we must hold ourselves to what we say we want for a strategic plan to be able to deliver the best to our students.

We continue the practice of reviewing applicant pools to see what diversity we can reasonably expect for a particular search in the light of national data. We continue this practice with the applicants, 0 0 612 what Qk0äpYQ5

[SJSU Faculty by Race/Ethnicity (F23 headcount)] Between Tenure-line and Lecturers, demographic makeups are similar, except slightly more Asian and slightly fewer Latinx faculty among Tenure-line faculty than Lecturers.

[SJSU Faculty by Gender (F23 headcount)] Finally, there is a slightly higher percentage