

Student Fee Advisory Committee

May 29, 2013
Meeting Minutes

Present: Robert Gomez, Justin Chung, Elizabeth Pace, Naaz Mirreghabie, Sarada Cleary, Kyle Benson (for Vishal Patel), Jason Lee, Traci Ishigo, Kevin Bache

Absent: Melody Wang, Vishal Patel, Meerae Park, Andrea Gaspar, Myron Lozano

Staff: Karen Mizumoto

- 1) Meeting called to order
- 2) 5/22/13 meeting minutes approved
- 3) AVC Rich Lynch Budget Update and Q&A
 - a) UC/State Budget Update
 - i) 2013-14 will be the second year of a stabilized budget (no additional resource cuts).
 - ii) The final state budget will depend on what comes out of the legislature's budget sessions. We are hearing that the senate and assembly bills are quite different from the governor's budget.
 - b) Student Services Fee Reserves Update
 - i) The campus strategy has been to conserve funding where possible due to uncertainty regarding budgets and fee increases, and because of increasing (usually unfunded) mandatory costs.
 - ii) In 2011-12, there were approximately \$3M in unallocated reserves, and a permanent budget balance of about \$3M.
 - iii) The 2012-13 projected balances are about the same and will be used to fund additional mandatory costs increases including:
 - (1) Benefits cost increases of about 12%, or approximately \$500K for 2013-14.
 - (2) Represented staff contract increases.
 - (3) Non-represented staff merits of approximately 3% effective on July 1.
 - (4) The total of the above is about \$1M.
 - iv) There are no anticipated SSF or Tuition increases for 2013-14.
 - v) There are no projections for significant enrollment growth in 2013-14; the campus was under enrolled in 2012-13 and enrollment projections for 2013-14 will bring enrollments up to about original projections for 2012-13 with a little growth.
 - vi) Other new SSF commitments for 2013-14:
 - (1) SMH programs: Student Affairs has requested another counselor/social worker position.

- (2) The campus is moving towards a decision to provide additional funding for the Student Health Center to reduce the rate increases for student health insurance premiums. More funding in high utilization/high cost areas may reduce the experience rate and loss rates for the campus
- (3) UCI has one of the lowest bases of SSF funds allocated to Student Health Centers in the system (approximately \$500K-\$600K of SSF funds in the SHC base budget), so additional funding will bring the campus more in line with how other campuses use SSF funds to support their Student Health Centers.
- (4) There is a need to renovate the SHC space in order to increase the capacity and quality of service provided to students.
 - (a) The SHC space project includes renovating space for a larger dental facility to better meet demand. This would allow the SHC to use the former dental space to increase capacity for highly utilized services including dermatology and women's health. The cost of the renovation projects will be about \$2M.
- (5) The incremental funding provided to SFAC for budget recommendations has not increased for several years; the Budget Office will recommend increasing the SFAC allocation from \$100K to \$250K per year.
- (6) SOAR funding
 - (a) After the SOAR referendum failed, there have been discussions by campus leadership to provide temporary funds to SOAR of about \$150K - \$177K each year for the next three years beginning in 2013-14; this is a two-year extension beyond the current commitment, and is approximately \$23K - \$50K in additional funding per year. Student Affairs will need to identify future funds and/or there will need to be another referendum attempt to replace campus funding after 2015-16.
- (7) OP Assessment
 - (a) The campus has funded the OP assessment from auxiliaries, self-supporting programs, SSF funds and other campus resources including ramping up the base amount from UCIMC.
 - (b) The intention is to continue assessing SSF funds for its proportional share of the OP assessment and possibly ramp it up to a full assessment amount on approximately \$23M-\$24M in SSF-fund expenditures because the assessment is a real cost the campus must pay to OP, and the funds need to either come out of SSF funds or out of funding for instruction.
 - (c) The SSF portion of the OP assessment is currently funded from central reserves.
- (8) After modeling out the SSF balances to 2015-16, the permanent unallocated fund balance is projected to be about \$200K - \$300K (or approximately a 1% reserve), with a temporary fund balance of about \$500K-\$600K.

- vii) The Budget Office acknowledges that the campus can do a better job of involving students in SSF funding decisions. SSF funding issues can be included on the SFAC agenda at least quarterly in order for the committee to discuss campus issues/campus needs involving SSF funds.
 - viii) The committee does have the purview to make budget recommendations on all SSF funds; however, reallocation of permanent funds usually means moving funds out of one area into another area and this may not always be an operationally viable option.
- c) Governor's May Revise
- i) We didn't really learn anything new. The governor articulated UC performance measures for the public; some measures were modified.
 - ii) The governor commented that debt transfer from the state to UC may not happen because the legislature is holding it up. UC's debt rating is better than the state's and if UC were allowed to assume the debt payments on state-funded debt and refinance the debt, there would be savings of about \$80M, but it appears that the legislature does not want this to be included in the governor's budget.

d) Q&A

- i) JC: The committee requests a process change in SSF funding decisions. It is the standard practice at most of the other campuses for the SFAC to review all new/changing permanent budget allocations (true in about five other campuses). The committee would like any permanent allocations brought to SFAC in proposal form before it goes to EVCP for final approval.

RL: This shouldn't be an issue in most cases. However, it may not be possible in some compensation-related funding issues such as merits and range adjustments. Usually the campus plan is to fund such compensation actions as defined by the Regents and OP from central resources; the campus will advise SSF-funded areas of the budget for salary actions as a % of their salary base. The campus tries to keep funding the funding policy for merits and range adjustment consistent regardless of fund source, and it may raise HR issues if SSF funds are excluded from merit/range adjustment plans. The Budget Office will bring funding requests for new FTE to the committee whenever possible in the future to receive the committee's input.

- ii) JC: Can the SOAR and SHC proposals be brought before the SFAC before final approval?

RL: The SOAR and SHC funding decisions are pretty far down the line. There have been meetings with the Chancellor and Vice Chancellors and the decision has been made that there will be some funding support for SOAR and SHC; the exact amounts

are being determined. Also, SHC must reduce experience rate as of July 1, so the decision will be made shortly.

- iii) JC: Is it possible to get a commitment from someone that these types of funding decisions do not happen without input from SFAC?

RL: The Budget Office will ask the EVCP to include a commitment to consult with the SFAC on new allocation proposals that occur during the fiscal year in his charge to the committee or in his appointment letters to committee members. The committee can also include this request in the annual report to the EVCP.

- iv) JC: Where can the committee go to get a complete picture of Athletic funding?

RL: The Budget Office will be doing a review of IA funding including budgets for scholarship operations. The Budget Office will also be working with Athletics to look for new funding sources (i.e., royalty revenues from licensing; marketing and advertising); we are looking to identify 2-3 additional funding streams.

- v) JC: The Chancellor has asked that CPI adjustments be included in student referenda; no other student fees have CPI increases tied to them. It is difficult for the SFAC to approve referendum language that includes CPI increases with no sunset clauses.

RL: The Chancellor feels strongly about maintaining programs funded by compulsory campus-based fees and wants to protect the viability of programs supported by the fees. Inflation can eat away at funding if there is not some adjustment built into the fee. The committee can think about language regarding increases and ask that a caveat about demonstrated needs for CPI adjustments be included in the ballot language; the committee can also include a statement in their recommendations that the referendum sponsor(s) should be responsive to the SFAC by considering a sunset clause if there is CPI language in the referendum.

4) Unit Budget Reviews and Recommendations

- a) The committee continued to review and prioritize of fund requests.
- b) The subcommittees provided the funding priorities and proposed funding levels for each of the unit reviews they completed.
- c) Justin sent out a summary of all of prioritized funding recommendations.
- d) The committee will need finalize funding recommendations at the next meeting (the last meeting of the year).

e) Justin will draft the committee's annual report to the EVCP, including funding recommendations. Committee members will need to stop by the Budget Office to sign the report.

5) Meeting adjourned.