

Student Fee Advisory Committee

October 19, 2010
Meeting Minutes

Present: Elaine Won, Aaron Tso, Jason Lee, Erin Kelly, Payel Chowdhury, Andres Gonzalez, Clara Schutheiss, Sandra Jones, Nidal Zmily, David Curry, Natalie Goudarzian

Absent: Adam Van Wart, Sitara Nayudu

Staff: Karen Mizumoto

Guest: Richard Lynch, AVC Planning and Budget

- 1) Meeting called to order.
- 2) Introductions
- 3) SFAC Overview, Current Student Fee Issues, Budget Overview (AVC Rich Lynch)
 - a) AVC Rich Lynch welcomed the committee and provided an overview of the committee's formation (appointed by EVCP and reports to EVCP) and charge (providing the EVCP with students' views, priorities and recommendations regarding student fees).
 - b) Current student fee issues:
 - i) The Regents approved revised Student Services Fee (was Registration Fee) guidelines last spring to include new perspectives on the Student Services Fee such as requiring more transparency and accountability, more student involvement in terms of the student fee committees on each campus, and reporting how the Student Services Fees are used.
 - ii) There was no increase to the Student Services Fee for 2010-11; the 2010-11 mandatory systemwide fee increase went mostly to the Educational Fee.
 - iii) Historically Student Services Fee revenue growth increased by fee increases and enrollment growth; growth has slowed and the revenue is now relatively stable for 2010-11 after no fee increase.
 - iv) There are emerging pressures on a fee source to support student services, mostly in regards to man power/staffing issues such as UCRP (the UC retirement system), collective bargaining, etc. A portion of the Student Services Fee must also be used to fund Student Mental Health. The campus is accountable to students, faculty and Regents to ensure this funding obligation is met.
 - c) Update on 2009-10 SFAC recommendations and SFAC activities for the upcoming year:
 - i) The 2009-10 recommendations made by SFAC to EVCP Gottfredson were fully accepted after input from the EVCP's advisors. There was some dissenting input regarding the temporary allocation to the *New U* (rather than allocating permanent

- funds), but the EVCP accepted the recommendation of the committee to allocate temporary funds.
- ii) The SFAC's purview is very broad and includes recommendations on the use of Student Services Fees, the opportunity to weigh in on Course Materials and Services Fees (CMSF) and campus-based fees.
 - iii) Proposals for incremental CMSFs will be submitted in December, reviewed by SFAC in January/February, and approved in March/April.
 - iv) Student leadership has expressed an interest in campus-based fees, particularly in the Bren Center fee. There is a separate Bren Center governing board, but the SFAC could request information about the Bren Center fee.
 - v) The EVCP has provided \$100K per year, plus carry forward funds, for the committee's recommendation for incremental funding allocations to Student Services Fee-funded units. However, the committee can look at where Student Services Fees are currently allocated and make recommendations to EVCP about how the funds could be best utilized.
- d) Budget update:
- i) AVC Lynch can come back with more detailed budget information regarding the UCI budget once more is known about the state and UC budget situation.
 - ii) What is currently known is on 10/8/10 the governor signed California state budget, which was very generous to UC and included:
 - (1) Restoration of \$305M cut to UC funding;
 - (2) Restoration includes pass through \$106M federal stimulus;
 - (3) \$199M restoration of General Funds cut from UC is also included with a provision for \$51.3M for enrollment growth (budget support for an additional +5,100 students. 2007-08 was the last year of funded enrollment. In 2008-09 some campuses took on enrollment growth even though growth was not funded by state. In 2009-10 the campus reduced enrollment growth to what was funded. To date, there are approximately 16,000 unfunded students systemwide;
 - (4) Funding for annuitant health (retiree health); and
 - (5) ~\$352.7M in funding for capital projects including \$2.7M for the equipment for the new Arts building for UCI.
 - iii) Budget issues going forward include:
 - (1) Exposures for the future, e.g., uncertainty regarding the November election. The University has no idea how new governor will treat UC in regards to the state budget. The new governor may revisit the 2010-11 budget, may take actions mid-year (i.e., mid-year cuts). UC was at the top in 2010-11 in terms of funding and received incremental funds where some other state programs did not receive incremental funds or were cut. The new administration could put UC at the top of the list to retrench.
 - (2) Structural problems with the final budget act including the using of revenue projections from the Legislative Analyst's Office which are higher than projections made by the Department of Finance; there are expiring tax issues; and the budget may have overestimated federal funding. The state structural problem may be dealt with in 2010-11 or 2011-12.

- (3) Challenges to fund UCRP. The contribution to the retirement system should grow to about 17% to 20% per year from combination of employee and employer contributions.

iv) Q&A

- (1) **Question:** How much is the employee contribution to the retirement system now?

Answer: Currently the employer contribution is 4% and the employee contribution is 2%; last month regents approved a 7% employer contribution beginning in 7/11 and a 10% contribution in 7/12. Employees will have a 2.5% increase per year; employees will contribute 2% in 2010-11, 5% in 2011-12, and possibly 7.5% in 2012-13.

- (2) **Question:** What is the UC relation to the CALPERS system and tenured faculty coming from outside of UC?

Answer: UCRP is separate from CALPERS. New faculty recruited outside of CSU keep their retirement benefits from their former institutions separate from UCRP; faculty still need to work for five years at UC to be vested in UCRP regardless of tenure status. The UC Treasurer's Office manages the retirement system. Additional information can be found on their website regarding management of endowment funds and retirement funds.

- (3) **Question:** What is the trade off for employees? What costs are to moving to employees so the burden is not on taxpayers and students?

Answer: In terms of the retirement system, there is a tiered proposal. Employees hired after 2013 may come under a different structure than current employees, and one proposal includes defined contribution plan for new employees versus a defined benefit plan; the minimum retirement age may increase to 55 from 50, and the maximum age in terms of the benefit factor will be 65 instead 60. There are also proposed changes to the retiree health benefits to shift more of the cost to retirees from the employer (the employer's share of the cost will go from 89% to 70%). For current employees, in addition to increased retirement contributions, non-represented staff have not received merits or COLAS, employees were on furlough for the past year, there has been a hiring freeze which has reduced costs, and employees have been asked to assume additional responsibilities when departments have not filled or have eliminated open positions.

- (4) **Question:** UC received funding back for restoration. Is there a good chance there will be another student fee increase?

Answer: There has been some mention of that due to simple economics. Beginning in 2011-12 there will be significant mandated costs including the increasing retirement contribution, collective bargaining, faculty compensation to remain competitive in market, utilities, etc. The campus will need to reduce costs and/or increase revenue. Student fee increases for mid-year 2009-10 and 2010-11 equaled about 32%, and this resulted in an increase in revenue for UCI of about \$30M in new revenue. New mandatory costs actually were higher and the campus bridged the difference by using other funds. For 2011-12, there will be another wave of mandatory cost increases; the University does not know what state will do in terms of funding UC for mandatory cost increases.

- (5) **Question:** Will there be mid-year increases? Per the *New U*, there will be.
Answer: UC has not proposed a mid-year increase; to date, there has been no notice to the campuses of a mid-year fee increase.
- (6) **Question:** Will there be individual cuts to departments?
Answer: Not for 2010-11, but possibly yes for 2011-12 if UC doesn't get new state funds and no new revenue sources are identified. UC is service driven and 65%-70% of costs are in salaries and benefits.
- (7) **Question:** Will there be differential fees for Engineering and Fine Arts?
Answer: Berkeley and LA want to institute differential fees, but there is not a lot of UC-wide support. This would change the UC philosophy and how students enroll in UC; it would stratify UC system.
- (8) **Question:** Will the SFAC review more CMSF proposals like the proposals reviewed in 2009-10?
Answer: There are real costs for delivering education that need to be funded; Arts is small school, but expensive in terms of delivering an enhanced educational experience. It is likely the committee will see more CMSF proposals in 2010-11.

Students are welcome to contact Rich Lynch in future; he can come back at later date to provide the committee with a budget update.

- 4) Chair/vice chair nominations were tabled for the next meeting when there is quorum. Members can email Andres with questions about the duties of the chair and vice chair.
- 5) Meeting adjourned.