

Campus Finance Committee Meeting

Date: Thursday, November 4

Time: 9am

In Attendance

Elizabeth Watkins, Gerry Bomotti, Anil Deolalikar, Brian Haynes, Christopher Lynch, Dana Simmons, Daryle Williams, Elysha Castillo (Student Rep), Jason Stajich, Jeff Girard, Jennifer Brown, Kathryn Uhrich, Kevin Vaughn, Louie Rodriguez, Mariam Lam, Melanie Wu, Peter Hayashida, Shaun Bowler, Steven Mandeville-Gamble, Yunzeng Wang and Stephanie Flores (committee support)

Campus Budget Overview - Liz

In an ongoing effort to educate ourselves and our constituents about our complex UCR budget, questions came up about what is spent by central resources. As a reminder, the handout includes the Org level perm budgets for this year which include tuition, NRT, and state funds. Effective 7/1/22 we will include F&A into Org level core perm budgets.

We maintain the cash balances to get through times when revenues dip or to deal with atypical expenses that may occur. They are not reserves in the technical sense (cash balances are almost entirely committed for a purpose, but not currently being spent) but it gives us a chance to make decisions and adjustments to remain solvent year after year.

UCR campus leadership spends a significant amount of time with UCOP, Regents, and the State advocating for additional UCR operational funding, and we don't want that to be lost in the conversation. The Chancellor, Provost, and VCPB are in constant conversations about resources required to admit additional California students. The recent \$25M operating funding for the SOM and the change in rebenching are two positive outcomes of these efforts.

Discussion - All

Q: Annually it seems that salary/benefit costs often exceed the state funding/tuition increases and so we backfill with new tuition from enrollment growth and other options. Response: We continue to work on the different levers at the center and we are focused on the sources – rebenching, cost adjusting SOM funding, cohort tuition, etc., to bring in additional revenues. All UC's have this same annual challenge to balance the core budget. Enrollment growth brings with it additional expenses which also need to be addressed, however.

Q: Concern about the messaging on campus related to SOM subsidy. R: SOM was being subsidized at ~\$15M/yr. and the MOU with SOM has a ramp down schedule over the next several years. Subsidy is ramped down but not fully eliminated at this point due in part to the \$40M state funding not being cost adjusted by UCOP. UCR leadership is working on that and expects it to change in the near future.

Q: What is the difference between the Debt Service and the one-time debt on GO Bonds? R: The State transferred the GO Bond debt on their books to UC along with the funding for the payments. UCOP was able to refinance the debt to lower the cost over the long term, but there are variables in the payment year by year. Sometimes the funding is enough to cover the payment and campuses get cash back and sometimes it's not and the campuses have to provide additional cash to cover. We happen to be in a period with higher payments.

Q: Follow-up on summer session idea from the Retreat – how much funding would it bring in to help with the funding issue? R: Not really a significant potential source of funding for fixed cost increases, but it was an idea to increase funding at the department level and also to help students finish in a more timely fashion.

Q: How can students advocate for the rebenching? R: Focus on the equity between students in the system at the various campuses, both at the operational budget and capital funding levels. UCR has one of the stronger student lobbying teams in the system. UCR has been an example nationwide for equity and excellence across a diverse population.

Campus Budget Letter Review - Liz

The Campus Budget letter is to the campus at-large with the desire to be transparent to every stakeholder regarding budget decisions.

Discussion - All

Concern with using enrollment to balance the budget

Possibly mention the need to review detail of UCR operations (all orgs) to determine the gaps from enrollment growth that require funding

Add the continued advocacy for revenue adjustments at the system level and also increasing campus level funding through summer session, masters programs, etc.

Disconnect between the state budget news which is providing unprecedented funding levels to UC, but that is not being realized at UCR and we are still struggling financially. Be clear that the current state funding did not correct the problem that existed before the pandemic.

Include the talking points document as an addendum to the campus budget letter.

Make the budget reduction language clearer to explain that it is a permanent action. One-time funding was also provided to help in the current year, but not out years

Seems like technically heavy language for non-financial readers – instead of fixed costs increases include detail to clarify to words readers would understand like merits, promotions, equities, etc.

Action Items

Provost and VCPB will update the campus budget letter and send an updated version for CFC final review. CFC will get a heads up before the letter is emailed to the campus community. Org heads can follow up with org-specific emails if they so choose.

Provost would like to start meeting with individual Deans/VCs and their CFAO to have deeper budget discussions to ensure we are all speaking the same language.

Next Meeting

Thursday, November 18 at 9am