

1998-99 Student Fee Advisory Committee (SFAC) Continuity Report

"DE-COMMON FUNDING"

For financial purposes, the campus decided that the "common funding" concept is no longer valid in our financial management environment. Therefore, the Office of Management & Budget directed departments funded by Registration Fees to "de-common fund" their accounts. This decision was effective, July 1, 1998. De-common funding means that benefits, merit increases, cost of living adjustments and other expenses (e.g., the General Liability Insurance Premium) related to generating income will be funded by the revenue account(s) associated with the service or activity.

At the orientation session for new SFAC members in September, 1998, Student Affairs Assistant Vice Chancellor, Jane Permaul, presented important and unresolved issues at the orientation for new SFAC members in Sept. 98 issues related to "de-common funding: in general and specific terms how would Student Affairs be able to absorb the change in funding philosophy on a temporary and permanent basis.," which requires that expenses for positions (benefits, merit increases and adjustments for cost-of-living, or COLA) and other expenses (general liability insurance premium) related to generating income be funded by the revenue account. Correspondingly, permanent Permanent funding by Registration Fees for the such positions and expenses mentioned above would be returned to the unallocated pool for the Registration Fee unallocated pool. Decommon funding was effective July 1, 98. , In Oct. 98, Student Affairs requested , in Oct. 98, a one-year, temporary funding from SFAC for FY 1998-/99 to allow Student Affairs departments sufficient time to develop their budget plans based on the requirements of de-common funding, i.e., plans which might have to be implemented if temporary funding was not available. The raising of user fees and reductions of service were the two most likely outcomes without temporary assistancereflecting users fees increases for replacing loss in permanent funds, as well as to evaluate the financial impact on students.

In November, . 1998, AVC Jane Permaul indicated to SFAC that increases in user fees ranging from 14% to 21%, assuming no loss of users from such an increase, would be needed to cover the costs for benefits, COLA, merits and general liability insurance in the amount of approximately \$536,379 for FY 98/99. On December. 2, 1998, SFAC began discussion on the request. Some issues mentioned included: (1) user fee has historically been seen and used as a subsidy to an inadequate Registration . Fee funding of certain student services that which were never meant to be "self-sufficient,,"; (2) requested coverage of costs are not new costs; (3) large increase in users fees would be needed if funding was not provided; (4) users fees charged to off-campus vendors/companies would deter them from offering services to UCLA. Further discussion centered on whether Registration. Fees should subsidize such costs or at all. On December. 22, 1998, additional details of proposed user fee increases were presented to SFAC. And oOn January. 13, 1999, AVCs Jane Permaul and Glyn Davies presented the potential different options to cover such increases. On January 22, 1999, SFAC recommended to Executive Vice Cchancellor Wyatt Hume to temporarily provide such funding temporarily. Executive Vice Chancellor Hume, on January 28, 1999, accepted the Committee's recommendation , on January 28, 1999,, and temporary funding was provided for FY 1998-/99.

AVC Jane Permaul, on March 10, 1999, presented to SFAC the Student Affairs Budget Review Team's recommendation and requests for FY 1999-/00 funding. One of the requests included the asked for permanent funding for "de-common-funded" benefits, merits, COLA and liability insurance. During the Committee's deliberation, there was discussion it was pointed out that that approving such a funding would be an "exception" and contrary to University's campus' "User Fees Policy." It was also noted that there were sufficient permanent fund to pay for the benefits from the general "benefits pool." However, liability insurance, range and merit adjustments are currently being funded by the UC University of California, Office of President (UCOP) based on salaries supported by the 20000 fund, and not on 60000 funds (income). Once the salaries are "moved out" of 20000 fund and supported by 60000 funds, OP would cease funding the merits/range adjustments for those salaries. Funding would need to come from Reg. Fee's "unallocated" pool. .

After further discussion on the pros and cons of funding and user fee increases, SFAC voted on April 30, 1999 to provide permanent funding for the actual yearly benefits expenses (approximately \$ 317,000) [10-0-0]; a one-time range/merit adjustment (capped at an approximate amount of \$75,000 for FY 1999-/00) and general liability insurance (approximately \$ 9,837 for FY 99/00) [9-1-0]. The decision to recommend funding was based on: (1) the fact that the benefits portion of the decommon funded were not new costs; (2) the need to avoid fee increases which could reduce revenue, further exacerbating revenue generation; and (3) the need not to convey to students that only those who could afford would have access to services. Student Affairs has agreed that the funding of benefits and the range adjustment was a one-time event and future Student Affairs budgets will be drawn to conform to the requirements of the de-common funding financial policy.

- Prepared May 1999

Submitted by:
Howard S. Wang
Robert J. Caruso