

**PRESIDENT'S BUDGET ADVISORY COMMITTEE
MINUTES
October 23, 2003**

MEMBERS PRESENT:

Eduardo Ochoa	Provost, Co-Chair
Larry Furukawa-Schlereth	Vice-President, Administration and Finance, Co-Chair
Rand Link	Vice-President, Student Affairs
Katharyn Crabbe	VPBAC
Janice Peterson	CRC
Noel Byrne	Immediate Past Chair of the Faculty
Henry Amaral	Staff Representative
Catherine Nelson	Chair of the Faculty
T.K. Clarke	VPBAC
Gloria Ogg	CRC
Melinda Barnard	CRC
Stuart Jones	Vice-President, Development
Victor Garlin	CFA Representative
Jason Spencer	President, Associated Students
Melanie Dreisbach	Chair-Elect of the Faculty
Ethan LaMoureaux	Associated Students Treasurer

STAFF PRESENT:

Katie Pierce	Associate Vice-Provost for Academic Resources
Neil Markley	Director, Administrative Services
Letitia Coate	University Controller
Bill Ingles	University Treasurer

MEMBERS ABSENT:

Sam Scalise	CRC
Debora Hammond	VPBAC Faculty
Lynn McIntyre	Vice-President, University Affairs
Steve Wilson	Associate Vice-President, Administration and Finance
John Kramer	Faculty Representative at Large

STAFF ABSENT:

None

GUESTS PRESENT

Rick Luttmann

AGENDA

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| I: | CALL TO ORDER |
| II: | APPROVAL OF THE MINUTES, September 11, 2003 |
| III: | 2003-2004 STATE BUDGET REDUCTIONS UPDATE |
| VI: | 2003-2004 MANDATORY COSTS UPDATE |
| V: | DARWIN REMODEL – FISCAL IMPACTS |
| VI: | FACULTY HOUSING |
| VII: | FINANCIAL PLANNING 2004-2005 |

I: CALL TO ORDER

Eduardo Ochoa brought the meeting to order at 8:10am. He asked Members to introduce themselves.

II: APPROVAL OF THE MINUTES: October 23, 2003

Kathryn Crabbe moved and Henry Amaral seconded a motion to approve the minutes of October 23, 2003. Jason Spencer noted that the date on the minutes should reflect September 11, 2003, not May 22, 2003. The minutes as corrected were approved unanimously with abstentions from those not in attendance at the October 23, 2003 meeting.

III: 2003-2004 STATE BUDGET REDUCTIONS – UPDATE

(Please see the October 23, 2003 Agenda Packet for this document)

Schlereth presented the final 2003-2004 campus budget. The final budget contains two changes from previous drafts. Indirect Cost Recovery (IDC) revenue has a surplus of \$350,000 that will be allocated based on current formula to the appropriate Academic Affairs area. Actual faculty salary increases are \$250,000 lower than forecasted. Ochoa noted that this will remain in the Schools to lessen the impact of the overall reductions. Academic Affairs is still struggling with the conversion of part-time faculty positions to full-time faculty positions and 285 extra students this year. The IDC revenue surplus is a result of additional grant monies to the campus without adding additional staff. The lower than forecasted salary expenses is a result of the difference between the estimated numbers provided by the Chancellor's Office and the actual salary expense. Schlereth also noted that self-support funds and housing would be negatively impacted by the freeze in enrollment for the Spring Term.

Victor Garlin feels the committee should closely scrutinize estimates, as errors could result in unwarranted lay-offs. T.K. Clarke responded that a \$250,000 error out of \$5,000,000 is pretty good overall.

Melinda Barnard asked why \$250,000 was being allocated to the schools instead of holding back for future cuts. Ochoa answered that this is not new money, this is actually less money being taken from the schools.

Garlin feels the California Faculty Association (CFA) should have input into the decision to halt hiring of full-time faculty. He formally asked Ochoa to consider additional CFA and Academic Senate input into this decision.

Melinda Barnard expressed concern that Student Affairs is taking the largest reduction as a percent of their total budget. She feels this is coming at a time when Student Affairs is experiencing greater demand caused by increased student housing.

IV: 2003-2004 NEW MANDATORY COSTS – UPDATE

(Please see the October 23, 2003 Agenda Packet for this document)

Discussion above also encompassed this agenda item.

V: DARWIN REMODEL – FISCAL IMPACTS

(Please see the October 23, 2003 Agenda Packet for this document)

Schlereth presented the preliminary Darwin Interim Plan and associated costs. The campus will attempt to use all existing facilities to minimize the cost of temporary facilities. Temporary labs and storage space will be required as the campus lacks this space currently. The project cost of

1.3-1.5 million will be internally financed over three years (the length of the project) to minimize the impact on any one fiscal year.

Garlin does not feel Academic Affairs should absorb the cost of a capital project such as this. Ochoa agrees with Garlin, however the Chancellor's Office and the State of California do not figure relocations into capital budgets. Garlin does not agree with this recommendation and would like to see this cost amortized over a longer period of time. Schlereth explained that the University does not have a legal way to amortize this. Noel Byrne agrees with Garlin and asked if Sonoma State Enterprises (SSE) could be used to finance the project. Schlereth explained that SSE is fully leveraged because of a similar arrangement to finish construction of the Schulz Information Center.

Neil Markley feels the \$1,500,000 price tag is a small price to pay for the complete remodel of Darwin. The benefits that will accrue will far outweigh this cost. Garlin responded that he does not dispute the benefits of this project, just the way it is being paid for.

Schlereth said no action on this item is needed until revised figures are developed.

VI: FACULTY HOUSING

Schlereth announced that land had been identified for potential use for Faculty and Staff Housing. The campus would like to engage the sellers and purchase the land. While some of the project will be subsidized by the Chancellor's Office, costs will still accrue to the campus. This project will be huge and involve opportunity costs going forward. The cost of the land will likely be \$1,400,000-\$5,000,000. The Faculty and Staff Housing Committee will be meeting today to discuss a potential offer.

Clarke commented that if the objective of this project is to increase successful hiring of faculty recruits, he does not see the benefit as we are the only CSU with a 100% hiring success rate. Discussion ensued with many Members expressing the benefits of a faculty housing program ranging from reduced housing costs to increased campus community. Garlin feels most everyone is in favor of such a project, however paying for such a project in these tough times is the real issue. Garlin and Barnard would like to see a proposal brought back to the PBAC for discussion and approval. Schlereth noted that the Faculty and Staff Housing Committee would make a recommendation to the President. He could bring this back to the PBAC, however time is of the essence. He notified Members that he could call an emergency PBAC meeting to discuss this matter.

VII: FINANCIAL PLANNING 2004-2005

(Please see the October 23, 2003 Agenda Packet for this document)

Schlereth expects a mid-year budget reduction that could further impact this year's budget. While most expect further reductions for next year, the CSU is requesting an additional \$543,000,000 from the state for 2004-2005. Schlereth reviewed the draft CSU budget request.

Garlin expressed that consultation in decision making is important and the campus's consultative bodies are crucial elements of this process. He feels unilateral decisions to change consultative processes is wrong. He would like to see additional consultation on campus matters.

Ochoa adjourned the meeting at 10:17am.

Minutes prepared by Neil Markley