

**PRESIDENT'S BUDGET ADVISORY COMMITTEE  
MINUTES  
May 20, 2004**

**MEMBERS PRESENT:**

Eduardo Ochoa	Provost, Co-Chair
Larry Furukawa-Schlereth	Vice-President, Administration and Finance, Co-Chair
Katharyn Crabbe	VPBAC
Steve Wilson	Associate Vice-President, Administration and Finance
Catherine Nelson	Chair of the Faculty
T.K. Clarke	VPBAC
Melinda Barnard	CRC
Victor Garlin	CFA Representative
Lynn McIntyre	Vice-President, University Affairs
Gloria Ogg	CRC
Henry Amaral	Staff Representative
Stuart Jones	Vice-President, Development
Rand Link	Vice-President, Student Affairs
Janice Peterson	CRC
Melanie Dreisbach	Chair-Elect of the Faculty
John Kramer	Faculty Representative at Large
Tim Wandling	VPBAC Faculty

**STAFF PRESENT:**

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

**MEMBERS ABSENT:**

Ethan LaMoureaux	Associated Students Treasurer
Jason Spencer	President, Associated Students
Noel Byrne	Immediate Past Chair of the Faculty
Sam Scalise	CRC

**STAFF ABSENT:**

None

**GUESTS PRESENT**

Rick Luttmann

**AGENDA**

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|-------|--|
| I:    | APPROVAL OF THE AGENDA                   |
| II:   | APPROVAL OF THE MINUTES                  |
| III:  | THE GOVERNOR'S MAY REVISION              |
| IV:   | STATUS OF DIVISION BUDGET PLANNING       |
| V:    | THE GOVERNOR'S BUDGET COMPACT            |
| VI:   | IMPACT OF THE YRO ARBITRATION            |
| VII:  | GREEN MUSIC CENTER UPDATE                |
| VIII: | DARWIN HALL SUSTAINABILITY PROJECT       |
| IX:   | LAND ACQUISITION - FACULTY/STAFF HOUSING |

**X: ITEMS FOR THE GOOD OF THE ORDER**

**I: APPROVAL OF THE AGENDA**

Eduardo Ochoa brought the meeting to order at 8:08AM. Ochoa requested the addition of item V.a., a report on the Board of Trustees fee action. Kathryn Crabbe moved and Gloria Ogg seconded a motion to approve the agenda. No objections were heard.

**II: APPROVAL OF THE MINUTES: April 22, 2004; April 30, 2004**

Kathryn Crabbe moved and Gloria Ogg seconded a motion to approve the minutes of April 22, 2004 and April 30, 2004. The minutes were approved unanimously with abstentions from those not in attendance at the April 22, 2004 and April 30, 2004 meetings. Victor Garlin thanked Neil Markley for his good work with the minutes. He appreciates Markley's ability to smooth the rough edges and distill the conversation to the most essential points.

**III: THE GOVERNOR'S MAY REVISION**

(Please see the May 20, 2004 Agenda Packet for this document)

Schlereth presented the Governor's May Budget Revision. The budget indicates no additional reductions from the original budget in January. The Governor removed some of the reduction restrictions to allow more budget flexibility. Undergraduate fees increases will be increased and graduate fee increases will be reduced.

**IV: STATUS OF DIVISION BUDGET PLANNING**

(Please see the May 20, 2004 Agenda Packet for this document)

Schlereth updated the Committee on the progress in attaining an additional \$1,200,000 to backfill instruction for the 2004-2005 year. Additional State University Fee Revenue and a gift to Science and Technology has raised \$700,000 toward the \$1,200,000. Schlereth indicated he would continue to look for money to balance the remaining \$500,000, but confirmed that the Chancellor's Office was willing to loan us the money if needed. He noted that the campus has a number of needs that the Chancellor's Office could provide help with and we need to choose what need is the most important.

Garlin feels the \$1,200,000 for instruction is a minimum and we should continue to explore options to additionally fund instruction beyond this amount. Tim Wandling agrees that instruction needs additional funding, but feels other areas such as academic support need support as well. Schlereth cautioned that the \$450,000 in additional fee revenue has not been set in stone and may be reduced, however Dr. Armiñana is confident this will come. This money is critical as it is a permanent allocation to Academic Affairs. Schlereth also noted the budget process was not yet complete and many issues may derail this proposal. Melinda Barnard feels the Committee needs to balance funding to the entire campus, not just instruction. Giving funding to just one segment of the University creates a lopsided structure and hurts students. Barnard asked how the reductions were affecting Student Affairs. Rand Link responded that funding for Student Affairs programs was at a minimum for 2004-05. The Associated Students and Student Union were making program reductions due to lower enrollment and associated reduction in fee revenue. Given the Student Health Center fee increases, the Student Affairs Division General Fund reductions for 2004-05 will be taken from the Student Health Center budget with minimal program impact.

## **V: THE GOVERNOR'S BUDGET COMPACT**

(Please see the May 20, 2004 Agenda Packet for this document)

Schlereth reviewed the Higher Education Compact agreement between Governor Schwarzenegger and the CSU and UC. This agreement should provide funding increases, fee increases and stability through 2010-2011. Garlin noted that the CFA and Democrats were vigorously fighting this agreement. Link feels this is an important document of the future. Luttmann pointed out that these agreements are fragile and have been broken in the past.

Schlereth informed Members that the CSU has raised fees for the 2004-2005 year. He distributed the Board of Trustees Action Item. He explained that our tuition is still the lowest among our peer institutions. Garlin noted that California is unique in higher education and comparisons to other institutions are not meaningful. Discussion ensued regarding the direction of higher education in California.

## **VI: IMPACT OF THE YRO ARBITRATION**

This ruling applies to those campuses without year-round operations (YRO). Self-support summer education received buy-down dollars from the CSU to keep student fees at the fall and spring fee structures. The buy-down, in effect, represented state support for the program, therefore pay scales should have matched the bargaining unit contracts. An arbitrator ruled that the CSU must give professors retroactive back pay for the work rendered during this period. The CFA and CSU are in negotiations to resolve this matter. This could represent a \$1,000,000 liability to Extended Education and Academic Affairs. This liability could affect the augmentation to instruction if payment needs to be made quickly. This decision could have a serious impact on Extended Education operations and net income for years to come.

## **VII: GREEN MUSIC CENTER IMPACT**

The bids for the Green Music Center construction were \$9,000,000 over estimate. This is due primarily to recent increases in the cost of wood, steel and copper. A Task Force of stakeholders is being appointed to discuss the future of the project. T.K. Clarke asked how this development would affect funding of the Phase II project. Schlereth indicated that the CSU was currently reevaluating all projects due to the same construction cost increases. He would like to shore up funding for Phase II as soon as possible. Catherine Nelson noted that this was a prime opportunity to appoint faculty to the Task Force. She asked Schlereth to bring this to the President's attention. Schlereth agreed but noted that the Task Force will have a very heavy development emphasis.

## **VIII: DARWIN HALL SUSTAINABILITY PROJECT**

(Please see the May 20, 2004 Agenda Packet for this document)

A proposal has come forward from Capital Planning, Design and Construction to augment the Darwin Hall remodel project with \$500,000 to be used to enhance the building's utility efficiency. The augmentation will be offset by a \$60,000 rebate and \$120,000 in utility savings during construction. The remaining \$320,000 will be repaid in five annual installments of \$72,000 from on-going utility savings. The annual anticipated utility savings are \$85,000. The risk is that the savings do not materialize and the university-wide budget category would be assessed. Schlereth noted that the Campus Reengineering Committee unanimously approved this project. Since this project could have university-wide funding implications, Schlereth is bringing this forward as an action item. Steve Wilson moved and Tim Wandling seconded a motion to

approve the project. Wilson feels this project would provide an economic benefit and set a good example for other campuses. Wandling agreed and feels these measures should be planned into each new building. Schlereth agreed with Wandling, but noted that the State does not fund such items. The motion passed unanimously.

**IX: LAND ACQUISITION \_ FACULTY AND STAFF HOUSING**

The Campus Reengineering Committee approved the purchase of land for faculty and staff housing. The land will be paid using \$1,000,000 from SSE, \$1,000,000 from parking and \$2,200,000 from housing. These funds would be repaid over the life of the project. The University will have some costs associated with the project that will be paid by Administration and Finance. The Faculty and Staff Housing Committee is currently working on mater plan issues. This initiative will restrict the funds and flexibility of Administration and Finance. Gloria Ogg asked which area would run the project. Schlereth responded SSE or Housing. Link believes this project is becoming more important every day.

**X: ITEMS FOR THE GOOD OF THE ORDER**

Schlereth thanked Garlin for his years of service on the PBAC. He will be leaving the PBAC after this meeting.

Ochoa adjourned the meeting at 10:05am.  
Minutes prepared by Neil Markley