

**PRESIDENT'S BUDGET ADVISORY COMMITTEE
MINUTES
March 10, 2005**

MEMBERS PRESENT:

Eduardo Ochoa	Provost, Co-Chair
Larry Furukawa-Schlereth	Vice-President, Administration and Finance, Co-Chair
Andy Merrifield	CFA Representative
Melanie Dreisbach	Chair of the Faculty
Rand Link	Vice-President, Student Affairs
Tim Wandling	VPBAC Faculty
Stuart Jones	Vice-President Development
Gloria Ogg	CRC
Janice Peterson	CRC
Elizabeth Stanny	Chair-Elect of the Faculty
Chris Fadeff	Associated Students Treasurer
Melinda Barnard	CRC
Lynn McIntyre	Vice-President, University Affairs
Jason Spenser	President, Associated Students
Catherine Nelson	Immediate Past Chair of the Faculty
Sam Scalise	CRC
Letitia Coate	Associate Vice-President, Administration and Finance

STAFF PRESENT:

Bill Ingels	University Treasurer
Katie Pierce	Associate Vice-President for Academic Resources

MEMBERS ABSENT:

Katharyn Crabbe	VPBAC
Saied Rahimi	VPBAC
Henry Amaral	Staff Representative
John Kramer	Faculty Representative at Large

GUESTS PRESENT:

Lori Heffernon

AGENDA

I:	APPROVAL OF THE AGENDA
II:	APPROVAL OF THE MINUTES
III:	CSU AND CAMPUS POLICY – YEAR-END FUNDS
IV:	STATUS OF THE CAMPUS RESERVE
V:	FINANCING EMPLOYEE WORKSTATIONS
VI:	GRANTS AND CONTRACTS
VII:	2005-2006 BUDGET PLANNING
VIII:	GENERAL BUDGET DISCUSSION
IX:	UPDATE ON YRO

I: APPROVAL OF THE AGENDA

Eduardo Ochoa brought the meeting to order at 8:08 am. Larry Schlereth recommended that a general budget discussion be added as Item VIII. Andy Merrifield recommended that an update on year-round operations (YRO) be added as Item IX. The agenda was passed unanimously.

II: APPROVAL OF THE MINUTES: February 10, 2005

Due to timing issues, the members did not have a chance to review the minutes before the meeting. Therefore, approval of the minutes was suspended.

III: CSU AND CAMPUS POLICY – YEAR-END FUNDS

Larry Schlereth informed the Committee that every year funds from the campus General Fund are unspent. There are very good reasons for this such as holding monies for payment of accrued part-time faculty costs in July and August, savings for future large cost items of equipment, etc. These funds may be rolled into the next fiscal year but must be spent 18 months after the end of the fiscal year. He wanted to make it clear that no funds would be swept from the departments as long as they are spent within the above 18-month limit.

IV: STATUS OF CAMPUS RESERVE

(Please see the March 10, 2005 Agenda Packet for this document)

Schlereth informed the Committee that the beginning balance of the Campus Reserve was \$109,742. These funds were derived from the 2003-04 roll-forward. As discussed at the February 10, 2005 meeting, the President approved the allocation of \$120,000 from the current year's reserve to Academic Affairs for additional Spring course sections. A preliminary review of current year General Fund revenue indicates that a year-end shortfall of up to \$200,000 could occur. Additional analysis is being conducted, but it appears that most of the shortfall pertains to the State University Fee and the Non-Resident Fee. The above figures result in current projected balance of -\$210,258.

Schlereth went on to say that utility expenditures are on target, and he is not forecasting a savings in benefits. If there is a shortfall in the University Wide category of the budget at year-end, Schlereth mentioned that one option is to roll the negative balance forward to 2005-06. Then in July the units would be assessed at the marginal cost rate. A discussion followed regarding the appropriateness of using the marginal cost formula versus a proration. The desirability of a campus reserve was also discussed. These items could be a topic for the Campus Strategic Planning Committee.

V: FINANCING EMPLOYEE WORKSTATIONS

(Please see the March 10, 2005 Agenda Packet for this document)

Schlereth informed the Committee that a plan has been developed to refresh (replace) faculty/staff workstations once every four years. The cost is \$400 per year per workstation. Sam Scalise stated that the old replaced units would be returned to IT for disposition – they would not be transferred to another faculty/staff member within the department. Eduardo Ochoa indicated that he was in favor of Academic Affairs participating in the program but before he commits, he would like to do more analysis. Rand Link stated that Student Affairs would likely join the program. This program will begin July 1, 2005 and will be available to the entire campus including the auxiliary corporations. Melanie Dreisbach was in favor of the plan but was of the belief that Academic Affairs was lacking in an overall technology plan. Perhaps this could be an item for the Strategic Planning Committee.

VI: GRANTS AND CONTRACTS

(Please see the March 10, 2005 Agenda Packet for this document)

Schlereth stated that Grants and Contracts volume in 2003-04 was \$32,623,278. Because of State budgetary shortfalls this year, volume for the current year should be slightly less. Since many of the sponsoring agencies reimburse SSU after the work has been completed, our accounting records reflect negative project balances until we are reimbursed. Additionally, the State Department of Education will not pay our established Indirect Cost (IDC) rate, which further exacerbates the financial problem. Research has grown considerably over the past 5 years, and as a result of the above issues, the campus is experiencing a negative cash flow of \$9.5m. Current financing vehicles include Grants and Contracts reserve, institute operating reserve balances, borrowing from University Trust, Grants and Contracts vacation accrual funds, and advances from current year direct grant revenue. Schlereth indicated that many of the above sources will not be available next year and a more permanent financing vehicle is needed. His plan is to invest a portion of the Foundation's assets in University Trust, and Grants and Contracts would borrow from this trust. This plan would require Foundation Board approval and would carry a higher rate of interest (3% vs. 8.5 – 9%). Because of the higher interest rate, there would be no excess IDC funds for distribution. Considerable discussion ensued. Ochoa informed the Committee that he is working with Tony Apolloni in regard to encouraging the State Department of Education to accelerate their reimbursement process, fund a more realistic portion of IDC costs and reduce the number of Letters of Intent. In spite of the situation, Ochoa is of the belief that these grants/contracts are beneficial to the University's mission and should continue. He agrees that the financial aspects require more emphasis, and he and Apolloni are working on those issues.

VII: 2005-2006 BUDGET PLANNING

(Please see the March 10, 2005 Agenda Packet for this document)

Schlereth stated that SSU's discretionary funding for next year, per the Governor's Budget, will be \$1,161,600. If the roll-forward from University Wide is -\$200,000, the amount available for distribution would be reduced to \$961,600. Allocation to the divisions would be based on the marginal cost formula. In addition to the above, the campus will receive restricted funding for compensation (salary and benefits), utilities, financial aid, and maintenance totaling approximately \$4m.

VIII: GENERAL BUDGET ISSUES

Schlereth stated that the Foundation is in the process of estimating endowment earnings that will be distributed next year. Extended Education is currently projecting their revenue and expenses for next fiscal year.

IX: UPDATE ON YEAR-ROUND OPERATIONS

Due to time constraints, this item was not discussed.

Ochoa adjourned the meeting at 9:30am.

Minutes prepared by Letitia Coate