

**PRESIDENT'S BUDGET ADVISORY COMMITTEE
MINUTES
May 25, 2006**

MEMBERS PRESENT:

Larry Furukawa-Schlereth	CFO, Vice-President for Administration and Finance, Co-Chair
Eduardo Ochoa	Provost, CAO, Vice-President for Academic Affairs, Co-Chair
Letitia Coate	Associate Vice-President, Administration and Finance
Elizabeth Stanny	Chair of the Faculty, Business Administration Department
Melanie Dreisbach	Immediate Past Chair of the Faculty
Janice Peterson	Senior Director for University Budget, CRC Representative
Henry Amaral	Staff Representative, Facilities
Gloria Ogg	Senior Director for University Business Services, CRC Rep
Melinda Barnard	Faculty, Communications Department, CRC Representative
Elaine McDonald	Chair Elect of the Faculty, Math Department
Dan Condron	Vice-President, University Affairs
Nadir Vissanjy	President, Associated Students
Elaine McHugh	CFA Representative
Elaine Leeder	Dean, Social Sciences
Katharyn Crabbe	Vice-President for Student Affairs and Enrollment Management

STAFF PRESENT:

Katie Pierce	Associate Vice-President for Academic Resources
Ian Hannah	Management Trainee, Administration and Finance
Bill Ingels	University Treasurer

MEMBERS ABSENT:

Steven Campbell	Vice-President for Finance, Associated Students
Tim Wandling	AABAC Representative
John Kramer	Professor, Political Science Department
Sam Scalise	Chief Information Officer, CRC Representative
Bucky Peterson	Interim Vice-President for Development

GUESTS PRESENT:

Robert Rosen	Business Manager, Office of the Dean, Extended Education
Tandy Whitaker	Budget Manager
Kathy Mahler	Budget Manager

AGENDA

- I: CALL TO ORDER AND APPROVAL OF THE AGENDA
- II: APPROVAL OF THE MINUTES (*April 27, 06*)
- III. PROJECTED 2006-2007 EXTENDED EDUCATION DISTRIBUTION
- IV. LEGAL ISSUES – 501 c (3) ORGANIZATIONS
- V: THE MAY REVISION
- VII. STRATEGIC PLANNING AND CAMPUS BUDGETING
- VII. ITEMS FOR THE GOOD OF THE ORDER

I: APPROVAL OF THE AGENDA

Eduardo Ochoa brought the meeting to order at 8:10 am. The agenda passed with one revision, to add discussion of the SSU Bookstore outsourcing.

II: APPROVAL OF THE MINUTES: *April 27, 2006*

The minutes were passed with one revision, to change the sentence at the end of Section IV to read “One possible reason is the overall high tenure track % at SSU”.

III: PROJECTED 2006-2007 EXTENDED EDUCATION DISTRIBUTION (Please see the May 25th, 2006 Agenda Packet for this document)

A document was provided which showed the total earnings distributions from Extended Education in 2005-06 and the projected distributions for 2006-07, listed by department allocations. Larry Schlereth explained that this is a measurement of how net income in Extended Education will be distributed out to the departments. It is a way to augment budgets in the various departments. For 2006-2007 the projected distribution is \$446,458, compared to \$487,311 in 2005-2006. Schlereth introduced Robert Rosen to discuss the details of the distribution. Rosen mentioned that next year’s distribution is a bit less due to the loss of the summer school program and the nursing program. Extended Education is looking to add some programs as well; however, revenue will still be lower next year. Eduardo mentioned that extra supplemental state support could only be received by moving programs out of Extended Education and into the General Fund. (such as with the nursing program). Schlereth expressed that it is quite remarkable that Extended Education was able to distribute the amount they did considering the summer school program has been dropped.

IV: LEGAL ISSUES – 501 c (3) ORGANIZATIONS

This topic was brought to the PBAC in an attempt to better understand what the Auxiliaries are and how they work. Elizabeth Stanny requested to discuss the risks involved with 501 c (3) organizations. Schlereth explained the rules, such as buying property as a state agency, which cannot be done and thus is a supporting reason for creating auxiliary organizations. A 501 c(3) auxiliary associated with the University can take two forms. The first form is a separate entity, that is, the “corporate veil” has not been pierced. The University does not share in the risks and rewards of the entity. The 501 c(3) associated with the Green Music Center performing center would take this form. There will be no financial liability pertaining to programs with lease agreements as the risk lies with the other organizations, such as the Santa Rosa Symphony, ASP, or any other separate organization utilizing the GMC. If these entities lose money from performances at the GMC, there is no obligation, either financial or legal to the

University. Schlereth also mentioned the existence of a facilities use agreement for the GMC to set the template for other organizations. It is a rare occurrence to have legal action taken toward a 501 c (3) organization but the University does have insurance to cover possible problems.

The second form of 501 c (3) auxiliary is not separate from the University because the “corporate veil” has been pierced. In this case, the University shares the risks and rewards of the auxiliary. Because these auxiliaries are essentially extensions of the University their missions should be aligned with and support the mission of the University as much as is legally possible. Schlereth also mentioned that a group’s planned program agenda is given to Academic Affairs, Student Affairs, Administration & Finance, or given to the President’s Office for approval to be considered before allowing presentation. This way the content should be in line with the University mission. Letitia Coate expressed that auxiliary organizations are an integral part of the University as all assets/liabilities go to the University in the case of a closure etc. Melinda Barnard mentioned that this has helped to understand the political, legal, and financial relationships with the University.

V: THE MAY REVISION

(Please see the May 25th, 2006 Agenda Packet for this document)

A sheet was provided which shows the Governor’s May revision of the FY 2006-2007 General Fund budget for SSU. Schlereth described this as basically a budget for enrollment growth. Restricted funds for compensation and benefits total \$1,837,500. 2006-2007 General Fund budget allocations to the divisions are represented and allocated via the marginal cost formula, totaling \$2,644,000. An additional \$172,800 has been allocated for the Nursing program and \$60,000 for maintenance needs. A proposal for the allocation of funds in the amount of \$98,604 for the Development Office caused for a good deal of discussion. This amount would be used to staff a position within the Development Office to address the needs of academic fundraising as current staffing and a focus on the Green Music Center is not allowing for proper resources to cover instructional fundraising. Discussion ensued regarding the manner in which the funding for this extra person in Development was being represented on the document. Eduardo Ochoa felt this supported the idea of removing off the top of the campus budget any new items of the campus-wide level. Ochoa also mentioned that he has compared staffing cost vs. dollars that fundraising efforts have collected amongst the CSU campuses and SSU has the highest return per dollar spent.

Elizabeth Stanny mentioned that we should look at the return that this position brings to the University. Schlereth agreed, stating that this may be a good piece to incorporate as an assessment item to be reviewed by WASC. It was decided that this position be initiated solely for academic fundraising.

Additionally, Schlereth discussed the future usefulness of a campus wide 5 year plan for different revenue streams (growth patterns etc.) to look at the needs of the campus and how they could be funded.

VI: STRATEGIC PLANNING AND CAMPUS BUDGETING

(Please see the May 25th, 2006 Agenda Packet for these documents)

Schlereth described the key components of the University Strategic Plan goals in order to tie these goals with the campus budgeting. The budgeting of specific objectives and initiatives for University wide funds, the Executive Office, Academic Affairs, Student Affairs, and Administration & Finance were presented and discussed. In the University wide category, the campus is looking to create a campus reserve of \$1,000,000, funding \$625,000 in 2006-2007. Schlereth mentioned that failure to meet target may be a good additional reserve item in the future as this is something out of the control of the PBAC. The Executive Office plans to spend \$161,707 in new funds via hiring an additional Development Officer for instructional programs, retaining an external consultant in the area of planned giving, and creating a University Marketing Council. Academic Affairs' new discretionary growth funds, in the amount of \$1,621,793, have been budgeted for the following initiatives: employ faculty to instruct an additional 312 FTES at a system-wide "virtual school" SFR (Ochoa explained that this represents funding via an average SFR within each division at all CSU campuses), expand enrollment in Nursing BA & MA programs, and increase School of Business and Economics funding to meet the requirements of accreditation.

VII: ITEMS FOR GOOD OF THE ORDER

As an added agenda item, Schlereth discussed the main components related to the recent decision to outsource the SSU Bookstore to Barnes & Noble. With the retirement of two key individuals, the Bookstore Director and Manager, a discussion to consider outsourcing developed. A standard was set for national retail firms with experience in a broad spectrum of products, not just textbooks, as well as meeting other specific requirements (3 firms currently exist in the nation which meet these requirements). After setting the minimum qualifications for companies to send proposals, the Bookstore Proposal Committee did extensive analysis and unanimously decided that Barnes and Noble provided the best partnership.

Ochoa adjourned the meeting at 10:05 a.m.

Minutes prepared by Ian Hannah