

PRESIDENT'S BUDGET ADVISORY COMMITTEE
MINUTES
May 22, 2008

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
Scott Miller	Chair-Elect of the Faculty, Director, Writing Center
Elaine McDonald-Newman	Immediate Past Chair of the Faculty, Math Department
Janice Peterson	Senior Director for University Budget, A&F, CRC Representative
Dan Condron	Vice-President for University Affairs
Patricia McNeill	Vice-President for Development
Sam Scalise	Chief Information Officer, Administration and Finance
Letitia Coate	Associate Vice-President for Administration and Finance
Henry Amaral	Staff Representative, Facilities
Tim Wandling	Chair of the Faculty, Chair, English Department
Elaine Leeder	Dean, Social Sciences, AABAC Representative
John Kramer	Faculty Representative at Large, Political Science Department
Andy Merrifield	CFA Representative, Political Science Department
Matthew Lopez-Phillips	Interim Vice-President for Student Affairs & Enrollment Management
Whitney Diver	President, Associated Students

STAFF PRESENT:

Katie Pierce	Associate Vice-President for Academic Resources, Academic Affairs
Bill Ingels	University Treasurer, Administration and Finance
Ian Hannah	Management Trainee – Administrative Services and Foundation Operations, Administration and Finance

GUESTS PRESENT:

Laura Lupei	Management Trainee – Budget, Administration and Finance
Lori Heffernon	Assistant Controller for Sponsored Programs, Administration and Finance
Derek Pierre	Incoming President, Associated Students
Nicolette Margi	Incoming Vice-President for Finance, Associated Students

MEMBERS ABSENT:

Tristan Kelley	Vice-President for Finance, Associated Students
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AGENDA

- I: CALL TO ORDER AND APPROVAL OF THE AGENDA
- II: APPROVAL OF THE MINUTES (April 24, 2008)
- III: REVIEW OF CAMPUS RESERVE
- IV: ANALYSIS OF THE MAY REVISION AND IMPACT TO CAMPUS
- IV(a): REPAIRING THE BASE INITIATIVE
- V: SUMMER MEETING – BUDGET RECOMMENDATIONS

I: APPROVAL OF THE AGENDA

(Please see the May 22, 2008 Agenda Packet for this document)

Eduardo Ochoa brought the meeting to order at 8:10 am. Elaine McDonald requested to amend the agenda to include discussion on the Repairing the Base initiative. The agenda passed unanimously as amended.

Ochoa announced that this would be the last meeting for Whitney Diver, Tristan Kelly, Elaine McDonald, and Katie Pierce and thanked each of them for their service on the committee. Derek Pierre, Nicolette Margi, and Lori Heffernon were present as guests in anticipation of their roles on the committee for the 2008/09 fiscal year.

II: APPROVAL OF THE MINUTES: April 24, 2008

(Please see the May 22, 2008 Agenda Packet for this document)

The minutes from the April 24th meeting were unanimously approved.

III: REVIEW OF CAMPUS RESERVE

(Please see the May 22, 2008 Agenda Packet for this document)

Larry Schlereth discussed a document provided in the packet which outlined the status of the reserve for 2007/08. Multiple items have been funded by the reserve, leaving no material amount available for distribution from the initial \$625,000 allocation. Expenses related to the WASC Accreditation (year 2 of 3) amount to \$40,240. A Risk Deductible of \$129,000 relates to general liability claims. Faculty Sick Leave expenses totaled \$164,762. Disabled Accessibility relates to costs for ADA accommodations for disabled students that was \$100,000 over budget in Student Affairs. The Campus Catalog was \$45,000 and is produced every two years, but a base budget has never been allocated for this item. The Employee Fee Waiver Reimbursement to ASI and SHC of \$26,703 relates to a grievance that was filed, which lead to collective bargaining with the CSUEU and now the loss of revenue associated with the fee must be reimbursed to the Associated Students Inc. and the Student Health Center. The January Electrical Outage, with a cost of \$100,000, relates to damage caused to the electrical transformers. Schlereth mentioned that it is possible this item will be reimbursed by PG&E, which would increase the beginning budget for the 2008/09 reserve. The graduation fees collected were \$18,600 short of covering the costs of Commencement. Schlereth recommended that a permanent allocation be made for this item should the fee advisory committee not take action to increase the fee to cover the increased cost. The total for the above reserve distributions was \$624,305, leaving only \$695 in remaining available funds.

IV: ANALYSIS OF THE MAY REVISION AND IMPACT TO CAMPUS

(Please see the May 22, 2008 Agenda Packet for this document)

Schlereth provided a summary of the current estimated impact of the Governor's proposed budget to the campus. The University's budget will essentially remain flat in terms

of State support if the additional \$97M between the January and May revisions to the Governor's budget for the CSU remains. Last week, the Trustees approved a 10% increase in student fees, confirming the addition of approximately \$73.2M to the CSU and a corresponding \$1.8M to SSU's budget. However, the May revision did not provide funding for some mandatory items. One of these items was negotiated faculty, staff and administrator compensation of around \$1.5M for SSU, largely related to health care costs. Negotiated additional faculty compensation related to a CFA salary adjustment to be implemented on June 30th of this year represents an \$810,000 unfunded campus expense. Finally, unfunded utilities and new space amounts to almost \$400,000. The total projected impact to SSU is approximately \$1M as apposed to the \$3.4M previously estimated during the January revision. Should the \$1M deficit remain, it would require a re-direction of resources at the campus.

McDonald mentioned that the campus is already over-enrolled in FTES this year and asked how our enrollment looks for next year. Ochoa responded that we will probably remain over but to a lesser degree. Schlereth indicated that the fee revenue collected from the over-enrolled students would be provided to direct instruction. Matthew Lopez-Phillips added that the campus has stopped admitting more students and thus the target will be held back, however, additional variables still exist.

Andy Merrifield stated that there were additional costs associated with the CFA agreement. He provided a document which compiled a list of compensation items in Unit 3 CBA. He added that the \$810,000 figure mentioned previously is deflated because it does not recognize additional costs or commitments of a currently unknown value. There are also two items that are not financial that could re-open.

Tim Wandling asked, as this tentative budget moves forward, at what point will these figures become more concrete for planning purposes. Schlereth stated that probably around October, however, advice should be provided to the President sooner on what the Divisions should be planning for. Ochoa commented that Academic Affairs has been doing scenario planning based on the January budget but some Schools were unable to make this work. Should this be the case, it would mean SSU would not be able to meet their target enrollment. Schlereth added that should we have to plan for the \$3.4M cut, the divisions of Academic Affairs, Administration and Finance, and Student Affairs would be unable to make their portions of the cut. Ochoa recommended preparing to cut back as much as possible while still making target.

Merrifield asked if the Fall 2008 schedule being offered looks similar to the Fall 2007 schedule. Ochoa stated that they are not materially different and not much maneuvering room exists so increases in class sizes are being done on the margin. Elaine Leeder stated that only approximately 16 full-time professors were being hired to the campus compared with the approximately 32 originally planned. Schlereth responded that lecturers are being hired in their place. Leeder acknowledged this but added that lecturers do not provide advising. Schlereth added that currently positions on the non-academic side are becoming open through attrition.

Diver stated that the campus needs to find a creative solution for how to deal with this issue as there is already no room for size increases in many classrooms. Scott Miller asked, if the campus is already at a minimum, where would the further suggested cuts come from. Ochoa noted that each Dean could provide a different solution for their school and some level of a cut would be possible, while still making target. It is difficult to determine what this exact figure is. Miller responded that it is important to know this figure because this

would be the bottom. Wandling asked what other options are available in addition to reducing personnel or services, reducing salaries, or increasing revenue streams. In response, Schlereth provided his general observations about the University's budget. The Deans have little flexibility for next semester and basically are preparing shadow sections so these sections could be released if the budget were to be better than expected. For the non-faculty departments, he suggested continuing the hiring freeze where possible and looking carefully at year end resources. He added that we also have to think of different ways of doing things, such as achieved through organizational change. Overall, Schlereth recommended taking caution and care moving forward in anticipation of the budget. Ochoa added that these solutions can be administered on a one year basis but in the long run it is not stainable and begins to erode quality. Merrifield feels this is an on-going problem. For example, the Campus Re-engineering Committee was developed in 1994 to look at these types of things and is still meeting. Merrifield further declared that it would be prudent to make sure there are an adequate number of faculty members and reasonable class sizes and that the campus should not hire positions that are not directly related to teaching students. Lopez-Phillips also believed the campus must provide classes for students and cut areas where unnecessary positions exist.

Henry Amaral suggested possibly closing down the campus on weekends to cut costs. Schlereth stated this would save funds if it could truly be shut down. Unfortunately, this strategy was attempted in a previous year to remove Friday's during the summer months and employees constantly made exceptions and came into work.

Wandling referenced the current Information Security Audit being conducted by the CSU audit team as another area where resources may be needed. Ochoa added that due to the Accessible Technology Initiative, the campus is subject to Federal Law in this regard and thus many items have or will be required to be addressed.

IV(a): REPAIRING THE BASE

(Please see the May 22, 2008 Agenda Packet for this document)

Schlereth indicated that he and Ochoa have met with most of the Schools, which have resulted in the highlighting of a variety of issues. The knowledge gained from these meetings will be used to create a dialogue of how to address them. Schlereth then discussed a slide in the packet related to the Repairing the Base initiative. The slide provided an analysis of various campus expenditures by category at SSU compared to the CSU system as a whole. These categories include Student Services, Academic Support, Instruction, Institutional Support, and Plant Operations. The data shows that SSU would need to allocate a combined roughly \$2M to the programs of Academic Support and Instruction in order to look similar to the CSU in these areas. Other non discretionary challenges discussed by Schlereth included: Extended Education, in light of its repositioning effort; Grants and Contracts, with the putting in place of a centralized monitoring system; the SSU Academic Foundation, in light of the fact that it does not have a dedicated staff; the Green Music Center, as this building will be coming online soon; Athletics, which has been running a substantial deficit; and lastly, unfunded legal or audit requirements.

Wandling raised the issue of what it costs students to come to SSU and how increases in the student fee result in an increase in the amount students need to borrow. This has an adverse impact on students of lower socioeconomic status, thus impacting the makeup of the

future student body. Schlereth referenced a presentation made to the Board of Trustees by Allison Jones related to this issue. Ochoa noted that when looking at the cost to students net of financial aid, the CSU is still competitively low. Merrifield added that SSU is the second most expensive campus in the CSU system for students to attend when including total costs, such as housing. Wandling declared that student fees should be used to cover items such as the Rec Center, not education.

Miller asked how this cut fits in with SSU's structural deficit. Schlereth stated that structurally SSU is approximately \$7M annually underfunded compared to the other similar sized CSU campuses. The state university fee is the same for students on each campus, however at SSU there is comparatively less State funding to augment the budget. Schlereth added that unfortunately he is unaware of how to solve this issue. In addition, the CSU as a whole sustained budget cuts in 2003/04 and 2004/05.

Schlereth stated that if the on-going advocacy by the CSU to achieve the Compact budget from the State is unsuccessful, the \$1M current estimated cut to SSU for 2008/09 could increase. A theme he has heard consistently relates to initiating more Tenure Track hiring, but during times of budget cuts there is a need to hire lecturers. The Faculty Development funds are providing some assistance and perhaps another similar initiative could be advocated in conjunction with the Repairing the Base initiative. He added that it is important to remember that WASC will require accountability on these funds of how they are used and why.

Patricia McNeill stated that after being at SSU for one year now and attending PBAC meetings, she feels the real financial burden to the campus. For SSU, one way to think outside the box is investment in revenue generating areas. One area would be in the Development office, where approximately \$13M was brought in this year, mainly for the GMC. Not all of these funds are available to be utilized immediately as some are endowment funds. However, further investment in development is something that should be considered, even though there is not necessarily an immediate turn around on that investment.

V: SUMMER MEETING – BUDGET RECOMMENDATIONS

Schlereth reminded the committee that the next PBAC meeting is currently scheduled for July 24th, pending the status of the Governor's final budget for 2008/09.

VI: ITEMS FOR THE GOOD OF THE ORDER

Merrifield announced that there would be opportunities to promote the Alliance for the CSU during commencement. He also mentioned that the Governor illustrated support for Higher Education in the May revise, showing that the Alliance made a difference in the budget process.

Ochoa adjourned the meeting at 9:50 a.m.

Minutes prepared by Ian Hannah.