

**PRESIDENT'S BUDGET ADVISORY COMMITTEE
MINUTES
November 8, 2007**

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	Immediate Past Chair of the Faculty, Math Department
Mathew Lopez-Phillips	Interim Vice-President for Student Affairs & Enrollment Management
Janice Peterson	Senior Director for University Budget, A&F, CRC Representative
Whitney Diver	President, Associated Students
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
John Kramer	Faculty Representative at Large, Political Science Department
Andy Merrifield	CFA Representative, Political Science Department

STAFF PRESENT:

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

MEMBERS ABSENT:

Elaine Leeder	Dean, Social Sciences, AABAC Representative
Tristan Kelley	Vice-President for Finance, Associated Students

GUESTS PRESENT:

Kathy Mahler	Budget Manager, Administration and Finance
Laura Lupei	Management Trainee – Budget, Administration and Finance
Susan Kashack	Associate Vice President for Communications and Marketing

AGENDA

- I: CALL TO ORDER AND APPROVAL OF THE AGENDA
- II: APPROVAL OF THE MINUTES (September 6, 2007)
- III: ALLOCATION OF 2007-2008 STATE UNIVERSITY FEE REVENUE
RESULTING FROM OVER-ENROLLMENT
- IV: SUSTAINABILITY INITIATIVE
- V: REPAIRING THE BASE
- VI: BOARD OF TRUSTEES BUDGET REQUEST: 2008-2009
- VII: SSU CAPITAL OUTLAY PROGRAM
- VIII: STAFFING AND SUPPORT FOR GRANTS AND CONTRACTS: 2006-2007
- IX: BUDGET PRIMER
- X: ITEMS FOR THE GOOD OF THE ORDER

I: APPROVAL OF THE AGENDA

(Please see the November 8, 2007 Agenda Packet for this document)

Eduardo Ochoa brought the meeting to order at 8:10 am. The agenda was amended to move the more time sensitive and less lengthy items to earlier in the agenda. This meant the Budget Primer agenda item would most likely become the final item to be covered. The agenda passed unanimously as amended.

II: APPROVAL OF THE MINUTES: September 6, 2007

(Please see the November 8, 2007 Agenda Packet for this document)

The minutes from the September 6th meeting were unanimously approved with one abstention from Andy Merrifield.

**III: ALLOCATION OF 2007-2008 STATE UNIVERSITY FEE REVENUE
RESULTING FROM OVER-ENROLLMENT**

Larry Schlereth stated that SSU is currently approximately 310 FTES over target and this over enrollment will most likely continue into the Spring semester. Although funding via the Marginal Cost Formula is not received for these additional FTES, revenue is still received by the campus related to student fees. It is difficult to determine the exact revenue produced from these students because there is a mix of undergraduate, post bachelorette, credential, and non-state resident students. Through estimates from both Administration and Finance and Academic Affairs, it has been approximated that \$425,000 in excess revenues will be produced in both the Fall 2007 and Spring 2008 semesters, for a total of \$850,000. Schlereth and Ochoa agreed upon a recommendation to allocate all of these dollars to Academic Affairs for re-distribution to the schools and have now brought this recommendation forward to the PBAC for discussion and approval. The full \$850,000 would be allocated now from the additional \$425,000 in student fee revenues received this semester and an additional \$425,000 from the reserve that would be repaid from student fee revenue received next semester.

Henry Amaral asked what would happen if the enrollment overage did not materialize in the next semester. Schlereth responded that the reserve would have to absorb the cost. Andy Merrifield inquired about clarification as to whether this money would go solely for direct instruction. Ochoa responded that the money would go directly to the schools but it would be up to each school as to the utilization of these funds as some of the enrollment growth can be accommodated without opening additional classes. Whitney Diver asked how the funds would be divided between the schools. Ochoa responded that this would be done via the same methodology as the past, based on the cost of the curriculum in each school.

Elaine McDonald expressed that she feels as though the decision has already been made on this item and wants to be sure the consultation process and policy is working. Ochoa responded that he made the assumption this group would endorse this item due to the consistent advice the PBAC and other committees have provided. If this item were not consistent with past advice, it would have been approached differently and more open

language would have been used. McDonald reaffirmed her point that the PBAC should be discussing decisions, particularly where we should conform to policy.

Diver asked Matthew Lopez-Phillips if the enrollment figure seems accurate from his perspective. Lopez-Phillips responded that he has been working with Schlereth and Ochoa and feels confident about the figure. Andy Merrifield clarified that the SFR should still increase due to over enrollment but it should not have as large an effect as if the funds were not allocated to Academic Affairs.

Scott Miller and Diver thanked Schlereth and Ochoa for this item. Ochoa emphasized that this committee's role has formulated and influenced this proposal substantively and the decision that is being made. The committee unanimously agreed with the proposal set forth.

IV: SUSTAINABILITY INITIATIVE

(Please see the November 8, 2007 Agenda Packet for this document)

Schlereth mentioned that the CSU Board of Trustees will meet next week on the Capital Outlay Program, including SSU's sustainability initiative. CSU Executive Order 987 directs each campus to reduce their energy consumption by 15% by 2009/10. SSU's Capital Planning Design and Construction group has identified four main projects that hold a combined price tag of \$2.6M that should accomplish the objective of EO 987. If this sustainability initiative is approved and started by the end of the year, the campus can take advantage of specific incentive rebates by PG&E. Schlereth stated that the funds would be borrowed and the debt service paid via energy savings as a result of the project. The first year's debt service would be amortized into the borrowing to allow time for the energy savings to materialize. The main risk would be if SSU does not end up generating the level of savings anticipated by the engineers in order to make the annual debt service payments. Schlereth added that the CSU believes utility costs as a whole will continue to increase, thus this initiative could provide even greater relative savings. This initiative has been endorsed by the CRC and received only positive comments when announced at the Academic Senate.

The recommendation was made to forward this initiative to the President. Sam Scalise expressed his concern with the IT verdium server virtualization project. Schlereth added that there is disagreement at both the CSU system level and at SSU between the CIOs and engineers on the best approach for this IT related project. The recommendation was approved by the committee with the caveat that SSU will not be committed to an IT verdium server virtualization.

V: REPAIRING THE BASE

Schlereth stated that the campus has attempted to fund the deficits in the various divisions and departments remaining after the budget cuts of 2003/04 and 2004/05 but this has mainly been achieved via one time funding and temporary fixes. The current draft version of the University Strategic Plan addresses repairing the base, however, where and how to do this still must be determined. Schlereth stated that he and Ochoa have been working with the various deans and administrative managers in the schools to determine the key budgetary issues which need to be addressed. So far these issues vary by school and a

similar assessment process will be conducted for other divisions and departments across the campus. These issues should then be brought back to the PBAC to determine the ways to finance them. Ochoa added that some schools have greater issues than others and thus there will be a need to prioritize. In addition, the PBAC, AABAC, and CRC should provide input. Ochoa expressed that in a normal budget environment, the campus could look at initiatives by each department but SSU was cut significantly and it is now threatening the viability of the programs. Thus, we have to assess the critical needs. Schlereth added that he intends to ask the deans what are the top three things needed in order to make a meaningful difference to both the faculty and students. Merrifield mentioned that this is now the normal budget situation for SSU and the CSU and it should be recognized that we cannot expect for the budget to get better. He added that sustainability also needs to be looked at.

Tim Wandling mentioned the importance of also analyzing the needs of Student Affairs. Lopez-Phillips mentioned that he sees Student Affairs as having a seat at the table and has had very constructive and collegial conversations with Schlereth and Ochoa on this matter. Miller stated that it would be helpful going forward for there to be clear communication on what “repairing the base” is as it may be viewed as an assessment of capacity in many ways.

VI: BOARD OF TRUSTEES BUDGET REQUEST: 2008-2009

(Please see the November 8, 2007 Agenda Packet for this document)

Schlereth mentioned that the Department of Finance is asking the State to plan for a 10% cut in the budget. However, this should not affect the CSU due to the Higher Education Compact with the governor and the legislature. Ochoa commented on the CSU baseline support for Academic Technology. A system-wide taskforce, related to ITAC determinations, of several provosts and CIOs, has been established to determine the allocation of funding to the campuses. Scalise added that it will be hard on campuses that are already at the baseline level. Once achieved, campuses will be required to remain at this level through additional funds in the future as well. Wandling mentioned that he sees the faculty struggling with WebCT and other IT usage and asked if future planning would be provided for advising at a personal level. Ochoa responded that “instructional course designers” are included as part of the Academic Technology funding initiative. Scalise added that this will also be important as accessibility items become requirements.

Inquiries were made about more detailed information on some of the items in the document provided. Ian Hannah agreed to email a link to all the members providing the entire CSU 2008/09 Support Budget documentation. The link is also provided below: (http://www.calstate.edu/budget/2008_09BudIndex/08_09BudInfo.shtml)

VII: SSU CAPITAL OUTLAY PROGRAM

(Please see the November 8, 2007 Agenda Packet for this document)

The Capital Outlay Projects for 2006/07, 2007/08, and 2008/09 were provided. Each fiscal year included major capital outlay projects, capital renewal projects, and minor capital outlay projects. The largest projects during this three year period include: the Green Music

Center (06/07 & 07/08), Darwin Hall (06/07), Tuscany (08/09), and the University Center (08/09). Schlereth stated that the majority of decisions related to the capital program are made in the Campus Planning Committee (CPC). Miller asked if further details could be provided relating to the process of the ADA projects. Schlereth responded that the campus has an ADA accessibility plan in response to the campus being surveyed by an external party to identify areas for improvement. Schlereth added that he would request Christopher Dinno to provide a briefing on this matter at the next CRC meeting. Scalise addressed the area of classroom renovations, to remind the committee that as more classrooms have technology it creates greater support needs for SSU IT. Patricia McNeill mentioned the need to have the Stevenson bathrooms renovated.

VIII: STAFFING AND SUPPORT FOR GRANTS AND CONTRACTS: 2006-2007

(Please see the November 8, 2007 Agenda Packet for this document)

Letitia Coate stated that in 2006/07, institutional support within Administration and Finance was provided for an approximately \$30M Grants and Contracts program (including CIHS, ASC, the schools, and UPSC). This institutional support includes such departments of support as Customer Services, Human Resources, Payroll, Procurement, general financial services, as well as oversight in the Vice President's office. Coate stated that she went to each of these departments to identify individuals who were connected to Grants and Contracts in some way. She then either met individually with these employees or with their supervisors to ask what was the estimated percent of their time spent on Grants and Contracts work in 2006/07. The percentages presented in the document provided were based on this interview process. Based on these percentages and the salaries and benefits associated with each employee, the total reimbursement amount for Administration and Finance personnel supporting Grants and Contracts totaled \$1,148,520. An additional \$23,832 was estimated for operating expense. This provides for an institutional support reimbursement of \$1,172,352. The actual amount billed back for institutional support in 06/07 related to EO-753 charges totaled \$1,507,163. However, not all of these funds remained with Administration and Finance. \$73,075 was given back to the ASC and \$467,562 was given back to CIHS for personnel in these areas. The piece that remained with Administration and Finance was \$966,526. Then, in November of 2006, \$140,000 was pulled back from CIHS to support the Procurement office due to the volume of procurement within CIHS and the need to correct and update the system. Therefore, in total, Administration and Finance received \$1,106,526 in reimbursements in 06/07 related to EO-753 for Grants and Contracts institutional support. This is \$41,994 less than the \$1,148,520 identified as the cost to Administration and Finance for estimated personnel costs. Coate added that a similar report for 07/08 would look quite different because it will no longer be based on a \$30M program, but rather closer to \$13M. There is now the challenge of adjusting to meet the new grant volume while being able to preserve jobs, particularly individuals coming from CIHS. A continued effort is being made to integrate these talented people and provide them with jobs once vacant positions become available on the campus.

Ochoa mentioned that this was an analysis of Administration and Finance institutional support for Grants and Contracts but the total level of institutional support would be substantially higher should personnel within Academic Affairs be included in the figures.

Lopez-Phillips added that personnel also exist within Student Affairs. Merrifield mentioned that it would be helpful to have departments labeled next to each name. Wandling suggested titles instead of names and that it would be a good item to bring to the Academic Senate meeting later in the day. Coate agreed to update the sheet.

Schlereth and Ochoa mentioned that they are working with counterparts at the CSU system level in an attempt to look at CSU best practices for supporting Grants and Contracts at a campus of our size and with the new level of grants and contracts volume.

Miller thanked Coate for her efforts in attempting to find employment at SSU for the CIHS employees. He requested to receive additional updates in the future as well. Coate replied that she would be happy to provide future updates. She added that as of February 12, 2007, there were 174 individuals working for CIHS. Since this period, many of these people have moved with their grants when their grants left SSU. Some individuals chose to retire. And about five people are currently actively seeking employment with the University once their grants end.

IX: BUDGET PRIMER

(Please see the November 8, 2007 Agenda Packet for this document)

This item was deferred until the December meeting due to time constraints.

X: ITEMS FOR THE GOOD OF THE ORDER

No items were reported.

Ochoa adjourned the meeting at 10:00 a.m.

Minutes prepared by Ian Hannah.