

**PRESIDENT'S BUDGET ADVISORY COMMITTEE
MINUTES
September 4, 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
Dan Condron	Vice-President for University Affairs
Patricia McNeill	Vice-President for Development
Matthew Lopez-Phillips	Interim Vice-President for Student Affairs & Enrollment Management
Letitia Coate	Associate Vice-President for Administration and Finance
Sam Scalise	Chief Information Officer, Administration and Finance
Janice Peterson	Senior Director for University Budget, A&F, CRC Representative
Elaine Leeder	Dean, School of Social Sciences, AABAC Representative
Scott Miller	Chair of the Faculty, Director, Writing Center
Tim Wandling	Immediate Past Chair of the Faculty, Chair, English Department
Susan Moulton	Chair-Elect of the Faculty, Art Department
Andy Merrifield	CFA Representative, Political Science Department
Derek Pierre	President, Associated Students
Nicolette Margi	Vice-President for Finance, Associated Students

STAFF PRESENT:

Lori Heffernon	Director of Academic Resources, Academic Affairs
Bill Ingels	University Treasurer, Administration and Finance
Ian Hannah	University Associate Treasurer, Administration and Finance

GUESTS PRESENT:

Susan Kashack	Associate Vice President for Communications and Marketing
Mary Gendernalik Cooper	Dean, School of Education
Kathy Mahler	Lead Budget Manager, Administration and Finance
Laura Lupei	Budget Manager, Administration and Finance
Sandy Ratliff	Administrative Manager, Enrollment Management

MEMBERS ABSENT:

Ruben Armiñana	President, SSU, Chair
John Kramer	Faculty Representative at Large, Political Science Department
Henry Amaral	Staff Representative, Facilities

AGENDA

- I: CALL TO ORDER AND OPENING COMMENTS
- II: APPROVAL OF THE MINUTES (May 22, 2008)
- III: YEAR END FINANCIAL REPORT: 2007-2008
- IV: REVIEW OF UNIVERSITY-WIDE BUDGET VS. ACTUALS: 2007-2008
- V: CSU AND SSU BUDGET PRIORITIES
- VI: STATUS OF THE 2008-2009 STATE BUDGET
- VII: ITEMS FOR THE GOOD OF THE ORDER

I: CALL TO ORDER AND OPENING COMMENTS

(Please see the September 4, 2008 Agenda Packet for this document)

Eduardo Ochoa brought the meeting to order at 8:10 am. No changes were made to the agenda. Larry Schlereth added that an October meeting may be scheduled depending on the date the State budget is finally signed.

II: APPROVAL OF THE MINUTES: May 22, 2008

(Please see the September 4, 2008 Agenda Packet for this document)

Schlereth informed the committee of a new practice in an effort to promote sustainability that consists of providing the minutes of the prior meetings to members electronically only (emailed in draft form prior to each meeting and posted on the web once approved). Copies of the remainder of the agenda packet will still be provided in printed form for everyone at the meeting. Approval of the minutes from the May 22nd meeting was deferred to the next meeting.

III: YEAR-END FINANCIAL REPORT: 2007-2008

(Please see the September 4, 2008 Agenda Packet for this document)

Schlereth described the status of the University reserve for 2007/08. The reserve status did not change materially from what had been presented previously during the May PBAC meeting. Schlereth stated that it is the practice to not have items brought to the reserve unless they are truly unanticipated items or items for which no budget exists. Scott Miller suggested that some items which have hit the reserve should have a line in the University Budget. Ochoa acknowledged Miller's comment but stated that due to the tight budget, they are currently held as reserve items. The total reserve distributions made for 07/08 was \$616,705, from an initial allocation of \$625,000, leaving \$8,295 in remaining available funds.

Schlereth described the 2007/08 year-end balances net of committed expenditures within the various divisions. The budgets of University-wide, Executive Office, University Affairs, University Development, Academic Affairs, Student Affairs & Enrollment Management, and Administration & Finance were compared to actual expenditures in each of these divisions. Overall, the total campus budget stood at \$91,143,620, compared to actual expenses of \$86,930,405 and committed expenses of \$3,018,362, leaving an ending adjusted balance available of \$1,194,853. The majority of this balance relates to an \$898,167 ending balance in the University-wide category. Representatives from each division provided an explanation of the committed funds and adjusted budget balance available at fiscal year end.

Elaine Leeder asked if any thought existed to hold the end of year balances in anticipation of the State budget cuts. Schlereth responded that the Vice Presidents are holding some funds if available but most of the dollars are committed. Ochoa added that some of the commitments are discretionary and could be pulled back if the budget were to require such an action.

IV: REVIEW OF UNIVERSITY-WIDE BUDGET VS. ACTUALS 2007-2008

(Please see the September 4, 2008 Agenda Packet for this document)

Schlereth described 2007/08 budgeted versus actual expenditures within the University-wide category. The total University-wide budget for 07/08 was \$30,456,176, compared to actual expenditures of \$29,358,009 and an additional \$200,000 in funds committed for Absence Management in CMS. This left an ending balance for the fiscal year of \$898,167. The largest contributors of this remaining balance include the following budget items: Employee Benefits/Risk Pool/Unallocated COLA of \$421,441; Financial Aid/Charge Card Fee/Hope Scholarships left a \$200,322 balance to be rolled forward; and \$255,022 relates to additional Student Fee Revenue over Budget after an \$870,000 one time allocation of excess revenue to Academic Affairs in 07/08.

Andy Merrifield inquired about using all of the excess student fee revenue for the purpose of instruction. Leeder added that she was under the impression that 100% of the excess enrollment would be allocated to Academic Affairs. Schlereth explained that he had worked with Katie Pierce and the Academic Affairs budget office to determine an estimate of the amount of funds that would be brought in due to excess enrollment as well as the level of funds needed to teach those additional students. The \$870,000 figure was agreed upon and allocated to Academic Affairs prior to knowing the actual fee revenue that would be brought in over the fiscal year. Ochoa added that all divisions are affected by the excess enrollment. Susan Moulton asked how much over target the campus is this fiscal year compared to last year. Ochoa stated that to date it looks as though this year will be similar to last year at around 300 FTES over target. Discussion ensued regarding the availability of courses and the current student average unit load. Ochoa noted that the average unit load is a factor in fee revenue as well as the FTES figure.

A number of identified priorities were outlined in the packet and discussed by Schlereth as items to be funded by the \$898,167 remaining balance in the University-wide category. He added though that these funds should not be fully committed yet due to next year's currently unknown budget. Tim Wandling expressed his appreciation for the disclosure of the uses of year end monies. He then asked what other items are not being discussed or shown as needed items. Schlereth responded that the Campus Re-engineering Committee will be discussing many items and the repairing the base initiative will address many items throughout the Schools. Schlereth recommended not taking action on this item due to the unknown budget situation but suggested that these items be discussed in CRC and AABAC.

V: CSU AND SSU BUDGET PRIORITIES

(Please see the September 4, 2008 Agenda Packet for this document)

Schlereth mentioned that the Campus Budget Cycle normally stipulates that the Campus Strategic Plan priorities be reviewed but the plan has not yet been finalized at this time. Schlereth went forward with describing the items which have been identified as priorities by the CSU System Budget Advisory Committee. The broad categories of focus include: mandatory costs, compensation, access, financial aid related to access, and long term needs. Schlereth added that additional clarification on these priorities should be available in October from the CSU Trustees.

The largest item under mandatory costs is employee benefits, in addition to new space and utilities. Schlereth indicated that access relates to a desire for a 2.5% enrollment growth and related financial aid costs. However, due to the State budget troubles, the 09/10 target is likely to be equal to the 08/09 and 07/08 targets. Long term needs consists of information technology (largely instructional technology), libraries, maintenance, and the student services initiative.

Schlereth then described the President's budget priorities for SSU. Many of the key issues mirror that of the CSU but with a few added items. Under access, the President wishes to allocate enrollment growth without off the top items with the following focus: hire new faculty at an SFR of 18.9, at a 75% tenure track to 25% lecturer mix and at the CSU base starting salary (approximately \$62,000 plus benefits). By 2011/2012 it is the plan to develop a \$1M base budget for faculty development. Schlereth added that WASC and the President desire for there to be a clear explanation of how these funds will be used. Also by 2011/2012 it is the plan to develop a \$1M base augmentation dedicated to repairing the academic base in order to improve educational quality.

The main capital outlay priorities for the next five years include: Green Music Center, Tuscan, University Center, Domestic Water Tank, annual classroom renovations, Infrastructure Sustainability Initiative, and Professional Schools Building. Schlereth mentioned that it may be difficult to obtain approval for the Professional Schools Building given the lack of a general obligation bond for the CSU related to the State Capital Outlay Program. Ochoa added that it may become more probable if donations are received for this. Leeder asked if a remodel of Stevenson was also planned. Schlereth responded that remodels of both Stevenson and Ives are planned but not within the next five years. Wandling inquired about the costs and utilization of space that would come as a result of the Green Music Center and University Center (e.g. Ives, Commons, Student Union). Schlereth stated that a sub-committee of the CRC is discussing the future use of the Commons and the Student Union. Ochoa looked at this as an opportunity to work with capital planning in order to tie in academic planning.

VI: STATUS OF THE 2008-2009 STATE BUDGET

(Please see the September 4, 2008 Agenda Packet for this document)

Schlereth noted that no State budget has been finalized yet. However, the campus has been able to function thus far through the use of student fee revenue. Unfortunately, this means there will be fewer dollars invested through the Revenue Management Program over the course of the semester. Financial aid is still being provided as usual. The President is still having the campus operate based on the level of funding provided in the May revision. Schlereth indicated that this means about a \$1.3M to \$1.5M cut to the campus from the prior year due to a number of mandatory costs that have arisen despite a total budget that is essentially flat from the prior year. If the budget were to revert back to the level provided in the January revision, this would result in a cut greater than \$3M. Each division could generally determine its portion of this cut based on their percent of the campus budget. Andy Merrifield declared that the CFA agreement stipulates a SSI increase regardless of whether the State honors the Compact budget for the CSU and thus should be incorporated into the current budget planning.

Wandling inquired as to what the status of the other unions would be if the cost of living keeps increasing and how that would impact retention and so forth. Schlereth stated that it is likely other unions would get involved. He added that, on the other hand, application pools are at a high point right now most likely due to the local economy and related low job availability.

Miller asked how the University would respond should a serious cut occur that is beyond what the campus can handle. Schlereth responded that the divisions would need to look at year end monies very carefully and save where monies were discretionary and available. Miller added that many problems exist even aside from the cuts but acknowledged the difficulty in planning in the absence of data. Schlereth commented that the economy and the State budget are not likely to turn around in 2009/10, but rather in 2010/11 or later. Wandling added that the campus cannot control the external factors but he believes the rethinking of planning and stated priorities, as referenced on the SSU priorities sheet, shows a move in a positive direction. Susan Moulton expressed the need for an emergency plan in terms of budget planning, with response actions, should a dire budget situation materialize.

VII: ITEMS FOR THE GOOD OF THE ORDER

No items were reported.

Ochoa adjourned the meeting at 9:55 a.m.

Minutes prepared by Ian Hannah.