

PRESIDENT'S BUDGET ADVISORY COMMITTEE

November 5, 2009

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
Susan Moulton	Chair of the Faculty, Art Department
John Wingard	Chair-Elect of the Faculty, Anthropology Department
Scott Miller	Immediate Past Chair of the Faculty, Director, Writing Center
Bill Silver	Dean, School of Business and Economics, AABAC Representative
Andy Merrifield	CFA Representative, Political Science Department
Sam Scalise	Chief Information Officer, Administration and Finance
Janice Peterson	Senior Director for University Budget, A&F, CRC Representative
Henry Amaral	Staff Representative, Facilities
Heather Hanson	President, Associated Students
Nick Curry	Vice-President, Finance, Associated Students

STAFF PRESENT:

Bill Ingels	University Treasurer, Administration and Finance
Lori Heffernon	Director of Academic Resources, Academic Affairs
Laura Lupei	Budget Manager, Administration and Finance

GUESTS PRESENT:

Michelle Covington	Development Operations Manager, Development
Christopher Dinno	Senior Director for Facilities Management, Administration and Finance
Ian Hannah	University Associate Treasurer, Administration and Finance
Kathy Mahler	Lead Budget Manager, Administration and Finance
Mike Ogg	Budget Manager, Administration and Finance
Sandy Ratliff	Administrative Manager, Student Affairs & Enrollment Management

MEMBERS ABSENT:

Ruben Armiñana	President, SSU, Chair
Matthew Lopez-Phillips	Interim Vice-President for Student Affairs & Enrollment Management
Letitia Coate	Associate Vice-President for Administration and Finance
John Kramer	Faculty Representative at Large, Political Science Department

AGENDA

- I. APPROVAL OF THE AGENDA
- II. APPROVAL OF THE MINUTES
- III. FUNDING RECOMMENDATION FOR ADDITIONAL SPRING 2009 SECTIONS
- IV. FUNDING RECOMMENDATION TO SUPPLEMENT FURLOUGH SAVINGS
- V. REPORT ON FURLOUGHS AND OVERTIME
- VI. FUNDING UPDATE: ATHLETICS OPERATING SHORTFALL
- VII. PENDING BUDGET ITEMS
- VIII. BUDGET PLANNING 2010-2011
- IX. FIVE YEAR CAPITAL OUTLAY BUDGET
- X. BUDGET PRIMER
- XI. BUDGET TOWN HALL

I. APPROVAL OF THE AGENDA

Larry Furukawa-Schlereth called the meeting to order at 8:05 am. There were no objections or additions to the agenda.

II. APPROVAL OF THE MINUTES

Eduardo Ochoa called for a motion to approve the minutes of the September 24th, 2009 meeting. Scott Miller moved; Janice Peterson seconded. The minutes were approved with no objections.

III. FUNDING RECOMMENDATION FOR ADDITIONAL 2009 SPRING SECTIONS

Schlereth explained to the committee that the campus will receive \$600,000 of additional federal stimulus funding. The President wishes to allocate all of that funding directly to Spring course sections. There is also a small amount of funding associated with a settlement reached between the CSU and the CFA which is \$600,000 for the system and about \$14,000 for the campus. Andy Merrifield explained that the CFA and the CSU had an agreement not to use teaching assistants disproportionately to replace faculty. The settlement is an estimate of the costs to which the hiring of teaching assistants went over that limit and this amount is now coming back to hire lecturers. Schlereth clarified that the President has not yet seen this information but he feels confident that the President will add the settlement funds to the stimulus funds and the entire amount will be allocated to Academic Affairs. Schlereth moved to endorse the President's plan to allocate the \$614,000 to Academic Affairs to be used for Spring course sections; Heather Hanson seconded. Merrifield asked how this funding will be allocated out to the schools and Ochoa replied that it will be discussed in AABAC. Hanson added that the Associated Students passed a resolution supporting the allocation of this funding to Spring

course sections. The motion to endorse the President's allocation of the \$614,000 in one time funds to Spring course sections was approved unanimously.

IV. FUNDING RECOMMENDATION TO SUPPLEMENT FURLOUGH SAVINGS

Schlereth explained that, as has been reported before, the campus furlough savings is about \$300,000 short of what the Chancellor's Office had projected and a recommendation is being provided of how to fund the shortfall. First, CalPERS is giving CSU a one time savings return on the PPO option and the campus is estimated to receive about \$190,000 in our benefits budget for this year. Schlereth also suggests using the University Reserve for the remaining \$110,000, since we have not had to use much of the Reserve for this year. Schlereth added that the SETC voted not to furlough so the campus also needs to generate \$251,937 to cover the costs of that union's furlough value. This will be accomplished on our campus by eliminating four full time SETC workers. These positions will be vacated through attrition and retirements so it was not necessary to invoke layoff on this campus. SSU is only one of three schools in the CSU which is not doing layoffs in SETC. Merrifield noted that the total of those items is about \$550,000 and Schlereth clarified that the SETC portion is part of the original furlough estimate. There were no objections to the funding recommendation to supplement the campus furlough savings.

V. REPORT ON FURLOUGHS AND OVERTIME

Schlereth explained that Merrifield had requested this agenda item. Merrifield explained that the primary concern is whether or not MPPs, who are considered exempt in the week that they furlough, are working overtime in order to make up their salary. Schlereth said that Deanna Wilson in Payroll ran a report on overtime in September and he will send out the report with the explanations for all of the areas, but did not have time to fully prepare since the report just came in last night. Schlereth reviewed each of the areas which had reported overtime in September and pointed out that only two MPPs were on the list. Both of these MPPs are in the Payroll department and had prior authorization to work overtime in order to manage the manual implementation of the furlough data into the payroll system. Merrifield asked if most of the staff overtime would be typical in non-furlough years and Schlereth replied that this is correct. Merrifield said that this information responded to his concern, and that it does not appear as though overtime is being used to supplement MPP salaries. Schlereth added that the departments that approve the overtime have to cover the cost from their own budgets, not from the campus furlough savings.

VI. FUNDING UPDATE: ATHLETICS OPERATING SHORTFALL

Schlereth explained that Administration and Finance is holding a number of positions vacant in 09/10 in preparation for budget cuts in 10/11. These vacant positions are generating salary savings in the current year and Schlereth suggests using these savings in 09/10 to offset the \$550,000 structural deficit in Athletics. This item has been discussed in CRC, so a recommendation is not needed here, but is provided as an informational item.

VII. PENDING BUDGET ITEMS

Schlereth discussed the final items that need to be resolved in this fiscal year. Campus funding in lieu of the 09/10 endowment distribution of \$650,000 does not yet have a recommendation for a solution, though Schlereth hopes to provide one in December. The campus scholarship funding for 10/11 of about \$575,000 in student and athletic scholarships is still being addressed.

VIII. BUDGET PLANNING 2010-2011

Schlereth discussed the reduction planning for 10/11 and pointed out that these are not new figures, they are the same reductions that have been discussed at the last two meetings though this is probably the best case scenario. Ochoa added that these numbers are actually worse than they look for Academic Affairs because it doesn't take into account the loss of the \$600,000 in one-time money that will be used in 09/10. Schlereth added that the same is true in Administration and Finance for the Athletics shortfall. These cuts in 10/11 are mostly associated with the loss of the furlough. Susan Moulton asked if the additional stimulus money that the Chancellor is holding may be used to mitigate these cuts. Schlereth replied that if we don't have a mid-year reduction in 09/10 and if we don't have to pay back the student fee increase due to the lawsuit, that is a possibility, but he noted that it would still only be one-time money. Schlereth reiterated his hope that all of the divisions are planning for next year's cut because it takes a while to generate this amount of savings.

IX. FIVE YEAR CAPITAL OUTLAY BUDGET

(Please see the November 5, 2009 agenda packet for related documents)

Schlereth introduced Christopher Dinno, Senior Director for Facilities Management who reviewed the requested five year SSU Capital Outlay and Capital Improvement Plan. Dinno explained that this program is a planning tool for the Chancellor's Office to estimate future bonds and this plan covers 2010-2011 through 2014-2015. The funds for these programs are restricted to the specific construction project for which the bond was issued and the campus is reimbursed overhead costs. All items are approved by the Board of Trustees and SSU is not required to pay back these funds for any state funded projects. The Major Capital Outlay projects in the five year plan include the Professional Schools Building, Stevenson Hall Renovation, Galbreath Observatory and the Ives Hall Renovation which total about \$114M. Minor Capital Outlay projects total about \$2M over the five years and include funding requests for classroom renovations, ADA related projects and deferred maintenance. The list of requested Capital Renewal Projects totals almost \$13M in the next five years. The total requested funding for State Funded Capital Outlay for 2010-11 to 2014-15 is \$129M. There is also one project in the five year plan for the Non-State funded program which is the University Center, estimated at \$62M. Moulton asked how the enrollment cuts affect this plan and Dinno

replied that the plan is based on growth so a reduction in enrollment may change the prioritization of the plan.

X. BUDGET PRIMER

(Please see the November 5, 2009 agenda packet for related documents)

Schlereth reviewed the Budget Primer presentation for the committee. The presentation provided an overview of the composition of the 08/09 SSU Budget included the Operating Fund, the Capital Budget and the Self-Support and Auxiliary Funds. The Operating Fund budget for 08/09 was \$92.9M and is composed primarily of state appropriations and student fees. The Capital Budget was \$60.7M in 08/09. The 08/09 Capital Budget included Tuscany construction and equipment, the Wastewater Holding Tank construction and a portion of the Bundled Energy Infrastructure Improvements. This budget varies from year to year and strict restrictions are set on how these funds are used.

Schlereth then reviewed the budgets for each of the Self-Support funds. The Grants and Contracts program was budgeted at \$8.2M, comprised of \$2.1M for the ASC, \$3.7M in the Schools and \$2.4M related to student outreach and public service. Resources are restricted to the specific grant or contract and the campus is reimbursed for overhead costs via Indirect Cost Recovery (IDC). The Housing program had a budget of \$19.5M in 08/09. These resources are restricted to the program. Housing has a high level of debt at \$139.4M which is characteristic of a young and highly residential campus. The 08/09 budget for the School of Extended Education was \$4.8M. The Parking program had a budget of \$2.2M in 08/09 and these resources are restricted to the Parking and Alternate Transportation program. Parking has outstanding debt of \$8.7M. The Instructionally Related Activities (IRA) budget was \$3.3M.

Schlereth then provided an overview of each of the campus Auxiliaries. The Associated Students, Inc. (ASI) had budgeted revenue of \$2.1M in 08/09. The Student Union's budget was \$2.4M. The Student Union has outstanding debt of \$14.9M. Sonoma State Enterprises (SSE) had a budget of \$9.4M and outstanding debt of \$5.2M. The Sonoma State University Academic Foundation (SSUAF) had a \$239,800 General Fund budget for 08/09. Total assets of the SSUAF were \$39.7M.

Schlereth reviewed the annual audit activity as well as the Debt Service Coverage Ratio (DSCR) and Campus Reserve policy requirements.

XI. BUDGET TOWN HALL – December 2nd, 2009

A town hall meeting is scheduled on the budget on December 2nd, 2009 at noon with the location to be announced.

Ochoa adjourned the meeting at 10:04 am.

Minutes prepared by Laura Lupei.