PRESIDENT’S BUDGET ADVISORY COMMITTEE
February 3, 2011

MEMBERS PRESENT:
Larry Furukawa-Schlereth  CFO, Vice-President for Administration and Finance, Co-Chair
Saeid Rahimi   Interim Provost, CAO, Vice-President for Academic Affairs, Co-Chair
Dan Condon   Vice-President for University Affairs
Matthew Lopez-Phillips   Interim Vice-President for Student Affairs & Enrollment Management
Patricia McNeill   Vice-President for Development
John Wingard   Chair of the Faculty, Anthropology Department
Susan Mouton   Immediate Past Chair of the Faculty, Art Department
Andy Merrifield   CFA Representative, Political Science Department
Bill Silver   Dean, School of Business and Economics, AABAC Representative
Letitia Coate   Associate Vice-President for Administration and Finance
Janice Peterson   Senior Director for University Budget, A&F, CRC Representative
Jason Wenrick   Acting Chief Information Officer, Administration and Finance
Henry Amaral   Staff Representative, Facilities
Bridgette Dussan   President, Associated Students
Katie Robinson   Vice-President, Finance, Associated Students

STAFF PRESENT:
Ian Hannah   Acting University Treasurer, Administration and Finance
Lori Heffernon   Director of Resources, Academic Affairs
Laura Lupei   Budget Manager, Administration and Finance

GUESTS PRESENT:
Matt Benney   Executive Director, Budget, Planning and Assessment, SAEM
Kathy Mahler   Lead Budget Manager, Administration and Finance
Mike Ogg   Budget Manager, Administration and Finance

MEMBERS ABSENT:
Ruben Armiñana   President, SSU, Chair
Ben Ford   Chair-Elect of the Faculty, Chair, Math Department

AGENDA
I. APPROVAL OF THE MINUTES
II. ANALYSIS OF THE GOVERNOR’S BUDGET
III. ITEMS FOR THE GOOD OF THE ORDER
I. APPROVAL OF THE MINUTES
Larry Furukawa-Schlereth called the meeting to order at 8:06 am and welcomed the committee back for the Spring semester. Schlereth called for a motion to approve the minutes of the December 9, 2010 meeting. Dan Condron moved; Bridgette Dussan seconded. The minutes were approved with no changes.

II. ANALYSIS OF THE GOVERNOR’S BUDGET
(Please see the February 3, 2011 agenda packet for related documents)

Schlereth provided a presentation given by the Chancellor’s Office to the Board of Trustees. The presentation details how the existing budget proposal brings the CSU back to the same funding levels as the 99/00 year. However, enrollment is much higher than it was 10 years ago. There has been a shift to reliance on student fee revenue rather than state funding. Finally, the operating expenditures of the CSU system-wide compose 15.9% of the budget, with salaries and benefits utilizing the other 84.1%. Susan Moulton asked if these figures assumed the passage of the tax extensions and Schlereth replied that, yes, they do.

Schlereth continued to explain that, though the cut amount to the CSU being discussed is $500M, this amount is mitigated by the student fee increase, less the set aside for Financial Aid. Add back in the new mandatory costs and increased health care costs and Schlereth believes the cut to the CSU to be around $350M. CFOs have been directed to estimate the cuts for their campus and prepare for those cuts even though there is still much uncertainty about the June election for the tax extensions. For SSU, the cut figure is around $8M. Schlereth emphasized that this is all still very preliminary and very fluid. Additionally, the governor has directed that the campuses are not to reduce enrollment and are to preserve access. The system target is about 330,000 FTES although were not yet sure of what the campus target will be. It is anticipated to be close to this year’s target of 7474 FTES.

Schlereth noted that there are currently some items that are not on the table for discussion in the planning to deal with the budget cuts. First, there are no talks of furloughs. Furloughs are a system-wide negotiation and are not on the table right now. There is also no discussion about a mandatory salary reduction right now. Lastly, there is currently no plan to implement an additional increase in student fees which are already being increased by 10% in 11/12.

John Wingard encouraged Schlereth to have a town hall meeting, because there is a lot of uncertainty and lack of information around the campus related to the budget cuts. Moulton asked if the reductions would be allocated by the Chancellor and Schlereth replied that, following the Governor’s message, the focus would be on reductions in administrative costs. Schlereth added that each of the divisions have been working on lists of potential savings and that he would be reviewing the list for Administration and Finance at the CRC the next day. Schlereth noted that he and Saied Rahimi have been focusing on maintaining academic quality and minimizing the cuts to the direct teaching mission. Given the cuts that the campus has already had over the past few years, this cut is going to require a fundamental re-imagination of how the campus organizes its work.
Schlereth reminded the committee that the campus has received new funding in 10/11 that was reviewed at the December meeting which he has encouraged the campus, other than Academic Affairs, not to spend that funding on a permanent basis since it will be cut next year. This one-time funding can then be used to buy ourselves some time to implement the changes for the cut. It is also likely that we may be facing another cut in 12/13. Schlereth strongly recommends restricting spending this Spring to give us some flexibility in the 11/12 year.

Schlereth reported that, due to the impending budget cuts, the President has reinstituted a soft hiring freeze, with the understanding that some positions need to be filled, but that each vacated position should be analyzed to determine if there is the capability for reassignment or reorganization. Moulton asked if the hiring freeze was extended to reclassifications. Schlereth responded that in management, the President will not reclassify a manager unless there is a documented, fundamental equity problem, which is rare, or a fundamental alteration in the job, for example, when Rahimi stepped into the Interim Provost position. Schlereth also explained that for staff, there is an in-range progression process which happens when an employee is able to demonstrate that they have acquired significant new skills or capabilities that improve their work. This process is mandated by the collective bargaining unit. Schlereth noted that management needs to be particularly careful not to work staff out of their job classifications. Rahimi added that there have been no discussions of changing the process of faculty promotions.

Letitia Coate asked if there has been any discussion of the worst case scenario if the tax increases do not pass. Schlereth replied that the Chancellor’s Office has directed the campuses to plan for the current cut, but to also consider possibilities for a deeper cut. It is not yet known what that figure would be if the tax increases do not pass.

Rahimi emphasized the importance of planning to be able to deal with this cut. We will need to carefully manage and plan enrollment because the focus should be in serving students and being able to maximize our service to those students. Moulton asked what structures are in place for the planning process and Rahimi replied that there will be full consultation within the systems that are in place which includes meeting with the Deans, and the Chairs and appropriate sub-committees of the Academic Senate.

Schlereth reminded the committee, that, in addition to next year’s cuts, at least two of the Divisions are carrying large structural deficits. In Academic Affairs, he estimates the structural deficit to be about $1.6M which has been bridged annually by one-time funds. In Administration and Finance, there is about $1.4M in the areas of IT and Athletics which has been propped up with one-time funds each year. Structural funding issues likely exist in the other Divisions as well. These structural deficits are something the committee should keep in mind as we are planning on dealing with next year’s budget reductions.

III. ITEMS FOR THE GOOD OF THE ORDER
None discussed.
Schlereth adjourned the meeting at 9:09 am
Minutes prepared by Laura Lupei