PRESIDENT’S BUDGET ADVISORY COMMITTEE

September 15, 2011

MEMBERS PRESENT:
Larry Furukawa-Schlereth  CFO, Vice-President for Administration and Finance, Co-Chair
Andrew Rogerson  Provost, CAO, Vice-President for Academic Affairs, Co-Chair
Matthew Lopez-Phillips  Interim Vice-President for Student Affairs & Enrollment Management
Ben Ford  Chair of the Faculty, Mathematics Department
Margaret Purser  Chair-Elect of the Faculty, Anthropology Department
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
Collin Yballa  Vice-President, Finance, Associated Students

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

GUESTS PRESENT:
Arcelia Cabrera  Administrative Assistant, University Development
Erik Greeny  Associate Vice-President for Development
Susan Kashack  Associate VP for Marketing and Communication, University Affairs
Neil Markley  Senior Director for Entrepreneurial Activities, Administration and Finance
Mike Ogg  Budget Manager, Administration and Finance
Steve Wilson  Lecturer, Mathematics

MEMBERS ABSENT:
Ruben Armiñana  President, SSU, Chair
Dan Condon  Vice-President for University Affairs
Patricia McNeill  Vice-President for Development
John Wingard  Past Chair of the Faculty, Anthropology Department
Bill Silver  Dean, School of Business and Economics, AABAC Representative
Andy Merrifield  CFA Representative, Political Science Department
Letitia Coate  Associate Vice-President for Administration and Finance
Alex Boyer  President, Associated Students

AGENDA

II. PRIOR YEAR FINANCIAL REPORT
III. MULTI-CULTURAL CENTER FUNDING
IV. ITEMS FOR THE GOOD OF THE ORDER

I. APPROVAL OF THE MINUTES
Larry Furukawa-Schlereth called the meeting to order at 8:05 am. The minutes from the April meeting were not approved at the last PBAC, so Schlereth asked for a motion to approve the minutes of the April 14, 2011 meeting. Janice Peterson moved; Jason Wenrick seconded. There were no objections or changes to the minutes and the minutes passed unanimously with abstentions from those not in attendance. Schlereth asked for a motion to approve the minutes from the August 18th meeting. Peterson moved; Wenrick seconded. Those who were not in attendance or who left early abstained; the minutes were approved with no objections or changes.

II. PRIOR YEAR FINANCIAL REPORT
(Please see the September 15th, 2011 agenda packet for related documents)

Schlereth reviewed the prior year-end budget balances. There was $7.8M remaining at the end of the year, which is a healthy balance largely due to the divisions holding the 10/11 stimulus funding in anticipation of reductions in the 11/12 year. Schlereth continued on to discuss the potential mid-year state budget cut trigger. At the August meeting, there was still uncertainty about how to handle the potential trigger cut. Since then, the CO has asked the campus presidents to set aside the funding for the trigger and the figure for SSU is about $2.3M. So Schlereth recommended to the Cabinet that we use some of the stimulus funding from 10/11 which had not been spent and is part of the $7.8M prior-year budget balance. The $2.3M for the trigger cut will be held back from the divisions, based on share of campus budget, from their year-end budget balances. If the trigger cut does not happen, the funding will be returned to the divisions, but only once the Provost has had a chance to assess the adequacy of sections for Spring. We are currently over-enrolled, so if there needs to be more sections added, this funding should be diverted there first. This will require a larger conversation of the campus target and how the CO is going to manage campus over-enrollments. Once there is a better understanding of the Spring semester and whether or not the trigger will be pulled, Schlereth explained that he and Andrew Rogerson will formulate a plan for the $2.3M.

Schlereth then reviewed each of the division’s plans for spending their year-end balances. Both University Affairs and Development are using their funding to bridge their temporary help costs which were cut in the base budget. Lori Heffernon explained that Academic Affairs is using their roll-forward for start-up costs associated with a new population of tenured faculty such as new workstations and travel expenses. Some will also be used in the Provost’s Office to fill in for prior year cuts and for faculty development related activities. Matthew Lopez-Phillips outlined how SAEM will be using their funding for Admissions and Records disability accommodations. Schlereth said that Administration and Finance has two areas with structural deficits, Athletics and IT, of about $650,000 that the roll-forward will be used for.
Schlereth continued on to discuss the prior year-end University–wide budget and actual expenses by expense category. The University-wide category had $3.1M left at the end of 10/11. This category is largely composed of employee benefits, financial aid and utilities. The campus also had excess student fee revenue of $562,000 due to conservative estimates, a roll-forward from 09/10 of $1.3M that this committee recommended rolling forward to 11/12 and $800,000 in accumulated unallocated interest earnings.

Schlereth listed the proposed usage for these funds. The first is $2.5M used as bridge funds related to the reductions of management and overhead that the campus will be making to meet the 11/12 budget cut. These reductions will be taking place over the next 12 month period and it is unlikely that the campus will be able to generate the savings immediately, so bridge funds will be needed for this year. Also included in that bridge figure is the $300,000 of bridge funding for the Multi-Cultural Center (MCC) for three years until we are able to fully implement the campus strategy to fund the cuts. Ideally, we will not need this entire amount and can free some of it up for other uses. The other spending proposals are expenditures in Academic Affairs – rental for large classroom space on campus that is non-academic spaces being repurposed for classes; Provost search and payout costs; three years of the ORSP Director; Stevenson Hall Language Lab remodel and the School of Education’s special project with the Santa Rosa School District.

Schlereth reviewed the prior year-end status of the campus reserve which has an annual budget of $625,000 and had a balance remaining on 06/30/11 of $287,196. Each year, the campus reserve is used to cover unanticipated items or expenses that the President or the PBAC determine should be funded by the reserve. The items funded from the reserve in 10/11 included the employee fee waiver reimbursement to ASI and the Student Health Center of $10,516. Schlereth added that this is an annual item and has now been built into the base in University-wide. The reserve funded $8,000 for our campus share of the COAST program which is housed at Humboldt. Schlereth added that this is again an annual item and has now been added into the base. Faculty sick leave had a cost of $201,596 in 10/11. This is always a reserve item because the amount varies from year to year. The stand-alone financial statements had a cost of $100,000 in 10/11, this item will go away next year as we no longer do stand-alone audits. Commencement is largely covered by a student fee, but needs additional funding and received $2,000 in funding from the reserve last year. This subsidy happens every year, so this has also been built into the base budget. The final item is related to an over-award in Financial Aid of $15,692. The reserve starts the 11/12 year with a new budget allocation of $625,000 and that will be reported on mid-way through the year. Ben Ford asked if re-keys were going to be paid centrally and Schlereth responded that yes, re-keys and guest parking have been added to the University-wide budget.

III. MULTI-CULTURAL CENTER FUNDING

Schlereth introduced an action item to the committee for their review and reflection regarding the funding for the MCC. A budget for the next three years for an MCC Director salary and benefits is built into the bridge funding discussed earlier. When the three years is over, the campus will need to find permanent funding for this program. Schlereth proposes to ask all of the divisions to contribute based on their share of the overall budget. As this would be hard to do all in one year, he suggests spreading it over two years beginning in 12/13. The amounts are pretty modest when split amongst all of the areas
and would enable us to provide permanent funding when the three years of bridge funding has passed. This plan could change if we receive growth money in the meantime but it would mean making some sacrifices and realignments in order to accomplish this. Schlereth added that the center needs space to operate. They are currently housed in the Student Union and will move to the Student Center when that building is complete. A&F plans to pay the rent on their space. Interim programming support for the current year is coming from SAEM but will need to be added to the base MCC budget. Once the new Director comes on board there will be further discussions of the proper level of programming and operating support for the MCC. Once that happens, Schlereth will bring back a proposal to the committee to decide how to create a permanent MCC budget. The expenses will likely increase over time as more support staff and programming are added. Discussion ensued regarding possible funding sources and timing of discussing the funding proposals. Schlereth asked Neil Markley to present on the floor plan of the MCC in the Student Center.

IV. ITEMS FOR THE GOOD OF THE ORDER
Schlereth reported that the Board of Trustees will be discussing the Student Center project next week. The CO is putting together a 12/13 budget that is incredibly optimistic that will be discussed at the Board of Trustees meeting in October. PBAC will meet in November to discuss the Board of Trustees’ budget proposal.

Schlereth adjourned the meeting at 9:00 am. Minutes prepared by Laura Lupei.