PRESIDENT’S BUDGET ADVISORY COMMITTEE
September 20, 2012

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
Margaret Purser Faculty Chair, Anthropology Department
Ben Ford Immediate Past Chair of the Faculty, Mathematics Department
Richard Senghas Vice-Chair of the Faculty; Anthropology Chair
Erik Greeny Interim Vice-President, University Development
Letitia Coate Associate Vice-President for Administration and Finance
Matthew Lopez-Phillips Chief Student Affairs Officer
Laura Lupei Interim Senior Director for University Budget, Administration and Finance
Andy Merrifield CFA Representative, Political Science Department
Karen Paniagua President, Associated Students
Adam Gourley Vice-President, Finance, Associated Students

STAFF PRESENT:
Ian Hannah Acting University Treasurer, Administration and Finance
Lori Heffernon Director of Academic Resources, Academic Affairs
Katie Robinson Project Assistant, Administration and Finance

GUESTS PRESENT:
Matt Benney AVP Academic Support, Academic Affairs
Arcelia Cabrera Administrative Assistant, University Development
Susan Kashack AVP Marketing & Communications, University Affairs
Kathy Mahler Lead Budget Manager, Administration and Finance
Mark Merickel Dean, School of Extended Education
Mike Ogg Budget Manager, Administration and Finance
Robert Rosen Director of Business and Operations, School of Extended Education

MEMBERS ABSENT:
Ruben Armiñana President, SSU, Chair
Dan Condron Vice-President, University Affairs
Jason Wenrick Acting Chief Information Officer, Administration and Finance
Carlos Ayala Dean, School of Education, AABAC Representative
Henry Amaral Staff Representative, Facilities
AGENDA

I. APPROVAL OF THE MINUTES

II. 2011-2012 UNIVERSITY WIDE EXPENSES AND DIVISION YEAR-END BALANCES

III. STRATEGIES TO ADDRESS THE STRUCTURAL DEFICIT AND A POTENTIAL TRIGGER REDUCTION

I. APPROVAL OF THE MINUTES

Larry Furukawa-Schlereth called the meeting to order at 8:32 am. He introduced the agenda and asked if any items needed to be added. Hearing none, Schlereth asked for a motion to approve the minutes of the August 23rd, 2012 meeting. Karen Paniagua moved; Laura Lupei seconded. The minutes were approved with no objections.

II. 2011-2012 UNIVERSITY WIDE EXPENSES AND DIVISION YEAR-END BALANCES

(Please see the September 20th, 2012 agenda packet for related documents)

In reviewing the University-wide budget vs. actual expenditures, Schlereth noted there was room for some potential permanent reductions. One of these areas was that of employee benefits, which had a remaining balance of $660,185, and has seen a large balance in years prior. Another area for a possible permanent reduction is the utilities budget. Due to several utility conservation initiatives on campus the area of utilities has seen a large savings of $1.3M in the 2011-2012 year.

Schlereth presented the year-end balances for each of the divisions for the 2011-2012 year. While all the divisions do have a balance, most of them have already developed plans to use the remaining funds. The Executive Office has $57,871 remaining, which will probably contribute towards the bridge financing. University Affairs chose to keep their $73,955 balance in order to continue publishing Insights Magazine. The University Development Office decided they would spend the $128,108 balance on an overdue database screening and additional alumni events. While Academic Affairs returned a balance of about $1.3M, much of those funds are restricted or multi-year allocations. The Division of Administration & Finance produced a balance of $564,084. Schlereth informed the committee that in a discussion with the Provost, they have decided to invest $200,000-250,000 in national and international recruitment. Paniagua asked how many national and international students the university was looking to recruit. Andrew Rogerson informed her it would be up to 200 national students and 50 international students. The additional students would contribute to the diversity on campus; however, there will not be so many as to displace other resident students. Additionally, the non-resident students will be paying higher tuition. Since the money would need to be transferred to Academic Affairs before the next Campus Re-engineering Committee, Schlereth asked if anyone saw any reason to oppose the release of funds for recruitment. Andy Merrifield asked if this was a step towards privatization. Rogerson assured him that was not that case, and there were many programs which still had room to admit these
students. Lori Heffernon added that this would be a chance to highlight the programs that can admit additional students. Mark Merickel pointed out that the SSALI program under the School of Extended Education has created much of the infrastructure for international student support. By the end of the discussion there was no opposition to the transfer of funds in support of recruitment of national and international students.

III. PLANNING FOR A POTENTIAL TRIGGER REDUCTION

(Please see the September 20th, 2012 agenda packet for related documents)

Schlereth once again shared that the campus has a $5.4M structural deficit. Approximately $1.1M has been identified through the net revenue of the State University Fee increase after the 1/3 Financial Aid set aside and mandatory cost increases. The strategies to close the deficit also include the reduction of a position in both University Affairs and Development due to attrition. Additionally, Administration and Finance is working on a re-organization through discussions with the Campus Re-engineering Committee which should be able to save about $1.6M, primarily in management positions. The saving amounts related to vacated positions include both salaries and benefits. Reorganizations of campus-wide IT departments, as well as the merger of Student Affairs under Academic Affairs are projected to yield savings of just under $1M. The Utility Sustainability Program generates an annual savings of $750,000, about half from utility savings, and half from the end of the loan payments. Currently, all but about $934,000 of the deficit has been identified. Schlereth mentioned he hopes to continue looking for operational expense reductions, and is confident he will be able to close the gap by the end of the year. A bridge will be required to cover the costs as transitions and reorganizations occur over the next year, which Schlereth believes can be covered by net cash balances across the university. The one time funding will come from a number of sources, including $3.6M from the University-Wide 2011-2012 year-end balances, as well as an undetermined amount from the School of Extended Education reserves. The CSU is utilizing the Schools of Extended Education across the system in an attempt to fill a $50M gap. The Board of Trustees has approved a tuition increase if the trigger is pulled; however, if Prop 30 passes, the Fall 2012 fee increase will need to be refunded, creating a $2.5M “cut” and SSU will need to find $2.5M to make up for the lack of tuition increase. Schlereth shared that there is a plan in formation, but the University cannot act upon it until after the election, placing SSU in a holding pattern.

Schlereth adjourned the meeting at 9:36 am.
Minutes prepared by Katie Robinson.