PRESIDENT’S BUDGET ADVISORY COMMITTEE

May 2, 2013

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 Department
Carlos Ayala     Dean, School of Science and Technology
Dan Condron     Vice-President, University Affairs
Erik Greeny     Interim Vice-President, University Development
Letitia Coate     Associate Vice-President for Administration and Finance
Matthew Lopez-Phillips     Chief Student Affairs Officer
Jason Wenrick     Chief Information Officer, Administration and Finance
Laura Lupei     Senior Director for University Budget, Administration and Finance
Andy Merrifield     CFA Representative, Political Science Department
Adam Gourley     Vice-President, Finance, Associated Students
Anthony Gallino     for Karen Paniagua- President, Associated Students
Henry Amaral     Staff Representative, Facilities

STAFF PRESENT:
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
David Crozier     University Deputy Controller, Administration and Finance
Susan Kashack     AVP Marketing & Communications, University Affairs
Mike Ogg     Budget Manager, Administration and Finance
Mark Merckel     Dean, Extended Education
Robert Rosen     Director of Business Operation, Extended Education
Natalie Sanchez     Administrative Coordinator-Budget, Administration and Finance

MEMBERS ABSENT:
Ruben Armiñana     President, SSU, Chair
AGENDA

I. APPROVAL OF THE MINUTES

Larry Furukawa-Schlereth called the meeting to order at 8:33 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 April 4th, 2013 meeting. Dan Condron moved; Laura Lupei seconded. Minutes approved unanimously.

II. STATUS OF THE UNIVERSITY RESERVE

(Please see the May 2nd, 2013 agenda packet for related documents)

Schlereth explained that the reserve is a permanent allocation of $625,000 in the Operating Fund for items that are typically unforeseen. These items require presidential approval. There is an additional $84,000 available, which had been rolled forward from the previous year’s reserve. Previously, Commencement was included in the reserve; however, it was determined Commencement is a predictable recurring expense, and it was moved to the base. The item for Osher Life-Long Learning Institute (OLLI) is the difference between the Foundation’s spending policy rate of 4% of the 5-year rolling average of the endowment market value and the 5% mandated by the donor. In order to satisfy the donor’s request, the campus made an agreement to pay the difference in order to avoid reducing the principle. Faculty leave is estimated at around $320,000. This amount cannot be finalized until the end of the year when all leave has been taken. There were a considerable number of repairs made throughout the year, incurring a cost of approximately $331,000. These repairs included: the Stevenson elevator, the Nichols elevator, the ion chromatograph, Darwin ice machine, and PE gas line and water line emergency repairs. There was also an asbestos abatement in Stevenson Hall which needed immediate attention. Senghas inquired how many of these issues are the result of deferred maintenance. Schlereth responded that many of the buildings on campus are reaching the 30-35 year mark, and as a result are beginning to deteriorate.

III. PROJECTED EXTENDED EDUCATION EARNINGS AND DISTRIBUTION

(Please see the May 2nd, 2013 agenda packet for related documents)

Mark Merickel and Robert Rosen shared with the committee the projected distribution for 2013-2014. In total the allocation amounted to $410,614, to be divided in varying amounts amongst the schools.
These numbers are based on the projected growth (around 5%) of a number of projects. Any additional revenue must be used to further advance the Extended Education programs.

IV. ACADEMIC AFFAIRS STRUCTURAL DEFICIT
(Please see the May 2nd, 2013 agenda packet for related documents)

Andrew Rogerson presented a prioritized list of needs to repair the structural deficit. The list presented to the committee was considerably shorter than the previous list they had seen; however, some of the items previously listed had since been covered under different areas of the university. The most substantial item was to replace the Dean’s Course at a cost of approximately $315k. Other larger items included: faculty recruitment start-up packages, support for in-state recruitment and admissions, disability accommodations, peer mentor program, and accreditation and program review. Matthew Lopez-Phillips asked if the total of $1,595,400 would be a permanent allocation to the base. Schlereth responded that while funding for all the items would be found for the 13-14 year, it would be a mix of permanent allocation and one-time funding.

V. 2013-2014 BUDGET AND SUMMER MEETINGS

Schlereth shared with the committee that the date for the summer meeting will be July 11th at 8:30 am. The meeting is tentatively scheduled in the MPR in the Student Union; however, the location is subject to change.

VI. UNIVERSITY AUDIT: FISCAL YEAR ENDING JUNE 30, 2012
(Please see the May 2nd, 2013 agenda packet for related documents)

Schlereth explained that it is the time of year according to the budget cycle to discuss the prior year’s GAAP Financial Reporting Package. As a cost saving measure across the CSU, campuses are no longer issuing stand-alone external audits on an annual basis. Schlereth asked David Crozier, the Deputy Controller for Accounting and Financial Reporting to present on the 2011-2012 GAAP Statements. Crozier reviewed the audited Financial Statements beginning with the Condensed Summary of Net Assets, which shows an increase in assets of $36.7M between 10/11, and 11/12. This increase is primarily related to capital additions for the Green Music Center and Student Center, not yet spent bond proceeds from the Student Center bonds, and the transition of campus funds from the Foundation to the University. Total liabilities increased by $22.6M, primarily due to the bond issuance for the Student center and accounts payable for construction projects. Net assets increased by $14.1M.

Crozier reviewed the total revenues slide based on the statement of revenues and expense. Between 10/11 and 11/12 total revenues increased by about $6.6M due to increases in student tuition and fees, housing revenues, and gifts. There was a decrease in Grants & Contracts revenue, due to the completion of the Head Start program. There was also a significant reduction in Government Appropriations, which can be attributed to state budget cuts. Crozier then reviewed the total expense slide based on the Statement of Revenue and Expense and explained the variations in the GAAP expense categories.
between the 10/11 and 11/12 years. Total expenses decreased by $289K from the prior year. The net income saw an increase of $6.9M.

Crozier moved on to explain the Unrestricted Net Assets category. Schlereth noted that though it sounds like we can use these funds for any purpose since they are considered “unrestricted”, for GAAP purposes, “unrestricted” simply means there are no “outside” entities dictating how to use the funds. However, SSU is a state agency and there are State and CSU regulations on how those funds can be utilized.

Coate added that the legal basis fund balance for the University Operating Fund is greater than what is reported for the GAAP basis University Operating Funds. The GAAP balance was $8.2M at June 30, 2012 and the legal basis balance (net of encumbrances) was $16.3M. The GAAP balance includes the future payout of total vacation time and accrued faculty salaries. Legal basis is pay-as-you-go for vacation and the accrued salaries are paid from the next year’s appropriation. The legal basis University Operating Fund balance is shared by the three divisions, university-wide, Health Center, and investment earnings.

VII. GOOD OF THE ORDER
Schlereth thanked Karen Paniagua, Adam Gourley, and Ben Ford for their service. Paniagua and Gourley served their terms as student representatives on behalf of the Associated Students. Ben Ford sat on PBAC for three years as a representative of the Academic Senate.

Schlereth adjourned the meeting at 9:57 am.
Minutes prepared by Katie Robinson.