## PRESIDENT’S BUDGET ADVISORY COMMITTEE

**December 04, 2014**

### 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
- Terry Lease, Vice-Chair of the Faculty; Business Department
- Bonnie Cormier, Proxy for Dan Condon: Vice-President, University Affairs
- Erik Greeny, Interim Vice-President, University Development
- Jason Wenrick, Chief Information Officer, Administration and Finance
- Laura Lupei, Senior Director for University Budget, Administration and Finance
- Ian Hannah, University Treasurer, Administration and Finance
- Carlos Ayala, Dean, School of Education
- Elaine Newman, CFA Representative, Mathematics Department
- Adam Rosenkranz, Vice-President, Finance, Associated Students
- Anthony Gallino, President, Associated Students

### STAFF PRESENT:
- Shawn Kilat, Director of Budget, Academic and Student Affairs
- Katie Robinson, Budget Manager, Administration and Finance

### GUESTS PRESENT:
- Natalie Sanchez, Budget Manager, Administration and Finance
- Christopher Dinno, AVP, Capital Planning Design Construction

### MEMBERS ABSENT:
- Ruben Armiñana, President, SSU, Chair
- Henry Amaral, Staff Representative, Facilities
- Richard Senghas, Faculty Chair, Anthropology Department
- Margie Purser, Immediate Past Chair of the Faculty; Anthropology Department
- Matthew Lopez-Phillips, Vice-President, Student Affairs
AGENDA

I. APPROVAL OF THE MINUTES

Larry Furukawa-Schlereth called the meeting to order at 8:30 am. He introduced the agenda and asked if there were any additions to the agenda. Hearing none, Schlereth asked for a motion to approve the minutes of the October 23rd, 2014 meeting. The minutes were approved unanimously.

II. 2014-2015 BUDGET PLAN UPDATE- EMPLOYEE COMPENSATION INCREASES

Schlereth provided an update on employee compensation increases. A 3% increase is being implemented across the various units. The pay increase will be retroactive to July 1, 2014. Increases for those in the Management Personnel Plan are contingent on their performance evaluations being completed. Faculty compensation increases have completed negotiation and all faculty will receive a 1.6% increase. Additional amounts to be awarded based on compression and inversion issues are being calculated, but it is a lengthy process as they must be evaluated individually. Anthony Gallino inquired if this would affect new faculty hires; Andrew Rogerson responded that it would not.

III. 2015-2016 TRUSTEES BUDGET REQUEST AND ENROLLMENT PLANNING
(Please see the October 23rd, 2014 agenda packet for related documents)

Schlereth reviewed the 2015-2016 Trustees’ Budget Request. While the Trustees requested a $269M increase, it is more likely the CSU will receive $119M, which is listed in the Governor’s Office multi-year funding plan. This amount will cover mandatory costs and the employee compensation pool; the remaining amount may possibly be used for 1% enrollment growth. Rogerson added that for enrollment purposes, the university is expecting 1% growth. The admissions target for the 15/16 year is 1800 first-time freshman and 800 transfer students. More information may be available when the Governor releases his budget in January.
IV. TASK FORCE ON A SUSTAINABLE FINANCIAL MODEL FOR THE CALIFORNIA STATE UNIVERSITY

Schlereth proved an update on the CSU Task Force on which he sits. The first two meetings focused on some housekeeping items, and reviewing the CSU’s current budgeting practices. A website has been setup, which will be periodically updated as the task force progresses. The next scheduled meeting will likely start to review the part that Financial Aid plays in the budget.

V. SSU FIVE-YEAR CAPITAL OUTLAY PLAN
(Please see the October 23rd, 2014 agenda packet for related documents)

Schlereth introduced Christopher Dinno, Associate Vice-President for Facilities and Construction Management, who presented the Five Year Capital Outlay & Capital Improvement Program for the years 2015/16 - 2019/20. This program is a planning tool for the Chancellor’s Office to estimate future bonds. The funds for these programs are restricted to the specific construction project(s) for which the bond was issued and the campus is reimbursed for overhead costs. All items are approved by the Board of Trustees and SSU is not required to pay back the funds for any state funded projects. Dinno reviewed the Major Capital Outlay Projects, which include the Professional Schools Building, Stevenson Hall Renovation, Ives Hall Renovation, Art Building Renovation, and Instructional Support Expansion, which total about $368M. Many of these projects are placeholders, meaning there is still a need for these important projects; however, feasibility studies have not been completed, with the exception of the Professional Schools Building, which requires an update. He added that it will be necessary to complete a feasibility study closer to the date of a bond release. Minor Capital Outlay equaled $2M over five years and included classroom renovations, ADA projects, and deferred maintenance. In the field of Energy Projects there is a request of $11.4M for chiller, IDEC unit, and lighting replacements. Additionally, there is about a $10.3M need for Capital Renewal -Projects such as replacing the domestic water tanks, in-ground valves, chillers, and natural gas infrastructure. The Non-State Funded Major Capital Outlay projects need to be funded via State Revenue Bond and have a corresponding debt service. These include the Weill Commons, Wine Business Institute, Baseball Stadium and the Aquatic Center, totaling $37.8M. Faculty Staff Housing was included in this category for many years, but it is no longer a priority in the current housing market.

Dinno does not anticipate that the state will put forward a bond in the near future, so this plan will continue to be updated with revised cost data and in coordination with academic planning concerns, as campus priorities shift.

Schlereth stated the importance having this plan in place, since the campus cannot grow much more without additional classroom space, in the form of new buildings. Adam Rosenkranz inquired where the Children’s School was on the list. Dinno responded that it falls under auxiliary control, but would be considered deferred maintenance, and there is currently a committee meeting to assess the needs of the building and program. Schlereth added that any Children’s School renovations will not come from
the university operating fund, and the responsibility to plan for maintenance lies with the Student Union Fund, a self-supporting fund within the university.

VI. BUDGET PRIMER
(Please see the October 23rd, 2014 agenda packet for related documents)

Schlereth reviewed the Budget Primer presentation for the committee. The most recent year’s budget was $185M, a decrease from the previous year due in large part to the completion of several large capital projects. The presentation provided an overview of the composition of the 13/14 SSU Budget including the Operating Fund, the Capital Budget and the Self-Support and Auxiliary Funds. The Operating Fund budget for 13/14 was $95.3M and is composed primarily of State appropriations and student fees. The Capital Budget was $9.5M in 13/14 and included the Student Center, Wine Business Institute, Pavilion/Commons, and Schroeder Hall.

Schlereth then reviewed the budgets for each of the Self-Support funds. The Grants and Contracts program was budgeted at $9.3M, comprised of $1.8M for the Anthropological Studies Center, $4.4M in the Schools (primarily Science & Technology and Social Sciences) and $3.1M related to student outreach and retention, and public and graduation services. The Housing program had a budget of $32.2M in 13/14. Housing carried a level of debt associated with the construction of the various Housing properties. The 13/14 budget for the School of Extended Education was $7.0M. The Parking program had a budget of $2.2M. The Instructionally Related Activities (IRA) budget was $3.7M which is generated from a student fee that supports a variety of co-curricular activities mainly Athletics, Performing Arts, the Children’s School and the Library. Additionally, in 13/14 the Health Center and CAPS had a budget for $3.1M. The Student Union Program’s budget was $7.9M, a large increase due to the opening of the Student Center.

Schlereth then provided an overview of each of the campus Auxiliaries. The Associated Students (AS) had budgeted revenue of $2.5M in 13/14. Sonoma State Enterprises (SSE) had a budget of $12.2M. The Foundation has a small general fund budget of $236,000 to support operations and the total assets of the Foundation, which were $46.6M.

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

VII. ITEMS FOR THE GOOD OF THE ORDER

Carlos Ayala asked if the Foundation is planning on increasing the annual endowment distribution. Ian Hannah responded that the current distribution of 4% of 5 year rolling average of market value is fairly consistent across universities, particular those with comparable endowments. Hannah does not anticipate the Foundation changing the distribution policy.
Schlereth adjourned the meeting at 9:45 am.
Minutes prepared by Katie Robinson.