PRESIDENT’S BUDGET ADVISORY COMMITTEE

December 10, 2009

MEMBERS PRESENT:

Larry Furukawa-Schlereth  CFO, Vice-President for Administration and Finance, Co-Chair
Eduardo Ochoa  Provost, CAO, Vice-President for Academic Affairs, Co-Chair
Dan Condron  Vice-President for University Affairs
Patricia McNeill  Vice-President for Development
Matthew Lopez-Phillips  Interim Vice-President for Student Affairs & Enrollment Management
Susan Moulton  Chair of the Faculty, Art Department
John Wingard  Chair-Elect of the Faculty, Anthropology Department
Scott Miller  Immediate Past Chair of the Faculty, Director, Writing Center
Bill Silver  Dean, School of Business and Economics, AABAC Representative
Andy Merrifield  CFA Representative, Political Science Department
Sam Scalise  Chief Information Officer, Administration and Finance
Janice Peterson  Senior Director for University Budget, A&F, CRC Representative
Henry Amaral  Staff Representative, Facilities
Heather Hanson  President, Associated Students
Nick Curry  Vice-President, Finance, Associated Students

STAFF PRESENT:

Bill Ingels  University Treasurer, Administration and Finance
Lori Heffernon  Director of Academic Resources, Academic Affairs
Laura Lupei  Budget Manager, Administration and Finance

GUESTS PRESENT:

Matt Benney  Executive Director, University Support Services, SAEM
Ian Hannah  University Associate Treasurer, Administration and Finance
Kathy Mahler  Lead Budget Manager, Administration and Finance
Mike Ogg  Budget Manager, Administration and Finance

MEMBERS ABSENT:

Ruben Armínana  President, SSU, Chair
Letitia Coate  Associate Vice-President for Administration and Finance
John Kramer  Faculty Representative at Large, Political Science Department

AGENDA

I. APPROVAL OF THE AGENDA
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Eduardo Ochoa called the meeting to order at 8:04 am. Susan Moulton requested that a discussion regarding Athletics be added to the agenda. There were no further additions or objections to the amended agenda.

II. APPROVAL OF THE MINUTES
Ochoa called for a motion to approve the minutes of the November 5\textsuperscript{th}, 2009 meeting. Scott Miller moved; Nick Curry seconded. The minutes were approved with no objections.

III. REVIEW CAMPUS RESERVE
(See please the December 10, 2009 agenda packet for related documents)

Schlereth explained that, as a part of the annual budget cycle, the committee reviews the status of the campus reserve in December each year. Schlereth then reviewed all of the items that have been charged to the campus reserve so far this year. The $41,000 for the WASC EER visit is primarily to cover the faculty associates who have worked on the WASC review. Since the accreditation is coming to a close, this item will not be necessary next year. The current Risk Pool deductible line item of $115,275 is composed of about $15,000 of expenses and an additional $100,000 deductible set aside for a pending employment case. This amount varies based on claims for general liability and it may turn out that not all of that funding is needed. There is also $110,000 needed to cover the furlough savings shortfall associated with the faculty on the 10/12 compensation plan which will be realized in 2010/2011. When these savings are realized, they will not be returned to the reserve, but will be kept in Academic Affairs. The final item, Disabled Accessibility, of $92,000 is related to students who need specific support related to a disability. So far, the total amount spent is $358,275, leaving a balance of $266,725. Andy Merrifield asked if this amount of spending at this point in the year was pretty typical. Schlereth replied that this is actually one of the best reserve years that we have been in. Lori Heffernon pointed out that the Faculty Sick Time has not yet been added to the list. Schlereth said that he hopes that the reserve does well this year so we can use the balance to shelter us next year.

IV. FUNDING RECOMMENDATION: ENDOWMENT DISTRIBUTION REPLACEMENT
Schlereth noted that this item has been discussed for a while and he is now ready to present a recommendation for replacement funding for the 09/10 endowment distribution. There are two
sources of one time funding. First, there are balances available in various unallocated Lottery funds. These balances are generally held for liquidity purposes, but Schlereth and Janice Peterson have determined that $250,000 of those balances can be utilized for this purpose. Secondly, the campus received an unexpected Risk Pool Dividend. A portion of the dividend goes to the self-support and auxiliary funds that pay into it and $400,000 will go back to the Operating Fund. The proposal is to use these one-time monies for the allocation to areas primarily in Academic Affairs to make up for the endowment distribution. The scholarships have already been funded for the 09/10 year but these funds would make the needed distribution of funds to campus programs. Schlereth moved to support the recommendation; Merrifield seconded. Merrifield asked what the total discretionary lottery fund balance is and Schlereth replied that is in the $500,000 to $600,000 range and that these balances have accumulated over a number of years. Merrifield asked if there were restrictions on these funds and Schlereth replied that the expenses must be tied to instruction. Merrifield clarified that lottery funds were not cut this year to make up the enrollment distributions. Schlereth agreed and added that these are accumulated balances and one-time funds. Miller noted that the original purpose of the lottery funds was not to replace funding but to fund enhancements such as the Writing Center. Henry Amaral asked how the enrollment distribution replacement funds were to be distributed and Schlereth replied that he has interviewed each of the Deans who received these endowed funds to determine how much funding they need this year to keep the programs running. The funds will go to Academic Affairs based on that analysis and the Provost can modify the allocation based on any changed circumstances. Ochoa added that once the distribution is received, an updated review of the program needs can be done and if new conditions dictate a shift, than modifications can be considered. Miller said that he opposes the motion, because he fears that ancillary services that are typically funding by lottery funds may be shorted in this scenario. Merrifield asked for clarification that the proposal today is to recommend to the President to move the majority of this funding to Academic Affairs for the endowment distribution, and then the Provost, AABAC and the Deans will determine the distribution to the programs. Schlereth agreed and Heffernon added that these funds must go to instruction. The committee approved the recommendation with one in opposition.

V: BOARD OF TRUSTEES BUDGET REQUEST
(Please see the December 10, 2009 agenda packet for related documents)

Schlereth reviewed the 2010-2011 Board of Trustees Budget which proposes to restore General Fund Support per FTES to 2008-09 levels and provides increases for Mandatory Costs, Access to Student Services and Instruction, a 2.5% Compensation Increase, increases for Long Term Needs and funding for compensation increases in prior collective bargaining agreement negotiations. The total requested CSU budget increase over 09-10 is $766,104,000. In a typical year, this budget request is a good indication of what will be included in the upcoming Governor’s budget, but this year, that is highly unlikely.

VI: BUDGET PLANNING 2010-2010
(Please see the December 10, 2009 agenda packet for related documents)

Schlereth explained that these are the same figures that we have been working with since the Fall. The anticipated cuts for 10/11 are largely unallocated and are associated with the loss of the furloughs.
Campuses have been told to plan for a 10% student fee increase or a buy out of the fee increase by the state. Those increased revenues have not been built into these figures, but mandatory cost increases have also not been included. Schlereth and Janice Peterson believe that once those figures are included, this cut amount will be somewhat reduced. After the Governor’s budget is released in January, Schlereth will provide updated 10/11 planning figures to the committee at the February meeting.

VII: ATHLETICS

Moulton explained that some faculty members are interested in how Athletics is progressing. She inquired whether or not it was the understanding that Athletics become a self-support unit. Moulton also asked about scholarship support for 10/11 and Schlereth replied that he is in the process of working with the students on a plan for all campus scholarships. Moulton asked about the rationale for moving Athletics to Administration and Finance and Schlereth replied that an audit recommended the need for greater financial strength and A&F had more resources in that area. Matthew Lopez-Phillips added that due to increased regulations, the loss of a key budget staff person and the downturn in the budget, Student Affairs did not have the bandwidth to properly support the Athletics department and believes that the move to A&F has been extremely positive. Moulton asked if the budget and number of positions had increased since the move to A&F and Schlereth responded that they had. Moulton asked if Bill Fusco had received a salary increase and Schlereth replied that Fusco received an increase for equity. Moulton asked about the IRA fund distribution and Lori Heffernon explained that the distribution is based on student referendum. Moulton asked if there is an external review of the department planned and Schlereth replied that there are periodic NCAA reviews. Moulton asked about the plan for next year and the future for the Athletics department and Schlereth replied that Athletics still operates with a significant shortfall and the determination needs to be made of whether the campus continues to support that augmentation and at what cost. At the moment, A&F is absorbing the shortfall.

VII: ITEMS FOR THE GOOD OF THE ORDER

Schlereth thanked Bill Ingles for his years of service and noted that this will be his last meeting at PBAC as he will be retiring at the end of the month. Ingles has been a part of the budgeting process at SSU for over 20 years and has done great work for Schlereth and the PBAC. Ingles said that his time at SSU and with the PBAC has been very rewarding and commended the committee on the way this very difficult budget year has been handled. Lopez-Phillips added that Sandy Ratliff is also retiring and Matt Benney will be stepping in to assist with the budget in SAEM.

Ochoa adjourned the meeting at 9:03 am.
Minutes prepared by Laura Lupei.