PRESIDENT'S BUDGET ADVISORY COMMITTEE

February 4, 2010

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
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
Letitia Coate  Associate Vice-President for 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:

Ian Hannah  Acting 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
Kathy Mahler  Lead Budget Manager, Administration and Finance
Mike Ogg  Budget Manager, Administration and Finance

MEMBERS ABSENT:

Ruben Armiñana  President, SSU, Chair
Dan Condron  Vice-President for University Affairs
Sam Scalise  Chief Information Officer, Administration and Finance

AGENDA

I. APPROVAL OF THE AGENDA
II. APPROVAL OF THE MINUTES
III. ANALYSIS OF GOVERNOR’S BUDGET

IV. BUDGET PLAN SUBMISSION TO CHANCELLOR’S OFFICE

V. ITEMS FOR THE GOOD OF THE ORDER

I. APPROVAL OF THE AGENDA

Larry Furukawa-Schlereth called the meeting to order at 8:04 am. No changes to the agenda were requested. Schlereth also introduced Ian Hannah who has been attending as a guest of PBAC for some time, but Hannah will now be serving as the Acting University Treasurer to replace Bill Ingels and will be considered staff to the PBAC.

II. APPROVAL OF THE MINUTES

Eduardo Ochoa called for a motion to approve the minutes of the December 10th, 2009 meeting. Scott Miller moved; John Wingard seconded. The minutes were approved with no alterations.

III. ANALYSIS OF GOVERNOR’S BUDGET

(Please see the February 4, 2010 agenda packet for related documents)

Schlereth reviewed the CSU Support budget as presented by the Chancellor’s Office to the Board of Trustees in January. This budget is based on the Governor’s January budget, which gives a strong priority to higher education including restoration of the $305M one-time reduction in 09/10. Additionally, there is another $60.6M for 2.5% enrollment growth which is contingent on federal stimulus levels provided to the state. These funds would have a huge impact on the CSU and on our campus and Schlereth urged everyone to join in the advocacy efforts to support the Governor’s budget.

IV: BUDGET PLAN SUBMISSION TO CHANCELLOR’S OFFICE

(Please see the February 4, 2010 agenda packet for related documents)

The Chancellor’s Office has asked each campus to prepare a 10/11 budget plan. Since the CO does not anticipate that the Governor will be able to fully honor the January budget proposal, the campuses are to plan for an alternative scenario. We are to assume that the furloughs will end on June 30th, 2010. We are to continue our enrollment reduction plan of an additional 72 FTES in 10/11. We are to anticipate either a 10% fee increase or a buyout of the fee increase.

The SSU budget reduction amount that was previously discussed was over $4.6M, but the updated cut is closer to $2.7M. The 09/10 reduction that was covered by the furlough was $4M which will need to be reduced next year when the furlough ceases. The CO made an adjustment to the campuses of how the 09/10 reduction was distributed and SSU received $750,000 in our favor. The 10% fee increase less the
1/3 set aside for financial aid would be about $1.9M. Schlereth noted that if the buyout happens instead of the fee increase, the 1/3 set aside for financial aid does not happen and the campus gets to use more of the funds. There is about $520,000 in unfunded mandated costs which are assessed to the campus by the CO for new space, health care and utilities costs. There is also a projected utilities shortfall for 10/11 of $556,000, which we will work on reducing through conservation strategies. The campus will lose about $267,000 in student fee revenue due to the decrease of 72 FTES and the allocated reduction from the Operating Fund due to the enrollment decrease of 72 FTES will be about $838,000. Thus, the total cut to the campus for 10/11 would be about $2.7M.

Schlereth explained that the President has asked each of the Vice-Presidents to submit preliminary division plans for handling the 10/11 cuts. The plans will then be refined in various committees throughout the semester and by the April PBAC meeting we will have a more detailed campus-wide plan. If the $305M gets restored, it is believed that the Chancellor will move towards increasing access, which would mean increasing enrollment. This would make up for the enrollment cut in 09/10, which was a large portion of the budget cuts we took last year. Ochoa added that we would still have to make up the savings achieved through the furlough, which is a big hole in the Academic Affairs budget for next year.

Andy Merrifield asked if enrollment is growing again, will we maintain the SFR? Schlereth responded that we would allocate the growth money out the way we took it away, on the marginal cost formula. So, many of those lecturers that went away would come back. Schlereth added that there is a lot of sensitivity about the fee increase, so maybe, if we got growth, we wouldn’t get the fee increase. There are many contingencies at this stage in the planning process and it is likely to remain unclear until August. Susan Moulton asked if enrollment is over target this semester and how that will affect us next year. Ochoa responded that this is a penalty free year and we are a little over target because we responded to students’ needs. The campus does not receive additional state funding for these students but extra student fee revenue is still generated. Discussion ensued regarding the committee’s general preference to focus on filling the hole left in the budget by the cessation of the furlough before we try to fund enrollment growth again. Ochoa added that in this case however, not all the lecturers would get hired back because we would not have the new students. There is not currently a plan for spending the $305M because no one is sure that we will receive it.

Nick Curry inquired about the timeline for the Board of Trustees meeting on the student fee increase. Schlereth responded that it will likely be in May. Curry asked if the fee increase is contingent on the $305M and Schlereth responded that the Governor’s budget anticipates both, but they may be related. Schlereth concluded that the campus will move forward with the budget plan as outlined by the CO, but we will have to know how we will adjust as things become clearer.

V. ITEMS FOR THE GOOD OF THE ORDER
Mouton asked about the status of scholarships for the fall semester. Schlereth replied that there is not yet a strategy for this, but one will be developed soon. Patricia McNeil added that it appears that scholarship applicants are down for next year and that Development has also been raising money for student scholarships.
Schlereth noted that we normally try to review the University Audit at this meeting, but it is not quite finalized so it will be reviewed at the April meeting.

Ochoa adjourned the meeting at 8:58 am.
Minutes prepared by Laura Lupei.