PRESIDENT’S BUDGET ADVISORY COMMITTEE

MARCH 24, 2011

MEMBERS PRESENT:
Larry Furukawa-Schlereth CFO, Vice-President for Administration and Finance, Co-Chair
Patricia McNeill Vice-President for Development
Matthew Lopez-Phillips Interim Vice-President for Student Affairs & Enrollment Management
John Wingard Chair of the Faculty, Anthropology Department
Ben Ford Chair-Elect of the Faculty, Mathematics Department
Susan Moulton Past Chair of the Faculty, Art Department
Catherine Nelson (proxy) 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
Jason Wenrick Acting Chief Information Officer, Administration and Finance
Henry Amaral Staff Representative, Facilities
Bridgette Dussan President, Associated Students
Katie Robinson Vice-President, Finance, Associated Students

STAFF PRESENT:
Lori Heffernon Director of Academic Resources, Academic Affairs
Mike Ogg Budget Manager, Administration and Finance

GUESTS PRESENT:
Kathy Mahler Lead Budget Manager, Administration and Finance
Erik Greeny Associate Vice-President for Development
Matt Benney Executive Director, University Support Services
Valinda Kyrias Administrative Support Coordinator, Geography Department

MEMBERS ABSENT:
Ruben Armíñana President, SSU, Chair
Saeid Rahimi Interim Provost, CAO, Vice-President for Academic Affairs, Co-Chair
Dan Condon Vice-President for University Affairs
Bill Silver Dean, School of Business and Economics, AABAC Representative

STAFF ABSENT:
Ian Hannah Acting University Treasurer, Administration and Finance
Laura Lupei Budget Manager, Administration and Finance

AGENDA

I. APPROVAL OF THE MINUTES, FEBRUARY 3, 2011
II. 2011-2012 BUDGET UPDATE
III. PLANNING THE FALL 2011 SCHEDULE OF CLASSES
IV. AUDITED FINANCIAL STATEMENTS
VII. ITEMS FOR THE GOOD OF THE ORDER
Larry Schlereth called the meeting to order at 8:04am. Schlereth called for a motion to approve the minutes of the February 3, 2011 meeting. Jason Wenrick moved; Janice Peterson seconded. The minutes were approved with no alterations.

II. 2011-2012 BUDGET UPDATE
Schlereth explained that not much has changed since the last PBAC meeting. The campus Presidents met last week and it was determined that the SSU share of the reduction is approximately $8.8 million. However, it was determined that there is an additional systemwide expense of $50 million for mandatory costs. As a result, the campus reduction has grown to approximately $9.8 million. Schlereth is expecting additional detail in the upcoming days. Further analysis will occur when the detail for the $9.8 million reduction is received.

Schlereth then added a few additional notes on budget. Approval has been given for the campus to begin the meet and confer process with the Unions regarding a 4/10 schedule during the summer. John Wingard asked what the real savings of a 4/10 schedule is. Schlereth stated that he is in the process of putting a group together to study that question. He doesn’t anticipate the schedule change taking effect until the Summer of 2012.

Schlereth stated that, going forward, all searches will be conducted as internal only. If a qualified internal candidate is not found, a discussion will determine if the position should be filled. All MPP positions are currently on a hard hiring freeze until the organizational structure is determined.

III. PLANNING THE FALL 2011 SCHEDULE OF CLASSES
Schlereth stated that Saeid Rahimi is on vacation and when he returns he will be providing a proposal for the Fall 2011 schedule. This will require tenured, tenure-track, and FERP faculty, as well as Lecturers to teach to the annualized target of 7450 FTES. The proposal is to recommend to the President to authorize the hiring of Lecturers at an approximate cost of $2 million. Currently this funding is unidentified. In the event of a shortfall the campus would look for grants from other campus entities or borrow through an inter-fund loan. He requested feedback from the committee members on this approach.

PBAC approved 2011 Fall Schedule recommendation by consensus.

IV: AUDITED FINANCIAL STATEMENTS
Schlereth explained that the Chancellor’s Office used to require annual audited financial statements. Last year the policy changed and the Chancellor’s Office now only requires campuses to have an audited financial statement every three years. When the policy change was originally announced, PBAC decided to continue having audited financial statements prepared every year. Schlereth wanted to revisit the issue with PBAC as the annual campus savings would be $95-$100k.

Letitia Coate explained that the audited financial statement is typically a three month process. The preparation portion of the process takes two months. Coate added that campus financial staff will continue to prepare the financial information annually for the system-wide audit. So, the annual time
savings will only be the one month that the auditors are actually on campus. Moulton asked if the proposed legislation from Senator Yee would have any impact on this decision. Schlereth said they are not aware of any reason it would. He stated that the Chancellor’s Office has an annual audited financial statement for the system. Moulton then asked whether the implementation of CFS has allowed financial staff to be available for other positions. Schlereth stated that is has saved 2 FTE in Financial Services. CFS makes the GAAP and State of California reporting process easier but doesn’t change the audit practice. Schlereth added that the audit process is becoming more complex as the public requires additional transparency. John Wingard asked whether the decision made for this year could be changed next year. Schlereth stated that it could. Ben Ford asked when we are required by the Chancellor’s Office to perform the next audit. His assumption is that since an audit was done last year, we shouldn’t need another audit for three years. Coate confirmed that this correct. Schlereth added that the downside of not performing an audited financial statement is that many donors, agencies, and sponsors do request them. Wingard asked whether the campus financial statements can be created from the audited Chancellor’s Office financial statements. Schlereth stated that since the systemwide financial statements are a summary of all campuses, this was not possible. Wingard then asked how much we could possibly lose from not having these audited financial statements. Schlereth stated it was unclear what that loss could potentially be. Patricia McNeill stated that the lack of audited financial statements for the campus would not be difficult for Development. Bridgette Dussan said that in times like this we should defer to the Chancellor’s Office recommendation. Students would rather see the $100k spent on course sections and services. Wingard asked if a three year audit would allow the auditors to detect any issues from the previous 3 years. Letitia Coate stated that the audit will focus on the previous year only. Schlereth also pointed out that there would be no review of internal controls. Wingard stated that his recommendation is to forgo the audit this year and review the impact next year. Coate stated that from the Financial Officer’s perspective audits are a productive exercise.

Schlereth said that as the CFO, his recommendation was to continue with the audit but requested a motion.

Motion- Dussan, Second- Ford  “Recommend to the President that the campus move to the Chancellor’s Office recommendation of requiring audited financial statements every three years.”

Vote- Aye: 6  Nay: 6

Schlereth said that he would report to the President that the committee was split on this issue.

VII: ITEMS FOR THE GOOD OF THE ORDER
None discussed.

Schlereth adjourned the meeting at 9:00 am.
Minutes prepared by Mike Ogg.