Members Present:
Hongwei DU, Kris Earway, Don Gailey, Patricia Jennings, Gary McBride, Jim Mitchell, Carol Reese, Aline Soules, Meiling Wu, Peg Winkelman, Helen Zong

Guest(s):
Tamra Donnelly
Michael Mahoney
Brad Wells

1. Approval of the Minutes of 4/6/12
   Passed

2. Approval of the agenda
   Passed

3. Report of the Chair, Meiling Wu

   1. Meiling reviewed materials/links below (sent in a prior e-mail):

   President Morishita's message "Fall 2012 Fee Increase and Budget Proposal"

   CSU Public Affairs site "CSU Outlines Options if Budget Cut by Additional 2 M":
   http://www.calstate.edu/pa/News/2012/Release/enrollment.html

   Carl Stempel's message to Senate "Field Poll on Tax Initiatives"

   Reuter's coverage "California Tax Initiatives test Populism":
   http://www.reuters.com/article/2012/02/08/us-usa-taxes-california-idUSTRE81724K20120208

   San Francisco Chronicle "California college leaders press for more funding:
   http://www.sfgate.com/cgi-bin/article.cgi?f=/n/a/2012/05/01/state/n120124D23.DTL&type=busines.

   2. Meiling reviewed items for final COBRA meetings of the year.
4. Report from Administration and Finance (VP & CFO Brad Wells) *(time certain 9:30am)*

1. Brad explained the schedule for the budget. Highlights:  The Governor approved a budget proposal in January that would have held the CSU budget at the same level if one or more of the tax initiatives pass in November. However, the May revise (expected on 5/14) will impact CSU.  After the May revise the Trustees will review the Governors allocation, and then adjust the budget and assign the most likely outcome to each campus. CSU is planning for the “worst case” scenario which will be reflected in the 2012/13 budget proposal.

Brad reviewed the 2012/13 Operating Budget Power Point handout.

Highlights:
- The Current year budget 11/12 (only includes state appropriated money).  The budget reflects that 60% of total operating budget comes from tuition and 40% from state support.

- Brad reviewed the potential midyear reduction of 100M for 2012/13.  CSUEB’s share will be $3,760,500.  The 2011/12 reduction was covered by set aside funds which we will not have next year.

- For planning purposes CSU is taking the approach that the 200M trigger cut will occur.  CSUEB’s share will be an additional $7,271,000 reduction.

More discussion on the consequences of the May Revise:

- If revenues are lower than expected then CSU can expect up to an additional 100M cut.

- The committee was reminded that when we increase tuition, 33% is set aside for tuition reductions to students who qualify.  That is, CSU discounts tuition fees by 33% through institutional grants. Tuition discount rate varies across all 23 campuses. For example the rate varies from a low of 16% at Cal Poly to a high of 47% at Domingus Hills.

Brad then reviewed Web sources for accounting/budget information.  The information contained in the data warehouse promotes greater transparency.

Questions for Brad:

- Meiling reminded Brad that COBRA should be included as a committee that the CFO consults with.  He indicated that he is moving in that direction.

- Meiling asked Brad if he is willing to conduct further information sessions.  He said yes, and suggested that it would be best to identify time periods when the CFO has important information to share (e.g., when the May Revise is released).

- Meiling asked about the potential 6% budget cut.  Brad explained that they will attempt to roll over unspent funds to help defray the cut, but the May Revise may change this if higher cuts occur.

- Carol asked Brad to provide insight on the role that COBRA should take.
The first recommendation is to have COBRA address the deep discounting model being applied differentially to CSU campuses. Brad indicated that this issue is not being addressed, and he suggested that we need more transparency discounting. Is this approach sustainable? What are the current practices? Brad suggested that this would be a good research study for faculty to undertake. The CFO can provide data if qualified faculty would take on this project. Brad suggested that COBRA could serve as a research oversight group if a grant could be secured to fund the study.

Second recommendation: Student fee policy in place today indicates that 1/3 of the collected tuition must be set aside. So, if we increase tuition by 6% we end up with a budget supplement of 4%. Thus, every fee increase must be 33% higher, and this leaves the state “off the hook.” CSU has been forced to take on responsibility for another state function without additional funding. We need a group to organize a discussion on student tuition policy. COBRA could take charge of providing an alternative policy approach to student tuition.

Mike Mahoney stated that Meiling will give a report to Ex-Com, and, at this meeting, she will discuss the charge of COBRA. He indicated that historically, four members of COBRA were on UPABC and now there is only one member. He suggested that at least one member of COBRA serve on each committee that deals with budget related items (e.g., A2E2).


Kris Earway reported that they are focusing in budget office on fine tuning revenue projections because of issues with enrollment projections. The Budget Office is attempting to assess student fees.

Kris is retiring on April 13, so Kris will bring Monique Cornelius to our meetings.

Carol Reese reported that about 995K came in from A2E2 fees. IRE took 90% of funding this year because IRA was already funded. Next year the split between the 4 pots of dollars will be different. They are projecting about 1.7 million in revenue from A2E2 next year. However, we will need to take into account the IRA fee since that fee will go away. Academic Affairs will finish the year in good shape because of roll over from various entities.

6. COBRA report to ExCom on 5/15

7. General Discussion: None—devoted to discussion with Brad Wells

8. Adjournment: 11:10 a.m.