CALIFORNIA STATE UNIVERSITY, HAYWARD
Committee on Budget and Resource Allocations
Approved as corrected

Minutes of the Meeting of July 11, 2003

Members Present:
Dana Edwards, Kris Erway, Karina Garbesi, Armando Gonzales, Bill Langan, Jose A. Lopez, Nancy Mangold, Saeid Montavalli, Don Sawyer, Bruce Trumbo, Don Wort,

Members absent:
None

Guests:
Cal Caplan, Norma Rees, Steve Ugbah (others present did not sign list)

1. Meeting Convened
Convened by Ugbah, VP, Academic Senate (AS), at the request of J. Norton, AS Chair.

Ugbah opening comments: It is the general perception that faculty are antagonistic towards the administration and that the administration is not willing to involve faculty in the budgetary process. Faculty do not wish to see the institution closed but strengthened. Administration and faculty have to be sensitive to each other’s needs for information and involvement. Administration must believe that faculty has the institution’s best interests at heart. Faculty must work in an advisory capacity to the President to ensure that the University keeps running. The Layoff Committee must work with COBRA to consolidate requests for budgetary information from the administration to avoid duplication. Ugbah then proceeded to the preliminary business of the committee.

2. Agenda Approved
(unanimous)

3. Approval of Interim Policies and Procedures for Committee Operation
Discussion: Lopez questioned why recommendations on Lottery Funds were identified separately in 2.A.3. Subsequent discussion clarified that does not limit committee’s purview to Lottery Funds, but specifies that their disposition should be considered. Members praised Susan Correia for developing the document.
Document Approved (no changes, unanimous)

4. Election of Committee Chair
Wort and Langan nominated for 2-year term. Secret ballot. Langan elected (majority vote). Langan then assumed chair’s position to lead the rest of the meeting.

5. Election of Secretary
Garbesi nominated, uncontested. Elected (unanimous).

6. Selection of Meeting Times and Dates
Summer Meetings: Langan indicated need to meet during the summer. Members agreed to next meeting on August 8th, 9 – 11 am, President’s Conference Room. More meetings anticipated in August.
Regular Meetings: Discussion: President’s Budget Advisory Committee (BAC) meets in same time slot (starting at 8am). All COBRA members are also members of BAC.
Members agreed to formally schedule COBRA two times per month during the academic year, but to reserve all Friday mornings as potential meeting times. If BAC meetings are called during a regular COBRA meeting time, COBRA chair will move the COBRA meeting to an alternate Friday if necessary.

Meeting facility: The president offered the use of the president’s conference room for all Fridays from 8 – 11 am.

7. Presentation by Kris Erway, University Budget Officer

Erway distributed and described the nature of information contained in the 2002/2003 General Fund Budget, Based on 2003/2004 Final Budget, December 6, 2002. The general fund includes state support and fee revenues only (no other sources such as lottery funds, parking, housing, etc are included). Within the Budget Office the report is known as the really big budget report (RBBR). Garbesi asked what fraction of the total budget is represented by the general fund budget. Erway indicated that it constitutes approximately 80%.

Erway’s stated purpose: To describe the nature of the report and the categories of information contained therein, not to examine the figures themselves. Garbesi inquired if the corresponding report of actual expenditures was yet available for that year (02/03). Erway replied that it is due next month. Gonzales asked if the Budget Office presents interim reports of actual expenditures to administrators. Erway said they do not, but that two versions of online reports are available at all times. Langan inquired if a preliminary report of actual expenditures, down to the department level, could be available for our next meeting. Erway indicated that this would be possible, at least for expenditures to the end of May. Erway’s description of terms is contained in the attached document. The following paragraphs describe discussions that interrupted the flow of her presentation.

Rees gave an overview of the process through which state funds are allocated to the campuses. She indicated that campuses now do ‘dollar based budgeting’ rather than being allocated funds from the chancellor’s office based on the ‘orange book’ formula. The latter ceased about 12 years ago. She indicated that the formula did not cover actual costs by a large margin and that ultimately the campuses had do their own budgeting allocations anyway, thus the former was abandoned. She indicated that the presidents intermittently argue that the base budgets for their campuses are unfairly low and ought to be recalculated. But, since all of the presidents see their own allocations as too low, she does not think that such a recalculation would necessarily be advantageous. She believes the process would be costly, divisive, and ultimately have little effect. In the absence of such a refiguring, she indicated that the only actual changes in the general fund allocations received by the campuses is through enrollment growth funding, of which the CSU average is 4%/year, with individual campuses varying.

When ‘self insurance’ was discussed (see Risk Management, RBBR, pg 8) members asked the president if this paid for replacement of library facilities after the fire. She said that it was going to do so, but then a special allocation was made for that purpose by the legislature. She indicated that that allocation did not ultimately cover full costs because of later discoveries of the need to remove asbestos and to make seismic upgrades. When asked if the ‘self insurance’ covered the difference she indicated that we were not using it for that purpose. When asked why not she indicated that it might not be worth our while as it would raise our premium. Rees also noted that capital outlay (e.g., for the library) is not part of general fund, so it will not appear on this budget.
8. **Agenda for next meeting:**

   Langan solicited input from agenda items for the next meeting from members. The following were suggested, only the last two (by Trumbo and Ugbah) raised discussion.
   - Garbesi: As a group, set specific goals for the year’s work.
   - Lopez: Most recent update on budget.
   - Sawyer: Reserve time for input from lay-off committee.
   - Mangold: We need to clarify what it is we need to accomplish under what timeframes.
   - Trumbo: View and discuss a complete accounting of actual expenditures for the most recent year for which final data are available (01/02). After discussion the committee agreed that the preliminary accounting for 02/03 would suffice if it is equivalent in form (i.e., the same detail of accounting). Erway indicated that this would probably be the case.
   - Ugbah: We should reserve a place on agenda for input from the president. Rees indicated this would be inappropriate as the committee includes her two chosen representatives (Erway and Gonzalez).

9. **Policy on alternate members:**

   Mangold inquired on committee policy on whether members should send a replacement if they are unavoidably absent. Members discussed the possibility of giving alternates proxy votes. Rees expressed reservations alternates would not be suitably informed unless they were bound to come to all meetings. Members concurred. Trumbo submitted a motion: No proxy votes should be allowed. Passed (8 yes votes, 1 abstention).

9. **Meeting adjourned, 11 am.**

   Respectfully submitted,

   Karina Garbesi, Secretary
Budget Terms Defined by Kris Erway
at COBRA Meeting 7/11/03

Terms contained in the really big budget report for 02/03 (2002/2003 General Fund Budget, Based on 2003/2004 Final Budget, December 6, 2002). Definitions are left blank for terms included in the budget report, but not discussed at the meeting.

The first two pages show the budget as it comes to the campus from the Chancellor’s Office. The subsequent pages show how it is allocated on campus.

RESOURCES (RBBR, pg. 1).

Net Base Budget: Amount of state support allocated effective July 1 of prior year. This July 1 budget is known as the Final Budget.

Adjustments: (detailed on page 2, elements of which are described below)

Potential Budget Reduction (est.): Budget Office ‘guestimates’ of current year reductions in budget

Enrollment Adjustment (est): Adjusts for anticipated enrollment increase

Fees Revenues: Budget Office’s estimate of total fee revenues based on estimate of that year’s enrollment and ‘guestimates’ of any changes in fee schedules. Figure is updated as data materialize.

DIVISIONS (RBBR, pg 1)
Shows allocation of total general fund among the six divisions, discussed in more detail later. The 6th division, University Wide Programs is the name for centrally held funds, the vast majority of this is benefits (health insurance, etc.).

Wort commented that University Wide Program funds also includes some CMS funds. Erway concurred.

Adjustments to University Base Budget,
Appendix A (RBBR, pg. 2)
Documents adjustments to the previous year’s base budget, thus it is a record of changes in certain spending categories rather than totals within spending categories.

One-Time and Base Adjustments: Shows changes that occurred in previous fiscal year (in this case 01/02) and were made permanent in the fiscal year being reported (in this case 02/03).

Retirement (PERS) Increase: This is whatever PERS requires that we pay in. At one time it was zero.

Health Benefits Increase: Accounting for all units and bargaining agreements.

Compensation Increase: Accounting for all units and bargaining agreements.
Permanent Gas Rate & Prorata Reduction: A reduction in the allocation to the campus as a result of lowered gas rates.

One-time reduction: Reduction allocated by the Chancellor’s Office for the current fiscal year (02/03)

State University Grant Adjustment: Adjustments in student financial aid, as determined by the Chancellor’s Office for each campus.

State University Fee Revenue: Chancellor’s Office’s projection of additional fee revenue from enrollment and/or fee increases. Here state support is reduced by the amount of revenue projected from enrollment and/or fee increases.

Non Resident Tuition Fee: Same as above.

Allocations to Divisions, Appendix B (RBBR, pg 3)
There are three broad categories of distribution included in each divisions allocations, as indicate below. Special Allocation Provisions (SAP) is a broad catchall that includes very different types of allocations, which utilize different methods of accounting. These can be particularly confusing as some are presented as additional spending on existing programs, others are total spending.

Base Allocation: Permanent ongoing funding by division, but are subject to change. Total base allocation, including any changes in the current year.

Special Allocation Provisions (SAP): Includes several very different categories of funds
i. New allocations in a given year. These are additional allocations in an existing budget category (for example, research support) or they can be for a new budget category. Unless specified as single year funds, these usually become part of base the following year.
ii. Big uncontrollable costs that fluctuate a lot (e.g., utilities and self insurance).
iii. Non-discretionary funds, the amounts of which are specified (e.g., EOP grants and financial aid).

Salary Increase: Self explanatory. Special note: On this budget salary increases were only listed in the President’s Division. This is because those increases had not yet been allocated to other divisions.

Base Allocations to Divisions, Appendix C (RBBR, pg 4, 5)
The two tables on page 4 are summaries of total allocations and changes in allocations from the previous year.

Page 5 details changes in the allocations for each of the divisions. Note in two cases direct transfers among divisions are evident. The first, is the transfer of $29,904 from ABA to AA (this reflected the transfer of responsibility over Photo IDs). The second is the transfer of $40,800 from the President’s Office to ABA, to hire a specialist in discrimination issues, necessary for legal reasons. Previously this task had been handled by a faculty appointee to the president. Now that position is 1/2 time covering only diversity and equal opportunity issues.

Direct Allocations, Appendix D (RBBR, pg 6)
Detailed in later appendices.
Special Allocation Provisions to Academic Affairs, Appendix E (RBBR, pg 7)

Some of the listed SAPs reflect changes in allocations (Ch) and some reflect totals (Tot), as indicated below

**Instruction**
These are all changes in commitments

- [Research Support (Ch)](B) From the Foundation (that which handles Grants and Bookstore)
- [Partial FERP Obligations (Ch)](B)
- [Center for International Education (Ch)](B)

**SAS** (All non-discretionary total spending, ND, Tot)

- [EOP Grants (Tot, ND)](B)
- [State University Grants (Tot, ND)](B)
- [Graduate Equity Fellowship (Tot, ND)](B)
- [JLD Program (Tot, ND): Job location and development, career center](B)

**Support Operations**

- [Telephone (Tot)](B)

Annotations on page 7

- [Projected cost (by CSUH Budget Office)](B)
- [Additional allocation (from governor’s budget)](B)

Special Allocation Provisions to Administration and Business Affairs, Appendix D* (RBBR, pg 7)

(*appendix label is apparently an error, as a previous appendix was labeled D, as are all following appendices.)

All of the entries on this page are totals

**Institutional Support**

- [Financial Operations, Credit Card Charges (Tot) (RBBR, pg 7): Merchant fees for student fees and tuition payment by credit card. These are going down as we switch over to a web-based service that allows students to pay by card but charges the students the merchant’s fee. We still offer a no-cost option for payment, electron transfer of funds from checking account. We pay something for the web service, but it is much less than we were previously paying in merchant fees. Bill payments by electronic transfer have increased dramatically.](B)
- [Human Resources, Benefits (Tot): Money paid to the Chancellor’s office for administering our benefits program.](B)
- [Postage (Tot)](B)
- [Facilities Management, Hazardous Waste Removal and Utilities (Tot): These are projections from facilities management.](B)
- [Risk Management (Tot): Costs of ‘self-insurance’ through Chancellor’s Office. According to the president, the campuses are not permitted to buy traditional insurance. It was not clear from the comment who forbids this.](B)

Pages 9 – 14 will be discussed at the August 8th meeting.