Minutes of the Meeting of September 26, 2003

Members Present:
Dana Edwards, Kris Erway, Karina Garbesi, Armando Gonzales, Bill Langan (Chair), Nancy Mangold, Saeid Montavalli, Don Sawyer, Bruce Trumbo

Members absent: Jose A. Lopez, Don Wort

Guests: Dee Andrews, Cal Caplan, Neal Hoss, Mark Karplus, Myoung-ja Lee Kwon, Richard Metz, Julie Norton, Hank Reichman, Michael Strait, Donna Strobel

(1) Agenda approved
(2) Minutes, approved with minor correction
(3) Report of Chair:

Langan passed out a new, 93-page version of the Financial Detail Report. This is far more detailed than the committee viewed previously. Committee asked: Can we get this posted? Hoss, yes he can, but it might be misinterpreted. Hoss proposed adding clarifying documents.

Motion (Garbesi/Trumbo). COBRA requests Hoss post to the web the long (93 page) Financial Detail Report with clarifying documents.

Motion passed, unanimous.

Langan: Tasks for COBRA: (i) Decode the financial details report. (ii) Understand the expenses for each fiscal unit, large and small; this will help us understand who we need to invite and what questions must be asked to understand the budget and expenditures. (iii) Compare budget allocations with actual expenditures to learn how funding shifts occur, at least in part. (iv) The larger aim is to understand how spending decisions are made. (v) Ultimately, we can identify priorities for spending to recommend to the President along with potential sources of funds to implement those priorities.

Garbesi: Does this document represent all of the detail on expenses maintained centrally at CSUH?

Hoss. No, each item is further documented. The information maintained in PeopleSoft. Approval for access is based on CSUH security needs and need to know. Will be generating more detail on procurement in the future.

Langan. Governor has now asked each unit to plan for a 20% cut, which could reflect substantial additional cutting here. (Whether this goes
though is unclear. We don’t yet know even who will be governor.) But it
does make it imperative to take a careful look at the coming year’s budget.

?? Caplan requests to be put on list for distribution of materials.

(4) Review of ’02-’03 Financial Detail Report

?? Langan: Asked whether there were any questions about the Financial
Review distributed last time?

?? Garbesi: The previous version of the Financial Detail Report was of little
utility to us as it contained no information on the nature of the expenses,
giving information only on which departments and divisions were
responsible for those expenses. Even that information was misleading as
some divisions explicitly allocate non-discretionary department expenses
to those departments and others do not. Langan made right move by
requesting more detailed report.

....From here on, all of the discussion referred to the new 93-page report.

?? Trumbo: How do the codes work in the new detailed report? These are
not department codes.

?? Hoss: Right. In the large report, after the initial three page summary, the
codes primarily indicate the type of expenditures (e.g., medical benefits)
and they are aggregated by the code prefix. The first three pages of this
report are identical to what we received before.

?? Erway: Actually, the three-page summary in the 93 page report
supercedes the previous one in that it has been updated. The numbers
that start with 6 indicate categories of expenditures, regardless of where
expenditures originated.

?? Caplan: Each College appears to report expenses in a very different
fashion. Is there any way to require a common reporting form?

?? Metz: The reporting format is the same. It is all done in PeopleSoft. What
is different is the budget process, not the reporting.

?? Caplain maintains that reporting is inconsistent.

?? Erway. Reports will only be consistent if and when the colleges operate
consistently.

?? Garbesi: Requests clarification, is it the nature of reporting system that
varies among the units or the expenditures themselves?

?? Gonzales: The accounting system is the same in all units. All is done in
PeopleSoft. But the College of Business, for example, centralizes its
accounting of certain items, ALSS doesn’t. So, the expenditures for
particular services, for example, may differ substantially among the units.
The only differences in reporting arise from actual differences in
expenditures in categories among units. Erway and Metz concur.

?? Langan: Confusion arises, for example, because benefits are recorded at
the department level, whereas this isn’t part of budgets that are actually
allocated to departments.
Erway: True, but controller requires this format of reporting. She automatically makes those allocations to departments as payments arise.

Reichman: What is meant by ‘final settlement’?

Erway: This includes several expenditures including leave benefits and paying out what is owed to people departing the university. This is all included in their last check.

Sawyer: Questioning how the budget process works: As we proceed during the year, is there a specific time when adjustments are made to the budget based on an examination of prior expenditure patterns?

Metz: Metz reports to BAC at least quarterly. This is the time that adjustments are considered. Last year, for example, adjustments were made because of the mid-year cuts. In that case, instruction was protected from cuts, which were then distributed proportionally across the other divisions. Regarding the timing, the detailed work begins when we receive the preliminary budget, for the campus. Intensive reconsideration occurs in spring, based on the May revise. Adjustments are primarily reactions to and triggered by changes in the campus’s general fund allotment.

Sawyer: Do we maintain a reserve?

Metz: We did. It was small, $300k. Recently we have wiped out our reserve because the budget has been so small. We do allow rollover of unused allocations by the units. Payback and penalty is imposed if overspending occurs.

Garbesi: Requests clarification. There were no cuts to instruction last year?

Metz: Right.

Garbesi: Her understanding is a number of departments were asked to make cuts in Spring 03.

Gonzales and Metz: The Deans may have requested cuts anticipating problems in upcoming year, but the division was not cut.

Langan: This is an example of the kind of questions we need to ask the Deans. Please spend time looking at budget document details and think about further questions we need to ask.

Mangold: Erway told us that actual expenditures are more meaningful than the budget. Should we then be focusing on expenses and not budget?

Erway: The budget is not meaningless. She wants all major units to be in the black, though not necessarily each individual unit. She requires that units maintain separate allocations for salaries as opposed to other expenditures. More detail is desirable, but not required. All non-discretionary costs allocated to departments always equal expenses because shoe automatically pays those.
Edwards: Is this Financial Detail Report only for General Fund budget?
Erway: Yes. It does not include lottery funds, trust accounts, foundation money, or income from housing. The non-general fund budget totals about $35M.

Reichman: Is housing not anticipated to make a profit or a large deficit?
Metz: If not full, housing can lose a significant amount of money. If full, it can make money. That money can be shifted wherever the University wants, as long as it does not violate the bond indentured codes.
Reichman: We are restricted on how we use parking money, right?
Metz: Yes. It has to somehow relate to parking. But one can get creative. For example, the message board was funded from parking funds. Parking related messages get first priority. Parking income can also be used for alternative transportation. This is how we pay for the shuttle bus system. Lottery money must go to academic functions. It is no longer required to go to new programs.
Erway: Lottery money must supplement, not supplant the general fund.

Motion (Garbesi/Edwards) COBRA requests a report on lottery fund expenditures for the past three years ending 02/03 October 17.

Motion passed, unanimous.
Erway: Agrees, and may be able to do it for the past five years.

(5) Discussion of Campus Budget Advisory Committee Survey Identifying Best Practices* (circulated previously)

Langan summarized recommendations, which broke down into different sets of actions for effective vs. ineffective committees. Langan asks where we think we are in that spectrum.
Garbesi: In transition.
Langan: Based on recommendations in the report it looks like we are moving in the right direction with respect to all of the major recommendations. We are now getting detailed information on budget and expenses, we have good participation by faculty (members of COBRA), and, we believe, the initial meetings of COBRA have established an atmosphere of trust between administration and faculty.
Langan mentions legal action by CFA President Tom McCoy against administration for not supplying budget related documents. He asked whether we should invite CFA president to attend COBRA meetings.
Caplan and others: COBRA meetings are open to all guests. No invitation needed.
Garbesi: CFA’s responsibilities have strong overlap with COBRA’s mandate. CFA is the faculty’s negotiator on issues of salaries and benefits. These common mandates warrant mutual acknowledgement. Inviting CFA to meetings could facilitate resolution of that conflict, expanding the atmosphere of cooperation we have been nurturing.
Norton: CFA has special role as faculty representative.

Motion (Garbesi/Trumbo), we should invite president of CFA to come to meeting.

Caplan sees it as unnecessary. It would set a precedent of one standing committee operating in a different way than others. Should we modify the ByLaws to include CFA representation on all committees.

Subsequent discussion repeated much of previous discussion.

Motion fails 4/5.

(6) Discussion of University Layoff Committee recommendations

Layoff Committee is recommending to Excom that either the Chair of COBRA should be on layoff committee or that the Layoff Committee and COBRA be merged.

Garbesi opines that this would be too much work for one committee.

(7) Appointment of subcommittees

Langan: Seeks authorization to establish a COBRA subcommittee on Tenure Track Allocation and Implementation of ACR 73, and a subcommittee to provide a liaison with the Statewide Academic Senate

Garbesi: Asks that a third subcommittee be added, a Budget Analysis Subcommittee

Reichman: A subcommittee to the Statewide Senate is not necessary. An individual person acting as a liaison is more appropriate. Reichman is happy to serve that role. He is there anyway and plans to report to us and provide that link anyway.

Sawyer: Thinks an analysis subcommittee is appropriate, but it might be more appropriate to defer its formation. We need to determine its function and scope first and its effectiveness will be limited until we get the kind of information that is currently being sought by the main body of COBRA.

Garbesi agrees to postpone the formation of the subcommittee.

Trumbo: We must think about the distinction between ad hoc committees and formal subcommittees. Need these all be ongoing subcommittees?

Reichman: Unlikely state will appropriate monies for ACR 73 soon. The request for ACR 73 money is being requested (below the line), but highly unlikely to be funded. It would be useful to determine what the costs would be on this campus alone.

Trumbo: We don’t know what we are doing ourselves yet. It is premature to establish subcommittees. Given this, at minimum subcommittee members should be drawn from inside COBRA. We need to know more about budgets and processes to do this well.

Reichman: Agrees with Trumbo, costs have changed since the original ACR 73 cost analysis was done.
Consensus of committee: Don’t pursue any of the subcommittees right now.

(8) Preparation for October 10 meeting

Langan: We will be meeting as BAC on October 10. He requested that President Rees give us information on the proposed budget before we get there. Rees said no. She does not want to present the same material to different committees.

Erway: Information will be sent in advance, it is not yet ready.

Reichman: The Chancellor’s office required that budgets be submitted to the Chancellor by August 15, 2003, so they should be available already. We should be able to get this. We had 31 separations last year and only 19 hires. Salary savings may be significant. We need to examine the magnitude of non-discretionary cost increases, salary savings, fee increases vs. budget cuts, etc., and the implications of these proposals.

Erway: Caveat: The August report to the Chancellor was necessarily based on very incomplete information. It represents her best guesses at the time. There should be a version of the 03/04 budget on the webpage. The biggest increases in costs are state requirements in contributions to PERS. What is most important are the expected salary expenses.

(9) Questions from Guests (unscheduled item)

Strait: How will COBRA change the role of CAPR in the tenure track allocation process? Would there be value in CAPR assigning one of their members to attend COBRA? The central function of CAPR is program review. CAPR has been continually struggling with its roll in the tenure track allocation process?

Members: COBRA agrees with the need for overlap, welcomes such attendance at COBRA meetings.

Sawyer: Urges the importance of a faculty voice into TT faculty allocations. Right now CAPR is the only place where that occurs.

Reichman: Program reviews need to include a clear resource aspect to them. Executive Committee and the Senate do need to address the specifics of CAPR’s role therein.

Cal: Of all resources critical to this institution, faculty is most important. Faculty’s separate input into faculty hiring planning is critical. It should not be influenced by others. Extremely important is faculty input regarding which departments should be allocated appointments.

Norton: The provost in the past has been opposed to the CAPR doing so.

Langan: There appears to be agreement on importance of this issue, which must be settled largely in Excom.

(10) New business. None.

(11) Meeting on October 3rd?

Next COBRA meeting will be Oct. 17. We meet as BAC on October 10th at 8am.
(11) Adjourned 11:30 am.

Respectfully submitted,
Karina Garbesi, Secretary