CALIFORNIA STATE UNIVERSITY, EAST BAY
COMMITTEE ON BUDGET AND RESOURCE ALLOCATION

Approved Minutes of the COBRA Meeting, Friday, February 20, 2009

Members Present: Jeanette Bicais, Dennis Chester, Kris Erway, Judith Faust, Armando Gonzales, Janet Logan, Nancy Mangold, Sue Opp (Chair), Eric Suess, Steve Ugbah

Members Absent: Ke Zou

Guests: Chris Brown, David Cain, Linda Dobb, Rita Liberti, Jim Okutsu, Jennifer Toor

1. Approval of the agenda – MSP

2. Approval of the minutes of the last meeting (1/30/2009)
   The minutes were approved with minor amendments.

3. Report of the Chair –
   Chair Opp mentioned that in the new budget, passed Feb.19, there are budget triggers which depend on the Federal stimulus bill. If the CSU doesn’t get what is expected from the stimulus, it could mean $50 million more would be needed to fill the gap.

   Next COBRA meeting will be March 13, since UPABC has its next meeting on March 6, the day that would normally be a COBRA meeting day. The first Friday in April, April 3, will also be a UPABC meeting. April 10 will be the COBRA meeting after the March 13 meeting.

4. Report of the Presidential Appointee(s)
   It was mentioned that the deans will be bringing their plans back to the Provost on Tues., Feb. 24.

5. Old Business
   a. Ongoing discussion of Cabinet’s budget proposal for 09-10 from last COBRA meeting
   b. Referral from ExCom: Analysis of budget implications of the President’s online initiative
      Michelle Pacansky-Brock has agreed to talk with us via telephone conference call on March 13. Also talking to us that day will be Linda Dobb, University Librarian and Jodi Servatius, Interim Dean of CEAS.
      There was some discussion of how the Online Initiative will be packaged, and also how we differ from online initiatives at other CSUs – at most of them, online classes/programs are extension-initiated or administration-initiated – at CSUEB it has been faculty-initiated.
      We are also intersecting with community colleges with links such as “how to finish your degree at Cal State East Bay online.” ExComm is asking FAC, CAPR, CIC to look at all policies to make sure online classes/programs are not falling through the cracks.

6. New Business
   a. Presentation by AVP Chris Brown, Enterprise and Foundation Operations
      Chris Brown gave members a handout with major functions of both Foundation and Enterprise Operations.
      The Foundation includes the bookstore, dining and catering services, the post office, vending services, coordination of auxiliary audits, other commercial services including vendors and campus advertising, post-award administration of private and public grants
and contracts, and accounting, payroll and human resources for all university auxiliaries and DCIE, as well as accounting for trust accounts, institute accounts, and ORUs (Organized Research Units).

Enterprise Activities include the parking budget, planning, construction and maintenance; parking enforcement and parking services; alternative transportation (shuttles, AC Transit class passes, etc.); facility rentals to outside groups; facility reservations for inside groups; and cell tower rentals on Warren Hall rooftop.

Brown said there is more enforcement now with more parking tickets, and new machines with card swipes for parking ticket purchases. Facilities rentals was said to include athletics, as well, and our fees for those are lower than normal. Some areas we are not allowed to rent, since academic classes come first. Areas are only rented when not in use by CSUEB.

A question was asked regarding income from rental of facilities. In Fall 2007 VP Bibb decided that all income from the rental of facilities to outside groups would go to a central "pot." Up until that time departments, like Kinesiology, were given 5% back from the total income to help offset the cost of staff time and equipment wear and tear to our instructional facilities (courts, fields, pools, etc). The question was: if Kinesiology, for example, requested money from this special pot to repair a piece of equipment, would there be special consideration given to the department, since some of that “pot” was generated from outside rentals that put wear and tear on the equipment? Brown said no, there would not.

Enterprise coordinates high school graduations at CSUEB – Brown said they are as much recruiting tools as rentals.

There were some questions about lease fees associated with the Aramark contract and the dining commons. Brown said that the original contract with Aramark was negotiated badly, and it has since been re-negotiated.

Brown mentioned a multi-million dollar retiree health benefit plan which had not been funded previously by the Foundation for Foundation employees, but is now being funded. He said the Foundation is turning around financially, but needs to pay off liabilities. Brown said in regard to grants that the Foundation has to pre-fund some grants, since some grantors pay us notoriously late. Figures provided by Brown for the Foundation showed a net operating income of $1,235,536 for 2008, but Brown indicated that money had not been given back to the University last year and may not be for 2009 either although that decision is up to the Foundation Board. This is despite the fact, as pointed out by COBRA, that the original 3-year budget plan for the University had indicated $500,000 minimum return to the University per year from the Foundation, with that return increasing to $1,000,000 by year 3. He said once the Foundation catches up with liabilities, there is no reason why the Foundation couldn’t put in $500,000 per year to the University.

There was a question from COBRA about why there would be a multi-million dollar retiree health benefit liability if most employees are new and few stay long enough to be vested and also why the retiree benefit doesn’t show up against the “profit” in 2008. Brown said the five net operating income/loss amounts indicated on the handout are from the income statement and that the liability is on the balance sheet. One member said that, in fact, any payments to retiree benefits should come out of income each year. When Brown again pointed to the balance sheet, a question was asked about adherence to GAAP (Generally Accepted Accounting Principles). Brown indicated that because the Foundation is a non-profit, they are not required to go by GAAP. Questions were asked about the fact that non-profits are subject to Not-for-Profit GAAP.

b. Presentation by AVP David Cain, Facilities Planning and Operations.

David Cain introduced Jennifer Toor, Financial Manager, who accompanied him. He said that the Operations part of his job was responsible for cleaning and maintenance on
campus, and that Planning was responsible for design and construction and remodeling of buildings. Items being planned are the Recreation and Wellness Center (being paid for out of student fees), a parking garage (to be paid for out of parking fees), and a 600 bed residence complex (to be paid for out of campus housing fees).

Cain handed out a Maintenance Level Matrix which showed five (5) levels of facilities maintenance and what they mean in terms of customer service, customer satisfaction, etc. He said that the President wants level 3, called Managed Care, whereas we are currently at level 4, with 5 being the worst.

He also gave out a five (5) page handout with bar charts displaying such things as campus gross square footage, average age of buildings, etc., comparing CSUEB and the CSU averages. With the life expectancy of a building at 70 years, CSUEB’s average building age is just about equal to the average for the CSU – 35 compared to 34 years old. He also gave a figure indicating the life of buildings, giving as an example the Science building, which is evaluated at .75 – meaning the building has used up 75% of its “life,” as compared to Music/Business whose rating is .47, and has used up less than half of its building life.

Cain indicated there has just been a CSU-wide matrix survey of all 23 campuses, though all the information is not available yet and will be provided to COBRA later.

Cain mentioned the Division II renovation of the stadium at a cost of $2,000,000.

COBRA asked where the funds for that were coming from, and Cain responded that he did not know, that we should ask Shawn Bibb. It was asked why we were spending $2,000,000 on renovations in these severe economic times, since the NCAA does not require us to upgrade the stadium.

Other bar charts included Classroom/Laboratory assignable (usable) square footage per Student, with the indication that CSUEB has more square footage per student than the CSU average, but much less laboratory square footage than the CSU average. Another showed facilities management cost as a percentage of gross institutional expenditures (GIE) – 6.64%, in this case.

COBRA asked how the increase of online classes/programs might affect the capital budget, or if increasing online vs. on-ground classes might reduce the eventual need of new buildings. Cain said it might be possible to have fewer buildings than if all new students were on-ground. It was pointed out by COBRA that President Qayoumi does not generally see an increase of online classes/programs as a way of saving money.

Respectfully Submitted,

Judith Faust, Secretary