



Strategic Budgeting Committee

October 17, 2006

1:00 pm to 2:30 pm

University Hall Training Room

Attendees

Terry Ballman, Joanne Coville, Marti De La O, Marty De los Cobos, Therese Eyermann, Scott Frisch, Missy Klep, Ted Lucas, Lori Macdonald, Maureen McQuestion, Marla Musgrove, Greg Sawyer, Christine Thompson, Ching-Hua Wang

Absentees

Noleine Blizzard, Bill Cordeiro, Lacey Lovejoy, Steve Stratton

Minutes

♣ Minutes

Minutes of the September 28, 2006 meeting were approved as distributed.

♣ Historical budgets by Division w/special emphasis on 2006-07 budget

Coville explained that there had been some reorganization of the offices of Advancement, President, and Communication and Marketing resulting in some distortion in the growth percentages. Budget would attempt to re-create historical numbers to present organizations with Marti's assistance. The big funding increases over time have been to Academic Affairs and IT.

♣ Preliminary estimate of additional funding for 2007-2008

Coville distributed her preliminary estimate of enrollment growth funding for FY 2007-08 reminding everyone that the general fund increase would fund specific line items, e.g. salary program, new space costs, etc. In summary, we project total additional enrollment growth funding of over \$6 million. Money is already committed to the State University Grant, to fully fund fringe benefit pool (Short for last year, plus this year and anticipated for next year), anticipated salary program in excess of funding, placeholder for desktop computer replacement program, a contingency fund to be held by the President, and the already approved new tenure track faculty hires (16 + 2 nursing). That leaves an anticipated \$2.3 million for everything else with the assumptions listed on the worksheet.

♣ New Revenue Management Program

Klep distributed a handout that showed how we have managed our state appropriations historically and how it will differ under the new Revenue Management Program. We now need to manage our funds in a more corporate-like manner. Prior to this change, we've been given spending authority and use purchase orders as a mechanism to spend our appropriations. Purchase orders have always been both a method of purchasing and also an implicit understanding that there is an available budget to pay for the goods and services covered by the purchase order.

We will now have revenues and expenses accounted for in accordance with generally accepted accounting principles (GAAP). The focus shifts from "authority to spend" to only spending to the extent you have revenues or reserves. Expenses are only recognized when goods or services are received, regardless of when ordered. Purchase orders are only a mechanism to purchase and do not necessarily result in a current period expense. We will have money left over at year end and since it's now Trust fund money, it is perpetually appropriated to us. We want to encourage people to not spend their entire budget so most, if not all, of the reserves will go to the Division. The issues that this presents are:

- 1) How do Divisions spend out their reserves?
- 2) How do Divisions allocate reserves to departments? Some departments end the year in deficit, others in surplus.
- 3) How does the SBC bring prior reserves into its thinking about a Division's budget?
- 4) We need a campus-wide reserve policy – how much of a reserve do we want? How much is too much and how much is too little? Should this policy go down

	<p>to Division level?</p> <p>5) We've always recouped all budget savings centrally and used for one-time costs across the campus. Those one-time needs won't go away. Should central keep a percentage of the current reserves? Impose a "tax" on accumulated reserves?</p> <p>These questions will be explored over the coming year.</p>
♣ FY 2005-06 financial results	Coville briefly explained the prior year's summary budget to actual financial reports by Division that include our "operating" funds.
♣ Budget buddy program	Coville briefly explained the budget buddy program and said she would seek volunteers in a future email communication.
♣ Next meeting	November 17, 2006, 8:00 – 9:30 a.m., University Hall Training Room