Fiscal and Governmental Affairs Committee

ASCSU

Meeting Number 2

October 8, 2004

1. The meeting was convened by Chair Reichman at 10:05 a.m. with Barrett, D. Hood, McKillip, Morgan, Muraoka, O’Brien and Pasternack present.

2. The Agenda approved with the addition of two items under New Business:
   Committee web page
   Propositions in the November elections

3. Senator Krabacher’s Minutes of Meeting Number 1 were approved as distributed.

4. Reports:

   Patrick Lenz will meet with us in November.

   Karen Ylverton-Zamarripa will speak with us via teleconference in November.

5. Chair Reichman and Senator Hood reported on the Systemwide Budget Advisory Committee meeting held on October 7, 2004. Two handouts from that meeting are appended to this document.

   The CSU is planning to spend 3.5% on compensation:
   Will this be a collective bargaining ceiling?

   The CSU met with representatives from the Department of Finance who had three concerns:

   Can the CSU meet its enrollment targets and what is being done about excess units?

   What is being done about a fee policy?

   Can the CSU increase its training of Nurses without additional resources?

6. The Committee analyzed the status (signed or vetoed) of the Bills included in the Legislative Report presented to the September meeting of the Board of Trustees.

7. The Committee requested that Chair Reichman talk with the Executive Committee to clarify exactly which courses were included in SB 1415.
8. A report on Federal legislation was postponed until November.

9. After a preliminary discussion of Senator Charny’s draft on Compensation and Workload, the item was postponed to a Time Certain of 2:00 p.m. when FGA will meet jointly with Faculty Affairs.

10. Committee Web Page

Chair Reichman announced that committees were responsible for their own web pages. He also pointed out that the committee’s web page currently resides on the CSU Sacramento server.

Chair Reichman will ask Senator Krabacher if he would be willing to work on the committee’s web page since he is at Sacramento and the pages would not have to be moved.

11. California Performance Review

Members of the Committee had printed out and studied extensive amounts of the CPR. After some discussion, it was the consensus of the Committee that there were very few items that would actually be acted upon and that the Committee’s time would be better spent on issues that had a greater probability of affecting the CSU.

12. Legislative Report

The possibility of a committee-issued Legislative Report for the use of CSU faculty was discussed.

It was the consensus of the Committee that the CSU’s already-existing Legislative Report, together with CFA’s discussion of legislation, were more than adequate.

13. Susan Meisenhelder

Susan Meisenhelder, Chair of CFA’s Legislative Action Committee, spoke to the Committee, bringing three major issues:

**Last Year’s Budget**

Speaker Nuñez was a real friend to the CSU and his assistance was invaluable. Faculty need to write, fax and call their legislators who pay attention to communications from their constituents. The Save the CSU Coalition still exists. Many business partners were extremely useful last year and still stand ready to help this year.
Elections

The budget was a partisan issue. The elections are very important for the CSU. CFA is supporting two propositions:

72: Health Care
66: Three Strikes Reform

Next Year’s Legislative Agenda

CFA has met with most of the candidates
Budget is a major issue, especially augmentations to the CSU Budget
Legislative Committee will meet the third week in November
Faculty should meet with their legislators
   Easier to get more time in the districts than in Sacramento
   Invite them to campus; especially, invite them to guest lecture
   Educate them about student demographics

14. Joint Meeting with FAC

The two committees met together to discuss Senator Charny’s Compensation and Workload Draft.

Although there was discussion of a possible resolution, the consensus was that Senator Cherny’s draft, with suggested emendations, would be an update to the 21st Century document. Although it would be sent to all the Trustees, it would actually be designed as an educational tool for the new Trustees, updating the 21st Century Report and providing the new Trustees with the history and background of, and the current issues surrounding, both compensation and workload.

15. The meeting adjourned at 2:55 p.m.

Respectfully submitted,

Dave Hood

(These Minutes have not been approved.)
## Preliminary Planning: 2005/06 CSU Support Budget

### Sources of Funds:

#### Partnership Funding Agreement Base Budget Calculation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004/05 Final General Fund Budget</td>
<td>$2,447,958,000</td>
</tr>
<tr>
<td><strong>Less:</strong></td>
<td></td>
</tr>
<tr>
<td>Lease Bond Payments</td>
<td>(61,595,000)</td>
</tr>
<tr>
<td>Deferred Maintenance</td>
<td>(4,187,000)</td>
</tr>
<tr>
<td><strong>Plus:</strong></td>
<td></td>
</tr>
<tr>
<td>Funding for 2004/05 Retirement Increase (2.179% increase effective January 2005)</td>
<td>44,200,000</td>
</tr>
<tr>
<td><strong>Total, CSU 2005/06 Base Budget General Fund Support</strong></td>
<td>$2,426,376,000</td>
</tr>
</tbody>
</table>

#### Partnership Agreement

- 3% Increase for General Operations                                             | $72,791,000   |
- State Marginal Cost for 2.5% Enrollment Growth (8,103 FTES) @ $6,270 per FTES | 50,806,000    |

#### Partnership Revenue Agreement

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue from Enrollment Growth</td>
<td>25,334,000</td>
</tr>
<tr>
<td>Revenue from 8% Undergrad/10% Graduate Increase in State University Fee Rates</td>
<td>75,914,000</td>
</tr>
<tr>
<td><strong>TOTAL, PARTNERSHIP REVENUE ESTIMATE 2003/04</strong></td>
<td>$224,845,000</td>
</tr>
</tbody>
</table>

### Use of Funds

#### Mandatory Costs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heath Benefits Rate Increase (9% - 10% rate increases effective January 2005)</td>
<td>19,500,000</td>
</tr>
<tr>
<td>Dental Benefits Cost Increase</td>
<td>1,525,000</td>
</tr>
<tr>
<td>New Space</td>
<td>4,511,000</td>
</tr>
<tr>
<td>Insurance Costs (Workers Comp., Property Ins., etc.)</td>
<td>12,334,000</td>
</tr>
<tr>
<td>Energy Cost Increase</td>
<td>4,000,000</td>
</tr>
<tr>
<td><strong>Total, Mandatory Costs</strong></td>
<td>$41,870,000</td>
</tr>
</tbody>
</table>

#### Enrollment Growth - 8,103 FTES

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State University Grants - Enrollment Growth (25% Set-Aside)</td>
<td>$4,319,000</td>
</tr>
<tr>
<td>State University Grants - 8% Ungrad/Postbacc; 10% Grad Fee Increase (25% Set-Aside)</td>
<td>$18,979,000</td>
</tr>
<tr>
<td><strong>Compensation - 3.5% effective July 1, 2005</strong></td>
<td>$88,078,000</td>
</tr>
</tbody>
</table>

#### Long Term Need

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Libraries</td>
<td>$1,420,000</td>
</tr>
<tr>
<td>Deferred Maintenance</td>
<td>$1,425,000</td>
</tr>
<tr>
<td><strong>TOTAL, PARTNERSHIP FUNDING AGREEMENT</strong></td>
<td>$224,845,000</td>
</tr>
</tbody>
</table>
2005/06 Budget Issues

Off-Campus Centers
Although CSU receives enrollment funding on the margin for instructional services at these off-campus sites, such funding does not support – and there are currently no state funding appropriations that provide for – the fixed requirements for instructional space and space maintenance, library and other academic support, admissions and record evaluation workload increases, development and expansion of student services activities, and institutional administrative and non-faculty staff support workload as enrollments at these State-approved centers reach traditional increased-cost thresholds.

Early Academic Preparation and/or Lower Division Transfers
In March 2003, the CSU Board of Trustees approved a series of recommendations made by a systemwide taskforce of faculty and administrators studying methods to improve graduation and degree completion at CSU. Two strategic components of the taskforce recommendations were: (1) campus "road maps" to graduation for each undergraduate degree major; and, (2) the establishment of lower-division transfer course patterns for each undergraduate degree major. To implement these recommendations and serve effectively native students and transfers, CSU's need for student advising increases – especially at the time of initial matriculation, and subsequently in the time periods immediately preceding class registration.

Clinical Nursing Academic Programs
Several nursing programs throughout the nation have established innovative "Entry Level Master's (ELM) Programs" that offer an intensive three-year program leading to a master's degree in Nursing for prospective students who have a non-nursing bachelor's degree (typically in a science related field).

Adjust Marginal Cost Graduate FTES Unit Load
Graduate full-time equivalent enrollment is currently counted as 15 units per term in the Marginal Cost calculation that funds enrollment growth. To be consistent with UC and national higher education institutions, graduate enrollment at CSU should more appropriately be counted as 12 units per academic term in the marginal cost funding calculation.

ACR 73 First-Year Implementation Requirement
In the California State University and across the country, there is serious concern about the increasing numbers of temporary faculty, as opposed to permanent (tenured and tenure-track) faculty, in institutions of higher education. There is growing alarm that recent hiring trends in higher education, necessitated by budget deficiencies, have upset the appropriate balance between tenured/tenure-track faculty and lecturer faculty. The trend is important because tenured and tenure-track faculty bear the primary responsibility for student advising, program development and revision, and participation in shared governance. In response to legislation passed in May 2001, ACR 73 (Strom-Martin), the CSU Academic Senate, the California Faculty Association, and the CSU Office of the Chancellor, developed a plan to increase the percentage of tenured and tenure-track faculty over eight years.

CSU Employee Salary Costs
Issues associated with faculty, staff and presidential salary needs.