I. CALL TO ORDER
   a) Approve Agenda
      Cutrer called the meeting to order at 10:01 a.m. The agenda was approved as presented.

II. ANNOUNCEMENTS
    Cutrer announced that Academic Hall was experiencing a power outage this morning as a result of rodents chewing through the electrical wires in the utility tunnel. Glasgow and Barsky have been attending to the matter. Email notices have been sent to associate deans and flyers posted. Instructors are responsible for determining whether to hold or cancel their class, likely dependent on the natural lighting in the room and reliance upon technology to deliver the instruction. Currently, it is anticipated that power will be restored by 2:00 p.m. today, but there is a contingency plan for moving evening classes to other locations, if necessary.

III. BUDGET UPDATE
     Cutrer distributed copies of documents entitled “University Budget Committee January 16, 2009, Budget Update” and “CSUSM Multi-Year Budget Model Allocation of Operating Fund Incremental Budget” dated 1/16/09.

     In addition to the information included in the “Update”, Cutrer reported:

     - Typically, the budget proposal announced by the Governor in January is the version, or one very near to it, that is adopted following hearings in the State legislature and negotiations at the State level.
     - Regarding #9 of the Update, the campus decided against applying for a portion of the funding for the 300 FTES nursing students this time because of the requirement to provide some matching funds.
     - The budget situation remains very fluid and actions (or inaction) by the State Legislature and Governor to adopt solutions directly impact the campus budget.
     - The review and approval process for personnel recruitments/appointments, travel, and purchases exceeding $10K and $25K implemented in November 2008 remain in effect and address #11 of the Update and Chancellor Reed’s communication dated January 9, 2009. To facilitate the review process by the Provost and President (if appropriate), members were asked to ensure that documents are complete and include supporting explanations prior to forwarding for review and approval.
     - There are costs to the campus for shutting down the construction on the SBSB and Science Hall II nursing facility improvements. Hopefully, the costs incurred by the campus will be reimbursed from the capital project funding.

     Regarding the “Multi-Year Budget Model”, Cutrer reported:

     - *Column G, Row 83, FY 08/09 Budget Act Fund Reconciliation Reduction*: Represents funds returned to the State, totaling $748,400.
     - *Column G, Row 84, Legislative Special Session Reduction*: $1.5M is a fluid figure and represents the campus’s share of the CSU’s $31M fiscal reduction implemented this current fiscal year. If the Governor’s January Budget Proposal is enacted, the $1.5M will become a permanent reduction in FY 2009/10. The correlating FY 09/10 permanent reduction is shown in Column H, Row 16.
- **Column G, Row 82, Revenue Adjustments from +/- Enrollment Targets**: Revenue projection reduced by $1M to reflect the actual FY 2008/09 enrollment (the campus did not achieve the planned 2% FTES over target).
- **Column G, Row 46, Compensation Increases, Row 47, Compensation Salary Lag Funding, and Row 85, FY 08/09 Unused Compensation Pool Funds**: Approximately $600K from the compensation increase pool of funds has been allocated/expended to date to cover salary increases awarded in accordance with collective bargaining agreement negotiations. Since we are half-way through FY 2008/09, the President’s Executive Council decided to release the remaining balance in the compensation increase pool to cover university needs on a one-time, fiscal basis this year (possibly the costs related to the temporary stop, and hopefully start-up, of the construction projects, or other one-time uses). The fiscal use of these funds is reflected in Row 85. The pool of permanent funds for compensation increases is currently carried forward to FY 2009/10 as reflected in Column H, Rows 46 and 47.
- **Column H, Row 12, State University Fee**: MYBM reflects a 10% increase in student fee revenue, anticipating that the CSU Board of Trustees will approve an increase effective FY 2009/10.
- Deficit projected for FY 2009/10 is less than that projected in prior versions of the MYBM; still premature to engage in conversations about the impact to divisions and colleges/units.
- Reminder that the MYBM reflects projections based on information available at a particular “snapshot” in time and is subject to change based on new or changing information.

Cutrer encouraged members to continue to be very prudent in managing budgets and making decisions regarding expenditures. This budget update information may be shared with Department Chairs, and Cutrer will share the information with members of the Academic Senate Executive Committee at tomorrow’s meeting.

IV. **SYSTEM AUDIT REPORT ~ REGISTRATION AND RECORDS**
Cutrer distributed a copy of the University Auditor’s summary of findings from the student records and registration audit. Since the findings are confidential, members were asked to handle the information appropriately. Two or three findings relate to policies and procedures that involve the Division of Academic Affairs. While no direct action is required by the AALC, these findings include information useful for members to know. The Academic Senate will be involved in policy recommendations to address some of the audit findings, and a copy of the edited report will be forwarded electronically to McDaniel.

V. **AGENDA ITEMS FOR NEXT MEETING (Tuesday, February 2nd, 9a – 11a, MARK 421)**
No discussion due to lack of time.

VI. **ACTION ITEMS**
No discussion due to lack of time.

VII. **ADJOURNMENT**
Cutrer gave each AALC member a copy of a book entitled *Leadership Without Easy Answers* by Ronald Heifetz. Jeffries recommended this book to Cutrer over the summer, and she found the ideas in the book valuable and worthy of sharing with members. Acknowledging that everyone’s plate is very full, Cutrer said a discussion of the book will be scheduled at a future date, after members have had an opportunity to read it.

There being no further business, Cutrer adjourned the meeting at 11:15 a.m.

Submitted by
Marcy Boyle, Assistant to the Provost and Vice President for Academic Affairs
Staff to the Academic Affairs Leadership Council