

Academic Senate Budget Update

November 7, 2018

Agenda

- I. FY2018/19 New Operating Fund Revenue, Other Adjustments, and Planned Expenditures
- II. The Hidden Costs of Our Success
- III. Update on Operating Fund Base Deficit
- IV. StubHub Revenue & Use of Funds
- V. Student Success Fee Update
- VI. Q&A

FY2018/19 New Operating Fund Revenue, Other Adjustments, and Planned Expenditures

FY 2018/19 New Operating Fund Revenue & Other Adjustments

<u>New State Revenue</u>	Base	One-time
Enrollment Growth	-	1,041,000
Graduation Initiative 2025	3,469,000	350,000*
Compensation and Benefits	4,751,000	-
Mervyn Dymally Institute	-	1,000,000
Research, Scholarly & Creative Activity	-	73,580
Campus Infrastructure Improvement	-	6,000,000
Total State Tuition & Other Revenue	8,220,000	8,464,580
 <u>Campus Revenue Adjustments</u>		
2017/18 Carryforward	1,221,828	7,165,238
Over Enrollment/Student Tuition & Fees	2,100,000	-
Foundation Distribution of Net Earnings		465,000
Salary and Benefit Savings-New Positions	-	3,965,956
Total Campus Revenue Adjustments	3,321,828	11,596,194
Total 18/19 Revenue Adjustments	11,541,828	20,060,774

*One-time Graduation Initiative funding targeted for EO1110 implementation, math and English academic support for incoming freshmen, and redesign of high-enrollment courses with low success outcomes.

FY 2018/19 Mandatory Costs & Earmarks

Mandatory Costs

	Base	One-Time
Compensation Increases	(3,203,900)	-
Benefit Cost Increases	(800,000)	-
Mervyn Dymally Institute	-	(1,000,000)
Library Seismic Project	-	(6,000,000)
E0 1110/Math/English & DFW Course Redesign	-	(350,000)
Research, Scholarly & Creative Activity	-	(73,580)
2.29% Reserve	-	(4,000,000)
Risk Management Increase	-	(219,173)
Total Mandatory Costs	(4,003,900)	(11,642,753)

Earmarked Allocations

Approved Multi-Year Commitments*

	Base	One-Time
Data Analytics, App. Dev. & Digital Presence (Year 2 of 2)	(1,250,000)	-
Deferred Maintenance (Year 2 of 4)	(250,000)	(491,000)
Research Scholarship & Creative Activities (Year 2 of 2)	(300,000)	-
ALC Loan Payment (Year 3 of 5)	-	(292,719)
Technology Refresh (Year 2 of 4)	-	(450,000)
Science & Innovation Group II Loan (Year 1 of 7)	-	(600,000)
Innovation Instruction & CBAPP Building (Year 1 of 4)	-	(1,400,000)
Total	(1,800,000)	(3,233,719)

*Recommended by UBC and approved by President Hagan.

FY 2018/19 Mandatory Costs & Earmarks *(continued)*

Earmarked Allocations *(continued)*

Other Commitments & Priorities

New T/TT Faculty (Hired in 2019/20)

Part-Time Faculty-Additional Sections - Enrollment

Distribution of Foundation Revenue to II Building

Chemical Hygiene Officer

President's Initiatives

Facility Renovations

Master Plan EIR

Campus Operations

Base Shortfall Mitigation

Total

Total Mandatory Costs & Earmarks

Balance After Mandatory Costs & Earmarks

Base

One-Time

(2,597,200)

-

-

(1,088,754)

-

(465,000)

(110,000)

-

-

(1,000,000)

-

(825,000)

-

(200,000)

-

(568,888)

(1,610,000)

(203,437)

(4,317,200)

(4,351,079)

Base

One-Time

(10,121,100)

(19,227,551)

1,420,728

833,223

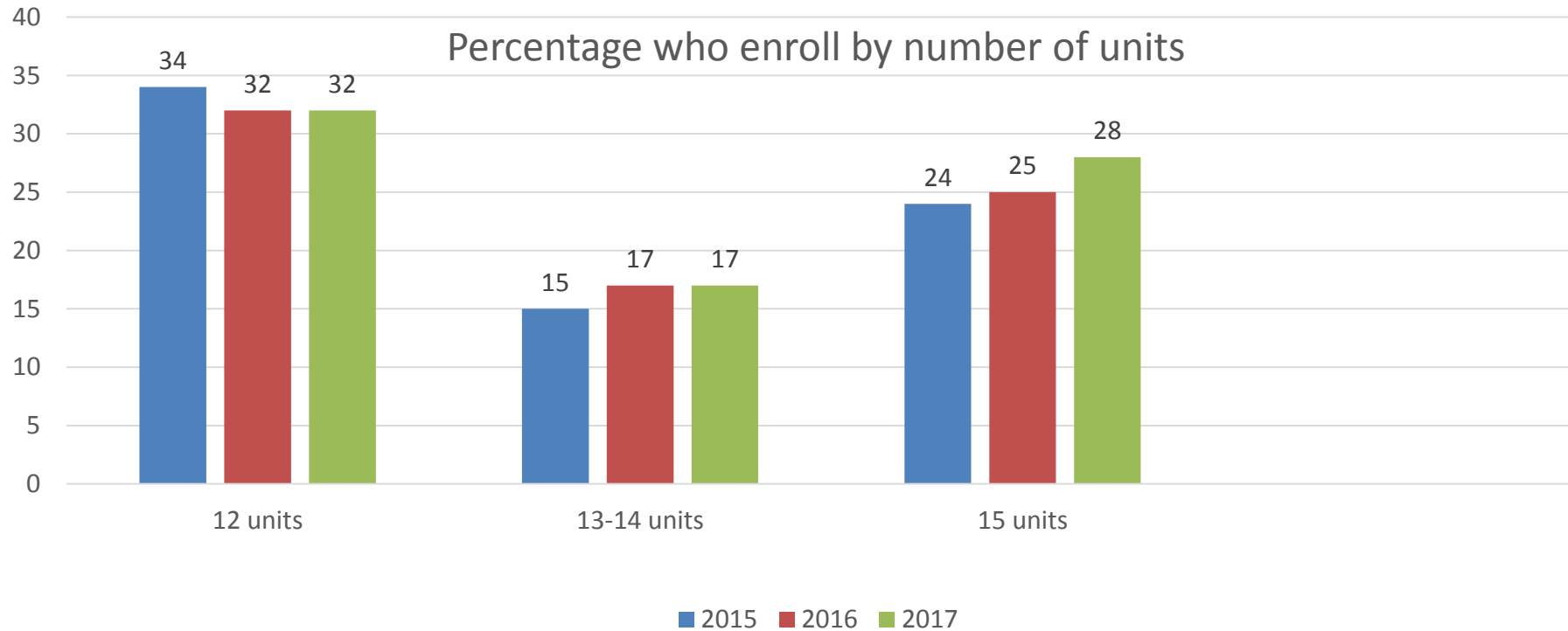
The Hidden Costs of Our Success

State-Funded Enrollment vs. Actual Enrollment

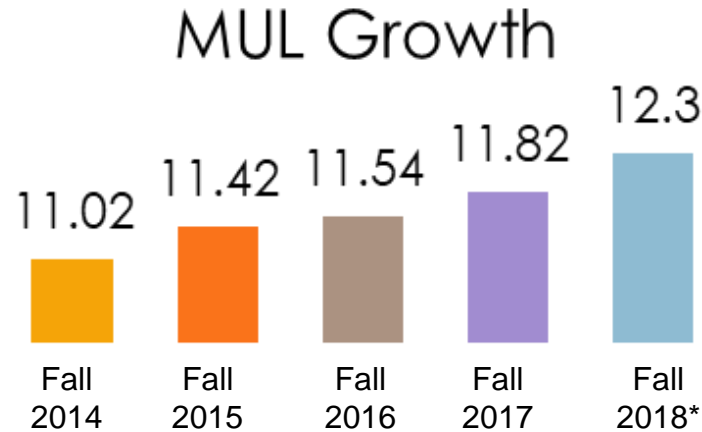
	2013-14	2014-15	2015-16	2016-17	2017-18	Fall 2018
Funded FTES Target (Resident)	9,628	9,928	10,390	10,609	10,825	10,825
Actual FTES	10,299.7	10,376.0	10,876.4	10,971.6	11,424.5	12,711
FTES Over Enrolled	671.7	448.0	486.4	362.6	599.5	1,886.0
Percentage Over Enrolled	7.0	4.5	4.7	3.4	5.5	17.4

Unrealized state funding for FTES enrollment
in fall 2018 above funded target: \$7.4M

Students Are Taking More Units



Increases in Mean Unit Load



Fall 2014 to Fall 2018 MUL
Increase: 11.02 to 12.3

Unrealized Tuition
Revenue: \$3.7M

Operating Fund Base Deficit

Base Deficit History

- Annual year-end carry forward in the operating fund decreased by approximately 62% from \$34M in 2012/13 to \$13M in 2014/15.
- An analysis of spending identified a base deficit of \$17.8M. Contributors identified include:
 - Multi-year base budget cuts & need for programmatic support.
 - Use of operating funds vs. course fees, miscellaneous trust, foundation and/or other non-operating revenue.
 - Not fully recovering costs from auxiliaries & enterprise partners.
 - The unintended consequence of our success – e.g., funding additional sections to accommodate unfunded enrollment and/or increases in mean unit loads.
- Additional base of \$12.4M approved to be funded over multi-year period to help mitigate the base deficit.

Base Deficit Status

- \$12.8M approved base shortfall reduced to \$3.8M as of July 1, 2018.

DIVISION	Approved Base Shortfall as of July 1, 2017*	FY 17/18 Allocations	Adjusted Base Shortfall After FY 17/18 Allocations
ACADEMIC AFFAIRS	(1,450,747)	-	(1,450,747)
ADMIN AND FINANCE	(82,383)	80,540	-
ADVANCEMENT	(547,933)	547,933	-
IT	(1,342,118)	-	(1,342,118)
PRESIDENT'S OFFICE	(17,395)	17,395	-
ATHLETICS	(821,551)	250,000	(571,551)
STUDENT AFFAIRS	(104,132)	104,132	-
CENTRALLY MONITORED	(443,447)	-	(443,447)
	(4,809,706)	1,000,000	(3,807,863)

- UBC will consider additional allocations to eliminate base deficit. CFO recommends allocation of \$1.6M in FY18/19—further reducing the approved base shortfall to \$2.2M.

Base Deficit Status *(continued)*

- Operating fund carry forward as of June 30, 2017 was approximately \$12M—approximately 6% of the University base operating budget—almost three quarters in centrally monitored accounts.
- Further illustrates the necessity of continued diligence in reducing the base deficit since divisions/departments do not have sufficient one-time carry forward to mitigate base shortfalls and sustain operations.

DIVISION	OPERATING FUND YEAR-END CARRY FORWARD*							
	FY 2010/11	FY 2011/12	FY 2012/13	FY 2013/14	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
President	84,087	19,494	35,564	122,884	139,730	37,478	430,369	57,530
Academic Affairs	5,987,311	6,670,797	9,891,486	6,142,969	1,884,400	(419,172)	1,977,766	(4,718)
Admin & Finance	2,410,346	3,942,481	2,377,009	2,171,447	1,380,212	2,029,721	2,181,670	1,850,854
Student Affairs	1,097,617	1,671,673	2,368,821	1,366,497	439,323	(358,812)	212,584	297,948
University Advancement	568,006	1,342,678	1,393,578	1,493,189	1,066,468	345,976	626,373	453,165
Information Technology	NA	NA	1,795,149	2,139,966	1,319,095	398,042	992,179	1,994,008
Centrally Monitored	21,391,171	19,499,047	16,379,647	13,922,868	6,883,615	8,107,908	5,734,877	7,436,692
Total	31,538,538	33,146,170	34,241,254	27,359,819	13,112,841	10,141,141	12,155,816	12,085,478

Stub Hub Ground Lease Revenue & Use of Funds

Summary of Ground Lease Financial Terms

- Twenty-five-year sublease effective 2001
- Three successive 10-year renewal options through 2056
- Administered through the Foundation

Annual Revenue to CSUDH/Foundation:

- Ticket revenue: 2% admissions fee on tickets
- Parking revenue: 25% of net

Annual guarantee

- Currently approximately \$225K*
- Revenue above the guarantee split 50/50 with AEG
- Reduces ticket revenue above the guarantee from 2% to 1%
- Reduces parking revenue from 25% to 12.5%

*Rent guarantee is adjusted every other year based on cost of living index.

Ground Lease Revenue From StubHub Agreement

Year	Ticket Revenue (2%)	Parking Revenue (25%)	Total Ticket + Parking Revenue Prior to Guarantee	Guarantee	Actual Revenue to Foundation*	Total Ticket + Parking Revenue vs. Actual Revenue to Foundation
2015	\$391,757	\$348,232	\$739,989	\$223,584	\$481,786	(\$258,203)
2016	\$482,879	\$242,720	\$725,599	\$225,054	\$475,326	(\$250,273)
2017	\$1,364,908	\$711,993	\$2,076,901	\$225,054	\$1,150,977	(\$925,924)
2018	Projected		\$2,000,000	\$231,806	\$1,112,527	(\$887,473)
2019	Projected		\$2,000,000	\$231,806	\$1,112,527	(\$887,473)

*Ticket and parking revenue are reduced from 2% to 1% percent (tickets) and from 25% to 12.5% (parking) after annual guarantee is satisfied. Guarantee is adjusted every other year based on cost of living index.

Use of StubHub Revenue 2015/16 to 2017/18

	2015/16	2016/17	2017/18	Three-Year Total
Ground Lease Revenue	\$481,786	\$475,326	\$ 1,150,997	\$2,108,109
<u>Expenditures*</u>				
Land Development/University Village**	(263,195)	(731,269)	(154,878)	(1,149,342)
University Support (to President)***	(86,000)	(86,000)	(86,122)	(258,122)
Presidential Scholarships	(30,000)	(30,000)	(86,000)	(146,000)
University Master Plan/EIR	-	(118,209)	(30,000)	(148,209)
Innovation Instruction Building	-	-	\$ (465,000)	\$ (465,000)
Total	\$ (379,195)	\$ (965,478)	(822,000)	\$ (2,166,673)
Balance	\$ 102,591	\$ (490,152)	\$ 328,997	\$ (58,564)

*Approved by the Foundation Board of Directors. Does not include Foundation indirect administrative costs.

**Costs incurred directly by the Foundation.

***Discretionary funding for expenditures not allowable using state funds. Historically, University support is further allocated by the President to VPs, Deans, Faculty Development Center and Employee Training.

Student Success Fee Update

Student Success Fee Revenue & Expenses

- Approved for implementation over five academic years beginning spring 2015.
- Increases \$35 per semester to \$280 semester/\$560 academic year through fall 2018.
- Maintained and managed in specifically designated accounts. 100% of Student Success Fee revenue is used to support UBC-recommended & President-approved expenses.
- Annually, the campus has committed operating funds in advance of fully realizing Student Success Fee revenue (generally referred to as “Forward Funding”).

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18
Student Success Fee Revenue	439,164	2,373,980	4,272,130	6,392,526
Operating Fund Transfer	222,097	473,753	174,535	410,697
Total Revenue	661,261	2,847,733	4,446,665	6,803,223
Student Success Fee Expenses	661,262	2,847,553	4,446,665	6,803,223

Student Success Fee Revenue & Expenses (continued)

- Total FY 18/19 Student Success Fee budget \$8.8M
 - \$8.2M funded via student fee revenue
 - \$665k funded one-time operating funds funding provided by the campus
- In FY 2018/19, forward-funding of Student Success Fee revenue will be “trued up”.
- Increases in Student Success Fee revenue beginning in FY 2019/20 will be derived exclusively from increased enrollment (headcount) and will be small. Increases will be used to off-set increased costs for existing approved positions and programs, e.g., general salary increases, benefits, etc.

Approved Student Success Fee Allocations FY 14/15

Total Allocated: \$3.1M

- Ten new tenure/tenure-track faculty \$950K
- Five new academic advisors \$355K
- Bridge advisors & math/English supplemental instructors \$687K
- Two library specialists \$155K
- Student life leadership development coordinator \$ 78K
- Student life programming \$ 65K
- AV specialist \$113K
- Web content support \$ 99K
- Instructional designer \$107K
- Classroom IT support \$ 85K
- Annual giving-telemarketing student assistants \$ 90K
- Annual giving assistant director \$ 92K
- Athletics equipment, OEE & personnel \$221K

Approved Student Success Fee Allocations FY 16/17

Total Allocated: \$2M

- Mandatory general salary and benefit increases \$ 75K
- Four new tenure/tenure-track faculty \$465K
- 50 peer tutors \$150K
- Five college-based academic advisors (50% funding) \$247K
- Funding adjustment for prior-year faculty positions \$183K
- IT student assistants – help desk services \$280K
- Academic advisor-athletics \$ 62K
- Male Success Alliance \$309K
- Bridge program peer mentors \$229K

Approved Student Success Fee Allocations FY 17/18

Total Allocated: \$1.87M

- Summer stipends for faculty advisors \$272K
- Mandatory general salary and benefit increases \$239K
- Freshman & transfer student success programs \$238K
- Graduate thesis and grant reviewer \$ 71K
- Affordable e-books \$ 50K
- Advising peer mentors \$162K
- Title IX education materials & training \$ 50K
- SFS assistant manager (50% co-funded with AF) \$ 54K
- Classroom renovations \$100K
- Software licenses (including student at-home use) \$238K
- Student athlete travel & OEE/Corp. partner coordinator \$129K
- Funding adjustment for prior-year advisor-athletics \$ 7K
- Guardian scholars \$126K
- Associate director student leadership \$ 98K
- Emergency resources for students \$ 15K
- Welcome week/Toro days \$ 20K

Approved Student Success Fee Allocations FY 18/19

Total Allocated: \$1.9M

- Adjustment for prior-year forward funding \$480K
- Mandatory general salary and benefit increases \$100K
- Five new tenure/tenure-track faculty \$926K
- Chief diversity officer \$144K
- Affinity centers \$250K

Q&A