



California State University
DOMINGUEZ HILLS

University Budget Committee (UBC)

Presenters

Robert Fenning, VP Administration and Finance

Stephen Mastro, AVP Administration and Finance

Homaira Masoud, University Budget Director

March 11, 2016

AGENDA

March 11, 2016

2:30-4:30

President's Conference Room, WH D44

- I. Welcome – Theo Byrne
- II. Charge – President Hagan
- III. Fiscal Update – Stephen Mastro and Homaira Masoud
 - What is a Base Budget deficit and how was it created.
 - The status of the 2015-16 Budget and Projected Spending.
 - The Process to Create a Sustainable Spending Plan
- IV. Discussion of Fiscal Realities– Robert Fenning
- V. Future Meeting Topics and Dates – Theo Byrne

Overview

- How is a Base Budget Deficit created
 - Divisional Budget Management vs Departmental
 - Program Development Without Base Resource allocation
 - Spending increases in excess of base allocation increases
 - Changes in divisional, College, and departmental management

- The Projected 2015-16 Spending Plan compared to resources available.
 - 2015-16 CSU Budget Allocation to Dominguez Hills
 - State Funding vs Tuition Funding
 - Mandated Expenses vs. Discretionary Expenses
 - 2015-16 AADHT Operating Budget by Division
 - Blue Book Base and one-time Carry forward
 - February Actuals by Division
 - Projected June 30th expenses
 - Some Divisions are projected to spend more than they have current Budget.

Overview (continued)

- The Plan to Create a Sustainable Spending Plan
 - Assumptions for 5-year plan analysis
 - CSU Allocation Methodology
 - Enrollment funding
 - Funded and unfunded Mandates
 - Campus investments
 - Development of 5-year Budget Model that considers base AN one-time Resources
 - AADHT Base and one-time Resources
 - Enrollment Funding
 - Other Trust Resources
 - Divisional Requested Increased Spending over Base Allocation
 - Personnel and OE totaled \$17.85M above Blue Book Base
 - This level was not sustainable
 - Maximum Sustainable Spending Authority set at 12.5M above Blue Book Base.

Overview (cont.)

- Divisional Operating Budget Realignment to Revised Maximum Spending Plan in 2015-16.
 - Reduce unfunded expenses
 - Utilize Other Resources
 - Increase Revenues

How is a Base Budget Deficit Created

- Chart showing 2011-12 to 2014-15 actuals and 2015-16 projected spending vs budget. Also shows decrease in one-time carry forward.

Proposed 2015-16 Requested Spending Plan

- **CSU Final Budget Memo Allocations**
 - State Funded Mandatory costs
 - Unfunded Mandates
 - Enrollment Funded Costs

CHART SHOWING THE ALLOCATED AMOUNTS TO DIVISIONS AND CENTRALLY MONITORED IN THE ABOVE THREE CATAGORIES.

2015-16 AADHT Operating Trust Spending Plan by Division

- Chart showing 2015-16 current AADHT budget showing blue book budget, total budget, total projected Expenses and BBA as of June 30th.
- This chart will show that some divisions will spend more than the divisional base & one-time budget will cover in 2015-16.

Establishing a Sustainable Spending Plan

- Establish 5 year plan to match with the Strategic Plan.
 - Enrollment state and tuition funding assumptions
 - 1% state enrollment growth
 - 3.5% campus over enrollment

<i>Estimated Revenue from Enrollment Growth</i>							
State FTES Funding Plus Campus Tuition Fee Revenue							
State Funded Growth %	FTES #	State FTES Funding @ \$5,664	Campus Gross Tuition from New Headcount	Tuition plus FTES funding	Adjustments for MUL & Instructional Costs	Net Increase to Campus	
2016-17							
1.0%	105	589,056	1,519,960	2,109,016	(1,699,000)	410,016	
3.0%	312	1,767,168	3,491,800	5,258,968	(1,749,000)	3,509,968	
2017-18							
1.0%	105	594,720	824,311	1,419,031	(1,699,000)	(279,969)	
3.0%	321	1,818,144	1,821,728	3,639,872	(1,749,000)	1,890,872	
2018-19							
1.0%	106	600,384	839,963	1,440,347	(1,699,000)	(258,653)	
3.0%	331	1,874,784	1,856,318	3,731,102	(1,749,000)	1,982,102	
2019-20							
1.0%	107	606,048	850,397	1,456,445	(1,699,000)	(242,555)	
3.0%	341	1,931,424	1,879,378	3,810,802	(1,749,000)	2,061,802	
2020-21							
1.0%	107	611,712	860,831	1,472,543	(1,699,000)	(226,457)	
3.0%	331	1,988,064	1,902,437	3,890,501	(1,749,000)	2,141,501	

Establishing a Sustainable Spending Plan

- Determine Base and one-time resources being under utilized.
 - (CREATE CHART TO LIST THESE ANDS BASE or ONE-TIME AMOUNTS)
 - Other trusts
 - Foundation resources
 - Fee trusts
 - Campus Partner funds

Requested Increased Spending Authority Above Base Budget

- 2015-16 Estimated Need by Division
 - (INCERT CHART BY DIVISION OF PERSONNEL AND OE COSTS TOTALING \$17.85M)

5 Year Sustainable Model – FIRST PASS

- A Five Year Spending Plan Sustainability Model was created that utilized all Base and one-time resources available.
- The \$17.85M Requested Spending Authority was entered as the starting point of the 5 year plan with three different enrollment assumptions: 103.5, 106%. and 108%

5 Year Budget Model - Sustainability

Beginning in 2015-16 with Spending Authority of **\$17.85M** above Base Allocation

	Base Budget over Blue Book			One-time Carry Forward From All Resources		
	Enrollment > CSU Assigned Target			Enrollment > CSU Assigned Target		
	103.5%	106.0%	108.0%	103.5%	106.0%	108.0%
July 1, 2015	(17,847,036)	(17,847,036)	(17,847,036)	13,667,222	13,667,222	13,667,222
2016-17	(12,876,494)	(9,806,368)	(8,437,792)	(2,757,485)	312,641	1,681,217
2017-18	(9,331,424)	(5,885,284)	(3,128,562)	(9,319,101)	(1,802,835)	2,322,463
2018-19						
2019-20						
2020-21						

Establishment of Maximum Spending Authority at \$12.5M

- Determine a level of Spending Authority that is sustainable at the 106% Enrollment Level.
- It was determined that a \$12.5M Maximum Spending Authority (above the Blue Book Base) could be bridged by 2017-18. If a 108% campus enrollment growth or increased state enrollment funding is achieved the gap will be closed more rapidly.

5 Year Budget Model - Sustainability						
Beginning in 2015-16 with Spending Authority of \$12.5M above Base Allocation						
	Base Budget over Blue Book			One-time Carry Forward From All Resources		
	Enrollment > CSU Assigned Target			Enrollment > CSU Assigned Target		
	103.5%	106.0%	108.0%	103.5%	106.0%	108.0%
July 1, 2015	(12,500,000)	(12,500,000)	(12,500,000)	13,667,222	13,667,222	13,667,222
2016-17	(9,120,686)	(7,196,062)	(6,315,182)	491,903	2,416,527	3,297,407
2017-18	(7,001,130)	(3,603,296)	(2,324,898)	(2,604,227)	2,718,231	4,877,509
2018-19	(5,907,674)	(986,026)	697,873	(4,680,901)	5,563,205	9,406,382
2019-20	(7,146,355)	(648,276)	1,446,445	(9,009,236)	8,732,949	14,670,847
2020-21	(8,400,629)	(273,504)	2,237,361	(12,563,784)	12,305,526	20,754,289

Maximum Spending Authority BUDGET Development at \$12.5M Level

- Each Division create list of spending plan reductions for 2015-16 that are either base or one-time in nature equal to a target amount provided.

**SHOW CHART: REQUESTED SPENDING VS APPROVED SPENDING =
REDUCTION FOR EACH DIVISION.**

Maximum Spending Authority BUDGET Development #2

- Create department level budget of personnel and OE expense for 2016-17 equal to the newly established maximum authorized spending level.
- No New personnel or OE expense is allowed to be established until the budget gap between the current available divisional resources and the maximum spending authority is closed.
- The Goal is to close the 12.5M gap in base funding by the beginning of the 2017-18 fiscal year.

Bridging the \$12.5M Budget GAP by 2017-18

- INCERT CHART OF INCREASED RESOURCES TO CLOSE THE \$12.5M GAP BY YEAR AND TYPE OF REVENUE
- Move expenses as appropriate from AADHT to other resources.
- Increased Revenues EO1000
- Increased Enrollment/Tuition Funding
- New Revenues: Land Monetization
- Leveraging Student Fee resources

Utilizes On-time Resources to close gap in 2015-16 & 2016-17

- List of one time resource currently available:
 - Lottery
 - StubHub
 - Foundation
 - Course Fee Trusts
 - Miscellaneous trusts
 - Student Success
 - Category II Student Fees: IRA and Health Services

Enrollment Assumptions

- State Enrollment Funding
 - \$5,664 per FTES
 - 1.5% enrollment for 2015-16 = 156 FTES and \$xxx,xxx
 - 3.0% enrollment funding = xxx FTES and \$x,xxx,xxx
- Campus Over Enrollment
 - Student Retention
 - Student Success
 - MUL
 - 103.5%
 - 106%
 - 108%

Tuition Revenue & MUL

- INCLUDE INFORMATION ON MUL IMPACT ON TUITION REVENUE FTES, AND HEADCOUNT.

EO1000 Cost Recovery

- 2014-15 Cost Allocation Plan was \$827,803. This plan did not recover from the enterprise and auxiliary partners:
 - Benefits costs
 - Risk Management Costs
 - Information Technology Costs
 - Student Affairs management services to ASI and Housing
 - Academic Affairs management services to Extended Learning and Campus Partners
- 2015-16 Cost Allocation Plan also included recovery of Police services to Parking.
 - Cost Recovery was calculated at \$3,625,360
 - Institutional Adjustments provided to ASI (\$75,000) and Loker Student Union (\$100,000).

Student Fees Impact on Base Budget GAP

- **IRA:** Increased funds would assist with funding in colleges, athletics, student affairs and reduce pressure on ASI and Loker funds.
- **Health Services:** Funding of a portion of deficit partial current
- **Course Fees:** Better utilization by Colleges will reduce the pressure on AADHT OE funds.
- **Student Success:** Utilize this Source of funding for the successful student success initiatives started on campus over the past couple of years.

Next Steps

- Continue Preparations of the 2016-17 Budget
- Maintain Spending Levels Established in 2015-16
- Grow the Base with new Allocations and Revenues

Reinvestment Begins in 2017-18

- Re-establish faculty tenure density hiring.
- Re-establish strategic goal reinvestment