

University Budget Committee

October 6, 2017

Agenda

- I. Welcome
- II. Objective
- III. Student Success Fee Allocations and Uses
- IV. Operating Fund Base Shortfalls & Year-End Balances
 - Base Shortfalls
 - Year-End Balances FY 2011/12 to FY 2016/17
- V. Other Fund Balances FY 2016/17
- VI. New Revenue
 - FY 2017/18 Operating Fund
 - FY 2018/19 Student Success Fee
- VII. Mandatory Costs & Earmarks
- VIII. Future Meetings
- IX. Additional Q & A
- X. Adjourn

Objective

- Continue information sharing and transparency initiated during prior meetings to establish a common understanding and frame of reference to inform decision-making.

Student Success Fee Allocations and Uses

Student Success Fee Overview

- Authorized by Chancellor White in Spring 2014 to provide critical resources to assist in improving student graduation & success.
- Implemented over five academic years beginning in Spring 2015 at a rate of \$35, with increases of \$35 per semester through Fall 2018.
- Beginning Fall 2018 and remaining constant thereafter, the Student Success Fee will be \$280, or \$560 per academic year.
- Annual revenue from the Student Success Fee has grown from \$439K in FY 2014/15 to \$4.27M in FY 2016/17.
- Each year, the campus has committed operating funds in advance of Student Success Fee revenue. The total combined budget allocation in 2014-15 was \$2M and in FY 2017/18 it is \$6.9M.
- 100% of Student Success Fees have been used to support approved program expenses focused on improving student success.

Examples of Planned Uses of Student Success Fee

- Upgraded classrooms, laboratories, equipment & other instructional space.
- Increased course offerings to facilitate graduation.
- Additional academic advisors.
- Additional faculty to expand and support programs and course offerings.
- Expanded tutoring hours & subjects covered.
- Increased service-learning & civic engagement opportunities.
- Increased joint student faculty research opportunities.
- Improved library resources including access to e-resources and e-learning.
- Strengthened career development services for students.
- Enhanced graduate school preparation.
- Increased student internships, domestic and international.
- Additional staff to increase student support services such as veteran's programs, women's resource center, diversity programs, etc.
- Upgraded computer labs, software and IT support.
- Increased funding for intercollegiate athletics.
- Enhanced student leadership development programs.

Student Success Fee Transparency & Accountability

Transparency and Accountability are key attributes in the allocation and use of CSUDH Student Success Fee revenue.

- Recommendations on Student Success Fee allocations are made annually to the President by the University Budget Committee (UBC). In order to assist in providing broader student representation in the recommended allocation of these funds, two additional student representatives were added to the UBC, including one graduate student.
- The CSUDH Student Fee Advisory Committee (SFAC) assists in monitoring use of all student fees, including Student Success Fee resources. Annually, the SFAC reviews projected and actual student fee revenue, evaluates proposals, and recommends adjustments to student fees to the President. The Student Fee Advisory Committee is comprised of seven students appointed by the ASI President and six additional at-large members selected from faculty, staff, and administrators.

Student Success Revenue/Expenses (Actuals)

	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>
Source			
Student Success Fee Revenue	439,164	2,373,980	4,272,130
Initial Transfer from Operating Fund	1,408,107	-	-
Total Revenue	1,847,271	2,373,980	4,272,130
Fiscal Year Expenses	661,262	2,847,553	4,446,665
FY Remaining Balance	1,186,010	(473,573)	(174,535)
Transfer from the Operating Fund ¹	-	473,573	174,535

¹ To mitigate the negative fund Balance in Student Success Fund

***Operating Fund
Base Shortfalls &
Year-End Balances***

Operating Fund Base Shortfalls & Year End Balances

- Carry forward in the operating fund peaked in FY 2012/13 at \$34M.
- A rapid decrease in carry forward in FY 2014/15 resulted in an analysis of the programmatic spending of the campus. This analysis identified a base deficit of \$17.8M.
- Identified base deficit of \$17.8M was modified based on actual FY 2014/15 spending and availability of other funds to off-set shortfalls in the Operating Fund. \$12.4M established as approved base budget shortfall to be funded.
- As of July 1, 2017, \$7.6M of the approved \$12.4M base budget shortfall has funded, leaving an approved base budget shortfall balance of \$4.8M.
- Operating Fund carry forward stabilized to just under 7% of base budget.
- Nearly half of annual year-end balances are attributed to balances in Centrally Monitored funds, including the required campus reserve balance.

Operating Fund FY 2017/18 Base Shortfalls

DIVISION	Base Shortfall After 17/18 Student Success Fee Allocations	Base Shortfall As Percentage of Divisions' Base Budget
ACADEMIC AFFAIRS	(1,300,747) *	2.54%
ADMIN AND FINANCE	(82,383)	0.66%
ADVANCEMENT	(547,933)	17.91%
INFO TECHNOLOGY	(1,342,118) *	23.17%
PRESIDENT'S OFFICE	(17,395)	1.42%
ATHLETICS	(821,551)	39.23%
STUDENT AFFAIRS	(104,132)	1.42%
CENTRALLY MONITORED	(448,914) **	0.27%
	(4,665,172)	1.87%

*The AA base shortfall decreased by \$150K as entire IRAP budget (except for \$150k) has been transferred from AA to IT. IT's deficit has been increase by the same amount.

** Marketing and University Events

Year-End Balances

- Accumulation of carry forward is a fiscally responsible management practice.
- Occurs in most fund sources.
- Designated use is not easily reflected in the balance.
- Consistent with Responsibility Center Management (RCM). Decentralized budget models reward saving and fiscal discipline.
- As a general rule, carry forward between 10 to 15 percent is appropriate.
- Reasonable carry forward practices help mitigate financial risk and uncertainty, particularly at a state institution.
- Year-end balances enable strategic savings, investment, and innovation.
- Year-end balances are often the result of vacant positions, which manifests as lapsed salary. Unspent OEE or special project funds also may be generated as a result of not having the necessary staffing needed to fully implement projects.
- Timing of project expenses across fiscal years impact year end balances, including the need to secure funds for multi-year commitments in advance.

Operating Fund Year-End Balances

FY 2011/12 to FY 2016/17

	FY Beginning Carry-forward Balance	FY Revenue	FY Expense	Year-end Carry-Forward	Carry Forward As Percentage of FY Revenue
FY 11/12	31,538,538	134,051,259	132,443,627	33,146,170	24.73%
FY 12/13	33,146,170	132,921,495	131,826,411	34,241,254	25.76%
FY 13/14	34,241,254	139,802,913	146,684,348	27,359,819	19.57%
FY 14/15	27,359,819	142,781,677	155,620,604	13,112,843	9.18%
FY 15/16	13,112,843	153,690,137	156,661,839	10,141,141	6.60%
FY 16/17	11,550,090 ¹	160,310,165	160,739,268	11,120,987	6.94%

Footnote:

¹ Prior year's adjustment of \$1,408,949 was added to the 16/17 Carry-forward Balance
The Carry-forward balance includes BBA and Encumbrance Balances.

FY 2016/17 Operating Fund Year-End Balances

DIVISION /CENTRAL	TOTAL REVISED BUDGET	TOTAL EXPENDITURES	BUDGET BALANCE W/O ENCUMBRANCE (CARRY-FORWARD)	ENCUMBRANCE	BUDGET BALANCE AVAILABLE (BBA)	BBA AS PERCENTAGE OF REVISED BUDGET
ACADEMIC AFFAIRS	54,759,038	52,775,910	1,983,128	212,086	1,771,042	3.23%
ADMINISTRATION & FINANCE	15,384,342	13,202,673	2,181,670	561,669	1,620,001	10.53%
STUDENT AFFAIRS	7,435,282	7,222,863	212,419	48,894	163,525	2.20%
UNIVERSITY ADVANCEMENT	4,360,016	3,733,643	626,373	47,250	579,123	13.28%
PRESIDENT'S OFFICE	1,483,070	1,246,381	236,689	5,594	231,096	15.58%
ATHLETICS	3,598,402	3,404,723	193,679	31,000	162,679	4.52%
PRESIDENT'S DIVISION	5,081,472	4,651,103	430,369	36,594	393,775	7.75%
INFORMATION TECHNOLOGY	6,526,254	5,534,075	992,179	128,337	863,841	13.24%
CENTRALLY MONITORED	78,683,379	72,953,700	5,729,679	-	5,729,679	7.28%
TOTAL OPERATING FUND	172,229,783	160,073,966	12,155,816	1,034,830	11,120,987	6.46%

*Centrally monitored and total operating fund BBAs includes \$4M campus reserve. Centrally monitored BBA excluding \$4M campus reserve is 2.02% of total revised centrally monitored budget.

Total operating fund BBA excluding \$4M reserve is 4.13% of total revised operating fund budget.

FY 2016/17 Operating Fund Budget vs. Expenditures

DIVISION COST CENTER/CM	Baseline Budget	Revised Budget					Actual Expenses					Encumbrance	Budget Balance Available
	(a)	SW	Benefit ¹	OE&E	Revenue	Total (b) + (c) + (d) + (e)	SW	Benefit	OE&E	Revenue	Total (g) + (h) + (i) + (j)	OE&E	(f) - (k) - (j)
		(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
ACADEMIC AFFAIRS	50,294,285	45,477,286	-	9,281,752	-	54,759,038	50,529,361	-	2,953,448	(706,899)	52,775,910	212,086	1,771,042
ADMINISTRATION AND FINANCE	12,304,091	11,489,001	-	3,991,321	(95,980)	15,384,342	10,194,877	-	3,277,614	(269,818)	13,202,673	561,669	1,620,001
INFORMATION TECHNOLOGY	5,383,248	5,179,643	-	1,373,202	(26,592)	6,526,254	4,079,185	-	1,483,430	(28,540)	5,534,075	128,337	863,841
PRESIDENT'S OFFICE	1,220,943	1,027,539	-	455,531	-	1,483,070	876,559	-	369,772	50	1,246,381	5,594	231,096
ATHLETICS	2,044,127	1,686,899	-	1,911,503	-	3,598,402	2,181,970	-	1,222,843	(90)	3,404,723	31,000	162,679
PRESIDENT'S DIVISION	3,265,070	2,714,438	-	2,367,034	-	5,081,472	3,058,528	-	1,592,614	(40)	4,651,103	36,594	393,775
STUDENT AFFAIRS	7,269,590	6,240,809	-	1,443,550	(249,077)	7,435,282	6,554,570	-	1,035,529	(367,236)	7,222,863	48,894	163,525
UNIVERSITY ADVANCEMENT ²	2,963,025	2,527,877	-	1,744,143	-	4,272,020	2,407,521	-	1,343,510	(2,668)	3,748,363	47,250	476,406
SUB-TOTAL DIVISIONS	81,479,309	73,629,054	-	20,201,003	(371,649)	93,458,408	76,824,042	-	11,686,145	(1,375,200)	87,134,987	1,034,830	5,288,591
CENTRAL													
STATE APPROPRIATION/ FEES/OTHER REVENUES	-	-	-	-	(160,679,691)	(160,679,691)	-	-	-	(160,310,165)	(160,310,165)	-	(369,526)
CENTRALLY MONITORED	(81,479,309)	-	36,417,323	42,354,051	-	78,771,374	-	35,983,997	36,585,456	-	72,569,452	-	6,201,921
TOTAL CENTRALLY MONITORED ²	(81,479,309)	-	36,417,323	42,354,051	(160,679,691)	(81,908,317)	-	35,983,997	36,585,456	(160,310,165)	(87,740,713)	-	5,832,395
TOTAL CSUDH OPERATING FUND BUDGET/EXPENDITURE	-	73,629,054	36,417,323	62,555,053	(161,051,340)	11,550,090	76,824,042	35,983,997	48,271,601	(161,685,366)	(605,726)	1,034,830	11,120,987

¹ Benefit Budget and expenses are presented in Centrally Monitored

² Commencement activities are presented in Centrally Monitored

The full report can be viewed at: <http://www4.csudh.edu/Assets/CSUDH-Sites/Budget-Plan-Admin/docs/4th%20Quarter%20Report.pdf>

***FY 2016/17
Year-End Balances
Other Funds***

*FY 2016/17 Year-End Balances Other Funds**

DIVISION	Cost Recovery Fund Balance	Innovation Fund Balance	Lottery Fund Balance	Balance Other Revenue	CERF--Revenue Sharing Balance
ACADEMIC AFFAIRS	624,525	490,530	505,863	811,342	3,392,546
ADMIN AND FINANCE	119,427	-	-	1,043,314	-
ADVANCEMENT	28,131	-	-	7,000	-
INFO TECHNOLOGY	59,823	282,016	-	28,689	-
PRESIDENT'S DIVISION					
Athletics	31,276	-	-	233,906	-
PRESIDENT'S DIVISION TOTAL	31,276	-	-	233,906	-
STUDENT AFFAIRS	73,701	246,492	147,480	442,246	-
TOTAL	936,883	1,019,037	653,342	2,566,497	3,392,546

*Does not include indirect cost allocations, IRA fees, and/or course fees.

FY 2016/17 Year-End Balances & Planned Uses

- Divisions have unique circumstances leading to accrual of year-end balances and planned uses of these funds.
- In general, all Divisions have anticipated the need to use year-end balances to mitigate the impact of base funding shortfalls.
- In addition, FY 2016/17 Base and One-time allocations were approved in March 2017, limiting opportunities for Divisions to spend these funds prior to FY 2016/17 year-end.
- Each Division will present an overview of factors contributing to year-end balances in their respective division and the planned use of these funds.

New Revenue

FY 2017/18 Operating Fund

<u>Student Tuition & State Revenue Adjustments</u>	Base	One-time	
2% Enrollment Growth	2,300,000	-	
Graduation Initiative 2025	2,952,000	732,000	¹
Compensation and Benefits	3,986,000	-	
Research, Scholarly & Creative Activity		72,172	
Campus Infrastructure Improvement		600,000	
State University Grants	1,809,000	-	
Tuition Increase-FTES Above Target (4.5%)	132,000	-	
Non-Resident Tuition Increase (\$372 to \$396)	476,000	-	
Miscellaneous Fee Revenue Adjustment	(80,000)	-	
Total Tuition & State Revenue Adjustments	11,575,000	1,404,172	
<u>Campus Revenue Reallocation</u>			
Centrally Monitored	296,611	260,172	
Lottery	-	224,613	
Foundation Allocation (Stub Hub Revenue)	-	200,000	
One-time Resources-New Position Savings	-	2,711,899	
Total Campus Revenue Reallocation	296,611	3,396,684	
Total 17/18 Revenue Adjustments	11,871,611	4,800,856	

¹ Includes \$140K for Developmental Math and English Course Restructuring; \$260K for Data Driven Decision-Making or Financial Support and Literacy; \$472K Additional 2025 Grad Initiative Funding in Governor's Approved Budget.

FY 2018/19 Student Success Fee

FY 2018/19 Student Success Fee	Base	One-time
New Estimated Revenue	1,900,000	
	<hr/>	
	1,900,000	

Mandatory Costs & Earmarks

FY 2017/18 Operating Fund

<u>Mandatory Costs</u>	Base	One-time
Risk Management Increase		(143,828)
Faculty CBA Compensation Increase	(2,184,500)	-
Staff/Non-Faculty CBA Compensation Increases	(1,257,400)	-
State University Grant (SUG)	(1,809,000)	-
Benefit Cost Increases	(505,000)	-
Total Mandatory Costs	(5,755,900)	(143,828)
<u>Earmarked Allocations</u>		
Restructuring Developmental Math & English	-	(140,000)
Research, Scholarly & Creative Activity	-	(72,172)
Campus Infrastructure Improvement	-	(600,000)
President's Initiatives	-	(1,000,000)
Total Earmarked Allocations	-	(1,812,172)
Total Mandatory Costs & Earmarks	(5,755,900)	(1,956,000)
Balance Remaining After Mandatory Costs & Earmarks	6,115,711	2,844,856

FY 2018/19 Student Success Fee

<u>Mandatory Costs</u>	Base	One-time
FY Over-Allocations (FY 14/15-16/17)	(665,344)	
Staff GSI and Benefit Increases	(129,542)	
Total Mandatory Costs	(794,886)	
Balance After Mandatory Costs	1,105,114	

Proposed Future Meeting Dates & Agenda Items

Friday, October 20	Division Presentations
Monday, November 6	Division Presentations
Friday, November 17 th (New/Additional Meeting Date)	Discussion on 2017/18 Budget Requests
Friday, December 1	Finalize Budget Allocation Recommendations

All meetings are held from 3-5pm in the President's Large Conference Room (WH D 444)

Questions?