

1st Quarter Budget Update

October 21, 2020

CSUDH

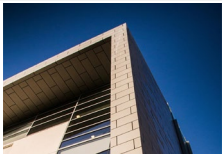
DIRECTORY

CSUDH

CALIFORNIA STATE UNIVERSITY
DOMINGUEZ HILLS

Agenda

- I. 1st Quarter Actuals
- II. Remaining Division Shortfall

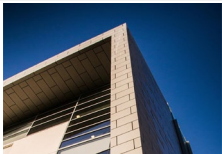


1st Quarter Actuals



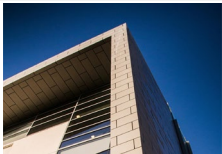
AADHT Actuals and Projections

- We closely monitor progress in addressing the budget deficit by running projection reports at the close of each month
- These reports reflect three categories of expenses:
 - 1) Actuals to Date. These are the real actual expenses that have taken place up until the close of the reporting period.
 - 2) Projected Actuals. These are projections for the remainder of the year based on the assumption that spending will continue at the same rate. This approach averages the spending of the previous months.
 - 3) Encumbrances. These are financial commitments that have already been made, that we know we will have to pay. Encumbrances can vary drastically based on timing of contracts or payments.



AADHT Actuals and Projections

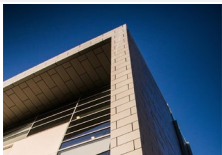
- **These budgets and actuals are a snapshot in time.**
- The Total Base Budget will not change; however, the Base Budget in each division may fluctuate slightly throughout the year due to re-organizations or allocations from Centrally Monitored
- Projected actuals are based on average spending to date. This means that if the amount of spending changes drastically, the projections of future expenses will also change



Base Budget

- The Base Budget is the budget allocated for permanent expenses

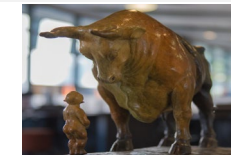
Division	Base Budget	Revised Budget	Actuals (July-Sept)	Projected Actuals (Oct-June)	Encumbrances	Projected YE Actuals	Projected YE Balance
ACADEMIC AFFAIRS	\$ 61,194,635	\$ 62,078,526	\$ 16,730,244	\$ 50,190,733	\$ 191,920	\$ 67,112,897	\$ (5,034,372)
ADMIN AND FINANCE	\$ 14,541,814	\$ 16,075,281	\$ 3,811,148	\$ 11,433,443	\$ 1,354,813	\$ 16,599,405	\$ (524,124)
ADVANCEMENT	\$ 2,953,660	\$ 4,300,070	\$ 659,022	\$ 1,977,065	\$ 107,603	\$ 2,743,691	\$ 1,556,379
INFO TECHNOLOGY	\$ 9,286,481	\$ 11,378,765	\$ 3,620,421	\$ 10,861,264	\$ 3,737,539	\$ 18,219,224	\$ (6,840,460)
PRESIDENT	\$ 3,015,873	\$ 3,710,850	\$ 599,340	\$ 1,798,020	\$ 146,078	\$ 2,543,437	\$ 1,167,413
STUDENT AFFAIRS	\$ 10,723,913	\$ 10,624,974	\$ 2,474,254	\$ 7,422,761	\$ 129,079	\$ 10,026,093	\$ 598,881
CENTRALLY MONITORED	\$ 91,461,042	\$ 106,175,614	\$ 31,323,019	\$ 75,525,350	\$ 172,879	\$ 107,021,248	\$ (845,634)
<i>Benefits</i>	\$ 45,219,715	\$ 45,219,715	\$ 11,707,733	\$ 35,123,200	\$ -	\$ 46,830,934	\$ (1,611,218)
<i>Utilities</i>	\$ 3,413,078	\$ 3,479,527	\$ 574,633	\$ 2,864,228	\$ 40,666	\$ 3,479,527	\$ 0
<i>Financial Aid</i>	\$ 32,299,701	\$ 32,299,701	\$ 14,132,207	\$ 18,167,494	\$ -	\$ 32,299,701	\$ -
<i>Other CM</i>	\$ 10,528,548	\$ 25,176,670	\$ 4,908,446	\$ 19,370,427	\$ 132,213	\$ 24,411,086	\$ 765,584
TOTAL	\$ 193,177,417	\$ 214,344,079	\$ 59,217,448	\$ 159,208,635	\$ 5,839,912	\$ 224,265,995	\$ (9,921,916)



Revised Budget

- The Revised Budget is the Base Budget plus any prior year carryforward balances and one-time budgets

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TOTAL	\$ 193,177,417	\$ 214,344,079	\$ 59,217,448	\$ 159,208,635	\$ 5,839,912	\$ 224,265,995	\$ (9,921,916)



Actuals to Date

- Actuals are the real expenses that have been processed as of the close of the reporting period
- Actuals are subject to timing of invoices and payments

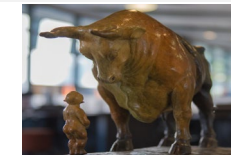
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Projected Actuals

- Projected Actuals are the expenses expected to take place the remainder of the year
- These projections assume spending will continue at the same rate as actuals

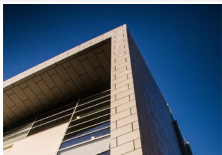
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Encumbrances

- Encumbrances are financial commitments that have already been made, and vary from month to month based on timing of contracts and payments
- Approx. \$3.4M of IT Encumbrances will be reimbursed by CARES Act funding

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Projected Year End Actuals

- Projected actuals are the sum of Actuals To Date, Projected Actuals, and Encumbrances
- This figure should represent both Base and One-Time expenses

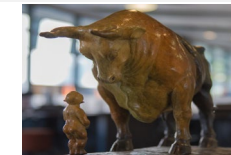
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Projected Year End Balance

- The Projected Year End Balance is the Revised Budget less the Projected YE Actuals
- The Year-End Balance will be the amount carried forward into the next year

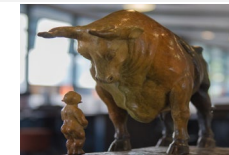
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1st Quarter Report

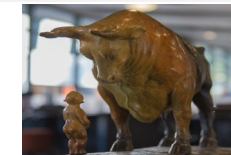
- At the end of the 1st Quarter, the Projected YE Balance is a \$9.9M deficit
- This number will fluctuate throughout the year as reduction strategies are implemented, and the spending rate changes

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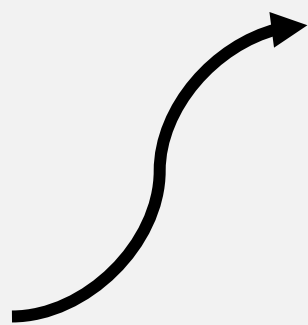
1st Quarter Year Over Year

	2018-19	2019-20	2020-21
ACADEMIC AFFAIRS	\$ 15,339,962	\$ 16,833,533	\$ 16,730,244
ADMIN AND FINANCE	\$ 3,583,993	\$ 3,759,743	\$ 3,811,148
ADVANCEMENT	\$ 1,043,447	\$ 1,016,738	\$ 659,022
CENTRALLY MONITORED	\$ 35,501,428	\$ 48,137,524	\$ 31,323,019
<i>Benefits</i>	\$ 10,632,219	\$ 11,693,366	\$ 11,707,733
<i>Utilities</i>	\$ 743,912	\$ 682,166	\$ 574,633
<i>Financial Aid</i>	\$ 13,872,639	\$ 12,620,663	\$ 14,132,207
<i>Other CM</i>	\$ 10,252,657	\$ 23,141,330	\$ 4,908,446
INFO TECHNOLOGY	\$ 1,668,058	\$ 3,056,764	\$ 3,620,166
PRESIDENTS	\$ 1,059,214	\$ 482,444	\$ 599,340
STUDENT AFFAIRS	\$ 2,297,308	\$ 3,076,004	\$ 2,474,254
TOTAL	\$ 60,493,411	\$ 76,362,750	\$ 59,217,193



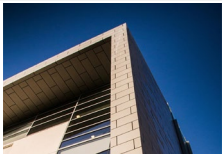
AADHT Actuals & Projections (as of 9/30/20)

Base Budget	\$ 193,177,417
Less Projected YE Actuals	\$ 224,265,995
<i>Projected YE Base Balance</i>	<i>\$ (31,088,578)</i>
Plus 1x/Carryforward Balance	\$ 21,166,662 *
Plus CARES Reimbursement	\$ 3,400,000
Projected YE Balance	\$ (6,521,916) *



Base Shortfall	\$ (6,521,916)
One-Time Shortfall	\$ (4,043,764)
<i>Total Campus Shortfall</i>	<i>\$ (10,565,680)</i>
One-Time Tuition	\$ 10,900,000
One-Time Student Success Fee	\$ 675,000
20-21 Projected Campus Net	\$ 1,009,320

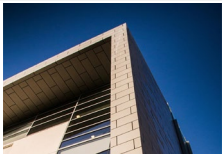
- It is refreshing to see a positive number(!), but it needs to increase as we approach the 21-22 year
- Additional Tuition is a projection which may change significantly based on Spring Enrollment
- We are already anticipating \$6.4M in one-time needs in the 21-22 year
- The state budget is uncertain, but we should be planning for an additional base reduction
- *A significant portion of the overspending in this fiscal year is offset by the carryforward balance. If the projected year-end balance is \$0 or in deficit, there will be no carryforward to offset next year's overspending



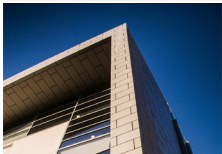
If there is a positive projected net balance does that mean we don't need to explore layoffs?

Unfortunately, **no**. Layoffs are a strategy to reduce the *base* deficit. We could only avoid layoffs if the projected YE Base Balance was \$0 or positive.

Starting Deficit	\$	(9,899,643)
Less Stoplight Chart	\$	5,320,530
<hr/>		
<i>Adjusted 20/21 Base Deficit</i>	\$	<i>(4,579,113)</i>
Less Early Exit Program	\$	704,664
<hr/>		
Ending Position	\$	(3,874,449)

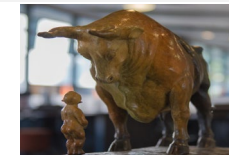
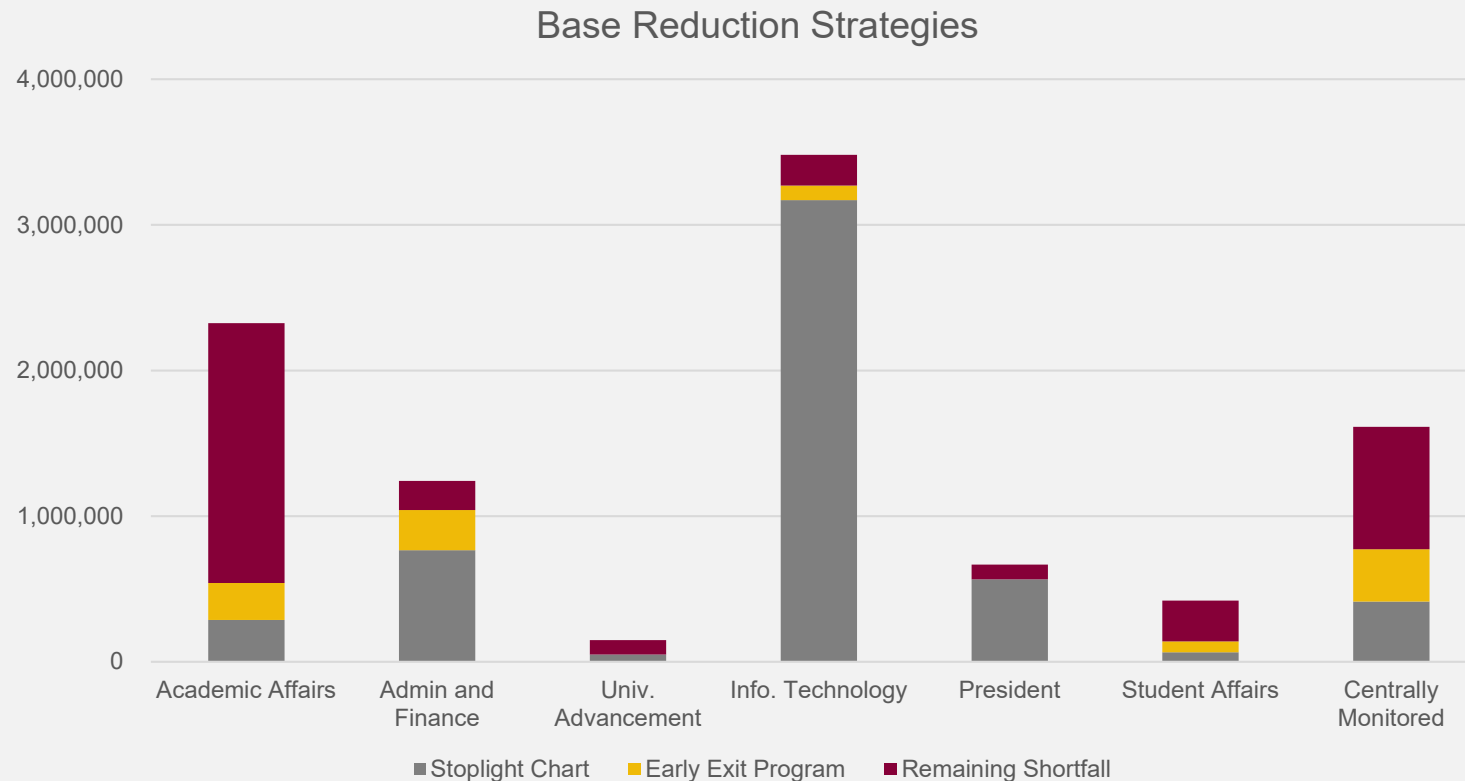


REMAINING DIVISION SHORTFALL



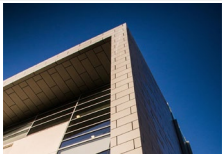
Division Shortfalls

- Permanent Base reduction strategies that have been implemented included the vacant position review (stoplight chart), and Early Exit Program
- After these strategies were implemented there remains a \$3.5M shortfall



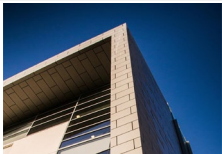
Division Shortfalls

- The Early Exit Program has closed with lower participation than anticipated
- The next step will be to begin conversations around layoffs due to lack of work
- At that point it will be up to each division to identify the remaining shortfall. Some strategies for consideration are:
 - Revisit critical positions on the stoplight chart
 - Reduce Operating Expense
 - Remove students or temp help that are base budgeted
 - Division-specific reductions



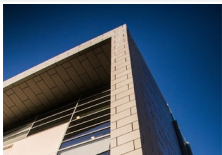
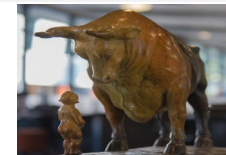
Structural Budget Issues

- Dominguez Hills was hit especially hard by budget cuts due to several structural budget issues
- The campus will need to begin addressing some of the issues that led to financial instability during a downturn:
 - Insufficient funding from State for number of students served
 - Base expenses have not been budgeted, but annually paid from one-time
 - Lack of reserves or reserve planning

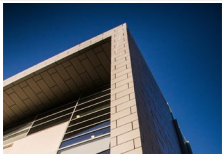


Structural Budget Solutions

- How have we worked to resolve these structural issues so far?
 - Started identifying annually recurring “one-time” expenses
 - Started identifying deficits
 - Invested in Student Health Services, and closed the rolling deficit (June 30, 2020)
 - Continuing advocacy efforts with partners at Chancellor’s Office to mitigate structural underfunding i.e.) Classroom Village
 - Forming analysis and narrative to better understand and inform campus of structural issues
 - Creating Reserves plan consistent with Chancellor’s Office Policy, and Executive Order 994
 - Progress towards position management, in order to mitigate division deficits
 - All Funds Budgeting approach to annual budgeting



Q&A



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