

University Budget Town Hall

November 14, 2018



Today's Objectives

- Provide an overview of all University fund sources and the current fiscal state of the University in a manner that is helpful and easy to understand
- Increase transparency without getting into micro-level details
- Provide context & background influencing decision-making
- Share information on new operating revenue
- Provide updates on base deficits and student success fee
- Provide information on capital funding commitments
- Answer questions regarding the University budget

Agenda

- 1) Introduction
 - Definitions
 - CSU Budget Cycle
- 2) University Revenue Sources
- 3) FY 2017/18 Operating Fund Budget & Fund Balances
- 4) FY 2018/19 Operating Fund Revenue & Commitments
- 5) Update on Base Operating Fund Deficit
- 6) Student Success Fee Update
- 7) Capital Project Funding Commitments
- 8) Budget Challenges & Priorities
- 9) Additional Budget Resources
- 10) Q&A

University Budget Committee (UBC)

Voting Members

- Kate Fawver, CAH, UBC Chair
- Hugo Asencio, CBAPP
- Gurpreet Singh, CEIE
- Bin Tang, CNBS
- Elwin Tilson, CHHSN
- Joanna Kimmitt, University Library
- TBD, COE (Faculty Appointee)
- Michael Kelley, Staff Appointee
- Christian Jackson, President, ASI
- Chinaemerem Isaka, ASI VP Finance
- Celina Valadez, ASI Executive VP
- William Franklin, VP Student Affairs
- Naomi Goodwin, VP Admin & Finance
- Chris Manriquez, VPIT
- Michael Spagna, Provost/VPAA
- Carrie Stewart, VPUA

Non-Voting Members

- Ken O'Donnell, Academic Affairs
- TBD, Administration and Finance
- Cecily McAlpine, Student Affairs
- Marci Payne, Information Technology
- TBD, Office of the President
- Hadia El-Bardisy, University Advancement

Staff Support

- Wayne Nishioka, Interim AVP Finance
- Andrea Alvarez, Resource Specialist

Definitions

Operating Fund	State appropriations, student tuition, and other revenue (e.g., non-resident tuition fee, application fee, campus-based mandatory fees, and other miscellaneous fees, such as, fines/late fees and miscellaneous course fees).
Auxiliaries	Separate, non-state, private non-profit corporations consistent with California Education Code and Corporation Code. CSUDH has four auxiliaries: Associated Students Inc., the CSUDH Foundation, Loker Student Union, and the CSUDH Philanthropic Foundation.
Auxiliary Enterprise Funds	Created by an act of the legislature and supported by user fees, rents, or charges under the administration of the University. Enterprise funds are self-supporting. Examples include: Parking, Housing, and Extended Education (Continuing Education Fund).
Actuals	Total transactions (expense and revenue) in a given fiscal year to-date.
Encumbrance	Remaining purchase order balance still open but not yet invoiced.
Budget Balance Available (BBA)	Unspent amount remaining (actual budget/revenue minus actual expenses minus encumbrances = BBA). Fiscal year specific.
Carry Forward	Fiscal year actual budget/revenue minus fiscal year actual expenses = carry forward. Carry forward funds at fiscal year end are available in subsequent year as one-time funds.
Fund Balance	Cumulative unspent funds (actual revenue minus actual expenses) over multiple years.
Earmarked	Funds provided for a specific purpose by CSU allocation, which may include Cash Posting Orders (CPO) for specific programs or purposes.
Special Purpose	Funds allocated by campus for a specific project or purpose spanning multiple fiscal years.
Base Budget	Recurring funds provided at the onset of each fiscal year.
Original Budget	Base budget—recurring funds provided at the onset of each fiscal year.
Current or Revised Budget	Total amount authorized to spend. Includes base and one-time allocations.

CSUDH Operating and Auxiliary Funds

- CSU Operating Fund
 - State Allocation
 - Tuition Revenue
 - Other Revenues (e.g., non-resident tuition, miscellaneous fees)
- University Auxiliary Organizations

Separate, private, non-state, non-profit corporations consistent with California Education and Corporation Codes:

 - CSUDH Foundation
 - Philanthropic Foundation
 - Associated Students
 - Loker Student Union

CSUDH Operating and Auxiliary Funds

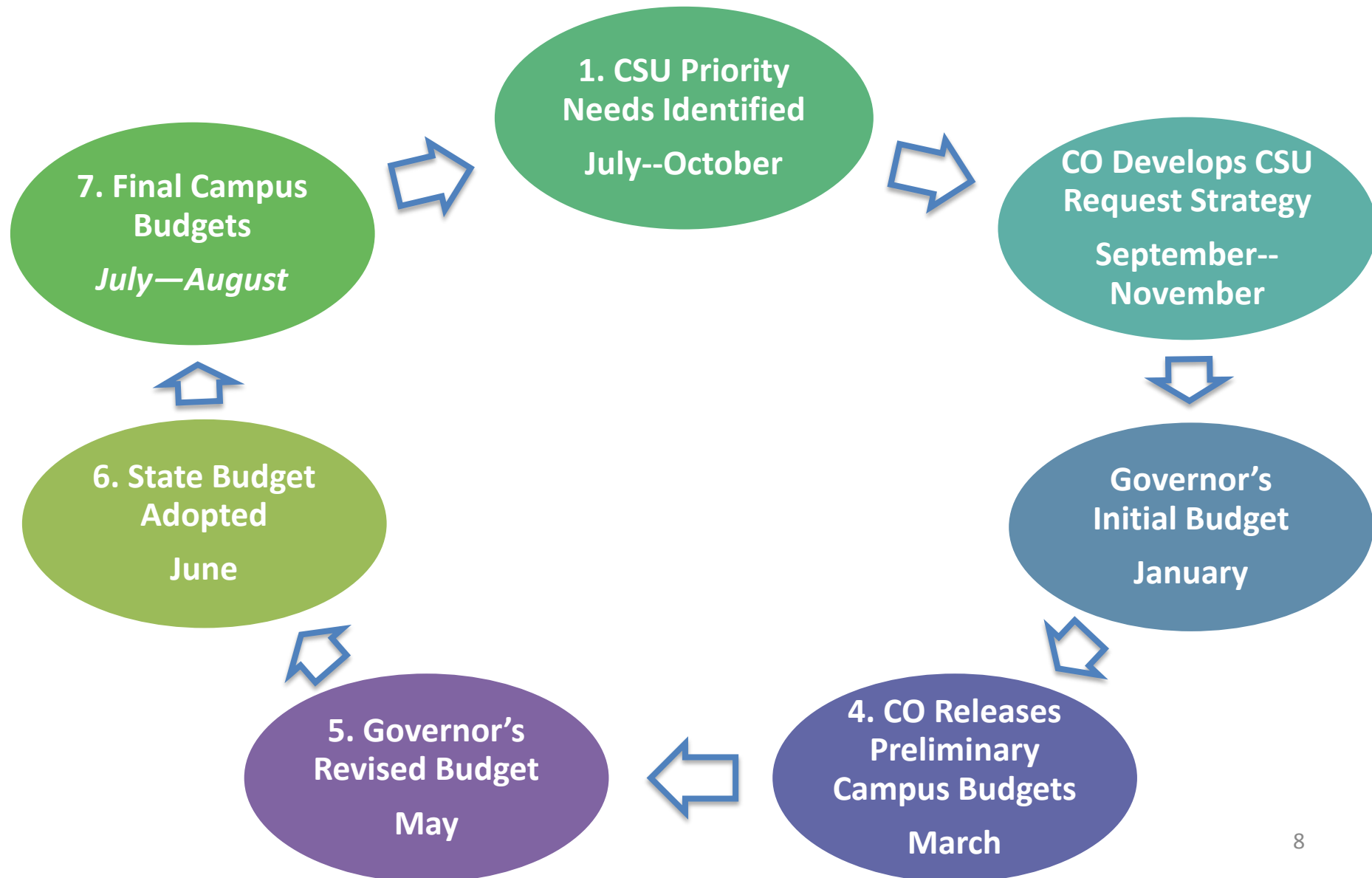
- Auxiliary Enterprise Funds

Created by an act of the legislature and supported by user fees, rents, or charges under the administration of the University.

Enterprise funds are self-supporting entities:

- Parking
- Student Housing
- Extended Education (Continuing Education Fund)

CSU Operating and Capital Budget Process



University Revenue Sources

FY 2018/19 University Revenue Budget

(All Funds)

Operating Fund ¹	\$193,550,750
Interest Income	1,263,830
Student Health Services	2,074,777
Miscellaneous Trust	1,054,242
Instructionally Related Activities (IRA)	144,000
Continuing Education Fund	16,740,000
Housing Fund	4,738,758
Parking Fund	3,948,832
Parking Fines and Forfeitures	320,000
CSUDH Foundation	25,485,467
CSUDH Philanthropic Foundation	3,500,000
Student Union	5,214,587
Associated Students	1,882,600
Total University Budget	\$259,917,843

1 Operating Fund includes the state allocation, tuition revenue (including student success fee revenue), reimbursements, Lottery and other funds.



University Revenue Budget

FY 2017/18 & 2018/19 Comparison

FUND	2017/18	2018/19	DIFFERENCE	% INCREASE (DECREASE)
Operating Fund ¹	\$ 180,584,794	\$ 193,550,750	\$ 12,965,956	7.2%
Investment Fund	910,000	1,263,830	\$ 353,830	38.9%
Student Health Services	2,014,347	2,074,777	\$ 60,430	3.0%
Miscellaneous Fee Trusts	1,100,000	1,054,242	\$ (45,758)	-4.2%
Instructionally Related Activities (IRA)	142,000	144,000	\$ 2,000	1.4%
Continuing Education Revenue Fund	16,110,000	16,740,000	\$ 630,000	3.9%
Housing - Operation and Revenue Fund	4,744,379	4,738,758	\$ (5,621)	-0.1%
Parking Revenue Fund - Parking Fees	3,654,937	3,948,832	\$ 293,895	8.0%
Parking Revenue Fund - Fines and Forfeitures	311,940	320,000	\$ 8,060	2.6%
CSUDH Foundation	24,398,699	25,485,467	\$ 1,086,768	4.5%
CSUDH Philanthropic Foundation	3,500,000	3,500,000	\$ -	0.0%
Student Union	5,303,789	5,214,587	\$ (89,202)	-1.7%
Associated Students	1,822,600	1,882,600	\$ 60,000	3.3%

TOTAL UNIVERSITY BUDGET \$ 244,597,484 \$ 259,917,843 \$ 15,320,358 6.3%

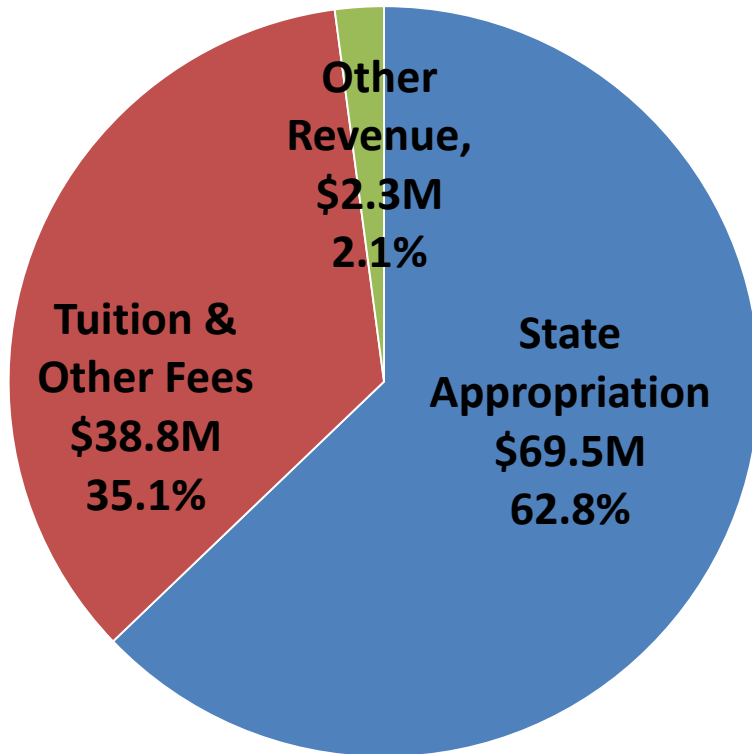
1 Operating Fund includes the state allocation, tuition revenue (including student success fee revenue), reimbursements, Lottery and other funds.

Operating Fund Revenue Sources

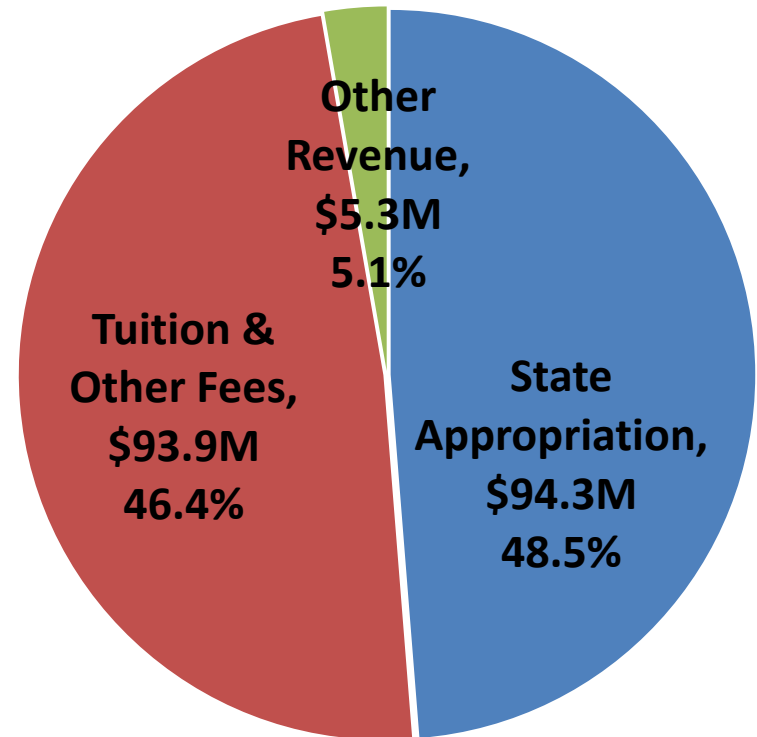
FY 2008/09 vs. FY 2018/19

In Millions

FY 2008/09
\$110.6M



FY 2018/19
\$193.5M



FY 2018/19 Operating Fund Budget

Division	Budget
Academic Affairs	\$59,914,214
Administration and Finance	14,387,238
Student Affairs	12,921,735
University Advancement	3,898,033
Information Technology	8,866,390
President's Division	1,392,066
Centrally Monitored	92,171,074
Total	\$193,550,750

FY 2017/18 Fund Balances & Operating Fund Carry Forward



FY 2017/18 Fund Balances

Operating Fund	12,085,478
Course, Lab, Testing, User Fees	1,361,244
Health Services Fee	(2,008,106)
Health Facilities Fee	961,475
Lottery Fund	813,595
Continuing Education Fund	12,728,595
Continuing Education-Campus Partner	1,015,179
Instructionally Related Activities	175,867
Housing Fund	1,476,873
Parking Fund	3,854,917
Fines and Forfeitures	107,794
Cost Recovery Funds	3,341,813
Miscellaneous Trust	1,970,534
MT-Education Broadband	225,881
MT-Innovation Grant Fund	153,708
Total	<u>\$38,264,847</u>

The Operating Fund balance of \$12,085,478 does not account for encumbrances. With encumbrances, the carryforward is \$10M.

FY 2017/18 Operating Fund Carry Forward

DIVISION /CENTRAL	TOTAL BUDGET	TOTAL EXPENDITURES	BUDGET BALANCE W/O ENCUMBRANCE (CARRY- FORWARD)	ENCUMBRANCE	BUDGET BALANCE AVAILABLE (BBA)
Academic Affairs	\$80,846,297	\$80,851,015	(\$4,718)	\$131,476	(\$136,194)
Administration and Finance	21,564,135	19,713,281	\$1,850,854	813,373	\$1,037,481
Information Technology	10,535,095	8,541,087	\$1,994,008	542,057	\$1,451,951
President's Division	5,955,844	5,898,314	\$57,530	85,694	(\$28,165)
Student Affairs	11,770,334	11,472,386	\$297,948	75,040	\$222,907
University Advancement	6,345,838	5,892,673	\$453,165	28,678	\$424,488
Centrally Monitored Funds	(\$124,861,727)	(\$132,298,418)	\$7,436,692	123,475	\$7,313,216
Total	\$12,155,816	\$70,338	\$12,085,478	\$1,799,793	\$10,285,685

FY 2018/19 New Operating Fund Revenue & Adjustments

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

	Base	One-Time
New T/TT Faculty (Hired in 2019/20)	(2,597,200)	-
Part-Time Faculty-Additional Sections - Enrollment	-	(1,088,754)
Distribution of Foundation Revenue to II Building	-	(465,000)
Chemical Hygiene Officer	(110,000)	-
President's Initiatives	-	(1,000,000)
Facility Renovations	-	(825,000)
Master Plan EIR		(200,000)
Campus Operations	-	(568,888)
Base Shortfall Mitigation	(1,610,000)	(203,437)
Total	(4,317,200)	(4,351,079)

	Base	One-Time
Total Mandatory Costs & Earmarks	(10,121,100)	(19,227,551)

Balance After Mandatory Costs & Earmarks	1,420,728	833,223
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Base Operating Fund Shortfall

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

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

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)

Base Deficit Status (continued)

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

Student Success Fee

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 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

- Total FY 2018/19 Student Success Fee budget \$8.85M
 - \$8.2M Student Success Fee revenue
 - \$665K One-time Operating Fund allocation
- Forward-funding of Student Success Fee revenue will be “trued up” at the end of FY 2018/19
- Increases in Student Success Fee revenue effective FY 2019/20 will be derived exclusively from increased enrollment (headcount) and will be relatively small. Increases will be used to off-set increased costs for existing approved positions and programs funded via Student Success Fee, e.g., general salary increases, benefit increases, etc.

Approved Student Success Fee Allocations FY 14/15

Total New Allocations: \$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 New Allocations: \$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 New Allocations: \$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

FY 2018/19 Base Student Success Fee Allocations

Total New Allocations: \$1.9M

- | | |
|--|--------|
| • Adjustment for prior year forward funding* | \$0.7M |
| • Staff salary and benefit increases | \$0.1M |
| • Five new tenure/tenure-track faculty | \$0.7M |
| • Chief Diversity Officer | \$0.1M |
| • Affinity Centers | \$0.3M |

*2014-15 thru 2016-17

Capital Project Funding

Science & Innovation Building

Project Cost: \$82M

Campus Commitment: \$15M

Sources:

Campus Reserves \$7.6M

Toyota Donation \$4.0M

Loan for Group II Equipment \$3.3M



Innovation & Instruction Building

Project Cost: \$82M

Campus Commitment: \$32M

\$15M prior to July 1, 2019

Additional \$17M loan from CO to be repaid via P3 University Village (\$1M per year)

Sources of \$15M

Campus One-Time Funding	\$6.0M
CBAPP Campus Partners/Revenue Sharing*	\$3.5M
CEIE Revenue	\$2.0M
Foundation	\$1.4K
Broadband Revenue	\$1.0M
Interest Earnings	\$350K
Accounting Trust	\$425K
Miscellaneous Trust	\$325K

**Revenue Sharing with CEIE



Examples of Other Capital Needs

- Library
- University Pool
- University Theatre
- NSM Renovation
- SBS Renovation
- LaCorte Hall
- Gymnasium

Budget Challenges & Priorities

Ongoing Budget Challenges

- The Hidden Costs of Our Success
 - Over enrollment
 - Student average mean unit load increases
- Implications of non-impaction
- Student scholarship needs
- Base deficit in student health center
- Salary increases in non-operating fund sources
- Continued use of non-operating funding to support program expenses
- Deferred maintenance and other facilities and infrastructure costs, including IT
- Health and safety issues/risk mitigation costs

Budget Planning Priorities

Priorities

- Continued diligence in eliminating remaining \$2.2M base shortfall
- Opportunities to increase non-state revenue
- Continued emphasis on communication & transparency
- Multi-year budget planning aligned with University strategic priorities

	2018/19		2019/20		2020/21		2021/22		2022/23	
	Base	One-Time	Base	One-Time	Base	One-Time	Base	One-Time	Base	One-Time
Athletics	2,604,474	1,975,530	151,600	1,300,000	285,000	-	-	102,460	-	103,225
IT	2,634,000	3,342,225	1,215,000	1,290,000	830,000	165,000	830,000	-	830,000	-
UA	2,915,176	185,170	161,800	115,170	438,800	75,000	256,800	20,000	16,800	5,000
AF	4,200,000	4,235,000	2,100,000	3,600,000	550,000	3,300,000	-	2,010,000	-	2,010,000
SA	481,413	-	1,093,216	100,000	351,123	-	491,200	-	-	-
AA	7,000,000	1,350,000	7,000,000	1,350,000	7,000,000	1,350,000	7,000,000	1,350,000	7,000,000	-
Total	19,835,063	11,087,925	11,721,616	7,755,170	9,454,923	4,890,000	8,578,000	3,482,460	7,846,800	2,118,225

Estimated Five-Year Needs: FY 2018/19—2022/23

Base \$57.5M
 One-Time \$29.4M
 Total \$86.9M

Budget Planning Priorities (continued)

July 2018 WSCUC Reaccreditation Letter Recommendations

1. Update WASC on the strategic planning process and its implementation including progress on the physical development of the campus.
2. Continue to build institutional capacity for collecting, integrating, analyzing, and disseminating data among key stakeholders for decision-making purposes.
3. Continue to develop and implement financially sustainable faculty hiring and allocation plans.
4. Strengthen evidence-based approaches to curricular and co-curricular program assessments and reviews.
5. Explore models to optimize staffing across key units in order to achieve strategic goals.
6. Identify sustainable approaches to support the pedagogical and scholarly development for faculty (i.e., tenure track, tenured, and lecturers).

Additional Budget Resources



OpenGov.com

- Cloud based, easy-to-use application that promotes more open, effective and accountable financial management.
- Over 1,500 public agencies from 48 states use the application to achieve better budgeting, improved reporting, comprehensive transparency, and open data sharing.
- CSUDH joined OpenGov in October 2016.
- Three workshops held in FY 17-18. Upcoming workshops TBD.
- <https://www.csudh.edu/budget-plan-admin/opengov/>



Additional Budget Information

- CSUDH Budget Administration
 - Budget and Management Reports
<http://www.csudh.edu/budget-plan-admin/bm-reports/index>
 - Town Hall Budget Presentations
<http://www.csudh.edu/budget-plan-admin/budget-presentation/index>
 - UBC Presentations and Recommendations
<http://www.csudh.edu/budget-plan-admin/ubc/index>
 - Student Success Fee Webpage
<http://www.csudh.edu/budget-plan-admin/student-success-fee/index>
- CSU Budget Office
 - <http://www.calstate.edu/budget/>

Q&A