3rd Quarter Budget Update

April 20, 2021
I. 2020-21 Budget

II. 3rd Quarter Actuals

III. CARES Funding

IV. 2021-22 Budget Planning
2020-21 BUDGET
Budget Reduction

• When we started the fiscal year in July, the campus was facing a base shortfall of $9.9M and a one-time shortfall of $14.9M

• There were a number of base and one-time measures implemented to mitigate the shortfall

• **One-Time**
  - Swept travel = $820k
  - Utilities savings = $1M
  - Reduction/ Elimination of 1x Items = $4M

• **Base**
  - Stoplight Chart = $5.3M
  - Proportionate Reduction to Divisions = $4.6M
Budget Reduction

• The strategy that had the largest impact was a campus-wide commitment to not deficit spend

• This allowed any surplus funds to be used for the shortfall versus addressing new deficits

• An overall reduction of spending is a grassroots effort, and every member of the community contributed

• The ENTIRE campus is to be commended for maintaining quality of education while remaining cognizant of budgetary constraints
3rd Quarter Actuals
• 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.
• 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
• Third Quarter is typically when we have a more refined set of projections for the remainder of the year

• With a clear idea of what the year-end balance will look like, we can begin planning for the next fiscal year
  - These conversations include preparing for year-end close and reserve designations

• Most of the anticipated payments have been made or are reflected within the projections
• Revenues over budget will be approximately $7M- this excess revenue will be collected within Centrally Monitored.

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actuals (July-Mar)</th>
<th>Projected Actuals (Apr-June)</th>
<th>Encumbrances</th>
<th>Projected YE Actuals</th>
<th>Projected YE Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Allocation</td>
<td>$(103,393,000)</td>
<td>$(103,393,255)</td>
<td>$(77,547,393)</td>
<td>$(25,845,862)</td>
<td>$</td>
<td>$(103,393,255)</td>
<td>$(103,393,255)</td>
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<tr>
<td>Student Fees</td>
<td>$(86,994,000)</td>
<td>$(86,994,000)</td>
<td>$(94,294,106)</td>
<td>$</td>
<td>$</td>
<td>$(94,294,106)</td>
<td>$7,300,106</td>
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<tr>
<td>Cost Recovery</td>
<td>$(2,790,417)</td>
<td>$(2,790,417)</td>
<td>$(437,477)</td>
<td>$(2,352,940)</td>
<td>$</td>
<td>$(2,790,417)</td>
<td>$(2,790,417)</td>
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<tr>
<td>Total</td>
<td>$(193,177,417)</td>
<td>$(193,177,672)</td>
<td>$(172,278,976)</td>
<td>$(28,198,802)</td>
<td>$</td>
<td>$(200,477,778)</td>
<td>$7,300,106</td>
</tr>
</tbody>
</table>
Third Quarter Report

- Projected YE Balance is $10.8M, essentially splitting the difference between Base Budget and the Revised Budget

<table>
<thead>
<tr>
<th>Division</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Actuals (July-Mar)</th>
<th>Projected Actuals (Apr-June)</th>
<th>Encumbrances</th>
<th>Projected YE Actuals</th>
<th>Projected YE Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACADEMIC AFFAIRS</td>
<td>$63,134,546</td>
<td>$65,316,374</td>
<td>$47,488,530</td>
<td>$14,590,932</td>
<td>$303,924</td>
<td>$62,383,387</td>
<td>$2,932,988</td>
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<tr>
<td>ADMIN AND FINANCE</td>
<td>$15,166,381</td>
<td>$16,919,581</td>
<td>$11,501,114</td>
<td>$3,362,967</td>
<td>$1,169,561</td>
<td>$16,033,642</td>
<td>$885,939</td>
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<tr>
<td>ADVANCEMENT</td>
<td>$2,953,660</td>
<td>$4,300,070</td>
<td>$1,680,013</td>
<td>$622,732</td>
<td>$209,048</td>
<td>$2,511,793</td>
<td>$1,788,277</td>
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<tr>
<td>INFO TECHNOLOGY</td>
<td>$9,172,737</td>
<td>$11,125,903</td>
<td>$11,532,174</td>
<td>$3,268,094</td>
<td>$1,879,513</td>
<td>$16,679,781</td>
<td>$(5,553,878)</td>
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<tr>
<td>PRESIDENTS</td>
<td>$3,155,873</td>
<td>$3,818,640</td>
<td>$2,056,472</td>
<td>$705,135</td>
<td>$191,685</td>
<td>$2,953,292</td>
<td>$865,348</td>
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<tr>
<td>STUDENT AFFAIRS</td>
<td>$11,307,225</td>
<td>$11,262,074</td>
<td>$7,613,542</td>
<td>$2,203,444</td>
<td>$216,224</td>
<td>$10,033,210</td>
<td>$1,228,864</td>
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<tr>
<td>CENTRALLY MONITORED</td>
<td>$88,286,996</td>
<td>$100,671,098</td>
<td>$74,224,495</td>
<td>$17,055,536</td>
<td>$721,203</td>
<td>$92,001,234</td>
<td>$8,669,864</td>
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<tr>
<td>Utilities</td>
<td>$3,278,078</td>
<td>$3,344,527</td>
<td>$1,619,336</td>
<td>$539,779</td>
<td>$163,911</td>
<td>$2,323,025</td>
<td>$1,021,502</td>
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<tr>
<td>Financial Aid</td>
<td>$32,299,701</td>
<td>$32,814,797</td>
<td>$28,677,737</td>
<td>$3,017,547</td>
<td>-</td>
<td>$31,695,284</td>
<td>$1,119,513</td>
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<tr>
<td>Other CM</td>
<td>$6,086,096</td>
<td>$20,104,249</td>
<td>$6,890,126</td>
<td>$930,604</td>
<td>$557,292</td>
<td>$8,378,022</td>
<td>$11,726,227</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$193,177,417</strong></td>
<td><strong>$213,413,740</strong></td>
<td><strong>$156,096,341</strong></td>
<td><strong>$41,808,840</strong></td>
<td><strong>$4,691,158</strong></td>
<td><strong>$202,596,339</strong></td>
<td><strong>$10,817,400</strong></td>
</tr>
</tbody>
</table>

*IT over-spending associated with response to virtual environment- some expenses will be reimbursed by CARES
As we look at the year-end balances, we can begin to project the available balance for the 21-22 year. If we build intention and goals into the balance, it becomes a Reserve.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Projected CM YE (w/no transfers)*</td>
<td>$8,669,864</td>
</tr>
<tr>
<td>Plus Over Revenue</td>
<td>$7,300,106</td>
</tr>
<tr>
<td>Total Projected &quot;Reserve&quot;</td>
<td>$15,969,969</td>
</tr>
<tr>
<td>Hold: CM Designated Funds</td>
<td>$2,418,160</td>
</tr>
<tr>
<td>Transfer to I&amp;I</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Transfer to Library Moves</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>Hold: Future Reserve</td>
<td>$4,500,000</td>
</tr>
<tr>
<td>Total Projected Allocations</td>
<td>$9,918,160</td>
</tr>
<tr>
<td>Unallocated 21-22 Reserve</td>
<td>$6,051,809</td>
</tr>
</tbody>
</table>

*Includes all CARES funds that have been collected centrally
CARES FUNDING
• In March 2020 Congress authorized the Coronavirus Aid, Relief, and Economic Security Act (CARES)

• The portion of these funds were deposited into the Higher Education Emergency Relief Fund (HEERF), and distributed to universities across the country

• There have been supplemental appropriation bills that have been passed with different names, but these funds are included under the umbrella of “CARES”
• CSUDH received an additional allocation as a Minority Serving Institution. This additional funding is called the “MSI Portion”

• CARES requires that half of the funding allocated to the campus is distributed directly to students in the form of Emergency Aid Grants - (CARES II only required 30% to be allocated to Emergency Aid Grants)

• The remaining funding is the “Institutional Portion” of the grant, which can be used for COVID- related expenses on campus.

• These funds are 1x in nature, so they can’t be used for any on-going expenses
<table>
<thead>
<tr>
<th></th>
<th>CARES I</th>
<th>CARES II</th>
<th>CARES III</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allocation- Institutional Funds</td>
<td>$9,240,638</td>
<td>$22,602,924</td>
<td>$27,439,117</td>
<td>$59,282,679</td>
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<tr>
<td>Allocation- MSI Funds</td>
<td>$1,312,563</td>
<td>$1,980,621</td>
<td>$3,550,249</td>
<td>$6,843,433</td>
</tr>
<tr>
<td>Student Grants</td>
<td>$9,240,639</td>
<td>$9,240,639</td>
<td>$28,476,293</td>
<td>$46,957,571</td>
</tr>
<tr>
<td><strong>Total Allocation</strong></td>
<td>$19,793,840</td>
<td>$33,824,184</td>
<td>$59,465,659</td>
<td>$113,083,683</td>
</tr>
<tr>
<td>(Less Student Grants)</td>
<td>$(9,240,639)</td>
<td>$(9,240,639)</td>
<td>$(28,476,293)</td>
<td>$(46,957,571)</td>
</tr>
<tr>
<td><strong>Available Institutional Portion</strong></td>
<td>$10,553,201</td>
<td>$24,583,545</td>
<td>$30,989,366</td>
<td>$66,126,112</td>
</tr>
<tr>
<td>Drawn Down</td>
<td>$6,752,366</td>
<td>-</td>
<td>-</td>
<td>$6,752,366</td>
</tr>
<tr>
<td>Allocated</td>
<td>$3,800,834</td>
<td>$12,237,378</td>
<td>$4,240,249</td>
<td>$20,278,461</td>
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<tr>
<td>Unallocated</td>
<td>$0</td>
<td>$12,346,167</td>
<td>$26,749,117</td>
<td>$39,095,284</td>
</tr>
</tbody>
</table>
CSUDH has received approximately $113M in CARES funding, and has drawn down or allocated approximately $27M of it.
$39 million?! That seems like it should solve ALL our budget problems, right?

Not quite! CARES funds are *extremely* restrictive in how they can be used. There are many sets of guidelines, but essentially these funds can only be used for expenses that are directly related to the pandemic in two ways:

1) **COVID-related health and safety on campus.** This means expenses like protective equipment and testing. General health and safety (like the Student Health Center) are not applicable.

2) **Change in instruction to a virtual environment.** The expenses are only applicable if it’s directly related to moving into a virtual environment, and the campus wasn’t doing it *before* the pandemic.
So, what is the plan for the other $39 million?

The Executive Policy Group is continuing to brainstorm uses of these funds that can support students, staff, and faculty as we safely repopulate the campus.

These uses can’t be too creative, as they still need comply with the guidelines provided by the Federal Government, and we know we will be audited on these funds.

The guidelines continue to be amended and expanded, and as they are, we will work to reimburse the University for those expenses that have already been incurred, as well as plan for new costs.
2021-22 BUDGET PLANNING
2021-22 Budget Timeline

November
- Trustees adopt CSU budget request to be submitted to the Governor

January
- Governor’s Budget submitted to Legislature

February
- Legislative Analyst’s budget analysis released

March
- Chancellor’s Office releases Preliminary Budget Memo (not final)
- Governor’s May Revision

April
- Divisions prepare requests, and share them with UBC

May/June
- President reviews UBC’s recommendations and adjusts priorities, as necessary.

June
- State Budget Adopted
- CSU Budget Finalized

July
- DH receives its funding allocation from the CO. Funding will be distributed based on list of priorities.
FY21-22 Preliminary Budget Allocations

• The CSU system is anticipating an increase of $443.5 million

• The CSU Preliminary Budget Allocation Memo allocates $338 million for restoration of the 2020-21 General Fund reduction and some mandatory costs.

• Resident enrollment targets for 2021-22 remain unchanged from 2020-21. CSUDH Res Enrollment Target: 11,473

• All other funding proposals for specific programs (e.g., Basic Needs Initiative, student mental health and technology, etc.) as well as additional operational and mandatory cost allocations will be made after the budget is finalized in June.
FY21-22 Budget Allocation Priorities

• CSUDH is continuing to work to absorb the previous year’s budget reduction while receiving restored funding, and implementing strategic budgeting in a year without a strategic plan
• In order to budget strategically, funding will be allocated in the following priorities:
  1) Restore budget to unfunded activities, namely, those campus activities that were still happening despite eliminating funding
  2) Requests that have been proposed in the 21-22 budget and are supported conceptually, but have not had funding identified to support them
  3) Requests intended to not just restore CSUDH to where it used to be, but address the transformational needs of the campus

• Historically, each division requested budget allocations in silos; this budget cycle is different in that the VPs have been asked to look at the list collectively and in aggregate to support the broader campus planning goals.
Summary - Year To Date

- We committed to Budget transparency and education
  - So far in 20-21 we’ve had 11 Budget Presentations

July 1, Beginning of Fiscal year (started with $5M Reserve, and $12M for commitments)

August 19, Campus Webinar- Review Budget Memo and projected campus shortfall of $6.2M

August 27, Campus Webinar- Review Budget Memo and projected campus shortfall of $6.2M

October 21, First Quarter Budget Report- projected year-end surplus of $1M

January 8, Governor’s Preliminary Budget is released- indicates partial budget restoration

February 17, Governor agrees to full restoration of CSU budget to 20-21 levels

July 27, Campus Webinar- Review Budget Memo and projected campus shortfall of $6.2M

August 31, First Budget Lunch & Learn- Budget Fundamentals

December 7, First Quarter Budget Lunch & Learn- Student Fees

February 10, Second Quarter Budget Report- projected year-end surplus of $9.8M

April 20, Third Quarter Budget Report- projected year-end surplus of $16M (anticipated $9.9M in commitments)
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