



California State University
DOMINGUEZ HILLS

University Budget Town Hall

October 20, 2016

Presented by

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Objectives

- Fulfill commitment to hold a budget town hall at least once a year to provide an overview of the university budget (PM 2014-04).
- Provide an overview of all university fund sources.
- Share information on the 2016/17 state operating fund budget and allocation priorities.
- Discuss budget issues, challenges and lessons learned.
- Provide information on additional budget resources.
- Answer questions.

Report Preparation

- Stephen Mastro, Associate Vice President, Admin. & Finance
- Homaira Masoud, University Budget Director
- Wayne Nishioka, Admin. & Finance, Division Resource Manager
- Andrea Alvarez, Administrative Analyst, Admin. & Finance

Agenda

- Overview of University total budget
- 2016-17 State Operating Fund budget
 - New revenue
 - Expenditure priorities
 - Alignment with multi-year budget balancing strategy detailed during Spring 2016 budget town hall
- Some Lessons Learned
- Ongoing Fiscal Transparency
- Q & A

University Revenue Budget

2016/17

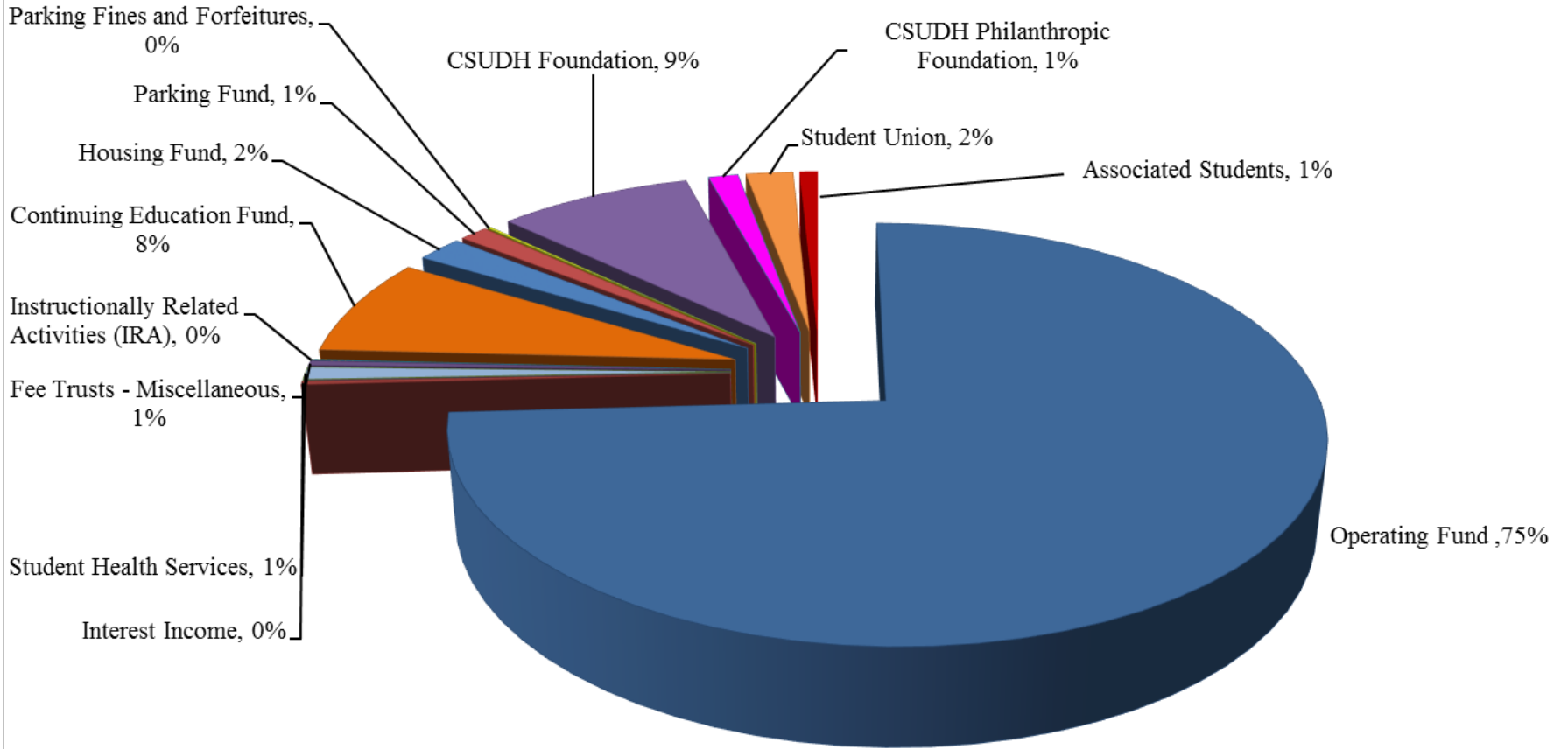
Operating Fund ¹	\$166,043,634
Interest Income	642,000
Student Health Services	2,200,000
Fee Trusts - Miscellaneous	870,000
Instructionally Related Activities (IRA)	142,000
Continuing Education Fund	17,493,800
Housing Fund	4,589,256
Parking Fund	2,832,000
Parking Fines and Forfeitures	257,558
CSUDH Foundation	19,488,334
CSUDH Philanthropic Foundation	3,000,000
Student Union	4,727,720
Associated Students	1,778,150
Total University Revenue Budget ²	\$224,064,452

Footnote

¹ The University Operating Fund includes the state allocation, tuition fee revenue (including Student Success), reimbursements, Lottery, and CO one-time allocations.

² Does not include Prior Year's Retained Earnings

University Revenue Budget 2016/17



Total \$224,064,452

Operating Fund Revenue Budget 2016/17

	<u>Baseline</u>	<u>One-time</u>	<u>Total</u>
State Appropriation	\$78,847,352	4,171,000 ¹	\$83,018,352
Tuition Fees	72,917,382	-	72,917,382
Non-Resident Tuition Fees	850,000	-	850,000
Application Fees	700,000	-	700,000
Student Success Fee	4,570,000	-	4,570,000
Miscellaneous Revenue ²	175,000	-	175,000
Lottery Fund	973,000	-	973,000
College Work Study	656,064	-	656,064
Enterprise Funds and Auxiliary Organization Cost Recovery	2,183,836	-	2,183,836
Total Projected Operating Fund Revenue	\$161,872,634	\$4,171,000	\$166,043,634

Footnote:

¹ CO allocation includes: Faculty Compensation, Student Success / Completion Initiatives, and Deferred Maintenance

² Miscellaneous fees for late, transcripts, fines, etc.

New Operating Fund Revenue

2016/17

New Revenue*	Baseline	One-time
Compensation and Benefits	3,708,000	
Enrollment Growth & Net Fee Revenue	1,524,303	-
Student Success Completion/Graduation Initiative	627,000	-
State University Grant Adjustment	41,000	-
CO One-time Allocations ¹	-	3,121,000
Deferred Maintenance	-	1,050,000
Total New Revenue	<u>5,900,303</u>	<u>4,171,000</u>

*Does not include anticipated one-time \$1,350,000 for student success not yet allocated.

Footnote:

¹ One-time allocations by CO for (1) faculty compensation (2) student success and completion initiatives and (3) redirected associate degree for transfer enrollment.

Operating Fund Revenue Balances

2016/17

<u>Beginning Balances and Savings*</u>	Baseline	One-time
Beginning Balance - Unallocated	1,931,210	-
Beginning Balance - Salary Equity Pool	1,112,402	-
FY 15/16 Carryforward in Centrally Monitored	-	3,622,217
Prior Year (FY 14/15) Unallocated Carryforward	-	1,408,949
Benefit Savings from Cost Recovery	1,000,000	-
Risk Management Premium Decrease (Savings)	29,399	-
Total Beginning Balance	<u>4,073,011</u>	<u>5,031,166</u>

*Excludes designated campus reserves of \$4,250,000 (2.8% of operating revenue)

Operating Fund Balances Available To Be Allocated 2016/17

Expenditures

Mandatory Commitments

	<u>Baseline</u>	<u>One-time</u>
Compensation and Benefits	(5,644,455)	-
Tuition Fee Discount (SUG)	(282,000)	-
Deferred Maintenance Projects (CO-Funded)	-	(1,050,000)
Total Mandatory Commitments	(5,926,455)	(1,050,000)

Other Commitments

60% Tenure Density Goal - 11 Faculty Positions (Salary+Benefit)	(1,254,000)	-
UA New Positions -Capital Campaign Fund Raising (Sal + Ben)	(311,867)	60,000
Athletics Settlement / One-Time in Lieu Baseline Transfer from Student Affairs	(25,111)	(1,154,040)
Student Success-Funding Provided in Advance of Fee Collection	-	(400,000)
University Marketing Budget	-	(607,214)
Presidential Initiative	-	(1,000,000)
Transfer to Health Services Fund	-	(191,053)
Other Miscellaneous Obligations		(890,458)
Former Geranium Lease Property Restoration Costs Facilities Master Plan		(700,000)
Total Other Commitments	(1,590,978)	(4,882,765)
Total Base line and One-time Expenditures	(7,517,433)	(5,932,765)
Remaining Balance (Net Revenues)	2,455,881	3,269,401

Priorities for 2016/17 Allocations

- Funding mandatory costs and unfunded mandates, e.g., compensation and benefits increases.
- Designated projects with restricted funding allocations.
- Closing the baseline budget vs. expenditure gap.
- Campus strategic initiatives, e.g.,
 - Faculty hiring/tenure/tenure-track density
 - Student Success & graduation initiatives
 - Science and Innovation building and other facility & infrastructure needs.

Closing The Gap

- March 2016 budget town hall provided information on base budget gap of \$12.4M.
- Gap was created over multi-year period of base spending in excess of base budget.
- Prior to 2013-14, the gap was addressed via one-time resources (carry forward). As one-time resources were allocated to other purposes, annual one-time carry forward decreased significantly.

	FY Beginning Carry-forward Balance	FY Revenue	FY Expense	Year-end Carry- Forward
FY 11/12	31,538,538	134,051,259	132,443,627	33,146,170
FY 12/13	33,146,170	132,921,495	131,826,411	34,241,254
FY 13/14	34,241,254	139,802,913	146,684,348	27,359,819
FY 14/15	27,359,819	142,781,677	155,620,604	13,112,843
FY 15/16	13,112,843	153,690,137	156,661,839	10,141,141 ¹

¹ The Carry-forward balance includes BBA and Encumbrance Balances.

Factors Contributing to Gap

- Impact of multi-year base budget cuts and need for basic/fundamental programmatic and operational support despite lack of base resources to do so.
- Not fully utilizing one-time, ongoing resources such as course fees, miscellaneous trust, lottery, foundation, and other revenue.
- Not fully recovering costs from auxiliary & enterprise partners.
- The unintended consequence of our own success.
 - Increased average mean unit load resulting in reduced tuition and fee revenues.

Closing the Gap: Where Do We Stand?

Closing the \$12,378,168 Gap

March 2016 Assumptions vs October 2016 Actuals

	<u>Scenario #1</u>	<u>Scenario #2</u>	<u>Actual</u>
State Funded Enrollment Increase	1.50%	3.00%	2.10%
Campus Over Enrollment	6.00%	0.00%	4.50%
International Students (headcount)	30	30	28
Special Base Funding Allocation	\$3.5 M	\$3.5 M	\$0
Special One-time funding allocation	0%	0%	3,121,000
Projected Gap as of October 2016. ¹	\$3,105,256	\$3,233,963	\$3,410,505

Footnote:

¹ The October 2016 Gap will be filled with one-time resources from Other Trusts.

Closing the Gap: Where Do We Stand? (continued)

Bottom Line: Baseline Budget vs. Expenditure Gap

- 2015/16: \$12.38M
- 2016/17: \$ 6.64M

2016/17 Budget Allocation Priority

Closing the Baseline Budget vs. Expenditure Gap
Using Available Baseline and One-Time Funds

<http://www4.csudh.edu/budget-plan-admin/ubc/index>

Some Lessons Learned:
A Two and a Half Month CFO Tutorial

Lessons Learned

- In 2015/16, divisions/colleges were provided authority to spend above base allocations but were not consistently funded to do so.
- One-time divisional carry forward at the end of 2014/15 was not fully allocated to divisions/colleges, negatively impacting one-time funding available for divisional use in 2015/16 and contributing to negative 2015/16 year-end budget balances in some divisions/colleges.

Lessons Learned (continued)

- We must continue to be diligent in allocating base resources to divisions to close the gap between approved spending authority and existing baseline budget. This includes existing as well as new resources.
 - Continued use of non-operating revenue to support programmatic expenses is important, yet particularly challenging.
- We also must find ways to invest in new programs and activities in support of our strategic goals and/or to fully support and sustain Student Success and graduation initiatives.

Lessons Learned (continued)

- Need to fund new tenure/tenure track faculty positions differently.
 - Both enrollment-driven new tenure/tenure track faculty positions and additional tenure/tenure track faculty positions in support of our five-year faculty hiring plan and 60% tenure density goal established via the university strategic plan are essential.
 - Need to fund actual vs. estimated new faculty salary costs.
 - Need to fund start-up and CBA required release time costs.

Lessons Learned (continued)

- Capacity and opportunities to leverage short-term debt.
 - Multi-year classroom refurbishment plan
 - Additional investment in deferred maintenance, IT, infrastructure and classroom/lab equipment.
- Making our case to decision-makers and influencers works.
 - We have a good case to make and people willing to listen.
- Shared governance continues to be central.
- Transparency, transparency, transparency!

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Additional Budget Information

- CSUDH Budget Administration
 - Budget and Management Reports
<http://www4.csudh.edu/budget-plan-admin/bm-reports/index>
 - Town Hall Budget Presentations
<http://www4.csudh.edu/budget-plan-admin/budget-presentation/index>
 - UBC Presentations and Recommendations
<http://www4.csudh.edu/budget-plan-admin/ubc/index>
 - Student Success Fee Webpage
<http://www4.csudh.edu/budget-plan-admin/student-success-fee/index>

- CSU Budget Office
 - [http://www.calstate.edu/budget/:](http://www.calstate.edu/budget/)

Q & A