



**California State University**  
**DOMINGUEZ HILLS**

# University Town Hall Budget Presentation 2016

## **Presenters**

**Robert Fenning, VP Administration and Finance**

**Stephen Mastro, AVP Administration and Finance**

**Homaira Masoud, University Budget Director**

**March 17, 2016**



**“Development of a Sustainable Spending Plan  
to More Effectively Link Existing  
&  
New Resources with the Goals/Objectives  
of the  
2014-2020 University Strategic Plan”**

# AGENDA

March 17, 2016

9:00 a.m. -11:00 a.m. Loker Student Union – Ballroom C

- **INTRODUCTIONS**
  - The President’s Prior & Ongoing Charge
  - What We Learned in FY2014-15 And Applying To FY2015-16 Budget Process
  
- **REVIEW OF FY 2015-16 SPENDING PLAN PROCESS**
  - FY2015-16 Base (Blue Book) Budget (All Funds)
  - Historical Spending Trends That Have Created A Structural Deficit
  - How Is A Base Budget Deficit Created
  - What Are The Contributing Factors
  - Addressing The Need To Limit Spending & Build The Base
    - Development Of A “Maximum Spending Authority” For Divisions
    - Development Of A 5-Year Sustainable Base Budget Plan
      - Option #1 Special Allocation Scenario
      - Option #2 Enrollment Target Scenario
    - Closing the \$12.5M Base Gap
  - Renewed Investment Begins in FY2017-18
  
- **NEXT STEPS**
  
- **QUESTIONS AND ANSWERS**

## The President's Prior & Ongoing Charge

- Implement What The University Has Collectively Identified As Our Strategic Goals & Objectives Contained In The 2014-2020 University Strategic Plan.
- The Need To Coordinate/Link **All** Institutional Resources On Our Strategic Goals & Critical Needs.
- Assure That Student Success Fee Revenues Are Allocated To Appropriate Student Success Initiatives With Immediate Impacts (Separately Budgeted & Reported).
- Address Our Historical Operating Budget Structural Issues By Reducing Current Spending While Increasing Our Base Resources In FY's 2015-16 & 2016-17.
- Develop A Multi-Year Financial Strategy Incorporating **All** Funds That Ensures Increasing Strategic Investments In FY2017-18 And Subsequent Fiscal Years.
- Provide Improved Operating Budget Reporting And Ongoing Monitoring As A Key Element Of A Transparent Operating Budgeting/Resource Allocation Process.

## What We Learned in FY2014-15 And Applying To The FY2015-16 Budget Process

- Need To Initiate An Operating Budget Alignment Process.
- Identify And Apply One-Time Resources/Fund Balances To Address Resource Needs.
- State Appropriations Are Only 35% Of The Campus Funding ➡ Our Tuition And Fee Revenues Are Critical.
- In FY 2008/09 General Fund Allocation Was 64% Of The Operating Trust Funding, Today It Is 48%.
- Currently The Campus is Relying Heavily On One-Time Carry Forward Funding Which Is Not Sustainable ➡ Limit Spend And Grow The Base.
- Enterprise, Auxiliary, And Foundation Resources Are Crucial To Achieving Campus Strategic Goals And Must Be Incorporated Into Our Annual And Multi-Year Spending Plans.

## 2015/16 TOTAL UNIVERSITY BUDGET - ALL FUNDS

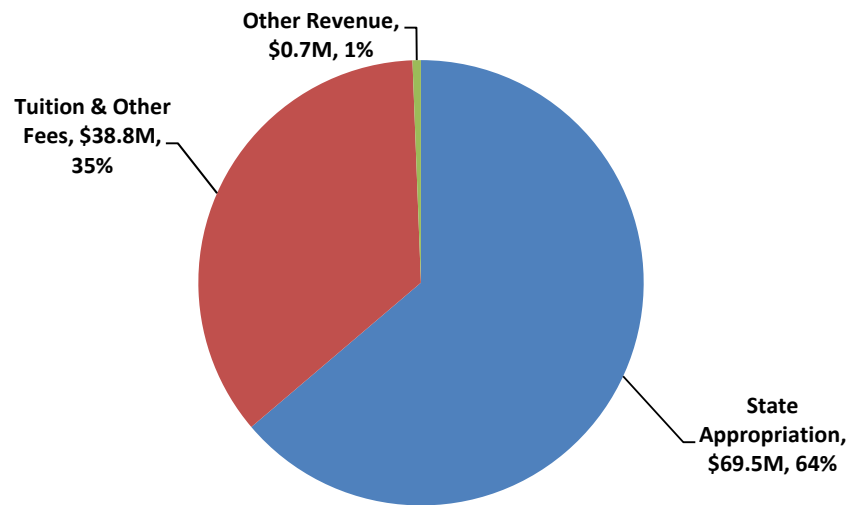
		<b>% of Total University Budget</b>
General Fund Appropriation	\$72,674,352	35.4%
Fee Revenue and Reimbursements	75,788,637	36.9%
Student Success Fee	\$2,502,433	1.2%
Lottery Education Fund - Campus-Based Program	973,000	0.5%
Investment Fund	530,000	0.3%
Student Health Services	2,012,000	1.0%
Fee Trusts - Miscellaneous	513,020	0.2%
Instructionally Related Activities (IRA)	142,000	0.1%
Continuing Education Revenue Fund	16,770,500	8.2%
Housing - Operation and Revenue Fund	4,485,303	2.2%
Parking Revenue Fund - Parking Fees	2,616,000	1.3%
Parking Revenue Fund - Fines and Forfeitures	300,500	0.1%
Foundation	19,659,955	9.6%
Student Union	4,727,720	2.3%
Associated Students	1,778,150	0.9%
<b>Total University Budget</b>	<b>\$205,473,569</b>	<b>100.0%</b>
	<b>Operating Trust</b>	<b>73.95%</b>
	<b>Enterprise &amp; Auxiliaries</b>	<b>26.05%</b>

## Funding Of The Operating Trusts

### Funding From State Appropriations, Tuition And Other Fees, And Other Revenue Sources

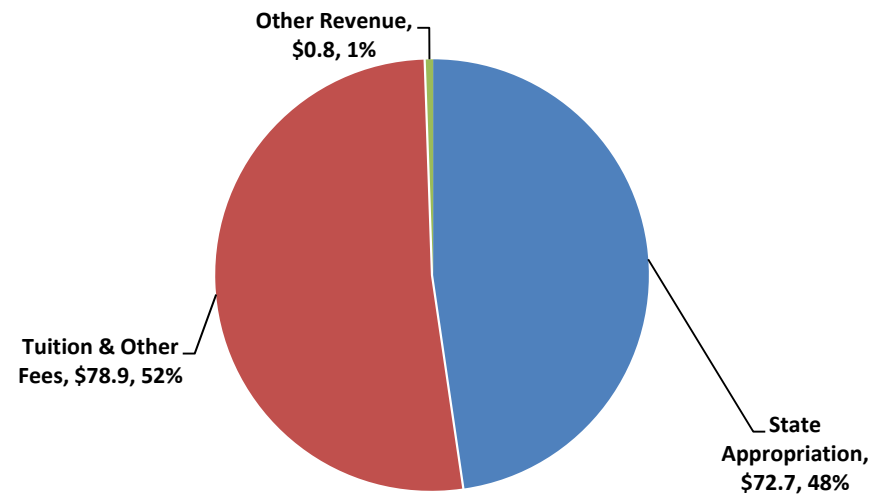
**FY 2008/09**

\$108.9M



**FY 2015/16**

\$152.4M



## Initial FY2015-16 Spending Plan Allocations

- CSU Final Budget Memo Allocations Provides For 3 Basic Categories Of Costs Funded By State Appropriations And Student Tuition & Fees
- Note That 82% Of Base Budget Allocation Is Utilized To Fund Mandatory And Unfunded Mandates.

<b>FY 2015/16 Base Budget Allocations</b>					
	<b>State Funded Mandatory Costs</b>	<b>Unfunded Mandates</b>	<b>Enrollment Funded Costs</b>	<b>Other Adjustments</b>	<b>Total Allocations</b>
Academic Affairs	433,208	357,681	1,567,125	(134,640)	2,223,374
Admin & Finance	187,601	204,000	-		391,601
Student Affairs	91,208	50,000		(1,703,205)	(1,561,997)
University Advancement	50,052	140,000			190,052
Information Technology	68,374	60,000			128,374
President's Division	35,220	115,004		1,674,929	1,825,153
Health Services	37,288			162,916	200,204
Centrally Monitored	2,748,247	2,774,581			5,522,828
<b>Total Base Budget Allocations</b>	<b>3,651,198</b>	<b>3,701,266</b>	<b>1,567,125</b>	<b>-</b>	<b>8,919,589</b>

\*New Tenure & Tenure-Track Faculty Positions & Advisers



## Historical Spending Trends That Have Created A Structural Deficit

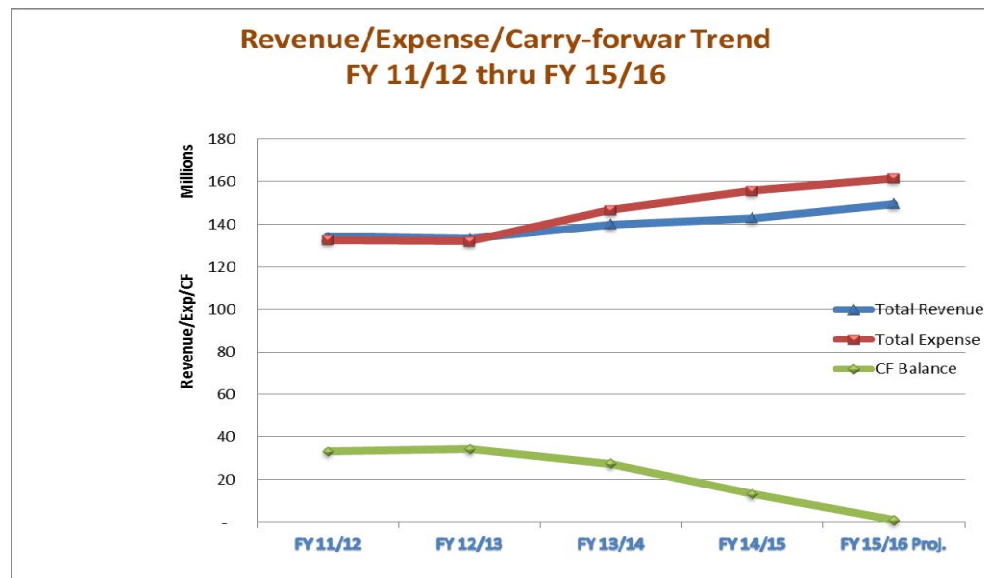
- For A Number Of Fiscal Years Beginning Pre-FY2010-11, Operating Budget Spending Has Exceeded Our Base Revenues
- This Overspending Has Been Masked By One-Time Resources (Carry Forward)
- However, As Overall Spending Greater Than Base Revenues Increased, The Amount of Carry Forward Has Decreased Significantly
- FY2013/14 Was The First Year Expense Exceeded Reserves Resulting In Reduction Of Carry Forward
- Projected AADHT Carry Forward As Of June 30, 2016 Will Not Fund FY2016-17 Funding Needs. Other Resources Must be Utilized.

	<b>FY Beginning Carry-forward Balance</b>	<b>FY Revenue</b>	<b>FY Expense</b>	<b>Encumbrance</b>	<b>Budget Balance Available</b>	<b>Year-end Carry-Forward</b>
<b>FY 11/12</b>	31,538,538	134,051,259	132,443,627	3,788,556	29,357,614	33,146,170
<b>FY 12/13</b>	33,146,170	132,921,495	131,826,411	5,012,763	29,228,491	34,241,254
<b>FY 13/14</b>	34,241,254	139,802,913	146,684,348	4,407,541	22,952,278	27,359,819
<b>FY 14/15</b>	27,359,819	142,781,677	155,620,604	2,095,349	12,425,543	13,112,843
<b>FY 15/16 Proj</b>	13,112,843	149,520,253	161,826,965	-	806,130	806,130

## How Is A Base Structural Budget Deficit Created

- Over The Past 3 Years Actual Spending in AADHT Increased More Rapidly Than The Base Budget
- Substantial Carry Forward, Created By Prior Central Management, Masked This Excess Spending Over the Base Structural Deficit
- In FY2015-16 Planned Spending Levels Were No Longer Sustainable Based On Current One-Time Resources.

Chart Below Is Showing FY2011-12 to FY2014-15 Actuals And FY2015-16 Projected Spending.



• In Fiscal Years 11/12 & 12/13 total Operating fund expenses was below the revenue total. In FY 13/14 and onward, the expenses exceeded the total revenue amount in Operating fund

• In Fiscal Years 10/11, 11/12 & 12/13 resulting carry-forward was \$31M plus . In FY 15/14 and onward, the carry-forward balances went down. The FY 15/16 CF balance projected at \$1 M.

## What Are The Contributing Factors

- Not Utilizing Available One-Time, Ongoing Resources Such As Course Fees, Miscellaneous Trust, Lottery, Foundation, Other Fees, Etc.
- Not Fully Recovering Costs From Auxiliary & Enterprise Partners
- Not Addressing Shortfalls In Student Fee Revenues To Support Operations
- “Victims Of Our Own Success” (Significant Improvements In Student Retention & Persistence Result In Reduced Tuition & Fee Revenues = The Impact Of Mean Unit Load Increase)

## Impact of Student Mean Unit Load (MUL) On Tuition Fee Revenue

- The MUL Increases As Students Take A Higher Unit Course Load Per Semester.
- During The Period Fall 2011 To Fall 2015 The MUL Increased 0.68 Units, Or 5.1%.
- A 0.2 MUL Increase Is Equal To A 1.5% FTE Increase.
- If The FTES Remained Static Then A 0.2 MUL Increase Would Result In A Reduction Of Headcount Of Approximately 1.75% Per Year. This Means A Reduction In Tuition Revenue To The Campus Of Nearly \$1.5M. If The MUL Increases At DH By 0.2 The Increased FTES Would Equal To 156 Students.
- State Funding Of 156 FTES = \$883,584

## **Student Fees Impact on Base Budget GAP**

- Health Services: Funding of a Portion of the Student Affairs Deficit
- Course Fees: Better Utilization By Colleges Will Reduce The Pressure On AADHT OE Funds.
- Student Success: Essential To Focus This Funding Upon Sustaining Critical Student Success Initiatives Implemented Over The Past Couple Of Years (e.g. Improved Advising, Tutoring, HIP's).
- IRA Fee: Funding Students Participation In Instructional Activities Outside The Classroom Including: Field Trips, Student Research, Journalism and Media Production, Athletics, Academic Clubs, And Other Intellectual Events/Activities For Students. This Would Reduce The Pressure On College Operational Funds Which Currently Support Some Of These Activities.

## Maximum Spending Authority BUDGET Development At \$12.5M Level

- Table Below Shows The Adjusted Maximum Spending Authority (Across All Funds) For Each Division.
- \$17,818,983 Was Not Sustainable At The Current Level Of One-Time Resources.
- \$12,378,168 Is Sustainable At The Current Level Of One-Time Resources, AND, The Base Gap Can Be Closed By The End Of FY2017-18

<b>FY 2015-16 Budget Shortfall Mitigation Target</b>				
	<b>Base Budget</b>	<b>Total Requested In Excess of Base Budget</b>	<b>Authorized Divisional Excess Need</b>	<b>Maximum Authorized Spending (Base Bud + Adj Excess)</b>
Academic Affairs	45,642,721	8,003,880	4,775,657	50,418,378
Admin & Finance	11,894,676	1,341,386	912,832	12,807,508
University Advancement	2,354,853	996,700	750,304	3,105,157
Information Tech	4,955,298	3,358,323	2,907,839	7,863,137
President's Division	2,914,939	1,611,633	1,337,960	4,252,899
Student Affairs	7,107,415	1,577,633	1,078,862	8,186,277
Centrally Monitored	73,032,333	929,428	614,714	73,647,047
<b>Total</b>	<b>147,902,235</b>	<b>17,818,983</b>	<b>12,378,168</b>	<b>160,280,403</b>

## Establishing a Sustainable Spending Plan

- Determine Base And One-Time Resources Being Under Utilized.
  - Unallocated Base Reserve; Campus Partner; EO1000; Fee Trusts; Miscellaneous Trusts; Lottery; Foundation

<b>Sources Other Than Operating Fund (AADHT)</b>									
	<b>Unallocated</b>	<b>Campus</b>			<b>Instructionally</b>			<b>Foundation</b>	
	<b>Base</b>	<b>Partner</b>	<b>EO 1000</b>	<b>Fee Trust</b>	<b>Miscellane</b>	<b>Related</b>	<b>Lottery</b>	<b>F&amp;A</b>	<b>Total</b>
	<b>Budget</b>				<b>ous Trusts</b>	<b>Activities Fee</b>			
Academic Affairs	-	1,053,629	723,326	993,931	1,725,810	-	-	458,775	<b>4,955,471</b>
Admin & Finance	-	-	749,745	308,493	1,102,741	-	-	7,740	<b>2,168,719</b>
Student Affairs	-	-	98,495	77,286	495,611	-	-	43,857	<b>715,249</b>
University Advancement	-	-	-	-	6,715	-	-	16,974	<b>23,689</b>
Information Technology	-	-	163,908	-	669,980	-	-	2,320	<b>836,208</b>
President's Division	-	-	-	-	293,527	-	-	8,235	<b>301,762</b>
Centrally Monitored	991,485	401,325	887,083	-	1,044,662	320,890	1,023,890	-	<b>4,669,335</b>
<b>Total Other Sources</b>	<b>991,485</b>	<b>1,454,954</b>	<b>2,622,557</b>	<b>1,379,710</b>	<b>5,339,046</b>	<b>320,890</b>	<b>1,023,890</b>	<b>537,901</b>	<b>13,670,433</b>

\* Carry Forward Of Other Resources Totaling \$13.6M Provides The Funding To Close The FY2016-17 Base Gap.

## Requested Increased Spending Authority Above Base Budget

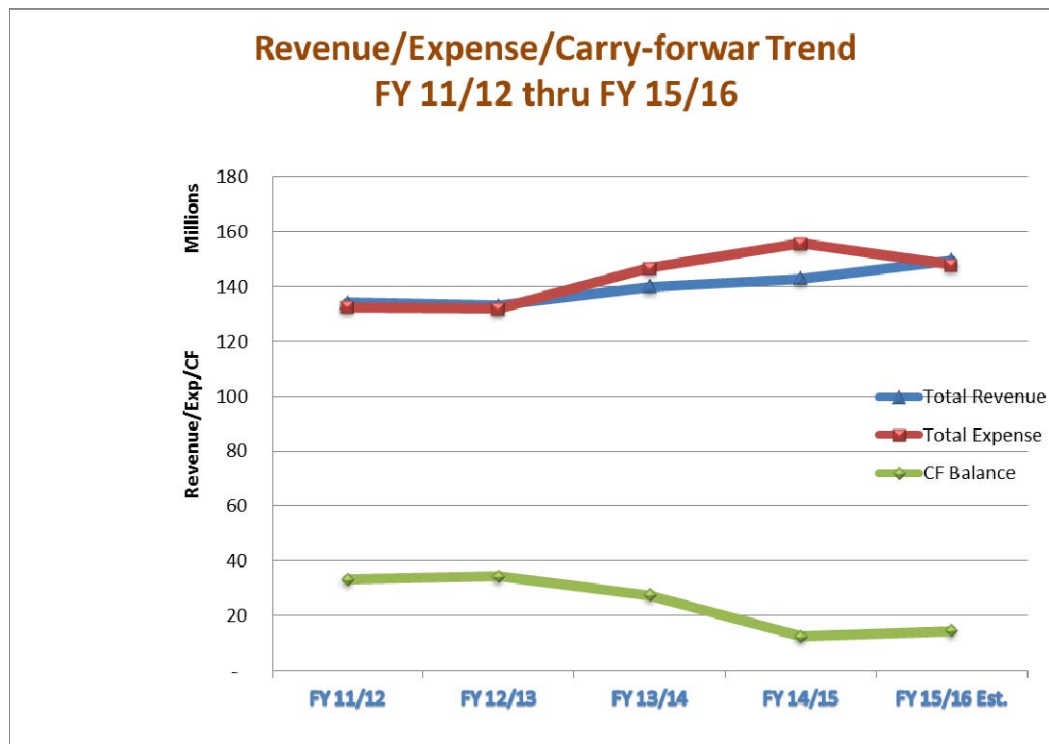
- FY2015-16 Estimated Need By Division. Following Table Is Showing The Estimated AADHT Carry-Forward At 6/30/16 With Authorized Spending And Utilization Of Other University Resources.

	<b>Total Operating Fund Budget</b>	<b>Fiscal Year Expense</b>	<b>Fiscal Year Revenue</b>	<b>Available Balance/Carry- forward to 16/17</b>	<b>Other Resources Across Funds</b>	<b>Total Carry- forward Utilizing Other Funding Sources</b>
Academic Affairs	48,345,813	52,836,779	(189,832)	(4,301,134)	4,955,471	654,336
Admin & Finance	13,942,624	13,800,000	(207,127)	349,751	2,168,719	2,518,470
University Advancement	3,553,760	3,387,963	(169,506)	335,303	23,689	358,992
Information Tech	6,324,593	4,334,999	(17,323)	2,006,916	836,208	2,843,124
President's Division	4,289,924	4,289,924	-	-	669,066	669,066
Student Affairs	7,643,791	8,971,889	(180,890)	(1,147,208)	715,249	(431,959)
Centrally Monitored	(70,987,662)	74,205,411	(148,755,575)	3,562,502	4,302,031	7,864,533
<b>Total</b>	<b>13,112,843</b>	<b>161,826,965</b>	<b>(149,520,253)</b>	<b>806,130</b>	<b>13,670,433</b>	<b>14,476,563</b>



## How Base Budget Deficit Is Mitigated For Sustainability

- Chart Below Is Showing FY2011-12 to FY2014-15 Actuals and FY2015-16 Projected Spending At The \$12.5M Maximum Spending Authority Level Utilizing Other Funding Sources.



- With operating spending distribution to other available funds, expenses in Operating fund is close to FY 13/14 level.

- Resulting carry-forward in 15/16 is projected to be higher than FY 14/15 level (\$14.5M)

## 5 Year Budget Projection #1 – Special Allocation Scenario

### ASUMPTIONS

- 1.5% State Enrollment Growth Adds Roughly \$900K Per Year Of Base Funding
- 6% Campus Over Enrollment Tuition Growth Will Be Minimal Due To Current Over Enrollment And Negative Fiscal Impact Of MUL Growth.
- The CO Provides Base Budget Special Allocations Due To Identified Enrollment Trend Changes Totaling **\$9M Over 3 Years** To Fund Campus Graduation Initiatives, Remedial Programs, Redirected Students, And Mean Unit Load Increase.
- **ONE Time Funds** – The Available Resources Will Sustain The Shortage Of Base Funding Until The Campus “Is Able To Fully Fund The \$12.5M Increased Spending Authority.

### OUTCOMES

- \$12.5M Base Gap Closed Before The End of FY2017-18
- Faculty Tenure & Tenure Track Density Is Funded At An Average Of 10 Positions Per Year.
- **In FY2020-21 The Campus Begins To Lose Base As The MUL Loss of 1.75% Enrollment Is Greater Than The 1.5% Funded By The State/CSU.**



## 5 Year Budget Projection #1 - Special Allocation Scenario

1.5% GF FTES 6% Over Enrollment	1.5% GF FTES 6% Over Enrollment	1.5% GF FTES 6% Over Enrollment	1.5% GF FTES 6% Over Enrollment	1.5% GF FTES 6% Over Enrollment	<i>State Funded</i>
30 new Non-Res Students	30 new Non-Res Students	30 new Non-Res Students	30 new Non-Res Students	30 new Non-Res Students	<i>Tuition Funded</i>
2016-17	2017-18	2018-19	2019-20	2020-21	<i>Tuition Funded</i>
<b>(8,159,633)</b>	<b>(3,105,256)</b>	<b>1,647,254</b>	<b>4,783,938</b>	<b>4,095,082</b>	<b>Divisions Base Deficit</b>
180,000	190,000	200,000	210,000	225,000	EO1000 New Base Recovery (Pending)
83,185	4,200	4,390	4,620	4,700	Health Services Fee Revenue
2,020,000	2,059,000	1,538,000	224,000	224,000	Student Success Fee Revenue
4,500,000	3,000,000	1,000,000	-	-	Land Monetization
883,584	894,912	911,904	923,232	934,560	Special Allocation (CSU)
(630,232)	(66,942)	(40,335)	(22,596)	(4,859)	Enrollment - GF
267,840	267,840	267,840	267,840	267,840	Enrollment - Tuition
<b>7,304,377</b>	<b>6,849,010</b>	<b>5,381,799</b>	<b>1,607,096</b>	<b>1,651,241</b>	Enrollment - 30 Non Res Tuition
(1,100,000)	(900,000)	(1,000,000)	(1,000,000)	(1,000,000)	<b>Base Mitigation Funds</b>
(400,000)	(424,000)	(449,440)	(476,406)	(504,991)	New Tenured Faculty Positions
(750,000)	(772,500)	(795,675)	(819,545)	(844,132)	Unfunded Health & Dental Benefits
<b>(2,250,000)</b>	<b>(2,096,500)</b>	<b>(2,245,115)</b>	<b>(2,295,952)</b>	<b>(2,349,122)</b>	Unfunded Compensation @ 2% GSI
<b>(3,105,256)</b>	<b>1,647,254</b>	<b>4,783,938</b>	<b>4,095,082</b>	<b>3,397,201</b>	<b>Adjusted Base Deficit</b>
<b>6,507,333</b>	<b>12,509,587</b>	<b>21,583,525</b>	<b>29,964,807</b>	<b>37,685,632</b>	<b>5 Uncommitted One-time Resources</b>

## 5 Year Budget Projection #2 – Enrollment Target Scenario

### ASUMPTIONS

- 3% State Enrollment Growth Funded Which Adds Roughly \$1.8MK Per Year Of Base Funding
- 0% Campus Over Enrollment
- The CO Provides Base **Budget Special Allocation of \$3.5M** To Fund Identified Enrollment Trend Changes And Campus Graduation Initiatives, Remedial Programs, Redirected Students, And The Mean Unit Load Increase

### OUTCOMES

- \$12.5M Base Gap Closed Before The End Of FY2017-18
- Faculty Tenure & Tenure-Track Density Is Funded At Average Of 10 Positions/Yr.
- **OBSERVATION: The 3% Enrollment Growth Can Offset The 1.75% Revenue Loss From The Mean Unit Load Increase Of 0.2. This Is A Sustainable Growth Model”**

## 5 Year Budget Projection #2 - 3% State Funded Enrollment Growth

<b>3% GF FTES 0% Over Enrollment</b>	<b>3% GF FTES 0% Over Enrollment</b>	<b>3% GF FTES 0% Over Enrollment</b>	<b>3% GF FTES 0% Over Enrollment</b>	<b>3% GF FTES 0% Over Enrollment</b>	<b>State Funded Tuition Funded Tuition Funded</b>
30 new Non-Res Students	30 new Non-Res Students	30 new Non-Res Students	30 new Non-Res Students	30 new Non-Res Students	
<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	
<b>(8,159,633)</b>	<b>(3,233,963)</b>	<b>392,916</b>	<b>3,940,350</b>	<b>5,215,576</b>	<b>Divisions Base Deficit</b>
180,000	190,000	200,000	210,000	225,000	EO1000 New Base Recovery (Pending)
83,185	4,200	4,390	4,620	4,700	Health Services Fee Revenue
2,020,000	2,059,000	1,538,000	224,000	224,000	Student Success Fee Revenue
	500,000	1,000,000	-	-	Land Monetization
3,500,000	-	-	-	-	Special Allocation (CSU)
1,765,469	1,818,443	1,872,986	1,929,175	1,987,051	Enrollment - GF
(640,824)	883,896	909,333	935,543	962,583	Enrollment - Tuition
267,840	267,840	267,840	267,840	267,840	Enrollment - 30 Non Res Tuition
<b>7,175,670</b>	<b>5,723,379</b>	<b>5,792,549</b>	<b>3,571,178</b>	<b>3,671,174</b>	<b>Base Mitigation Funds</b>
(1,100,000)	(900,000)	(1,000,000)	(1,000,000)	(1,000,000)	New Tenured Faculty Positions
(400,000)	(424,000)	(449,440)	(476,406)	(504,991)	Unfunded Health & Dental Benefits
(750,000)	(772,500)	(795,675)	(819,545)	(844,132)	Unfunded Compensation @ 2% GSI
<b>(2,250,000)</b>	<b>(2,096,500)</b>	<b>(2,245,115)</b>	<b>(2,295,952)</b>	<b>(2,349,122)</b>	
<b>(3,233,963)</b>	<b>392,916</b>	<b>3,940,350</b>	<b>5,215,576</b>	<b>6,537,628</b>	<b>Adjusted Base Deficit</b>
<b>6,378,626</b>	<b>10,676,542</b>	<b>18,447,892</b>	<b>27,481,488</b>	<b>37,865,197</b>	<b>Uncommitted One-time Resources</b>

## **Increased Base Revenue Sources To Close The \$12.5M Gap One-Time Resources To Bridge The Gap**

- Base Resources:
  - Increased Enrollment
  - Cost Recovery From Campus Enterprise And Auxiliary Partners
  - Monetization Of Land
  - Philanthropic Activities
  - Student Fees Adjustments If Needed To Fully Fund A Program Or Activity
- One-Time Resources
  - Campus Partners (Extended Ed)
  - Fee Trusts
  - Other Miscellaneous Trusts
  - Lottery
  - Foundation Leases & Other Revenues
  - One-Time Allocation (CPOs) From Chancellor's Office

## Renewed Investment Begins in FY2017-18

- Fund CSUDH Strategic Plan Priorities
- Continue Tenure & Tenure-Track Density Hiring
- Initiate, New High Priority Program Initiation
- Increase Co-Curricular Programming
- Undertake Campus Renovations/Improvements

## Next Steps

- Finalize FY2015/16 Operating Budget Allocation Decisions (SSF).
- Successfully Engage The Chancellor's Office For Increased Enrollment Targets And/Or Special Allocation To Address Enrollment Trend Shifts.
- Maintain Spending Levels Established In FY2015-16.
- Continue Preparations Of The FY2016-17 Budget.
- Grow The Base With New Allocations And Revenues.
- Continue To Utilize "Other Resources" To Close The AADHT Base Gap Between Approved Spend & Blue Book Base.
- Identify & Implement Land Development Opportunities In Order To Monetize Our Land Resources For Investment In Institutional Priorities & Capital Improvements.
- Improve Current Operating Budget Reporting & Expanded Budget Management Training/Monitoring.





# **QUESTIONS**

And

# **ANSWERS**

Presentation prepared by:  
Robert Fenning, Vice President Administration and Finance  
Stephen Mastro, Associate Vice President Administration and Finance  
Homaira Masoud, Director University Budget