CSUDH
CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS

# University Budget Committee
# Thursday, September 29, 2022

## Members

Adrienne Gutierrez; Chris Manriquez; David Gamboa; Edward Cleek; Eva Sevcikova; Harmony Frederick; Jacqueline Kuenz; Jane Gallegos; Jessica Pandya; Kate Fawver; Ken O'Donnell; Michael E. Spagna; Mi-Sook Kim; Nick Norimoto; Ronald Norby; Sonal Singhal; Susan M. Sanders; Tony Jake; Wendolyn Vermeer; William Franklin; Deborah Wallace; Andrea Alvarez; Rama Malladi; Claudia Orozco; Samantha Alvarez Chavarria; Obioha Victor Ogbonna; Edgar Mejia-Alezano

## Agenda

Full meeting recording available upon request.


Introduction
2021-22 In Review
2021-22 Year-end Balances & Reserve Designations
CARES Funding
2022-23 Budget
Compensation Impact
2022-23 Strategic Planning Priorities Review
Capital Projects
Considerations
2023-24 Budget


## Detailed Agenda

### Introduction

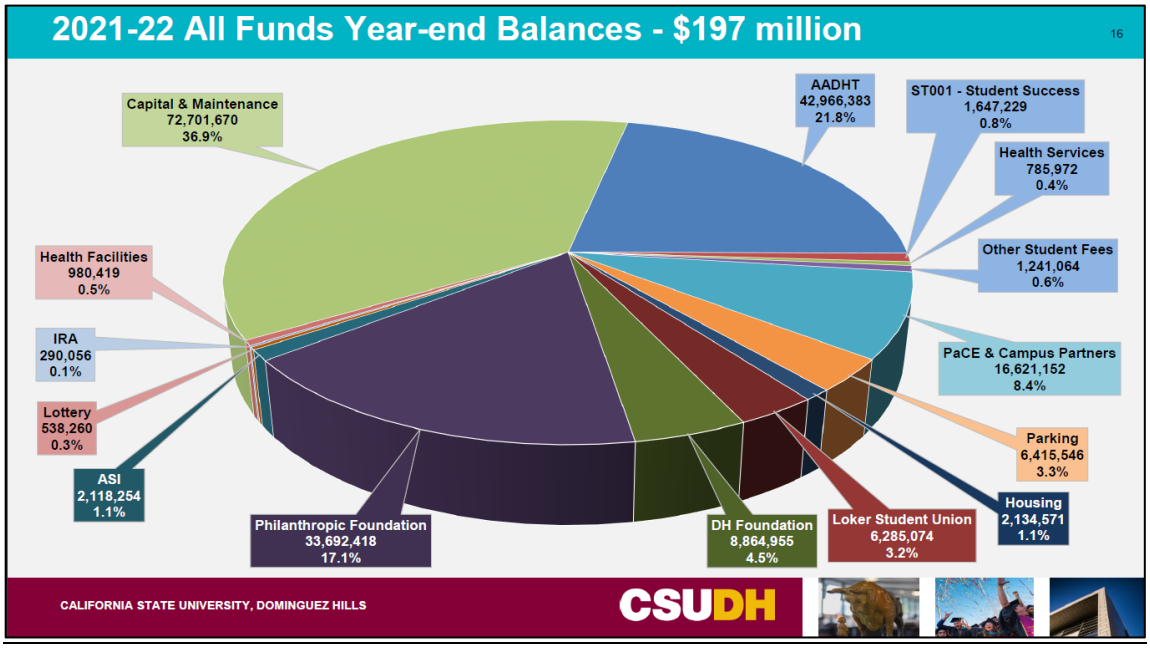
New members:

- Kate Fawver
  - 1st of 3 Yr. College of Arts and Humanities (CAH)
- Edward Cleek
  - (serving 2nd term) 3rd of 3 Yr. College of Continuing and Professional Education (CCPE)
- Ronald Norby
  - 1st of 2 Yr. College of Health, Human Services and Nursing (CHHSN)
  - Obioha Ogbonna
    - Appointed annually Associated Students (ASI President)
  - Alex Alvarado
    - Appointed annually Associated Students (appointed by ASI President)
  - Samantha Alvarez
    - Appointed annually Associated Students (appointed by ASI President)
  - Eva Sevcikova
    - University Advancement
  - Harmony Frederick
    - Student Affairs
  - Jane Gallegos
    - University Advancement
  - Nick Norimoto
    - University Budget Director

## 2021-22 In Review

- 21-22 started with restoration and increases to operating fund, HOWEVER, new funding was 'held back'
- Funded enrollment targets remained flat at 11,473
- Almost all new funding was slated for mandatory costs
- Some division budgets were restored from 20-21 impact
- Changed the budget process to remove silos in decision making about priorities
- We also increased financial transparency and communications through quarterly budget updates

## 2021-22 Year-end Balances & Reserve Designations



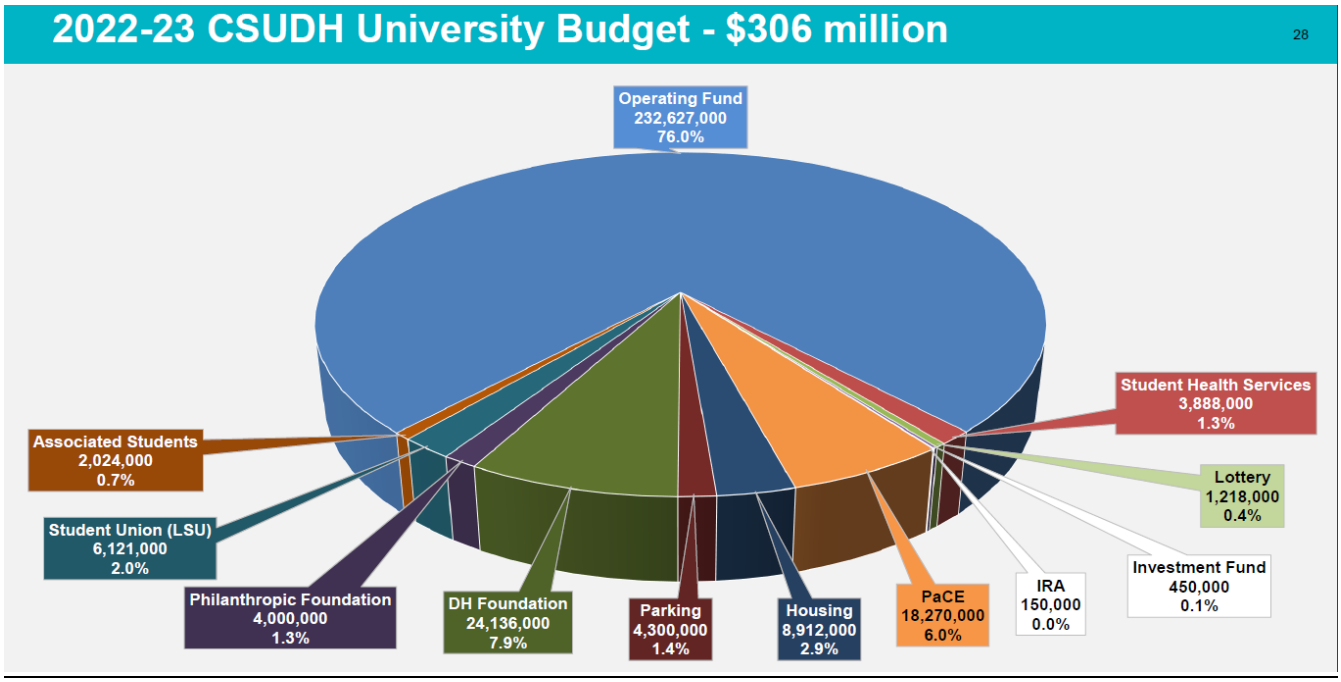

| | Reserve Amount |
|---|---|
| Operating Fund | $ 46,640,648 |
| *AADHT* | *42,966,383* |
| *Other 485 Funds* | *3,674,265* |
| Lottery | 538,260 |
| IRA | 290,056 |
| Health Facilities | 980,419 |
| PaCE (Extended Education) | 16,621,152 |
| Parking | 6,415,546 |
| Housing | 2,134,571 |
| Loker Student Union | 6,285,074 |
| **Total Reserve Designations** | **$ 79,905,728** |

- Although $80M seems like a large number, it only makes up about 26% of the total expenses in those combined funds.
- Best practice is that organizations maintain a reserve to cover 3-6 months of operating expense, or 25-50%.
- Maintaining appropriate reserves is important to address unexpected expenses (uh-oh, our power supply is failing) or changes in revenue streams (a sudden enrollment drop).
- Reserves can also allow us to be more strategic and innovative as a University. Reserves can be utilized as start-up funding for new initiatives or buildings.
- DH will need to be mindful regarding bridging current year shortfalls and exhausting reserves

**CARES Funding**

| | CARES I | CARES II | CARES III | TOTAL |
|---|---|---|---|---|
| Allocation- Institutional Funds | $ 9,240,638 | $ 22,602,924 | $ 27,753,307 | $ 59,596,869 |
| Allocation- MSI Funds | $ 1,312,563 | $ 1,980,621 | $ 3,358,845 | $ 6,652,029 |
| Student Grants | $ 9,240,639 | $ 9,240,639 | $ 28,183,267 | $ 46,664,545 |
| **Total Allocation** | **$ 19,793,840** | **$ 33,824,184** | **$ 59,295,419** | **$ 112,913,443** |
| *(Less Student Grants)* | *$ (9,240,639)* | *$ (9,240,639)* | *$ (28,183,267)* | *$ (46,664,545)* |
| **Available Institutional Portion** | **$ 10,553,201** | **$ 24,583,545** | **$ 31,112,152** | **$ 66,248,898** |
| Drawn Down | $ 10,553,201 | $ 24,583,545 | $ 5,863,313 | $ 41,000,059 |
| Pending | $ - | $ - | $ 25,248,839 | $ 25,248,839 |
| **Under Review** | **$ -** | **$ -** | **$ -** | **$ -** |

**2022-23 Budget**




- $365.7 million base increase
- $211.1m for general operating costs$154.6m for CSU budget priorities & other investments
- $1.1 billion in one-time investments

- 22-23 Budget Memo
    - Mandatory Costs - $280,000
    - Compensation - $9,510,000
    - Designated New Funds - $642,000
    - Undesignated New Funds - $2,325,000
    - Total New Allocation - $12,757,000
- 21-22 CSUDH AADHT Budget
    -

| | 21/22 Base Budget | 22/23 Base Budget | Change Over PY |
|---|---|---|---|
| **Sources/Revenues** | | | |
| State Allocation | 119,296,000 | 132,053,000 | 12,757,000 |
| Student Fees | 86,994,000 | 86,994,000 | - |
| Cost Recovery | 3,103,254 | 3,103,254 | - |
| **TOTAL** | **$ 209,393,254** | **$ 222,150,254** | **12,757,000** |
| | | | |
| **Uses/Divisions** | | | |
| Academic Affairs | 68,882,480 | 70,649,793 | 1,767,313 |
| Admin and Finance | 17,616,081 | 17,616,081 | - |
| Univ. Advancement | 3,531,186 | 3,531,186 | - |
| Info Technology | 10,283,746 | 10,206,970 | (76,776) |
| President | 3,357,525 | 3,357,525 | - |
| Student Affairs | 12,279,764 | 12,219,727 | (60,037) |
| Centrally Monitored | 93,442,472 | 104,568,972 | 11,126,500 |
| **TOTAL** | **$ 209,393,254** | **$ 222,150,254** | **12,757,000** |

**<u>Compensation Impact</u>**

- The Chancellor's Office 'held back' new recurring funding from the final 21-22 and 22-23 budgets in anticipation of the impact to compensation increases
- 21-22 -DH estimates totaled approximately $3.799m, with the lion's share of this amount being allocated for faculty ($2.743m).
- 22-23 –DH estimates totaled approximately $7.061m
- Total for 21-22 & 22-23 ~ $10.860m to operating fund/recurring costs

- 22-23 Compensation Impact – Estimated Actuals
  - 

| 2022-23 Compensation Increase Division Impact | | | | |
|---|---|---|---|---|
| | MPP & C99 | Faculty* | Staff | Division Total |
| Presidents | $ 75,599 | $ - | $ 43,702 | $ 119,301 |
| Academic Affairs | 383,988 | 1,604,517 | 599,530 | 2,588,035 |
| Admin and Finance | 262,825 | - | 633,141 | 895,966 |
| Student Affairs | 260,974 | 41,255 | 456,928 | 759,156 |
| Info Tech | 122,751 | - | 387,420 | 510,171 |
| Advancement | 106,843 | - | 36,969 | 143,812 |
| | $ 1,212,979 | $ 1,645,772 | $ 2,157,689 | $ 5,016,441 |
| Benefits | $ 452,110 | $ 652,549 | $ 866,603 | 1,971,261 |
| Total | $ 1,665,089 | $ 2,298,321 | $ 3,024,292 | $ 6,987,702 |
| *2021-22 Faculty GSIs have already been allocated. In addition, SSI and PPI are excluded. | | | | |

| $3,500 one-time impact | MPP & C99 | Faculty* | Staff | Total |
|---|---|---|---|---|
| Projected FTE | 150 | | 390 | 540 |
| Total One-time Amount | $ 525,000 | | $ 1,365,000 | $ 1,890,000 |

**2022-23 Strategic Planning Priorities Review**

- Budgets were planned in January 2022 and finalized in March 2022 -prior to finalization of compensation packages
- Priorities were anticipated to be recurring funds based on strategic initiatives, i.e., Going Far Together
- Enrollment funding for 22-23 will barely cover the compensation increases
- Some of the priorities are at risk of being defunded due to the shortfall in recurring funding for 22-23

**Capital Projects**

- Due to the war in Ukraine, supply chain issues and oil shortages, all capital projects currently in design are experiencing unprecedented budget shortfalls. Funds held in contingency will not cover these shortfalls.
- Projects in progress:
  - 

| Project Description | Allocated Budget | Estimated Budget * | Estimated Shortfall |
|---|---|---|---|
| Housing Phase IV | $ 75,000,000 | $ 81,000,000 | $ (6,000,000) |
| Student HWRC | $ 86,000,000 | $ 94,000,000 | $ (8,000,000) |
| Switchyard Project | $ 20,000,000 | $ 25,000,000 | $ (5,000,000) |
| Core Electrical Infrastructure | $ - | $ 30,000,000 | $ (30,000,000) |
| Dining Commons | $ 20,000,000 | $ 28,000,000 | $ (8,000,000) |
| **Totals** | **$ 201,000,000** | **$ 258,000,000** | **$ (57,000,000)** |
| ** Based on current projections for projects at various stages in schematic design* | | | |

**Considerations**

- Enrollment Decline
- Recession –state receipts lower than anticipated
- Inflation
- CARES Funding End
- 2022-23 UBC Multi-year Commitments
- Due to shortfalls of recurring funding for 22-23 the campus will have to consider next steps to ensure

fiscal viability in the coming fiscal years

- CSUDH will continue to maximize all available resources:
- Leverage CARES Act Funding IDC, if available (1x)
- Leverage All-Funds Budgeting, including prior year balance (encumbrances) (1x, Base)
- Continue to advocate for additional fund from the CO (1x, Base)
- The Centrally Monitored balances are one-time
- The University exhausting one-time reserves is fiscally irresponsible
- CARES IDC funds will be held in reserve until such time the claims process is finalized, and expenses cleared
- GI 2025 funding held in reserve for 21-22 and dollars allocated for 22-23 should be considered to bridge the operating fund gaps and support the planning priorities
- It is estimated that the operating fund could end in a deficit for 22-23, highlighting the vulnerability of campus reserves
- Continue outreach efforts to manage enrollments
- Going Far Together is a 5-year commitment and year 1 took a hit with the GSI
- Potential for re-prioritizing current priorities to deal with impact of GSI

**2023-24 Budget**

- $2.35 million base commitments following 2022-23 one-time allocations
- $772k unfunded items from 2022-23 UBC approved list
- Mandatory cost increases (Utilities, benefits, insurance premium, etc.)
- Compensation