

University Budget Committee

April 13, 2018

Agenda

- I. Welcome
- II. Review and Approve Minutes from March 23, 2018
- III. UBC Feedback on Academic Senate Resolution on Increasing Faculty Involvement in the University Budgeting Process
- IV. CSU FY 2018-19 Preliminary Potential Budget and Impact on CSUDH
- V. CSUDH Multi-Year Budget Commitments Planned in FY 2018-19
- VI. CSUDH Base Deficit
- VII. Opportunities to Increase Non-State Revenue
- VIII. Next Steps: Developing a Plan to Fund Potential Shortfall and Strategic Priorities
- IX. Future Meetings
- X. Q & A
- XI. Adjourn

Academic Senate Resolution on Increasing Faculty Involvement in the University Budgeting Process

EXEC Resolution 17-19

Increasing Faculty Involvement in the University Budgeting Process

Amending PM 2014-04

M/S/P February 28, 2018

RESOLVED: That the Academic Senate of California State University, Dominguez Hills calls upon the President and the Executive Cabinet to strengthen shared governance on the University Budget Committee through increased transparency and accountability of the budgeting process; and be it further,

RESOLVED: That PM 2014-04 be amended as follows:

III. Procedures. The UBC shall receive from each division head reports and forecasts related to expected revenues from all sources, mandatory and continuing expenditure commitments, proposals for priority expenditures on both multi-year baseline and one time basis; proposed changes or additions to academic plans; and the university's plans for student success.

The UBC shall meet each year in the Fall and Spring semesters with regularly scheduled meeting times and purposes as outlined below and include additional items and meetings at the discretion of the UBC Chair and committee members.

Academic Senate Resolution *(continued)*

Fall semester:

- A. “Introduction to the Budget” training and overview of the actual current fiscal year allocations.
- B. Comparison between previous years’ approved budget & actual expenditures for each division & college.
- C. Division Goals & Priorities; Enrollment, Census & Budget Allocation

Spring semester:

- D. Review of preliminary projected budget for Dominguez Hills for subsequent year based on Governor’s January Budget proposal; Review enrollment projections.
- E. Presentation of cabinet priorities and funding requests.
- G. Preliminary recommendations to President based on university-wide perspective by May & shared w/ Senate.
- H. Final budget based on Governor’s May Revision distributed to UBC and shared with Senate.

RESOLVED: V. Representation and Membership.

- A. Ex officio members with all rights and privileges, including voting privileges, shall include the division heads (i.e., President, Provost and Vice President of Academic Affairs, Vice President for Administration and Finance, Vice President for Student Affairs, Vice President for University Advancement, Vice President for Information Technology and Chief Information Officer). Ex officio members may appoint in writing a designee. Designees shall have the authority to represent the respective ex officio member during university-wide budget deliberations and recommendations, and shall be granted all rights and privileges of full membership, including voting privileges. If a designee and an ex officio member are both present at a UBC meeting, only the ex officio member shall have a vote.

Academic Senate Resolution *(continued)*

- B. In addition, as the respective division head determines necessary and appropriate, divisional and college budget/fiscal officers may attend UBC meetings, and may participate as non-voting members (unless explicitly designated by the respective division head as his/her designee).
- C. That one faculty member shall be elected by faculty from each stateside college and the University Library, each of whom shall serve a three-year term. In the event of a resignation from the UBC, the college faculty shall elect a replacement member, who shall complete the term of the original member. Faculty representatives may appoint in writing a designee. Designees shall have the authority to represent the respective faculty member during university-wide budget deliberations and recommendations, and shall be granted all rights and privileges of full membership, including voting privileges. Faculty representatives will provide regular updates to their respective unit.
- D. That the Academic Senate Chair (or, the Chair being unable to serve, a Senate Executive Committee designee) serve on the UBC to represent the Senate as a voting member. The Senate Chair (or Senate Executive designee) does not represent any individual college or the University Library. The Senate representative will provide regular updates to the Academic Senate.

Academic Senate Resolution *(continued)*

RESOLVED: VII. UBC Chair. The President shall appoint a faculty member as the chair of the UBC and will notify the Academic Senate Executive Committee and other groups as the President determines appropriate. Normally, an incoming UBC chair will be a continuing UBC member with at least one year of service as a UBC member. The UBC chair will serve a three-year term and serve an additional year as past chair. The chair shall be a voting member of the UBC. The past chair shall be an ex officio non-voting member. The UBC chair will also represent their college while chairing UBC but not when serving as past chair. Duties of the past chair are to assist the incoming chair as necessary.

RESOLVED: VIII. Town Hall Meetings. The Vice President for Administration and Finance/Chief Financial Officer shall hold open Budget Town Hall Meetings for the campus at least once a year to provide faculty, staff, and students an overview of the university budget.

RESOLVED: IX. Budget Presentations/Information. Budget presentations/information provided to the UBC shall be posted and made publically accessible on the UBC website. Information relevant to UBC decision-making will be provided at least five (5) business days before the UBC meetings. Additionally, summary minutes of each UBC meeting should be posted one week prior to the next scheduled meeting on the UBC website.

Academic Senate Resolution *(continued)*

Rationale

Recommendations from the August 2017 Academic Senate Retreat highlighted the need for Academic Senate representation on the UBC. We appreciate that faculty from the stateside colleges and University Library are represented. However, the University Budget Committee is arguably one of the most important committees on campus, and Senate representation is essential for strong shared governance and is practiced on a number of sister CSUs, especially in the L.A. region. Representation of the Academic Senate also aligns well with the representation of the Associated Students Incorporated (ASI), the representative body for student participation in shared governance, which includes the ASI President who appoints two additional student members.

The Academic Senate Executive Committee also recognizes the current UBC Chair has worked to establish the desired timeliness in the distribution of materials to committee members, scheduled regular meetings throughout the fall semester, and created agendas to more fully address the perspective and scope of the UBC as outlined in PM 2014-04 Section II. The work of the current committee addresses concerns brought forward to Senate leadership regarding strengthening access of all UBC members to materials and information needed. This resolution seeks to institutionalize these important changes that have strengthened budget transparency and consistency in the practices of shared governance both for the members of the UBC as well as the larger campus.

CSUF <http://studylib.net/doc/18286110/academic-senate-committee-list---california-state-university>; CSUN (<http://www.csun.edu/provost/university-planning-and-budget-group-upbg>); CSULA <http://www.calstatela.edu/academicsenate/handbook/ch2d>; CSUB http://www.csub.edu/budget/_files/usp-bac_membership.pdf; CSUS <http://www.csus.edu/aba/budget/documents/ubac/ubac-composition-and-charge.pdf>; SJSU <https://docs.google.com/viewer?url=http%3A%2F%2Fwww.sjsu.edu%2Fsenate%2Fdocs%2FF15-9.pdf>; SSU <http://web.sonoma.edu/uaffairs/policies/facultyconsultbudget.htm>.

CSU FY 2018-19 Budget

Reflects Information Presented During March BOT Committee on Finance

CSU The California State University

State Budget Update

- Governor's Budget – \$92 million increase
- \$171 million gap in CSU budget plan
- Initial, informational hearings in Assembly/Senate
- Decisions expected in May and June

CSU FY 2018-19 Budget *(continued)*

Reflects Information Presented During March BOT Committee on Finance

CSU The California State University

Revenue Options

Short-Term for 2018-19

- Partner with the State to provide additional recurring support
- Approve a tuition increase to cover portion of gap
- Hybrid of State appropriation and tuition

Long-Term for 2019-20 and beyond

- Multi-year budget plan
- Expand public private partnerships
- Expand philanthropic donations to the CSU

CSU FY 2018-19 Budget *(continued)*

Reflects Information Presented During March BOT Committee on Finance

CSU The California State University

Expenditure Options

Short-Term for 2018-19

- Defer hiring of faculty and support staff
- Adjust institutional financial aid
- Forego new operating budget investment in Graduation Initiative, enrollment and infrastructure

Long-Term for 2019-20 and beyond

- Adjustments to retirement and post-employment health programs
- Enrollment management: freeze or reduce
- Program realignments and eliminations

CSU FY 2018-19 Budget *(continued)*

Reflects Information Presented During March BOT Committee on Finance

2018-19 Options

1. Forego new investments
 - Year 2 of Graduation Initiative
 - Enrollment growth
 - Infrastructure and deferred maintenance
2. Reduce expenses
 - New hiring, replacement hiring
 - Financial aid
3. Increase revenue
 - State funding
 - Tuition
 - Hybrid

CSU FY 2018-19 Budget Request vs. Preliminary Budget Allocation Memo to Campuses

	CSU 2018-19 Budget Augmentation Request January 2018	CSU Preliminary 2018- 19 Budget Allocation Memo March 2018
Graduation Initiative 2025	75,000,000	-
Compensation	122,100,000	122,100,000
One Percent Increase in Enrollment Growth	39,905,000	-
Academic Facilities and Infrastructure	15,000,000	-
Health Benefits	12,029,000	12,029,000
Retirement	11,100,000	11,226,000
Minimum Wage Increase	4,158,000	4,032,000
Maintenance of New Facilities	3,601,000	3,601,000
Subtotal	282,893,000	152,988,000
Minus Tuition from 1% Enrollment Growth	(19,878,000)	-
Total	263,015,000	152,988,000
Governor's Janaury	92,059,000	92,059,000
CSU Budget Shortfall	(170,956,000)	(60,929,000)

CSU FY 2018-19 Estimated Budget Expenditure Increases for Mandatory Costs

2018-19 Preliminary Budget Memo				
Attachment A				
2018-19 Expenditure Increases				
	Health and Retirement Cost Increases	New Facilities O&M	Compensation Increases	Total 2018-19 Expenditure Increases (Est.)
Bakersfield	\$651,000		\$2,301,000	\$2,952,000
Channel Islands	485,000	76,000	1,940,000	2,501,000
Chico	951,000		3,999,000	4,950,000
Dominguez Hills	716,000		2,874,000	3,590,000
East Bay	848,000		3,544,000	4,392,000
Fresno	1,496,000		5,041,000	6,537,000
Fullerton	1,768,000		7,292,000	9,060,000
Humboldt	352,000		2,414,000	2,766,000
Long Beach	1,799,000	18,000	7,792,000	9,609,000
Los Angeles	1,515,000		5,163,000	6,678,000
Maritime	189,000		782,000	971,000
Monterey Bay	597,000		2,087,000	2,684,000
Northridge	1,622,000	210,000	7,248,000	9,080,000
Pomona	1,198,000	1,578,000	5,051,000	7,827,000
Sacramento	1,259,000	189,000	5,728,000	7,176,000
San Bernardino	798,000		3,843,000	4,641,000
San Diego	1,539,000	1,376,000	7,112,000	10,027,000
San Francisco	971,000		6,640,000	7,611,000
San Jose	1,008,000		6,457,000	7,465,000
San Luis Obispo	1,439,000		5,883,000	7,322,000
San Marcos	831,000		2,920,000	3,751,000
Sonoma	263,000		2,256,000	2,519,000
Stanislaus	557,000	154,000	2,101,000	2,812,000
Campus Total	\$22,852,000	\$3,601,000	\$100,468,000	\$126,921,000
Chancellor's Office	392,000		1,873,000	2,265,000
Systemwide Programs				0
Center for California Studies	11,000		33,000	44,000
Systemwide Provisions	4,032,000		19,726,000	23,758,000
Academic Facilities and Infrastructure				0
CSU System Total	\$27,287,000	\$3,601,000	\$122,100,000	\$152,988,000

¹Held centrally to cover ongoing 2017-18 base compensation costs and for open contracts in 2018-19.

Campus Share of Potential Shortfall for FY 2018-19

Campus Share of Potential Shortfall for Fiscal Year 2018-19				
Campus	2017-18 Total Operating Budget	Percent of Total	Campus Share of Potential Shortfall	% of total budget
Bakersfield	\$126,081,209	2.09%	1,272,000	1%
Channel Islands	115,049,010	1.90%	1,161,000	1%
Chico	221,722,232	3.67%	2,237,000	1%
Dominguez Hills	172,032,352	2.85%	1,735,000	1%
East Bay	201,825,161	3.34%	2,036,000	1%
Fresno	286,549,032	4.74%	2,891,000	1%
Fullerton	421,549,861	6.98%	4,253,000	1%
Humboldt	135,998,810	2.25%	1,372,000	1%
Long Beach	446,935,436	7.40%	4,509,000	1%
Los Angeles	298,330,239	4.94%	3,010,000	1%
Maritime	42,889,176	0.71%	433,000	1%
Monterey Bay	111,629,283	1.85%	1,126,000	1%
Northridge	434,893,496	7.20%	4,387,000	1%
Pomona	289,373,742	4.79%	2,919,000	1%
Sacramento	329,378,737	5.45%	3,323,000	1%
San Bernardino	238,759,208	3.95%	2,409,000	1%
San Diego	424,950,596	7.04%	4,287,000	1%
San Francisco	365,251,959	6.05%	3,685,000	1%
San Jose	380,096,982	6.29%	3,834,000	1%
San Luis Obispo	319,312,468	5.29%	3,221,000	1%
San Marcos	165,027,352	2.73%	1,665,000	1%
Sonoma	122,493,283	2.03%	1,236,000	1%
Stanislaus	122,399,347	2.03%	1,235,000	1%
Campus Total	\$5,772,528,971	95.58%	58,234,000	1%
Chancellor's Office	159,492,253	2.64%	1,609,000	1%
Systemwide Provisions	107,679,876	1.78%	1,086,000	1%
CSU System Total	\$6,039,701,100 ¹	100.00%	60,929,000	1%
Potential Shortfall in 2018-19	\$60,929,000			

¹ The CSU System Total excludes Academic Facilities and Infrastructure, Summer Arts and Center for CA Studies.

CSUDH Multi-Year Budget Commitments Planned in FY 2018-19

FY 18/19 Budget Plan of Multi-year Allocations	Base	One-Time
Presidential Initiatives		1,000,000
Data Analytics, Application Development & Digital Presence Initiative (Year 2 of 2)	1,250,000	
Deferred Maintenance (Year 2 of 4)	250,000	
Faculty Research, Scholarship & Creative Activities (Year 2 of 2)	300,000	
Campus Technology Refresh/IT Equipment Loan (Year 1 of 4)		400,000
Science and Innovation Building Group II Equipment Loan (Year 1 of 7)		600,000
Innovation & Instruction/CBAPP Building-Campus Contribution to Construction Cost		1,000,000
Total	\$ 1,800,000	\$ 3,000,000

Existing Base Budget Deficit

	Base Shortfall after 17/18 \$1M Base Allocations
ACADEMIC AFFAIRS TOTAL	(1,300,747)
ADMIN AND FINANCE	0
ADVANCEMENT	0
INFO TECHNOLOGY	(1,342,118)
PRESIDENT'S DIVISION	
President's Office	0
Athletics	(571,551)
PRESIDENT'S DIVISION TOTAL	(571,551)
STUDENT AFFAIRS	0
CENTRALLY MONITORED	
Marketing	(443,437)
University Events	(5,477)
Base Shortfall	(3,663,329)

Opportunities to Increase Non-State Support Revenue

- Cost recovery vs. revenue vs. cost savings & avoidance: all are important.
 - Initial UBC focus? Opportunities to increase net revenue?
- If so, need to assess current levels of non-State revenue. How much non-State revenue does the University currently generate?
- University non-State support revenue generally is deposited in the University funds listed below. In some instances, direct expenses are paid directly from these funds and confirmation of gross vs. net revenue is required.
 - Miscellaneous Trust
 - Campus Partners
 - Open University
- Non-State revenue also deposited in Foundation and Philanthropic accounts.
- Frequently, implementing initiatives to increase non-resident student tuition revenue, including international student revenue, is employed as a strategy by campuses seeking to increase non-State support revenue.

Preliminary Summary of Multi-Year Non-State Revenue Sources—Example 1

Example provided to assist in demonstrating additional analysis is required to more fully understand revenue sources, year-to-year fluctuations, etc. Accurate assessments & conclusions can not be derived based on information currently presented & premature assumptions should be avoided.

<u>Division/College</u>	<u>Campus Partners</u> ¹		
	New Revenue Collected During Respective Fiscal Year. Does Not Reflect Prior Year Fund Balances		
	FY 14/15	FY 15/16	FY 16/17
CAA	330	202,300	234,086
COE	466,461	158,631	217,382
CBAPP	1,322,305	1,326,272	1,649,185
CAH	345,323	124,186	125,099
CNBS	366,081	367,330	5,760
CHHSN	1,280,911	1,162,183	1,125,510
Academic Affairs	3,781,410	3,340,902	3,357,022

¹ Open University revenue included with Campus Partners before 2015/16

Preliminary Summary of Multi-Year Non-State Revenue Sources—Example 2

Example provided to assist in demonstrating additional analysis is required to more fully understand revenue sources, year-to-year fluctuations, etc. Accurate assessments & conclusions can not be derived based on information currently presented & premature assumptions should be avoided.

<u>Division/College</u>	<u>Miscellaneous Trusts (MTxxx)</u> New Revenue Collected During Respective Fiscal Year. Does Not Reflect Prior Year Fund Balances		
	FY 14/15	FY 15/16	FY 16/17
CAA	-	-	7,700
Library	12,290	7,410	5,150
COE	9,515	975	24,109
CBAPP	-	17,514	2,212
CAH	71,998	162,412	87,593
CNBS	500	32,734	-
CHHSN	27,375	-	36,262
Academic Affairs	121,679	221,045	163,026
Admin & Finance	194,327	416,786	322,966
Student Affairs	445,640	133,397	136,210
University Advancement	13,640	2,241	1,002
Information Technology	4,702	11,258	5,604
Athletics	110,594	172,118	319,014
Broadband	5,370,292	384,867	396,423
EE/IT (CalNet Share)	5,000	389,867	401,413
Innovation Funds	3,000,000	-	-
Rental Property	143,457	-	-
Total FY Revenue	9,409,330	1,731,581	1,745,660

Next Steps: Developing a Plan to Fund Potential Shortfall & Strategic University Priorities

- Reaffirm multi-year funding commitments planned in FY 2018-19.
- Identify other recommended FY 2018-19 strategic funding priorities, if any.
- Reaffirm commitments to FY 2017-18 state operating fund allocations and approved FY 2018-19 student success fee allocations not yet spent.
- Review FY 2017/18 third quarter budget and expenditure reports and consult with divisions and the University budget office to assess preliminary projected year-end carryforward balances.

Next Steps *(continued)*

- Assess pros, cons, and implications of potential base vs. one-time budget reductions to divisions and to centrally monitored.
 - Identify University priorities to be held harmless in determining potential reductions, if any.
- Conduct further analysis and continue to actively explore opportunities to increase non-State revenue.

Example: Prorated Allocation of Preliminary Shortfall*

	Base Budget	% age	Share of Deficit
Academic Affairs	51,958,280	61%	1,054,299
Administration & Finance	12,503,816	15%	253,718
Information Technology	5,820,084	7%	118,097
President's Office	1,273,770	1%	25,846
Athletics	2,350,849	3%	47,702
Student Affairs	7,496,782	9%	152,119
University Advancement	3,652,277	4%	74,109
Marketing	443,437	1%	8,998
University Events	5,477	0%	111
Total	85,504,772	100%	1,735,000

**Does not suggest or imply a recommended approach. Information is provided primarily to illustrate one of multiple scenarios to allocate the preliminary projected shortfall reflected in the March CO budget memo. A final FY 2018-19 State budget has not yet been determined and the final FY 2018-19 CSU budget may differ from the March CO budget memo.*

Upcoming Future Meetings & Agenda Items

Friday, April 27

- Review third quarter budget and expenditure reports and preliminary projected year-end carryforward balances.
- Review/identify & affirm funding commitments to:
 - Multi-year allocations planned in FY 2018/19.
 - Other potential FY 2018-19 strategic priorities.
 - Unspent FY 2017-18 new operating fund & approved FY 2018-19 student success fee allocations.
- Continue analysis and discussion on opportunities to increase non-State revenue.

Friday, May 25

- Review and assess Governor's FY 2018/19 May Revise Budget for the CSU & determine next steps.

Questions?