

# University Budget Committee

September 14, 2018

# Agenda

- I. Welcome & Introductions
- II. UBC Charge
- III. University Budget Overview
- IV. CSU Budget Cycle
- V. University Fund Sources
- IV. Review of FY 2017/18
- V. FY 2018/19 Objectives & Priorities
- VI. UBC Next Steps
- VII. Future Meeting Dates & Agenda Items
- VII. Q & A
- VIII. Adjourn

# UBC Charge

# UBC Charge

PM 2014-04

## Mission:

- Receive, review and make recommendations to the President on budgets, enrollments, and strategic and divisional plans.

## Perspectives & Scope of Responsibilities:

- Apply university-wide rather than divisional perspectives in analyzing, considering, and recommending resource allocations.
- Review campus budget reports, including prior year budgets to actual expenditures, prior year commitments, and prior year carryforward balances.
- Consider whether existing resource allocation should continue, as necessary.
- Recommend new base and one-time allocations and reallocations that consider budget information and projections; enrollment reports and forecasts; divisional needs and priorities; the university strategic plan; academic plans; and the university's student success framework.

# UBC Charge *(continued)*

## Procedures:

- UBC shall receive reports and forecasts from division heads of expected revenues, mandatory and continuing commitments, proposals for priority expenditures; proposed changes or additions to academic plans; and plans for student success.
- Not later than April 1, UBC shall forward to the President recommendations for the university's expenditure plan for the subsequent year, taking division head presentations into account.

## Additional

- The President and VPAF/CFO shall hold a Budget Town Hall at least once a year to provide an overview of the university budget.
- Budget presentations/information provided to the UBC shall be posted to the UBC website. Summaries of discussions held during UBC meetings also may be posted to the website to the web site.

# Update on Academic Senate Resolution & UBC Feedback to President

- EXEC Resolution 17-19  
Increasing faculty involvement in the University Budgeting Process  
Amending PM 2014-04  
M/S/P February 28, 2018
- May 25, 2018 UBC letter to President Hagan regarding Resolution 17-19

# University Budget Overview

# University Budgets

Source: A Guide to College &  
University Budgeting By Larry Goldstein

A budget is:

- A map, expressed in financial terms, guides an institution on a journey as it carries out its mission.
- Not a plan; it is product of the planning process. Plans determine what will be done, while budgets dictate the level of resources deployed to execute the plan.
- A reflection of values and priorities of an organization.
- An indication of institutional culture.
- A sign and degree of organizational transparency.
- A manifestation of decision-making.
- Developed through shared governance for best results.
- Flexible enough to respond to changing needs:
  - Includes provisions for contingencies.
  - An approved budget is only a snapshot. The process is continuous, consistently responding to new information



Recommendations when participating in the budget allocation process:

- Compare the budget narrative with the budget numbers.
- Consider comparable information for the previous year.
- Respect the institution's character.
- Foster internal transparency.
  - Information is most effective when shared—*especially financial information.*
- Acknowledge external realities.
- Consider demographics.
- Favor flexibility.
- Be actively involved.

# University Budgets *(continued)*

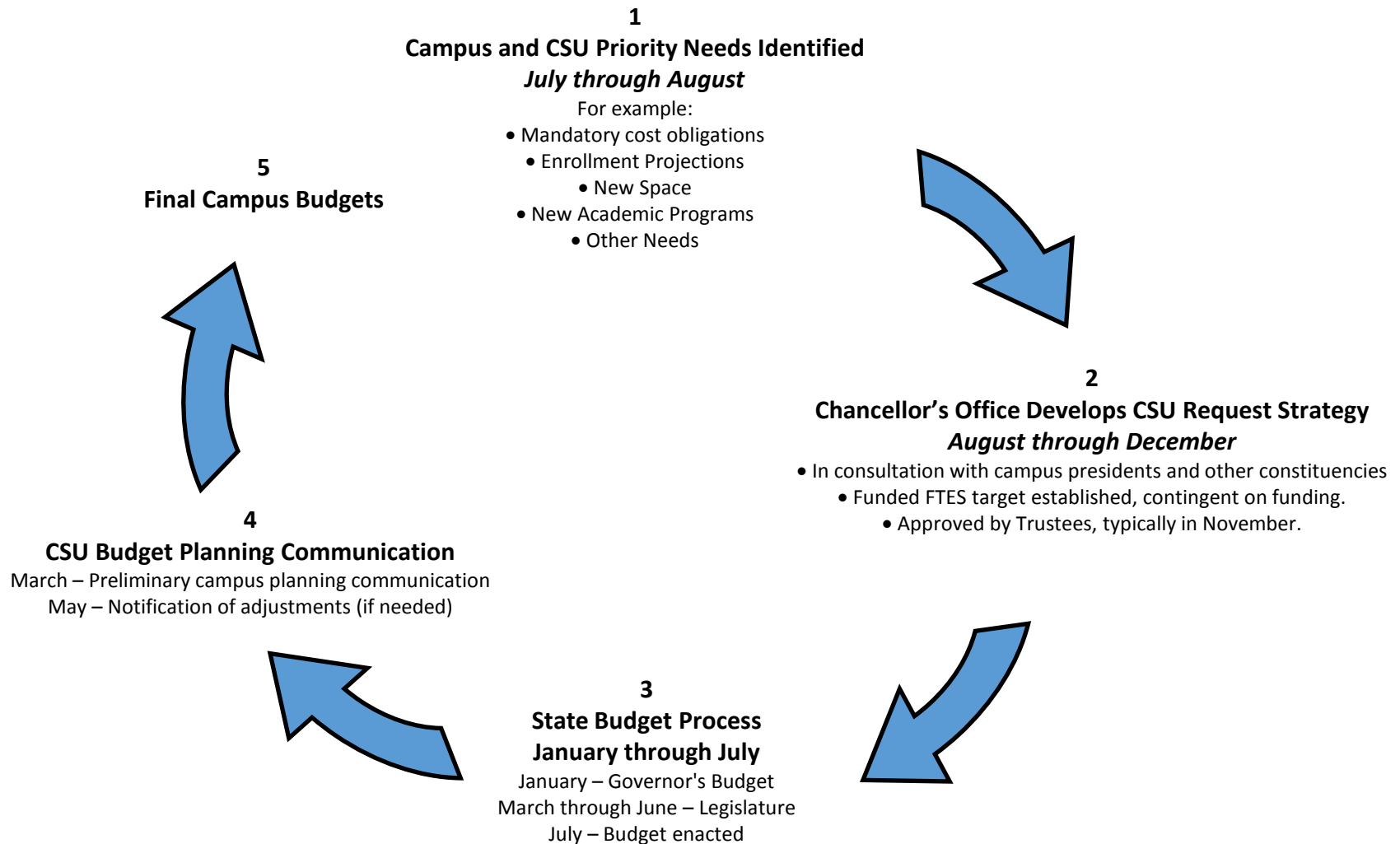
Source: A Guide to College &  
University Budgeting By Larry Goldstein

- Higher education institutions are subject to numerous external forces that affect operating and capital activities.
- State-supported institutions are affected by additional regulations
- Higher education has two major revenue categories: tuition and fees and governmental appropriations.
- Additional revenue sources include the sale of nonacademic goods and services, sponsored programs, which provide direct and indirect costs to underwrite research, training, etc., and philanthropic support.
- The most significant cost drivers for colleges and universities are human resources, including faculty salary and benefit costs, facilities, technology, and utilities.

# Common Higher Education Budget Models

- Formula budgeting
- Incremental budgeting
- Responsibility-centered budgeting
- Zero-based budgeting
- Initiative-based budgeting
- Performance-based budgeting

# CSU Budget Process



# University Fund Sources

# CSUDH Operating and Auxiliary Funds

- CSU Operating Fund
  - State Allocation
  - Tuition Revenue
  - Other Revenues (e.g., non-resident tuition, miscellaneous fees)
- University auxiliary organizations are separate, private, non-state, non-profit corporations consistent with California Ed Code and Corporation Codes:
  - CSUDH Foundation
  - Philanthropic Foundation
  - Associated Students
  - Loker Student Union

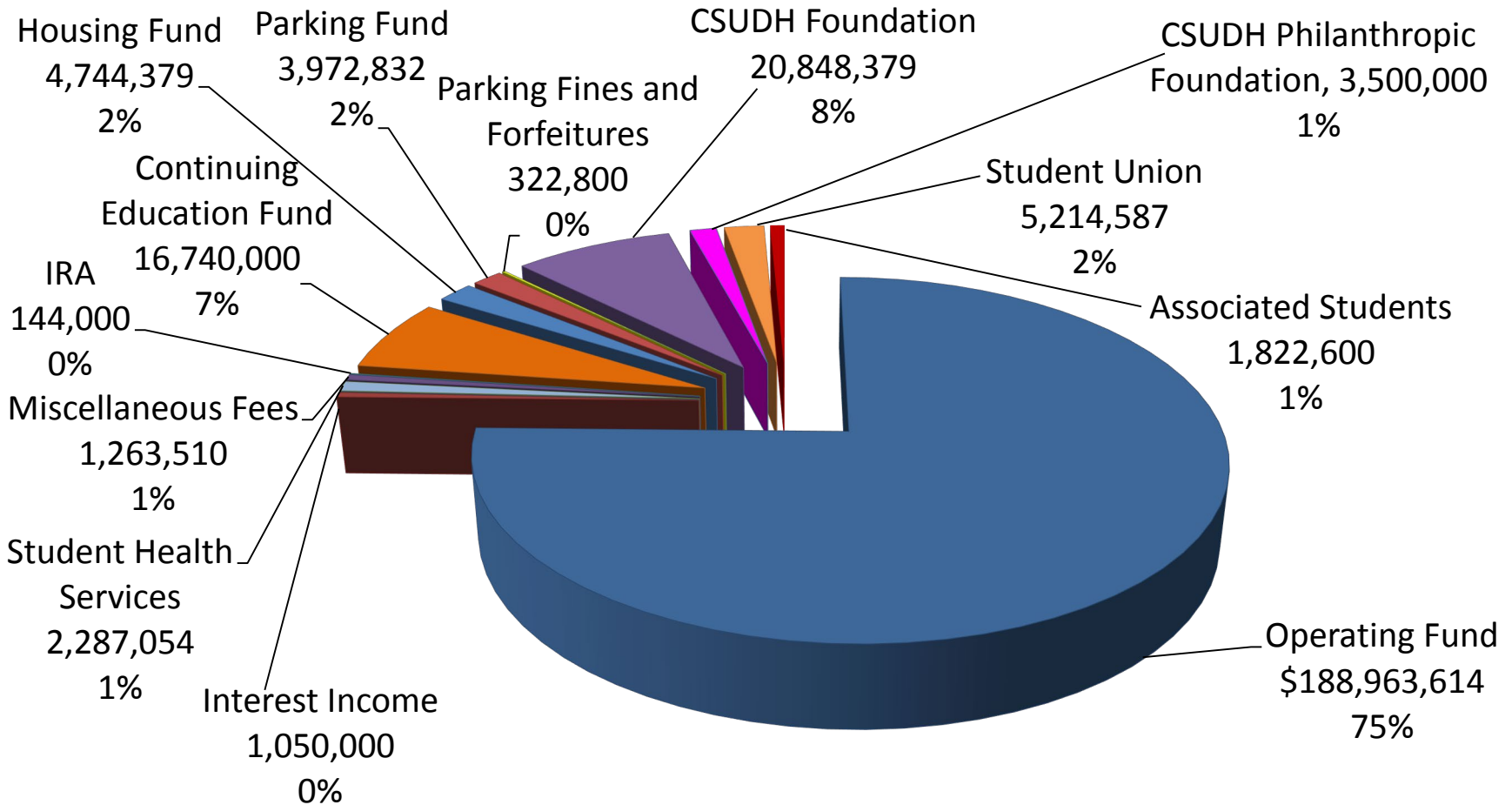
# FY 2018/19 University Budget—All Funds

Operating Fund <sup>1</sup>	\$ 188,963,614
Investment Fund	1,050,000
Student Health Services	2,287,054
Miscellaneous Fee Trusts	1,263,510
Instructionally Related Activities (IRA)	144,000
Continuing Education Revenue Fund	16,740,000
Housing - Operation and Revenue Fund	4,744,379
Parking Revenue Fund - Parking Fees	3,972,832
Parking Revenue Fund - Fines and Forfeitures	322,800
Foundation	20,848,379
CSUDH Philanthropic Foundation	3,500,000
Student Union	5,214,587
Associated Students	1,822,600
<b>TOTAL UNIVERSITY BUDGET</b>	<b>\$ 250,873,755</b>

<sup>1</sup>The Operating Fund includes the state allocation, tuition revenue (including student success fee revenue), reimbursements, and Lottery.



# FY 2018/19 University Budget—All Funds





# FY 2018/19 Projected Operating Revenue

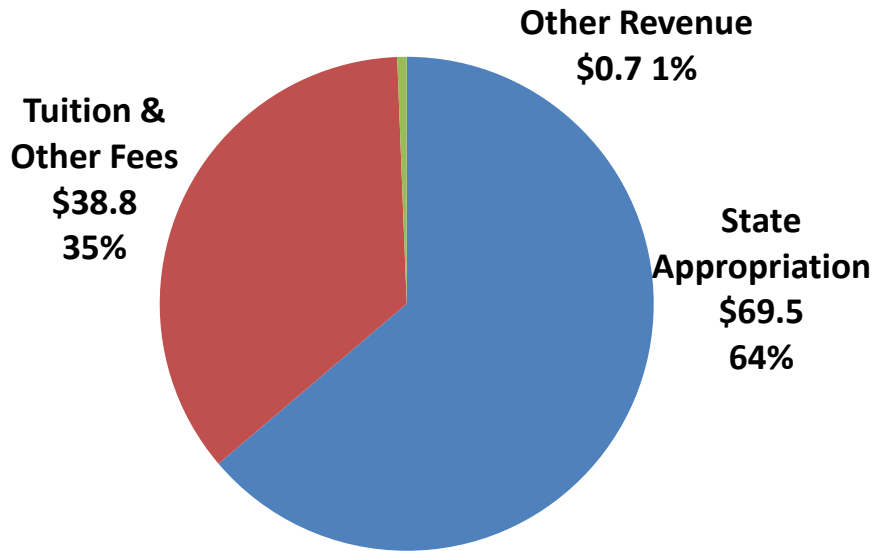
	<u>Baseline</u>	<u>One-time</u>	<u>Total</u>
State Appropriation	\$94,336,852	8,464,580 <sup>1</sup>	\$102,801,432
Tuition Fees	79,517,382	-	79,517,382
Non-Resident Tuition Fees	1,540,000	-	1,540,000
Application Fees	750,000	-	750,000
Student Success Fee	8,270,000	-	8,270,000
Miscellaneous Revenue <sup>2</sup>	175,000	-	175,000
Lottery Fund	973,000	-	973,000
College Work Study	638,105	-	638,105
Enterprise Funds & Auxiliary Cost Recovery	2,763,275	-	2,763,275
<b>Total Projected Operating Fund Revenue</b>	<b><u>\$188,963,614</u></b>	<b><u>\$8,464,580</u></b>	<b><u>\$197,428,194</u></b>

<sup>1</sup> 2025 Graduation Initiative, Deferred Maintenance & Infrastructure Improvement, Enrollment, Mervyn Dymally, and Research, Scholarly and Creative Activities.

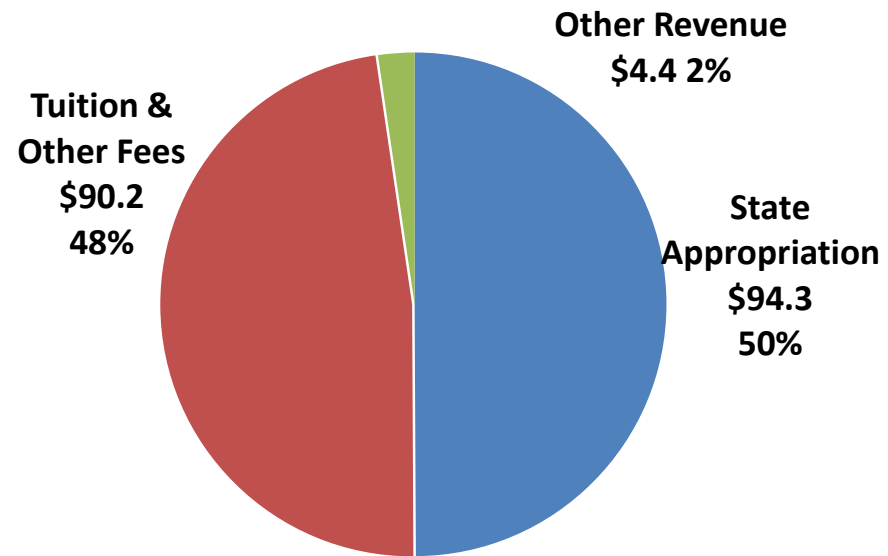
<sup>2</sup> Miscellaneous fees for late, transcripts, fines, etc.

# State Funding, Tuition, Fees & Other Revenue

## FY 2008/09 & FY 2018/19 (in Millions)



**FY 2008/09**  
**\$110.6**



**FY 2018/19**  
**\$188.9**

# FY 2017/18 Review

# FY 2017/18 What Went Well?

- Allocation of base and one-time resources focused on achieving goals and objectives outlined in the University strategic plan.
- Increased transparency and communication with UBC members, including agenda and presentation materials provided in advance of meetings, questions and interactions welcomed and encouraged, etc.
- Reduced \$12.4M base shortfall to \$3.7M.
- Collectively, determined strategies for responding to the state budget
- Discussed new potential cost savings/revenue generating opportunities.
- Student Success Fee allocations enabled the campus to sustain and enhance high impact practices.
- Other positive outcomes?

# Continuing Challenges

- Base deficit of \$3.7
- Additional base funding shortfalls
- Benefit cost increases
- Fiscal implications of unfunded enrollment & increases in MUL
- Health Center funding shortfall
- Data-driven decision-making
- Limited campus reserves
- Other continuing challenges?

# FY 2018/19 Objectives & Priorities

# Objectives & Priorities

- First and foremost, continue to invest in and advance student success
- Consider multi-year budget needs and strategies, including strategies to increase centrally-held University reserves
- Share additional information on non-operating fund resources, including revenue generating activities.
- Increase collective understanding of enrollment on revenue and expenses.
- Enhance data-driven decision-making
- Leverage the value and benefits of shared governance
  - Provide information timely to UBC
  - Ensure all committee members have an equal voice
  - Provide adequate time for discussion and decision making

# UBC Next Steps



# Future Meetings\* & Proposed Agendas

Friday, October 5	2018/19 New Revenue Mandatory Costs & Existing Commitments 2019/20 Student Success Fee Projections Enrollment Report
Friday, October 19	Multi-Year Budget Needs Non-Operating Funds Division Budget Presentations
Friday, November 9	Division Budget Presentations
Friday, November 30	2018/19 Budget Requests & Recommended Budget Allocations
Friday, December 7	Finalize Recommended Allocations

\* 3-5pm in the President's Large Conference Room (WH D 444)

