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
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

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 a 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:
  o Includes provisions for contingencies.
  o An approved budget is only a snapshot. The process is continuous, consistently responding to new information.

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

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

1. Campus and CSU Priority Needs Identified
   **July through August**
   - Mandatory cost obligations
   - Enrollment Projections
   - New Space
   - New Academic Programs
   - Other Needs

2. Chancellor’s Office Develops CSU Request Strategy
   **August through December**
   - In consultation with campus presidents and other constituencies
   - Funded FTES target established, contingent on funding.
   - Approved by Trustees, typically in November.

3. State Budget Process
   **January through July**
   - January – Governor’s Budget
   - March through June – Legislature
   - July – Budget enacted

4. CSU Budget Planning Communication
   - March – Preliminary campus planning communication
   - May – Notification of adjustments (if needed)

5. Final Campus Budgets
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

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

1The Operating Fund includes the state allocation, tuition revenue (including student success fee revenue), reimbursements, and Lottery.
FY 2018/19 University Budget—All Funds

- Operating Fund: $188,963,614 (75%)
- CSUDH Foundation: $20,848,379 (8%)
- CSUDH Philanthropic Foundation, $3,500,000 (1%)
- Student Union: $5,214,587 (2%)
- Associated Students: $1,822,600 (1%)
- Housing Fund: $4,744,379 (2%)
- Parking Fund: $3,972,832 (2%)
- Continuing Education Fund: $16,740,000 (7%)
- IRA: $144,000 (0%)
- Miscellaneous Fees: $1,263,510 (1%)
- Student Health Services: $2,287,054 (1%)
- Interest Income: $1,050,000 (0%)
- Parking Fines and Forfeitures: $322,800 (0%)
- CSUDH Foundation: $20,848,379 (8%)

Total budget: $188,963,614
## FY 2018/19 Projected Operating Revenue

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Baseline</th>
<th>One-time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>$94,336,852</td>
<td>8,464,580</td>
<td>$102,801,432</td>
</tr>
<tr>
<td>Tuition Fees</td>
<td>79,517,382</td>
<td>-</td>
<td>79,517,382</td>
</tr>
<tr>
<td>Non-Resident Tuition Fees</td>
<td>1,540,000</td>
<td>-</td>
<td>1,540,000</td>
</tr>
<tr>
<td>Application Fees</td>
<td>750,000</td>
<td>-</td>
<td>750,000</td>
</tr>
<tr>
<td>Student Success Fee</td>
<td>8,270,000</td>
<td>-</td>
<td>8,270,000</td>
</tr>
<tr>
<td>Miscellaneous Revenue(^2)</td>
<td>175,000</td>
<td>-</td>
<td>175,000</td>
</tr>
<tr>
<td>Lottery Fund</td>
<td>973,000</td>
<td>-</td>
<td>973,000</td>
</tr>
<tr>
<td>College Work Study</td>
<td>638,105</td>
<td>-</td>
<td>638,105</td>
</tr>
<tr>
<td>Enterprise Funds &amp; Auxiliary Cost Recovery</td>
<td>2,763,275</td>
<td>-</td>
<td>2,763,275</td>
</tr>
<tr>
<td><strong>Total Projected Operating Fund Revenue</strong></td>
<td><strong>$188,963,614</strong></td>
<td><strong>$8,464,580</strong></td>
<td><strong>$197,428,194</strong></td>
</tr>
</tbody>
</table>

\(^1\) 2025 Graduation Initiative, Deferred Maintenance & Infrastructure Improvement, Enrollment, Mervyn Dymally, and Research, Scholarly and Creative Activities.

\(^2\) 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

Tuition & Other Fees
$38.8
35%

State Appropriation
$69.5
64%

Other Revenue
$0.7
1%

Tuition & Other Fees
$90.2
48%

State Appropriation
$94.3
50%

Other Revenue
$4.4
2%
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
  o Provide information timely to UBC
  o Ensure all committee members have an equal voice
  o Provide adequate time for discussion and decision making
UBC Next Steps
<table>
<thead>
<tr>
<th>Date</th>
<th>Agenda Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friday, October 5</td>
<td>2018/19 New Revenue</td>
</tr>
<tr>
<td></td>
<td>Mandatory Costs &amp; Existing Commitments</td>
</tr>
<tr>
<td></td>
<td>2019/20 Student Success Fee Projections</td>
</tr>
<tr>
<td></td>
<td>Enrollment Report</td>
</tr>
<tr>
<td>Friday, October 19</td>
<td>Multi-Year Budget Needs</td>
</tr>
<tr>
<td></td>
<td>Non-Operating Funds</td>
</tr>
<tr>
<td></td>
<td>Division Budget Presentations</td>
</tr>
<tr>
<td>Friday, November 9</td>
<td>Division Budget Presentations</td>
</tr>
<tr>
<td>Friday, November 30</td>
<td>2018/19 Budget Requests &amp; Recommended Budget Allocations</td>
</tr>
<tr>
<td>Friday, December 7</td>
<td>Finalize Recommended Allocations</td>
</tr>
</tbody>
</table>

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