

University Budget Committee

February 17, 2022

CSUDH



DIRECTORY

CSUDH

CALIFORNIA STATE UNIVERSITY
DOMINGUEZ HILLS

Agenda

- I. UBC Member Changes
- II. Q2, 2021-22 Budget Update
- III. CARES Update
- IV. 2022-23 Governor's Budget Update
- V. 2022-23 CSUDH Division Budget Request Process
- VI. Discussion on the way forward for 2022-23 Project Priorities



UBC MEMBER CHANGES



2nd QUARTER ACTUALS



Second Quarter Report

- The Second Quarter represents the first half of the year (July-Dec), which includes a full semester
- All figures in the 2nd Quarter Report are as of 12/31/21
- We can assume the second half of the year will look similar to the first half but every division is different
 - ex: with fewer students in Spring, Academic affairs mounts fewer courses; Advancement has more expenses in Spring due to Commencement



Second Quarter Report

- Actual revenues are projected to be approx. \$125k under budget

Revenue	Original Budget	Revised Budget	Actuals (July-Dec)	Projected Actuals (Jan-June)	Encumbrances	Projected YE Actuals	Projected YE Balance
State Allocation	\$ (119,296,000)	\$ (119,296,000)	\$ (63,136,557)	\$ (56,159,443)	\$ -	\$ (119,296,000)	\$ -
Student Fees	\$ (86,994,000)	\$ (87,016,217)	\$ (82,165,723)	\$ (4,800,000)	\$ -	\$ (86,965,723)	\$ (50,495)
Cost Recovery	\$ (3,103,254)	\$ (3,334,919)	\$ (1,630,682)	\$ (1,630,682)	\$ -	\$ (3,261,365)	\$ (73,554)
Total	\$ (209,393,254)	\$ (209,647,136)	\$ (146,932,962)	\$ (62,590,125)	\$ -	\$ (209,523,087)	\$ (124,049)

As of 12/31/21



Second Quarter Report

- Projected YE Balance is \$9.9M; most of the carryforward balance is in Centrally Monitored, but will need to be used to offset potential division deficits.

Division	Original Budget	Revised Budget	Actuals (July-Dec)	Projected Actuals (Jan-June)	Encumbrances	Projected YE Actuals	Projected YE Balance
ACADEMIC AFFAIRS	\$ 67,034,124	\$ 70,285,359	\$ 33,286,877	\$ 33,286,877	\$ 952,481	\$ 67,526,236	\$ 2,759,123
ADMIN AND FINANCE	\$ 17,245,793	\$ 18,851,225	\$ 8,579,893	\$ 8,579,893	\$ 2,102,854	\$ 19,262,641	\$ (411,416)
ADVANCEMENT	\$ 3,531,186	\$ 5,020,290	\$ 1,366,498	\$ 1,366,498	\$ 163,236	\$ 2,896,231	\$ 2,124,059
INFO TECHNOLOGY	\$ 10,153,678	\$ 8,736,959	\$ 8,574,342	\$ 8,574,342	\$ 4,943,393	\$ 22,092,078	\$ (13,355,119)
PRESIDENTS	\$ 3,256,929	\$ 4,346,532	\$ 1,433,064	\$ 1,433,064	\$ 151,742	\$ 3,017,870	\$ 1,328,662
STUDENT AFFAIRS	\$ 11,929,183	\$ 14,662,536	\$ 5,636,557	\$ 5,636,557	\$ 682,601	\$ 11,955,716	\$ 2,706,819
CENTRALLY MONITORED	\$ 96,242,361	\$ 116,222,434	\$ 43,825,554	\$ 56,303,312	\$ 1,312,265	\$ 101,441,131	\$ 14,781,303
<i>Benefits</i>	\$ 50,399,806	\$ 50,457,422	\$ 25,071,640	\$ 25,071,640	\$ -	\$ 50,143,280	\$ 314,141
<i>Utilities</i>	\$ 3,543,077	\$ 3,694,450	\$ 1,219,010	\$ 1,719,010	\$ 218,173	\$ 3,156,193	\$ 538,257
<i>Financial Aid</i>	\$ 34,468,701	\$ 35,926,584	\$ 16,462,376	\$ 19,464,208	\$ -	\$ 35,926,584	\$ -
<i>Other CM</i>	\$ 7,830,778	\$ 26,143,978	\$ 1,072,528	\$ 10,048,454	\$ 1,094,092	\$ 12,215,074	\$ 13,928,905
TOTAL	\$ 209,393,254	\$ 238,125,334	\$ 102,702,786	\$ 115,180,544	\$ 10,308,573	\$ 228,191,903	\$ 9,933,431

As of 12/31/21



Second Quarter Report- CARES Impact

- As of December 31st, 2021 there was \$3.6M in actuals and encumbrances in AADHT that were going to be reimbursed by CARES funds

Division	Projected YE Balance	CARES Actuals & Encumbrances	Adj Projected YE Balance
ACADEMIC AFFAIRS	\$ 2,759,123	\$ 310,374	\$ 3,069,497
ADMIN AND FINANCE	\$ (411,416)	\$ 167,431	\$ (243,985)
ADVANCEMENT	\$ 2,124,059	\$ 857	\$ 2,124,916
INFO TECHNOLOGY	\$ (13,355,119)	\$ 3,113,184	\$ (10,241,935)
PRESIDENTS	\$ 1,328,662	\$ 8,959	\$ 1,337,621
STUDENT AFFAIRS	\$ 2,706,819	\$ 13,765	\$ 2,720,584
CENTRALLY MONITORED	\$ 14,781,303	\$ -	\$ 14,781,303
<i>Benefits</i>	\$ 314,141	\$ -	\$ 314,141
<i>Utilities</i>	\$ 538,257	\$ -	\$ 538,257
<i>Financial Aid</i>	\$ -	\$ -	\$ -
<i>Other CM</i>	\$ 13,928,905	\$ -	\$ 13,928,905
TOTAL	\$ 9,933,431	\$ 3,614,571	\$ 13,548,001

As of 12/31/21



How accurate are these projections?

Most years we could expect projections to be relatively consistent; however, there is always a footnote that different divisions have different busy quarters that may end a reporting period outside of the average.

This year, all bets are off!

Second Quarter saw an uptick in COVID-related expenses. We can anticipate even more expenses in Third Quarter, and then substantial reimbursements from CARES in Third and Fourth Quarters.

We should not be surprised if a reporting period ends with a large surplus or deficit due to timing of CARES expenses and reimbursements.



CARES UPDATE



- When the pandemic struck the campus was already in a vulnerable position- from both a financial and infrastructure perspective
 - Every campus had a different set of needs based on their student population, and position prior to the pandemic.
 - Examples: food insecurities, lost enrollments, digital divide/infrastructure
- One-time funds were available, but incredibly restrictive in their use. These funds were not distributed to the campus, but are available to be reimburse after expenditures are realized.
 - Without a reserve, the campus has NO room for interpretation- we cannot absorb these expenses if the claim is not accepted
- The expenses must be directly related to moving to a virtual environment, and maintaining campus safety upon return
 - Claims for reimbursement cannot supplant existing/operational funding



CARES Update

- As of 2/4/22 the campus had drawn down \$26.7M over 22 claims
- Most of these claims are associated with lost revenue since those are the easiest claims to prepare with the largest financial impact
- There are 155 claims remaining (labor and paper intensive processing), but they cannot be completed until all expenses have been recognized- they range from \$741 to \$3.2M

	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
<i>(Less Student Grants)</i>	<i>\$ (9,240,639)</i>	<i>\$ (9,240,639)</i>	<i>\$ (28,183,267)</i>	<i>\$ (46,664,545)</i>
Available Institutional Portion	\$ 10,553,201	\$ 24,583,545	\$ 31,112,152	\$ 66,248,898
Drawn Down	\$ 10,553,201	\$ 16,184,344	\$ -	\$ 26,737,545
Allocated	\$ -	\$ 8,399,201	\$ 35,426,771	\$ 43,825,972
Unallocated/ Under Review	\$ -	\$ -	\$ (4,314,619)	\$ (4,314,619)
Final Draw Down Date	8/4/2021	2/16/2022	5/17/2022	



CARES Update

CARES Item	Initial Budget	Adjusted Budget*	Claimed
Refunds/Lost Revenue	\$ 22,326,540	\$ 21,324,706	\$ 20,653,504
Refunds	\$ 1,468,023	\$ 1,468,023	\$ 1,468,023
Operating Fund Lost Revenue	\$ 7,920,837	\$ 7,737,351	\$ 7,520,852
Enterprise/Auxiliary Lost Revenue	\$ 12,937,680	\$ 12,119,332	\$ 11,664,630
Additional Student Aid	\$ 1,121,829	\$ 971,829	\$ 387,744
Need-based student grants	\$ 537,744	\$ 387,744	\$ 387,744
Emergency Grants - Housing Rate Increases	\$ 584,085	\$ 584,085	\$ -
Instructional/Distance Learning	\$ 29,589,229	\$ 37,436,418	\$ 5,232,043
Training & Curriculum Redesign	\$ 4,255,642	\$ 3,725,473	\$ 2,146,162
Software & Licenses	\$ 1,200,255	\$ 1,645,533	\$ 143,301
Hardware	\$ 9,098,880	\$ 16,471,495	\$ 2,646,343
Network & Infrastructure	\$ 10,719,569	\$ 11,839,461	\$ 157,742
Virtual Instruction & Support	\$ 2,439,626	\$ 2,105,421	\$ 138,495
Other	\$ 1,875,257	\$ 1,649,034	\$ -
Campus Safety	\$ 14,921,709	\$ 5,267,851	\$ 464,254
COVID Testing & Self-Certification	\$ 1,411,704	\$ 1,416,704	\$ 178,704
PPE & Related Materials	\$ 122,832	\$ 137,292	\$ 125,983
Facilities Cleaning Services & Supplies	\$ 11,376,000	\$ 1,349,003	\$ -
Campus Distancing Improvements	\$ 2,011,173	\$ 2,364,853	\$ 159,567
Additional Requests Under Review	\$ -	\$ 5,562,712	\$ -
TOTAL	\$ 67,959,307	\$ 70,563,517	\$ 26,737,545
TOTAL CARES BUDGET AVAILABLE		\$ 66,248,898	
CARES FUNDS AVAILABLE FOR DISTRIBUTION		\$ (4,314,619)	

As of 2/4/22



CARES Next Steps

- We need to prioritize processing claims:
 - We are requesting an extension for additional time to complete the claims.
 - Most expenses should be realized in the Third Quarter
- We are working with Cal-OES to prepare a FEMA claim for expenses related to COVID testing. This would help close the gap for unfunded CARES needs.



GOVERNOR'S PRELIMINARY BUDGET



22-23 Budget Preview

- In January the Governor released his **preliminary** budget, which included \$304.1 million base and \$100 million in one-time to the CSU.

General Fund Increase	\$211.1M
Enrollment Growth	\$ 81.0M
<u>Foster Youth Supports</u>	<u>\$ 12.0M</u>
Proposed Base Increase	\$304.1M
<i>plus</i>	
One-Time Deferred Maintenance	\$100.0M

- From the systemwide level this sounds like a substantial increase, BUT...



22-23 Budget Preview

New discretionary state funding will be minimal in 22-23:

- The Governor's January preliminary budget proposed a five year compact with the CSU based on meeting targets to be identified in May.
- This compact includes an annual 5% “unrestricted” General Fund increase.
- 5% is the increase to the state allocation, but without a tuition increase it represents only a 2.85% increase in the CSU budget.
- We can assume this annual increase would only cover mandatory costs.



22-23 Budget Preview

Only base funding will be from Enrollment Growth:

- CSUDH will receive an additional 250 FTES (2.17%) in 2022/23, and we can anticipate 1% growth for the four years after.
- This funding does not reflect the additional SUG increase required per SB169. This amount will either be deducted from the 5% increase (where?!) or the campus will have to absorb it.
- As of yet there are no specific restrictions against this funding, but the campus will be expected to meet certain targets outlined in the May Revise. They will be related to closing equity gaps and increasing timely graduation rates.



We anticipate changes to the budget between now, the May Revise, and the Final Budget in June.

These updates will continue to be shared with the campus.



2022-23 CSUDH DIVISION BUDGET REQUEST PROCESS



The average YoY change in operating budget over the last five years is: 4.1%

CSUDH Internal	2021-22	2020-21	2019-20	2018-19	2017-18
Academic Affairs	\$ 67,375,692	\$ 62,332,372	\$ 63,139,168	\$ 60,008,755	\$ 52,116,106
Admin and Finance	\$ 17,387,006	\$ 14,546,742	\$ 15,434,472	\$ 14,553,702	\$ 13,343,293
Univ. Advancement	\$ 3,532,160	\$ 3,027,412	\$ 3,102,632	\$ 4,033,033	\$ 3,119,555
Centrally Monitored	\$ 94,800,314	\$ 89,814,768	\$ 94,185,272	\$ 89,106,566	\$ 75,491,044
Info. Technology	\$ 10,390,269	\$ 9,493,775	\$ 10,139,856	\$ 9,089,511	\$ 6,057,304
President's Office	\$ 3,594,929	\$ 3,091,183	\$ 3,181,934	\$ 1,148,682	\$ 3,525,305
Student Affairs	\$ 12,312,884	\$ 10,871,166	\$ 11,375,536	\$ 13,081,046	\$ 8,643,156
TOTAL OPERATING BUDGET	\$ 209,393,254	\$ 193,177,418	\$ 200,558,870	\$ 197,428,194	\$ 177,423,165



AY22-23 Budget Planning

If the AY 2022-23 operating base budget is more than the current budget of \$209.39 million, a question arises on how to distribute the delta (change) across divisions.

- There is no one better way to do this allocation.
- The new budget allocation process requires collective effort.
- Everyone needs to bat for the university, not their division.
- There are four possible ways (and many more), to start the discussion.
 1. Auto pilot: Based on current division budget size
 2. Auto pilot: Based on prioritized projects sequentially (waterfall)
 3. Auto pilot: Based on prioritized projects using a weighting method
 4. Subjective selection of new projects by the UBC
 5. Some other method that the UBC proposes



1. Auto pilot: Based on current division budget size

Suppose the new base budget goes up to \$215 million.

Using the current division weight (proportion), it can be distributed in the following way.

	<i>AY 2022-23</i>	<i>New Allocation</i>	<i>2021-22</i>	<i>Proportion (2021-22)</i>
Academic Affairs	\$ 69,179,754	\$ 1,804,062	\$ 67,375,692	32%
Admin and Finance	\$ 17,852,563	\$ 465,557	\$ 17,387,006	8%
Univ. Advancement	\$ 3,626,738	\$ 94,578	\$ 3,532,160	2%
Centrally Monitored	\$ 97,338,702	\$ 2,538,388	\$ 94,800,314	45%
Info. Technology	\$ 10,668,480	\$ 278,211	\$ 10,390,269	5%
President's Office	\$ 3,691,187	\$ 96,258	\$ 3,594,929	2%
Student Affairs	\$ 12,642,576	\$ 329,692	\$ 12,312,884	6%
TOTAL OPERATING BUDGET	\$ 215,000,000		\$ 209,393,254	100%

Pro: No human decisions. All divisions get the pie according to their current weight.

Con: No scope for subjective priorities or strategic projects.



2. Auto pilot: Based on prioritized projects sequentially (waterfall)

Suppose the new base budget goes up to \$215 million.

Using voted priorities of new projects, new allocation can be distributed as below.

Method 2: Waterfall Projects					This is an Example. Ranks are decided by the UBC (and/or Cabinet)			
AY 2022-23 Budget (Example)	\$ 215,000,000							
New Budget Increase in AY22-23	\$ 5,606,746	or 2.6%.						
Increase for all divisions		2%						
Remaining budget for allocation	\$ 1,418,881							
	AY 2022-23	New Allocation	General Increase	2021-22	Projects	Rank	Budget Requested	New Allocaton
Academic Affairs	\$ 68,723,206	\$ -	\$ 1,347,514	\$ 67,375,692	Academic Affairs	6	\$ 200,000	\$ -
Admin and Finance	\$ 18,103,627	\$ 368,881	\$ 347,740	\$ 17,387,006	Admin and Finance	3	\$ 500,000	\$ 368,881
Univ. Advancement	\$ 3,902,803	\$ 300,000	\$ 70,643	\$ 3,532,160	Univ. Advancement	2	\$ 300,000	\$ 300,000
Centrally Monitored	\$ 97,446,320	\$ 750,000	\$ 1,896,006	\$ 94,800,314	Centrally Monitored	1	\$ 750,000	\$ 750,000
Info. Technology	\$ 10,598,074	\$ -	\$ 207,805	\$ 10,390,269	Info. Technology	4	\$ 225,000	
President's Office	\$ 3,666,828	\$ -	\$ 71,899	\$ 3,594,929	President's Office	5	\$ 300,000	\$ -
Student Affairs	\$ 12,559,142	\$ -	\$ 246,258	\$ 12,312,884	Student Affairs	7	\$ 250,000	\$ -
TOTAL OPERATING BUDGET	\$ 215,000,000	\$ 1,418,881	\$ 4,187,865	\$ 209,393,254				\$ 1,418,881

Pro: Highest priority new strategic projects are fully-funded

Con: Some divisions may not get new project funding



3. Auto pilot: Based on prioritized projects using weights method

Suppose the new base budget goes up to \$215 million.

All new strategic projects get some funding, new allocation can be distributed as below.

Method 3: Project Weights					This is an Example. Weights are decided by the UBC (and/or Cabinet)			
AY 2022-23 Budget (Example)	\$ 215,000,000							
New Budget Increase in AY22-23	\$ 5,606,746	or 2.6%.						
Increase for all divisions	2%							
Remaining budget for allocation	\$ 1,418,881							
	AY 2022-23	New Allocation	General Increase	2021-22	Projects	Weights	Budget Requested	New Allocaton
Academic Affairs	\$ 68,923,206	\$ 200,000	\$ 1,347,514	\$ 67,375,692	Academic Affairs	15%	\$ 200,000	\$ 200,000
Admin and Finance	\$ 18,068,885	\$ 334,139	\$ 347,740	\$ 17,387,006	Admin and Finance	20%	\$ 500,000	\$ 334,139
Univ. Advancement	\$ 3,902,803	\$ 300,000	\$ 70,643	\$ 3,532,160	Univ. Advancement	30%	\$ 300,000	\$ 300,000
Centrally Monitored	\$ 96,946,924	\$ 250,604	\$ 1,896,006	\$ 94,800,314	Centrally Monitored	15%	\$ 750,000	\$ 250,604
Info. Technology	\$ 10,681,609	\$ 83,535	\$ 207,805	\$ 10,390,269	Info. Technology	5%	\$ 225,000	\$ 83,535
President's Office	\$ 3,750,362	\$ 83,535	\$ 71,899	\$ 3,594,929	President's Office	5%	\$ 300,000	\$ 83,535
Student Affairs	\$ 12,726,211	\$ 167,069	\$ 246,258	\$ 12,312,884	Student Affairs	10%	\$ 250,000	\$ 167,069
TOTAL OPERATING BUDGET	\$ 215,000,000	\$ 1,418,881	\$ 4,187,865	\$ 209,393,254		100%		\$ 1,418,881

Pro: All strategic projects are partially funded

Con: No strategic project may get full funding



4. Subjective selection of new projects by the UBC

Suppose the new base budget goes up to \$215 million.

The new allocations are done subjectively by the UBC (with the help of the Cabinet)

Method 4: Subjective Allocation	\$ 215,000,000			
New Budget Increase in AY22-23	\$ 5,606,746	or 2.6%.		
Increase for all divisions		2%		
Remaining budget for allocation	\$ 1,418,881			
This is an Example. New allocations are decided by the UBC (and/or Cabinet)				
	<i>AY 2022-23</i>	<i>New Allocation</i>	<i>General Increase</i>	<i>2021-22</i>
Academic Affairs	\$ 69,723,206	\$ 1,000,000	\$ 1,347,514	\$ 67,375,692
Admin and Finance	\$ 17,734,746	\$ -	\$ 347,740	\$ 17,387,006
Univ. Advancement	\$ 3,602,803	\$ -	\$ 70,643	\$ 3,532,160
Centrally Monitored	\$ 97,115,201	\$ 418,881	\$ 1,896,006	\$ 94,800,314
Info. Technology	\$ 10,598,074	\$ -	\$ 207,805	\$ 10,390,269
President's Office	\$ 3,666,828	\$ -	\$ 71,899	\$ 3,594,929
Student Affairs	\$ 12,559,142	\$ -	\$ 246,258	\$ 12,312,884
TOTAL OPERATING BUDGET	\$ 215,000,000	\$ 1,418,881	\$ 4,187,865	\$ 209,393,254

Pro: Human decisions.

Con: Human decisions.



DISCUSSION ON THE WAY FORWARD FOR 2022-23 PROJECT PRIORITIES



**Without a strategic plan,
the budget is the plan.**



Strategic Priorities

- The most important part in strategic budgeting is starting with planning priorities, and then assigning resources
- Once the priorities have been established, they must be tied to goals and outcomes so progress can be measured
- The goal is to create priorities that are mission-driven and actionable
- By creating action items with benchmarks, we can tie investments to impact (this is helpful for increasing available funding)



Step 1: What is the problem we're trying to solve?

Step 2: What are the barriers to solving the problem?

Step 3: What actionable work can be done to overcome the barrier?



Step 1: What is the problem we're trying to solve?

Increase 4 year graduation rates

Step 2: What are the barriers to solving the problem?

Students are seeking course planning, but are unable to do so during regular business hours.

Step 3: What actionable work can be done to overcome the barrier?

Have advising space open late, reschedule advisors to work more accessible hours, increase access to digital planner, second year program planning intensives programming



Strategic Priorities

- Once these actionable items have been identified, we can start the process of allocating resources toward them
- This includes existing resources! I will not torture you with another picture of an iceberg, but we can't focus solely on new resources, and ignore the other 98% of the budget already on campus
- Departments and divisions are already empowered to address goals with existing priorities. Example: evaluating positions as they become vacant.



Spring 2022 UBC meetings

1. Thursday, February 17, 2022, 2:00 PM-4:00 PM
2. Thursday, March 17, 2022, 2:00 PM-4:00 PM
3. Thursday, April 7, 2022, 2:00 PM- 4:00PM
4. Thursday, April 21, 2022, 2:00 PM-4:00 PM
5. Thursday, May 5, 2022, 2:00 PM-4:00 PM



Q&A

