

University Budget Committee

November 18, 2021

CSUDH

DIRECTORY

CSUDH

CALIFORNIA STATE UNIVERSITY
DOMINGUEZ HILLS

Agenda

- I. Welcome
- II. Budget Request Process
- III. CARES Update
- IV. 2022-23 BOT Budget Request
- V. Action Item: UBC Recommendation
- VI. Strategic Budgeting
- VII. Budget Topics for Review



WELCOME



BUDGET REQUEST PROCESS



Budget Request Process

- In previous years the budget request process to UBC was subjective and disjointed across divisions
- Each division would present their budget requests to the committee and share how they believed these requests would advance the university
- UBC would then allocate funding based on what that year's members believed to be a priority
- The 2020-21 UBC shared that they wished to see a more cohesive, cross-divisional request that eliminated the silos of each division making their requests individually



Budget Request Process

- Cabinet will now review needs and present a **consolidated request** to the University Budget Committee
- This request process will focus on targeted goals and outcomes
- By focusing resource requests toward a specific goal, the campus can make exponential progress on its priorities
- Example: Closing achievement gaps. In the previous process each division would have shared how their requests could help close “achievement gaps”. In the current process, Cabinet will create a targeted plan and action items to address these gaps, and request an allocation to fund that plan.



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 Budget Review

- All divisions were asked to review priorities submitted for use of the CARES funds and report back as to whether funds have been spent/encumbered, and if any budgets can be reutilized.
- Most areas had priorities that were under budget but those funds were re-absorbed back into other more expensive lines. Some items were taken off the list since they could not be completed by the April 1st deadline (internal date for processing).
- As priorities changed (electronic locks), areas also made requests for additional items required to address COVID that could be funded from CARES. These requests exceeded available funds and are under review as the campus considers FEMA requests.



CARES Update

- As of 11/11/21 the campus had drawn down \$21.6M over 18 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 158 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	\$ 11,043,468	\$ -	\$ 21,596,669
Allocated	\$ -	\$ 13,540,077	\$ 33,729,951	\$ 47,270,028
Unallocated/ Under Review	\$ -	\$ -	\$ (2,617,799)	\$ (2,617,799)
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	\$ 16,026,355
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	\$ 7,037,480
Additional Student Aid	\$ 1,121,829	\$ 971,829	\$ -
Need-based student grants	\$ 537,744	\$ 387,744	\$ -
Emergency Grants - Housing Rate Increases	\$ 584,085	\$ 584,085	\$ -
Instructional/Distance Learning	\$ 28,851,229	\$ 37,076,372	\$ 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	\$ 9,080,880	\$ 16,449,694	\$ 2,646,343
Network & Infrastructure	\$ 10,719,569	\$ 11,839,461	\$ 157,742
Virtual Instruction & Support	\$ 1,719,626	\$ 1,767,177	\$ 138,495
Other	\$ 1,875,257	\$ 1,649,034	\$ -
Campus Safety	\$ 14,921,709	\$ 4,187,851	\$ 338,271
COVID Testing & Self-Certification	\$ 1,411,704	\$ 336,704	\$ 178,704
PPE & Related Materials	\$ 122,832	\$ 137,292	\$ -
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	\$ -	\$ 5,305,938	\$ -
TOTAL	\$ 67,221,307	\$ 68,866,697	\$ 21,596,669
TOTAL CARES BUDGET AVAILABLE		\$ 66,248,898	
CARES FUNDS AVAILABLE FOR DISTRIBUTION		\$ (2,617,799)	



CARES Next Steps

- We acknowledge that more transparency would help ensure the campus better understands how CARES funding is and can be used. This includes the following improvements:
 - Making existing reporting easier to understand
 - Retooling CARES website with more graphic representation
 - Notice the campus when CARES updates are posted



2022-23 BOARD OF TRUSTEES BUDGET REQUEST



Governor's priorities that will be driving the 2022-23 operating budget:

1. closing the equity gaps
2. better aligning student learning objectives with workforce needs
3. offering more online courses when compared to pre-pandemic levels, and
4. reducing the overall cost of attendance for students—such as affordable student housing.



Legislature priorities that will be driving the 2022-23 operating budget:

1. enrollment growth and new academic facilities
2. student basic needs, mental health, financial aid, and
3. faculty diversity



Past record

The YoY change in operating budget over the last four years is: **+/- 5%**

The CSU operating fund budget is \$7.4 billion for 2021-2022 (+5.7% from previous year).

Fiscal Year	State General Fund	% Change	Gross Tuition & Fees	% Change	Total Operating Fund Budget	% Change
2017-2018	\$3,474,230,000	-	\$3,275,294,000	-	\$6,749,524,000	-
2018-2019	3,772,707,000	8.6%	3,277,627,000	0.1%	7,050,334,000	4.5%
2019-2020	4,021,849,000	6.6%	3,269,805,000	-0.2%	7,291,654,000	3.4%
2020-2021	3,722,806,000	-7.4%	3,277,002,000	0.2%	6,999,808,000	-4.0%
2021-2022	4,228,282,000	13.6%	3,167,899,000	-3.3%	7,396,181,000	5.7%



1. State tax annual revenue growth is expected to be 2 to 3%
2. Preliminary 2022-2023 budget plans to allow the CSU to
 - a) improve compensation for all employee groups,
 - b) consider enrollment growth,
 - c) provide the final round of investment in GI2025 with particular emphasis on eliminating equity gaps and student basic needs,
 - d) cover mandatory cost obligations, and
 - e) launch or continue initiatives that take lessons learned from the pandemic



AY22-23: What if there is a recession?

CSU would explore and implement some combination of the following strategies:

1. Use reserves designated for economic uncertainty on a one-time basis;
2. Limit investment in new budget priorities;
3. Redirect existing campus resources toward significant priorities;
4. Explore new revenue sources; and
5. Discuss a possible increase in tuition.



22-23 Budget Request

- On November 9th, the Board of Trustees reviewed and approved the 2022-23 Budget Request
- The economic outlook for California is positive, and this request reflects that fact



22-23 Budget Request

Graduation Initiative 2025	\$	75,000,000
Basic Needs	\$	20,000,000
Technology Equity Divide	\$	75,000,000
Salary and Benefits	\$	223,325,000
Academic Facilities/Infr.	\$	135,000,000
Enrollment Growth	\$	129,859,000
SB 169- SUG Requirement	\$	16,835,000
Mandatory Costs	\$	40,489,000
Total New Expenditures	\$	715,508,000

- This would be the 6th year of GI2025 funding
- In 21-22 a committee was convened to develop strategies to increase graduation rates and accelerate the elimination of equity gaps
- If allocated, it is possible this funding would have specific designations to support the committee's recommendations



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- Intended to address the following areas: food and housing insecurity, unanticipated financial distress, mental health concerns, overall health and safety concerns.



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- Likely would be used to expand the CSU Connectivity Contributing to Equity and Student Success (CSUCCESS) program which provides students with an iPad bundle for the entirety of their undergraduate experience. The program is currently at 8 campuses.
- Could possibly be used to optimize course delivery methods that were developed during the pandemic



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- Of this amount \$209.4M is outlined to be used for compensation increases for all employee groups.
- \$14M is being requested to support the increase in benefits. If these are not funded the campus will need to absorb the cost.
- There is a footnote that the staff salary study will be completed before the May Revise and this request may increase to reflect those findings.



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- The amount would be the annual debt service for a \$2 billion bond that would be issued to address critical infrastructure, energy projects, and renovation/modernization of existing facilities and new facilities
- This request has been included for many years, but never allocated in base. It has historically been allocated in one-time.



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- This funding would support a 2.5% enrollment growth or an increase of 9,434 FTES
- CSUDH needs approx. 2,000 FTES to bring funded enrollment up to match our base tuition and 21/22 enrollment levels (marginal cost = \$9,257/FTES)
- The language in the request references a distribution methodology to “*campuses that are experiencing significant prospective student demand and can expand more seats in academic programs that are vital to reducing current and prospective workforce shortages.*”



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- SB169 changed the Middle Class Scholarship program to state law
- The law requires that the proportion of SUG relative to undergraduate enrollment should always be maintained at the 2021-22 AY level.
- This request for an increase to SUG corresponds to the increase in enrollment.



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- Mandatory costs are the costs that must be paid despite levels of state support. This bucket includes several items which had previously been requested outside of the Mandatory Cost category.
- \$29.6M is for inflation on non-personnel expenditures. The state has not traditionally allocated funds for increases to operating expense.
- \$3.1M for Maintenance of New Facilities, or what we usually refer to as “New Space Money”.
- \$7.8M for increase in minimum wage.



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- The budget request outlines \$715,508,000 in new expenditures
- However, the **request from the state is only \$672,980,000**
- The assumption is the remaining \$42,528,000 will be funded from tuition from enrollment growth
- In addition to these base increases, the CSU will also be requesting \$1 billion for deferred maintenance and infrastructure projects.



22-23 Budget Request

- The requested budget increase is relatively consistent with what has been requested (but not funded) in prior years
- **The funding that is being allocated has increasing restrictions on uses**
- Based on prior year budget cycles, the items most likely to be funded are: compensation, enrollment growth, SUG, and GI2025
- Each funded request would be distributed to the campuses based on different methodologies



ACTION ITEM: UBC RECOMMENDATION



UBC Recommendation

- Typically, UBC sends the President the funding recommendation in January for the current year
- The current year's allocation was already distributed by UBC and the letter was sent in June
- **Action Item:** Send memo to President from UBC explaining that funding for this year has already been allocated, and the standard schedule and process will resume in Fall 2022. Cabinet will present it's request in Fall 2022, but should start that planning process immediately.



STRATEGIC BUDGETING



Budget Request Process

- There are no new base funds available to allocate in 2021-22 UBC process
- This does not mean that divisions cannot advance their initiatives, but they will not receive new funding to do so
- New initiatives can be funded through strategic budgeting, which includes internal reallocation and all funds budgeting



What is Strategic Budgeting?

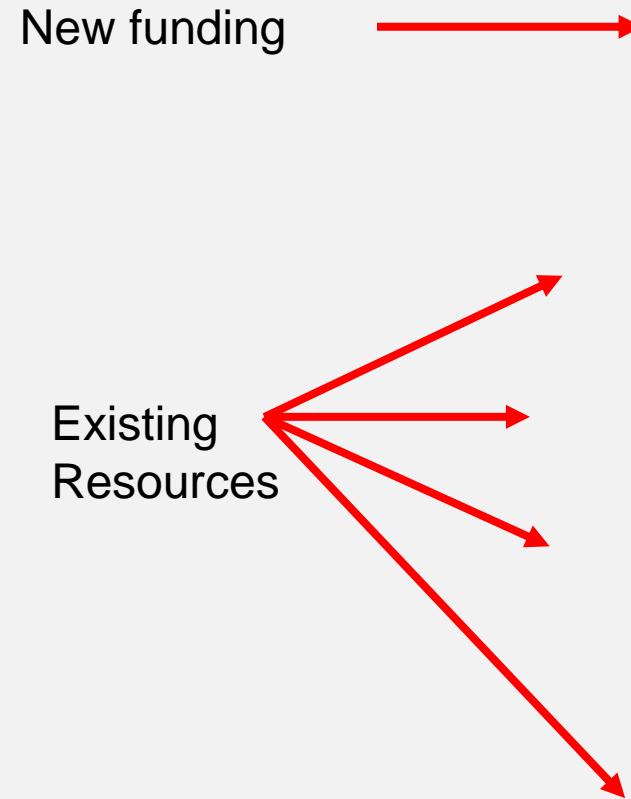
Strategic Budgeting is the process of aligning resources with the university strategic plan and priorities.

Strategic budgeting should be used in achieving both short-term and long-term goals.



Strategic Budgeting

‡ When we talk about aligning resources to priorities, it is helpful to think of resources as an iceberg: We focus on the little bit of new money each year, but most of the available resources are within the existing budget



Internal Reallocation

- The campus (and country!) is in a time of transition with higher than usual voluntary staff turnover
- Since 75% of the University budget is associated with compensation, this turnover provides an opportunity to align positions with division and campus priorities
- As part of the previous budget cycle, each division identified needs in their respective areas
- As positions become vacant, they can be either refilled or repositioned to align more closely with the needs previously identified



All-Funds Budgeting

- Most of our conversation and focus on budget centers around the budget allocation in AADHT
- All-funds budgeting means we also assign expenses to annually recurring revenues across all budgets
- This includes different funds and different revenue streams. These can include:
 - Philanthropic Foundation Funds
 - Trust Funds
 - Chargeback revenue
 - Fee Revenue
 - Converting accrued temporary help to permanent



BUDGET TOPICS FOR REVIEW



- If UBC is not reviewing budget allocation requests, there are other budget topics to focus on:
 - Develop Infrastructure around multi-year planning
 - Review Presidential Memo
 - ~~Planning around all-funds budgeting~~
 - How does the budget process advance the Strategic Plan?
 - Review audited Financial Statements
 - Define relationship with University Planning Committee



Q&A

