2015/16 Budget Update

- January Governor’s Budget
  - $119.5M and $25M Innovation Awards
  - <$97M> shortfall from Trustee’s Budget

- CO Budget Memo - pending
  - No new funding expected
  - Funding for 2% compensation and mandatory costs only

- May Revise Governor’s Budget – out mid month
# 2015/16 Budget Proposal

<table>
<thead>
<tr>
<th>2015/16 Support Budget</th>
<th>November</th>
<th>January</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Trustee's Request</td>
<td></td>
<td>Governor's Budget Proposal</td>
</tr>
<tr>
<td>Mandatory Costs</td>
<td>$23.1 million</td>
<td></td>
</tr>
<tr>
<td>Center for California Studies</td>
<td>$.2 million</td>
<td></td>
</tr>
<tr>
<td>Compensation Increase Pool (2%)</td>
<td>$65.5 million</td>
<td></td>
</tr>
<tr>
<td>Enrollment Growth (3% - 10,400 FTES)</td>
<td>$103.2 million</td>
<td></td>
</tr>
<tr>
<td>Information Technology Renewal</td>
<td>$14 million</td>
<td></td>
</tr>
<tr>
<td>Academic Facilities and Infrastructure</td>
<td>$25 million</td>
<td></td>
</tr>
<tr>
<td>Student Success and Completion</td>
<td>$38 million</td>
<td></td>
</tr>
<tr>
<td><strong>Total 2015/16 Support General Fund Request</strong></td>
<td><strong>$269 million</strong></td>
<td><strong>$119.5 million</strong></td>
</tr>
<tr>
<td>Net Tuition Fee Revenue (change in enrollment)</td>
<td>&lt;$52.4&gt; million</td>
<td></td>
</tr>
<tr>
<td><strong>Net 2015/16 Support General Fund Increase</strong></td>
<td><strong>$216.6 million</strong></td>
<td>$97.1 million shortfall</td>
</tr>
</tbody>
</table>
Auxiliary Organizations
CSU System

- Legally separate Nonprofit Public Benefit 501(c)(3) Corporations regulated by CA Ed Code and Title 5
- Authorized to provide essential services to CSU educational programs as specified in their respective operating agreements
- Fiduciary responsibility to governing boards
- Auxiliary employment is separate from State employment
CAMPUS FUNDING SOURCES

State Funds
- General Operating Fund
  - State Support
  - Tuition Fees
  - CCF, SLF, MBA, Student Health,
- Self-Support
  - Housing
  - RCE
  - Parking
- Other Funds
  - IRA
  - Lottery

Auxiliary Organization Funds
- AS
- UF
- RF
Auxiliary Organization Funds

Separate legal entities authorized to provide essential services to CSU educational programs

2014/15 Projected Revenues

- AS: $20M
- UF: $15M
- RF: $40M
ASSOCIATED STUDENTS

Under a student government umbrella, operates bookstore, dining services, student union and student programs

- $1.5 million – Bookstore sales revenue
  $7M revenue - contracted out to Follett as of July 2014
- $8.3 million – Dining Services sales revenue
- $5.6 million – Student Union/Wildcat Recreation Center Building revenue
- $3.6 million – Activity Fee revenue
UNIVERSITY FOUNDATION

Responsible for solicitation, acceptance and administration of gifts to the University

- $15 million revenues:
  - $9.5 million – Gifts and Pledges (cash/in-kind)
  - $4 million - Investment Realized/Unrealized Gains
  - $1 million – Administrative Fees & Other Income

- $53 million – Managed Pooled Endowment

- $1.5 million – Scholarships Disbursed

Link to Board of Governors
http://www.csuchico.edu/foundation/board/index.shtml
CSU, Chico Research Foundation

Develops and manages grants & contracts, campus centers and programs, enterprise projects and provides financial administrative services to the University Foundation

- $28.5 million – Grants & Contracts
- $2 million – Enterprise (Farm, KCHO, Other Enterprises)
- $5.4 million – Campus Programs, Centers and Institutes
- $4 million – Indirect, Administrative Fees, Interest & Other Income

Link to Board of Governors
http://www.csuchico.edu/rfdn/board.php
GRANTS AND CONTRACTS
INDIRECT RATES
INDIRECT RATES
Negotiated & Issued by DHHS

- On-campus rate
  - Federal & For-Profit – 44% (2-yr extension dropped to 42%)
  - State, Local Gov’t, & Non-Profit – 30% (2-yr extension dropped to 28%)

- Off-campus rate – 23% (2-yr extension dropped to 22%)

Campus = Core campus, Farm, 25 & 35 Main Street
G&C Example
Federal & State

Direct
(Controlled by PI)

Surplus

Indirect

Indirect Earned
G&C EXAMPLE

NON-PROFIT & FEE FOR SERVICE
(SOMETIMES STATE & LOCAL)

Grant & Contract

Direct
(Controlled by PI)

Indirect

Surplus

Indirect Earned
INDIRECT RATES
NEGOTIATED & ISSUED BY DHHS

- On-campus rate
  - Federal & For-Profit – 44% (2-yr extension dropped to 42%)
  - State, Local Gov’t, & Non-Profit – 30% (2-yr extension dropped to 28%)

- Off-campus rate – 23% (2-yr extension dropped to 22%)

Campus = Core campus, Farm, 25 & 35 Main Street
F&A OVERHEAD RATE “INDIRECT COSTS”

2 CFR PART 200 (PREVIOUSLY OMB A-21) NEGOTIATED & ISSUED BY DHHS

“to reimburse the University/Research Foundation for the infrastructure support costs associated with sponsored research and other sponsored agreements.” Calculated as a % of direct costs of a project.

**Facilities**
Reimburse State of CA

- Physical plant, operating & maint costs, utilities, security, custodial, EHS, computer, communications

**Administrative**
Reimburse RF/RESP

- Reimburse for staffing, payroll, accounting, risk management & other department administration

47.4%  
52.6%

Overview of F&A:
http://www.csuchico.edu/resp/formspoltravel/policies/faoverview.pdf
### G&C - Indirect Summary

<table>
<thead>
<tr>
<th></th>
<th>10/11</th>
<th>11/12</th>
<th>12/13</th>
<th>13/14</th>
<th>14/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Grant &amp; Contracts</td>
<td>$27.5 million</td>
<td>$30 million</td>
<td>$30 million</td>
<td>$28.2 million</td>
<td>$28 million</td>
</tr>
<tr>
<td>Indirect Earned</td>
<td>$2,609,397</td>
<td>$2,937,640</td>
<td>$2,988,836</td>
<td>$3,029,925</td>
<td>$2,950,000</td>
</tr>
</tbody>
</table>

**Future Discussion – Incentive Funding**
RESP/RF – SURPLUS POLICY

Audit Finding
- [Link](http://www.calstate.edu/audit/Audit_Reports/special_investigations/2012/1192SpecialInvestigationCHICO.pdf)

Board Policy
1. Recover full “Indirect Rate”
2. 50/50 split between PI Incentive Account and RF Professional Development Fund
3. Waiver - exceptions approved by RESP Director and VPBF

Past Practice
- Surplus funds transferred to PI Incentive Account
- Limited funds transferred according to Board Policy

RF Distribution of Surplus Funds Policy
[Link](http://www.csuchico.edu/resp/formspoltravel/policies/index.shtml)
Compliance with system-wide policies and audit findings
Based on audited Financial Statement figures and Federally negotiated F&A rate
Fair and consistent / simple and equitable
Negotiated for 2 years – initial year 12/13
### Research & Sponsored Programs

**Grants & Contracts MOU – 12/13**

Per 6/30/11 Audited Financial Statements:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Earned</td>
<td>$2,609,397</td>
</tr>
<tr>
<td>Adjust: Recognition of Recovery Rate of G&amp;C</td>
<td>$(225,000)</td>
</tr>
<tr>
<td>Subtotal RESP Revenue</td>
<td>$2,384,397</td>
</tr>
</tbody>
</table>

Less Programs in 25/35 Main:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Earned - Programs in 25 Main</td>
<td>$(555,616)</td>
</tr>
<tr>
<td>Indirect Earned - Programs in 35 Main</td>
<td>$(469,278)</td>
</tr>
<tr>
<td>Adjusted Indirect Base</td>
<td>$1,359,503</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent</th>
<th>Adjusted Indirect Base</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>9%</td>
<td></td>
<td>$122,355</td>
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<tr>
<td>2013-14</td>
<td>10%</td>
<td></td>
<td>$135,950</td>
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<tr>
<td>2014-15</td>
<td>11%</td>
<td></td>
<td>$149,545</td>
</tr>
<tr>
<td>2015-16</td>
<td>12%</td>
<td></td>
<td>$163,140</td>
</tr>
<tr>
<td>2016-17</td>
<td>13%</td>
<td></td>
<td>$176,735</td>
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</table>
## Research & Sponsored Programs

### Grants & Contracts

**MOU – 13/14**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indirect Earned - 6/30/12 Audited Financial Statements</td>
<td>$2,937,640</td>
</tr>
<tr>
<td>Adjust: Recognition of Recovery Rate of G&amp;C</td>
<td>(225,000)</td>
</tr>
<tr>
<td>Subtotal RESP Revenue</td>
<td>$2,712,640</td>
</tr>
<tr>
<td><strong>Less Programs in 25/35 Main</strong></td>
<td></td>
</tr>
<tr>
<td>Indirect Earned - Programs in 25 Main</td>
<td>(591,959)</td>
</tr>
<tr>
<td>Indirect Earned - Programs in 35 Main</td>
<td>(645,384)</td>
</tr>
<tr>
<td><strong>Less Indirect Earned - SAP Hosting Center</strong></td>
<td>(125,210)</td>
</tr>
<tr>
<td>Adjusted Indirect Base</td>
<td>$1,475,297</td>
</tr>
</tbody>
</table>

Adjusted Indirect Base

<table>
<thead>
<tr>
<th>Year</th>
<th>%</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>10%</td>
<td>$147,530</td>
</tr>
<tr>
<td>2014-15</td>
<td>11%</td>
<td>$162,283</td>
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<tr>
<td>2015-16</td>
<td>12%</td>
<td>$177,036</td>
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<tr>
<td>2016-17</td>
<td>13%</td>
<td>$191,789</td>
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**Centers & Institutes**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAP Hosting Center Indirect Base</td>
<td>$125,210</td>
</tr>
<tr>
<td>X 30%* 2013-14</td>
<td>$37,563</td>
</tr>
<tr>
<td>X 47.4% 2014-15</td>
<td>$59,350</td>
</tr>
<tr>
<td>X 47.4% 2015-16</td>
<td>$59,350</td>
</tr>
<tr>
<td><strong>Program Income Accounts Base</strong></td>
<td>$68,868</td>
</tr>
<tr>
<td>X 1% 2013-14</td>
<td>$689</td>
</tr>
</tbody>
</table>

**Total G&C Facility Use Reimbursement for 2013-14**

$185,781 proposed
## Research & Sponsored Programs
### Grants & Contracts MOU – 14/15

Per 6/30/13 Audited Financial Statements:

- **Indirect Earned**: $2,988,836
- **Adjust: Recognition of Recovery Rate of G&C**: $(225,000)

**Subtotal RESP Revenue**: $2,763,836

**Less Programs in 25/35 Main:**
- Indirect Earned - Programs in 25 Main: $(693,735)$
- Indirect Earned - Programs in 35 Main: $(584,592)$

**Less Indirect Earned - SAP Hosting Center**: $(189,377)$

**Adjusted Indirect Base**: $1,485,509

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
<th>Base</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>10%</td>
<td>$148,551</td>
<td>proposed</td>
</tr>
<tr>
<td>2014-15</td>
<td>11%</td>
<td>$163,406</td>
<td>proposed</td>
</tr>
<tr>
<td>2015-16</td>
<td>12%</td>
<td>$178,261</td>
<td>proposed</td>
</tr>
<tr>
<td>2016-17</td>
<td>13%</td>
<td>$193,116</td>
<td>proposed</td>
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</tbody>
</table>

**SAP Hosting Center Indirect Base**: $189,377

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
<th>Base</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>30%</td>
<td>$56,813</td>
<td>proposed</td>
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<tr>
<td>2014-15</td>
<td>47.4%</td>
<td>$89,765</td>
<td>proposed</td>
</tr>
<tr>
<td>2015-16</td>
<td>47.4%</td>
<td>$89,765</td>
<td>proposed</td>
</tr>
</tbody>
</table>

**Program Income Accounts Base**: $69,449

<table>
<thead>
<tr>
<th>Year</th>
<th>Rate</th>
<th>Base</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td>1%</td>
<td>$694</td>
<td>proposed</td>
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</tbody>
</table>

**Total G&C Facility Use Reimbursement for 2014-15**: $253,865

---

**Note**: Adjusted Indirect Base is proposed for renegotiation in future years.
CAMPUS ALLOCATIONS
FROM AGREEMENTS/MOU’S
Associated Students

Jul 2009 - Jun 2014 Operating Agreement and Lease

Attachment 1 – Supplementary Conditions:

Section 4. The Auxiliary shall first annually provide the Campus with funds to further the mission of the Campus. The amount shall be $250,000 plus $50,000, plus 2.25% of net sales from the bookstore, Gateway Science Museum gift shop if leased by it, and food service retail (including Selvester’s Café), catering, concessions and vending operations.

Included in Jul 2014-Jun 2019 agreement in final negotiations.

Continuing Education

Jul 2011 - Jun 2013 MOU
Jul 2013 - Jun 2014 MOU

3. Use of Other Space
To compensate CSU Chico for use of the university related to non-credit courses and workshops other than those located in CCE and Colusa Hall, RCE shall pay the flat rate of $300,000 per year plus 2.25% of gross revenue recorded in the Research Foundation for non-credit classes and workshops.

Included in Jul 2014 - Jun 2015 MOU negotiated over summer 2014 and awaiting approval by Academic Affairs.
**Reserve Balances – 6/30/14**
**AS and Continuing Education**

<table>
<thead>
<tr>
<th><strong>State Self-Support Funds</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing Education</td>
<td>$3,219,518</td>
</tr>
<tr>
<td>Student Union</td>
<td>$17,255,699</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Auxiliary Organization Funds</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CSU, Chico Research Foundation</strong></td>
<td></td>
</tr>
<tr>
<td>Continuing Education - Campus Programs</td>
<td>$2,825,990</td>
</tr>
<tr>
<td>Continuing Education - Incentive</td>
<td>$41,343</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Associated Students</strong></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Auxiliary Activities (Wildcat Store/Dining)</td>
<td>$5,017,508</td>
</tr>
<tr>
<td>Student Union</td>
<td>$4,094,293</td>
</tr>
<tr>
<td>Activity Fee</td>
<td>$2,200,774</td>
</tr>
<tr>
<td>Other (Corp, Campus Prog, Sponsored)</td>
<td>$769,331</td>
</tr>
</tbody>
</table>

* Must maintain Debt Coverage Ratio of 1.25% per EO. Current Debt Service $5.7M.
# Campus Allocations (ARD Funds)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$1,378,169</td>
<td>$1,286,791</td>
<td>$1,438,126</td>
<td>$1,904,860</td>
<td>$2,669,015</td>
<td>$3,410,805</td>
<td>$3,672,343</td>
</tr>
</tbody>
</table>

**Revenue:**

- **AS Allocation**: 604,361, 612,373, 628,569, 583,158, 562,285, 533,179, 300,000 est.
- **Regional & Continuing Education**: 337,305, 338,633, 339,693, 300,000 est.
- **Grant & Contract Reimb**: 152,319
- **Refund Old Escrow Balance - potential prop purchase**: 10,000

**Expenditures/Transfers:**

- **RF Bonds - Debt Service/Operating Expense**: (295,883), (265,114), (161,835), (59,000), (60,000), (60,000), (60,000)
- **25 Main - Return Operating Income**: n/a, (11,721), n/a
- **Property Acquisition - Appraisals**: (99,856)
- **35 Main - 2nd Floor HVAC Remodel (half)**: (23,303)
- **35 Main - Boiler Replacement (half)**: (10,000)
- **Gateway Science Museum**: (10,000)
- **Gateway Science Museum (identity consultant)**: (15,000)
- **Gateway Science Museum (store support)**: (10,000)
- **2nd & Cedar - Attorney Fees**: (900)
- **Creekside Courtyard**: (300,000), 139,197
- **Allocation to President/VP’s - Retreats/Hospitality**: (75,000), (75,000), (75,000), (75,000)
- **AS Conference Services/Hospitality**: (23,934), (28,991)
- **Safe Place - Salary/Benefits**: (22,308), (194)
- **SSC Plaza**: (150,000), 42,460
- **2nd & Normal - Electronic Kiosk**: (50,000)
- **Loan to University Foundation - Turner Upgrades**: (39,000)
- **Warrens Reception Center - Improvements**: (1,500,000)
- **Arts & Humanities Building**: (89,197), (42,460), (403,343)

**Ending Balance**: $1,286,791, $1,438,126, $1,904,860, $2,669,015, $3,410,805, $3,672,343, $2,789,662

**Arts & Humanities Commitments**

- LEED Silver Cert: $110,000
- Solar Array: $275,000
- Public Art (Pugh): $75,000
- Public Art (Wall/Screens): $75,000
- $535,000
CLOSING THOUGHTS

- Any questions?

- Future Discussion Topics
  - Incentive
  - University Foundation & Fundraising
  - Self-support Funds

- We welcome feedback!

- Presentation will be shared with Academic Senate

- Presentations posted at [http://www.csuchico.edu/bud/](http://www.csuchico.edu/bud/)
  Understanding the University Budget