“Institutional Financing 101”

CSU, Chico Budget Forum

November 28, 2007
3:00 p.m., PAC 144
Mission & Values

Strategic Plan

Enrollment Plan

Master Plan

Budget

Advancement

Academic Plan
Purpose of Budget Forum

To provide enhanced fiscal information to enable faculty, staff, students and other interested parties achieve a deeper understanding of the University’s budget and related processes.

Strategic Priority #5 – “Believing that we are accountable to the people of the State of California, we will continue to diversify our sources of revenue and strategically manage the resources entrusted to us”
Purpose of Budget Forum

To acknowledge that we are a comprehensive University that must work collaboratively to plan, prioritize, and solve fiscal challenges in order for us to succeed.

Strategic Mission/Values – “We affirm that we are “One University” where collaboration, mutual support and trust, and common goals define our work together and the spirit of its engagement.”
State Budget Allocation Process with 2007/08 Budget Detail

"State Appropriation Only"

State of California
Total Expenditures $145.5 Billion
(General, Special & Bond Funds)

Higher Education
10.3% of State Budget
$14.9 Billion
(General, Special & Bond Funds)

The CSU
23.4% of Higher Education Budget
$3.5 Billion
(General, Special & Bond Funds)

CSU, Chico
3.5% of CSU System Budget
$120.9 Million
(General Fund only)
CSU Chico
Strategic Budget Allocation

CSU, Chico
Available Budget

Fiscal Administration Committee

CABINET

University Budget Committee

Current Budget Allocations

• Serves as fiscal review and advisory group to the President and Cabinet

• Reviews relationship of academic programs and campus budget
• Provides broad strategies for adjusting academic program and budget to one another

President
0.5%

VP Academic Affairs
77.1%

VP Business & Finance
14.3%

VP Student Affairs
5.8%

VP University Advancement
2.3%

Strategic Allocations within the Divisions
CSU, Chico

Sources of Revenues
## CSU, Chico Revenue Sources
### 2007/08 Overall Summary

### UNRESTRICTED

**CSU Operating Fund** ("Discretionary")
- State Appropriation: $120,879,000
- Student Fee Revenue: $48,940,478
- Other: $4,292,000

**Subtotal – CSU Operating Fund**: $174,111,000

**Enterprise and Special Funds** ("Non-Discretionary")
- State Enterprise Funds: $15,706,000
- IRA & Course Fees: $3,741,000
- Lottery: $1,560,000
- Other: $1,665,000

**Subtotal – Enterprise and Special Funds**: $22,672,000

**Total – Unrestricted**: $196,783,000

### RESTRICTED

- Capital Outlay: $3,000,000
- Contracts & Grants Trust: $250,000
- Financial Aid Funds: $15,114,000

**Total – Restricted**: $18,364,000

### AUXILIARY ORGANIZATIONS

- Research Foundation: $33,432,000
- University Foundation: $14,302,000
- Associated Students: $30,425,000

**Total – Auxiliary Organizations**: $78,159,000

**Grand Total – all sources**: $293,306,000
CSU, Chico Revenue Sources
2007/08 Total Summary
$293 million

Auxiliary Organizations
$78,159,000
27%

Restricted
$18,364,000
6%

Unrestricted
$196,783,000
67%
### CSU, Chico Revenue Sources
#### 2007/08 Overall Summary

**UNRESTRICTED**

<table>
<thead>
<tr>
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**Grand Total – all sources**                     | $293,306,000 |
CSU, Chico Unrestricted Revenue Sources
2007/08
$196,783,000

CSU Operating Fund
"General Fund"
$174,111,000
88%

Enterprise & Special Funds
$22,672,000
12%
CSU, Chico Unrestricted Sources
CSU Operating Fund ("General Fund")
$174,111,000

- Health Services
  $3,200,000
  2%

- Student Fee Revenue
  $48,940,000
  28%

- Misc
  $1,092,000
  1%

- State Appropriation
  $120,879,000
  69%
CSU, Chico Unrestricted Sources
Enterprise & Special Funds
$22,672,000

State Enterprise Funds
$15,706,000

Lottery
$1,560,000

IRA & Course Fees
$3,741,000

Investment Funds
$900,000

Misc Trust
$765,000

State Enterprise Funds:
- Housing $11,859,000
- Continuing Ed $1,622,000
- Student Union $1,500,000
- Parking $725,000
- TOTAL $15,706,000
## CSU, Chico Revenue Sources
### 2007/08 Overall Summary

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$78,159,000

**Grand Total – all sources**
$293,306,000
CSU, Chico Restricted Revenue Sources
2007/08
$18,364,000

Financial Aid Funds
$15,114,000 83%

Capital Outlay
$3,000,000 16%

University Contracts & Grants
$250,000 1%
### CSU, Chico Revenue Sources
#### 2007/08 Overall Summary

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#### AUXILIARY ORGANIZATIONS

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**Total – Auxiliary Organizations**
$78,159,000

**Grand Total – all sources**
$293,306,000
Auxiliary Organizations’ Revenue
2007/08
$78,159,000

- Associated Students
  $30,425,000
  39%

- University Foundation
  $14,302,000
  18%

- Research Foundation
  $33,432,000
  43%
Auxiliary Organizations in the CSU System

- Legally separate Nonprofit Public Benefit 501(c)(3) Corporations regulated by Ed Code and Title 5
- Conduct activities essential to the educational program and service function of the university as specified in their respective operating agreements
- As a separate non-profit, cannot be treated as a division of the university
- Auxiliary employment is not State employment
Auxiliaries on Our Campus

◆ **CSU, Chico Research Foundation**
  Develops and manages grants & contracts, campus centers and programs, and enterprise projects and manages gift accounts for University Foundation
  ◆ $24 million – Grants & Contracts
     ▪ $400K – Return of Incentive/Capacity Building Awards to Colleges/Project Directors
  ◆ $1 million – Enterprise (Farm, KCHO, ATEC)

◆ **University Foundation**
  Responsible for solicitation, acceptance and administration of gifts to the University
  ◆ $35.7 million - Endowment Management
  ◆ 1.6 million – Scholarships Disbursed
  ◆ $4.6 million– Annual Fund Gifts
Auxiliaries on Our Campus

- **Associated Students of CSU, Chico**
  Under a student government umbrella, operates bookstore, food services, student union and student programs
  - $21.7 million – Bookstore sales revenue
  - $7 million – Dining Services sales revenue
  - $2.6 million – Student Union/Building revenue
CSU, Chico
Uses of Revenues
CSU, Chico Uses
2007/08 Overall Summary

UNRESTRICTED
$ 196,783,000

RESTRICTED
$ 18,364,000

Subtotal - University Uses
$215,147,000

AUXILIARY ORGANIZATIONS
$ 78,159,000

Grand Total – all sources
$293,306,000
CSU, Chico Uses of Funds
2007/08 Summary
$215,147,000
dollars in thousands

Salaries & Wages
$104,901 - 49%

Benefits
$38,514 - 18%

Financial Aid Grants & Loans
$26,838 - 12%

Operating Expenses
$33,455 - 16%

Other
$11,439 - 5%

NOTE: Excludes Auxiliary Organizations
CSU, Chico Uses of Funds
2007/08 Summary
$215,147,000
dollars in thousands

NOTE: Excludes Auxiliary Organizations
# Auxiliary Organization’s Uses
## 2007/08
### $78,159,000

<table>
<thead>
<tr>
<th></th>
<th>Research Foundation</th>
<th>University Foundation</th>
<th>Associated Students</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant &amp; Contract Disbursements</td>
<td>$23,000,000</td>
<td></td>
<td></td>
<td>$23,000,000</td>
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<tr>
<td>Business Enterprises</td>
<td>$1,275,000</td>
<td>$9,464,001</td>
<td></td>
<td>$10,739,001</td>
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<tr>
<td>Cost of Sales</td>
<td>$185,000</td>
<td>$12,118,475</td>
<td></td>
<td>$12,303,475</td>
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<tr>
<td>Student Programs &amp; BMU Operations</td>
<td>$5,851,522</td>
<td></td>
<td></td>
<td>$5,851,522</td>
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<tr>
<td>University Program Costs</td>
<td>$3,227,000</td>
<td>$3,127,000</td>
<td></td>
<td>$6,354,000</td>
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<tr>
<td>Administration Costs</td>
<td>$2,950,000</td>
<td>$785,000</td>
<td></td>
<td>$3,735,000</td>
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<tr>
<td>Endowment Disbursements</td>
<td>$1,245,000</td>
<td></td>
<td></td>
<td>$1,245,000</td>
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<tr>
<td>Scholarships &amp; Student Research</td>
<td>$595,000</td>
<td>$1,175,000</td>
<td></td>
<td>$1,770,000</td>
</tr>
<tr>
<td>Misc &amp; Operating Costs</td>
<td>$1,000,000</td>
<td>$570,000</td>
<td>$2,868,507</td>
<td>$4,438,507</td>
</tr>
<tr>
<td>Net Income</td>
<td>$1,200,000</td>
<td>$7,400,000</td>
<td>$122,495</td>
<td>$8,722,495</td>
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<tr>
<td><strong>Total Uses</strong></td>
<td><strong>$33,432,000</strong></td>
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Budget Challenges

Statewide
CSU System
CSU, Chico
Budget Challenges
Statewide

- FY 2007-08 structural deficit not really addressed; “budget solutions” were one-time in nature.

- FY 2008-09 structural deficits currently estimated at over $8 billion.

- Governor has asked agencies to prepare 10% budget reduction scenarios for his January 2008 budget.”
Budget Challenges
Statewide

- Economic Trends
  - Housing market has slowed
  - Economic indicators are showing signs of recession
  - Job growth in California is 50% of State projections
Budget Challenges
CSU System

❖ Lack of funding for over-enrollment
  – 2007-2008 $78 million
  – 10,000 FTES over target

❖ Increasing health benefit costs

❖ College-age population will soon slow and decline
College Age Participation Rates

California Public College Participation Rates Among 18- to 24-Year Olds

Source: Data from Legislative Analyst Office.
Decrease of College Age Population

Source: Data from Legislative Analyst Office.
Budget Challenges
CSU System

Potential Unfunded Compensation

(millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007/08</td>
<td>$40.9</td>
</tr>
<tr>
<td>2008/09</td>
<td>$22.9</td>
</tr>
<tr>
<td>2009/10</td>
<td>$28.2</td>
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<tr>
<td>3-Yr. Total</td>
<td>$196.7</td>
</tr>
</tbody>
</table>
Budget Challenges
CSU, Chico

- Over-enrollment for 2007-2008 not funded @ $5 million with compact
- Enrollment targets increasing and Chico’s capacity is limited
- Higher Education Compact may be in jeopardy
- Potential Unfunded Compensation
Budget Challenges
CSU, Chico

Potential Unfunded Compensation

(millions)

- 2007/08: $2.0
- 2008/09: $1.3
- 2009/10: $1.4
- 3-Yr. Total: $10.0

3-Yr. Total: $10.0
University Accomplishments
University Accomplishments

- We continue to provide the “Chico Experience” through our past and present fiscal challenges.

- Wise stewardship of resources has given us a degree of flexibility to “stabilize” and plan for the next several challenging years.

- The University continues to implement the University’s Facilities Master Plan. Current major capital projects include:
  - Wildcat Activity Center
  - Student Services Center
  - Housing & Food Service, Phase I
  - Natural History Museum

- Our student retention rates continue to improve and we enjoy a higher graduation rate than most other CSU campuses.

- We continue to attract and retain high quality faculty and staff.
Facing the Budget Challenges

Information Sharing

Develop multi-year budget strategies

Align resources with priorities

Marshal additional resources
Information Sharing

- Governor’s Budget – January 2008
- UBC Meeting – February/March 2008
- Budget Forum II – March/April 2008
- Governor’s May Revised Budget – May 2008
- UBC Meeting – May 2008
Multi-Year Budget Strategies

- Plan ahead for budget challenges
- Develop a 5-year fiscal forecast model
- Consider long-term impacts of budget policy decisions
Align Resources with Priorities

Excerpt from Strategic Priority #5 – “...We will demonstrate the determination to allocate resources in terms of clearly articulated priorities and how these priorities contribute to making the University even more outstanding than it is now.”
Excerpts from Strategic Priority #5 –

“...Foster a philanthropic culture and execute bold initiatives in the areas of fundraising and university advancement at both university and college levels.”

“...Encourage and support greater grant and contract activities among our faculty and staff.”
Institutional Financing 101

Any questions?
We Welcome Feedback

Sean Farrell
AVP Business & Finance
sfarrell@csuchico.edu
898-5103

Stacie Corona
Budget Director
scorona@csuchico.edu
898-5931

Presentation will be posted to:
www.csuchico.edu/bud/presidentforum.shtml