

“Institutional Financing 101”

CSU, Chico Budget Forum

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



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”

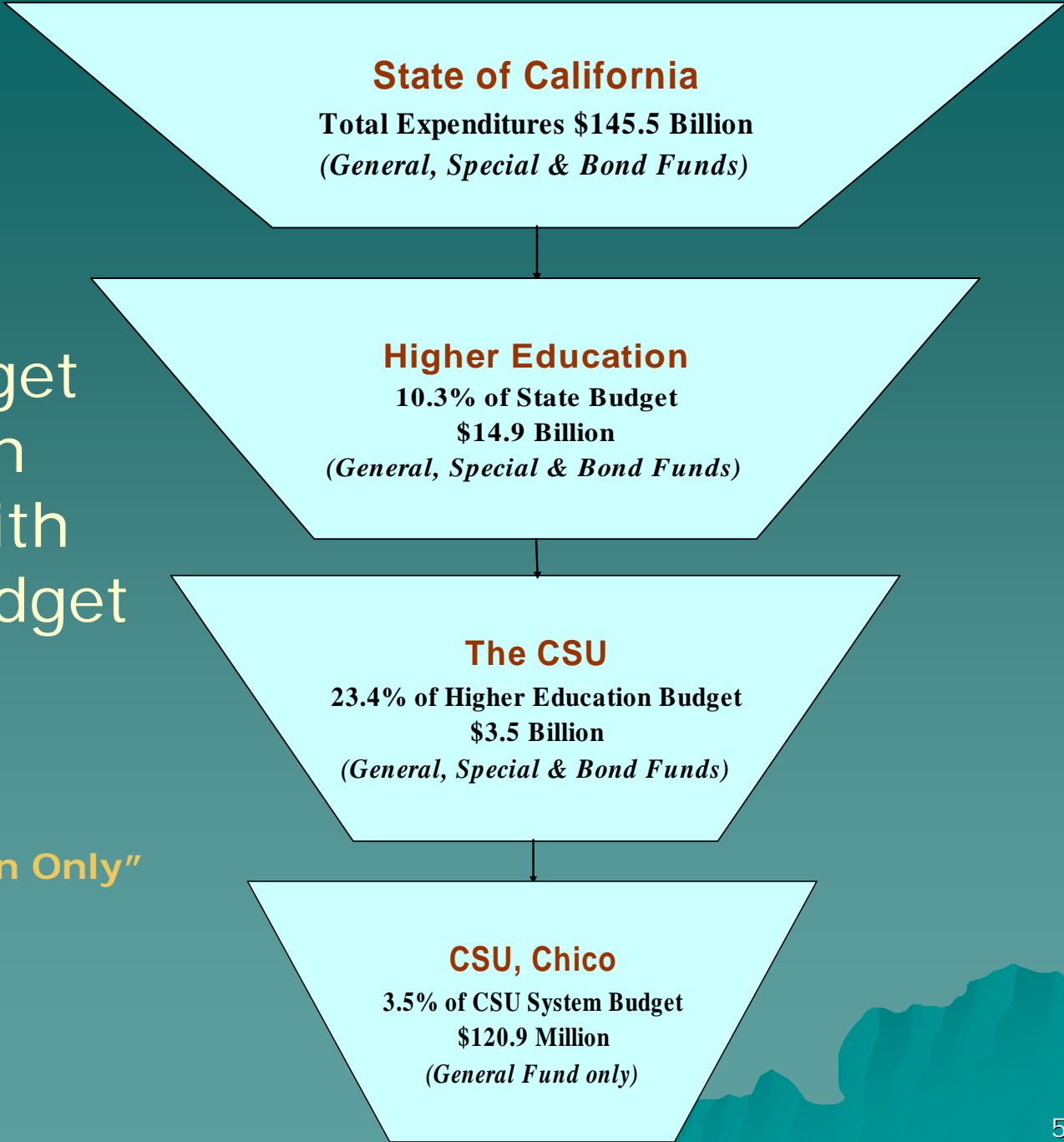
Purpose of Budget Forum

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.”

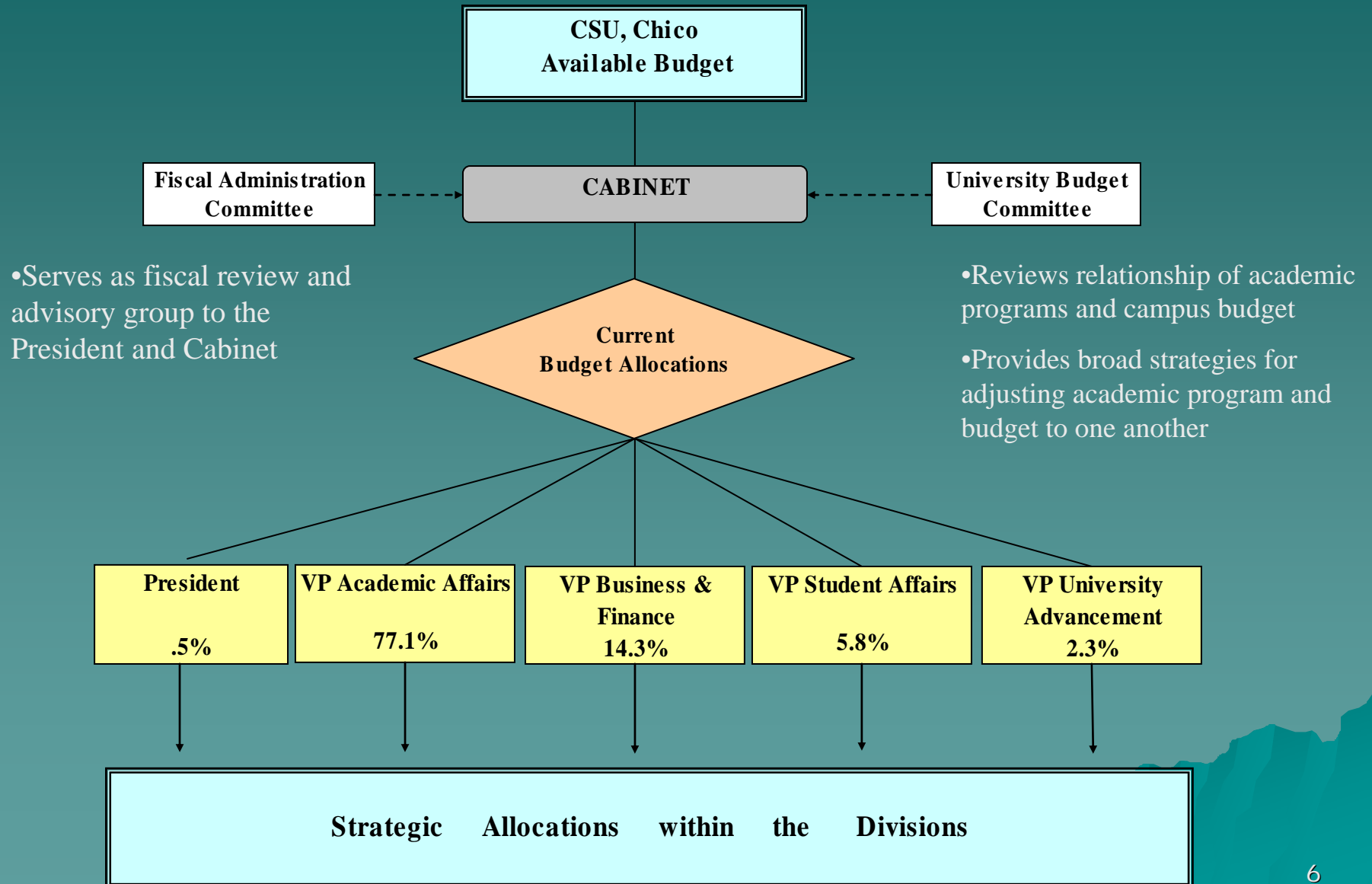
State Budget Allocation Process with 2007/08 Budget Detail

"State Appropriation Only"



CSU Chico

Strategic Budget Allocation



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	\$ <u>4,292,000</u>
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	\$ <u>1,665,000</u>
Subtotal – Enterprise and Special Funds	\$ <u>22,672,000</u>
Total – Unrestricted	\$ <u>196,783,000</u>

RESTRICTED

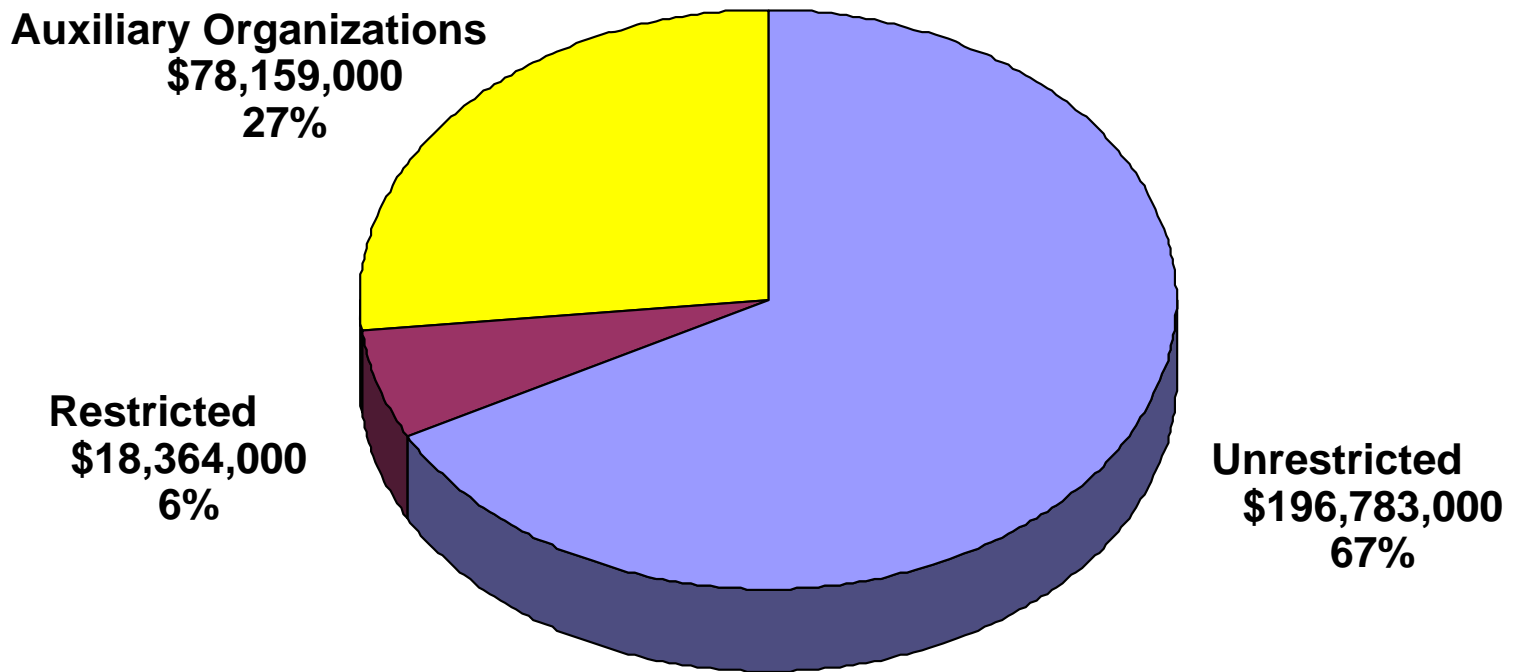
Capital Outlay	\$ 3,000,000
Contracts & Grants Trust	\$ 250,000
Financial Aid Funds	\$ <u>15,114,000</u>
Total – Restricted	\$ <u>18,364,000</u>

AUXILIARY ORGANIZATIONS

Research Foundation	\$ 33,432,000
University Foundation	\$ 14,302,000
Associated Students	\$ <u>30,425,000</u>
Total – Auxiliary Organizations	\$ <u>78,159,000</u>

Grand Total – all sources	\$ <u>293,306,000</u>
----------------------------------	------------------------------

**CSU, Chico Revenue Sources
2007/08 Total Summary
\$293 million**



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	\$ <u>4,292,000</u>
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	\$ <u>1,665,000</u>
Subtotal – Enterprise and Special Funds	\$ <u>22,672,000</u>

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

RESTRICTED

Capital Outlay	\$ 3,000,000
Contracts & Grants Trust	\$ 250,000
Financial Aid Funds	\$ <u>15,114,000</u>
Total – Restricted	\$ <u>18,364,000</u>

AUXILIARY ORGANIZATIONS

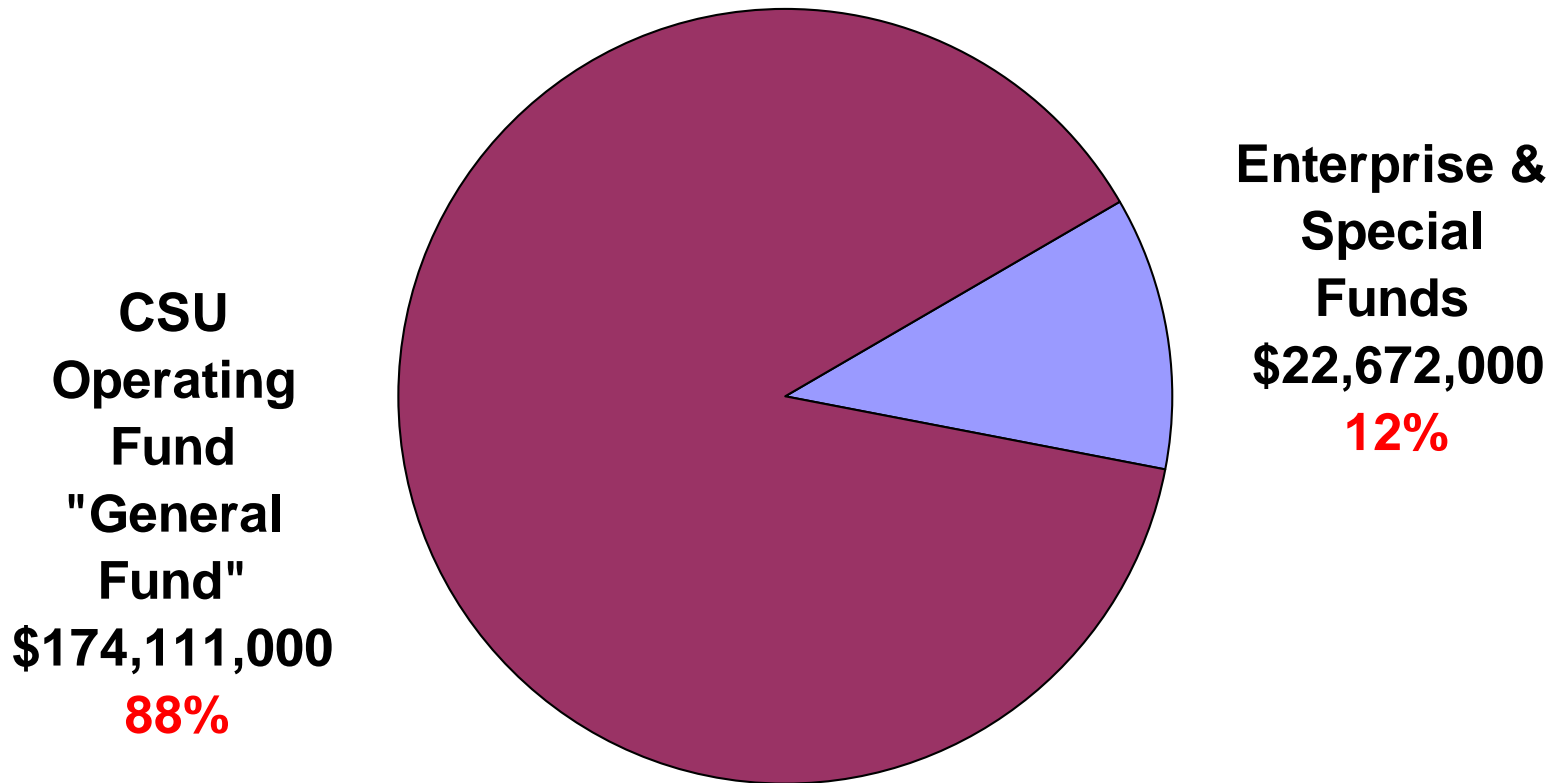
Research Foundation	\$ 33,432,000
University Foundation	\$ 14,302,000
Associated Students	\$ <u>30,425,000</u>
Total – Auxiliary Organizations	\$ <u>78,159,000</u>

Grand Total – all sources **\$ 293,306,000**

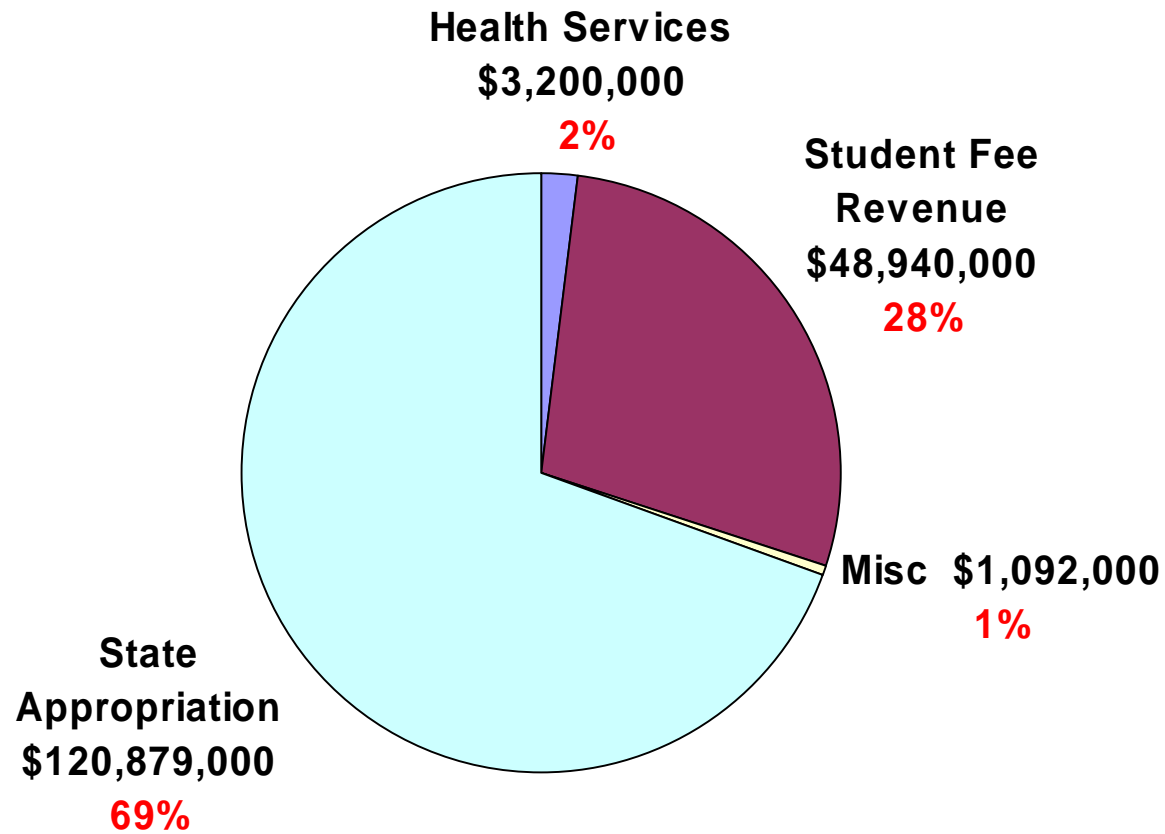
CSU, Chico Unrestricted Revenue Sources

2007/08

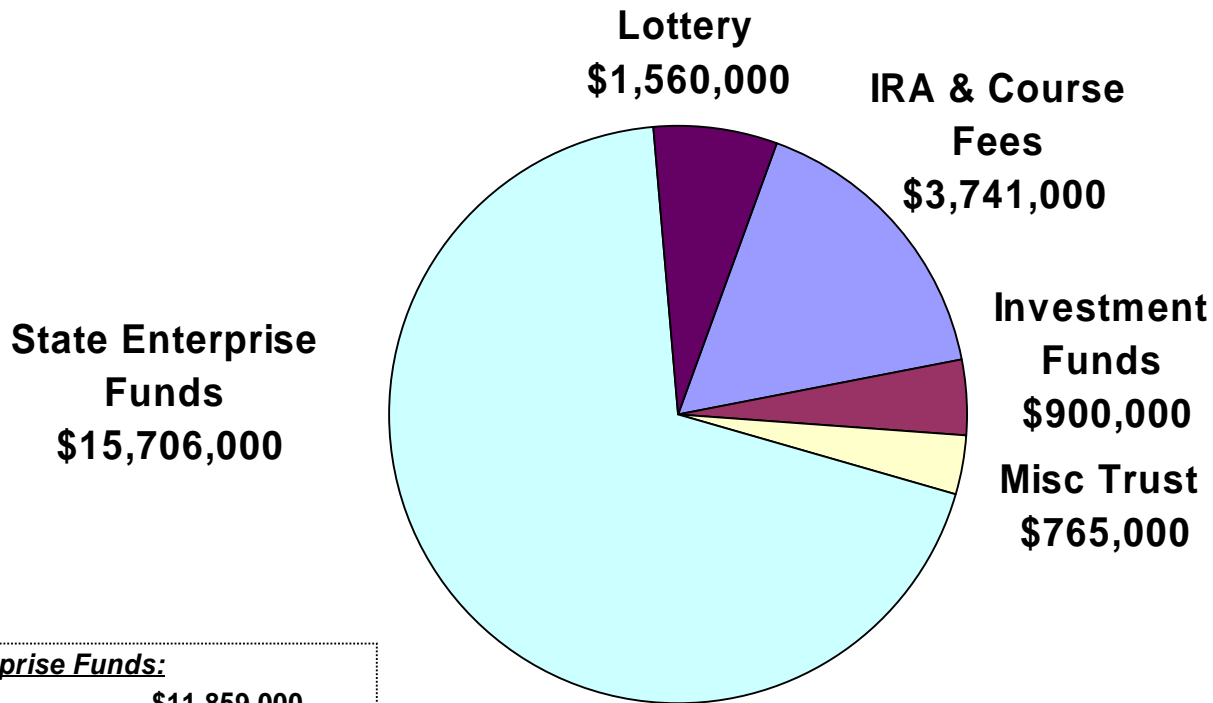
\$196,783,000



**CSU, Chico Unrestricted Sources
CSU Operating Fund ("General Fund")
\$174,111,000**



CSU, Chico Unrestricted Sources Enterprise & Special Funds \$22,672,000



<u>State Enterprise Funds:</u>	
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

UNRESTRICTED

CSU Operating Fund (“Discretionary”)

State Appropriation	\$ 120,879,000
Student Fee Revenue	\$ 48,940,478
Other	\$ <u>4,292,000</u>
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	\$ <u>1,665,000</u>
Subtotal – Enterprise and Special Funds	\$ <u>22,672,000</u>

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

RESTRICTED

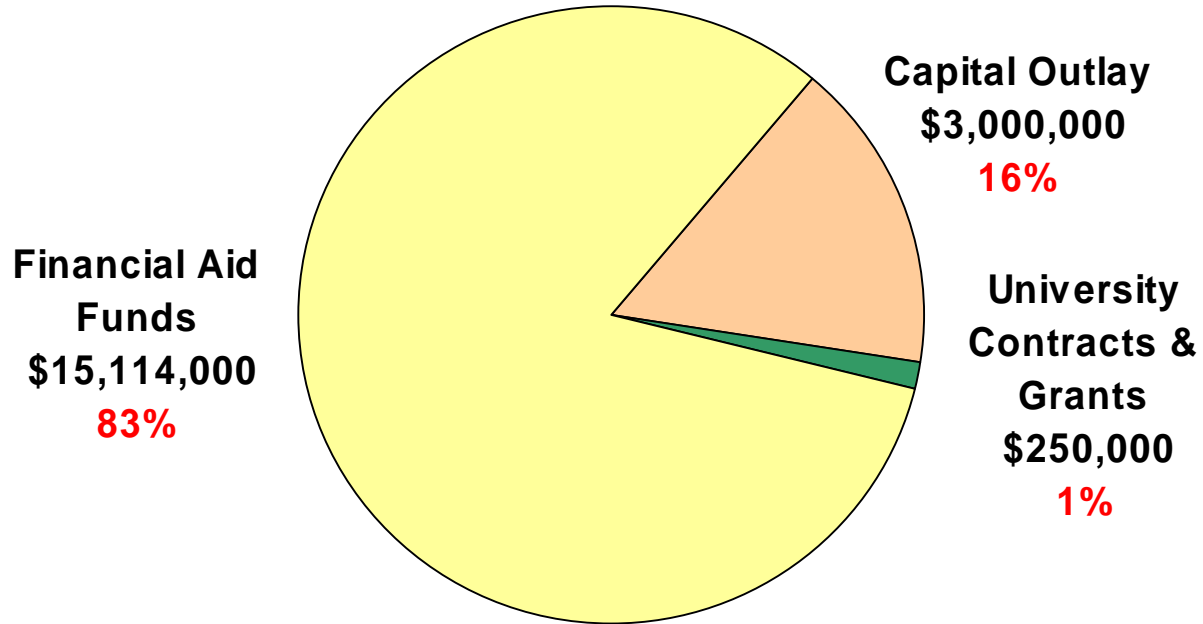
Capital Outlay	\$ 3,000,000
Contracts & Grants Trust	\$ 250,000
Financial Aid Funds	\$ <u>15,114,000</u>
Total – Restricted	\$ <u>18,364,000</u>

AUXILIARY ORGANIZATIONS

Research Foundation	\$ 33,432,000
University Foundation	\$ 14,302,000
Associated Students	\$ <u>30,425,000</u>
Total – Auxiliary Organizations	\$ <u>78,159,000</u>

Grand Total – all sources **\$ 293,306,000**

**CSU, Chico Restricted Revenue Sources
2007/08
\$18,364,000**



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	\$ <u>4,292,000</u>
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	\$ <u>1,665,000</u>
Subtotal – Enterprise and Special Funds	\$ <u>22,672,000</u>
Total – Unrestricted	\$ <u>196,783,000</u>

RESTRICTED

Capital Outlay	\$ 3,000,000
Contracts & Grants Trust	\$ 250,000
Financial Aid Funds	\$ <u>15,114,000</u>
Total – Restricted	\$ <u>18,364,000</u>

AUXILIARY ORGANIZATIONS

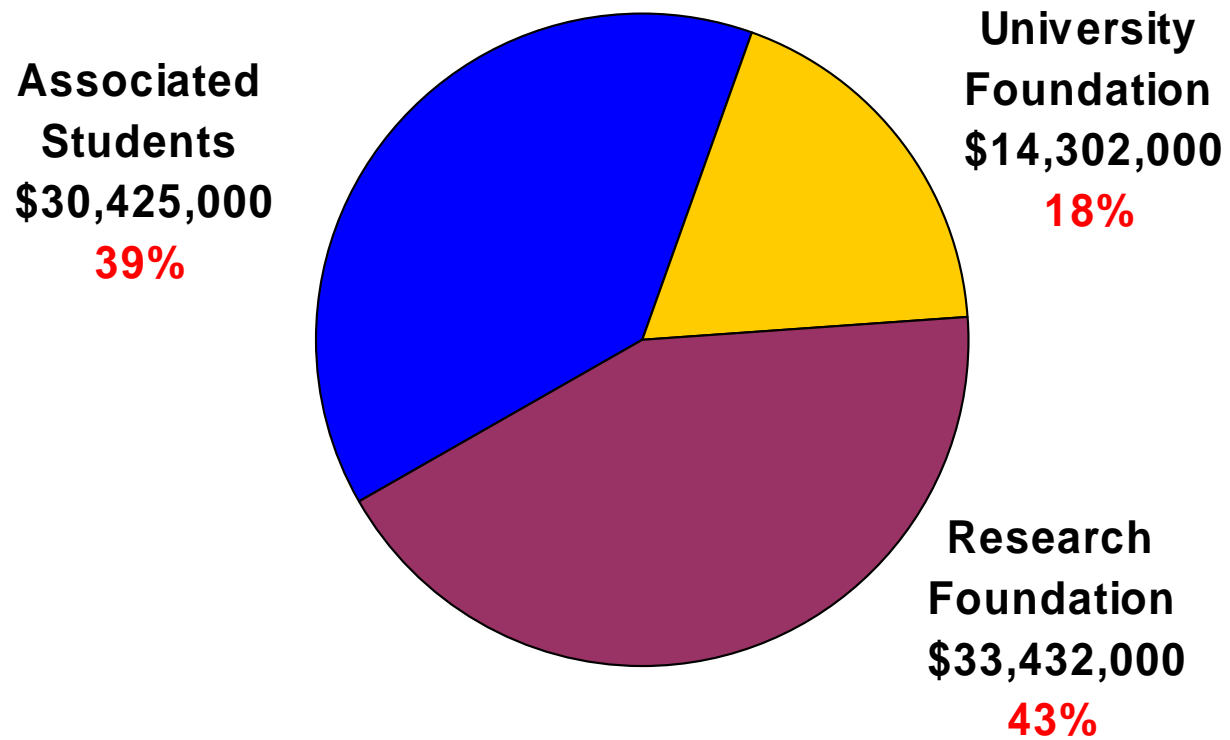
Research Foundation	\$ 33,432,000
University Foundation	\$ 14,302,000
Associated Students	\$ <u>30,425,000</u>
Total – Auxiliary Organizations	\$ <u>78,159,000</u>

Grand Total – all sources	\$ <u>293,306,000</u>
----------------------------------	------------------------------

Auxiliary Organizations' Revenue

2007/08

\$78,159,000



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

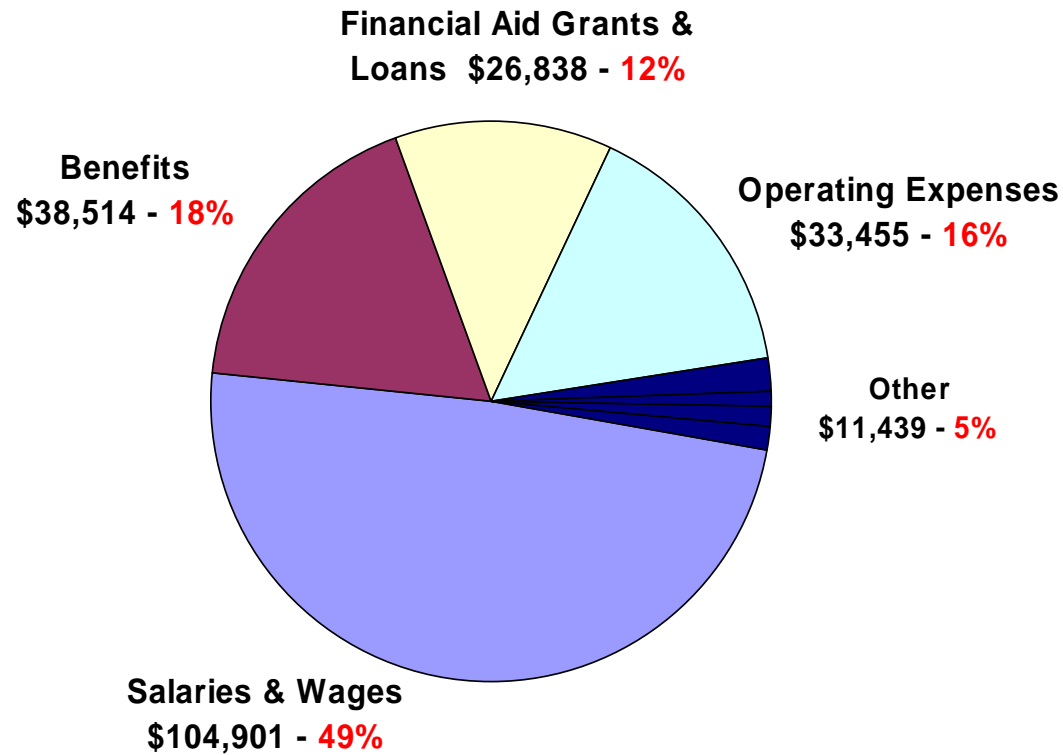
CSU, Chico

Uses of Revenues

CSU, Chico Uses 2007/08 Overall Summary

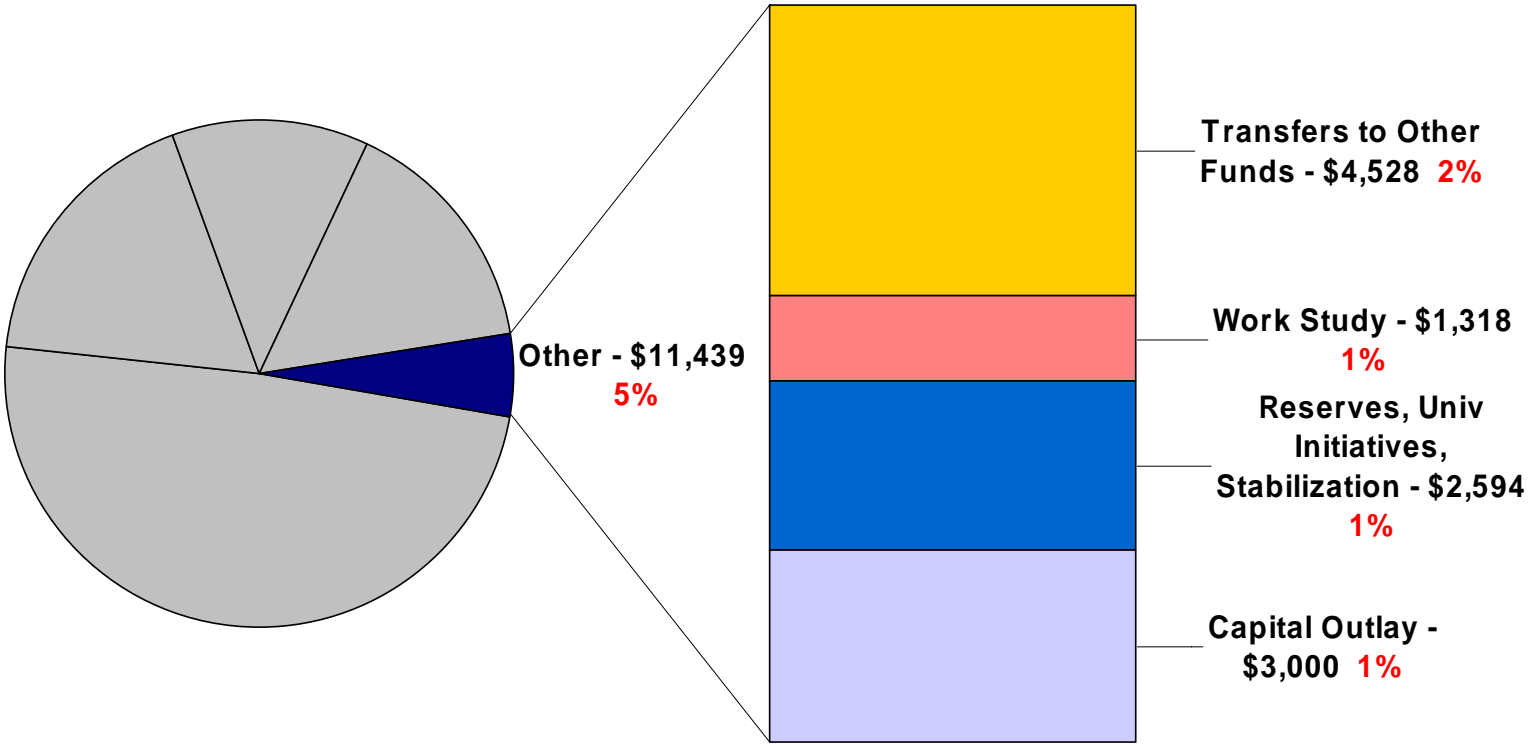
UNRESTRICTED	\$ 196,783,000
RESTRICTED	<u>\$ 18,364,000</u>
Subtotal - University Uses	<u>\$215,147,000</u>
AUXILIARY ORGANIZATIONS	<u>\$ 78,159,000</u>
Grand Total – all sources	<u>\$293,306,000</u>

CSU, Chico Uses of Funds
2007/08 Summary
\$215,147,000
dollars in thousands



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

	Research Foundation	University Foundation	Associated Students	Total
Grant & Contract Disbursements	\$23,000,000			\$23,000,000
Business Enterprises	\$1,275,000		\$9,464,001	\$10,739,001
Cost of Sales	\$185,000		\$12,118,475	\$12,303,475
Student Programs & BMU Operations			\$5,851,522	\$5,851,522
University Program Costs	\$3,227,000	\$3,127,000		\$6,354,000
Administration Costs	\$2,950,000	\$785,000		\$3,735,000
Endowment Disbursements		\$1,245,000		\$1,245,000
Scholarships & Student Research	\$595,000	\$1,175,000		\$1,770,000
Misc & Operating Costs	\$1,000,000	\$570,000	\$2,868,507	\$4,438,507
Net Income	\$1,200,000	\$7,400,000	\$122,495	\$8,722,495
Total Uses	\$33,432,000	\$14,302,000	\$30,425,000	\$78,159,000

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

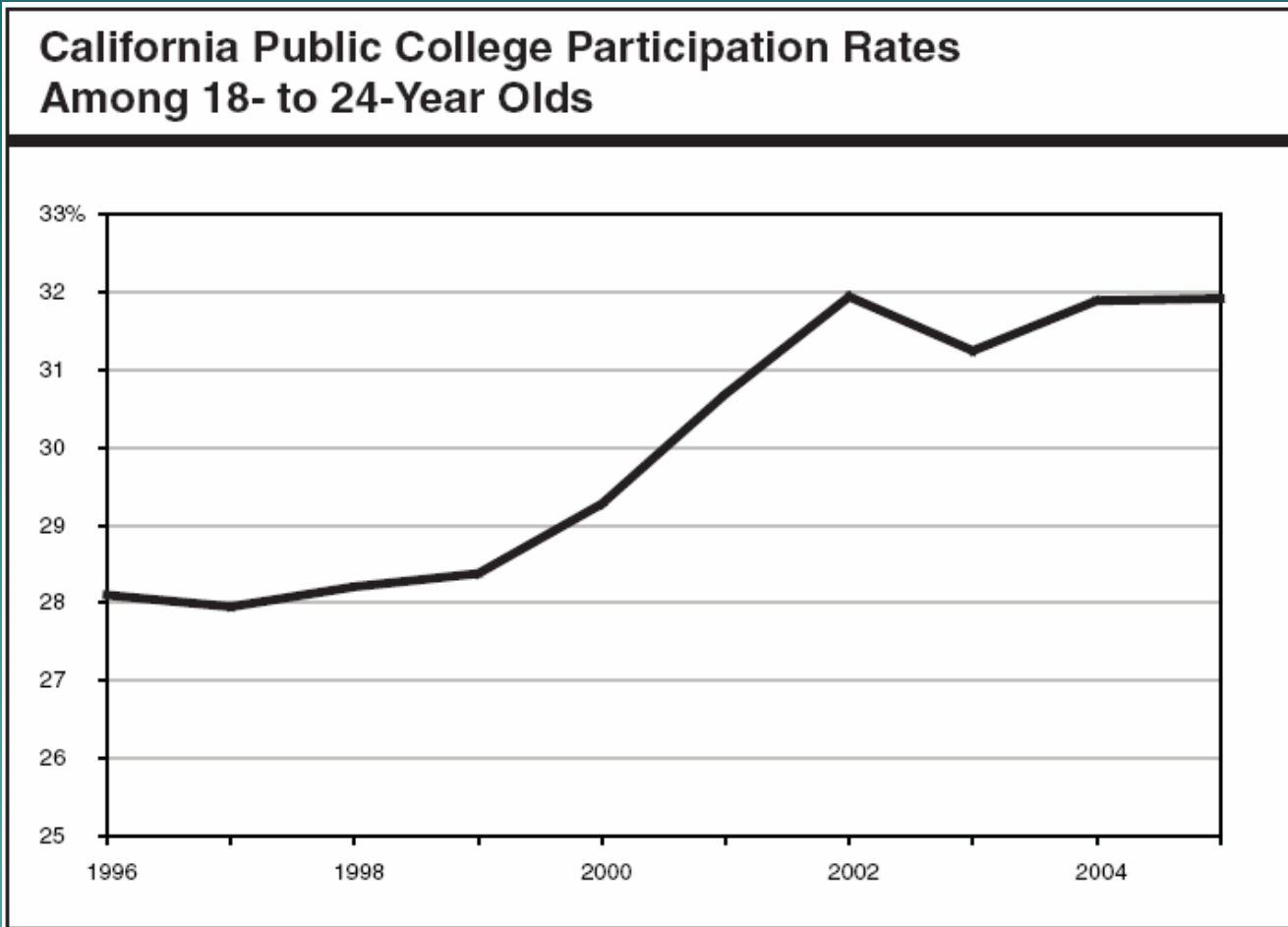
- Housing market has slowed
- Economic indicators are showing signs of recession
- Job growth in California is 50% of State projections

Budget Challenges

CSU System

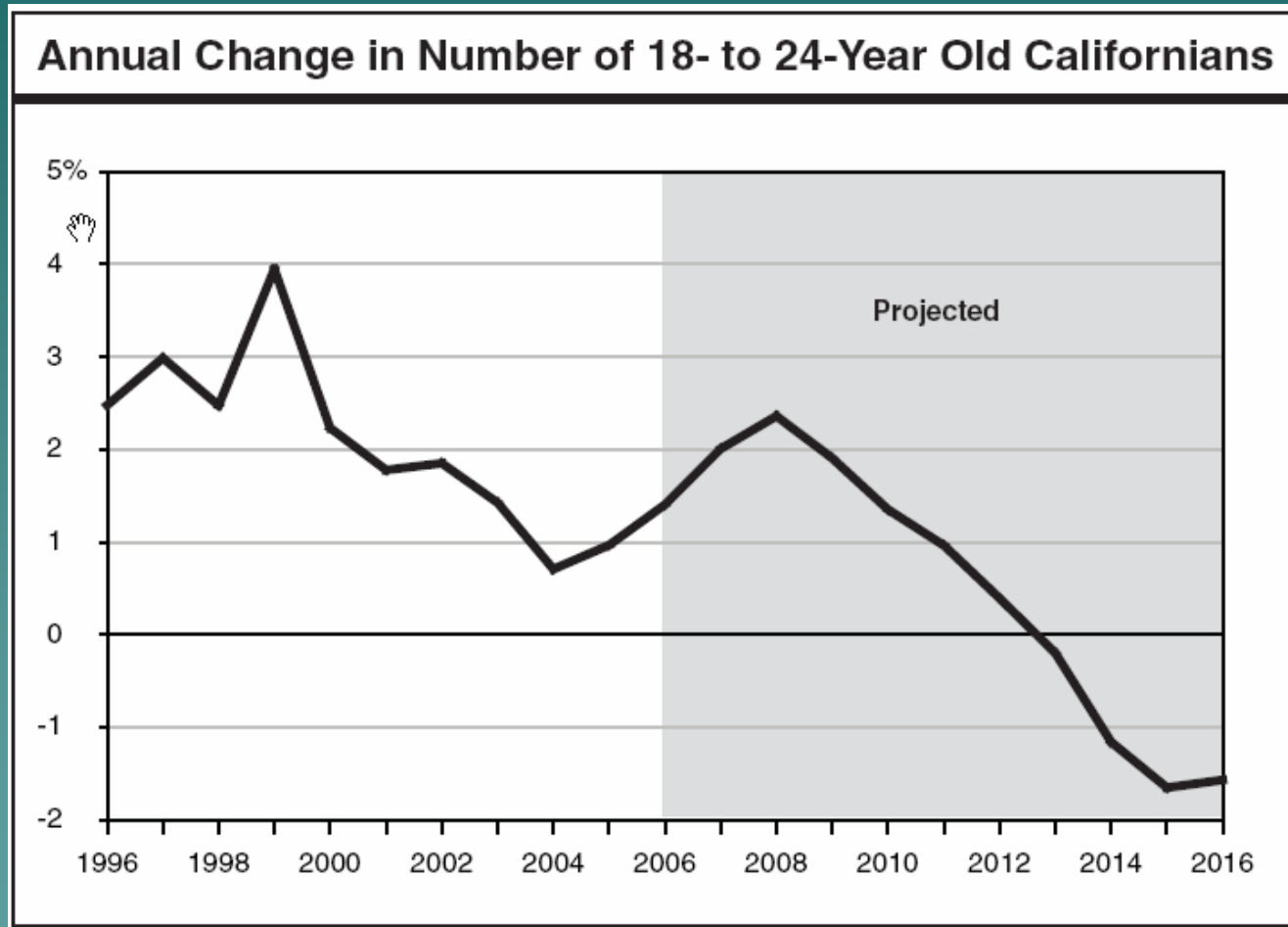
- ◆ Lack of funding for over-enrollment
 - 2007-2008 \$78 million
 - 10,000 FTES over target
- ◆ Increasing health benefit costs
- ◆ College-age population will soon slow and decline

College Age Participation Rates



Source: Data from Legislative Analyst Office.

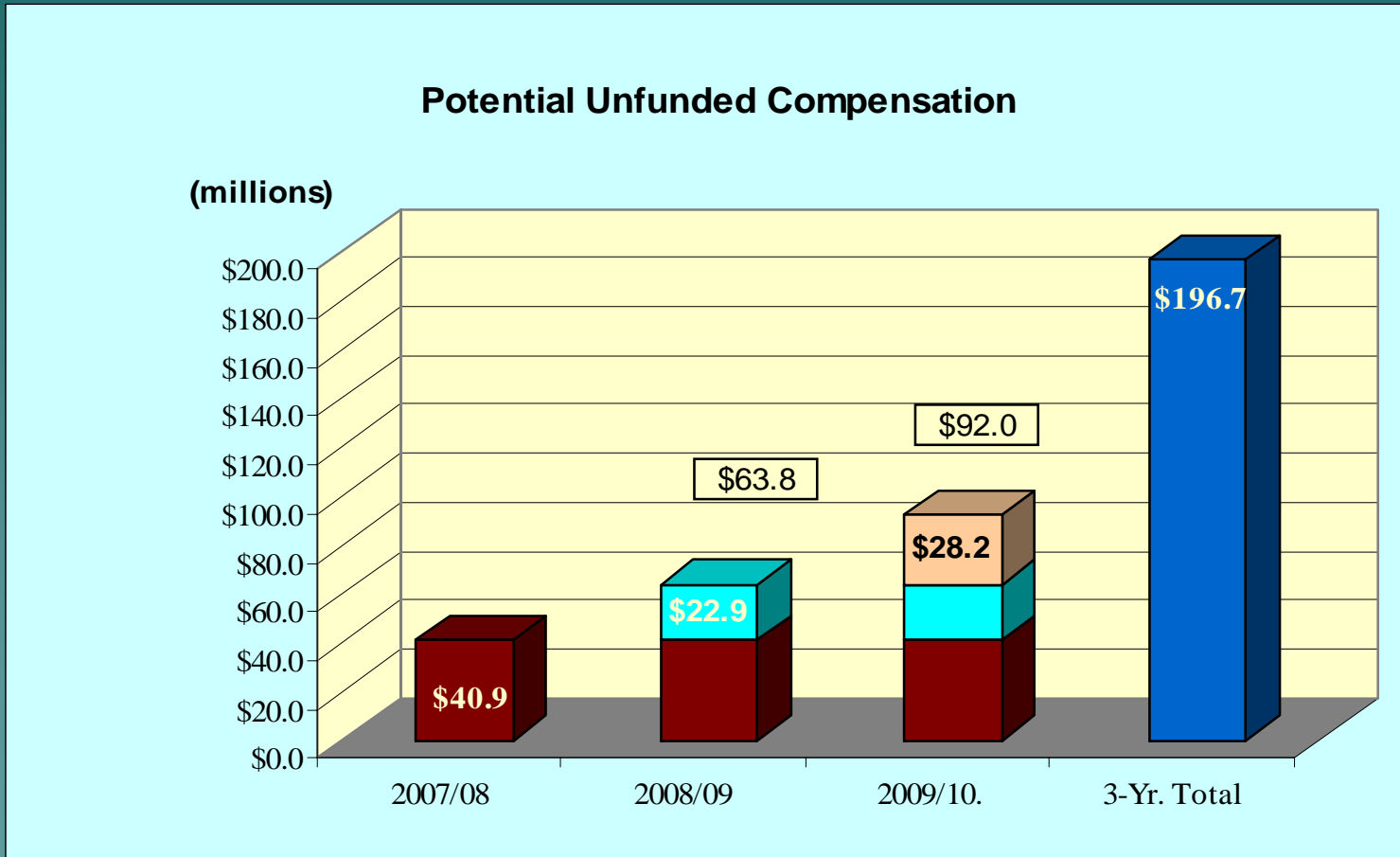
Decrease of College Age Population



Source: Data from Legislative Analyst Office.

Budget Challenges

CSU System



Budget Challenges

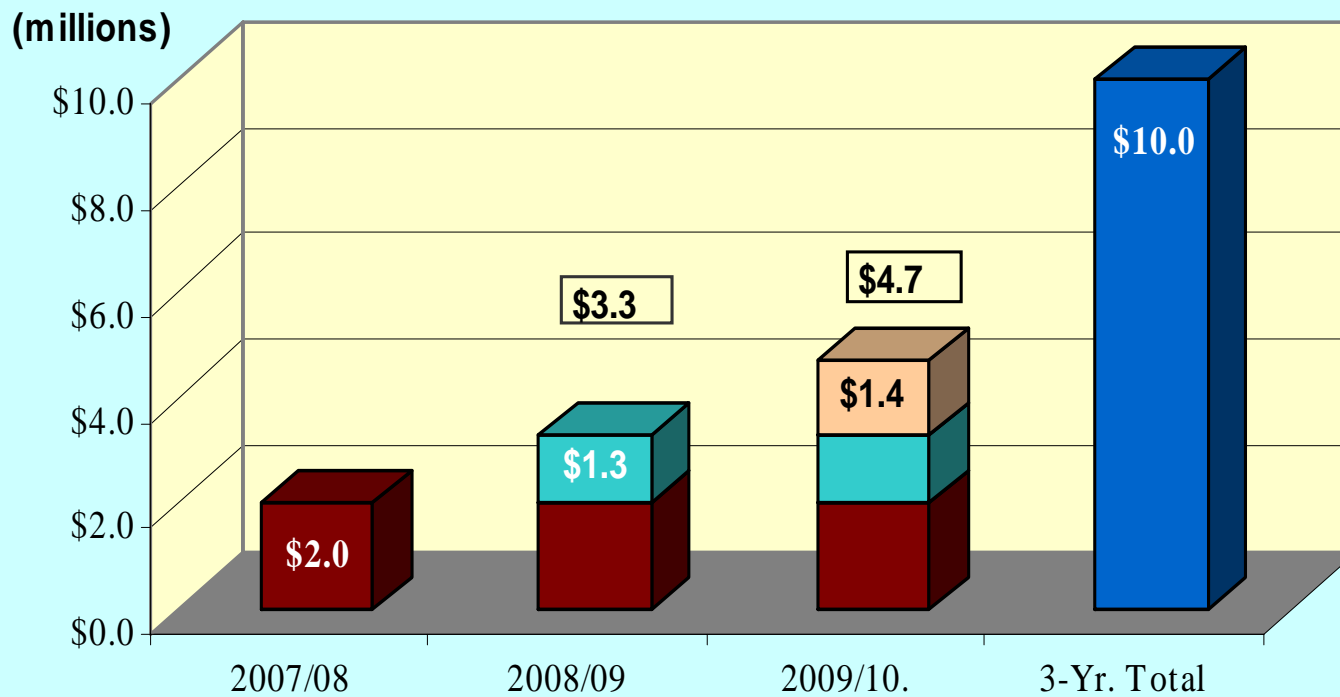
CSU, Chico

- ◆ 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



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
- ◆ LAO Review Gov 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.”*

Marshal Additional Resources

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