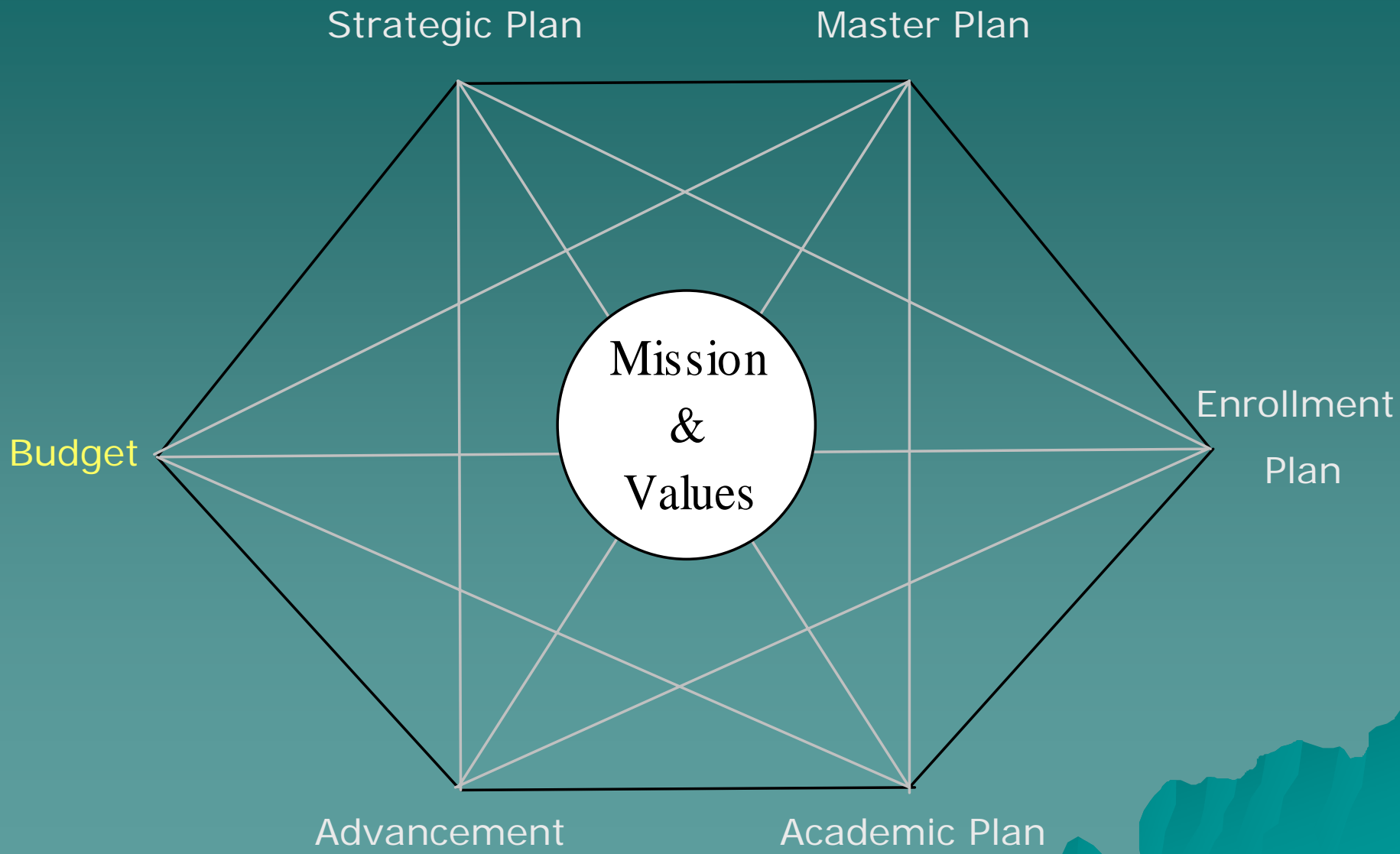


# “Institutional Financing 101”

## CSU, Chico Budget Forum

University Budget Committee Meeting  
November 2, 2007



# 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”*

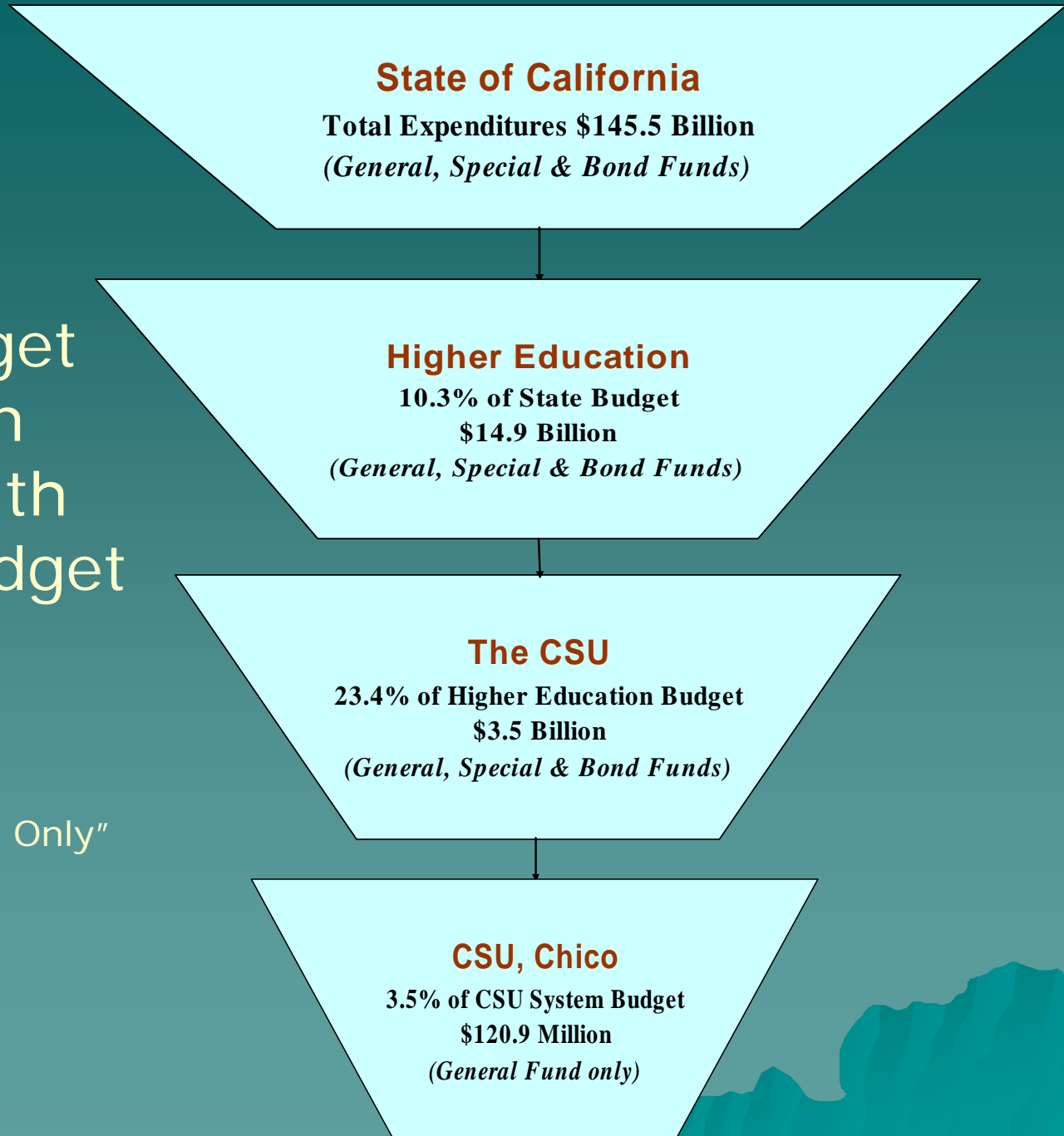
# Purpose of Budget Forum

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 Revenue Sources 2007/08 Overall Summary

## UNRESTRICTED

### CSU Operating Fund ("General Fund")

State Appropriation	→	\$ 120,879,000	←
Student Fee Revenue		\$ 48,940,478	
Other		\$ <u>4,292,000</u>	
<b>Subtotal – CSU Operating Fund</b>		<b>\$ 174,111,000</b>	

### Enterprise and Special Funds

State Enterprise Funds		\$ 15,706,000	
IRA & Course Fees		\$ 3,741,000	
Lottery		\$ 1,560,000	
Other		\$ <u>1,665,000</u>	
<b>Subtotal – Enterprise and Special Funds</b>		<b>\$ <u>22,672,000</u></b>	
<b>Total – Unrestricted</b>		<b>\$ <u>196,783,000</u></b>	

## RESTRICTED

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

## AUXILIARY ORGANIZATIONS

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

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

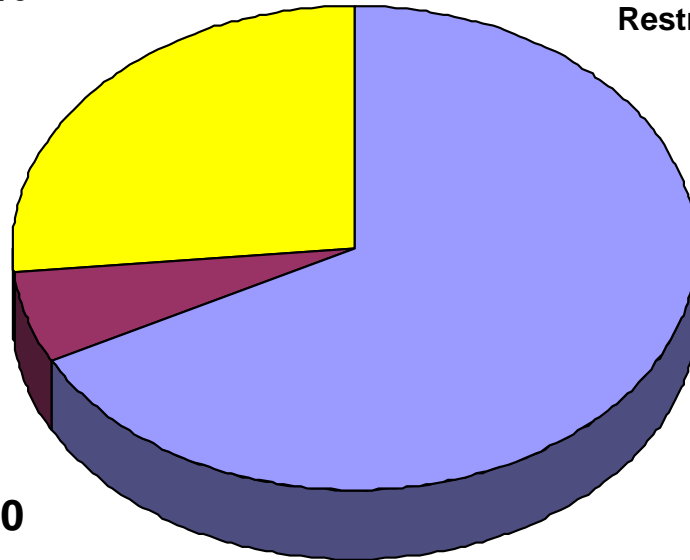
# CSU, Chico Revenue Sources 2007/08 total Summary \$293 million

This pie chart depicts the total revenue sources to the campus by restriction.

**Unrestricted** --- neither permanently or temporarily restricted but can be designated for purpose or self-support activities.

**Restricted** --- by statute or donor prescribed conditions.

**Auxiliary Organizations**  
\$78,159,00  
27%



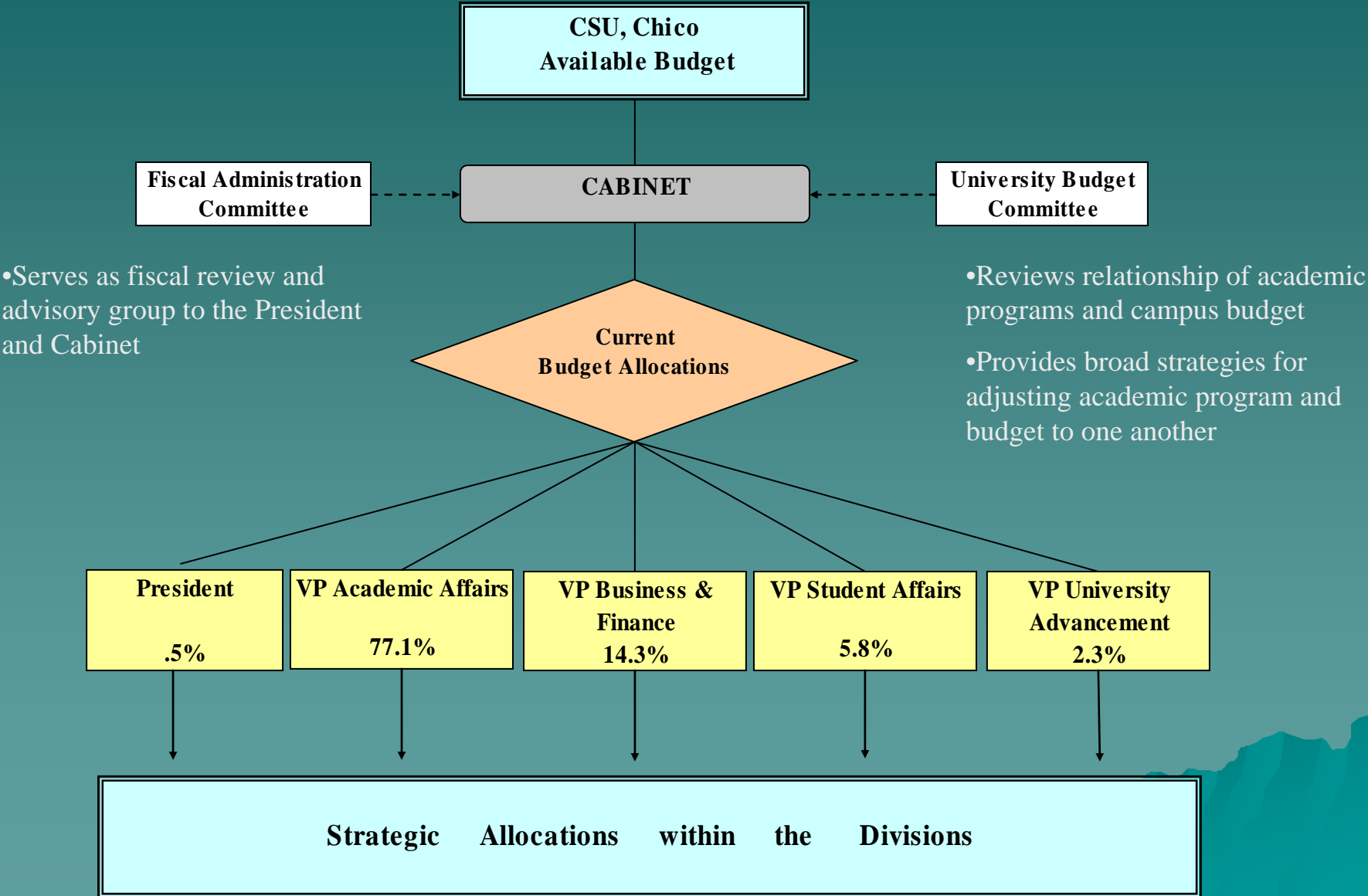
**Restricted**  
\$18,364,000  
6%

**Unrestricted**  
\$196,783,000  
67%



# CSU Chico

## Strategic Budget Allocation

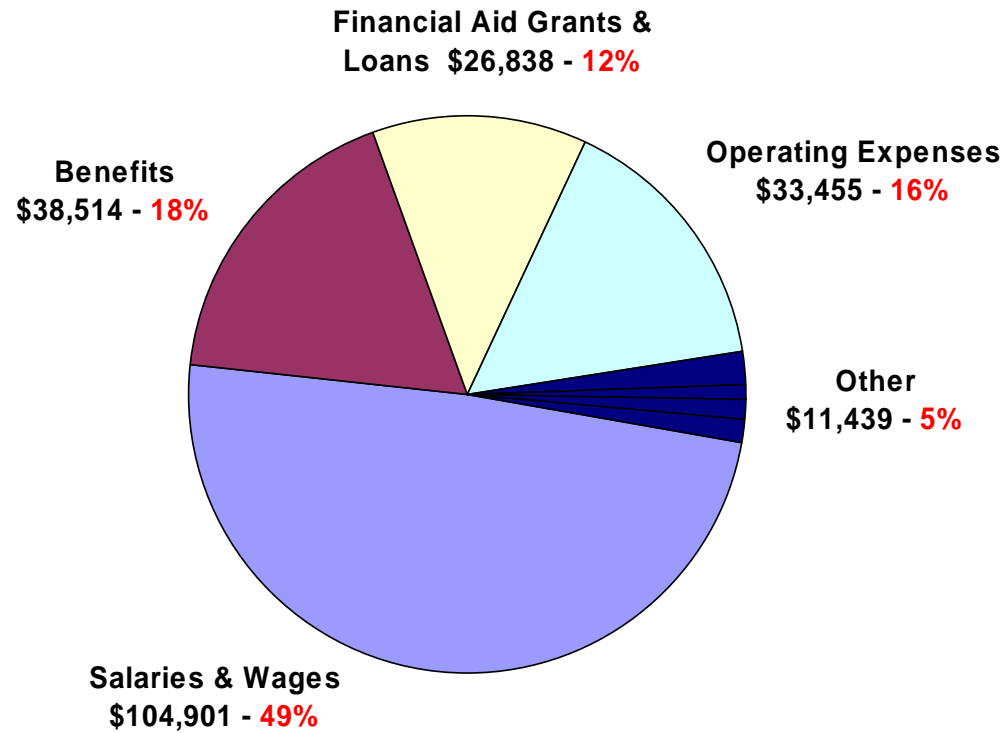


# CSU, Chico Uses 2007/08 Overall Summary

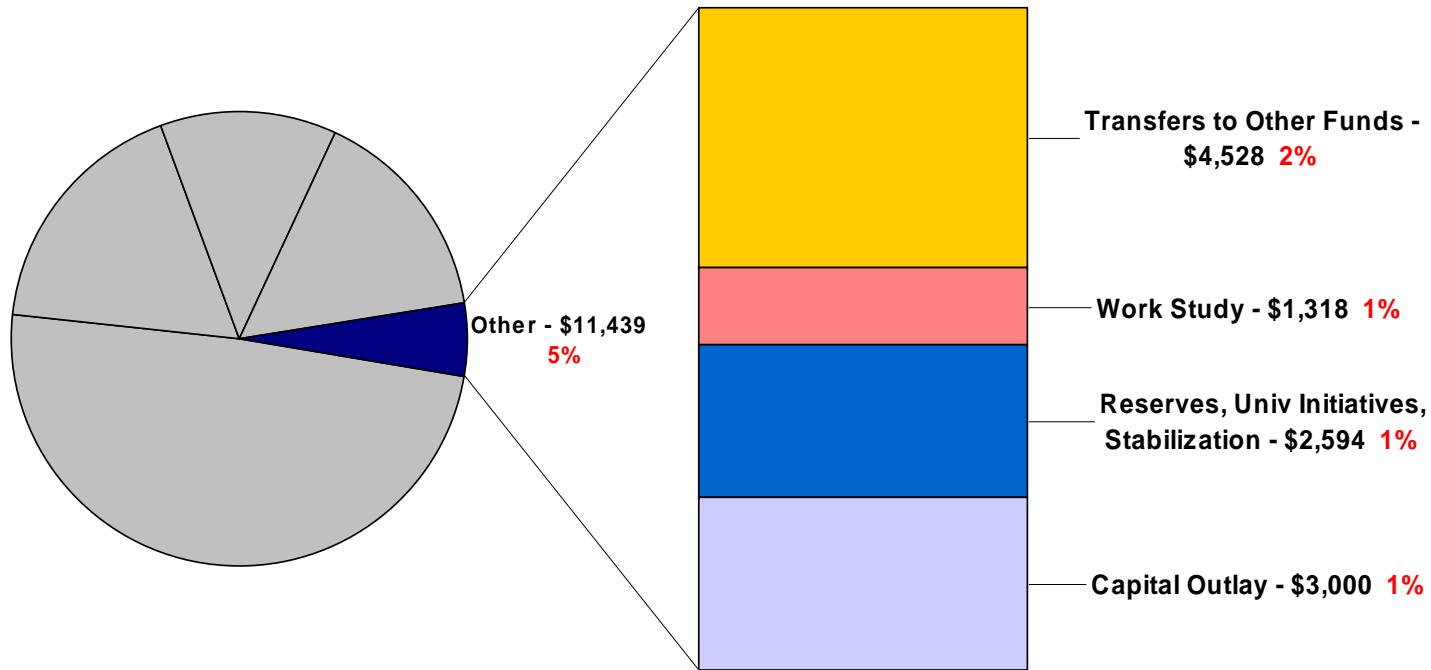
UNRESTRICTED	\$ 196,783,000
RESTRICTED	<u>\$ 18,364,000</u>
Subtotal - University Uses	<u>\$215,147,000</u>
AUXILIARY ORGANIZATIONS	<u>\$ 78,159,000</u>
Grand Total – all sources	<u>\$293,306,000</u>



**CSU, Chico Uses of Funds**  
**2007/08 Summary**  
**\$215,147,000**  
**(excludes Auxiliary Organizations)**  
*dollars in thousands*

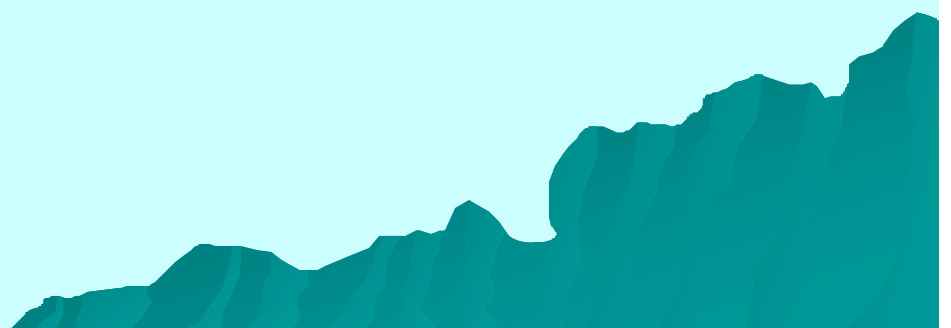


**CSU, Chico Uses of Funds**  
**2007/08 Summary**  
**\$215,147,000**  
**(excludes Auxiliary Organizations)**  
*dollars in thousands*



# 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>



# Auxiliaries on Our Campus

- ◆ CSU, Chico Research Foundation
  - Develops and manages grants & contracts, campus centers and programs, and enterprise projects; manages gift accounts for University Foundation
- ◆ University Foundation
  - Responsible for solicitation, acceptance and administration of gifts to the University
- ◆ Associated Students of CSU, Chico
  - Under a student government umbrella, operates bookstore, food services, student union and student programs

# CSU, Chico Research Foundation

*(Figures used are for FY 7/1/06 - 6/30/07)*

- ◆ Administers externally funded awards (Grants and Contracts)
  - Expenditures of \$23.6M
  - Funds restricted by sponsoring agency -- unavailable for spending
  
- ◆ Provides programming, business, HR, and insurance services to campus entities
  - \$6.9M in depository accounts
  - Bank accounts belong to campus depositor – unavailable for spending
  
- ◆ Operates Foundation-based enterprises (Farm-ATRC, KCHO, ATEC)
  - Revenues of \$1.1M, expenses of \$1.6M
  - Net income designated by Board for reinvestment in enterprise – unavailable for other purposes
  
- ◆ Provides funds and resources for the support of research and other campus needs
  - \$2.3M in prior Board-allocated funds to Colleges & Project Directors
  - Allocations used for faculty development and research
  - Over past 10 years, Research Foundation net income used to fund:
    - ◆ Over \$3M in Incentive Funds to Colleges and Project Directors
    - ◆ Over \$3M in other direct support to the University

# University Foundation

*(Figures used are for FY 7/1/06 - 6/30/07)*

## ◆ Endowments

- \$35,741,000 - Endowment Market Value
- 15.10% - Investment Return Rate
- 11.89% - 3 year Average Return Rate
- \$1,094,195 Disbursements based on 4% payout policy of 3-yr avg. balance
- Return on investments is reinvested into principal so endowment will provide for a distribution in perpetuity
- 542 - Active endowed accounts

## ◆ Funded Scholarships

- \$1,568,982 - Disbursed to 951 students
- \$1,650 - Average amount disbursed per student
- 585 - Active Scholarships Accounts

## ◆ Fundraising Accounts (Annual Fund)

- \$7,120,618 - Total Gift Commitments
- \$4,645,531 - Revenue received
- \$5,338,353 - Balance in accounts at year-end
- 391 - Active Annual Fund accounts that directly benefit various colleges and departments

# Associated Students of CSU, Chico

*(Figures used are for FY 7/1/06 - 6/30/07)*

- ◆ Provides Business Services to Campus
  - AS Bookstore generates \$21.7M in sales \$.3M net income
  - Dining Services generates \$7M in sales \$.3M net income.
  - Under contract paid \$.6M to University
  - Net income dedicated to meeting established reserves then available for Board designation
  
- ◆ Administers Student Union Programs and Operation of Student Union Building
  - Student fees and other revenue of \$2.6M
  - Net income designated for Student Union programs and operations – unavailable for other purposes.

# Budget Challenges

## Statewide

- ◆ FY 2007-08 “budget solutions” are one-time in nature
- ◆ Dept. of Finance has advised that actual receipts for 3 major taxes are significantly less than forecasted (personal income, sales, and corporate taxes)
- ◆ Legislative Analyst’s Office states . . .  
“Other optimistic assumptions and legal risks threaten to reduce the [State Budget] reserve further.”

# Budget Challenges

## Statewide

### ◆ Economic Trends

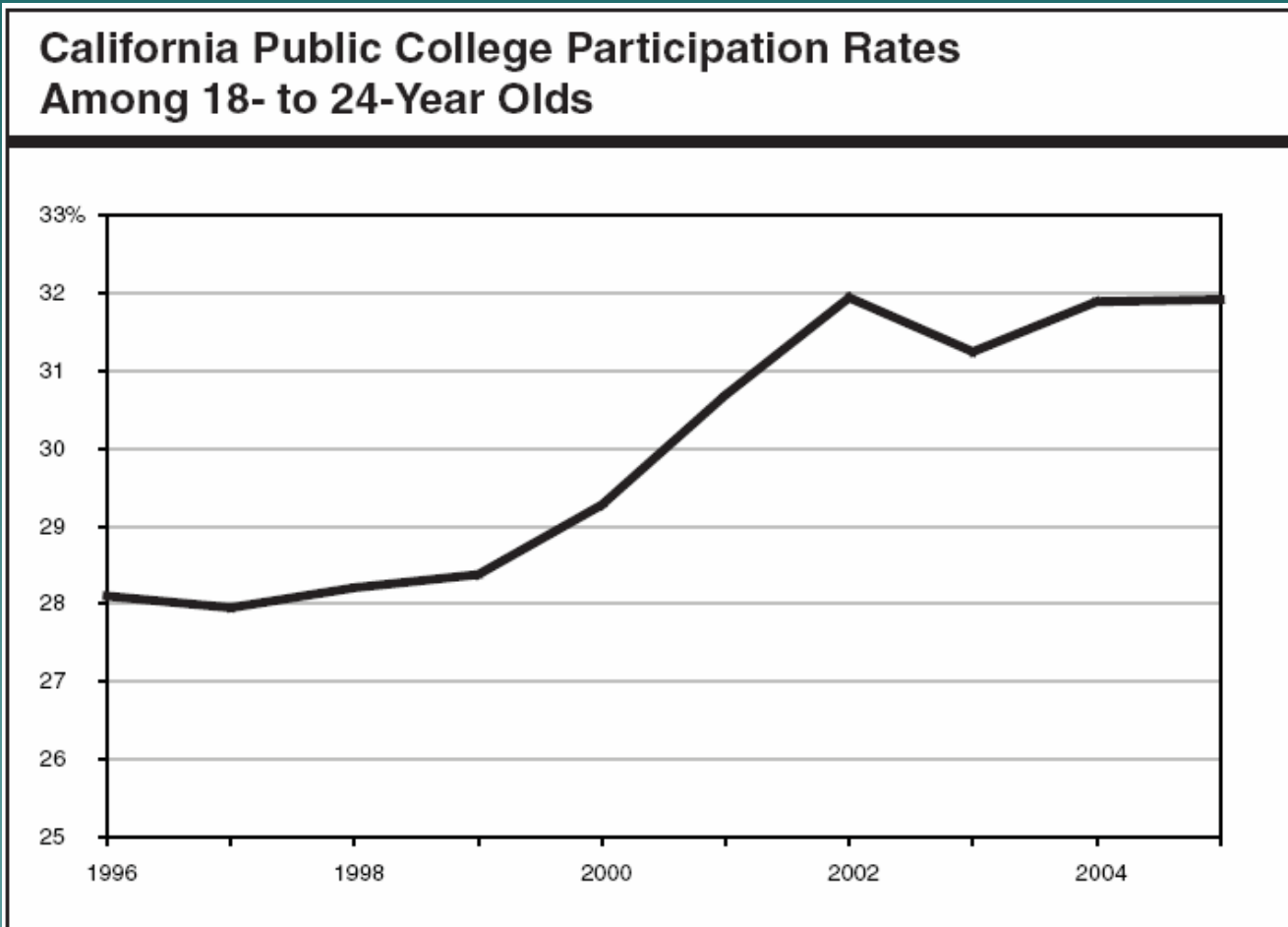
- Housing market has slowed
- Economic indicators are showing signs of recession
- Job growth in California is 50% of State projections

# Budget Challenges

## CSU System

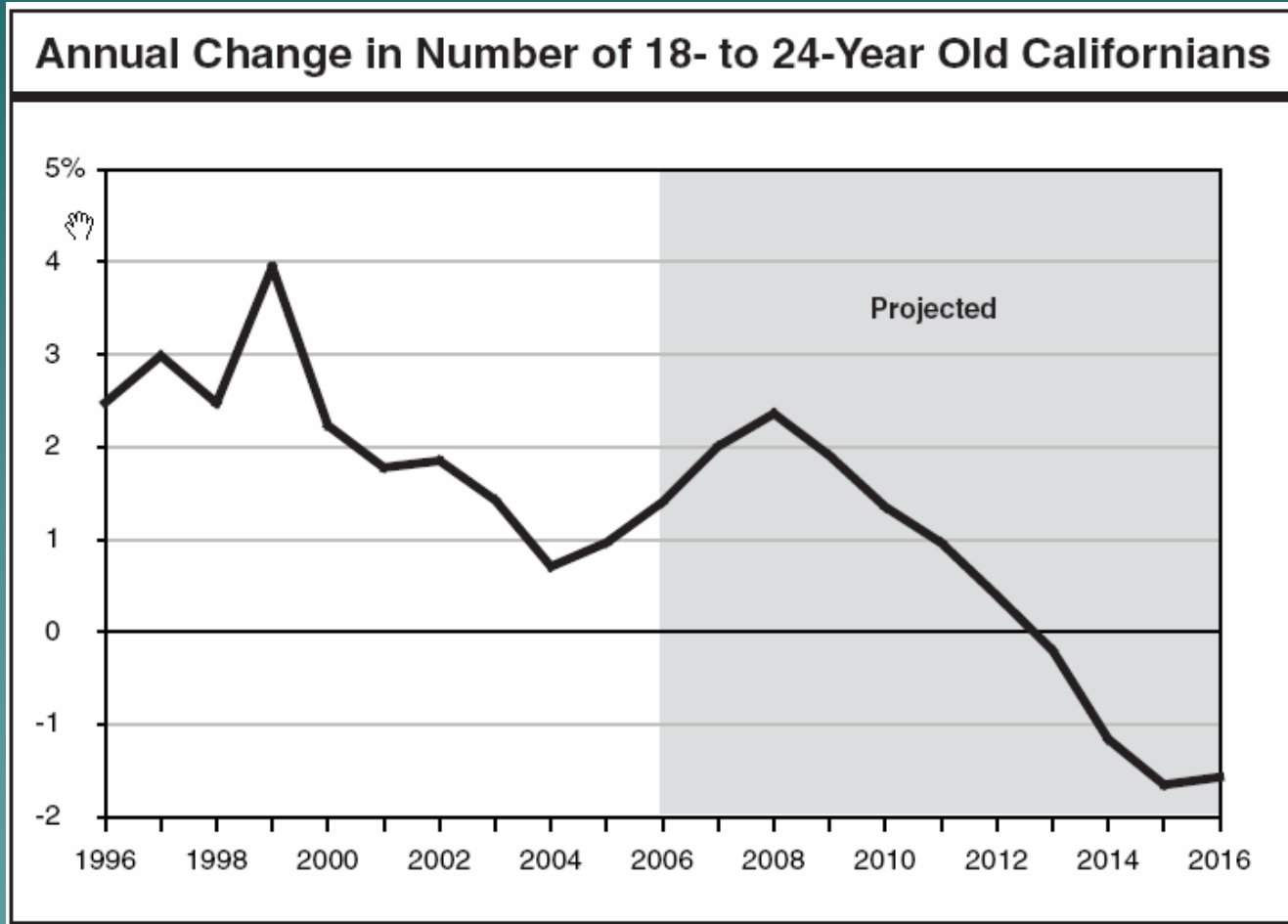
- ◆ Short-term: Lack of funding for over- enrollment
- ◆ Increasing health benefit costs
- ◆ College-age population will soon slow and decline

# College Age Participation Rates



Source: Data from Legislative Analyst Office.

# Decrease of College Age Population

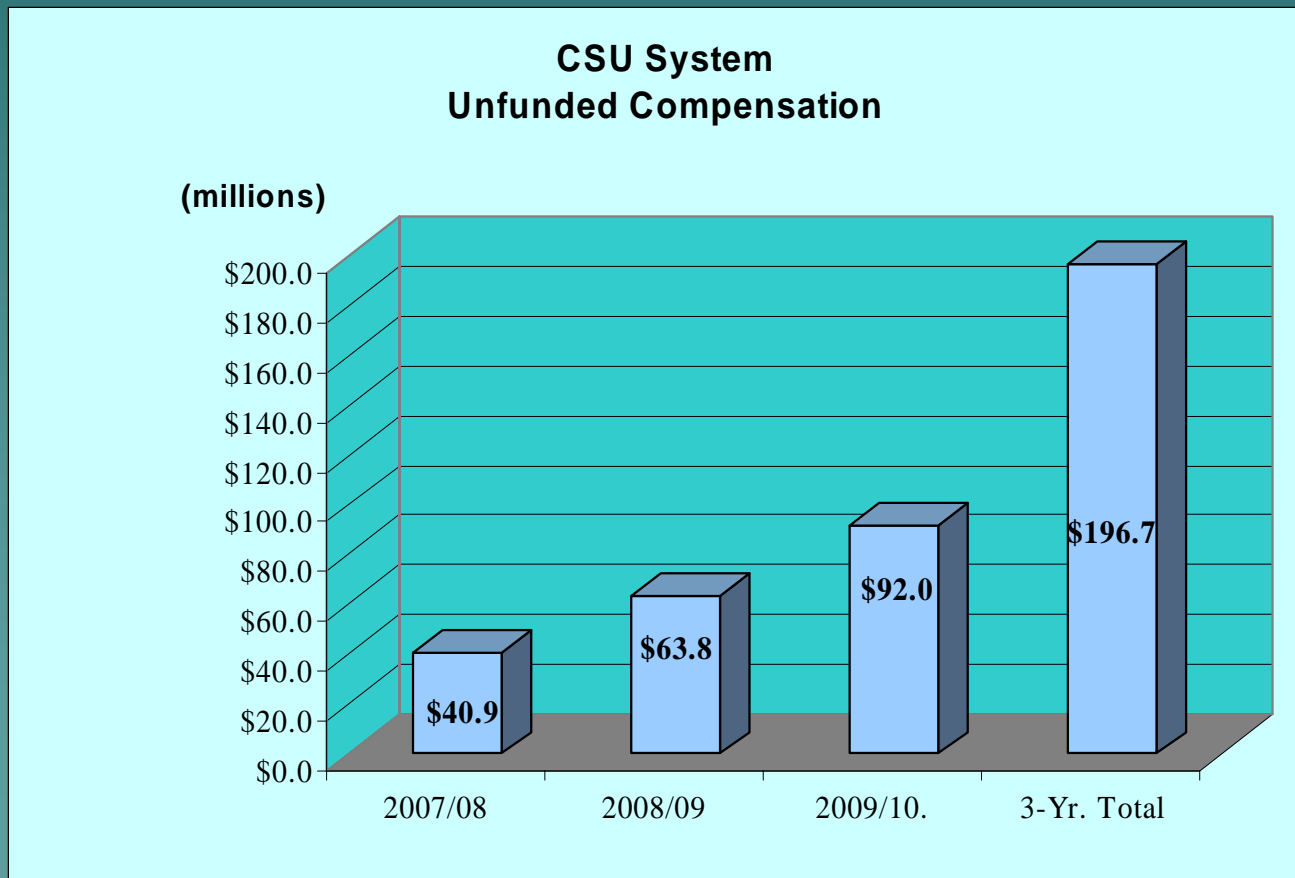


Source: Data from Legislative Analyst Office.

# Budget Challenges

## CSU System

Potential Compensation Costs over CSU Budget



# Budget Challenges

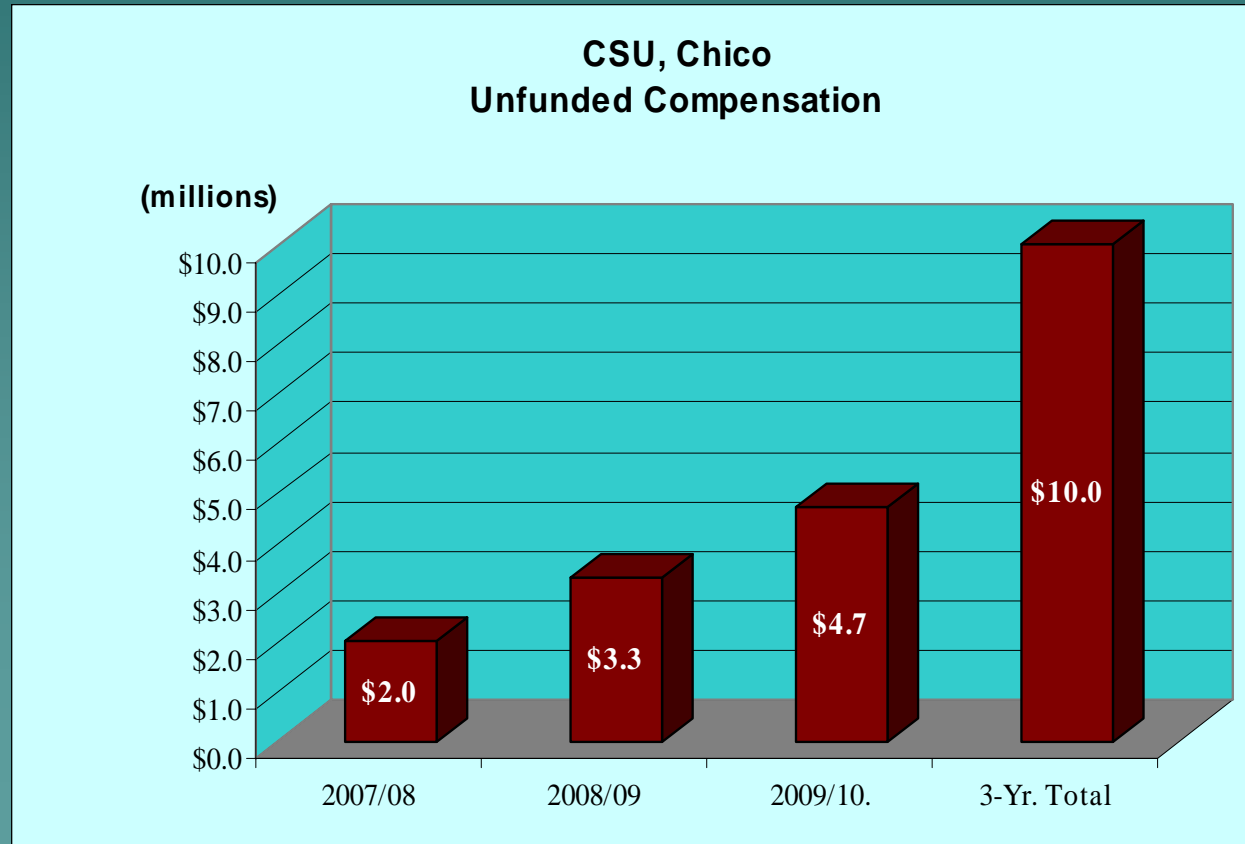
CSU, Chico

- ◆ Enrollment targets increasing and Chico's capacity is limited
- ◆ Fiscal policy decisions made by other local jurisdictions/agencies are increasing the University's health benefit costs (i.e. health care election is limited to agency employee if spouse has access to health benefits somewhere else)

# Budget Challenges

## CSU, Chico

Potential Unfunded Compensation Costs



# Information Sharing

