Governor’s January Budget

- *Unallocated* base budget increase of $119.5M (4%) to CSU
  - Year 3 of 4 year plan
- $25M one-time awards for Innovation in Higher Education
- No tuition fee increases (2011/12 level)
- No enrollment targets or enrollment funding

*The CSU has strategically focused resources on key student success initiatives:*

- Graduation Initiative
- Associate Degree for Transfer
- Early Assessment and Early Start Programs
- Student Success Initiatives
- Reducing Overall Units to Degree / Time to Degree
## Board of Trustee’s & Governor’s Budget

<table>
<thead>
<tr>
<th>2015/16 Support Budget</th>
<th>November</th>
<th>January</th>
</tr>
</thead>
<tbody>
<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>Total 2014/15 Support General Fund Request</td>
<td>$269 million</td>
<td>$119.5 million</td>
</tr>
<tr>
<td>Net Tuition Fee Revenue (change in enrollment)</td>
<td>&lt;$52.4&gt; million</td>
<td></td>
</tr>
<tr>
<td>Net 2014/15 Support General Fund Increase</td>
<td>$216.6 million</td>
<td>$97.1 million shortfall</td>
</tr>
</tbody>
</table>
Board of Trustee’s 2015/16 Support Budget
Student Success & Completion - $38 Million

$38M in funds would be used in six initiative areas:
1. $11M - Tenure-Track Faculty Hiring
2. $7M - Enhanced Advising
3. $1.5M - Augment Bottlenecks Solution Initiative
4. $5M - Student Preparation
5. $9M – High-Impact Practices for Student Retention

http://www.calstate.edu/bot/agendas/nov14/Finance.pdf
Accountability Reporting

- **March 2014** CSU will annually report on measures to monitor the following:

- **October 2014** CSU will biennially report on total cost of education.

- **November 2014** CSU Board to adopt 3-year sustainability plan that sets targets for key measures to improve student success and realize institutional efficiencies.

Link to Legislative Reports:
http://www.calstate.edu/budget/fybudget/legislative-reports/
Enrollment Update

• Spring 2015 Enrollment
• 2014-15 Progress Toward Enrollment Target
• 2015-16 Enrollment Planning
Discussion on Reserves
What is a reserve?

- Reserves are one-time funds from an accumulation of revenues less expenditures. Our budget model created a system for reserves to address:
  - Renovations/Refresh including technology and classrooms;
  - New Initiatives;
  - Emergencies;
  - Deferred Maintenance;
  - Future needs and should be able to sustain the campus for many months to cover operating costs, if cash flow from the state is questionable;
  - Campus wide needs (for example, new stadium bleachers, Pugh Mural, bridges).

- Other Terminology for Reserves:
  - Fund Balance
  - Net Assets
  - Rollover
  - Carry forward Balances
Chancellor’s Office Policy/Impacts

• Process for Reporting Expenditure Plan for Amounts that Exceed Carry-Forward Policy
  • Current Date: 4/03/2008
  • Amended Draft: 1/30/2015

  “If the support-budget Operating Fund balance exceeds 4 months threshold, campuses are required to submit an expenditure plan…”
# One-Time Reserve Balances
as of 6/30/14

<table>
<thead>
<tr>
<th>CSU Fund Name</th>
<th>President</th>
<th>VPAA</th>
<th>VPBF</th>
<th>VPSA</th>
<th>VPUA</th>
<th>Enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/14 Campus Budget Plan:</td>
<td>*</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VP Division %</td>
<td></td>
<td>75.2%</td>
<td>15.9%</td>
<td>6.2%</td>
<td>2.7%</td>
<td></td>
</tr>
<tr>
<td>CSU Operating Fund Base Budget</td>
<td>$ 869,167</td>
<td>$ 106,268,904</td>
<td>$ 22,434,833</td>
<td>$ 8,726,796</td>
<td>$ 3,886,002</td>
<td>$ 1,464,645</td>
</tr>
<tr>
<td>Student Health Center Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 4,150,000</td>
</tr>
<tr>
<td>Reserves:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSU Operating Fund - G1006</td>
<td># $ 37,887</td>
<td>$ 27,379,256</td>
<td>$ 9,897,410</td>
<td>$ 7,809,932</td>
<td>$ 3,625,158</td>
<td>$ 159,870</td>
</tr>
<tr>
<td>Student Health Center</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 3,174,192</td>
</tr>
<tr>
<td>Misc Other Funds</td>
<td>$ 988,346</td>
<td>$ 265,564</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>$ 28,367,602</td>
<td>$ 10,162,974</td>
<td>$ 10,984,124</td>
<td>$ 3,625,158</td>
<td>$ 159,870</td>
<td></td>
</tr>
<tr>
<td>4 months of Reserves</td>
<td>^ $ 289,722</td>
<td>$ 35,422,968</td>
<td>$ 7,478,278</td>
<td>$ 4,292,265</td>
<td>$ 1,295,334</td>
<td>$ 488,215</td>
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<tr>
<td>Lottery</td>
<td>$ 864,167</td>
<td></td>
<td></td>
<td>$ 1,924</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instructionally Related Activities Fees</td>
<td>$ 905,503</td>
<td>$ 1,247,220</td>
<td>$ 311,629</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* - figures can be found in campus budget plan at [www.csuchico.edu/bud/budgetplans/index.shtml](http://www.csuchico.edu/bud/budgetplans/index.shtml)

# - Additional $4.7M encumbered for capital projects & $1.5M for other general encumbrances

^ - reserves must cover deferred maintenance projects and minor capital outlay as no funding from State/CO
# One-Time Reserve Balances

as of 6/30/14

<table>
<thead>
<tr>
<th>CSU Fund Name</th>
<th>VPAA</th>
<th>VPBF</th>
<th>VPSA</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Self-Support Funds</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continuing Education Funds</td>
<td>$ 3,219,518</td>
<td></td>
<td></td>
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<tr>
<td>Housing Funds</td>
<td></td>
<td>$ 9,178,758</td>
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</tr>
<tr>
<td>Parking Funds</td>
<td></td>
<td></td>
<td>$ 3,929,939</td>
</tr>
</tbody>
</table>

- Additional funds in Research Foundation
- Must maintain Debt Coverage Ratio of 1.25% per an EO Infrastructure Improvements

Note - other funds not included: Capital, Internal Service, Enterprise, Int'l Programs, Financial Aid, Health Facilities and Student Union funds.
Consideration Factors

- Mandatory cost increases in future;
- CSU responsible for funding **all new buildings** (may use up to 12% for capital);
- Funding deferred maintenance, renewal, new buildings
- Unfunded mandates from State or unfunded costs;
  - Compensation increases funded by campus
- State will only fund retirement rate increases using 13/14 payroll base. State will not fund retirement increases above the fixed base;
- GASB 68 – Unfunded Pension Liability;
- Hope for the best but plan for the worse.
“The Story the Numbers Tell”

- Handout – Business Officers Publication
- User-friendly method to understanding our financial and budget numbers
1. Where do the licensing fees go?

Licensing revenues are deposited in the Research Foundation. Uses include costs and funds set-aside for Presidential Scholarships.

2. How much do we receive from lottery funding and how is it allocated?

The campus received $1.3M in 14/15 for direct support of educational programs. Funding has historically been allocated to VPAA and VPSA for: Future Scholars, Teacher Recruitment & Diversity, Retention Incentive program and various campus based programs in VPAA (library, CELT, course materials).

3. What are Campus Partner funds and how are they distributed?

Funds allocated from Cont Ed to colleges for program reinvestment, partnership agreements done with college deans.
Websites & Links

- BOT – 2015-2016 Support Budget

- Governor’s January Budget
  http://www.ebudget.ca.gov/

- LAO Overview of Governor’s Budget
  http://www.lao.ca.gov/Publications/Detail/3157

- Implementation Update: Reforming Transfer From CCC to CSU
  http://www.lao.ca.gov/Publications/Detail/3166

- Chancellor’s State of CSU

- CSU Budget Central
  http://blogs.calstate.edu-budgetcentral/