



California State University,
Fullerton

Budget 101

for the

Planning Resource & Budget Committee

September 2009

OFFICE OF THE ASSISTANT VICE PRESIDENT OF BUDGET PLANNING AND STRATEGY



Goal of the Workshop

- Provide PRBC members with budgeting and resource planning principles as well as information on the university's budget as a framework within which PRBC can formulate planning, resource, and budgeting recommendations to the President.



Objectives of the Workshop

- Provide a perspective on budgeting
- Provide an overview of the State, CSU, and university budget processes
- Provide an understanding of the sources and uses of university revenue
- Provide an understanding of the CSU Operating Fund
- Introduce current and future budget items facing the University



Budgeting Overview

Source: An Introduction for Faculty and Academic Administrators By Larry Goldstein

- A Budget:
 - Is a map guiding the university's journey in pursuit of its mission
 - Is a financial representation of the university's plans
 - Should include details on how resources will be received and expended
 - Should provide a means for tracking revenue and expenses so resources can be used most effectively to meet university goals
 - Should present the results of resource allocation decisions and provide a means to set priorities for future resources
 - Should be developed through a shared governance process for best results



Budgeting Overview *(Contd.)*

Source: An Introduction for Faculty and Academic Administrators By Larry Goldstein

- Should include provisions for contingencies
- Should be flexible enough to respond to changing needs
- Operating budget is traditionally classified in two categories:
Natural and Functional
 - Natural classification refers to expenses identified by type rather than purpose, e.g., salaries, benefits, travel, supplies, etc.
 - Functional classification is organized by the nature of the activity, e.g., instruction, academic support, student services, research, institutional support, operation and maintenance of plant, scholarships and fellowships, etc.



Ideal Approach

Source: A Strategic Approach to Budgeting By Larry Goldstein, Campus Strategies

- Budgeting should be integrated with planning and measurement
 - Approved budget is only a snapshot
 - Process is continuous
 - Always responding to new information
- All-funds budgeting
- Focus on accountability versus control
- Broadly participative process
- Information is most valuable when shared—especially financial information



Premise

Source: A Strategic Approach to Budgeting By Larry Goldstein, Campus Strategies

- Planning is the challenging part
 - When it's done well, budgeting and measurement are relatively easy
- Effective planning identifies what is important and what's not as important
- Budget ideally is the quantitative representation of what's important
- All resource allocation decisions should align with the campus priorities.

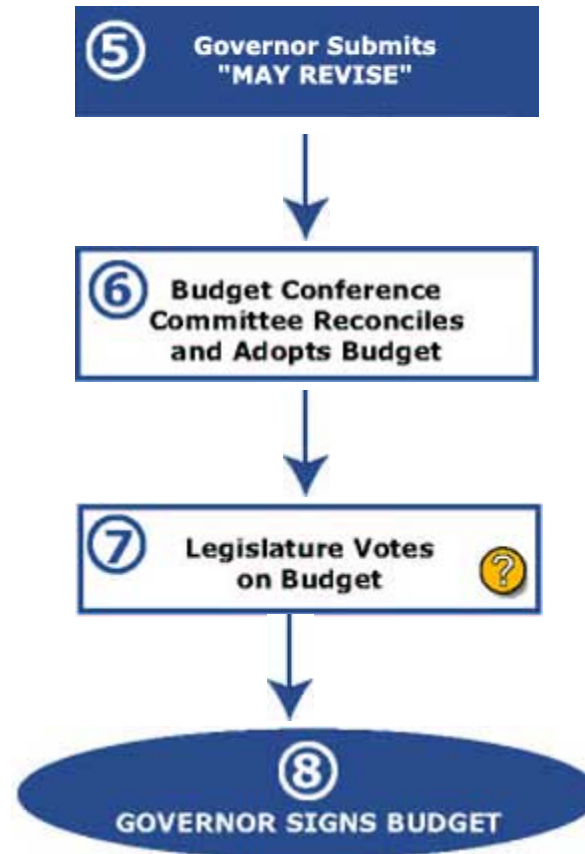


State, CSU, & University Budget Processes

California's State Budget: An 8-Step Guide



California's State Budget: An 8-Step Guide



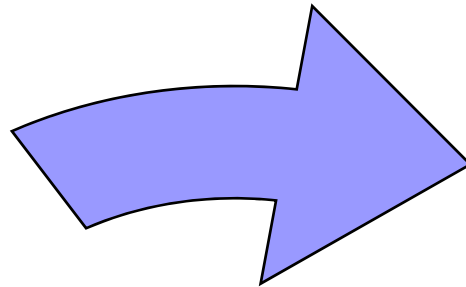
CSU Budget Process

1

Campus and CSU Priority Needs Identified *May through August*

For example:

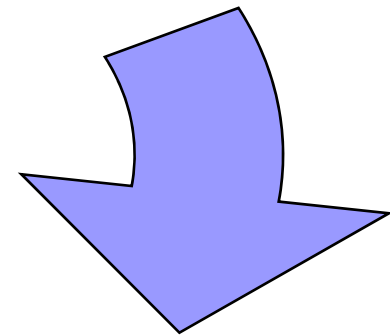
- Mandatory cost obligations
(health, insurance, etc)
- Enrollment Projections
 - New Space
- New Academic Programs
- Other Needs



2

Chancellor's Office Develops CSU Request Strategy *August through September*

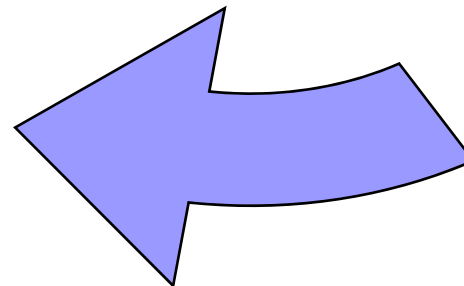
- In consultation with campus presidents
and other constituencies.
- Funded FTES target established,
contingent on funding.
- Approved by Trustees typically in
November for the following fiscal year



3

State Budget Process

January - Governor's Budget
March though June – Legislature
July (or later) Budget enacted



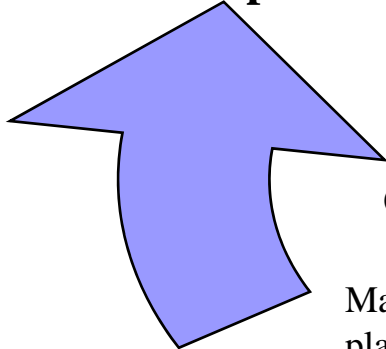
4

Chancellor's Office CSU Budget

March - Preliminary campus
planning allocations
May – Campus notification
of adjustments (if needed)

5

Final Campus Budgets





Cal State Fullerton Budget Process

- BL 98-2 Planning, Resource, and Budget Committee Functions

<http://www.fullerton.edu/senate/PDF/100/UPS100-001.pdf>

- UPS 100.201 Planning and Budgeting Process

<http://www.fullerton.edu/senate/PDF/100/UPS100-201.pdf>



Sources & Uses Of University Revenue



Sources of Funds

- University receives funding from a number of different sources
- The CSU Operating Fund consists of State Allocation, State University Fee, and other Revenues (e.g., non-resident fee, application fee, and interest earning)
- University auxiliary organizations are separate, private, non-State, non-profit corporations consistent with the California Ed Code and Corporation Codes:
 - CSU Fullerton Auxiliary Services Corporation (ASC)
 - CSF Philanthropic Foundation
 - Associated Students California State University, Fullerton, Inc. (ASI)
 - CSU Fullerton Housing Authority

University Revenue By Fund Source

FY2007-08 Original Budget

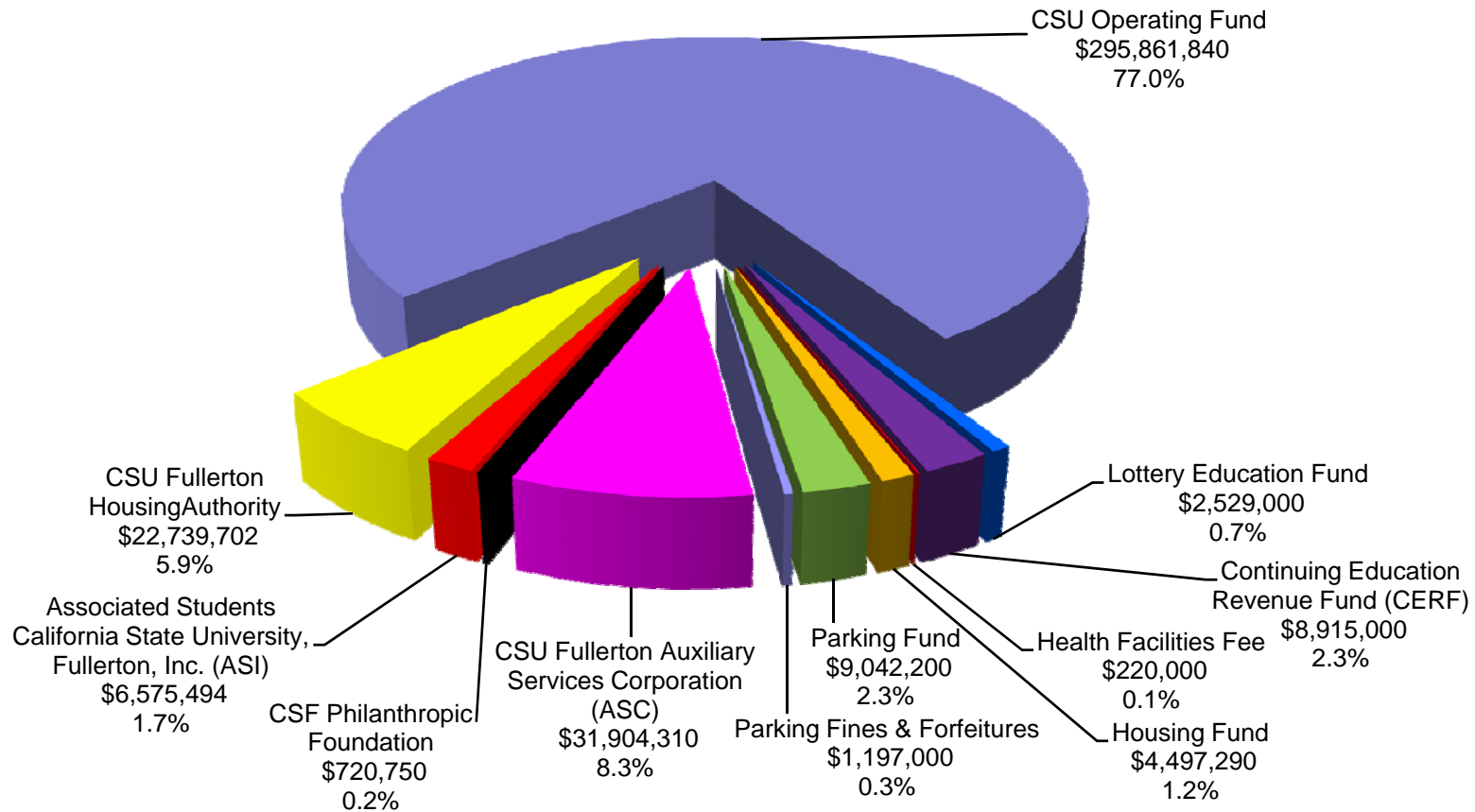
■ CSU Operating Fund	\$295,861,840
■ Lottery Education Fund	2,529,000
■ Continuing Education Revenue Fund (CERF)	8,915,000
■ Health Facilities Fee	220,000
■ Housing Fund	4,497,290
■ Parking Fund	9,042,200
■ Parking Fines & Forfeitures	1,197,000
■ Auxiliary Funds (Operating Funds):	
➤ CSU Fullerton Auxiliary Services Corporation (ASC)	31,904,310
➤ CSF Philanthropic Foundation	720,750
➤ Associated Students CSU Fullerton, Inc. (ASI)	6,575,494
➤ CSU Fullerton Housing Authority	<u>22,739,702</u>
	<u>\$384,202,586</u>

Excludes Trust Funds Consisting Primarily of Financial Aid and Capital Funds

University Revenue By Fund Source

FY 2007-08 Original Budget

\$384,202,586





CSU Operating Fund Revenue Summary

FY 2007-08 Original Budget

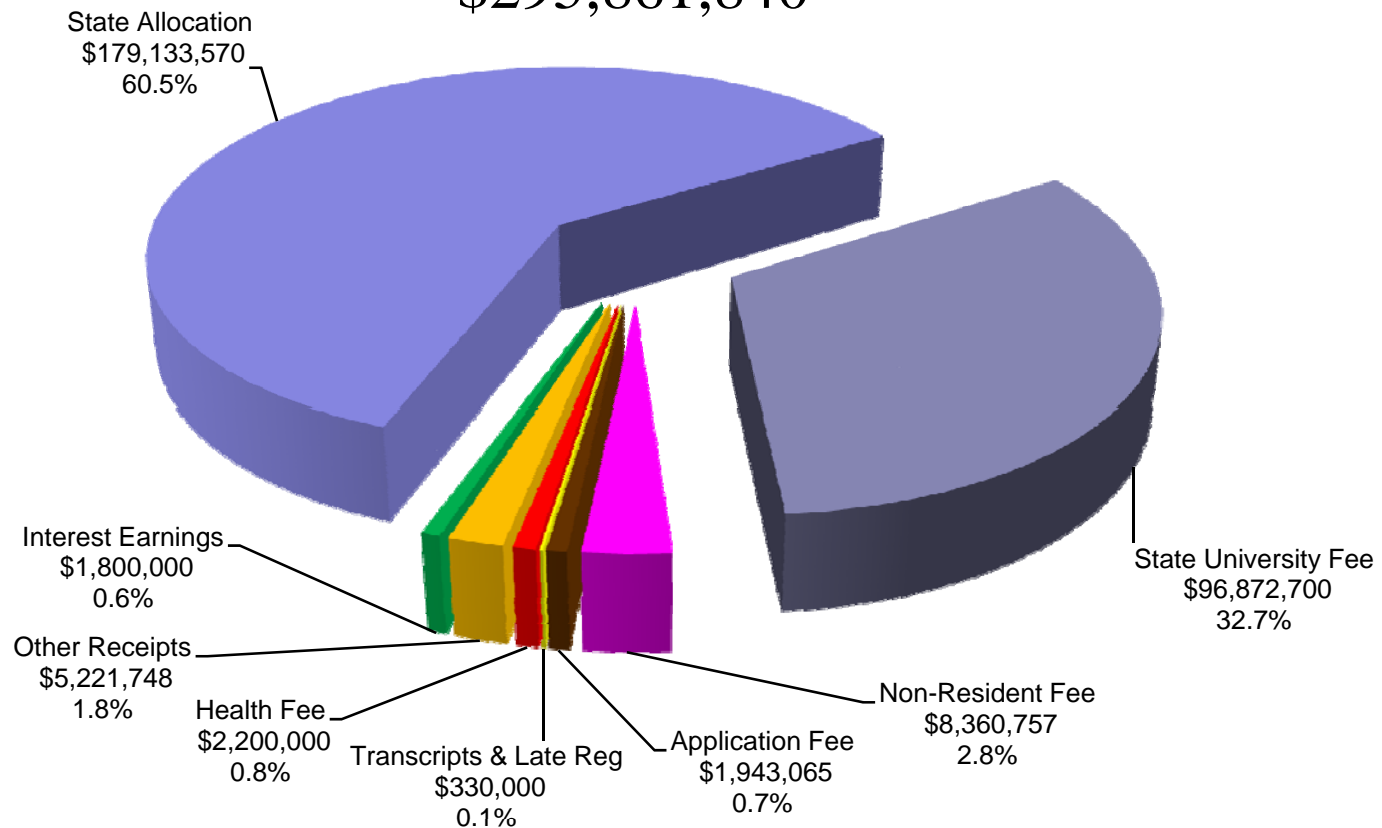
State Allocation		\$ 179,133,570
State University Fee		96,872,700
Other Revenues		
Non-Resident Fee	8,360,757	
Application Fee	1,943,065	
Transcripts & Late Reg	330,000	
Health Fee	2,200,000	
Other Receipts (e.g. Consolidated Course Fee, Graduation Fee, etc)	5,221,748	
Interest Earnings	<u>1,800,000</u>	
	Total Other Revenues	<u>19,855,570</u>
Total Baseline Resources		295,861,840
Additional One-time Resources		21,418,692
Total CSU Operating Fund Resources		<u><u>\$ 317,280,532</u></u>

CSU Operating Fund Revenue Summary

Excluding Additional One-Time Resources

FY 2007-08 Original Budget

\$295,861,840





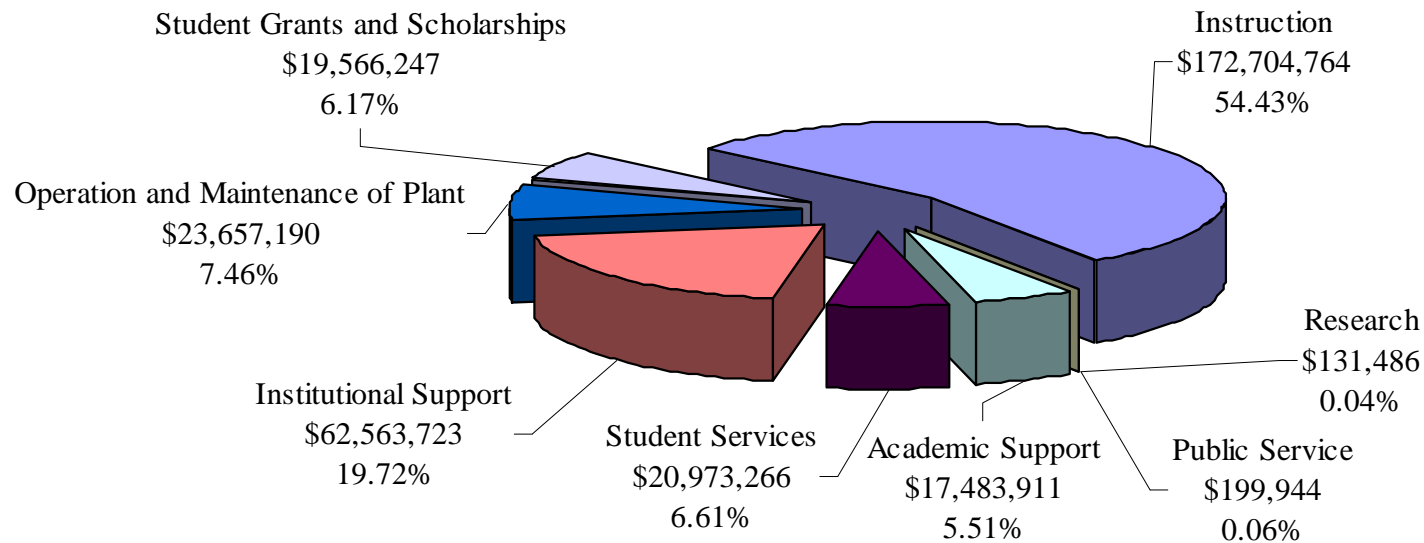
CSU Operating Fund Expenditures

By Division & Program (Functional Classification)

FY 2007-08 Original Budget

Division	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Student Grants and Scholarships	Grand Total
President	-	-	-	-	135,523	3,199,279	140,350	-	3,475,153
Academic Affairs	101,868,743	131,486	199,944	17,483,911	4,874,030	2,665,012	-	47,876	127,271,004
Administration and Finance	-	-	-	-	-	8,466,248	11,177,610	-	19,643,858
Student Affairs	-	-	-	-	15,108,831	1,351,429	-	-	16,460,260
Information Technology	312,460	-	-	-	-	10,236,955	-	-	10,549,415
University Advancement	-	-	-	-	-	5,089,216	-	-	5,089,216
University Wide	70,523,561	-	-	-	854,881	31,555,583	12,339,230	19,518,371	134,791,626
Grand Total	172,704,764	131,486	199,944	17,483,911	20,973,266	62,563,723	23,657,190	19,566,247	317,280,532

CSU Operating Fund Expenditures By Program (Functional Classification) FY 2007-08 Original Budget \$317,280,532



CSU Operating Fund Expenditures

By Division & Natural Classification

FY 2007-08 Original Budget

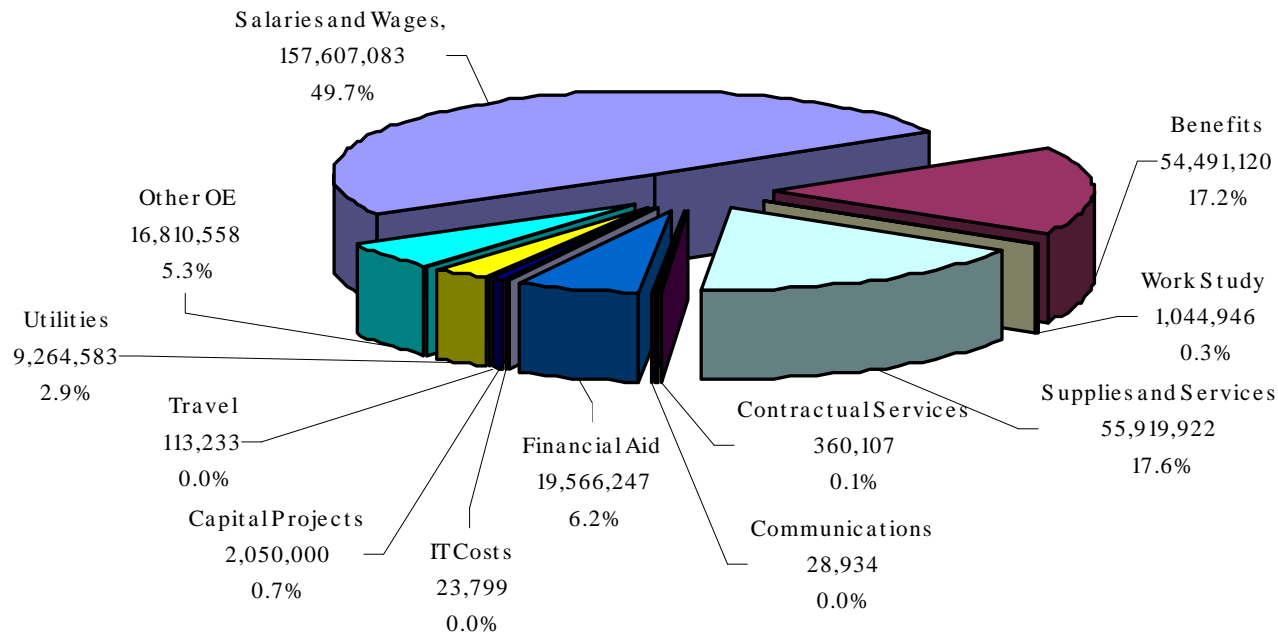
Division	Salaries and Wages	Benefits	Work Study	Supplies and Services	Contractual Services	Communications	Financial Aid	IT Costs	Capital Projects	Travel	Utilities	Other OE	Grand Total
President	2,129,809			1,110,344	235,000								3,475,153
Academic Affairs	111,488,125		121,500	15,613,503			47,876						127,271,004
Administration and Finance	17,164,678			2,406,680	13,400	14,400		3,600		41,100			19,643,858
Student Affairs	13,889,358		68,565	2,502,337									16,460,260
Information Technology	6,794,894			3,754,521									10,549,415
University Advancement	4,373,867			496,776	111,707	14,534		20,199		72,133			5,089,216
University Wide	1,766,352	54,491,120	854,881	30,035,761			19,518,371		2,050,000		9,264,583	16,810,558	134,791,626
Grand Total	157,607,083	54,491,120	1,044,946	55,919,922	360,107	28,934	19,566,247	23,799	2,050,000	113,233	9,264,583	16,810,558	317,280,532

CSU Operating Fund

Expenditures By Natural Classification

FY 2007-08 Original Budget

\$317,280,532





Budget Items/Challenges

- State, CSU, and campus structural budget deficit
- Funding items
 - State's declining fiscal situation
 - Items funded by one time resources that are recurring costs
 - Unfunded expenditure mandates (e.g., health benefit cost increases, & CMS)
 - PRBC Priority Items
 - Irvine campus / Hope International
 - Deferred maintenance



Questions?