



Fiscal State of the University

Fall Semester 2009

August 27, 2009



Charge From Academic Senate

BL 08-02

“In the fall and spring semesters, the Chief Financial Officer shall be invited to present to the Senate a report on the fiscal state of the University. The report in the fall will be given as close as possible to the beginning of the semester. The report in the spring will be given prior to the spring marathon meeting. The report shall include but not be limited to:

- (a) the sources and uses of all revenues designated to the university (including auxiliary units and extended education) and
- (b) budget priorities, issues, and challenges. Following each address, the Chief Financial Officer shall answer questions from those in attendance.”



Report Preparation

Bill Barrett, Associate Vice President, Administration

Paulette Blumberg, Executive Assistant to the VP Admin. & Finance

Naomi Goodwin, Assistant Vice President, Administration & Finance

Brian Jenkins, Associate Vice President, Finance

Sarah Song, Budget Director

Henry Soto, Assistant VP, Budget Management, Planning & Strategy

PRBC Committee Members and Chairperson, Professor David Wong

PRBC Summer Sub-Committee Members



Goals

Overview of State Fiscal Situation

- CSUF Budget Reductions during the past 12 months
- FY 09-10 Budget
 - Including PRBC Recommendations
- Key Impacts of Reductions to Divisions
- Budget Impact on Full Time Equivalent Student Enrollment

FY 10-11 Budget Outlook

Time Permitting – Update on Property Acquisition

- Irvine Campus
- Hope International University



Overview of State Fiscal Situation

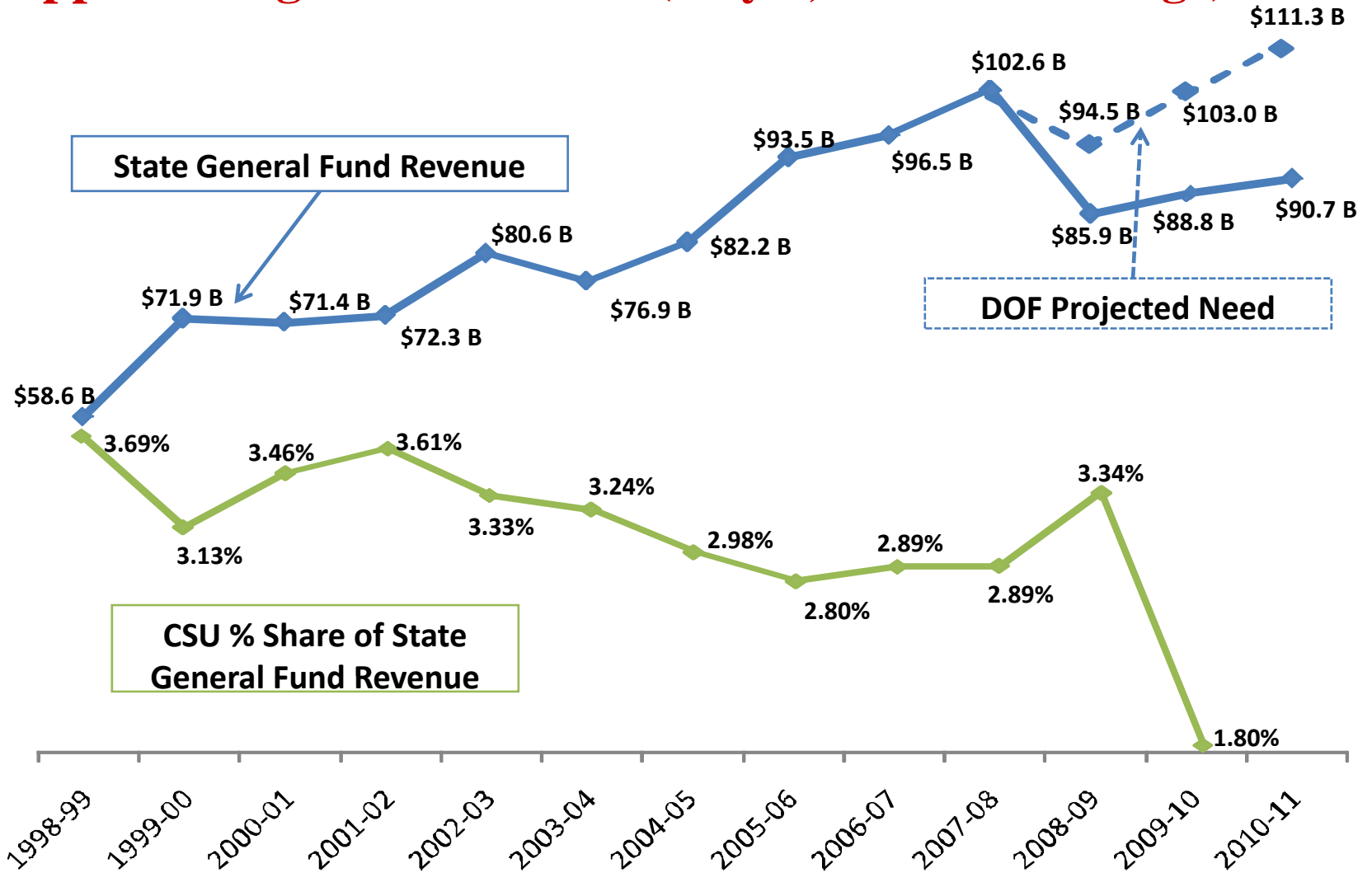
CSU Support Budget Presentation to BOT

July 7, 2009

Robert Turnage, Assistant Vice Chancellor for Budget



CSU Support Budget Presentation (July 7, 2009 R. Turnage)



CSUF Footnote:

FY 08-09 CSU State Support: \$2.9B

FY 09-10 CSU State Support: \$1.6B (\$2.34B minus \$717.5M retroactive cut to 2008-09 appropriation)



CSUF Budget Reductions During the Past 12 Months



FY 08-09 Budget Reductions

Round 1 Budget Reduction–September 2008

- \$13.7M in Baseline and \$11.3M in One-Time
 - \$4.7M Unfunded Mandates
 - \$2.3M Structural Deficit
 - \$9.7M PRBC Priorities
 - \$8.3M Loan Payments and CMS Budget Augmentation
- Prorated to Divisions

Round 2 Budget Reduction–October 2008

- \$2.0 M in One-Time state budget reduction addressed by:
 - \$1.1M from All University
 - \$500K Deferred Maintenance
 - \$298K Classroom Renovation
 - \$200K Computer Rollout
 - \$ 69K Summer Move Account
 - \$931K Prorated to Divisions



FY 08-09 Budget Reductions *continued*

Round 3 Budget Reduction–December 2008

- \$5.0 M Baseline state budget reduction addressed by:
 - \$2.5M from All University
 - \$1.7M Deferred Maintenance
 - \$268K Energy Savings
 - \$449K Outreach
 - \$100K Retention
 - \$2.5M in One-Time reductions to Divisions to be replaced with Baseline reductions in 09/10:
 - \$1.1M Credit Card Subsidy Savings (processing fees)
 - \$1.4M Additional Division budget reductions



FY 2009-10 Budget



FY 09-10 Budget*

FY 2009 - 2010 BUDGET IMPACTS (Million \$)

	CSU	CSUF	BASELINE	ONE-TIME
"Retroactive" FY 2008 - 2009 Budget Cut	(717.5)	(46.1)	-	(46.1)
Anticipated FY 2008 - 2009 Federal Stimulus Funds Offset	640.0	41.1	-	41.1
NET "RETROACTIVE" BUDGET CUT	(77.5)	(5.0)	-	(5.0)
"July Revise" Budget Cut	(571.1)	(38.8)	(38.8)	-
10% Increase in SUF, net of Financial Aid	84.8	5.1	5.1	-
SUBTOTAL	(563.8)	(38.7)	(33.7)	(5.0)
Projected Mandatory Systemwide Costs & New Space	(32.2)	(4.1)	(4.1)	-
TOTAL BUDGET SHORTFALL	(596.0)	(42.8)	(37.8)	(5.0)
SYSTEMWIDE STRATEGIES:				
Additional 20% Increase in SUF, net of Financial Aid	157.3	15.9	15.9	-
10% Nonresident Tuition Revenue Increase	11.5	1.1	1.1	-
BUDGET SHORTFALL BEFORE FURLOUGH SAVINGS	(427.2)	(25.8)	(20.8)	(5.0)
Staff Furlough Savings	125.6	8.3	-	8.3
Faculty Furlough Savings	147.4	9.4	-	9.4
SUBTOTAL	273.0	17.7	-	17.7
UNRESOLVED BUDGET SHORTFALL	(154.2)	(8.1)	(20.8)	12.7
PRBC RECOMMENDED ITEMS AND CAMPUS OBLIGATIONS:				
CMS and Equipment Loans		(6.5)	-	(6.5)
Pass-Through Expenditure Items		(2.7)	-	(2.7)
SFR and New Faculty Funding		(1.7)	(0.3)	(1.4)
Research Grants		(0.6)	(0.2)	(0.4)
Sabbaticals		(0.2)	(0.2)	-
SUBTOTAL		(11.7)	(0.7)	(11.0)
ADJUSTED CSUF ALLOCATED BUDGET SHORTFALL		(19.8)	(21.5)	1.7

*Pending Presidential approval of PRBC recommendations and proposed Division budget reductions



Proposed FY 09-10 Budget Reductions*

Division	FY 08-09 Baseline Budget	%	Baseline			One-Time			Total		
			Baseline Reduction	Utility Savings	Total Baseline Reduction	One-Time Allocation	Lottery Allocation	Total One- Time Allocation	Baseline Reduction	One-Time Allocation	TOTAL
President	3,105,579	1.70%	(364,693)	17,000	(347,693)	28,598	0	28,598	(347,693)	28,598	(319,095)
Academic Affairs Division	125,827,990	68.88%	(14,776,154)	688,797	(14,087,357)	1,158,668	2,695,000	3,853,668	(14,087,357)	3,853,668	(10,233,689)
Administration and Finance	21,767,028	11.92%	(2,556,132)	119,155	(2,436,977)	200,438	0	200,438	(2,436,977)	200,438	(2,236,539)
Information Technology	10,856,890	5.94%	(1,274,939)	59,432	(1,215,507)	99,974	201,250	301,224	(1,215,507)	301,224	(914,283)
Student Affairs	16,140,996	8.84%	(1,895,459)	88,358	(1,807,101)	148,632	603,750	752,382	(1,807,101)	752,382	(1,054,719)
University Advancement	4,979,514	2.73%	(584,751)	27,258	(557,493)	45,853	0	45,853	(557,493)	45,853	(511,640)
Total Division	182,677,997	100.00%	(21,452,128)	1,000,000	(20,452,128)	1,682,163	3,500,000	5,182,163	(20,452,128)	5,182,163	(15,269,965)

Total FY 2008-09 University Baseline budget of \$304,616,555 includes \$182,677,997 allocated to Divisions plus \$120,938,558 allocated to All University (includes benefits, financial aid, and utility costs)

*Pending Presidential approval of PRBC recommendations and proposed Division budget reductions

Budget Reports Available at <http://finance.fullerton.edu/Budget/BudgetReports/>



Key Impacts of Reductions to Divisions



Impacts on Academic Affairs

- 68% Baseline cut from Faculty salaries and benefits
 - Represents estimated 793 sections cut per term and 159 Faculty FTE decrease
 - Will be partially offset by One-Time Lottery allocation and unencumbered carry forward funds

- 17% Baseline cut from other salaries and benefits

- 15% Baseline cut from Operating Expenses



Impacts on Other Divisions

President

- 3 MPP positions eliminated
- Operating Expenses Reduction

Administration & Finance

- 6 MPP and 18 Staff positions eliminated and other salary savings
- Operating Expenses Reduction

Information Technology

- 1 MPP and 7 Staff positions eliminated
- Reduction in Computer Refresh Rollout
- Operating Expenses Reduction

Student Affairs

- 3 MPP and 7 Staff positions eliminated and other salary savings
- Operating Expenses Reduction

University Advancement

- 1 MPP and 2 Staff positions could be eliminated
- Operating Expenses Reduction



FY 09-10 PRBC Recommendations



FY 09-10 PRBC Recommendations

- Funding new Faculty positions to cover enrollment growth based on existing CSUF SFR rate
- Provide funds to support 60 Faculty searches
- Funds year 1 of a 2 year plan to augment Sabbaticals
- Funds year 1 of a 3 year plan to increase Research

Research Plan

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Mini-Grants	191,000	191,000 <i>If CO does not fund</i>	191,000 <i>If CO does not fund</i>
Intramural Grants	200,000	300,000	300,000
One-time	<u>391,000</u>	<u>491,000</u>	<u>491,000</u>
OCG	85,000 <i>Grant Processor</i>	100,000 <i>Grant Writer</i>	300,000
Intramural Grants	100,000	200,000	300,000
Baseline	<u>185,000</u>	<u>300,000</u>	<u>300,000</u> *

* Shift OCG staff from IDC allocation to General Fund , freeing IDC funding to support additional intramural grants.



How Much Has The CSUF's Budget Been Cut?

FY 09/10 Budget Actions

FY 09/10 Baseline Budget Reduction (\$33.7M)	(11.1%)
FY 09/10 Baseline <u>and</u> One-Time Reductions (\$38.7M)	(12.7%)
FY 09/10 Baseline and One-Time Reductions <u>Plus</u> 09/10 Mandatory Costs (\$42.8M)	(14.1%)
FY 09/10 Baseline and One-Time Reductions, Mandatory Costs, <u>Plus</u> Proposed PRBC 09/10 Budget Recommendations (\$54.5M)	(17.9%)
Note: 09/10 Budget Reductions Follow Significant 08/09 Baseline Budget Reductions (\$16.2M)	(5.3%)



Budget Impact on Student Enrollment (FTE)



Budget Impact on Student Enrollment (FTE)

- As part of an Chancellor's overall strategy to address the unprecedented budget reductions, CSU campuses are mandated to take an enrollment reduction of 32,576 Resident FTES (9.5% reduction) system-wide in FY 10-11
- CSUF portion of the Chancellor's mandated enrollment reduction equals a 10.8% reduction from FY 09-10 budgeted enrollment

	FTES		
	2008/09 Actual	2009/10 Budget	2010/11 Target
YRO	2,038	1,100	-
Academic Year	28,247	27,010	25,066
Total	30,285	28,110	25,066
Resident	29,374	27,190	24,245
Non-Resident	911	920	821
Total	30,285	28,110	25,066



FY 2010–11 Budget Outlook



FY 2010-11 Budget Outlook

- The State's fiscal situation continues to decline
- The 2009-10 State budget is propped up by One-Time funds (i.e. federal stimulus funds) that will not be available in 2010-11
- CSUF will have an additional \$5.5M state budget reduction due to a Chancellor's Office reallocation of \$571M state budget cut among CSU campuses



FY 2010–11 Budget Outlook *continued*

- We are estimating that net* State University Fee Revenue will be reduced by \$10.3M due to a 10.8% enrollment reduction
- While enrollment related expenditures are estimated to decrease by approximately \$11M due to the 10.8% enrollment reduction, additional unfunded mandates and other campus obligations are anticipated

*Net of Financial Aid



Property Acquisition

- Irvine Campus
- HOPE International University



Questions & Answers