



Fiscal State of the University Spring 2009

May 14, 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 and Finance

Brian Jenkins, Associate Vice President, Finance

Sarah Song, Budget Director

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

Presentation Goals

- Overview of University Finances
 - Budget Reports Available Online
 - 2008-09 University Revenue Sources
 - 2008-09 Operating Fund Budget and Expenditures

- Impact of the State Budget on CSU
 - What Has Happened So Far...
 - What Could Happen...

- Fiscal Issues and Challenges

Budget Reports

Budget Reports Available Online - Sources and Uses of Revenues

<http://finance.fullerton.edu/Budget/BudgetReport/index.htm>

➤ Online Reports Include the Following:

- University Revenue Budget
- Operating Fund Budget Summary
 - Allocation Summary
 - Allocation and Revenues
 - Expenditures by Division
 - Expenditures by Program
 - Expenditures by Division by Program
 - Allocation by Division
 - FTE Summary by Division
 - Budget Detail
 - Budgets and Expenditure by Cost Center including 5 year history
 - Lottery Budget
- Quarterly Expenditure Reports
- CERF
- Auxiliary Budgets

2008-09 University Revenue Sources

CSU OPERATING FUND	\$ 306,907,891
LOTTERY EDUCATION FUND	2,465,000
CONTINUING EDUCATION REVENUE FUND (CERF)	9,400,000
HEALTH FACILITIES FEE	220,000
HOUSING FUND	4,762,500
PARKING FUND	9,067,000
PARKING FINES & FORFEITURES	1,500,000
STUDENT UNION	7,995,104
AUXILIARY FUNDS:	
CSUF AUXILIARY SERVICES CORPORATION	32,449,828
CSUF PHILANTHROPIC FOUNDATION	480,000 ¹
ASSOCIATED STUDENTS INC.	7,013,676
HOUSING AUTHORITY	8,828,525
TOTAL UNIVERSITY BUDGET	<u>\$ 391,089,524</u> ²

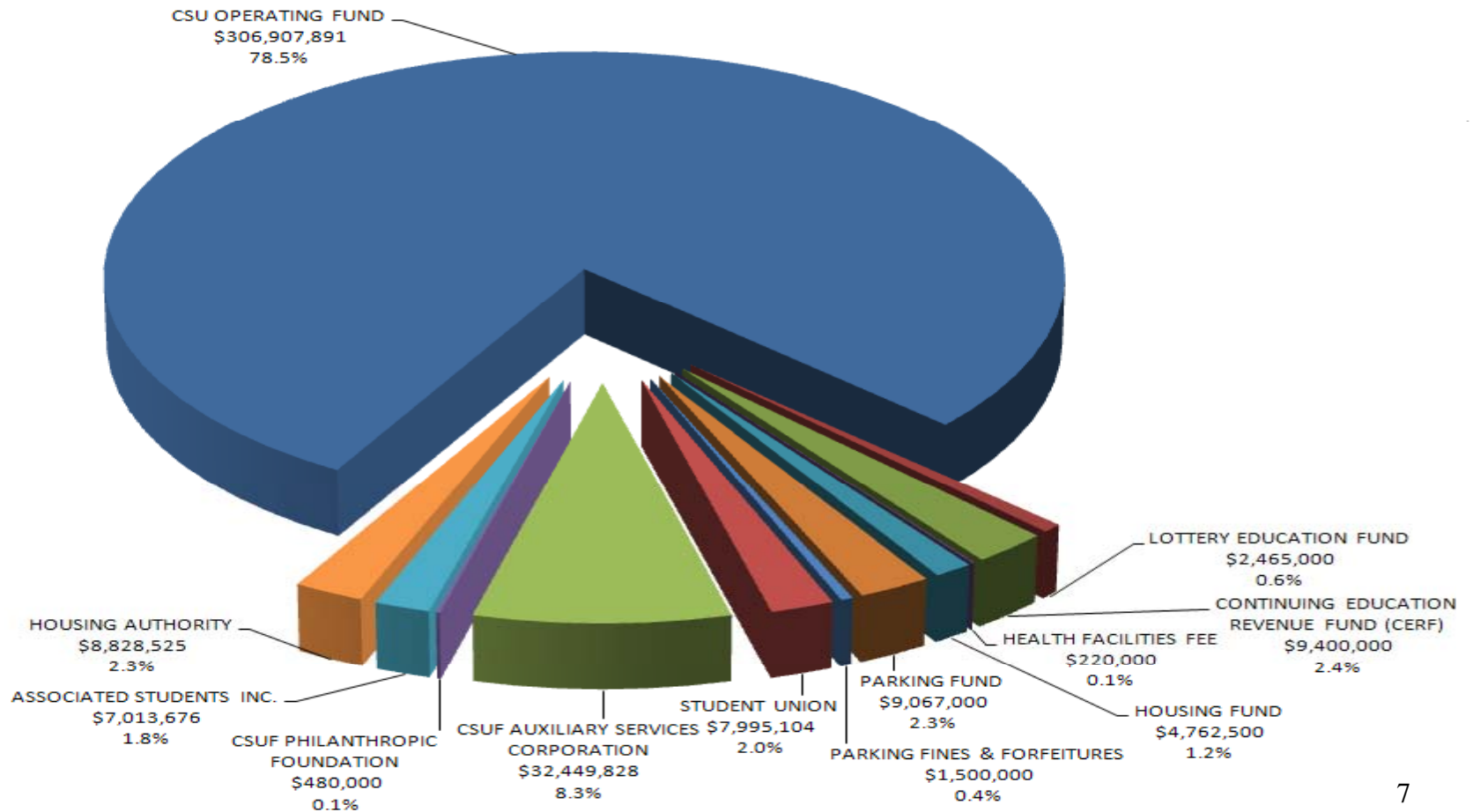
1. Budget figure for operations only, does not include fundraising

2. Excludes Financial Aid and Capital Funds

2008-09 University Revenue Sources

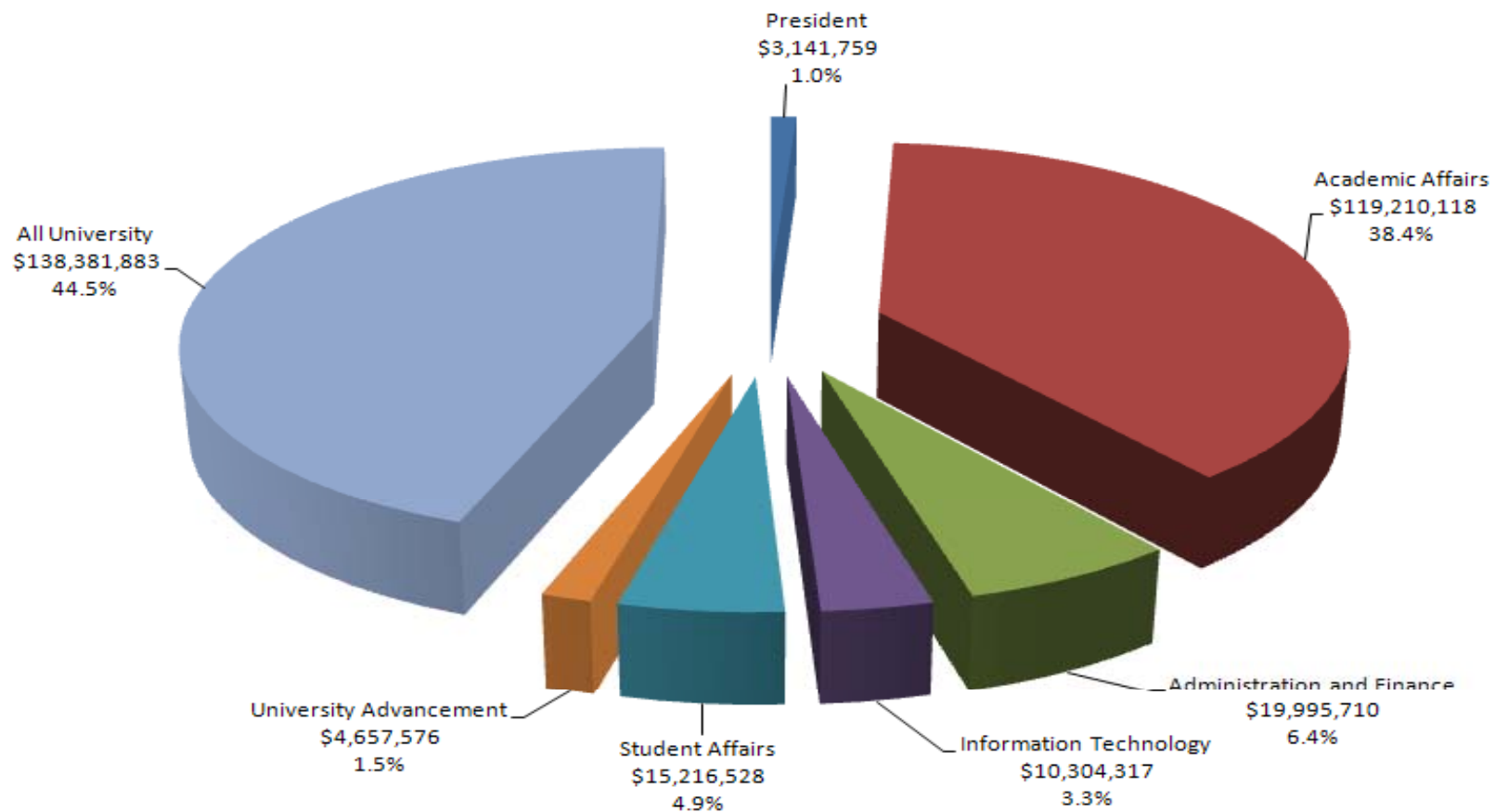
Total: \$391,089,524

Excludes Prior Year Carryforwards and Fund Balances



2008-09 Operating Fund Budget and Expenditures Summary

\$310,907,891*



* \$306,907,891 and One-time Lottery Resources of \$4M

State Budget Crisis Impact to CSUF

What has happened so far...

2008-09 Budget Reduction Summary by Division

Division	FY 08-09 Budget			FY 08-09 Round One			FY 08-09 Round Two	FY 08-09 Round Three		All 3 Rounds		
	Baseline Budget	One-Time Budget	Total Budget	Baseline Reduction	One-Time Reduction	Total Reduction	One-Time Reduction	Baseline Reduction	One-Time Reduction	Baseline Reduction	One-Time Reduction	Total
President	3,338,607	235,000	3,573,607	247,441	199,941	447,381	16,479		43,946	247,441	260,365	507,806
Academic Affairs	131,412,694	3,651,589	135,064,283	9,682,082	7,857,556	17,539,638	647,604		1,727,036	9,682,082	10,232,195	19,914,278
Administration and Finance	21,002,167	-	21,002,167	1,560,289	1,258,384	2,818,672	103,713		276,584	1,560,289	1,638,681	3,198,970
Information Technology	11,315,278	-	11,315,278	809,469	654,043	1,463,513	53,905		143,754	809,469	851,702	1,661,172
Student Affairs	16,783,938	202,005	16,985,943	1,017,889	1,004,222	2,022,111	82,766		220,721	1,017,889	1,307,709	2,325,598
University Advancement	5,376,678	-	5,376,678	397,164	321,938	719,102	26,534		70,760	397,164	419,232	816,396
Total Without All University	189,229,362	4,088,594	193,317,956	13,714,334	11,296,084	25,010,418	931,000	-	2,482,800	13,714,334	14,709,884	28,424,218
All University	131,392,863	11,207,490	142,600,353				1,066,800	2,517,200		2,517,200	1,066,800	3,584,000
Total	320,622,225	15,296,084	335,918,309	13,714,334	11,296,084	25,010,418	1,997,800	2,517,200	2,482,800	16,231,534	15,776,684	32,008,218

State Budget Crisis Impact to CSUF

What could happen...

We don't know...

- 2009-10 State budget gap is now projected at **\$15.4B**
- If propositions 1A-1E on the May 19 ballot fail, the gap is projected to increase to **\$21.3B**
- Propositions on the May 19, 2009 Statewide Special Election
 - **1A** Extends tax increases and establishes a “rainy day” reserve fund
 - **1B** Restores funding levels for K-14 education
 - **1C** Lottery securitization
 - **1D** Reallocates early childhood development program funds
 - **1E** Reallocates mental health program funds
 - **1F** Limits elected officials’ salary increases
- Two versions of May budget revise expected to be released today: one addresses the \$15.4B deficit if the measures pass, one addresses the \$21.3B deficit if they fail

We don't know... *continued*

Maintenance of Effort (MOE)

- “States accepting stimulus funds must ‘maintain State support for public institutions of higher education (not including support for capital projects or for research and development or tuition and fees paid by students) at least at the level of such support’ in 2005-06, unless a waiver is granted.
- The Department of Finance has calculated the MOE requirement for the CSU to be \$2.596 billion. The current State General Fund appropriation for 2009-10 of \$2.654 billion exceeds the MOE by \$58 million. Assuming the State is not granted a waiver, the CSU support budget should be reduced no more than \$58 million.”

-Dr. Benjamin F. Quillian, CSU Executive Vice Chancellor

2009-10 Scenario Planning Variables

- \$50M additional state cut to CSU related to stimulus funds shortfall
 - Potential CSUF impact – (\$2.3M)
- \$58M additional state cut to CSU (MOE limit)
 - Potential CSUF impact – (\$3.7M)
- 10% State University Fee Increase
 - Net CSUF impact - \$5.3M

2009-10 Scenario Planning Variables

- Unfunded mandates related to health benefits, collective bargaining agreements, energy costs
 - Potential CSUF impact – (\$2.5M)
 - University obligations (e.g. equipment, CMS, CBE loans, remaining round 3 budget reduction)
 - Potential CSUF impact – (\$8.4M)
 - PRBC recommended priorities related to SFR and Faculty searches
 - Potential CSUF impact – (\$3M to \$4M)
 - Other campus expenses (pass through items)
 - Net CSUF impact – (\$2.5M)
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Fiscal Issues and Challenges

“The most successful approach to budgeting is to start with an effective plan—one developed with extensive input from all stakeholders—and to develop the budget based on the decisions reflected in the plan.”

Larry Goldstein

Fiscal Issues and Challenges

- The reality is that California will never have a fiscal environment that will support the kind of academic excellence that we aspire to.
 - Our challenge is to be specific about our aspirations, which should happen through a comprehensive planning and prioritization process that links these priorities to our budget allocation process.
 - Excellence is rooted in the appropriate balance between support for faculty, students and administrative operations. Our challenge is to find and fund the appropriate balance.

Fiscal Issues and Challenges *continued*

- Strategies to enhance our revenue generating capacity require investment and will take time to pay off.
 - Our challenge will be to develop and implement financial plans that support revenue enhancement initiatives such as new programs, fundraising and research.

Fiscal Issues and Challenges *continued*

- There will not be sufficient new resources to advance our agenda. As such, we need to develop criteria for determining what will be protected, what will be sacrificed and related reallocation policies and criteria.
 - Our challenge will be to recognize that some of these efforts will take months if not years to complete. As such, we should start now.
 - Our challenge will be to implement where appropriate
 - UPS 100.620 – Review of Administrative Units
 - UPS 100.605 – Policy on Administrative Restructuring of Academic and Academic Support Programs
 - UPS 100.610 – Program Discontinuance

Fiscal Issues and Challenges *continued*

- Our challenge will be to resist the urge to make prorated budget reductions, which
 - Are easiest to make.
 - Often occur when there is no guiding academic or university plan.
 - Assume everyone has the same capacity to absorb their share of the reduction.
 - Treats the good, the bad and the ugly the same, when in fact they're not. (If the 'bad' is a priority then resources should be allocated to make it good. If the 'good' is not a priority it should be considered for abandonment).

Fiscal Issues and Challenges *continued*

- We need to evaluate the impact of our past financial decisions in light of stated or implied goals and adjust accordingly.
 - Our challenge will be to hold ourselves accountable.

Fiscal Issues and Challenges *continued*

- We need to anticipate that the State or the System will throw unexpected and perhaps ill-conceived obstacles in our way which will impact our enrollments; direct expenditures in ways contrary to our plans; or in other ways negatively impact our fiscal situation.
- Our challenge will be to build fiscal flexibility and contingency planning and financing into our budgets.

Fiscal Issues and Challenges *continued*

- Opportunities also will come our way.
 - Our challenge will be to build fiscal flexibility and contingency planning and financing into our budgets.

Questions & Answers