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

1. Governor Submits Proposed Budget in January

2. Budget Bill Introduced to Legislature

3. Legislative Analyst's Office (LAO) Prepares Analysis and Overview

4. Senate Budget Committee
   - Budget Subcommittees: Education (CSU), General Government, Environmental, Health
   - Senate Budget Bill

5. Assembly Budget Committee
   - Budget Subcommittees: Education (CSU), General Government, Environmental, Health
   - Assembly Budget Bill

Continued On Next Page
California’s State Budget: An 8-Step Guide

5. Governor Submits "MAY REVISE"

6. Budget Conference Committee Reconciles and Adopts Budget

7. Legislature Votes on Budget

8. Governor Signs Budget
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

5

Final Campus Budgets

4

Chancellor’s Office CSU Budget
March - Preliminary campus planning allocations
May – Campus notification of adjustments (if needed)

3

State Budget Process
January - Governor’s Budget
March though June – Legislature
July (or later) Budget enacted
Cal State Fullerton Budget Process

- BL 98-2 Planning, Resource, and Budget Committee Functions
  [link](http://www.fullerton.edu/senate/PDF/100/UPS100-001.pdf)
- UPS 100.201 Planning and Budgeting Process
  [link](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 22,739,702

Total $384,202,586

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
  $295,861,840
  77.0%

- CSU Fullerton Housing Authority
  $22,739,702
  5.9%

- CSF Philanthropic Foundation
  $720,750
  0.2%

- CSU Fullerton Auxiliary Services Corporation (ASC)
  $31,904,310
  8.3%

- Parking Fund
  $9,042,200
  2.3%

- Parking Fines & Forfeitures
  $1,197,000
  0.3%

- Lottery Education Fund
  $2,529,000
  0.7%

- Continuing Education Revenue Fund (CERF)
  $8,915,000
  2.3%

- Associated Students California State University, Fullerton, Inc. (ASI)
  $6,575,494
  1.7%

- Health Facilities Fee
  $220,000
  0.1%

- Housing Fund
  $4,497,290
  1.2%
CSU Operating Fund Revenue Summary
FY 2007-08 Original Budget

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<th>Revenue Source</th>
<th>Amount</th>
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<td>State University Fee</td>
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<td>Other Revenues</td>
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<td>Non-Resident Fee</td>
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<td>Health Fee</td>
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<td>Other Receipts (e.g. Consolidated Course Fee, Graduation Fee, etc)</td>
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CSU Operating Fund Revenue Summary
Excluding Additional One-Time Resources
FY 2007-08 Original Budget
$295,861,840

State Allocation
$179,133,570
60.5%

State University Fee
$96,872,700
32.7%

Non-Resident Fee
$8,360,757
2.8%

Application Fee
$1,943,065
0.7%

Transcripts & Late Reg
$330,000
0.1%

Health Fee
$2,200,000
0.8%

Interest Earnings
$1,800,000
0.6%

Other Receipts
$5,221,748
1.8%
## CSU Operating Fund Expenditures
### By Division & Program (Functional Classification)
#### FY 2007-08 Original Budget

<table>
<thead>
<tr>
<th>Division</th>
<th>Instruction</th>
<th>Research</th>
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<th>Academic Support</th>
<th>Student Services</th>
<th>Institutional Support</th>
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CSU Operating Fund Expenditures By Program
(Functional Classification)
FY 2007-08 Original Budget
$317,280,532

- Instruction: $172,704,764 (54.43%)
- Student Grants and Scholarships: $19,566,247 (6.17%)
- Operation and Maintenance of Plant: $23,657,190 (7.46%)
- Institutional Support: $62,563,723 (19.72%)
- Student Services: $20,973,266 (6.61%)
- Academic Support: $17,483,911 (5.51%)
- Public Service: $199,944 (0.06%)
- Research: $131,486 (0.04%)

Total: $317,280,532
# CSU Operating Fund Expenditures

## By Division & Natural Classification

### FY 2007-08 Original Budget

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<th>Salaries and Wages</th>
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<td>Information Technology</td>
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<tr>
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<td>317,280,532</td>
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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?