

URPC Membership

- **Co-chairs:** A faculty senator and the Provost and Vice President of Academic Affairs.
 - **Membership:**
 - Three (3) Faculty members
 - One (1) Academic Dean, appointed by the President
 - Three Vice Presidents (Administrative Affairs, Student Affairs, University Advancement)
 - Two (2) Staff delegates
 - Two (2) Student delegates
 - **Advisors (non-voting):**
 - University Budget Director
 - Budget Analyst from each Division
- ☞ **Terms:** Faculty and staff members shall be appointed for staggered, two-year terms. Students will be appointed for one-year terms.

President's Charge to URPC

President's Charge to URPC

- Continuing implementation of strategic budgeting principles and defining strategic assets;
 - 2016-17 progress: URPC drafted strategic asset guidelines
 - 2017-18 action items: finalize strategic asset guidelines; continue to implement strategic budgeting concepts in budget plans
- Recommending a balanced budget for 2018-19 that eliminates the University's structural deficit and which includes University-wide engagement in the process
 - 2016-17 progress: implemented Phase 1 reductions of \$1.5 million, working on Phase 2
 - 2017-18 action items: recommend a balanced budget for 2018-19; develop a communication/engagement strategy for how the URPC involves the University community in the budget planning/reduction process
- Initiate the planning process with actual enrollment, not future-year targets;
 - 2016-17 progress: URPC utilized actual enrollment from prior year as a starting point, then reduced the budget target further based on lower anticipated enrollment
 - 2017-18 action items: continue with conservative budgeted enrollment target approach

President's Charge to URPC

- Continue to develop multi-year budget plans (at least for the two subsequent years);
 - 2016-17 progress: budget recommendation reflected a two-year budget within a five-year horizon
 - 2017-18 action items: continue to formalize approach to multi-year budget planning; continue to support implementation of the integrated assessment, planning and budget process
- Develop recommended guidelines for "roll forward" of unspent balances at the conclusion of a fiscal year
 - 2016-17 progress: URPC finalized the Operating Fund Reserve Policy – the roll forward guidelines will help support the implementation of the Reserve Policy
 - 2017-18 action items: Recommend guidelines for how unspent funds are "rolled forward" at the end of a fiscal year
- Review quarterly budget reports/projections for the current fiscal year
 - 2017-18 action items: review the reports each quarter to better understand the University's budget and the rate of expenditure during the fiscal year



Budget Overview

- Budget Cycle & Timelines
- HSU's Sources of Funding - Budgets and Trends
- HSU's Operating Fund Expenditures - Budgets and Trends
- Planning Considerations

Budget Cycle & Timelines

CSU Budget Cycle

System Budget Advisory Consultation

Council of Presidents Policy Retreat

May CSU Constituent Consultations

June

July

August Review campus enrollment targets
Budget consultation with presidents
SBAC discussion of budget proposals
Budget briefing for the Board of Trustees

September

October/November CSU Constituent Consultations
Trustees adopt Support Budget request

December

January Review CSU enrollment targets and revenue assumptions
GOVERNOR'S BUDGET
Governor's Budget submitted to Legislature - January

February ANALYSIS OF THE BUDGET BILL
Legislative Analyst's analysis of the budget

March

April CSU Constituent Briefings

May Legislative budget hearings
Governor's May revisions of January budget

June THE CALIFORNIA STATE UNIVERSITY
1857
State Budget adopted

Key Dates:

- September – Preliminary CSU Support Budget Request
 - Signals system priorities, compensation pool, enrollment growth, fixed costs, etc.
- November – CSU Support Budget Request Adopted
- January – Governor's Budget
 - Signals initial commitment to CSU for the next year
- Mid-May – Governor's May Revision
- June – State Budget Adopted

Source: 2016-17 CSU Support Budget

Budget Timelines (URPC from 2015-16 cycle)

STATE

SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG
				Budget Plan				Budget Revision	Adopt Budget		
						Budget Hearings					

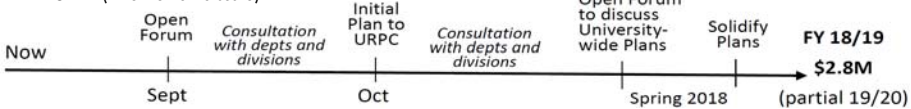
CSU

SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG
Budget Plan		Budget Request			Preliminary Campus Allocations					Final Allocations	

HSU

SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG
	Planning - Enrollment, Revenue, Costs, Requests										
					Develop Budget Recommendation			Approve Budget			

PHASE 2 (timeline not to scale)

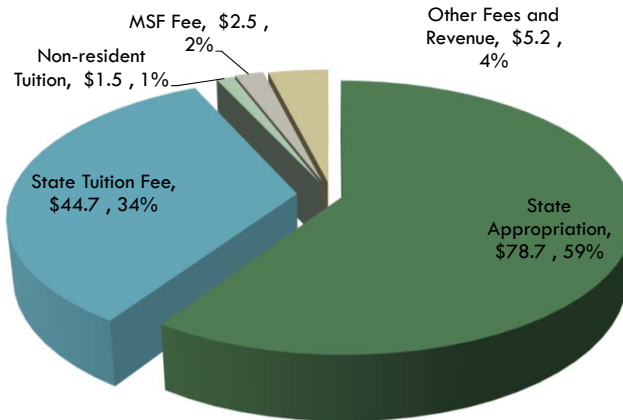


HSU's Sources of Funding

Revenue Budgets and Trends

2017-18 Operating Fund Sources: \$132.6 million

Revenue Breakdown (in millions)



* MSF Fee – Materials, Services and Facilities Fee

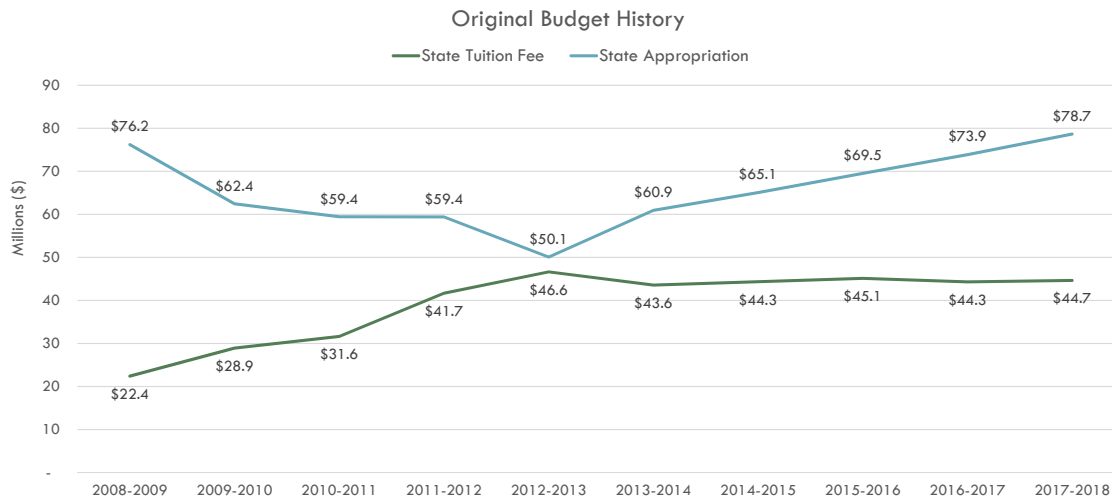
2017-18 HSU Revenue Budget Changes: \$4.8m

- ▣ State Appropriation: \$4.1m (\$3.9m allocation, \$939k retirement funding)
- ▣ State Tuition & Non-Resident Tuition Fees: \$.2m

Tuition Revenue Changes	2016-17 Budget	Enrollment Decrease	Tuition Increase	2017-18 Budget
State Tuition Fee	44,293,000	(1,772,000)	2,134,000	44,655,000
Non-Resident Tuition Fee	1,640,000	(218,000)	91,000	1,513,000
Total Tuition Fees	45,933,000	(1,990,000)	2,225,000	46,168,000

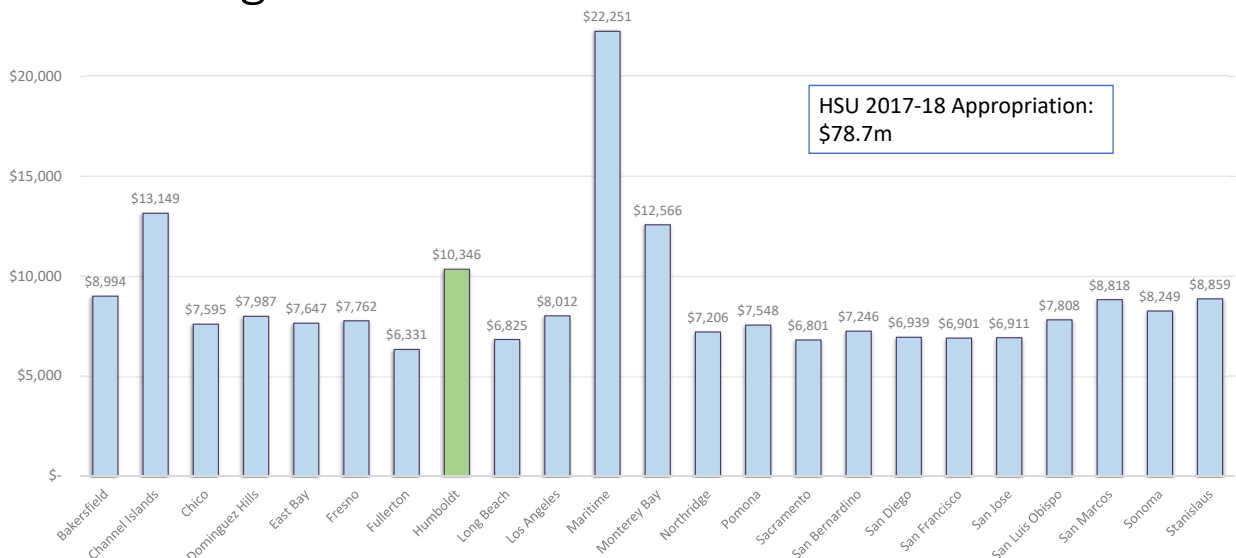
- ▣ Other Fee and Revenue Changes: \$.5m
 - -\$7,000 Materials, Services, & Facilities Fee (MSF) – HEPI increase offset by lower enrollment
 - \$261,704 Department dedicated student fee and cost recovery revenue changes
 - \$237,000 Phase 1 Savings - Cost Recovery Revenue increases

State Appropriation & State Tuition History

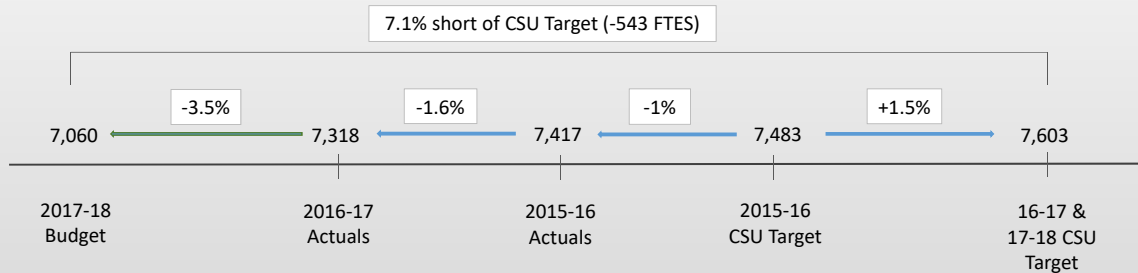


2017-18 CSU State Appropriation Funding per CSU Target FTES

(Source: 2017-18 CSU Budget Memo)



HSU Resident FTES Comparison to CSU Targets



The \$3 Million Quandary

State Appropriation Vulnerability:

We are receiving over \$3 million for students we are not educating

Tuition Opportunity:

Reaching our CSU resident FTES target would generate over \$3 million in tuition revenue

2017-18 Budgeted Enrollment Breakdown

2017-18 ENROLLMENT TARGET	FALL	SPRING	ANNUAL
Resident FTES	7,285	6,835	7,060
WUE FTES	299	281	290
Out-of-State FTES	93	87	90
International FTES	57	53	55
TOTAL FTES	7,734	7,256	7,495
Headcount	8,199	7,680	7,940

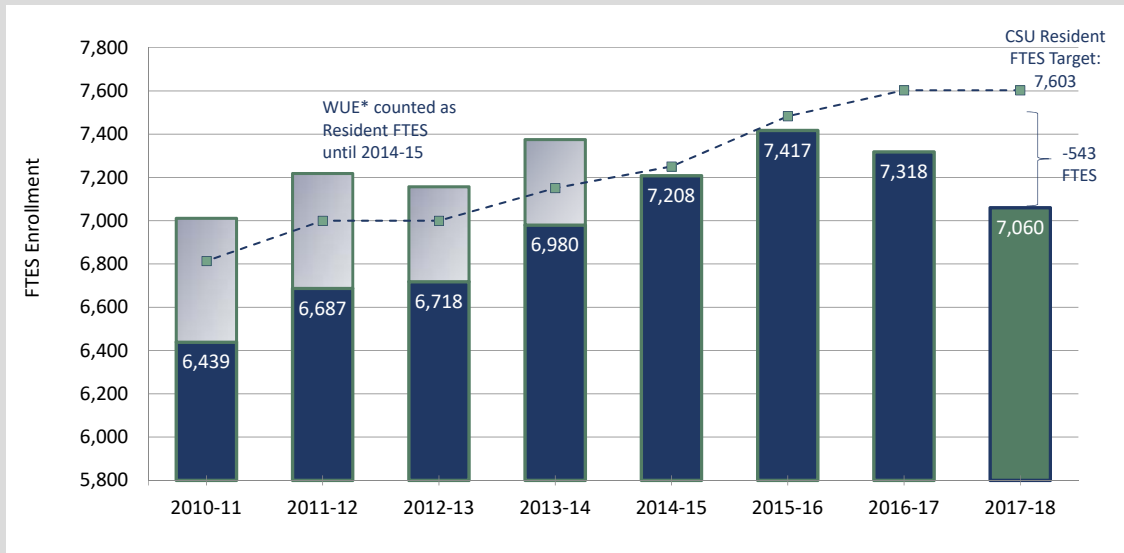
← CSU Target: 7,603

Other Variables

- Student mix (i.e. part-time/full-time, undergrad/grad)
- Fall to spring drop
- Headcount/FTES ratio (Average Unit Load)

HSU enrollment target established in collaboration with Cabinet, Enrollment Management, and Institutional Effectiveness

Total Annual Resident FTES Trends



*WUE: Western Undergraduate Exchange

Sources: HSU IE Website, CSU Budget Website

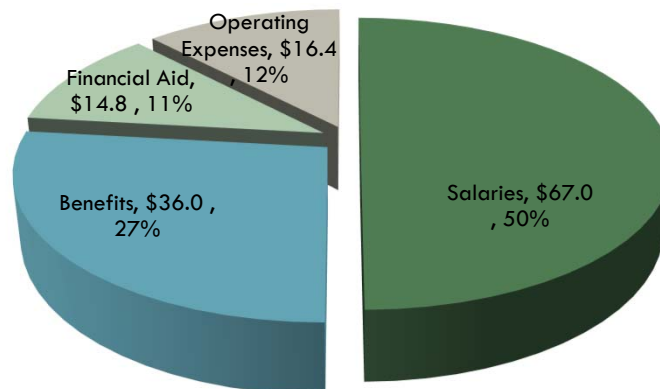
HSU's Operating Fund Expenditures

Budgets and Trends

2017-18 HSU Expenditure Budget Changes: \$5.95m

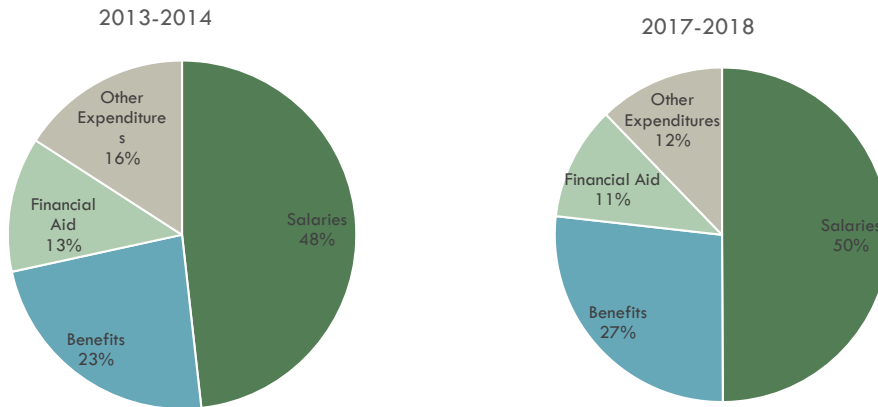
- ▣ Compensation & Benefit Increases: \$5.1m
- ▣ State University Grant (SUG): \$804k (1/3 set aside of tuition increase)
- ▣ Dedicated Revenue Budget Allocated to Departments: \$255k
- ▣ CMS Loan Paid Off: -\$820k
- ▣ Graduation Initiative 2025: \$2.1m (detail on next slide)
 - ▣ Base Budget Savings from Items Shifted to GI 2025 Funding: -\$650k
- ▣ Base Allocations: \$390k
 - ▣ Title IX: \$150k, Web Hosting: \$40k, ATI: \$100k, Sustainability: \$100k
- ▣ Phase 1 Realized Savings/Reductions: -\$1.3m (\$0.2m on revenue side = \$1.5m total)

2017-18 Operating Fund Uses: \$134.2 million



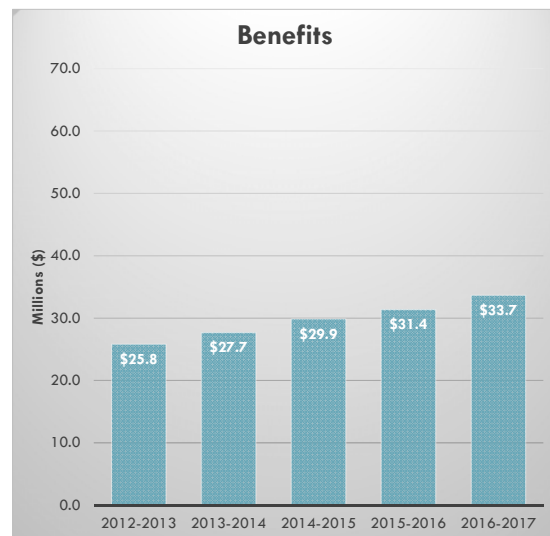
- 77% of the Budget is Salaries and Benefits costs
 - Excluding Financial Aid: 86%

Expenditure Comparison by Category



Note: Budget data excludes centrally held deficit

Personnel Expenditure Trends - Actuals



Graduation Initiative 2025

Metric	2025 Goal	Current Rate
Freshman 4-Year Graduation Rate	30%	14%
Freshman 6-Year Graduation Rate	56%	46%
Transfer 2-Year Graduation Rate	38%	26%
Transfer 4-Year Graduation Rate	79%	69%
Gap – Underrepresented Minority	0	13 % points
Gap - Pell	0	8 % points

Strategies for Improving Retention & Graduation, 2016-17 long-term goals (GI 2025 April 2017 Report, page 2):

- Improving students' first-year experience
- Enhancing advising and pathways
- Increasing retention through student support
- Increasing students' success in low-completion-rate courses

GI 2025 2017-18 Base Funding (\$2.1 million)

- Fall 17 Tenure Track Faculty: \$1million
- Fall 18 Tenure Track Faculty: \$500k
- RAMP: \$150k
- Student Support (ALEKS, CurricuLog) Software: \$50k
- TBD Allocations: \$408k

GI 2025 One-Time Funding (\$1.5 million)

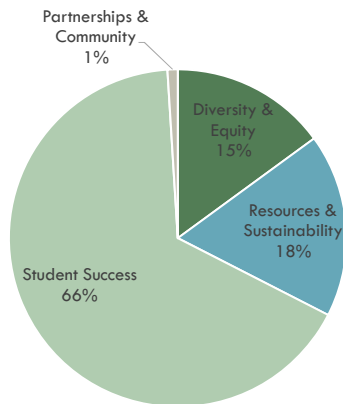
funding a variety of one-time initiatives (e.g. extra sections, advising support, DARS personnel support, parent & family program, Klamath Connection cost match, software, growth mindset module)

- 2016-17 Allocation: \$950k
- 2017-18 Allocation: \$337k
- 2017-18 Earmarked Allocation: \$260k
 - Academic Preparation: \$140k
 - Data Driven Decisions/Financial Literacy: \$120k

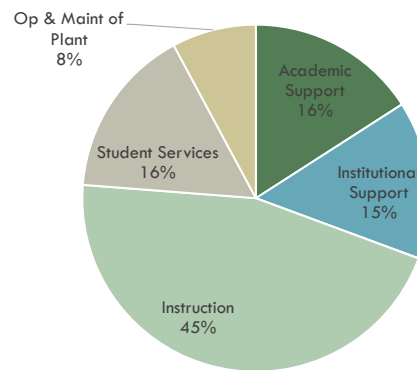
Base Budget Allocations History

8 Year Total: \$7.6 million

Strategic Plan Goals



FIRMS/NACUBO Programs



Phase 1 Update

- ▣ \$1.5 million realized
- ▣ Handout with updates

Planning Considerations

Budget Challenges/Opportunities

- Limited increases from the state / the economy
- Base budget deficit: \$1.6 million
- Existing deficits: academic colleges had \$2.4 million shortfall in 16-17, Athletics close to \$900k
- Enrollment, retention, and graduation rates (GI 2025)
- Unfunded mandates / cost increases not fully funded
 - Accessible Technology Initiative (ATI), Title IX, etc.
 - GSIs, retirement rate increases (Most recent CalPERS projection anticipates employer contribution rates will grow to 38.4% by 2023-24 (currently at 28.4%) – resulting in 2023-24 percentage benefits rate over 46%)
- Balancing the need to build reserves with deficit reality
- Spending per FTES levels higher than peers

State Funding/Economic Outlook

- Governor signaling a 3% General Fund increase to CSU in 2018-19 (instead of 4% to 5% in recent years)
- Economy still showing moderate growth, yet we are overdue for another downturn (see chart)

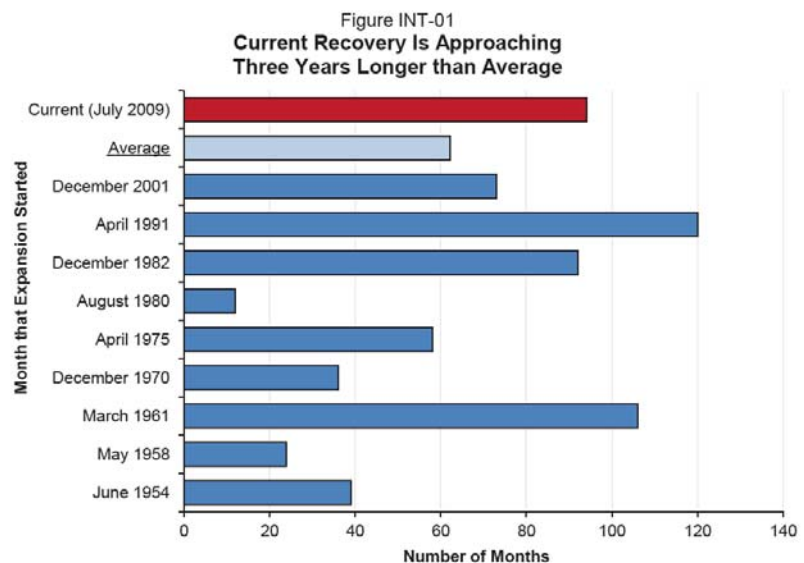
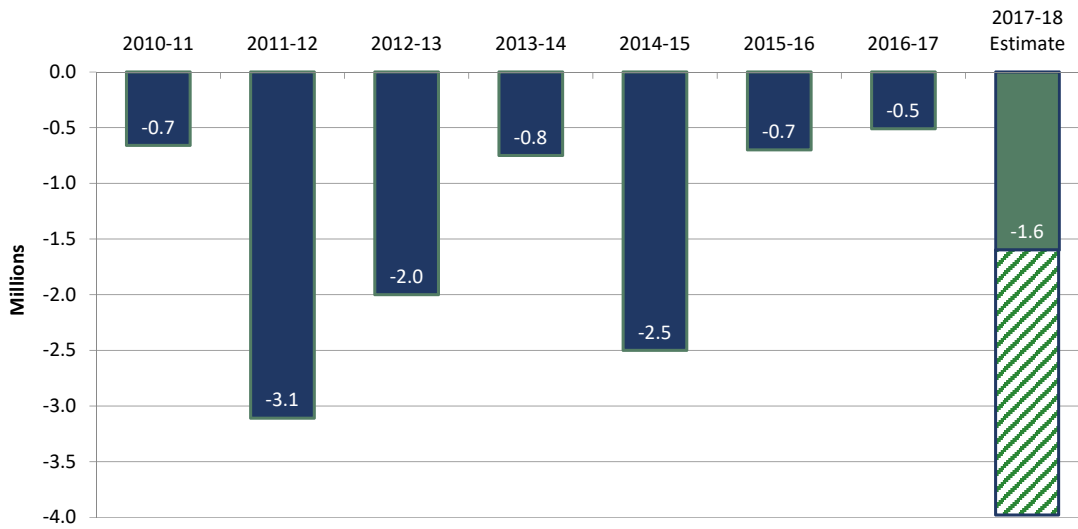


Figure INT-01 Source: Governor's 2017-18 May Revision

HSU Centrally Held Base Budget Deficit History* (in millions)



* NOTE: University level deficit reflected in green, existing structural deficits within the divisions reflected in green lines

Sources: HSU Budget Website, HSU IE Website, 2017-18 Budget Planning

Operating Fund Reserve Policy and Existing Levels

Reserve Funds	Target %	~ Target \$	Current %	Current \$	% of Target
Operating Reserve	10%	\$13.4m	4.7%	\$6.3m	47%
Maintenance Reserve	.5% of CRV*	\$4.4m	.2% of CRV*	\$2m	45%
Capital Reserve	10% of CP**	\$9.1m	.6% of CP	\$5.5m	5.5%
	.5% of CRV*	\$4.4m		0	0%

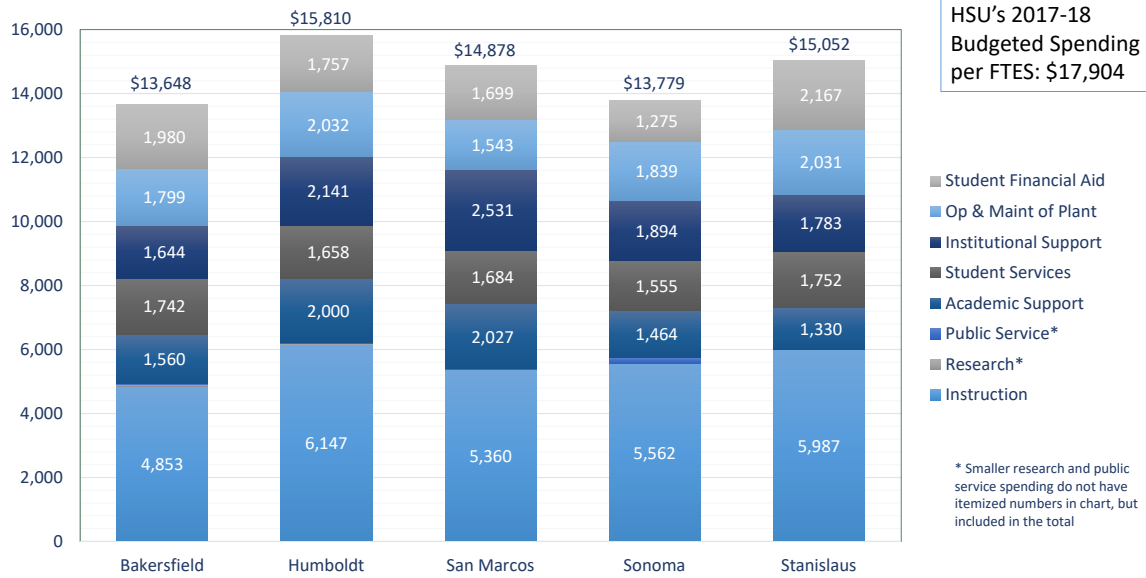
*CRV = Current Replacement Value – HSU's CRV is \$880m based on recently completed facility condition audits

**CP = CSU Five-Year Capital Plan, HSU Projects – \$91.4m in Academic Projects in 2017-18 through 2021-22 plan

HSU Operating Fund Reserve Policy link:

CSU Five-Year Capital Plan link: http://www.calstate.edu/cpdc/Facilities_Planning/majorcapoutlayprogram.shtml

2015-16 Spending (Cost) per Full-Time Equivalent Student (FTES) - 7,000-10,500 FTES Campuses*



Breakout Session

Prioritize URPC work for AY 2017-18

- Small groups – 15 minutes
- Full group discussion – 15 minutes

President's Charge to URPC – Action Items

- Finalize strategic asset guidelines; continue to implement strategic budgeting concepts in budget plans
- Recommend a balanced budget for 2018-19
- Develop a communication/engagement strategy for how the URPC involves the University community in the budget planning/reduction process
- Continue to formalize approach to multi-year budget planning
- Develop and recommend guidelines for how unspent funds are “rolled forward” at the end of a fiscal year