

Budget Update

January 18, 2019



Agenda

- State and CSU Updates
 - CSU Support Budget Request History
 - Governor's Budget Proposal
 - Historical Periods of Recovery
- Enrollment Trends
- Compounding Resource Gap
- 2019-20 Planning Summary

CSU Budget Request vs. State Funding

Fiscal Year	CSU Request	State Plan (Governor's Budget)	Actual Allocation (Final Budget)
2013-14	\$371.8 million	\$125.1 million	\$125.1 million
2014-15	\$237.6 million	\$142.2 million	\$142.2 million
2015-16	\$216.0 million	\$119.5 million	\$216.0 million
2016-17	\$240.4 million	\$139.4 million	\$154.0 million
2017-18	\$346.0 million	\$157.2 million	\$177.2 million
2018-19	\$283 million	\$92 million	\$197.2 million
2019-20	\$554 million	\$300 million	

2019-20 CSU Budget Request

Incremental Expenditure Increases	Range (in millions)
Graduation Initiative 2025	\$75.0 million
Enrollment Growth (5%)	\$206.1 million
Academic Facilities & Infrastructure	\$80.0 million
Compensation Increases	\$147.7 million
Mandatory Cost Increases	\$45.4 million
Total Incremental Budget Request	\$554.3 million

→ \$45 million included in Governor's Proposal

→ \$62 million (2%) included in Governor's Proposal
\$0 to HSU – under target

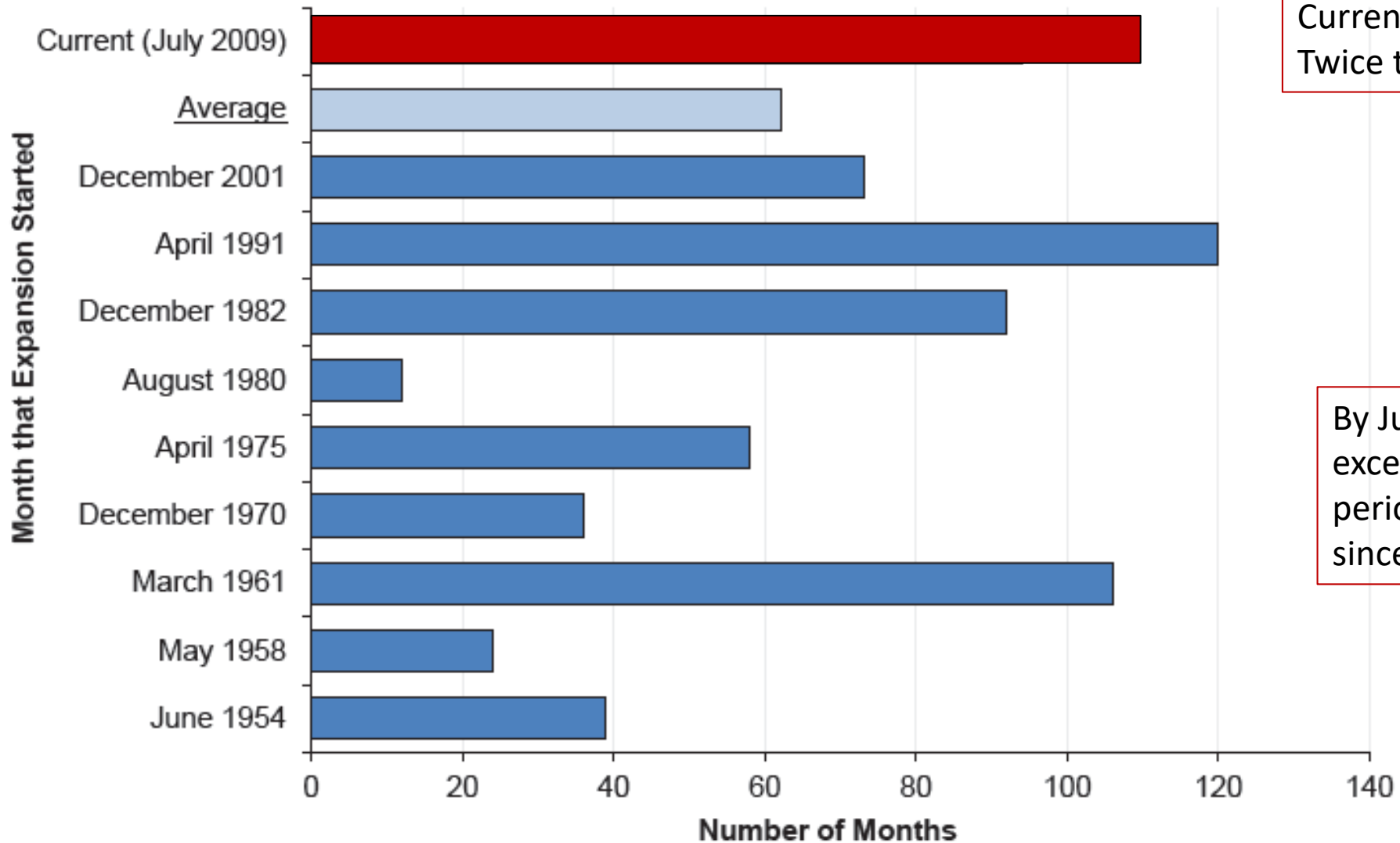
} Mandatory Costs: \$193 million
Fully covered in Governor's Proposal

Governor's Proposal: CSU One-Time Funding

- \$15 million for Basic Needs to address student food insecurity and homelessness
- \$247 million to help address deferred maintenance backlog and improve/expand on-campus childcare centers

Looking Ahead...New Governor and Economic Outlook

Historical Recovery Trends:

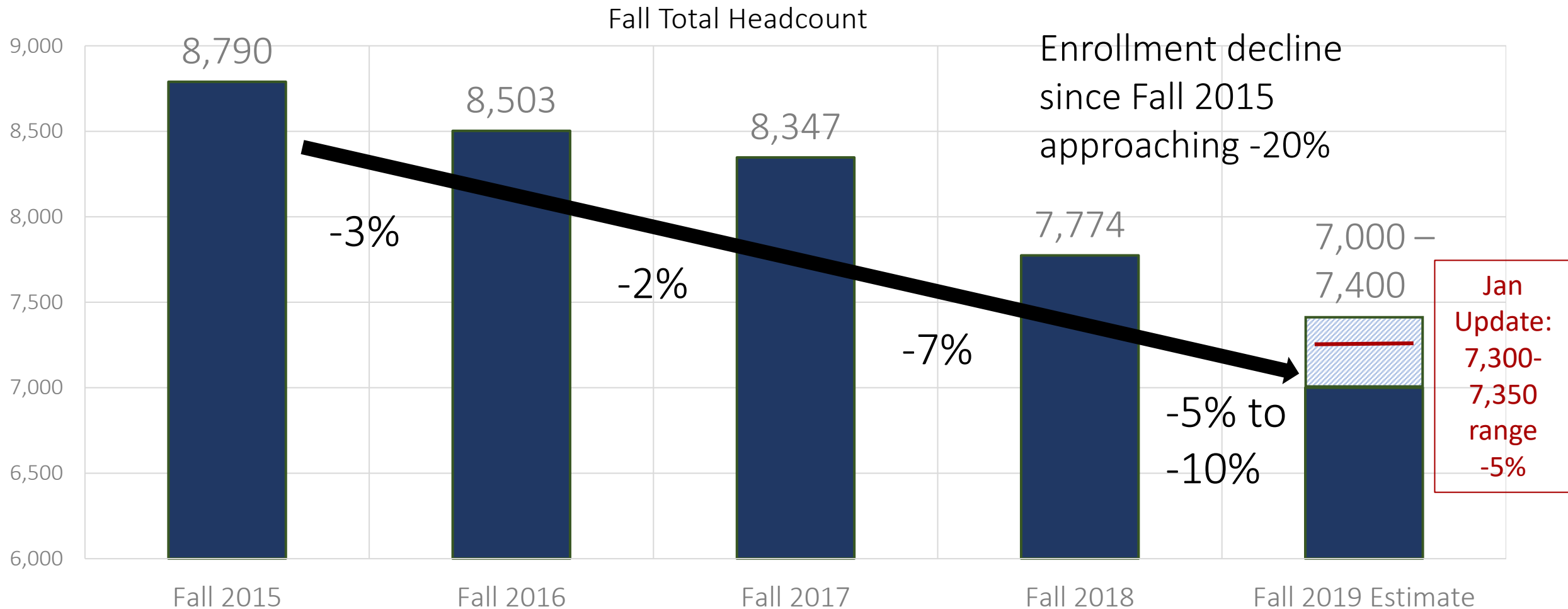


Current Recovery Is Nearly Twice the Average Length

By July 2019, will have exceeded longest period of recovery since World War 2

Source: 2017-18 Governor's May Revision (updated), 2018-19 Governor's Budget

In summary, our enrollment is dropping...

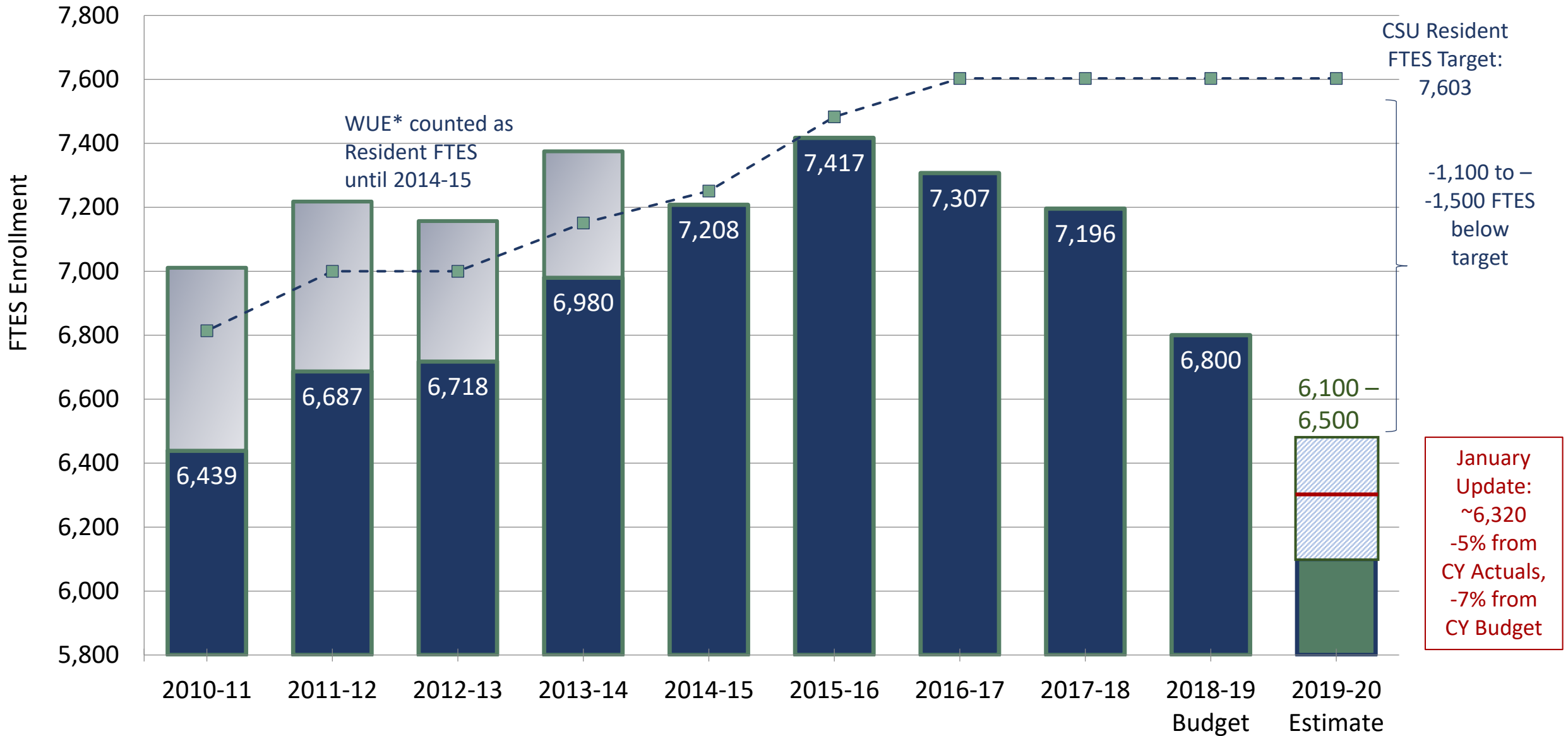


“good” reasons - more student graduating, and more quickly

“not so good” reasons - less students choosing HSU and less staying

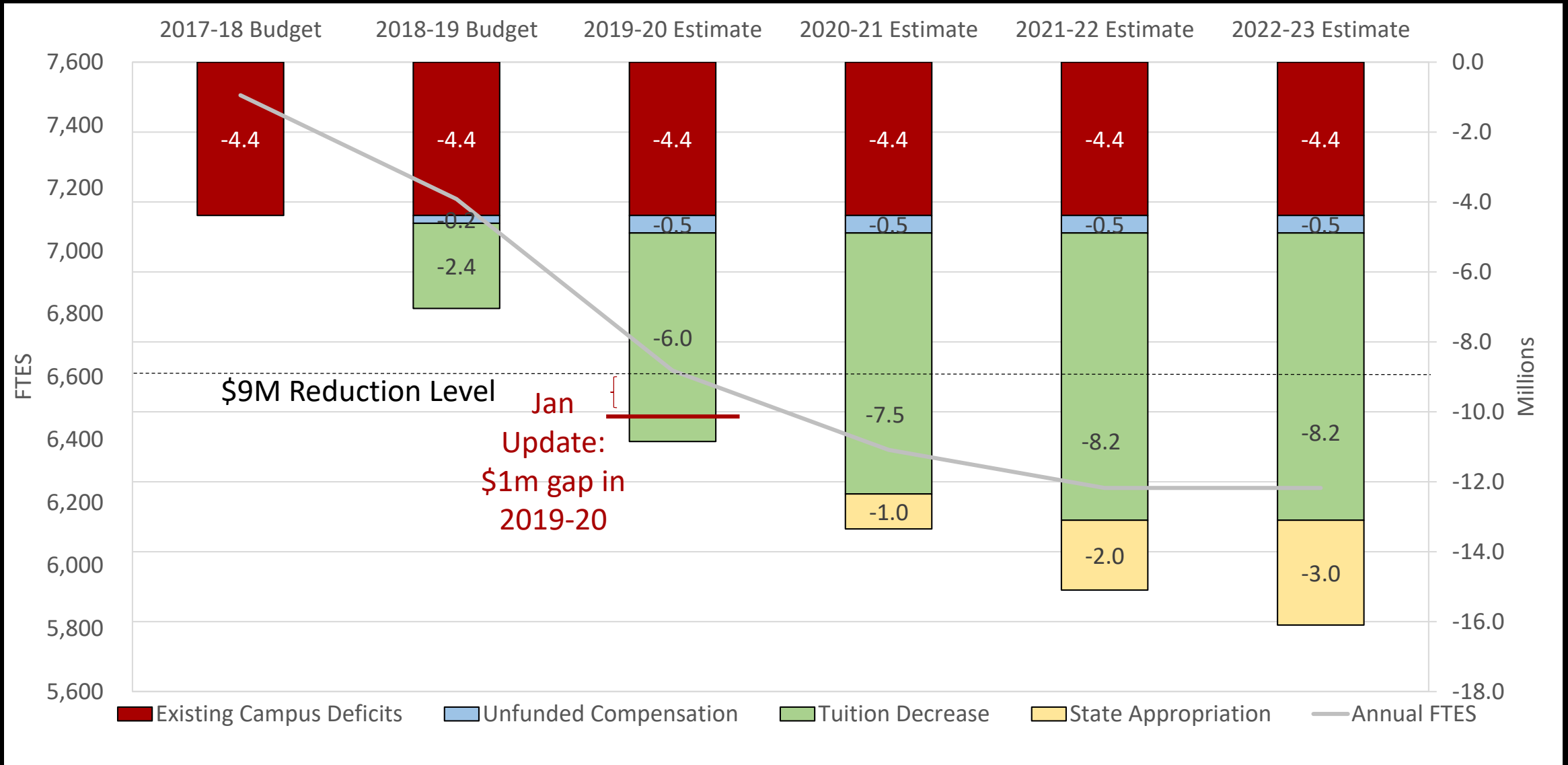
Annual Resident FTES Trends

~1,300 below target - \$8 million state appropriation vulnerability



*WUE: Western Undergraduate Exchange

Compounding Resource Gap Effect of Declining Enrollment – December 2018 Estimate



2019-20 Planning Summary

- Anticipate compensation and benefits increases will be fully funded
- Likely to receive additional GI 2025 funding, not sure how much
- 2018-19 planning assumed a \$7 million deficit growing to \$9 million in 2019-20
 - Now projected to grow to \$10 million due to larger enrollment decline
 - Results in additional \$1 million gap to address
- 7% budgeted enrollment decline impacts student fees supported programs as well