Enrollment Assumptions

1. **Resident FTES**: The CSU resident FTES target for HSU for 2017-18 is 7,603 FTES. This target remains unchanged from the 2016-17 target. For planning purposes, the HSU Resident FTES target is 7,060 for 2017-18, based on 7,050 academic year (fall and spring) FTES and 10 FTES associated with summer. This target represents a 3.5% drop from 2016-17 and reflects the second straight year of declining enrollment after several years of growth. This is a significant concern as HSU is projecting to be 543 FTES short of the system's target for HSU, putting HSU in a vulnerable situation because HSU is receiving funding from the system to educate more students than are currently enrolled. For budget planning purposes, enrollment is projected flat in future years.

   Western Undergraduate Exchange (WUE) FTES: 2017-18 budget decrease of 30 FTES, from 320 FTES to 290 FTES, based on a multi-year declining trend in our WUE students. Projected flat thereafter.

   Out-of-State FTES: 2017-18 budget decrease of 5 FTES, from 95 FTES to 90 FTES, to reflect the current year decrease in our Out-of-State students. Projected flat thereafter.

   International FTES: 2017-18 budget decrease of 15 FTES, from 70 FTES to 55 FTES, to reflect the current year decrease in our International students. Projected flat thereafter.

Revenue Assumptions

2. **State Appropriation**:
   a. The Preliminary CSU Budget Memo, released April 24, 2017, provides HSU with an additional $3.868 million, based on the CSU General Fund increase of $157.2 million included in the Governor's January budget proposal. However, this General Fund increase is significantly less than the CSU Support Budget Request increase of $324.9 million, resulting in insufficient revenue to support all priorities included in the CSU Support Budget Request. In combination with the tuition increase, the additional funding will support Graduation Initiative 2025 activities, State University Grant increases (approximately 1/3 of the tuition revenue increase), union negotiated compensation increases, and mandatory costs.

      For planning purposes, we are estimating a 4% state appropriation increase in future years. This does not factor in potential changes in federal funding or a possible economic downturn, which could dramatically reduce the State's ability to maintain, let alone increase, our funding level.

   b. Retirement: In addition to the annual General Fund allocation, the State continues to fund retirement cost increases, but only based on 2013-14 pensionable payroll levels. Therefore, retirement increases related to any payroll increases beyond our 2013-14 level will have to be absorbed by the campus and/or system. This year, HSU will receive funding for 96% of the calculated retirement rate increases, resulting in 4% that HSU has to cover. In future years, it is anticipated that HSU will have to cover an additional 2% each year due to rising compensation costs and personnel growth. (corresponding expenditure entry – see note 8).

3. **State Tuition Fee, Non-Resident Tuition and MSF Fees**: Tuition revenue changes are based on a combination of decreased revenue associated with declining enrollment and increased revenue from the tuition increase (approximately 5%) as reflected in the chart below.

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	45,933,000	(1,990,000)	2,225,000	46,168,000

Changes in student mix, average unit load, and waivers also impact tuition revenue. Additional information regarding enrollment and revenue planning is available on the Budget website.

The Materials, Services and Facilities Fee (MSF) revenue budget is $2,527,000, reflecting a slight decrease from decreased enrollment that is mostly offset by a 1.8% fee increase, based in the Higher Education Price Index (HEPI).

4. **Other Fees and Revenue**: Most of these fees and revenue sources are dedicated to specific areas and any revenue changes generally include a corresponding expenditure entry. The net change in 2017-18 reflects increases in budgeted fee revenue and cost recovery. (Dedicated Budget Allocated to Depts – see note 10).

Expenditure Assumptions

5. **GSI/SSI Pool – Current Commitments**: 2017-18 amount reflects current commitments related to existing bargaining agreements. In 2017-18, the faculty GSI is 3.5%; in addition, there is an SSI component, which the system has estimated will be approximately 1% additional (on average) but will be specific to employees - therefore, we are using a 4.5% average increase for faculty in our budget planning. Currently, staff will receive 2% in 2017-18 as a result of the "fairness clauses" from last year's faculty negotiations, with the exception of Unit 8 – Public Safety, who negotiated a 2% increase separately from the fairness clauses. Future compensation increases are estimated at 2% each year.
6. **GSI Pool – New Commitments**: Reflect an estimated 3% pool for represented and non-represented employees that do not currently have a bargaining agreement in place for 2017-18; however, negotiations that are still underway. The estimate is consistent with the 3% new commitments pool included in the CSU Support Budget Request.
7. **Health/Dental Benefits**: Reflect an annual increase of approximately 5% (five-year average).
8. **Retirement Benefits**: Retirement rates increased by 6.3% in July 2016. Rate increases in future years of about 8% are based on the long-term retirement rate projection provided by CalPERS on May 1, 2017. The rate increase projections reflect significant increases in retirement costs in future years. Since the State will only cover cost increases based on 2013-14 payroll levels, we estimate our portion of the cost will grow annually (corresponding revenue entry – see note 2b).

9. **State University Grant (SUG):** Reflects the SUG increase included in the preliminary CSU Budget Memo based on a one-third set aside of revenue, in combination with student need by campus.
10. **Dedicated Budget Allocated to Depts**: When revenue increases or decreases for dedicated revenue streams (i.e. MSF Fee, MBA Fee, Cost Recovery), the expenditure budget increases or decreases by the same amount. (Reflects net neutral activity).
11. **CMS Loan Payment Decrease**: The CMS Loan is fully paid off. This frees up $820,000 in base budget in 2017-18.
12. **Graduation Initiative (GI) 2025 Funding**: The preliminary CSU Budget Memo allocated $2.108 million to HSU to support GI 2025 initiatives. While specific GI 2025 allocations are still being determined, a preliminary list is provided at the bottom of the budget planning spreadsheet. HSU must provide annual reports regarding how this funding is advancing GI 2025 efforts.
    a. **Less existing base budgeted items shifted to GI 2025 funding**: Reflect recent base commitments that are directly related to advancing GI 2025 efforts.
13. **Base Allocations – Ongoing One-time Activities**: Reflect ongoing one-time funded activities that are being incorporated into the base budget, having determined that they are ongoing activities that require a base commitment.
14. **Phase 1 Reductions/Savings (@ 90% achievement)**: Phase 1 reductions are currently being implemented and the 2017-18 amount of $1.51 million reflects achievement of 90% of the outlined reductions. Additional detail regarding Phase 1 is available on the Budget website.
    a. **Phase 1 "new sources" reflect increased revenue, not reductions**: Of the Phase 1 items, $237,000 is attributable to new revenue sources which will increase the revenue budget rather than reduce the expenditure budget, so this amount has shifted to be reflected as part of the revenue budget.
15. **Phase 2 Reductions/Savings (@ 70% achievement)**: To achieve a balanced budget by 2018-19 given current planning assumptions, 70% of Phase 2 savings ($1.435 million) will need to be realized in 2018-19. Phase 2 discussions are currently underway and the URPC has requested a detailed plan by the end of October 2017.
16. **One-Time Allocations**: Reflect one-time allocations to support Athletics ($500k) and ADA accommodations and the Behavioral Intervention Team (BIT) ($70k).
17. **One-Time Savings**: $2.19 million in one-time savings from 2016-17 will be leveraged to offset the remaining deficit in 2017-18 and maintain existing reserve levels. A majority of the one-time savings will come from recouping benefit savings from the divisions.