

URPC Meeting

January 20, 2017

URPC Agenda

- Governor's Budget
- CSU Support Budget Request
- Preliminary 2017-18 Budget
 - Spending Context
 - Enrollment
- 5% Planning

Governor's 2017-18 California Budget Proposal

January 10, 2017

<http://www.ebudget.ca.gov/budget/2017-18/#/BudgetSummary>

Note: Slides are from the Budget Proposal Summary

Governor's 2017-18 CA Budget Proposal

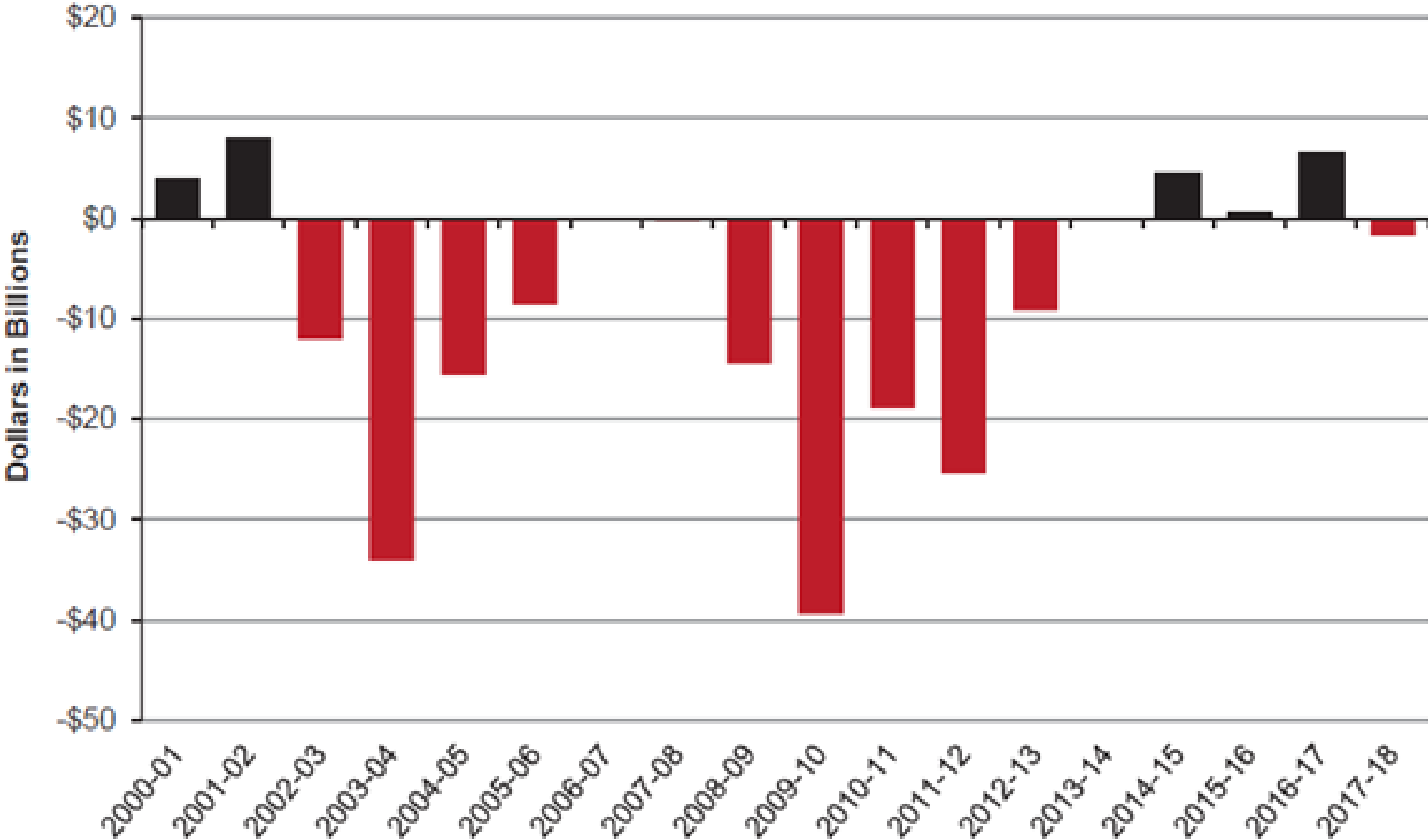
Governor emphasizing **prudence**

- Volatile revenue – high reliance on income taxes
- Recovery three years longer than average
- High level of uncertainty regarding federal funding
- Need to build reserves

2017-18 CA General Fund Budget: \$122.5 billion (-.2%)

- Without corrective action, deficit would be \$1.6 billion
- Proposing \$3.2 billion in corrective actions

Figure INT-01
Balanced Budgets Have Been Quickly
Followed by Huge Deficits^{1/}



^{1/}Budget shortfalls or surplus, measured by the annual Governor's Budget.

Figure INT-05
**Current Recovery Is Approaching
Three Years Longer than Average**

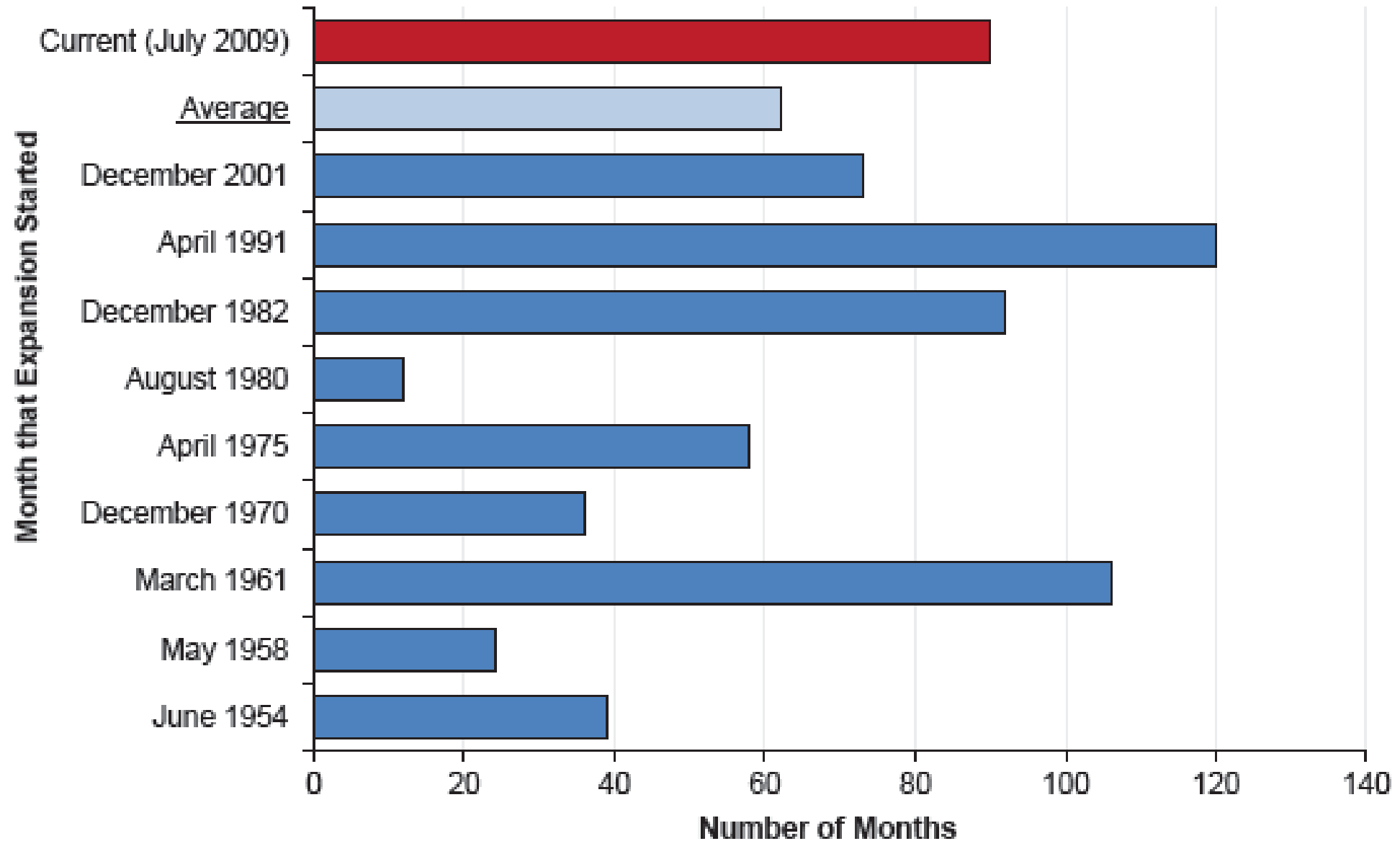
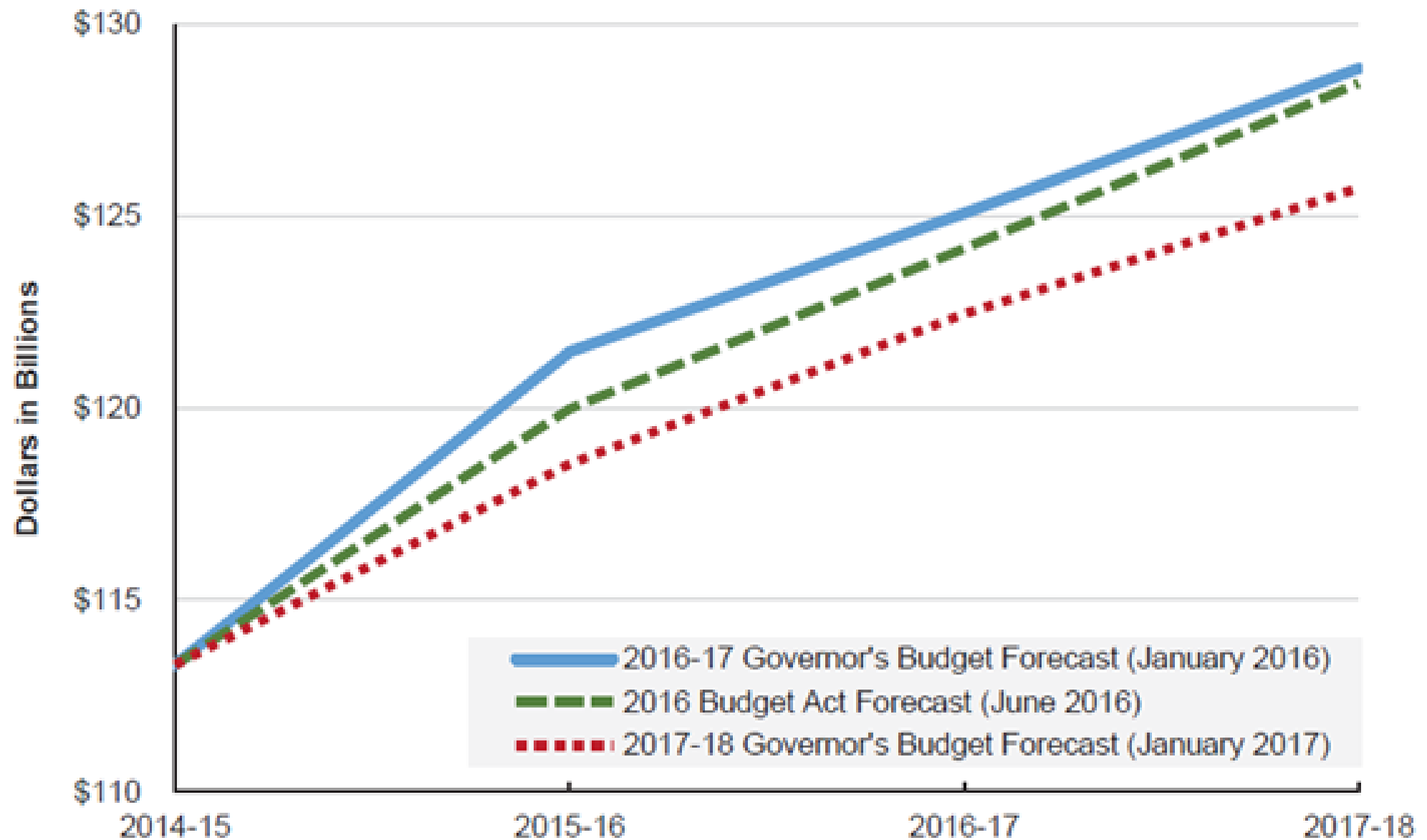


Figure INT-02
Tide of Revenues Has Begun to Turn



2017-18 CA Budget Increase for CSU

New Allocations: +\$161.2 million

- \$157.2 million General Fund increase (2% overall budget increase)
- \$5 million for capital outlay changes from debt shifting to CSU

Does not fully fund CSU Support Budget Request

2017-18 CSU Support Budget Request to the State

<https://www2.calstate.edu/csu-system/about-the-csu/budget/2017-18-support-budget/Pages/default.aspx>

CSU Support Budget Request

Anticipated Revenue

- | | | |
|---|----------------|----------------|
| • General Fund Revenue from Governor's Funding Plan | \$157.2 | million |
| • Net Tuition from Enrollment Growth | \$18.8 | million |
| • Board of Trustees Additional Request | \$167.7 | million |

Total Anticipated Revenue

\$343.7 million

Proposed Incremental Expenditures:

- | | | |
|---|---------|---------|
| • Graduation Initiative 2025 | \$75.0 | million |
| • Compensation: Current Commitments | \$139.1 | million |
| • Compensation: New | \$55.1 | million |
| • Full-Time Equivalent Student Growth: 3,616 FTES | \$38.5 | million |
| • Facilities and Infrastructure Needs | \$10.0 | million |
| • Mandatory Costs | \$26.0 | million |

Total Incremental Expenditures

\$343.7 million

2017-18 Preliminary HSU Budget Planning

2017-18 HSU Operating Fund Budget

Anticipated deficit between \$3-\$4 million

- Close to \$5 million including one-time funding and deficits in colleges

Preliminary 2017-18 enrollment decrease of ~3%

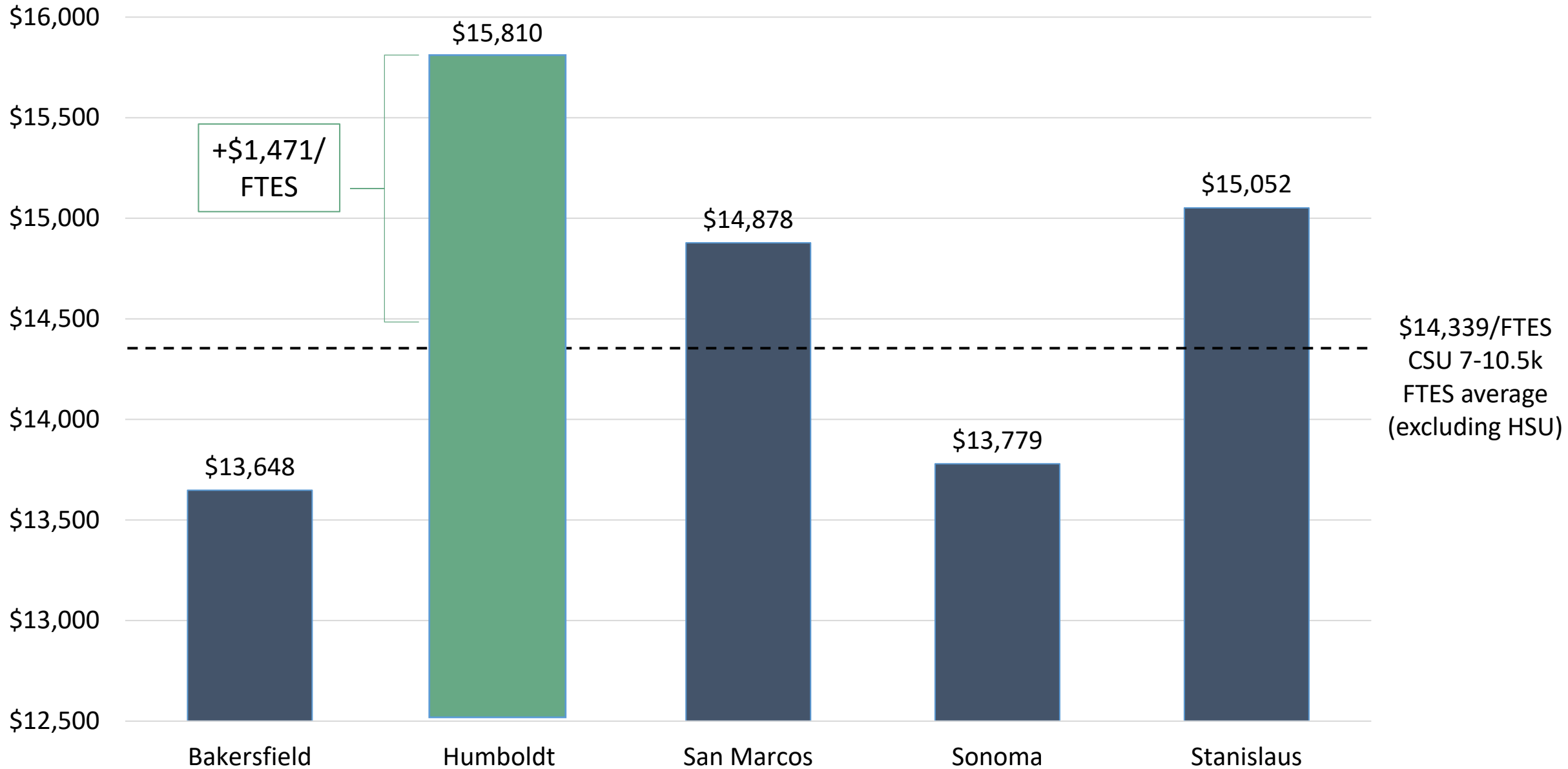
Still a lot of unknowns

- State funding
- Possible tuition increase
- Enrollment
- New compensation commitments – still in negotiations

Spending Context

2015-16 Spending per FTES Comparison to Similar Sized CSU Peers

2015-16 Spending per FTES (7,000 – 10,500 FTES CSU Campuses)



HSU would spend \$_____ LESS if our spending per FTES was the same as...

Similar sized CSU peer average (\$14,339/FTES)

Bakersfield (\$13,648/FTES)

\$11.7M

\$17.1M

We spend **10%**
more per FTES

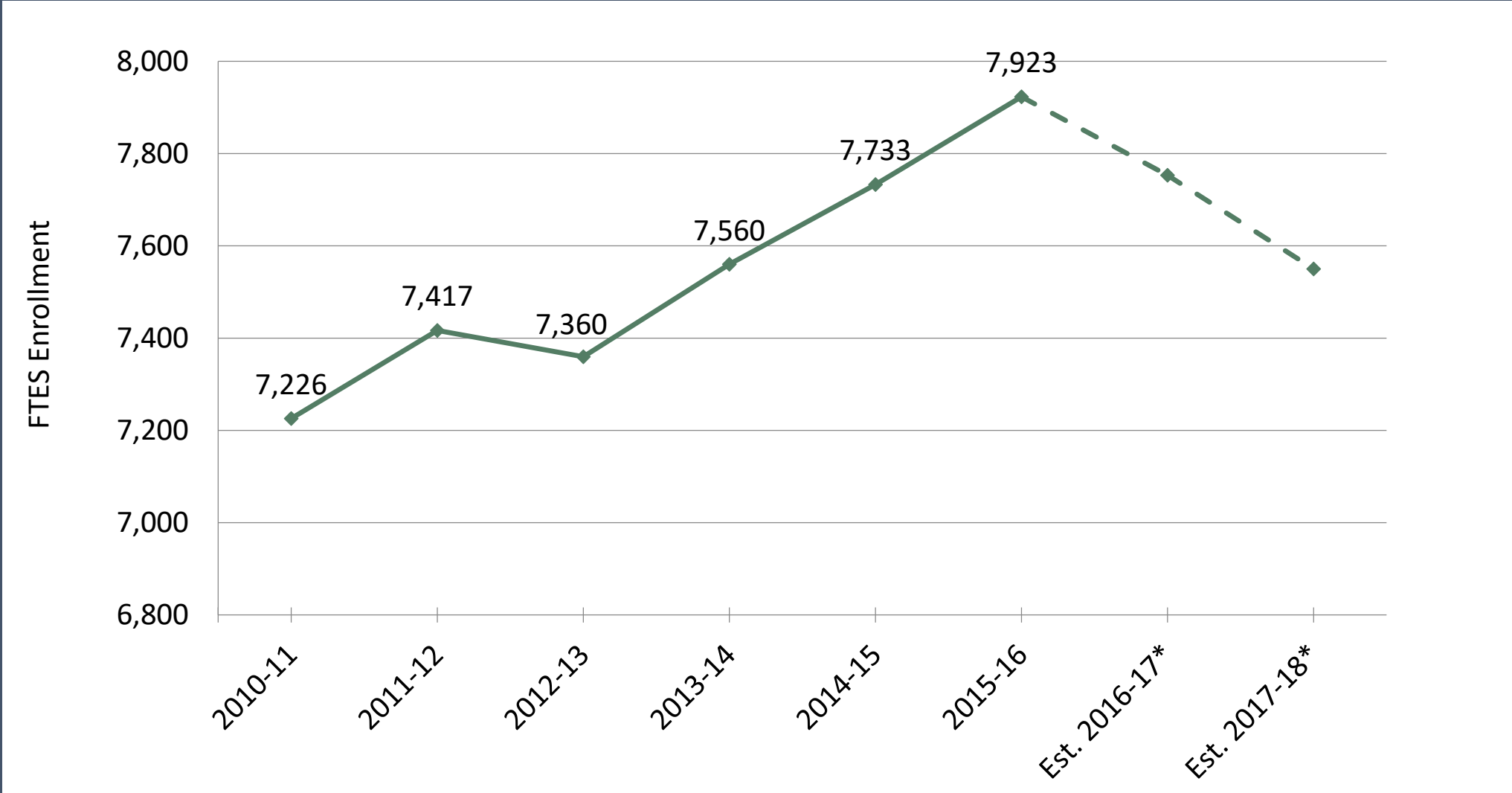
We spend **16%**
more per FTES

2015-16 Spending Comparison by Functional Category (FIRMS/NACUBO Code)

FUNCTIONAL CATEGORY	HSU	BAKERSFIELD	DIFFERENCE	% HIGHER
Instruction	6,147	4,853	1,294	27%
Research	46	64	(17)	-27%
Public Service	30	7	23	329%
Academic Support	2,000	1,560	439	28%
Student Support	1,658	1,742	(84)	-5%
Institutional Support	2,141	1,644	498	30%
Op & Maint of Plant	2,032	1,799	233	13%
Student Financial Aid	1,757	1,980	(223)	-11%
TOTAL SPENDING PER FTES	15,810	13,648	2,162	16%

Enrollment

Total Annual FTES Trends



5% Planning

5% Planning Target

**5% of 2016-17 base
expenditure budget, excluding
Financial Aid**

\$5.7M

- About 50% of the \$11.7M difference between our spending level and our CSU similar sized peers
- Only 33% of the \$17.1M difference between our spending and Bakersfield
- Even with the 5% reduction, our spending per FTES is still higher than our peers

5% Planning Approach: Focus on -5%

- Two phased implementation approach
 - Phase 1: Initial implementation of options that can be implemented more quickly
 - Phase 2: Big picture redesign ideas with cross-divisional and/or broad University implications – will need extensive campus vetting prior to implementation
 - *Note: Both phases should run in parallel*

Phase 1 Ideas - Categories

New Sources of Funding

- Identify new revenue sources to support operations
- Move existing expenses to alternate funding sources

Budget Savings

- Identify cost savings in existing operations

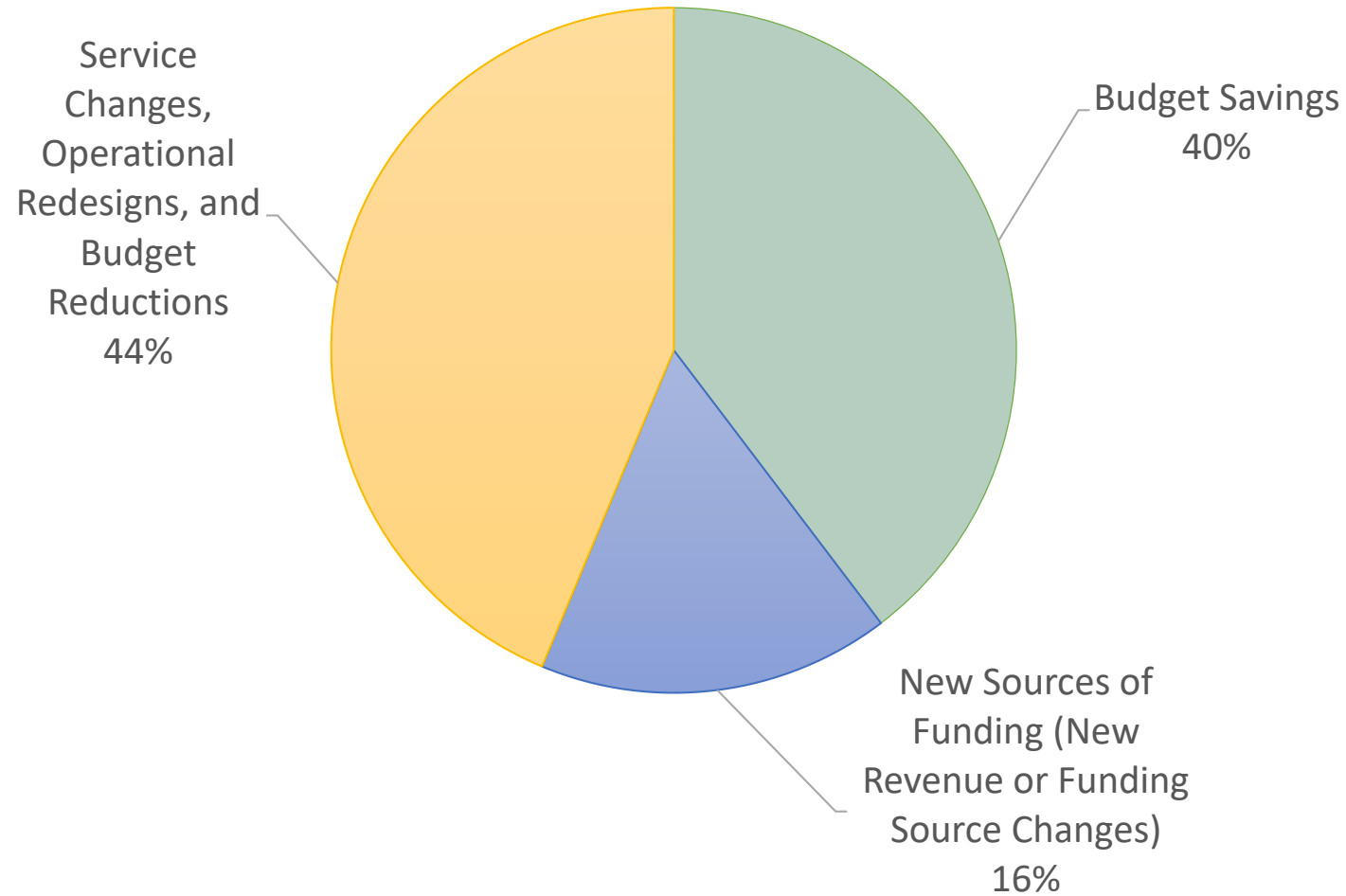
Service Changes, Operational Redesigns, and Budget Reductions

- Eliminate, reduce, or redesign services
- Redesign existing operations to achieve savings

Internal Reallocations

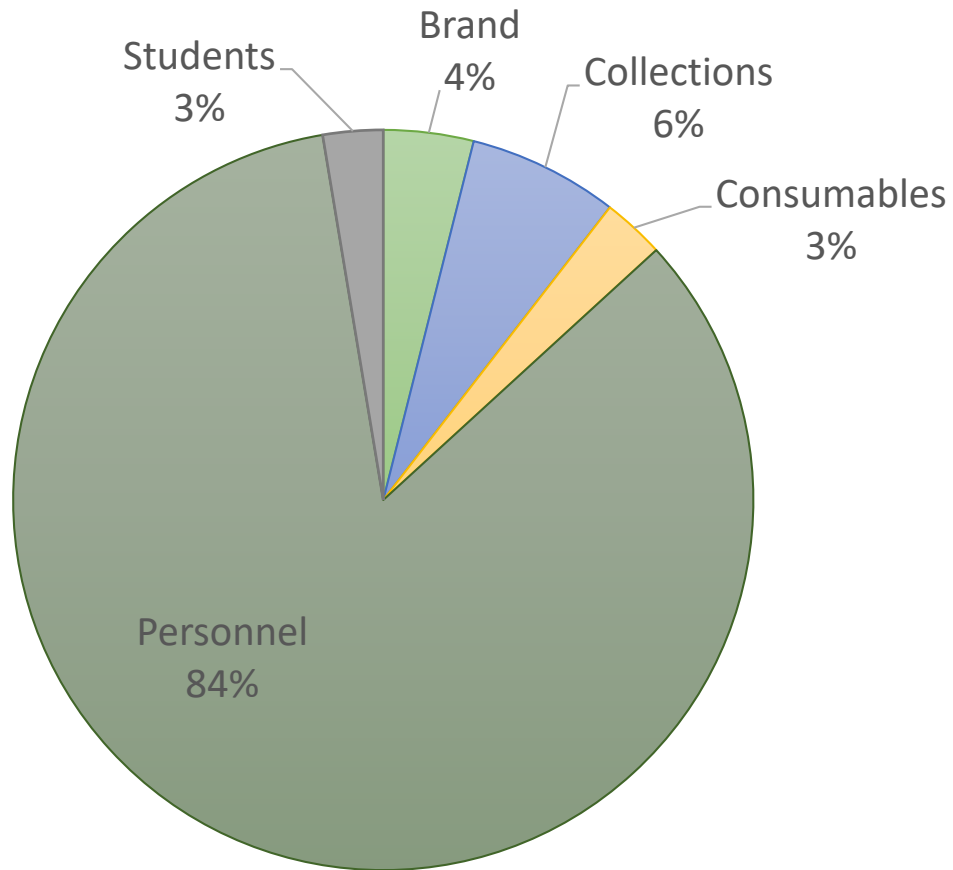
- Reallocate savings to offset deficits or bolster high priority items

Phase 1 Summary: \$2.4 million

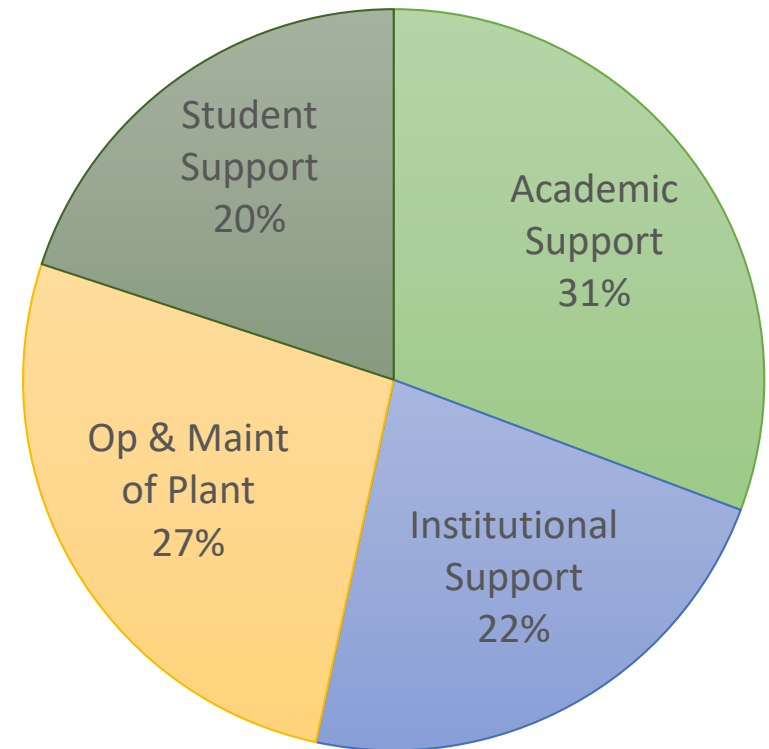


Phase 1 Budget Reductions: \$1.0 million

Breakdown by Strategic Asset Category



Breakdown by Functional Category



URPC 5% Planning Discussion

- Phase 1 options: provide feedback, develop communication plan
 - Are there any glaring omissions that should be considered?
 - Are there any major concerns with the proposed items?
- Phase 2 recommendations: provide feedback on concepts, direction, and how to best engage the campus in this phase of the process