

URPC 2016-17 BUDGET UPDATE

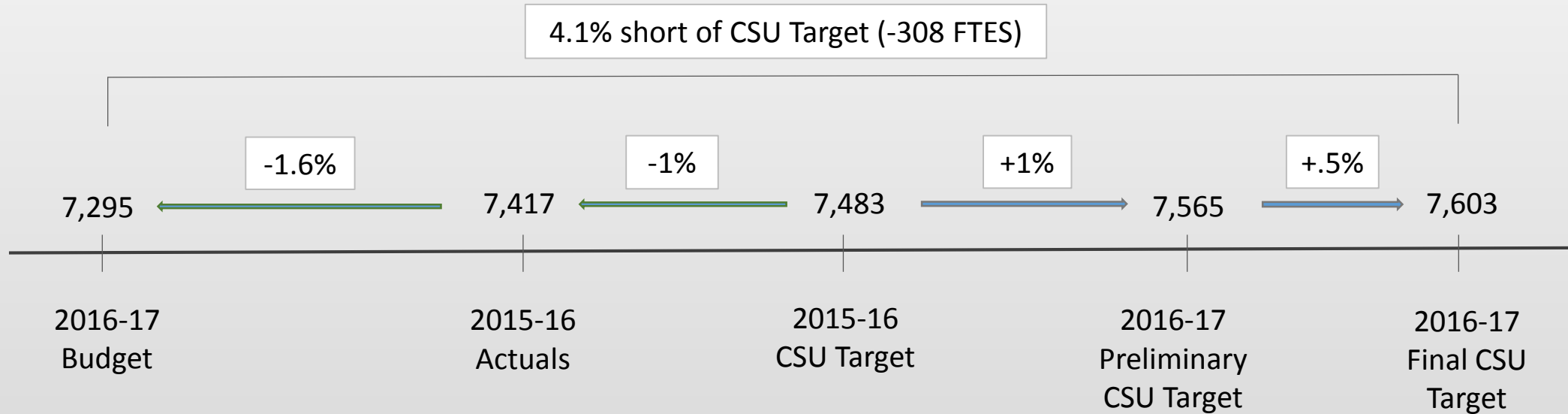
August 26, 2016



2016-17 Budget – Changes in Assumptions

- Changes in Funding and Cost Estimates for Salary Increases
 - Funding from CSU less than projected (-\$69k), salary increases less than projected (+\$130k) – net change +\$61k
 - Campus portion of 2016-17 salary increases: \$736,000
 - CSU covered \$696,000 on a one-time basis in 2016-17
- Changes in Enrollment Projections for Fall 2016
 - Reduced HSU enrollment target for resident FTES from 7,428 to 7,295 (-1.8%)
 - CSU increased our target by +38 resident FTES on top of +82 in the preliminary memo (+120 FTES total), 2016-17 CSU target for HSU: 7,603

HSU Resident FTES Comparison to CSU Targets



State Appropriation Vulnerability:
We are receiving almost **\$1.8 million** for students we are not educating
(308 FTES x \$5,809 per FTES in 2016-17)

Tuition Impact:
Additional 308 FTES would generate about **\$1.7 million** in tuition revenue
(308 FTES x ~\$5,600 per FTES)

2016-17 Budget – Changes in Assumptions

- Funding for Student Success & Completion Initiatives
 - Base funding: \$495k
 - One-time funding: \$445k
- Successful Redirection of Internal Resources
 - Office of Institutional Effectiveness
- Additional One-Time Funding for Specific Purposes
 - Student success, deferred maintenance, faculty compensation (\$696k – not new, part of budget proposal)

2016-17 Budget Update

Description	2016-17 Budget Proposal	2016-17 Approved Budget	Change
Beginning Operating Reserve	5,800,000	5,800,000	-
State Appropriation	73,898,510	74,548,510	650,000
Tuition, Fees and Other Revenue	53,975,135	53,184,135	(791,000)
Total Revenue Budget	127,873,645	127,732,645	(141,000)
Prior Year Expenditure Budget	124,275,637	124,275,637	-
Compensation and Benefit Increases	5,390,000	5,260,000	(130,000)
University Operating Costs & Dedicated Increases	(1,895,297)	(1,894,297)	1,000
Base Allocations	600,000	600,000	-
Base Expenditure Budget	128,370,340	128,241,340	(129,000)
Base Budget Deficit	(496,695)	(508,695)	(12,000)
One-Time Adjustments	(996,695)	(1,008,695)	(12,000)
Total Expenditure Budget	127,373,645	127,232,645	(141,000)
Net Budget Deficit	500,000	500,000	-
Ending Operating Reserve	6,300,000	6,300,000	-
Operating Reserve % of Base Expenditures	4.9%	4.9%	-

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- ❑ State Appropriation \$650k higher than anticipated due to:
 - \$221,000 Enrollment growth funding (+38 Res FTES, total 2016-17 increase +120 FTES -> 7,603 target)
 - \$495,000 Student Success & Completion Initiative Funding
 - -\$69,000 Lower compensation funding than estimated
 - \$3,000 Other adjustments

- ❑ Tuition, Fees and Other Revenue \$791,000 lower due to:
 - -\$748,000 State Tuition Fee reduced based on lower enrollment (-133 FTES)
 - -\$43,000 Materials, Services & Facilities (MSF) Fee reduced based on lower enrollment (-133 FTES)

2016-17 Budget Update

- ❑ Compensation costs reduced by \$130,000 due to unrepresented and Unit 8 employees receiving 2%, not 3%
- ❑ State University Grant (SUG) allocation increased by \$44,000 based on +38 FTES enrollment growth, MSF Fee allocation to departments reduced by \$43,000 due to lower revenue budget
- ❑ One-Time Savings increased by \$12,000 to maintain \$500,000 allocation to Reserves

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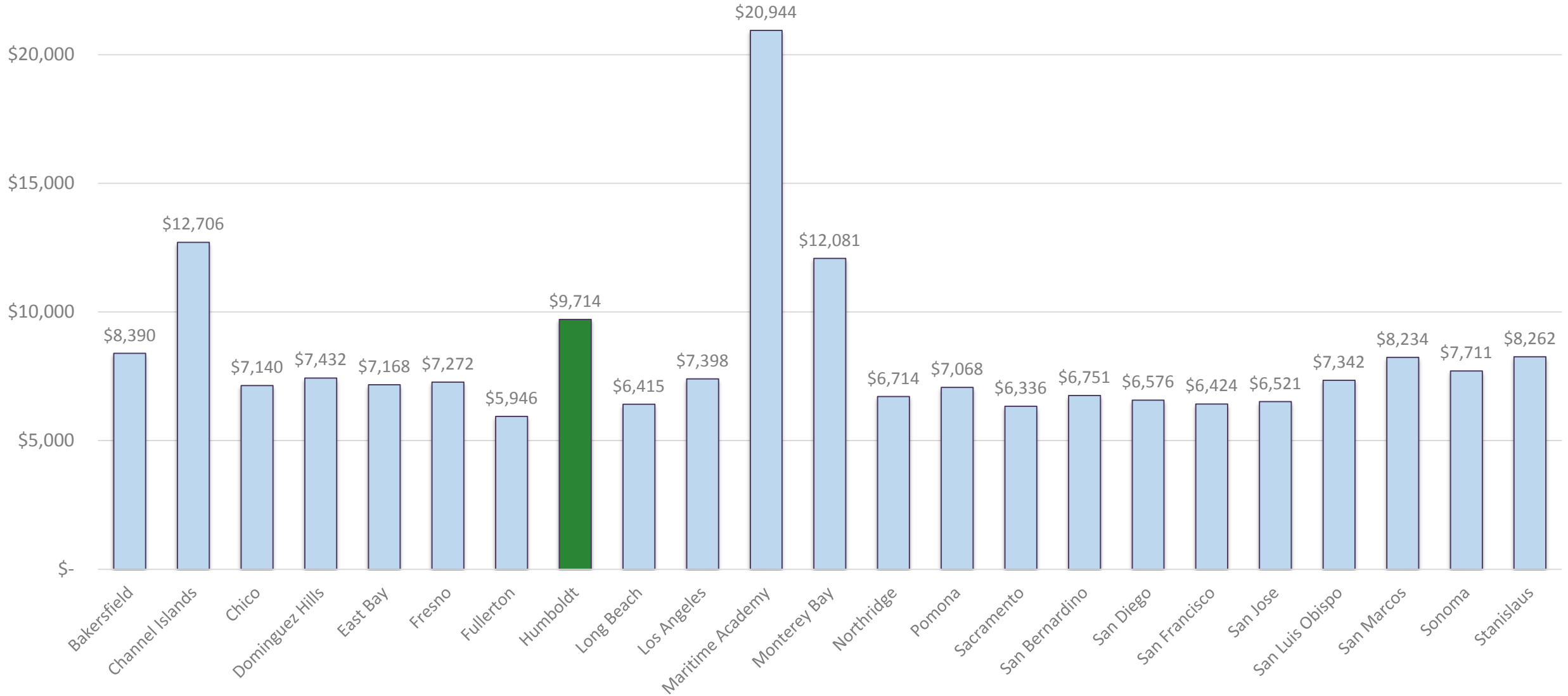
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President's Charge to URPC

- Continuing implementation of strategic budgeting principles and defining strategic assets;
- Recommending a balanced budget for 2017-18 that eliminates the University's structural deficit;
- Beginning the planning process with actual enrollment, not future-year targets;
- Developing multi-year budget plans (at least for two subsequent years);
- Asking all divisions to develop two budget scenarios and describe the impact of a 5% increase to the budget and a 5% decrease in 2017-18, as a tool for understanding strategic priorities and planning and to prepare for the uncertainties of the next fiscal year; and
- Completing and recommending formal reserve policies for both operating reserves and the Capital Improvement Fund

CSU State Appropriation Funding per FTES



2014-15 Spending per FTES (6,000-10,000 FTES)

