

As referenced by President Rossbacher in her recent campus budget update “HSU’s Operating Fund ended 2017-18 in a more positive position than in recent years, reflecting pro-active progress toward implementing reductions and curtailing spending across the campus.” The additional one-time funding supports HSU’s strategic budgeting efforts to build reserves, carve out funding for University strategic initiatives that promote student success, and provide bridge funding for reductions still in progress. The following overview highlights key aspects of the more detailed 2017-18 University Operating Fund Revenue and Expenditure Reports that are available via links within this document and on the Budget website.

2017-18 Operating Fund Budget Balance Remaining (Roll Forward)	
Revenue	266,782
Expenditures (net of \$1.76m transfer to Reserves)	5,298,183
Total Balance Remaining	5,564,965
2018-19 Roll Forward Distributions	
Reduction Bridge Funding	561,520
Restricted/GI 2025/Earmarks	3,610,466
University Strategic Initiatives Pool	500,000
Roll Forward Allocations back to Divisions	892,979

2017-18 Operating Fund Revenue Summary

2017-18 revenue exceeded the budget, resulting in over \$260k in one-time funding available to the campus - a positive shift from ending 2016-17 approximately \$200k under budget.

Why are the Revised Budget & Actuals \$5 million higher than Original Budget?

- State Appropriation (+\$1.001m): The State of California always allocates funding for retirement rate increases during the year, reflected in the Revised Budget and Actuals in the current year; the retirement funding then becomes part of the Original Budget the following year.
 - Note: Retirement cost increases are also part of the Revised Expenditure Budget, with costs exceeding the additional revenue received (2017-18 retirement cost: +\$1.068m)
- State Tuition Fee and Non-Resident Tuition Fee: Tuition budgets are based on HSU’s budgeted enrollment level for the year and are generally not revised during the year. Actuals (+\$110k) reflect slightly higher actual enrollment than anticipated in the budget.
- Materials, Services, & Facilities Fee (+\$41k): Revised Budget is increased to balance to Actual Revenue received – all MSF Fee revenue is distributed to the three academic colleges.
- Other Fees, Revenue & Cost Recovery (+\$3.96m): These revenue sources are budgeted as part of Original Budget if we consistently generate them every year and expect to continue to do so (e.g. cost allocation model cost recovery, telecom/network reimbursements, application fees). Given the one-time nature of many of these revenue sources, the Revised Budget and Actuals are always significantly higher in this category.
 - Allocations from Chancellor’s Office (+\$2.6m): Reflect additional one-time allocations from the Chancellor’s Office for initiatives, one-time allocations included in the California Budget Act, salary increases negotiated after the budget is finalized, CSU funded programs, reimbursements, etc. Specific 2017-18 examples include: one-time GI

- 2025 funding (\$597k), additional compensation allocations for GSIs (\$1.5m), diversity grant awards (\$243k), and various food insecurity/hunger free campus awards (\$196k).
- Cost Recovery (+\$1.2m): Reflects additional cost recovery allocated directly back to the department/area that generates it. The three largest additional revenue activities reflect faculty release time from SPF grants (\$394k), Facilities Management cost recovery primarily from projects (\$188k), and cost recovery from Extended Education related to self-support academic programs (\$174k).

2017-18 Operating Fund Expenditure Summary

In 2017-18, HSU's Operating Fund ended the year with \$7.1m in available one-time funding, spending 95.1% of the budget, compared to a balance of \$5.3m in 2016-17 and 96.1% spent. The higher balance is a reflection of successful campus efforts to reduce spending. Of the \$9m in reductions included in the 2018-19 budget, approximately \$2.2m were implemented early, largely through not filling vacant positions that were eliminated as part of the 2018-19 Budget.

Of the \$7.1m in available one-time resources at the end of 2017-18, \$1.76m was transferred to the Capital and Maintenance Reserves. The Capital and Maintenance Reserve funds now have 50% of HSU's needed campus contributions through 2020-21 for HSU's projects included in the CSU's Five-Year Capital Plan. While this is significant progress to build needed reserves, an additional \$3.2m will need to be identified over the next two years to fund HSU's share of the projects included in the Capital Plan through 2020-21. Additional detail regarding Operating Fund reserves is reflected on the *2017-18 Year-End Operating Fund Reserves* report.

As reflected on the *2017-18 Operating Fund Expenditure Report by Object Group* report, faculty salaries continue to be an area where HSU is spending beyond its budgeted level. Likewise, on the *2017-18 Operating Fund Expenditures by Major Budget Unit (MBU)* report, the College of Natural Resources and Sciences (CNRS) and the College of Professional Studies (CPS) continue to spend beyond budgeted levels. The Academic Affairs division as a whole made significant strides to stay within budget in 2017-18, ending the year with a net balance of \$46k compared with a deficit balance of over \$900k a year ago. Spending within the academic colleges is a key component of the financial sustainability efforts underway and the expectation is that through a combination of reduced spending and additional investment the academic colleges will spend within budgeted levels in 2018-19.

Additional information regarding changes between each division's Original Budget and Revised Budget is provided on the *2017-18 Operating Fund Expenditure Budget Breakdown by Budget Scenario* report.

Reports

[2017-18 Operating Fund Year-End Reports](#)

- Page 1: 2017-18 Operating Fund Revenue Report
- Page 2: 2017-18 Operating Fund Expenditure Report by Object Group
- Page 3: 2017-18 Operating Fund Expenditure Report by Major Budget Unit (MBU)
- Page 4: 2017-18 Operating Fund Expenditure Budget Breakdown by Budget Scenario

[2017-18 Operating Fund Reserves Report](#)