



URPC 2018-19 Budget Overview

September 7, 2018

Overview of Budgeted Types of Funds

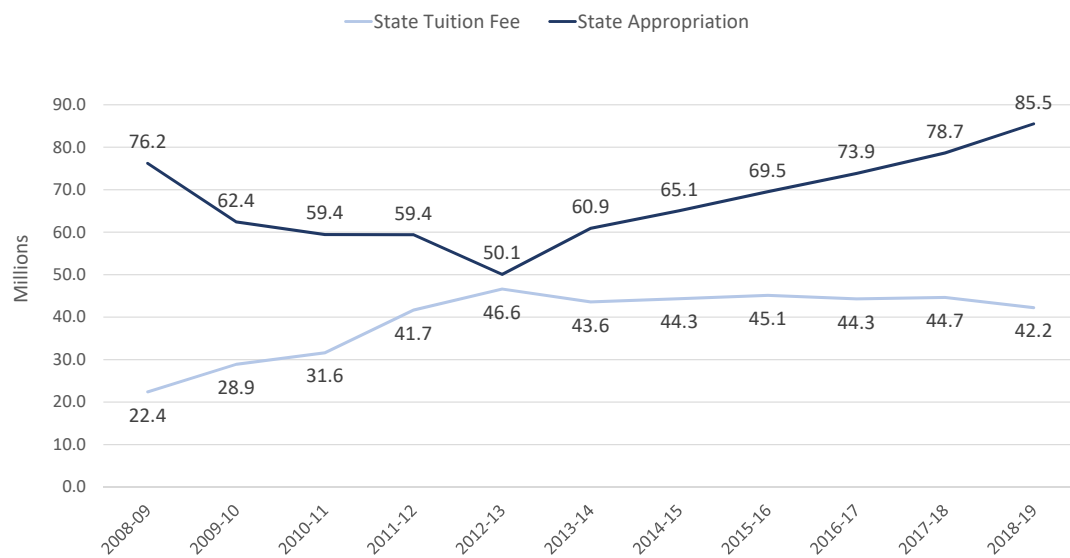
- **University Operating Fund:** our main operating budget for state matriculated instruction (primary funding sources are state appropriation and tuition)
 - URPC makes a recommendation for the University Operating Fund
- **Self-Support Funds:** reflect activities supported by student fees and other sources that are designated for specific purposes (e.g. housing rent must be spent to support the housing program)
- **Auxiliary Organizations:** separate not-for-profit organizations, with boards

Notes:

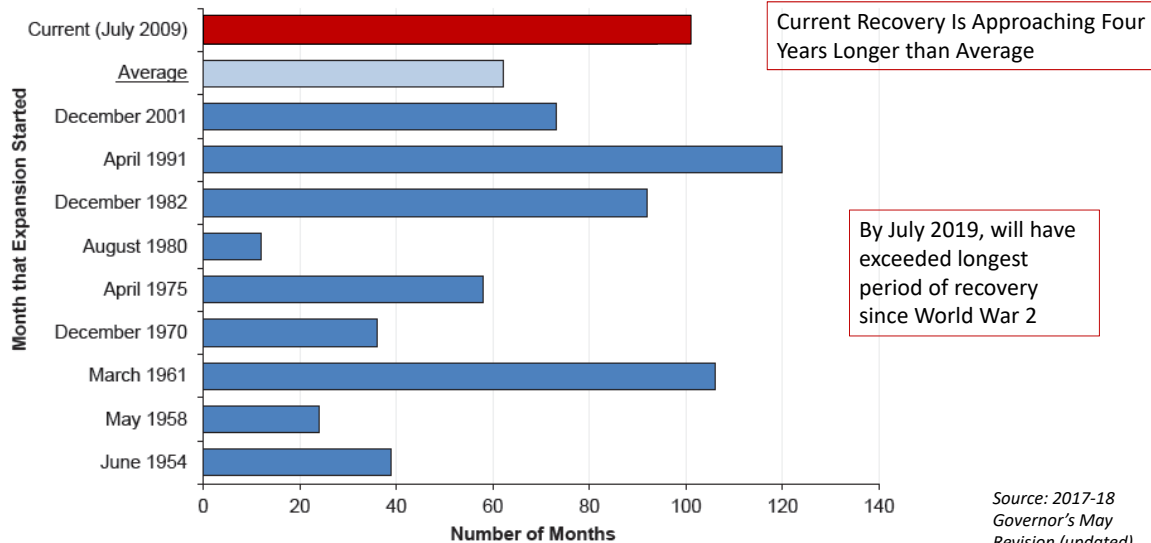
- *Revenues from Self-Support Funds and Auxiliary Organizations must remain with the unit and be used for the purpose intended based on applicable CA Education Code, CSU Executive Orders and policies, etc.*
- *On Financial Statements, the University Operating Fund and all Self-Support Funds are combined and reflected as the "University" and Auxiliary Organizations are reflected as "Discretely presented component units"*

Enrollment, Revenue, and Expenditure Trends

State Appropriation & State Tuition Budget History



Historical Recovery Trends



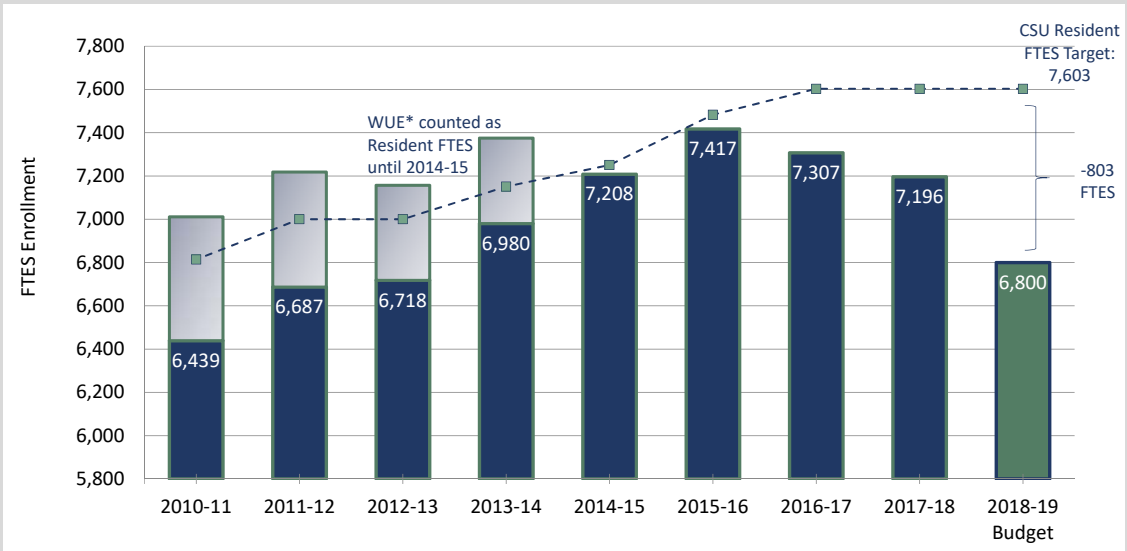
Headcount vs. full-time equivalent students (FTES)

- Headcount
 - 1 student = 1 headcount
 - Tuition is paid based on headcount
- Full-Time Equivalent Students (FTES)
 - 1 FTES = 15 units for an undergraduate, 12 units for a graduate
 - Budget planning is based on annualized full-time equivalent students (FTES)
 - (annualized = (summer + fall + spring) / 2)
- There are two separate FTES targets used in budget planning: CSU and HSU
 - The CSU Resident FTES target represents the level of students that the system provides HSU with funding to support via state appropriation (note: this is Resident FTES only)
 - Our current funded CSU Resident FTES level: 7,603
 - HSU's FTES budget includes Resident, WUE, Out-of-State, and International FTES targets, which are used to project tuition revenue (the revenue projection model is a complex model that converts FTES to Headcount, while incorporating a variety of factors including average unit loads, student levels, waivers & refunds, etc.)

Additional Detail on Enrollment and Revenue Planning: [Enrollment and Revenue Planning – Key Concepts \(9/7/18\)](#)

Annual Resident FTES Trends

7

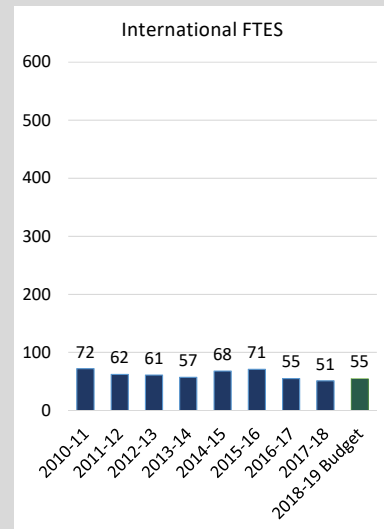
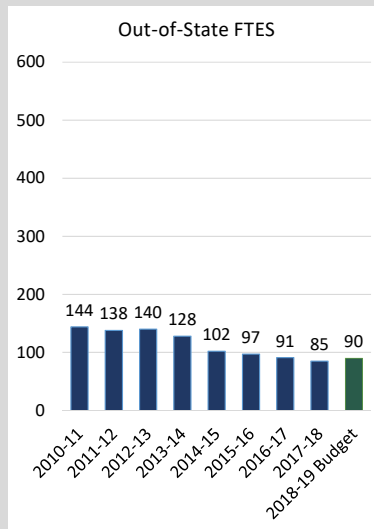
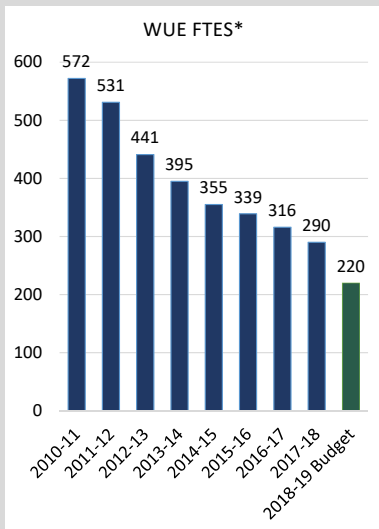


*WUE: Western Undergraduate Exchange

Sources: HSU IE Website, CSU Budget Website

Annual Non-Resident FTES Trends

8



*WUE: Western Undergraduate Exchange

Sources: HSU IE Website, CSU Budget Website

2018-19 Budgeted Enrollment Breakdown

2017-18 ENROLLMENT TARGET	FALL	SPRING	ANNUAL
Resident FTES	7,066	6,533	6,800
WUE FTES	234	206	220
Out-of-State FTES	92	88	90
International FTES	57	53	55
TOTAL FTES	7,449	6,880	7,165
Headcount	7,840	7,240	7,540

← CSU Target: 7,603

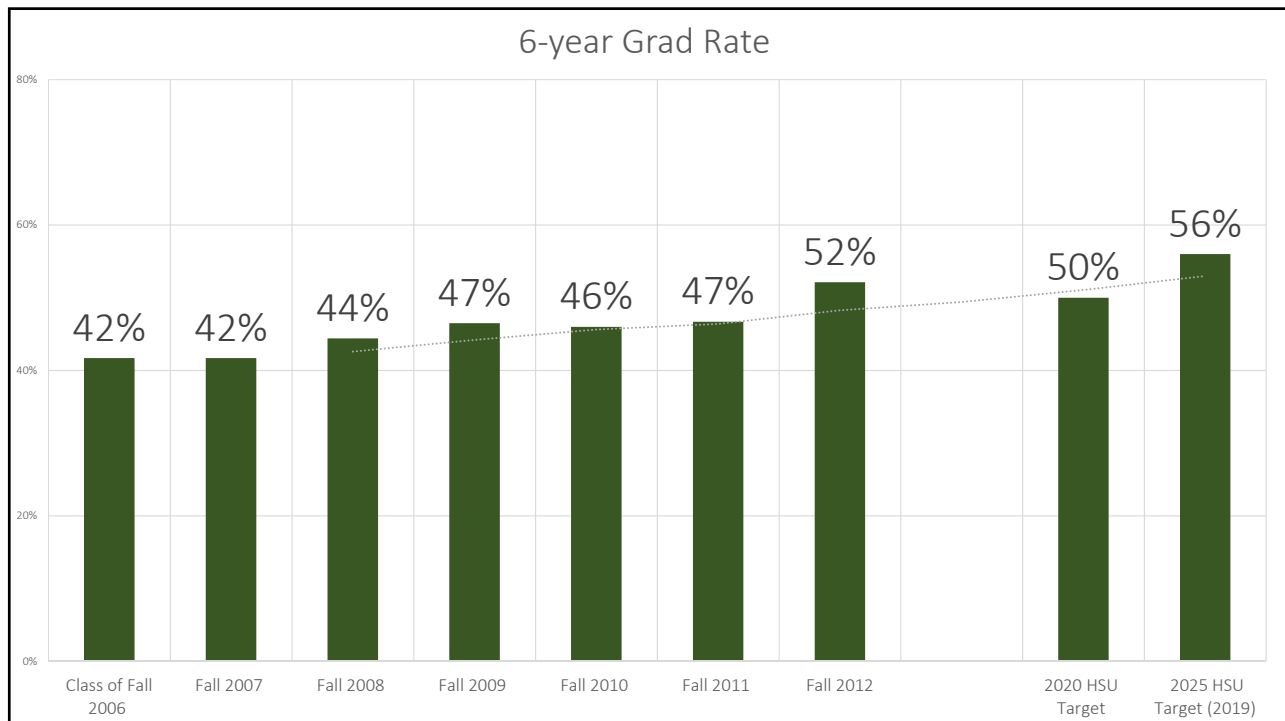
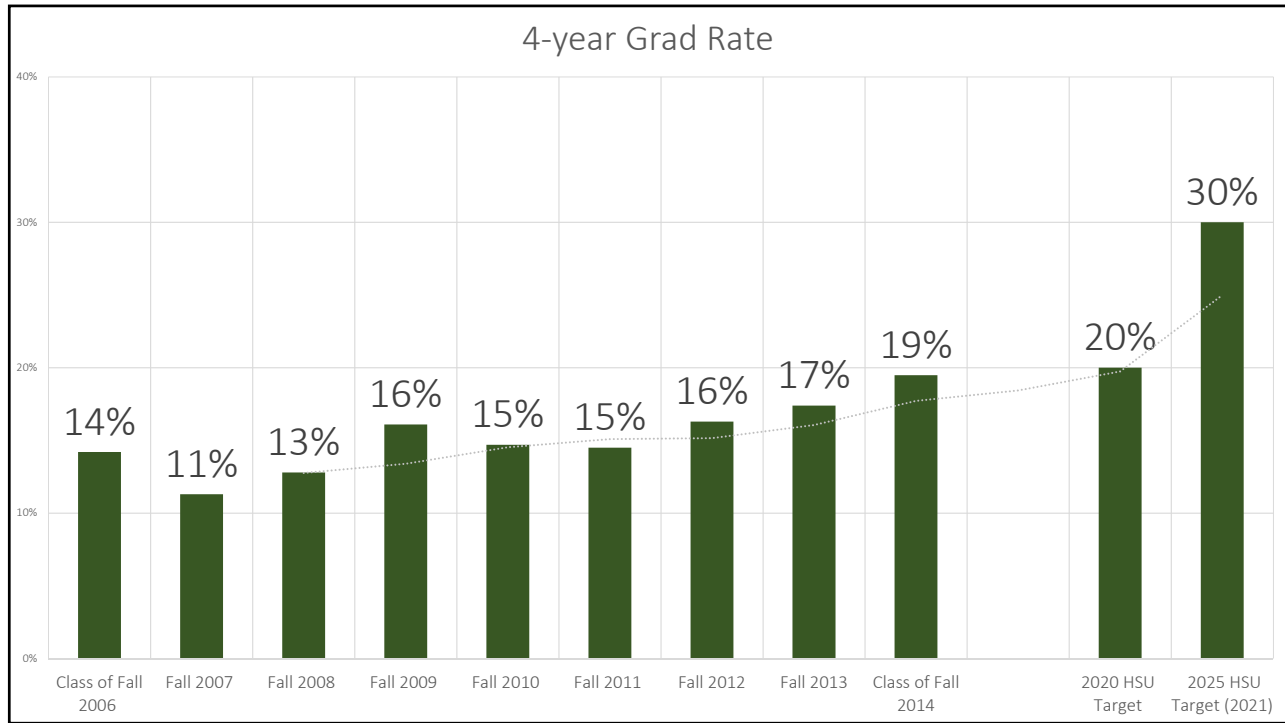
Other Variables

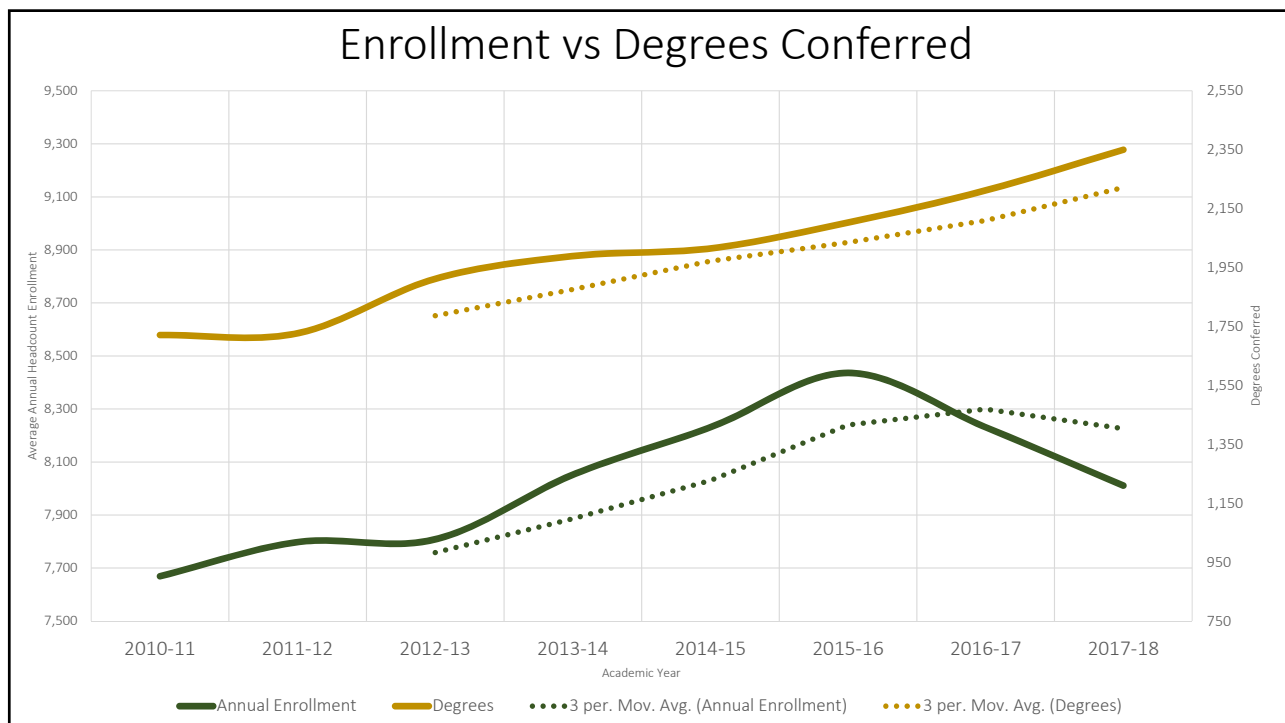
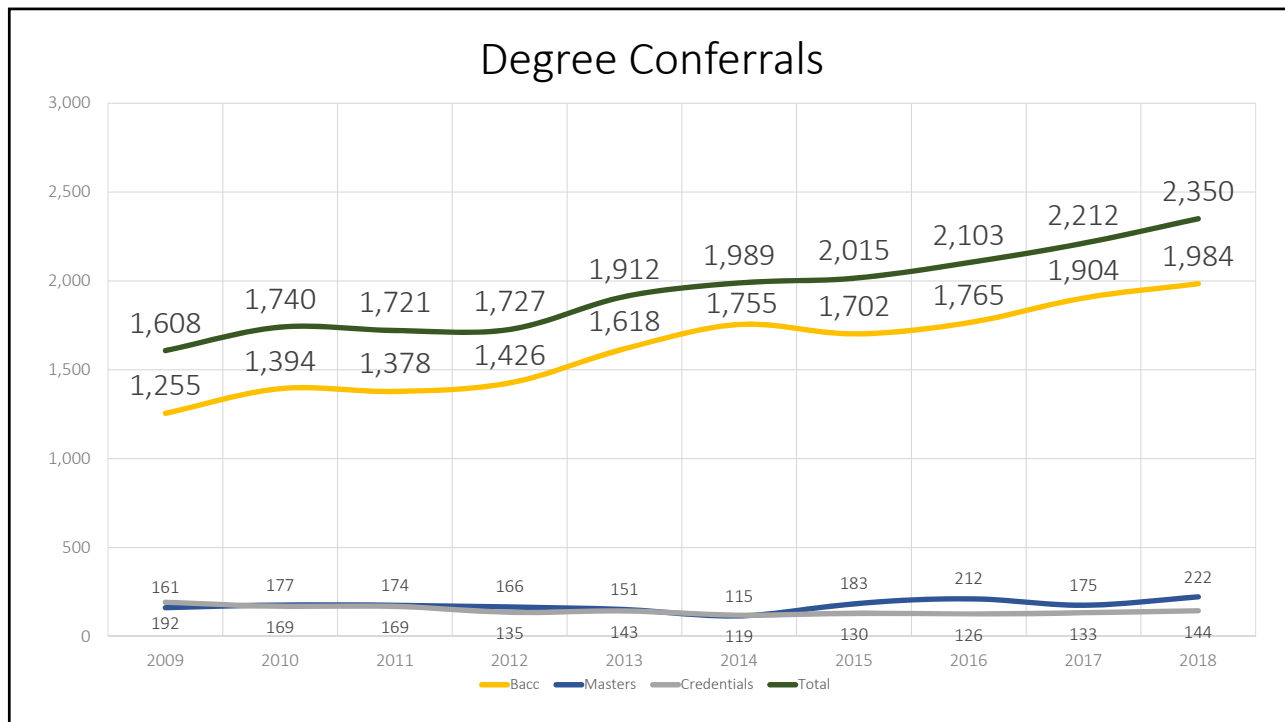
- Student mix (i.e. part-time/full-time, undergrad/grad)
- Fall to spring drop
- Headcount/FTES ratio (Average Unit Load)

HSU enrollment target established in collaboration with Cabinet, Enrollment Management, and Institutional Effectiveness

Enrollment Variables

- Recruitment – less incoming students
- Retention – less continuing students
- Graduation – more students graduating
- [Strategic Enrollment Management \(SEM\) plan](#)





Expenditures – Mandatory Salary and Benefit Costs Are Rising

Salaries

- Collective bargaining conducted at the system level (union negotiated increases)
- From 2013-14 to 2017-18: GSIs ranged from 11% (MPPs), most staff at 14%, to 17% (faculty)
- 2018-19 to 2019-20: additional 6% for faculty and staff already committed (faculty 3.5%/2.5%, staff units 3%/3%)

Benefits

Benefits negotiated at the state level

Since 2013-14...

- Retirement rates up 39%
 - State only funds increases based on 2013-14 pensionable payroll
- Health rates up 18%

Reduction Update

FIRMS SUMMARY	2018-19 Reductions	April 2018 Budget Plan		August 2018 UPDATE	
		2018-19 Achieved Reductions	One-Time Bridge Funding	2018-19 Achieved Reductions	One-Time Bridge Funding
Instruction	-3,000,000	-1,540,000	-1,460,000	-2,290,000	-710,000
Academic Support	-1,390,000	-465,000	-925,000	-827,500	-562,500
Student Services	-740,000	-500,000	-240,000	-500,000	-240,000
Institutional Support	-2,750,000	-1,520,000	-1,230,000	-1,664,000	-1,086,000
Operation and Maintenance of Plant	-1,120,000	-819,000	-301,000	-819,000	-301,000
Total Reductions	-9,000,000	-4,844,000	-4,156,000	-6,100,500	-2,899,500

Reduction update link: https://budget.humboldt.edu/sites/default/files/budget/documents/FY17-18/reductions_progress_180905.pdf

Budget Challenges/Opportunities

- Limited increases from the state / the economy
- Remaining reductions: \$2.9 million
- Enrollment, retention, and graduation rates (GI 2025)
- Unfunded mandates / cost increases not fully funded
 - Accessible Technology Initiative (ATI), Title IX, etc.
 - General salary increases (GSIs), retirement rate increases
 - Balancing the need to build reserves with deficit reality
- Spending per FTES levels higher than peers

2017-18 Year-End Overview

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

Link to Year-End Overview and Reports: https://budget.humboldt.edu/sites/default/files/budget/documents/FY17-18/2017-18_year-end_operating_fund_overview.pdf

Operating Fund Reserves

Reserve Funds	Target %	~ Target (\$M)	Current %	Current (\$M)	% of Target
Operating Reserve	10% of Budget	\$14.1	4.5%	\$6.3	45%
Maintenance Reserve	.5% of CRV*	\$4.4		\$2.0	45%
	10% of CP**	\$1.7		\$0.4	24%
Capital Reserve	10% of CP**	\$9.1		\$2.8	31%
	.5% of CRV*	\$4.4		\$0.0	0%
Total Reserves		\$33.7		\$11.5	34%

*CRV = Current Replacement Value – HSU’s CRV is \$880m based on recently completed facility condition audits

**CP = CSU Five-Year Capital Plan - HSU's total projects in 2018-19 plan: Capital = \$91m, Maintenance = \$17m

Link to Year-End Operating Fund Reserves Report: https://budget.humboldt.edu/sites/default/files/budget/documents/FY17-18/2017-18_year-end_operating_fund_reserves.pdf

Detailed Budget Information:
[OpenBook](#)

Group Discussion

Prioritize URPC work for AY 2018-19

President's Charge to URPC

- Finalize strategic asset guidelines; continue to implement strategic budgeting concepts in budget plans
- Recommend a balanced budget for 2019-20, complete remaining reductions
- Request and incorporate robust multi-year enrollment projections into the 2019-20 recommendation
- Continue to enhance communication strategies and develop plan to incorporate these efforts into the annual budget process
- Continue to formalize approach to multi-year budget planning (two-year budget)
- Finalize and recommend guidelines for how unspent funds are "rolled forward" at the end of a fiscal year
- Review quarterly reports and provide recommendations on areas of concern