Agenda

• Introductions and URPC Overview
• Budget and Financial Overview
• Integrated Assessment, Planning and Budget Process Update
• URPC Discussion and Planning:
  • Charge Bullet 1: Lead the campus effort to develop a balanced three-year budget through 2021-22
• Wrap Up and Next Steps
Introductions and URPC Overview

• Role of the URPC
• Committee Charge for the Year
• Budget Planning Timelines
URPC Membership

**Co-chairs:** A faculty senator and the Provost and Vice President of Academic Affairs

**Membership:**
- Three (3) Faculty members
- One (1) Academic Dean, appointed by the President
- Three Vice Presidents (Administrative Affairs, Student Affairs, University Advancement)
- Two (2) Staff delegates
- Two (2) Student delegates

**Advisors (non-voting):**
- University Budget Director
- Budget Analyst from each Division

**Terms:** Faculty and staff members shall be appointed for staggered, two-year terms. Students will be appointed for one-year terms.
URPC Bylaws

• Link to Bylaws (on page 13)
President’s Charge to URPC

• Lead the campus effort to develop a balanced three-year budget through 2021-22 which will include $5.4 million in reductions and submit the URPC’s recommended three-year budget plan to the President for consideration by December 2019. It is acknowledged this will be challenging work and I am confident this committee is best situated to lead this critical effort. Please ensure broad campus communication and participation are included in the development of this plan.

• In partnership with the Integrated Assessment, Planning and Budget (IAPB) group, please develop and formalize the process for areas receiving resource allocations to complete and share assessment results with the URPC.

• Finalize the strategic asset guidelines previously drafted by the committee and submit to me for approval prior to the end of the academic year (continuation from URPC’s 2018-19 charge).

• Continue to enhance communication strategies with the campus community to improve transparency, awareness, and understanding of the budget (continuation from the URPC’s 2018-19 charge).
BUDGET TIMELINE

- **SEPTEMBER (SEP)**: Budget Plan
- **OCTOBER (OCT)**: Budget Request, Finalize Course Schedule
- **NOVEMBER (NOV)**: Budget Plan
- **DECEMBER (DEC)**: Budget Hearings
- **JANUARY (JAN)**: Adopt Budget, Revise Budget
- **FEBRUARY (FEB)**: Adjust Budget, Student Intent
- **MARCH (MAR)**: Students Accepted, Student Orientation
- **APRIL (APR)**: HSU: Plan
- **MAY (MAY)**: HSU: Vet/Recommend
- **JUNE (JUNE)**: HSU: Approval
- **JULY (JUL)**: Classes Begin
- **AUGUST (AUG)**: Budget Plan

Legend:
- **STATE**
- **TRUSTEES**
- **CHANCELLOR/SYSTEM/CAMPUSES**
Budget and Financial Overview
Overview of Budgeted Types of Funds

• **University Operating Fund (General 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”
California State Budget
2019-2020
State Revenues

- Personal Income Tax: 70%
- Sales & Use Tax: 19%
- Corporate Tax: 9%
- Insurance Tax: 2%
- Other: 0.21%
2019-2020 State Expenditures

- $17.5 Billion
- K-12 Education: 39%
- Health & Human Services: 28%
- Corrections: 9%
- State Government: 7%
- Natural Resources & Environment: 3%
- Other: 2%
- Higher Education: 12%

Total: $147.8 Billion
2019-2020 Higher Education Budget

- Community Colleges: 38%
- California State University: 25%
- University of California: 24%
- Student Aid Commission: 10%
- GO Bonds: 3%

Total Budget: $3.98 Billion
2019-20 CSU State Appropriation Funding by Campus
(Source: 2019-20 CSU Budget Memo)

HSU 2019-20 Appropriation:
2.28% of Total
2019-20 CSU State Appropriation Funding per CSU Target FTES

(Source: 2019-20 CSU Budget Memo)

HSU 2019-20 Appropriation: $90.7 million
Change in Share of Funding for CSU over 40 years

- State Funds
- Gross Tuition & Fees

HSU at 70% state funds / 30% tuition & fees in 2019-20*

*Based on 2019-20 Budget excluding Misc. Revenue & Cost Recovery
### 2019-20 Operating Fund Revenue Budget

<table>
<thead>
<tr>
<th>Operating Fund Revenue Budget</th>
<th>2018-19 Base Budget</th>
<th>Estimated Incremental Adjustments</th>
<th>2019-20 Base Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation</td>
<td>85,517,210</td>
<td>5,202,700</td>
<td>90,719,910</td>
</tr>
<tr>
<td>State Tuition Fee</td>
<td>42,236,000</td>
<td>(5,805,000)</td>
<td>36,431,000</td>
</tr>
<tr>
<td>Non-Resident Tuition Fee</td>
<td>1,496,000</td>
<td>(461,000)</td>
<td>1,035,000</td>
</tr>
<tr>
<td>Materials, Services and Facilities Fee (MSF)</td>
<td>2,486,000</td>
<td>(297,000)</td>
<td>2,189,000</td>
</tr>
<tr>
<td>Other Fees &amp; Revenue (MBA Fee, App Fee, Cost Recov, New Sources)</td>
<td>9,022,052</td>
<td>902,297</td>
<td>9,924,349</td>
</tr>
<tr>
<td><strong>Total Revenue Budget</strong></td>
<td><strong>140,757,262</strong></td>
<td><strong>(458,003)</strong></td>
<td><strong>140,299,259</strong></td>
</tr>
</tbody>
</table>
## 2019-20 Operating Fund Budget Overview

<table>
<thead>
<tr>
<th></th>
<th>2019-20 Base Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Revenue Budget</strong></td>
<td>140,299,259</td>
</tr>
<tr>
<td><strong>Expenditure Budget</strong></td>
<td></td>
</tr>
<tr>
<td>Total Prior Year Expenditure Budget</td>
<td>138,418,957</td>
</tr>
<tr>
<td>Salary &amp; Benefit Increases (GSIs, Min Wage, Retirement, Health, etc.)</td>
<td>4,546,000</td>
</tr>
<tr>
<td>New Space, AUL Changes, Nursing - State Appropriation pass-through</td>
<td>201,000</td>
</tr>
<tr>
<td>Other Adjustments (SUG, dedicated dept revenue, new sources)</td>
<td>(130,003)</td>
</tr>
<tr>
<td>Graduation Initiative 2025</td>
<td>1,141,000</td>
</tr>
<tr>
<td>Base Reductions (maintained from Prelim Budget Plan)</td>
<td>(952,695)</td>
</tr>
<tr>
<td><strong>Total Expenditure Budget</strong></td>
<td>143,224,259</td>
</tr>
<tr>
<td><strong>Net Base Budget Surplus / (Deficit)</strong></td>
<td>(2,925,000)</td>
</tr>
<tr>
<td>One-Time Deficit Bridge Funding (use of Roll Forward)</td>
<td>2,925,000</td>
</tr>
<tr>
<td><strong>Net Budget Surplus / (Deficit)</strong></td>
<td>-</td>
</tr>
</tbody>
</table>
2019-20 Operating Fund Expenditure Budget

• OpenBook
  • By Type of Spending
  • By Organizational Structure
  • By Functional Classification (FIRMS/NACUBO Code)
Overview of Trends
ECONOMY: Historical Recovery Trends

Current Recovery Is longest period of recovery since World War 2

Source: 2017-18 Governor’s May Revision (updated), 2018-19 Governor’s Budget
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)
    • \( \text{(annualized} = \frac{\text{summer} + \text{fall} + \text{spring}}{2} \) \)

• 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 coverts FTES to Headcount, while incorporating a variety of factors including average unit loads, student levels, waivers & refunds, etc.)
Annual Resident FTES Trends

CSU Resident FTES Target: 7,603

-1,800 FTES below target (-23%)

WUE*: Western Undergraduate Exchange

Sources: HSU IE Website, CSU Budget Website
Annual Non-Resident FTES Trends

WUE FTES*

<table>
<thead>
<tr>
<th>Year</th>
<th>FTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>441</td>
</tr>
<tr>
<td>2013-14</td>
<td>395</td>
</tr>
<tr>
<td>2014-15</td>
<td>355</td>
</tr>
<tr>
<td>2015-16</td>
<td>339</td>
</tr>
<tr>
<td>2016-17</td>
<td>316</td>
</tr>
<tr>
<td>2017-18</td>
<td>288</td>
</tr>
<tr>
<td>2018-19</td>
<td>275</td>
</tr>
<tr>
<td>2019-20 Budget</td>
<td>220</td>
</tr>
</tbody>
</table>

Out-of-State FTES

<table>
<thead>
<tr>
<th>Year</th>
<th>FTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>140</td>
</tr>
<tr>
<td>2013-14</td>
<td>128</td>
</tr>
<tr>
<td>2014-15</td>
<td>102</td>
</tr>
<tr>
<td>2015-16</td>
<td>97</td>
</tr>
<tr>
<td>2016-17</td>
<td>91</td>
</tr>
<tr>
<td>2017-18</td>
<td>85</td>
</tr>
<tr>
<td>2018-19</td>
<td>71</td>
</tr>
<tr>
<td>2019-20 Budget</td>
<td>70</td>
</tr>
</tbody>
</table>

International FTES

<table>
<thead>
<tr>
<th>Year</th>
<th>FTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13</td>
<td>61</td>
</tr>
<tr>
<td>2013-14</td>
<td>57</td>
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<tr>
<td>2014-15</td>
<td>68</td>
</tr>
<tr>
<td>2015-16</td>
<td>71</td>
</tr>
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<td>2016-17</td>
<td>55</td>
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<tr>
<td>2017-18</td>
<td>51</td>
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<tr>
<td>2018-19</td>
<td>35</td>
</tr>
<tr>
<td>2019-20 Budget</td>
<td>30</td>
</tr>
</tbody>
</table>

*WUE: Western Undergraduate Exchange

Sources: HSU IE Website, CSU Budget Website
Budget Challenges/Opportunities

• Limited increases from the state / the economy

• 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 (were this year, but not generally)

• Evolving higher education landscape and the need for innovation

• Balancing the need for reserves with deficit reality
2018-19 Year-End Overview

• See handouts
  (posted online at https://budget.humboldt.edu/budget-reports)

Fiscal Year Budget Information

Fiscal Year 2018-19

• OpenBook Interactive Budget Dashboards
• 2018-19 Operating Fund Base Budget Details by Department
• Quarterly Operating Fund Reports
  ○ 1st Quarter Reports
  ○ 2nd Quarter Reports
  ○ 3rd Quarter Reports
  ○ 4th Quarter Reports
July 1, 2019 Reserves Snapshot

• [CSU Financial Transparency Portal](link)
# Operating Fund Reserves (as of 7/1/19)

## Reserve Funds

<table>
<thead>
<tr>
<th>Reserve Funds</th>
<th>Target %</th>
<th>~ Target ($M)</th>
<th>Current %</th>
<th>Current ($M)</th>
<th>% of Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Reserve</td>
<td>10% of Budget</td>
<td>$14.0</td>
<td>4.5%</td>
<td>$6.3</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>.5% of CRV*</td>
<td>$4.4</td>
<td></td>
<td>$2.0</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>10% of CP**</td>
<td>$3.7</td>
<td></td>
<td>$0.4</td>
<td>24%</td>
</tr>
<tr>
<td>Maintenance Reserve</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.5% of CRV*</td>
<td>$4.4</td>
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<td>$0.0</td>
<td>0%</td>
</tr>
<tr>
<td></td>
<td>10% of CP**</td>
<td>$3.7</td>
<td></td>
<td>$0.4</td>
<td>24%</td>
</tr>
<tr>
<td>Capital Reserve</td>
<td>10% of CP**</td>
<td>$9.5</td>
<td></td>
<td>$2.9</td>
<td>31%</td>
</tr>
<tr>
<td></td>
<td>.5% of CRV*</td>
<td>$4.4</td>
<td></td>
<td>$0.0</td>
<td>0%</td>
</tr>
<tr>
<td>Total Reserves</td>
<td></td>
<td>$33.7</td>
<td></td>
<td>$11.6</td>
<td>34%</td>
</tr>
</tbody>
</table>

*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 2019-20 plan: Capital = $95m, Maintenance = $37m
Group Discussion

Charge Bullet 1: Lead the campus effort to develop a balanced three-year budget through 2021-22
Multi-Year Planning Projected Budget Gap

Note: Scenario assumes steady state enrollment and economy

Operating Fund Revenue and Expenditure Budget Projection

Red = projected budget gap

2019-20 Budget
- $2.9M

2020-21 Projection
- $4.3M

2021-22 Projection
- $5.4M

2022-23 Projection
- $6.3M

2023-24 Projection
- $7.1M

Revenue Budget
Base Expenditure Budget
Charge Bullet 1:

- Lead the campus effort to develop a balanced three-year budget through 2021-22 which will include $5.4 million in reductions and submit the URPC’s recommended three-year budget plan to the President for consideration by December 2019. It is acknowledged this will be challenging work and I am confident this committee is best situated to lead this critical effort. Please ensure broad campus communication and participation are included in the development of this plan.