

2023-24 Budget Update



Agenda

- Key Concepts
- State and CSU Budget Overview
- Cal Poly Humboldt Enrollment Update
- Cal Poly Humboldt Budget Update

Key Concepts

Base (Ongoing) vs. One-Time

- Base (Original) Budget: recurring, ongoing, continues year after year
 - Revenue example: State appropriation
 - Expenditure example: Salary and benefit costs
- One-Time Budget: only available once – once you spend it, its gone
 - CARES/HEERF federal funding
 - Reserves
 - Roll Forward
- Revised Budget: Base + One-Time

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”*

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 Cal Poly Humboldt
 - The CSU Resident FTES target represents the level of students that the system provides Cal Poly Humboldt with funding to support via state appropriation (note: this is Resident FTES only)
 - Our current funded CSU Resident FTES level: 7,603
 - Cal Poly Humboldt's FTES budget includes Resident, Western Undergraduate Exchange (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.)

Enrollment - Fall vs. Annual

- Annual = (summer + fall + spring) / 2
 - Note: summer currently offered via self support
- Annual Resident FTES Target is 7,603
- Common Mistake - Don't compare Fall to Annual target
- Example:
 - Fall 2021 Resident FTES: 4,972
 - Spring 2022 Resident FTES: 4,540
 - Annual 2021-22 Resident FTES: 4,756

State and CSU Budget

State of California Budget Update

2023-24 Budget Update

- Economic outlook remains **uncertain**
 - January – \$22.5 billion deficit
 - May –\$31.5 billion deficit
- Balanced approach to budget solutions
 - Spending reductions and pullbacks
 - Trigger reductions
 - Delayed spending
 - Fund shifts
- LAO (May) – Budget problem \$6.2 billion larger than governor

State of California Budget - Direct Impacts to Cal Poly Humboldt

- Net Neutral Funding Swap -> Sweep back one-time cash, provide smaller ongoing amount to cover debt financing
- Projects Impacted:
 - Affordable Student Housing Grant Project: \$27,107,000
 - \$201 million for Polytechnic Capital Projects (out of our \$433 million)

California State Polytechnic University, Humboldt Projects

PLY101: Eng.Tech Housing Building	100,000,000
PLY106: Student Housing Health Dining	101,009,000
	\$201,009,000

Note: \$69.6 million (of the \$433 million) still held by CO to support smaller infrastructure projects

CSU Preliminary 2024-25 Budget Plan

(July Board of Trustees (BOT) Meeting)

Incremental Ongoing Plan In Millions	Year 1 2024-25	Year 2 2025-26	Year 3 2026-27
Revenue Sources			
General Fund			
Compact Commitment (5%)	\$238.7	\$250.6	\$263.1
Above Compact	TBD	TBD	TBD
Tuition from Proposed Rate Increase	148.3	157.8	167.6
Tuition from Strategic Enrollment Growth (1%)	24.0	25.4	26.7
Total Revenue Sources	\$411.0	\$433.8	\$457.4
Expenditures			
State University Grant (SUG)	\$49.4	\$52.6	\$55.9
Strategic Resident Enrollment Growth (1%)	54.2	57.4	60.3
Title IX and DHR Programs	TBD	TBD	TBD
CSU Workforce Investments	TBD	TBD	TBD
Graduation Initiative	30.0	40.0	50.0
Required Operational Costs	44.6	46.2	47.9
Academic Facilities & Infrastructure (Debt Service)	TBD	TBD	TBD
Total Expenditures	\$178.2	\$196.2	\$214.1

2024-25 Budget Request and Tuition Proposal will be finalized at September BOT meeting

Cal Poly Humboldt 2023-24 Enrollment

Current Status, Upcoming Tasks

Where Are We Today?

- Enrollment is final after Census on **Sept. 18**
- Anticipate **growth of about 3%**. As of today:
 - Headcount = 5,984 (+2% YTD) Resident FTES = 5,099 (+3% YTD)
 - Volatile summer (intentional changes), transition period, new competitive space
- Should be **second consecutive** fall semester with growth
- Anticipate being one of the few in CA showing enrollment growth

Where Are We Headed?

- Wrapping up fall (late adds/admits, melt holding)
- Push towards **spring enrollment** growth
 - Helps to enhance Annual FTES
 - Goal = +100 over last spring
 - Deferments and transfer focus - strategic recruitment and outreach
- Enhanced **operations and strategy** for Fall 2024 impact
 - Focus: Close the gap between interest and enrollment
 - Revamped admissions processes, communications, recruitment travel
 - Significant team turnover - extensive training
 - SEM plan - new students AND retention

Cal Poly Humboldt 2023-24 Budget

2023-24 Operating Fund Revenue Budget

Operating Fund Revenue Budget	2022-23 Base Budget	2023-24 URPC Recommendation	2023-24 Final Budget	
State Appropriation	105,864,000	115,794,000	113,764,000	+\$7.9M
<i>Polytechnic Funding</i>		<i>+4,572,000</i>	<i>+4,572,000</i>	
<i>State Funding Increase (Compensation, retirement, SUG)</i>		<i>+5,358,000</i>	<i>+3,328,000</i>	
State Tuition Fee	29,639,000	39,432,000	31,094,000	+\$1.5M
Non-Resident Tuition Fee	996,000	1,050,000	1,000,000	
Materials, Services and Facilities Fee (MSF)	1,788,000	2,382,000	1,874,000	
Other Fees & Revenue (MBA Fee, App Fee, Cost Recov, New Sources)	11,338,926	11,809,320	10,934,757	-\$0.4M
Total Revenue Budget	149,625,926	170,467,320	158,666,757	+\$9M

Key Changes between URPC Recommendation and Final Budget

- State Funding: -\$2M - collective bargaining still pending, removed to align funding to CSU Final Budget Memo
- Tuition: -\$8.3M - Enrollment targets have been more conservatively dialed back to align with Fall 2022 Actuals
- Other Fees & Revenue: -\$0.9M - department allocated revenue changes incorporated (mostly SPF reimbursement methodology change)

2023-24 Operating Fund Expenditure Budget

Incremental Changes	2023-24 URPC Rec	2023-24 Final Budget
Total Revenue Budget	170,467,320	158,666,757
Expenditure Budget		
Total Prior Year Expenditure Budget	149,625,926	149,625,926
Salary & Benefit Increases (GSIs, Min Wage, Retirement, Health, etc.)	5,405,000	3,375,000
University Cost Increases (Risk Pool, Utilities)	330,000	1,030,000
Other Adjustments (SUG, dedicated dept budget)	547,394	(1,290,169)
Base Allocations – Strategic Investment/Stabilization*	9,333,000	700,000
CO Earmarks – GI 2025, Basic Needs, etc.	-	-
Base Reductions (final round of Academic Affairs reductions)	-	-
Polytechnic Expenditures	4,572,000	4,572,000
Total Expenditure Budget	170,467,320	158,666,757
Net Base Budget Surplus / (Deficit)	-	-

Collective bargaining still pending, CSU funding held at CO (removed); only retirement and health increases reflected

Utilities up \$1.4M (½ base, ½ one-time)

*Base allocations reduced to \$700K, with significant portion of initially recommended allocations being bridged with one-time funding

2023-24 Base Allocations Update

Allocation Priorities	URPC Recommendation (Base Allocations)	2023-24 Final Budget Allocations	
		Base Allocations	One-Time Allocations
Required Allocations			
Enrollment Recalibration	3,382,000	0	0
Campus Support for Increased Compensation Costs	2,200,000	0	5,000,000
Cozen Report & Title IX	250,000	0	250,000
Discretionary Allocations	3,501,000	979,598	1,863,782
<i>less reallocated Polytechnic investment savings</i>		-279,598	-634,672
Total New Allocations	9,333,000	700,000	6,479,110

Detailed breakdown: [URPC Recommendation and Final 2023-24 Budget Allocations Summary](#)