Agenda

• Highlight Progress
• Overview of Where We Are – 2019-20 Proposed Budget
• Enrollment
• Related Activities and Initiatives
  • Category II Student Fees
  • Budget Oversight Policy and Roll Forward Guidelines
  • University Space and Facilities Advisory Committee (USFAC)
• Capital Budget Planning
Student Success Progress
A Reflection of Our Collective Campus Effort

• Graduation rates at an all time high

• Student debt has decreased significantly
  • 2017-18: $12,743
    • Back in 2008-09: $20,982
  • National average: $28,350
  • State average: $22,744
  • CSU average: $16,625
Financial Progress
A Reflection of Our Collective Campus Effort

• Full $9M in reductions have been assigned - many of which have already been achieved, a few still in progress
  • Evidence that the campus is making difficult decisions
  • Important to acknowledge how challenging this process has been

• Year-to-Date spending on track in all MBUs – first time in many years

• Reserve balances have increased in the past few years – reflects proactive reduction planning

• 2019-20 GI 2025 Request process piloting the Integrated Assessment, Planning & Budget (IAPB) process
Budget Changes Reflect Strategic Decision-Making (2018-19 compared to 2017-18)

**FIRMS Code Spending**

- **Instruction**: +$4M (40% of budget, up from 38%)
- **Institutional Support**: -$3M (14% of budget, down from 17%)

**Salaries & Wages Spending**

- **Student Wages**: +$1M
- **Faculty Salaries**: +$2.9M
- **Administrator Salaries**: flat (
  
  *Despite a 3% general salary increase*).
Where Are We Now?

Cabinet has submitted a 2019-20 Budget Proposal to the URPC

• GOOD: Previous structural deficit has been eliminated at the University level
• GOOD: State fully funding 2019-20 compensation and mandatory costs
• GOOD: State proposes $45M in funding to CSU for GI 2025 – HSU share is $1.1M

• CHALLENGE: Enrollment declines continue beyond previous estimates

• RESULT: Anticipate a $953K deficit in 2019-20
  • Additional reductions are proposed to be distributed by division using a marginal cost of instruction methodology
## 2019-20 Reductions – Marginal Cost Method

### CSU Support Budget Request – 2019-20 Marginal Cost (MC) of Instruction

<table>
<thead>
<tr>
<th>FIRMS Program</th>
<th>2019-20 Total MC Per FTES</th>
<th>MC % of Total</th>
<th>MC of Total Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>6,230</td>
<td>55%</td>
<td>(528,615)</td>
</tr>
<tr>
<td>Research</td>
<td>-</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Public Service</td>
<td>-</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Academic Support</td>
<td>1,393</td>
<td>12%</td>
<td>(118,196)</td>
</tr>
<tr>
<td>Student Services</td>
<td>1,285</td>
<td>11%</td>
<td>(109,032)</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>1,304</td>
<td>12%</td>
<td>(110,644)</td>
</tr>
<tr>
<td>Op and Maint of Plant</td>
<td>1,016</td>
<td>9%</td>
<td>(86,208)</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>-</td>
<td>0%</td>
<td>-</td>
</tr>
<tr>
<td>Totals</td>
<td>11,228</td>
<td>100%</td>
<td>(952,695)</td>
</tr>
</tbody>
</table>

### Divisional Distribution

<table>
<thead>
<tr>
<th>Division</th>
<th>Reduction Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>President's Office</td>
<td>(11,576)</td>
</tr>
<tr>
<td>University Advancement</td>
<td>(22,552)</td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>(739,387)</td>
</tr>
<tr>
<td>Administrative Affairs</td>
<td>(108,250)</td>
</tr>
<tr>
<td>Student Affairs</td>
<td>(51,529)</td>
</tr>
<tr>
<td>University Wide</td>
<td>(19,401)</td>
</tr>
<tr>
<td>Total</td>
<td>(952,695)</td>
</tr>
</tbody>
</table>
2018-19 All Funds Revenue Budget: $225 million

What are all of the budgeted sources of funding on campus?

- **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

- **Auxiliary Organizations**: separate not-for-profit organizations, with boards

Note: 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.
2018-19 All Funds Revenue Budget: $225 million

What are all of the budgeted sources of funding on campus?

- **Auxiliary Organizations**
  - University Center: $15.4M (33% of Auxiliary Organizations)
  - Advancement Foundation: $6.6M (14% of Auxiliary Organizations)
  - Associated Students: $909.9K (2% of Auxiliary Organizations)
  - Sponsored Programs: $23.6M (51% of Auxiliary Organizations)

- **Self-Support Funds**
  - Athletics: $4.6M (12% of Self-Support Funds)
  - Extended Education: $5.0M (13% of Self-Support Funds)
  - Housing: $15.5M (41% of Self-Support Funds)
  - Health and Wellbeing: $5.9M (16% of Self-Support Funds)

[OpenBook All Funds Revenue Budget Link]
2018-19 Operating Fund Budget: $140.8 million

What are the main sources of funding for the University’s Operating Fund?

- **Higher Education Fees**: $47.6M (34% of University Operating Fund Revenue Budget)
- **State Appropriations**: $85.5M (61% of University Operating Fund Revenue Budget)
- **Other Financial Sources**: $7.4M (5% of University Operating Fund Revenue Budget)
- **Tuition Fee**: $42.2M (89% of Higher Education Fees)

[OpenBook Operating Fund Revenue Budget Link]
Operating Fund Revenue Budget Comparison

2018-19 vs 2019-20

**MAJOR CHANGES:**
- **State Appropriation:** +$5.0M
- **Tuition, Non-Res Tuition, MSF:** -$3.5M

**2018-19:**
- State Appropriations: $85.5M (61%)
- Other Financial Sources: $7.4M (5%)
- Higher Education Fees: $47.6M (34%)
- Total: $141M

**2019-20:**
- State Appropriations: $90.5M (63%)
- Other Financial Sources: $8.0M (6%)
- Higher Education Fees: $44.1M (31%)
- Total: $143M
State Appropriation Increase: +$5M

- CA Governor’s Budget Proposal (January draft) fully funds 2018-19 retirement and 2019-20 compensation and mandatory costs: +$4.6M
  - General salary increases, minimum wage, retirement, health, space, AUL
- Graduation Initiative 2025 – HSU’s prelim allocation: $1.1M
  - Request process underway piloting IAPB process
  - 50 requests under review – rubric scoring by Student Success Alliance (SSA) and AS feedback provided via cumulative voting method
  - Cabinet prioritized proposals based on rubric scoring and AS feedback – under URPC review
  - Proposals will receive conditional approval pending finalized State of CA Budget
- State University Grant (SUG) Allocation reduced by 5%: -$685K
2019-20 State Tuition Revenue: -$2.88M

2019-20 Non-Resident Tuition Revenue: -$0.5M

Decline buffered by tuition increase in 2017-18

- $5.9M

2015-16 Actuals compared to 2019-20 Estimate

- $700k

13
Enrollment Changes (Fall Headcount)

Enrollment decline since Fall 2015 close to 1,500 students

“good” reasons - more student graduating, and more quickly
“not so good” reasons - less students choosing HSU and less staying
Annual Resident FTES Trends

FTES Enrollment

WUE* counted as Resident FTES until 2014-15

CSU Resident FTES Target: 7,603

Almost -1,300 FTES below target (-17%)

*WUE: Western Undergraduate Exchange

Sources: HSU IE Website, CSU Budget Website
Combined Tuition Decline from 2015-16 to 2019-20: -$6.6 million

Looking Ahead...
Enrollment Scenario – Flat

Incoming students flat, flat retention at 71%
Enrollment Scenario – Growth

Meet SEM Plan Targets in 2024 → 1,300 Freshmen, 80% First Year Retention
Enrollment Scenario Comparison

Annual Headcount - Flat  
Annual Headcount - Growth Scenario

1,400 student difference
State Tuition Revenue – Flat Scenario

Decline buffered by tuition increase in 2017-18

- $5.9M
2015-16 Actuals compared to 2019-20 Estimate

- $4M
State Tuition Revenue Scenario - Flat vs Growth Comparison
Enrollment – What’s Being Done?
Graduation Initiative 2025 - $4.6 Million To Date

• $2.7 million in new faculty hires
• $1.9 million invested in retention initiatives and student support activities
• Increased our investment in student employment opportunities by $400k in spring 2019 and have earmarked $600k for investment in 2019-20
• Additional information about all GI 2025 allocations to date is available in OpenBook
Recruitment

• Invested in additional name buys
• Re-established hard copy acceptance letters
• Eliminated campus-wide impaction
• Expanding yield activities
• Expanding Preview Plus
• All hands on deck calling campaign
• New position at CR to strengthen CR -> HSU pipeline
• Financial literacy videos
• Get Ready Humboldt

Retention

• Advancing equity initiatives (Equity Arcata, Diversity, Equity, & Inclusion Council (DEIC), professional development for faculty and staff, Campus Equity Plan to be developed)
• Expanding support for Basic Needs
• Increasing student employment opportunities
• Expanding Learning Communities
• Enhancing advising
• Additional support for CARE services and Clubs
• Strategic focus on academic scheduling and space utilization
• $1.2 million invested in instructional space refreshes
Related Activities and Initiatives
Category II Fee Revenue Forecast

Date: February 15, 2019

Note: Chart does not take into account an increase to the Student Body Center Fee, which the students voted in favor of increasing during last week’s fee referendum – fee rate decision pending President approval

<table>
<thead>
<tr>
<th>Category II Fees</th>
<th>2018-19 Budget</th>
<th>Change</th>
<th>2019-20 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Health Fee</td>
<td>4,310,000</td>
<td>330,000</td>
<td>4,640,000</td>
</tr>
<tr>
<td>Health Facilities Fee</td>
<td>269,000</td>
<td>190,000</td>
<td>459,000</td>
</tr>
<tr>
<td>Instructionally Related Activities (IRA) Fee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletics</td>
<td>3,865,000</td>
<td>-268,000</td>
<td>3,597,000</td>
</tr>
<tr>
<td>HEIF</td>
<td>198,000</td>
<td>-14,000</td>
<td>184,000</td>
</tr>
<tr>
<td>IRA Committee</td>
<td>473,000</td>
<td>-32,000</td>
<td>441,000</td>
</tr>
<tr>
<td>Jack Pass</td>
<td>427,000</td>
<td>-29,000</td>
<td>398,000</td>
</tr>
<tr>
<td>Materials, Services &amp; Facilities (MSF) Fee</td>
<td>2,486,000</td>
<td>-119,000</td>
<td>2,367,000</td>
</tr>
<tr>
<td>Student Body Assoc Fee</td>
<td>874,000</td>
<td>-61,000</td>
<td>813,000</td>
</tr>
<tr>
<td>Student Body Center Fee</td>
<td>1,381,000</td>
<td>-95,000</td>
<td>1,286,000</td>
</tr>
<tr>
<td><strong>Total Category II Fees</strong></td>
<td><strong>14,283,000</strong></td>
<td><strong>-98,000</strong></td>
<td><strong>14,185,000</strong></td>
</tr>
</tbody>
</table>
Budget Resources

Budget resources provides a variety of materials and training resources related to budget policies, processes, user guides, and reports.

Policies and Guidelines

- Budget Oversight Policy (Policy #19-02)
- Operating Fund Roll Forward Guidelines

Approved and Posted!
Budget Oversight Policy

• Budget to Actuals financial reviews, including projecting activity through the end of the fiscal year, will be conducted on a quarterly basis

• All departments will perform financial reviews, with reviews consolidated at the MBU level – All financial reviews must be signed off on by the MBU lead administrator

• Policy defines action to be taken to address financial concerns
  • If there is a financial concern (e.g. budget shortfall/anticipated year-end deficit) that the MBU cannot resolve internally within the MBU, a formalized one-time funding request submitted by the MBU lead administrator must be made to the division Vice President and include written details regarding research to be conducted, a resolution plan, and expected and final completion dates.

• Documentation will be retained and quarterly reports published

• Quarterly Budget Oversight Procedures are under development
Operating Fund Roll Forward Guidelines

**Roll Forward**: Unspent budget balances at the end of each fiscal year

**Roll Forward Budgets**: One-time budget allocations that annually augment the University’s ongoing base budget

**Highlights of the Guidelines**:  
- Strategic Investment: Earmarks funding for a strategic initiatives pool, deferred maintenance, and reserves  
- Transparency: defines how roll forward budgets will be redistributed and establishes annual reporting  
- Accountability: if departments overspend their budget – the entire negative balance will roll forward within the department  
- Flexibility at each Level: Departments keep 40% and MBUs keep 40% of unspent Operating Expenses (non-personnel) budgets; Divisions are allocated 20% of overall unrestricted balances  
- **New approval step**: To utilize anticipated salary savings for operating expense activities → approval must be obtained from the VP beforehand and a budget transfer posted to reflect revised spending plan
University Space & Facilities Advisory Committee (USFAC)

• Sub-Committee of the URPC

• Committee charge:

To act as an advisory body to Administrative Affairs regarding the development and management of the physical environment of the campus where function, aesthetic quality, and physical character are intermixed to create a desirable and inspirational atmosphere for students, faculty and staff. Includes, but may not be limited to, the assignment of space, building and renovation plans, campus planning and design standards, and the prioritization of minor and major capital requests.

• Currently working on vacated space process

  • Piloting IAPB process
Capital Projects Update

Mike Fisher