



*Approved by
President Rush*

Fiscal Year 2015 (FY15) Operating and Capital Budget Overview

The FY15 CSU Channel Islands budget provides an update on budget actions for the next fiscal year and details allocation recommendations that protect the core missions of teaching and scholarly activity.

The 2014-15 Support Budget of the CSU provides for adjustments in enrollment growth, an increase to the State University Grant (SUG) and student access/success initiatives. For Channel Islands (CI), next fiscal year will be the first year that the campus will operate with fully funded enrollments. The respective adjustments to CI are reflected in the following budget information.

The Strategic Resource Planning Task Force (SRPTF) serves as a subcommittee of the President's Planning and Policy Council (PPPC) to help strengthen the relationship between campus planning and budgeting. The SRPTF is co-chaired by the Provost and the Vice President for Business & Financial Affairs. The task force reviewed and discussed campus financials and planning assumptions including enrollment. Divisional requests were shared with the SRPTF, updates were provided to the President's Planning and Policy Council and two town halls were held in the spring to share information with the campus and obtain feedback. This information may be found at: <http://www.csuci.edu/strategic-resource-planning/index.htm>

We are appreciative to our CI community for the support and cooperation during the development of the FY15 budget and look forward to the new year as we work to further reinforce campus planning and budgeting.

Gayle Hutchinson, Provost

Ysabel Trinidad, VP, Business &
Financial Affairs

June, 2014

Total Operating Budget (All Funds) – Revenues and Expenditures by Fund Type and Category

Projected operating general fund revenues for the FY15 fiscal year total \$94.6 million, an eleven percent increase over the prior fiscal year. Revenue adjustments reflect authorized increases.

ALL FUNDS REVENUE PLAN SUMMARY FISCAL YEAR 2014/15

	2013/14 Budget	2014/15 Budget	\$ Change	% Change
University Operating Funds				
<i>CSU Operating Fund</i>				
State Appropriations	\$53,350,910	\$58,480,510	\$5,129,600	9.6%
Category I Fees - Tuition	26,805,000	30,192,000	3,387,000	12.6%
Category I Fees	555,500	555,500 *	0	0.0%
Category III Fees	12,000	12,000 *	0	0.0%
Category IV Fees (State Support)	218,400	218,400 *	0	0.0%
Other	112,230	112,230 *	0	0.0%
Sub-total Appropriated/Student Fee	81,054,040	89,570,640	8,516,600	10.5%
<i>Designated Operating Funds</i>				
Category II Fees	3,834,870	5,032,950	1,198,080	31.2%
Total University Operating	84,888,910	94,603,590	9,714,680	11.4%
Restricted Funds				
Capital	2,258,000	0	(2,258,000)	100.0%
Lottery	117,000	113,000	(4,000)	-3.4%
Total Restricted Funds	2,375,000	113,000	(2,262,000)	-95.2%
Auxiliary Activities				
<i>Auxiliary Enterprise</i>				
Housing	10,675,000	10,675,000 *	0	0%
Parking and Transportation	1,975,513	2,148,014	172,501	8.7%
Extended Education	5,556,922	7,461,557	1,904,635	34.3%
Sub-total Auxiliary Enterprise	18,207,435	20,284,571	(2,077,136)	11.4%
<i>Auxiliary Operations</i>				
Associated Students	1,131,130	1,117,304	(13,826)	-1.2%
CI Foundation	2,508,931	2,213,198	(295,733)	-11.8%
Site Authority	33,225,472	32,053,233	(1,172,239)	-3.5%
Commercial Services	4,023,020	5,481,040	1,458,020	36.2%
University Glen	713,616	780,435	66,819	9.4%
Sub-total Auxiliary Operations	41,602,169	41,645,210	43,041	0.1%
Total Auxiliary Activities	59,809,604	61,929,781	2,120,177	3.5%
Total Revenues	147,073,514	156,646,371	9,572,857	7%

* Pending Final FY15 Updates

Significant Considerations for the FY14 General Fund Operating Budget

CI's FY15 general fund operating budget is anticipated to be \$94.6 million. Primary revenue sources in FY15 include those from State funds and tuition fees.

Tuition Fees:

Under the Governor's multi-year funding plan and the CSU 2014-15 support budget proposal, tuition remains flat for the budget year. With the passage of Proposition 30 in 2013, CSU tuition fee rates were reset back to levels in effect for the 2011/12 academic year and remain at that level.

Campus Enrollments: In FY14, CI's planned enrollments for the year were 4,400 FTES; State funding was adjusted to fully fund campus FTES. For FY15, an additional 600 state-funded enrollments have been authorized by the Chancellor's Office.

Enrollment FY14	4,472 FTES
CI FY14 State Appropriations Total	4,400 FTES
Projected Enrollment FY15	5,000 FTES

Figure 1: 2007-08

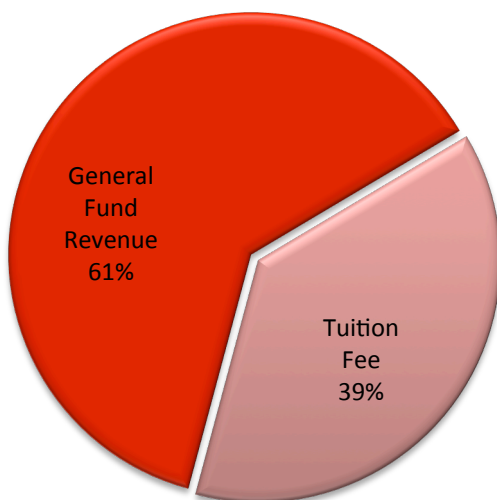
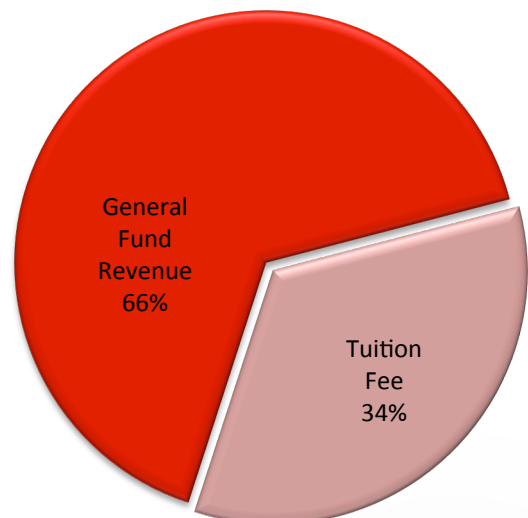


Figure 2: 2014-15



Budget Planning

In early December 2013, the Fiscal Year 2015 (FY15) budget discussions began with the issuance of budget instructions to campus unit heads. These instructions provided guidance for the development of the FY15 budget. The process is also guided by the President's Planning and Policy Council's commitment to strengthening the link between the budget development process and strategic planning as well as reinforcing transparency and accountability in the process. This includes:

- Aligning budget resource allocations with strategic planning for the short-and-long-term
- Planning to support a sustainable operating environment
- Introduce additional accountability into the resource allocation process
- Engage in new student FTE enrollment growth, and
- Supporting budget environments decentralized by division.

Key Policies Implicit in the FY15 Budget

Multi-Year State Funding Plan: The Governor continues to support the four-year investment plan initiated in 2013-14. The plan calls for growing General Fund support for the CSU by five percent in 2014-15 and by four percent in each of the subsequent two years.

The continuation of the multi-year plan is predicated on the CSU Board of Trustees adopting sustainability plans that set targets for key measures within resource assumptions provided by the Department of Finance.

The plan anticipates that these funds will help to maintain affordability, decrease the time it takes students to complete a degree, increase the number of students who complete programs, and improve the transfer of community college students to four-year colleges and universities.

Within the CSU, campuses have worked to reduce administrative costs, and have been actively examining and implementing strategies to provide more effective programs, reduce course bottlenecks, enhance completion rates, and simplify the transfer process.

Enrollment Growth Funding: The 2014/15 state allocation provides full campus general fund support for an enrollment growth of 600 FTES.

Tuition Fee Rates: We anticipate that CSU resident tuition fees will stay at the following rates until 2016-17 to ensure affordability for students as outlined in the Governor's multi-year plan.

Following is a summary of the 2014/15 academic year tuition fee rates:

Tuition Fee Academic Year Rates*	
	<u>2014/15</u>
<u>Undergraduate Programs</u>	
6.1 or more	\$5,472
0 to 6.0	\$3,174
<u>Credential Programs</u>	
6.1 or more	\$6,348
0 to 6.0	\$3,684
<u>Graduate and Other</u>	
<u>Post-Baccalaureate Programs</u>	
6.1 or more	\$6,738
0 to 6.0	\$3,906

* Equal to 2011/12 Tuition Fee Rates.

CI Strategic Budgeting and Planning: As adopted in prior budget planning efforts, and reflected throughout this summary, CI is committed to transparency, accountability, and campus engagement as we work through our strategic budgeting and resources allocation processes. This approach provides a foundation for resource allocation planning efforts as the campus strives to support critical needs during a growth period.

With the finalization of CI's five-year strategic plan this coming fall, campus budget units will be positioned to more effectively align their budget planning efforts with CI's strategic plan.

University Operating Fund

UNIVERSITY BUDGET REVENUES SUMMARY

Total new net revenues for FY15 are projected to be \$8.5 million. These funds are net revenues generated by the following:

State General Fund: State appropriations revenue total \$5.1 million and include funding for enrollment growth.

Tuition fees: Gross tuition totals \$3.4 million. Fees are calculated on resident headcount and include resident and non-resident fees that are then adjusted for tuition waivers.

BUDGET EXPENDITURE SUMMARY

Overview

FY15 divisional requests for **critical operational needs** total \$12.4 million and are summarized below. Divisional areas prepared permanent requests (\$10.1 million) and temporary requests (\$2.3 million).

Permanent funding was allocated to address critical instructional need by the addition of 17.0 tenure-track faculty.

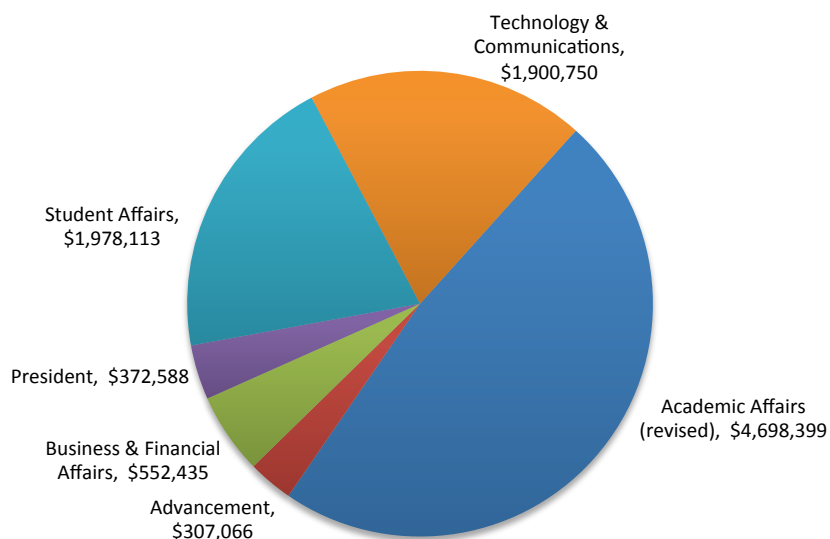


Figure 3: FY15 Divisional Budget Requests

Mandatory and Fixed Costs. These costs include incremental permanent expenditures the campus must account for in the new fiscal year. Beginning in 2014/15 per the state Budget Act of 2013, general fund adjustments for CSU employer retirement contributions to CalPERS will be based on the university's 2013/14 pensionable payroll. As we exceed this total the campus must cover the full CalPERS retirement contribution for additional payrolls. Mandatory and fixed costs also include increasing costs of current employee benefits. CI will use approximately 50% of fixed cost budget for these Benefits/PERS mandates. The remaining 50% will be used for a compensation pool, operating mandates (ex., software licensing increases, etc.), legal fees, utilities, insurance, and budget contingency.

Tuition Discounting increased by approximately \$2.4 million as calculated and adjusted by the CSU. Full funding for sabbaticals is included in the allocation to Academic Affairs.

Deferred Maintenance and Facilities Renewal: In 2013-14, \$450,000 was allocated permanently to support future facilities renewal and deferred maintenance needs. This will continue to be applied to deferred maintenance and renewal needs for the campus. Please see the Capital section for the accumulated deferred maintenance of the campus to date and renewal needs.

Methodology: As outlined in the Operating Budget Resource Planning memo to campus unit heads (12/6/2013), each campus division developed its own internal divisional process to solicit budget requests from its units, encourage participation in the process and communicate its priorities. Divisional vice presidents prepared their priorities based on this input for consideration at the campus level. During the spring semester, the President's Planning and Policy Council and the Strategic Resource Planning Task Force met to review information, offer input and stay informed on progress in the development of the budget.

The divisional requests submitted may be found on the strategic resource planning webpage: <http://www.csuci.edu/strategic-resource-planning/fy-15-budget-requests.htm>

The following summary provides new and increased fixed costs, permanent allocations for new FTE faculty and staff, and temporary allocations and contingency funds to provide flexibility as follows:

Table 3.
FY 2015 Recommended Permanent and Temporary Allocations

	Permanent Allocations	Temporary One- Time Allocations	Total
Divisional Operating Request	\$6,513,700		\$6,513,700
Divisional One-Time Requests		\$1,384,000	\$1,384,000
Compensation (equity, reclasses, in-ranges, PERS adj, start-up)	\$926,606		\$926,606
Fixed Costs (legal, utilities, ins, benefits)	\$1,083,653		\$1,083,653
CO Research Funding	\$ 36,294		\$36,294
Contingency	\$320,000		\$320,000
Total	\$8,880,253	\$1,384,000	\$10,264,253

A summary of recommended allocations is provided in Table 4 for each divisional area. Total recommendations for FY 2015 are \$3,234,002. For FY14, temporary allocations provide budget flexibility. Mandated funding requests include existing permanent costs incurred by the general fund but that have not been permanently funded; this request seeks to adjust for the permanent funding allocation.

Table 4.
SUMMARY OF RECOMMENDED DIVISION DISTRIBUTIONS

BUDGET RECOMMEND	RECOMMEND PERMANENT	FTE	RECOMMEND TEMPORARY	FTE	DIVISION TOTAL
Academic Affairs	3,461,500	37.0	754,000	2.3	4,344,200
AA - Mandated Funding	70,700		58,000		
Advancement	200,000	2.0	72,000		272,000
Business & Financial Affairs	425,000	4.0	-		520,800
BFA - Mandated Funding	95,800	2.0			
President	355,000	3.5	-		355,000
Student Affairs	870,000	10.5	-		870,000
Technology & Communications	552,000	3.0	500,000		1,535,700
T&C - Mandated Funding	483,700	1.0			
Total	6,513,700	63.0	1,384,000	2.3	7,897,700

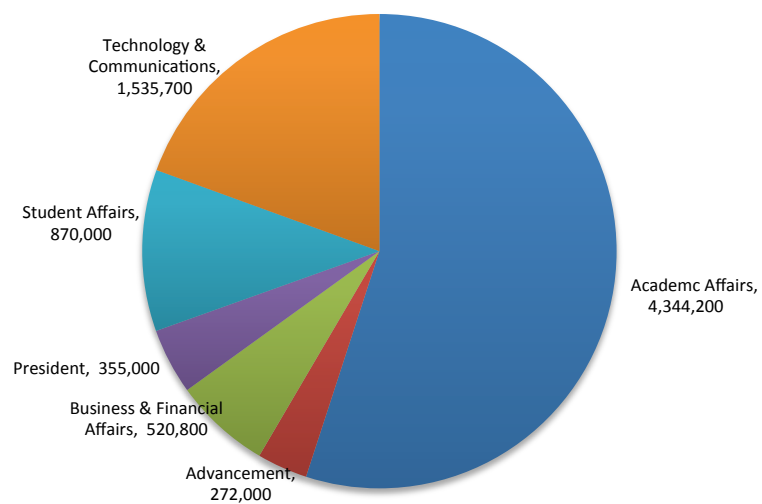


Figure 4: FY15 Divisional Budget Recommendations for Funding

Capital Budget

Background

Based upon information from the Chancellor's Office, the 2014/15 Governor's Budget includes a proposal to fold debt service into the CSU support budget, this framework provides the CSU with the opportunity to retain \$296.7 million indefinitely for all outstanding GO bond (\$197.6 million) and State Public Works Board lease revenue (LR) bond (\$99.1 million) funded projects. State law established a similar framework for debt service last year for the University of California. While this proposal would be cost neutral to CSU in the near term, it would authorize a restructuring of LR debt service, which has the potential to be financially advantageous if terms are appropriate and market conditions are agreeable.

Also, the Governor's Budget proposal exempts the CSU appropriation from Budget Act Section 6.00 and would allow CSU to pledge its support budget and/or expend these funds for a variety of infrastructure-related purposes, such as construction, repair, and maintenance of academic facilities, the construction of energy conservation projects, and cogeneration facilities. To date, the CSU has been either significantly limited or prohibited from using its support budget for these purposes. This proposal provides the CSU additional financing and pay-go options for these types of projects as well as the ability for the system to consume less energy and save utility costs.

Minor Capital Outlay (construction) projects are limited to those projects that correct deficiencies, provide new or improved facilities, add access or provide equipment for a minor capital outlay project whose estimated total cost is \$400,000 or less. Minor construction does not include any work classified as maintenance or repair. Projects may not be grouped unless they are for similar work within one building or complex. For instructions on policy and procedures for writing minor capital outlay service agreements, see SUAM Section X. For instructions on construction procedures for minor capital outlay projects, see SUAM Section XII.

Capital Renewal projects are limited to those projects that provide replacement of major building components and/or systems that have exceeded their useful life. Major building systems must be replaced to enable the continued function and use of an aged facility. The building components renewed typically include: the heating, ventilation and air conditioning systems; plumbing systems; electrical distribution system; and building exterior skin, roof and window systems. Energy and utility efficiency improvements are pursued with these projects as appropriate.

As with prior years, the campus must find alternative revenue sources to continue to fund life/safety, ADA, code-driven and new space needs.

Deferred Maintenance

Efforts continue at the CSU to address deferred maintenance accumulation for the campuses. The current deferred maintenance backlog for CI is approximately \$38 million; for the CSU system deferred

maintenance totals approximately \$1.8 billion. It should be noted that most other campuses reflect a significantly greater deferred maintenance accumulation than CI.

Channel Islands Critical Facilities Investments-Related Needs

As part of managing the campus' deferred maintenance needs, Facilities Services also maintains an inventory of major construction, renovation projects (code-compliance and critical repairs), and planning studies needed to support campus development. These projects are based on input from discussions with campus divisions and departments about their space needs, and from Facilities Services' databases on deferred maintenance and renewal needs.

Projects are categorized into major areas:

- Critical repairs needed for buildings – for conditions that are unsafe or threat to life/safety.
- Repairs driven by code compliance requirements – for conditions that are non-compliant with current codes and exposes the campus to high risk.
- New space needs – needs related to new classrooms, academic and student support spaces to handle growth in FTE.
- Improving work and study environment – aesthetic improvements needed to promote well-being of the students, faculty and staff, improve productivity and create favorable “first impression” for prospective students and parents.
- Planning studies – studies needed to determine how the Campus will handle its development over the next several years.

No state resources have been allocated for facilities renewal for FY15. However, the campus has identified critical needs projects and studies that require funding and action immediately because of compliance mandates, enrollment growth needs or life/safety requirements. The allocations for these critical investments are funded from funds designated for deferred maintenance and renewal and prior year carryover funds. The following table provides a summary of recommendations for these projects.

Table 5
Summary of FY15 Capital Investments

Project Types	One-time Allocation
Critical Repairs and Code Required (ADA, system failures)	\$555,000
Space Upgrades/Improve Environment - work/study (interior refresh, way-finding signage, landscaping)	\$690,000
Planning Studies (campus-wide EIR, new academic space)	\$500,000
Sustainability in Built Habitat (energy efficiency, mandates – CSU climate action plan)	\$305,000
Total	\$2,050,000*

* This total one-time allocation may be adjusted to address other higher priority items subsequent to the approval of the annual budget.