Budget Update
President’s Planning and Policy Council

Monday, September 14, 2020
Topics

• Budget Overview
  – FY 2019-20
  – FY 2020-21

• Fall and Spring Campus Planning
  – Strategy
  – Process
  – Guidelines
2020/21 SRPC Committee

Cabinet:
Elizabeth Say, Interim Provost (co-chair)
Ysabel Trinidad, Vice President for Business and Financial Affairs (co-chair)
Richard Yao, Vice President for Student Affairs
Nichole Ipach, Vice President for University Advancement
Genevieve Evans Taylor, Chief of Staff

Faculty Representation:
Gregory Wood, Associate Professor – Physics and Academic Senate Chair
Annie White - Early Childhood Studies and Senate Budget Representative
Alona Kryshchenko, Assist Prof – Mathematics and Faculty-at-Large

Staff Representation:
Annie Block-Weiss - Staff Council Chair
Leticia Romero, Systems Analyst and Staff-at-Large

Student Representation:
Vacant - Student Government Representative
Isaiah Ball - Student Government Chief of Staff and Student-at-Large

Committee Support:
Barbara Rex, AVP of Budget, Planning, & Analysis
Lisa Woods, Manager, Budget & Information Systems
Teresa Montoya, Administrative Assistant
Budget Overview
COVID-19 Related Losses

FY 2019/20 - February - June
- **Lost Revenue - $12 M** (February - June)
  - Auxiliary Enterprises and UAS Catering
  - Refunds: Housing, Dining, Parking and Ext Univ - $5.5 M
- General Fund Unbudgeted Expenses - $125,000 (all funds = $215,000)

FY 2020/21 - Summer
- **Lost Revenue - $2.7 M** (July - August)
  - Summer Conferencing & Events, UAS Catering, Extended University

FY 2020/21 - Fall Estimate
- **Lost Revenue - $11.6 M** (Sept - Dec)
  - Housing/UAS Catering/Parking/Extended University
General Fund Reserve  June 30, 2020

Reserve Balance
Economic Uncertainty:  $37.9M

Uses in 2020/21:  **ALL ONE-TIME**
- Bridge $5.1M permanent reduction
- Bridge $1.9M reduction in tuition
- Bridge unfunded mandatory costs of $700,000
- Bridge auxiliary shortfalls
- Adjustment for benefits shortfalls
- Earmark funds for employee early exit program
  - in planning stages

Uses in 2021/22 and 2022/23:
- Bridge funding for future shortfalls

Reserve Designations as mandated by CSU Reserve Policy (ICSUAM 2001)
2020/21 Budget Overview

State Budget

- Deficit = $54.3 billion
  
  *Forecasted operating deficit of $8.7 billion in 2021-22*

CSU Budget

- State Appropriations reduction of $498.1 million
  - Base increase of approximately $199 million
  - Net General Fund decrease of approximately $299.1 million
2020/21 Budget Overview - CSUCI

Appropriation (Permanent Reduction) ($5.1M) + 5% Enrollment* Decrease ($1.9M) = Total Funding Shortfall ($7.0M)

*Projected
<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Prior Year Campus Operating Budget (excludes lottery)</td>
<td>$139,808,750</td>
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<tr>
<td>State Appropriation Change</td>
<td>$(5,101,610)</td>
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<tr>
<td>Tuition Revenue Change</td>
<td>$(1,918,070)</td>
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<tr>
<td>Total State and Tuition Revenue Change</td>
<td>$(7,019,680)</td>
</tr>
<tr>
<td>Category II Fee Change</td>
<td>$(335,940)</td>
</tr>
<tr>
<td>Application Fee Revenue Change</td>
<td>$(49,500)</td>
</tr>
<tr>
<td>FY 2020-21 Operating Budget</td>
<td>$132,403,630</td>
</tr>
<tr>
<td>Restricted Funds - Lottery</td>
<td>$585,000</td>
</tr>
<tr>
<td>Prior Year Auxiliary Enterprise and Operations Budget</td>
<td>$54,267,750</td>
</tr>
<tr>
<td>Auxiliary Activities Revenue Change</td>
<td>$(24,206,880)</td>
</tr>
<tr>
<td>FY 2020-21 Auxiliary Activities</td>
<td>$30,060,870</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$163,049,500</td>
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Budget Planning Strategy, Guidelines & Timeline
Budget Planning Goal

Goal

The goal of the budget resource planning process is to create a balanced and sustainable ongoing budget that supports the University’s Strategic Initiatives and GI 2025 goals. This involves strategic investments, assessing capacity, and reallocating existing resources to align with divisional and University priorities.

For FY 21, develop a framework to mitigate anticipated challenges.  
(presented at May 7, 2020 SRPC meeting)
2020/21 Budget Guidelines - Amended

(Reviewed and discussed at May 7, 2020 SRPC meeting)

In developing the FY21 budget, the following parameters are provided:

- Align available resource allocation to support sustainable operations in relation to our Strategic Initiatives and GI 2025 goals that support student success;
- Incorporate on-going accountability (reallocations or other actions to demonstrate how the has adequately assessed capacity) into the resource allocation process;
- Engage in planning to respond to potential fluctuation in enrollment and changes to state appropriations and tuition;
- Ensure transparency;
- Protect resources for strategic investment during times of economic uncertainty; and
- Use challenging time as an opportunity for innovation.
Short-term Strategy to Address Reduction

Reduction total: $7 million

To balance the 2020-21 budget now temporarily on a one-time basis, use of Reserves for Economic Uncertainty and modest operating adjustments are recommended.

Application to address reduction**
- Furloughs - contemplating in 2021/22
- Use of Reserves for Economic Uncertainty to bridge the gap - $6.4 million
- Operating budget freeze of most Travel - $600,000

Not included in $7M reduction:
- Unfunded Mandatory Costs (health, min. wage, etc.) - $700,000

**All one-time funds
Process to Address Permanent Reduction

2020/21 Budget (FALL)
- SRPC convenes at the beginning of the fall semester
- Host Town Hall to discuss 2020-21 budget status
- Identify permanent funds to address 2020-21 reduction
  - Identify any central funds to help close the gap
  - Each Division convenes to discuss options to help address permanent reduction
- Permanent reductions are identified by Spring 2021 with recommendation to the President

2021/22 Budget (SPRING)
- Delay launch of annual planning from Fall 2020 to Spring 2021
  - Allows for information to be gathered to inform campus discussions, i.e., CSU 2021/22 budget, State forecasts (LAO), Governor’s January 2021 budget, etc.
- Goal: Respond to external factors and aim for a balanced budget
Multi-Year Forecast

Planning for 2021-22 and 2022-23 Budget Year

● Develop assumptions
  ○ Enrollments for 2021-22 and 2022-23
  ○ Support for new funding from the state and other sources
  ○ Future use of Reserves for Economic Uncertainty
  ○ New Program Investments

● Some opportunities and strategies to address 2020/21 reduction
  ○ Limits on new employee hiring
  ○ Limits to travel
  ○ Reallocations
  ○ Create greater operational efficiencies
  ○ Cost avoidances
## Planning Schedule with Milestones

### 2020/21

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>Sep 2020</td>
<td>President Beck's Budget Memo</td>
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<tr>
<td>Sep 2020 - May 2021</td>
<td>SRPC and Campus Discussions -</td>
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<td>Fall semester: 2020-21 Budget</td>
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<td>Spring semester: 2021-22 Budget</td>
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<tr>
<td>Oct 1, 2020</td>
<td>Deadline for Congress to Fund HEROs</td>
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<tr>
<td>Nov 17-18, 2020</td>
<td>CSU Board of Trustees Meeting</td>
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<tr>
<td>Jan 2021</td>
<td>Governor’s January Budget Released for 2021-22</td>
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<tr>
<td>Event</td>
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<tr>
<td>SRPC Meeting #1</td>
<td>Sep 3</td>
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<tr>
<td>Budget Town Hall - Budget Overview</td>
<td>Sep 11</td>
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<tr>
<td>Budget Town Hall - Divisional Updates</td>
<td>Oct 8</td>
</tr>
<tr>
<td>SRPC Meeting #2</td>
<td>Oct 22</td>
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<tr>
<td>SRPC Meeting #3</td>
<td>Oct 22</td>
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<tr>
<td>SRPC Meeting #4</td>
<td>Nov 12</td>
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<tr>
<td>SRPC Meeting #5</td>
<td>Dec 4</td>
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<tr>
<td>Finals Quiet Week</td>
<td>Dec 7 - 11</td>
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Questions?
Strategic Resource Planning Committee (SRPC)
Charge and Objectives

Charge:
Advisory committee to the President on matters pertaining to the development of the University budget, alignment of fiscal resources to strategic priorities, and fiscal sustainability.

Objectives:
• Strengthen the relationship between campus planning and fiscal resource allocation (budgeting)
• Ensure transparency and build awareness
• Advance the mission of the institution - service to our students and community