



Fiscal Year 2016 (FY16) Operating and Capital Budget Overview

The FY16 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 2015-16 Support Budget of the CSU provides for adjustments in enrollment growth including tenure track teaching faculty associated with the growth, increases in mandatory costs such as insurance, utilities and retirement. The respective adjustments to CI are reflected in the information presented in this overview.

A 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 and 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. This information may be found at: <http://www.csuci.edu/strategic-resource-planning/index.htm>

We are appreciative of the work and feedback of the SRPTF to continue to improve our process and to our CI community for the support and cooperation during the development of the FY16 budget. We continue to look forward to the new year as we work to further reinforce campus planning and budgeting.

Note: This budget overview does not include additional revenue allocated to the CSU with the signing of the Governor's budget. The CSU plans to allocate those new resources after the beginning of FY16 and subsequently, the campus will issue an amendment to the budget.

Gayle Hutchinson, Provost
and VP for Academic Affairs

Ysabel Trinidad, VP, Business
& Financial Affairs

June, 2015

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

Budgeted revenues and expenditures for the FY15 fiscal year are \$166.5 million, a five percent increase over the prior fiscal year all funds final budget and a 5.8% increase in the University operating funds. Revenue adjustments reflect authorized increases.

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS Exhibit II ALL FUNDS REVENUE PLAN SUMMARY FISCAL YEAR 2015/16				
	2014/15 Final Budget	2015/16 Campus Budget Plan	Change	
			\$	%
University Operating Funds				
<i>CSU Operating Fund</i>				
State Appropriations	\$60,207,210	\$63,766,530	\$3,559,320	5.9%
Category I Fees - Tuition	30,192,000	30,998,508	806,508	2.7%
Category I Fees	555,500	604,500	49,000	8.8%
Category III Fees	12,000	60,000	48,000	400.0%
Category IV Fees (State Support)	238,279	233,879	(4,400)	-1.8%
Other	112,230	250,000	137,770	122.8%
Sub-total Appropriated/Student Fee	91,317,219	95,913,417	4,596,198	5.0%
<i>Designated Operating Funds</i>				
Category II Fees	4,318,636	5,310,700	992,064	23.0%
Total University Operating	95,635,855	101,224,117	5,588,262	5.8%
Restricted Funds				
Capital	1,356,000	1,024,000	(332,000)	100.0%
Lottery	109,000	109,000	-	0.0%
Total Restricted Funds	1,465,000	1,133,000	(332,000)	-22.7%
Auxiliary Activities				
<i>Auxiliary Enterprise</i>				
Housing	10,644,525	13,316,351	2,671,826	25.1%
Parking and Transportation	2,168,014	2,194,825	26,811	1.2%
Extended Education	6,126,062	6,300,000	173,938	2.8%
Sub-total Auxiliary Enterprise	18,938,601	21,811,176	2,872,575	15.2%
<i>Auxiliary Operations</i>				
Associated Students	1,528,634	1,690,050	161,416	10.6%
CI Foundation	2,213,198	2,402,676	189,478	8.6%
Site Authority	32,053,233	30,126,990	(1,926,243)	-6.0%
Commercial Services	5,481,040	6,100,930	619,890	11.3%
University Glen	780,435	963,323	182,888	23.4%
Sub-total Auxiliary Operations	42,056,540	41,283,969	(772,571)	-1.8%
Total Auxiliary Activities	60,995,141	63,095,145	2,100,004	3.4%
Total Revenues	158,095,996	165,452,262	7,356,266	5%

Significant Considerations for FY16 General Fund Operating Budget

CI's FY16 general fund operating budget, combining all sources of revenue is anticipated to be \$101.0 million. Primary revenue sources in FY15 include those from State appropriations, tuition and other student fees.

Tuition Fees:

Under the Governor's multi-year funding plan and the CSU 2015-16 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 FY15, CI's planned enrollments for the year were 5,000 FTES; State funding was adjusted to fully fund campus FTES. For FY16, 100 new state-funded enrollments were authorized by the Chancellor's Office and subsequently supplemented by an additional 60 FTES.

Enrollment FY15	5,040 FTES
CI FY15 State Appropriations Total	5,000 FTES
Projected Enrollment FY16	5,160 FTES

Figure 2: 2015-16

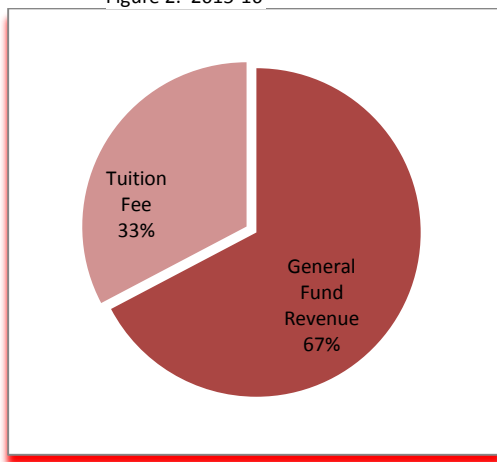
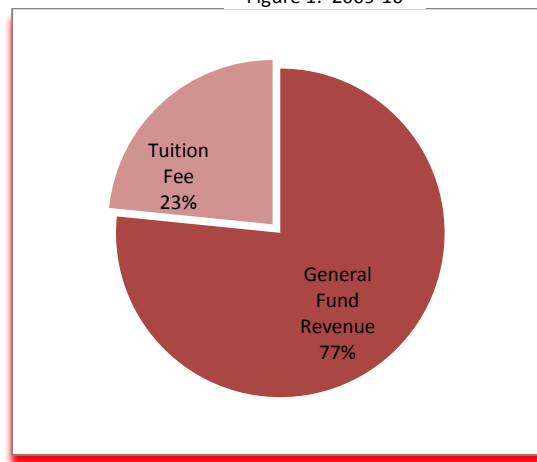


Figure 1: 2009-10



Budget Planning

In October, 2014, the Fiscal Year 2016 (FY16) 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 strong 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 FY16 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 four percent in 2015-16 and by four percent in 2016-17.

The Budget Act of 2014 (Chapter 25 of the Statutes of 2014) requires the Board to develop and approve a plan that details any changes necessary to ensure the university's academic and fiscal sustainability over a multi-year period and submit that plan to the state no later than November 30, 2014. The Academic Sustainability Plan was approved by the CSU Board of Trustees at its November 2014 meeting.

The plan must include the following three components:

1. *Projections of available resources in the 2015-2016, 2016-2017, and 2017-2018 fiscal years, using state general fund and tuition and fee revenue assumptions provided by the state Department of Finance (Finance). Projections of expenditures in each of those years and descriptions of any changes to current operations necessary to ensure that expenditures projected for those years are not greater than the available resources projected for those years.*
2. *Projections of resident and non-resident enrollment in each of those years.*
3. *Goals for 16 performance measures (described in state law) in each of those years.*

The plan set targets for key measures within resource assumptions and can be found here:

<http://www.calstate.edu/budget/fybudget/legislative-reports/1415-CSU-Academic-Sustainability-Plan.pdf>

The Governor expects the CSU to use these funds 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.

Enrollment Growth Funding. The 2015/16 state allocation provides full campus general fund support for an enrollment growth of 160 FTES. Late in the state budget process, the CSU was allocated additional \$97 million, the full amount that was requested by the Board of Trustees for the 2015-16

fiscal year. We await details from the Chancellor's Office about campus budgets that may be available in July.

Tenure-Track Faculty Hiring: In the fall semester of the 2014, a policy approach was adopted to fund new faculty tenure track positions based upon new enrollments authorized by the Chancellor's Office and using the campus student/faculty ratio. As a result, during the budget development process, new tenure track faculty positions will be budgeted routinely as we receive new enrollment funding.

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.

Tuition Fee Academic Year Rates*	
	<u>2015/16</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 strengthen 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.

With CI's recently completed five-year strategic plan, 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 FY16 \$4.4 million. These funds are net revenues generated by the following:

State General Fund: State appropriations revenue total \$3.6 million and include funding for enrollment growth. The general fund increase for enrollment growth totals \$757,000; \$2.9 million covers benefits cost increases – \$1.375 million health/retirement, \$793,000 for Sierra Hall operation to be redirected to hire new faculty and \$724,00 to fund the 2% salary adjustments authorized by the Chancellor’s Office.

Tuition fees: Gross tuition totals \$800,000. Fees are calculated on resident headcount and include resident and non-resident fees that are then adjusted for tuition waivers.

BUDGET EXPENDITURE SUMMARY

Overview

FY16 divisional requests for **critical operational needs** total \$4.9 million and are summarized below. Divisional areas prepared permanent requests (\$3.8 million – Figure 3) and temporary requests (\$1.1 million).

Permanent funding was allocated to address instructional need by the addition of 6.0 tenure-track faculty. Additionally, 16 tenure-track faculty lines will be converted from existing budget allocations; the total additional 22.0 tenure track faculty budgeted lines will bring CI to a **budgeted ratio** of 55% tenure track faculty to non-tenure track faculty.

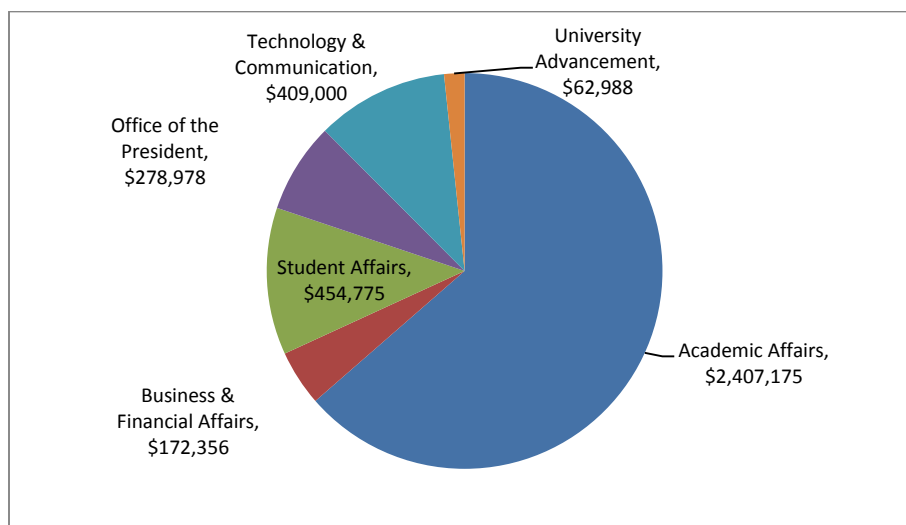


Figure 3: FY16 Divisional Permanent Budget Requests

Mandatory and Fixed Expenditures. These costs include incremental permanent expenditures the campus must account for in the new fiscal year. Beginning in 2015/16 tenure track faculty lines will be included as mandatory costs based upon the increase of funded FTES by the Chancellor's Office. In 2013/14 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 58% of fixed cost budget for Tenure Track Faculty/Benefits/PERS. The remaining 42% will be used for a compensation pool, operating mandates (ex., software licensing increases, etc.), legal fees, utilities, insurance, and budget contingency.

Full funding for **sabbaticals and faculty promotions** is included in the mandatory costs and is anticipated to be at approximately \$286,320 for FY16.

Deferred Maintenance and Facilities Renewal. Please see the Capital section for the accumulated deferred maintenance of the campus to date and renewal needs.

Budget Development Methodology. As outlined in the Operating Budget Resource Planning memo to campus unit heads, each campus division developed its internal 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>

Recommended Allocations. 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 2016 Permanent and Temporary Allocations

	Permanent	Temporary	One-Time
Divisional Operating Requests	\$1,830,544		\$1,830,544
Divisional One-Time Requests		\$938,540	\$938,540
Compensation (per agreements)	\$724,000		\$724,000
Fixed Costs (legal, utilities, benefits)	\$2,046,800		\$2,046,800
Contingency	\$14,682		\$14,682
Total	\$4,616,026	\$938,540	\$5,554,566

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.

Table 4.
SUMMARY OF RECOMMENDED DIVISION DISTRIBUTIONS

	RECOMMEND			RECOMMEND		DIVISION
	<u>PERMANENT</u>	<u>FTE</u>		<u>TEMPORARY</u>	<u>FTE</u>	<u>TOTAL</u>
BUDGET RECOMMEND						
Academic Affairs	1,113,360	22.0		828,540		1,941,900
Advancement	63,000	1.0		0		63,000
Business & Financial Affairs	114,000	2.0		0		114,000
President	220,184	2.0		0		220,184
Student Affairs	190,000	2.0		50,000		240,000
Technology & Communications	130,000	1.0		60,000		190,000
Total	1,830,544	30.0		938,540	0	2,769,084

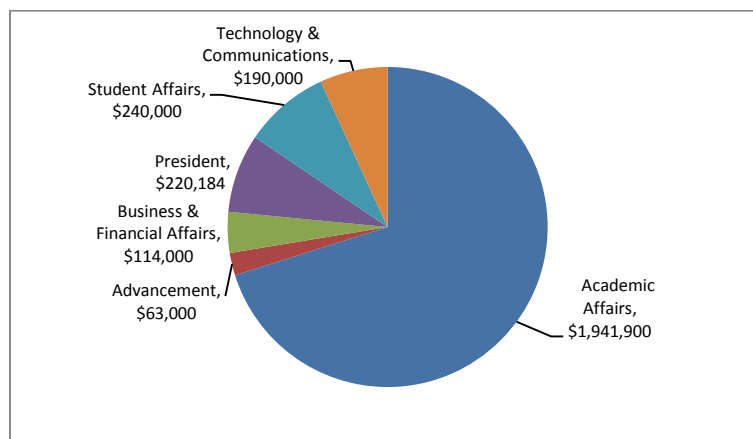


Figure 4: FY15 Divisional Budget Recommendations for Funding

Capital Budget

Background

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.

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 continue to allocate campus revenue sources to fund critical life/safety, ADA, code-driven and new space needs.

Deferred Maintenance

The CSU continues to help address deferred maintenance accumulation for the campuses. The current deferred maintenance backlog for CI is approximately \$38 million; the CSU system deferred maintenance backlog nears \$2 billion. It should be noted that many 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 Divisions and Departments about their space needs through the annual budget process, 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.

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 these types of projects.

Table 5
Summary of FY15 Capital Investments

Project Types	One-time Allocation
Critical Repairs and Code Required (ADA, system failures)	\$605,000
Space Upgrades/Improve Environment - work/study (interior refresh, way-finding signage, landscaping)	\$300,000
Planning Studies (campus-wide EIR, new academic space)	\$ 69,000
Sustainability in Built Habitat (energy efficiency, mandates – CSU climate action plan)	\$ 50,000
Total	\$1,024,000*

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