



Channel Islands

CALIFORNIA STATE UNIVERSITY

OFFICE OF THE PRESIDENT

August 17, 2021

Dear Campus Community,

As California emerges from the unprecedented challenges associated with the COVID-19 pandemic, we look forward to the Fall semester and safe return to a resilient campus environment for all students, faculty and staff. I'm happy to announce that our return will be bolstered by increased fiscal support as announced at the recent Board of Trustees meeting.

As you may recall, last year's budget situation was quite challenging due to uncertainty surrounding the economic impact of COVID-19. CSU appropriations were reduced by \$299 million which translated into a permanent campus budget cut of over \$5 million. When combined with the anticipated tuition revenue shortfall associated with last year's enrollment projections, CSUCI faced a \$7 million structural deficit. Thanks to a collaborative process across all divisions, our campus devised a plan to mitigate the budgeted shortfall for 2020-21 through the one-time use of reserves and campus-wide cost savings measures, including the hiring chill. In addition, the campus also worked to identify a combination of divisional and central pool budget reductions to address the cut on a permanent basis beginning in 2021-22.

Looking back to this time last year, no one could have imagined the strength of the California economy and the historic levels of funding that comprise California's FY 2021-22 budget. The recently enacted budget is designed to fuel economic recovery for those most impacted by the pandemic and provides for significant investment in education and supporting student needs. For the CSU, this translates into an increase of over \$550 million in ongoing support. This includes \$299 million for the full restoration of last year's budget cut, an operational base budget increase of \$186 million, \$15 million for the Basic Needs Initiative, another \$15 million for student mental health, and the balance earmarked for other systemwide and campus-specific investments.

The net overall funding increase for CSUCI in FY 2021-22 is \$6,592,000. As detailed below, a portion of this total will cover mandatory expenditures due to increases in health insurance and facilities maintenance costs, with the bulk of it being discretionary funding for budget restoration, AB 1640 Ethnic Studies, and Graduation Initiative (GI) 2025. Within the GI 2025 funds, 11% must be used for basic student needs and another 11% for student mental health. While increased funding is welcome news, the budget also incorporates an earmark of approximately 30% of the total appropriation as mandated by the Chancellor's Office across all 23 campuses in order to fund system wide priorities. A summary of changes in campus appropriations is provided below:

Mandatory Increases	
○ Health Insurance, Maintenance	\$ 703,000
Discretionary Increases	
○ Budget Reinstatement	\$ 5,709,000
○ Ethnic Studies - AB 1640	626,000
○ GI 2025	<u>2,368,000</u>
Total Discretionary	\$ 8,703,000
Student University Grant (SUG)	(207,000)
Deduct for Systemwide Priorities	<u>(2,607,000)</u>
Total Change - Campus Appropriations	\$6,592,000

Although divisional allocations of new discretionary funds must still be determined, the new funds serve as a source of funding for permanent divisional budget requests and campus mandatory increases presented at the [May Budget Town Hall](#) meeting as well as the reinstatement of divisional budget reductions in response to last year’s \$5M appropriation cut. The remaining budget will be targeted for GI 2025 initiatives including mandated investment in Basic Student Needs and Student Mental Health, as well as the development of Ethnic Studies programming per AB 1640 requirements. Building upon last year’s collaborative campus planning process, campus discussions will commence in the Fall to help guide the strategic utilization of these funds based on input from campus stakeholders and through the Strategic Resource Planning Committee (SRPC).

Comprehensive Campus Budget Overview

The CSUCI budget consists of the following revenue sources: Operating Fund (General Fund), Auxiliary Enterprises, and Auxiliary Organizations. On a comprehensive basis, the CSUCI Campus Budget Plan outlines a total budget of \$182.8 million, an increase of \$20.2 million over FY 2020-21. This includes the \$6.592 million increase in University Operating Funds (General Fund), plus an increase of \$11.4 million in Auxiliary Enterprises (housing, parking, and Extended University) and \$3.9 million in Auxiliary Organizations (Associated Students Inc., University Auxiliary Services, and Foundation) for total Auxiliary revenue of \$32.0 million.

The major components that comprise the Campus Budget Plan follow:

2021-22 CSUCI OPERATING FUND (General Fund) represents the largest component of the campus budget and includes resources from state appropriations, revenues generated primarily from student tuition and fees as well as cost recovery revenue. State General Fund appropriations serve as the primary funding source for CSUCI’s core operating revenues equating to approximately two-thirds of the annual operating budget. Tuition revenue serves as the second largest source of funds.

Enrollment targets for FY 2021-22 were established in early Spring at 5916 FTES (annualized). Although the target remains 3.5% below appropriation funded FTES of 6135, a nominal revenue increase of \$663k is expected over last year’s planned target of 5838 FTES. A structural deficit of approximately \$1.3M is expected when measured against appropriation-funded FTES of 6135 FTES. Similar to last year, we remain committed to bridging the gap with use of campus reserves until enrollment returns to this level.

Operating Fund - Other Fees consist of non-tuition related fees and mandatory campus-based fees (cost-recovery and auxiliary excluded). As a result of changes to enrollment planning assumptions, revenue growth of \$218K is projected for FY 2021-22.

Summary of Operating Fund Changes

Budget Adjustments

FY 2020-21 Campus Budget Plan - Opening Balance	\$132,404,000
Adjustments - SCO Pension Reduction/other	<u>(738,000)</u>
Final Prior Year Campus Operating Budget (excludes lottery)	\$131,666,000
Appropriations Increase	6,592,000
Tuition Revenue Change <i>(increase from 5838 to 5916; enrollment remains below funded 6135 FTEs)</i>	<u>663,000</u>
Total Excluding Mandatory Fee Changes	\$138,921,000
Category II Fee Revenue Change	<u>219,000</u>
FY 2021-22 Operating Budget (excludes lottery)	\$139,139,000

Auxiliary Enterprises consist of Housing & Residential Education, Parking & Transportation, and Extended University. After the unprecedented disruption and financial impact to these units due to the COVID-19 pandemic, annual revenues from these units are expected to increase dramatically due to the return to in-person instruction and operations in the Fall. However, revenues are expected to remain \$6 million below pre-COVID levels.

- Housing & Residential Education’s budget increased by \$9.5 million, for an annual budget of \$12.9 million. Fall occupancy is projected at 1102 students versus 258 students a year ago. Occupancy remains \$5 million below pre-pandemic revenue levels generated by approximately 1600 students.
- Parking and Transportation’s budget is increased by \$1.3 million, for an annual budget of \$1.6 million. This remains \$1million below pre-pandemic levels.
- The Extended University budget is increased by \$0.7 million, for an annual budget of \$8.0 million.

Auxiliary Organizations include Associated Students Inc., CSUCI Foundation, University Auxiliary Services, and Site and Financing Authorities. Each of these entities is governed by a separate board of directors. Each board has reviewed their respective requested budgets and approved the following annual expenditure budgets with more detail provided in Attachment 3.

- Associated Students, Inc. budget is on par with last year for a total budget of \$3.0 million inclusive of mandatory fees and debt payments.
- CSUCI Foundation’s budget is increased \$1.2 million to \$2.5 million due to increased revenue through the Foundation.
- University Auxiliary Service revenue is increased from \$3.2 million to \$5.9 million but remains over \$4 million below pre-pandemic levels.

Summary of Campus Budget Changes

FY 2020-21 Campus Operating Budget (excludes lottery)	\$131,666,000
State Appropriation Change	6,592,000
Tuition Revenue Change	<u>663,000</u>
Total Appropriation and Tuition Revenue Change	\$138,921,000
Category II Fee Revenue Change	<u>218,000</u>
FY 2021-22 Operating Budget	\$139,139,000
Restricted Funds - Lottery	\$585,000
Prior Year Auxiliary Enterprise and Operations Budget	\$16,638,000
Auxiliary Activities Revenue Change	<u>15,359,000</u>
FY 2021-22 Auxiliary Activities	\$31,997,000
Site Authority	\$11,126,000
Total Revenues	\$182,846,000

CSUCI OPERATING FUND EXPENDITURE ALLOCATIONS

The campus has adopted an incremental budgeting approach to annual planning. This provides budgetary stability and allows operating units to plan multiple years into the future due to the predictability of funding. Incremental budget changes are based on Chancellor's Office allocations, CSUCI's Strategic Initiatives funding targets, approved divisional budget increases, campus mandatory cost changes, as well as expenditure plans for auxiliary enterprises and units funded by mandatory student fees.

While CSUCI has made progress over the years in making budget development processes increasingly transparent, clarity is still needed in defining the role and responsibilities of the Strategic Resource Planning Committee (SRPC). Achieving this clarity is a specific opportunity for advancing our campus's collective understanding and practice of shared governance. As such, SRPC will play an important role in providing feedback and recommendations on divisional proposals for the strategic use of new sources of funds.

Authorized budgets for FY 2021-22 are detailed with the prior year's final budgets in the Campus Budget Plan. The document is accessible on the Strategic Resources Planning Committee (SRPC) website and posted in late August. Expenditure plans for auxiliary organizations are overseen by separate boards (Associated Students, Inc., University Foundation, Site Authority and University Auxiliary Services) and summarized in Attachment 3.

STRATEGIC INITIATIVES - IEAP

Funding for the University's third year of Strategic Initiative proposals is set at \$650K. The proposal process will commence in early Fall with a focus on Inclusive Excellence Action Plan (IEAP) proposals that address gaps in diversity, equity, and inclusion. The one-time funding will be awarded in the Fall based on a period of performance beginning in early 2022 and ending at the conclusion of the Spring 2023 semester.

NEXT STEPS

There is much work to accomplish in the coming months. Student re-engagement and success as well as ensuring the safety and wellbeing of our campus community remain our top priorities as we return to campus after nearly a year and half of virtual instruction and operations.

From a budgetary perspective, our near-term work includes the alignment and prioritization of new funding with campus priorities. This will be accomplished through a series of calls for proposals commencing shortly after the start of the academic year. This will include a call for GI 2025 proposals that support the six operational priorities of GI 2025:

- Academic Preparation
- Enrollment Management
- Student Engagement and Wellbeing
- Financial Support
- Data-Informed Decision Making
- Administrative Barriers

The second call for proposals will focus on initiatives to remediate gaps in diversity, equity, and inclusion identified through the collective work of our six Inclusive Excellence Action Teams (IEAT).

In keeping with our commitment to transparency and engagement, additional Town Hall meetings will be conducted throughout the course of the semester to keep our campus community informed of our current state from both physical safety and financial perspectives. This will also provide an opportunity to look more closely at our planning processes to ensure they are in service to our mission, vision and values rather than allowing those tools to be ends and of themselves.

I want to thank you for your continued commitment to our students and the mission of our institution while taking good care of each other along the way. You have demonstrated great fortitude, agility, and creativity in navigating a protracted period of disruption and uncertainty caused by the pandemic.

We know that the road ahead will continue to be paved with new challenges. However, there is great promise in knowing that we have a unique opportunity in this moment to reimagine post-COVID higher education and student success. Now is the time to chart anew our vision and practices for student-centered learning and engagement, innovation, and making learning more accessible for all students. I am looking forward to engaging in this work with all of you.

Sincerely,



Richard Yao, Interim President

ATTACHMENTS:

Attachment 1: 2021/22 Approved CSUCI Operating Budget

Attachment 2: Operating Budget Historical Trend

Attachment 3: 2021/22 Approved Budgets for Auxiliary Organizations

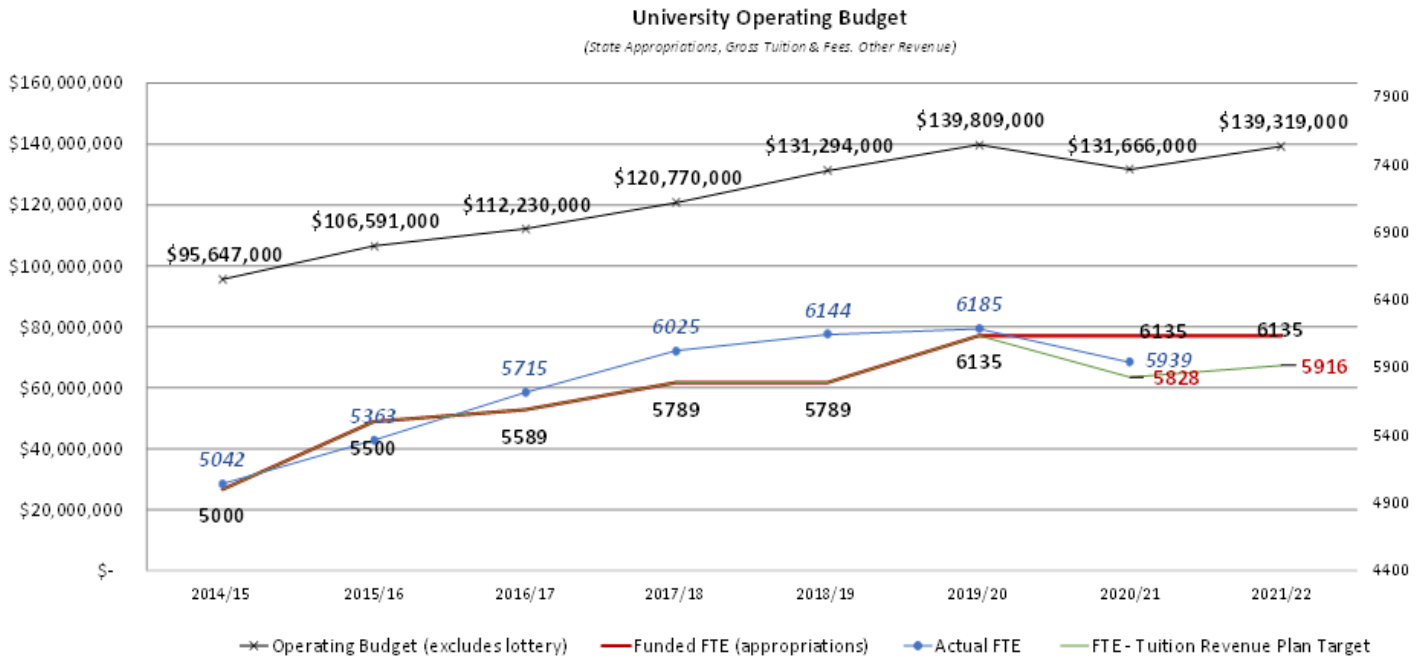
Attachment 1

2021/22 Approved CSUCI Operating Budget

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS				
Exhibit II				
ALL FUNDS REVENUE PLAN SUMMARY				
FISCAL YEAR 2021/22				
	2020/21 Final Allocation	2021/22 Campus Budget Plan	Annual Change \$	%
Operating Fund				
State Appropriations	\$ 84,735,000	\$ 91,327,000	\$ 6,592,000	8%
Category I Fees - CO Tuition	36,443,338	37,106,338	663,000	2%
Total Appropriation and CO Tuition	121,178,338	128,433,338	7,255,000	6%
Category I Fees - Non Resident Tuition	151,000	151,000	-	0%
Category I Fees - Application Fees	400,000	400,000	-	0%
Category IV Fees (State Support)	468,901	468,901	-	0%
Cost Recovery	3,535,300	3,535,300	-	0%
Other	295,439	295,439	-	0%
Subtotal Appropriated/Student Fee Revenue	126,028,978	133,283,978	7,255,000	6%
Mandatory Campus Based Fees	5,636,656	5,854,600	217,944	4%
Total University Operating	131,665,634	139,138,578	7,472,944	6%
Restricted Funds				
Lottery	585,000	585,000	-	0%
Total Restricted Funds	585,000	585,000	-	0%
Auxiliary Activities				
Auxiliary Enterprise				
Housing and Residential Education	3,377,494	12,890,178	9,512,684	282%
Parking and Transportation	344,630	1,611,040	1,266,410	367%
Extended University	7,375,450	8,037,488	662,038	9%
Sub-total Auxiliary Enterprise	11,097,574	22,538,706	11,441,132	103%
Auxiliary Operations				
Associated Students	929,100	965,100	36,000	4%
CI Foundation	1,335,345	2,547,661	1,212,316	91%
University Auxiliary Services	3,276,165	5,945,505	2,669,340	81%
Sub-total Auxiliary Operations	5,540,610	9,458,266	3,917,656	71%
Total Auxiliary Activities	16,638,184	31,996,972	15,358,788	92%
Site Authority	13,733,248	11,125,829	(2,607,419)	
Total Revenues	\$ 162,622,066	\$ 182,846,379	\$ 20,224,313	12%

Attachment 2

University Operating Budget - Historical Trend



Note: FTES are Annualized. Fall FTES typically 2.5% higher than annualized. Spring FTES typically 5% lower than fall enrollment.

Attachment 3

2021/22 Approved Budgets for Auxiliary Organizations

CSU Channel Islands Associated Student

2021/22 Budget

	Total
INCOME (fees & other)	3,080,167
(A) EXPENDITURES	<u>3,227,854</u>
Net	(147,687)
Contribution to Fund Balance	(147,687)
<hr/>	
Ending Fund Balance 6/30/2020	7,363,690
2020-21 Contributions/(Reductions)	856,556
Ending Fund Balance - 6/30/2021 (prelim)	<u>8,220,246</u>
Adjustments to Net Position	(147,687)
Estimated Ending Fund Balance - 6/30/2022	<u>8,072,559</u>
<hr/>	
(A) Expenditure Detail	
Student Government	90,343
Student Programming Board	128,019
CI View	98,471
ASI Special Programming & Projects	50,000
Administrative	587,656
Campus Partners	161,984
Student Orgs	54,149
Student Orgs Special Fund	20,000
Student Union Reopening	100,000
Student Union Operations	1,055,381
Student Union Debt Payment	859,425
CO Charges	22,426
TOTAL	<u>3,227,854</u>

Budget Approved by ASI Board

CSU Channel Islands Foundation

2021/22 Budget

INCOME	
Contributions	1,520,698
Investment Earnings	981,431
Other	45,532
	<hr/>
	2,547,661
(A) EXPENDITURES	<hr/>
	2,954,020
Net	(406,359)
Contribution (Reduction) to Fund Balance	(406,359)
Ending Fund Balance 6/30/2020	25,834,270
2020-21 Contributions/(Reductions)	21,657,323
Ending Fund Balance - 6/30/2021 (prelim)	<hr/>
	47,491,593
Adjustments to Net Position	(406,359)
Estimated Ending Fund Balance - 6/30/2022	47,085,234
(A) Expenditure Detail	
Academic Support & Contract Services	871,886
Equipment	31,250
Gifts to University	0
Business Meals/Hospitality	79,311
Contingency	50,000
Operating Expenses	286,302
Programmatic Operating Expense	601,468
Scholarships	825,925
Supplies & Services	131,874
Travel/Training	76,004
TOTAL	<hr/>
	2,954,020

Budget approved by CSUCI Foundation Board of Directors.

CSU Channel Islands University Auxiliary Services

2021/22 Budget

INCOME	
Food Service Sales	3,901,853
Cost Recovery	1,270,475
Management Fee	407,071
Program Revenue	<u>366,106</u>
	5,945,505
(A) EXPENDITURES	<u>5,945,505</u>
Net	0
Contribution to Fund Balance	0
<hr/>	
Ending Fund Balance 6/30/2020	177,315
2020-21 Contributions/(Reductions)	<u>(0)</u>
Ending Fund Balance - 6/30/2021 (prelim)	177,315
Adjustments to Net Position	(0)
Estimated Ending Fund Balance - 6/30/2022	<u>177,315</u>
<hr/>	
(A) Expenditure Detail	
Salaries & Wages	2,906,220
General & Administrative	1,149,624
Cost of Goods	1,225,661
Debt Service	<u>664,000</u>
TOTAL	5,945,505

Budget approved by University Auxiliary Services Board of Directors - June 2021

Does not reflect expansion of dining services as of August 2021 - pending Board Approval