



September 26, 2018

Dear Campus Community,

Welcome to the 2018-19 year at CSU Channel Islands.

The following provides an overview of the fiscal year University FY 19 Budget based on the activities of the Strategic Resource Planning Committee (SRPC). The committee's work continues the efforts to enhance campus-wide engagement and transparency in the budget planning process.

The campus budget plan for FY 19 outlines a total operating budget of \$186 million. This total is comprised of \$130.8 million in University Operating Funds, \$513,000 in Lottery allocation, \$27 million from Auxiliary Enterprises, and \$27.6 million from Auxiliary Organizations. (Attachment 1)

2018-19 CSUCI OPERATING FUND (General Fund) consists of state appropriations and tuition. These funds increased by \$ 7.4 million or 6% over FY 18 (i.e., from \$112.3 million to \$119.8 million). After meetings of the SRPC, Cabinet members and the campus at-large, the new permanent Operating Fund expenditure allocation will increase by \$6.2 million to address mandatory expenses, operating priorities and compensation adjustments as noted in Attachment 2.

In addition to the permanent funds, the Chancellor's Office has allocated \$3.09 million in one-time, non-recurring funds to CSUCI for various program purposes. This Budget provides for \$5.3 million of one-time unallocated funds to be allocated for one-time operating needs and Strategic Initiatives funding as noted in Attachment 2. The remaining \$2.4 million shall remain uncommitted, and together with permanent uncommitted funding (\$1.9 million) shall be used to support future strategic priorities and to help balance the operating budget over the next two to three years as needed.

Operating Fund - Other Fees consists of non-tuition related fees, mandatory campus-based fees, and cost recovery from auxiliary units. These funds total \$11 million, increasing by \$2.7 million over FY 18.

Lottery allocations are less than 1% of the total funding to the CSU, or \$32,552,000. For 2018-19, the allocation to CSUCI remains the same as FY 18 for \$513,000.

Auxiliary Enterprises consist of Student Housing, Parking and Transportation, and Extended Education.

- Housing and Residential Education permanent budget increased by 2.5% for a total of \$17 million with no increase in housing rates. The increase in total expenditure increases are \$414,000 and include compensation increases and a full year debt service of \$6.8 million.
- Parking and Transportation budget is decreased by 2.5%, totaling \$65,000 as a result of some realignment and efficiencies, and includes mandatory compensation cost increases.

- Extended University permanent program increased by 0.6 %, totaling \$7.3 million. This includes mandatory costs for compensation as well as an increase in enrollment in academic programs.

Auxiliary Organizations consist of Associated Students, Channel Islands Foundation, Site and Financing Authorities, and University Auxiliary Services. 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 in Attachment 3.

- Associated Students, Inc. \$978,300
An increase of 4.6% or \$42,600; from an increase in projected headcount
- CSUCI Foundation \$2.4 million
An increase of 3.6% or \$83,658; from increases of contributions and investment earnings
- Site and Finance Authority \$13 million
A decrease of 24.4% or \$4.2 million; from debt reduction and asset sales
- University Auxiliary Services \$11 million
An increase of 12.6% or \$1.2 million; from increased point-of-sales and meal plans to cover debt service

STATE ECONOMY AND BUDGETARY IMPLICATIONS

The State of California continues to experience an extended period of economic growth. June 2018 marked the state's 9th consecutive year of economic expansion. During this current period of prolonged economic recovery, the state has increased spending for a wide range of programs and projects. At the same time, it has prioritized paying down state debt, and built up a Rainy Day Fund to mitigate the impacts of the next economic downturn.

The 2018-19 state budget continues to recognize the unique opportunity presented by this prolonged period of economic growth to make strategic investments to address critical issues. The budget also sustains the ongoing commitment to fiscal discipline and preparation for the next inevitable economic recession, including an allocation that will completely fill the state's Rainy Day Fund. The budget also reflects lingering trepidation regarding policy and budgetary considerations at the federal level that could result in transference of a greater fiscal burden onto the state to maintain its public programs and services.

FINAL CSU OPERATING BUDGET

On June 28, 2018, Governor Brown signed the state budget for fiscal year 2018-19. The budget includes a \$197.2 million increase to the CSU's General Fund base to support operational cost increases.

The final budget also commits \$122 million in one-time funding, including \$120 million (over a four-year period) to support undergraduate enrollment growth. A total of \$85 million is designated to address infrastructure and deferred maintenance, \$1.5 million for student basic needs and \$5.1 million is earmarked for other CSU campus programs/projects.

The Chancellor's Office assigned 2018-19 resident FTES target is 364,131. The campus 2018-19 budgeted resident FTES target is 5,789, which is the same target the Chancellor's Office assigned for 2017-18.

The final budget includes funding for the CSU Graduation Initiative 2025 allocation at \$75 million. Of that total, \$25 million is allocated system-wide for tenure track hiring. From CSUCI's proportionate total, I am authorizing a total of six (6) new tenure track lines for hiring. In addition, the Division of Academic Affairs will convert current funding for the FERP (Faculty Early Retirement Program) to create two (2) new tenure track lines. In total, eight (8) new tenure track lines are authorized.

Also, with its one-time funding for enrollment growth, for FY 19 the Chancellor's Office authorized \$21.9 million of one-time funds. CSUCI's allocation of this amount is \$770,000. As noted previously, there is no change in the funded enrollment target of 5,789 FTES for our campus. Over the next several months the Chancellor's Office will provide further guidance on the approach that will be used for these one-time enrollment growth funds.

CSUCI FUNDING ADJUSTMENTS

The final funding adjustments to CSUCI's 2018-19 General Fund base budgets from the Chancellor's Office are as follows:

<u>Base Budget Adjustments</u>	<u>Amount</u>
Mandatory Health Increase; O&M	\$315,000
Graduation Initiative 2025	\$2,900,000
Employee Compensation	\$2,025,000
Total	\$5,053,800

CSUCI ALLOCATIONS

The final CSUCI General Fund net revenue allocation is \$5.7 million (Attachment 2). Anticipated revenue and reimbursements bring the total General Fund gross expenditure budget to \$130.8 million (see Attachment 1).

The University's budget allocations are based upon Chancellor's Office allocations, CSUCI's strategic initiatives set aside, mandatory costs, auxiliary enterprises and student fees proposed expenditure plans. The following are the approved estimated final 2018-19 operating allocations and does not include the expenditure plans for the auxiliary organization that are overseen by separate boards (Associated Students, Inc., University Foundation, Site Authority and University Auxiliary Services). Those plans are included in Attachment 3.

<u>Division</u>	<u>2018-19 Operating Base</u>
Office of the President	\$1,785,218
Academic Affairs	65,374,149
Business & Financial Affairs	34,032,872
Student Affairs	27,500,347
University Advancement	4,526,849
Total	\$133,219,435

Additional detail of the operating budget will be posted with this memo on the Strategic Resources Planning Committee website: <https://www.csuci.edu/strategic-resource-planning/fiscal-year-budgets.htm>

The 2018-19 Lottery campus-based program allocation for CSUCI is \$513,000 and will continue to be administered out of the Provost's Office consistent with Trustees' policy and campus priorities.

REALLOCATIONS

Approved divisional reallocation requests totaled \$132,892 and include reallocations for three (3) permanent positions and the partial transfer of ADA related expenses from Business & Financial Affairs to Student Affairs.

Division	FTE	Amount
Office of the President	1.0	\$48,634
Academic Affairs	1.0	45,000
Business & Financial Affairs		-12,500
Student Affairs	1.0	51,758
Total	3.0	\$132,892

STRATEGIC INITIATIVES 2018-23

The University's Strategic Initiatives were finalized in the late Spring 2018 and are noted below. These initiatives will provide the basis for resource allocation in future budget cycles. In this budget allocation, I am earmarking \$1 million to fund initiatives over the next three years. More information will be provided in a separate communication on this topic.

1. Educational Excellence - Ensuring students graduate with the high-level knowledge, skills and experience necessary for engage citizenship and career success
 - Collaborating across Academic and Student Affairs to increase student engagement
 - Assuring faculty and programs are supported to promote educational excellence
2. Student Success - Ensuring all student progress to degree completion in a timely manner regardless of their background
 - Creating clear curricular pathways
 - Promoting timely degree progression
 - Developing innovative partnerships between Academic and Student Affairs
3. Inclusive Excellence – Fostering a campus culture that advances inclusive excellence
 - Developing a collective understanding of equity and inclusion
 - Improving graduation rates for students form historically underserved populations
4. Capacity and Sustainability – Taking action to sustain and advance a robust University in an era of declining state support
 - Building self-sustaining programs and initiatives that support an equitable and thriving community
 - Developing a culture of philanthropy
 - Enhancing faculty and staff development and support
 - Promoting sustainability as an integral part of University planning and operational activities

CSUCI CAPITAL PROJECTS

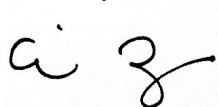
The Chancellor's Office has funded \$2,028,000 for five deferred maintenance projects for the campus. They include:

Electrical and Fire Alarm Replacement	\$175,000
ADA Access Improvements	\$150,000
Roof Replacement and Renewal	\$503,000
Sewer/Potable Water Replacement	\$200,000
North Campus Hydronic Loop Extension	\$1,000,000
Total	\$2,028,000

The campus budget for deferred maintenance for the year is \$492,000 to cover only critical life/safety items.

Best wishes for a wonderful new academic year and I hope to see you on campus as we engage in our collective work to make this a terrific year for all our CSUCI students.

Sincerely,



Erika D. Beck, Ph.D.
President

ATTACHMENTS:

Attachment 1: 2018-19 Approved CSUCI Operating Budget

Attachment 2: Summary of 2018-19 Approved Budget Allocations

Attachment 3: 2018-19 Approved Budgets for Auxiliary Organizations

Attachment 1
2018-19 Approved CSUCI Operating Budget

CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS
Exhibit II
ALL FUNDS REVENUE PLAN SUMMARY
FISCAL YEAR 2018/19

	2017/18 Final Allocations	2018/19 Campus Budget Plan	Change	
			\$	%
University Operating Funds				
CSU Operating Fund				
State Appropriations	\$ 76,116,910	\$ 83,022,710	\$ 6,905,800	9.1%
Category I Fees - CO Tuition	36,079,400	36,079,400	0	0.0%
Category I Fees - CI Tuition Adjustment	203,676	702,008	498,332	244.7%
Category I Fees - NR Tuition	151,000	151,000	0	0.0%
Category I Fees - Application Fees	404,500	404,500	0	0.0%
Category III Fees	12,000	12,000	0	0.0%
Category IV Fees (State Support)	433,904	453,904	20,000	4.6%
Cost Recovery	1,516,712	3,832,320	2,315,608	152.7%
Other	175,605	294,092	118,487	67.5%
Sub-total Appropriated/Student Fee	115,093,707	124,950,934	9,858,227	8.6%
Designated Category II Fees				
Mandatory Campus Based Fees	5,676,500	5,935,200	258,700	4.6%
Total University Operating	120,770,207	130,886,134	10,116,927	8.4%
Restricted Funds				
Lottery	513,000	513,000	0	0.0%
Total Restricted Funds	513,000	513,000	0	0.0%
Auxiliary Activities				
Auxiliary Enterprise				
Housing	16,760,484	17,175,340	414,856	2.5%
Parking and Transportation	2,561,031	2,495,841	(65,190)	-2.5%
Extended Education	7,270,000	7,317,065	47,065	0.6%
Sub-total Auxiliary Enterprise	26,591,515	26,988,246	396,731	1.5%
Auxiliary Operations				
Associated Students	935,700	978,300	42,600	4.6%
CI Foundation	2,313,440	2,397,098	83,658	3.6%
Site Authority	17,489,493	13,215,589	(4,273,904)	-24.4%
University Auxiliary Services	9,781,332	11,010,395	1,229,063	12.6%
Sub-total Auxiliary Operations	30,519,965	27,601,382	(2,918,583)	-9.6%
Total Auxiliary Activities	57,111,480	54,589,628	(2,521,852)	-4.4%
Total Revenues	\$ 178,394,687	\$ 185,988,762	\$ 7,595,075	4.3%

Attachment 2
2018-19 Approved Budget Allocations

Summary of Permanent Budget Allocations

CO - Health; O&M	\$315,000
CO - Compensation	2,025,000
CO - State University Grant (reduction)	-186,200
Compensation - Faculty Promotion	95,000
Divisional Requests - Permanent (*)	1,454,541
Fixed Costs Increases (benefits, utilities)	400,000
Compensation - Campus Contribution (est.)	650,000
Adjust for Compensation Shortfall	450,000
Staff Equity - Pool	250,000
PERS full cost for new employees	439,000
Contingency	350,000
Total Uses	\$6,242,341
Total Permanent Uncommitted	\$1,967,459

CO: Chancellor's Office

(*) Detail of Permanent Divisional Requests Staffing Authorizations

Division	Request	FTE	Amount
Office of the President	Fund Chief of Staff for adjustment of IRPE funds		\$57,846
	Ombudsman: Reallocate funds from current Analyst position and supplement	1.0	46,000
Academic Affairs	Tenure Track Faculty: New funds for tenured lines	6.0	754,800
	Start-Up for New Tenure Track Faculty		72,000
	Director - Faculty Professional Development	1.0	150,000
	Dean - Undergraduate Studies	1.0	130,000
	Data Mgr and Research Analyst - to permanent	1.0	109,448
Business & Fin Affairs	Data Mgr and Research Analyst - to permanent	1.0	109,448
Student Affairs	Disability Support Services operations funds		25,000
Total Permanent Allocations		11.0	\$1,454,541

Note: Amounts include benefit costs as applicable.

Summary of Temporary (One-Time) Budget Allocations

CO - GI 2025 Allocation	\$250,000
CO - Research, Scholarly & Creative Activity	42,700
CO - Deferred Maint/Infrast. (5 projects)	2,028,000
Sabbaticals - Faculty	50,000
Course Releases - Faculty	354,060
Divisional Requests - Temp	218,447
Set Aside for Strategic Initiatives (3 years)	1,000,000
Divisional Contingency annual allocation	1,200,000
Legal Expense	200,000
Total Uses	\$5,343,207
Total One-Time Uncommitted	\$2,389,651

Attachment 3
2018-19 Approved Budgets for Auxiliary Organizations



Associated Students, Inc. of CSU Channel Islands - FY 2018/19 Budget

INCOME	
Associated Student Fee	978,300
Other	-
	978,300
(A) EXPENDITURES	978,300
Net	-
Carryforward 2017/18	-7,354
Contributions to Fund Balance	-7,354
Beginning Fund Balance 6/30/2017	1,240,140
Adjustments to Net Position (Contributions to Fund Balance)	-7,354
Estimated Ending Fund Balance 6/30/2019	1,232,786
(A) Expenditure Detail	
Student Government	88,157
Nautical	33,739
Student Programming Board	92,036
CI View	59,741
Administrative	522,613
Student Life	101,572
Clubs & Organizations	80,442
TOTAL	978,300



FOUNDATION
C H A N N E L
I S L A N D S

CSU Channel Islands Foundation - FY 2018/19 Budget

INCOME	
Contributions	1,350,000
Investment Earnings	860,526
Other	186,572
	<u>2,397,098</u>
(A) EXPENDITURES	<u>2,296,859</u>
Net	100,239
Carry forward 17/18	168,946
Contributions to Fund Balance	<u>269,185</u>
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Beginning Fund Balance - 6/30/2017	24,552,408
Adjustments to Net Position	269,185
Estimated Ending Fund Balance 6/30/2019	<u>24,821,593</u>
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(A) Expenditure Detail	
Academic Support & Contract Services	679,710
Equipment	35,473
Gifts to University	3,700
Business Meals/Hospitality	147,728
Contingency	95,000
Misc. Operating Expenses	467,661
Scholarships	366,600
Supplies & Services	456,236
Travel/Training	44,751
TOTAL	<u>2,296,859</u>



**SITE
AUTHORITY**
C H A N N E L
I S L A N D S

CSU Channel Islands Site Authority - FY 2018/19 Budget

INCOME	
East Campus Development	5,591,096
General Operations	735,617
CI Power Operations	3,150,000
Library	3,738,876
	<u>13,215,589</u>
(A) EXPENDITURES	<u>11,420,519</u>
Net	1,795,096
Carryforward from 2017/2018	8,399,354
Contributions to Fund Balance	<u>10,194,450</u>
Beginning Fund Balance - 6/30/2017	(38,872,313)
Adjustments to Net Position	10,194,450
Estimated Ending Fund Balance 6/30/2019	<u>(28,677,863)</u>
(A) Expenditure Detail	
Salaries, Wages & Benefits	456,000
General and Administrative	4,075,970
Faculty and Staff Subsidy	456,920
Taxes	611,864
Interest on Debt	5,719,765
Other	100,000
TOTAL	<u>11,420,519</u>



CSU Channel Islands University Auxiliary Services - FY 2018/19 Budget

INCOME	
Food Service Sales	8,545,499
Cost Recovery	1,288,685
Management Fee	773,432
Auxiliary Services Program Revenue	402,779
	<u>11,010,395</u>

(A) EXPENDITURES	<u>10,303,880</u>
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Net	706,515
Carryforward 17/18	-474,876
Contributions to Fund Balance	231,639
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Beginning Fund Balance - 6/30/2017	342,751
Adjustments to Net Position	231,639
Estimated Ending Fund Balance 6/30/2018	<u>574,390</u>

(A) Expenditure Detail	
Payroll	4,408,395
Cost of Goods Sold	2,428,104
Paper Goods	110,091
Utilities	129,636
Misc. Operating Expenses	1,718,124
Reserves	261,447
Lease Payment	587,983
Debt Service	660,000
TOTAL	<u>10,303,880</u>