



Strategic Resource Planning Committee

Solano Hall
January 26, 2018 (8:30 am)

Agenda

- I. President Beck's Spring Message
- II. Context for the 2018/19 Budget
 - State-level Budget
 - CSU Budget Request vs. Governor's Proposed Budget (January 2018)
 - Proposed Tuition Increase
- III. Scenarios for Campus-Level Budget Modeling
- IV. Multi-Year Planning
 - Projected Revenues
 - Projected Expenditures
 - Summary
- V. Next Steps

CONTEXT FOR THE 2018/19 BUDGET

- *State-level Budget*
- *CSU Budget Request vs. Governor's Proposed Budget (January 2018)*
- *Proposed Tuition Increase*

State-level Budget

- The state projects a **\$7.5 billion surplus** this year. This is in addition to the continuously growing Rainy Day Fund, which is expected to grow to nearly \$13.5 billion this year.
- Potential impacts of **federal policy changes** and impact to state reserves, including the new federal tax law. The Governor's proposal also reflects uncertainty relating to the future of the Children's Health Insurance Program (CHIP) and Affordable Care Act (ACA) and fiscal impacts at the state level.
- The fiscal impacts of recent **natural disasters** across the state are also still unclear.
- The state's **current economic expansion** is approaching a decade. By the end of 2018-19, the expansion will have matched the longest in post-war history.

“California has faced ten recessions since World War II and we must prepare for the eleventh... We must remain vigilant and not let rosy statistics lull us into believing that economic downturns are a relic of the past. Fiscal restraints are needed more than ever as California approaches the peak of the business cycle.”

- Governor Brown (January 10, 2018)

CSU Budget Request vs. Governor's Proposed Budget (January 2018)

- CSU Trustees have called for a \$283 million (or 4%) increase to the operating budget.
- Governor's January initial budget proposes a \$92 million increase in CSU funding. This is \$10 million less than the Chancellor's Office anticipated. *The state's Department of Finance reports this would amount to less than the projected rate of inflation.*
- The Governor's proposed budget assumes no change in tuition and does not reflect any enrollment growth.

Proposed Tuition Increase

- 4% increase (\$228 annually) for **resident undergraduates**; annual tuition would rise from \$5,742 to \$5,970.
 - 4% increase for **credential** programs
 - 6% increase for **graduate** programs and doctoral programs.
 - 7.6% increase for **non-residents**
 - 4.4% increase in Graduate Business Professional fees.
 - ***New Revenue*** would support *GI 2025, enrollment growth, mandatory costs, employee compensation, and academic and infrastructure needs.*
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- With no tuition increase and no additional funding from the state, the CO has introduced the potential of budget cuts to campuses.

Reconciling the Budget Shortfall

Incremental Expenditure Increases	BOT Request	
Enrollment Growth	1.0%	\$ 40
Graduate Initiative 2025		75
New Compensation		122
Academic Facilities & Infrastructure Needs		15
Mandatory Costs		31
Total Incremental Expenditure (Millions)		\$ 283
Incremental Revenue Increase		
Tuition Revenue		
Tuition From Enrollment Growth		20
General Fund		
Governor's Multi-Year Plan	3.0%	92
Total Incremental Revenue (Millions)		\$ 112
Additional Funding Required (Millions)		\$ 171

CI's proportionate share of shortfall is 2.75% (percent of total CSU budget) or \$1.7 million

CI would need approximately 160 additional funded FTES to compensate for the \$1.7 million shortfall.



SCENARIOS FOR CAMPUS-LEVEL BUDGET MODELING

Scenarios for Campus-Level Budget Planning

Assumptions:

- **All scenarios below include the following assumptions:**
 - No tuition increase
 - \$1.7 million cut (projected shortfall in State Support)
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A. Most Funding Scenario

- 2% funded enrollment
- Redirects funded

B. Midpoint Funding Scenario

- 2% unfunded enrollment
- Redirects funded

C. Least Funding Scenario

- 2% unfunded Enrollment
- Redirects not funded

MULTI-YEAR PLANNING

- *Projected Revenues*
- *Projected Expenditures*
- *Summary*

FY 2018/19 Budget - Preliminary Draft

Projected Revenues

	2018/19 Preliminary	2019/20 Projected	2020/21 Projected
Percent increase from 17/18 Base - GF	2%	2%	2%
Percent Increase Tuition	0%	0%	0%
Projected Revenue Increase	-	-	-
General Fund	-	-	-
Tuition	648,333	738,628	753,401
Total Revenue	648,333	738,628	753,401

Based on Scenario C

FY 2018/19 Budget - Preliminary Draft

Projected Expenditures

	2018/19 Preliminary	2019/20 Projected	2020/21 Projected
Compensation - Faculty Promotions	150,000	150,000	150,000
Sabbatical - Faculty	50,000	50,000	50,000
Fixed Costs *	250,000	250,000	250,000
Compensation - Campus Contribution	1,124,724	880,255	1,353,074
Staff Equity – Pool (1% of staff only)	-	125,000	125,000
Adjustment for Comp Shortfall	450,000	-	-
Contingency	-	350,000	350,000
2018/19 Potential CO Cut	1,700,000	-	-
Total Expenditures	3,724,724	1,805,255	2,278,074

Based on Scenario C

FY 2018/19 Budget - Preliminary Draft

Summary

	2018/19 Preliminary	2019/20 Projected	2020/21 Projected
Total Revenue	648,333	738,628	753,401
Total Expenditures	(3,724,724)	(1,805,255)	(2,278,074)
Total Permanent Uncommitted for FY	(3,076,391)	(1,066,627)	(1,524,673)
Total One-Time Uncommitted	1,571,458	-	-
Cumulative Permanent Budget Change*	(576,391)	(1,653,318)	(3,177,991)
Total FTES (5789 Funded)	5,905	6,023	6,143

Based on Scenario C

* FY 2016/17 permanent budget unallocated of \$2.5 million applied to shortfall balance.

Next Steps

- From the Chancellor's Office:

Approach A: *Seek Additional State Funding: Need to coordinate advocacy at all levels across the CSU to promote full funding of the CSU budget request.*

Approach B: *In lieu of Additional State Funding, pursue CSU-controlled strategies:*

- *A potential tuition increase*
- *Reduce Academic and Non-Academic programs and services*

- CSUCI

- Continue to support the momentum of CSUCI Strategic Initiatives.
- Discuss and develop potential strategies to address the campus permanent budget shortfall.
- Additional . . .



DISCUSSION/COMMENTS/QUESTIONS