



# Strategic Resource Planning Committee Budget Update

Solano Hall 2175  
Friday, February 24, 2017

# Agenda

Welcome and Introductions

Governor's Budget/CSU Budget Request

Proposed Tuition Increase Information

Update on CI Budget

Current Financial Summary & Data Analysis

Questions



# **GOVERNOR'S BUDGET/CSU BUDGET REQUEST**

# Governor's Budget

- **CSU Trustees Budget Request**

- The CSU Trustees requested a \$343.7 million increase in new state government resources (including \$18.8 million in new tuition revenue from a 1% increase in full-time students system-wide)
- The request focuses on priority needs in 5 major areas: (1) Graduate Initiative 2025; (2) funded student enrollment; (3) employee compensation; (4) critical facility and infrastructure needs; and (5) mandatory costs.

- **Governor's January Proposed Budget**

- The Governor's initial proposed budget provides just \$157.2 million in new revenue to the CSU (a \$167.7 million shortfall from the CSUs request).
- The Governor's proposal also reflects a continuation of the flat tuition rate.

# CSU Strategies to Address Budget Shortfall

- **Seek Additional State Funding**
  - Advocate with system-wide allies for additional funding from legislature to support implementation of goals, including Graduate Initiative 2025.
  - Pursue other potential funds through existing government programs (e.g., Greenhouse Gas Reduction Fund, etc.)
- **Consider a tuition increase**
  - Trustees considering 5 percent increase. Expected to raise additional \$77.5 million to address shortfall.
- **Continue to identify and improve efficiencies**
  - Continue working to realize new efficiencies, while maintaining effectiveness. Identify cost savings and cost avoidance opportunities.
- **Reduce programs and services (last resort)**
  - In lieu of additional state funds or tuition increase, considering reducing academic and non-academic programs and services.

# Potential CSU Scenarios for 2017/18 Budget

**Scenario 1:** Governor funds \$157 million and no other state funds.

- Includes:
  1. \$139 million for compensation, includes “me too” clause
  2. Health care, retirement contributions, utilities
  3. No funding for student success, enrollment growth, facilities

**Scenario 2:** Scenario 1 above plus tuition increase passes.

- Includes:
  1. \$77.5M net additional funds from tuition
  2. Funds student success initiatives—increase must tie to student success
  3. No funding for enrollment growth or facilities

**Scenario 3:** Scenario 1 and 2 above plus additional funding from state, including deferred maintenance.

- Includes:
  1. Funding for facilities and some enrollment growth

# Proposed Tuition Increase - 2017/18

- State investment in CSU has declined significantly in recent decades, and tuition rates have been frozen at 2011-2012 levels.
- The Governor's \$157.2 million proposed funding increase only helps to cover the CSU's **mandatory and preset employee costs**. It does not cover student achievement goals, enrollment, infrastructure, or open employee contracts.
- CSU Trustees to **vote in March** on 5% tuition increase proposal (about \$270 annually). If passed, it would go into effect for fall 2017 term. The increase is expected to generate roughly \$77.5 million.
- This **additional revenue** would help to support hiring 400 new faculty members, adding 3,000 highly-demanded courses, and expanding a wide variety of academic and student support services.
- 60% of all CSU students would remain unaffected by the proposed increase.
- Despite increase, CSU graduate debt amount would remain substantially lower than the state and national averages.



# **UPDATE ON CI BUDGET**

# Most Likely Scenarios

|            |  | Cumulative Balance |
|------------|--|--------------------|
| FY 2017/18 | <b>No enrollment growth, tuition increase (5,589 FTEs)</b> <ul style="list-style-type: none"> <li>Proposed tuition increase of 4.93%</li> <li>Information item at the January 2017 BoT meeting</li> <li>Approval item at the March 2017 BoT meeting</li> <li>Small Base budget increase</li> </ul>             | \$338,000          |
| FY 2018/19 | <b>No enrollment growth, no tuition increase (5,589 FTES)</b> <ul style="list-style-type: none"> <li>\$1.04M shortfall</li> <li>Campus contribution for compensation \$700,000</li> <li>Projecting 3.5% increase</li> <li>Staff compensation pool \$296,000</li> <li>Other mandatory costs \$55,000</li> </ul> | (\$702,000)        |
| FY 2019/20 | <b>No enrollment growth, no tuition increase (5,589 FTES)</b> <ul style="list-style-type: none"> <li>\$1.08M shortfall</li> <li>Campus contribution for compensation \$725,000</li> <li>Projecting 3.5% increase</li> <li>Staff compensation pool \$302,000</li> <li>Other mandatory costs \$60,000</li> </ul> | (\$1,782,000)      |

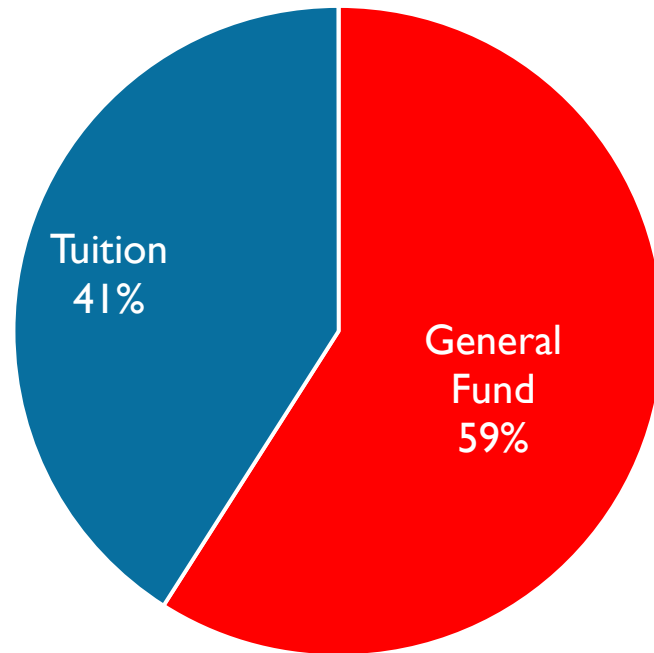


# **CURRENT FINANCIAL SUMMARY & DATA ANALYSIS**

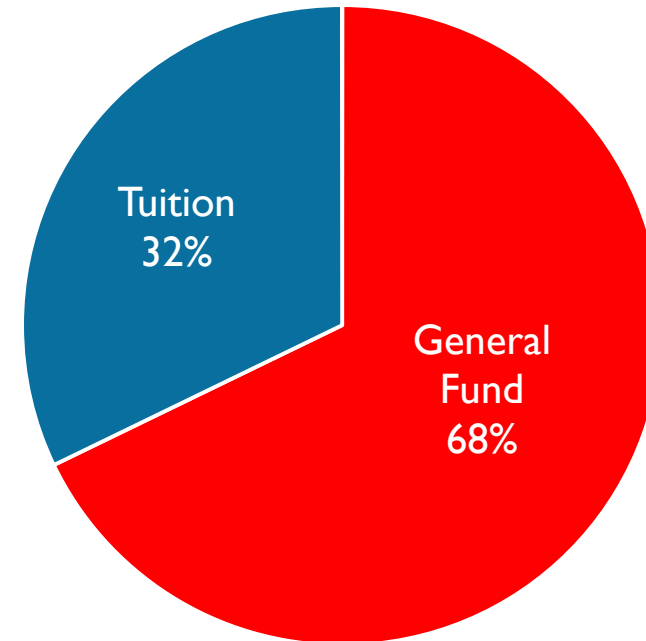
# Revenue Distribution Comparison

FY 2016/17

CSU System

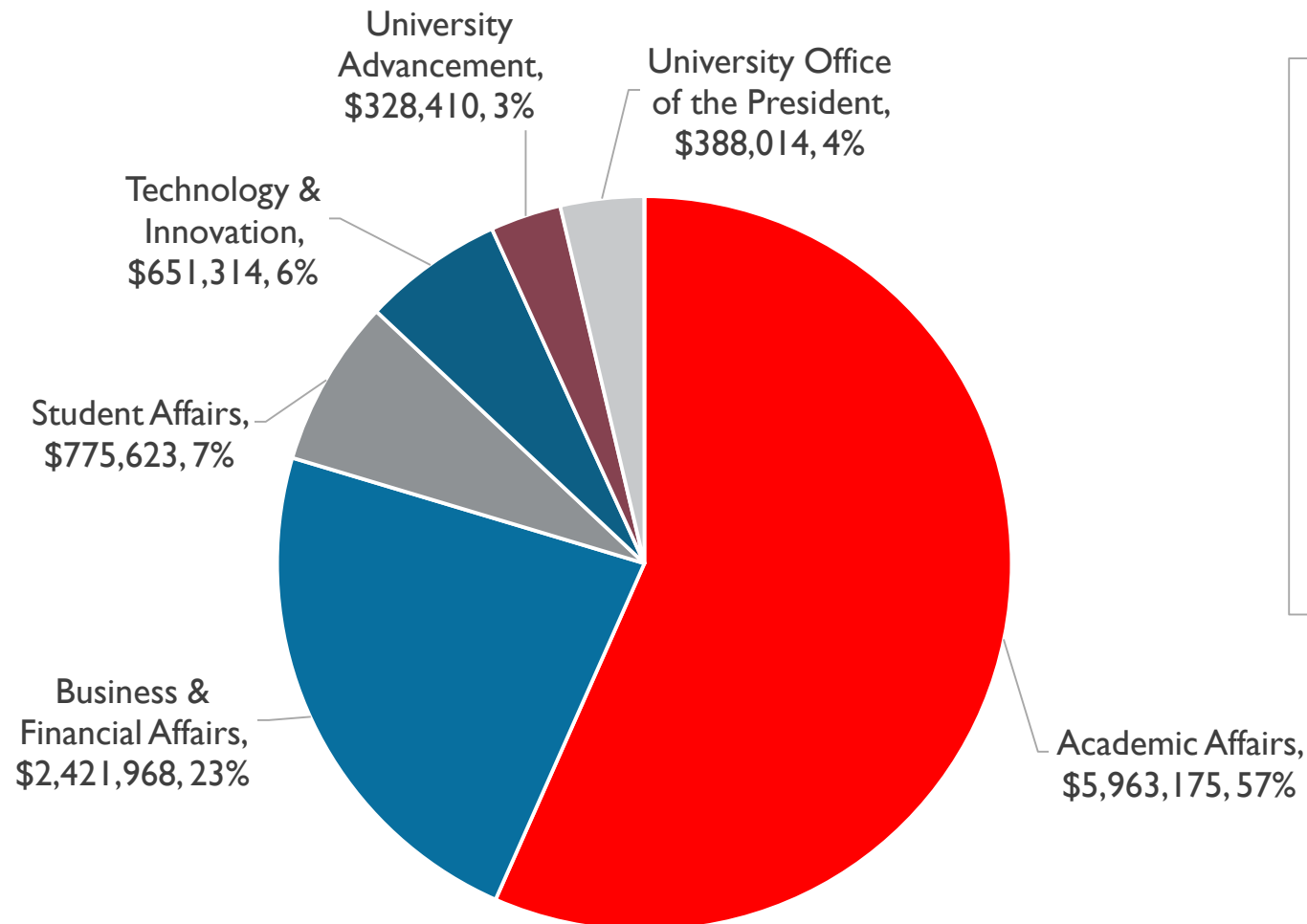


Channel Islands



# Divisional Operating Fund Budget Changes

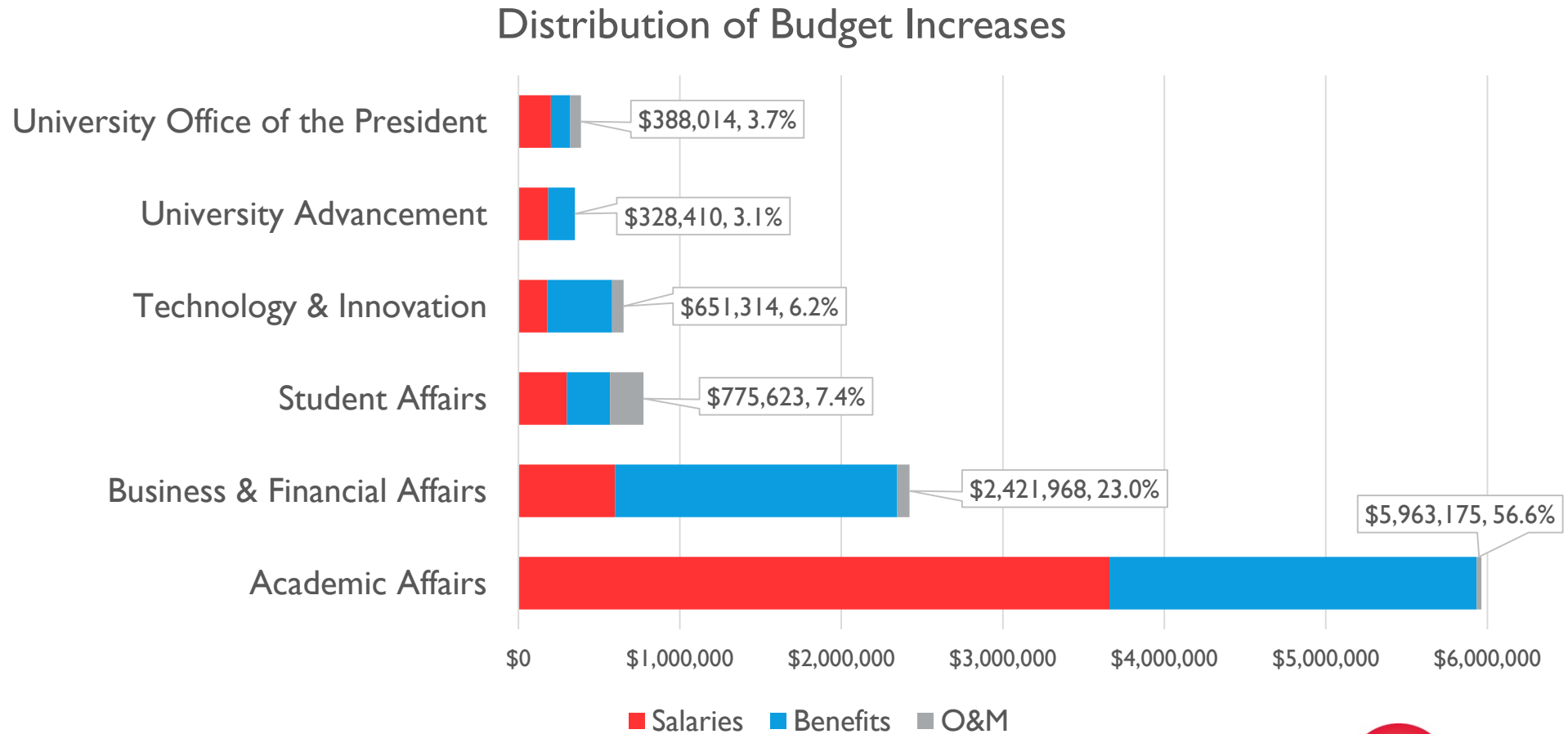
FY 2014/15 to FY 2016/17



- Operating fund permanent base budget increases by 13.94% between 2014/15 and 2016/17
- Enrollment growth increased by 11% or 589 FTEs
- Total Change = \$10.2 million
- Includes Budgeted Benefit Increases

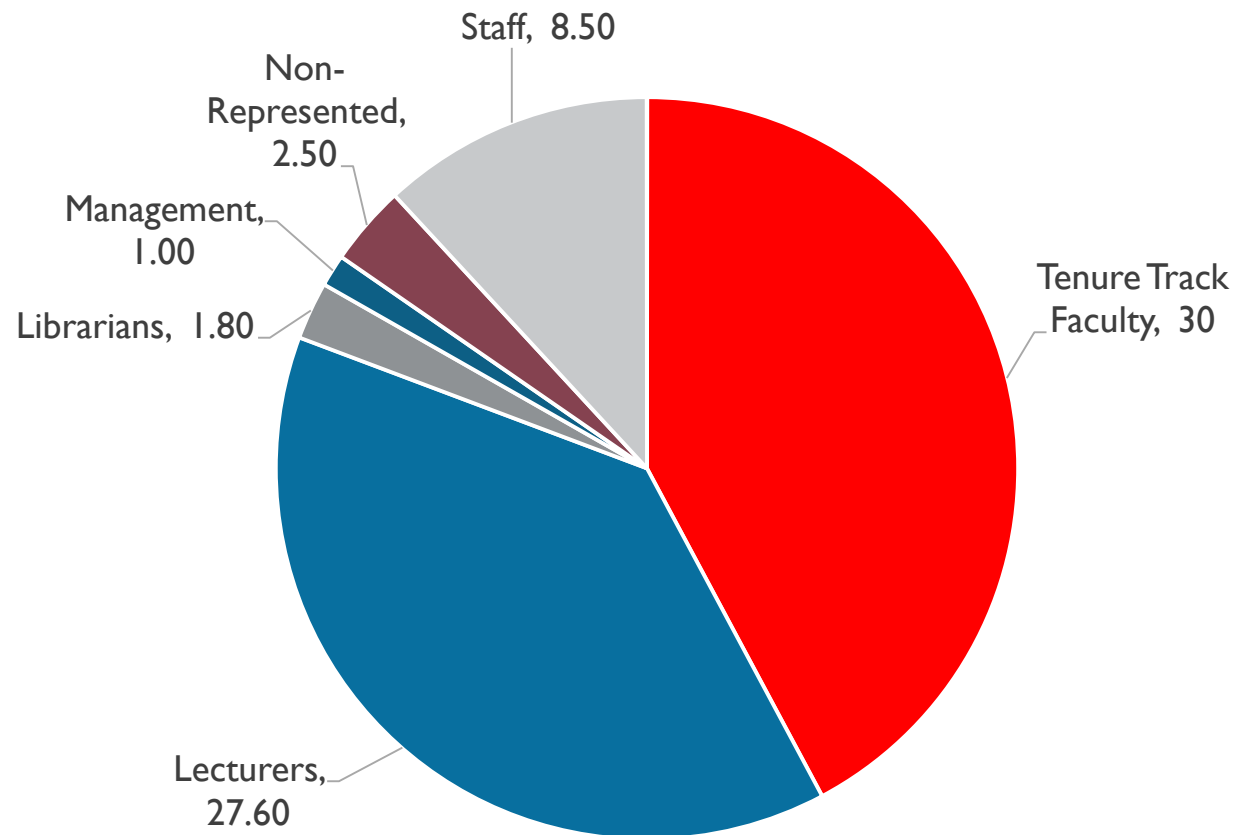
# Divisional Portion of Operating Budget Changes

between FY 2014/15 and FY 2016/17 by major category



# Operating FTE Increases by Employee Category

FY 2014/15 – FY 2016/17



- “Management” represents MPP classifications Admin III, Admin IV, and Admin V
- “Non-Represented” represents MPP classifications Admin I, Admin II, and Confidential classifications
- “Staff” represent all other non-faculty classifications not included in Management or Non-Represented

**Total FTE growth between 2014/15 and 2016/17 was 71.6 FTE**

# **TUITION INCREASE INFORMATION**

<https://www2.calstate.edu/tuition-increase>