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

<table>
<thead>
<tr>
<th>FY</th>
<th>No enrollment growth, tuition increase (5,589 FTEs)</th>
<th>Cumulative Balance</th>
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<tbody>
<tr>
<td>FY 2017/18</td>
<td>- Proposed tuition increase of 4.93%&lt;br&gt;- Information item at the January 2017 BoT meeting&lt;br&gt;- Approval item at the March 2017 BoT meeting&lt;br&gt;- Small Base budget increase</td>
<td>$338,000</td>
</tr>
<tr>
<td>FY 2018/19</td>
<td>No enrollment growth, no tuition increase (5,589 FTES)&lt;br&gt;- $1.04M shortfall&lt;br&gt;- Campus contribution for compensation $700,000&lt;br&gt;- Projecting 3.5% increase&lt;br&gt;- Staff compensation pool $296,000&lt;br&gt;- Other mandatory costs $55,000</td>
<td>($702,000)</td>
</tr>
<tr>
<td>FY 2019/20</td>
<td>No enrollment growth, no tuition increase (5,589 FTES)&lt;br&gt;- $1.08M shortfall&lt;br&gt;- Campus contribution for compensation $725,000&lt;br&gt;- Projecting 3.5% increase&lt;br&gt;- Staff compensation pool $302,000&lt;br&gt;- Other mandatory costs $60,000</td>
<td>($1,782,000)</td>
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CURRENT FINANCIAL SUMMARY
& DATA ANALYSIS
Revenue Distribution Comparison
FY 2016/17

CSU System
- General Fund: 59%
- Tuition: 41%

Channel Islands
- General Fund: 68%
- Tuition: 32%
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

Distribution of Budget Increases

- **University Office of the President**: $388,014, 3.7%
- **University Advancement**: $328,410, 3.1%
- **Technology & Innovation**: $651,314, 6.2%
- **Student Affairs**: $775,623, 7.4%
- **Business & Financial Affairs**: $2,421,968, 23.0%
- **Academic Affairs**: $5,963,175, 56.6%

Legend:
- Red: Salaries
- Blue: Benefits
- Grey: O&M
Operating FTE Increases by Employee Category

FY 2014/15 – FY 2016/17

- **Tenure Track Faculty**, 30
- **Lecturers**, 27.60
- **Librarians**, 1.80
- **Management**, 1.00
- **Non-Represented**, 2.50
- **Staff**, 8.50

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

- “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
TUITION INCREASE INFORMATION

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