



# Channel Islands

CALIFORNIA STATE UNIVERSITY

OFFICE OF THE PRESIDENT

September 4, 2020

Dear Campus Community,

Earlier, we received news regarding the economic hardship facing the State of California as a result of COVID-19 and the resulting \$299 million cut to the CSU state-funded base budget. The purpose of this message is to share additional detail about that cut and the reductions in operating revenue that are expected to impact the CSUCI Campus Budget Plan for fiscal year 2020-21.

As noted in my July 20<sup>th</sup> message, the economic impact of COVID-19 on campus funding is sobering. On a comprehensive basis, the Campus Budget Plan outlines a total budget of \$163.0 million, a reduction of 16%, or \$31.6 million, over FY 20. This includes a \$7.4 million reduction in University Operating Funds (General Fund) for a total of \$132.4 million annual revenue, and a reduction of \$24.2 million, or 45%, in Auxiliary Enterprises (housing, parking and Extended University) and Organizations (ASI, University Auxiliary Services and Foundation) for total Auxiliary revenue of \$30.1 million. (Attachments 1 and 3)

The major components that comprise the Campus Budget Plan follow:

**2020-21 CSUCI OPERATING FUND (General Fund)** represents the largest component of the campus budget and includes resources from the state appropriation, 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. The FY 21 CSUCI operating budget includes a \$7 million reduction over the prior year's budget consisting of a state appropriation reduction of \$5.1 million plus an estimated additional revenue loss of \$1.9 million attributed to a projected 5% enrollment decrease. While fall enrollment numbers are currently running higher than originally projected, enrollment and resulting tuition revenue is an annualized figure and we will not have precise enrollment details until later this spring.

In addition, the campus budget for 2020/21 includes covering unfunded mandatory cost increases that total approximately \$700,000. All CSU campuses are required to absorb these mandatory cost increases (increases in the cost of benefits, mandatory minimum wage increases, etc.) this year.

**Operating Fund - Mandatory Fees** consists of mandatory campus-based student fees such as Instructionally Related Activities Fee (IRA), Student Body Center Fee, and Materials, Services, Facilities & Technology Fee (MSFT). As a result of the projected annualized enrollment drop, the anticipated decrease in these funds is \$335,900 over FY 20.

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### Summary of Operating Fund Changes

<u>Budget Adjustments</u>	<u>Amount</u>
<b>Prior Year Campus Operating Budget (excludes lottery)</b>	<b>\$139,808,750</b>
General Fund Base Budget Reduction	(5,769,910)
State University Grant Adjustment	(51,700)
Prior Year Retirement Adjustment	720,000
<b>Total State Funding Change</b>	<b>(5,101,610)</b>
Tuition Revenue Change	(1,918,070)
<b>Total State Funding and Tuition Revenue Change</b>	<b>(7,019,680)</b>
Category II Fee Revenue Change	(335,940)
Other Fee Revenue	(49,500)
<b>FY 2020-21 Operating Budget (excludes lottery)</b>	<b>\$132,403,630</b>

**Auxiliary Enterprises** consist of Housing and Residential Education, Parking and Transportation, and Extended University. As a result of COVID-19 and the transition to virtual operations, the annual revenue from these divisions has dropped dramatically.

Guided by the [Campus Plan for Fall 2020 Semester](#), revenue adjustments are as follows:

- Housing and Residential Education's budget decreased by 81%, or \$14.2 million, for an annual budget of \$3.4 million. Fall occupancy is planned at 258 students versus 1516 from Fall 2019.
- Parking and Transportation's budget is decreased by 85%, or \$2.0 million, for an annual budget of \$345,000, as a result of fewer permit sales due to virtual instruction.
- Extended University programs are decreased by 5.6%, or \$436,000, for an annual budget of \$7.4 million based on anticipated enrollment reductions in academic programs.

**Auxiliary Organizations** consist of Associated Students Inc., Channel Islands Foundation, and University Auxiliary Services. Each of these entities is governed by a separate board of directors. Each board has reviewed their respective requested budgets with the exception of University Auxiliary Services pending a revised final budget and approved the following annual expenditure budgets with more detail in Attachment 3.

- Associated Students, Inc. budget decreased by 5.6%, or \$174,000, due to enrollment for a total budget of \$2.9 million inclusive of mandatory fees and debt payments.

- CSUCI Foundation's budget is decreased by 59%, or \$1,627,000, for a total of \$1.1 million from reductions in investment earnings and other operating revenue.
- University Auxiliary Service revenue decrease of 70%, or \$7,458,000, for a total budget of \$3.2 million. (A final budget was approved in the spring 2020; however, with operating changes over the summer, a revised final budget will be presented at its first fall 2020 meeting.)

### **Summary of Campus Budget Changes**

<b>Prior Year Campus Operating Budget</b> (excludes lottery)		<b>\$139,808,750</b>
State Appropriation Change	(5,101,610)	
Tuition Revenue Change	(1,918,070)	
<b>Total State and Tuition Revenue Change</b>		<b>(7,019,680)</b>
Category II Fee Change		(335,940)
Application Fee Revenue Change		(49,500)
<b>FY 2020-21 Operating Budget</b>		<b>\$132,403,630</b>
<b>Restricted Funds - Lottery</b>		<b>585,000</b>
Prior Year Auxiliary Enterprise and Operations Budget	54,267,750	
Auxiliary Activities Revenue Change	(24,206,880)	
<b>FY 2020-21 Auxiliary Activities</b>		<b>\$30,060,870</b>
<b>Total Revenues</b>		<b>\$163,049,500</b>

### **CSUCI OPERATING FUND EXPENDITURE ALLOCATIONS**

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 approved 2020/21 Operating Budget allocations are detailed in the Campus Budget Plan that is posted annually on the Strategic Resources Planning Committee (SRPC) website under Approved Budgets. The expenditure plans for the auxiliary organization that are overseen by separate boards (Associated Students, Inc., University Foundation and University Auxiliary Services) are included in Attachment 3.

In the wake of the COVID-19 pandemic, the annual campus planning process was disrupted in early spring as the campus transitioned to virtual operations as the CSU Chancellor instituted a system-wide freeze in hiring and non-essential travel.

***Faculty Tenure-Track Positions:*** The only new permanent hires that have been approved is a cluster hire of **three net new tenure track faculty positions**.

### **STRATEGIC INITIATIVES 2018-23**

The University's second year of Strategic Initiative funding was authorized in January 2020. Due to current budgetary challenges that were unforeseen in January, divisions have modified those earlier resource allocations. Funding for the FY 2019-20 initiatives will roll-forward into FY 2020-21.

Strategic Initiative Grant	Original Budget	Final Budget
Expanding Opportunity, Inclusiveness and Diversity in Student Research	\$125,575	\$125,575
Santa Rosa Island Research Station Registration	\$15,000	\$15,000
CSUCI – STEM	\$43,000	\$43,000
Ehkobot: Improving Retention with AI	\$123,630	\$123,630
Career Readiness – Dolphin Mentorship Program	\$26,843	\$26,843
Culture of Philanthropy - Pipeline Building and Annual Giving	\$75,000	\$50,000
Expanding Awareness for CSUCI	\$150,000	\$111,122
Duo 2-Factor Authentication for Students	\$20,500	\$20,500
Living, Learning Communities Coordinator	\$111,540	\$111,540
Students of Color Mentoring	\$26,400	\$26,400
CAPS Case Manager	\$111,600	\$111,600
<b>TOTAL</b>	<b>\$829,088</b>	<b>\$765,210</b>

### **CSUCI CAPITAL PROJECTS**

The campus budget for campus-funded deferred maintenance and capital projects for the year is noted below and approved.

#### **Deferred Maintenance - Authorized**

Critical Repairs	\$835,000
Energy/Sustainability	165,000
<b>Total Deferred Maintenance</b>	<b>\$1,000,000</b>

### **BRIDGING THE BUDGET GAP IN FY 2020-21**

As a result of the campus' past fiscal efforts that resulted in increasing reserves and balanced budgets, we will bridge this year's shortfall with one-time dollars by drawing from reserves and applying cost-reduction measures including the Chancellor's continued freeze in hiring and non-essential travel as well as operating expense reductions.

This approach will allow the campus time to engage in broad and deliberative discussions this year to develop strategies for resolving the permanent cut to our operating budget in 2021/22 and beyond. It will also provide time to better assess the long-term impact of COVID-19 to California's economy and the resulting state funding to the CSU in the years ahead.

These conversations will commence with the beginning of the fall semester and, as always, will be guided by the health and safety of our academic community and our unwavering commitment to student success. Additional updates will be posted with this memo on the Strategic Resources Planning Committee website: <https://www.csuci.edu/strategic-resource-planning/fiscal-year-budgets.htm>.

In these unprecedented times, I am truly thankful to the steadfast commitment of our campus community and despite these current budgetary challenges, I look to the new academic year with confidence as we chart a new and stronger future for our students we serve.

Sincerely,



Erika D. Beck, Ph.D.  
President

**ATTACHMENTS:**

Attachment 1: 2020/21 Approved CSUCI Operating Budget

Attachment 2: Operating Budget Historical Trend

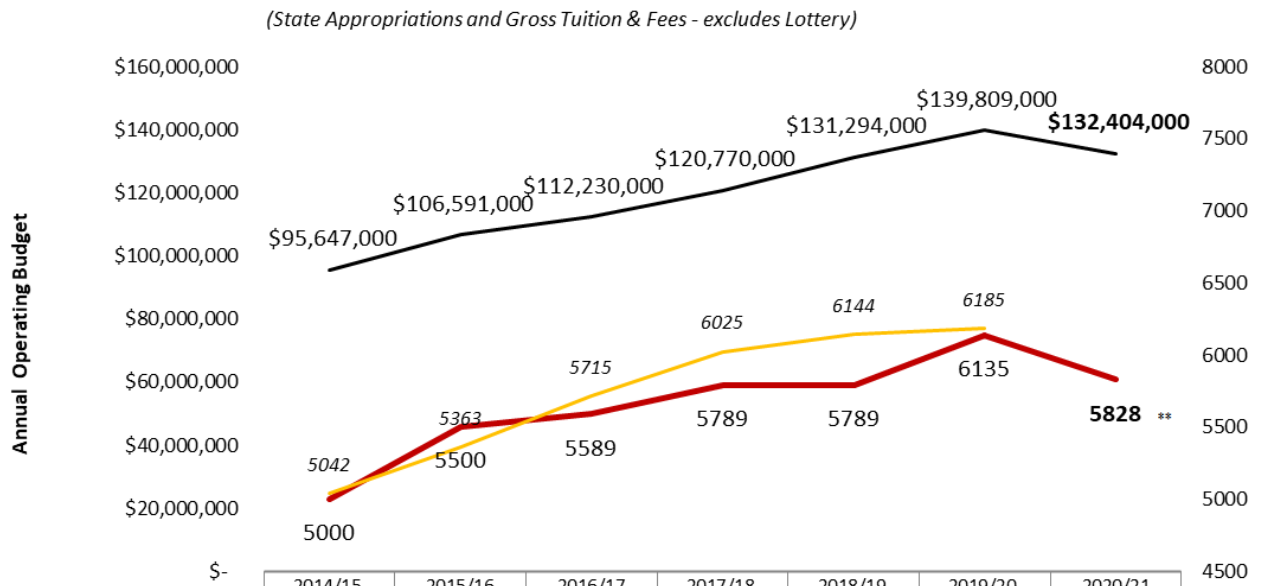
Attachment 3: 2020/21 Approved Budgets for Auxiliary Organizations

**Attachment 1**  
2020/21 Approved CSUCI Operating Budget

**CALIFORNIA STATE UNIVERSITY CHANNEL ISLANDS**  
**Exhibit II**  
**ALL FUNDS REVENUE PLAN SUMMARY**  
**FISCAL YEAR 2020/21**

	<b>2019/20 Final Allocation</b>	<b>2020/21 Campus Budget Plan</b>	<b>Annual Change</b>	
			<b>\$</b>	<b>%</b>
<b>CSU Operating Fund</b>				
State Appropriations	\$ 90,574,610	\$ 85,473,000	\$ (5,101,610)	-5.6%
Category I Fees - CO Tuition	38,361,408	36,443,338	(1,918,070)	-5.0%
Total Category I Fees and CI Tuition	<u>128,936,018</u>	<u>121,916,338</u>	<u>(7,019,680)</u>	<u>-5.4%</u>
Category I Fees - Non Resident Tuition	151,000	151,000	-	0.0%
Category I Fees - Application Fees	449,500	400,000	(49,500)	-11.0%
Category IV Fees (State Support)	468,904	468,904	-	0.0%
Cost Recovery	3,536,637	3,536,637	-	0.0%
Other	294,092	294,092	-	0.0%
Subtotal Appropriated/Student Fee	<u>133,836,151</u>	<u>126,766,971</u>	<u>(7,069,180)</u>	<u>-5.3%</u>
Mandatory Campus Based Fees	5,972,600	5,636,656	(335,944)	-5.6%
<b>Total University Operating</b>	<u>139,808,751</u>	<u>132,403,627</u>	<u>(7,405,124)</u>	<u>-5.3%</u>
<b>Restricted Funds</b>				
Lottery	585,000	585,000	-	
<b>Total Restricted Funds</b>	<u>585,000</u>	<u>585,000</u>	<u>-</u>	<u>0.0%</u>
<b>Auxiliary Activities</b>				
<b>Auxiliary Enterprise</b>				
Housing and Residential Education	17,617,180	3,377,494	(14,239,686)	-80.8%
Parking and Transportation	2,347,522	344,630	(2,002,892)	-85.3%
Extended University	7,811,622	7,375,450	(436,172)	-5.6%
Sub-total Auxiliary Enterprise	<u>27,776,324</u>	<u>11,097,574</u>	<u>(16,678,750)</u>	<u>-60.0%</u>
<b>Auxiliary Operations</b>				
Associated Students	984,500	929,100	(55,400)	-5.6%
CI Foundation	2,754,070	1,127,302	(1,626,768)	-59.1%
Site Authority	12,120,458	13,733,249	1,612,791	13.3%
University Auxiliary Services	10,632,401	3,173,649	(7,458,752)	-70.2%
Sub-total Auxiliary Operations	<u>26,491,429</u>	<u>18,963,300</u>	<u>(7,528,129)</u>	<u>-28.4%</u>
<b>Total Auxiliary Activities</b>	<u>54,267,753</u>	<u>30,060,874</u>	<u>(24,206,879)</u>	<u>-44.6%</u>
<b>Total Revenues</b>	<u>\$ 194,661,504</u>	<u>\$ 163,049,501</u>	<u>\$ (31,612,003)</u>	<u>-16.2%</u>

**Attachment 2**  
**University Operating Budget – Historical Trend**



	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Operating Budget (excludes lottery)	\$95,647,000	\$106,591,000	\$112,230,000	\$120,770,000	\$131,294,000	\$139,809,000	\$132,404,000
Funded FTE	5000	5500	5589	5789	5789	6135	5828 **
Annual FTE *	5042	5363	5715	6025	6144	6185	

\* Excludes summer enrollment

\*\* Campus Planning Target

**Attachment 3**

2020/21 Approved Budgets for Auxiliary Organizations

***CSU Channel Islands Associated Student***

**2020/21 Budget**

	Total
INCOME (fees)	2,935,956
(A) EXPENDITURES	<u>2,878,754</u>
Net	57,203
Contribution to Fund Balance	57,203
Ending Fund Balance 6/30/2019	6,506,159
2019-20 Contributions/(Reductions)	<u>857,532</u>
Ending Fund Balance - 6/30/2020	7,363,690
Adjustments to Net Position	57,203
Estimated Ending Fund Balance - 6/30/2021	<u>7,420,893</u>
(A) Expenditure Detail	
Student Government	88,317
Student Programming Board	125,892
CI View	91,763
Administrative	528,777
Campus Partners	161,984
Student Orgs	54,149
Student Union Operations	944,110
Student Union Debt Payment	865,050
CO Charges	<u>18,712</u>
TOTAL	2,878,754

Budget Approved by ASI Board



**CSU Channel Islands Foundation**

**2020/21 Budget**

INCOME		
	Contributions	1,971,528
	Investment Earnings	(863,883)
	Other	19,657
		<hr/> 1,127,302
(A)	EXPENDITURES	<hr/> 2,194,241
	Net	(1,066,939)
	Contribution (Reduction) to Fund Balance	(1,066,939)
	Ending Fund Balance 6/30/2019	26,010,533
	2019-20 Contributions/(Reductions)	(252,701)
	Ending Fund Balance - 6/30/2020	<hr/> 25,757,832
	Adjustments to Net Position	(1,066,939)
	Estimated Ending Fund Balance - 6/30/2021	24,690,893
(A)	Expenditure Detail	
	Academic Support & Contract Services	809,432
	Equipment	28,063
	Gifts to University	0
	Business Meals/Hospitality	113,905
	Contingency	50,000
	Misc. Operating Expenses	505,597
	Scholarships	484,585
	Supplies & Services	125,625
	Travel/Training	77,034
	TOTAL	<hr/> 2,194,241

Budget approved by CSUCI Foundation Board of Directors.

**CSU Channel Islands University Auxiliary Services**

**2020/21 Budget**

INCOME	
Food Service Sales	1,412,812
Cost Recovery	1,270,475
Management Fee	176,641
Program Revenue	313,721
	<u>3,173,649</u>
(A) EXPENDITURES	<u>3,173,649</u>
Net	0
Contribution to Fund Balance	0
Ending Fund Balance 6/30/2019	219,800
2019-20 Contributions/(Reductions)	<u>(1,475,900)</u>
Ending Fund Balance - 6/30/2020	(1,256,100)
Adjustments to Net Position	-
Estimated Ending Fund Balance - 6/30/2021	<u>(1,256,100)</u>
(A) Expenditure Detail	
Salaries & Wages	2,141,096
General & Administrative	998,827
Cost of Goods	33,726
Debt Service	
TOTAL	<u>3,173,649</u>

Requires University Auxiliary Services Board of Directors approval