

FY 2013-14 Budget Outlook

PRBC

April 26, 2013

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FY 2013-14 Budget Update Summary

- Proposition 30 budget relief has been factored into the CSUF budget for FY 2012-13, and into our budget planning for FY 2013-14

- The CSU submitted a budget request to the state last November for a \$371.9M increase in state allocation support, accompanied by 5% enrollment growth

- Last January, Governor Brown proposed his state budget for FY 2013-14
 - Years of budget cuts and the passage of Proposition 30 enabled the Governor to propose a balanced state budget
 - Annual \$20 billion gap between state revenues and expenditures has been eliminated
 - Increased funding for K-12 and community colleges, expanded health care, and of course Higher Education
 - Governor's May Revise budget to be submitted next month

FY 2013-14 Budget Update Summary - Continued

- Governor's proposed budget for the CSU included the following:
 - \$125 million appropriation to buy out decreased revenues resulting from the Proposition 30 tuition fee roll-back
 - Appropriation adjustments related to CalPERS Retirement (and possibly baseline funded contributions at current staffing and pay levels), interest adjustments to the state, lease revenue bond debt service, and annuitants' dental insurance
 - Proposal to move CSU general obligation bond debt service from the state to the CSU and possibly "freeze" the allocation amount
 - \$125.1 million programmatic increase appropriation - \$115.1 million undesignated and \$10 million to increase the number of undergraduate courses through the use of technology
 - The budget proposal was silent with regards to enrollment targets
 - A "plan" for future appropriation increases between 4% - 5% for each of the next 5 years – with those appropriation increases and cost savings the CSU is expected to maintain current tuition and fee levels over the next 4 years
 - Provide the CSU with the authority to negotiate and set employee health benefit rates, essentially an effort to have employees pick up a larger share of health benefit premiums

FY 2013-14 Budget Update Summary - Continued

- In March, the CO subsequently presented more detailed budget plans to the Board of Trustees which have been incorporated into the FY 2013-14 budget memo issued earlier this month
 - Resident enrollment FTES targets have been increased Systemwide by 1.45% (CSUF 1.2%)
 - Resident over enrollment threshold established at 5% over FTES target
 - \$115.1 million undesignated state allocation increase prioritized for the most pressing needs
 - Mandatory cost increases - \$48.2 million
 - Employee compensation pool - \$38.0 million
 - Enrollment growth - \$21.7 million
 - Student access and success initiatives - \$7.2 million

- Draft CSUF budget details are highlighted in the remainder of the presentation

Proposition 30 Budget Relief

Fiscal Year 2012-2013	November 2012 Estimate	April 2013 Estimate
Trigger Budget Reduction Removal (\$250M)	\$ 19,856,250	\$ 19,856,250
Tuition Fee Roll Back (\$132M)	(11,293,796)	(11,293,796)
CERF Transfer (\$63M)	4,350,000	4,350,000
FY 2012-2013 Impact	\$ 12,912,454	\$ 12,912,454
Fiscal Year 2013-2014		
Trigger Budget Reduction Removal (\$250M)	\$ 19,856,250	\$ 19,856,250
Tuition Fee Roll Back (\$132M)	(10,742,863)	(11,687,500)
Tuition Fee Roll Back Buyout Appropriation (\$125M)	9,925,000	11,687,500
Health Benefit Cost Sharing (\$70M)	4,900,000	0
FY 2013-2014 Impact	\$ 23,938,387	\$ 19,856,250

Modification to the Schedule of Fees, including Graduation Incentive Fee, Third-tier Tuition Fee, and Course Repeat Fee was placed on hold and will be reviewed later after the Trustees gather additional information and input from stakeholders.

State Allocation Funding Changes

	CSU	CSUF
FY 2012-2013 Budget Act General Fund Allocation	\$2,010,652,000	\$108,382,561
CalPERS Retirement Adjustment	51,449,000	3,595,100
Fees to Trust Interest Adjustment to the State	(766,000)	(59,300)
SUG Adjustments Based on Campus Relative Student Need	0	1,775,500
Prop 30 Tuition Fee Roll-Back Buyout	125,000,000	11,687,500
Lease Revenue Bond Debt Service	19,521,000	N/A - Systemwide
Annuitants' Dental Insurance Decrease	(473,000)	N/A - Systemwide
General Obligation Bond Debt Service From State to CSU	198,063,000	N/A - Systemwide
\$125.1 Million CSU Programmatic Increase		
- Mandatory Cost Increase (Health Benefit Premiums)	36,226,000	2,608,000
- Mandatory Cost Increase (Energy)	5,200,000	347,000
- Mandatory Cost Increase (New Space)	6,756,000	315,000
- Enrollment Growth	21,700,000	1,413,000
- Employee Compensation Pool	38,000,000	TBD - Collective Bargaining Process
- Student Access and Success Initiatives	7,200,000	TBD - RFP Process
- Bottleneck Courses Through Use of Technology	10,000,000	TBD - RFP Process
- Balance	35,000	0
FY 2013-2014 Governor's Budget General Fund Allocation	\$2,528,563,000	\$130,064,361

Draft CSUF State Operating Fund Budget 2012-13 Summary

FISCAL YEAR 2012-2013		
28,104 RESIDENT FTES (4.6% OVER 26,875 TARGET), 814 NON-RESIDENT FTES (1.5% OVER 802 TARGET), AND 9.1% TUITION FEE INCREASE ROLL BACK		
BASELINE	ONE-TIME	TOTAL

Prior Year Baseline Surplus/(Deficit)	1,844,258	1,844,258
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Revenues

FY 2011/12 CSU State Allocation - Budget Cut	(7,460,700)		(7,460,700)
FY 2012/13 CSU State Allocation - CalPERS Retirement Adjustment		3,595,100	3,595,100
FY 2012/13 CSU State Allocation - Fees to Trust Interest Adjustment	104,500		104,500
Tuition Fees (FTES & Student Mix Changes)	(4,361,297)	8,523,782	4,162,485
NRT Fees (FTE Changes)	(434,868)	106,392	(328,476)
CERF Fund Transfer		4,350,000	4,350,000
SUG Allocation (Baseline Needs) Returned to Campus	775,000		775,000
Total Revenue Changes	(11,377,365)	16,575,274	5,197,909

Draft CSUF State Operating Fund Budget 2012-13 Summary - Continued

FISCAL YEAR 2012-2013		
28,104 RESIDENT FTES (4.6% OVER 26,875 TARGET), 814 NON-RESIDENT FTES (1.5% OVER 802 TARGET), AND 9.1% TUITION FEE INCREASE ROLL BACK		
BASELINE	ONE-TIME	TOTAL

Expenditures

Mandatory Systemwide Cost Increases (Health)	(1,058,000)	(1,058,000)
Mandatory Systemwide Cost Increases (Energy)	(306,000)	(306,000)
CalPERS Retirement Adjustment	(3,595,100)	(3,595,100)
SUG Expenditures	(775,000)	(775,000)
Total	(2,139,000)	(5,734,100)

Additional Budget Requirements

SFR Funding Adjustment Based on Enrollment Change	241,817	(3,771,288)	(3,529,471)
Faculty Settlements		191,760	191,760
Faculty Promotions and Benefits	(594,035)		(594,035)
President's Scholar Funding Shift		(362,451)	(362,451)
Academic Affairs Pass-Through Expenditure Items		(4,043,705)	(4,043,705)
CMS Loan (Year 7 of 9)		(3,338,841)	(3,338,841)
Total Additional Budget Requirements	(352,218)	(11,324,525)	(11,676,743)

PRBC Recommendations

New Faculty Searches	(350,000)	(1,600,000)	(1,950,000)
SFR Budget Restoration Plan	(2,000,000)		(2,000,000)
Total PRBC Recommendations	(2,350,000)	(1,600,000)	(3,950,000)

Other

University Initiatives		(1,000,000)	(1,000,000)
Cost Allocation Overhead Recovery	1,100,000		1,100,000
Child Care Subsidy		(73,000)	(73,000)
Total Other	1,100,000	(1,073,000)	27,000

Total Expenditure Changes (3,741,218) (17,592,625) (21,333,843)

Total Surplus/(Shortfall) (13,274,325) (1,017,351) (14,291,676)

Campus Mitigation Strategies

Utilities	1,000,000		1,000,000
UMGI (Funding Elimination)	600,000		600,000
Divisional Budget Cuts		15,918,396	15,918,396
Campus Reserve	685,734	9,000,000	9,685,734
Campus Reserve Prop 30 Relief		(12,912,454)	(12,912,454)
Total Campus Mitigation Strategies	2,285,734	12,005,942	14,291,676

Total Surplus/(Shortfall) (10,988,591) 10,988,591 0

Draft CSUF State Operating Fund Budget 2013-14 Summary

FISCAL YEAR 2013-2014		
28,446 RESIDENT FTES (4.9% OVER 27,198 TARGET), 957 NON-RESIDENT FTES (18.2% OVER 816 TARGET), AND NO TUITION FEE INCREASE		
BASELINE	ONE-TIME	TOTAL

Prior Year Baseline Surplus/(Deficit) **(10,988,591)** **(10,988,591)**

Revenues

FY 2012/13 CSU State Allocation - CalPERS Retirement Adjustment	3,595,100		3,595,100
FY 2013/14 CSU State Allocation - Prop 30 Fee Roll Back Buyout	11,687,500		11,687,500
FY 2013/14 CSU State Allocation - Enrollment Growth	1,413,000		1,413,000
FY 2013/14 CSU State Allocation - Fees to Trust Interest Adjustment	(59,300)		(59,300)
FY 2013/14 CSU State Allocation - Mandatory Systemwide Cost Increases (Health)	2,608,000		2,608,000
FY 2013/14 CSU State Allocation - Mandatory Systemwide Cost Increases (Energy)	347,000		347,000
FY 2013/14 CSU State Allocation - Mandatory Systemwide Cost Increases (New Space)	315,000		315,000
Tuition Fees (FTES & Student Mix Changes)	3,952,693	8,905,042	12,857,735
NRT Fees (FTE Changes)	1,772,208		1,772,208
SUG Adjustment (Financial Aid) Paid to CO	(424,000)		(424,000)
SUG Allocation (Baseline Needs) Returned to Campus	2,199,500		2,199,500
Total Revenue Changes	27,406,701	8,905,042	36,311,743

Draft CSUF State Operating Fund Budget 2013-14 Summary - Continued

FISCAL YEAR 2013-2014		
28,446 RESIDENT FTES (4.9% OVER 27,198 TARGET), 957 NON-RESIDENT FTES (18.2% OVER 816 TARGET), AND NO TUITION FEE INCREASE		
BASELINE	ONE-TIME	TOTAL

Expenditures

Mandatory Systemwide Cost Increases (Health)	(2,608,000)		(2,608,000)
Mandatory Systemwide Cost Increases (Energy)	(347,000)		(347,000)
Mandatory Systemwide Cost Increases (New Space)	(315,000)		(315,000)
CalPERS Retirement Adjustment	(3,595,100)		(3,595,100)
SUG Expenditures	(2,199,500)		(2,199,500)
Total	(9,064,600)	0	(9,064,600)

Additional Budget Requirements

SFR Funding Adjustment Based on Enrollment Change	(974,946)	(4,287,175)	(5,262,121)
Faculty Settlements		140,027	140,027
Faculty Promotions and Benefits	(300,000)		(300,000)
President's Scholar Funding Shift		(362,451)	(362,451)
Academic Affairs Pass-Through Expenditure Items		(3,886,140)	(3,886,140)
CMS Loan (Year 8 of 9)		(2,222,734)	(2,222,734)
Total Additional Budget Requirements	(1,274,946)	(10,618,473)	(11,893,419)

Budget Priorities

Operationalization of Strategic Plan
Strategically Addressing Structural Deficits
Reinvesting in Instructional Support Facilities

Total Budget Priorities

Other

Bond Refinancing and Lease Payments
Child Care Subsidy

Total Other

TBD Prioritization and Planning Process

	TBD	TBD	TBD
	1,300,000		1,300,000
		(73,000)	(73,000)
	1,300,000	(73,000)	1,227,000

Total Expenditure Changes (9,039,546) (10,691,473) (19,731,019)

Total Surplus/(Shortfall) 7,378,564 (1,786,431) 5,592,133

FY 2013-14 Operating Fund Revenue Budget

	BASELINE	ONE-TIME	TOTAL
STATE ALLOCATION	\$ 130,064,361	\$ -	\$ 130,064,361
BUDGETED REVENUES			
Tuition Fee	\$ 181,735,544	\$ 8,905,042	\$ 190,640,586
Non-Resident Fee	9,894,084		9,894,084
Application Fee	1,952,665		1,952,665
Trust Fund Interest Earnings	290,400		290,400
Health Fee - Student Affairs	3,550,000		3,550,000
<u>Other Receipts</u>			
Academic Affairs	2,817,500		2,817,500
Administration and Finance	432,000		432,000
Information Technology	903,000		903,000
Student Affairs	800,000		800,000
University Wide	1,060,000		1,060,000
Total Revenue	\$ 203,435,193	\$ 8,905,042	\$ 212,340,235
Total State Allocation and Revenues	\$ 333,499,554	\$ 8,905,042	\$ 342,404,596

7 Year State Operating Fund Budget

	07-08	08-09	09-10	10-11	11-12	12-13	13-14
STATE ALLOCATION	179,133,570	179,775,337	131,357,037	160,655,682	108,625,261	108,382,561	130,064,361
REVENUES							
Tuition Fee	96,872,700	106,834,312	135,897,450	145,000,307	182,144,148	186,306,633	190,640,586
Non-Resident Fee	8,360,757	8,360,757	9,424,620	8,543,352	8,556,744	8,228,268	9,894,084
Health Fee	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	3,550,000	3,550,000
Application Fee	1,943,065	1,943,065	1,943,065	1,639,365	1,952,665	1,952,665	1,952,665
Trust Fund Interest Earnings	1,800,000	2,400,000	1,700,000	603,700	290,400	290,400	290,400
Other Receipts	5,551,748	5,394,420	5,859,420	5,184,420	5,184,420	6,012,500	6,012,500
Total Revenues	116,728,270	127,132,554	157,024,555	163,171,144	200,328,377	206,340,466	212,340,235
Total State Allocation and Revenues	295,861,840	306,907,891	288,381,592	323,826,826	308,953,638	314,723,027	342,404,596
University Reserves/Carryforward	21,418,692	4,000,000	-	-	10,546,726	14,035,734	
Total Sources of Revenue	317,280,532	310,907,891	288,381,592	323,826,826	319,500,364	328,758,761	342,404,596
EXPENDITURES BY DIVISION							
President	3,475,153	3,141,759	2,717,300	3,017,428	2,761,234	1,859,582	
Academic Affairs	127,271,004	119,210,118	105,512,980	128,084,224	119,641,989	116,451,972	
Administration and Finance	19,643,858	19,995,710	18,613,614	20,526,659	19,135,502	17,828,953	
Human Resources							
Information Technology	10,549,415	10,304,317	9,407,163	12,595,562	11,619,726	11,081,413	
Student Affairs	16,460,260	15,216,528	13,453,548	16,037,279	14,796,374	15,021,422	
University Advancement	5,089,216	4,657,576	4,594,945	5,696,778	5,268,348	5,406,599	
All University	134,791,626	138,381,883	134,082,042	137,868,895	146,277,191	161,108,820	
Total Expenditures	317,280,532	310,907,891	288,381,592	323,826,826	319,500,364	328,758,761	342,404,596

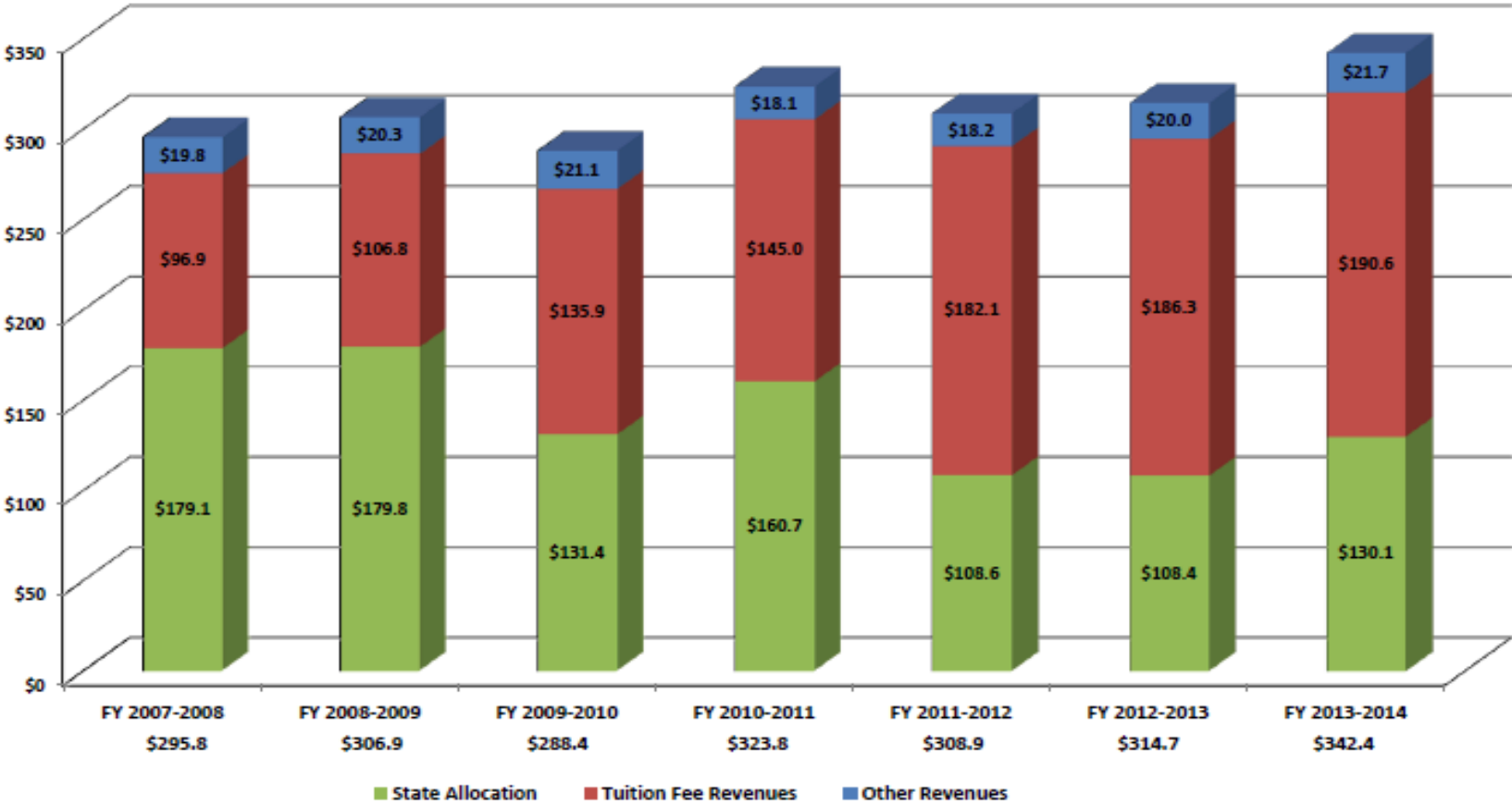
7 Year Operating Fund Revenue Budget Summary

CSUF State Operating Fund

Sources of Revenue

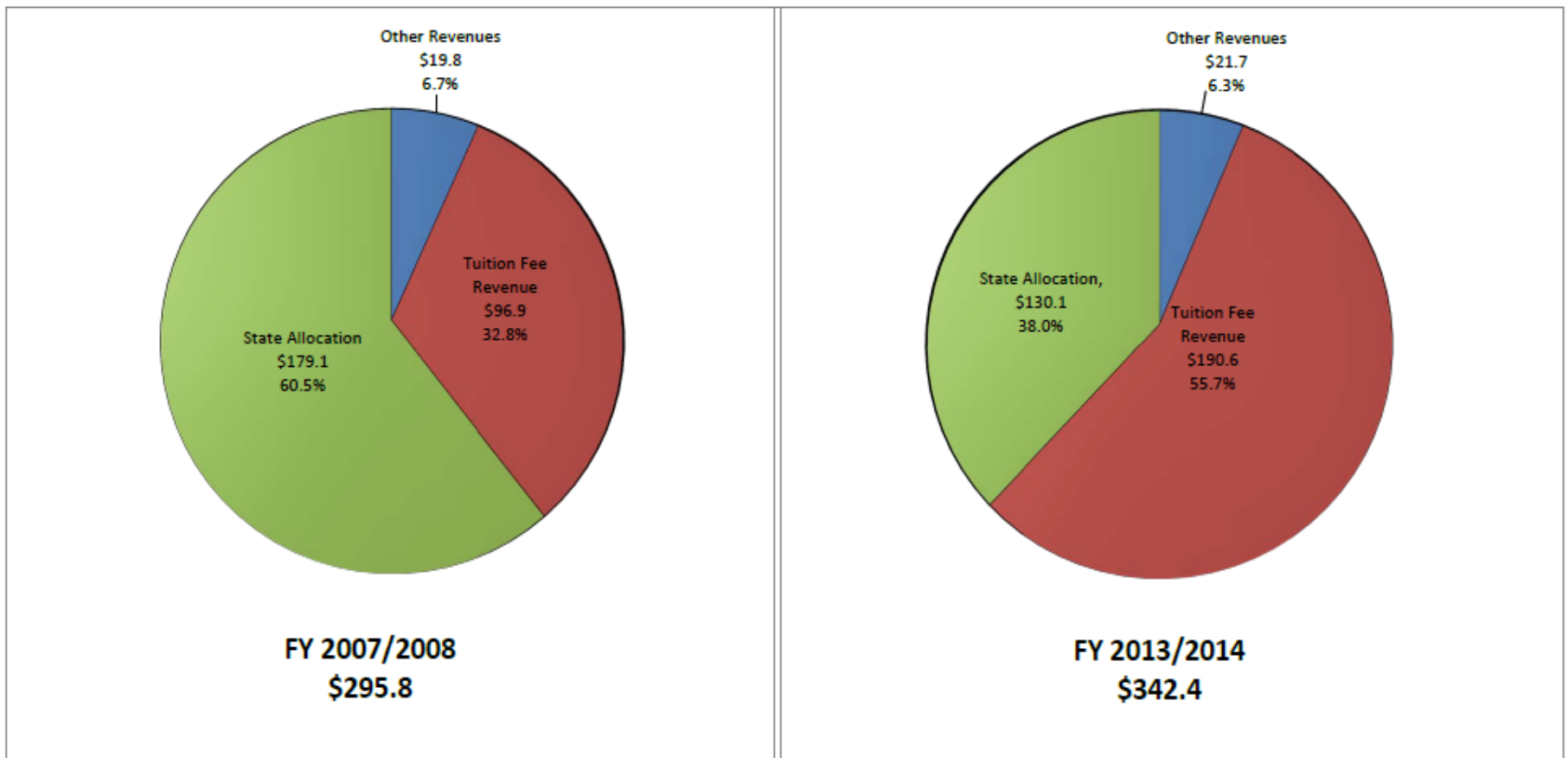
FY 2007-08 to FY 2013-14

(Millions \$)



Operating Fund Revenue Budget Change

CSUF State Operating Fund State Allocation and Revenues (Millions \$)



FY 2013-14 State Allocation per FTE Comparison

Enrollment Ranking	Campus	General Fund Allocation	2013/14 Resident FTES	General Fund Allocation per Resident FTES	FY 2013/14 Ranking	Per FTE Diff to Fullerton	Dollar Impact
23	Maritime Academy	\$23,184,576	1,106	\$20,963	1		
22	Channel Islands	\$48,496,910	3,367	\$14,404	2		
21	Monterey Bay	\$52,092,783	4,617	\$11,283	3		
18	Humboldt	\$60,415,210	7,151	\$8,448	4		
19	Bakersfield	\$51,343,309	7,056	\$7,277	5		
20	Stanislaus	\$49,835,547	6,877	\$7,247	6		
17	San Marcos	\$55,597,552	7,741	\$7,182	7		
16	Sonoma	\$49,467,083	7,540	\$6,561	8		
15	Dominguez Hills	\$61,880,052	9,628	\$6,427	9		
10	Los Angeles	\$103,544,039	16,546	\$6,258	10		
8	Fresno	\$108,604,732	17,778	\$6,109	11		
12	Chico	\$85,954,532	14,363	\$5,984	12		
9	Pomona	\$103,516,842	17,356	\$5,964	13		
11	San Luis Obispo	\$95,997,068	16,192	\$5,929	14		
14	East Bay	\$67,147,261	11,436	\$5,872	15		
13	San Bernardino	\$78,595,208	14,016	\$5,608	16		
4	Northridge	\$141,659,296	25,573	\$5,539	17	(757)	(20,596,474)
3	San Diego	\$143,411,096	26,225	\$5,468	18	(686)	(18,667,574)
6	Sacramento	\$116,988,137	21,885	\$5,346	19	(563)	(15,324,871)
7	San Jose	\$111,094,782	21,298	\$5,216	20	(434)	(11,806,044)
5	San Francisco	\$120,275,359	23,074	\$5,213	21	(430)	(11,707,729)
1	Long Beach	\$141,554,836	27,198	\$5,205	22	(422)	(11,490,475)
1	Fullerton	\$130,064,361	27,198	\$4,782	23		
Campus Total		\$2,000,720,571	335,221	5,968			