CSUF Budget 101

Presentation to the Planning, Resource & Budget Committee

Laleh B. Graylee
AVP, Resource Planning & Budget Administration & Finance
September 18, 2020
Topics

• Allocation of Funds from State to CSU and Campuses
  1. State Sources & Uses of Funds and Budget Process
  2. CSU Sources & Uses of Funds and Budget Process
  3. Campus Source & Uses of Funds and Budget Process
California State Budget Process &
Allocations to CSU
CSU State Agency 6610

The Department of Finance welcomes you to the

California Budget

2020–21

Gavin Newsom Governor
State of California

Select Budget Year: 2020-21

**Governor's Proposed Budget**
( January )
The Budget proposed by the Governor

**May Revision**
( May )
Changes to the Governor’s Proposed Budget based upon the latest economic forecasts

**Enacted Budget**
( Summer )
The Budget passed by the Legislature and signed by the Governor
State of California Budget Timelines

• State California Budget Calendar
  • Agency Requests November
  • Governor’s Proposed Budget January
  • Legislative Analyst February
  • May Revise May
  • Final Budget (Enacted) July

• Trustees Support Budget Request

https://www2.calstate.edu/csu-system/about-the-csu/budget/2020-21-operating-budget/Pages/default.aspx
CSU Budget Cycle & Timelines

BUDGET TIMELINE

- **SEPT**: Budget Plan, Finalize Course Schedule, Student Applications
- **OCT**: Budget Request
- **NOV**: Budget Plan
- **DEC**: Budget Plan, Students Accepted
- **JAN**: Budget Hearings, Revise Budget, Student Intent
- **FEB**: Budget Hearings, Adjust Budget
- **MAR**: Adopt Budget
- **APRIL**: Adjust Budget, Student Orientation
- **MAY**: Classes Begin
- **JUNE**: Classes Begin
- **JULY**: Classes Begin
- **AUG**: Classes Begin
Fiscal Year 2020-21
Sources of State General Fund Revenue

- Personal Income Tax: 56%
- Sales and Use Tax: 15%
- Corporation Tax: 12%
- Insurance Tax: 2%
- Transfer - Rainy Day Fund: 6%
- Other: 9%
- Total: 100%
Sources of State General Fund Revenue (5-Year History)

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income Tax</td>
<td>69.3%</td>
<td>70.6%</td>
<td>71.3%</td>
<td>71.2%</td>
<td>56.3%</td>
</tr>
<tr>
<td>Sales and Use Tax</td>
<td>21.4%</td>
<td>19.4%</td>
<td>20.0%</td>
<td>18.9%</td>
<td>14.9%</td>
</tr>
<tr>
<td>Corporation Tax</td>
<td>9.1%</td>
<td>8.7%</td>
<td>9.2%</td>
<td>9.1%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Insurance Tax</td>
<td>1.9%</td>
<td>2.0%</td>
<td>1.9%</td>
<td>2.0%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Other</td>
<td>1.0%</td>
<td>0.7%</td>
<td>0.9%</td>
<td>0.2%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Transfer From/(To) - Rainy Day Fund</td>
<td>-2.7%</td>
<td>-1.4%</td>
<td>-3.3%</td>
<td>-1.5%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>
Fiscal Year 2020-21
State General Fund Expenditure Budget

- K-12 Education: 36%
- Health and Human Services: 33%
- Higher Education: 12%
- Other: 9%
- Corrections and Rehabilitation: 10%
Fiscal Year 2020-21
Higher Education General Fund Budget

- Community Colleges: 33.7%
- California State University: 22.3%
- University of California: 21.8%
- Student Aid Commission: 13.5%
- Other: 8.7%
State General Fund Expenditure Budget (5-Year History)

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>K-12 Education</td>
<td>41.9%</td>
<td>42.7%</td>
<td>40.3%</td>
<td>39.5%</td>
<td>35.9%</td>
</tr>
<tr>
<td>Higher Education</td>
<td>11.9%</td>
<td>11.9%</td>
<td>11.6%</td>
<td>11.8%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Health and Human Services</td>
<td>27.1%</td>
<td>27.8%</td>
<td>28.5%</td>
<td>28.4%</td>
<td>33.5%</td>
</tr>
<tr>
<td>Corrections and Rehabilitation</td>
<td>8.6%</td>
<td>9.0%</td>
<td>8.7%</td>
<td>8.6%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Other</td>
<td>10.5%</td>
<td>8.6%</td>
<td>10.9%</td>
<td>11.6%</td>
<td>8.9%</td>
</tr>
</tbody>
</table>
CSU Operating Budget Source & Uses and Historical State Funding to CSU
State of California Allocations to CSU

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Governor's Budget</th>
<th>CSU Request</th>
<th>Final State Budget</th>
<th>Tuition Increase</th>
<th>Unfunded</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14</td>
<td>$125.1</td>
<td>$371.9</td>
<td>$125.1</td>
<td></td>
<td>$246.8</td>
</tr>
<tr>
<td>2014-15</td>
<td>$142.2</td>
<td>$237.6</td>
<td>$142.2</td>
<td></td>
<td>$95.4</td>
</tr>
<tr>
<td>2015-16</td>
<td>$119.5</td>
<td>$216.6</td>
<td>$216.5</td>
<td></td>
<td>$0.1</td>
</tr>
<tr>
<td>2016-17</td>
<td>$139.4</td>
<td>$241.7</td>
<td>$154.0</td>
<td></td>
<td>$87.7</td>
</tr>
<tr>
<td>2017-18</td>
<td>$157.2</td>
<td>$324.9</td>
<td>$177.2</td>
<td>$79.1</td>
<td>$68.6</td>
</tr>
<tr>
<td>2018-19</td>
<td>$92.1</td>
<td>$263.0</td>
<td>$197.2</td>
<td></td>
<td>$65.8</td>
</tr>
<tr>
<td>2019-20</td>
<td>$300.0</td>
<td>$456.0</td>
<td>$332.9</td>
<td></td>
<td>$123.1</td>
</tr>
<tr>
<td>2020-21</td>
<td>$199.0</td>
<td>$563.8</td>
<td>($299.0)</td>
<td></td>
<td>$862.8</td>
</tr>
</tbody>
</table>
Historical CSU Funding

Change in Share of Funding for CSU over 40 years

State Funds

Tuition & Fees (Gross)
Fiscal Year 2020-21
CSU General Operating Fund Sources of Revenue

- General Fund Allocation: 54.2%
- Tuition (Gross): 36.4%
- Other Fees: 9.3%
General Operating Fund Expenses by Category

- Salaries: 50%
- Benefits: 25%
- Other Operating Expenses: 14%
- Financial Aid: 11%
Fee Revenue
Categories of Fees

Category I – System-wide
   – System-wide mandatory fees (Tuition, Non Resident Tuition, Doctoral Program Tuition, Tuition, Graduate Business Professional Fee & Application Fee)

Category II – Campus Based
   – Campus mandatory fees that must be paid to enroll in or attend the university

Category III – Course Fees
   – Course specific fees in support of state offered classes

Category IV – Fees for Service
   – Fees paid to receive materials, services, or for the use of facilities provided by the University; and fees or deposits to reimburse the university for additional costs resulting from dishonored payments, late submissions, or misuse of property or as a security or guaranty

Category V – Self Support Admin Fees & Fines
   – Fees paid to self-support programs such as Extended Education, Parking, and Housing including materials and services fees, user fees, fines and deposits

Category VI
   – System-wide voluntary fees such as Student Involvement & Representation Fee (SIRF)
CSU Campus Allocations

- Baseline
  - Incremental Increase to Prior Year Base
- One-Time
  - Special Allocations
Campus Allocations – Components

- Components/Variables
  - New Mandatory Costs (Health, Dental, Retirement, Compensation Increases)
  - Enrollment Growth
  - State University Grant/Pell Eligibility
  - CSU Priorities (Student Success/GI 2025)
  - Operation & Maintenances of New Facilities/Space
  - Other Special Allocations (if allocated in state budget)

- Historically Enrollment Based Funding
- State is Moving Toward Performance Based Funding (Improving Graduation Rate)
Compensation & Benefits—CSU Level

- Components/Variables for allocation
  - Health
  - Dental
  - Retirement
  - Compensation
  - Minimum Wage Increase
Enrollment Growth – CSU Level

- Components/Variables for Funding Decisions
  - CSU enrollment target is determined by total new General Fund
  - Campus enrollment targets are set after a conversation between the Chancellor and Presidents
  - Local Demand
  - Campus Impaction Decisions
  - Balancing on-going new enrollment demands with increases in Average Unit Load
  - Overall Capacity
Financial Aid/State University Grant – CSU Level

• State University Grant
• Governed by CSU (approx. 30% of Tuition)
• Incrementally Increased from Tuition
• Adjusted Annually
• Based on % of SUG Eligible Population by Campus and Actual Need
Graduation Initiative Funding
6 Pillars of GI 2025
Operation & Maintenance of New Facilities

$11.75/sq ft funding for Regular Maintenance of New Facilities

- Utilities
- Building Maintenance
- Custodial
- Landscape
- Administrative

- Cost Standard should be more appropriately budgeted at $19
- The unfunded need have contributed to the growth in the deferred maintenance backlog in CSU.
CSUF Funding Sources/Uses, Timelines & Allocation Process
Fiscal Year 2020-21 Campus Budget

$583.1M
FY 2020-21 Operating Fund Baseline Budget

Revenues ($442.2M)
- Tuition: 46.3%
- State Allocation: 47.2%
- Other Fees: 3.8%
- Non-Resident Fees: 2.7%

Expenses ($442.2M)
- Salaries and Benefits: 69.2%
- Operating Expenses: 19.4%
- Tuition Discounts: 11.4%
Fullerton General Fund and Resident Student Enrollment
CSU General Fund Tuition & Fees and Headcount
CSUF General Fund Tuition & Fees and Headcount
FY 2020-21 Operating Fund Baseline Budget (by Divisions)

$442.2M
FY 2020-21 Operating Fund Baseline Budget (University-Wide)

$226.1M
University Budget Process & Timelines

- CSUF Budget Process & Timelines
  - University Planning Resource and Budget Committee (PRBC) – reviews budget priorities and develops budget recommendations to the president (fall through end of spring semester)
  - State/CSU budget approved – June 30
  - President responds to PRBC’s recommendations (Budget Letter)
  - University allocates budget to departments
## BUDGET CALENDAR

### State / Legislature

<table>
<thead>
<tr>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Governor's Budget Issued</th>
<th>Legislative Analyst Analysis</th>
<th>Legislative Hearings</th>
<th>May Revise</th>
<th>Budget Signed</th>
</tr>
</thead>
</table>

### CSU Chancellor / Board of Trustees

<table>
<thead>
<tr>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FTES Target Allocated by CO</th>
<th>Executive Council Review</th>
<th>Trustees Approve Next Year's Budget</th>
<th>Preliminary Campus Allocations</th>
<th>Final Campus Allocations</th>
</tr>
</thead>
</table>

### CSU Fullerton

<table>
<thead>
<tr>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Submit Budget Requests for Cabinet Review</th>
<th>President Approves Budget &amp; Responds to PRBC</th>
<th>University Allocates New Budget to Departments</th>
<th>PRBC Budget 101 Training</th>
<th>Publish Annual Budget Reports</th>
<th>Academic Senate Fall &quot;Fiscal State of the University&quot; Presentation</th>
<th>2nd Quarter / Mid-Year Divisional Budget Review</th>
<th>Budget Planning for Next Fiscal Year</th>
<th>Self Support/Aux. Budget Proposals for New Fiscal Year</th>
<th>Self Support/Aux. Budget Proposals Reviewed</th>
<th>Fiscal Year End</th>
<th>New Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Campus Budget Planning

Revenues and Expenditures Variables

- New State/CSU Allocations
- CO’s Allocated Resident Enrollment Target
- Past Trends
- Baseline/one-Time Budget
- Fee Rates
- Student Mix
- Campus Enrollment Plan
- Funded Enrollment
- Over-Enrollment
- Student Faculty Ratio (SFR)
- Average Unit Load
- Fixed/Permanent Costs
- Marginal Costs
- Fee Waivers
- Campus Baseline Budgeted Enrollment (FTES, $)
- Revenue Shortfall or Surplus – Variance from Funded Target
Questions?

e-mail questions to budget@fullerton.edu