

Budget Issues – Academic Senate Discussion - March 17, 2009

#1 – Proposal to Consider Borrowing Money

- **Campus fiscal requirements** (CSU Executive Order 1000):
 - expenditure commitments do not exceed available resources, *and*
 - budget plans are fiscally sound and sustainable, *and*
 - sufficient reserves are established for contingencies for funds outside State treasury
 - President and CFO must enforce.

- **2009/10 General Operating Fund projection** (if no campus base budget reductions):

(see attached)

	<u>In Millions</u>
○ Recurring Resources (GF, Fees, Misc. Income)	\$91.8*
○ Recurring Expenditure Allocations	<u>\$98.0</u>
○ Budget gap	(\$6.2)

*Campus share of \$50 million reduction included

- **Options to balance the budget**

- **Borrow funds**

- **How much needed if borrowing funds?**

- Examples attached - \$4.4 million, \$12.4 million, \$14.2 million

- **Loan sources?**

- From a bank – no authority to do this
- From the CSU – no program to borrow for operations (only for capital costs)
- From other Campus resources? Yes, if surplus funds are available

- **Parking/Housing/UEE/Student Health** – Must have sufficient funding to cover operations, operating reserves, capital replacement and capital funding for development of future buildings and programs.

- **Other Trust** – Small, self-support operations/costs for special purposes (misc. course fees, Lottery, special department programs, library fees, alumni placement fee, etc., scholarships, endowments, grants/contracts,); NOTE: some have legal/contractual barriers (scholarship, endowment, grants/contracts).

- **Auxiliaries** (ASI, USU, ABS, Foundation) – no authority to borrow.

- **Use carry forward funds** - none projected (\$2.3 million cash deficit to cover from 07/08)

- **Baseline cuts**

- \$6.2 million = between 7.4% and 10% of non-mandatory budgeted expenditures
- percentage depends on mix of compensation/operating cuts made

- **2008/09 General Operating Fund Budgeted Expenditures**

	<u>In Millions</u>
• Divisions	\$61.8
• University Wide	
Benefits	\$22.1*
State Financial aid (State Univ. Grant, EOP Grant)	\$8.8
Other University-wide (excluding benefits)	<u>3.7</u> (see attached)
	\$96.2

*Includes \$564,019 for Workers Comp Insurance Premiums

California State University, Stanislaus
General Operating Fund Budget

	07/08 GF Base Budget 6/30/08	Initial 08/09 GF Budget Model Plan (Sept 08)	Final 08/09 GF Base Budget Updated as of March 09	Initial 2009/10 GF Operating Budget Pre- Reductions
Budgeted General Operating Fund Expenditures				
Academic Affairs	40,453,425	\$40,541,248	\$41,200,030	\$41,200,030
Business & Finance	8,816,142	\$9,340,887	\$9,358,899	\$9,358,899
Student Affairs	4,069,725	\$4,562,600	\$4,597,446	\$4,554,978
University Advancement	1,261,849	\$1,366,221	\$1,586,128	\$1,628,596
President	892,696	\$749,876	\$749,876	\$749,876
Information Technology	2,921,211	\$4,824,896	\$4,343,117	\$4,343,117
* University Wide Allocation	30,084,138	\$34,130,479	\$34,368,540	\$34,368,540
2009/10 SUG Projected Increase				\$1,030,400
University Wide Health, Dental, Energy, Comp-PPI				\$732,000
** Total General Fund Expenses	\$88,499,186	\$96,516,207	\$96,204,036	\$97,966,436
Budgeted GF Revenue				
GF State Appropriation	\$63,110,030	\$63,303,857	\$63,303,857	\$61,892,537
General Fund Mid Year Reduction			(\$704,600)	
GF Fee Revenue	\$23,534,463	\$25,770,913	\$25,700,913	\$27,854,913
Grants & Contracts Reimbursements (AA)	\$1,060,885	\$775,000	\$400,000	\$400,000
Grants & Contracts F&A Overhead (AA)			\$200,000	\$200,000
*** Self Support Program Overhead (B&F/SA)			\$223,950	\$223,950
Auxiliary & Business Services Overhead			\$350,119	\$200,000
Clearwire Lease Revenue (OIT)		\$1,110,000	\$1,110,000	\$1,110,000
CMS Reimbursements Overhead (OIT)			\$115,000	\$115,000
Housing Ground Lease		\$50,000	\$50,000	\$50,000
Interest Income		\$500,000	\$120,000	
Athletics Fee (SA)	\$478,438	\$671,588	\$630,000	\$600,000
Federal Work Study	\$315,370	\$299,388	\$299,388	\$300,000
General Fund Base Budget	\$88,499,186	\$92,480,746	\$91,798,627	\$92,946,400
Subtotal General Operating Base Budget Shortfall				
General Fund Projected CSU Reduction (\$50 million)		(\$3,035,461)	(\$4,405,409)	(\$5,020,036)
General Operating Fund Base Budget with Additional Reduction Projected				
				\$91,813,000
General Operating Fund Base Budget shortfall including \$50 million reduction				
				(\$6,153,436)
One Time Expenses				
Capital Plan Obligations 08/09 FY			\$400,000	
CMS Additional One-Time Cost Projected 08/09			\$127,316	
**** General Fund Encumbrance Obligations 07/08			\$620,422	
General Fund Encumbrance Obligations OIT Bdgts			\$70,039	
General Fund Restricted Carryforward Balances 07/08			\$1,263,347	
General Fund Mid Year Reduction			\$1,458,000	
One Time Clearwire Funds (UW) Campus Budget Gap				
Division 08/09 One-Time Budget Reductions			(\$1,342,980)	
Benefits 08/09 One-Time Budget Reductions			(\$607,627)	
Interest Assessment CO 09/10				\$155,000
Total One Time Expenses			\$1,988,517	\$155,000
One Time Revenue				
One Time Clearwire Lease Revenue (OIT)		\$530,000	\$230,000	
One Time Clearwire Funding			\$3,250,000	
One Time Clearwire Funding (Carryforward Budgets)			(Information Only)	
One Time Clearwire Funds (AA) Budget Reduction Mitigation			\$691,000	
One Time Clearwire Funds (B&F) Budget Reduction Mitigation			\$1,000,000	
One Time Clearwire Funds (SA) Budget Reduction Mitigation			\$34,983	
One Time Clearwire Funds (UW) Budget Reduction Mitigation			\$14,410	
One Time Clearwire Funds (UW) Campus Budget Gap			\$22,060	
One Time Clearwire Revenue Mid-Year GF Reduction			\$29,547	
One Time UEE MBA Fee Revenue		\$200,000	\$300,000	\$400,000
CMS Loan 08/09 FY (OIT)		\$1,021,380	\$926,000	
OIT Loan 08/09 (OIT)		\$350,000	\$400,000	
CMS & OIT Loan Repayment (OIT)		(\$596,971)	(\$635,373)	
CMS & OIT Loans (OIT)	\$2,243,133			
Accumulated Interest Earnings-General Operating Fund			\$961,709	
One Time Student Fee Revenue for additional enrollment (estimated net of waivers, refunds, & dis-enrollments)			\$500,000	
Subtotal One Time Revenue	\$2,243,133	\$1,504,409	\$5,702,336	\$400,000
Subtotal 08/09 One Time Shortfall				
		\$1,504,409	\$3,713,819	\$245,000
TOTAL GF BASE BUDGET & ONE TIME SHORTFALL				
		(\$1,531,052)	(\$691,690)	(\$5,908,436)

* University Wide increase includes \$1,534,500 Prior Yr shortfall + \$1,109,700 Financial Aid + Benefit cost increases
 ** 07/08 Budget Previously reported included GF Base Budget, One Time, and Carryforward funds.
 *** Auxiliary & Business Services Overhead projected as of 10/28/08 to be updated with actual
 **** Encumbrances Reduced 08/09 FY by (436,699)

Loan Examples

Best case scenario assumptions:

- 1 There will be additional resources provided by the CO (student fees/state appropriations) to meet all additional mandatory costs .
- 2 There will be no further cuts in state appropriations.
- 3 There will be no campus financial emergencies.

In Millions

<u>Example #1</u>	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
Budgeted Revenue and Appropriations	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	
Carryforward Expenditure Budget	\$98.00	\$95.00	\$93.00	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	Total Cuts
Less: base (perm) Budget Reductions	(\$3.00)	(\$2.00)	(\$1.20)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$6.20)
	\$95.00	\$93.00	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	
Annual Gap	(\$3.20)	(\$1.20)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	<u>Loan 1</u>	<u>Loan 2</u>	<u>Loan 3</u>	<u>Loan 4</u>	<u>Loan 5</u>				
Annual Loan	(\$3.20)	(\$1.20)	\$0.00	\$0.00	\$0.00				Total Loans
Cumulative Loan	(\$3.20)	(\$4.40)	(\$4.40)	(\$4.40)	(\$4.40)				(\$4.40)

In Millions

<u>Example #2</u>	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
Budgeted Revenue and Appropriations	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	
Carryforward Expenditure Budget	\$98.00	\$96.76	\$95.52	\$94.28	\$93.04	\$91.80	\$91.80	\$91.80	Total Cuts
Less: base (perm) Budget Reductions	(\$1.24)	(\$1.24)	(\$1.24)	(\$1.24)	(\$1.24)	\$0.00	\$0.00	\$0.00	(\$6.20)
	\$96.76	\$95.52	\$94.28	\$93.04	\$91.80	\$91.80	\$91.80	\$91.80	
Annual Gap	(\$4.96)	(\$3.72)	(\$2.48)	(\$1.24)	\$0.00	\$0.00	\$0.00	\$0.00	
	<u>Loan 1</u>	<u>Loan 2</u>	<u>Loan 3</u>	<u>Loan 4</u>	<u>Loan 5</u>				
Annual Loan	(\$4.96)	(\$3.72)	(\$2.48)	(\$1.24)	\$0.00				Total Loans
Cumulative Loan	(\$4.96)	(\$8.68)	(\$11.16)	(\$12.40)	(\$12.40)				(\$12.40)

In Millions

<u>Example #3</u>	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	
Budgeted Revenue and Appropriations	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	
Carryforward Expenditure Budget	\$98.00	\$98.00	\$96.80	\$94.80	\$91.80	\$91.80	\$91.80	\$91.80	Total Cuts
Less: base (perm) Budget Reductions	\$0.00	(\$1.20)	(\$2.00)	(\$3.00)	\$0.00	\$0.00	\$0.00	\$0.00	(\$6.20)
	\$98.00	\$96.80	\$94.80	\$91.80	\$91.80	\$91.80	\$91.80	\$91.80	
Annual Gap	(\$6.20)	(\$5.00)	(\$3.00)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
	<u>Loan 1</u>	<u>Loan 2</u>	<u>Loan 3</u>	<u>Loan 4</u>	<u>Loan 5</u>				
Annual Loan	(\$6.20)	(\$5.00)	(\$3.00)	\$0.00	\$0.00				Total Loans
Cumulative Loan	(\$6.20)	(\$11.20)	(\$14.20)	(\$14.20)	(\$14.20)				(\$14.20)

2008/09 Initial Budget Allocation

University Wide		Salaries & Wages	Benefits	Operating	Total
Financial Aid					
	SUG			7,735,600	7,735,600
	EOPG			155,934	155,934
	Perkins Match			5,000	5,000
	Scholarships			150,000	150,000
	State Grad Fellowship			18,848	18,848
Work Study	Work Study	511,388			511,388
	Subtotal Financial Aid	511,388	0	8,065,382	8,576,770
Centralized University Wide					
	CMS	273,078		551,600	824,678
	Convocation			8,000	8,000
	Credit Card Cost			10,000	10,000
	Benefit Cost Increases		120,000		120,000
	One Card			18,000	18,000
	Payroll Retro Chgs			8,000	8,000
	Risk Management			662,256	662,256
	State General Services			500	500
	Univ Wide Assessment and QA	52,384		47,452	99,836
	Utilities			1,802,280	1,802,280
	WASC - Accreditation	49,908		61,418	111,326
	Subtotal Centralized University Wide	375,370	120,000	3,169,506	3,664,876
Benefits University Wide					
	Total Benefits Budget		22,126,894		22,126,894
	President		167,096		167,096
	OIT		1,077,929		1,077,929
	Academic Affairs		15,193,840		15,193,840
	Business & Finance		3,574,548		3,574,548
	Student Affairs		951,247		951,247
	Athletics		502,667		502,667
	Advancement		491,593		491,593
	University Wide		167,974		167,974
	Subtotal Benefits University Wide	0	22,126,894	0	22,126,894
Grand Total University Wide Budget 08/09 FY		886,758	22,246,894	11,234,888	34,368,540

Budget Issues – Academic Senate Discussion - March 17, 2009

#2 Chancellor's statement about closing \$5 million gap (Fall 2007)

- Between 2005 and 2007 – reversed enrollment decline; increased enrollment by 628 FTES
 - 2005/6 = 162 FTES budgeted increase
 - 2006/7 = 141 FTES budgeted increase
 - 2007/8 = 295 + 30 (BSN) FTES budgeted increase

- For 2007/08 – commitment to campus for 8% FTES increase in enrollment target/budget

- State budget situation resulted in only 2.5% FTES increase in enrollment target/budget

- If additional 5% increase in enrollment target/budget (649 FTES) were allocated to campus, then:
 - Additional resources: state appropriation + student fees \$6,468,583
 - Less off the top:
 - 30 new faculty positions (salaries & benefits) -2,145,330
 - compact related compensation increases (rough est.) -2,005,273

Balance	\$2,317,980
2007/08 Budget Gap	<u>-1,534,550</u>
Net surplus if additional 649 FTES	\$783,430

CSU Stanislaus FTES Enrollment Allocation Summary

CSU Stanislaus FTES Enrollment Allocation Summary 05/10/07-07/07/07																													
(1)	2004/05 Target	6,462	(2)	2005/06 FTES Growth	162	(3)	2005/06 Target	6,624	(4)	2006/07 FTES Growth	141	(5)	2006/07 Target	6,765	(6)	2007/08 FTES Growth	295	(7)	2007/08 BSN Growth	30	(8)	2007/08 Resident FTES	7090	(9)	2007/08 Non resident FTES	84	(10)	2007/08 Total FTES Target	7174

Enrollment Growth Projected**2007/08 Resident Student Marginal Cost of Instruction Rate Per FTES**

Faculty Salary	\$3,415
Faculty Benefits	\$1,290
Teaching Associates	\$17
Instructional Equipment	\$119
Instructional Support	\$836
Academic Support	\$1,345
Student Support	\$1,039
Institutional Support	\$973
Operation and Maintenance of Plant	\$933
Total Enrollment Funding (State GF & Student Fees)	\$9,967
Less: Fee Revenue	(\$2,257)
2007/08 State General Fund Support	\$7,710

Enrollment Growth Resources Projected at 8% Growth

Enrollment Growth Funding per FTES	\$9,967
Additional FTES Projected -at 8% Growth	649
Total Additional Resources for additional 649 FTES	\$6,468,583

Additional Cost to Fund Faculty for Enrollment Growth

Projected Faculty Salaries (649 FTES / 21 SFR = 30 New Full Time Faculty)	\$1,650,240
Faculty Benefits for 30 New Full Time Faculty	\$495,090
Compensation Increases - 4.7% Compensation Pool	\$77,561
Benefit Increases 25% (6.2% Social Security, 1.45% Medicare, PERS Retirement 17%)	\$74,712
Additional 3% Compensation Pool if compact funded (ESTIMATE)	\$1,853,000
Total Additional Cost to Fund 649 FTES/ 30 FTF	\$4,150,603

Net Resources	\$2,317,980
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California State University Stanislaus
Initial Base Budget Allocations 2004/05 through 2008/09
General Operating Fund

	2004/2005 FY	2005/2006 FY	2006/2007 FY	2007/2008 FY	2008/2009 FY		
Sources of Funds							
General Fund Allocation	50,341,300	53,739,851	57,936,130	63,110,030	63,303,857		
General Fund Mid Year Reduction					-704,600		
State University Fees	17,618,339	20,558,069	20,791,384	23,534,463	25,700,913		
Work Study	382,940	327,069	294,730	315,370	299,388		
Clearwire Lease Revenue					1,110,000		
Interest Income Revenue					120,000		
Reimbursements to General Fund		1,839,070	1,539,323	1,539,323	1,969,069		
Total General Fund Base Budget	68,342,579	76,464,059	80,561,567	88,499,186	91,798,627		
Uses of Funds							
Academic Affairs	30,718,721	33,341,842	35,980,428	38,609,503	41,200,030	66.6%	42.8%
Business and Finance	6,503,340	7,055,372	7,555,884	8,501,254	9,358,899	15.1%	9.7%
Student Affairs	2,047,755	2,593,025	2,697,734	2,952,688	2,825,208	4.6%	2.9%
Athletics	814,746	883,974	883,974	968,179	1,772,238	2.9%	1.8%
University Advancement	941,956	1,156,197	1,130,901	1,199,113	1,586,128	2.6%	1.6%
President	578,100	836,588	873,228	854,808	749,876	1.2%	0.8%
Equal Opportunity & Internal Relations	222,398	216,962	0	0	0	0.0%	0.0%
Office of Information Technology	2,363,168	2,398,433	2,541,486	2,828,899	4,343,117	7.0%	4.5%
	44,190,184	48,482,393	51,663,635	55,914,444	61,835,496	100.0%	64.3%
Centralized University Wide	2,346,459	10,908,014	7,788,012	8,221,981	3,664,877		3.8%
Financial Aid	5,077,282	5,203,082	5,716,982	6,805,682	7,915,382		8.2%
Work Study	358,679	327,069	477,520	488,970	511,388		0.5%
Scholarships	150,000	150,000	150,000	150,000	150,000		0.2%
Benefits University Wide	16,219,975	15,941,103	16,577,919	18,452,659	22,126,893		23.0%
Total Funding Allocations	68,342,579	81,011,661	82,374,068	90,033,736	96,204,036	100.0%	100.0%
Base Budget Shortfall	0	-4,547,602	-1,812,501	-1,534,550	-4,405,409		
Prior Year Carryforward		3,562,630					
Lottery Contribution- Library Book Funding			142,000	142,000			
CMS Loan			997,000	2,411,000			
CMS Loan Payment				-167,867			
Clearwire Allocation Academic Affairs					500,000		
Salary & Benefit Savings		1,533,865	401,774				
WBA UEE Fee Revenue							
Budget Shortfall or Surplus	0	548,893	-271,727	850,583	-3,905,409		