

University Budget Committee

November 13, 2020

CSUDH

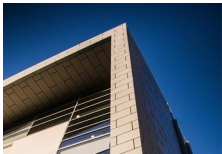
DIRECTORY

CSUDH

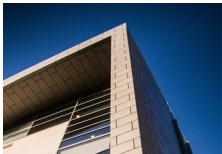
CALIFORNIA STATE UNIVERSITY
DOMINGUEZ HILLS

Agenda

- I. Welcome
- II. 1st Quarter Financials
- III. Year-End Projection
 - A. Base Shortfall
 - B. One-Time Shortfall
- IV. Progress on Addressing Deficit
- V. Board of Trustees Budget Request



INTRODUCTIONS AND REVIEW CHARGE

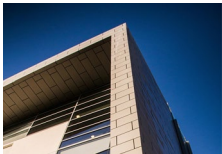


UBC Charge

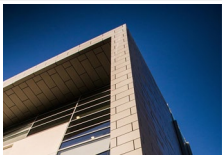
Mission. The University Budget Committee (UBC) shall receive, review, and make recommendations to the President concerning budgets, enrollments, and strategic and divisional plans at California State University, Dominguez Hills.

Perspective and Scope of Responsibility. In undertaking its work, the UBC shall apply university-wide rather than divisional perspectives in analyzing, considering, and recommending resource allocations.

- A. The UBC will review university budget reports
- B. The UBC may consider whether resource allocation to existing areas should or should not be continued, as necessary.
- C. The UBC recommendations regarding new baseline and one-time funding allocations and reallocation of existing resources shall consider: (1) budget information and projections provided by the Vice President for Administration and Finance/Chief Financial Officer; (2) university enrollment reports and forecasts; (3) divisional needs and priorities as articulated by division heads; (4) the university strategic plan; (5) academic plans as articulated by the Provost and Vice President of Academic Affairs; and (6) the university's student success initiatives.

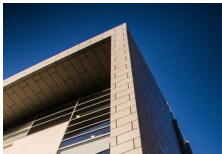


1st QUARTER FINANCIALS



AADHT Actuals and Projections

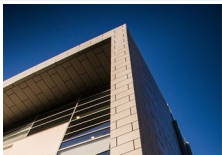
- We closely monitor progress in addressing the budget deficit by running projection reports at the close of each month
- These reports reflect three categories of expenses:
 - 1) Actuals to Date. These are the real actual expenses that have taken place up until the close of the reporting period.
 - 2) Projected Actuals. These are projections for the remainder of the year based on the assumption that spending will continue at the same rate. This approach averages the spending of the previous months.
 - 3) Encumbrances. These are financial commitments that have already been made, that we know we will have to pay. Encumbrances can vary drastically based on timing of contracts or payments.



Base Budget

- The Base Budget is the budget allocated for permanent expenses

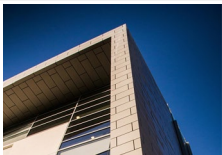
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ACADEMIC AFFAIRS	\$ 61,194,635	\$ 62,078,526	\$ 16,730,244	\$ 50,190,733	\$ 191,920	\$ 67,112,897	\$ (5,034,372)
ADMIN AND FINANCE	\$ 14,541,814	\$ 16,075,281	\$ 3,811,148	\$ 11,433,443	\$ 1,354,813	\$ 16,599,405	\$ (524,124)
ADVANCEMENT	\$ 2,953,660	\$ 4,300,070	\$ 659,022	\$ 1,977,065	\$ 107,603	\$ 2,743,691	\$ 1,556,379
INFO TECHNOLOGY	\$ 9,286,481	\$ 11,378,765	\$ 3,620,421	\$ 10,861,264	\$ 3,737,539	\$ 18,219,224	\$ (6,840,460)
PRESIDENT	\$ 3,015,873	\$ 3,710,850	\$ 599,340	\$ 1,798,020	\$ 146,078	\$ 2,543,437	\$ 1,167,413
STUDENT AFFAIRS	\$ 10,723,913	\$ 10,624,974	\$ 2,474,254	\$ 7,422,761	\$ 129,079	\$ 10,026,093	\$ 598,881
CENTRALLY MONITORED	\$ 91,461,042	\$ 106,175,614	\$ 31,323,019	\$ 75,525,350	\$ 172,879	\$ 107,021,248	\$ (845,634)
<i>Benefits</i>	\$ 45,219,715	\$ 45,219,715	\$ 11,707,733	\$ 35,123,200	\$ -	\$ 46,830,934	\$ (1,611,218)
<i>Utilities</i>	\$ 3,413,078	\$ 3,479,527	\$ 574,633	\$ 2,864,228	\$ 40,666	\$ 3,479,527	\$ 0
<i>Financial Aid</i>	\$ 32,299,701	\$ 32,299,701	\$ 14,132,207	\$ 18,167,494	\$ -	\$ 32,299,701	\$ -
<i>Other CM</i>	\$ 10,528,548	\$ 25,176,670	\$ 4,908,446	\$ 19,370,427	\$ 132,213	\$ 24,411,086	\$ 765,584
TOTAL	\$ 193,177,417	\$ 214,344,079	\$ 59,217,448	\$ 159,208,635	\$ 5,839,912	\$ 224,265,995	\$ (9,921,916)



Revised Budget

- The Revised Budget is the Base Budget plus any prior year carryforward balances and one-time budgets

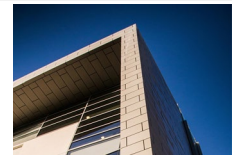
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Actuals to Date

- Actuals are the real expenses that have been processed as of the close of the reporting period
- Actuals are subject to timing of invoices and payments

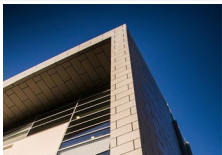
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Projected Actuals

- Projected Actuals are the expenses expected to take place the remainder of the year
- These projections assume spending will continue at the same rate as actuals

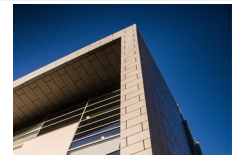
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Encumbrances

- Encumbrances are financial commitments that have already been made, and vary from month to month based on timing of contracts and payments
- Approx. \$3.4M of IT Encumbrances will be reimbursed by CARES Act funding

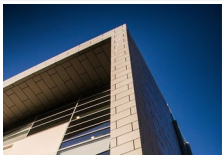
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Projected Year End Actuals

- Projected actuals are the sum of Actuals To Date, Projected Actuals, and Encumbrances
- This figure should represent both Base and One-Time expenses

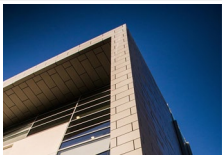
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Projected Year End Balance

- The Projected Year End Balance is the Revised Budget less the Projected YE Actuals
- The Year-End Balance will be the amount carried forward into the next year

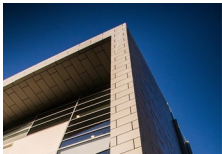
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1st Quarter Report

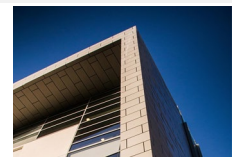
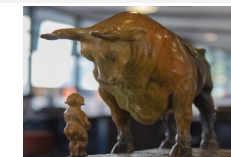
- At the end of the 1st Quarter, the Projected YE Balance is a \$9.9M deficit
- This number will fluctuate throughout the year as reduction strategies are implemented, and the spending rate changes

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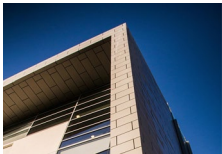


1st Quarter Year Over Year

	2018-19	2019-20	2020-21
ACADEMIC AFFAIRS	\$ 15,339,962	\$ 16,833,533	\$ 16,730,244
ADMIN AND FINANCE	\$ 3,583,993	\$ 3,759,743	\$ 3,811,148
ADVANCEMENT	\$ 1,043,447	\$ 1,016,738	\$ 659,022
CENTRALLY MONITORED	\$ 35,501,428	\$ 48,137,524	\$ 31,323,019
<i>Benefits</i>	\$ 10,632,219	\$ 11,693,366	\$ 11,707,733
<i>Utilities</i>	\$ 743,912	\$ 682,166	\$ 574,633
<i>Financial Aid</i>	\$ 13,872,639	\$ 12,620,663	\$ 14,132,207
<i>Other CM</i>	\$ 10,252,657	\$ 23,141,330	\$ 4,908,446
INFO TECHNOLOGY	\$ 1,668,058	\$ 3,056,764	\$ 3,620,166
PRESIDENTS	\$ 1,059,214	\$ 482,444	\$ 599,340
STUDENT AFFAIRS	\$ 2,297,308	\$ 3,076,004	\$ 2,474,254
TOTAL	\$ 60,493,411	\$ 76,362,750	\$ 59,217,193

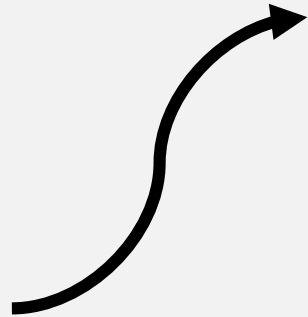


YEAR END PROJECTION



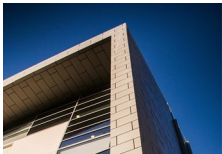
AADHT Actuals & Projections (as of 9/30/20)

Base Budget	\$ 193,177,417
Less Projected YE Actuals	\$ 224,265,995
<i>Projected YE Base Balance</i>	<i>\$ (31,088,578)</i>
Plus 1x/Carryforward Balance	\$ 21,166,662 *
Plus CARES Reimbursement	\$ 3,400,000
Projected YE Balance	\$ (6,521,916) *



Base Shortfall	\$ (6,521,916)
One-Time Shortfall	\$ (4,043,764)
<i>Total Campus Shortfall</i>	<i>\$ (10,565,680)</i>
One-Time Tuition	\$ 10,900,000
One-Time Student Success Fee	\$ 675,000
20-21 Projected Campus Net	\$ 1,009,320

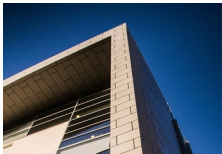
- It is refreshing to see a positive number(!), but it needs to increase as we approach the 21-22 year
- Additional Tuition is a projection which may change significantly based on Spring Enrollment
- We are already anticipating \$6.4M in one-time needs in the 21-22 year
- The state budget is uncertain, but we should be planning for an additional base reduction
- *A significant portion of the overspending in this fiscal year is offset by the carryforward balance. If the projected year-end balance is \$0 or in deficit, there will be no carryforward to offset next year's overspending



If there is a positive projected net balance does that mean we don't need to explore layoffs?

Unfortunately, **no**. Layoffs are a strategy to reduce the *base* deficit. We could only avoid layoffs if the projected YE Base Balance was \$0 or positive.

Starting Deficit	\$ (9,899,643)
Less Stoplight Chart	\$ 5,320,530
<i>Adjusted 20/21 Base Deficit</i>	<i>\$ (4,579,113)</i>
Less Early Exit Program	\$ 983,780
Ending Position	\$ (3,595,333)

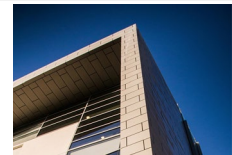
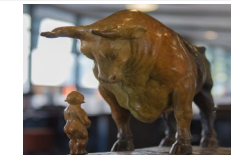
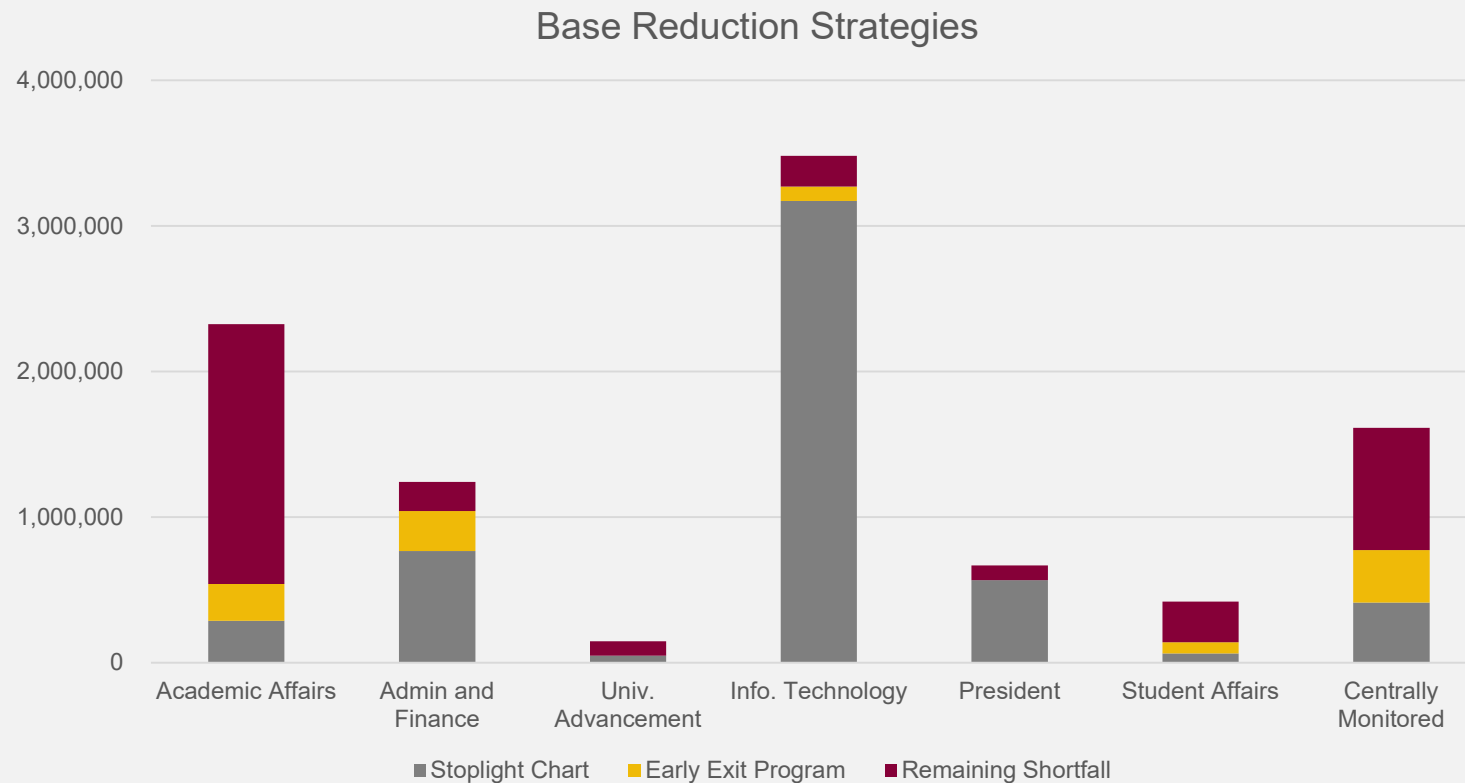


PROGRESS ON ADDRESSING DEFICIT



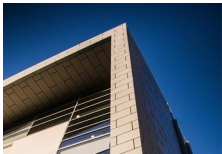
Division Shortfalls

- Permanent Base reduction strategies that have been implemented included the vacant position review (stoplight chart), and Early Exit Program
- After these strategies were implemented there remains a \$3.5M shortfall

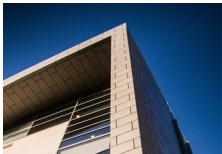


Structural Budget Solutions

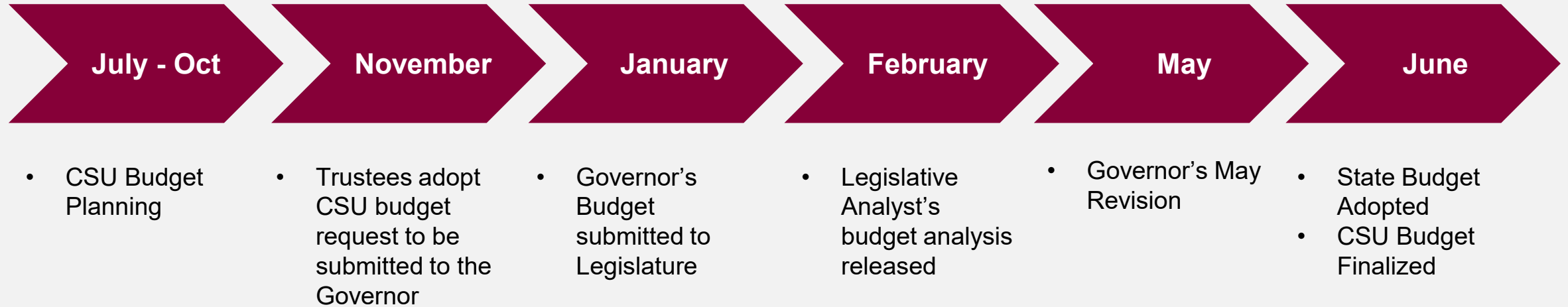
- How have we worked to resolve these structural issues so far?
 - Started identifying annually recurring “one-time” expenses
 - Started identifying deficits
 - Invested in Student Health Services, and closed the rolling deficit (June 30, 2020)
 - Continuing advocacy efforts with partners at Chancellor’s Office to mitigate structural underfunding i.e.) Classroom Village
 - Forming analysis and narrative to better understand and inform campus of structural issues
 - Creating Reserves plan consistent with Chancellor’s Office Policy, and Executive Order 994
 - Progress towards position management, in order to mitigate division deficits
 - All Funds Budgeting approach to annual budgeting



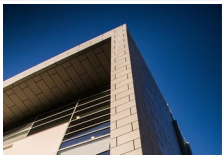
BOARD OF TRUSTEES BUDGET REQUEST



State Budget Cycle



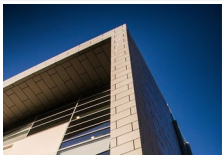
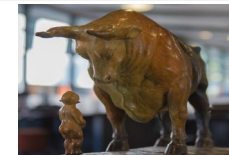
- On November 17th the Board of Trustees will meet and adopt a budget request to be submitted to the Governor
- The CSU budget request is an opportunity to tell the Governor and CA State Legislature how much funding is required to fulfil the mission of the CSU
 - The request is made up of actual realized expenses (mandatory costs), and additional investments (Graduation Initiative 2025)
 - The state allocation is usually far less than the request



2021-22 Preliminary Trustees Request

Incremental CSU Expenditure Increases	(in millions)
Graduation Initiative 2025	\$150
Mandatory Cost Increases (eg. Health, Retirement)	\$57
Academic Facilities and Infrastructure	\$50
Restore 100% of 20-21 General Fund Cut	\$299
Total Incremental Budget Request	\$556

- If the CSU is not funded for Mandatory Cost Increases that will be a realized expense the campus will need to absorb
- Assume budget restoration will be equal to reduction



Q&A

