University Budget Committee

October 21, 2021

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CALIFORNIA STATE UNIVERSITY DOMINGUEZ HILLS

Agenda

- I. Welcome
- II. 2020-21 Year End Balance & Reserve Designations
- III. CARES Update
- IV. Budget Request Process & Topics









WELCOME











2020-21 YEAR END BALANCE AND RESERVE DESIGNATIONS











2020-21 AADHT Year-End Balance

- The Operating Fund ended the year with a slightly larger balance, particularly in Centrally Monitored
 - Balances are developed from 1x savings, and can only be used for 1x purposes
 - The increased balance can be largely attributed to over-enrollment revenue and leveraging CARES funds for lost state appropriation
 - The Chancellor's Office recommends that a campus Operating Fund maintain a balance of 25-50% of annual operating expense. For AADHT that would be a \$30-60 million reserve.

AADHT								
Division			1 Year-End umbrances	20	-21 Year-End Balances	19-20 Year- End Balance		
Academic Affairs		\$	248,713	\$	1,587,343	\$	320,211	
Admin and Finance		\$	991 <i>,</i> 652	\$	620,380	\$	989,199	
Univ. Advancement		\$	153 <i>,</i> 458	\$	1,340,646	\$	1,336,953	
Centrally Monitored	Revenues	\$	-	\$	9,737,755	\$	2,380,498	
	Expenditures	\$	564,682	\$	8,511,986	\$	7,834,667	
Total CM		\$	564,682	\$	18,249,740	\$	10,215,165	
Info. Technology		\$	3,578,165	\$	(6,056,870)	\$	1,173,066	
President		\$	63 <i>,</i> 839	\$	1,025,764	\$	613,881	
Student Affairs		\$	161,183	\$	909,197	\$	231,372	
TOTAL AADHT		\$	5,761,693	\$	17,676,200	\$	14,879,847	



2020-21 Reserves

- The General Operating Fund is made up primarily of state appropriation and student fees. This family of funds represents activities most immediately supporting the operation and instruction of the University. The CA State Controller has oversight over these funds.
- Enterprise Funds (ex: Housing, Extended Education, Parking) are selfsupporting entities which provide support services to the University. Any fund balances within these funds should be used to support the specific program. The CA State Controller has oversight over these funds.
- Auxiliaries (ex: ASI, Foundation, LSU) are separate legal entities that provide support services to the University. The University has collaborative fiscal oversight with the Auxiliaries. The CA State Controller has limited oversight over these funds.

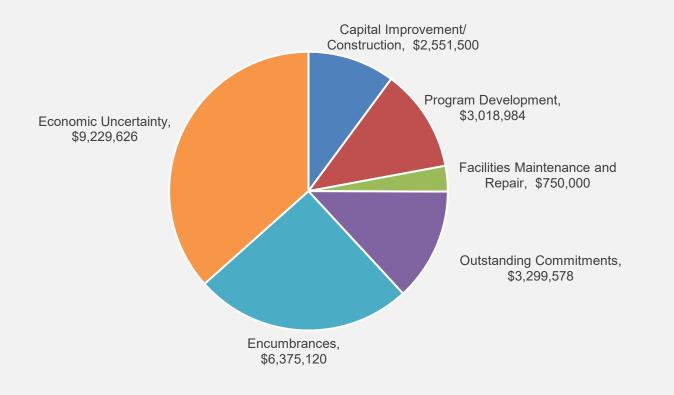
2020-21 Reserve Designation

- As part of the year-end close process the campus is required to report "Reserve Designations" to the Chancellor's Office
 - This includes all campus fund balances (not just AADHT) and asks us to share if we have designated uses for them
 - In addition to campus funds, the CO also requests Reserve Designations for certain auxiliaries and enterprises

Operating Fund	\$ 25,224,807
Lottery	\$ 447,483
IRA	\$ 240,429
Health Facilities	\$ 1,031,762
Extended Education	\$ 14,255,436
Parking	\$ 5,806,084
Housing	\$ 1,387,183
Loker Student Union	\$ 5,401,840
Total Reserve Designations	\$ 53,795,024

2020-21 Operating Fund Reserve Designation

- The largest fund balance is \$25.2M in the Operating Fund
 - The Operating Fund category for Reserve Designations include AADHT (80%), ST001 (Student Success Fee) (6%)*, the Capital Project Management Fund (3%)*, and 53 funds that are funded through course fees (11%)*



* Balances are designated for specific purposes within their funds







- Although \$53M seems like a large number, it only makes up about 18% of the total expenses in those combined funds.
 - Best practice is that organizations maintain a reserve to cover 3-6 months of operating expense, or 25-50%.
 - These reserves are in different funds to support different entities and cannot be intermingled
- Maintaining appropriate reserves is important to address unexpected expenses (uh-oh, our power supply is failing) or changes in revenue streams (a sudden enrollment drop).
- Reserves can also allow us to be more strategic and innovative as a University. Reserves can be utilized as start-up funding for new initiatives or buildings.



- Since campus auxiliaries are separate entities from the CSU, and not subject the State Controller oversight, they are not included in the Chancellor's Office **Reserve Designation**
- The University is held accountable to Auxiliary actions, so it continues a collaborative fiscal relationship, including monitoring reserves

Auxiliary	2020	2021	Change
Associated Students Inc.	1,233,384	1,592,354	358,970
Loker Student Union*	3,953,359	4,827,725	874,366
DH Foundation**	7,101,457	6,420,380	-681,077
Philanthropic Foundation***	22,350,596	26,454,032	4,103,436

Approx. \$1M of balance is Investment in Capital Assets

** Approx. \$600k of balance is Investment in Capital Assets

*** 98.6% of assets have donor restrictions on them



CARES FUNDING



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CARES

- CSUDH received almost \$113M in CARES Funds, including \$6.7M allocated to the campus as a Minority Serving Institution
- CARES requires that half of the funding allocated to the campus is distributed directly to students in the form of Emergency Aid Grants
 - (CARES II only required 30% to be allocated to Emergency Aid Grants)
- The remaining funding is the "Institutional Portion" of the grant, which can be used for COVID- related expenses on campus.
- These funds are 1x in nature, so they can't be used for any on-going expenses
- The funds were allocated based on eligibility and applicability of the CARES guidelines, provided by the Department of Education









CARES

- The funds were allocated based on eligibility and applicability of the CARES guidelines, provided by the Department of Education
- Some expenses are coming in higher/lower than budgeted, and some projects cannot be completed in the timeline required by the Department of Education
- A thorough review is being conducted to determine if there are any budget lines that can be reallocated towards new pandemic related expenses as they arise
- Any projected balance will be used for additional student aid
- Quarterly reports on claims are posted to the Toros Together Website: <u>https://www.csudh.edu/together/cares-act/</u>



	CARES I	CARES II	CARES III	TOTAL
Allocation-Institutional Fund	\$ 9,240,638	\$ 22,602,924	\$ 27,439,117	\$ 59,282,679
Allocation- MSI Funds	\$ 1,312,563	\$ 1,980,621	\$ 3,358,845	\$ 6,652,029
Student Grants	\$ 9,240,639	\$ 9,240,639	\$ 28,476,293	\$ 46,957,571
Total Allocation	\$ 19,793,840	\$ 33,824,184	\$ 59,274,255	\$ 112,892,279
(Less Student Grants)	\$ (9,240,639)	\$ (9,240,639)	\$ (28,476,293)	\$ (46,957,571)
Available Institutional Portio	\$ 10,553,201	\$ 24,583,545	\$ 30,797,962	\$ 65,934,708
Drawn Down	\$ 10,553,201	\$ 4,227,193	\$ -	\$ 14,780,394
Allocated	\$ -	\$ 20,356,352	\$ 30,797,962	\$ 51,154,314
Unallocated	\$ -	\$ -	\$ -	\$ -

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*As of 9/21/21



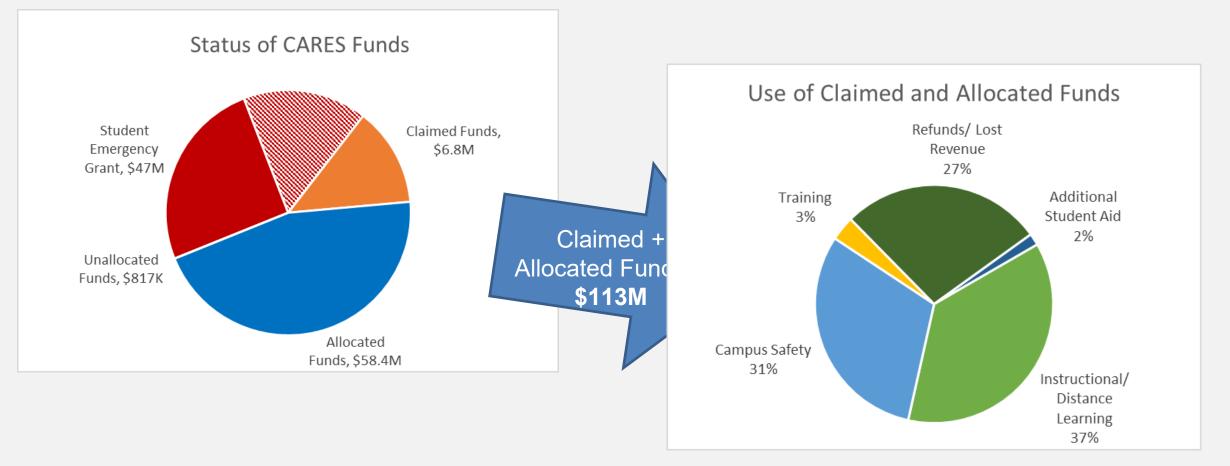
Division	Allocated	Claimed			
Centrally Monitored	\$7,912,328	\$5,854,430			
Academic Affairs	\$6,661,621	\$2,320,234			
Admin & Finance	\$17,205,638	\$674,092			
Information Technology	\$23,772,154	\$3,085,881			
Student Affairs	\$10,307,701	\$2,845,756			
University Advancement	\$75,266	\$-			
TOTAL	\$65,934,708	\$14,780,394			

*As of 9/21/21



CARES Funding

 CSUDH has received approximately \$113M in CARES funding, and has drawn down or allocated 100% of it



BUDGET REQUEST PROCESS & TOPICS





Budget Request Process

- Historically, the University Budget Committee allocated funds *after* the budget allocation in July
- In 20-21 there were no new funds, and UBC proactively allocated 22-23 funds

-The allocation process without knowledge of funding amounts proved difficult

- Recommendation: Return to allocation timeline post- Budget
 Memo distribution.
- Recommendation: Prepare memo signed by UBC and Cabinet documenting why 20-21 was an anomaly year



- If UBC is not reviewing budget allocation requests, there are other budget topics to focus on:
 - Develop Infrastructure around multi-year planning
 - Review Presidential Memo
 - Planning around all-funds budgeting
 - How does the budget process advance the Strategic Plan?
 - Review audited Financial Statements
 - Define relationship with University Planning Committee



Q&A

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