



University Budget Committee

September 29, 2022



Agenda

- Introductions
- 2021-22 In Review
- 2021-22 Year-end Balances & Reserve Designations
- CARES Funding
- 2022-23 Budget
- Compensation Impact
- 2022-23 Strategic Planning Priorities Review
- Capital Projects
- Considerations
- 2023-24 Budget
- Q & A



INTRODUCTIONS AND REVIEW CHARGE (new members highlighted)



UBC Voting Members

6 Colleges x 1 Faculty

6 Ex Officio

3 Students

1 Library

1 Non-MPP Staff

1 Past-chair (only in the 1st year of a new chair)

<u>Appointed/ Elected Members</u>	<u>Term</u>	<u>Representing</u>
Rama Malladi	Chair 2 nd of 3 Yr.	Presidential Appointee (Faculty), (CBAPP)
Kate Fawver	1 st of 3 Yr.	College of Arts and Humanities (CAH)
Edward Cleek (serving 2 nd term)	3 rd of 3 Yr.	College of Continuing and Professional Education (CCPE)
Vacant	1 st of 2 Yr.	College of Education (COE)
Ronald Norby	1 st of 2 Yr.	College of Health, Human Services and Nursing (CHHSN)
Sonal Singhal	2 nd of 2 Yr.	College of Natural and Behavior Sciences (CNBS)
Wendolyn Vermeer	2 nd of 2 Yr.	University Library
Adrienne Gutierrez	2 nd of 2 Yr.	Presidential Appointee (Non-MPP) Staff Member
Obioha Ogbonna	Appointed annually	Associated Students (ASI President)
Alex Alvarado	Appointed annually	Associated Students (appointed by ASI President)
Samantha Alvarez	Appointed annually	Associated Students (appointed by ASI President)

Ex Officio Voting Members:

Michael Spagna

Deb Wallace

William Franklin

Chris Manriquez

David Gamboa

Eva Sevcikova

Division

Academic Affairs

Administration and Finance

Student Affairs

Information Technology

Office of the President

University Advancement



UBC Non-Voting Members & Staff

Non-Voting Division Budget/Fiscal Officer:

Ken O'Donnell

Tony Jake

Jacqueline Kuenz

Susan Sanders

Harmony Frederick

Jane Gallegos

Division

Academic Affairs

Administration and Finance

Information Technology

Office of the President

Student Affairs

University Advancement

Staff Support to the UBC

Nick Norimoto

Title

University Budget Director



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 (“the university”).



UBC Scope of Responsibility

The UBC shall apply university-wide rather than divisional perspective in analyzing, considering, and recommending resource allocations.

- A. Review university budget reports (budget, expenditures, commitments and balances)
- B. Consider the continuation of current resource allocations. Divisions may be asked to provide information to assist review. (i.e., non-state funds, trust, auxiliary, etc.)
- C. 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) Enrollment reports and forecasts
 - (3) Divisional needs and priorities as articulated by division heads
 - (4) University strategic plan
 - (5) Academic plans as articulated by the Provost and Vice President of Academic Affairs
 - (6) The university's student success framework.



Procedures. The UBC shall receive from each division head reports and forecasts related to expected revenues from all sources, mandatory and continuing expenditure commitments, proposals for priority expenditures on both multi-year baseline and one-time basis; proposed changes or additions to academic plans; and the university's plans for student success.

A. Not later than April 1 each year, the UBC shall forward to the President recommendations for the university's expenditure plan for the subsequent year, taking full account of the reports and presentations from each division head and the President and reflecting a university-wide perspective.



Town Hall Meetings. The President and Vice President for Administration and Finance/Chief Financial Officer shall hold open Budget Town Hall Meetings for the campus at least once a year to provide faculty, staff, and students and overview of the university budget.

Budget Presentations/Information. Budget presentations/information provided to the UBC shall be posted to the UBC website. The UBC also may elect to post summaries of discussions held during UBC meetings to the web site.



UBC AY 2022-23 Meeting Schedule

Time: 2 to 4pm (Thursdays)

- 09/29/2022: Kickoff meeting
- 10/27/2022: Share budget request form with UBC
- 11/17/2022: FY23-24 budget topics for review
- 12/15/2022: Last meeting before holidays, VP budget discussions update

- 02/23/2023: FY23-24 Governor's budget update, CSUDH budget priorities)
- 03/23/2023: FY23-24 finalized Cabinet budget priorities
- 04/06/2023: FY23-24 Budget Approval Meeting
- 04/20/2023: Tentative, most likely not required



As a member of UBC you are expected to:

- Come to meetings prepared and review documents beforehand
- Ask questions and request information if needed
- Share information with respective constituent groups



2021-22 IN REVIEW

- Financial year (**FY**) begins on July 1st and ends on June 30th
- Academic year (**AY**) begins in August (date may vary, 22nd in 2022)
- UBC reported financials are based on FY



2021-22 In Review

- 21-22 started with restoration and increases to operating fund, HOWEVER, new funding was 'held back'
- Funded enrollment targets remained flat at 11,473
- Almost all new funding was slated for mandatory costs
- Some division budgets were restored from 20-21 impact
- Changed the budget process to remove silos in decision making about priorities
- We also increased financial transparency and communications through quarterly budget updates



2021-22 YEAR-END BALANCES & RESERVE DESIGNATIONS

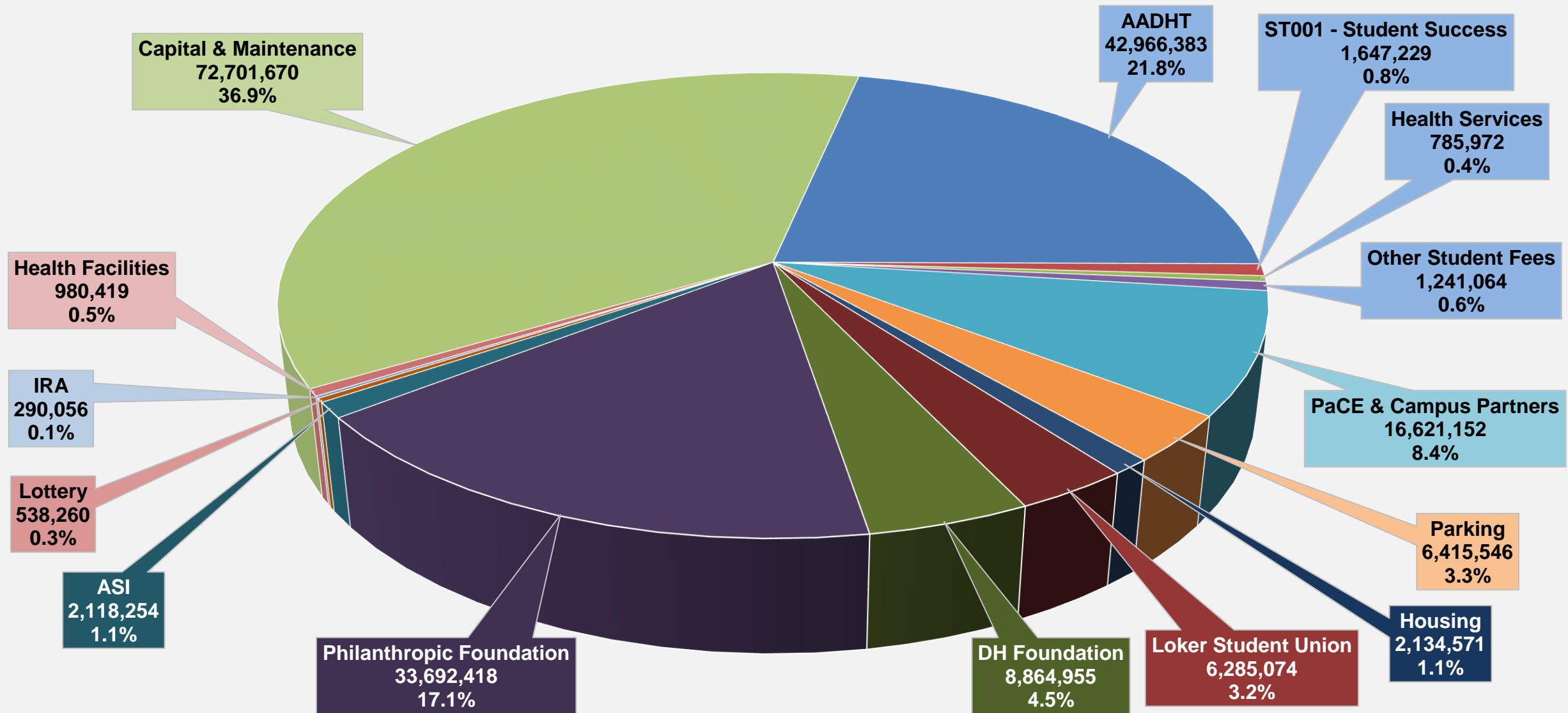


CSU Operating Fund

- CSU Operating Fund:
 - General Fund (state appropriation)
 - Tuition
 - Other Fees – Nonresident tuition, Application, Student Success, Health Services, Misc. Courses, Administrative
 - Cost Recovery
- CSUDH Operating Fund:
 - **AADHT** – General Fund, Tuition, Nonres, Application & Cost Recovery
 - **ST001** – Student Success Fee
 - **FT068** – Health Services Fee
 - **FTxxx** – Misc Course and Administrative Fees



2021-22 All Funds Year-end Balances - \$197 million



2021-22 Reserve Designations

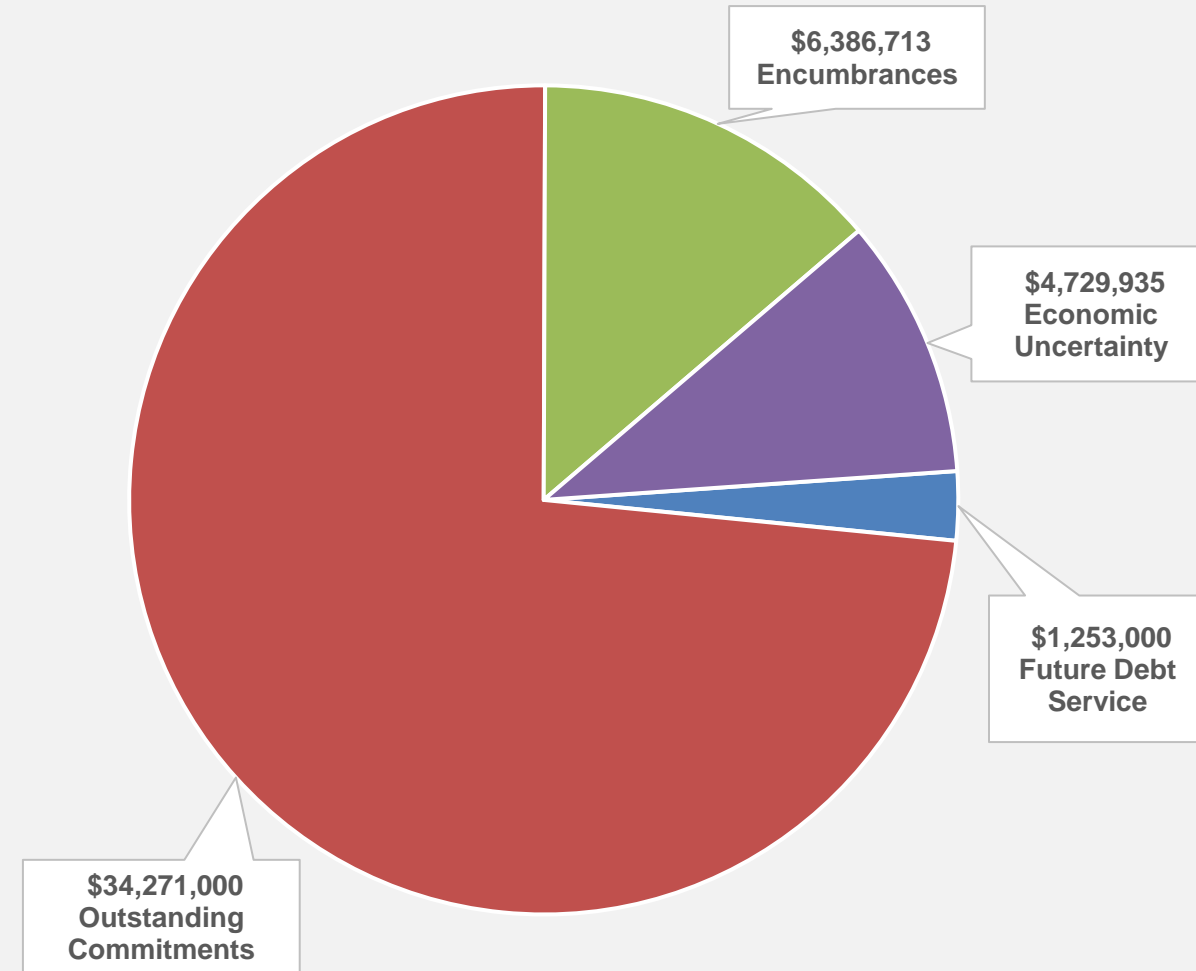
	Reserve Amount
Operating Fund	\$ 46,640,648
<i>AADHT</i>	42,966,383
<i>Other 485 Funds</i>	3,674,265
Lottery	538,260
IRA	290,056
Health Facilities	980,419
PaCE (Extended Education)	16,621,152
Parking	6,415,546
Housing	2,134,571
Loker Student Union	6,285,074
Total Reserve Designations	\$ 79,905,728

- Campuses are required to report year-end “Reserve Designations” to the Chancellor’s Office.
 - Includes all campus fund balances, not just AADHT
 - The CO also requests Reserve Designations for certain auxiliaries and enterprises



2021-22 Operating Fund Reserve Designation

- The largest fund balance is **\$46.6M** in the Operating Fund
- Includes:
 - AADHT
 - ST001 (Student Success Fee)*
 - Capital Project Management Fund*
 - 53 Course Fee Funds*



* Balances are designated for specific purposes within their funds



2021-22 Reserve Planning

- Although \$80M seems like a large number, it only makes up about 26% 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%.
- 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.
- DH will need to be mindful regarding bridging current year shortfalls and exhausting reserves



CARES FUNDING



CARES Funding

- In March 2020 Congress authorized the Coronavirus Aid, Relief, and Economic Security Act (CARES)
- The portion of these funds were deposited into the Higher Education Emergency Relief Fund (HEERF), and distributed to universities across the country
- There have been supplemental appropriation bills that have been passed with different names, but these funds are included under the umbrella of “CARES”



CARES Funding

- CSUDH received an additional allocation as a Minority Serving Institution. This additional funding is called the “MSI Portion”
- 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



CARES Funding

There are many sets of guidelines, but essentially these funds can only be used for expenses that are directly related to the pandemic in two ways:

- 1) COVID-related health and safety on campus. This means expenses like protective equipment and testing. General health and safety (like the Student Health Center) are not applicable.
- 2) Change in instruction to a virtual environment. The expenses are only applicable if it's directly related to moving into a virtual environment, and the campus wasn't doing it *before* the pandemic.



CARES Funding

- The move to virtual instruction during the pandemic exposed DH's lack of digital infrastructure and highlighted long standing inequities
- To close some of this gap, the campus invested a large amount of the Institutional Portion of CARES in support of this effort
- The remaining Institutional Portion was used to replace lost revenues in the operating fund, enterprise and auxiliary services, faculty and staff training, additional emergency financial aid grants to students, standing up vaccine clinics, testing program, purchases of PPE
- The one-time \$3,500 for faculty was also covered with these funds



CARES Funding

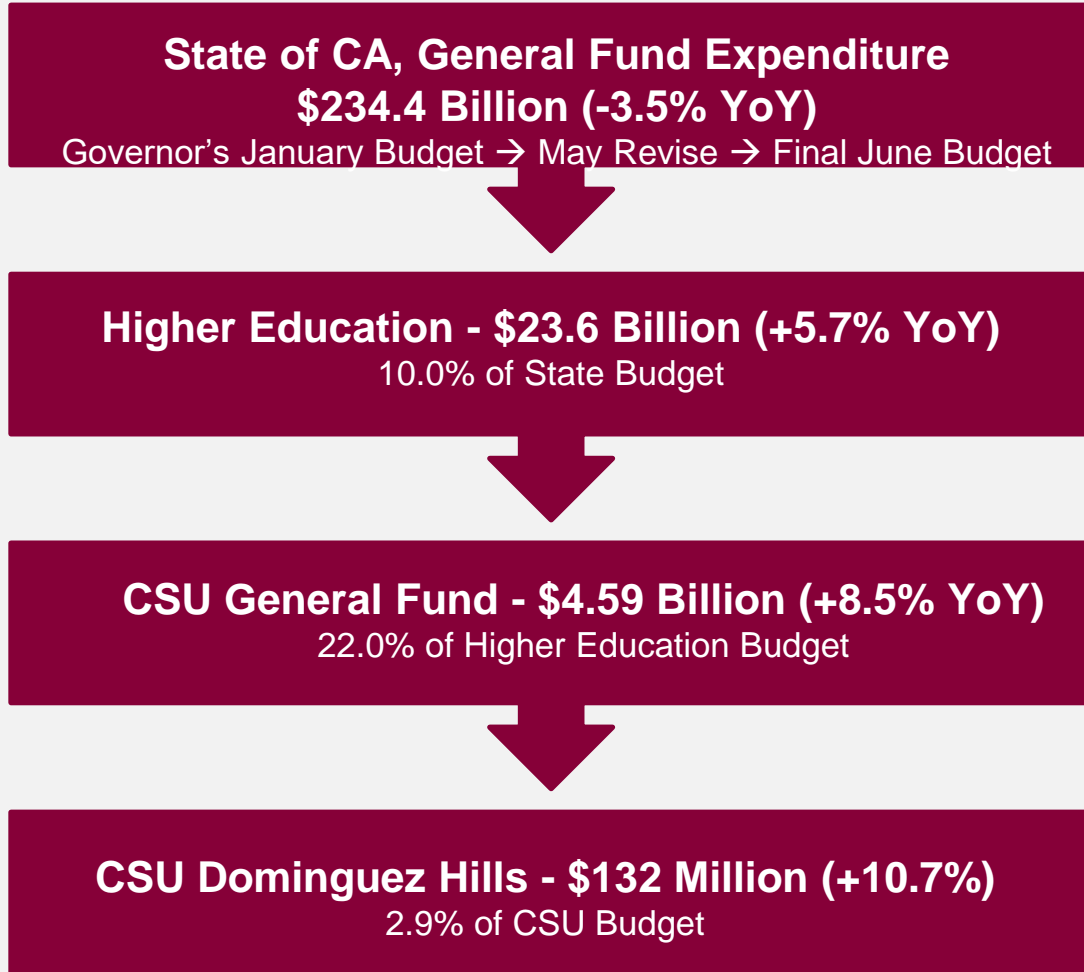
	CARES I	CARES II	CARES III	TOTAL
Allocation- Institutional Funds	\$ 9,240,638	\$ 22,602,924	\$ 27,753,307	\$ 59,596,869
Allocation- MSI Funds	\$ 1,312,563	\$ 1,980,621	\$ 3,358,845	\$ 6,652,029
Student Grants	\$ 9,240,639	\$ 9,240,639	\$ 28,183,267	\$ 46,664,545
Total Allocation	\$ 19,793,840	\$ 33,824,184	\$ 59,295,419	\$ 112,913,443
<i>(Less Student Grants)</i>	<i>\$ (9,240,639)</i>	<i>\$ (9,240,639)</i>	<i>\$ (28,183,267)</i>	<i>\$ (46,664,545)</i>
Available Institutional Portion	\$ 10,553,201	\$ 24,583,545	\$ 31,112,152	\$ 66,248,898
Drawn Down	\$	45	\$ 5,863,313	\$ 41,000,059
Pending	\$ -	\$ -	\$ 25,248,839	\$ 25,248,839
Under Review	\$ -	\$ -	\$ -	\$ -



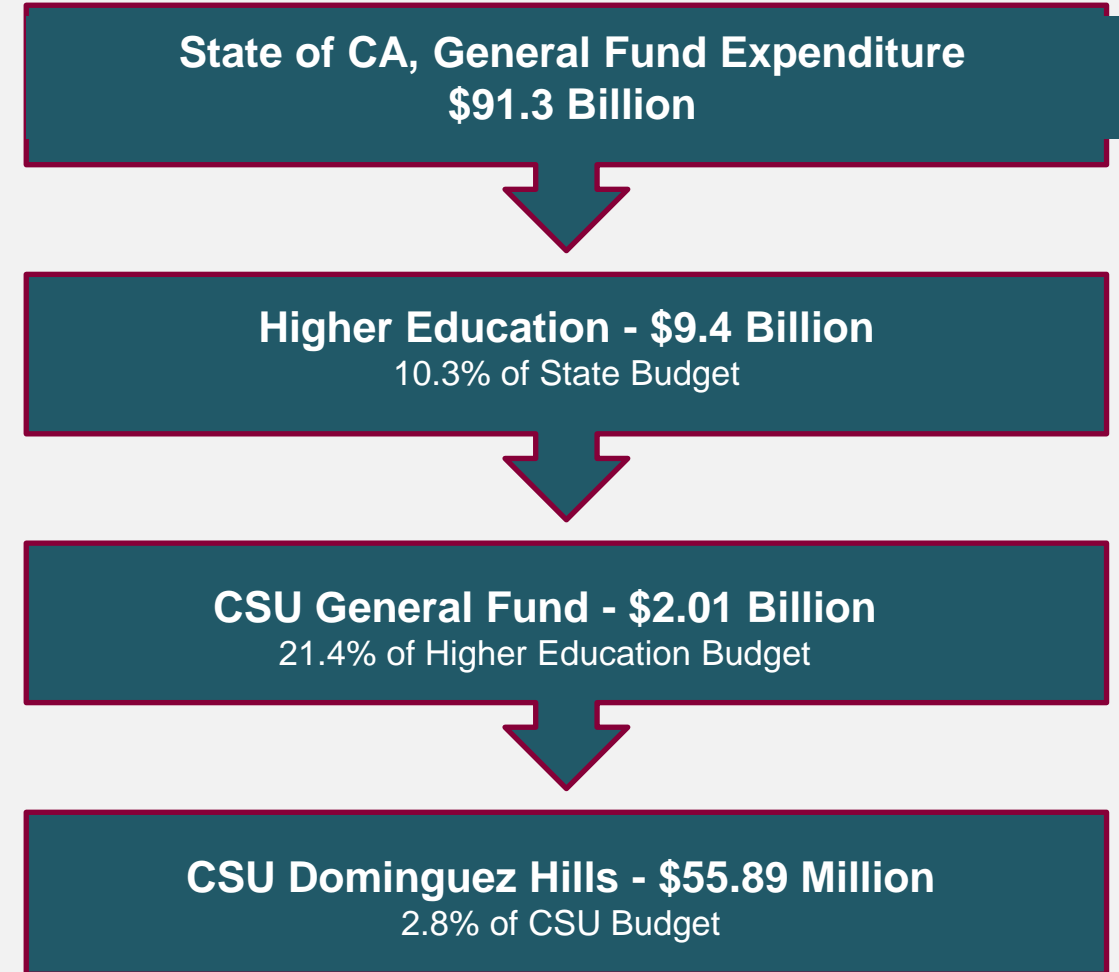
2022-23 BUDGET



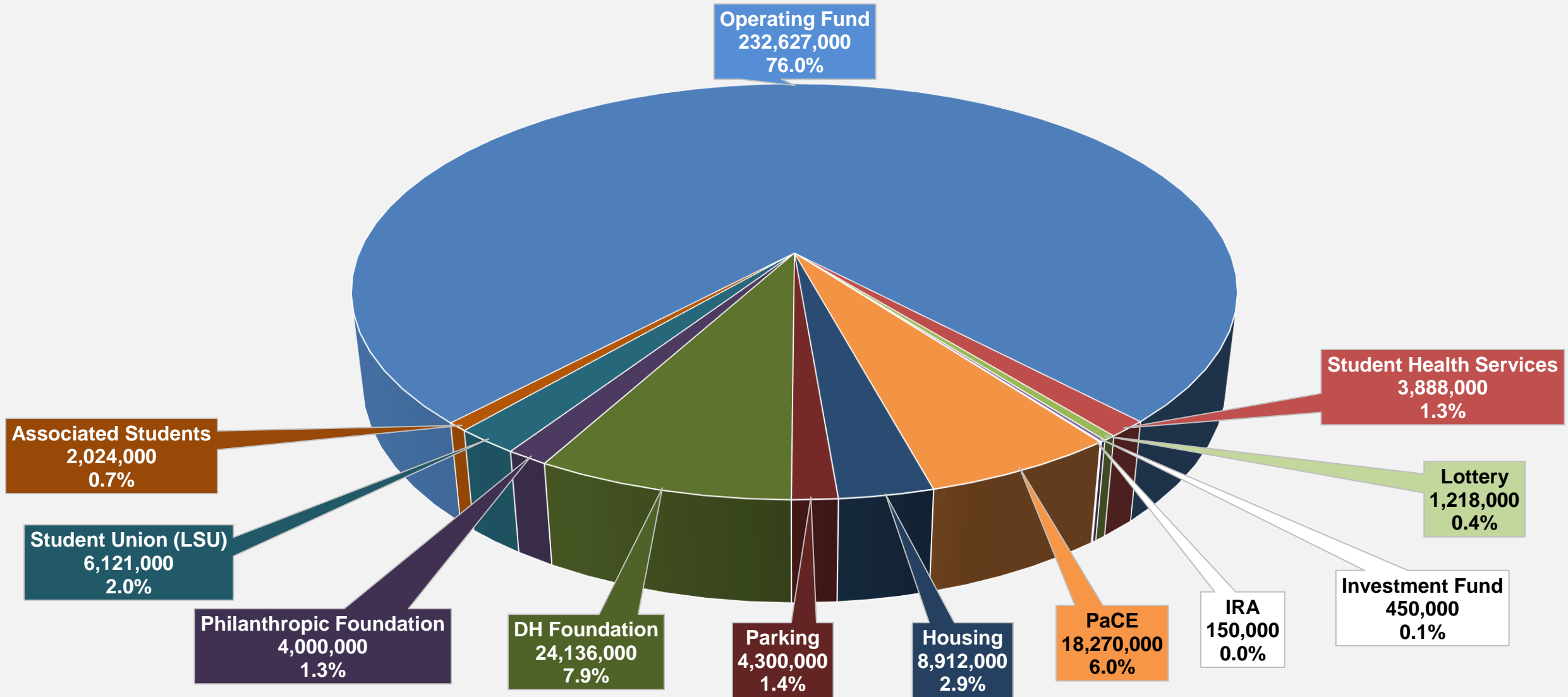
2022-23 Amounts



2012-13 Amounts



2022-23 CSUDH University Budget - \$306 million



22-23 CSU Budget Highlights

- **\$365.7 million** base increase
- ✓ \$211.1m for general operating costs
- ✓ \$154.6m for CSU budget priorities & other investments
- \$1.1 billion in one-time investments

Source: (Budget Highlights information) - CSU Budget Officer's Presentation 7-2022



New Ongoing Funds

(in millions)

Sources	Trustees Request	Final Budget
State General Fund	\$673.0	\$365.7
Tuition from Resident Enrollment Growth	42.5	45.1
Total Recurring Increases	\$715.5	\$410.8



22-23 CSU Budget Highlights

New Ongoing Funds (Cont.)

(in millions)

Uses	Trustees Request	Final Budget
Graduation Initiative 2025	\$75.0	\$35.0
Strategic Resident Enrollment Growth	129.8	129.8
Student Basic Needs	20.0	10.0
Unallocated Base Increase	490.7	211.1
Foster Youth Student Supports	-	12.0
Other Specific Investments	-	12.9
Total Recurring Increases	\$715.5	\$410.8



22-23 Budget Memo

- The Chancellor's Office released Budget Allocation Memo July 20, 2022
- 5% is the increase to the state allocation, but since there is not tuition increase it represents only a 2.85% increase in the CSU budget.
- CSUDH General Fund increase of approximately \$12.7M
- Much of the funding is designated for a specific purpose, leaving little for campus priorities



Mandatory Costs

Mandatory Costs	\$	280,000
Compensation	\$	9,510,000
Designated New Funds	\$	642,000
Undesignated New Funds	\$	2,325,000
Total New Allocation	\$	12,757,000

- Outside of our control
- Employee benefits and insurance premiums
- Allocations tend to lag
- Mandatory costs managed within Centrally Monitored



22-23 Budget Memo

Compensation

Mandatory Costs	\$ 280,000
Compensation	\$ 9,510,000
Designated New Funds	\$ 642,000
Undesignated New Funds	\$ 2,325,000
Total New Allocation	\$ 12,757,000

- 2021-22 and 2022-23 employee compensation increases
- Increase in compensation costs exceed general fund available
- For Dominguez Hills:

\$10,860,000 cost increase
\$ 9,510,000 allocated
\$ 1,350,000 unfunded



22-23 Budget Memo

Mandatory Costs	\$	280,000
Compensation	\$	9,510,000
Designated New Funds	\$	642,000
Undesignated New Funds	\$	2,325,000
Total New Allocation	\$	12,757,000

Designated New Funds

- Allocated for a specific purpose
- New Funds include:

\$428K Foster Youth Program

\$214K SUG Program



22-23 Budget Memo

Mandatory Costs	\$	280,000
Compensation	\$	9,510,000
Designated New Funds	\$	642,000
Undesignated New Funds	\$	2,325,000
Total New Allocation	\$	12,757,000

Undesignated New Funds

- Allocated without a specific use
- Campus need and priorities
- UBC approved list
- Enrollment Growth



22-23 Budget Memo

In Summary

Mandatory Costs	\$	280,000
Compensation	\$	9,510,000
Designated New Funds	\$	642,000
Undesignated New Funds	\$	2,325,000
Total New Allocation	\$	12,757,000

- Majority of compact went to compensation.
- \$2.3M to advance campus priorities
- **CSU and State Compact**
- **Grateful for increase, however**



21-22 CSUDH AADHT Budget

	21/22 Base Budget	22/23 Base Budget	Change Over PY
Sources/Revenues			
State Allocation	119,296,000	132,053,000	12,757,000
Student Fees	86,994,000	86,994,000	-
Cost Recovery	3,103,254	3,103,254	-
TOTAL	\$ 209,393,254	\$ 222,150,254	12,757,000
Uses/Divisions			
Academic Affairs	68,882,480	70,649,793	1,767,313
Admin and Finance	17,616,081	17,616,081	-
Univ. Advancement	3,531,186	3,531,186	-
Info Technology	10,283,746	10,206,970	(76,776)
President	3,357,525	3,357,525	-
Student Affairs	12,279,764	12,219,727	(60,037)
Centrally Monitored	93,442,472	104,568,972	11,126,500
TOTAL	\$ 209,393,254	\$ 222,150,254	12,757,000



COMPENSATION IMPACT



21-22 Compensation Impact – Estimates

- ❑ The CO 'held back' new recurring funding from the final 21-22 and 22-23 budgets in anticipation of the impact to compensation increases
- 21-22 - DH estimates totaled approximately \$3.799m, with the lions share of this amount being allocated for faculty (\$2.743m).
- 22-23 – DH estimates totaled approximately \$7.061m

Total for 21-22 & 22-23 ~ \$10.860m to operating fund/recurring costs



22-23 Compensation Impact – Estimated Actuals

2022-23 Compensation Increase Division Impact				
	MPP & C99	Faculty*	Staff	Division Total
Presidents	\$ 75,599	\$ -	\$ 43,702	\$ 119,301
Academic Affairs	383,988	1,604,517	599,530	2,588,035
Admin and Finance	262,825	-	633,141	895,966
Student Affairs	260,974	41,255	456,928	759,156
Info Tech	122,751	-	387,420	510,171
Advancement	106,843	-	36,969	143,812
	\$ 1,212,979	\$ 1,645,772	\$ 2,157,689	\$ 5,016,441
Benefits	\$ 452,110	\$ 652,549	\$ 866,603	1,971,261
Total	\$ 1,665,089	\$ 2,298,321	\$ 3,024,292	\$ 6,987,702
*2021-22 Faculty GSIs have already been allocated. In addition, SSI and PPI are excluded.				
\$3,500 one-time impact	MPP & C99	Faculty*	Staff	Total
Projected FTE	150		390	540
Total One-time Amount	\$ 525,000		\$ 1,365,000	\$ 1,890,000



2022-2023 Strategic Planning Priorities Review



2022-23 Strategic Planning Priorities Review

- Budgets were planned in January 2022 and finalized in March 2022 - prior to finalization of compensation packages
- Priorities were anticipated to be recurring funds based on strategic initiatives, i.e., Going Far Together
- Enrollment funding for 22-23 will barely cover the compensation increases
- Some of the priorities are at risk of being defunded due to the shortfall in recurring funding for 22-23



2022-23 Strategic Planning Priorities Review

<u>UBC Items:</u>	<u>Base</u>	<u>One-Time</u>	<u>Total</u>	<u>Action</u>
2022-23				
8 Faculty Hires from 20-21	961,000	-	961,000	Base 22-23 GI2025
Additional funding for CDO VP position	82,150	-	82,150	Base 22-23 GI2025
Go Far Together Initiative from Strategic Plan	2,382,000	-	2,382,000	Base 22-23 Enrl Grwth
IT - 1 additional year funding from CARES for positions	-	2,000,000	2,000,000	One-time 22-23
University Advancement - Director of Advancement	135,000	-	135,000	Freeze
Proposal Writer - University Advancement	135,000	-	135,000	Freeze
Campus Communications/speechwriting	155,000	-	155,000	Freeze
Videographer - Communications	91,450	-	91,450	Freeze
IT - Project & Process Management - Strategic Plan/Toro	1,200,000	-	1,200,000	One-time 22-23
One-time IT Project and Process Management	-	300,000	300,000	Allocated 21-22
Student Health Center ADA Work - One Time	-	200,000	200,000	Freeze
2022-23 Total	\$ 5,141,600	\$ 2,500,000	\$ 7,641,600	



CAPITAL PROJECTS SHORTFALLS



Capital Projects Shortfalls

- Due to the war in Ukraine, supply chain issues and oil shortages, all capital projects currently in design are experiencing unprecedented budget shortfalls. Funds held in contingency will not cover these shortfalls.

Capital projects currently in progress

Project Description	Allocated Budget	Estimated Budget *	Estimated Shortfall
Housing Phase IV	\$ 75,000,000	\$ 81,000,000	\$ (6,000,000)
Student HWRC	\$ 86,000,000	\$ 94,000,000	\$ (8,000,000)
Switchyard Project	\$ 20,000,000	\$ 25,000,000	\$ (5,000,000)
Core Electrical Infrastructure	\$ -	\$ 30,000,000	\$ (30,000,000)
Dining Commons	\$ 20,000,000	\$ 28,000,000	\$ (8,000,000)
Totals	\$ 201,000,000	\$ 258,000,000	\$ (57,000,000)
<i>* Based on current projections for projects at various stages in schematic design</i>			



CONSIDERATIONS



Emerging Issues

- Enrollment Decline
- Recession – state receipts lower than anticipated
- Inflation
- CARES Funding End
- 2022-23 UBC Multi-year Commitments



Considerations

- Due to shortfalls of recurring funding for 22-23 the campus will have to consider next steps to ensure fiscal viability in the coming fiscal years
- CSUDH will continue to maximize all available resources:
 - Leverage CARES Act Funding IDC, if available (1x)
 - Leverage All-Funds Budgeting, including prior year balance (encumbrances) (1x, **Base**)
 - Continue to advocate for additional fund from the CO (1x, **Base**)



Considerations

One-Time Dollars Summary	
Total One-Time dollars available (Other CM)	28,080,638
Designated	
IDC Funds	(4,284,835)
President's Initiatives	(1,163,517)
I&I Annual Loan Payment	(991,000)
Compensation Balance	(1,387,761)
Risk Management Balance	(11,848)
Graduation Initiative Balance	(1,400,000)
Accounting Oversight Balance	10,317
Total Designated	(9,228,644)
Total One-time dollars CM balance	18,851,994
Plus 2021-22 Revenue Balance	2,062,031
Total Unallocated One-time Dollars	20,914,025
Priorities	
Reserves	(15,000,000)
Tuition Decrease	(3,629,331)
Bridge for 22-23 Planning Priorities	(2,346,663)
UBC 2022-23 One-time Commitments	(2,000,000)
Chase Loan Payment	(262,000)
CSURMA Premium Increase	(520,000)
One-time \$3,500 Payments	(1,890,000)
Graduation Initiative 2022-23	1,500,000
Tuition/Spring Considerations/Pipeline	1,500,000
Unallocated One-Time Balance	(1,733,969)

- The Centrally Monitored balances are one-time
- The University exhausting one-time reserves is fiscally irresponsible
- CARES IDC funds will be held in reserve until such time the claims process is finalized, and expenses cleared
- GI 2025 funding held in reserve for 21-22 and dollars allocated for 22-23 should be considered to bridge the operating fund gaps and support the planning priorities
- It is estimated that the operating fund could end in a deficit for 22-23, highlighting the vulnerability of campus reserves



2022-23 Considerations

- Continue outreach efforts to manage enrollments
- Going Far Together is a 5-year commitment and year 1 took a hit with the GSI
- Potential for re-prioritizing current priorities to deal with impact of GSI



2023-2024 Budget



2023-24 Commitments

- \$2.35 million base commitments following 2022-23 one-time allocations
- \$772k unfunded items from 2022-23 UBC approved list
- Mandatory cost increases (Utilities, benefits, insurance premium, etc.)
- Compensation



Further Discussion

