

University Budget Committee Thursday, September 29, 2022

Members

Adrienne Gutierrez; Chris Manriquez; David Gamboa; Edward Cleek; Eva Sevcikova; Harmony Frederick; Jacqueline Kuenz; Jane Gallegos; Jessica Pandya; Kate Fawver; Ken O'Donnell; Michael E. Spagna; Mi-Sook Kim; Nick Norimoto; Ronald Norby; Sonal Singhal; Susan M. Sanders; Tony Jake; Wendolyn Vermeer; William Franklin; Deborah Wallace; Andrea Alvarez; Rama Malladi; Claudia Orozco; Samantha Alvarez Chavarria; Obioha Victor Ogbonna; Edgar Mejia-Alezano

Agenda

Full meeting recording available upon request.

Introduction

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

Detailed Agenda

Introduction

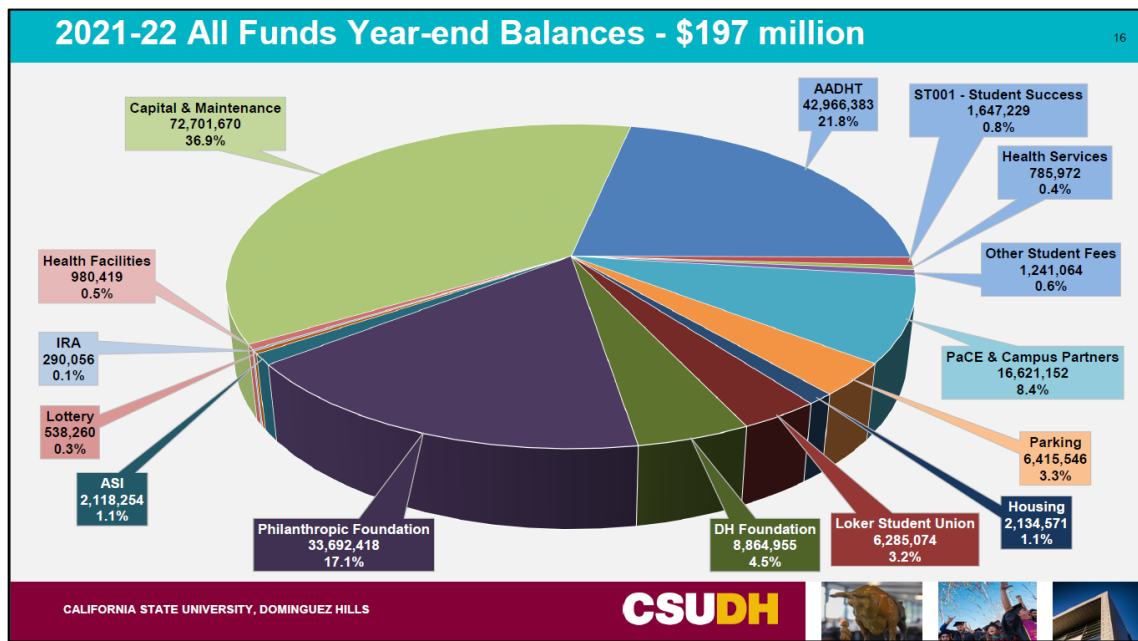
New members:

- Kate Fawver
 - o 1st of 3 Yr. College of Arts and Humanities (CAH)
- Edward Cleek
 - o (serving 2nd term)
 - o 3rd of 3 Yr. College of Continuing and Professional Education (CCPE)
- Ronald Norby
 - o 1st of 2 Yr. College of Health, Human Services and Nursing (CHSN)
- o Obioha Ogbonna
 - Appointed annually
 - Associated Students (ASI President)
- o Alex Alvarado
 - Appointed annually
 - Associated Students (appointed by ASI President)
- o Samantha Alvarez
 - Appointed annually
 - Associated Students (appointed by ASI President)
- o Eva Sevcikova
 - University Advancement
- o Harmony Frederick
 - Student Affairs
- o Jane Gallegos
 - University Advancement
- o Nick Norimoto
 - University Budget Director

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



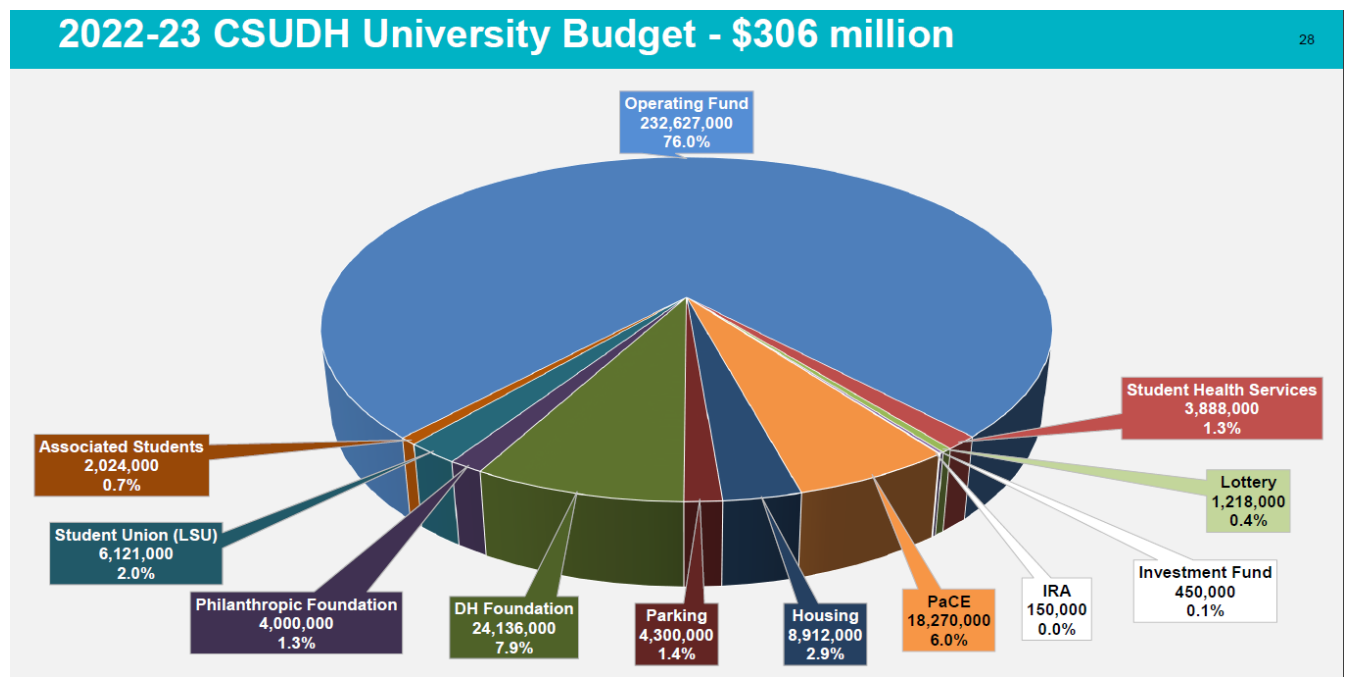
	Reserve Amount
Operating Fund	\$ 46,640,648
AADHT	42,966,383
Other 485 Funds	3,674,265
Lottery	538,260
IRA	290,056
Health Facilities	980,419
PaCE (Extended Education)	16,621,152
Parking	6,415,546
Housing	2,134,571
Loker Student Union	6,285,074
Total Reserve Designations	\$ 79,905,728

- 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 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	\$ 10,553,201	\$ 24,583,545	\$ 5,863,313	\$ 41,000,059
Pending	\$ -	\$ -	\$ 25,248,839	\$ 25,248,839
Under Review	\$ -	\$ -	\$ -	\$ -

2022-23 Budget



- \$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

- 22-23 Budget Memo
 - o Mandatory Costs - \$280,000
 - o Compensation - \$9,510,000
 - o Designated New Funds - \$642,000
 - o Undesignated New Funds - \$2,325,000
 - o Total New Allocation - \$12,757,000
- 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

- The Chancellor’s Office ‘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 lion’s 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				
Projected FTE	150		390	540
Total One-time Amount	\$ 525,000		\$ 1,365,000	\$ 1,890,000

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

Capital Projects

- 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.
- Projects 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

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

2023-24 Budget

- \$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