



# **Fiscal State of the University**

## **Academic Senate**

October 13, 2011

Dr. Willie J. Hagan

Vice President for Administration and Finance / CFO

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# Charge from Academic Senate

## *BL 08-02*

“In the fall and spring semesters, the Chief Financial Officer shall be invited to present to the Senate a report on the fiscal state of the University. The report in the fall will be given as close as possible to the beginning of the semester. The report in the spring will be given prior to the spring marathon meeting. The report shall include but not be limited to:

- (a) the sources and uses of all revenues designated to the university (including auxiliary units and extended education); and
  - (b) budget priorities, issues, and challenges. Following each address, the Chief Financial Officer shall answer questions from those in attendance.”
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# Report Preparation

Paulette Blumberg, Executive Assistant to the VP Administration and Finance

Naomi Goodwin, Associate Vice President, Administration and Finance

Brian Jenkins, Associate Vice President, Financial Services

Sarah Song, Director, Budget Planning and Administration

# Here's What You Already Know

- \$650M CSU budget reduction for 2011-12; net impact on CSUF-- \$24M
- Off-set by \$28.6M in baseline carry forward from 2010-11 and one-time university reserves
- Additional 2011/12 tuition fee increases:
  - Over past five years State funding declined from 61% to 37%
  - Student fee revenue increased from 33% to 58%

## Here's What You Already Know *continued*

- Additional \$100M CSU mid-year reduction anticipated for 2011/12; net impact on CSUF--\$7.5M
  - \$3.5M from university reserves
  - \$4.0M in additional reductions to the divisions

	<b>Baseline Budget</b>	<b>Percentage</b>	<b>2011/12 Mid-Year Budget Reduction</b>
President	2,828,633	1.70%	67,839
Academic Affairs	116,168,172	69.65%	2,786,039
Administration and Finance	18,977,529	11.38%	455,134
Information Technology	11,240,395	6.74%	269,576
Student Affairs	12,174,460	7.30%	291,978
University Advancement	5,396,943	3.24%	129,434
	<b>\$166,786,133</b>	<b>100.00%</b>	<b>\$4,000,000</b>

- We don't know if the 2011/12 \$7.5M mid-year cut will be baseline or one-time

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## Here's What You Already Know *continued*

- Our budget remains balanced despite these reductions, significant increases in unfunded mandates and funding PRBC and other priorities:
  - \$4.46M - student/faculty ratio (baseline and lottery funds)
  - \$1.75M - faculty hiring
  - \$791K - faculty research
  - \$445K - faculty research, creative and scholarly activities reassigned time
  - \$90K - faculty service reassigned time
  - \$194K - WASC
  - \$73K - faculty/staff childcare subsidy

# Here's What You Might Not Know *continued*

- The \$3.5M in reserve funds and other strategies applied to the anticipated 2011/12 mid-year reduction were being held in anticipation of a 2012/13 budget shortfall
- If we continue (as we plan to) our faculty hiring plan, maintain SFR funding, repay our CMS loan, baseline fund our reassigned time initiatives ***and*** no other sources of revenue (e.g. tuition fee increases, enrollment revenue increases, etc.) or further reductions are identified in 2012/13 and beyond, we will be in the red. I anticipate additional revenues.

	FISCAL YEAR 2012-2013			FISCAL YEAR 2013-2014		
	BASELINE	ONE-TIME	TOTAL	BASELINE	ONE-TIME	TOTAL
Prior Year Carry Forward and Transfers from Reserves <sup>1</sup>	\$1,844,258	\$5,645,930	\$7,490,188	\$0	\$0	\$0
Budgeted Revenue Changes <sup>2</sup>	\$0	\$0	\$0	\$0	\$0	\$0
<b>Budgeted Expenditure Commitments</b>						
Budget Requirements, Mandatory Costs and Designated Expenditures	(1,800,000)	(2,866,111)	(4,666,111)	(1,800,000)	(2,866,111)	(4,666,111)
CMS Loan (Years 7 and 8 of 9)	-	(3,338,841)	(3,338,841)	-	(2,222,734)	(2,222,734)
<b>Ongoing PRBC Recommendations <sup>3</sup></b>						
New Faculty Searches	(350,000)	(1,600,000)	(1,950,000)	(350,000)	(1,600,000)	(1,950,000)
SFR Budget Restoration Plan (Years 3 and 4 of 6)	(2,000,000)	-	(2,000,000)	(2,000,000)	-	(2,000,000)
<b>Total Ongoing PRBC Recommendations</b>	<b>(2,350,000)</b>	<b>(1,600,000)</b>	<b>(3,950,000)</b>	<b>(2,350,000)</b>	<b>(1,600,000)</b>	<b>(3,950,000)</b>
Faculty/Staff Childcare Subsidy	-	(73,000)	(73,000)	-	(73,000)	(73,000)
<b>Total Budgeted Expenditure Commitments <sup>4</sup></b>	<b>(\$4,150,000)</b>	<b>(\$7,877,952)</b>	<b>(\$12,027,952)</b>	<b>(\$4,150,000)</b>	<b>(\$6,761,845)</b>	<b>(\$10,911,845)</b>
<b>Total Surplus/(Shortfall)</b>	<b>(\$2,305,742)</b>	<b>(\$2,232,022)</b>	<b>(\$4,537,764)</b>	<b>(\$4,150,000)</b>	<b>(\$6,761,845)</b>	<b>(\$10,911,845)</b>
<b>Footnotes</b>						
1. Includes \$2.8M in on-time utility savings.						
2. Assumes no additional tuition fee increases, enrollment changes and/or further budget reductions.						
3. Funding requirements revised from PRBC recommendations based on updated projections provided by Academic Affairs.						
4. Reassigned time for research/creative/scholarly activities and faculty service are not included since these were funded in 2011/12 from reserves on a one-time basis.						

# Here's What You Might Not Know *continued*

- In anticipation of further cuts and due to the late budget approval last year, the university and divisions do have carry forward funds and reserves. These reserves, however, are for targeted operational purposes.

	<b>Total</b>
University-Wide Reserves	19,405,479
3% Over Target	2,800,000
<b>Total Reserves Available</b>	<b>\$22,205,479</b>
2011/12 Budget Shortfall Coverage	(6,550,236)
2011/12 \$100M Mid-Year Budget Cut	(3,500,000)
2012/13 Budget Shortfall Coverage	(2,845,930)
Reassigned Time-Research/Creative/Scholarly Activities	(445,050)
Resigned Time--Faculty Service	(90,790)
College Town Plan Contribution	(300,000)
Women's Locker Room (Title IX)	(400,000)
Nutwood Closure (Estimated Contribution)	(1,000,000)
Miscellaneous Projects & Expenses (Estimated)	(1,000,000)
<b>Total Reserve Usage</b>	<b>(16,132,006)</b>
<b>2% Emergency Reserve</b>	<b>\$6,073,473</b>

<b>Division</b>	
President	1,348,303
Academic Affairs	32,829,712
Administration and Finance	5,818,911
Information Technology	1,404,875
Student Affairs	2,967,332
University Advancement	992,747
<b>TOTAL</b>	<b>\$ 45,361,879</b>

Does not include all University carry forward of \$10.7M for financial aid, capital projects and utilities.

# What You Know Experientially

- A balanced budget is not a sufficient budget

Div	Consideration	Final Funding Requested		
		Baseline	One-Time	Total
AA	Restore Funding for Core Operations			\$4,769,359
	· Unfunded Staff Salaries			
	o A&R: \$436,454	436,454		
	o Advising: \$69,269	69,269		
	o FAR: \$33,194	33,194		
	o Graduate Studies: \$106,382	106,382		
	o Other One-Time Funded Staff:	1,531,060		
	· Critical Materials & Supplies			
	o Academic Departments:	393,000		
	o Library: \$200,000	200,000		
	o Computer Lab & Spec.Equip.:	2,000,000		
AA & IT	Classroom Refurbishment/Upgrades, Furniture & Instruct. Tech.			\$980,000
	· Class Refurbishments/Upgrades:		200,000	
	· Classroom Furniture: \$180,000		180,000	
	· Instruct. Techn 5-Year Upgrde Cycle:		600,000	
AA	Support and Enhance Research			721,376
	·4 Research Grant Officers @\$93,171	372,684		
	·OURIP: \$300,000	300,000		
	·Research Administrative Support:	48,692		
AA	Academic Advisement			\$567,540
	· Prof Advisr in 5 Colleges + 2 in UAC @\$72,600:	508,200		
	· Assigned Time (6 WTU ea.) for 5 Faculty Graduate Advisors:	59,340		
AA	International Programs			\$84,632
	· Support Staff Salaries: \$59,632	59,632		
	· Fac Coord. & Program Dev. Support	25,000		
	<b>AA TOTAL</b>	<b>\$6,142,907</b>	<b>\$980,000</b>	<b>\$7,122,907</b>

# What You Know Experientially *continued*

Div	Consideration	Final Funding Requested		
		Baseline	One-Time	Total
A&F	Support Campus Priorities			
	· Campus Health & Safety	410,000		410,000
	· Revenue Enhancement Positions	190,000		190,000
	· Service & Compliance	400,000		400,000
	· Restoring Services (Custodial, Maintenance, etc)	1,000,000		1,000,000
	· University PD Build Debt Service	300,000		300,000
	<b>AF TOTAL</b>	<b>\$ 2,300,000</b>	<b>\$ -</b>	<b>\$ 2,300,000</b>
IT	Online Support Services			TBD
	· Conduct study in 2011/2012 of infrastructure & services required to support growth & sustainability of online programs			
IT	Secondary/Backup Network Data Center	\$500,000		\$500,000
	<b>IT TOTAL</b>	<b>\$500,000</b>		<b>\$500,000</b>

# What You Know Experientially *continued*

Div	Consideration	Final Funding Requested		
		Baseline	One-Time	Total
SA	Veteran Services · Program Director · Additional support	90,000		\$90,000
SA	Learning Assistance Programs · Supp Instruction & Tutoring	75,000		\$75,000
SA	International Education · Study Abroad Scholarships: · SEVIS Coordinator: \$45,000	160,000 45,000		\$205,000
SA	Scholarships (SA - Athletics) · Grant Restoration: \$100,268 · New Grants: \$275,880	100,268 275,880		\$376,148
SA	Personnel (Athletcis) · New Coaches · Coaches · Support Staff (GA)	171,000 152,679 80,000		\$403,679
SA	Operating Expense (Athletics)	190,000		\$190,000
SA	Contingency (Athletcis) · Deferred Maintenance · Facility Improvement · Post Season Travel · Services (Bonuses, vaca payouts)	100,000 100,000 125,000 100,000		\$425,000
	<b>SA TOTAL</b>	<b>\$1,764,827</b>	<b>\$0</b>	<b>\$1,764,827</b>

# What You Know Experientially *continued*

Div	Consideration	Final Funding Requested		
		Baseline	One-Time	Total
Pres.	Strategic Planning			TBD
UA	Maintain/Upgrade Web-Based Module	132,000		\$132,000
UA	Increase Corporate and Foundation Grant Sup	80,000		\$80,000
UA	Increase Operating Budget			
	<b>UA TOTAL</b>	<b>\$212,000</b>	<b>\$0</b>	<b>\$212,000</b>
All Univ.	·Infrastructure Investment - DM	2,000,000		2,000,000
	· University Benefit Pool	950,000		950,000
	<b>All UNIVERSITY TOTAL</b>	<b>\$2,950,000</b>	<b>\$0</b>	<b>\$2,950,000</b>
	<b>Grand Total</b>	<b>\$13,869,734</b>	<b>\$980,000</b>	<b>\$14,849,734</b>
Addition	Campus Signage Program			\$266,000
	Police Officer			\$100,000

# Yet To Be Known Fiscal Issues

- How do we develop and maintain a consistent and strategic financial focus during changing organizational and fiscal conditions?
  - State's fiscal condition – no evidence it is getting better
  - New Leadership
    - New President
      - President Gordon allocated an additional \$1M to support research. Next President may have a different set of priorities, such as on-line education
    - New Vice President of Academic Affairs
    - New Vice President of Student Affairs
    - New Vice President of Administration and Finance (if I win the lottery)

# **Yet To Be Known Fiscal Issues *continued***

- Strategic Plan – ultimately, it's supposed to drive our resource allocation and reallocation decisions, otherwise, what's the point of all this effort?

## Theme 1 - Academic Excellence

### We will:

- Support excellence in instruction and in the learning environment
- Enhance and maintain a curriculum that prepares students for participation in society, the workforce, and professional and graduate schools
- Use assessment to improve academic programs
- Increase opportunities for student participation in experiential learning and research
- Expand academic programs aligned with regional commitments and global interests

# **Yet To Be Known Fiscal Issues *continued***

## Theme 2 - Student Success

### We will:

- Provide comprehensive academic advisement and support services
- Increase professional development opportunities aligned with career advisement
- Improve coordination of student services across departments, programs, and divisions
- Increase student engagement in co-curricular activities
- Use assessment to improve student services and programs

# **Yet To Be Known Fiscal Issues *continued***

## Theme 3 - Intellectual Climate

We will:

- Enhance recruitment and retention of high quality and diverse faculty, staff, and students
- Increase support for research and creative activities while maintaining our commitment to teaching and service
- Identify opportunities for university-community engagement focused on common needs and interests
- Promote global awareness and international experiences
- Strengthen collegial governance to promote engaged decision making

# **Yet To Be Known Fiscal Issues *continued***

## Theme 4 – Human Resources, Technology and Facilities

We will:

- Implement targeted professional development and support activities to maintain vitality, relevancy, and retention of faculty, staff, and administrators
- Increase interaction among faculty, staff, and administrators to promote an interconnected campus community
- Invest in effective information and communication technologies to support learning, research and creative activities, and campus operations
- Provide clean, navigable, and accessible campus environments
- Improve existing facilities and identify and accommodate future space needs

# **Yet To Be Known Fiscal Issues *continued***

## Theme 5 – Capacity Building

### We will:

- Advocate for the value, affordability, and accessibility of public higher education
  - Identify and implement relevant and sustainable approaches to program and discipline-based goals
  - Pursue and manage public and private sources of funds, including external grants
  - Develop and implement strategies to increase alumni and community participation and support
  - Adopt innovative strategies to improve campus efficiencies and balance environmental, economic, and community needs
- The what, the who, the how and the how much related to these themes need to be developed, debated, prioritized and funded

# **Yet To Be Known Fiscal Issues *continued***

- Increased cost of technology
- Increased State and system-wide mandates, for example:
  - Graduation Initiative
  - Enrollment capacity restrictions
- Other unfunded mandates and increased costs, e.g., employer-paid health benefit costs
- Compensation
  - If State and CSU do not act, someone will....
    - In-range progressions (equity, enhanced skills, extraordinary performance, retention)
    - Compensation for increased duties
    - Starting salaries (poor outlook for future increases; salary compression)
    - Promotional step increases
    - Student jobs

# So, What is the Fiscal State of the University?

- Good or bad, depending on how you define it
  - Balanced budget
  - Ability to fund core operations
  - Ability to fund strategic priorities
  - Ability to align all resources with goals (e.g., capital dollars for renovation or research)
  - Nimble
- Critically dependent on shared governance and shared goals
  - President, PRBC, Academic Senate and PAB
  - Development of the Strategic Planning Themes
  - An all hands-on-desk mindset

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# So, What is the Fiscal State of the University? *continued*

- Within our existing context, I would argue our fiscal state is good
  - As long as campus constituents are informed and aware
  - We continually plan and look ahead
  - We continue to seek administrative efficiencies
  - Continue to fund strategic priorities
  - Recognize that we are all in this together

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# Appendix

# Budget Reports

Budget Reports Available Online - Sources and Uses of Revenues

<http://finance.fullerton.edu/Budget/BudgetReport/index.htm>

- Online Reports Include the Following:
  - University Revenue Budget
  - Operating Fund Budget Summary
    - Allocation Summary
    - Allocation and Revenues
    - Expenditures by Division
    - Expenditures by Program
    - Expenditures by Division by Program
    - Allocation by Division
    - FTE Summary by Division
    - Budget Detail
    - Budgets and Expenditure by Cost Center including 5 year history
    - Lottery Budget
  - Quarterly Expenditure Reports
  - CERF
  - Auxiliary Budgets

# FY 2011-12 University Revenue Sources

**UNIVERSITY REVENUE BUDGET  
(EXCLUDES PRIOR YEAR CARRYFORWARDS AND FUND BALANCES)  
2011-12**

<b>CSU OPERATING FUND</b>	<b>\$ 316,414,338</b>
<b>LOTTERY EDUCATION FUND</b>	<b>1,944,000</b>
<b>CONTINUING EDUCATION REVENUE FUND (CERF)</b>	<b>20,000,000</b>
<b>HEALTH FACILITIES FEE</b>	<b>220,000</b>
<b>HOUSING FUND</b>	<b>18,500,000</b>
<b>PARKING FUND</b>	<b>10,871,733</b>
<b>PARKING FINES &amp; FORFEITURES</b>	<b>1,157,480</b>
<b>STUDENT UNION</b>	<b>7,940,320</b>
<b>AUXILIARY FUNDS:</b>	
<b>CSUF AUXILIARY SERVICES CORPORATION</b>	<b>32,063,073</b>
<b>CSUF PHILANTHROPIC FOUNDATION</b>	<b>607,000</b> <sup>1</sup>
<b>ASSOCIATED STUDENTS INC.</b>	<b>7,203,858</b>
<b>HOUSING AUTHORITY</b>	<b>1,063,344</b>
<b>TOTAL UNIVERSITY BUDGET</b>	<b>\$ 417,985,146</b> <sup>2</sup>

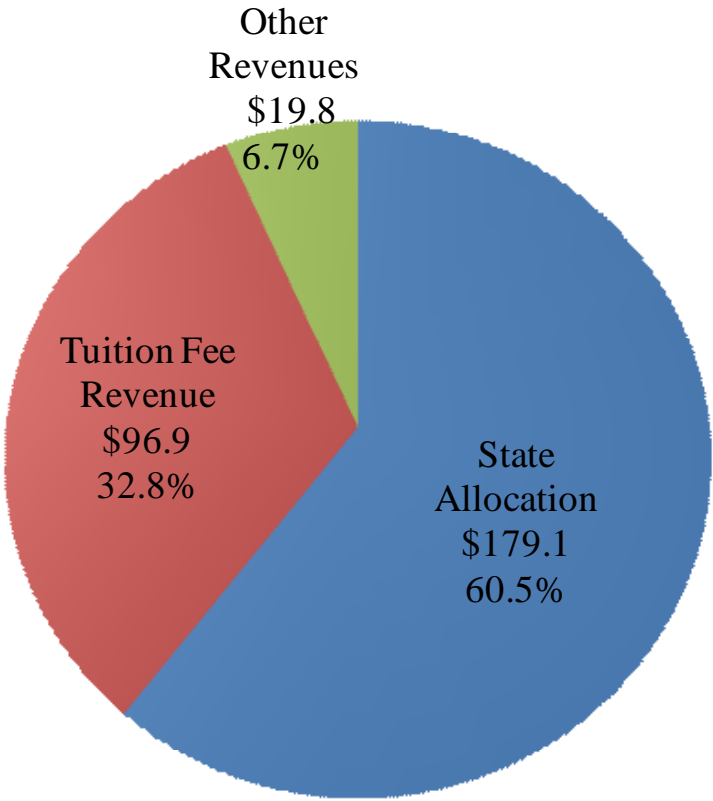
1. Budget figure for operations only, does not include fundraising

2. Excludes Financial Aid and Capital Funds

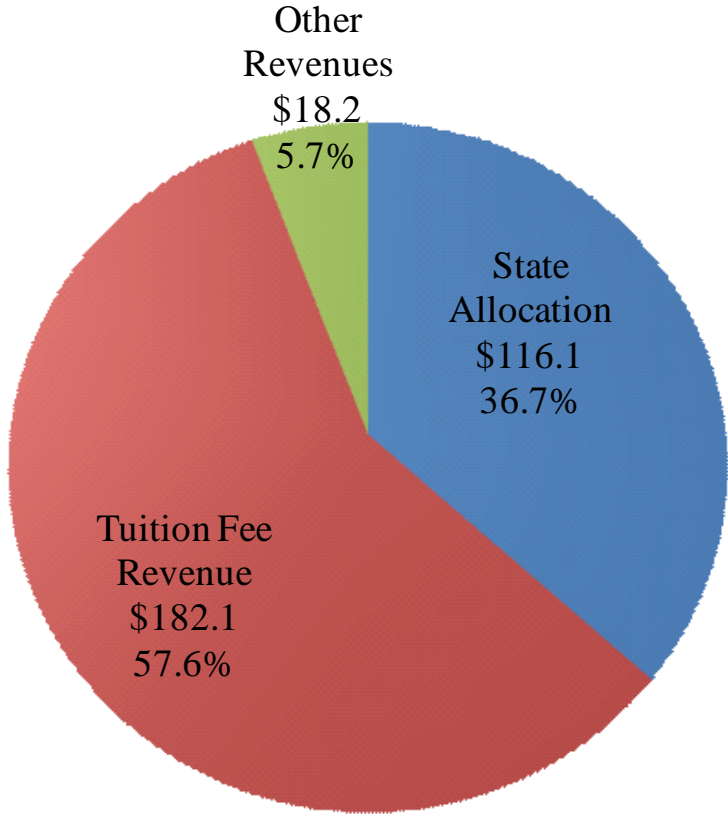
# CSUF State Operating Fund

## State Allocation and Revenues

(Millions \$)



**FY 2007-2008**  
**\$295.8**



**FY 2011-2012**  
**\$316.4**

**CSUF State Operating Fund  
Sources of Revenue  
FY 2007/2008 to FY 2011/2012  
(Millions \$)**

