

Budget 101

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Campus Budget 101

Understanding the SF State Budgeting System: *A Layperson’s Guide*

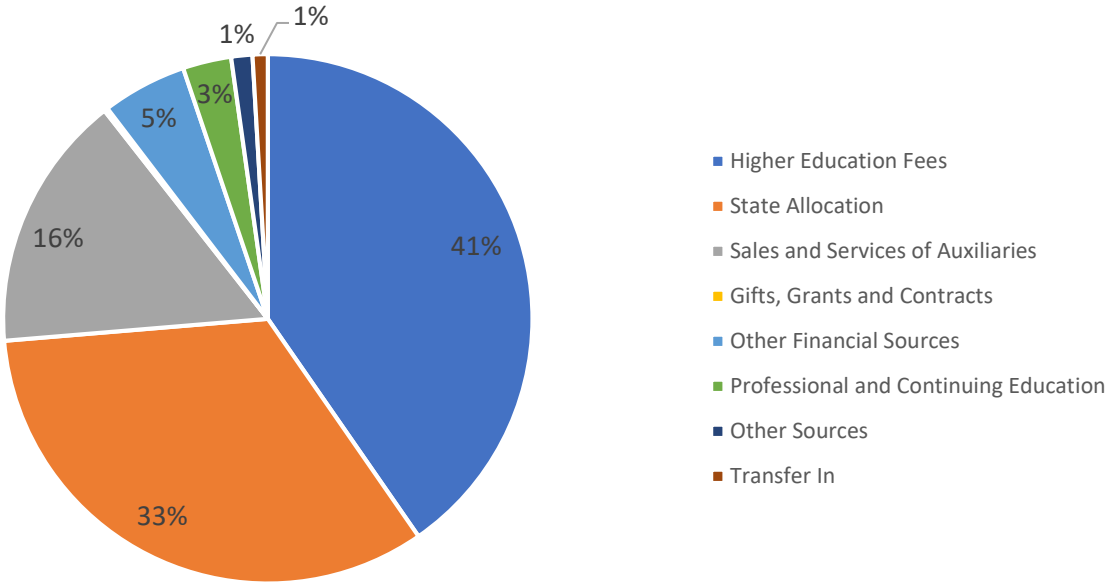
Let's start with a basic question: What is the University Budget? The Budget is the plan for where revenues adequate to run the University are forecast to come from, and how those funds should be allocated each year.

Take a look at the questions below and the sections above to learn more about SF State's Budget.

Where does our money come from?

University Revenues

SF State University’s revenues can be grouped into several major categories:



Higher Education Fees: The tuition and fees charged to enrolled students represent the campus' largest source of revenue, approximately 41 percent of our total budget. The two main subsets of this revenue source are:

- Tuition revenue, which supports the university's operating costs for instruction, operation and maintenance of plant, student services, student financial aid, and institutional support;
- Campus mandatory fees and course fees, which provides funding for student materials and labs, student life, student services, and other activities that provide extracurricular benefits for students, as well as capital improvements for student life facilities.

State Allocation: The University is a public institution, so it is supported to an extent by California taxpayers through an allocation from the state government. In the past, generous state support allowed SF State to operate while keeping costs to students low.

Sales and services of auxiliaries: In addition to the tuition and fees charged for full-time degree programs, the University also generates revenue from educational activities such as workshops, seminars, conferences, library services, clinic medical services, career services, and more. Auxiliary revenue comes from non-instructional support services including housing, food service, parking, bookstores, student centers, and childcare centers.

Gifts, grants, and contracts: This source of revenue includes funds that are awarded to units or individual faculty for federally sponsored research projects that align with the University's mission. Federal contracts and grants come from agencies such as the National Institutes of Health or the National Science Foundation.

Aside from working with the federal government, the campus receives revenue from contracts and grants with state and local government as well as with private organizations.

This category also includes the private gifts given by donors for the benefit of SF State University, as well as payouts from SF State University's endowments.

Professional and Continuing Education (PaCE) provides an increasingly broad spectrum of educational services to public and private agencies, as well as to a large number of persons who seek advanced educational training to help them increase their occupational competency.

PaCE Funds are specifically restricted for the support and development of PaCE instructional programs. Costs of self-support instructional programs include support and improvement of the academic quality of the University.

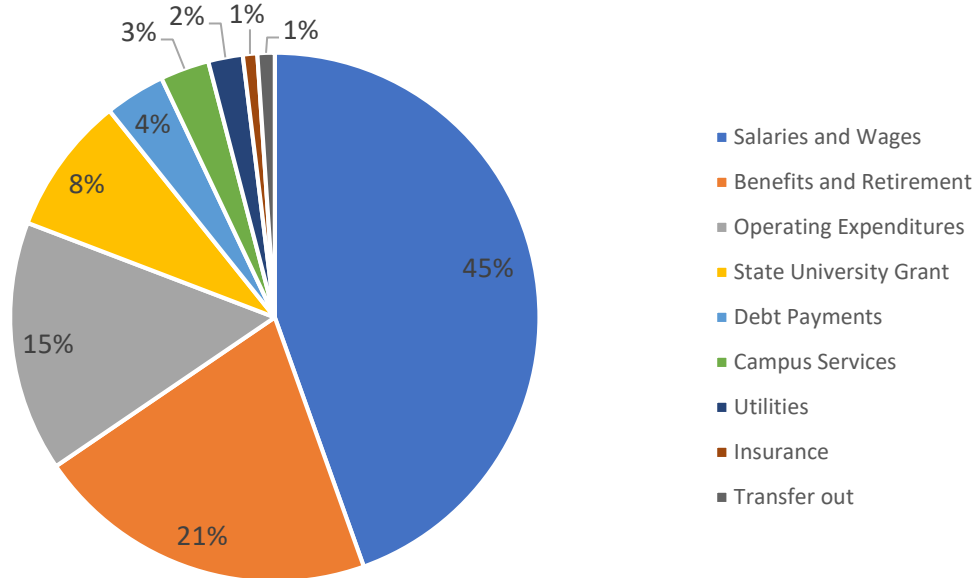
Other sources: This category includes an assortment of revenue sources.

Transfers In: other supported programs by the chancellor’s office.

How is our money spent?

University Expenditures

SF State University’s operating expenses can be grouped into several major categories:



Salaries and wages: The salaries and wages of faculty and staff constitute the campus’ largest expense category. SF State University strives to offer compensation comparable to peer institutions so that we can recruit and retain the best instructors and staff to support the campus’ mission.

Benefits and retirement: Related to salaries and wages, the benefits that we provide to employees constitute the second-largest category of expenditures. Benefits and retirement is one of the lines in the budget over which we have very little control.

Student University Grant: This is SF State University financial aid program that supplements other existing aid programs such as Pell Grant, Cal Grant, Middle-class scholarship.

Operating expenditures: This includes goods and services that are used in day-to-day campus operations, from laboratory materials to office supplies, and from contractual services to business travel.

Debt Payments: This category of expenses includes the payments SF State University makes on the loans it has taken out to fund past capital projects and other activities.

Campus Services: Includes costs for the services provided by the campus administrative units such as facilities, information technology, mail, copier program, etc.

Utilities: Similar to the utility bills a person pays at home, SF State University pays for the energy and resource needs of the campus, including electricity, water, natural gas, waste disposal, and more. Given the needs of labs and other energy-intensive facilities, these can be significant costs.

Insurance: Sometimes called the Risk Pool, this is the costs the University pays for insurance of property, auto, athletics program, workers compensation, industrial disability (IDI & IDL), travels and others

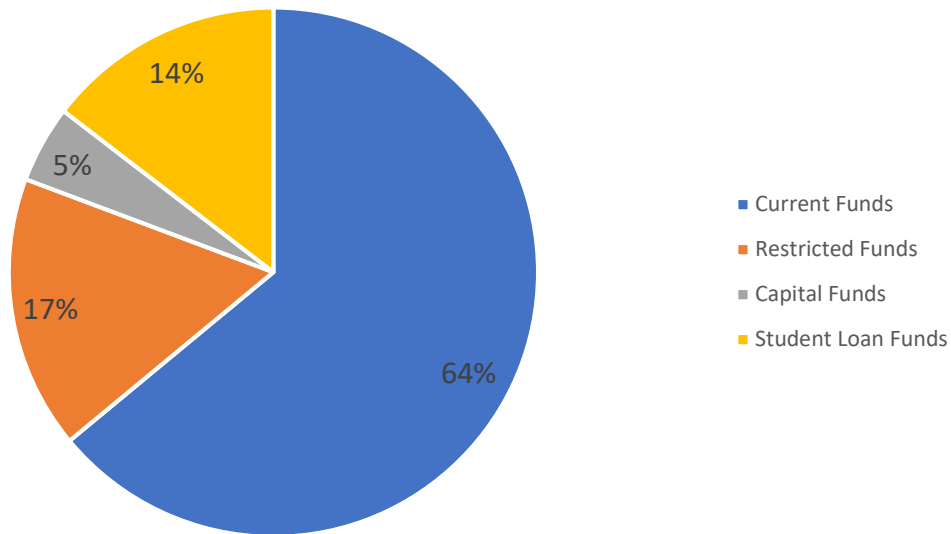
Transfer out: transfers into capital and deferred maintenance programs.

Budget Basics

Important Concepts

SF State University Funds

There are four different categories of funds:



Current Funds: Revenue used for current operating activities (e.g., tuition revenue, sponsored research support, state appropriation, endowment payout, and other investment income). These are usually in the General Fund. (Funds include Fund 485-General Fund, Fund 491- Special Project Fund, or Fund 496-Miscellaneous Trust Fund)

Restricted Funds: Federal and state grants and contracts, endowment income, federal and state financial aid, and restricted gifts; use of funds for research, scholarships, public service, and financial aid. These funds generally cannot be used for purposes other than those for which they were received.

Capital Funds: Funds to be used for capital projects, such as construction of new facilities, nonrecurring maintenance or debt service. These funds cannot be used for other purposes.

Student Loan Funds: Funds to be borrowed by students. These funds cannot be used for other purposes.

Glossary of Budget Terms:

Base Budget: the permanent funds given to each unit so that it can carry out its mission each year.

Budget: the plan for where revenues adequate to run the University are forecast to come from, and how those funds should be allocated each year.

B-Memos: the budget allocations memos distributed by the CSU Budget Office to provide information to the 23 campuses regarding fiscal year budgets or other important directives related to allocations.

Carryforwards: funds left unspent at the end of the fiscal year in the General Fund. They do not reoccur each year.

Fiscal Year: the CSU and SF State fiscal operations begins on July 1 and ends on June 30. Most spending (except for reserve funds or RT funds) has to be completed within this period.

Full-time Equivalent Students (FTES): an important measure of the number of students at SF State.

- One FTES equals 1 course credit units × enrollment / 15 semester units taken;
- For graduate students, one FTES equals 12 semester units per term.

Funds: the different buckets in which monies are kept. Each operates as its own system, with spending and revenues received in each of these. The main fund is the General Fund, through which most revenues and out of which most spending, occurs.

General Fund or Current Fund: the main bucket of funds for organizations. At SF State, the General Fund for 2019–2020 had a budget of \$401 million. Funds have to be approved by the Legislature and Governor then are sent to the CSU for distribution to be each campus. Money in this fund generally need to be spent by the end of the fiscal year.

Governor's Budget: In January, the California Governor proposes a plan for obtaining adequate revenues and a plan for spending those revenues. The Legislative Analyst's Office (LAO) analyzes the proposal and publishes its findings. The Governor revises the proposal in May in what is called the **May Revise**. The Legislature reviews this proposal and then votes to change and/or approve it. After, the Governor then signs what the Legislature has passed, the allocated funds then go to State agencies like the CSU.

Headcount: the number of people (like students) at any one time.

One-time Only Funding: funding that is not part of a unit's permanent base but rather, comes in one pot and should not be expected to be allocated again.

Reserve Fund: another bucket of money, where funds set aside for later spending are kept. Not all types of funds can have funds remaining in them at the end of the fiscal year, to be carried forward into the next fiscal year.

Restricted Fund: A restricted fund is a reserve account that contains money that can only be used for specific purposes. Restricted funds provide reassurance to donors that their contributions are used in a manner they have chosen.

Capital Funds: the expenditure of funds to acquire land or pay the cost of planning and construction of new buildings, or additions to and modification of existing buildings, and the equipment which is related to such

Budget Cycle

State of California Budget Process



November: In the November of the prior fiscal year, CSU Trustees adopt the Operating Budget Request for submission to the Governor.

January: The Governor’s Budget is submitted to the Legislature.

February: The Legislative Analyst’s Office review of Governor’s Budget is published.

May: Revision to the Governor’s Budget is released.

June: The State budget is enacted.

California State University (CSU) Budget Process



May–June: In May and June of the prior year, the CSU System Budget Advisory Committee (SBAC) consult with CSU campus constituents.

August–September: The CSU Board of Trustees consult with the CSU presidents and SBAC on the budget.

October–November: The CSU Board of Trustees consult with CSU constituents and adopt the Operating Budget Request.

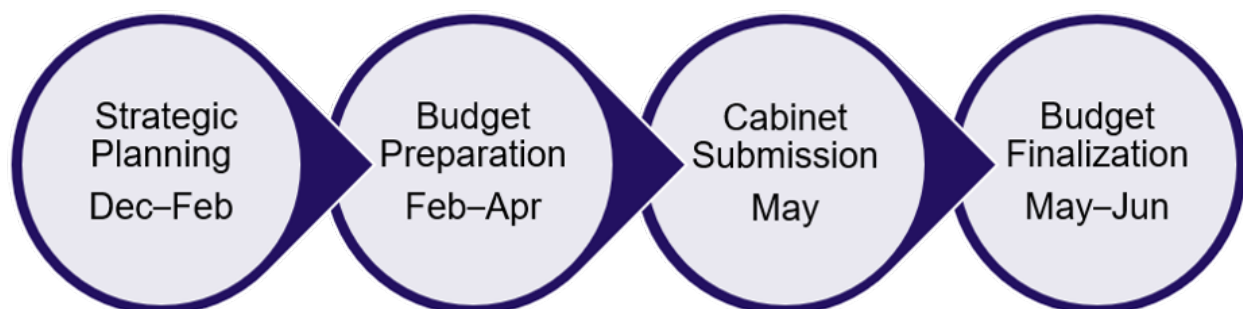
December–January: The CSU System and campuses review enrollment, and the governor submits the Governor’s Budget the Legislature.

February: The Legislative Analyst's Office analyzes the Governor's Budget and publishes their findings.

March–May: CSU System-wide groups brief the CSU constituents, and CSU Chancellor's Office distributes preliminary budget information

June: The State budget is passed by the Legislator, signed by the governor, and enacted.

SF State University Budget Process



December–February: Strategic Planning (Campus Budget Framework)

- Presidents' Cabinet, and CFO Office review the campus expense projections, and the enrollment plan and projected state allocation from CSU Operating Budget Request for the next fiscal year. Based on those estimates, the campus develops scenarios and share them with divisions as the temporary, multi-scenario budget targets.

February–March: Budget Preparation (campus units develop budget plans)

- With temporary, enrollment and budget targets provided, the deans and/or vice presidents of each division work with their staffs to determine how to meet their temporary targets. A vice president may choose to meet temporary targets through the generation of new revenue and/or cost reductions.

April: Cabinet Budget Submission (begin meetings with the division/colleges/cabinets)

- Once divisional budgets have been finalized and submitted to the deans and vice presidents of each division, they meet to discuss their plans, and the challenges and opportunities which their divisions face.
- When budgets are submitted to the Budget Operations and Administration department and the CFO, the development of additional working scenarios may be required to account for any adjustments discussed at the meetings.

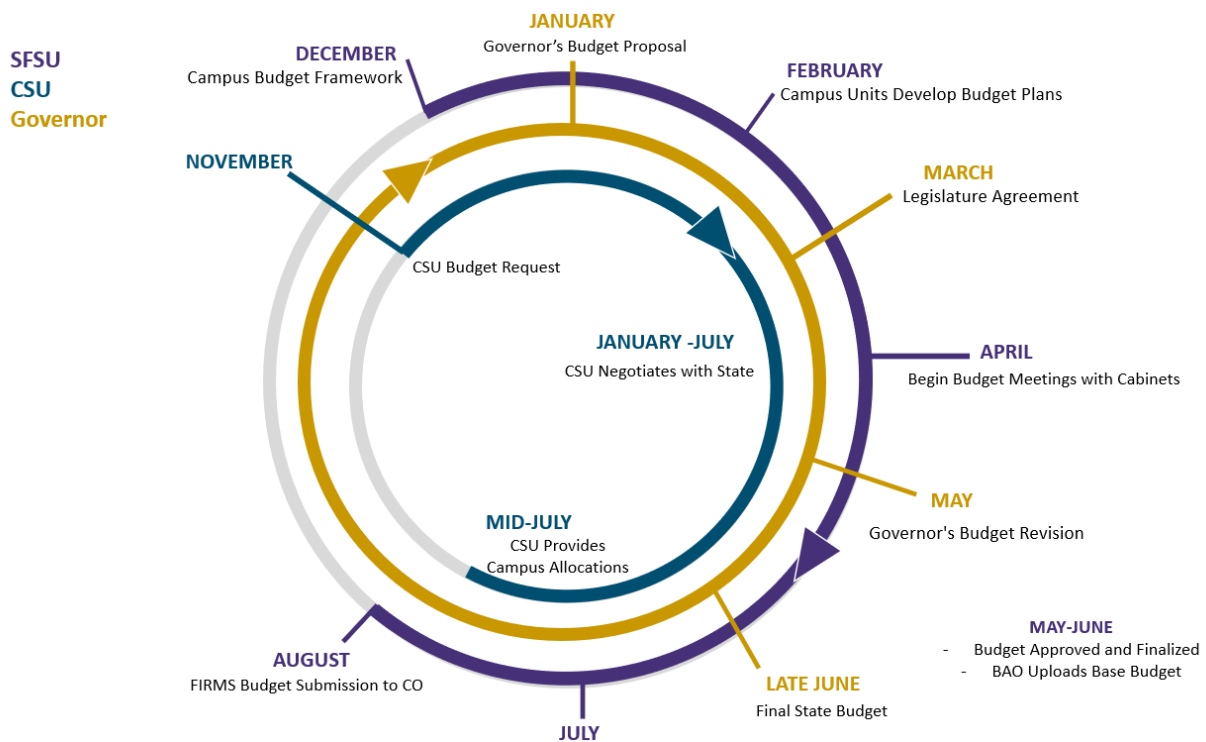
- Additional working scenarios are to be completed by the time the May Revision to the Governor's Budget is communicated to the University by the Chancellors Office.

May–June: Budget Finalization (approval and upload)

- Having gained perspective from their review of budget submissions and their meetings with division leaders, and with the final instruction received from the CO in the form of June Budget-Memo, the President, vice presidents, and CFO then make final decisions about budget allocations for each division. Finalized budget allocations are released to each dean and vice president, who then use those targets to refine budgets for each department within their division. During this last step, the President, vice presidents, and CFO also make strategic funding decisions that reflect campus priorities.

Full Budget Process

Combined State, CSU and University budget timelines



Additional Budget Resources:

Campus Presentations

University Budget Town Halls 2019

The following are the presentation and handouts from the Budget Town Hall meetings of Nov 5 and 13, 2019:

- [Presentation of the Fiscal Year 2019-20 Budget](#) (PDF)
- [Handout with Agenda and glossary of Helpful Terminology](#) (PDF)
- Link to Budget Town Hall Survey (This survey is closed. Thank you for your feedback.)

Overview Presentations

The following are University budget presentations previously presented in public fora:

- [Budget Town Hall Presentation of Oct 17 and 18, 2018](#)
- [University Budget Committee \(UBC\) Presentation of February 1, 2018](#)
- [University Budget Committee \(UBC\) Presentation of September 12, 2017](#)

California State Resources

DOF Glossary:

http://www.dof.ca.gov/budget/resources_for_departments/budget_analyst_guide/glossary.pdf

Cal State Glossary:

<https://www2.calstate.edu/data-center/institutional-research-analyses/Pages/Glossary.aspx>

Adobe Reader is required for viewing and printing the Portable Document Format (PDF) documents. Please [download Adobe Reader](#)