



SAN FRANCISCO  
STATE UNIVERSITY

# **2020 – 2021 Budget Forum San Francisco State University November 5 and 13, 2020**

Jennifer Summit, Provost and Vice President of Academic Affairs  
Jeff Wilson, Interim Vice President of Administration & Finance and CFO

# Agenda

1. Welcome
2. Budget Process Overview (VP Wilson)
3. Consolidated Budget Overview (VP Wilson)
4. Academic Affairs: Budget Planning in a Time of Fiscal Instability (VP Summit)





# 2020-2021 Budget Forum

November 5 and 13, 2020

San Francisco State University  
Administration & Finance

1. State of California's Budget
2. California State University's (CSU) Budget
3. San Francisco State University's (SF State) Budget
4. SF State General Fund Operating Budget
5. SF State Consolidated Budget
6. SF State Capital Budget

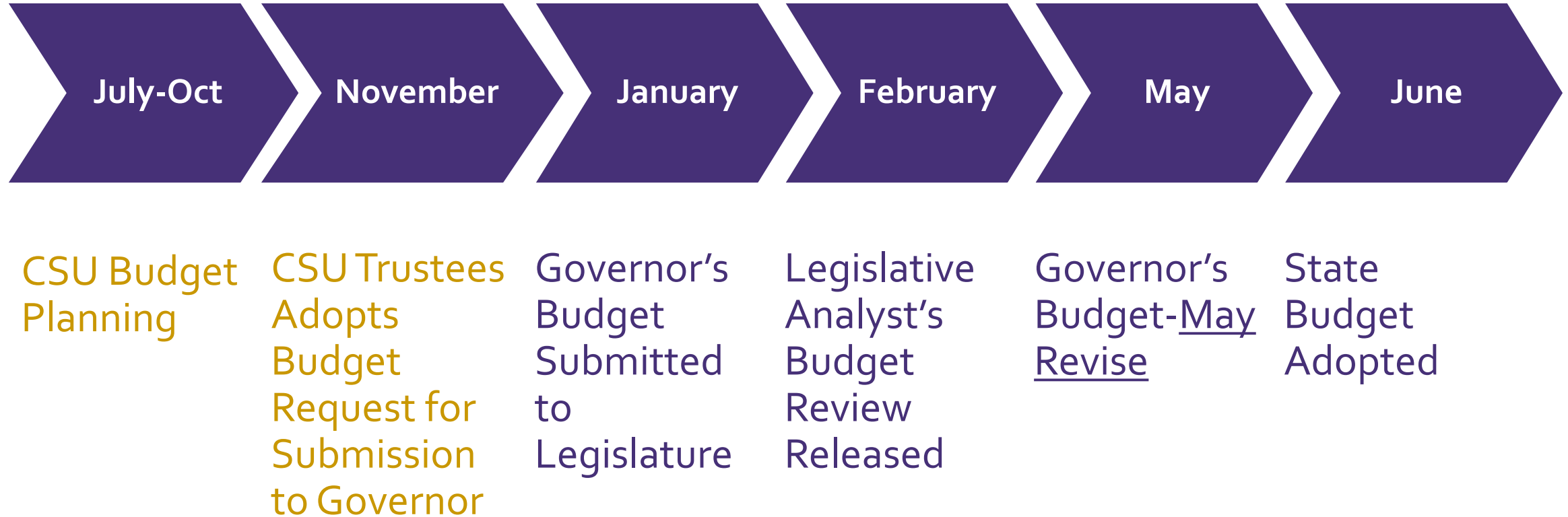
# Budget Forum Objectives

- Enhance understanding of university budget across campus community
- Explain budget development process and major budget components
- Crosswalk between the State, CSU System and SF State budgets

## 1. State of California Budget

# State of California Budget Cycle

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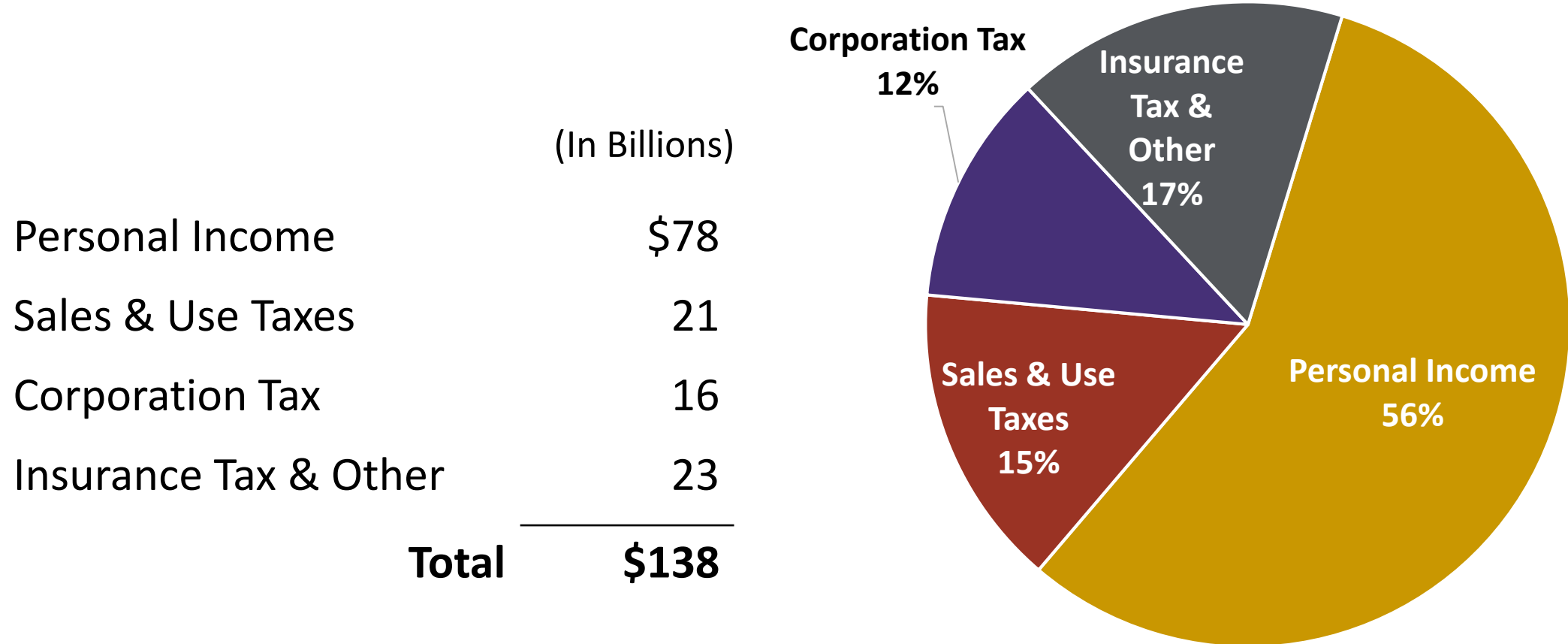
## Key highlight of the state budget:

- Pandemic impact estimated at \$54 billion budget gap

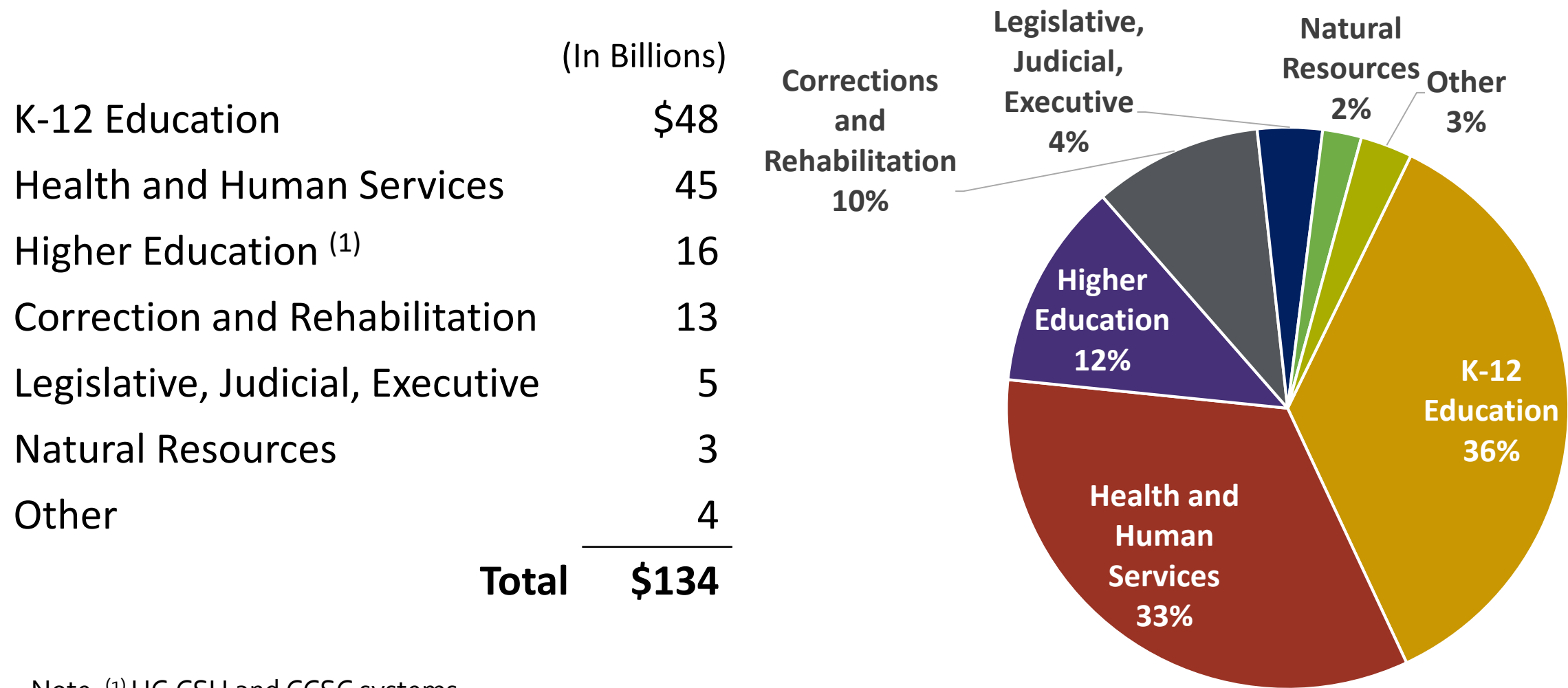


# State of California FY 2020-21 Enacted Budget - Revenues

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# State of California FY 2020-21 Enacted Budget - Expenditures



# FY 2020-21 Enacted State Budget Allocation Process

**STATE OF CALIFORNIA<sup>(1)</sup> : \$134 Billion**



**HIGHER EDUCATION<sup>(2)</sup> : \$15.8 Billion**

12% of State Budget



**CSU<sup>(3)</sup> : \$3.7 Billion**

23% of the Higher Education Budget



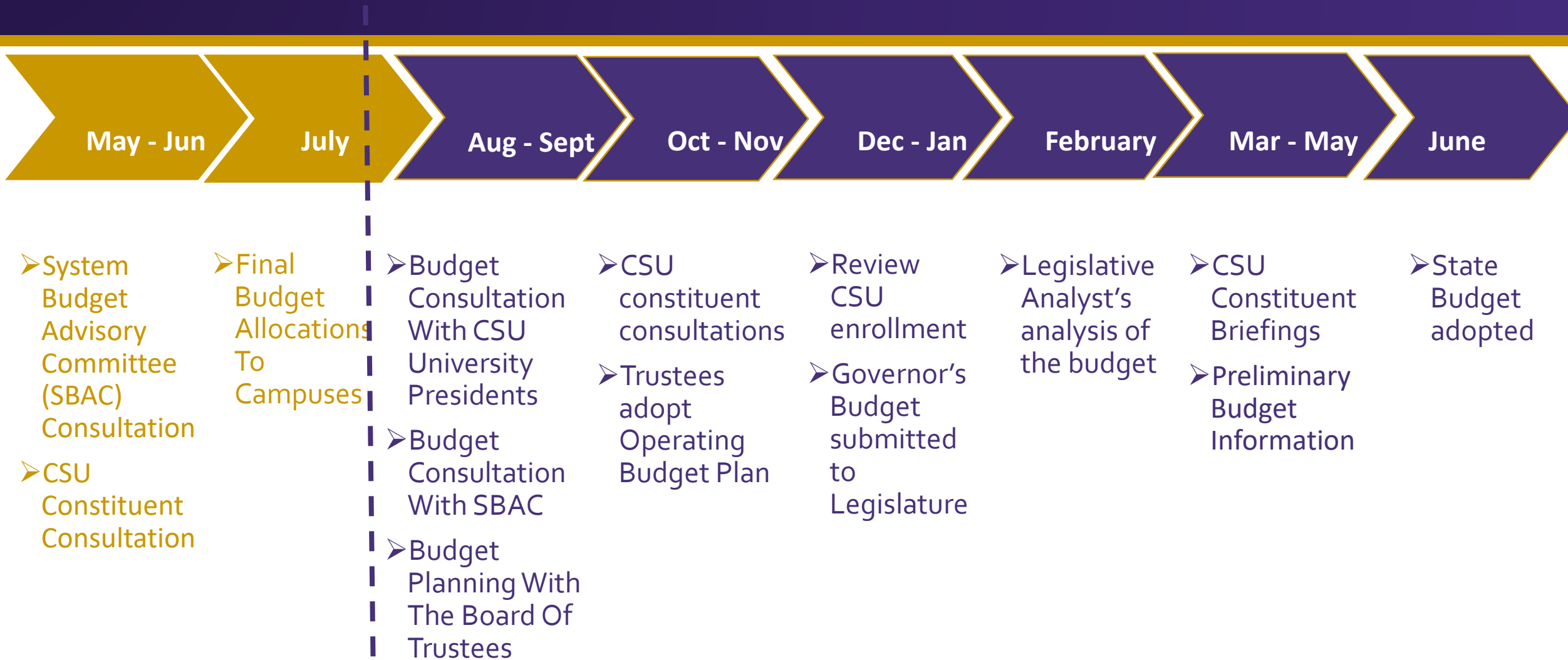
**SF STATE<sup>(4)</sup> : \$180 Million**

5% of CSU Campus Budgets

Note: <sup>(1)</sup> State of California General Fund budget; <sup>(2)</sup> Includes UC, CSU & CCC; <sup>(3)</sup> California State General Fund State allocation; <sup>(4)</sup> SF State University Base State Allocation

## 2. California State University (CSU) Budget

# CSU Budget Cycle



Note: Gold color for Current Fiscal Year; Purple color for Next Fiscal Year



# CSU Budget

## 2020 – 2021 Budget Summary

In thousands

2019-20 Final Budget, General Fund (Coded Memo B 2019-02)	\$3,982,552
2019-20 State-Funded Retirement Adjustment	39,297
<b>2019-20 Revised General Fund Budget</b>	<b>4,021,849</b>
2020-21 General Fund Decrease	(299,043)
<b>2020-21 Total General Fund Budget (State appropriation)</b>	<b>3,722,806</b>
2019-20 Final Budget Gross Tuition & Fees (Coded Memo B 2019-02)	\$3,164,262
2020-21 Adjustment from Change in Enrollment Patterns	(24,165)
<b>2020-21 Gross Tuition &amp; Fees</b>	<b>\$3,140,097</b>
<b>2020-21 Total Operating Budget</b>	<b>\$6,862,903</b>

# CSU Budget

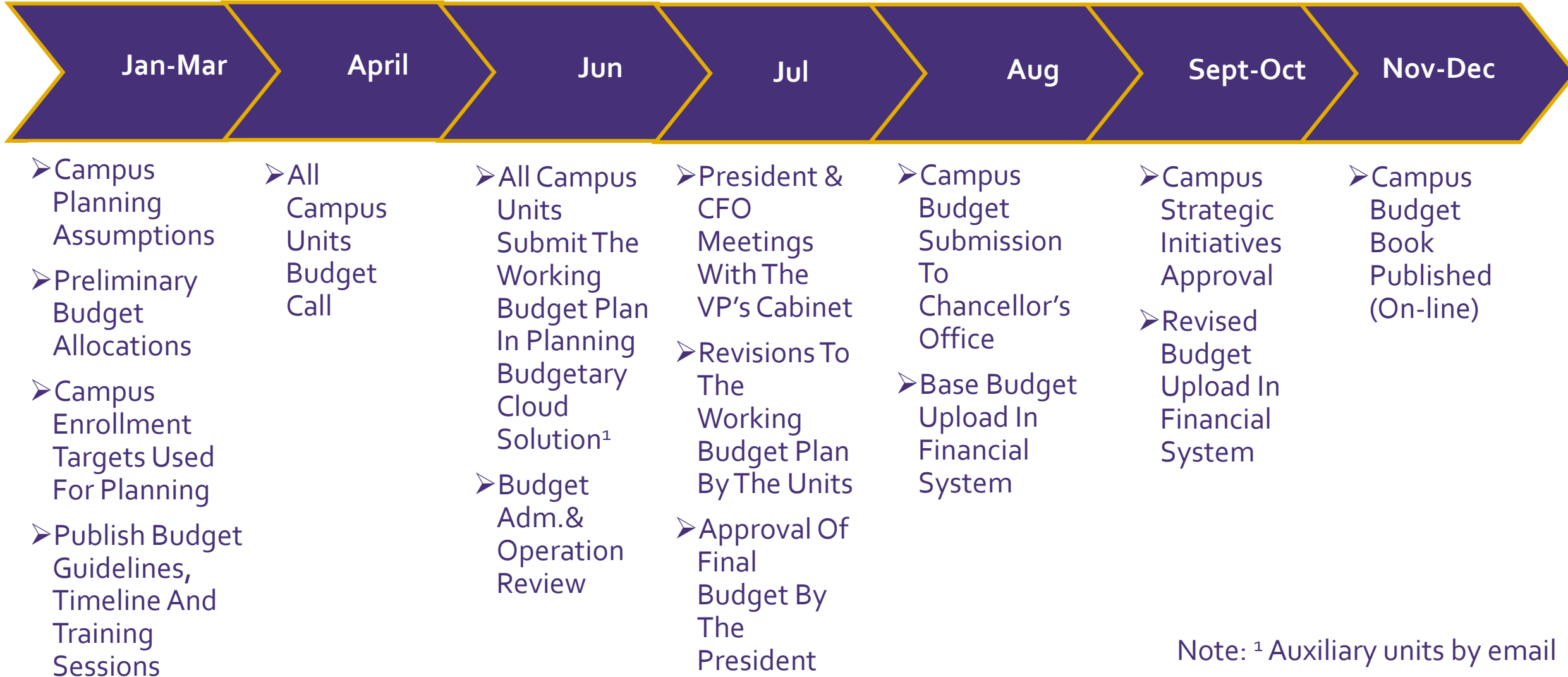
In thousands

Source	2019 - 2020	2020 - 2021	% Change
State appropriation	\$4,021,849	\$3,722,806	-7.4%
Tuition and fees	3,164,262	3,140,097	-0.7%
<b>Total</b>	<b>\$7,186,111</b>	<b>\$6,862,903</b>	<b>-4.5%</b>

**Note** - Numbers are aggregated at the system level.

## 3. San Francisco State University's (SF State) Budget

# SF State Budget Cycle



## SF STATE HYBRID BUDGET MODEL

### **Incremental**

(State  
Allocation)

### **Performance**

(Graduation  
Initiatives 2025)

### **Formula Base**

(College  
Allocations)

### **Decentralized**

(Cabinet to  
Division Level)

### **Strategic Initiative-**

(Requests)



	Base	One-time
<u>What is it?</u>	Budget For Permanent Expenditures Which Recur Annually	Budget Provided For A Specific Length Of Time. They Are Non Recurring
<u>How is it funded?</u>	Current Year Operating Fund Budget	Reserve <sup>(2)</sup> /Carryforward Balances <sup>(3)</sup>
<u>Examples</u>	Personnel Costs, Benefits, Operating Expenditures <sup>(1)</sup> , Utilities, Risk Pool	Campus/Units - Strategic Initiatives

FISCAL YEAR 2020-21

## Sustainability

- Pandemic Impact over Campus Base , Self-Support and Auxiliary Budget
- Optimization of “ALL” funding sources
- Capital budget aligned with five yr. BOT approved campus capital plan and defer campus funded DM program
- Financial oversight reviews

## Transparency

- Publish budget book on-line
- Campus budget forums
- Fiscal and budget training

## Engagement

- Budget process assessment survey
- Shared governance feedback on planned procedure changes
- Collaboration and suggestions for cost efficiency and reduction initiatives

## 2020-21 AND FORWARD

### Sustainability

- Multi Year Plan – planning enhancements
- University wide workforce planning
- Financial resource alignment with strategic enrollment and academic plans
- Cost structure analysis and performance targets

### Transparency

- Management decision support tools/dashboards
- Strategic reserve fund management and targets
- Shared and common cost reporting

### Engagement

- Formal feedback/response platform
- Reporting outcomes and savings from cost efficiency and reduction initiatives

## 3. San Francisco State University's (SF State) Budget

## January 2020

### Early stages of budget planning

- Governor's January proposal had CSU with basically flat funding (a small increase to cover mandatory costs)
- SF State's enrollments (including retention) were considered in initial planning – less tuition revenue
- At that point, no need to panic but a mandate to make sure we were planning thoughtfully and looking for ways, over time, to reduce our cost structure

## Spring 2020

### Economic impacts of the pandemic take shape

- Campus begins scenario planning (**5%** reduction, **10%** reduction, **20%** reduction in resources). President and I landed on a **10%** reduction (**10%** reduction in state funding and **10%** reduction in tuition revenue)
- Vice presidents directed to plan for a **10%** reduction in expenses
- Chancellor issues hiring chill directive (only fill essential vacancies)
- Limits on travel, hospitality, and other costs more aligned with face-to-face campus instruction and operations.
- Chancellor announces a “remote fall”



## June 2020

### May-June legislative process

- May - Governor's revise includes a ≈\$400 million reduction in funding to the CSU
- June – Governor and legislature enact budget that results in a ≈\$300 million reduction in funding to the CSU
- At this point, the state funding reduction and tuition reduction from declining enrollments generally align with campus' planning (overall **10%** reduction)
- At this point, SF State's ongoing, base budget decreases from **\$403 million** to **\$363 million**

## Summer 2020

### Additional planning adjustments

- Enrollment forecasts improve slightly
- State forecasts additional funding reductions for state agencies (including the CSU) for **2021-2022** and **2022-2023**
- Final state funding allocations for **2020-2021** are provided to SF State; enrollment forecasts continue to improve (slightly)
- At this point, SF State's ongoing, base budget decreases from **\$403 million** to **\$368 million**

## 3. San Francisco State University's (SF State) General Operating Fund Budget

# 2019-20 SF State budget with 10% State and 6.7% enrollment decline

San Francisco State  
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	2019-20 Budget	2019-20 Actual	2020-21 Working Budget	Budget to Budget % Change	FY20 Budget to FY19 Actuals % Change
<b>Total Revenues</b>	<b>\$401.3</b>	<b>\$403.0</b>	<b>\$368.0</b>	<b>-8.3%</b>	<b>-8.7%</b>
Salaries and wages	216.2	211.1	204.0	-5.6%	-3.4%
Benefits	107.2	105.4	103.6	-3.4%	-1.7%
Operating Expenses	20.3	19.9	17.1	-15.8%	-14.1%
University wide Expenses	57.6	61.7	60.1	4.3%	-2.5%
<b>Total Expenses</b>	<b>401.3</b>	<b>398.1</b>	<b>384.8</b>	<b>-4.1%</b>	<b>-3.3%</b>
<b>Revenues less expenses</b>	<b>\$0.0</b>	<b>\$4.9</b>	<b>(\$16.8)</b>		

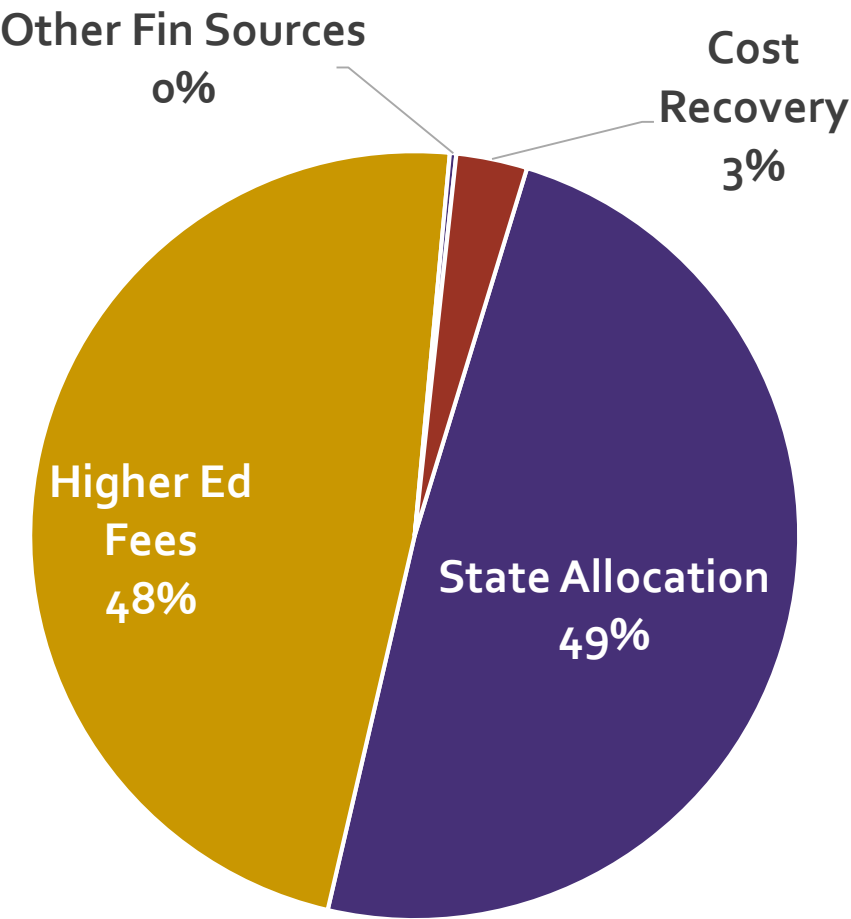
(In thousands)

# 2019-20 SF State balanced budget

Item	(\$ in millions)
Deficit Before Any Actions Taken	\$37.9
Hiring Chill Savings ( Vacant Positions Salary +Benefits)	14.3
Student Assistant Savings Due To Program Reduction	1.7
Savings From Reduced Operating Expense	2.3
Utilities Due To Reduced Use Of Buildings	1.9
Savings Form Deferred Maintenance Program Deferral	2.3
Increase In Liability/Risk Pool	-1.4
<b>Total Adjustments Included In FY2020-21 Budget</b>	<b>\$21.1</b>
Use Of Campus Reserve	7.7
Workforce Reduction Savings ( Salary +Benefits)	9.1
<b>2020-21 Balanced Budget</b>	<b>\$0.0</b>

# 2020-21 SF State University General Operating Fund – Working Budget - Revenues

	(In million)
State Allocation	\$180
Higher Education Fees	176
Other Financial Sources <sup>(1)</sup>	1
Cost Recovery <sup>(2)</sup>	11
Total	<hr/> \$368



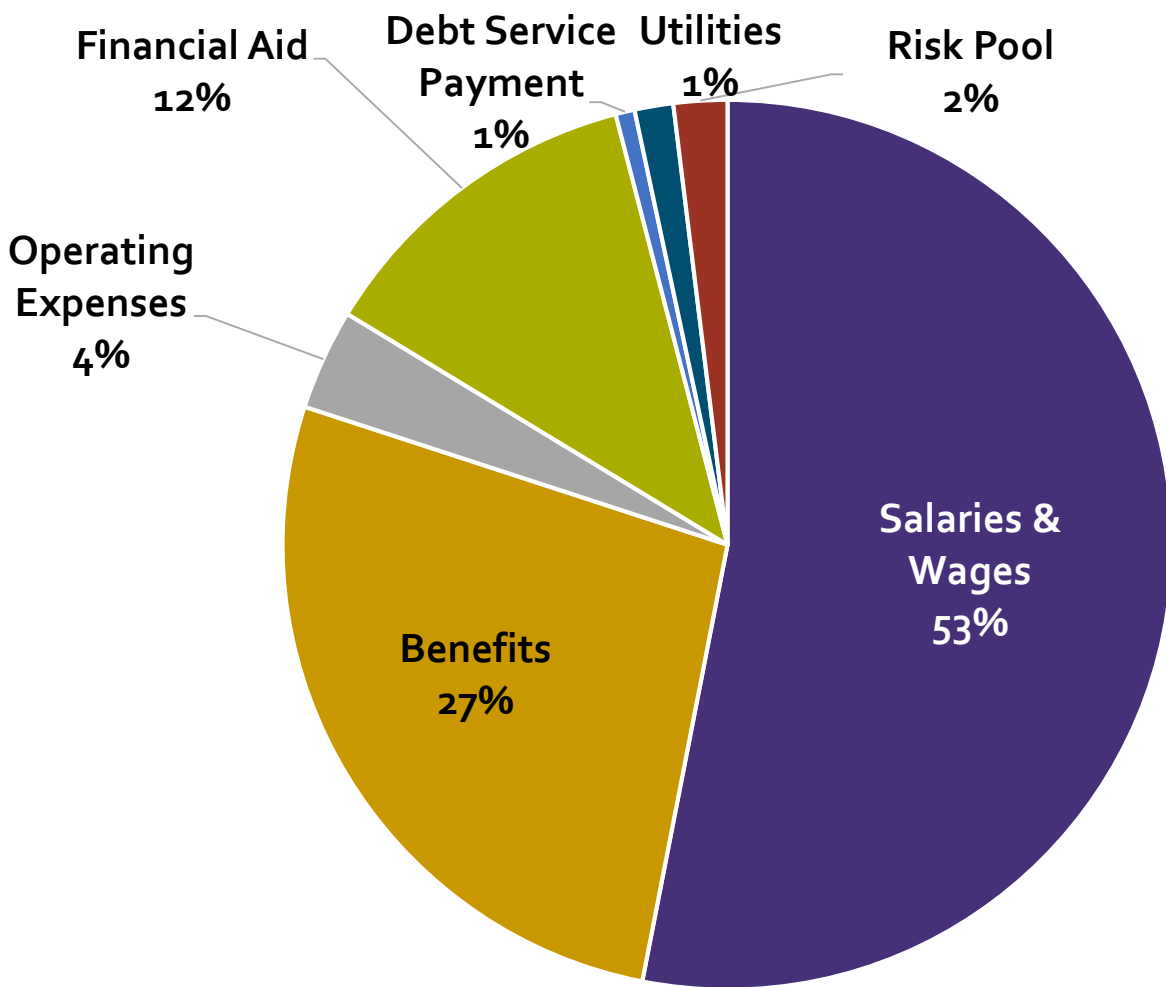
Note: <sup>(1)</sup> Interest revenue ; <sup>(2)</sup> Cost recovery, Cost Allocation, Reimbursement release time, Est. retirement adjustment.



# 2020-21 SF State University General Operating Fund – Working Budget - Expenditures

(In million)

Salaries & Wages	\$204
Benefits	104
Operating Expenditures	14
Financial Aid & Work Study	47
Utilities	5
Debt Service	3
Risk Pool	8
Total	<b>\$385</b>



Note<sup>(1)</sup> Creative Arts replacement Building Loan and SB 84

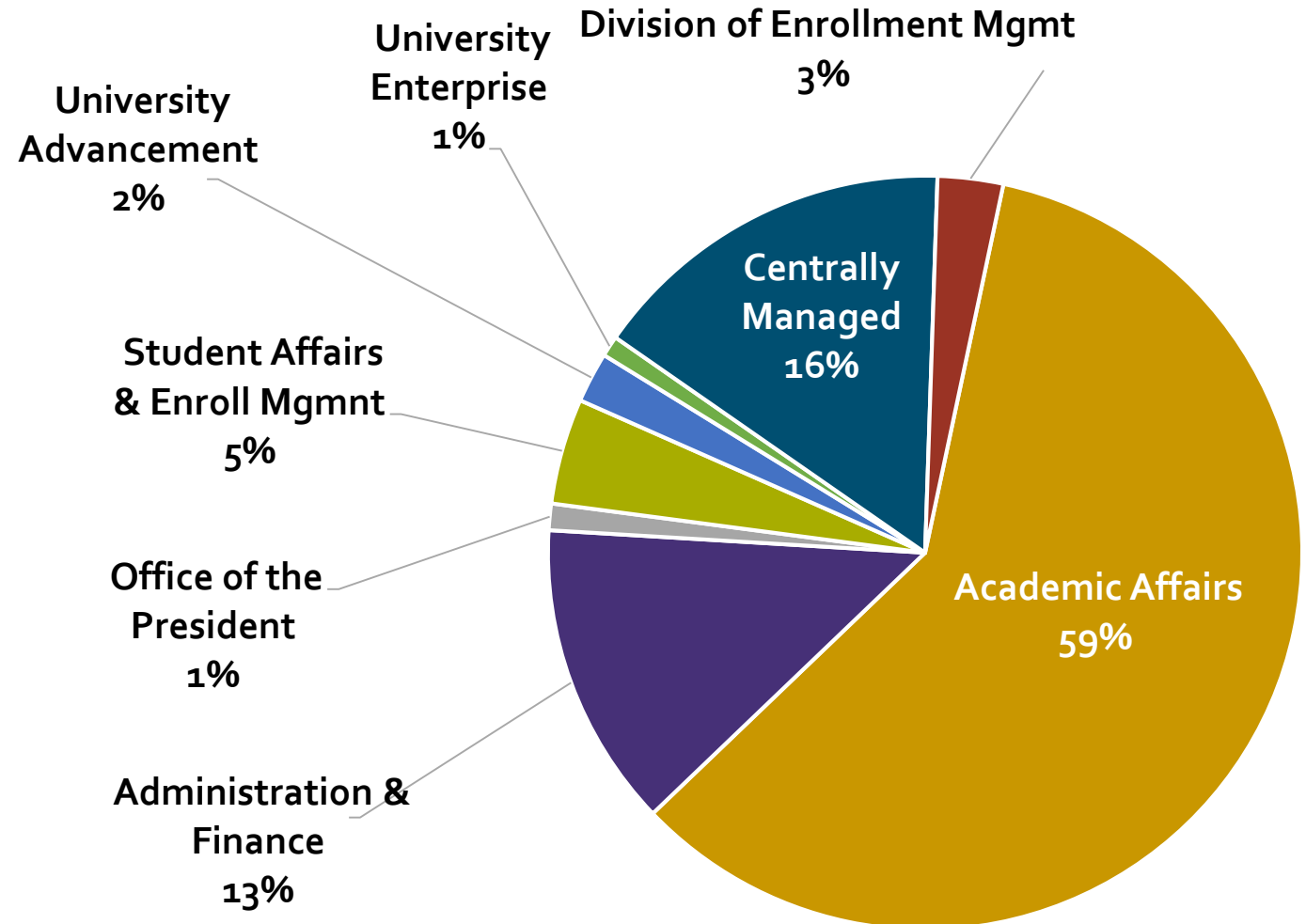
# 2020-21 SF State University General Operating Fund

## - Working Budget - By Cabinet

San Francisco State  
Administration & Finance

	(In millions)
Financial Aid	\$47
Cost Allocation	-1.7
Utilities	5
Debt Service	3
Risk Pool	8
Total Centrally Managed	<b>\$61</b>

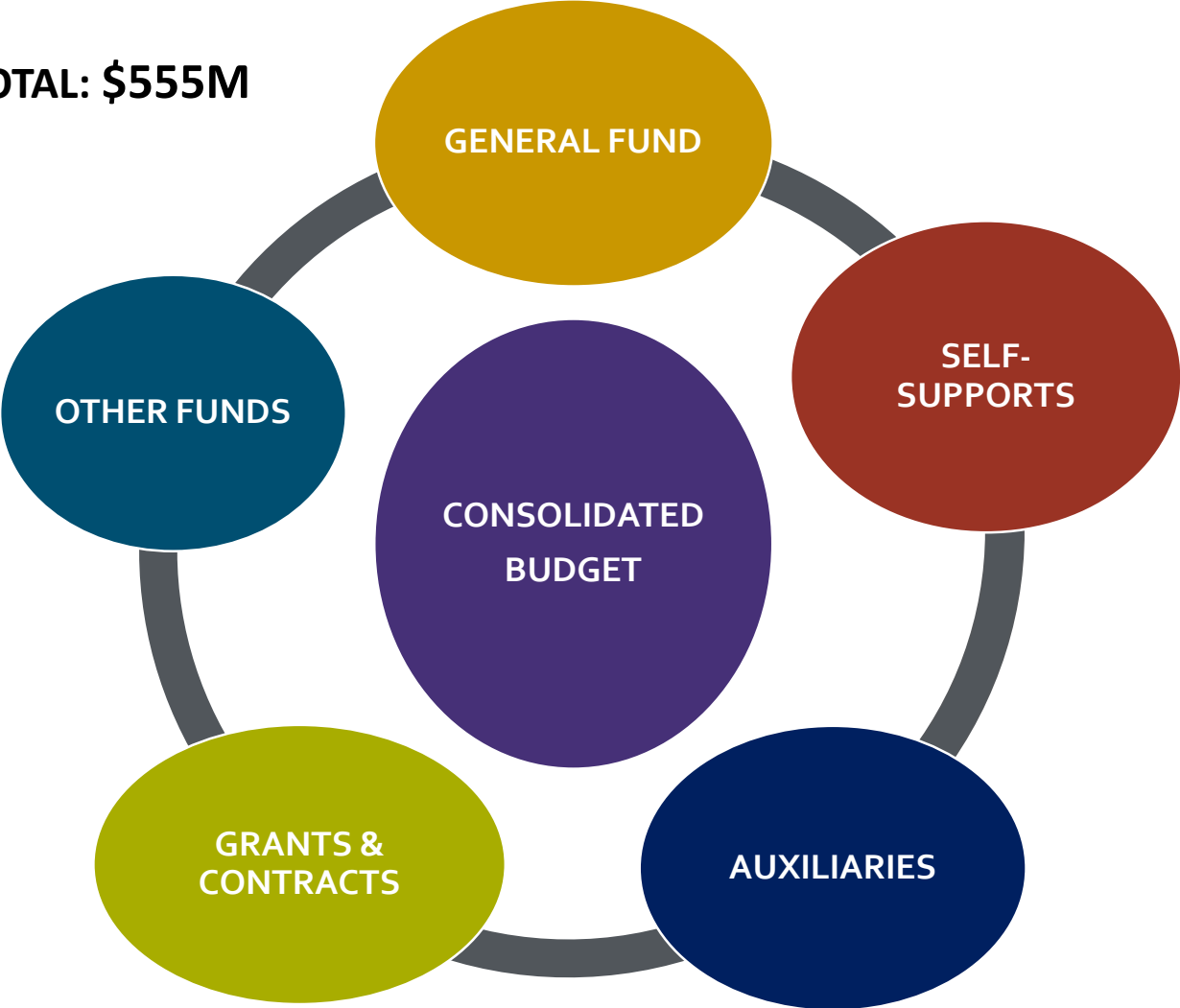
Note : <sup>(1)</sup> Creative Arts replacement Building Loan and SB 84 .



## 5. San Francisco State University's (SF State) Consolidated Budget

# 2020-21 SF State Consolidated Operating Working Budget

TOTAL: \$555M



2020-21	%
General Fund	69%
Self-supports <sup>(1)</sup>	17%
Other funds	5%
Grants and contracts	5%
Auxiliaries <sup>(2)</sup>	2%
	100%

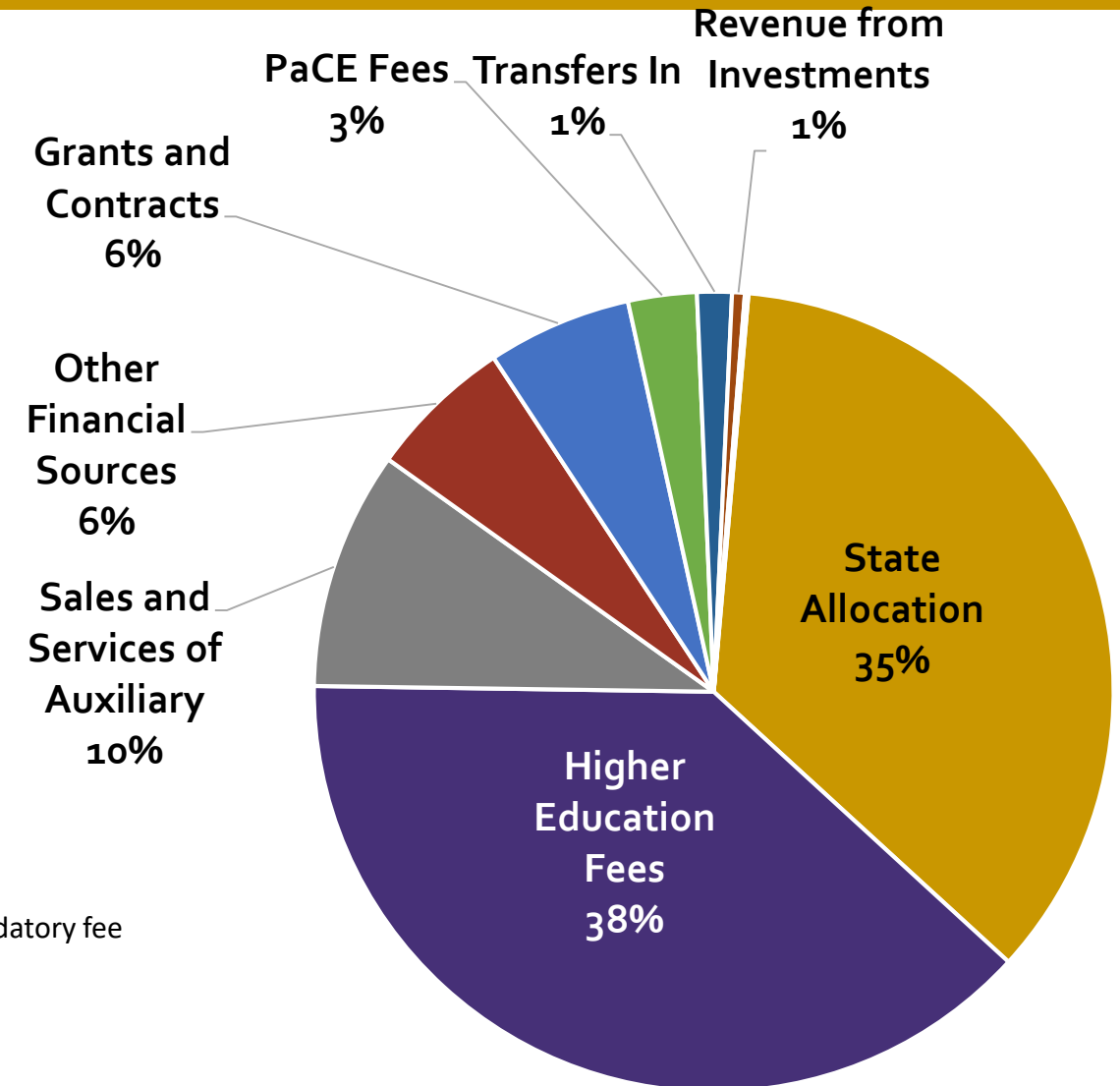
Note: <sup>(1)</sup> Self-Supports: Revenues must cover expenditures and do not receive state support;<sup>(2)</sup> Auxiliaries: Separate legal entities authorized in the Education Code to provide essential services to students and employees. Fiduciary responsibility to governing boards .

# 2020-21 SF State Consolidated Working Budget

## Revenues

San Francisco State  
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	(In millions)
State Allocation	\$180
Higher Education Fees <sup>1</sup>	195
Sales And Services Of Auxiliary <sup>2</sup>	49
Other Financial Sources <sup>3</sup>	30
Grants And Contracts	30
Pace Fees <sup>4</sup>	14
Transfer In <sup>5</sup>	7
Revenue From Investment	2
Contribution	1
<b>Total</b>	<b>\$508</b>



### Notes:

(1) Higher Ed. Fees: State Univ. Tuition fee, N-R fee, Appl. fee, Std. Health fee, I.R.A fee & Based mandatory fee

(2) Associated Student, Campus Recreation, Housing, Parking, U-Corp , Children Campus

(3) Other Financial Sources: Cost Recovery, Cost Allocation, IDC, misc. fee from various self support

(4) College Extended Learning; (5) Transfer in: NR301, Misc. Fee, Residential Life & Lottery Fund

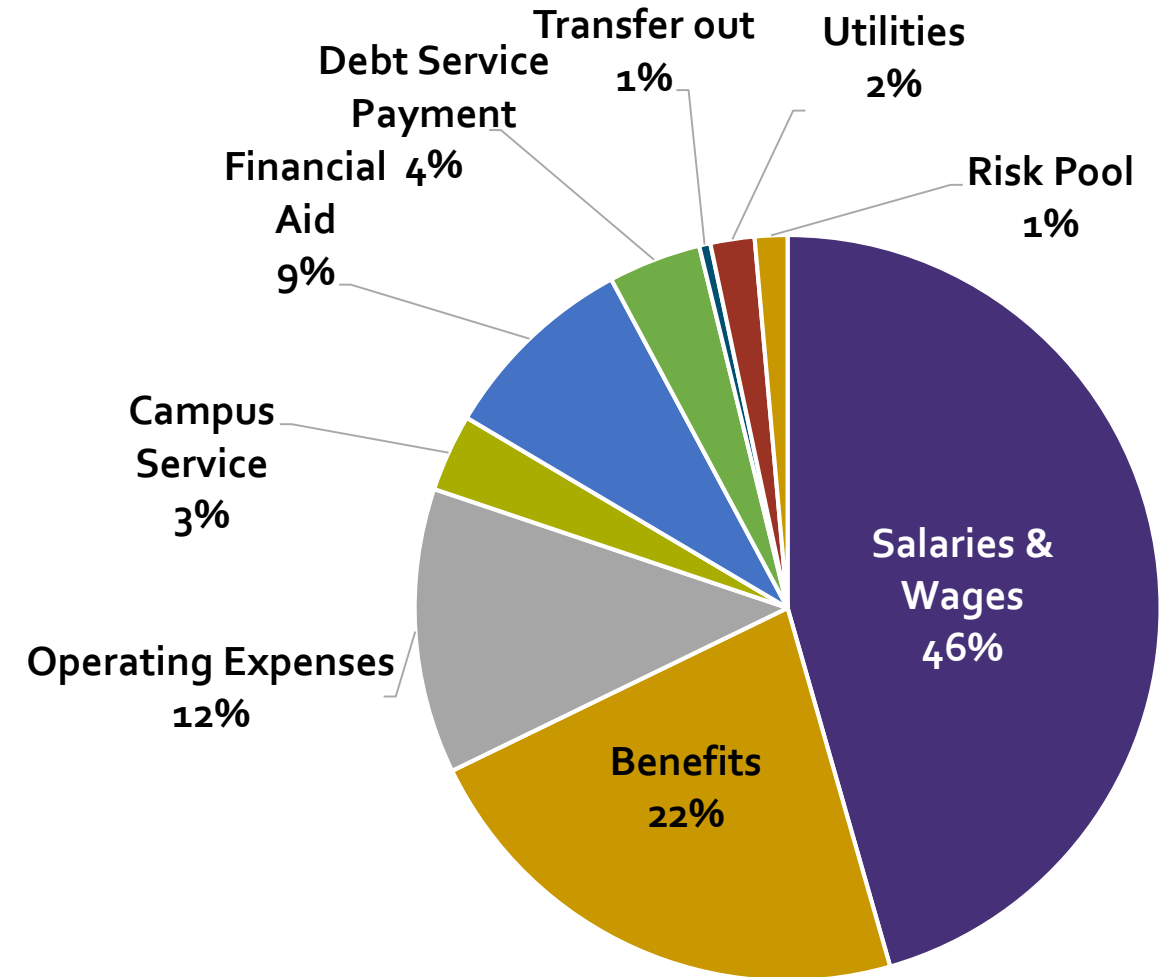
# 2020-21 SF State Consolidated Working Budget - Expenditures

San Francisco State  
Administration & Finance

	(In millions)
Salaries & Wages	\$253
Benefits	123
Operating Expenses	68
Campus Service	19
Financial Aid	48
Debt Service Payment	22
Transfer Out	3
Utilities	11
Risk Pool	8
<b>Total</b>	<b>\$555</b>

Notes:

Campus services: facilities and IT support for the self-support operations



## FY 2020-21 Budget

**Associated Students = \$8.9M**

**Foundation = \$2.1M**

**University Corporation = \$2.8 M**

**Total = \$13.8M**

- Separate legal entities authorized to provide essential services to the CSU educational programs.
- Fiduciary responsibility to governing boards.
- The Foundation Board *operating* budget is \$2.1M (the University Campaign is \$157M)

**Self-Supported Units :** Revenues must cover expenditures and do not receive state support

Athletics

Children's  
Campus

Campus  
Recreation-  
Mashouf &  
Student  
Union Fee

Parking &  
Transportation

Student  
Health

College of  
Extended  
Learning

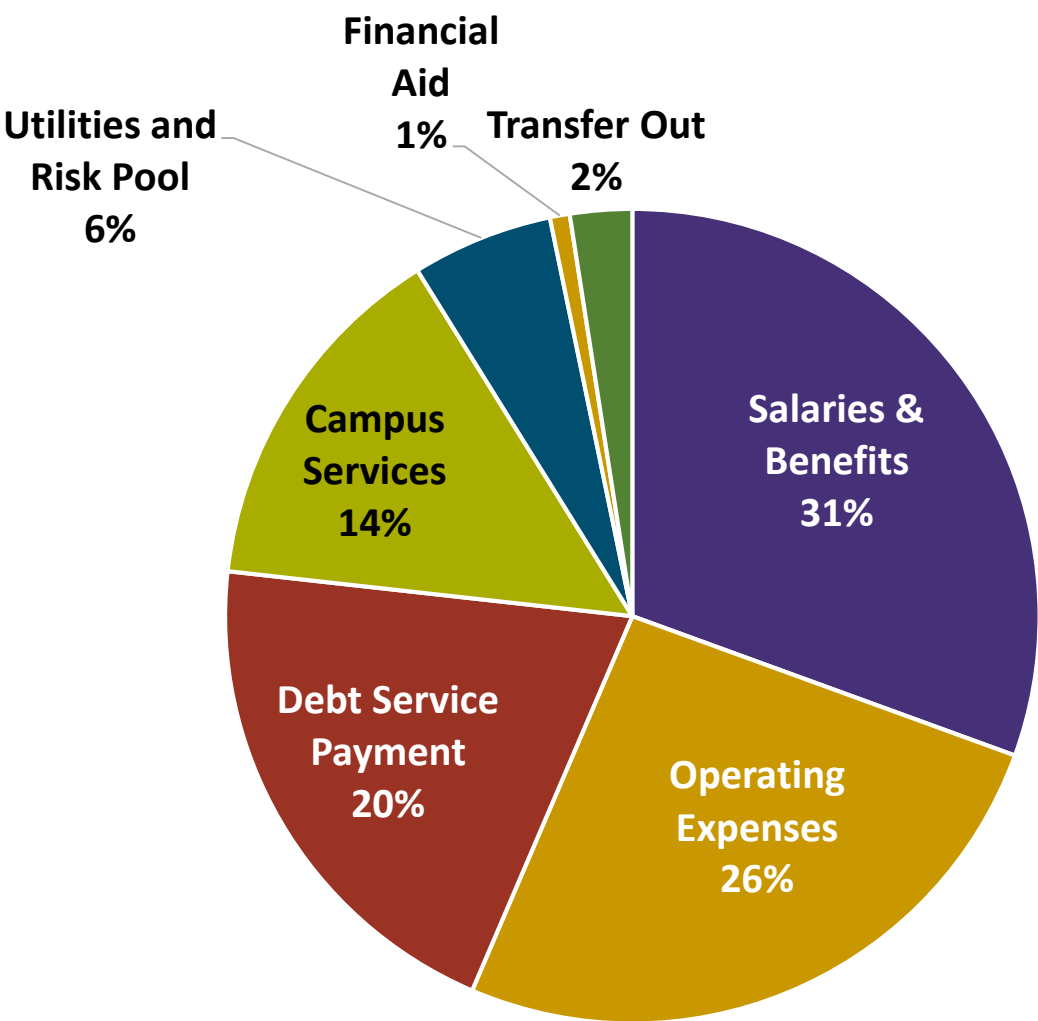
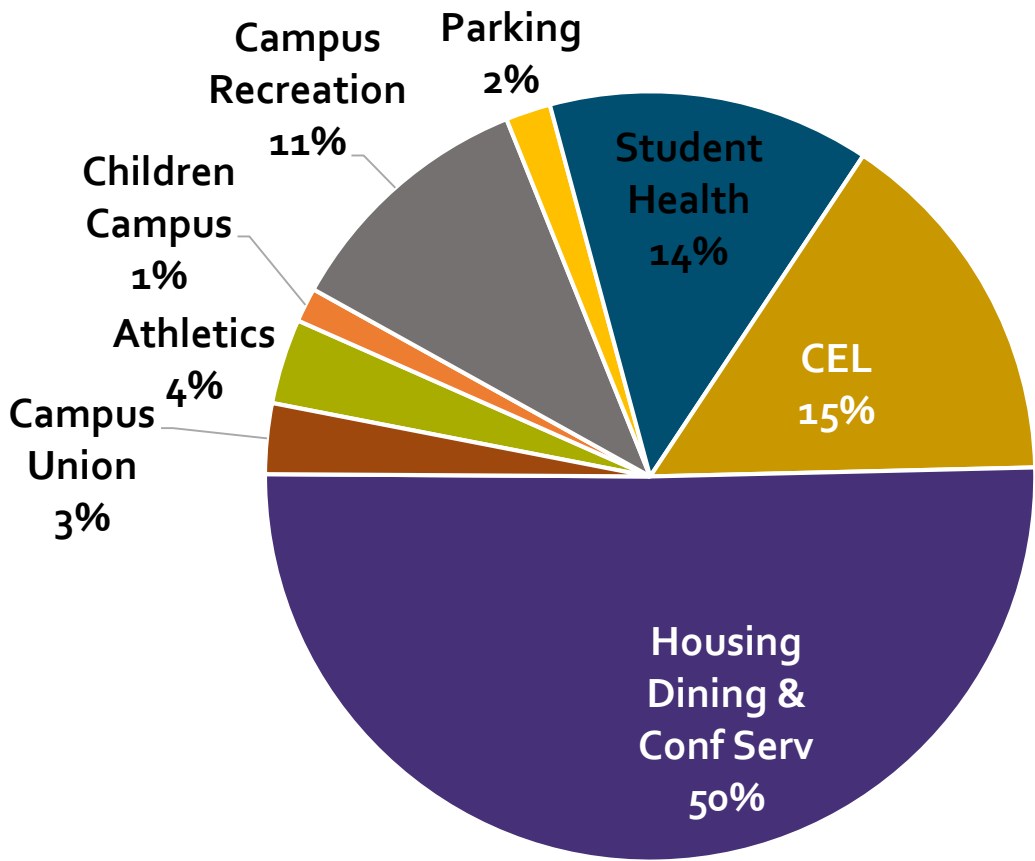
Housing,  
Dining &  
Conference  
Services

**FY2020-21 Budget Revenue =\$70 M**



# 2020-21 Self Support Operations

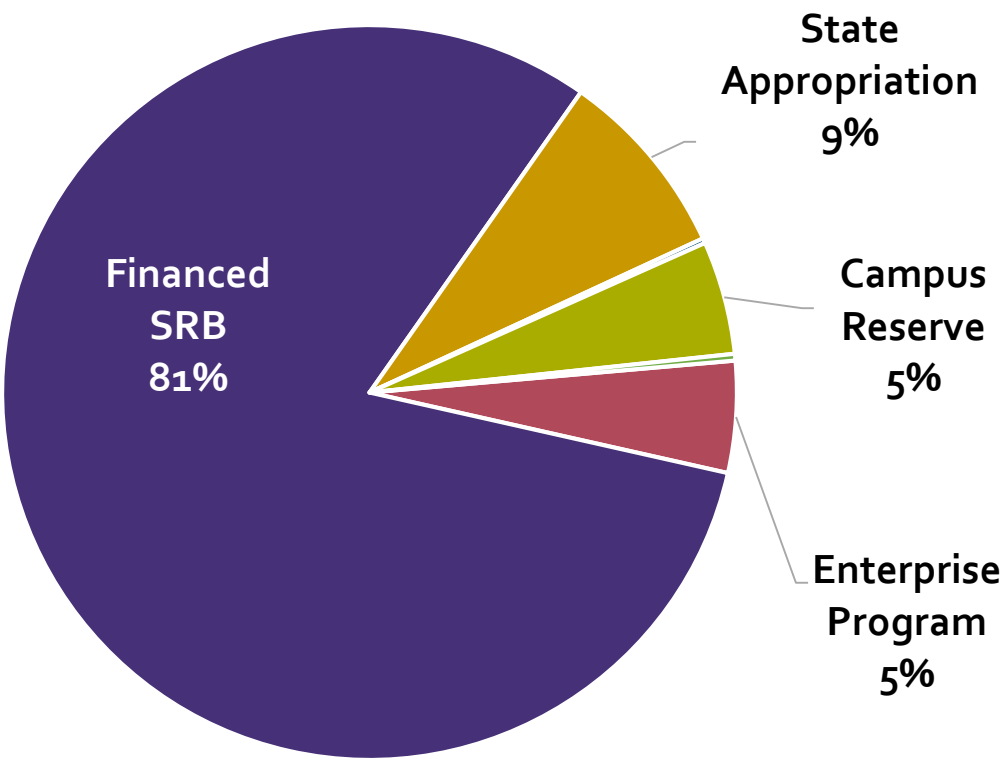
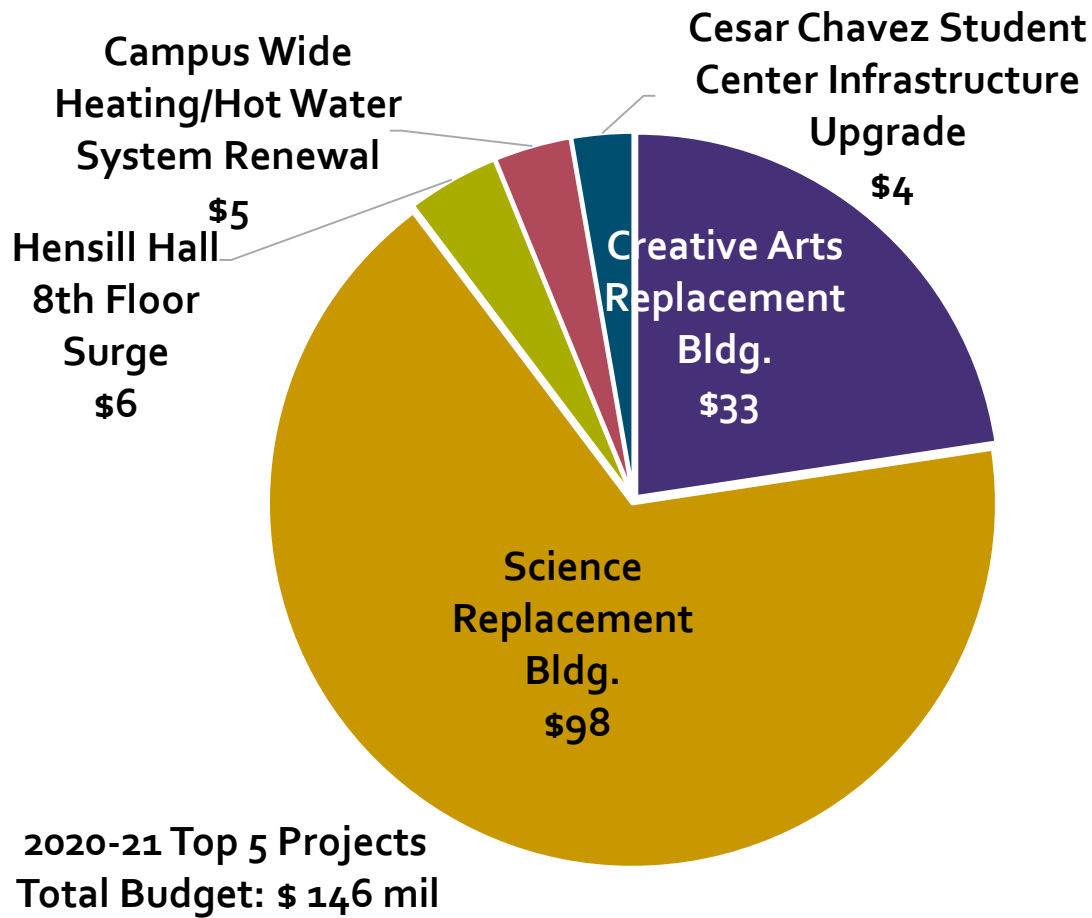
Total Budget =\$97 M



Note: Athletics includes general fund and instructional related activities campus mandatory fee

## 6. San Francisco State University's (SF State) Capital Budget

# 2020-2021 SF State Capital Budget

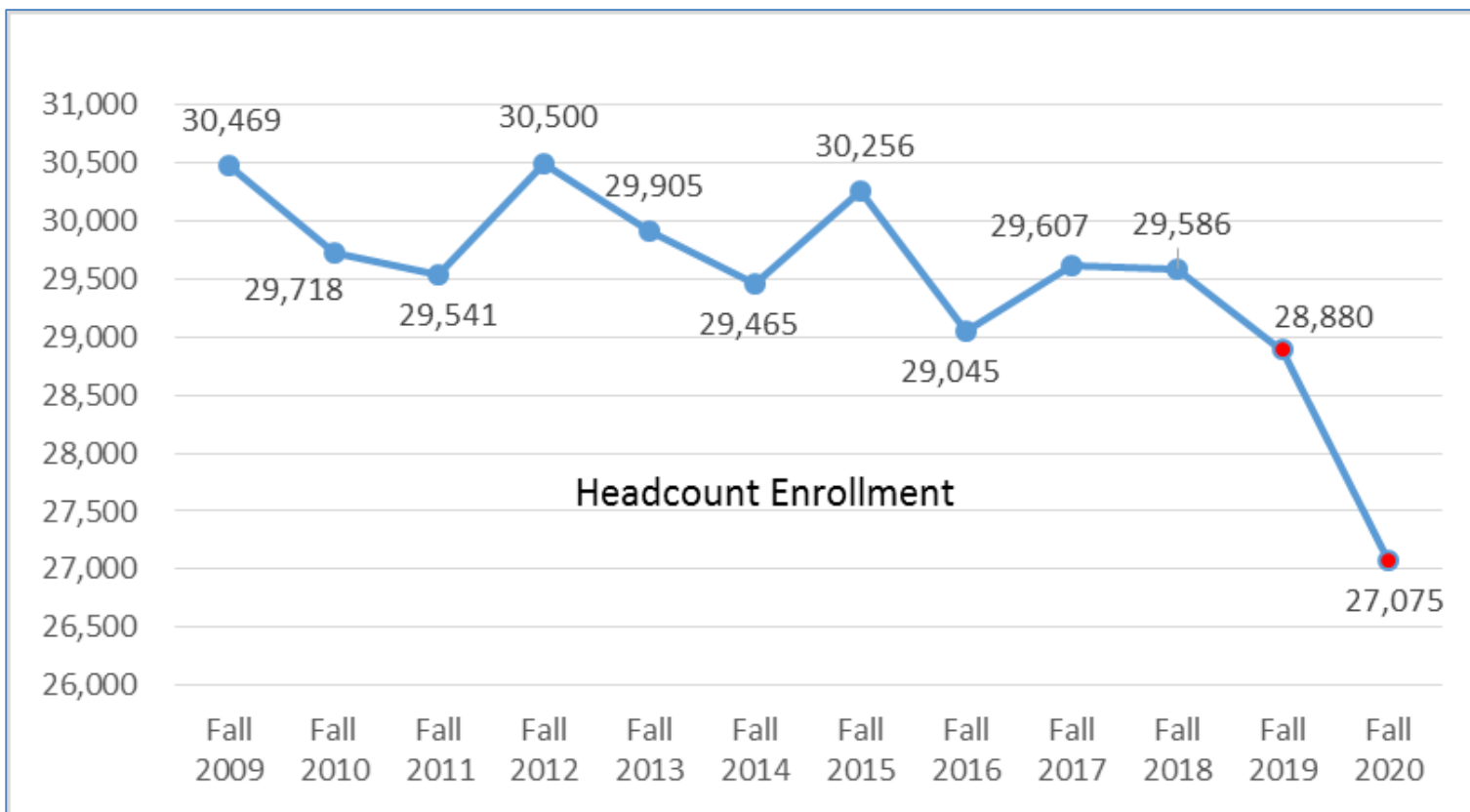


Carryforward Budget: \$81 mil  
2020-21 New Budget: \$90 mil  
**FY2020-21 Capital Budget: \$171 mil**

# **Academic Affairs: Budget Planning in a Time of Fiscal Instability**



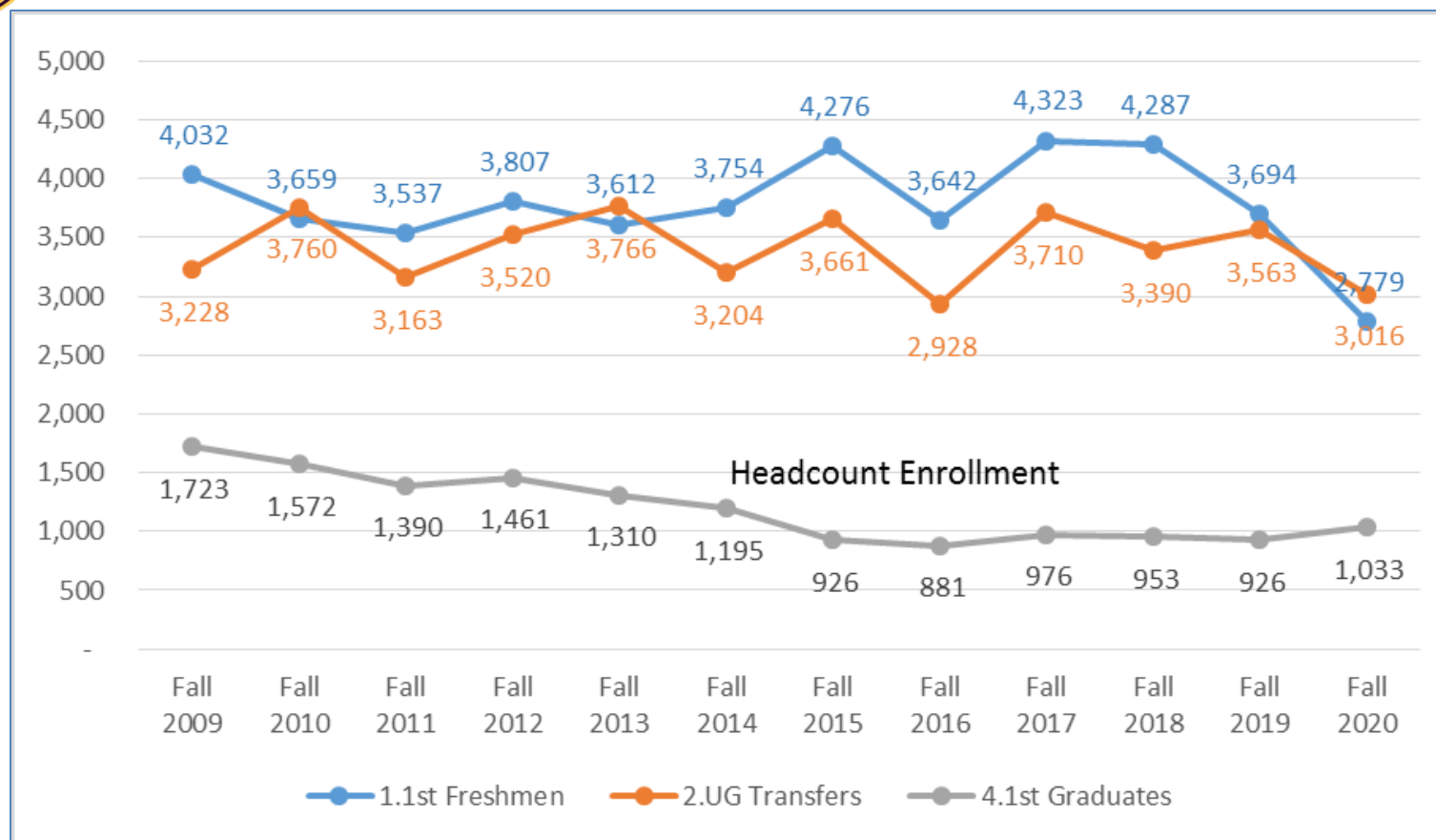
## Fall Enrollment Trend



	All Students	
	Headcount	FTES
Fall 2009 - Fall 2019	-5.2%	-0.1%
Fall 2019 - Fall 2020	-6.3%	-5.7%



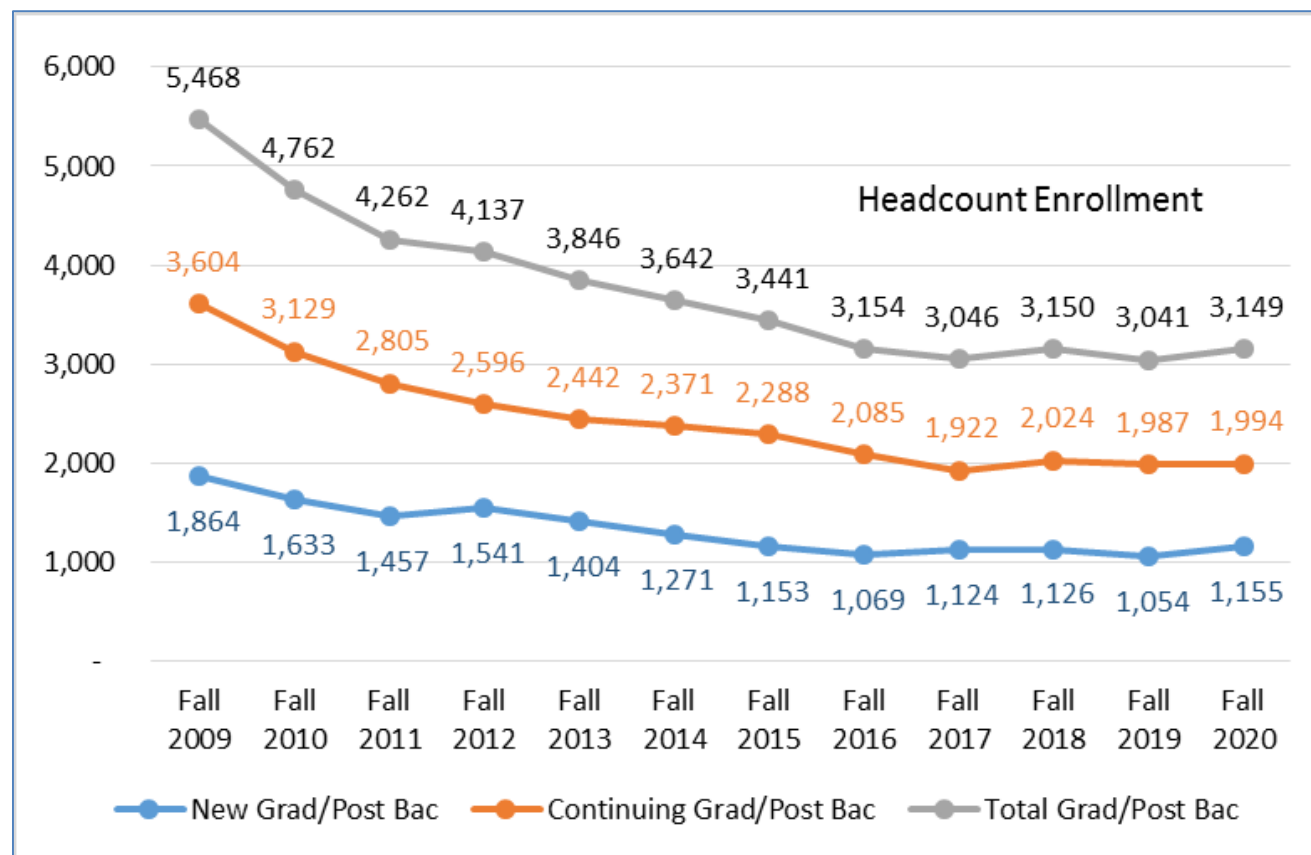
# New Student Enrollment



	All New Students	1st Freshmen	New UG Transfers	New Graduates	New Grad/Post Bac
Fall 2009 - Fall 2019	-8.9%	-8.4%	10.4%	-46.3%	-43.5%
Fall 2019 - Fall 2020	-16.4%	-24.8%	-15.4%	11.6%	9.6%



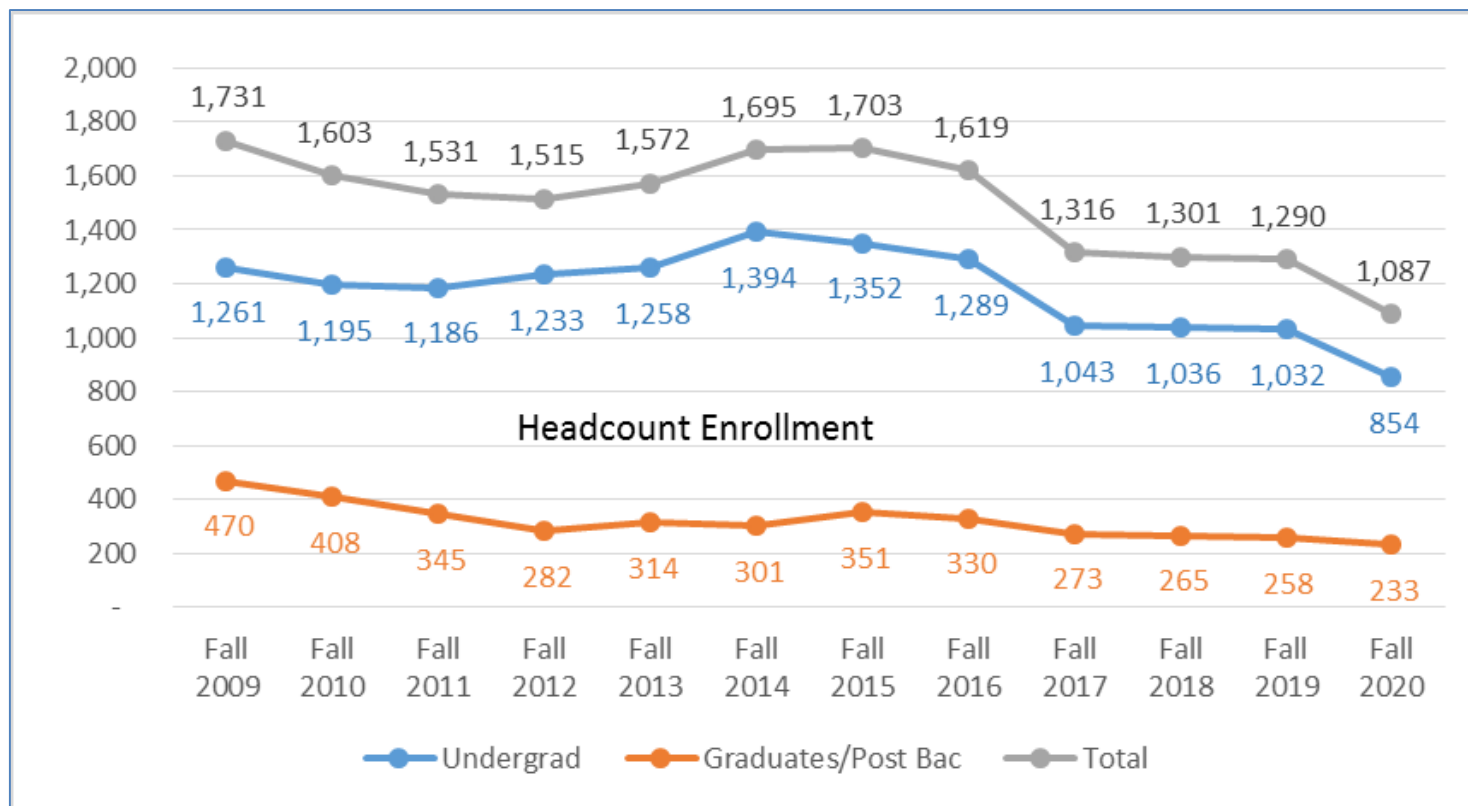
# Graduate Enrollment



	Grads/Post Bacs			Undergraduates		
	Total	New	Continuing	Total	New	Continuing
Fall 2009 - Fall 2019	-44.4%	-43.5%	-44.9%	3.4%	-0.04%	4.7%
Fall 2019 - Fall 2020	3.6%	9.6%	0.4%	-7.4%	-20.1%	-2.4%



# International Student Enrollment



	CA Residents	Non-Residents, Domestic	International Students
Fall 2009 - Fall 2019	-4.2%	15.9%	-25.5%
Fall 2019 - Fall 2020	-5.7%	-10.7%	-15.7%

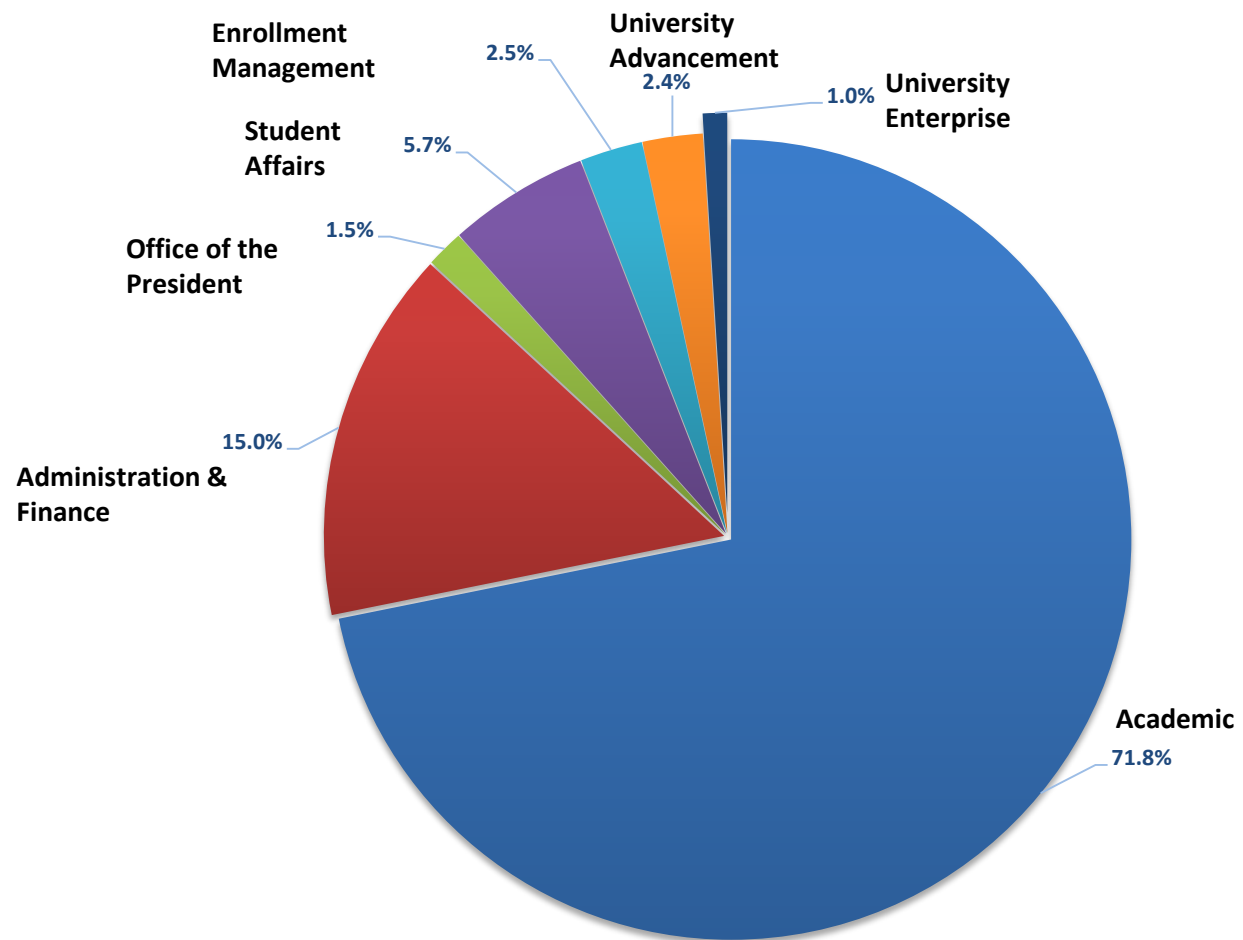




# End of Year Actual Expenditures, FY2019-2020

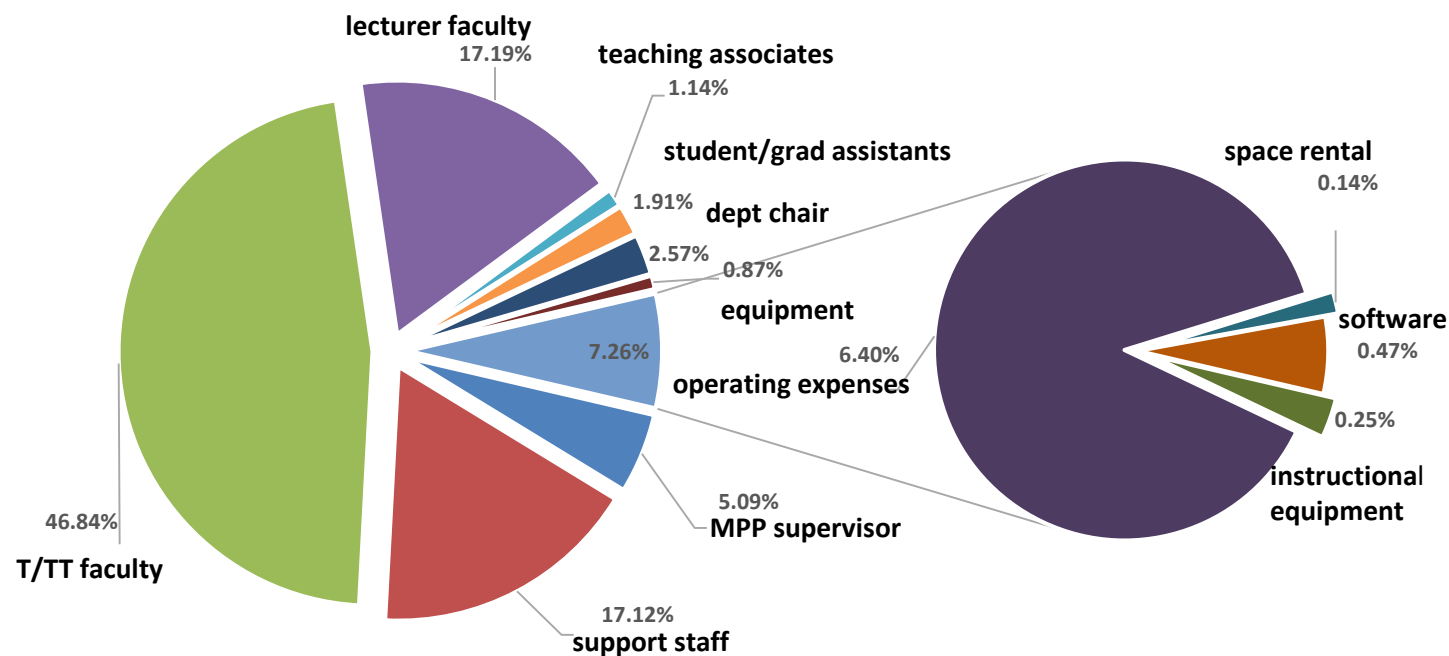
## By University Cabinet Areas

\$233,752,690





## Academic Affairs Actual Expenditures FY2019-2020



T/TT faculty salaries	\$80.5M
Lecturer faculty salaries	\$29.5M
MPP salaries	\$ 8.7M
Department chair salaries	\$ 4.4M
Support staff salaries	\$29.4M
Student/grad assistants	\$ 3.3M

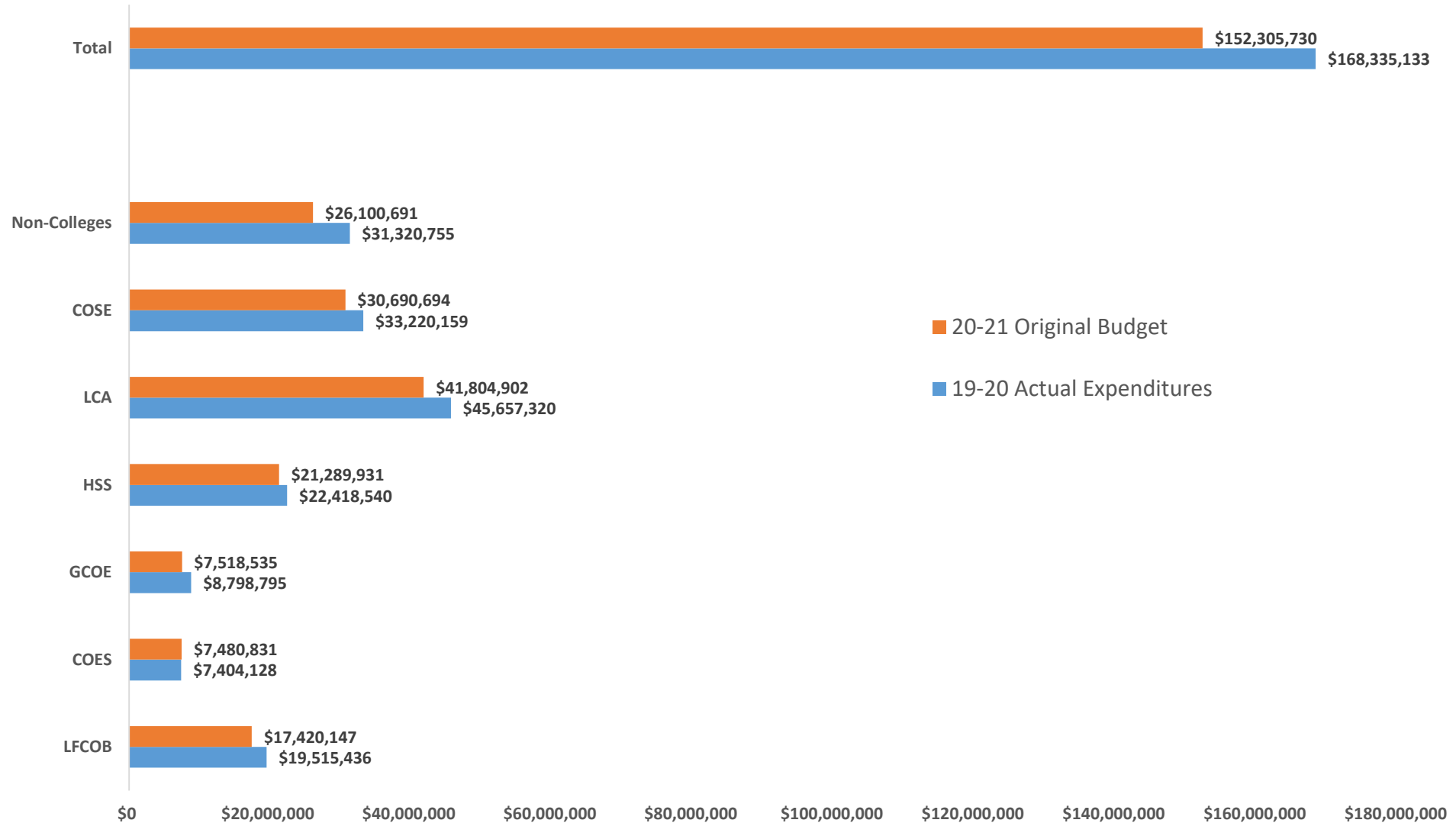
Teaching associates	\$ 2.0M
Equipment	\$ 1.5M
Instructional equipment	\$ 0.428M
Operating expenses	\$11.0M
Software	\$ 0.815M
Space rental	\$ 0.235M

Total \$171.84M



## Academic Affairs

### FY2020-21 Budgeted vs FY2019-20 Actual Expenditures (Overall Budget Reduction of 9.5%)





## Closing the Budget Gap for FY2021-22 (Academic Affairs only: preliminary estimate)

<b>Preliminary estimated budget gap (FY2021-22)</b>	<b>\$11.0M**</b>
<b>Budget reduction actions (impacts on budget)</b>	
Staff layoffs (assume full year)	\$1.7M
MPP layoffs (assume full year)	\$.56M
Faculty retirements and resignations (estimate based on prior year)	\$4.6M
suspension of presidential awards	\$0.30M
<b>Budget reduction efforts (sum of impacts)</b>	<b>\$7.2M</b>
<b>Total amount by which budget gap is reduced</b>	<b>\$7.2M</b>
Remaining budget gap to be filled for FY2021-22	<b>\$3.8M</b>

\*\*Estimated by adjusting the FY2020-21 base budget of \$151.9M to \$155.5M to reflect the carryforward funds and other budget adjustments that were utilized to supplement the base (e.g., \$6.7M for FY2020-21 lecturer expenditures, operating expenses supplement, savings from retirements and resignations). To estimate the FY2021-22 budget we anticipate a further 5% reduction in the FY2020-21 base budget, leaving a preliminary working budget estimate of \$144.5M for FY2021-22. The FY2021-22 funding gap reflects the difference between \$155.5M and \$144.5M.



# Closing AA's Budget Gap: Process

## **Summer 2020**

Academic Affairs Council and Academic Senate Executive Committee Produce "Portfolio of Imperfect Options"

## **Fall 2020**

Chair Albiniaak and Provost Summit gather feedback from:

- Department Chairs
- College Councils
- Associate Deans
- Open forum(s)
- Academic Senate
- UBC

## **End of Fall 2020**

Academic Affairs Council and Academic Senate Executive Committee reconvene to review feedback, revise "Portfolio of Imperfect Options" and plan implementation

## **End of Fall 2020/Beginning of Spring 2021**

Provost issues directive memo with guidelines, goals, and benchmarks, as well as assessment measures



# Portfolio of Imperfect Options

## **Reduce Administrative Costs**

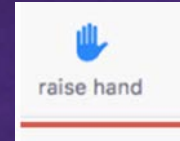
1. Reduce MPPs
2. Re-engineer/ eliminate costly processes
3. Consolidate offices and functions
4. Share resources
5. Reduce RSOs' general fund administrative costs
6. Reduce consultants

## **Reduce Instructional Costs**

1. Develop system of sustainable curriculum delivery
2. Rethink faculty workload balance
3. Thoughtfully increase class size and enrollments
4. Coordinate and consolidate GE offerings
5. Assess assigned time
6. Assess low-enrolled and duplicative programs

# Questions?

1. Please "Raise your Hand" (found on your Participants menu, lower left corner)
2. Unmute yourself when called upon to speak.
3. For transparency, please begin with your name, department or campus affiliation, then Mute when finished, to reduce noise.



**This forum will be presented again on  
Friday, November 13<sup>th</sup> at 10:00 AM**

**Thank you for attending our  
2020 – 2021 Budget Forum  
San Francisco State University**