



San Francisco State University

We Make Great Things Happen

San Francisco State University

2018-19 Budget

Town Hall Meetings
October 17-18, 2018

Phyllis Carter, VP and CFO of Administration and Finance

Elena Stoian, Executive Director of Budget Administration and Operations

AGENDA

- **Welcome, Introduction and Objectives**
- **Budget Concepts**
- **California State Budget**
- **California State University Budget**
- **SF State University General Fund Budget**
- **SF State University Consolidated Budget of Operations**
- **SF State University Capital and Deferred Maintenance Budget**
- **Dialogue (Q&A)**

Budget Town Hall Objectives

BUDGET TOWN HALL OBJECTIVES

Learning 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

Meeting Guidelines

- Respect attendees time and hold questions for Q&A
- Participate in customer feedback survey
- Invite additional meetings with shared governance groups

Budget Planning Objectives

2018-19 SF STATE UNIVERSITY BUDGET PLANNING OBJECTIVES

Sustainability

- Balanced budget
- Optimization of “ALL” funding sources
- Capital budget aligned with strategic projects
- Structured prioritization of budget requests
- Financial oversight reviews

Transparency

- Publish budget book
- Campus budget forums
- Fiscal and budget training
- Pilot KPIs for A&F

Engagement

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

FISCAL YEAR 2018-19

2019-20 SF STATE UNIVERSITY BUDGET PLANNING GOALS

Sustainability

- Budget model enhancements
- University wide hiring plan and position management
- Financial resource alignment with strategic, academic and IT 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
- Optimal space utilization
- Reporting outcomes and savings from cost efficiency and reduction initiatives

2019-20 AND FORWARD

University Budget Concepts

UNIVERSITY BUDGET CONCEPTS

A **BUDGET** is a plan of operation expressed in terms of financial or other resource requirements for a specific period of time

A **BUDGET** can serve multiple purposes

- A forecast of planned revenues, spending and savings
- A tool for the allocation of current and anticipated financial resources
- A means to promote good management
- A controlling instrument
- A method of communication
- A reflection of organizational values

The **BUDGET** cycle

- Budget calendar
- Planning assumptions (basic assumptions)
- Data Gathering
- Scenarios/What-If
- Decision
- Approval

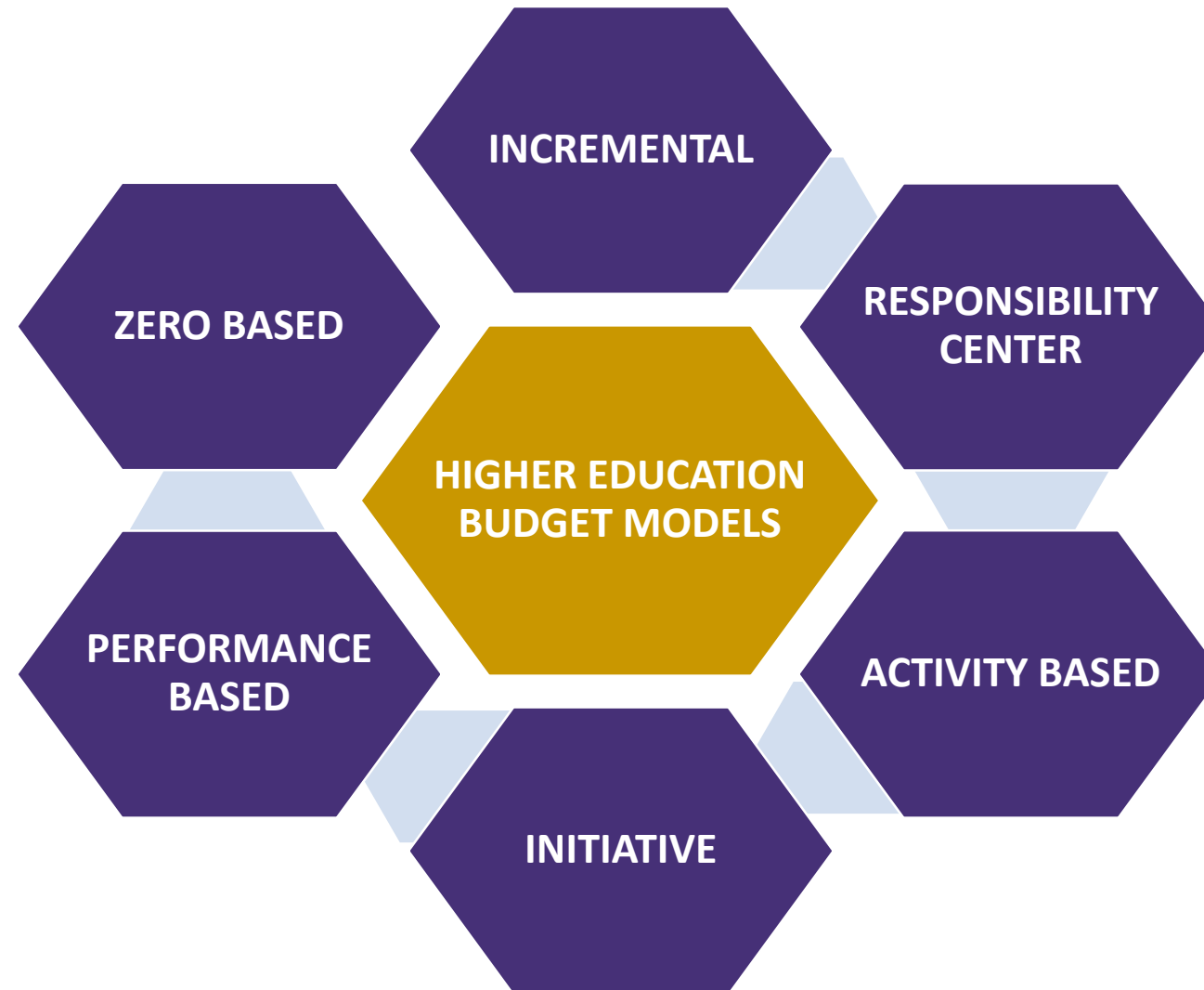
SF State University All Funds Budget - SF State University **CONSOLIDATED BUDGET** of operations

UNIVERSITY BUDGET CONCEPTS

	BASE	ONE-TIME
<u>WHAT IS IT?</u>	Budget For Permanent Expenditures Which Recur Annually	Budget Provided For A Specific Length Of Time and Are Non Recurring
<u>HOW IS FUNDED?</u>	Current Year Operating Fund Budget	Reserve ⁽²⁾ /Carryforward Balances ⁽³⁾
<u>EXAMPLES</u>	Personnel Costs, Benefits, Operating Expenditures ⁽¹⁾ , Utilities, Risks	Campus/Units - Strategic Initiatives

Notes(1) Operating expenditure such as : travel, training, instructional equipment, supplies and service, etc. (2) Reserve- An amount of a fund balance set aside to provide for expenditures from the unencumbered balance for continuing appropriations, economic uncertainties, future apportionments, pending salary or price increase appropriations, and appropriations for capital outlay projects; (3)Carryforward -unexpended balances at the end of the year

HIGHER EDUCATION HYBRID BUDGET MODELS



SF STATE UNIVERSITY BUDGET MODEL

SF STATE UNIVERSITY HYBRID BUDGET MODEL

Incremental

(State
Allocation)

Performance

(Graduation
Initiatives 2025)

**Formula
Base**

(Colleges
Allocation)

Decentralized

(Cabinet to
Division Level)

**Strategic
Initiative-**

(Requests)

Budget Development Cycle

CALIFORNIA STATE BUDGET CYCLE



CSU Budget
Planning

CSU Trustees
Adopts
Budget
Request for
Submission
to Governor

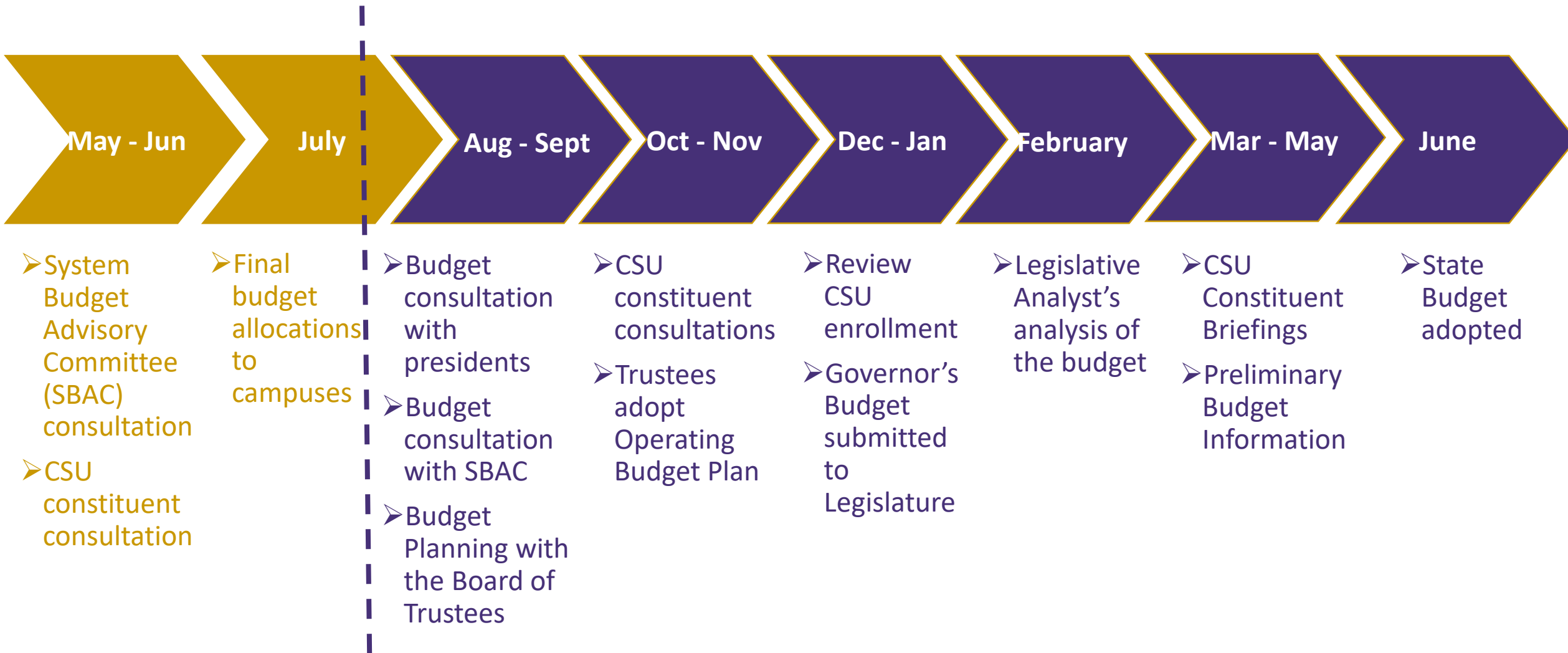
Governor's
Budget
Submitted
To
Legislature

Legislative
Analyst's
Budget
Review
Released

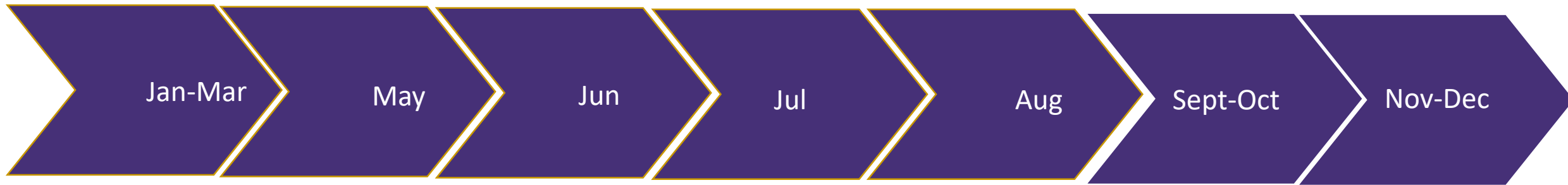
Governor's
Budget-May
Revision

State Budget
Adopted

CALIFORNIA STATE UNIVERSITY'S BUDGET CYCLE



SAN FRANCISCO STATE UNIVERSITY'S BUDGET CYCLE



- Campus Planning Assumptions
- Preliminary Budget Allocations
- Campus Enrollment Targets used for planning
- Publish Budget Manual

- Budget call for Self-supports units and Auxiliaries

- Campus Units General Fund Budget Call

- Budget Adm.& Operation review
- Financial review meetings in preparation for the President & CFO review

- President & CFO meetings with the cabinets
- Campus budget submission to Chancellor's Office
- Base budget upload in financial system

- Campus strategic initiatives approval
- Revised budget upload in financial system

- Campus Budget Book Published

2018-19 California State Budget

2018-19 GOVERNOR'S BUDGET - HIGHLIGHTS OF ECONOMIC OUTLOOK

UNITED STATES

- **Expectation of continued but moderate level of GDP growth in the forecast period**
- **Unemployment rates lower causing higher wage growth**
- **Inflation and interest rates rising**

CALIFORNIA

- **Job growth slowing but expected to rise and unemployment low**
- **Wages rising faster than inflation and personal income increased but expected to decline**
- **Consumer inflation expected to remain high**

2018-19 GOVERNOR'S BUDGET - HIGHLIGHTS OF ECONOMIC OUTLOOK

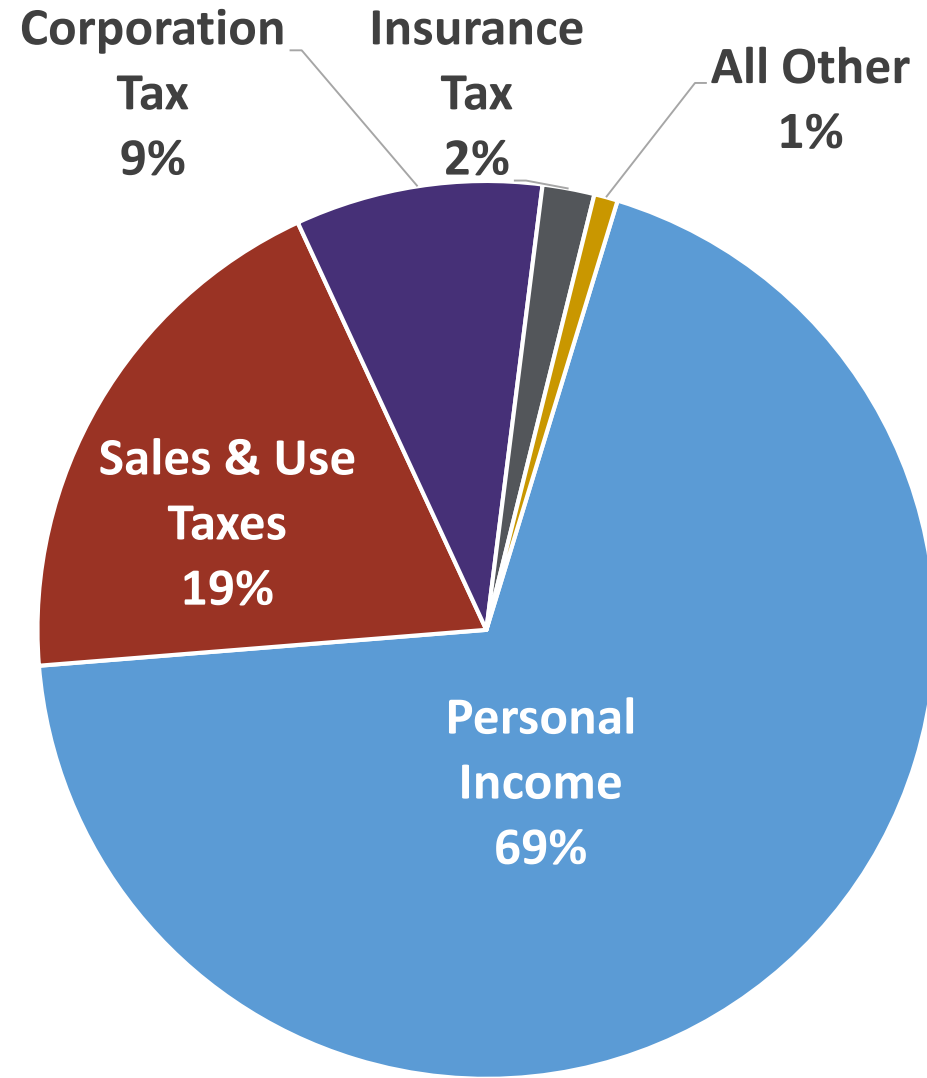
Risks and Challenges for Changing Economy

- Stock Market Correction Expected
- Risk of Forecasted Eventual US Recession
- Geopolitical Risks that affects US Growth

FY2018-19 ENACTED STATE'S BUDGET - REVENUES

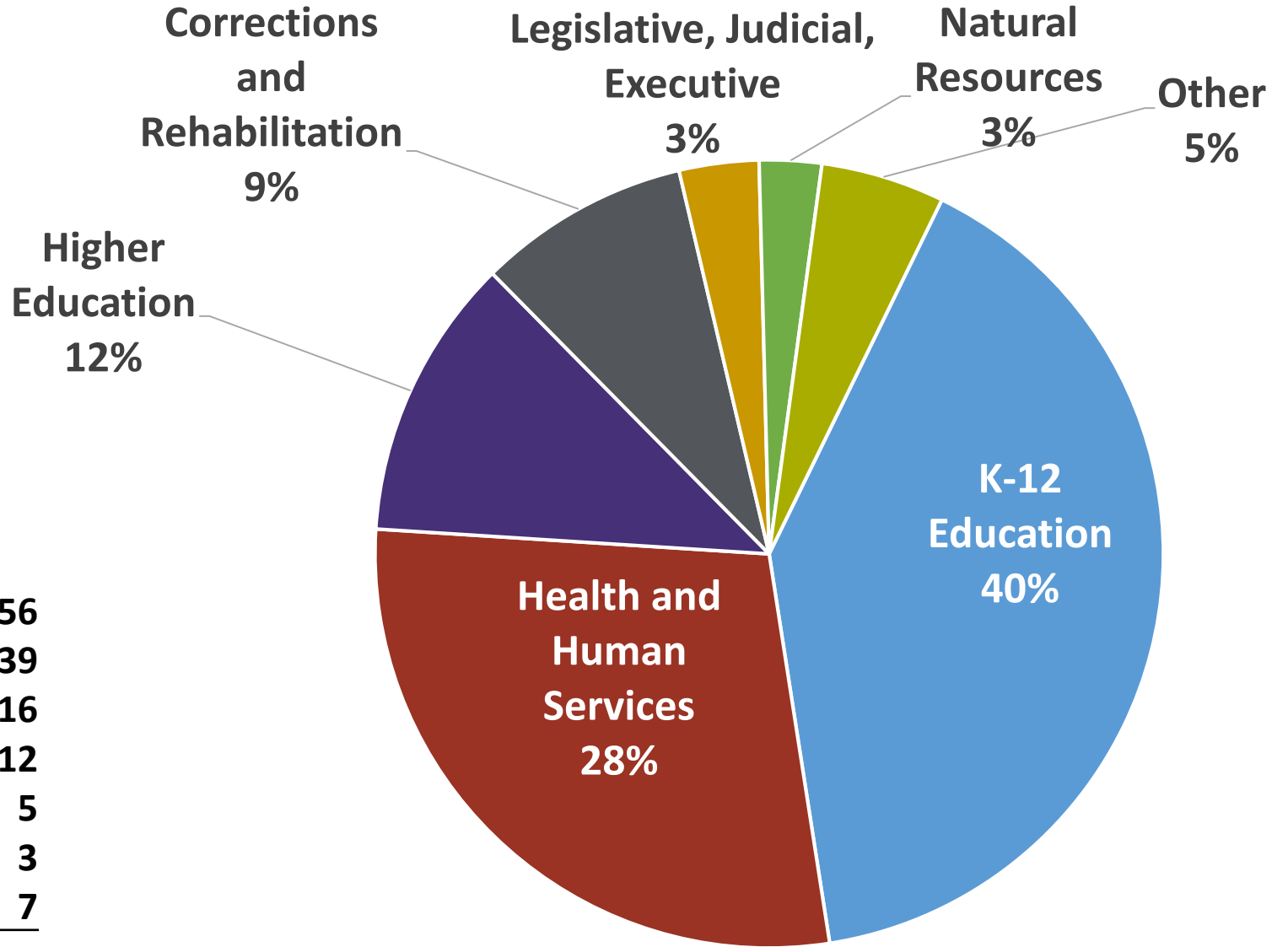
(In Billions)

Personal Income	\$95
Sales & Use Taxes	27
Corporation Tax	12
Insurance Tax	3
All Other	1
<hr/>	
	\$138



FY2018-19 ENACTED STATE'S BUDGET - EXPENDITURES

(In Billions)



K-12 Education	\$56
Health and Human Services	39
Higher Education	16
Corrections and Rehabilitation	12
Legislative, Judicial, Executive	5
Natural Resources	3
Other	7
	<hr/>
	\$138

**2018-19 California State University
Budget**

FY2018-19 ENACTED STATE BUDGET ALLOCATION PROCESS

STATE OF CALIFORNIA⁽¹⁾ - \$138 Billion

HIGHER EDUCATION - \$16 Billion

12% of State Budget

CALIFORNIA STATE UNIVERSITY⁽²⁾ - \$3.6 Billion

22.5% of the Higher Education Budget

CSU SF STATE UNIVERSITY⁽³⁾ - \$180 Million

6% of CSU Campus Budgets

2018-19 SF STATE UNIVERSITY BUDGET ALLOCATION

(In millions)

GENERAL FUND ALLOCATION

FY2018-19
Coded Memo B 2018-02

FY2017-18 BASE ALLOCATION

\$166

Additional 2017-18 Compensation Increases

3

FY2018-19 Compensation

7

Health Benefits

1

Retirement Rate Adjusted Increase

2

Graduation Initiative (GI) 2025

3

General Fund Adjustment ⁽¹⁾

-2

Total Additional Allocation

14

TOTAL FY2018-19 BASE ALLOCATION

\$180

Note: ⁽¹⁾ State University Grant Expense adjustment

2018-19 SF STATE UNIVERSITY BUDGET ALLOCATION

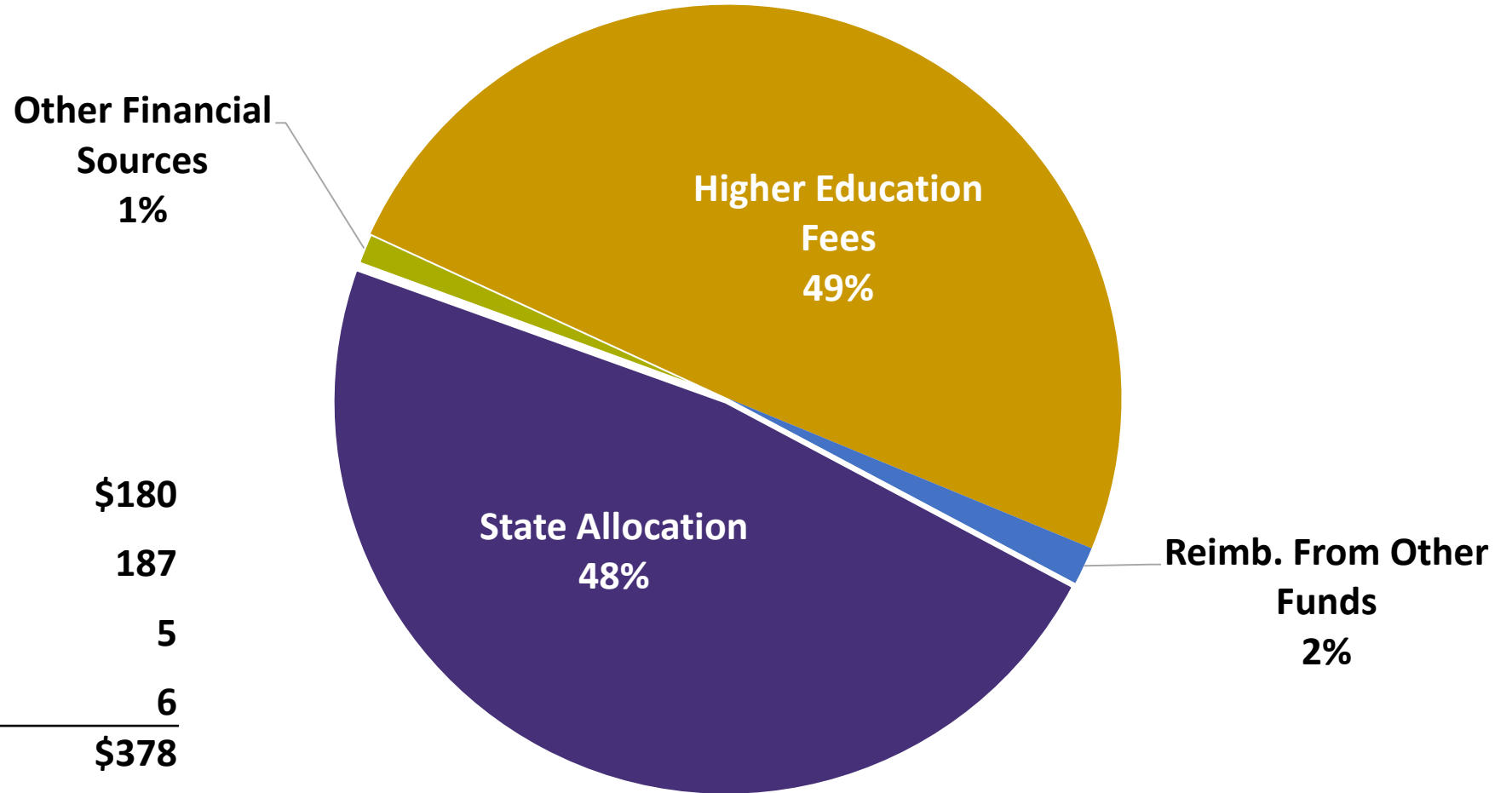
(In millions)

	FY2018-19 CSU BUDGET PLAN	FY2018-19 FINAL BUDGET ACT		FY2018-19 SF State (B 18-02-Memo)	
		One-Time	Base	One-Time	Base
Graduation Initiative(GI) 2025	\$75	0	\$75	.2	\$3
Compensation	122	0	92	0	10
Enrollment Growth	40	120	0	1	0
Deferred Maintenance	15	35	0	3	0
Mandatory Cost Increase	31	0	30	0	3
Other Programs	0	6	0	.2	0
SUG Expense Adjustment	0	0	0	0	-2
Total	\$283	\$161	\$197	\$4	\$14

**2018-19 SF State University
General Fund Budget**

2018-19 SF STATE UNIVERSITY GENERAL FUND BUDGET-REVENUES

(In millions)



State Allocation	\$180
Higher Education Fees	187
Other Financial Sources ⁽¹⁾	5
Reimb. From Other Funds ⁽²⁾	6
Total	\$378

Notes:


⁽¹⁾ Cost recovery Open University, cost allocation.

⁽²⁾ Reimbursement release time, est. retirement adjustment.

TOTAL REVENUES: \$378 M

2018-19 SAN FRANCISCO STATE GENERAL FUND OPERATING BUDGET

(In millions)

	FY2017-18	FY2018-19
State Support Allocation	166	180
Tuition Fees	163	168
Other Fees & Revenue	<u>35</u>	<u>30</u>
Total Budgeted Revenues	\$364	\$378
		
	Difference = \$14.1 mil	
Centrally Managed Allocations	202	208
Cabinet Allocations	<u>162</u>	<u>170</u>
Total Budgeted Allocations	\$364	\$378

2018-19 SF STATE UNIVERSITY BUDGET PLANNING ASSUMPTIONS

TUITION REVENUE & OTHER FEES

(In millions)

	ENROLLMENT		TUITION AND OTHER FEES		
	(1)	(2)	(3)	(4)	(5)
	Resident FTES ⁽¹⁾ Target	Non- resident FTES	Gross Tuition Revenue	Other Fees	Total Revenue
					<i>(Col. 3 + Col. 4)</i>
FY2017-18 ACTUALS	24,042	1,501	\$167	\$31	\$198
FY2018-19 BUDGET	24,099	1,501	168	30	198
VARIANCE			\$1	-\$1	\$0

Basic Assumptions:

Flat Enrollment-Chancellor's Office target 24,099 FTES

Increased Average Unit Load (AUL) ⁽²⁾

Note ⁽¹⁾ FTES=Full time equivalent student .A unit of measure equal to 15 semester or quarter units per term. FTES is reached by dividing total semester or quarter hours by 15 for undergraduate students. Graduate students are 12 unit hours. ⁽²⁾ AUL: This number indicates the average course load for students. While a Full Time Equivalent student is considered any student with a unit load of 6.1 or greater, the financial implications of a student taking 6.1 units versus 15 units is significant. 30

2018-19 SF STATE UNIVERSITY PLANNING ASSUMPTIONS – CAMPUS FEE CATEGORIES

CATEGORY I :

System wide mandatory fees that supports campus General Fund operating budget. Fees that must be paid to apply to, enroll in, or attend the university or pay full cost of instruction.

- Resident Tuition Fee
- Non-resident tuition
- Professional Program Fee
- Application Fee

CATEGORY II:

Campus mandatory fees. Fees that must be paid to enroll in SF State. Supports Self-support programs and other campus sources i.e. Gator Pass.

- Student Body Center
- Student Body Association
- Recreation & Wellness Center
- Health Facility Fee
- Student Health Services
- Instructional Related Activities Fee
(IRA General & Athletics Fee)
- Campus Service Card Fee
- Gator Pass

CATEGORY III:

Miscellaneous course fee. Fees associated with a state supported course for materials and services used in course instruction. Supplement campus operating budget.

- 47 campus funds for miscellaneous Category III fees

2018-19 SF STATE UNIVERSITY PLANNING ASSUMPTIONS – CAMPUS FEE CATEGORIES

CATEGORY IV :

Fees other than Category II or III paid to receive materials, services, use of facilities, fees resulting from dishonored payments, late submissions, misuse of property, or security deposits. Other campus sources.

- Late submission
- Orientation
- Off-Campus Study Abroad
- Programs
- Testing

CATEGORY V:

Fees paid to SELF-SUPPORT PROGRAMS such as extended education, Cal State Online extended education offerings, parking and housing including materials and services fees, user fees, fines, and deposits. Self-support programs are defined as those not receiving state general fund appropriations; instead, fees are collected to pay the full cost of a program.

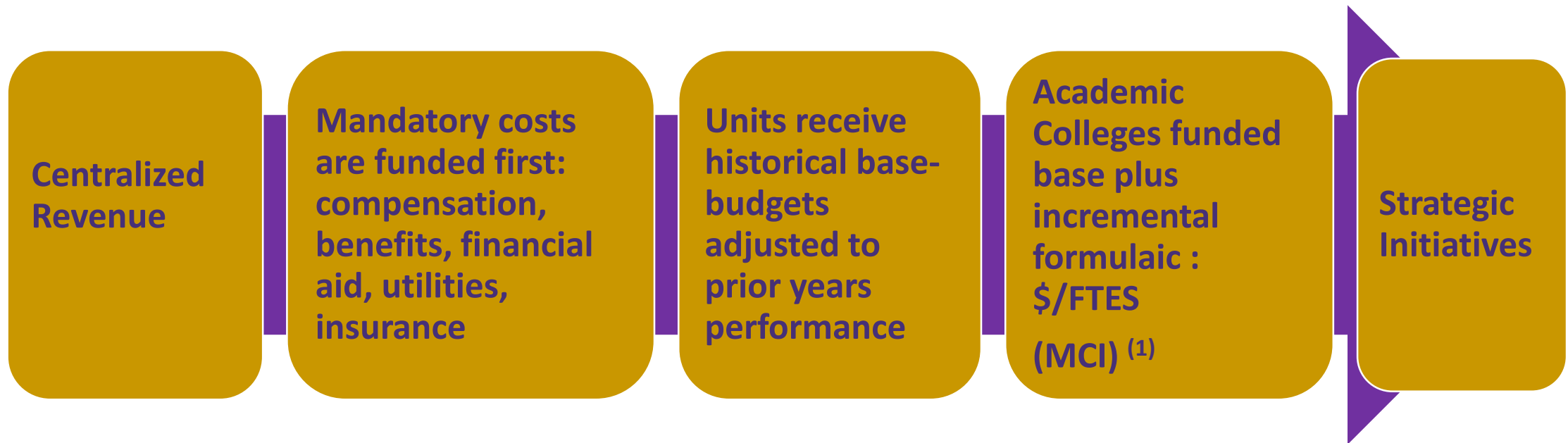
- Housing Licenses
- Parking Permits
- Continuing Ed courses

CATEGORY VI: System wide voluntary fees.

- Student Involvement and Representation (SIRF)

SF STATE UNIVERSITY - RESOURCE ALLOCATION APPROACH

Mandatory costs are taken off-the-top before the units receive the base budgets; incremental FTES are allocated based on formula, one-time money are funding strategic initiatives based on outcomes.



Note: ⁽¹⁾ MCI- Marginal cost of instruction is a calculation methodology used by the State of California to provide total instructional support funding for enrollment growth. Currently, SF State Academic Affairs methodology recognizes the marginal cost of direct instruction in classrooms (includes Tenure Track and Part-time Faculty only).

SF STATE UNIVERSITY BUDGET ALLOCATION PROCESS

GENERAL OPERATING FUND-\$378 mill

State Allocation-\$180 million

Tuition & Other Fees-\$198 million

CENTRALLY MANAGED-\$170 million

Benefits, Financial Aid, Utilities, Risk Pool

CABINET ALLOCATIONS- \$208 million

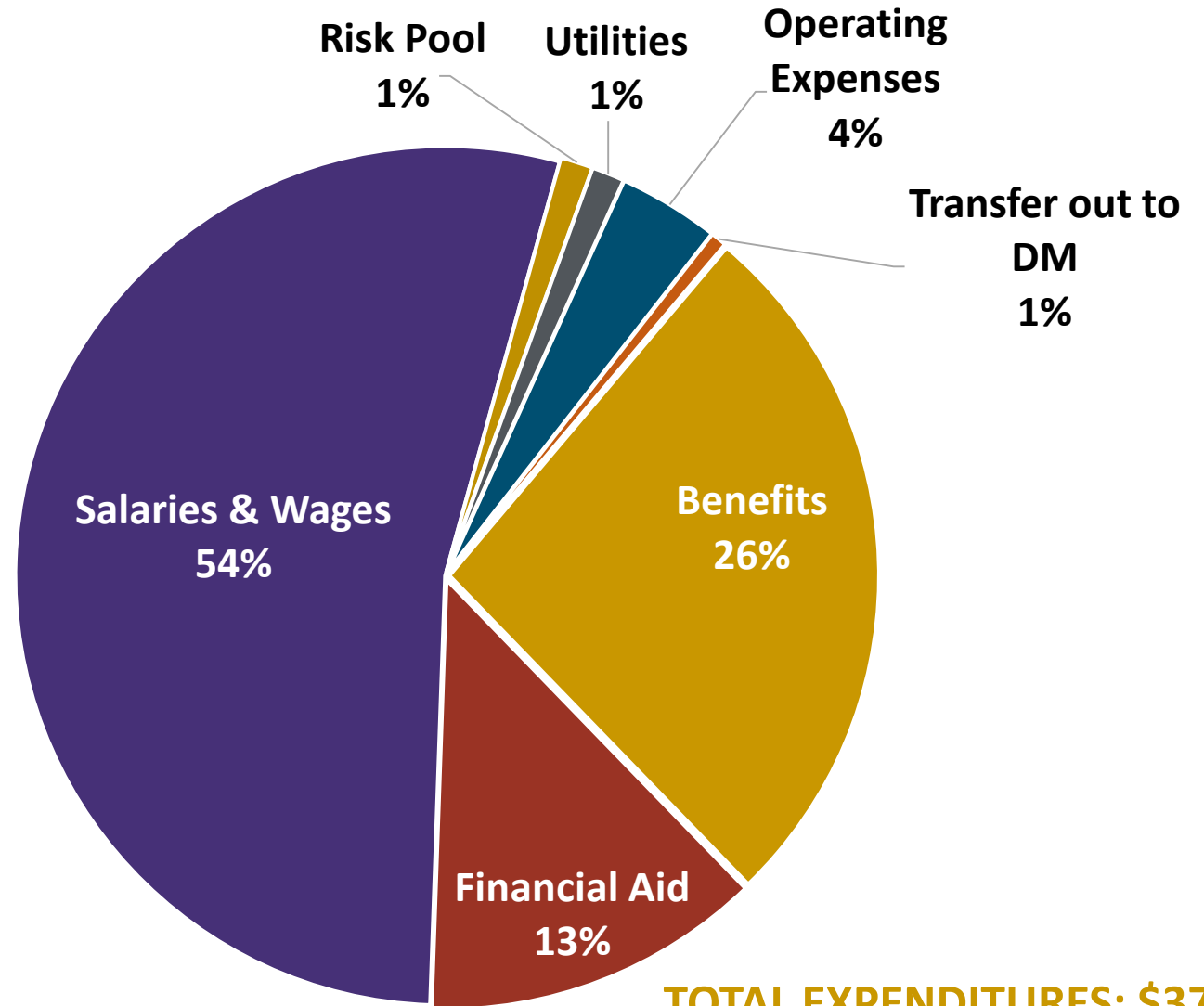
AA, SAEM,OP,UA,UE and A&F (*)

(*) Academic Affairs, Student Affairs and Enrollment Management, Office of the President, University Advancement, University Enterprises, Administration & Finance

2018-19 SF STATE UNIVERSITY GENERAL FUND BUDGET-EXPENDITURES

(In millions)

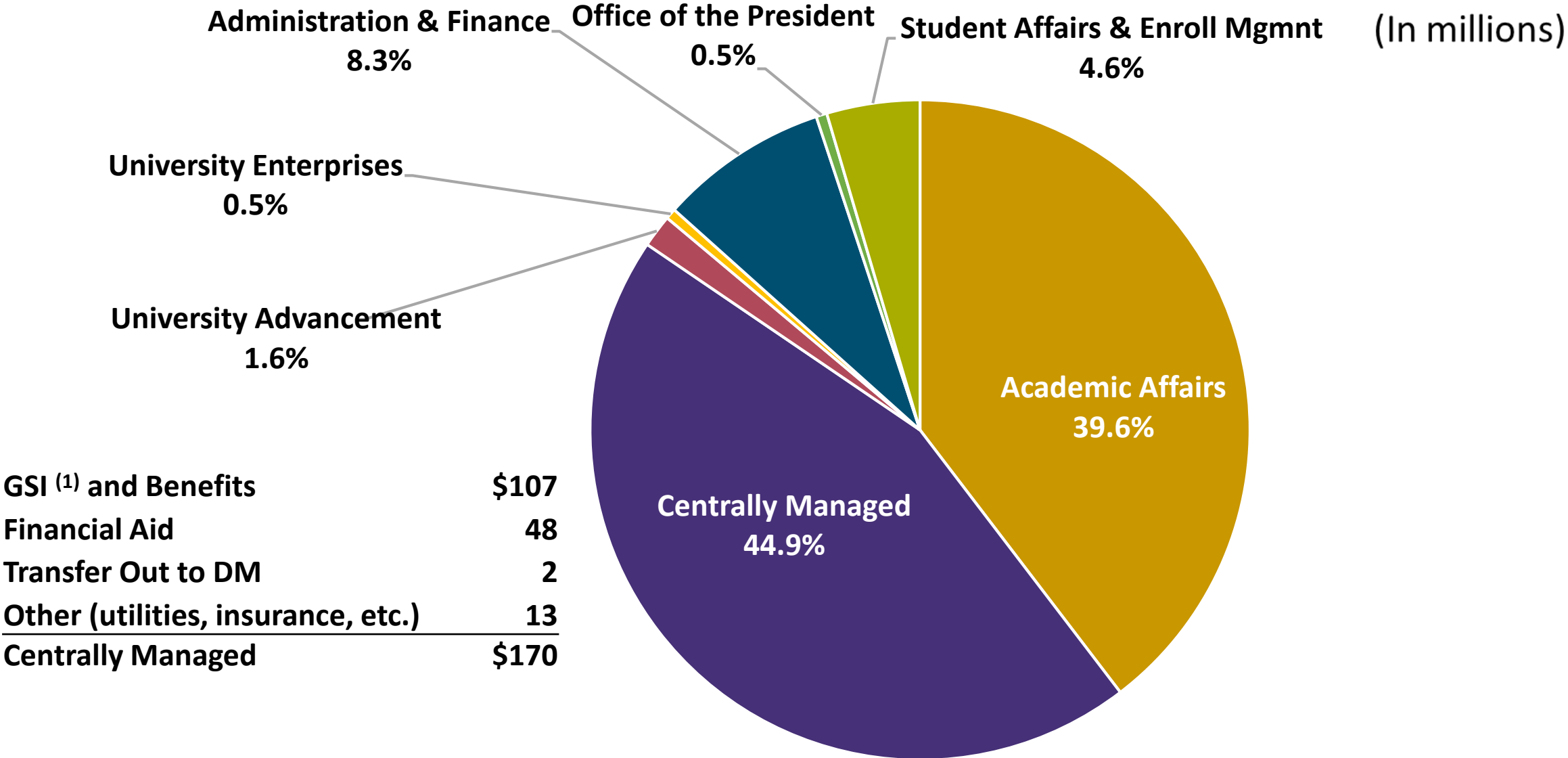
Salaries & Wages	\$203
Benefits	101
Operating Expenses	14
Risk Pool	5
Transfer out to DM ⁽¹⁾	2
Utilities	5
Financial Aid & Work-study	48
	<hr/>
	\$378



TOTAL EXPENDITURES: \$378 M

Notes: ⁽¹⁾ DM- Deferred maintenance CSU 486

2018-19 SF STATE UNIVERSITY GENERAL FUND BUDGET BY CABINET



GSI ⁽¹⁾ and Benefits	\$107
Financial Aid	48
Transfer Out to DM	2
Other (utilities, insurance, etc.)	13
Centrally Managed	\$170

TOTAL ALLOCATIONS BY CABINET: \$378 M

Note: ⁽¹⁾ GSI- general salary increases

2018-19 SF STATE UNIVERSITY BUDGET

COLLEGES BASE BUDGET

Business
\$17.3 M

Education
\$8.4 M

**Ethnic
Studies**
\$7.3 M

**Liberal &
Creative
Arts**
\$43.5 M

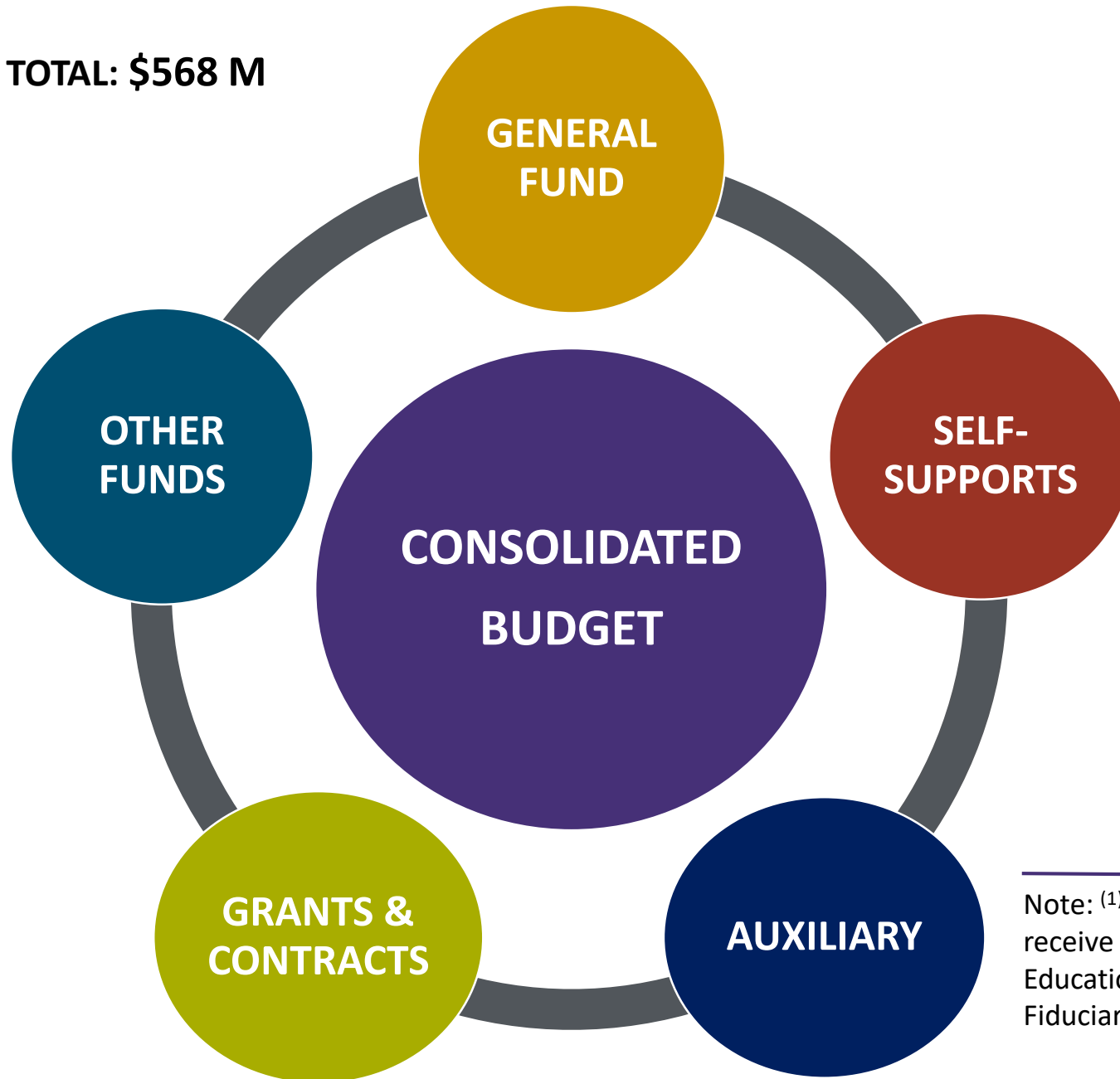
**Science &
Engineering**
\$30 M

**Health &
Social
Sciences**
\$19 M

**2018-19 SF State University
Consolidated Budget**

2018-19 SF STATE UNIVERSITY CONSOLIDATED OPERATING BUDGET

TOTAL: \$568 M

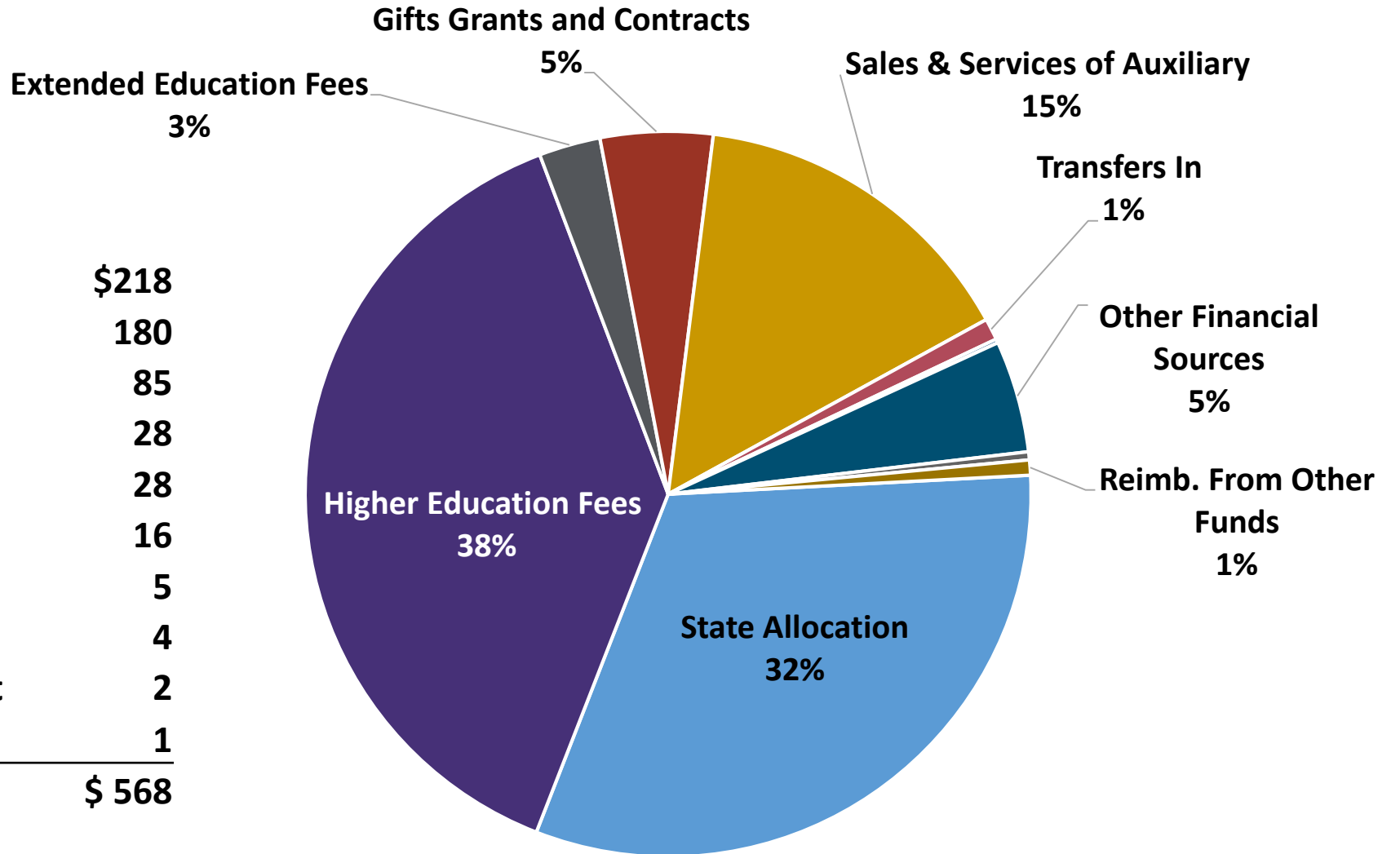


<u>FY2018-19</u>	<u>%</u>
GENERAL FUND	67%
SELF-SUPPORTS ⁽¹⁾	19%
OTHER FUNDS	7%
GRANTS & CONTRACTS	5%
AUXILIARIES ⁽²⁾	2%
	100%

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

2018-19 SF STATE UNIVERSITY CONSOLIDATED BUDGET REVENUES

(In millions)



Higher Education Fees ⁽¹⁾	\$218
State Allocation	180
Sales & Services of Auxiliary ⁽²⁾	85
Gifts Grants and Contracts	28
Other Financial Sources ⁽³⁾	28
Extended Education Fees	16
Transfers In ⁽⁴⁾	5
Reimb. From Other Funds	4
Estimate Retirement Adjustment	2
Revenue from Investments	1
Total	\$ 568

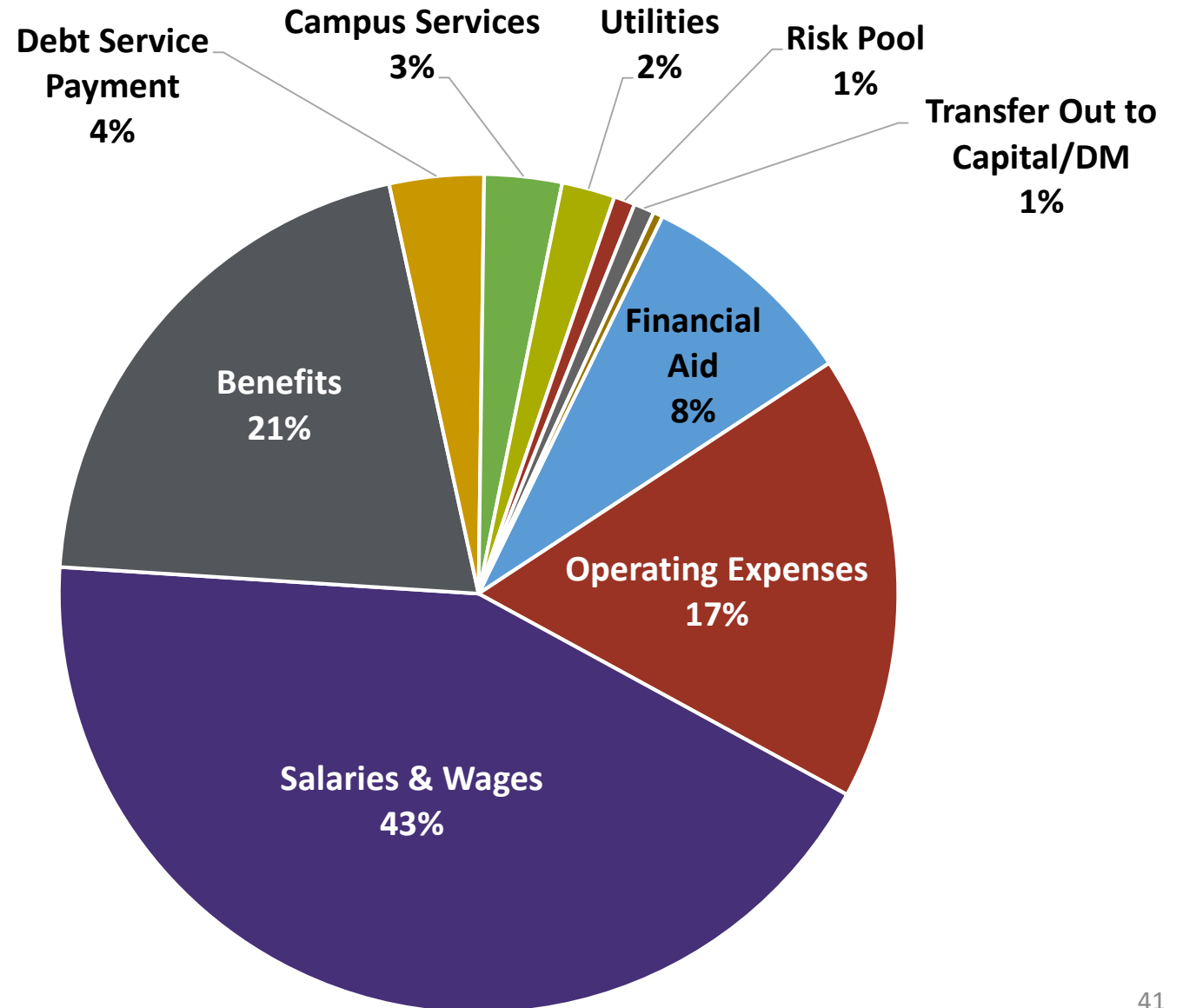
Notes:

- ⁽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⁾ Transfer in: Residential Life & Lottery Fund

2018-19 SF STATE UNIVERSITY CONSOLIDATED BUDGET - EXPENDITURES

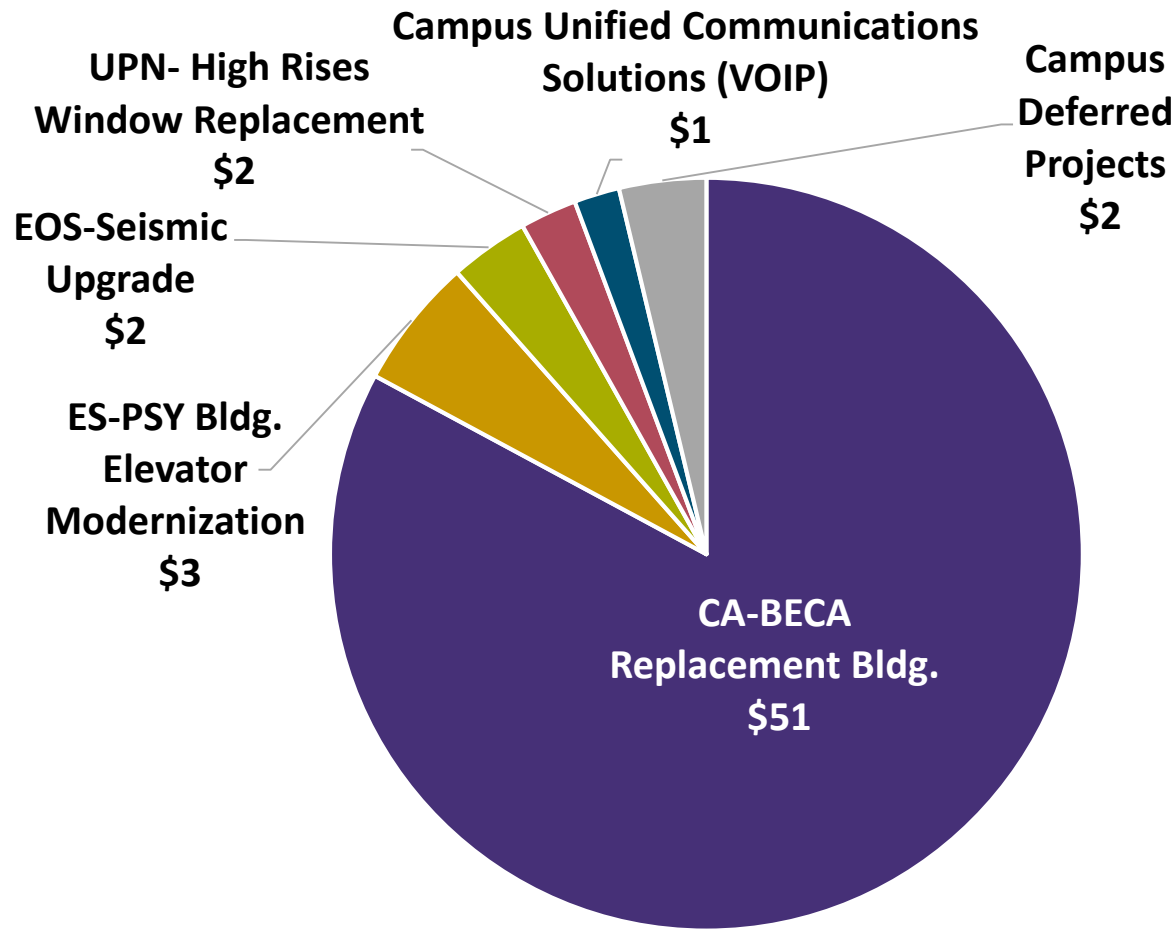
(In millions)

Salaries & Wages	\$245
Benefits	117
Operating Expenses	98
Financial Aid	48
Debt Service Payment	21
Campus Services	17
Utilities	12
Risk Pool	5
Transfer Out to Capital/DM	4
Open Univ. Reimb to Colleges	2
	<hr/>
	\$568

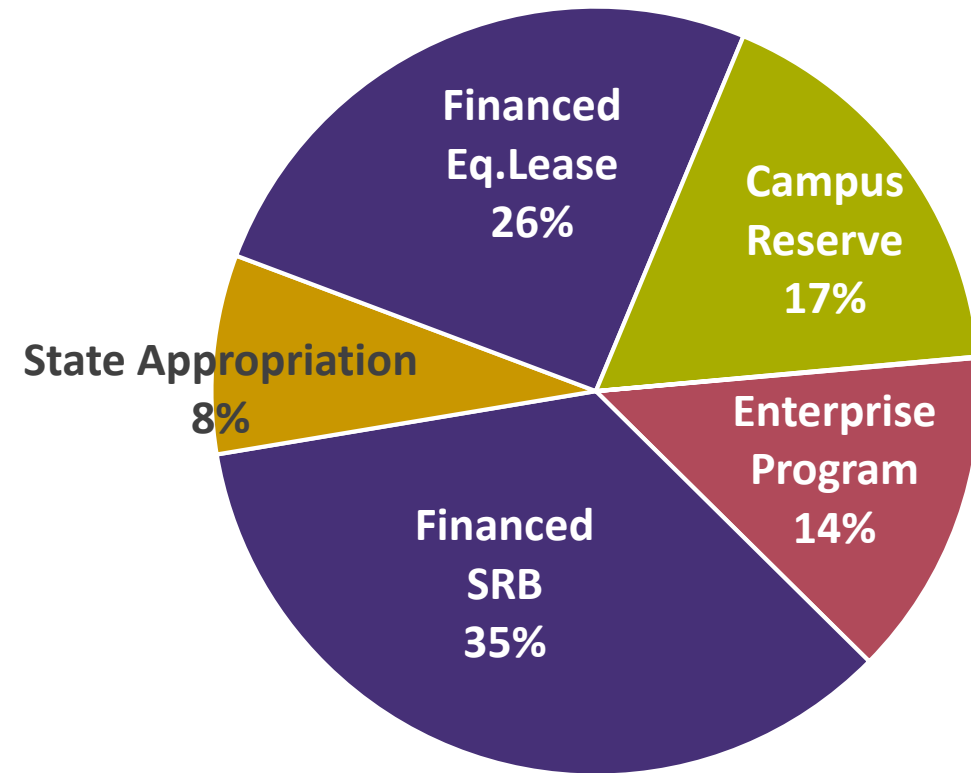


2018-19 SF STATE UNIVERSITY CAPITAL BUDGET

(In millions)



2018-19 Top 6 Projects
Total Budget: \$61 M



Carryforward Budget: \$42 M
 Newly Approved Budget: \$36 M
FY2018-19 Capital Budget: \$78 M

SF STATE UNIVERSITY BUDGET HELPFUL RESOURCES

Budget Administration And Operation

[SF State University Budget Process](#)

[SF State University Budget Reports](#)

[SF State University Quarterly-review-instruction-templates](#)

[Sf University Budget Policies-Procedures](#)

University Budget Committee (UBC)

[SF University Budget Committee](#)

CSU Budget

[CSU Budget](#)

[California State University \(official page\)](#)

California State Budget

[California Budget](#)

MAJOR BUDGET TERMS

- **General Fund (GF)** – Term used to describe legal basis accounting and budgeting purposes; finance state government programs; account for revenues not specifically designated to be accounted for by any other fund. Primary sources of revenue for the GF are: personal income tax, sales tax, and corporation taxes. Major uses of the GF are education (K-12 and higher education), health and human service programs, and correctional programs.
- **State Appropriation** – Authorization to make expenditures or incur liabilities from a specific fund for a specific purpose.
- **Governor's Budget** – Annual State Budget by Governor and presented to the Legislature, by January 10 each year.
- **Fiscal Year** – 12-month period during which income is earned and received, obligations are incurred, encumbrances are made, appropriations are expended, and for which other fiscal transactions are recorded.
- **Fulltime Equivalency Student (FTES)** – Measurement of full-time equivalent students. It is equivalent to 15 semester or quarter units per term. Beginning 2006-2007, graduate term FTES (excluding post baccalaureate students) is equivalent to 12 semester or quarter units per term.
- **Headcount** – The actual number of students; a total count of the student body.
- **Marginal Cost of Instruction** – Marginal cost of instruction is a calculation methodology used by the State of California to provide total instructional support funding for enrollment growth. Currently, SF State Academic Affairs methodology recognizes the marginal cost of direct instruction in classrooms (includes Tenure Track and Part-time Faculty only).
- **Budget** – Plan of operation expressed in terms of financial or other resource requirements for a specific period of time.
- **Budget Act** – State legislative annual statute authorizing state departments to expend appropriated funds for the purposes stated in the Governor's Budget and amended by the Legislature.
- **College Year (CY)** – Summer, Fall, Spring
- **Academic Year (AY)** – Fall, Winter, Spring
- **Further information on the above terms and more can be found:**

[DOF CA Gov Glossary](#) and [Calstate Glossary](#)

DIALOGUE



THANK YOU



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