California State University, Fullerton

Budget 101

February 19, 2009

OFFICE OF THE ASSISTANT VICE PRESIDENT OF BUDGET MANAGEMENT, PLANNING & STRATEGY
Objectives of the Workshop

- Provide a perspective on budgeting and resource planning principles
- Provide an overview of the State, CSU, and university budget processes
- Provide an understanding of the sources and uses of university revenue
- Provide an understanding of CSU Operating Fund details
- Introduce current and future budget issues facing the University
Budgeting Overview

Source: An Introduction for Faculty and Academic Administrators By Larry Goldstein

- A Budget:
  - Is a map guiding the university’s journey in pursuit of its mission
  - Is a financial representation of the university’s plans
  - Should include details on how resources will be received and expended
  - Should provide a means for tracking revenue and expenses so resources can be used most effectively to meet university goals
  - Should present the results of resource allocation decisions and provide a means to set priorities for future resources
  - Should be developed through a shared governance process for best results
Budgeting Overview (Contd.)

Source: An Introduction for Faculty and Academic Administrators By Larry Goldstein

- Should include provisions for contingencies
- Should be flexible enough to respond to changing needs

Operating budget is traditionally classified in two categories: Natural and Functional

- Natural classification refers to expenses identified by type rather than purpose, e.g., salaries, benefits, travel, supplies, etc.

- Functional classification is organized by the nature of the activity, e.g., instruction, academic support, student services, research, institutional support, operation and maintenance of plant, scholarships and fellowships, etc.
Ideal Approach

Source: A Strategic Approach to Budgeting By Larry Goldstein, Campus Strategies

- Budgeting should be integrated with planning and measurement
  - Approved budget is only a snapshot
    - Process is continuous
    - Always responding to new information
- All-funds budgeting
- Focus on accountability versus control
- Broadly participative process
- Information is most valuable when shared—especially financial information
Premise

Source: A Strategic Approach to Budgeting By Larry Goldstein, Campus Strategies

- Planning is the hard part
  - When it’s done well, budgeting and measurement are relatively easy
- Effective planning identifies what is important
- Budget ideally is the quantitative representation of what’s important
- All resource allocation decisions should align with the campus priorities.
State, CSU, & University Budget Processes
California's State Budget: An 8-Step Guide

1. Governor Submits Proposed Budget in January

2. Budget Bill Introduced to Legislature

3. Legislative Analyst's Office (LAO) Prepares Analysis and Overview

4. Senate Budget Committee
   - Budget Subcommittees: Education (CSU), General Government, Environmental, Health
   - Senate Budget Bill

5. Assembly Budget Committee
   - Budget Subcommittees: Education (CSU), General Government, Environmental, Health
   - Assembly Budget Bill

Source: CSU
California’s State Budget: An 8-Step Guide

5. Governor Submits "MAY REVISE"

6. Budget Conference Committee Reconciles and Adopts Budget

7. Legislature Votes on Budget

8. Governor Signs Budget

Source: CSU
CSU Budget Process

1
Campus and CSU Priority Needs Identified
May through August
For example:
• Mandatory cost obligations (health, insurance, etc)
• Enrollment Projections
  • New Space
• New Academic Programs
  • Other Needs

5
Final Campus Budgets

4
Chancellor’s Office CSU Budget
March - Preliminary campus planning allocations
May – Campus notification of adjustments (if needed)

2
Chancellor’s Office Develops CSU Request Strategy
August through September
• In consultation with campus presidents and other constituencies.
  • Funded FTES target established, contingent on funding.
  • Approved by Trustees typically in November for the following fiscal year

3
State Budget Process
January - Governor’s Budget
March through June – Legislature
July (or later) Budget enacted
Cal State Fullerton Budget Process

- BL 98-2 Planning, Resource, and Budget Committee Functions
  http://www.fullerton.edu/senate/PDF/100/UPS100-001.pdf
Sources & Uses
Of University Revenue
Sources of Funds

- University receives funding from a number of different sources.
- The CSU Operating Fund consists of State Allocation and student fees (e.g., State University fee, non-resident fee, application fee)
- Four university auxiliary organizations are separate, private, non-State, non-profit corporations consistent with the California Ed Code and Corporation Codes:
  - CSUF Auxiliary Services Corporation (ASC)
  - CSF Philanthropic Foundation
  - Associated Students Inc. (ASI)
  - Housing Authority
## Sources/Types of Funds

**FY2007-08 Original Budget**

<table>
<thead>
<tr>
<th>Source/Multiple Funds</th>
<th>Amount</th>
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<tbody>
<tr>
<td>CSU Operating Fund</td>
<td>298,747,840</td>
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<tr>
<td>Lottery Education Fund</td>
<td>2,529,000</td>
</tr>
<tr>
<td>Continuing Education Revenue Fund (CERF)</td>
<td>8,915,000</td>
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<tr>
<td>Health Facilities Fee</td>
<td>220,000</td>
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<td>Housing Fund</td>
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<td>Parking Fund</td>
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<tr>
<td>Parking Fines &amp; Forfeitures</td>
<td>1,197,000</td>
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<tr>
<td><strong>Auxiliary Funds (Operating Funds):</strong></td>
<td><strong>$387,088,586</strong></td>
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<tr>
<td>CSUF Auxiliary Services Corporation</td>
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<tr>
<td>CSF Philanthropic Foundation *</td>
<td>720,750</td>
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<tr>
<td>Associated Students Inc. (ASI)</td>
<td>6,575,494</td>
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<tr>
<td>Housing Authority</td>
<td><strong>22,739,702</strong></td>
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</table>

* Excludes Trust Funds Consisting Primarily of Financial Aid and Capital Funds
University Revenue By Fund Source
FY 2007-08 Original Budget
$387,088,586

- CSU Operating Fund
  $298,747,840
  77.2%
- Housing Authority
  $22,739,702
  5.9%
- Lottery Education Fund
  $2,529,000
  0.6%
- Associated Students Inc.
  $6,575,494
  1.7%
- CSF Philanthropic Foundation
  $720,750
  0.2%
- CSUF Auxiliary Services Corporation
  $31,904,310
  8.2%
- Parking Fines Forfeitures
  $1,197,000
  0.3%
- Parking Fund
  $9,042,200
  2.3%
- Housing Fund
  $4,497,290
  1.2%
- Continuing Education Revenue Fund (CERF)
  $8,915,000
  2.3%
- Health Facilities Fee
  $220,000
  0.1%
## CSU Operating Fund Revenue Summary
### FY 2007-08 Original Budget

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<thead>
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<td>Health Fee</td>
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<td>Other Receipts (e.g. Cal State Teach, Consolidated Course Fee, Graduation Fee)</td>
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<td><strong>Total Baseline Resources</strong></td>
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<td><strong>Additional One-time Resources</strong></td>
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<td><strong>Total CSU Operating Fund Resources</strong></td>
<td>$ 320,166,532</td>
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CSU Operating Fund Revenue Summary
Excluding Billable Activities
FY 2007-08 Original Budget
$317,280,532
## CSU Operating Fund Expenditures
### By Division & Program (Functional Classification)
#### FY 2007-08 Original Budget

<table>
<thead>
<tr>
<th>Division</th>
<th>Instruction</th>
<th>Research</th>
<th>Public Service</th>
<th>Academic Support</th>
<th>Student Services</th>
<th>Institutional Support</th>
<th>Operation and Maintenance of Plant</th>
<th>Student Grants and Scholarships</th>
<th>Reimbursement Activities</th>
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<td>-</td>
<td>-</td>
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<td>Billable Activities</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Grand Total</td>
<td>172,704,764</td>
<td>131,486</td>
<td>199,944</td>
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<td>19,566,247</td>
<td>2,886,000</td>
<td>320,166,532</td>
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</table>
Operating Fund Expenditures By Division
Excluding Billable Activities
FY 2007-08 Original Budget
$317,280,532

- University Wide: $134,791,626 (42.5%)
- President's Office: $3,475,153 (1.1%)
- University Advancement: $5,089,216 (1.6%)
- Academic Affairs: $127,271,004 (40.1%)
- Student Affairs: $16,460,260 (5.2%)
- Information Technology: $10,549,415 (3.3%)
- Administration & Finance: $19,643,858 (6.2%)
CSU Operating Fund Expenditures By Program
(Functional Classification)
Excluding Billable Activities
FY 2007-08 Original Budget
$317,280,532
## CSU Operating Fund Expenditures
### By Division & Natural Classification
#### FY 2007-08 Original Budget

<table>
<thead>
<tr>
<th>Division</th>
<th>Salaries and Wages</th>
<th>Benefits</th>
<th>Work Study</th>
<th>Supplies and Services</th>
<th>Contractual Services</th>
<th>Communications</th>
<th>Financial Aid</th>
<th>IT Costs</th>
<th>Capital Projects</th>
<th>Travel</th>
<th>Utilities</th>
<th>Other OE</th>
<th>Grand Total</th>
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<tbody>
<tr>
<td>President</td>
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<td>1,110,344</td>
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</table>
CSU Operating Fund
Expenditures By Natural Classification
Excluding Billable Activities
FY 2007-08 Original Budget
$317,280,532
Budget Issues/Challenges

- State, CSU, and campus structural budget deficit

- Funding issues
  - Items funded by one time resources but that are recurring costs
  - Unfunded mandates (e.g., compensation increases, health benefit cost increases, services to students with disabilities & CMS)
  - PRBC Priority Items
  - Property Acquisition Opportunities
  - Deferred maintenance
Questions?