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
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
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
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
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
UNIVERSITY BUDGET CONCEPTS

**WHAT IS IT?**

**BASE**

Budget For Permanent Expenditures Which Recur Annually

**ONE-TIME**

Budget Provided For A Specific Length Of Time and Are Non Recurring

**HOW IS FUNDED?**

**BASE**

Current Year Operating Fund Budget

**ONE-TIME**

Reserve (2)/Carryforward Balances (3)

**EXAMPLES**

**BASE**

Personnel Costs, Benefits, Operating Expenditures (1), Utilities, Risks

**ONE-TIME**

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.
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

July-Oct
- CSU Budget Planning

November
- CSU Trustees Adopts Budget
- Request for Submission to Governor

January
- Governor’s Budget Submitted To Legislature

February
- Legislative Analyst’s Budget Review Released

May
- Governor’s Budget-May Revision

June
- State Budget Adopted
CALIFORNIA STATE UNIVERSITY’S BUDGET CYCLE

May - Jun
- System Budget Advisory Committee (SBAC) consultation
- CSU constituent consultation
- Final budget allocations to campuses

July
- Budget consultation with presidents
- Budget consultation with SBAC
- Budget Planning with the Board of Trustees

Aug - Sept
- CSU constituent consultations
- Trustees adopt Operating Budget Plan

Oct - Nov
- Review CSU enrollment
- Governor’s Budget submitted to Legislature

Dec - Jan
- Legislative Analyst’s analysis of the budget
- CSU Constituent Briefings

February
- Preliminary Budget Information

Mar - May
- State Budget adopted

Note: Gold color for Current Fiscal Year; Purple color for Next Fiscal Year
SAN FRANCISCO STATE UNIVERSITY’S BUDGET CYCLE

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

- **May**
  - Budget call for Self-supports units and Auxiliaries

- **Jun**
  - Campus Units General Fund Budget Call

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

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

- **Sept-Oct**
  - Campus strategic initiatives approval
  - Revised budget upload in financial system

- **Nov-Dec**
  - Campus Budget Book Published
2018-19 California State Budget
2018-19 GOVERNOR’S BUDGET - HIGHLIGHTS OF ECONOMIC OUTLOOK

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

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

Source: California State Budget 2018-19
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)

<table>
<thead>
<tr>
<th>Tax Type</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Personal Income</td>
<td>$95</td>
</tr>
<tr>
<td>Sales &amp; Use Taxes</td>
<td>27</td>
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<tr>
<td>Corporation Tax</td>
<td>12</td>
</tr>
<tr>
<td>Insurance Tax</td>
<td>3</td>
</tr>
<tr>
<td>All Other</td>
<td>1</td>
</tr>
</tbody>
</table>

$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

**Total**: $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

Note: \(^{(1)}\) State of California General Fund budget; \(^{(2)}\) California State General Fund State allocation; \(^{(3)}\) SF State University Base State Allocation
# 2018-19 SF STATE UNIVERSITY BUDGET ALLOCATION

(In millions)

<table>
<thead>
<tr>
<th>GENERAL FUND ALLOCATION</th>
<th>FY2018-19 Coded Memo B 2018-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2017-18 BASE ALLOCATION</td>
<td>$166</td>
</tr>
<tr>
<td>Additional 2017-18 Compensation Increases</td>
<td>3</td>
</tr>
<tr>
<td>FY2018-19 Compensation</td>
<td>7</td>
</tr>
<tr>
<td>Health Benefits</td>
<td>1</td>
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<tr>
<td>Retirement Rate Adjusted Increase</td>
<td>2</td>
</tr>
<tr>
<td><em>Graduation Initiative (GI) 2025</em></td>
<td>3</td>
</tr>
<tr>
<td>General Fund Adjustment (1)</td>
<td>-2</td>
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<tr>
<td>Total Additional Allocation</td>
<td>14</td>
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</tbody>
</table>

**TOTAL FY2018-19 BASE ALLOCATION**

$180

---

Note: (1) State University Grant Expense adjustment
## 2018-19 SF STATE UNIVERSITY BUDGET ALLOCATION

(In millions)

<table>
<thead>
<tr>
<th></th>
<th>FY2018-19 CSU BUDGET PLAN</th>
<th>FY2018-19 FINAL BUDGET ACT</th>
<th>FY2018-19 SF State (B 18-02-Memo)</th>
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<tbody>
<tr>
<td></td>
<td>One-Time</td>
<td>Base</td>
<td>One-Time</td>
</tr>
<tr>
<td>Graduation Initiative(GI) 2025</td>
<td>$75</td>
<td>0</td>
<td>$75</td>
</tr>
<tr>
<td>Compensation</td>
<td>122</td>
<td>0</td>
<td>92</td>
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<tr>
<td>Enrollment Growth</td>
<td>40</td>
<td>120</td>
<td>0</td>
</tr>
<tr>
<td>Deferred Maintenance</td>
<td>15</td>
<td>35</td>
<td>0</td>
</tr>
<tr>
<td>Mandatory Cost Increase</td>
<td>31</td>
<td>0</td>
<td>30</td>
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<tr>
<td>Other Programs</td>
<td>0</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>SUG Expense Adjustment</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$283</strong></td>
<td><strong>$161</strong></td>
<td><strong>$197</strong></td>
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</table>
2018-19 SF State University
General Fund Budget
2018-19 SF STATE UNIVERSITY GENERAL FUND BUDGET-REVENUES

(In millions)

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>State Allocation</td>
<td>$180</td>
</tr>
<tr>
<td>Higher Education Fees</td>
<td>187</td>
</tr>
<tr>
<td>Other Financial Sources (1)</td>
<td>5</td>
</tr>
<tr>
<td>Reimb. From Other Funds (2)</td>
<td>6</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$378</td>
</tr>
</tbody>
</table>

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)

<table>
<thead>
<tr>
<th></th>
<th>FY2017-18</th>
<th>FY2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Support Allocation</td>
<td>166</td>
<td>180</td>
</tr>
<tr>
<td>Tuition Fees</td>
<td>163</td>
<td>168</td>
</tr>
<tr>
<td>Other Fees &amp; Revenue</td>
<td>35</td>
<td>30</td>
</tr>
<tr>
<td><strong>Total Budgeted Revenues</strong></td>
<td><strong>$364</strong></td>
<td><strong>$378</strong></td>
</tr>
<tr>
<td>Differences</td>
<td></td>
<td>$14.1 mil</td>
</tr>
<tr>
<td>Centrally Managed Alloc.</td>
<td>202</td>
<td>208</td>
</tr>
<tr>
<td>Cabinet Alloc.</td>
<td>162</td>
<td>170</td>
</tr>
<tr>
<td><strong>Total Budgeted Alloc.</strong></td>
<td><strong>$364</strong></td>
<td><strong>$378</strong></td>
</tr>
</tbody>
</table>
# 2018-19 SF State University Budget Planning Assumptions

## Tuition Revenue & Other Fees

<table>
<thead>
<tr>
<th>ENROLLMENT</th>
<th>TUITION AND OTHER FEES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1)</td>
</tr>
<tr>
<td>Resident FTES (1) Target</td>
<td></td>
</tr>
<tr>
<td>Non-resident FTES</td>
<td></td>
</tr>
<tr>
<td>FY2017-18 ACTUALS</td>
<td>24,042</td>
</tr>
<tr>
<td>FY2018-19 BUDGET</td>
<td>24,099</td>
</tr>
<tr>
<td>VARIANCE</td>
<td></td>
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</tbody>
</table>

### 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.
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
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.

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.

CATEGORY VI: System wide voluntary fees.
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 Affair’s 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

TOTAL EXPENDITURES: $378 M

Notes: (1) DM- Deferred maintenance CSU 486
2018-19 SF STATE UNIVERSITY GENERAL FUND BUDGET BY CABINET

TOTAL ALLOCATIONS BY CABINET: $378 M

- Academic Affairs: 39.6%
- Centrally Managed: 44.9%
- Student Affairs & Enroll Mgmt: 4.6%
- Administration & Finance: 8.3%
- Office of the President: 0.5%
- University Advancement: 1.6%
- University Enterprises: 0.5%

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

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

CONSOLIDATED BUDGET

- GENERAL FUND: 67%
- SELF-SUPPORTS (1): 19%
- OTHER FUNDS: 7%
- GRANTS & CONTRACTS: 5%
- AUXILIARIES (2): 2%

*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)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Higher Education Fees (1)</td>
<td>$218</td>
</tr>
<tr>
<td>State Allocation</td>
<td>180</td>
</tr>
<tr>
<td>Sales &amp; Services of Auxiliary (2)</td>
<td>85</td>
</tr>
<tr>
<td>Gifts Grants and Contracts</td>
<td>28</td>
</tr>
<tr>
<td>Other Financial Sources (3)</td>
<td>28</td>
</tr>
<tr>
<td>Extended Education Fees</td>
<td>16</td>
</tr>
<tr>
<td>Transfers In (4)</td>
<td>5</td>
</tr>
<tr>
<td>Reimb. From Other Funds</td>
<td>4</td>
</tr>
<tr>
<td>Estimate Retirement Adjustment</td>
<td>2</td>
</tr>
<tr>
<td>Revenue from Investments</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$568</strong></td>
</tr>
</tbody>
</table>

**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

Total: $568
2018-19 Top 6 Projects
Total Budget: $61 M

CA-BECA Replacement Bldg. $51
Campus Deferred Projects $2
Campus Unified Communications Solutions (VOIP) $1
EOS-Seismic Upgrade $2
ES-PSY Bldg. Elevator Modernization $3
UPN- High Rises Window Replacement $2

Notes: EOS = Estuary & Ocean Science Center, UPN = University Park North, ES-PSY = Ethnic Studies-Psychology, CA-BECA = Creative Arts – Broadcast and Electronic Communication Arts

Enterprise Program 14%
SRB 35%
Campus Reserve 17%
State Appropriation 8%
Financed Eq. Lease 26%

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 Affair’s 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](#)
  - [Calstate Glossary](#)
THANK YOU
Contact us at:

Budget Administration & Operations
San Francisco State University
1600 Holloway Avenue
San Francisco, CA 94132

Phone
(415) 338-1643

Email / Website
budget@sfsu.edu
budget.sfsu.edu