

# University Budget Committee

February 2018



# Agenda

1. Welcome and Announcements (President Wong and VP Sherman)
2. Approval of Dec. 1, 2017 Meeting Minutes (VP Sherman)
3. Governor's January "initial proposed budget" (Dominique Cano-Stocco, Exec. Director, Gov't & Community Relations)
4. Enrollment Update (Sutee Sujitparapitaya, Assoc. Provost, Institutional Analytics, Academic Affairs)
5. 2016-2017 Audited Financial Statements (Jeff Wilson, AVP Fiscal Affairs)
6. Science Building/renovations (VP Porth) (*postponed*)
7. Updated Committee Charge/Membership (Nancy Gerber, Chair, Academic Senate)
8. Open Forum; Ten minutes, 3-minute limit per speaker
9. Next UBC Meetings for 2017/2018 term:  
Friday, April 6th, 2018 - 10:00am - 12:00pm  
Thursday, July 10th, 2018 - 10:00am - 12:00pm

**Welcome  
and  
Announcements**

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President Les Wong  
and  
Ann Sherman, Vice President & CFO (Interim)  
Administration & Finance

# Approval of December Minutes

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Ann Sherman, Vice President & CFO (Interim)  
Administration & Finance

**Governor's  
January "initial proposed budget"**

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Dominique Cano-Stocco  
Executive Director  
Government & Community Relations  
University Advancement

# State Budget Update

Dominique Cano-Stocco  
Government & Community Relations





# A Conservative Budget

= CSU Has Advocacy Work To Do

# 2019 Budget Highlights

- The 2019 budget proposal = \$190.3 billion in total
- \$5 billion more added to the Rainy Day “Piggy Bank.”
- The Rainy Day Fund provides \$13.5 billion for a fiscal emergency.
- EX: \$900 million is needed to refund the state coffers for emergency fire relief.



# Why So Conservative?

- Governor Brown has consistently warned of a looming recession
- He did not have a surplus when he became governor & this has been his #1 priority
- This is his last budget, so he was expected to propose a conservative budget

# Impacts to CA

- Bull Market, but Looming Recession
- Federal Tax Reform - SALT deductions
- Possible Federal Program Cuts to Social Services
- 2018 Fire Season



“We won’t know the true impacts of the federal tax changes on California’s economy until next spring, when individual taxes are filed.”

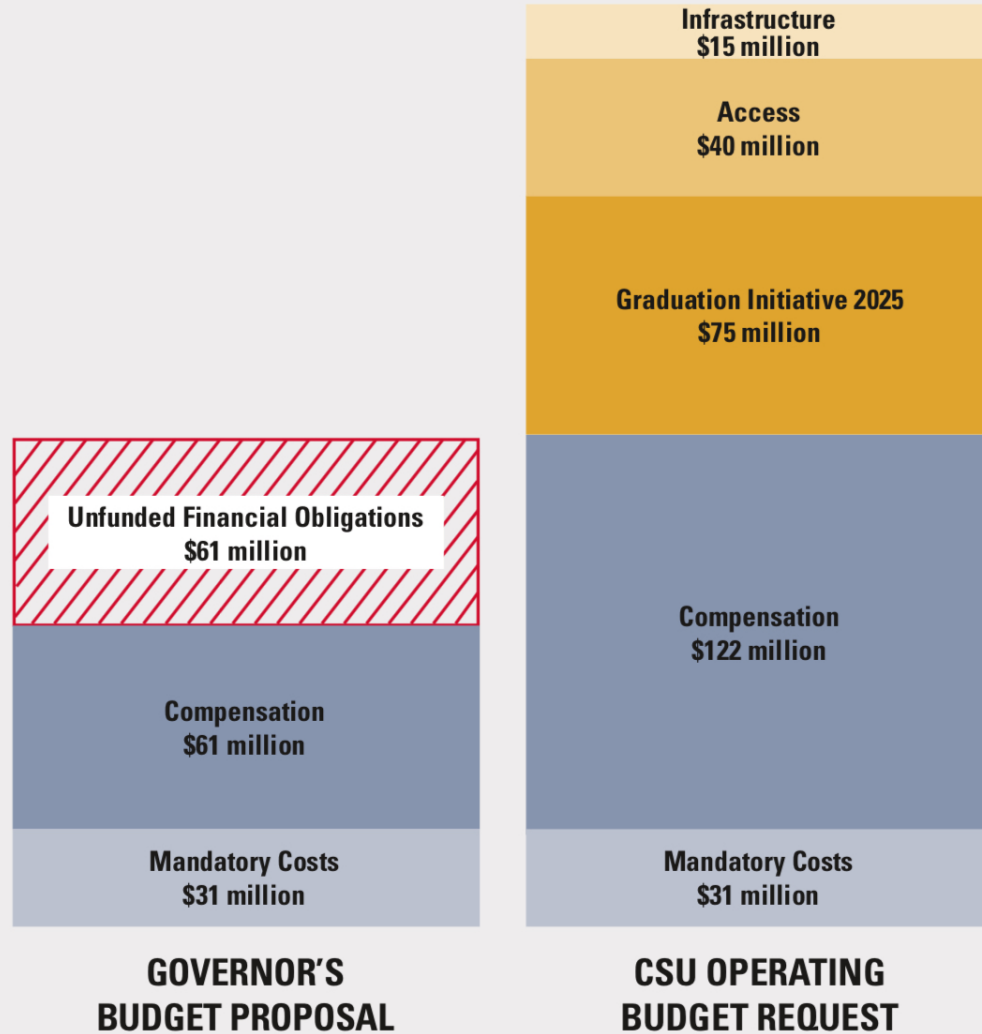
–Dominique (repeatedly)

# CSU Allocation



- CSU expected a \$102 million increase to the base budget, but got \$92 million.
- That's still @ 2.7% increase
- CSU worries that @ \$153 million in mandatory costs won't be funded

## BUDGET CHOICES



The CSU Base Operational Budget =  
\$3.4 billion. \*About equal to the UC.

The Governor's proposed \$92 million, or the CSU's requested \$283 million, would be...  
ON TOP OF the base operational funding.

# What About The Rest of the Education Community?

- The Governor prioritized speeding-up the full funding of his 2013 K-12 education plan, the Local Control Funding Formula. An additional \$3 billion was allocated.
- \$120 million for a new state-wide online community college.
- Again, the UC was funded at the same level as the CSU.



# Now What?

- We advocate, advocate, advocate!
- Feb. 1 SFSU meets with our state legislators to kick-off budget ask
- March 7 All CSU budget advocacy day
- Combine with social media activities
- We re-adjust our message in May and bring it home in June!





*The Department of Finance welcomes you to the*

# California Budget 2018-19

Edmund G. Brown Jr. Governor  
State of California

Select Budget Year

2018-19

## Governor's Proposed Budget ( January )

The Budget proposed by the  
Governor

Summary »

Detail »

## May Revision ( May )

Changes to the Governor's  
Proposed Budget based upon the  
latest economic forecasts

## Enacted Budget ( Summer )

The Budget passed by the  
Legislature and signed by the  
Governor

# Stay Tuned!

[ebudget.ca.gov](http://ebudget.ca.gov)

# Enrollment Update

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Sutee Sujitparapitaya  
Associate Provost  
Institutional Analytics, Academic Resources  
Academic Affairs



San Francisco State University  
Institutional Analytics

# Enrollment Update

College Year 2017-18 & College Year 2018-19

By Sutee Sujitparapitaya  
February 1, 2018

# Spring 2017 vs. Spring 2018 *(First Day of Instruction-1/22/2018)*



## Headcount Enrollment

	University Total		
	S17	S18	Diff
<b>New Students</b>			
1st Time Freshmen	114	72	(42)
New UG Transfers	1,386	1,051	(335)
New Pbac	77	59	(18)
1st Time Graduates	185	175	(10)
<b>Total</b>	<b>1,762</b>	<b>1,357</b>	<b>(405)</b>
<b>Continuing Students</b>			
Undergraduates	22,094	22,550	456
2BA/Pbac	228	237	9
Graduates	2,196	2,208	12
<b>Total</b>	<b>24,518</b>	<b>24,995</b>	<b>477</b>
<b>Total</b>			
Undergraduates	23,594	23,673	79
2BA/Pbac	305	296	(9)
Graduates	2,381	2,383	2
<b>Total</b>	<b>26,280</b>	<b>26,352</b>	<b>72</b>

## FTES

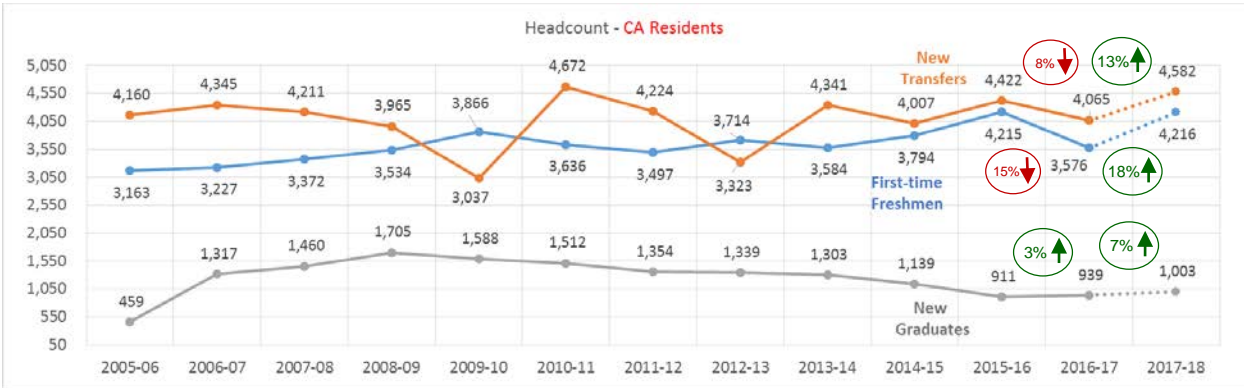
	University Total		
	S17	S18	Diff
<b>New Students</b>			
1st Time Freshmen	102	62	(40)
New UG Transfers	1,151	872	(279)
New Pbac	65	36	(28)
1st Time Graduates	126	109	(17)
<b>Total</b>	<b>1,444</b>	<b>1,079</b>	<b>(365)</b>
<b>Continuing Students</b>			
Undergraduates	18,949	19,465	516
2BA/Pbac	183	185	3
Graduates	1,587	1,625	38
<b>Total</b>	<b>20,719</b>	<b>21,276</b>	<b>557</b>
<b>Total</b>			
Undergraduates	20,203	20,400	197
2BA/Pbac	247	222	(25)
Graduates	1,713	1,734	21
<b>Total</b>	<b>22,163</b>	<b>22,355</b>	<b>193</b>

## Average Unit Load

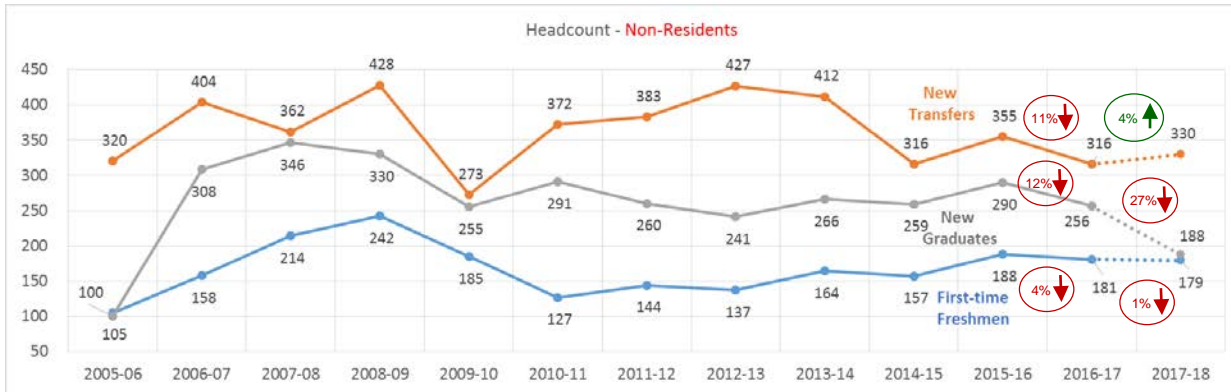
Undergraduates	12.84	12.93	0.09
2BA/Pbac	12.16	11.24	(0.92)
Graduates	8.63	8.73	0.10
<b>Total</b>	<b>12.45</b>	<b>12.53</b>	<b>0.08</b>



# College Year Trend – *New Students*



College Year (Headcount) = Summer + Fall + Spring

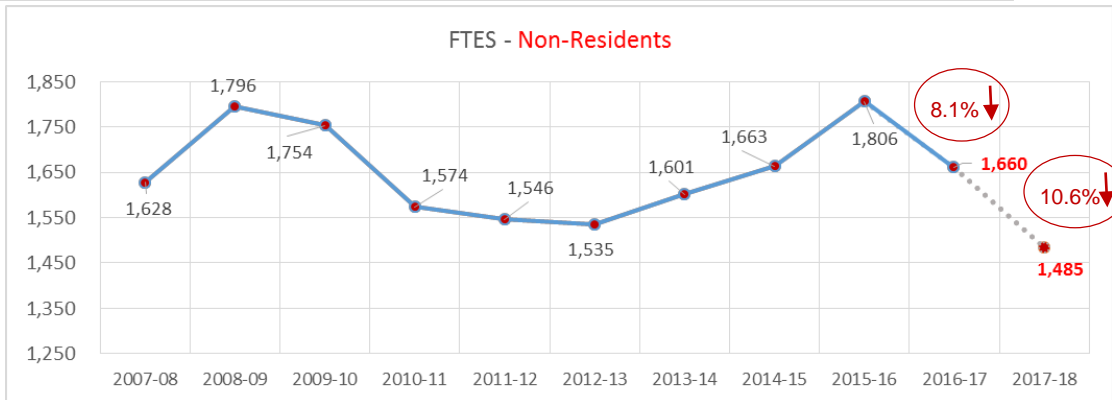
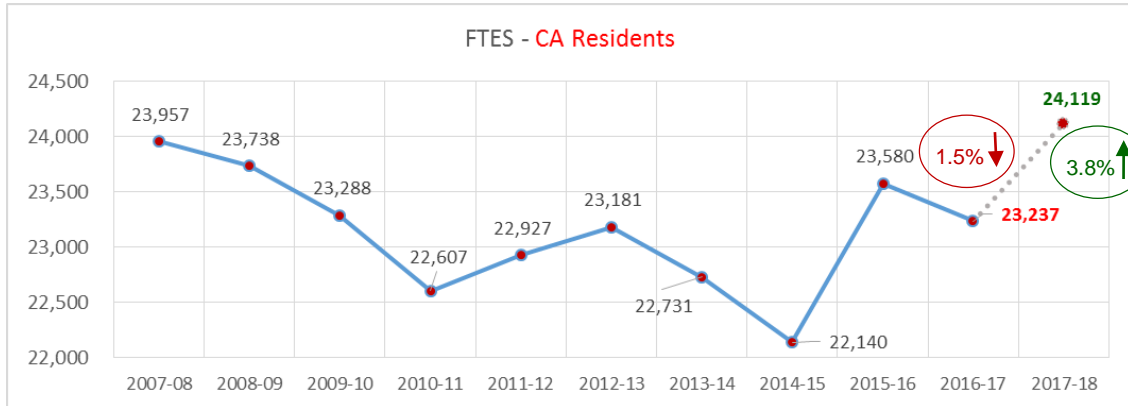


College Year (Headcount) = Summer + Fall + Spring

# CY 2017-18 Projection - FTES



CY 2017-18 = College Year 2017-2018 (Summer 2017 + Fall 2017 + Spring 2018)



# College Year 2018-19 Projection



## Fall 2017 vs. Fall 2018 Comparison of New Student Application (as of 1/24/2018)

	University Total			CA Residents			Non-Residents		
	F17	F18	Diff	F17	F18	Diff	F17	F18	Diff
1st Time Freshmen	34,521	35,258	2.1%	30,537	31,526	3.2%	3,984	3,732	-6.3%
New UG Transfers	23,201	15,198	** -34.5%	21,636	13,401	** -38.1%	1,565	1,797	** 14.8%

\*\* Excluded "Redirect" Applications

## CY 2018-19 Projections – CA Residents Only (as of 1/24/2018)

		Projection								
		Summer 2018		Fall 2018		Spring 2019		CY 2018-19		
		HC	FTES	HC	FTES	HC	FTES	FTES		
CA Residents	New	1st Time Freshmen	-	-	3,941	3,457	50	43	1,750	
		New UG Transfers	-	-	2,600	2,140	1,100	873	1,507	
		New Pbac	-	-	143	138	65	56	97	
		1st Time Graduates	46	8	828	719	175	118	422	
		Total	46	8	7,512	6,453	1,390	1,090	3,776	
	Continuing	Undergraduates	5,453	2,298	18,289	15,294	22,352	19,014	18,303	
		2BA/Pbac	39	38	186	107	238	191	168	
		Graduates	384	144	1,464	1,023	1,999	1,497	1,332	
		Total	5,876	2,480	19,939	16,424	24,589	20,702	19,803	
	Total	Undergraduates	5,453	2,298	24,830	20,890	23,502	19,930	21,559	
		2BA/PBac	39	38	329	244	303	247	265	
		Graduates	430	152	2,292	1,742	2,174	1,616	1,755	
Total		5,922	2,488	27,451	22,877	25,979	21,792	23,578		
								CO Target	24,099	-2.2%

### Assumptions:

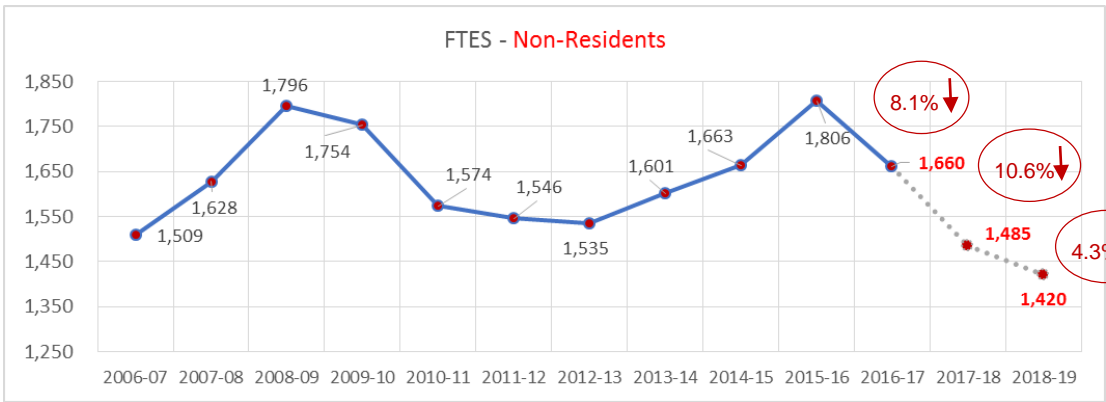
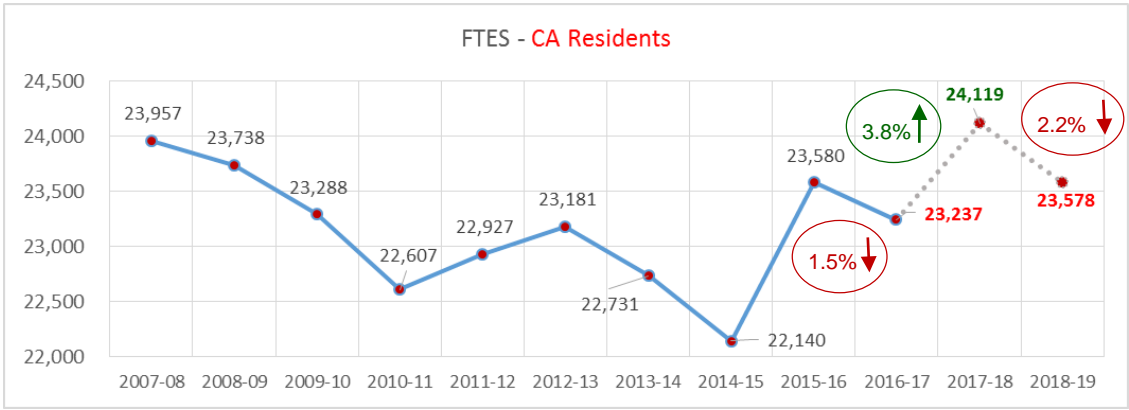
- Fall 2018 New Undergraduates = (# Applications \* 3-fall Average Application to Enrollment Ratios)
- Fall 2018 New Credentials and New Graduates = Fall 2017 Census
- Spring 2019 New Undergraduates, New Credentials, and New Graduates = Spring 2018 Census
- Summer 2018 Enrollment = Summer 2017 Census



# CY 2018-19 Projection - FTES



CY 2018-19 = College Year 2018-2019 (Summer 2018 + Fall 2018 + Spring 2019)





### Institutional Analytics

San Francisco State University  
Administration Building, Room 450A  
1600 Holloway Avenue, San Francisco, CA 94132



Phone: (415) 338-3501

Email: [sutee@sfsu.edu](mailto:sutee@sfsu.edu)

# 2016-2017 Audited Financial Statements

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Jeff Wilson  
Associate Vice President  
Fiscal Affairs  
Administration & Finance

# **SFSU Audited Financial Statements**

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**FY2016/17**



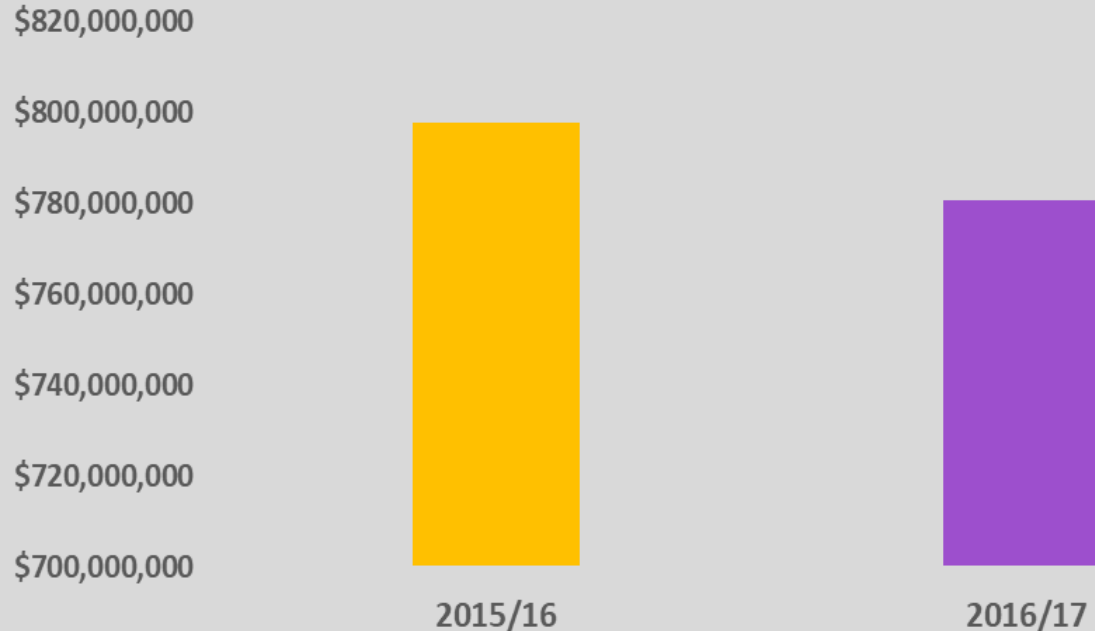
# SFSU Audited Financial Statements

- Audited by KPMG, the CSU's external auditor
- KPMG's audit must comply with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States
- KPMG's responsibility is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, the change in financial position, and cash flows in accordance with generally accepted accounting principles (GAAP)



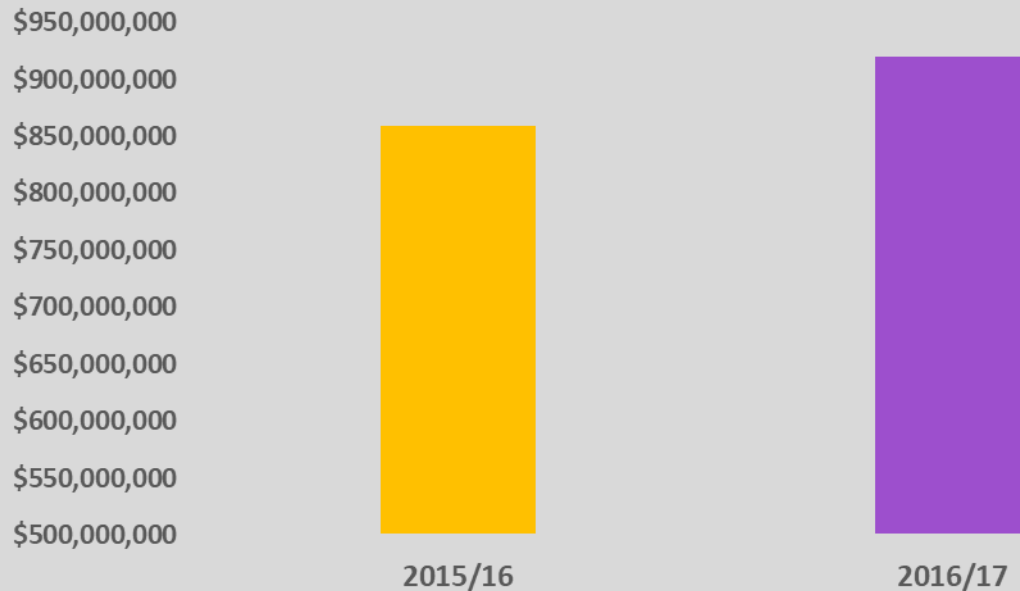
# Balance Sheet: Assets

Total assets as of FY2015/16 vs. FY2016/17



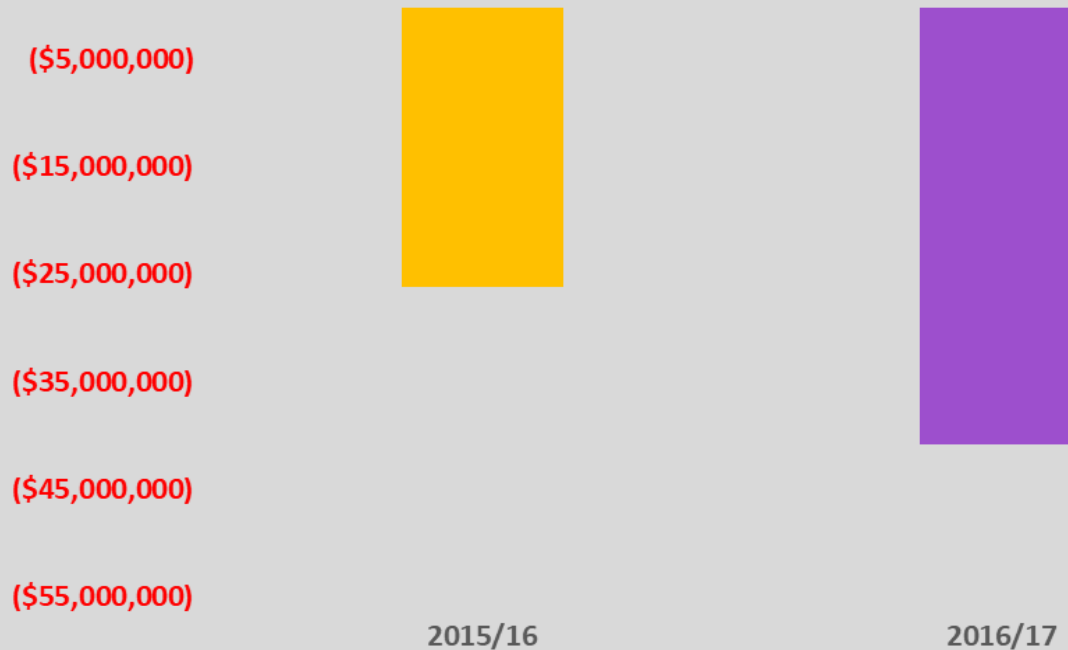
# Balance Sheet: Liabilities

Total liabilities as of FY2015/16 vs. FY2016/17



# Balance Sheet: Net Position

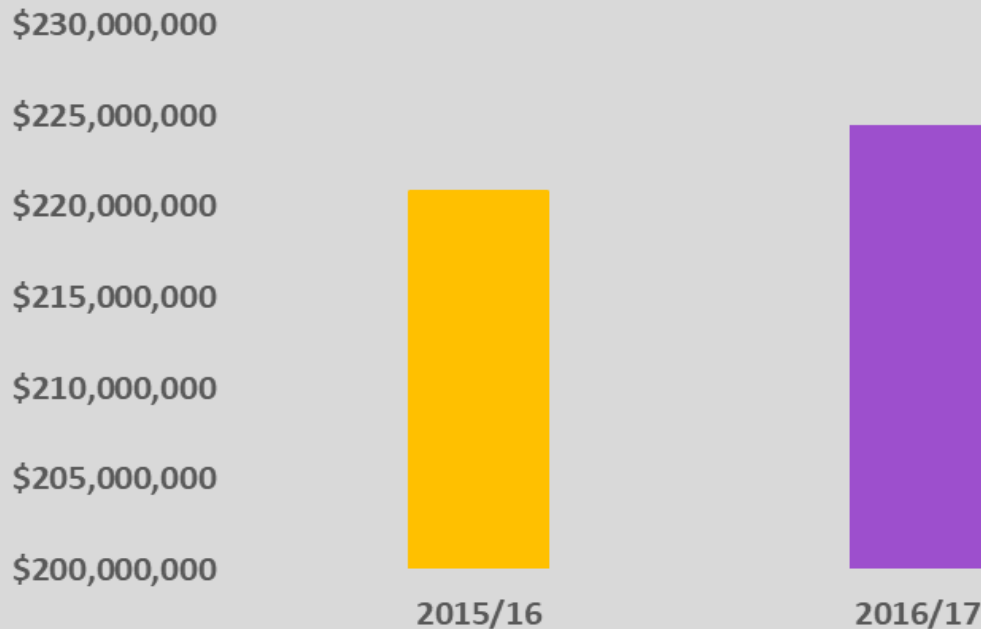
Total net position in FY2015/16 vs. FY2016/17





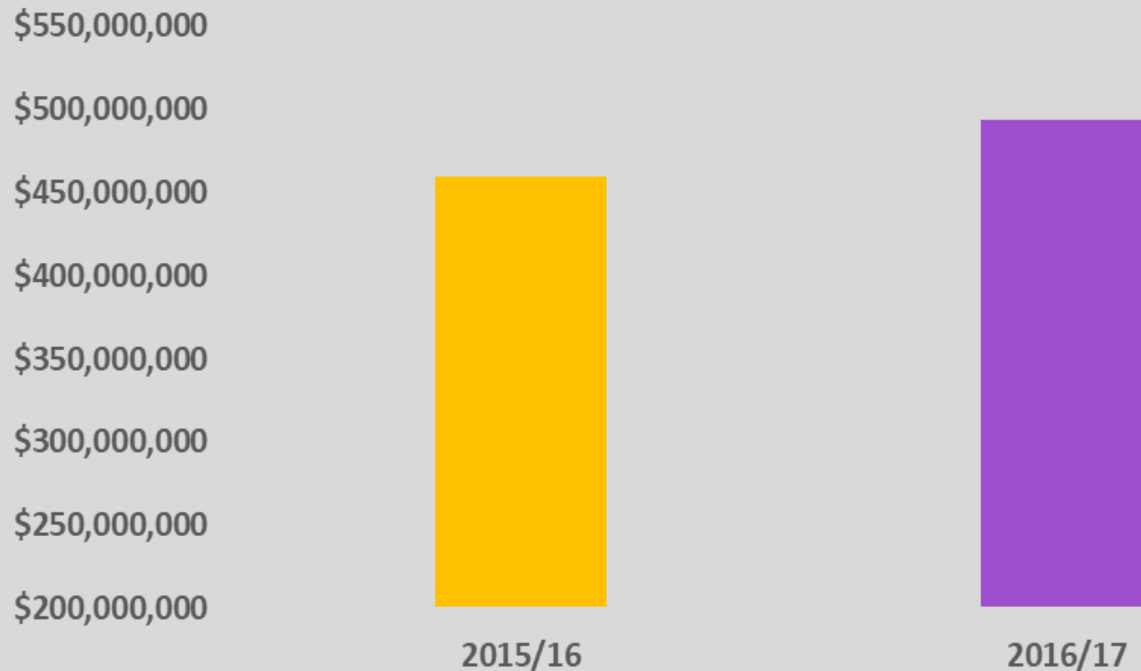
# Income Statement: Operating Revenue

Total operating revenue in FY2015/16 vs. FY2016/17



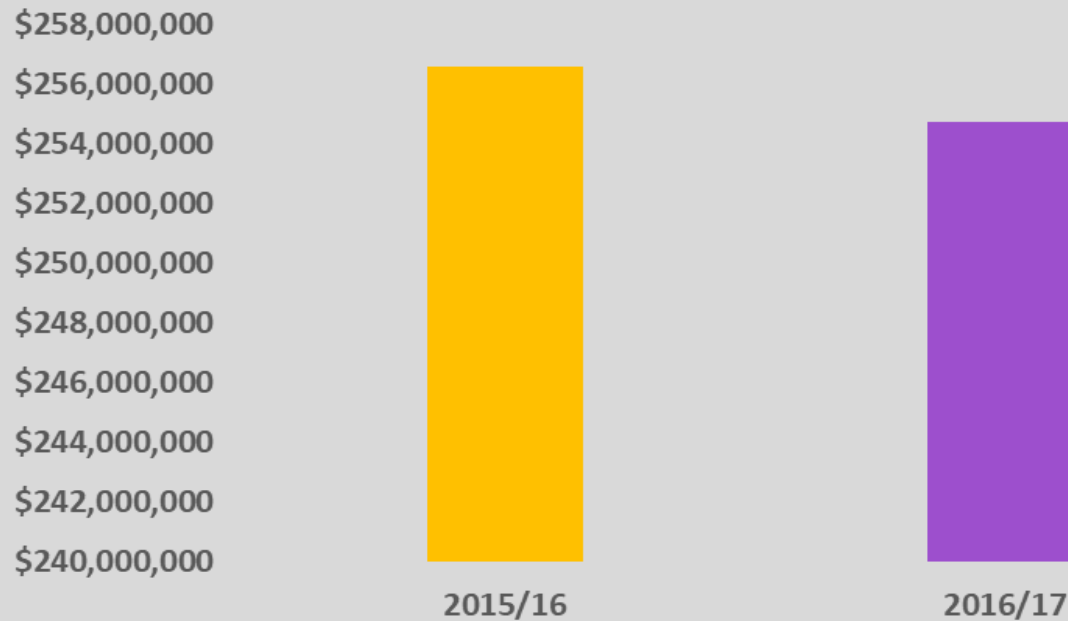
# Income Statement: Operating Expense

Total operating expense in FY2015/16 vs. FY2016/17



# Income Statement: Non-Operating Revenue

Total non-operating revenue in 2015/16 vs. FY2016/17



# Composite Financial Index - Definition

1. The CFI method, developed by KPMG, includes 4 financial ratios:
  - ❖ primary reserve ratio
  - ❖ viability ratio
  - ❖ return on net assets ratio
  - ❖ net operating revenue ratio
2. The CFI score is standardized scores that fall along a scale of -4 to 10.
3. A CFI score of 3 is the threshold of institutional financial health. A score of less than 3 indicates a need for attention to the institution's financial condition.

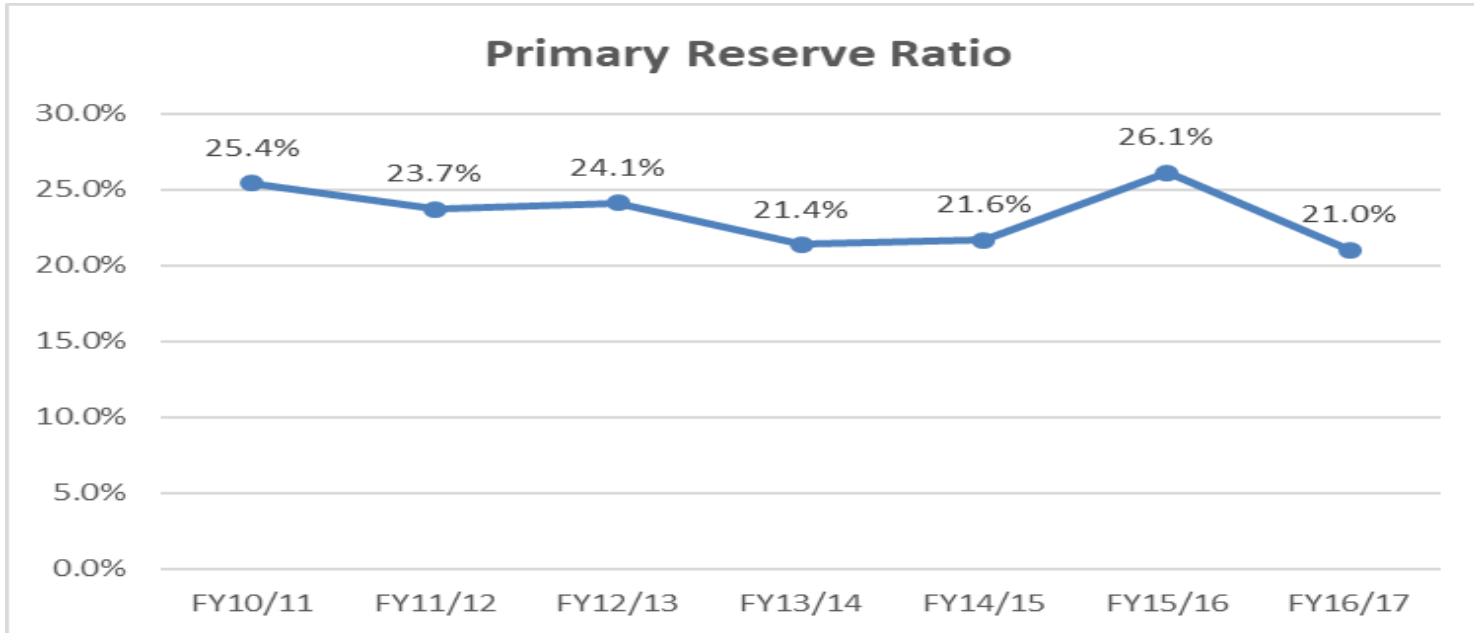


# Primary Reserve Ratio

**Are resources sufficient and flexible enough to support the University's mission?**



# PRIMARY RESERVE RATIO: BENCHMARK: 20%-40%



Description	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17
Expendable Net Assets	\$ 114,746,716	\$ 107,802,000	\$ 111,710,000	\$ 101,606,501	\$ 101,183,096	\$ 124,683,164	\$ 105,338,665
Total Expenditures	\$ 451,492,560	\$ 455,013,000	\$ 463,583,000	\$ 475,746,678	\$ 467,565,653	\$ 477,780,092	\$ 501,171,508
Primary Reserve Ratio	25.4%	23.7%	24.1%	21.4%	21.6%	26.1%	21.0%

\* GASB 68 excluded for the analysis

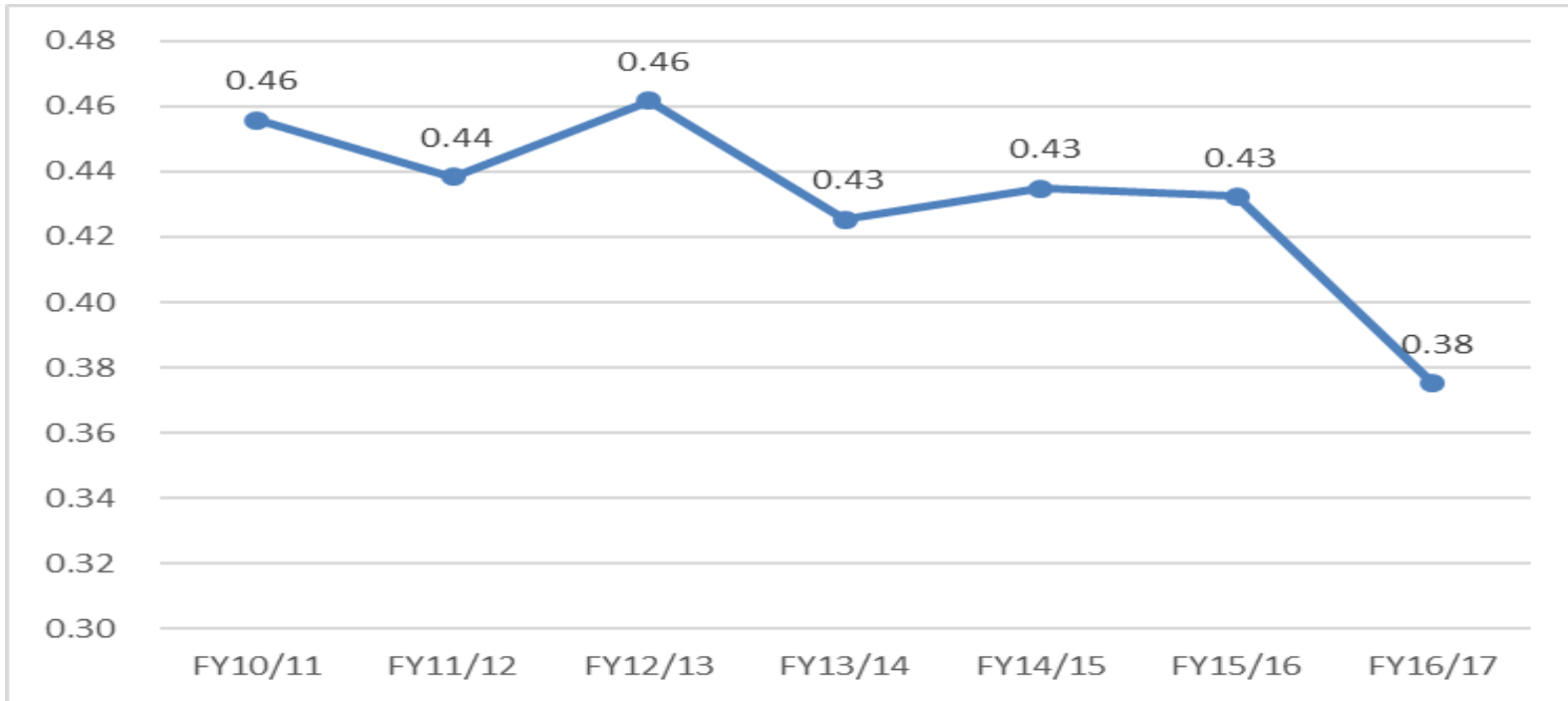


# Viability Ratio

**Are debt resources managed strategically to advance the University's mission?**



# VIABILITY RATIO: BENCHMARK: 1.0



Description	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17
Restricted Expendable Net Assets	\$ 18,963,461	\$ 2,728,000	\$ 1,097,000	\$ 572,403	\$ 636,206	\$ 7,680,074	\$ 9,292,736
Unrestricted Net Assets	\$ 95,783,255	\$ 105,074,000	\$ 110,613,000	\$ 101,034,098	\$ 100,546,890	\$ 117,003,090	\$ 96,045,929
Total Expendable Net Assets [A]	\$ 114,746,716	\$ 107,802,000	\$ 111,710,000	\$ 101,606,501	\$ 101,183,096	\$ 124,683,164	\$ 105,338,665
Total Debt Obligation [B]	\$ 251,735,842	\$ 245,953,000	\$ 241,980,000	\$ 238,890,216	\$ 232,722,807	\$ 288,396,780	\$ 280,847,982
Viability Ratio [A] / [B]	0.46	0.44	0.46	0.43	0.43	0.43	0.38

\* GASB 68 excluded for the analysis



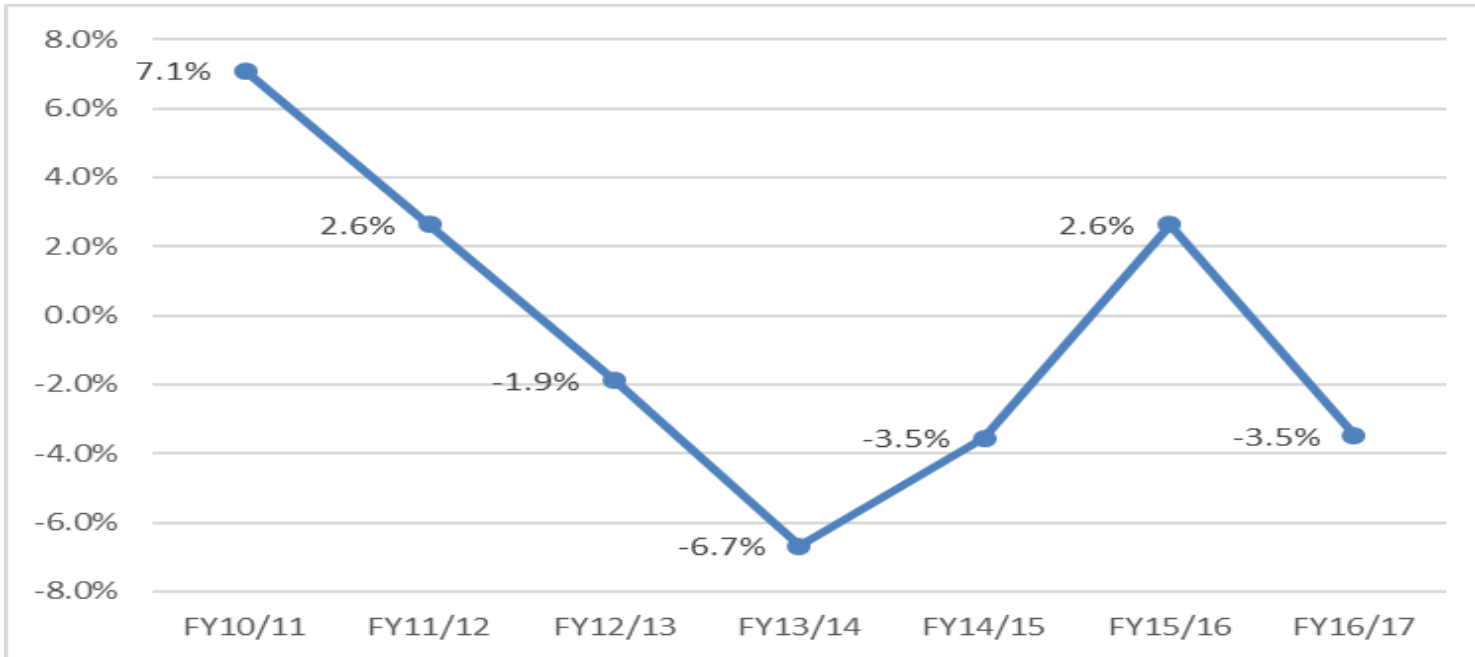


# Return On Net Assets Ratio

**Does asset performance and management support the University's strategic direction?**



# RETURN ON NET ASSETS RATIO: BENCHMARK: 3%-4%



Description	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17
Change in Net Assets	\$ 29,568,469	\$ 11,228,113	\$ (7,944,000)	\$ (26,292,563)	\$ (13,499,314)	\$ 10,271,325	\$ (13,138,012)
Total Net Assets	\$ 416,951,887	\$ 428,180,000	\$ 420,236,000	\$ 393,943,437	\$ 380,444,123	\$ 390,715,448	\$ 377,577,436
Return on Net Assets Ratio	7.1%	2.6%	-1.9%	-6.7%	-3.5%	2.6%	-3.5%

\* GASB 68 excluded for the analysis

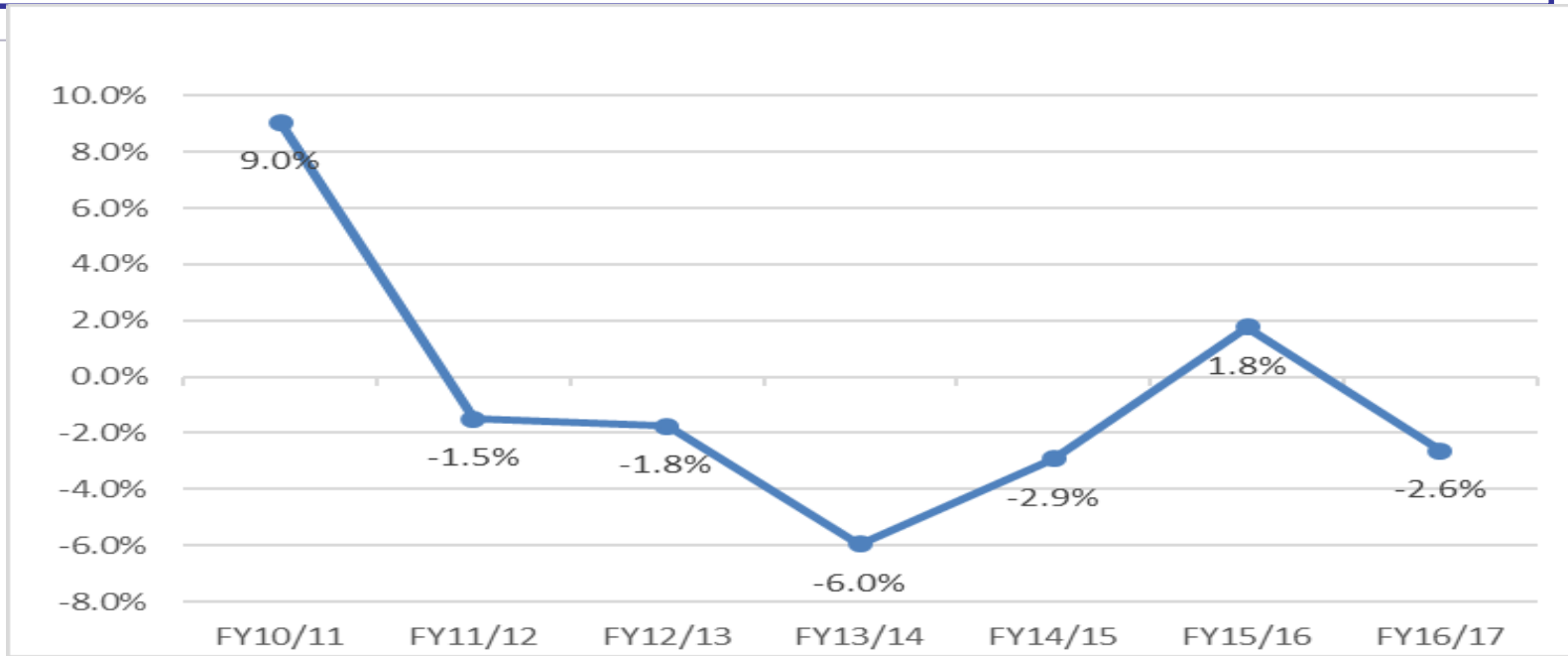


# Net Operating Revenue Ratio

**Do operating results indicate the University is living within its available resources?**



# NET OPERATING REVENUE RATIO: BENCHMARK: 2%-4%

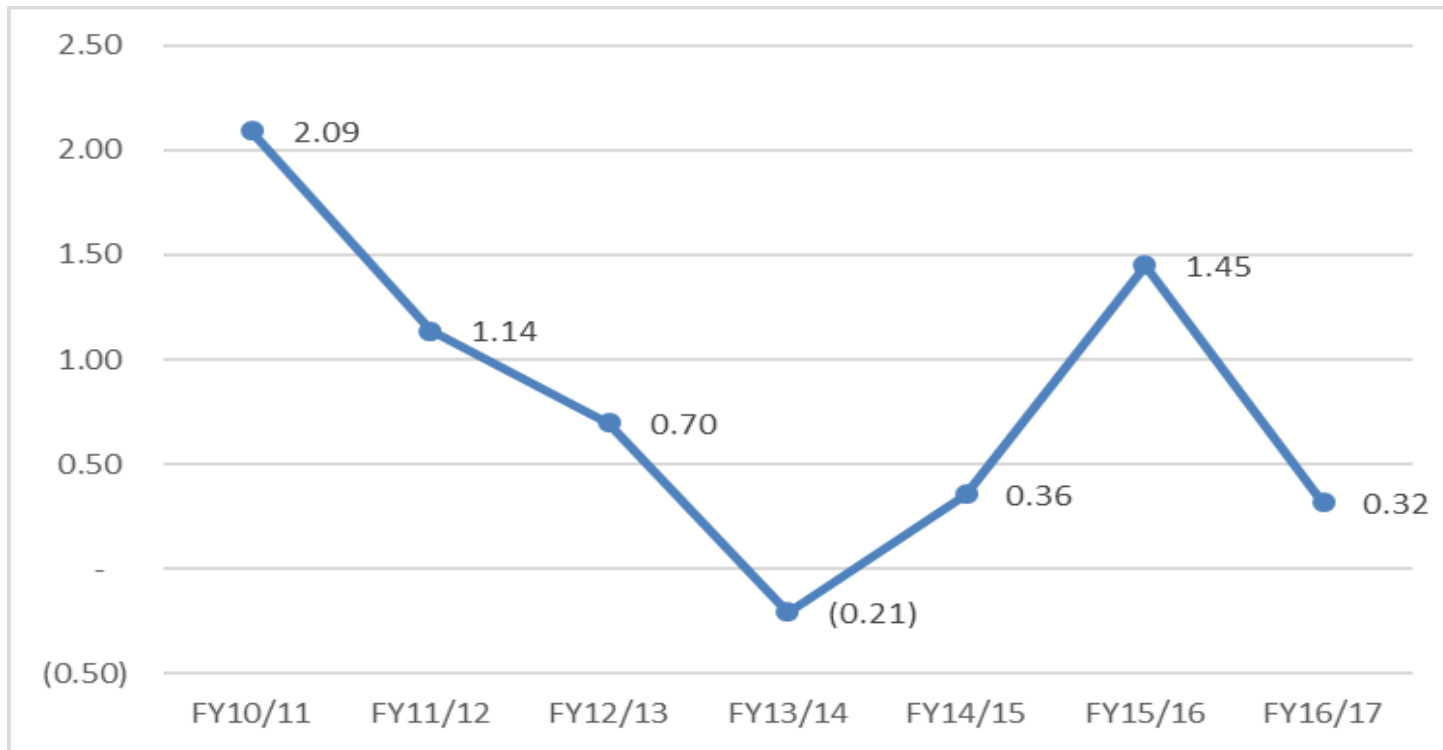


Description	FY10/11	FY11/12	FY12/13	FY13/14	FY14/15	FY15/16	FY16/17
Operating income (loss)	\$ (190,985,731)	\$ (176,595,000)	\$ (185,174,000)	\$ (228,673,598)	\$ (240,943,757)	\$ (247,993,446)	\$ (267,563,487)
Net non-operating revenues	\$ 211,133,524	\$ 169,860,000	\$ 177,179,000	\$ 201,956,212	\$ 227,717,249	\$ 256,612,333	\$ 254,738,891
Net operating income [A]	\$ 20,147,793	\$ (6,735,000)	\$ (7,995,000)	\$ (26,717,386)	\$ (13,226,508)	\$ 8,618,887	\$ (12,824,596)
Operating revenues	\$ 248,838,665	\$ 266,881,000	\$ 266,253,000	\$ 236,442,760	\$ 216,952,567	\$ 220,850,480	\$ 224,539,598
Non-operating revenues	\$ 222,801,688	\$ 181,397,000	\$ 189,335,000	\$ 212,586,532	\$ 237,386,578	\$ 265,548,499	\$ 263,807,314
Total operating revenues [B]	\$ 471,640,353	\$ 448,278,000	\$ 455,588,000	\$ 449,029,292	\$ 454,339,145	\$ 486,398,979	\$ 488,346,912
Net operating revenue ratio [A] / [B]	9.0%	-1.5%	-1.8%	-6.0%	-2.9%	1.8%	-2.6%

\* GASB 68 excluded for the analysis



# SFSU's CFI TREND AND COMMENTS



\* GASB 68 excluded for the analysis

**QUESTIONS?**



**Updated  
University Budget Committee  
Charge**

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Nancy Gerber  
Chair  
Academic Senate

The background features a light yellow central area on the left, transitioning into a complex pattern of overlapping purple and lavender geometric shapes on the right. The shapes include triangles and polygons of various sizes and orientations, creating a dynamic, abstract design.

# **OPEN FORUM**

Ten Minutes  
(Three Minutes Per Speaker)



## Next Meeting:

Friday, April 6<sup>th</sup>  
10:00 AM – 12:00 PM

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Thank you for attending.

