



San Francisco State University

We Make Great Things Happen

University Budget Committee

February 4th , 2019

Agenda

- **Welcome and Announcements** (President Leslie E. Wong & VP Phyllis Carter)
- **Approval of October 9, 2018 Meeting Minutes** (VP Phyllis Carter)
- **SF State University Fall Financial Review 2018-19** (VP Phyllis Carter & Elena Stoian)
- **CSU Budget Request and Governor's Budget 2019-20** (VP Phyllis Carter & Elena Stoian)
- **SFSU Preliminary Planning and Budget Calendar - 2019-20** (VP Phyllis Carter & Elena Stoian)
- **Cost Efficiencies and Operational Excellence** (Megan Dobbyn)
- **Open Forum; Ten minutes, 3-minute limit per speaker**
- **Adjournment; next meeting:** May 13, 2019, 10:00am – 12:00pm

**SF State University
Fall Financial Review
Cabinet Summary Only
Fiscal Year 2018-19**

Fall Financial Review Highlights

Summary Outlook

- The forecast shows a positive trend assuming the campus remains within projected spending levels inclusive of using approved carryforwards and strategic allocations approved in the budget process.
- The one-time (OT) allocations approved for cabinet units during the 2018-19 cabinet budget review process in the amount of \$18 mil (campus reserve and units carry forward) is providing sufficient funding to the campus.
- The reserve university fund is projected at year end at \$22 mil and cabinets cfw at \$7.7mil.

Revenue Outlook

- State allocation, as of October review period, estimated at \$180 mil.
- Higher ED fees (resident and non-resident fees on target per campus spring enrollment reporting, other fees are in target); estimated at \$187 mil. Disaggregation of FTES enrollment target between summer, fall and spring is critical to provide clarity on true drivers for actual tuition and fees and where opportunity exists for improvements.
- Other Financial Sources- forecasted 25% under the original budget predominantly due to the change of cost allocation model to service level agreement or direct cost recovery for ITS. Also, forecasted dividend and interest revenue received from CO, lower than the original budget.
- Reimbursement from other funds- no forecasted variance significant to report

Fall Financial Review Highlights

Expense Outlook

- Salaries- Forecast shows a negative variance due to additional salary actions taken at the cabinets level (possible offset with the cost recovery).
- Benefits- Forecast reflects being on target and assuming positive variance on the salary line due to vacancies.
- Operating Expenditures- The forecasted variance shows a overrun in amount of \$4 mil. However, cabinet areas will realigned the carryforward budgets to expense line items by the next financial review.
- Utilities- Forecast on target (assuming campus processes timely recharges).
- Risk Pool- Forecast exceeding budget with \$.7 mil due to increase campus insurance premium and claims in the first two quarters of the fiscal year.

Fall Financial Review Highlights

Student University Grant and Student Federal Work Study Outlook

- Work Study- Actual slow spending trend at the beginning of the 4 months and projected to be on target by year end.
- Financial Aid- Forecast all financial aid will be fully distributed to students by year end.

2018 Fall Review: Revenues

(In thousand)

	Actuals				
	Jul to Oct	Revised Budget	Projection	Variance	Percentage
State Allocation	68,528	180,497	180,497	0	
Higher Education	104,559	186,746	187,056	310	
Other Financial Sources ⁽¹⁾	643	5,284	4,442	-841	
Reimb. From Other Fund ⁽²⁾	196	5,880	5,880	0	
Revenues Total	\$173,926	\$378,406	\$377,875	-\$531	-0.14%

Notes:

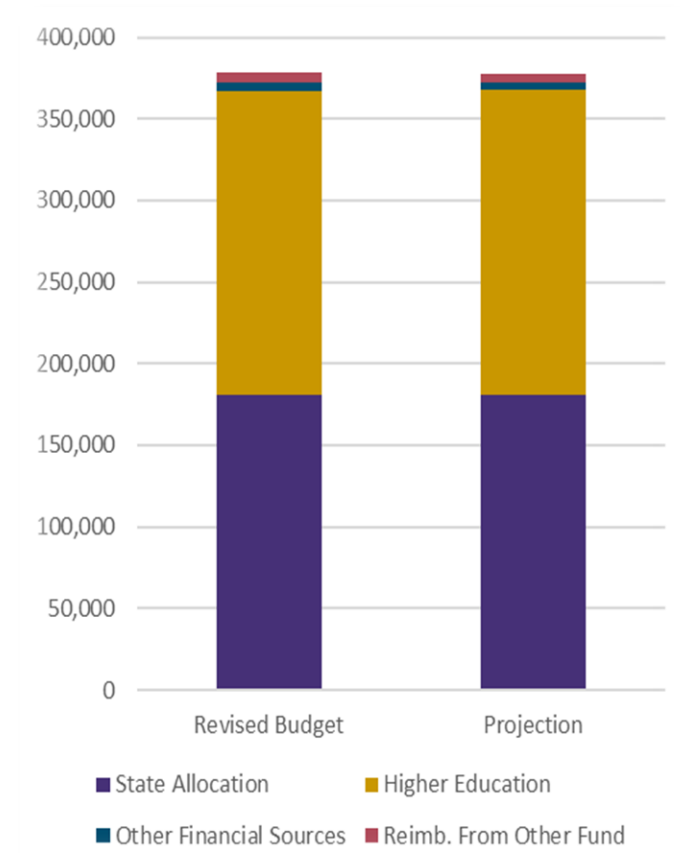
⁽¹⁾ Includes: Cost Allocation, Interest Revenue

⁽²⁾ Includes: Reimbursement release time, Fed W/S reimbursement, est. retirement adjustment

The report includes the following operating funds include: NG001, NG025, NG100, NR101, SE001, SUXXX

Tuition and Fee revenue assumption will meet the target.

Campus cost allocation below original plan with 14%.



2018-19 Budget & Enrollment Projections

(In thousand)

	Budget/Projections			FTE Target		FTE Actuals/Projection			
	Budget	Projections	Variance %	CA Resident	Non Resident	CA Resident	Non Resident	CA Resident %	Non Resident %
Spring 2019	\$74,825	\$74,825		22,228	1,334	22,205	1,345		
Summer 2018	13,000	13,054		2,488	227	2,539	189		
Fall 2018	80,000	80,141		23,481	1441	23,593	1,478		
Tuition fees	\$167,825	\$168,020	0.12%	24,099	1,501	24,168	1,506	0.3%	0.3%
Mandatory and Other fees	\$18,921	\$19,036	0.61%						
Total Higher Education	\$186,746	\$187,056	0.17%						

Notes:

Non-resident target was based on the numbers on the FY18-19 budget planning file

Budget AUL = 12.3813 (this is the average of FALL & SPRING, where the AUL from these two semesters are based on the average of two like-term unit loads)

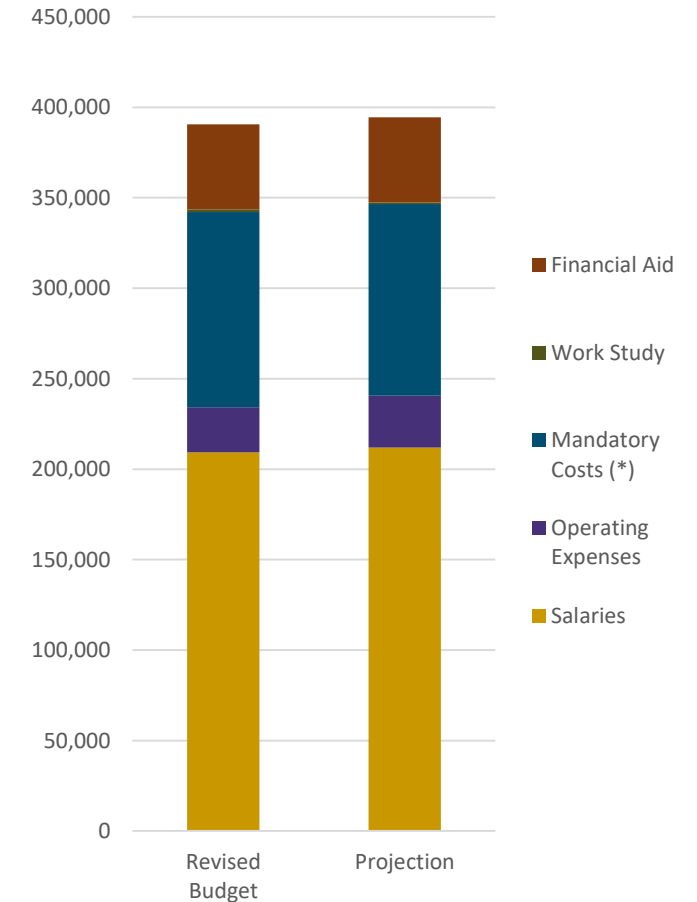
Projected AUL = 12.5367 (this is average of FALL & SPRING, where FALL 18 = census, SPRING = Most recent year rate which was SPRING 18)

2018 Fall Review: Expenses and Net Activity

(In thousands)

	July- Oct Actuals	Revised Budget	Projection	Variance	%
Salaries	69,208	209,318	211,860	2,542	
Operating Expenses	7,779	24,911	28,770	3,900	
Mandatory Costs (*)	37,454	107,848	105,933	-1,916	
Work Study	174	1,461	884	-577	
Financial Aid	22,250	46,964	46,964	0	
Expenses Total	\$136,866	\$390,503	\$394,411	\$3,949	1%

Net Activity (Surplus / Deficit)	-\$16,537
Carryforward	-8,902
University Reserve for Strategic Allocation	-1,582
Chancellor's Office Other Allocation	-4,600
Net w/out One Time	-\$1,453



Notes:

* Mandatory Costs include Benefits, Risk Pool, Utilities, Cost Recovery, and Transfers In/Out.

The report includes the following operating funds include: NG001, NG025, NG100, NR101, SE001, SUXXX

Cost Recovery: reimbursement release time, CEL cost recovery and other units cost recovery which has not been transitioned to the newly cost recovery campus funds.

2018-19 University Wide -Reserve

(In thousands)

FY2018-19 UW Reserve as of 7/1/2018

\$27,096

One-Time Funding	Operation	Capital	Total
FY2018 Capital project CFW		1,792	1,792
SFM Corrections - HH,GYM,FA,TH		350	350
RTC Master Plan & EIR		350	350
AA Additional One Time	286		286
Transferred	\$286	\$2,492	\$2,778

FY2018-19 UW Reserve as of 10/31/2018

\$24,319

Campus Unified Communicate Solution (Voice Over IP)		1,200	1,200
CCSC-SB104 Food Distrib.Pantry		99	99
One-time funding for 0.5 FTE (CCTP Staff)	56		56
SAEM Addition One Time	250		250
CoB MBA Fees	94		94
Research for Professor Soto	77		77
Benefits	97		97
Unit 8 SUPA Training & Equipment (annual cost)	103		103
DPRC - Employee/Students Reasonable Accommodations	480		480
Sneak Preview	80		80
Gator Fest	60		60
Approved Pending to transfer	\$1,296	\$1,299	\$2,595
UW YTD Projected Reserve Balance	\$1,582	\$3,791	\$21,723

RESERVES is defined as a specific fund category recognized in the accounting system and generally used for self-supporting, auxiliary activities or campus-based student fees. These are funds set aside for a specific and future use and typically fall into one of ICSUAM 2002 categories (deferred maintenance & capital , programs, economic uncertainties).

Transferred	2,778
Approved Pending to transfer	2,595
Total Approved One-Time:	\$5,373

2018-19 Cabinet Carry Forward & Activities

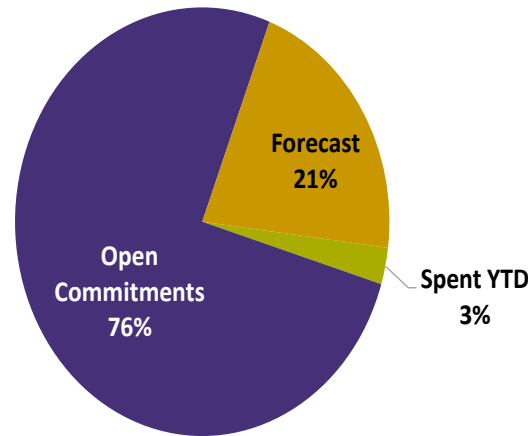
(In thousands)

	7/1/2018	Transfer To Budget Line Items		10/31/2018	6/30/2019
CABINETS	Beginning Carry Forward	Salaries	Operating Expenses	YTD Carry Forward Balance	YE Carry Forward Balance
Academic Affairs	\$10,100	\$1,126	\$1,968	\$7,006	\$3,132
Administration & Finance	4,014	4	0	4,010	3,670
Office of President	772	0	0	772	570
Student Affairs & Enroll Mgmt.	1,569	1,105	120	344	-56
University Advancement	329	0	0	329	475
University Enterprise	-188	0	0	-188	-96
Total Base Operating Funds	\$16,597	\$2,234	\$2,089	\$12,274	\$7,695
Total Campus Cost Recovery	\$16,008	0		\$16,008	\$10,754

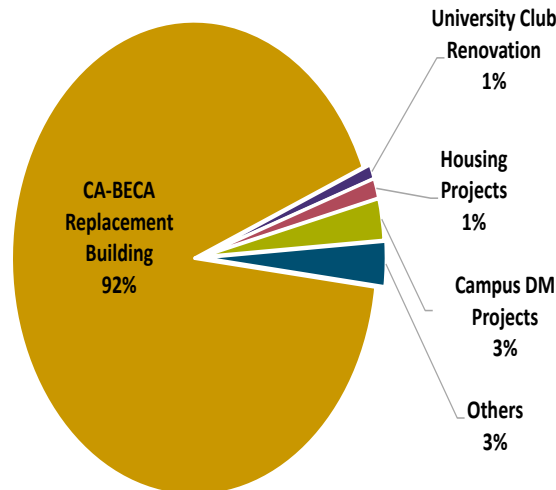
CARRYFORWARD is defined as unexpended budget balances at the end of the year. Generally these budget balances are calculated as: current year budget appropriation and prior year budget balances less current-year actuals expense. This CF does not fund through current year tuition fee and/or state allocation.

2018 Fall Review: Capital Projects

Financial Status	Amount
Spent YTD	2,398
Open Commitments	66,070
Forecast ²	18,302
Funding Pending ³	-8,454
TOTAL	\$78,316



Open Commitments	Amount
CA-BECA Replacement Building	60,646
University Club Renovation	637
Housing Projects	894
Campus DM Projects	1,871
Others	2,022
TOTAL	\$66,070



(In thousands)

Initial Budget:	
Carryforward Budget:	\$42,038
Initial New Budget:	36,282
Total Initial Budget:	\$78,320

Adjustments (Q1):	
96221461 - North Campus District Plan (Formerly Winston) - Completed	-3
96221508 - CW-Landscape Master Plan - Completed	0
DM16RTC03 - RTC Emergency Seismic Repairs (CSU) - Completed	-1
Total Adjustments:	-4
2018/19 Q1 Revised Budget¹:	\$78,316

Notes:

¹ The 2018-19 Budget does not include the \$129 millions Public/Private-Partnership (P3) Fund for the Holloway Student Housing - Mixed Use Project. The P3 fund will directly manage by the developer. 2. The Forecast for the project costs through the end of the current fiscal year provided by the Project Managers.

3. The State Revenue Bond (SRB) funds for the CA BECA Replacement Building Project are not fully allocated to the campus. The remaining \$27.1 millions SRB will not be allocated until the existing SRB fund fully expended.

California State University Budget Request Summary Fiscal Year 2019-20

CSU Budget Plan Investments for 2019-20 Fiscal Year

- Elevate student success via Graduation Initiative 2025, removing barriers to achievement and implementing innovative approaches to learning and teaching
- Compensate our employees fairly
- Focus on maintaining affordability while enhancing our offerings and outreach
- Expand access through enrollment growth, ensuring more Californians are able to enroll in the CSU and earn a degree
- Renew and repair our aging facilities and infrastructure to provide the best and safest environment for students, faculty and staff

3 YEAR TREND - CSU BUDGET SUMMARY

(In millions)

	2017-18 Actuals	2018-19 Final Budget	Increment	2019-20 Budget Year	Percent
Operating Budget					
General Fund	3,109	3,309	376	3,685	
Tuition and Other Fees	3,275	3,118	98	3,216	
Total Operating Budget	\$6,384	\$6,427	\$474	\$6,901	
General Fund, Academic Facilities and Infrastructure	\$341	\$341	\$80	\$421	
Total Operating Budget & Infrastructure	\$6,725	\$6,768	\$554	\$7,322	8.2%

2019-20 CSU GENERAL FUND OPERATING BUDGET PLAN - AUGMENTATION

(In millions)

USE OF FUNDS

Graduation Initiatives 2025		\$75
Compensation		148
5% Increase Enrollment Growth		206
Academic Facilities and Infrastructure		80
Mandatory Cost Increases		45
Health Benefits	7	
Retirement	27	
Minimum Wage Increase	5	
Maintenance of New Facilities	7	
Total New Uses		\$554

3 YEARS BUDGET SUMMARY AND HIGHLIGHTS BY PROGRAM

(In millions)

	2017-18 Actuals	2018-19 Current Year	Adjustment	2019-20 Budget Year
Instruction	2,657	2,773		2,773
Research	21	18		18
Public Service	20	15		15
Academic Support	703	688		688
Student Services	729	718		718
Institutional Support	838	871		871
Operation and Maintenance of Plant	1,013	944		944
Student Grants and Scholarships	743	740		740
New expenditures	0	0		554
Total Expenditures	\$6,725	\$6,768	\$554	\$7,322

IMPLICATIONS TO 2019-20 CAMPUS BUDGET PLANNING

- The 2019-20 Budget plan will continue to develop as additional information becomes available:
 - Governor's January Plan- posted on university budget website
 - Legislator Analyst- May
 - Governor's May Revise
 - Final State Budget (June)
 - Final CSU Budget Allocations (July-August)

San Francisco State University January's Governor Budget



2019-20 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
- Trade dispute create uncertainties

CALIFORNIA

- Slower Job growth –it slowed consistently since 2015 this trend will continue through 2020
- Steady Wage and Salary growth – total wages and salaries growing above average rate as recent years, due to record low unemployment
- Consumer inflation expected to remain high

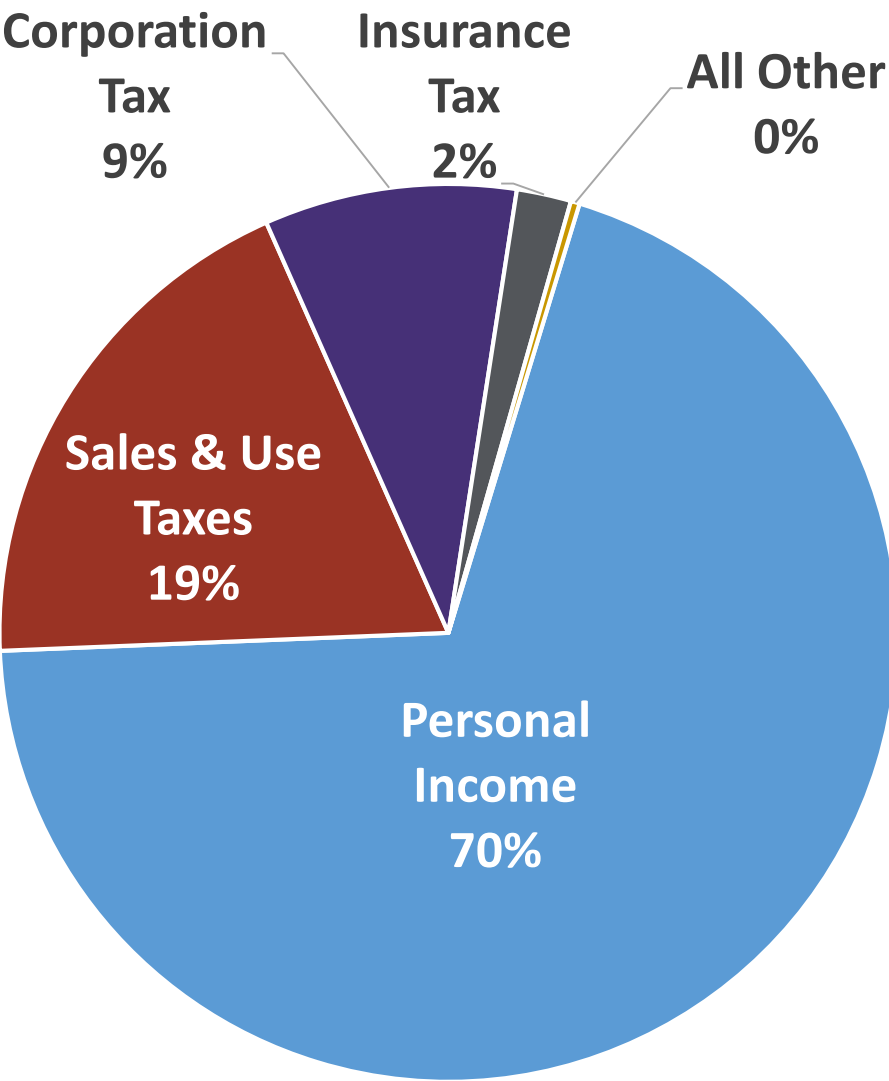
2019-20 GOVERNOR'S BUDGET-HIGHLIGHTS OF ECONOMIC OUTLOOK

Risks and Challenges for Changing Economy

- Stock Market Levels Off (up and down throughout 2018)
- Risk of Forecasted Eventual US Recession
- Geopolitical Risks that affects US Growth

FY2019-20 ENACTED STATE'S BUDGET - REVENUES

(In Billions)

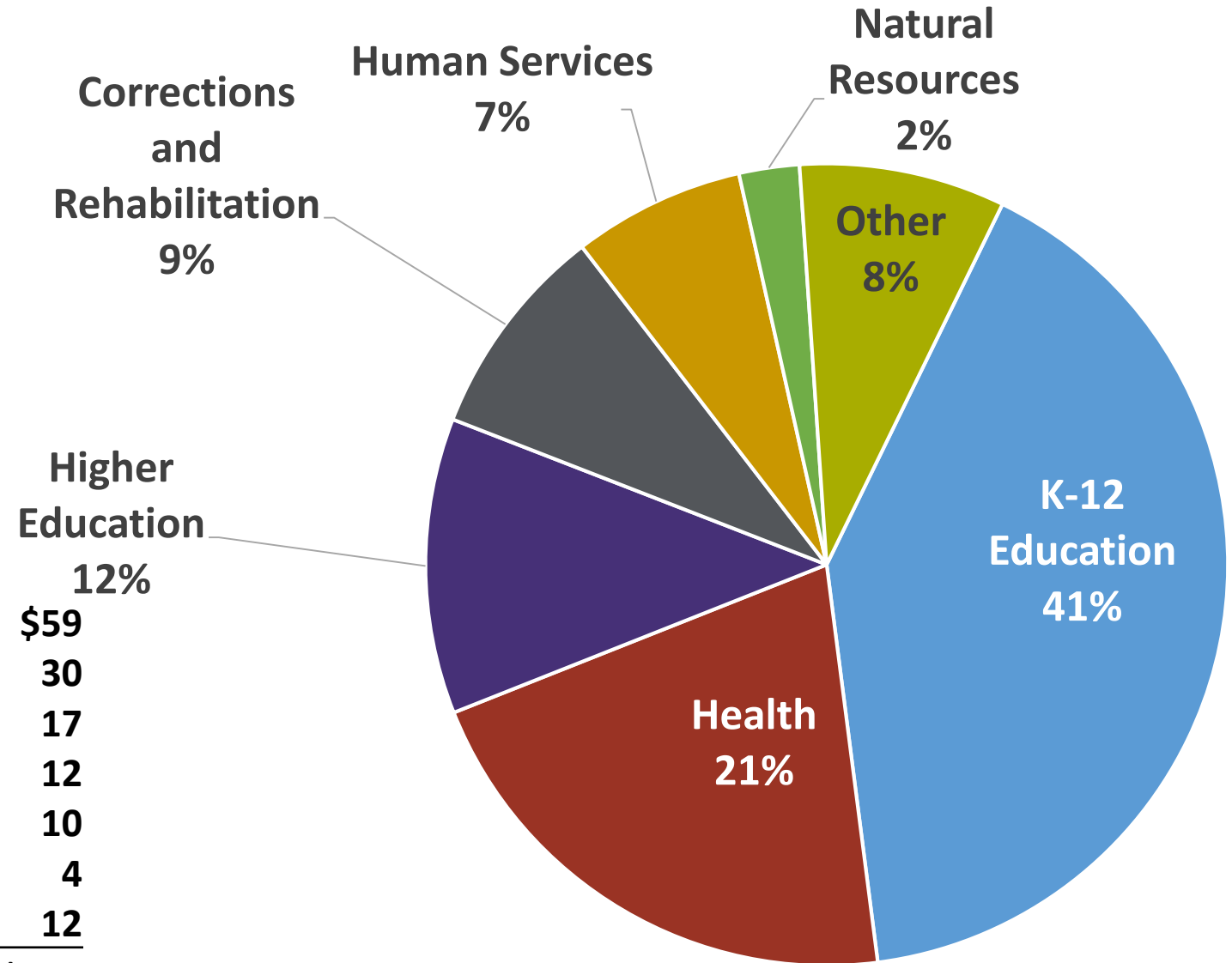


Personal Income	\$100
Sales & Use Taxes	27
Corporation Tax	13
Insurance Tax	3
All Other	1
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	\$144

FY2019-20 ENACTED STATE'S BUDGET - EXPENDITURES

(In Billions)

K-12 Education	\$59
Health	30
Higher Education	17
Corrections and Rehabilitation	12
Human Services	10
Natural Resources	4
Other	12
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	\$144



2019-20 SF STATE UNIVERSITY BUDGET ALLOCATION

(In millions)

	FY2019-20 CSU BUDGET PLAN		FY2019-20 JANUARY'S GOV. BUDGET	
	One-Time	Base	One-Time	Base
Graduation Initiative (GI) 2025		\$75	0	\$45
Compensation		148	0	148
Enrollment Growth 2% ⁽¹⁾		108	0	62
Infrastructure	250	80	247	0
Mandatory Cost Increase		45	0	45
Basic Needs Initiatives ⁽²⁾	15	0	15	0
SUG Expense Adjustment		0	0	0
Total	\$265	\$376	\$262	\$300

¹ Cost to increase enrollment 5% less increase from tuition revenue- \$98mil

²New campus Stockton-2 mil; student hunger and housing initiatives- \$15mil

San Francisco State University Preliminary Budget Planning and Budget Calendar

SFSU Budget Assumptions – Summary Level (20,000 ft.)

Multi-year Budget Plan

- Develop plan and set annual targets for revenue growth
- Phased growth in enrollment and master enrollment plan to match growth in class sections and housing offering
- Establish annual targets for cost savings and reductions based on efficiencies and operational excellence

Scenario Budget Plan

- Develop best, medium and worst case operating, capital and reserve level budgets with varying assumptions
- Forecast different staffing and operating expenses levels depending on state funding exceeding CO budget requests to economic downturn
- Building contingency budget line item and avoid reliance on carryforwards

SFSU Fiscal Opportunities and Challenges – 2019-20

Opportunities

- Integrated planning and budgeting and match with strategic initiatives
- Diversify general fund revenue and other non-operating revenue
- Finalize resources allocation process supporting strategic initiatives
- Reserve policy for emergencies, one-time strategic projects and capital and IT projects

Challenges

- SFSU enrollment growth given CO state funding allocation with 2% increase
- Optimum mix of curriculum delivery, student services and administrative support
- Increasing mandatory costs (i.e. wages, benefits, retirement costs etc.)
- Significant deferred maintenance and aging campus facilities
- Access to financing to support campus master plan and IT master plan

SFSU Fiscal Initiatives – Spring Semester 2019

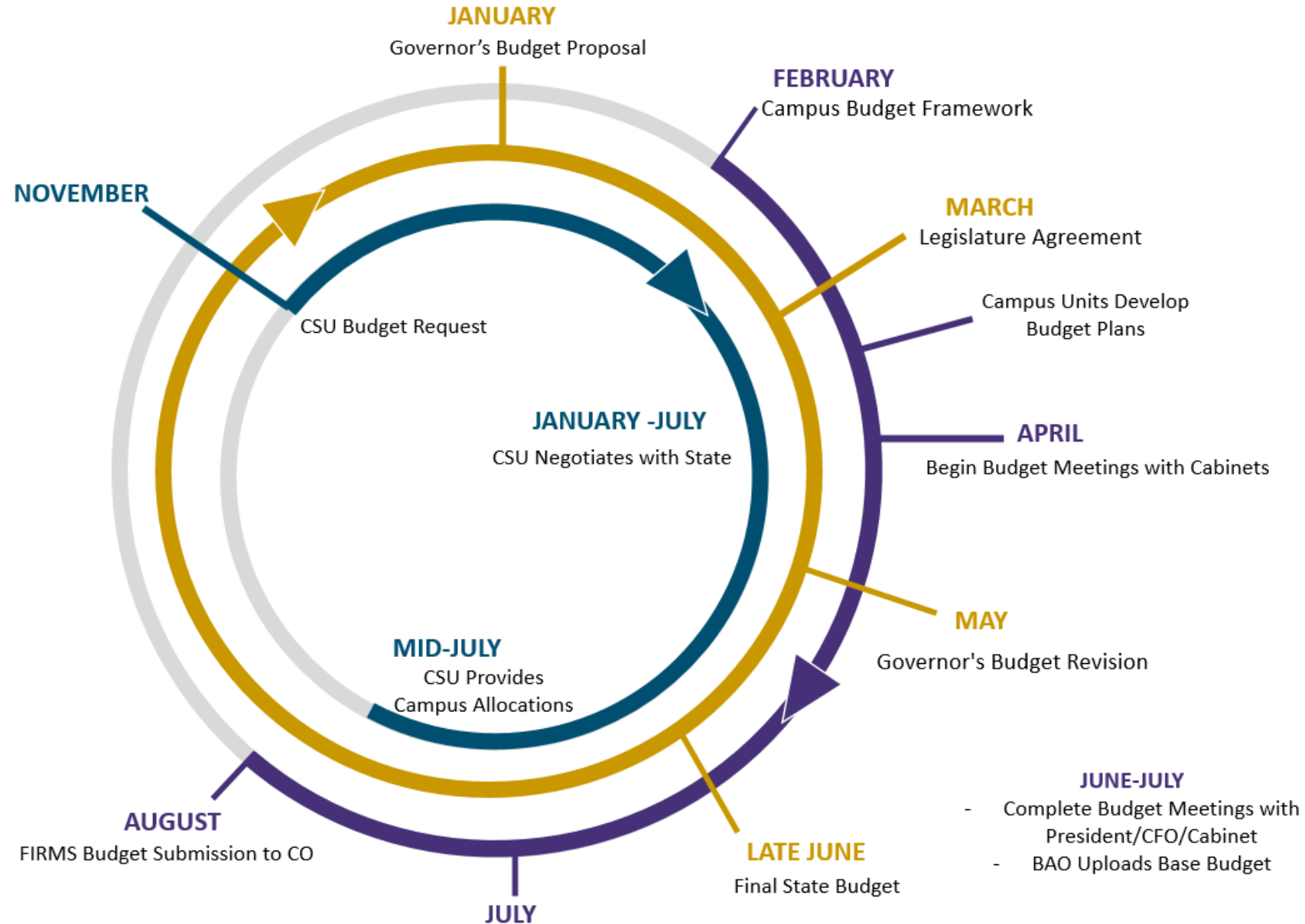
Major Fiscal Initiatives (Top 3)

- University wide hiring plan and position management
- Reserve policy to support emergencies, strategic initiatives & IT and capital projects
- Budget request prioritization process – strategic initiatives

Other Major Fiscal Initiatives

- Cost allocations and recharge review by CO audit and advisory services
- Cost and revenue analytical model (Grant Thornton)

FY2019-20 SF STATE UNIVERSITY BUDGET TIMELINE



SF State University
Chancellor's Office
Governor

California State University Cost Efficiencies and Operational Excellence



CSU

**The California
State University**

Chief Procurement Officer's Association 23C Strategic Plan
presented by Arun Casuba at CABO

CPOA Message

Our Vision

Our vision is to be a strategic partner contributing to the financial health of the CSU and higher education.

Our Mission

Our mission is to be a trusted partner through collaboration to maximize value across the CSU system by optimizing the procurement of goods and contracted services.

Our Values

Our values influence behavior, culture and create the conditions for achieving our Collaborative, **Visionary**, Results-driven, Service.

Our vision guides our strategy. Our mission directs our priorities. And our core values create a culture that enables us to deliver the highest level of service to our students, faculty and staff.

23C Procurement Plan Overview



Strategic Direction #1

People: Develop, Retain and Recognize Our Team

Create an environment that attracts a talented workforce, supports and cultivates team members, and rewards their contributions. Provide opportunities for people to enhance well-being, personal growth and professional development.

Related Goal(s)

1. Increase the number of procurement professionals across the CSU who possess a Professional Procurement Certification (ie. CPSM, CPPB, CPPO).
2. Increase the number of procurement professionals across the CSU who have completed the five CSU procurement training modules within the last five years.
3. Education committee to review and recommend training modules to keep pace with changing technology, regulatory requirements and best practices.
4. Annual recognition of campuses and individuals.
5. Education committee to establish a CSU CPO mentoring program.

Strategic Direction #2

Technology: Leverage existing technology to align key business processes and implement new technology to address innovation gaps.

Eliminate the current technology gaps by leveraging existing technology partners. Create pathways to implement new technologies.

Related Goal(s)

1. Analyze existing technology and develop a roadmap to implement technology upgrades, enhancements or new acquisitions.
2. Expand Campus Marketplace and integrate with ERP system.
3. Implement CalUsource.
4. Implement travel expense management.
5. Implement sourcing project pipeline and saving tracking tools.

Strategic Direction #3

Collaborate: Work as a system to ensure shared standards and maximum value for the CSU

Work collectively to focus on delivering the highest level of customer value. Adopt a CSU-wide commitment to innovation and excellence. Embrace continuous improvement as a path to achieving service excellence.

Related Goal(s)

1. Establish an annual sourcing plan for Category Management across the CSU.
2. Create centers of excellence to leverage collective CSU knowledge.
3. Establish consensus methodology for cost savings, setting cost savings, cost avoidance, or revenue generation targets for CSU system.
4. Set CSU shared best practices and procurement standards.
5. Communicate more effectively on procurements utilizing more focused collaboration tools.

Strategic Direction #4

Market procurement as a strategic function and trusted partner

Engage individual campus and CSU leadership through consistent messaging to promote how procurement's strategic value to the organization as a trusted partner ensuring the best value for the CSU.

Related Goal(s)

1. Establish the CSU Chief Procurement Officers Association 23C Plan.
2. Develop a marketing and communication roadmap for the Chief Procurement Officers Association and 23C Plan.
3. Promote and market our value to campus clients and senior leaders.
4. Promote and market the CSU to our peers and industry, such as National Association of Educational Procurement, University of California, California Community Colleges and suppliers.

Strategic Direction #5

Align the CSU and individual campus procurement structures to effectively impact campus objectives and align them with fellow campuses

Deliver meaningful client partnerships that allow for procurement planning. Establish alignment with CSU Chief Procurement Officers Association on organizational structure.

Related Goal(s)

1. Establish customer relation managers or client based models, when possible.
2. Chief Procurement Officers Association, Financial Officers Association, and Chief Business Officers Association interaction.
3. Chief Procurement Officers Association committee governance and goal assignments.

Strategic Direction #5

Align the CSU and individual campus procurement structures to effectively impact campus objectives and align them with fellow campuses

Deliver meaningful client partnerships that allow for procurement planning. Establish alignment with CSU Chief Procurement Officers Association on organizational structure.

Related Goal(s)

1. Establish customer relation managers or client based models, when possible.
2. Chief Procurement Officers Association, Financial Officers Association, and Chief Business Officers Association interaction.
3. Chief Procurement Officers Association committee governance and goal assignments.

23 Campuses



CSU Bakersfield



Channel Islands
CALIFORNIA STATE UNIVERSITY



CALIFORNIA STATE
Chico



California State University
DOMINGUEZ HILLS



CALIFORNIA STATE
UNIVERSITY
EAST BAY

FRESNO STATE
Discovery. Diversity. Distinction.



CALIFORNIA STATE UNIVERSITY
FULLERTON™

HUMBOLDT
STATE UNIVERSITY



CALIFORNIA STATE UNIVERSITY
LONG BEACH



CAL STATE LA
CALIFORNIA STATE UNIVERSITY, LOS ANGELES



CAL MARITIME



California State University
MONTEREY BAY

California State University
Northridge

CAL POLY POMONA



SACRAMENTO
STATE

CALIFORNIA STATE UNIVERSITY
SAN BERNARDINO



SAN DIEGO STATE
UNIVERSITY



SAN FRANCISCO
STATE UNIVERSITY



San José State
UNIVERSITY

CAL POLY
SAN LUIS OBISPO

California State University
SAN MARCOS

SONOMA
STATE UNIVERSITY



CALIFORNIA STATE UNIVERSITY
Stanislaus
SACRAMENTO EMERSON COLLEGE

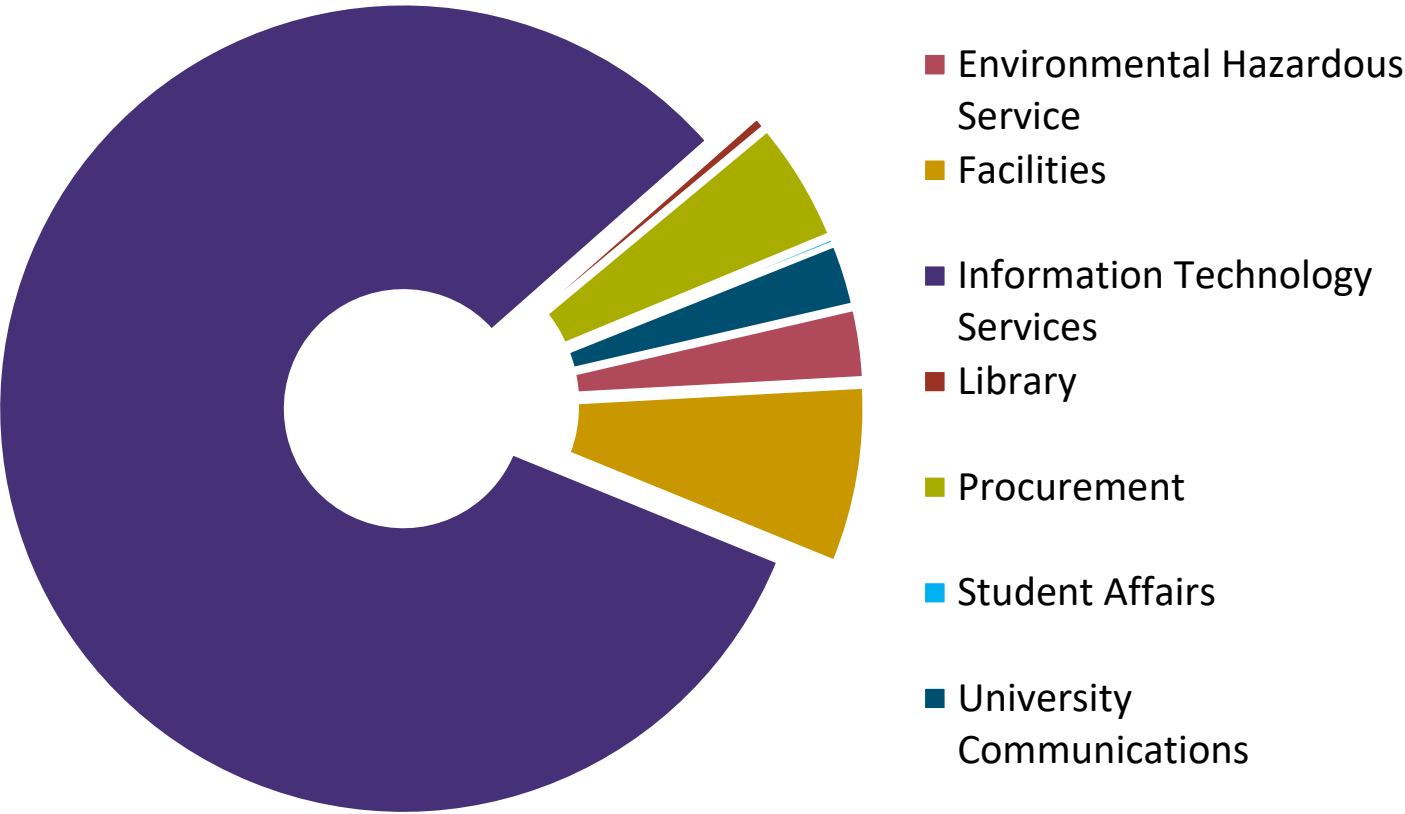
**SF State University
Cost Efficiency and Operational
Excellence, January 2019**

Overview

- 1 23C Strategic Plan created by the Chief Procurement Officer Association (CPOA) focusing on strategic directions for cost savings
- 2 FY18/19 Cost Savings goals for San Francisco State University
- 3 YTD actual cost savings via cost avoidance and cost containment
- 4 All savings validated by the Chancellor's Office using a cost savings tool

2018 SF State Strategic Initiative Cost Savings

Environmental & Hazardous Service	2.7%
Facilities	7.0%
Information Technology Services	82.3%
Library	0.5%
Procurement	4.8%
Student Affairs	0.2%
University Communications	2.4%



One time savings \$405K and ongoing \$87K

Note: One time savings represents a service contract cancellation.

Validation Of Cost Savings

- All cost savings are vetted and approved via the Chancellor's Office
- Savings comprised of Cost Reduction, Cost Avoidance, Incentives, Revenues, and Efficiency gained
- Chancellor's Office uses a software platform utilizing a cost savings tool that we submit formal reviews of each cost savings submittals to validate the methodology and dollar amount

Open Forum

**Ten Minutes
(Three Minutes per Speaker)**

Next Meeting:

Monday, May 13, 2019
10:00 am – 12:00 pm



Thank you for attending.