

# Budget Forum

February 2, 2018



## Open Forum on Budget 2/2/18

### Goals

- Have a common understanding of our current budget challenges
- Appreciate the urgency of addressing our fiscal situation
- See that we have a plan for immediate actions
- Look toward a more detailed budget plan by 2/22/18
- Engage in discussion

# Agenda for Today

- HSU's Values and Priorities
- Background and Context
  - State Budget and the Economy
  - CSU Funding and Allocations to Campuses
  - HSU Spending per FTES – CSU Peer Comparisons
  - HSU Enrollment
  - HSU Deficit
- Strategies and Immediate Steps
- The Path Forward: Budget Plan by 2/22/18

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# Values and Priorities

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## Priorities for Budget Planning

- Student Success
- Equity and Diversity
- Fiscal Stability and Stewardship
- Shared Responsibility and Accountability

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## HSU's Values

- Outstanding education and evidence of student learning
- Teaching excellence
- Critical inquiry and civic engagement
- Intellectual growth
- Diversity and inclusion
- Environmental, economic, and social responsibility
- Integrating our location into the learning community
- The University's linkages to local and regional communities and cultures
- Inclusive access to knowledge

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## Factors Impacting Financial Stability

- Changing higher education landscape
- Insufficient state funding
- Looming economic downturn (although still in growth phase)
- Increasing mandatory costs
- Fluctuating enrollment
- Continuing overspending

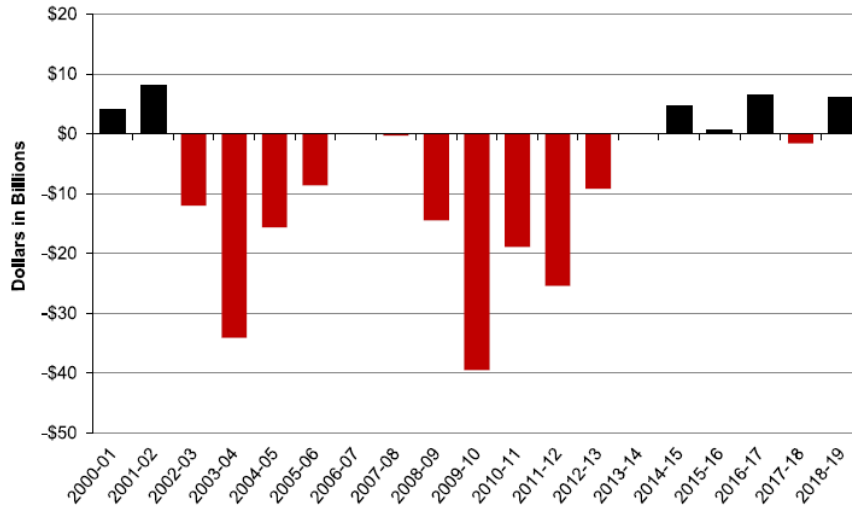
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## State Budget and the Economy

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## California Deficit History

Figure INT-01  
Balanced Budgets Have Been Quickly Followed by Huge Deficits<sup>1/</sup>

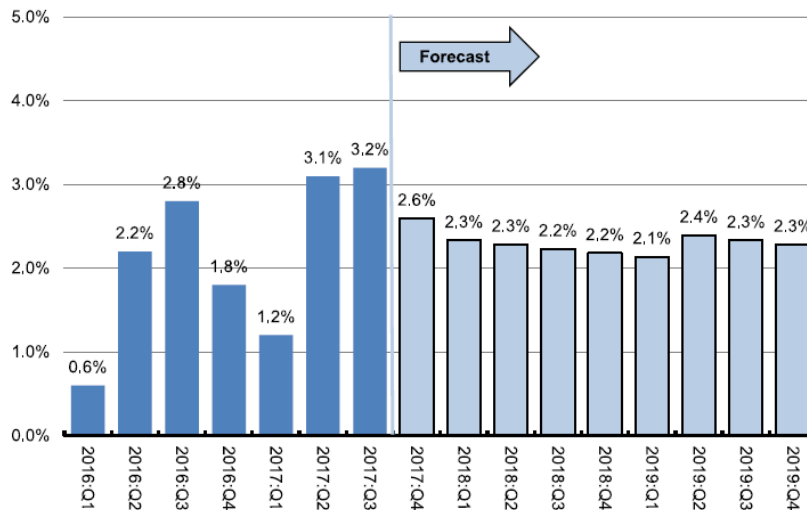


<sup>1/</sup>Budget shortfalls or surplus, measured by the annual Governor's Budget.

Source: 2018-19 Governor's Budget Summary

## California Economic Outlook

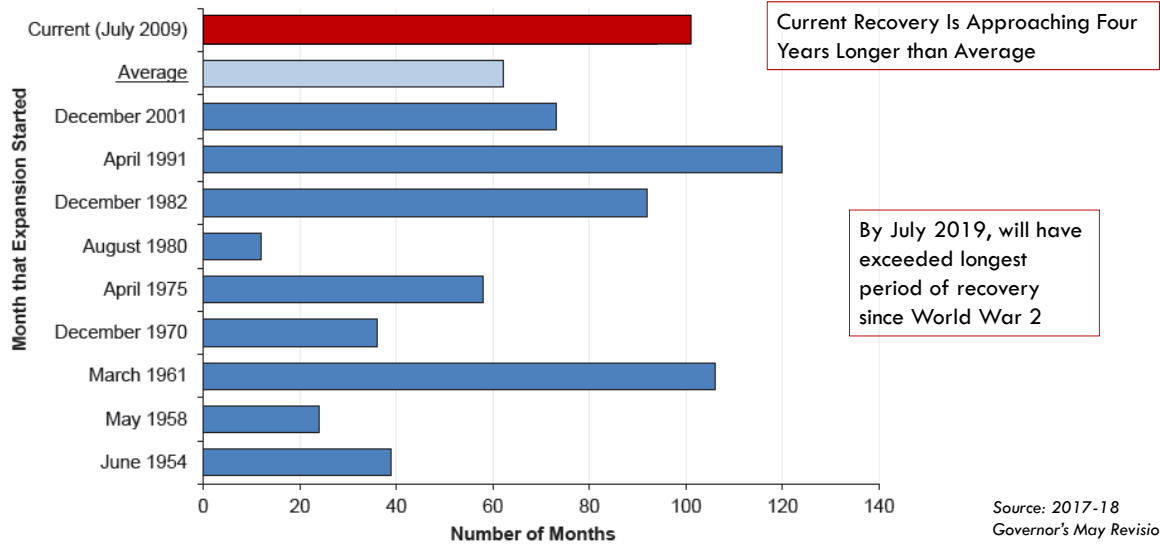
Figure ECO-01  
U.S. Real Gross Domestic Product  
Quarter-to-Quarter Growth, Annualized



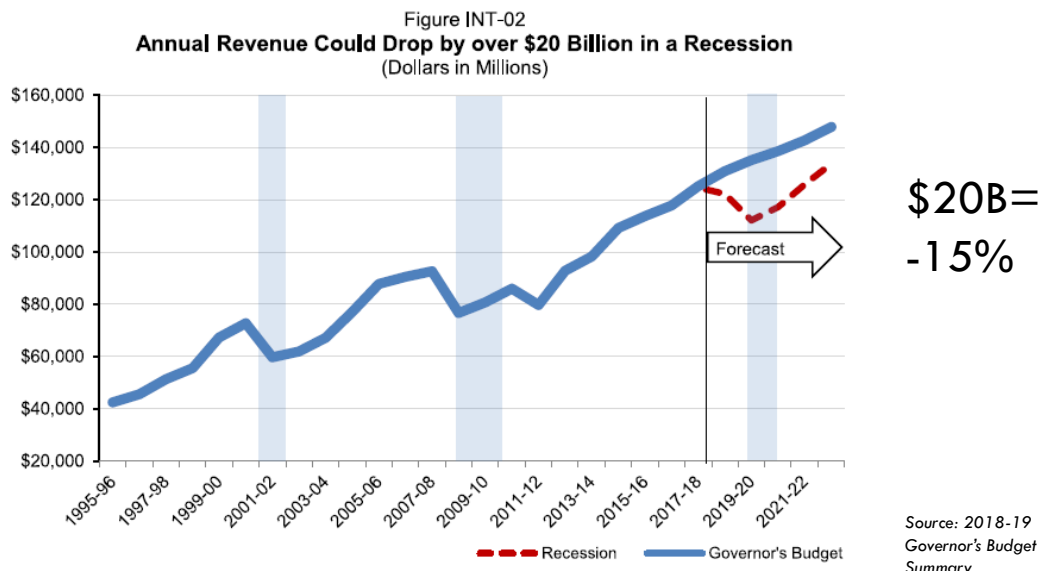
Source: U.S. Bureau of Economic Analysis; CA Department of Finance, Governor's Budget Forecast.

Source: 2018-19 Governor's Budget Summary

## Historical Recovery Trends



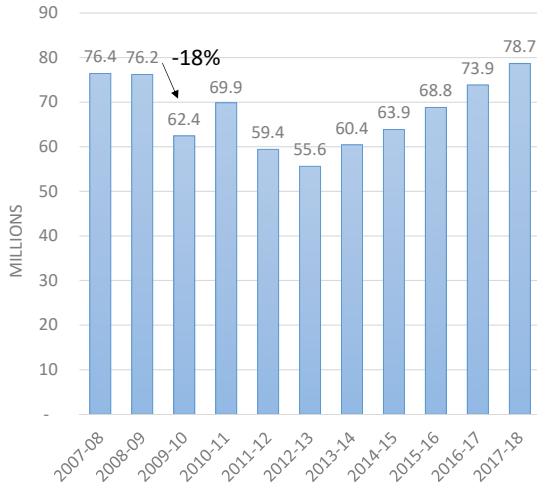
## California Recession Impact



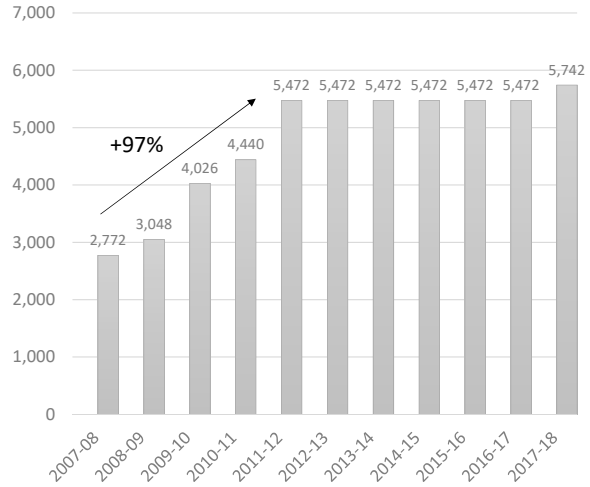
# The Great Recession

## HSU State Appropriation (CSU Memos)

Note: 2010-11 includes One-Time ARRA Funding



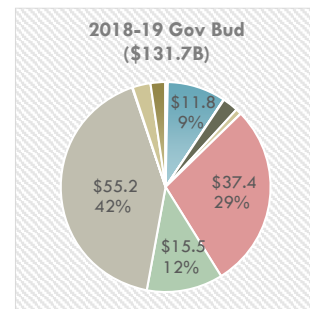
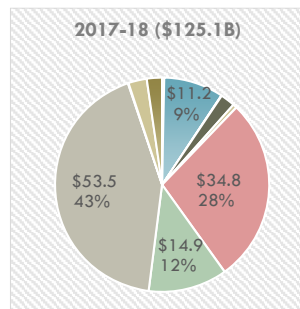
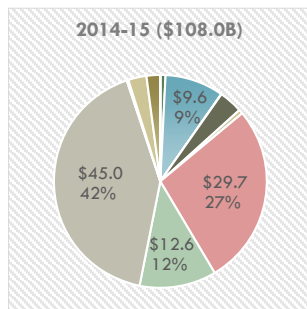
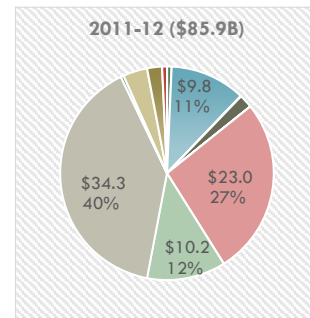
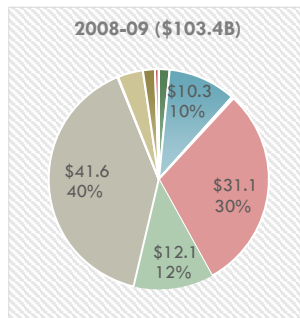
## Undergraduate Annual Tuition



Source: CSU Budget Website

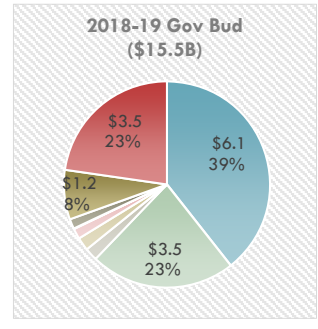
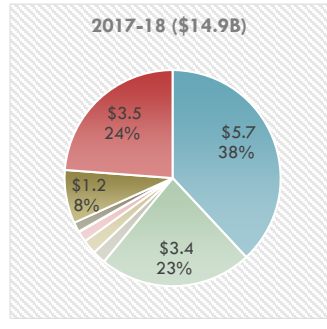
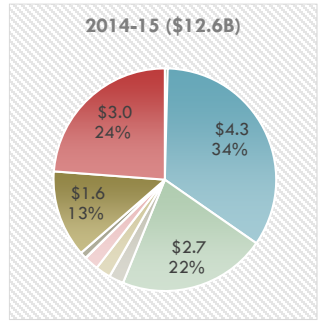
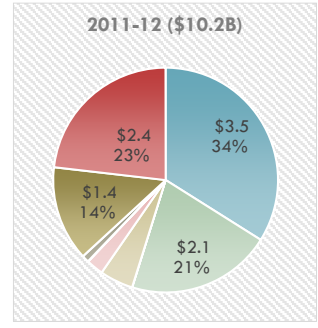
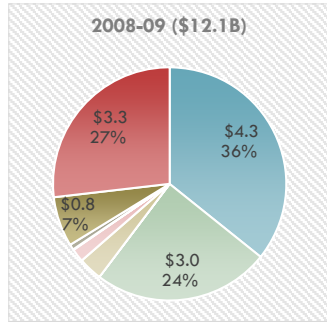
### State Budget History: General Fund Allocations by Segment

Segment	08-09 to 18-19 % Change
Corrections and Rehabilitation	14%
Health & Human Services	20%
Higher Education	28%
K thru 12 Education	33%



**State Budget History:  
General Fund Higher Education  
Allocations by Segment**

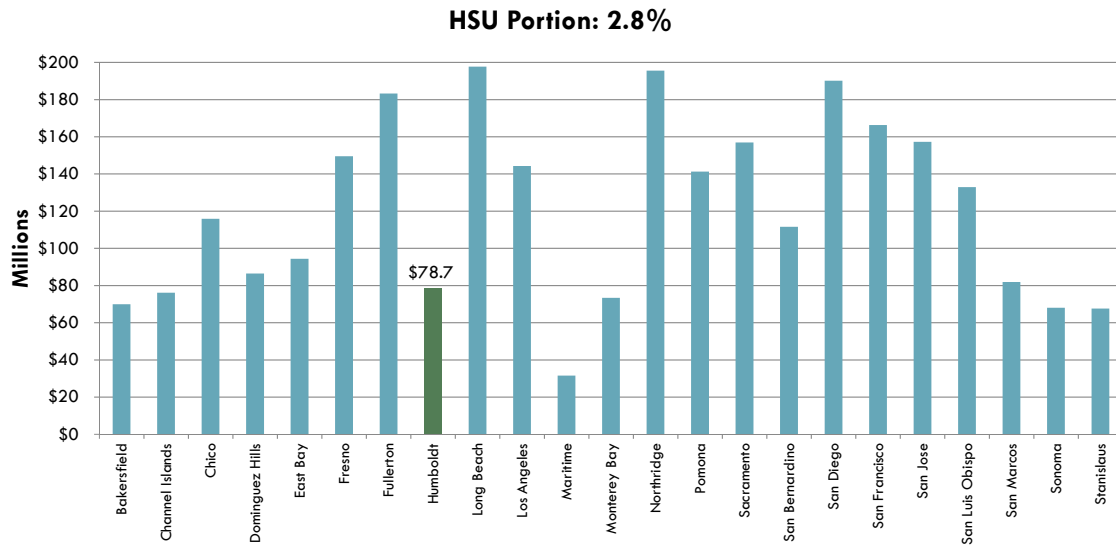
	08-09 to 18-19 % Change
University of California	8%
CA Community Colleges	40%
California State University	19%
Student Aid Commission	43%



# CSU Funding and Allocations to Campuses

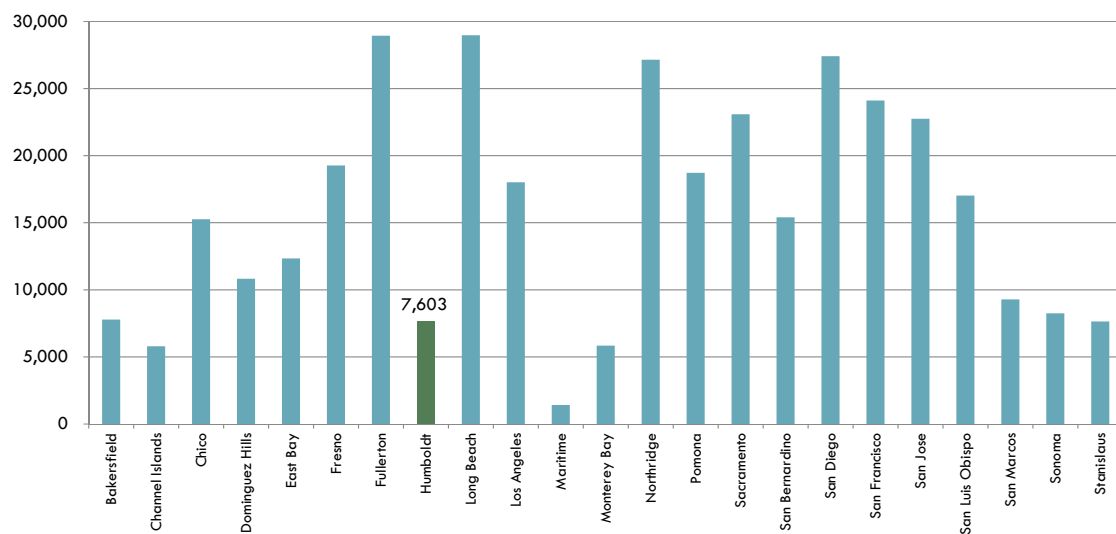


## 2017-18 CSU Funding by Campus (in millions)



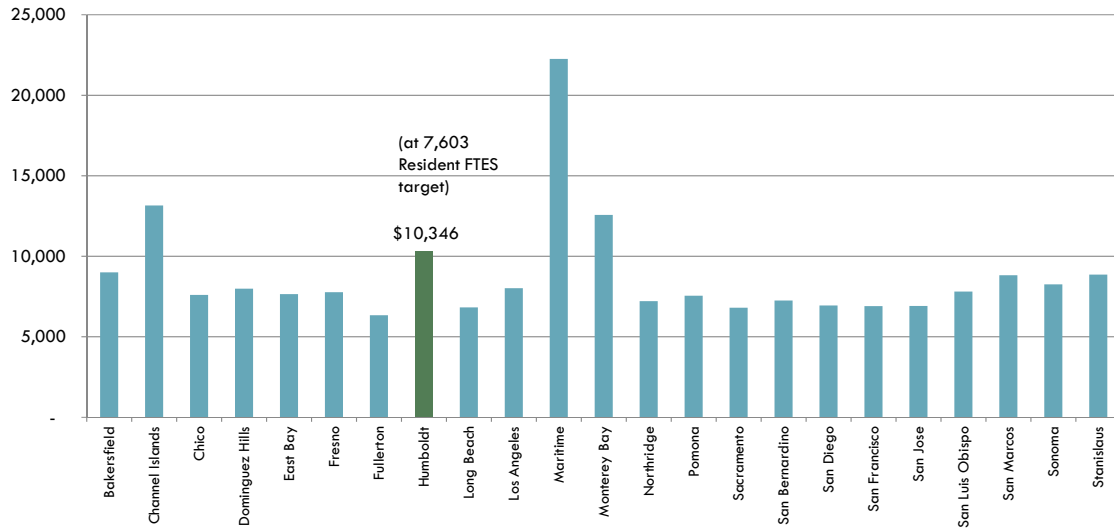
Source: 2017-18 CSU Coded Memo 2017-05, July 14, 2017, <http://www.calstate.edu/budget/fybudget/coded-memos/>

## 2017-18 CSU Resident FTES Targets



Source: 2017-18 CSU Coded Memo 2017-05, July 14, 2017, <http://www.calstate.edu/budget/fybudget/coded-memos/>

## 2017-18 CSU Funding by Campus per Resident FTES



Source: 2017-18 CSU Coded Memo 2017-05, July 14, 2017, <http://www.calstate.edu/budget/fybudget/coded-memos/>

## 2018-19 CSU Operating Budget

Trustees Request to State	\$263 million
Governor's Budget Proposal	\$92 million
<b>Budget Gap</b>	<b>\$171 million</b>

Source: CSU Board of Trustees Meeting, Committee on Finance, Jan 29-31, 2018

## If no change to \$171m budget gap...

\$171 million Gap

-\$75 million Graduation Initiative

\$96 million

-\$20 million Student Enrollment Growth

\$76 million

-\$15 million Infrastructure Needs

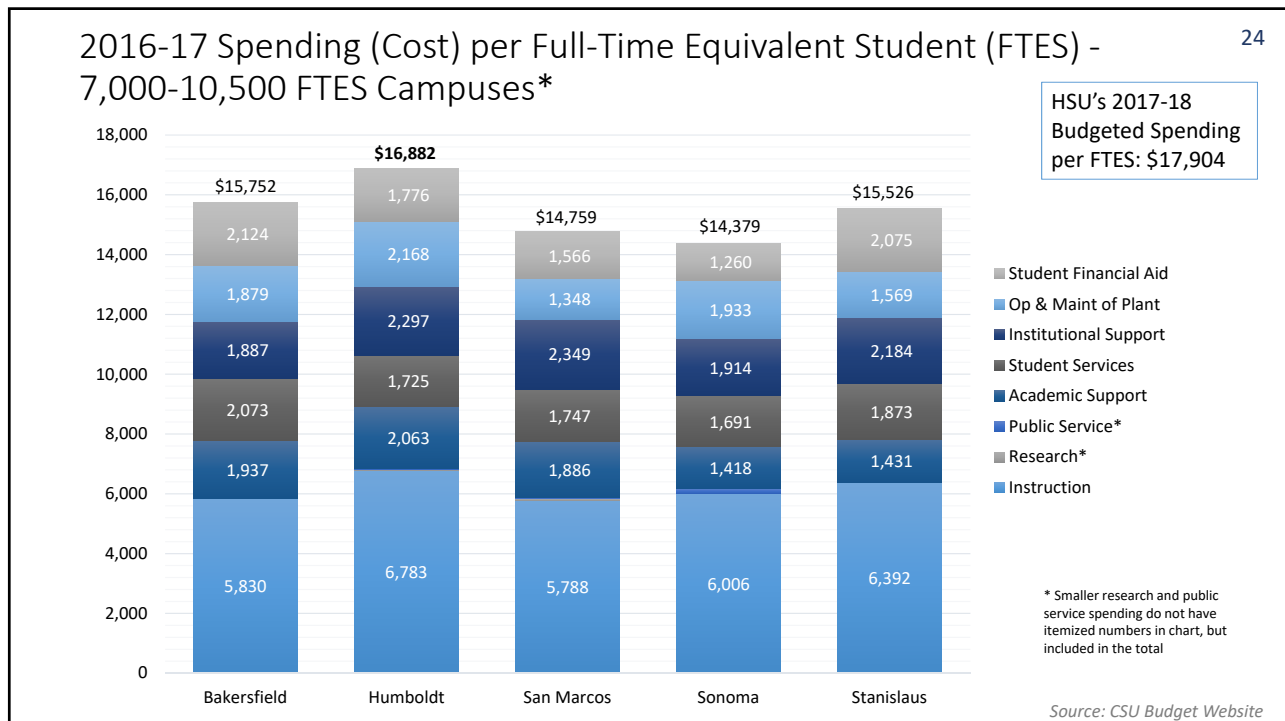
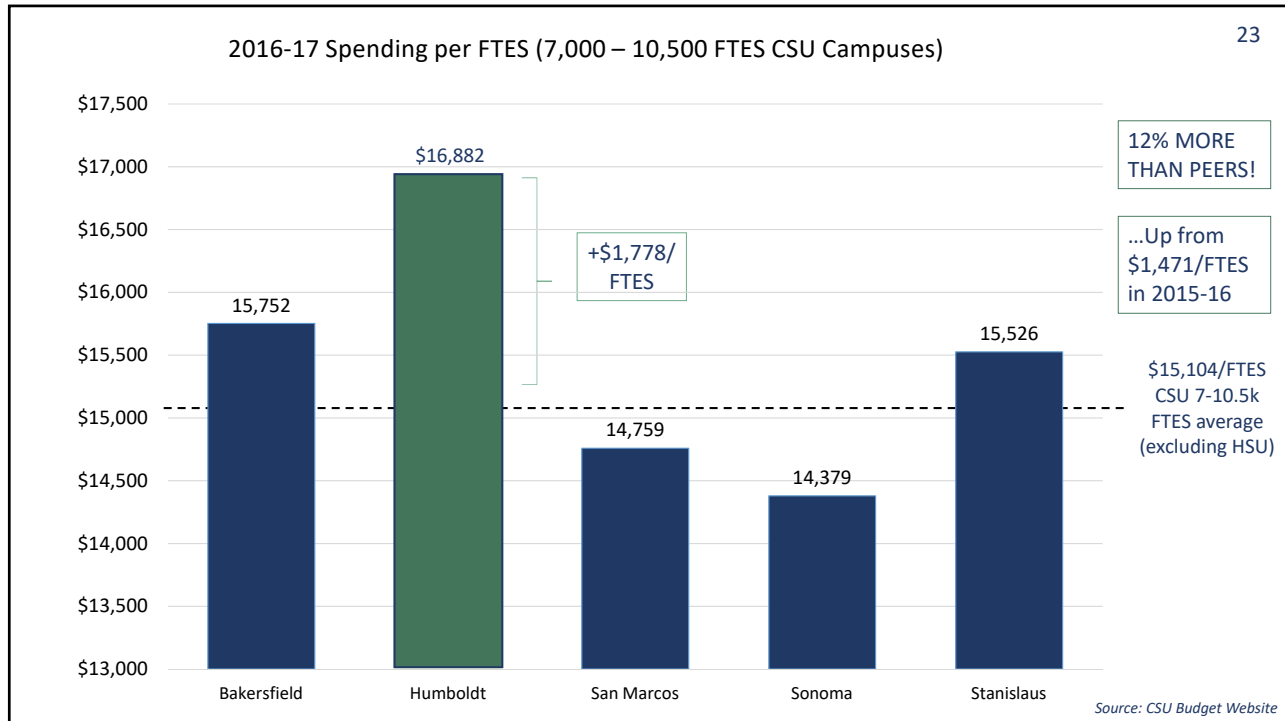
**\$61 million** **FIXED COST DEFICIT** (compensation and mandatory costs)

*Source: CSU Board of Trustees Meeting,  
Committee on Finance, Jan 29-31, 2018*

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## HSU Spending per FTES - CSU Peer Comparisons

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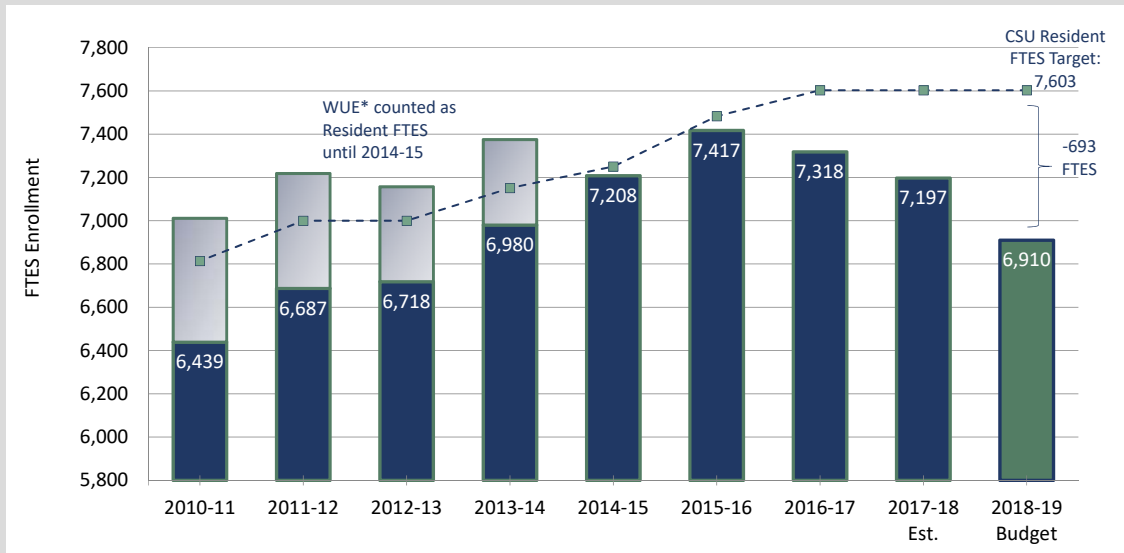
## 2016-17 Spending Comparison by Functional Category (FIRMS/NACUBO Code)

FUNCTIONAL CATEGORY	HSU	7k-10.5k Campus Ave. (excl. HSU)	% Higher than 7k-10.5k	CSU System Ave. (excl. HSU & Maritime)	% Higher than System Ave.
Instruction	6,783	6,004	13%	6,131	11%
Research	37	18	106%	42	-12%
Public Service	34	46	-26%	35	-3%
Academic Support	2,063	1,668	24%	1,562	32%
Student Services	1,725	1,846	-7%	1,711	1%
Institutional Support	2,297	2,083	10%	1,852	24%
Op & Maint of Plant	2,168	1,682	29%	1,870	16%
Student Financial Aid	1,776	1,756	1%	1,727	3%
<b>TOTAL SPENDING PER FTES</b>	<b>16,882</b>	<b>15,104</b>	<b>12%</b>	<b>14,929</b>	<b>13%</b>

Source: CSU Budget Website

# HSU Enrollment

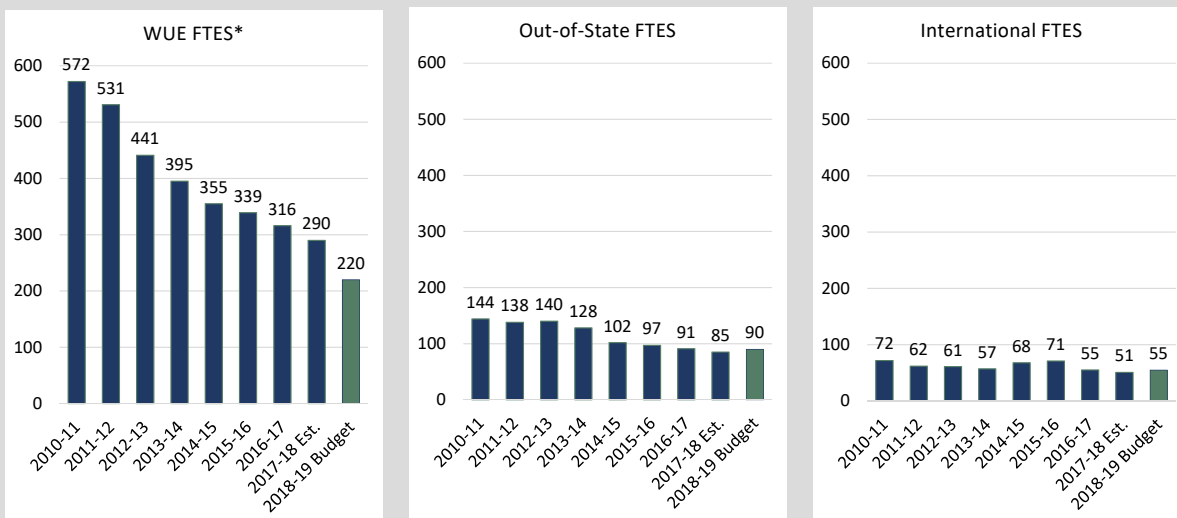
## Total Annual Resident FTES Trends



\*WUE: Western Undergraduate Exchange

Sources: HSU IE Website, CSU Budget Website

## Total Annual Non-Resident FTES Trends



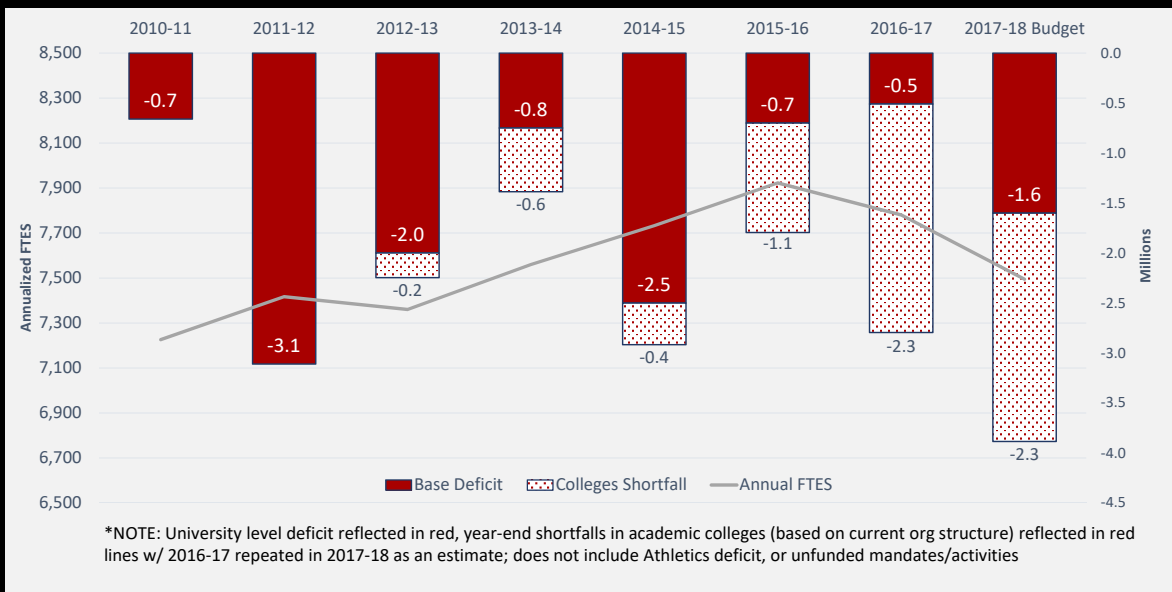
\*WUE: Western Undergraduate Exchange

Sources: HSU IE Website, CSU Budget Website

# HSU Deficit

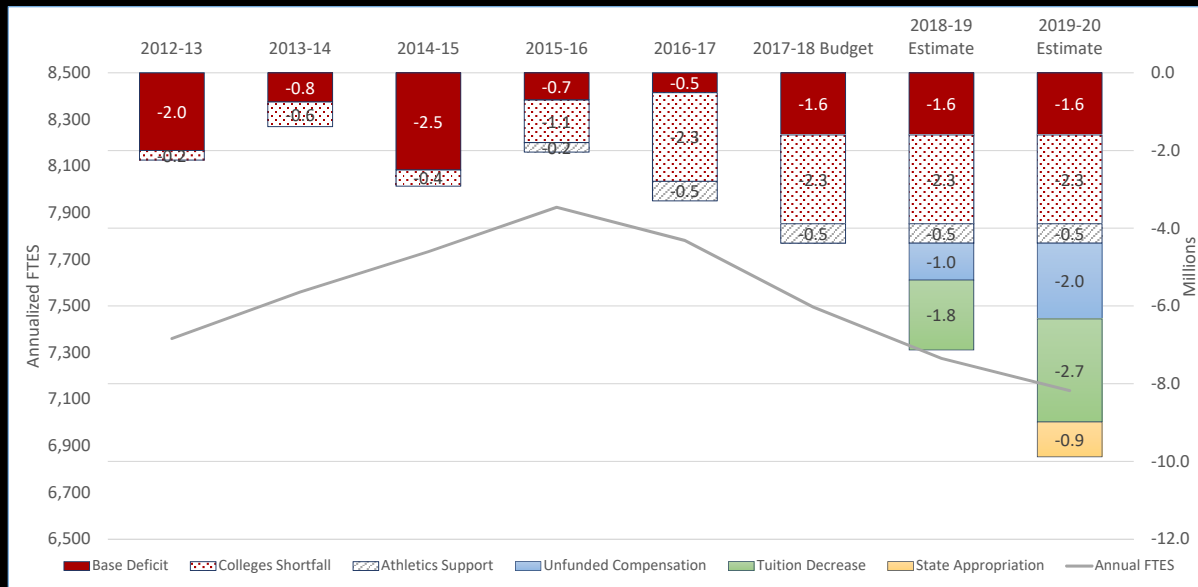
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## HSU Deficit History\* (in millions)



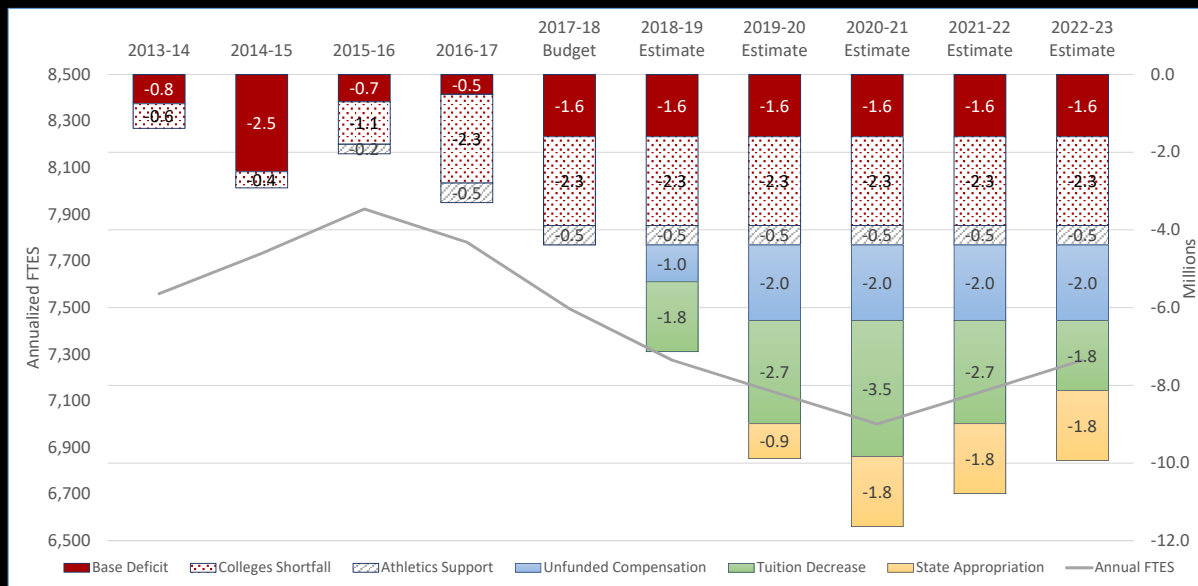
Sources: HSU Budget Website, HSU IE Website, 2017-18 Budget Planning

## HSU Deficit History and Projection (in millions)



Sources: HSU Budget Website, HSU IE Website, 2018-19 Budget Planning

## HSU Deficit History and Projection (in millions)



Sources: HSU Budget Website, HSU IE Website, 2018-19 Budget Planning



# Strategies and Next Steps

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## Reduction Target: \$9 million

FUNCTIONAL CATEGORY	HSU Target Based on 17-18 Data	% Higher than 7k-10.5k Campus Ave.	% Higher than System Ave.	\$ Reduction Target	% Cut (17-18 Bud w. YTD comp + overspend)
Instruction	7,030	10%	8%	(3,000,000)	-6%
Research	-	-	-	-	0%
Public Service	35	-29%	-6%	-	0%
Academic Support	1,880	6%	14%	(1,390,000)	-9%
Student Services	1,882	-4%	4%	(740,000)	-5%
Institutional Support	2,557	16%	30%	(2,750,000)	-13%
Op & Maint of Plant	1,990	12%	0%	(1,120,000)	-7%
Student Financial Aid	1,967	6%	7%	-	0%
<b>TOTAL SPENDING PER FTES</b>	<b>17,341</b>	<b>8%</b>	<b>10%</b>	<b>(9,000,000)</b>	<b>-7%</b>

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## Immediate Steps

- Implement a 5% reduction in current year operating expense budgets (non-personnel)
- No tenure-line faculty position requests for fall 2019
- Hiring chill: All staff and administrator hiring requests continue to be approved by Cabinet with the intent of reducing recruitments over the next 18 months
- Academic Programs and Office of Institutional Effectiveness (OIE) will assist the colleges in building fall 2018 and spring 2019 class schedules that align available instructional resources with student course need
- All General Fund travel expenditures and other expenditures of \$2,000 or more must be approved by the appropriate Vice President

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## Short Term Steps

- Cabinet will incorporate Phase 2 feedback into the February 22 reduction plan
- URPC is developing a budget oversight policy
- Benchmark and recalibrate our spending by category (FIRMS codes) based on CSU system data
- Reduce an estimated 40-50 budgeted staff and administrator positions
- Reduce temporary faculty appointments in fall 2018
- Reorganize or consolidate units and functions
- Identify and implement process improvements

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## Longer Term Steps

- Complete and implement Strategic Enrollment Management plan
- Rigorous review of all programs (administrative and academic) on campus
- Integrated assessment, planning, and budget process
- Enhanced fundraising efforts

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The Path Forward:  
Budget Plan by 2/22/18

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