Budget 101

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Director of Budget Planning and Administration
Division of Administration and Finance
Objectives of Presentation

- Provide a perspective on budgeting
- 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 the CSU Operating Fund
- Introduce current and future budget items and challenges 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 challenging part
  - When it’s done well, budgeting and measurement are relatively easy
- Effective planning identifies what is important and what’s not as 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
   - ASSEMBLY BUDGET COMMITTEE
     - Budget Subcommittees: Education (CSU), General Government, Environmental, Health
     - Assembly Budget Bill

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

1. Governor Submits "MAY REVISE"
2. Budget Conference Committee Reconciles and Adopts Budget
3. Legislature Votes on Budget
4. Governor Signs Budget
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

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*

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

5. Final Campus Budgets
Cal State Fullerton Budget Process

• BL 09-2 Planning, Resource, and Budget Committee Functions
  http://www.fullerton.edu/senate/PDF/100/UPS100-001.pdf
• UPS 100.201 Planning and Budgeting Process
  http://www.fullerton.edu/senate/PDF/100/UPS100-201.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, State Tuition Fee Revenue, and other Revenues (e.g., non-resident fee, application fee, and interest earning)
- University auxiliary organizations are separate, private, non-State, non-profit corporations consistent with the California Ed Code and Corporation Codes:
  - CSU Fullerton Auxiliary Services Corporation (ASC)
  - CSF Philanthropic Foundation
  - Associated Students California State University, Fullerton, Inc. (ASI)
  - CSU Fullerton Housing Authority
### University Revenue By Fund Source
#### FY 2011-12 Original Budget

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>Amount</th>
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<tr>
<td>CSU OPERATING FUND</td>
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<td>LOTTERY EDUCATION FUND</td>
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<td>CONTINUING EDUCATION REVENUE FUND (CERF)</td>
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<td>PARKING FUND</td>
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<td>PARKING FINES &amp; FORFEITURES</td>
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<td><strong>TOTAL UNIVERSITY BUDGET</strong></td>
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University Revenue By Fund Source
FY 2011-12 Original Budget

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<tr>
<td>CSUF Auxiliary Services Corporation</td>
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<td>Parking Fund</td>
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<td>Parking Fines &amp; Forfeitures</td>
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### CSU Operating Fund Revenue Summary
#### FY 2011-12 Original Budget

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<th>BASELINE</th>
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<td>Tuition Fee</td>
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CSU Operating Fund Revenue Summary
FY 2011-12 Original Budget

- State Allocation: $116,085,961 (36.7%)
- Tuition Fee: $182,144,148 (57.6%)
- Non-Resident Fee: $8,556,744 (2.7%)
- Health Fee: $2,200,000 (0.7%)
- Application Fee: $1,952,665 (0.6%)
- Trust Fund Interest Earnings: $290,400 (0.1%)
- Other Receipts: $5,184,420 (1.6%)
- Application Fee: $1,952,665 (0.6%)
- Trust Fund Interest Earnings: $290,400 (0.1%)
- Other Receipts: $5,184,420 (1.6%)
- State Allocation: $116,085,961 (36.7%)
- Tuition Fee: $182,144,148 (57.6%)
- Non-Resident Fee: $8,556,744 (2.7%)
- Health Fee: $2,200,000 (0.7%)
- Application Fee: $1,952,665 (0.6%)
- Trust Fund Interest Earnings: $290,400 (0.1%)
- Other Receipts: $5,184,420 (1.6%)

Total Revenue: $392,873,008
## CSU Operating Fund Expenditures

### By Division & Program (Functional Classification)

**FY 2011-12 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>Grand Total</th>
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<td>-</td>
<td>-</td>
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<td>146,277,191</td>
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### Total

- **170,548,639**
- **109,200**
- **140,076**
- **16,851,713**
- **18,232,859**
- **49,392,897**
- **21,958,863**
- **45,730,327**
- **322,964,574**

*Research Budget of $109,200 represent the budget of Social Science Research Center that is coded as Research Program in functional program classification. University incurs research expenses in ASC or in the departments classified as Instruction Program.*
CSU Operating Fund Expenditures By Program
(Functional Classification)
FY 2011-12 Original Budget

- Instruction: $170,548,639 (52.8%)
- Student Grants and Scholarships: $45,730,327 (14.2%)
- Operation and Maintenance of Plant: $21,958,863 (6.8%)
- Institutional Support: $49,392,897 (15.3%)
- Student Services: $18,232,859 (5.6%)
- Academic Support: $16,851,713 (5.2%)
- Research: $109,200 (0.0%)
- Public Service: $140,076 (0.1%)
# CSU Operating Fund Expenditures

## By Division & Natural Classification

### FY 2011-12 Original Budget

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<tr>
<th>Division</th>
<th>Salaries</th>
<th>Benefits</th>
<th>Financial Aid</th>
<th>Contractual Services</th>
<th>Equipment</th>
<th>Info Tech Costs</th>
<th>Travel</th>
<th>Supplies and Services</th>
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<th>Grand Total</th>
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</table>

Grand Total  157,807,462  65,675,388  45,758,861  83,400  10,500  3,600  41,100  36,207,902  17,376,361  322,964,574
CSU Operating Fund Expenditures By Natural Classification
FY 2011-12 Original Budget

- Salaries: $157,807,462 (48.9%)
- Benefits: $65,675,388 (20.3%)
- Financial Aid: $45,758,861 (14.2%)
- Other OE: $17,376,361 (5.4%)
- Supplies and Services: $36,207,902 (11.2%)
- Contractual Services: $83,400 (0.0%)
- Equipment: $10,500 (0.0%)
- Info Tech Costs: $3,600 (0.0%)
- Travel: $41,100 (0.0%)
- Supplies and Services: $36,207,902 (11.2%)
Budget Items/Challenges

Drastic state budget cuts

Chart from CO’s CSU support budget presentation dated July 17, 2012
Budget Items/Challenges - Continued

Many unknowns

Funding items

➢ Unfunded expenditure mandates (e.g., health benefit cost increases, CMS, etc)

➢ PRBC Priority Items

➢ Deferred maintenance
Questions