2015/16
BUDGET DISCUSSION:

GOVERNOR’S MAY REVISE & PRELIMINARY CSU BUDGET ALLOCATIONS

UPBG   May 29, 2015
Other campus expenses include:

- Utilities
- Risk Pool
- Space Rental
- Deferred Maintenance
- Reserves

*Anticipated FY 2015/16 budget: approx. $389.5M
2015-16 CSU Support Budget Request*

- Mandatory Costs (employee benefits & new space maintenance) $23.1 M
- 2% Compensation Pool increase 65.5 M
- 3% Enrollment Increase (net of tuition fee revenue; 10,400 FTES) 50.8 M
- Student Success and Completion Initiatives 38.0 M
- Academic Facilities Maintenance and Infrastructure Needs 25.0 M
- Information Technology Renewal 14.0 M
- Center for California Studies – Cost Increases .2 M

Total Ongoing Expenditure Increase Request $216.6 M

* approved at Nov. 2014 BOT meeting

Governor’s January Budget Proposal-CSU Increase $119.5 M

Additional Resource Need $97.1 M
Governor’s May Revise

$157.5M ongoing support budget increase:

- $119.5M increase per multi-year plan

- $38M additional increase:
  - $19M for enrollment (brings system total to 1.75%/6000 FTES)
  - $19M for student success initiatives
Governor’s May Revise

One-Time Budget Allocations for 15/16:

- $25M deferred maintenance
- $25M innovation awards
- $35M energy efficiency and renewable energy projects
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Enrollment Funding for 416 FTES (1.59%) (state appropriation net of tuition fee revenue)</td>
<td>$1.9M</td>
</tr>
<tr>
<td>Mandatory Costs (Health &amp; Pension costs)</td>
<td>$1.3M</td>
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<tr>
<td>2% Compensation Pool</td>
<td>$5.0M</td>
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<tr>
<td><strong>Total Ongoing Increase</strong></td>
<td><strong>$8.2M</strong></td>
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*Limited discretionary funding available. Information regarding student success initiatives funding pending.*
CSUN Deferred Maintenance Projects

CSUN One-Time Allocation from System-wide $25M Pool:
- Campus priority to be determined: $1.6M

CSUN One-time Allocations from $10M Debt Obligation:
- Heating Hot Water System Replacement $3.5M
  ($5.7M previously received for this project in FY 14/15)
- Building Electrical System Replacement $1.5M
- Redundant Electrical Substation Upgrade $1.5M

Total $6.5M
Resident Enrollment Targets

- **2009/10 to 2018/19**
  - **CO Target FTES (Resident) - CURRENT**
  - **Actual/Projected Resident FTES**
  - **CO Target FTES (Resident) - ORIGINAL**

1% annual over-enrollment decrease through FY18/19

funded enrollment:
- 1.59% in 15/16, 1% subsequent years
Enrollment Adjustment Impacts

Over-enrollment Reduction - Net Impact
Net of New Enrollment Funding and Tuition Fee Reduction

2015/16: $1,968,512
2016/17: $3,225,284
2017/18: $4,494,623
2018/19: $5,776,656

New Enrollment (State Appropriation)

2015/16: $871,519
2016/17: $1,042,268
2017/18: $1,236,445
2018/19: $1,454,067

2015/16: $(1,096,993)
2016/17: $(2,183,016)
2017/18: $(3,258,179)
2018/19: $(4,322,590)
Marginal Non-Resident Fee Revenue

Note: Every 1 non-resident FTE equates to approx. $10K in additional tuition fee revenue.
Challenges & Risks

Existing recurring commitments:
Current budget commitments utilize nearly all anticipated annual operating funds

New operating funds are designated:
2015/16 CSU base funding increases are primarily designated for enrollment growth, salary increases & mandatory costs—very little flexible funding after equity increases are factored-in

Limited capital funds:
2014/15 & 2015/16 CSU deferred maintenance funds reduced; CSUN $12M central plant heating system project likely to be $3M short.
Erosion of reserves:

- CSUN preliminary 4-year budget analysis shows central reserves declining in 15/16 before recovering in following years.

- Maintaining minimum reserve level will limit capacity to add new recurring budget commitments.
General Discussion Takeaways

Key priorities and considerations identified at spring 2015 UPBG meetings:

- Deferred maintenance & academic space improvements represent largest annual costs (but are largely “one-time”)

- Student success initiatives, competitive compensation, and tenure track faculty hiring are viewed as high impact investments