2018-19 Budget Update and Planning Framework

Campus Budget Forum

April 19, 2018
CSU Budget Plan and Status

Dr. Mary A. Papazian
President
### SOURCES OF FUNDS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Increase</td>
<td>$263,015,000</td>
</tr>
<tr>
<td>Operating Budget</td>
<td>$248,015,000</td>
</tr>
<tr>
<td>Academic Facilities and Infrastructure</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Tuition from 1% Increase in Enrollment Growth (3,641 Full-Time Equivalent Students)</td>
<td>$19,878,000</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td><strong>$282,893,000</strong></td>
</tr>
</tbody>
</table>

### USES OF FUNDS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Graduation Initiative 2025</td>
<td>$75,000,000</td>
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<tr>
<td>Compensation</td>
<td>$122,100,000</td>
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<tr>
<td>1% Increase in Enrollment Growth</td>
<td>$39,905,000</td>
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<tr>
<td>Academic Facilities and Infrastructure</td>
<td>$15,000,000</td>
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<tr>
<td>Mandatory Costs Increases</td>
<td>$30,888,000</td>
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<tr>
<td>Health Benefits</td>
<td>$12,029,000</td>
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<tr>
<td>Retirement</td>
<td>$11,100,000</td>
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<tr>
<td>Minimum Wage Increase</td>
<td>$4,158,000</td>
</tr>
<tr>
<td>Maintenance of New Facilities</td>
<td>$3,601,000</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td><strong>$282,893,000</strong></td>
</tr>
</tbody>
</table>
## 2018-2019 CSU Operating Budget

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trustees Request to State</td>
<td>$263</td>
</tr>
<tr>
<td>Governor’s Budget Proposal</td>
<td>$92</td>
</tr>
<tr>
<td><strong>Budget Gap</strong></td>
<td><strong>$171</strong></td>
</tr>
</tbody>
</table>
What CSU Needs To Do

Top Priority: Seek additional state funding

Contingency: Pursue CSU-controlled strategies

- Plan to reduce programs and services
- Consider potential $228 per year tuition increase
  - Provides $70 million in operating revenue
  - Commits $35 million more for State University Grants
Campus Budget Planning

Charlie Faas, Chief Financial Officer and Vice President for Administration & Finance
SJSU Revenue Budgets
FY2017/18 Budget

Operating Fund
$357M

- Research Fndn
  $55M
- SSETF
  $21M
- Housing
  $46M
- Parking
  $6M
- Athletics Self-Support
  $12M
- Extended Ed.
  $33M
- Lottery, Other Revenues
  $5M
- Spartan Shops
  $25M
- Student Health
  $14M
- Associated Students
  $8M
- Student Union
  $11M
- Tower Fndn
  $33M
- Lottery, Other Revenues
  $5M

Total $625M
Chart above displays the breakdown of the Operating Fund Base expenditure budget. Budget excludes Restricted Student Aid (primarily a U-Wide tuition discount). Consistent with FY2016/17 chart, the benefits are distributed across Divisions. Intercollegiate Athletics does not include one-time funding as reported last year. More details are available in the Annual Budget Report (p. 8).
Breakdown of Operating Fund Categories
FY2017/18 Budget

- Salaries: 50%
- Benefits: 25%
- Operating Expenses & Equipment: 10%
- Utilities: 3%
- Financial Aid: 12%
How do we move forward, given:

- Uncertain funding situation...and late decisions
- *Challenges will continue, and could be significantly worse in coming years*
  - Compensation adjustments are bargained for the next three years, yet no guarantee of state support

We need to take immediate action to ensure the university’s highest priorities are addressed:

- Instruction (timely graduation)
- Student Success and Retention
- Safety & Security
Divisions agreed to return unused salary savings from 2017-18 to help with the budget

Salary budgets will be centralized next year so vacancy savings can be applied to help the budget situation, and to ensure resources are used most effectively

- Salary budgets will be allocated monthly to cover actual salary costs – the same mechanism used for benefits
- Temporary and contract worker costs will be covered
Vice Presidents have been asked for:

- Updates to 3-year budget plans
- Requests for items previously funded through division salary savings (otherwise unbudgeted)
- New requests that meet one or more of the following:
  - Mandates or safety/security requirements
  - Strategic Plan priorities

*Budget plans will continue to be based on a 3-year rolling budget model to ensure adequate support for prioritized investments*
The 2018-19 budget plan will continue to develop as additional information becomes available:

- Governor’s May Revision (by May 15)
- Tuition proposal vote by Board of Trustees (May 15-16)
- Final State Budget (June)
- Final allocations to campuses (July)

The strategy is to have a comprehensive 2018-19 budget plan “ready to go” that will be funded to the extent resources are available
Questions & Answers