



Cal Poly Pomona Budget Café

February, 2008

Presented by:

Dr. Ed Barnes, Vice President, Administrative Affairs

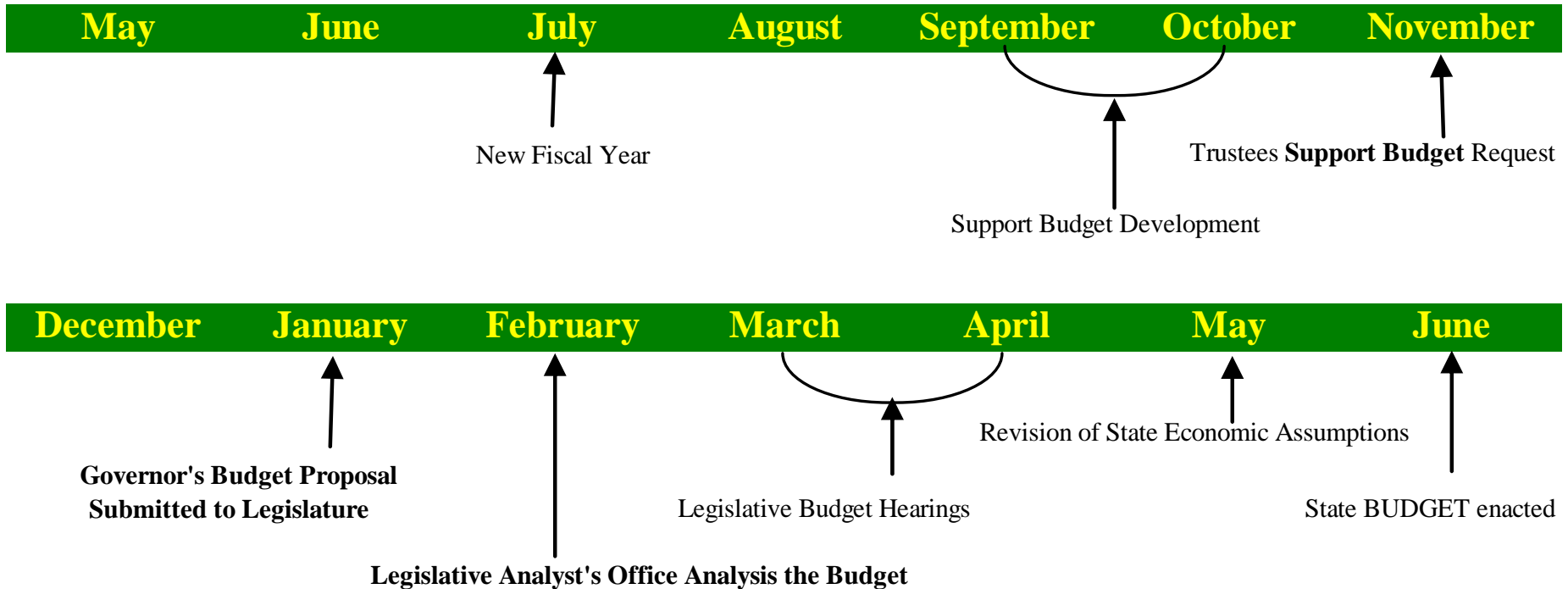
Mr. Darwin Labordo, Associate VP, Finance & Admin Services

Mr. Mark Lopez, Director, Budget Services,

07/08 Budget Café Agenda

- I. California Budget Calendar**
- II. CSU and Cal Poly Pomona Budget Resources**
- III. Uses of Funds**
- IV. Marginal Cost Funding**
- V. Actual Expenditures per Audited Financial Statements**
- VI. 2008/09 Budget – Outlook**
- VII. Next Actions**
- VIII. Questions / Comments**

I. California Budget Calendar



Note: California Budget Calendar is adopted by all CSU including Cal Poly Pomona

II. CSU Budget Resources

- **In 2007/08, The CSU received its State General Fund Appropriation of \$2.9 Billion and State University Fee Revenue of \$1.1 Billion**
- **The CSU Allocated its State General Fund Appropriation to all 23 CSU Campuses, including Cal Poly Pomona**
- **Cal Poly Pomona received 214.9 Million in 07/08. This was an increase of 15.4 Million over the 06/07 Allocation**

II. CSU Budget Resources – Cont.

- **Generally, Cal Poly's allocation is about 5% of the total CSU appropriation**
- **The General Fund Resources included:**
 - **General Fund - State legislature's budget appropriation (Subject to State Reduction)**
 - **State University Fee – Main source of student fee support to the university**
 - **Other Fees – Including Non-Resident Tuition**

II. Cal Poly Pomona's General Fund Allocation

Sources:

■ 2006/07 Base	->	\$	199,517,543
■ Annual General Fund Appropriation			
- 06/07 Base Adjustments	->	\$	1,501,370
- Budget Growth - 4% Gov Compact	->		7,766,400
■ Annual State University Fee Revenue			
- Revenue Growth (FTE & Fee Increase) - 2.5% Gov Compact	->		6,088,000
- 2007/08 Increase	->	\$	15,355,770
2007/08 Total Sources	->	\$	<u>214,873,313</u>

II. CSU's Allocation to Cal Poly Pomona

2007/08 Cal Poly Pomona Uses of Funds

Uses of Funds

Campus Adjustments (Wk Study, System Recharges) \$ (100,719)

Student Financial Aid Increase \$ 2,234,400

Employee Benefits Increase

Retirement 1,266,000

Health 1,333,000

\$ 2,599,000

Compensation Increase

Unit 1 - Physicians & Dentists 35,100

Unit 3 - Faculty 6,892,454

Unit 4 - Academic Professionals 216,938

Unit 6 - Skilled Trades 130,660

Unit 8 - Public Safety 91,661

CSUEU 1,607,097

Unit 11 - Academic Student Employees 17,182

Staff Full-Year Costs 393,028

MPP/Confidential 1,238,969

Total Employee Compensation \$ 10,623,089

Grand Total, Uses of Funds

\$ 15,355,770

II. Cal Poly Pomona's General Fund Allocation 2006/07 and 2007/08 Budget Comparison

Divisions	2006/07	2007/08*	Change
President	\$ 2,042,000	\$ 2,109,000	\$ 67,000
Academic Affairs	86,988,000	90,847,000	3,859,000
Administrative Affairs	16,320,000	16,981,000	661,000
I & IT	7,686,000	7,937,000	251,000
Student Affairs	14,941,000	15,672,000	731,000
Univ Advancement	2,946,000	3,119,000	173,000
Health Services	2,451,000	2,451,000	-
University Centrally Managed**	66,143,000	75,757,000	9,614,000
Total Appropriation	\$ 199,517,000	\$ 214,873,000	\$ 15,356,000

*2007/08 Budget as of 12/31/07

**Univ Reserve/Unallocated, Empl Ben, Fin Aid, Utilities, Risk Mgt

II. Cal Poly Pomona's General Fund Allocation 2006/07 and 2007/08 Budget Comparison

	<u>University Centrally Managed</u>		
	<u>2006/07</u>	<u>2007/08</u>	<u>% Change</u>
Employee Benefits	39,881,000	44,385,000	11.3%
Student Financial Aid	13,716,000	15,865,000	15.7%
University Utilities	7,285,000	7,392,000	1.5%
University Risk Management	3,905,000	3,905,000	0.0%
University Space Rental	-	852,000	
Campus Adj	45,000	45,000	0.0%
Reserve / Unallocated	1,311,000	3,313,000	152.7%
	<u>\$ 66,143,000</u>	<u>\$ 75,757,000</u>	<u>14.5%</u>

II. Cal Poly Pomona's Budget Resources

- In addition to Cal Poly Pomona's General Fund Allocation, the university has other sources of funds including:

- Prior Year Carryforward

- Reimbursements

- Trust Funds

- Parking

- Housing

- Lottery

- C.E.R.F (Ext. Ed.)



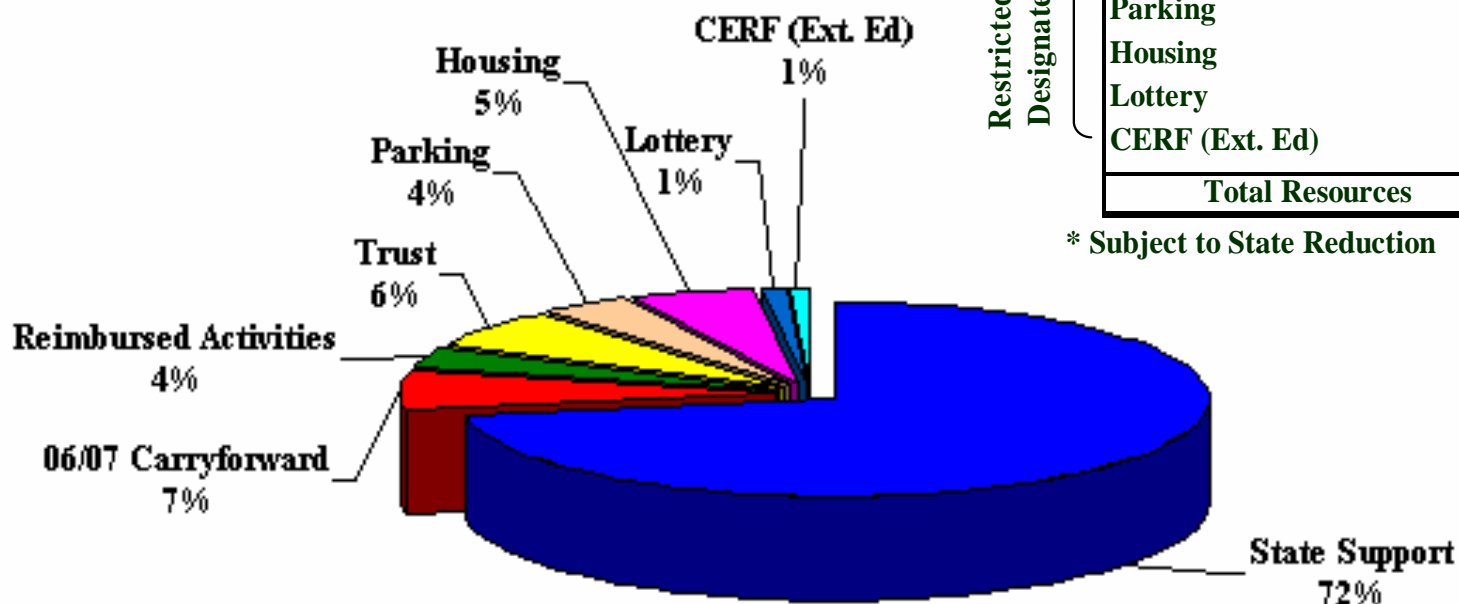
**Restricted
/ Designated Funds**

- Next graph illustrates combined sources of funds

Cal Poly Pomona 2007/08 Projected Resources

Resource	2007/08
* General Fund Appropriation	146,607,000
State University Fee	57,697,000
Other Fees	10,569,000
State Support	214,873,000
06/07 Carryforward	20,488,000
Reimbursed Activities	10,500,000
Trust	19,305,000
Parking	10,975,000
Housing	16,282,000
Lottery	2,824,000
CERF (Ext. Ed)	2,769,000
Total Resources	\$ 298,016,000

* Subject to State Reduction



■ State Support ■ 06/07 Carryforward ■ Reimbursed Activities ■ Trust ■ Parking ■ Housing ■ Lottery ■ CERF (Ext. Ed)

III. Cal Poly's Projected Uses of Funds

2007/08 Projected Uses of Funds

<u>Divisions</u>	<u>General Fund * & Fee Revenue</u>	<u>Prior Year Carryforward</u>	<u>Expected Reimbursed</u>	<u>Reimbursed Carryforward</u>	<u>Total</u>
President	\$ 2,109,000	\$ 544,000	\$ 120,000	\$ 59,000	\$ 2,832,000
Academic Affairs	90,847,000	3,009,000	2,611,000	2,398,000	98,865,000
Administrative Affairs	16,981,000	1,429,000	2,389,000	344,000	21,143,000
I & IT	7,937,000	2,088,000	85,000	558,000	10,668,000
Student Affairs	15,672,000	1,751,000	1,164,000	262,000	18,849,000
Univ Advancement	3,119,000	288,000	-	(15,000)	3,392,000
Health Services	2,451,000	-	-	-	2,451,000
University**	75,757,000	11,379,000	525,000	-	87,661,000
Total Appropriation	\$ 214,873,000	\$ 20,488,000	\$ 6,894,000	\$ 3,606,000	\$ 245,861,000

* GENERAL FUND ALLOCATION SUBJECT TO STATE REDUCTION

** Univ Reserve, and Centrally Managed items including Empl Ben, Fin Aid, Utilities, Risk Mgt.

III. Cal Poly's Projected Uses of Funds - Cont.

2007/08 Designated Restricted Funds

<u>Divisions</u>	<u>Trust</u>	<u>Parking</u>	<u>Housing</u>	<u>Lottery</u>	<u>Continuing Education</u>	<u>Total</u>
President	\$ 1,901,000	\$ -	\$ -	\$ -	\$ -	\$ 1,901,000
Academic Affairs	1,129,000	-	-	1,734,000	2,769,000	5,632,000
Administrative Affairs	1,493,000	-	-	-	-	1,493,000
I & IT	2,285,000	-	-	953,000	-	3,238,000
Student Affairs	891,000	10,974,912	16,281,661	-	-	28,147,573
Univ Advancement	167,000	-	-	-	-	167,000
Health Services	-	-	-	-	-	-
University**	11,439,000	-	-	137,000	-	11,576,000
Total Appropriation	\$ 19,305,000	\$ 10,974,912	\$ 16,281,661	\$ 2,824,000	\$ 2,769,000	\$ 52,154,573

** Trust includes the CLA settlement.

IV. Sources: Marginal Cost Funding

- **72% of funds received by Cal Poly Pomona is from State support**
- **For each additional student that the CSU enrolls, the State provides funding at a “Marginal Cost” rate to support:**
 - **Direct Instruction**
 - **Academic Support**
 - **Student Services**
 - **Institutional Support**
 - **Plant Operations**

IV. Sources: Marginal Cost Funding – Cont.

- **Direct Instruction** : All activities that are part of an institution's instruction program
- **Academic Support** : Support services to the institution's primary mission: instruction, research, and public service
- **Student Services** : Offices of admissions and the registrar and activities with the primary purpose of contributing to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program

IV. Sources: Marginal Cost Funding – Cont.

- **Institutional Support** : Central executive-level activities concerned with management and long-range planning for the entire institution; administrative data processing; space management; employee personnel and records; logistical activities that provide procurement, storerooms, printing; transportation services to the institution; support services to faculty and staff; and activities concerned with community and alumni relations
- **Plant Operations** : Administration, supervision, operation, maintenance, preservation and protection of the institution's physical plant

IV. Sources: Marginal Cost Funding - Cont.

	<u>2007/08</u>	<u>Requested</u> <u>2008/09</u>
General Fund	7,710	8,029
State University Fee	2,234	2,399
Gross MCI	9,944	10,428

1 FTE (Full Time Equivalent Student):

- ❖ Undergraduate 15 credit hours per quarter / 45 credit hours per Academic Year**
- ❖ Graduate (Masters Students) 12 credit hours per quarter / 36 credit hours per Academic Year**

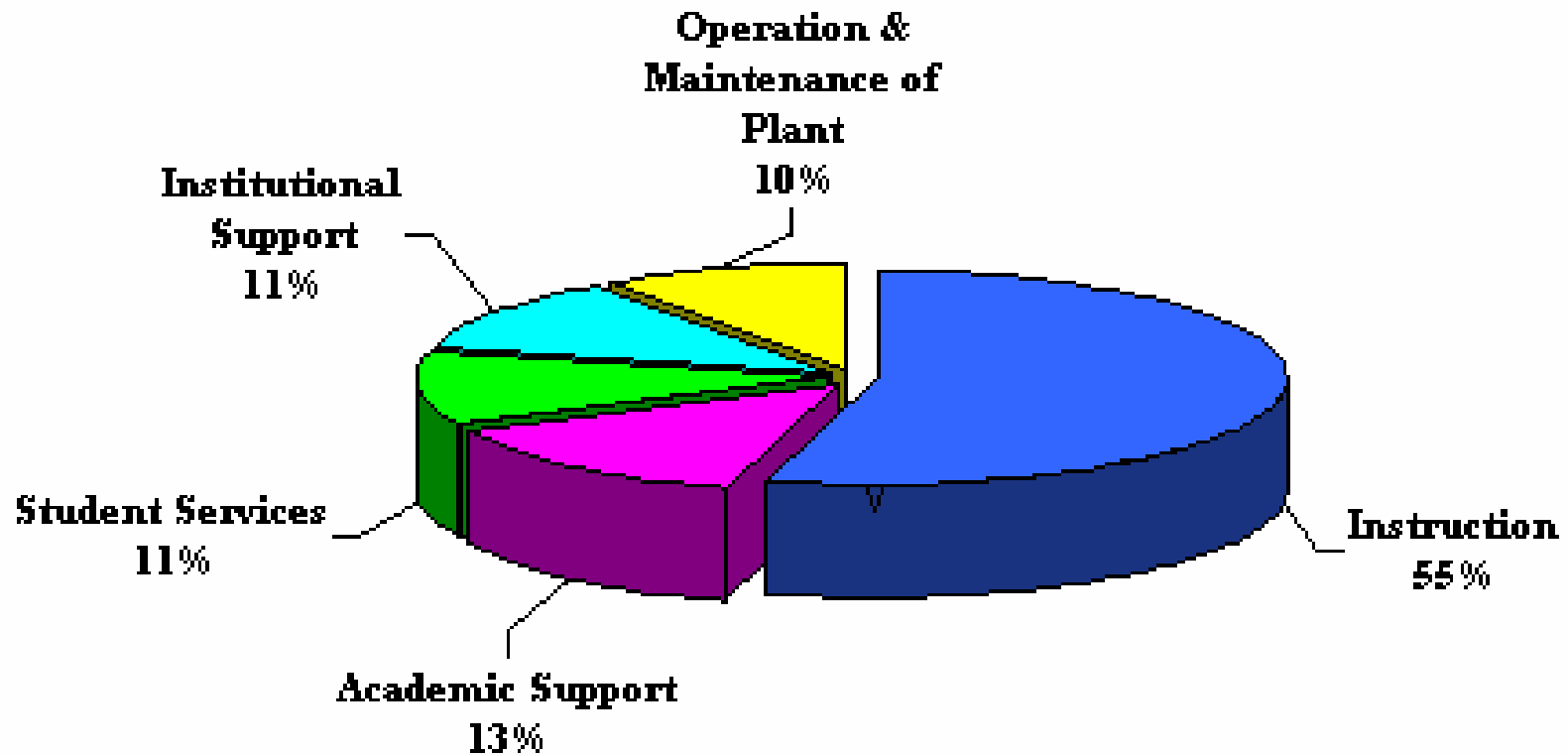
IV. Marginal Cost Funding - Cont.

The 2007/08 funded Marginal Cost of Instruction (MCI) based on the amounts included in the CSU Trustees' Budget are as follows:

Marginal Cost of Instruction Component	Cost Per		
	FTE	Percent	
Faculty Salary	\$ 3,238	32.5%	} 54.5%
Faculty Benefits	1,223	12.3%	
Instructional Support	822	8.3%	
Teaching Assistant Salary	17	0.2%	
Instructional Equipment	119	1.2%	
Academic Support	1,330	13.3%	
Student Services	1,110	11.2%	
Institutional Support	1,111	11.2%	
Operation & Maintenance of Plant	973	9.8%	
Total Marginal Cost	\$ 9,944	100.0%	
Less: Fee Revenue	(2,234)		
State Funding Rate	\$ 7,710		

IV. Marginal Cost Funding - Cont.

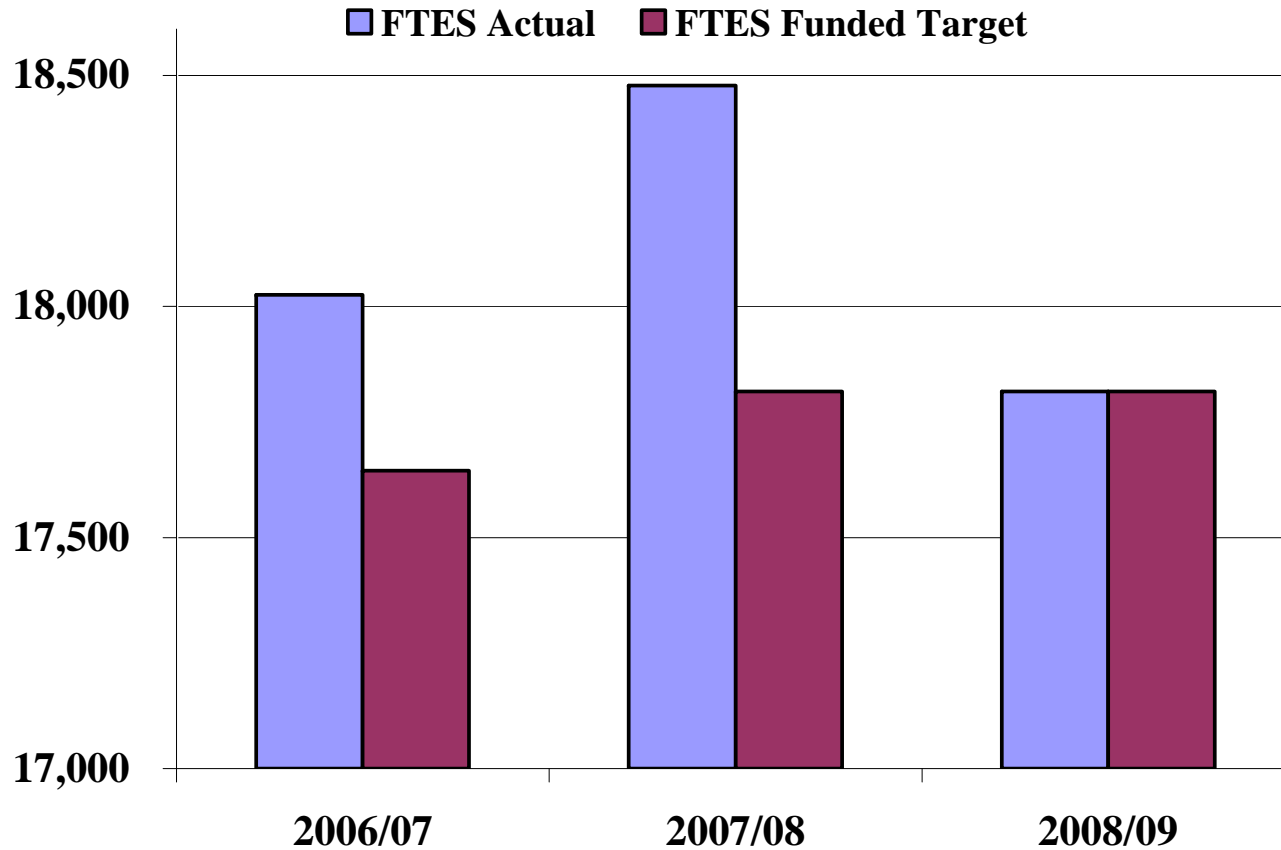
Marginal Cost of Instruction per FTE



IV. Marginal Cost Funding – Cont.

- **Based on the MCI methodology, the Governor and Legislature and the segments of Higher Education (UC, CSU, and Community Colleges) negotiate a final methodology and amount**
- **For 2007/08, the Governor funded Marginal Cost of Instruction at \$7,710 per Full-Time Equivalent Student**
- **662 FTE Students (approximately 775 student headcount) in 2007/08 are not funded as illustrated on next graph resulting in a Funding Gap of \$5.1 Million**

IV. Marginal Cost Funding – Cont.



	2006/07	2007/08	2008/09
FTES Actual	18,025	18,478	17,816
FTES Funded Target	17,645	17,816	17,816
Unfunded FTES	380	662	-

V. Actual Expenditures

Comparison between CSU and Cal Poly Pomona

Functional Category:	CSU	CSU	CSU	CSU
	Systemwide -	Pomona -	Systemwide -	Pomona -
	05/06 *	05/06 *	06/07 *	06/07 *
Instruction	47.76%	48.36%	47.41%	51.44%
Research	0.75%	0.00%	0.88%	0.00%
Public service	1.74%	0.07%	1.92%	0.05%
Academic support	13.34%	12.20%	13.49%	11.65%
Student services	11.71%	11.06%	12.44%	12.33%
Institutional support	14.00%	13.94%	13.32%	12.37%
Operation and maintenance of plant	10.69%	14.36%	10.54%	12.16%
TOTAL	100.00%	100.00%	100.00%	100.00%

* Source of information: Audited Generally Accepted Accounting Principles (GAAP) Financial Statements

V. Actual Expenditures

Comparison between CSU and Cal Poly Pomona

Table shows differences in 2005/06 and in 2006/07:

Functional Category:	2005/06	2006/07
	Pomona	Pomona
	vs	vs
	Systemwide	Systemwide
Instruction	+0.60%	+4.03%
Research	-0.75%	-0.88%
Public service	-1.68%	-1.88%
Academic support	-1.13%	-1.83%
Student services	-0.65%	-0.12%
Institutional support	-0.06%	-0.95%
Operation and maintenance of plant	+3.68%	+1.63%

* Source of information: Audited Generally Accepted Accounting Principles (GAAP) Financial Statements

VI. 2008/09 Budget Outlook-Statewide

- **Housing market continues to deteriorate**
- **High energy (oil and natural gas) prices slows economy**
- **Continued softness in the state's economy lowering the forecast of revenues**
- **Lower property taxes, driving state General Fund spending on K-14 education upwards**

VI. 2008/09 Budget Outlook-Statewide – Cont.

- **A likely delay in the sale of EdFund and a reduction in anticipated revenues**
- **Delayed implementation of new tribal gaming compacts**
- **Growing competing interests for State General Fund dollars coupled with increasing allocation to prisons puts enormous pressure on Higher Education funding**
- **Decision: “World-class Prisons or World-class Higher Education?”**

VI. 2008/09 Budget Outlook-Statewide – Cont.

- **The fiscal forecast released by the Legislative Analyst today (2/20/08) indicates a growing state deficit – now estimated at \$16 Billion**
- **A report from the State Controller’s office released last week showed a further decline in tax collections compared to the Governor’s Budget in January**

Source: LAO: The 2008-09 Budget: Perspectives and Issues
Los Angeles Times 2/14/08
February 2008 Summary Analysis Vol. 2, Issue 2

VI. 2008/09 Budget Outlook-CSU

- **As a result of the slowing economy, the Governor's budget included a \$312.9 Million cut to the CSU budget for the 2008/09 fiscal year reducing access to qualified students entering college**
- **Adding in the unfunded \$73.2 Million student fee buyout to the \$312.9 Million reduction, the unfunded needs to the CSU result in a total reduction of \$386.1 Million**

VI. 2008/09 Budget Outlook-CSU – Cont.

- **\$386.1 Million is needed to fund 2.5 percent enrollment growth which would support an additional 10,000 FTE students, employee compensation, mandatory costs, and avoid a student fee increase**
- **The Funding reductions come after the CSU budget was reduced by more than \$326 million for the 2003/04 academic year and \$240 million in 2004/05, and has serious implications on providing the educated workforce that drives California's economy**

VI. 2008/09 Budget Outlook-Cal Poly Pomona

- **For Cal Poly Pomona, the budget reductions mean that the campus is unable to meet the continued strong enrollment demand**
- **Governor's Budget Reduction impact to Cal Poly is estimated to be over \$15 Million**
- **Budget deliberations will continue throughout the spring. It is safe to say that Cal Poly Pomona and the entire CSU will be working with far less State funding**



VI. 2008/09 Budget Outlook-Cal Poly Pomona – Cont.

- **Cal Poly Pomona has suspended all searches and has initiated a hiring freeze. Mission-critical searches and hiring will continue**
- **All purchasing contracts greater than \$1,000 will need higher level approval**

VII. Next Actions

- **State Budget deliberations will continue through the spring, possibly summer 2008, to resolve State Budget deficit of \$14.5 to \$16 Billion**
- **The Governor's May Revise will be an indicator of 2008/09 CSU and Cal Poly Funding**
- **Cal Poly Pomona will manage its budget towards our projected enrollment target of 17,816 FTEs**

VII. Next Actions

- **Campus Budget Committee – Resource Management Advisory Council (RMAC) to expand to include two faculty appointed by the Academic Senate, and ASI President**
- **Prepare for Possible Mid-Year 2007/08 Budget Reduction**
- **Divisions planning for 5%, 7%, 10% Budget Reduction scenarios for 2008/09**
- **Flexibility is Key – Possible Changes to come**
- **Please Contact your State Legislators**

VIII. Questions / Comments

Please share your questions/comments with your RMAC representative:

- **President's Office: Sandi Davis**
- **Academic Affairs: Lisa Rotunni**
- **Administrative Affairs: Pam Shedd**
- **I & IT: Stephanie Doda**
- **Student Affairs: Chris Chisler**
- **University Advancement: Sharon Joyce**
- **2 Faculty Members (Appointment Pending)**
- **Associated Students, Inc. President: Chris Wyrick**

