

# URPC Budget Update



# **> Presentation Items**

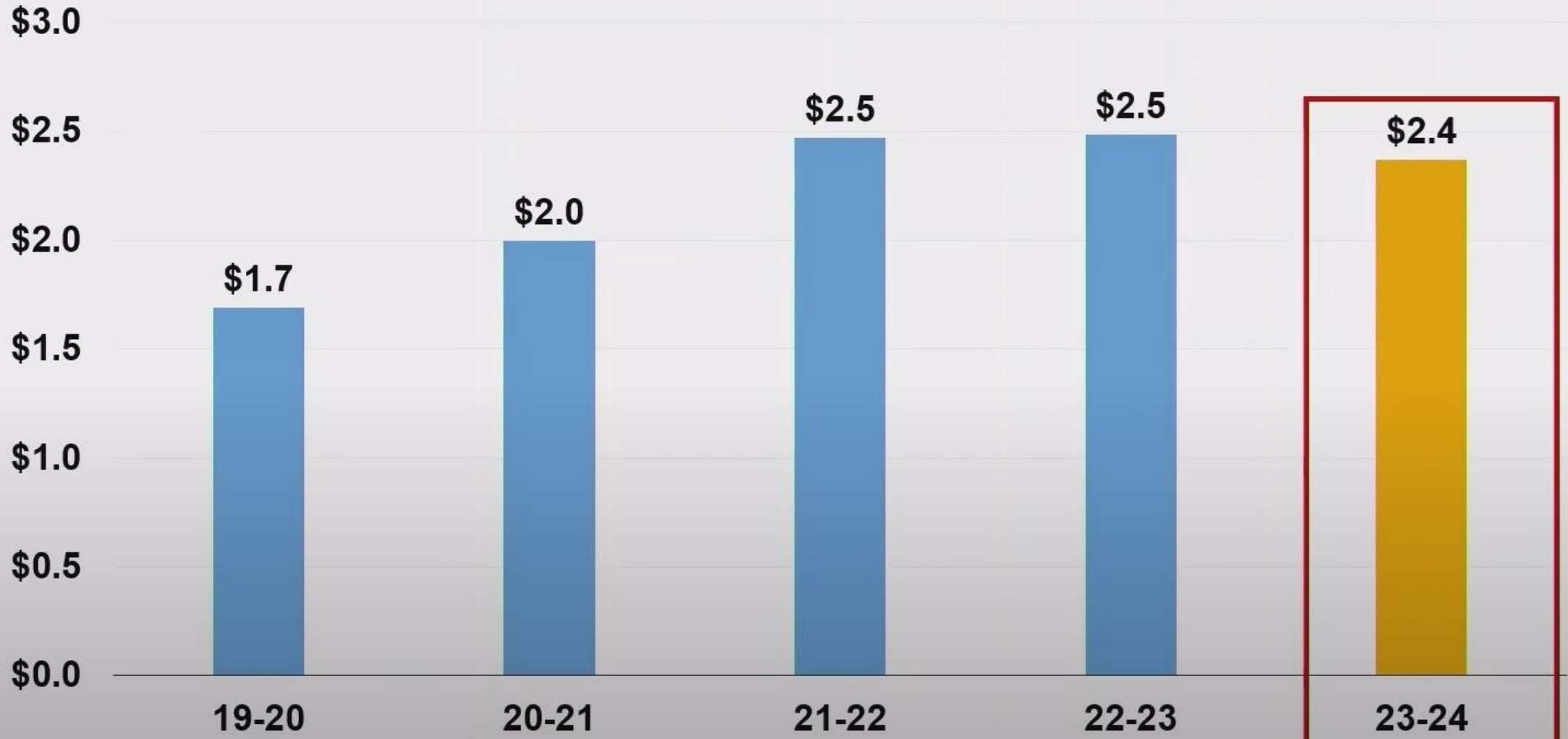
- **CSU Budget Overview 2023-24 Recap**
- **CSU Budget Overview 2024-25 and Beyond**
- **Cal Poly Humboldt 2023-24 Year-End**
- **Cal Poly Humboldt 2024-25 Budget Update**
- **Key Takeaways and Next Steps**
- **Questions**

# CSU Budget Overview: 2023-24 Recap

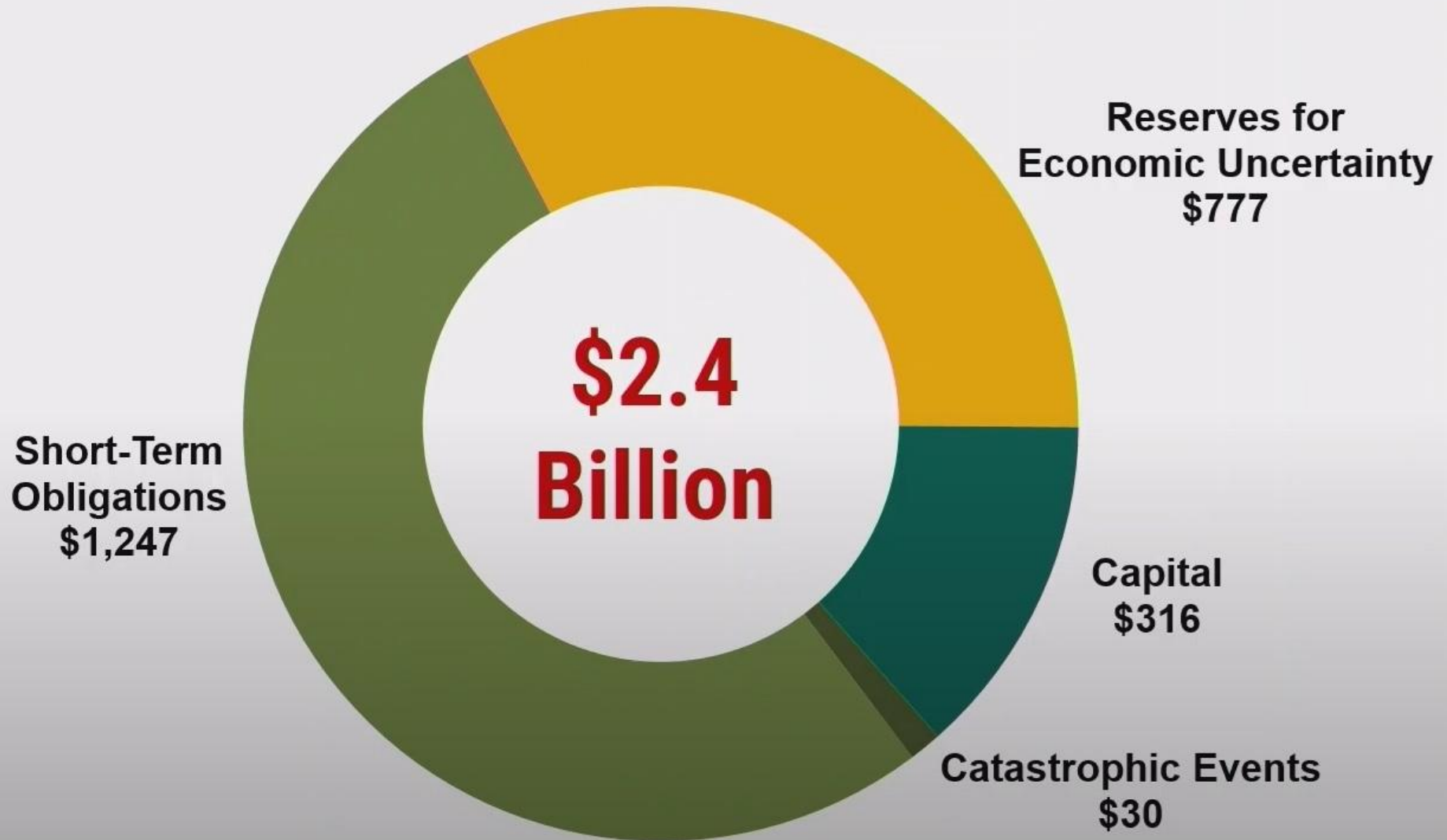
# CSU Budget Updates: 2023-24 Recap

- 2023-24 Fiscal Year
  - The CSU began with a \$138m gap and closed the gap before the end of the fiscal year.
    - All universities and the CO ended with a positive fund balance.
    - Strategies
      - Grew tuition revenue (retention + new students)
      - Implemented cost reduction strategies
      - Used designated balances and reserves

# CSU Designated Balances & Reserves (in billions)



# CSU Designated Balances & Reserves (June 30, 2024)



# CSU Budget Overview: 2024-25

# CSU Budget Updates: 2024-25 Updates

	<i>(in millions)</i>	
<b>Ongoing</b>	<b>CSU Plan</b>	<b>Final Budget</b>
State General Fund	\$385	\$240
Tuition from Rate Increase	\$148	\$148
Tuition from Resident Enrollment Growth	\$24	\$24
<b>Total Ongoing Increases</b>	<b>\$557</b>	<b>\$412</b>
<b>One-Time</b>		
Unallocated State General Fund Reduction	\$0	-\$75
State General Fund	\$2,400	\$0
<b>Total One-Time Actions</b>	<b>\$2,400</b>	<b>-\$75</b>

- Budget Gap: \$218m
- Three challenges:
  - Funding gap
  - Compensation costs
  - Enrollment





# State Budget Updates & Takeaways

- This has an impact on mostly students at the CSU, UC and CCC.
- Middle Class Scholarship program
  - 2024-25: No reduction
  - 2025-26: \$110m reduction
- Golden State Teacher Grant Program
  - 2024-25: No reduction
- Learning-Alignment Employment PROGRAM
  - Unspent funding will be returned \$485m of \$500m
- Cal Grant reform
  - Delayed or no start to Cal Grant 2 and 4 program

## 2024-25 Budget Takeaways

- \$240m base increase
- One-time \$75m reduction

# 2024-25 State Takeaways

- 2024-25 Budget Takeaways
  - \$240m base increase
  - One-time \$75m reduction
  - Leveraging reserves is not a sustainable long-term strategy
  - Limited funding to support new buildings or ongoing building maintenance

# State Outlook 2025-26 and Beyond

- 2025-26 Outlook
  - State cuts \$397m from the base budget
  - **CSU spends \$252m one-time**
- 2026-27 Outlook
  - State reimburses \$252m one-time
  - State appropriates \$252m ongoing (year 4 of compact)
  - **CSU Spends \$264m one-time**
- 2027-28 Outlook
  - State reimburses \$264m one-time
  - State appropriates \$264m ongoing (year 5 of compact)

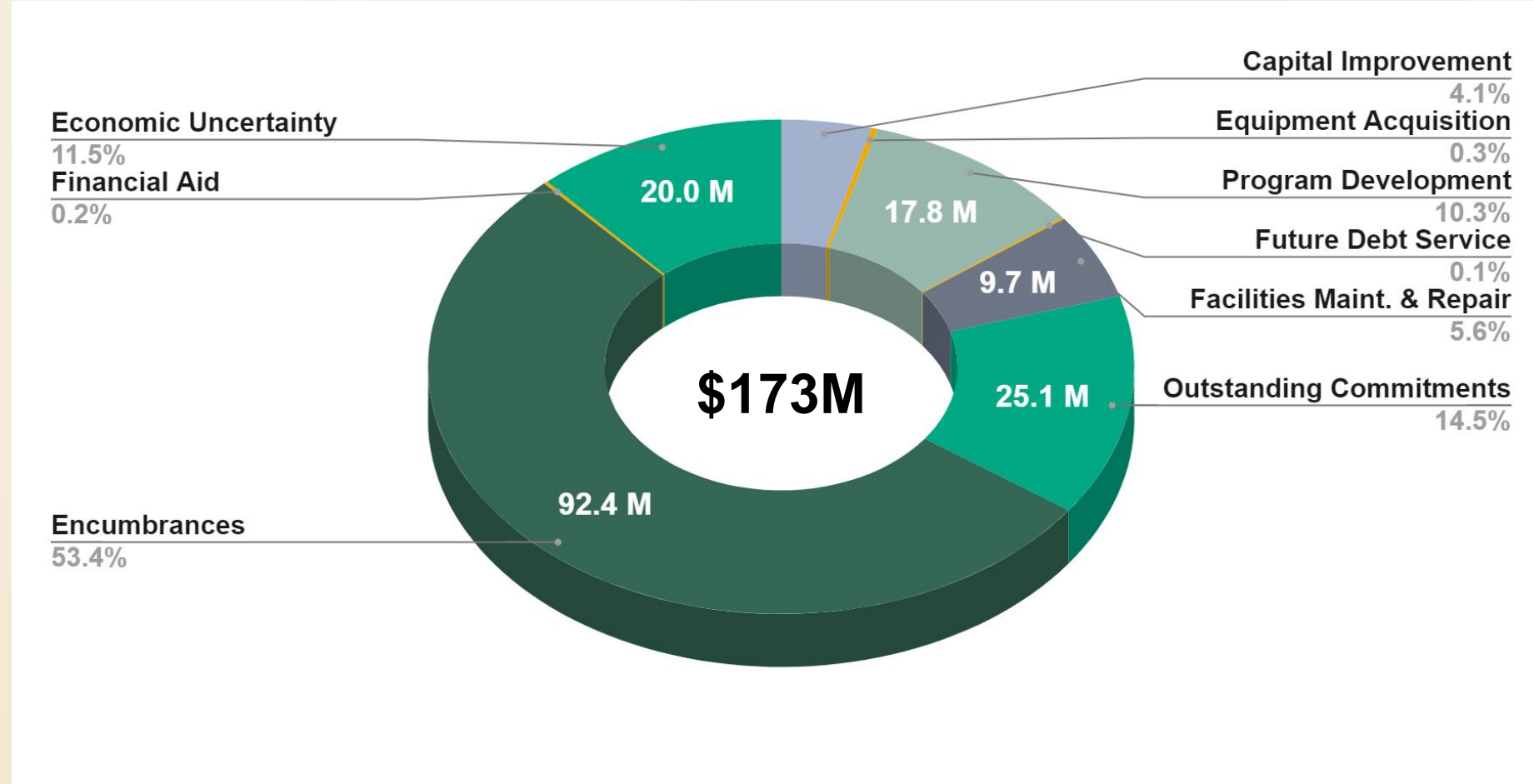
# CSU Ongoing Fiscal Challenges

- Requires strategic and prioritized decisions
- Impacts to academic offerings and support services to students
- Potential redirection of existing campus funding for employee compensation commitments
- CSU priorities not funded
- Federal and state compliance, legislative mandate and compact expectations
- Critical capital renewal backlog
- Inflationary effects

Note: The CSU is projecting a preliminary gap of \$1b. However, the CO plans to present a balanced budget at the September board meeting.

# Cal Poly Humboldt 2023-24 Year-End

# 2023-24 Campus-wide Year-End Reserve Designations



- Includes Designations for:
- Operating Fund
  - Lottery
  - IRA
  - Housing
  - Dining
  - SAC
  - Campus Recreation
  - CEEGE
  - Health
  - Parking

## Designations with Large Balances

- Encumbrances (\$92.4m): Mostly related to polytechnic capital projects
- Economic Uncertainty (\$20.0m): Operating reserves for various areas (operating fund, housing, dining, IRA, CEEGE)
- Program Development (\$17.8): Poly one-time
- Outstanding Commitments (\$25.1M): Operating fund roll forward



# 2023-24 Operating Fund Summary

**Total Year-End Rollforward: \$23.2m**

Revenue	Original Budget	Revised Budget	Actuals	Encumbrances	Balance Remaining	%
State Appropriation	113,764,000	113,764,000	113,764,000	-	-	100.0%
Higher Education Fees	35,025,303	35,821,190	37,672,270	-	1,851,080	105.2%
Misc. Revenue & Cost Recovery	9,877,454	19,199,993	20,448,569	-	1,248,576	106.5%
<b>Total Revenue</b>	<b>158,666,757</b>	<b>168,785,183</b>	<b>171,884,839</b>	<b>-</b>	<b>3,099,656</b>	<b>101.8%</b>

Expenditures	Original Budget	Revised Budget	Actuals	Encumbrances	Balance Remaining	%
Salaries and Wages	80,507,979	88,413,352	85,631,925	-	2,781,427	96.9%
Benefits	46,944,820	49,636,144	45,995,164	-	3,640,980	92.7%
Financial Aid	10,905,896	11,284,342	11,086,200	-	198,142	98.2%
Operating Expenses	20,308,062	38,801,830	24,418,954	904,223	13,478,653	62.9%
<b>Total Expenditures</b>	<b>158,666,757</b>	<b>188,135,668</b>	<b>167,132,242</b>	<b>904,223</b>	<b>20,099,203</b>	<b>88.8%</b>

# 2023-24 Operating Fund Revenue

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- Higher Education Fees - \$1.8m balance
  - State tuition and non-resident enrollment revenue outperforming budgeted level
  - Summer tuition revenue (summer earmarked for summer support, straddles fiscal year)
- Misc. Revenue & Cost Recovery - \$1.2m balance
  - Large increase from Original Budget to Actual mainly from CO Funding received after the year started and one-time poly transfers to support start-up costs and faculty support
    - CO funding ~\$4.6m: Compensation (~\$2.7m) and various programs and initiatives (~\$1.9) (e.g. Project Rebound, Asian American Native Hawaiian and Pacific Islander Student Achievement Program, First Star Academy)
    - Poly one-time ~\$3.3m: Faculty support and startup costs



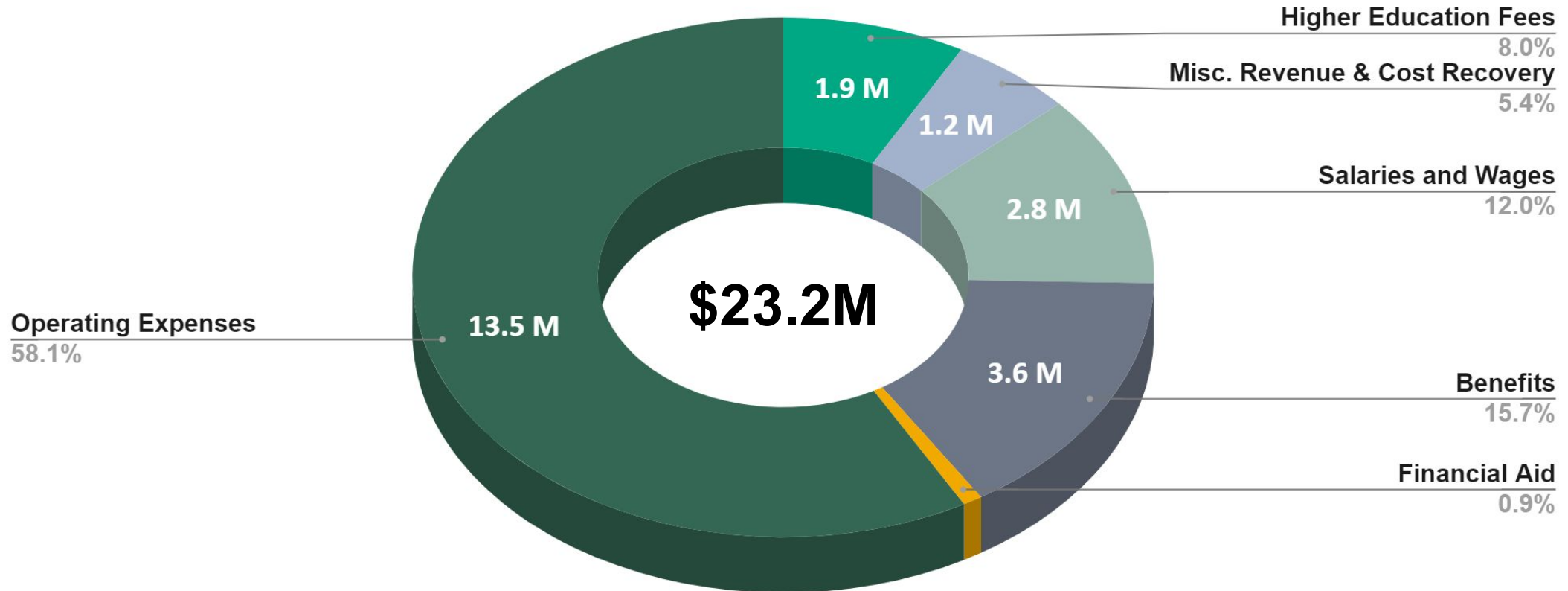


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- Salaries and Wages
  - Staff Salaries: \$1.8M - reflects significant number of staffing vacancies and savings associated with timing of new positions being filled
  - Academic Salaries: \$973K - savings associated with funding received and lag in faculty recruitments
- Benefits - correlated with salary savings. Portionally more savings than salaries due to salary savings being leveraged to support other activities
- Operating Expenses
  - Largely reflects remaining one-time savings/roll forward from the prior years as well as current year CO and poly funding not fully spent down

# 2023-24 Balance Summary



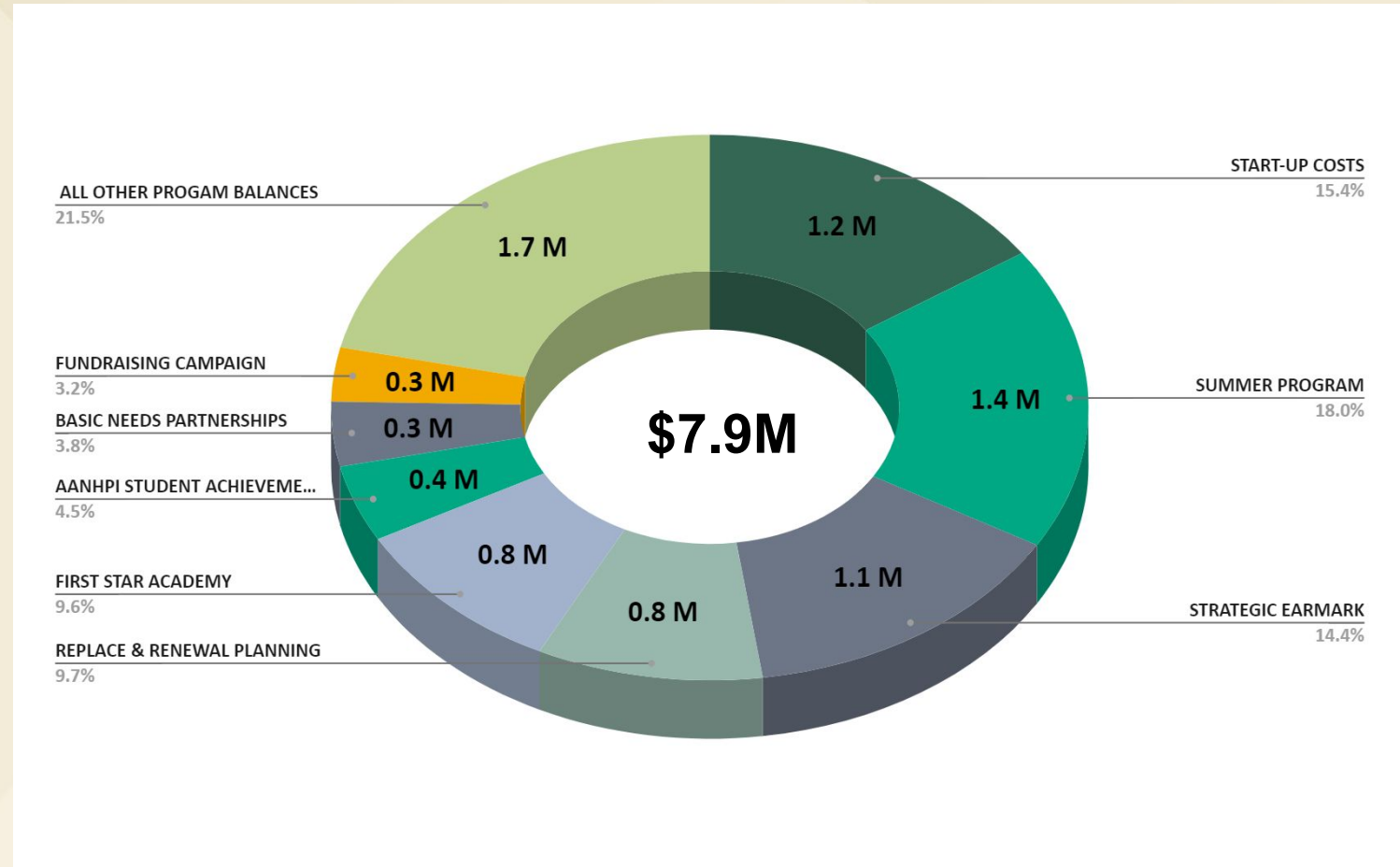
# 2023-24 Roll Forward Distribution

Balance Types	Amount
Year End Revenue	\$3,099,656
Year End Expenditure	\$20,099,203
<b>Year-End Balance:</b>	<b>\$23,198,859</b>

Restricted & Set Aside Activity	Amount
Restricted projects and programs	\$7,944,532
Set Asides	\$11,701,385
<b>Total Restricted &amp; Set Asides:</b>	<b>\$18,432,369</b>

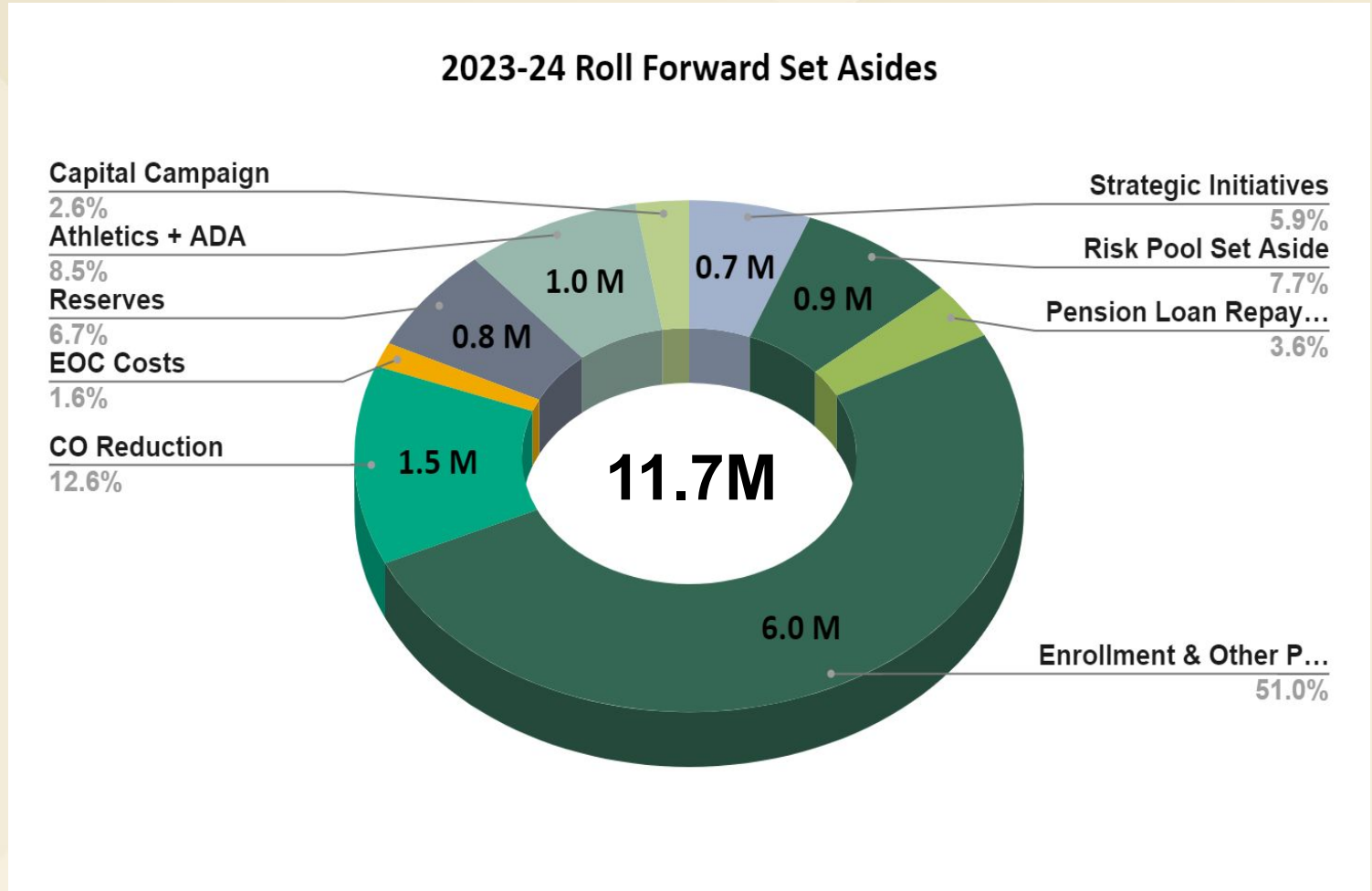
<b>Unrestricted Divisional Rollforward</b>	<b>\$3,552,942</b>
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## Restricted Projects and Programs



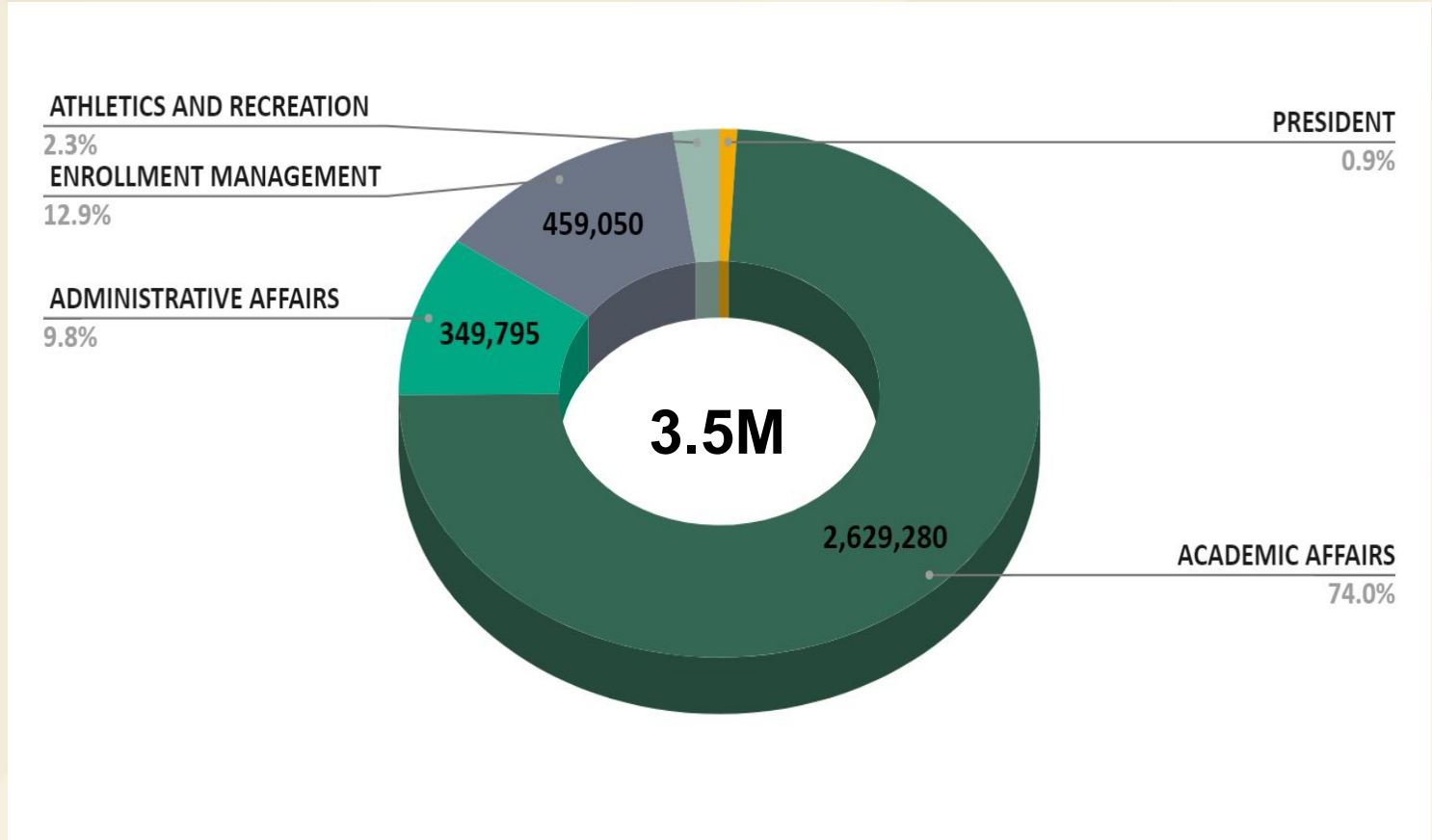
# 2023-24 Roll Forward Set Asides

Set Asides	Amount
Strategic Initiatives	\$688,800
Risk Pool Set Aside	\$900,000
Pension Loan Repayment	\$420,000
Enrollment, Budget Bridge & Occupation	\$5,962,327
CO Reduction	\$1,474,000
EOC Costs	\$182,125
Reserves	\$780,133
Athletics + ADA	\$994,000
Capital Campaign	\$300,000
<b>Unrestricted Divisional Rollforward</b>	<b>\$11,701,385</b>



# 2023-24 Roll Forward Divisional Distribution

Set Asides	Amount
President	\$31,880
Academic Affairs	\$2,629,280
Administrative Affairs	\$349,795
Enrollment Management	\$459,050
Athletics & Recreation	\$82,937*
<b>Unrestricted Divisional Rollforward</b>	<b>\$3,552,942</b>



# Key Takeaways

- The institution's cash/reserve position is impacted by the large influx of funds for our polytechnic student housing project.
- The Reserve for Economic Uncertainty levels are in compliance with the revised CSU policy with the roll forward allocation.
- Need to continue to strategize growth in reserves over time - Operating Fund Operating Reserve only covers 2 months of operations.
- The goal is to have 3 to 6 months of operations. Our campus policy is 25% of the operating fund. We are funded at 5% of the operating fund.
- The campus will need to leverage roll forward to support state one time-reductions, the activities in April and other one-time needs.
- The RF allocation will be reviewed with the new Acting President and university leadership team.



# Cal Poly Humboldt 2024-25 Budget Update

# 2024-25 Operating Fund Revenue Budget

Revenue Budget - Incremental Changes	URPC		
	Recommendation	Change	Final Budget
<b>Prior Year Revenue Budget</b>	<b>158,666,757</b>	-	<b>158,666,757</b>
State Appropriation Increases	6,653,000	2,609,000	9,262,000
State Approp. Reduction - Enrollment Recalibration (-3%)	(1,919,000)	-	(1,919,000)
State Tuition Increase from Growth	1,271,000	145,000	1,416,000
6% Tuition Rate Increase	1,867,000	-	1,867,000
Other Tuition, Fees & Revenue Adjustments	236,073	788,527	1,024,600
Polytechnic Funding	-	7,824,000	7,824,000
<b>Total Revenue Budget</b>	<b>166,774,830</b>	<b>11,366,527</b>	<b>178,141,357</b>

## Key Changes between URPC Recommendation and Final Budget

- State Appropriations (\$2.6m): CSU earmarks and partial funding for SUG, compensation and benefits.
- State Tuition Increase from Growth (\$145k): Scaled enrollment growth
- Other (\$788k): Department allocated revenue changes. Directly support an area's instruction or operations (e.g. cost recovery, MSF fee)
- Poly funding (\$7.8m): The campus requested and was approved for accelerated distribution of polytechnic funding





# 2024-25 Operating Fund Expenditure Budget

Expenditure Budget - Incremental Changes	URPC Recommendation	Change	Final Budget
<b>Prior Year Expenditure Budget</b>	<b>158,666,757</b>	<b>-</b>	<b>158,666,757</b>
Compensation & Benefit Costs	14,068,263	376,252	14,444,515
Financial Aid	(250,000)	1,767,000	1,517,000
Required Costs & Priorities		-	
Department Allocated Fee/Revenue	236,073	738,527	974,600
CO Program Earmarks	206,000	1,296,000	1,502,000
University Wide Costs (Utilities: \$700k, Insurance: \$500k)	1,200,000	-	1,200,000
2023-24 Campus Priorities (Stabilize Athletics One-Time Funding)	935,000	(819,000)	116,000
2024-25 Campus Unallocated Base	-	225,485	225,485
Polytechnic Expenses	-	7,824,000	7,824,000
Reduction Planning	(8,287,263)	(41,737)	(8,329,000)
<b>Total Expenditures Budget</b>	<b>166,774,830</b>	<b>11,366,527</b>	<b>178,141,357</b>

## Key Changes between URPC Recommendation and Final Budget

- Compensation & Benefits (\$376K): Reflects a small variance in additional CO funding received for compensation and benefits
- SUG (\$1.7m): Additional State University Grants awarded to eligible students
- CO Earmarks (\$1.2m): Breakdown on next slide
- Campus Priorities (\$819): Shift in enrollment trajectory resulting in reprioritization
- Poly funding (\$7.8m): The campus requested and was approved for accelerated distribution of polytechnic funding



# 2024-25 CO Earmarks & Base Polytechnic

CO Program Earmarks	URPC Recommendation	Change	Final Budget
Project Rebound	180,000	130,000	310,000
Accommodations (Support for Students w/Disabilities)	26,000	-	26,000
Graduation Initiative & Student Success (GI2025)	-	419,000	419,000
Title IX & Anti-Discrimination Programs	-	500,000	500,000
NAGPRA & Cal NAGPRA	-	150,000	150,000
Veteran Tuition Waivers	-	97,000	97,000
<b>Total Expenditures Budget:</b>			

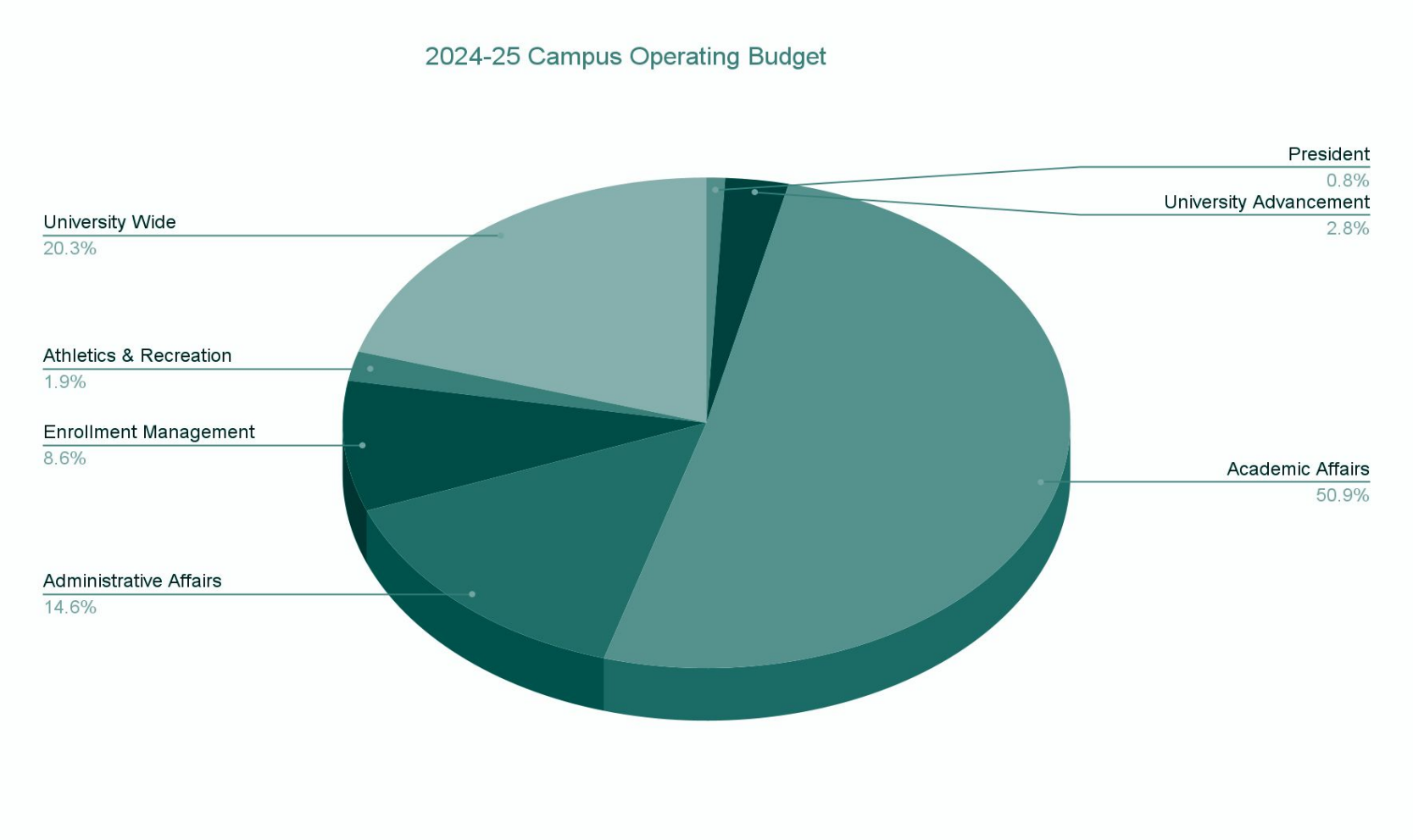
Base Polytechnic Budget	Poly Earmarks
Academic Programs Buildout	3,860,000
Student Recruitment and Retention	1,925,000
Communications, Marketing and Branding	1,072,000
Infrastructure	967,000
<b>Total Expenditures Budget:</b>	<b>7,824,000</b>

## Key Takeaways

- Academics: Faculty recruitment and lecture pool to support program build out
- Student Recruitment & Retention: To support the recruitment and other areas which directly impact such as communications and financial aid.
- Communications, Marketing and Branding: Investment in marcomm infrastructure and marketing in collaboration with enrollment management
- Infrastructure: Support expanded project management support to manage our capital portfolio.



# 2024-25 Operating Fund Budget



# Key Takeaways & Next Steps

- We have a balanced 2024-25 budget;
- The state outlook for 2025-26 and beyond creates uncertainty and requires strategic and yet swift planning;
- The university will kick off a refined budget process the week of September 23rd focused on multi-year planning towards financial resiliency for our campus.

# Questions