

FY 2019-20

Budget Update



CAL POLY

Agenda

- CSU Requested Budget vs. Governor's FY 2019-20 Enacted Budget
- Cal Poly Budget for FY 2019-20
- Faculty Hiring
- Cal Poly One-Time Capital Allocations for FY 2019-20
- Future Impacts
- CSU Budget Proposal for FY 2020-21

FY 2019-2020 CSU vs Governor's Budget

CSU vs. Governor's Budget

(\$ millions)

CSU Requested Incremental Funding		Governor's Approved Incremental Funding	
Graduation Initiative (GI) 2025	\$75.0	Graduation Initiative (GI) 2025	\$45.0
5% FTE Resident Student Growth	\$206.1	2% FTE Resident Student Growth	\$85.0
Employee Compensation	\$147.8	Employee Compensation	\$147.8
Facilities & Infrastructure Needs	\$80.0	Facilities & Infrastructure Needs	--
Mandatory Costs	\$45.4	Mandatory Costs	\$45.2
		Retirement Benefit Adjustment	\$22.5
		Basic Needs Partnership	\$6.5
		Project Rebound	\$3.3
		Summer Financial Aid Program	\$6.0
		Capital Fellows Cost of Living Adj.	\$0.1
Total Incremental Funding	\$554.3	Total Incremental Funding	\$361.4

CSU vs. Governor's Budget

(\$ millions)

CSU Requested One-Time Funding		Governor's Approved One-Time Funding	
Deferred Maintenance	\$250.0	Deferred Maintenance	\$239.0
Basic Needs Partnership	\$15.0	Basic Needs Partnership	\$15.0
		Graduation Initiative (GI) 2025	\$30.0
		Support various programs, services, and research at CSU campuses (not Cal Poly)	\$27.2
		Research potential CSU campuses	\$4.0
Total One Time Funding	\$265.0	Total One Time Funding	\$315.2

FY 2019-2020 Cal Poly Budget

Cal Poly General Operating Fund Budget Plan

FY 2019/ 20

			Approved Base Budget FY 2018/ 19	Approved Base Budget FY 2019/ 20	Change
FTES					
	<i>Resident</i>				
	Chancellor's Office Target		17,020	17,275	255
	Campus Projections		17,100	17,275	175
	<i>Non-Resident</i>				
	Campus Projections		3,093	3,250	157
Sources					
	Allocated State Tax Revenues		\$ 146,283,968	\$ 160,752,268	\$ 14,468,300
	State University Fee		117,557,000	119,490,000	1,933,000
	Non-Resident Tuition		35,025,000	37,300,000	2,275,000
	Designated Fees		49,525,000	55,401,000	5,876,000
	Other Fees		2,452,400	2,452,400	-
	Total		350,843,368	375,395,668	24,552,300

Enrollment

Budgeted Enrollment Targets

- 17,275 Resident FTES
 - CSU Target and Cal Poly Budgeted Target
 - CSU increased target by 255 Resident FTES with the expectation that the increase be completed within 1-2 years
- 3,250 Non-Resident FTES

Updated Enrollment Projections

- Graduate Initiative work has achieved great results
 - 4% increase in 4-year graduation rate above expectation (53% to 57.3%)
 - Created lower total enrollment for FY 2019-20
- 16,762 Resident FTES
- 3,127 Non-Resident FTES

Cal Poly General Operating Fund Incremental Budget Summary

FY 2019/20

		Approved Base Budget FY 2019/20	Approved One-Time Budget FY 2019/20
Sources			
	New State Funding	14,468,300	3,097,000
	State Directed Commitments	(12,867,300)	(1,466,000)
	Campus Tuition and Fee Growth	10,084,000	-
	Dedicated Fee Obligations	(5,876,000)	-
	New Campus Available Funds	5,809,000	1,631,000
Uses			
	Campus Commitments	7,387,897	910,250
	Funds Available	(1,578,897)	720,750

Cal Poly Budget

FY 2019-20 Base Budget Incremental Allocations from Chancellor's Office

(\$ millions)

State Directed Commitments		Discretionary Funds	
Compensation	\$8.623	Enrollment Growth	\$1.601
Minimum Wage	\$.346		
Health & Dental	\$.435		
Retirement	\$2.920		
New Space Maintenance Support	\$.146		
SUG Reallocation	(\$.672)		
Graduation Initiative (GI) 2025	\$1.069		
Total Committed	\$12.867	Total Discretionary	\$1.601
		Total Allocation from CO	\$14.468

Cal Poly General Operating Fund Incremental Budget Summary

FY 2019/20

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	State Directed Commitments	(12,867,300)	(1,466,000)
	Campus Tuition and Fee Growth	10,084,000	-
	Dedicated Fee Obligations	(5,876,000)	-
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Cal Poly Budget

FY 2019-20 One-Time Allocations from Chancellor's Office

(\$ millions)

Cal Poly Approved One-Time Funding	
Graduation Initiative (GI) 2025	\$1.371
Year 2 – Enrollment Funding	\$1.631
Enrollment Funding in support of MSTI (Math & Science Teacher Initiative)	\$.095
Total One-Time Funding	\$3.097

Cal Poly General Operating Fund Incremental Budget Summary

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Cal Poly Budget

FY 2019-20 Incremental Dedicated Fee Obligations

(\$ millions)

Sources		Uses	
College Based Fee (CBF)	\$.831	CBF (directly allocated to colleges)	\$.831
Student Success Fee (SSF)	\$.784	Student Success Fee (allocated by SSFAC)	\$.784
Cal Poly Plan Fee (CPP)	\$.214	Cal Poly Plan (allocated by AA)	\$.214
Health Services Fee	\$1.933	Health Service Operations	\$1.353
Cal Poly Opportunity Fee (CPOF)	\$2.114	Health Services Financial Aid	\$.580
		CPOF	\$2.114
Total Sources	\$5.876	Total Uses	\$5.876

Campus Commitments

Base Budget Planning Update

- A majority of campus commitments are in direct response to State/Chancellor's Office commitments
- With drop in continuing students, campus commitments are currently above discretionary funds available
- Cabinet is currently reviewing options for the difference
 - We are currently reviewing a multi-year approach

Cal Poly Budget

2019-20 Base Budget Allocations

(\$ millions)

Sources		Uses	
Enrollment Growth (CO)	\$1.601	Academic Affairs	\$.862
State University Fee (Campus)	\$1.933	Administration and Finance	\$.202
Non-Resident Tuition (Campus)	\$2.275	Athletics	\$.524
		Diversity and Inclusion	\$.045
		Information Technology Services	\$.230
		Research	\$.110
		Student Affairs	\$.013
		University Development	\$.248
		Central/Other Mandatory Costs	\$5.154
Total Sources	\$5.809	Total Uses	\$7.388
		Net Allocation	(\$1.579)

Budget Update

GI 2025 - \$45M Base allocation; \$30M One-Time allocation

- Cal Poly's share of base increase is \$1M, for a cumulative total of \$4.7M over 3 years
- FY 2019-20 allocation is driven by:
 - Number of Pell eligible students (\$25M)
 - Progress on closing achievement gaps – based on average unit load (\$5M)
 - Base increase of \$625k per campus and CO (\$15M)
- Cal Poly also received \$1.4M in one-time allocation
 - Pro-rata distribution based upon FY2019-20 FTES enrollment target

Budget Update

Cal Poly Opportunity Fee (CPOF)

- Proposed Budget \$1.7M
- 300 new Cal Poly Scholars budgeted
 - 279 students actually matriculated
- \$299K for Faculty
- 2 Tenure Track positions
- Student Support – advisor, graduate assistants, lecturers, peer mentors, program coordinator, retention specialist
- Program oversight – Data & Budget Analyst, Director (re-class)
- Budget based upon recommendation of the CPOF Advisory Committee

Campus Commitment Highlights

Academic Affairs

- Graduate Initiative 2025 - \$1.069M
 - Tenure Track Faculty, Transfer Center and Student Support
- Faculty Promotion/Tenure - \$763K was allocated to assist in covering the FY2019-20 costs supporting Promotion and Tenure
- University Marketing – \$99K was permanently funded for a photographer position that is currently a temp position

Campus Commitment Highlights

Athletics

Base funding was allocated to support the program on a more permanent basis, versus funding with one-time distributions

- CLA Marching Band - \$204K was allocated to Liberal Arts to fund the marching band thus relieving athletics of this obligation
- Athletics Operational Support - \$320K

Campus Commitment Highlights

Central/Other Mandatory Costs

- Capital Reserves - \$500K to start build up a reserve for the 10% campus requirement for all new capital projects
- Central Campus Contingency/Economic Uncertainty - \$1.138M to set aside funds for Strategic Initiatives and Economic Uncertainty per the new CSU Reserve Policy
- Legal Contingency - \$150K to cover the rising costs of legal services
- Risk Pool - \$375K to cover the increase insurance premiums

Campus Commitment Highlights

Central/Other Mandatory Costs (cont.)

- SB84 Repayment - \$1.141M for our repayment to the State Investment Funds for a supplemental pension payment to CalPERS in FY 2017-18 to reduce the unfunded pension liability
- CPOF CSU Assessment - \$750K to start building a base budget to pay the CSU assessment starting in year 3 for CPOF
- Debt Service (Frost Center) - \$1.100M to increase the debt service budget to \$2.6M to cover the annual repayment of the campus bond funding portion of the Frost Center
 - Additional funds raised will reduce campus commitment

Other Campus Commitments

Administration and Finance

- PAC Partnership - \$31K to cover Cal Poly's increased share of the partnership
- University Police Support - \$171K to support bringing up salaries to a CSU average

Diversity and Inclusion

- Operational Support - \$45K

Information Technology Services

- LMS Subscription Fee - \$230K to cover the annual license of Canvas (from PolyLearn – Moodle)

Other Campus Commitments

Research

- Operational Support - \$110K

Student Affairs

- Cultural Commencement - \$13K to continue to support this program

University Development

- Donor Communications Salary Delta - \$25K
- Gift Administrative Analyst - \$100K
- Leadership Annual Giving Officer - \$123K

Faculty

Hiring

Cal Poly TT Faculty Hiring Summary FY 2019/ 20

		Approved FY 2019/ 20
Sources		
	Student Success Fee Funding (FY2019-20)	619,000
	Graduate Initiative 2021 Funding (FY2019-20)	1,069,000
	Cal Poly Opportunity Fee (FY2020-21)	1,043,000
	Campus Allocated Funds	2,731,000
Uses		
	CAED (1 New)	1
	CAFES (1 New/ 1 Conversion)	2
	CENG (1 New/ 6 Conversion)	7
	CLA (1 New/ 2 Conversion)	3
	CSM (1 New/ 2 Conversion)	3
	OCOB (1 New)	1
	Tenure Track Faculty Searches Underway	17

FY 2019-2020 Capital Allocations

Cal Poly Budget

FY 2019-20 One-Time Capital Allocations from Chancellor's Office

(\$ millions)

Project	Infrastructure Improvement Projects	Deferred Maintenance Projects
Replace/relocate piping/controls out of landslide area	\$.680	
Seal domestic water reservoirs; replace isolation valves	\$.375	
Accessibility Upgrades - path of travel/restroom retrofits	\$ 1.500	
Substation Redundancy	\$ 1.367	
Library Renewal	\$ 4.000	
Replace Mustang Substation upper switchgear		\$ 2.500
Campus wide Roofing Replacement		\$ 3.200
Replace natural gas line		\$ 1.530
Hot water variable pumping renewal phase 2		\$.950
Kennedy Library Elevator Refurbishment		\$.850
Crandall Gymnasium Renewal		\$ 4.000
Total	\$ 7.922	\$ 13.030

Cal Poly Budget

Kennedy Library Renovation Funding Summary

- **FY 2019-20**
 - \$32.35M total funds
 - \$25M approved from system wide funds (SRB)
 - \$2.5M additional campus support (10% match)
 - \$4M Kennedy renovation and \$850K for elevator refurbishment from one-time funds
- **FY 2020-21**
 - \$39.75M additional funds
 - \$36.14M approved from system wide funds (SRB)
 - \$3.61M additional campus support required (10% match)

Total = \$72.1M

Cal Poly Budget

Frost Center Funding Summary

(\$ millions)

Source	Current Funding
State System Revenue Bonds	\$35.0
Donor Funds	\$54.2
Cal Poly Corporation Contribution	\$5.0
Campus Support	\$2.0
Campus Financing	\$28.8
Total	\$ 125.0

For every additional dollar raised, our campus financing goes down by the same amount.

- Currently we have \$2.6M set aside for Debt Service annually (30 years)
- For every additional \$1M raised, our annual Debt Service will be reduced by \$30 - \$50K

Cal Poly Future Impacts

Potential Future Impacts

Potential for a General Obligation Bond

- Potential for a General Obligation Bond
 - \$2B each to CSU and to UC
 - Part of a \$15B GO Bond Referendum (AB48) with \$9B for K-12 support

Chancellor's Office CPOF Assessment

- Chancellor's Office CPOF Assessment
 - 5% year 3 (~\$480K), 10% year 4 (\$1.6M), 15% year 5 (\$3.1M) and forward

Enrollment and Budget Implications

- Year-round operations
- Graduate Initiative 2025 implications of continued success

CSU FY 2020-2021 Proposed Budget

CSU Proposed Budget

FY2020-21 Proposed Operating Budget

(\$ millions)

Incremental Expenditures	
Graduation Initiative (GI) 2025	\$105.0
5 Percent Increase in Enrollment	\$248.6
Salaries and Benefits	\$177.4
Academic Facilities & Infrastructure Needs	\$75.0
Mandatory Costs	\$27.3
Basic Needs Partnerships	\$15.0
Total Incremental Base Expenditures	\$648.3

CSU Proposed Budget

FY2020-21 Proposed Operating Budget

(\$ millions)

One-Time Funding Requests	
Deferred Maintenance	\$500.0
Total One-Time Funding	\$500.0



Questions?

Thank You