



Budget Update  
April 2021



CAL POLY

# Agenda

- FY 2020-21 Forecast
- Federal Stimulus Funding (HEERF)
- Early Exit Program (EEP) and Vacant Positions
- Centralized Benefits
- FY 2021-22 Budget Update

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# FY 2020-21 Forecast

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# Recap of Where We Started

(\$ millions)

	Preliminary FY 2020-21 Budget	Approved FY 2020-21 Budget
Beginning Budget Deficit	(\$9.0)	(\$33.6)
CSU General Operating Reduction	(21.2)	-
Increase in enrollment	1.6	-
Mandatory Costs	(5.0)	-
Division Base Budget Reductions	-	15.0
Miscellaneous Base Budget Reductions	-	3.4
Strategic Budget Investments	-	(2.9)
<b>Projected Base Budget Surplus/(Deficit)</b>	<b>(\$33.6)</b>	<b>(\$18.1)</b>
One-time savings	-	11.1
Use of Economic Uncertainty Reserves	-	7.0
<b>Total</b>	<b>(\$33.6)</b>	<b>\$0</b>

# FY 2020-21 Forecast Summary

(\$ millions)

Fund Type	FY 2020-21 Revenues	FY 2020-21 Expenses	Surplus/ (Deficit)
General Operating	\$380.2	\$379.4	\$0.8
Enterprise	\$80.2	\$101.3	(\$21.1)
Auxiliary	\$40.3	\$43.2	(\$2.9)
<b>Total</b>	<b>\$500.7</b>	<b>\$523.9</b>	<b>(\$23.2)</b>

# FY 2020-21 General Operating Forecast

(\$ millions)

Fund Type	FY 2020-21 Revenues	FY 2020-21 Expenses	Surplus / Deficit	Original Projection
General Operating (non-Fee)*	\$295.4	\$300.1	(\$4.7)	(\$21.5)
General Operating (Fees)	50.6	44.2	6.3	3.5
Interest	2.0	-	2.0	2.0
Health Center	12.1	12.2	(0.1)	(0.1)
Athletics	18.8	20.8	(2.0)	(1.5)
IRA	1.2	1.9	(0.7)	(0.7)
<b>Total</b>	<b>\$380.2</b>	<b>\$379.4</b>	<b>\$0.8</b>	<b>(\$18.3)</b>

Net deficit of (\$18M)



\*Includes projected one-time savings of \$11M

# FY 2020-21 General Operating Forecast

- Initial base budget deficit \$18M
- Deficit mitigation strategy included the use of one-time savings and reserves:
  - One-time savings - \$11M budgeted (debt service, CPOF assessment, 50% of carryforwards)
    - Currently projecting \$13M in one-time savings
  - Economic Uncertainty Reserves - \$7M budgeted use
    - Currently projecting use of \$4.7M
    - Reserve balance projected to be \$16.8M (4.4% of expenses) at year-end

# FY 2020-21 Enterprise Forecast

(\$ millions)

Fund Type	FY 2020-21 Revenues	FY 2020-21 Expenses	Surplus/ (Deficit)	Projected Reserves 6-30-21
International Center*	\$0.5	\$1.0	(\$0.5)	\$0.5
Extended Education*	14.2	13.7	0.5	8.4
Parking	2.2	4.5	(2.3)	7.9
University Union	18.1	14.4	3.7	18.2
Housing	45.2	67.7	(22.5)	-
<b>Total</b>	<b>\$80.2</b>	<b>\$101.3</b>	<b>(\$21.1)</b>	<b>\$35.0</b>

\*Programs only

# FY 2020-21 Auxiliary Forecast

(\$ millions)

Fund Type	FY 2020-21 Revenues	FY 2020-21 Expenses	Surplus/ (Deficit)	Projected Reserves 06-30-21
Cal Poly Corporation (CPC)*	\$26.8	\$30.7	(\$3.9)	\$44.3
Performing Arts Center (PAC)	2.0	1.9	0.1	0.4
Associated Students, Inc (ASI)	6.8	6.8	-	3.6
Foundation	4.7	3.8	0.9	2.6
<b>Total</b>	<b>\$40.3</b>	<b>\$43.2</b>	<b>(\$2.9)</b>	<b>\$50.9</b>

\*Primarily Campus Dining and Event & Conference Planning

# Designated Balances & Reserves

(\$ millions)

Fund Type	Balance as of 06/30/20	Projected Use	Projected Balance as of 06/30/21
General Operating (Non-Fee)*	\$53.4	\$4.7	\$48.7
General Operating Fees & Interest	10.1	(5.5)	15.6
Enterprise	36.8	1.8	35.0
Auxiliary	86.1	35.2	50.9
<b>Total</b>	<b>\$186.4</b>	<b>\$36.2</b>	<b>\$150.2</b>

\* Includes economic uncertainty reserves of \$16.8M and designated balances for encumbrances, capital, program development, and financial aid

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# Federal Stimulus Funding

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# Federal Stimulus Funding

- Coronavirus Aid, Relief, and Economic Security (CARES) Act authorized the Higher Education Emergency Relief Fund (HEERF)
  - April 2020 - \$6B allocated to colleges and universities through HEERF I
  - December 2020 - \$22.7B allocated to colleges and universities through HEERF II
  - March 2021 - \$39B allocated to colleges and universities through HEERF III
- Total CSU allocation:
  - \$525M for HEERF I
  - \$845M for HEERF II
  - \$1.5B For HEERF III

# Federal Stimulus Funding

- Cal Poly allocation of \$14M for HEERF I
  - \$7M designated for emergency financial aid for students
  - \$7M for institutional support
  - \$57K for Minority Serving Institutions (MSI)

# CARES Act - HEERF I & MSI

Description	Reimbursed
Direct Student Grants	\$165,000
Books and Teaching Materials	\$546,995
Technology	\$632,371
Faculty Stipends/Fellows	\$600,000
COVID-19 Testing	\$877,388
Housing	\$4,000,000
Parking	\$284,000
<b>Total</b>	<b>\$7,105,754</b>

# Federal Stimulus Funding

- Cal Poly allocation of \$20.7M for HEERF II
  - \$7M designated for emergency financial aid for students
  - \$13.7M for institutional support
  - \$77K for MSI
  - Allocation discussions currently underway
- Cal Poly allocation of \$37M for HEERF III
  - \$18.5M designated for emergency financial aid for students
  - \$18.5M for institutional support
  - \$125K for MSI
  - Allocation discussions currently underway

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# EEP and Vacant positions

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# EEP and Vacant Positions

- Total of 92 Participants:
  - Faculty - 11
  - MPP - 14
  - Represented - 67
- Total cost of EEP: \$5M to date
  - Severance payouts - \$4M
  - Vacation payout costs - \$1M
  - 42 EEP positions (46%) currently being rehired
- Campus wide position vacancies (Total 323 including EEP):
  - Faculty - 75
  - MPP - 39
  - Represented - 209

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# Centralized Benefits

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# Centralized Benefits FY2020-21

- Initial program rolled out
- \$3M anticipated in campus-wide savings planned centrally as part of deficit mitigation strategies
- At Fiscal Year End – Budgeted Benefit Savings will be swept centrally
  - $\text{Benefit Savings} = \text{Budgeted Benefits} - \text{Actual Benefits}$

# Centralized Benefits FY2021-22

- Base budgets reduced by FY2020-21 Benefits Budget
  - Loaded in Questica
  - Broken down by program code
- Questica automatically calculates new benefit amount
  - This does not “count” against your permanent budget allocation
- Monthly allocations will distribute funding to match that month’s benefit expense

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# FY 2021-22 Budget Update

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# CO Preliminary Allocation

- March 25, 2021 - CSU issued preliminary allocation of \$338M (Coded Memo – B 2021-01)
  - Restoration of General Fund - \$299M
  - Portion of Mandatory Costs - \$39M
- All other funding proposals for specific programs (basic needs initiative, student mental health, and technology, etc.) and additional operating and mandatory costs will be made after the budget is finalized in June
- Chancellor's Office is requesting an additional \$65M for GI2025

# Proposed Budget

(\$ millions)

Budget Category	CSU Proposed Budget	Governor's January Proposed Budget	Governor's February Amended Budget	CO Proposed Allocation	Cal Poly Proposed Allocation
Restoration of General Fund from 20-21	\$299.0	-	\$299.0	\$299.0	\$20.6
Academic facilities & infrastructure	50.0	-	-	-	-
Mandatory costs	57.0	-	-	\$39.0	4.7
Graduation Initiative (GI) 2025	135.0	-	-	-	-
Basic needs partnerships (GI25 support)*	15.0	\$15.0	15.0	-	-
General Operating Costs*	-	111.5	111.5	-	-
Student mental health & technology needs*	-	15.0	15.0	-	-
Common learning management system (Canvas)*	-	2.0	2.0	-	-
Stanislaus State's Stockton Center	-	1.0	1.0	-	-
<b>Total Incremental Base Allocation</b>	<b>\$556.0</b>	<b>\$144.5</b>	<b>\$443.5</b>	<b>\$338.0</b>	<b>\$25.3</b>

# What we know

(\$ millions)

	Preliminary FY 2020-21 Budget	Approved FY 2020-21 Budget	Projected FY 2021-22 Budget*
Beginning Budget Deficit	(\$9.0)	(\$33.6)	(\$18.1)
CSU General Operating Reduction/Restoration	(21.2)	-	20.6
CSU Operating Cost Funding			4.7
Increase in enrollment	1.6	-	-
Mandatory Costs	(5.0)	-	(4.7)
Division Base Budget Reductions	-	15.0	-
Miscellaneous Base Budget Reductions	-	3.4	-
Strategic Budget Investments	-	(2.9)	-
<b>Projected Surplus/(Deficit)</b>	<b>(\$33.6)</b>	<b>(\$18.1)</b>	<b>\$2.5</b>
Estimated Base Cost Increases			(2.8)
<b>Total</b>			<b>(\$0.3)</b>

# Estimated Base Cost Increases

- Increased base costs of \$2.8M:
  - CPOF Assessment - \$500K
  - University data infrastructure cloud platform (AWS) - \$336K
  - Insurance/Risk- \$1.0M
  - Tenure and promotion - \$1.2M
  - CHW state funded reallocation - (\$400K)
  - Safer positions - \$150K

# Governor's Proposed Budget One-Time Funding

CSU:

- Proposed **\$225M** in one-time funds
  - \$175M for deferred maintenance, energy efficiency, and facility improvement projects
  - \$30M for student emergency assistance grants
  - \$10M for Monterey Bay's Computing Talent Initiative
  - \$10M for professional development
- **CO is requesting an increase to \$1.2B in one-time funding**

# FY 2021-22 Budget Planning

- Planning for stable enrollment
- Campus repopulation plan based on state and local guidelines
  - Anticipate that parking, housing and dining will start to recover as we resume a normal student population on campus
- Ongoing costs for testing and/or vaccination related to COVID-19
- Increased base costs:
  - CPOF Assessment
  - University data infrastructure cloud platform (AWS)
  - Utilities
  - Tenure and promotion

# Governor's Proposed Budget One-Time Funding

Cal Poly:

- Capital Projects Anticipated Funding:
  - Kennedy Library (\$41.2M)
  - **Fremont slide remediation (\$15M) Approved by CO**

# Budget Planning Calendar

Month	Description
May	<ul style="list-style-type: none"><li>• Governor's May budget revision released</li><li>• Enterprise budgets completed</li></ul>
June	<ul style="list-style-type: none"><li>• Final State budget approved and signed by Governor</li><li>• Auxiliary (Foundation, CPC, ASI) budgets submitted to respective Boards for approval</li></ul>
July	<ul style="list-style-type: none"><li>• CSU funding allocation to Cal Poly</li></ul>
August	<ul style="list-style-type: none"><li>• Upload budget into PeopleSoft (financial system of record)</li></ul>
September	<ul style="list-style-type: none"><li>• Publish University Budget book</li></ul>

# Next Steps

- Final State Budget in June 2021
- CSU determination of final funding allocations to campuses
- Increased focus on optimization/efficiency initiatives campus wide
- Campus budget planning over the next 2-3 months with key focus on the following:
  - Safety of campus community
  - Student success
  - Mission

# Questions?

Thank You