Budget Update

May 5, 2021

CAL POLY

Agenda

- FY 2020-21 Forecast

- Federal Stimulus Funding (HEERF)

- Early Exit Program (EEP) and Vacant Positions

- FY 2021-22 Budget Update

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FY 2020-21 Forecast

Recap of Where We Started

($ millions)

	Preliminary FY 2020-21 Budget	Approved FY 2020-21 Budget
Beginning General Operating 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)
Projected Base Budget Surplus/(Deficit)	**($33.6)**	**($18.1)**
One-time savings	-	11.1
Use of Economic Uncertainty Reserves	-	7.0
Total	**($33.6)**	**$0**

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FY 2020-21 General Operating Forecast

- Structural base budget deficit $18.1M

- 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 $15.6M in one-time savings
  - Economic Uncertainty Reserves - $7M budgeted use
    - Currently projecting use of $2.4M
    - Reserve balance projected to be $19.1M (5.1% of expenses) at year-end

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FY 2020-21 Forecast Summary

($ millions)

Fund Type	FY 2020-21 Revenues	FY 2020-21 Expenses	Surplus/ (Deficit)
Enterprise	$81.8	$103.2	($21.4)
Auxiliary	$38.4	$42.6	($4.2)
Total	**$120.2**	**$145.8**	**($25.6)**

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Federal Stimulus Funding

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

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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)

Cal Poly

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
Total	**$7,105,754**

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

EEP and Vacant positions

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 287 including EEP):
  - Faculty – 75
  - MPP - 39
  - Represented - 173

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FY 2021-22 Budget Update

Recap Governor's FY 2021-22 Budget Proposal

- Governor's January Proposal (Jan 8th)
  - $144.5 million recurring
  - $225 million one time

- Governor and Legislature Reach Agreement (February 17th)
  - $299 million restored for 21-22 year

- CSU Advocates for Additional Funding (ongoing)
  - $66 million recurring (Grad Initiative)
  - $1.2 billion one-time

Proposed Operating 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 Operating 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	-	-
Total Incremental Base Allocation	**$556.0**	**$144.5**	**$443.5**	**$338.0**	**$25.3**

*Actual budget allocation unknown

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What we know

($ millions)

	Preliminary FY 2020-21 Budget	Approved FY 2020-21 Budget	Projected FY 2021-22 Budget
Beginning General Operating 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)	-
Projected Surplus/(Deficit)	**($33.6)**	**($18.1)**	**$2.5**
Estimated Base Cost Increases			(2.8)
Total			**($0.3)**

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Governor's Proposed Budget One-Time Funding

- 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**

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	• Governor's May budget revision released • Enterprise budgets completed
June	• Final State budget approved and signed by Governor • Auxiliary (Foundation, CPC, ASI) budgets submitted to respective Boards for approval
July	• CSU funding allocation to Cal Poly
August	• Upload budget into PeopleSoft (financial system of record)
September	• Publish University Budget book

Budget Planning Priorities

- Faculty and Staff Salaries (tenure density, teacher-scholar model, learn by doing)

- DEI

- Scholarships/Financial Aid

- Infrastructure (including new space, building renewal and technology modernization)

Pursue all avenues to increase critical investments for these priorities through one-time and recurring funding sources for these campus priorities.

Questions?

Thank You