

# Budget Update



CAL POLY

# Agenda

- COVID-19 Impacts
- FY 2019-20 Forecast
- CARES Act
- FY 2020-21 Budget Update

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# COVID-19 Impacts

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# Covid-19 Timeline

- March 9 - University travel cancelled
- March 14 - Winter finals mandated to be virtual
- March 16 - Non-essential employees directed to telecommute
- March 18 - All events cancelled until June 14<sup>th</sup>
- March 19 - Effective date of the County shelter-in-home order
- March 25 - Spring Quarter to be entirely virtual and students encouraged to not return to campus

# Covid-19 Financial Impacts

- Spring quarter enrollment held steady
- Revenue loss:
  - \$1.9M – loss in Parking fees and fines
  - \$20M – issued in Housing refunds
  - \$11.1M – Corporation loss in dining revenue
- \$2.7M - estimated University COVID-19 expenses (technology, PPE, emergency pay, equipment purchases, stipends for faculty)

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# FY 2019-20 Forecast

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# FY 2019-20 Forecast - Summary

(\$ millions)

Fund Type	FY 2019-20 Revenues	FY 2019-20 Expenses	Surplus/ (Deficit)
General Operating	\$397.4	\$410.0	(\$12.6)
Enterprise	\$91.2	\$108.2	(\$17.0)
Auxiliary	\$49.7	\$51.4	(\$1.7)
<b>Total</b>	<b>\$538.3</b>	<b>\$569.6</b>	<b>(\$31.3)</b>

# FY 2019-20 Forecast - Operating

(\$ millions)

Fund Type	FY 2019-20 Revenues	FY 2019-20 Expenses	Surplus/ Deficit	Projected Reserves 06-30-20
General Operating	\$345.6	\$357.1	(\$11.5)	\$29.8
Cal Poly Opportunity Fee (CPOF)	\$1.9	\$1.9	\$0.0	\$0.0
Student Success Fee (SSF)	\$18.1	\$17.4	\$0.7	\$2.7
Health Center	\$10.6	\$10.0	\$0.6	\$2.5
Athletics	\$18.6	\$21.4	(\$2.8)	(\$3.6)
IRA	\$2.6	\$2.2	\$0.4	\$2.6
<b>Total</b>	<b>\$397.4</b>	<b>\$410.0</b>	<b>(\$12.6)</b>	<b>\$34.0</b>



# FY 2019-20 Forecast - Enterprise

(\$ millions)

Fund Type	FY 2019-20 Revenues	FY 2019-20 Expenses	Surplus/ (Deficit)	Projected Reserves 06-30-20
International Center	\$0.7	\$1.2	(\$0.5)	\$0.9
Extended Education	\$13.8	\$13.5	\$0.3	\$5.9
Parking	\$4.7	\$6.4	(\$1.7)	\$8.6
University Union	\$17.7	\$14.4	\$3.3	\$28.1
Housing	\$54.3	\$72.7	(\$18.4)	(\$9.6)
<b>Total</b>	<b>\$91.2</b>	<b>\$108.2</b>	<b>(\$17.0)</b>	<b>\$33.9</b>

# FY 2019-20 Forecast - Auxiliary

(\$ millions)

Fund Type	FY 2019-20 Revenues	FY 2019-20 Expenses	Surplus/ (Deficit)	Projected Reserves 06-30-20
Cal Poly Corporation (CPC)	\$35.3	\$36.7	(\$1.4)	\$29.3
Performing Arts Center (PAC)	\$2.9	\$3.3	(\$0.4)	\$0.3
ASI	\$7.1	\$7.1	(\$0.0)	\$3.2
Foundation	\$4.4	\$4.3	\$0.1	\$1.4
<b>Total</b>	<b>\$49.7</b>	<b>\$51.4</b>	<b>(\$1.7)</b>	<b>\$34.2</b>

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# CARES Act

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# CARES Act

- 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
- Total CSU allocation of \$525M
- Cal Poly allocation of \$14M
  - \$7M designated for emergency financial aid for students
  - \$7M for institutional support
  - \$57K for minority serving institutions (MSI)

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# FY 2020-21 Budget Update

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# Budget Planning Calendar

Month	Description
November	<ul style="list-style-type: none"><li>• BOT approved budget request</li></ul>
January	<ul style="list-style-type: none"><li>• Governor's budget released</li><li>• Confirm Cal Poly enrollment targets</li><li>• Prelim estimate Cal Poly budget allocations based on Governor's budget</li></ul>
February	<ul style="list-style-type: none"><li>• Receive budget guidance from Chancellor's Office (CO)</li><li>• Budget negotiations in Sacramento (Feb-July)</li><li>• Legislative Analyst Office / Department of Finance analysis of CSU budget and CSU lobbying efforts (Feb-July)</li></ul>
May	<ul style="list-style-type: none"><li>• Governor's May revision released</li></ul>

# Budget Planning Calendar

Month	Description
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>Cal Poly budget planning</li><li>State and Federal Income Tax Return deadlines</li><li>CSU preliminary funding allocation to Cal Poly</li></ul>
August/ September	<ul style="list-style-type: none"><li>Potential for a State budget revise based upon updated tax receipts</li></ul>
October	<ul style="list-style-type: none"><li>If August revise occurs, adjusted budget memo anticipated from CO</li><li>Final adjusted Cal Poly budget ratified</li></ul>

# Governor's May Revise

- Projected \$54 Billion state deficit
- Seeking a 10% reduction in pay for state civil service employees
- 10% reduction in funding to the CSU and UC systems
  - \$398M impact on CSU
- Full utilization of \$16B Rainy Day Fund over 3 years



# CSU Proposed Budget

(\$ millions)

CSU Proposed Budget		Governor's Initial Budget Proposal	Governor's May Revise Budget
Graduation Initiative (GI) 2025	\$105.0		
5% increase in enrollment	\$248.6		
Salaries and benefits	\$177.4		
Academic facilities & infrastructure	\$75.0		
Mandatory costs	\$27.3		
Basic needs partnerships	\$15.0		
<b>Total Incremental Base Allocation</b>	<b>\$648.3</b>	<b>\$199.0</b>	<b>(\$398.0)</b>

# 2020-21 CP Budget Impacts

- 10% reduction, or \$398M, to CSU
- Uncertainty re: COVID-19 impact on Fall enrollment
- Potential Scenarios
  - 10% reduction in State funding and a 5% drop in enrollment
    - **\$26.9M revenue loss**
  - 10% reduction in State funding and a 10% drop in enrollment
    - **\$37.6M revenue loss**
- Continued financial stress in parking, housing and dining

# Actions to Date

- Hiring "chill" in place indefinitely for all positions
  - Exceptions must be approved by Provost/VP and President
- Travel restrictions in place through July, may be extended.
  - Exceptions must be approved by President
- Cancellation/deferral of capital projects and major equipment/software purchases

# Next Steps

- CSU determination of funding allocations to campuses
- Enrollment projections for 2020-21 to be finalized
- Increased focus on optimization/efficiency initiatives
  - IT
  - MarCom
- Furloughs require CSU level action
- Campus budget planning over next 2-3 months
  - Mission, student success, safety of campus community

# Questions?

Thank You