Financial Briefing

Presented by
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CFO and Vice President for Administration and Finance,
Sonoma State University

Sonoma State University
Campus Forum
April 11, 2008
## Composition of the SSU Budget 2006-2007

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$82,730,130</td>
<td>43.7%</td>
</tr>
<tr>
<td>Capital Budget</td>
<td>$39,993,449</td>
<td>21.1%</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>$29,000,000</td>
<td>15.3%</td>
</tr>
<tr>
<td>Housing</td>
<td>$15,686,204</td>
<td>8.3%</td>
</tr>
<tr>
<td>Extended Education</td>
<td>$3,882,537</td>
<td>2.1%</td>
</tr>
<tr>
<td>Parking</td>
<td>$2,061,000</td>
<td>1.1%</td>
</tr>
<tr>
<td>Instructionally Related Activities</td>
<td>$2,870,626</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

### Auxiliary Corporations

<table>
<thead>
<tr>
<th>Corporation</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Associated Students</td>
<td>$1,638,364</td>
<td>0.9%</td>
</tr>
<tr>
<td>Student Union Corporation</td>
<td>$2,204,651</td>
<td>1.2%</td>
</tr>
<tr>
<td>Sonoma State Enterprises</td>
<td>$9,029,000</td>
<td>4.8%</td>
</tr>
<tr>
<td>Foundation General Fund</td>
<td>$189,775</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

*Foundation Total Endowment: $37.4M*

| TOTAL                           | $189,285,736 | 100%       |
Composition of the SSU Budget
2006-2007

General Fund $82,730,130 43.7%

- The General Fund represents the largest source of revenue available to the campus and includes:
  - Resources from Trustees
  - Discretionary dollars from the California Lottery
  - Funds generated from student and other fees
Capital Budget $39,993,449 21.1%

- Revenue is obtained via the sale of tax exempt bonds by the State of California.

- Bond covenants restrict capital dollars to the specific construction project for which the bond was issued.

- The campus is reimbursed for overhead costs.

- The 2006-2007 capital budget included these projects:
  - GMC Phase I, Darwin Hall, University Center Programming, Chiller #2 renewal, Rec Center solar power, lighting retrofit, Nichols Nursing, classroom renovations, ADA projects, deferred maintenance
Composition of the SSU Budget
2006-2007

Grants and Contracts $29,000,000 15.3%

- Resources are restricted to the specific grant or contract.
- The campus is reimbursed for overhead costs via Indirect Cost Recovery (IDC).
Composition of the SSU Budget 2006-2007

Housing $ 15,686,204 8.3%

• Resources are restricted to the SSU Housing Program.
• The campus is reimbursed for overhead costs.
• Housing has annual debt service payments of $5.1 million.
  – Debt Service equals 33% of revenue
• $70,000 in rental fees associated with SRB-1 annual debt service obligation for the Green Music Center Hospitality Center.
Composition of the SSU Budget
2006-2007

Extended Education $ 3,882,537 2.1%

- The campus is reimbursed for overhead costs.
- Annual debt service obligation and related costs of $463,000 associated with SRB-2 for the Green Music Center.
  - Debt Service equals 12% of revenue
Composition of the SSU Budget
2006-2007

Parking  $ 2,061,000  1.1%

- Resources are restricted to the SSU Parking and Alternate Transportation program.
- The campus is reimbursed for all overhead costs.
- Parking has outstanding debt of $9 million with annual debt service payments of $630,000.
  - Debt Service equals 31% of revenue
Composition of the SSU Budget
2006-2007

Instructionally Related Activities $ 2,870,626 1.5%

- Resources are generated via a mandatory student fee for the Instructionally Related Activities (IRA) program.
- Budget recommendations are developed by the Fee Advisory Committee.
Composition of the SSU Budget
2006-2007

Associated Students Inc. $ 1,638,364 0.9%

- The Associated Students budget is developed by its Board of Directors.
- The campus is reimbursed for overhead costs.
Composition of the SSU Budget
2006-2007

Student Union Corporation $ 2,204,651 1.2%

- The Student Union budget is developed by its Board of Directors.
- The campus is reimbursed for overhead costs.
- 06/07 Total Student Union Program Revenues $3.3M
  - 06/07 Student Union Corporation Operating Budget $2.2M
  - 06/07 Debt Service (Rec Center) $1.0M
  - 06/07 Non Operating costs and balance to reserve $0.1M
  - Debt Service equals 30% of total revenue
Composition of the SSU Budget
2006-2007

Sonoma State Enterprises $ 9,029,000 4.8%

- SSE’s budget is developed by its Board of Directors.
- The campus is fully reimbursed for all overhead costs.
- SSE has debt outstanding to the SSU Academic Foundation totaling $5.4 million with annual debt service payments of $525,000.
  - Debt Service equals 6% of revenue
- $70,000 in rental fees associated with SRB-1 annual debt service obligation for the Green Music Center Hospitality Center.
Composition of the SSU Budget 2006-2007

Sonoma State University Academic Foundation

Foundation General Fund $ 189,775
Foundation Total Assets $ 87,347,577
Foundation Total Endowment $ 37,417,460

• Resources are obtained from private gifts and earned interest.

• Budget recommendations are made in accordance with donor intent.

• Administration and Finance operates the Foundation without reimbursement in recognition of the contributions made by the Foundation to the SSU academic program.
On-going Audit Activity

- University GAAP Audit - *annual*
- SSU Academic Foundation - *annual*
- Associated Students - *annual*
- Sonoma State Enterprises - *annual*
- Sonoma Student Union - *annual*
- A-133 - *annual*
  - (Financial Aid, Grants & Contracts, Federal Funds)
- FISMA - *every 2 years*
- Audits on every Major Construction Activity - *annual*
- SRB Audits - *annual*
- State Controller’s Office - *every 3 years*
- Trustee Risk Assessment Audits - *annual*
Annual Budget Cycle
August

• Review of CSU priorities by the System-Wide Budget Advisory Committee
• President and Cabinet Review Strategic Plan and Identify Key Priorities
September

• President’s Budget Advisory Committee Meeting
  – Prior Year End Financial Report Distributed
  – Review of University-wide Budget vs. Actuals
  – President’s Budget Allocations Presented
  – Campus Strategic Plan Reviewed
  – CSU and Campus Priorities Reviewed
October

- CSU Board of Trustees Approves System Budget Request to the Governor
November

- President’s Budget Advisory Committee Meeting
  - Budget Primer
  - Board of Trustees Budget Analyzed
  - Campus Five-Year Capital Outlay Plan Analyzed
December

• President’s Budget Advisory Committee Meeting
  – Review Campus Reserve
January

• Governor’s Budget Released
February

• President’s Budget Advisory Committee Meeting
  – Review of Prior Year External and Internal Audits
  – Analysis of Governor’s Budget and Campus Implications
April

- President’s Budget Advisory Committee Meeting
  - Endowment Earnings Distribution Reviewed
  - Extended Education Earnings Distribution Reviewed
May

- Governor Issues May Revision of the Budget
- President’s Budget Advisory Committee Meeting
  - Analysis of the May Revision and Impact to Campus
  - Budget Recommendations Forwarded to the President
  - Review Campus Reserve
July

• Governor Signs Final Budget
• CSU makes allocations to the campus
• President’s Budget Advisory Committee Meeting
  – Advice provided to the President regarding final CSU allocations
• President makes allocations to the Divisions
## Composition of the SSU Budget 2006-2007

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<td><strong>TOTAL</strong></td>
<td><strong>$189,285,736</strong></td>
<td><strong>100%</strong></td>
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</table>
### SSU 2006/2007 General Fund Appropriation Vs. Similar Sized Campus Composite

<table>
<thead>
<tr>
<th>Campus</th>
<th>FTES Target</th>
<th>General Fund Appropriation</th>
<th>Total Funding per FTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humboldt</td>
<td>7,339</td>
<td>$89,221,997</td>
<td>$12,157</td>
</tr>
<tr>
<td>San Marcos</td>
<td>6,528</td>
<td>77,497,064</td>
<td>$11,871</td>
</tr>
<tr>
<td>Stanislaus</td>
<td>6,847</td>
<td>77,922,134</td>
<td>$11,380</td>
</tr>
<tr>
<td>Bakersfield</td>
<td>6,801</td>
<td>75,058,216</td>
<td>$11,036</td>
</tr>
<tr>
<td>Sonoma</td>
<td>7,297</td>
<td>78,446,854</td>
<td>*$10,751</td>
</tr>
</tbody>
</table>

*Funding Gap:*

\[
\text{Average(4): } \frac{11,611 - 10,751}{4} = $860 \text{ per FTES}
\]

Additional $ to SSU if funded at four campus composite average:

\[
7,297 \text{ (SSU target FTES)} \times 860 \text{ (Funding Gap per FTES)} = $6,275,420
\]
General Fund Budget
2002/03 - 2007/08
General Fund Budget

General Fund Base Budget 2002-2003 $ 70,380,291
General Fund Base Budget 2007-2008 $ 91,143,620
New Funds to Sonoma State University $ 20,763,329
Allocation of New General Fund Revenue
2002-2003 through 2007-2008

New Permanent Funds to SSU $ 20,763,329
CSU Mandated and Restricted Items $ (24,067,040)

Compensation
Health Center
Financial Aid
Maintenance
Technology
Utilities
External Audits
Deferred Maintenance
Nursing Program
Revenue Management Program

PBAC Allocation Discussions $ (1,453,604)

Institutional Memberships
Campus Reserve
Development Office Support
Information Security Officer
Intercollegiate Athletics Support
Faculty Development

Net Available (Campus Budget Gap) $ (4,757,315)
## Allocation of Campus Budget Gap

<table>
<thead>
<tr>
<th>Unit</th>
<th>Amount</th>
<th>% of Gap</th>
<th>% of Exp Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Office</td>
<td>$(4,799)</td>
<td>&lt;1%</td>
<td>3.5%</td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>$(2,414,219)</td>
<td>50.8%</td>
<td>57.5%</td>
</tr>
<tr>
<td>Student Affairs</td>
<td>$(86,073)</td>
<td>1.8%</td>
<td>11.8%</td>
</tr>
<tr>
<td>Administration and Finance</td>
<td>$(2,252,224)</td>
<td>47.3%</td>
<td>27.3%</td>
</tr>
<tr>
<td>Total</td>
<td>$(4,757,315)</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>
SFR & ACR 73

• Student to Faculty Ratio (SFR)
  Fall 2006
  SSU: 21.9
  CSU: 21.9

• ACR 73 (75% Tenure Track Professors)
  Fall 2006
  SSU: 69%
  CSU: 62%
### Audited Financials Data

<table>
<thead>
<tr>
<th></th>
<th>SSU</th>
<th>CSU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Services Expenditures per Headcount</td>
<td>$1,921</td>
<td>$1,382</td>
</tr>
<tr>
<td>Academic Support Expenditures per Headcount</td>
<td>$1,288</td>
<td>$1,386</td>
</tr>
<tr>
<td>Instructional Expenditures per actual FTES</td>
<td>$5,706</td>
<td>$5,839</td>
</tr>
<tr>
<td>Institutional Support Expenditures as % of total campus expenditures</td>
<td>9.8%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Plant Operations Expenses per square foot</td>
<td>$6.60</td>
<td>$6.19</td>
</tr>
</tbody>
</table>

*Source: June 30, 2007 SSU Audited Financial Statements*
Where are the issues?

• Structural Deficit vs. CSU campus composite  
  = ($6,275,420)

• General Fund Budget Gap  
  (2003/04 – 2007/08)  
  = ($4,757,315)

TOTAL IMPACT TO SSU =  
($11,032,735)

• Repairing the base initiative…
Self Support Funds
2002/03 - 2007/08
Associated Students Incorporated

Budgeted Revenue:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>$1.4 M</td>
</tr>
<tr>
<td>2007/08</td>
<td>$1.8 M</td>
</tr>
</tbody>
</table>

- Enrollment growth and SSU students’ expanded involvement in student government initiatives and campus life programs
- AS Revenue generated by a mandatory student body fee
Student Union Program

Budgeted Revenue:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>$2.8 M</td>
</tr>
<tr>
<td>2007/08</td>
<td>$3.8 M</td>
</tr>
</tbody>
</table>

- Revenue sources: Student Union Fee, programs & services, leases, and interest on investments
- Enrollment growth and increased SU fees generating increased student fee revenue
- 07/08 Student Union Corp. operating budget of $2.6M
- Annual debt service (began 05/06) of $1M
  - Related to Recreation Center voted for and funded by students
Instructionally Related Activities

Budgeted Revenue:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>$1.6 M</td>
</tr>
<tr>
<td>2007/08</td>
<td>$3.3 M</td>
</tr>
</tbody>
</table>

- SSU students’ decision to raise IRA fee
- Recommendations for the distribution of IRA dollars are made by the campus Fee Advisory Committee
Sonoma State Enterprises

Budgeted Revenue:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>$11.1 M</td>
</tr>
<tr>
<td>2007/08</td>
<td>$10.0 M</td>
</tr>
</tbody>
</table>

- Increase in retail and dining activity in relation to the growth in the student residential population
- Total revenue dropped considerably in 2006-2007 due to outsourcing of campus store to Barnes and Noble and re-establishment of Reprographics as a General Fund entity
- SSE continues to make investments in its key growth areas:
  - University Center, Blackboard Transaction System, Faculty/Staff Housing project, One Card program, equipment purchases, & equipment and furnishings for GMC Hospitality Center
Housing

Budgeted Revenue:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>$9.5 M</td>
</tr>
<tr>
<td>2007/08</td>
<td>$16.2 M</td>
</tr>
</tbody>
</table>

- Annual increase in student housing rates due to inflation
- Opening of Beaujolais Village in Fall 2003 added 650 additional beds
- Maximum occupancy capacity is currently 2,382 students (Tuscany will add 700 more)
- Increased revenues largely from:
  - Rent paid by students; increased lease revenues from SSU Police Department, Facilities Services, SSE and CEC; increased summer housing program revenue; and interest earnings on the Fund’s working capital reserve
Parking

Budgeted Revenue:

<table>
<thead>
<tr>
<th></th>
<th>2002/03</th>
<th>2007/08</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$1.6 M</td>
<td>$2.1 M</td>
</tr>
</tbody>
</table>

- Student enrollment growth created larger demand for on-campus parking in addition to greater utilization of the parking program from students, employees, and visitors.
Grants and Contracts

Budgeted Revenue:

2002/03  2007/08
$25.5 M   $14.6 M

- Campus involvement with federal, state, and private research grant and contract activity was reduced substantially in 2006/07 and 2007/08 as a result of a restructuring of the California Institute on Human Services (CIHS)
## Extended Education

### Budgeted Revenue:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>$3.7 M</td>
</tr>
<tr>
<td>2007/08</td>
<td>$3.5 M</td>
</tr>
</tbody>
</table>

- Decrease due to Year-Round Operations in General Fund instruction beginning in Summer 2007 and a reduction in Summer School offerings.
Academic Foundation (SSUAF)

Total Endowment at Market Value:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>6/30/03</td>
<td>$18.0 M</td>
</tr>
<tr>
<td>6/30/07</td>
<td>$37.4 M</td>
</tr>
</tbody>
</table>

- Increase due to new contributions and investment performance
- SSU ranks 7th among all 23 CSU campuses in endowment size and 3rd in endowment dollars per FTES
- SSUAF pooled endowment investment return of 18.5% outperformed all CSU campuses for 2006/07
## SSUAF Pooled Endowment
### Earnings Distribution (07/08)

<table>
<thead>
<tr>
<th>Scholarship Office</th>
<th>Scholarship Office</th>
<th>Campus Programs</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scholarship Office</td>
<td>$189,027</td>
<td>$0</td>
<td>$189,027</td>
</tr>
<tr>
<td>Arts and Humanities</td>
<td>$87,309</td>
<td>$94,134</td>
<td>$181,443</td>
</tr>
<tr>
<td>Business and Economics</td>
<td>$584</td>
<td>$33,808</td>
<td>$34,392</td>
</tr>
<tr>
<td>Education</td>
<td>$10,664</td>
<td>$0</td>
<td>$10,664</td>
</tr>
<tr>
<td>Science and Technology</td>
<td>$2,742</td>
<td>$201,781</td>
<td>$204,523</td>
</tr>
<tr>
<td>Social Sciences</td>
<td>$2,055</td>
<td>$43,225</td>
<td>$45,280</td>
</tr>
<tr>
<td>Extended Education</td>
<td>$696</td>
<td>$168</td>
<td>$864</td>
</tr>
<tr>
<td>Library</td>
<td>$0</td>
<td>$148,133</td>
<td>$148,133</td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>$0</td>
<td>$107,149</td>
<td>$107,149</td>
</tr>
<tr>
<td>Executive Office</td>
<td>$520</td>
<td>$17,146</td>
<td>$17,666</td>
</tr>
<tr>
<td>Student Affairs</td>
<td>$16,977</td>
<td>$6,086</td>
<td>$23,063</td>
</tr>
<tr>
<td>Administration and Finance</td>
<td>$0</td>
<td>$63,738</td>
<td>$63,738</td>
</tr>
<tr>
<td>Re-invested into Endow.</td>
<td>$0</td>
<td>$2,670</td>
<td>$2,670</td>
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**TOTAL**

<table>
<thead>
<tr>
<th>Scholarships</th>
<th>$310,574</th>
<th>Campus Programs</th>
<th>$718,038</th>
<th>TOTAL</th>
<th>$1,028,612</th>
</tr>
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<tr>
<td>(30.2%)</td>
<td>(69.8%)</td>
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<td></td>
<td></td>
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SSUAF Pooled Endowment Earnings Distribution (07/08)

2007-2008 SSUAF Pooled Endowment Earnings Distribution
Total Distribution = $1,028,612

- Science and Technology: $204,523
- Scholarship Office: $189,027
- Arts and Humanities: $181,443
- Library: $148,133
- Academic Affairs: $107,149
- Administration and Finance: $63,738
- Social Sciences: $45,280
- Business and Economics: $34,392
- Student Affairs: $23,063
- Executive Office: $17,666
- Education: $10,664
- Extended Education: $2670
- Endow Funds Re-invested: $84
Capital Projects
2002/03 - 2007/08
## Capital Projects

### 2002/03 – 2007/08

**Total Capital Projects = $218,140,347**

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Cost</th>
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<tr>
<td>Salazar Renovation</td>
<td>$20,882,000</td>
</tr>
<tr>
<td>Telecom Infrastructure</td>
<td>$6,136,000</td>
</tr>
<tr>
<td>Parking Lots L,M,N,O</td>
<td>$10,575,310</td>
</tr>
<tr>
<td>Beaujolais Village</td>
<td>$35,691,011</td>
</tr>
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<td>Recreation Center</td>
<td>$15,064,889</td>
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<tr>
<td>Faculty/Staff Housing</td>
<td>$4,236,524</td>
</tr>
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<td>Darwin Hall Renovation</td>
<td>$28,733,000</td>
</tr>
<tr>
<td>Green Music Center</td>
<td>$87,764,219</td>
</tr>
<tr>
<td>Classroom Renovations</td>
<td>$1,007,000</td>
</tr>
<tr>
<td>Deferred Maintenance</td>
<td>$2,063,508</td>
</tr>
<tr>
<td>Solar Panels – Rec. Center</td>
<td>$585,111</td>
</tr>
<tr>
<td>Sauvignon Parking Lighting</td>
<td>$131,338</td>
</tr>
<tr>
<td>Chiller No. 2 Replacement</td>
<td>$1,704,000</td>
</tr>
<tr>
<td>Sustainability Initiative (Lighting, IT Server, Solar)</td>
<td>$1,434,945</td>
</tr>
<tr>
<td>Stevenson Guardrail/West Entry</td>
<td>$460,992</td>
</tr>
<tr>
<td>ADA Projects (Pathways/Signage etc.)</td>
<td>$1,670,500</td>
</tr>
</tbody>
</table>
May 19th Campus Forum Preview: 2008/09 CSU Budget

- Governor’s Budget May Revise …

- Impact to SSU …