2018-2019 Year End Balances & Budget Call

Sonoma State University
President’s Budget Advisory Committee
September 19, 2019
2018-2019
Year End Balances
2018-2019 Campus Budget Year End Balances

- University Wide
- Green Music Center
- Administration and Finance
- Student Affairs
- Academic Affairs
- University Advancement
- President's Office

Base Budget  | Revised Budget  | Actual Expenses  | Year End Balances

$0  | $10,000,000  | $20,000,000  | $30,000,000  | $40,000,000  | $50,000,000  | $60,000,000  | $70,000,000  | $80,000,000
Strategic Budgeting Review
What is Strategic Budgeting?

Strategic budgeting is the process of creating a multi-year budget that incorporates planning and assessment in support of strategic initiatives.

A strategic budget is not just a budget - it is the strategic plan in action!

Budget ↔ Planning
Why Strategic Budgeting?

- Improves student learning and success.
- Ensures we are using resources efficiently and effectively.
- Strategically invests in our institutional assets.
- Implements evidence-based budgeting linked to assessment.
- Aligns our budget with our strategic priorities.
Linking Planning and Budgeting

**PLAN** → **BUDGET** → **ASSESS**

- SP Priorities
- Cabinet Budget Priorities/Assumptions
- Division Themes/Goals
- Unit Objectives/Rubrics

- People
- Programs
- Plant

Metrics
Outcomes
Strategic Budgeting: Creating a Framework

- Implementing annual budget call process
- Questica Budgeting Software & OpenBook
- University Operating Fund Reserve Policy
- University Budget Oversight Policy
- Campus Budget & Planning Forums
2019-2020 Budget Call Process
Annual Budget Process

Units complete the following annually:

1. Develop Budget Plan
2. Set SMART Goals
3. Establish Metrics
Annual Budget Timeline

**November**  
Board of Trustees submits budget request to Governor

**December**  
Cabinet sets budget priorities and assumptions

**January**  
Budget call goes out to campus units

**March**  
Division budget plans due to University Budget and Planning Office

**April**  
Budget office provides projections and draft planning year budgets to PBAC and Cabinet for review

**May**  
Cabinet approves final planning year budget

**June**  
Campus budget is finalized
Common Themes

- Aligning expenses and fund source
  - Athletics aligning positions with funding source to reflect intended fund use

- Created student employment opportunities
  - University Advancement reallocated funds from temp help to increase student assistant allocations

- Reallocated “Supplies and Services” to more specific categories
  - Many units reallocated their operating budget to include equipment, professional development, software, etc.

- Multiple investments in Technology
  - University Budget & Planning Office, Transportation and Parking Services, and Financial Services are reallocating budget from various categories to support new software
Common Themes

- Converting operating expense into personnel
  - The President’s Office reallocated OE funds to address staff equity within the division

- Reallocation of existing position budgets
  - Student Success and Advising is reallocating positions to different departments and unused salary savings to operating expense

- Aligning existing resource allocations to new strategic goals
  - All units in Academic Affairs clarified how their existing allocations support the strategic goals of the University
Lessons Learned: 2018-2019

- Provide additional clarity in communicating the entire process
- Create consistency across divisions
- Pilot year for the whole campus with new budget timeline, next year there will be a better understanding of the entire process
- Mid Year projections included in the call distracted from budget realignments
Progress for Next Year: 2019-2020

- Move process to Questica budgeting software
- Add in metrics and assessment
- Create a format to include more funds, for all funds budgeting
- Create a process to tie in ad-hoc requests to resource planning
All Funds Budget: Housing & Transportation and Parking Services

Sonoma State University
President’s Budget Advisory Committee
September 19, 2019
## 2019-2020 University Budget Revenue

### Campus Budget
- **Campus Based Fees**: $19.2 M
- **Additional State/Federal Funding**: $11.4 M
- **Other Funding**: $20.3 M
- **Total Campus Budget**: $148.2 M

### Additional State/Federal Funding
- **Office of Research and Sponsored Programs**: $10,499,412
- **Lottery**: $905,000
- **Total Additional State/Federal Funding**: $11,404,412

### Campus-Based Fees
- **Associated Students**: $2,929,624
- **Campus Union**: $8,374,441
- **Center for Performing Arts**: $661,220
- **Counseling and Psychological Services**: $1,047,490
- **Instructionally Related Activities**: $559,813
- **Intercollegiate Athletics**: $2,587,111
- **Library**: $260,166
- **Student Health Center**: $2,818,401
- **Total Campus-Based Fees**: $19,238,266

### Other Fee Based Fund Sources
- **Housing**: $37,596,708
- **School of Extended and International Education**: $9,060,000
- **Transportation and Parking Services**: $3,027,900
- **Total Other Fee Based Fund Sources**: $49,684,608

### Other Funding
- **Green Music Center**: $3,635,865
- **Sonoma State Enterprises**: $16,145,422
- **Foundation General Fund**: $477,500
- **Total Other Funding**: $20,258,787

### Total Operating Fund Resources
- **Total**: $248,759,846
- **Percentage**: 100.0%
# 2019-2020 University Budget Revenue

<table>
<thead>
<tr>
<th>Source</th>
<th>Total</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Campus Budget</td>
<td>$148,173,773</td>
<td>59.6%</td>
</tr>
<tr>
<td>Additional State/Federal Funding</td>
<td>$11,404,412</td>
<td>4.6%</td>
</tr>
<tr>
<td>Campus-Based Fees</td>
<td>$19,238,266</td>
<td>7.8%</td>
</tr>
<tr>
<td>Other Fee Based Fund Sources</td>
<td>$49,684,608</td>
<td>20.0%</td>
</tr>
<tr>
<td>Total Operating Fund Resources</td>
<td>$248,759,846</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

## Additional State/Federal Funding

- Office of Research and Sponsored Programs: $10,499,412
- Lottery: $905,000

## Campus-Based Fees

- Associated Students: $2,929,624
- Campus Union: $8,374,441
- Center for Performing Arts: $661,220
- Counseling and Psychological Services: $1,047,490
- Instructionally Related Activities: $559,813
- Intercollegiate Athletics: $2,587,111
- Library: $260,166
- Student Health Center: $2,818,401

## Other Fee Based Fund Sources

- Housing: $37,596,708
- School of Extended and International Education: $9,060,000
- Transportation and Parking Services: $3,027,900
- School of Extended and International Education: $9,060,000

## Other Funding

- Green Music Center: $3,635,865
- Sonoma State Enterprises: $16,145,422
- Foundation General Fund: $477,500

### Total Other Funding

- $20,258,787 (8.0%)
Definitions

- **Auxiliary**: Auxiliary organizations at the California State University are non-profit organizations and separate legal entities. Auxiliary organizations were created to perform essential functions associated with a postsecondary educational institution, which under California law were difficult, cumbersome or legally restricted for the university and were not supported by state funding.

- **Self-Support**: Self-support programs are defined as those not receiving state general fund appropriations; instead, fees are collected to pay the full cost of a program.
Fee Policies

• There are several laws and policies that dictate how fees are structured within the CSU:
  • [Califomia Education Code](#)
  • [California Code- Title 5](#)
  • [CSU Student Fee Policy – Executive Order 1102](#) (EO 1102)
    • Encompasses 1993 CSU Board of Trustees State University Fee Policy
    • Continues the practice of seeking the advice of Fee Advisory Committees combined with student referenda and/or alternative consultation processes

• The [Student Fee Advisory Committee](#) provides advisory recommendations on some fee categories. The final authority remains with the president per EO 1102.

• Each campus submits an annual Student Fee Report to the Chancellor’s Office in August
Other Policies

- **EO 1000** (Cost Recovery) - Ensure that costs incurred by the CSU Operating Fund for services, products, and facilities provided to other CSU funds and to Auxiliary Organizations are properly and consistently recovered.

- **EO 994** - Executive Order to address several Debt and Financing topics including Debt capacity, general financing guidelines, and self-support reserve guidelines. The campus reserve policies, at a minimum, should address the following needs:
  - Major Maintenance and Repair/Capital Renovation and Upgrade
  - Working Capital
  - Capital Development for New Projects
  - Catastrophic Events
Category V Fees

- Category V Fees are fees charged by self-support operations on campus.

- The campus has the authority to establish, oversee, and adjust this category of fees.
  - Each self-support has a different process to establish, oversee, and adjust fees.
  - Category V fees are not governed by the Fee Advisory Committee per EO 1102.

- All revenues collected must be used to support and develop new activities within the self-support fund.

- Examples of Category V Fees are:
  - Housing Fees
  - Parking Fees
  - Extended Ed Fees
Debt Service Coverage Ratio (DSCR)

- DSCR = Net Income / Annual Debt Service Payments
  - Net Income = Pledged Revenue - Net Expense
  - Net Expense = Total Expenses - Debt Payments - Capital Expenses

- Per EO 994
  - Minimum Campus DSCR = 1.35
  - Minimum debt program = 1.10
# Housing Budget Overview

## REVENUES

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Fee Revenue</td>
<td>$23,599,121</td>
<td>$23,494,679</td>
<td>$25,155,270</td>
<td>$25,717,359</td>
<td>$27,698,793</td>
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<tr>
<td>Lease/Rental Revenue</td>
<td>$8,255,824</td>
<td>$8,646,816</td>
<td>$8,775,251</td>
<td>$8,846,851</td>
<td>$8,997,915</td>
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<td>Other Revenue</td>
<td>$800,000</td>
<td>$788,211</td>
<td>$760,441</td>
<td>$750,000</td>
<td>$900,000</td>
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<tr>
<td>Transfer from Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$778,561</td>
<td>-</td>
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<tr>
<td><strong>Total Revenue</strong></td>
<td>$32,654,945</td>
<td>$32,929,706</td>
<td>$34,690,962</td>
<td>$36,092,771</td>
<td>$37,596,708</td>
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</tbody>
</table>

## EXPENSES

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>$582,419</td>
<td>$537,636</td>
<td>$518,660</td>
<td>$542,620</td>
<td>$544,174</td>
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<tr>
<td>Operating Expense</td>
<td>$859,089</td>
<td>$890,951</td>
<td>$744,277</td>
<td>$787,332</td>
<td>$809,670</td>
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<tr>
<td>Debt Service</td>
<td>$12,688,256</td>
<td>$12,278,381</td>
<td>$12,328,077</td>
<td>$12,174,592</td>
<td>$14,086,583</td>
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<tr>
<td>Transfer to Res Life/Campus Life</td>
<td>$1,747,223</td>
<td>$1,910,938</td>
<td>$2,201,021</td>
<td>$2,325,702</td>
<td>$2,363,118</td>
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<tr>
<td>Lease/Rental Agreements</td>
<td>$486,967</td>
<td>$485,576</td>
<td>$297,066</td>
<td>$311,803</td>
<td>$300,000</td>
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<tr>
<td>Student Center Facilities</td>
<td>$475,000</td>
<td>$475,000</td>
<td>$475,000</td>
<td>$560,000</td>
<td>$564,563</td>
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<tr>
<td>Routine Maintenance</td>
<td>$789,724</td>
<td>$1,340,623</td>
<td>$1,120,000</td>
<td>$1,158,000</td>
<td>$1,192,740</td>
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<tr>
<td>Non-Routine Maintenance/Capital</td>
<td>$3,592,577</td>
<td>$4,190,806</td>
<td>$3,226,000</td>
<td>$7,385,000</td>
<td>$7,658,050</td>
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<tr>
<td>Transfer to Reserve</td>
<td>$1,087,229</td>
<td>$201,248</td>
<td>$2,933,139</td>
<td>-</td>
<td>$(423,307)</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$32,654,945</td>
<td>$32,929,706</td>
<td>$34,690,962</td>
<td>$36,092,771</td>
<td>$37,596,708</td>
</tr>
</tbody>
</table>

Includes the following funds: Housing Operations, Residential Life and Campus Life, Student Center Facilities, Housing Non-Routine Repair & Maintenance, Housing Capital Improvements, Workforce Housing
Housing Reserves

2018-19 Reserve Designations (as of 06/30/2019)

- Reserve for Economic Uncertainty (Limit to 1/2 of Annual Budget) $4,959,427
- Designated for Capital Improvement and Construction $1,818,125
- Designated for Facilities Maintenance and Repairs $97,542
- Designated for Catastrophic Events $12,328,077
- Designated for Encumbrances $5,869,053

**TOTAL 2018-19 DESIGNATIONS** $25,072,224

Includes the following funds: Housing Operations, Residential Life and Campus Life, Student Center Facilities, Housing Non-Routine Repair & Maintenance, Housing Capital Improvements, Workforce Housing

Reserve Goal: $62M

40% Funded
Housing - Budgeted 19/20 DSCR

- Housing has outstanding debt of $145 million and the 19/20 debt service payment was $12.2 million. The Petaluma Workforce Housing debt payment will be an additional $1.7M.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pledged Revenues</td>
<td>$37,596,708</td>
</tr>
<tr>
<td>Total Net Expenses</td>
<td>$17,278,410</td>
</tr>
<tr>
<td>Net Income</td>
<td>$20,318,298</td>
</tr>
<tr>
<td>Total Debt Service Payments</td>
<td>$13,947,084</td>
</tr>
</tbody>
</table>

**Program DSCR** 1.46
# Parking Budget Overview

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Fee Revenue</td>
<td>$2,425,000</td>
<td>$2,359,254</td>
<td>$2,456,254</td>
<td>$2,652,900</td>
<td>$2,979,400</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>$74,000</td>
<td>$79,000</td>
<td>$104,500</td>
<td>$148,500</td>
<td>$48,500</td>
</tr>
<tr>
<td>TOTAL REVENUE</td>
<td>$2,499,000</td>
<td>$2,438,254</td>
<td>$2,560,754</td>
<td>$2,801,400</td>
<td>$3,027,900</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>$422,016</td>
<td>$272,529</td>
<td>$448,410</td>
<td>$582,442</td>
<td>$587,745</td>
</tr>
<tr>
<td>Operating Expense</td>
<td>$243,601</td>
<td>$264,572</td>
<td>$295,216</td>
<td>$249,310</td>
<td>$237,795</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$568,387</td>
<td>$564,888</td>
<td>$565,763</td>
<td>$564,763</td>
<td>$568,138</td>
</tr>
<tr>
<td>Cost Recovery</td>
<td>$442,458</td>
<td>$464,010</td>
<td>$449,389</td>
<td>$449,389</td>
<td>$530,455</td>
</tr>
<tr>
<td>Lease/Rental Agreements</td>
<td>$633,953</td>
<td>$633,953</td>
<td>$535,370</td>
<td>$535,370</td>
<td>$535,370</td>
</tr>
<tr>
<td>Routine Maintenance</td>
<td>$35,000</td>
<td>$35,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Non-Routine Maintenance/Capital</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$96,278</td>
<td>$ -</td>
</tr>
<tr>
<td>Transfer to Reserve</td>
<td>$153,585</td>
<td>$203,302</td>
<td>$266,607</td>
<td>$323,848</td>
<td>$568,397</td>
</tr>
<tr>
<td>TOTAL EXPENSES</td>
<td>$2,499,000</td>
<td>$2,438,254</td>
<td>$2,560,755</td>
<td>$2,801,400</td>
<td>$3,027,900</td>
</tr>
</tbody>
</table>

Includes the following funds: Parking Operations, Fines and Forfeitures
Parking Reserves

2018-19 Reserve Designations
Reserve for Economic Uncertainty (Limit to 1/2 of Annual Budget) $ 901,975
Designated for Capital Improvement and Construction $ 563,125
Designated for Facilities Maintenance and Repairs $ 529,385
Designated for Catastrophic Events $ 565,763
Designated for Encumbrances $ 179,230
TOTAL DESIGNATIONS $ 2,739,478

Includes the following funds: Parking Operations, Fines and Forfeitures, Parking Non-Routine Repair and Maintenance, Parking Capital Improvements

Reserve Goal: $4M
68% Funded
Parking- Budgeted 19/20 DSCR

- Parking has outstanding debt of $5.3 million and the 19/20 debt service payments will be $568k.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Pledged Revenues</td>
<td>$ 2,638,500</td>
</tr>
<tr>
<td>Total Net Expenses</td>
<td>$ 1,762,536</td>
</tr>
<tr>
<td>Net Income</td>
<td>$ 875,964</td>
</tr>
<tr>
<td>Total Debt Service Payments</td>
<td>$ 568,138</td>
</tr>
</tbody>
</table>

**Program DSCR** 1.54
**Glossary**

- **Debt Service Coverage Ratio**: Annual pledged revenue, less annual net expenses, divided by annual debt service. Used to measure debt capacity.

- **EO 1000 (Cost Recovery)**: Reimbursed costs incurred by the CSU Operating Fund for services, products, and facilities provided to other CSU funds.

- **Auxiliary**: Auxiliary organizations at the California State University are non-profit organizations and separate legal entities. Auxiliary organizations were created to perform essential functions associated with a postsecondary educational institution, which under California law were difficult, cumbersome or legally restricted for the university and were not supported by state funding.

- **Self Support**: Self-support programs are defined as those not receiving state general fund appropriations; instead, fees are collected to pay the full cost of a program.
Save the Date

Fall 2019 Campus Budget & Planning Forum

Tuesday, October 29, 2018
9:00 - 10:30 AM
Student Center Ballroom A

Hosted by the President’s Budget Advisory Committee
Budget Resources

University Budget and Planning Office
www.sonoma.edu/budget
Phone: (707) 664-3832
Email: budget@sonoma.edu

Questica OpenBook
www.sonoma.openbook.questica.com