NEW DEPARTMENT CHAIR ORIENTATION
August 14, 2015

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Agenda

• Introductions
• California and CSU Budget Process
• CSUN Budget
• Fund Accounting Overview
• Budgeting in Academic Affairs
• Departmental Budgeting & Tools
• Terminology and Discussion Throughout

Today’s slides: http://www.csun.edu/academic-resources-planning/budget-presentations
Budget Terminology

Operating Budget

- An operating budget is a plan of revenue to be generated and expenditures (or transfers) from that revenue over a finite period of time

Budget Process

- A budget process is the method and timeline (or cycle) used by an institution to create its operating budget
Calendar Year

- Starts in January and ends in December

Academic Year

- Starts with the beginning of Fall Semester and ends with the end of Spring Semester

Fiscal Year

- A period used for accounting and tax purposes and is the period of time used for budget planning
  - State/CSU Fiscal Year is July 1st to June 30th
CALIFORNIA AND CSU BUDGET PROCESS
Terminology

Appropriation

- Authorization to spend provided in the State Budget Act, particularly from the General Fund
The State Appropriation is ~30% of Total Campus Revenue
State Appropriation

- State and CSU budget process is focused on historical budgeting
  - Prior year base budget plus/minus incremental change
- Base Budget = set recurring funding
- Incremental changes are based on enrollment
Measuring Enrollment

Headcount vs FTES vs Seats

All are terminology used to quantify the number of students enrolled

- **Headcount** – physical number of students enrolled
- **Seats** – sum total student enrollment by section
- **FTES** – Full-time equivalent students is a calculated unit of measure:

  Sum total by student:
  - Undergraduate: Total CCUs divided by 15
  - Graduate: Total CCUs divided by 12

*FTES is the enrollment measurement used to determine incremental changes in base funding by State/CSU*
Budget Challenges

- General Fund budget is based on Chancellor’s Office (CO) FTES target for resident students that they set for our campus

- Our internal planned resident FTES for the year is significantly higher than the CO FTES target for our campus (by 1,912 FTES in 2015/16)
Budget Planning starts one year in advance

71% of our Operating Budget is General Fund Revenue

Total Campus Operating Revenue - $524 Million
2014/15

- Tuition Fee Revenue - GF $198,546,664
- 38%
- State Appropriation - GF $154,242,396
- 30%
- Other Student Fees - GF $16,429,580
- 3%
- Housing Operations $22,808,184
- 4%
- Extended Learning $36,158,512
- 7%
- Parking $9,478,788
- 2%
- Health Facilities Fee $242,000
- 0%
- The University Corp (TUC) $18,300,985
- 4%
- Grant & Contracts $31,000,000
- Foundation
- $7,000,000
- AS $7,856,000
- 2%
- North Campus $625,839
- .1%
- Lottery $2,154,000
- .4%
- IRA $1,807,218
- .3%
- VPAC $2,317,639
- .4%
- USU $13,208,040
- 2%

2014/15
State Appropriation is a Decreasing Part of our Total General Fund Revenue

Tuition Fee Revenue

General Fund Appropriation

Excludes other fees
The University must use new base and one-time General Funds to support:

- Enrollment growth
  - Faculty positions
  - Operating expenses and equipment
- Deferred Maintenance
- Capital Planning
- Technological Changes & Upgrades
- Improvement in Faculty Tenure Density
- Retirement and Benefits
- Faculty/Staff Equity Increases
- Campus Initiatives
• General Funds are allocated to Academic Affairs by the University as:

• **Base Funding**
  - Prior-year Base Funding *plus* incremental increase based on increase in CO FTES target from prior year

• **One-time Funding**
  - FTES funding based on enrollment growth over CO FTES target
  - Carryforward funds from previous year

*The funding formula differs between base and one-time funding; there is less funding per FTES for one-time funding.*
Budget Challenges

• Differences between CO FTES target and internal planned FTES has been large in recent years (1,912 in 2015/16)
  ○ Resulting in less funding per FTES to Academic Affairs

• Increasing non-resident students (2,310 FTES in 2015/16)
  ○ Brings in more funds to the University, but
  ○ Current funding formulas do not recognize difference in support need for these students (i.e. advisement, admissions, etc…)
71% of our Operating Budget is General Fund Revenue

Total Campus Operating Revenue - $524 Million

2014/15

- Tuition Fee Revenue - GF $196,546,664 (38%)
- Other Student Fees - GF $16,429,980 (3%)
- State Appropriation - GF $154,242,396 (30%)
- VPAC $2,317,539 (0.4%)
- IRA $1,807,218 (0.3%)
- Lottery $2,154,000 (0.4%)
- North Campus $625,839 (0.1%)
- AS $7,856,000 (2%)
- USU $13,208,040 (3%)
- Housing Operations $22,808,184 (4%)
- Extended Learning $38,158,512 (7%)
- Parking $9,478,788 (2%)
- Health Facilities Fee $242,000 (0.0%)
- The University Corp (TUC) $18,300,985 (4%)
- Grant & Contracts $31,000,000...
- Foundation $7,000,000...
Self-supporting Enterprise entities include:

- Tseng College of Extended Learning (~$40M revenue)
- Housing ($23M)
- Parking ($9.5M)
- Health Facilities ($242K)

Incorporated Auxiliary entities—501(c)(3) include:

- The University Corporation ($18M)
- University Student Union ($13M)
- Associated Students, Inc. ($7.8M)
- North Campus ($626K)
- Foundation ($7M)
- The campus receives about $2.2 million per year in Lottery funding which is distributed to both Academic and Student Affairs

- IRA ($1.9M) – Instructionally Related Activities (IRA) provides student fee funding for out-of-class experiences for students integrally related to an instructional course

- Grants & Contracts ($31M) – The total revenue from grants and contracts, most commonly from research activities
FUND ACCOUNTING OVERVIEW
• Fund Accounting
  o An accounting system that emphasizes accountability rather than profitability

• Fund
  o Self-balancing set of accounts, with identified sources of income and segregated for specific uses in accordance with laws, regulations, or special restrictions or limitations
Typical Funds in Academic Departments

- Fees in General Fund (appropriations, allocations, and fee revenue) – 48501
- Campus Quality Fee (CQF)
  - Course materials - 48520
  - Student support - 48521
  - Technology – 48522
- State Trust Fund (includes ExL MOU revenues, IRA, etc.) – 496XX, 44XXX, 54xxx, etc.
- Lottery Funds – 48101
Auxiliary Funds (separate 501(c)(3) entities)

- The University Corporation (TUC)
- Foundation
Fiscal Policies

• California State Ed Code, examples:
  - Appropriate use of Extended Learning funds
  - Appropriate use of Lottery funds

• CSU Executive Orders, examples:
  - Purchasing Policies – processes, contracts, employee vs. independent contractor
  - Student Fees – process for establishing new fees
  - Cash Handling processes
  - Employee 125% rule

• Bargaining Unit Agreements, examples:
  - General Salary Increases
  - New faculty reassigned time

Campus policies and processes ensure we are in compliance and limit audit exposure and risk.
BUDGETING IN ACADEMIC AFFAIRS
College Manager of Academic Resources (MAR)

Balanced Budgets

Adherence to policy

Meet Planned FTES Targets

Communication and Disclosure

ERC Recommendations – 1999
  - Open budget reporting and consultation process
    - Resources and allocations for all departments, centers, and programs
  - Contingency funds
    - Maintain
    - Communicate to department chairs

http://www.csun.edu/sites/default/files/300-45.pdf
General Fund Allocation

• Prior year base budget
• Base budget adjustments
  o Increases: new faculty hires (actual salaries), salary increases (GSIs, faculty promotions)
  o Decreases: faculty attrition, budget reductions
• One-time funding
  o Prior-year carryforward
  o Planned FTES enrollment growth funding (lecturer funding & OE)
  o Schedule adjustment funding
Non-General Fund resources

- Lottery Allocation – use it or lose it
- Extended Learning partnerships
  - Central MOUs – Winter, Summer, SAC, Open U
  - College/Department MOUs (cohort programs)
  - Carryforward (limited)
- Campus Quality Fee (CQF) – use it or lose it
  - Course Materials Allocation
  - Funded proposals (Student Support & Technology)
- Instructionally Related Activities– funded proposals
- State Trust Funds
Auxiliary Resources:

- Foundation – outside funds raised (annual fund, endowments, scholarships)
- TUC – grants and contracts

Note: Auxiliary funds will not show on University financial systems (SOLAR).
Why It’s Important to Track Salary Costs

• Academic Affairs—Salaries make up about 88% of General Fund Expenditures

• Eight Colleges:
  o Salaries make up 92% of General Fund expenditures overall
  o Salaries range from 85% to 96% of General Fund expenditures among the eight colleges

• Salary costs fluctuate—A LOT!
  o Especially lecturer faculty budgets
  o One-time enrollment growth funding to departmental planned FTES targets
  o Schedule adjustment funding requests for additional increase in enrollment
DEPARTMENTAL BUDGETING & TOOLS
• Effective scheduling
  • SOC worksheet
• Monthly reconciliation
• Line item budgeting at departmental level
• External funding
• Contingency planning
• “Wish list”
Effective use of physical, fiscal, and human resources:

- Build schedule to planned FTES target
- Effectively deploy tenured and tenure-track faculty in order to maximize enrollments using “fixed costs”
- Monitor/eliminate “low enrolled” sections
- Manage space utilization with University growth

Request schedule adjustment funding:

- College must meet internal projected FTES target to receive schedule adjustment funding
- Shift FTES between departments to meet demands
- Request funding when class limit needs to be increased or new sections added to meet demand
- Make requests as early as changes are known
• Both a PLANNING and REPORTING tool for Department Chairs

• Combines data from multiple systems

• Combines in worksheet that allows for:
  o Scenario-building (“What If…?”)
  o Determining cost of planned schedule
  o Analyze use of resources to achieve FTES target and support program priorities
  o Modeling new program costs

• Users at multiple levels
### SOC Worksheet = Planning + Priorities

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<th>Prog Code</th>
<th>Program Priorities / Categories</th>
<th>Articulation Code</th>
<th>Name of Course</th>
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- **PeopleSoft Tools (SOLAR)**
  - nVision® Management Reports
  - General Ledger (GL) Inquiry Panels
- **Timely review of expenditures**
- **Reconciliation Workbook**
  - University Financial Analysts (UFA) can provide training
• Ability to track expenditures against budget by category using existing tools (PeopleSoft) with minimal effort

• Comparison of original plan *versus* actual at fiscal year-end

• Resources:
  o Most colleges and areas have a reference guide for most commonly used chartfield strings
• Managing Auxiliary Funds
  o Grant and contracts
  o Tracking and processing reimbursed time in timely manner
  o Emphasis on growing external funding as State support declines

• Contingency Funds

• Wish List
Other resources available

- College Managers of Academic Resources (MAR)
  - Budget
  - HR – staff
  - Technology
  - Facilities

- Academic Resources and Planning
  - Diane Stephens – x5929 diane.stephens@csun.edu
  - Eleanor Jones – x6940 eleanor.jones@csun.edu
  - www.csun.edu/academic-resource-and-planning