



California State University, Sacramento
Office of the President
6000 J Street • Sacramento Hall 206 • Sacramento, CA 95819-6022
T (916) 278-7737 • F (916) 278-6959 • www.csus.edu

February 3, 2017

MEMORANDUM

TO: Provost Ching-Hua Wang
Vice President Ming-Tung "Mike" Lee
Vice President Phil Garcia
Vice President Christine Lovely
Interim Vice President Christine Miller
Vice President Edward Mills
Vice President Vince Sales
Chief of Staff, Lisa Cardoza
Interim Athletics Director, John Volek

FROM: Robert S. Nelsen
President

A handwritten signature in blue ink that reads "Robert S. Nelsen".

SUBJECT: Campus Operating Fund Budget Call for Fiscal Year 2017/18

I am hereby requesting that each division complete the 2017/18 Campus Operating Fund budget based upon the budget assumptions and scenarios recommended by the University Budget Advisory Committee (UBAC). These assumptions, along with an overview of the State and campus' fiscal outlook, are included. Instructions and forms for completion are included as supplemental attachments. Please use them to complete the division's responses and submit all necessary documents to the University Budget Office by **Friday, March 31, 2017**. For assistance in completing the budget requests, please contact Norman Kwong, Interim Budget Officer.

Governor's Proposed Budget

The Governor's proposed 2017/18 budget includes an ongoing increase of \$157.2 million in the California State University's (CSU) General Fund. This amount includes the initial \$132.2 million general augmentation plus \$26 million as the final installment for phasing out the Middle Class Scholarship program. The augmentation will support CSU operations. The \$157.2 million is less than the trustees' budget request of \$343.7 million leaving a shortfall of \$186.5 million. This shortfall will hinder student access, quality, and achievement at the CSU. The budget will not cover all necessary costs making it difficult for our campus to further our student success and graduation initiatives.

The Effect of the Governor's Proposed Budget on Sacramento State

For the new fiscal year, the campus' enrollment target for resident students will continue at 22,972 Full-time Equivalent Students (FTEs), which is the same campus target as in 2016/17 fiscal year. This target is 0.6% FTEs above the Chancellor's Office resident target. When combining the existing revenue from

current enrollment with rising mandatory costs, compensation increases, and operational expenses, it results in a deficit. Since these initial forecasts contain various assumptions, some changes will occur.

Budget Call

As we proceed with the Science II building, the campus will be allocating one-time reserves for this project. Of the existing \$23 million in central reserves, \$20 million will be set aside for the campus' contribution towards the project, including contingencies. This expenditure will leave a very small balance for campus emergencies or unanticipated expenses. Our goal is to raise funds through personal and corporate donations for Science II, which would replenish some if not all of our reserves. This reprioritization of reserves for Science II will require the campus to delay campus-wide one-time projects.

Because we will not be able to dip into our reserves and because of the expected shortfall in the State's allocations, in the upcoming 2017/18 fiscal year, divisions must be prepared to contend with significant budgetary challenges. Therefore, we are asking the divisions to prepare for two budget scenarios:

- a 4.9% reduction (\$7,126,200 million deficit) as a worst case scenario, and
- a 1.6% reduction (\$2,309,200 million deficit) as an alternative scenario.

When developing budget plans, divisions should focus on the Four Imperatives, which include 1) reducing time to degree, 2) diversity, inclusion and equity, 3) philanthropic giving, and 4) community involvement and collaboration as well as the safety and welfare of our students, faculty and staff. Given the limited resources, divisions should be innovative, collaborative, communicative, and strategic about using existing resources to meet these campus-wide priorities while addressing the expected shortfall. Divisional resources to mitigate reductions can include other non-Operating Funds that are available and appropriate to use (an "all funds" approach).

As in the past, no General Operating Fund budget lines are exempt from review or change, including the All University Expense budget lines. In order to make optimal use of resources, it is critical that we identify one-time expenditure needs from on-going baseline costs and that we manage both strategically.

Budget Planning Assumptions and Scenarios

In concurrence with the University Budget Advisory Committee recommendation, as noted above, the 2017/18 Annual Budget Call requests division heads to address the two reduction scenarios (4.9% and 1.6%).

The planning assumptions details are as follows:

- For the reductions in budget, include changes or shifts in the division's staffing levels or operating expenditures for each scenario.
- Review the division's other sources of funds (report attached) to determine how they can be used to mitigate reductions. Be careful to follow the appropriate fund rules regarding uses.
- Review the division's carry forward balances and use them strategically.
- At this time, the campus does not have any central reserves for one-time projects. If you want to list divisional projects that require future funding (either internally within the division or via other sources) for informational purposes only, please use the One-time Projects List.
- The resident student enrollment target is 22,972 FTES with the expectation that our campus will reach this enrollment target. Non-resident student enrollment will not grow significantly because

our focus will remain on resident enrollment. Still, divisions must plan to serve both the enrolled resident and non-resident student populations.

- Mandatory costs for campus obligations such as health and dental benefits will remain constant.
- Increases in All University Expenses are derived from the same general available funds as divisional funding. As All University Expenses' requests increase, the deficit will grow for the divisions.
- The campus imperatives as well as safety and health serve as general guidelines for planning and allocating the 2017/18 resources and for identifying baseline budget changes.
- Narratives should articulate assumptions, priorities, and strategies to address the topics noted on the "Required versus Applicable" form. Given the reduction scenarios, it will be important to ***indicate what the division will stop doing because less funding is available.***
- Divisions must develop a balanced budget and operate within the resources below:
 - 2017/18 Operating Fund Budget Scenario,
 - 2017/18 All University Expenditure Line Items,
 - 2017/18 One-time Projects List (Informational Item only),
 - 2016/17 Unspent Carry Forward Funds, and
 - The division's special funding sources such as Lottery, Miscellaneous Course Fees, charges for services, and other similar sources of funding (a list is included and is to be used to identify how the division will utilize them to meet the division's mission while helping students graduate in a timely fashion).

The budget call request requires entering data into the EXCEL and Word forms. The call instructions and forms are attached. Norman Kwong, the Interim Budget Officer, and his staff are prepared to assist you with questions you may have about completing the budget call.

As additional information on the state, CSU and the campus budget becomes available, I will provide updates to incorporate changes into the budget planning process. Divisions are responsible for informing their departments of the latest developments and budget updates as they unfold. I look forward to working with you and the University Budget Advisory Committee to develop a balanced budget while preserving the gains we have made in improving graduation rates and making our campus inclusive for all.

Attachments

- c. University Budget Advisory Committee
Budget Planning & Administration
Stacy Hayano, Acting Vice President and CFO

What is required for the FY 2017/18 budget call submission?

	Report or form name	Why it's useful
REQUIRED	Scenario Worksheets	Details prior year data vs. projected year data
	Carry Forward Plans	Projects the division's carry forward balance and provides details of the division's carry forward plans.
	Baseline Augmentations or Reductions Implemented	Details the colleges/program centers and departmental baseline augmentations or reductions by expenditure category and FTE
	Impacts to Divisions	Provides additional feedback regarding budget priorities. Note: The tab for short-term strategic funding requests has been eliminated. The majority of short-term funds are expected to be dedicated towards the upcoming Science II building, along with current strategic initiatives (e.g. four year graduation rates).
	All University Expenses (AUE) (for those divisions that manage AUE)	Provides budget requests to cover expenses that affect the entire university. For those divisions that do not have an AUE, the generic form is provided in case a new AUE is requested.
	Division Narratives	Provide a rationale for your budget request as it relates to the following items: <ul style="list-style-type: none"> • Based on the scenario, indicate how your division will utilize existing resources (including other funding sources) to promote and make progress on the four imperatives (1. Reducing time to degree, 2. Diversity, Inclusivity, and Equity, 3. Philanthropic giving, 4. Community involvement and collaboration) • What new actions or innovative ideas will you implement to meet or further the imperatives, which directly affect your division, while making budget reductions at the same time? • What measures will adopt to ensure divisional safety and how will it be funded? • If FTES increases beyond the target (while headcount remains the same), how will it impact your division and what will you do to support the growth? • What will your division stop doing in order to make the necessary reductions?
APPLICABLE	One Time Project List	This form is for informational purposes only. The majority of one-time funds are expected to be dedicated towards the upcoming Science II building, along with current strategic initiatives (e.g. four year graduation rates).

Annual Budget Call – Data Input Instructions

Instructions for keying data into the “**Scenario**” EXCEL spreadsheet for your division:

“**Summary**” Tab – Start at this page and complete the sections in “green:”

- Sources (Budget) section – complete your “2016-17 Projected Budget Info” with the appropriate budget data which will provide you with an estimated Carry Forward amount for 2016-17 fiscal year. Do not include budget amounts for All University Expenses. Review your Scenario adjustment total(s) to adjust your targeted amounts for Expense Details by Program Ctr page(s).
Optional: You may enter an amount on the row for “Revenue Transfers from Other Funds,” but must specify in the comments the funds involved. This may not be applicable to your division, and is subject to individual fund restrictions.
- Uses (Expenditures) section – This section will automatically populate as you enter information into the “detail” page.
Optional: You may enter an amount on the row for “Expenditure Transfers to Other Funds,” but must specify in the comments the funds involved. This may not be applicable to your division, and is subject to individual fund restrictions.
- Budget Balance Available section – Enter data into the “green” Year-End Encumbrance cell ONLY. The other sections will automatically populate as data is entered on the “detail” page.

Expense Details by Program Ctr Tab(s) – complete the “green” sections only

- Enter your “Projected Expenditures 2016-17 Current Year” totals for both FTE (salary categories) and \$ amounts by category. Include all fiscal year operating fund expenditures except benefits (unless the cost is funded by the unit(s) and not the benefit pool). Exclude costs for All University Expenses.
- Under the Scenario 1 and 2 Adjustments column, enter the changes for both \$ and FTE amounts. The sum of your changes by department and category must equal the total amount for each scenario. Given our current assumptions, divisions must submit scenarios that achieve 1.6% and 4.9% reductions for 2017-18. Scenario amounts are listed under the “Summary” tab.

Instructions for entering data into the “**AUE**” or All University Expenses spreadsheet

- Enter the CY (Current Year) Projected Expenses for 2016-17.
- Enter NY (New Year) Budget Requested amount for the 2017-18 fiscal year.
- The AUE Description column has been pre-populated. The description in this cell will be published in the Annual Report; please update any changes to the AUE description as necessary. If the cell is updated, please indicate if the AUE Description has been revised by selecting “Y” in the Description Updated column; it will default to “N”.
- For any new AUE requests, you will need to populate the cell in the “Description” column with the new AUE’s purpose.
- If requesting an increase to an AUE, please provide an explanation for the increase in the comments column.
- Comments for any of the AUEs can be entered into the “Comments” column. These comments will not be published in the Annual Report but will be viewable by UBAC.

Instructions for entering data onto other EXCEL and Word forms:

- “2016-17 Baseline Changes Implemented” - List your program center and departmental baseline changes by expenditure category and position FTE.

Annual Budget Call – Data Input Instructions

- “Division Carry Forward Expenditure Plan” – Project your 2016-17 carry forward balance by completing the table at the top of the page. Next, explain the status of your carry forward funds as well as your plan for utilizing the funds by answering the questions listed on the form. The Chancellor’s Office will be reviewing the campus carry forward fund balances. Accurate documentation of planned expenditures for carry forward funds by divisions will yield a plan that can be communicated to the Chancellor’s Office for optimal usage of campus resources.
 - Review Campus Carry Forward policy at:
 - <http://www.csus.edu/umannual/admin/adm-0159.htm>
 - Review CSU Carry Forward Funds Policy
 - <https://csyou.calstate.edu/Policies/icsuam/FinalPDF/Section%202000%20PDF/Section2000.pdf>
- “One-Time Projects List” – This form is for informational purposes only. Since most of the campus’ central reserves are designated for the Science II building and current strategic initiatives (e.g. four year graduation rates), divisions may list any one-time projects that are either internally funded by the division or funded by other sources.
- “Impacts to Divisions Scenarios” – To gain additional feedback on divisional effects for the 2017-18 fiscal year. Complete the form by listing the information requested to achieve targeted scenario amounts by prioritizing your changes and by listing the impacts to the divisions; as noted on the spreadsheet for the 1.6% and 4.9% reduction scenarios. You may include both reductions and additions to expenses, but the net must equal the change \$ amount for the scenario. The tab for short-term strategic funding requests has been eliminated, for reasons described in the previous bullet.
- Narrative – When writing your divisional narrative, please refer to the “Required vs Applicable” form. This form will provide you with all the topics you should address in your narrative.

2017/18 Annual Budget Call - Budget Planning Scenarios

Divisional Categories

	2016-17 Initial Baseline	Scenario #1		Scenario #2	
		Scenario #1 Percentage	Scenario #1 Amount	Scenario #1 Percentage	Scenario #1 Amount
Academic Affairs	\$97,455,429	-4.90%	(4,775,316)	-1.60%	(1,559,287)
Administration & Business Affairs	\$16,075,903	-4.90%	(787,719)	-1.60%	(257,214)
Student Affairs	\$12,365,618	-4.90%	(605,915)	-1.60%	(197,850)
Information Resources & Technology	\$7,487,006	-4.90%	(366,863)	-1.60%	(119,792)
University Advancement	\$3,437,530	-4.90%	(168,439)	-1.60%	(55,000)
Athletics	\$3,124,619	-4.90%	(153,106)	-1.60%	(49,994)
Human Resources	\$2,081,513	-4.90%	(101,994)	-1.60%	(33,304)
President's Office	\$1,550,769	-4.90%	(75,988)	-1.60%	(24,812)
Public Affairs & Advocacy	\$1,525,366	-4.90%	(74,743)	-1.60%	(24,406)
	\$145,103,753		(7,110,084)		(2,321,660)

Division of XYZ
Annual Budget Call Summary
for 2017-18

	2015-16 Actual		2016-17 Projected		2017-18 Scenario 1 Adjustments		2017-18 Scenario 2 Adjustments		Comments (Optional)
Prior Year Carry Forward Balance	\$84,589		\$246,527						
Effective Percentage Adjustment:					-4.90%		-1.60%		
Sources (Budget)	Budget Info		Budget Info		Budget Info		Budget Info		
Initial Allocations*	\$1,900,000		\$1,950,000		(\$95,550)		(\$31,200)		
Prior Year Encumbrance Allocations*	\$60,000		\$50,000						
One-Time Allocations from Univ Reserves	\$100,000		\$25,000						
Centrally Funded Compensation Increases	\$50,000		\$60,000						
CO Cash Posting Orders	\$0		\$0						
Release Time	\$0		\$0						
Miscellaneous Budget Transfers	(\$10,000)		(\$15,000)						
Revenue from Various Sources	\$30,000		\$35,000						
Revenue Transfers from Other Funds (see below)**					\$15,000		\$12,000		
Total Sources (Budget)	\$2,130,000		\$2,105,000		(\$80,550)		(\$19,200)		
Expenses	FTE	Expenses	FTE	Expenses	FTE	Expenses	FTE	Expenses	
Program Center A	18.00	\$1,208,833	19.25	\$1,289,000	-0.25	(\$19,500)	-0.75	(\$18,500)	
Program Center B	8.34	\$505,943	8.50	\$476,000	0.00	(\$6,000)	0.00	\$0	
Program Center C	0.70	\$156,819	1.00	\$160,000	0.00	(\$20,000)	0.00	\$0	
Expenditure Transfers to Other Funds (see below)**					(\$35,050)		(\$700)		
Total Expenses	27.05	\$1,871,595	28.75	\$1,925,000	-0.25	(\$80,550)	-0.75	(\$19,200)	
Budget Balance Available									
Prior Year Carry Forward Balance	\$84,589		\$246,527						
Current Year Sources (Budget)	\$2,130,000		\$2,105,000		(\$80,550)		(\$19,200)		
Expenses	(\$1,871,595)		(\$1,925,000)		\$80,550		\$19,200		
Year-End Encumbrances	(\$96,467)		(\$100,000)						
Budget Balance Available	\$246,527		\$326,527		\$0		\$0		

*2016-17 initial budget information pre-filled by BPA per allocation memos to divisions

**This year, the campus will begin integrating other funds (i.e. NOT just fund MDS01) into the Budget Call. If your division intends to mitigate MDS01 budget reductions by utilizing other funds, you may enter revenues to be transferred into MDS01 (only allowed in certain instances) or expenditures to be transferred out of MDS01. In either case, you are required to list the fund names in the comments column. Include a separate attachment if necessary, to explain transfers from/to multiple funds.

Division of XYZ
Annual Budget Call
for 2017-18

filled out by BPA

filled out by the division

Program Center>Department>Exp Type	2015-16 Prior Year Expenses		2016-17 Current Year Projected Expenses		2017-18 Scenario 1 Adjustments		2017-18 Scenario 2 Adjustments		Comments (optional)
	FTE	\$	FTE	\$	FTE	\$	FTE	\$	
Program Center A	18.00	\$1,208,833	19.25	\$1,289,000	-0.25	-\$19,500	-0.75	-\$18,500	
Department 1	17.00	\$1,023,360	18.25	\$1,095,000	-0.25	-\$19,500	-0.75	-\$18,500	
MPP Salaries	2.00	\$193,728	2.25	\$225,000					
Faculty Salaries	10.00	\$487,000	11.00	\$520,000					
Staff Salaries	5.00	\$273,000	5.00	\$275,000	-0.25	-\$10,000	-0.75	-\$9,500	
Student Asst Salaries		\$34,150		\$35,000					
Operating Expenses	0.00	\$35,482		\$40,000		-\$9,500		-\$9,000	
Department 2	0.00	\$132,772	0.00	\$134,000	0.00	\$0	0.00	\$0	
MPP Salaries									
Faculty Salaries									
Staff Salaries									
Student Asst Salaries		\$5,508		\$6,000					
Operating Expenses	0.00	\$127,264		\$128,000					
Department 3	1.00	\$52,701	1.00	\$60,000	0.00	\$0	0.00	\$0	
MPP Salaries									
Faculty Salaries									
Staff Salaries	1.00	\$47,000	1.00	\$50,000					
Student Asst Salaries									
Operating Expenses	0.00	\$5,701		\$10,000					
Program Center B	8.34	\$505,943	8.50	\$476,000	0.00	-\$6,000	0.00	\$0	
Department 4	4.00	\$195,011	3.50	\$166,000	0.00	-\$6,000	0.00	\$0	
MPP Salaries	1.00	\$70,000	1.00	\$65,000					
Faculty Salaries									
Staff Salaries	3.00	\$125,000	2.50	\$100,000		-\$6,000			
Student Asst Salaries		-\$120							
Operating Expenses	0.00	\$131		\$1,000					
Department 5	4.34	\$310,932	5.00	\$310,000	0.00	\$0	0.00	\$0	
MPP Salaries	1.00	\$89,000	1.00	\$95,000					
Faculty Salaries	0.00	\$35,000	1.00	\$40,000					
Staff Salaries	3.34	\$141,494	3.00	\$125,000					
Student Asst Salaries									
Operating Expenses	0.00	\$45,438		\$50,000					
Program Center C	0.70	\$156,819	1.00	\$160,000	0.00	-\$20,000	0.00	\$0	
Department 6	0.70	\$156,819	1.00	\$160,000	0.00	-\$20,000	0.00	\$0	
MPP Salaries									
Faculty Salaries									
Staff Salaries	0.70	\$40,765	1.00	\$45,000		-\$10,000			
Student Asst Salaries		\$65,688		\$65,000		-\$10,000			
Operating Expenses	0.00	\$50,365		\$50,000					
Grand Total	27.05	\$1,871,595	28.75	\$1,925,000	-0.25	-\$45,500	-0.75	-\$18,500	

Amounts listed for prior year Sources (on the Summary tab) were generated using CFS Journal Source.

Revised Source Description	CFS Jrnl Src
Prior Year Carry Forward Balance	BCF
Initial Allocations	BIA
Prior Year Encumbrance Allocations	BCE
One-Time Allocations from Univ Reserves	BOT
Centrally Funded Compensation Increases	BCI
CO Cash Posting Orders	SWT, CPO
Release Time	BRT
Miscellaneous Budget Transfers	BTG
Revenue from Various Sources	BTR

All University Expense (AUE) Request

All University Expenses	Class	CY Budget 2016/17	CY Projected Expenses 2016/17	NY Budget Requested 2017/18	Difference	AUE Description	Description Updated (Y/N)	Comments*
Add Division Name								
		-			-		N	
		-			-		N	
		-			-		N	
Total All University Expenses		-			-			
* If requesting an increase, please provide an explanation								
AUE Class must be used on all AUE transactions; including budgets and actuals								

DIVISION CARRY FORWARD EXPENDITURE PLAN

Division Name:	
2015/16 Ending Carry Forward Balance:	
Plus Projected 2016/17 Total Budget:	
Less Projected 2016/17 Total Expenditures:	
Equals Projected 2016/17 Budget Balance Available:	

The university has a carry forward limit on General Operating Funds that has been instituted by the Chancellor's Office. See policy on the link:

<http://www.csus.edu/umannual/admin/UniversityReservesandAllocationofCarry-ForwardFunds.htm>

Identify how your division's 2016/17 projected carry forward funds will be expended in the 2017/18 fiscal year. List both the short-term and long-term expenditure plans and describe the relationship between divisional deficits and carry forward funds with regard to strategies for the future while striving to achieve division/strategic objectives. In addition to the above please address the following questions in your narrative:

1. Explain how your division got to the carry forward balance that it's currently holding?
2. In reviewing your historical carry forward balances, please explain why it has changed over the years (e.g. grow over time)?
3. What is your ideal carry forward amount (% of baseline or \$\$ amount)?
4. What is your plan to spend down your carry forward funds (short term and long term (over 3 years) assuming the current budget status)?
5. What is your plan to build a carry forward to meet your needs.