



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 22, 2018

MEMORANDUM

TO: Provost Ching-Hua Wang
Vice President Ming-Tung "Mike" Lee
Vice President Phil Garcia
Vice President Christine Lovely
Vice President Christine Miller
Vice President Edward Mills
Vice President Al Frisone
Chief of Staff, Lisa Cardoza
Director of Athletics, Mark Orr

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 2018/19

I am hereby requesting that each division completes the 2018/19 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 30, 2018**. For assistance in completing the budget requests, please contact Stacy Hayano, Senior Associate Vice President.

Governor's Proposed Budget

The Governor's proposed 2018/19 budget includes an ongoing increase of \$92.1 million in the California State University's (CSU) General Fund. This represents a 3% increase from the prior year and is 1% less than expected per the governor's initial multi-year plan for the CSU. The Board of Trustees requested \$263M to fund the Graduation Initiative, enrollment growth, employee compensation, mandatory costs, and facilities/infrastructure need. The Governor's proposed budget is far less than anticipated and creates a \$171M gap. The augmentation will only support some CSU operations such as mandatory costs and a portion of employee compensation costs. This shortfall will undermine the gains made in student access, quality, and achievement at the CSU unless additional budget or revenue is received. It will be difficult for campuses to further 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 remain at 23,077 Full-time Equivalent Students (FTES), which is the same campus target as in 2017/18 fiscal year. When combining the existing revenue on hand with the small increase in State appropriations, it will not be sufficient to offset the rising mandatory costs, compensation increases, and operational expenses. This will lead to a deficit in the new fiscal year. These initial forecasts are the result of assumptions made from the Governor's January budget and as new information becomes available, changes are inevitable.

Budget Call

As construction continues on the Science Complex, the campus is seeking donations to fund the required campus contribution. If donations fall short of our goal, the campus has set aside one-time reserves. Our campus' central one-time reserve currently has approximately \$7M set aside for emergency or unanticipated expenses, which is a nominal balance considering the size of the budget. This will require the campus to delay most campus-wide one-time projects and fund only those that are critical or urgent.

Since our reserves are limited and because of the expected shortfall in the State's allocations, in the upcoming 2018/19 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 3% reduction (\$4,681,548 deficit) to cover existing costs, and
- a 4.5% reduction (\$7,022,322 deficit) as a worst-case scenario to maintain student success efforts and accommodate rising campus operational costs (e.g., All University Expenses).

When developing budget plans, divisions should continue to 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 will need to think creatively, be innovative, and act strategically in order to meet these imperatives. All appropriate and available divisional resources should be included to mitigate reductions (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 2018/19 Annual Budget Call requests division heads to address the two reduction scenarios (3% and 4.5%).

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 (e.g., lottery, other trust funds, charges for services, etc.) 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.

- As for the One-time Projects List, the campus' central reserves for one-time projects is very limited. If there are urgent or critical projects that need to be completed, you may list those for consideration. If you want to list divisional projects that require future funding (from internally within division or from other sources), you may list them on the form for informational purposes.
- The resident student enrollment target is 23,077 FTES with the expectation that our campus will reach this enrollment target. Non-resident student enrollment will not grow significantly, with the exception of international students, because our focus will remain on resident enrollment. Still, divisions must plan to serve both the enrolled resident and non-resident student populations.
- Increases in All University Expenses requests will increase the overall campus deficit and will create larger reductions for the divisions.
- The campus imperatives as well as safety and health serve as general guidelines for planning and allocating the 2018/19 resources and for identifying baseline budget changes.
- Prepare a narrative to address the following questions:
 - What gains were made on student success initiatives due to funding received in the prior years? Provide details, statistics, or information to demonstrate how the funding was used and the outcomes.
 - How will any reductions impact the gains made?
 - What will your division/college/department stop doing in order to make the necessary 3% and 4.5% reductions?
- Divisions must develop a balanced budget when completing the following forms:
 - 2018/19 Operating Fund Budget Scenario,
 - 2018/19 All University Expenditure Line Items,
 - 2018/19 One-time Projects List (Informational Item only),
 - 2017/18 Unspent Carry Forward Funds, and

The budget call request requires entering data into the EXCEL and Word forms. The call instructions and forms are attached. Stacy Hayano, the Senior Associate Vice President, and her 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 advancing our commitment to sacred work through innovative means.

Attachments

c. University Budget Advisory Committee
Budget Planning & Administration

What is required for the FY 2018/19 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 information as it relates to the following items: <ul style="list-style-type: none"> • What gains were made on student success initiatives due to funding received in the prior years? Provide details, statistics, or information on how the funding was used and the outcomes. • How will any reductions impact the gains made? • What will your division/college/department stop doing in order to make the necessary 3% and 4% reductions?
APPLICABLE	One Time Project List	

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 “2017-18 Projected Budget Info” with the appropriate budget data which will provide you with an estimated Carry Forward amount for 2017-18 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 2017-18 Current Year” totals for both FTE (salary Full-time Equivalent) and \$ amounts by Accounts. 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 Account must equal the total amount for each scenario. Given our current assumptions, divisions must submit scenarios that achieve 3% and 4.5% reductions for 2018-19. 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 2017-18.
- Enter NY (New Year) Budget Requested amount for the 2018-19 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:

- “2017-18 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 2017-18 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
 - <http://www.calstate.edu/icsuam/documents/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 2018-19 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 3% and 4.5% 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.

Impact to Divisions

2018/19 Annual Budget Call - Scenario #1:				
Note: You may enter both reductions and additions to expenses, but the NET of these amounts must total the scenario change amount.				
Division:				
% Change:	3.00%			
Change Amt:	(see Divisional Changes tab)			
# of REDUCED positions or other needs (supplies, equipment, etc.)	Indicate either Vacant (V) or Filled (F)	\$ amount due to changes	Rank your priority of reductions	Indicate divisional impacts (e.g. how will your operations be affected or improved by these changes, reasons for changes, how will it meet the campus' goals or anticipated accountability measures, etc.)
Total Reductions:		-		
# of ADDITIONAL positions or other needs (supplies, equipment, etc.)	Indicate either Vacant (V) or Filled (F)	\$ amount due to changes	Rank your priority of additions	Indicate divisional impacts (e.g. how will your operations be affected or improved by these changes, reasons for changes, how will it meet the campus' goals or anticipated accountability measures, etc.)
Total Additions:		-		
Total Changes:		-	(This amount should equal the "Change Amount" for the scenario)	

Impact to Divisions

2018/19 Annual Budget Call - Scenario #2:				
Note: You may enter both reductions and additions to expenses, but the NET of these amounts must total the scenario change amount.				
Division:				
% Change:	4.50%			
Change Amt:	(see Divisional Changes tab)			
# of REDUCED positions or other needs (supplies, equipment, etc.)	Indicate either Vacant (V) or Filled (F)	\$ amount due to changes	Rank your priority of reductions	Indicate divisional impacts (e.g. how will your operations be affected or improved by these changes, reasons for changes, how will it meet the campus' goals or anticipated accountability measures, etc.)
Total Reductions:		-		
Total Additions:		-		
Total Changes:		-	(This amount should equal the "Change Amount" for the scenario)	

2018/19 Annual Budget Call - Budget Planning Scenarios

Divisional Categories

	2017-18 Initial Baseline	Scenario #1		Scenario #2	
		Percentage	Amount	Percentage	Amount
Academic Affairs	\$104,872,823	-3.0%	(3,146,185)	-4.5%	(4,719,277)
Administration & Business Affairs	\$16,835,363	-3.0%	(505,061)	-4.5%	(757,591)
Student Affairs	\$12,784,616	-3.0%	(383,538)	-4.5%	(575,308)
Information Resources & Technology	\$7,791,990	-3.0%	(233,760)	-4.5%	(350,640)
University Advancement	\$5,627,854	-3.0%	(168,836)	-4.5%	(253,253)
Athletics	\$3,384,207	-3.0%	(101,526)	-4.5%	(152,289)
Human Resources	\$2,186,413	-3.0%	(65,592)	-4.5%	(98,389)
President's Office	\$2,079,874	-3.0%	(62,396)	-4.5%	(93,594)
Public Affairs & Advocacy	\$488,452	-3.0%	(14,654)	-4.5%	(21,980)
	\$156,051,592		(4,681,548)		(7,022,322)

Division of XYZ

Annual Budget Call Summary
for 2018-19

	2016-17 Actual		2017-18 Projected		2018-19 Scenario 1 Adjustments		2018-19 Scenario 2 Adjustments		Comments (Optional)
Prior Year Carry Forward Balance	\$800,000		\$559,051						
Effective Percentage Adjustment:					-3.00%		-4.50%		
Sources (Budget)	Budget Info		Budget Info		Budget Info		Budget Info		
Initial Allocations*	\$1,700,000		\$1,800,000		(\$54,000)		(\$81,000)		
Prior Year Encumbrance Allocations*	\$125,000		\$100,000						
One-Time Allocations from Univ Reserves									
Centrally Funded Compensation Increases	\$20,000		\$25,000						
CO Cash Posting Orders									
Release Time									
Miscellaneous Budget Transfers	\$60,000		\$70,000						
Revenue from Various Sources	\$500,000		\$600,000						
Revenue Transfers from Other Funds (see below)**					\$14,000		\$20,000		
Total Sources (Budget)	\$2,405,000		\$2,595,000		(\$40,000)		(\$61,000)		
Uses (Expenditures)	FTE	Expenses	FTE	Expenses	FTE	Expenses	FTE	Expenses	
	-33.00	(\$2,145,949)	-36.00	(\$2,089,949)	1.00	\$40,000	1.00	\$51,000	
Year-End Encumbrances	(\$500,000)		(\$425,000)						
Misc Adjustment - Benefits not covered centrally									
Budget Balance Available	\$559,051		\$639,101		\$0		(\$10,000)		
Student Success (2703X)									
Prior Year Carry Forward Balance									
Initial Allocations*			\$150,000						
Prior Year Encumbrance Allocations	\$100,000		\$0						
One-Time Allocations from Univ Reserves									
Other Budget Entries									
Expenses (Uses)	-1.00	(\$75,000)	-1.00	(\$80,000)	0.00	\$0	0.10	\$10,000	
Year-End Encumbrances									
Budget Balance Available	\$25,000								

*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.

Instructions															
In 2017-18 columns, project your ending FTE and \$															
- Each 601XXX account must entered separately															
- For accounts 602000 to 699999, you may aggregate and input a single row for each dept ID															
In 2018-19 columns, only enter differences compared to 2017-18															
You may insert rows for new dept IDs, in that case leave the PY (Actuals) columns blank, and only fill in CY and NY columns															
If you have dept IDs which you are no longer responsible for (e.g. inactivated, moved to another division), do NOT delete the rows as it will affect the PY totals. Instead, do NOT fill out the CY and NY columns.															
Ideally you would gray out the affected cells.															
							2016-17		2017-18		2018-19		2018-19		
							Actual		Projected		Scenario 1 Adj		Scenario 2 Adj		
Class	College / Program Center	Dept ID	Dept ID Description	FIRMS Account	FIRMS Account Description	Annualized FTE	Amount	FTE	\$ Amount	FTE	\$ Amount	FTE	\$ Amount	Comments (optional)	
	Program Center A	12301	Department 1	601300	Support Staff Salaries	2.00	\$100,000	2.00	\$100,000						
				601301	Overtime	0.00	\$100	0.00	\$100						
				601303	Student Assistant	5.00	\$225,000	5.00	\$200,000	-1.00	-\$40,000	-1.00	-\$40,000		
				602001	Work Study-On Campus	0.00	\$0	0.00	\$0						
				606001	Travel-In State	0.00	\$0	0.00	\$0						
				616002	I/T Hardware	0.00	\$11,000	0.00	\$10,000						
				616003	I/T Software	0.00	\$500	0.00	\$500						
				660001	Postage and Freight	0.00	\$0	0.00	\$0						
				660002	Printing	0.00	\$900	0.00	\$900						
				660003	Supplies and Services	0.00	\$4,199	0.00	\$4,199						
		12302	Department 2	616003	I/T Software	0.00	\$80,000	0.00	\$75,000						
		12303	Department 3	601201	Management and Supervisory	1.00	\$110,000	1.00	\$110,000						
				601300	Support Staff Salaries	8.00	\$500,000	8.00	\$450,000						
				606002	Travel-Out of State	0.00	\$0	0.00	\$0						
				613001	Contractual Services	0.00	\$20,000	0.00	\$20,000						
				616003	I/T Software	0.00	\$2,000	0.00	\$2,000						
				660002	Printing	0.00	\$100	0.00	\$100						
				660003	Supplies and Services	0.00	\$900	0.00	\$900						
				660009	Professional Development	0.00	\$0	0.00	\$0						
	Program Center B	12304	Department 4	601201	Management and Supervisory	1.00	\$150,000	1.00	\$150,000						
				601300	Support Staff Salaries	4.00	\$300,000	6.00	\$400,000						
				601303	Student Assistant	12.00	\$400,000	13.00	\$425,000						
				606001	Travel-In State	0.00	\$250	0.00	\$250						
				616002	I/T Hardware	0.00	\$100	0.00	\$100						
				616003	I/T Software	0.00	\$900	0.00	\$900						
				660003	Supplies and Services	0.00	\$200,000	0.00	\$100,000					-\$11,000	
				660009	Professional Development	0.00	\$0	0.00	\$0						
		12305	Department 5	660002	Printing	0.00	\$20,000	0.00	\$20,000						
				660003	Supplies and Services	0.00	\$8,000	0.00	\$8,000						
		12306	Department 6	660002	Printing	0.00	\$12,000	0.00	\$12,000						
						33.00	\$2,145,949	36.00	\$2,089,949.44	-1.00	-\$40,000.00	-1.00	-\$51,000.00		
Class	College / Program Center	Dept ID	Dept ID Description	FIRMS Account	FIRMS Account Description	Annualized FTE	Amount	FTE	\$ Amount	FTE	\$ Amount	FTE	\$ Amount	Comments (optional)	
2703A	Program Center A	12301	Department 1	660003	Supplies and Services	1.00	\$75,000	1.00	\$80,000.00			-0.10	-\$10,000.00		
						1.00	\$75,000	1.00	\$80,000.00	0.00	\$0.00	-0.10	-\$10,000.00		

All University Expense (AUE) Request

All University Expenses	Class	CY Budget 2017/18	CY Projected Expenses 2017/18	NY Budget Requested 2018/19	Difference	AUE Description	Description Updated (Y/N)	Comments*
Add Division Name								
		-			-		N	
Add AUE Name		-			-		N	
Add AUE Name		-			-		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								

One-Time Project List (Informational Purposes Only)

For Major Projects over \$50K

Division Name: _____

Since the majority of existing central campus reserves are earmarked for the Science II building, there are limited funds for one-time project funds. Therefore, divisions may list **critical or urgent projects** in priority order for consideration (note this in column B along with the category). Divisions may also list future one-time projects that are self-funded from their internal funds or through other funding sources for informational purposes only.

<i>Prioritize your requests</i>	<i>Categorize your request (safety/risk, student related, infrastructure, maintenance, university-wide, technology, etc.)</i>	<i>Is this a collaborative request? If so, indicate divisions involved.</i>	<i>Identify Divisional Funding Source (e.g. Operating Fund, Lottery, Trust, etc.)</i>	<i>Expenditure Description (Typically \$50,000 or more)</i>	<i>Classify Expenses as One-time (1-time) or Intermittent (Int)</i>	<i>Continuation of prior year request?</i>	<i>Identify \$ Amount in Fiscal Year</i>		
							<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>
						TOTAL:	\$0.00	\$0.00	\$0.00

DIVISION CARRY FORWARD EXPENDITURE PLAN

Division Name:	
2016/17 Ending Carry Forward Balance:	
Plus Projected 2017/18 Total Budget:	
Less Projected 2017/18 Total Expenditures:	
Equals Projected 2017/18 Budget Balance Available:	
6% Maximum Carry Forward Budget: (Multiply Projected 2017/18 Total Budget X 6%)	

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 2017/18 projected carry forward funds will be expended in the 2018/19 fiscal year. Understanding that your carry forward balance is limited to 6% of your ending budget, 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. In reviewing your historical carry forward balances, please explain why it has changed over the years (e.g., grow over time)?
2. What is your plan to spend down your carry forward funds (short term and long term (over 3 years) assuming the current budget status)?