CAL STATE LA

CALIFORNIA STATE UNIVERSITY, LOS ANGELES

MEMO

DATE: November 16, 2016

FROM: William A. Covino, President

TO: Lisa Chavez, Vice President for Administration and Chief Financial Officer
Janet Dial, Vice President for University Advancement
Jose A. Gomez, Executive Vice President and Chief Operating Officer
Lynn Mahoney, Provost and Vice President for Academic Affairs
Nancy Wada-McKee, Vice President for Student Life

CC: Nancy Warter-Perez, Budget Administration

SUBJECT: **2016-17 Final Budget Guidelines**

This memorandum provides an overview of the 2016-17 University Resource Allocation Plan (RAP) process.

The 2016-17 Final Budget was signed by the Governor on June 27, 2016 (Chancellor's Office Coded Memo B2016-02), which includes $154 million base General Fund increase to the CSU support budget. This allocation reflects a 1.46 percent enrollment growth for 2016-17 for a total of 5,194 additional full-time equivalent students (FTES) system-wide. The Governor's budget appropriation will support employer-paid health care benefit premiums, retirement, funded student enrollment growth, faculty and staff compensation increases, student success and completion initiatives, and other system-wide priorities.

The Chancellor's Office assigned 2016-17 resident target is 17,880. The campus 2016-17 budgeted resident target is 18,320, which is 2.5% higher than the Chancellor's Office assigned 2016-17 resident target. The campus budgeted Non-Resident FTES is 675.

FUNDING ADJUSTMENTS

Per Coded Memo B2016-02, the final funding adjustments to Cal State LA's 2016-17 General Fund base budgets are as follows:

	Base Budget Adjustments	
$	890,000	2015-16 Retirement Adjustments
	1,478,000	Mandatory Cost Increase - Health
	1,737,000	Enrollment Growth
	1,710,000	2015-16 Faculty Compensation
	3,353,000	2% Faculty and Staff Compensation
	834,000	Student Success & Completion Init/Grad Initiative 2025
	92,000	GF Adjustments for State University Grant
$	**10,094,000**	**Total**

ALLOCATION PROCESS

The final General Fund net allocation is $132,284,339. Anticipated revenue and reimbursements bring the total General Fund gross expenditure budget to $264,114,712.

General Fund Appropriation	$	132,284,339
Student Tuition Revenue		123,729,251
Non-Resident Tuition Revenue		6,450,356
Net Adjusted Other Revenue		1,650,766
Total Estimated Gross Budget	**$**	**264,114,712**

The University's budget allocations are based upon predefined Chancellor's Office allocations and the University's strategic initiatives. Staff benefits and Faculty/Staff compensation increases have not been allocated to the Executive areas.

The following are the estimated 2016-17 Funding Allocations:

Division	Net Allocation	Est. Benefit Allocation	General Fund Gross
Exec. Office of the President (Includes Athletics, Luckman, and Legal)	$4,490,543	$1,514,379	$6,004,922
Academic Affairs	$141,537,799	$37,873,552	$179,411,351
Information Technology Services	$10,124,609	$2,659,809	$12,784,418
Student Life	$4,681,309	$1,657,802	$6,339,111
Administration and Finance	$26,166,754	$6,892,055	$33,058,809
University Advancement	$3,538,909	$1,278,112	$4,817,021
University Wide	$19,157,755	$2,541,325	$21,699,080
Total	**$209,697,678**	**$54,417,034**	**$264,114,712**

The 2016-17 Lottery campus-based program allocations for Cal State LA is $1,802,000. The California Pre-Doctoral allocations are now administered separately by the CO Academic Services and Professional Development. Funding will be allocated as programs are awarded.

STRATEGIC PLANNING

The following are campus guidelines for 2016-17:

- Strategic Initiatives: Emphasis will be placed on promoting the University's strategic priorities that include Engagement, Service, and the Public Good; Welcoming and Inclusive Campus; Student Success; and Academic Distinction.

- Student Recruitment/Enrollment Management: Enrollment management will be a critical element in our strategy. Cal State LA's 2016-17 Resident FTES target is 18,320. Enrollment target decisions are made based upon the enrollment management priorities established by the campus. Given our commitment to quality instruction, every attempt will be made to maintain a Student Faculty Ratio (SFR) that is appropriate given our funding level. Campus policies regarding admission, remediation, and academic progress will be enforced.

- Community Engagement: Emphasis will continue to be placed on building the capacity to achieve the outcomes and goals associated with this strategic initiative, inclusive of the University's community engagement and service learning activities.

- Human Resources: Vacant faculty, staff and administrative positions will be filled on a case-by-case basis.

- Quality Service: Quality service, inclusive of facilities maintenance and cleanliness, will continue to be a campus priority. The University will continue to strengthen its efforts to achieve operational efficiencies and cost savings across all divisions, including collaboration on campus and with other CSU campuses.

- Travel and Professional Development: Support will be provided for the following purposes: a) tenured and tenure-track faculty support for research, scholarly and creative activities, and faculty development; and, b) administrative travel essential to University operations.

- Sabbaticals: In alignment with our institutional commitment to support faculty professional development and educational effectiveness, support will be provided for sabbatical leaves as specified in the Collective Bargaining Agreement (CBA).

- Research, Scholarly and Creative Activities: Funding for Research, Scholarly and Creative Activities, emphasizing student participation, will remain a high priority.

- University Advancement: Funding will be directed toward strategies and materials to promote the University's ability to increase non-state funding, with an emphasis on planning gifts and endowments, unrestricted funds, student support and scholarships, private grants, and capital and equipment gifts.

- Instructional and Administrative Technology: Every attempt will be made to meet student, faculty, and administrative needs.

- Open University Funds: Open University funds are reimbursements to the campus for support services provided by administrative and academic departments to the College of Professional and Global Education. Open University funds are allocated to academic departments through the College Resource Allocation Advisory Committee process to supplement operating expenses.

- College Work-Study: Contingent upon continued approval of Title III status, College Work-Study funds will be available without a matching requirement for participating units.

- Lottery Funds: Lottery funds will be allocated consistent with Trustees' policy and campus priorities. Discretionary Lottery funds will be restricted to critical University needs.

- Instructionally Related Activities: Requests for instructionally related activities will be processed in accordance with Administrative Procedure 217.

- Student Success Fee: Requests for Student Success Fee funding will be processed in accordance with Administrative Procedure 205.

Major Capital Projects:

Biospace
This grant funded project will construct approximately 20,000 GSF of bioscience wet and dry laboratory space as a self-support facility. Startup bioscience companies will lease the space, providing opportunities for student research work and internships as well as faculty collaboration.

Utilities Infrastructure
This project will upgrade and expand critical utility infrastructure components which are deteriorated or undersized. The project includes a central plant upgrade, expansion and replacement of campus-wide chilled water coils in 11 buildings, the replacement of aged, unreliable and unsafe electrical switchgear and the upgrade of the medium voltage distribution feeder system.

Physical Science Renovation
The project will renovate and upgrade the 218,000 GSF Physical Sciences Building originally constructed in 1972; the project will address structural strengthening and provide a comprehensive renovation and upgrade of all building systems.

Student Housing Master Plan and Market Demand Study
The campus is completing a student housing master plan and market demand study in preparation of a project to increase on-campus student housing and support facilities for dining and parking. The study will result in the first phase of a multi-phase student housing expansion.

New Student Housing Phase 1
The campus, upon completion of the Master Plan and Market Demand Study, will begin the project to add approximately 1,500 bed dormitory style student housing for freshman and sophomore students. Included in Phase 1 are additional spaces for dining, facilities administration, study areas and meeting rooms.

Electrical Substation and Upgrades
This project will add new 4160v electrical service for additional capacity and relocation of the existing substation in coordination with LADWP. The project also includes upgrade of the existing electrical equipment at the Central Plant in support of future chiller addition.

Parking Structure E
Design phase work for a new parking structure to add parking capacity to the campus' existing stock and replace parking where construction of the new electric substation and new student housing is to occur.

State Playhouse Seismic Retrofit
The project will remedy deficient anchorage of long span roof trusses and anchorage of the wall to the roof systems to correct structural/seismic, as well as health and safety hazards associated with the building.

Rosie Casals and Pancho Gonzalez Tennis Center
The project is a two-story 6,800 gross square foot (GSF) facility on a site located in the southeast quadrant of the main campus, adjacent to the existing tennis courts. The new building is the beginning of a larger scale renovation of the existing sports complex, and will provide a building that will house men's and women's locker rooms, coaches' rooms, and a training room on the first floor, and a spectator suite with supporting hospitality space on the second floor.

All Funds Budget Model

Fiscal year 2016-17 is the inaugural year of Cal State LA's new All Funds Budget model. The new resource allocation model incorporates an all funds approach to budget planning and decision-making; to further align resources to operational and strategic needs, enhance transparency, improve accountability and foster innovative activities.

The new budget model embraces the campus's five budget guiding principles of accountability, transparency, equity, adaptability and mission sensitivity. In addition, the all funds budget model supports:

- Essential Operations
- Strategic Priorities
- Performance Measurement

Campus divisions are required to complete annual performance/accountability assessment reports that are supported by empirical based data. Further, the new budget model will allow for rebalancing and reallocation of resources, as needed, based on evidence-based performance outcomes.

A webpage was created to provide information on the budget redesign initiative. To learn more about the new budget model, please visit http://www.calstatela.edu/admfin/resource-allocation-model-review.

Finally, we have created a dedicated email, BudgetAdmin@calstatela.edu, to receive questions, comment, and feedback from the campus community. We encourage you to learn about this important initiative and invite you to share your thought and comments through the above email.

Moving To All Funds Model



Essential Operations

Strategic Priorities

Performance Assessment

- Student Success
- Academic Excellence
- Welcoming Campus
- Engagement, Service, and the Public Good

Three-Year Implementation Timeline

Conception to Implementation

www.calstatela.edu/admfin/resource-allocation-model-review

Start

Sept. 2013
Presidential/Campus Initiative

- Budget Model Redesign

Dec. 2013
Planning, Research, and Evaluation of Requirements for Budget Model/White Paper

Jan. 2014
Formed Budget Allocation Task Force

Feb. – Jun. 2014
Assessment of Base Expenditure Need

- Develop the ZBB Template
- Training Sessions on ZBB
- Analysis of ZBB Submissions

Jul. 2014
ZBB Meetings with University Divisions VP, College Deans, and Fiscal Managers

Nov. 2014
Budget Allocation Task Force Convened

Jan. 2015
Budget Allocation Task Force Reconvened

Aug. 2015
Vetting and Feedback from Campus Constituents

- University-wide Email Communication

Oct.– Nov. 2015
Communication of New Budget Model

- University-wide Budget Townhall

May. 2015 – Jan. 2016
Design Framework of New Budget Model

- Development of Key Performance Data Analytics
- Update Campus Administrative Procedures

Finish

Fall 2016
Implementation

Fine Tuning

Post Implementation Review

Planning	11 Months
Development	16 Months
Implementation	9 Months

Total Model Transition: 36 Months