



SAN DIEGO STATE
UNIVERSITY


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Sally Roush
Vice President

Memorandum

DATE: August 4, 2011

TO: Elliot Hirshman
President

FROM: Sally Roush 
Vice President, Business and Financial Affairs

SUBJECT: President's Budget Advisory Committee Recommendation of July 28, 2011

Attached is the Recommendation from the President's Budget Advisory Committee (PBAC) Meeting of July 28, 2011 for approval of additional 2011/12 adjustments to the University Operating Fund budget. Supporting materials are attached. I recommend your approval.

To recap the 2011/12 budget to date, PBAC recommended and President Weber approved an initial 2011/12 budget based on a planning assumption of a \$500 million reduction in the state appropriation to the California State University system, and the distribution of the reduction to San Diego State University as specified by the CSU. The combination of reduction in appropriation, increase in tuition rates and distribution of mandatory cost increases totaled \$41.5 million negative impact. The total amount to be absorbed by the University's major operating divisions was reduced by \$6.1 million which had been held centrally from the prior year budget, resulting in \$35.3 million reduction which was spread on a pro-rata basis across the divisions.

The State final budget resulted in an additional \$150 million reduction to the CSU, which was offset in large part by a resident tuition ("tuition fee") increase such that an additional \$1.9 million was required to be absorbed at SDSU. The PBAC recommendation is to pass that additional reduction amount along to the University's divisions on a pro-rata basis.

A summary of the budgetary changes from 2010/11 to 2011/12 is as follows:

	2010/11	2011/12	change/cut
State Appropriation	\$185,949,676	\$133,941,246	(\$52,008,430)
Tuition Fee	\$134,423,000	\$159,073,000	\$24,650,000
Non-res Tuition/Fees	\$ 31,552,000	\$ 31,552,000	
Other Rev/Cost Recovery	<u>\$ 24,401,585</u>	<u>\$ 24,401,585</u>	
Total SDSU Operating Fund	\$376,326,261	\$348,967,831	(\$27,358,430)
Mandatory Costs		\$ 16,078,715	<u>(\$16,078,715)</u>
Total Reduction to Divisions			(\$43,437,145)

You will note that the impact of unfunded mandatory costs is quite significant. A little over half, or \$8.5 million, is a financial aid set aside to increase the University's State University Grant fund to \$40.3 million. The balance is for estimated increases in the University's required contribution to retirement and other employee benefits, and to pay for the costs of new space. Because we are obligated to pay these amounts, they are passed along to the divisions as a budget reduction.


Of concern is the high likelihood that the "trigger" provision of the 2011/12 State budget will be implemented, resulting in an additional \$100 million mid-year reduction to the CSU system. It is not yet clear how that will be passed along to the various universities. We have begun a planning exercise that will assume that the \$100 million is a base budget cut which will be disproportionately distributed such that SDSU will be faced with an additional \$9 million reduction. In the short term, that amount can be covered in this fiscal year with one-time funds the University has wisely accumulated. In the longer term, if that reduction and any additional reductions which might occur in budget year 2012/13 are not offset by a corresponding tuition increase, the University will face yet another very challenging situation.

PRESIDENT'S BUDGET ADVISORY COMMITTEE
July 28, 2011

RECOMMENDATION

1. Approve 2011/12 Budget Allocations (see attached):

Approved by:



Elliot Hirshman, President

8/6/2011

Date

President's Budget Advisory Committee

Meeting Agenda

July 28, 2011

2:00p.m. @ MH- 3318

I. Call to order

- Call for amendments to agenda

II. Information Item

III. Reports

- 2011/12 Reserves (Attachment 2)
- 2011/12 Revenues (Attachment 3)

IV. Funding Requests

V. Watch List

- Master Plan Costs
 - Potential Court Appeal Costs – Estimated Cost \$175,000
- SUF Class Action Suit - Estimated Cost TBD
- 2011/12 Budget Issues
 - Aztec Nights – Estimated Cost \$ 175,000
 - International/Non-Resident Student Recruitment – One-time to Base Budget Funding - Estimated Cost \$248,730
- Imperial Valley Campus
 - Infrastructure – Estimated Cost TBD
- Unfunded Compensation Items

VI. Voting Items

- 2011/12 B 2011-02 Budget Allocations (Attachment 1)

VII. New Business

VIII. Reminder

- Next Meeting Date – August 25th, 2011 at 2:00 p.m. in MH 3318

		B 2011-01 (\$500M cut) PBAC approved	B 2011-02 (\$650M cut, 12% increase Fall/Spr)	Change
2010/11 Support Budget				
State General Fund Allocation	185,949,676			
State University Tuition Fee	134,423,000			
Other Fee Revenue	31,552,000			
Other Revenue and Cost Recovery	24,401,585			
2010/11 Support Budget	376,326,261			
2010/11 Budget Allocations				
Less Divisional & Institutional Allocations (includes benefits, rev-based and cost recovery)	(350,082,063)			
Less PBAC 10/14/2010 and 11/18/2010 Divisional Allocations	(19,119,790)			
Less PBAC allocations to EHS (11/18/2010) & Athletics (1/27/2011)	(446,270)			
Less PERM Base Reserve	(524,395)			
2010/11 Unallocated Base Reserve	6,153,743	6,153,743	6,153,743	0
2011/12 Adjustments:				
2010/11 GF Base Adjustments				
Mandatory Retirement Increase	B (2)	3,339,410	3,285,970	(53,440)
FTES resident targets (11/12 target of 25,914 less 10/11 target of 26,641 times \$7,305 GF MC)	B (5)	(5,310,700)	(5,310,700)	0
		(1,971,290)	(2,024,730)	(53,440)
2011/12 GF Base Adjustments				
GF Offset to net full-year Spring 2011 fee increase	C (2)	(2,045,000)	(2,045,000)	0
GF Offset to net 10% AY fee increase	C (3)	(8,406,000)	(8,406,000)	0
SDSU share of remaining reduction (\$358.7M systemwide)	C (5)	(26,695,000)	(26,695,000)	0
GF Offset to net 12% AY fee increase	C (4)		(11,015,000)	(11,015,000)
SUG set-aside	C (8)	(4,813,000)	(10,382,000)	(5,569,000)
SUG distribution	C (9)	3,670,400	8,559,300	4,888,900
		(38,288,600)	(49,983,700)	(11,695,100)
2011/12 Estimated Revenue Adjustments				
Change in student enrollment patterns (fm 2008/09 to 2009/10)	D (20)	(87,000)	(87,000)	0
Full-year effect of mid-year 2010/11 tuition fee rate increase	D (22)	3,068,000	3,068,000	0
Enrollment increase fm 326,290 to 331,716 FTES baseline	D (23)	(3,733,000)	(3,733,000)	0
2010/11 tuition fee rate change applied to lagging summer term	D (24)	1,074,000	1,074,000	0
2011/12 tuition revenue on 10% rate increase (331,716 FTES)	D (26)	12,609,000	12,609,000	0
2011/12 tuition revenue on additional 12% Fall/Spr rate increase	D (28)		16,707,000	16,707,000
SDSU basic tuition revenue adjustment based on 2/28/11 enrollment est. from Enrollment Services		(2,829,000)	(4,988,000)	(2,159,000)
		10,102,000	24,650,000	14,548,000
2011/12 Mandatory Costs				
Mandatory Retirement Increase	B (2)	(3,339,410)	(3,285,970)	53,440
SUG allocation	C (9)	(3,670,400)	(8,559,300)	(4,888,900)
Co Projected Health, Dental, Energy and New Space	B (a) - (d)	(4,062,287)	(4,062,287)	0
		(11,072,097)	(15,907,557)	(4,835,460)
2011/12 Multi-year Commitments				
11/12 Faculty Promotions (70% of cost) [a]		(225,200)	(171,158)	54,042
Total 2011/12 Adjustments		(41,455,187)	(43,437,145)	(1,981,958)
2011/12 Net Funding Increase/Decrease for Distribution		(35,301,444)	(37,283,402)	(1,981,958)

[a] Agreed upon formula = funding allocated for 70% of cost; includes \$147,613 for AA and \$23,545 for SA per data provided by each division.

2011/12 Pro-Rata Distribution of Net Funding Increase/Decrease	2010/11 Support		Pro-Rata Divisional Allocation	Pro-Rata Divisional Allocation
	Budget [b]	% of Total		
President/KPBS	2,530,914	0.91%	(321,243)	(18,036)
Academic Affairs	205,654,768	74.05%	(26,140,719)	(1,467,640)
Athletics	6,092,234	2.19%	(773,102)	(43,405)
Business & Financial Affairs	40,346,778	14.53%	(5,129,300)	(287,978)
Student Affairs	16,752,894	6.03%	(2,128,677)	(119,512)
UR&D	6,355,961	2.29%	(808,403)	(45,387)
	277,733,549	100.00%	(35,301,444)	(1,981,958)

[b] Excludes institutional, revenue-based and cost recovery; includes benefits

Base Budget Reserve

2010/11 Beginning Base Budget Reserve Balance		524,395
2010/11 Ending Base Budget Reserve Balance		<u>524,395</u>
2011/12 Beginning Base Budget Reserve Balance		524,395
	President's Office/ODE Augmentation (Approved 5/26/2011)	(314,862)
2011/12 Base Budget Reserve		<u>209,533</u>

One-Time Reserve

2010/11 Beginning One-time Reserve Balance		5,098,451
2010/11 Approved Funding Requests		
Academic Affairs	Non-Resident Recruitment (Approved 5/13/10)	(100,000)
Student Affairs	Non-Resident Recruitment (Approved 5/13/10)	(148,730)
Business & Financial Affairs	Hazardous Material/EHS (Approved 11/18/10)	(196,250)
Athletics	Prior Year Funding Restoration (Approved 1/27/11)	(520,227)
University Relations & Development	Campaign Funding (Approved 11/18/10)	(500,000)
Institutional		
Modular Buildings - Temporary Space Storm/Nasatir Halls Restoration (additional \$50,400 in 11/12 & \$142,425 in 12/13) (Approved 11/18/10)		(557,175)
Contractual Dispute (Approved 11/18/10)		(1,436,412)
Facility Air Conditioning Installations (Approved 11/18/10)		(1,800,000)
IVC Structural Analysis (Approved 11/18/10)		(50,000)
IVC Earthquake Damage (Approved 4/28/11)		(305,000)
Modular Buildings - Temporary Space Storm/Nasatir Halls Restoration (returned)		557,175
One-time Carry-forward of Base Budget Reserve		524,395
Estimated One-time Carry-forward of Unallocated Base Net of Revenue Shortfall		4,043,929
2010/11 Ending One-Time Reserve Balance		<u>4,610,156</u>
2011/12 Beginning One-time Reserve Balance		<u>4,610,156</u>

SAN DIEGO STATE UNIVERSITY
2011/12 Revenue Estimates
As of July 12, 2011

		2010/11 Budget	2010/11 Actual	Over/(Under) Budget	% Over/(Under) Budget	2011/12 Budget	Year to Date as of 7/12/2011	Term End Estimate as of 7/12/2011	Over/(Under) Budget	% Over/(Under) Budget
Basic Tuition Fee										
	Summer	7,602,899	8,775,213	1,172,314	15.42%	9,694,000	7,137,193	9,825,210 ^[3]	131,210	1.35%
	Fall	60,059,894	58,689,413	(1,370,481)	-2.28%	78,216,000		78,216,000	0	0.00%
	Spring	66,760,207	62,408,628	(4,351,579)	-6.52%	71,163,000		71,163,000	0	0.00%
	Sub-Total Basic Tuition	134,423,000	129,873,253	(4,549,747)	-3.38%	159,073,000 ^[1]	7,137,193	159,204,210	131,210	0.08%
Non-Resident Tuition										
	Summer	265,653	350,424	84,771	31.91%	294,529 ^[2]	334,795	487,410 ^[3]	192,881	65.49%
	Fall	4,167,344	5,324,909	1,157,565	27.78%	4,475,543 ^[2]		4,475,543	0	0.00%
	Spring	3,403,401	5,018,419	1,615,018	47.45%	4,217,940 ^[2]		4,217,940	0	0.00%
	Sub-Total NR Tuition	7,836,398	10,693,752	2,857,354	36.46%	8,988,012	334,795	9,180,893	192,881	2.15%
International Tuition										
	Summer	346,999	428,817	81,818	23.58%	360,417 ^[2]	322,522	380,355 ^[3]	19,938	5.53%
	Fall	3,704,239	3,444,684	(259,555)	-7.01%	2,895,229 ^[2]		2,895,229	0	0.00%
	Spring	2,978,564	3,120,247	141,683	4.76%	2,622,543 ^[2]		2,622,543	0	0.00%
	Sub-Total International Tuition	7,029,802	6,993,748	(36,054)	-0.51%	5,878,189	322,522	5,898,127	19,938	0.34%
	TOTAL TUITION	149,289,200	147,560,753	(1,728,447)	-1.16%	173,939,201	7,794,509	174,283,231	344,030	0.20%
	Application Fee	2,294,000	2,748,405	454,405	19.81%	2,294,000		2,294,000	0	0.00%
	TOTAL APPLICATION FEE	2,294,000	2,748,405	454,405	19.81%	2,294,000	0	2,294,000	0	0.00%
	TOTAL	151,583,200	150,309,158	(1,274,042)	-0.84%	176,233,201	7,794,509	176,577,231	344,030	0.20%

[1] Campus Basic Tuition Fee Calculation:

B 2011-02	164,061,000
SDSU Adjustments (a)	(4,988,000)
	<u>159,073,000</u>

(a) SDSU adjusts the CO fee calculation to account for campus discretionary fee waivers, student mix and enrollment projections.

[2] Non-Resident and International Tuition budget is allocated by tuition type and term based on prior year percentage of total tuition revenue.

[3] Summer term estimates are based on Net Collections/Receivables from Cashier's Enrollment Report as of 7/12/2011 discounted based on prior year collections experience.

PRESIDENT'S BUDGET ADVISORY COMMITTEE
July 28, 2011
MINUTES

Voting Members Present:	Area Budget Reps Present:	Staff Present:	Guests Present:
Sally Roush	Lorretta Leavitt	Dan Cornthwaite	
Cody Barbo	Linda Lewiston	Nance Lakdawala	
Kathy LaMaster	Linda Stewart		
Cathie Atkins	Ethan Singer		
Nancy Marlin	Eric Rivera		
Mary Ruth Carleton			
Jim Kitchen			
Bill Snavely			
Voting Members Absent:			
Tyler Sherer			

I. Call to order - VP Roush called the meeting to order at 2:05 p.m. VP Roush inquired if there were any amendments to the agenda. There were none.

II. Information Items - None

III. Reports

- **2011/12 Budget (Attachment 1, Page 1)** – VP Roush said the State finalized the budget with a \$650M cut to the CSU with a trigger of another \$100M in spring. The CSU will try to absorb as much of the \$100M as possible. Funds may be distributed disproportionately. The CSU is working with the Department of Finance to determine if the \$100M will be one-time or a base budget cut.
- **2011/12 Reserves (Attachment 2)** – VP Roush presented the reserves.
- **2011/12 Revenues (Attachment 3)** – VP Roush presented the revenues. Non-resident tuition has increased. We will have actual tuition revenue for fall in October.

IV. Funding Requests - None

V. Watch List – No updates

- **Master Plan Costs – Potential Court Appeal Costs** – Estimated Cost \$175,000.
- **SUF Class Action Suit** – Estimated Cost TBD.
- **2011/12 Budget Issues**
 - **Aztec Nights** – Estimated Cost \$175,000
 - **International/Non-Resident Student Recruitment – One time to Base Budget Funding** – Estimated Cost \$248,730
- **Imperial Valley Campus**
 - **Infrastructure** – Estimated Cost TBD

- **Unfunded Compensation Items**

VI. Voting Item

- **2011/12 B 2011-02 Budget Allocations (Attachment 1, Page 2)** – The committee discussed the recommended pro-rata distribution of the additional \$1.9 reduction. Associate Dean LaMaster explained AR&P had discussed the proposed budget allocations and were satisfied overall. Provost Marlin commented she can't agree to any more proportionate allocations if the budget is cut further and asked that the minutes reflect her statement. VP Kitchen commented the proportionate allocations are a fair method to use.

Director Snively moved the recommended action of the added budget cut and Associate Dean LaMaster seconded. The motion passed unanimously.

VII. New Business - None

VIII. Reminder - The next meeting is scheduled for Thursday, August 25, 2011 at 2:00 p.m. in MH-3318 but we will most likely cancel the meeting. We may not meet in September either.