

Senate Budget Subcommittee Report 2013-2014

May 8, 2014

Members: Alexis Boutin (At-Large; Co-President), Melinda Milligan (Chair, EPC), Mark Perri (At-Large; Co-President), Margaret Purser (Chair, Academic Senate), Vincent Richman (APC), Deborah Roberts (Chair, APC), Michael Santos (At-Large), Richard Senghas (Vice-Chair, Academic Senate)

In its report for the 2012-2013 academic year, the Senate Budget Subcommittee (SBS) made a series of recommendations for future initiatives based on prolonged consultation with the SSU faculty. Among these initiatives were to:

- Build a framework for budgetary data collection and comparison from SSU and other CSU campuses
- Understand how expenses and revenues are categorized for budgeting purposes
- Identify shared challenges and address potential solutions and strategies across the CSU
- Produce a one-page spreadsheet or “dashboard” of the SSU budget to support improved understanding of SSU’s financial situation and facilitate campus discussion

During the 2013-14 academic year, SBS has worked to meet these charges. On April 11, 2014 President Armiñana notified the campus community via email of his commitment to permanently close the \$1.7 million deficit in Academic Affairs and hire 15 new faculty per year for three years, among other crucial and long-sought goals. While the original charge to SBS obviously predates the events of the last few weeks, we hope that, in the spirit of campus-wide partnership called for in the “Resolution to Address the Negative Impact to the Curriculum” now before the Senate, the data presented below can be used as a benchmark for measuring progress over the next three years, and for framing campus-wide discussions about the basic structure of the SSU budget. Additional CSU GAAP data can be incorporated for further analysis as campus discussion proceeds.

We would like to acknowledge the valuable input received from Lori Heffernon and Sean Johnson in Academic Affairs, Larry Furukawa-Schlereth and Nicole Hendry in Administration and Finance, and Anthony Gallino of Associated Students, in compiling the relevant data and identifying the comparable CSU campuses used for this analysis.

Process

We chose five campuses as comparable for SSU based on four key variables tracked by the CSU: campus setting, FTES, FTEF, and residential –to--commuter student ratio. While no campus is exactly identical to SSU across all four, these campuses emerged as the ones with the most similar mix of factors affecting campus revenue sources and spending needs. So for example, CSU Monterey Bay is significantly smaller than SSU in terms of FTES and FTEF, but is one of the few campuses that comes close to SSU’s percentage of residential students.

Table 1: Rationale for comparable campus selection

	Setting ¹	Full-Time Equivalent Students ²	Full-Time Equivalent Faculty ³	% campus housing capacity compared to FTES ⁴
Bakersfield	Large town	7554.80	285.4	4%
Humboldt	Small town	7360.10	344.7	27%
Monterey Bay	Small/medium city	5095.00	196.4	34%
San Marcos	Small/medium city	8073.80	382.6	13%
Sonoma	Large town	7803.70	336	42%
Stanislaus	Small/medium city	7003.30	331.8	9%

Financial figures for SSU and all comparable campuses were derived from the June 30, 2013 CSU Audited Financial Statements.⁵ Table 2 presents each campus’s spending on instruction compared to FTEF and FTES. The data in Table 2 are summarized in Figures 1 and 2. Table 3 presents the mean dollar amounts for the audited categories of revenues and expenses for all five comparable campuses, when normalized to SSU’s FTES. Because expenses and revenues depend on FTES, we normalized the values of those five campuses to SSU’s 2012-2013 FTES. For example, CSU San Marcos’s revenue was divided by 8073.80 and multiplied by 7803.70 to scale it to SSU’s FTES. This allows us to see how SSU’s spending patterns per FTES compare to this set of CSU campuses for each of the audited categories. The data in Table 3 are summarized in Figure 3. (SBS will also post additional tables of the individual campus data created during the analysis on the Academic Senate website.)

Results

- SSU spends the second-least amount of money on instruction per FTES and FTEF among comparable campuses.
- SSU generates \$10.3 million more in revenue from sales and services, and \$13.5 million more in tuition/fees, than the normalized mean for comparable campuses (NMCC).
- SSU spends less than the NMCC in the following categories: instruction (-\$3.5 million), research (-\$3.2 million), academic support (-\$2.9 million), student services (-\$2.6 million), institutional support (-\$4.8 million), student grants and scholarships (-\$9.5 million).
- SSU spends 82% of revenue collected from tuition/fees on instruction, while the NMCC spends 116%.

¹ From CSU Mentor Comparative View

(<https://secure.csumentor.edu/select/compareview/Default.asp?sorttype=DESC&switchto=>). Figures based on 2010-2011 data.

² From CSU Budget Office (https://www.calstate.edu/budget/enrollment_sufrev/2012-2013/?table=tbl_3). Figures based on 2012-2013 data.

³ From CSU Academic Discipline Reports (http://www.calstate.edu/es/intranet/applications/aa/apdb/apdb_discipline-report-by-campus.shtml). Figures based on Fall 2013 data.

⁴ Data provided by SSU Director of Housing Nicole Hendry, Spring 2014.

⁵ http://www.calstate.edu/SFSR/GAAP/Audited_Financial_Statements/13AuditedFSwithsupplemental.pdf

- SSU spends more than the NMCC in the following categories: public service (+\$9.7 million), auxiliary enterprises (+\$7.7 million), interest expense (+\$4.3 million).
- SSU’s state appropriation is lower by \$16.7 million than the NMCC.
- SSU increased its net position by \$5.9 million, while the NMCC increase was \$1.6 million.

Initial list of items requiring further discussion and clarification

- Because of the expenses aggregated in CSU FIRMS codes, itemized breakdowns on expenses such as public service and auxiliary enterprises are needed.
- To what funding sources are depreciation and amortization expenses going?
- Why does SSU spend so much less on student grants and scholarships than the NMCC?

Table 2. Spending on Instruction Compared to Full-Time Equivalent Faculty and Full-Time Equivalent Students

	Sonoma	San Marcos	Stanislaus	Humboldt	Bakersfield	Monterey Bay	Average of non-SSU
Instruction expense	\$45,238,000	\$56,410,000	\$46,002,000	\$47,200,000	\$38,035,000	\$31,652,000	\$43,859,800
Instruction per FTEF	\$134,636.90	\$147,438.58	\$138,643.76	\$136,930.66	\$133,269.10	\$161,160.90	\$142,318.77
Instruction per FTES	\$5,797	\$6,987	\$6,569	\$6,413	\$5,035	\$6,212	\$6,246

Figure 1. Instruction expense per Full-Time Equivalent Student

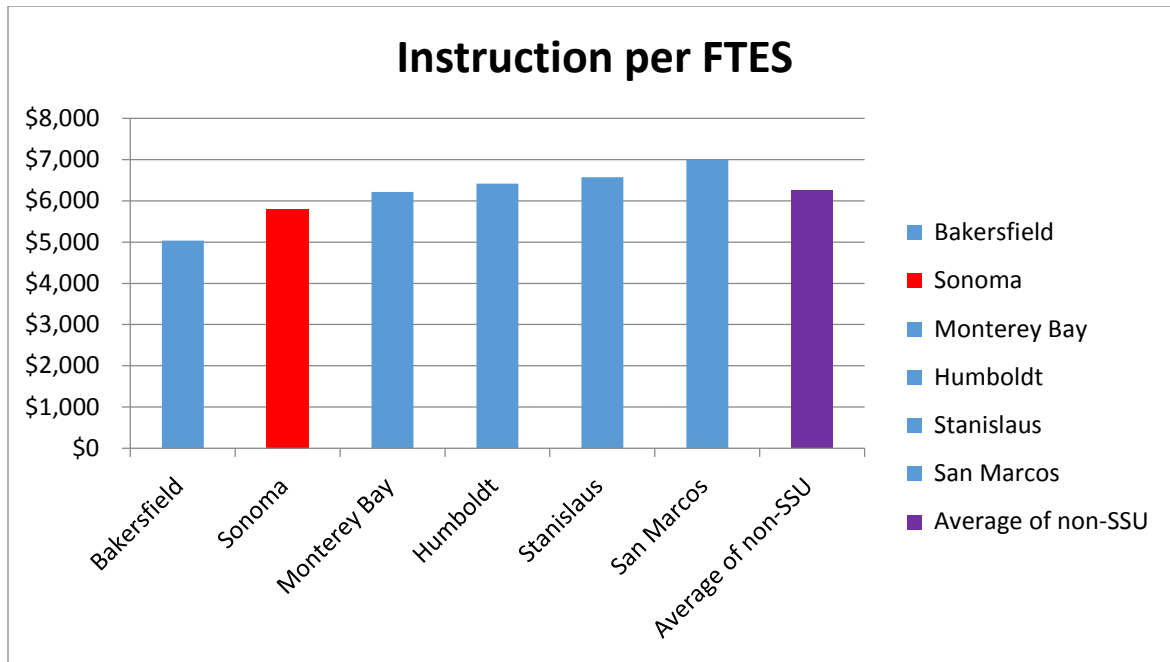


Figure 2. Instruction expense per Full-Time Equivalent Faculty

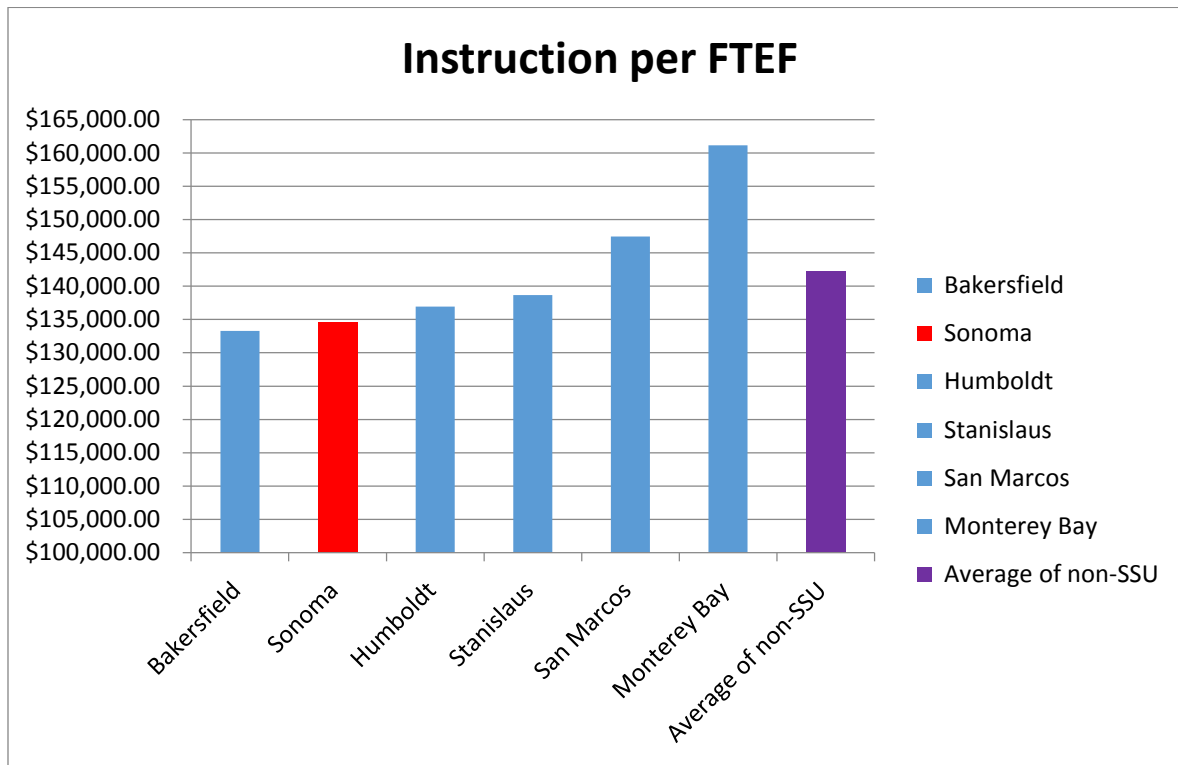
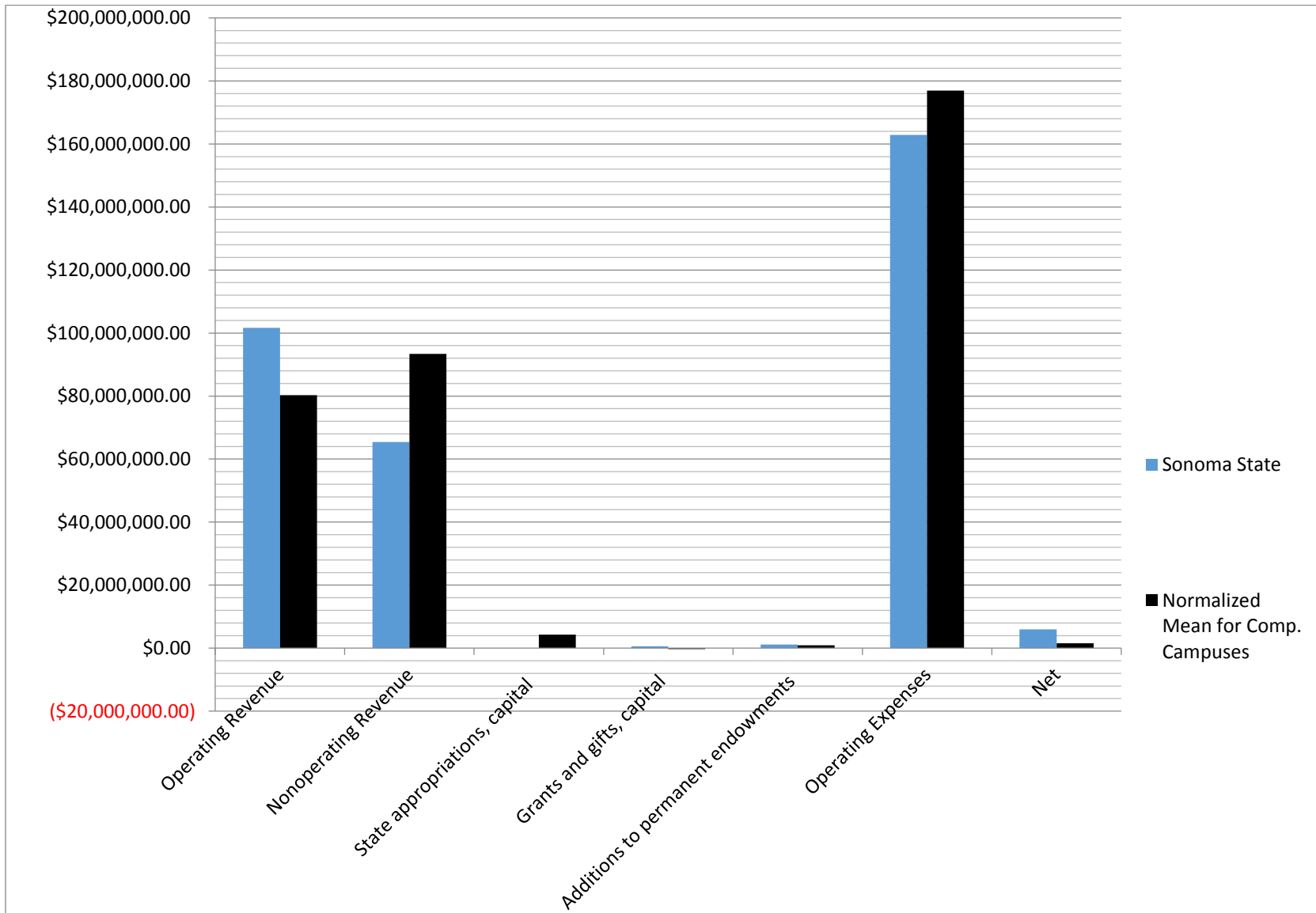


Table 3. Statements of Revenues, Expenses, and Changes in Net Position

Revenues	Sonoma State	Normalized Mean for Comp. Campuses
tuition/fees	\$ 55,449,000.00	\$ 41,972,994.56
grants/contracts noncapital	\$ 9,305,000.00	\$ 12,202,525.17
sales and services	\$ 29,181,000.00	\$ 18,856,143.01
other operating revenues	\$ 7,711,000.00	\$ 7,228,325.31
total operating revenues	\$ 101,646,000.00	\$ 80,259,988.04
Expenses	Sonoma State	Normalized Mean for Comp. Campuses
Instruction	\$ 45,238,000.00	\$ 48,774,292.65
Research	\$ 1,165,000.00	\$ 4,326,541.91
Public service	\$ 13,272,000.00	\$ 3,566,566.91
Academic support	\$ 13,967,000.00	\$ 16,882,476.58
Student services	\$ 18,220,000.00	\$ 20,880,518.91
Institutional support	\$ 14,380,000.00	\$ 19,167,739.43
Operation and maintenance of plant	\$ 11,511,000.00	\$ 14,197,098.13
Student grants and scholarships	\$ 12,667,000.00	\$ 22,178,058.91
Auxiliary enterprise expenses	\$ 20,156,000.00	\$ 12,459,631.14
Depreciation and amortization	\$ 12,285,000.00	\$ 14,491,568.98
Total operating expenses	\$ 162,861,000.00	\$ 176,924,493.56
Nonoperating revenues	Sonoma State	Normalized Mean for Comp. Campuses
State appropriations, noncapital	\$ 45,903,000.00	\$ 56,722,559.16
Federal financial aid grants, noncapital	\$ 11,423,000.00	\$ 20,193,939.21
State financial aid grants, noncapital	\$ 6,554,000.00	\$ 10,582,045.84
Local financial aid grants, noncapital —		\$ -
Nongovernmental and other financial aid grants, noncapital		\$ 105,199.93
Other federal nonoperating grants, noncapital —		\$ 16,903.16
Gifts, noncapital	\$ 5,210,000.00	\$ 3,730,927.91
Investment income net	\$ 1,311,000.00	\$ 2,022,151.81
Endowment income	\$ 2,586,000.00	\$ 1,931,186.11
Interest expense	\$ (8,527,000.00)	\$ (4,149,281.14)
Other nonoperating revenues (expenses)	\$ 986,000.00	\$ 2,192,962.69
Net nonoperating revenues (expenses)	\$ 65,446,000.00	\$ 93,348,594.69
	Sonoma State	Normalized Mean for Comp. Campuses
State appropriations, capital	\$ -	\$ 4,286,063.29
Grants and gifts, capital	\$ 558,000.00	\$ (302,922.43)
Additions to permanent endowments	\$ 1,151,000.00	\$ 922,779.13
Increase (decrease) in net position	\$ 5,940,000.00	\$ 1,590,009.16
total revenue	\$ 167,092,000.00	\$ 173,608,582.73
Instruction as a % of revenue	27.1%	27%
total expenses	\$ 162,861,000.00	\$ 176,924,493.56
instruction as a % of expenses	28%	27%

Figure 3. Data from Table 3 aggregated by budgeting classification



Quick Glossary for Selected Budgeting Classifications from Table 3 and Figure 3⁶

Instruction: “The instruction category includes expenses for all activities that are part of an institution's instruction program. Expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction and regular, special, and extension sessions should be included.”

Public Service: “The public service agency includes expenses for activities established primarily to provide noninstructional services beneficial to individuals and groups external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services. Included in this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar noninstructional services to particular sectors of the community.”

Academic Support: “The academic support category includes expenses to provide support services to the institution's primary missions: instruction, research, and public service. It includes the retention, preservation, and display of educational materials, for example, libraries, museums, and galleries; the provision of services that directly assist the academic functions of the institution, such as demonstration schools associated with a department, school, or college of education; media such as audio-visual services and technology such as computing support; academic administration (including academic deans but not department chairpersons) and personnel development providing administration support and management direction to the three primary missions; and separately budgeted support for course and curriculum development.”

Student Services: “The student services category includes expenses incurred for offices of admissions and the registrar and activities with the primary purpose of contributing to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenses for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics (if the program is not operated as an essentially self-supporting activity), counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, and student health service.”

Institutional Support: “The institutional support category includes expenses for central executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, and legal services; fiscal operations, including the investment office; administrative data processing; space management; employee personnel and records; logistical activities that provide procurement, storerooms, printing; transportation services to the institution; support services

⁶ From CSU FIRMS Data Element Dictionary: Program Code, <http://www.calstate.edu/es/intranet/applications/fob/firms/firms-data-element-dictionary/program-code.shtml>).

to faculty and staff that are not operated as auxiliary enterprises; and activities concerned with community and alumni relations, including development and fund raising.”

Auxiliary Enterprises: “An auxiliary enterprise exists to furnish goods or services to students, faculty, or staff, other institutional departments, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of an auxiliary enterprise is that it is managed as an essentially self-supporting activity. Examples are residence halls, food services, intercollegiate athletics (only if essentially self-supporting), college stores, faculty clubs, parking and faculty housing. Student health services, when operated as an auxiliary enterprise, also are included.”