

Comprehensive Financial Plan

Budget Priorities

- Pending hires, vacancies, and instructional resources are priorities within the FY 2018 budget. Departments communicate hiring priorities on an ongoing basis and through the University Budget Committee (UBC) process.
- The budget also provides the academic colleges the opportunity to implement priorities to hire instructors.

Recruitment and Retention

- Recruitment and retention staffing requests have been filled. Combined with planned technology upgrades designed to improve communications, student services and business practices, will give the University the capacity to recruit year round in a comprehensive and sustained manner. The University should realize a yield in FY 2019 with an initial impact by spring 2018.

Investment in Technology

- The Financial Plan for the University addresses the Information Technology Department (ITD) staffing requests as well as provides funding for critical technology infrastructure investments. This will allow for the transformation and modernization of the University's communications, student services and business practices. These investments will improve both University efficiency and appeal. Specific investments include the following:
 - Revising the CSU Website
 - Implementing an Ellucian GO Mobile Application
 - Permanent funding for Banner and Oracle and incremental funding for AT&T
 - Assessing, auditing, and training on Banner
 - Improving the student financial services process
 - Providing an online student support and resource platform
- The Financial Plan finances CSU's educational technology which will modernize the University's technology infrastructure. A new plan to standardize and lease technology will enable the University to complete the modernization within a year. Proposed lease arrangements will ensure effective maintenance and cyclical (every three years) replacements at no additional annual lease costs. Investments include:
 - Classroom modernization
 - Lecture hall modernization
 - Library technology upgrades
 - Residence Hall technology improvements

The Office of Online Learning and Services

- The Financial Plan includes the funding of an Office of Online Learning and Services which is projected to expand the University's enrollment and income. The offering of more online courses and programs can increase our market base as courses are more accessible for not only traditional but non-traditional students. The University anticipates:
 - Expansion of CSU courses and programs
 - Provide an education hub to partner with other public and private institutions.
 - The institutions will offer high quality education, occupational training programs, and services online.

Student Services

- The Financial plan includes the potential for new and expanded student services. These services will continue and expand student educational experiences and supports, which generate income to the University:
 - Latino Resource Center
 - Career and Job Location Development Center
 - Veterans Center
 - Business Support Center
 - Technology Business Incubator

Financial Management System

- The Financial Plan focuses on financial stability with the University continuing to engage in long-term financial planning. This Financial plan improves and expands educational as well as student support services. The components are:
 - Long-term financial planning based on conservative revenue estimates. The University's current plan assumes nominal growth in enrollment.
 - Insulate the operating budget from other non-academic and academic support services expenditures.
 - Create a clearly segregated grants budget and avoid using one time or short term funds to support long term operations.
 - Develop a Capital Budget funded with dedicated non-operating budget revenues predicated on state capital reimbursement agreements and provisions.
 - Create pension funding set aside to prepare for the expanded State pension obligations.
 - Establish a Budget Reconciliation Note (BRN) in the Banner System which requires identification of new revenues or specific reprioritization to support new expenditure requests.
 - Require an Enrollment and Retention Note in the Banner System for all budget and additional expenditure requests to specify what impact such requests will have on enrollment, retention and graduation.
 - Increase cash reserves from 50% of the unspent appropriations from the previous year and semi-annual surpluses from the University Pension Fund.

- Increase transparency and public accessibility of all budget information online including posting of all contracts.
- The ultimate goal is to create the infrastructure to ensure effective financial prioritization, long term stability, program continuity and full accountability.

Pension Funding Scenario

- The state budget resolution includes provisions that will shift the employee cost of pensions from the state to school districts and universities. The CSU long-term financial plan will prepare for this shift.
- CSU will now be required to cover the cost of certain highly compensated employees, cover the entire cost of the defined benefit plan for new employees, and cover the entire normal costs for existing Tier 2 employees who elect to participate in Tier 3. The state will provide a portion of the match in the first three fiscal years.
- CSU pension obligations will go up 2% of covered payroll within three years. In the odd years the unfunded liability will grow from 2% to as much as 6% of payroll. Over time public universities statewide will gradually assume the full employee contribution obligation previously covered by the state.
- There will be only a modest financial impact for the first three years, after which costs will escalate. The rise in pension costs after year three will be impacted by the pace of attrition and new employees being added to the payroll, as well as by employee pension choices. The costs range from \$2 million increasing to as much as \$6 million (current dollars) annually with the obligation beginning to be realized in FY 2020.
- The five-year plan will include the establishment of a University Pension Fund. An annual earmark will begin in FY 2019 with a deposit of \$2 million increasing to \$6 million in FY 2022 (Year 3). Long-term, a fixed deduction from employee salaries could be established. Surpluses in the fund could be semiannually transferred to the cash reserves.
- The pension funding scenario is calculated to err on the side of overestimating the full pension impact and adjusting the financial plan accordingly.

Financial Plan Outcome

- The outcome of effective financial management and a financial plan will serve as an University improvement strategy so that the following is accomplished:
 - Longer-term financial stability to the system, financial transparency and accountability.
 - Fundamental improvements in the areas of business practices and technology infrastructure that will make the University more efficient and appealing.

- Restoring resources critical to University programs and services as well as restoring and enhancing recruitment and retention efforts.

Submitted By: Mr. Paul Vallas, Interim Chief Administrative Officer