Budget Overview

- Why have a budget?
- Where the money comes from
- Where the money goes
- Calendar
Why have a Budget?

The budget is a management tool

- Internal planning
- External notification of activity
  - Campus President
  - Bond Holders
  - CSU Trustees
- Long-term debt repayment
- Project future needs
  - Fee Referendum
Budget
Planning

The annual budget is about planning

• Prescribes activity based on current and future needs

• It may draw upon reserves from prior periods or contribute to reserves for future periods
Budget
Notification

- Gives notice to campus community of goals and overall direction
- Shows trends in earnings and spending
- Demonstrates (or disproves) capacity to assume debt
Budget

Long-Term Debt Management

• Debt repayment costs

• Annual escalation factors
  ▪ Program Revenue
  ▪ Cost of Living Increases
  ▪ Capital Replacement

• “What if” scenarios for early retirement of debt
Budget
Fee Referendum Planning

• Anticipate future deficits

• Project exhaustion of reserves

• Determine amount of increase needed and how long it will last

• Provides lead time (2-3 years) to present Referendum to campus
Sources of Funds

- Student Fee Revenue
- Program Revenue (earned income)
- Grants & Contracts
- Draws from Reserves
- Undesignated Net Assets from Prior Years
Source of Funds

*Student Fees*

- Collected by university
- Largest revenue source
- Relatively constant (doesn’t escalate)
- Per “head count” of student enrollment
- Less:
  - Fee waivers
  - Refunds
  - Debt service costs (SC only)
Where the money goes

*Use of Funds*

- Personnel costs
- Operating Expenses
- Donations
  - Organizations & Graduations
  - Scholarships
- Capital Equipment
- Additions to Reserves
Use of Funds  

*Personnel*

- Largest corporate cost segment
- Highest annual escalation
- Legally binding
  - Labor Laws
  - Federal and State regulations
    - IRS, EDD, INS, SSA, etc.
  - Treaties
Use of Funds

Capital Equipment

- Replacement of costly items
  - Heavy machinery or equipment
  - Major building repairs

- Irregular cost intervals

- Cost Escalation

- Job bidding (where applicable)
Budget Calendar - ASI

• Mid-Year Budget Adjustments
  ▪ January create & review drafts
  ▪ ASI Board approves
  ▪ Budget Review

• The adjusted budget serves as a model for the annual budget.
Budget Calendar - ASI

- **Annual Budget**
  - Feb/Mar create & review drafts
    - Interview program directors
  - April
    - ABS creates long-range forecasts
    - ASI reviews
    - Budget document assembled/printed
  - May 1 submission deadline:
    - ASI Board approval
    - Budget Review approval
    - submit to VP for Business & Finance
The End

Thank you!