



CALIFORNIA STATE UNIVERSITY, LONG BEACH

DATE: March 26, 2001

TO: Vice Presidents Anatol, Bersi, Griffith, and Robinson
Director of Sports, Athletics and Recreation Shumard

FROM: 2001-02 Resource Planning Process Task Force

SUBJECT: Campus Budget Planning for FY 2001-02

This memorandum provides a summary of the fiscal context and parameters within which the 2001-02 campus budget planning will be conducted.

Fiscal Context

The outlook for the State, CSU and for the campus is positive for this fiscal year. Following the robust year of 2000, the State's general economy has slowed due to depressed revenues and the escalating energy crisis. Nonetheless, we remain reasonably confident that the base recommendations for the CSU contained in the Governor's proposed budget will remain intact.

The upcoming year will be the second that Governor Davis has supported the budget agreement or "partnership" with higher education. The partnership provides for an average annual increase of 4%, plus additional funding for enrollment growth and long-term budget needs. Resources above the partnership are also included for high priority initiatives and capital outlay. In return, the CSU and UC have agreed to achieve certain accountability goals, including admission for all eligible California students, improved outcomes such as graduation rates and timeliness to degree, increased number of community college transfers, greater responsibility for assisting K-12 schools, and increased utilization of facilities.

The Governor's 2001-02 Budget proposes a \$291.5 million (9.3%) general fund increase to the CSU. The expenditure plan provides funding to support a system-wide enrollment increase of 3.0% or 8,759 full time equivalent students (FTES), a 4.0% salary increase pool for all employees, mandatory costs, technology, libraries and deferred maintenance. Four CSU campuses (San Diego, San Francisco, Fullerton and Long Beach) will receive funding to convert summer instructional programs from self-support to state-support. For 2001-02, system-wide student fees will remain the same and the Governor has included \$17 million to replace the additional revenue that would otherwise be generated had fees been raised by 4.9%.

The CSULB general fund budget is estimated to increase by \$26 million, which represents a 12.5% increase over the prior year. To these funds, we will add local revenues bringing the total increase in our state operating budget to nearly \$30 million. A substantial portion of these new resources will be earmarked for specific expenditures and prior claims such as employee salary increases, benefits, energy, summer operations, library, deferred maintenance, financial aid, insurance premiums, and the new student administration system, leaving an estimated \$8 million in discretionary funds available for campus priorities. After allowing for faculty and support costs to accommodate the new enrollment and related workload demands, roughly \$4 million remains

**CSU
2001-02 GENERAL FUND BUDGET**

(CHANGE FROM 2000-01)

	SYSTEMWIDE		CSULB ESTIMATE	
	Trustee's Request	Governor's Budget	Earmarked	Discretionary
	(in millions)		(in millions)	
SOURCES				
General Fund Support	\$ 342.567	\$ 267.900		
State Univ Fee Revenue - Academic Year	16.178	} 23.600		
State Univ Fee Revenue - YRO	5.796			
	<u>\$ 364.541</u>	<u>\$ 291.500</u>		
USES				
<i>Governor's Partnership w/ Higher Education</i>				
Enrollment Growth - Academic Year	\$ 62.310	\$ 62.310	\$	\$ 8.382
YRO Enrollment Growth (4 campuses)	16.013	16.013	8.168	0.768
Compensation	12.635	14.727	6.032	
Benefit Rate Increases	81.520	81.520	0.771	
State University Grants	6.055	6.055	1.079	
Property Insurance	0.615	0.615		
Operation Costs for New Space	5.100	5.100		
K-12 Academic Preparation	8.000	8.000	(a)	
High Cost Prgrms (Nursing, Engin, Computer Sci, Biotech)	10.000	10.000	0.760	
Long Term Budget Needs:				
Technology/Infrastructure	15.000	15.000	(a)	
Libraries	4.105	4.000	0.234	
Deferred Maintenance	4.105	4.000	0.330	
Total, Partnership	<u>\$ 225.458</u>	<u>\$ 227.340</u>	<u>\$ 17.374</u>	<u>\$ 9.150</u>
<i>Special Initiatives - Above the Partnership</i>				
2% Salary Supplement - All Employee Groups	\$ 40.760	\$ 0.000		
CSU Channel Islands	3.000	3.000		
Student Services Implementation - CMS	12.000	0.000		
Faculty/Staff Housing Assistance Program	5.000	0.000		
K-12 Academic Preparation	40.118	36.000	(a)	
Joint Use Higher Educ/Intersegmental Programs	3.000	0.000		
Applied Research & other special initiatives	16.000	5.178		
Graduate FTE Conversion	19.205	0.000		
Equipment - one time	0.000	20.000	(a)	
Total, Above the Partnership	<u>\$ 139.083</u>	<u>\$ 64.178</u>	<u>0.000</u>	<u>0.000</u>
TOTAL, EXPENDITURE PLAN	<u>\$ 364.541</u>	<u>\$ 291.518</u>	<u>\$ 17.374</u>	<u>\$ 9.150</u>

(a) resources will not be included in campus' base allocation

to consider budget requests for new and continuing needs. Exhibit #1 provides a summary of the estimated changes in campus resources and expenditures for the coming budget year.

Enrollment

The campus enrollment target for 2001-02 has been set at 24,000 FTES, an increase of 1,175 FTES above the funded level (and 906 FTES above the actual enrollment level) for the current year. Actual enrollment next year, for the first time several years, is expected to match the funded level very closely. In addition to the increase in our academic year target, we have been given a funded target of 1,145 FTES for our first state-supported summer session.

Because the master plan capacity of the campus is only 25,000 FTES, it is clear that we are very quickly approaching a ceiling on enrollment. To avoid creating a situation where the demand for classes exceeds our physical plant capacity, it will be necessary to take additional steps to slow the rate of enrollment growth. As a result, future increases in the University's funded target will be smaller than the one provided for 2001-02.

University's Mid-Range Goals

The University's Mid-Range Goals will once again serve as the framework for RPP budget planning. These goals define priorities for the campus for the coming 2-3 year period and will serve to guide divisions in preparing proposals and RPP and recommending allocations.

Mid Range Goals reflect major, all-university, mid-term priorities, not division-specific issues. The Goals do not encompass all activities that the campus must continue, only key areas to be given special resources and attention over the coming 2-3 years. Eight planning areas of all-university concern have now been identified. (Exhibit 2)

- 1: Enrollment Management
- 2: Resource Management in a No-Growth Era
- 3: Year Round Operations
- 4: Quality of Programs and Services
- 5: Quality of the Physical Environment
- 6: Common Management System
- 7: Assessment, Quality and Accountability
- 8: Non-State Revenue

The University is now measuring its progress towards attainment of Mid-Range Goals. The Office of Strategic Planning has prepared a report on progress toward last year's goals. To make this information easily available to the campus, the Office of Strategic Planning web site provides the full text of the current year's goals, last year's goals and the progress report at <http://www.csulb.edu/web/projects/planning>.

Local Budget Planning Process

The Task Force recognizes the importance of budget stability and recommends that the divisions' base budgets be retained and the workload funding model be continued as underlying budget assumptions for the 2001-02 planning cycle. The Task Force recognizes that our increased enrollment impacts the entire institution and the model has been a key component in helping to address these pressures over the past three years. The workload funding model insures that instructional capacity and services are in place before the fall term begins. The planning process will also include the opportunity for divisions to submit budget proposals for funding consideration.

F2 Guidelines for Budget Submissions

New Workload Needs (\$3.9 million)

- Faculty resources will be provided to accommodate the new funded enrollment growth of 1,175 FTES.
- A portion of the permanent discretionary dollars will be allocated to each division proportionate to their existing base budget to partially address new incremental non-faculty workload.
- Divisions are expected to accommodate all changes in workload related to the funded enrollment growth (5.1% for 2001/02) from these allocations.

Traditional Proposal Process (\$4 million)

- The balance of the discretionary dollars is reserved for the traditional budget proposal process.
- Proposals that qualify include workload in excess of the rate of the University's funded enrollment growth, past unmet needs, new initiatives, and external compliance requirements.

Division's Budget Submissions

A major objective of the Task Force is to create effective links between the University's Mid-Range goals and the budget planning process. Each division is asked to submit a concise narrative describing how their divisions are currently advancing the campus toward these goals.

It is understood that there are required activities that fall outside the scope of the Mid-Range Goals and divisions may present budget requests that are not directly related to the specific planning areas. Divisions are reminded that budget requests for new personnel costs need to take into consideration the decision that salary budgets will be decentralized on July 1, 2001.

Forms and Instructions

Forms and related instructions will be provided under separate cover to each division executive. Division submissions are due in the Office of Administration and Finance by Tuesday April 3, 2001. Divisional hearings and deliberations will commence shortly thereafter. Deans, directors and department heads should look to their respective division offices for specific instructions on how to respond to internal divisional planning strategies.

Future Updates & Contact Person

Although the State's long-term economic outlook remains positive, the state will face several near-term challenges that may negatively impact the CSU in securing additional resources in the May Revise. Nonetheless, we remain optimistic that the base recommendations for the CSU will sustain the Legislative Budget Process. The University will report any new budget developments and the Task Force will incorporate appropriate changes into our budget planning process.

Supplemental information on the State's economic forecast, the CSU and campus budget plans is available by contacting Robyn Mack, Budget and Human Resources Management, ext. 5-8216.

Attachments

C: President Maxson
Deans, Directors and Department Heads
Academic Senate
Staff Council
Library Reserve Book Room