

**California State University, Long Beach
2004-05 Resource Planning Process
Resources and Requirements Forecast**

Explanatory Notes

PURPOSE

The 2004-05 Resources and Requirements Forecast estimates the impact of budget decisions made by the State, by the CSU System Office, and the Long Beach campus on the projected base budget for the coming year. The forecast is largely based on the Governor's January Budget, with no adjustments required as a result of the May Revision that was issued May 14, 2004. This forecast does not include any provisions for the Legislative proceedings that will take place during June.

The following notes provide a brief explanation of the numbers shown on the forecast. Other related notes and recommendations on the budget reduction plan and selected topics can be found in the sections following this forecast. The Budget Outlook section of the appendix contains an analysis of the fiscal condition of the State and the likely resultant impact on the CSU and the campus. That outlook provides the context for the campus budget forecast.

RESOURCES

2003-04 General Fund Base Budget **\$257,124,862**

Net state support and budgeted revenues and reimbursements as detailed in the 2003-04 CSULB Internal Budget Document.

<u>2003-04 Net State Support</u>	\$170,245,700
Represents that portion of the University's State Budget supported by state tax revenues.	

<u>State University Fee</u>	\$67,250,000
Represents that portion of the University's Budget supported by resident undergraduate and graduate student fees.	

<u>Other Receipts</u>	\$19,629,162
Represents that portion of the University Budget supported by a variety of fees paid by both resident and non-resident students. Examples include student health center fee, application fee, non-resident tuition, transcript fees, administrative deadline fees, etc.	

Adjustments to the 2003-04 Base Budget

Retirement Rate Change **\$12,045,500**
Change to the 2003-04 base budget to reflect the rate change required for CalPERS retirement, employer’s contributions that became effective July 1, 2003.

State/System Budget Reductions **-\$18,894,300**

Anticipated changes in the campus' General Fund Support Budget as defined by the Governor’s January Budget and CSU Budget Letter B04-02, including reductions in the General Fund to offset proposed changes in fee revenue:

5% Enrollment Cut – General Fund Loss **-\$6,726,000**
The general fund reduction associated with a 5% enrollment reduction of 1,387 FTES is determined at the gross marginal cost rate of \$7,496 per FTES net of the corresponding loss in State University Fee revenue.

Unallocated Budget Reduction **-\$4,067,400**
Campus’ pro-rata share of the CSU’s unallocated General Fund reduction.

Reduction Offset by Revenue Increases **-\$8,100,900**
Cut in general fund appropriations commensurate with new revenues from an increase in State University Fee and Nonresident Tuition Fee rates.

Revenue Increases, Net of Enrollment **\$9,270,000**

The level of expected revenue from fee increases proposed by the Governor and authorized by the Board of Trustees to mitigate the impact of the general fund reductions explained above.

State University Fee Revenue **\$7,301,000**
The campus’s estimate of revenue to be generated from an increase of undergraduate rates by 14%; credential students by 20%; and post-baccalaureate and graduate students by 25%.

Non Resident Tuition Fee Revenue **\$1,969,000**
The campus’s estimate of revenue from the 20% increase in non-resident tuition fee rates proposed in the Governor’s Budget.

REQUIREMENTS

2003-04 Internal Budget

The base budgets for the operating divisions and university wide as detailed in the 2003-04 Internal Budget Document.

2003-04 Divisions' Base Budgets **\$175,869,392**
Base budgets for the five operating divisions.

2003-04 University-Wide Budgets **\$81,255,470**
 General, necessary, or unavoidable costs that are for the benefit of the entire campus and not allocated to a particular operating division.

CHANGES IN CAMPUS REQUIREMENTS

Represents base budget adjustments for various divisions and university-wide allocations.

Funded Mandatory Costs **\$13,528,200**

State University Grant \$1,482,700
 Base budget adjustment associated with the increase in financial aid associated with the increase in fee rates.

PERS Retirement Rate Change \$12,045,500
 Base budget adjustment associated with the rate increase in campus contributions to the employees' retirement program, PERS, effective during 2003-04. The rate increase was from 7.41% to 14.843% for all employees (except University Police which increased from 21.93% to 28.325% and MPP Chief & Lieutenants from 13.93% to 20.325%). The amount is established by the Chancellor's Office, and the funds for this pass-through allocation are provided by the State.

Unfunded Mandatory Costs **\$3,512,000**

Compensation Funding \$500,000
 Campus estimate of the increment necessary to fully fund the 12-month cost of faculty Service Salary Increases effective July 1, 2004. No funding assistance is provided in the State Budget.

Health Benefits Maintenance \$2,160,000
 Campus estimate of the 12-month cost for employers' benefits contribution for health care effective January 2004. No funding assistance is provided in the State Budget.

Worker's Compensation and Risk Pool Premiums \$852,000
 Preliminary Chancellor's Office estimates of changes in mandatory cost requirements / premiums to the CSU Risk Pool: Worker's Compensation (\$959,081), Industrial Disability Liability/Non-industrial Disability Insurance / Unemployment Insurance (\$136,746); Liability Insurance (-\$149,897) and Property Insurance (-\$93,930).

Other Campus Funding Needs / Solutions **-\$746,000**

Unallocated Year Round Operations Balance -\$2,000,000
 When Summer Session was moved from being self-supported to state supported, a budget was established at the university wide level for these activities. Last fiscal year, Academic Affairs received a base budget adjustment of \$6,916,398 for the instructional costs. The remaining budget of \$2,000,000 is now pledged to assist with the University's 2004-05 base budget reduction.

Carryover Deficit

\$2,954,000

The 2003-04 general fund budget resulted in a deficit of \$-6,651,000 from which base budget reductions totaling \$5,197,000 were allocated to division operating budgets. To the remaining budget deficit, a projected decline in non-resident tuition of \$400,000 (41 FTES) and unfunded health care benefits for the six months beginning January 2005, estimated at \$1,100,000 were added, bringing the total carryover deficit to \$2,954,000 for FY2004-05.

Transition Year Round Operation

\$200,000

In addition to the instructional costs for operating the state-supported summer term, General Fund operations will assume some new administrative responsibilities effective summer 2004. \$200,000 has been reserved to address these new ongoing responsibilities that were previously performed by University College and Extension Services.

Credit Card Processing Savings

-\$400,000

Whenever credit cards are used as a method of payment, the university incurs bank fee charges. With online registration, the convenience of students paying their fees via credit cards generated increased bank charges in excess of the established budget. To minimize this unfunded cost of doing business, the University has now implemented a third-party service for students to use. The third-party is authorized to collect credit card fees directly from the students resulting in considerable savings to the university that is being applied as general relief to the 2004-05 budget reduction.

Benefits Savings

-\$1,500,000

This represents an estimate of benefit cost savings due to the number of positions held vacant and anticipated attrition. These savings will be applied as general relief to the 2004-05 budget reduction.