

CALIFORNIA STATE UNIVERSITY, LONG BEACH
2006-07 Resource Planning Process
Recommended Budget Plan

Context for 2006-07 Budget Planning

CSULB has based its resource planning on the 2006-07 Governor's Budget that honors for the second consecutive year, the *Higher Education Compact*. There were no substantive changes in the May Revise that would affect the Resource Planning Process.

Higher Education Compact

The Higher Education Compact is the governor's multiyear commitment to higher education that features:

Basic Budget Support

The compact pledges a 3% general fund increase to the prior year's base to cover salary increases, health benefits, maintenance, inflation, and other operating cost increases. (Beginning in 2007-08 and extending through 2010-11, the compact provides for a general fund increase of 4% to the prior year's base.)

Enrollment

The compact calls for enrollment growth at a rate of 2.5% per year through 2010-11. The 2006-07 Governor's Budget included a redefinition of the unit of measure for computing full time equivalent graduate students. This conversion, referred to as *rebenching*, required the CSU to restate its enrollment targets beginning with FY2005-06. Consequently, the funding benefit of *rebenching* will only be realized on incremental (real) growth in graduate enrollment.

Student Fees

Although the compact supports a fee policy to stabilize rate increases at a reasonable level to provide funding to preserve quality, the Governor's Budget will protect students from fee increases during 2006-07 by backfilling the state university fee revenues that would be generated by the rate increase with a general fund appropriation.

Core Academic Needs

For the final three years of the compact, 2008-09 through 2010-11, the plan would provide an additional 1% (beyond the 4%) increase to the prior year's base for core academic support needs, e.g. equipment, technology, libraries, and ongoing building maintenance.

Campus Budget Recovery Plan

In recognition of the need to protect both instructional capacity and the quality of instruction, and to restore support services necessary to meet the demands of our increasing enrollment targets, the Resource Planning Process Task Force recommends continuation of the *Campus Budget Recovery Plan* adopted in the previous year's budget planning. Given the expected rate of new funding in the Governor's Budget, if we were to continue the *Campus Budget Recovery Plan*, instructional budgets would recover during FY2007-08, while non-instructional budgets would substantially recover in FY2008-09 and fully recover the following year.

The *Campus Budget Recovery Plan* was developed with the following underlying premises:

Faculty Costs for Increased Enrollment

Establishment of the campus enrollment targets was complicated by several variables – inconsistent demand at each of the campuses, conversion of graduate FTE (discussed earlier), and the additional target for Master of Science in Nursing students supported by a specific budget augmentation (discussed below.)

As a result of these difficulties, the CSU has allocated 2000 FTES on a temporary basis that will serve as an advance on the 2007-08 budget. Our campus will receive 100 FTES from this temporary allocation. RPP has fully incorporated the funding for these temporary FTES into our 2006-07 budget planning process.

During 2006-07, our funded enrollment target is expected to increase by 2.9% or 823 full-time equivalent students (FTES), for a total funded enrollment of 28,898. Funding faculty costs for the entire increase to our enrollment target is the first commitment against new resources. An allocation of \$3,116 per FTES will be provided to support these costs. That amount is derived from the CSU marginal cost calculation that uses an average salary of \$64,009, a student faculty ratio of 18.9:1, and a discount of 8%. The discount is the same composite amount applied to the student services, academic and institutional support components of the marginal cost formula.

Master of Science in Nursing Allocation

Forty-four (44) of the sixty-three (63) FTES that CSULB has been allocated from this program are included in the compact enrollment growth target for 2006-07. A base increment of \$207,768 will be provided to cover additional faculty costs expected within the College of Health and Human Services.

The system has acknowledged that the amount earmarked for the MSN program is inadequate to fund actual programmatic costs and is making attempts to increase the per FTES allocation.

Recovery Allocations to Instruction and Non-Instruction

After faculty costs are covered, remaining recovery funds are allocated on a pro-rata basis to each division to preserve instructional capacity, improve quality, continue prior year mitigation strategies, restore services impacted during the budget reduction years and implement requirements to address emerging new priorities and unfunded mandates.

Each division presented plans to the RPP Task Force detailing expenditure priorities consistent with its allocation of funds: base, non-base and carryover savings.

Contingency Planning

Although we are very optimistic that the budget proposed by the Governor will be passed by the Legislature, should allocations be less than the level planned by the task force, each division will reduce expenditures in the order of the priorities stated in the plans as presented to RPP.

Resource Planning Process Task Force Recommendations

The 2006-07 RPP Task Force recommends the President authorize the following funding allocations:

- 1. Base Funding for Faculty to meet additional enrollment** **2,564,468**
A base budget allocation to the division of Academic Affairs is recommended to accommodate the enrollment increase of 823 FTES. This includes an advance against FY2007-08 funded enrollment of 100 FTES.
- 2. Base Funding for Master of Science in Nursing** **\$207,768**
A base budget allocation to the division of Academic Affairs is recommended to cover the costs for 19 additional FTES graduate students (above the amount funded from enrollment growth.)
- 3. Base (permanent) Recovery Allocations** **\$4,667,800**
- 4. University Reserves – non-base (one-time) funding** **\$4,459,525**
These are the cumulative savings to be used to accelerate the campus recovery plan, in anticipation of a future year base budget adjustments. These ‘reserves’ result from conservative management of university-wide budgets.
- 5. Division Reserves – non-base (one-time) funding** **\$5,233,457**
These are the cumulative division savings (available balances at fiscal year end 2006-07) to further accelerate the recovery plan in 2007-08.

Total Recovery Plan Resources **\$17,133,018**