

California State University, Long Beach
2006-07 Resource Planning Process
Resources and Requirements Forecast

Explanatory Notes

The 2006-07 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 resource allocations for the upcoming year. The forecast is based on the Governor's January Budget and the CSU Budget letter B06-01. The campus did not receive any base budget adjustments as a result of the May Revise.¹ The forecast does not include any changes that could occur with the legislative proceedings that take place before the final budget is passed.

This year, the forecast presents separate resource details for base and non-base allocations as each are important to our overall budget strategy.

The following notes provide an 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.

RESOURCES

2005-06 General Fund Base Budget

Net state support and budgeted revenues and reimbursements detailed in the 2005-06 CSULB Internal Budget Document.

2005-2006 Net State Support \$177,735,040

Represents that portion of the University's state budget supported by tax revenues.

2005-2006 Revenues & Reimbursements

State University Fee \$85,000,000

Represents that portion of the University's budget supported by resident undergraduate, teacher credential and graduate student fees.

Other Receipts \$23,414,100

Represents the portion of the University's budget comprised of fees and miscellaneous reimbursements for services. Examples include student health center fee, application fee, non-resident tuition, transcript fees, etc. This amount is exclusive of reimbursed activities budgets that do display in the systemwide office budget documents.

¹ Budget allocations per coded memo B06-01 were adjusted for a technical correction in the marginal cost calculation that the Department of Finance recognized would be made in the May Revise.

Total 2005-06 Internal Budget
CSU Adjustments to the 2005-06 Base Budget

\$286,150,000

PERS Retirement – Rate Change <\$1,787,000>

Changes effective July 1, 2005, to the 2005-06 budget reflects the reduced cost of employer-paid contributions to CALPERS for employee retirement. The adjustment by campus is based on budgeted General Fund salaries in the 2005/06 campus FIRMS Final Budget submissions received in August 2005. Long Beach's share is 8.1% of the total reduction to the CSU.

Auxiliary Auditor and Whistleblower Investigator Services <\$35,500>

Campus General Fund budgets are reduced to fund permanent charge-backs for Auxiliary Auditor <\$15,500> and Whistleblower Investigator services <\$35,500> provided by the Chancellor's Office. The charge-backs were prorated based on for each campus's percentage share of the total 2005-06 General Fund allocation. CSULB's portion is 7.5% of the total assessment.

Interest Earnings Chargeback <\$449,750>

The Governor's Budget also includes an accounting adjustment to authorize the campus to deposit and manage student fee revenue in local trust accounts. This adjustment was approved by the Governor to improve budget and accounting processes. In accepting the fee revenue trust authority, CSU agreed to keep the fund shift revenue neutral to the state – which requires an annual payment to the state for lost interest income. CSU will calculate the interest cost annually, and incremental changes to fund the interest payment to the state will be made as campus base budget adjustments. The interest payment calculated for the 2006-07 fiscal year is \$5 million and it has been prorated by campus based on the percentage share of student fee revenue budgeted in campus-reported FIRMS 2005/06 Final Budget submissions. CSULB's share is 9% of the total estimated payback.

Total CSU Adjustments to the 2005-06 Base Budget

<\$2,272,250>

CSU Budget Plan General Fund Allocation

\$12,073,000

The net 2006-07 increase in the campus's general fund allocation based on CSU budget allocations detailed in the CSU system coded memorandum B06-01 on the 2006-07 Governor's Budget Allocations. In addition to receiving funding for mandatory costs, compensation and enrollment growth, including a fee buy out component discussed earlier in this document, the base budget includes funding to expand Master's level nursing instruction.

State University Fee Income

\$2,497,636

CSULB expects a total of \$87,500,000 to be collected in State University Fee (SUF) revenue in 2006-07. This is an increase of roughly \$2,500,000 over 2005-06. The increase is due to the enrollment growth of 723 new full-time equivalent students (FTES).

That enrollment increase has been “rebenched” to account for the revised unit of measure for calculating graduate FTE using 12 student credit hours versus 15 for undergraduate and credential students. This change will not result in any additional revenue to the campus unless we increase our graduate enrollment over the current level.

The rate increase that was expected per the terms of the Higher Education compact has been suspended and the campus received a general fund allocation substantially equivalent to the amount that would have been generated if the rate had been increased.

This revenue projection is contingent on achieving an official 2006-07 college year enrollment of 28,798 FTES of which 1,837 FTES are expected during the 2006 summer sessions. Important note: all previous references in the RPP report to a total enrollment growth of 28,898 include the advance of 100 FTES from expected 2007-08’s enrollment growth. Although we will allocate that advance in base budget (see below), recognizing the revenue component as base budget will lag until 2007-08 so as to avoid impacts with our campus budget submittal and or confusion with the Chancellor’s Office. The revenue from these additional 100 FTES will be collected as excess SUF and internally reallocated as a non-recurring adjustment to cover the base budget allocation described later in this document.

State University Fee Earned Interest (Transfer from Trust) \$449,750

This is the transfer from trust to account for the negative entry discussed above to make the action revenue neutral to the campus.

Total General Fund Base Resources \$301,170,386

REQUIREMENTS

2005-06 Internal Budget

The base budgets for the operating divisions and university-wide programs as detailed in the 2005-06 Internal Budget document.

Divisions' Base Budgets \$174,687,744

Base budgets for the operating divisions exclusive of permanent compensation allocations awarded in 05-06 and to be awarded in 06-07.

University-wide Budgets \$111,462,256

General, necessary, or unavoidable costs that are for the benefit of the entire campus rather than a particular operating division. Includes compensation funding that will be permanently allocated to divisions for 05-06 awards.

2005-06 Internal Budget \$286,150,000

2006-07 CHANGES IN CAMPUS EXPENDITURE REQUIREMENTS

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

Financial Aid

State University Grant (SUG) \$2,115,900

Base budget adjustment associated with the financial aid set aside of 33% of state university fees from the increase revenue associated with changes in fee rates and enrollment target. This adjustment is a preliminary projection of changes that will occur in campus fiscal year 2005/06 budgeted SUG allocations. Final decisions will be made after 2005/06 financial aid reports have been analyzed. Consequently, campuses are only authorized to commit 90 percent of their projected SUG allocation when making initial financial aid awarding decisions.

Mandatory Costs

Mandatory costs are expenditure obligations the university must pay whether or not funding is received from the State or student fee income.

PERS Retirement Rate Change <\$1,787,000>

This is the offsetting entry to the base budget adjustment to the Benefits budget associated with the rate decrease in campus contributions to the CalPERS employees' retirement program, which became effective during 2005-06. Those rates went from 17.022% to 15.942%, or a <1.08%> decrease for all employees; University Police moved from 31.841% to 31.563, or <0.278%.>

Compensation \$6,058,000

Compensation allocations to campuses are based on their proportional share of total general fund salary and wage expenditures in 2004/05 to fund a 3 percent compensation pool to increase employee salaries and salary-related benefits. Represented employees negotiate compensation increases through collective bargaining, and a compensation pool for each represented employee group has been established from the available pool of budget plan funds. Campuses fund all salary –related increases that are negotiated in the collective bargaining process.

In addition to a 3 percent general compensation increase, the 2006-07 budget plan also provides funding to begin a five-year plan to reduce employee salary lags. The initial allocation of \$16.6 million will be allocated after the final budget is enacted and it is confirmed the final appropriation from the state is sufficient to cover the supplemental salary costs and satisfy mandatory costs and enrollment growth obligations. The allocation of the salary lag supplement will be determined after the cost requirement for each employee group has been identified.

Health Benefits Maintenance \$1,372,000

The CSU Support Budget Documentation book discusses changes in Government Code health care contribution rates that have increased CSU costs. The amount of this allocation to cover estimated incremental costs have been prorated on the basis of our percentage share of reported 2004/05 General Fund health benefits expenditures.

Annualized Service Salary Increases (SSIs) \$ 275,300

These funds will cover the incremental full year costs of employee service-based salary increases awarded in 2005-06. Ninety-seven (97%) of these costs are attributed to employees represented by the CSU Employees Union (CSUEU). The campus has not completed the estimates to validate the sufficiency of this allocation. If the campus has been underfunded, an adjustment in 2007-08 may be necessary to make divisional budgets whole.

Energy Rate Changes and Consumption \$332,800

This allocation will cover one-half of the current estimate of utilities (electricity, natural gas, and water/sewer) cost increases for 2006-07. The amount received by campus is based on our proportional share of custodial square footage (SQF4) as indicated in the 2005/06 Capital Planning Design and Construction facility database.

Mandatory Costs, Total **\$6,251,100**

Long-Term Need

Deferred Maintenance \$192,750

The backlog of deferred maintenance far exceeds funds available in the budget plan to address campuses' need. We will receive an allocation of \$192,750 to add to existing deferred maintenance budgets. Consistent with last year, instructional space will receive the highest campus priority.

Campus Budget Recovery Plan Allocations

The campus recovery plan encompasses three components. The first component is an allocation to support faculty for enrollment growth. The second is an allocation to support additional students in the Master of Science Nursing degree program. The final component is a pro-rata allocation to instruction and non-instruction budgets.

Faculty Allocation for New Enrollment \$2,564,468

This allocation supports the faculty costs to accommodate an additional 823 full

**CALIFORNIA STATE UNIVERSITY, LONG BEACH
2006-07 NON-BASE BUDGET**

RESOURCES

Campus Budget Recovery Plan - Carryover Reserves

Estimated savings from both University-wide resources and division operating budgets totaling \$9,692,982, play an important role in campus budget recovery planning.

University-wide Savings	\$4,459,525
Division Savings	\$5,233,457
Total	<u>\$9,692,982</u>

REQUIREMENTS

University wide savings totaling \$4,459,525 will be distributed first to achieve full recovery of instructional budgets. Because these were not cut as deeply as non-instructional areas an allocation of \$959,600 will achieve this objective. The remaining balance of \$3,499,925 will be distributed to non-instructional budgets on a pro rata basis as shown below.

Division savings estimated at \$5,233,457 will be retained by each division responsible for generating the carryover funds.

	Non-base Recovery	Divisional Savings
Instruction		
Academic Affairs	\$ 959,600	\$4,448,280
Non-Instruction		
Academic Affairs	1,305,275	Included in above
Administration & Finance	1,376,500	468,470
Athletics	131,450	
Office of the President	67,600	--
Student Services	476,900	247,768
Univ Relations & Dvlpmnt	<u>142,200</u>	<u>68,939</u>
	<u>\$4,459,525</u>	<u>\$5,233,457</u>

Total Campus Recovery Plan Allocations	<u>\$9,692,982</u>
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