

GENERAL FUND

General Fund Allocation Changes

Budget Allocations and Enrollment

The General Fund budget for California State University, Fresno is \$229,444,322 (excluding reimbursed activity) with an enrollment target of 17,255 FTES. After adjustments for the Summer Arts Program and the 5% SUF Spring Revenue Set Aside of \$2,236,650, our final budget for 2010-11 is \$227,207,672, which when combined with our reimbursed activity of \$7,200,000 amounts to our total budget of \$234,407,672. This translated into a General Fund permanent base increase of \$2,485,550, with expenditure increases of \$13,303,370, for a total increase of \$15,293,270.

I. 2010-11 Final Base Budget Adjustments

Base Budget adjustments are changes required to address modifications to the General Fund allocation that the campus received in the 2010-11 final budget (Coded Memo B 10-04, dated October 22, 2010). Base budget adjustments to campus allocations are comprised as follows.

Chancellor's Office Adjustments:

- ***Retirement Adjustment-*** Our state funding received was increased by \$366,250 as a result of the increase in CalPERS employer-paid retirement rates effective July 2009. The amount funded by campus is based on the change in retirement rates applied to 2009-10 FIRMS final budget CSU State Support salaries submitted in August 2009.
- ***Adjustment in Distribution of 2009-10 versus 2010-11 Unallocated GF Base Expenditure Reductions -*** The campus distribution of the \$571.1 million reduction included in 2009-10 final budget allocations was revised for 2010-11. The difference between the two distributions results in a GF base budget adjustment for 2010-11. A primary difference in the distribution of the \$571.1 million base budget reduction in 2009-10 versus 2010-11 is related to the 2009-10 base reduction in salary expenditures (e.g. employee furloughs) that was replaced in 2010-11 with a systemwide 9.5 percent reduction (32,576) in FTES enrollment targets at the projected 2009-10 marginal cost GF savings of \$7,964 per FTES. Our campus share of this adjustment amounted to \$1,617,600.
- ***Financial Aid State University Grant Set-Aside / Distribution:*** The financial aid set-aside from the current year's 2010-11 adjustments is \$2,073,700. The SUG augmentation is distributed based on financial need and funded enrollment targets. The difference between how the SUG increase is funded (based on the one-third set-aside of estimated campus SUF revenue growth) and how SUG is distributed (based on estimate of need) results in adjustments to campus General Fund allocations. Our campus was assessed \$1,572,000 and will receive a distribution of \$2,073,700.

Other Chancellor's Office Adjustments:

- ***Operating Fee Revenue Interest Assessment -*** The annual interest chargeback requirement was agreed upon to maintain fiscal neutrality for the State General Fund in recognition of the 2006-07 transition of the deposit of fee revenue from the State General Fund to the CSU local trust funds. Further, the CSU annual interest chargeback obligation is included each year in the State of California, Budget Act. The 2010-11 interest assessment is based on the campus operating revenue equivalent to the 2009-10 State University Fee and other fee revenue reported in 2009-10 FIRMS final budget submissions. The total assessment is distributed by campus on a quarterly payment schedule. Our annual campus assessment decreased from \$395,600, in 2009-10, to \$359,700 for 2010-11.
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II. 2010-11 Expenditure Increases:

The Budget Act of 2010 provides an increase of \$259.6 million in General Fund support, and shifts \$106 million of planned General Fund support budget increases to federal stimulus funds on a one-time basis (*AB 185, Chapter 221 enacted on September 10, 2010*), to mitigate the fiscal impact of the \$571 million reduction and partially restore enrollment access at CSU. The Budget Act allocations:

- partially restores enrollment reductions that were previously planned on a tiered basis at 20 campuses (with three campuses being excluded due to the size of their base enrollment),
 - partially restores budget cuts at all campuses previously made in non-enrollment related operations that are necessary to sustain authentic student access (services, programs, and facility requirements necessary to progress to a degree), and
 - funds new mandatory cost obligations in fiscal year 2010-11.
- **Enrollment Restoration** -The enacted budget sets a target of 339,873 resident FTES for the CSU in 2010-11, despite the fact that the budget was not enacted until October 8, 2010 – nearly 4 months after college year 2010-11 had commenced.

Enrollment targets for 2010-11 have been restored on the same tiered basis as the reductions that were made to address the \$571 million cut CSU received in its 2009-10 General Fund base. Funds were allocated for 15,043 resident FTES above the August 6th allocation memo, consistent with a baseline of 325,360 FTES. This minimum target expectation is funded by a \$7,305 per FTES General Fund allocation. No General Fund penalty will be assessed if campuses fail to meet their share of the 325,360 baseline number in 2010-11. Our campus was allocated an additional FTE target of 798, for a total FTES target of 17,255, which results in additional enrollment funding of \$5,829,400.

Campuses that achieve enrollment above their minimum target and approach or reach their target will receive marginal cost funding at the \$7,305 per FTES General Fund rate for every FTES above their minimum target after it has been verified that FTES instruction has been provided. Our campus was provided an additional FTES target of 769 for a total FTES target of 18,024.

In total, the enacted budget for 2010/11 requires CSU to instruct 339,873 resident FTES during the college year. The nonresident FTES is 15,170. For purposes of fee revenue and SUG calculations, the 2010-11 FTES baseline is 326,290 FTES.

If CSU fails to meet the target of 339,873, the budget act requires CSU to return marginal cost funding of \$7,305 for every FTES below the state required target. Campuses have been instructed to achieve their share of the 339,873 resident FTES target in 2010-11. Campuses that achieve FTES above their allocation of the 339,873 FTES target are not guaranteed any state marginal cost support for these students. However, consideration will be given to the possibility of providing additional one-time funds for these campuses as part of the Chancellor's Office review of the 23 plans. The additional SUG funding is allocated to those campuses with increased enrollment targets in direct support of those efforts. This one-time only approach differs from SUG allocation policy, which recognizes campus-funded enrollment targets and the highest need students. For enrollment beyond the 325,360 target in 2010-11, campuses were advised to set-aside one-third from student revenue collections funds to augment the number of SUG awards– one-time only.

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II. 2010-11 Expenditure Increases(Continued):

- **Non-Enrollment Restoration Allocations** - The enacted budget for 2010-11 added an additional \$260 million in General Fund support for CSU and shifted \$106 million of increased General Fund support to federal ARRA funds. The total allocation of \$366 million in new funding support funds for 2010-11 (*the final calculation of ARRA funding increased CSU's share by \$552,869 after the budget was enacted*) incorporates all new revenue appropriated to CSU. This Budget Act allocates \$223 million for enrollment restoration and increased student access, and \$143 million for operating support restoration and mandatory cost
- **Mandatory Costs** - Mandatory costs are expenditure obligations the university must pay whether or not funding is received from the State or student fee income. Mandatory cost obligations identified in the CSU budget plan for 2010-11 included increases in employer-paid health benefits premium costs, new space need and energy cost increases.
 - a. **Health Benefits:** This budget funds \$515,000 to cover the base increase in employer-paid health care costs resulting from January 2010 premium increases. Health care cost increases are determined by the number of CSU employee participants and the difference between the old and new employer-paid contribution rates. Campus expenditure increases to cover incremental costs have been prorated on the basis of percentage share of reported 2008/09 actual state support health benefits expenditures.
 - b. **New Space Need:** This budget provides \$54,700 to support the regular maintenance of new space at \$9.73 per square foot.
 - c. **Energy Costs (Utilities):** This budget provides \$363,000 to assist with increases in electricity, natural gas, and water/sewer rates occurring at our campus.
- **Operating Support Restoration** - \$119.8 million is allocated systemwide for non-enrollment related operating costs that are critical to authentic student access. This funding allows campuses to restore services, programs, and facility requirements necessary for student progress to a degree. The campus allocation of operating support restoration is based on their percentage share of the \$571 million reduction identified for 2010 -11, less the restoration that has been provided for enrollment. Our campus share amounted to \$6,541,270.

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III. 2010-11 Budget Act, SUF Revenue Adjustments (326,290 FTES):

The SUF revenue adjustments reflect the combined changes in enrollment patterns, enrollment decline, lagging summer SUF rate change, and 5 percent SUF rate increases for fall and again in mid-year. The applicable resulting changes in financial aid related to the SUF revenue adjustments are also included. For purposes of fee revenue projections for the current budget, the systemwide FTES is 326,290 FTES, or 17,255 FTES for our campus.

The following table summarizes the 2010-11 SUF revenue adjustments:

2010-11 SUF Adjustments - Systemwide	SUF Revenue Adjustments	Financial Aid Adjustment	2010-11 Net SUF Revenue Adjustments
Change in Student Enrollment Patterns	\$(14,504,000)	\$ 0	\$ (14,504,000)
Enrollment Decline from 342,893 to 310,317 FTES Target	(129,353,000)	25,769,000	(103,584,000)
Enrollment Growth from 310,317 to 326,290 FTES	74,910,000	(16,467,000)	58,443,000
2009-10 SUF Rate Change Applied to Lagging Summer Term	26,623,000	(8,874,000)	17,749,000
2010-11 SUF Revenue from 5% Fall and *5% Mid-Year Rate Changes	114,478,000	(38,160,000)	76,318,000
Total 2010-11 SUF Revenue Adjustment - Systemwide	\$ 72,154,000	\$ (37,732,000)	\$ 34,422,000

2010-11 SUF Adjustments - Fresno	SUF Revenue Adjustments	Financial Aid Adjustment	2010-11 Net SUF Revenue Adjustments
Change in Student Enrollment Patterns	\$ (1,673,000)	\$ 0	\$ (1,673,000)
Enrollment Decline from 18,185 to 16,457 FTES Target	(6,556,000)	1,366,405	(5,189,595)
Enrollment Growth from 16,457 to 17,255 FTES	3,625,000	(822,738)	2,802,262
2009-10 SUF Rate Change Applied to Lagging Summer Term	341,000	(113,667)	227,333
2010-11 SUF Revenue from 5% Fall and *5% Mid-Year Rate Changes	6,004,000	(2,002,000)	4,002,000
Total 2010-11 SUF Revenue Adjustment - Fresno	\$ 1,741,000	\$ (1,572,000)	\$ 169,000