

B 10-04

Campus Budget Act Resubmissions Due by: November 10, 2010

To: CSU Chief Fiscal Officers

From: Robert Turnage, Assistant Vice Chancellor for Budget
Robert Turnage

Rodney Rideau, Director of the Budget
Rodney Rideau

Copy: CSU Financial Officers, Budget Officers, Financial Aid Directors, Enrollment Planning and Resource Officers, and Enrollment Managers

Date: October 22, 2010

Subject: 2010/11 Budget Act Allocations

Attachments: Coded Memo 2010-04, Attachments A-H

The CSU 2010/11 Budget Act allocations are provided in this memorandum with attachments. The state Budget Act of 2010 was chaptered on October 8, 2010, SB 870, Chapter 712. This memorandum updates the Coded Memo B 10-02, August 6, 2010 allocations that were based on the 2010/11 Governor's Budget and held proposed funding for the General Fund (GF) budget restoration and enrollment growth in systemwide provisions. The CSU 2010/11 Budget Act GF appropriation includes \$199 million for budget restoration and \$60.6 million to fund 2.5 percent enrollment growth equivalent to 8,290 full-time equivalent students (FTES). The state shifted \$106 million of costs to the federal American Recovery and Reinvestment Act State Fiscal Stabilization Fund on a one-time basis. A small residual amount of \$552,869 was also provided from this one-time federal source. The following table compares the General Fund adjustments in the 2010/11 budget plan adopted by the CSU Board of Trustees (BOT) at their November 2010 meeting with the Governor's January proposal and the Budget Act:

	BOT Budget Plan	January Budget	Budget Act
2009/10 CSU General Fund Appropriation	\$2,337,952,000	\$2,337,952,000	\$2,337,952,000
2010/11 GF Base Adjustments	19,931,000	19,931,000	19,931,000
Budget Restoration	305,000,000	305,000,000	199,000,000
Student Access / 2.5 Percent Enrollment Growth	56,036,000	60,552,000	60,552,000
Budget Augmentations	122,068,000	0	0
2010/11 CSU General Fund Appropriation	\$2,840,987,000	\$2,723,435,000	\$2,617,435,000
Budget Restoration from Federal Funds	0	0	106,552,869
2010/11 CSU GF with One-Time Federal Funds	\$2,840,987,000	\$2,723,435,000	\$2,723,987,869

The federal funds contribute to the budget's restoration of CSU enrollment and course sections. The \$106 million combined with the \$199 million represents a total of \$305 million budget restoration and is intended to be part of the permanent ongoing CSU base in 2011/12. The \$552,869 is not intended to be a permanent

base increase.

This Coded Memo B 10-02 also projects a \$72.2 million increase in gross 2010/11 State University Fee (SUF) revenue (\$34.4 million net of financial aid) above 2009/10 SUF revenue. The 2010/11 SUF adjustments are related to enrollment base changes, change in enrollment patterns, and 2010/11 SUF rate changes. In June, the BOT took action on the first 5 percent SUF rate increase required for 2010/11 with the remaining 5 percent assumed from a state “buy-out” proposed by the Assembly. However, on August 4th, the fee buyout proposal was dropped by the Legislature’s budget conference committee. The BOT anticipated this possibility and stated its intent to revise fee rates at its November meeting if necessary. Therefore, the Budget Act allocations include revenue related to a 2010/11 mid-year 5 percent SUF rate increase. However, CSU Board of Trustees action is required for the mid-year 2010/11 SUF rate increase to be implemented.

Also, campus projected SUF revenue included in the August 6 Coded Memo B 10-02 budget allocations has been updated to reflect the change in 2010/11 enrollment target baseline from 310,317 to 325,360 resident FTES consistent with the Chancellor’s September 27, 2011. State University Grants funded by SUF revenue adjustments will also increase by the \$37.7 million.

The governor and legislature specified in the 2010 Budget Act a resident FTES target of 339, 873. Funding for resident FTES between the September 27th baseline of 325,360 and this Budget Act target will be included in a supplemental allocation upon confirmation of attained increases in enrollment. The allocations for 2010/11 enrollment will be funded at the \$7,305 marginal cost (MC) rate of and at the General Fund marginal cost rate of \$7,305 per FTES. The supplemental allocations will also include one-third set-aside of marginal cost revenue for financial aid.

Based on the total 2010/11 of \$366.1 million Budget Act allocation increase, the following expenditures are funded consistent with the BOT 2010/11 support budget plan:

❖ Mandatory Costs (<i>health benefits, energy, new space-gen. ops. funded</i>)	\$23.6 million
❖ Resident Student Enrollment Growth	
➤ 310,317 to 325,360 FTES	\$109.9 million
➤ 325,360 to 339,873 FTES	\$106.0 million
➤ 930 FTES Enrollment Supplement	\$6.8 million
❖ Operating Support Restoration	\$119.8 million

Following are references to the Budget Act of 2010:

1. Budget Act of 2010, SB 870
http://www.leginfo.ca.gov/pub/09-10/bill/sen/sb_0851-0900/sb_870_bill_20101008_chaptered.html
2. State of California, Department of Finance Summary of Budget Act of 2010
<http://www.ebudget.ca.gov/Enacted/BudgetSummary/BSS/BSS.html>

Please direct questions concerning this memorandum to Rodney Rideau, Director of the Budget; Chris Canfield, Associate Budget Director, or a system Budget Analyst at (562) 951-4560. Reference the staff directory for further contact information <http://www.calstate.edu/budget/about/staff-directory.shtml>.

RT:RR:CC

Attachments

The following summarizes Attachments A through H.

Attachment A – 2010/11 Budget Act Allocations, Gross Budget Summary

The 2010/11 Budget Act allocations include currently recognized campus gross budgets adjustments related to the General Fund (GF) base as further described in Attachment B, state support expenditure increases in Attachment C, and SUF revenue adjustments as shown in Attachment E.

Attachment B – 2010/11 Final Base Budget Adjustments

Base budget adjustments address modifications to the GF allocation that campuses received in the 2009/10 final budget (reference Coded Memo B 09-02). The CSU 2009/10 GF appropriation based on the 2009/10 Final Budget enacted last July totaled \$2,337,952,000, which after base budget adjustments becomes \$2,345,398,000 for 2009/10 and \$2,357,882,000 for 2010/11. The Attachment B base budget adjustments to campus allocations are comprised of the following:

❖ Retirement Adjustment

Each year CalPERS adjusts employer-paid contribution rates in order to meet defined benefit pension obligations. Adjustments in 2009/10 CalPERS employer-paid retirement rates of .343 percent increase in the State Miscellaneous Tier 1 category and .216 percent decrease in the State Peace Officer/Firefighter category resulted in an overall increase of \$7.4 million in CSU employer-paid retirement costs. The state Department of Finance processed the 2009/10 GF appropriation retirement adjustment during the 2009/10 fiscal year. The retirement adjustment amounts are based on the change in retirement rates applied to the campus 2009/10 FIRMS final budget CSU State Support salaries submitted in August 2009. For additional information on employer-paid and employee retirement, please reference the 2010/11 Support Budget supplemental documentation at <http://www.calstate.edu/budget/fybudget/2010-2011/documentation/index.shtml>.

❖ 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 in accordance with Dr. Quillian's November 6, 2009 memorandum to campus Chief Administrators / Business Officers regarding mid-year budget reduction reports due in February 2010. 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.

❖ One-Time Systemwide Allocation Transactions for 2009/10 Enrollment Exceeding Targets

By separate systemwide allocation transactions (SWAT), there will be one-time support budget reductions equivalent to CSU projected revenue associated with enrollment that exceeded authorized 2009/10 resident FTES targets. These SWAT amounts are consistent with reductions identified in July 1, 2010 letters to applicable campus Chief Financial Officers.

❖ General Fund Base Adjustments

Other GF base budget adjustments include an operating fee revenue interest assessment adjustment (\$910,500) in Systemwide Provisions (SWP); transfer of the C.O. Assist Program to SWPs (\$87,000); transfers from SWP to C.O. for headquarters rent and insurance (\$2,293,095), Council on Science and Technology dues (\$77,625), Federal Relations (\$25,000), and University Advancement (\$222,356); transfers

from SWPs to CSU Bakersfield (\$74,917), CSU Long Beach (\$8,288), and the Maritime Academy (\$250,000); SWP lease revenue bonds increase (\$4,656,000 and \$8,133,000); annuitants' dental funding adjustment (\$663,000), and 1994/95 deferred maintenance debt retirement (\$1,878,000).

❖ Financial Aid -- State University Grant (SUG) Set-Aside / Distribution

The financial aid set-aside for State University Grants (SUG) from current 2010/11 adjustments is \$37.7 million. The \$37.7 million 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 adjustments) and how SUG is distributed (based on estimate of need and funded enrollment targets) results in adjustments to campus GF allocations.

Attachment C -2010/11 Budget Act, Expenditure Increases

The August preliminary budget allocation memorandum (B 10-02) was based on continuation of the \$571 million General Fund reduction the CSU received in 2009/10. The allocation of the \$571 million reduction campuses received in 2009/10 was revised to reflect the end of employee furloughs used to address the reduction in 2009/10 and the implementation of reduced resident student targets for the 2010/11 college year. Campus base budget allocations were revised to incorporate the loss of 32,576 resident full-time equivalent students (FTES) on a tiered basis at 20 campuses (three campuses were excluded from the reduction due to the size of their base enrollment). The revised allocation of the \$571 million General Fund reduction to reflect 2010/11 planning assumptions were identified in column 5 of Attachment B in the August coded memorandum.

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 presented in Attachment C of this memorandum partially restore enrollment reductions previously planned at the 20 campuses in B 10-02, partially restore 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 fund 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. All campus presidents have received resident student enrollment targets associated with the 339,873 resident FTES budget requirement (*see Attachment G in this memorandum*). This memorandum allocates funds for 15,043 resident FTES above the August 6 allocation memo, consistent with a baseline of 325,360 FTES established by the September 27, 2010 memo from Executive Vice Chancellors Smith and Quillian. All campuses are expected to achieve this minimum level of enrollment restoration in 2010/11. As indicated in column 2 on Attachment C, this minimum target expectation is funded by a \$7,305 per FTES General Fund allocation. Chancellor Reed has advised presidents that no General Fund penalty will be assessed if campuses fail to meet their share of the 325,360 baseline number in 2010/11.

Column 3 on Attachment C identifies the allocation of FTES to achieve the 339,873 resident FTES enrollment restoration requirement in the enacted budget. Campuses that achieve enrollment above their minimum target established in column 2, and approach or reach their target established in column 3, 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.

In total, the enacted budget for 2010/11 requires CSU to instruct 339,873 resident FTES during the college year. If CSU fails to meet this target, 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. To facilitate systemwide review and consideration of 2010/11 resident FTES to be achieved at campuses, presidents have been asked to submit detailed winter 2011 and spring 2011 enrollment management plans to CSU Academic Research and Resources (ARR). These plans, coupled with profile enrollment reporting data files (ERSS) which are certified by presidents and submitted by campus staff to ARR will determine final supplemental General Fund Allocations for enrollment in excess of baselines identified in column 2 of Attachment C.

Recognition of the continuing need for smaller campuses to grow and be supported for that growth in the budget process has been made in the 2010/11 Budget Act allocations. These campuses were not participants in the CSU's original enrollment reduction plan because of their continuing need for growth to stabilize their FTES enrollment base. The three campuses, identified in column 4 of Attachment C, are receiving permanent funding to support stable enrollment growth. Growth stabilization at these campuses was either previously funded with one-time CSU funds or authorized without funding pending increased state support to CSU. Achieving the statewide target of 339,873 resident FTES is in the best interests of the CSU. While some campuses may not be able to achieve their share of the new statewide target in 2010/11, these three campuses are in a position to contribute. However, providing permanent funding for a supplemental enrollment increase at these three campuses will augment funding available to meet the CSU's 339,873 resident FTES enrollment requirement in 2010/11 and will not impact targets that have been established for other campuses.

❖ Non-Enrollment Restoration Allocations

On September 13, 2010, campus presidents received an advisory related to the allocation of \$106 million in federal funds. These funds were authorized by the American Recovery and Reinvestment Act (ARRA) approved by congress last year and they represent the final installment of State Fiscal Stabilization Fund (SFSF) allocations to CSU. The allocations in the September 13 memorandum were provided in the context of a revision in CSU enrollment targets to a new level of 317,708 FTES and to provide relief to campuses for that portion of their share of the \$571.1 million CSU General Fund reduction that was not tied to reductions in FTES targets. The allocations in the September 13 memorandum were premised on CSU only receiving a year-to-year increase in support in the budget at the \$106 million ARRA appropriation level.

The enacted budget for 2010/11 added an additional \$259.6 million in General Fund support for CSU and shifted \$106 million of increased General Fund support to federal ARRA funds. The total allocation of \$366.1 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*) replaces the allocations previously identified in the September 13 memorandum. The Budget Act allocations incorporate all new revenue appropriated to CSU. The September 13 memorandum allocated \$54 million for enrollment restoration and increased student access. This Budget Act memorandum allocates \$222.7 million for enrollment restoration and increased student access. The September 13 memorandum allocated \$52 million for operating support restoration. The Budget Act memorandum allocates \$143.3 million for operating support restoration and mandatory cost obligations.

❖ Mandatory Costs

Columns 5 through 7 on Attachment C display mandatory cost allocations for health premium increases, energy rate increases, and new space operational costs.

➤ Health Benefits

The projected annualized cost of funding employer-paid health care benefits resulting from the January 2010 increase in premium rates is \$9.8 million. 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. The employer-paid health care benefit cost increase is distributed on the basis of the campus percentage share of the 2008/09 actual state support health benefits expenditures. For additional information regarding January 2010 health premium increases, please reference the 2010/11 Support Budget supplemental documentation at the following web address:

<http://www.calstate.edu/budget/fybudget/20102011/documentation/7-health-care-premium-table.shtml>

➤ Energy

The budget for 2010/11 provides \$7.2 million to assist with increases in electricity, natural gas, and water/sewer rates occurring at campuses. The total has been distributed by campus based on the campuses' proportional share of custodial square footage included in the 2009/10 Capital Planning Design and Construction facility database for main campus and off-campus sites.

➤ New Space

The budget for 2010/11 provides \$6.6 million to fund regular maintenance of 552,409 square feet of new space at \$9.73 per square foot. Further information on campus facilities with new space need is provided in the 2010/11 Support Budget supplemental documentation:

<http://www.calstate.edu/budget/fybudget/2010%2D2011/documentation/3-new-space-table.shtml>. (New space for CSU Los Angeles was added after publication of the documentation book).

❖ Operating Support Restoration

Column 8 on Attachment C allocates \$119.8 million 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 in B 10-02 less the restoration that has been provided for enrollment. The following table shows the allocation methodology.

Allocation of Operating Support Restoration

Total Available Funds	\$366,104,869
Funds Allocated for Enrollment and Mandatory Costs	<u>(246,335,150)</u>
Funds Available for Operating Support Restoration	\$119,769,719

	B 10-02 General Fund Reduction <i>(310,317 FTES)</i>	Less: Enrollment Restoration Base Allocations <i>(325,360 FTES)</i>	Net Remaining General Fund Reduction	Percentage Share of Net Reduction <i>(9 decimals)</i>	Operating Support Restoration*
Bakersfield	(\$9,832,500)	\$1,446,400	(\$8,386,100)	1.82%	\$2,177,750
Channel Islands	(1,955,800)	0	(1,955,800)	0.42%	507,890
Chico	(24,790,000)	4,711,700	(20,078,300)	4.35%	5,214,040
Dominguez Hills	(12,678,100)	1,965,100	(10,713,000)	2.32%	2,782,010
East Bay	(19,562,000)	3,769,400	(15,792,600)	3.42%	4,101,110
Fresno	(31,018,600)	5,829,400	(25,189,200)	5.46%	6,541,270
Fullerton	(44,259,700)	9,883,600	(34,376,100)	7.45%	8,926,970
Humboldt	(9,838,200)	1,475,600	(8,362,600)	1.81%	2,171,640
Long Beach	(47,964,000)	10,212,400	(37,751,600)	8.19%	9,803,540
Los Angeles	(28,464,700)	5,449,500	(23,015,200)	4.99%	5,976,710
Maritime Academy	(738,000)	0	(738,000)	0.16%	191,650
Monterey Bay	(3,410,400)	0	(3,410,400)	0.74%	885,630
Northridge	(45,039,200)	9,350,400	(35,688,800)	7.74%	9,267,860
Pomona	(30,258,400)	5,712,500	(24,545,900)	5.32%	6,374,210
Sacramento	(38,596,100)	8,349,600	(30,246,500)	6.56%	7,854,570
San Bernardino	(23,186,400)	4,616,800	(18,569,600)	4.03%	4,822,250
San Diego	(50,208,400)	10,285,500	(39,922,900)	8.66%	10,367,390
San Francisco	(40,393,400)	8,510,400	(31,883,000)	6.91%	8,279,550
San Jose	(39,453,200)	8,166,900	(31,286,300)	6.78%	8,124,590
San Luis Obispo	(30,123,000)	5,559,100	(24,563,900)	5.33%	6,378,890
San Marcos	(10,672,300)	1,526,700	(9,145,600)	1.98%	2,374,980
Sonoma	(10,407,500)	1,577,900	(8,829,600)	1.91%	2,292,920
Stanislaus	(10,044,900)	1,490,200	(8,554,700)	1.85%	2,221,530
Campus Total	(\$562,894,800)	\$109,889,100	(\$453,005,700)	98.22%	\$117,638,950
Chancellor's Office	(5,350,700)	0	(5,350,700)	1.16%	1,389,500
CalStateTeach	0	0	0		
Int'l. Programs	0	0	0		
Summer Arts	0	0	0		
CO - Systwd. Provisions	(2,854,500)	0	(2,854,500)	0.62%	741,269
CSU System Total	(\$571,100,000)	\$109,889,100	(\$461,210,900)	100.00%	\$119,769,719

*Operating support restoration is based on funds remaining after allocations for enrollment and mandatory costs

Attachment D –2010/11 August Budget, SUF Revenue Adjustments (310,317 FTES)

This attachment is provided for informational purposes only. The content of this attachment with projected SUF revenue adjustments as of August has not changed from that included in the B 10-02 Coded Memorandum. Attachment E reflects the current SUF revenue adjustments.

Attachment E –2010/11 Budget Act, SUF Revenue Adjustments (326,290 FTES)

This B 10-04 Coded Memorandum includes SUF revenue adjustments related to 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 in Attachment E. For purposes of fee revenue projections in this coded memo, the FTES is 326,290 FTES, which includes the September 27 baseline of 325,360 plus the supplement of 930 FTES for three campuses.

The following table summarizes the provisional 2010/11 SUF revenue adjustments as shown in Attachment E:

	SUF Revenue Adjustments	Financial Aid Adjustment	B 10-04 2010/11 Net SUF Revenue Adjustment
B 10-04 2010/11 SUF Adjustments (Gross)			
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	<u>114,478,000</u>	<u>(38,160,000)</u>	<u>76,318,000</u>
2010/11 SUF Revenue Adjustment	\$72,154,000	(37,732,000)	34,422,000

*Requires BOT approval.

Following is a summary of the academic year SUF rates with a 2010/11 5 percent mid-year rate increase that is subject to the Board of Trustees' approval:

SUF Rates -- Semester Campus¹	2010/11 Fall Semester Rates	5% Mid-Year Semester Increase²	2010/11 Semester Rates after Mid-Year Increase²
Undergraduate Programs			
6.1 or more	\$2,115	\$105	\$2,220
0 to 6.0	\$1,227	\$60	\$1,287
Credential Programs			
6.1 or more	\$2,454	\$123	\$2,577
0 to 6.0	\$1,425	\$69	\$1,494
Graduate and Other Post-Baccalaureate Programs			
6.1 or more	\$2,607	\$129	\$2,736
0 to 6.0	\$1,512	\$75	\$1,587

¹Applicable quarter campus rates are not displayed.

²Increase is subject to BOT approval.

Attachment F – 2010/11 Budget Act, State University Grant (SUG) Adjustment

On August 11, 2010, campuses received a notice of their respective SUG allocations based on a 310,317 FTES base. Now with enactment of the Budget Act of 2010 and revised enrollment targets, we are informing campuses of an increase in their SUG allocations based on a 325,360 FTES baseline. Campus increases are based on their proportionate share of the increase in FTES (325,360 versus 310,317) applied to the additional \$7.8M in SUG funds being allocated at this time. This is in addition to the SUG amounts from the August 11 B 10-02 allocation memo.

Due to this unique budget situation, the focus is on the restoration of FTES. 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 our SUG allocation policy, which recognizes campus-funded enrollment targets and the highest need students.

For enrollment beyond their 325,360 target in 2010/11, campuses should set-aside one-third from student revenue collections funds to augment the number of SUG awards– one-time only. Questions about the SUG distribution process or campus SUG allocations may be directed to Dean Kulju, Director of Financial Aid, at (562) 951-4737 or email at dkulju@calstate.edu.

Attachment G – 2010/11 Enrollment Projection Allocation Summary

Enrollment target changes by campus from 2009/10 to 2010/11 are provided on Attachment G. The total resident FTES in the Budget Act of 2010 is 339,873. The nonresident FTES included in B 10-04 is 15,170. For purposes of fee revenue and SUG calculations, the 2010/11 FTES B 10-04 baseline is 326,290 FTES.

Following is the CSU 2010/11 marginal cost of instruction rate per FTES by program area:

**2010/11 Resident Student Marginal Cost of Instruction Rate Per FTES
DOF Methodology**

	Student Fees	General Fund	Total
Instruction	\$1,656	\$3,910	\$5,566
Instructional Equipment Replacement	39	91	130
Academic Support	425	1,005	1,430
Student Services	319	753	1,072
Institutional Support	334	789	1,123
Operation and Maintenance (O&M) of Plant	320	757	1,077
2010/11 Marginal Cost Calculation Totals	\$3,093¹	\$7,305	\$10,398

¹ The student fees amount net of financial aid is \$2,062; the remaining \$1,031 (one-third) is set-aside for financial aid.

Attachment H – CSU Operating Revenue - 2010/11 Interest Payment Schedule

The campus 2010/11 CSU operating revenue interest payment schedule is included with the budget allocations for informational purposes. The total 2010/11 campus operating revenue interest chargeback is \$7.2 million, which represents a \$.9 million reduction from \$8.15 million assessed in 2009/10. The 2010/11 interest assessment is based on the campus operating revenue equivalent to the 2009/10 SUF and other fee revenue reported in 2009/10 FIRMS final budget submissions.

The annual interest chargeback requirement was agreed upon to maintain fiscal neutrality for the state GF in recognition of the 2006/07 transition of the deposit of fee revenue from the state GF 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 campus quarterly assessments will be processed by Cash Posting Order to credit systemwide provisions. Questions concerning processing of quarterly interest payments should be directed to Kelly Cox, CSU Systemwide Financial Operations, at (562) 951-4611 or email at kcox@calstate.edu.