



The California State University
OFFICE OF THE CHANCELLOR

To: CSU Presidents

From: Gary W. Reichard
Executive Vice Chancellor &
Chief Academic Office

Richard P. West
Executive Vice Chancellor &
Chief Financial Officer

Date: August 3, 2006

Re: 2006/07 Final Budget Enrollment Allocation

On July 24, 2006, the memorandum on 2006/07 Final Budget Allocations was emailed to Chief Fiscal Officers. This memorandum provides highlights regarding policy and procedural changes that have taken place during the last year with regard to enrollments for the system and for the campuses.

The changes can be summarized as follows:

1. The State agrees that CSU should count graduate student FTES in the same way as the UC and the rest of the nation, and enrollment base and growth beginning in 2006-07 reflects this change.
2. The State no longer will provide marginal cost General Fund support for most nonresident student *growth*, because such students already pay the total average cost of their instruction through nonresident tuition.

Attachment A was prepared as a one-page systemwide summary of the changes that developed during the last year. In the following bullets, we also refer to Attachment B for campus information akin to that distributed with the budget allocation memorandum:

- The State agreed that the CSU should calculate graduate student full-time equivalent students (FTES) in the same way as the UC and the rest of the nation – 12 student credit units per FTES for master’s students rather than the 15 unit standard. This change increases CSU enrollment *growth* from 8,337 new FTES to 8,490 new FTES with the change, an increase of 153 FTES. In the old methodology, the CSU was slated to grow 8,337 FTES from 332,223 FTES in 2005-06 to 340,560 FTES in 2006-07. (see Attachment B, Columns 1 and 10). In the new methodology, the CSU grows from 330,609 FTES in 2005-06 to 348,099 FTES in 2006-07, the 8,490 FTES increase (see Attachment B, Columns 4 and 12). *The term “rebenching” was coined to describe the new methodology for graduate student calculations.*
- After conversations with you, on March 1st we circulated adjusted 2006-07 campus permanent FTES targets, one-time advanced-funded FTES, and above-Compact MS Nursing FTES. Adding Column 12 and Column 16 together yields *the total systemwide funded enrollment target of 348,262 FTES*, which includes above-Compact MS Nursing FTES. This figure parallels the original enrollment expectation for the CSU in the Governor’s Budget.

- When the 2005-06 college year was completed, there were additional conversations with a few of you that further revised 2006-07 permanent FTES targets and “advance-funded” FTES¹ (see Attachment B, Columns 13, 14, and 15). For most campuses, the unrebenched and rebenched permanent FTES targets remain the same as in March.² The sum of campus total rebenched FTES targets (permanent, advance-funded, and above-Compact MS Nursing) is shown in Column 17 of Attachment B.
- The 2006-07 Budget Bill contains an additional change in state expectations regarding enrollments. One thing that did not change was CSU permanent enrollment *growth* between CY 2005-06 and CY 2006-07; it remains at 8,490 FTES. *All growth*, however, must be – in shorthand -- *resident* FTES.
Because nonresident tuition is collected from most nonresident students to cover the cost of instruction, General Fund marginal cost enrollment *growth* dollars for such students is no longer provided, beginning with 2006-07. It is important to note that campus base 2005-06 funding has not been reduced. In addition, although the original language in the Budget Bill assumed that all nonresident students must pay nonresident tuition, the Chancellor’s Office, Legislative Analyst’s Office, and the Department of Finance subsequently have agreed that there are categories of nonresident students who receive exceptions covered in the Education Code Sections 68070-68084 and 89705–89707 or statutory exemptions covered in Education Code 68130.5. Since these students do not pay nonresident tuition consistent with the Education Code, their FTES will count as resident FTES.
- Since enrollment targets were rebenched based on actual CY 2004-05 enrollment data, CY 2004-05 ERS data were used to estimate FTES nonresident students who were slated to pay nonresident tuition at each campus. The nonresident tuition (NRT) FTES figure was, then, rebenched and subtracted from the campus’ 2005-06 rebenched funded FTES target and from the campus’ 2006-07 rebenched revised permanent 2006-07 base (see Attachment B, Columns 5 through 8 and Columns 18 through 21). At the system level, the adjustment amounts to reducing the Compact CY 2006-07 FTES target of 348,099 by 14,062 NRT FTES to 334,035 *resident* FTES. With above-Compact MS Nursing FTES, the total systemwide *resident* FTES target is 334,198 *resident* FTES (as noted in Attachment A).
- Campuses’ allocated growth, 2007-08 advance, and MSN FTES above Compact all must be in *resident* FTES (that is, total FTES less NRT FTES).
- Campuses’ total internal *resident* 2006-07 targets are shown on Attachment B in Column 22. ***On the campus row, in Column 22, is the FTES target that the campus is expected to achieve – all in resident FTES.*** These campus figures sum to 334,912 resident FTES, a figure larger than the state expectation, reflecting the advance of 2,000 FTES against 2007-08 targets.

If you and your staff have any questions or concerns regarding this memorandum or attachment, please feel free to contact Assistant Vice Chancellor Marsha Hirano-Nakanishi, mhirano-nakanishi@calstate.edu, 562-951-4767.

¹ A few campuses expressed concern early in CY 2005-06 that FTES for the year would not permit their campus to grow reasonably, or at all in some cases, in CY 2006-07; 2,000 FTES were “advance-funded” to these campuses after 2005-06 final enrollment data were received and processed.

² On campus rows, compare Attachment B, Columns 1 and 3 for revised, unrebenched CY 2005-06 base FTES, Columns 10 and 11 for revisions in unrebenched CY 2006-07 permanent targets, and Column 12 with the sum of Columns 13 and 14 for revisions in rebenched CY 2006-07 permanent targets.

**Enrollments for College Year 2006-07:
Highlights – August 1, 2006**

Changes in Policy and Procedures	Enrollments	Net Enrollment Effects
<p>The State agrees that the CSU will calculate graduate student full-time equivalent students (FTES) just as the UC and rest of the nation does – 12 student credit units per FTES for master’s students rather than 15 student credit unit standard – for 2.5% growth from CY 2005-06 to CY 2006-07</p>	<p>CY 2005-06 to CY 2006-07 in old standard – 332,223 to 340,560 – 8,337 2.5% FTES Growth</p> <p>CY 2005-06 to CY 2006-07 rebenched using CY 2004-05 actual parameters – 339,609 to 348,099 – 8,490 2.5% FTES Growth</p>	<p>8,490 FTES growth expected and funded for the CSU</p> <p>(+153 more FTES growth than unrebenched)</p>
<p>CSU campus CY 2005-06 and CY 2006-07 FTES targets are rebenched and provided to campuses; in CY 2006-07.</p> <p>Campuses that received special funding above target for developing new RNS with master’s degrees receive rebenched targets.</p> <p>Advance CY 2007-08 FTES are provided to a few campuses to ensure that the CY 2006-07 rebenched systemwide target is reached, even with CY 2006-07 rebenched target revisions for some campuses.</p>	<p>CY 2004-05 actual figures were used to rebench campus 05-06 and 06-07 targets – just as CY 2004-05 actuals were used for the systemwide change.</p> <p>163 new rebenched FTES expected above target in CY 2006-07.</p>	<p>+163 additional FTES growth above 2.5% expected and funded in special MS Nursing program</p>
<p>Beginning in CY 2006-07, the State no longer will provide marginal growth dollars for nonresident students who pay non-resident tuition. These students’ non-resident tuition and other fees cover their cost of instruction. “Marginal” dollars received for students who paid non-resident tuition in the past will remain in campus base funding regardless of changes in the instruction taken by these students in 2005-06, 2006-07 and forward.</p> <p>14,064 rebenched FTES taken by students who paid non-resident tuition in CY 2004-05 were subtracted from the CY 2005-06 and CY 2006-07 to provide the bases for the new state-supported FTES systemwide CY 2005-06 base and CY 2006-07 target.</p> <p>This means that state-supported FTES growth must be “resident.”</p>	<p>Adjusted CY 2005-06 base FTES from which state-supported marginal growth will be based – Instead of 339,609 FTES – 325,545 FTES in FTES taken by students who do NOT pay non-resident tuition.</p> <p>Adjusted CY 2006-07 FTES target that must be reached – Instead of 348,099 FTES – 334,035 FTES in FTES taken by students who do NOT pay non-resident tuition.</p>	<p>8,490 2.5% FTES growth expected and funded for the CSU remains the same, BUT all growth expected without the contributions of students who pay non-resident tuition. In a type of shorthand, all state-supported FTES must reflect resident fee status.</p>
<p>MS Nursing and Advance FTES also must be “resident.”</p>		<p>+163 additional FTES growth above 2.5% expected and funded in special MS Nursing program must reflect resident fee status.</p> <p>+2,000 advance FTES must reflect resident fee status.</p>
<p>In light of all the above and more, it was decided that Version 16 of the unrebenched multiyear planning estimates would continue to be used for capital planning purposes for another cycle.</p>		