

# THE CALIFORNIA STATE UNIVERSITY

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**RODNEY RIDEAU, BUDGET DIRECTOR**  
**BUSINESS AND FINANCE, OFFICE OF BUDGET DEVELOPMENT**



February 23, 2004

TO: Chief Financial Officers  
 FROM: Rodney Rideau *[Signature]*

**Code Memorandum: B 04-02**

Subject: 2004/05 Governor's Budget Allocation

The following report provides planning information for campuses based on the Governor's Budget submitted on January 9, 2004. Campuses should use this information as a guide for enrollment planning and estimating revenue for the 2004/05 fiscal year. The following table shows actions taken in the 2004/05 Governor's Budget to reduce CSU General Fund support and the CSU response reflected in this Governor's Budget allocation memorandum.

### 2004/05 Governor's Budget

	<b>Gov. Bgt.</b>	<b>CSU Response</b>
CSU General Fund Base ( <i>includes retirement, annuitant dental and lease bond increases</i> )	\$2,649,219,000	\$2,649,219,000
Restoration of 2003/04 One-Time Budget Cut	69,500,000	
CSU Budget Reductions	(209,534,000)	
General Fund Reduction/Student Fee Income Offset	(101,527,000)	
Increase Counseling Services for Freshmen Enrolling at CCC	1,900,000	
<b>Total CSU General Fund Budget Adjustments</b>	<b>(239,661,000)</b>	<b>(239,661,000)</b>
<b>2004/05 CSU General Fund Appropriation</b>	<b>\$2,409,558,000</b>	<b>\$2,409,558,000</b>
<b>Percentage Change over 2003/04 Revised Base</b>	<b>-9.0%</b>	<b>-9.0%</b>
<b>Governor's Budget General Fund Adjustments</b>	<b>(\$239,661,000)</b>	<b>(\$239,661,000)</b>
Increase Student Faculty Ratio by factor of 1	(53,516,000)	
Eliminate General Fund Subsidy for Excess Course Units	(24,402,000)	
Reduce New Freshmen Enrollment by 10 Percent	(21,062,000)	
Reduce Enrollment by 5% - 16,747 FTES		(83,668,000)
Provide Counseling for Freshmen Enrolling in CCC in lieu of CSU	1,900,000	1,900,000
7.5% Reduction in CSU Academic and Institutional Support	(52,554,000)	
Defer 10% of CMS Implementation Costs	(6,000,000)	
Eliminate CSU General Fund Outreach and EOP Program	(52,000,000)	
Restore 2003/04 One-Time Budget Cut	69,500,000	
7.5% Reduction in Chancellor's Office Administration and Programs		(6,442,000)
CSU Unallocated Pro-rata Adjusted General Fund Reduction		(49,924,000)
Unallocated Budget Reduction	(23,033,000)	(23,033,000)
Reduce General Fund to Reflect 10% Increase in Undergraduate Fee	(31,730,000)	(31,730,000)
Reduce General Fund to Reflect 40% Increase in Graduate Fee	(33,948,000)	(33,948,000)
Reduce General Fund to Reflect 20% Increase in Nonresident Fee	(12,816,000)	(12,816,000)

## 2004/05 Governor's Budget Allocation

At the January 2004 meeting of the CSU Executive Council, presidents were presented with a budget implementation strategy that identified projected General Fund and student fee income if the Governor's Budget recommendations were adopted as proposed. The General Fund allocations for 2004/05, based on those recommendations before any other adjustments to campus base budgets except the addition of retirement funding, resulted in the following distribution of CSU resources assuming a 5% reduction in CSU enrollment targets:

### **January Executive Council General Fund Allocation**

Bakersfield	\$50,032,700
Channel Islands	26,994,600
Chico	98,939,200
Dominguez Hills	59,799,800
Fresno	122,845,700
Fullerton	136,329,000
Hayward	72,922,600
Humboldt	61,755,700
Long Beach	161,460,200
Los Angeles	104,252,700
Maritime Academy	13,308,800
Monterey Bay	43,614,300
Northridge	151,492,700
Pomona	119,150,500
Sacramento	133,544,900
San Bernardino	81,567,000
San Diego	177,899,700
San Francisco	127,575,400
San Jose	136,284,400
San Luis Obispo	119,609,400
San Marcos	50,049,200
Sonoma	49,385,900
Stanislaus	48,941,800
Campus Total	\$2,147,756,200
Chancellor's Office	65,289,801
International Programs	2,367,299
Summer Arts	152,900
Systemwide Provisions	193,991,800
System Total	\$2,409,558,000

Following discussion at Executive Council, modifications were made to the budget implementation strategy in several areas.

- Campus enrollment loss was calculated on the basis of total marginal cost funding support and associated losses in student fee revenue to determine the General Fund loss. This modification assigns the same methodology for enrollment loss that is typically used for enrollment growth to the allocation process for 2004/05.
- The allocation of the \$101.5 million General Fund transfer to student fee income derived from fee rate increases proposed in the Governor's Budget was assigned to Nonresident Tuition income and State University Fee income as separate allocations. This modification aligned General Fund reductions to nonresident income as assumed in the Governor's Budget, and prorated income assumed from State University Fee rate increases in accordance with campus' percentage share of revenue growth after adjusting for Summer 2004 revenue assigned to reduction in the 2003/04 Final Budget and revenue loss associated with the 5% reduction in enrollment targets.
- Adjustments were made to incorporate the removal of one-time 2003/04 funding from campus budgets, increase General Fund allocations for campuses opening new space, and make General Fund adjustments – following an internal review by the Budget Office of the impact of the Governor's Budget changes, the 5% enrollment

reduction and the fee rate increases on campus base budgets – to offset any negative impact of these changes so that campus allocations would not fall below the General Fund balance campus presidents were shown at the January Executive Council (see table on page 2). This analysis occurred before any adjustments were made in campus budgets for the redistribution of State University Grant funding.

These modifications were shared with campus chief financial and business officers at their meeting in February 2004. Issues raised by several campuses were analyzed following that meeting to resolve any additional concerns with the allocation process. The Budget Office appreciates the comments and analyses from several campuses that helped clarify the 2004/05 Governor's Budget allocation process. We are confident the allocations presented here for planning purposes incorporate CSU budget redesign principles, are consistent with past allocation practices, and reflect the direction of the Chancellor following appropriate constituent consultations on the governor's 2004/05 budget recommendations.

### **2004/05 Gross Budget Summary**

Actions taken in the 2004/05 Governor's Budget allocation process are designed to preserve the quality of CSU educational programs and the investment made by students and their families in pursuit of higher education and the opportunities that are provided by the baccalaureate and master's degree. To accomplish this goal, the majority of General Fund reduction identified in the Governor's Budget was addressed by reducing CSU enrollments 5% below the 2003/04 Final Budget target. This action, which reduces enrollment by 16,747 FTES and cuts CSU General Fund support by \$83.7 million, also reduces CSU revenue collections by \$41.9 million. The Governor's Budget allocation assumes campuses will make the gross expenditure adjustments necessary to accomplish this enrollment reduction prior to any action related to proposed fee rate increases for 2004/05.

The Gross Budget Summary table details the changes that would occur in campus General Fund, State University Fee, Nonresident Tuition and Other Receipt allocations if the Governor's Budget recommendations and a 5% reduction in enrollment are implemented. Changes in student fee revenue and other receipts reflect CSU calculations that may be modified as campuses develop their individual budget year plans. However, any modifications campuses make to revenue and other receipts will not impact the General Fund allocation campuses receive in this allocation. The Summary table identifies the CSU response to the following Governor's Budget actions:

- State Base Budget Adjustments totaling \$157,198,000 for increases in CSU retirement costs, annuitant dental benefits, and lease bond debt service payments
- State net General Fund reductions totaling -\$239,661,000 that reflect +\$69.5 million to restore a one-time 2003/04 budget cut, -\$209.5 million in specified program cuts, -\$101.5 million to be replaced with revenue from increases in the State University Fee and Nonresident Tuition Fee rates, and +\$1.9 million for counseling services.

*Note: CSU accomplishes the net -\$140 million required in Governor's Budget program cuts (+\$69.5 million - \$209.5 million) by reducing enrollments 5% for \$83.7 million in cuts, reducing central office systemwide funds by \$6.4 million, and prorating an unallocated reduction of \$49.9 million to the campuses.*

The details shown on the Gross Budget Summary table and tables supporting the Gross Budget Summary are provided for planning and information purposes only. Several changes may occur during the legislative budget process that could affect CSU appropriations for the budget year. Campuses will be updated on actions leading to the enactment of the budget. Final allocations for fiscal year 2004/05 will be made after the Budget Act of 2004 has been enacted.

The revenue increase associated with the State University Fee reflects rates that modify the Governor's Budget recommendation of a 10% increase for undergraduates and a 40% increase for graduates and post-baccalaureates. In recognition of the fact that the majority of CSU post-baccalaureates are students seeking their teaching credentials, the Governor's Budget allocation assumes an 11% increase in undergraduate fees, a 25% increase in fee rates for post baccalaureates, and a 40% fee increase for graduate and other post-baccalaureate students. This revised distribution of the fee rate increases achieves the same level of increased revenue support calculated for the rate increases recommended in the Governor's Budget.

The revenue increase associated with the Nonresident Tuition Fee reflects the 20% rate increase proposed in the Governor's Budget.

No adjustment has been calculated for increases in Other Receipts, in accordance with Budget Redesign and the CSU allocation process.

## 2004/05 Governor's Budget Gross Budget Summary

	2003/04 Final Budget Allocations						2004/05 CSU Governor's Budget Allocation					
	FTES Target	Final Budget General Fund B 03-04	Campus Reported Revenue				FTES Target	General Fund	CSU Projected Revenue*			
			State University Fee	Nonresident Tuition	Other Receipts	Total Gross			State University Fee	Nonresident Tuition	Other Receipts	Total Gross
Bakersfield	6,807	\$52,188,000	\$15,499,058	\$825,000	\$3,427,491	\$71,939,549	6,467	\$50,371,300	\$17,134,058	\$993,000	\$3,427,491	\$71,925,849
Channel Islands	1,627	27,202,000	4,288,520	23,688	1,045,575	32,559,783	1,546	27,176,900	5,059,520	28,688	1,045,575	33,310,683
Chico	14,646	101,388,600	31,963,000	2,382,410	15,514,751	151,248,761	13,914	99,337,800	34,449,000	2,864,410	15,514,751	152,165,961
Dominguez Hills	9,570	63,851,200	26,518,000	950,000	8,121,012	99,440,212	9,091	60,714,400	29,390,000	1,142,000	8,121,012	99,367,412
Fresno	17,428	127,744,000	38,971,000	4,565,540	8,836,160	180,116,700	16,557	123,607,000	42,791,000	5,488,540	8,836,160	180,722,700
Fullerton	25,061	144,348,200	64,264,000	8,400,000	14,371,060	231,383,260	23,808	137,146,200	69,450,000	10,098,000	14,371,060	231,065,260
Hayward	12,207	77,733,700	29,171,000	6,689,040	8,685,574	122,279,314	11,597	73,601,700	32,286,000	8,042,040	8,685,574	122,615,314
Humboldt	7,450	63,159,200	15,045,076	2,284,200	6,890,724	87,379,200	7,077	62,128,306	16,304,076	2,746,200	6,890,724	88,069,306
Long Beach	27,740	170,245,700	67,570,000	11,225,000	15,984,162	265,024,862	26,353	163,396,900	73,101,000	13,494,000	15,984,162	265,976,062
Los Angeles	17,256	110,914,400	45,024,564	4,293,848	10,302,869	170,535,681	16,393	106,541,300	49,866,564	5,162,848	10,302,869	171,873,581
Maritime Academy	861	13,371,800	1,196,910	697,950	2,839,930	18,106,590	818	13,363,200	1,276,910	839,950	2,839,930	18,319,990
Monterey Bay	3,654	43,845,200	7,387,000	424,000	3,665,394	55,321,594	3,471	43,755,200	7,970,000	510,000	3,665,394	55,900,594
Northridge	24,392	159,797,800	62,572,000	6,550,000	19,984,832	248,904,632	23,172	153,482,000	68,707,000	7,874,000	19,984,832	250,047,832
Pomona	17,810	122,882,300	41,572,000	5,543,684	15,502,410	185,500,394	16,919	120,016,400	44,347,000	6,663,684	15,502,410	186,529,494
Sacramento	22,765	140,895,000	53,500,000	4,300,000	8,646,206	207,341,206	21,627	134,697,300	58,805,000	5,169,000	8,646,206	207,317,506
San Bernardino	13,839	87,281,300	34,800,000	4,000,000	13,534,400	139,615,700	13,147	83,700,300	38,529,000	4,809,000	13,534,400	140,572,700
San Diego	28,223	184,983,000	67,722,000	8,168,400	43,204,781	304,078,181	26,812	178,807,400	73,559,000	9,820,400	43,204,781	305,391,581
San Francisco	23,007	137,491,800	57,231,600	15,529,000	6,777,848	217,030,248	21,857	129,342,200	63,136,600	18,669,000	6,777,848	217,925,648
San Jose	22,376	144,560,400	56,444,000	9,347,742	13,287,323	223,639,465	21,257	137,548,000	62,421,000	11,237,742	13,287,323	224,494,065
San Luis Obispo	17,072	122,013,400	35,123,706	4,065,927	22,340,503	183,543,536	16,218	119,938,900	37,364,706	4,888,927	22,340,503	184,533,036
San Marcos	6,110	51,524,400	15,296,202	520,000	1,780,193	69,120,795	5,804	50,211,900	16,511,202	624,000	1,780,193	69,127,295
Sonoma	6,960	50,834,400	15,647,000	1,200,000	14,631,000	82,312,400	6,612	49,842,374	17,083,000	1,443,000	14,631,000	82,999,374
Stanislaus	6,677	50,390,900	15,309,157	645,456	8,312,632	74,658,145	6,343	49,147,800	16,906,157	775,456	8,312,632	75,142,045
<b>Campus Total</b>	<b>333,538</b>	<b>\$2,248,646,700</b>	<b>\$802,115,793</b>	<b>\$102,630,885</b>	<b>\$267,686,830</b>	<b>\$3,421,080,208</b>	<b>316,860</b>	<b>\$2,167,874,780</b>	<b>\$876,447,793</b>	<b>\$123,383,885</b>	<b>\$267,686,830</b>	<b>\$3,435,393,288</b>
Chancellor's Office	688	63,299,301			8,848,377	72,147,678	654	65,608,901	326,000	0	8,848,377	74,783,278
International Programs	633	2,649,299	670,870			3,320,169	601	2,397,499	739,870	0	0	3,137,369
Summer Arts	55	165,900				165,900	52	162,900	0	0	0	162,900
Systemwide Provisions		177,259,800			224,000	177,483,800		173,513,920	0	0	224,000	173,737,920
<b>CSU System Total</b>	<b>334,914</b>	<b>\$2,492,021,000</b>	<b>\$802,786,663</b>	<b>\$102,630,885</b>	<b>\$276,759,207</b>	<b>\$3,674,197,755</b>	<b>318,167</b>	<b>\$2,409,558,000</b>	<b>\$877,513,663</b>	<b>\$123,383,885</b>	<b>\$276,759,207</b>	<b>\$3,687,214,755</b>

\* CSU projected revenue adds CSU calculated revenue increases to the budgeted revenue reported in campuses' 2003/04 Final Budget submissions. Consequently, campuses may revise these estimates.

## **2004/05 Adjusted General Fund Base Budget Calculation**

Adjustments to campuses base General Fund budget follows decisions made on how best to achieve the Governor's Budget proposals. The first action taken was to increase campus budgets by \$155 million to reflect 2003/04 retirement funding added to the CSU base. Additional adjustments were made to permanently increase the budgets for Humboldt, Sonoma and the Chancellor's Office for costs associated with technology agreements made in 1999/2000 and a Department of General Services Property Inventory Registry requirement. In addition, \$2 million was added to Systemwide Provisions for central office management of annuitant dental benefit payments to PERS, \$1.9 million was added for counseling services to first-time freshmen redirected to community colleges, and \$42,000 was added for increased debt service costs of lease revenue bonds.

The Governor's Budget calls for \$209.5 million in specified program cuts that are offset by the restoration of \$69.5 million in one-time cuts CSU received in 2003/04. The net impact of these transactions is a \$140 million General Fund reduction requirement at CSU in 2004/05. In order to preserve the quality of the CSU academic program and services provided to students admitted to the university, the Chancellor has called for a 5% reduction in CSU's enrollment for the 2004/05 college year to achieve a majority of this General Fund loss. Marginal cost funding associated with this enrollment loss accounts for \$83.7 million of the \$140 million reduction requirement. The \$83.7 million reduction is calculated for each campus using the same marginal cost methodology used to fund enrollment growth.

The General Fund reduction associated with the enrollment loss is determined by offsetting the expenditure loss at the gross marginal cost rate of \$7,496 per FTES by the share of the expenditure loss attributable to a reduction in student fee revenue. It is projected campuses would be required to reduce expenditures by \$41.9 million to reflect the revenue loss associated with a 5% enrollment reduction. The calculation of the revenue loss is based on the most recent past year (2002/03) distribution of students and a loss of 16,747 full-time equivalent students.

CSU central office costs are reduced \$6.4 million to cover an additional portion of the \$140 million in proposed General Fund cuts to CSU operational programs.

The sum of all of these General Fund budget adjustments (retirement, special initiatives, annuitants' dental, counseling, bond payments, enrollment loss and central office cuts) is used to calculate the adjusted General Fund base that is used in the remainder of the 2004/05 Governor's Budget allocation process, which is reflected in column 11 on the 2004/05 Adjusted General Fund Base Budget Calculation table that follows.

## 2004/05 Adjusted General Fund Base Budget Calculation

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	2004/05 General Fund Base Calculation				2004/05 5% Enrollment Loss Calculation						
	Final Budget General Fund B 03-04	Retirement Adjustment	Special Initiatives	2004/05 General Fund Base (1) + (2) + (3)	Reduce Marginal Cost Enrollment Support by 16,747 FTES @ \$7,496 per FTES	5% Enr Cut SUF Revenue Loss	5% Enr Cut General Fund Loss (6) - (7)		Chancellor's Office Program Reductions	Annuitants' Dental and Lease Bonds	Adjusted 2004/05 General Fund Base (4) + (8) + (9) + (10)
Bakersfield	\$52,188,000	\$3,162,700		\$55,350,700	-340	(\$2,549,000)	(\$791,000)	(\$1,758,000)			\$53,592,700
Channel Islands	27,202,000	1,419,600		28,621,600	-81	(607,000)	(10,000)	(597,000)			28,024,600
Chico	101,388,600	7,033,600		108,422,200	-732	(5,487,000)	(1,674,000)	(3,813,000)			104,609,200
Dominguez Hills	63,851,200	4,360,600		68,211,800	-479	(3,591,000)	(1,378,000)	(2,213,000)			65,998,800
Fresno	127,744,000	8,115,700		135,859,700	-871	(6,529,000)	(2,044,000)	(4,485,000)			131,374,700
Fullerton	144,348,200	10,182,800		154,531,000	-1,253	(9,392,000)	(3,346,000)	(6,046,000)			148,485,000
Hayward	77,733,700	5,598,900		83,332,600	-610	(4,573,000)	(1,543,000)	(3,030,000)			80,302,600
Humboldt	63,159,200	3,846,500	350,106	67,355,806	-373	(2,796,000)	(827,000)	(1,969,000)			65,386,806
Long Beach	170,245,700	12,045,500		182,291,200	-1,387	(10,397,000)	(3,671,000)	(6,726,000)			175,565,200
Los Angeles	110,914,400	7,415,300		118,329,700	-863	(6,469,000)	(2,367,000)	(4,102,000)			114,227,700
Maritime Academy	13,371,800	667,000		14,038,800	-43	(322,000)	(67,000)	(255,000)			13,783,800
Monterey Bay	43,845,200	2,388,100		46,233,300	-183	(1,372,000)	(390,000)	(982,000)			45,251,300
Northridge	159,797,800	10,883,900		170,681,700	-1,220	(9,145,000)	(3,158,000)	(5,987,000)			164,694,700
Pomona	122,882,300	8,205,200		131,087,500	-891	(6,679,000)	(2,151,000)	(4,528,000)			126,559,500
Sacramento	140,895,000	9,178,900		150,073,900	-1,138	(8,530,000)	(2,866,000)	(5,664,000)			144,409,900
San Bernardino	87,281,300	5,979,700		93,261,000	-692	(5,187,000)	(1,817,000)	(3,370,000)			89,891,000
San Diego	184,983,000	13,172,700		198,155,700	-1,411	(10,577,000)	(3,544,000)	(7,033,000)			191,122,700
San Francisco	137,491,800	10,362,600		147,854,400	-1,150	(8,620,000)	(3,030,000)	(5,590,000)			142,264,400
San Jose	144,560,400	10,397,000		154,957,400	-1,119	(8,388,000)	(2,990,000)	(5,398,000)			149,559,400
San Luis Obispo	122,013,400	8,040,000		130,053,400	-854	(6,402,000)	(1,912,000)	(4,490,000)			125,563,400
San Marcos	51,524,400	2,910,800		54,435,200	-306	(2,294,000)	(785,000)	(1,509,000)			52,926,200
Sonoma	50,834,400	3,539,500	378,074	54,751,974	-348	(2,609,000)	(805,000)	(1,804,000)			52,947,974
Stanislaus	50,390,900	3,279,900		53,670,800	-334	(2,504,000)	(488,000)	(2,016,000)			51,654,800
<b>Campus Total</b>	<b>\$2,248,646,700</b>	<b>\$152,186,500</b>	<b>\$728,180</b>	<b>\$2,401,561,380</b>	<b>-16,678</b>	<b>(\$125,019,000)</b>	<b>(\$41,654,000)</b>	<b>(\$83,365,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,318,196,380</b>
Chancellor's Office	63,299,301	2,925,500	15,000	66,239,801	-34	(255,000)	(113,000)	(142,000)			66,097,801
International Programs	2,649,299			2,649,299	-32	(240,000)	(82,000)	(158,000)			2,491,299
Summer Arts	165,900			165,900	-3	(22,000)	(19,000)	(3,000)			162,900
Systemwide Provisions	177,259,800		(743,180)	176,516,620					(6,442,000)	3,986,000	174,060,620
<b>CSU System Total</b>	<b>\$2,492,021,000</b>	<b>\$155,112,000</b>	<b>\$0</b>	<b>\$2,647,133,000</b>	<b>-16,747</b>	<b>(\$125,536,000)</b>	<b>(\$41,868,000)</b>	<b>(\$83,668,000)</b>	<b>(\$6,442,000)</b>	<b>\$3,986,000</b>	<b>\$2,561,009,000</b>

## **2004/05 General Fund Adjustments and Campus Allocations**

The remaining portion of the \$140 million in net program reductions required by the 2004/05 Governor's Budget is the first adjustment to campuses' adjusted base to determine their Governor's Budget General Fund allocation. The \$49.9 million (\$140M – \$83.7M – \$6.4M) reduction is reflected as an unallocated budget reduction in CSU program costs. It is distributed on the basis of campuses' pro-rata share of the total adjusted campus General Fund base because the CSU central office share of the \$140 million reduction (\$6.4 million) has already been made.

The 2004/05 Governor's Budget proposal also replaces \$101.5 million in General Fund appropriations with revenue from an increase in CSU State University Fee and Nonresident Tuition Fee rates. The General Fund reduction is made on the basis of two calculations. The first takes campuses' 2003/04 budgeted revenue from the Nonresident Tuition Fee, calculates an FTES by dividing the revenue by the \$8,460 academic year fee rate, and multiplies the FTES by the 20% increase in the nonresident tuition fee (\$1,710). The Nonresident Tuition Fee rate must be applicable on a per unit basis at either a quarter or semester campus. Campus General Fund budgets have been reduced by \$16.6 million, which is the total increase calculated less 20% that is set-aside in the Governor's Budget to increase the CSU State University Grant pool.

The second calculation reduces campus General Fund budgets by the remainder of the \$101.5 million (\$84.9 million) on the basis of their pro-rata share of State University Fee revenue increase net of the revenue loss from a 5% enrollment reduction and after 20% has been set-aside to increase the CSU State University Grant pool. This calculation methodology was employed for several reasons:

1. It is impossible to accurately predict what the impact of the mid-year 2003/04 budget reduction, a 5% planned reduction in FTES enrollment targets, and targeted increases in State University Fee rates will be on the 2002/03 headcount distribution patterns used to calculate CSU revenue estimates;
2. The decision to give campuses as much discretionary use of revenue as possible from projected rate increases to accommodate adjustments not recognized in the CSU revenue calculation (e.g., non-mandatory fee waiver increases) and mitigate the impact of unfunded mandatory costs; and,
3. To increase the amount of funds allocated for State University Grant support.

Calstate Teach and International Programs are also subject to this General Fund reduction that is replaced with increased fee revenue support.

The Governor's Budget assigns 20% of the revenue generated from the State University Fee and Nonresident Tuition Fee rate increases to the CSU State University Grant program. CSU fee policy requires a one-third set-aside of increased revenue from the State University Fee. The CSU fee policy set-aside has been suspended for the 2004/05 Governor's Budget allocation process. Additionally, the 20% set-aside of revenue associated with an increase in the nonresident tuition fee rate will not be used to increase the CSU State University Grant pool. Campuses will retain the use of this revenue (\$4.1 million) to address other budget year funding requirements. The amount of set-aside remaining at each campus is shown on the 2004/05 Governor's Budget CSU Revenue Calculation table on page 12.



A General Fund reduction equal to the 20% set-aside of net revenue increase associated with the increase in State University Fee rates has been made to increase funding for the CSU State University Grant pool. The reduction increases the amount of funding available for CSU financial aid grants by \$14.9 million. The calculation for the amount of set-aside from each campus is shown on the 2004/05 Governor's Budget Revenue Increase table on page 11.

Funds available in the systemwide State University Grant pool are distributed annually to campuses on a pro-rata basis of eligible need. Campus budgets have been adjusted to reflect an increase in their State University Grant allocations equal to the \$14.9 million set-aside. However, campuses can only make plans for financial aid allocations based on 90% of the amount shown in column 8 of the table on page 10. This directive is consistent with policy established by the CSU financial aid council. Campuses State University Grant budgets at the 90% level and 100% of funding level are shown on the Preliminary 2004/05 State University Grant Allocations table on page 13.

The final adjustments to campus General Fund budgets were made before the distribution of the State University Grant set-aside. One-time 2003/04 funding in the amount of \$9.4 million was removed from campus budgets. These funds are used in 2004/05 to support New Space requirements at several campuses and to offset any negative impact of 2004/05 budget adjustments relative to the General Fund allocation estimate provided campus presidents at the January meeting of the Executive Council. These adjustments are shown in columns 9 and 10 on the 2004/05 Governor's Budget General Fund Adjustments and Campus Allocation table on page 10. No funds were taken from campuses that showed an improved General Fund position relative to the January Executive Council estimate.

Questions concerning the 2004/05 Governor's Budget allocation should be directed to the Budget Office at (562) 951-4560. Specific questions related to CSU revenue projections should be directed to Alex Porter at (562) 951-4563. Questions concerning the State University Grant allocations shown on page 13 should be directed to Mary Robinson at (562) 951-4737.

## 2004/05 Governor's Budget General Fund Adjustments and Campus Allocations

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Adjusted 2004/05 General Fund Base	Pro-Rata Share of Adjusted Total	\$49.9 million Unallocated Budget Reduction	General Fund Reduction Offset by NRT and SUF Rate		General Fund Replaced with 20% Set-Aside of Fee Revenue Increase for Financial Aid		State University Grant Adjustment	2004/05 New Space	2004/05 Permanent Budget Adjustment	2004/05 Campus General Fund Allocation
		(1) / (\$2.3B)	(2) x (\$49.9M)	Nonresident Tuition	SUF Revenue	Nonresident Tuition	SUF Revenue				(1) + Sum (3 - 10)
				<i>(see Revenue Tables for calculations)</i>							
Bakersfield	\$53,592,700	2.3118270%	(\$1,154,000)	(\$134,000)	(\$1,858,100)		(\$327,000)	\$304,600	\$43,400	(\$96,300)	\$50,371,300
Channel Islands	28,024,600	1.2088970%	(604,000)	(4,000)	(876,500)		(154,000)	181,300	173,500	436,000	27,176,900
Chico	104,609,200	4.5125250%	(2,253,000)	(386,000)	(2,825,500)		(497,000)	302,600	180,600	206,900	99,337,800
Dominguez Hills	65,998,800	2.8469890%	(1,421,000)	(154,000)	(3,264,400)		(574,000)	839,400		(710,400)	60,714,400
Fresno	131,374,700	5.6671080%	(2,829,000)	(738,000)	(4,341,200)		(764,000)	576,300	559,200	(231,000)	123,607,000
Fullerton	148,485,000	6.4051950%	(3,198,000)	(1,358,000)	(5,893,900)		(1,037,000)	477,200	57,800	(386,900)	137,146,200
Hayward	80,302,600	3.4640120%	(1,729,000)	(1,082,000)	(3,540,000)		(623,000)	408,100	20,700	(155,700)	73,601,700
Humboldt	65,386,806	2.8205900%	(1,408,000)	(370,000)	(1,430,500)		(252,000)	159,700	42,300	0	62,128,306
Long Beach	175,565,200	7.5733530%	(3,781,000)	(1,815,000)	(6,285,900)		(1,106,000)	1,482,700		(663,100)	163,396,900
Los Angeles	114,227,700	4.9274380%	(2,460,000)	(695,000)	(5,503,200)		(968,000)	2,102,700	8,800	(171,700)	106,541,300
Maritime Academy	13,783,800	0.5945920%	(297,000)	(114,000)	(90,900)		(16,000)	22,900	74,400	0	13,363,200
Monterey Bay	45,251,300	1.9520050%	(975,000)	(69,000)	(662,000)		(117,000)	123,900	97,200	105,800	43,755,200
Northridge	164,694,700	7.1044330%	(3,547,000)	(1,059,000)	(6,972,000)		(1,227,000)	1,724,300		(132,000)	153,482,000
Pomona	126,559,500	5.4593950%	(2,726,000)	(896,000)	(3,153,600)		(555,000)	641,900		145,600	120,016,400
Sacramento	144,409,900	6.2294080%	(3,110,000)	(695,000)	(6,028,800)		(1,061,000)	978,400	705,000	(501,200)	134,697,300
San Bernardino	89,891,000	3.8776270%	(1,936,000)	(647,000)	(4,237,500)		(746,000)	1,490,700	414,600	(529,500)	83,700,300
San Diego	191,122,700	8.2444570%	(4,116,000)	(1,322,000)	(6,634,000)		(1,167,000)	577,700	460,900	(114,900)	178,807,400
San Francisco	142,264,400	6.1368570%	(3,064,000)	(2,512,000)	(6,710,700)		(1,181,000)	1,138,800	31,500	(624,800)	129,342,200
San Jose	149,559,400	6.4515410%	(3,221,000)	(1,512,000)	(6,793,100)		(1,195,000)	709,700		0	137,548,000
San Luis Obispo	125,563,400	5.4164260%	(2,704,000)	(658,000)	(2,547,000)		(448,000)	164,500	40,600	527,400	119,938,900
San Marcos	52,926,200	2.2830770%	(1,140,000)	(83,000)	(1,380,800)		(243,000)	141,700		(9,200)	50,211,900
Sonoma	52,947,974	2.2840160%	(1,140,000)	(194,000)	(1,632,200)		(287,000)	213,900	27,800	(94,100)	49,842,374
Stanislaus	51,654,800	2.2282320%	(1,112,000)	(104,000)	(1,815,500)		(319,000)	180,000	162,400	501,100	49,147,800
<b>Campus Total</b>	<b>\$2,318,196,380</b>	<b>100.0000000%</b>	<b>(\$49,925,000)</b>	<b>(\$16,601,000)</b>	<b>(\$84,477,300)</b>	<b>\$0</b>	<b>(\$14,864,000)</b>	<b>\$14,943,000</b>	<b>\$3,100,700</b>	<b>(\$2,498,000)</b>	<b>\$2,167,874,780</b>
Chancellor's Office	66,097,801				(370,800)		(65,000)			(53,100)	65,608,901
International Programs	2,491,299				(78,100)		(14,000)			(1,700)	2,397,499
Summer Arts	162,900				0		0			0	162,900
Systemwide Provisions	174,060,620		1,000		200		14,943,000	(14,943,000)	(3,100,700)	2,552,800	173,513,920
<b>CSU System Total</b>	<b>\$2,561,009,000</b>		<b>(\$49,924,000)</b>	<b>(\$16,601,000)</b>	<b>(\$84,926,000)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,409,558,000</b>

**2004/05 Governor's Budget Revenue Increases**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	State University Fee (SUF) Rate Increase						Nonresident Tuition (NRT) Rate Increase				
	5% ENR Cut Revenue Loss	SUF Rate Increase Revenue	Net SUF Revenue Increase	Net SUF 20% Financial Aid Set-aside	2004/05 Budgeted Revenue Increase	Percentage Share of Revenue Increase  <i>used for SUF Reduction</i>	2003/04 FIRMS NRT Revenue	Calculated NRT FTES @ \$8,460 / FTES	Calculated NRT Revenue Increase @ \$10,170 / FTES	20% Unallocated Set-Aside	Gov. Bgt. General Fund Offset
								(7) / \$8,460	(8) x \$1,710	(9) x -20%	(9) + (10)
Bakersfield	(\$791,000)	\$2,426,000	\$1,635,000	(\$327,000)	\$1,308,000	2.187876350%	\$825,000	98	\$168,000	(\$34,000)	\$134,000
Channel Islands	(10,000)	781,000	771,000	(154,000)	617,000	1.032048710%	23,688	3	5,000	(1,000)	4,000
Chico	(1,674,000)	4,160,000	2,486,000	(497,000)	1,989,000	3.326977120%	2,382,410	282	482,000	(96,000)	386,000
Dominguez Hills	(1,378,000)	4,250,000	2,872,000	(574,000)	2,298,000	3.843837820%	950,000	112	192,000	(38,000)	154,000
Fresno	(2,044,000)	5,864,000	3,820,000	(764,000)	3,056,000	5.111735580%	4,565,540	540	923,000	(185,000)	738,000
Fullerton	(3,346,000)	8,532,000	5,186,000	(1,037,000)	4,149,000	6.939983940%	8,400,000	993	1,698,000	(340,000)	1,358,000
Hayward	(1,543,000)	4,658,000	3,115,000	(623,000)	2,492,000	4.168339360%	6,689,040	791	1,353,000	(271,000)	1,082,000
Humboldt	(827,000)	2,086,000	1,259,000	(252,000)	1,007,000	1.684397160%	2,284,200	270	462,000	(92,000)	370,000
Long Beach	(3,671,000)	9,202,000	5,531,000	(1,106,000)	4,425,000	7.401645930%	11,225,000	1,327	2,269,000	(454,000)	1,815,000
Los Angeles	(2,367,000)	7,209,000	4,842,000	(968,000)	3,874,000	6.479994650%	4,293,848	508	869,000	(174,000)	695,000
Maritime Academy	(67,000)	147,000	80,000	(16,000)	64,000	0.107052050%	697,950	83	142,000	(28,000)	114,000
Monterey Bay	(390,000)	973,000	583,000	(117,000)	466,000	0.779472770%	424,000	50	86,000	(17,000)	69,000
Northridge	(3,158,000)	9,293,000	6,135,000	(1,227,000)	4,908,000	8.209554400%	6,550,000	774	1,324,000	(265,000)	1,059,000
Pomona	(2,151,000)	4,926,000	2,775,000	(555,000)	2,220,000	3.713368130%	5,543,684	655	1,120,000	(224,000)	896,000
Sacramento	(2,866,000)	8,171,000	5,305,000	(1,061,000)	4,244,000	7.098889330%	4,300,000	508	869,000	(174,000)	695,000
San Bernardino	(1,817,000)	5,546,000	3,729,000	(746,000)	2,983,000	4.989629330%	4,000,000	473	809,000	(162,000)	647,000
San Diego	(3,544,000)	9,381,000	5,837,000	(1,167,000)	4,670,000	7.811454570%	8,168,400	966	1,652,000	(330,000)	1,322,000
San Francisco	(3,030,000)	8,935,000	5,905,000	(1,181,000)	4,724,000	7.901779740%	15,529,000	1,836	3,140,000	(628,000)	2,512,000
San Jose	(2,990,000)	8,967,000	5,977,000	(1,195,000)	4,782,000	7.998795660%	9,347,742	1,105	1,890,000	(378,000)	1,512,000
San Luis Obispo	(1,912,000)	4,153,000	2,241,000	(448,000)	1,793,000	2.999130200%	4,065,927	481	823,000	(165,000)	658,000
San Marcos	(785,000)	2,000,000	1,215,000	(243,000)	972,000	1.625853070%	520,000	61	104,000	(21,000)	83,000
Sonoma	(805,000)	2,241,000	1,436,000	(287,000)	1,149,000	1.921918910%	1,200,000	142	243,000	(49,000)	194,000
Stanislaus	(488,000)	2,085,000	1,597,000	(319,000)	1,278,000	2.137695700%	645,456	76	130,000	(26,000)	104,000
<b>Campus Total</b>	<b>(\$41,654,000)</b>	<b>\$115,986,000</b>	<b>\$74,332,000</b>	<b>(\$14,864,000)</b>	<b>\$59,468,000</b>	<b>99.471430480%</b>	<b>\$102,630,885</b>	<b>12,134</b>	<b>\$20,753,000</b>	<b>(\$4,152,000)</b>	<b>\$16,601,000</b>
Chancellor's Office	(113,000)	439,000	326,000	(65,000)	261,000	0.436571660%					
International Programs	(82,000)	151,000	69,000	(14,000)	55,000	0.091997860%					
Summer Arts	(19,000)	0	0	0	0	0.000000000%					
Systemwide Provisions											
<b>System Total</b>	<b>(\$41,868,000)</b>	<b>\$116,576,000</b>	<b>\$74,727,000</b>	<b>(\$14,943,000)</b>	<b>\$59,784,000</b>	<b>100.000000000%</b>					

## 2004/05 Governor's Budget CSU Revenue Calculation

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	<b>2003/04 Revised CSU Revenue Base</b>				Base			Gross
	CSU	Revised	Mix &	5% ENR	Revenue	Fee Rate	Revenue	Revenue
	Base	Base	SUM Inc.	Revenue	Loss	Increase	Increase	Change
			(2) - (1)		(4) - (2)		(6) - (4)	(5) + (7)
Bakersfield	15,511,000	15,613,000	102,000	14,822,000	(791,000)	17,248,000	2,426,000	1,635,000
Channel Islands	4,676,000	4,508,000	(168,000)	4,498,000	(10,000)	5,279,000	781,000	771,000
Chico	31,686,000	32,715,000	1,029,000	31,041,000	(1,674,000)	35,201,000	4,160,000	2,486,000
Dominguez Hills	26,518,000	26,892,000	374,000	25,514,000	(1,378,000)	29,764,000	4,250,000	2,872,000
Fresno	39,551,000	40,226,000	675,000	38,182,000	(2,044,000)	44,046,000	5,864,000	3,820,000
Fullerton	64,696,000	66,201,000	1,505,000	62,855,000	(3,346,000)	71,387,000	8,532,000	5,186,000
Hayward	29,189,000	30,219,000	1,030,000	28,676,000	(1,543,000)	33,334,000	4,658,000	3,115,000
Humboldt	15,778,000	16,078,000	300,000	15,251,000	(827,000)	17,337,000	2,086,000	1,259,000
Long Beach	68,920,000	70,450,000	1,530,000	66,779,000	(3,671,000)	75,981,000	9,202,000	5,531,000
Los Angeles	44,902,000	46,249,000	1,347,000	43,882,000	(2,367,000)	51,091,000	7,209,000	4,842,000
Maritime Academy	1,251,000	1,315,000	64,000	1,248,000	(67,000)	1,395,000	147,000	80,000
Monterey Bay	7,602,000	7,658,000	56,000	7,268,000	(390,000)	8,241,000	973,000	583,000
Northridge	61,880,000	62,184,000	304,000	59,026,000	(3,158,000)	68,319,000	9,293,000	6,135,000
Pomona	41,657,000	42,795,000	1,138,000	40,644,000	(2,151,000)	45,570,000	4,926,000	2,775,000
Sacramento	54,835,000	55,541,000	706,000	52,675,000	(2,866,000)	60,846,000	8,171,000	5,305,000
San Bernardino	34,971,000	35,588,000	617,000	33,771,000	(1,817,000)	39,317,000	5,546,000	3,729,000
San Diego	67,722,000	68,081,000	359,000	64,537,000	(3,544,000)	73,918,000	9,381,000	5,837,000
San Francisco	57,880,000	58,808,000	928,000	55,778,000	(3,030,000)	64,713,000	8,935,000	5,905,000
San Jose	57,530,000	58,748,000	1,218,000	55,758,000	(2,990,000)	64,725,000	8,967,000	5,977,000
San Luis Obispo	37,001,000	37,356,000	355,000	35,444,000	(1,912,000)	39,597,000	4,153,000	2,241,000
San Marcos	15,361,000	15,413,000	52,000	14,628,000	(785,000)	16,628,000	2,000,000	1,215,000
Sonoma	15,647,000	15,740,000	93,000	14,935,000	(805,000)	17,176,000	2,241,000	1,436,000
Stanislaus	14,333,000	14,517,000	184,000	14,029,000	(488,000)	16,114,000	2,085,000	1,597,000
<b>Campus Total</b>	<b>809,097,000</b>	<b>822,895,000</b>	<b>13,798,000</b>	<b>781,241,000</b>	<b>(41,654,000)</b>	<b>897,227,000</b>	<b>115,986,000</b>	<b>74,332,000</b>
Chancellor's Office	2,220,000	2,296,000	76,000	2,183,000	(113,000)	2,622,000	439,000	326,000
International Programs	870,000	1,218,000	348,000	1,136,000	(82,000)	1,287,000	151,000	69,000
Summer Arts	212,000	294,000	82,000	275,000	(19,000)	275,000	0	0
Systemwide Provisions								
<b>System Total</b>	<b>812,399,000</b>	<b>826,703,000</b>	<b>14,304,000</b>	<b>784,835,000</b>	<b>(41,868,000)</b>	<b>901,411,000</b>	<b>116,576,000</b>	<b>74,727,000</b>

**PRELIMINARY 2004/05 State University Grant Allocations**

Campus		2003/04 Allocations		Preliminary 2004/05 Allocations With Proposed Fee Increases							
C	D Name	From Final Budget - September 2003		SUG Eligibility Based on 2002/03 Final Database With Proposed 2004/05 Fee Levels		SUG Eligibility Adjusted to Reflect 2004/05 Enrollment Estimates		Preliminary Allocation February 2004 (90% of Est. Available Funding)		Information Item - 100% of Projected 2004/05 Base	
		Dollars	Pct	Dollars	Pct	Dollars	Pct	Dollars	Pct	Dollars	Pct
35	Bakersfield	4,938,300	2.59%	5,760,482	2.47%	5,710,037	2.55%	4,718,700	2.55%	5,242,900	2.55%
73	Channel Islands	1,120,000	0.59%	1,040,732	0.45%	1,417,341	0.63%	1,171,200	0.63%	1,301,300	0.63%
20	Chico	8,858,500	4.64%	10,448,889	4.48%	9,977,414	4.45%	8,245,000	4.45%	9,161,100	4.45%
55	Dominguez Hills	8,279,500	4.33%	10,183,624	4.36%	9,931,440	4.43%	8,207,000	4.43%	9,118,900	4.43%
25	Fresno	11,585,600	6.06%	13,626,050	5.84%	13,245,738	5.90%	10,945,700	5.90%	12,161,900	5.90%
50	Fullerton	13,234,700	6.93%	15,444,571	6.62%	14,933,646	6.66%	12,340,700	6.66%	13,711,900	6.66%
05	Hayward	5,544,700	2.90%	6,860,358	2.94%	6,483,329	2.89%	5,357,500	2.89%	5,952,800	2.89%
30	Humboldt	5,486,400	2.87%	6,333,199	2.71%	6,149,143	2.74%	5,081,500	2.74%	5,646,100	2.74%
40	Long Beach	15,081,100	7.89%	18,959,084	8.12%	18,039,844	8.04%	14,907,400	8.04%	16,563,800	8.04%
45	Los Angeles	12,072,100	6.32%	16,134,393	6.91%	15,437,799	6.88%	12,757,300	6.88%	14,174,800	6.88%
06	Maritime Academy	171,600	0.09%	210,087	0.09%	211,869	0.09%	175,000	0.09%	194,500	0.09%
07	Monterey Bay	2,045,300	1.07%	2,238,829	0.96%	2,362,599	1.05%	1,952,300	1.05%	2,169,200	1.05%
70	Northridge	16,189,600	8.47%	20,364,387	8.72%	19,510,124	8.70%	16,122,500	8.70%	17,913,900	8.70%
10	Pomona	10,520,500	5.51%	12,683,510	5.43%	12,157,003	5.42%	10,046,200	5.42%	11,162,400	5.42%
60	Sacramento	11,872,000	6.21%	14,327,124	6.14%	13,995,435	6.24%	11,565,300	6.24%	12,850,400	6.24%
63	San Bernardino	10,854,600	5.68%	14,045,163	6.02%	13,445,239	5.99%	11,110,700	5.99%	12,345,300	5.99%
65	San Diego	13,871,100	7.26%	16,587,083	7.10%	15,736,259	7.01%	13,003,900	7.01%	14,448,800	7.01%
75	San Francisco	13,560,000	7.10%	16,744,274	7.17%	16,008,729	7.14%	13,229,000	7.14%	14,698,800	7.14%
80	San Jose	10,122,100	5.30%	12,751,086	5.46%	11,797,025	5.26%	9,748,600	5.26%	10,831,800	5.26%
15	San Luis Obispo	5,113,300	2.68%	6,237,997	2.67%	5,748,153	2.56%	4,750,000	2.56%	5,277,800	2.56%
68	San Marcos	3,713,200	1.94%	4,397,901	1.88%	4,198,327	1.87%	3,469,400	1.87%	3,854,900	1.87%
85	Sonoma	2,500,200	1.31%	3,045,029	1.30%	2,955,943	1.32%	2,442,700	1.32%	2,714,100	1.32%
90	Stanislaus	4,324,400	2.26%	5,051,485	2.16%	4,905,862	2.19%	4,054,000	2.19%	4,504,400	2.19%
	Total	191,058,800	100.00%	233,475,337	100.00%	224,358,298	100.00%	185,401,600	100.00%	206,001,800	100.00%