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CODED MEMO B 2016-03

To: CSU Chief Fiscal Officers

From: Ryan Storm, Assistant Vice Chancellor for Budget 
Kara Perkins, Executive Budget Director 

CC: Timothy P. White, Chancellor,
Steven Relyea, Executive Vice Chancellor and Chief Financial Officer,
Loren J. Blanchard, Executive Vice Chancellor for Academic and Student Affairs
Lori Lamb, Vice Chancellor of Human Resources,
CSU Presidents, Financial Officers, Budget Officers, Financial Aid Directors,
Enrollment Planning and Resource Officers, and Enrollment Managers

Date: July 14, 2016

Re: 2016-17 Final One-Time Budget Allocations

Attachments: Coded Memo B 2016-03

This coded memo addresses one-time General Fund allocations for the California State University (CSU) included in the final 2016-17 state budget.

Due to the volume of one-time funding adjustments included in the Budget Act of 2016 and related legislation, this memo along with coded memorandum (B 2016-02) provide details on the base budget and one-time allocations to campuses. It is our hope that two memorandums will provide clarity between fund sources that are recurring (B 2016-02) and those that are one-time (B 2016-03).

The Governor signed the Budget Act of 2016 ([Senate Bill 826, Chapter 23](#)) and a related act known as the Education Trailer Bill ([Assembly Bill 1602, Chapter 24](#)) on June 27, 2016. These acts include a total of \$87 million in one-time state appropriations to the CSU for the 2016-17 fiscal year:

- \$15 million to be used at the Trustees' discretion
- \$35 million for deferred maintenance and infrastructure needs
- \$35 million for graduation rate goal setting
- \$2 million for best practices in equal employment opportunity

Additionally, \$38 million held centrally in 2015-16 will now be allocated on a one-time basis:

CSU Campuses
Bakersfield
Channel Islands
Chico
Dominguez Hills
East Bay

Fresno
Fullerton
Humboldt
Long Beach
Los Angeles
Maritime Academy

Monterey Bay
Northridge
Pomona
Sacramento
San Bernardino
San Diego

San Francisco
San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

- \$33 million set aside for faculty compensation and not spent during 2015-16 due to the timing of the collective bargaining agreement. Instead, funds will be spent in 2016-17
- \$5 million held centrally for student success and graduation initiative efforts

The total 2015-16 and 2016-17 one-time funding is \$125 million. The one-time allocations detailed in this memo and the attached spreadsheet total \$90 million. The remaining \$35 million for graduation rate goal setting will be allocated separately to campuses if the state decides that the CSU's graduation rate goal setting efforts are acceptable and the state releases the funds to the CSU.

Distribution of the remaining \$90 million is as follows:

Faculty Compensation - \$33 million (Column 1)

- This funding was budgeted for faculty compensation in 2015-16 but held centrally pending collective bargaining agreement. Due to the timing of the ratified agreement, this money was not allotted in the 2015-16 fiscal year allowing it to be used on a one-time basis in 2016-17. Similarly, the base budget increase by campus in this amount can be seen in Attachment B of Coded Memo B 2016-02. The campus distribution is based on actual 2014-15 faculty Operating Fund compensation. This funding will be made available to campuses via a Systemwide/Cash Posting Order (SWAT/CPO)

Deferred Maintenance - \$35 million (Column 2)

- Capital Planning, Design and Construction (CPDC) worked with campuses to determine the highest priority projects related to deferred maintenance systemwide. The list of projects and funding needs was submitted to the Department of Finance at the end of June 2016. CPDC will work with campuses to establish project codes in order to allocate this funding later this fall. These General Fund dollars will be transferred to campuses via an Allocation Order (AO)

Student Success and Completion Initiatives/Graduation Initiative 2025 - \$17 million (Columns 3 and 4)

- **College Readiness: \$10 million** has been allocated based on college readiness in math and English. Two measures, “ready at high school graduation” and “ready at the start of the fall term” are used to determine the change in college readiness for first time freshmen between high school graduation and the CSU fall term. The change in the percent of freshmen who are deemed “ready” between these two points is measured as progress based on CSU interventions such as the Early Start and Summer Bridge programs.

- **\$3 million** is allocated based on the number of students who progressed from “not ready” to “ready” before the fall term started at each campus. Additional weight was given to campuses with the highest percentage of students who progressed from not-ready to ready.

Progress	Weight
More than 10%	3
4-10%	2
Less than 4%	1

- **\$7 million** is allocated on a sliding scale to the 16 campuses whose percentage of first time freshman deemed “ready” for college level work in math and English is below 60 percent.

- **\$2 million** is allocated to the division of Academic and Student Affairs to fund one-time costs associated with the creation of four-year pathways to bachelor’s degrees at all 23 campuses.

- **\$5 million** is allocated to campuses based on a combination of their Pell Grant-eligible population and 4-year graduation rates. The purpose here is to provide more one-time funding to campuses that could use additional resources to improve their graduation rates.

4 Year Grad Rate	Weight
Under 10%	3
10 – 20%	2
20 – 30%	1
Over 30%	.75

Therefore, a higher weight was provided to campuses with a lower 4-year graduation rate. These weights were determined based on the systemwide average of just over 19 percent for the 2010 freshman cohort. A weighted FTES was then calculated to determine each campus’ systemwide proportion of \$2.7 million.

Associate Degree for Transfer - \$3 million (Column 5)

- The four campuses that accepted a significant number of re-directed associate degree for transfer applicants, above their normal enrollment levels are receiving a one-time allocation based on the General Fund Marginal Cost rate of \$5,809/FTES. This is a one-time allocation to acknowledge the additional cost of redirected applicants, who are guaranteed admission to a CSU. The Academic and Student Affairs division at the Chancellor’s Office will work with campus enrollment managers to prioritize Associate Degree for Transfer applicants where they first applied, to reduce the number of redirected applicants, and improve enrollment yield for these highest priority transfer applicants.

Equal Employment Opportunity - \$2 million (Column 6)

There is \$2 million held centrally at the Chancellor’s Office pending further decisions by the Systemwide Human Resources division on the appropriate use of funding for equal employment opportunity activities at the CSU.

Questions concerning this memo or its attachments may be directed to Kara Perkins, Chris Canfield, or other System Budget Office staff at (562) 951-4560. Please reference the [Budget Office staff directory](#) for additional contact information and staff areas of assignment.

RS:KP:CC

Attachment