

# Memorandum

CODE: B 98-04

**Date:** July 27, 1998

**DUE DATE:**  
**August 17, 1998**

**To:** Chief Financial Officers

**From:** John R. Richards  
Budget Director  
Business and Finance

**Subject:** 1998/99 Preliminary Final Budget Allocations

Preliminary Final Budget allocations have been prepared based on the Governor's May Revise budget for 1998/99. Campuses are asked to submit budgets based on these allocations to the Budget Office by August 17, 1998. An e-mail message has been sent to campus budget officers detailing the FIRMS budget submission process. If your budget officer has not received the message, please contact Donald Brown at (562) 985-2712 as soon as possible.

There is a possibility that there will be one significant change in campuses permanent General Fund allocations when the Final Budget is enacted. The legislature has increased permanent funding for Plant Maintenance by \$17.8 million. If this funding is sustained in the Final Budget and the budget is enacted prior to the August 17 submission deadline, campuses will be notified of the change and asked to incorporate the additional dollars in their budget submissions.

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**Distribution:**

Presidents, w/o attachments  
Vice Presidents, Administration, w/o attachments  
Budget Officers

If the budget is enacted after the August 17 deadline with the increased funding, the additional dollars will be posted to campuses budget submissions in FIRMS Program Code 0702 (Operations and Maintenance of Plant, Building Maintenance); Object Code 660021 by the Chancellor's Office. Campuses will be notified of this change in the Final Budget allocation letter.

Campuses are being asked to prepare budget submissions before the final budget is enacted to facilitate development of the 1999/2000 budget and to mitigate delay in posting final budget details. Your cooperation is appreciated.

This coded memorandum is posted to the CSU Budget Office website at the following address:  
<http://www.co.calstate.edu/bo>.

Six attachments will accompany this memorandum.

#### **Attachment A: 1998/99 Gross Budget Summary**

Attachment A summarizes Base Budget and Budget Plan expenditure adjustments that result in a gross expenditure budget for 1998/99 totaling \$2.9 billion. In total, the 1997/98 Final Budget as reported by campuses in August 1997 has been reduced by \$5.2 million. This reduction principally reflects the change in CSU retirement rate contributions. The revised 1997/98 final budget also reflects the replacement of state support for fee revenue loss as a result of a five percent reduction in undergraduate fee rates. Planned expenditure increases for 1998/99 total \$278.8 million (column 7 & 8), which primarily support the two priority concerns identified in the Trustees' Support Budget – enrollment and compensation, and one-time funding for maintenance, equipment, technology and library need.

**Special Note:** Campus reported State University Fee and Other Receipts have not been adjusted in the update of 1997/98 final budgets that will be available over the FTP Server to reflect either the 5% fee rate reduction or the revenue increase from enrollment growth. These changes are incorporated in the Provisions for Allocation adjustment identified as FIRMS Object Code 660090 (Expenses Other). Campuses can revise their Receipts totals to reflect the CSU estimates shown on Attachment E for State University Fee revenue and Other Receipts (columns 7 & 8), or they can revise them to reflect campus estimates of anticipated revenue and reimbursements. However, any changes in Receipts made by campuses as part of their 1998/99 budget submissions due August 17, 1998 cannot result in net General Fund totals that differ from the amounts shown in column 9 of Attachment E.

**Attachment B: 1998/99 Base Budget Adjustments**

**Attachment C: 1998/99 Budget Plan Expenditure Increases**

**Attachment D: 1998/99 Pre-Final Budget Expenditure Increases**

Attachments B, C and D identify changes that have been made in campus base budgets, budget year adjustments based on the Trustees' budget plan, and budget modifications included in the Governor's May Revise which we anticipate will be included in the Final Budget when adopted. Campus permanent budget allocations are not expected to change significantly from the allocations shown on these attachments. The only permanent change that might occur would be an additional \$17.8 million appropriation for ongoing maintenance. Should this appropriation be included in the 1998/99 Budget Act, campuses will be notified as indicated earlier in this memorandum. All one-time funding will be allocated to campuses under a separate memorandum once the Final Budget is approved.

Campuses should refer to coded memorandum B 98-02 for a detailed explanation of the base budget and budget plan increases shown on attachments B and C. The most significant change on Attachment D is the adjustment for an additional 1% increase in compensation funding. This allocation is based on actual salaries and wages as specified in B 98-02 and is provided in accordance with the CSU budget redesign allocation process.

**Attachment E: 1998/99 Gross Expenditures by Fund Source**

Attachment E identifies the 1998/99 Gross Base Budget by fund source, 1998/99 budget plan adjustments, and the 1998/99 Governor's Budget allocation by fund source. Column (4) reflects the base budget adjustments to campus 1997/98 General Fund and State University Fee allocations specified on Attachment B. Campus reported State University Fee revenue was reduced by approximately \$19.6 million to reflect the five-percent reduction in undergraduate fee rates. Campus General Fund budgets were increased by \$24.9 million to replace the revenue loss and permanently allocate technology funding received in 1997/98. Campus budgets were also reduced by \$6.5 million to reflect the reduction in PERS retirement contributions and the three assessments currently planned for service costs provided centrally. In addition, a \$1.7 million technical, administrative budget adjustment at CSU, Stanislaus is reflected in the base budget allocations.

Column (5) reflects the addition of \$278.8 million to the 1998/99 base budget for planned

expenditure increases. The 1998/99 gross budget allocation will be funded with approximately \$18.1 million in new State University Fee revenue from 10,230 FTES growth as reflected in column (7), \$500,000 in federal funds which is reflected as a reimbursement in column (8), and \$260.2 million in new General Fund support as reflected in column (9). Campus submissions due August 17 must match the General Fund total shown in column 9 of Attachment E.

#### **Attachment F: Final State University Grant Allocations**

Final State University Grant allocations have significantly changed from the preliminary allocations projected in B 98-02, Campus Governor's Budget Allocations. Final allocations are based on student eligibility and campuses' proportional share of total need. Attachment F shows final State University Grant allocations based on this methodology. Specific questions concerning changes in campus State University Grant allocations should be directed to Mary Robinson in Access and Retention, (562) 985-2948.

#### **FIRMS Budget Submissions**

When making allocations for compensation, campuses should refer to the June 29, 1998 and July 23, 1998 memoranda from Samuel Strafaci, Interim Senior Director, Human Resources to campus presidents on the tentative CSEA agreement and Staff Unit Collective Bargaining Agreements, respectively. Questions concerning these agreements or other collective bargaining budget issues should be directed to CSU Human Resources, (562) 985-2976.

Employer retirement rate contributions will be lower in 1998/99. Adjustments to campus budgets will be made at a later date and are not reflected in this memorandum. Campuses should plan on retirement rate reductions identified in the May 21, 1998 memorandum from John Richards to Chief Financial Officers.

Adjustments for health rate changes that will occur in January 1999 will be made as a separate allocation in December 1998. Also, please be advised that both Safeguard dental rates and long-term disability rates are also increasing slightly.

If you have general or specific questions related to the 1998/99 Pre-Final Budget allocations, contact Rodney Rideau or Mark Lopez at (562) 985-2712 to go through the processes and calculations used. Questions concerning campus budget submissions should be forwarded to Donald Brown at (562) 985-2726

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Attachments