
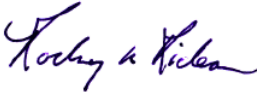


Coded Memo B 2012-03

To: CSU Chief Fiscal Officers

From: Robert Turnage, Assistant Vice Chancellor for Budget 
Rodney Rideau, Budget Director 

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

Date: October 5, 2012

Subject: 2012/13 Budget Allocations & FIRMS Budget Resubmittals Contingent on the Passage
of Proposition 30

Attachments: Coded Memo B 2012-03, Attachments A-F

The CSU 2012/13 final budget allocations described in this coded memorandum are contingent on approval by the voters of Proposition 30 at the November 6, 2012 general election. If Proposition 30 passes, the budget allocations described in this memorandum will supersede the July 2012/13 state budget allocations as described in Coded Memo B 2012-02.

The passage of Proposition 30 would preclude a 2012/13 \$250 million trigger cut. Additionally, the State will appropriate \$125 million to the CSU in fiscal year 2013/14¹ so long as the CSU rolls back the 2012/13 tuition increase of 9.1 percent and corresponding increase in tuition fee discounts².

If Proposition 30 passes, **campus Budget Officers must plan for immediate resubmission of 2012/13 FIRMS budget resubmittals due no later than November 12** in order for the CSU to meet the Department of Finance deadlines to finalize state reports and for preparation of the Governor's Budget. The campus budget details will be utilized to revise CSU and state calculations and reports. If Proposition 30 fails, the July campus budget allocations (Coded Memo B 2012-02) will remain in effect and campus 2012/13 budgets submitted in August will not require update and the CSU's fall 2012/13 tuition fee rate increase and corresponding tuition fee discount increase will not change.

In September, the CSU Board of Trustees (BOT) also authorized a tuition fee rate increase effective winter/spring terms 2013 with no corresponding set-aside for financial aid. If this occurs, the revenue from this tuition fee rate change will be captured in 2013/14 budget allocations. A nonresident tuition fee increase effective fall 2013 was also approved by the BOT in September.

Alternate scenario budget allocation changes from Coded Memo B 2012-02 (Attachments A through F) are summarized in Appendix B. Please direct questions concerning the budget allocations to Rodney Rideau,

¹ Per trailer bill AB 1502.

² The Board of Trustees (BOT) approved the 9.1% increase in 2012/13 tuition rates at the November 2011 BOT meeting. If Proposition 30 passes, CSU tuition fee rates will be reset to levels in effect for the 2011/12 academic year.

³ BOT Resolution: RFIN 09-12-06-B

Budget Director; Chris Canfield, Associate Budget Director; or a Systemwide Budget Analyst at (562) 951-4560. Reference the [staff directory](#) for additional contact information.

RT:RR:CC

Attachments

References for the 2012/13 final budget include:

- CSU Board of Trustees, September 18-19, 2012, Contingent Tuition Fee Actions, Resolution: [RFIN 09-12-06-B](#)
- 2012/13 Enacted State Budget Allocations, [Coded Memo B 2012-02](#)
- 2012/13 Budget Bills [AB 1464 \(2012-13 Budget: main bill\)](#)
- [AB 1497 \(Budget Act of 2012\)](#): reference for final 6610-001-0001 language and Control Section 3.62)
- [AB 1502 \(Budget Act of 2012: augmentation\)](#): conditional 2013/14 appropriation)
- State of California, [Department of Finance, 2012/13 California Budget](#)

Attachments – Final Budget Allocations IF Proposition 30 Passes. See highlights on the attachments where changes have occurred.

Attachment A – 2012/13 Gross Budget Summary

The 2012/13 budget adjustments on Attachment A, columns 5-8 reflect the overall General Fund and tuition fee revenue changes by campus from 2011/12 final budget allocations based on the alternate scenario that are further specified on Attachments B through F. The 2012/13 fee revenue on Attachment A may be further revised by campuses to reflect fee revenue adjustments for campus planning estimates. Net 2012/13 allocations available after tuition fee discounts (column 16) is also included for your information.

Attachment B – 2012/13 Base Adjustments

No changes from the July 2012/13 budget allocations, Coded Memo B 2012-02.

Attachment C – 2012/13 GF Expenditure Adjustment and 2012/13 Mandatory Cost Increases

If Proposition 30 passes, the CSU 2012/13 \$250 million trigger reduction will be eliminated as indicated in this attachment. The 2012/13 mandatory costs increases are unchanged from the July 2012/13 budget allocations.

As a reminder, the impact of the January 2013 health benefits rate changes will be included in the CSU 2013/14 support budget plan and budget allocations. The estimated mandatory cost increase from 2013 employer-paid health care rate changes is \$36.2 million. For additional information regarding January 2013 health care rate adjustments, please reference the CSU Systemwide Human Resources, [Technical Letter HR/Benefits 2012-07](#).

Attachment D – 2012/13 Tuition Fee Revenue Adjustments

The 2012/13 tuition fee revenue adjustments roll back to 2011/12 tuition fee rates and, therefore, remove the revenue from 2012/13 tuition fee rate increases, as well as the corresponding tuition fee discounts.

The 2012/13 enrollment target of 331,317 resident full-time equivalent students and the revenue adjustments from changes in enrollment patterns (-\$21.3 million) and 2011/12 tuition fee rates applied to the summer 2012 term (\$3.6 million) remain unchanged from the July 2012/13 budget allocations. The total change in gross tuition fee revenue in the alternate scenario budget allocations is -\$17.6 million and the net revenue change after a summer term -\$1.2 million offset for tuition fee discounts is -\$18.8 million.

Attachment E – 2012/13 Tuition Fee Discounts (Foregone Revenue) and GF Adjustment

Changes in Attachment E also reflect rollback to 2011/12 tuition fee rates.

With the corresponding removal of the tuition fee discounts increase, the General Fund adjustments based on campus relative student need for tuition fee discounts have changed from the July 2012 budget allocations, Coded Memo B 2012-02. The remaining changes are related to change in mix of students and the increase in tuition fee discounts from 2011/12 tuition fee rates applied to the summer term.

Attachment F – 2012/13 Tuition Fee Discount Adjustments

If Proposition 30 passes resulting in rollback to 2011/12 tuition fee rates, then the total tuition fee discounts will change only slightly from \$625.8 million in 2011/12 to \$627.0 million in 2012/13 as shown in Attachment F. The \$1.2 million increase in tuition fee discounts is related to 2011/12 tuition fee rates applied to the summer 2012 term.