Office Memorandum

DATE: December 4, 2014

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FROM: William A. Covino, President

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SUBJECT: **2014/15 FINAL BUDGET GUIDELINES**

This memorandum provides further clarification for the 2014/15 University Resource Allocation Process (RAP) and serves as the final budget guidelines.

The 2014/15 Final Budget was signed by the Governor on June 20, 2014 (Chancellor's Office Coded Memo B2014-03), which includes $2.7 billion in State support to the CSU System. The Governor's budget appropriation includes an employee compensation pool of $92 million, health benefits, new space, and deferred maintenance infrastructure financing for CSU system-wide.

The Chancellor's Office assigned 2014/15 resident target is 16,931. The campus 2014/15 resident target is 17,441, which reflects a 3% increase over the Chancellor's Office assigned target. The assigned Non-Resident FTES is 516.

FUNDING ADJUSTMENTS

Per Coded Memo B2014-03, the final funding adjustments to Cal State L.A.'s 2014/15 General Fund base budgets are as follows:

Base Budget Adjustments

$	654,400	2013/14 Retirement Adjustment
	60,100	2013/14 Faculty Equity Salary Adjustment (1/3 System-wide Funding)
	322,600	2013/14 Student Success/Bottleneck Courses Adjustments
	1,798,000	2013/14 1.34% Compensation Pool
	102,200	2013/14 Full Year Compensation Adjustment
	4,321,000	2014/15 3% Compensation Pool
	(1,215,300)	1.137% GF Adjustment
	59,900	Campus Operating Interest Assessment Adjustment
	349,100	Tuition Fee Discount / SUG based on student need
	516,000	Health Benefits
	46,000	New Space Maintenance
	3,749,000	FTES Target Growth Funding
	(2,110,000)	Net Tuition Revenue Increase from enrollment growth - Offset
$	**8,653,000**	**Total**

ALLOCATION PROCESS

The final General Fund net allocation is $112,197,039. Anticipated revenue and reimbursements bring the total General Fund gross expenditure budget to $236,602,807.

General Fund Appropriation	$	112,197,039
State University Fees		118,134,002
Non-Resident Tuition Revenue		4,621,000
Net Adjusted Other Revenue		1,650,766
Total Estimated Gross Budget	**$**	**236,602,807**

Campus budget allocations are based upon predefined Chancellor's Office allocations and campus strategic initiatives. Staff benefits and Faculty/Staff compensation increases have not been allocated to the Executive areas.

The following are the estimated 2014/15 Funding Allocations:

Division	Net Allocation	Benefit Alloc. Est.	General Fund Gross
Exec. Office of the President (Includes Athletics and Luckman)	$4,085,268	$1,494,515	$5,579,783
Academic Affairs	76,294,124	32,376,672	108,670,796
Information Technology Services	9,053,524	2,613,309	11,666,833
Student Services	4,041,144	1,358,690	5,399,834
Enrollment Services	50,608,808	1,924,514	52,533,322
Administration and Finance	23,320,920	6,105,891	29,426,811
University Advancement	3,206,040	1,280,591	4,486,631
University Wide	17,977,667	861,130	18,838,797
Total	**$188,587,495**	**$48,015,312**	**$236,602,807**

The 2014/15 Lottery campus-based program allocation for Cal State L.A. is $1,802,000. The California Pre-Doctoral allocations are now administered separately by CO Academic Services and Professional Development.

STRATEGIC PLANNING/BUDGET GUIDELINES

The 2014/15 campus budget priorities are linked to the University Strategic Plan and the approved Governor's 2014/15 budget. Consideration will continue to be given to selective investments in order to position the University for the future. The guidelines are based on the Governor's approved budget that provides the CSU with $2.7 billion in overall system-wide state support. For our campus, this equates to an $8.6 million increase to our State General Fund allocation, as outlined on page 1.

The following are campus guidelines for 2014/15:

- Student Success: Emphasis will be placed on promoting the Graduation Initiative and the five themes centered around: Comprehensive and Integrated Advisement, Enhancing Academic and Social

Support, Student Learning Achievement and ITS Assessment, Enhancing Campus-Student Communication, and Effectiveness in academic program design and development.

- Student Recruitment/Enrollment Management: Enrollment management will be a critical element in our strategy. Cal State L.A.'s 2014/15 Resident FTES target is 17,441. Enrollment target decisions are made based upon the enrollment management priorities established by the campus. Given our commitment to quality instruction, every attempt will be made to maintain a Student Faculty Ratio (SFR) that is appropriate given our funding level. Campus policies regarding admission, remediation, and academic progress will be enforced.

- Community Engagement: Emphasis will continue to be placed on building the capacity to achieve the outcomes and goals associated with this strategic initiative, inclusive of support to host and maintain the S4 Database to track and maintain the University's community engagement and service learning activities.

- Summer Session: The University will offer courses on a self-support and a state-supported basis.

- Human Resources: Vacant faculty, staff and administrative positions will be filled on a case-by-case basis.

- Quality Service: Quality service, inclusive of facilities maintenance and cleanliness, will continue to be a campus priority. The University will continue to strengthen its efforts to achieve operational efficiencies and cost savings across all divisions, including collaboration on campus and with other CSU campuses.

- Travel and Professional Development: Support will be provided for the following purposes: a) tenured and tenure-track faculty support for research, scholarly and creative activities, and faculty development; and, b) administrative travel essential to University operations.

- Sabbaticals: In alignment with our institutional commitment to support faculty professional development and educational effectiveness, support will be provided for sabbatical leaves at the 12% level specified in the Collective Bargaining Agreement (CBA).

- Research, Scholarly and Creative Activities: Funding for Research, Scholarly and Creative Activities, emphasizing student participation, will remain a high priority. Funding from the Chancellor's Office's $120,000 allocation will be supplemented with $150,000 in lottery funding and $150,000 from the University Reserve. Total funding support for Fiscal Year 2014/15 is $420,000.

- University Advancement: Funding will be directed toward strategies and materials to promote the University's ability to increase non-state funding, with an emphasis on planning gifts and endowments, unrestricted funds, student support and scholarships, private grants, and capital and equipment gifts.

- Instructional and Administrative Technology: Every attempt will be made to meet student, faculty, and administrative needs.

- Open University Funds: Open University funds are reimbursements to the campus for support services provided by administrative and academic departments to the College of Professional and Global Studies. Open University funds are allocated to academic departments through the College Resource Allocation Advisory Committee process to supplement operating expenses.

- College Work-Study: Contingent upon continued approval of Title III status, College Work-Study funds will be available without a matching requirement for participating units.

- Lottery Funds: Lottery funds will be allocated consistent with Trustees' policy and campus priorities. Discretionary Lottery funds will be restricted to critical University needs.

- Instructionally Related Activities: Requests for instructionally related activities will be processed in accordance with Administrative Procedure 217.

- Student Success Fee: Requests for Student Success Fee funding will be processed in accordance with Administrative Procedure 205.

Major Capital Projects:

- The University-Student Union began construction in summer 2014 with the final phase of the original project. This project includes re-vitalization of the Union Plaza, which will include a canopy at the exterior stage with an upgraded audio-visual system, an exterior space to accommodate flexible configurations of approximately 300 seats, additional landscaping, and increased storage.

- A seismic study to remedy structural/seismic hazards in the Administration and Student Services building is being finalized.

- The Los Angeles County High School of Arts (LACHSA) began construction on a new amphitheater with a tensile fabric canopy in summer 2014, which is located just below Circle Drive on the south portion of the LACHSA site.

Appropriate consultation, discussion and information sharing will continue as University commitments. As in prior years, the University Reserve will be used in a prudent manner to meet campus needs.