

401 Golden Shore, 5th Floor  
Long Beach, CA 90802-4210

**CSU Legislative Reports Website**  
<http://www.calstate.edu/legislativereports>

**Steve Relyea**  
Executive Vice Chancellor  
and Chief Financial Officer

562-951-4600  
[srelyea@calstate.edu](mailto:srelyea@calstate.edu)

October 12, 2018

Honorable Holly Mitchell, Chair  
Joint Legislative Budget Committee  
State Capitol, Room 5080  
Sacramento, CA 95814

Mac Taylor  
Legislative Analyst Office  
925 L Street, #1000  
Sacramento, CA 95814

Keely Bosler, Director  
Department of Finance  
State Capitol, Room 1145  
Sacramento, CA 95814

Daniel Alvarez  
Secretary of the Senate  
State Capitol, Room 3044  
Sacramento, CA 95814

Diane Boyer-Vine  
Legislative Counsel  
State Capitol, Room 3021  
Sacramento, CA 95814

E. Dotson Wilson  
Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, CA 95814

**RE: CSU Plan for the Use of \$120 Million in One-Time Funds for Enrollment**

Enclosed is a report detailing the planned use of \$120 million in one-time funds over the next four years in support of enrollment at the California State University.

The CSU appreciates the attention placed by the governor and legislature on greater student access to the CSU and for the one-time funding that will support CSU efforts. The CSU intends to be a good steward of these one-time funds in a way that supports current and prospective CSU students.

Provision 1.3 of item 6610-001-0001 of the Budget Act of 2018 requires the CSU to provide a plan to the Legislature and the Director of Finance that identifies; 1) how increased enrollment slots and associated funding is distributed to each campus, 2) how much of the appropriation will be spent each year; and 3) the student services and additional course sections that will be funded with this allocation.

---

**CSU Campuses**  
Bakersfield  
Channel Islands  
Chico  
Dominguez Hills  
East Bay

Fresno  
Fullerton  
Humboldt  
Long Beach  
Los Angeles  
Maritime Academy

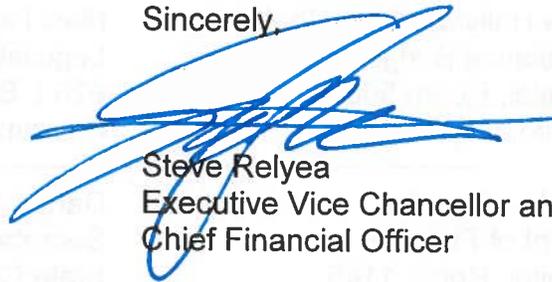
Monterey Bay  
Northridge  
Pomona  
Sacramento  
San Bernardino  
San Diego

San Francisco  
San José  
San Luis Obispo  
San Marcos  
Sonoma  
Stanislaus

**CSU Report: CSU Plan for the Use of \$120 million in One-Time Funds for Enrollment**  
September 10, 2018  
Page 2

Should you have any questions about this report, please contact *Ryan Storm, Assistant Vice Chancellor for Budget*, (562) 951-4560, [rstorm@calstate.edu](mailto:rstorm@calstate.edu).

Sincerely,



Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

SR:dr

Full report posted to <http://www.calstate.edu/legislativereports>

- c: Members, California State Legislature  
Members, Joint Legislative Budget Committee  
Timothy P. White, Chancellor, California State University  
Loren J. Blanchard, Executive Vice Chancellor, Academic and Student Affairs  
Garrett Ashley, Vice Chancellor, University Relations and Advancement  
Kathleen Chavira, Assistant Vice Chancellor, Advocacy and State Relations  
Ryan Storm, Assistant Vice Chancellor for Budget  
Kara Perkins, Executive Budget Director



**The California State University**  
OFFICE OF THE CHANCELLOR

## **CSU Plan for the Use of \$120 million in One-Time Funds**

**October 12, 2018**

---

## INTRODUCTION

---

The Budget Act of 2018 provided the California State University (CSU) \$120 million to support student enrollment over the near term. This funding is one-time in nature and is available to use over four years, beginning with the 2018-19 academic year.

The Budget Act requires the CSU to provide a plan to the Legislature and the Director of Finance that identifies:

- How increased enrollment slots, and associated funding would be distributed to each campus
- The student services that will be supported with this funding, included but not limited to additional course sections and student support services
- How much of the appropriation the CSU expects to spend systemwide each year

The CSU appreciates the attention placed by the governor and legislature on greater student access to the CSU and for the one-time funding that will support CSU efforts. The CSU intends to be a good steward of these one-time funds in a way that supports current and prospective CSU students.

Enrollment is typically supported by ongoing funding. The CSU recognizes that the annual state budget agreement is a give and take and that ideal funding methodologies sometimes must be altered to align with available ongoing and one-time revenue availability. The CSU is grateful that state leaders did not automatically discard funding for enrollment at the CSU when ongoing funding was deemed unavailable for that purpose.

Instead, it is clear that enrollment was a priority for state leaders and they arrived at an innovative solution to fund enrollment with one-time funding over four years. Equally, the CSU created an innovative plan for the use of these funds in 2018-19 and the following three years that will not commit these one-time funds to permanent investments that the CSU does not have permanent funds available to support. This means that the CSU cannot use the one-time funds to hire permanent faculty or staff. If the CSU did so, it would not be possible for the CSU to support the salaries and benefits of permanent faculty and staff when the funding expires. Therefore, campuses will use the one-time funding over the next four years for one-time expenditures that align with the six pillars of Graduation Initiative 2025 and support new and continuing students as described below.

## 2018-19 DISTRIBUTION OF FUNDING & ENROLLMENT

---

The first-year allocation of one-time enrollment funding is \$21.9 million. These funds were allocated to campuses using the general fund portion of the 2018-19 marginal cost for enrollment, which is \$8,194 per full-time equivalent student (FTES). Campuses will begin to spend their allocations this year once there is more clarity of the student demand for additional course sections in the spring along with investments in one-time academic and student support services that cannot be funded with available recurring dollars.

For the first-year allocation, enrollment will temporarily increase by 2,677 FTES; there is no change to any campus' permanent enrollment target. The distribution of funds was based on three conditions described below.

1. **Increase in Average Unit Load.** Examining undergraduate average unit load, sixteen campuses made positive increases solely in average unit load over the last two years (from the base year of 2015-16), which generated over 6,800 new FTES. Funding equivalent to one-third of these FTES was allocated.
2. **Associate Degree for Transfer.** Six campuses accepted and enrolled Associate Degree for Transfer (ADT) students redirected to their campus from an impacted campus. These campuses received the equivalent of two years of funding for each redirected, enrolled ADT student.
3. **Increase Campus Capacity for Growth.** Six campuses received an allocation equivalent to 50 FTES per campus due to significant enrollment demand and have the capacity to grow.

Based on these principles, the Office of the Chancellor allocated the one-time 2018-19 funds and temporary enrollment targets as follows:

Campus	Temporary FTES Increase	2018-19 One-Time Allocation	Campus	Temporary FTES Increase	2018-19 One-Time Allocation
Bakersfield	64	\$524,000	Northridge	288	\$2,360,000
Channel Islands	94	770,000	Pomona	176	1,442,000
Chico	-	-	Sacramento	223	1,827,000
Dominguez Hills	127	1,041,000	San Bernardino	79	647,000
East Bay	112	918,000	San Diego	141	1,155,000
Fresno	149	1,221,000	San Francisco	149	1,221,000
Fullerton	162	1,327,000	San Jose	309	2,532,000
Humboldt	41	336,000	San Luis Obispo	-	-
Long Beach	307	2,516,000	San Marcos	76	623,000
Los Angeles	-	-	Sonoma	46	377,000
Maritime	-	-	Stanislaus	84	688,000
Monterey Bay	50	410,000			
			<b>Total</b>	<b>2,677</b>	<b>\$21,935,000</b>

All but four campuses received one-time funding in 2018-19 based on the criteria described above. All campuses will remain eligible for one-time funding in the future.

Funded enrollment growth and Graduation Initiative 2025 (GI 2025) are inextricably linked as additional courses, student services, and other student-focused efforts that are helpful to both new and continuing students. All campuses received ongoing state funding in 2018-19 to support their GI 2025-related activities. It stands to reason that campuses' student success plans will guide their decisions on spending the new ongoing and one-time allocations. Specific to the one-time funding, the CSU has preliminary data from campuses that serve as a preview for how these one-time dollars will be spent.

The six pillars of the Graduation Initiative are proving to be effective and include:

1. Academic Preparation
2. Enrollment Management
3. Student Engagement and Well-Being
4. Financial Aid
5. Data-Driven Decision Making
6. Removing Administrative Barriers

The one-time funds allocated in 2018-19 for enrollment can help campuses make progress in all six of the areas above. Examples of this include hiring temporary faculty to teach more courses, increasing support on a year-to-year basis for student engagement and well-being, investing in additional data tools to enhance advising and campus decision making about degree pathways and course scheduling, and one-time investments in academic technology and instructional equipment to better serve faculty and students in traditional and laboratory settings. Any and all of these investments will align with both enrollment and GI 2025 priorities.

In addition, ongoing permanent base GI 2025 funding provides campuses the opportunity to make permanent investments in these areas, including new tenure-track faculty and staff in support of student success.

## 2019-20 AND BEYOND

---

After accounting for the first year allocation, the remaining \$98.1 million will be spent between 2019-20 and 2021-22. The precise amounts each year are still to be determined as we analyze the results of the 2018-19 approach with these innovative resources; future annual allocations will approximate \$32.5 million per year.

One reasonable working assumption is that the CSU will consider allocating future funding similar to the methodology used in 2018-19: 1) the increase in average unit load, 2) redirected ADT students, and 3) campus capacity for growth. The distribution by campus is likely to be different in future years, even if the methodology stays the same based on changing enrollment patterns and local student demand that affect each campus.

However for 2019-20 and beyond, there is a major policy change that could impact the methodology used in the current year. The policy change requires that all CSU-eligible applicants not admitted at one campus be redirected and offered admission to another campus. This new policy could result in a significant influx of new, first time freshman in the 2019-20 academic year at several non-impacted campuses, and could further increase in subsequent years as the policy becomes more widely known to prospective students. If there is no permanent enrollment funding allocated in 2019-20, this current one-time funding would be prioritized to help fund the costs associated with these redirected students.

The CSU is unable at this time to accurately predict the impact of this new policy and, therefore, the university cannot predict how much of the remaining \$98.1 million in one-time enrollment funding will be utilized each year to support such enrollment. For illustration purposes, if ten percent of those prospective students that are redirected enroll at campuses with available space, that would create new costs of \$26 million annually for those campuses. If a scenario like this were to occur, the one-time funding could support additional enrollment on a temporary basis through the 2021-22 year. In as much as redirected students will still be matriculating to degree at that time and thereafter, the CSU will work with the state to secure permanent enrollment funding necessary to convert the temporary enrollment increase to a permanent FTES increase.