COMMITTEE ON BUDGET AND RESOURCE ALLOCATION

TO: The Executive Committee

FROM: The Committee on Budget and Resource Allocation (COBRA)

SUBJECT: 12-13 COBRA 3: Report of VP Brad Wells’s discussions with COBRA on 3/1/13 and 3/15/13

ACTION REQUESTED: That the Executive Committee share the report with the Academic Senate

BACKGROUND:
On March 1 and March 15, 2013, VP Brad Wells visited the COBRA meeting to respond to questions submitted by the faculty and participate in an extended discussion regarding budgetary issues. Attached are the questions approved by COBRA, a summary of this discussion, and an informational packet of material provided by Brad Wells which was used in the discussion, to be reviewed by members of the Executive Committee and the Academic Senate.
Questions for VP Brad Wells on 3/1/13

1. In Article 31.10-15, the Collective Bargaining Agreement between CFA and the CSU authorizes individual CSU campuses to fund salary equity programs, provided that no equity increases are offered until all awards have been distributed “to those individuals who received equity awards pursuant to the 8/18/2010 Memorandum of Understanding (Appendix I) regarding the distribution of rollover funds, and who are still employed at the campus at the time of implementation of the program.” In light of this provision:

   a. What will be the cost to CSU East Bay in fiscal year 2012-13 to make all presumptive awards under these provisions if such awards are granted retroactive to July 1, 2012?

   b. What will be the cost to CSU East Bay in fiscal year 2012-13 to make all presumptive awards under these provisions if such awards are granted retroactive to January 1, 2013?

   c. What do you estimate will be the cost to CSU East Bay in fiscal year 2013-14 to make all presumptive awards under these provisions if such awards are granted on July 1, 2013?

2. There seems to have been an apparent growth, during a difficult financial period, of CSUEB’s unrestricted net assets. According to the university’s audited financial statements overall net assets stood at (rounding to the nearest $1,000) $151,290,000 as of June 30, 2010; $169,828,000 in 2011; and $168,587,000 in 2012. Of course, the bulk of these are capital assets, net of related debt (e.g., mainly buildings), which stood at $121,883,000 in 2010; $118,292,000 in 2011; and $117,601,000 in 2012. In addition, several million dollars can be attributed to restricted assets, which according to the audit reports include scholarship and fellowships, loans, capital projects, and debt service. This leaves the “unrestricted net assets” which increased dramatically from $19,601,161 on June 30, 2010 to $47,454,758 in 2011 and then, somewhat less dramatically, to $49,398,000 in 2012.

   a. Understanding that unrestricted funds may still be “designated,” to what purposes have these funds been designated and in what amounts? Please be specific.

   b. Understanding that for both individuals and institutions assets may increase either because the value of holdings increases (e.g., if assets are held in stocks and the value of those stocks increases) or because there has been an excess of income over expenses, to what can the dramatic growth in unrestricted net assets between 2010 and 2011 and the continuing, if more modest, growth between 2011 and 2012 be attributed?
c. In other words, it would appear that rather than flirting with a deficit as we have frequently been told, the university has instead been accumulating a surplus, and in fiscal year 2010-11 a rather large one. How do you explain this?

d. Can we have a document created for non-accountants to clearly explain budgetary issues like restricted and unrestricted funds, in order to alleviate confusion among the faculty in debating these types of issues?

3. Academic Affairs absorbed a cut of $2.7M this year, in anticipation of the worst case scenario of Prop 30 failing. Since Prop 30 passed, how soon will those funds be restored to A.A. this year as well as next?

4. Right now, presumably CSU will get $125M due to the passing of Prop 30. Furthermore, Jerry Brown has requested an additional $125M for CSU. $10M of that second pot has been allocated for online activities, including but not limited to CSU Online. What are CSU’s plans for the other $115M, should it materialize? What are the priorities in the criteria for the allocation of these funds?

5. The CSUEB website includes a page called “Budget Central” (http://www20.csueastbay.edu/af/departments/finance/budget/budget-central.html). On this page, the most recent document pertaining to the budget is a May 31, 2012 presentation to the President’s extended cabinet. In this presentation, we learn that in 2011-12 the final operating budget of the university was $157,277,941. Of this, $64,021,941 is attributed to state support and $76,533,000 to student tuition and fees. But according to the audited financial statement of June 30, 2012, CSUEB actually received just $60,274,000 in state support but more than made up for that by taking in $88,164,000 in student tuition and fees (net of scholarship set-asides).

   a. How do you explain these discrepancies, particularly in student fee income, and why were budget projections for 2012-13 not adjusted in July on the basis of actual rather than budgeted revenue for the previous year?

   b. During the time this budget was prepared, the CSU had already authorized a student tuition increase for 2012-13, which was subsequently rescinded upon passage of Proposition 30. According to the May 31 presentation, the projected 2012-13 budget is $147,965,855, a cut of $9,312,086, and projected student fee income is $82,412,611, a drop of nearly $6,000,000 from the actual tuition and fees collected in 2011-12. Why does the budget project such a decrease?
c. Much has happened since the May 31 presentation, most notably that the “trigger cut” included in this budget projection did not happen thanks to the passage of Proposition 30. Has the university prepared a modified budget, taking into account first, the actual revenues and expenditures for 2011-12 (as opposed to the budgeted figures for that year) and second, the change in state support and student tuition consequent to the passage of Proposition 30? If so, why has that budget not been posted to the “Budget Central?”

d. Will the campus charge an extra fee for students that take online classes to try and compensate the faculty who teach them?

e. Can you discuss the policy on fee generation? How are fees decided upon? Now that the financial situation seems to have improved, what are the plans for affordability in tuition and fee policies in the future?

6a. What will be the full cost to CSU East Bay in fiscal year 2012-13 of expenses directly related to the Planning for Distinction initiative, including but not limited to costs of all faculty and staff assigned time for participation in this initiative; costs of any outside consulting firms; costs of materials (e.g., Dickeson book); all other expenses preponderantly devoted to this initiative?

6b. Which line items in the budget have been used to fund the Planning for Distinction initiative?
Summary of Discussion Between VP Brad Well and COBRA on 3/1/13 and 3/15/13

1. Equity bargaining agreement

   A. VP Wells estimated that the cost of making the award will be about 200K in one year, including benefits based on the list of faculty who qualify. Equity pay will become part of the base compensation going forward. This 200K may be an overestimate since some people on the list are no longer employed at CSUEB.

2. Financial Statements & Growth of Unrestricted Net Assets

This portion of the discussion focused on the need to explain the increase of unrestricted net assets over time period specified in the question sent to VP Wells:

   A. State appropriation is governed by the Budget Act. (See attachment for dollar amounts of unrestricted net assets as of 6/30/12). Each fund is restricted by law, but financial statements do not always reflect legal restrictions associated with the “unrestricted” funds. For example, Housing is governed by Education Code 89703 which, in effect, places restrictions on “unrestricted” housing funds. Even the operating fund is designated to a specific purpose.

   B. Why did the “unrestricted net assets change”? Wells explained the changes that impacted each category. For example, housing decreased because of capital outlays for housing improvements (reduced from 5,025,924 in 2011 to 2,941,732 in 2012).

   C. Continuing education shows a large gain from 2011 to 2012. The “restrictions” on the flow of self-support monies were reviewed.

   • This portion of the discussion dealt with the need to find a format for presenting data to faculty. VP Wells wants to start with a standard report package that makes sense to faculty.

      A. COBRA requested that more clarity on the revenue in each category be provided (i.e., some of the revenue is allocated for cost recovery).

      B. There was a discussion of the net assets from additional fees in anticipation of reductions prior to the passage of Prop 30. In 2011/12 we restricted expenditures in anticipation of the budget cuts, and this created a surplus. As we moved into 12/13 we had a 7 M surplus.
3. Focus on Prop 30 and carry forward:

We reduced our budget by 3.7 M. We anticipated a further cut if Prop 30 did not pass, but Prop 30 did pass. However, we did not recoup the 3.7M. The carry forward was used to pay for the one-time 3.7M cut. Of the carry forward 2.7 M came from Academic Affairs. We will not recoup the money since the State did not reallocate the money. The Provost should respond to how the 2.7M was allocated across Programs and Departments in Academic Affairs.

4. Focus on the Governor’s Budget.

There was a 467M allocation to CSU from the State.

Breakdown of the 467M:

- 198M of the 467M has been appropriated to pay for cost for Geo bonds not previously associated with the university.
- 19M to pay Lease Revenue bonds. Debt service in the past was not paid out of the CSU budget.
- 125M of the 467M is replacement revenue for not increasing student fees. The cost for us was 132M and we received 125M.
- 10M is allocated for online instructions (this purpose is ambiguous). The remainder is for instructional cost.
- The allocation of the balance is based on the discretion of BOT.

5. Why do the student fees & tuition recorded in the FS differ from the figures that VP Wells reported to us?

The question actually compares two different numbers which are close but not the same. The State tuition fee was budgeted as 76M, but the actual amount collected was $74,636,775.

A. The grand total of 88M on the spread sheet incorporates a host of adjustments and fees that are allocated for other funds. For example, the State University Grant Program discounts tuition (e.g., the GAAP cost of $30,400,92 is money that we do not collect). Each of the special fees collected are allocated for different funds (e.g., health fees). Thus, the actual collected tuition should not be compared to the budgeted 88M.
B. When the budget changes because of change in circumstances, how is that change reflected to faculty?

Seems to be a communication problem since the response was already posted on COBRA’s Web site. The FS showing two columns one showing the budget if Prop 30 did not pass and if it did pass was posted.

C. Refers to the fact that the trigger cut did not occur.

This question/comment is only partly true. A 3.7M cut did occur. The remaining part of the cut 2.5M did not occur.

D. At some point in the near future will the campus charge students an extra fee for online classes to compensate faculty who teach them? There is a move to encourage more online, and some faculty feel that online takes more time.

No fee for online is being considered at this time. Reimbursement for large classes varies by college (some large courses in business are counted as 2 courses; Class offers a stipend for a TA or equipment).

E. Are fees for online separated out from all fees?

The only separation is between self- and state-support. Historically, there has been no philosophical underpinning on fee structure. But, since the share of the state contribution has changed, now there is an attempt to acknowledge the implication that higher fees have for access but, at the same time, a need to try to provide enough support for the same level of access that has been provided in the past. This is difficult to reconcile. But, at this point online courses have not been separated out. CSU has no view beyond 4 years because the Governor has made an implicit commitment that if we do certain things he will increase the budget by 5% through 14/15 and 4% through 16/17, but he expects in return that tuition costs will be kept flat.

6. Cost of planning for distinction

See attached: Frequently asked questions #39 on the Planning for Distinction Web site. CSUEB estimated 48K for a consultant, but final cost is estimated to be about 23K. The book was purchased for all committee members; the cost was $3,300.00 for 60-65 copies. The largest cost is for assigned time and/or stipends. Faculty received 8WTUs or a $10,000 in stipends or a mix of both. Thirty one faculty members received assigned time or a stipend.
February 15, 2013

Dr. Lillian Taiz
President
California Faculty Association
980 9th Street, Suite 2250
Sacramento, CA 95814-2716

Dear Lillian,

As you are well aware, the 2012 Collective Bargaining Agreement provided latitude for individual campus Presidents to implement equity programs on their own campuses in fiscal years 2012/13 and 2013/14. The CBA also provides that first priority for awards shall be given to those individuals who received equity awards pursuant to the 8/18/2010 Memorandum of Understanding. However, to date, no individual President has had the resources to take any action to implement a campus equity program.

I am writing to inform you that, with the full concurrence of Chancellor White and the Presidents, the CSU will commit to implementing in full the provisions of Articles 31.11 to 31.13 of the CBA systemwide on July 1, 2013, provided that the CSU receives the level of state appropriations that have been proposed in the Governor’s January Budget.

In making this decision, the Chancellor and Presidents want to recognize the contributions of those faculty who did not receive an equity award in 2008/2009 due to the unprecedented collapse in state appropriations to the CSU. However, now that we have a realistic prospect of seeing some modest additional state funding being allocated to the CSU for 2013/14, the Chancellor and Presidents believe this is the appropriate time to implement these provisions of the CBA. I trust that CFA will support us as we go through the Budget process as these additional funds will be critical to the ability of the CSU to meet the many challenges that it now faces after so many years of declining state support.

Regards,

Gail Brooks
Vice Chancellor, Human Resources

GB/sr

cc: Chancellor Timothy P. White
CSU Presidents
CSU Executives

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 Jose
San Luis Obispo
San Marcos
Sonoma
Stanislaus
Question 2

California State University, East Bay
Statement of Net Assets -- Unrestricted Net Assets
Years ending June 30, 2010, 2011 and 2012

<table>
<thead>
<tr>
<th></th>
<th>6/30/2012</th>
<th>6/30/2011</th>
<th>6/30/2010</th>
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<tbody>
<tr>
<td>A. CSU Operating Fund</td>
<td>(7,017,852)</td>
<td>(9,437,103)</td>
<td>10,460,087</td>
</tr>
<tr>
<td>B. Housing</td>
<td>(2,941,732)</td>
<td>(5,025,924)</td>
<td>(5,990,165)</td>
</tr>
<tr>
<td>C. Parking</td>
<td>(10,041,982)</td>
<td>(8,907,707)</td>
<td>(6,112,888)</td>
</tr>
<tr>
<td>D. Continuing Education</td>
<td>(13,516,253)</td>
<td>(7,609,356)</td>
<td>(3,564,197)</td>
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<td>E. University Union</td>
<td>(6,585,627)</td>
<td>(6,692,120)</td>
<td>(6,253,109)</td>
</tr>
<tr>
<td>F. Trust</td>
<td>(7,959,432)</td>
<td>(8,531,720)</td>
<td>(7,372,845)</td>
</tr>
<tr>
<td>G. Lottery</td>
<td>(1,334,935)</td>
<td>(1,250,829)</td>
<td>(766,042)</td>
</tr>
<tr>
<td><strong>Total Unrestricted Net Assets</strong></td>
<td><strong>(49,397,813)</strong></td>
<td><strong>(47,454,759)</strong></td>
<td><strong>(19,601,159)</strong></td>
</tr>
</tbody>
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A. CSU Operating Fund

Education Code 89700. (a) The trustees may by rule require all persons to pay fees, rents, deposits, and charges for services, facilities or materials provided by the trustees to such persons. The trustees may, by rule, provide for the method of collecting such fees, rents, deposits, and charges, and may, by rule, provide for the refund in whole or part of such fees, rents, deposits, and charges collected in error or collected for facilities, services, or materials not utilized. (b) If the provisions of this section are in conflict with the provisions of a memorandum of understanding reached pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1 of the Government Code, the memorandum of understanding shall be controlling without further legislative action, except that if such provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

B. Housing

Education Code 89703. (a) The trustees may prescribe student housing rental rates and fees to provide revenues for student housing programs in the amounts and under the circumstances that are determined by the trustees. (b) (1) The trustees may pledge all or any part of student housing revenues in connection with bonds or notes issued pursuant to State University Revenue Bond Act of 1947 (Article 2 (commencing with Section 90010) of Chapter 8), in which case the revenues shall be deposited, transmitted, and used in the manner provided by that act. (2) All revenues received by the trustees from housing rental rates and fees under this section may be pledged for the acquisition, construction, and improvement of student housing projects, and may also be pledged to supplement other revenue funded projects relating to debt obligations issued by the trustees pursuant to the State University Revenue Bond Act of 1947. Nothing in this section shall be construed as altering or permitting a change in the pledge of housing rental revenues established in connection with debt obligations issued prior to the enactment of this section and pursuant to the State University Revenue Bond Act of 1947.

C. Parking

Education Code 89701. (a) The trustees are authorized to acquire, pursuant to the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code) or by lease or other means, real property and to construct, operate, and maintain motor vehicle parking facilities and other transportation facilities thereon for state university officers, employees, students, or
other persons. The trustees may prescribe the terms and conditions of the parking, and of parking on facilities existing on the effective date of this section, including the payment of parking fees in the amounts and under the circumstances determined by the trustees. Varying rates of parking fees may be established for different localities or for different parking facilities and for the purposes authorized by subdivision (b). In determining rates of parking fees, the trustees may consider the rates charged in the same locality by other public agencies and by private employers for employee parking, the rates charged to students by other universities and colleges. (b) (1) Except as otherwise provided in this section, revenues received by the trustees from any of the motor vehicle parking facilities, as well as from all parking facilities existing on the effective date of this section, may be transmitted to the Treasurer and, if transmitted, shall be deposited by that officer in the State Treasury to the credit of the State University Parking Revenue Fund, which is hereby created. (2) All revenues received by the trustees under this section may be pledged for the acquisition, construction, and improvement of parking and other transportation facilities, and may also be pledged to supplement other revenue funded projects relating to debt obligations issued by the trustees pursuant to the State University Revenue Bond Act of 1947. Nothing in this section shall be construed as altering or permitting a change in the pledge of parking fee revenues established in connection with debt obligations issued prior to the enactment of this section and pursuant to the State University Revenue Bond Act of 1947. (3) All revenues received by the trustees from parking facilities, to the extent not pledged in connection with bonds or notes issued pursuant to the State University Revenue Bond Act of 1947, are hereby appropriated, without regard to fiscal years, to the trustees for the acquisition, construction, operation, and maintenance of motor vehicle parking facilities on real property acquired hereunder or on real property otherwise under the jurisdiction of the trustees, and for the study, development, enhancement, operation, and maintenance of alternate methods of transportation for officers, students, and employees of the California State University. (4) The trustees shall allocate the funds for the construction of parking facilities for each of the California State University campuses only after programs incorporating alternate methods of transportation have been thoroughly investigated and considered, as determined by the alternative transportation committees of each campus and the trustees, in consultation with students and local government officials. (5) Moneys in the State University Parking Revenue Fund may be invested by the Treasurer, upon approval of the trustees, in those eligible securities listed in Section 16430 of the Government Code. All interest or other earnings received pursuant to the investments shall be deposited to the credit of the State University Parking Revenue Fund. (c) The Legislature, by this section, does not intend to authorize the institution of a private parking program unrelated to state purposes in competition with private industry. (d) If any provision of this section is in conflict with any provision of a memorandum of understanding reached pursuant to Chapter 12 (commencing with Section 3560) of Division 4 of Title 1 of the Government Code, the memorandum of understanding shall be controlling without further legislative action, except that if one or more provisions of a memorandum of understanding require the expenditure of funds, the provisions shall not become effective unless approved by the Legislature in the annual Budget Act.

Education Code 89701.5. Moneys in the State University Parking Revenue Fund received as parking fines and forfeitures shall be used exclusively for the development, enhancement, and operation of alternate methods of transportation programs for students and employees, for the mitigation of the impact of off-campus student and employee parking in university communities, and for the administration of the parking fines and forfeitures programs.
D. Continuing Education

Education Code 89704. (a) Notwithstanding any other provision of law, revenues received by the Trustees of the California State University from extension programs, special session, and other self-supporting instructional programs, including but not limited to, fees and charges required by the trustees, may be transmitted to the Treasurer and, if transmitted, shall be deposited by that officer in the State Treasury to the credit of the State University Continuing Education Revenue Fund, which is hereby created, and which is hereby designated as successor to the State College Extension Program Revenue Fund. (b) All revenues are hereby appropriated, without regard to fiscal years, to the trustees for the support and development of self-supporting instructional programs of the California State University. However, proposed expenditures or obligations to be incurred during any fiscal year from the State University Continuing Education Revenue Fund, other than expenditures or obligations authorized by subdivision (d), shall be contained in the budget submitted for that fiscal year by the Governor pursuant to Section 12 of Article IV of the Constitution, and shall be subject to Article 2 (commencing with Section 13320) of Chapter 3 of Part 3 of Division 3 of Title 2 of the Government Code. (c) Moneys in the State University Continuing Education Revenue Fund may be invested by the Treasurer, upon approval of the trustees, in those eligible securities listed in Section 16430 of the Government Code. All interest or other earnings received pursuant to the investments shall be deposited to the credit of the State University Continuing Education Revenue Fund. (d) All revenues received by the trustees under this section may be pledged for the acquisition, construction, and improvement of facilities for extension programs, special session, and other self-supporting instructional programs pursuant to the State University Revenue Bond Act of 1947 (Article 2 (commencing with Section 90010) of Chapter 8), and may also be pledged to supplement other revenue funded projects relating to debt obligations issued by the trustees pursuant to the State University Revenue Bond Act of 1947.

E. University Union

Education Code 89303. The trustees may provide for the construction of a building to serve as a student body center to be financed entirely or in part by fees required of students as authorized in Section 89304 pursuant to the provisions of the State University Revenue Bond Act of 1947.

Education Code 89304. (a) Upon the favorable vote of two-thirds of the students voting in an election held for the purpose at a state university, in the manner the trustees shall prescribe, and open to all regular students enrolled in the state university, the trustees are authorized to establish, in addition to any other student fee the trustees are authorized to establish, a building and operating fee, not to exceed forty dollars ($40) per student per academic year, which shall be required of all students attending the state university. All unexpended funds and money collected by any state university under this section shall be available for financing, operating, and constructing a student body center. All unexpended funds collected by any state university under this section shall be deposited or invested in trust by the chief fiscal officer of that state university in any one or more of the following ways: (1) Deposits in trust accounts of the centralized treasury system pursuant to Sections 16305 to 16305.7, inclusive, of the Government Code or in the California State University Trust Fund or in a bank or banks whose accounts are insured by the Federal Deposit Insurance Corporation. (2) Investment certificates or withdrawable shares in state-chartered savings and loan associations and savings accounts of federal savings and loan associations, if the associations are doing business in this state and have their accounts...
insured by the Federal Savings and Loan Insurance Corporation. (3) Purchase of any of the securities authorized for investment by Section 16430 of the Government Code or investment by the Treasurer in those securities. (4) Participation in funds that are exempt from federal income tax pursuant to Section 501(c)(3) of Title 26 of the United States Code and that are open exclusively to nonprofit colleges, universities, and independent schools. (5) Investment certificates or withdrawable shares in federal or state credit unions, if the credit unions are doing business in this state and have their accounts insured by the National Credit Union Administration and if any money so invested or deposited is invested or deposited in certificates, shares, or accounts fully covered by that insurance. (b) All revenues received by the trustees under this section may be pledged for the acquisition, construction, and improvement of student body center projects pursuant to the State University Revenue Bond Act of 1947 (Article 2 (commencing with Section 90010) of Chapter 8), and may also be pledged to supplement other revenue funded projects relating to debt obligations issued by the trustees pursuant to the State University Revenue Bond Act of 1947. Nothing in this section shall be construed as altering or permitting a change in the pledge of student body center fee revenues established in connection with debt obligations issued prior to the enactment of this section and pursuant to the State University Revenue Bond Act of 1947. (c) The chief fiscal officer of each state university shall be custodian funds collected by a state university under this section, and shall provide the necessary accounting records and controls thereof. The state university shall be reimbursed from these funds in an amount to cover the cost of the custodial and accounting services provided by the state university in connection with these funds. (d) The funds collected by a state university under this section may be expended by the custodian only upon the submission of an appropriate claim schedule by an elected representative of the student body or his or her appointee.

F. Trust

Education Code 89721. Notwithstanding any other provision of law, the chief fiscal officer of each campus of the California State University shall deposit into and maintain in local trust accounts or in trust accounts in accordance with Sections 16305 to 16305.7, inclusive, of the Government Code, or in the California State University Trust Fund, monies received in connection with the following sources or purposes: (a) Gifts, bequests, devises, and donations received under Section 89720. (b) Any student loan or scholarship fund program, including but not limited to, student loan programs of the state, federal government (including programs referred to in Section 89723), local government, or private sources. (c) Advance payment for anticipated expenditures or encumbrances in connection with federal grants or contracts. (d) Room, board, and similar expenses of students enrolled in the international program of the California State University. (e) Cafeteria replacement funds. (f) Miscellaneous receipts in the nature of deposits subject to return upon approval of a proper application. (g) Fees and charges for services, materials, and facilities authorized by Section 89700 if these fees or charges are required of those persons who, at their option, use the services or facilities, or are provided the materials, for which the fees or charges are made. Fees and charges so received and deposited shall be used solely to meet the costs of providing these services, materials, and facilities. (h) Fees for instructionally related activities as defined by the trustees and as authorized by Section 89700 and revenues derived from the conduct of the instructionally related activities. The trustees shall have all authority necessary to administer and use the fees and revenues received and deposited to support such instructionally related activities. (i) Fees for parking, health facilities or health services, and for extension programs, special sessions, and other self-supporting instructional programs. (j) Revenue received by the trustees from the California State Lottery Education Fund pursuant to Section 8880.5 of the Government Code. (k) Moneys received
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by the trustees for research, workshops, conferences, institutes, and special projects. (l) Moneys collected as higher education fees and income from students of any campus of the California State University and from other persons pursuant to Section 89700. The Controller shall have the authority to audit the expenditure of these funds.

G. Lottery

Government Code 8880.5. Allocations for education: The California State Lottery Education Fund is created within the State Treasury, and is continuously appropriated for carrying out the purposes of this chapter. The Controller shall draw warrants on this fund and distribute them quarterly in the following manner, provided that the payments specified in subdivisions (a) to (g), inclusive, shall be equal per capita amounts. (a) (1) Payments shall be made directly to public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, or any part thereof, on the basis of an equal amount for each unit of average daily attendance, as defined by law and adjusted pursuant to subdivision (l). (2) For purposes of this paragraph, in each of the 2008-09, 2009-10, 2010-11, 2011-12, 2012-13, 2013-14, and 2014-15 fiscal years, the number of units of average daily attendance in each of those fiscal years for programs for public school districts, including county superintendents of schools, serving kindergarten and grades 1 to 12, inclusive, shall include the same amount of average daily attendance for classes for adults and regional occupational centers and programs used in the calculation made pursuant to this subdivision for the 2007-08 fiscal year. (b) Payments shall also be made directly to public school districts serving community colleges, on the basis of an equal amount for each unit of average daily attendance, as defined by law. (c) Payments shall also be made directly to the Board of Trustees of the California State University on the basis of an amount for each unit of equivalent full-time enrollment. Funds received by the trustees shall be deposited in and expended from the California State University Lottery Education Fund, which is hereby created or, at the discretion of the trustees, deposited in local trust accounts in accordance with subdivision (j) of Section 89721 of the Education Code. (d) Payments shall also be made directly to the Regents of the University of California on the basis of an amount for each unit of equivalent full-time enrollment. (e) Payments shall also be made directly to the Board of Directors of the Hastings College of the Law on the basis of an amount for each unit of equivalent full-time enrollment. (f) Payments shall also be made directly to the Department of the Youth Authority for educational programs serving kindergarten and grades 1 to 12, inclusive, or any part thereof, on the basis of an equal amount for each unit of average daily attendance, as defined by law. (g) Payments shall also be made directly to the two California Schools for the Deaf, the California School for the Blind, and the three Diagnostic Schools for Neurologically Handicapped Children, on the basis of an amount for each unit of equivalent full-time enrollment. (h) Payments shall also be made directly to the State Department of Developmental Services and the State Department of Mental Health for clients with developmental or mental disabilities who are enrolled in state hospital education programs, including developmental centers, on the basis of an equal amount for each unit of average daily attendance, as defined by law. (i) No Budget Act or other statutory provision shall direct that payments for public education made pursuant to this chapter be used for purposes and programs (including workload adjustments and maintenance of the level of service) authorized by Chapters 498, 565, and 1302 of the Statutes of 1983, Chapter 97 or 258 of the Statutes of 1984, or Chapter 1 of the Statutes of the 1983-84 Second Extraordinary Session. (j) School districts and other agencies receiving funds distributed pursuant to this chapter may at their option utilize funds allocated by this chapter to provide additional funds for those purposes and programs prescribed by subdivision (l) for the purpose of enrichment or expansion. (k) As a condition of receiving any moneys pursuant to subdivision (a) or
(b), each school district and county superintendent of schools shall establish a separate account for the receipt and expenditure of those moneys, which account shall be clearly identified as a lottery education account. (l) Commencing with the 1998-99 fiscal year, and each year thereafter, for purposes of subdivision (a), average daily attendance shall be increased by the statewide average rate of excused absences for the 1996-97 fiscal year as determined pursuant to the provisions of Chapter 855 of the Statutes of 1997. The statewide average excused absence rate, and the corresponding adjustment factor required for the operation of this subdivision, shall be certified to the State Controller by the Superintendent of Public Instruction. (m) It is the intent of this chapter that all funds allocated from the California State Lottery Education Fund shall be used exclusively for the education of pupils and students and no funds shall be spent for acquisition of real property, construction of facilities, financing of research, or any other noninstructional purpose.
California State University East Bay  
Statement of Revenues, Expenses, and Changes in Net Assets  
Journal Entries Related to Student tuition and fees  
Year ended June 30, 2012

<table>
<thead>
<tr>
<th>Row Labels</th>
<th>Sum of Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revs PY JE61561, which corrected derivation of ID and Health Fac Revenues - also corrected FY11.12 Legal.</td>
<td>$ 27,341,940.05</td>
</tr>
<tr>
<td>To adjust PY deferred revenue to reflect correction made during FY 10.11.</td>
<td>$ 69,967.77</td>
</tr>
<tr>
<td>To book the outstanding credits not posted in FY11/12 legal. To book the FY11/12 returned checks not booked at the end of fiscal year. To be reversed in GAAP FY12/13.</td>
<td>$ (29,407.15)</td>
</tr>
<tr>
<td>To correct 11.12 legal je for allowances for doubtful accounts. $1000 should be an allowance for student loans and not AR. TO BE REVSD IN 12.13 GAAP.</td>
<td>$ 1,815.00</td>
</tr>
<tr>
<td>To correct account code used for recognized revenue from deferred on lines 20-26 of JE226143. TO BE REVSD IN GAAP IN 12-13</td>
<td>$ (1,000.00)</td>
</tr>
<tr>
<td>To correct Defd Revenue JE226143 entry for class 485. Orig caculated incorr. TO BE REVSD IN GAAP 12/13.</td>
<td>$ 27,419.00</td>
</tr>
<tr>
<td>To correct partial of JE2 211165 &amp; 216644. Incorrect fund used for class 463.</td>
<td>$ 48,141.00</td>
</tr>
<tr>
<td>To correct prior year deferred revenue (beginning balance) for fund 463.</td>
<td>$ (504.00)</td>
</tr>
<tr>
<td>To correct the derivation of ID Revenue and Health Facility revenue posted to depository account. To be reversed in GAAP FY12/13.</td>
<td>$ 43.63</td>
</tr>
<tr>
<td>To correctly record deferred revenue, student accounts receivable and Summer qtr 2012 earned revenue per GAAP. TO BE REVSD IN 12.13</td>
<td>$ (1,439,377.00)</td>
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<tr>
<td>To reclass FY1112 580090-PRC02 balances derived to 721007 (Other Operating Revenue) to 721001 (Student Fees). See email from Jennifer Toor dated 7/18/12.</td>
<td>$ (694,179.21)</td>
</tr>
<tr>
<td>To reclassify FY1112 Trust revenue to its correct account#.</td>
<td>$ (250.00)</td>
</tr>
<tr>
<td>To reclassify Faculty, Staff and their depedents' fee waiver as benefits for GAAP reporting.</td>
<td>$ (398,385.00)</td>
</tr>
<tr>
<td>To record adj. GAAP je for Scholarship Allowance and Discounting of Tuition. See chapter 4, sect 4-11.</td>
<td>$ 30,400,922.00</td>
</tr>
<tr>
<td>To record allowance for doubtful accounts for Third party Accounts Receivable, not recorded in legal. JE TO BE REVSD IN GAAP 12.13</td>
<td>$ 156,833.25</td>
</tr>
<tr>
<td>To record FY1112 Foundation Depository Balances. Per 7/31/12 email from Darrell Haydon.</td>
<td>$ (2,826,357.64)</td>
</tr>
<tr>
<td>To record reversal of Deferred Revenue related to prior year.</td>
<td>$ 619.00</td>
</tr>
<tr>
<td>To reverse 6.30.11 GAAP je#61571, prior year's deferred revenue entries.</td>
<td>$ 1,743,739.00</td>
</tr>
<tr>
<td>To reverse je#0000061543 dated 6/30/11 - FY10/11 returned checks and outstanding credits not processed until FY11/12. June 2012 Bank recon reconciling items.</td>
<td>$ (55.00)</td>
</tr>
<tr>
<td>To reverse PY GAAP JE#61542, which revsd W/O of invoice paid via CPO. This was corrected in legal 11.12.</td>
<td>$ 284.40</td>
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<tr>
<td>To reverse PY JE61565, which reclassed SUM11 qtr fee waivers. Corrections made in FY 11.12 Legal.</td>
<td>$ 285,301.00</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>501002</td>
<td>Non-Resident Tuition Fee</td>
<td>$ (12,522,632.38)</td>
</tr>
<tr>
<td>501004</td>
<td>Application Fee</td>
<td>$ (978,670.00)</td>
</tr>
<tr>
<td>501005</td>
<td>Cat II-Student Health Svcs Fee</td>
<td>$ (2,957,155.71)</td>
</tr>
</tbody>
</table>

GAAP

2/28/2013
## Statement of Revenues, Expenses, and Changes in Net Assets

### Journal Entries Related to Student tuition and fees

**Year ended June 30, 2012**

<table>
<thead>
<tr>
<th>Row Labels</th>
<th>Sum of Actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>501102 - Cat II-Instr Relatd Actvty Fee</td>
<td>$479,861.08</td>
</tr>
<tr>
<td>501104 - Cat IV-Catalog Fee</td>
<td>$0</td>
</tr>
<tr>
<td>501105 - Cat IV-Transcripts</td>
<td>$0</td>
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<tr>
<td>501108 - Cat IV-Returned Check Fee</td>
<td>$25,833.92</td>
</tr>
<tr>
<td>501110 - Cat III-Mise Course Fees</td>
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<tr>
<td>501111 - Category 2 Fees</td>
<td>$179,133.24</td>
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<tr>
<td>501112 - Cat IV Fees-University</td>
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</tr>
<tr>
<td>501201 - Professional Program Fee</td>
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<tr>
<td>501400 - Allowance for Bad Debts</td>
<td>$81,210.69</td>
</tr>
<tr>
<td>501825 - Cat II-Academic Excellence Fee</td>
<td>$982,762.02</td>
</tr>
<tr>
<td>501855 - Cat II-Mandatory Orientatn Fee</td>
<td>$120,660.00</td>
</tr>
<tr>
<td>501856 - Conference / Workshop Fees</td>
<td>$0</td>
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<tr>
<td>501862 - Cat IV-Graduation Fees</td>
<td>$180,789.00</td>
</tr>
<tr>
<td>501863 - Cat IV-Broken-Lost Equipment</td>
<td>$6,188.41</td>
</tr>
<tr>
<td>501901 - Tuition Fee - Undergrad</td>
<td>$(74,636,775.37)</td>
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<tr>
<td>501904 - Non-Res Tuition Fee WUE</td>
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<tr>
<td>501905 - Non-Res TuFee WUE Grad/Postbac</td>
<td>$6,904.00</td>
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<tr>
<td>501907 - Cat II-Student ID Fee</td>
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<tr>
<td>501908 - Cat IV Fees-Departments</td>
<td>$293,486.95</td>
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<tr>
<td>501909 - Cat II-Athletics Fee</td>
<td>$1,479,603.85</td>
</tr>
<tr>
<td>502103 - CE Spec Session Contracts</td>
<td>$(593,190.00)</td>
</tr>
<tr>
<td>502104 - Continuing Ed Open University</td>
<td>$(2,588,706.10)</td>
</tr>
<tr>
<td>502105 - CE Spec Session Regular</td>
<td>$(9,343,960.81)</td>
</tr>
<tr>
<td>502201 - Continuing Ed-Regular Extentio</td>
<td>$(1,933,171.90)</td>
</tr>
<tr>
<td>502202 - Continuing Ed Contract Extensi</td>
<td>$(71,102.00)</td>
</tr>
<tr>
<td>502301 - Cont Ed - Regular Non Credit</td>
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<tr>
<td>502400 - Allowance for doubtful DCIE</td>
<td>$13,923.32</td>
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<tr>
<td>502801 - CE-Spec Session Regular-Summer</td>
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</tr>
<tr>
<td>502811 - CE-OTL Non-Res-Winter</td>
<td>$0</td>
</tr>
<tr>
<td>502820 - CE-Extension Regular, Summer</td>
<td>$0</td>
</tr>
<tr>
<td>502821 - CE-Extension Regular, Fall</td>
<td>$0</td>
</tr>
<tr>
<td>502827 - CE-Extension Contract, Spring</td>
<td>$0</td>
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<tr>
<td>502832 - Ext-Open University, Summer</td>
<td>$0</td>
</tr>
<tr>
<td>502835 - Ext Open University, Spring</td>
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<tr>
<td>504007 - Cat II-Health Facilities Fee</td>
<td>$(124,898.43)</td>
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<tr>
<td>504008 - Cat IV-Univ Union / RAW Fee</td>
<td>$(2,268,825.29)</td>
</tr>
<tr>
<td>504811 - Cat IV-University Union</td>
<td>$(2,175,163.09)</td>
</tr>
<tr>
<td>504812 - University Union-Fall Qtr</td>
<td>$0</td>
</tr>
<tr>
<td>504813 - University Union-Winter Qtr</td>
<td>$0</td>
</tr>
<tr>
<td>504814 - University Union-Spring Qtr</td>
<td>$0</td>
</tr>
</tbody>
</table>

**Grand Total** | $(88,163,846.19)
January 14, 2011

MEMORANDUM

TO: CSU Presidents

FROM: Charles B. Reed
Chancellor

SUBJECT: California State University Fee Policy

SUPERSEDES: Executive Orders 1034 and 1042

Attached is a copy of Executive Order No. 1054. The executive order brings together the California State University Board policies that comprise the CSU Fee Policy. This includes the philosophical statement on fees and educational costs, adopted by the Trustees in March 1993, entitled "Policies for Pricing and Strategies for Paying" and the most recent Fee Policy statement approved in May 2010. The referenced items make up the overall strategic framework and guidelines for administration of CSU fees.

The executive order also updates terminology to clarify the nomenclature associated with the various fees, and continues the range within which presidents are authorized to establish and adjust category III miscellaneous course fees.

Each campus should modify all fee notifications and billings to students and their families to reflect the change in the tuition fee terminology.

This combined presentation of CSU Fee Policy can be found at the following Internet website: http://www.calstate.edu/budget/student-fees/fee-policy/. Subsequent modifications required for administration of this fee policy will be made via the website.

In accordance with the policy of the California State University, the campus president has the responsibility for implementing executive orders where applicable and for maintaining the campus repository and index for all executive orders.

CBR/kp

Attachments
THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210
(562) 951-4700

Executive Order: 1054
Title: The California State University Fee Policy
Effective Date: January 14, 2011
Supersedes: Executive Orders 1034 and 1042

This executive order is issued pursuant to Education Code Section 89035 and Board of Trustees Standing Orders, Section II, subsection i.

This executive order brings together the California State University Board policies that comprise the CSU Fee Policy, defines the change in terminology to tuition fees for some Category I fees, and continues the delegated range for the establishment and adjustment of Category III miscellaneous course fees.

California State University, Policies for Pricing and Strategies for Paying
In March 1993 the Board of Trustees adopted a strategic framework called “Policies for Pricing and Strategies for Paying,” making explicit the relationship between the state’s fiscal responsibility for providing funding for student access and the share of the educational costs to be assumed by students and their families. This policy statement outlined the principles under which the CSU would determine fee rates and maintain adequate financial aid resources for students.

California State University Student Fee Policy
In May 2010 the CSU Board of Trustees adopted the “CSU Fee Policy,” which establishes categories of fees and directs which entity has authority over them.

Category I fees are authorized by the Board of Trustees and charged at the same rate at all campuses. They currently include the following with the new titles effective as of this date:

Basic:
- Undergraduate Tuition Fee
- Credential Program Tuition Fee
- Graduate/Post Baccalaureate Tuition Fee
- Doctorate Tuition Fee
Supplemental (per unit, in addition to basic tuition fees):
- Professional Program Fee
- Non-Resident Tuition Fee

Other:
- Application Fee

Each campus should modify all fee notifications and billings, in all formats, to students and their families to reflect these changes in the Category I fee terminology.

Other than the above-mentioned nomenclature changes, this executive order makes no changes to definition, authority, responsibility or accountability for Category I through Category V fees, and therefore these fee categories continue to be a part of the trustees' overall fee policy.

The range within which campus presidents may establish and adjust Category III miscellaneous course fees is unchanged and remains in effect under this executive order.

This update of CSU Fee Policy combines policy and administration of CSU fees into one reference document that can be found at the following Internet website:
http://www.calstate.edu/budget/student-fees/fee-policy/.

Dated: January 14, 2011
QUALITY AND AFFORDABILITY:

POLICIES FOR PRICING AND STRATEGIES FOR PAYING

PREAMBLE

One of the three policies that are the foundation of the California Master Plan for Higher Education is the maintenance of low fees. The other two are broad access to higher education for the citizens of California and wide availability of academic program offerings of high quality. Access and quality are the goals of California higher education, while the preservation of low fees has been an important means for achieving these goals. After several decades of extraordinary commitment to fulfilling the promise of the Master Plan, the current period of unprecedented economic stress in California has resulted in the state's inability to sustain its historic level of support to higher education. The question is whether the fundamental goals of the Master Plan for Higher Education can be continued, perhaps with less destructive modification to the basic policies, in a way that makes it possible to keep the essential promise to students and citizens of California.

It is imperative that we strive to retain our social contract because the return on the state's investment in the CSU can be readily measured in terms of benefits to the state and benefits to the individuals we serve. CSU is an instrument for preserving the essential moral commitment of constructive socioeconomic mobility. One of nine teachers for the country and three of four for the state are trained in the CSU. Eighty percent of those who receive a bachelor's degree in California, after transfer from a community college to a public university, graduate from a CSU campus. CSU faculty have defined the cutting edge of work in public policy analysis and applied research, key ingredients of California's healthy social transition. For all these benefits, the CSU definitions of quality and access must continue to include availability to newer constituencies and relatively low costs for those in need. These are the areas where the state must place its priority and align its policy direction. The clear focus must be on those who can pay and those who cannot, and on increased returns for California's investment.

One modification to basic policies is the adoption of pricing patterns for California public higher education which more nearly mirror the tuition and fee policies of similar institutions across the United States. Of course California always has been proud of its ability to provide more subsidy for all, than any other state but does anyone believe that this financial generosity is likely to prevail again? Therefore, this modification should provide for a predictable and reasonable adjustment of student fees from year to year so that students and their families are better able to plan for university attendance. It is equally important that a commitment to students is established on the part of the institution regarding what those fees will "buy". A rational framework for higher education pricing and financial aid might include measures and criteria which derive from

- institutional mission and priorities;
- differential costs associated with student level, objective, and enrollment status;
- incentives to improve access in terms of entry into the university system and shortening time to degree; and
- the considerable disparities of family income and wealth among those seeking California higher education.

Any long term fee and aid policy, particularly one that requires a greater average contribution on the part of students and their families, must assume a commitment on the part of the state to assume its share of
The California State University Student Fee Policy

the partnership. The policies suggested here are predicated on not losing further ground in 1993/94 and beyond in state appropriations. The state's general revenue fund should pay for the access of additional students headed toward our universities. Thus, the only way to ensure a high level of student access in the short run is to recover a higher level of state appropriations.

Provision of adequate student financial aid and equitable application of aid policies would be a central tenet of a new and higher student pricing and aid structure. To mitigate an increase in fees becoming a barrier to access, a comprehensive program of student aid is imperative. A dramatic improvement in student aid is essential to meet the challenge of increasing disparity in family incomes in California which causes increasing disparity in students' ability to pay for college. A well defined set of policies for student financial aid must be linked directly to student fee policies. CSU is working with the University of California, the other segments of higher education, and relevant state agencies on a broader, long-term review of how California raises and allocates funds for aid.

PRINCIPLES FOR A NEW PRICING STRUCTURE

• **Fee Revenue Would Fund Improvements to the Direct Benefit of Students Attending CSU, While State Appropriation Funding Would Determine the Number of Students Who Could Attend CSU:** The development of a new fee policy for students must be accompanied by a clarification of the responsibility of the state. The burden of ensuring that the state assumes its fundamental responsibility to provide adequate support for public higher education must remain with State policy makers. That responsibility is to provide access to higher education for its citizens by funding the operations of its universities, and that funding level determines how many students can be served. CSU enrollment levels have always been, and will continue to be, determined by the level of support provided by the state budget. Student fee revenues, in turn, can enhance the academic programs, improve the availability of courses, and facilitate student progress, but they cannot, and never should be expected to support increased access. It is also the intention of this policy that a portion of student fee revenues would fund the student aid increases necessary to meet increased need caused by the higher fees.

• **Using Percentage of Cost of Education to Determine Amount of State University Fee (SUF):** Students and their families should be charged a portion of the costs of education, as determined by a coherent and defensible policy, in the form of fees. California public institutions of higher education should establish a structure for tuition and fees that is more nearly comparable to that charged in other states with similar institutions.

• **Differential Fees for Graduate (Postbaccalaureate) Study:** Higher cost associated with graduate study should be recognized by the fee structure. Studies of education costs reveal cost differentials that are highly dependent upon the level and program of academic study, with master's degree programs costing more than undergraduate degree programs, and doctoral study costing substantially more than study at the master's level professional programs, especially those in the health sciences, are the most costly of all advanced degree programs. It is also possible to determine the relative differential costs for lower division and upper division undergraduate study and to establish fee levels that reflect this differential. This proposal envisions a specific exception to the policy of differential fees for postbaccalaureate education credential candidates, whose service is so essential to the future of California that the lower undergraduate fee structure, should continue for those students.
• Continue Fee Structures that Differentiate for Part-Time and Full-Time Study: The current fee structure for California State University establishes one fee for limited (6 units or less) and another fee for regular (more than 6 units) study. As the ceiling on the fee is increased and the policy altered to reflect costs, it is useful to maintain a fee structure that reflects the number of courses or student credit hours taken. This approach can be expanded to leave a fixed fee rate for students taking 12 units or more and instituting per unit charges for students taking fewer units. This type of fee structure contains incentives for students to improve their progress toward a degree. This in turn helps students to enter the workforce more rapidly and to become financially independent. As students accelerate progress to a degree, campus space becomes available for new students to enter the university. More incentives could be added to encourage students to increase their credit load each term.

• Clarify Meaning of Tuition: State law (Education Code Section 89703) limits CSU tuition for California residents to $25 per year. It also limits the use of tuition revenues to instructional support. It is important to resolve these statutory problems so that revenues generated from increased student fees could support programs of instruction. The time has come to acknowledge formally that in order for public higher education to survive, the state and students of California must establish a partnership. That partnership would be grounded in the determination of "fair share" contributions towards educational costs. The historic commitment to low fees, regardless of economic status, cannot be sustained in light of the protracted problems of the state budget. Formally acknowledging this would lend credibility to any new policy approach, and allowing fee revenues to augment the instructional programs would increase accountability to students, their families, and state policy makers. It is therefore very important that policy makers remove the cap on tuition and/or remove the barrier to using student fee revenues to enhance instructional programs.

PRINCIPLES FOR A PROGRAM OF STUDENT FINANCIAL AID

Several strategies comprise a comprehensive approach for students to manage the costs of college attendance. The primary strategy for the neediest of students is "gift aid" or grants of various sorts. As the economic means of students and their families increase, the strategies become more diverse and would include "self help aid" such as work study and student loans. Deferred payment strategies would also be used to help students spread the payment of fees across the term of study. The logical extension of this policy is that students from higher income families would no longer receive large subsidies from the state to attend college.

GRANTS:

• Establish Institutional Commitment to Student Grant Aid: The Trustees of the California State University have established a program of State University Grants, the purpose of which has been to provide assistance to needy students not adequately served by state and federal programs of student aid. In developing a new student fee structure for CSU, the role of Institutional grants should be reviewed. During the recent period of declining budget support to state student aid, CSU increased its commitment through the State University Grant program to fill the gap created by rising student fees and declining Cal Grants. In developing the policy framework for State University Grants, a number of criteria should be considered, including the following:

  • Provide a portion of fee revenues to augment the State University Grant program.
  • Provide grants to offset the fee increase according to a student's family financial position.
The California State University Student Fee Policy

- Combine grants and loans to ration limited funds and to "package" aid in accordance with CSU's mission.

- Assign priority to first-time freshmen and upper division community college transfers.

- Reform the State Program of Student Aid to be More Responsive to Student Need: The existing program of Cal Grants was formulated in an earlier period of California's history when fees at public universities were comprehensively low, and the major objectives of the Cal Grant programs were to recognize student achievement and to provide student choice. Financial problems for the neediest students have been further exacerbated by the rationing of reduced Cal Grant dollars to students on the basis of academic achievement in high school rather than on the basis of financial need. With the current state budget problems, funding for the Cal Grant programs has actually declined even though student fees have continued to increase, most dramatically at the California State University and University of California. Restoration of the full partnership with state and federal student aid programs should be a high priority for policy makers as it is for trustees. A reasonable balance of roles can and must be found.

Thus a comprehensive overhaul of the state program of student aid is essential to the development of a coherent structure of student fees. The primary goal of a revised public policy would channel student aid funds towards students with the greatest need. The intent of this policy goal is to expand the amount and type of financial aid available to all students in need. CSU is working with the University of California and private institutions in California to examine the public policy implications of new approaches to the provision of financial assistance and to re-examine guidelines regarding which students should be subsidized and for what purposes.

- Seek Adequate Funding and Full Eligibility for CSU Students from Federal Programs of Student Aid: Changes to the Higher Education Act through the reauthorization process have raised technical problems related to the level of grant eligibility for many CSU students. Restoration of full eligibility and full funding of federal student aid programs, especially the Pell Grant program, must be a high priority for CSU.

LOANS AND SELF HELP:

- Federal and State Student Loan Programs: Increasing prices of higher education in California make the development of an array of loan programs for students imperative. CSU should explore the full potential for forgivable and low-interest loan programs. Among the potential programs are state and federal options that are tied to community service, to professions that are in high need, and regions of California that are underserved. Considerable emphasis should be given to a program of national service, which could provide an income contingent repayment loan to assist students that attend college and maximize employment opportunities in specified occupations or allow students to participate in service activities in return for a post-service benefit (such as an education grant). Exploratory conversations are underway with the state treasurer's office concerning the creation of a state trust program that would provide student loans.

FINANCING OPTION:

- Deferred Payment Programs: CSU has recently developed a program which permits students to spread fee payments across the term of study. Further expansion of this and similar programs will assist students in managing the costs of college attendance (payment of fees by credit card would be a similar deferred payment approach).
CONCLUDING COMMENT

The challenge faced by California State University and, indeed, by the state's policy makers, is how to achieve the goals of the Master Plan for Higher Education in a profoundly different environment than the one which spawned its great aspirations for California's citizens. The enlightened self interest of the state compels policy makers to focus upon the priority that must be accorded to providing the opportunity for Californians of every economic circumstance to gain the higher education they seek and for which they have earned. This priority for California is an economic imperative, if the state is to recover and sustain its economic strength and vitality. The goals of access and quality are the foundation of the Master Plan, and the centerpiece for the development of the California State University. The pursuit of new approaches to preserving these goals is the impetus for this policy framework.

The framework for changing pricing and financial aid policies to achieve quality and affordability of higher education in the CSU, is founded on a new reality for California - one that does not anticipate return to the circumstances of an earlier era. The underlying society that comprises the California of the 1990's reflects both richer diversity and greater disparity. The intent of this proposal is that the state subsidy would provide fundamental access to our university for students who meet the entry qualifications, and that our pricing policies would enhance the quality of their educational experiences. This policy is predicated on higher charges to students, offset by improved financial aid, and on sustained commitment by the state to fund a higher educational opportunity for CSU students.

Following this strategy, the state and the California State University together would direct financial support for the maximum social advantage, and would achieve through aggressive financial aid programs true opportunity for each individual student. Achievement of this goal will require a more effective and more comprehensive program of information and outreach on student financial aid than has ever before been implemented. This policy framework calls for a new partnership commitment from the students, the state and the university. Each is called upon to sacrifice and to innovate. The new direction is not pleasant, it is not easy, but the best among very difficult alternatives must be identified with candor and with courage.
I. Fee Policy Statement

The CSU makes every effort to keep student costs to a minimum. Fees listed in published schedules or student accounts may need to be increased when public funding is inadequate. Therefore, CSU must reserve the right, even after initial fee payments are made, to increase or modify any listed fees, without notice, until the date when instruction for a particular semester or quarter has begun. All CSU listed fees should be regarded as estimates that are subject to change upon approval by the Board of Trustees, the Chancellor, or the Presidents, as appropriate.

II. Definitions

A. Category I Fees – Systemwide mandatory tuition fees and other fees that must be paid to apply to, enroll in, or attend the university, or to pay the full cost of instruction required of some students by statute.

B. Category II Fees – Campus mandatory fees that must be paid to enroll in or attend the university.

C. Category III Fees – Fees associated with state-supported courses. Specifically for materials and services used in concert with the basic foundation of an academic course offering.

D. Category IV Fees – Fees, other than Category II or III fees, paid to receive materials, services, or for the use of facilities provided by the university; and fees or deposits to reimburse the university for additional costs resulting from dishonored payments, late submissions, or misuse of property or as a security or guaranty.

E. Category V Fees – Fees paid to self-support programs such as Extended Education, Parking and Housing including materials and services fees, user fees, fines, deposits.

III. Authority

A. The Board of Trustees provides policy guidance for all matters pertaining to student fees and has authority for the establishment, oversight and adjustment of Category I fees.

B. The chancellor is delegated authority for the establishment, oversight and adjustment of Category II and Category III fees. The chancellor is not delegated authority for Category I fees.

C. The president is delegated authority for the establishment, oversight and adjustment of Category IV and Category V fees, and for the oversight and adjustment of Category II and III fees. The president is not delegated authority to establish Category I fees, Category II or Category III fees, or to adjust Category I fees. The president does, however, have authority to establish Category III fees within a range established by the chancellor.

IV. Responsibility

A. The president is responsible for assuring that appropriate and meaningful consultation occurs prior to adjusting any campus-based fee and before requesting that the chancellor establish a new Category II or Category III fee.
1. The president shall establish a fee advisory committee comprised of student, faculty, staff, and administrative representatives to provide advice to the president. Membership of the fee advisory committee shall be established in consultation with the campus student body association and the campus faculty senate and shall include the president of the campus student body association and the chair of the campus faculty senate or their designees. The president shall appoint the chair of the fee advisory committee.

2. The president shall appoint members to the fee advisory committee, excluding the student representatives who shall be appointed by the campus student body association. Faculty members shall be appointed consistent with normal campus processes for selecting faculty members to serve on similar committees.

3. Students appointed by the campus student body association shall constitute a majority of the voting members of the fee advisory committee.

4. A statement of revenues and expenditures including a minimum of one year of actual costs and two years of projected revenue and expenditures for the fee revenue supported activity shall be developed by the campus chief financial officer and considered by the president prior to establishing or adjusting any fee.

5. The president shall consult with the fee advisory committee before adjusting or requesting that the chancellor establish any Category II or III fees (subject to his/her approval in writing).
   a. The fee advisory committee will consider proposals for the establishment and adjustment of Category II or III fees, and will then make a recommendation to the president.
   b. The president will make a determination on Category IV and V fees after consideration of the revenue and expenditure plans associated with the fees, and will then notify the fee advisory committee of his or her decision.

B. Appropriate and meaningful consultation with campus constituencies regarding Category II fees and the use of fee revenue is critical to assure that the delegated authority is exercised in a manner that is consistent with policies adopted by the board.

   1. Appropriate and meaningful consultation includes consultation with bodies such as the campus faculty senate, the campus student body association and other constituencies affected by any proposed increase in an existing fee or establishment of a new fee.

   2. The policy presumes that a student fee referendum will be conducted before adjusting or establishing Category II fees. The president, however, may waive the referendum requirement (unless it is required by Education Code) if he/she determines that a referendum is not the best mechanism to achieve appropriate and meaningful consultation.

   3. If a referendum is not conducted prior to adjusting Category II fees or requesting the chancellor to establish a new Category II fee, the president must demonstrate to the fee advisory committee the reasons why the alternative consultation methods selected will be more effective in complying with this policy.
The California State University Student Fee Policy

C. An advisory student referendum is the preferred method of measuring student support prior to adjusting a Category II fee or requesting the chancellor to establish a new Category II fee but is subject to the exception described in B-2. The referendum may be conducted by the campus or the student body association. For referenda conducted by the campus, the following shall apply:

1. The president in consultation with the student body association and the faculty senate shall develop guidelines applicable to the student fee referendum process designed to assure that the referendum is open, fair, and objective.

2. The campus shall fund costs associated with the referendum.

3. The fee advisory committee shall issue a voter pamphlet providing objective analysis of the proposed fee action and statements solicited by the committee for and against the proposed fee action.

4. The fee advisory committee shall determine the specific statements that shall be included in the pamphlet.

5. Copies of the voter pamphlet and ballot and information regarding the dates, times, and polling locations shall be available to students and published in the campus newspaper and in other public locations around campus at least thirty days prior to the referendum.

6. The results of a referendum shall be considered favorable when a majority of students voting approve the fee action.

7. The results of the referendum shall be advisory to the fee advisory committee and the president, unless education code requires that the referendum pass.

D. If it is determined that a referendum is not the best mechanism for appropriate and meaningful consultation, and is not required by Education Code, an alternative consultation process may be utilized. The following shall apply:

1. The president, upon deciding that a referendum will not allow for the best measure of student opinion, will inform the fee advisory committee of his/her intent to begin alternative consultation.

2. Alternative consultation strategies will be developed with input from the student body association and the fee advisory committee to ensure that the process is transparent, and meaningful, and will solicit the input of a representative sample of the student body.

3. A representative sample should include students in leadership positions as well as students who are not involved in campus leadership. Efforts should be made to include students from many aspects of campus life regardless of the type of fee.

4. Any written material regarding the new fee, or fee increase should follow the same guidelines as the referendum voter pamphlet (Section C above) to provide objective analysis of the fee or fee increase.

5. Results of the alternative consultation process should be summarized and put in writing and used as additional advisory material to be taken into consideration by the fee advisory committee and the president.
6. If a Category II fee for a capital project (i.e. university union building, or health services building) must be raised to meet minimum debt service revenue bond requirements that were not required when the fee was established, the president can make that adjustment without a full alternative consultation process, but must present the debt service requirements and revenue projections to the fee advisory committee prior to making the adjustment.

V. Accountability

A. The campus president shall provide to the fee advisory committee a report of all fees in Categories II, III, IV and V. New fees, fee increases, total revenue and unexpended balances should be included. The president has the authority to decrease, suspend or eliminate fees as needed.

B. Each campus shall report annually to the chancellor, for the most recently completed fiscal year, a complete inventory of all fees in categories II, III, IV and V, including past year and current year fee rates, the total revenue collected for each fee, and the remaining balance for each fee. The Category II fee report will be presented to the board by the chancellor to allow the board to consider the level and range of fees charged to students.
Miscellaneous Course Fee Policy

Policy Statement: Miscellaneous course fees are defined as fees collected for materials, services or use of facilities used in concert with the basic complement of supplies needed for state-supported instruction. Miscellaneous course fees can only be charged for the actual cost of providing exceptional instructional materials, services or use of an off-campus facility. Students must have the option of attaining the materials or services required through alternative means; however, in cases where such alternative means are unavailable, students cannot opt out of utilizing the required material or service and must pay the miscellaneous course fee.

The following rules apply when determining if miscellaneous course fees can be charged for exceptional materials or services in the classroom:

1. Miscellaneous course fees can only be charged for the actual cost of the material, service or use of facility being provided.

2. A miscellaneous course fee cannot be charged for the basic complement of classroom supplies and materials required for instruction. These include but are not limited to: chalk, erasers, paper clips, pointers, classroom instructional equipment such as projectors (slide, overhead, computer, etc.) and associated supplies (bulbs, transparencies, software, etc.), or any other supplies deemed necessary to equip the instructional space for courses.

3. A miscellaneous course fee cannot be charged for the basic complement of laboratory supplies and instructional equipment necessary for classroom lab requirements identified in the course description. These include but are not limited to equipment, test tubes, work stations, computers or any supplies necessary to equip laboratory space to complement classroom course instruction.

4. Administrative charges and inflationary factors cannot be added to miscellaneous course fees. Only the actual cost of the material, service or use of a facility can be charged.

5. A miscellaneous course fee cannot be charged to fund the basic cost of instruction. Instructional costs are funded through marginal cost dollars, tuition fee revenue, and permanent base budget allocations.

Approved Fee Ranges:

| $0-$150 | Fees that supplement the basic complement of classroom and laboratory instruction by providing materials and services that would otherwise be unavailable to students, and which allow students to meet the educational objectives of a given course. |
| $0-$3,000 | Fees for courses that require field trips or travel off-campus in order to meet the educational objectives of a given course. |
The California State University Student Fee Policy

Category I Per-Unit Fee in Graduate Professional Business Programs

1. Establishment and Terms of Fee Assessment

1.1 Effective Date
Effective fall 2009 a Category I per-unit fee in state-supported professional graduate business programs shall be implemented as provided for in this executive order.

1.2 Applicability

1.2.1 The Graduate Business Professional Fee shall be charged on a per-unit basis for all required courses in state-supported professional master of business degree programs that are subject to accreditation by the Association to Advance Collegiate Schools of Business International (AACSB International) and that are authorized by the trustees or chancellor to assess such fees.

1.2.2 Students in conditionally classified admission status in graduate professional programs shall be charged the Graduate Business Professional Fee on a per-unit basis for each prerequisite course taken in fulfillment of graduation requirements for these fee-authorized programs.

1.2.3 Programs authorized as of the issuance of this policy to assess these fees to enrolled students are listed on Attachment 1 to this executive order.

1.3 Assessment of Fees

1.3.1 This fee shall be in addition to the State University Fee, applicable non-resident tuition, and any campus-based fees.

1.3.2 This fee shall be assessed in the amount of $210 per semester unit or $140 per quarter unit.

1.4 Fee Waivers

Employee fee waivers and other fee waivers are authorized by statute. The terms of authorized employee fee waivers are subject to change and are agreed upon as outlined in collective bargaining contracts. Please consult current Human Resources Technical Memoranda at http://www.calstate.edu/HRAdm/memos.shtml

2. Establishing Fees in Additional Applicable Programs

Upon request of a campus president, the chancellor is authorized to approve the assessment of a Graduate Business Professional Fee upon students enrolled in state-supported professional master’s degrees in business that are subject to accreditation by the Association to Advance Collegiate Schools of Business International and that are not included in the original roster of fee-authorized programs.

3. Fee Revenue

In accordance with Education Code Section 89721(l), revenue collected from all higher education fees shall be deposited in a local trust unless otherwise specified.
4. Provision for Financial Aid

Presidents are directed to set aside a minimum of 25% and not more than 33% of the Graduate Business Professional Fee revenue for need-based financial aid, with such funds to be used first to meet the demonstrated financial need of students in affected campus professional graduate degree programs in business; and that any part of the revenue that is not awarded to professional business master's degree program students be made available to meet demonstrated financial need of any other undergraduate or graduate students on the campus.

5. Modification of Existing Fees

Beginning in fall 2010, for each adjustment made by trustee action to the State University Fee for graduate students, an equal adjustment will be made to the graduate professional business Category I fee.

6. Accountability

In the 2011-12 fiscal year, campuses shall report to the chancellor on their progress in addressing the following expectations of the Board of Trustees.

6.1 Enrollment growth in professional master's degree programs in business, consistent with campus strategic plans.

6.2 Growth in enrollment diversity in such programs, including improved representation of persons of modest financial means, improved representation of persons from currently underrepresented groups, and a more balanced gender representation among students.

6.3 Support for students through such means as providing internships and placement assistance at the completion of their graduate business programs.

6.4 Improvements in faculty recruitment and retention rates.

6.5 For programs that seek accreditation by the Association to Advance Collegiate Schools of Business International, maintenance of accredited status.
Programs Authorized to Assess Per Unit Fee in State-Supported Professional Business Graduate Programs

Authority: CSU Trustee Resolution RFIN 05-09-03
May 12-13, 2009

MS Accountancy
CSU Fresno; CSU Fullerton; CSU Los Angeles; Cal Poly Pomona; CSU San Bernardino; San Diego State; San José State; Cal Poly San Luis Obispo

MBA Master of Business Administration
CSU Bakersfield; CSU Chico; CSU Dominguez Hills; CSU East Bay; CSU Fresno; CSU Fullerton; Humboldt State; CSU Long Beach; CSU Los Angeles; CSU Northridge; Cal Poly Pomona; CSU Sacramento; CSU San Bernardino; San Diego State; San Francisco State; San José State; Cal Poly San Luis Obispo; CSU San Marcos; Sonoma State; CSU Stanislaus

MS Business Administration
CSU East Bay; CSU Los Angeles; Cal Poly Pomona; San Diego State; San Francisco State; CSU Stanislaus

MS Health Care Management
CSU Los Angeles

MS Business and Technology
Cal Poly San Luis Obispo

MS Information Systems
CSU Fullerton; CSU Los Angeles

MS Taxation
CSU East Bay; CSU Fullerton
TRUSTEES RESOLUTION
Meeting Quality Standards in State-Supported Professional Business Graduate Programs with Revenue Support Derived from a Per-Unit Fee (RFIN 05-09-03)

RESOLVED, By the Board of Trustees of the California State University, that beginning with the fall term, 2009, a Graduate Business Professional Fee shall be assessed to students for coursework required in state-supported professional master’s of business degree programs that are subject to accreditation by the Association to Advance Collegiate Schools of Business International (AACSB International). This fee shall be in addition to the State University Fee and any campus-based fees, and shall be assessed in the amount of $210 per semester unit or $140 per quarter unit. The Graduate Business Professional Fee shall apply to required courses in the following degree programs: Master of Business Administration (M.B.A.); and Master of Science (M.S.) programs in Accountancy, Business Administration, Health Care Management, Business and Technology, Information Systems, and Taxation; and be it further

RESOLVED, that beginning in fall 2010, whenever the trustees take action to adjust the State University Fee for graduate students, the same adjustment will be made to the Business Professional Fee; and be it further

RESOLVED, that presidents are directed to set aside a minimum of 25% and not more than 33% of the Graduate Business Professional Fee revenue for need-based financial aid, with such funds to be used first to meet the demonstrated financial need of students in campus professional graduate degree programs in business; and that any part of the revenue that is not awarded to professional business master’s degree program students be made available to meet demonstrated financial need of any other undergraduate or graduate students on the campus; and be it further

RESOLVED, that the Board of Trustees expects that, with this additional revenue made available to campuses, professional master’s degree programs in business will show growth in enrollments consistent with campus strategic plans; enrollment diversity that includes improved representation of persons of modest financial means, and of persons from currently underrepresented groups, and a more balanced gender representation; support for students at the completion of their programs through such means as internships and placement assistance; improvements in faculty recruitment and retention success; and for programs that seek it, success in maintaining accredited status with the Association to Advance Collegiate Schools of Business International; and be it further

RESOLVED, that upon request of a campus president, the chancellor is authorized to approve the assessment of a Graduate Business Professional Fee upon students enrolled in other newly-developed state-supported professional master’s degrees in business that are subject to accreditation by the Association to Advance Collegiate Schools of Business International; and be it further

RESOLVED, that the chancellor provide the Board of Trustees an accountability report in the 2011-12 fiscal year that is responsive to these board expectations.
California State University Education Doctorate State University Fee — Independent Educational Doctoral Degree Program

1. A new fee will be established as the CSU Education Doctorate State University Fee and will be charged in lieu of the CSU State University Fee for students enrolled in the Education Doctorate Program.

2. The fee structure will be a modified version of the State University Fee structure. Regular student fees will be defined as the fee rate for students enrolled in the Education Doctorate Program independent of number of units. Limited student fees will not apply to the Education Doctorate Program. Regular student fees will be equal to the full academic year fee rate. The summer term fee rate shall equal the academic year term rate regular students are charged, respectively, at semester or quarter campuses.

3. The CSU Education Doctorate State University Fee rate will be linked to the UC graduate fee rate (or their Education Doctorate fee rate if a separate professional fee is so established in the future). Increases in the CSU Education Doctorate State University Fee will be tied to the percentage increase in the UC graduate fee. For the 2007-08 academic year the fee level will be the adjusted rate based on the 2006-07 University of California fee of $6,897 - the amount reflecting the graduate mandatory fees approved by the University of California Regents for the 2007-08 academic year.

4. Because of the limited needs-based financial aid requirement for education doctorate student enrollments, the financial aid set-aside from student fees will be 10 percent of the academic year fee rate. After need-based aid has been provided, any remaining funds from the set-aside would be used for general program purposes or student support.

5. Employee fee waivers will have to be negotiated for the new fee and the cost for the waiver shall be funded from the employee compensation pool for each bargaining unit and non-represented employees.

6. The trustees will annually approve the academic year fee rate for the program.

7. Students enrolled in the Education Doctorate Program will also pay campus-based mandatory fees.
RESOLVED, By the Board of Trustees of the California State University, that the CSU Education Doctorate State University Fee is hereby established, which shall be authorized at a fee level that equals the graduate student fee (or Education Doctorate fee rate if a separate professional fee is so established in the future) at the University of California; and, be it further

RESOLVED, That the fee rate approved for the 2007-08 academic year the fee level will be the adjusted rate based on the 2006-07 University of California fee of $6,897 - the amount reflecting the graduate mandatory fees approved by the University of California Regents for the 2007-08 academic year; and be it further

RESOLVED, That the chancellor may approve individual campus CSU Education Doctorate State University Fee rates that do not exceed the maximum graduate fee rates charged by the University of California, and be it further

RESOLVED, The chancellor is delegated authority to further adopt, amend, or repeal the CSU Education Doctorate State University Fee rate if such action is required by the budget act approved for 2007-08, and that such changes made by the chancellor are communicated promptly to the trustees.
39. Where did the money for this process come from? (11/8/2012)

A&F paid for the consultants and support staff and materials. The consulting contract is a not-to-exceed amount of $48,000, which is likely to be less since the campus has taken over most of the work.

The Provost's office bought the books that were distributed to the task group members, which was approximately $3,300.

In keeping with current and past practice at East Bay, assigned time was offered to all faculty members serving on any of the committees. Release time or stipends for the faculty members of the steering committee and task groups will be funded from the budgeted campus contingency. The cost of release time and stipends for this effort is estimated to be $310,000.