

Appendix 7

Sustainability: Financial Viability

Appendix 7.1

Marginal Cost & Growth Funds Going to Instruction

After a number of years of budget reductions, SSU started receiving net growth allocations in 2013-14. For the 2013-14, 2014-15 and 2015-16 years enrollment growth funding was allocated to the university divisions based on division share of marginal cost components. Each division's functional activity was analyzed to determine where it fell in the marginal cost components, for example, instruction, institutional support, academic support, etc. The percentage of each division's marginal cost component was then applied to the amount of funding provided for that component of marginal cost, e.g. instruction was 57.38 % of the total in 2015-16. So, if the Academic Affairs Division held 97.07% of the instructional marginal cost component and instruction was 57.38% of the growth allocation of \$2,485,500 (2015-16), Academic Affairs would receive $\$2,485,000 \times .5738 \times .9707 = \$1,384,114$ for the instruction cost component. That same calculation was done for each component for each division.

In the 2016-17 year, it was determined that the growth allocation in its entirety should be distributed directly to the instructional program to fill the need for tenure track position lines. A portion of the growth allocation was utilized to offset a portion of the bargaining agreement increases that were unfunded by the CSU and the remainder was not allocated by the methodology explained above, but was allocated 100% to instruction.

CSU Marginal Cost of Enrollment Methodology

- CSU campuses are funded for enrollment growth on the basis of the marginal cost funding methodology negotiated by the CSU, University of California, Department of Finance and the Legislative Analyst's Office.
- The Marginal Cost of Enrollment components are based on services directly affected by enrollment increases.
- The formulas are primarily driven by average costs included in the marginal cost component categories and discounted by a percentage calculated for fixed costs. For example, the formulas approximate staffing and operating resources necessary for increased teaching costs based on a fixed SFR ratio and actual salaries and benefits for new faculty.

CSU Marginal Cost of Enrollment Methodology

State Allocation at \$5,809 per new FTES	2016/2017 Components	2016/17 Total MC Factor Per Student	% of Total
Tuition Fee at \$4,476 per new FTES	Instruction	\$5,772	56.12%
Equals \$10,285	Research	\$0	0%
	Public Service	\$0	0%
	Academic Support	\$1,286	12.50%
	Student Services	\$1,091	10.61%
	Institutional Support	\$1,133	11.02%
	Oper & Mtc of Plant	\$918	8.93%
	Student Financial Aid	\$0	0%
	Total	\$10,200	99.17%
	Instructional Equipment	\$85	0.83%
	Totals with I.E.	\$10,285	100.00%



Marginal Cost Components

Instruction: Includes expenses for all activities that are part of an institution's instruction program.
Faculty and Department Chairs

Research: Includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution.

Public Service: Includes expenses for activities established primarily to provide non-instructional services beneficial to individuals and groups external to the institution.

Center for Community Engagement
Green Music Center - Production
Entrepreneurial Activities - Conferences, Marketing, Box Office

Academic Support: Includes expenses to provide support services to the institution's primary missions: instruction, research, and public service.

Academic Deans and Administrative Services
Academic Advising
Tutorial Center

Marginal Cost Components

Student Services: Includes expenses incurred for offices of admissions and the registrar, and activities with the primary purpose of contributing to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program.

- Admissions and Records
- Athletics
- Disability Services
- The HUB

Institutional Support: Includes expenses for central executive-level activities concerned with management and long-range planning for the entire institution.

- Executive Offices
- Financial Services
- Human Resources
- Seawolf Services
- Green Music Center - Administration

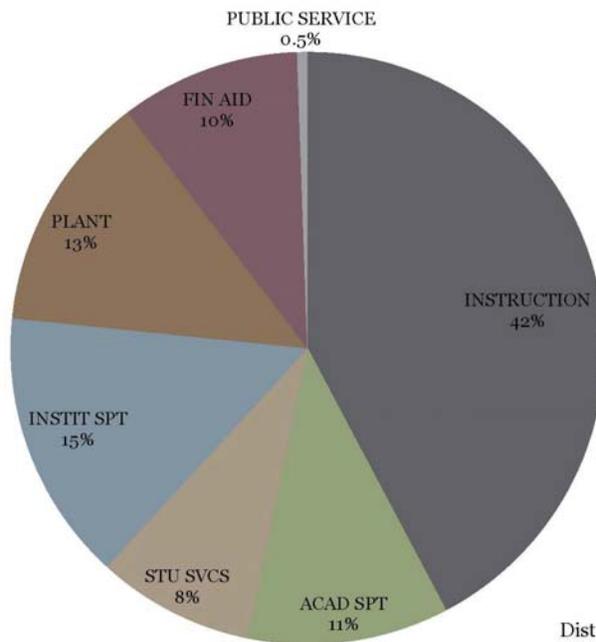
Operation of Maintenance and Plant: Includes all expenses for the administration, supervision, operation, maintenance, preservation and protection of the institution's physical plant.

- Facilities Services
- Utilities
- Police and Security

Student Financial Aid: Includes expenses for scholarships and fellowships from restricted or unrestricted funds—in the form of grants to students, resulting from selection by the institution or from an entitlement program.



University Budget by Marginal Cost Component



Distribution of 2015/16 Operating Fund Budget

Breakout of Divisions by Marginal Cost Component (2016/2017 Operating Fund Budget)

