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OFFICE OF THE ASSISTANT VICE PRESIDENT
BUDGET PLANNING & ANALYSIS

DATE: August 11, 2026 BPA #26-01

TO: Divisional Vice Presidents
Divisional Budget Officers

FROM: Carol L. Lee *Carol Lee*
Assistant Vice President, Budget Planning & Analysis

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Director, Budget Planning & Analysis

SUBJECT: FY2026-27 Operating Budget & Carryforward Allocations

ATTACHMENTS: BPA #25-01 (A – L)

UPCOMING BUDGET DUE DATES

Tuesday, September 15, 2026 (**Complete Directly in Questica**)

- Questica Position Budget (all funds)
- Questica Position Allocation (all funds)
- Questica Budget Line (General Fund, Lottery, and PCRs)

Thursday, October 15, 2026 (Complete Excel Template)

- General Fund Recurring Spending Projection

Budget Allocations

To support the campus operating units with their operating budget, a summary of the FY26-27 base and carryforward budget allocations, along with detailed explanations, is provided on the following pages. The FY26-27 Undesignated and Designated base budgets include the ending base budgets as of FY25-26 (BPA #25-01), with adjustments for new budget allocations and transfers. Base allocations for Fees are estimated based on new enrollment targets or historical trends. One-time funds are primarily allocated based on the ending balances as of June 30, 2026, with adjustments for transfers, reclasses, and other one-time funding allocations.

In addition to General Fund and Lottery Fund allocations, we are providing budget allocations for Cost Recovery Funds based on projected revenues for FY26-27. Revenue reconciliations will be done twice a year after February closing and at year end. This approach helps to reduce the number of budget postings and enables revenues to post directly to the receiving department rather than passing through a university account.

Starting this year, **all PCR02 cost recovery activities will be redirected to PCR01.** This consolidation will help reduce the tracking of activities in multiple funds, improving efficiency in budget management.

Divisions should redirect PCR02 revenue billing, expenditures, and open purchase orders to PCR01 as PCR02 base and carryforward budgets will be posted PCR01. PCR02 will remain an active fund but will be reserved for university-level automated revenue billing only.

Detailed explanations are provided in the following budget attachments.

- Attachment A: GF Base Budget Allocation
- Attachment B: GF Designated Base Allocation
- Attachment C: GF Fees Base Allocation
- Attachment D: GF Carryforward & One-Time Fund Allocation
- Attachment E: GF Designated Carryforward & One-Time Fund Allocation
- Attachment F: GF Fees Carryforward & One-Time Fund Allocation
- Attachment G: Base Budget Transfers Between Divisions
- Attachment H: Financial Aid Summary
- Attachment I: Lottery Fund Base Allocation
- Attachment J: Lottery Carryforward & One-Time Fund Allocation
- Attachment K: Cost Recovery Projected Revenue Allocation
- Attachment L: Cost Recovery Carryforward & One-Time Fund Allocation

Budget Planning Guidelines and Strategies

In anticipation of future cost obligations, the University will be implementing the following budget guidelines to support responsible stewardship throughout the fiscal year.

- Budget allocation restorations are intended to support existing operations and should not be used to establish new permanent or temporary position lines. Divisions are responsible for maintaining their position inventory throughout the year.
- However, divisions may use restored funding to backfill existing authorized vacant positions.
- To maintain consistent position lines throughout the year, **BPA will inactivate unfunded single-headcount positions** (staff, MPP, and tenured faculty lines only).
- Mid-year transfers from non-personnel operating expenses (O&E) to fund unfunded positions will no longer be permitted. Increment personnel cost adjustments, such as stipends or step increases, will remain allowable, provided they do not establish funding for new positions.

Campus operating units should consider reducing or deferring operating expense (O&E) spending while cost uncertainties remain. If future cost obligations result in funding gaps, the University may consider implementing the following budget strategies:

- Requiring Presidential review of all position actions.
- Implementing a hiring chill or, if necessary, a hiring freeze.
- Pulling back a portion of the budget restoration.
- Utilizing university reserves only if other mitigation strategies are insufficient.

Centralized Funding Model for Systemwide Base Costs

(Adapted from CO's communication to campuses regarding the Centralized Funding Model)

Beginning in 2026-27, the CSU will transition eligible systemwide costs from a campus chargeback model to a centralized cost model. As part of Phase 1 implementation, approximately $2.5 million currently funded through chargebacks planned for 2026-27 will transition to the new model. These costs include Software & IT Infrastructure, Services & Functions, and Centralized Costs necessary to support enterprise operations.

By transitioning these costs to a centralized funding model, divisions will receive approximately $2.5 million in budget relief and additional cost avoidance for 2026-27, allowing them to redirect that funding to other priorities.

This change supports the CSU's goals of improving administrative efficiency, increasing budget transparency, and strengthening the delivery of shared services. Historically, many of these services have been funded through campus chargebacks, requiring over 770 additional transactions and an estimated 3,500 hours of administrative effort annually across the CSU system. Under the new model, services that provide broad systemwide benefit will be funded centrally, while campus-specific and optional services will continue to be funded locally.

This transition changes how eligible systemwide services are funded, not the services themselves, and is intended to create a more streamlined funding model for the CSU.

To ensure the long-term sustainability of this funding model, ongoing costs for eligible systemwide services will be managed through the annual budget development process. Offices responsible for these services will be expected to identify, track, and submit requests for funding adjustments resulting from cost increases, contract renewals, service enhancements, or other changes through the established budget process. These requests will be evaluated annually to ensure resources are adjusted appropriately, remain transparent, and align with CSU priorities.

For 2027-28 and beyond, the CSU will evaluate additional costs currently funded through the Chancellor's Office budget to determine whether they should be funded as systemwide costs. Any future changes will be communicated to universities in advance of implementation.

Cost Relief by Division	Software	Services and Function	Centralized Costs	Total
Office of the President				-
Academic Affairs	$684,534	$15,931	$565,564	$1,266,029
Administrative Affairs	$132,075		$70,000	$202,075
IT	$760,975		$6,970	$767,945
Student Affairs				-
University Advancement	$4,629			$4,629
Enrollment Management				-
People and Culture	$62,399		$30,256	$92,655
University		$104,230	$76,903	$181,133
Total	**$1,644,612**	**$120,161**	**$749,693**	**$2,514,465**

Budget Submission Guidelines

All faculty, staff, and MPP positions must be reflected in the Position Budget and Position Allocation tables regardless of the funding source. All budgets must be loaded in Questica by **Tuesday, September 15, 2026.**

1) **Position Budget**: The Annual Budget per FTE (Full-Time Equivalent) for each position determines the authorized annual budget. Ensure all budgeted positions are reviewed for appropriate funding. Budget Planning & Analysis (BPA) performed a personnel sync and updated the General Ledger (GL) account numbers for positions to the consolidated compensation accounts effective July 1, 2026. For a listing of compensation GL accounts that should be budgeted by position, refer to the list on the website. To maintain consistent position lines throughout the year, **BPA will inactivate unfunded single-headcount positions** (staff, MPP, and tenured faculty lines only). Ensure all filled positions, both permanent and temporary, are funded appropriately. This position budget detail forms the personnel portion of your operating budget.
2) **Position Allocation:** Position Allocation determines the funding source chartfield string for each budgeted position. The goal should be to fund permanent positions with base funding and temporary positions with one-time funding unless base funding is available. Changing position funding distribution does not affect actual payroll distribution. If you plan to change both the position funding and actual payroll distribution, you will need to submit a payroll adjustment for expenses already incurred and a payroll action to adjust how future payroll expenses will be distributed. Positions funded with multiple funding scenarios (base and one-time) or multiple funds are considered split-funded, which may increase complexity if budget transfers are needed in the future. We recommend minimizing split funding for best practices.
3) **Benefits:** Questica utilizes Modifiers to calculate benefit costs by position. Self-support funds such as General Fund Fees and Cost Recovery should not plan for benefits separately as they will be automatically generated by the system.
4) **Budget Lines:** After completing your Position Budget and Position Allocation, prepare O/E budget lines and lump-sum personnel costs such as student assistants, overtime, and stipends. Exclude personnel costs already accounted for in steps 1) and 2) as Questica will automatically generate personnel budget lines based on your position information.
5) **Validation and Submission:** Ensure that the total for steps 1) through 3) matches your allocation, by funding scenario (base or one-time) and designation (Undesignated, Designated, and Fees; General Fund only). Utilize the **Position Budget Details** and **Validate Budget Load** reports as your resource. Budget must be reviewed and approved by the divisional vice president and promoted to “Step 3-Final Approval” for review and final processing by BPA.
6) **Final Review and Refinement:** Review prior-year budget planning deficiencies, identify recurring issues and variances, and incorporate appropriate corrective actions into the current-year budget plan. Ensure budget plans reflect lessons learned and align resources with current operational priorities and anticipated needs.

General Fund Recurring Spending Projection

As part of the budget planning exercise, divisions are requested to submit their projected General Fund recurring expenditures for FY2026-27. The purpose of this exercise is to gain a better understanding of the recurring General Fund costs the institution requires to operate on an ongoing basis. Please review historical and current spending patterns, anticipated commitments, and any know changes to ensure your projections are as accurate as possible. Please use the template provided to submit the projection by **Thursday, October 15, 2026**.

If you have any questions, feel free to contact us.