

TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

**Office of the Chancellor
401 Golden Shore
Long Beach, California**

October 31, 2003 – 8:30 a.m.

Presiding: Debra S. Farar, Chair

Call to Order and Roll Call

Board Items

1. California State University 2004/2005 Support and Lottery Budgets

Public Comment

Adjournment

BOARD OF TRUSTEES

California State University 2004/2005 Support and Lottery Budgets

Presentation By

Richard P. West
Executive Vice Chancellor and
Chief Financial Officer

Patrick Lenz
Assistant Vice Chancellor
Budget Development

Summary

The purpose of the item is to present the 2004/05 Support and Lottery budgets for approval.

State Appropriated 2004/05 Support Budget

The Board of Trustees reviewed a draft of the chancellor's recommended state support budget for 2004/05 at the September Board of Trustees' meeting. The 2004/05 support budget recommends an increase of \$521,865,000 over the 2003/04 final budget appropriation. With the addition of \$24,699,000 in State University Fee revenue projected as a result of new enrollment growth, the total increase in revenue requested for 2004/05 is \$546,564,000.

Despite the state's fiscal condition and given so many uncertainties with the fiscal and political situation in the next few months, the Board will be presented with budget options that recognize the mandatory costs for the CSU, what the University would request under the Partnership Agreement, additional budget priorities, and backfilling budget reductions that occurred this year. These items represent CSU's strategic approach as discussions begin with the Department of Finance.

2004/05 Lottery Revenue Budget

Over the past several years, CSU lottery revenue receipts have been strong. However, in light of the downturn in the state's economy and growing uncertainty over the level of support budget appropriations, a more conservative estimate of revenue is prudent as the CSU plans for fiscal year 2004/05. The lottery revenue that will be allocated to the California State University in

2004/05 is estimated to be \$42.6 million. After providing for a \$5.0 million systemwide reserve, the amount available for allocation is \$37.6 million. The \$5.0 million reserve is used to assist with cash-flow variations due to fluctuations in quarterly lottery receipts and other economic uncertainties.

The lottery budget proposed for fiscal year 2004/05 is as follows:

2004/05 Recommended Lottery Revenue Budget

	2003/04 Adopted Budget	2004/05 Recommended Budget
Sources of Funds		
Beginning Balance	\$ 5,000,000	\$ 5,000,000
Receipts	32,300,000	36,081,000
Projected Interest Earnings	1,800,000	1,500,000
Total Revenues	<u>\$ 39,100,000</u>	<u>\$ 42,581,000</u>
<i>Less Systemwide Reserve</i>	<u>(1,300,000)</u>	<u>(5,000,000)</u>
Total Available for Allocation	\$ 37,800,000	\$ 37,581,000
Uses of Funds		
<i>System Programs</i>		
Forgivable Loan/Doctoral Incentive Program	\$ 3,000,000	\$ 3,000,000
California Pre-Doctoral Program	633,000	714,000
CSU Summer Arts Program	1,200,000	1,200,000
Systemwide Implementation Costs	341,000	341,000
	<u>\$ 5,174,000</u>	<u>\$ 5,255,000</u>
<i>Campus Based Programs</i>	\$ 32,626,000	\$ 32,326,000
Total Uses of Funds	\$ 37,800,000	\$ 37,581,000

Trustee Resolutions

The following two resolutions are recommended for adoption:

1. State Appropriated 2004/2005 Support Budget

RESOLVED, By the Board of Trustees of the California State University, that the 2004/2005 Support Budget is approved as submitted by the chancellor; and be it further

RESOLVED, That the chancellor is authorized to adjust and amend this budget to reflect changes in the assumptions upon which this budget is based, and that such changes made by the chancellor be communicated promptly to the trustees; and be it further

RESOLVED, That the chancellor is authorized to comply with requests of the Department of Finance and the legislature regarding establishment of priorities within this budget; and be it further

RESOLVED, That copies of this resolution be transmitted to the California Postsecondary Education Commission, to the governor, to the director of finance and to the legislature.

2. 2004/2005 Lottery Revenue Budget

RESOLVED, By the Board of Trustees of the California State University, that the 2004/2005 Lottery Revenue Budget totaling \$42.6 million be approved for implementation by the chancellor, with the authorization to make transfers between components of the Lottery Revenue Budget and to phase expenditures in accordance with receipt of lottery funds; and be it further

RESOLVED, That the chancellor is hereby granted authority to adjust the 2004/2005 Lottery Revenue Budget approved by the Board of Trustees to the extent of receipt of greater or lesser lottery revenue than budgeted in 2004/2005 to respond to opportunities or exigencies; and be it further

RESOLVED, That a report of Lottery Revenue Budget receipts and expenditures be made to the Board of Trustees.