Budget Act Of 2003
AB 1765, Chapter 157

- Enacted August 2, 2003
- Bridges $38.2 billion budget gap with combination of spending cuts, tax shifts, and borrowing
- Higher education fees expected to increase and remain at campuses to cover a portion of General Fund loss
- State faces an $8 to $12 billion budget shortfall in 2004/05
- Budget Trailer bill calls for no enrollment growth or compensation increases in 2004/05
CSU Final Budget Actions:

- Reduced CSU budget $69.5 million below May Revise.
- Cut additional $15 million as CSU share of $1 billion reduction package.
- Restored $1.2 million for CA Fellows Program.
- Recognizes revenue from 30% fee rate increase.

With these additional actions, CSU must address $304 million in net unfunded costs in 2003/04.
Additional CSU Budget Actions

- Increased financial aid to cover fee increases for students with need
- Identified 2,300 vacant or frozen positions that will remain unfilled before any layoff action is taken
- Cut Chancellor’s Office administrative budget by 15.1% over two fiscal years
- Delayed start-up of CMS modules where possible for one-time deferment of expenditures in 2003/04
2003-04 Final Budget – CSU General Fund & Fee Revenue

- General Fund Support $2.492B
- Student Fee Revenue $0.976B

Total General Fund & Student Fee Revenue Support $3.468B
# 2003-04 Final Budget – CSU Unfunded Costs & Reductions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unfunded Mandatory Costs</td>
<td>($78.6M)</td>
</tr>
<tr>
<td>Permanent Reduction in Long-term Needs</td>
<td>($43.0M)</td>
</tr>
<tr>
<td>CSU January Budget Reductions</td>
<td>($326.1M)</td>
</tr>
<tr>
<td>Legislative Budget Adjustments</td>
<td>($83.3M)</td>
</tr>
</tbody>
</table>

**Total Fiscal Impact to CSU**  
($531.0M)
2003/04 Final Budget – CSU Revenue Offsets

- **Total CSU Revenue Offsets**: $227.0M

  - **Net Revenue from fee increases**: $167.0M
    - (less State University Grant allocation)

  - **Revenue for 2002/03 Over-enrollment**: $45.0M
    - (Requires -6,744 FTES cut in enrollment served)

  - **Revenue from 2003/04 Enrollment Growth**: $15.0M
    - (Requires -2,275 FTES cut in planned enrollment growth)
2003/04 Final Budget – CSU Fiscal Impact

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSU Unfunded Costs and Reductions</td>
<td>($531.0M)</td>
</tr>
<tr>
<td>CSU Revenue Offsets</td>
<td>$227.0M</td>
</tr>
<tr>
<td><strong>CSU Net Fiscal Impact</strong></td>
<td><strong>($304.0M)</strong></td>
</tr>
</tbody>
</table>
2003/04 Final Budget
Student Access

13,782 FTES increase

- State revenue received for 4.3% enrollment growth $90.9 M
- State funding allocated for 4.3% enrollment increase at marginal cost ($90.9 M)
Marginal Cost of Instruction

- Faculty Salaries
- Faculty Benefits
- Teaching Assistants
- Instructional Equipment
- Instructional Support
- Academic Support
- Student Services
- Institutional Support
Enrollment Growth – Funded Targets vs. Actual

Actual for 2002/03 reflects over-enrollment funded in Governor’s January budget proposal
Change in CSU Average Funding per Student

- 2001/02 — $10,942 per FTES
- 2002/03 — $10,658 per FTES
- 2003/04 — $10,355 per FTES

2003/04 Based on Final Budget funded target of 334,914 FTES and a 30% student fee rate increase for undergraduates and graduates.
General Fund Change in CSU Average Funding per Student

- 2001-02 - $8,798 per FTES
- 2002-03 - $8,372 per FTES
- 2003-04 - $7,441 per FTES

2003-04 Based on Final Budget funded target of $2.492 billion General Fund, 334,914 FTES.
# 2003/04 May Revise – CSU Budget Assumptions

- **Base Budget Reduction** ($142.8 M)
- **Reduction in Academic and Institutional Support** ($58.1 M)
- **Reduction in Student Services** ($53.2 M)
- **Increase Student Faculty Ratio to 19.9** ($53.5 M)
- **Reduction in Outreach** ($12.6 M)
- **Eliminate Teacher Recruitment**
  - Bilingual Teacher Program ($2.0 M)
  - CalTeach Program ($2.0 M)
- **Reduction in California Fellows Program***(partially restored in Final Budget)* ($1.4 M)
- **Reduction in Public Service Programs** ($0.5 M)

*partially restored in Final Budget*
CSU 2003/04 Supplemental Report Language

- Adopted by budget subcommittees before additional $84.5 million reduction in CSU State General Fund support

- Assumes CSU best judgment, after consideration of Supplemental Report Language provisions, will determine appropriate actions to be taken to implement budget reductions