

# California State University

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**2003/04  
Final Budget Update**

# Budget Act Of 2003

## AB 1765, Chapter 157

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- 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:

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- 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

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- 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

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■ General Fund Support \$2.492B

■ Student Fee Revenue \$ .976B

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***Total General Fund &  
Student Fee Revenue  
Support***

***\$3.468B***

# 2003-04 Final Budget – CSU Unfunded Costs & Reductions

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■ Unfunded Mandatory Costs	(\$78.6M)
■ Permanent Reduction in Long-term Needs	(\$43.0M)
■ CSU January Budget Reductions	(\$326.1M)
■ Legislative Budget Adjustments	(\$83.3M)

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***Total Fiscal Impact to CSU*** ***(\$531.0M)***

# 2003/04 Final Budget – CSU Revenue Offsets

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<b>■ Total CSU Revenue Offsets</b>	<b>\$227.0M</b>
<i>Net Revenue from fee increases (less State University Grant allocation)</i>	<i>\$167.0M</i>
<i>Revenue for 2002/03 Over-enrollment (Requires -6,744 FTES cut in enrollment served)</i>	<i>\$45.0M</i>
<i>Revenue from 2003/04 Enrollment Growth (Requires -2,275 FTES cut in planned enrollment growth)</i>	<i>\$15.0M</i>

# 2003/04 Final Budget – CSU Fiscal Impact

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CSU Unfunded Costs and Reductions	(\$531.0M)
CSU Revenue Offsets	\$227.0M
<b>CSU Net Fiscal Impact</b>	<b>(\$304.0M)</b>

# 2003/04 Final Budget

## Student Access

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13,782 FTES increase

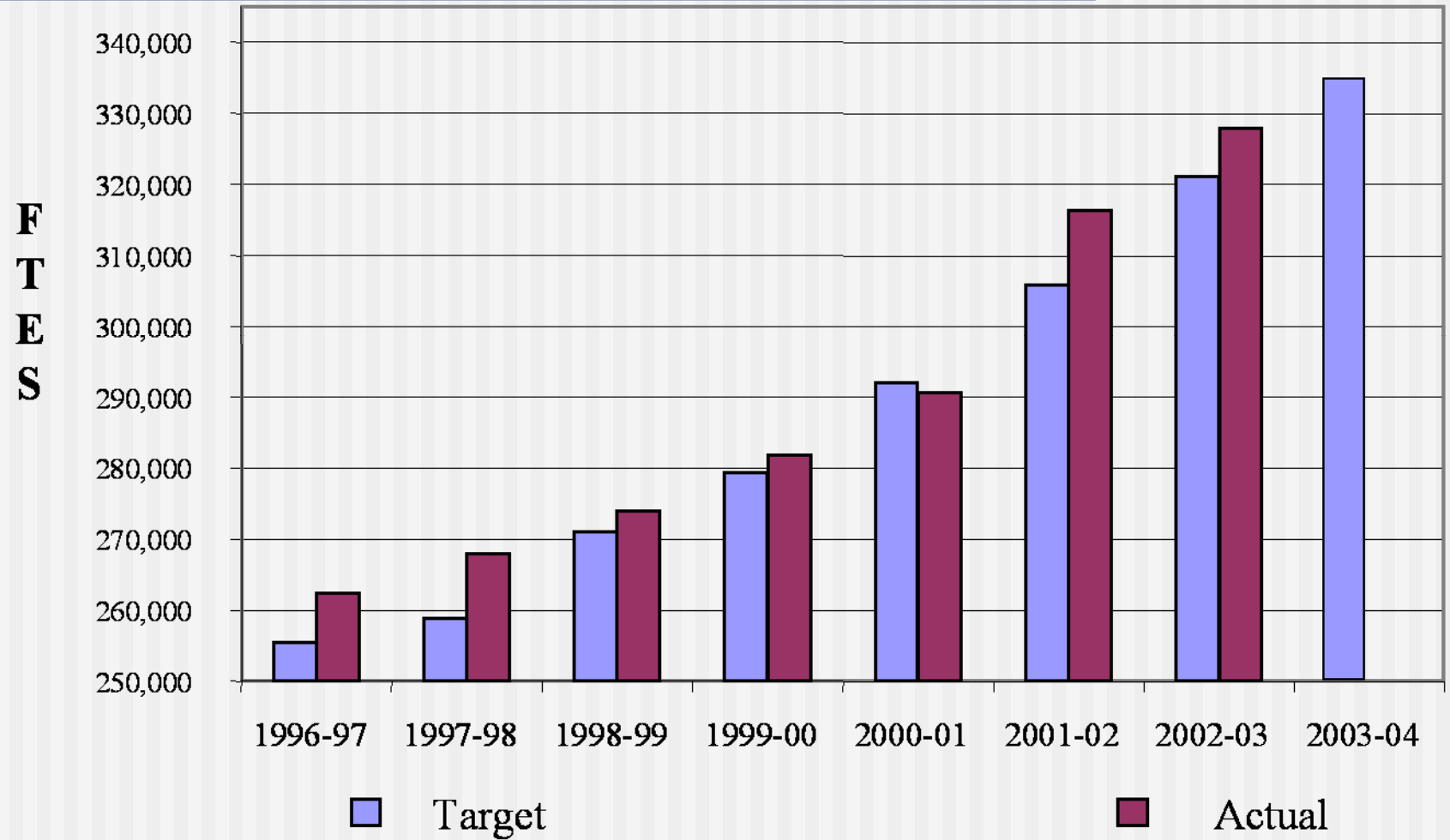
- State revenue received for 4.3% enrollment growth \$90.9 M
- State funding allocated for 4.3% enrollment increase at marginal cost (\$90.9 M)

# Marginal Cost of Instruction

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- 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

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- 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

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- 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

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■ 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*	(\$1.4 M)
■ Reduction in Public Service Programs	(\$.5 M)

*\*partially restored in Final Budget*

# CSU 2003/04 Supplemental Report Language

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- 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