

BOARD OF TRUSTEES

California State University 2003/04 Support Budget

Presentation By

Richard P. West, Executive Vice Chancellor
Chief Financial Officer

Summary

The purpose of the item is to present the 2003/04 Support Budget and lottery budget for approval.

State Appropriated 2003/04 Support Budget

The Board of Trustees reviewed a draft of the chancellor's recommended state support budget for 2003/04 at the September Board of Trustees' meeting. The 2003/04 support budget recommends a 13.6 percent increase (\$378,606,000) over the adjusted 2002/03 current year appropriation. The current year budget is adjusted to include retirement cost (\$68,075,000) and restoration of the one-time reduction (\$43,000,000) in CSU's base budget in areas of long-term need. With the addition of \$30,303,000 in State University Fee Revenue projected as a result of new and year round operations (YRO) enrollment growth, the total increase in revenue for 2003/04 is projected to be \$408,909,000.

2003/04 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 CSU support budget appropriations, a more conservative estimate of revenue is prudent as the CSU plans for fiscal year 2003/04. The Lottery revenue that will be allocated to the California State University in 2003/04 is estimated to be \$39.1 million. After providing for a \$1.3 million systemwide reserve, the amount available for allocation is \$37.8 million. The \$1.3 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 2003/04 is as follows:

2003/04 Recommended Lottery Revenue Budget

	2002/03 Adopted Budget	2003/04 Recommended Budget
Sources of Funds		
Beginning Balance	\$ 5,000,000	\$ 5,000,000
Receipts	36,000,000	32,300,000
Interest	1,800,000	1,800,000
Total Revenues	\$ 42,800,000	\$ 39,100,000
<i>Less Systemwide Reserve</i>	<i>(5,000,000)</i>	<i>(1,300,000)</i>
Total Available for Allocation	\$ 37,800,000	\$ 37,800,000
Uses of Funds		
<i>System Programs</i>		
Forgivable Loan/Doctoral Incentive Program	\$ 3,000,000	\$ 3,000,000
California Pre-Doctoral Program	633,000	633,000
CSU Summer Arts Program	1,200,000	1,200,000
Systemwide Implementation Costs	341,000	341,000
	\$ 5,174,000	\$ 5,174,000
<i>Campus Based Programs</i>		
Campus Programs	\$ 30,826,000	\$ 30,826,000
Campus Interest Earnings	1,500,000	1,500,000
Systemwide Interest Earnings	300,000	300,000
	\$ 32,626,000	\$ 32,626,000
Total Uses of Funds	\$ 37,800,000	\$ 37,800,000

Trustee Resolutions

The following two resolutions are recommended for adoption:

1. State Appropriated 2003/2004 Support Budget

RESOLVED, By the Board of Trustees of the California State University, that the 2003/2004 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. 2003/2004 Lottery Revenue Budget

RESOLVED, By the Board of Trustees of the California State University, that the 2003/2004 Lottery Revenue Budget totaling \$39.1 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 2003/2004 Lottery Revenue Budget approved by the Board of Trustees to the extent of receipt of greater or lesser lottery revenue than budgeted in 2003/2004 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.