Presentation to the CSU Board of Trustees

Committee on Finance
2004/05 Budget Issues

November 19, 2003
CSU Budget Development Process

- July/August: Initial Discussion and Review by Executive Council
- August: Review by Systemwide Budget Advisory Committee
- September: BOT – Statement of Budget Priorities
- November: BOT – Approval of CSU Budget
- Nov./December: Meet with Governor’s Office and Department of Finance staff
State Budget Process

- November/December: LAO Fiscal Outlook, Potential for Mid-Year Budget Actions
- January: Governor Required to Submit Balanced Budget to Legislature
- February: LAO Analysis of Governor’s Budget; Preliminary Campus Allocations
- March/April: Budget Subcommittee Hearings
- May: May Revise, Full Budget Committee, House Approval
- June: Two House Conference Committee, Budget Signed
2003/04 Current Year Outlook

Mid-Year Budget Actions and Potential Special Session Topics

- Mid-Year Budget Actions to the CSU
- Repeal Vehicle License Fee
- $15 Billion Deficit Reduction Bond, March Ballot
- Repeal Illegal Immigrant Drivers License
- Additional Workers Compensation Reform
- Constitutional Amendment
Legislative Analyst’s Office – Fiscal Outlook

- 2003-04 General Fund Revenues* $74,165
- 2003-04 General Fund Expenditures* $73,675
- State General Fund Reserve $601

- 2004-05 General Fund Revenue* $74,968
- 2004-05 General Fund Expenditures* $85,727
- State General Fund Reserve ($10,158)

* Does not reflect prior year fund balance or encumbrances
Vehicle License Fee (VLF)
2003-04 – $3.2 billion; 2004-05 – $4.2 billion

CalWORKS COLA Suspension
2003-04 – $223 million

2004-05 Revenue Shortfall - $10.2 to $17.8 billion

| 2003/04 State General Fund Deficit | ($10,158,000) |
| 2003/04 & 2004/05 VLF Repeal       | (7,400,000)   |
| 2003/04 CalWORKS COLA Suspension   | (223,000)     |
|                                     | ($17,781,000) |
CSU Budget – $304 Million Net Fiscal Impact

- Cuts Managed by:
  - Increasing Student/Faculty Ratios, Class Size
  - Reduced Administrative and Travel Costs
  - Continued Vacant Positions
  - Reduce Funding for Maintenance and Grounds

- Efficiencies:
  - Used Enrollment Management to help serve funded growth of 13,782 Full-Time Equivalent Students (FTES)
  - No State Funding for Additional Student Services
The California State University

Student Fee Revenue, State Funding and CSU Funding Deficiency per FTES

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<th>CSU Funding Need</th>
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* Reflects estimated 2003/04 change in funding deficiency per FTES
2004/05 CSU Budget Recommendations

- $546.6 Million 2004-05 CSU Budget Plan
  - $57.5 Million in Mandatory Costs
  - $206.5 Million based on Partnership Agreement
  - $48 Million in CSU 2004/05 Budget Priorities
  - $234.6 Million to Restore 2003/04 Budget Cuts
  - No Proposed Increase in Student Fees
2004/05 Mandatory Costs

- Full-Year Cost of Faculty 2.65% Service-based Salary Increase $9,500,000
- 15% Health Benefits Rate Increase $25,980,000
- 431,000 Sq. Ft. of New Space $3,101,000
- Increase in Insurance Costs $14,958,000
- Energy Cost Increase $3,936,000

Total Mandatory Costs Increase $57,475,000
Additional Partnership Funding

- 10,047 FTES Enrollment Growth $69,545,000
- State University Grants $5,767,000
- 4% Compensation Increase $102,148,000
- Technology $10,000,000
- Libraries $9,000,000
- Deferred Maintenance $6,814,000
- Outreach – Early Assessment
  Academic Preparation-Math/English $3,200,000

Total Additional Partnership Funding $206,474,000
2004/05 CSU Budget Priorities

- Outreach – 11th & 12th Grade Academic Preparation $9,396,000
- ACR 73 Implementation $35,615,000
- Off-Campus Centers $3,000,000

Subtotal, CSU Budget Priorities $48,011,000
Restore 2003/04 Budget Cuts $234,604,000
2004/05 Funding Constraints

No State General Fund Resources

- Price Increase
- Compensation
- Enrollment Growth
$546.6 Million 2004-05 CSU Budget Plan

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