



**The California State University**

# Presentation to the CSU Board of Trustees

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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 Priorities BOT – Statement of Budget
- 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



## Legislative Analyst's Office – Fiscal Outlook

- 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	<u>( 223,000)</u>
	(\$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

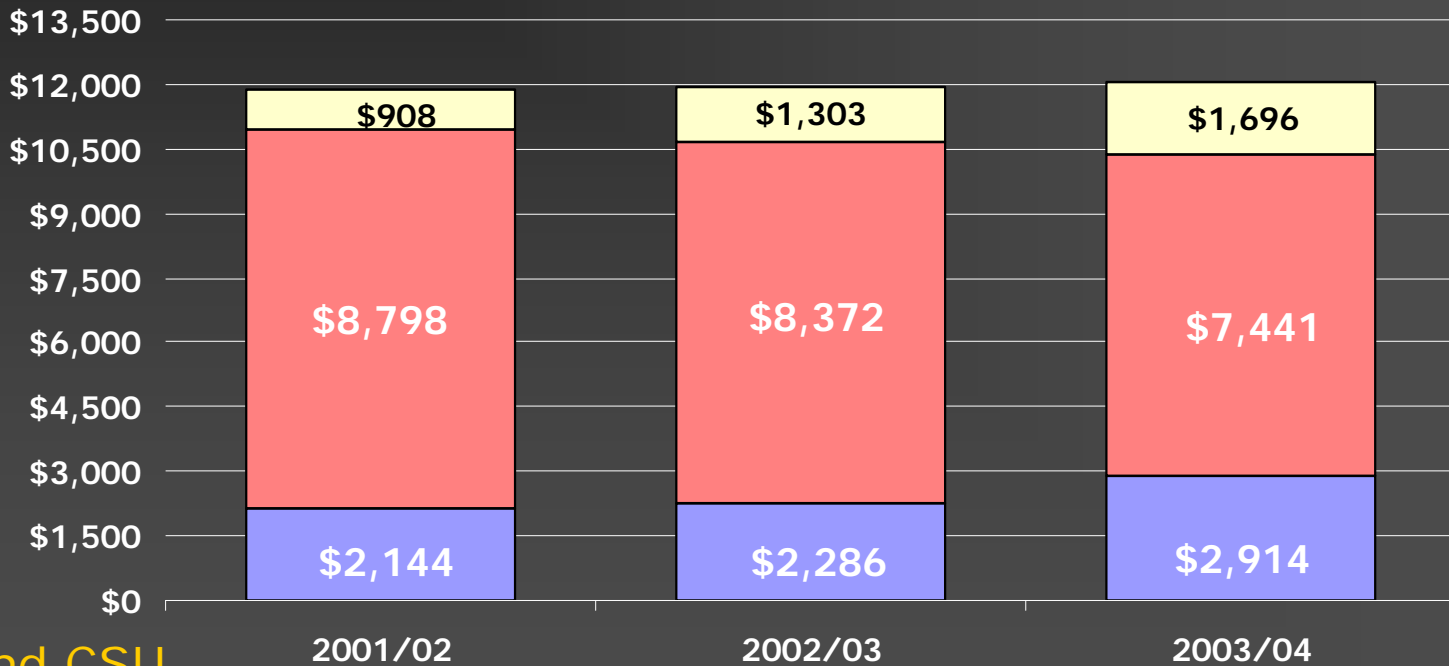
CSU

Funding Need

\$11,850

\$11,961

\$12,051\*



State and CSU  
Fee Revenue

2001/02

2002/03

2003/04

\$10,942

\$10,658

\$10,355



## 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
<b>Total Mandatory Costs Increase</b>	<b>\$57,475,000</b>



## 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
<b>Total Additional Partnership Funding</b>	<b>\$206,474,000</b>



## 2004/05 CSU Budget Priorities

■ Outreach – 11 <sup>th</sup> & 12 <sup>th</sup> 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



## 2004/05 CSU Budget Plan Proposal

- \$546.6 Million 2004-05 CSU Budget Plan
  - \$57.5 Million in Mandatory Costs

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