



The California State University
OFFICE OF THE CHANCELLOR

California State Budget 2007-08 CSU Budget

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**August 1, 2007
CSU Budget Officers Meeting
University Union – CSU Sacramento**

2007- 08 Governor's Budget

Total Spending	\$131 Billion
State General Fund	\$103.1 Billion
Special Fund	\$27.8 Billion
Budget Reserve	\$2.1 Billion

Closing the 2007- 08 Budget Shortfall

- November LAO Estimate (\$2.4 Billion)
- Governor's Budget
 - New Spending (\$1.2 Billion)
 - Revenue Projects \$1.2 Billion
 - Budget Solutions \$3.4 Billion
 - Court Cases \$1.1 Billion
- 2007-08 Budget Reserve \$2.1 Billion

Developing the CSU Budget

- Compact Funding
 - 4 Percent Base Budget
 - 2.5 Percent Enrollment Growth
 - 10 Percent – “Up to” Student Fees
 - 25 to 33 Percent – Set-aside for Financial Aid
- State Fiscal Condition
- Student Fees
- “Above Compact” Recommendations
- Budget Strategy

Challenging Budget Solutions

	January	May
▪ Shift Transportation Funds	\$1.1 Billion	\$1.3 Billion
▪ Tribal Gaming Compact	\$506 Million	\$306 Million
▪ Bonds for GF Expenditures	\$200 Million	\$200 Million
▪ Cuts to CalWORKS	\$496 Million	\$496 Million
▪ Child Care Costs to Prop. 98	\$269 Million	\$269 Million
▪ Changes in Tax Policy	\$200 Million	\$200 Million
▪ Other	\$656 Million	\$656 Million
▪ Sell EDFUND	-----	\$980 Million
▪ Transfer Tobacco Revenue to GF	-----	\$600 Million
▪ Suspend SSI/SSP COLA	-----	\$185 Million
▪ Eliminate Williamson Act Subsidy	-----	\$40 Million

CSU Budget Issues

- Forty Percent of Legislature is New
- 4 of 6 Assembly Budget Subcommittee Members are New, Including the Chair
- Full Funding of Higher Education Compact
- Support of \$72 million in “Above Compact” Budget Priorities
- No Collective Bargaining Agreement with CFA
- Student Health Centers – Virginia Tech
- Face May Revise, State Declining Revenue

CSU Budget (January 10)

Total Funds	\$4.4 Billion
– Base Budget Support (4%)	\$109.0 Million
– Enrollment Growth (2.5%)	65.5 Million
– Fee Revenue	\$123.0 Million
▪ Undergraduate Fee Increase (\$252 -10%)	
– Mathematics and Science Teachers	\$2.0 Million
– Outreach Programs	(\$7.0 Million)
Total Proposed Increase	\$292.5 Million

LAO Recommendation on the 2007-08 State Budget

- Resounding Themes
 - Slowdown in California's Economy
 - Revenues in 2006-07 Have Dropped Sharply
 - Need for Budgetary Savings
 - Enhanced Resources
 - Avoid Ongoing Budgetary Commitments

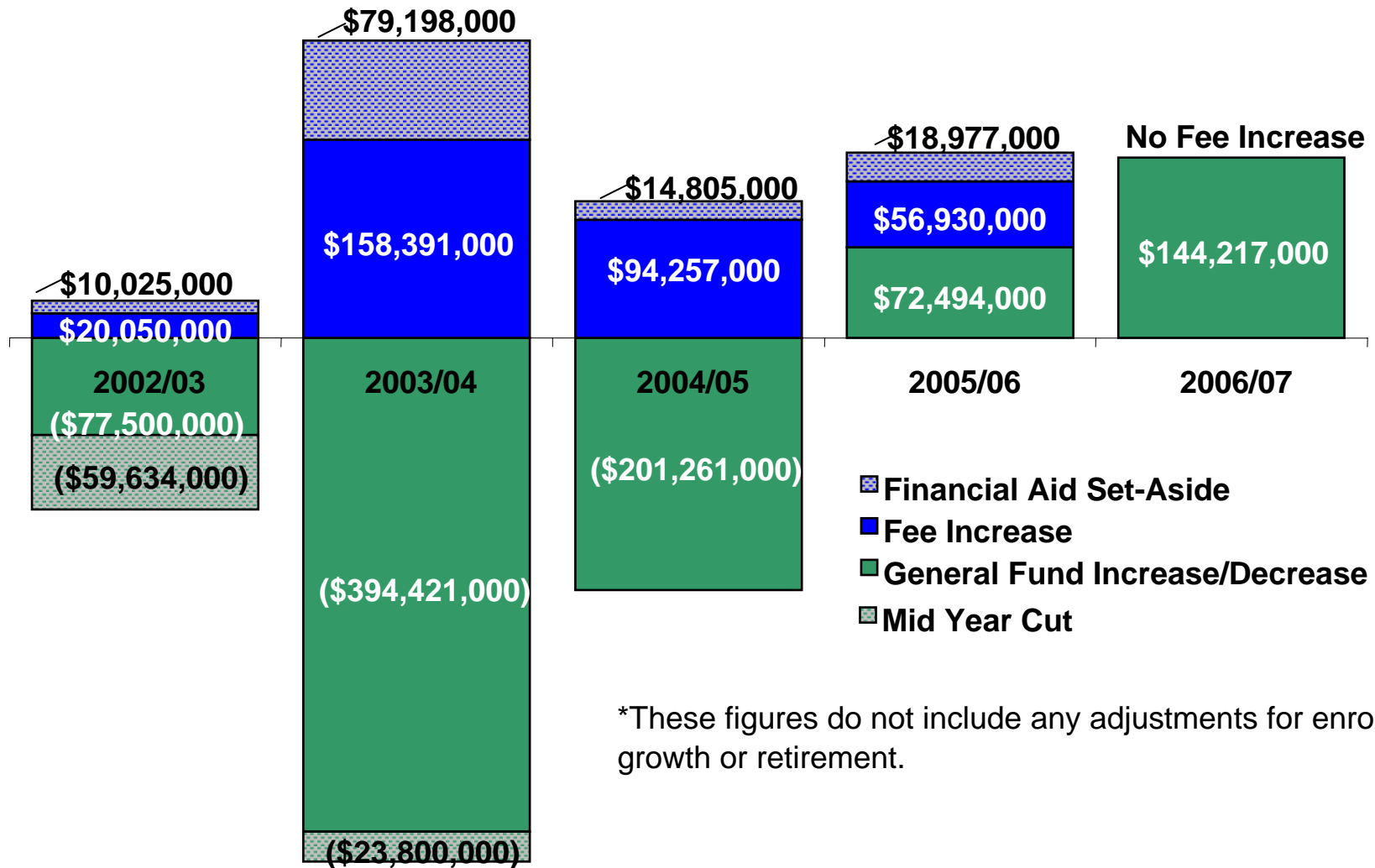
LAO Recommendations on 2007-08 CSU Budget

- General Fund Base Increase (2.4%) (\$43.6 Million)
- Student Fees (2.4%) (\$74.2 Million)
- Enrollment Growth (2,200 Students) (\$13.9 Million)
- Marginal Cost (\$7,837 - \$7,710) (\$1.1 Million)

Total Recommended Reduction
to Governor's Budget

Recommendation for CSU (\$132.8 Million)

General Fund & Fee Revenue



*These figures do not include any adjustments for enrollment growth or retirement.

Enrollment Constraints

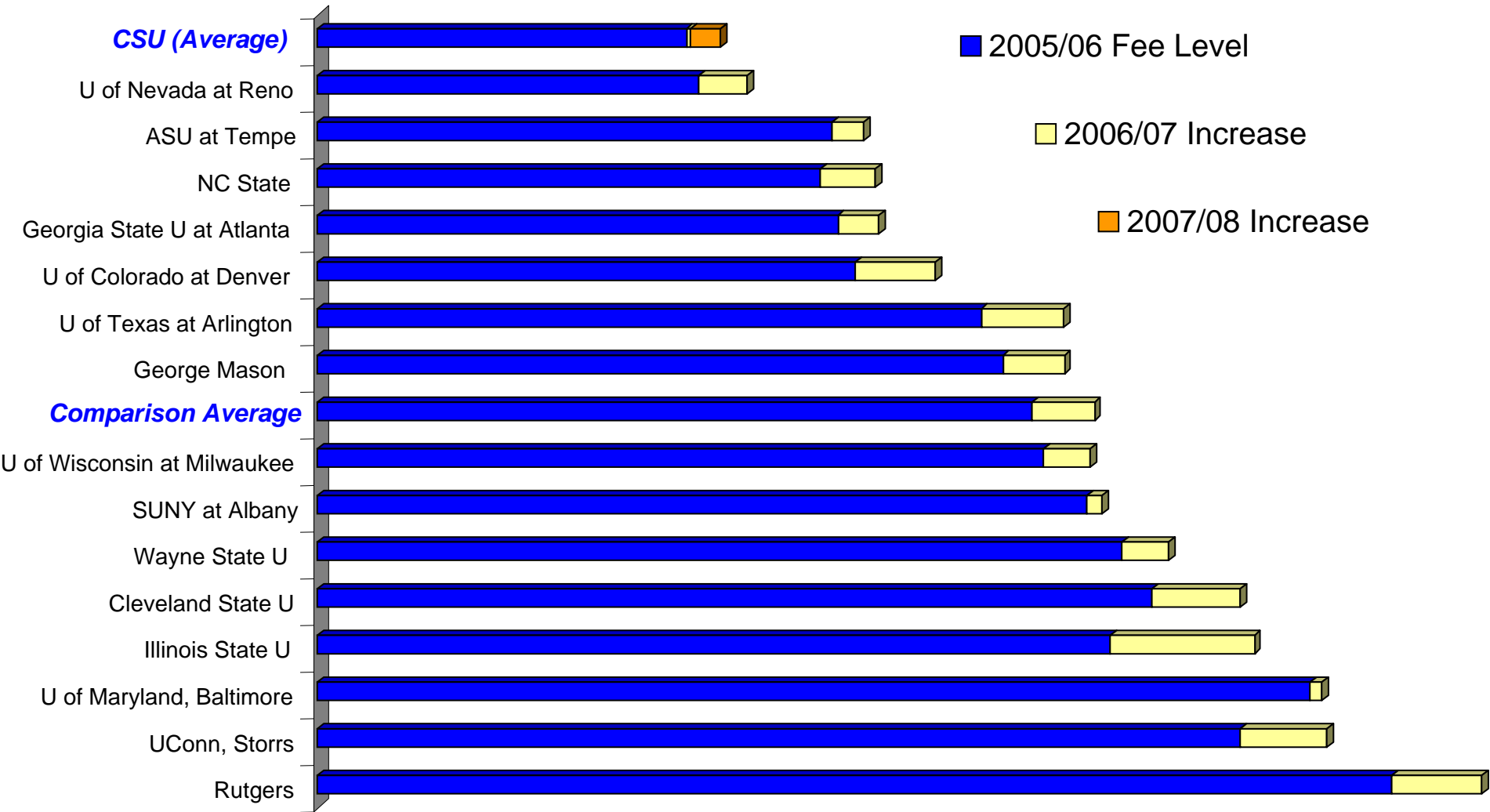
- 2003 Budget (AB 1756) Capped CSU and UC enrollment
- 2004 Budget Act – Restrictive Budget Bill
Language on Enrollment Growth
 - CSU must revert state General Fund for every FTES short of overall enrollment target
- 2006 Budget Act – Slightly less restrictive BBL
 - CSU given 425 FTES leeway on enrollment target

2007-08 State University Fee

Undergraduate (10% - \$252) \$2,772

Credential (10% - \$294) \$3,216

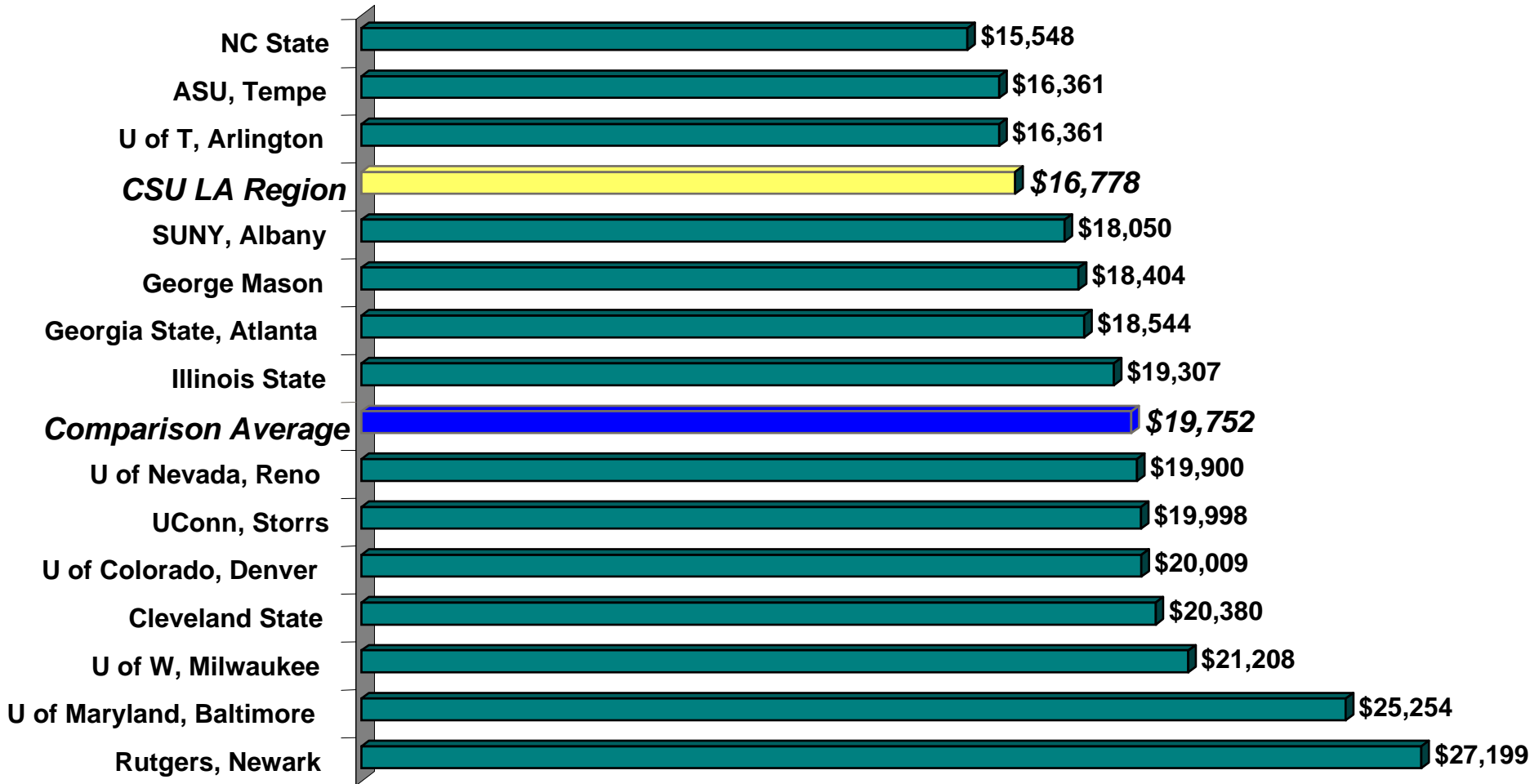
Graduate (10% - \$312) \$3,414



Data is not yet available for 2007/08 at Comparison Institutions. 2006/07 CSU Increase reflects increases in average campus mandatory fees. Comparison Average does not include CSU



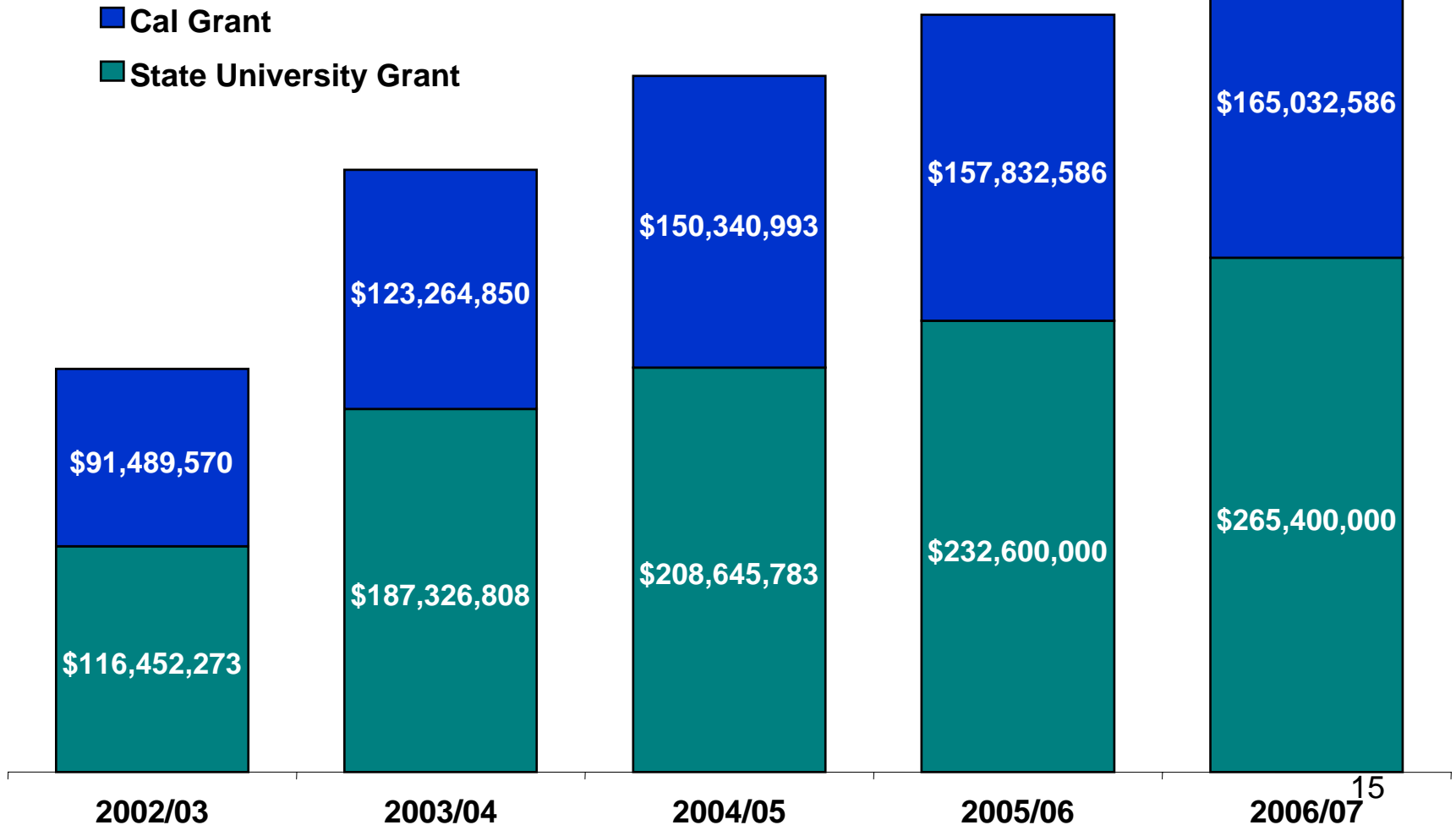
Comparison Institution - 2006-07 Cost of Attendance



*No Data was available for Wayne State University



Financial Aid: Grant Funding



Unfunded Costs to the CSU

- 2006-07 Enrollment Growth (6,356) \$ 46 Million
- 2007-08 Potential Over Enrollment \$??? Million
- 2006-07 Collective Bargaining \$10.6 Million
- 2007-08 Collective Bargaining \$30.3 Million
- City of Marina Issues \$??? Million
- Assembly Bill 2951
 - Municipal Facilities Capitol Costs \$??? Million

CSU Compensation Agreement

- 2006/07 Costs over CSU budget \$10.6 Million
- 2007/08 Costs over CSU budget \$40.9 Million
- 2008/09 Costs over CSU budget \$22.9 Million
- 2009/10 Costs over CSU budget \$28.2 Million

\$1.2 Billion Myth

- Unrestricted Funds – GAAP Accounting Term
- All Funds Designated for Non-Operating Budget
 - Debt Service Reserves
 - Debt Service Payments
 - Student Housing
 - Parking Fees
 - Health Facilities
 - Student Unions
 - Capital Facility Projects

CSU Budget (May Revise)

■ Compensation	\$129.5 Million
■ Enrollment Growth (2.5%)	\$76.9 Million
■ Mandatory Costs	\$42.0 Million
■ Financial Aid	\$38.8 Million
■ Long Term Need	\$9.2 Million
■ Clinical Nursing Support	\$3.6 Million
■ K 12 Math and Science	<u>\$2.0 Million</u>

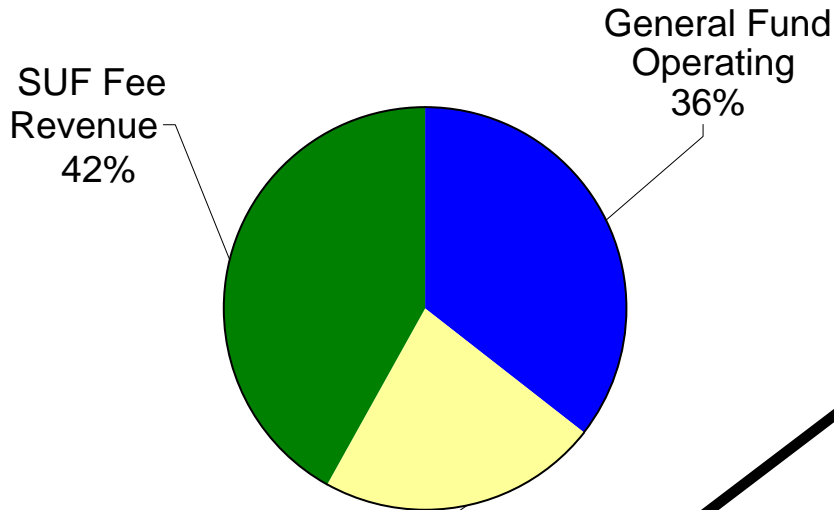
TOTAL

\$302 Million



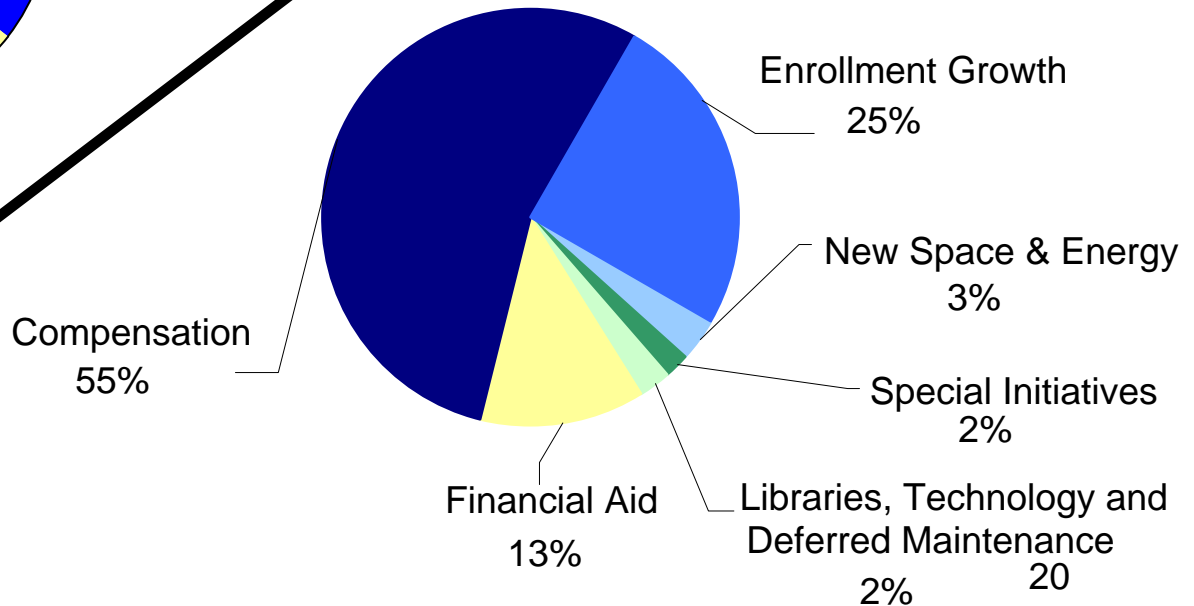
Total Budget \$296.1 Million

Revenue



General Fund Enrollment Growth
22%

Expenditures



May Revise Revenues

- April Estimates Down (\$1.3 Billion)
- Preliminary May Estimates Up \$1.6 Billion
- June Revise (\$1 Billion)

- Estimates don't account for potential tax refunds
- Estimates reflect 2006-07 state General Fund fiscal condition
- Budget decisions will be made on forecast of 2007-08 state General Fund assumptions

Closing the 2007- 08 Budget Shortfall

- Governor's Budget (\$1.4 Billion)
 - June Revenue (\$1 billion)
- Two House, Conference Committee (\$2.1 Billion)
- Assembly Budget (SB 77) (\$784 Million)
- Senate Republicans \$143.4 Million
- Loss of Annual GF Revenue (VLF) \$4 Billion

Senate Republican Plan

- No cuts to the CSU budget
- \$14.5 million in cuts to UC
- \$5 million to eliminate ALRB
- \$18.4 million to contain county Medi-Cal salaries
- \$50 million to eliminate 6,000 vacant positions
- \$100 million transfer from PTA account to GF
- \$300 million eliminate CalWORKS Reform

CSU Advocacy Efforts

- CSU Administration; CSSA; Unions; Jt. Letter to Legislature and Governor to protect the CSU budget
- BOT members direct contact with legislators
- Daily advocacy efforts and contacts
- Issues – Collective Bargaining Agreements, Student Access

2007-08 CSU Budget, Next Steps

- No Cuts – Keep pressure on Legislature and Governor
- Monitor Budget Trailer Bills
 - (SB 78 - \$50 million for GF Capital, No funding for “discretionary price adjustment”)
- Passage of State Budget
- Preparation for 2008-09 CSU Budget

2008-09 CSU Budget

- CAN'T WAIT – BUDGETS ARE MY LIFE!
- Process
 - August - Discuss with CSU Constituency Groups
 - September – BOT, CA. Economic Outlook
 - October – Campus Visits, Discussions with DOF, LAO, Legislative staff
 - November – BOT recommendations on 2008-09 CSU Budget
 - Nov./December – Formal discussion with Governor's Office and DOF
 - January – Governor submits budget to Legislature

2008-09 CSU Budget Assumptions

- 4 Percent - Base Funding
- 2.5 Percent (or greater) - Enrollment Growth
- 1 Percent – Academic Infrastructure
- Student Fees – Unknown
- Financial Aid – Unknown
- Capital Outlay – Need another statewide bond

Budget Threats

- State's structural deficit \$5 Billion
- State loses court cases - \$1 Billion
- Health Care Reform agreement \$?? Billions
- Corrections - Federal Court
Ordered Mandates \$?? Billions
- Community College Initiative - \$470 Million



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