California State Budget
2007-08 CSU Budget

Patrick J Lenz, AVC, Budget

August 1, 2007
CSU Budget Officers Meeting
University Union – CSU Sacramento
### 2007-08 Governor’s Budget

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Spending</td>
<td>$131 Billion</td>
</tr>
<tr>
<td>State General Fund</td>
<td>$103.1 Billion</td>
</tr>
<tr>
<td>Special Fund</td>
<td>$27.8 Billion</td>
</tr>
<tr>
<td>Budget Reserve</td>
<td>$2.1 Billion</td>
</tr>
</tbody>
</table>
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

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

<table>
<thead>
<tr>
<th>Student Type</th>
<th>Fee Structure</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>(10% - $252)</td>
<td>$2,772</td>
</tr>
<tr>
<td>Credential</td>
<td>(10% - $294)</td>
<td>$3,216</td>
</tr>
<tr>
<td>Graduate</td>
<td>(10% - $312)</td>
<td>$3,414</td>
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</table>
Comparison Institutions

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

<table>
<thead>
<tr>
<th>Institution</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>NC State</td>
<td>$15,548</td>
</tr>
<tr>
<td>ASU, Tempe</td>
<td>$16,361</td>
</tr>
<tr>
<td>U of T, Arlington</td>
<td>$16,361</td>
</tr>
<tr>
<td><strong>CSU LA Region</strong></td>
<td><strong>$16,778</strong></td>
</tr>
<tr>
<td>SUNY, Albany</td>
<td>$18,050</td>
</tr>
<tr>
<td>George Mason</td>
<td>$18,404</td>
</tr>
<tr>
<td>Georgia State, Atlanta</td>
<td>$18,544</td>
</tr>
<tr>
<td>Illinois State</td>
<td>$19,307</td>
</tr>
<tr>
<td><strong>Comparison Average</strong></td>
<td><strong>$19,752</strong></td>
</tr>
<tr>
<td>U of Nevada, Reno</td>
<td>$19,900</td>
</tr>
<tr>
<td>UConn, Storrs</td>
<td>$19,998</td>
</tr>
<tr>
<td>U of Colorado, Denver</td>
<td>$20,009</td>
</tr>
<tr>
<td>Cleveland State</td>
<td>$20,380</td>
</tr>
<tr>
<td>U of W, Milwaukee</td>
<td>$21,208</td>
</tr>
<tr>
<td>U of Maryland, Baltimore</td>
<td>$25,254</td>
</tr>
<tr>
<td>Rutgers, Newark</td>
<td>$27,199</td>
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</tbody>
</table>

*No Data was available for Wayne State University*
Financial Aid: Grant Funding

- **Cal Grant**
- **State University Grant**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cal Grant</th>
<th>State University Grant</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>$91,489,570</td>
<td>$116,452,273</td>
<td>$207,941,843</td>
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<tr>
<td>2003/04</td>
<td>$123,264,850</td>
<td>$187,326,808</td>
<td>$310,591,658</td>
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<tr>
<td>2004/05</td>
<td>$150,340,993</td>
<td>$208,645,783</td>
<td>$359,986,776</td>
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<tr>
<td>2005/06</td>
<td>$157,832,586</td>
<td>$232,600,000</td>
<td>$490,432,586</td>
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<tr>
<td>2006/07</td>
<td>$165,032,586</td>
<td>$265,400,000</td>
<td>$430,432,586</td>
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</tbody>
</table>
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 $2.0 Million

TOTAL $302 Million
Total Budget $296.1 Million

Revenue

- SUF Fee Revenue: 42%
- General Fund Operating: 36%
- Enrollment Growth: 22%

Expenditures

- Enrollment Growth: 25%
- New Space & Energy: 3%
- Special Initiatives: 2%
- Financial Aid: 13%
- Libraries, Technology and Deferred Maintenance: 2%
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