# 2007-08 Governor’s Budget

<table>
<thead>
<tr>
<th>Category</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>
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</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
Closing the 2007-08 Budget Shortfall

LAO Assumptions

- Governor’s Budget Reserve $2.1 Billion
- Expenditures Exceeding Revenues ($2.6 Billion)
- Other G.F. Pressures ($0.2 Billion)
- 2007-08 Year-End Budget Deficit $736 Million
Future State Operating Deficit (LAO)

- 2008 – 09 Fiscal Year: $3.4 Billion
- 2009 – 10 Fiscal Year: $2.5 Billion
- 2010 – 11 Fiscal Year: $1.4 Billion
May Revise Revenues

- April Estimates Down $1.3 Billion
- Preliminary May Estimates Up $1.6 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
May Revise Expenditures

- Increases in enrollment, caseload, or corrections growth (K-12, Medi-Cal, Social Services, Prisoners)
- Expanding Health Insurance
- Adjusting State Obligations (Prop. 98 property tax estimates, lease revenue bond payments, dental annuitants)
Budget Threats

- State’s continues to have structural deficit
- State loses court cases - $1 Billion
- Cal Works restoration - $400 Million
- 2007-08 Indian Gaming revenue down - $300 Million
- Potential for Health Reform agreement
- Community College Initiative - $470 Million
CSU Budget

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
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
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
Financial Aid: Grant Funding

- Cal Grant
- State University Grant
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

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

*No Data was available for Wayne State University*
$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 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 $30.1 Million
- 2009/10 Costs over CSU budget $35.3 Million
- 2010/11 Costs over CSU budget $36.6 Million
2007-08 CSU Budget Augmentation

Total Budget $292.5 Million

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

Expenditures
- Enrollment Growth 25%
- New Space & Energy 3%
- Special Initiatives 1%
- Financial Aid 13%
- Libraries, Technology and Deferred Maintenance 3%
- Compensation 55%
- General Fund 36%
- New Space & Energy 3%
- Special Initiatives 1%
- Financial Aid 13%
- Libraries, Technology and Deferred Maintenance 3%
- Compensation 55%
- General Fund Operating 36%
- Enrollment Growth 22%
- SUF Fee Revenue 42%
Next Steps

- Legislative Hearings          Now – May
- Governor’s May Revise           May 15
- Senate and Assembly Floor      May 31
- Two House Conference Comm.     June 4
- Legislative Budget to Governor June 15
- Governor Signs Budget          June 30