



California State Budget 2008-09 CSU Budget

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Chief Financial Officer**

**March 12, 2008
Board of Trustees**

2008-09 CSU Support Budget

- Governor's Budget Overview
- Legislative Analyst's Recommendations
- 2002-2005 Budget Reductions
- 2008-2009 CSU Budget Response
 - Enrollment
 - Collective Bargaining
 - Cost Effectiveness

Governor's Budget Findings and Recommendations

- \$14.5 billion budget deficit
- 10% statewide across-the-board reductions
- No new state taxes

Governor's Budget

\$2.873 billion General Fund State Support

\$1.487 billion Student Fee Revenue

- \$ -312.9 million cut in CSU support
- \$ +73.2 million net fee revenue increase from a \$276/undergraduate student fee increase
- Resident enrollment at 2007-08 funded target

Legislative Analyst's Findings and Recommendations

- \$16 billion budget deficit
- \$2.7 billion in new state tax revenues
- Differential budget reductions

Legislative Analyst's Alternative Budget Proposal

\$2.939 billion General Fund State Support

\$1.486 billion Student Fee Revenue

- Raises fees by \$276/undergraduate to increase student's share of current costs
- Funds enrollment growth at 1.6%, only if CSU continues to enroll 10,000 FTES over-enrollment, projected for 2007-08 without funding to cover costs
- Recommends \$43 million reduction in administrative costs (institutional support)
- Funds price increase for supplies and services only

Budget Reductions 2002-03 through 2004-05

CSU sustained significant reductions over a 3-year period that created long-term deficiencies that continue to present funding challenges

	2002-03	2003-04	2004-05	3 Year Total
General Fund Budget Reduction	(102.60)	(373.70)	(175.60)	(651.90)
Unfunded Mandatory Cost	(22.80)	(78.60)	(57.50)	(158.90)
Fee Revenue Offset	20.00	167.00	101.50	288.50
Total Net Budget Reduction	(105.40)	(285.30)	(131.60)	(522.30)

CSU Response to 2008-09 Support Budget Recommendations

Consultation with all CSU constituencies to deliver messages consistently

Central Budget Theme: Restore \$312.9 million cut and add \$73.2 million to buyout 10% fee increase

- Periodic communications with all groups to assure consistency of messages
- Campus Budget Forums to deliver key messages (March 3 - April 2)
- CSU and Alumni Legislative Advocacy Day (April 28)
- Employee Groups/Academic Senate/Student Advocacy Days (March 6 – April 29)

Unified support from alumni, employee, faculty and student representatives to coordinate advocacy during 2008-09 legislative budget process around three central messages

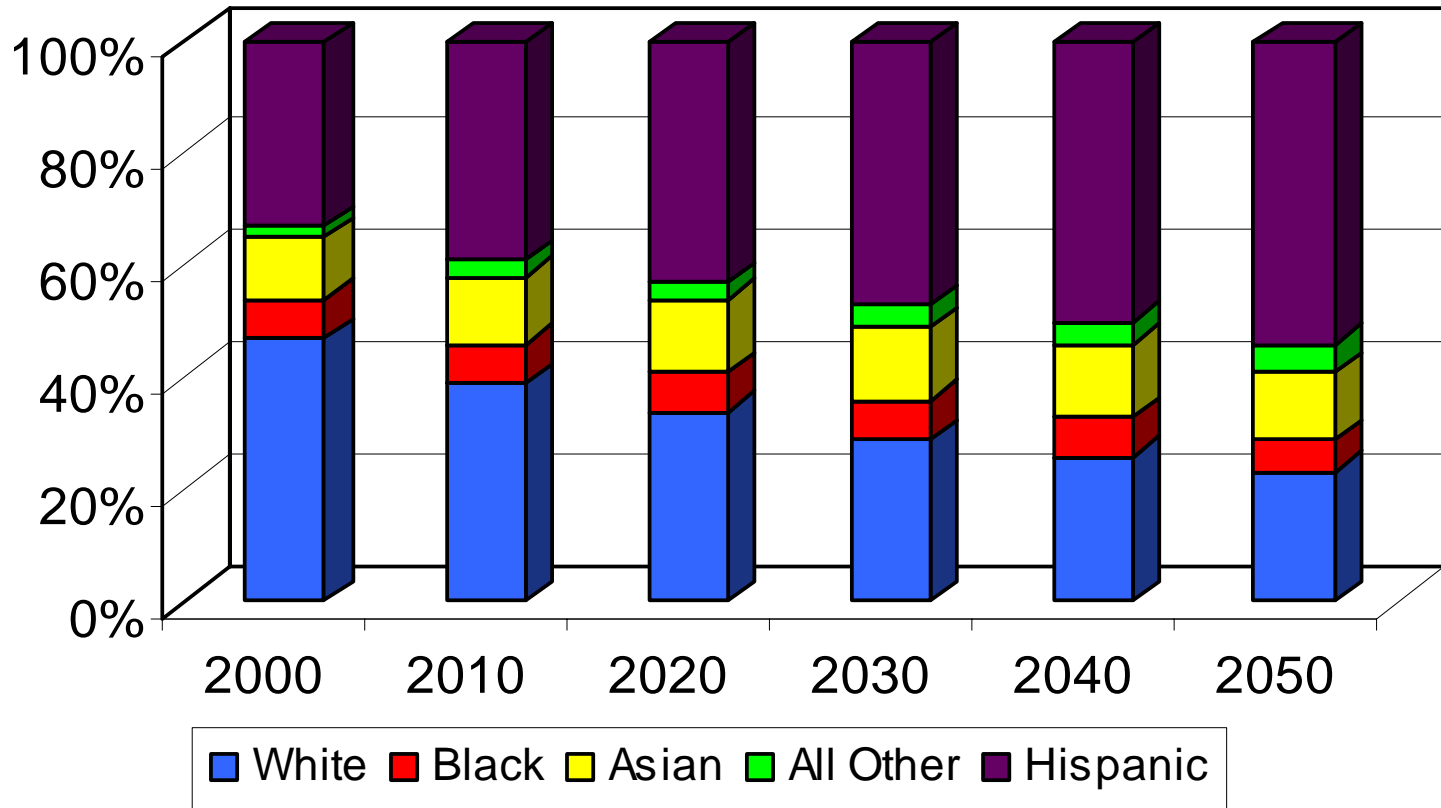
Key Messages

- The proposed budget will not allow the CSU to serve all qualified students, reduces access to college
- Long term prospects of increasing college going rates of underserved communities will be negatively impacted just as we are making real progress
- Less access to the CSU will impact industries and the state's economy given our role in preparing the state's workforce

Bring enrollment in line with funded levels

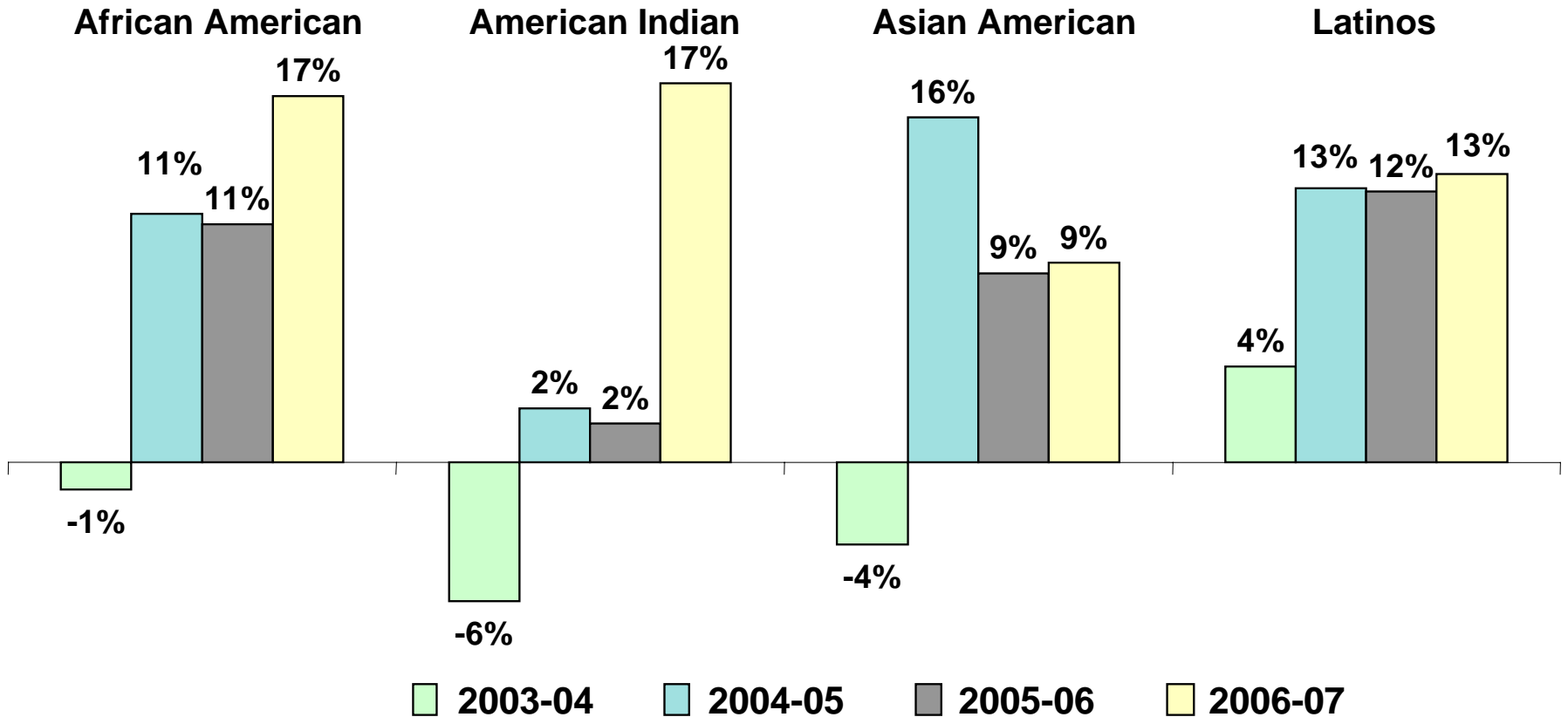
- Cannot serve 10,000 student demand already served in 2007-08
- 2007-08 target of 342,893 resident student FTES is the budgeted level for 2008-09
- All campuses closed for first-time freshmen as of March 1, 2008

Demographic Projections for California

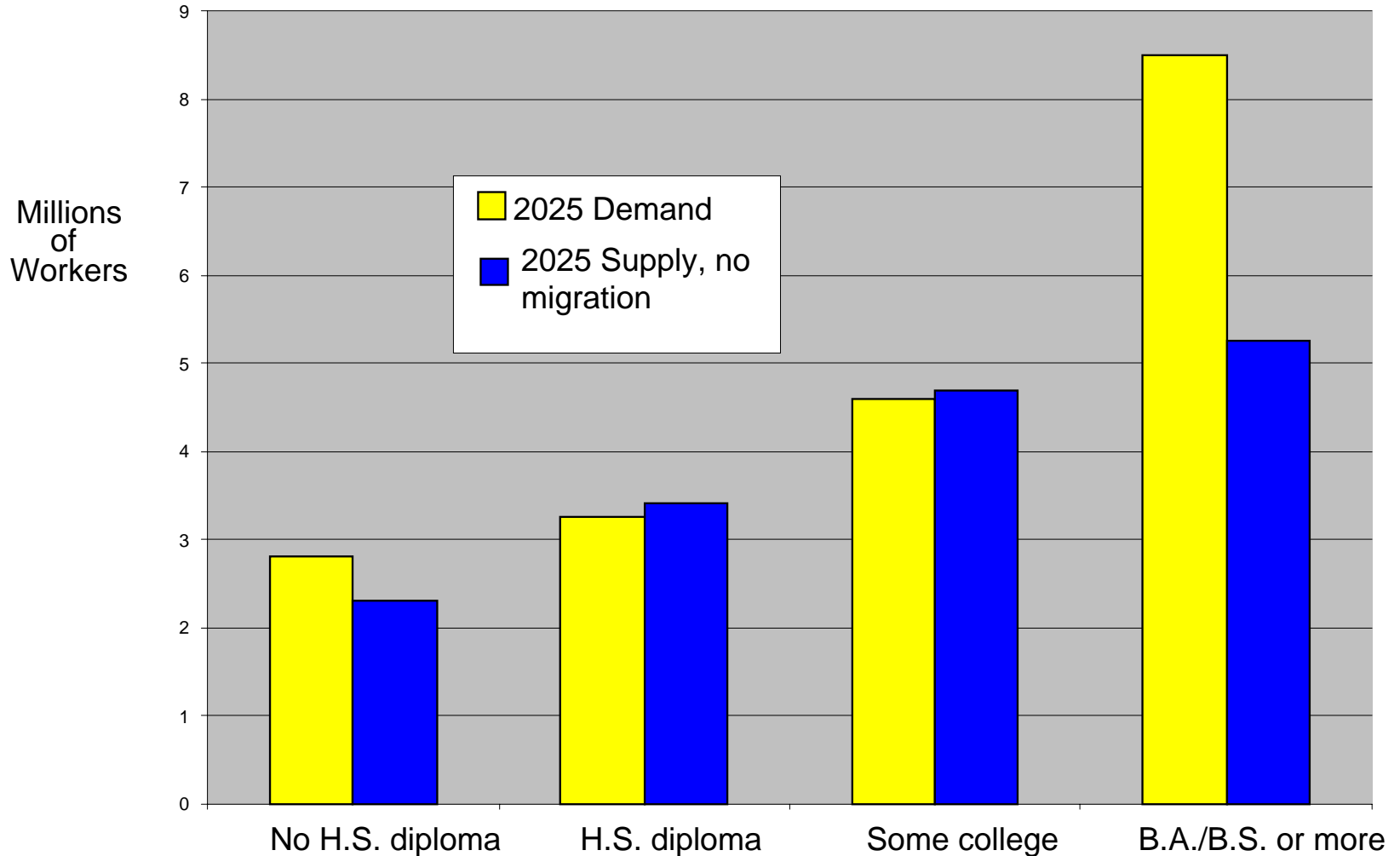


Enrollment Growth

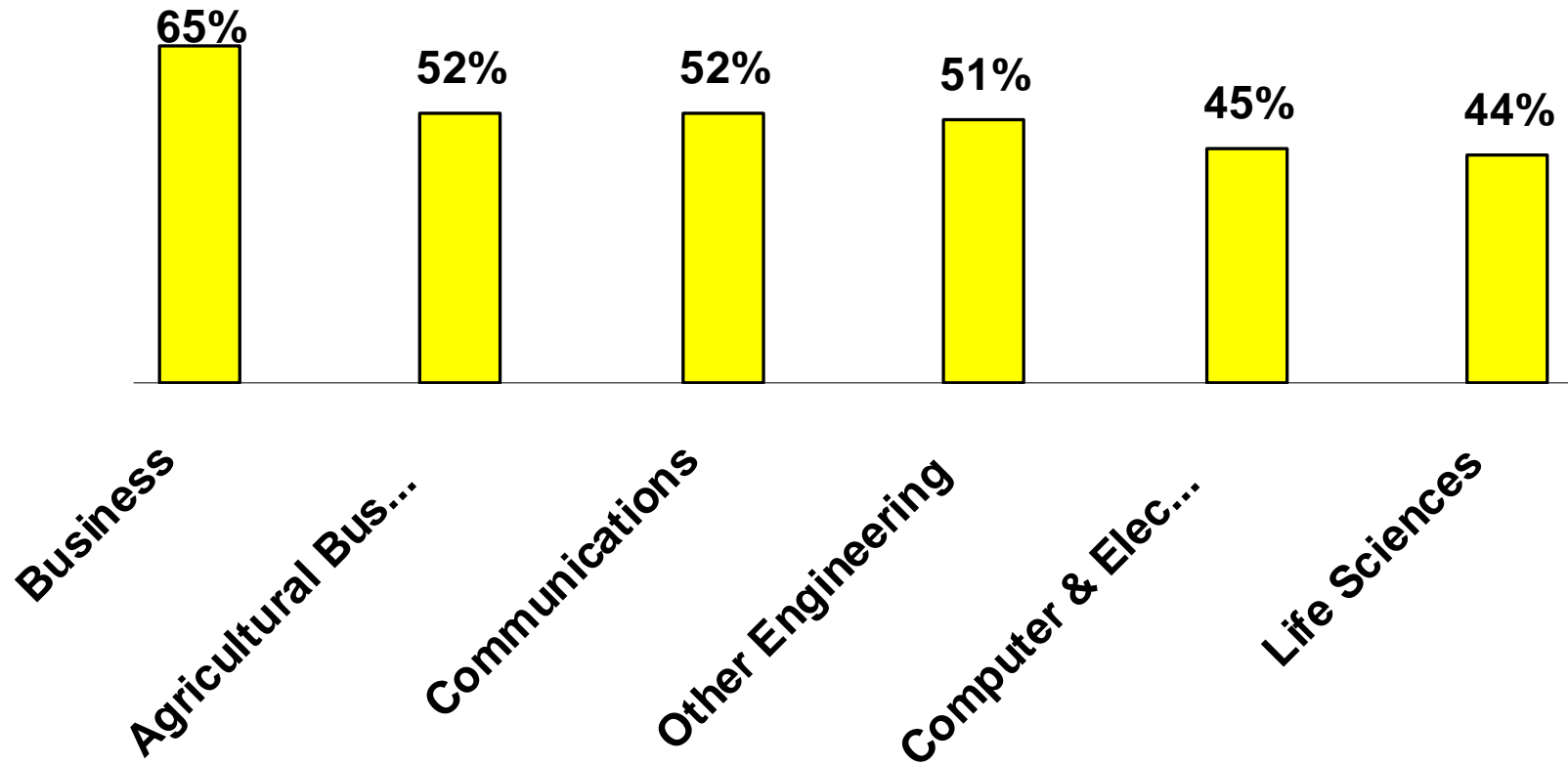
First Time Freshman Enrolled in CSU



Large Gap Between Future Supply and Demand for Skilled Workers



CSU Bachelor's Degrees as a Percent of All Public and Private University Bachelor's Degrees Awarded in California, Critical Fields 2001-2002



Source: CPEC data as cited in Budget Central, Impact Report, Figures, Pg. 7, Fig. 2

- Results in collective bargaining for all agreements
- Employee salary lags range up to 42 percent
- Workload concerns
 - Prior budget reductions
 - Over enrollment
 - Insufficient funding
- Likely reductions in workforce through non-rehiring of part time employees of all types

CSU 2008-09 Budget Response – Improving Service to Students

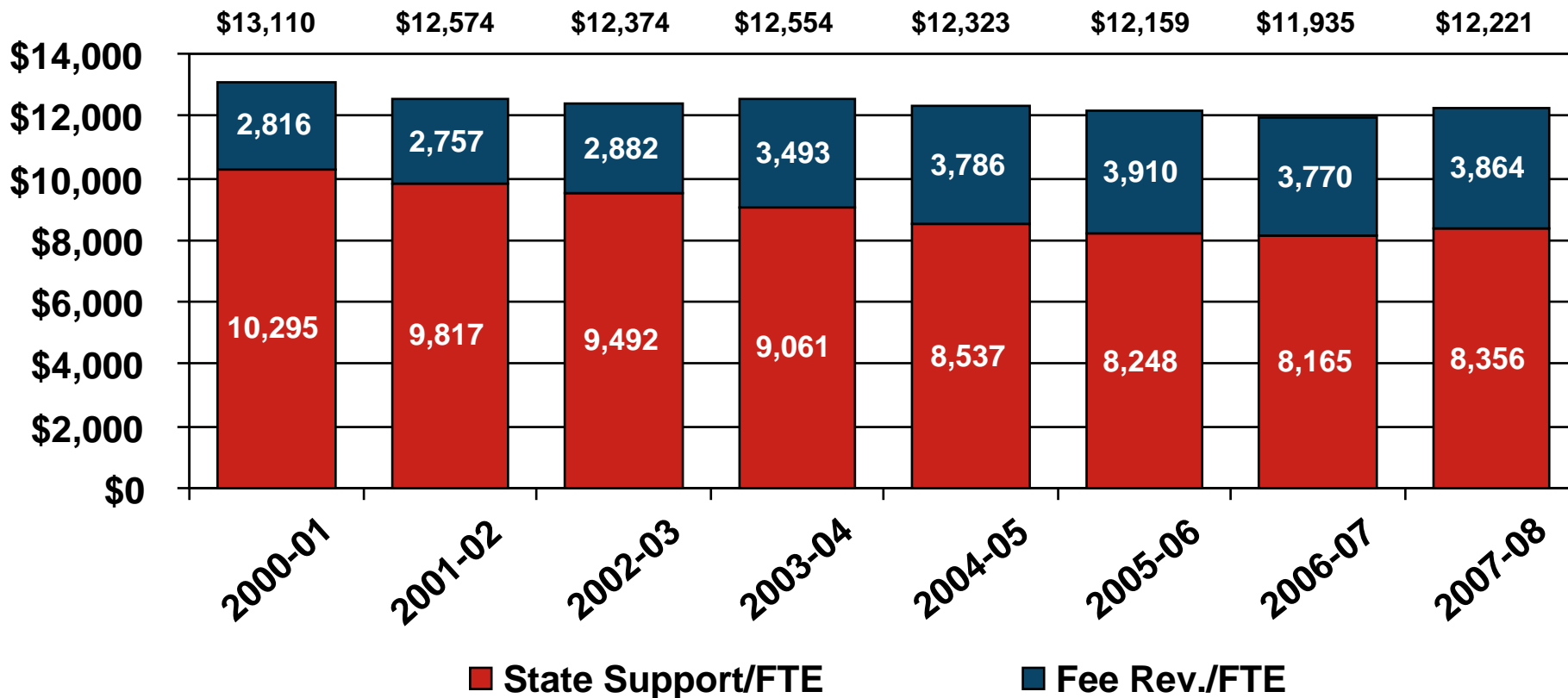
- Improving transfer with Community Colleges
- Trustees Graduation Initiative
 - Adopted by the Board in 2003 to help:
 - Students enroll as freshman well prepared for university level work
 - Students follow optimal pathways to undergraduate majors when completing lower division work at community colleges
 - Encourage and support efficient pathways to degree at CSU
- Early Assessment Program
 - Improve coordination and communications with public schools



Overall, CSU is one of the most cost effective comprehensive universities in the country, with the second lowest cost per student among public comparison institutions

Average Cost per Student

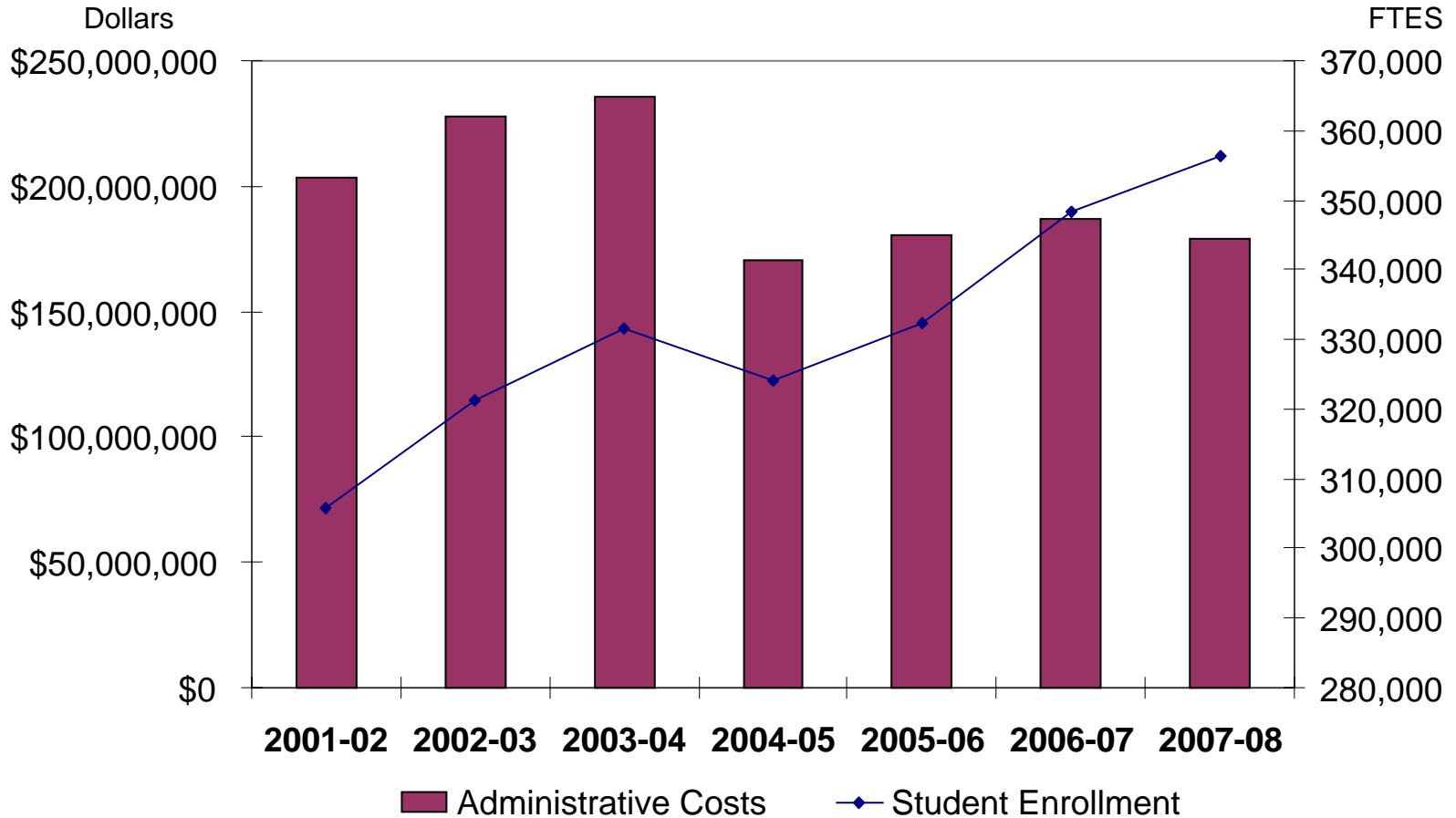
CSU Campus Average	\$16,144
Public Comparison Institutions	
Low (UT Arlington)	\$15,105
High (University of Connecticut)	\$37,277
Comparison Average	\$26,045



CSU cost per student in constant dollars has gone down and students have already assumed a larger share of overall costs

Institutional Support as Percentage of Total Budget has Declined Over Time

	2000-2001	2002-2004	2005-2007
Instruction	44.4%	46.3%	45.6%
Academic Support	14.2%	13.1%	12.9%
Student Services	10.0%	9.7%	9.9%
Institutional Support	15.2%	14.6%	12.9%
Plant Operations	9.4%	9.2%	10.7%
Financial Aid	4.8%	5.5%	6.8%
Research, Public Service, SWP	2.0%	1.6%	1.2%



As CSU enrollment grew between 2001 and 2007, expenditure costs for General Administration were reduced by \$24 million and overall costs for Institutional Support have been reduced roughly \$60 per student.

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