2008-09 CSU Budget Recommendations

- State Fiscal Condition
- Compact Revenue Assumptions
- Compact Budget Recommendations
- “Above Compact” CSU Budget Priorities
- Additional CSU Budget Issues
2008-09 CSU BUDGET

State Fiscal Condition
DOF Monthly Fiscal Forecast

- CA. Unemployment Rate 5.5 Percent
- National Unemployment Rate 4.6 Percent
- Sale of Single Family Homes (28 Percent)
  (August - 23rd consecutive month of decline)
- S. F. Home Price over 2006 2 Percent
- September G.F. Revenue ($809 Million)
2007-08 Governor’s Budget

Total Spending $131.5 Billion

State General Fund $102.3 Billion
Special Fund $29.2 Billion
Budget Reserve $4.1 Billion
## Closing the 2007-08 Budget Shortfall

- **2007-08 Budget Reserve**: $4.1 Billion
- **Sale of EdFund**: $1.0 Billion
- **Court Cases on Appeal**: $1.0 Billion
- **CalSTRS Court Case**: $500 Million
- **CalSTRS Interest**: $200 Million
- **Compensation**: $400 Million
- **Indian Gaming**: $269 Million
Future Budget Threats

- Health Care Reform agreement $ ?? Billion
- Federal Ct. Ordered Mandates $ ?? Billions
- Community College Initiative (3 yrs.) $1.0 Billion
- On-going K-12 Programs $567 Million
- CalWorks COLA $124 Million
- SSI/SSP COLA (Aged, Blind, & Disabled) $123 Million
- 2008-09 Structural Deficit $10.0 Billion
- Gov. Orders 10% Cut to All State Agencies, Impact to CSU Budget $298 Million
2008-09 CSU BUDGET

Compact Revenue Assumptions
2008-09 CSU Budget (Compact)

Revenue Assumptions

- General Operations (4%) $117.0 Million
- Enrollment Growth (2.5%) $68.8 Million (8,572 FTES, 11,100 students)
- Academic Infrastructure (1%) $29.2 Million
- Revenue Augmentation $73.2 Million
- **Compact (General Fund)** $288.2 Million
- Enrollment Growth Revenue $34.5 Million
- **Total Compact Funding** $322.7 Million
2008-09 CSU BUDGET

Compact Budget Recommendations
2008-09 CSU Budget (Compact)

Expenditure Assumptions

- Mandatory Costs $36.0 Million
- Enrollment Growth (2.5%) $82.5 Million
- Compensation $154.3 Million
- Financial Aid $6.9 Million
- Long Term Need $43.0 Million

- Total Compact Funding $322.7 Million
Mandatory Costs - $36.0 Million

- Health Benefits $21.7 Million
- New Space $6.0 Million
- Energy $4.0 Million
- Full Year, Service-based Salary Increase $4.2 Million
Compact Enrollment Growth (2.5%)
Above Compact Enrollment Growth (1.0%)

- Target Enrollment
- Over Target
- Additional Enrollment

<table>
<thead>
<tr>
<th>Year</th>
<th>Target Enrollment</th>
<th>Over Target</th>
<th>Additional Enrollment</th>
<th>Total Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>325,545</td>
<td>($16 M)</td>
<td></td>
<td>2,565</td>
</tr>
<tr>
<td>2006-07</td>
<td>334,198</td>
<td>($45 M)</td>
<td></td>
<td>6,196</td>
</tr>
<tr>
<td>2007-08</td>
<td>342,893</td>
<td>($77 M)</td>
<td></td>
<td>10,000</td>
</tr>
<tr>
<td>2008-09</td>
<td>351,465</td>
<td></td>
<td></td>
<td>3,429</td>
</tr>
</tbody>
</table>

- $27.5 M
- $351,465
CSU Compensation $154.3 Million

- Compensation base 3 percent $91.1 Million
- Salary Gap Funding $63.2 Million
<table>
<thead>
<tr>
<th>Year</th>
<th>Total SUG</th>
<th>Grant Recipients</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>$276.0 Million</td>
<td>117,164</td>
</tr>
<tr>
<td>2008-09</td>
<td>$6.9 Million</td>
<td>2,906</td>
</tr>
<tr>
<td>2008-09 Total</td>
<td>$282.9 Million</td>
<td>120,070</td>
</tr>
</tbody>
</table>
Long Term Need $43.0 Million

- Library Acquisitions $3.0 Million
- Deferred Maintenance $6.5 Million
- Academic Technology $33.5 Million
2008-09 CSU BUDGET

“Above Compact” CSU Budget Priorities
2008-09 “Above Compact” Budget Requests

- Increase Ratio of Tenured Faculty, $42.9 Million
- Compensations Agreement (1%) $30.4 Million
- Additional Enrollment Growth (1%) $27.5 Million
- Student Services Initiative $24.6 Million
- Applied Research $12.0 Million
- Teacher Performance Assessment $10.0 Million
- Clinical Nursing (MSN & BSN) $7.8 Million

- Total Above Compact Funding $155.2 Million
Increase Ratio of Tenured Faculty  $42.9 Million

- Improve Current Faculty Tenure/Tenure-Track Faculty Ratio  $9.7 Million
- Increase Percentage of Tenure/Tenure-Track Faculty  $13.5 Million
- Improve Student/Faculty Ratio  $19.7 Million
Compensations Agreement  $30.4 Million

- Supports the BOT commitment for reducing the salary gap of all CSU employees
- Allows CSU to be more competitive to attract a highly motivated and qualified workforce
- Essential to ensure recruitment and retention of highly qualified faculty, staff, and management
Enrollment Growth

$27.5 Million

First Time Freshman Enrolled in CSU

African American
-1%

American Indian
-6%

Asian American
-4%

Latinos

13% 12% 13%

Enrollment Growth

Fall to Fall CSU Applications

<table>
<thead>
<tr>
<th>Fall to Fall CSU Applications</th>
<th>fall 2007</th>
<th>fall 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian</td>
<td>791</td>
<td>828</td>
</tr>
<tr>
<td>African American</td>
<td>8,180</td>
<td>9,891</td>
</tr>
<tr>
<td>Latino/a</td>
<td>29,304</td>
<td>40,645</td>
</tr>
<tr>
<td>Asian/PI</td>
<td>14,575</td>
<td>16,596</td>
</tr>
<tr>
<td>All CSU</td>
<td>119,187</td>
<td>97,818</td>
</tr>
</tbody>
</table>

Enrollment Growth: $27.5 Million

21.85% American Indian
4.28% African American
20.92% Latino/a
38.70% All CSU
13.87% Asian/PI
Student Services Initiative $24.6 Million

- Student Services for Success $16 Million
  - $7.5 million to improve advising for undergraduate degree majors.
  - $1.5 million to strengthen new student orientation programs
  - $4.5 million for learning, tutoring, and study skills help centers.
  - $2.5 million for articulation staff to work with the CCC on transfer.

- Student Services Authentic Access $8.6 Million
Applied Research $12 Million

- Agriculture $5 Million
- Biotechnology $3 Million
- Marine Studies $3 Million
- Fresh Water $1 Million
Teacher Performance Assessment  $10 Million

- Senate Bill 2042 (Alpert, Chapter 548, 1998)
  - Establishes TPA requirement subject to availability of funds in annual Budget Act.
- Senate Bill 1209 (Scott, Chapter 517, 2006)
  - Requires full implementation of TPA for all teacher credential candidates starting in 2008.
Clinical Nursing $7.8 Million

- Second-Year Cohort, ELM Program $2.4 Million
  (163 FTES x $14,460)
- Second-Year Cohort, BSN Program $4.9 Million
  (340 FTES x $14,460)
- Doctoral Nursing Program $519,000
  (Development at 3 CSU Campuses)
2008-09 CSU BUDGET

Additional CSU Budget Issues
CSU Compensation Agreement
(Salary and Health Benefits)

- 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
Unfunded Costs to the CSU

- 2007-08 Potential Over Enrollment $77 Million
  (10,000 FTES or 13,000 Students)
- City of Marina Issues (2008-09) $15 Million
- Assembly Bill 2951
  – Municipal Facilities Capital Costs $??? Million
2008-09 CSU Budget

- Extremely challenging year given state’s economic outlook
- Higher Education will face many competing interest for limited state General Fund dollars
- CSU is the economic engine for California
- CSU has an overwhelming demand for access, particularly among underrepresented students
- Number one priority, fully fund CSU Compact