BUDGET UPDATE

Ryan Storm
Assistant Vice Chancellor for Budget
Office of the Chancellor
The Plan

• Multi-Year Trends
• CSU & State Budget Cycle
• CSU Support Budget
• Governor’s Proposal
• Legislative Analyst’s Critique
• Next Steps in Budget Cycle
• Future Considerations
Multi-Year Trends
Gap Between State Appropriation and Tuition and Fees as a Percentage of Funding Source has Narrowed
Lower State Support has Forced More Reliance on Student Tuition & Fees
Eligible Undergraduate Applicants – CA Residents

- Fall 2009: 193,928
- Fall 2010: 173,562
- Fall 2011: 178,615
- Fall 2012: 194,564
- Fall 2013: 212,152
- Fall 2014: 212,538
- Fall 2015: 216,755

Legend:
- Admitted*
- Not Admitted*
General Fund Appropriation and Resident Student Enrollment Trends

- **Actual Full Time Equivalent Students (Resident)**
- **Actual State General Fund (w/o G.O. Bond Debt Service)**
State General Fund Appropriation Over Time

(No GO or PWB Bonds)
State General Fund Appropriation Over Time
(No GO or PWB Bonds)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>$2.971</td>
</tr>
<tr>
<td>2010-11</td>
<td>$2.578</td>
</tr>
<tr>
<td>2011-12</td>
<td>$2.000</td>
</tr>
<tr>
<td>2012-13</td>
<td>$2.063</td>
</tr>
<tr>
<td>2013-14</td>
<td>$2.346</td>
</tr>
<tr>
<td>2014-15</td>
<td>$2.499</td>
</tr>
<tr>
<td>2015-16</td>
<td>$2.790</td>
</tr>
<tr>
<td>2016-17</td>
<td>$2.930</td>
</tr>
</tbody>
</table>
Almost Back to Equilibrium, right?

Nope!

Health Care Costs  
+$159 million

Retirement Costs  
+$188 million

Inflation  
+/- $270 million
Health Care Premium Costs
(CSU Operating Fund)

in millions

$0

$50

$100

$150

$200

$250

$300

$350

$400

$450

$500

2002/03

2007/08

2016/17
CSU and State Budget Cycle
System Budget Advisory Consultation

Council of Presidents Policy Retreat

May  June  July  August  September

CSU Constituent Consultations

Review campus enrollment targets
Budget consultation with presidents
SBAC discussion of budget proposals
Budget briefing for the Board of Trustees
CSU Constituent Consultations

October/November

Trustees adopt Support Budget request
December  January  February

Review CSU enrollment targets and revenue assumptions

Governor’s Budget submitted to legislature ~ January

ANALYSIS OF THE BUDGET BILL

Legislative Analyst’s analysis of the budget
March  

April  

May  

June  

CSU Constituent Briefings

Legislative budget hearings
Governor’s May revisions of January budget

State Budget adopted
CSU Support Budget
## Proposed 2016-2017 Support Budget

<table>
<thead>
<tr>
<th>Incremental Expenditure Increases</th>
<th>in millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enrollment Growth – 3%</td>
<td>$110.0</td>
</tr>
<tr>
<td>Student Success &amp; Completion Initiatives</td>
<td>50.0</td>
</tr>
<tr>
<td>Compensation Pool – 2%</td>
<td>69.6</td>
</tr>
<tr>
<td>Academic Facilities &amp; Infrastructure Needs</td>
<td>25.0</td>
</tr>
<tr>
<td>Mandatory Costs (health, retirement, maintenance. of new facilities)</td>
<td>43.0</td>
</tr>
<tr>
<td><strong>Total Incremental Budget Request</strong></td>
<td><strong>$297.6</strong></td>
</tr>
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</table>
## Proposed 2016-2017 Support Budget

<table>
<thead>
<tr>
<th>Additional Resource Need</th>
<th>in millions</th>
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</thead>
<tbody>
<tr>
<td><strong>Tuition Revenue</strong></td>
<td></td>
</tr>
<tr>
<td>No Tuition Increase</td>
<td>$0.0</td>
</tr>
<tr>
<td>Net Tuition from 3% Enrollment Growth</td>
<td>$55.9</td>
</tr>
<tr>
<td><strong>General Fund</strong></td>
<td></td>
</tr>
<tr>
<td>Administration’s Multi-Year Plan</td>
<td>$140.4</td>
</tr>
<tr>
<td>Additional CSU Request</td>
<td>$101.3</td>
</tr>
<tr>
<td><strong>Total Incremental New Revenue</strong></td>
<td>$297.6</td>
</tr>
</tbody>
</table>
Governor’s Proposals
Notable Governor’s Budget Proposals Affecting CSU:

- $140.4 m Support Budget Increase
- $35 m one-time for Deferred Maintenance
- $35 m one-time for Energy Efficiency and Renewable Energy Projects
- Various Expectations (e.g. grad rates, technology)
CSU is Focusing on Outcomes, But Four-Year Graduation Rates Lag

While CSU provides an affordable pathway to a bachelor's degree for many Californians, the University continues to struggle to support students in completing those four-year degrees within four years—as many students and families expect. Recent reports submitted by the Chancellor's Office indicate that fewer than one in five students who enter the CSU as freshmen (with the intent to enroll full-time) graduate within four years. Figure HEQ-03 displays graduation rates across campuses.

The CSU Chancellor and the University's Trustees have expressed a commitment to addressing this persistent challenge. Building on prior efforts, the Chancellor recently announced the Graduation Initiative 2025, the goal of which is to increase four-year rates systemwide to 24 percent by 2025. The initiative specifically addresses achievement gaps. In a recent
First-Time Full-Time Students Starting Fall 2009

Number of students: 798

CSU-Stanislaus

WITHIN 6 YEARS

55% 13% 10% 16%

WITHIN 5 YEARS

43% 27% 12% 15%

WITHIN 4 YEARS

16% 56% 14% 13%
2016-17 Expenditure Mix Under CSU & State Revenue Assumptions

$297.6 Million (in millions)

- Strategic Investments: $25.0
- Infrastructure: $50.0
- Student Success & Completion Initiatives: $110.0

$156.3 Million

- Funded Enrollment: $36.7
- Mandatory Costs (Health & Retirement): $43.0
- Employee Compensation Pool: $69.6

BOT Request 3% Growth (10,700 FTES) vs. State Scenario 1% Growth (3,565 FTES)
LAO Critique of the Governor’s Plan
Notable LAO Recommendations Affecting CSU:

- Review expenditure plan developed by CSU to determine if priorities align with Legislature’s goals.

- Set enrollment targets for one year after the budget year to influence fall admission decisions at CSU.

- Require CSU to develop long–term plans to eliminate deferred maintenance.

- Require CSU to explain how it would spend the $7 million it left “to be determined” in the expenditure plan it submitted to the state.
Next Steps in Budget Cycle
March       April       May       June

CSU Constituent Briefings

Legislative budget hearings
Governor’s May revisions of January budget

State Budget adopted
## SUMMARY OF FUNDING PROPOSALS

<table>
<thead>
<tr>
<th>Source</th>
<th>Proposal</th>
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</thead>
<tbody>
<tr>
<td>Board of Trustees</td>
<td>$241.7M state General Fund</td>
</tr>
<tr>
<td>Governor</td>
<td>$140.4M state General Fund</td>
</tr>
<tr>
<td>Legislative Analyst</td>
<td>No Recommendation</td>
</tr>
<tr>
<td>Senate</td>
<td>To Be Determined</td>
</tr>
<tr>
<td>Assembly</td>
<td>To Be Determined</td>
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Future Considerations
Future Challenges

• CalPERS – Retirement and Health Care Premium Costs

• Collective Bargaining – Significant Cost Pressures

• Senate – Graduation Incentive Grant Proposal

• Governor’s Administration – More and Faster

• Minimum Wage – $15/Hour Deal in Capitol

• TICAS—Middle Class Scholarship Program Savings for Financial Aid not University Support
Future Considerations

• Full Funding of the Board’s Support Budget Request

• Expanded Investment Authority (Senate Bill 1412)

• Sustainable Tuition Policy

• Deferred Maintenance and Infrastructure Needs

• State University Grant Program

• Employee & Retiree Salaries & Benefits
Thank You