## 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
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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cal Grant</th>
<th>State University Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/03</td>
<td>$91,489,570</td>
<td>$116,452,273</td>
</tr>
<tr>
<td>2003/04</td>
<td>$123,264,850</td>
<td>$187,326,808</td>
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<tr>
<td>2004/05</td>
<td>$150,340,993</td>
<td>$208,645,783</td>
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<tr>
<td>2005/06</td>
<td>$157,832,586</td>
<td>$232,600,000</td>
</tr>
<tr>
<td>2006/07</td>
<td>$165,032,586</td>
<td>$265,400,000</td>
</tr>
</tbody>
</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>CSU LA Region</td>
<td>$16,778</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>
</tr>
</tbody>
</table>

*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 Operating 36%
- Enrollment Growth 22%

Total Budget $292.5 Million

The California State University
OFFICE OF THE CHANCELLOR
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