



The California State University
OFFICE OF THE CHANCELLOR

CSU Budget Forum 2007-08 Budget

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Dumke Auditorium - Chancellor's Office

2007- 08 Governor's Budget

Total Spending	\$131 Billion
State General Fund	\$103.1 Billion
Special Fund	\$27.8 Billion
Budget Reserve	\$2.1 Billion

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 (\$.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)

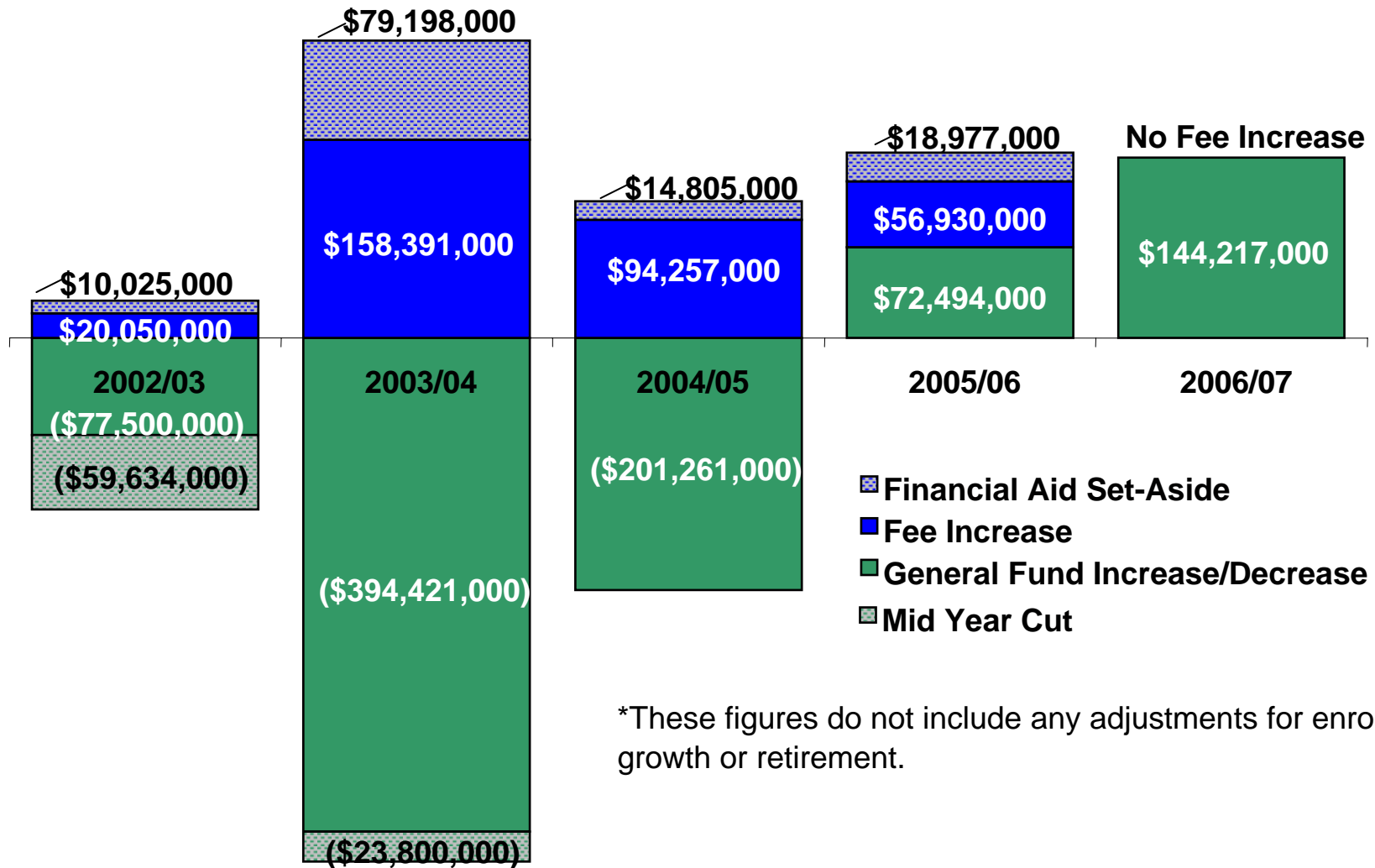
Total Recommended Reduction
to Governor's Budget
Recommendation for CSU

\$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

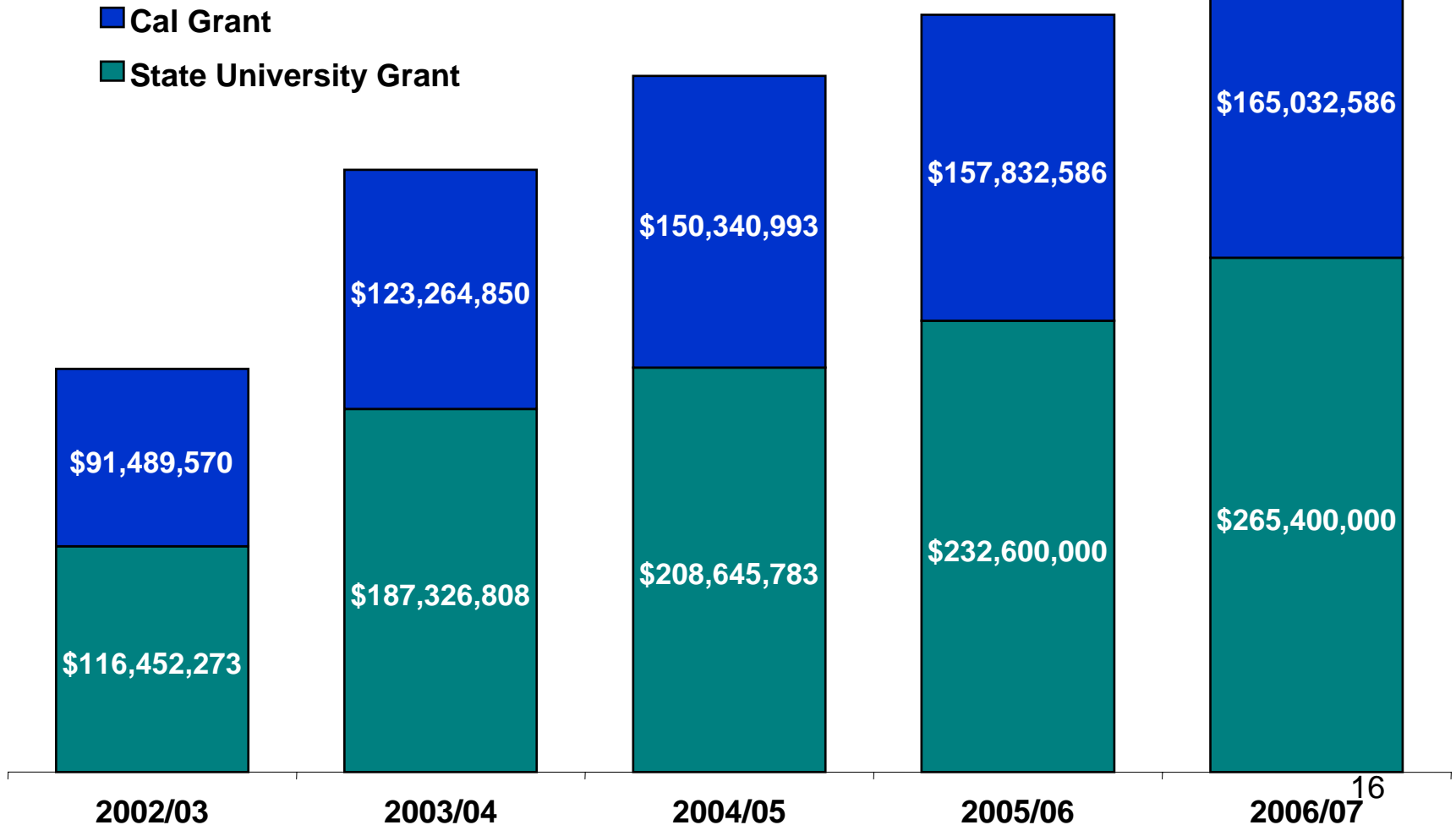
- 2003 Budget (AB 1756) Capped CSU and UC enrollment
- 2004 Budget Act – Restrictive Budget Bill
Language on Enrollment Growth
 - CSU must revert state General Fund for every FTES short of overall enrollment target
- 2006 Budget Act – Slightly less restrictive BBL
 - CSU given 425 FTES leeway on enrollment target

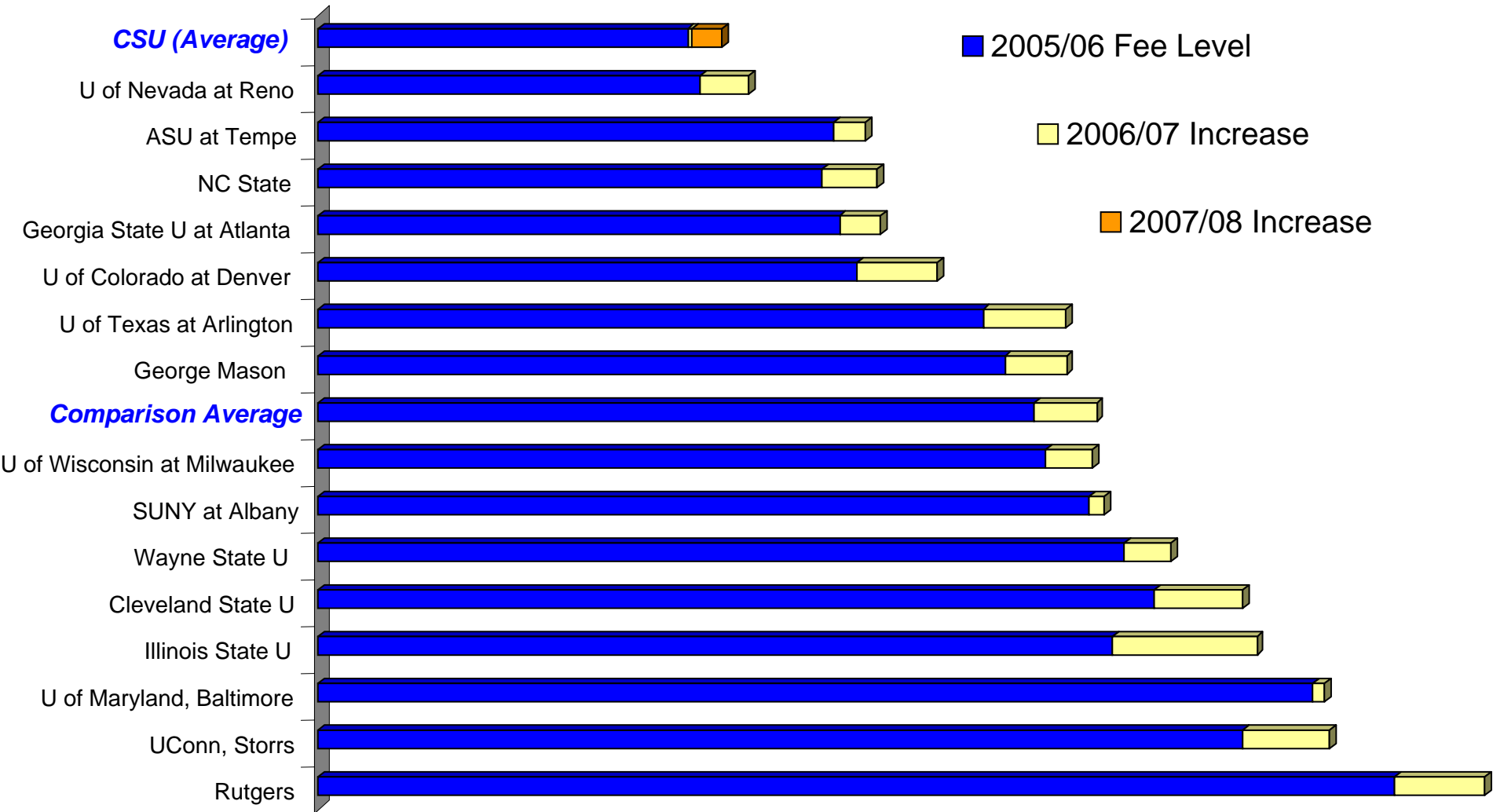
2007-08 State University Fee

Undergraduate	(10% - \$252)	\$2,772
Credential	(10% - \$294)	\$3,216
Graduate	(10% - \$312)	\$3,414



Financial Aid: Grant Funding

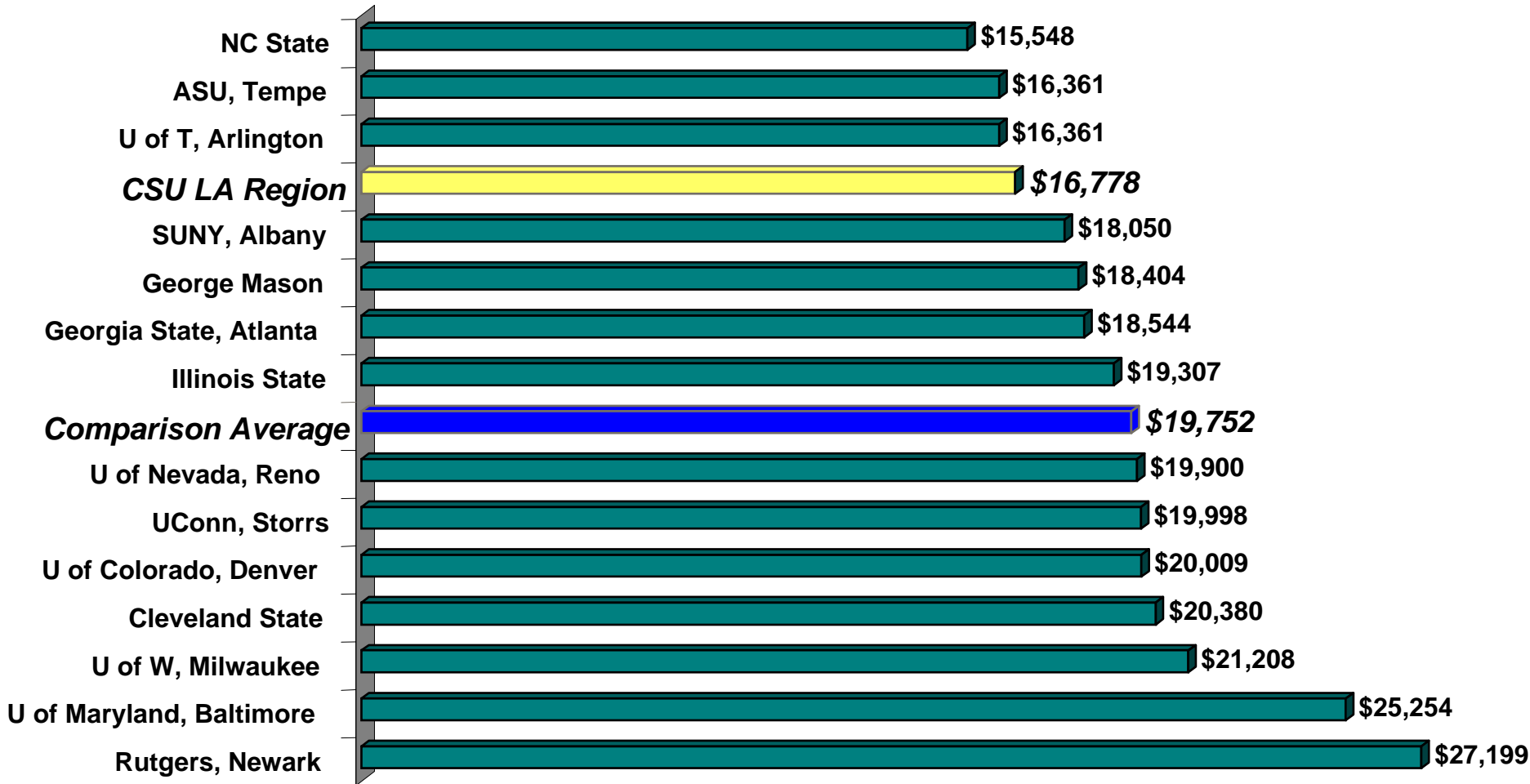




Data is not yet available for 2007/08 at Comparison Institutions. 2006/07 CSU Increase reflects increases in average campus mandatory fees. Comparison Average does not include CSU



Comparison Institution - 2006-07 Cost of Attendance



*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

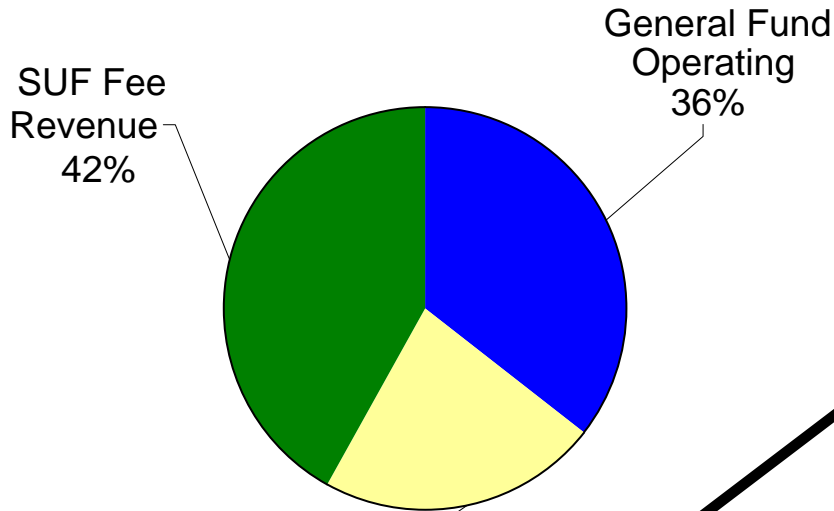
CSU Compensation Agreement

- 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



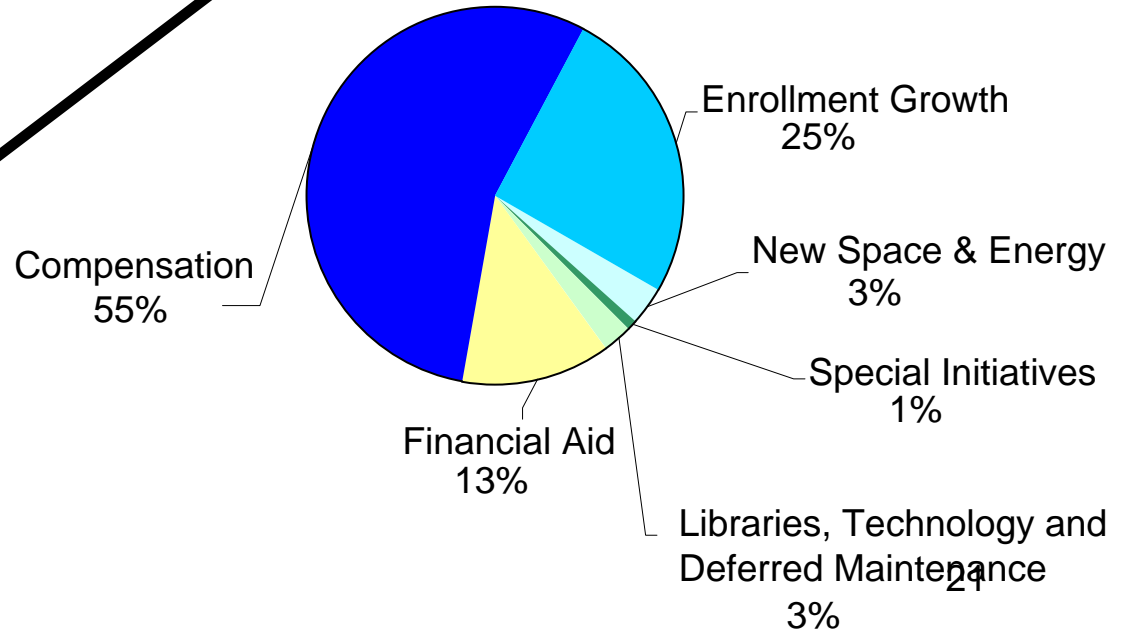
Total Budget \$292.5 Million

Revenue



General Fund Enrollment Growth
22%

Expenditures



Compensation
55%

Enrollment Growth
25%

Financial Aid
13%

Libraries, Technology and
Deferred Maintenance
3%

New Space & Energy
3%

Special Initiatives
1%

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 |