



2007- 08 State Budget Overview & CSU Budget

**Board of Trustees
January 24, 2007**

Budget Assumptions

- Budget is Balanced
- Eliminates Previous Budget Deficits
- Budget Fully Funds Proposition 98 Guarantee
- Budget Fully Funds CSU and UC Compacts

Budget Assumptions

- Major Health Care Reforms. No Funding
- Major Increase for Prison Funding
- Shift in Transportation Funding
- Significant Reductions in Social Services
- Successful Outcome on Two Court Cases

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**

Legislative Response

- Restore Cal-Works
- Address State Structural Deficit
- Balanced Budget
- No New Taxes

LAO Initial Concerns - Budget Not so Balanced

- **Optimistic Revenue Projections**
- **Challenging Budget Solutions**
- **Pending Court Cases**

LAO - Optimistic Revenue Projection

\$1.2 Billion

- Higher Revenue Estimate \$641 Million
- Lower Expenditure Assumption \$537 Million

LAO - Challenging Budget Solutions

\$3.4 Billion

- Shift Transportation Funds \$1.1 Billion
- Tribal Gaming Compact \$506 Million
- Bonds for GF Expenditures \$200 Million
- Cuts to CalWORKS \$496 Million
- Child Care Costs to Prop. 98 \$269 Million
- Changes in Tax Policy \$200 Million
- Other \$656 Million

LAO - Pending Court Cases

\$1.0 Billion

- Guillen Lawsuit \$553 Million
- Pension Obligation Bonds \$525 Million

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 \$1.0 Billion
- 2007/08 Budget Reserve \$2.0 Billion

Education Budgets – K-12

Proposition 98 (↑\$1.8 Billion- 3.3%) \$56.8 Billion

- General Fund (\$36.9 billion, .5 percent)
 - Increase in Per Pupil Spending
(3.3% - \$275, \$8,525)
 - Full funds statutory and discretionary COLA
(4.04% - \$1.9 billion)
 - Assumes 10 percent increase in property tax

Education Budget, CCC – Prop 98

CCC (\$4.2 billion. 4.6%)

- Fully funds statutory and discretionary COLA (4.04% or \$224.9 million)
- Provides \$109.1 million for 2% enrollment growth
- Assumes full year implementation of student fee reduction (\$26 to \$20 per unit fee rate)
- Assumes 10 % increase in property tax

Education Budgets - UC

■ Total Funds	\$5.4 Billion
– Base Budget Support (4%)	\$116.7 million
– Enrollment Growth (2.5%)	\$54.4 million
– Fee Revenue	\$104.7 million
■ Undergraduate Fee increase \$495 – 7%)	
– Outreach Programs	(\$19.3 million)
– Research Funding	\$20.0 million

Education Budgets - CSU

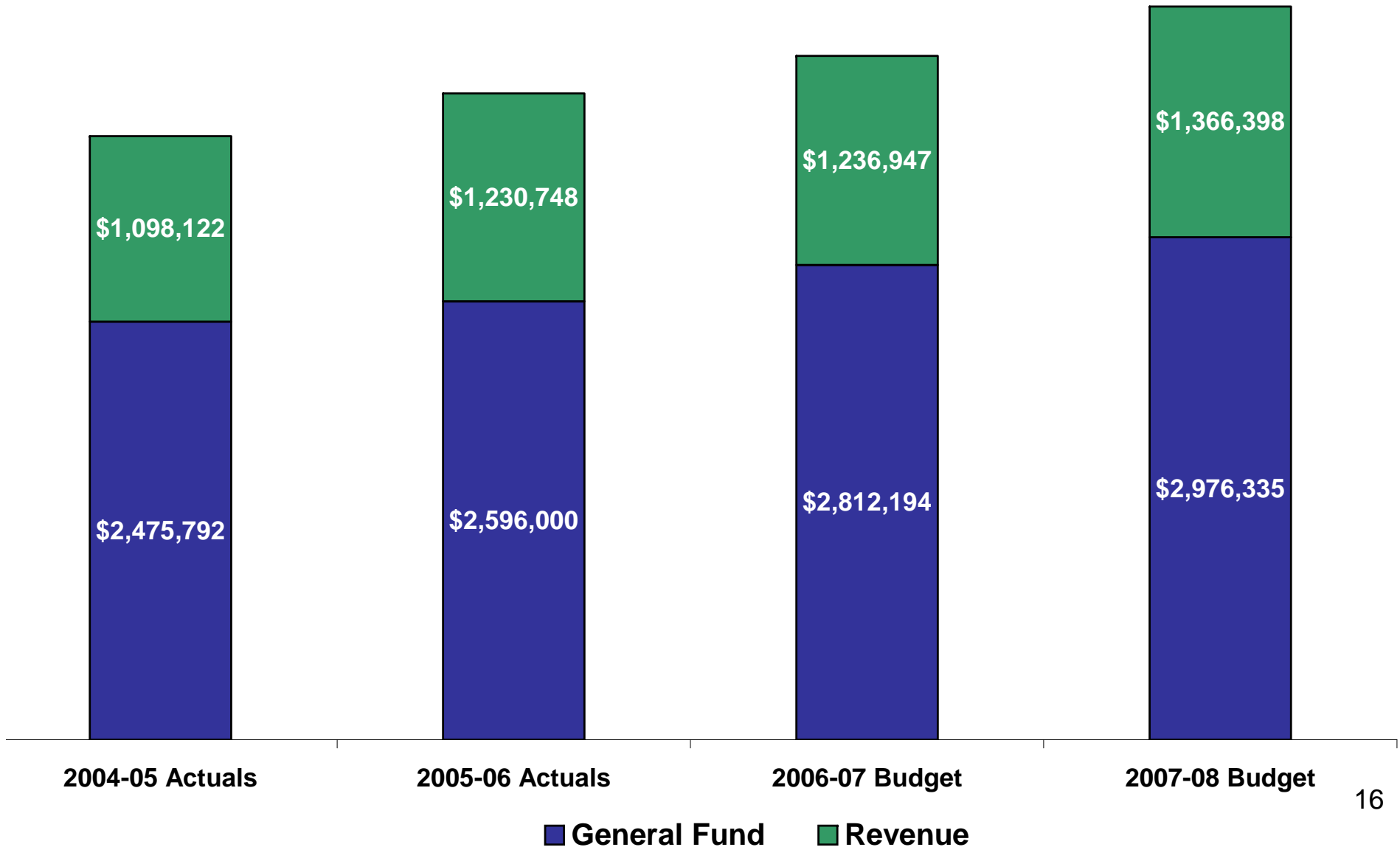
- **Total Funds** **\$4.4 Billion**
- Base Budget Support (4%) \$108.7 million
- Enrollment Growth (2.5%) 65.5 million
- Fee Revenue \$97.7 million
 - Undergraduate Fee Increase \$252 (-10%)
- Outreach Programs (\$7 million)

Above Compact Requests

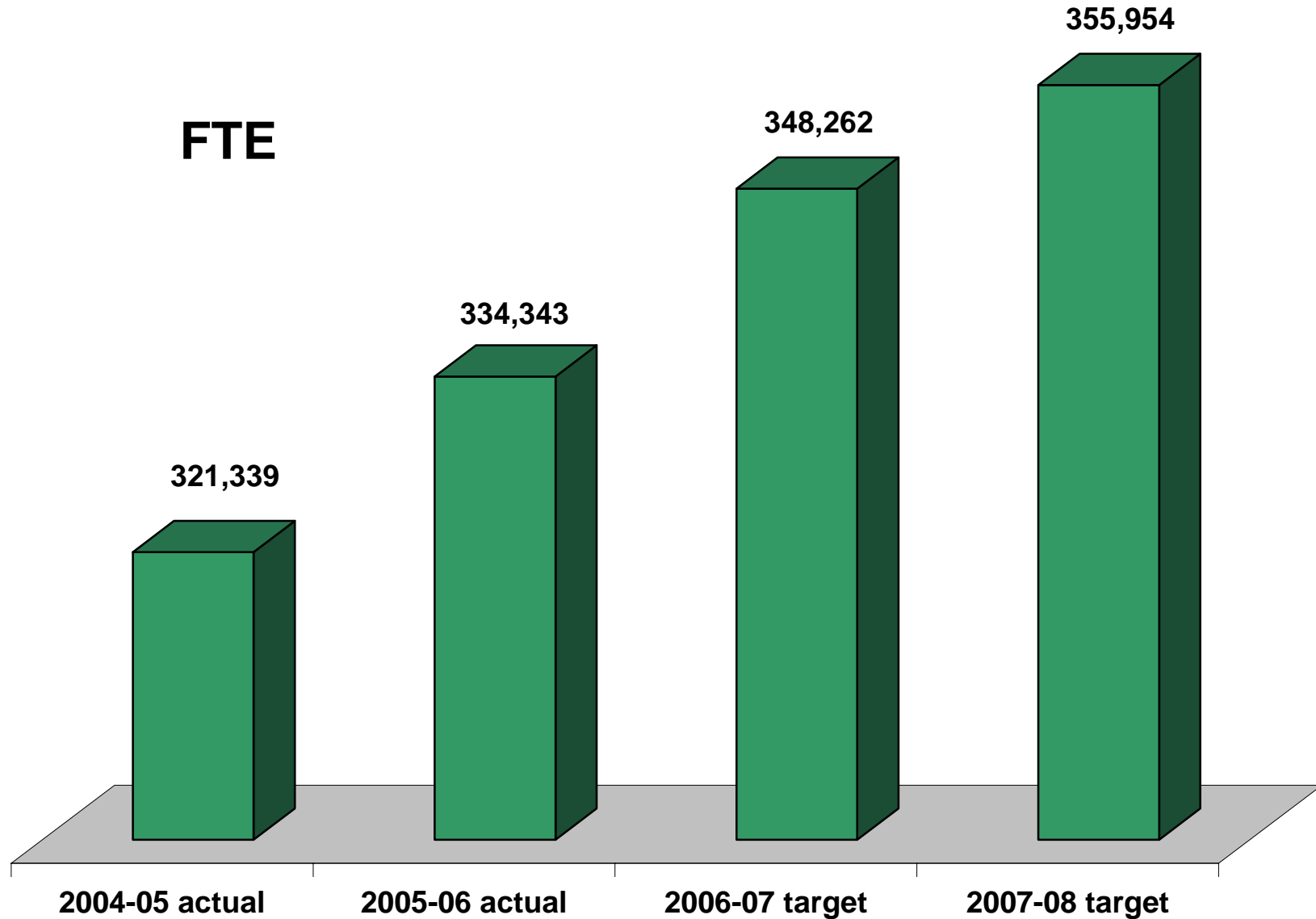
▪ One Percent Compensation	\$27.6 M
▪ Student Services Initiative	\$24.6 M
▪ Applied Research	\$12.0 M
▪ Clinical Nursing Support	\$ 4.3 M
▪ Mathematics and Science Teachers*	\$ 2.0 M
▪ Special Education Teachers	\$ 1.2 M
Total Ongoing Funding	\$71.7 M

* Funded in the 2007-08 Governor's Budget

Compact Support



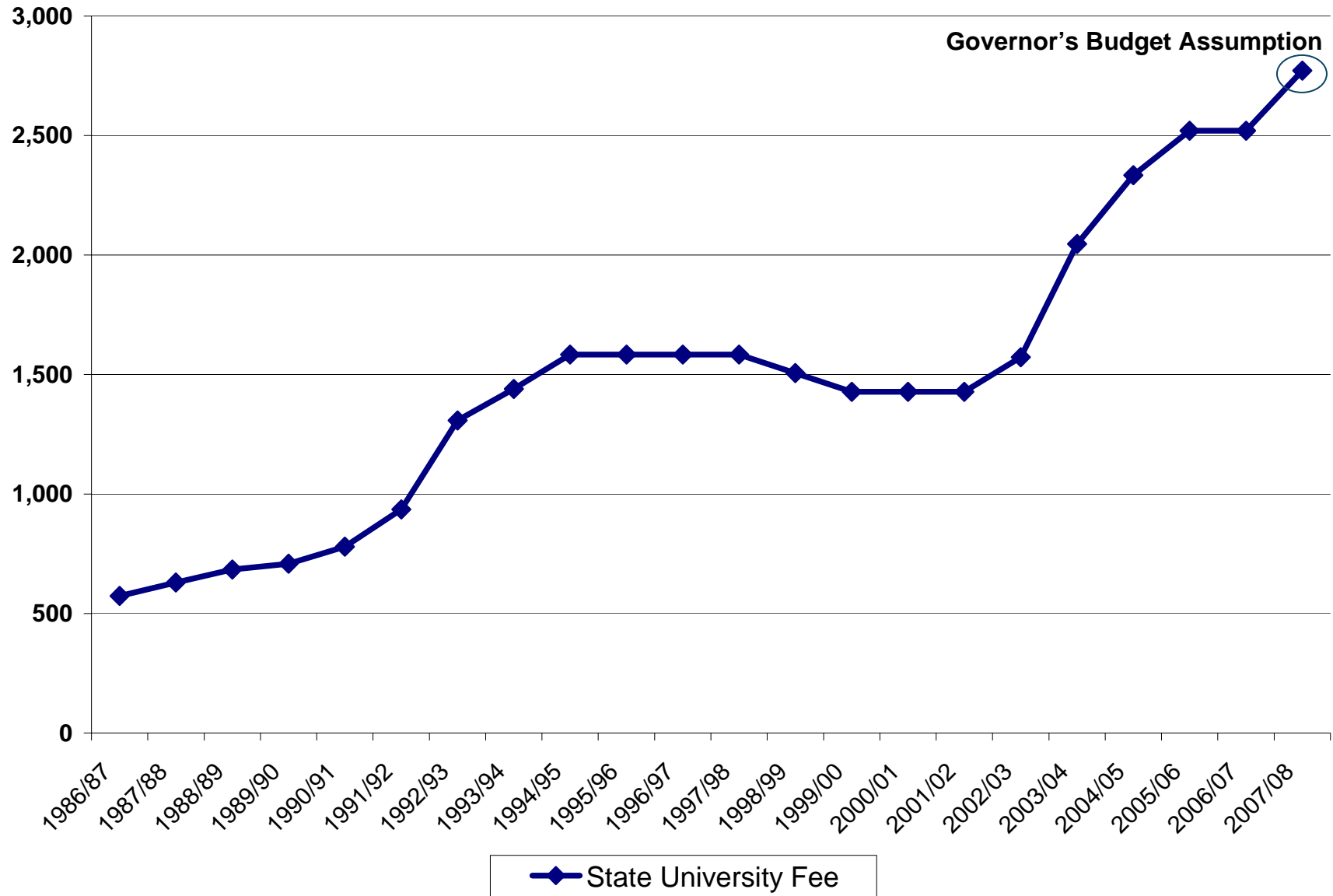
Enrollment Growth



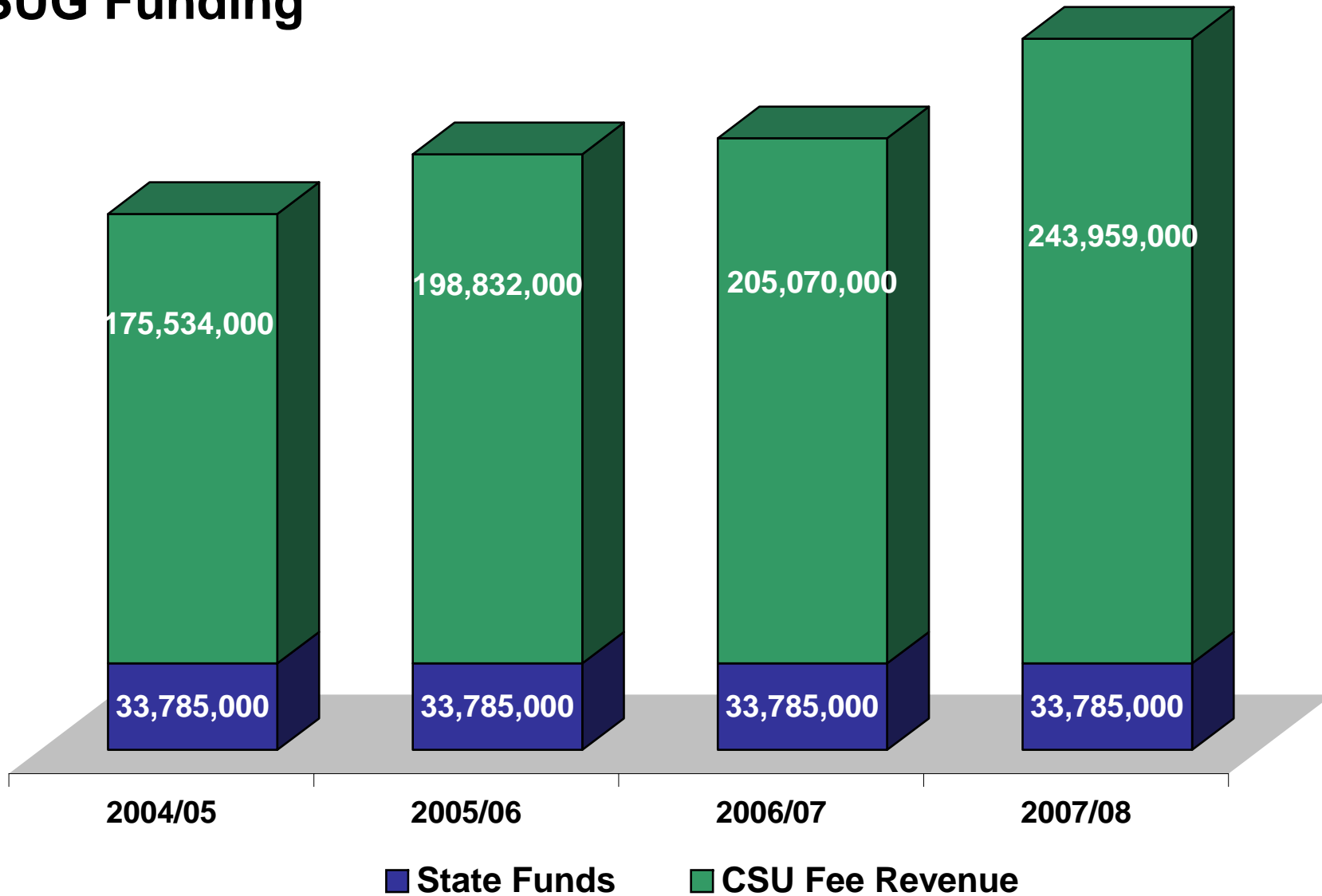
CSU Fee Policy

- Board of Trustees adopted its current student fee policy in 1993
 - State’s responsibility to support access
 - Fee revenues for quality of programs
 - Differential costs for undergraduate and graduate education
 - Fee policy tied to financial aid policies
 - Students fees should not go above 1/3 the total cost of education

Student Fees



SUG Funding



Economic Growth

U.S. Gross Domestic Product

2006 – 3.3 percent

2007 – 2.4 percent

2008 – 2.9 percent

California Wage and Salary Employment

2006 – 1.8 percent

2007 – 1.2 percent

2008 – 1.6 percent



www.calstate.edu