COMMITTEE ON FINANCE


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Budget

Budget Overview

With the passage of Proposition 30, the CSU has avoided a $250 million “trigger” cut for the 2012-13 fiscal year. Based on board action taken at its meeting of September 18-19, 2012, the passage of Proposition 30 also enabled a “roll back” of tuition fee rates to 2011-2012 levels. This “roll back” causes an annual fee revenue loss for the CSU of approximately $132 million. For the 2012-2013 fiscal year, a transfer of $62.2 million of one-time funds from extended education programs will provide a partial mitigation of impacts to state-supported instructional programs due to the revenue loss. Starting with the 2013-2014 fiscal year, the state will annually provide $125 million of replacement revenue. This appropriation is already approved by the legislature and governor in legislation signed last June (AB 152).

Each November the Legislative Analyst’s Office (LAO) issues a multi-year fiscal outlook. In its outlook released last November (following the passage of Proposition 30) the LAO observed that California faces a “dramatically smaller budget problem in 2013-2014 compared to recent years.” The LAO projected a state budget gap of $1.9 billion for the ensuing fiscal year. This projection, however, is based on assumptions of continuing economic recovery in the state and continuing spending restraint by state government. It also assumes that Congress and the President resolve outstanding federal fiscal issues in a manner that avoids throwing the national economy back into recession.

The 2013-14 Governor’s Budget was scheduled for release on January 10, 2013. At the time this agenda was completed, staff were still analyzing the details of the proposal. A detailed presentation will be provided to the board at the January meeting on the Governor’s 2013-2014 Budget and its implications for support of the university.