



2025-26 Operating Budget Update

CSU Board of Trustees
Committee on Finance
Agenda Item #5
January 27-29, 2025

Presentation Objectives

- **GOAL OF WORK**
Long-term CSU financial sustainability
- **GOALS OF THE PRESENTATION**
 1. State budget proposal
 2. State of CSU Budget
 3. Value of the CSU
- **CALLS TO ACTION AND NEXT STEPS**
Strong spring budget advocacy message—no reduction; restore compact funding

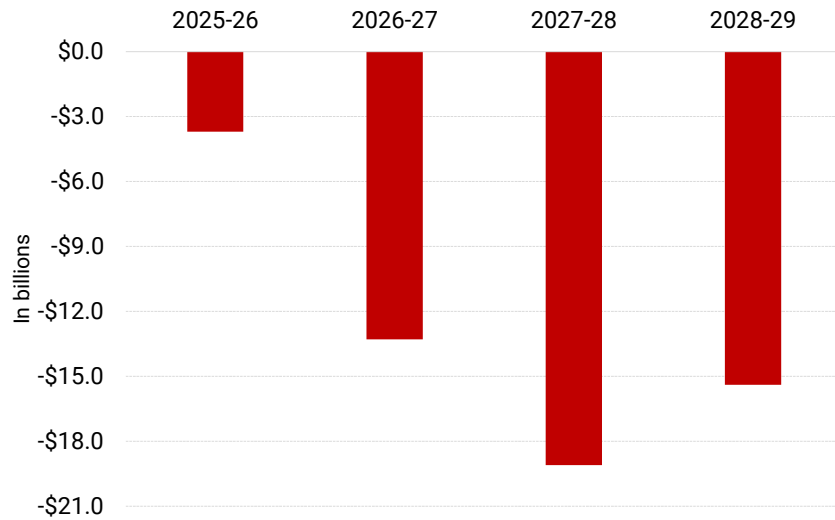
Governor's Proposal for the CSU

The Governor's budget largely resembles what was signaled in the Budget Act of 2024-25:

- Continue to monitor CSU's actions toward meeting compact goals
- **Compact Deferral:** \$252 million ongoing, 2025-26 to 2027-28
- **7.95% cut** or -\$375.2 million ongoing in 2025-26
- No mention of 2026-27 ongoing funding



Projected State Structural Budget Deficits

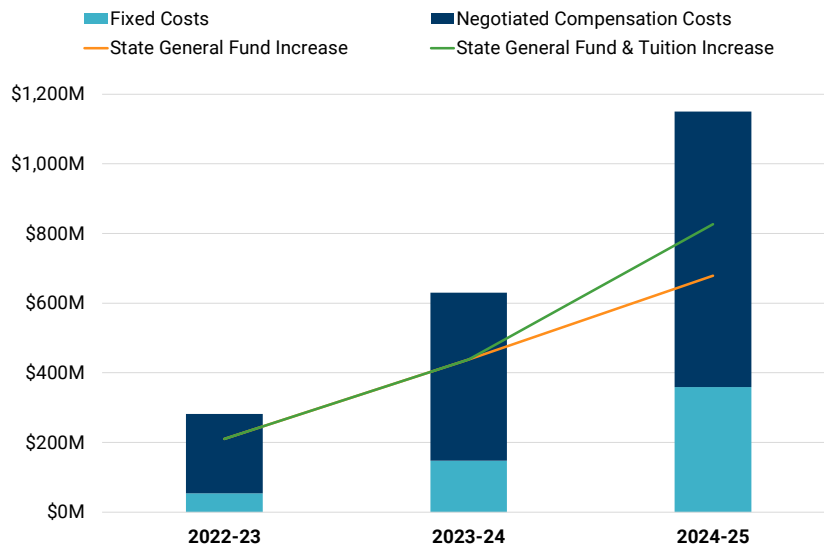


Current State of CSU Budget

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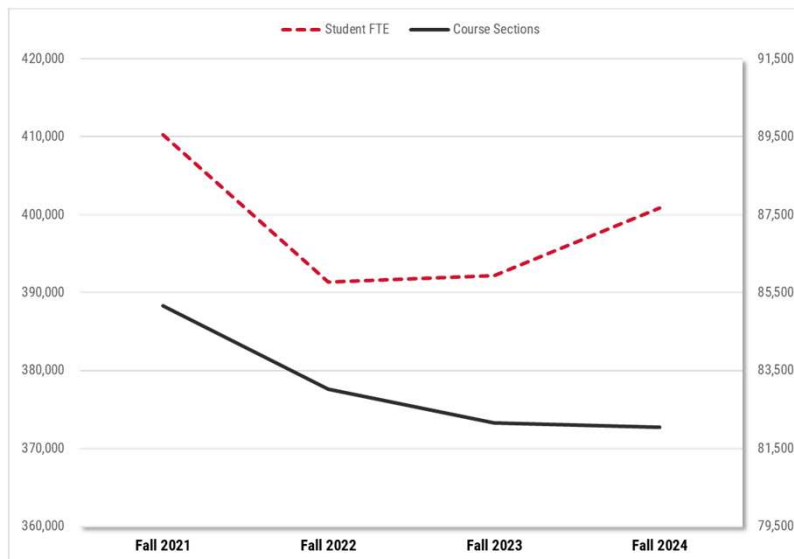


Growth in Costs Larger than State Funding & Tuition

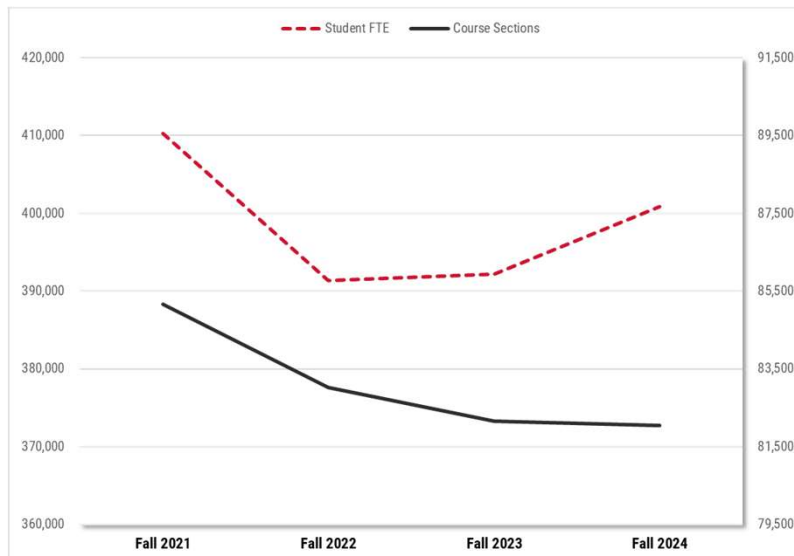


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Course Sections are Declining Despite Student Enrollment

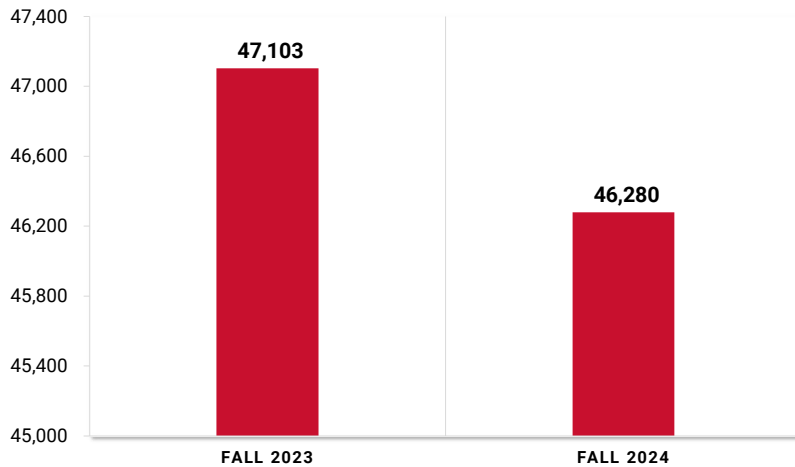


Course Sections are Declining Despite Student Enrollment



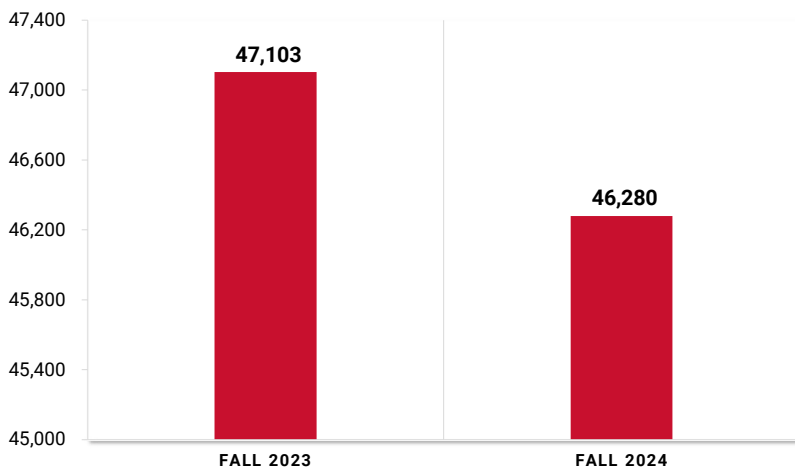
- **1,430** course sections reduced by 7 universities
- **136** degree programs were suspended or discontinued

University Employee Position Counts are Decreasing



- **823 jobs reduced**
 - **1,208** reduced by 17 universities
 - **384** added by 6 universities

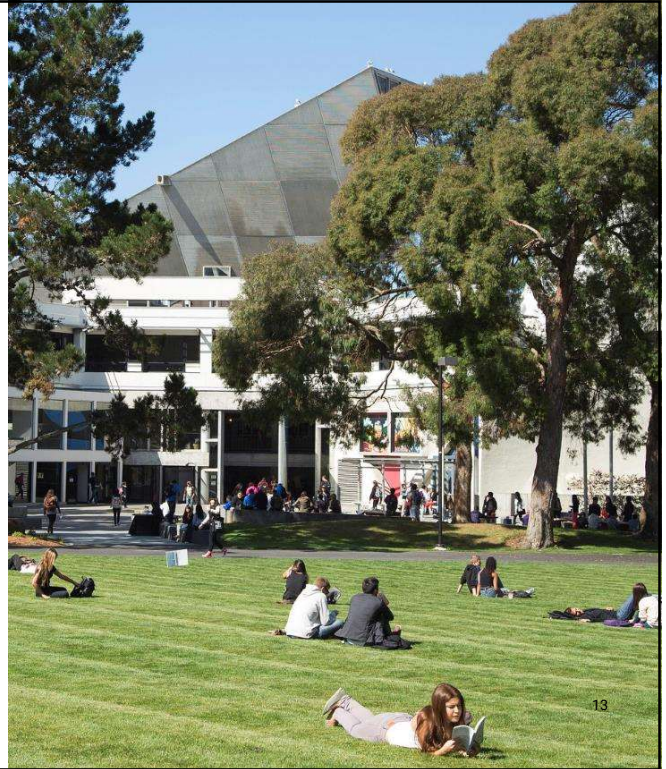
University Employee Position Counts are Decreasing



- **13** universities decreased student support employees by 7.3% (74 positions)
- **45** Teaching Associate positions eliminated (8.8%)
- **28** Graduate Assistant positions eliminated (18.9%)
- **44** management employees not retained


Lynn Mahoney
President
San Francisco State

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- Ongoing hiring chill
- Reductions in full-time equivalent (FTE) positions in all categories
- Dramatic reduction in lecturer faculty budget
- Reduced course sections
- Voluntary separation program

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- Between 2023-24, 7% reduction in FTE employees across all classifications—180 FTE positions
- Reduced number of course sections by 19% since 2022
- Eliminated vice president position
- Deferred much needed capital/maintenance projects
- Institutional Review Committee

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- Vice presidents reduced budgets by \$17 million
- Voluntary separations reduced budget by \$9.7 million
- But unfunded mandatory costs eroded the savings
- Unfunded compensation added \$8 million
- Effectively reducing savings and adding \$8 million to \$26.7 million in budget cuts

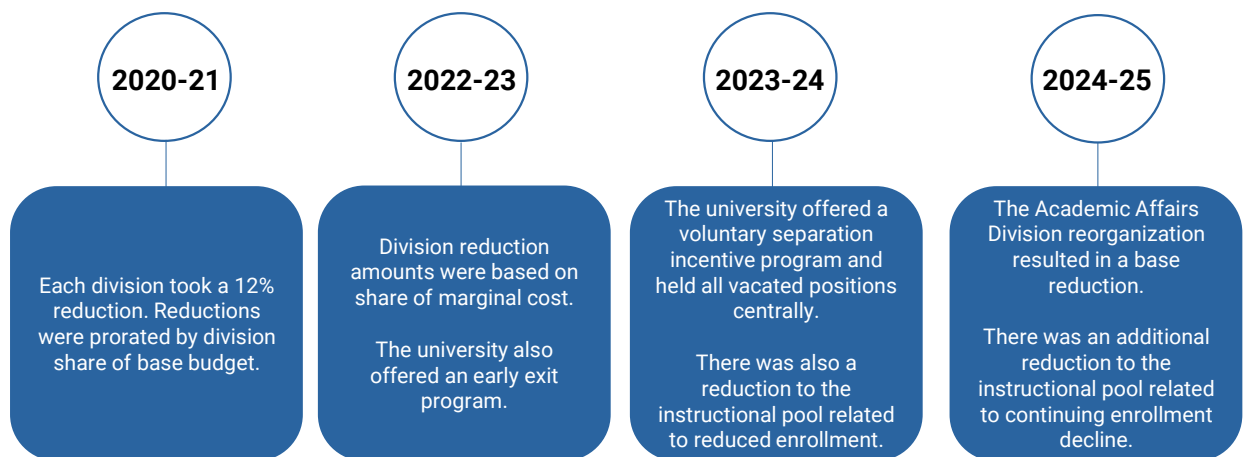
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Emily F. Cutrer
Interim President
Sonoma State University



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Sonoma State has used different methodologies to take an accumulated \$26.3 million in base reductions over the past 5 years, with no base reduction taken in 2021-22.



Reduction Overview 2020 through 2025

	<u>Amount</u>	<u>Full-Time Equivalent</u>
Instructional pool (Part-time lecturers)	\$10.5 million	
Staff positions	\$7 million	70
Management positions	\$4.4 million	26
Tenured/tenured-track positions	\$2 million	8
Non-personnel reductions	\$2.1 million	

2025-26 Projected Base Deficit—\$24 million

2024-25 continuing base deficit	\$7.4 million
State 7.95% reduction	\$6.05 million
System enrollment reallocation	\$3.64 million
Unfunded compensation increases	\$1.5 million
Projected enrollment impact	\$3.4 million
Increased costs, etc.	\$2.0 million

2025-26 Budget Reduction Strategies with Greatest Student Impact

- Elimination of **23 degree programs**, including the following undergraduate majors:
 - Philosophy, economics, modern languages, physics, theater, dance, geology, women and gender studies
 - **302** students currently in eliminated programs (**114** graduate in May, **132** have teach out plan, **56** need new major)
 - **27** tenured/tenure-track faculty and **19** full-time lecturers
 - Approximately **60** part-time lecturers with no work
- Elimination of NCAA Division II **intercollegiate athletics**
 - 11 teams with total roster of **195 to 235** student athletes annually
 - **36** coaches and staff

2025-26 Operating Budget Request— Reflects Governor’s January Proposal

REVENUES	<i>(in millions)</i>
PROPOSED STATE REDUCTION	-\$375
TUITION RATE INCREASE	164
COSTS	
BASELINE COMMITMENTS	164
ESSENTIAL PRIORITIES	0
BUDGET GAP	-\$375

Vanya Quiñones
President
CSU, Monterey Bay



Value of the CSU



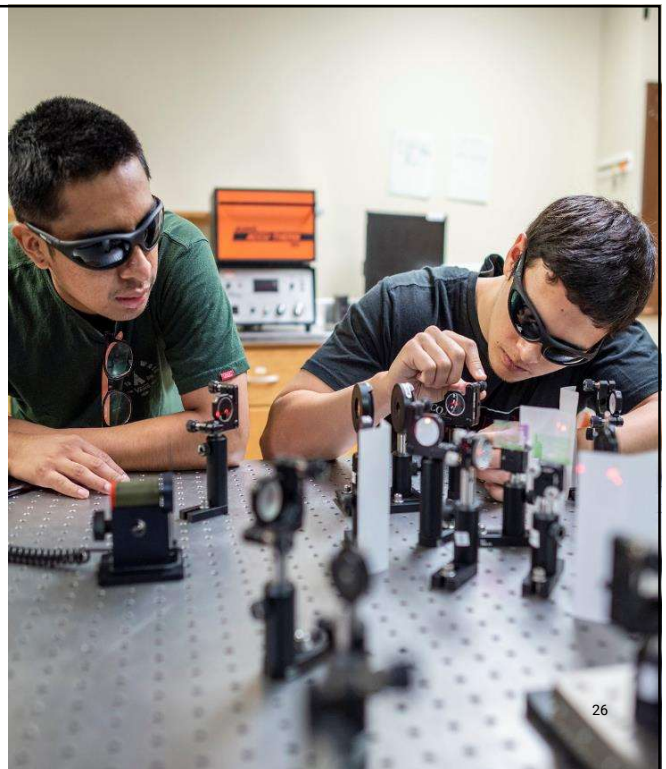
Committed to Student Outcomes & Economic Prosperity

- Improving graduation rates
- Top national ranking for improving social mobility
- Workforce preparedness & high-demand career pipeline



CSU is a Critical Investment for the State's Future Success

- CSU is CA's Workforce
 - 127,000 career-ready graduates added to the workforce each year
 - 1 in 10 CA employees is a CSU graduate
 - 1 in 20 Americans who earned a baccalaureate degree earned it at CSU

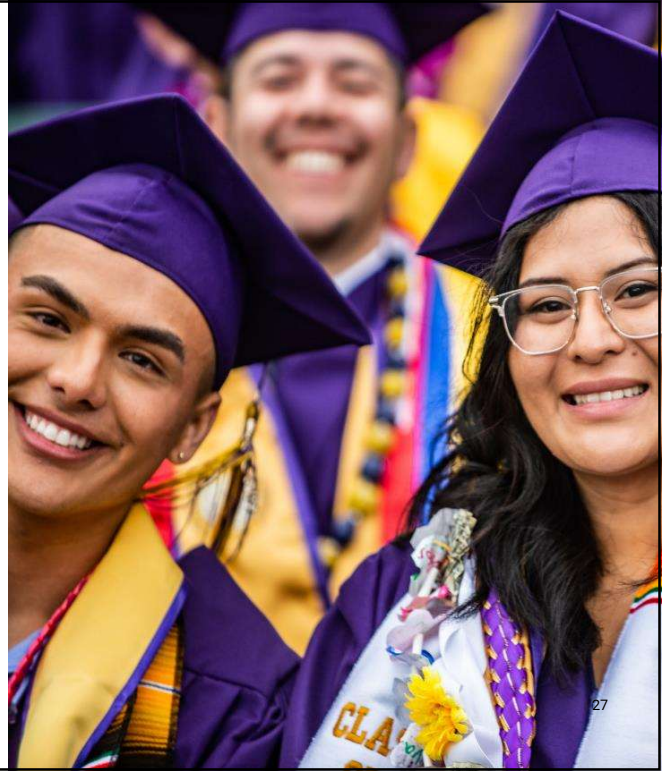


CSU is a Critical Investment for the State's Future Success

#1 in Social Mobility by Independent Rankings

- 7 of top 10 universities in the country are CSU
- 12 of the top 25 are CSU

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CSU is a Critical Investment for the State's Future Success

- Our business community's greatest competitive advantage
- At scale only the CSU can provide
- Best positioned to uniquely serve every one of its diverse economic regions

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Calls to Action Next Steps



Calls to Action and Next Steps

- We will strongly advocate against cuts and for compact funding in 2025-26.
- We will continue to aggressively pursue cost reduction strategies.
- We will work to secure consistent sources of funding to address critical capital renewal.
- We must prioritize our 450,000 students and maintain our #1 national social mobility ranking

