

# Planning for the 2025-26 Operating Budget

Committee on Finance – Agenda Item 6  
July 22-24, 2024



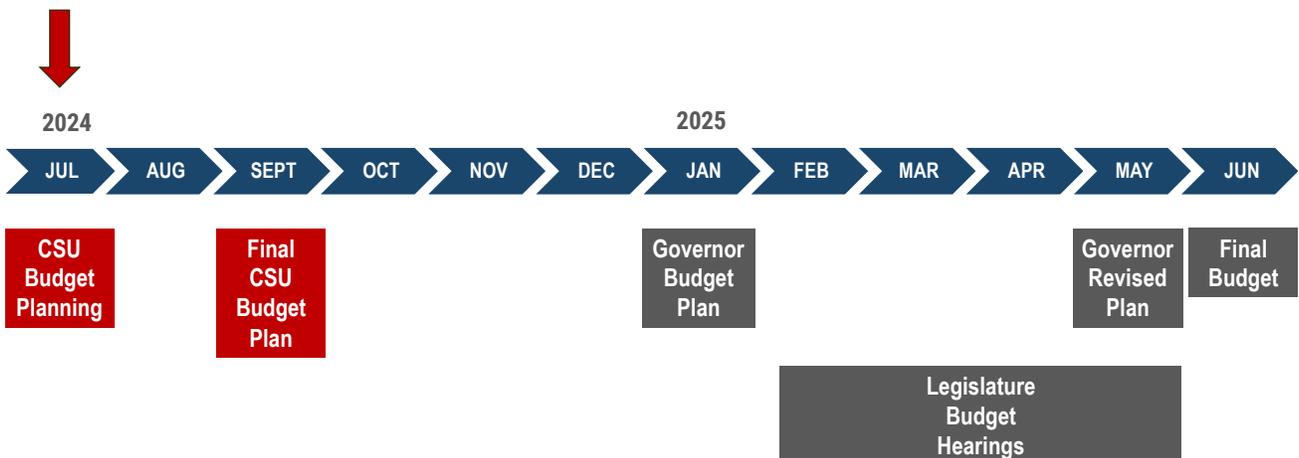
## Overview

1. Budget timeline
2. 2025-26 and beyond potential budget situation
3. Identify priorities for 2025-26 budget plan
4. Key considerations

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# 2025-26 Budget Timeline



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## 2025-26 and Beyond Budget Situation State Leader Intentions

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<b>2025-26</b>	State cuts -\$397 million ongoing CSU spends \$252 million one-time
<b>2026-27</b>	State reimburses \$252 million one-time State appropriates \$252 million ongoing (year 4 of compact) CSU spends \$264 million one-time
<b>2027-28</b>	State reimburses \$264 million one-time State appropriates \$264 million ongoing (year 5 of compact)

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# Potential Funding Options

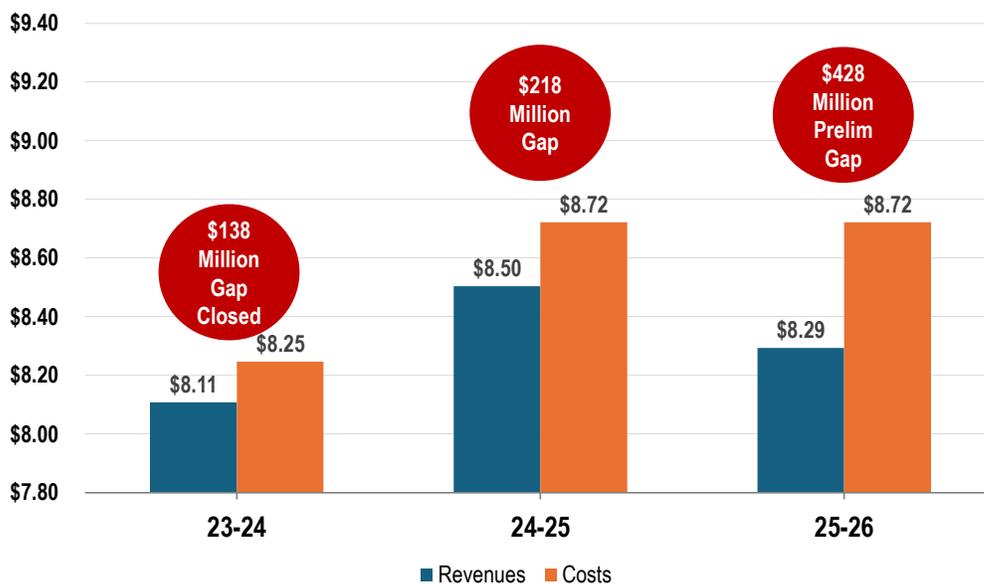
## FUNDING PLAN

	<b>Budget Plan (millions)</b>
Revenue from Tuition Rate Increase (Gross)	\$163
Revenue from Enrollment Growth (1%)	24
 State General Fund	 -397
	<b>-\$210</b>

**CSU Operating Fund ongoing funding is \$8.5 billion**

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## Budgeted & Forecasted Operating Fund Gaps (in billions)



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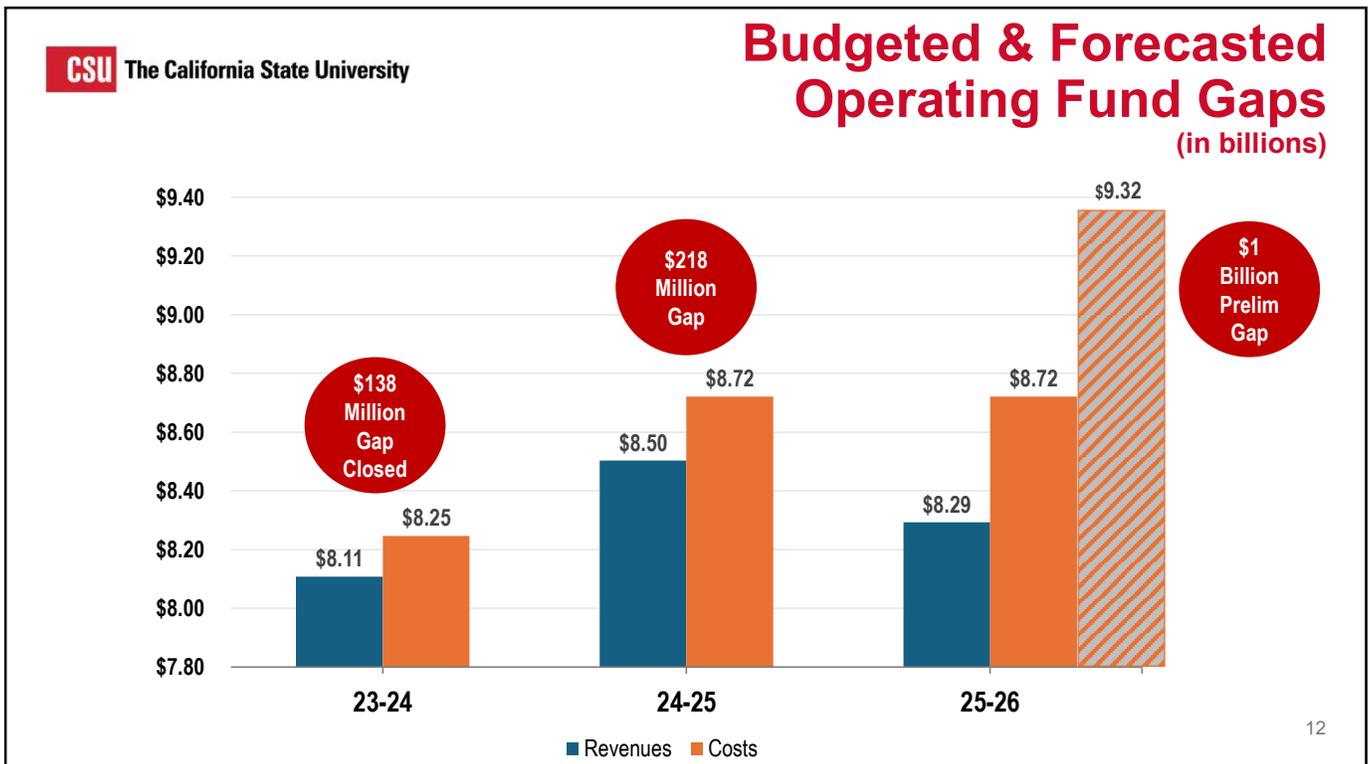
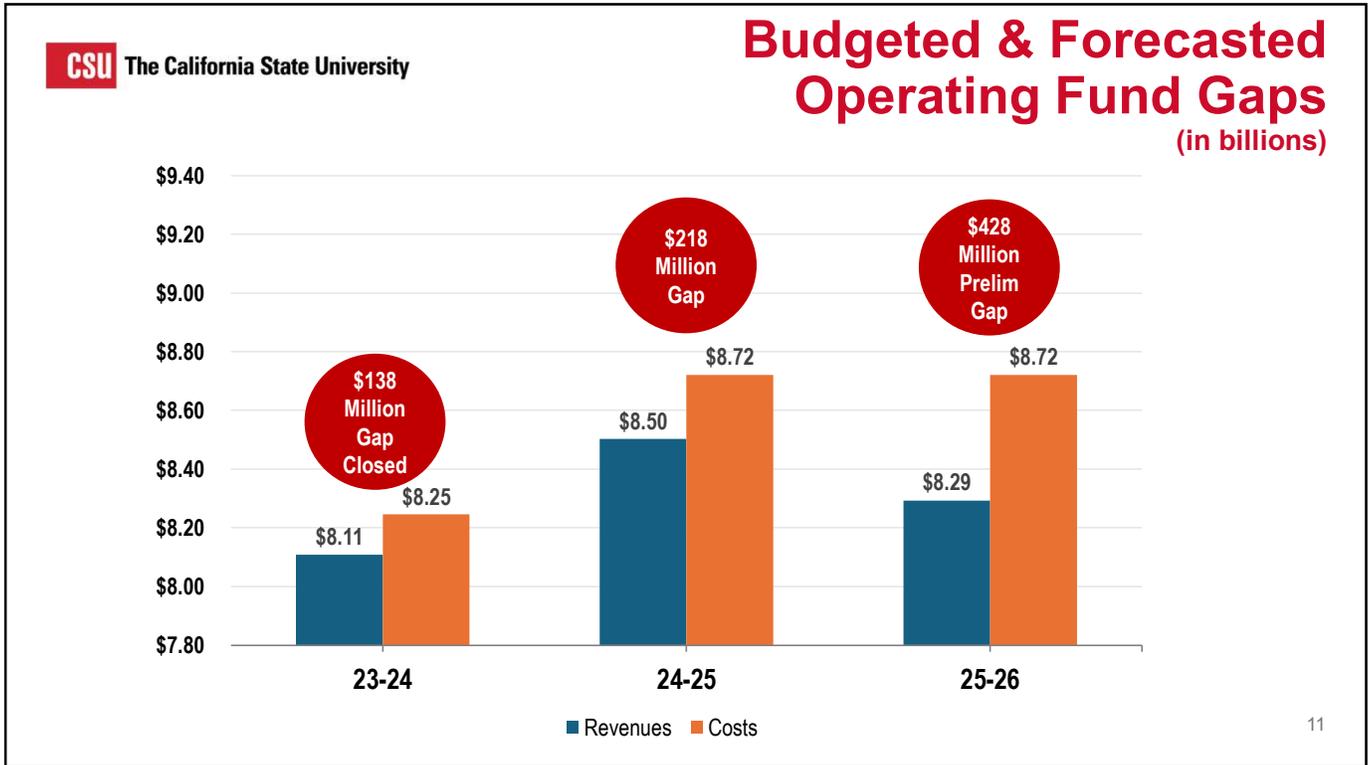
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## Potential Expenditure Increases

### Incremental & Ongoing

	<b>(millions)</b>
<b>UNAVOIDABLE PRIORITIES</b>	
State University Grant	\$54
Health Premium Increases	54
Maintenance of New Facilities	8
Liability & Property Insurance Premium Increases	10
Utilities	27
Inflation on Non-Personnel Costs	28
<b>ESSENTIAL PRIORITIES</b>	
Student Access & Enrollment	58
Student Access & Enrollment: State University Grant	8
Faculty and Staff Compensation Pool	290
Compliance Programs	15
Graduation Initiative / Student Success	20
Student Basic Needs and Mental Health	5
Connecting Academic Programs to Careers	TBD
Facilitating Artificial Intelligence Optimization	TBD
Debt Service on Facilities & Infrastructure	25
	<b>\$602</b>



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## Key Considerations

### State Intent

- Reduction in 25-26; Increases in 26-27 and 27-28

### Preliminary Budget Gap for 2025-26

- Potential revenue & use of one-time funds = **-\$210 million**
- Potential expenditure priorities = \$602 million
- Ongoing budget gap from 2024-25 = \$218 million
- **Preliminary budget gap of \$1 billion**

## Key Considerations

### Potential Solutions for 2025-26

- Difficult tasks, decisions and reprioritization to close preliminary gap.  
*Examples:*
  - Close 2024-25 gap with permanent reductions
  - Success in state budget advocacy
  - Utilizing CSU one-time funding
  - Forego many new investments
  - Continued reprioritization of baseline investments at universities

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## Key Considerations

### Identify Priorities for 2025-26

- Must identify priorities and needs at this planning stage
- Share consequences if priorities unfunded

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