Budget Cycle Chart

December
- Review CSU enrollment, targets, and revenue assumptions

January
- Governor’s Budget submitted to legislature - January

February
- Legislative Analyst’s analysis of the budget

March
- CSU Constituent Briefings

April
- Legislative budget hearings

May
- Governor’s May revisions of January budget

June
- State Budget adopted

System Budget Advisory Consultation

Council of Presidents Policy Retreat

May June July August September

CSU Constituent Consultations
- Review campus enrollment targets
- Budget consultation with presidents
- SAC discussion of budget proposals
- Budget briefing for the Board of Trustees

October/November
- Trustees adopt Support Budget request
2014-2015
Support Budget

www.calstate.edu/budget

Presented to CSU Board of Trustees – November 5, 2013
Three-Year Budget Summary and Highlights

<table>
<thead>
<tr>
<th></th>
<th>2012/13 Actuals</th>
<th>2013/14 Final Budget</th>
<th>2014/15 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Appropriations</td>
<td>$2,068,550,000</td>
<td>$2,346,840,000</td>
<td>$2,584,464,000</td>
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<tr>
<td>Tuition Fee and Other Fee Revenue (net)</td>
<td>$2,071,975,000</td>
<td>$1,947,334,000</td>
<td>$2,043,975,000</td>
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<tr>
<td>Reimbursement</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$4,148,526,000</strong></td>
<td><strong>$4,294,175,000</strong></td>
<td><strong>$4,628,430,000</strong></td>
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<tr>
<td>Enrollment Growth, Programs, and Operations</td>
<td></td>
<td>$237,462,000</td>
<td></td>
</tr>
<tr>
<td>Center for California Studies</td>
<td></td>
<td>152,000</td>
<td></td>
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<tr>
<td><strong>TOTAL GENERAL FUND INCREASE</strong></td>
<td></td>
<td><strong>$237,614,000</strong></td>
<td></td>
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<tr>
<td>Change in Enrollment Patterns</td>
<td></td>
<td>12,057,000</td>
<td></td>
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<tr>
<td>5 Percent Enrollment Growth</td>
<td></td>
<td>84,584,000</td>
<td></td>
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<tr>
<td><strong>Net Tuition Fee Revenue Adjustments</strong></td>
<td></td>
<td><strong>$96,641,000</strong></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL SOURCES OF REVENUE</strong></td>
<td></td>
<td><strong>$334,255,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

1. The CSU 2013/14 GF Final Budget Act Appropriation was $2,330,500,000 and is adjusted to include the estimated 2013/14 employer-paid retirement adjustment of $16,340,000.

2. Includes tuition fee revenue and other CSU Operating Fund fee revenue reduced by the total amount of tuition fee discounts from revenue flagged in the table in this section plus state funded institutional aid of $33,065. These resources for institutions and are reported in campus total revenue before discounts. The state-funded $33,065 is reflected in the General Fund total.

3. This number included within the 2014/15 Support Budget is an additional augmentation of $152,000 at the request of the Center for California Studies, which is a state-funded program administered through the CSU.

4. This represents the change in enrollment patterns and enrollment growth revenue net of tuition fee discounts.

Highlights—Uses of the 2014/15 CSU Support Budget Increase

- $ 13.7 million for mandatory cost increases (health benefits and new space)
- $ 91.6 million for a 3 percent compensation increase pool
- $ 50.0 million for Student Success and Completion
- $163.0 million for 5 percent enrollment growth
- $ 15.0 million for financing maintenance and infrastructure needs
- $ 0.2 million for Center for California Studies

Welcome to California’s Governor’s Budget 2014-15

Proposed Budget Summary

The Proposed Budget Summary includes the Governor’s goals and objectives for the forthcoming year and highlights significant issues, policies, and initiatives of the Administration reflected in the Governor’s Budget. The Budget Summary provides statewide financial information, which contains fiscal information Budget Summary information is also provided for each of the chapters.

To access the entire Budget Summary document in a printable format (pdf), click here: Budget Summary - All Chapters (pdf - 1506K)

BUDGET SUMMARY CHAPTERS

- Governor’s Message (pdf - 121K)
- K thru 12 Education (pdf - 153K)
- Public Safety (pdf - 520K)
- Environmental Protection (pdf - 169K)
- Labor and Workforce Development (pdf - 64K)
- Demographic Information (pdf - 175K)
- Introduction (pdf - 197K)
- Higher Education (pdf - 108K)
- Corrections and Rehabilitation (pdf - 66K)
- Natural Resources (pdf - 157K)
- Local Government (pdf - 61K)
- Economic Outlook (pdf - 272K)
- Summary Charts (pdf - 130K)
- Health and Human Services (pdf - 263K)
- Transportation (pdf - 69K)
- Judicial Branch (pdf - 144K)
- Statewide Issues and Various Departments (pdf - 157K)
- Revenue Estimates (pdf - 314K)

http://www.ebudget.ca.gov/2014-15/BudgetSummary/BSS/BSS.html
Governor’s Budget Summary – 2014-15

California State University

CSU provides undergraduate and graduate instruction through master’s degrees and independently awards doctoral degrees in education, nursing practice, and physical therapy, or jointly with UC or private institutions in other fields of study. With 23 campuses, CSU is the largest and most diverse university system in the country. CSU plays a critical role in preparing the workforce of California, awarding 101,209 degrees in 2012-13; it grants more than one-half of the state’s bachelor’s degrees and one-third of the state’s master’s degrees. CSU prepares more graduates in business, engineering, agriculture, communications, health, and public administration than any other California institution of higher education. It also produces more than 50 percent of California’s teachers.

Significant Adjustments:

• General Fund Increase — As discussed above, an ongoing increase of $142.2 million General Fund. This funding should obviate the need for CSU to increase student tuition and fees and can be used by the University to meet its most pressing needs.

• Mechanism to Address Infrastructure Needs — Currently, the state separately funds general obligation and lease revenue debt service for CSU capital improvement projects. The Budget proposes to fund the costs of debt service from CSU’s main General Fund appropriation. Any new CSU capital expenditures will be subject to approval to ensure the funds are used for academic facilities to address seismic and life safety needs, enrollment growth, modernization, or deferred maintenance. Further, there will be limits on the amount of the budget that can be spent on capital expenditures. This change will require CSU to factor these costs into the University’s overall fiscal outlook and decision-making process.

Promote Innovative Models of Higher Education

To meet future demands for higher education within the reality of the state budget, the state’s public higher education segments are expected to create innovative cost-effective approaches to delivering quality higher education for more students. Many of the decisions that shape how instruction is delivered — particularly course content and credit approval — are made by administrators, faculty, and other stakeholders at individual campuses and within individual academic departments. To encourage higher education entities to take innovative and ambitious actions locally and integrate their efforts across campuses and segments, the Administration proposes to use $50 million in one-time General Fund for the Awards for Innovation in Higher Education program.
These incentive awards will recognize models of innovation in higher education that: (1) significantly increase the number of individuals in the state who earn bachelor’s degrees, (2) allow students to earn bachelor’s degrees that can be completed within four years of enrollment in higher education, and (3) ease transfer through the state’s education system, including by recognizing learning that has occurred across the state’s education segments or elsewhere.

Awards will be selected based on the extent to which an application submitted by a UC, CSU, or a community college — or a group of any of these entities — proposes an innovative model that: (1) advances the state’s priorities, as noted above, (2) can have a statewide impact if expanded, and (3) is likely to be implemented effectively. The awards process is anticipated to be completed by Spring 2015 and will be managed by a committee chaired by Finance with members representing each of the public education segments and the Legislature.

The incentive awards program builds on the Administration’s 2013-14 request to expand the use of technology to remove course bottlenecks and reduce the costs of education. The Administration expects that the segments will continue to implement plans to expand investments in technology that lower costs at each segment and allow students to complete their degrees sooner. The Budget also proposes to further expand opportunities for students to earn credit toward their degrees for knowledge and skills acquired outside of the classroom.
The 2014-15 Budget: Overview of the Governor’s Budget

Major Higher Education Proposals

The majority of the new funding is for base increases at the universities, increases in apportionment funding and two categorical programs at the community colleges, repaying bonds that support CIRM research, as well as increased participation in Cal Grants and implementation of the new Middle Class Scholarship program.

Proposes Increase in General Purpose

Funding for Universities. The Governor proposes unallocated base budget increases of $142 million each for UC and CSU in 2014-15. These increases represent the second annual installment in a four-year funding plan proposed by the Governor last year. Under this plan, the universities, which received 5 percent base funding increases in the current year, would receive the proposed 5 percent increase in 2014-15, followed by 4 percent increases in each of the subsequent two years. (The increases for both universities are based on 5 percent of UC’s support budget, resulting in an increase of 5.6 percent for CSU.) About $10 million of CSU’s increase is related to a new proposed process for funding capital projects (discussed later in the “Infrastructure” section of this report).

No Enrollment Targets for Universities. Similar to last year, the Governor does not propose enrollment targets or enrollment growth funding for the universities. The Governor’s budget documents show resident enrollment flat in the budget year at UC, growing by 2 percent at CSU, and decreasing by 8 percent at Hastings. (The administration indicates these enrollment levels are shown for “display purposes only and do not constitute an enrollment plan.”)

Assumes No Tuition Increases. Although the Governor acknowledges in his budget summary that college is relatively affordable for California’s public-college students (due to high public subsidies, relatively low tuition and fees, and robust financial aid programs), he conditions his proposed annual funding increases for the universities on their maintaining tuition at current levels. Under his plan, tuition levels, which have not increased since 2011-12, would remain flat through 2016-17.

Requires UC and CSU to Adopt Sustainability Plans. The Governor proposes budget language requiring the UC and CSU governing boards to adopt three-year sustainability plans by November 30, 2014. Under this proposal, the universities would project expenditures for each year from 2015-16 through 2017-18 and describe changes needed to ensure expenditures do not exceed available resources (based on General Fund and tuition assumptions provided by the Department of Finance [DOF]). The segments also would project resident and nonresident enrollment for each of the three years and set performance targets for the outcome measures approved in last year’s budget. (Under current law, UC and CSU are required to report annually by March 1 on a specified set of performance measures.)

http://www.lao.ca.gov/Publications/Detail/2819
The 2013-14 Budget: Overview of the Governor’s Budget

The Enacted 2013-14 CA Budget Requires Annual Report on Specified Performance Measures. The budget package establishes a new requirement for UC and CSU to report annually, beginning on March 1, 2014, on a number of performance outcomes. Among other metrics, the universities are required to report on graduation rates, spending per degree, and the number of transfer and low-income students enrolled. See figure 8 for a full list of specified performance measures.

The Enacted 2013-14 CA Budget Requires Reports on Cost of Education. In addition to annual performance reports, the budget requires biennial reports from UC and CSU, beginning in 2014, on the cost of education. The reports are to identify the costs of undergraduate education, graduate academic education, professional education, and research. For all four areas, costs are to be disaggregated by (1) Science, Technology, Engineering, and Mathematics (STEM) disciplines; (2) health sciences; and (3) all other disciplines. The first two reports, in 2014 and 2016, may reflect systemwide costs. Two subsequent reports must include campus-by-campus costs.

The Enacted 2013-14 CA Budget Expects No Tuition Increases.

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**Figure 8**

Performance Metrics for UC and CSU

<table>
<thead>
<tr>
<th>Metric</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td>CCC transfers</td>
<td>(1) Number of CCC transfers enrolled.</td>
</tr>
<tr>
<td></td>
<td>(2) CCC transfers as a percent of undergraduate population.</td>
</tr>
<tr>
<td>Low-income students</td>
<td>(1) Number of Pell Grant recipients enrolled.</td>
</tr>
<tr>
<td></td>
<td>(2) Pell Grant recipients as a percent of total student population.</td>
</tr>
<tr>
<td>Graduation rates(^a)</td>
<td>(1) Four- and six-year graduation rates for freshmen entrants.</td>
</tr>
<tr>
<td></td>
<td>(2) Two- and three-year graduation rates for CCC transfers.</td>
</tr>
<tr>
<td></td>
<td>Both of these measures also calculated separately for low-income students.</td>
</tr>
<tr>
<td>Degree completions</td>
<td>Number of degrees awarded annually in total and for:</td>
</tr>
<tr>
<td></td>
<td>(1) Freshman entrants.</td>
</tr>
<tr>
<td></td>
<td>(2) Transfers.</td>
</tr>
<tr>
<td></td>
<td>(3) Graduate students.</td>
</tr>
<tr>
<td></td>
<td>(4) Low-income students.</td>
</tr>
<tr>
<td>First-year students on track to degree</td>
<td>Percentage of first-year undergraduates earning enough credits to graduate within four years.</td>
</tr>
<tr>
<td>Spending per degree</td>
<td>(1) Total core funding divided by total degrees.</td>
</tr>
<tr>
<td></td>
<td>(2) Core funding for undergraduate education divided by total undergraduate degrees.</td>
</tr>
<tr>
<td>Units per degree</td>
<td>Average course units earned at graduation for:</td>
</tr>
<tr>
<td></td>
<td>(1) Freshman entrants.</td>
</tr>
<tr>
<td></td>
<td>(2) Transfers.</td>
</tr>
<tr>
<td>Degree completions in STEM fields</td>
<td>Number of STEM degrees awarded annually to:</td>
</tr>
<tr>
<td></td>
<td>(1) Undergraduate students.</td>
</tr>
<tr>
<td></td>
<td>(2) Graduate students.</td>
</tr>
<tr>
<td></td>
<td>(3) Low-income students.</td>
</tr>
</tbody>
</table>

\(^a\) Six- and three-year graduation rates apply only for CSU.

STEM = Science, Technology, Engineering, and Mathematics.
2014-2015 CSU Support Budget

The governor continues to make higher education a priority of his budget plan, although not at the level requested in the CSU budget plan approved by the Board of Trustees in November 2013. The governor’s budget provides similar treatment to the CSU and the UC. For each system, the budget (1) provides an augmentation of $142.2 million for support of each system; (2) presumes tuition fee rates will remain at 2011-2012 levels for 2014-2015; (3) proposes a nearly identical debt service framework for the CSU that has already been adopted for UC; and (4) requires both systems to prepare academic program sustainability plans.

Appropriation Increase

The $142.2 million augmentation is aligned with the governor’s multi-year funding plan for higher education that was first implemented in 2013-2014. This is the second year of the four-year funding commitment. Funding can be used for any CSU operational purpose and comes with the expectation that tuition fee rates will not change from 2011-2012 levels. The CSU appreciates the governor’s fiscal commitment, his understanding that the CSU had to implement very difficult cuts during the challenging fiscal years, and his granting of fiscal flexibility contained within the augmentation, so that the system can continue in its recovery from prior reductions and can address its most pressing needs.

CSU Encouraged by Governor’s Budget Proposal

January 9, 2014

Projected budget allocation will sustain programs and services to students

“We applaud the Governor for sustaining his commitment to the multi-year funding plan for the California State University (CSU). This investment enables us to serve California’s future economic growth, and social mobility for our populace, through affordable access to high quality education and degrees. The good news for the CSU and its students is that the proposed budget will enable the University to improve existing programs and services, and maintain tuition at the current rate for the fourth consecutive year,” explained Chancellor Timothy P. White.

The Governor’s 2014-15 budget proposal includes a proposed $142.2 million increase to the budget allocation for the CSU.