



Budget Update: 2023-24 Budget Summary

August 8, 2023

INTRODUCTION

The California Legislature passed the main budget bill – Senate Bill 101 – on June 15, 2023, and the Governor signed the bill on June 27, 2023. However, because of outstanding issues remaining unresolved between the Governor and the Legislature, negotiations on the budget continued after SB 101 was signed. The result of those negotiations, Assembly Bill 102, referred to as “Budget Bill Junior,” passed the Legislature on June 27, 2023 and was signed into law on July 10, 2023. AB 102 made several adjustments to the main budget bill. In addition, the Legislature passed the Higher Education Trailer Bill (SB 117) on June 27, 2023, which was signed into law on July 10, 2023 and made additional changes to the 2023-24 budget.

Given the Administration’s projected budget “shortfall” of over \$31.7 billion, the 2023-24 budget includes a number of strategies to address this deficit, including the following:

- Fund Shifts - \$9.3 billion in shifts of spending commitments from the General Fund to other funds.
- Reductions and Pullbacks - \$8.1 billion in General Fund spending reductions or pullbacks of previously approved spending.
- Delays - \$7.9 billion in delayed spending across multiple years – without reducing the total amount of funding over the same period.
- Revenue and Internal Borrowing - \$6.1 billion in revenue – primarily from the Managed Care Organization tax, and internal borrowing from special fund balances not projected for programmatic purposes.
- Trigger Reductions - \$340 million in reductions that will be restored in the January 2024 Governor’s budget if there are sufficient resources to do so at that time.

Because the Administration has extended tax collections for certain populations in the state – totaling an estimated \$40 billion, additional adjustments to the annual budget are expected in the fall of 2023.

The analysis below summarizes the major components of the three budget bills that impact the faculty, students and staff of the California State University (CSU).

Base Funding Increase

The final budget includes a 5% base increase annually through 2026-27, which provides the CSU with an additional \$227.3 million in 2023-24 – the second year of the agreement. This increase in base funding is contingent upon the CSU achieving the goals of a multi-year Compact with the

Administration. The multi-year Compact between the CSU and the Administration includes the following six components:

- **Increasing Access to the CSU:**
 - Beginning in 2023-24 and through 2026-27, increasing California resident undergraduate enrollment by approximately 1% each year.

- **Improving Student Success and Advancing Equity:**
 - Raising graduation rates to be within the top 25% of comparable national peer institutions by 2025, including by improving 4-year first-time student graduation rates by 30%.
 - Eliminating gaps in graduation rates between Pell Grant and non-Pell Grant students, as well as underrepresented minority students and non-underrepresented minority students by 2025.
 - Advancing systemwide and campus-level re-enrollment campaigns and establishing campus retention targets beginning in spring 2022.
 - Expanding credit opportunities, particularly for underrepresented minority students and Pell Grant students, in intersessions and summer sessions with the goal of closing gaps in credit accumulation.
 - Providing every CSU student access to a real-time digital degree planner by June 2022.

- **Increasing the Affordability of a CSU Education:**
 - Reducing the cost of instructional materials by 50% by 2025.
 - Implementing strategies that increase overall affordability, including affordable housing for students.

- **Increasing Intersegmental Collaboration to Benefit Students:**
 - Fully participating in the Cradle-to-Career data system.
 - Supporting efforts to adopt a common intersegmental learning management system.
 - Collaborating with the University of California (UC) and the California Community Colleges (CCCs) to utilize the CSU Student Success Dashboard to identify equity gaps.
 - Supporting efforts to establish an integrated admissions platform common across segments.

- **Supporting Workforce Preparedness and High-Demand Career Pipelines:**
 - Increasing the number of students who enroll in STEM, Education and Early Education disciplines and Social Work by 25% by 2026-27.
 - Establishing a goal to increase the number of Early Education degree pathways available to students by 2025.
 - Collaborating with the CCCs to develop educator (early, primary and secondary), along with other fields of study, Associate Degree for Transfer (ADT) pathways for students interested in entering these fields, with an initial priority on educator pathways.
 - Collaborating with the CCCs to develop expanded pathways for high school students in specified fields and ensuring that dual enrollment course credits completed by high school students through the CCCs are accepted for transfer credit and count toward CSU degree programs.

- Establishing a goal to enable all students to participate in at least one semester of undergraduate research, internships and/or relevant on-campus or community service learning to expand efforts to integrate career-relevant knowledge and skills into their educational experience.
- Doubling opportunities for students who want research assistantships or internships, with an emphasis on underserved students, by 2025.
- **Providing Access to Online Course Offerings:**
 - Ensuring by 2025 that every student who wants to take online courses will be able to by increasing online course offerings.
 - Increasing concurrent student enrollment in online courses delivered by “sister CSU campuses” by a multiple of 10 by 2025 – from 500 to 5,000.
 - Expanding digital tools to students to access learning material online so that every student has access to appropriate technology for online learning.

The 2023-24 Final Budget Also Includes the Following Provisions:

Enrollment Growth

The final 2023-24 budget sets an enrollment target of 4,057 additional full-time equivalent students in 2023-24 and includes intent language that the CSU increase enrollment by 9,866 students in 2024-25 and 10,161 students in 2025-26.

Capital Projects

Provides \$99.7 million ongoing General Fund to support debt service costs related to the following capital projects:

- The construction of the California State University, Bakersfield, Energy Innovation Center.
- The infrastructure development of the San Diego State Brawley Center in Imperial Valley.
- The construction of the California State University, Fullerton, Engineering and Computer Science Innovation Hub Project.
- The expansion of the California State University, San Bernardino, Palm Desert Campus Project.
- The infrastructure development and rebuilding efforts at Swanton Pacific Ranch, Polytechnic State University, San Luis Obispo.
- The infrastructure development and capital outlay projects associated with the transition of Humboldt State University into a polytechnic university.
- The construction of the Human Identification Laboratory at California State University. Chico.
- The capacity and infrastructure expansion for the Master of Science in Physician Assistant Program at California State University, San Bernardino.
- \$15 million one-time General Fund to support improvements to the Dominguez Hills campus.

Student Housing

- Approves the construction of affordable student housing at California State University campuses authorized under the Higher Education Student Housing Grant Program.
- Approves trailer bill language approving student housing projects on the following campuses:
 - Sacramento State University
 - San Jose State University and Stanislaus State University

- Provides \$300,000 ongoing General Fund increase for the Rapid Rehousing program. Support is now \$6.8 million ongoing General Fund.

Mental Health Services

- Provides \$800,000 ongoing General Fund increase for mental health services for students. Support is now \$15.8 million ongoing General Fund.

Student Basic Needs

- Provides a \$1.3 million ongoing General Fund increase for student basic needs. Support is now \$26.3 million ongoing General Fund.

Title IX Programs

- Provides \$1 million one-time General Fund to improve and expand California State University's Title IX and Discrimination, Harassment and Retaliation (DHR) programs.

Students with Disabilities

- Provides \$1 million ongoing General Fund to increase services for students with disabilities.

FOR ADDITIONAL INFORMATION CONTACT

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