

Overview of CSU Debt and Impact on Operating Budget

Committee on Finance – Agenda Item 5
September 22-25, 2024



Statutory Authority to Issue Debt

- California Education Code grants authority to the Board
 - Debt may only be issued for capital needs
 - Revenues may be pledged as security for the debt
- 2014—CSU now responsible for financing academic projects
 - Existing debt service on state debt moved to CSU budget
 - CSU ongoing appropriation increased by \$296 million
 - CSU allowed to add operating revenues to the pledge

Debt Policy

- Board of Trustees—CSU Policy on Financing Activities
 - Establishment of a centralized capital financing program
 - Systemwide, multi-source revenue pledge
 - Systemwide Revenue Bond program
- Chancellor—Financing and Debt Management Policy
 - Further policy for the implementation of Board policy
 - Creation of debt service coverage ratios

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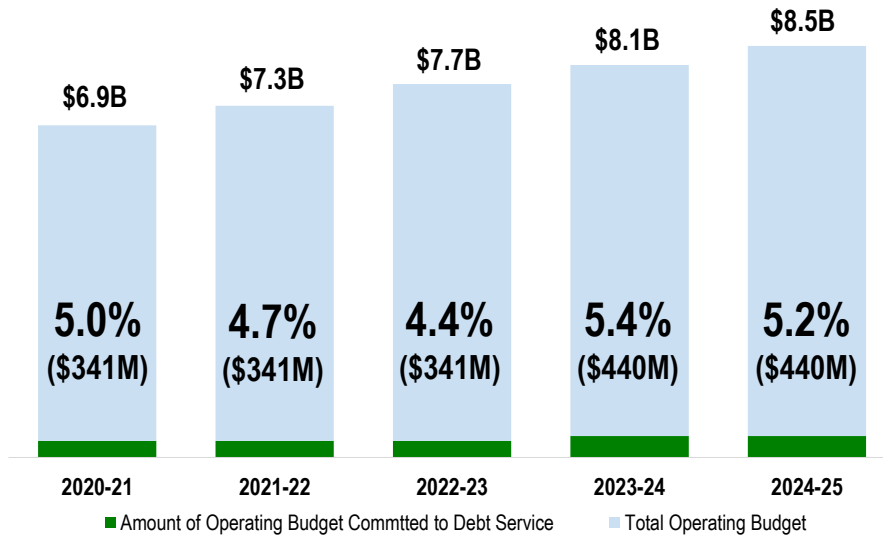
Debt Approval Processes and Issuance

- Self-support projects
 - Universities work with Chancellor's Office
 - Not-to Exceed financing amount
 - Financial viability—two debt service coverage ratios
- Academic projects
 - Allocation of operating budget to pay debt service
 - Project funding determined by Board's capital outlay priority list

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Operating Budget Committed to Debt Service



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