



**Systemwide Budget Office**  
401 Golden Shore, 5th Floor  
Long Beach, CA 90802-4210  
P: 562-951-4560 / F: 562-951-4970

**CODED MEMO B 2024-01**

**To:** CSU Chief Financial Officers

**From:** Ryan Storm, Assistant Vice Chancellor for Budget   
Ryan Storm (Apr 4, 2024 15:17 PDT)

Jeni Kitchell, Executive Budget Director   
Jeni Kitchell (Apr 4, 2024 15:14 PDT)

**CC:** Dr. Mildred García, Chancellor  
Steven Relyea, Executive Vice Chancellor and Chief Financial Officer  
Leora Freedman, Vice Chancellor of Human Resources  
Dr. Dilcie Perez, Deputy Vice Chancellor for Academic and Student Affairs  
Dr. Nathan Evans, Deputy Vice Chancellor for Academic and Student Affairs  
CSU Presidents, Provosts, Vice Presidents for Student Affairs, Financial Officers, Budget Officers, Financial Aid Directors, Enrollment Planning and Resource Officers

**Date:** April 5, 2024

**Re:** 2024-25 Preliminary Budget Allocations

**Attachments:** Coded Memo B 2024-01, Attachments A-G

---

This preliminary budget memo and attachments provide information for 2024-25 planning. It is very important to note that this memo contains both one-time and ongoing revenue sources—an unprecedented action due to current state budget events. Typically, this annual preliminary memo only includes ongoing revenue sources.

State leaders face a budget deficit for the 2024-25 cycle. In response, no new ongoing or one-time funding is proposed for the CSU in 2024-25. Instead, the governor’s budget proposal included a one-year funding delay. The proposal assumes the CSU will continue to advance the goals of the compact between the CSU and the governor utilizing one-time CSU funding during 2024-25. The proposal would reimburse the CSU at the beginning of 2025-26 with one-time and ongoing funding by the state.

The governor’s proposal would eventually deliver the same level of funding per fiscal year as originally outlined in the compact, although with additional risk to the CSU if the state’s budget condition further erodes and the state cannot fulfill its restructured commitment.

Based on the above, the Chancellor’s Office cautions universities that this preliminary allocation memo is, and the final allocation memo will be, highly contingent on state funding decisions to be made this summer. Consequently, the Chancellor’s Office recommends all CSU universities proceed with 2024-25 budget planning with the utmost prudence.

---

**CSU Universities**

Bakersfield

Channel Islands

Chico

Dominguez Hills

East Bay

Fresno

Fullerton

Humboldt

Long Beach

Los Angeles

Maritime Academy

Monterey Bay

Northridge

Pomona

Sacramento

San Bernardino

San Diego

San Francisco

San José

San Luis Obispo

San Marcos

Sonoma

Stanislaus

Specifically, this memo and related attachments commit \$221.5 million in new, incremental ongoing and one-time resources, which includes estimated ongoing tuition revenue from the six percent tuition increase as well as a portion of one-time funding that is consistent with the governor's budget proposal. This preliminary allocation estimates funding for required operational costs, enrollment growth, and State University Grant increases. All other allocations for specific programs and purposes will be made after the state budget is finalized in Summer 2024.

The governor's January budget proposed a one-year deferral of an incremental, ongoing General Fund increase of \$240.2 million for the California State University (CSU). The CSU is committed to funding the \$240.2 million as a one-time increase until the ongoing General Fund is received in 2025-26. This memo preliminarily commits \$44.9 million of the \$240.2 million. The remainder of the \$240.2 million increase (\$195.3 million) will be allocated in the final budget allocation memo after the state budget is finalized.

The 2024-25 Governor's Budget is the first step in the state budget process. The governor's May Revision will be a better indicator of the economic condition of the state just before the start of the new fiscal year.

The attachments to the memo display the following preliminary budget adjustments by university:

- Attachment A: Operating Budget Sources
- Attachment B: Revisions to 2023-24 Expenditures (Uses) and Revenues (Sources)
- Attachment C: 2024-25 Expenditure (Uses) and Revenue (Sources) Adjustments
- Attachment D: 2024-25 Enrollment and Tuition & Fee Revenue (Sources)
- Attachment E: 2024-25 Preliminary State University Grants (Uses)
- Attachment F: 2024-25 Preliminary Lottery Allocation (Sources)
- Attachment G: Compensation Reference Information

The following table summarizes the preliminary 2024-25 operating fund budget, including the one-time General Fund commitment and tuition and fee revenue.

<b>2024-25 Preliminary Budget Allocation Summary</b>	
2023-24 Final Budget, General Fund (Coded Memo B 2023-02)	\$4,988,674,000
2023-24 State-Funded Retirement Adjustment	-
2023-24 Revised General Fund Budget	\$4,988,674,000
2024-25 Preliminary One-Time General Fund Commitment	44,935,000
<b>2024-25 Total Preliminary General Fund Budget</b>	<b>\$5,033,609,000</b>
2023-24 FIRMS Budget Gross Tuition & Fees (Campus Reported)	\$3,166,827,000
2024-25 Estimated Tuition from Enrollment Growth (3,484 FTES)	22,675,000
2024-25 Estimated Tuition from Rate Increase	153,848,000
<b>2024-25 Preliminary Gross Tuition &amp; Fees</b>	<b>\$3,343,350,000</b>
<b>2024-25 Total Preliminary Operating Budget</b>	<b>\$8,376,959,000</b>
<b>2024-25 Preliminary Expenditure Increases</b>	
Health Care Premiums	\$78,361,000
Operations and Maintenance of New Facilities	12,548,000
Liability and Property Insurance Premiums	22,635,000
Strategic Resident Enrollment Growth (3,484 FTES)	54,957,000
State University Grants	52,957,000
<b>2024-25 Total Preliminary Expenditure Increases</b>	<b>\$221,458,000</b>
<b>2024-25 Remaining One-Time General Fund Commitment to Allocate</b>	<b>\$195,308,000</b>

Detailed explanations of ongoing budget allocations are provided in the following pages. Budget allocation changes by university are included in the [attachments](#) to this memorandum.

Questions concerning this memo or its attachments may be directed to Jeni Kitchell [jkitchell@calstate.edu](mailto:jkitchell@calstate.edu), Jerry Willard [jwillard@calstate.edu](mailto:jwillard@calstate.edu) or other System Budget Office staff at (562) 951-4560. Please reference the [Budget Office staff directory](#) for additional contact information and staff areas of assignment.

Additional References

- [CSU 2024-25 Operating Budget](#)
- Budget Bill of 2024, [Assembly Bill 1812](#) (as introduced)
- Budget Bill of 2024, [Senate Bill 917](#) (as introduced)
- [2024-25 Governor's Budget, Department of Finance, State of California](#)
- [CSU Budget Detail in the 2024-25 Governor's Budget](#)

RS: JK: JW

Attachments

## 2024-25 Preliminary Budget Allocations, Attachment Descriptions

### Operating Budget Sources - (Attachment A)

Attachment A summarizes the 2024-25 operating budget by university including revisions to 2023-24 expenditures and revenues (Attachment B) and 2024-25 expenditure and revenue adjustments (Attachment C and D).

### Revisions to 2023-24 Expenditures and Revenues - (Attachment B)

Revisions to the 2023-24 expenditures and revenues reflect changes to existing base funding that occurred since adoption of the Budget Act of 2023 and publication of the 2023-24 final budget allocations memo (B 2023-02). These adjustments include:

- **Support for Students with Disabilities**  
A \$1 million allocation was provided to universities to supplement, not supplant, expenditures to improve services to support students with disabilities across the CSU after the 2023-24 final budget allocations were made. This ongoing funding was allocated to universities from resources temporarily held in Systemwide Provisions in 2023-24. Allocations were based on the university proportion of students with disabilities as of fall 2022, with a funding minimum of \$10,000 per university.
- **Project Rebound**  
Starting in 2023-24, administrative responsibilities for Project Rebound transitioned to the Chancellor's Office. University allocations changed from a cost reimbursement basis to base, recurring funding. For the first phase of allocations, \$4.9 million were provided to universities to support Project Rebound activities across the CSU after the 2023-24 final budget allocations were made. This ongoing funding was allocated to universities from resources held in Systemwide Provisions. Allocations were based on the university's percentage share of 2022-23 actual expenditures. An additional \$3.1 million of base funding will be included in the final budget allocation memo for the second phase of allocations.
- **Adjustments to 2023-24 Resident Enrollment Target Growth and Target Reallocation**  
The CSU Enrollment Target and Budget Reallocation Plan (Plan) was adopted in January 2023 and updated in December 2023. Developed in close collaboration with university presidents, the Plan provides a multi-year enrollment target and budget allocation framework to better align current and future resources with student demand and enrollment trends. In 2024-25, the Plan permanently reallocates three percent of enrollment targets and associated resources from universities that have sustained enrollment declines to universities meeting or exceeding their state-funded resident FTES targets. The Plan will continue in 2025-26 and 2026-27 to better align enrollment and related resources across the 23 universities.

Consistent with the Plan, adjustments to 2023-24 resident enrollment targets and reallocation of targets and funding have been made for 2024-25. Four universities that received resident enrollment target and funding increases for 2023-24 will not attain that growth. Consequently, and consistent with the Plan, enrollment target and funding for the four universities were adjusted back to prior levels. The enrollment growth (1,403 FTES) and associated funding have been reallocated to nine universities for 2024-25. Enrollments at eight other universities were more than ten percent below 2023-24 resident enrollment targets. Three percent of those university targets (2,488 FTES) and associated funding have been reallocated to nine universities

for 2024-25. Detailed information showing the resident enrollment target changes can be found in Attachment D.

The established marginal cost methodology was used to reallocate funding for enrollment growth. The 2023-24 marginal cost rate of \$14,749 per FTES was used, subtracting each university's actual tuition revenue per FTES. State General Fund equal to the difference was then reduced at the universities below target and reallocated to nine universities receiving target increases. Additional information about the marginal cost methodology can be found below in the Enrollment Growth section for Attachment C.

- **2023-24 Compensation Cost Increase**

Compensation increases for Union of American Physicians and Dentists (Unit 1), California State University Employees Union (Units 2, 5, 7 and 9), California Faculty Association (Unit 3), Academic Professionals of California (Unit 4), Teamsters Local 2010 (Unit 6), State University Police Association (Unit 8), International Union of Operating Engineers (Unit 10), Academic Student Employees (Unit 11), Confidential (C99) and Management Personnel Plan (MPP) were determined after the 2023-24 final budget allocations were made. Therefore, \$123.4 million of base funding are allocated to universities from resources temporarily held in 2023-24 for systemwide priorities. Further details on compensation allocations are outlined in the Attachment G section below.

#### **2024-25 Expenditure Adjustments - (Attachment C)**

- **Employer-Paid Health Care Premiums**

Effective January 2024, the estimated annual cost of employer-paid health care rate increases is \$78.4 million, equivalent to an 11 percent increase in costs. The number of CSU employee participants and the difference between the old and new employer-paid rates determine health care benefit cost increases. The distribution is based on the university percentage share of 2022-23 actual operating fund expenditures for employer-paid health benefits. For additional information regarding January 2024 health premiums, please reference Human Resources Technical Letter, ([HR/Benefits 2023-13](#)).

- **Operations and Maintenance of New Facilities**

This allocation provides an increase of \$12.5 million for regular operations and maintenance of new facilities, which include the cost of utilities, building maintenance, custodial, landscape and administrative support. In 2024-25, the CSU is scheduled to open 532,130 new square feet of space. Funding is provided at the rate of \$23.79 per square foot. More details on university facilities included in this allocation are provided [online](#).

- **Liability and Property Insurance Premiums**

\$22.6 million is allocated to universities, equivalent to a 21 percent increase in costs related to liability and property coverage. The distribution is based on the university's percentage share of 2022-23 actual operating fund expenditures for liability and property insurance premiums. Insurance premiums continue to increase across the country, and California higher education universities face tough challenges in the liability insurance market.

- **Enrollment Growth**

The 2024-25 budget allocations include strategic California resident enrollment growth of 3,484 full-time equivalent students (FTES) at eight universities. This is equivalent to a one percent increase in funded resident, undergraduate enrollment. Allocations of new enrollment are provided to universities meeting or exceeding their prior college-year target, based on actual enrollment. These universities are expected to increase actual enrollment compared to 2023-24 actual enrollment by at least the 2024-25 resident target increase. If this level of enrollment growth is not achieved, the funded target growth may be reallocated in 2025-26 from the universities to other universities that achieved growth and are above their funded target in 2024-25. These actions are consistent with the CSU Enrollment Target and Budget Reallocation Plan.

Funding to support this growth is based on the 2024-25 published marginal cost of instruction of \$15,774 per FTES, which is made up of a combination of state General Fund and tuition revenue (reference the [2024-25 marginal cost detail](#)) for a total enrollment growth cost of \$55 million.

The methodology used to allocate funding for enrollment growth acknowledges the different tuition collection rates per FTES at each university. The 2024-25 methodology starts with the \$15,774 marginal cost per FTES, subtracts each university’s actual tuition revenue per FTES, which varies based on each university’s mandatory fee waivers and other factors. The methodology then allocates state General Fund equal to the difference. An example is provided below:

<b>University 1</b>		<b>University 2</b>
\$15,774	Funding per FTES	\$15,774
(6,500)	University Tuition per FTES	(6,000)
\$9,274	General Fund per FTES	\$9,774

*The university tuition revenue per FTES is based on actual 2022-23 tuition revenue (Object Code 501001) divided by actual college year FTES.*

- **State University Grants**

State University Grant (SUG) allocations will increase an estimated \$58.8 million in 2024-25, which is equal to one-third of tuition revenue generated by enrollment growth and the six percent tuition rate increase. Preliminary SUG allocations reflect 90 percent of this SUG pool growth (\$52.9 million) to universities based on the relative share of students with an Expected Family Contribution (EFC) of \$0 to \$4,000. These allocations help ensure that grant amounts at universities increase to offset the increase in 2024-25 tuition rates. University SUG allocations for 2024-25 are no less than 95 percent of their 2023-24 amount. Universities that are not receiving a portion of new SUG allocations already have more of their student financial need met than other universities. The remaining SUG allocations, estimated at \$5.9 million, and the redistribution of five percent of the pool will be included in the final budget allocation memo. These portions of the SUG pool are retained until 2023-24 enrollment counts are finalized to better respond to population changes in student financial need between universities. Further details on SUG distribution by university are outlined in the Attachment E section below.

**2024-25 Enrollment and Tuition & Fee Revenue - (Attachment D)**

Attachment D includes the tuition and fee revenue reported by universities in the 2023-24 FIRMS budget submissions and estimates for tuition revenue increases in 2024-25 from enrollment growth and

a six percent tuition rate increase. Resident enrollment targets for 2024-25 will increase 3,484 FTES from 2023-24. Also, as referenced in the Attachment B section above, implementation of the CSU Enrollment Target and Budget Reallocation Plan changed university targets by reallocating from universities that had not reached 2023-24 enrollment growth expectations or that were significantly below enrollment targets to universities with demonstrated ability to grow. Overall tuition revenues are estimated to increase \$176.5 million in 2024-25. One-third of that revenue increase will be dedicated to increase the State University Grant pool (\$58.8 million).

- **Enrollment Growth Tuition Revenue**

Projected revenue generated by growth in funded resident enrollment targets is estimated to be \$22.7 million for 2024-25. The funded student enrollment growth of 3,484 FTES allows for increased unit load and new student access to the university. Tuition revenue projections for this anticipated growth are based on campus average 2022-23 actual tuition revenue collected per FTES.

- **Tuition Rate Increase Revenue**

The six percent tuition rate increase will generate an estimated \$153.8 million in tuition revenue in 2024-25. The increase in revenue by campus is projected based on campus average 2022-23 actual tuition revenue collected per FTES multiplied by 2023-24 enrollment.

### **2024-25 Preliminary State University Grants - (Attachment E)**

The State University Grant (SUG) program provides need-based awards to eligible undergraduate and graduate/postbaccalaureate students. University General Fund allocations are adjusted to reflect changes in the required level of SUG expenditures each year. 2024-25 SUG allocations for each university will not be lower than 95 percent of its 2023-24 SUG allocation (reference [Coded Memo B 2023-02](#), Attachment E). This preliminary budget allocation reflects that minimum expectation.

An annual reallocation of a portion of SUG funding among universities is necessary to ensure that SUG-eligible students with the greatest financial need receive a SUG award. As student enrollment and financial aid demographics change over time and by university, five percent of the SUG pool held back at this time will be distributed to universities with the highest proportion of students with the greatest financial need (Expected Family Contribution of \$0 to \$4,000) in the 2024-25 final budget allocation memo. This reallocation of the total SUG pool (just over \$35 million) addresses the annual change in student need and enrollment of up to ten percent over target. If a university's share of total need is above 95 percent of its past year allocation, the university will receive a portion of the reallocation. For additional information, see [The State University Grant \(SUG\) Program](#) policy.

Total SUG allocations will increase an estimated \$58.8 million in 2024-25, which is equal to one-third of tuition revenue generated by enrollment growth and the six percent tuition rate increase. The 2023-24 SUG base totaled \$701 million, and this \$58.8 million increase brings the SUG total to \$760 million. Preliminary SUG allocations reflect 90 percent of the SUG pool growth (\$52.9 million). The remaining SUG allocations, estimated at \$5.9 million, and the redistribution of five percent of the pool (\$35 million) will be included in the final budget allocation memo. Each university's SUG allocation is considered a minimum expectation of dollars allocated for grants in each college year. Universities that are not receiving a portion of new SUG allocations already have more of their student financial need met than other universities.



**2024-25 Preliminary Lottery - (Attachment F)**

The Board of Trustees \$70 million Lottery budget approved for 2024-25 included a \$2.7 million increase to university-based programs, bringing the total to \$46.4 million, or \$119 per resident target full-time equivalent student (FTES). Funding is allocated directly to universities, allowing presidents flexibility to meet unique university needs. Further, this funding is distributed based on 2024-25 resident FTES enrollment targets, which will be finalized with the 2024-25 final budget allocation memo. The preliminary lottery allocation includes 80 percent of the university-based program increase for 2024-25. The remaining 20 percent of the increase will be included with the 2024-25 final budget allocations. Lottery funds on each university must be spent according to [systemwide guidelines](#).

**Compensation Reference Information - (Attachment G)**

Budget allocations were provided for 2023-24 employee compensation increases for the Union of American Physicians and Dentists (Unit 1), California State University Employees Union (Units 2, 5, 7 and 9), California Faculty Association (Unit 3), Academic Professionals of California (Unit 4), Teamsters Local 2010 (Unit 6), State University Police Association (Unit 8), International Union of Operating Engineers (Unit 10), Academic Student Employees (Unit 11), Confidential (C99) and Management Personnel Plan (MPP). Refer to the respective [collective bargaining agreement](#) for details on negotiated increases.

Employee compensation costs are estimated to increase \$254.5 million from general salary increases in 2023-24. After allocations for mandatory costs and other budget priorities in 2023-24, only \$123.4 million of General Fund was available to allocate, which was temporarily held for systemwide priorities until collective bargaining agreements were finalized. The distribution of compensation funding was based on the percentage share of university total compensation cost increase. After budget allocations, \$131.1 million of the cost increase was unfunded.