October 1, 2014

Gregory Schmidt  
Secretary of the Senate  
State Capitol, Room 400  
Sacramento, CA 95814

E. Dotson Wilson  
Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, CA 95814

Diane Boyer-Vine  
Legislative Counsel  
State Capitol, Room 3021  
Sacramento, CA 95814

RE: California State University Expenditures for Undergraduate Education, Graduate Academic Education, and Research Activities

As required by Section 89290 of the Education Code, the following reports the California State University (CSU) total operating budget expenditures for education by fund source for undergraduate, graduate-academic, and research activities. The report disaggregates this information, as required, for the health sciences disciplines group, the science, technology, engineering, and mathematics (STEM) disciplines group, postbaccalaureate teacher education, and all other disciplines.

This report is also posted at www.calstate.edu/budget/fybudget/legislative-reports/.
Should you have any questions about this report, please contact Ryan Storm, Interim Assistant Vice Chancellor for Budget at rstorm@calstate.edu or (916) 449-3542.

Sincerely,

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

SR:dr

c: Mark Leno, Chair Joint Legislative Budget Committee  
Members, California State Legislature  
Michael Cohen, Director, Department of Finance  
Mac Taylor, Legislative Analyst  
Timothy P. White, Chancellor, California State University  
Ephraim Smith, Executive Vice Chancellor and Chief Academic Officer  
Garrett Ashley, Vice Chancellor, University Relations and Advancement  
Ryan Storm, Interim Assistant Vice Chancellor for Budget  
Karen Y. Zamarripa, Assistant Vice Chancellor, Advocacy and State Relations  
Rodney Rideau, Acting Deputy Assistant Vice Chancellor for Budget
Introduction

As required by Section 89290 of the Education Code, the California State University (CSU) must report on total operating budget expenditures for education by fund source for undergraduate education, graduate academic education, graduate professional education, and research activities. The CSU must also disaggregate the expenditure information for the group of health sciences disciplines, the science, technology, engineering, and mathematics (STEM) disciplines, post baccalaureate teacher education, and all other disciplines.

The law specifies that the CSU shall report this information to the Legislature and the Department of Finance by October 1, 2014. Thereafter, the law requires biennial reports on October 1 of each even-numbered year. For any report submitted before January 2017, the costs shall be reported on a systemwide basis. After January 2017, the costs shall be reported on both a systemwide and campus-by-campus basis.

CSU operates on a revenue-based budget model that supports expenses annually to the extent revenues are available. In other words, CSU only expends what is provided by the state General Fund and collected from student tuition and fees. As such, this report reflects the actual expenditures provided for education.

It is important to note that starting in 2008-09 with the onset of the recession and the resulting significant budget reductions, many investments in the quality of the university were limited. For example, competitive faculty and staff salaries, instructional equipment replacement, scheduled maintenance, and other investments required for a quality education were restricted. These challenges persist to this day despite overall improved efficiencies in CSU operations, innovations in the delivery of CSU instructional and operational services, new state General Fund investments, and the state’s ongoing expectation that student tuition remain frozen at 2011-12 levels.
Expenditure Report Data

This report identifies CSU expenditures for education for fiscal year 2012-13. This information is consistent with performance and expenditure data provided in the March 2014 report to the legislature required by Education Code 89295. CSU does not have graduate professional education degree programs as defined by the National Center for Education Statistics.

The data in the tables that follow are based upon:

- 2012-13 CSU actual academic planning data by undergraduate and graduate education
- 2012-13 actual financial expenditure and revenue data reported by campuses in the CSU systemwide financial data warehouse
- State-support course sections offered in the specified disciplines
- Mapping and identification of:
  - CSU academic and financial department codes
  - CSU academic database teacher credential courses
  - Health Sciences courses
  - STEM courses, as defined by the National Science Foundation
- Instruction and Student Services program expenditures as direct discipline expenses for education as specified by Integrated Postsecondary Education Data System (IPEDS) reporting used by the National Center for Education Statistics
- Indirect expenditures are distributed by full-time equivalent student (FTES), further adjusted by a 1.4 weighting factor for health sciences and STEM disciplines to reflect higher program costs. Thus, for every dollar distributed to teacher education and other disciplines, $1.40 is distributed to health sciences and STEM disciplines.
- A 1.25 weighting factor is used for the distribution of CSU expenditures to graduate academic education

(For funding purposes, a graduate FTE is equivalent to 12 units per term while an undergraduate and teacher credential FTE is equivalent 15 units per term, a 1.25 graduate FTE weighting factor)

Expenditures for Undergraduate Education, Graduate Academic Education, and Research Activities by Fund Source

Table 1 displays total discipline expenditures for all students distributed by funding source. Expenditures per FTES information is provided for comparison purposes only.

Table 2 displays total discipline expenditures by undergraduate, graduate academic, and post baccalaureate teacher education, and research activities.
California State University Expenditures for Undergraduate Education, Graduate Academic Education, and Research Activities

### TABLE 1

<table>
<thead>
<tr>
<th></th>
<th>State General Fund</th>
<th>Systemwide Tuition Fee Revenue</th>
<th>Revenue from Non-resident tuition and other fees</th>
<th>Total Expenditures Per FTES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Sciences</td>
<td>$103,355</td>
<td>$82,940</td>
<td>$24,052</td>
<td>$210,347</td>
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<td>STEM</td>
<td>605,641</td>
<td>486,011</td>
<td>140,938</td>
<td>1,232,590</td>
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<tr>
<td>Postbacc Teacher Education</td>
<td>57,032</td>
<td>45,766</td>
<td>13,272</td>
<td>116,070</td>
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<tr>
<td>All Other Disciplines</td>
<td>1,211,431</td>
<td>972,143</td>
<td>281,911</td>
<td>2,465,484</td>
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<tr>
<td>Research</td>
<td>0</td>
<td>0</td>
<td>10,231</td>
<td>10,231</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,977,459</td>
<td>$1,586,860</td>
<td>$470,402</td>
<td>$4,034,721</td>
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</table>

2012/13 Total Expenditures Distributed (in 000s)
## TABLE 2

<table>
<thead>
<tr>
<th></th>
<th>Undergraduate</th>
<th>Postbacc Teacher Education</th>
<th>Graduate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State General Fund</td>
<td>Systemwide Tuition Fee Revenue</td>
<td>Revenue from Non-resident tuition and other fees</td>
</tr>
<tr>
<td>Health Sciences</td>
<td>$71,472</td>
<td>$57,355</td>
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<td>STEM</td>
<td>557,744</td>
<td>447,575</td>
<td>129,792</td>
</tr>
<tr>
<td>Postbacc Teacher Education</td>
<td>57,032</td>
<td>45,766</td>
<td>13,272</td>
</tr>
<tr>
<td>All Other Disciplines</td>
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<td>871,507</td>
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<tr>
<td>Research</td>
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<td>9,117</td>
<td>9,117</td>
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<tr>
<td>Total</td>
<td>$1,715,240</td>
<td>$1,376,437</td>
<td>$408,268</td>
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<tr>
<td></td>
<td>State General Fund</td>
<td>Systemwide Tuition Fee Revenue</td>
<td>Revenue from Non-resident tuition and other fees</td>
</tr>
<tr>
<td></td>
<td>$31,883</td>
<td>$25,585</td>
<td>$7,419</td>
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<tr>
<td>STEM</td>
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<tr>
<td>Postbacc Teacher Education</td>
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<td>100,636</td>
<td>29,183</td>
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<tr>
<td>All Other Disciplines</td>
<td>125,407</td>
<td>100,636</td>
<td>29,183</td>
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<td>Research</td>
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<tr>
<td>Total</td>
<td>$205,187</td>
<td>$164,657</td>
<td>$48,862</td>
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