

## AGENDA

### COMMITTEE ON FINANCE

**Meeting:** 10:15 a.m., Wednesday, January 26, 2022  
Virtually via Teleconference

Jack McGrory, Chair  
Larry L. Adamson, Vice Chair  
Jane W. Carney  
Wenda Fong  
Maria Linares  
Anna Ortiz-Morfit  
Krystal Raynes  
Romey Sabalius  
Christopher Steinhauser

- Consent** 1. Approval of Minutes of the Meeting of November 9, 2021, *Action*
- Discussion** 2. 2021-2022 Student Fee Report, *Information*  
3. 2022-2023 Operating Budget Update, *Information*

**MINUTES OF THE MEETING OF THE  
COMMITTEE ON FINANCE**

**Trustees of the California State University  
Office of the Chancellor  
Glenn S. Dumke Auditorium  
401 Golden Shore  
Long Beach, California**

**November 9, 2021**

**Members Present**

Jack McGrory, Chair  
Larry L. Adamson, Vice Chair  
Jane W. Carney  
Wenda Fong  
Maria Linares  
Anna Ortiz-Morfit  
Krystal Raynes  
Romey Sabalius  
Christopher Steinhauser

Lillian Kimbell, Chair of the Board  
Joseph I. Castro, Chancellor

Trustee Jack McGrory called the meeting to order.

**Public Comment**

Public comment took place at the beginning of the meeting's open session, prior to all committees.

**Approval of the Consent Agenda**

The minutes of the September 14, 2021, meeting of the Committee on Finance were approved as submitted.

Item number two, the 2022-2023 Lottery Budget and Report, was approved as a consent action item (RFIN 11-21-03).

Item number three, Reporting of Auxiliary Liquidity Loans Approved by the Chancellor under Delegated Authority, was an information item.

### **Approval of the 2022-2023 Operating Budget Request**

The 2022-2023 operating budget request was presented to the Board of Trustees for approval. It requests an incremental amount of \$715.5 million to support Graduation Initiative 2025, basic needs, bridging of the equity gap through technology, employee compensation, facilities infrastructure, strategic enrollment growth, mandatory costs, and statutory changes to the State University Grant Program. One-time funding of \$1 billion for deferred maintenance is also being requested.

Following the presentation, Trustee Romey Sabalius made a motion to double the line item for employee salaries and benefits. The trustees discussed whether or not to increase the amount being requested for employee compensation. The trustees commented on the value and importance of CSU faculty and staff and acknowledged the struggles shared by public speakers. The motion failed with five votes in favor (Trustees Adamson, Linares, Ortiz-Morfit, Raynes and Sabalius) and six votes opposed (Trustees Carney, Fong, McGrory, Steinhauser, Chair Kimbell and Chancellor Castro.) After deliberation, the committee approved the operating budget request as originally proposed by Chancellor's Office staff.

The committee recommended approval of the proposed resolution (RFIN 11-21-04).

### **California State University Annual Investment Report**

A report was provided on the performance of the CSU's \$5.2 billion investment portfolios, as of June 30, 2021. The Total Return Portfolio earnings distribution for 2021 was \$55.6 million, bringing total distributions from the Total Return Portfolio over three years to \$113 million. These funds may only be used for capital needs, as required by statute. Currently, twenty-seven percent of all CSU investments are in the TRP, the maximum amount allowed to be invested is thirty percent. Information about recent actions taken by the CSU Investment Advisory Committee to divest investments in fossil fuel was also shared. This has resulted in reduction of fossil fuel exposure in the CSU investment portfolios to less than one percent of total CSU investments.

Following the presentation, Trustee Jack McGrory thanked a group of students from Divest the CSU who met with staff and trustees to share their support for divestment in fossil fuels on several occasions. Trustee Krystal Raynes thanked staff and the trustees for meeting with these students and shared their enthusiasm.

Trustee McGrory adjourned the meeting of the Committee on Finance.

## **COMMITTEE ON FINANCE**

### **2021-2022 Student Fee Report**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Ryan Storm  
Assistant Vice Chancellor  
Budget

#### **Summary**

The California State University Board of Trustees will be presented with the 2021-2022 annual campus fee report at its January 2022 meeting.

Specifically, this information item presents the 2021-2022 annual Category II campus-based mandatory fee report as required by the fee policy. Additionally, information on total average tuition and mandatory fees for the CSU system and their comparison institutions is included.

#### **Overview**

Pursuant to applicable provisions of state law, the Board of Trustees has authority over CSU tuition and fees. In August 1996, the Board of Trustees established the first fee policy, Executive Order 661, which was a consolidation of state fee statutes and Board of Trustee fee policy decisions. The policy was approved after an extensive review of existing CSU fee policies and practices and was built upon the work of task forces and study groups and included collaboration with the California State Student Association (CSSA), Academic Senate, and campus presidents.

Prior to 1996, most new campus fees and changes to existing fees required separate and individual approval by the Chancellor's Office via executive order although some fees had been established for all campuses through statute or prior executive order (Associated Students, health facilities, etc.). In fact, eleven executive orders related to fees were approved in 1996 just prior to the implementation of Executive Order 661. Executive Order 661 superseded more than 70 executive orders on campus fees, organized fees into categories, and delegated approval to campus presidents for some fee adjustments.

The fee policy has been revised and reissued over time to adapt to changing needs on campuses, further delegating presidential approval for certain types of fees while ensuring appropriate and

meaningful consultation with students on campus, through the establishment of a campus fee advisory committee. More delegated authority brought about additional reporting requirements to the Chancellor's Office. Other changes followed state statute or Board of Trustee decisions related to student fees (most recently in 2015). The latest version of the fee policy can be found via keyword search at [www.calstate.policystat.com](http://www.calstate.policystat.com).

The current policy includes six fee categories:

- **Category I – Systemwide mandatory tuition and fees**  
Systemwide tuition and fees are the same across the system. Examples include systemwide tuition, non-resident tuition, the graduate business professional fee, and the admissions application fee. The Board of Trustees retains authority to set and adjust these fees.
- **Category II – Campus-based mandatory fees**  
Campus-specific fees are charged to all students to enroll at a specific CSU campus. Examples include student association, student recreation center, and health services fees. The chancellor is delegated authority to establish Category II fees and each president is delegated the authority to adjust or abolish these fees on their campus. Each campus president is responsible for assuring that appropriate and meaningful consultation and/or student referendum occurs before proposing a new fee or adjusting an existing fee. To measure student support, a referendum is encouraged for new Category II fees and is required by state statute for certain types of Category II fees. If a referendum is not required, and the campus president determines that a referendum is not the best mechanism to achieve appropriate and meaningful consultation, alternative forms of consultation may be used. By way of a student referendum, students often initiate the creation and increase of certain types of Category II fees, such as associated student fees and student recreation center fees.
- **Category III – Course-specific fees for materials and services**  
Category III fees are for course materials and services that are charged to enroll in a specific course. Examples include laboratory and field trip fees. Each campus president, after consulting with the campus fee advisory committee, is delegated authority to establish, adjust, and abolish these fees (within a pre-approved range).
- **Category IV – Fees, other than Category II or III, paid to receive materials, services, or for the use of facilities**  
Category IV fees are for other services, materials, and use of facilities that are charged to students for administrative and processing purposes. Examples include identification cards, transcript fees, and library fines. Each campus president is delegated authority to establish, adjust, and abolish these fees.

- **Category V – Fees paid to self-support programs**  
Category V fees are for self-support programs and charged to participating students and employees. Examples include parking, housing, and Professional and Continuing Education (PaCE). Each campus president is delegated authority to establish, adjust and abolish these fees.
- **Category VI – Systemwide voluntary fees**  
This category only applies to the CSSA Student Involvement & Representation Fee, which is a voluntary fee charged to students to expand opportunities for student involvement and representation. The chancellor is delegated authority to adjust the Student Involvement & Representation Fee for inflationary purposes if necessary.

Each Fall, campuses report all fees charged on their campus to the Chancellor's Office.

### **2021-2022 CSU Student Fee Report**

Total tuition and average systemwide campus-based mandatory fees (i.e., Category II fees) increased between 2020-2021 and 2021-2022 by an average of \$79 per student. Stable tuition and small average fee increases, coupled with the federal, state and institutional financial aid programs available to CSU students, make CSU a more affordable option for students from all socio-economic backgrounds. Overall:

- 81 percent (over 388,000) of CSU students received nearly \$4.2 billion in financial assistance. This does not account for the additional \$1.3 billion of temporary financial assistance provided by the federal government during the pandemic.
- 77 percent of undergraduate financial aid recipients have their tuition fully covered by grants, scholarships, or waivers.
- 56 percent of CSU baccalaureate degree recipients graduated with zero education loan debt.
- Of the 44 percent who graduated with debt, the average loan debt of \$18,173 is lower than the California average of \$21,485 and well below the national average of \$28,950.

### **2021-2022 CSU Comparison Institution Tuition and Fees**

The following tables outline the systemwide tuition plus average Category II campus-based mandatory fees at the CSU compared with other public institutions' tuition and mandatory fees.

The total of the CSU's *undergraduate resident* tuition and average campus-based fees is lower than those of the fifteen comparison institutions historically identified by the California Postsecondary Education Commission. The 2021-2022 comparison institution tuition and fee average is \$12,341, which is 66 percent higher than the CSU tuition and fee average of \$7,439.

The following table lists the 2020-2021 tuition and average campus-based mandatory fee rates with a comparison to 2021-2022 rates:

<b>2021-2022 Comparison Institution Academic Year Undergraduate Resident Tuition and Fees</b>			
<b>Campus</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>Change</b>
University of Connecticut (Storrs, CT)	\$17,834	\$18,524	\$690
Rutgers University (New Brunswick, NJ)	15,003	15,804	801
Illinois State University (Normal, IL)	15,319	15,319	0
Wayne State University (Detroit, MI)	14,723	15,297	574
George Mason University (Fairfax, VA)	13,014	13,116	102
<b>Comparison Average</b>	<b>\$11,839</b>	<b>\$12,341</b>	<b>\$502</b>
University of Maryland, Baltimore County	9,420	12,280	2,860
Cleveland State University	11,185	11,610	425
University of Colorado at Denver	10,983	11,580	597
Arizona State University at Tempe	11,338	11,348	10
University of Texas at Arlington	10,964	11,314	350
Georgia State University at Atlanta	11,076	11,076	0
State University of New York at Albany	10,121	10,468	347
University of Wisconsin at Milwaukee	9,254	9,610	356
North Carolina State University	9,101	9,131	30
University of Nevada at Reno	8,248	8,637	390
<b>California State University</b>	<b>\$7,360</b>	<b>\$7,439</b>	<b>\$79</b>

The CSU has the lowest *graduate resident* tuition and fee rates among the 15 comparison institutions. The 2021-2022 comparison institution tuition and fee average is \$14,929, which is 68 percent higher than the CSU tuition and fee average of \$8,873. The following table compares the 2020-2021 tuition and fee rates with 2021-2022:

<b>2021-2022 Comparison Institution Academic Year Graduate Resident Tuition and Fees</b>			
<b>Campus</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>Change</b>
Rutgers University (New Brunswick, NJ)	\$19,724	\$20,495	\$771
University of Connecticut (Storrs, CT)	19,664	20,352	688
University of Maryland, Baltimore County	16,752	19,752	3,000
Wayne State University (Detroit, MI)	18,226	18,937	711
George Mason University (Fairfax, VA)	16,098	16,638	540
Cleveland State University	14,755	15,050	295
<b>Comparison Average</b>	<b>\$14,235</b>	<b>\$14,929</b>	<b>\$694</b>
University of Nevada at Reno	11,351	14,298	2,947
State University of New York at Albany	13,495	13,645	150
University of Texas at Arlington	12,784	13,184	400
Illinois State University (Normal, IL)	12,835	12,835	0
Arizona State University at Tempe	12,608	12,608	0
University of Wisconsin at Milwaukee	11,864	12,219	356
North Carolina State University	11,673	11,703	30
Georgia State University at Atlanta	11,680	11,680	0
University of Colorado at Denver	10,011	10,536	525
<b>California State University</b>	<b>\$8,794</b>	<b>\$8,873</b>	<b>\$79</b>

CSU has the second lowest *undergraduate non-resident* tuition and average campus-based mandatory fees of the CSU’s public peer comparison institutions. The 2021-2022 comparison institution tuition and fee average is \$29,430, which is 52 percent higher than the CSU tuition and fee average of \$19,319.

<b>2021-2022 Comparison Institution Academic Year Undergraduate Non-Resident Tuition and Fees</b>			
<b>Campus</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>Change</b>
University of Connecticut (Storrs, CT)	\$40,502	\$41,192	\$690
George Mason University (Fairfax, VA)	36,474	36,576	102
Wayne State University (Detroit, MI)	31,868	33,111	1,243
Rutgers University (New Brunswick, NJ)	31,785	33,005	1,220
University of Colorado at Denver	31,593	32,820	1,227
Georgia State University at Atlanta	30,114	30,114	0
North Carolina State University	29,220	29,916	696
Arizona State University at Tempe	29,428	29,438	10
<b>Comparison Average</b>	<b>\$28,645</b>	<b>\$29,430</b>	<b>\$785</b>
University of Texas at Arlington	28,110	28,886	776
University of Maryland, Baltimore County	25,054	28,470	3,416
State University of New York at Albany	27,711	28,308	597
Illinois State University (Normal, IL)	26,843	26,843	0
University of Nevada at Reno	23,901	24,727	827
University of Wisconsin at Milwaukee	21,119	21,475	356
<b>California State University</b>	<b>\$19,240</b>	<b>\$19,319</b>	<b>\$79</b>
Cleveland State University	15,952	16,573	622

The table on the following page displays the 2021-2022 academic year CSU Category II campus-based mandatory fee rates by campus and by fee category.

<b>2021-2022 Category II Campus-Based Mandatory Fee Rates</b>								
	Health Facilities	Health Services	Instructionally Related Activities	Materials Services & Facilities	Student Success	Student Association	Student Center	<b>Total Campus-Based Mandatory Fees</b>
Bakersfield	\$6	\$326	\$183	\$62	\$0	\$409	\$851	<b>\$1,837</b>
Channel Islands	6	190	260	145	0	150	324	<b>1,075</b>
Chico	6	510	404	210	0	142	850	<b>2,122</b>
Dominguez Hills	6	260	10	5	560	135	342	<b>1,318</b>
East Bay	6	386	129	3	240	129	360	<b>1,253</b>
Fresno	6	286	264	46	0	69	240	<b>911</b>
Fullerton	7	181	82	82	410	168	304	<b>1,234</b>
Humboldt	66	666	674	353	0	117	246	<b>2,122</b>
Long Beach	10	150	50	10	346	136	402	<b>1,104</b>
Los Angeles	6	287	126	5	290	54	275	<b>1,043</b>
Maritime	14	740	130	280	0	210	0	<b>1,374</b>
Monterey Bay	0	186	254	240	0	96	700	<b>1,476</b>
Northridge	6	154	40	5	244	230	622	<b>1,301</b>
Pomona	6	269	40	0	447	127	808	<b>1,697</b>
Sacramento	50	259	379	0	0	150	812	<b>1,650</b>
San Bernardino	29	280	174	15	193	123	657	<b>1,471</b>
San Diego	50	418	498	50	444	70	864	<b>2,394</b>
San Francisco	48	478	236	528	0	108	164	<b>1,562</b>
San Jose	70	380	0	33	669	196	762	<b>2,110</b>
San Luis Obispo	11	688	347	1,308	926	359	814	<b>4,453</b>
San Marcos	40	336	80	249	500	150	630	<b>1,985</b>
Sonoma	42	452	548	42	0	270	892	<b>2,246</b>
Stanislaus	28	444	352	302	0	162	614	<b>1,902</b>

The table below compares total campus-based mandatory fees, by campus, for the 2020-2021 and 2021-2022 academic years. As shown in the table, the systemwide average of campus-based mandatory fees increased by \$79 (4.9 percent). Increases in these fees in 2021-2022 occurred for various reasons. Some campuses have authorized annual incremental increases for certain fees that keep pace with inflation such as the California Consumer Price Index or Higher Education Price Index. The San Francisco and Dominguez Hills campuses increased health facilities and services fees to fund rising health costs and provide increased services to students. Bakersfield, San Bernardino, and San Diego increased their student center fee to expand space and services provided in the student union centers. Due to the COVID-19 emergency, Sacramento temporarily reduced their transportation fee in agreement with their local bus provider. Fee rates noted below were effective August 2021 and may have been subsequently and temporarily adjusted.

<b>Comparison: 2020-2021 and 2021-2022</b>			
<b>Category II Campus-Based Mandatory Fee Rate Totals by Campus</b>			
<b>Campus</b>	<b>2020-2021</b>	<b>2021-2022</b>	<b>Change</b>
Bakersfield	\$1,757	\$1,837	\$80
Channel Islands	1,075	1,075	0
Chico	2,064	2,122	58
Dominguez Hills	1,204	1,318	114
East Bay	1,253	1,253	0
Fresno	901	911	10
Fullerton	1,212	1,234	22
Humboldt	2,122	2,122	0
Long Beach	1,104	1,104	0
Los Angeles	1,043	1,043	0
CSU Maritime	1,374	1,374	0
Monterey Bay	1,401	1,476	75
Northridge	1,275	1,301	26
Pomona	1,697	1,697	0
Sacramento	1,676	1,650	-26
San Bernardino	1,247	1,471	224
San Diego	1,978	2,394	416
San Francisco	1,268	1,562	294
San Jose	2,110	2,110	0
San Luis Obispo	4,329	4,453	124
San Marcos	1,981	1,985	4
Sonoma	2,210	2,246	36
Stanislaus	1,860	1,902	42
<b>Weighted Average</b>	<b>\$1,618</b>	<b>\$1,697</b>	<b>\$79</b>

## COMMITTEE ON FINANCE

### **2022-2023 Operating Budget Update**

#### **Presentation By**

Steve Relyea  
Executive Vice Chancellor and  
Chief Financial Officer

Ryan Storm  
Assistant Vice Chancellor  
Budget

#### **Summary**

This item summarizes the latest developments on the state and California State University budget plans for 2022-2023. The state expects a one-time tax revenue windfall and, to a smaller extent, a recurring budget surplus.

The governor's budget proposes a \$304.1 million recurring increase to the CSU operating budget, most of which aligns with the priorities of the 2022-2023 CSU budget request. In addition, the governor proposes \$233.0 million one-time to the CSU for various purposes.

The governor and CSU entered a multi-year compact prior to the release of the 2022-2023 Governor's Budget Proposal. At its root, this compact will provide a significant level of recurring resources over the next five years with the expectation that the university will pursue and achieve several goals.

The CSU appreciates Governor Gavin Newsom and his administration for the investments proposed for 2022-2023 and beyond.

#### **California's Fiscal Outlook**

The past twelve months were unprecedented. The state's economy and budget had a remarkable rebound when compared to the economic and budgetary turbulence of 2020. In January 2021, the governor anticipated a \$15 billion surplus and proposed new investments throughout state government including the CSU. But the torrid pace of the recovery through mid-2021 prompted a significant increase in the multi-year surplus to an administration-estimated \$75.7 billion. The Budget Act of 2021 was adopted in July 2021 (further amended in September 2021) under these assumptions with the preponderance of the surplus dedicated to one-time spending across all

program areas and smaller portions committed to recurring spending, debt, and reserves for 2021-2022.

Forecasters expect the economy and state coffers to continue to grow into 2022-2023. Since the November 2021 Board of Trustees meeting, three reputable entities have published forecasts for California's economy and the resulting effect on the state budget – the Legislative Analyst Office (LAO) California Fiscal Outlook in November 2021, the University of California, Los Angeles Anderson Forecast in December 2021, and the Department of Finance 2022-2023 Governor's Budget in January 2022. Overall, the Anderson Forecast anticipates economic growth through 2022 with the second half of 2022 stronger than the first due to the potential impact of the omicron variant in early 2022. The overall positive economic outlook is due to several factors: unemployment is expected to continue its decline, inflation and supply chain issues are expected to improve, consumer spending is recovering, and the housing market remains strong.

Despite the pandemic and its effects, the LAO's California Fiscal Outlook reports good budget news. According to the LAO in November 2021, state revenues are growing at historic rates and the LAO suggests that the state will have a \$31 billion surplus to address during the 2022-2023 budget cycle. Of this amount, the LAO concludes that the state would need to dedicate approximately \$14 billion to the requirements of the State Appropriation Limit required by the California constitution. Specifically, the state has a handful of options on the \$14 billion: (1) dedicate equal amounts to tax rebates and education spending, (2) spend more on certain purposes such as capital outlay projects, federal and state mandates, and local government, (3) reduce state taxes and spending, or (4) a mix of these options. In November 2021, the LAO believed that between \$3 billion and \$8 billion of recurring commitments could be made by the state during the 2022-2023 budget cycle and tens of billions of dollars more in one-time commitments. (Note: A LAO analysis of the Governor's Budget revenue estimates and proposals was not available prior to the publishing of this item.)

Similarly, the Department of Finance reports positive news. The short-term fiscal trajectory provided by the Department of Finance in the release of the Governor's Budget reported revenue growth since this past summer and a surplus of \$45.7 billion in available new resources in the 2022-2023 budget cycle. The longer-term forecast also is positive—the Department of Finance estimates annual tax revenue growth averaging 3.7 percent per year and small state budget surpluses running through 2025-2026.

Regardless of some differences in the tone or figures included in economic forecasts today, the state is on significantly better financial footing than two years ago.

In May 2022, revisions to these revenue estimates will be updated and it is not yet known if the state will have a significant amount of additional one-time or recurring revenue at the end of the budget cycle to invest more in the CSU and other discretionary state programs and priorities.

Representatives of the university will strongly advocate for the full funding of the Trustees' operating budget request in the months ahead to build additional educational opportunities and capacity for California for the long run.

### **Governor's Budget Proposal - State Overview**

The Governor's Budget proposal would build reserves and spend a sizable surplus. Specifically, with proposed new deposits added to prior balances, the state would have \$34.6 billion set aside in several mandatory and discretionary reserve accounts by the end of 2022-2023. This includes growth of the state's Rainy Day Fund to \$20.9 billion. Before setting-aside additional reserves and funding constitutional and statutory requirements, the administration estimates a \$45.7 billion discretionary budget surplus. Generally, the governor proposes to dedicate \$20.6 billion for discretionary purposes (including the CSU), \$16.1 billion in additional Proposition 98 funding for K-14 education, and \$9 billion in reserve deposits and supplemental pension payments. According to the governor's administration, 86 percent of the new state spending in the budget proposal is for one-time purposes.

### **CSU Budget Plan and the Governor's Budget Proposal**

#### 2022-2023 Operating Budget

The CSU 2022-2023 operating budget plan calls for continued and increased state investment in the CSU. This budget plan, which totals \$715.5 million in new resources would address necessary new investments in the CSU and build on the momentum of recent years. The budget plan is comprised of a request of \$673 million from the state general fund and \$42.5 million of tuition revenue from enrollment growth. The eight areas of investment are:

- \$75 million for Graduation Initiative 2025
- \$20 million for student basic needs
- \$75 million to bridge the equity divide through technology
- \$223.3 million for salaries and benefits
- \$135 million for academic facilities and infrastructure
- \$129.9 million for strategic resident enrollment growth
- \$16.8 million for Senate Bill 169 State University Grant program requirements
- \$40.5 million for mandatory cost increases

Through the budget proposal, the governor demonstrated his continuing commitment to the university. Governor Newsom's January proposal totals \$304.1 million in new, recurring funding. Of this amount, \$211.1 million is not categorized for specific uses (i.e., new, unallocated, ongoing funding) and is available to address some of the Board of Trustees' budget priorities. In addition,

\$81 million recurring is for strategic resident enrollment growth and another \$12 million recurring is for foster youth supports.

Also, the proposal includes \$233 million in one-time funding, including \$100 million for deferred maintenance, \$83 million for the Energy Innovation Center at the Bakersfield campus, and \$50 million for university farm improvements and infrastructure on the Chico, Fresno, Pomona, and San Luis Obispo campuses.

### Multi-Year Compact

The governor and CSU entered a multi-year compact prior to the release of the 2022-2023 Governor's Budget Proposal. At its root, this compact will provide a significant level of recurring resources over the next five years with the expectation that the university will pursue and achieve several goals.

This is a five-year compact running through 2026-2027. Each year, the governor commits to providing the CSU a five percent state general fund increase (or a 2.85 percent increase to the operating budget). For the upcoming year, that equates to a \$211.1 million increase with annual investments growing to an estimated \$257 million in the fifth year. In the fifth year of the compact, the CSU operating budget will have grown by nearly \$1.2 billion recurring per the terms of the compact.

There are several goals contained in the compact and they are in the areas of enrollment, student success and equity, affordability, intersegmental action, workforce development, and technology. The specific goals of the compact were extracted from the 2022-2023 Governor's Budget Summary and are immediately below.

#### Increasing access to the CSU:

- Beginning in 2023-2024 and through 2026-2027, increasing California resident undergraduate enrollment by approximately one percent per year (for a total of more than 14,000 additional full-time students).
- For this enrollment growth, maintaining—at minimum—a share of transfer student admissions at least consistent with existing transfer admissions practices.

#### Improving student success and advancing equity:

- Raising graduation rates to be within the top 25 percent of comparable national peer institutions by 2025, including by improving four-year first-time student graduation rates by 30 percent (9 percentage points) by 2025.
- 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 intersession and summer session 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 percent by 2025, saving CSU students \$150 million annually.
- Implementing strategies that increase the overall affordability of on-campus housing, such as including student housing as part of future capital campaigns.

Increasing intersegmental collaboration to benefit students:

- Fully participating in the implementation of the Cradle-to-Career data system.
- Supporting efforts for CSU campuses to adopt a common intersegmental learning management system.
- Collaborating with the University of California (UC) and California Community Colleges (CCC) to utilize the CSU Student Success Dashboard, or a similar tool, to identify equity data trends that can be used to address equity gaps.
- Supporting efforts to establish an integrated admissions platform common to UC, CSU, and CCCs.

Supporting workforce preparedness and high-demand career pipelines:

- Increasing the number of students who enroll in science, technology, engineering and mathematics (STEM), education and early education disciplines, and social work by 25 percent by 2026-27. The goal is to expand and support high-demand career pipelines for climate action, healthcare, social work, and education.
- Establishing a goal to increase the number of early education degree pathways available to students by 2025 for applicable campuses.
- Collaborating with the CCCs to develop educator (early, primary, and secondary), healthcare, technology, social work, and climate action Associate Degree for Transfer pathways and transfer pathways for transfer 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 the education, healthcare, technology, and climate action 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 the 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 that by 2025 every student who wants to take online courses will be able to do so by increasing online course offerings above pre-pandemic levels.
- Increasing concurrent student enrollment in online courses delivered by sister CSU campuses by a multiple of 10 by 2025 – from 500 to 5,000 enrollments.
- Expanding digital tools to students to access learning material online so that every student has access to appropriate technology for online learning (e.g., CSUCCESS).

The compact is an important milestone for California and the CSU, especially for financial sustainability and predictability reasons. The university views this compact as a safety net to protect the university from economic fluctuations over the next five years.

## **Conclusion**

According to economic forecasters, the state will continue its positive fiscal trajectory for a second straight year. The Governor's Budget proposal affirms this and proposes to build state reserves and spend a sizable surplus.

The governor's January proposal is the first step of this budget cycle and the CSU appreciates the governor's trust in the CSU and the support proposed by his administration. The CSU is particularly appreciative of the attention the governor's administration paid to the priorities articulated in the CSU's 2022-2023 Operating Budget Request. Whether it is from a recurring or one-time source, priorities in the budget plan are directly addressed—or the CSU would be provided the flexibility to address them.

The multi-year compact between the governor and CSU will provide a significant level of recurring resources over the next five years with the expectation that the university will pursue and achieve several goals. The compact is an important milestone for California and the CSU, especially for financial sustainability and predictability reasons. The university views this compact as a safety net to protect the university from economic fluctuations over the next five years.

As for next steps, the CSU is already developing the next phase of the advocacy strategy. Representatives of the university will strongly advocate for the full funding of the Trustees' operating budget request in the months ahead in order to build additional educational opportunities and capacity for California in the long run.