CORRECTED

AGENDA

COMMITTEE ON FINANCE

Meeting: **2:45 p.m., Wednesday, January 25, 2023**
Glenn S. Dumke Auditorium

Jack McGrory, Chair
Julia I. Lopez, Vice Chair
Larry L. Adamson
Diana Aguilar-Cruz
Leslie Gilbert-Lurie
Lillian Kimbell
Anna Ortiz-Morfit
Romey Sabalius
Christopher Steinhauser

Consent

1. Approval of Minutes of the Meeting of November 16, 2022, *Action*
2. 2023-2024 Lottery Budget and Report, *Action*

Discussion

3. Conceptual Approval of a Public-Private Partnership for Redevelopment of the Alquist Site at San José State University, *Action*
4. California State University Doctor of Public Health Tuition, *Action*
5. 2022-2023 Student Fee Report, *Information*
6. 2023-2024 Operating Budget Update, *Action*

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 16, 2022

Members Present
Jack McGrory, Chair
Julia I. Lopez, Vice Chair
Larry L. Adamson
Diana Aguilar-Cruz
Leslie Gilbert-Lurie
Lillian Kimbell
Anna Ortiz-Morfit
Romey Sabalius
Christopher Steinhauser

Wenda Fong, Chair of the Board
Jolene Koester, Interim 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 consent agenda, including the minutes of the September 14, 2022, meeting of the Committee on Finance was approved as submitted.

Annual Investment Report

This agenda item provided an overview of the annual investment report to the California State University Board of Trustees for the year ended June 30, 2022. The information in Attachment A provides the entire annual investment report regarding CSU investments and will serve as the basis

for an annual investment report to the State of California Legislature and Department of Finance as required by Education Code § 89726.

Trustee McGrory adjourned the meeting of the Committee on Finance.

COMMITTEE ON FINANCE

2023-2024 Lottery Budget and Report

Presentation By

Ryan Storm
Assistant Vice Chancellor
Budget

Summary

This item requests that the California State University Board of Trustees approve the 2023-2024 lottery budget. In accordance with CSU lottery guidelines, this item also contains a report of actual lottery fund expenditures in 2021-2022.

Background

The Lottery Act allows for the expenditure of lottery receipts for public education. The CSU has adopted guidelines to ensure that lottery funds are used only in support of instruction or instruction-related purposes. Non-instructional purposes, such as the acquisition of real property, construction of facilities, or financing research are not permissible uses of lottery funds.

To date, the CSU has received $1.57 billion in lottery funds from the state. Over the past five years, annual CSU Lottery Fund receipts have averaged $66.7 million. Approximately 89.2 percent of lottery resources are expended directly for campus instructionally-related programs & activities and the Electronic Core Collection. The remaining 10.8 percent supports systemwide programs, such as the Summer Arts, Pre-Doctoral, Doctoral Incentive, DREAM Loan, system partnerships and memberships, and for program administration and reporting requirements.

Each year, the Board of Trustees adopts a systemwide lottery budget that incorporates CSU guidelines and adheres to Lottery Act provisions. The plan includes estimates of CSU lottery receipts for the budget year and the program area allocations of those anticipated receipts, including an expenditure allowance for the general management of lottery fund operations and reporting requirements.

The Board of Trustees has delegated to the chancellor oversight of the lottery budget, including the deposit, control, investment, and expenditure of lottery funds.

2023-2024 Lottery Budget Proposal

The System Budget Office estimates total lottery receipts available to the CSU in 2023-2024 will be $67 million. After setting aside $5 million as a contingency to assist with cash-flow variations in quarterly lottery receipts and other economic uncertainties, the $62 million 2023-2024 lottery budget proposal remains principally designated for campus-based programs. The proposed budget increases campus-based allocations by approximately $4 million and maintains support for administration and reporting responsibilities of the Lottery Fund at 1.15% of the proposed budget. $1 million has also been reallocated within System Programs from the Chancellor's Doctoral Incentive Program as this funding has not been utilized in recent years.

Systemwide Programs

Under the proposed budget, approximately $13.3 million would be allocated for systemwide programs and administration costs:

- DREAM Loan Program ($2.0 million) provides loans to students who satisfy specified academic, enrollment, and high school graduation requirements.
- Chancellor's Doctoral Incentive Program ($1.0 million) provides financial assistance to graduate students to complete doctoral study in selected disciplines of particular interest and relevance to the CSU.
- California Pre-Doctoral Program ($1.0 million) supports CSU students who aspire to earn doctoral degrees and who have experienced economic and educational disadvantages.
- CSU Summer Arts Program ($1.5 million) offers academic credit courses in the visual, performing, and literary arts.
- Electronic Core Collection ($6.0 million) provides all students access to electronic publications.
- System Partnerships & Memberships ($1.0 million) allows the CSU to participate in regional or national organizations, which promote innovation, cooperation, resource sharing and student workforce preparedness in areas such as research and the public policy arena.
- Administration of Lottery Fund and system programs ($771,000) provides support for Lottery Fund and program administration functions.

Campus-Based Programs

The remaining $48.7 million of anticipated 2023-2024 lottery receipts would be used to fund campus-based programs and the Early Start Program. $43.7 million would be allocated directly to campuses, allowing presidents flexibility to meet unique campus needs. Traditionally, projects receiving lottery funds have included the replacement and purchase of library materials and instructional equipment, curriculum development, and scholarships.

The proposed lottery budget would provide $5 million to the Early Start Program for campus-based financial aid. An eligible student may receive a need-based fee waiver to ensure that financial hardship is not a barrier to enrollment in the Early Start Program. Through the program, first-time freshmen students who need additional preparation in math or English enroll in college courses with support during the summer term prior to matriculation at any CSU campus.

The CSU Lottery Budget proposed for 2023-2024 is as follows:

2022-2023 Adopted and 2023-2024 Proposed Lottery Budget

	2022-2023 Adopted Budget	2023-2024 Proposed Budget
Sources of Funds		
Receipts	$63,000,000	$67,000,000
Less Systemwide Contingency	*(5,000,000)*	*(5,000,000)*
Total Available for Allocation	**$53,893,000**	**$62,000,000**
Uses of Funds		
System Programs		
Chancellor's Doctoral Incentive Program	$2,000,000	$1,000,000
California Pre-Doctoral Program	1,038,000	1,038,000
CSU Summer Arts Program	1,500,000	1,500,000
DREAM Loan	2,000,000	2,000,000
Electronic Core Collection	6,000,000	6,000,000
System Partnerships & Memberships	0	1,000,000
	$12,538,000	$12,538,000
Campus-Based Programs		
Campus Programs	$39,731,000	$43,691,000
Campus Early Start Financial Aid	5,000,000	5,000,000
	$44,731,000	$48,691,000
Lottery Fund & System Programs Administration	$731,000	$771,000
Total Uses of Funds	**$58,000,000**	**$62,000,000**

Reporting Requirement

In accordance with the CSU lottery guidelines, the CSU annually reports past year actual lottery expenditures to the Board of Trustees. This section of the agenda item satisfies that requirement.

In 2021-2022, similar to prior years, the majority of lottery funds were spent on instruction and instructionally-related programs and services that supplement the CSU operating budget. The following table summarizes how available lottery revenues were spent in 2021-2022:

2021-22 Lottery Expenditures		
Program Support Area	**Expenditures**	**Percentage of Total Expenditures**
Doctoral Incentive Program [1]	$0	0.0%
California Pre-Doctoral Program	704,356	1.3%
DREAM Loan Program	1,483,779	2.7%
CSU Summer Arts Program	1,088,782	2.0%
Campus Programs	48,984,310	89.2%
Campus Early Start Financial Aid [2]	1,937,664	3.5%
Lottery Fund & System Programs Admin.	701,166	1.3%
Total	**$54,900,057**	**100.0%**

[1] The Doctoral Incentive Program is a revolving educational loan program. The budget included $2 million for any net increase in program participation, but funds were unnecessary as existing loan repayments supported the issuance of new loans to new participants.

Recommendation

The following resolution is presented for approval:

> **RESOLVED,** by the Board of Trustees of the California State University, that the 2023-2024 lottery budget totaling $67 million be approved for implementation by the chancellor, with the authorization to make transfers between components of the lottery budget and to adjust expenditures in accordance with receipt of lottery funds; and be it further
>
> **RESOLVED,** that the chancellor is hereby granted authority to adjust the 2023-2024 lottery budget approved by the Board of Trustees to the extent that receipts are greater or less than budgeted revenue to respond to opportunities or exigencies; and be it further
>
> **RESOLVED,** that a report of the 2023-2024 lottery budget receipts and expenditures be made to the Board of Trustees.

COMMITTEE ON FINANCE

Conceptual Approval of a Public-Private Partnership for Redevelopment of the Alquist Site at San José State University

Presentation By

Steve Relyea
Executive Vice Chancellor and
Chief Financial Officer

Robert Eaton
Assistant Vice Chancellor
Financing, Treasury, and Risk Management

Cynthia Teniente-Matson
President
San José State University

Summary

This agenda item requests conceptual approval to pursue a public-private partnership for redevelopment of the Alquist site, including, but not limited to, several potential uses, including housing and mixed-use development. If housing is ultimately developed at the site, the possible development could be for a new housing apartment complex, including affordable workforce housing, at San José State University (SJSU).

Background

In the November 2022 meeting, the Board of Trustees approved the 2023-2024 through 2027-2028 Five-Year Capital Plan for academic and self-supporting projects, including the transfer of a certain real property by the State of California to the Board of Trustees for the benefit and on behalf of SJSU. The site is commonly known as the Alfred E. Alquist Building, a state government-office building on a 1.6-acre parcel, which is currently owned and operated by the California Department of General Services (DGS).

San José is one of the most expensive environments in which to own, rent, or build housing in the United States. Housing rents in San José have risen at an average rate of six percent per year over the last decade. In a recent campus faculty and staff survey, 72 percent of all renters are paying more than 30 percent of their gross household income towards rent, and 47 percent are paying more than 40 percent of their income towards rent. Considering that it is a generally accepted guideline to spend no more than 30 percent of gross income towards housing, the

survey results clearly underscore the challenge of the housing environment on educators and workers at public institutions like SJSU. The widening gap between rent and pay substantially impacts the ability to attract, recruit, hire, and retain the full range of talent that makes SJSU the top public university in Silicon Valley.

Vision for the Alquist Site Redevelopment

The Alquist site's location, one block west of the main campus, provides an ideal opportunity for potential redevelopment of the site to provide affordable workforce housing, among other uses, for the campus.

SJSU desires to explore the feasibility of and plan for a potential redevelopment program that includes, but is not limited to, the development of market rate housing and affordable SJSU workforce housing. The market demand study will inform the number of units to be developed. The expectation is that market-rate housing would help subsidize a portion of workforce housing construction, maintenance, and operations in order to preserve affordability of workforce units. Any development plan will take advantage of extensive public transportation and pedestrian living attributes already in place surrounding the site, thereby encouraging sustainable lifestyles for tenants and reducing construction costs by limiting onsite parking. The redevelopment of the site may also include neighborhood-serving ground-floor retail space and SJSU academic programmatic use of building space, with an urban, public-facing component. The campus expects that the project would be operational in five to seven years.

To the extent that housing is ultimately developed on the site, rents on the affordable units would be targeted at 95 percent or less of the area median income, a level designed to be affordable for a large percentage of SJSU affiliates, including faculty and staff.

Development Structure

The campus anticipates leasing the site under a long-term ground-lease structure to a development team selected through a competitive bid process. It is anticipated that the campus will fund the California Environmental Quality Act process for the project site with the cost being reimbursed by the developer. The developer will also be responsible for reimbursing the campus for all costs associated with entitlement processes in accordance with CSU requirements. Through provisions in the legal documents, the campus will ensure that the construction of the facility is consistent with design standards established for the project and that it is well maintained and adequately funded by maintenance reserves throughout the life of the agreement.

Educational Benefits

With respect to housing that is developed on the site, the project will benefit the campus by providing affordable housing for faculty and staff, which will help in the recruitment and

retention of faculty and staff, thereby reinforcing SJSU's position as the top public university in Silicon Valley. The project will also provide an affordable housing option for graduate students. Financial return to the campus is expected to be minimal—the benefit to the campus will be in the form of strengthening recruitment and retention of faculty and staff, and expanding reach to graduate students.

Next Steps and Approval of the Final Development Plan

With the cooperation of the DGS, the Department of Finance, the Chancellor's Office, and SJSU leadership, the Alquist parcel is poised to be transferred from DGS stewardship to the California State University system on behalf of SJSU in early spring 2023. Upon Board of Trustees concept approval, SJSU will begin the process of selecting a development partner through a competitive qualification and bid process.

Per Board of Trustees policy, as the project moves forward, all related master plan revisions, amendments of the capital outlay program, proposed schematic plans, financial plans, proposed key business points of the finalized development plan, and the required environmental documents will be presented at future meetings for final approval by the Board of Trustees prior to execution of any commitments for development and use of the property.

Recommendation

The following resolution is presented for approval:

> **RESOLVED**, by the Board of Trustees of the California State University, that the Trustees:
>
> 1. Approve the concept of a public-private partnership for redevelopment of the Alquist Site, including the possible development of affordable housing for faculty, staff, and graduate students, as well as market-rate housing;
> 2. Authorize the chancellor and campus to enter into negotiations for agreements as necessary to develop a final plan for the public-private partnership as presented in this agenda item;
> 3. Will, at a future meeting(s), consider the following additional action items relating to the final plan:
>   a) Certification of Final California Environmental Quality Act (CEQA) documentation.
>   b) Approval of the development key terms and financial plan;
>   c) Approval of an amendment to the Non-State Capital Outlay Program;
>   d) Approval of the schematic design.

COMMITTEE ON FINANCE

California State University Doctor of Public Health Tuition

Presentation By

Steven Relyea
Executive Vice Chancellor
Administration and Finance

Ryan Storm
Assistant Vice Chancellor
Budget

Summary

This action item is presented to the California State University Board of Trustees to recommend authorization of a California State University Doctor of Public Health tuition rate. The tuition rate is recommended in order to implement provisions of Senate Bill (SB) 684 (Hueso), which authorized the CSU to award Doctor of Public Health (DrPH) degrees. Chaptered in the Statutes of 2022, the law authorizes the CSU to charge tuition for public health doctoral programs at a rate no higher than the University of California's (UC) fee for doctoral programs. It is anticipated that DrPH degree programs will be implemented as early as the summer or fall 2023 terms.

Background

On September 30, 2022, Governor Newsom signed into law SB 684, which was codified as California Education Code 66044 and 66044.1 and allows the CSU to independently offer a doctoral degree in public health. Prior to the passage of the bill, the CSU could only offer DrPH programs in partnership with the UC or a California private institution of higher education. CSU DrPH degree programs were authorized to focus on preparing public health professionals in areas such as community health administration, health education and promotion and public health advocacy.

The Board of Trustees may establish, adjust, and abolish systemwide tuition and fees, including those for the newly authorized DrPH degree programs. The recommended DrPH tuition rate supports curriculum development and delivery, highly specialized faculty resources, doctoral advising and mentoring, required low-faculty-to-student ratios in program administration, facilities, library resources, provisions for carrying out professional mandates and national professional accreditation, and the creation of a Western Association of Schools and Colleges Senior College and University Commission (WSCUC) - required "doctoral culture," typified by academic rigor, intellectual exchange and a research-and-scholarship environment appropriate to a doctoral-granting institution.

Education Code 66044 stipulates that the DrPH degree programs offered by the CSU shall be distinguished from doctoral programs at the UC. Currently, the UC offers independent public health doctoral programs at two of their universities (i.e., Berkeley and UCLA). Education Code 66044.1 stipulates that the CSU shall provide any startup and operation funding needed for the degree programs from within existing budgets for academic program support, without diminishing the quality of program support offered to CSU undergraduate programs.

Proposed Doctor of Public Health Tuition Rate

Based on program-cost analysis conducted in consultation among the Chancellor's Office and CSU campuses planning to offer the DrPH, the CSU Doctor of Public Health tuition rate is recommended to be set at $9,450 per term.

The tuition rate recommendation includes the following:

1) The tuition rate of $9,450 per term will be established as the CSU Doctor of Public Health Tuition for students enrolled in CSU DrPH degree programs.
2) Students enrolled in CSU DrPH programs shall also be subject to campus-based mandatory fees.
3) Proposals to the Board of Trustees to recommend increases in the CSU DrPH Tuition will be based on increased costs of the programs.
4) As the Doctor in Public Health degree is a full-time study program, requiring post-master's-entry where students may be established in their careers, the financial aid set-aside from DrPH tuition will be 20 percent of the tuition fee rate. After need-based aid has been provided to qualifying students, remaining funds will be used for general operating support of the DrPH program.

The recommended tuition is at the University of California, Los Angeles rate. Also, the recommended tuition is comparable to other allied health doctoral programs in the CSU. Per semester, the Doctor of Audiology (AuD) is $7,371, the Doctor of Nursing Practice (DNP) is $7,635, the Doctor of Occupational Therapy is $8,598, and the Doctor of Physical Therapy is $8,598.

The DrPH tuition rate model recommended will generate sufficient revenue to fund total program cost while holding the CSU within the legislative guidelines established in statute.

Recommendation

The following resolution is presented for approval:

CSU Doctor of Public Health Tuition Fee

RESOLVED, By the Board of Trustees of the California State University, that the CSU Doctor of Public Health Tuition Fee is hereby established; and, be it further

RESOLVED, That the tuition fee rate approved for the 2023-2024 academic year and Summer 2023 shall be $9,450 per semester campus term. Students will be assessed the Doctor of Public Health Tuition Fee rate each term, irrespective of the number of units taken. Students enrolled in Doctor of Public Health degree programs shall also be subject to campus-based mandatory fees; and, be it further

RESOLVED, That recommended increases in the CSU Doctor of Public Health Tuition Fee will be based on increased costs of the programs, and be it further

RESOLVED, That the chancellor is delegated authority to further adopt, amend, or repeal the CSU Doctor of Public Health Tuition Fee rate if such action is required by the annual budget act or state law, and that such changes made by the chancellor are communicated promptly to the trustees.

COMMITTEE ON FINANCE

2022-2023 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 2022-2023 annual campus fee report at its January 2023 meeting.

Specifically, this information item presents the 2022-2023 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.).

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 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, nonresident 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 transcript fees, library fines, and replacement identification cards. 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 summer, campuses report all fees charged on their campus to the Chancellor's Office.

2022-2023 CSU Student Fee Report

Total tuition and average systemwide campus-based mandatory fees (i.e., Category II fees) increased between 2021-2022 and 2022-2023 by an average of $81 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 387,600) of CSU students received financial assistance.
- 60.5 percent of all enrolled undergraduate students received non-loan aid to cover their full cost of tuition.
- The CSU currently provides nearly $945 million of institutional aid which includes $701 million from the State University Grant program.
- An additional $821 million from the state Cal Grant program and over $1 billion from the federal Pell Grant program help CSU undergraduate students cover tuition, fees and some personal expenses.
- In 2020-21, CSU baccalaureate degree recipients had lower average debt ($17,966) than the California average of $21,125 and well below the 2019-20 national average of $28,950.

2022-2023 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 2022-2023 comparison institution tuition and fee average is $12,451, which is 66 percent higher than the CSU tuition and fee average of $7,520. The following table lists the 2021-2022 tuition and average campus-based mandatory fee rates with a comparison to 2022-2023 rates:

2022-2023 Comparison Institution Academic Year
Undergraduate Resident Tuition and Fees

Campus	2021-22	2022-23	Change
University of Connecticut (Storrs, CT)	$18,524	$19,434	$910
Rutgers University (New Brunswick, NJ)	15,804	16,263	459
Wayne State University (Detroit, MI)	15,297	15,883	586
Illinois State University (Normal, IL)	15,319	15,733	414
George Mason University (Fairfax, VA)	13,116	13,402	286
University of Maryland, Baltimore County	12,280	12,606	326
Comparison Average	**$12,249**	**$12,451**	**$202**
University of Colorado at Denver	11,580	11,800	221
Arizona State University at Tempe	11,348	11,618	270
University of Texas at Arlington	11,314	11,314	0
State University of New York at Albany	10,468	10,468	0
Cleveland State University	10,226	10,430	204
Georgia State University at Atlanta	11,076	10,268	(808)
University of Wisconsin at Milwaukee	9,610	9,620	10
North Carolina State University	9,131	9,128	(3)
University of Nevada at Reno	8,637	8,797	160
California State University	**$7,439**	**$7,520**	**$81**

The CSU has the lowest *graduate resident* tuition and fee rates among the 15 comparison institutions. The 2022-2023 comparison institution tuition and fee average is $15,022, which is 68 percent higher than the CSU tuition and fee average of $8,954. The following table compares the 2021-2022 tuition and fee rates with 2022-2023:

2022-2023 Comparison Institution Academic Year
Graduate Resident Tuition and Fees

Campus	2021-22	2022-23	Increase
University of Connecticut (Storrs, CT)	$20,352	$21,262	$910
Rutgers University (New Brunswick, NJ)	20,495	21,078	583
University of Maryland, Baltimore County	19,752	20,400	648
Wayne State University (Detroit, MI)	18,937	19,789	852
George Mason University (Fairfax, VA)	16,638	17,033	395
Comparison Average	**$14,929**	**$15,022**	**$93**
Cleveland State University	13,892	14,170	278
State University of New York at Albany	13,645	13,685	40
University of Texas at Arlington	13,184	13,184	0
Illinois State University (Normal, IL)	12,835	13,179	344
Arizona State University at Tempe	12,608	12,914	306
University of Nevada at Reno	12,411	12,647	236
University of Wisconsin at Milwaukee	12,219	12,229	10
North Carolina State University	11,703	11,700	(3)
University of Colorado at Denver	10,536	11,194	658
Georgia State University at Atlanta	11,680	10,872	(808)
California State University	**$8,873**	**$8,954**	**$81**

CSU has the second lowest *undergraduate nonresident* tuition and average campus-based mandatory fees of the CSU's public peer comparison institutions. The 2022-2023 comparison institution tuition and fee average is $30,025, which is 55 percent higher than the CSU tuition and fee average of $19,400.

2022-2023 Comparison Institution Academic Year
Undergraduate Nonresident Tuition and Fees

Campus	2021-22	2022-23	Increase
University of Connecticut (Storrs, CT)	$41,192	$42,102	$910
George Mason University (Fairfax, VA)	36,576	37,566	990
Wayne State University (Detroit, MI)	33,111	34,200	1,089
Rutgers University (New Brunswick, NJ)	33,005	33,963	958
University of Colorado at Denver	32,820	33,460	640
North Carolina State University	29,916	30,869	953
Arizona State University at Tempe	29,438	30,592	1,154
Comparison Average	**$29,297**	**$30,025**	**$728**
University of Maryland, Baltimore County	28,470	29,370	900
Georgia State University at Atlanta	30,114	29,306	(808)
University of Texas at Arlington	28,886	28,886	0
State University of New York at Albany	28,308	28,308	0
Illinois State University (Normal, IL)	26,843	27,574	731
University of Nevada at Reno	24,727	25,339	612
University of Wisconsin at Milwaukee	21,475	21,485	10
California State University	**$19,319**	**$19,400**	**$81**
Cleveland State University	14,582	17,359	2,777

The table on the following page displays the 2022-2023 academic year CSU Category II campus-based mandatory fee rates by campus and by fee category, as reported in August 2022.

2022-23 Category II Campus-Based Mandatory Fee Rates

Campus	Health Facilities	Health Services	Instructionally Related Activities	Materials Services & Facilities	Student Success	Student Association	Student Center	Total Campus-Based Mandatory Fees
Bakersfield	$6	$355	$183	$62	$0	$419	$870	$1,895
Channel Islands	6	190	260	145	0	150	324	1,075
Chico	6	528	416	218	0	152	910	2,230
Dominguez Hills	6	260	10	5	560	135	342	1,318
East Bay	6	386	129	3	240	129	360	1,253
Fresno	6	294	264	46	0	69	242	921
Fullerton	7	186	84	83	421	172	312	1,265
Humboldt	66	666	674	353	0	117	246	2,122
Long Beach	10	150	50	10	346	136	440	1,142
Los Angeles	6	299	126	5	298	54	275	1,063
Maritime	14	740	130	280	0	210	0	1,374
Monterey Bay	0	246	254	315	0	96	700	1,611
Northridge	6	156	42	5	248	238	632	1,327
Pomona	6	269	40	0	447	127	808	1,697
Sacramento	52	270	426	0	0	156	838	1,742
San Bernardino	30	288	182	15	199	129	901	1,744
San Diego	50	430	512	50	456	70	864	2,432
San Francisco	60	500	236	714	0	108	164	1,782
San Jose	72	380	0	34	687	201	783	2,157
San Luis Obispo	12	715	357	1,787	950	368	834	5,023
San Marcos	40	342	80	249	500	150	630	1,991
Sonoma	44	466	566	44	0	278	920	2,318
Stanislaus	30	456	374	312	0	172	648	1,992

Note: San Luis Obispo has restructured their category II College Based Academic Fee to vary by cohort and college. The $5,023 above represents what the *average* student will pay rather than what *every* student will pay.

The table below compares total campus-based mandatory fees, by campus, for the 2021-2022 and 2022-2023 academic years. As shown in the table, the systemwide average of campus-based mandatory fees increased by $81 (4.8 percent). Increases in these fees in 2022-2023 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 Monterey Bay campus increased health services and mental health services fees to fund rising health costs. San Bernardino increased their student center fee to expand space and services provided in the student union center. San Francisco reinstated their Gator/Transit Pass fee upon resuming in person operations, so this was not an increase but a reinstatement of a suspended fee. San Luis Obispo has restructured their category II College Based Academic Fee to now vary by cohort and college Fee rates noted below were effective August 2022 and may have been subsequently adjusted.

Comparison of 2021-22 and 2022-23 Category II Campus-Based Mandatory Fee Rate Totals by Campus

Campus	2021-22	2022-23	Increase
Bakersfield	$1,837	$1,895	$58
Channel Islands	1,075	1,075	0
Chico	2,122	2,230	108
Dominguez Hills	1,318	1,318	0
East Bay	1,253	1,253	0
Fresno	911	921	10
Fullerton	1,234	1,265	31
Humboldt	2,122	2,122	0
Long Beach	1,104	1,142	38
Los Angeles	1,043	1,063	20
Maritime	1,374	1,374	0
Monterey Bay	1,476	1,611	135
Northridge	1,301	1,327	26
Pomona	1,697	1,697	0
Sacramento	1,650	1,742	92
San Bernardino	1,471	1,744	273
San Diego	2,394	2,432	38
San Francisco	1,562	1,782	220
San Jose	2,110	2,157	47
San Luis Obispo	4,453	5,023	570
San Marcos	1,985	1,991	6
Sonoma	2,246	2,318	72
Stanislaus	1,902	1,992	90
Weighted Average	**$1,697**	**$1,778**	**$81**

COMMITTEE ON FINANCE

2023-2024 Operating Budget Update

Presentation By

Steve Relyea
Executive Vice Chancellor and
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Ryan Storm
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Budget

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Financing, Treasury, and Risk Management

Summary

This item summarizes the latest developments on the state and California State University budget plans for 2023-2024. The state expects a tax revenue shortfall and resulting budget shortfall for the 2023-2024 cycle. For context, this deficit ends up being about a three percent budget deficit, on average, for the past, current, and budget years.

Despite the state budget deficit, the governor's budget proposes a $227.3 million ongoing increase to the CSU, which would fulfill the multi-year compact commitment to provide a five percent state general fund increase to the CSU for 2023-2024 (or a 2.85 percent increase to the operating budget). Another proposal would revise the financial structure of several campus facility and infrastructure projects. In light of the unclear economic circumstances, the CSU appreciates Governor Gavin Newsom and his administration for the investments proposed for 2023-2024 and beyond.

This item also requests approval to issue Trustees of the California State University Systemwide Revenue Bonds and related debt instruments related to the governor's proposal.

California's Fiscal Outlook

Forecasters are not of one mind on their expectations for the economy and the state's tax coffers. Since the November 2022 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 2022, the University of California, Los Angeles Anderson Forecast in December 2022, and the Department of Finance 2023-2024 Governor's Budget in January 2023. Overall, the Anderson Forecast suggests an uncertain economic outlook for 2023. One direction suggests continued, but slow economic growth and the other direction suggests a mild, short recession. This economic uncertainty is due to conflicting forces: positive consumer spending and business investing, inflation, and potential monetary policy actions by the Federal Reserve.

The LAO's California Fiscal Outlook reports downbeat budget news. According to the LAO in November 2022, state revenues are decreasing and the LAO suggests that the state will have a $24 billion deficit to address during the 2023-2024 budget cycle. This amount is coincidently roughly equivalent to the general-purpose reserves currently held by the state. The LAO recommends against using reserves until better fiscal information is available in May 2023. Until then, the LAO recommends identifying recent one-time budget augmentations that could be paused or delayed. (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 unpromising news. The short-term fiscal trajectory provided by the Department of Finance in the release of the Governor's Budget reported and projected revenue declines of $29.5 billion since this past summer and a deficit of $22.5 billion for the 2023-2024 budget cycle. The longer-term forecast is mixed—the Department of Finance estimates revenue declines in 2022-2023 and 2023-2024 but modest tax revenue increases averaging three percent from 2024-2025 through 2026-2027.

Regardless of the differences in the assumptions, tone, or figures included in economic forecasts today, the state is in the midst of uncertain economic and budgetary times.

In May 2023, revisions to these revenue estimates will be updated and it is not yet known if the state will have 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 advocate for the Trustees' operating budget request in the months ahead to build additional educational opportunities and capacity for California in the long run.

Governor's Budget Proposal - State Overview

The Governor's Budget proposal attempts to protect recent state investments and maintain reserves. Specifically, with proposed new deposits added to prior balances, the state would have $35.6 billion set aside in several mandatory and discretionary reserve accounts by the end of 2023-2024. This includes the state's Rainy Day Fund of $22.4 billion. Again, the administration estimates a $22.5 billion discretionary budget deficit. Generally, the governor proposes to narrow the budget gap through funding delays, reductions, fund shifts and loans between the state general fund and other state fund sources, and reductions that are candidates for restoration if the budget were to improve. For the most part, these solutions are one-time in nature.

CSU Budget Plan and the Governor's Budget Proposal

2023-2024 Operating Budget

The CSU 2023-2024 operating budget plan calls for continued and increased state investment in the CSU. This budget plan, which totals $529.8 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 $513.7 million from the state general fund and $16.1 million of tuition revenue from enrollment growth. The six areas of investment are:

- $55 million for Graduation Initiative 2025
- $20 million for student basic needs
- $311.4 million for workforce investments
- $50 million for academic facilities and infrastructure
- $50.6 million for strategic resident enrollment growth
- $42.8 million for required operational costs

Through the budget proposal, the governor demonstrated his continuing commitment to the university. Governor Newsom's January proposal totals $227.3 million in new, ongoing funding, all of which 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. If approved in the final budget act, this would fulfill the multi-year compact commitment to increase the CSU's state general fund by five percent for 2023-2024.

Another proposal would revise the financial structure of several campus facility and infrastructure projects. The state's 2022-2023 budget agreement included one-time funding for projects at eight CSU campuses. The financial restructuring proposed by the governor's administration replaces $404.8 million of one-time funding in 2022-2023 with $27 million ongoing base funding beginning in 2023-2024. These projects would instead be financed through the CSU Systemwide Revenue Bond Program and the $27 million would be necessary to pay the annual debt service on these bonds. This proposal would help the state with its fiscal challenge and shows the administration's continuing commitment to these projects.

Campus	*Project*	***One-Time State Funding (in millions)***
Bakersfield	Energy and Innovation Center	$83.00
Chico	Climate-Smart Agriculture	18.75
Fresno	Climate-Smart Agriculture	18.75
Fullerton	Engineering & Computer Science Innovation Hub	67.50
Pomona	Climate-Smart Agriculture	18.75
San Bernardino	Palm Desert Student Center	79.00
San Diego	Brawley Center	80.00
San Luis Obispo	Climate-Smart Agriculture	18.75
San Luis Obispo	Swanton Pacific Ranch	20.30
	Total	**$404.80**

Issuance of Systemwide Revenue Bond Financing

In preparation for the proposed change to the financial structure of the several facility and infrastructure projects noted above, this agenda item requests the board to authorize the issuance of long-term Systemwide Revenue Bond financing, related debt instruments, and the issuance of Bond Anticipation Notes to support financing under the Commercial Paper program in an aggregate amount not-to-exceed $430,000,000. The final amount of the debt to be issued will be determined based upon interest rates at the time long term bonds are sold and will be set at an amount so that the annual maximum debt service over the life of the debt issued under this plan will not exceed $27 million. For purposes of this financing approval request, the project name shall be 2022-2023 Facility and Infrastructure Projects.

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 five-year compact will provide a significant level of recurring resources through 2026-2027 with the expectation that the university will pursue and achieve several goals.

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 $227.3 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 focus on the areas of enrollment, student success and equity, affordability, intersegmental action, workforce development, and technology.

In December 2022, the CSU completed the inaugural report addressing 26 metrics as outlined in the compact, and where available, provided baseline data to inform future goal-setting efforts and progress reports.

Conclusion

According to economic forecasters, the state is in the midst of uncertain economic and budgetary times. The Governor's Budget proposal reports lower than expected state tax revenues and a resulting state budget deficit for the 2023-2024 budget cycle and proposes many funding delays, reductions, fund shifts, and loans. For the most part, these solutions are one-time in nature.

The governor's January proposal is the first step of this budget cycle and included a $227.3 million ongoing increase to the CSU, which would fulfill the multi-year compact commitment to provide the CSU's budget a five percent state general fund increase for 2023-2024 (or a 2.85 percent increase to the operating budget). This proposed increase is despite the declining condition of the state's budget. The CSU values the governor's trust in the CSU and is particularly appreciative of the attention the governor's administration paid to the priorities in the CSU's 2023-2024 Operating Budget Request. The proposal provides the CSU with the flexibility to address some of the priorities in the budget plan.

The multi-year compact between the governor and CSU will provide a significant level of ongoing resources over the next several 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 several years.

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

Trustee Resolutions and Recommendations

Orrick, Herrington & Sutcliffe LLP, as bond counsel and in coordination with CSU's Office of General Counsel, has prepared resolutions to be presented at this meeting that authorize interim and permanent financing for the 2022-2023 Facility and Infrastructure Projects as described in this agenda item. The proposed resolutions will be distributed at the meeting and will achieve the following:

a. Authorize the sale and issuance of the Trustees of the California State University Systemwide Revenue Bonds, and/or the sale and issuance of related Systemwide Revenue

Bond Anticipation Notes, and/or the issuance of related debt instruments, including shorter term debt, variable rate debt, floating rate loans placed directly with banks, or fixed rate loans placed directly with banks, in an aggregate amount not-to-exceed $430,000,000 and certain actions relating thereto.

b. Provide a delegation to the chancellor; the executive vice chancellor and chief financial officer; the assistant vice chancellor, Financial Services; and the assistant vice chancellor, Financing, Treasury, and Risk Management; and their designees to take any and all necessary actions to execute documents for the sale and issuance of the revenue bonds, bond anticipation notes, or related debt instruments.

The financing resolutions described in this Agenda Item 6 of the Committee on Finance at the January 24-25, 2023, meeting of the CSU Board of Trustees are recommended for approval.