



University Budget Forum
May Revise update

May 22, 2024

Agenda

State Budget update

CSU Budget impact

Board of Trustees Update

CSUSM Proposed Strategies (recap)

State Budget Update

Budget Problem at the May Revision

Governor's Budget	\$37.9 billion
Shortfall Since Governor's Budget	\$7.0 billion
Early Action Budget Package	-\$17.3 billion
Remaining Budget Problem	\$27.6 billion

- Initial Governor's Budget estimated shortfall of \$37.9 billion
- The May Revision estimates that the budget shortfall has grown by approximately \$7 billion
- Combined with the Governor's Budget, the budget shortfall for the 2024-25 fiscal year is approximately \$44.9 billion
- After accounting for the early action budget package that included \$17.3 billion of solutions (reduction, delays, shifts, and deferrals), the **remaining budget problem is approximately \$27.6 billion**

State Budget Update

Gavin Newsom's budget proposal ditches promise to fund 5 years of growth for UC and Cal State

BY MIKHAIL ZINSHTEYN
MAY 15, 2024



...” For Cal State, the governor’s May budget revision includes a \$75 million cut that’ll be restored in 2025-26”

“Each system would receive a modest bump of 2.05% in 2025-26 — a far cry from the 10% the governor projected in his January budget proposal. That 10% itself was a compromise. Each system was supposed to see a 5% bump in 2024-25 and the same in 2025-26”

CalMatters, May 15, 2024

CSU Budget Impact – Recap

Compact deferral for 2024-25 remains intact

- No new base (ongoing) or one-time funding in 2024-25 from the State

2024-25

CSU distributes \$240 million one-time from CSU central reserves to the campuses
(no impact to campus reserves)

2025-26

State reimburses CSU \$240 million one-time
State appropriates \$240 million ongoing (year 3 of compact)
State appropriates ~\$252 million ongoing (year 4 of compact)

CSU Budget Impact – May Revision Proposal

Compact deferral for 2024-25 remains intact

- No new base (ongoing) or one-time funding in 2024-25 from the State

2024-25

CSU distributes \$240 million one-time from CSU central reserves to the campuses
(no impact to campus reserves)

One-time reduction: -\$75 million in 2024-2025 (to be restored in 2025-2026)

2025-26

State reimburses CSU \$240 million one-time
State appropriates \$240 million ongoing (year 3 of compact)
State appropriates ~\$252 million ongoing (year 4 of compact)

Ongoing, base reduction: -8% in 2025-2026

Net result is about an approximate 2% ongoing, base increase for 2025-2026

CSU Budget Impact – May Revision Proposal

Ongoing State Funding

Year 2 compact 2023-24	Year 3 compact 2024-25	Year 4 compact 2025-26
\$227M increase	\$0 increase	\$97M increase
		+240M for Y3 (5%) +\$254M for Y4 (5%) -\$397M reduction (-8%)
5%	0%	2% (net)

CSU Budget Impact – May Revision Proposal

Notable changes impacting student programs

Middle class scholarship

- Reduced from \$633 million to \$100 million ongoing
- Potentially affects 200k CSU students

Golden State Teacher Grant

- Reduced by \$60 million one-time
- 2,200 students receive this grant

Learning-Aligned Employment Program

- Unspent funding will be returned, approximately \$485 million of \$500 million

Cal Grant Reform

- Insufficient state revenue to implement changes (determined by DOF)

BOT Update - 5/21/2024

Governor's May Revise and continued uncertainty with the state budget outlook

- Atypical for state to discuss budget year plus one (2025-26 budget)
- Ongoing contingency planning to address fiscal challenges
- Will continue to strongly advocate for CSU Funding
- Will maintain a focus on CSU priorities and protect the quality of education

CSUSM Proposed Strategies for 2024-25 (recap)

Pause Budget request process

- To focus on funding for core operations

Establish a \$5M set aside - held centrally

- With potential for restoration in subsequent years

Invest strategically from enrollment growth funds

- Student Success, Retention, and Enrollment

QUESTIONS ?