

2020-21 Governor's Budget Proposal Overview - 1/24/20

The Governor's Budget Proposal anticipates slowing but continued growth over the next few years, while also acknowledging we are in the longest period of recovery since World War II. There is again a focus on building reserves and one-time investments, with additional emphasis on homelessness and climate change related investments. Specific to the CSU, our allocation is far below what we had hoped for and is an early indication that this budget cycle may be more challenging than we had hoped.

The CSU Request for new ongoing funding is \$648 million. The Governor's Budget Proposal allocates \$199 million to the CSU, less than 1/3 of the CSU Request. A few highlights for consideration are provided below, followed by additional screenshots and links from the CSU Request and Governor's Budget Proposal:

- The \$199 million is to support all needs (operations, enrollment, GI 2025, etc.) and is not earmarked for specific elements of the CSU Request - Example: GI 2025 does not get a specific allocation amount
- As requested, Salary and Benefits cost increases and Mandatory Cost increases are greater than \$199 million. This would leave no available funding for enrollment growth and GI 2025, although the verbiage indicates an expectation of continuing enrollment growth and progress toward GI 2025 goals.
- If the Final Budget ends up as Proposed, we are going to have significant competing needs and insufficient funding to support them.
- The outcome of contract negotiations with unions regarding July 1, 2020 salary increases will have a major impact on the availability of funding in 2020-21
 - The CSU Request reflects estimated 3% compensation increases totaling \$139.8 million - each 1% = \$46.6 million
 - If no salary increases are agreed to, significantly more funding would be available to support GI 2025, etc.
 - If 3% salary increases are agreed to as reflected in the CSU Request, much if not all of the funding (in combination with other mandatory costs) will be committed for mandatory costs
- CSU Request:

USES OF FUNDS		
Graduation Initiative 2025		\$105,000,000
Year 4 of 6	75,000,000	
Remaining Year 3 of 6	30,000,000	
Basic Needs Partnerships		15,000,000
5 Percent Increase in Resident Enrollment		248,616,000
Salary and Benefits		177,402,000
Compensation Pool	139,830,000	
Health Benefits	25,981,000	
Retirement	11,591,000	
Academic Facilities and Infrastructure		75,000,000
Mandatory Cost Increases		27,320,000
Maintenance of New Facilities	3,870,000	
Minimum Wage Increase	5,006,000	
Senate Bill 84 Loan Repayment	18,444,000	
TOTAL NEW USES		\$648,338,000

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- In addition to the base funding allocation, the Governor's Budget Proposal includes:
 - \$6 million in one-time is proposed for expansion of degree and certificate programs, emphasis on online programs
 - Summer financial aid is extended for several more years
 - GO Bond, if it passes, will provide \$2 billion to the CSU for infrastructure projects

Governor's Budget Proposal CSU Adjustments Language:

- Ongoing Base Growth—An increase of \$199 million ongoing General Fund, which represents an increase in base resources of five percent, with the expectation that these funds will be used to support the University's operational costs, expand student access, and support continued progress toward achieving the goals of the Graduation Initiative 2025.
- Expanded and Continuing Education—An increase of \$6 million one-time General Fund to support the development and expansion of degree and certificate completion programs, with an emphasis on online programs.
- Summer Financial Aid Program—The Budget shifts the suspension date for the CSU Summer Financial Aid program from December 31, 2021 to June 30, 2023. The suspension would be lifted if the Administration determines through the 2023 Budget Act process that there is sufficient General Fund revenue to support all suspended programs in the subsequent two fiscal years.
- Resources:
 - [2020-21 Governor's Proposed Budget Summary](#) (January 10, 2020)
 - [Governor's Budget Proposal - Higher Education specific chapter](#) (January 10, 2020)
 - [LAO – The 2020-21 Budget: Overview of the Governor's Budget](#) (January 13, 2020)
 - [LAO – The 2020-21 Budget: Analyzing UC and CSU Cost Pressures](#) (December 18, 2019)