

STOP CSU BUDGET CUT OF \$375 MILLION

REQUEST

The CSU is advocating for measures to avoid the \$375 million ongoing reduction and preserve the full funding of the CSU in 2025-26. The CSU also disagrees with the proposed deferral of compact into the future.

BACKGROUND

The California State University (CSU) is facing significant financial challenges, due in part to a proposed state budget cut, threatening the quality of education provided to its more than 460,000 students at its 23 campuses, jeopardizing gains in enrollment, graduation rates and delivery of basic services.

The governor's budget proposal poses serious challenges for the CSU. A \$375 million ongoing reduction threatens CSU's financial stability that is equivalent to 36,000 students or 5% of its operating fund. To put the cut in perspective, the \$375 million cut is akin to the operating budget of Fresno State, a university serving 24,000 students. Further, a planned 5% base funding increase in 2025-26 was deferred to 2027-28 with a promise of one-time back payments.

Already, budget shortfalls total \$138 million in 2023-24 and \$218 million in 2024-25 across the system. The state forecasts state budget deficits in future years heightening the risk that proposed future payments to the CSU will not occur. The proposed cut would force further reductions in academic programs and student services undermining equity initiatives, graduation rates, and CSU's critical role in California's workforce and economy.

CSU HAS ALREADY MADE SIGNIFICANT CUTS

Despite receiving three consecutive years of state compact funding, CSU's costs associated with rising health care benefits, workforce compensation, and a variety of inflationary expenses have resulted in costs consistently exceeding revenue, exacerbating financial challenges. Below are examples of key actions already taken by the CSU and its universities during 2023-24 and 2024-25.

- **Course Sections:** 1,430 sections were eliminated by 7 universities, representing a 7% course reduction and 35,000 student seats at those universities.
- **Job Reductions:** 1,208 positions were cut across 17 universities.
- **Student Support Employees:** 13 universities reduced their financial aid, mental health, and academic counseling employees by 7.3%.
- **Degree Programs:** Due to low enrollment, 73 programs were suspended, and 63 were discontinued by trustees in 2024.
- **Management Personnel:** 98 employees in good standing were not retained due to fiscal constraints.

IMPACTS OF CUTS AND DEFERRAL

The proposed budget cut, compounded by a deferral, would have profound impacts on the CSU system. Larger class sizes would result from reduced funding, diminishing individual attention and student engagement. Course offerings would be significantly limited, creating barriers for students attempting to complete their degrees on time. Critical support services, essential to student well-being and academic success, would face cuts, leaving many without necessary resources. Additionally, layoffs, non-retention, and hiring freezes, already underway, would escalate, jeopardizing the quality of education and the stability of campus operations.