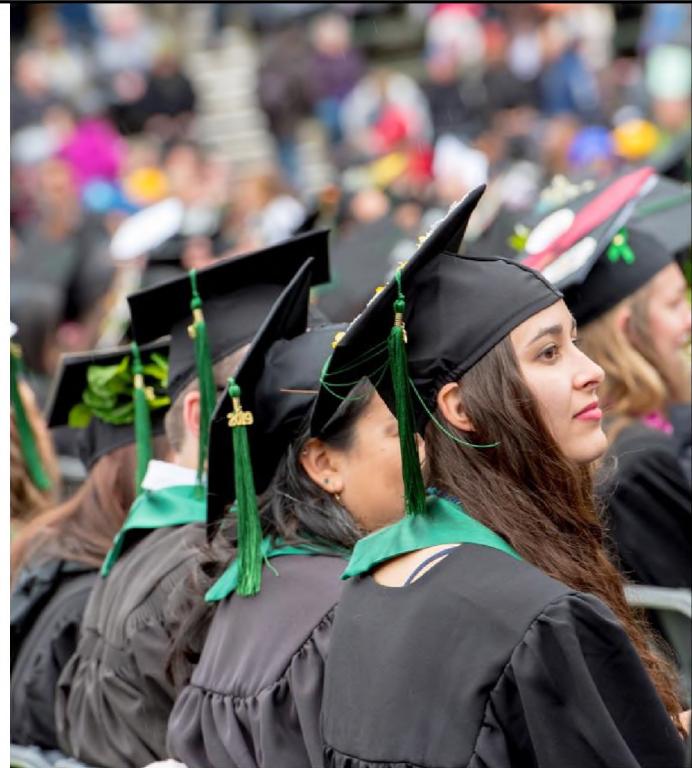


Final Report of the Sustainable Financial Model Workgroup

Committee on Finance – Agenda Item 5
May 21-24, 2023

1



Overview

- Workgroup Charge & Details
- Focus Areas
- Conclusions
- Recommendations

2

Charge & Details

Recommend to the Chancellor a multi-year strategy for stable and predictable revenues that:

- Sustains the CSU mission
- Keeps the CSU affordable
- Recognizes the differences among the 23 universities

3



3

Workgroup Membership

- Trustees
- Presidents
- Provost
- Campus Chief Financial Officer
- Academic Senate
- California State Student Association
- CSU Alumni Council
- External Consultants
- Chancellor's Office Staff

4

4

Focus Areas

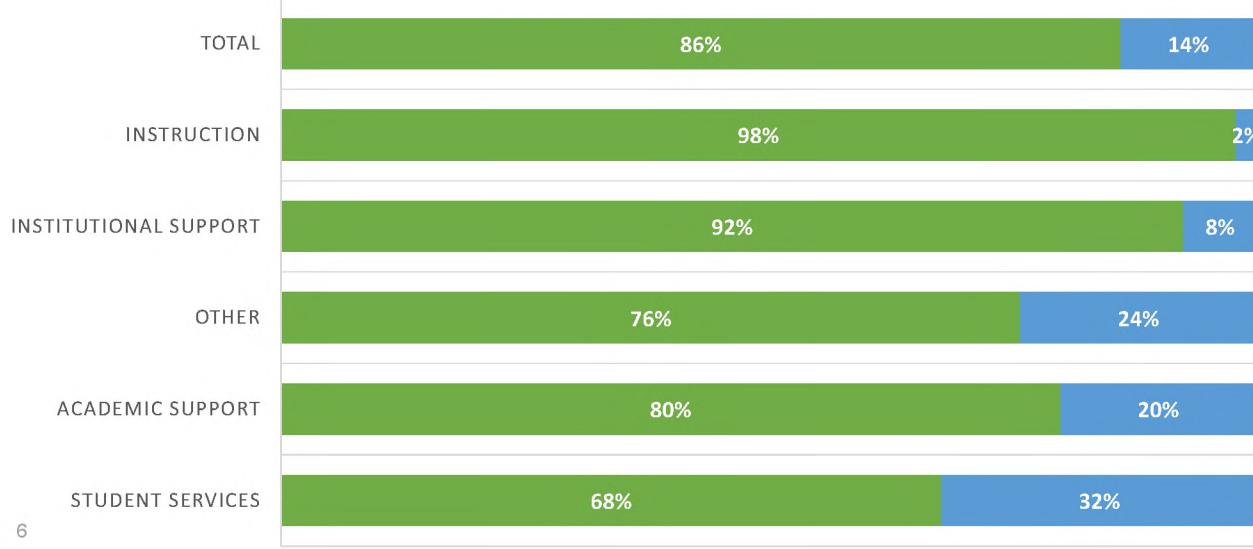
- Identified costs across all major university functions
- Developed a cost model for the CSU
- Identified gaps between costs & expenditures and costs & revenues
- Evaluated CSU's State University Grant and pending state & federal financial aid changes
- Identified unfunded mandates
- Explored many revenue options, including tuition modeling

5

5

PROPORTION OF ESTIMATED COSTS COVERED BY ACTUAL EXPENDITURES

■ Actual Expenditures ■ Gap



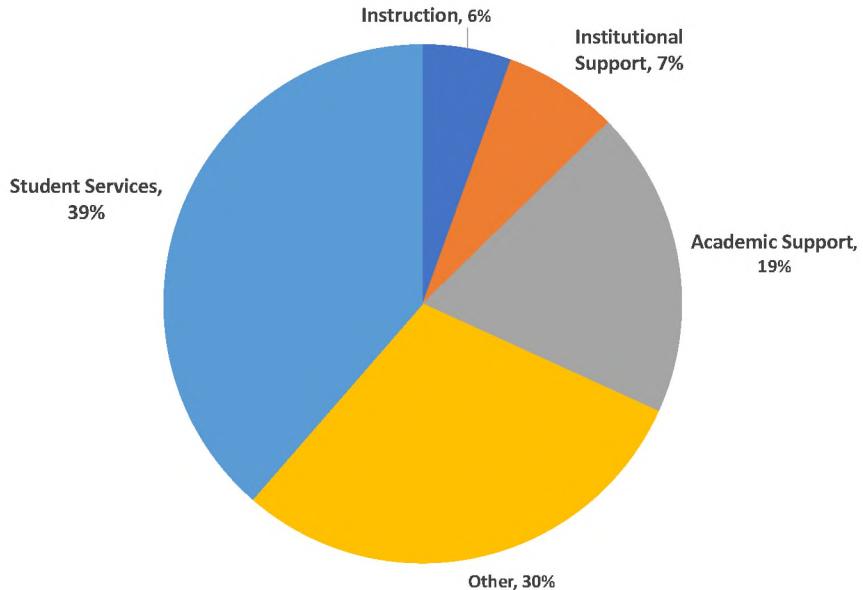
6

6

3



Size of the Gap relative to other categories



7



Recommendations

Principal recommendation to the Chancellor:

- The Chancellor should adopt an action plan that sets forth a vision for CSU as a 21st-century regional, comprehensive university.
 - Prioritize students served
 - Appropriate role of research and scholarship
 - System functionality
 - Action plan by 2030 that better aligns revenues and costs

8

Recommendations

System Policies:

1. Adopt a multi-year approach to system budgeting for operating & capital budgets
2. Adopt a tuition policy
3. Appoint a financial aid workgroup to develop a comprehensive financial aid policy
4. Refine policies for campus allocations
5. Review and revise system policies that affect campus capacity to raise revenues and effectively use resources

System Practices:

1. Adapt internal budgeting practices in support of multi-year budgeting
2. Engage in state budget advocacy based on well-developed cost information and priorities
3. Develop the means to assess instructional costs across the system
4. Provide systemwide guidance and assistance to implement a CSU financial aid program
5. Continue to identify opportunities for cost savings
6. Invest in capacity-building to raise non-state funds

9

9

Work to be Done

Tuition policy to guide future increases

- CSU has a strong commitment to affordability
- Increases should be modest, gradual, and predictable
- Dedicate a portion of tuition revenues to financial aid
- Workgroup projected revenue potential based on two tuition models: a universal annual increase for all students or a cohort model

10

10

Work to be Done

A comprehensive financial aid policy that

- Maximizes federal, state and university aid & ionizes student loans
- Is administered consistently across all campuses
- Is easily understood by students and families

11

11

**Why a sustainable,
predictable financial
model matters to CSU
universities**

- President Yao, Channel Islands
- President Jiménez-Sandoval, Fresno



12

12

Timeline

May 24, 2023	Board of Trustees: sustainable financial model workgroup final report
May 25, 2023	Provide written tuition proposal to CSSA
July 10, 2023	BOT: information item on tuition proposal (30-day comment period, 145 days prior to start of classes)
Sept 12, 2023	BOT: action item on tuition proposal (90 days prior to start of classes)
August 2024	Potential tuition increase effective 11 months after BOT action

13

calstate.edu



14