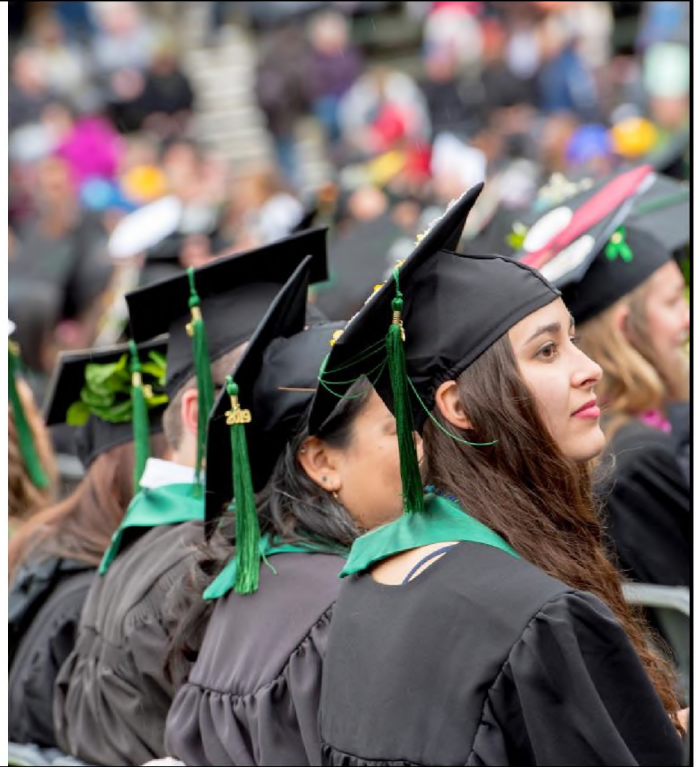


## Final Report of the Sustainable Financial Model Workgroup

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

1



1

## Overview

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

2

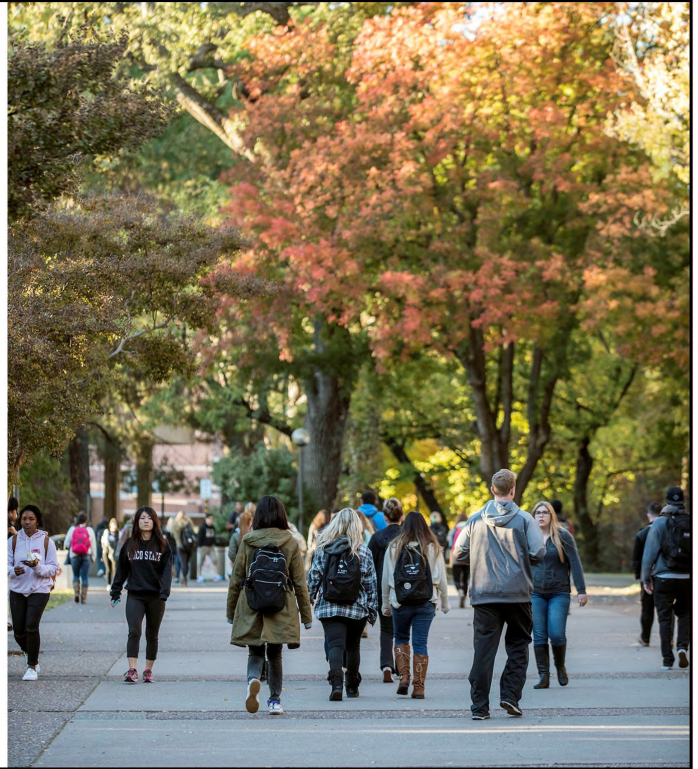
2

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

4

4

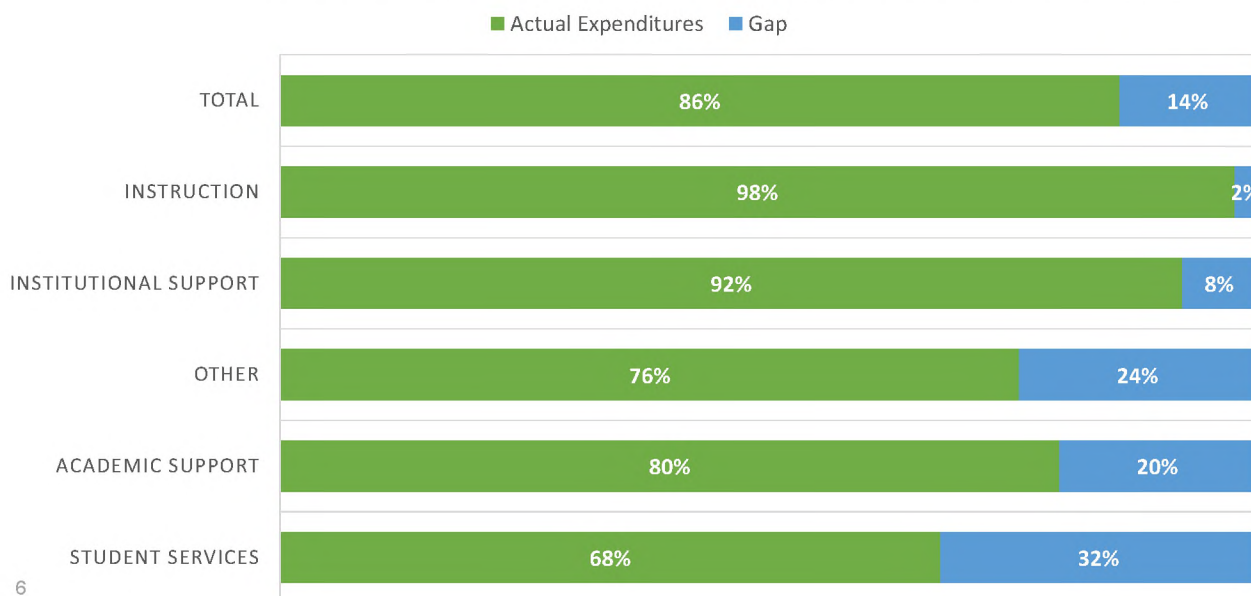
## Focus Areas

- 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

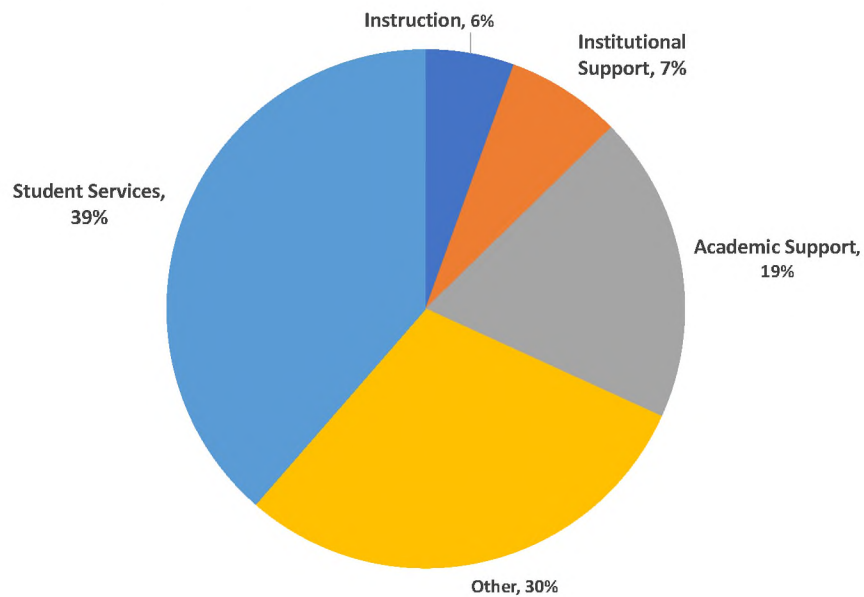
### PROPORTION OF ESTIMATED COSTS COVERED BY ACTUAL EXPENDITURES



6

6

**Size of the Gap relative to other categories**



7

7

## Recommendations

### Principal recommendation to the Chancellor:

- The Chancellor should adopt an action plan that sets forth a vision for CSU as a 21<sup>st</sup>-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

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**

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

13

**calstate.edu**

