

University Budget Office

CSU 2025-26 Operating Budget Request Update

At the September 2024 CSU Board of Trustees Meeting the *2025-26 Operating Budget Request* was presented to the Board for approval.

The [full budget request](#) can be viewed directly from the CSU Board of Trustees website as part of the handout from the Committee on Finance.

The CSU proposed a \$9.2b operating budget for 2025-26 which represents an increase of \$593m from 2024-25. The request includes new, aspirational investments that reflect the values and priorities of the CSU as well as necessary investments in required operational costs that are vital for the long-term financial stability of the CSU.

The CSU's primary budget goals this year are to avoid cuts and restore compact funding.

Revenue

The request reiterated the potential for a difficult revenue situation in 2025-26. The CSU anticipates that the governor's administration will propose a 7.95% cut (\$397m) ongoing as well as the deferral of the ongoing state General Fund increase of 5% (\$252m) for 2025-26.

The CSU is expecting additional new, ongoing, tuition revenue to offset about half of the state's proposed reduction. Approximately \$164m from the tuition rate increase and approximately \$24m if the CSU were to increase resident enrollment by 1%.

Ultimately, between the states proposed reductions and the CSUs two new revenue sources the CSU is looking at net loss of revenue in 2025-26 of approximately \$209m.

REVENUE SOURCES (MILLIONS)	BASE	INCREASE	%
Tuition: Rate Increase	\$2,636	\$163.8	6%
Tuition: Student Access and Enrollment		24.1	1%
Campus-based Mandatory Fees	707		
State General Fund	5,235	-397.0	-8%
TOTAL	\$8,578	-\$209.1	-2.4%

Expenditures

The request made clear that the CSUs budget reflects its values which is shown by the request to increase base funding by \$593m or 6.9% in 2025-26. This requested increase would not only support unavoidable expenditures like healthcare premiums, liability and property insurance, maintenance, etc. but also essential expenditures like compensation and those that support student access, equity and retention through the Graduation Initiative, financial aid enhancements, basic needs and mental health services, etc.

EXPENDITURE PLAN (MILLIONS)	BASE	INCREASE	%
Unavoidable Expenditures			
Financial Aid: State University Grant – Tuition Rate Increase	\$760	\$54.6	7%
Health Premiums	777	60.3	8%
Maintenance of New Facilities		7.0	
Liability and Property Insurance Premiums	115	10.0	9%
Utilities	132	31.7	24%
Essential Expenditures			
Student Success / Graduation Initiative	400	20.0	5%
Beyond Completion		2.0	
Student Access and Enrollment		56.1	
Financial Aid: State University Grant – Enrollment Increase		8.0	
Faculty and Staff Compensation Pool	5,819	295.8	5%
Title IX and NAGPRA Compliance Programs	40	10.5	26%
Student Basic Needs and Mental Health	95	5.0	5%
Facilitating Artificial Intelligence Optimization		7.0	
Debt Service on Academic Facilities and Infrastructure	440	25.0	6%
TOTAL	\$8,578	\$593.0	6.9%

Budget Gap

The anticipated net loss in revenue of \$209m combined with the requested increase of \$593m in expenditures leaves the CSU with an anticipated budget gap of \$802m. This gap must be closed in order to achieve a balanced budget.

Note if the CSU were unsuccessful in its budget goals of avoiding cuts and restoring the compact funding, many of the CSU priorities would not be funded. The CSU would then need to reprioritize away from the classroom and student services to cover unavoidable expenditures as is shown in the “Limited Budget” column below.

SOURCES OF FUNDS (Incremental New Revenue in Millions)	BUDGET REQUEST	LIMITED BUDGET
Tuition from Rate Increase	\$163.8	\$163.8
Tuition from Student Access & Enrollment	24.1	
State General Fund	-397.0	-397.0
TOTAL NEW SOURCES	-\$209.1	-\$233.2
USES OF FUNDS (Incremental New Expenditures in Millions)	BUDGET REQUEST	LIMITED BUDGET
Unavoidable Expenditures	\$163.6	\$163.6
Financial Aid: State University Grant – Tuition Rate Increase	54.6	54.6
Health Premiums	60.3	60.3
Maintenance of New Facilities	7.0	7.0
Liability and Property Insurance Premiums	10.0	10.0
Utilities	31.7	31.7
Essential Expenditures	429.4	
Student Success / Graduation Initiative	20.0	
Beyond Completion	2.0	
Student Access and Enrollment	56.1	
Financial Aid: State University Grant – Enrollment Increase	8.0	
Faculty and Staff Compensation Pool	295.8	
Title IX and NAGPRA Compliance Programs	10.5	
Student Basic Needs and Mental Health	5.0	
Facilitating Artificial Intelligence Optimization	7.0	
Debt Service on Academic Facilities and Infrastructure	25.0	
TOTAL NEW USES	\$593.0	\$163.6
BUDGET GAP / REPRIORITIZATION	-\$802.1	-\$396.8

Addressing the Budget Gap

We are early in the budget cycle and it's important to note that as we move along in the budget cycle timeline, the state, the CSU and each of the campuses will be exploring many options and making many decisions that will narrow and eventually bridge the budget gaps noted herein.

Examples of those options include:

- The state partially or fully withdraws plans to permanently reduce CSU funding.
- The state restores compact funding.
- The CSU foregoes many or all new essential budget priorities.
- The CSU reprioritizes resources from current programs and services to unavoidable budget priorities.
- The CSU makes permanent budget reductions to current programs and services.
- The CSU utilizes one-time designated balances and reserves to bridge to 2026-27 until permanent reductions can be implemented.