

California State Assembly



Agenda

Assembly Budget Subcommittee No. 3 on Education Finance

Assemblymember David Alvarez, Chair

Tuesday, April 7, 2026

9:00 A.M. – State Capitol, Rm 447

ITEMS TO BE HEARD		
Item	Description	Page
6610	California State University	2
Issues	<ol style="list-style-type: none">1. CSU Enrollment Update2. CSU Core Operations Review and Funding Proposals3. Title IX Update4. Basic Needs5. Common Course Numbering	<ol style="list-style-type: none">214212527

Public Comment will be taken in person before or after the completion of all panels and any discussion from the Members of the committees, at the discretion of the chair.

Items To Be Heard

Issue 1: CSU Enrollment Update

The Subcommittee will discuss California State University (CSU) enrollment trends and future enrollment plans.

Panel

- Alex Anaya Velazquez, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Mark Martin, California State University Chancellor's Office

Background

Most CSU Students Are California Residents. Approximately 95 percent of students at CSU are California residents, with the remainder of students coming from other states or countries. The share of resident students has hovered at about 95 percent over the past ten years. Some variation exists among campuses. In 2024-25, the CSU Stanislaus student body had the highest share of resident students (99 percent), whereas CSU San Luis Obispo had the lowest share (85 percent).

CSU Is Important Part of Transfer Pipeline. Of resident students, nearly 90 percent are undergraduates (with the remainder postbaccalaureate and graduate students). Since at least the 1960s, the state has wanted to provide an opportunity for Californians to obtain a university education, if they so desire. To this end, any student (regardless of their high school performance) who successfully completes a course of study at a community college may transfer to a university for their upper-division coursework. The state considers CSU a particularly critical part of this transfer pipeline. About 45 percent of CSU's most recent incoming resident undergraduate fall class were transfer students. The rest of the incoming class entered as freshmen, with most having recently graduated high school.

State Budget Typically Sets Enrollment Growth Expectations for CSU. In most years, the state sets enrollment growth expectations for CSU in the annual budget act. These growth expectations apply to resident students. In some years, the state sets expectations for total CSU resident enrollment. In other years, it sets expectations only for resident undergraduates, with no expectation for resident graduate students.

State Sometimes Sets Enrollment Expectations for Budget Year Plus One. Historically, the state sets an enrollment expectation for CSU in the budget year (for example, setting a 2016-17 enrollment expectation in the *2016-17 Budget Act*). More recently, the state has set enrollment expectations for CSU in the budget year and budget year plus one. This change has reflected an effort by the state to better align its enrollment expectations with CSU's admissions cycle. As CSU has already made many of its admissions decisions for the coming academic year by the time the Legislature enacts the annual budget in June, setting budget-year expectations can be too late to have a notable impact on CSU's behavior. In contrast, setting an expectation for budget year plus one allows the state to have more influence over CSU's actions for the next academic year. Setting enrollment expectations for budget year plus one, in turn, gives CSU campuses more time to adjust their enrollment management practices to meet any new enrollment expectations set for them.

CSU Also Has Enrollment Targets Under the Governor's Compact. In addition to the enrollment targets set forth each year in the annual budget act, CSU established a set of targets as part of the Governor's compact. Under the compact, CSU planned to increase resident undergraduate enrollment by 1 percent annually (from 2023-24 to 2026-27). CSU does not track this target separately for undergraduates and graduate students. Under the compact, CSU is to cover the cost of enrollment growth using part of its 5 percent annual base increases. In 2025-26, CSU kept its California resident student target flat at 390,598 FTE students given there was no associated compact funding that year.

State Funds Enrollment Growth According to Per-Student Formula. Typically, the state supports resident enrollment growth at CSU by providing a separate General Fund augmentation based on the number of additional students CSU is to enroll. The per-student funding rate is derived using a "marginal cost" formula. This formula estimates the cost of the additional faculty, support services, and other resources required to serve each additional student. Those costs are shared between state General Fund and student tuition revenue. In 2025-26, the total marginal cost per student is \$15,966, with a state share of \$10,983. The formula calculates one rate that applies to all resident enrollment, whether at the undergraduate or graduate level. Whereas the state subsidizes the cost of educating resident students, nonresident students are charged a higher tuition rate that is intended to cover the full cost of their education.

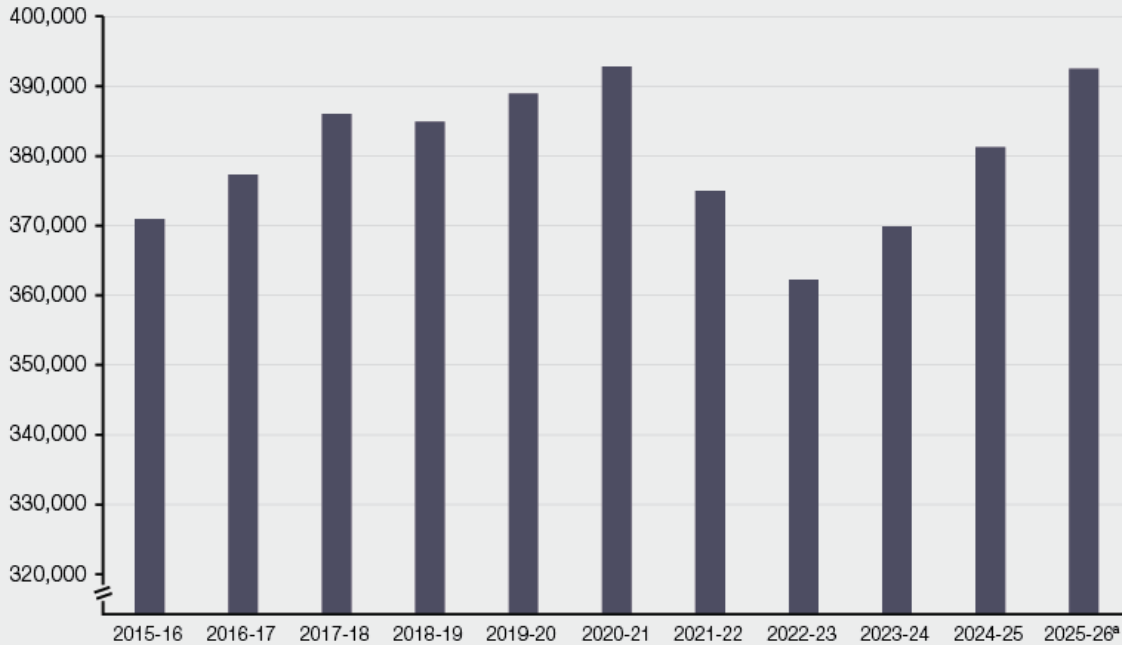
Trends

CSU's Enrollment Is Rebounding From Pandemic Declines. As Figure 12 shows, CSU's total resident enrollment was generally trending upward from 2015-16 through 2020-21. CSU then experienced notable declines in its resident enrollment in 2021-22 and 2022-23. In 2022-23, CSU enrolled approximately 30,000 fewer resident FTE students than a couple of years earlier. In recent years, CSU resident enrollment has been rebounding. CSU is expected to be almost back at its 2020-21 peak enrollment level in 2025-26.

Figure 12

CSU Enrollment Is Almost Back at Its Peak Level

Resident Full-Time Equivalent Students



^a Reflects CSU's estimate as of January 2026.

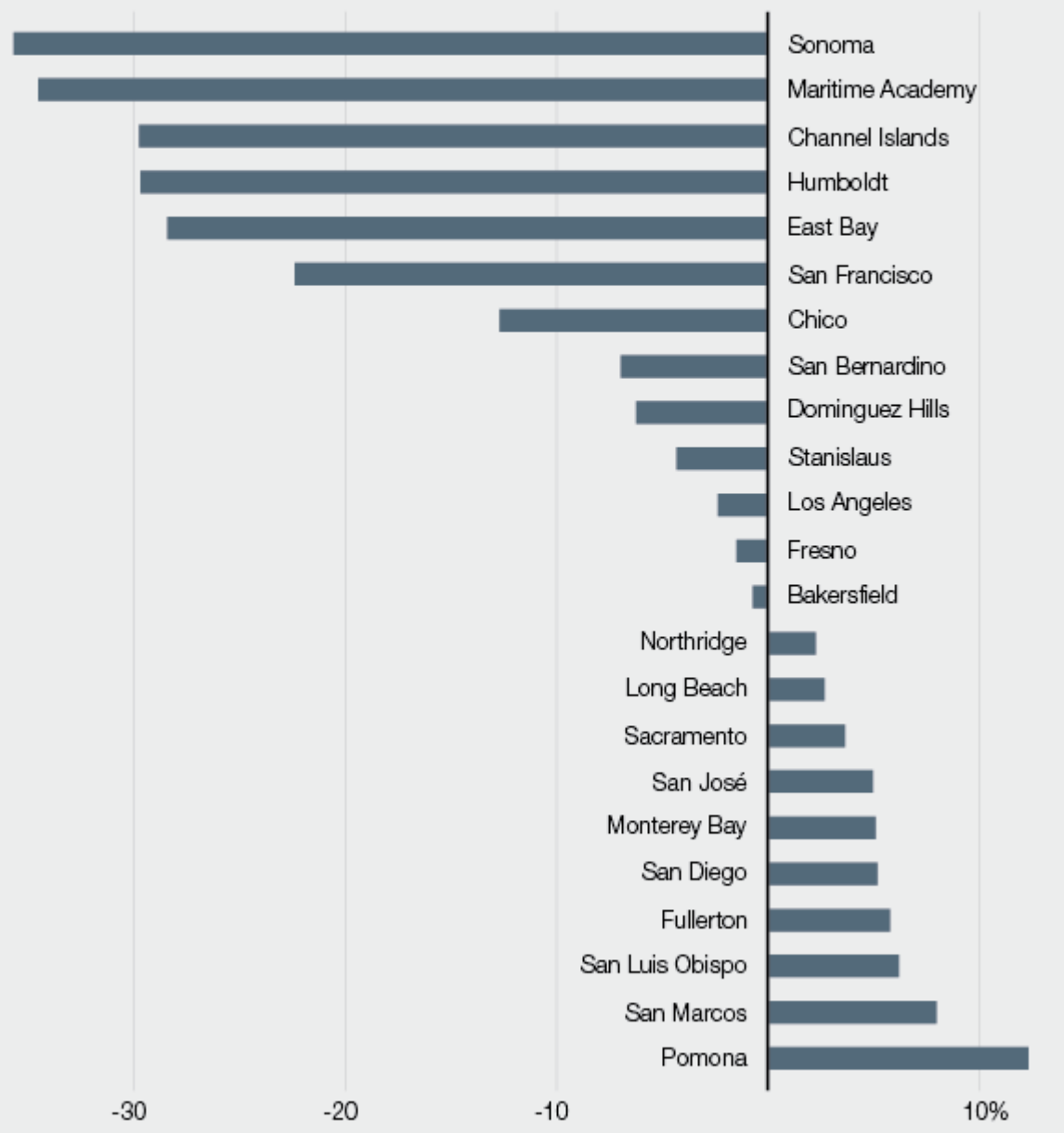
LAOA

Campuses Vary in How Close They Are to Their CSU-Determined Enrollment Targets. Beyond the budget-act targets and compact targets, CSU tracks an internal “funded” target that it believes reflects the level of enrollment the state has funded. It allocates associated enrollment slots across its campuses, with campus-specific targets based largely on previous enrollment trends and projected enrollment demand. Whether a campus meets its CSU-determined enrollment target depends on several key factors, including regional demographic trends, competition with other campuses, program offerings, and enrollment management practices. As Figure 14 shows, enrollment trends vary among campuses, with 13 campuses failing to meet their 2024-25 CSU-determined enrollment targets, while 10 campuses exceeded them.

Figure 14

More Than Half of CSU Campuses Are Below Their Enrollment Target

Resident Full-Time Equivalent Students Relative to Targets, 2024-25 Actual



LAO

Fall Headcount Decreased for New Freshmen but Increased for Transfers and Continuing Students. Though the 2025-26 college year is still underway, CSU has fall 2025 headcount data broken down by certain student groups. As Figure 13 shows, the number of new resident freshmen enrolled at CSU decreased 3 percent over the previous year. New transfer students increased by 1.8 percent. This is smaller than last year’s increase of 6.4 percent, which came after three years of declines in new transfer students (linked with declines in community college enrollment during the pandemic years). Though enrollment for new transfer students is recovering, it is still below its fall 2020 peak.

Overall, the number of CSU undergraduates increased by 2.1 percent. This is higher than the increase in undergraduate students in fall 2024. The increase is primarily driven by the increase in continuing students (3.3 percent). This is the second year that the number of continuing undergraduates has increased since the pandemic. The increase in continuing students is likely due to rebounding after suppressed rates during the pandemic, as well as CSU’s strategic focus on increasing retention rates across student groups.

Figure 13

CSU Experienced Growth for All Student Groups but Freshmen

Resident Headcount, Fall Term

	2023	2024	2025	Change From 2024	
				Amount	Percent
Undergraduate					
New freshmen	64,125	64,301	62,354	-1,947	-3.0%
New transfer students	47,613	50,641	51,574	933	1.8
Continuing students	273,080	275,523	284,652	9,129	3.3
Subtotals	(384,818)	(390,465)	(398,580)	(8,115)	(2.1%)
Postbaccalaureate/Graduate	45,194	47,028	50,023	2,995	6.4%
Totals	430,012	437,493	448,603	11,110	2.5%

CSU notes that the trend in transfers follows the increase in enrollment in Community Colleges, and the recent recovery in Community College enrollment numbers suggest that this trend will continue in the budget year.

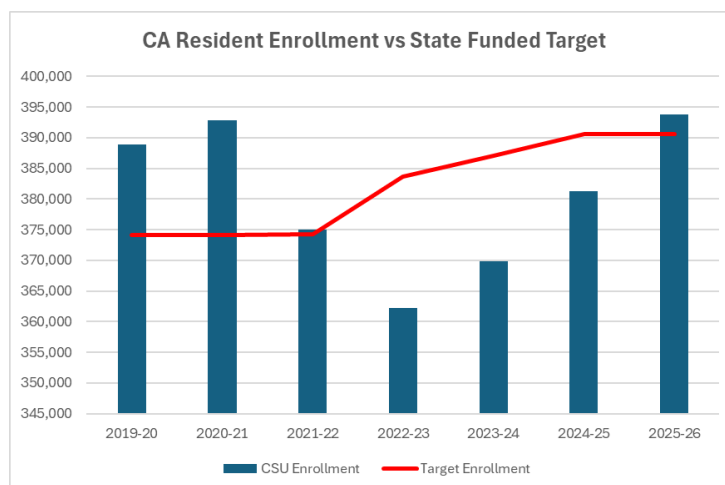
CSU Enrollment and Funding Equity

The Subcommittee held a hearing on December 8, 2025, to focus enrollment disparities between CSU campuses and how that translated into campus funding levels. This agenda item today allows that discussion to continue. The CSU provided the following enrollment data by campus,

showing the overall decline in enrollment and subsequent rebound for most campuses since the COVID 19 pandemic:

Campus	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 Projected
Bakersfield	8,351	8,882	9,131	9,603	9,738	8,556	7,906	8,290	8,688	9,060
Channel Islands	5,714	6,025	6,144	6,197	5,939	5,297	4,608	4,423	4,247	4,341
Chico	16,083	16,282	16,060	15,705	14,941	13,578	12,456	12,639	13,575	13,822
Dominguez Hills	11,118	11,609	12,076	13,284	13,729	12,543	11,824	11,280	11,240	11,315
East Bay	13,374	13,156	12,400	12,615	12,581	11,317	10,066	10,162	9,402	9,409
Fresno	21,024	21,530	21,338	20,915	21,466	20,776	19,920	20,232	20,979	21,595
Fullerton	32,158	32,747	32,295	32,671	33,687	31,590	31,735	33,652	35,420	37,355
Humboldt	7,771	7,631	7,066	6,367	5,608	5,062	5,086	5,485	5,539	5,773
Long Beach	30,741	30,485	30,466	31,543	32,362	31,860	31,509	32,552	34,245	36,296
Los Angeles	22,167	22,746	22,466	21,496	21,735	21,727	20,918	20,769	19,295	18,777
Maritime Academy	1,336	1,271	1,226	1,104	928	1,041	956	911	922	946
Monterey Bay	6,639	6,577	6,510	6,372	6,250	6,186	5,861	5,918	6,748	7,288
Northridge	31,085	31,358	30,795	30,870	31,328	29,895	28,757	30,468	31,377	32,040
Pomona	21,387	22,333	22,622	23,808	24,986	23,704	22,337	22,102	23,258	23,882
Sacramento	25,286	25,604	25,913	26,198	26,407	25,797	25,509	25,373	26,011	26,219
San Bernardino	17,113	16,909	16,653	17,164	15,999	15,330	15,335	15,849	15,747	16,416
San Diego	31,416	31,894	32,110	32,472	33,515	33,148	34,050	35,454	37,770	39,617
San Francisco	24,897	25,543	25,707	25,099	24,138	22,845	21,713	20,704	19,629	18,628
San Jose	25,551	27,076	26,909	27,388	27,571	27,276	26,029	26,263	27,592	29,423
San Luis Obispo	19,989	20,800	20,442	20,229	20,360	20,136	21,006	22,257	23,337	23,938
San Marcos	10,434	11,170	11,671	11,672	11,970	11,618	10,875	11,996	12,730	13,442
Sonoma	8,414	8,426	8,376	7,999	7,086	6,261	5,634	5,206	5,365	4,796
Stanislaus	8,015	8,357	8,457	8,908	8,900	8,128	7,768	8,122	8,124	8,232
System Initiatives	1,645	1,649	1,490	1,403	997	1,259	1,303	1,161	1,268	1,364
Grand Total	401,706	410,061	408,322	411,081	412,223	394,930	383,160	391,268	402,507	413,974

As CSU testified at the February 17th budget hearing, all but three campuses saw growth in 2025 enrollment with Los Angeles, Sonoma, and San Francisco having continued declines in enrollment from prior years. As a system, CSU expects to meet Budget Act enrollment expectations for 2025-26, and will be over the state enrollment funding target it has tracked historically.



However, campuses are in very different situations regarding internal campus-by-campus enrollment targets set by the Chancellor’s Office, with some campuses under-enrolled, and others over-enrolled. The December 8, 2025 background paper included this chart to illustrate the disparity between the enrollment targets and the enrollment of the CSU campuses.

Campus	Percentage difference between target and actual enrollment	FTE difference between target and actual
Pomona	12.3%	2,499
San Marcos	8.0%	920
San Luis Obispo	6.2%	1,158
Fullerton	5.8%	1,887
San Diego	5.2%	1,578
Monterey Bay	5.1%	315
San José	5.0%	1,209
Sacramento	3.6%	882
Long Beach	2.7%	860
Northridge	2.2%	658
Bakersfield	-0.7%	-62
Fresno	-1.5%	-310
Los Angeles	-2.4%	-458
Stanislaus	-4.3%	-365
Dominguez Hills	-6.2%	-732
San Bernardino	-7.0%	-1,151
Chico	-12.7%	-1,918
San Francisco	-22.4%	-5,345
East Bay	-28.4%	-3,453
Humboldt	-29.7%	-2,192
Channel Islands	-29.8%	-1,773
Maritime	-34.6%	-475
Sonoma	-35.7%	-2,919

As a result, the December 8,2025 background paper provided the following chart to illustrate how historic General Fund support for campuses translated into much lower per student amount of support, with campuses that are growing getting less per student than campuses that have seen enrollment declines (Note: these numbers reflect 2024-25 funding and enrollment):

Campus	General Fund Per Resident Student	Total Core Funding Per Student (Resident & Nonresident)
Maritime Academy	\$ 46,058	\$ 54,953
Channel Islands	\$ 24,206	\$ 30,983
Humboldt	\$ 23,793	\$ 30,332
Sonoma	\$ 17,064	\$ 24,416
Monterey Bay	\$ 16,210	\$ 23,132
East Bay	\$ 14,808	\$ 22,652
Bakersfield	\$ 13,675	\$ 21,026
Stanislaus	\$ 13,492	\$ 21,410
Dominguez Hills	\$ 12,845	\$ 21,187
San Francisco	\$ 12,213	\$ 20,189
San Bernardino	\$ 12,014	\$ 20,048
Los Angeles	\$ 11,983	\$ 20,164
Chico	\$ 11,859	\$ 19,038
Fresno	\$ 11,420	\$ 19,126
San Marcos	\$ 11,263	\$ 19,156
San Luis Obispo	\$ 10,904	\$ 22,970
Northridge	\$ 10,681	\$ 18,359
Pomona	\$ 9,961	\$ 17,771
Long Beach	\$ 9,870	\$ 17,857
Sacramento	\$ 9,705	\$ 17,349
San Jose	\$ 9,676	\$ 18,327
San Diego	\$ 9,660	\$ 18,106
Fullerton	\$ 9,209	\$ 17,491

Based on 2024-25 enrollment and revenue

CSU Response

CSU provided a written response to the Subcommittee's December 8th hearing with initial steps taken to address the impact of enrollment changes. These included:

1. Allocating \$20 million one-time to campuses with growth in both 2024-25 and 2025-26. The chart below illustrates the use of these funds.

Additional Enrollment Funding Summary

	2024-25 One-time Funding Allocation	2025-26 One-time Funding Allocation	TOTAL One-time Funding Allocations
Fullerton	\$6,720,000	\$1,183,000	\$7,903,000
Long Beach	754,000	2,458,000	3,212,000
Monterey Bay		1,180,000	1,180,000
Northridge	664,000	1,773,000	2,437,000
Pomona		2,076,000	2,076,000
Sacramento		2,193,000	2,193,000
San Diego	3,875,000	3,052,000	6,927,000
San Jose	467,000	3,920,000	4,387,000
San Luis Obispo	3,030,000	2,165,000	5,195,000
San Marcos	4,490,000		4,490,000
TOTAL	\$20,000,000	\$20,000,000	\$40,000,000

2. Reallocating enrollment funding between campuses. According to CSU, the equivalent funding of 10,077 FTE students has been redistributed between 2024-25 and 2026-27.

Enrollment Reallocation Plan Summary

	2024-25		2025-26		Projected 2026-27		Projected Three-Year Total	
	Resident FTES Target Reallocation	Resident Target Funding Reallocation	Resident FTES Target Reallocation	Resident Target Funding Reallocation	Resident FTES Target Reallocation	Resident Target Funding Reallocation	Resident FTES Target Reallocation	Resident Target Funding Reallocation
Bakersfield	0	\$0	0	\$0	25	\$230,000	25	\$230,000
Channel Islands	(184)	(1,474,000)	(179)	(1,743,000)	(289)	(2,772,000)	(652)	(5,989,000)
Chico	(467)	(4,127,000)	(453)	(4,394,000)			(920)	(8,521,000)
Dominguez Hills	(100)	(791,000)	0	0			(100)	(791,000)
East Bay	(376)	(2,990,000)	(364)	(3,298,000)	(589)	(5,252,000)	(1,329)	(11,540,000)
Fresno*	0	0	(56)	(35,000)	25	230,000	(31)	195,000
Fullerton	750	6,010,000	510	4,678,000	500	4,517,000	1,760	15,205,000
Humboldt	(228)	(1,919,000)	(221)	(2,137,000)	(358)	(3,385,000)	(807)	(7,441,000)
Long Beach	500	4,028,000	325	2,963,000	200	1,794,000	1,025	8,785,000
Los Angeles	(105)	(893,000)	(450)	(4,070,000)			(555)	(4,963,000)
Maritime	(43)	(384,000)	(41)	(417,000)			(84)	(801,000)
Monterey Bay	(200)	(1,725,000)	125	1,218,000	115	1,095,000	40	588,000
Northridge	150	1,187,000	180	1,611,000	125	1,110,000	455	3,908,000
Pomona	(117)	(960,000)	500	4,654,000	285	2,635,000	668	6,329,000
Sacramento	(426)	(3,510,000)	235	2,219,000	75	691,000	(116)	(600,000)
San Bernardino	0	0	0	0			0	0
San Diego	500	4,362,000	356	3,437,000	350	3,380,000	1,206	11,179,000
San Francisco	(737)	(6,011,000)	(715)	(6,559,000)	(1,156)	(10,424,000)	(2,608)	(22,994,000)
San Jose	150	1,208,000	240	2,202,000	530	4,774,000	920	8,184,000
San Luis Obispo	536	4,693,000	400	3,966,000	50	491,000	986	9,150,000
San Marcos	650	5,490,000	(147)	(1,391,000)	509	4,794,000	1,012	8,893,000
Sonoma	(253)	(2,199,000)	(245)	(2,325,000)	(397)	(3,771,000)	(895)	(8,295,000)
Stanislaus	0	0	0	0				
Reduced	(3,891)	(\$32,304,000)	(3,397)	(\$31,362,000)	(2,789)	(\$25,604,000)	(10,077)	(\$89,270,000)
Gained	3,891	\$32,299,000	3,397	\$31,941,000	2,789	\$25,741,000	10,077	\$89,981,000

Turnaround Plans

The CSU system also submitted fiscal action plans -for all 22 campuses, and “turnaround plans” for seven campuses that have experienced sustained enrollment declines. These plans seek to explore how campuses will address both budgetary and enrollment challenges anticipated by the system over the next five years. These documents were received by the Committee on March 27th and contain a great deal of detail, so a full analysis of them is not yet available. However, the plans do articulate a path for campuses with lower enrollment to meet lowered enrollment targets by 2030, with two noticeable exceptions: San Francisco and Sonoma. In both cases, the turnaround plans for each institution still has a significant gap between the FTE target set for funding and the actual enrollment.

LAO Recommendations

Recommend Funding Lower Level of Enrollment Growth at CSU in 2026-27. Given the state’s projected deficits, the Legislature faces difficult choices regarding what ongoing spending to prioritize in 2026-27. In making those difficult decisions, within the higher education budget, we think there is a rationale to prioritize funding enrollment growth at CSU in 2026-27. Providing funding for some enrollment growth would recognize the admissions decisions CSU already is in the midst of making. However, if the Legislature provides funding for enrollment growth, we recommend it set a lower growth target than established in the *2025-26 Budget Act*. Setting a lower growth target would acknowledge that CSU does not believe it can reach the higher proposed target. A lower growth target also would reflect the softer demographic pressures facing CSU. The state could, however, depart from its recent practice of including only resident undergraduates in its target. Instead, it could fund 1 percent growth of both resident undergraduate and graduate students, which would better align with CSU’s statutory mission to serve both groups of students.

Recommend Providing Enrollment Growth Funding Separately From Base Increases. Consistent with historical legislative practice, we recommend the Legislature fund enrollment growth at CSU apart from and on top of any base increase, as doing so provides greater transparency and accountability. (Relative to the Governor’s budget, the Legislature effectively could shift funding from the unrestricted base increase and designate it for enrollment growth.) We recommend the Legislature fund CSU enrollment growth using the marginal cost formula. Based on the 2026-27 marginal cost state rate, the ongoing General Fund cost of 1 percent growth in resident enrollment (undergraduate and graduate combined) at CSU is \$44 million. This is \$38 million less than the cost under the Governor’s budget assumptions.

Recommend Holding Enrollment Flat in 2027-28. Given the sizeable projected deficit in 2027-28, we recommend holding enrollment expectations flat for CSU that year. This prevents CSU from being directed to enroll more students in the potential absence of associated funding. Setting enrollment targets for CSU but then not providing associated funding could negatively impact students through larger class sizes, fewer course offerings, and less academic support. Though the state would not be providing systemwide enrollment growth under this recommendation, CSU could still provide enrollment funding to growing campuses in 2027-28 by continuing to shift funding under its enrollment reallocation plan. Furthermore, most campuses are already meeting student demand.

Staff Comments

Like TK-12 LEAs, and community colleges, the CSU system will have to manage the realities of California's low birthrate, likely reduced immigration, and net domestic outmigration. However, the pandemic provided a plausible reason for temporary enrollment declines that made it hard to identify which institutions would be impacted first by the reality that there are fewer young Californians.

CSU has begun grappling with that reality in its budget, consistent with input from this Subcommittee, and has taken steps to gradually move funding to the campuses where the students are enrolled. The plans provided to the Subcommittee suggest that CSU on its own is planning to have underenrolled campuses shrink to FTE targets they believe they can achieve, and to provide new funding to campuses that continue to grow.

Unfortunately, the step and sudden decline in San Francisco and Sonoma enrollment do not fit into this plan. Both institutions exist in a fragile state, where any attempt to massively downsize the scope of the campus will effectively eliminate the ability to attract and retain enrollment. The Subcommittee may wish to consider this reality and how campuses in this situation can be stabilized in a manner that doesn't create a permanent inequity in resource allocations across the system.

Staff also notes that while both TK-12 LEAs and Community College districts have funding formulas that reflect enrollment, not all enrollment FTEs are treated the same. For example, the LCFF has Concentration and Supplemental funding provisions to direct extra funding to account from hard to serve populations like low-income families and English language learners. The Subcommittee may wish to consider if the comparisons between campus FTE counts also reflect the complexity of populations that may cost more than average for example, homeless students, justice-involve students, students with young children, or former foster youth.

It is also important to recognize that the Legislature has not typically been part of this conversation, and this agenda is using FTE, target, and financial information from different sources that was not reported with this purpose in mind. Staff recommend that the CSU work with staff and LAO on reporting language for consideration later this year, with the intent on providing information on those items for the 2027 budget conversation.

Suggested Questions:

1. How is CSU's enrollment reallocation plan working? How long will this plan be in place? What would be the trade-offs if the plan was altered to support even more growth at campuses with extremely high demand?
2. How have the turnaround plans advanced the conversation within CSU about future enrollment and funding?
3. How are declining-enrollment campuses seeking to boost enrollment in the next few years?
4. What factors beyond FTE count should influence how much funding each campus receives?
5. How should the Legislature think about San Francisco and Sonoma's enrollment challenges?
6. Are strategies like direct admissions and dual admissions helping to boost enrollment?

Staff Recommendation: Hold Open.

Issue 2: CSU Core Operations Review, Federal Funds, and Budget Funding Proposals

The Subcommittee will discuss CSU's core operations budget, and the Governor's Budget proposals to increase ongoing General Fund support by \$553 million (9.8 percent) and continue the 2025-26 deferral until 2027-28

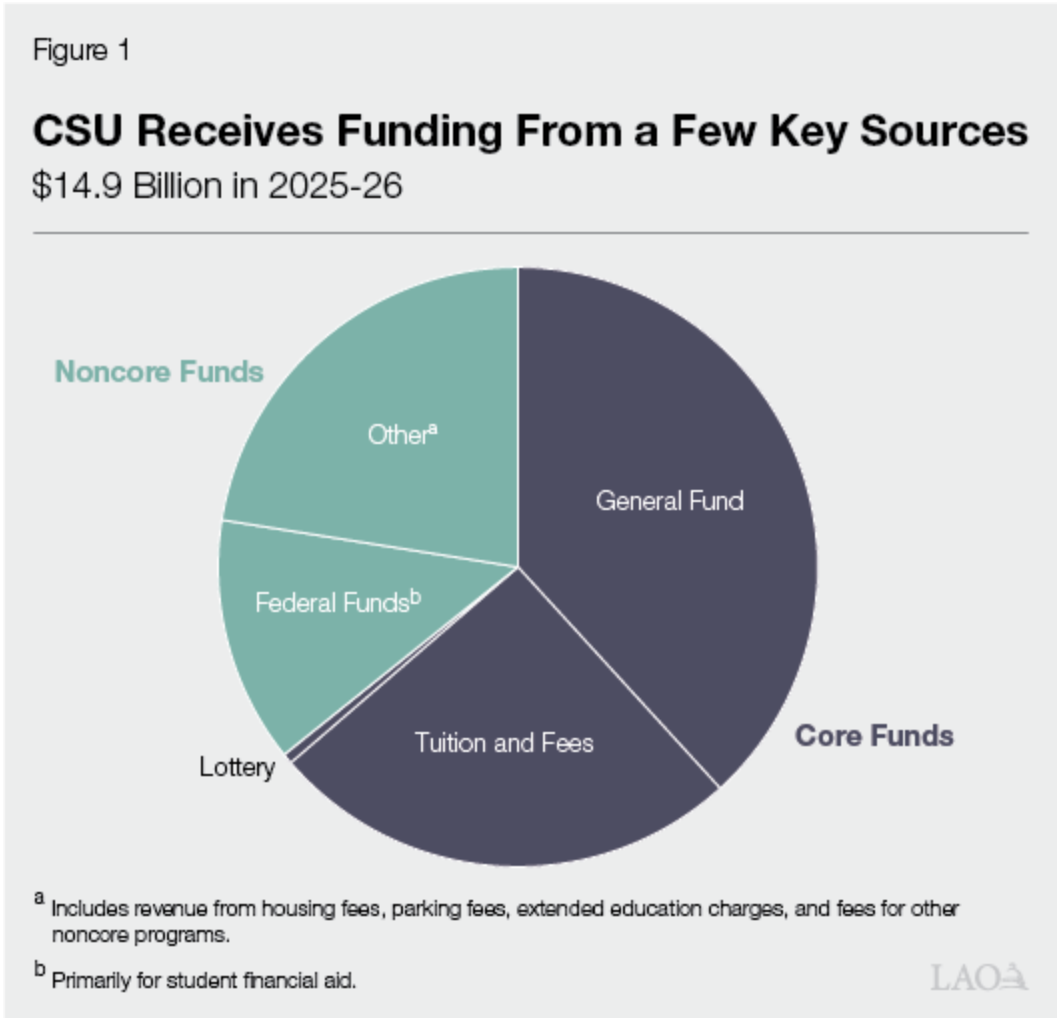
Panel

- Alex Anaya Velazquez, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Mark Martin, California State University Chancellor's Office

Background

The following is comprised of LAO and staff research and includes information on several aspects of CSU's budget, including revenues, expenditures, cost drivers and reserves.

CSU's Budget Is \$14.9 Billion in 2025-26. As Figure 1 shows, CSU receives funding from various sources. The state generally focuses its budget decisions around CSU's "core funds," or the portion of its budget supporting its academic mission. Core funds at CSU primarily consist of state General Fund and student tuition revenue, with a very small share coming from state lottery revenue. In 2025-26, core funds comprise approximately 65 percent of CSU's budget. Between 2024-25 and 2025-26, ongoing core funds per student increased 2 percent. The average annual growth rate of ongoing core funds per student has been approximately 3.8 percent over the past ten years. The remainder of CSU's revenue comes from various noncore sources including housing fees, parking fees, and extended education charges.



Ongoing Core Funding Increases by \$765 Million Under Governor’s Budget. As Figure 2 shows, ongoing core funding increases by 8.1 percent in 2026-27. All core fund sources increase. Notably, General Fund support increases by \$553 million (9.8 percent), and tuition and fee revenue is estimated to increase by \$201 million (5.3 percent). The increase in tuition and fee revenue is due to both higher tuition charges and enrollment growth.

Figure 2

CSU’s 2026-27 Ongoing Core Funding Increases by 8.1 Percent

(Dollars in Millions, Except Funding Per Student)

	2024-25 Actual	2025-26 Revised	2026-27 Proposed	Change From 2025-26	
				Amount	Percent
Ongoing Core Funds					
General Fund ^a	\$5,479	\$5,622	\$6,175	\$553	9.8%
Tuition and fees ^b	3,527	3,790	3,991	201	5.3
Lottery	69	82	93	11	13.4
Totals	\$9,075	\$9,494	\$10,259	\$765	8.1%
FTE students ^c	402,506	412,940	419,950	7,010	1.7%
Funding per student	\$22,545	\$22,991	\$24,429	\$1,438	6.3

^aIncludes funding for pensions and retiree health benefits.
^bIncludes funds used for student financial aid.
^cReflects total combined resident and nonresident enrollment. The 2025-26 number incorporates CSU’s planned resident enrollment growth.
 FTE = full-time equivalent.

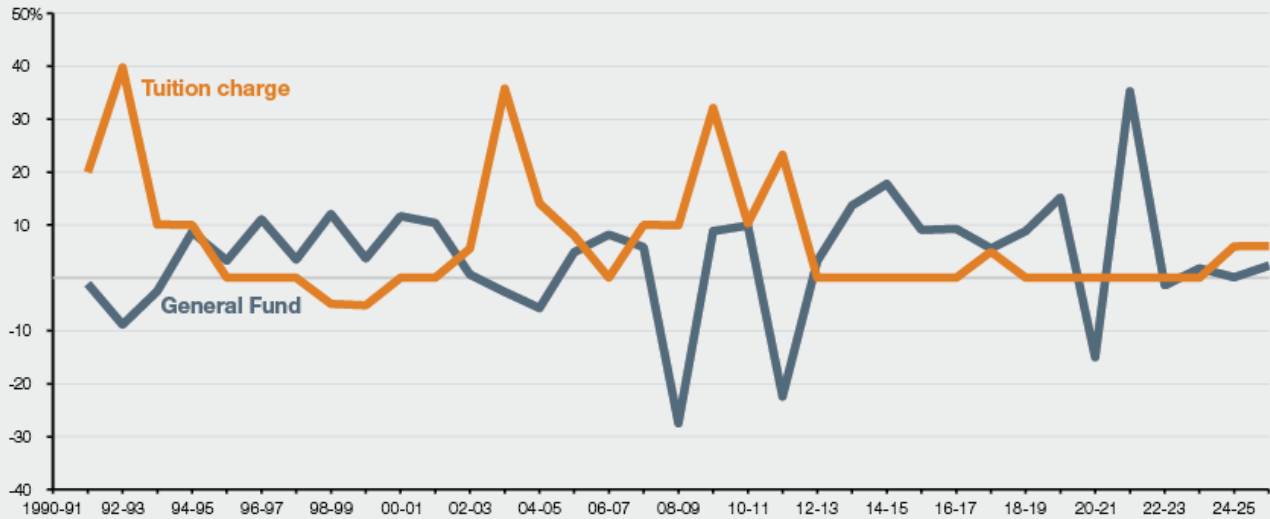
Governor Proposes Unrestricted Base Increases for CSU. As Figure 3 shows, the Governor’s budget includes three components relating to CSU’s base General Fund support. Most notably, the budget provides two unrestricted ongoing base increases totaling 7 percent. It also restores CSU’s base support for the one-time removal of \$144 million for the payment deferral initiated last year. Beyond these proposals, the Governor’s budget includes adjustments to retiree health benefits costs and certain pension costs. Additionally, the Governor maintains the enrollment expectations set forth in the *2025-26 Budget Act*, which specify that CSU is to grow resident undergraduate enrollment by 10,161 full-time equivalent (FTE) students (2.9 percent) in 2026-27. The Governor expects CSU to cover the cost of this enrollment growth from within the proposed base increases.

CSU Began Implementing Tuition Increases in 2024-25. CSU’s tuition levels have long been lower than its peers nationally. In 2024-25, CSU’s resident undergraduate tuition and fees were approximately \$1,995 (20 percent) lower than the national average of comparable public institutions. Until recently, CSU has not had a tuition policy guiding its annual tuition levels. A CSU work group focused on fiscal sustainability, however, identified a significant gap between the system’s costs and its revenues. One of the work group’s recommendations was that CSU adopt a tuition policy that provides for gradual and predictable tuition increases. The CSU Board of Trustees adopted such a policy in September 2023. Under the policy, tuition increases by 6 percent annually for all students, beginning in 2024-25 and extending through 2028-29.

Figure 5

CSU Historically Has Often Raised Tuition Charges When State Support Drops

Annual Percent Change



Note: General Fund includes ongoing and one-time funding. It excludes retiree health benefit costs. Tuition charge reflects rate for a full-time resident undergraduate.

LAOA

Federal Funds

CSU reports that 218 federal grants were terminated in 2025, accounting for about \$161 million in lost federal funding. Of this funding, about \$43 million was associated with the Hispanic-Serving Institution (HSI); Minority-Serving Institution (MSI); and Asian American, Native American, and Pacific Islander-Serving Institution (AANAPISI) programs that were discontinued.

Financial Impact from Terminations					
Financial Impact (Award Amount & Funds Terminated), and Award Count					
As of 1/31/2026					
Financial Impact Totals	Award Count	Amount	Expenditures	Available (Est.)	Balance
All Terminated Awards, including Reinstated	284	\$407,667,088	\$176,814,075	\$ 42,313,266	\$186,537,931
Reinstated Awards Only	66	\$116,044,672	\$ 65,860,339	\$ 24,846,029	\$ 25,242,726
NET Total (All Terminations minus Reinstatements)	218	\$291,622,416	\$110,953,736	\$ 17,467,237	\$161,295,206

Governor’s 2026-27 Budget

Governor Proposes Base Increases for CSU. The Governor proposes to increase ongoing base General Fund support for CSU by \$366 million (7 percent) in 2026-27. This increase reflects two components. First, the Governor’s budget includes a 5 percent base increase (\$265 million) for CSU in 2026-27, reflecting the fifth-year base increase of his multiyear

compact. Second, the Governor's budget includes an additional 2 percent increase (\$101 million) associated with the 2025-26 compact payment that was postponed under last year's budget agreement. The administration proposes to give CSU discretion in allocating this additional funding in 2026-27.

Governor Proposes to Continue Deferral Arrangement for One More Year. The 2025-26 budget deferred a \$144 million General Fund payment to CSU from 2025-26 to 2026-27 but allowed CSU to receive a no-interest General Fund loan in the meantime. CSU requested and received this cash loan in fall 2025. The Governor's budget proposes to continue this arrangement, deferring \$144 million from 2026-27 to 2027-28, along with offering another no-interest General Fund cash loan. The administration indicates it intends to retire the deferral in 2027-28, incurring an associated one-time cost of \$144 million at that time.

Governor Maintains Out-Year Funding Commitments. Under the Governor's budget, the state would continue to make two additional out-year funding commitments to CSU. The state would commit to providing CSU with a one-time back payment of \$252 million in 2027-28 to address the base increase that it did not receive in 2025-26. It also would provide CSU with its remaining 3 percent ongoing base increase (\$151 million) associated with the 2025-26 compact payment in 2028-29.

CSU Anticipates Receiving Additional Tuition Revenue in 2026-27. CSU estimates it will collect an additional \$201 million in student tuition revenue in 2026-27. Almost 90 percent of this increase (\$176 million) is due to the planned rise in CSU's tuition charges. Tuition charges are set at \$6,838 for resident undergraduate students in 2026-27, reflecting a \$388 increase from 2025-26. Additionally, CSU expects to generate \$25 million in new tuition revenue from planned enrollment growth in 2026-27. Of all the additional tuition revenue, CSU plans to use \$67 million (33 percent) for SUG. (In addition, the California Student Aid Commission budget includes \$53 million ongoing General Fund to pay for higher associated Cal Grant costs for CSU students in 2026-27. Many CSU students with financial need receive full tuition coverage under the Cal Grant program.)

CSU Plans to Use Additional Funding for Its Various Spending Priorities. Under the Governor's budget assumptions, CSU has \$621 million in new ongoing core funding. After setting aside the portion dedicated for retiree health and pensions, CSU likely would use this additional funding to:

- Provide salary increases. The cost of a 1 percent salary increase is approximately \$59 million.
- Cover cost increases related to active employee health benefits. Specifically, employee health premiums are expected to increase by \$21 million in 2026-27.

- Cover the cost associated with enrollment growth, particularly for the hiring of additional faculty and support staff. The total marginal cost (state and student shares combined) of increasing resident undergraduate enrollment by 1 percent in 2026-27 is \$58 million.
- Provide more funding for student financial aid. Specifically, CSU plans to designate \$67 million for this purpose.
- Cover cost increases for utilities, liability and property insurance, and other inflationary cost pressures (including costs related to IT and contractual services).
- Provide ongoing funding for debt service to address capital renewal needs.

LAO Recommendations

Recommend Reducing or Eliminating Base Increases. When facing out-year deficits, the Legislature typically considers ways to contain growth in state spending. The Governor, however, proposes to increase CSU spending significantly. In addition, the Governor's budget does not specify how the historically large ongoing augmentations to CSU's base funding would be supported in future years. Given this context, the Legislature could consider providing CSU with a smaller base increase that is more closely aligned with current inflationary benchmarks—such as the base increase of 2.41 percent proposed for community colleges. A smaller base increase would still allow CSU to cover some of its increasing costs. Additionally, it could provide more financial stability for CSU by mitigating the risk that the state would be unable to maintain the higher base moving forward. Alternatively, the Legislature could consider eliminating the proposed base increase for CSU altogether. This option makes the state's structural deficit more manageable to address, increases the chances that core programs could be sustained moving forward, and reduces pressure for a more significant reduction in future years. Even with no increase in state support, CSU core funding would increase 4.2 percent due primarily to raising tuition charges, thereby still allowing CSU to cover some of its spending priorities. This growth is slightly above the average annual rate of growth in total core funding over the past ten years.

Recommend Earmarking a Share of Any Ongoing Base Increase for Capital Outlay. If CSU were to receive a base General Fund increase and designate none of it for capital improvements, its backlog would continue to grow, and facility conditions would worsen. To mitigate this issue, we recommend the Legislature adopt provisional budget language earmarking some share of any approved base increase for capital renewal projects to help campuses make progress on deferred maintenance and critical facility renewals. For example, earmarking around 10 percent of a base increase would allow CSU to undertake some projects while still having capacity to meet other spending priorities.

Recommend Using Available One-Time Funding to Retire Payment Deferral. If one-time funding becomes available, we recommend the Legislature retire this payment deferral either this year or in the coming years. Retiring the payment deferral would return CSU's state payments to their regular schedule, eliminate the associated debt obligation, and reduce state budgetary pressures in the out-years.

Recommend Removing Out-Year Commitments. We recommend removing the state's out-year funding commitments to CSU in 2027-28 and 2028-29. Eliminating these out-year augmentations would reduce projected state deficits in 2027-28 and 2028-29 without requiring programmatic cuts or tax increases. Rather than making commitments in advance, the Legislature could determine each year how much support it can afford to provide CSU in light of overall fiscal conditions and competing budget priorities.

Staff Comments

For more than a decade, the CSU system has relied on compacts with the Governor to provide certainty for core operations planning. With the Newsom-era compacts ending this year, the Assembly has an opportunity to shape the conversation around the long-term direction of CSU funding before the next Governor contemplates taking a position. As future estimates for the state budget look grim, the Subcommittee may wish to consider how the state can best support CSU. While an aspirational compact that helps underwrite the growth in overall costs would be the best outcome for CSU, the state may not be in a position to afford such a promise.

Suggested Questions:

1. Given the protected state budget deficits in future years, how is the CSU preparing for future years without a compact promise of additional state core funding?
2. How is the system managing the loss of federal funds?
3. How should state General Fund support for CSU reflect enrollment trends discussed in the prior issue on the agenda?

Staff Recommendation: Hold Open.

Issue 3: Title IX Update

The Subcommittee will hear an update on Title IX issues and activities from the Chancellor's Office.

Panel

- Peter Lim, California State University Chancellor's Office

Background

In 1964, the United States passed the Civil Rights Act of 1964, which prohibited discrimination based on race, color, religion, sex in employment, public accommodations, and federally funded programs. Title VI of the Civil Rights Act prohibits discrimination based on color, race, or national origin in programs or activities that receive federal financial assistance, this would include most colleges and universities in the state of California. In 1972, an additional law was put forward to prevent sex discrimination on collegiate campuses throughout the United States, Title IX of the Education Amendments of 1972 (Title IX). Both Title VI and Title IX go beyond ensuring students have access to sports and academic majors; it requires all higher education institutions to provide educational programs free from all forms of discrimination.

The prevention of discrimination is more than simply having a policy on how to address complaints. Prevention is creating a campus culture that addresses the root cause of discrimination before it becomes a complaint. The prevention of discrimination includes training where bystanders are empowered to intervene, a campus where students, faculty, and staff are encouraged to report incidents, and a culture, where those reports are met with support for all parties involved.

In 2024, the Assembly Higher Education Committee published a report containing a synopsis of the information gleaned from the briefings and a compilation of legislative proposals for how the State can partner with higher education institutions to prevent and address sex discrimination in all its forms on campuses throughout California. The report contained the following findings:

California Community Colleges (CCC)	California State University	University of California
<p>No systemwide policy that all 116 campuses and 72 districts follow.</p> <p>Title IX coordinators not on campus and very few have designated Title IX offices/coordinators.</p> <p>Additional appeals for faculty/staff.</p> <p>No mandated training on for students (forthcoming).</p> <p>No systemwide coordinator or office.</p> <p>Reports are requirement by regulations, but the Chancellor’s office said due to lack of guidance the reports are not up to date</p>	<p>Each campus has a Title IX office and coordinator.</p> <p>One major policy with five grievance procedures – depending on the respondent.</p> <p>Additional appeals for faculty/staff based on collective bargaining and California Education Code.</p> <p>Decision maker differs depending upon whether the respondent is a student or employee.</p> <p>Offers in-person and online training for students and employees.</p> <p>Each campus has a confidential advocate who has additional responsibilities beyond helping complainants access supportive measures.</p> <p>Campus-level data collected on sexual harassment trends but not provided at the systemwide level.</p>	<p>Each campus has a Title IX office and coordinator.</p> <p>One major policy with nine grievance procedures – depending on the respondent.</p> <p>Additional appeals for faculty and staff.</p> <p>Chancellor of the campus is the decision maker in all cases.</p> <p>Stand-alone confidential advocate office and respondent coordinators</p> <p>UC tracks campus and systemwide data to ascertain and address patterns of sex discrimination.</p>

The primary finding from the report was a lack of transparency as to how colleges and universities were responding to acts of discrimination. The report provided 18 recommendations of which 12 were signed into law through the accompanying bill package. The bills ranged from reporting requirements on sexual harassment incidents on campus to codifying the creation of Civil Rights offices at the CSU and UC. Among the bills was AB 2326 (Alvarez), which included

a requirement that the leadership of all three public higher education institutions present to the legislative budget subcommittees their efforts in addressing and preventing discrimination on campus.

CSU Title IX Update

Chancellor Garcia provided the following written update to the Subcommittee at the February 17 hearing:

I am pleased to report that we have made significant investments and taken meaningful steps in this regard. The CSU has implemented all but one of the state auditor's recommendations from the 2023 Title IX audit. And we are on track to complete the remaining recommendation – the implementation of a systemwide case management system across all CSU campuses – by summer 2026.

In addition, we have expanded specialized oversight capacity at the Chancellor's Office. We have established five dedicated teams that partner closely with campus civil rights offices to strengthen operations and improve the quality of services provided to students and employees. This represents a significant shift in how we ensure consistency and quality across the system, advancing our goal to ensure that any student or employee – regardless of campus – has access to the same level of support and resources should they experience discrimination or harassment.

While responding promptly and effectively to discrimination and harassment remains one of the CSU's highest priorities, prevention is equally critical. The CSU is strengthening these efforts systemwide through training and education that clearly communicate behavioral expectations and help prevent misconduct before it occurs. Today, nearly every campus has invested in the hiring of at least one dedicated civil rights prevention and education professional, and the Chancellor's Office has established a senior leadership role focused on prevention and education to better support and coordinate these efforts systemwide.

We are also improving the quality and consistency of civil rights investigations through a shared investigator pilot program and the creation of centralized investigator positions at the Chancellor's Office. These efforts build internal expertise, reduce reliance on external contractors, and support more timely and effective resolutions.

The CSU is also advancing a more people-centered, data-informed approach to civil rights oversight across the system. To this end, we evaluate the quality of civil rights services through the lived experiences of students and employees, using systemwide data to identify what is working well and where further refinement is needed. This allows us to target resources and investments precisely where they will have the greatest impact, rather than distributing funds across campuses or program areas that are already performing well. Additionally, we are building trust in our response to civil rights violations through transparency, including – perhaps most significantly – by publishing university-level civil rights data on reporting volumes, investigations, outcomes and sanctions.

Over the past year, the CSU's vice chancellor for Human Resources and other CSU leaders have provided our Board of Trustees with updates at every meeting regarding our systemwide and campus-based civil rights work. Additionally, we have published annual reports on these matters with the legislature, including the Annual Report on Nondiscrimination Policy (October 2025), the Annual Report on Sexual Harassment (November 2025) and the Equity in Higher Education Act Annual Report (December 2025).

Finally, we are attentive and responsive when issues arise at individual universities. Recently, for example, the U.S. Department of Education's Office for Civil Rights issued findings related to San José State University, including a conclusion that the campus incorrectly believed Title IX protections did not extend to gender identity. That conclusion is inconsistent with the law during the relevant period, as well as the CSU's values and longstanding commitment to equity and inclusion. We are carefully reviewing the findings and evaluating appropriate next steps to ensure alignment with our policies, legal obligations and our responsibility to provide safe and inclusive learning and working environments for all members of our community.

I am encouraged by this period of meaningful growth in civil rights programming and services across the CSU. There is strong momentum in this work – and it will continue.

Staff Comments

The Subcommittee considered this item last year and the report from UC represents the latest update from the system on Title IX compliance.

Suggested Questions:

1. How has Title IX compliance at CSU changed in response to recent state legislation?
2. Do you have suggestions on how the Assembly can help support and monitor your important work?

Staff Recommendation: This is an oversight item.

Issue 4: Basic Needs

The Subcommittee will discuss poverty, hunger, and homelessness trends amongst CSU students.

Panel

- Alex Anaya Velazquez, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Mark Martin, California State University

Background

Since the COVID-19 pandemic, there has been enhanced visibility of college students that are struggling with “basic needs”: food, housing, and behavioral health care. This included a \$48.9 million investment for Basic Needs, Rapid Rehousing, and Mental Health Services included in the Governor’s Proposal.

CSU reports a wide range of services available across campuses for students with basic needs. These include:

- All 22 campuses have a food pantry or food distribution program.
- All 22 campuses offer on-site CalFresh application assistance.
- 19 campuses offer meals through meal sharing or meal voucher programs.
- 16 campuses make fresh fruit and vegetables available to students.
- 15 campuses accept Electronic Benefit Transfer (EBT) with additional campuses in development.
- 16 campuses offer grocery store gift cards to students experiencing food insecurity.
- 19 CSU campuses offer on-campus emergency housing.
- 18 CSU campuses offer off-campus emergency housing, including 14 campuses that provide hotel vouchers for emergency support.
- All 22 campuses offer emergency grants or funds.
- 18 campuses are participating in the Rapid Rehousing & Housing Security Program (RRHHSP) starting in the 2023-24 academic year.
- All 22 campuses have websites that connect students with on- and off-campus resources, and many faculty members include resource links in course syllabi.
- All 22 campuses have administrators or staff who manage programs and connect students with resources.
- All 22 campuses have case managers or crisis response teams.
- 20 campuses partner with local food banks and other
- community organizations.

- 19 campuses stock supplies in their food pantry and/or
- Basic Needs Center for parenting students (e.g., diapers, wipes, baby food, etc.).
- All 22 campuses have programs and services specific to serving the needs of student parents (e.g., childcare support and referrals, resource navigation, etc.).
- 21 campuses have programs and services specific to serving the transportation needs of students (e.g., bus passes and/or bus subsidies, ride share support, parking permit support, etc.)
- 19 campuses have programs and services specific to serving the broadband and technology needs of students (e.g., internet subsidies, laptop equipment loans, etc.)

Staff Comment

CSU Basic Needs funding has become an important component of the CSU budget and critical support for the system's most economically vulnerable students. The current funding and structure of the program has been in place for three fiscal years, allowing this funding to become a dependable resource for campuses to provide these critical services.

The Subcommittee may wish to revisit if this approach should be revisited given the expected impact or federal policy and economic challenges. The State expects 665,000 Californians will lose eligibility for CalFresh in 2027 due to new work requirements for CalFresh, compounding the impact of hunger from higher food prices. The Subcommittee may wish to consider how this program is positioned to respond to evolving needs that must be met for these students to be able to learn.

Suggested Questions:

1. Has the utilization of Basic Needs changed in any meaningful way since the report period ended last summer?
2. How is CSU expecting to adjust its approach to Basic Needs given the imposition of work requirements for CalFresh recipients?
3. To what extent are campuses investing in the basic needs and mental health services beyond what is provided in this investment?
4. Is there any approach the Legislature could take in allocating this funding to be responsive to unforeseen increases in student needs?

Staff Recommendation: Hold Open

Issue 5: Common Course Numbering

The Subcommittee will discuss CSU's role in Common Course Numbering.

Panel

- Alex Anaya Velazquez, Department of Finance
- Natalie Gonzalez, Legislative Analyst's Office
- Elizabeth Boyd, California State University
- Marci Sanchez, California State University

Background

Education Code Sections 66725-66725.5 [Assembly Bill No. 1111 (Berman)] require implementation of a student-facing common course numbering (CCN) system across the California Community Colleges on or before July 1, 2027. The CCN system creates comparable courses and then assigns them the same course number across all California community colleges in order to “streamline transfer from two- to four-year postsecondary educational institutions and reduce excess credit accumulation.”

The Budget Act of 2021 allocated \$10,000,000 to the Chancellor of the California Community Colleges to establish a workgroup to support the development of that system. The CCC workgroup recommended the development of a common course numbering template for transferable general education courses that represent common but not identical courses with the goal of having the courses universally accepted across the community college, UC and CSU systems.

CCN implementation relies on faculty expertise and decision-making, as this work is primarily curricular in nature and articulation policies are within faculty purview. The CSU Academic Senate is an active participant in this work alongside the senates of the community colleges and the University of California Academic Senate.

Staff Comments

After years of discussion, Common Course Numbering is now moving forward across the three California higher education systems. While the bulk of the work and all of the funding were provided to the Community College system, the CSU system plays a critical role as a partner for this initiative to succeed.

At the March 17, 2026 hearing, the UC testified that so far the CCN effort has developed Universal Templates for 150 different courses to date. In Fall of 2025, Phase 1 of the CCN was implemented in 6 student-facing courses (from 14 templates). In Fall of 2026, 18 more courses (42 templates) will be student-facing. The articulation of these courses are managed in the Assist system.

Suggested Questions:

1. What benefits does the CSU foresee from the implementation of Common Course Numbering?
2. What support, guidance or resources does CSU need to ensure that the Common Course Number system moves forward as intended?

Staff Recommendation: Hold Open

This agenda and other publications are available on the Assembly Budget Committee's website at: [Sub 3 Hearing Agendas | California State Assembly](#). You may contact the Committee at (916) 319-2099. This agenda was prepared by Christian Griffith.