

## **The CSU Enrollment Target and Budget Reallocation Plan**

*A Systemwide FTES and Funding Reallocation Framework*

*Through College Year 2026-27*

*January 11, 2023*

The California State University is at a pivotal point with respect to student enrollment. The system's overall decline in enrollment reflects national trends, pandemic effects and distinctive regional differences. These trends must be considered within the context of the Newsom administration's Budget Compact that pledges to provide enrollment funding to increase resident undergraduate enrollment by 1 percent through 2026-27.

This document is written to provide system and university leaders with clear guidance through an updated framework and set of principles to guide systemwide and university-level enrollment planning. This framework includes steps that will be taken to align resources with actual College Year (with summer as the leading term) enrollment and to support the enrollment growth projected in the state's budget compact.

Historic approaches to enrollment target-setting and resource allocation are no longer sustainable. Beginning in College Year 2024-25, resident FTES and associated resources will be permanently reallocated from universities with enrollment declines to universities who can grow and help achieve the CSU's systemwide resident student enrollment target. Rates of reallocation will increase in subsequent years to give all universities time to adjust to these shifts. The allocation of any new and reallocated resident FTES growth will be limited to universities meeting or exceeding their current funded resident FTES target.

Based on current enrollment trends, this approach to enrollment allocation will be necessary for several years until actual enrollment aligns with the systemwide targets.

### **Guiding Principles for Multi-Year Enrollment Planning**

1. Achieve or exceed systemwide resident student enrollment targets; to close the current gap, all 23 universities must grow,
2. Universities who are able to exceed their enrollment targets will not be penalized,
3. Direct permanent enrollment resources to universities based on actual / achieved student enrollment,
4. Provide clear and ongoing guidance to universities,
5. Provide universities time to plan and limit any secondary impacts, and
6. Be nimble and provide year-to-year flexibility for leadership.

### **Overview of Framework**

- The 23 universities are organized into groups based on current enrollment levels. Groups will adjust annually based on final resident enrollment level.
  - Group X – significantly below target
  - Group Y – below target

- Group Z – near target or above target
- Beginning 2024-25, five percent of the FTES enrollment target and associated marginal cost funding will be reallocated from Group X universities to Group Z universities. No change in FTES or base funding will be made to Group Y universities.
- Beginning 2023-24, only Group Z universities that are above their funded resident FTES target will receive new FTES enrollment and associated with the Budget Compact.
- Allocation and reallocation to eligible universities will be based on actual college year resident FTES enrollment.
- There are no penalties for enrollment that exceeds a university’s target, as long as systemwide enrollment is below the system’s funded target.
- This plan will be accompanied by a communication plan addressing this multi-year framework.

### **College Year-Specific Guidance**

#### **College Year (CY) 2022-23**

- All universities are expected to grow actual resident FTES beyond projected CY 2022-23 levels; there are no penalties for enrollment that exceeds target,
- After consideration of a universities’ specific fiscal circumstances, the Chancellor’s Office may provide limited, one-time funding to support one-time enrollment strategies.

#### **CY 2023-24**

- All universities are expected to grow actual resident FTES beyond CY 2022-23 levels; there are no penalties for enrollment that exceeds target
- **NEW GROWTH:** Resources for enrollment growth will be allocated only to universities with actual CY 2022-23 FTES above their funded target.
  - The Chancellor’s Office will utilize the marginal cost formula with a range between \$7,900 and \$8,900 General Fund per FTES, per university.
- **REALLOCATION:** Resources will be reallocated beginning in 2024-25 according to the plan detailed below.

## CY 2024-25

- All universities are expected to grow actual resident FTES beyond CY 2023-24 levels; there are no penalties for enrollment that exceeds target.
- **NEW GROWTH:** Resources for enrollment growth will only be allocated to universities with actual CY 2023-24 FTES above their funded target (i.e., at marginal cost per FTES).
- **REALLOCATION:** Based upon CY 2023-24 actual resident FTES relative to target
  - All universities retain 95% of CY 2023-24 FTES target and funding for 2024-25.

<b>Group X</b>	more than <b>-10%</b> below target	Sweep 5% of enrollment target and between \$7,900 and \$8,900 General Fund per target FTES (i.e., at marginal cost)
<b>Group Y</b>	<b>-10%</b> to less than 0% below target	No FTES target or funding changes
<b>Group Z</b>	at or above funded target	Receive reallocated enrollment target and between \$7,900 and \$8,900 General Fund per target FTES from Group X (i.e., at marginal cost)

## CY 2025-26

- All universities are expected to grow actual resident FTES beyond CY 2024-25 levels; there are no penalties for enrollment that exceeds target
- **NEW GROWTH:** Resources for enrollment growth will only be allocated to universities with actual CY 2024-25 FTES above their funded target (i.e., at marginal cost per FTES).
- **REALLOCATION:** Based upon CY 2024-25 actual resident FTES relative to target
  - All universities retain 95% of CY 2024-25 FTES target and funding for 2025-26

<b>Group X</b>	more than <b>-7%</b> below target	Sweep 5% of enrollment target and associated General Fund at marginal cost
<b>Group Y</b>	<b>-7%</b> to less than 0% below target	No FTES target or funding changes
<b>Group Z</b>	at or above funded target	Receive reallocated enrollment target and associated General Fund at marginal cost

## CY 2026-27

- All universities are expected to grow actual resident FTES beyond CY 2025-26 levels; there are no penalties for enrollment that exceeds target.
- **NEW GROWTH:** Resources for enrollment growth will only be allocated to universities with actual CY 2025-26 FTES above their funded target (i.e., at marginal cost per FTES).
- **REALLOCATION:** Based upon CY 2025-26 actual resident FTES relative to target
  - All universities retain 95% of CY 2025-26 FTES target and funding for 2026-27

<b>Group X</b>	more than <b>-5%</b> below target	Sweep 5% of enrollment target and associated General Fund at marginal cost
<b>Group Y</b>	<b>-5%</b> to less than 0% below target	No target and funding changes
<b>Group Z</b>	at or above funded target	Receive reallocated enrollment target and associated General Fund at marginal cost