



California State University, Sacramento
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March 26, 2024

MEMORANDUM

TO: Vice President and CFO Jonathan Bowman
Vice President Mark Hendricks
Vice President Aniesha Mitchell
Provost Carlos Nevarez (Interim)
Vice President Sharon Takeda (Interim)
Chief of Staff Kristen Tudor

FROM: Dr. Luke Wood, President

A handwritten signature in blue ink, appearing to read 'Luke Wood'.

SUBJECT: Fiscal Year 2024-25 Budget Call

In preparation for the new fiscal year, I request each division to complete the 2024-25 Campus Operating Fund Budget Call based on input from the President's Budget Advisory Committee (PBAC). Please carefully review the instructions emailed under separate cover from the Budget Office and complete and submit all necessary documents and spreadsheets by **Friday May 10, 2024**. In-person budget presentations are scheduled for May 23 and 24, 2024. Vice Presidents will present simultaneously to cabinet and PBAC; college Deans will not present.

Governor's Proposed Budget

In response to an estimated \$38 billion fiscal deficit, the Governor's 2024-25 proposed budget includes no additional compact funding for the CSU system. Instead, the Governor proposes to defer \$240 million in funding to the following year. To continue compact-related goals, the CSU has committed to allocating \$240 million in temporary support to campuses. However, this is \$145 million less than the Trustees identified as needed to advance graduation, basic needs, and mental health initiatives, to comply with state and federal Title IV and NAGPRA recommendations, and to fund recently-negotiated salary and benefit increases. In addition to reduced state funding, campuses are challenged by declining enrollment that further erodes tuition revenue. Consequently, all campuses are facing budget reductions that necessitate deliberate and strategic planning to maintain services to students.

Over the next few months, the Chancellor's Office will continue to seek additional funding for the CSU system, and the Budget Planning & Administration office will monitor legislative budget changes and communication from the Chancellor's Office to better inform final estimates and division allocations.

Budget Call

Based on current information and assumptions, Sacramento State estimates a \$15.5 million deficit in 2024-25. With input from PBAC, campus will not tap reserves to cover the shortfall, nor will it decrease the amount of funds divisions may carryforward at year end. Rather, all campus divisions will take a baseline reduction totaling 4.2 percent of their total general operating fund sources as estimated in their second quarter projections. This includes total baseline, compensation, and benefit allocations, as well as prior year carryforward balances and other general operating fund revenue sources. Basing reductions on this total results in a more equitable distribution, particularly for those divisions that do not have other revenue sources.

Sacramento State employs a decentralized budget process whereby each vice president has allocation authority over their division's baseline funds. Therefore, rather than dictating how reductions will be achieved, each vice president is tasked with identifying and implementing strategic cuts and deciding whether to use carryforward balances to offset reductions.

Divisions are also requested to review the All University Expense (AUE) allocations under their oversight. For those items that historically end the fiscal year with a budget surplus, divisions should propose reductions to offset likely increases for campus expenses such as insurance premiums and utilities.

Budget Planning Instructions and Assumptions

Planning instructions and assumptions are as follows:

- Divisions shall report on the actions taken to meet the current 2023-24 fiscal year reductions, noting any differences from what was presented as part of the 2023-24 Budget Call.
- Divisions must develop a balanced budget and operate within available resources.
- Divisions should describe how their budgets and efforts will help to advance the university strategic actions in the strategic plan.
- Given the reduction scenarios, new positions should only be requested to the extent they can be funded by division resources. New positions are to be requested through this annual budget call process. Divisions are asked to be strategic with their workforce planning efforts and examine their existing structures and vacancies before asking for new positions.

- Due to the State's fiscal outlook and uncertainty of the Governor's multiyear compact, divisions should contemplate permanent, multiyear organizational changes and efficiencies to reduce costs, as well as opportunities to increase revenue and enrollment.
- Divisions are requested to include metrics to assess the effectiveness of organizational, cost reduction, revenue, and enrollment growth initiatives. To encourage accountability and recognize successful implementation, PBAC intends to request divisions to report metrics next year.
- Divisions are requested to report on 2021-22 and 2022-23 one-time University Budget Advisory Committee (UBAC) allocations. More specifically, explain why funds have not been spent, and specify whether funds will be fully spent for the intended purpose during 2024-25.
- Divisions that received notice of older vacancies set for deactivation may count the applicable salaries as part of their 2024-25 reduction target. These will be pre-populated on the respective divisions' templates.
- Divisions that deactivate/reduce positions may count reduced benefits toward their reduction target only if the positions became vacant during 2023-24.
- Divisions must complete the items below:
 1. 2023-24 Implemented Reductions (Excel)
 2. 2021-22 and 2022-23 Unspent UBAC one-time allocations (Excel)
 3. 2024-25 Reduction Strategies (Excel)
 4. Narrative explaining reduction strategies (Word)
 5. 2024-25 Unspent Carry Forward Funds Projection (Word)
 6. 2024-25 All University Expenditure Line Items (Excel)
 7. 2024-25 Lottery Fund Requests, if applicable (Excel)
 8. PowerPoint for presenting strategies to UBAC (PowerPoint)
- To enable equitable attention and time, divisions may only present the information requested in the PowerPoint template, which will be provided under separate cover from the Budget Office by April 2.
- Other Funds Report – For information purposes, divisions' special funding sources such as Miscellaneous Course Fees, charges for services, and other similar sources of funding are listed in this provided report. These are non-general operating funds which are not included in the total operating fund sources upon which reductions are based.

California Lottery Funds

Consistent with last fiscal year, Lottery Fund allocations are included in the annual budget process and divisions may request Lottery Fund allocations. Lottery Fund usage is exclusively for the education of students, and we are required to report our usage on an annual basis to the CSU Chancellor's Office, California Legislature, and the California

Department of Finance. Please see the CSU Systemwide Lottery Policy link below for details on the specific usage of Lottery funds. Sacramento State's 2024-25 Lottery Fund allocation is estimated to be \$2.5 million. Unspent Lottery funds may not be carried forward from year to year.

<https://csyou.calstate.edu/Divisions-Orgs/bus-fin/budget/lottery/Pages/Lotter-Policy-Procedures-Guidelines.aspx>

The budget call request requires entering data into Microsoft Excel, Word, and PowerPoint forms and templates provided by the Budget Planning & Administration office. Jennifer Harris and her team are available to answer questions to assist you complete the budget call.

As additional information on the state, CSU, and campus budgets becomes available, I will provide updates to incorporate changes into the budget planning process. Divisions are responsible for keeping their departments apprised of the latest developments and budget updates as they unfold. I look forward to working with you and the Budget Advisory Committee to develop a balanced budget that maintains our imperatives and priorities.

cc: President's Budget Advisory Committee
Budget Planning & Administration