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April 4, 2022

## MEMORANDUM

TO: Provost Carlos Nevarez (Interim)  
Vice President Jonathan Bowman  
Vice President Lisa Cardoza  
Vice President Mark Hendricks (Interim)  
Vice President Edward Mills  
Vice President Mia Settles-Tidwell  
Chief of Staff, Sarah Billingsley  
Director of Athletics, Mark Orr

FROM: Robert S. Nelsen  
President

**SUBJECT: Campus Operating Fund Budget Call for Fiscal Year 2022/23**

I am hereby requesting that each division complete the 2022/23 Campus Operating Fund Budget Call based upon the budget assumptions and scenarios recommended by the University Budget Advisory Committee (UBAC). Instructions and forms for completion are included as supplemental attachments. Please use them to complete the division's responses and submit all necessary documents to the University Budget Office by **Thursday, April 28, 2022**. For assistance completing budget requests, please contact Rose McAuliffe, Associate Vice President for Budget Planning and Administration.

### **Governor's Proposed Budget**

The Governor's proposed 2022/23 budget includes a total ongoing increase of \$467 million to the California State University System:

- \$211 million for base augmentation (5% increase to General Fund or 2.85% increase to total CSU Operating Budget)
- \$81 million for enrollment increases
- \$82 million for retiree health benefit cost increases
- \$81 million for pension cost increases
- \$12 million to support foster youth students

The proposal also includes \$233 million in one-time initiatives to the California State University System:

- \$100 million for Deferred Maintenance and energy efficient projects
- \$133 million for Climate Initiatives at CSU Bakersfield and CSU university farms

Although these proposals are positive, we are still not sure what the final numbers will be, and the vast majority of the new \$211 million will be allotted to paying for the salary increases in the new CFA contract. Undoubtedly, all the initial forecasts will change as the State budget is finalized and as the Chancellor's Office releases new information on what portions of the allocations will be held centrally.

### **Budget Call**

For the coming 2022/23 fiscal year, we are asking divisions to prepare two budget scenarios. The assumption behind the scenarios is that Sacramento State's campus allocation will have either \$0.00 new dollars or up to \$3.0 million in ongoing funding that can be spread throughout the divisions. Based on other pressures to the budget that might arise, I unfortunately reserve the right to allocate no additional funds to divisions should other critical or emergency priorities present themselves that need to be addressed. These pressures include salary increases. As we continue negotiations with the various unions which undoubtedly will include raises for employees, my top priority will be funding those raises. Additionally, as you probably know, the CSU system has invested in a salary study that is forthcoming. That study will also significantly affect the upcoming budget. I look forward to the information and with working with the CSU system and the Governor and the Legislature to fund the recommendations from the salary study. If no additional funding is made available to our campus beyond mandatory expenses and/or funding for salary increases, no additional funding will be allocated to divisions, and each division will have to decide how it will allocate and adjust its funding based upon the priorities and needs within the division.

As in the past, no General Operating Fund budget lines are exempt from review or change, including the All University Expense budget lines. In order to make optimal use of resources, it is critical that we identify one-time expenditure needs from on-going baseline costs and that we manage both strategically. We have set aside \$10 million in one-time funding for one-time expenditures, and this \$10 million will apply to both scenarios.

### **Budget Planning Assumptions and Scenarios**

In concurrence with the University Budget Advisory Committee recommendation, as noted above, the 2022/23 Annual Budget Call requests that division heads address two budget scenarios: \$0.0 or \$3 million to divisions.

The planning assumptions details are as follows:

- The expectation is that divisions will present 2 Scenarios. For Scenario 1, divisions will describe how they will operate utilizing existing resources to meet their

objectives. This scenario may include redirecting funds to the highest priority in their division, in which case there must be a rationale for the redirection of the funding and an explanation of what the consequences of the redirection will be for the rest of the division. For Scenario 2, divisions will describe how they will utilize a portion of the new \$3 million to address their operational needs and campus imperatives. Both scenarios should also include requests for portions of the one-time \$10 million. Please remember that both the \$3 million and the \$10 million will be allocated based on priorities and must fund the entire University.

- The campus imperatives as well as safety and health will serve as general guidelines for planning and allocating the 2022/23 resources and for identifying baseline budget changes.
- The divisions must determine the optimum utilization of resources available and must demonstrate how decisions positively influence the progress towards the University's imperatives (biggest bang for the buck). Divisions should include and notate any significant expense changes within the division's departments.
- Please review the Other Funds Report (report attached) to determine how these funds can be used in conjunction with the new resources. Be careful to follow the appropriate fund rules regarding uses.
- The divisions should carefully review their carry forward balances and provide a description of how they will be strategically used.
- As noted above, divisions may request funding for projects for consideration using one-time funds. Divisions may also list self-funded projects for informational purposes.
- Increases in All University Expenses (AUE) requests are to be presented and explained. Please remember that AUEs reduce overall available funding for the divisions. AUE funding is taken off the top, and there is no additional funding available for AUEs beyond the funding provided in the two scenarios.
- 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 vacancies before asking for new positions.
- Narratives should articulate assumptions, priorities, and strategies to address the topics noted in the "instructions" form. A PowerPoint template is attached for the Narrative.
- Divisions must develop a balanced budget and operate within available resources as noted in the documents below:
  - 2022/23 Impact to Divisions Scenario
  - 2021/22 Unspent Carry Forward Funds
  - 2022/23 All University Expenditure Line Items
  - 2022/23 One-time Projects List
  - 2021/22 Baseline Changes Implemented
  - 2022/23 Lottery Funds
  - Other Funds Report - The division's special funding sources such as Miscellaneous Course Fees, charges for services, and other similar sources of funding are listed in this report.

### **California Lottery Funds**

Starting with the 2022/23 fiscal year, Lottery Fund allocations will now be a part of the annual budget process. Divisions may request for Lottery Fund allocations. Lottery Fund usage is very specific (“exclusively for the education of pupils and 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 these funds. Lottery funds not utilized by the end of the fiscal year cannot be carried forward. Our Lottery Fund allocation for the 2022/23 Fiscal year is estimated to be \$2.5 million.

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

### **One-Time Project Requests**

One-time project requests may be requested and considered for approval. As detailed above, we anticipate having an estimated \$10 million in one-time funds beyond funds for deferred maintenance to support the campus. Given reports from the Legislature, more one-time funding may become available.

The budget call request requires entering data into the Microsoft Excel and PowerPoint forms provided. The instructions and forms are attached. Rose McAuliffe, Associate Vice President for Budget Planning and Administration, and her staff are prepared to assist you with questions about completing the budget call.

As additional information on the State, CSU, and campus budget becomes available, I will provide updates to incorporate changes into the budget planning process. Divisions are responsible for informing their departments of the latest developments and budget updates as they unfold. I look forward to working with you and the University Budget Advisory Committee to develop a balanced budget while instantiating the Anchor University initiative, improving graduation rates, and making our campus inclusive for all.

### **Attachments**

cc: University Budget Advisory Committee  
Budget Planning & Administration