

Date: June 16, 2024

To: Luke Wood, President, California State University, Sacramento

From: Sheree Meyer, Chair, President’s Budget Advisory Committee (SM)

Re: Recommendations for 2024-25 Budget Allocations

The President’s Budget Advisory Committee (PBAC) extends its appreciation to the Sacramento State leadership team for the informative budget presentations on May 23rd and 24th. The committee also thanks division budget teams for their work compiling and preparing information on current year reductions, one-time allocations, and future reductions, and for assisting Vice Presidents prepare for budget meetings.

Through the Budget Call, divisions were given a reduction target equaling 4.2% of their general operating funds sources, as estimated by each division in their December 31, 2023 second quarter projection. The table below details the reductions by division:

2024-25 Reduction Targets	
Division	4.2% of Total Sources
Academic Affairs	(\$9,606,964)
Administration and Business Affairs	(\$2,134,136)
Information Resources & Technology	(\$825,649)
Student Affairs	(\$690,316)
University Advancement	(\$302,906)
Division of the President	(\$1,940,020)
Total Reduction Target	(\$15,500,000)

PBAC understands that the reductions above will be applied to division baseline budgets and that Vice Presidents have final authority and discretion over their budgets. However, given the uncertainty of the future state allocations, divisions were asked to think creatively and purposefully and propose multi-year strategies that would achieve savings and efficiencies over the next three years. The committee’s intent was to learn about potential one-time investments that may be needed in the short term to implement the strategies, and the expected outcomes and metrics that would be used to measure success in the future. Divisions were also asked to report on reductions implemented in the current year, as well as the status

of expenses resulting from one-time allocations in fiscal years 2021-22 and 2022-23. There were no funds identified for one-time or ongoing budget increases.

Following the Vice President's budget presentations, PBAC met to discuss, deliberate, and make recommendations on the following:

1. Multi-year savings and efficiency proposals
2. All University Expenses (AUEs)
3. Lottery fund allocations
4. Prior-year allocation balances

Multi-Year Savings and Efficiency Proposals

The majority of divisions clearly explained how they would implement reductions in 2024-25, including some meaningful reorganizations targeted to achieve lasting savings and efficiencies into the future. However, multi-year strategies were not proposed. The committee recommends that divisions begin collaborating internally and externally to identify and implement new, creative ways to save funds. For example, the committee recommends each division prepare a zero-based budget to level set needs. This is a time intensive undertaking that may require a phased approach over a few years. The committee also recommends that campus close many buildings over the summer to reduce utility expenses. This would require early collaboration between Academic Affairs and Administration and Business Affairs to identify and plan classroom and office needs, and proactively communicate with affected faculty and staff well in advance of summer.

All University Expenses

In total, divisions requested an additional \$2.7 million to cover AUEs, for a total request of \$35.2 million. The largest increase noted is \$2.2 million for rising utility costs. In an effort to find savings, PBAC reviewed each AUE, including actual expenses over the last three years. The committee found that some line items had no expenses or significantly less expenses than the amounts budgeted. Rather than hold budget for these items at the expense of withholding budget for other critical needs, the committee recommends approving a lesser increase of only \$2.4 million as detailed in Attachment A.

One of the larger AUEs reviewed was IRT's Campus Software and Hardware expense, with funding proposed at \$6.1 million. The committee recommends funding only \$6.0 million and also recommends IRT do the following:

- Conduct a thorough review of all existing contracts to identify overlap among divisions and programs and renegotiate or renew contracts to achieve economies of scale either on campus or system-wide.
- Investigate software solutions that could reduce redundancy with similar software across divisions (e.g. leveraging CRM tools).
- Evaluate the effectiveness and efficiency of existing technologies and systems, including usage, to determine those that can be decommissioned.

- Leverage the IRT project call process and IRT expertise to include a review of existing systems and software and advise requestors of similar products already in use and available on campus, or other more cost-effective alternatives than which requested.

In addition to the IRT recommendation, the Committee supports the Division of the President’s intent to review the AUE for campus memberships and professional organizations and only continue those that align with campus values and strategic objectives.

Lottery Fund

This year, division requests for Lottery funds far exceeded funds availability by \$3.5 million. As a result, the Committee recommends an alternative allocation methodology that preserves these funds for critical purposes, aligns expenses with the appropriate use of funds, and achieves budgeting and accounting efficiencies. In short, the methodology prioritizes funding for American Sign Language (ASL) interpreters who support student learning and success. Additionally, the methodology allocates funds to IRT and the Library only, with equal baseline funding pulled back to be allocated to divisions based on historical allocations. Finally, the Committee recommends using available GI 2025 funds, rather than Lottery funds, for re-enrollment and re-engagement purposes. The table below details the funding totals by division based on this methodology.

Totals per Division (Lottery + Baseline)	
AA	\$ 693,233
IRT	\$ 674,330
PRES	\$ 12,632
SA	\$ 1,304,805
	\$ 2,685,000

Prior-Year One-Time

As part of the Budget Call, divisions provided the status of unspent one-time allocations totaling \$2.3 million. Of this amount, divisions reported that they would spend \$2.1 million over the next two years, and that \$221,600 could be reverted. PBAC reviewed the information submitted and found that some divisions had not yet begun projects with more than \$300,000 in funds awarded two and three years ago. Although the purposes may have been a priority in 2021-22 and 2022-23, the lack of implementation coupled with current fiscal constraints necessitate pulling the funds back for higher priorities. As such, the Committee recommends that the central Budget Office research and confirm those projects and allocations with no activity and for which funds have not been contractually obligated, and to sweep funds back to campus reserves. PBAC requests the opportunity to advise on the allocation of those funds.

Broader PBAC Recommendation

The Committee discussed the budget development timeline, recognizing that it is dependent on the release of the Governor's Budget in January and subsequent preliminary allocation information provided by the Chancellor's Office. However, the short amount of time available to review and consider divisions' budget information prevents thoughtful analysis and discussion. To the extent possible, the Committee recommends that the budget development process begin earlier in the year.

Finally, in the event reductions in 2024-25 are higher than estimated, the Committee requests the opportunity to advise on the allocation of the reductions.