

Date: July 24, 2024

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

From: Sheree Meyer, Chair, President's Budget Advisory Committee

Re: Recommendations for 2024-25 Budget Reductions

Following its review and recommendations on Sac State's 2024-25 budget, the President's Budget Advisory Committee (PBAC) learned of another \$8 million estimated deficit. As shared by the Budget Office, this shortfall is driven by a \$75 million reduction to the CSU included in the State's Budget Act; Sac State's estimated share is \$4.2 million. In addition, tuition revenue is projected to be \$2 million less than originally estimated, and ongoing benefit expenses increased nearly \$2 million over the past fiscal year.

On July 24, 2025, PBAC met to discuss options and develop recommendations for addressing the shortfall. Based on a review of final division surplus and carryforward amounts, campus reserves, and future fiscal pressures, PBAC does not recommend additional division baseline reductions. Rather, the committee recommends the following actions to provide \$10 million in funds to cover the shortfall and other potential cost increases this year:

- Transfer and utilize \$6 million in funds saved for the future Engineering building. The committee understands that the funds will not be needed immediately, and can be replenished in future years with expected increases in State fund allocations in 2026-27 and beyond.
- Utilize \$640,000 in prior year one-time funds pulled back from unspent allocations. These are funds allocated in 2021-22 and 2022-23 for special projects and initiatives that divisions did not spend.
- As detailed in the table below, reduce the percentage of surplus that divisions may carryforward and sweep the difference to cover expenses in 2024-25.

	Surplus at Year End	Surplus as % of Div Budget	Recommended Carryforward %	Recommended Carryforward \$	Swept to Cover Expenses
Academic Affairs	\$ 9,481,852	3.9%	3.0%	\$ 7,270,635	\$ 2,211,217
Administration and Business Affairs	\$ 762,449	1.5%	1.5%	\$ 762,449	\$ -
Athletics	\$ (99,761)	-0.5%	-0.5%	\$ (99,761)	\$ -
Inclusive Excellence	\$ 349,783	11.2%	5.0%	\$ 155,783	\$ 194,000
IRT	\$ 1,066,066	5.2%	4.0%	\$ 826,839	\$ 239,227
Division of the President	\$ 463,487	4.8%	3.0%	\$ 289,905	\$ 173,582
Student Affairs	\$ 1,299,141	4.0%	3.5%	\$ 1,140,000	\$ 159,141
University Advancement	\$ 746,406	9.9%	5.0%	\$ 376,515	\$ 369,891
	\$ 14,069,423			\$ 10,722,365	\$ 3,347,058

In anticipation of the Legislature's planned eight percent cut to the CSU system in 2025-26, PBAC also recommends campus begin planning for those reductions now. This includes acting on items recommended previously, such as asking IRT to review its contracts, software, and systems to identify savings, and for Academic Affairs and Administration and Business Affairs to collaborate on building closures during the summer to reduce utility costs.