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Date: June 18, 2024

To: President's Budget Advisory Committee

From: Luke Wood, President

A handwritten signature in blue ink that reads 'Luke'.

Re: 2024-25 Budget

Thank you for your work and collaboration on proposing recommendations for the 2024-25 budget. This is the second consecutive year that Sacramento State is facing a budget deficit driven by state budget constraints, declining enrollment, collectively bargained salary increases, and new initiatives. With the potential for continuing fiscal challenges, I commend your foresight to ask divisions to consider and propose multi-year efficiency and cost reduction strategies. I would also like to thank you for performing a thorough review of All University Expenses (AUEs) and prior-year one-time funding awards to realize savings, and for prioritizing funding for American Sign Language (ASL) interpreters to support student and faculty success.

At this time, our estimated Sources of Funds is \$435.6 million; an increase of \$21.7 million over the prior year. In contrast, our estimated Uses of Funds is \$436.0 million, leaving a projected shortfall of \$382,800. This shortfall reflects \$15.5 million in reductions that will be applied to divisions' baseline budgets.

I have carefully considered and fully support your cost savings recommendations, including asking divisions to develop zero-based budgets and to work collaboratively to identify and implement cost savings measures. I will also direct IRT to review contracts, software, and technology to reduce costs and redundancies where possible. I agree with the recommended Lottery allocation methodology and the use of available GI 2025 funds for re-enrollment and re-engagement activities.

Finally, I support pulling back funds allocated in previous years for projects that have not begun and will direct the Budget Office to proceed accordingly with moving the funds to Reserves. It is likely the funds will be needed to close our projected \$382,800 shortfall. However, I commit to reporting back to you on the use of the funds.

Over the next few weeks and months, Sacramento State will receive its allocation of funds; final amounts will likely change our bottom line. As requested, I will seek your input if additional budget cuts become necessary. It is my goal to engage in continued communication with PBAC, including beginning the budget development process sooner, which will strengthen and make our budget development process more transparent.