

President's Budget Advisory Committee
Meeting Minutes
September 12, 2024

Voting Members Present	Area Budget Reps Present:	Staff Present:	Guests Present:
Agnes Wong Nickerson	Crystal Little	Nance Lakdawala	
Bill Tong	Mary Anne Kremicki		
Bann Attiq	Leslie Levinson		
Nola Butler-Byrd	Gloria Bjerke		
Hung "Leon" Chan	Sridhar Seshagiri		
Sean Hauze	Amanda Wilson		
Katarina Hernandez	Rashmi Praba		
Chris Manning	Katie Olivo		
Brian Hentschel	David Fuhriman		
Ed Balsdon			
Bill Tong			
James Frazee			

Voting Members Absent: **Area Budget Reps Absent**

Adrienne Vargas
Mat Schulze
Hala Madanat
Brittany Santos-Derieg
Eric Felix

I. Call to order

- **Call for amendments to agenda** – Agnes Wong Nickerson called the meeting to order at 2:00 p.m. Agnes asked everyone to introduce themselves. Agnes asked if there were any amendments to the agenda but there were none.

II. Information Item

- **2024-25 Budget Update**– Agnes Wong Nickerson said we previously gave a budget presentation to SEC, senate, and some other groups across campus. Katie Olivo gave the presentation today (see attached). Ed Balsdon asked about the compact. Katie Olivo responded this is year 3 of 5 from the governor at 5% per year. It is a CSU compact. It includes 1% enrollment growth if targets are met. Regarding one-time funding, we will

know more in January when the governor's next iteration is released. We have been cut \$75M in 2024-25. That will come from our reserves. Our enrollment target for 2024-25 is 1,075 extra FTES over our actual enrollment last year which was 757 over target. CSU did provide us some one-time funding for the 757 FTES. The new target was given to us in the summer after everyone was enrolled and had attended orientation so we focused on working with students to carry full loads to help meet the new target. Summer enrollment was also high. Agnes Wong Nickerson said thanks to Academic Affairs for encouraging students to take heavier load to meet the target. Nola Butler-Byrd said there needs to be a pattern. What is Agnes' opinion on that? How is the Chancellor's Office justifying these requirements. Agnes responded the state budget goes in cycles. Our campus has done a good job of diversifying the revenue stream. President and Cabinet are also studying internally about enrollment growth. Ed Balsdon asked are we planning to open spring enrollment? Can we have a high number of out of state students? Katie Olivo said the state does not give us any money for out of state students so they pay a higher tuition. Residents are fully funded. The average cost of educating students is \$20,000. We receive \$8,000 from the state, and \$6,000 from tuition but 1/3 of tuition goes to financial aid. We use non-residential tuition, campus fees, and cost recovery from self-supporting units to balance the gap. We are pressured by the legislature about too many out of state students but if they give us more funding, we can admit more resident students. In our base budget, we are expecting \$32M in revenue and \$46M in expenditures with a \$14M base deficit. Deficits will be offset by a reduction across all divisions and one-time funds. We plan for a \$20M budget reduction over three years. In one-time, we are anticipating \$9M in revenue which will be used to bridge the gaps. In FY25/26, we are expected to have an \$800M deficit for the CSU. It is dire but SDSU is in a better position than other campuses. SDSU budget plan strategies are to support high priority programs, do less with lower priority programs, defer spendings and hirings, review program efficiency and make adjustments. Each division cuts an amount similar to 3% of their salaries in whatever methodologies they want to use – not fill positions, cut travel and hospitality, etc. There will probably be no PBAC requests this year. Leon Chan asked if we would have a hiring freeze? Katie Olivo responded we may centralize resources to cover vacancies. Bann Attiq mentioned we were discussing shared services with other campuses. Katie Olivo said yes, that is still on the table for procurement, IT security and human resources. It would be helpful for Dan Melchior to give a shared services presentation to PBAC. Katie Olivo will let Agnes Wong Nickerson know. The Board of Trustees will be discussing shared services at the upcoming meeting.

III. Action Items

- None

IV. Watch List

- None

V. New Business

- None

VI. Reminder

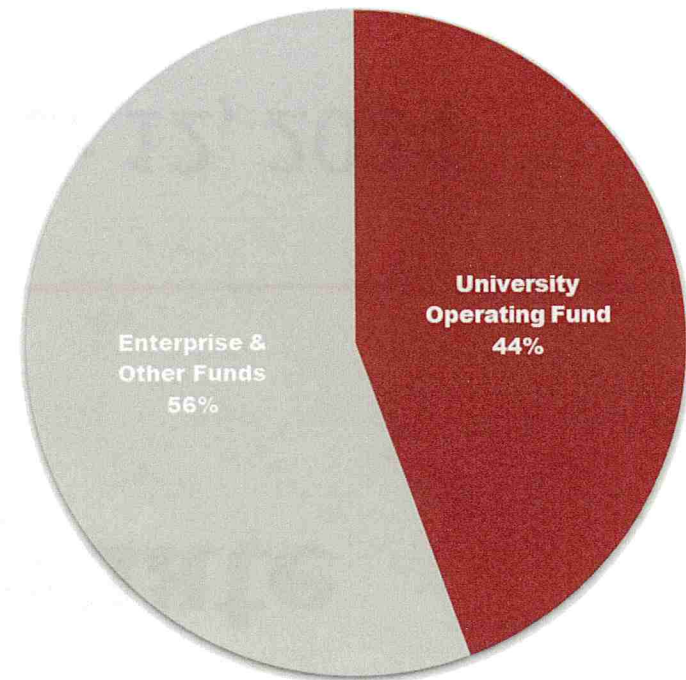
- **Next Meeting Date** – Meeting adjourned at 3:10pm. Our next meeting will be on September 26, 2024 at 2pm.

Budget Update

Thursday, September 12, 2024

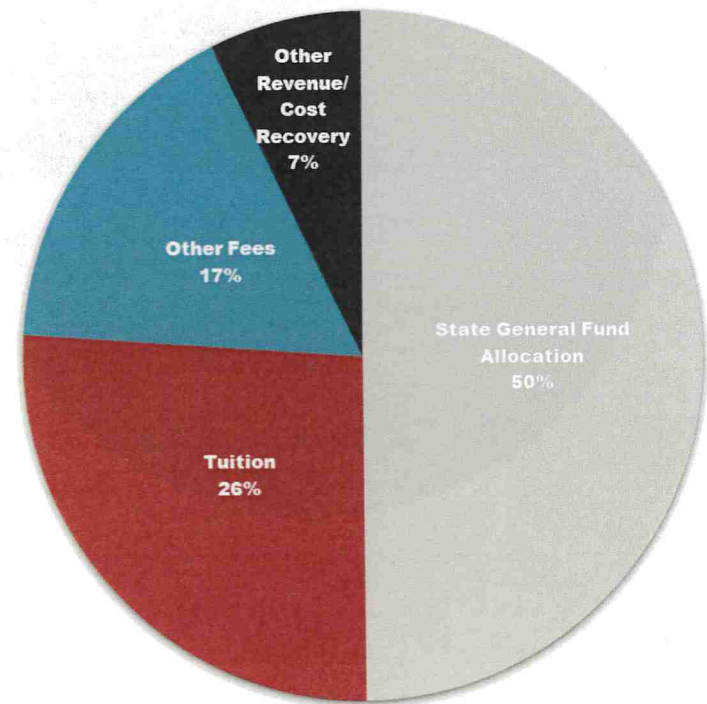
24-25 SDSU Total Budget (All Funds)

- The total SDSU Budget is \$1.43B
- 44% is University Operating Fund
- 56% is enterprise and other funds



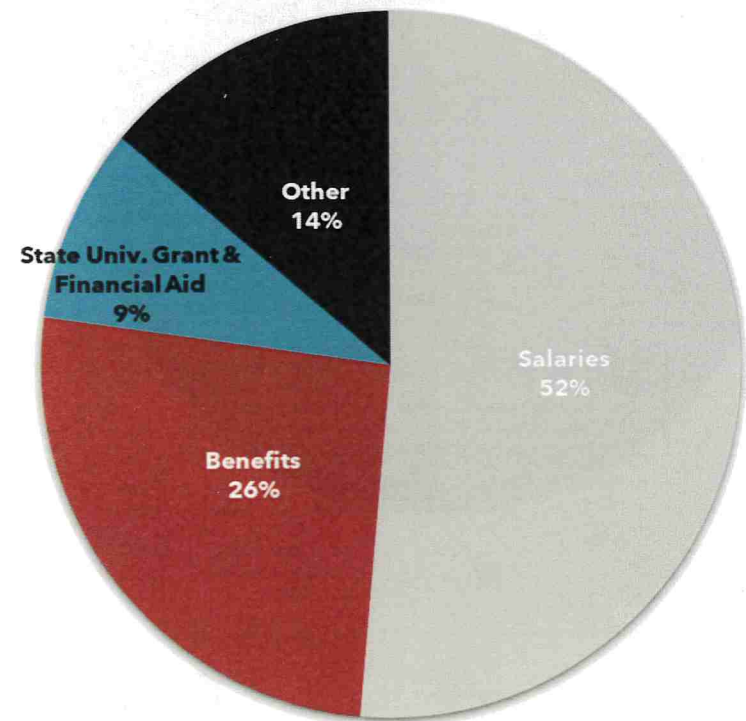
24-25 SDSU Budget (UOF)

- The total University Operating Fund is \$634M
- Approximately half of the Operating Fund is funded through the state allocation



24-25 SDSU University Operating Fund- Uses

- 78% of the budget is allocated toward compensation
- “Other” are operating expenses such as utilities, risk pool, supplies, equipment, software, maintenance



CSU Base (Recurring) Funding

2024-25

5%

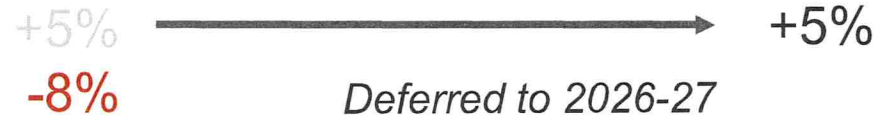
2025-26

+5%
-8%

2026-25

+5%

Deferred to 2026-27



CSU 1x Funding

2024-25

-\$75 million

SDSU share is -\$5.2m

2025-26

-\$252 million ??

To be repaid in 2026-
27?

No information currently if
this would be funded by the
system or campuses

FY 24/25 SDSU Enrollment Goal

- SDSU had been planning for 1075 FTES enrollment growth in FY24/25 from our FY23/24 enrollment target
- The CO has recently communicated that they expect that growth to be over 23/24 *actual* enrollment, which was 757 FTES over target. The additional 757 FTES is only partially and one-time funded.
- If we do not meet the new goal (target + 757 + 1075), CO will likely reduce enrollment funding in FY25/26

FY 24/25 SDSU Budget - Base

\$32M	New Base Revenue
<u>(\$46M)</u>	<u>New Base Expenditures</u>
(\$14M)	Base Deficit

\$14M deficits will be partially offset by a planned \$10M reduction across all divisions in FY24/25. The remaining \$4M deficits will be covered by one-time funding while developing longer term solutions.

SDSU Budget Plan - Base

- **Planned base budget reduction (\$20m) :**
 - \$10m base reduction in 24/25
 - \$5m base reduction in 25/26
 - \$5m base reduction in 26/27
- **Based on the messaging from the June Final State budget, additional base reductions in expenses may be required**

FY 24/25 SDSU Budget – One-time (excluding divisional fund balances)

\$27M	Starting Carryforward
\$32M	New One-Time Revenue
(\$ 4M)	One-Time To Cover Base Deficits
(\$41M)	One-Time Non-Discretionary Commitments
(\$ 5M)	<u>SDSU portion of \$75M General Fund Reduction</u>
\$ 9M	Unallocated Fund Balance

The balance of \$9M will be set aside to cover FY25/26 anticipated deficits

SDSU Budget Plan - One-time

- **Based on the messaging from the June Final State budget, FY25/26 is anticipated to be very challenging.**
- **July BOT has presented an FY25/26 budget scenario that showed a potentially \$1 billion deficit for the CSU.**
- **We need to conserve one-time funding held both centrally, and by the divisions and colleges in order to meet anticipated base and one-time deficits in FY25/26 while developing longer term base solutions.**

FY24/25 SDSU Budget Plan

- **SDSU is better positioned than most campuses to address both base and one-time shortfalls**
 - Reserve balances held by divisions will allow us a longer timeline to address budget challenges
 - We still have strong enrollment and are eligible for growth from the system
 - Conservative planning and budgeting practices have prevented us from over-extending ourselves
 - Diversified revenue streams decrease reliance on the state budget (e.g. new non-resident fee)
- **The campus will still need to work to balance its growing expenses (compensation, inflation) with limited resources**

SDSU Budget Plan

- **As we look to additional budget reductions there are some strategies to consider:**
 - **Continue to support high priority programs** – Identify and prioritize programs that are strategic and/or critical, and continue to support them
 - **Do less with lower priority programs:** we cannot sustainably do “more with less”. This will require every area to identify which programs/activities are less essential and reallocate resources away from them.
 - Delay/defer spendings and hirings**
 - Example 1** - divisions and colleges to slow down their spending of one-time resources.
 - Example 2** – divisions and colleges only fill vacant positions that are strategic or critical in order to generate more one-time fund.
 - Example 3** – reduce one-time PBAC allocations
 - **Review program efficiency and make adjustments accordingly**

Question & Answer
