



California State University
SAN MARCOS

University Budget Forum

May 9, 2024

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Agenda

State Budget update

2023-2024 CSUSM Ensuring Sustainability - Recap

CSU Multi-year Compact

2024-2025 CSUSM Budget Planning

Resources

STATE BUDGET UPDATE

California Budget Deficit

Lagging revenue continues to drive California budget deficit as deadline nears

BY DAN WALTERS
MAY 2, 2024



...”Revenues from income, sales and corporate taxes are still running \$6 billion behind what Newsom’s January budget projected for the current fiscal year, meaning that cumulative deficit will be substantially more than the \$38 billion Newsom’s proposed budget assumed”.

CalMatters, May 2, 2024

CSU Multi-Year Compact

CSU Multi-Year Compact

- ✓ Ongoing State General Fund increases of 5%
- ✓ 5 years from FY 2022-23 through FY 2026-27



1% enrollment growth



Student Success and equity



Workforce preparedness and
high-demand career pipelines

Governor's Proposal for CSU Compact

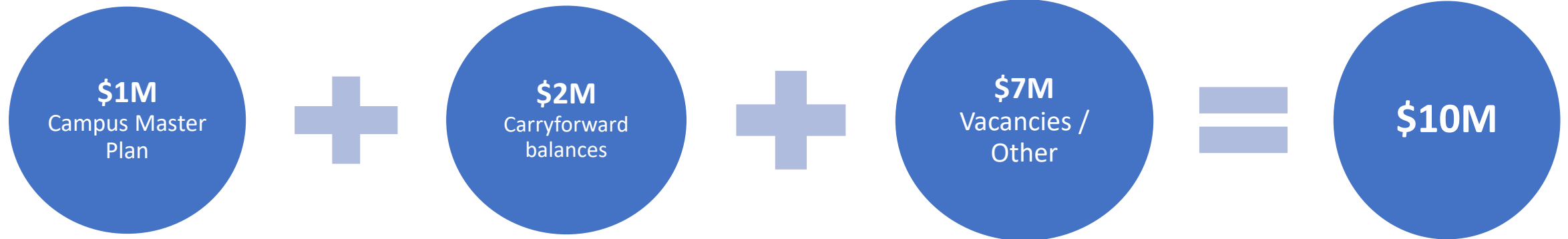
- No new base (ongoing) or one-time funding in 2024-25 from the State
- Compact deferral
 - 2024-25** CSU distributes \$240 million one-time from CSU central reserves to the campuses (no impact to campus reserves)
 - 2025-26** State reimburses CSU \$240 million one-time
State appropriates \$240 million ongoing (year 3 of compact)
State appropriates ~\$252 million ongoing (year 4 of compact)
- Proposal would deliver the same level of funding per year, per the compact

2023-2024 CSUSM

Ensuring Sustainability - Recap

CSUSM 2023-2024 Ensuring Sustainability

recap



2024-2025 CSUSM Budget Planning

Priorities from our Strategic Plan

Student Success and Culture of Care

- Prioritizing our people: students, faculty and staff
- Prioritizing our mission of student success

Sustainability and Stewardship of Resources

- Prioritizing long-term sustainability as an organization

CSUSM Budget History - How did we get here?

Challenging History

- A few years in the red before FY 16/17
- Campus not fully funded for actual resident enrollment FTES

COVID Pandemic

- Enrollment declines resulted in reduction of baseline budget Tuition revenues with gap covered from CSUSM Central Reserves. Divisions' Budgets not impacted

General Salary Increases (GSIs)

- Used to be fully funded from State
- 7% and one-time payouts for FY 2022-2023 – partially funded by campus
- 5% for FY 2023-2024 and another 5% FY 2024-2025 – largely funded by campus

Existing challenges/risks

State Funding is uncertain

➤ *Anticipated State budget shortfalls resulted in deferral of FY24/25 Compact for CSU*

Campus must maintain year-over-year enrollment growth to ensure funding based on new FTES funding model

➤ *Future CA High School enrollment/graduates projected to decline over the next decade*

Campus mandatory costs including utilities, insurance, and benefits, continue to increase, not base funded

➤ *Currently using one-time funding from CSUSM Central Reserves*

Several years of funding ongoing commitments with one-time budget have lowered OpFund balances

➤ *Division Carryforward balances have also decreased since COVID*

CSUSM Incremental Budget Model

Focuses **mainly on changes** from existing (prior year) Operating Budget:

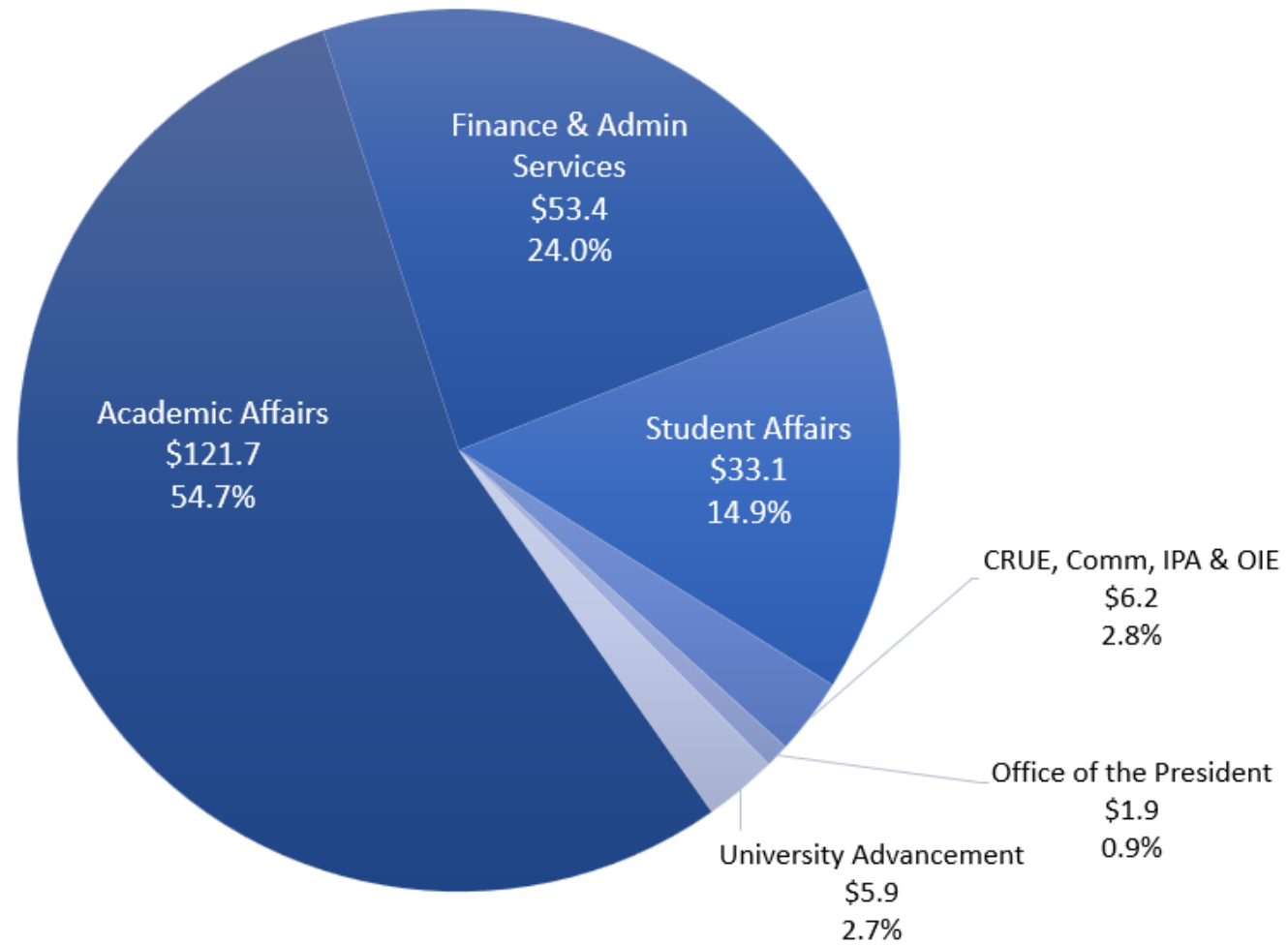
- Incremental sources – anticipated new funding
- Incremental uses – anticipated new costs

- Provides stability and predictability to Divisions
- Divisions typically keep their carryforward balances

So, what is our **Operating Budget** and what are anticipated **incremental changes**?

2023-2024 Operating Budget by Division

Operating Fund



***Projected**
Excludes University Campus Wide Activities

CSUSM FY 2024-2025 estimated new sources \$23.3M



TUITION INCREASE

\$1.3 MILLION



CSU COMPACT

\$12.5 MILLION (24/25) *

\$4 MILLION (23/24)



**REALLOCATION OF
ENROLLMENT FUNDING**

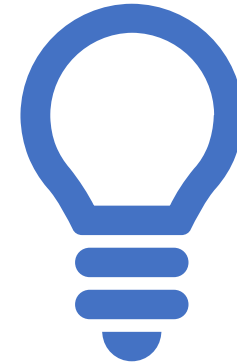
\$5.5 MILLION

CSUSM FY 2024-2025 estimated costs **\$23.3M**



EMPLOYEE COMPENSATION

\$16.5 MILLION

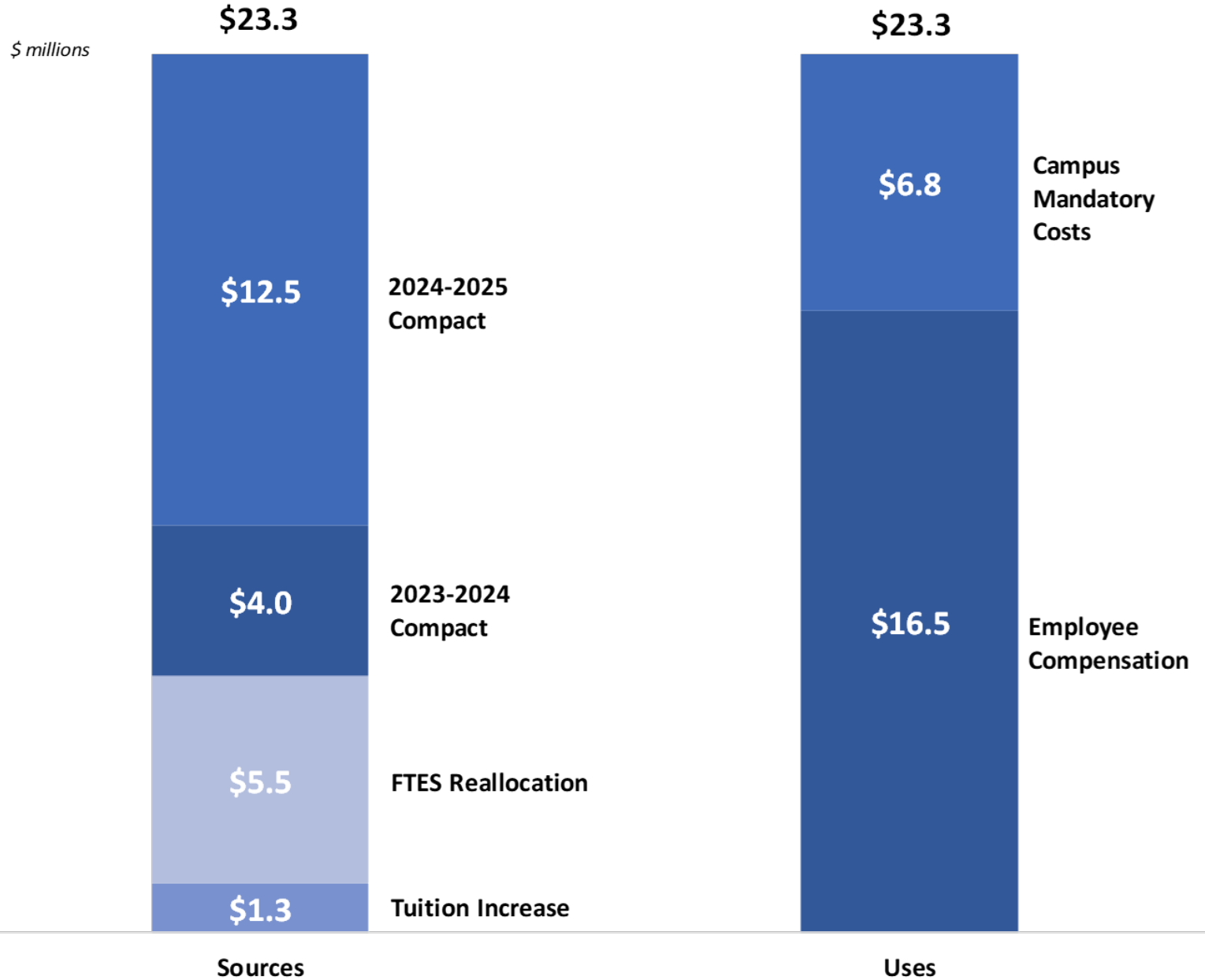


CAMPUS MANDATORY COSTS

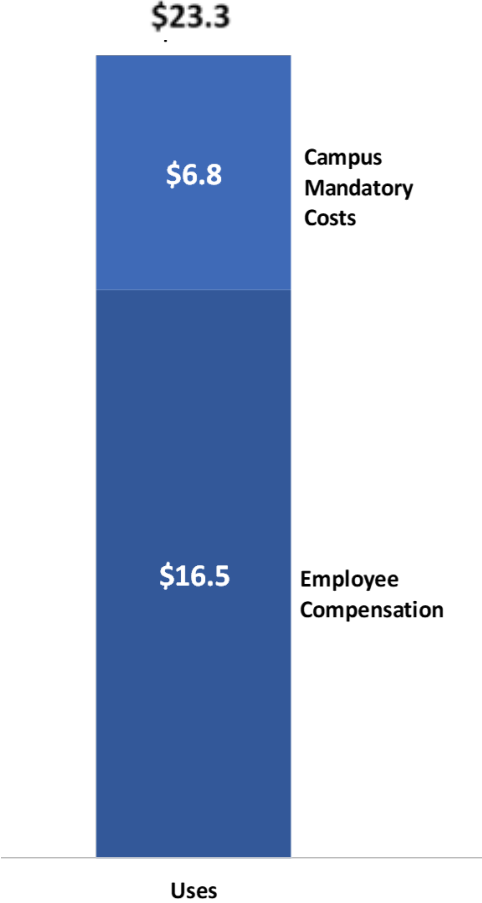
\$ 6.8 MILLION

CSUSM FY 2024-2025

Estimated Sources and Uses

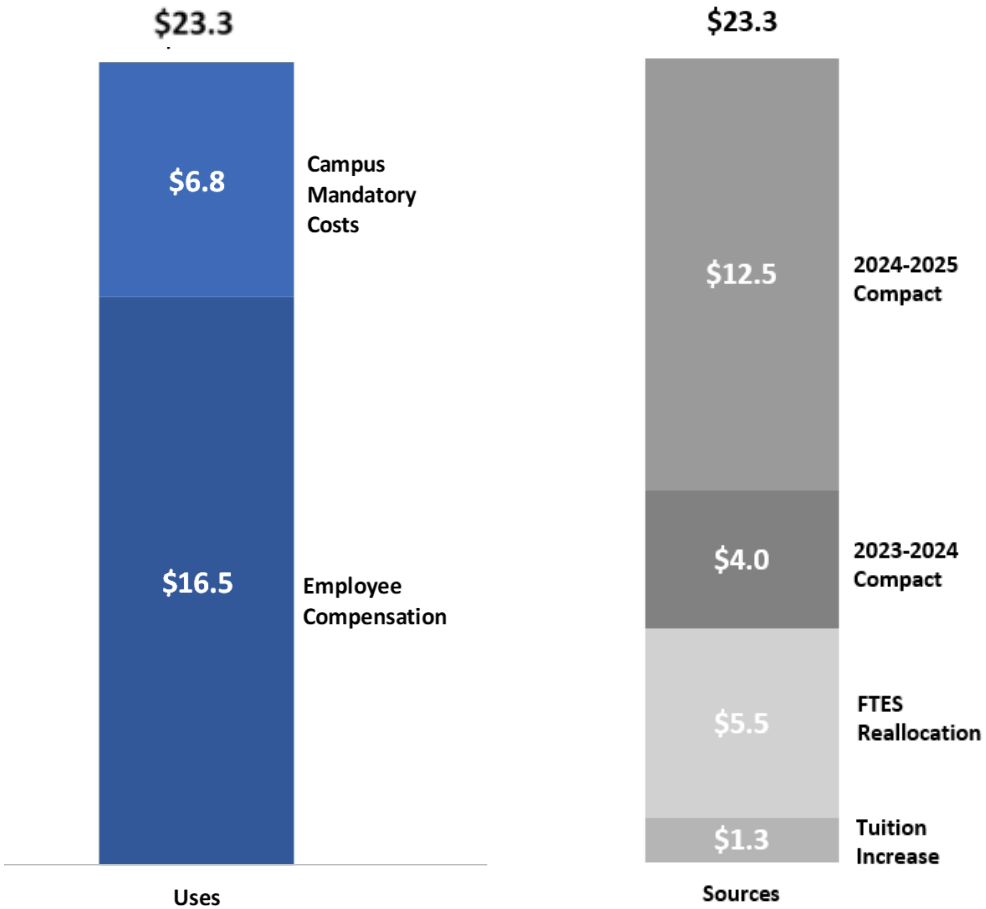


CSUSM FY 2024-2025 – Compact Scenarios



CSUSM FY 2024-2025 – Compact Scenarios

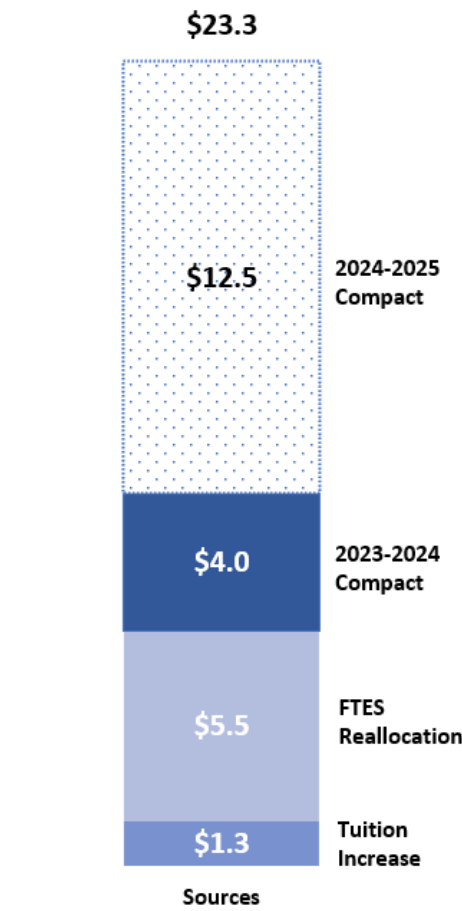
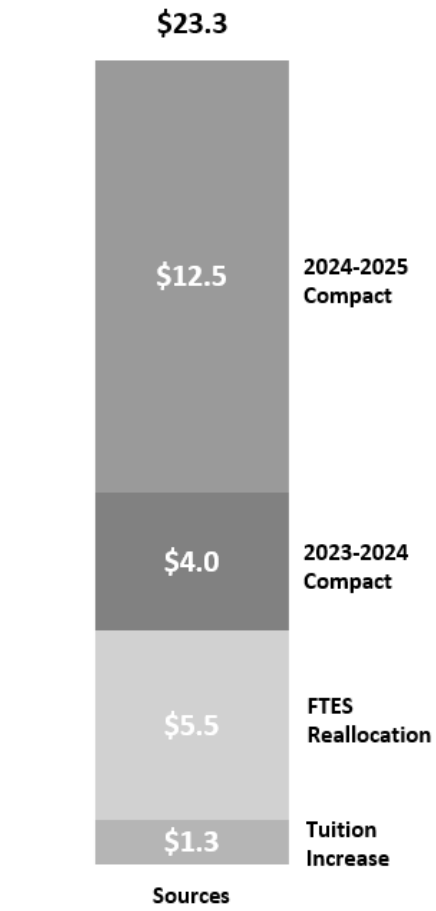
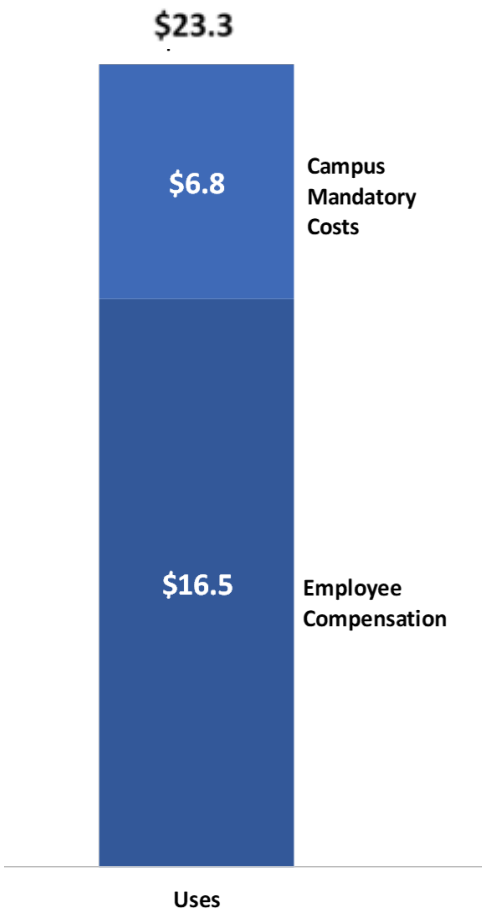
Compact as Base



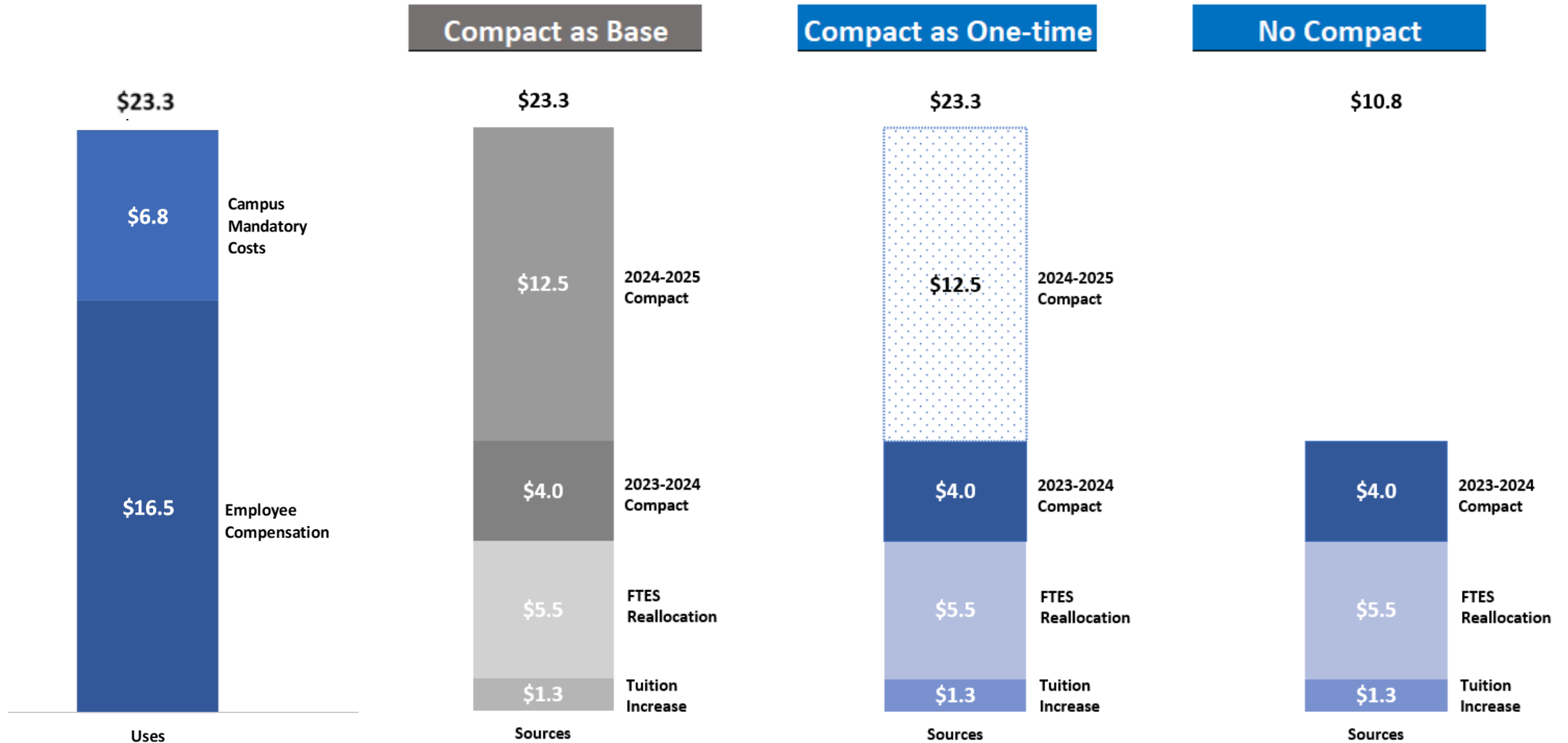
CSUSM FY 2024-2025 – Compact Scenarios

Compact as Base

Compact as One-time



CSUSM FY 2024-2025 – Compact Scenarios



CSUSM FY 2024-2025 – Compact Scenarios

<u>Sources</u>	Compact as Base			Compact as One-time			No Compact		
	Base	One-time	Total	Base	One-time	Total	Base	One-time	Total
CSU Compact									
2023-2024	\$4.0		\$4.0	\$4.0		\$4.0	\$4.0		\$4.0
2024-2025	\$12.5		\$12.5		\$12.5	\$12.5			
	\$16.5		\$16.5	\$4.0	\$12.5	\$16.5	\$4.0		\$4.0
Tuition Increase		\$1.3	\$1.3		\$1.3	\$1.3		\$1.3	\$1.3
Reallocation of FTES Funding	\$5.5		\$5.5	\$5.5		\$5.5	\$5.5		\$5.5
	\$22.0	\$1.3	\$23.3	\$9.5	\$13.8	\$23.3	\$9.5	\$1.3	\$10.8
<u>Uses</u>									
Employee Compensation	\$16.5		\$16.5	\$16.5		\$16.5	\$16.5		\$16.5
Campus Mandatory Costs	\$6.8		\$6.8	\$6.8		\$6.8	\$6.8		\$6.8
	\$23.3		\$23.3	\$23.3		\$23.3	\$23.3		\$23.3
Net	(\$1.3)	\$1.3	\$0.0	(\$13.8)	\$13.8	\$0.0	(\$13.8)	\$1.3	(\$12.5)

Proposed Strategies for 2024-2025

Pause Budget request process

- To focus on funding for core operations

Establish a \$5M set aside - held centrally

- With potential for restoration in subsequent years

Invest strategically from enrollment growth funds

- Student Success, Retention, and Enrollment

Resources

Resources



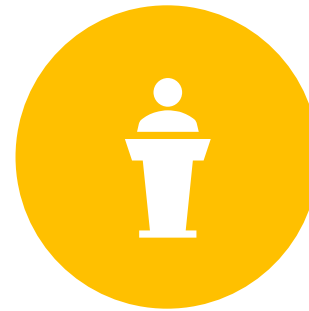
BUDGET OFFICE

[HTTPS://WWW.CSUSM.EDU/BUDGETOFFICE](https://www.csusm.edu/budgetoffice)



**CSU FINANCIAL TRANSPARENCY
PORTAL**

[HTTPS://CSU.OPENGOV.COM](https://csu.opengov.com)



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QUESTIONS ?