



California State University, Sacramento
Office of the President
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April 24, 2025

MEMORANDUM

TO: Senior Vice President & Provost Erika Cameron
Vice President & CFO Chris McAlary (Interim)
Vice President & CIO Mark Hendricks
Chief of Staff Kristen Tudor
Vice President Aniesha Mitchell
Vice President Michael Reza

FROM: Dr. Luke Wood, President

A handwritten signature in blue ink, appearing to read 'Luke Wood'.

SUBJECT: Fiscal Year 2025-26 Budget Call

In preparation for the new fiscal year, I request each division to complete the 2025-26 Campus Operating Fund Budget Call based on input from the University Budget Advisory Committee (UBAC). Please carefully review the instructions emailed under separate cover from the Budget Office and complete and submit all necessary documents and spreadsheets by **Friday May 9, 2025**.

Governor's Proposed Budget

The proposed 2025-26 California State University (CSU) budget currently includes a harmful 7.95% ongoing cut of approximately \$375 million to base funding and the deferral of compact funding totaling approximately \$252 million more. Combined, these budgetary measures have significant impacts to students we serve as well as to CSU staff and faculty throughout the system. In addition to impacts individuals face, the proposed funding reductions also jeopardize critical long-term investments in academic programs and student support services. Consequently, all CSU campuses are facing budget reductions that require intentional planning to maintain our mission of providing continued quality education, university life, and services to students.

Over the next few months, the Chancellor's Office will continue to seek additional funding for the CSU system, and the Budget Planning & Administration office will monitor legislative budget changes and communication from the Chancellor's Office to better inform final estimates and division allocations.

Budget Call

Sacramento State estimates a \$15.2 million deficit in 2024-25 based on second quarter information and assumptions. Additionally, fiscal year 2025-26 and 2026-27 total projected deficits are estimated to be a combined \$37 million more.

The University Budget Advisory Committee (UBAC) met on February 21, 2025, to discuss recommendations for the 2025-26 Budget Call. During its meeting, the committee reviewed the historical and anticipated carry forward balances for each division, the sources and uses of central reserves, and budget call options.

Second quarter division projections and associated carryforward balances indicate that projected total carryforward balances for the general operating fund are minimal. Many divisions are in a current year deficit, which carryforward balances in other areas may help to alleviate. University central reserve sources, uses, and balances over the last five years were also reviewed and reserve levels projected for the end of 2024-25 are estimated to be historically low, which will result in beginning reserves for 2025-26 starting below the University's recommended minimum threshold of \$15M. Central reserves that fall below this threshold require explanation to the Chancellor's Office.

Sacramento State employs a decentralized budget process whereby each vice president has allocation authority over their division's baseline funds. Therefore, rather than dictating how reductions will be achieved, each vice president is tasked with identifying and implementing strategic cuts.

Divisions are also requested to review the All University Expense (AUE) allocations under their oversight. For those items that historically end the fiscal year with a budget surplus, divisions should propose reductions to offset likely increases for campus expenses such as insurance premiums and utilities.

Budget Planning Instructions and Assumptions

Budget planning submittals will address the following topics:

- 1. 2024-25 Budget Reduction Goals**

Vice presidents shall report on what they reduced in their divisions to meet the current 2024-25 fiscal year budget reduction goals, including the associated current year savings for each specific implemented strategy.

Divisions	2024-25 Projected Deficits
Academic Affairs	-\$8,872,902
Administration and Business Affairs	-\$1,220,445
Information Resources & Technology	N/A
Student Affairs	N/A
University Advancement	N/A
Division of the President	-\$2,198,812
Total	-\$12,292,159

- a. The table above indicates the projected 2024-25 deficits as of the second quarter. Vice Presidents must explain any deficits related to the 2024-25 fiscal year including explanation of one-time and permanent cost drivers. For permanent and ongoing costs, Vice Presidents must provide a plan to address the additional cost.
- b. Divisions must present any cost savings for 2024-25 deficits enacted during spring 2025.
- c. Divisions must present explanations for projected deficits not addressed above and a plan for making up those deficits along with the targeted cuts for 2025-26 and 2026-27. If a deficit cannot be addressed by June 30th, please include this amount as part of the information requested under topic 3 below (2025-26 and 2026-27 Reduction Strategies).

2. Plans for Carry Forward

Consistent with past years, Vice Presidents shall share how divisions will spend projected 2024-25 carry forward balances after budget reduction goals are achieved.

3. 2025-26 & 2026-27 Reduction Strategies

Given the projected deficit for 2025-26 and 2026-27, Vice Presidents shall produce reduction scenarios based on the targets outlined for each division as follows:

Divisions	2024-25 Baseline Allocation	Presidential Target Cuts
Academic Affairs	\$129,632,337	(\$24,000,000)
Administration and Business Affairs	\$20,591,356	(\$4,700,000)
Information Resources & Technology	\$9,478,478	(\$2,400,000)
Student Affairs	\$10,401,561	(\$2,300,000)
University Advancement	\$4,061,828	(\$1,200,000)
Division of the President	\$25,530,687	(\$2,400,000)

Total	\$199,696,247	(\$37,000,000)
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Academic Affairs should focus on their proposed 2025-26 reductions at this time.

4. Multiyear Institutional Efficiencies

Due to the fiscal outlook of the state and the uncertainty of the Governor's multiyear compact, vice presidents shall enact permanent, multiyear institutional efficiencies. These should include organizational restructures and/or position reductions to reduce costs, and/or finding opportunities to increase revenue rather than relying on temporary fixes.

Vice presidents shall outline their strategies to improve organizational effectiveness, reduce costs, increase revenue, and/or impact enrollment. These should have measurable objectives, including planned implementation dates and detailed calculations that quantify and itemize cost efficiencies, revenue gains that can be used to offset MDS01/general fund expenses, and any impacts to Full Time Equivalent Students (FTES).

If costs savings rely on retirements or unfilled vacancies, vice presidents must first indicate the positions, and second explain how work tasks/responsibilities will be redistributed, made more efficient, or eliminated so that cost savings are sustainable over the long term.

For Academic Affairs, non-reimbursed release time should be reviewed and justified.

If there are significant changes in the campus budget that changes division funding, UBAC may ask for an update from the vice presidents.

5. All University Expense (AUE) Updates

Consistent with past years, vice presidents shall include a request for budget and expenditure detail by year on AUEs and detail any expected inflationary costs and details reductions to offset likely increases for campus expenses such as insurance premiums and utilities.

In a departure from previous years, vice presidents will not make initial presentations to UBAC. However, to promote accountability they will share quarterly budget projections with UBAC beginning in Academic Year 2025-26.

Divisions must complete the items below by May 9, 2025:

Item 1: Division 2024-25 & 2025-26 Reduction Plans (Excel Sheet)

- 2024-25 Budget Call Submittal Tab (Enactment Updates)
- 2024-25 Deficit Reduction Plan
- 2025-26 Reduction Strategies Tab

Item 2: Division 2025-26 Summary of All University Expenses (Excel Sheet)

- 2024-25 Projected Actuals/Expenses by Class Name
- 2025-26 Proposed Initial Budget by Class Name

Item 3: Division 2025-26 Reduction Strategy Narrative (Powerpoint)

- Slides 1-5 which correspond to each topic requested by UBAC

Responding to the budget call request requires entering data into Microsoft Excel and PowerPoint forms and templates provided by the Budget Planning & Administration office. **Please do not change the names of any these files upon submittal.**

Submittals are due via email by close of business on May 9, 2025, to the Budget Planning and Administration office at bpa-01@csus.edu. Submittals will then be compiled and provided to UBAC after May 9. Natalie Daniel and her team are available to answer questions to assist you complete the budget call.

As additional information on the state, CSU, and campus budgets becomes available, I will provide updates to incorporate changes into the budget planning process. Divisions are responsible for keeping their departments apprised of the latest developments and budget updates as they unfold. I look forward to working with you and the Budget Advisory Committee to develop a balanced budget that maintains our imperatives and priorities.

cc: University Budget Advisory Committee
Budget Planning & Administration