



California State University, Sacramento
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March 18, 2026

MEMORANDUM

TO: Senior Vice President & Provost Erika Cameron
Vice President & CFO Rose McAuliffe
Vice President & CIO Mark Hendricks
Vice President Machel Martin
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 2026-27 Budget Call

As we begin planning for the Fiscal Year 2026-27 Budget, we do so within a continued environment of fiscal challenges, state revenue volatility, and ongoing efforts to achieve a balanced budget. While the Governor's 2026-27 January Budget Proposal includes important commitments to the California State University (CSU), uncertainty remains. Based on information at this point in time, this memorandum outlines the framework and current assumptions for our 2026-27 budget planning process.

I request that each division complete the 2026-27 Campus Operating Fund Budget Call. Please carefully review the instructions distributed separately by Budget Planning and Administration and complete and submit all required documents and spreadsheets for review by **Friday, April 17, 2026**.

Additionally, Vice Presidents will be expected to present their Budget Call scenarios, along with other division budget updates to the University Budget Advisory Committee, on **April 30 and May 1, 2026**.

Governor's Proposed Budget

Governor Newsom's 2026-27 proposed budget includes \$365.7 million in new ongoing funding for the CSU, consisting of \$100.9 million toward partial Year 4 Compact funding and \$264.8 million for full Year 5 Compact funding. The proposal also restores the \$143.8 million 2025-26 base reduction and extends the zero-interest loan opportunity for an

additional year. However, the remaining \$151.4 million of Year 4 Compact funding is deferred to future fiscal years. While we are grateful for the Governor's continued support of higher education and the CSU, the continued deferral of a portion of Compact funding still creates structural pressure across the system and contributes to ongoing fiscal uncertainty.

In addition, the Legislative Analyst's Office (LAO) has expressed concerns regarding the long-term sustainability of ongoing General Fund increases given the state's projected structural deficits. The LAO has cautioned against assuming automatic base growth in an environment where statewide fiscal conditions remain volatile and budget resiliency tools have been significantly drawn down.

It is important to remember that the Governor's 2026-27 January Budget Proposal represents only the beginning of the budget process. The May Revision and final enacted budget may differ materially from current assumptions. Over the next few months, the Chancellor's Office will continue to advocate 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 budget estimates.

Budget Call

The campus must continue to work toward maintaining a balanced baseline budget in 2026-27. Although compact funding provides some relief, ongoing cost drivers including compensation, benefits, utilities, insurance, and inflationary pressures continue to outpace recurring revenues. Given the continued deferral of necessary funding, statewide structural deficit projections, revenue volatility, and uncertainty surrounding final CSU allocations, we must proceed with prudent, conservative planning.

In preparation for any potential reductions that may come our way, each vice president is being tasked with identifying and implementing strategic cuts.

Divisions are also requested to review the All University Expense (AUE) allocations. 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. 2026-27 Comprehensive Budget Plans for Reduction Scenarios

For 2026-27, each division is required to prepare comprehensive budget plans for reduction and growth scenarios of **-4%** of 2026-27 base allocation, **-2%** of 2026-27 base allocation, and **+1%** of 2026-27 base allocation:

Divisions	2026-27 Projected Baseline Allocation	-4%	-2%	+1%
Academic Affairs	\$135,239,220	-\$5,409,569	-\$2,704,784	\$1,352,392
Administration and Business Affairs	\$20,283,703	-\$811,348	-\$405,674	\$202,837
Information Resources & Technology	\$10,462,147	-\$418,486	-\$209,243	\$104,621
People and Climate	\$5,645,447	-\$225,818	-\$112,909	\$56,454
Student Affairs	\$9,477,332	-\$379,093	-\$189,547	\$94,773
University Advancement	\$3,608,591	-\$144,344	-\$72,172	\$36,086
Division of the President	\$25,689,469	-\$1,027,579	-\$513,789	\$256,895
Total	\$210,405,909	-\$8,416,236	-\$4,208,118	\$2,104,059

These scenarios are planning tools to ensure we are prepared should state funding assumptions change or campus fiscal conditions deteriorate. Submission of these plans does not necessarily mean all reductions will be implemented at that level; however, given the current volatility, we must be positioned to act quickly if needed.

Division budget reduction plans should:

- Prioritize long-term permanent structural solutions over one-time fixes
- Minimize impact to student success and core academic functions
- Identify permanent cost containment opportunities
- Include revenue enhancement strategies where feasible
- Avoid reliance on unsustainable one-time carryforward balances

These comprehensive budget plans under the baseline reductions listed will include line-item details on information including:

- Division-assumed revenue projections for the fiscal year;
- Projected salary costs for permanent, temporary, and part-time staff; and
- Detailed operating expense budgets for departments.

2. All University Expenses (AUE) Review

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.

Given our fiscal position, we must ensure that AUE commitments align with current institutional priorities and are financially sustainable. AUEs that are prioritized as discretionary rather than mission critical should be critically reviewed for reduction or elimination.

3. **University Budget Advisory Committee (UBAC) Presentation**

To streamline the process for UBAC committee members, Divisions will present summarized presentations of Items #1 & #2 listed above. Detailed presentation guidelines will be provided by the Budget Planning & Administration Office to divisions.

Submission Deadlines & Information

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

The following items must be completed and submitted by **April 17, 2026**:

- Item 1: Division 2026-27 MDS01 Reduction Plans 4% (Excel Workbook)
- Item 2: Division 2026-27 MDS01 Reduction Plans 2% (Excel Workbook)
- Item 3: Division 2026-27 MDS01 Growth Plans 1% (Excel Workbook)
- Item 4: Division 2026-27 Summary of All University Expenses (Excel Workbook)

Additionally, item 5 must be completed and submitted by **April 28, 2026**:

- Item 5: Division 2026-27 UBAC Presentation (PowerPoint)

Submittals for items 1-4 are due via email by close of business on April 17, 2026, to the Budget Planning and Administration office at bpa-01@csus.edu. Submittals will then be compiled and reviewed by BPA. 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