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## MEMORANDUM

**Date:** September 12, 2025

**To:** University Budget Advisory Committee

**From:** Luke Wood, President

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

**Re:** 2025-26 Budget

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Thank you for your continued service to our campus. Your work on this important committee ensures the lasting success of our university.

Fiscal Year 2025-26 marks the third year that campus expenditures have continued to rise and outpaced estimated revenues. This year, Sacramento State anticipates a funding gap of nearly \$28.2 million based on unfunded inflationary cost increases for existing campus programs; unfunded compensation, health, and benefit mandatory increases; and estimated net revenue reductions largely due to state General Fund reductions. Specific significant factors that have contributed to this year's revenue changes have included a state General Fund 3% cut to the CSU system as well as a state General Fund deferral of our fourth year of CSU compact funding. It is likely that state resources will remain limited in the foreseeable future, which means we must remain focused on thoughtfully and strategically reviewing division budget allocations to maximize and best advance student experiences as well as campus goals and initiatives.

I appreciate your consideration of the uniqueness of each division and your acknowledgement of the continued fiscal pressures on our campus and the CSU system. Thank you for performing a thorough review of budget call submissions and for providing me with recommendations on funding restoration priorities, an updated All University Expense (AUE) budget, and an ongoing Lottery Fund budget allocation plan.

I have reviewed your recommendations, and I support them. Moving forward, I would like to emphasize the importance of revenue generation on campus and am requesting the help of the future UBAC in proposing ideas for new campus models that could generate funds to reduce our reliance on state General Fund

dollars. I agree that restored funding should be strategically applied to priorities including further instruction-related costs, technology, safety and compliance related tasks, unfunded mandates and new programs, as well as University Advancement and philanthropic efforts.

I agree with your AUE budget recommendations, and I have made a minor \$20,000 adjustment to support the purchase of a software tool that will allow the University to be more responsive to Public Active Records Act (PRA) requests. I also support the recommendation that Budget Planning & Administration staff conduct a comprehensive review of all AUEs and other university-wide costs to possibly redefine and establish improved criteria for expenses that fall under this category moving forward.

In addition to the recommendations above, I endorse continuing the 2024-25 lottery fund allocation model. This revised approach was developed to reduce administrative complexity, and to minimize audit risk by allocating funds to library periodicals and subscriptions, classroom technology and upgrades, and American Sign Language (ASL) interpretation services. Lottery fund allocation amounts moving forward will continue to provide funding to these priorities in a pro-rated fashion.

Again, thank you for your collaboration on this year's budget allocation recommendations and for continuing to support our campus and students.