



California State University, Sacramento
Office of the President
6000 J Street • Sacramento Hall 206 • Sacramento, CA 95819-6022
T (916) 278-7737 • F (916) 278-6959 • www.csus.edu

Date: July 14, 2023
To: University Budget Advisory Committee
From: Robert S. Nelsen
President
Re: 2023-24 Budget

I want to thank members of the University Budget Advisory Committee (UBAC) for their dedication and collaboration on recommendations for the 2023-24 budget. This year was unique in that there were no new operating funds identified for special projects, new positions, or increased baseline allocations. Rather, UBAC was asked to consider campuswide reductions to address an anticipated budget shortfall resulting from ongoing collective bargaining negotiations. I know that the committee spent significant time weighing the effect of reductions on student success, diversity initiatives, enrollment, safety, and operations. Although every reduction has an impact, they did not shy away from the important responsibility of recommending reductions to achieve a balanced budget.

Despite the state's overall deficit, driven by decreased revenues, the governor and Legislature maintained their commitment to the CSU by providing a \$227 million funding increase. Unfortunately, this minimal increase is far short of the full amount requested by the Trustees to address compensation increases and, accordingly, warrants a conservative spending plan to make sure that we have sufficient funds to pay those increases. At this time, our estimated Sources of Funds is \$421,334,000, an increase of \$25,565,000 from last year. In comparison, our estimated Uses of Funds is \$424,246,000, leaving a shortfall of \$2,902,000. This amount would be significantly higher without UBAC's work and recommendation to reduce each division's budget by 5% of their past year initial allocations, for a total reduction of \$9,700,000. When calculated against last year's \$395,769,000 total budget, the reduction is 2.45%, and is much less than the cuts we weathered together in 2021-22.

I have carefully considered and fully support UBAC's recommendations for division budget reductions and for reserves to cover the \$2.9 million budget shortfall. I also support their recommendations for all University expenses and lottery funding, and am particularly pleased to see funds approved to hire a full-time American Sign Language interpreter on campus. I am also glad that lottery fund carryforward amounts will enable us to fund more classroom and

laboratory computer equipment, which was an area that saw budget reductions in the previous year.

I also want to thank UBAC for focusing their attention on Athletics' structural deficit. Over the past few years, this structural deficit has worsened as we've seen scholarship, housing, food, and travel expenses increase significantly because of inflation and because of new demands from the NCAA. I agree with UBAC's recommendations to use resources strategically to begin to alleviate this structural deficit, and I directed the central Budget Office to begin more frequent expense monitoring to assist Athletics in identifying and avoiding future shortfalls. I also directed the Athletics department to identify cost-cutting measures that it can implement as we develop a reasonable and prudent budget for this year and coming years.

Over the next few weeks and months, Sacramento State will continue to learn more about funding allocations and the outcome of collective bargaining. While final budget numbers are likely to change, it is my recommendation that campus reserves cover any additional shortfalls, if necessary, rather than implementing the 8% or additional reductions. Thank you again to UBAC for your collaboration and recommendations and continuing to hold student success as our highest priority. I am confident that this budget will provide a solid foundation for a new chapter under incoming President Luke Wood, one that will exceed all expectations.