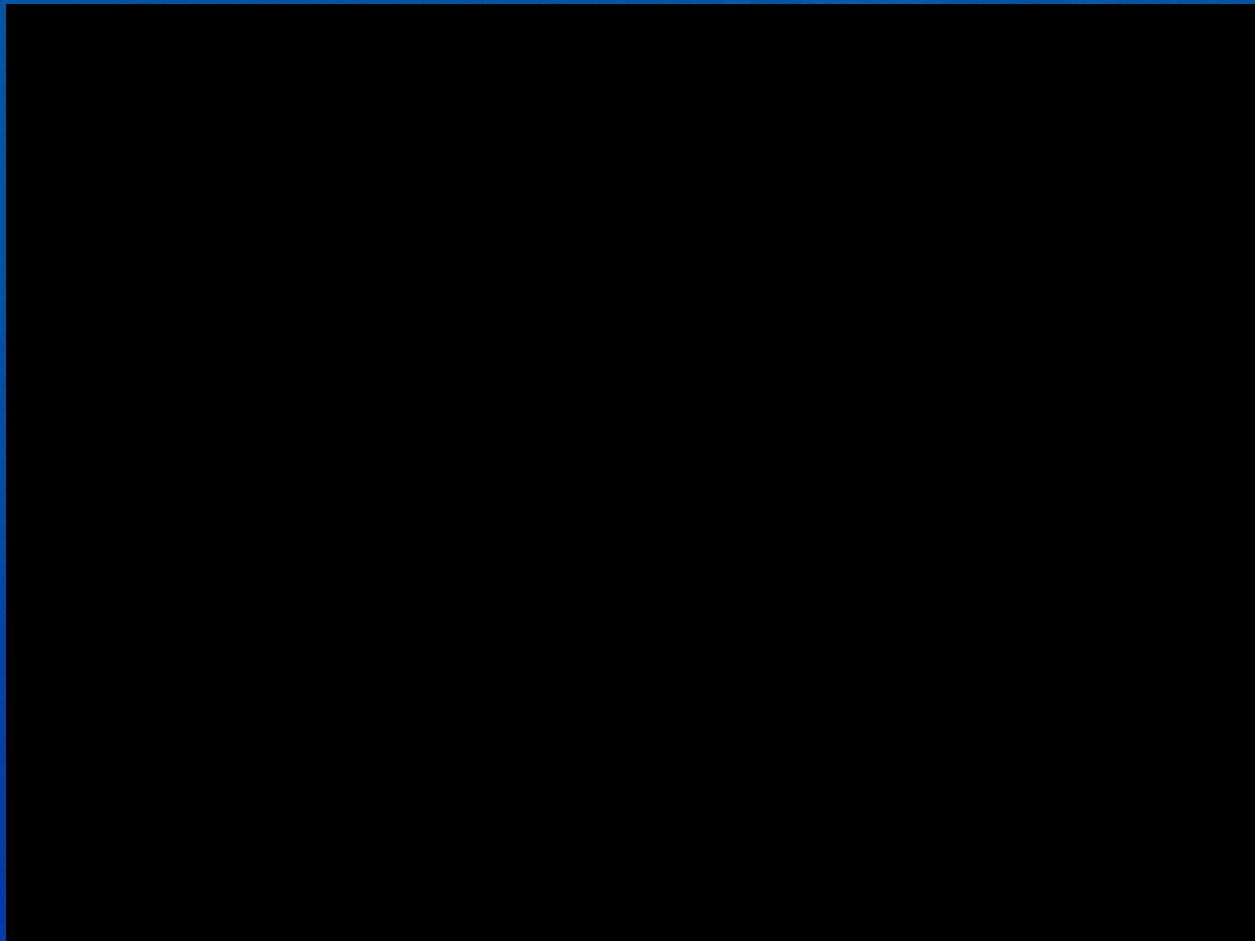


Welcome to the Budget Town Hall

We will begin at 9:45 a.m.





Town Hall: Budget Update

March 11, 2024

Hosted by President Cynthia Teniente-Matson

Overview

Dr. Cynthia Teniente-Matson
President

Key Takeaways:



- Increased understanding of our current budget situation.
- Summarized the impact of past and future budget actions.
- Addressed Frequently Asked Questions.
- Understand the next steps to balance the university budget.



Before we get started ...



ASK A QUESTION

Actions to date ...

Implemented a “soft”
hiring freeze

Implemented raises

Launched process
Improvements

Launched External UP
Review

Initiated Athletics
Review

Developed Work
Groups - Support
from NACUBO
Consulting

Implemented key
Budget
Advisory Committee
Recommendations

Explored Shared
Services

Working Groups

1. Divisions of Academic Affairs and Research and Innovation

Chair: Michael Kaufman, Dean, College of Science

2. Divisions of Student Affairs and Academic Affairs

Chair: Magdalena Barrera, Vice Provost for Faculty Success

3. Divisions of Administration and Finance and Information Technology

Chair: Sami Monsur, AVP, Academic Business and Strategic Operations

4. Auxiliaries / Enterprises

Chair: Maureen Pasag, SAVP Finance and Business Services

5. Athletics *(external consultant)*

6. University Personnel *(external consultant)*

Update: CSU Budget

Ryan Storm

**Assistant Vice Chancellor
System Budget**

2024-25 Operating Budget Update for SJSU

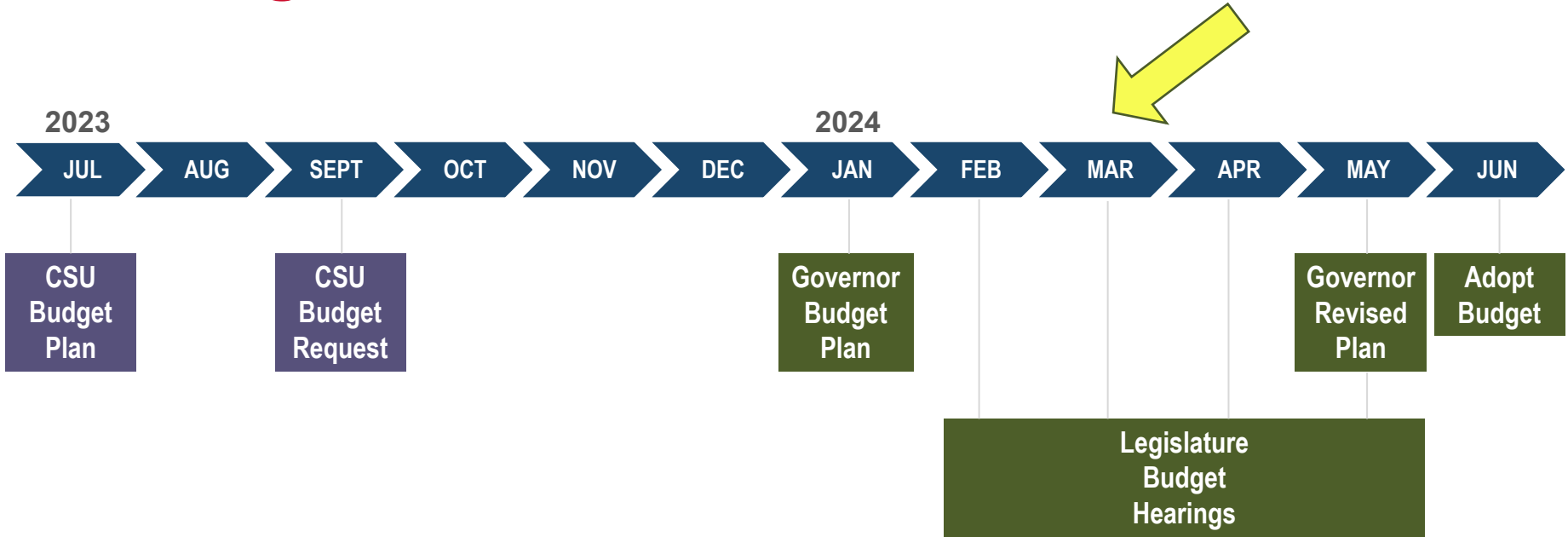
Ryan Storm, System Budget Office
March 2024



Overview

1. State budget timeline
2. State budget outlook
3. Governor's proposal for CSU
4. CSU budget planning & actions
5. Additional information

Budget Timeline



State Budget Outlook

Short Term

- State Budget Deficit
 - Department of Finance—January '24 = \$38 billion (6%)
 - Legislative Analyst—January '24 = \$58 billion (10%)
 - Legislative Analyst—February '24 = \$73 billion (12%)

Long Term

- Tax revenue growth expected to return to pre-pandemic normal rates
- State anticipated to have 15% annual operating budget deficits (2025-26 through 2027-28)

Governor's Proposal for CSU

- Original plan: Compact to provide new ongoing funding of \$240 million in 2024-25
- No new ongoing or one-time funding in 2024-25
- Compact deferral

2024-25 CSU spends \$240 million one-time

2025-26 State reimburses \$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
- Administration remains committed to the compact goals
- Public comments by legislative budget leaders are:
 - Concern on state's ability to afford payment in 2025-26
 - State revenue down with likely cuts

Universities are implementing several cost reduction strategies:

Consolidate programs

Defer capital/maintenance projects

Reduce hiring and elimination of positions

Increase class size

Reduce courses to reflect student demand

Reduce part-time faculty/lecturers

Reduce service levels provided by staff

Reduce travel

Restructure departments

Restrict non-essential purchases

Additional Information

CSU Board of Trustees—January meeting

Committee on Finance, Item #6, 2024-25 Operating Budget Update

Agenda Item #6

<https://www.calstate.edu/csu-system/board-of-trustees/past-meetings/2024/Documents/jan-29-31-FIN.pdf>

Agenda Item #6 discussion (at 37:30 mark)

<https://www.youtube.com/watch?v=SK22GFX2Kkk&t=2270s>

Update: SJSU Financial Overview

Charlie Faas

**Vice President of Administration & Finance
Chief Financial Officer**

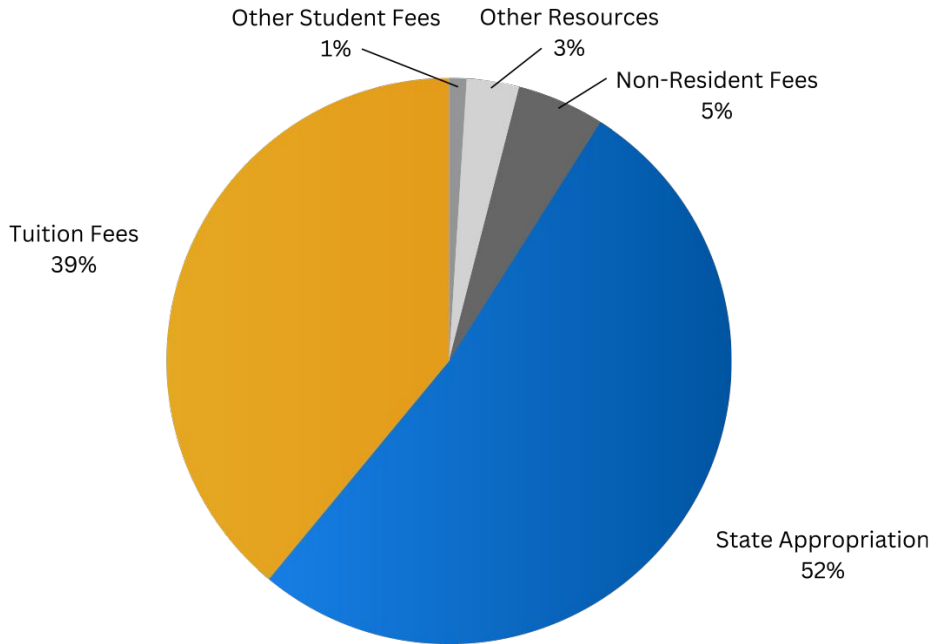
**We seem to have done a lot –
did it make a difference?**

Yes!

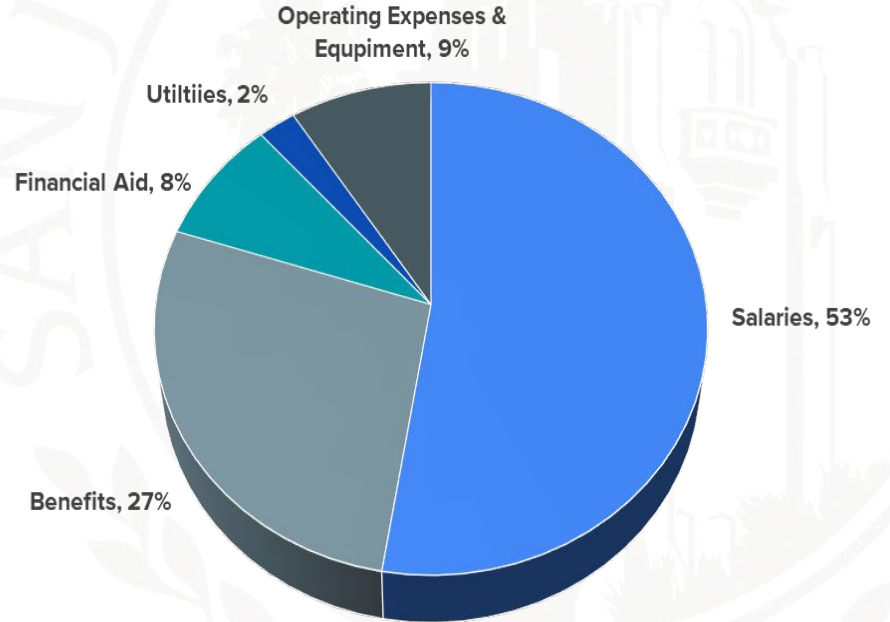


SJSU 2023/24 General Fund

Revenue = \$448M



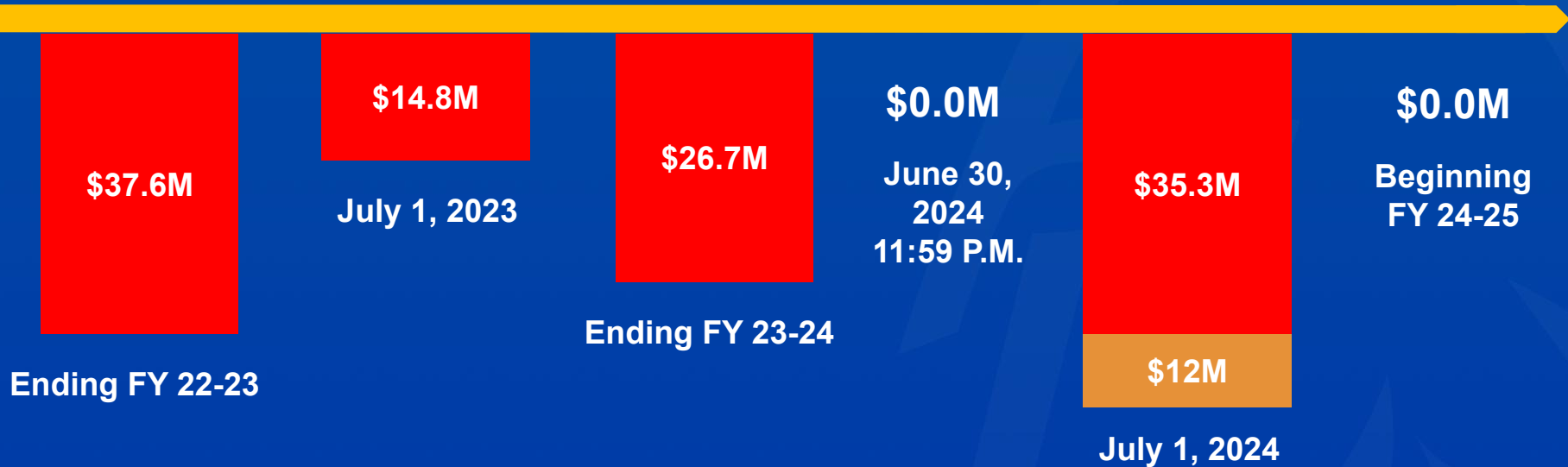
Expense = \$463M



**What's SJSU's current
financial situation?**



Budget Deficit Timeline FY 22-23 through FY 24-25



Budget Timeline - Transition from FY 22-23 to FY 23-24



\$37.6M

Ending FY 22-23

\$14.8M

July 1, 2023

\$26.7M

Ending FY 23-24

FY 23-24 - Forecast



\$37.6M
Ending FY
22-23

\$14.8M
July 1,
2023

\$26.7M
Ending FY
23-24

\$0.0M
June 30, 2024
11:59 P.M.

Budget Timeline - FY 23-24



\$26.7M

Ending FY 23-24

How do we address this year's gap with one-time solutions?

\$0.0M

June 30, 2024
11:59 P.M.

- \$ 12M - Borrow from non-General Fund Reserves**
- \$ 7M - 1X savings (soft hiring freeze, expenses)**
- \$ 7M - Encumbrances**

\$37.6M
Ending FY 22-23

\$14.8M
July 1, 2023

\$26.7M
Ending FY 23-24

\$0.0M
June 30, 2024 11:59 P.M.

\$35.3M
\$12M
July 1, 2024

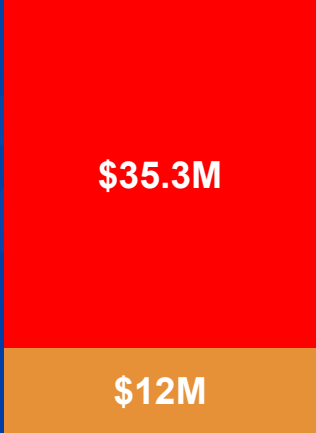
Budget Timeline - FY 23-24 to July, 1 2024



\$0.0M
June 30, 2024 11:59 P.M.

Why will this happen?

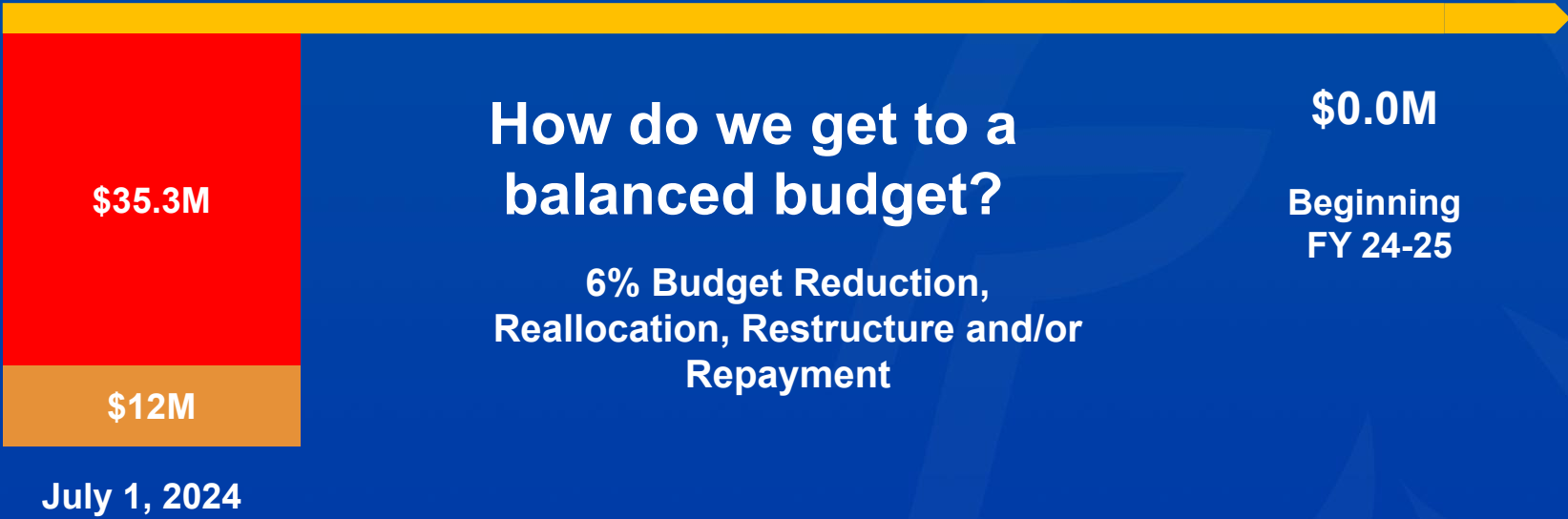
- \$26.7M – Structural Deficit FY 23-24**
- \$22.0M – Comp Increases for FY 24-25**
- \$ 3.8M – SUG Financial Aid**
- \$ 1.1M – Non-Res Enrollment**
- \$10.5M – 6% Tuition Increase**
- \$ 4.8M – Compact Funding**
- \$ 2.4M – CA Res Enrollment**
- \$ 0.6M – Add'l CO Initiatives**



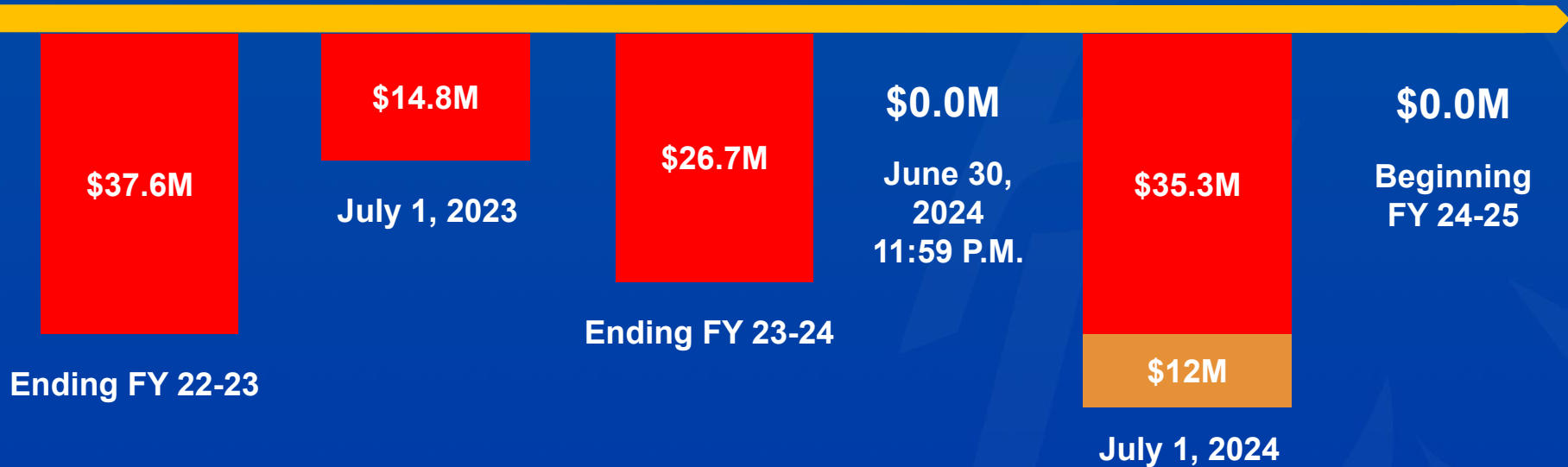
July 1, 2024

\$37.6M	\$14.8M	\$26.7M	\$0.0M	\$35.3M	\$0.0M
Ending FY 22-23	July 1, 2023	Ending FY 23-24	June 30, 2024 11:59 P.M.	Beginning FY 24-25	Beginning FY 24-25
				\$12M	
				July 1, 2024	

Preliminary - 2024 / 2025



Budget Deficit Timeline FY 22-23 through FY 24-25



4 R's

Reduction.

Reallocation.

Restructure

and/or

reorganization.

Repayment.

4 R's

**Reduction,
Reallocation,
Restructure
and/or reorganization,
Repayment**

There is a 5th R -
Revenue Generation



ASK A QUESTION

Q&A

Top 5 questions submitted

Additional questions submitted

Questions shared during today's town hall

**Thank you for attending today's
Budget Town Hall**