

From: Jeff Wilson, Vice President and CFO <vpaf@sfsu.edu>
Sent: Thursday, July 7, 2022 8:41 AM
To: SF State Staff, Managers and Faculty
Subject: Budget Update - July 7, 2022

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Dear campus community,

Governor Newsom recently signed into law the fiscal year 2022-23 budget passed by the California legislature. This budget includes increased recurring funding for the CSU's general operating fund, one-time funds to support deferred maintenance and capital projects and additional funds designated for specific programs across the CSU. While grateful for the state's continued support of the CSU, this budget falls far short of the CSU Board of Trustees' request. We will continue advocacy efforts for increased funding for the CSU. We do not yet know how the 2022-23 funds will be allocated to each campus. Over the next few weeks, the CSU will further update the campuses on our specific allocations.

Increased recurring funding

The budget includes an additional **\$211 million** of recurring, unallocated funds for the CSU's general operating fund – equal to the amount proposed by the Governor's Office in May. This increase in funding will support increased costs for campus operations and negotiated compensation increases for faculty.

One-time funds for capital projects and other legislative priorities

The budget includes **\$563.7 million** of one-time funds for deferred maintenance, capital projects, and other legislative priorities. These funds will allow CSU campuses to address deferred maintenance on our existing facilities and construct new facilities. A portion of these funds will be allocated to SF State to address the projects prioritized by the campus.

West Campus Green project

I am happy to announce that SF State was allocated **\$116.3 million** for the construction of the new West Campus Green housing and student health services building as part of the Higher Education Student Housing Grant (CASH) Program. This funding will provide critically needed housing for students and help us address our enrollment needs, as well as allowing us to offer less expensive student housing.

The Governor and Legislature have again demonstrated their support for the CSU and SF State with these investments. However, our enrollment challenges continue to make the campus budget challenging. The state's budget for the CSU, our cautious and thoughtful planning and our allocation of HEERF funds to strengthen our campus reserve allow us to enter the new fiscal year without the threat of layoffs or other dramatic cost reductions.

We have work before us as we confront SF State's unique financial challenges and those shared across the CSU:

- Nearly half of our budgetary resources come from tuition and fees paid by enrolled students. We currently forecast a decline in enrollment from fiscal year 2021-22 which will result in a corresponding reduction in revenue. This will substantially offset any additional revenue

received through the state's budget allocation and our judicious use of campus reserves and carryforwards.

- At this point, current and future recurring funding will only cover our existing commitments and possibly potential commitments negotiated through the collective bargaining process. This means we should not plan for additional or new programming or initiatives that require recurring funding and must minimize our reliance on one-time funds since those funds may be necessary to weather future budget reductions and cost increases which seem likely at this time
- The staff salary study conducted by Mercer (US), Inc. confirmed that CSU staff employees should be paid more. While the state budget references the Mercer study, it does not provide funding to address the results. We must continue our advocacy efforts and engagement with the Governor's Office and the State Legislature to advance the recommendations from the study which were not addressed in the current budget. The Chancellor's Office, campus administration, our collective bargaining units and our students are united in these efforts.
- Global, national, and local economic conditions are unpredictable and do affect the state's budgetary resources as well as campus resources and costs. We must continue to maintain a responsible reserve to prepare for potential economic downturns and plan responsibly.

I hope you have found this update helpful. Additional updates will be provided later this summer as more information becomes available. We will also post shared documents from the State and the Chancellor's Office on the [Budget Administration & Operations website](#). A full update on the campus's 2022-23 budget will be part of the University Budget Committee's August meeting on August 25th.

Wishing you a healthy and enjoyable summer!

Sincerely,

Jeff

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