



# Cal State Fullerton

October 3, 2024

Dr. Samuel Stone  
Chair, Planning, Resource and Budget Committee  
California State University, Fullerton

Dear PRBC Members,

I extend my sincere gratitude to former Chair, Dr. Jidong Huang and the entire committee for your thoughtful recommendations on budget priorities, process improvements, and strategic resource allocation. Your commitment to responsible and transparent stewardship of our resources aligns perfectly with my values and the university's mission.

Your efforts to align recommendations with our 2024-2029 Fullerton Forward Strategic Plan demonstrate your dedication to student success, faculty support, innovation, and campus safety. This document outlines the FY 2024-2025 budget at both the CSU system and local university levels, along with financial projections and campus priorities.

We appreciate the governor's continued support of the CSU budget compact and the Board's approval of a multi-year 6% tuition increase starting in AY 2024-2025. However, we must prepare for future financial challenges. As emphasized in my convocation speech, our focus remains on increasing student success, fostering trust and engagement, closing equity gaps, and enhancing fiscal efficiency.

Our updated strategic plan along with our 2024-2025 campus goals will guide our planning and budget discussions.

## **2024-2025 Campus Goals:**

1. **Create a holistic, equity-focused student success plan**, from admission to post-graduation, emphasizing support for historically underserved groups through an engaged campus community.
2. **Foster trust and engagement** internally with faculty and staff and externally with alumni and communities; promote a culture of philanthropy; and enhance strategic communications **to amplify the CSUF story**.
3. **Increase fiscal efficiency**, accountability and budget effectiveness supporting the campus educational mission while navigating budget challenges.

4. **Advance the 2024-29 Fullerton Forward plan** by setting annual priorities and developing action plans including resource allocation to achieve its goals.

I look forward to open, collegial conversations as we strive for fiscal efficiency while supporting our educational mission. Together, we will move Fullerton Forward.

Thank you for outlining your highest priorities for the year. I value your focus on critical areas, including, staffing needs in admissions, Registrar, and the Graduate Studies Office, implementation of an Academic Planner, improvements to faculty recruitment, retention, and working conditions, additional support for the University Library, reduction of deferred maintenance, strengthening of advising at the college and department level, and support for critical IT needs.

While we recognize the importance of each of these recommendations, our current budget constraints prevent us from fully funding all initiatives. However, your insights have been instrumental in guiding our budget allocations for this year.

Our decision-making process has carefully balanced your recommendations with:

- Mandatory cost obligations
- Meeting enrollment demands
- Promoting student success

Below, you will find a summary of the system-wide allocation and its resulting impacts at the local level.

Governor Newsom signed the 2024 state budget in late June which increased the California State University's (CSU) General Fund appropriation by \$246.2 million on an ongoing basis. The augmentation represents a 5% increase in state support and affirms the administration's commitment to the multi-year compact agreement. The additional funding supports the growth in CSU operational costs as well as \$5.5 million to expand veteran tuition waivers; \$0.3 million for the Center for California Studies Assembly Fellows Program; and \$0.2 million Center for the Corporation for Education Network Initiatives in California.

In response to continuing budget challenges, the Governor also implemented a one-time reduction of \$75 million, reducing the CSU's net new resources from state support from \$246.2 million to a total \$171.2 million available in FY 2024-25. Atypical of the process, the state also signaled its intent to take the following actions in future fiscal years:

- In FY 2025-26, the state intends to reduce CSU's operating budget from state support by 7.95% on an ongoing basis, the equivalent to a \$397 million reduction.
- The state intends to defer funding the FY 2025-26 compact funding to the following year, FY 2026-27. This would impose a requirement for the CSU to self-fund \$252 million, one-time.
- The state intends to defer funding the FY 2026-27 compact funding to the following year, FY 2027-28. This would impose a requirement for the CSU to self-fund \$264 million, one-time.

Recognizing the need for revenue stability, the CSU Board of Trustees proactively enacted a multi-year plan for tuition rate increases. In FY 2024-25, additional incremental revenues from the multi-year tuition rate increase is nearly \$154 million. It's also estimated that the CSU will collect an additional \$22.7 million in tuition and fee revenues in FY 2024-25 from enrollment growth of 1% or 3,484 FTES.

The additional state support and new sources of tuition revenue only partially fund the CSU's expected costs for 2024-25. Even with the new revenues and additional state support, the budget falls short covering expenses by \$234 million. Strategies to solve the budget problem are underway as mandatory cost increases and increased compensation costs will need to come from repurposing existing CSU resources. While the CSU remains committed to our core educational mission and related key priorities like the Graduation Initiative, Title IX, NAGPRA compliance and supporting student Basic Needs, it is clear that campuses will need to adapt and rise to meet the challenges presented by the fiscal environment of the next few years.

### **Fiscal Year (FY) 2024-25 Budget and Funds Available – CSU Fullerton**

While the CSU system faces challenges from the current budget situation, here at CSUF, we have proactively taken steps to plan for the current and future year fiscal difficulties. The new funds provided through the state budget allocation, along with a combination of strategic baseline savings, effective use of campus reserves, and revenue from robust enrollment, have positioned us to better absorb our share of the prescribed reductions to the CSU systemwide budget. CSUF's new sources of ongoing funding in FY 2024-25 total \$56.9 million. \$41.9 million comes from allocations in the 2024-25 budget year and new revenues that include:

- \$1.5 million for the Graduation Initiative and to improve student access
- \$5.5 million for health premium increases
- \$1.5 million for increases in liability and property insurance premiums
- \$10.0 million for compensation increases (offset in this fiscal year by a one-time reduction of \$7.4 million)
- \$0.6 million for Title IX compliance and anti-discrimination programs
- \$0.2 million for NAGPRA and CalNAGPRA compliance
- \$0.5 million to provide tuition waivers to veterans
- \$9.0 million to provide State University Grants
- \$13.1 million in revenue from FY 2024-25 Strategic Enrollment Growth (833 FTES)

\$15.0 million of new base funding arise from revisions to the previous FY 2023-24 budget. These adjustments are listed below:

- \$0.1 million to support students with disabilities
- \$0.6 million to support Project Rebound
- \$6.0 million from reallocated FY 2023-24 Resident Enrollment Target
- \$8.3 million from systemwide funding for FY 2023-24 compensation increases

In addition, campus resources set-aside for compensation increases as well as tuition revenue from reallocated FY 2023-24 Resident Enrollment Target contributed an additional \$17.1 million of new base sources of funding for FY 2024-25. All totaled, new sources of ongoing funding for CSUF is \$74.0 million.

### **One-Time Sources**

CSUF continues to meet and exceed enrollment targets. Consequently, the budget includes revenues generated from FY 2023-24 over enrollment of \$6.7 million as well as projected revenues from over enrollment in the current year of \$11.0 million. These resources are available only in the current fiscal year and are offset by CSUF’s allocated share of a one-time cut included in the state’s budget of \$7.4 million. Net available one-time resources after recognizing this cut are \$10.3 million.

### **Summary of FY 2023-24 Campus Budget Allocations**

The table below provides a summary of planned uses of our budget. Consistent with the priorities identified in PRBC’s recommendations, new incremental resources not otherwise obligated to support higher mandatory costs and systemwide initiatives have been allocated to support key, long-term investments in our infrastructure and our faculty and staff:

<b>Category</b>	<b>Baseline</b>	<b>One-time</b>	<b>Total</b>
Mandatory Costs	\$ 8,382,000	\$ -	\$ 8,382,000
Financial Aid (State University Grant)	9,021,000	-	9,021,000
Veteran Tuition Waivers	472,000	-	472,000
Graduation Initiative/ Student Access	1,507,000	-	1,507,000
Enrollment Growth Instruction (1,583 FTEs)	12,486,954	-	12,486,954
Enrollment Funding – Over Enrollment	-	7,927,173	7,927,173
2024-25 Faculty and staff Compensation Adjustments	1,727,934	-	1,727,934
Faculty and Staff Compensation Increases	41,191,413	-	41,191,413
Contingency for One-time needs	-	1,666,345	1,666,345
<b>Total Uses</b>	<b>\$ 74,788,301</b>	<b>\$ 9,593,518</b>	<b>\$ 84,381,819</b>

## **Mandatory Costs**

A total of \$8,382,000 of baseline budget is allocated to cover increases in mandatory expenses, additional compliance requirements and systemwide mandates. They include:

- Health Benefits:
  - \$5,441,000 baseline funding for increases in health care premiums
- Risk Pool:
  - \$1,546,000 base funding for increases in liability and property insurance premiums
- Additional Compliance Requirements:
  - \$550,000 baseline funding for Title IX and anti-discrimination programs.
  - \$200,000 baseline funding to comply with NAGRPA and CalNAGPRA requirements
- FY 2023-24 Augmentations for Systemwide Mandates:
  - \$54,000 baseline funding allocated by the Chancellor's Office to support Students with Disabilities
  - \$591,000 baseline funding allocated by the Chancellor's Office to fund Project Rebound

## **Student Access and Support**

The budget includes additional \$11,000,000 of baseline funding to increase student access and support the goals of the graduation initiative.

- GI 2025:
  - \$1,507,000 in baseline funds is allocated to improve student success metrics, by expanding academic advising resources, supporting student incentive programs, providing online instructional design support, and partial baseline funding of the Faculty Development Center
- State University Grant:
  - \$9,021,000 in base funding to offer additional institutional aid in the form of need-based awards to eligible undergraduate and graduate/postbaccalaureate student.
- Veteran Waivers:
  - \$472,000 of new base budget is directed to offer fee waivers to qualifying student veterans

## **Enrollment Funding**

We have allocated \$20,414,127 (\$12,486,954 baseline and \$7,927,173 one-time) for enrollment funding as follows:

- Enrollment Growth:
  - \$12,486,954 (8,215,101 base for faculty salaries and \$4,271,853 base for employer-provided benefits) to support additional target enrollment of 1,583 Full Time Equivalent Students (FTES)
- Over Enrollment:
  - \$7,927,173 (\$5,215,245 one-time for faculty salaries and \$2,711,927 one-time for employer-provided benefits) is allocated to the division of Academic Affairs to support additional instructional costs above target, based on actual enrollment

## **Faculty and Staff Compensation Increases**

The majority of university expenditures are due to personnel related costs. This fiscal year, \$42,919,347 of new base budget is allocated to provide compensation increases to faculty and staff. These programs include:

- Compensation Increases:
  - \$20,386,413 of base budget is allocated to fund compensation increase for all bargaining units' effective FY 2023-24.
  - \$20,805,000 of base budget is allocated to fund compensation increase for all bargaining units' effective FY 2024-25
- Faculty and Staff Compensation Pool - Reserves :
  - \$1,727,934 of base budget is allocated to fund estimated compensation increases related to faculty and staff contractual obligations

Lastly, \$1,666,345 is set aside as a contingency to address campus priorities throughout the fiscal year.

While the incremental budget plan outlined above is a balanced budget in FY 2024-25, as noted earlier, in FY 2025-26, the CSU will be facing the challenge of resolving a \$397 million budget reduction. CSUF's projected share is estimated to be between \$28-\$40 million.

**Closing and Looking Forward:**

I'd like to conclude where I began and that is by expressing my profound gratitude to the Planning, Resource, and Budget Committee (PBRC) for their thoughtful recommendations. Your work ensures that we remain responsible and transparent stewards of both our public and private resources.

Despite the challenges of limited resources, we must celebrate the magic of Cal State Fullerton, the largest institution in the CSU system. As your new President, I am immensely proud of our collective achievements:

- Serving over 43,000 students
- Earning the prestigious Seal of Excelencia
- Ranking 3rd nationally in conferring bachelor's degrees to underrepresented students
- Ranking 2nd in the nation for social mobility

The PBRC has been instrumental in these accomplishments. I want you to know that your efforts are seen, valued, and deeply appreciated. I look forward to collaborating with you and the entire committee as we collectively move Fullerton forward into a bright and promising future.

Together, we will continue to uphold our commitment to excellence, diversity, and student success.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald S. Rochon". The signature is fluid and cursive, written in a professional style.

Ronald S. Rochon  
President