



Senate Budget Presentation 2023

Agenda

- Current Financial Status
- How We Got Here
- “Budget 10 1” - Overview of SJSU budget
- Where we go from here
 - Seeking your input after the meeting

Current Financial Situation

Base Structural Deficit

Operational Reserves

Labor Negotiations

Tuition

Enrollment Fluctuations

State Financial Picture

What got us here?

- **Rising costs** driven by pandemic and inflation
- **Enrollment did not meet target** due, in part, to impact of pandemic years
- The campus attempted to **accelerate development and implementation of Transformation 2030**

All Milestones & Challenges Have Associated Costs

Milestones

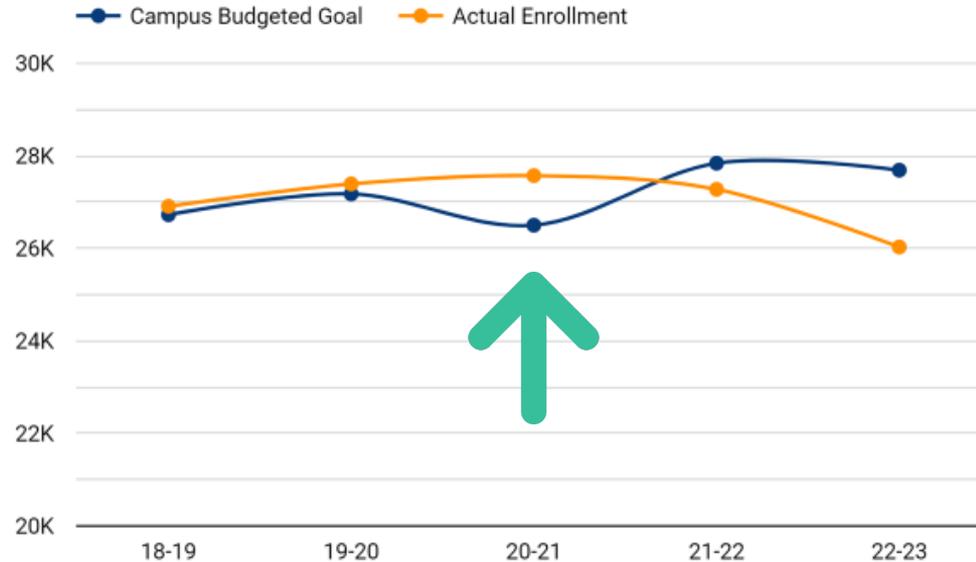
- Basic Needs & Mental Health (SJSU Cares)
- Hired 289 Tenure Track Faculty
- Increase in Graduate Enrollment
- SJSU Online
- Research, Scholarship and Creative Activities (RSCA)
- ISB Construction
- Established Community and Government Relations Office
- Established Division of Research & Innovation
- Established Division of Information Technology
- Established Division of Institutional Affairs
- Established College of Graduate Studies
- Expanded Title IX Office
- Launched Racial Justice Initiatives and Added DEI Positions
- Alquist Planning / Approval / RFQ
- Athletics winning championships and National Recognition
- New Spartan Recreation and Aquatic Center
- Hammer Theatre Partnership with City of San Jose
- Federal HEERF (Higher Education Emergency Relief Fund)

Challenges

- PANDEMIC
- Most Pandemic-related expenses continue without HEERF
- Undergraduate enrollment less than planned
- Significant reduction in International Students
- Declining Average Unit Load
- Declining Student to Faculty Ratios
- Deferred Maintenance
- Power / IT outages
- Rising Utilities Rates
- Unfunded mandates (2022/23 Salary increases)
- Department of Justice
- State Budget Cut in 2021/22
- State Financial Situation 2023/24
- Inflation / US Economy
- Fires, Heat, Smoke, Climate
- Enrollment fluctuations

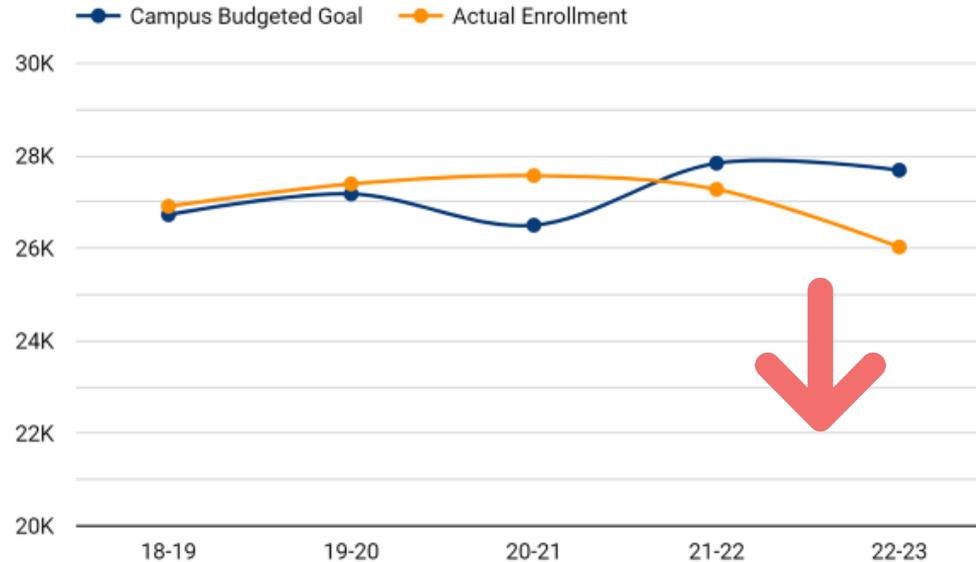
SJSU Enrollment vs. Target

Enrollment



SJSU Enrollment vs. Target

Enrollment



Enrollment Headwinds

- Fewer High School Seniors means fewer First Year Students
- Competition from Free Community College
- UC expanded Transfer Volume (lower transfers to SJSU)
- Fewer International Students
- Improved Graduation Rates
- Decrease in Retention, Particularly Among Upper Division Students



Budget 10 1

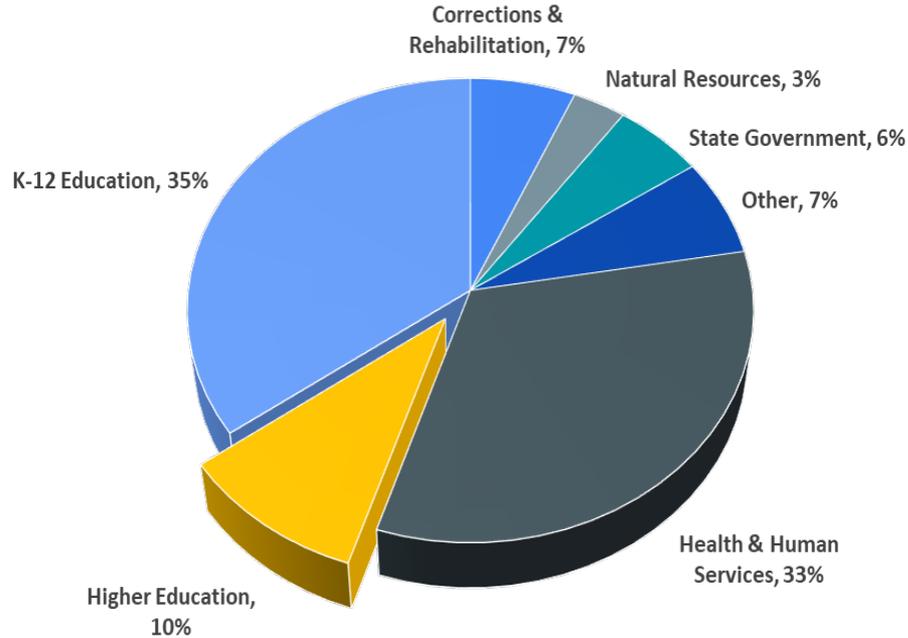
How State Funding is Allocated to the CSU



**The California
State University**

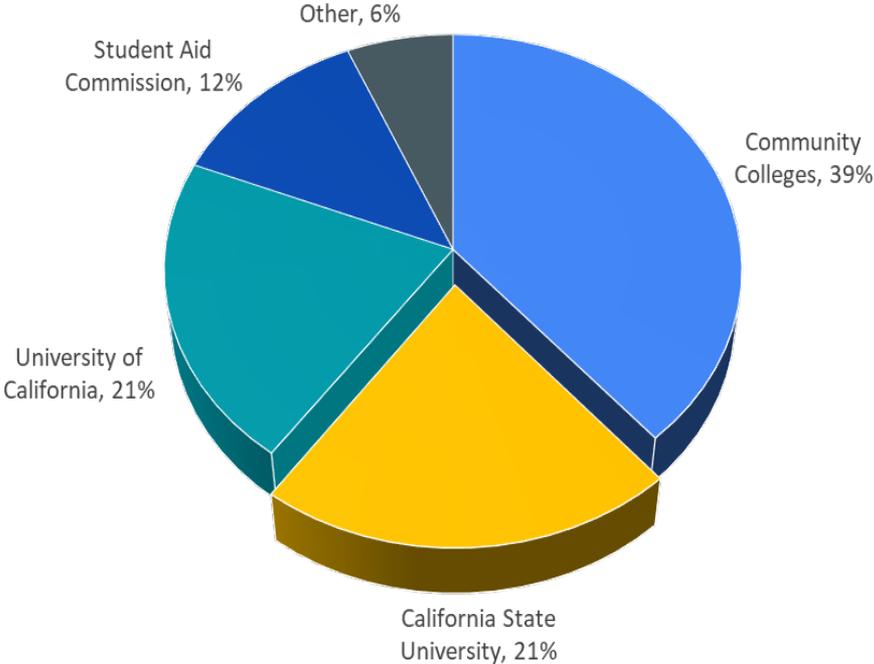
2023-24 State of California Budget

\$226B General Fund



2023-24 State of California Budget Higher Education

\$23B Total State Funds



CSU- 2023/24 Budget Request

USES OF FUNDS	WITHIN COMPACT	ABOVE COMPACT	BUDGET REQUEST	
Incremental New Expenditures				
Graduation Initiative 2025	\$30,000,000	\$25,000,000	\$55,000,000	
Student Basic Needs		\$20,000,000	\$20,000,000	2%
Workforce Investments				
Faculty & Staff Compensation Pool	92,466,000	168,444,000	260,910,000	6%
Health Premium Increases	50,524,000		50,524,000	
Academic Facilities and Infrastructure		50,000,000	50,000,000	
Strategic Resident Enrollment Growth	50,648,000		50,648,000	
Required Operational Costs				
Maintenance of New Facilities	6,032,000		6,032,000	
Liability and Property Insurance Premium Increases	13,700,000		13,700,000	
Inflation on Non-Personnel Costs		23,034,000	23,034,000	
TOTAL NEW USES	\$243,370,000	\$286,478,000	\$529,848,000	

Tuition & Fees

Tuition Averages 0.4% over 12 years

HEPI-based Fees Average 3% a year over 12 years

OVERALL = 1% average increase a year for 12 years

	Undergrad	Campus				
	<u>Tuition</u>	<u>Fees</u>	<u>Total</u>	<u>Chg</u>	<u>% Chg</u>	
	23/24	\$ 5,742	\$ 2,250	\$ 7,992	\$ 93	1.2%
	22/23	\$ 5,742	\$ 2,157	\$ 7,899	\$ 47	0.6%
	21/22	\$ 5,742	\$ 2,110	\$ 7,852	\$ -	0.0%
	20/21	\$ 5,742	\$ 2,110	\$ 7,852	\$ -	0.0%
	19/20	\$ 5,742	\$ 2,110	\$ 7,852	\$ 56	0.7%
	18/19	\$ 5,742	\$ 2,054	\$ 7,796	\$ 75	1.0%
↑	17/18	\$ 5,742	\$ 1,979	\$ 7,721	\$304	4.1%
	16/17	\$ 5,472	\$ 1,945	\$ 7,417	\$ 39	0.5%
	15/16	\$ 5,472	\$ 1,906	\$ 7,378	\$ 55	0.8%
	14/15	\$ 5,472	\$ 1,851	\$ 7,323	\$ (20)	-0.3%
	13/14	\$ 5,472	\$ 1,871	\$ 7,343	\$214	3.0%
	12/13	\$ 5,472	\$ 1,657	\$ 7,129		

The Picture at SJSU

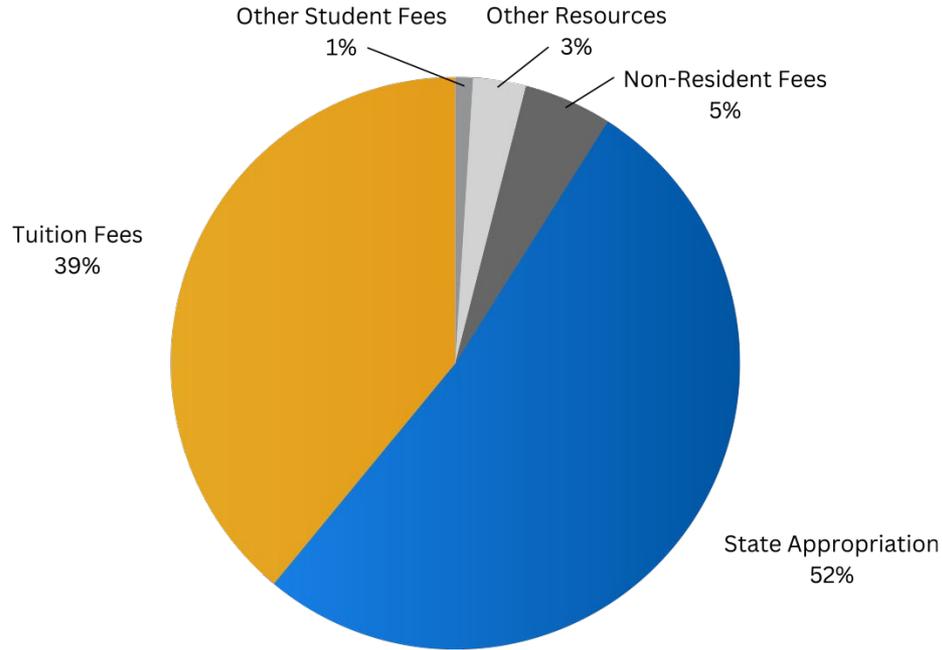
- The Total University Operating Fund is **\$448M**
 - Approximately **50%** of the Operating Fund Revenue is funded through state allocations
 - **39%** for In-State Tuition
 - **5%** for International Tuition
- The Total of all our Budgets is **\$756M**
 - The \$300M difference is Auxiliaries, Enterprises and self-support

Additional Funding Sources

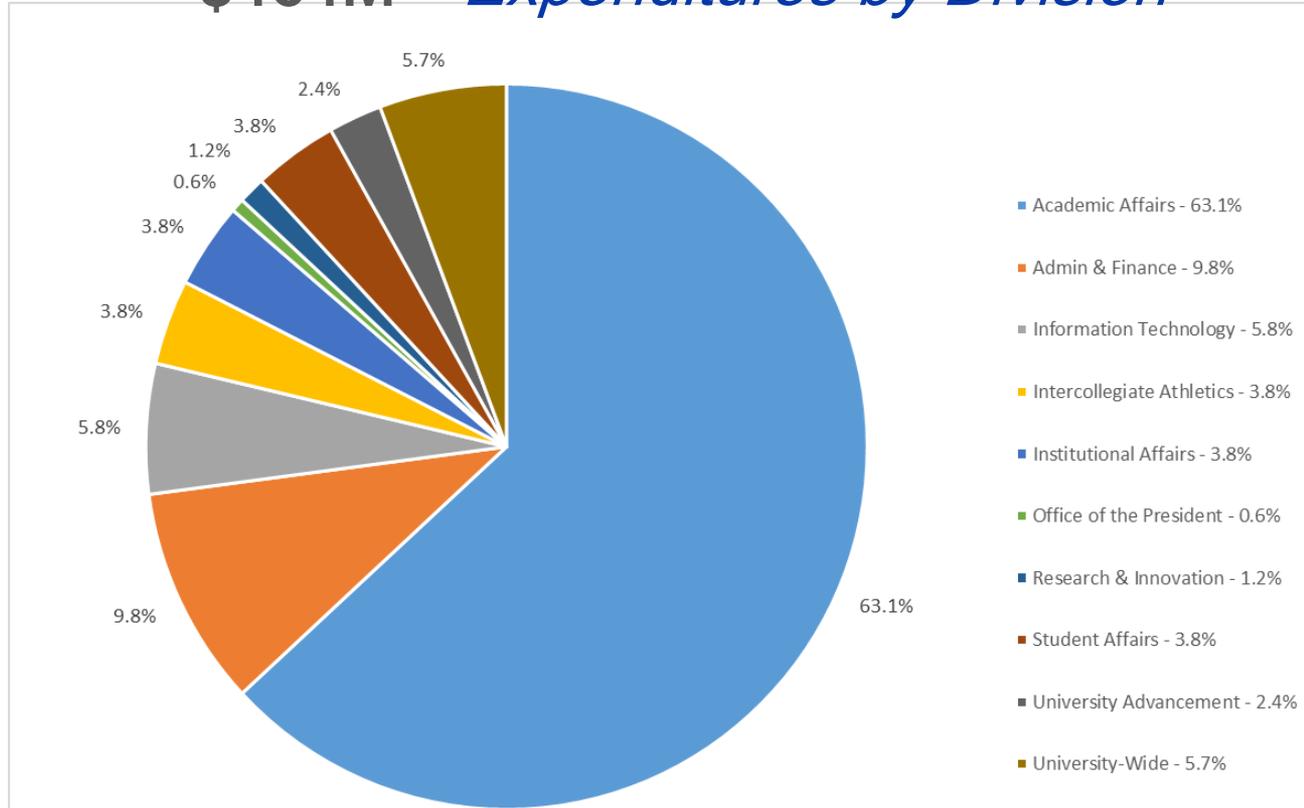
- Donations to the university
 - Philanthropic (Tower Foundation)
- Associated Students
 - Student fee revenues
- Enterprise funds
 - Student Housing, Parking, Student Health Center
- Professional and Continuing Education
- Research Foundation

SJSU General Operating Fund Revenue

\$448M

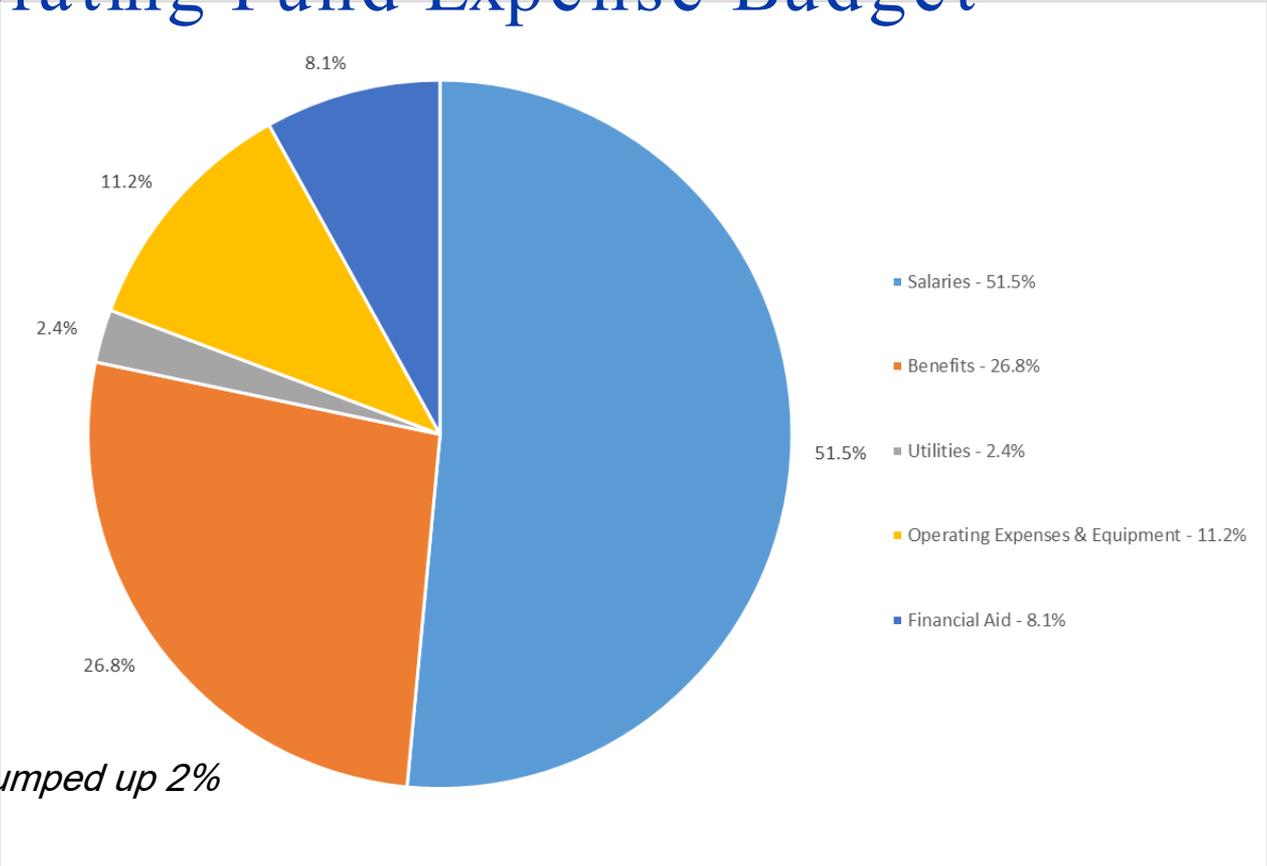


SJSU Operating General Fund Expense Budget \$464M - Expenditures by Division



SJSU Operating Fund Expense Budget

\$464M



Note that Benefits jumped up 2% from last year

Impact of Potential Salary/Benefit Examples

————— *Note that the compensation negotiations are conducted by the Chancellor's Office and Union Negotiators*

Hypothetical Example:

SJSU has \$370M of Salary / Benefits in the General Fund

- 5% Increase = \$18M
- 8% Increase = \$29M
- 12% Increase = \$44M

Sources of Funding for Capital Improvements/Buildings

- State Revenue Bonds
- Donors through the Tower Foundation
- Auxiliary / Enterprise Reserves
- Continuing Education Fees
- Student Fees
- Partnerships / Naming Rights
- State Directed Funding (Higher Education Student Housing)
- State earmarks (MLML, Fire, Speed City Legacy)
- Federal Grants
- Public/Private Partnership

Interdisciplinary Science Building

- Bonds \$119M
- Campus GF Reserves \$30M
- Research Foundation \$15M
 - (Over 30 years)
- PaCE \$21M
- Student Union \$4M
- TOTAL \$189M

Debt service paid by CSU





Spartan Athletics Center

- Bonds (Tower) \$40 M
- Donors \$20 M
- Generated Revenues \$10 M
- TOTAL \$57 M

Debt service supported by:

- Naming agreements
- Pouring rights
- Food service
- Donations

Spartan Recreation and Aquatic Center

- Bonds \$81M
- Student Union Reserves \$51M
- TOTAL \$132M

Debt service supported by
Student Union fee





Campus Village 3

- Bonds \$TBD M
- Higher Education Student Housing Grant from State \$89M
- Housing Reserves \$10M
- TOTAL \$TBD M

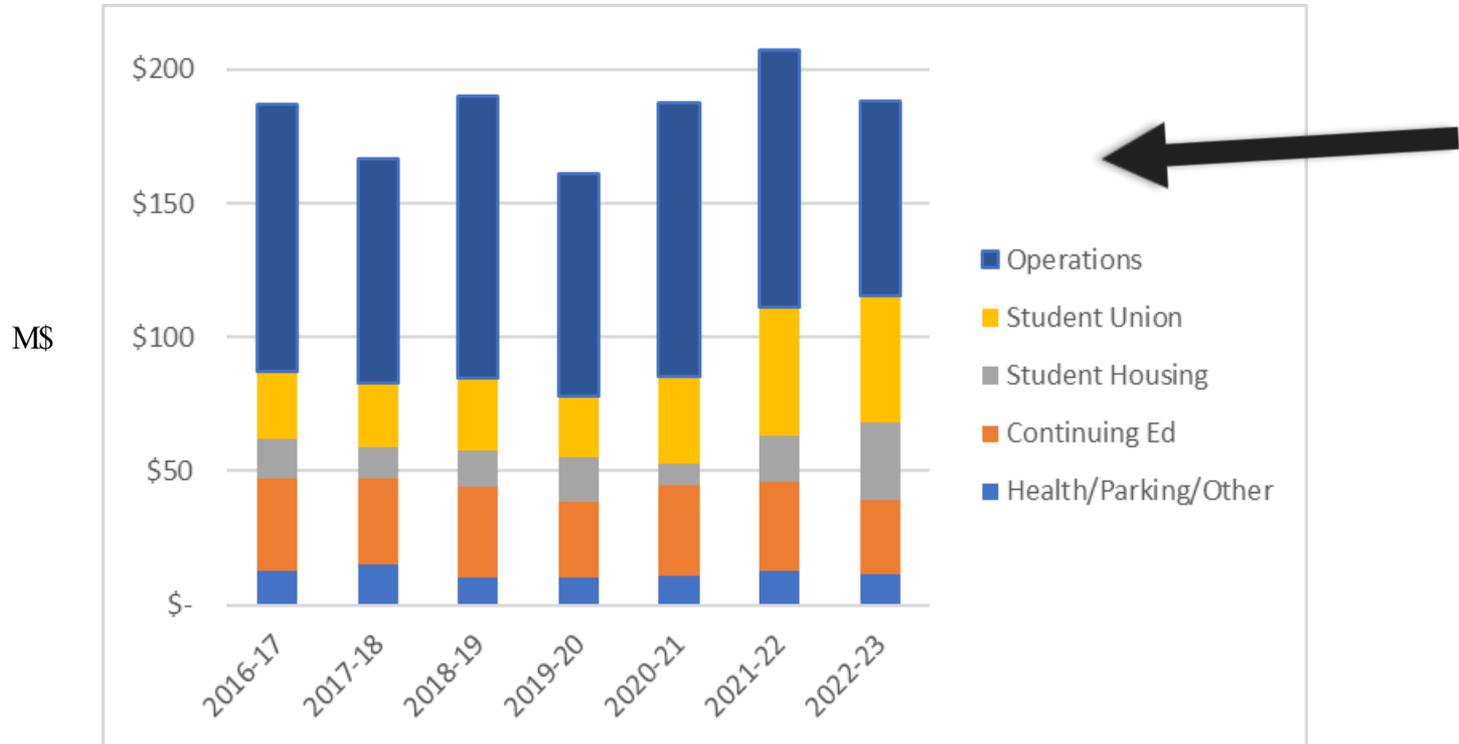
Debt service supported by
Student Housing fees and HESH funding



Reserves

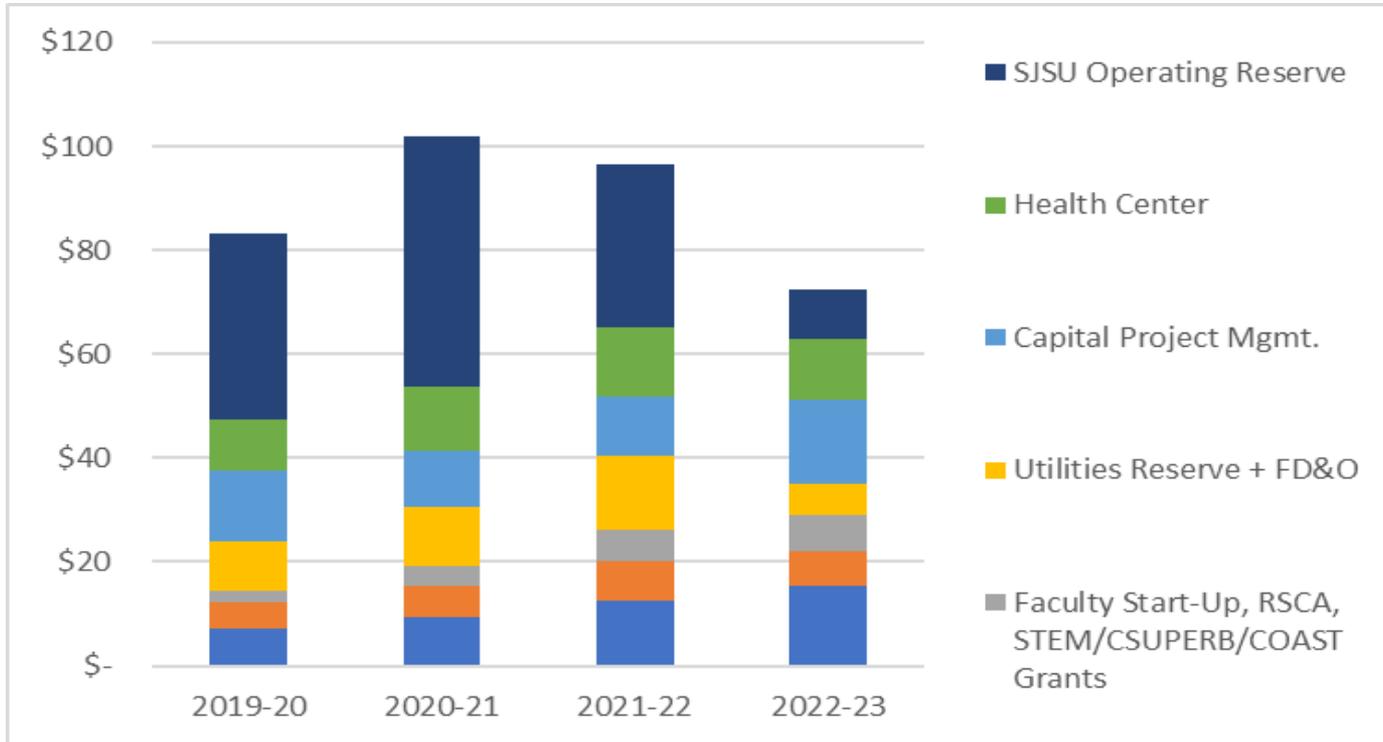
CSU Transparency Portal

Designated Balances and Reserves- SJSU



SJSU Operating Reserve Details

SJSU Reserve CSU Operating Fund 485 Balance Before Encumbrances





Budget Advisory Committee

Budget Advisory Committee

Who We Are

- Charlie Faas & Tabitha Hart– Co-chairs
- Audrey Shillington - Dean
- Charita Hill-Avent * – Student Affairs
- Eric Rollerson- Housing
- Kathleen Prunty– Sr SVP Finance
- Alerie Flandez – Academic Advising
- Namrata Shukla *- Interim Dean
- Simon Rodan– Business Faculty
- B.J. Grosvenor- Lecturer
- Jennifer Nathan – Graduate Studies
- Kristen Rebmann- Professor
- Michael Kaufman *- Dean
- Mike Vizzusi – Budget Director
- Ravisha Mathur *– Past Senate Chair
- Sami Monsur – Academic Affairs
- Tamar Semerjian- Chair
- Sarab Multani – AS President
- Dhruv Varshney – AS Controller

** Added as Subject Matter Expert for 2023/24*

Budget Advisory Committee

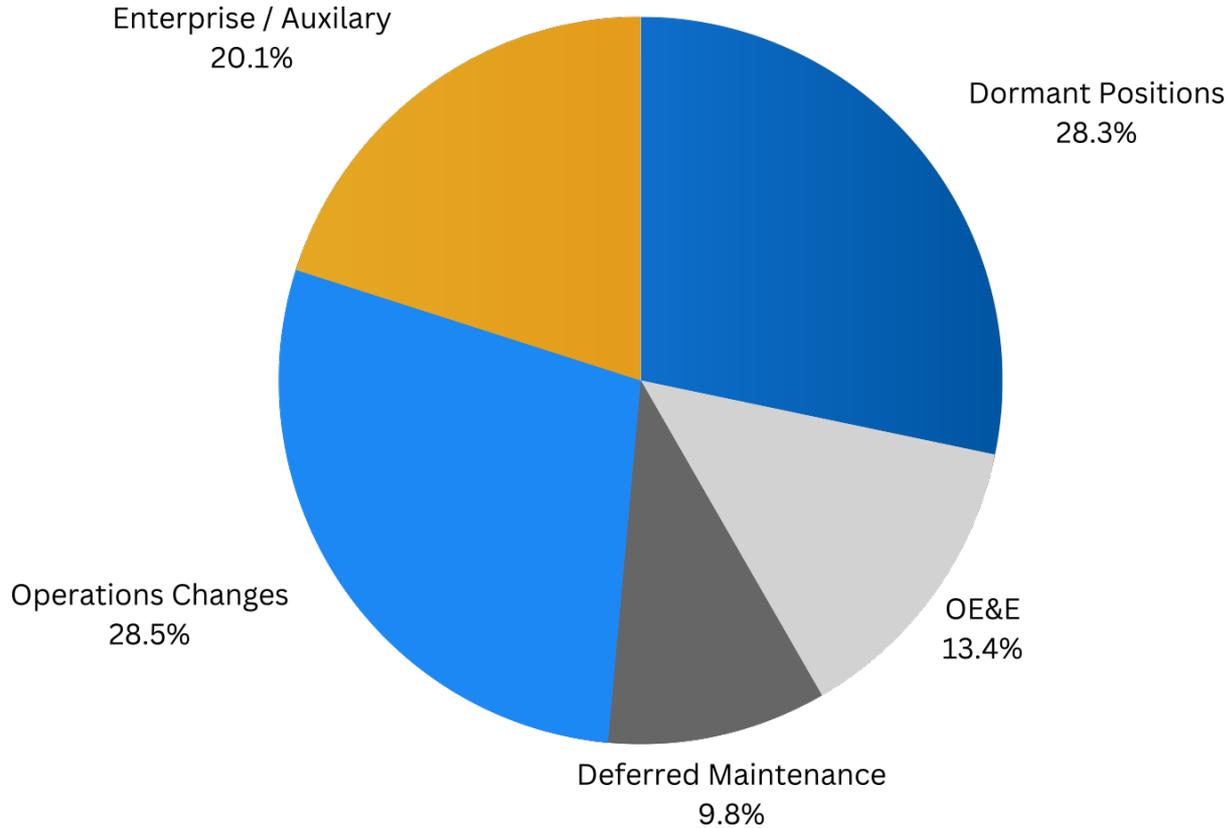
What We Do

- Special agency of SJSU Academic Senate
 - Created by, charged through and reports back to Academic Senate
- Advise president on budget through planning, implementation and review
 - Multi-year plan for financially sustainable budget model
- Identify challenges, collect feedback, propose potential solutions
- Serve as a continued resource for SJSU community

Stepping Stones to Recovery

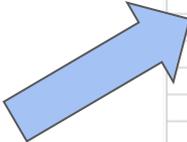
- Just completed
 - \$20M in base reductions
 - One-time savings (reserves / OE&E / salary savings on unfilled positions)
- Short Term
 - Enrollment
 - Assessments (campus priorities, funding levels, focus, what doesn't get done)
- Longer term
 - Enrollment growth strategies
 - Scope reallocation / Focus
 - Grow SJSU Online
 - Other future revenue growth areas

\$20M in Base Reductions for 2023/24



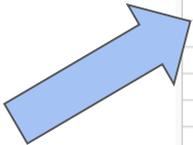
Financial Model for You to Try

	A	B	C	D	E	F	G	H
1	SJSU SAN JOSÉ STATE UNIVERSITY							
2								
3								
4		3-Year Operating Fund Scenario Tool						
5								
6			<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>		
7	ENROLLMENT							
8	Resident Enrollment Change			1.0% ▾	1.0% ▾	1.0% ▾		
9	Resident FTES	24,130		24,371	24,615	24,861		
10	Non-Resident Enrollment Change			1.0% ▾	1.0% ▾	1.0% ▾		
11	Resident FTES	2,200		2,222	2,244	2,266		
12	TOTAL ENROLLMENT	26,330		26,593	26,859	27,127		
13	Change Over Prior Year	39		263	266	268		
14								
15	SOURCES							
16	CSU General Fund Increase per Compact			5.0%	5.0%	5.0%		
18	SJSU General Fund Increase - Enrollment Growth			\$2.1	\$2.1	\$2.1		<i>Assumes CSU MCI increases 3.0%/year</i>
20	SJSU General Fund Increase - Non-Enrollment Growth			\$9.8	\$10.3	\$10.8		
21	General Fund	\$233.2		\$245.1	\$257.5	\$270.5		
22								
23	Tuition Rate Change			6.0% ▾	6.0% ▾	6.0% ▾		
25	Tuition Fee Revenue	\$173.8		\$186.2	\$199.3	\$213.5		
27	Non-Resident Tuition Fee Revenue	\$22.44		\$24.0	\$25.7	\$27.5		
28	Tuition Fees	\$196.2		\$210.2	\$225.0	\$241.0		
29	Other Revenue Adjustments							
30	Compensation Allocation from C.O. (not yet distributed in 23/24)	\$7.4		\$7.4	\$7.4	\$7.4		<i>Estimate only</i>
31	Other Additions	\$0.0		\$0.0	\$0.0	\$0.0		
32	Other Sources	\$18.9		\$18.9	\$18.9	\$18.9		<i>Includes WS Reimbursement</i>
33	TOTAL SOURCES	\$455.8		\$481.6	\$508.8	\$537.8		
34	Change Over Prior Year			\$25.9	\$27.2	\$29.0		
35								



Financial Model for You to Try

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32	Other Sources		\$18.9	\$18.9	\$18.9	\$18.9		<i>Includes WS Reimbursement</i>
33	TOTAL SOURCES		\$455.8	\$481.6	\$508.8	\$537.8		
34	Change Over Prior Year			\$25.9	\$27.2	\$29.0		
35								
36	USES							
37	Salaries Change		2.0% ▾	0.0% ▾	0.0% ▾	0.0% ▾		<i>2% in 23/24 is implied in the Compact Funding</i>
38	Salaries & Benefits		\$369.6	\$369.6	\$369.6	\$369.6		
39	Enrollment Support to Academic Affairs			\$1.9	\$3.8	\$5.7		<i>\$5100/FTES plus benefits</i>
40	Existing Financial Aid and Work Study		\$39.2	\$39.2	\$39.2	\$39.2		
41	Financial Aid (1/3 Tuition Rate Incr)			\$3.9	\$8.1	\$12.6		
42	Other Financial Adjustments							
43	Reductions		\$0.0	\$0.0	\$0.0	\$0.0		
44	Other Reductions		\$0.0	\$0.0	\$0.0	\$0.0		
45	Operating Expenses & Equipment		\$61.6	\$61.6	\$61.6	\$61.6		<i>Includes RSCA \$2M in S&B, OE&E</i>
46	TOTAL USES		\$470.4	\$476.3	\$482.4	\$488.8		
47	Change Over Prior Year			\$5.8	\$6.1	\$6.4		
48								
49	NET SOURCES (USES)		(\$14.7)	\$5.4	\$26.5	\$49.0		
50	Change Over Prior Year			\$20.0	\$21.1	\$22.6		
51								

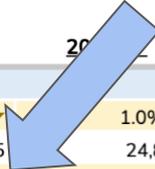


Financial Model for You to Try



3-Year Operating Fund Scenario Tool

	2023/24	2024/25	2025/26	2026/27
ENROLLMENT				
Resident Enrollment Change		1.0% ▾	1.0% ▾	1.0% ▾
Resident FTES	24,130	24,371	24,615	24,861
Non-Resident Enrollment Change		3% ▾	3.0% ▾	1.0% ▾
Resident FTES	2,200		2,334	2,357
TOTAL ENROLLMENT	26,330		26,949	27,218
Change Over Prior Year	39		312	269
SOURCES				
CSU General Fund Increase per Compact			5.0%	5.0%
SJSU General Fund Increase - Enrollment Growth			\$2.1	\$2.1
SJSU General Fund Increase - Non-Enrollment Growth			\$10.3	\$10.8
General Fund	\$233.2		\$257.5	\$270.5
Tuition Rate Change			6.0% ▾	6.0% ▾
Tuition Fee Revenue	\$173.8		\$188.6	\$202.0
Non-Resident Tuition Fee Revenue	\$22.44		\$25.2	\$27.0



Assumes CSU MCI increases 3.0%/year

Financial Model for You to Try



Some Final Questions

— *Send responses to universitycomm@sjsu.edu*

- After hearing today's discussion, where are some areas that you believe the university should focus to streamline processes or efficiencies to reduce costs?
- What ideas do you have for potential new revenue opportunities or shared services?

Going Forward

Base Structural Deficit – Fix ASAP

Operational Reserves – Borrow, Payback, Grow

Labor Negotiations - TBD

Tuition – Approved 6%

Enrollment Fluctuations – Fall at 99.6% of Plan

State Financial Picture – Not good in the short term

An aerial photograph of a university campus, heavily filtered with a blue color. The central focus is a large, Gothic-style building with a prominent gabled roof and arched windows. Surrounding this building are various other campus structures, including modern multi-story buildings and older, more traditional buildings. The campus is interspersed with trees, including palm trees and large evergreens. In the background, a range of hills or mountains is visible under a clear sky. A bright yellow rectangular banner is superimposed over the center of the image, containing the text "Thank You!" in white, bold, sans-serif font.

Thank You!

An aerial photograph of a university campus, featuring a prominent Gothic-style building with a tall spire in the center. The campus is surrounded by various modern and traditional buildings, green spaces, and palm trees. The entire image is overlaid with a semi-transparent blue filter. A bright yellow horizontal banner is positioned across the middle of the image, containing the word "APPENDIX" in white, bold, uppercase letters.

APPENDIX

LAO: CSU Cost Pressures

Most Employee Salary Levels Are Determined Through Collective Bargaining.

About 90% of CSU's employees are represented by a union. The largest unions are the California Faculty Association, which comprises about half of CSU's salary pool, and the California State University Employees Union, which represents support staff and comprises about one-quarter of CSU's salary pool.

General Salary Increases by Employee Group^a

	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
California Faculty Association	3.5%	3.5%	2.5%	—	4.0%	3.0%
California State University Employees Union	3.0	3.0	3.0	—	—	7.0
Other represented employees	2.0-3.1	3.0	3.0-3.8	—	0-4.0	0-7.0 ^b
Nonrepresented employees ^c	2.5	3.0	3.0	—	—	7.0

^aUnless otherwise noted, chart does not reflect other salary provisions, such as equity increases, service salary increases, and post-promotion increases.

^bEmployee groups received 3 percent to 7 percent general salary increases, with the exception of represented student employees. Represented student employees received 1.3 percent increases in salary range minimums and maximums, but no general salary increase.

^cChart reflects merit salary increases for executives, managers, and confidential employees. Chart does not include "excluded employees," who are primarily temporary staff (such as student assistants and consultants).

Reserve Strategy

	<u>20/21</u>	<u>21/22</u>	<u>22/23</u>
Reduce Fungible Reserves	-60%	-20%	-20%

- Reductions are on the NET Reserves remaining
- FY21/22: 40% Reserves Remain
- FY22/23: ONE month of Fungible Reserves

This model assumes no new financial challenges. If there are further reductions to state or federal funding, SJSU will need to be even more creative about how to close the gap.