

Budget 101 & State of the Budget Update

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➤ Agenda

- **Introduction to the URPC**
 - Role of the URPC
 - Guiding Principles and Priorities
- **Budget 101**
 - Key Concepts & Terms
 - Organization Types
- **State of the Budget**
 - Campus Budget Planning
 - Governor's January Budget Proposal

➤ Key Takeaways

- We have a balanced budget
- We have had successes in sponsored programs and grants
- We have had historic successes in our capital campaign and donors
- We have polytechnic resources to invest
- We have had a modest enrollment increase
- There is a reduction of higher education resources
- We did not reach our funded CSU enrollment target and thus we are going to be recalibrated again
- There is a gap in resources to fund compensation increases

> Introduction to the URPC

➤ What is the URPC?

- University Resources and Planning Committee
- University Senate committee consisting of faculty, staff, students and administrators
- Shared-governance group that deliberates topics related to budget
- Bi-weekly meetings throughout the academic year
- Discuss the campus budget and the broader forces that influence it

➤ Roles of the URPC

Information Role:

- Gather and discuss budget-related information and share-out with the campus community
- Review quarterly & annual reports from the budget office
- Organize & review annual divisional reports

Advisory Role:

- Develop guiding principles and priorities to shape allocation decisions
- Focus on alignment with strategic priorities and on promoting student success
- Advise the Senate, President, and administrators on resource allocation, budget policies, and long-term planning
- Offer recommendations for the allocation of resources to the divisions

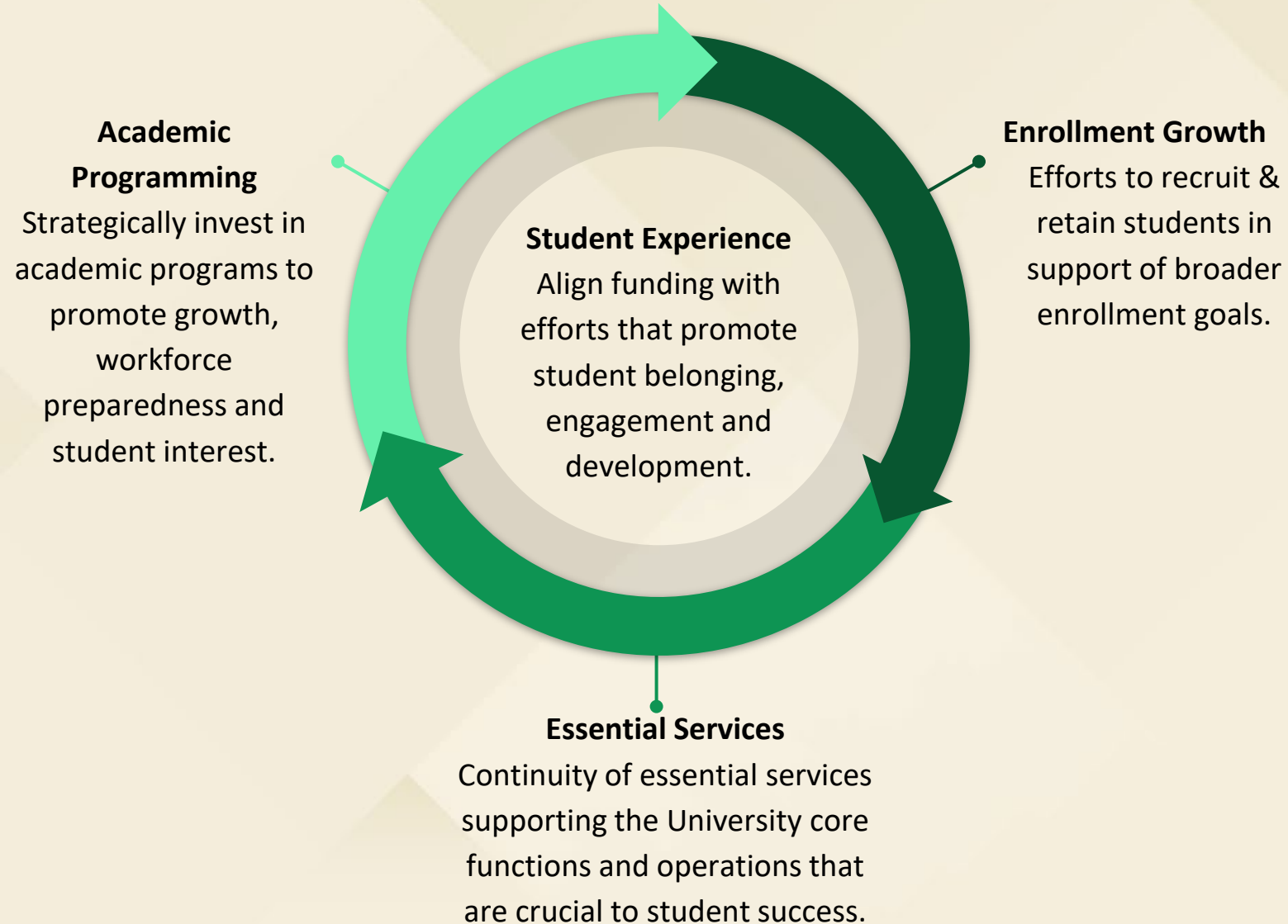
➤ **URPC Guiding Principles**

Resource allocation planning and decisions will be data-informed, incorporate an equity lens, promote efficiency and align with the Purpose, Vision, Core Values & Beliefs of the University.

Four Guiding Principles:

1. Students First
2. Value Personnel
3. Financial Resiliency
4. Campus Engagement

> URPC Budget Priorities

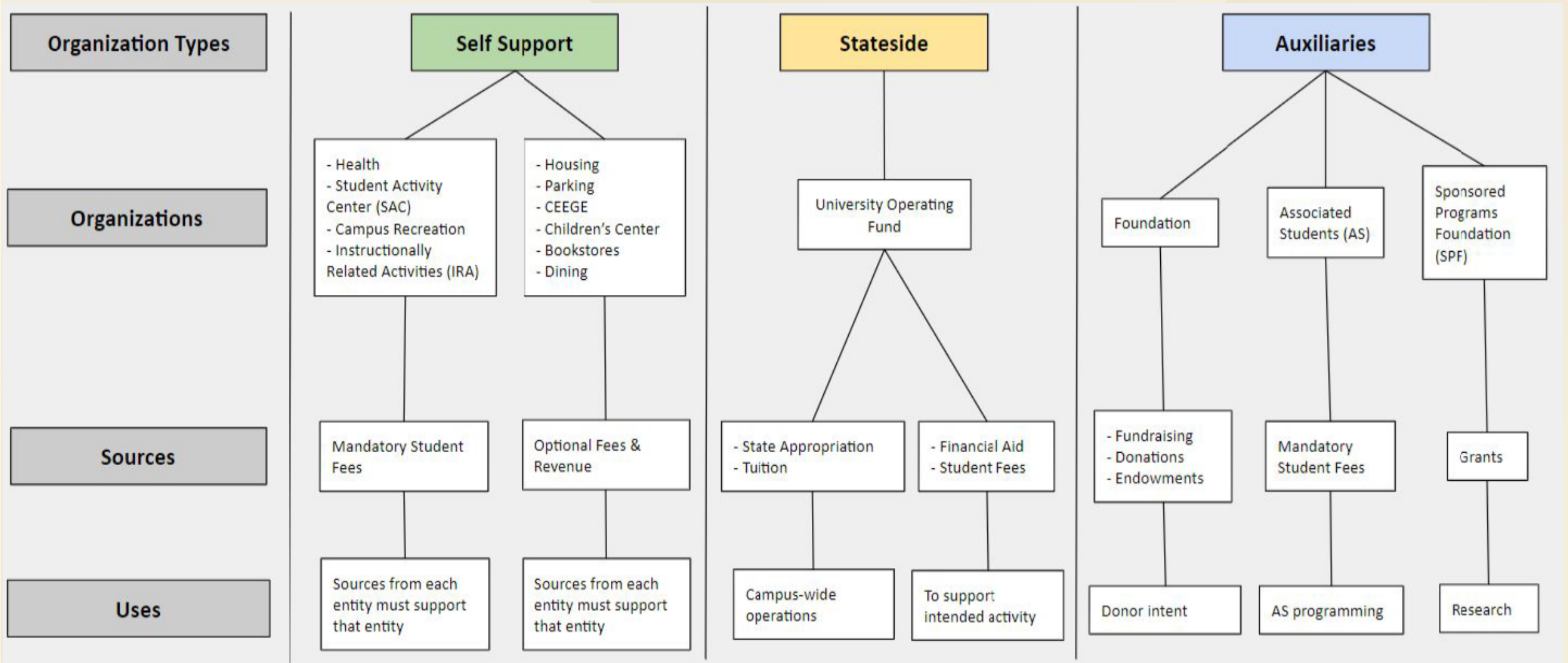


Key Concepts

➤ Organization Types - Funding Sources and Uses

- **University Operating Fund (General Fund)**
 - Main operating budget
 - Primary funding sources are state appropriation and tuition
 - *URPC makes a recommendation for this fund*
- **Self-Support Funds**
 - Reflect activities supported by student fees and other sources that are designated for specific purposes
- **Auxiliary Organizations**
 - Separate nonprofit organizations with specific revenue sources that align with its organizational purpose

Organization Types - Funding Sources and Uses



Not all inclusive, intended to provide a high level snapshot of primary funding sources and uses

> Key Terms



Scan QR code above to download the URPC Key Terms sheet

➤ **Base vs. One-Time**

- **Base (Original) Budget** - on-going budget from recurring sources
 - Revenue (Source) example: state appropriation
 - Expenditure (Use) example: salary & benefits
- **One-Time** - one-time budget from non-recurring sources
 - Examples: reserves, rollforward
- **Revised Budget** - base + one-time = total budget

➤ **Unrestricted vs. Restricted vs. Earmarked**

- **Unrestricted** - funding that is flexible and can support a variety of activities
- **Restricted** - funding that must support a specific activity/initiative
- **Earmarked** - funding that has been set aside or identified for a strategic investment or initiative
- **Rollforward / Fund Balance** - remaining budget balance available from the prior year that is available for one-time future use. Note this includes both unrestricted and restricted balances.

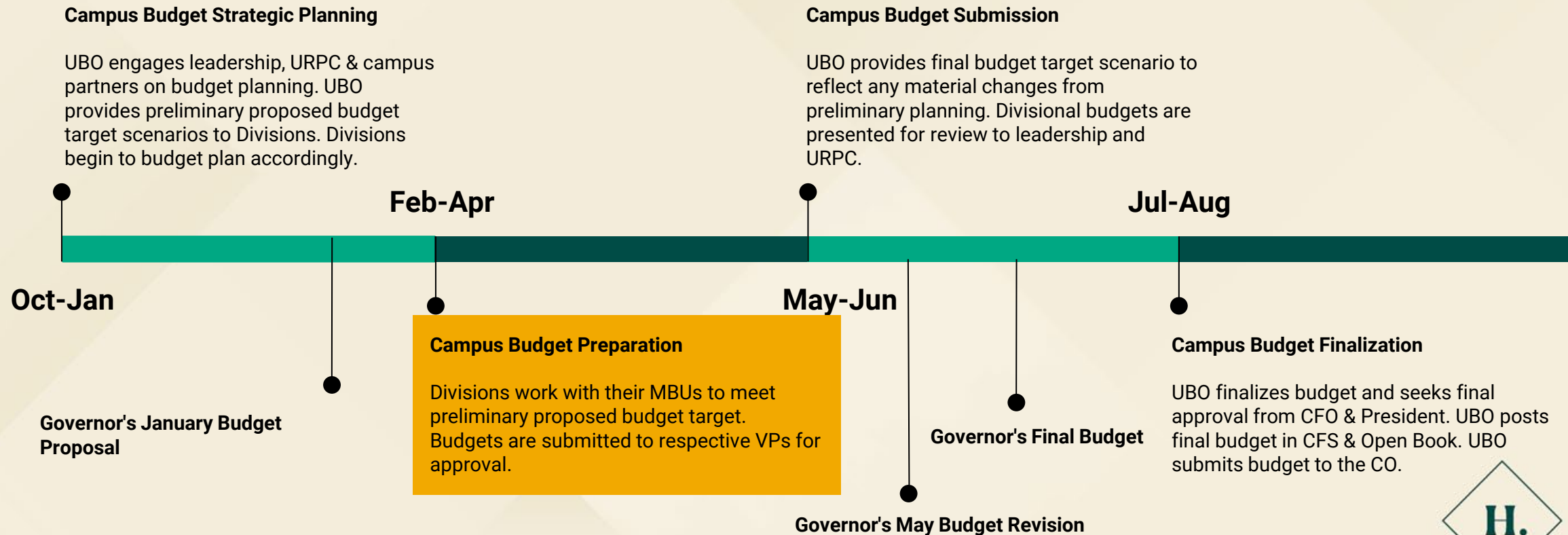
➤ Enrollment

- **Headcount (HC)** - 1 student = 1 headcount
- **Full Time Equivalent Students (FTES)** - 1 FTES = 15 units for an undergraduate, 12 units for a graduate. Budget planning is based on annualized FTES.
- **Resident & Nonresident Enrollment** - California resident vs. out of state enrollment. Each have different tuition rates which impact our sources and budget.
- **CSU Enrollment Target** - Number of students that the CSU system provides state appropriation funding to support Instruction and operations. (Resident FTES only)

> State of the Budget

› **Campus Budget**

> Campus Budget Timeline



➤ 2025-26 Scenarios

Tier 3

-8%

-\$15.5 million

Aligns with 2025-26 CSU Budget Request,
"Budget Request" column

- Flat enrollment of 6,045
- -\$8.4m our portion of \$397m state cut
- -\$3.5m enrollment reallocation
- +\$252m compact received
- -\$1.7m unfunded compensation increases
- -\$1.4m enrollment adjustments & contingency planning

Tier 2

-7%

-\$13.3 million

Aligns with 2025-26 CSU Budget Request,
"Limited Budget" column

- Flat enrollment of 6,045
- -\$8.4m our portion of \$397m state cut
- -\$3.5m enrollment reallocation
- \$252m compact deferred to 2026-27
- -\$1.4m enrollment adjustments & contingency planning

Tier 1

-3%

-\$6.7 million

Assumes CSU achieves the two goals
outlined in the 2025-26 CSU Budget
Request: avoiding cuts and restoring the
compact

- Flat enrollment of 6,045
- -\$3.5m enrollment reallocation
- +\$252m compact received
- -\$1.7m unfunded compensation increases
- -\$1.4m enrollment adjustments & contingency planning

> Campus 2025-26 Operating Budget

- What our Tier 2 planning scenario currently includes:
 - \$8.4m reduction in ongoing base funding from the state
 - Reflects Humboldt's portion of the 7.95% cut
 - \$3.5m reduction in ongoing funding from the CSU due to enrollment reallocation
 - Humboldt is more than 10% below its CSU resident FTES target of 7,375 and therefore will have 5% of its funding reallocated
 - Deferral of the year four \$252m state compact
 - \$1.4m reduction due to enrollment adjustments and contingency planning
 - 2024-25 budgeted at 6,131
 - 2024-25 actuals are 6,045
 - 2025-26 budgeted at 6,045

> 3 Year Scenario

2025-26 - Tier 2

-7%

-\$13.3 million

Assumes \$252m compact deferred to 2026-27

- Flat enrollment of 6,045
- -\$8.4m our portion of \$397m state cut
- -\$3.5m enrollment reallocation
- -\$1.4m enrollment adjustments & contingency planning

2026-27

-4%

-\$7.1 million

Assumes \$252m compact deferred in 2025-26 is received in 2026-27

- Flat enrollment of 6,045
- -\$3.7m enrollment reallocation
- -\$3.1m unfunded compensation increases

2027-28

-3%

-\$6.7 million

Assumes \$264m compact deferred in 2026-27 is received in 2027-28

- +1% enrollment to 6,105
- -\$3.4m enrollment reallocation
- -\$3.2m unfunded compensation increases

3 Year Total

-\$27.1 million

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➤ Reduction Planning by Division

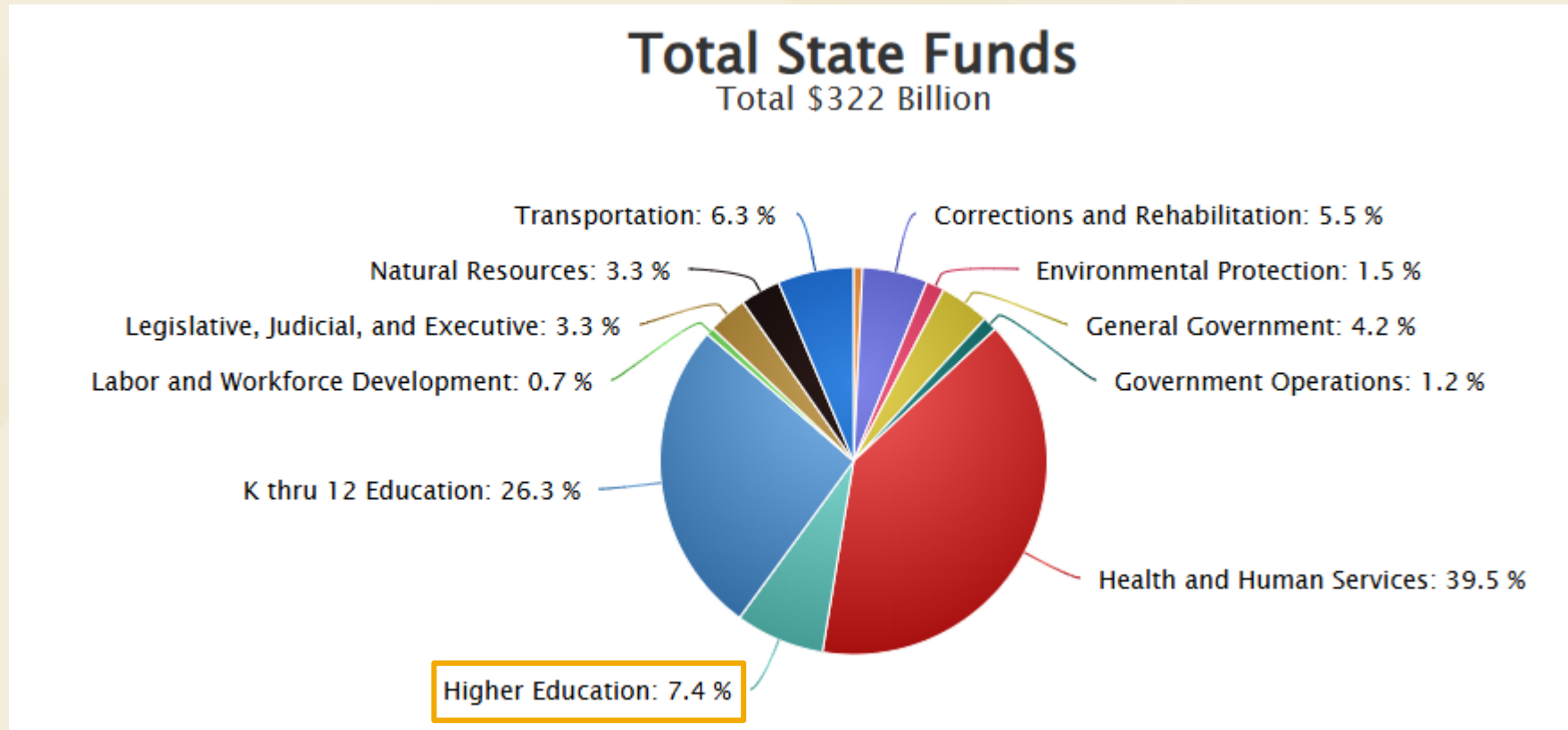
DIVISION	REDUCTIONS							
	2024-25		2025-26					
	Actuals		(Tier 3)		(Tier 2)		(Tier 1)	
President	\$61,000	3.5%	\$126,000	9%	\$98,000	7%	\$70,000	5%
University Advancement	\$117,000	3%	\$350,000	9%	\$272,000	7%	\$194,000	5%
Academic Affairs	\$6,008,000	6%	\$7,637,000	9%	\$5,940,000	7%	\$4,243,000	5%
Administrative Affairs	\$1,190,000	5%	\$1,791,000	9%	\$1,393,000	7%	\$995,000	5%
Enrollment Management	\$466,000	3%	\$1,181,000	9%	\$919,000	7%	\$656,000	5%
Athletics	\$116,000	3%	\$311,000	9%	\$242,000	7%	\$173,000	5%
University Wide	\$371,000	4%	\$765,000	9%	\$595,000	7%	\$425,000	5%
Total Reductions	\$8,329,000		\$12,161,000		\$9,459,000		\$6,693,000	
One-time Funding	\$-		\$3,309,000		\$3,805,000		\$-	
Total Deficit	\$8,329,000		\$15,470,000		\$13,264,000		\$6,693,000	



> State & CSU Budget

➤ Governor's 2025-26 Budget Proposal

- Proposes spending of \$322 billion, 7.4% to Higher Education



➤ Governor's 2025-26 Budget Proposal

- Budget is balanced and projects \$363m surplus after two years of state budget deficits
 - But includes use of \$7.1b from the Rainy Day Fund to balance
- Anticipates state budget shortfalls thru 2028-29 ranging from \$4b to \$19b
- CA Dept of Finance further indicated a bleak outlook for May revision
 - Increased risk from policy changes at the Federal level
 - LA wildfires

➤ Governor's 2025-26 Budget Proposal

- CSU Impact

- General Fund Support cut of 7.95% reduced to \$375m from \$397m
 - Cut will now be applied net of debt service
- Year 4 of multi-year compact intended to be received in 2025-26 of \$252m deferred to 2027-28*
- State to potentially provide two one-time payments of \$252m in 2026-27 and 2027-28*

**Future anticipated state budget deficits indicate the state may not be able to afford these*

➤ Governor's 2025-26 Budget Proposal

- **Campus Impact**
 - Reduce the cut in ongoing base funding from the state to \$7.9m from \$8.4m
 - Adjust multi-year budget scenarios to reflect the deferral of state compact for one additional year
- Other upcoming updates to campus planning scenarios:
 - Add estimated 1% compensation for step placements for CSUEU
 - Monitor and adjust enrollment projections as needed

➤ Next Steps

- **Systemwide**
 - CSU will continue to advocate against cuts and deferrals
- **Institutional strategies**
 - Hiring Chill
 - Strategic use of one-time funds
- **Divisional strategies will be shared at February meetings**
- **Monitoring the impact of Federal funding on planning efforts**
 - Financial Aid
 - Grants and Funded Programs

Next Steps

- **Divisional Reduction Presentations, SBS 405 or zoom**
 - **February 21st (1:00 - 3:00)**
 - Admin Affairs, Advancement, President's Office, University Wide
 - **February 28th (12:30 - 3:00)**
 - Academic Affairs, EMSS, Athletics
- University Budget Office (UBO) to update budget planning scenarios throughout the year
- UBO, in collaboration with URPC, will continue to educate and engage with the campus community throughout the year

➤ Key Takeaways

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- We have had successes in sponsored programs and grants
- We have had historic successes in our capital campaign and donors
- We have had a modest enrollment increase
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Resources

- URPC
- University Budget Office
- CSU Budget
- CSU Board of Trustees - Committee on Finance - January Meeting
- CSU Advocacy & State Relations
- State of CA Budget

Questions?

Questions or feedback can also be directed to
urpc@humboldt.edu or budget@humboldt.edu

