

# FY 2024-25 Financial Update

September 2024



**CAL POLY**

# Overview

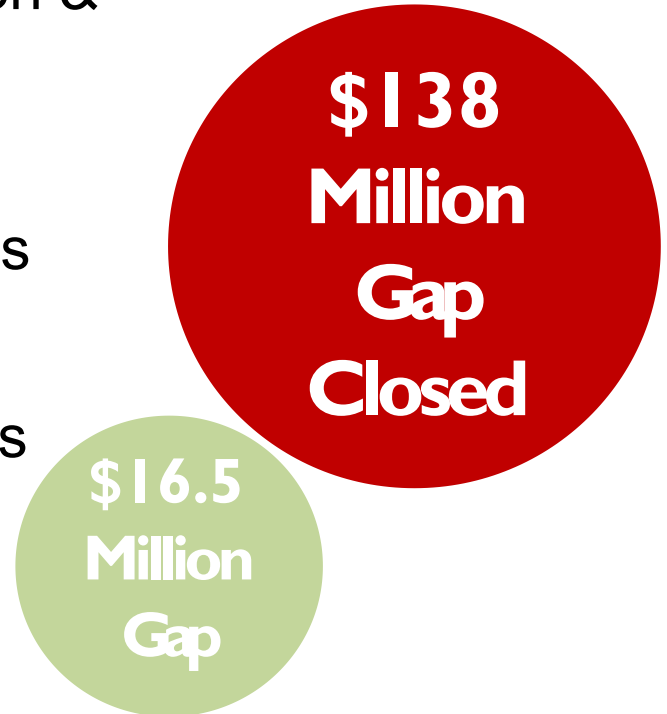
1. FY 2023-2024 Recap
2. FY 2024-2025 Allocations
3. Budget Timeline
4. FY 2025-2026 and Beyond
5. Resources

# Overview

1. **FY 2023-2024 Recap**
2. FY 2024-2025 Allocations
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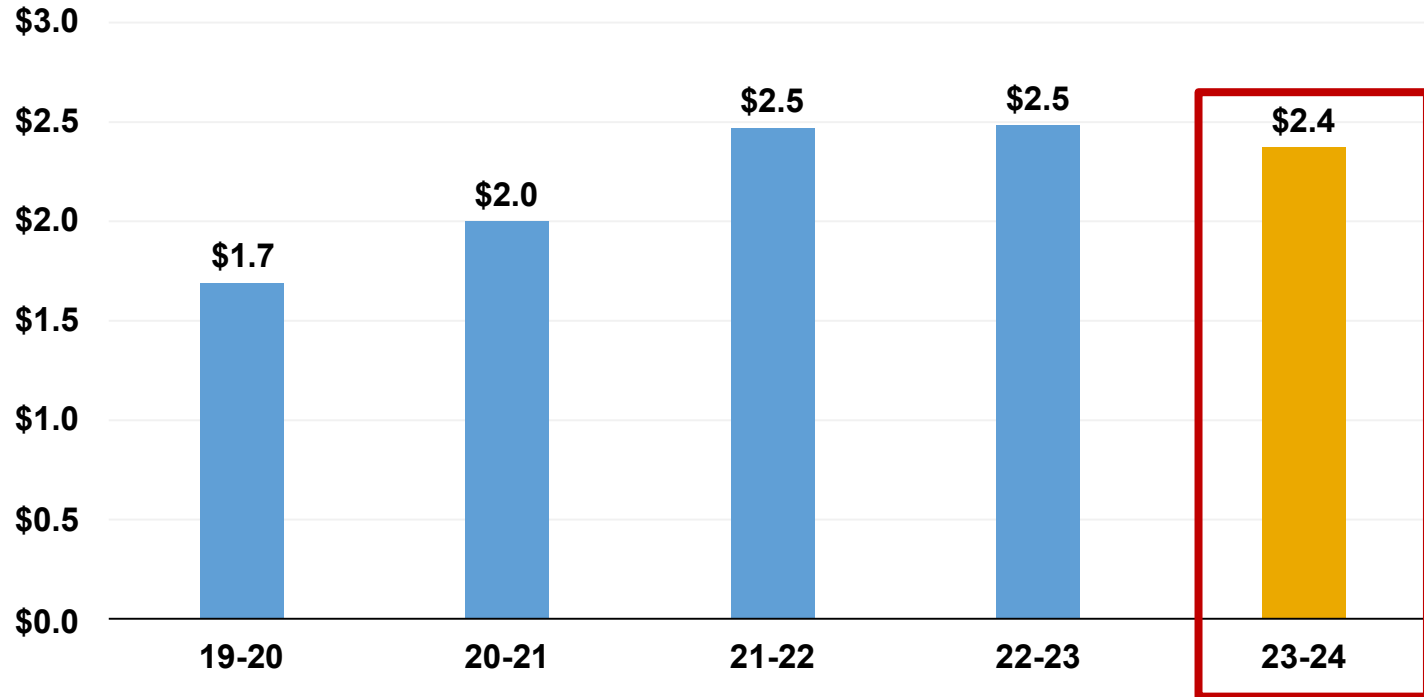
# 2023-24 Actions Taken to Mitigate Challenges

- Grew tuition revenue through retention & new students
- Implemented cost reduction strategies
- Used designated balances & reserves



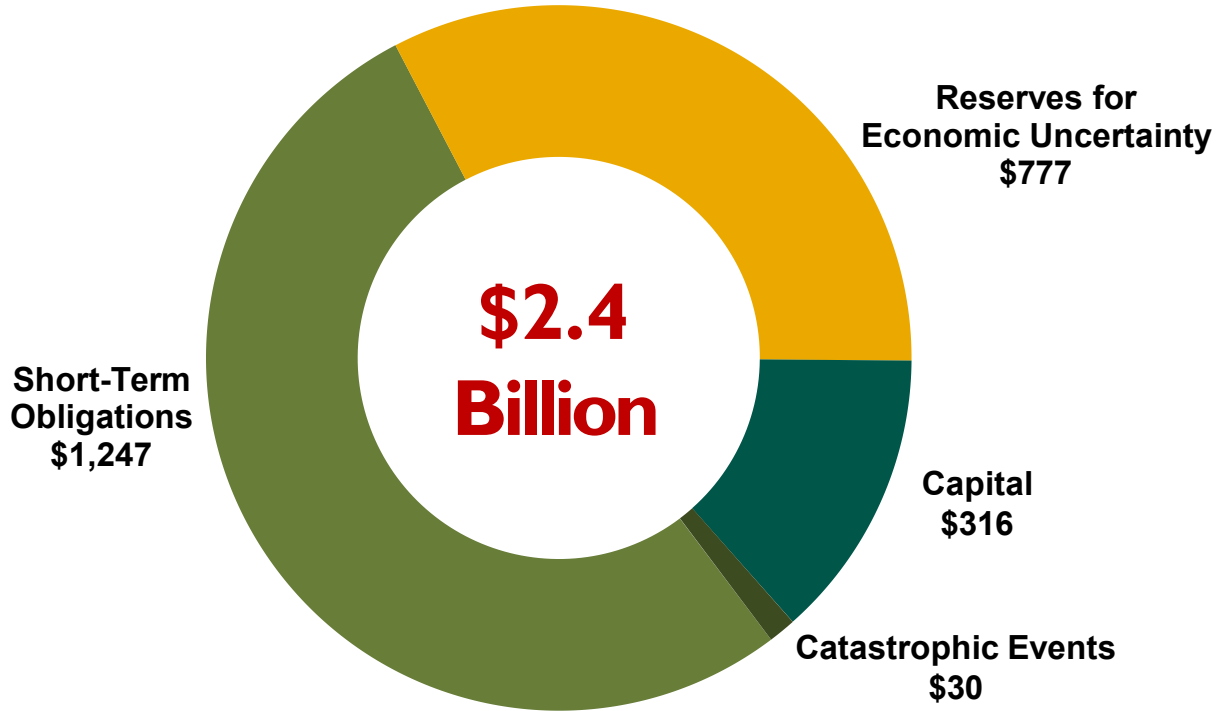
# Operating Fund Designated Balances & Reserves

(\$ in billions)



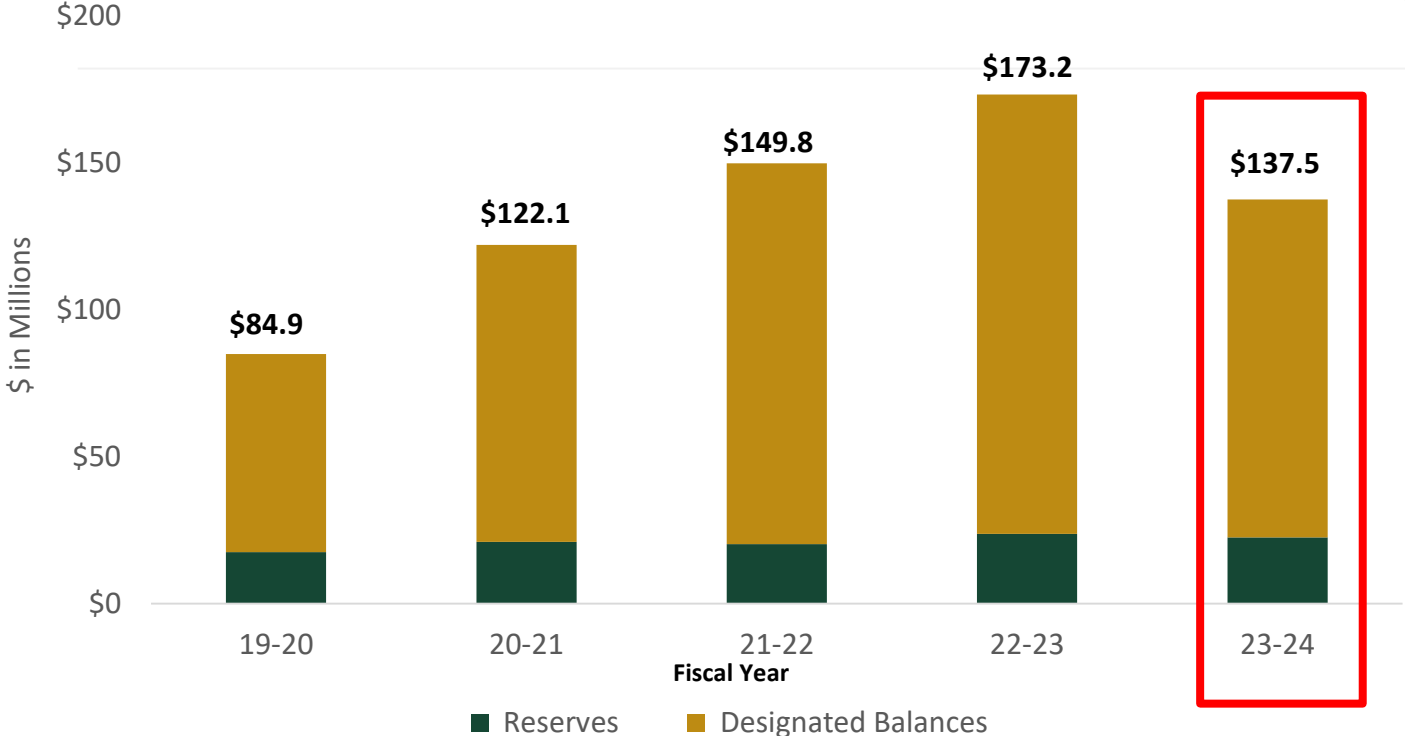
# Designated Balances & Reserves Operating Fund as of June 30, 2024

(\$ in millions)



# Cal Poly Operating Fund Designated Balances and Reserves

(\$ in millions)

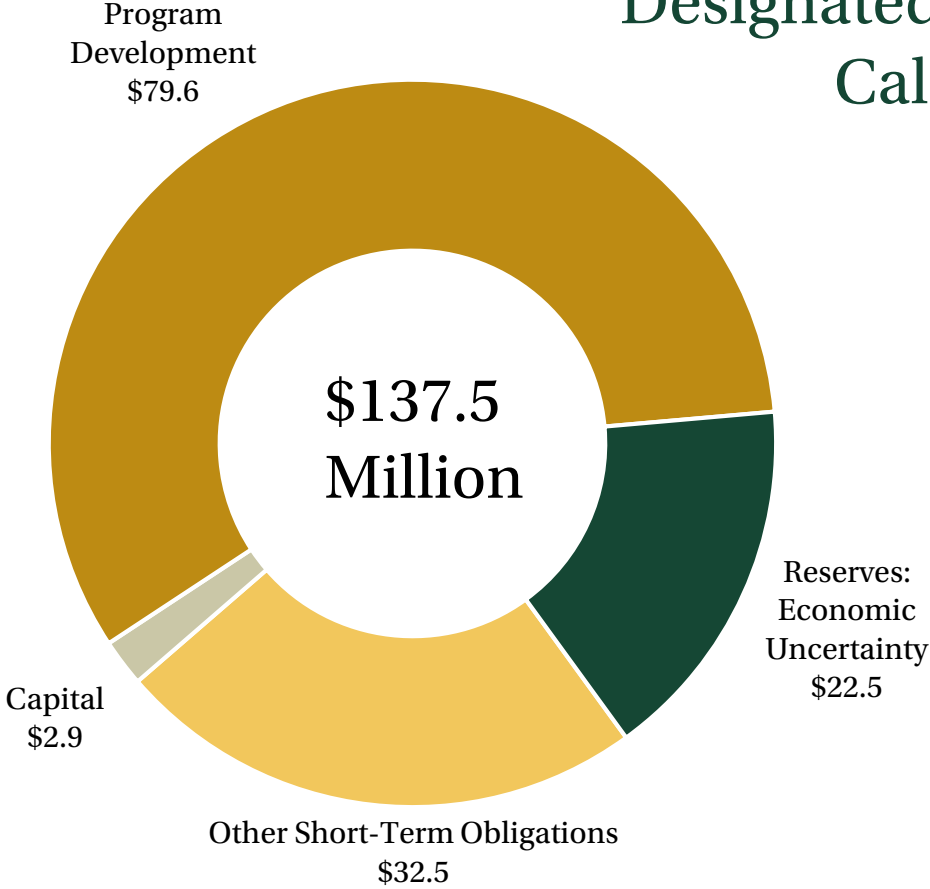


# Designated Balances & Reserves

## Cal Poly Operating Fund

June 30, 2024

(\$ in millions)





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# 2024-25 State Budget Highlights Impacting CSU Operations

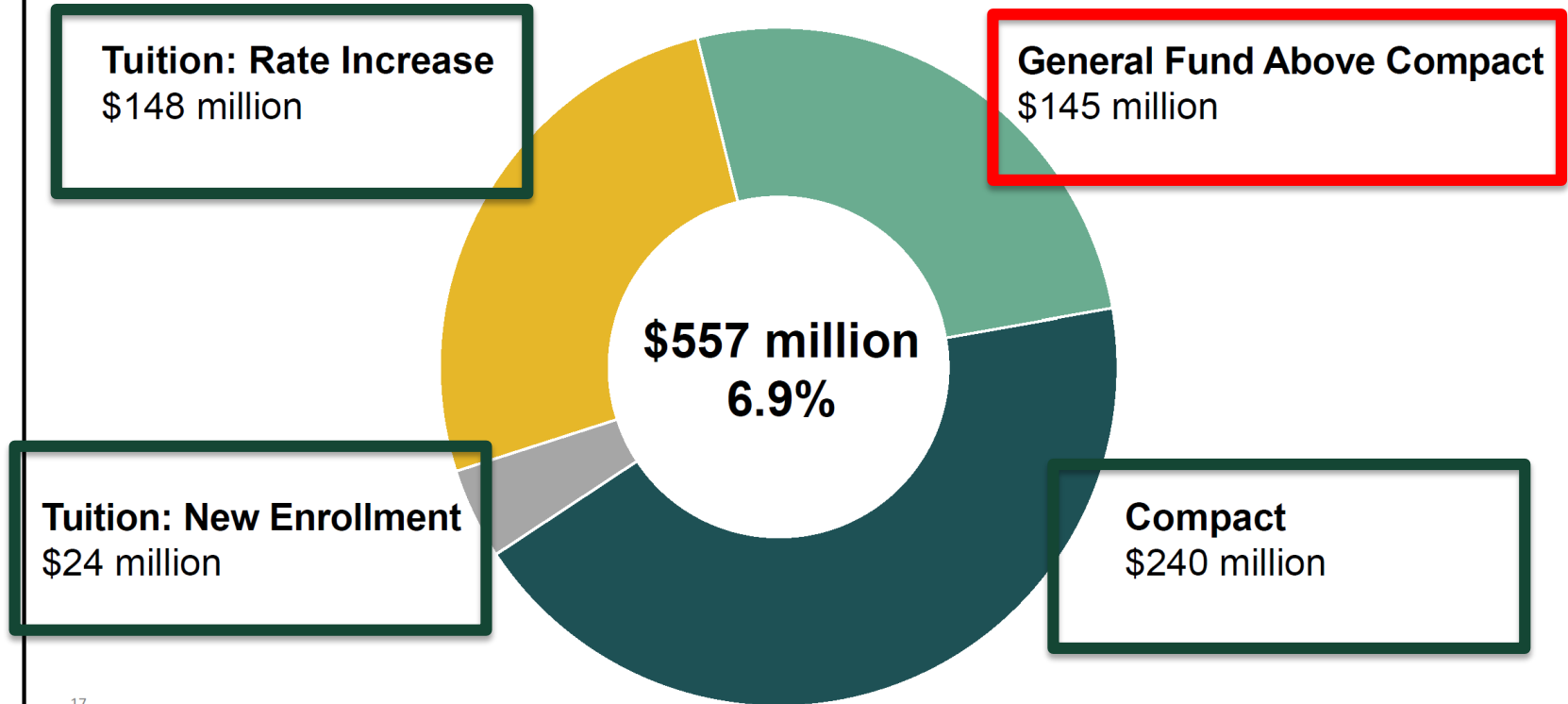
- \$240 million ongoing increase
- \$75 million one-time reduction

# Final State Budget & CSU Budget Plan

(in millions)

Ongoing	CSU Plan	Final Budget
State General Fund	\$385	\$240
Tuition from Rate Increase	\$148	\$148
Tuition from Resident Enrollment Growth	\$24	\$24
<b>Total Ongoing Increases</b>	<b>\$557</b>	<b>\$412</b>
<b>One-Time</b>		
Unallocated State General Fund Reduction	\$0	-\$75
State General Fund	\$2,400	\$0
<b>Total One-Time Actions</b>	<b>\$2,400</b>	<b>-\$75</b>

## 24-25 Operating Fund Revenue Increase



# 2024-25 Budget Situation

- Implementing additional cost reduction strategies, use of balances & reserves, increase enrollment
- Three main challenges:
  1. Funding gap
  2. Compensation costs
  3. Enrollment



**\$218  
Million  
Gap**

# Ongoing Fiscal Challenges

- Negative impacts on academic offerings and support services to students
- Potential redirection of existing campus funding for employee compensation commitments
- CSU priorities not funded
- Federal and state compliance, legislative mandates and compact expectations
- Critical capital renewal backlog, academic facilities and infrastructure projects
- Inflationary effects

# FY 2024-25 Process – Key Dates

- February 2024 – Cal Poly Enrollment Targets approved
- March 2024 – May 2024 – Campus enters initial budget plans utilizing existing resources
- May 2024 – Vice Presidents submit Division Priorities
- June 2024 – Cabinet presentation on Divisional Requests
- June 2024 – August 2024 – Executive Budget Allocation Group meets to review requests and priorities
- July 2024 – Cal Poly received notification of final state allocations (June approved budget)
- September 2024 – Final Budget approved



# FY 2024-25 Process – Guidelines for Review

- A shared concept that we will take care of our existing employees as much as possible
- Evaluation of a Return on Investment (where relevant)
- Priority given to requests related to compliance and regulatory needs as part of our mandatory costs and those that minimize Cal Poly's exposure to risk
- As we strive to achieve organizational efficiency and effectiveness, we will fund the core operations of that office first, as we work on governance and guidelines prior to funding any related initiatives across campus.
  - Divisional budgets are subject to review and adjustments, which may lead to reallocations
- Understanding of moving forward with a planned central budget deficit over the next three years as we continue moving on Strategic Initiatives, as we leverage future growth funding

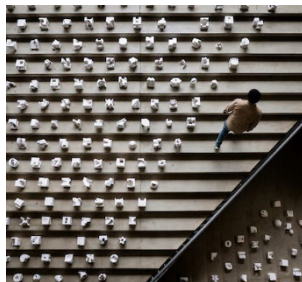




# Strategic Priorities



**Enhancing a vibrant, residential campus.**



**Enhancing student success.**



**Increasing support for the Teacher-Scholar Model.**



**Creating a rich culture of diversity and equity.**



**Developing a greater culture of excellence.**



**Being responsible stewards of place.**



# FY 2024-25 Budget

(\$ in millions)

Funding Allocations	CSU	Cal Poly
Graduate Initiative	\$ 20.0	\$ 1.2
Health Care Premiums	78.4	4.6
Operations & Maintenance New Facilities	12.5	1.1
Liability & Property Insurance Premiums	22.6	1.3
FY 2024-25 Compensation	308.6	18.4
FY 2024-25 Compensation (Campus Funded)	(159.3)	(9.5)
Institutional Support (Title IX, NAGPRA, Veteran Waivers)	25.7	0.9
FY 2024-25 Enrollment Growth (Net Tuition Growth)	55.0	-
State University Grant Redistribution (SUG)	58.9	2.1
Other Program Adjustments	0.5	-
<b>Subtotal - Expenditure Adjustments</b>	<b>\$ 422.9</b>	<b>\$ 20.1</b>
Estimated Tuition Revenue Increase	(154.0)	(8.0)
Enrollment Growth Reallocation	-	4.7
Prior Year Adjustment	-	0.1
<b>FY 2024-25 General Fund Increased Allocations</b>	<b>\$ 268.9</b>	<b>\$ 16.9</b>

# FY 2024-25 Sources and Uses

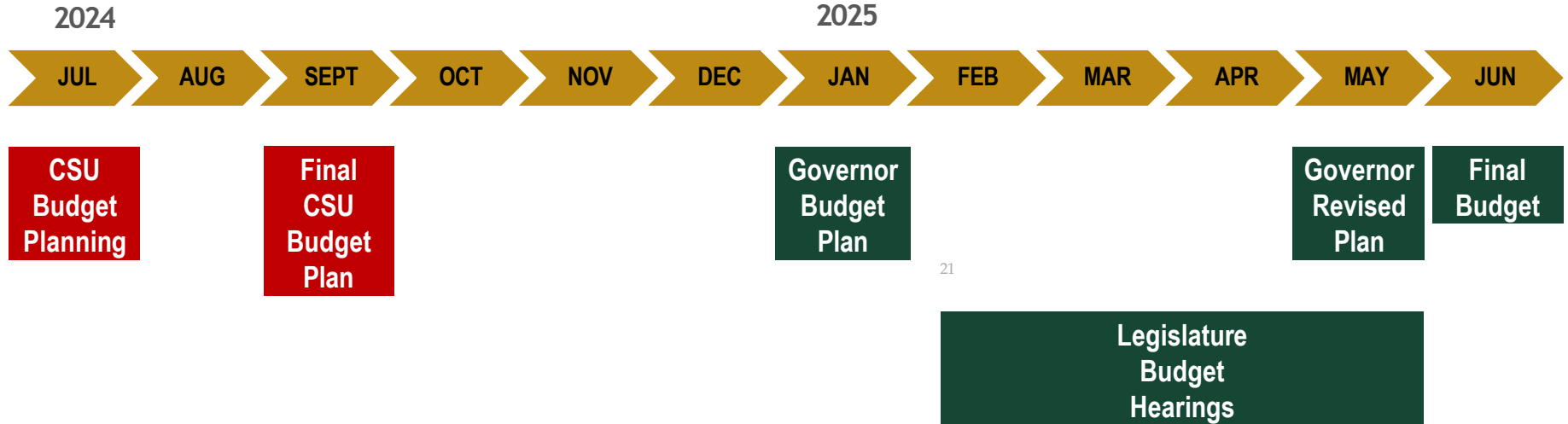
(\$ in millions)

Sources	FY 2023-24	Changes	FY 2024-25
State Appropriation	\$ 203.8	\$ 16.9	\$ 220.7
Tuition	160.5	13.1	173.6
Fees	101.7	21.8	123.5
Other Campus Receipts	2.3	-	2.3
<b>Total Sources</b>	<b>\$ 468.3</b>	<b>\$ 51.8</b>	<b>\$ 520.1</b>
Uses			
Division Allocations	\$ 292.1	\$ 3.6	\$ 295.7
Financial Aid	39.8	11.2	51.0
Centrally Managed Costs	134.5	9.8	144.3
Compensation	13.1	15.9	29.0
Strategic Initiatives	5.3	17.9	23.2
<b>Total Uses</b>	<b>\$ 484.8</b>	<b>\$ 58.4</b>	<b>\$ 543.2</b>
<b>Projected Budget Surplus/(Deficit)</b>	<b>\$ (16.5)</b>	<b>\$ (6.6)</b>	<b>\$ (23.1)</b>

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# 2025-26 Budget Timeline



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# 2025-26 and Beyond Budget Situation

## State Leader Intentions

- 7.95% reduction to CSU (\$397M) for FY2025-26
  - Compact deferral of years 4 & 5 (FY2025-26 & FY2026-27)
    - Bridge funding using CSU funds, then reimbursed
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# 2025-26 and Beyond Budget Situation

## State Leader Intentions

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**2025-26**

State cuts -\$397 million ongoing

CSU spends \$252 million one-time

**2026-27**

State reimburses \$252 million one-time

State appropriates \$252 million ongoing (year 4 of compact)

CSU spends \$264 million one-time

**2027-28**

State reimburses \$264 million one-time

State appropriates \$264 million ongoing (year 5 of compact)

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# Potential Funding Options

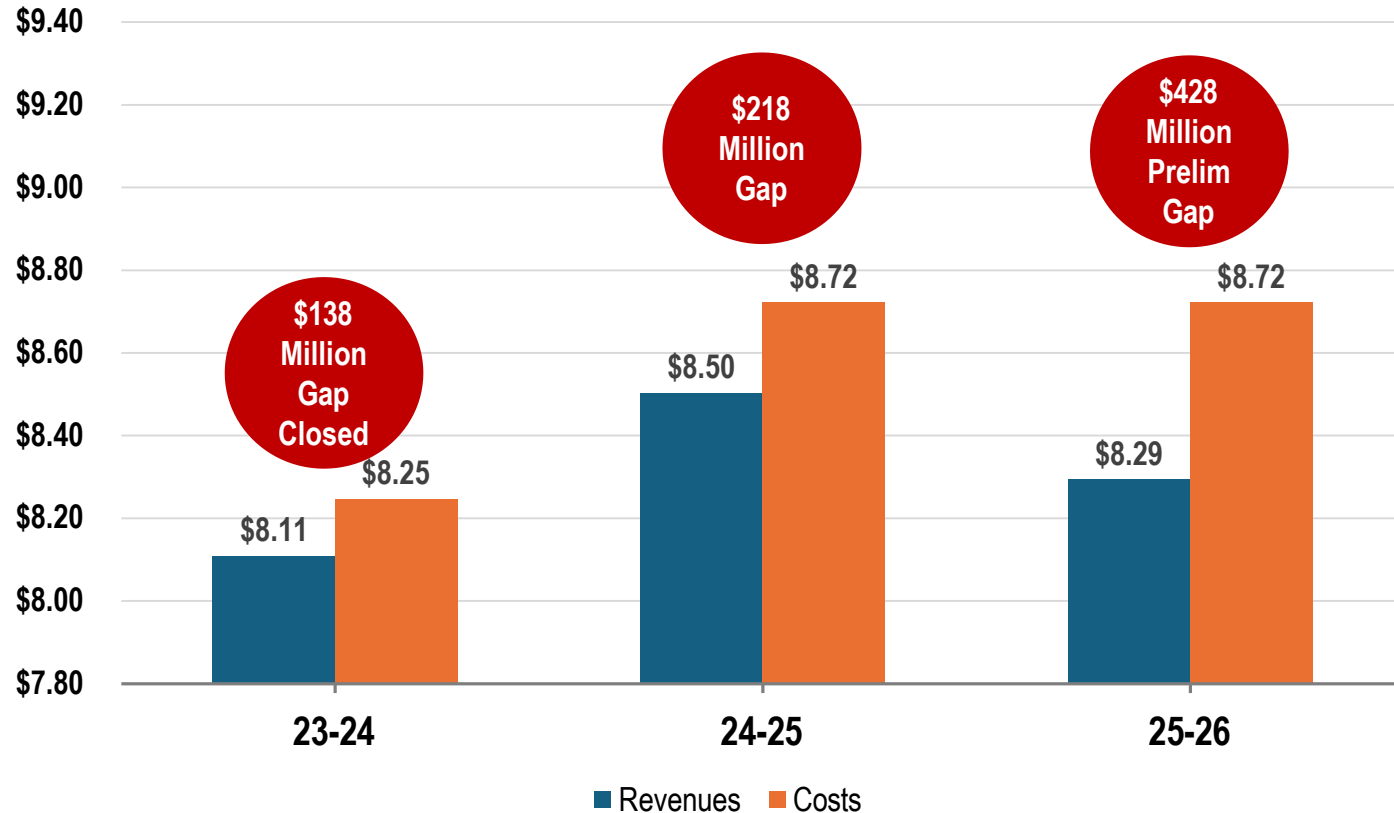
## FUNDING PLAN

### Budget Plan (millions)

Revenue from Tuition Rate Increase (Gross)	\$163
Revenue from Enrollment Growth (1%)	24
State General Fund	-397
	<hr/>
	<b><u>-\$210</u></b>

# Budgeted & Forecasted Operating Fund Gaps

(\$ in billions)



# Potential Expenditure Increases

## Incremental & Ongoing

### UNAVOIDABLE PRIORITIES

	(millions)
State University Grant	\$54
Health Premium Increases	54
Maintenance of New Facilities	8
Liability & Property Insurance Premium Increases	10
Utilities	27
Inflation on Non-Personnel Costs	28

### ESSENTIAL PRIORITIES

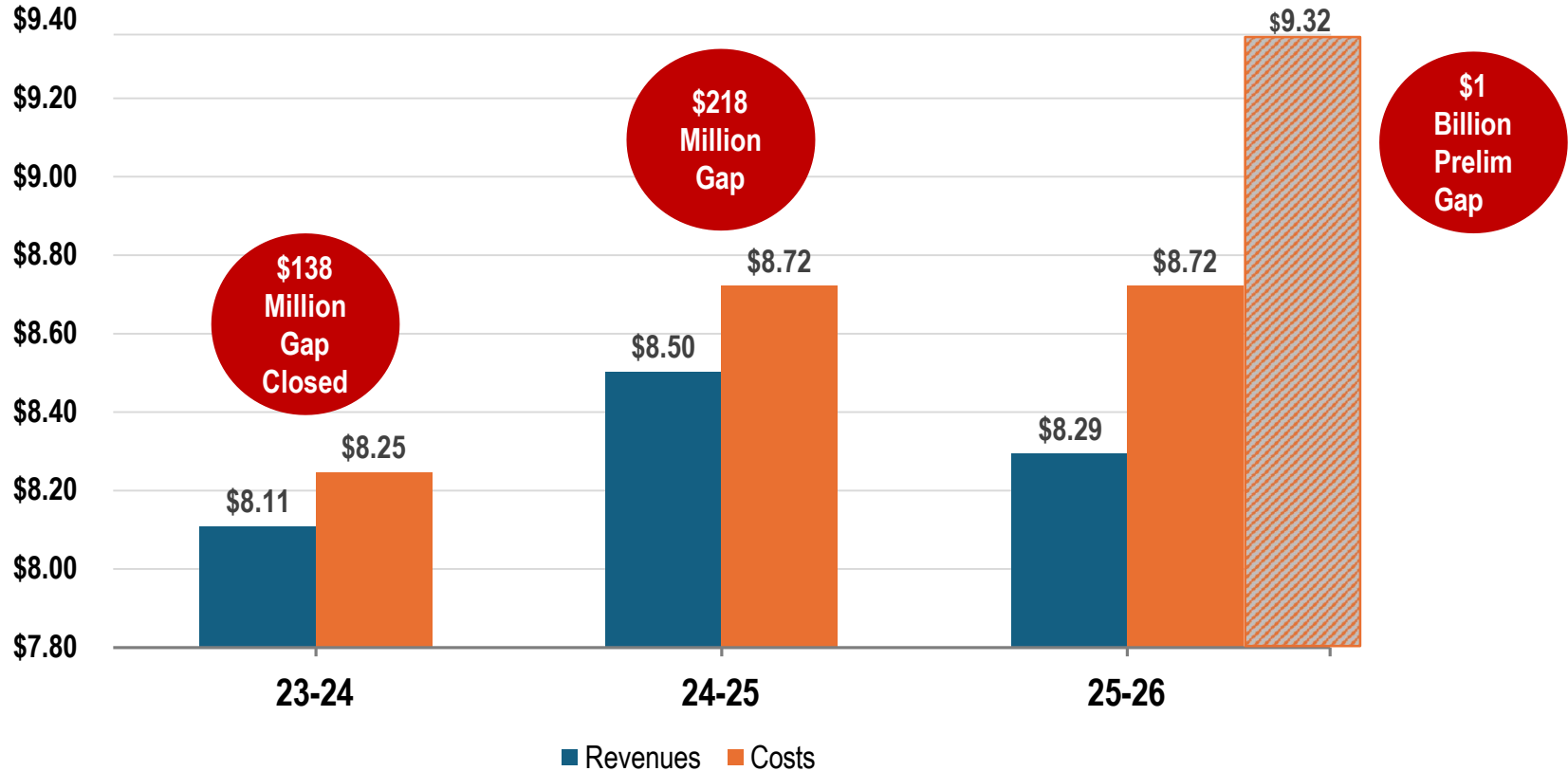
Student Access & Enrollment	58
Student Access & Enrollment: State University Grant	8
Faculty and Staff Compensation Pool	290
Compliance Programs	15
Graduation Initiative / Student Success	20
Student Basic Needs and Mental Health	5
Connecting Academic Programs to Careers	TBD
Facilitating Artificial Intelligence Optimization	TBD
Debt Service on Facilities & Infrastructure	25

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**\$602**

# Budgeted & Forecasted Operating Fund Gaps

(\$ in billions)



# System-wide Considerations

## State Intent

- Reduction in 25-26; Increases in 26-27 and 27-28

## Preliminary Budget Gap for 2025-26

- Potential revenue & use of one-time funds = **-\$210 million**
- Potential expenditure priorities = \$602 million
- Ongoing budget gap from 2024-25 = \$218 million
- **Preliminary budget gap of \$1 billion**

## State Decisions

- \$240 million ongoing increase for 24-25
- One-time \$75 million reduction in 24-25
- State budget reductions expected in 25-26

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# University Budget & Fiscal Planning

Afd.calpoly.edu/budget/



## Welcome to Cal Poly's University Budget and Fiscal Planning

Our mission is to strategically partner with the campus community to ensure a successful financial future.

We are committed to supporting the Cal Poly community, through providing financial information, training, direction, and oversight of the campus finances. We also provide analytic, production, and administrative support for Finance PeopleSoft systems and projects (CAMS). While we are responsible for all aspects of the campus budget planning, development, administration, and reporting of funds appropriated for Cal Poly, we encourage strong partnerships with the campus community to help achieve our mission.

### General Operating Fund

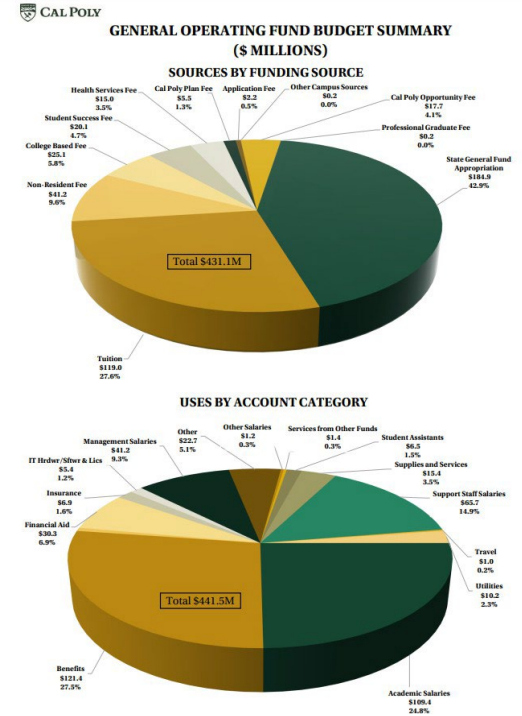
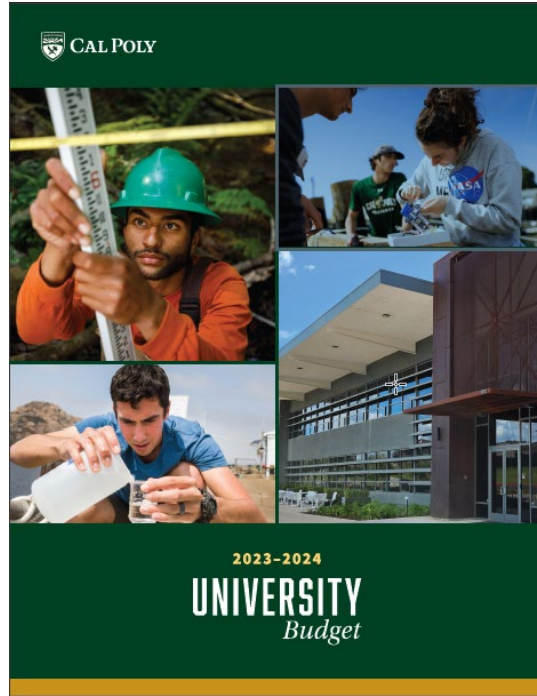
**\$431.1 Million**

- 2022-2023 Budget [PDF](#)
- 2022-23 University Budget Book [PDF](#)
- [View Archived Budgets](#)
- [Cal Poly's OpenBook Portal](#)

### Popular Resources

- [Funding Transfer Form Instructions](#)
- [Funding Transfer Form](#)
- [Department Organizational Change \(Reorg\)](#)
- [Payroll Expenditure Transfer](#)
- [Position Funding](#)
- [Student Position Number and Funding Request](#)
- [New Account Security Request](#)

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Thank You