

## University Planning and Budget Group 2021/22 Budget Planning Briefing

May 25, 2021

### State/CSU budget Outlook Based on the Governor's May Revision

On May 14<sup>th</sup>, the Governor released the May revision to his January budget proposal. The Governor and Legislature are now engaged in the annual budget hearings and deliberations that will result in the final 2021/22 State budget by the end of June. The Governor's proposal reflects a significant improvement in the state budget picture for the coming year, primarily due to substantial state tax revenue estimates and federal relief funding. Following is a summary of the proposed increases for the CSU.

#### Ongoing Funding

The May Revision proposes \$514.9M in recurring state funding for the 2020/21 budget year. This funding breaks down as follows:

- Base Funding Growth (5% of total state appropriation) \$185.9M
- Restoration of 2020/21 CSU state appropriation reduction \$299M
- Student Basic Needs (Digital Equity & Mental Health) \$15M
- Graduation Initiative 2025 (Basic Needs) \$15M

There are additional funding line items included for campus/system specific initiatives which we can review at our meeting.

#### One-time Funds

The Governor proposes a \$325M one-time allocation for critical infrastructure maintenance and renovation projects across the system. (This figure includes the \$175M proposed in the Governor's January budget proposal, plus \$150M in federal funds.) In addition, campus specific one-time allocations include:

- \$433M to transition Humboldt State into a polytechnic university
- \$25M to create a Center for Equity in Innovation & Technology at CSUN, in order to accelerate Latinx student success.

The Center for Equity in Innovation & Technology is obviously an exciting opportunity for CSUN and we look forward to discussing the project at our meeting.

### Other Initiatives

There are additional higher education initiatives proposed by the Governor that may offer significant opportunities for the CSU:

- A \$4B grant initiative across the three segments (UC, CSU, CCC) to provide grants for development of affordable student housing, including development of new on-campus housing and acquisition & conversion of commercial properties.
- \$1B to create an endowment for “learning-aligned employment.” These funds would be invested by the UC, with annual distributions to all three segments.

## **CSUN 2021/22 Operating Budget**

### General Fund Budget Picture

For FY2020/21, CSUN had the daunting task of closing a \$33M budget deficit. We did so through \$12.9M in campus-wide base budget reductions, along with \$20M in various one-time campus reserves (<https://www.csun.edu/afvp/budget/general-fund>). For FY2021/22, the recurring funding increase proposed by the Governor, coupled with federal HEERF grant funds available to offset major unfunded COVID-related expenditures, result in a significantly improved operating budget picture for FY 2021/22. As we approach year-end, a much more manageable deficit of \$4.2M is currently projected for the upcoming budget year.

Assuming the final State budget reflects the increases proposed by the Governor, CSUN also expects to receive additional recurring funding to cover GI 2025 investments, new ethnic studies requirements, and increased mandatory costs related to employee benefits.

### Operating Reserves

CSUN’s general operating fund (CSU fund 48501) reserve balance at the end of FY2019/20 totaled \$57.4M. \$13.8M of this balance (approximately 24%) was utilized on a one-time basis to partially fund the FY2020/21 operating budget deficit. The campus has realized significant labor savings in the final two quarters of the fiscal year due to open positions associated with CSUN’s early exit program and the system-wide hiring chill. These savings, along with intentional reductions in routine operating expenditures, travel, minor capital construction and deferred maintenance have allowed the campus to replenish general fund reserves; we currently project the 2020/21 year-end reserve balance to increase to approximately \$64M. This will afford CSUN the opportunity to consider moderate one-time expenditures to fund key campus priorities, critical deferred maintenance, and required capital project reserves.

### Higher Education Emergency Relief Funds (HEERF)

Our previous two UPBG meetings have been primarily dedicated to working through the funding priorities and expenditures to date for the HEERF I & II grants. We now have the majority of the HEERF I funds expended and have developed a preliminary allocation plan for the HEERF II grants. In addition to providing direct student aid through the student grant portion, HEERF II & III institutional grant funds will be instrumental in supporting the extensive financial impacts experienced by the campus as a direct result of COVID-19. The use of these funds to support CSUN's transition back to campus-based operations—as well as to ensure financial stability across vital campus programs and services—will be an essential part of a successful 2021/22 budget plan.

#### **CSUN HEERF Award Summary**

<b>HEERF Award</b>		<b>HEERF 1</b>		<b>HEERF II</b>		<b>HEERF III</b>	
Grant Type	Grant No.	Date Funded	Amount	Date Funded	Amount	Date Funded	Amount (Est)
Student Grants	P425E200073	4/21/2020	22,326,164	3/11/2021	22,326,164	TBD	64,816,899
Institutional Portion	P425F202848	5/12/2020	22,326,164	1/15/2021	51,677,924	5/17/2021	64,463,694
Minority Serving Inst.	P425L200289	6/1/2020	3,383,018	3/7/2021	4,883,311	TBD	8,492,247
<b>Total</b>			<b>48,035,346</b>		<b>78,887,399</b>		<b>137,772,840</b>