

Faculty and staff,

I am writing to provide an update on budget-related issues facing the CSU in general, and San José State in particular. Since the last budget-related message, sent by President Teniente-Matson to the campus on Aug. 9, several impactful developments have taken place. At the CSU level, the Board of Trustees approved a 6% annual tuition increase for the next five years, which along with the governor's 5% compact agreement provides the CSU with consistent and predictable revenue streams. Additionally, while the CSU has reached agreements with five of its bargaining units, the CFA and Teamsters remain in negotiations. Finalizing these agreements will ensure improved wages for our faculty and staff, and make the CSU's expense planning more consistent and predictable.

These developments have occurred as our campus continues to face a \$14.7 million structural deficit, caused by an accumulation of several years of unfunded new costs and a slower-than-hoped-for recovery in enrollment. The Budget Advisory Council (BAC) previously made a series of recommendations in June that were incorporated into the FY 23/24 budget — these were in excess of \$23M and were implemented across all divisions of the university, with Academic Affairs contributing \$7M. We have been drawing on general fund operating budget reserves for several years to support operational growth, rising expenditures and revenue shortfalls. The general fund reserve account is now at a record low, which means we have to find other ways to cover the current structural debt. We are also responsible for covering the salary impacts of collective bargaining, which will be at least an additional \$9 million. This adds to the total we have to make up this year.

As we move more deeply into our current academic year, campus leadership will continue to focus on creating a fiscally sustainable budget and minimizing the use of campus reserves to offset shortfalls in the FY 24/25 operating budget. As we chart the path forward, we do so with a firm commitment to holistic student academic success. We know we must strengthen our strategic enrollment management, coordinate our retention efforts and close equity gaps in our time to degree. And, we must maintain our commitment to our Title IX office to serve and support the Spartan community. These priorities must be directly connected to how we develop a workable budget model. I am also assessing our organizational structure and open positions, and our provost and deans are reviewing the elective courses on our spring schedule to ensure that time to graduation will not be impacted.

The BAC is actively evaluating the budget, and will provide updates in December and June that will include recommendations to close the budget deficit and fund the increases that will result from the labor negotiations mentioned above. Additionally, because your engagement and consultation are important in the process of creating a financially sustainable budget model that aligns with our [Transformation 2030](#) strategic plan, the BAC is seeking campus-wide input. For example, a survey was distributed to faculty and staff on Nov. 8, soliciting ideas regarding strategies to increase revenues, reduce costs and better utilize existing resources to achieve a sustainable budget. The survey also seeks highest priority areas for SJSU to fund (with more funding and fewer cuts) and lowest priority items (with less funding and more cuts) for the next three years, and why.

Additional discussions have been held on an ongoing basis between administration, faculty, staff and students. These include the Sept. 14 Budget Summit, the annual Academic Senate budget presentation on Oct. 16, and a detailed discussion at the University Leadership Council on Oct. 25. The BAC has also been meeting regularly, with at least two more sessions to come before the end of the semester. Please refer to the [FAQs](#) from the Budget Summit for additional information.

I remain committed to communicating our budget situation with the campus community and will share further updates as we move rapidly toward the holiday break and spring semester. Thank you for your continued dedication to our students and their success.

Charlie Faas
Vice President for Administration and Finance and CFO