SJSU SAN JOSÉ STATE UNIVERSITY

June 6, 2023

From: The Budget Advisory Committee
Karthika Sasikumar, Committee Chair
Charlie Faas, Committee Chair

To: Cynthia Teniente-Matson, President

Re: Addressing the structural deficit at SJSU

This past year, the Budget Advisory Committee (BAC) has been charged with exploring ways to reduce the campus's $37.5 million structural deficit. We have reviewed many areas of the campus and will continue next year on this deep dive into understanding our campus finances. The BAC would like to acknowledge the presentations and information shared by the campus divisions. Several of the following were presented by the divisions as potential action items. Our recommendations focus on common areas that have the potential for the most immediate and measurable impacts.

A. Organizational changes

1) Review an estimated 300 positions that have been open for a minimum of one fiscal year, with the intent of not hiring certain positions. The criterion for elimination of positions should not be based purely on the length of time that they have remained open. Positions are to be realigned in departments, at the discretion of each Division's Vice-President.

- Estimated cost savings: 80 positions, times $80K + 1.5x benefits = $10 million

2) Reduce operating expenses & equipment (OE&E)
   a) Maximize fiscal year 2022-23 savings to help with year-end reserves. Any unspent funds are to be rolled over as one-time money funds for the next fiscal year.
   b) We propose a ten percent base reduction for fiscal year 2023-24

3) Additional targeted reductions by division should be considered on their merits

4) Adjust Campus Cost Allocations, appropriately charging campus enterprises (parking, housing) and auxiliaries for their usage of campus resources

5) Identify issues and streamline SJSU procedures within campus auxiliaries, IT, Housing, UP, FD&O, and FABS. Develop cost-saving solutions and reduce staff workload. Employ shared

services models within SJSU, as well as local community colleges (i.e.. UPD Dispatch), and other CSUs (i.e.. HR and IT services)

6) Create a cross departmental collaboration program to temporarily assist with employee vacancies within key departments like UP (mainly Faculty Services), Enrollment Management, and FABS. Identify a pool of highly trained and experienced group of staff people that can temporarily or seasonally assist other departments and pay for their extra workload via stipends/assigned time using salary savings.

We estimate the approaches in Section A could yield $20-30M in savings.

B. Configure Enrollment Management to be an all-University effort

1) Invest in more closely linking classes and course sections with student demand, by ensuring the utilization and (re)training students, faculty, and staff on eAdvisor tools (i.e.. MyGPS, MyPlanner). We must reduce the number of under-enrolled classes with better tools to predict which classes students will need and choose.
2) Focus on not only incoming freshmen and transfers, but on retention of our current students, by investing in academic advising so we can identify why students are dropping out.
3) Further formalize, strengthen, or establish outreach programs that align Bay Area High Schools and local Community Colleges with our enrollment strategies.
4) Identify where we excel in enrollment (i.e.. School of Information) and see how we can mirror these processes campus-wide.
5) Consider university-, college- and department-based student fees, in consultation with the appropriate bodies.
6) Actively target enrollment increases above the current 101% target, with emphasis on transfers and retention.
7) Increase the enrollment of nonresident students above the current budget target of 2400.

C. Continue Academic Affairs efforts (shared in the Provost's Budget Forum) to:

1) Increase Faculty to Student Ratios back to pre-pandemic levels
2) Review / improve assigned time provided to faculty to compensate them for activities that are not part of their regular duties.
3) Identify and utilize academic space that is under-utilized during Fridays, weekends, summer breaks, even if there is short-term revenue loss as students avoid these offerings.
4) Better enforce guidelines regarding low-enrolled courses, and consider offering certain courses less frequently.

D. At the CSU level, we ask that you advocate for the following:

1) CSU Tuition increase (beginning in fiscal year 2024/25)
2) Replenishment General Fund reserve levels (previously drawn down)
3) Establishment of a "new opportunity fund" for new initiatives
4) New Deferred Maintenance Funding from the State of California (GO Bond)

E. Athletics Revenues:

Continue to focus on improving "Generated Revenues" from athletics with the potential of returning monies received in excess of the budget to the general funds and SSETF / Associated Students

A description of a possible mechanism by which excess revenue sharing might be implemented is included as an appendix.

Appendix - Excess revenue sharing proposal

The general fund contribution to the athletics program has grown considerably over the last seven years, both in real dollars[1] and as a proportion of the University's total revenues. The contribution to athletics has risen from around $7.8m in 2015/16, adjusted for inflation, or 2.45% of the general fund, to its 2021/22 level of approximately $16.7m or about 3.9% of the general fund. In dollar terms the contribution to athletics has more than doubled in real terms over the last seven years and has grown at an average annual rate of 8.2% while the University's revenues have grown at just 1.4% over the same period. For some context, the contribution to the University's athletics program from the general fund represents about 45% of the current structural deficit of $37m. The intent of this particular proposal is not to abandon athletics but rather to create a path toward sustainability. Our intent is not to suggest any particular numbers or proportions--those are things to be debated--but rather to suggest a mechanism by which (hopefully) a new equilibrium might be reached in which the general fund subsidy to athletics is reduced and those savings used to support our educational mission.

Proposed excess revenue sharing policy

1. The proposed revenue sharing policy will be in effect until the general fund contribution falls below X% of the general fund and the SSETF contribution is below Y% of the total SSETF fees amount. When both conditions are satisfied the policy will lapse.
2. Once lapsed, should either the general fund contribution exceed X% of the general fund OR the SSETF contribution exceed Y% of the total SSETF fees amount, the revenue sharing policy will be automatically reinstated until the conditions in (1) are again met.

Proposed excess revenue sharing mechanism

1. Establish a baseline for SSETF and General Fund payments to athletics based on 2022 amounts.
2. Subtract this from total athletics revenues; this is the "other sources" baseline number; this is the "other sources" 2022 baseline
3. In 2023, any "other sources" revenue in excess of the 2022 "other sources" baseline is the 2023 "other sources" excess revenue.
4. "other sources" excess revenue is divided into three
    a. In the 2024 budget, the GF contribution to athletic is reduced by A% of the "other sources" excess revenue
    b. In the 2024 budget, the SSETF contribution to athletic is reduced by B% of the "other sources" excess revenue
    c. These become the new baselines for SSETF and GF for the 2025 budget

X, Y, A and B are to be determined.

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[1] Historical numbers have been adjusted for inflation to a baseline of August 2022 using the [BLS inflation calculator](#).