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## 2023-24 URPC Recommendation

1 message

**Nathaniel D Cacciari Roy** <nate@humboldt.edu>  
To: URPC <urpc@humboldt.edu>

Wed, Aug 30, 2023 at 9:01 AM

Good Morning URPC Colleagues,

Please see the message below and attachment from Sherie.

Thank you,

Nate Cacciari-Roy, MBA  
Budget Analyst, Office of Academic Affairs  
Cal Poly Humboldt

On behalf of President Jackson, I want to thank the University Resources and Planning Committee (URPC) for the thoughtful and forward thinking [2023-24 budget recommendation](#) for Cal Poly Humboldt. The URPC recommendation does a great job highlighting many of the successes and nuances we face in navigating the current budget landscape.

While we now have clarity on some of the unknowns from spring, many still remain, and we continue to proactively plan. Adjustments to the recommendation were needed in order to maintain a balanced budget in 2023-24:

### **Key Budget Changes**

#### **CSU Budget / Collective Bargaining**

The state appropriation (\$113.8 million) has been updated to align to the final [CSU Budget Memo](#). With collective bargaining still actively underway, \$2 million in funding initially anticipated to be allocated to the campus is being held central at the Chancellor's Office (CO) and therefore has been removed from the budget, as has the corresponding expenditure budget entry.

The outcome of collective bargaining discussions represents a significant unknown financial impact that we continue to monitor closely. In anticipation, we have set aside \$5 million in one-time funding as a starting point. Concurrently, active planning is underway in preparation for the potential need to realign our budget to prioritize support for compensation increases for our employees.

#### **Enrollment / Tuition Revenue**

Cal Poly Humboldt's enrollment is growing for the second straight year for the first time in several years. Currently, we are expecting 2+% growth for Fall 2023, which is not as high as initially anticipated, but reflects progress and sets the stage for continued growth. With more modest enrollment growth, and anticipated enrollment recalibration for 2024-25, we have taken a much more conservative approach to our budgeted enrollment target by keeping it aligned with Fall 2022 actual enrollment of 5,858 students. While the projected student headcount is the same as Fall 2022, we are still garnering additional tuition revenue due to being conservative in 2022-23 budget planning (budget was on Fall 2022 headcount of 5,556),

which we outperformed by 5%. The budget impact is year over year tuition revenue growth of about \$1.5 million, totalling \$32.1 million, down from \$40.5 million in the initial recommendation.

As additional context regarding the changes in enrollment from the recommendation to the final budget, the enrollment projections group projected an enrollment of 7,449 Headcount for the Fall 2023 based on record applications and historical yield trends. As further analysis occurred during the spring/summer, it was clear that the Fall 2023 enrollment patterns were not in alignment with historic trends. As a result of this, the VPAF and VP EMSS adjusted approaches to both budget planning and enrollment projections to ensure we were maximizing enrollment outcomes and being responsible for the management of our fiscal resources. For fiscal planning purposes, we are using the budgeted 5,858 Headcount as discussed.

Starting 2024-25, the university will be shifting budget planning from a direct alignment to enrollment target to a percentage of the enrollment target, with baseline at 90% of the enrollment target, within a range of low (85%) - high (95%).

As discussed in the URPC Recommendation, we are still considerably below our CSU funded annual Resident Full-Time Equivalent Student (FTES) target of 7,603. Given the current trajectory to be lower than the -10% enrollment recalibration threshold, we anticipate our enrollment target (and associated state appropriation funding) will be reduced by 5% in 2024-25.

	Final	URPC Recommendation		
Total Annual Resident FTES Projection	2023-24 Budget	Low	Baseline	High
Academic Year Resident FTES	5,035	6,008	6,403	6,935
Summer Resident FTES	235	250	250	250
Total Annual Resident FTES	5,270	6,258	6,653	7,185
% below system target of 7,603	-31%	-18%	-12%	-5%

**Utilities Cost Escalation**

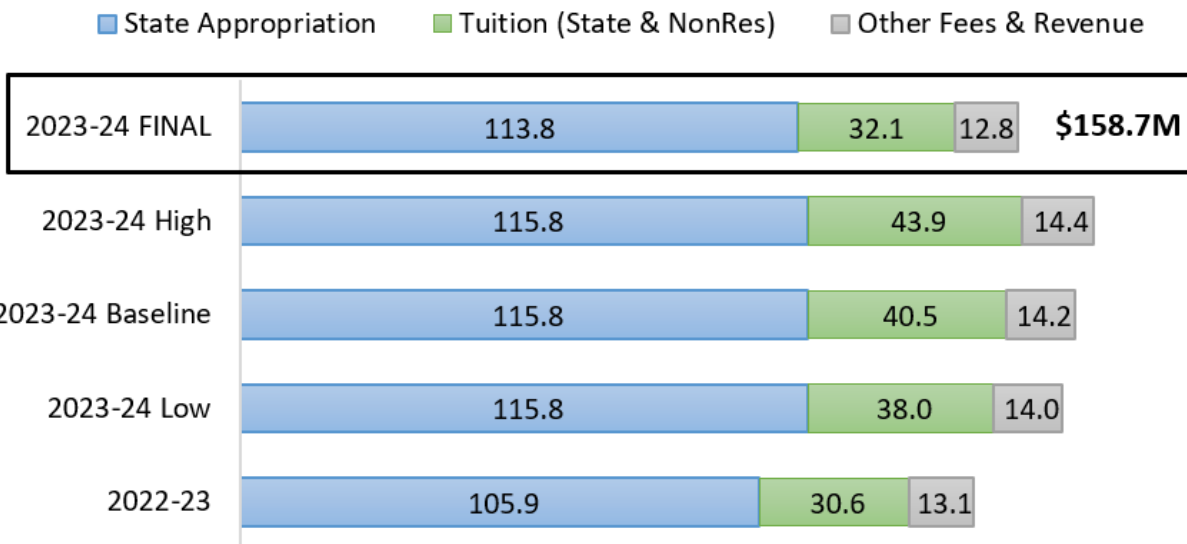
Over the last 10 years we have averaged \$2.3-\$2.5 million in utilities costs. In 2022-23, we budgeted a modest increase to align with cost trends; however, campus utilities costs increased by 60%, resulting in the need to increase the utilities budget by \$1.4 million. The increased costs are reflective of rate increases, not changes in consumption. Given the magnitude of the increase and the need to balance this budget increase with critical investments in initial areas prioritized in the URPC recommendation, ½ of the increase (\$700k) has been incorporated into the base budget, with the remaining ½ (\$700k) funded with one-time. The full cost increase will need to be incorporated into future budget plans as costs are anticipated to continue to rise.

**2023-24 Budget**

After incorporating these updates, the 2023-24 Operating Fund Budget is \$158.7 million, a \$9 million increase above the 2022-23 Budget. The \$9 million increase is comprised of \$4.6 million in polytechnic funding, \$3.3 million in state funding to support retirement and health rate increases, \$1.5 million in

tuition revenue, and a slight decrease of \$.4 million in other fees revenue due to changes in cost recovery.

### Budgeted Revenue (in millions)



### 2023-24 Budget Allocations

With the refined 2023-24 Budget outlook, there was limited base funding available to support the priorities included in the URPC Recommendation. The [2023-24 Allocations Summary](#) provides a breakdown of the URPC recommended allocations and final budget amounts, including applicable notes. In total, the initially anticipated \$9.3 million available to support key budget planning priorities has been reduced to \$700k. In addition, \$280k in base poly funding has been reallocated from realized savings with initial investments to further support identified priorities which align with poly. Combined, base allocations reflected in the table below total \$980k. The majority of the outlined allocations will be supported with one-time funding to bridge potential compensation increases, support cozen implementation activities, stabilize critical compliance and operational gaps, and to invest in infrastructure to better support our auxiliaries and to manage our evolving geographical footprint. These allocations will need to be supported with ongoing funding in future budget plans.

### CSU Budget Planning

At a system level, budget planning for 2024-25 is well underway and the CSU will be finalizing the 2024-25 budget request to the State at the September Board of Trustees (BOT) meeting. In addition, included as an agenda item at the September BOT meeting is a 6% annual tuition increase proposal. By mid-September, we should have clear signaling regarding system budget priorities for the coming year.

We look forward to working in collaboration with URPC on the launch and implementation of a Future Forward Financial Initiative focused on multi-year planning and developing a new institutional resource allocation model.

Sincerely,

-Sherie

**Sherie Cornish Gordon**

Vice President for Administration and Finance and Chief Financial Officer

Division of Administrative Affairs

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[humboldt.edu](http://humboldt.edu)



**2023-24 Allocations Summary 230825.pdf**

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