

Dear SDSU faculty and staff,

As we share each fall, this memo provides a budget update for the 2024-25 fiscal year. Additional information, including [frequently asked questions](#), is available on the university's budget website.

State, CSU and SDSU Budget Update: FY 2024-25

Thanks to the California State University (CSU) community's advocacy, Gov. Gavin Newsom honored the compact in the final 2024-25 state budget, funding the 5% general fund increase. While this is a positive improvement over the potential deferral shared in May, the CSU continues to face fiscal challenges. At the same time, the system is projecting \$172 million in tuition revenue from the approved tuition increase and enrollment growth. All together, given the increase in mandatory costs and compensation, this leaves the system with a projected funding gap of approximately \$218 million as we enter the 2024-25 year. For one-time funding, there is no allocation for any capital projects or deferred maintenance. Instead, there is a one-time \$75 million budget cut to the CSU in fiscal year (FY) 2024-25 and SDSU's share is estimated to be around \$5.2 million.

In spring 2024, SDSU anticipated this budget shortfall due to the difference in projected new revenue and the increase in mandatory costs. To address this, SDSU presented a plan to the President's Budget Advisory Committee (PBAC) to balance the campus budget through a \$10 million budget reduction. Each division has been allocated a portion of this reduction and has developed a plan to reduce spending while maintaining essential programs and activities within their area. At the same time, the campus remains committed to providing new funding for strategic and critical initiatives, including enrollment growth, instruction, student success programs and faculty start-up packages. However, it is not sustainable to do more with less, and divisions have been tasked with identifying other types of discretionary programs or activities that they can delay or contract.

The 2024 Budget Act also indicated that the CSU will receive a 7.95% budget reduction in 2025-26, which will exacerbate the underfunding, as it will not be offset by the compact funding, which is currently labeled as "deferred" from FY 2025-26 to FY 2026-27. Given the uncertainty of the state economy and budget between now and next June, SDSU will continue to plan conservatively.

Over the next three years, divisions will need to strategically focus resources toward the university's most essential programs and activities. While some other campuses in the CSU are facing more extreme budgetary constraints and decisions, SDSU is in a better position due to its high enrollment demand and diverse revenue streams, which help mitigate anticipated budget reductions. Enrollment growth continues to be a strong source of new revenues for our campus, making our overall budget forecast more favorable than our sister institutions. However, the campus should expect that discretionary spending will be limited in the upcoming years, and every division and department is encouraged to review its programming, and to minimize non-essential, non-critical, or non-strategic expenses, or seek out alternative funding sources. The campus will rely on its one-time resources to bridge the funding gaps while developing long-term budget solutions.

In service to our faculty and staff, the CSU has negotiated a 5% salary increase for all bargaining units for the 2024-25 year. These increases will be processed over the next several months, but all will be effective retroactively to July 1, 2024.

And as an important reminder following last week's announcement that SDSU will [join the Pac-12 Conference](#) on July 1, 2026, SDSU will not rely on state general fund, student tuition or fees to cover the cost of moving to the Pac-12.

Enrollment Update

SDSU reached record enrollment levels in 2023-24 and exceeded its annualized resident Full Time Equivalent Students (FTES) target by approximately 2.6%. As a result, the university's target for resident enrollment in 2024-25 was increased by the CSU by 1,832 FTES.

This fall, SDSU is projecting to exceed 39,000 students for the first time. SDSU is proud to continue to grow our enrollment of California residents in particular, with a number of new or extended admission

guarantee programs with local school districts and community colleges, complemented by growth in our non-resident student enrollment.

Conclusion

We have a final and balanced budget plan for FY 2024-25 and various budget committees will resume meetings to begin planning for FY 2025-26. SDSU is proactively planning for multiple budget scenarios given California's economic uncertainties.

We will work closely with CSU to advocate for the FY 2025-26 budget and ask the state not to impose a 7.95% cut to CSU's recurring budget, to continue to honor the 5% compact funding, and to provide one-time funding or issue General Obligation Bonds to invest in campus academic facilities and infrastructure in order to meet the needs of our students, faculty and staff.

We will continue to provide budget updates throughout the year as new information becomes available. Visit the university's [Budget Update site](#) and read the [frequently asked questions](#) for more information. Should you have additional questions, you can also contact Crystal Little, Associate Vice President for Financial Operations, by emailing little@sdsu.edu.

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