



Office of The President

A Message from
President Adela de la Torre, Ph.D.

Dear SDSU Community,

One week before our new fiscal year began on July 1, 2021, Gov. Gavin Newsom and the legislature reached a final budget agreement for fiscal year 2021-22, which we are pleased to report is positive for the California State University (CSU) system. The agreement recognizes the CSU's collective mission to provide affordable higher education and its critical role in supporting student achievement, which in turn, will benefit our students, programs, and priorities.

After reviewing state funding, the CSU issued several final budget allocation memos from July through last month, outlining ongoing and one-time funds for campuses across the system, including San Diego State University. Additionally, the SDSU census was completed in September for fall 2021 enrollment, so we have final numbers to calculate tuition revenue. This information, along with the Higher Education Emergency Relief Fund (HEERF) support details, has allowed us to determine SDSU's operating fund budget for fiscal year 2021-22.

With this message, we are sharing several important updates.

State and CSU Final Budget Allocations for Fiscal Year 2021-22

The fiscal year 2021-22 final state budget maintains the ongoing and one-time funding increases proposed in both the [governor's preliminary budget](#) announced in January and the [May Revision](#), which we outlined in an earlier [budget update](#).

The final increase to the **ongoing operating budget** for the CSU includes the following:

- \$299 million to restore the general fund reduction the system experienced in 2020-21.
- \$185.9 million base increase, and while the state did not specify how this increase should be used, the notable allocations made by CSU include:
 - \$55 million for mandatory costs such as healthcare premiums, the new ethnic studies requirement, and operations and maintenance of new facilities.
 - \$120 million to fund Graduation Initiative 2025 and other systemwide priorities.

The governor and legislature also added \$37 million for basic needs, mental health, summer term financial aid for students, and various campus-specific priorities, as well as \$25 million for ongoing operating costs associated with supporting the Humboldt State University polytechnic transition.

The **one-time budget** for the CSU includes the following:

- \$325 million for the deferred maintenance backlog and to support energy efficiency projects.
- \$573 million for facility and infrastructure investments, which includes \$433 million to support the capital projects transition plan for Humboldt State University.
- \$47 million for systemwide investments, such as emergency grant aid for students and faculty professional development.
- \$31.3 for campus-specific priorities, including investments in certain region-specific academic programs at other campuses.

Along with the designated allocations to the CSU in the final state budget for fiscal year 2021-22, there are several additional ways the governor and the legislature prioritized affordable education and students of the CSU in this agreement. For example, the agreement sets aside \$2 billion in one-time funds over the course of the next three years for a new Capacity and Affordable Student Housing program, which will allow for building new facilities, expanding existing facilities and developing affordable student housing for CSU, University of California (UC), and California Community Colleges.

SDSU Operating Fund Budget for Fiscal Year 2021-22

In our previous budget update, the [President's Budget Advisory Committee](#) (PBAC) proposed the 2021-22 PBAC Consolidated Budget Request for the president's review, and recommendations were approved. In addition to the approved budget request, SDSU has developed its operating fund budget for this fiscal year based on current revenue estimates and the final [CSU Budget Letter](#) released in July and August.

In addition to the \$32 million to restore much of the state appropriation reduction we experienced in fiscal year 2020-21, additional details provided in the CSU's final Budget Letter included systemwide reductions and allocations impacting SDSU:

- \$11.8 million was withheld for systemwide priorities and unavailable for campus allocations.

- \$6.4 million allocation for Graduation Initiative 2025 of which \$1.4 million is required to be designated for the Student Basic Needs Initiative and student mental health needs
- \$800,000 allocation designated for ethnic studies to meet the AB 1460 (Ethnic Studies) requirement.

The net fiscal impact of the CSU’s budget adjustments is a total ongoing reduction of \$6.8 million to SDSU's fiscal year 2021-22 budget. Our tuition revenues partially offset the reduction in state appropriations resulting in an adjusted total reduction of \$2.7 million to our fiscal year 2021-22 budget.

The CSU Budget Letter also identifies one-time designated allocations, including \$1.4 million in emergency financial assistance grants for low-income students, \$800,000 for faculty professional development and equal opportunity practices, and \$2 million for Graduation Initiative 2025. Additionally, SDSU recently received \$17.6 million in one-time deferred maintenance and energy efficiency funds to support our critical electrical infrastructure replacement project.

Also, as you may recall, SDSU implemented a hiring chill during fiscal year 2020-21 to support budget balancing amid the COVID-19 recession. The chill was officially lifted in July 2021, and open searches for funded positions have resumed. With the current fiscal environment in mind, we will continue to conduct and prioritize our searches to meet strategic and critical needs.

Enrollment

Thankfully, the many successful enrollment strategies employed campuswide have resulted in the positive news that SDSU’s fall 2021 total enrollment is tracking well. SDSU received over 100,000 applications, and we are projected to exceed our resident full-time equivalent students (FTES) target for the year. Non-resident enrollment recovered from a decline in fall 2020 during the pandemic. Overall, our total FTES for this year is projected to be slightly below our enrollment peak in 2020-21.

Higher Education Emergency Relief Fund (HEERF) II and III

HEERF II and III allocations are providing much-needed financial support and other resources to support our students, faculty, and staff now.

HEERF II provided \$14.7 million in funding for student aid which was disbursed to 23,390 students in spring 2021. HEERF III provided an additional \$40.5 million in student aid funds and a total of \$20.3 million has been disbursed to 37,822 students for fall 2021. The other half of the HEERF III student aid will be disbursed to students in spring 2022. The student aid funds are provided directly to students to meet their individual needs.

SDSU was awarded \$80 million in available federal funding from the second and third streams of HEERF institutional funding to support allocations through the grant period ending in May 2022. These funds must adhere to strict federal guidelines for eligible COVID-19 related expenditures.

HEERF II and III institutional funds have been designated to support campus repopulation and planned uses including but not limited to:

- Lecturers for additional course sections
- Teaching associates, graduate assistants and instructional student assistants to accommodate additional sections, smaller class sizes and flex instruction
- More advisors to support students
- Research support (e.g. maintain research facilities, student research support)
- Digital infrastructure enhancement to support students (e.g. wireless, smart classrooms, and software)
- Investment in faculty instructional support (Flex-CDI)
- Repopulation support: additional custodians, cleaning supplies, signage and personal protective equipment (PPE)
- Student support services
- COVID-19 testing and vaccination services
- Heating, ventilation and air conditioning (HVAC) upgrades
- Reimbursement for lost revenues associated with the pandemic

CSU Budget Request for Fiscal Year 2022-23

When the CSU Board of Trustees (BOT) met in September, they were presented with a \$563 million to \$754 million preliminary expenditure plan, which includes:

- \$75 million to support Graduation Initiative 2025,
- \$199 million to \$245 million for employee salary and benefit cost increases,
- \$50 million to cover mandatory cost increases,
- \$50 million to \$135 million for academic facilities and infrastructure needs

infrastructure needs;

- \$129 million to support enrollment growth,
- \$50 million to \$100 million to reduce the equity divide through technology.
- \$10 million to \$20 million for student basic needs.

As of now, the preliminary fiscal year 2022-23 budget request presupposes the state will continue to see positive revenue growth and continue investing those resources in the CSU system. The final fiscal year 2022-23 budget request will be presented to the BOT for review and approval this month.

Conclusion

The final state budget agreement for fiscal year 2021-22 signals continued support for higher education and contains positive news for the CSU system as a whole. The ongoing and one-time funding budgeted for the CSU will contribute to our collective efforts to provide an affordable and high-quality education and experience for our students.

We are fortunate to make use of better-than-anticipated tuition revenue funds to address the current year funding gap, as well as one-time HEERF funding to help defray additional costs and revenue lost due to the economic impacts of COVID-19. We remain committed to pursuing and implementing additional long-term budget solutions, revenue generation strategies, and cost-saving habits to mitigate future budget impacts.

We will continue to share updates as more information becomes available, and as always, we encourage you to email your questions and comments to budget@sdsu.edu.

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San Diego State University
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