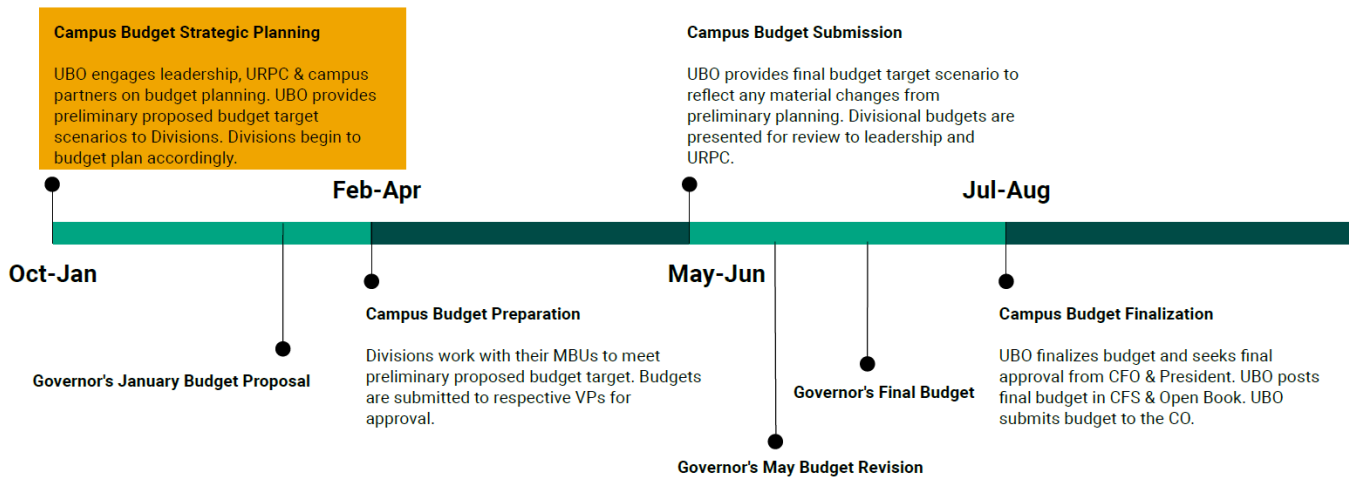


## University Budget Office

### 2025-26 Budget Planning Overview

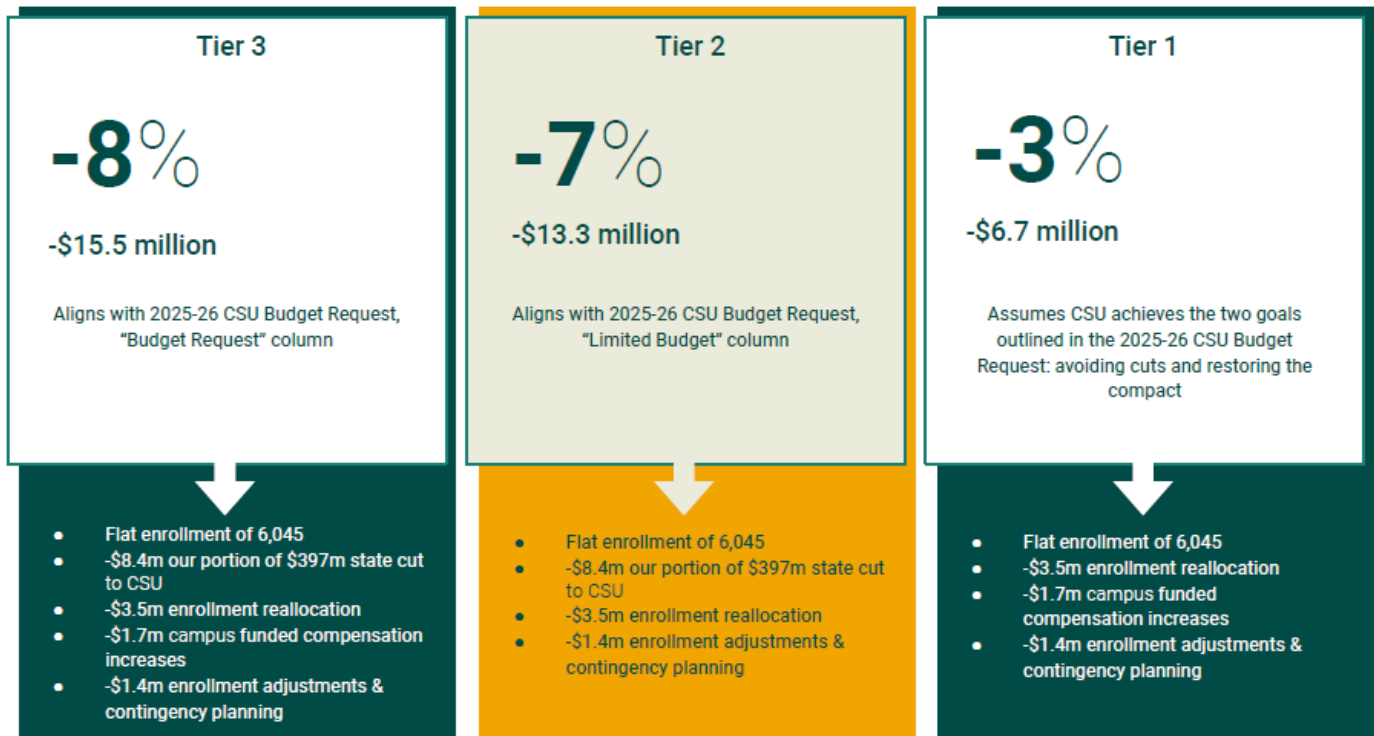
For preliminary budget planning, Cal Poly Humboldt (Humboldt) is using three scenarios to plan for the 2025-26 Operating Fund Budget. Tier 3 (low) , Tier 2 (medium) and Tier 1 (high). While we plan for the range of Tier 3 to Tier 1 to ensure we are prepared regardless of the actual outcome, we are currently using the Tier 2 scenario for preliminary budget planning. Each of the scenarios is evaluated over a 3-year planning horizon, allowing us to understand our multi-year trajectory to better inform decision making. It is important to note that these scenarios are preliminary and based primarily on signals and information from the [2025-26 CSU Operating Budget Request](#) that was presented at the CSU Board of Trustees meeting in September 2024. We will continue to refine the information within these scenarios over the next few months as we move through the budget planning process engaging with leadership, URPC and campus partners.



### Estimated 2025-26 Budget Gap

There are several high-impact budget planning assumptions that are important to highlight: state funding, including potential cuts and deferrals, and enrollment reallocation. The assumptions used in each scenario are described in more detail in the 2025-26 Planning Assumptions section below.

In 2025-26 we anticipate a budget deficit in all three planning scenarios, ranging from \$6.7m to \$15.5m. Our current planning scenario, Tier 2, has a deficit of \$13.3m.



## 2025-26 Planning Assumptions

### State Funding

The state has indicated it plans to cut CSU ongoing funding by \$397m. This significantly impacts the CSU and jeopardizes its ability to invest in academic programs, student support services and infrastructure. Humboldt's estimated portion of this cut is \$8.4m. Tier 3 and Tier 2 both assume the state follows through with this reduction while Tier 1 assumes the state does not.

The CSU previously entered into a multi-year funding "compact" with the State of California that provides 5% annual General Fund increases through 2026-27 in support of a robust set of student success outcomes. The state has signaled a potential deferral of the 2025-26 compact funding of \$252m into 2026-27. Tier 3 and Tier 1 assume the compact funding is received in 2025-26 while Tier 2 assumes it is not received until 2026-27. Many of the "essential priorities" shown in the [2025-26 CSU Operating Budget Request](#) are dependent upon this state funding. Compact funding contingency language outlined in Collective Bargaining Agreements (CBAs) may have an impact on any salary increases.

Over the next few months the CSU has two primary goals: to avoid the \$397m cut to ongoing state funding and to prevent the \$252m deferral of compact funding. While we must base our budget planning on the expectations set forth by the state, the CSU will continue to advocate for these priorities leading up to the governor's budget memo in January 2025, revised memo in May 2025 and ultimately the final passage of the budget by the legislature in June 2025.

### Enrollment Reallocation

Humboldt's funding allocation from the CSU is based on our annual Resident Full Time Equivalent Students (rFTES) target. While we have experienced modest student enrollment growth, we are still approximately 26% below our CSU funded enrollment target of 7,375 annual rFTES. While continued growth is anticipated, we are considered overfunded until we meet our annual rFTES target. Enrollment reallocation is expected to continue in 2025-26, and as such the CSU will pull back 5% of our enrollment

target and associated funding which we estimate to be approximately \$3.5 million. This reduction is included in all three scenarios.

## Enrollment

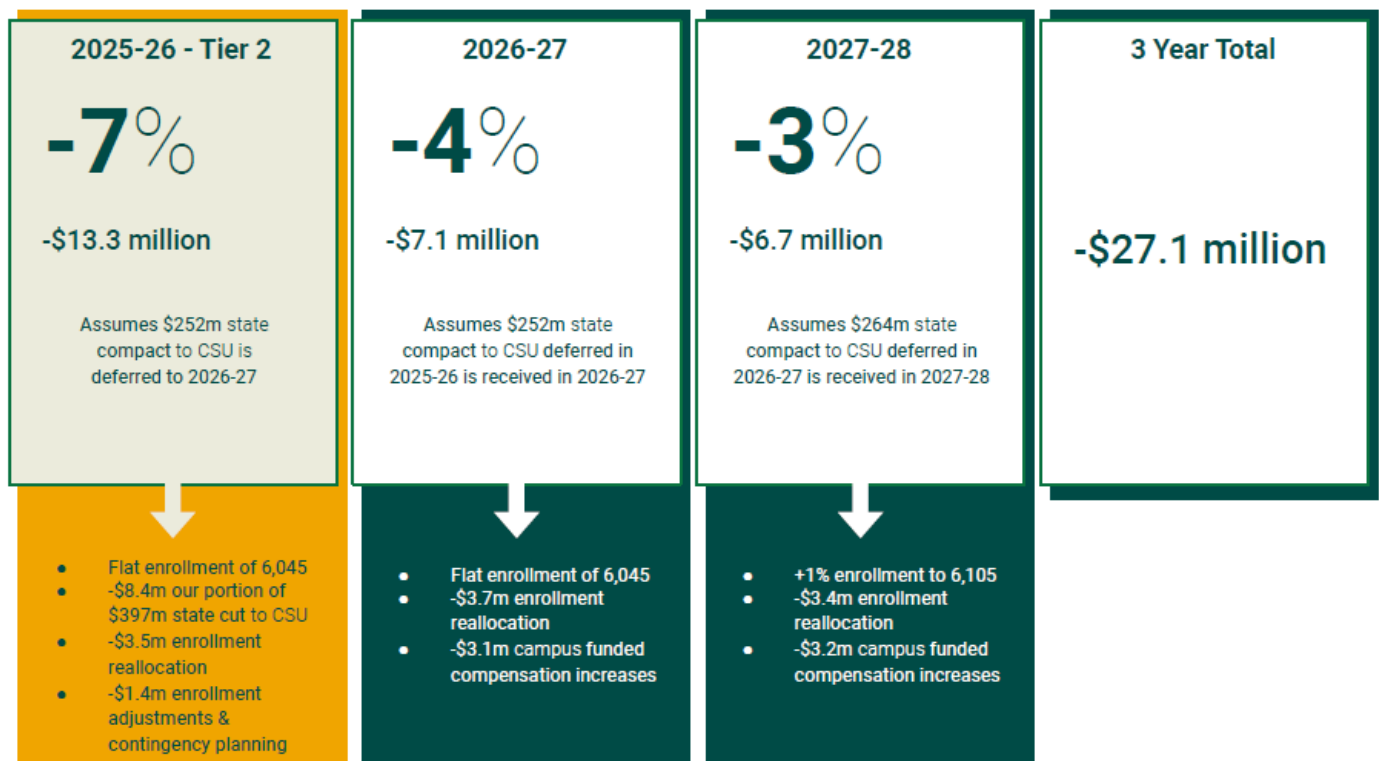
At this preliminary phase of budget planning, and as a conservative starting point, all three scenarios assume flat enrollment from 2024-25 Fall census of 6,045. Enrollment will be refined in the coming months as we move through the budget planning process and will likely include modest growth.

Additionally, each tier includes an enrollment adjustment and contingency plan. The 2024-25 campus operating budget had assumed enrollment would reach 6,131, but Fall census actuals came in at 6,045. An adjustment to account for this shortfall is included in each scenario, along with a 1% enrollment contingency in the event enrollment assumptions are not met.

## 2026-28 Budget Gap

Over the next three years, through 2028, Humboldt faces an anticipated cumulative budget deficit ranging from \$20.5m to \$27.1m. Our Tier 2 planning scenario anticipates a three-year cumulative deficit of \$27.1m.

In addition to the Tier 2 scenario as described above, the two primary assumptions that have a significant impact in the outgoing years are a continued 5% enrollment reallocation of approximately \$3m+ per year and estimated annual unfunded compensation increases of \$3m+.



## Budget Reduction Planning

As we move forward in the budget planning process we must begin the work of implementing the anticipated reductions. Due to the significance of the 2025-26 Tier 2 scenario budget deficit of \$13.3m, the campus is proposing we work through approximately 70% or \$9.5m of the total deficit, utilizing up to \$4m of one-time funding to bridge our budget gap. This allows the campus additional time to work through the full budget reduction.

As a preliminary starting point the campus is proposing that each division begin to plan for a reduction ranging from 5-9% of its adjusted operating budget total. A visual representation of these ranges by division are shown below.

It is important to note that this proposed range of reduction percentages and amounts are **not final** and at this time should strictly be used as a starting point for planning purposes. These will continue to be refined as we move forward in the budget planning process engaging with leadership, URPC and campus partners.

DIVISION	REDUCTIONS							
	2024-25		2025-26					
	Actuals		(Tier 3)		(Tier 2)		(Tier 1)	
President	\$61,000	3.5%	\$126,000	9%	\$98,000	7%	\$70,000	5%
University Advancement	\$117,000	3%	\$350,000	9%	\$272,000	7%	\$194,000	5%
Academic Affairs	\$6,008,000	6%	\$7,637,000	9%	\$5,940,000	7%	\$4,243,000	5%
Administrative Affairs	\$1,190,000	5%	\$1,791,000	9%	\$1,393,000	7%	\$995,000	5%
Enrollment Management	\$466,000	3%	\$1,181,000	9%	\$919,000	7%	\$656,000	5%
Athletics	\$116,000	3%	\$311,000	9%	\$242,000	7%	\$173,000	5%
University Wide*	\$371,000	4%	\$765,000	9%	\$595,000	7%	\$425,000	5%
<b>Total</b>	<b>\$8,329,000</b>		<b>\$12,161,000</b>		<b>\$9,459,000</b>		<b>\$6,756,000</b>	

2025-26 Tier 3 and Tier 2 reduction planning scenarios assume campus one-time funding of up to \$4m.

\*2024-25 University Wide reduction % was taken net of financial aid & restricted programs.

## Looking Ahead

The University Budget Office in collaboration with URPC will continue to educate and engage with the campus community throughout the year through open budget forums and regular campus communications. We recognize the challenges ahead as we work to address our budget deficit, and we understand the concerns and uncertainty this brings to our campus community. However, it's important to remember that our collective strength and resilience have seen us through difficult times before. Now, more than ever, we have the chance to remain united and focus on our shared values as we navigate this difficult budget situation.