

Budget 101 Fall Forum



Agenda

- **Strengths & Challenges**
- **Introduction to the URPC**
- **Budget 101**
 - Key concepts & Terms
- **State of the Budget**
 - 2024-25 Cal Poly Humboldt Year End Roll Forward & Reserves
 - 2025 Cal Poly Humboldt VSIP Update
 - 2025-26 Cal Poly Humboldt Budget Recap
 - 2026-27 CSU Budget Request
 - 2026-27 Cal Poly Humboldt Budget Planning
 - Federal and State Budget Outlook

➤ **Strengths & Strategic Advantages**

- **Balanced Operating Budget** – Ongoing fiscal stability provides a strong foundation.
- **Enrollment Growth** – Third consecutive year of student growth.
- **Strategic Budget Decisions** – Targeted reductions, VSIP, and 2023–24 roll-forward set-asides have positioned us for flexibility and long-term stability.
- **Polytechnic Momentum** – New programs and investments expanding academic and research opportunities.
- **Fiscal Sustainability** – Commitment to thoughtful, multi-year planning.
- **Shared Governance** – Campus collaboration continues to guide sound, transparent decision-making.

➤ Challenges & Fiscal Uncertainties

- **Public Funding Pressures** – Statewide fiscal strain continues to create uncertainty for higher-education funding.
- **Enrollment Recalibration Risk** – Humboldt is making progress but remains below its funded CSU FTES target, creating potential vulnerability.
- **Compensation Funding Gap** – Additional resources needed to fully support contractual and compensation commitments.
- **Federal Landscape** – SPF success continues, but federal funding uncertainty poses ongoing challenges.
- **Sustainable Growth Alignment** – Continued need to match investments with long-term, stable revenue sources.

➤ Key Takeaway

Through disciplined planning and shared governance, we have established a **strong and stable financial foundation**.

While external uncertainties persist, our collective commitment and collaboration ensure that **we remain resilient** and well positioned to navigate future challenges.

> Introduction to the URPC

➤ What is the URPC?

- University Resources and Planning Committee
- University Senate committee consisting of faculty, staff, students and administrators.
- Bi-weekly meetings throughout the academic year.
- Discuss developments at the State, CSU, and University levels that impact the budget at Cal Poly Humboldt.
- Participate in shared-governance on issues related to the budget.

➤ Roles of the URPC

Receiving, evaluating and sharing information:

- Receive and review quarterly and annual budget reports & receive updates on developments with budgetary impacts.
- Receive annual reports from divisional leaders on strategic priorities and implications of budget changes.
- Share budgetary developments with the campus community and solicit input.

Make budgetary recommendations:

- Advise the Senate, President, and administrators on resource allocation, budget policies, and long-term planning.
- Focus on alignment with strategic priorities and on promoting student success.
- Offering recommendations on future resource allocation at the divisional level.

➤ **URPC Guiding Principles**

Resource allocation planning and decisions will be data-informed, incorporate an equity lens and align with the Purpose, Vision, Core Values & Beliefs of the University.

Four Guiding Principles:

1. Student First
2. Value Personnel
3. Financial Resiliency
4. Campus Engagement

President's Charge to URPC

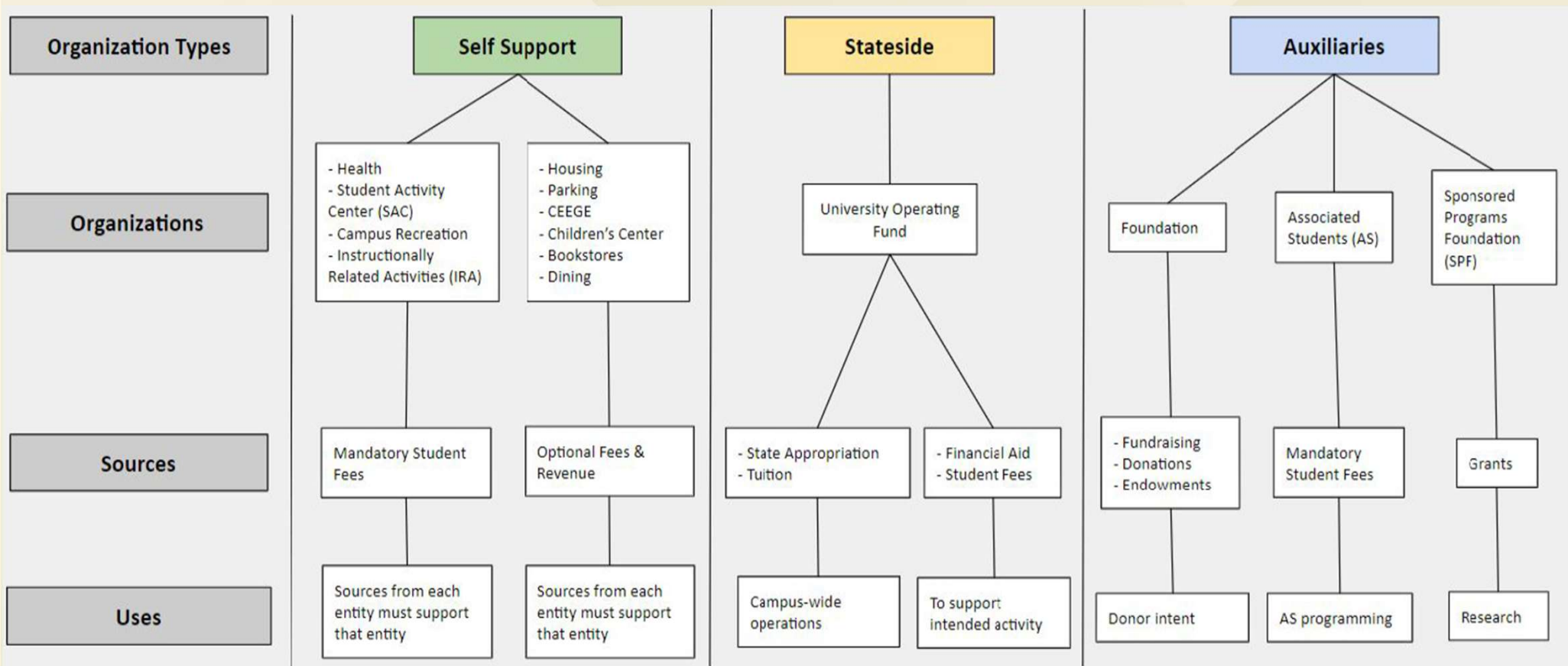
1. Educate the campus community on state, system, and campus fiscal matters through platforms such as the successful budget forum series.
2. Recommend and maintain budgeting principles and priorities.
3. Recommend a balanced and strategically-aligned operating budget for Presidential consideration by the end of the academic year.
4. Partner on multi-year scenario planning.
5. Collaborate on initiatives to help the campus identify both short and long-term strategies for cost savings, cost avoidance and alternative revenue generation.
6. Review and recommend changes to budgetary policies and guidelines (i.e. reserves, roll forward guidelines, etc.) for strategic relevance and alignment with Chancellor's Office policy.

› **Key Concepts & Terms**

➤ Organization Types - Funding Sources and Uses

- **University Operating Fund (General Fund)**
 - Main operating budget.
 - Primary funding sources are state appropriation and tuition.
 - *URPC makes a recommendation for this fund.*
- **Self-Support Funds**
 - Reflect activities supported by student fees and other sources that are designated for specific purposes.
- **Auxiliary Organizations**
 - Separate nonprofit organizations with specific revenue sources that align with its organizational purpose.

Organization Types - Funding Sources and Uses



Not all inclusive, intended to provide a high level snapshot of primary funding sources and uses

➤ Key Terms



Scan QR code above to download the URPC Key Terms sheet.

› Base vs. One-Time

- **Base (Original) Budget** - *ongoing* budget from recurring sources.
 - Revenue (Source) example: state appropriation.
 - Expenditure (Use) example: salary & benefits.
- **One-Time** - one-time budget from non-recurring sources.
 - Examples: reserves, rollforward.
- **Revised Budget** - base + one-time = total budget.

➤ **Unrestricted vs. Restricted vs. Earmarked**

- **Unrestricted** - funding that is flexible and can support a variety of activities.
- **Restricted** - funding that must support a specific activity/initiative.
- **Earmarked** - funding that has been set aside or identified for a strategic investment or initiative.
- **Rollforward / Fund Balance** - remaining budget balance available from the prior year that is available for one-time future use. *Note this includes both unrestricted and restricted balances.*

➤ Enrollment

- **Headcount (HC)** - 1 student = 1 headcount.
- **Full Time Equivalent Students (FTES)** - 1 FTES = 15 units for an undergraduate, 12 units for a graduate.
Budget planning is based on annualized FTES.
- **Resident & Nonresident Enrollment** - California resident vs. out of state enrollment. Each have different tuition rates which impact our sources and budget.
- **CSU Enrollment Target** - Number of students that the CSU system provides state appropriation funding to support instruction and operations. (*Resident FTES only*).

> 2024-25 Cal Poly Humboldt Year End Roll Forward/Reserves

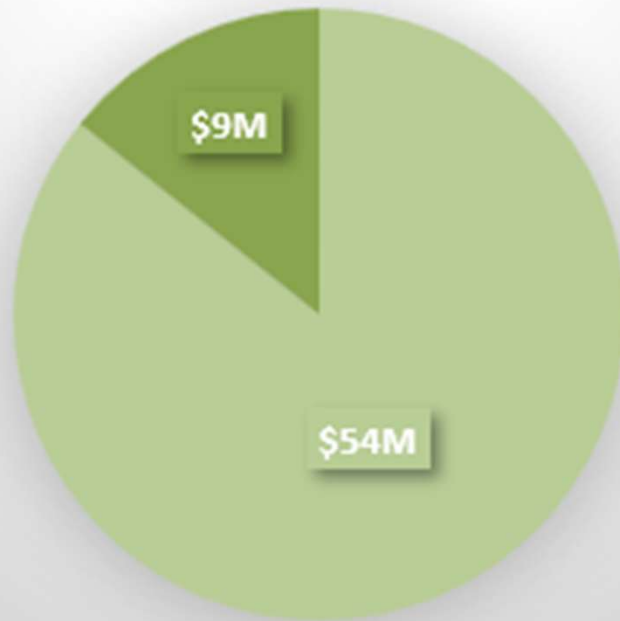
2024-25 Roll Forward - Allocations

Division	Restricted/ Dedicated	Strategic Investments	Unrestricted*	Total
President's Office	364,172	158,960	5,412	528,544
University Advancement	354,027	765,000	562,334	1,681,361
Academic Affairs	3,904,071	-	4,431,169	8,335,240
Administrative Affairs	363,780	110,000	722,596	1,196,376
Enrollment Management & Student Success	2,328,612	275,000	791,929	3,395,541
Athletics & Recreation	3,559	924,000	565,197	1,492,756
University Wide*	6,990,516	125,000	1,299,480	8,414,996
Total Roll Forward Allocation	14,308,737	2,357,960	8,378,117	25,044,814

***University Wide Division - Unrestricted Allocation Split per Roll Forward Guidelines → \$1,299,480**

- Strategic Initiatives Pool (25%) → \$324,870
- Deferred Maintenance Projects (25%) → \$324,870
- Operating Reserve (12.5%) → \$162,435
- Equipment Reserve (12.5%) → \$162,435
- Maintenance Reserve (12.5%) → \$162,435
- Capital Reserve (12.5%) → \$162,435

➤ 2024-25 Campus Operating Fund Reserves



Total Reserves - \$63 Million

Designated Balances – \$54 Million

- \$44 Million for short-term obligations (*contracts, debt, financial aid, ongoing programs*).
- \$10 Million for capital projects (*repairs, construction, equipment*).

Economic Uncertainty Reserve – \$9 Million

- Covers only 18 days of operations (*meets CSU policy minimum*).

➤ 2024-25 Key Takeaways

- **Balanced Operations** – FY 2024–25 closed with a balanced operating budget and strong fiscal management.
- **Healthy Reserves** – Reserve levels remain stable and in compliance with CSU policy minimums, providing a modest cushion against state and systemwide volatility.
- **Strategic Positioning** – Current financial position enables proactive, multi-year budget planning.

› 2025 Voluntary Separation Incentive Program (VSIP) Update

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Actual Overall Participation

2025 Voluntary Separation Incentive Program (VSIP)	All Funding Sources	HM500 Funding	Other Funding
<i>Actual Participation Rate</i>	6%	6%	8%
<i>Backfill Rate as of 09.22.25 (Interim, Under Recruitment, Filled)</i>	48%	45%	56%
Actual # of Participants	40	31	9
Total VSIP Incentive Payout - One Time Cost (Presented for Information Only)	\$ 1,881,638	\$ 1,497,192	\$ 384,446
Maximum Ongoing Annual Salary & Benefit Savings	\$ 5,751,375	\$ 4,597,892	\$ 1,153,483
Backfill Annual Cost Salary & Benefits (<i>assuming Backfill Rate shown above</i>)*	\$ (2,731,896)	\$ (2,076,466)	\$ (640,825)
Potential Annual Ongoing Savings (<i>assuming Backfill Rate shown above</i>)	\$ 3,019,479	\$ 2,521,426	\$ 512,658

*Assumes HM500 average participant compensation of \$148,319 and other funding average participant compensation of \$128,165.

Actual Participation by Division

2025 Voluntary Separation Incentive Program (VSIP)	HM500 by Division				
	Academic Affairs	Enrollment Management	Administrative Affairs	Other Divisions	Total
<i>Actual Participation Rate</i>	3%	17%	8%	4%	6%
<i>Backfill Rate as of 09.22.25 (Interim, Under Recruitment, Filled)</i>	42%	78%	22%	0%	45%
Actual # of Participants	12	9	9	1	31
Total VSIP Incentive Payout - Actual One Time Cost	\$ 619,360	\$ 414,041	\$ 383,053	\$ 80,738	\$ 1,497,192
Maximum Ongoing Annual Salary & Benefit Savings	\$ 1,728,492	\$ 1,153,101	\$ 1,423,076	\$ 293,223	\$ 4,597,892
Backfill Annual Cost Salary & Benefits (<i>assuming Backfill Rate shown above</i>)*	\$ (741,595)	\$ (1,038,233)	\$ (296,638)	\$ -	\$ (2,076,466)
Annual Ongoing HM500 Savings	\$ 986,897	\$ 114,868	\$ 1,126,438	\$ 293,223	\$ 2,521,426

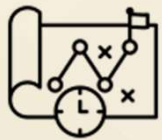
*Assumes HM500 average participant compensation of \$148,319.

VSIP Incentive Payout - Actual One Time Cost was funded by the University Wide division and allocated to the divisions respectively to cover the cost of the program.

➤ Actual Participation by Employee Group

Participants by Bargaining Unit	Total All Funding Sources	HM500 Funding	Other Funding
R03 - CFA California Faculty Association	5	4	1
M80 - Managers	9	8	1
R02 - CSUEU - Health Care Support	3	1	2
R04 - APC Academic Professionals of California	11	11	0
R05 - CSUEU - Operations Support Services	1	1	0
R06 - Teamsters	1	0	1
R07 - CSUEU - Clerical/Administrative Support Services	8	4	4
R09 - CSUEU - Technical Support Services	2	2	0
Total	40	31	9

➤ VSIP Key Takeaways



Strategic Timeline - Implemented one year in advance, enabled by the 2023-24 \$4m roll-forward set aside, allowing proactive planning and smooth transitions.



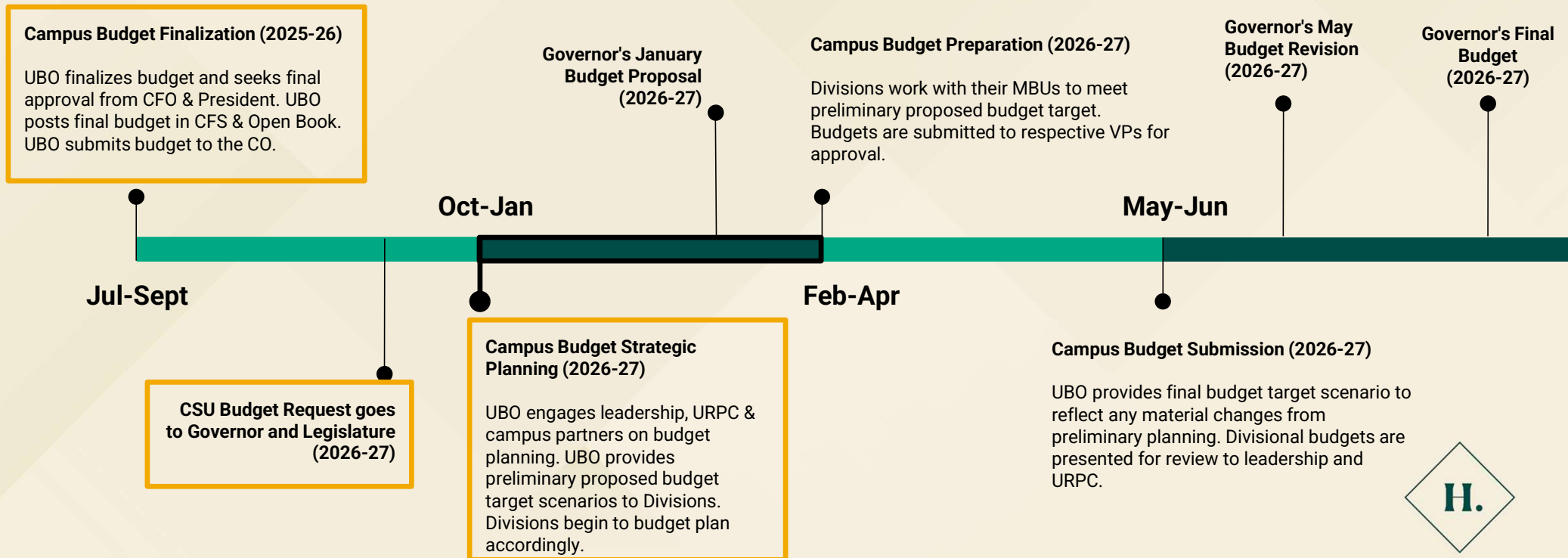
Upfront Cost - \$1.5m in one-time operating funds.



Projected Savings - \$1.1m-\$2.5m annually, based on current 45% backfill and modeled scenarios up to 75%.

Overall Impact - Actual savings will vary by how divisions manage backfilling and reorganization, but the program enhances long-term financial stability and frees capacity for strategic reinvestment.

› Budget Timeline



> 2025-26 Cal Poly Humboldt Budget Recap

➤ 2025-26 Final Budget Assumptions

- **Funding**

- Ongoing base budget reduction: -3%
 - Due to the states ongoing base funding cut to the CSU of \$144m
- Resident FTES funding reallocation: -3%

- **Enrollment**

- Fall Headcount: 6,347
 - +4.9% vs. PY fall census of 6,045 → +3.5% vs. PY budget of 6,131
- Resident FTES: 5,420
 - -24.2% vs. CSU funding target of 7,154

- **Compensation**

- Primarily - CSUEU step placement
 - Step closest above current salary
 - Retained at current rate if it exceeds top step

➤ 2025-26 Final Operating Fund Budget

	URPC Recommendation	Change	Final Budget
Total Revenue Budget	174,625,000	645,821	175,270,821
Total Expenditure Budget	178,510,357	(3,239,536)	175,270,821
Total Operating Budget Surplus (Deficit)	(3,885,357)	3,885,357	-

Key Takeaways:

- 2025-26 Operating Budget is balanced. Made possible by:
 - Projected enrollment growth → 4th consecutive year!
 - Significant advocacy efforts at both the state and CSU system levels.
 - Collaborative, campus-wide approach and strong shared governance through the URPC in addressing \$7.7m of reductions across all divisions.
- The \$4.0m set aside in 2023-24 to bridge an anticipated gap of (\$3.88m) was not needed and remains available for future needs, including VSIP payouts.

➤ CSU System Budget Update

- **Background**

- **Budget Act of 2025** reduced the CSU's ongoing base budget by \$144m, with the intent to restore it in 2026–27, and **offered a short-term, zero-interest loan of up to \$144m in one-time funds.**

- **CSU Action**

- **CSU has chosen to accept this loan to fund one-time compensation pools for all CSU employee groups**, with allocation details to be determined through collective bargaining processes.

- **Key Takeaways**

- **Allows CSU to recognize employee dedication** while staying aligned with its system wide strategic goal of being an employer of choice.
- These are **one-time** funds, **not ongoing base increases.**
- The **CSU must repay** the state for this loan **by July 1, 2026.**

2026-27 CSU Budget Request

➤ CSU 2026-27 Operating Budget Request

- Proposed \$9.09 billion operating budget.
 - **\$597 million increase over 2025–26**
- Budget Priorities:
 - **Restore the \$144 million** base reduction from 2024-25.
 - **Fund the \$252 million** Year 4 Compact commitment.
 - Protecting and strengthening existing commitments rather than launching new initiatives.

➤ 2026-27 New Revenue (Sources)

New resources of \$597.1 million are necessary to fulfill the CSU's plan for 2026-27, including state General Fund and tuition revenue increases.

REVENUE SOURCES (MILLIONS)	BASE	INCREASE	%
State General Fund: Restore 2025-26 Reduction	\$4,957	\$143.8	3%
State General Fund: Year 4 Compact		252.3	5%
Tuition: 6% Rate Increase	2,779	175.8	6%
Tuition: 1% Enrollment Growth		25.2	1%
Other Fees	753		
TOTAL REVENUE	\$8,489	\$597.1	7%

➤ 2026-27 New Expenditures (Uses)

BASELINE COMMITMENTS

The CSU faces \$323.7 million in baseline commitments for the upcoming fiscal year. These required operational (mandatory) costs are expenditures the CSU must pay regardless of the level of funding allocated by the state, and they often increase despite the level of additional revenue.

BASELINE COMMITMENTS	(in millions)
Financial Aid: State University Grant – Tuition Rate Increase	\$58.6
Health Premiums	20.7
Maintenance of New Facilities	12.9
Liability and Property Insurance Premiums	5.2
Utilities	18.4
Inflation on Non-Personnel Costs	28.4
2024-25 Faculty & Staff Compensation (University Funded)	159.3
2025-26 CSUEU Steps Implementation (University Funded)	20.2
TOTAL	\$323.7

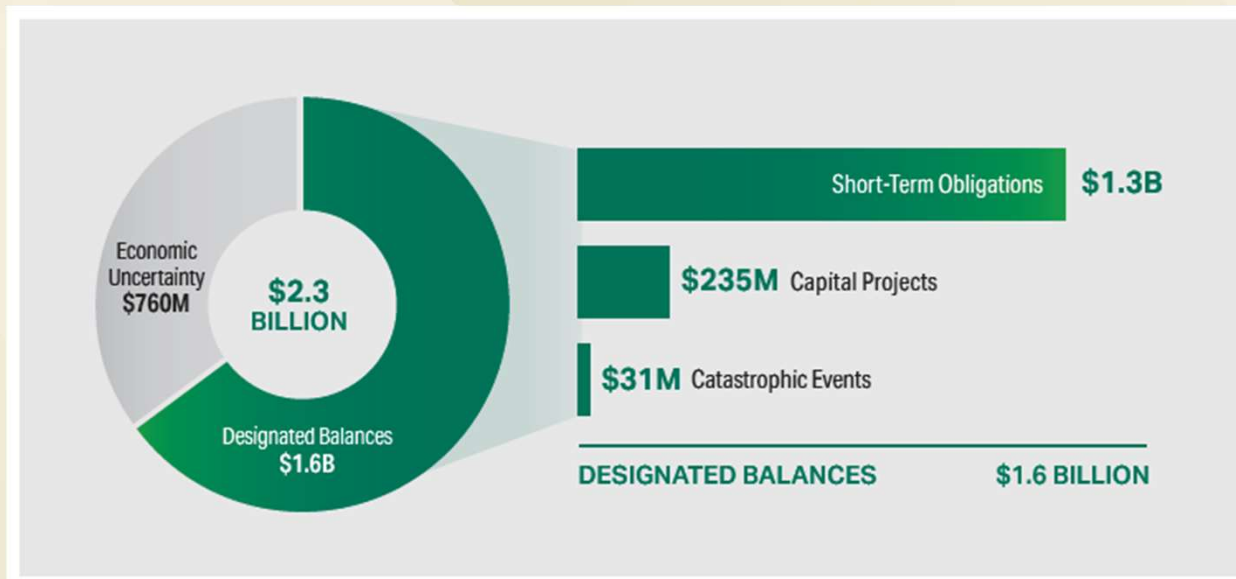
➤ 2026-27 New Expenditures (Uses)

ESSENTIAL PRIORITIES

The CSU has identified \$273.4 million of essential priorities for the upcoming fiscal year that reflect university values, including enrollment growth, faculty and staff compensation, and debt service for facilities and infrastructure projects. All are contingent on securing additional state funding to support these priorities.

ESSENTIAL PRIORITIES	(in millions)
Enrollment Growth (1%)	\$57.8
Financial Aid: State University Grant – Enrollment Growth	8.4
Faculty & Staff Compensation Pool (3%)	176.6
Debt Service: Facilities & Infrastructure	25.0
CSU Strategic Plan Priorities	5.6
TOTAL	\$273.4

➤ 2024-25 CSU Reserve Balances



Designated Balance – \$1.6 billion

- \$1.3b for short-term obligations (*contracts, debt, financial aid, ongoing programs*).
- \$235m for capital projects (*repairs, construction, equipment*).
- \$31m reserved for disaster response (*fires, floods, earthquakes*).

Economic Uncertainty Reserve – \$750 million

- Covers only 32 days of operations (*below national best-practice levels of 3-6 months*).

➤ **2026-27 Budget Request Key Takeaways**

- **CSU's \$597.1 million budget request increase** sustains key commitments:
 - Financial aid
 - Workforce investments
 - Debt service for facilities and infrastructure
- **Without restored funding, CSU could face a \$396 million budget gap**, which would require:
 - Delaying or reducing new priorities
 - Shifting resources from existing programs
 - Making permanent budget reductions

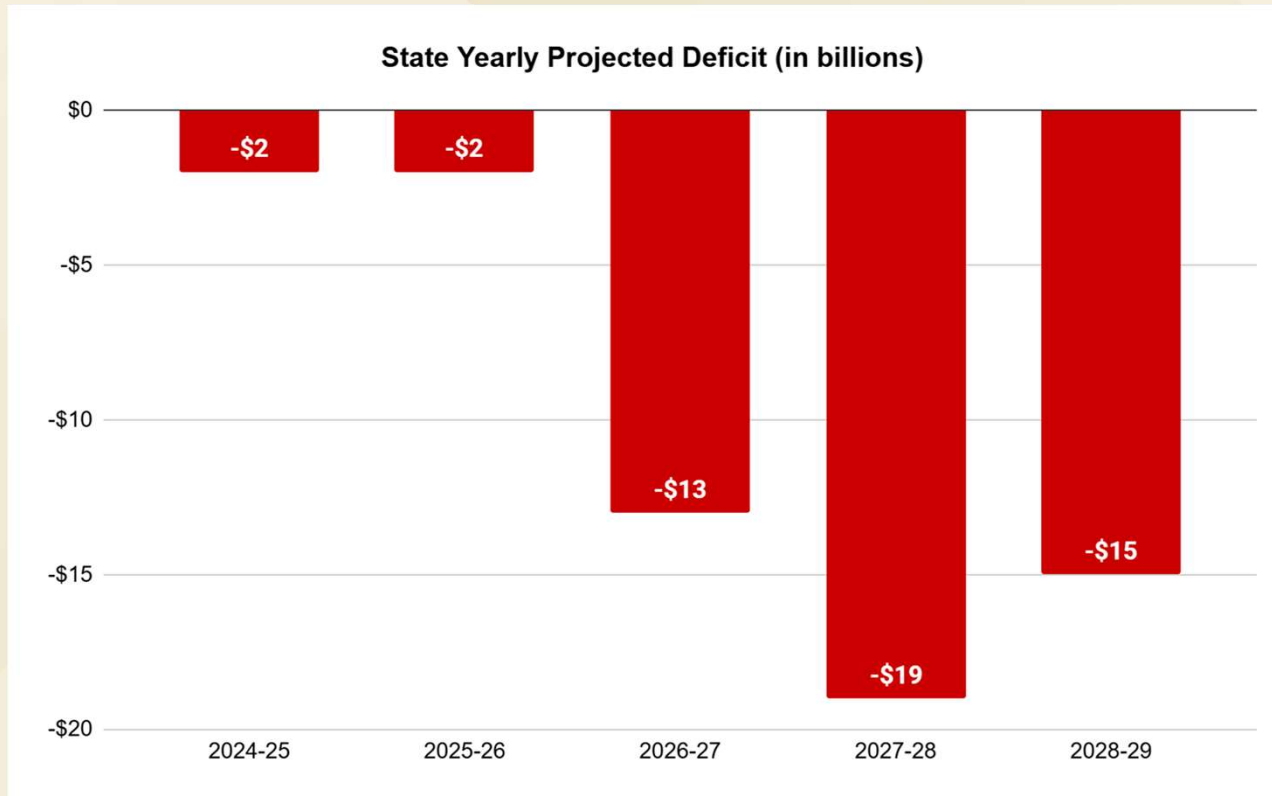
> 2026-27 Cal Poly Humboldt Budget Planning

➤ **Key Factors Shaping our 2026–27 Budget**

- **Enrollment Growth Scenarios** – Up to 7% growth, consistent with the Strategic Enrollment Management Plan.
- **CSU Funding Scenarios** – Up to 5% decrease possible due to system wide enrollment reallocation.
 - Humboldt continues progressing toward its 7,154 FTES funding target.
- **Mandatory Cost Increases** – Rising costs for utilities, insurance, and contractual obligations; varying collective bargaining agreement (CBA) compensation scenarios.

State & Federal Outlook

➤ Overview on State Fiscal Condition



Key Takeaway:

- State outlook remains unstable: Projected annual deficits of \$13 billion – \$19 billion through 2028–29.

➤ Ongoing Uncertainties

- **State Budget Volatility**

- Economic assumptions can shift dramatically, creating uncertainty.
- Fiscal outlook for California's outward years looks increasingly challenging, adding to long-term budget risk.

- **Federal Funding Risks**

- Direct: Pell Grants; Potential eligibility/award reductions.
- Direct: Research Funding; \$602 million supporting 3,000+ grants at risk.
- Indirect: Other Programs; Medicaid, food assistance reductions.

- **Campuses are being advised to exercise fiscal caution and plan strategically.**

Cal Poly
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➤ Next Steps

OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY
2025-26 Budget Divisional Recap Presentations October 24th - Advancement - Administrative Affairs - University Wide - President's Office	2025-26 Budget Divisional Recap Presentations November 7th - Enrollment Management & Student Success - Academic Affairs - Athletics & Recreation 2026-27 Budget Preliminary Planning Scenarios November 21st - UBO to finalize & share	2026-27 Budget Preliminary Planning Scenarios December 15th - UBO to distribute budget targets & tools to divisions	State January Budget Proposal January 10th - CA Governor to release 2026-27 Budget Proposal 2026-27 Budget Preliminary Planning Scenarios - UBO will provide updated planning scenarios if budget proposal varies significantly from initial planning	2026-27 Budget Divisional Presentations Budget 101 Spring Forum

➤ Key Takeaways

- **Strong Foundation** – We continue to build on a balanced budget, growing enrollment, and thoughtful, strategic decisions that strengthen our financial footing.
- **External Uncertainties** – State and federal budget conditions, along with rising costs, create challenges outside our direct control.
- **Steady Progress** – Proactive planning, strategic use of one-time funds, and a focus on long-term stability keep us well-positioned moving forward.
- **Shared Commitment** – Through collaboration, transparency, and care, we'll continue to move forward together with diligence and optimism.

Questions?

Questions or feedback can also be directed to:

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