Subject: Budget Update From the President
Date: Thursday, May 8, 2025 at 3:01:10 PM Pacific Daylight Time
From: Office of the President
To: Christine Paik

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Dear CSUSM faculty and staff,

Thank you for your ongoing collaboration and thoughtful engagement as we navigate the challenges of our budget reality. As always, we are approaching budget decisions through the lens of our strategic plan – prioritizing our people, our mission of student success and the sustainability of our university for the generations to come.

In January, with Gov. Newsom's initial budget proposal of 7.95% in potential cuts to the CSU, we shared a process to ensure that your voices were included through the World Café meetings. From there, we gathered and evaluated your ideas – prioritizing high-impact, low-difficulty solutions such as the VSIP (Voluntary Separation Incentive Program) – in a consultative process with the President's Budget Advisory Committee, the Academic Senate's Budget and Long-Range Planning Committee, and senior leadership.

VSIP

As you know, we just concluded our VSIP application period. Fifty-eight employees applied, with salaries and benefits adding up to $9.5 million. We anticipate that, of that $9.5 million, $5 million will be net savings to our budget after we reinvest $4.5 million strategically to replenish teaching and work capacity. This was discussed in further detail at last Thursday's budget forum, linked on the budget office page.

2025-26 Budget Savings

While the VSIP represents significant savings, it is only a portion of what's needed for the 2025-26 fiscal year. To address the projected shortfall – from the proposed 7.95% budget cut and compact deferral – we have assembled a thoughtful and responsible combination of savings:

- $5 million – VSIP savings
- $1 million – Pause of the technology refresh program
- $1 million – Additional World Café ideas (e.g., voluntary time base reductions,

centralization and shared services)
- $1 million – Benefits savings from frozen positions
- $500,000 – Software savings
- $1.5 million – Use of undesignated/central reserves

These were discussed in last week's budget forum.

These solutions put us on a strong path forward, but we must remain flexible and ready to adapt based on final budget decisions from the state. The governor's May budget revision is expected around May 14, after which we will hold another budget forum at noon on Monday, May 19. We do not expect the state's final budget until June 30.

Enrollment

On a positive note, while new students are still making their decisions and there's still a ways to go to our official fall 2025 enrollment numbers, our enrollment appears solid. As a reminder, as shared in the budget forum, our enrollment is not only a key part of our mission but also important to our budget health. CSUSM continues to show positive enrollment, which will help avoid some severe budget actions. As we continue to prioritize enrollment in line with system guidance, Enrollment Management Services (EMS) will begin reporting to the president as we begin the fall semester.

Next Steps

Throughout the summer months and into the fall, we will continue to explore opportunities for savings, efficiencies and innovation with work groups around more of the ideas generated in the campuswide World Cafés.

I know we're working hard to serve students with fewer positions; one thing that came out of the World Cafés was how we can centralize and reorganize our operations. This work will be ongoing, and we will be administering surveys and/or holding World Cafés in departments for input on opportunities for campuswide centralization.

Meanwhile, our advocacy and our work must continue, and we remain steadfast in our commitment to transparency and strategic planning as we move into the year ahead. Thank you again for your resilience, your partnership and your dedication to our students and to CSUSM.

Sincerely,

Ellen J. Neufeldt, Ed.D.
President