



**MEMORANDUM**

**DATE:** May 02, 2024

**SUBJECT:** Final Recommendations of the University Budget Committee (UBC) for Base and one-time Budget allocation for the Fiscal Year (FY) 2024-25

**TO:** Thomas A. Parham, Ph. D.  
President, CSUDH

**FROM:** Rama Malladi, Ph. D.  
Chair, University Budget Committee, CSUDH  
Professor of Finance, College of Business and Public Policy (CBAPP)

**CC:** All current UBC Members and guests  
Adrian Witt, Bobbie Porter, Brian Jaramillo, Brian Jarrett, Chris Manriquez, Christina Baltazar, Claudia M. Orozco, David Gamboa, Deborah Wallace, Edgar Mejia-Alezano, Eva Sevcikova, Horace Crogman, Jacqueline Kuenz, Jane Gallegos, Jhanella Mae Martinez, Justin T. Gammage, Ken O'Donnell, Kirk Rogers, Marcelo Cowo, Michael E. Spagna, Nick Norimoto, Rama Malladi, Ronald Norby, Susan M. Sanders, Tony Jake, William Franklin

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One of the key missions of the University Budget Committee (UBC), established by PM 2014-04,<sup>1</sup> is to make recommendations to the President concerning budgets, enrollments, and strategic and divisional plans at CSUDH.

The UBC has met (so far) on seven occasions during the FY2023-24 year. During these meetings, the CFO and the staff from the CFO's office have provided information to the UBC members on the following items:

- 2022-23 Year-end Budget vs. Projected Actuals
- 2022-23 Year-end Balances & Reserve Designations
- 2022-23 Operating Fund Reserve Designation
- 2022-23 Reserve Planning
- CARES Closing Summary
- 2023-24 CSUDH University Budget by Division
- Closing the Loop (on UBC Recommendations)
- Funded 2023-24 UBC Priority Items

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<sup>1</sup> PM 2014-04: [https://www.csudh.edu/Assets/csudh-sites/admin-finance/docs/admin-finance/university-budget-committee/pm%202014-04%20\(ubc\).pdf](https://www.csudh.edu/Assets/csudh-sites/admin-finance/docs/admin-finance/university-budget-committee/pm%202014-04%20(ubc).pdf)

- 2024-25 Roadmap
- 2024-25 Planning
- 2023-24 Review – 1st Quarter
- 2023-24 Enrollment Update
- 2024-25 CSU Budget Request
- Budget Request Process & Topics
- OpenGov Update
- 2023-24 Enrollment Update
- Centrally Monitored Financials October Update
- DH Transparency - OpenBook
- CSUDH Budget Update
- 2023-24 Quarter 2 - January Update
- 2024-25 Governor's Budget Update
- UBC PM Update (discussed three times)
- Discussion on the President's communication on "CSUDH Budget Challenges."
- Solicitation of UBC member actionable ideas to boost revenue and cut costs
- Compilation of 13 Suggestions from UBC members for increasing revenue
- Compilation of 18 Suggestions from UBC members for reducing costs
- Discussion on how the Executive Cabinet is preparing for the \$10 million base budget reduction as suggested by the Chancellor's Office
- Discussion on the President's communication on " Update on Budget Deliberations."
- Discussion on the FY2024-25 preliminary budget memo from the Chancellor's Office

Drawing from the campus-wide communications "CSUDH Budget Challenges" sent on 03/04/2024 and "Update on Budget Deliberations" sent on 03/28/2024, the UBC acknowledged the President's guidance stating, *"After thorough discussions and careful consideration with the executive Cabinet, I have devised a strategy to address the current shortfall in three distinct phases, aimed at mitigating its impact while allowing us to adapt to evolving circumstances statewide. In phase one, I have allocated specific reduction targets to each vice president and division leader, which they will further discuss with their respective staff as necessary. Phase two assessment will commence this summer, followed by deliberations on a potential third phase during the fall semester, specifically in October/November, with anticipated reduction targets for 25/26. Proposed measures will undergo review by the executive Cabinet before final decisions are made. Throughout this process, I have underscored the importance of safeguarding our core priorities. I am confident that our Toro community will emerge from this set of financial challenges stronger and more resilient than before."*

The UBC has been briefed by the CFO's office on the revised FY23-24 operating budget of \$277,718,031 during these six meetings (up to Q2 actuals).

In line with the Chancellor's Office projections, predicting 5% salary increases over three fiscal years (FY23/24, 24/25, 25/26), the VP of Finance, Deb Wallace, in consultation with the executive Cabinet, has proposed phased reductions to address the initial two years (FY 23-24 and 24-25) of compensation shortfalls totaling \$7,638,000. At present, from the total compensation shortfall of \$7,638,000 under the AADHT category for FY23/24 and 24/25, Phase 1 has identified reductions amounting to \$5,740,747, leaving a remaining difference of \$1,897,253 to be addressed by Phase 2. The UBC suggests that budget reductions related to compensation should roughly correspond to the increases in compensation across divisions. The resolution for this balance is expected to be determined no later than July 1, 2024.

Similarly, at present, from the total revenue shortfall associated with the enrollment declines of \$1,729,942 under the ST001 category for FY23/24 and 24/25, Phase 1 has identified reductions amounting to \$936,818, leaving a remaining difference of \$793,124 to be addressed by Phase 2. The resolution for this balance is expected to be determined no later than July 1, 2024.

As we prepare this recommendation document, several items remain unknown, and any significant changes in these areas will need to be addressed during the fiscal year:

- Governor's May Revision – May 2024
- CSU Final Budget Allocation Memo – July 2024
- March / 3rd Quarter Close – Projection for Year-end Expenses
- Pending General Salary Increases (GSIs). These will be processed in April 2024 for Unit 3 CFA, Unit 4 APC, and Unit 6 Teamsters

There are 17 voting UBC members (six Ex Officio from the Cabinet, six faculty members - one from each college, three students, one from the Library, and one non-MPP staff). Ten members participated in the vote (9 Yay and 1 No). There was a significant debate and discussion about the base budget reductions, mainly centered around multi-year enrollment declines, compensation shortfalls, spending beyond means, and a need to improve revenue sources.

The UBC members appreciated the diligent work done by the office of the CFO in putting forward a collective cabinet recommendation in front of the UBC.

Attached is a base budget reduction matrix with the details of the recommended reductions by divisions. After review, please indicate agreement with this recommendation or provide notations to reject or modify any specific recommendations. With your signature, the Budget Office will make the approved allocations to the Divisions for 2024-25.

**FY2024-25 Budget Recommendations:**

*1) The CSUDH University Budget Committee has approved a base budget reduction of \$7,638,000 to handle the compensation shortfalls for the fiscal years 2023-24 and 2024-25 and a base budget reduction of \$1,729,942 to account for the student enrollment declines. Details of these reductions are provided in Figures 1 to 4 at the end of this document.*

*2) The CSUDH University Budget Committee has endorsed a comprehensive set of measures, consisting of 13 proposals aimed at boosting revenue streams and 18 proposals focused on curtailing expenditures. These recommendations should be considered and implemented as an integrated, all-encompassing strategy rather than being selectively adopted in a piecemeal fashion. Details of these suggestions are provided in Appendix A and B at the end of this document.*

*3) The UBC would like to be involved in the phase two budget reductions, followed by deliberations on a potential third phase during the fall semester, specifically in October/November, with anticipated reduction targets for 25/26. Any proposed measures will undergo review by the UBC in consultation with the executive Cabinet before final decisions are made.*

If you have any questions for the UBC, please let me know. The UBC awaits your decision to approve, reject, or modify these recommendations. Thank you for your continued support of UBC.



Date: 05/02/2024

Rama Malladi, Ph. D.  
Chair, CSUDH University Budget Committee

**PRESIDENTIAL RESPONSE TO COMMITTEE RECOMMENDATIONS:**

- \_\_\_\_\_ Accept ALL Recommendations, OR;
- \_\_\_\_\_ Accept Recommendations with below-noted exceptions

***Reject Recommendations as follows:***

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

***Modify the Recommendations as follows:***

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

\_\_\_\_\_  
Thomas A. Parham, Ph. D.  
President, CSUDH

\_\_\_\_\_  
Date

Information Provided by the Chancellor's Office



(in millions)

	23/24	24/25	25/26	Total
Cost of 5% Increase	\$261	\$277	\$291	\$829
Compact Funds for Comp	\$123	\$68	\$112	\$303
Campus funds needed	\$138	\$209	\$179	\$526
Tuition Rate Increase	\$0	\$99	\$105	\$204
Campus Funds Needed	\$138	\$110	\$74	\$322
<b>University Estimate</b>				
Dominguez Hills	*4,250,000	3,388,000	2,279,000	9,917,000

Figure 1: FY 23-24 and 24-25 Compensation Shortfalls totaling \$7,638,000.

## STUDENT SUCCESS FEE - STRATEGY

	2023-24	2024-25
<b>ST001 Total Base Budget</b>		
15,500 Headcount		
\$8,929,942		
Projected Headcount	14,538	13,618
ST001 Revenue Projection	\$7,600,000	\$7,200,000
ST001 Shortfall	(\$1,329,942)	(\$1,729,942)

- Reduce division base budgets with expectations of continued enrollment decline resulting in revenue shortfall. Lion's share of reduction will come from Academic Affairs & Student Affairs.

Figure 2: FY 23-24 and 24-25 Student Success Fee Shortfalls totaling \$1,729,942.

Compensation Package Shortfall (AADHT)	\$ 7,638,000	Salaries and			Adjustments	Salaries and			% Budget	% Reduction
		Benefits	O&E	Total		Benefits	O&E	Total		
<b>Reductions</b>										
Academic Affairs		\$ 3,585,950	\$ 659,000	\$ 4,244,950	\$ 200,000	\$ 3,785,950	\$ 659,000	\$ 4,444,950	60%	77%
Admin & Finance		\$ 426,560	\$ -	\$ 426,560	\$ 50,000	\$ 476,560	\$ -	\$ 476,560	15%	8%
Diversity, Equity, Inclusion & Justice		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%
Information & Technology		\$ 359,929	\$ 70,167	\$ 430,096	\$ 50,000	\$ 409,929	\$ 70,167	\$ 480,096	9%	8%
President's Office		\$ 102,300	\$ 60,000	\$ 162,300	\$ -	\$ 102,300	\$ 60,000	\$ 162,300	3%	3%
Student Affairs		\$ 416,985	\$ 33,015	\$ 450,000	\$ (450,000)	\$ -	\$ -	\$ -	11%	0%
University Advancement		\$ -	\$ 20,000	\$ 20,000	\$ 156,841	\$ 156,841	\$ 20,000	\$ 176,841	3%	3%
Totals - Division Estimates	\$ 5,740,747	\$ 4,891,724	\$ 842,182	\$ 5,733,906	\$ 6,841	\$ 4,931,580	\$ 809,167	\$ 5,740,747	100%	100%
Difference needed for shortfall	\$ 1,897,253									

**Figure 3: Division Base Budget Reductions: To account for the FY 23-24 and 24-25 compensation shortfalls totaling \$7,638,000.**

Revenue Shortfall (ST001)	\$ 1,729,942	Salaries and			Adjustments	Salaries and			% Budget	% Budget Reduction
		Benefits	O&E	Total		Benefits	O&E	Total		
<b>Reductions</b>										
Academic Affairs		\$ 179,050	\$ 250,000	\$ 429,050	\$ -	\$ 179,050	\$ 250,000	\$ 429,050	54%	46%
Admin & Finance		\$ -	\$ 14,000	\$ 14,000	\$ -	\$ -	\$ 14,000	\$ 14,000	2%	1%
Diversity, Equity, Inclusion & Justice		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	2%	0%
Information & Technology		\$ 45,509	\$ -	\$ 45,509	\$ -	\$ 45,509	\$ -	\$ 45,509	13%	5%
President's Office		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%	0%
Student Affairs		\$ 280,100	\$ -	\$ 280,100	\$ -	\$ 280,100	\$ -	\$ 280,100	27%	30%
University Advancement		\$ -	\$ 175,000	\$ 175,000	\$ (6,841)	\$ -	\$ 168,159	\$ 168,159	2%	18%
Totals - Division Estimates	\$ 936,818	\$ 504,659	\$ 439,000	\$ 943,659	\$ (6,841)	\$ 504,659	\$ 432,159	\$ 936,818	100%	100%
Difference needed for shortfall	\$ 793,124									

**Figure 4: Division Base Budget Reductions: To account for the enrollment declines totaling \$1,729,942.**

## Appendix A: 13 Suggestions to Improve Revenue

### 1. Student Recruitment and Retention:

- Hire a marketing firm to seek and recruit new students to improve enrollments on a commission basis for the Fall 2025 cycle immediately.
- Develop "cradle-to-grave" programs or pathway programs for students to entice them to attend CSUDH instead of another campus because we are setting them up for success in a particular field of study (finance, engineering, biology, etc.). CPP has the MEP program.
- Send teams to High Schools and Junior Colleges to promote CSUDH programs and recruit students.
- Rebuild enrollments with improved admission, retention, and mean unit load.
- Reduce administrative barriers. Sometimes, we lose students because we wear them out because of how hard we are to deal with them.
- Improve general advising and Faculty advising/availability hours to improve student retention and revenue streams for the University.

### 2. Revenue from Campus Partners:

- Recommend getting more revenue from CCPE. At present, there is no MOU for Open University enrollment via CCPE. CCPE only gives the colleges 40% of the revenue, keeping 60% for themselves. However, there is no documented rationale for this distribution. Given their status as Campus partners, a more equitable split, such as 50%, would be more appropriate. If the colleges get more revenue from CCPE, these one-time funds can be used for operating expenses, leaving AADHT to baseline needs.
- Suggest evaluating formal courses (not CE Courses per se) now offered through CPPE for potential movement to stateside and capturing larger enrollments as a revenue enhancement strategy.

### 3. Campus Infrastructure and Services:

- Partner with a developer to build staff/faculty housing after conducting an open and transparent study to see how many will stay in those if built.
- The LA City Fire Department spends nearly \$840 million annually. LAPD spends more than \$50 million annually on contractual services. Contact the Mayor's office to see if any fire services (or city police infrastructure) can be stationed on campus lands and if additional revenue can be generated.
- The LA City Homelessness Emergency Program spends \$64 million to \$200 million annually. In addition, the Accessible Housing Fund (Sch. 38) has \$10 million. See if unused campus housing during summer months can be contracted out to the City through the Mayor's office.

### 4. Enrollment-Based Budgeting:

- Assess and identify the campus FTES target/goal that would mitigate or remove budget reductions. Then, work backward to develop strategies to help us attain that goal.
- Set FTES Targets for each college. Report actual enrollment vs. Targets. Apply real enrollment-based budgeting. Keep the Deans and the Chairs accountable.



## **Appendix B: 18 Suggestions to Reduce Costs**

### **1. Course Management and Enrollment:**

- If a course has a CSU Fully online option and enrollment is below 20 at DH, consider canceling it and guide students to the CSU fully online course.
- Reduce Low enrolled classes.
- Use Large lecture rooms to increase the size of classes and reduce costs.
- Protect student progress to degree. It is our core mission, so make sure there are still enough seats in classes, and if you have to cut, then cut electives. We would also want those degrees to remain equitable and appropriately supported. So even though cultural affinity centers, tutoring centers, and student success centers do not confer degrees, they contribute here.

### **2. Faculty Compensation and Time Management:**

- Cutting the number of stipends offered to CFA? Not sure why they get stipends over their salary pay when some are 1 FTE employee.
- Colleges should not be allowed to pay stipends to Faculty.
- Payment of Stipend should be discouraged at any level. If a faculty member has to spend time on a quality project or research, they may need release time to do the work, budget for a student assistant or research assistant, equipment, etc., but not a stipend.
- The use of release time should be evaluated carefully.
- Colleges should not be permitted to pay faculty stipends; CAA should eliminate NSO/TSO stipends (part of the bargaining workload), and colleges should reduce Faculty assigned time costs.
- Assess college-funded reassigned time, college travel support, and student assistant hours.
- Allow all Academic Department Chairs to take summer off. Their summer duties could be passed on to associate deans (academic-related) and ARMs (financial-related). This will save the University about \$250,000 in summer stipends for Chairs.

### **3. Staffing and Department Structure:**

- Enact hiring freezes immediately.
- Consolidate small departments into larger departments to cut down on Chairs and their support staff. To be called a department (and have a chair), it should have a minimum of 10 faculty (TT and NTTF).
- Similar to how part-time Faculty teach in multiple campuses (aligned with enrollments) and accumulate benefits, encourage staff and administrators to have multi-campus appointments and allow them to accumulate benefits.
- Reduce the number of employees. We should start with hiring freezes, then go to things like furloughs and severance incentives before terminating anyone. It is just too harmful to the culture here.

### **4. Process Improvement:**

- Streamline business processes. Shifting the work to a different department is not considered streamlining.
- Create an online system to reserve rooms. Right now, so many people (and their time) need to book a single room.

### **5. Budget Management:**

- Consider cutting down retreats at beach resorts and golf courses until the budget is sorted out.