

# **FY26 Budget Development Update and Draft Framework for Long-term Fiscal Stability**

**Board of Trustees Committee of the Whole Meeting  
May 8, 2025**



# FY25/26 Budget Planning

- Planning efforts have been ongoing for the last 10 months and have included critical elements such as:
  - Detailed categorization review of U-Fund expenditures
  - Development of position control file
  - Seeking reimbursements for allowable expenses (local and state)
- Efforts will continue to proceed in preparation of a balanced Tentative Budget to be adopted by the Board by June 30, 2025, and an Adopted Budget by September 15, 2025.
- Additionally, a framework is being developed to undertake long-term strategies that will address the College's fiscal stability. The Board is being presented with potential elements of this framework at this meeting for discussion.

# FY24/25 Expected Results

- Improved financial picture over the Mid-Year Adjusted 2024/25 Budget
- Expected FY24/25 surplus increases significantly:
  - Free City Year 4 and Year 5 retroactive reimbursements: **\$6.6 million**
  - FY23/24 part-time faculty health and office hours reimbursements: **\$1.9 million**
  - Adjunct costs exceeding budgets: **(\$1 million)**
- Expected FY24/25 spendable reserve level: 16+%
- *NOTE: It is important to exercise caution and prudence in any allocation of any newly-secured one-time funds in FY24/25, as those funds may be needed in future years to offset/mitigate deficit spending*

# Refined Draft FY25/26 Budget Assumptions – Revenue

Funding Source	Amount
Funding Floor	\$166.7 million
Hold Harmless funding	\$29.8 million
Parcel Tax	\$19.8 million
Sales Tax	\$14 million
Non-Resident Fees	\$5.4 million
Free City	\$16.4 million*

*\*Free City Oversight Committee recommended funding level*

# Refined Draft FY25/26 Budget Assumptions – Enrollment

Enrollment Element	Goal/Action
FTES Enrollment Growth	<ul style="list-style-type: none"> <li>• 3% or 450 FTES = 15,515 / Enrollment Management Committee-endorsed Recommendation</li> <li>• \$1.2 million AEP funding commitment (additional sections)</li> </ul>
Centers	<ul style="list-style-type: none"> <li>• Avert \$3 million centers funding loss by FY26/27</li> <li>• Mission, John Adams, Chinatown – Reach large center funding within 2 years (~800 FTES)</li> </ul>
Improved Productivity	<ul style="list-style-type: none"> <li>• Re-assess rubric to keep classes with enrollments below 20 and re-deploy resources to higher productivity offerings</li> <li>• Change in CCCCO mandated enrollment reporting</li> </ul>
Focused Growth Areas	<ul style="list-style-type: none"> <li>• Noncredit</li> <li>• Dual Enrollment</li> <li>• Justice Impacted</li> <li>• Older Adults</li> </ul>

# Refined Draft FY25/26 Budget Assumptions – Expenses

Expense Area	Amount
Adjunct/Overload	4.8% increase over the prior year Optimize expenditure by shifting resources to higher productivity offerings
Workers' Compensation	\$1 million
Contingency for negotiated salary increases (SEIU, Local 39, Trades, Un-represented, and Administration)	\$1.5 million
Contingency for Retirement Incentives	\$1.25 million
Health Care Plans	11.3%
Utilities	Additional \$300k budgeted; total \$5 million <ul style="list-style-type: none"> <li>• SFPUC: 15.9% Municipal rate</li> <li>• Water 18%</li> <li>• Additional square footage – STEAM 124k sqft; Student Services 72k sqft</li> </ul>
Other changes, including re-organizational elements	Open

# FY25/26 Budget Planning – Categorical/Grants

- College budget will include all categorical funds – both current year allocation, plus any prior year unspent carry-over.
- Expected Loss of National Science Foundation (NSF) and TRIO grants; Perkins funding reduced by 34%

# FY25/26 State Budget Information

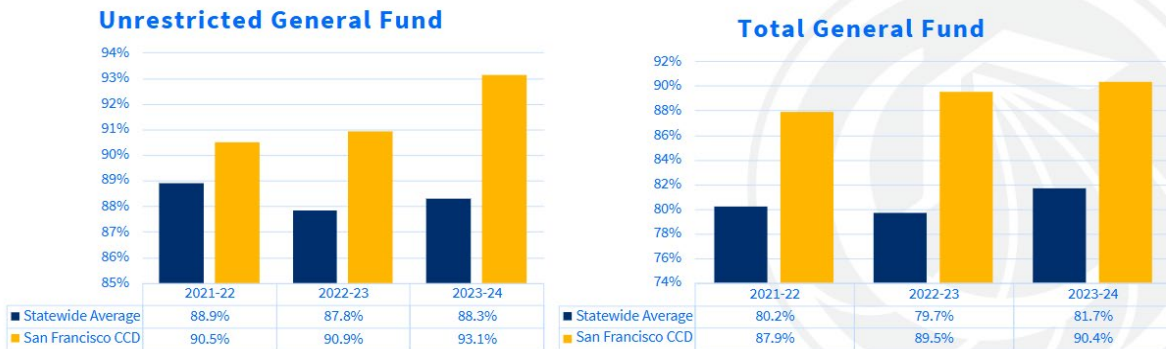
- Governor's January budget proposal:
  - Silent on deficit factor
  - Did not include Part-Time Faculty Health funding
- Governor's May Revise likely will not reflect optimism presented in original January budget proposal

# Considerations for Out Years

- CCSF cannot grow itself out of the problem; SCFF revenues will remain flat at \$166.7 million in the foreseeable future
- Reduce Structural Deficit
- GOAL: Reduce Hold Harmless gap
- CCSF's current compensation level as a percent of expenditures:
  - U-Fund 93%; statewide average: 88%
  - General Fund 90%; statewide average 82%

## Salaries and Benefits Share of General Fund Expenditures

How much flexibility for discretionary and operational spending after paying salaries and wages?



# Budget Sustainability Blueprint Framework

**DRAFT – FOR DISCUSSION ONLY**



# Goals

- Stabilize/balance the FY26 and future budgets to resolve structural deficit(s)
- Maximize revenues
- Reduce expenses
- Adjust College operations to align with current resources and balance with student and community needs.
- Free-up resources for responsible program offering growth, operational investments and employee compensation adjustments

# Guiding Principles for Financial Sustainability Adjustments

1. Actions should not put collegewide strategic initiatives and plans at risk that have been established to support student retention and completion, future responsible enrollment growth and/or quality improvements to programming or operations.
2. Actions should not cause direct reduction in core student services.
3. Actions should not cause further collegewide enrollment declines.
4. Actions should not increase the risk to safety and security.
5. Actions should be balanced, prudent, phased (as appropriate and necessary) and lasting.
6. Actions should not negatively impact the College's accreditation with ACCJC.

# Focus Area: Program-Related Actions

- Increase course productivity
- Rebalance course schedules and reduce single-section course offerings (currently ~70% single sections/30% multi-sections)
- Implement program vitality measures and adjust programs and resource allocations accordingly
- Implement Strategic Enrollment Strategic Plan framework (growth areas: noncredit, older adults, justice impacted, dual enrollment)

# Focus Area: Personnel-Related Actions

- Implement further hiring protocols to reduce overall employee headcount (through capturing retirements, vacancies and program vitality)
- Evaluate and leverage employee capacity across the College
- Evaluate overtime expenditures
- Evaluate reassigned time
- Implement retirement incentive programs

# Focus Area: Non-Personnel-Related Actions

- Evaluate and maximize facilities utilization (including commissioning facilities master plan revision and taking facilities off-line)
- Invest in and utilize technology to make work more efficient/less costly
- Invest in and utilize tools to better leverage and communicate data for informed decision-making
- Re-organize the College to allow for enhancing the student experience (academics and supports) and space/resource maximization

# The Horizon

- This portfolio will be further developed and implemented in phases over the next 24 – 36 months
- Investment in elements of the framework now are necessary to yield desired results in out years
- Engagement will be ongoing, with further development and specificity for action items surfacing at appropriate times

# Questions & Feedback