City College of San Francisco
Multi-Year Budget and Enrollment Strategic Plan

November 2020

Executive Summary

This multi-year budget and enrollment strategic plan (the "Plan") projects revenues and expenditures for fiscal years 2021-22 through 2024-25. Hold Harmless (described below) ends FY23/24. The planned annual budgets for these fiscal years are designed to meet the following goals:

- Fiscal sustainability
- Long-term stability in the class schedule and delivery of services to students
- Stabilize the College's annual enrollment between 18,000 and 20,000 resident FTES

To meet these objectives, this plan:

- Increases the College's reserve from 5.3% in fiscal year 2020-21 to 8.2% in fiscal year 2024-25
- Requires restructuring the College's delivery of programs and services to keep total personnel costs to less than 90% of overall unrestricted general fund and parcel tax expenses
- Relies on the participatory governance process to focus on programs designed to stabilize and grow enrollment at a reasonable rate consistent with the College's Vision and Mission

Key assumptions of this plan are:

- College revenue will remain flat through 2023-24, and drop in 2024-25
- Reductions in salary expenses for all employee groups between 15-25% through 2024-25
- Reduction in the schedule of classes of at least 600 annual class sections from 2020-21 levels, and maintenance of that reduction through 2024-25
- Restrictions on employee hiring across all employee groups, to ensure a continued $2.5M vacancy savings in classified staff, a reduction of full-time faculty, and administrative positions

The plan assumes that unrestricted general fund, restricted fund, and parcel tax revenues will remain at 2020-21 levels through 2023-24. In fiscal year 2024-25, anticipated unrestricted general fund revenues are expected to drop by approximately $8M as the "hold harmless" provisions of the state's funding formula expire.

The 2020-21 budget includes a one-time withdrawal from the Retiree Health Care Trust Fund, and results in a planned deficit of approximately $5.5M. Based on the planned funding levels and the overall budget goals, reductions of total expenditures are needed for each of the years included in this plan, with the majority of the reductions in salary and benefit expenses.

The planned reductions in salary and benefit expenses will have impacts on the instructional program, student service areas, and other areas of the College. Specific details of these impacts will be determined as part of the annual budgeting process; however, the scope of the planned salary and benefit reductions will require a reduction of the class schedule from approximately 5,400 annual class sections to approximately 4,800 annual class sections. In addition, these salary and benefit reductions will require reducing service levels in student service areas and other College functions. Additional reductions in salary and benefit expenses will be achieved through negotiated changes in employee compensation and reductions in staffing levels.

The challenges before the College are as significant as any the College has faced in the last decade, and the changes required to address these challenges are profound. However, by facing these challenges head on, the College will emerge with fiscal sustainability, with a focus on quality instructional programs and services for the College's students.

Introduction

The College is in a dire financial emergency. Enrollment at the College has dropped dramatically, from 32,600 full-time equivalent students in 2012-13 to just over 19,200 in 2019-20. Since the 2012-13 academic year, major portions of the College's revenue have not been tied to enrollment, as is normally the case in community colleges. Funds that were put into reserves in accordance with the "Long-Term Plan for Fiscal Stability," adopted by the Board of Trustees in February 2013, have been depleted by subsequent years of deficit spending. Deficit spending has continued despite significant changes in College operations. The Accrediting Commission for Community and Junior Colleges (ACCJC) has placed the College on enhanced monitoring, based on the College's financial situation. While the College is assured of some base level of funding for the next few years that is higher than the funding it would otherwise receive based on enrollment, it must use the next few years to plan for returning to revenues more closely tied to enrollment, avoiding any fiscal cliffs.

The Plan provides an overall framework towards fiscal and enrollment planning for the period spanning fiscal years 2021-22 through 2024-25. It includes:

- A review of the College's funding structure
- A multi-year enrollment outlook
- A multi-year funding outlook
- A plan for annual budgets for the next five years that stabilizes the College's budget and operations
- An overview of an annual budget development and monitoring framework that the College will use to implement elements of this plan

This plan is being presented to the Board of Trustees after the adoption of the 2020-21 final adopted budget, and as a precursor to the development of the College's 2021-22 budget. Annual budgets tied to this multi-year plan will be developed through the College's participatory governance structure. This plan will also be included in the College's response to ACCJC's letter placing the College on enhanced monitoring.

College's Mission and Vision Statement

Development of the Plan is consistent with the College's Board-adopted Vision and Mission statement, included here:

Vision

CCSF shall provide a sustainable and accessible environment where we support and encourage student possibilities by building on the vibrancy of San Francisco and where we are guided by the principles of inclusiveness, integrity, innovation, creativity, and quality. Empowered through resources, collegiality, and public support, the college will provide diverse communities with excellent educational opportunities and services. We will inspire participatory global citizenship grounded in critical thinking and an engaged, forward thinking student body.

Mission

Consistent with our Vision, City College of San Francisco provides educational programs and services that promote student achievement and life-long learning to meet the needs of our diverse community.

Our primary mission is to provide programs and services leading to:

- Transfer to baccalaureate institutions;
- Associate Degrees in Arts and Sciences;
- Certificates and career skills needed for success in the workplace;
- Basic Skills, including learning English as a Second Language and Transitional Studies.

In the pursuit of individual educational goals, students will improve their critical thinking, information competency, communication skills, ethical reasoning, and cultural, social, environmental, and personal awareness and responsibility.

In addition, the college offers other programs and services consistent with our primary mission as resources allow and whenever possible in collaboration with partnering agencies and community-based organizations.

City College of San Francisco belongs to the community and continually strives to provide an accessible, affordable, and high-quality education to all its students. The College is committed to providing an array of academic and student development services that support students' success in attaining their academic, cultural, and civic achievements. To enhance student success and close equity achievement gaps, the college identifies and regularly assesses student learning outcomes to improve institutional effectiveness. As a part of its commitment to serve as a sustainable community resource, our CCSF mission statement drives institutional planning, decision making and resource allocation.

Purpose of this Plan

Each year the College must adopt an annual budget that requires discussion and compromise in the face of competing priorities, a shifting local enrollment picture, and a shifting state and local funding picture. The Plan is designed to be a road map for the next five years by guiding the discussions and prioritizing programs and services in a way that moves the College towards a sustainable future. The Plan provides the framework for developing annual budgets for the next five years.

Since it is always difficult to predict the future, and predictions of the future are especially difficult in the current year, the Plan will be updated annually to reflect updated long-term projections. In addition, annual budgets will be developed based on known information about state and local budgets.

Development of the multi-year budget and enrollment plan is done in support of the College's Education Master Plan. In particular, the multi-year budget and enrollment plan is designed to support Goal V of the Education Master Plan: *Improve Operation of the College*. Making budget decisions based on a sober and long-term assessment of the College's budget and enrollment outlook will help the College create annual budgets that are realistic, and move the College to a place of long-term stability.

Financial, Policy, and Accreditation Framework

Survey of Funds and Fund Types

The College follows the accounting principles outlined in the California Community College Budget and Accounting Manual, which identifies the following types of funds:

- Unrestricted General Funds
- Restricted Funds
- Debt Service Funds
- Special Revenue Funds
- Capital Projects Funds, including Bond Funds
- Enterprise Funds
- Internal Service Funds, including the Self Insurance Fund
- Trust Funds
- Agency Funds

The Plan focuses on the following funds:

- Unrestricted general funds
- Restricted funds
- Parcel Tax funds, a special revenue fund

Funds received through the parcel tax have few restrictions, and so for planning purposes the consideration of parcel tax revenue and expenses are combined with the unrestricted general fund revenue and expenses.

The other fund types, such as Bond Funds and the Self Insurance Fund, are not included in the Plan as the uses of these funds are restricted by law. In particular, these particular kinds of funds cannot be broadly used to cover salaries or benefits for College employees. The use of all funds will be a component of the annual budget development process.

Policy Principles

Board Policy 8.01

Board Policy 8.01 and its associated Administrative Procedures 8.01 and 8.01A discuss the budget preparation process and fiscal accountability. They include criteria for budget development, the budget development calendar, and position control. Board Policy 8.01 establishes a requirement that unrestricted general fund reserves shall be maintained between 5% and 9%.

Board Policy 8.05

Board Policy 8.05 discusses budget management, and includes requirements that Board approval is required for changes between major expenditure classifications.

Accreditation Principles

The College is accredited by the Accrediting Commission for Community and Junior Colleges (ACCJC). This accreditation is key to its continued operation – among other things, it is what ensures that students taking classes can have their credits recognized by other colleges, and it is the basis for receiving federal financial aid dollars.

There are a number of accreditation standards and principles that are tied to the College's financial situation. Standard III.D addresses financial resources, and includes the following:

III.D.1. Financial resources are sufficient to support and sustain student learning programs and services and improve institutional effectiveness. The distribution of resources supports the development, maintenance, allocation and reallocation, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability.

III.D.4. Institutional planning reflects a realistic assessment of financial resource availability, development of financial resources, partnerships, and expenditure requirements.

III.D.7. Institutional responses to external audit findings are comprehensive, timely, and communicated appropriately.

III.D.9. The institution has sufficient cash flow and reserves to maintain stability, support strategies for appropriate risk management, and, when necessary, implement contingency plans to meet financial emergencies and unforeseen occurrences.

III.D.12. The institution plans for and allocates appropriate resources for the payment of liabilities and future obligations, including Other Post-Employment Benefits (OPEB), compensated absences, and other employee related obligations. The actuarial plan to determine Other Post-Employment Benefits (OPEB) is current and prepared as required by appropriate accounting standards.

The College's accreditation was most recently affirmed by ACCJC in January 2017. In the October 2016 Visiting Team Report that was the basis of this reaffirmation, the visiting team made two suggestions that are addressed in the Plan:

2. It is suggested the college continue to focus on a realistic, responsive, and responsible enrollment management plan.

3. It is suggested the college focus on realistic budget reductions tied to the outcome of enrollment management.

The College's current financial status has led the Commission to place the College on enhanced monitoring. As part of the enhanced monitoring process, the College must update the Commission on plans undertaken to address its fiscal situation.

The Plan addresses these elements of Accreditation Standard III.D.:

Financial Resources Sufficient to Support and Sustain Programs and Services. This plan includes restructuring of instructional, student service, and other areas of the College in line with available financial resources.

Realistic Assessment of Resource Availability. Prior year budgets relied on aspirational enrollment revenue increases as well as one-time shifts of expenses from the unrestricted general fund to restricted funds. This plan includes a more realistic assessment of both revenues and expenses that leads to long-term financial stability.

Response to Audit Findings. The College's 2018-19 annual audit included a finding of "going concern," noting substantial doubt about the College's ability to continue operations. This plan addresses this audit finding by providing a long-term strategic path to financial stability.

Maintenance of the College's Reserves. Even with recent financial difficulties, the College has taken action to maintain reserves of at least 5% of the College's annual expenditures, in accordance with Board Policy 8.01. However, in the 2018-19 annual audit, the auditors expressed concerns about the amount of ready-cash reserves, noting that a large portion of what was being counted as part of the College's reserves were pre-paid assets. With the announcement of deferrals of apportionment payments from the state, the lack of ready cash reserves is putting the College in a position of having to borrow money to meet financial obligations in a timely manner. This multi-year plan will address how the College will not only maintain reserves at Board-required levels, but will increase the amount of ready cash reserves to address Accreditation Standard III.D.9.

Other Post-Employment Benefits. In the 2011-12 fiscal year, the College established the Retiree Health Care Trust Fund (RHCTF) as a mechanism to address its Other Post-Employment Benefits (OPEB) liabilities. The College tapped into the RHCTF in 2019-20 and 2020-21 to pay for ongoing retiree health care costs, using $21M of the $28M that had been accumulated through College contributions and market gains. This multi-year plan will address how the College will ensure that the amount of funding in the RHCTF will meet College obligations, addressing Accreditation Standard III.D.12.

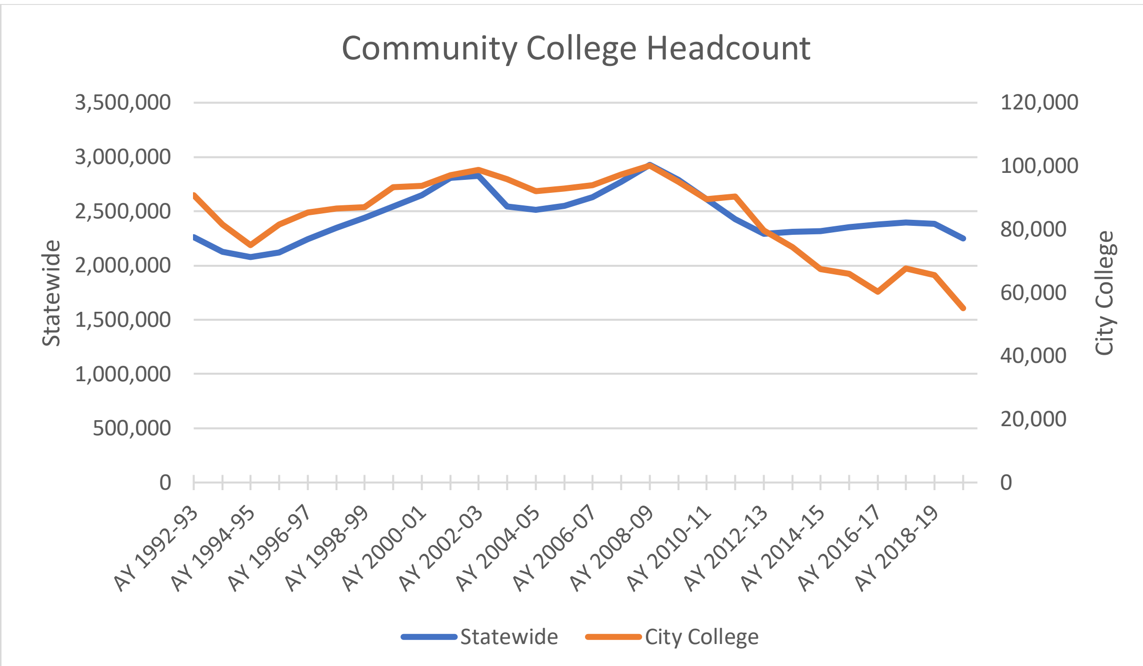
Multi-year Enrollment Outlook

This section provides an overview of external factors that impact College enrollment, and provides a basis for projections of credit and noncredit enrollment for the next five years. Actual credit and noncredit enrollment will be influenced not only by these factors, but by internal budgetary constraints and decisions made about the allocation of instructional resources to the various parts of the College.

Enrollment Factors

Community College Headcount – Statewide

The following chart compares changes in statewide community college headcount to changes in headcount at City College.

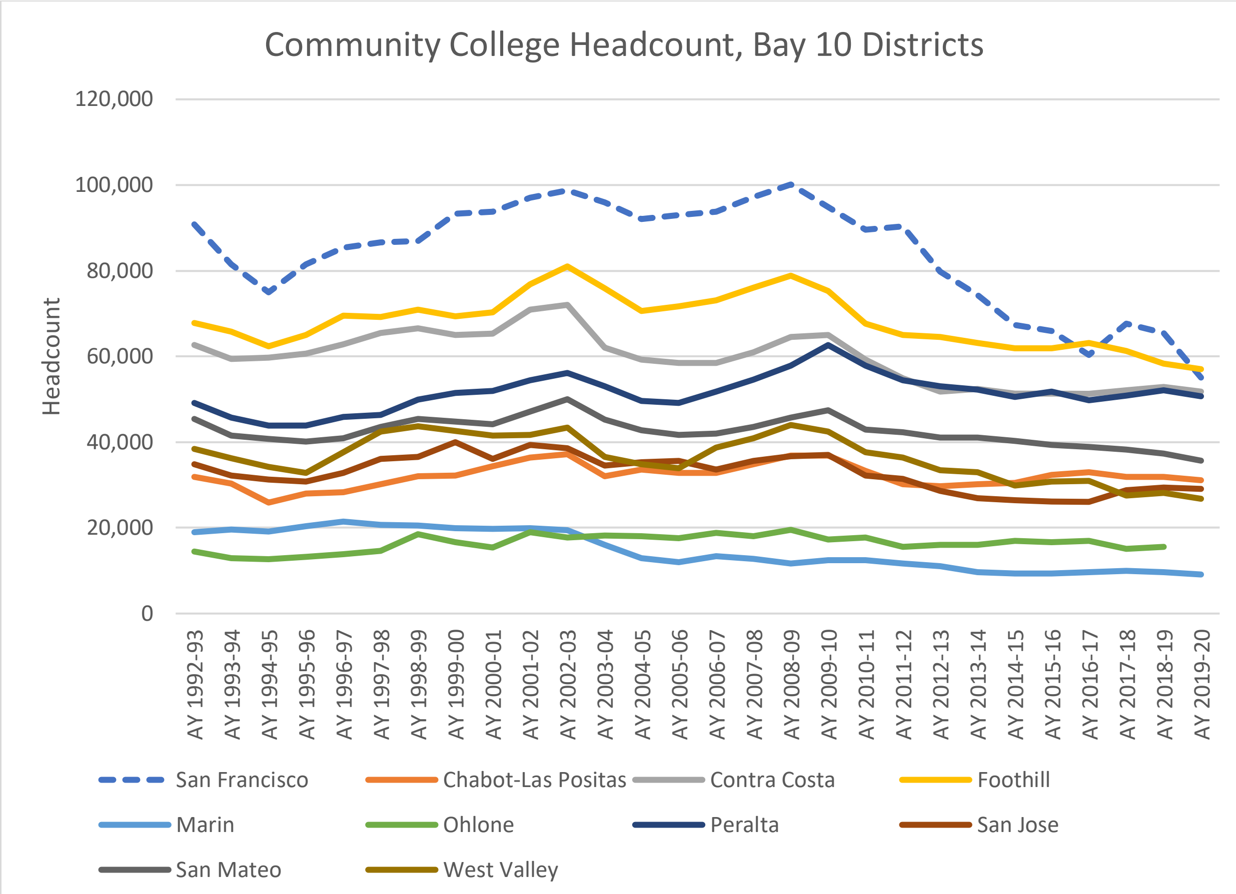


Source: CCCCO Data Mart, 9/1/20

AY 2008-09 was a high point for headcount, across the state and at City College. From AY 2008-09 to AY 2018-19, headcount has declined by 18.6% statewide, and by 34.6% at City College.

Community College Headcount – Bay Area

The following chart compares changes in headcount across the Bay 10 community college districts.



Source: CCCCO Data Mart, 9/1/20

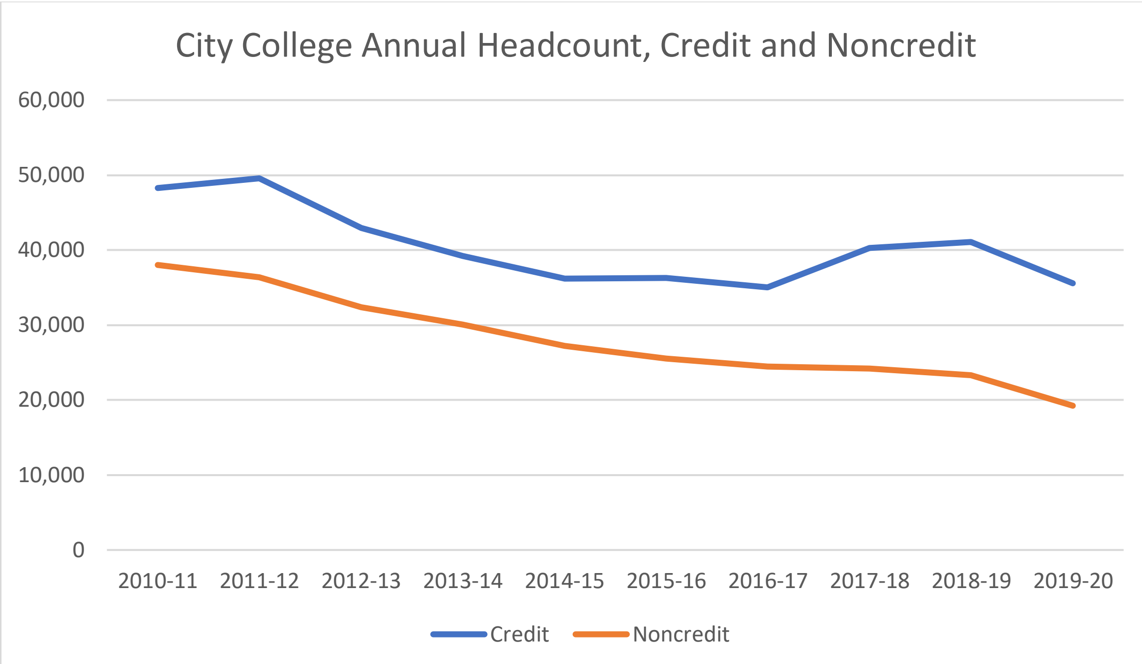
Across the Bay 10 Districts, headcount has been flat or declining since the high points of AY 2008-09 to AY 2009-10. The following table shows the percentage change in headcount for the Bay 10 Districts between AY 2008-09 and AY 2018-19.

District	AY 2008-09 Headcount	AY 2018-19 Headcount	Change	Notes
San Francisco	100,131	65,447	-34.6%	
Chabot-Las Positas	36,900	31,845	-13.7%	
Contra Costa	64,493	52,925	-17.9%	
Foothill	78,913	58,388	-26.0%	
Marin	11,729	9,676	-17.5%	Basic Aid
Ohlone	19,532	15,609	-20.1%	
Peralta	57,906	52,136	-10.0%	
San Jose	36,653	29,332	-20.0%	Basic Aid
San Mateo	45,746	37,312	-18.4%	Basic Aid
West Valley	44,006	28,121	-36.1%	Basic Aid
Overall	**496,009**	**380,791**	**-23.2%**	

Source: CCCCO Data Mart, 9/1/20

Overall, Bay 10 Districts have experienced a 23.2% decline in headcount since AY 2008-09. Notably, declines have even been seen in Basic Aid districts, where district revenue is not tied to enrollment.

City College Headcount – Credit vs. Noncredit



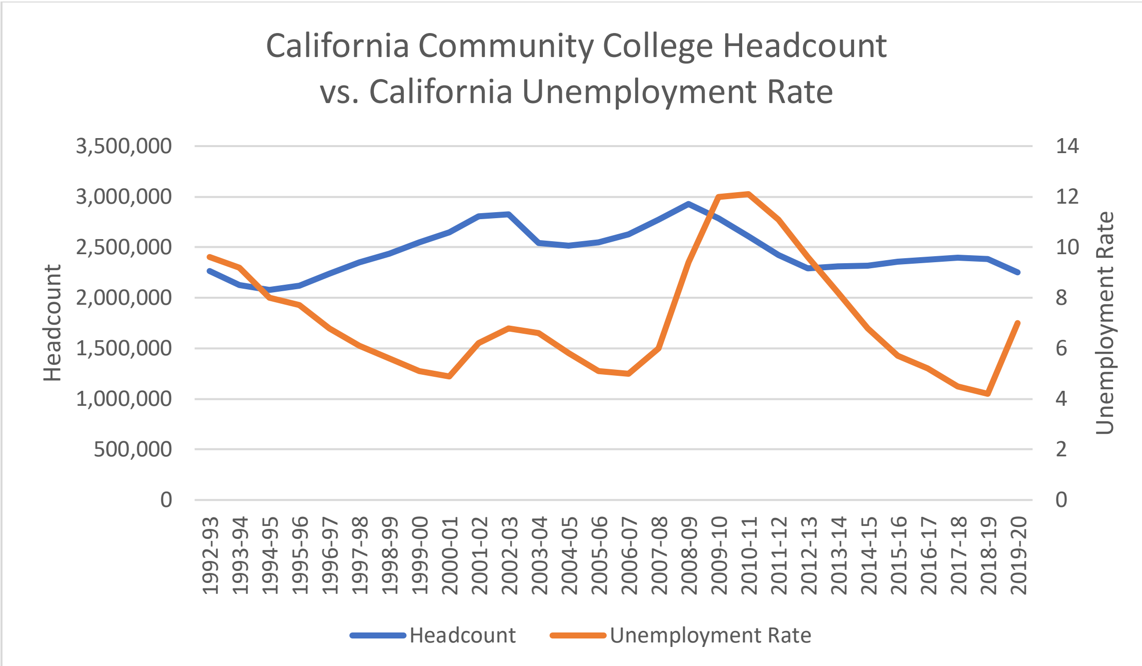
Source: Office of Research and Planning

The College has experienced an overall decline in both credit and noncredit headcount, however, the decline in noncredit enrollment has outpaced the decline in credit enrollment. Between 2010-11 and 2018-19 (the last pre-pandemic year), credit headcount declined 15%; in the same period, noncredit headcount declined 39%.

Economy

A common assumption is that community college enrollment is tied to the economy – when the economy is good, enrollment drops, and when the economy is bad, enrollment increases as people turn to community colleges to learn new skills and improve their job prospects.

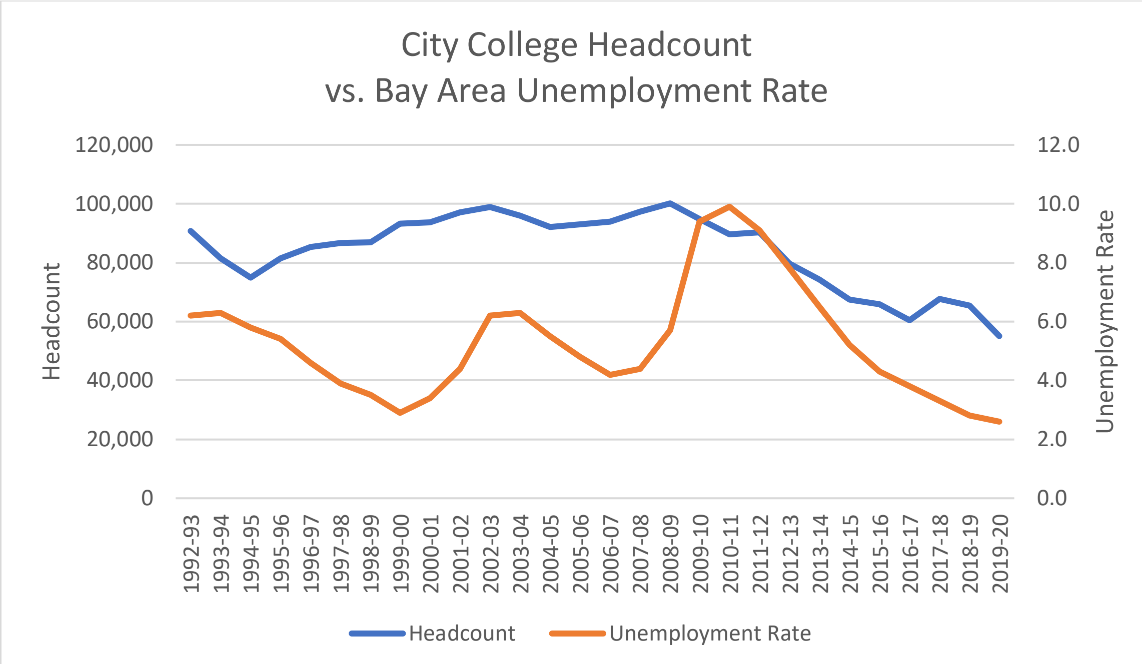
The following chart compares statewide community college headcount and statewide unemployment rate.



* Source: CCCCO Data Mart as of 9/1/2020.
** Source: Federal Reserve Bank of St Louis, California Unemployment Percent, Monthly, Seasonally Adjusted (Accessed 9/9/2019), calculated July-June annual AY averages

Based on this data, the common assumption about the correlation between unemployment and community college enrollment does not appear to hold. Statewide, headcounts were increasing between AY 1994-95 and AY 2000-01 while the unemployment rate fell. The large increase in unemployment rate between AY 2007-08 and AY 2009-10 was not reflected in an increase in community college enrollment, nor was the decline in unemployment rate between 2012-13 and 2018-19 reflected in a decrease in state headcount.

The following chart compares City College headcount and the Bay Area unemployment rate.



* Source: CCCCO Data Mart as of 9/1/2020.
** Source: Bureau of Labor Statistics, Unemployment Rate for San Francisco-Oakland-Hayward, CA Metropolitan Statistical Area

The decline in unemployment rate between 2010 and 2019 is mirrored by a decline in enrollment. However, declines in the unemployment rate between 1994 and 1999, and between 2003 and 2006, were not matched with declines in enrollment.

San Francisco Population and Demographics

San Franciscans represent about 75% of the College's credit headcount and about 83% of the College's noncredit headcount[1].

The following table summarizes changes and projections in the total San Francisco population.

	2010	2017	2022
Population	805,235	871,042	917,117
Households	345,811	373,835	393,497

Source: ESRI

[1] Source: CCSF Fact Sheet on Student Residence

The following table summarizes projected changes in household income in San Francisco.

	Percent of Households		
Income Bracket	**2017**	**2022**	**Change**
<$15,000	11.0%	10.2%	-0.8
$15,000 - $24,999	7.3%	6.5%	-0.8
$25,000 - $34,999	6.1%	5.1%	-1.0
$35,000 - $49,999	8.3%	6.4%	-1.9
$50,000 - $74,999	13.4%	11.3%	-2.1
$75,000 - $99,999	11.5%	11.9%	+0.4
$100,000 - $149,999	16.4%	18.4%	+2.0
$150,000 - $199,999	9.6%	11.3%	+1.7
$200,000+	16.4%	18.9%	+2.5

Source: ESRI

The following table compares demographics of the San Francisco Adult population and the City College student population.

	San Francisco Adult Population (2018)		City College Headcount (AY 2018-19)	
Demographic	**Count**	**Percent**	**Count**	**Percent**
American Indian/Alaska Native	--	--	129	0.2%
Asian	269,726	35.3%	20,276	32.3%
Black or African American	38,758	5.1%	3.765	6.0%
Filipino*			2,695	4.3%
Latino/a/x	106,693	14.0%	17,098	27.2%
Native Hawaiian or Other Pacific Islander	--	--	359	0.6%
Two or more races	35,670	4.7%	2,501	4.0%
Unknown/Not reported	59,168	7.7%	4,039	6.4%
White	317,818	41.6%	11,974	19.0%
Low Income (CCPG/Pell recipients)**	76,127	10.1%	20,445	32.5%

Source: CCSF Office of Research & Planning, Student Equity and Achievement Data Tables

* Filipino included in Asian in SF statistics

** Credit student only

The following tables historic and projected age distributions of San Francisco residents, along with a comparison to the College's enrollment.

	San Francisco Population					CCSF Students	
Age Bracket	**2010**	**2015**	**2020**	**2025**	**2030**	**Credit**	**Noncredit**
17-19	3.3%	3.3%	3.2%	3.6%	3.9%	18.9%	15.0%
20-24	8.4%	7.4%	6.2%	6.2%	7.0%	23.1%	8.9%
25-29	12.5%	9.4%	7.8%	6.9%	7.6%	18.0%	9.2%
30-34	11.5%	12.3%	10.0%	7.9%	7.0%	12.6%	9.6%
35-39	10.0%	11.2%	11.7%	10.1%	7.7%	8.0%	8.6%
40-49	17.2%	17.4%	19.4%	20.9%	19.5%	9.1%	14.1%
50-59	15.0%	14.5%	14.8%	15.5%	17.0%	6.0%	11.5%
60-69	10.7%	12.3%	12.1%	12.1%	12.3%	3.1%	10.8%
70+	11.4%	12.1%	14.8%	16.8%	18.1%	1.0%	11.5%
Total Population	**810,369**	**864,405**	**892,280**	**916,935**	**943,815**	**35,529**	**19,240**

Source: California Department of Finance, Demographic Projections
Source: Office of Research and Planning Institutional Headcount Argos Report, AY 2019-20

The population of San Francisco residents is projected to both grow and skew older in the next ten years. This may have different impacts for credit and noncredit student populations:

- The majority of CCSF credit students (72.6%) are aged 17-34. As a group, this age bracket is projected to decrease from 27.2% of the San Francisco population to 24.6% in 2025, but then increase again to 25.5% in 2030. The projected increase in the population will mitigate this effect – the number of San Francisco residents in this 17-34 age range is projected to vary from 242,700 (2020) to 225,566 (2025) to 240,673 (2030).
- The majority of CCSF noncredit students (47.9%) are aged 40+, although another 15.0% are under 20. Both of these age groups are projected to increase in percentage (under 20: 3.2% to 3.6% to 3.9%; aged 40+: 61.1% to 65.3% to 66.9%). Coupled with the projected rising population, these groups will increase in number (under 20: 28,552 to 33,009 to 36,808; aged 40+: 545,183 to 598,759 to 631,412).

The following table compares the education level of adults aged 25+ in California and in San Francisco.

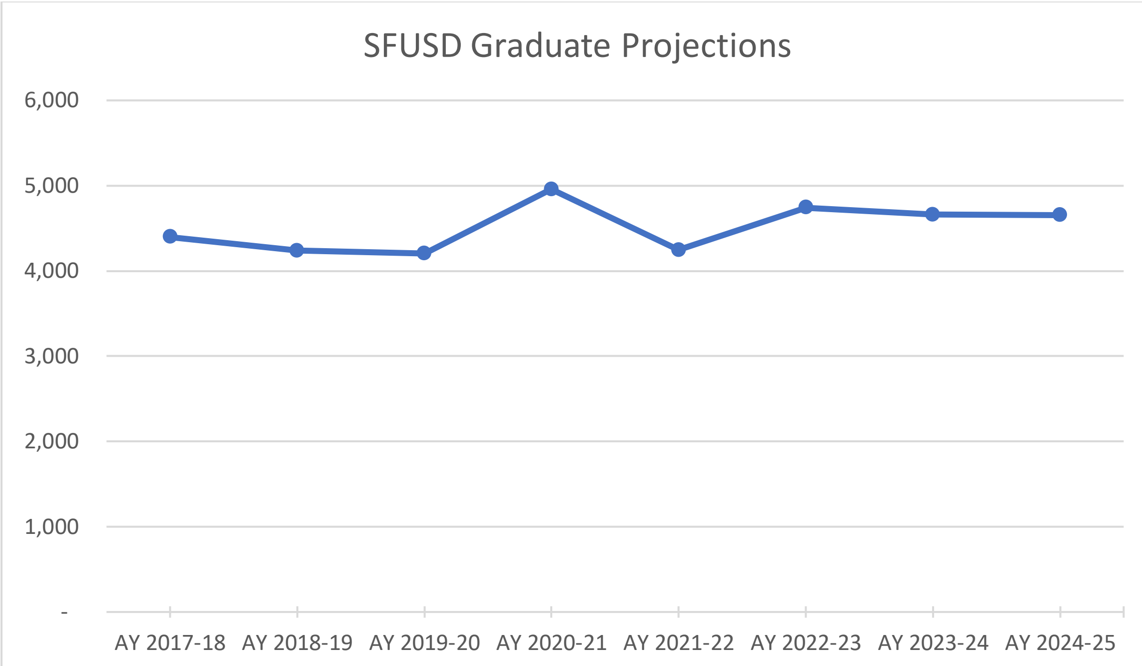
	California		San Francisco	
Education Level	**Number**	**Percent**	**Number**	**Percent**
Less than 9th grade	2,471,189	9.4%	48,708	7.1%
9th to 12th grade, no diploma	2,004,376	7.6%	30,700	4.5%
High school graduate (includes equivalency)	5,391,120	20.6%	84,630	12.3%
Some college, no degree	5,582,150	21.3%	95,239	13.8%
Associate's degree	2,051,313	7.8%	36,270	5.3%
Bachelor's degree	5,445,781	20.8%	236,593	34.3%
Graduate or professional degree	3,272,956	12.5%	157,411	22.8%

Source: US Census American Community Survey, 2014-2018 5-Year Profile

SFUSD Projections

As noted above, students aged 19-29 comprise 60.0% of the College's credit headcount, and 33.1% of the College's noncredit headcount.

The following chart shows historic and projected SFUSD graduates through 2024-25.



Source: CA Department of Finance Demographic Research Unit

Through this period, SFUSD annual graduates are projected to stay fairly constant, at an average of approximately 4,500 graduates per year.

Immigration and Language Proficiency

The College has traditionally operated a large English as a Second Language program. Looking at immigration statistics and language proficiency may help predict future enrollment in ESL classes.

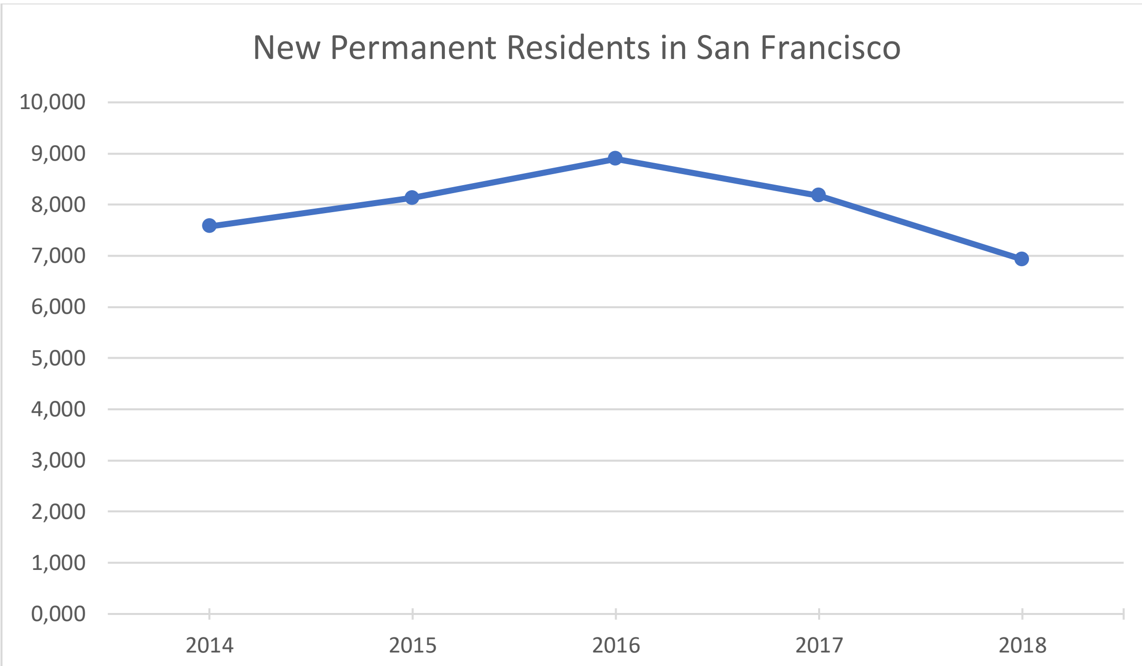
The US Census Bureau administers the American Community Survey annually to over 3.5 million households across the country. The following table shows the number of people in San Francisco that responded to the survey, saying that they spoke English "less than very well".

Primary Language	Headcount 2011	Headcount 2018	Change	Percent Change
Chinese (incl. Mandarin, Cantonese)	94,696	90,841	-3,855	-4.1%
Spanish	39,628	28,306	-11,322	-28.6%
Tagalog (incl. Filipino)	10,507	8,698	-1,809	-17.2%
Russian	8,762	4,081	-4,681	-53.4%
Vietnamese	6,471	7,136	665	10.3%
Korean	3,701	3,003	-698	-18.9%
Japanese	2,773	2,816	43	1.6%
French (incl. Patois, Cajun)	1,408	490	-918	-65.2%
Thai	1,210	269	-941	-77.8%
Arabic	1,089	1,386	297	27.3%
Total	**170,245**	**147,026**	**-23,219**	**-13.6%**

Source: US Census Bureau, American Community Survey

Overall, there has been a decline in the number of San Franciscans that report that they speak English less than very well.

The following chart shows the number of new legal permanent residents in San Francisco over the last few years. Notably, this table is based on US Department of Homeland Security immigration statistics, and does not include undocumented immigration.



Source: US Dept of Homeland Security - Office of Immigration Statistics

Overall, the number of new permanent residents has averaged just under 8,000 people annually, and has been trending downwards since 2016.

Credit outlook

Community College enrollment – statewide, in the Bay Area, and at City College – has been declining since 2008-09. While San Francisco is experiencing a heightened unemployment rate this year, there is not strong evidence that this increased unemployment rate will lead to strong enrollment growth. The total number of San Francisco residents aged 18-34 (the majority age bracket for credit students) is projected to decline somewhat between 2020 and 2025.

Based on these factors, overall credit enrollment is not expected to increase in the next few years.

Noncredit outlook

The declining Community College enrollment figures cited above account for both credit and noncredit students, as does the data on unemployment rates. Demographically, the total number of San Francisco residents aged 40+ (the age bracket for almost half of noncredit enrollment) is expected to rise in the next few years. However, there has been a decline in immigration and in the number of San Franciscans that report speaking English “less than very well”, both of which point towards declines in prospective ESL students.

Based on these factors, overall noncredit enrollment is not expected to increase in the next few years.

Multi-year Funding Outlook

This section provides an overview of internal and external factors that impact College funding, and provides a basis for projections of this funding for the next five years.

External Factors used in Outlook

Cost of Living

The state adjusts some of its funding factors based on a cost of living adjustment (COLA). Actual COLA percentages are adopted as a component of the state's budget. The following table summarizes actual and projected COLA values:

Year	2019-20	2020-21	2021-22	2022-23	2023-24
COLA Percentage	3.26%	0.0%	0.6%	0.7%	1.6%
Actual/ Projected	Actual	Actual	Projected	Projected	Projected

Projection Source: School Services of California

State funding

Total Computational Revenue

The majority of funding for the College comes by way of state apportionment. Under current law, the College receives this funding based on the highest of three calculations:

- **Student-Centered Funding Formula** (SCFF) calculations, which include the following:
    - Base funding as a single-college district with several centers
    - Base allocation, calculated using the College's enrollment
    - Supplemental allocation, based on the number of students receiving some kind of financial aid.
    - Success allocation, based on the number of credit students achieving certain milestones.
- The **SCFF hold harmless** provision, which provides for funding based on 2017-18 apportionment and annual adjustments based on the state's COLA. The state's 2020-21 budget established that this provision persists through the 2023-24 fiscal year.
- The **Leno Bill** provisions, which allow for pre-SCFF apportionment calculations for the San Francisco and Compton Community College Districts. This provision also persists through the 2023-24 fiscal year.

The SCFF base allocation calculations are based on the College's enrollment, breaking that enrollment up into three categories:

- Enrollment by resident students in credit classes
- Enrollment by all students in noncredit Career Development and College Preparation (CDCP) classes. Approximately 75% of the college's noncredit enrollment is in CDCP classes, including Transitional Studies, most ESL, and certain short-term vocational classes.
- Enrollment by all students in other noncredit classes. Approximately 25% of the College's noncredit enrollment is in non-CDCP classes, including ESL Citizenship, Older Adults, and Health Education.

Enrollment in all three categories is calculated in full-time equivalent students (FTES). For most credit classes, enrollment is calculated using a census-based approach, which uses enrollment at a fixed point in time along with the number of hours the class is scheduled to calculate FTES. Enrollment in all noncredit classes, and a small number of credit classes, is calculated using actual hours of attendance (also known as positive attendance), where individual student attendance is counted during each class meeting.

The SCFF legislation made changes to the per-FTES funding rates for *credit* classes, reducing them by 30%, shifting that funding to set up the supplemental and student success allocations. The per-FTES funding levels under SCFF are currently set as to these values:

- Credit: $4,040
- Noncredit CDCP: $5,622
- Noncredit non-CDCP: $3,381

While the per-FTES rates for noncredit CDCP classes are the highest among the three types of enrollment, this is offset by the SCFF's supplemental and student success allocations, which are based solely on credit students. In addition, the actual hours of attendance calculation in noncredit classes leads towards lower FTES, compared with census-based attendance, as any student absence during the semester lowers the hours of attendance that can be counted. As a result, both credit and noncredit classes must be reviewed in the context of expenses and revenue.

As mentioned above, the Leno Bill allows for pre-SCFF apportionment calculations when calculating the base allocation. This provides no difference in the apportionment calculated for noncredit classes (CDCP or otherwise), but provides for apportionment for credit classes at the pre-SCFF rate (approximately $5,770 per FTES) instead of the supplemental and student success allocations.

For the 2019-20 fiscal year, these calculations currently result in the following values:

Calculation Method	Funding	Difference from Highest
SCFF	$ 128,181,752	($ 7,951,231)
SCFF Hold Harmless	$ 136,132,983	$ -
Leno Bill	$ 120,269,377	($ 15,863,606)

Source: 2019-20 Second Principal Apportionment Report

The SCFF Hold Harmless calculation provides the highest level of funding, and is the basis for the College's base allocation. The difference in these funding calculations is significant. Making up the $7.95M difference between the SCFF calculation and the SCFF Hold Harmless value would have required an enrollment of approximately 20,630 resident FTES, an increase of approximately 7% over current projections for 2019-20, without any commensurate increases in expenses. The gap between the SCFF Hold Harmless and the Leno Bill calculations is even larger.

Because of this gap, this plan projects that the College's apportionment will be calculated using the SCFF Hold Harmless provision through the expiration of this provision in 2023-24. Thereafter, the College's apportionment will be calculated using the SCFF calculations.

Debt Repayment

The College is currently repaying the state for an overreporting of enrollment prior to 2013-14. This repayment figure is $1.2M annually, and is expected to continue through the 2020's.

Local funding

In addition to state funding, the College receives local funding from a number of different sources. The following table summarizes the major sources of this funding for fiscal years 2018-19 through 2020-21.

Funding Source	FY 2018-19 Actual	FY 2019-20 Estimate	FY 2020-21 Budget
Sales Tax	$15,195,215	$13,516,695	$11,600,000
Nonresident Enrollment Fees	$5,590,686	$5,144,554	$4,155,643
Parcel Tax	$20,190,456	$19,813,662	$19,813,662
Total	**$40,976,357**	**$38,474,911**	**$35,569,305**

Projections for these funding sources are as follows:

Sales Tax

Sales tax projections for the 2020-21 fiscal year have been reduced significantly compared to prior years, as the projected sales tax receipts in San Francisco have suffered greatly due to COVID-19. At this point it is uncertain when a post-COVID economic recovery will occur, or the magnitude of any restoration in sales tax revenue. This plan assumes that sales tax revenue will remain at the 2020-21 budgeted level.

Nonresident Enrollment Fees

The state's credit apportionment calculations are based on students who are residents of California; the state does not provide funding for credit students that are non-residents. Instead, these non-resident students are assessed a non-resident enrollment fee, which is currently set at $290 per unit. This nonresident enrollment fee was raised from $234 per unit to $290 per unit effective Summer 2020.

Two factors will impact the nonresident enrollment fees in the next few years:

- The primary factor will be the overall district enrollment trends for credit classes
- A secondary factor will be the percentage of total students who are not California residents. This figure dropped from about 6.8% in Fall 2017 to 5.4% in Fall 2019.

This plan assumes that nonresident enrollment fees will remain at the 2020-21 budgeted level.

Parcel Tax

The Parcel Tax is based on a flat rate of $99 per parcel. The current Parcel Tax was approved by San Francisco voters in November 2016, and is set to expire in June 2032. Since the per-parcel rate is a flat fee and there are not significant changes in the number of parcels in San Francisco, this revenue source is expected to remain steady at the 2020-21 budgeted amount.

Restricted Funds

The College receives federal, state, and local restricted funds which must be spent on specific purposes. Targets of these funds include:

- DSPS services

- EOPS services
- Lottery funds for instructional supplies
- Funds for specific categorical programs, including Strong Workforce Program, Adult Education Program, and the Student Equity and Achievement Program

The funding calculations for these sources of funding vary, and future revenues are difficult to project. In the 2020-21 fiscal year, the state provided no COLA for major state restricted funds. This plan assumes that the level of restricted funding will remain steady.

Potential New Funding Sources

Proposition 15

The November 2020 election includes California Proposition 15, entitled "Increases Funding for Public Schools, Community Colleges, and Local Government Services by Changing Tax Assessment of Commercial and Industrial Property. Initiative Constitutional Amendment," and colloquially known as "Schools and Communities First". If passed, this proposition would increase funding for K-12 public schools, community colleges, and local governments. Tax assessments to support this increased funding would be phased in beginning in the 2022-23 fiscal year.

The Plan does *not* assume that the College will receive any new funding as a result of the potential passage of Proposition 15. Should Proposition 15 pass, adjustments will be made to future budget plans based on an assessment of this new funding source and any other changes in state or local funding. Based on the language of the proposition, the earliest the College could see new any new revenue from Proposition 15's passage would be the 2023-24 fiscal year.

Leveraging College Property

The College owns a number of properties in San Francisco, some of which are under-utilized. A real estate asset management report of College properties was conducted in the 2019-20 academic year. During that academic year, the College pursued several different options to leverage its real estate holdings, including leasing out the café space at the Chinatown/North Beach Center, and leasing out several floors of the Downtown Center to San Francisco State University.

Due to the impacts of COVID-19, the market for selling and/or leasing College properties has slowed significantly. As a result, the Plan does *not* assume that the College will receive any new funding through the sale or lease of College property. As market conditions improve, leveraging the College's real estate will be re-examined.

Multi-year Budget and Enrollment Plan

Multi-year Goals

The Plan extends through 2024-25, the fiscal year after the sunset of the SCFF hold harmless provision. It is based on the following multi-year goals, designed to improve the College's financial situation and ensure the long-term fiscal stability of the College:

- Stabilized credit and noncredit enrollment, with small year-over-year enrollment changes.
- Growth in unrestricted fund reserves to 8.8% of College operating expenses in 2023-24, dropping to 8.2% in 2024-25. Increasing the reserve percentage through 2023-24 helps to insulate the College against the funding reductions that are projected for 2024-25, as well as any unanticipated reductions in funding. It will also help ensure that the College can withstand state deferrals in funding (like those seen in 2020-21) without resorting to short-term borrowing.
- Personnel costs below 90% of total unrestricted and parcel tax expenditures.

Unrestricted General Fund and Parcel Tax Revenue

The following table summarizes planned unrestricted general fund and parcel tax revenues for the fiscal years 2020-21 through 2024-25. Fiscal year 2020-21 figures are from the final budget adopted by the Board of Trustees on October 22. Figures for fiscal years 2021-22 through 2024-25 are based on projections from the multi-year funding outlook.

	2020-21	2021-22	2022-23	2023-24	2024-25
Total Computational Revenue	$136,132,983	$136,132,983	$136,132,983	$136,132,983	$128,181,752
Debt Payment	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
Other state and local revenues	22,235,002	22,235,002	22,235,002	22,235,002	22,235,002
Parcel tax	19,813,662	19,813,662	19,813,662	19,813,662	19,813,662
Total Revenue	**$176,981,647**	**$176,981,647**	**$176,981,647**	**$176,981,647**	**$169,030,416**

As noted in the multi-year funding outlook, total computational revenue for 2020-21 is based on the SCFF hold harmless provision.

The state's fiscal situation has been impacted by COVID-19. For the 2020-21 fiscal year, the Governor's May Revise budget envisioned not just a zero COLA, but an 8% reduction in funding for total computational revenue, which would have resulted in a $10.8M loss in funding to the College. This funding reduction was avoided in the final adopted state budget for 2020-21, with the state relying on funding deferrals instead of reductions.

While the multi-year funding outlook estimates COLA figures of between 0.6% and 1.6% for fiscal years 2021-22 through 2023-24, the uncertainty surrounding the state's budget picture is concerning. This plan assumes zero COLA for 2021-22 through 2023-24.

As noted in the multi-year funding outlook, the debt repayment, other state and local funds, and parcel tax revenues are projected to remain stable from 2020-21 through 2024-25.

Total computational revenue for 2024-25, the first year after the expiration of the SCFF hold harmless provision, is based on an enrollment and other SCFF factors similar to that projected in 2019-20.

Unrestricted General Fund and Parcel Tax Expenses

Administrator Salary Expenses

In the 2020-21 final adopted budget, administrator salary expenses comprise 3.7% of all unrestricted general fund and parcel tax expenses. Administrator salary expenses include salaries for both academic and classified administrators.

The following table summarizes planned unrestricted general fund[2] administrator salary expenses for the fiscal years 2020-21 through 2024-25. Fiscal year 2020-21 figures are from the final budget adopted by the Board of Trustees on October 22.

	2020-21	2021-22	2022-23	2023-24	2024-25
Administrator Salaries	$6,762,875	$6,018,958	$5,838,390	$5,721,622	$5,607,189

Administrator salary expenses are planned to decrease each year of this plan. Reductions will be achieved through reductions in staffing and/or salary adjustments.

Faculty Salary Expenses

In the 2020-21 final adopted budget, faculty salary expenses comprise 40.1% of all unrestricted general fund and parcel tax expenses. Faculty salary expenses include salaries for full- and part-time faculty, and include expenses for instruction, counseling, librarian services, day-to-day substitutes, reassigned time, and additional department chairperson compensation. Faculty are represented by AFT Local 2121. Department chairperson are represented by the Department Chairperson Council.

The following table summarizes planned unrestricted general fund and parcel tax faculty salary expenses for the fiscal years 2020-21 through 2024-25. Fiscal year 2020-21 figures are from the final budget adopted by the Board of Trustees on October 22.

	2020-21	2021-22	2022-23	2023-24	2024-25
Full-time Faculty Salaries	$54,972,762	$48,925,758	$47,457,985	$46,508,825	$45,578,649
Part-time Faculty Salaries	$18,225,000	$13,275,000	$12,120,000	$11,080,500	$10,144,950
Total	**$73,197,762**	**$62,200,758**	**$59,577,985**	**$57,589,325**	**$55,723,599**

Faculty salary expenses are planned to decrease each year of this plan. Reductions will be achieved through one or more of the following (items marked with an asterisk require negotiations with the appropriate bargaining unit):

- Salary adjustments*

[2] Parcel tax revenues cannot be spent on administrator salaries.

- Reductions in department chair reassigned time or additional compensation*
- Changes in the department chair structure that result in a net reduction of reassigned time and/or additional compensation
- Reductions in full- and part-time staffing, resulting in reductions in the class schedule, counseling services, librarian services, faculty reassigned time, and/or other faculty noninstructional assignments

While the College has experienced reductions in enrollment in the last decade, the number of full-time faculty employed has not declined at a similar rate. With this plan, as instruction, counseling, and librarian services are restructured, staffing levels will be adjusted accordingly.

In addition, as the College restructures its operations, it will ensure that it remains in compliance with fiscal regulations, including the 50% Law, which requires all community college districts to spend at least half of their “Current Expense of Education” for “Salaries of Classroom Instructors.”

The reduction in faculty salary expenses is planned at a higher percentage rate than other employee groups. The higher salary percentage rate reduction is partially offset by the higher rate of salary-driven benefits for those other groups, leading to a more equitable reduction of total compensation. In addition, the planned adjustment of full-time faculty staffing will lead to an increased level of salary savings without a change in services.

Classified Salary Expenses

In the 2020-21 final adopted budget, classified salary expenses comprise 22.6% of all unrestricted general fund and parcel tax expenditures. Classified salary expenses include salaries for full and part-time classified personnel and student employees. General classifications of these positions reside in service, support and front-line supervisor roles which may or may not be covered by union representation: SEIU 1021, Local 39, SFBCTCU.

The following table summarizes planned unrestricted general fund and parcel tax classified salary expenses for the fiscal years 2020-21 through 2024-25. Fiscal year 2020-21 figures are from the final budget adopted by the Board of Trustees on October 22.

	2020-21	2021-22	2022-23	2023-24	2024-25
Classified Salaries	$41,142,663	$36,531,970	$35,473,511	$34,789,041	$34,118,260

Classified salary expenses are planned to decrease each year of this plan. Reductions will be achieved through reductions in staffing and/or salary adjustments. Salary adjustments for represented classified staff would need to be negotiated with the appropriate bargaining unit. Any staffing reductions will be made in conjunction with a restructuring of services.

Benefits Expenses

In the 2020-21 final adopted budget, benefits expenses comprise 23.0% of all unrestricted general fund and parcel tax expenditures. Benefit expenses include payments to employee retirement systems, employer contributions to health care plans, and payments for retiree health care costs.

Unrestricted general fund benefits expenses for fiscal year 2020-21 have been reduced by approximately $10M by a planned withdrawal from the Retiree Health Care Trust Fund. Starting in 2021-22, the College's benefit expenses will once again include both the employer contribution (indexed at 1% of administrator, faculty, and classified salaries) along with an annual pay-as-you-go cost for existing retirees.

The following other factors have been included in projected benefits expenses:

- Annual increases in health care costs of 4.5%
- Changes in CalSTRS, CalPERS, and SFERS contribution rates per the following table:

	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
CalSTRS	16.15%	16.00%	18.10%	18.10%	18.10%
CalPERS	20.70%	22.84%	25.50%	26.20%	26.20%
SFERS	26.90%	28.60%	29.03%	29.45%	29.88%

CalSTRS and CalPERS Projection Source: School Services of California

Note: most of the College's classified staff are in the SFERS; only Campus Police are in CalPERS.

The following table summarizes planned unrestricted general fund and parcel tax benefits expenses for the fiscal years 2020-21 through 2024-25. Fiscal year 2020-21 figures are from the final budget adopted by the Board of Trustees on October 22.

	2020-21	**2021-22**	**2022-23**	**2023-24**	**2024-25**
Benefits	$42,050,339	$52,752,939	$54,803,649	$55,956,486	$57,188,042

Non-Compensation Expenses

In the 2020-21 final adopted budget, non-compensation expenses comprised 10.4% of all unrestricted general fund and parcel tax expenditures. Non-compensation expenses include supplies, services, and equipment.

Certain non-compensation expenses, including utilities, have been impacted by changes in College operation due to COVID. Those have been adjusted back to 2018-19 levels for fiscal year 2021-22, and have been subsequently adjusted by the Consumer Price Index (CPI), which is estimated to increase expenses by 1.87% in 2022-23, and by 2.33% in each year thereafter.

Non-compensation expenses also include a $2.1M annual SERP payment, which will end after the 2023-24 fiscal year.

The following table summarizes planned unrestricted general fund and parcel tax non-compensation expenses for the fiscal years 2020-21 through 2024-25. Fiscal year 2020-21 figures are from the final budget adopted by the Board of Trustees on October 22.

	2020-21	2021-22	2022-23	2023-24	2024-25
Non-compensation	$18,959,181	$18,151,190	$18,756,001	$18,389,037	$16,925,173

Transfers

The College's unrestricted general fund also provides support for other types College funds, where revenues for those funds do not match expenses. These largest of these transfers goes to the Cafeteria fund, which supports the operation of the College's cafeteria at the Ocean Campus.

Transfers have been reduced in fiscal years 2019-20 and 2020-21 due to the COVID-related shutdown of the cafeteria. These expenses are projected to resume in fiscal year 2021-22.

The following table summarizes planned unrestricted general fund transfers for the fiscal years 2020-21 through 2024-25. Fiscal year 2020-21 figures are from the final budget adopted by the Board of Trustees on October 22.

	2020-21	2021-22	2022-23	2023-24	2024-25
Transfers	$335,402	$1,000,000	$1,000,000	$1,000,000	$1,000,000

Summary of Unrestricted General Fund & Parcel Tax Revenues and Expenses

The following table summarizes planned unrestricted general fund and parcel tax revenues and expenses for the fiscal years 2020-21 through 2024-25. Fiscal year 2020-21 figures are from the final budget adopted by the Board of Trustees on October 22.

	2020-21	2021-22	2022-23	2023-24	2024-25
Beginning Fund Balance	**$13,851,873**	**$8,385,299**	**$8,711,130**	**$10,243,241**	**$13,779,376**
Total Revenue	**$176,981,647**	**$176,981,647**	**$176,981,647**	**$176,981,647**	**$169,030,416**
Administrator Salaries	$6,762,875	$6,018,958	$5,838,390	$5,721,622	$5,607,189
Faculty Salaries	$73,197,762	$62,200,758	$59,577,985	$57,589,325	$55,723,599
Classified Salaries	$41,142,663	$36,531,970	$35,473,511	$34,789,041	$34,118,260
Benefits	$42,050,339	$52,752,939	$54,803,649	$55,956,486	$57,188,042
Non-compensation	$18,959,181	$18,151,190	$18,756,001	$18,389,037	$16,925,173
Transfer	$335,402	$1,000,000	$1,000,000	$1,000,000	$1,000,000
Total Expenses	**$182,448,221**	**$176,655,816**	**$175,449,536**	**$173,445,512**	**$170,562,263**
Surplus (Deficit)	**($5,466,574)**	**$325,831**	**$1,532,111**	**$3,536,135**	**$(1,531,848)**
Ending Fund Balance	**$8,385,299**	**$8,711,130**	**$10,243,241**	**$13,779,376**	**$12,247,528**
Reserve Level	5.3%	5.5%	6.5%	8.8%	8.2%
Funds in Excess of Reserve	$253,571	$869,022	$2,461,447	$6,097,783	$4,710,098
Personnel Costs as Percentage of Expenses	89.4%	89.2%	88.7%	88.8%	89.5%

Restricted Funds

The following table summarizes planned restricted fund revenues and expenses for the fiscal years 2020-21 through 2024-25. Fiscal year 2020-21 figures are from the final budget adopted by the Board of Trustees on October 22.

	2020-21	2021-22	2022-23	2023-24	2024-25
Beginning Fund Balance	$4,760,941	$2,623,968	$2,623,968	$2,623,968	$2,623,968
Federal Revenue	$6,623,332	$6,623,332	$6,623,332	$6,623,332	$6,623,332
State Revenue	$32,950,028	$32,950,028	$32,950,028	$32,950,028	$32,950,028
Local Revenue	$3,483,088	$3,483,088	$3,483,088	$3,483,088	$3,483,088
Total Revenue	$43,056,448	$43,056,448	$43,056,448	$43,056,448	$43,056,448
Administrator Salaries	$2,438,465	$2,323,162	$2,323,162	$2,323,162	$2,323,162
Faculty Salaries	$11,248,231	$10,716,358	$10,716,358	$10,716,358	$10,716,358
Classified Salaries	$9,657,975	$9,201,297	$9,201,297	$9,201,297	$9,201,297
Benefits	$8,383,930	$7,987,495	$7,987,495	$7,987,495	$7,987,495
Non-compensation	$8,936,319	$8,513,765	$8,513,765	$8,513,765	$8,513,765
Transfer	$4,528,501	$4,314,371	$4,314,371	$4,314,371	$4,314,371
Total Expenses	$45,193,421	$43,056,448	$43,056,448	$43,056,448	$43,056,448
Surplus (Deficit)	($2,136,973)	$0	$0	$0	$0
Ending Fund Balance	$2,623,968	$2,623,968	$2,623,968	$2,623,968	$2,623,968
Reserve Level	5.8%	6.1%	6.1%	6.1%	6.1%

As noted in the multi-year revenue outlook, the funding calculations for these sources of funding vary, and future revenues are difficult to project. This plan projects steady funding levels from federal, state, and local sources, and projects reductions in all categories of expenses beginning in the 2021-22 fiscal year such that total expenses match revenues and the overall restricted fund balance is maintained at 6.1%.

It is important to note that, as with the unrestricted general fund and parcel tax funds, there is a planned decrease in salaries for each employee group – administrator, faculty, and classified staff. In prior years, reductions in unrestricted general fund and parcel tax fund salary expenses were partially offset by increases in restricted fund spending. There is no plan for this kind of offset for the fiscal years 2021-22 through 2024-25.

Restricted funds must be spent on specific purposes, and so any increases or decreases in funding levels will necessitate adjustments in the funding for those specific purposes. Any changes in the underlying cost structures (e.g., changes in negotiated salaries, benefit rates, CPI increases in costs) will also need to be balanced against revenue.

Budget, Enrollment, and Service Impacts

The College's unrestricted general fund and parcel tax financial position poses significant challenges towards maintaining the College's enrollment in the range of 18,000 to 20,000 annual resident FTES. The College's 2020-21 budget has a $5.5M deficit that results in an ending fund balance of 5.3%, with a fund balance margin of approximately $250,000. One-time reductions in benefits expenses in 2020-21 will expire at the end of that year, resulting in a $10.7M increase in benefits expenses without an anticipated offsetting increase in revenue. The proportion of the College's unrestricted general fund and property tax expenses that goes towards personnel costs is 89.4%. This position necessitates significant reductions in personnel expenses, starting in 2021-22 and continuing through 2024-25.

While short-term modest changes in the College's enrollment will not impact College revenue, either up or down, the College must begin planning for the end of the SCFF Hold Harmless provision after 2023-24, since certain elements of the SCFF calculations are based on 3-year averages.

The Plan anticipates that, despite reductions in personnel expenses across the College, total computational revenue for the 2024-25 fiscal year will be what total computational revenue would have been in 2019-20 based on the SCFF enrollment, supplemental, and student success allocations. This enrollment level will not maintain revenue at the SCFF hold harmless level – the budget has a $1.5M deficit that year – but the buildup of a reserve in the prior years will mitigate the impact of a revenue decrease.

Getting College enrollment to 2019-20 levels by 2024-25 while reducing personnel expenses across the district will require a careful programmatic review of:

- expenses and anticipated enrollment and student success measures in instructional areas
- expenses and anticipated enrollment support and contribution to SCFF supplemental measures in student support areas
- expenses and anticipated College impact in other College areas

Budgeting for Instructional Areas

As noted in the multi-year enrollment outlook, neither credit nor noncredit enrollment is expected to increase in the next few years. As the College restructures its programmatic offerings, it will work to have a total enrollment between 18,000 and 20,000 FTES.

Based on this enrollment outlook and the planned reductions in employee compensation, and in particular faculty spending, there will be a reduction in the number of class sections offered starting in the 2021-22 fiscal year. Overall, the College is offering approximately 5,400 class sections in academic year 2020-21. The planned reduction in part-time faculty salaries alone will require a reduction of approximately 600 annual class sections in academic year 2021-22; this figure could increase depending on the other mechanisms used to achieve the planned reductions in faculty salary expenses.

A contributing factor to the College's structural deficit has been faculty salary expenses, in particular a class schedule that is not matched with student demand. Therefore, careful planning is required to restructure this schedule in a way that supports the enrollment that will support the planned total computational revenue in 2024-25. The College's Enrollment Management Committee will be provided data on programmatic enrollment, certificate and degree completions, as well as programmatic costs, and be asked to recommend priorities for programmatic funding as a part of the annual budgeting process for the 2021-22 academic year. These recommendations must be completed by the end of January 2021 to meet schedule production timelines and the requirement to issue any possible notices of non-reemployment of full-time faculty by March 15, 2021.

Budgeting for instructional departments will be comprehensive, taking into account compensation expenses for all employee categories as well as non-compensation expenses. Contributions to the College's enrollment and the SCFF student success measures will be included in budgeting decisions.

It is expected that the College will be able to establish budgets for instructional areas that will preserve each of the College's instructional programs. Board Policy and Administrative Procedure 6.17 establishes the process that must be followed when suspension or discontinuance of an instructional programs is contemplated. This procedure, and the College's accreditation standards, require that the College provide a "teach out" plan for any discontinued programs, to provide an opportunity for students that had begun the program to finish.

While it is expected that the College will be able to preserve each of the College's instructional programs, the class offerings for these programs will change. The number of class sections offered for certificate and degree programs will be adjusted based on enrollment and planned completion figures, and those programs that currently offer more space than anticipated completions will have this capacity reduced. The College will examine carefully the number of available seats in general education courses, where classes are distributed into many different academic departments, to match college-wide capacity with demand. Reductions in both credit and noncredit departments that offer multiple sections of individual courses will be balanced against the desire to maintain all of the College's instructional programs, as well as the desire to increase capacity in instructional areas where enrollment is strong. Finally, the College will need to examine the relative priorities of the instructional programs that support the different parts of the College's mission, and make schedule adjustments that match those priorities.

Budgeting for Student Affairs Areas

As with academic departments, budgeting for student affairs areas will be comprehensive, taking into account compensation expenses for all employee categories as well as non-compensation expenses. Contributions to the College's enrollment and the SCFF supplemental measures will be included in budgeting. Budgeting will also take into account staffing and service levels at the Ocean Campus and the various centers, keeping in mind the accreditation requirement to provide equitable access to student services at each College location. Based on the planned reductions in employee compensation, student services will be restructured to ensure delivery of direct services to students continues, consistent with the College's Mission and Vision.

Budgeting for Other Areas

Other budget areas of the College include areas that have personnel expenses as well as areas that focus on non-compensation expenses. Budgeting for these areas will take into account staffing and service levels at the Ocean Campus and the various centers.

Annual Budget Development Process and Principles

Development Process and Principles

Annual budgets will be developed following Board Policies 8.01 and 8.05 and their associated administrative procedures.

Program Review/Annual Plan

The College's Program Review and Annual Planning processes allow departments to identify funding requests. These funding requests and their projected impact will be considered as the College establishes per-program annual budgets.

Participatory Governance

Annual budgets will be developed based on this multi-year budget and enrollment strategic plan, and will include the participation of the PGC Budget Committee and the PGC Enrollment Management Committee. Additional changes to the revenue and expense figures will be made as more information about state and local funding is made available.

Conclusion

The College is in a dire fiscal emergency that will require significant changes to its operation to preserve the quality of the many educational programs. Fiscal solvency is critical for any educational institution and assumes that its operating expenditures and reserve requirements do not exceed its revenue streams. This Plan provides a road map for the College to achieve ongoing balanced budgets that stabilize the instructional program and student services while operating within the College’s fiscal means. While the road ahead will be a tough one, with the commitment of the College community, working together, the College can achieve fiscal stability to continue delivery of quality programs to meet the needs of students.