

City College of San Francisco
Multi-Year Budget and Enrollment
Strategic Plan
November 2020

Executive Summary

This multi-year budget and enrollment strategic plan W K H 3 projects revenues and expenditures for fiscal years 2021 through 2025. Hold Harmless (described below) ends FY23/24

The challenges before the College are as significant as the College has faced in the last decade and the changes required to address these challenges are profound; by facing these challenges head, the College will emerge with fiscal sustainability with a focus on

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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 to just over 19,200 in 2019. Since the 2012 to enrollment, as is normally the case in community colleges, Funds that were put into reserves 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](#), 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 2022 through 2025. It includes:

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- x A multi-year enrollment outlook
- x A multi-year funding outlook
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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 SURYLGLQJ DQ DUUD\ RI DFDGHPLF DQG VWXGHQW GHYHOR 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 source, 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, 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, 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 Education Master Plan. In particular, the multi-year budget and enrollment plan is designed to support Goal 6 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 financial 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

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 X P E H U R I D F F U H G L W D W L R Q V W D Q G D U G V D Q G S U L Q F I 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 V D F F U H G L W D W L R Q Z O Y ACCJC in January 2017. the [October 2016 Visiting Team Report](#) that was the basis of the affirmation, 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.

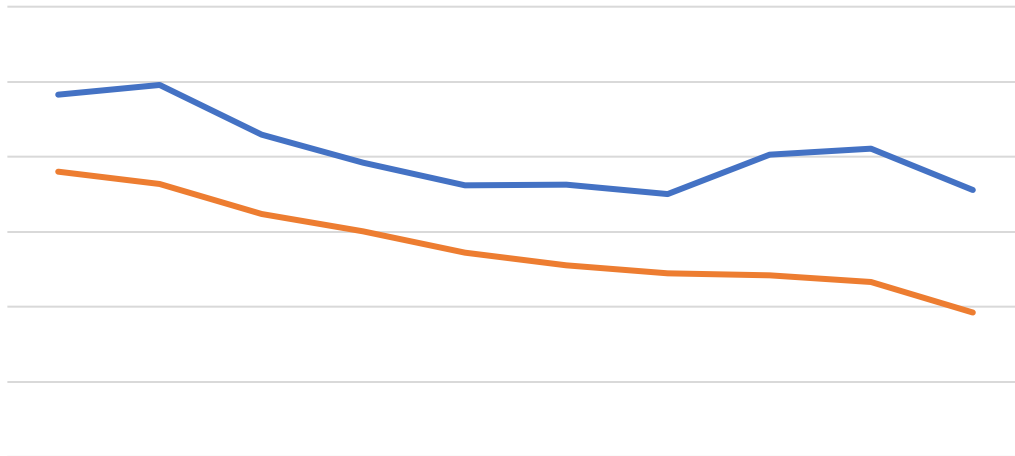
7 K H & R O O H J H T V F X U U H Q W I L Q D Q F L D O V W D W X [enhanced monitoring](#) O H G W K As part of the enhanced monitoring process, the College must update the Commission on plans undertaken to address its financial situation.

Source: CCCC 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
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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 and 2019 (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 statewide unemployment rate.

* Source: CCCCO Data Mart as of 9/1/2020.

* Source: CCCC Data Mart as of 9/1/2020.

** Source: Bureau of Labor Statistics, Unemployment Rate for

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

Income Bracket	Percent of Households		
	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			

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 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 2009. 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 is the majority age

Debt Repayment

The College is currently repaying the state for an overreporting of enrollment prior to 2013

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Local funding

In addition to state funding, the College receives local funding from a number of different

- x EOPS services
- x Lottery funds for instructional supplies
- x 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, and future revenue 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

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Total computational revenue for 2025, 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 2021 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 administrator salary expenses for the fiscal years 2021 through 2025. Fiscal year 2021 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 2021 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 time faculty, and include expenses for instruction, counseling, librarian services, 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 2021 through 2025. Fiscal year 2021 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):

- x Salary adjustments*

² Parcel tax revenues cannot be spent on administrator salaries.

retirement systems, employer contributions to health care plans, and payments for retiree health care costs.

Unrestricted general fund benefits expenses for fiscal year 2020 have been reduced by approximately \$10M by a planned withdrawal from the Retiree Health Care Trust Fund. Starting in 2021 WKH & RCOO 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:

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

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

CaSTRS and CaPERS Projection Source: School Services of California

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 CaPERS.

The following table summarizes planned unrestricted general fund and parcel tax benefits expenses for the fiscal years 2020 through 2025. Fiscal year 2020 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	\$		

	2020-21	2021-22	2022-23	2023-24	2024-25
Non-compensation	\$18,959,181	\$18,151,190	\$18,756,001		

Budget, Enrollment, and Service Impacts

The College's financial position is significant and the 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 reduction in benefits expenses in 2020 will expire at the end of that year, resulting in a \$10.7M increase in benefit expenses without an anticipated offsetting increase in revenue. The portion of the & ROOHJHV XQUHVWULFWHG JHQHUDO IXQG DQG SURSHUW is 89.4%. This position necessitates significant reductions in personnel expenses, starting in 2021-22 and continuing through 2025.

While short-term modest 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 year averages.

The Plan anticipates that, despite reductions in personnel expenses across the College, computational revenue for the 2024-25 fiscal year will be what total computational revenue would have been in 2020 based on the SCFF element, 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 2020 levels by 2025 while reducing personnel expenses across the district will require a careful programmatic review of:

- x expenses and anticipated enrollment and student success measures in instructional areas
- x expenses and anticipated enrollment support and contribution to SCFF supplemental measures in student support areas
- x 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, particular faculty spending, there will be a reduction in the number of class sections offered starting in the 2022 fiscal year. Overall, the College is offering approximately 5,400 class sections in academic year.

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

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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 more information about state and local funding is made available.

