Dear Colleagues,

We continue to wrestle with many uncertainties as the spread of COVID-19 continues to accelerate here in California and in most of the U.S. While sectors of the economy are reopening, the economic consequences and costs of the pandemic continue to grow. Among the many uncertainties has been the impact on the state budget and the California State University (CSU). Last week, the governor and state legislature reached a budget agreement and while the short-term news is slightly better than we initially anticipated, it does indicate a multi-year period of serious budget reductions for the CSU and for SF State.

Preliminary projections include a $22M cut in SF State’s state appropriation (a decline from $201M in 2019-20 to $179M in 2020-21). In addition, we are also projecting a significant decline in enrollment. The loss of tuition revenue could be as high as $16M. To address this reduction, all divisions have been asked to reduce their general operating fund expenses by 10%. The University is under a hiring chill and is postponing spending wherever possible. Our campus self-support auxiliary enterprises have been hit particularly hard and are also planning for reduced budgets.

Our declining enrollment is compounding the challenge of the state budget. In fall 2019, we served over 28,000 students. We anticipate closer to 25,000 students this fall, a dramatic and consequential decline. This loss of enrollment is only partly attributable to COVID-19. Enrollments have been steadily declining across Northern California. Unfortunately, our own retention rates for continuing students have also been declining. The effects of this enrollment reduction are already being felt on campus. Adjusting our instructional and non-instructional offerings to the needs of fewer students has resulted in less employment for lecturers and staff in some of our auxiliaries and services. A reduction in enrollment also means a reduction in revenue through lost tuition making our budget reduction for next year close to $38M. Without mitigation from the state or federal government, we will need to consider additional, permanent reductions to offset this decrease. As we refine our approach, budget reductions must be made strategically and not just uniformly imposed across the board. We must prioritize the success of our students, minimizing any impact on student learning and services where possible.

Student success remains our number one priority, and I appreciate the efforts already under way in support of it. Our Student Success and Graduation Initiative committee (SSGI) and faculty and staff across the University have introduced new first-year programming and improvements in advising, and now all are focused on strengthening students’ remote experience to ensure their persistence. The Strategic Enrollment Advisory Committee (SEAC) is working on building a long-term strategic enrollment plan that will identify opportunities to stabilize our enrollments. We are reinvigorating the SF Promise to build stronger pipelines from SF Unified and City College to SF State, particularly for first-generation students and students from ethnic and racial groups historically underrepresented in higher ed. We have every hope that these efforts will help us serve our community and grow our enrollment long term. But for the next couple of years, we must align our planning and services to serve a smaller student body.
It would be devastating to immediately absorb a $38M cut. Fortunately, we will be able to offset some of our losses with university-wide mitigations (changes in our liability premiums, savings in utilities) and through the judicious use of reserves. Reserves are a complicated category. They include funds allocated for capital projects and deferred maintenance but not yet spent, funds restricted for specific purposes, as well as “carry forward”—funds “leftover” at the end of the fiscal year. Many of these funds are not held centrally but spread across every division and maintained at the departmental or unit level. We will need to use eligible portions of these one-time funds strategically to get us through the next three years. We also hope that the Federal Government may further help mitigate this year’s reduction with short-term funds and strategies.

All of these mitigations—eligible-usable reserves, CSU assistance, federal stimulus dollars—provide one-time funding to assist for this year only. This does, however, allow us time to work together to plan. While I cannot promise healthy budgets or quickly growing enrollments, I can promise that we will be transparent and collaborative. The University Budget Committee (UBC) is already at work. It is expanding its membership with the goal of becoming more inclusive, including more faculty, staff and union participation and enabling broader input into the budgeting process. All University divisions will present their budget plans to the UBC and discuss the best possible ways in which to approach these difficult challenges. We will also create a website for sharing budget information and details.

I know that this news will be unsettling. I can assure you that we will work transparently, collegially and collaboratively with the Academic Senate, Associated Students, our unions and our faculty, staff and students. I remain optimistic that if we work together for the greater good of our students, we can weather a rough 2-3 years and emerge more firmly committed to our students and to one another and more valued in our role as the City’s University.

As always, I wish all good health.

Best,

Lynn Mahoney, Ph.D.
President