Dear colleagues,

I know that our budget news and the CSU’s email about layoff provisions have generated a lot of anxiety. The consequences of the pandemic, growing economic inequality, decades of inadequate funding for the California State University system and local enrollment declines have combined to leave us with daunting challenges. We recently received confirmation that our campus will receive $22M less in state funds for 2020-21, and we continue to project a $16M decline in tuition revenues. As you likely read in the email forwarded to you this morning, Chancellor Timothy White has informed us that the CSU will not be pursuing furloughs to mitigate budget reductions this year. We will have to manage this budget reduction at the campus level. These are daunting numbers. This is all hard news, and I know that many are rightfully concerned.

As I said in an earlier budget email, I cannot promise good news for the foreseeable future, but I can promise transparency and a deep commitment to shared governance as we navigate very difficult times. The University Budget Committee (UBC) will be the vehicle for budget transparency and shared information. The committee is currently revising its charge and reviewing plans to expand its membership with the goal of becoming more inclusive to enable broader input into the budgeting process, including more faculty, staff and union participation. UBC meetings are open to the public; all are invited to learn more and participate. We will also hold several budget forums throughout the year to share details with the full campus community, and all presentations will be posted to the web.

The University’s state budget cut has been compounded by an almost equally severe decline in tuition revenues. Enrollment presentations have been regularly shared with the UBC. Find the most recent one on the UBC website. Prior to the pandemic, we had projected a 7% enrollment decline. Not surprisingly, the pandemic has resulted in additional consequences for enrollment, particularly for new freshmen. The most recent presentation to UBC projects an 11% decline. This will result in approximately 3,000 fewer students enrolling at SF State in the fall, including more than 1,000 fewer freshmen. We are currently projecting approximately 25,800 students for fall 2020.

Lecturers have felt the impact of declining enrollments quickly. As we do every year, and as contractually stipulated, we must align our lecturer hiring with our enrollment demand. In a climate of enrollment stability, lecturer hiring will be stable. In an unstable climate, the need for those positions and the tuition to fund them will be unstable. Our enrollments have been unstable for several years due in part to a statewide shift which has led to declining enrollments at most Northern California campuses. The effects of COVID-19 have exacerbated this. I am making stabilizing our enrollments a priority. I took action last fall to address this by establishing a Strategic Enrollment Advisory Committee, but that work will not help us address last year’s reduction in enrollment and the dramatic decline for Fall 2020, or the multi-year reverberations of a small 2020 freshmen class.

Across the University, an incredible amount of work has been done over the last several weeks to cut costs and slow hiring while still working to provide the courses and services our students need to succeed. This has enabled us to make considerable progress: we’ve reduced projected expenses by approximately $20M for 2020-21. This is good news, but it still leaves us with a budget gap of $18M for 2020-21.
Our greatest resource is our employees — faculty, staff and administrators. But they also account for the vast majority of our spending. In 2019-2020 our general operating budget was $354,834,431 (plus $47.7M in financial aid and federal work study). Compensation and benefits accounted for 90% of that ($318,796,222), giving us very little budgeting flexibility. The combined $38M reduction exceeds our ability to close the funding gap by reducing hiring and implementing other cost-cutting measures alone.

We will create a multi-year plan to use eligible University reserves to mitigate some of our budget gap. Unlike a business which generates reserves intentionally, our reserves are better understood as carry forward funds — funds allocated for activities including hiring, programs, capital improvements and deferred maintenance, for example; but not expended in the current fiscal year and carried forward to the following year. A portion of these reserves are available to bridge some of the funding gap, but others are already allocated and needed for core operations in our colleges and units, including core operational support in the College of Science and Engineering and student life programming in Student Affairs and Enrollment Management. We will review our reserves with the UBC and identify funds that can be re-allocated as short-term bridge to fill the gap. Governor Newsom has predicted that we can expect tight state budgets for at least three years, so we will need to use these funds judiciously to plan for funding gaps beyond the current fiscal year.

We are reviewing the use of additional cost saving measures, including other sources of one-time funds such as federal stimulus dollars and will explore with the unions the possibility of offering an early exit program. Unfortunately, our reserves and current cost-cutting efforts will not be sufficient to avoid implementing the layoff provisions in our collective bargaining agreements. This step is painful but necessary. With a budget gap of this size, we cannot forestall making permanent reductions in personnel. We will work closely with our unions as we navigate this. We plan to meet with the unions in the next several weeks to begin discussions. Please know that in such situations reductions will be made in close consultation with our unions.

I send this email with a very heavy heart. The last few weeks have been almost unimaginably hard. The pandemic precludes us from being together at the same moment when issues like the need to eliminate white supremacy, to support our international students and to navigate tough budget times make coming together even more critical. Last week marked my first anniversary as your president. As I have said before, in no world is this where I imagined we would be. But as I look across the leadership at this campus — our Academic Senate, our Associated Students, our unions — I see great strength. But only if we work together. We must continue to work collectively to ensure that our students succeed, that we better realize our potential as a model of inclusivity and educational equity and that we manage our budget in transparent ways to make judicious budget cuts that allow us to serve our students in the manner they deserve.

Please know how deeply I value your contributions and the commitment you show to the ongoing success of our students, and as always, I send this with wishes for good health.

Best,

Lynn Mahoney, Ph.D.
President