2026/27 BUDGET UPDATE & DISTRICT REORGANIZATION

Presented by Kate Jolley

Board of Trustees

March 10, 2026

SANTA ROSA JUNIOR COLLEGE

AGENDA

1. From Fiscal Stability to Sustainability
2. Budget Reduction Guiding Principles
3. Budget Reduction Framework
4. Next Steps
5. District Reorganization

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FROM FISCAL STABILITY TO SUSTAINABILITY

- 2018 – District Adopts Long Range Plan to Fiscal Stability – reducing expenditures by $18 million and strengthening reserves
- 2018 – Statewide implementation of Student Centered Funding Formula (SCFF)
- 2020 - 2022 – Pre-pandemic enrollment declines significantly accelerated by COVID-19
- 2021 – Placed on Enhanced Fiscal Monitoring with ACCJC following 3 years of informal monitoring & reporting
- 2021 – Participate in Peer Resource Team Review focused on enrollment management strategies
- 2022 – ACCJC conducts Special Fiscal Monitoring Site Visit, resulting in commendation for the District's fiscal planning and oversight
- 2022 – Development of the Strategic Enrollment Management Plan (SEMP) – roadmap of recovery to 17,500 FTES and SCFF metrics
- 2024 - 2025 – Statewide hold harmless changes – revenue COLA received one time rather than ongoing base funding
- 2024/25 ($6M) and 2025/26 ($8M) - One time fund balance reserves were strategically used to avoid immediate reductions and allow time for enrollment recovery
- 2025/26 and 2026/27 – SEMP updated to reflect current enrollment conditions, demographic shifts, and revised recovery projections
- 2026/27 - Projected structural deficit of approximately $10 million ($8 million ongoing gap plus an estimated $2 million additional shortfall)

BUDGET REDUCTION GUIDING PRINCIPLES

- Avoiding layoffs whenever possible
- Minimizing harm to students
- Protecting access and completion
- Preserving the class schedule to the greatest extent possible to support enrollment recovery
- Aligning any reductions with workload and enrollment realities
- Emphasize both immediate and ongoing structural solutions

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BUDGET REDUCTION FRAMEWORK

- Potential strategies may include:
  - Executive level compensation reductions. The President and Vice Presidents will take a five percent reduction in 2026/27
  - Furloughs of employee groups (subject to negotiations)
  - A hiring freeze across all employee groups, with clearly defined exceptions for health and safety, compliance, and other critical needs
    - The five previously approved faculty positions for hire will continue as planned
  - Component area reductions, which may include reorganizations and reductions in operating expenses
  - Reductions to the schedule of classes
  - Suspension of transfers to other institutional funds

- Preserve remaining available ending fund balance to maintain fiscal stability and flexibility

NEXT STEPS

- February 2026 - Discussion with Board of Trustees as part of Superintendent / President Evaluation and Goals and begin to engage in appropriate consultation with constituent groups
- March 2026 - Present request to the Board of Trustees to enter a formal period of reorganization
- Spring 2026 - Engage in appropriate consultation with constituent groups and component areas, including negotiations with unions related to items within mandatory scope of bargaining
- Spring - Summer 2026 - Finalize allocation modeling and implementation plans
- 2026/27 Fiscal Year and beyond:
    - Implementation of reductions
    - Ongoing monitoring and adjustment aligned with enrollment and revenue updates
    - Maintain focus on enrollment growth and improvement in Student Centered Funding Formula metrics
    - Communicate clearly and consistently with the college community and Board of Trustees

DISTRICT REORGANIZATION

- Request for authorization to enter a period of District reorganization
- Allow for reorganization to:
    - Realign programs services and administrative structures with current enrollment and workload realities
    - Streamline operations to improve efficiency and reduce duplication
- Implement changes in phases through June 2027

QUESTIONS?

ADDITIONAL INFORMATION CAN BE FOUND AT

FINANCEADMIN.SANTAROSA.EDU/BUDGET-UPDATES

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