**Memo to CSO Treasurer**

**Re: FY2026 CSO Budget Explanations**

**From: Derek Brockbank, CSO Executive Director**

**Date: September 2025**

**Overall Considerations:**

Please see the attached FY2026 CSO Budget for review and approval at the CSO Member Meeting in October. This budget has been drafted with the most accurate information on hand, as well as a conservative and realistic approach to ensure accuracy and applicability.

***Please note:***

1. This budget has $59,000 deficit (aka in the red) for the calendar/CSO Fiscal year of 2026;
2. This budget is being proposed for a 6-month approval (through June 2026), to allow CSO the chance to identify new revenue, before making further cuts.

***Context:***

**Income:**

After four flush years, CSO is facing significant funding challenges heading into 2026. We anticipate revenue declines in a few key areas:

1. Decreases to CSSF admin fees (line 4798);
2. A delay in getting a new cooperative agreement with NOAA, expected to start ~July 2026 (line 4782)
3. Decreased revenue from meetings, with lower projected attendance (lines 4207 & 4208)
4. No revenue for staff support of NOAA’s Program Managers’ meeting (line 4782).

We expect flat revenue from dues (line 4000) and a minor increase in grants/contracts revenue (4783). Potential revenue from grants and potential new CSSF admin revenue has not been included, because they are only in the application stage.

**Expense:**

To offset the decline in revenue, we have cut expenses as tightly as we possibly can without losing any staff.

**Proposed:**

The proposal is for CSO Board and membership to approve the budget for 6 months, to give CSO time to identify new revenue, potentially including:

1. Greater 2025 carry forward than anticipated;
2. Successful grant applications;
3. New contract work;
4. New CSSF fees.

If, by mid-year, CSO has not generated the necessary revenue (or found additional cost-savings) to balance our budget, we will propose changes to balance the budget that may include:

1. Spending down CSO long-term savings (likely only if we know funding will be coming soon);
2. Programmatic cuts, primarily through cuts to Personnel Costs,

Below is a line-by-line explanation of the rational and notable items for each budget line to correlate with the budget table itself.

**Income**

**4005: State dues income**

State dues reflect the same level approved in FY2025, with slight increase to reflect CA dues level correction.

Dues are CSO’s primary funding source and are a direct indication of state support for the work CSO performs on their behalf.

**4010: Ex officio dues**

Ex officio dues reflect an increase suggested and approved last year by the Ex Officio members; with slight increase to reflect CA dues level correction.

**4100: Interest Income**

This line reflects earnings from the previous year's level, with an increase to accommodate the addition of a Certificate of Deposit (CD).

**4207: DC Membership Meeting**

This line total of $15,000 is based on lower turnout for DC meeting than 2025, which had a strong turnout. This line correlates with line 5404 under Expenses.

**4208: State Membership Meeting**

This total of $16,500 reflects lower turnout for the state meeting that we expect in 2025

This amount corresponds to line 5405 under expenses

**4782:** **NOAA Cooperative Agreement**

This total of $485,000 reflects a) $85K in our current NOAA Cooperative Agreement (NOAA 2022) which CSO expects to rollover into 2026; and b) $400K in a new NOAA Cooperative Agreement (NOAA 2026?) expected to start in July 2026. All of this is for CSO’s work on the Great Lakes; it is important to note that most of it is a pass through to contractors to provide work on the ground for state coastal programs in the region. This income is accounted under expenses in the following lines: 5000 Salaries, 5501 Contracts, and 5315 Contract and Grant travel.

**4783:** **Other Grant-Contract Income**

This total of $68,000 represents the estimated amount CSO expects to receive from ongoing and expected grant or contract opportunities. This includes a $50,000 contract with the National Wildlife Federation (NWF) for work on a) community engagement and b) climate driven coastal relocation; as well as a $18,000 contract with the Association of State Floodplain Managers (ASFPM).

**4798: Administrative Fees from CSSF**

This number reflects the projected amount CSO will receive as part of its Agreement with CSSF for services provided. Total fees expected in 2026 is $250,000 based on current funding and spending levels for ROPs.

\*Note: The auditors have advised management that the costs associated with CSSF employees (including salary, taxes, benefits, and other related expenses) must be accounted for separately. These costs will therefore not be included in CSO's personnel expenses within the accounting records of either organization. To reflect this change, a separate line has been added to the budget document.

**4800: Carry forward from previous year**

This number ($20,000) is expected to be the available carryforward from FY2025. However, the exact number will not be known until final reconciliation is done in March or April of 2026.

**Expenses**

**5000: Salaries**

The proposed amount of $577,000 reflects the total CSO is expected to spend in FY26; *this includes no pay raises for any staff and 1-month unpaid sabbatical for the Executive Director.*

**5105: Health and Dental Insurance**

The estimated health and dental premium for FY26 is $59,577 combined for health and dental expenses; *this accounts for staff paying 5% of insurance premiums for the first time.*

**5120: Long–term Disability**

The estimated premium for FY26 is projected to be $5,768.

**5125: Workers Comp**

Based on previous years’ costs, the FY26 costs is expected to be $4,120.

**5130: Continuing Education**

This line is proposed to be reduced to $1,000. It is intended to cover professional fees, training, and other training related expenses.

**5140: Retirement**

In 2026 six CSO employees will be vested and the estimate amount of $35,000 is the estimated costs for FY26.

**5150: Payroll tax**

Based on the number of employees the estimated amount for 2026 is $52,500 in payroll taxes.

**5160: Other benefits**

This line is proposed to be $2,000. It includes other individual benefits.

**5001: Other (Recruitment and Interns)**

This line is proposed to be $2,000. This line usually includes CSO’s cost for a Coastal Management Fellow, interns, and a legal externship.

**5203: Supplies**

This line is proposed to be at the same level at $2,500 based on previous spending and current needs of the organization.

**5204: Postage and Mailing**

This total of $300 reflects actual costs from previous years and similar costs are anticipated for 2026.

**5208: Phone and Internet**

This total of $11,000 is the anticipated costs for 2026.

**5210: Print and Copy**

This line is proposed to decrease to $2,000 for minimal printing needs

**5225: Rent**

The amount, $85,038, is the same as 2025

**5226: Publication and Subscriptions**

This line is proposed to be at $4,000 based on the current costs and anticipated needs of the organization for 2026.

**5212: Website**

This amount is proposed to be decreased to $2,500 based, cutting back on outside website support

**5215: Computer Maintenance**

This number ($17,500) reflects the actual IT contract costs.

**5230: Property Insurance**

This number ($3,000) reflects actual and anticipated costs based on previous years.

**5345: Furniture**

This amount is proposed to be $500 based on the anticipated needs of the organization for 2025.

**5250: Equipment purchase**

This amount is proposed to be $1,500 based on the anticipated needs of the organization for 2026.

**5255: Bank and other fees**

It is recommended to keep this line at the same level of $250.

**5305: Staff Travel**

This amount is proposed to be decreased to $20,000 cutting back on organizational travel to nearly only travel to CSO member meetings.

**5306: Local travel**

It is recommended to decrease to $1,000.

**5315: Contract and Grant Travel**

This amount of $5,000 reflects the anticipated grant and contractual travel expenses for 2026. This line includes costs associated with the NOAA GLRI grant travels.

**5404: DC Membership Meeting**

This line is $7,000 for 2026, where meeting expenses will be minimized by hosting the meeting a CSO offices, and without Capitol Hill reception.

**5405: State Membership Meeting**

This State Meeting is projected to be budgeted at $28,000 based on estimations from previous years’ and current costs.

**5420: Other meeting expenses (including Sponsorships)**

Meeting Sponsorships – it is recommended to leave at $1,000. This amount will cover other meetings that CSO deems relevant to support, including Hill briefings and meetings with federal Agencies.

**5501:** **Contract/Grant Contracts**

This total of $390,000 accounts for contractual obligations under the NOAA Cooperative Agreement.

**5505: Financial Services** (Accountant, Auditor, and Payroll processing fees)

This amount of $32,000 includes charges for payroll, the audit, IRS Form 5500 prepared by the auditor, IRS Form 990 prepared by the auditor, and accounting fees.