

## Budget Update, July 28, 2009

To: Campus Community

From: Paul J. Zingg, President

Now that several important events have transpired, we have some more clarity and direction with regard to how our campus and the System as a whole can respond to the unprecedented budget cuts to the CSU by the state. As many of you know, Governor Schwarzenegger and Legislative leaders announced a budget deal for 2009-2010 last Monday, July 20, and the budget was passed by the Legislature Friday and signed by the Governor today. The budget deal includes the previously identified \$584 million reduction to the CSU and a commensurate cut to the UC System. It bears repeating that this is a terribly damaging and short-sighted under-funding of higher education in California. State General Fund support for the CSU for 2009-10 is expected to be \$1.6 billion, which is about \$600 million less than 10 years ago, when the CSU served about 100,000 fewer students than it does today. In blunt terms, state funding has decreased about 25 percent over these 10 years while our enrollments have gone up almost 30 percent. Continually, we have been asked to do more with less. That is no longer possible.

Last Tuesday, July 21, the CSU Board of Trustees voted to increase the State University Fee by 20 percent, with one-third of the revenue set aside for financial aid. This will result in a \$672 increase for full-time undergraduates for the fall 2009 semester, added to a \$306 increase approved in May. This is painful news to communicate to our students, and because of the System's commitment to financial aid and expansion of federal student awards and tax credits, families making \$75,000 or less will not pay any new fees. We are hoping that our students are managing this late change as well as can be expected, and our Financial Aid office is ready to assist those in need.

On Friday, July 24, the California Faculty Association announced that a vote of its members had approved negotiating furloughs with the CSU. The California State University Employees Union approved furloughs by vote last Monday, July 20, and the CSU Trustees also approved as expected the changes to Title 5 to allow furloughs for management employees. This means more than 90 percent of the 47,000 CSU employees could be furloughed starting next month. There is more on the implementation of furloughs below. It is important for everyone, on campus and in the community, to recognize that there will be substantive and mandated pay and workload reductions for our employees as a result of furloughs. In particular, the faculty who routinely work well beyond a set weekly schedule to assist students and fulfill their other obligations must see a cutback in the many hours they work. We are awaiting further guidance on this matter as negotiations between the Chancellor's Office and the CFA continue. We do not know yet how much flexibility individual campuses will have in these regards.

The CSU is responding to the 2009-10 budget cut, and prior cuts carrying over from 2008-09, with a plan that includes four main elements: Systemwide furloughs and lay-offs, offsetting approximately \$275 million of the reductions; a 20 percent student fee increase, offsetting \$157 million; an enrollment reduction of approximately 40,000 students over the next two years; and campus-based cost-saving options offsetting \$183 million. Needless to say, each of these elements has enormous and unwelcome ramifications for our campus and the entire System. Communication will be vital for us to continue to be successful serving students and doing our jobs at a high level. In the coming days, sharing of new information as it is available, tracking down answers to your questions, and discussions of the impacts of these actions will take place, via e-mail and our University Web site, and at open campus forums. Please check our campus budget information Web site at <http://www.csuchico.edu/prs/budget/index.shtml> <<http://www.csuchico.edu/prs/budget/index.shtml>> for these developments. In addition, the focus of my presentation at Opening Convocation on August 20 will be reconciling these effects on service and quality with the record of excellence we have achieved, most recently affirmed in the WASC reaccreditation action.

With the budget agreement just signed today, and furlough decisions not yet complete, we do not have all the information necessary to implement changes as a result of budget cuts. Here is where things stand now:

### Furloughs

· As mentioned above, following the California Faculty Association vote, the CSU has entered into discussions with the CFA regarding how furloughs will impact faculty members.

- Other campus employees who are furloughed will move to a 4/8 summer work schedule for the period July 31, 2009 - August 14, 2009. Non-furloughed employees will stay on a 4/10 work schedule until August 14. Staff Human Resources sent an e-mail message to campus on July 22 with these and other related details, including a link to a furlough/non-furlough calendar <http://www.csuchico.edu/hr/Documents/SHRM-AugustWorkCalendar.doc> <<http://www.csuchico.edu/hr/Documents/SHRM-AugustWorkCalendar.doc>> for employees.

- Two day a month furloughs are expected for employees whose bargaining units have approved furloughs and for management employees. The first two furlough days are Friday, August 7 and Friday, August 14. Subsequent furlough days will be a combination of predetermined furlough days, and floating days allowing campus units some flexibility. A calendar of furlough days and information sheet about furloughs will be distributed as soon as possible.

- During designated furlough weeks, exempt employees subject to furloughs become non-exempt for that week. This will be a significant change in work habits for some, and subsequent communications will include details, reminders and restrictions regarding maintaining a non-exempt work schedule.

### Enrollment

- Campus has received permission from the Chancellor's Office to offer admission for spring 2010 to upper division transfers in our service area. This was our plan prior to the CSU decision to be closed for spring 2010 applicants Systemwide. We are pleased that we will be able to serve this very important group of prospective students.

- Estimates for fall 2009 enrollment show approximately 300 fewer students than fall 2008. As you know, we are mandated to reduce our enrollment due to the loss of state funding. We will need to use restrictions on filing periods and other means in order to further reduce our FTES next year. Our new FTES target of 13,314 from the CSU is 9.5 percent less than our 2008-09 target.

### Campus-based budget cuts

- Chico State's portion of the unresolved campus-based cuts after furloughs, fee increases, and enrollment reductions is about \$6 million, coming off of previous cuts in 2008-09.

- Our campus is aided by preparations by our deans, chairs, and program and unit directors for these additional cuts, and some base and one-time funds which we will carry forward from 2008-09 to mitigate the reduction for 2009-10.

- Travel restrictions, a hiring freeze on non-essential positions, cancellation of non-critical equipment and supplies purchases, and a salary freeze for vice-president and president positions all continue.

Along with the very important work ahead of implementing these changes, we have the difficult task of finding perspective, for ourselves and with our colleagues, about the impact of the budget cut on our institution. Without question we will see a diminution of our overall effectiveness; the suspension or cancellation of worthy and long-standing events or programs; the loss of talented and valued colleagues; and the absence of eager and meritorious prospective students. Nothing will be gained by sugar-coating the damage or avoiding a hard look at what it means for our University. It is also true that our students and the many other constituents we serve look to us in these challenging economic times to offer continuing opportunities and training and to articulate a better future for the region and state. Their high expectations of us have been borne out by the University's recent 10-year reaccreditation by WASC, which less than five percent of participating institutions receive. The WASC visiting team noted that our institutional quality had been achieved during a period of diminishing resources. Our daunting challenge ahead is to continue to be the exemplary institution WASC witnessed and reaccredited while coping with unparalleled cuts to state support. Together, we will do what we can to maintain our high standards and long record of service to students in California and especially the North State. Please know I recognize and greatly appreciate what you do every day as a part of the Chico State community to support our students and sustain our commitments.

Thank you.