

Q&A ON THE BUDGET

What is the current state budget situation with respect to the CSU?

Gov. Brown has proposed a 2011-12 state budget that includes \$500 million in cuts to the CSU. He has said that an extension of temporary tax increases is required to preclude additional cuts to education, social services and many other areas. Gov. Brown has been negotiating with Senate Republicans to secure the votes needed to place the tax extension on a ballot for June. CSU Chancellor Reed has said the proposed \$500 million cut to the CSU is a virtual certainty for next year's budget. At this time, three months from the end of the fiscal year, there has been no talk of a current year cut.

How does the proposed \$500 million cut affect Chico State?

CSU, Chico's portion of the \$500 million cut is approximately \$19 million. This is less than our usual 4.1% share of any system-wide numbers because that larger number (\$500 million) is reduced by about \$60 million in low enrollment penalties not passed along to the campuses. The campus will receive approximately a net of \$6 million from the 10% tuition fee increase for 2011-12 approved by the CSU Board of Trustees. The \$6 million includes an amount set aside for financial aid. Therefore, the net cut for the campus, based on a \$500 million reduction of State General Fund support for the CSU, would be \$13 million.

How will we manage the current proposed budget cuts?

The Chancellor's Office has announced that the CSU will recommend system-wide budget cutting options by June 1, with a subsequent adoption of a budget implementation plan by the Trustees at their July meeting. It is likely the plan will include enrollment reductions and other cost savings that reduce spending, but will try to limit the impact on students' progress to obtaining their degrees. Our campus has done an excellent job in the past anticipating budget reductions and making prudent choices to soften the impact of cuts, and we will continue to do so.

What will happen if the CSU budget is cut further?

Currently, the CSU is not proposing an additional tuition fee increase, but that option would be considered if cuts to the CSU exceeded \$500 million. The Chancellor's Office has said a state "all-cuts" budget to eliminate the \$26 billion deficit would mean a \$1 billion cut to the CSU, which is equivalent to more than 35% of the total funding to the system. Such a reduction would necessitate considering all budget options, including enrollment reductions, fee increases, workforce reductions, and program suspensions. No matter what our budget situation is, our top priority will continue to be serving students with the instruction and services they need to graduate.

Are there ways to economize that haven't been explored?

Due to the major budget reductions the CSU has already absorbed, non-essential spending has already been identified by units across campus. Operating expenses, energy use reductions, professional travel, and freezes on hiring are all areas we have

examined for cost savings, and we will continue to look more deeply in these as well as new areas. While we want to save money in these areas, it's important to note that our campus costs are largely in personnel. The budget breaks down as follows: 74% salaries and benefits; 11% utilities and other University-wide costs; 10% financial aid; and 5% operating expenses.

Are lay-offs or furloughs going to happen?

The CSU System's budget implementation plan will likely address these issues. If the budget cut is at \$500 million, it is likely that mandatory system-wide enrollment reductions will occur once again, and that may reduce the number of lecturers employed on campus. Reinstating furloughs has not been discussed, but if the budget reduction goes beyond \$500 million, technical lay-offs are likely and furloughs may well be reconsidered, though it is not known, of course, if employees through their respective bargaining units would vote for furloughs.

Can administrative costs be cut?

All non-essential costs are targeted as we anticipate budget cuts, and this includes administrative costs. In some cases, staffing must be increased because of new state mandates to campus, or other changes to laws or statutes that affect our operations. In other instances, what are sometimes described as administrative duties are essential to serving students' needs, from offering financial aid to providing public safety. With regard to pay, salaries at the president and vice-president level are currently frozen, as they have been since 2007, and other raises need presidential approval. Those few administrators whose pay may have increased are performing new or expanded duties, and in some cases doing work created by a position being held vacant, so there can be a net savings to the University.

Does the University have money in reserve that can that help the budget situation?

Most of the money held in reserve is restricted in use or designated for specific purposes, such as capital improvement projects, financial aid, housing or parking, and can't be used for other uses, such as adding course sections or paying for new faculty or staff. The University does use one-time funds, which can come from the state or federal government or other sources, whenever possible to help with budget reductions. However, the proposed cuts we are facing are reductions to our base funding from the state, so the use of one-time money is a stop-gap measure to maintain our most important functions and priorities.

Where can you go to get budget information?

The Academic Senate's University Budget Committee meets during the academic year to review and discuss strategies, proposals and directions. Those meetings are public, and the meeting times, minutes and hand-outs are kept in the Senate office, Kendall 101. The University Budget and Resource Management office website <http://www.csuchico.edu/bud/index.shtml> has information including a link to campus budget plans by fiscal year.