From: CSU, Chico President Paul Zingg
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Subject: Budget Update

To: Campus Community

From: Paul J. Zingg, President

I am writing to update you on our budget situation and other related matters that affect us at this point in the academic year. Last Friday, Chancellor Reed announced that $50.9 million in one-time funds would be allocated to campuses for additional course sections and student support services in the Fall 2010 semester. These are the remaining federal stimulus funds from the $76.5 million that the CSU System received last fall. Our campus’s proportional amount of the one-time funds for Fall 2010 is $2,188,700. Just as occurred when we received the $1,075,000 allocation for this semester, I will discuss with Cabinet, the deans, and Academic Senate leadership the best use of these new one-time funds. I can say that we will focus on adding course sections to relieve bottlenecks in GE and otherwise enable degree completion and to direct funding for other student academic success needs such as EOP, library hours, disability services and tutoring. The over-arching goals in the use of these one-time funds are to support students’ path to graduation and provide teaching opportunities for our faculty.

Along with this positive news, the Governor’s budget proposal last month was encouraging with regard to future state support for higher education. Following his Jan. 6 State of the State Address, when he said California “can no longer afford to cut higher education,” Gov. Schwarzenegger proposed a budget that includes the restoration of $305 million in one-time cuts made during the 2009-10 budget year, as well as adding $60.6 million for 2.5% enrollment growth assuming that significant, ongoing federal funds are also committed to California. While these are welcome developments, this level of state funding support would still be well below the level provided by the state in 2007-08. And, as we know from past years, we are likely months away from a budget being passed by the Legislature. Currently, legislators and the Governor are floating a variety of proposals to address the state’s approximately $20 billion deficit. For instance, this week Senate Democrats proposed raising certain sales and excise taxes and postponed discussion of social services cuts until the May Revise when new state revenue data are released. The state Legislative Analyst has pointed out that many proposals discussed to date to reduce the deficit are unrealistic, and/or will face legal challenges. The bottom line is that we simply don’t know yet what cuts there may be to higher education for next year, and, if the Legislature is stalemated, we may not know
until next fall. Yes, this is once again a frustrating, damaging situation affecting all of us as well as many other residents of California. Quite simply, it cannot continue if the state is to recover and, eventually, prosper again. We will continue to press this message on many fronts.

While the Governor has advocated resuming enrollment growth, which is absolutely central to the CSU’s mission, we are still reducing enrollment due to a lack of state funding support. Our campus enrollment target for 2010-2011 calls for an 8.5% reduction in resident FTES from last year’s target. This has caused us to tighten application periods, reduce spring 2010 enrollment to only upper division transfers from our service area, and apply an index combining GPA and test scores above CSU eligibility to fall 2010 applicants. Reducing enrollment is especially painful because interest in attending Chico State is at a record high, and other campuses also have more students than they can accommodate. Waiting lists will be formed here at Chico State and on the other campuses so that, if more funding is received, additional students can be served.

Enrollment decreases have been one part of the CSU’s plan to offset the approximately 20 percent reduction this year in the System’s budget. There is no news to share with you about two other major parts of the plan: salary savings and student fee increases. At this time, we do not know if we will have furloughs next year. The CSU has advocated limiting furloughs to only the 2009-2010 academic year, but no decision has been reached about their future use. As for fee increases, no action has been taken, but there is a good chance they will increase, particularly if the Governor or Legislature links new fee revenue to increased enrollment. I will continue to share with you new developments, as will the Chancellor’s Office through Employee Updates posted on Campus Announcements.

Serious budget challenges continue, but so do our enduring strengths as a University and community. Never more so was I convinced of that than during the student-organized Blitz Build in January on behalf of Catalyst Domestic Violence Services. The many talents and leadership qualities shown by our students; the tremendous support from the city of Chico and local business partners; our faculty teaching and exemplifying professionalism far beyond the call of duty; the heart-felt teamwork and spirit of giving that defines this campus over and over. I chose this topic for a column in next week’s Inside Chico State because I think it reminds us of why we should feel proud of our University and the community in which we live. That this project building two homes in nine days, with its 200-plus volunteers and almost year-long planning cycle, could take place during such a challenging academic year – not to mention the pouring rain which accompanied the project throughout – says so much about our University.

I welcome your comments and concerns and will write again when new information is available. Thank you as always for your hard work and service to Chico State.