Governor Proposes Flat Budget for California State University
Series of trigger cuts to go into effect if tax measures defeated

(January 5, 2012) – Governor Brown today released his 2012-2013 state budget proposal that calls for no change from this year's level of state support of the California State University, provided that his tax initiative slated for the November ballot is passed by voters. The proposed $2 billion in state support for the CSU is the lowest in 15 years, and reflects the continuation of a $750 million or 27 percent reduction in funding made in 2011-2012.

In addition, the proposed budget relies on the passage of the Governor's tax measure that would raise income taxes on high-income earners and increase the state sales tax, generating approximately $7 billion a year in additional revenue. If the measure is not approved by voters, the Governor's budget proposal includes a series of trigger cuts that would go into effect, including an additional $200 million cut to the CSU, which represents almost 27,000 enrolled students. That would bring state support to $1.8 billion, which would be the lowest level of state funding since 1996-97, even though CSU enrolls 95,000 more students today.

"Our campuses have done everything they can just to get through this fiscal year with a $750 million budget cut," said CSU Chancellor Charles B. Reed. "We have only survived by implementing numerous cost cutting measures, being extremely prudent with resources, and spending down one-time reserves. However, we are just about out of options, and if the state does not begin to reinvest in the CSU, we will need to take more drastic measures including cutting enrollment and programs, raising tuition and reducing personnel."

The $2 billion in state funding allocated to the CSU for the 2012-2013 budget is the lowest level of state support the system has received since 1997-1998, but the university currently serves an additional 90,000 students compared to that year.

For the past three years, CSU has instituted a number of cost saving measures including decreased enrollment, employee layoffs and furloughs, deferred maintenance, travel restrictions, better use of information technology and other efforts. To get through the remaining months of this fiscal year, campuses will need to take short-term measures such
as drawing on one-time reserves, delaying equipment purchases and facility maintenance work. However, starting with the next fiscal year, extremely difficult longer-term tradeoffs will have to be considered, including the possibility of additional cuts to academic programs or further increases in tuition.

The budget proposal for 2012-2013 does not restore the $100 million trigger cut, making the $750 million reduction a permanent reduction to the base of state funding for the CSU. In two of the last four fiscal years, state support to the CSU has been dramatically reduced, forcing the CSU board to approve sizable tuition fee increases. However, increases in revenue from tuition hikes – after setting aside one-third for financial aid – have not kept pace with state funding cuts. For the current academic year, tuition increases raised approximately $300 million, but CSU’s budget was cut by $750 million.

"We cannot continue down this budget path and expect that we can offer the same number of courses to the same number of students and maintain quality," added Reed. "California needs to make public universities a priority again. It is unrealistic to think the state will be able to grow its economy without an educated workforce."

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The California State University is the largest system of senior higher education in the country, with 23 campuses, approximately 433,000 students year round and 44,000 faculty and staff. Since the system was created in 1961, it has awarded nearly 2.5 million degrees, about 90,000 annually. The CSU is renowned for the quality of its teaching and for the job-ready graduates it produces. A recent economic report found that the CSU supports more than 150,000 jobs statewide annually. The engine driving job creation is more than $17 billion in economic activity that directly results from CSU-related spending that generates $5.43 for every dollar the state invests. The mission of the CSU is to provide high-quality, affordable education to meet the ever-changing needs of the people of California. With its commitment to excellence, diversity and innovation, the CSU is the university system that is working for California.