

## **The State Budget Crisis: An interview with CSU Chancellor Charles B. Reed**

*April 8, 2008 — California State University Chancellor Charles B. Reed discusses his views on the budget cuts to higher education in California. Due to the state budget crisis, the CSU system stands to lose \$386 million. Reed talks about the impact on students, class offerings, potential fee increase and what he sees as new revenue options for the state.*

### **Transcript: Q&A with Chancellor Charles B. Reed about the Budget Crisis**

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**Hello. This is Jennifer Wicks of the California State University. Coming up Chancellor Charles Reed offers his perspectives on the state budget crisis and its implications for the California State University System. Each year the Chancellor works with the Governor's office and the legislature to procure the budget for the 23 CSU campuses. This year, however, the task will be more challenging. Because of the state budget crisis the three systems of higher education in California—CSU, UC, and community colleges—will get serious budget reductions.**

**Question: A potential \$386 million cut to the CSU budget is bigger than the budget of many university campuses. How would this cut impact students?**

We have closed our admission to the California State Universities effective March the first so we know that we will be turning away more than ten thousand students that would be normally eligible to come to the California State University. We can't offer the number of classes and sections and at the same time take over a three hundred million dollar cut to our budget. So we had to decide when to close our admission and that was as of March the first for the first time in college freshman students. We can't take more students than we can serve because it's not just offering classes and sections you have to provide student services, you have to provide counseling, you have to provide access to these students to the library and to the laboratories and things like that. So it's important to take care of the students that you have.

**Question: One of the impacts of the budget cuts may be fewer class offerings. Now, that would result in students taking longer to graduate. What's the CSU doing to inform current students about the impact of budget cuts?**

We now have formed a coalition between all of our labor unions—the faculty, the staff, the trades, our presidents, our trustees, the chancellor's office to all work together. We're holding budget summits on all 23 of our campuses so that everybody is informed of the consequences of the cuts and also the problems with raising fees. And so we have been working together now since December to focus on this and I think for the first time in my ten years everybody in the CSU is a part of this effort.

**Question: Is it accurate to say that even if the students receive another fee increase this year, that it still won't be enough to cover the deficit of the proposed budget cut?**

That's right. If we increase our fees approximately 10 percent we will still be taking about a three hundred million dollar budget cut. And you know one of the things that's occurring is students are seeing fee increases and they're getting less for what they're paying for and that's not fair to students either. The state of California is not doing its part to support higher education and it does take a combination of student fees, the state and universities going out there on their own and raising private funds. So it's kind of a three legged stool that we need to have for stability and the students are the ones that are now paying more and getting less.

**Question: It seems to follow then that employee salaries will be impacted. What are your thoughts on that?**

Administrators in the California State Universities are thirty seven percent behind their market. This past year we made a large adjustment for our faculty who deserve to be paid more because we're asking them to do more and so it's a vicious cycle out there but you do have to reward people for all the hard work that they're putting in.

**Question: In your opinion Chancellor Reed, what other revenue options could help the state budget?**

I think you have to look at California's economy. There has been a shift, a sea of change, in its economy from goods that are being taxed to a service economy which doesn't contribute very much back to the state from a revenue standpoint. So I think that there is an opportunity to look at services—accounting services, legal services, I could go on down the line and I think that's kind of the future of California and California needs to look at that and say do we need to collect some revenue from the new economy of California and have it benefit the rest of the state.

**Question: That's an interesting concept. It *does* seem though that we're seeing budget crunches more frequently and something needs to change. \**

You know we need to put in perspective the University of California, the California Community College System, The CSU ... just three or four years ago went through horrendous cuts. The CSU took a five hundred million dollar cut between 2002 and 2005. So you know, this is occurring on a five year cycle instead of a ten year cycle. That happened to all of us. And this cut is piled on top of that.

What's even at a bigger risk is the economy of the state of California. If these three great university systems don't feed the economy with the workforce that they need, with the research that they need, with the technical skills that it needs, then California will no longer be as competitive as it's been in the past. And you're going to see personal income start to drop in California and that will be devastating to our economy and to the citizens of this state.

**Question: In your opinion, would underrepresented students, particularly African American, Hispanic and Native American students be disproportionately affected by the budget cuts?**

I think that in addition to access being affected by ten thousand students that it will be disproportionately hard on students of color and the underserved communities of California. And that's particularly disappointing to me because the California State University has over the last two or three years geared up such an enormous outreach program. For instance, in the African American community by going to Super Sundays, to the African American churches, by us conducting the PK program for Latino mothers. By us reaching out to the Asian communities, the Native American communities, the troops to college for our young people that have served in the military that are getting out. It disproportionately will affect those students and that's you know very stressful for me to know that that's happening. We've seen our African American admissions increase twelve percent, our Latino admissions fifteen percent, our Asian admissions up to twelve percent. So that is really going to have an effect on California.

**Question: What's your message to students during this budget crisis?**

I know that there's a possibility that students are going to have to pay more but you're going to get something that will never be taken away from you and that's an education and that's a college degree. And the future workforce requires today that you have a baccalaureate degree in order to participate in America's economy and that is so important for you to be able to do that. So I want students to hang in there. You might have to work a little harder, you might have to borrow a little bit more money but in the end it will be worth it in every way because it will be paid back to you many, many times over. If students just realized that the difference between a high school graduate and a college graduate in lifetime earnings are more than two million dollars.

**Question: And, finally, you've talked some about how this cut would hurt the CSU. What should our listeners know about how the CSU helps California's economy?**

If the state invests a dollar we return four dollars and 41 cents to the state of California. That's an incredible return on investment. In addition to people who graduate from universities making more money we also know that intrinsically people who get college degrees have better child rearing practices, their communities get more given back to them. We know people who have degrees commit less crime. We know people have better health practices, better nutrition. So you know all of those things are investments in California's future.

**I've been speaking with CSU Chancellor Charles B. Reed, head of the California State University, the largest system of senior higher education in the United States. Thank you, sir.**

Thank you.