



October 30, 2008

TO: All CSU Employees

FROM: Charles B. Reed, CSU Chancellor

RE: CSU Budget Update

As reported in my email to all employees of October 23, the Department of Finance recently directed state agencies and departments receiving General Funds of the need to cut \$390 million statewide from the current budget. This \$390 million cut was a cost-saving assumption adopted as part of the enacted budget. The Department of Finance acted under direction from the Governor who was within his authority in allocating the \$390 million reduction. For the CSU this amount was \$31.3 million of the money we receive from state funds. In response, we made it clear that in order to meet our mission-critical functions, this would have to be a one-time reduction, and not affect our base general fund budget going forward. If you would like to read the CSU's response to the Governor's Office, click [here](#). Also, we have posted additional information and background details on the website at Budget Central [here](#).

As I said last week, we anticipate that we will be able to manage this reduction without disrupting campus operations or impacting instruction, student services or public safety. However, all programs funded by state government, including the CSU, are vulnerable to major additional cuts from the legislature because the state's revenues are in free-fall. Legislative leaders are estimating the state's current deficit to rise as high as \$10 billion. Under these circumstances we must focus our attention, energy and efforts toward this larger problem.

The Governor has indicated he intends to call a special session of the current legislature on November 5th in order to address this emerging deficit. We do not know what the result of that will mean for our budget. What is clear, is now, more than ever, we need to continue working together to advocate against any further budget cuts. The hard work that all of the faculty, staff and students put into campus budget forums greatly helped our budget position for this year and that kind of hard work will be instrumental in defending the university against further cuts both this year and next. Thousands of students, alumni, faculty, staff, administrators, parents and others are working hard on behalf of the CSU.

We know these will be tough budget times ahead as the state's fiscal condition continues to deteriorate. That is why we need to continue to advocate together on the critical role CSU plays in preparing graduates for California's workforce, and the need for investment in higher education.

Thank you for your continued support of the California State University.

Sincerely,

CSU Chancellor Charles B. Reed