

From: CSU, Chico President Paul Zingg
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Subject: Message on State Budget Crisis

To: The Campus Community

From: Paul J. Zingg, President

As we open the spring 2009 semester, the unprecedented \$40 billion state budget deficit and the related cash-flow crisis for the state are paramount concerns. Last spring, we anticipated that state funding would be inadequate and asked departments and units on campus to prepare for 2008-09 cuts. In an October 29th e-mail message to faculty and staff, I outlined how we were managing those cuts, which varied between 3 to 5 percent based on the strategic priority of differing programs. The hard work of our colleagues made a tremendous difference in limiting the impact of these cuts. As fall became winter, however, no agreements were reached in Sacramento that would repair the state's structural budget deficit or resume education funding at the level needed to provide access for the many residents hoping to obtain a college degree and for the CSU to fulfill its other responsibilities to serve the state's long-term recovery.

After the Governor released his proposed 2009-10 budget, Chancellor Reed announced in a January 9th e-mail to employees a number of cost-cutting measures for the CSU, including a salary freeze on vice president positions and above and a freeze on hirings of all but essential positions. This month the CSU has also had to suspend work on state-funded construction projects, and expects delays from the state in Cal Grant financial aid payments. Fortunately, our campus's current building projects – the Wildcat Recreation Center, Sutter Hall, and the Northern California Natural History Museum – are not primarily funded with state money and will not be halted. In addition, our campus decided to disburse Cal Grant money and other financial aid to students without any delay and cover the cost with University funds until the state reimburses the campus for the amount.

Two cost-saving contingency plans discussed in Sacramento this month – furloughs and "IOU" payment deferrals – do not apply to CSU employees. The Governor's plan to furlough employees two days a month, perhaps starting in February, applies only to state Civil Service employees, and not CSU, UC, or Community College employees, as defined by law. Regarding the state Controller's announcement of possibly deferring payments to employees, the state Constitution holds that the state must meet its obligation to make payments to the higher education and public school systems. But even though we are not directly affected, it goes without saying we all hope neither of these steps is taken. We continue to hope that an end to the budget stalemate will occur soon.

Day to day, we are monitoring news from Sacramento, and will be communicating with you frequently about what transpires. It is easy to be frustrated, angry, and even embarrassed at the Governor and Legislature for their inability to agree on a fiscal solution. Perhaps the hope and anticipation so evident at the Inauguration of Barack Obama will serve to inspire our elected leaders closer to home. In the interim, Chico State will remain absolutely committed to serving students, and seeing them succeed, through the thoughtful, skillful, and caring efforts of our faculty and staff. I have no doubt that what has made this such a good and vital place will not be diminished by the current political shortsightedness, and that as we continue to demonstrate the effectiveness of our programs, both public and private financial support will continue to come our way. Yes, I am an optimist, even when facing governmental

ineptitude and impasse. Please stay focused on the work before us. We will get through this because we must and because we will not fail our students and the public trust.