

## **The California State University Employee Update Friday, June 12, 2009**

### **CSU and Labor Unions Discuss Budget Reductions**

The CSU has begun meeting with its labor unions to discuss ways to mitigate the impact of the projected \$584 million budget reduction on the university and its employees. The cut, which represents a reduction of 16 to 20 percent of state General Fund support to the CSU for 2009-10, was proposed as part of Gov. Arnold Schwarzenegger's May revision of the state budget which aims to close a \$24.3 billion deficit.

Chancellor Charles B. Reed has recognized that the magnitude of the cuts means that all options need to be on the table as no single solution or approach can create the needed savings. The guiding principle behind the decisions, Reed has said, will be "to serve as many students as possible without sacrificing quality and to preserve as many jobs as possible."

The CSU is considering introducing furloughs for all CSU employees, including management and executive levels, to protect the maximum number of jobs while generating essential salary savings in fiscal year 2009-10. Applied systemwide, a two day furlough per month for all employees would generate approximately \$275 million in salary savings. Although the furlough plan alone will not generate enough savings, it will produce significant savings that could otherwise only be achieved through a massive immediate program of layoffs and/or non-renewal of temporary employment contracts. Approximately 80 percent of the CSU's costs are salary and benefits payments.

A furlough is a mandated period of time off without pay. Furloughs differ from salary reductions and pay cuts in that they are temporary and do not affect employment status, or health or retirement benefits. Also, employees are not required to work on furlough days.

The CSU management team is discussing the projected budget reductions with CSU labor leaders. This includes the possibility of furloughs as one of the means to mitigate the projected reduction. The CSU will continue to move forward with its planning, regardless of whether or not the 2009-10 state budget is implemented on time. The chancellor is expected to bring a cost-savings action plan to the Board of Trustees in July.