

Budget Excerpt from CSU Employee Update: March 24, 2011

CSU Addresses \$500M Funding Cut

The CSU's Board of Trustees Tuesday discussed several strategies aimed at mitigating the governor's proposed \$500 million cut to the university's 2011-12 budget. The CSU will actually need to address a \$550 million total gap in funding once \$50 million in mandatory costs, including increased energy costs and employee health premiums, have been factored in.

The CSU will apply an estimated \$142 million of revenue (net of financial aid) from the tuition fee increase approved for fall 2011 to the budget reduction, leaving the system with the need to reduce spending by approximately \$400 million.

In addition to revenue from the tuition fee increase:

- The 23 campuses will reduce their budgets by a total of \$281 million.
- The Chancellor's Office budget will be cut by \$10.8 million (14 percent). This is proportionately more than the campus reductions because the Chancellor's Office does not receive student fee revenues.
- Funded student enrollment for 2011-12 will drop by over 10,000 students for \$60 million in cost savings.

Because 84 percent of the CSU's operating cost is for personnel, the CSU will need to continue to reduce personnel expenses by at least \$250 million. Since the state's fiscal crisis began in 2008-09, the CSU has reduced the number of employees by 8.8 percent (4,145) and the Chancellor's Office has reduced management personnel by 11 percent.

The governor's proposed state budget brings the CSU's level of state

support to 1999-00 levels, but the CSU currently serves 70,000 more students. The CSU could face a \$1 billion budget reduction if tax extensions backed by the governor do not reach the ballot of a proposed special election in June, or are rejected by voters. [More information.](#)

The Trustees also reviewed:

- The initial proposals for successor contract bargaining with the Union of American Physicians and Dentists (Unit 1), the California State University Employees Union (Units 2, 5, 7, 9), the Academic Professionals of California (Unit 4), the State Employees Trades Council – United (Unit 6) and the State University Police Association (Unit 8). The proposals were adopted and the parties may begin **bargaining**. The CSU and the California Faculty Association (CFA) are currently in the bargaining process for a new contract. Updates are posted [here](#).
- A report regarding expanding CSU's Extended Education to: increase access; respond to emerging educational needs; expand online offerings; work with community and business partners to assist unemployed, displaced and incumbent workers; and build additional career and educational pathways with community colleges.