

The California State University Employee Update

Thursday, May 21, 2009

CSU Faces \$410 Million Cut as Propositions Fail

With voters rejecting five propositions aimed at reforming California's budget, the CSU will face a \$410 million cut to its 2009-10 budget that will impact its ability to serve students and maintain its operations. Propositions 1A-1E were created to provide new revenues to help balance the state's General Fund budget over the next several years. Their defeat by voters in the May 19 special election means the state will now face a revenue shortfall of \$21.3 billion, a gap which Gov. Schwarzenegger has proposed closing through a variety of cuts and other actions.

"A \$410 million reduction will severely impact our ability to provide student access to our universities, maintain our workforce, preserve services, and protect the quality of our institutions," said CSU Chancellor Charles B. Reed. "These are all hard decisions and there are no good options," said Reed. "I will be meeting with the campus presidents to address these fiscal issues and to develop a plan of action in consultation with our Board of Trustees."

The CSU has implemented several cost-savings measures including a salary freeze for vice presidents and above, a hiring freeze, and travel and purchasing restrictions. In addition, the CSU took steps to limit the number of new students admitted in fall 2009 based on the state's inability to fund enrollment growth and the CSU's operational needs. The CSU's budget is approximately \$4.2 billion, with \$2.7 billion from state General Funds and \$1.5 billion in student fee revenue. The proposed \$410 million reduction represents a 15 percent cut in General Fund support.

Chancellor Reed to Lobby Washington for Increases in Student Aid

CSU Chancellor Charles B. Reed will be in Washington D.C. this week promoting ideas to increase student aid and improve college access and completion, particularly in underserved communities. Reed will testify at the House Committee on Education & Labor's May 21 hearing on "Increasing Student Aid Through Loan Reform." The hearing will examine the Obama Administration's proposals to restructure federal student loan programs and use projected savings to increase funding for Pell grants and other aid programs. Reed will review CSU campus experience with existing student loan programs and present several proposals to increase need-based aid. CSU is the largest recipient of Pell Grant awards in the country. A webcast of the hearing will be available live and archived through the committee's [web site](#).