

The California State University Employee Update
Thursday, October 22, 2009

Allocation will Allow Campuses to Temporarily Add Courses, Sections

The California State University will receive \$25 million in one-time funds that will be used to offer courses and sections for the winter and spring terms to help students progress to their degrees. Campuses will also augment student services and advising.

The news offers a bit of temporary relief for the CSU's 23 campuses which have struggled to provide enough courses and sections to serve students in the face of the CSU's \$564 million budget cut. The addition of up to approximately 4,000 course sections across the system also means the CSU will be able to retain as many as 800 lecturers for the winter and spring 2010 terms.

The university funds are available thanks to an additional \$77.5 million one-time federal allocation that will help the CSU meet its payroll. In turn, the CSU will be able to use state funds and student fee revenues, previously set aside for payroll, to add the course sections. The CSU will reserve the remaining \$52.5 million to prudently manage its budget as the state's economy continues to decline. The criteria for how the remaining funds are used will be to serve as many students with quality and to preserve as many jobs as possible, the same guiding principles the CSU has used throughout the budget process.

CSUSM's supplemental allocation of funds from the Chancellor will be \$625,000. These funds are one-time money and will support additional course sections in the spring. The Provost has begun to work with the Deans to plan the use of those funds to provide additional courses that students need to make progress toward their degree.

CSU to Direct PPO Reserves to Pay for Operational, Benefits Costs

The California Public Employees Retirement System (CalPERS) has excess reserves in its self-funded PPO health plans that it will use to offset the September and October 2009 employer and employee premium payments.

Since the CSU pays the premium for almost all of its PPO plans, it will realize approximately \$14 million from these reserves. The CSU will use the \$14 million to offset \$40 million in unfunded mandatory costs it is obligated to pay. Mandatory costs include increases in employer-paid health and dental benefits for employees as well as energy costs associated with new space.