

CSU/CSUB Budget Action Overview

Wednesday, July 22, 2009

The state of California is facing a \$26.3 billion budget deficit. As a result, the California State University is facing an unprecedented \$584 million budget cut. A reduction of this magnitude required the CSU to take drastic steps.

Yesterday (July 21), the CSU board of trustees made a number of tough decisions to deal with the budget cut. The decisions were made keeping two goals in mind:

1. Serve as many students as possible without sacrificing quality; and
2. Preserve as many faculty and staff jobs as possible.

Below is a summary of the main budget issues and actions taken by the CSU, as well as how those actions impact California State University, Bakersfield.

Budget reductions:

- CSU is faced with a \$584 million shortfall for its 2009-10 budget. This is an unprecedented single year reduction requiring drastic steps to protect student services and academic quality.
 - ✓ For CSUB the budget reduction equates to a \$13.5 million reduction. This gap will be closed using a combination of increased student fees (\$3.1 million), employee furloughs (\$5.5 million), and reductions from departmental budgets (\$4.8 million). *Note: These dollar amounts are projections based on anticipated enrollment and furloughs for all employees.*
- In January 2009, the CSU and CSUB began taking a number of cost cutting measures including mandatory travel restrictions for employees, the cancellation of all non-critical equipment and supply purchases, and a hiring freeze on all positions except those essential to the operation of the university. These restrictions continue.

Employee furloughs:

- Approximately 85 percent of CSU's budget costs are salary and benefits. To manage the deficit, the CSU is forced to reduce labor costs. Salaries have been frozen for executives and furloughs have been proposed for all 47,000 CSU employees, with the exception of public safety personnel.
 - ✓ 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, health benefit eligibility, or pay rate for retirement benefits.
- If all 47,000 employees were furloughed two days per month, \$275 million in cost reductions would be generated. Additionally, it would save 22,000 course sections – or about 15 percent of all classes statewide – that would otherwise have to be cancelled for the fall.
 - ✓ At CSUB, furloughs for all employees would lead to a cost savings of nearly \$5.5 million.
- On July 21, trustees approved furloughs for all CSU management employees, including the chancellor, presidents and executives. Beginning August 1, a total of 24 mandated furlough days will be taken over an 11-month period.

- ✓ At CSUB, this action impacts 95 employees. The scheduling of furlough days will be determined by the campus.
- CSU is negotiating furloughs with several of its labor unions, as their labor agreements do not include provisions for furloughs. CSUB has 970 employees represented by unions.
 - ✓ Members of the California State University Employee Union, representing 16,000 non-academic employees, have approved a tentative furlough agreement. Beginning August 1, a total of 24 mandated furlough days will be taken over an 11-month period. At CSUB, there are 304 employees represented by CSUEU.
 - ✓ The university's largest union, the California Faculty Association, is currently holding a vote of its membership on whether to negotiate furloughs. Voting is scheduled to end on July 22. At CSUB, there are 535 employees represented by CFA.
 - ✓ A number of small labor unions have either chosen to negotiate furloughs or have chosen layoffs per their contract.

Enrollment reductions

- State general fund support of the CSU for 2009-10 is expected to be almost \$600 million less than support a decade ago. Yet, the CSU serves approximately 100,000 more students today than it did a decade ago.
- In order to preserve a high-quality educational program for current and future students, enrollment cannot exceed state funding support. Therefore, over the next two years, the CSU will reduce its enrollment by 40,000 students.
 - ✓ Enrollment for the 2010 winter quarter has already been limited to qualified applicants who applied prior to July 6, 2009. No admission applications will be accepted for the 2010 spring quarter.
 - ✓ CSUB is urging students interested in attending during the 2009-10 to immediately contact the admissions department at (661) 654-3036 to determine eligibility and timing for admissions.
- Students interested in applying to any CSU campus, including CSUB, for fall 2010 are encouraged to apply beginning Oct. 1, 2009 at www.csumentor.edu.

Student fees and financial aid

- CSU trustees raised student fees by \$224 per quarter for full-time undergraduate students. Fees were also increased for teacher credential students and graduate students. The new fees go into effect fall 2009.
 - ✓ At CSUB, fees for undergraduate students will now be \$1,697 per quarter.
 - ✓ Approximately 1,900 (25 percent) CSUB students are expected to have the higher fees offset dollar-for-dollar through an increase in the State University Grant. Other students will also have other financial aid options, including Pell Grants, loans, fee waivers and newly expanded federal tax credits. Approximately 80 percent of CSUB students receive some type of financial aid.
- CSU fees continue to be the lowest fee rate among comparable institutions.