DATE: January 23, 2009

TO: All Faculty and Staff

FROM: Horace Mitchell, President

SUBJECT: Campus Plans to Address State Cash Flow Problems

As promised in the January 2009 issue of the President’s Monthly Campus Update, I want to provide you a progress report of campus plans to address the budget stalemate in the State. As reported, the State is expected to run out of cash by the end of February.

Guiding our planning is our commitment to maintaining student access to a quality education and supporting our excellent faculty and staff. Campus budgets were allocated to units at the start of the fiscal year with the expectation that those funds would carry us through the 2008-2009 academic year. However, as a result of the State cash flow problems, we must now take steps to ensure that our priority funding obligations are met. These priorities are student grants and faculty and staff payroll.

The following are immediate actions we will undertake while the State remains at an impasse:

1. Funding for Cal Grants and Campus-Based Student Fees
   Since the State will not have cash to fund Cal Grants, which eligible students use to cover a portion of their educational costs, we will fund Cal Grant A awards. We will not be in a position to fund Cal Grant B awards.

   In addition, in order to ensure that students are not assessed additional fees during this tenuous time, I am imposing a moratorium on the establishment or adjustment of any campus-based student fees.
2. Payroll and Essential Expenditures
   In the absence of State funds, we will need to fund payroll and campus expenses with resources which are already on campus, primarily derived from State University Fee income. To fund our payroll and other essential expenditures, we will put into effect the following:

   a. Hiring Freeze
      Effective immediately, a hiring freeze will be in place for the campus. Exceptions will be made only on a case-by-case basis following consultation with me by the appropriate vice president regarding critical positions.

   b. Salary Freeze
      Also effective immediately, there will be no salary increases for any position except as provided for by collective bargaining agreements.

   c. Expenditure Limitations
      In order to preserve funds for our highest priority needs, campus departments must limit their purchasing to only the most critical items. Any proposed expenditure of $5,000 or more must be approved by the appropriate vice president.

Additionally, funding for all State-funded capital projects has been suspended and projects have been shut down. At CSUB this includes renovation of the Nursing labs and construction of the Art labs. Construction of the Student Recreation Center is not impacted since it is being funded through the 2005 student fee referendum rather than by State funds.

Since the State budget remains a dynamic situation, I will continue to update you as new information becomes available.