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MEMORANDUM

July 8, 2011

TO: All Members of the Legislature

FROM: Karen Y. Zamarripa
Robert Turnage

RE: 2011-12 Budget: Next Steps for CSU

Now that the final 2011-12 budget has been enacted we wanted to keep you informed about efforts to manage the system and our 23 campuses. We hope that this information is helpful in understanding our next steps and to be better prepared for questions from your community.

While we appreciate the efforts of many to protect higher education, General Fund support for the California State University (CSU) is nearly one-fourth less than in 2010-11 even as we continue to see increasing demand for college opportunity. We will do all that we can to accommodate students and make sure they have the courses, programs and services they need to succeed but there is no question that the CSU will face difficult choices that will impact everyone.

The university has to manage a total reduction in state support of \$650 million for sure, and remains vulnerable for another \$100 million cut if revenue projections do not materialize by the end of the year. If the “trigger” is pulled by the Department of Finance, state support to the CSU would be at its lowest point since 1997, despite inflation and despite the fact that we are now serving about 90,000 more students.

January Budget Reductions and Actions: The Governor’s Budget initially proposed a \$500 million budget reduction for the CSU and we have done our best to find the best way to implement this significant drop in state support. The Chancellor’s Office and the 23 campuses are implementing a wide range of measures to lower administrative and instructional costs in response. The \$500 million budget reduction also depends on a 2.4% reduction in enrollment targets, denying access to approximately 10,000 students who otherwise could be admitted and

CSU Campuses
Bakersfield
Channel Islands
Chico
Dominguez Hills
East Bay

Fresno
Fullerton
Humboldt
Long Beach
Los Angeles
Maritime Academy

Monterey Bay
Northridge
Pomona
Sacramento
San Bernardino
San Diego

San Francisco
San José
San Luis Obispo
San Marcos
Sonoma
Stanislaus

educated. In addition, we took action last November for a 10% tuition fee increase effective this fall.

\$150 Million Cut = Reduce Access or Increase Fee: The additional \$150 million budget cut for the CSU now forces us to take action to make sure students have the courses and services they need and that we can admit new students for the academic year. To avoid lasting damage to student access and program quality, the Board of Trustees will be considering *a second tuition fee increase – 12% more or \$294 per semester* at their July 12th meeting. The increase will be in addition to the 10% approved last November and will generate net revenue of \$150 million, after providing for a one-third set-aside for financial aid. No one likes raising tuition fees any more than raising taxes but we have no other choice unless we want to shut the doors for new applicants.

Winter and Spring Terms: Admissions Re-opened: As we waited for the final budget, we had to make decisions regarding fall enrollments and directed the campuses to proceed with fall admissions within targets based on the initial \$500 million budget cut. Students seeking admission for winter and spring terms were “wait listed” pending a final budget.

Anticipating board action next week on the tuition fee increase we will be able to accept more students. This is particularly important given the number of community college transfer students that seek admission to our campuses in the spring. Quarter campuses will begin making decisions immediately for winter 2012, and the spring 2012 application cycle will begin on August 1st and will close on August 31st. We strongly advise that all applicants meet this deadline.

“Trigger” Continues Uncertainty: The “trigger” continues the uncertainty for all of us including students, faculty and staff. If pulled, the board will have more decisions to make mid-year and as we start the spring term. We are hopeful that we will not have to face this scenario and will monitor the situation with the Department of Finance closely for the next several months so that we prepare the board for any further actions that may be necessary at the end of the year.

We hope you find this information helpful. We remain committed to doing all we can to protect access and quality at the CSU but the challenges are daunting. Working together with our campus leaders, faculty and staff we will do our best to get through 2011-12. We also look forward to working with you, your colleagues and Governor Brown to begin reinvesting in California’s future through CSU and higher education.

If you have any questions, please do not hesitate to contact either one of us at (916) 445-5983.

Cc: Chancellor Charles B. Reed
Executive Vice Chancellor Ephraim Smith
Executive Vice Chancellor Ben Quillian
Campus Presidents