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## **California State University Adopts Cost Saving Measures as Governor Proposes 2009/10 Budget**

(Jan. 9, 2009) -- The California State University today announced additional cost saving measures that are aimed at maintaining jobs and student access to quality programs in the midst of state budget reductions. These actions follow the system's decision in November to limit the number of new students entering in fall 2009, due to the state's inability to fully fund enrollment growth and operational needs.

The new actions implemented at the system office and at all 23 campuses include a salary freeze for all vice president/vice chancellor level positions and above including campus presidents and the chancellor effective immediately, through the 2009-10 budget year. The CSU has also announced a hiring freeze on all but essential positions, cancellation of all non-critical equipment and supplies purchases, and travel restrictions for employees.

In addition, the university system has been forced to suspend and shut down state funded design and construction projects on all 23 campuses due to the state's freeze of \$600 million in general obligation and lease revenue bonds used to finance such projects.

"The magnitude of the state's budget crisis continues to grow, along with the uncertainty of the future fiscal picture," said CSU Chancellor Charles B. Reed. "We are instituting these cost saving measures knowing that the state's fiscal situation worsens each day. The CSU has also been forced by state actions to halt work on state-funded construction projects for at least 90 days, which will result in unanticipated shut down and start up costs, and delay the completion of major campus facilities."

Hundreds of projects currently underway at CSU campuses across the state could potentially be affected including libraries, performing arts centers, classroom facilities, administration buildings, seismic upgrades, laboratories and others.

### **Proposed 2009-10 CSU Budget**

Governor Schwarzenegger formally released his 2009-10 budget today. The budget identifies a \$14.8 billion revenue shortfall in 2008-09 that will grow to \$41.6 billion by the end of 2009-10 if proposed solutions are not adopted by the Legislature. The budget proposal reflects \$14.3 billion in revenue adjustments, \$17.4 billion in spending cuts and \$10 billion in warrants and borrowing to achieve a balanced budget over the next 18 months that leaves a \$2 billion reserve.

For the CSU, the Governor's Budget would make permanent \$66.3 million in budget reductions proposed for 2008-09. The budget proposal restores the \$31.3 million budget reduction CSU received in 2008-09 (treating it as a one-time budget action). Compact funding of \$217.3 million for operating costs and 2.5 percent enrollment growth was not funded. The budget provides \$3.6 million in new state funds for 340 full time equivalent nursing students. Finally, the budget assumes that the CSU Board of Trustees will increase student fee rates by 10 percent, which is projected to achieve \$130 million in revenues, with one-third set aside for student financial aid. However, mandatory costs, enrollment funding and financial aid costs required for 2009-10 total \$84.4 million, which is \$15.8 million more than available revenue.

### **About the California State University**

*The California State University is the largest system of senior higher education in the country, with 23 campuses, approximately 450,000 students and 46,000 faculty and staff. Since the system was created in 1961, it has awarded nearly 2.5 million degrees, about 90,000 annually. Its mission is to provide high-quality, affordable education to meet the ever-changing needs of the people of California. With its commitment to excellence, diversity and innovation, the CSU is the university system that is working for California.*

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