

2011-2012 Budget: Frequently Asked Questions

1. What is the magnitude of the cut in state support to the CSU proposed in the Governor's budget?

[Governor Brown's 2011-2012 budget](#) proposes to reduce CSU funding by \$500 million, which represents an 18 percent reduction in state funding from last year's budget, inclusive of one-time federal stimulus dollars. The \$500 million cut more than wipes out a partial funding restoration received in the 2010-2011 budget and would drop state support by \$680 million – or 23 percent – below the pre-recession level of 2007-2008.

2. What is the relationship between the tuition fee increase approved for 2011-2012 and the proposed budget cuts?

In anticipation of an ongoing reduction in state support for CSU, the Board of Trustees adopted a 10 percent tuition fee increase for the upcoming academic year (2011-2012). Although that increase could generate around \$225 million, the CSU sets aside one-third of increased revenue for student financial aid.

The tuition fee increase, therefore, will only generate approximately \$150 million to offset the budget cuts. In addition, the CSU faces an increase of \$50 million in mandatory spending such as employee health care and energy costs. The net impact of the budget cuts, therefore, will be a \$400 million reduction to CSU's budget.

3. What steps will the CSU take to close the remaining budget gap?

The CSU will not increase tuition again for 2011-2012 unless state support for the university is cut beyond the \$500 million currently proposed. All other reasonable options remain on the table, including enrolling fewer new students in the upcoming academic year and reducing administrative costs while placing a priority on direct instruction and faculty class offerings.

4. How will the CSU manage the implementation of budget cuts?

The CSU has been working closely with the legislature and Governor's Office to minimize the impact on enrollment and tuition while considering ways to lower the cost of instruction and administration.

Throughout the process, the CSU has been clear that the system needs to have as much flexibility as possible to manage this cut at both the system-wide and campus level in order to address individual needs of the 23 campuses and minimize the impact of cuts on current students.

Based on state budget language, by June 1 the CSU will recommend budget options for public review and comment prior to adoption of a budget implementation plan by the Board of Trustees in July.

5. What happens if the voters do not approve tax extensions this June?

The governor has made clear that the CSU will face additional cuts if the legislature or California voters do not approve tax extensions (vehicle license fee, sales tax and income tax).

An all-cuts budget of \$26 billion could result in double the reductions at the CSU, or \$1 billion – more than 35 percent of the total funding the system currently receives from the state. This would force a reconsideration of all options, including the possibility of additional tuition fee increases.

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6. How does the CSU spend state funds and tuition fee dollars?

Three-fourths of the CSU's annual expenditures (including financial aid) directly support students and the academic program. The breakdown is:

- Instruction (*primarily faculty salaries*): 42 percent
- Academic support (*libraries, museums, academic technology, faculty development, etc.*): 11 percent
- Student grants and scholarships: 10.9 percent
- Student services (*counseling, career guidance, student health, financial aid administration, etc.*): 10.8 percent

The remaining 25 percent in funding is spent on institutional support (*fundraising, general administration, fiscal operations, information technology, etc.*), operation and management of plant (*including energy costs*), public service and applied research.

7. What does CSU spend on salaries and compensation?

Focusing on operating expenses minus financial aid (fig. 1), *84 percent of the CSU budget covers the costs of salaries and benefits for the more than 43,000 employees* that work to directly serve and support our students and the programs and services we offer them. Specifically the CSU spends on:

- Academic salaries (*primarily faculty*): 30.4 percent
- Staff salaries (*IT, fiscal operations, administrative support, plant, etc.*): 30.3 percent
- Executive salaries (*system executives, campus presidents*): 0.2 percent
- Benefits (*health, retirement, etc.*): 23.2 percent

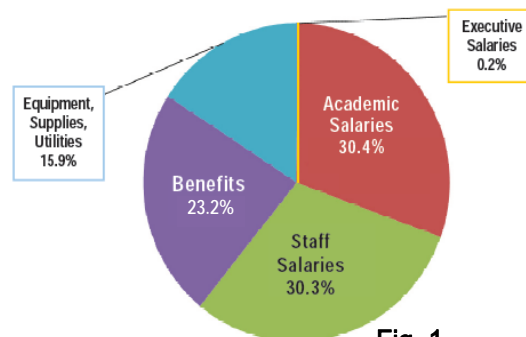


Fig. 1

8. Are CSU employees receiving "across the board" pay increases or cost of living adjustments?

Most CSU employees, including administrators and executives, *have not* received a general salary increase or cost of living adjustment since 2007. CSU faculty were the only group in this period to receive an increase – a two percent general salary increase in 2008.

In addition, most employees, including administrators and executives, took an approximate ten percent pay cut in 2009-2010 through furloughs to help protect student programs, course sections and services.

9. Are presidents or the chancellor receiving pay increases?

The Chancellor and standing campus presidents have not received a pay raise since 2007.

10. Are any employees receiving individual pay increases?

A limited number of employees have received increases due to promotion, added work duties, or conditions spelled out in collective bargaining agreements.

Some increases were temporary, often due to a person stepping into an interim position while the university conducted a hiring search. Some salary adjustments have also resulted in a net cost savings for the university. For example, a campus was able to save money by eliminating a vice president position and redistributing the responsibilities to two existing vice presidents. The two administrators received increases to reflect their new duties, while the CSU cut overall costs.