



July 26, 2012

To the campus community:

The potential outcomes of the passage or failure in November of Governor Brown's tax initiative (Proposition 30, which the CSU Board of Trustees recently endorsed) remain critical to the CSU. The long and short of it is this: we simply do not know whether the initiative will win voter approval. If Proposition 30 fails, the CSU will suffer a \$250 million "trigger" cut in 2012-13 (which would translate to at least a \$5 million midyear cut to our campus in January). If Proposition 30 does win approval, we will not receive further cuts in 2012-13. However, we will still have much to address. For example, health benefit and energy costs continue to rise with no adjustments in state funding. And, if Proposition 30 passes and the CSU rescinds its most recent increase in tuition fees as the Governor and Legislature have requested, the system faces a one-time \$132 million budget gap in 2012-13.

At its July meeting, the CSU Board of Trustees prudently began consideration of potential responses to a failed Proposition 30. One approach, which would enable the CSU to maintain enrollments and access, involves raising tuition fees by 5 percent and implementing an average 2.5 percent salary and benefit reduction for all CSU employees. A second approach, which would stabilize student costs but decrease enrollment and, thus, access, involves no increase in tuition fees but a 1.5 percent decrease in enrollment, a related reduction in CSU employee numbers, and an average 5.25 percent reduction in employee pay and benefits. It is important to note that nothing yet has been decided by the Board. Any salary and benefit reductions for represented employees would necessitate collective bargaining.

On our own campus, I understand that UBAC will be forwarding its 2012-13 budget recommendations to me shortly. I will review and respond to them. I appreciate UBAC's hard work. There are no painless recommendations in today's budget environment.

Finally, I note two upcoming events. The first is the General Faculty meeting to be held August 21st at 9:00 am in Snider Hall. With apologies, I am unable to attend. The scheduled meeting conflicts with a mandatory meeting of the CSU Executive Council in Long Beach. Given the critical timing of budget discussions, it is especially important that I attend to represent our campus in those discussions.

The second event is a President's Address to the Campus Community on August 29th in Snider Hall. An informal reception will begin at 10:30 with my remarks to follow at 11:00. We could not find a time that would fit everyone's schedule but hope nonetheless that many whose schedules are tight can attend either the reception or the remarks. I look forward to seeing you and to meeting those whom I have not yet met. Details will follow shortly.

Thank you for your attention.

A handwritten signature in cursive script that reads "Joseph F. Sheley".

Joseph F. Sheley