

Chancellor details impacts of budget cuts to lawmakers

(February 9, 2011) – California State University Chancellor Charles B. Reed told lawmakers this week that he agreed with Gov. Jerry Brown's decision to immediately address the state's fiscal crisis, but stressed that continued reductions in higher education funding will stall the state's economic recovery and ultimately place its future at risk.

Reed and California Community Colleges Chancellor Jack Scott and University of California President Mark Yudof discussed the potential effects of proposed budget cuts to the three higher education systems of at least \$1.4 billion collectively at an Assembly Budget Subcommittee Hearing in Sacramento.

Reed stated that the reinvestment in higher education will drive the state's economic revival. "California's economy depends on the CSU and the rest of higher education, in both the near term and the long term. We are the engine of economic recovery and workforce development in the state."

The proposed \$500 million reduction to the CSU's 2011-12 budget would bring state support for the CSU to roughly the same level as 1999-00, but the CSU is currently serving almost 70,000 more students.

The chancellor indicated that a tuition increase passed by the CSU Board of Trustees last November will alleviate some of the budget cut, but increases in health care and energy costs will require the CSU to pay an additional \$50 million. Even with the tuition fee increases, the CSU will have to reduce its spending by \$400 million.

Reed also said the CSU will need to restructure programs. "We can no longer justify offering practically every major at every campus when many of those majors have exceptionally low enrollments," he said. The CSU will continue to review programs across the system to determine if lower-demand programs can be offered regionally with similar programs at nearby campuses. Reed cautioned that efficiencies will help somewhat, but said the university must do much more in light of the magnitude of the proposed cuts. He cited the restructuring of business practices as a beginning of this endeavor.

Reed also declared that should tax extensions proposed by the governor be passed during a potential special election in June, the CSU will not pursue additional tuition fee increases for 2011-12. If, however, taxpayers do not approve the tax extensions or if the proposal does not reach the ballot, he will revisit this strategy because the university would be at risk of even greater cuts.

Reed also requested that the legislature allow the CSU flexibility and discretion in the budget management process to best position the CSU to take advantage of future reinvestment by the state.

To read his full statement, [click here](#).