

Monday's Message – January 31, 2011

Hello everyone!

I am expanding our reach this week. You may be one of our alumni or friends in the community who does not normally receive my weekly video address to the faculty, staff and students of Cal Poly Pomona. I appreciate the fact that you are taking the time to watch so you can be best informed about our financial realities.

Last Tuesday and Wednesday, I attended the Board of Trustees meeting. The hard facts are these: The governor's proposed budget cut to the California State University system, coupled by the real potential for additional cuts, could ultimately force us to redefine our educational model, affecting the number of students we serve and the quantity of courses we offer.

I promised from the beginning of the budget crisis that I would keep everyone informed and provide a realistic view of what we are facing. We know that Governor Brown's 2011-12 proposed budget calls for a \$500 million dollar reduction to the CSU. That equates to roughly a \$25 million dollar cut to Cal Poly Pomona.

Our 2010-11 general fund allocation is a little more than \$124 million dollars, which means a \$25 million cut represents a 20 plus percent decrease for Cal Poly Pomona.

Now consider this: In 2009-10, 84 percent of the CSU's *total* operating expenditures went to faculty and staff compensation and benefits because that's what it takes to deliver a quality education. As we look to 2011-12, we clearly cannot address the *best-case scenario* of cuts without making painful decisions about what this university can – and cannot – support.

I use the phrase best-case scenario because that's what it is. An even more frightening – and distinctly possible – situation looms if California voters do not approve an extension of the current personal income and state sales taxes this June. If voters reject the tax extensions, or if the proposal fails to get on the ballot, the CSU will almost certainly face additional cuts. And that would happen just two months before the semester campuses begin their academic year.

The scope of the situation requires immediate action, and I want to give you a realistic look of what lies ahead. First, Chancellor Reed has called on every campus to prepare a first-phase budget contingency plan that addresses each campus' share of the projected \$500 million dollar cut. Accordingly, we will complete a plan with input from campus stakeholders to determine how we will initially offset \$25 million dollars for 2011-12. That plan is due to the Chancellor's Office by March 1.

Some of that cut, about one-fourth, will be offset by an increase in tuition fees approved by the Board of Trustees in November. In addition, any funds that we expect to save this fiscal year could provide a one-time benefit for next year. But that will not address all of the expected shortfall.

A fiscal emergency of this scope means that every possible option is on the table. The chancellor put it clearly when he said that we are going to have to downsize the CSU. While not every campus will be affected identically, none will avoid the pain.

Any time budget cuts are addressed, finger-pointing tends to follow. People might publically criticize the CSU, saying it overspends and is not using its limited funds appropriately. I want to share with you some very telling statistics. The graph on your screen shows the most efficient universities in the nation in general educational costs per full-time student. To be considered, a campus must have at least 15,000 full-time students. Of the top 20 campuses, 10 are from the CSU. This graph shows just how cost-effective a CSU degree is compared with other universities. I am proud to note that Cal Poly Pomona is ranked 14th in the country. When you overlay these data with the recent report that identified our graduates as 5th in mid-career earnings of all the public universities in California, it is pretty clear that you have been doing an outstanding job of meeting the educational needs of the citizens of California with very limited resources.

As I have done in the past, I strongly encourage each of you to take every opportunity to advocate for the CSU – especially to our elected leaders. No state-supported organization big or small pays a greater return on investment. Each dollar of direct spending by the CSU “grows” to \$2.13 when indirect and induced spending is considered. CSU-related expenditures and the enhanced earnings of its graduates in the workforce generate \$70 billion dollars in total annual

spending in the state, support more than 485,000 jobs statewide, and create \$4.9 billion dollars in tax revenue for state and local governments.

We know that Cal Poly Pomona students will have an average salary of more than \$48,000 dollars after graduation. And, as I mentioned, with mid-career salaries at more than \$93,000, we are among the highest in the state.

No question, we are California's best hope for a brighter economic future. You are likely someone who has benefited from this university or another public institution. Your voice is needed more than ever. We need you to help us get through these turbulent times.

Thank you and best wishes.