**CSU System Budget Advisory Committee – Notes on January 30, 2013 meeting**

**Budget**

EVC Ben Quillian reviewed the charge of the committee and the membership, and then provided information on the January release of the Governor’s 2013-14 budget, which was the same information he shared with the Senate at the January plenary (Please see plenary minutes). Robert Turnage shared a handout that was used at the CSU BOT meeting last week (attached). It details the augmentation in the CSU state support over the next four years. For 2013-14, CSU will receive $250m, half of which is for CSU refunding tuition in fall 2012 following passage of Proposition 30. The CSU BOT had requested an augmentation of $372m to the CSU budget, and thus now the challenge of prioritizing needs.

For the three years after 2013-14, the augmentation to the CSU is 5% ($148m), 4% ($124m), and 4% ($129m) respectively. As part of the plan, the Governor mandates no tuition increases and expects the CSU to serve more students, offer more bottleneck courses, improve transfer and graduation rates, and reduce time to graduation. Interestingly, the Governor expects the CSU to increase enrollment without any funds actually being tied to enrollment. The legislature, on the other hand, may require it. If the economic situation worsens or tax receipts decline, the multi year plan could be jeopardized.

The Governor would like the CSU to manage all its funds and costs. These include debt service on General Obligation bonds ($198m) and Lease Revenue bonds ($71m+$19m), and employer retirement contributions frozen at 2012-13 levels. All these amounts will be added to the CSU budget and become the responsibility of the CSU. Currently, they are treated as pass-throughs. It was stated that in the past five years the CSU is down approximately 2200 employees. EVC Quillian stated that this change toward CSU managing all its costs would increase the risk to the CSU. For example, if compensation increases, so will employer retirement contributions. It was stated that the CSU might have to pay more salary to new employees because benefits for new employees have been reduced. The Governor is also giving increased authority to the CSU to negotiate employee health benefits and, if necessary, impose settlements.

Someone stated that the CSU needs to do something about increasing compensation, to which EVC Quillian replied that he and VC Gail Brooks of Human Resources have been running numbers to see what can be done, but he did not think increases in compensation could be across the board and will need to consult with the Council of Presidents.

EVC Quillian requested the members to send to him ideas and suggestions directly since he would be meeting with the campus Presidents shortly. Chancellor White will be presenting the budget plan to the BOT at the March meeting. A better sense of the budget will occur after the May revise. Since higher education has received a favorable budget position from the Governor, the legislature is likely to be under pressure to allocate resources to other government agencies, which were not so favorably treated.

**Legislative Issues**

AVC Karen YZ stated that the legislature has 39 new members and the deadline for legislative bills is February 21. After that, the CSU will have a good idea of the number and type of bills related to the CSU. Early trends are about restricting tuition and fee increases and controlling price of higher education, as well as online education. The CSU will not be sponsoring any bills in 2013 since budget was the priority. Most of the CSU legislative work will be on deflecting bills and keeping a focus on the needs of the CSU.

Finally, it seems that the legislature’s reaction to the Governor’s budget is that the legislature may push for a statutory accountability plan for the CSU with funding tied to transfer/graduation/completion rates and other metrics. It would seem that the CSU currently does not seem to have a well thought out position on performance based funding.

Submitted by.

Praveen Soni, Chair

Fiscal and Governmental Affairs Committee

Academic Senate CSU