Much has been reported in the media in the last two weeks with regard to reductions in the 1982-83 support budget for the California State University system and the impact which the Governor's proposed budget for 1983-84 will have on the system and Cal Poly. Because of the timing of the announcements, the subsequent actions taken by the Trustees and other related issues, many of the reports have confused the two budget issues and in many instances incorrectly stated the situation. My hope is that this special message to the faculty and staff of Cal Poly will summarize and clarify the sequence of events, the impact on the current year and the most current information we have available to us regarding the 1983-84 budget problems.

For those of us in the campus community, it is not necessary to repeat the significant budget reductions in terms of real dollars that we have suffered over the last five years. But it is important for us to recognize that the current budget situation must be viewed within the context of a continuing decline of support for higher education. It is a matter of deep concern to me and to a number of other leaders of higher education, and one which we will pursue with our legislative representatives in the months ahead.

Let me speak first to the issue of the current year budget. Shortly after Governor Deukmejian took the oath of office on Jan. 3, he signed an Executive Order which reduced various state agency budgets, including the University of California and The California State University, by 2 percent. For our system, that amounted to a reduction in terms of real dollars that we have suffered over the last five years. But it is important for us to recognize that the current budget situation must be viewed within the context of a continuing decline of support for higher education. It is a matter of deep concern to me and to a number of other leaders of higher education, and one which we will pursue with our legislative representatives in the months ahead.

This increase in the state university fee for the current year will generate $15.9 million which will provide some student financial aid and offset some of the reduction, leaving a balance of $8.9 million which still needs to be identified. Systemwide savings in a number of miscellaneous areas, including savings in staff benefits, are estimated at $2.72 million, leaving an unfunded shortfall of $6.18 million. At the time the Trustees adopted the fee increase on Jan. 10, they also reactivated the Chancellor's budget advisory committee which, in a meeting last week, recommended that the only realistic approach to accommodating this budgetary shortfall was to prorate the $6.18 million to the campuses and to the Chancellor's Office. Cal Poly's share of this will amount to approximately $402,000.

We are presently reviewing various alternatives for the manner in which this $402,000 savings requirement can be achieved. Over the next two weeks, as we seek advice and consultation on limited options, I expect to evolve a plan that will enable us to meet the required reductions in the budget.

As frustrating and disturbing as the current year budgetary situation is, the 1983-84 budget as presented by the Governor is of even more concern, particularly for Cal Poly and its three sister institutions which offer state-supported summer quarters. While we do not have all the details, we do know that in round numbers, the Governor has proposed to eliminate general fund support amounting to some $116 million less than the Trustees' original baseline budget request for the CSU. While there is considerable uncertainty relative to the specific dollar figures because the back-up material upon which the calculations are based are not yet readily available, we do know the following:

- The Governor has reduced general fund support by $73 million and proposes to offset this reduction by a $230 increase in the state university fee. Full-time students this last fall paid $453 a year for all fees, including the $150 state university fee imposed when the budget was adopted last June. Under the Governor's proposal, this fee will increase for full-time students to just over $680. This figure includes the student services fee, the

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Associated Students fee, the Instructionally-Related Activities fee, the facility fee for the Health Center and the newly established state university fee which was instituted this past year.

- Salary savings requirements were increased from 3.1 percent to 3.3 percent for staff, and from 1.1 percent to 1.15 percent for faculty.
- In the area of travel, not only was the 25 percent reduction which was imposed for the current year not restored, but no provision was made for an annual cost increase. With regard to other price increases, the EOP grant price increase was reduced from 10 percent to 3 percent and there was no price increase granted for equipment.
- Funding for all merit salary adjustments was eliminated. The budget document seems to indicate that merit salary adjustments would be permissive, but funding would need to be found from savings elsewhere in the budget.
- Library funding was reduced by about $3.5 million.
- A $1.35 million reduction was made in custodial services.
- Funding for summer quarter was eliminated at Cal Poly and the three other campuses which offer state-supported summer quarters (CSU Hayward, CSU Los Angeles, and Cal Poly Pomona).

A systemwide meeting is being held today (Jan. 21) at the Chancellor’s Office at which time we will be provided with additional details relative to the above items and clarification of the actual dollar amounts and the intent of the Governor’s proposals. Because of the timing, however, we have already initiated steps to bring about reconsideration of the proposed elimination of the summer quarter.

Since the summer quarter filing period for new students occurs during the month of February, and because our current students and faculty will need to make plans with regard to course offerings and other arrangements within the next several weeks, I, along with members of the Chancellor’s staff and the three other CSU presidents, initiated a series of meetings earlier this week on this matter. On Monday we had meetings with the principal budget analyst in the Department of Finance dealing with higher education budgets, LaFenus Stancell, and with Hal Geiogue of the Legislative Analyst’s Office. We also had meetings with Senators Ken Maddy and William Campbell in an effort to ensure that they fully understood the significant negative impact of the elimination of the summer quarter and to request that they intercede with the Governor to have this issue reconsidered.

While we were not able to obtain specific commitments at this time, I am encouraged by the increased understanding which all of these offices and individuals — Department of Finance, Legislative Analyst, and the Legislators — have about the summer quarter and their willingness to explore the issue immediately so that we might avoid a severe hardship on our students and the loss of an integral part of our academic program. We will continue to press this issue as strongly as possible.

As I noted earlier, within the next week to 10 days we hope to have additional information concerning the specifics of the Governor’s proposed 1983-84 budget. As that information becomes available, I will share it with the campus community. In the interim, your support and understanding are appreciated.

Warren J. Baker