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FOR IMMEDIATE RELEASE

Vice President, Provost Outline State Budget Impacts on Cal Poly

SAN LUIS OBISPO -- Cal Poly Provost and Vice President for Academic Affairs Robert Koob and Vice President for Administration and Finance Larry Kelley outlined the impacts of the state budget cuts in an e-mail to all campus employees Wednesday morning, July 22.

The full e-mail:

TO: Cal Poly Employees

**FROM: Robert Koob, Provost and VP for Academic Affairs,
Larry Kelley, Vice President for Administration and Finance**

RE: Budget

We understand that the budget compromise worked out by the governor and the leaders of the Legislature and announced on Monday night is on track for a vote later this week.

Not all of the details of the compromise are in hand, but we're told that the shortfall for Cal Poly is \$33.7 million, or about 15 percent of our operating budget.

This \$33.7 million is what we have anticipated and been planning for.

We expect to close this gap through a combination of expense reductions and fee increases as follows:

* On Tuesday the Board of Trustees approved a \$224 per quarter increase in the SUF for undergraduate students. One-third of this fee will be set aside for student financial aid, leaving about \$7.4 million in new operating revenue from the fee.

* \$570,000 in tuition increases for non-resident students, which the Board of Trustees also approved on Tuesday.

* \$15.6 million in reduction of compensation costs. The Chancellor's Office gave Cal Poly this targeted reduction in compensation costs to be met through some combination of furloughs and layoffs depending on negotiations with the employee groups.

The total of these three mitigations is about \$23.6 million, leaving a need to reduce base operating budgets an additional \$10.1 million.

The additional \$10.1 million budget reductions are being addressed by eliminating vacant positions, reducing departmental operating budgets, and reducing our campus contingency funds. We continue to have a hiring freeze on all staff positions, restricted travel, and we are cancelling all non-critical equipment and supply purchases.

The Chancellor's office also has issued new enrollment targets for all the CSU campuses. The Cal Poly target for 2009-10 is 17,350 in-state FTES. This is no change from last year. The in-state enrollment target for 2010-11 is 15,701 FTES, a 9.5 percent reduction. Plans are developing to address our enrollment targets and needs. Based on

what we have learned to date, it is clear that Cal Poly will not be able to serve as many California resident students in the future as we have in the past.

The campus furlough plan has been developed for those people subject to furlough and can be found at www.afd.calpoly.edu/hr/furloughs.asp Furloughs are to begin in August and each person subject to furloughs will have a pay reduction of approximately 10.0 percent effective with the August pay check.

The [Cal Poly Specific] College-Based Fee that the students approved by 78 percent last Spring is still awaiting final approval and we hope to have it in place for the 2009-10 academic year.

There are signs of improvement in the economy and we anticipate that the State of California will be on the trailing edge of recovery. If that is correct, we can expect another couple of years of difficult budget challenges.

With the State budget in place and balanced, we are looking forward to the State being able to return to the bond market and obtain operating cash as well as funding for capital projects. Our Center for Science is on the list of projects fully approved but awaiting cash that will become available as the State borrows. We do not know when that cash will become available but we continue to stay in touch with State officials to encourage the release of funds for this project.

Most other capital projects have been deferred unless funding is from student resources or outside sources. The UU plaza project is moving along on schedule and we anticipate having a new path in place to the El Corral Bookstore by mid-August. El Corral is open all summer, with new entry points in response to the construction schedule. The Recreation Center renovation and expansion project is set to begin this fall. As a reminder, that project is being funded from revenue from a specific fee voted on and approved by the students for that purpose.

Other major capital projects on campus include the Tech Park on Mt. Bishop Road, funded by grants and revenue from leases, and the Simpson Strong-Tie building behind the new Construction Innovations Center, funded by gifts.

We are continuing to watch the Legislative as well as Chancellor's Office processes and will let you know as we hear additional information. Thank you for your patience and hard work during all this uncertainty and the related challenges. Our continuing ability to work together demonstrates the quality that is Cal Poly in meeting the needs of our students.

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