Colleagues,

I am relieved to report that the state budget signed into law last week provides essentially the same funding this year as last and includes an important provision that would rescind the 9.1% tuition fee increase already approved for Fall 2012—**but only if** voters support the governor’s initiative on the November ballot. However, if the initiative fails, the CSU will face significant additional cuts beyond the accumulated reduction of $1 billion in the CSU budget over the past 5 years.

As a result of prudent planning and budgeted contingencies, Cal State East Bay ended 2011/12 with a surplus that is sufficient to maintain operating support at the current level through the 2012/13 fiscal year, while we await the November election results. However, we will continue to face severe financial challenges in the coming years that will require us to review activities and programs to ensure that we are spending our limited resources in support of our highest priorities and to prevent further erosion of the quality of our academic programs and services to students, employers, and the community.

**Board of Trustees Discussion July 17**

The Board of Trustees will meet on July 17 to discuss options to deal with the potential additional $250 million cut should the governor’s initiative fail in November. Options presented to the board will include an additional $150 per semester tuition fee increase, a 2.5 to 5.25% pay and benefit reduction for all faculty, staff and administrators, and enrollment reductions. In addition, the board will also consider using prior year savings and new strategies to encourage students to complete their degrees.

**Input Welcome**

These options were developed by the CSU’s leadership team with input from more than 2,600 people who participated in two webinars hosted by the system to solicit ideas, suggestions and answer questions. Responses to these questions have been provided and posted on the Web site. If you are
interested in sharing your thoughts please visit the site. [http://www.calstate.edu/budget/fybudget/presentations-communications/budget-strategies/] 

Thank you for your support for the CSU and Cal State East Bay. As we move towards the November election we hope that working together we can convince voters that the CSU creates jobs, promotes economic growth and prepares the educated workforce California needs to remain the Golden State.

Leroy M. Morishita
President

July 12, 2012