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# Assembly California Legislature



**KEVIN McCARTY**  
CHAIR: BUDGET SUBCOMMITTEE NO. 2 ON EDUCATION FINANCE  
ASSEMBLYMEMBER, SEVENTH DISTRICT

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September 30, 2020

Timothy P. White  
Chancellor, California State University  
401 Golden Shore  
Long Beach, CA 90802

Dear Chancellor White:

In this period of COVID-19, I realize the difficult financial and programmatic challenges CSU is facing. As Chairman of the Assembly Budget Subcommittee No. 2 on Education Finance, I am aware of the difficult choices CSU campuses must make this year as they incur increased costs, provide remote education and support services to more than 480,000 students, and address tightening revenue.

However, I am concerned to hear that 300 or more support staff have recently received layoff notices. Layoffs can have dramatic and disastrous consequences for individuals, families and communities, and I'm sure you would agree they should come as a last resort.

I am writing to request more information about how CSU is using its significant reserves to address cost pressures and if there are any other steps campuses are taking to avert layoffs. As you know, the 2020 Budget Act included language stating legislative intent that CSU use its reserves to mitigate the impact of higher costs and less revenue. And while the Budget Act did include a trigger cut to CSU if new federal funds are not received by the state, I and other members of the Assembly fought successfully to include the Governor's proposed \$199 million operational increase for CSU. In addition, I am aware that CSU campuses received more than \$267 million in one-time federal funding via the CARES Act.

Based on a 2019 state audit and multiple discussions in Subcommittee hearings, I am aware that CSU entered the 2020-21 fiscal year with a significant amount in operational fund balances and reserves. Based on information your staff provided the Assembly Budget Committee, I understand the total amount to be \$1.7 billion. Of those funds, about \$400 million is designated for economic uncertainties, and about \$950 million is designated for short-term obligations. Other funds are dedicated to catastrophic events and capital outlay. In addition, I understand CSU had significant reserves in other fee-based programs.

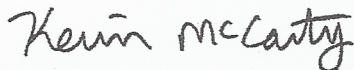


As part of my Subcommittee oversight duties, I have the following questions related to these issues:

- How much of the CSU's operational fund balances and reserves will be used this year to address higher costs and revenue shortfalls? From which reserve category are these funds derived?
- Has CSU considered using reserves earmarked for catastrophic events or short-term obligations to avoid layoffs or support students? If not, what is CSU's thinking regarding when these reserves should or could be utilized?
- What are fund balance and reserve amounts for fee-supported programs, such as housing and dining? Is CSU using reserves in these programs in 2020-21 to avoid layoffs or support students?
- How many campuses are using Early Exit Programs, which incentivize early retirement, to avert layoffs? Are there other policies or programs campuses are using to avoid layoffs?

I appreciate CSU's continuing efforts to support students during this pandemic, and I believe we have a shared value in protecting your employees during these difficult times. I look forward to receiving a reply by Oct. 15.

Sincerely,

A handwritten signature in cursive script that reads "Kevin McCarty".

**KEVIN MCCARTY**  
Assemblymember, Seventh District