



Economic Crisis, Budget Crisis, Political Crisis

Report from CSU-AAUP President David Walsh

February 22, 2010

Dear AAUP Member:

CSU and its employees will soon be confronted with an unprecedented budgetary crisis. I fear that the university and its employees will be adversely affected by the next biennial budget, regardless of which party is elected in November 2010. It appears that the budget shortfall will be unlike those in the past during which specific and limited concessions were sufficient to stave off program terminations and a downsizing of the workforce. It is important that every member understand that this message is different from those received in previous years, since it is likely that after the next biennial budget some departments, programs, and employees will be terminated.

The Economic Crisis

Connecticut's economy is in deep recession and for the near future the prognosis remains poor. According to the US Census Bureau, poverty in Connecticut increased faster than in any other state in 2008 (*Hartford Courant*, 9/30/2009). Unemployment in the state reached 8.9% in December 2009, as 59,000 jobs were lost for the year (3.5% of the total). In January 2010, economist Nicholas Perna predicted that the jobless rate would not decline to the normal 5% for 8-10 years, and in February 2010, the Connecticut Center for Economic Analysis projected that the state would not recover lost jobs until 2015.

Grassroots Organization: Member Commitments

1. Members commit to develop one positive communication regarding accomplishments by CSU or its students for the public media
2. Each member will contact his/her state representative and state senator before and after the November election
3. Each department commits to hold at least one public event or activity before January 2011
4. Members will communicate with family members, students, and alumni about the positive contributions of CSU to the State of Connecticut
5. AAUP will supply members with a list of positive talking points about the university (attached)
6. Formation of a "Rapid Response Team"

Warning Signs

1. Governor Rell creates a bipartisan committee on “State Government in the Twenty-first Century”. The anticipated outcome is the downsizing of state government (Feb. 2010)
2. Governor Rell recommends the adoption of the federal model of “military base closings” in the process of downsizing of state government (Feb. 2010)
3. Gubernatorial candidate “Oz” Griebel suggests that Connecticut may have too many colleges and universities and recommends a “business approach” to evaluate the state’s public higher education system
4. Individual legislators and pundits discuss the imposition of a trimester system at public colleges and universities (2010)
5. The *Hartford Courant*, *Manchester Journal Inquirer*, *Waterbury Republican-American*, and other papers advocate reduced salaries and benefits for state employees as a necessary first step to balance the State’s budget (2010)
6. Issuance of an Executive Order establishing a State Post-Employment Benefit Commission to review proposals for short and long-term revisions to state employee fringe benefits (Feb. 2010)

The Budget Crisis

The budget crisis is being driven almost exclusively by the decline in revenues received by the State of Connecticut (i.e., personal income tax, corporate tax, sales tax and gambling revenue). Since 2008, the state budget has not increased, but state revenues have continued to plummet. There has been a general failure of political leaders to honestly confront the budget shortfall. They have relied on one-time revenue sources (i.e., the Rainy Day Fund and federal stimulus money) and borrowing in an effort to balance the budget. Connecticut has already borrowed \$1.2 billion to bridge the gap in this biennium, and it is estimated that by June the unfunded deficit for the present fiscal year will reach another billion dollars (it currently stands at \$550 million). Even greater shortfalls lay ahead. For the next biennium, FY2011 and 2012, the projected shortfall is estimated at an additional three to four billion dollars. The extent of the crisis becomes clear when one considers that the current year’s budget is \$18.6 billion.

Balancing the budget in Connecticut will be especially difficult. Beginning next fiscal year, Connecticut must start paying \$238 million in annual debt service (for borrowing on previous budget shortfalls) and will lose an additional \$216.5 million per year for securitizing (selling off) of future revenues. In combination, these budgetary manipulations will cost the state \$2.7 billion in future budget cycles (*Manchester Journal Inquirer*, 2/5/2010).

The Political Crisis

The current political environment is also extremely troubling. The Rell Administration’s policies have placed the burden of paying for the recession on the poor, children, college students, state employees and other groups associated with the public sector. Except for one limited tax increase, the Republicans have resisted any solution to the budget shortfall involving enhanced revenues, especially increasing taxes on Connecticut’s wealthiest citizens. The state’s major newspapers and the electronic media have overwhelmingly supported the Governor’s position, and the Democratic majority in the General Assembly has been ineffective in articulating a policy alternative based on the positive contributions that state services make to our economic welfare. If the Governor and General Assembly continue their inaction, by January 2011, when the next biennial budget is considered, the deficit will be so large that it will preclude the adoption of pro-growth, pro-public sector policies.

Given the general expectation that the budgetary pie will continue to diminish in FY2011, 2012, and 2013, and the general lack of trust between the state's political stakeholders, there is a strong possibility that a "benefits scramble" will begin. Simply stated, a culture of "every man for himself" is a real possibility, as each state agency pursues a survival strategy of "beggar-thy-neighbor." The full extent of the danger to CSU-AAUP members becomes clear when four facts are considered: (1) negotiations for a new CSU-AAUP Contract with the BOT will begin in the summer of 2011, just as the true dimensions of the shortfall become public; (2) the guarantee of employment for all state employees, negotiated by SEBAC as part of the Concession Agreement of 2009, will expire in June of 2011; (3) the SEBAC Contract with the state on healthcare and pension benefits expires in June 2017, and the next Governor if s/he serves two terms will re-negotiate that agreement in an atmosphere of severe economic constraint; and (4) state support for CSU in the next biennial budget will almost certainly be lower than the current level of support, and legislators may be tempted to freeze tuition to appeal to voters. **In short, our salaries, working conditions, pensions and healthcare benefits, and jobs will be the subjects of negotiation in the near future.**

What is to be Done?

CSU-AAUP is committed to the SEBAC coalition and believes that it is in our interest to continue cooperative actions with other state unions. We have already engaged in discussions with UConn-AAUP and the Congress of Connecticut Community Colleges (4Cs) to solicit pledges of support for public higher education from gubernatorial candidates. However, **the best course of action appears to be a combination of SEBAC joint action and intensified organization and preparation by CSU-AAUP members.**

CSU-AAUP is initiating an action plan that calls for the participation of every AAUP member and the recruitment of their families, friends, students, and alumni supportive of CSU. We are asking the 3,200 members of CSU-AAUP to directly contact their state senators and representatives before and after the election of November 2010. Each member should also compose one CSU "success story" identifying student achievements or contributions by CSU to the state's population. These should be submitted to local newspapers, radio stations, shopping guides, and political websites before the November election. Further, we ask each department to sponsor some activity, event or program that will explain to the public the important contributions CSU makes to the workforce and the state's economic competitiveness. If our 3,200 members respond, a continuous flow of positive communications will be generated between now and the upcoming election. The number could approach 30,000 communications if family members and friends are recruited. Finally, President Walsh is seeking volunteers for a "Rapid Response Team" to draft editorial

CSU-AAUP Actions:

1. Enthusiastic support for SEBAC programs of joint action
2. Meetings with gubernatorial candidates in cooperation with UConn-AAUP and the 4Cs
3. Testimonies before the Committee on Higher Education and Employment Advancement and the Appropriations Committee; ongoing lobbying
4. Participation in deliberations with Chancellor Carter and other CSU unions on possible cost-saving measures
5. Initiation and coordination of CSU grassroots campaign
6. SEBAC forum for gubernatorial candidates; members should attend and ask questions (March 13, Webster Hill School, W. Hartford, 10am-12:30pm)

responses to press reports and comments by candidates critical of CSU (contact Ellen Benson to sign up at bensonell@ccsu.edu).

Every professionally-appropriate opportunity should be utilized to inform students of the importance of the budget crisis to them. Since our students have experienced a series of increases in tuition and fees, it should not be difficult to generate interest within student organizations (i.e., student government, academic clubs, etc.). Students should be told that studies show graduation and retention rates suffer greatly during times of budgetary rescission and usually do not return to pre-crisis levels for ten to fifteen years. Students should understand that the curtailment of programs and courses will negatively impact their chances of graduation. CSU currently has 36,500 students, and most of those students have parents and siblings/friends who hope to attend CSU in the future. In addition, there are at least 180,000 CSU alumni currently living in Connecticut. This kind of a mobilization program could produce an additional 200,000 positive communications about CSU. In a state with approximately 3.5 million citizens, a total of a quarter of a million messages could be generated from our grassroots campaign. In the worst case scenario of competition for funding with UConn and the Community Colleges, a quarter of a million messages supporting CSU could be politically decisive.

CSU-AAUP cannot conduct this campaign without your help. In order for a mass mobilization campaign to be successful, every member must make the commitment to carry out the steps outlined above. To this end, AAUP has attached a CSU “fact sheet,” and we ask that questions about the campaign be directed to Communications Associate Ellen Benson by email (bensonell@ccsu.edu). Faculty members serving as advisors to student organizations, as well as the leaders of faculty bodies, have a unique opportunity to communicate the full extent of the budget crisis to the CSU community. Many of us may also be in a position to discuss state support for higher education as a policy issue in our courses. **On March 13, 2010, SEBAC is sponsoring a forum for gubernatorial candidates at which union members will be allowed to ask questions. The forum will be held at Webster Hill School in West Hartford between 10am-12:30pm. Please plan to attend.**

President Walsh will be holding open membership meetings on each of the four campuses in the near future. Please plan to attend and contribute your ideas to our grassroots campaign.

The Connecticut State University System... an economic engine for Connecticut!

- ▶ The Connecticut State University System generates **\$8 of economic activity in Connecticut for every \$1** of state general fund* appropriation.
- ▶ **Economic impact of CSUS** is an estimated **\$1.84 billion** in the current fiscal year, including CSUS operations and spending by employees and students.
- ▶ CSUS is squarely focused on Connecticut: **93%** of our students are from Connecticut, and **nearly 9 of every 10 graduates stay in the state** to pursue careers, raise their families and contribute to our quality of life.
- ▶ CSUS provides more than **\$379 million** annually in employee income and benefits to **3,280 full time and 2,453 part time employees**, who in turn use those dollars to boost the state's economy.
- ▶ Through economic activity, CSUS stimulates an additional **4,200 full time jobs** throughout the state generating at least **\$140 million** in income.
- ▶ A total of **6,870 degrees** were awarded in 2009, an increase of **28%** since 2000. In 2009, full-time enrollment is at the highest level ever.
- ▶ Students are pursuing fields of workforce priority, including business, STEM (science, technology, engineering & math), nursing and education.
- ▶ A record-setting **1,328 transfers from Connecticut Community Colleges** in 2009, an increase of **51 percent** since 2001. From **7 of 12 colleges**, number of transfers in 2009 matched or surpassed previous record levels.
- ▶ More than **1,000 students transferred from out-of-state colleges** to CSUS in 2009, and **83%** were Connecticut residents, up from **76%** last year.
- ▶ Central in New Britain, Eastern in Willimantic, Southern in New Haven and Western in Danbury impact Connecticut's economy in regions across the state.

MAKING A DIFFERENCE, EVERYWHERE IN CONNECTICUT.



Connecticut State University System
Central | Eastern | Southern | Western

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