Issue: Faculty age distribution charts show that 2500 faculty members (22% of the faculty) are over 60 years of age.

See Age Distribution Chart
http://www.calstate.edu/hr/employee-profile/2010/staffing/age_distribution/age_dist_headcount_faculty.shtml

This chart indicates that roughly a fifth of all the faculty will retire in the next 5 years.

Gail Brooks, Vice Chancellor of Human Resources, wrote: "CFA has proposed that CSU be contractually required to increase the number of tenured or probationary faculty by more than 500 by the end of the 2012-13 academic year compared to the end of the 2010-11 academic year, and by more than 1000 by the end of academic year 2013-14. CSU estimates the cost of hiring this number of faculty as being approximately $91 million in the first year (2012/13) and $203 million over 2 years. “

OK. Let's think about this. Put aside any consideration of the desirability of having a highly qualified faculty for research and instruction. What is the financial impact of limiting enrollment and class availability caused by not replacing 1500 faculty members soon?

Let's assume that each faulty member teaches 3 classes of 30 students each. How many students attend those classes?
3 * 30 * 1500 = 135,000 students

Let's suppose -- just for the sake of argument -- that CSU would have to close the door on 40,000 students; that is, reduce enrollment by 10% due to the reduction in instructional staff.

Each full time undergraduate student pays roughly $7000 in tuition and fees annually. Assuming no state general fund appropriations:
40,000 students * $7000 per student = $ 280,000,000 lost tuition & fee revenue.

Replacing 1500 faculty at $100,000 (salary, health care and pension) costs money – at least $150 million in salary annually, but what is the net loss in revenue after reducing enrollment by 10% ? Compute:
net revenue loss or gain (annual) = fee and tuition revenue from 40,000 students - cost of hiring 1000 replacement faculty.

40,000 * $7000 = $280 million revenue from tuition and fees
1500 * $100,000 = $150 million salary reduction
$280 million – $150 million = $130 million - LOST REVENUE

Even if we figure salary and benefits at 150K per year for 1500 faculty, the cost is $225 million.

$280 - $225 = $55 million lost in tuition & fee revenue.
Even after deducting 1/3 of tuition for State University Grants, the CSU comes out ahead on tuition and fees breaks even on @ 100k replacement of 1500 people.

Note that cutting enrollment by 10% at all campuses does little to cut our fixed costs.

Gail Brooks recent email does not make sense. Indeed, she does not appear to appreciate revenue generating solutions.

We need to find budget solutions that maintain educational quality and make sense financially.