California State University Statement on Gov. Schwarzenegger’s Proposed Plan to Fund Higher Education

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(January 6, 2010) – California State University Chancellor Charles B. Reed today commended Governor Schwarzenegger for a renewed commitment to increase funding for higher education as outlined in his final State of the State address, and acknowledged the administration’s recognition of the importance of reinvesting in the state’s public universities.

"We appreciate the Governor’s intention to begin to reinvest in California’s public universities because there is a critical need in the state for a well educated workforce that can help us to remain competitive in the global economy," said CSU Chancellor Charles B. Reed. "A reinvestment in public higher education will help students realize their goal of obtaining a college degree, and will prime the workforce pump to help bring us out of this economic recession.

"The administration deserves credit for proposing this idea, and we look forward to working closely with them on the details as it progresses to help ensure a more stable and predictable level of funding for our public universities."
RESHAPING OUR PRIORITIES TO SHIFT FUNDING FROM PRISONS TO UNIVERSITIES.

“Spending 45 percent more on prisons than universities is no way to proceed into the future. What does it say about a state that focuses more on prison uniforms than caps and gowns? It simply is not healthy. I will submit to you a constitutional amendment so that never again do we spend a greater percentage of our money on prisons than on higher education.” (Gov. Arnold Schwarzenegger, State of the State Speech, 1/6/10)

California universities are known around the world as the crown jewel of California’s education system. Until recent years, California’s priorities were clear: the state dedicated approximately 10 percent of its General Fund to higher education and just three percent on prisons. Today, California spends more than 10 percent on prisons and seven percent on higher education.

The Governor is proposing to change our state’s constitution to permanently ensure this never happens again. Currently, California taxpayers spend $18,000 more per prisoner than the ten largest states. Under the Governor’s initiative, no less than 10 percent of taxpayer money would be allocated to fund public institutions of higher education; and no more than seven percent of Californians money would be allocated to support of the state prison system. These mandatory limits would begin in the 2014-15 fiscal year.

To begin reaching the Governor’s goal, the amendment will require the state to begin shifting all taxpayer money deducted from the costs of operating state prisons to the budget to operate higher education beginning in the 2011-12 fiscal year, culminating with the final deadline to implement the initiative in fiscal year 2014-15. Under the proposal, the amount to shift to higher education will be determined by computing the difference between the current year’s General Fund budget and the prior year’s General Fund budget for the state prison system.

Beginning in 2014, the Legislature would be able to apply other available resources to ensure that public institutions of higher education are fully funded at no less than 10 percent of the General Fund expenditures.

To realize cost savings in corrections, the amendment expands the authority of the California Department of Corrections and rehabilitation (CDCR) to lower costs by contracting with entities outside state government for prison operations and services. In line with the Governor’s commitment to public safety, the measure prohibits releasing prisoners early as a means of reducing costs.

The amendment also provides flexibility by allowing the Governor or Legislature to suspend the mandate or modify funding levels during a fiscal emergency or other declared emergency or by a two-thirds vote of the Legislature. Unlike measures that create future debt, if a suspension is ordered by the Governor or Legislature no debt would be created.