

## **A Summary of the October 28, 2004 Board of Trustees Meeting**

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### **Trustees Approve 2005-06 Budget and Fee Increases**

The California State University's Board of Trustees today approved the proposed 2005-06 Support Budget, which included student fee increases effective for fall 2005.

The annual State University Fee for resident undergraduates, and for students in CSU's teacher credential programs will increase by 8 percent, or \$186 and \$215, respectively. Fees for graduate students will increase by 10 percent or \$282.

"Raising fees is a very difficult decision for all of us. This is one of many actions we are forced to take as a result of the budget cuts experienced over the previous three years," said Murray L. Galinson, chair of the Board of Trustees. "I strongly suggest that we all work together, faculty, students, trustees and the administration, to show the governor and the legislators that the needs of the CSU system are much greater than what this budget reflects."

Including the average campus-based fees of \$582, the resident annual fee for 2005-06 will be \$3,102 for undergraduates, \$3,504 for teacher credential students and \$3,684 for all other graduate students.

Even after the fee increase, CSU students will continue to pay, on average, one of the lowest fees of any university in the nation. The 2005-06 annual fee for undergraduates will be \$2,554 less than the average fee for 2004-05 for CSU's public comparison institutions. The state will continue to pay the largest portion of the cost of education. If the 2005-06 budget plan is fully funded, students will pay about 22.7 percent of the cost of education.

The adoption of the fee increase honors the terms of the higher education compact agreed to with Gov. Arnold Schwarzenegger in May 2004. It calls for the CSU to develop its annual budget plan based on the assumption that undergraduate student fees will increase by 14 percent for 2004-05, and by 8 percent each for 2005-06 and 2006-07. The governor expects CSU graduate student fees to eventually be 50 percent higher than undergraduate fees, in recognition of the cost of these programs and the expected higher earnings these students will make once they have entered the workforce.

The 2005-06 fee increase and enrollment growth revenue will generate approximately \$101.2 million in new revenue to help fund CSU's critical needs. One fourth of this revenue -- \$23.3 million -- will be used to increase the CSU State University Grant pool to help financially needy students.

The budget and fee increases were adopted on a 15 to 3 vote. The dissenting votes were cast by Lieutenant Governor Cruz Bustamante, Trustee Ricardo F. Icaza, and student Trustee Eric Guerra.

The California State Student Association President Manolo Platin urged the board to adopt a budget without student fee increases. "Fee increases reduce affordability for students and threaten the economic prosperity of California," he said.

[Compact Graphic here.](#)

### **The 2005/06 CSU Budget Proposal Now Goes to Sacramento**

Based on the higher education compact, the proposed 2005-06 CSU budget requests \$224.8 million in new revenue for the CSU. The new revenue includes funding for a 2.5 percent increase in student enrollment -- \$63.7 million -- which would allow the CSU to serve an additional 10,000 students (8,103 full-time equivalent students). This enrollment growth funding will reverse a trend of two years of lowered enrollments and budget cuts.

In addition, the budget will provide a 3 percent increase for general operations, funding nearly \$137.8 million in mandatory costs, compensation, and long-term needs that have not been funded over the past three years. The proposed budget recommends a 3.5 percent compensation pool.

"Over the next several months we will be working with the governor, his administration, and legislative leaders to make the case for the CSU, and ensure that the university receives its fair share of state resources," said CSU Chancellor Charles B. Reed. "We hope these conversations result in actions that recapture the promise of California's master plan for higher education."

The budget sets aside \$23.3 million for student financial aid, which brings the State University Grant funding to \$223 million, and supports 101,200 state grants. This funding will allow the CSU to provide financial aid to cover the student fee increases for its most needy students, and increase by 2,700 the grants from the previous year.

The higher education compact is a six-year agreement from 2005-06 through 2010-11, which promises to fund at least a 2.5 percent annual enrollment growth, allowing the CSU to stem enrollment decreases experienced the last two years. It also provides a 3 percent minimum General Fund increase in 2005-06 and 2006-07, and a 4 percent minimum increase in 2007-08 through 2010-11, for basic needs including salary increases, health benefits, maintenance and inflation. For 2008-09 through 2010-11, the compact provides an additional one percent for core academic needs.

This new funding will help recover the loss of more than \$500 million that the CSU experienced over the past three years as a result of the state budget crisis. During these years the CSU was forced to reduce enrollment growth and to take significant cuts in administration, reduce employees and part-time faculty, freeze salaries, and defer maintenance and technology upgrades.

Based on the compact, the CSU plans to present annual budget blueprints that address long-range goals to meet demand for access, pay competitive wages, keep instruction affordable, assist students with financial need and improve facilities, research and instructional equipment.

The budget plan of 2005-06 is the first in a series of university funding proposals that will be aligned with the state's fiscal recovery.

Next steps in the 2005-06's budget development process include the following dates:

- November/December — Meet with Governor's office and Department of Finance staff
- January — Governor required to submit balanced budget to legislature
- February — Budget review by Legislative Analyst's Office
- March/April — Budget subcommittee meetings
- May — Governor announces May revise to the January budget projections
- June — Two-House Conference Committee. Official deadline for budget adoption.

### **Three Year Budget Summary**

#### **Compensation for San Jose State University Interim President**

In other action, the Board of Trustees set the compensation for Don W. Kassing, who has been appointed Interim President at San Jose State University at \$230,004, with a university residence also provided.

*The California State University is the largest system of senior higher education in the country, with 23 campuses, approximately 400,000 students and 46,000 faculty and staff. Since the system was created in 1961, it has awarded about 2 million degrees. The CSU is renowned for the quality of its teaching and for the job-ready graduates it produces. Its mission is to provide high-quality, affordable education to meet the ever-changing needs of the people of California. With its commitment to excellence, diversity and innovation, the CSU is the university system that is working for California. See [www.calstate.edu](http://www.calstate.edu).*