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Governor's Budget Honors Compact With CSU

Honoring the higher education compact with the CSU, Gov. Arnold Schwarzenegger has proposed \$211.7 million in new revenue for the California State University's 2005/06 budget. If approved, the proposed budget increase would provide state General Fund revenue of approximately \$2.6 billion for the CSU.

The budget would provide a 2.5 percent increase for enrollment growth or \$63.7 million to serve an additional 10,000 students in 2005/06.

"We are pleased by the support the CSU is receiving from the governor in this budget cycle," said CSU Chancellor Charles B. Reed. "Funding for enrollment growth begins to restore student access from the previous year's enrollment decreases and reductions in CSU operations. It also enables the CSU to continue producing job-ready graduates for a wide range of California industries, helping them to remain competitive in the global economy."

The 2005/06 budget includes a general operations increase that will provide \$88.1 million to support a 3.5 percent compensation increase for faculty and staff, effective July 1, 2005.

The compact funding provided in the governor's budget begins to restore student access, employee compensation, and mandatory costs for health and dental benefits, new space, and increasing insurance and energy costs. Over the past three years, the CSU has seen a net budget reduction of \$522 million that has resulted in enrollment reductions, cuts in student services, and an inability to make progress on a growing faculty and staff salary gap.

The higher education compact, agreed to last year by the governor and the CSU and UC systems, is a six-year agreement from 2005/06 through 2010/11. It promises to fund at least a 2.5 percent annual enrollment growth, allowing the CSU to stem enrollment decreases experienced in 2004/05. 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 1 percent for core academic needs.

The next steps in the budget review process include budget subcommittee hearings throughout March and April, followed by the release of the governor's May Revise in May, and the official deadline for budget adoption in June.