



## **Governor's Budget Would Fund Compact**

Governor Arnold Schwarzenegger has proposed a \$299.5 million increase for the California State University, which would fully fund the trustees' budget request for 2007/08 based on the Higher Education Compact.

The proposed budget provides \$3 billion from the state General Fund, \$1.3 billion from student fee revenue.

The proposed budget recognizes the funding agreement under the Compact for Higher Education, which provides a four percent or \$108.9 million increase for general operations, \$65.5 million for enrollment growth of 2.5 percent to fund an additional 11,000 students, and \$2 million to continue CSU efforts to increase the number of K-12 math and science teachers.

The 2007/08 governor's budget also assumes nearly \$123 million in student fee revenue based on a 10 percent increase in student fees and fee revenue associated with the 2.5 percent enrollment growth.

In addition to the augmentation noted above, the governor's budget also includes a reduction of \$7 million from funds currently used to support CSU campus-based outreach programs.

"We appreciate the administration's recognition that fully funding the compact is imperative to meeting the minimum funding priorities in the CSU budget, but have concerns over the reduction in outreach programs," said CSU Chancellor Charles B. Reed. "We will renew our efforts with the governor and the legislature to demonstrate the overwhelming benefit of outreach programs on student success to graduation."

The CSU had requested an additional one percent funding above compact to fund a multi-year plan to reduce the salary lags between CSU employees and national benchmarks. This request was not funded.

Reed said that the CSU will seek additional funding to address employee salary lags. "CSU salaries for most employee classifications are below average. The CSU needs to address these lags to maintain a competitive market position for employee recruitment and retention."

The CSU's funding priorities were formed with an eye toward long-range goals and needs of the university, and in consultation with the members of the Board of Trustees, campus presidents, representatives of the CSU Academic Senate, and members of the System Budget Advisory Committee.

This budget begins to address some critical funding issues faced by CSU campuses as a result of three years of budget reductions that resulted in a loss of \$500 million to the university.