

CSU Update

January 31, 2007

TO: All CSU Employees

FROM: CSU Chancellor Charles B. Reed and CSU Board of Trustees Chair

Roberta Achtenberg

RE: CSU Update

Welcome back to a new year at the California State University. We hope that you are all returning from the winter break rested and ready for a busy year ahead. Given that this year holds a great deal of new developments for the CSU system, we wanted to take this opportunity to share some recent news and information from the systemwide office.

Earlier this month, Governor Schwarzenegger released his 2007/08 budget proposal, which calls for a \$299.5 million increase for the CSU. This proposal would fully fund the trustees' budget request for 2007/08 based on the Higher Education Compact. It provides a four percent or \$108.9 million increase for general operations, \$65.5 million for a 2.5 percent enrollment growth, and \$82.8 million for a three percent compensation pool for all employee groups. The governor's proposal also assumes a 10 percent increase in student fees.

Regarding compensation, the CSU had requested an additional one percent funding above the compact to fund a multi-year plan to reduce the salary lags between CSU employees and national benchmarks. Although this request (totaling \$27.6 million) was not made part of the governor's proposal, it is a major systemwide priority and we will continue to seek the additional one percent from the legislature. In addition, we will continue to press for funding above the compact for improved student services critical to facilitating student graduation (\$24.6 million) and the restoration of outreach program reductions (\$7 million) that provide tutoring, mentoring, counseling, and financial aid advice. The sum of these three priorities is more than \$59 million.

In the past, we have been successful in securing additional funding above the compact for priority programs through the legislative process. The legislative process is just starting now and will continue until July.

As to the proposed fee increases that are included in the governor's budget, these increases are always difficult, but it is important to recognize that student fees are part of the mix of CSU revenue, with the state being the largest "partner" in CSU funding. To eliminate the fee increase, the legislature and governor would need to provide an additional \$65.2 million of state general fund revenue. If the state does not provide sufficient resources to adequately fund the university and its services for students, fee increases become necessary. Of course, with every fee increase comes a proportional increase in financial aid for financially needy students.

Bargaining is another major issue before us this year. All but two of our bargaining units have completed bargaining and ratified multi-year contracts. We know that many of you

have been concerned about the impasse between the CSU and the California Faculty Association over a faculty contract. We, too, are deeply disappointed that this negotiation remains unresolved, and we are hopeful that we can resolve all of the outstanding issues with the CFA so that we can focus on our primary mission of serving students.

If you would like to receive regular updates about these and other issues, please visit <http://www.calstate.edu/CSULeader> to sign up for the CSU Leader, our weekly e-newsletter.

Thank you for taking the time to learn more about these issues, and thank you for all you do for the California State University.