

January 12, 2007

Governor's Budget Provides \$4.3 Billion for California State University

January 10, 2007-- 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 and \$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.

Chancellor 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 keeping 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.

CSU Budget Expenditure Highlights

- \$42 million for mandatory cost obligations, including \$28 million for health-care benefit increases
- \$77.9 million for 2.5 percent resident student enrollment growth (11,000 students)
- \$2 million for K-12 math and science teachers
- \$38.8 million for State University Grants and financial aid associated with the increase in student fees and enrollment growth
- \$82.8 million for a three percent compensation pool for all employee groups
- \$46.7 million to support funding for reducing the salary gap
- \$2.15 million to address long-term shortfalls in funding for library acquisitions
- \$2.15 million to continue reductions in the backlog of deferred maintenance
- \$5 million for academic technology

An executive summary of the 2007-08 Support Budget may be found as part of the Board of Trustees November agenda documents [here](#).

Next Steps in the Budget Development Process

February — Budget review by Legislative Analyst Office

March/April — Budget subcommittee meetings

May — May revise to January budget projections

June — Two-House Conference Committee.

June 15 — Official deadline for budget adoption.

About California State University

The California State University is the largest system of senior higher education in the country, with 23 campuses, approximately 417,000 students and 46,000 faculty and staff. Since the system was created in 1961, it has awarded nearly 2.5 million degrees, about 84,000 annually. 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