

Contacts: Claudia Keith, ckeith@calstate.edu
Paul Browning, pbrowning@calstate.edu
(562) 951-4800

CSU Faces Proposed Budget Impact of \$312.9 million for 2008/09

*Fails to fund student access, mandatory costs for health benefits,
compensation agreements*

(Jan. 10, 2008) – In acknowledgement of a \$14 billion budget deficit facing California, Governor Arnold Schwarzenegger today proposed a \$312.9 million cut to the California State University budget approved by the CSU Board of Trustees for the 2008/09 fiscal year. The proposed budget fails to fund access for 10,000 students; \$36 million in mandatory costs including employee health benefits, and compensation agreements for CSU faculty and staff.

This funding reduction comes three years after the CSU budget was reduced by over \$500 million with budget cuts early this decade, and has serious implications on providing an educated workforce that drives the California economy.

“We recognize this is a difficult budget year, but these cuts will impact student access to the California State University because we will not be able to admit all the students who are qualified,” said CSU Chancellor Charles B. Reed. “As the public university that prepares the majority of California’s workforce, these budget cuts will have a direct impact on the state’s economy and on the key industries that our graduates enter such as nursing, teaching, agriculture, business, public administration and technology.”

In addition, the \$73.2 million in General Fund revenue is needed to buy out a student fee increase and is not included in this year’s budget. Based on the Governor’s budget, funding of \$386.1 million is needed to fund 2.5 percent enrollment growth supporting an additional 10,000 students, employee compensation, mandatory costs, and avoid a student fee increase.

“In addition, these budget cuts will potentially jeopardize the gains in enrollment of students from underserved communities that we have accomplished as a result of our K-12 and community partnerships,” added Reed. “This would have significant long-term economic and social consequences if we are not able to continue to improve the rate of college-going students in California.”

The next steps in the 2008/09 budget process will include the release of a budget analysis by the Legislative Analyst’s Office and a series of legislative budget hearings. In May, the governor will submit a revised budget request based on the forecast of state revenues

at that time (known as the “May Revise”). The Governor has also called for a special session of the legislature to look at 2007/08 budget reductions.

Following legislative approval, the governor is supposed to approve the budget by July 1, the first day of the new fiscal year. The CSU Board of Trustees will discuss the proposed budget at its January, March and May meetings.

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The California State University is the largest system of senior higher education in the country, with 23 campuses, approximately 450,000 students and 46,000 faculty and staff. Since the system was created in 1961, it has awarded nearly 2.5 million degrees, about 89,000 annually. 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.

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