

CSU, UC systems accept decreased funding

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Under Gov. Arnold Schwarzenegger's current budget, the CSU is expected to hold its own, and continue to supply the bulk of California's higher education needs.

Total funds available this fiscal year for state schools of higher education are \$16.2 million. Out of that portion, the CSU will receive \$3.6 million, while the University of California will receive \$4.6 million. These figures from the governor's budget include \$11.1 million from the General Fund and Proposition 98 sources.

"The CSU and the UC signed a compact with the governor that accepted budget reductions in the 2004-05 budget as a contribution to the solution of the state's fiscal crisis," said Clara Potes-Fellow, manager of the CSU Media Relations Department. "In return, the universities obtained a funding agreement that begins in 2005-06, and is effective through 2010-11. The six-year agreement provides funding for each university system for (a) 2.5 percent annual enrollment growth, equivalent to 8,000 FTES at the CSU, and a 3 percent increase in base funding in the first two years. (It also calls for) a 4 percent increase in 2007-08, and a 5 percent increase in fiscal years 2008-09 through 2010-11."

"The compact also assumes that undergraduate fees will increase no more than 8 percent in the first two years of the agreement. The trustees will take action on the proposed 2005-06 budget in October."

The financial situation at CSU is "the worst since 1960" according to statements by the group Stand Up For The CSU, organized by the California Faculty Association. "It is hard to compare," Potes-Fellow said. "There was not a CSU system in 1960. All colleges were independent and there was not one single budget. In addition, the number of students and campuses is much larger now."

More definite answers will come in October, when the trustees meet.

Increases in undergraduate and graduate fees will have a 10 percent limit, she said. As far as financial aid covering the increases for those qualified, Potes-Fellow said the CSU will continue to set aside a portion of new fee revenue from fee rate increases and enrollment growth (a range of 20-33 percent) for the State University Grant.

In the State Assembly, Bill AB 2710, sponsored by Carol Liu (D- La Canada-Flintridge), would cap resident undergraduate fees at 8 percent a year. The bill would take effect in 2005 if signed by the governor.

Total estimates for the 2004-05 California budget, the first for Gov. Schwarzenegger, is nearly 1.6 billion, according to the legislative analyst's office, a nonpartisan fiscal and policy advisor for the State of California. Ninety-five percent of this spending is funded by bond proceeds, and 85 percent of the proposed spending goes to higher education facilities.

The Capital Outlay Program for the budget breaks down as follows: general fund, \$32.6 million; general obligation bonds, \$1,356.8 million; lease-revenue bonds, \$142.9 million; special funds, \$34.5 million; federal funds, \$13.3 million.

The exact total comes to \$1,580,300,000. This utilizes \$16.8 million more in general obligation bond expenditures than the previous Davis administration, and an increase in general fund contributions from \$23.7 to \$32.6 million. The total figure is \$600 million less than the 2003-04 budget.

"The compact is the right agreement at the right time," said Charles Reed, chancellor of the CSU. "It gives the campuses the flexibility to plan for the year ahead. In addition, it sets a floor, not a ceiling, for the CSU's annual budget, and does not preclude the governor or the Legislature from providing additional funding to meet their higher education priorities."

Efforts by the California Faculty Association recovered \$40 million of the \$240 million in cuts agreed to by Chancellor Reed and Gov. Schwarzenegger in the compact, CFA President John Travis said in an August 11 letter to colleagues.

Schwarzenegger

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