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**California Faculty Association releases today  
NEW REPORT FINDS GOVERNOR'S PROPOSED BUDGET CUTS TO THE  
CALIFORNIA STATE UNIVERSITY WILL HAVE LONG-TERM NEGATIVE  
IMPACT ON STATE'S FINANCIAL HEALTH**

**--State funding for CSU should increase, not decrease Cuts would decrease the  
Economic, Fiscal and Social Benefits California reaps from public higher education  
Fewer people with college degrees means less tax revenue, more public assistance costs  
Billion of dollars lost to economy with small decreases in number of college-educated  
people--**

SACRAMENTO -- The California Faculty Association released today the results of an examination of the role California's 23-campus public state university system plays in the state's economy.

"Examining the Fiscal, Economic, and Social Impacts of the California State University," prepared by Tim Gage, Matt Newman and Trisha McMahon of Blue Sky Consulting Group, takes 21 in-depth studies of higher education and applies them to the largest public four-year university system in the nation, the California State University.

The report card? The California State University gets A's for effort on behalf of the economy and people of California. It excels at granting large numbers of four-year degrees in fields vital to California's innovative economy, for yearly contributions to regional economies, and for getting degrees into the hands of people who in other states would never get them.

But the governor's proposed budget gets low marks. His plan to cut \$386 million from the CSU in 2008/09 would mean unsatisfactory progress, and could mean California becomes a drop-out from its world-class standing among leading, and successful, economies.

Bottom line:

"demographic and economic trends clearly argue for increasing, rather than decreasing, the available supply of college educated workers...the state faces a looming shortage of skilled, college-educated workers. If the state is to meet this challenge, it will need to maintain its historic investment in publicly supported higher education, not curtail it for short-term gain." (page 22 of report)

Among the many conclusions of immediate concern in this budget-crisis year are:

- Investments in publicly supported higher education pay for themselves
- The impact of universities on regional economic development is large
- Tax revenues increase with more college-educated people
- More college-educated people means fewer people on public assistance

A unique aspect of the report is its attention to the fiscal impact to the state of higher education -- that is, tax revenue -- and what cuts would mean:

"...the average college graduate working full-time year-round pays over 78 percent more in total federal, state, and local taxes than the average high school graduate...cuts in higher education funding, to the extent that they reduce the number of college graduates, will cost more over the long run than the amount of the state general fund 'savings.'" (page 13)

The CSU, -- with 420,000 students, more than two million alumni, and some 90,000 new graduates every year, -- is a powerful force in providing access to four-year college degrees. Combined with two-year colleges, funding levels can have a large impact on the state:

"A 1 percent increase in the share of population with a Bachelor's degree, combined with a 2 percent increase with an Associate's degree or some college, results in \$20 billion in additional economic output, \$13 billion in value added, \$1.2 billion more in state and local tax revenues annually, and 174,000 new jobs created." (page 6)

The researchers also consider less tangible outcomes of college, the kinds of things that, as the governor is fond of saying, "Make California great!"

"Reducing access to higher education not only deprives the state of economic and fiscal benefits, but also the benefits of a healthier and more engaged citizenry that is more likely to pass on success and vitality to their offspring. While these benefits are not easily quantified, they are nonetheless vital for a thriving populace." (page 16)

And, the report's authors debunk the claim that the CSU's budget problems were solved by funding increases it received since 2004. As the section on "Budget Context" (beginning on page 17) notes, the funding lost to deep cuts in the two previous years was never restored, and enrollment has continued to increase faster than has the funding for new students. Therefore,

"A more appropriate measure by which to assess the adequacy of support for the CSU is growth in funding per full-time student after inflation. On a real per-student basis, funding has declined by 5.2 percent over the past five years." (page 19)

Mr. Gage and his co-authors estimate that even if "optimistic assumptions" are used, the CSU would have to deny access to more than 18,000 students over the next two and a half years, effectively taking no new students at all, before its enrollment was fully funded (page 21 of the report).

"The people who built the CSU were visionaries, and their vision made the California Dream a reality," said Lillian Taiz, CFA president and history professor at Cal State Los Angeles. "The budget we adopt this year will be a dollars-and-cents statement on what reality we can expect now. It takes leadership and vision, and we will find out if we still have what it takes."

See the complete report titled "Examining the Fiscal, Economic and Social Impacts of the California State University" along with highlights, and facts about the CSU at <http://www.calfac.org/CSUreport.html>

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