

FROM: THE CALIFORNIA FACULTY ASSOCIATION  
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## **CFA HEADLINES**

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### **LAWMAKERS REACH DEAL ON BUDGET**

**Historic \$42 billion spending plan will send numerous measures to the ballot, including a “spending cap” that could devastate the CSU**

**Compromises made to secure the final vote could cost the CSU \$50 million if swift action is not taken**

After three months of grueling budget negotiations, the California state budget is nearly complete. The budget was approved early Thursday morning by the Senate after late-night wrangling to secure a final Republican vote.

Senate leaders were able to secure the final vote needed from moderate Republican Abel Maldonado early Thursday by agreeing to his demands for election changes, limitations on legislators’ raises, and removal of a previously proposed gas tax increase. That gave the Senate the two-thirds vote needed to pass the package, but the last minute additions to the deal could come at a cost to the CSU (see below).

The massive plan encompasses two budget years and is comprised of dozens of bills, five of which must still be put before voters on a statewide ballot.

These ballot measures – which are likely to be voted on during a May 19 special election – include creating a state spending cap and rainy day fund, modifying the minimum funding guarantee for schools, changing the state lottery and shifting money from mental health and child-development programs.

The spending cap could have a disastrous impact on the CSU. The cap would restrict funding to numerous state agencies that are part of the general fund, which includes the CSU. The cap could institutionalize cuts to the CSU for the foreseeable future.

The CSU is one of the few line items in the state budget that doesn’t have defined funding parameters either via a ballot measure or constitutional amendment, and is thus especially vulnerable when the state budget decreases

The budget now awaits approval by the Governor.

**FINAL SENATE VOTE COULD BE COSTLY FOR THE CSU**

The CSU portion of the budget includes \$66 million in budget cuts to the CSU during 2008/09 and 2009/10. This is consistent with proposals that have been put forth since last fall.

The Senate's acquiescence to Maldonado's demands could, however, have additional damaging results for the CSU. The gas tax, included in the original budget plan but removed to secure the final vote, was expected to raise more than \$2 billion over the next two years.

Removal of this provision left a \$2 billion hole in the state budget.

Not wanting to enact further cuts to services and state agencies so late in the process, legislative leaders created a mechanism that could trigger more cuts down the road should the state not receive at least \$10 billion in stimulus money from the federal government to help the current budget crisis.

Should the stimulus money not come through, the CSU would be cut by an additional \$50 million in the 2009/10 budget.

If that cut occurs, the CSU budget would be cut by a total of \$116 million dollars in 2009/10 (\$66 million in enacted budget + \$50 million stimulus trigger = \$116 million cut).

All this makes it absolutely critical for the future of the CSU that California receive the federal stimulus money.

## **WHAT YOU CAN DO**

To ensure that the CSU does not fall victim to further cuts this year, the Alliance for the CSU is asking all members of the university community to send a message to lawmakers to let them know that public higher education deserves its fair share of federal stimulus money.

To send a message to lawmakers today, go to:

<http://capwiz.com/calpac/state/main/?state=CA>

## **CFA STATEMENT**

In response to the budget deal, CFA President Lillian Taiz, a Professor of History at CSU Los Angeles, released the following statement:

"The cuts to the California State University approved by the legislature today will only make our economic problems worse. To compete in the global market, we need many more, not fewer, college graduates.

“You can’t turn a university system on and off like a faucet. The spending cap will lock the university into budget cuts and stunt its growth for years to come. And that will stunt the growth of California’s economy and human infrastructure.

“We are hopeful that the federal government grasps the important role of higher education in our state and national economy and will counter this short-sightedness at the state level.

“California desperately needs to reinvest for the future if we are to return our economy to prosperity. California will never make a turnaround if we don’t fund our universities, particularly in this time of greatest need.”

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