
CFA CONCERNS WITH LAO RECOMMENDATIONS REGARDING THE 2005-06 GOVERNOR'S BUDGET FOR CALIFORNIA STATE UNIVERSITY

In February, the LAO released its analysis of the 2005-06 Governor's budget and a report highlighting the "Perspectives and Issues" related to the proposed budget. Included in these reports are a series of proposals that directly affect the California State University and its ability to provide a quality and affordable education to the growing number of students eligible for admission to the CSU. The California Faculty Association is concerned about the implications of these proposals for the current and prospective students and faculty. The LAO proposals follow from an assumption that the CSU budget, and the higher education in general, has grown over the past few years. *Unfortunately, the CSU has lost over half-a-billion dollars of General Fund support in the past two years—a fact the LAO ignores in its analysis. The LAO recommendations call for adjustments that reduce the state's support for the CSU by \$71.5 million in 2005-06.*

◆ **LAO RECOMMENDS CUTTING ENROLLMENT GROWTH FUNDING FOR THE CSU FROM 2.5% to 2.0%. *The CSU needs additional, not less enrollment funding.***

- Because of last year's budget cuts, CSU enrollment in 2004-05 is lower than it was in 2003-04, despite a record number of high school graduates in 2004.
 - The cuts proposed in the 2004-05 Governor's Budget forced the CSU to reduce its enrollment targets by 5% (or 23,000 students), eliminate and restrict admission to some groups of students, and make significant cuts in student services and programs.¹
 - The final budget act restored some funds for enrollment, allowing the CSU to admit 7,500 additional students. Yet, Fall 2004 enrollment was still about 12,000 students *lower* than it was the previous Fall term.
- Many CSU campuses and programs are currently unable to serve all of the eligible students who apply. The CSU is receiving an unprecedented number of applications for 2005-06.²
 - San Diego State University received more undergraduate applications for fall 2005 than its total enrollment. The campus received a record 48,722 applications—an increase of almost 15% from last year—for about 7,600 available spots.
 - San Francisco State's total enrollment for fall 2004 was 28,806 students. By the end of December 2004, it had already received 30,000 applications from new students for fall 2005.
 - The number of applications filed in the CSU priority period (Oct 1-Nov 30) was 22% higher than last year, a record number of applications.
 - In 2004-05, seven campuses and 88 majors (across 15 campuses) are designated as "impacted". Impaction occurs when "the number of applications received from fully qualified applicants during the initial admission application filing period exceeds the number of available spaces that the campus can accommodate in the major, program, or campus given the instructional resources and physical capacity of the campus." Impacted campuses and programs typically use competitive, supplementary admissions criteria, among other enrollment management tools, to restrict enrollment to the students with the best test scores and grades—over and above the CSU basic eligibility requirements.
- CPEC's June 2004 study on student access finds enrollment demand at the CSU will increase at a higher rate than the LAO projection.³

- Assuming the rate of college-participation stays the same as it was in 2002: over the period 2003-2013, CPEC projects enrollment to increase by 2.6% per year. However it is likely participation rates will increase, especially since among some groups (e.g., Latino and African American students), college attendance has been increasing.
 - Assuming there will be a continuation of modest improvements in college participation rates in some categories, CPEC projects enrollment should increase at a rate of 3.14% per year.
- A 2002 joint analysis prepared by the CSU Administration, CSU Academic Senate and CFA for the Legislature concluded that enrollment demand at the CSU would increase by 86,400 FTES, or an average of about 11,000 FTES (3%) per year, between 2003-04 and 2010-11.⁴

◆ **LAO RECOMMENDS REDUCING THE MARGINAL COST FUNDING RATE FOR THE CSU FROM \$6,720 TO \$5,999 PER STUDENT. THIS WOULD CUT THE AMOUNT OF ENROLLMENT FUNDING PROVIDED TO THE CSU. *This is based on faulty assumptions by the LAO and would have a very negative effect on the quality of education.***

- The previous two budget acts proposed increasing the student-faculty ratio to 20.9:1 to save the state money. Students and faculty experience these budget cuts as a reduction in the quality of education and increased workload for faculty and staff. The legislature *never intended* these measures to increase faculty workload and the CSU absorbed these changes as unallocated cuts.
- Between 2002-03 and 2003-04, the number of courses offered *decreased* by 3,530 while the number of students enrolled remained about the same. [Memorandum from the CSU to the Legislature, 11/29/04]
 - During the same period, the number of FTE instructional faculty declined by 341. [Memorandum from the CSU to the Legislature, 11/29/04]
 - Students already face wait-lists and have difficulty enrolling in required courses. As faculty are forced to teach larger classes the quality of a CSU education is compromised.
- This recommendation is inconsistent with the plan (developed jointly by the CSU, the Academic Senate, and CFA) to implement ACR 73, legislation adopted in 2001. The plan calls for *lowering* the student-faculty ratio to 18:1 and hiring additional faculty.
- Faculty salaries at the CSU already lag behind the salaries of their peers at comparison institutions. In 2003-04, the 'CPEC gap' between salaries at the CSU and its comparison institutions ranged from 3.1% for assistant professors to 16.5% for full professors. This gap is growing, and ranges from 6.2% for assistant professors to 20.3% for full professors in 2004-05.
- The LAO's calculation of marginal cost reduces the amount of money for faculty salary and benefits by \$401 per student at a time when both the CSU and the CFA are working to close the salary gap. More, not less funding is needed to ensure the CSU will be able to recruit and retain excellent faculty.

◆ **LAO RECOMMENDS ADOPTING A SHARE-OF-COST FEE POLICY**

- LAO is supportive of last year's legislation regarding a share-of-cost fee policy (AB 2710) that was subsequently vetoed. This legislation would have increased fees until students were paying 30% of the total costs at the CSU. Support or opposition to this or similar policies carries implications about who deserves to receive an affordable, public college education.
 - Research suggests a negative association between fee increases and enrollment. The CSU has historically served a large number of lower-income students. More than a third of the student body works full time and 20% are first generation college students. Higher fees are likely to lower the demand for enrollment from lower-income and historically underrepresented groups and increase the debt burden for needy students.
 - CSU students have already seen cumulative fee hikes of 63% since 2002, not including another 8% increase set to go into effect for 2005/06.
 - The LAO report points out that CSU fees are lower than those of its peer institutions but fails to recognize that when taking cost-of-living and other college-related expenses into account, the CSU is closer to the average of its comparison group and *more* expensive than the national average for public, four-year institutions.⁵

- State support for needy students is insufficient and the LAO proposals threaten the CSU's plan to fund an additional 2,700 State University Grants in 2005-06
 - Cal Grants fail to deliver adequate support for low-income nontraditional college students who comprise about half of the CSU student body.
 - Over the past few years, funding for need-based State University Grants has come disproportionately from student fee revenues. In 2001-02, 40% of the campus student aid came from state funds and 60% came from fee revenue; by 2004-05, state support fell to just 16% and more than \$175 million came from student fees.

- ◆ **LAO RECOMMENDS CUTTING \$24.4 MILLION FROM THE CSU BUDGET AND ARGUES IT COULD BE RESTORED BY THE CSU IMPLEMENTING AN EXCESS-UNIT FEE INITIATIVE PROPOSED LAST YEAR. *This policy was never adopted by the legislature and certainly was never intended to be a punitive measure for students.***
 - The legislature should ignore this recommendation. It is based on an incorrect assumption. This policy to charge the full cost of units taken in excess of 110% of units needed was never adopted.

SOURCES CITED

¹ CSU Coded Memorandum AA 2004 04; CSU Press release, Aug.2, 2004.

² Maitre, Michelle. "CSU Swamped with Student Applications," *Oakland Tribune*, 12/27/04

³ CPEC (California Postsecondary Education Commission). "Student Access, Institutional Capacity, and Public Higher Education Enrollment Demand, 2003-2013," Commission Report 04-07, June 2004.

⁴ California State University. "Response to ACR 73 (Strom-Martin): A Plan to Increase the Percentage of Tenured and Tenure-Track Faculty in the California State University," July 2002.

⁵ Integrated Post-Secondary Education System Database, 2005.