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ACADEMIC SENATE
of
CALIFORNIA POLYTECHNIC STATE UNIVERSITY, SAN LUIS OBISPO

AS-146-83/BC
February 1, 1983

RESOLUTION REGARDING THE FISCAL CRISIS FACING
HIGHER EDUCATION IN THE STATE OF CALIFORNIA

Rationale and Background Material: Currently the State of California is facing a serious fiscal crisis due to a shortfall in revenue created primarily by the depressed economic climate of the nation in general and California particularly. The dollars from surpluses of past better years have finally run out. Imprudent management of state resources has also compounded the fiscal problem we are facing now. We can only hope that prudent state leadership will win out in the struggle to keep the State of California from operating at a deficit. We hope you will consider the following issues and the attached resolution in your deliberations concerning the 1983-1984 state budget.

The operations budget, which covers most state services offered to the public without direct legislative mandate has been cut every year since the passage of Proposition 13 to help provide bailout funds for county and municipal governments and boards of education. The state operations budget and the agencies funded by it have had to bear the brunt of cutbacks to alleviate the decline in revenues brought about by the passage of Proposition 13.

The state agencies covered by the operations budget have received significant cutbacks in travel, equipment, personnel, and salaries. At the University of California and the California State University campuses, student fees have been increased, and more increases have currently been proposed to meet budgetary cutbacks. Aside from denying access to needy and middle income students, these increases will affect student access at the CSU level more than at other levels of higher education according to the California Postsecondary Education Commission. State programs in higher education have been and are being harmed by the cutbacks that have already been made, and those that are being proposed. What is needed is a temporary increase in revenue sources until the economy becomes stronger.

Lending institutions have indicated that if the State of California ends the year with a deficit, that California's credit rating will further decline. The Governor's budget projects a deficit of 750 million dollars, and that is a conservative estimate. Taxpayers in the future will pay the cost of higher interest rates charged to the state by lending institutions. What is needed is a temporary increase in revenue sources so that the state will end the year without a deficit and regain its AAA credit rating.

Why should higher education suffer the brunt of the cutbacks? To restore and maintain quality higher education in the State of California, higher education should also be exempt from proposed budget cutbacks, and additional sources of revenue need to be found.

It is with these thoughts in mind that we offer the following resolution.

WHEREAS, The State of California is currently facing a fiscal crisis and budget cutbacks; and

WHEREAS, State programs in higher education have had funding cutbacks ever since the passage of Proposition 13, and these cutbacks have harmed the effectiveness of these programs; and

WHEREAS, Higher education should be especially strong in difficult economic times; and

WHEREAS, The State of California faces a financial crisis and if it finishes the year with a deficit lending institutions have predicted a further deterioration in the state's credit rating. As the credit rating deteriorates taxpayers pay for the added cost of lending in increased interest charges; and

WHEREAS, The State of California has always prided itself in providing low-cost, tuition-free higher education to its residents; and

WHEREAS, In the long run higher education can help alleviate the economic crisis the state now faces better than spending cutbacks which curtail educational programs; and

WHEREAS, This educational system has in the past kept up with changes in technology, and has provided trained and educated people to meet the demands of new technology; and

WHEREAS, California's high technology industries have helped stave off the effects of the national recession longer than in other states; and

WHEREAS, Many people who are currently unemployed will have to be retrained to fill jobs with higher educational and technological demands; and

WHEREAS, Higher education in California can help retrain individuals, who are unemployed to fill new jobs that are currently going begging, it would be inappropriate to cut funding of higher education programs; therefore be it

RESOLVED: That the Academic Senate of California Polytechnic State University, San Luis Obispo urges President Warren J. Baker to communicate to government officials (as indicated below) in the State of California by forwarding this resolution to them which calls for (1) higher education in California to be exempt from any current or future budgetary cutbacks, and (2) The Governor and the legislature to find additional revenue sources to meet the deficit the state is now facing, and to restore quality higher education to the people of the State of California.

Resolution is to be sent to the Governor, Lt. Governor, Speaker of the Assembly, Chairs of Finance, Ways and Means, and Education Committees in the State Assembly and Senate, Eric Seastrand and Henry Mello, or our current State Senate representative.