



**QUESTIONS AND ANSWERS ABOUT THE COMPACT  
BETWEEN GOVERNOR SCHWARZENEGGER, UC, AND CSU**

**Q. Why did UC agree to this compact?**

A. After several rounds of serious state budget cuts, the compact with Gov. Schwarzenegger offers much-needed fiscal stability for the UC system over the next several years.

**Q. What does it do?**

A. The compact provides for annual growth in state funding for UC's basic budget and enrollment growth, beginning in the 2005-06 fiscal year, in exchange for UC's commitment to accountability in specified areas. The agreement extends through the 2010-11 fiscal year.

**Q. Couldn't UC have achieved more had it not reached this agreement?**

A. The University recognizes that the State of California continues to face a very serious state budget problem. Under the circumstances, the compact was judged to be reasonable. For the longer term, however, the compact is intended as a floor, not a ceiling, for state funding. As the state's economy recovers, additional funding may be provided for UC activities. The compact is critical because it demonstrates the importance of higher education to California and to the Schwarzenegger Administration, and because it establishes a plan for stabilizing state funding for the UC system and provides a foundation for recovery and growth in the future.

**Q. How much of a "guarantee" does the compact provide in terms of future funding?**

A. State funding decisions are made jointly by the governor and Legislature. This compact is with the governor and will need the Legislature's annual support. However, members of the Legislature have played a major role this year in placing public higher education at or near the top of the budget agenda in Sacramento and had much to do with creating the environment that made this compact possible. Previous, similar agreements with other governors were very successful until California confronted a massive budget crisis of truly historic proportions. This compact covers a six-year period, longer than the agreements with other administrations.

**Q. Who was involved in the negotiations?**

A. Members of the Schwarzenegger administration negotiated with representatives of the UC Office of the President, who in turn were advised by a range of campus representatives. Chancellors, executive vice chancellors, and planning and budget officers were among those who had input in the process. Additionally, UC representatives were guided by budget planning principles adopted by the Board of Regents. Finally, a variety of budget input provided by student, staff, and Academic Senate leadership over the course of the year also helped guide the University's decision-making on the compact.

**Q. How does this agreement address the interests of students?**

A. UC student leaders this year have placed a high priority on student fees, financial aid, admissions, and outreach. That input was given serious consideration in the negotiation of the compact. Under the agreement, fees will rise, as they do each year at most universities, but now students will be able to plan for gradual, moderate, and predictable increases. The compact allows the University to determine the proportion of new fee revenue it returns to financial aid – up to 33% – giving UC an important tool to preserve student access. The agreement promises a return to providing full access for California’s growing college-age population after the enrollment cuts of 2004-05. And, UC commits in the compact to a specified level of non-state funding to sustain its outreach programs, and it is believed that decision makers in Sacramento are open to negotiating a level of state funding for outreach in the annual budget process.

**Q. And what about faculty and staff?**

A. The compact provides annual funding growth of 3% for salary and other cost increases starting in 2005-06, growing to 4% annual growth in 2007-08. And more generally, the compact allows the University to stabilize its programs and begin to plan for recovery and future growth, following several years of major state budget cuts.

**Q. What does the compact mean for UC’s immediate budget situation?**

A. The compact takes effect with the 2005-06 fiscal year, though it contains a few provisions (such as student fees) that address 2004-05. Because the State of California is still facing such a dire budget situation for 2004-05, the governor’s January proposal for state support of UC in 2004-05 is not expected to change dramatically when the May Revision is issued on May 13. Under the compact, however, that short-term pain will be followed by long-term gain for state support of the University of California.

**Q. What does California gain from this compact?**

A. California benefits from renewed financial stability in its public higher education system. The renewal of the state’s commitment to public higher education means the University of California can proceed confidently with the teaching, research, and service activities that have such a dramatic, demonstrated impact on the economic growth, health, and quality of life of the entire state. And for students and parents, predictability in fees and an end to this year’s significant enrollment cuts should bring some additional level of comfort.

**Q. Where can I provide feedback?**

A. President Dynes has a web page where anyone can send him a comment or idea. Dynes’ Desk, as it is called, is located at [www.universityofcalifornia.edu/president/desk.html](http://www.universityofcalifornia.edu/president/desk.html).