



**UNIVERSITY OF CALIFORNIA**  
**2008-09 BUDGET FOR CURRENT OPERATIONS**  
**UPDATE AND DISCUSSION**

Wyatt R. Hume, Provost and Executive Vice President  
Patrick J. Lenz, Vice President for Budget  
March 19, 2008

## Governor's Budget Proposals

- Governor proposed \$141 billion state budget, with a \$2.8 billion reserve.
- State is \$3.3 billion below budget for 2007-08, and faces a projected deficit of \$14.5 billion in 2008-09.
- Governor declared fiscal emergency under Proposition 58 and proposed mid-year reductions for nearly every State agency.
- Governor proposed 10% across the board budget reductions to address the state General Fund deficit.
- The Governor has also proposed a constitutional amendment to reform the state budget process.

## Legislative Special Session Actions

- Addressed 2007-08 budget shortfall of \$3.3 billion with \$4.3 billion in budget solutions, leaving a General Fund reserve of \$1 billion.
- Mid-year reductions result in \$7 billion of budget solutions for the 2008-09 fiscal year.
- Significant reductions in K-12 education and health and welfare programs.
- UC hospitals and physicians lose \$14 million as a result of the 10% reduction to Medi-Cal provider rates.

## LAO Recommendations – Overall Budget

- Identifies a \$16 billion structural deficit
- An alternative approach, 5-year budget plan
- Targeted vs. across-the-board budget reductions
- Realignment of state funded programs
- Suspension of the Prop. 98 guarantee by \$800 million vs. \$4 billion
- Additional revenue through selective tax credits or exemptions, but no general tax increase
- No additional borrowing or debt

## LAO Recommendations – UC Support

- Enrollment growth – 1.8% (3,650 students)
- Student Fees – 10% increase
- Financial Aid – 19% return-to-aid, rather than 33%
- \$49.5 million for non-discretionary price increases (utilities, equipment, supplies)
- No employee cost-of-living adjustment (COLA)

## LAO Recommendations – UC Capital

- Complete existing projects before state commits to future projects; new projects fully funded in proposed 2008 facilities bond
- \$795 million designated in 2008 bond vs. \$790 million in Governor's budget or \$690 million in AB 100 (Mullin)
- Report to Legislature on future “non-state” capital facility projects

# Impact of Governor's Proposal

- Compact Funding:
  - 4% base budget adjustment
  - Additional 1% for core needs
  - Funding for enrollment growth
- Not Included:
  - Research and public service initiatives
  - Additional funding to avoid fee increases
- Budget Balancing Reduction:
  - 10% across-the-board reduction  
(\$3.319 billion State General Funds x 10%)

\$223.3 million

-\$85.5 million

-\$331.9 million

-\$417.4 million

Budget Gap 

## Spending Plan Proposed in November Regents' Budget

- Student mental health services 8.0 million
- Enrollment growth 102.1 million
- Faculty and staff compensation increases 168.8 million
- Accelerated faculty salary increases 20.0 million
- Graduate student support 10.0 million
- Core academic support 30.8 million
- Restoration of instructional budgets 10.0 million
- Non-salary budget cost increases 25.0 million
- Educational Imperative initiative 5.0 million
- Research initiative 10.0 million



## Higher Education Advocacy

- Collaborative UC, CSU, and CCC effort
- Communication among the leadership of the UC, CSU, and CCC
- Common message on funding priorities
- Joint advocacy and communications activities
- Letter organized by the Lieutenant Governor

# Budget Advocacy Website: www.universityofcalifornia.edu/news/budget

## INVESTING IN CALIFORNIA'S FUTURE The budget and the University of California's impact

Gov. Arnold Schwarzenegger has proposed a 2008-09 state budget with across-the-board spending cuts, including at the University of California, to close a multibillion-dollar deficit. The proposed cuts for public higher education – which follow significant cuts earlier this decade – would be detrimental to our students, economy and California's future.



### UC's impact – public investment at work

Week of March 17, 2008 [Back to UC homepage](#) [UC Newsroom](#) [Archive](#)

## Graduating California's future

*With more than 1 million UC graduates in the state, California has one of the best-trained work forces in the world. From teachers to technology executives, UC alumni are making a difference in the workplace.*

### Training California's work force

UC educates students in more than 150 fields, preparing tomorrow's leaders from the boardroom to the classroom. See video of UCLA success stories - student athletes who became doctors, teachers, writers and more.



### Latest budget news

- UC to offer admission to all eligible undergraduates for 2008-09; state budget challenge deepens for university
- Regents review options for closing budget gap

### Resources

[UC's budget message](#)

[UC's impact: key points](#)

[Printable budget fact sheet](#)

[Letter from Garamendi, education leaders: Invest in education](#)

[President Dynes video message](#)

[Presentation to Regents on governor's proposed 2008-09 budget \(.pdf\)](#)

## Consultation Process

- Budget Task Force of campus leadership
- Council of Chancellors
- Council of Executive Vice Chancellors
- Vice Chancellors for Planning and Budget
- Academic Senate
- UC Student Association

## Spending Plan Proposed in November Regents' Budget

- Student mental health services 8.0 million
- Enrollment growth 102.1 million
- Faculty and staff compensation increases 168.8 million
- Accelerated faculty salary increases 20.0 million
- Graduate student support 10.0 million
- Core academic support 30.8 million
- Restoration of instructional budgets 10.0 million
- Non-salary budget cost increases 25.0 million
- Educational Imperative initiative 5.0 million
- Research initiative 10.0 million

## Spending Plan Proposed in November Regents' Budget

- Student mental health services 8.0 million
- Enrollment growth 102.1 million
- Faculty and staff compensation increases 168.8 million
- Accelerated faculty salary increases 20.0 million
- Graduate student support 10.0 million
- Core academic support 30.8 million
- Restoration of instructional budgets 10.0 million
- Non-salary budget cost increases 25.0 million
- Educational Imperative initiative 5.0 million
- Research initiative 10.0 million

## Spending Plan Proposed in November Regents' Budget

- Student mental health services 8.0 million
- **Enrollment growth** 102.1 million
- Faculty and staff compensation increases 168.8 million
- Accelerated faculty salary increases 20.0 million
- Graduate student support 10.0 million
- Core academic support 30.8 million
- Restoration of instructional budgets 10.0 million
- Non-salary budget cost increases 25.0 million
- Educational Imperative initiative 5.0 million
- Research initiative 10.0 million

## Spending Plan Proposed in November Regents' Budget

- Student mental health services 8.0 million
- Enrollment growth 102.1 million
- Faculty and staff compensation 168.8 million
- Accelerated faculty salary increases 20.0 million
- Graduate student support 10.0 million
- Core academic support 30.8 million
- Restoration of instructional budgets 10.0 million
- Non-salary budget cost increases 25.0 million
- Educational Imperative initiative 5.0 million
- Research initiative 10.0 million

# Spending Plan Proposed in November Regents' Budget

- Student mental health services 8.0 million
- Enrollment growth 102.1 million
- Faculty and staff compensation increases 168.8 million
- Accelerated faculty salary increases 20.0 million
- **Graduate student support** 10.0 million
- Core academic support 30.8 million
- Restoration of instructional budgets 10.0 million
- Non-salary budget cost increases 25.0 million
- Educational Imperative initiative 5.0 million
- Research initiative 10.0 million



## Spending Plan Proposed in November Regents' Budget

- Student mental health services 8.0 million
- Enrollment growth 102.1 million
- Faculty and staff compensation increases 168.8 million
- Accelerated faculty salary increases 20.0 million
- Graduate student support 10.0 million
- **Core academic support** 30.8 million
- **Restoration of instructional budgets** 10.0 million
- **Non-salary budget cost increases** 25.0 million
- Educational Imperative initiative 5.0 million
- Research initiative 10.0 million

## Spending Plan Proposed in November Regents' Budget

- Student mental health services 8.0 million
- Enrollment growth 102.1 million
- Faculty and staff compensation increases 168.8 million
- Accelerated faculty salary increases 20.0 million
- Graduate student support 10.0 million
- Core academic support 30.8 million
- Restoration of instructional budgets 10.0 million
- Non-salary budget cost increases 25.0 million
- Educational Imperative initiative 5.0 million
- Research initiative 10.0 million

## Other Efforts

- OP restructuring and savings
- Intercampus administrative efficiencies
- Strategic savings and revenue enhancements
- Evaluation of research priorities
- No student fee action until May

## Cuts of this magnitude are potentially devastating to the University and the State

- Cuts of the magnitude may mean:
  - Eligible students are turned away
  - Reductions in campus services to students
  - Larger class sizes and a reduction in offerings
  - Less efficiency at higher cost to students
  - Harm to the research enterprise and a weakened ability to leverage research funding
  - Employee workforce reductions and pay freezes
  - Other cuts to UC programs serving the state
  - Less investment in California's economic engine