

KEY POINTS ON 2009-10 PROPOSED UC BUDGET

At its November 2008 meeting, the UC Board of Regents will consider adoption of a 2009-10 operating budget for the University of California system. The document serves as a budget request to the State of California and kicks off the annual state budget process. It is a working document subject to modification as a result of Regents' deliberations and changes in the state budget picture. The governor will issue his 2009-10 state budget proposal in January.

UC recognizes the serious financial challenge facing the state. At the same time, the budget request produced at the beginning of the state budget process is an important statement of the university's financial needs if it is to maintain its service to the people of California.

The UC budget request going to the Regents is therefore not a budget-cutting document. It is an honest statement of need. It is a document that lays out what level of funding will be needed if UC is to meet its obligations to students, ensure academic quality, and make progress on initiatives important to the state.

Q. What if the university doesn't get the level of funding it is seeking?

A. There likely will be impacts on student access to their campuses of choice, on student fees, on the university's ability to recruit and retain high-quality faculty and staff, and on academic programs and student services across the campuses. Ultimately what is at stake is the level of contribution UC provides to all Californians – through the new products and jobs generated by UC research, the high-quality workforce educated at UC, the health care advances made at UC.

Q. Does UC expect to break its Master Plan guarantee to admit all eligible students?

A. UC already enrolls 10,000 more students than the state is paying for. The budget plan requests funds for enrollment growth of 2.5 percent both in 2008-09 (which the state did not fund in the last budget) and 2009-10. If that funding does not come through, UC likely would need to bring enrollments in line with resources over a period of several years. The likely impact is that fewer students would be admitted to the campuses of their choice and more would be sent into the referral pool. This would not necessarily mean a major departure from the Master Plan, but it may mean students with fewer UC campus choices might seek an education elsewhere.

Q. What are the student fee numbers in the budget plan based on?

The student fee numbers in the budget plan represent an assumption for planning purposes; the Regents will not actually set student fees until a later meeting, and the numbers may well change as a result of further developments in the state budget situation and deliberations of the Regents. The 9.4 percent increase in mandatory systemwide student fees assumed in the budget plan consists of a 10 percent increase in the Educational Fee and a 4.2 percent increase in the Registration Fee. This is consistent with the compact with Gov. Schwarzenegger, which in times of fiscal distress allows for fee increases up to 10 percent – contingent upon state resources being

provided for the basic budget at the level called for in the compact and no further erosion of the university's base budget.

Q. Are the final student fees likely to be higher or lower than what is in the budget plan?

It is too soon to tell. We recognize that the national economic crisis has strained budgets for all families, and that now is a difficult time for students to contemplate fee increases. At the same time, students enroll at UC with an expectation of access to a certain level of academic quality and student service – and these things will erode without the level of investment called for in the budget plan being presented to the Regents.

We hope to keep fee increases as moderate as possible, but final decisions about fees will depend on the state's fiscal situation and Regents' decisions about the many competing budget priorities within the institution.

Q. What is UC doing to help itself during this budget crisis?

First, UC is cutting spending at the Office of the President. The UCOP budget has now fallen \$60 million, from \$290 million in 2007-08 to \$230 million in 2008-09 (a 21 percent reduction), and the workforce has dropped by 500 employees, from 1,873 to 1,373 (a 27 percent reduction).

More than half of these reductions (54 percent) represent true savings for the university; the balance (46 percent) represent transfers of programs from UCOP to campuses and other locations more appropriate for administering these programs.

In addition, UC continues to implement efforts across the system to achieve cost savings and create efficiencies of scale in such areas as purchasing, health benefits, and travel, among others – on top of the campus administrative efficiencies achieved in prior rounds of budget cuts.

President Yudof also has launched an accountability initiative that is aimed at giving Californians and their elected leaders a better understanding of what they get in return for their investment in UC. A draft of a first annual accountability report is now available online for public comment. This report has more than 200 pages of measures of UC's performance for the people of California – see it at www.universityofcalifornia.edu/accountability.