

KEY POINTS ON GOVERNOR'S PROPOSED 2008-09 MID-YEAR CUTS

University of California

November 6, 2008

The mid-year cuts proposed by Gov. Schwarzenegger include a proposed further budget cut of \$65.5 million at the University of California in the current (2008-09) fiscal year. (In total, the governor is proposing \$4.5 billion in spending reductions across state government and \$4.7 billion in revenue increases to help close the state's budget shortfall.)

This \$65.5 million cut for UC would come on top of the \$48 million year-over-year reduction for UC that was included in the final 2008-09 budget. The final 2008-09 budget also left the university to achieve an additional \$100 million in savings to cover student enrollment growth and increases in fixed costs that were not funded by the state.

The state's per-student spending for education at UC, adjusted for inflation and enrollment growth, has fallen nearly 40 percent since 1990 – from \$15,860 in 1990 to \$9,560 today in current, inflation-adjusted dollars.

Key points on the governor's proposed mid-year cuts for UC:

- We are of course disappointed to be facing another potential budget cut on top of the reductions we are already making this year. We believe that higher education is crucial to California's ability to grow its way out of this economic downturn, and we ultimately need to be talking about ways to improve investment in our colleges and universities.
- We also recognize the severity of the state's immediate fiscal condition and understand the need to play a constructive role in the solution.
- Actions that we take in response will of course be dependent on the budget actions ultimately approved by the Legislature and governor, and the Board of Regents will need to discuss these issues at their November meeting as well.
- If these cuts are approved, we will need to look for further savings throughout the UC system. To address budget cuts already enacted, UC has reduced expenses at the Office of the President and campuses have been asked to consider curtailing hiring, travel, consulting services, use of leased facilities, energy costs, and similar expenditures. UC expects that deeper budget cuts would force campuses to turn to options such as hiring more lecturers and fewer ladder-rank faculty, offering fewer course sections and larger class sizes, reducing operating hours for libraries and student services, and paring back other academic and administrative programs. All of these actions would have an impact on the quality of the educational experience for students.

Q. Could this lead to a mid-year student fee increase?

A. We would be very reluctant to implement additional fee increases now that the academic year is underway, but a final decision on this issue will need to await the Legislature's final action on the governor's proposal.

Q. At what point is UC going to begin considering curtailing enrollments?

A. We don't expect adjustments to our 2008-09 enrollments as a result of this proposed cut. Enrollments for 2009-10 are an open question and are subject to state funding for 2009-10. We would hope to be able to have sufficient funding to continue offering a place to all eligible undergraduates.

Q. Would UC support a tax increase, such as the governor's proposed sales tax increase, to help balance the budget?

A. That would be up to the Board of Regents.