



## UC and the state budget: Investing in California's future

The University of California is one of three public higher education systems that rely on state funding to serve the people of California. Our state's elected leaders face an enormous budget challenge this year. As they make their decisions, we hope they will consider that UC is an investment, not just an expenditure.

UC is a critical part of California's future and provides an excellent return on investment for the state. UC is an economic engine that produces new industries, new jobs, an educated work force and new tax revenue for the state, while its research and public services improve the quality of life of every Californian.

In fact, UC contributes more than \$14 billion in California economic activity and more than \$4 billion in state and local tax revenues each year. More than 1,000 California biotech, high-tech and other innovative companies put UC research to work every day. And for every \$1 in state research funding, UC secures \$6 more in federal and private research dollars.

Reducing the state's investment in UC will mean we are able to do less for students, for the economy and for California's future. Cutting investments in higher education will only hinder the state's recovery.

### Proposed cuts: What's at stake

- UC faces significant cuts in the governor's proposed 2008-09 budget, which builds in a funding increase under the "compact" but then applies a 10 percent cut of \$332 million.
- The resulting gap between the governor's budget and the amount requested by the Regents totals \$417 million, which would have funded enrollment growth, salary needs and pressing program needs.
- UC is working aggressively to achieve administrative savings to help, but those alone will not be enough to close the budget gap. We are committing to increase our administrative savings in 2008-09 from the \$28 million in the Regents' budget to at least \$68 million – a \$40 million increase.
- A cut of the magnitude proposed could potentially require the following types of actions, or other actions saving equivalent dollars:
  - Constraints on student enrollments
  - A student fee increase of 10% or higher, up from the 7% previously discussed
  - Budgetary reductions to university programs serving students and the state
  - A halt to a multiyear plan to improve financial support for graduate students
  - A halt to a multiyear plan to rebuild the competitiveness of faculty salaries
  - A halt to a multiyear plan to rebuild support for instruction and physical plant
  - Elimination of most increases for employee salaries

These kinds of cuts would affect accessibility, affordability and the state's economic prospects.

### A historical perspective

- In 1970, UC received about 7% of the state's general fund budget. Today, it has fallen to roughly 3%.
- UC already has taken substantial budget cuts earlier this decade, raising faculty concerns about maintaining academic excellence. State per-student funding for educating UC students has fallen from \$14,210 in 2000-01 to \$10,370 today (inflation-adjusted).
- From 1984 to 2004, California's population increased 35%, while state funding for higher education decreased by 9%. Higher education is the only major part of California's budget that grew more slowly than population.
- Today, less than 20% of UC's budget comes from the State of California. More than half of UC's research expenditures come from federal sources, and federal funds represent nearly 20% of grant aid received by UC students. Private support is increasingly important: For the past seven years, private donors have contributed more than \$1 billion a year.