

# State Budget Update

## University of California

June 18, 2009

### Conference committee actions

The two-house budget conference committee has adopted a number of actions on the governor's state budget proposals for 2008-09 and 2009-10. The Democratic-controlled conference committee made these change to the governor's proposals affecting the University of California:

- **Cal Grants:** Restored most of the Cal Grant cuts proposed by the governor.
- **Additional reduction:** Approved an additional \$17.8 million budget reduction for UC, aligning the UC cut with the cut allocated to CSU.
- **Academic preparation:** Preserved a \$31.3 million cut for UC but designated it as a cut to the general UC budget rather than targeted to academic preparation programs. Also included language stating that cuts to academic preparation programs, if enacted by UC, should not be disproportionate to other budget cuts at UC.

### By the numbers – what the budget looks like now

Budget cuts for UC have now been proposed five separate times: in the September 2008 budget, in the February 2009 special session, in the governor's May Revision, in the governor's additional cuts of May 26, and in the legislative conference committee's actions of June 16. Below is a summary of where the UC budget now stands, including the conference committee actions:

- **Cumulative cuts:** In 2008-09, state budget cuts for UC are largely backfilled by one-time federal stimulus funds. In 2009-10, more state cuts are proposed for UC, with no federal backfill. Some of the cuts are one-time in nature and some are permanent. In total, counting the cuts in both years, the current budget includes \$813 million in cuts for UC.
- **Net reduction in state investment:** Because some cuts are one-time and some are permanent, another way of looking at the budget is to look at the bottom-line level of state funding for UC before and after the cuts. In 2009-10, UC's \$2.61 billion in state funding will be \$637 million, or 20%, lower than in the original 2008-09 budget of \$3.25 billion.
- **Unfunded cost increases:** On top of actual cuts, UC faces an additional gap of \$335 million over the two-year period for increasing costs that have not been funded by the state (increases in student enrollments, health benefit costs, utility costs, etc.)
- **Partial solutions:** Of the \$813 million in cumulative cuts in the two-year period, about ¼ is expected to be addressed through employee furloughs and/or pay reductions, and another ¼ through already-enacted student fee increases. The balance of the shortfall, along with the above unfunded cost increases, will need to be absorbed through cuts to UC programs.