

**Senate Item for Review:** Budget Toolbox Reports

**Due Date:** Please respond by **June 11, 2009**

**Return to:** Jaime Balboa, CAO, [jbalboa@senate.ucla.edu](mailto:jbalboa@senate.ucla.edu)

**Primary Links:**

Academic Toolbox: <http://www.evc.ucla.edu/reports/toolbox.pdf>

Executive Summary: <http://www.evc.ucla.edu/reports/toolbox-summary.pdf>

**Secondary Links:**

Revenue Toolbox: <http://www.evc.ucla.edu/reports/revenue.pdf>

Efficiencies Toolbox: <http://www.evc.ucla.edu/reports/savings-efficiencies.pdf>

On behalf of the UCLA Academic Senate Chair, all Academic Senate committees and all FECs are invited to review and opine. Responses with specific concerns or suggestions referencing specific aspects of the texts will be most helpful.

**Background Information:**

The “Budget Toolbox” project was designed to support the academic and budgetary planning of the campus, given the current and anticipated budget reductions. UCLA is faced with developing plans for sustaining academic strengths while seeking out cost savings and efficiencies, increasing non-state revenues, and improving alignment of academic programs with campus priorities. With that in mind, EVC&P Waugh appointed three taskforces, or “Toolbox Committee”, each tasked with developing options for its respective area. The work of the taskforces is complete, and EVC&P Waugh has posted the reports on his web page.

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May 27, 2009

## THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

Yesterday, the Governor's Office and the Department of Finance (DOF) presented their latest recommendations to seek overall State budget reductions of \$5 billion in the 2008-09 fiscal year and \$8 billion in the 2009-10 fiscal year. Some of these budget reductions are particularly severe, such as the elimination of State-supported welfare under the Cal WORKS program and the elimination of all State-funded health services for needy children. The Governor's recommendations also mean significant cuts in State General Fund support for UC, the phase-out of the State Cal Grant financial aid program for our undergraduate students, and reducing nearly all State support for Hastings College of the Law.

The Administration is proposing new budget reductions (above those already recommended in his May 14 May Revision) of \$207.5 million in 2008-09 and another \$167.5 million in 2009-10. I have provided the attached table that summarizes the UC budget reductions for the 2008-09 and the 2009-10 fiscal years. The table is difficult to track from previous budget numbers presented to The Regents and Chancellors, given the one-time nature of some budget reductions that are off-set by federal economic stimulus (ARRA) funding and the inclusion of offsetting student fee revenue.

The bottom line is a severe reduction in California's investment in the University of California. Over the two-year period, through a combination of one-time and permanent reductions, UC's State support will be reduced by \$1.4 billion. This total reduction will be offset by \$640 million in federal economic stimulus funds (ARRA funds) on a temporary basis. For 2009-10, the resulting State-funded budget of \$2.63 billion is approximately 17 percent below the \$3.25 billion State budget for UC as of September 2008. By way of comparison, if the budget as proposed for 2009-10 is adopted, total State funding for UC will have been reduced by 19 percent from the 2007-08 State-funded budget.

As another example of the severity of budget crisis, DOF indicated that Cal Grants would be "decoupled" and no additional financial aid would be provided to students commensurate with any increase in student fees, for a \$40 million savings in 2009-10. The Governor is also proposing to eliminate new Cal Grant awards for 2009-10, and to

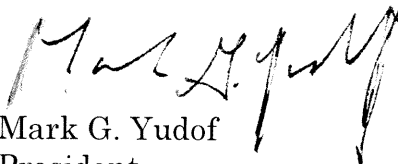
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eventually "phase out" and relieve California of providing any financial aid in the form of grants to offset higher education fees. In addition, the State will implement an old statute that requires the State to fund the Hastings College of the Law at a total of \$7,000, which generates a savings of \$10.3 million, effectively eliminating State support for the law school.

On Monday, June 1, I will join CSU Chancellor Reed and California Community Colleges Chancellor Scott on a higher education panel to testify to the two-house budget conference committee on the impact of these budget recommendations to the University of California as well as the impact of reduced and eventually phased-out Cal Grant funding that will severely affect affordability for UC's needy students. On Wednesday, June 3, I have scheduled an all day meeting with the Chancellors and their Executive Vice Chancellors to discuss the severity of these reductions and the plans their respective campuses will be required to develop in addressing them. Recognizing we are in a time of fiscal crisis and the State has nothing but difficult decisions to make, I believe The Regents and our Chancellors must immediately turn their attention to how the University is going to manage under these massive budget reductions.

With best wishes, I am,

Sincerely yours,



Mark G. Yudof  
President

Enclosure

cc: Chancellors

**University of California  
2009-10 Budget  
Fiscal Impact of Governor's May 26 Proposals  
(dollars in millions)**

		Augmentation	Total
2008-09 Budget Act (September 2008)			\$ 3,250.3
<b>2008-09</b>			
<b>State Funding Reductions</b>			
Mandatory Savings Target (September 2008 Budget Act)	one-time	\$ (33.1)	
Mid-year Reduction (February Special Session)	permanent	\$ (65.5)	
Additional Reduction (May 14 Revise)	one-time	\$ (510.0)	
Additional Reduction (May 26)	one-time	<u>\$ (207.5)</u>	
Net Reduction		\$ (816.1)	
Revised 2008-09 State General Fund Base Budget			\$ 2,434.2
% Reduction			-25%
<b>Offset: Stimulus Funding</b>	one-time	<u>\$ 640.0</u>	
Net Reduction		\$ (176.1)	
<b>Net 2008-09 State General Funds and Stimulus Funds</b>			<b>\$ 3,074.2</b>
<b>% Reduction</b>			<b>-5%</b>
<b>2009-10</b>			
2008-09 Final Budget			\$ 3,074.2
Reverse 2008-09 One-time Actions		\$ 110.6	\$ 3,184.8
<b>State Funding Reductions</b>			
Governor's Veto - Trigger Funding (February Special Session)	one-time	\$ (50.0)	
Governor's Veto (February Special Session)	one-time	\$ (255.0)	
Unallocated Reduction (May 14 Revise)	permanent	\$ (50.0)	
Elimination of Outreach (May 14 Revise)	permanent	\$ (31.3)	
Additional Reduction (May 26)	through 2010-11	<u>\$ (167.5)</u>	
Net Reductions		\$ (553.8)	
<b>Revised 2009-10 State General Fund Base Budget</b>			<b>\$ 2,631.0</b>
<b>% Reduction</b>			<b>-17%</b>
<b>Two-year Reduction in State General Fund Support*</b>		<b>\$ (1,435.4)</b>	

\*Includes two-year impact of \$65.5 million permanent reduction in 2008-09.