

The UC Budget Crisis: Past History, Present Perils, and Future Implications

A Teach-In Kit for UC Berkeley Faculty

I. The Past: The Historical Background to the Crisis

1960 The UC Regents and the California Legislature pass the **California Master Plan**—a plan for higher education with the following key points:

- **“The establishment of the principle of universal access and choice”** and reaffirmation of “California’s long-time commitment to the principle of **tuition-free education** to residents of the state.”

- In order to deliver on the promise of accessibility, provisions on student aid (now called the Cal Grant program), were designed to ensure that needy and high-performing students have the ability to attend the California institution of their choice, whether it be UC, CSU, the community colleges, or the independent California colleges and universities.

- For the full **California Master Plan**, see:
<http://www.ucop.edu/acadinit/mastplan/MasterPlan1960.pdf>

- For summaries and reviews of the Master plan, see
<http://www.ucop.edu/acadinit/mastplan/mp.htm>

1978 Passage of **Proposition 13**. Prop 13 radically reduces property taxes — and thus property tax revenues for the state. It establishes a tax ceiling of 1% on the full value of a real estate property, and mandates that the assessed value of a property cannot increase at a rate above 2% per year until the property is sold, at which point the property will be valued at the new market rate. As a result of these provisions, Prop 13 reduces property taxes by 57%.

Prop 13 also **amends the state constitution**, requiring a two-thirds vote of both houses of the legislature to increase state taxes. As a result of this amendment, legislators looking to increase state revenues face a high threshold. California is the only state in which a 2/3 vote is required to pass a state budget *and* a 2/3 vote is required to increase state taxes.

In addition to setting the parameters of California state politics, Prop 13 also marks the beginning of “the Tax Payer’s Revolt,” a wave of anti-tax legislation and political organizing on the right that put Ronald Reagan and later George W. Bush into office.

2003 Recall election of Governor Gray Davis. In October, Arnold Schwarzenegger wins the recall election and becomes governor, taking office in 2004.

2004 Schwarzenegger, UC President Robert Dynes, and CSU Chancellor Charles Read sign the **2004 Compact on Higher Education**. The Compact **represents a fundamental shift away from state funding of UC and CSU**, turning this responsibility over to private sources such as student fees and fundraising. The Compact states, “In order to help maintain quality and enhance academic and research

programs, *UC will continue to seek additional private resources and maximize other fund sources available to the University to support basic programs.* CSU will do the same in order to enhance the quality of its academic programs.” **Until this point, the state was accepted as the primary source of support for “basic programs” with private sources being used for additional initiatives. By contrast, the Compact committed UC and CSU to increasing reliance on student fees for base support.**

For more on the Compact and its consequences, see:

http://keepcaliforniapromise.org/wp/?page_id=25

And:

<http://www.universityofcalifornia.edu/senate/reports/AC.Futures.Report.0107.pdf>

Since 2001, state aid per student at UC has dropped 50% (fiscal 2001-2 through 2008-9).

II. Where We Stand Now: The Budget Crisis of 2009

April –May: UC President Mark Yudof submits drafts of two documents for discussion to the UC Board of Regents, the Systemwide Academic Senate, and the Divisional Chairs of the ten Campus Senates. The first is a Proposed Amendment to the Standing Orders of the Regents, which would grant to the President **“emergency powers”**– in the event of a natural disaster or “extreme financial circumstance”– to **“implement furloughs and/or pay reductions on terms the President deems necessary”** and **“to suspend the operation of any existing Regental or University policies** otherwise applicable to furloughs and/or salary reductions that are contrary to the terms he or she deems necessary to the proposed implementation.” The second item submitted for consideration is a draft of the Furlough/Salary Reduction Guidelines.

May 19 In a California Special Election, Propositions 1a-1e—various attempts to balance the budget and generate revenue and set funding for education, children’s and mental health services—fail. Schwarzenegger issues further drastic measures, revising the state budget allocations set earlier in the year.

The immediate result in numbers for UC, according to the UC Office of the President (UCOP):

\$813 million cut in state funding to UC for 2008-2009 and 2009-2010

20% reduction in UC’s state funding for 2009-2010 alone — \$637 million less than the previous year.

The result: a \$1.15 billion two-year funding shortfall for the UC, including \$813 million in cuts and an additional gap of \$335 million in increased costs for student enrollment (i.e. funding for students promised but withdrawn), health benefits, and utilities not funded by the state.

Source: http://www.universityofcalifornia.edu/budget/?page_id=126

July Regents meet and grant President Yudof his proposed “**Emergency Powers.**” They also approved the furlough plan for 2009-2010: salary reductions are structured in graduated stages from a 4% pay reduction for those making less than \$46,000 to a 10% cut for those making over \$240,000. According to UC’s own statistics, regular UC faculty pay—before the furloughs—lagged up to 20% behind that of faculty at peer institutions elsewhere. Now that number is closer to 25%-30%.

For full furlough plan: <http://www.universityofcalifornia.edu/regents/regmeet/jul09/j2.pdf>.

Many have argued that the graduated scale hits those at the lower end of the pay scale considerably more than those at the top—in the sense that 4% of a \$ 45,000 salary or 8% of a \$90,000 salary are more destructive to people earning those amounts (e.g. staff and many regular faculty) than 10% of \$240,000 to people earning that amount (e.g. executives, professional school faculty).

July President Yudof and Regents’ Chair Russell Gould appoint the “UC Commission on the Future” which, in the words of Regent Gould, was charged to “change how we do business.” The Commission will consider such questions as: “What educational delivery models will both maintain quality and improve efficiency for the university’s future” [i.e. the possibility of on-line and remote instruction]; “What is the appropriate size and shape of the university going forward?”; “How can traditional and alternative revenue streams be maximized in support of UC’s mission?”

Immediately concerns were raised: the 20-person Commission consisted entirely of members from the medical and health professions, the legal profession, and the business world (some faculty, some Regents, and some prominent citizens outside UC). In other words, no teachers of undergraduates, nor any teachers of graduate students (in PhD programs), were on the Commission. These absences were alarming and telling because the task of the Commission will include changing the face of UC pedagogy. Responding to this dismay, President Yudof has promised to appoint a few faculty members with core teaching experience.

III. The Future: What Does This Mean for Undergraduates?

You have likely heard of the proposed **32% increase in student fees over the next year**, and you have probably felt already some of the local effects: library closures on campuses; reduction of student service; larger classes, staffed by graders, not GSIs; .

But the long term effects of this crisis are even more disturbing. All of the following are highly probable, and some are certain, if there is no significant state re-investment in the UC system in the next several years, or without significant redistribution of UC’s resources:

(I) Continuing hikes in student tuition. Student tuition will keep spiking up in the next few years. In the absence of state re-investment, individual in-state tuition would need to reach \$27,000 a year at the University of California to restore the quality of education it offered in 2001. (Source: http://keepcaliforniaspromise.org/?p=1#_ftn4.)

Many are alarmed that higher education in California is becoming a luxury that only the few will be able buy, rather than a right for all, as affirmed by the Master Plan.

(2) A UC system that serves less and less the needs of Californian students.

The University has plans to cut total admissions for students from California. Some campuses (including Berkeley) will significantly increase enrollment of out-of-state and international students, who pay a higher tuition. Plans are already beginning on the Berkeley campus to start this process next year.

Along with the proposed fee increases, this cut to Californian student enrollment seems likely to drastically reduce the number of working-class and minority students who currently attend the UC system.

(3) Faculty flight. Many of your professors will leave for other schools when they can, disturbed by the university's dwindling commitment to its public mission and to the support they need for their teaching and research. Most will not be replaced, because of budgetary pressure to downsize the faculty and because the new circumstances will make it hard to attract faculty to UC employment, especially in such an expensive region.

(4) Research imperiled. According to the National Research Council, UC Berkeley has over 30 graduate programs that rank in the top 10 programs across the nation (many of which are in the top 3). But these budget cuts and their destabilizing effects—not to mention their effects on morale—will make it increasingly difficult for Berkeley to attract the best graduate students, who help drive the university's research mission.

(5) Less emphasis on teaching as a core mission of the university, along with an increased turn to **on-line and remote instruction**, which has been proposed as a cost-cutting measure.

Question: Why, if the problem starts at the state level, are many faculty and staff angry at, or wary of, the Office of the President?

What follows is a list of some of the most frequently cited reasons:

- UC's annual budget is approximately **\$19 billion** for sponsored research, teaching hospitals, University Extension, housing and dining services, Lawrence Berkeley National Laboratory and other activities. In this context, **the \$200 million saved by employee furloughs** is a small amount of the whole. Moreover, UC has a superb bond rating (as announced publicly) and significant reserves. The Office of the President has maintained that most of its operating budget is targeted for specific projects—e.g. building of hospitals and laboratories, or football stadiums, etc.—and cannot be used to fund core reaching activities. There has not yet been independent proof of that claim, because too much about the budget is not public information. Hence the frequent calls for fiscal “transparency.”
- At the same Regents meeting that imposed pay reductions on the faculty and staff, large bonuses and stipends were awarded to some of the highest-income administrators, adding to previous pay increases earlier in the year. Salaries at this level—Chancellors, Vice Chancellors, Executive Deans—are extremely high. President Yudof himself makes over \$800,000. He has argued that the media's focus on executive compensation and perks is a “diversion.” Most

faculty would concede that even if the highest salaries were cut, that reduction would not solve the problem of a \$813 million dollar deficit. However, that is not the point. These sums—and the timing of their awarding—have seemed tasteless or insensitive, not worthy of leadership. Yudof has argued that such sums are necessary to retain the ‘best’ administrators. Faculty have wondered whether they are in fact the best, given the results, and, more importantly, they have responded that UC should prioritize the recruitment of top-notch faculty rather than administrative recruitment. Over the last twenty years, the ranks of central administration have ballooned while the number of full-time faculty has flatlined.

- UC faculty have been proud of a tradition of shared faculty-administration governance. By declaring a state of emergency and by imposing from above a single furlough plan onto the ten very different campuses, President Yudof has—at least temporarily—suspended shared governance. The effects of these “emergency powers” are beginning to be felt in concrete ways: many faculty sense that cuts to staff are being made in a peremptory manner, without the proper amount of consultation and reflection.
- Many faculty feel that the unspoken policy at the UC Office of the President (UCOP) and the Regents has been to accept that state funding will continue to fall. Rather than work to change the political environment, they seem willing to accommodate UC to a privatized model. As administrators of higher education, they have failed to make the case for higher education to the public or to elected officials, and seem to have little vision for how that case might be made.

The UC system represents a unique tradition in American higher education — a fusion of academic excellence and democratic accessibility — but this tradition is endangered at the moment.

IV. What Can Be Done

While the UC budget crisis presents a devastating threat to the core mission of the University, the severity of the crisis has also provoked an unprecedented response. In a very short period of a few months, a coalition of students, faculty, and staff has come together to fight these cuts and propose an alternative vision of the UC system’s future. The week of Sept. 21-25 will be a coordinated week of education and action, devised to bring together students, faculty and staff in a series of large- and small-scale discussions and events. This is only the beginning of a much larger struggle to preserve the integrity of the UC system, but it is a promising beginning. Arguably it represents the first time, in the history of the UC system, that such a broad coalition has been formed to articulate and fight for the value of public higher education.

We urge everyone, first, to educate themselves on the meaning of the crisis and its implications. There will be a **teach-in on Wednesday, September 23, 7-9 pm in Wheeler Auditorium**, at which several distinguished Berkeley faculty will address the budget crisis and the battle ahead.

We also ask everyone to show support for the **UC-wide Day of Action on September 24** by attending the **noon rally at Sproul Plaza**. This day of action has been supported not only by Berkeley faculty in SAVE but also by the University of California Student Association (UCSA), which urged its members to participate in the walkout.

And we ask everyone to join the organizations that have mobilized to address this crisis: for undergraduates, groups such as CALSERVE, SWAT, bridges Multicultural Resource Center, and the ASUC; for graduate students, the Graduate Students Organizing Committee (gradstudentstoppage@gmail.com); and for faculty, SAVE (savetheuniv@gmail.com). Restoring California's commitment to public higher education will require an infusion of energy and resources, and no resource is more valuable than the thoughtful engagement that each individual can bring to this fight.

For More Information: websites on the budget crisis

Faculty-run websites

<http://www.saveuc.org>

<http://budgetcrisis.berkeley.edu/>

<http://keepcaliforniaspromise.org/wp/>

<http://savingucla.ning.com/>

<http://www.utotherescue.blogspot.com/>

<http://option4.ning.com/>

UC-AFT Union-run website

<http://changinguniversities.blogspot.com/>

Administration-run websites (Central and Campus)

<http://berkeley.edu/news/budget/>

<http://www.universityofcalifornia.edu/budget/>

**** This document is presented by SAVE, a faculty group at UC-Berkeley ****
**** www.saveuc.org ****