UNIVERSITY OF CALIFORNIA
2009-10 Budget Update

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Overall State Fiscal Condition

- 2008-09 enacted budget did not resolve the ongoing structural deficit.
- The 2009-10 State Budget assumes a General Fund budget deficit of $14.8 billion in 2008-09.
- Unless action is taken, this figure will increase to $41.6 billion in the 2009-10 fiscal year.
- No State funding for Capital Infrastructure Projects; State issues IOU’s.
Governor’s Proposed Action

- The Governor is proposing to address the budget gap with current year and budget year recommendations that include:
  - $21 billion in expenditure reductions;
  - $15.8 billion in additional revenues;
  - $5 billion shifting lottery revenue from state funded programs to balancing the budget;
  - $358 million in borrowing;
  - $4.7 billion from Reimbursement Warrants that will be used to meet the cash flow needs of the state through the 2009-10 fiscal year.
2009-10 UC Budget

- No Compact Funding: $209.9 million
- Continue Base Budget Cut: $65.5 million*
- Restored 2008-09 Reduction: $33.1 million
- Restart Retirement Contributions: $20 million
- Annuitant Health Benefits: $11.3 million
- Growth for PRIME and Nursing: $2.5 million
- Increase in Student Fees (9.3 %): $106.9 million
2009-10 UC Budget

- Replace state lottery funds: $29.8 million
- Debt service, lease purchase: $28.4 million
- Subject Matter Projects: $5.0 million
- Reduction, UC Merced funding: ($5.0 million)
- Hospital revenue: $14 to $25 million
- Capital Facilities funding: $479.5 million
2009-10 UC Budget Issues

• No resolution to state fiscal crisis
• Pooled Money Investment Board (PMIB) freezes state funding for capital projects
• Regents decision to curtail enrollment growth
• Regents freeze senior management pay
• Regents decision on student fees
Additional Areas of Concern

• Campuses’ ability to fund mandatory costs
• Resources to fund collective bargaining agreements
• Restart of employer/employee contributions to the UC Retirement Plan
• The ability for UC to continue covering Cal-Grants awards
• Budget reductions to UC Medical Centers
• State’s ability to fund UC Capital Facility Projects
UC Budget – Next Steps

• President Yudof Campus Meetings
• Special Session Budget Recommendations
• Federal Economic Stimulus Proposals
• Advocacy Efforts with the Governor and the Legislature