

Why the Berkeley Faculty Association is endorsing Proposition 30 and opposing Proposition 38:

The historic decline in state support

State funding per full time student has fallen from \$17,407 in nominal dollars (\$23,178 in inflation adjusted dollars) in 2000-01 to \$10,025 in the current year. Funding for the current year will decline further to \$8,971 if Proposition 30 fails and UC receives a \$375 million trigger cut (\$250 million in the current year budget and another \$125 million next year).¹

The cuts to faculty, staff and expansion of student population

As a result of this reduced funding, since fiscal 2008-09 over 4,400 employees have been laid off, over 3,570 positions have been eliminated, faculty hiring has been deferred, academic programs have been cut, courses have been eliminated, class sizes have increased, counseling and library hours have been reduced.² Between April, 2009 and April, 2012, UC had a net loss of 277 ladder and acting faculty FTE, replaced by what UC calls “other teaching faculty” – who are less expensive and less empowered.³

Even with this influx of “other” faculty, student population growth has driven the student-to-faculty ratio ever upward.⁴ Even with the constant increase in enrollment (from 183,355 FTE in 2000-01 to 237,218 in 2011-12),⁵ UC has been unable to meet in-state enrollment demand, reducing freshman enrollment by 2,850 each of the last two years.⁶

The ladder faculty that remain are being paid less: in 2008-09 UC faculty were already paid 9.5% less than their “Comparison 8” peers.⁷ In 2009-10, with furloughs in place at UC, UC faculty fell 11.2% behind their peers.⁸ Since then, UC faculty have experienced a 2% cut in pay (a 3% merit increase offset by 5% of pay redirected to funding the retirement plan), and will experience another 1.5% pay cut this coming July.⁹ And that doesn’t consider the erosion caused by inflation.

The cost of restoring UC to the already diminished 2000 levels

Restoring per student funding and full enrollment would cost \$3.2 billion this year, \$3.5 billion if Proposition 30 does not pass.¹⁰ Over the past few years UC has been trying to cover the loss of state funding through student fees, which have risen from \$3,964 in 2000-01 (\$5,278 in 2012 dollars) to \$13,230 in 2012-13. Even so, the overall funding available per student is lower now than it was in 2000.¹¹ Funding the \$3.2 billion gap needed to restore funding per student to 2000 levels and restore enrollment using just student fees would require raising student fees an additional \$11,680, to a total of \$34,910 per year – for in state undergraduates.

State support and tuition are the only sources of funding that can come close to raising \$3.2 billion per year. UC receives a total of \$1.67 billion in private support each year,¹² and 98% of that private support is restricted money.¹³ UC would have to triple private funding, and all the additional private funding would have to be unrestricted or designated for core costs, to cover the funding gap through private funding. Winning more research funding would actually exacerbate the problem; due to its low indirect cost recovery (ICR) rates, UC loses \$500 million on the \$4 billion in research it performs in a year, money made up for with state funding and tuition.¹⁴ Even UC Berkeley’s newly negotiated ICR rates are net losers.¹⁵

The necessity and limitations of Prop 30

Passing Proposition 30 does not undo the damage of recent budget cuts, but it would prevent things from getting worse in the next year, by avoiding \$375 million in trigger cuts to UC over the next two years. By law, Proposition 30 will be nullified if Proposition 38 gets more votes, and Proposition 30 is better for the state than Proposition 38.

Either Proposition would bring about \$3 billion per year into the state's general fund in the years 2013-14 through 2016-17, some money of which would probably be apportioned to UC by the Governor and the legislature. But there are two big differences.

The first, and most critical, difference is that Proposition 38 produces no revenue for 2012-13, while Proposition 30 is already written into the 2012-13 budget and its passage will save UC \$250 million in trigger cuts in the current budget year.

The second is that, after 2016-17, Proposition 38 continues to collect in excess of \$10 billion in extra income tax revenue each year but puts all of it in preK-12; there isn't even money to go to community colleges because Proposition 38 bypasses the Proposition 98 mechanism. The tax does not sunset until 2024. Meanwhile, Proposition 30 continues paying into K-12 and community colleges through the Proposition 98 mechanism and continues paying into the general fund, albeit at a somewhat reduced rate due to the expiration of the sales tax portion of the proposal, until 2018, when the income tax portion of the proposal expires.

The consequences if Proposition 30 fails to pass

UC's plan, were Proposition 30 to fail, is to raise student fees, mid-year, by 20.3%, an action likely to be decided at the November Regents meeting.¹⁶ Many students with the skill and drive to excel would not be able to afford UC – some would go elsewhere, others would not go to college at all.¹⁷ Out-of-state enrollments would continue to grow.¹⁸ As UC educates fewer Californians, public support of UC would likely wane. The cost to support graduate students and hire Research Assistants, or other positions that pay for tuition, would rise accordingly, further reducing our ability to offer competitive graduate fellowships and recruit the best graduate students. To reduce loss through Indirect Cost Recovery (see above), research opportunities will be curtailed. The shift from ladder faculty to contingent faculty, and ever growing class sizes, would continue. UC may further reduce effective faculty and staff pay by requiring higher employee contributions to the UC retirement plan. Health benefits for retired faculty, which were cut recently,¹⁹ or other benefits, might see further cuts. If Proposition 30 fails, Governor Brown has said he will not try again to raise taxes.²⁰ Without future revenue increases to the state budget it is highly unlikely there would be future state funding increases to UC.

¹ http://keepcaliforniaspromise.org/wp-content/uploads/2012/09/RestoringHigherEd_2012-13_draft1.xls

² http://budget.universityofcalifornia.edu/files/2011/12/Budget_fact_11.29.11.pdf and
<http://regents.universityofcalifornia.edu/regmeet/jul12/f1.pdf>

³ <http://www.ucop.edu/ucophome/uwnews/stat/>

⁴ Slide 30 of <http://www.universityofcalifornia.edu/regents/regmeet/sept12/cw12.pdf>

⁵ <http://www.ucop.edu/ucophome/uwnews/stat/>

⁶ http://budget.universityofcalifornia.edu/files/2011/12/Budget_fact_11.29.11.pdf

⁷ <http://regents.universityofcalifornia.edu/regmeet/mar09/j1attach.pdf>

⁸ <http://regents.universityofcalifornia.edu/regmeet/jan11/j1.pdf>

⁹ http://ucrpfuture.universityofcalifornia.edu/files/2010/10/thefacts_ucrp-contributions-07-12-12.pdf

¹⁰ <http://keepcaliforniaspromise.org/2864/restore2012-13>

¹¹ http://budget.universityofcalifornia.edu/files/2011/12/Budget_fact_11.29.11.pdf

¹² http://budget.universityofcalifornia.edu/?page_id=1120

¹³ http://budget.universityofcalifornia.edu/?page_id=5

¹⁴ <http://workingsmarter.universityofcalifornia.edu/projects/indirect-cost-recovery/case-study/>

¹⁵ <http://spo.berkeley.edu/policy/fa.html>

¹⁶ <http://regents.universityofcalifornia.edu/regmeet/jul12/f1.pdf>

¹⁷ <http://www.ppic.org/main/publication.asp?i=988>

¹⁸ <http://www.baycitizen.org/education/story/state-budget-crisis-will-likely-threaten>

¹⁹ <http://ucrpfuture.universityofcalifornia.edu/files/2010/10/PEB092012.pdf>

²⁰ <http://www.sfgate.com/bayarea/matier-ross/article/Gov-Brown-Tax-bid-will-be-final-try-3870277.php>