

TALKING POINTS ON PROPOSITION 30

University of California – 8/27/12

Disclaimers

- The University cannot tell you how to vote. But we can share information about a ballot measure's impact on UC and why the Board of Regents has taken a position on a measure. (And, UC employees are free to participate in political activities of their own choosing on their own time, using their own resources.)
- The Regents only take positions on ballot measures thought to have a direct and substantial impact on the University. The Regents have endorsed Proposition 30 on the November 6 ballot, and it is the only measure on this ballot on which they have taken a position.
- We encourage voters to go to the web for the “yes” and “no” campaign websites for Proposition 30, information from the Secretary of State's office, and other information.

The measure

- Proposition 30 is an initiative to raise new state revenue through temporary increases in the state sales tax (1/4 cent for four years), and in the personal income tax for those who earn \$250,000 or more per year.
- It is sponsored by Gov. Jerry Brown and is part of the 2012-13 budget approved by state lawmakers this summer.
- Over the five fiscal years in which both the sales tax and personal income tax increases would be in effect (2012-13 through 2016-17), Proposition 30 would raise about \$6 billion annually, according to the Legislative Analyst's Office. Smaller revenue increases are likely for 2011-12, 2017-18, and 2018-19 due to the phasing in and phasing out of the higher tax rates. Revenues could change from year to year due to the volatility of personal income tax revenue.
- A portion of the new revenues from Proposition 30 would be used to support K-12 school funding, with the remainder helping to balance the state budget, according to the LAO.
- **Under the terms of the 2012-13 state budget, failure of Proposition 30 would cost the University of California \$375 million: an immediate cut of \$250 million, plus the loss of another \$125 million in funding promised in 2013-14 to pay for this year's freeze of mandatory systemwide student charges at UC.**

Information about the Regents' endorsement

- The Regents' endorsement of Proposition 30 is based on the challenging fiscal circumstance facing UC. According to the Regents' resolution, “the ability of the University of California to ensure the high-quality education that Californians have come to expect will be jeopardized if the state is unable to adequately fund UC's core mission.”

- State funding for UC has dropped by nearly \$900 million – or about 27 percent – over the last four years, resulting in sharp tuition increases, staff layoffs, faculty hiring freezes, academic program cuts and other reductions.
- The university enacted a temporary furlough program for employees and is currently embarked on a program to save \$500 million through administrative efficiencies over a five-year period. Over 180 programs have been eliminated or consolidated, 4,200 staff have been laid off, and more than 9,500 faculty and staff positions have been left unfilled or eliminated. Student tuition has increased 84 percent since 2007-08 but has only covered about one-third of the budget gap.
- Today, UC is funded by the state at 1997 levels despite enrolling 75,000 more students than it did in 1997. That is the equivalent of adding the enrollments of two or three UC campuses during that period.
- The Regents' endorsement of Proposition 30 notes:
 - The \$900 million loss in state funding already;
 - The further \$375 million loss to UC if the measure fails;
 - The need for funding to preserve accessibility, affordability, and quality;
 - The action by 93 percent of voting members of the UC Assembly of the Academic Senate (our faculty) calling on the Regents to support measures that will increase state revenue and prioritize funding for higher education.
- However, opponents of Proposition 30 argue that the measure would raise sales and income taxes on all Californians, not just the wealthy; would harm small businesses; and would not actually provide new funding for schools.
- We encourage voters to research all sides of an issue and make a decision for themselves. Again, the web has additional resources for voters to utilize in considering this measure.

RELATED ISSUES/QUESTIONS

What UC does for California

- 10 campuses, 5 medical centers, 16 health professional schools, 150 academic disciplines
- 56 Nobel Prizes
- Admission for the top-performing students
- Graduation rates rising steadily and above the average of AAU public universities
- Research programs top-ranked on many national, international scales
- Most patents of any U.S. university
- Hundreds of start-up companies have come out of UC research
- Nearly 4 million outpatient visits to UC Health facilities each year

- Independent economic analysis: With less than \$3 billion in state funding, UC generates \$46 billion in economic activity for California.

Pension reform

- UC began working on pension reform long before the state's recent efforts began.
- In 2010, the Regents adopted a series of reforms to the UC Retirement Plan to put it on solid financial footing.
- These reforms created a new "tier" of pension benefits for new employees starting in 2013, increased employee and employer contributions to the retirement system, reduced UC's contribution to retiree health care premiums, and changed eligibility for retiree health care.

Compensation

- The delivery of educational services, research, and health care is labor-intensive. Californians have come to expect high-quality programs of UC, and that requires highly qualified people.
- External studies have shown pay gaps relative to the market for many employee groups at UC, including senior leadership. (Nevertheless, senior administrators at UC have gone without pay increases for the last several years unless being appointed to new positions.)
- The very top earners at UC are typically physicians and athletic coaches. They are paid mostly from non-state sources, and their compensation reflects the markets for those jobs.

Nonresident students

- UC campuses have increased the enrollment of nonresident undergraduate students over the past few years. These students pay nearly \$23,000 more in tuition than resident students and must be at least as well qualified as Californians who are admitted to UC campuses.
- While it may seem counter-intuitive, these additional nonresident students help preserve access and quality for in-state students. Studying alongside students from other countries and states helps prepare California students to succeed in a global economy, and the revenue that out-of-state students provide helps the University avoid cuts to in-state enrollment in response to state budget reductions.
- UC undergraduate enrollments are still more than 90 percent in-state, far higher than the in-state enrollments of many other nationally known public research universities (such as Michigan, Virginia, etc.).