UC Budget, Where Are We Now?

Patrick J. Lenz, Vice President for Budget and Capital Resources

June 28, 2012
State General Fund Condition
May Revise

Governor’s 2012-13 Budget Assumptions
• January, Budget Gap $ 9.2 billion
• DOF, May Revise – Budget Gap $15.7 billion
• LAO, May Revise – Budget Gap $17.0 billion

Factors
• DOF January Revenue Estimates $4.3 billion
• Fed. Gov’t. Rulings, Court Actions $1.7 billion
# Budget Update: May Revise

## Major Budget Solutions

- Redevelopment Agencies: -$1.4 billion
- Medi-cal, Managed Care: -$1.2 billion
- CalWorks, Time Limit: -$880 million
- State Mandates: -$828 million
- Child Care: -$452 million
- State Workers Compensation: -$401 million
- Cal Grants Recommendations: -$286 million
- In Home Supportive Services: -$225 million
2012-13 UC Budget
Governor’s May Revise Proposal

• 2012-13 State General Funds $2.57 billion
  o General Obligation Bond debt service 196.8 million
  o State’s obligation to UCRP 52.0 million
  o Increase in UC’s LRB debt service 10.2 million
  o Annuitant health benefits 5.2 million
  o No tuition buy-out
  o Debt Restructuring proposal

• Mid-year budget trigger reduction if Governor’s revenue initiative fails -$250 million
Final Enact Budget and Trailer Bills

• 2012-13 State General Funds $2.37 billion
  
  o 2013-14 Tuition Buy-Out (2013-14 FY)*
  o No debt restructuring proposal
  o State’s obligation to UCRP 90.0 million
  o Annuitant health benefits 5.2 million

• Mid-year budget trigger reduction if Governor’s revenue initiative fails -$250 million

* Provides $125.4 million in UC 2013-14 base budget
### Cal Grants

#### May Revise vs. Enacted Budget

<table>
<thead>
<tr>
<th>Cal Grant Program</th>
<th>MR</th>
<th>EB</th>
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</thead>
<tbody>
<tr>
<td>Cal Grant GPA Methodology</td>
<td>($43 M)</td>
<td>0</td>
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<tr>
<td>C.G. to Pell Grant Standards</td>
<td>($38.4 M)</td>
<td>0</td>
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<tr>
<td>Reduce C.G. for Private Inst.</td>
<td>($42 M)*</td>
<td>NC*</td>
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<tr>
<td>Restrict Institutional Eligibility</td>
<td>($55 M)</td>
<td>NC</td>
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<tr>
<td>Cal Grant, TANF Backfill</td>
<td>($803.8 M)</td>
<td>NC</td>
</tr>
</tbody>
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* Savings beginning in 2013-14FY.
July Regents Meeting

July 17 – Grounds and Building Committee
  • Future Funding of State Capital Projects

July 18 – Full Board Retreat
  • COTF Context: Access, Affordability, and Quality
  • Structural Budget Gap and Solutions Underway
  • If the Governor’s revenue initiative fails what are our options?
  • Out of the Box Ideas

July 19 – 2012-13 Budget Update
November Ballot Initiatives

3. Changes Law to Allow Auto Insurance Companies to Set Prices Based on a Driver's History of Insurance Coverage. Initiative Statute.
12. Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding. Initiative Constitutional Amendment.*

* Per AB 1499, now number 2 on the ballot initiative.
Governor’s Tax Initiative

Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding. Initiative Constitutional Amendment.

- November Tax Initiative $6.8 billion
- Sales Tax, Quarter Cent 4 years
- PIT, Increase above $250,000 7 years
- Tax shift for 2011 Incarceration Realignment

- Provides $125 million each to UC and CSU in 2013-14
- Avoids $250 million budget reduction in 2012-13