

# UC'S FALSE CLAIMS OF CRISIS: WHY PAY CUTS AND FURLOUGHS ARE UNNECESSARY

## FINANCIAL AND POLITICAL FACTS

- ◆ The fiscal pressure on the university has been greatly exaggerated. The shortfall is only about 3% of UC's overall budget.\*
- ◆ The state of California provides only about 17% of UC's budget. The university's medical centers and external research funds, most of them quite healthy, provide the vast majority of UC's operating budget.\*
- ◆ UC has financial reserves, endowments, and "rainy day" funds that can be used to weather the current budget difficulties. \$13.7 billion of UC's \$20 billion budget comes from "unrestricted" funding sources.\*\*
- ◆ Many staff have sacrificed market-level pay for years to help build the nation's premier public academic institution. We can't afford to have the budget balanced on our backs.
- ◆ Student fees have increased at more than double the rate of inflation for years, making UC more unaffordable and inaccessible.
- ◆ Nearly 90% of UPTE-represented technical (TX) and research (RX) employees are not paid from state funds. Any cuts to these employees may not mitigate the state budget shortfall.
- ◆ Reducing staff pay to fund the UC pension plan (to which the university has not contributed in nearly 20 years), or changing retiree health benefits, is unfair to employees who have given years of their working lives to UC.
- ◆ For decades, UC has steadily expanded the number of executives and their compensation and perks. From 2006 to 2007, the number of executives making more than \$200,000 nearly tripled.
- ◆ UC has a responsibility to help solving the state's economic crisis, not to aggravate it. Forcing economic hardship on employees, and pricing out students who are the future of our state, only worsens the crisis.
- ◆ Despite claims of unprecedented fiscal distress, UC continues its physical expansion with new construction projects on every campus.

## SOLUTIONS THAT WORK AND BUILD FOR OUR FUTURE

- ◆ Rather than cutting everyone's pay or raising students fees, UC must apply its ample reserves to those areas dependent on state funding, in order to avoid layoffs and cuts in services.
- ◆ Make deep cuts from the top by drastically reducing either the number of executives or their bloated salaries, perks and bonuses. Acknowledge that an executive foregoing a third car or a time-share is not equal to a frontline worker losing a family home, or a student not attending college. UC's executives must commit themselves to public service instead of corporate-style compensation.
- ◆ Stop UC's construction expansion and re-budget resources to existing staff and student services. Use any "emergency powers" wisely to borrow from building funds, not to cut pay, institute furloughs, take back paid holidays, or raise student fees.
- ◆ UC's executives need more oversight, not a free hand to do as they please. President Yudof's proposal that he be granted "emergency" powers to act without regents' approval is highly inappropriate. Support Senator Leland Yee's proposed legislation that will enhance accountability at UC.

## WE WILL TAKE ACTION

We will speak out, protest, lobby, vote and strike to defend ourselves, our university and our state from UC's corporate executives who have created this crisis. We will not let them balance their budget on the backs of employees and students. We will bring together with students, legislators, unions, staff, faculty, and community members to preserve the University of California. We are committed to work toward our goal for as long as it takes.

*References: \*University of California Financial Report, 2007-08 at <http://www.universityofcalifornia.edu/finreports/index.php?file=/07-08/pdf/factsinbrief2008.pdf>. \*\*Professor Charles Schwartz, "Financing the University: Part 18" (May 21, 2009) at [http://socrates.berkeley.edu/~schwartz/Part\\_18.html](http://socrates.berkeley.edu/~schwartz/Part_18.html).*