Town Hall Meeting

Staff Forum
July 23, 2009

State budget shortfall

February 2009 ($41B) + May 2009 (additional $25B)...

Federal stimulus $16 B
Cuts/vetoes $8 B
Borrowing $5 B
New taxes/revenues $12 B
Additional shortfall (primarily more cuts) $25 B

TOTAL = $66 Billion
**UC response**

- 10% student fee increase
- Salary reduction plan
- Cuts spread across the ten campuses
- Debt refinancing

**-813 MILLION**

Total cuts UC is facing for FY 2008-09 & FY 2009-10

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**UCSC Assumptions**

Magnitude of reduction is a rolling target

16,600 students enrolled in 2009-10

Student fee increases (10%)

Estimates of mandatory cost increases
UCSC budget impact

2008-09
- $4.5 million cut in permanent funds
- $6 million one-time cuts

2009-10
- $19.7 million permanent reduction
- $22.1 million one-time cut

Cumulative 2-year impact is over $50 million!

UCSC response
(Totals for 2008-09 and 2009-10)

One-time cuts: $28M
Permanent cuts: $24M

Academic Support Units
Divisional units
Salary action (furlough plan)
Central funds
Academic Units
Academic Support Units
Central funds
REGENTAL SALARY PLAN

• Graduated reductions of 4% to 10% - based on salary

• Furlough days

• For 12 months, beginning Sept 1, 2009

• Protects UCRP retirement benefits

Furlough/Salary Reduction Plan

• Furloughs/salary reductions for staff (with limited exceptions) on a graduated scale ranging from 4% to 10%

FURLOUGH/PAY CUT PLAN STRUCTURE

<table>
<thead>
<tr>
<th>Tier</th>
<th>Salary</th>
<th>Furlough Days</th>
<th>Equivalent Salary Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$0 – 40,000</td>
<td>11</td>
<td>4%</td>
</tr>
<tr>
<td>2</td>
<td>$40,001 – 46,000</td>
<td>13</td>
<td>5%</td>
</tr>
<tr>
<td>3</td>
<td>$46,001 – 60,000</td>
<td>16</td>
<td>6%</td>
</tr>
<tr>
<td>4</td>
<td>$60,001 – 90,000</td>
<td>18</td>
<td>7%</td>
</tr>
<tr>
<td>5</td>
<td>$90,001 – 180,000</td>
<td>21</td>
<td>8%</td>
</tr>
<tr>
<td>6</td>
<td>$180,001 – 240,000</td>
<td>24</td>
<td>9%</td>
</tr>
<tr>
<td>7</td>
<td>over $240,000</td>
<td>26</td>
<td>10%</td>
</tr>
</tbody>
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Furlough/Salary Reduction Plan

In addition …
• Furlough days may only be taken during the Plan period
• SMG members are limited to 10 furlough days regardless of level of salary reduction
• An amendment to UCRP will ensure that employees’ retirement benefits are not adversely impacted

Excluded employees

• Lawrence Berkeley National Laboratory (LBNL) employees
• Student employees
• Foreign national students with H-type visas
• Faculty/staff funded 100% from research C&G
• Employees currently enrolled in START program whose reduction in time is equal to or exceeds the targeted reduction
• Employees whose participation is precluded by law
Q&A

• Budget Update website:  
  http://www.ucsc.edu/budget_update/  
  (also available from the campus home page)

• Use the “Send a comment” link to submit additional questions or comments