Town Hall Meeting

Faculty Forum
July 31, 2009

State budget shortfall

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

TOTAL = $66 Billion
Enacted State budget

- Additional $656M in line-item vetoes
- Increased borrowing, fund shifts, etc.
- Preliminary projections suggest 2010-11 shortfall of $7-8B and even larger shortfalls in out-years

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
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

<table>
<thead>
<tr>
<th>2008-09</th>
<th>2009-10</th>
</tr>
</thead>
<tbody>
<tr>
<td>• $4.5 million cut in</td>
<td>• $19.7 million permanent</td>
</tr>
<tr>
<td>permanent funds</td>
<td>reduction</td>
</tr>
<tr>
<td>• $6 million one-time</td>
<td>• $22.1 million one-time cut</td>
</tr>
<tr>
<td>cuts</td>
<td></td>
</tr>
</tbody>
</table>

Cumulative 2-year impact is over $50 million!
UCSC response
(Totals for 2008-09 and 2009-10)

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

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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 academics (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>Faculty Furlough Days</th>
<th>Fiscal Year Faculty Furlough Days</th>
<th>All Others Furlough Days</th>
<th>Equivalent Salary Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$0 – 40,000</td>
<td>7</td>
<td>10</td>
<td>11</td>
<td>4%</td>
</tr>
<tr>
<td>2</td>
<td>$40,001 – 46,000</td>
<td>9</td>
<td>12</td>
<td>13</td>
<td>5%</td>
</tr>
<tr>
<td>3</td>
<td>$46,001 – 60,000</td>
<td>10</td>
<td>14</td>
<td>16</td>
<td>6%</td>
</tr>
<tr>
<td>4</td>
<td>$60,001 – 90,000</td>
<td>12</td>
<td>16</td>
<td>18</td>
<td>7%</td>
</tr>
<tr>
<td>5</td>
<td>$90,001 – 180,000</td>
<td>14</td>
<td>19</td>
<td>21</td>
<td>8%</td>
</tr>
<tr>
<td>6</td>
<td>$180,001 – 240,000</td>
<td>15</td>
<td>22</td>
<td>24</td>
<td>9%</td>
</tr>
<tr>
<td>7</td>
<td>Over $240,000</td>
<td>17</td>
<td>24</td>
<td>26</td>
<td>10%</td>
</tr>
</tbody>
</table>

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 employees with H-type and E3 visas
- Employees funded 100% from extramural funds
- 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