FOR IMMEDIATE RELEASE
Thursday, Jan. 10, 2013
University of California Office of the President
(510) 987-9200

Gov. Brown’s proposed budget seen as positive step forward

Patrick Lenz, the University of California system’s vice president for budget and capital resources, made the following statement today (Jan. 10) after Gov. Jerry Brown proposed a state budget for 2013-14:

“The leadership of the University of California is grateful that Gov. Brown is proposing re-investment in higher education. After absorbing nearly a billion dollars in state funding cuts during the past five years, we see his budget proposal as a very positive step forward in a process that will unfold over the next several months. We agree with his emphasis on fiscal discipline, having already implemented efficiencies and spending cuts totaling hundreds of millions of dollars, toward a goal of reducing systemwide administrative expenses by half a billion dollars over a five-year period.

“The governor has proposed increasing state general funds for operating purposes by $256.5 million, including $125 million that had been promised in return for UC’s decision to forego a tuition increase this year despite a $750 million reduction in state funding. The budget plan also proposes to shift general obligation bonds to the university’s base budget, which would add $211.2 million to the total state funds provided for UC for both capital and operating budget purposes. This is significant because future budget adjustments would be based on the new total of $2.84 billion rather than the current $2.37 billion. In addition, the governor supports a plan to restructure lease revenue bond debt currently funded by the state so that UC would have the flexibility to refinance these bonds and accrue related savings that would also help in meeting UC’s operating and capital budget needs.

“The state’s recent disinvestment in higher education has forced significant tuition increases, but it’s important to remember that tuition revenue covered only about 38 percent of the budget gap resulting from the cuts in state funding; the rest of the shortfall was met through spending cutbacks, efficiencies and alternative revenue sources. Nonetheless, the university has continued to offer a seat to all eligible students wishing to attend UC and has ensured access for students from low- and moderate-income families. As a result, nearly half of all resident UC undergraduate students pay no tuition. We share Gov. Brown’s interest in stabilizing tuition, and will explore every opportunity to do so while continuing to press forward with efficiencies under our Working Smarter initiatives and pursuing new sources of revenue. In the end, however, the university must always work to assure that its fundamental attribute remains intact, and that is the quality of education, research, health care and public service that the state has come to expect from its university.”