

Teach the Budget

Before you Teach: Take a moment to look over the curriculum and think about what you'd like to emphasize. A lot of information is included here to give you a choice of which facts and figures you think will be most impactful for your particular audience. The outline and key points are in bold, while key facts and figures underlined. Stuff to bring: half-sheet informational handouts, sign-up sheets for March activities, extra flyers students may take with them and distribute.

Intro: The purpose of this presentation is:

- to provide some information on the budget cuts and what you can expect in the future;
- to explain how the UC crisis connects to the broader economic crisis; and
- to talk about how students and workers are taking action to turn this around.

Section I: The Current Crisis at the UC

➤ Tuition hikes are out of control—and there's No End in Sight:

- Tuition has more than doubled (even adjusting for inflation) since 2000, from less than \$5,000 to over \$12,000—and it's about to go up AGAIN.¹
- Without more funding from the state, tuition will have to increase by up to 81% over the next four years, according to the UC Administration.²

The State Promises Continuing Cuts:

- In December, the governor announced mid-year cuts to the UC of \$100 million.³
- On top of that, Governor Brown says he will cut another \$5 billion from public education from next year's budget if voters do not pass a referendum raising taxes.⁴

➤ We're Paying More for Less in Several Ways:

1 - Cheating Top California Students.

- **UC campuses are turning away qualified California students to make room for out-of-state students who can pay more.** In 2009, non-resident and international students, who pay \$36,000/year in tuition, were 13.6% of Berkeley's freshman class—this year, about 1 in 3 UCB freshman are non-residents (31.2%).⁵ (Other campuses plan to follow.)

Discussion: How have the cuts affected you personally?

2 - Declining Educational Quality.

- **Across the state, class sizes are growing.** In some departments, TAs are now regularly assigned 150 students each—resulting in less personal attention and a lower-quality education. Writing and research assignments are being abandoned for multiple-choice exams and scantrons.
- **Course offerings are being cut.** In 2009, UC campuses slashed courses by as much as 11%,⁶ making it difficult for students to get classes they needed to graduate on time.⁷ UC Administrators predict that continuing cuts will mean further reductions.⁸

¹ Elyse James, "UC schools increase fall tuition 8%,%" *Orange County Register*, Nov. 18, 2010, <http://www.ocregister.com/articles/increase->

² Larry Gordon, "Tuition increase alarms UC board," *Los Angeles Times*, Sept. 16, 2011 [http://articles.latimes.com/2011/sep/16/local/la-me-uc-](http://articles.latimes.com/2011/sep/16/local/la-me-uc-20110916)

³ "California's \$1B automatic budget cuts at a glance," *The Sacramento Bee*, Jan. 1, 2012 <http://www.sacbee.com/2012/01/01/4156387/californias-1b-automatic-budget.html>

⁴ Anthony York et al, "Gov. Jerry Brown's new budget plan targets schools," *L.A. Times*, Jan. 6, 2012 <http://www.latimes.com/news/local/la-me-state-budget-20120106,0,680610.story>

⁵ Jennifer Gollan, "State budget cuts threaten California's Master Plan," *The Bay Citizen*, Apr. 18, 2011

⁶ <http://www.latimes.com/news/local/la-me-classes20-2010jan20,0,4770272.story>

⁷ Chris Newfield, "UC Budget Questions and Answers," available at www.teachthebudgetucsc.org

3 - Cuts to Student Resources and Services.

- **Departments, programs and resource centers that emphasize community and offer services to underprivileged students have seen their budgets slashed.**⁹
- **Libraries have seen some of the biggest cuts**, including closures and layoffs.
- **The UC is cutting tutors, faculty, and lecturers.**¹⁰ Retiring faculty are not being replaced, and experienced lecturers are being laid off when courses are cancelled.
- **“Faculty Flight” – As the crisis continues, many talented and dedicated faculty are leaving** for schools with more competitive salaries and more supportive work environments. If this trend continues, the value of a UC degree will decline, *even as tuition increases*.

Section II: The Cuts in Context

This section is designed to help facilitate a critical discussion about some common justifications for cuts to education. It provides an overview of three of these arguments, their core assumptions, background and context, and discussion questions.

- **Some argue that these cuts are merely the result of an unavoidable budget crisis**, so students, workers, and faculty should just accept them. But many of these arguments are based on misinformation or false assumptions.
- **We’d like to offer a second look at some of these arguments.**
- **Argument 1: “We’re broke; California can no longer afford to provide quality social services.”**
 - Assumption: If the state is having budget problems, it *must* be because California is too poor to afford the education and services enjoyed by previous generations.

BUT: California’s economic numbers tell a different story:

 - California has **the 8th-largest economy in the world.**¹¹
 - California ranks 12th in per capita income and has the 9th highest concentration of millionaires among the states. (In 2010, 716,316 households reported liquid assets of \$1 million or more, an 8% increase over 2009.)¹²
 - California’s Gross Domestic Product (GDP)¹³ has more than doubled since 1987, rising from about \$803 billion to \$1.9 trillion in 2010.¹⁴
- **POINT: California is not broke—we live in one of the richest states in the nation and the world. But while top incomes have grown, *our state leaders have made a choice to defund California’s universities.***

⁸ <http://articles.latimes.com/2011/jan/12/local/la-me-colleges-budget-20110112>

⁹ Tamar Lewin, “University of California Makes Cuts After Reduction in State Financing,” *NYT*, July 10, 2009

¹⁰ “The future of UCSC: Chancellor, EVC, discuss looming budget cuts,” March 8, 2011, <http://news.ucsc.edu/2011/03/budget-forums.html>

¹¹ http://latimesblogs.latimes.com/money_co/2010/12/california-economy-ranking.html

¹² Bureau of Business and Economic Research, University of New Mexico, <http://bber.unm.edu/econ/us-pci.htm>; Paul Toscano, “States with the Most Millionaires,” *CNBC News*, Sept. 29, 2010, Source: Phoenix Marketing International, http://www.cnbc.com/id/39405689/US_States_with_the_Most_Millionaires_2010?slide=8

¹³ GDP is the total market value of all goods and services produced in the state.

¹⁴ California Department of Finance, Miscellaneous Economic Data, Gross Domestic Product, http://www.dof.ca.gov/HTML/FS_DATA/LatestEconData/FS_Misc.htm

➤ **Argument 2: “But isn’t the UC in particular broke?”**

- **Yes and no – the question to ask here is: who runs the UC?**
- *Assumption: Because the UC is a public university, the Regents who manage the UC must be transparent and accountable to voters—and share our priorities.*

BUT: the Board of Regents is neither transparent nor accountable:

- **The majority of the 25 Regents are appointed by governors to serve 12-year terms,**
- **Most of these appointees are multi-millionaires or billionaires given the job in return for political favors or large campaign donations.**¹⁵
- **Voters, students, and even lawmakers have almost no say about who gets to be a Regent or what their priorities should be in managing the University.**

EXTRA INFO: See flyers on the Regents at teachthebudget.org for info more info on the Regents’ conflicts of interest.

SO: What are those priorities?

- **The UC prioritizes construction projects, administrative growth, and executive bonuses—over students, workers, and faculty.**
- **The ratio of managers to professors in 1994 was 3 to 6. But by 2010, there were actually more managers than professors.**¹⁶
- **The Regents approve millions in 20-25% raises and bonuses for top executives nearly every time they meet—even as they are cutting pay and hiking fees.**¹⁷
- **The cost of administrative bloat in the UC is estimated at \$600 million per year.**¹⁸

The Regents have mismanaged UC’s retirement, losing billions:¹⁹

- **In the 90s, the UC’s pension fund was among the largest in the country and its investments were performing well above similar funds.**
- **But in 2000, a few key Regents took control of the fund’s investment committee, fired the treasurer, and hired an outside firm, who put UC pension funds into high-risk investments, channeled hundreds of millions of dollars to Regents’ own business interests, and cost the UC tens of millions in brokerage fees.**²⁰
- **By 2009, the fund had lost \$23 billion and was performing far below its peers.**²¹
- **The Regents are now trying to balance their losses on the backs of workers and students, by cutting retirement funds that UC employees have worked decades to earn.**
- (This is part of a larger national trend, according to *The Chronicle of Higher Education*.)²²

➤ **POINT: The UC is not broke.** While state funding has declined sharply, **UC Administrators and the Regents have made a choice to respond to state cuts by funneling money to administrators and executives and mismanaging of workers’ retirement funds—while forcing pay cuts and tuition hikes on UC workers and students.**

¹⁵ 18 of the Regents are governor appointees. The rest are ex-officio

¹⁶ University of California Office of the President, <http://www.ucop.edu/ucophome/uwnews/stat/>

¹⁷ UC Regents Meeting Minutes, <http://www.universityofcalifornia.edu/regents/minutes/>

¹⁸ <http://changinguniversities.blogspot.com/2009/11/more-on-executive-growth.html>

¹⁹ This section is based on an investigative piece first published on spot.us, which has been reprinted in numerous reputable publications and has won an award from Society of Professional Journalists, the major professional association for American journalists. The original article can be found here: <http://spot.us/pitches/337-investors-club-how-the-uc-regents-spin-public-funds-into-private-profit/story>

²⁰ The Regents were warned in the UC investment advisory group meeting minutes (2009) that the risks and liabilities involved in investing with the UC’s retirement plan assets had reached “unprecedented levels.” <http://www.universityofcalifornia.edu/regents/minutes/2009/invest2.pdf>

²¹ <http://changinguniversities.blogspot.com/2009/11/how-regents-sold-university-down-river.html>

²² Paul Fain, “Wealthy University Endowments Help Fuel Financial Crisis, Report Says,” *The Chronicle of Higher Education*, May 21, 2010, <http://chronicle.com/article/Wealthy-University-Endowments/65641/>

➤ **Argument 3: “Higher Fees Aren’t So Bad”:**

- *Two Assumptions:* (1) **Education is a personal investment, so individuals should bear the costs,** and (2) **Because higher education leads to higher wages, students will be able to pay off their loans.**
- There are **three problems** with this argument.

First: Studies show that high rates of education provide social and economic benefits beyond the individual—even for those who do not receive a college education.²³

- Social benefits: social cohesion, lower demand for social services, higher rates of political participation, lower crime rates, and greater economic equality.
- Economic benefits: research and innovation, economic growth, increases in tax revenue, greater economic equality, and lower unemployment.
 - **The UC generates \$46.3 billion annually in economic activity for California.**
 - **For every \$1 invested, the UC produces \$14 in overall economic output.**²⁴
- Political benefits: Public education provides two benefits essential to democracy:
 - **Informed citizens who with higher political participation rates.**
 - **Paths to social mobility.** Attacks on public education impact those who already disadvantaged the hardest, especially people of color, the poor, and single parents.

Second: As tuition and student debt are rising, college graduates’ earnings are declining.

- While tuition for the UC has doubled since 2000, **average earnings for US college graduates is down by 11%.**²⁵
 - Only 50% of students graduating in 2006-2010 found full-time jobs.²⁶
 - As many as 85% of college graduates will move home after graduation.²⁷
- **Total student loan debt has grown 511% (6x) since 1999—to \$1 trillion today.**²⁸
 - The average debt for a college graduate is now over \$25,000.
 - Default rates have nearly doubled since 2003, to about 9%.²⁹
- **Economists predict that the large debt of the next generation will be a drag on the economy for years to come,** because debt discourages people from entering public service, taking career or business risks, and making large purchases.

Third: Rising costs and declining accessibility hit communities of color the hardest

- Because of persistent wealth gaps, students of color have higher rates of student debt and are more likely to default on loans.
- Students of color are also more likely to attend for-profit colleges, which have recently come under fire for fraudulent claims and predatory lending practices.³⁰

²³ Public Policy Institute of California, “Higher Education in California: New Goals for the Master Plan,”

²⁴ University of California News, “UC generates \$46.3 billion in economic activity for state,”
<http://www.universityofcalifornia.edu/news/article/26271>

²⁵ Bloomberg News, “Earnings of Young College Grads vs Costs,” Sept. 12, 2009,
http://www.businessweek.com/the_thread/economicsunbound/archives/2009/09/earnings_of_you.html

²⁶ The Huffington Post: http://www.huffingtonpost.com/2011/07/08/college-graduates-jobs-unemployment_n_893495.html

²⁷ Erica Ho, “85% of New College Grads Move Back in With Mom and Dad,” *Time Magazine*, <http://newsfeed.time.com/2011/05/10/survey-85-of-new-college-grads-moving-back-in-with-mom-and-dad/>

²⁸ Dennis Cauchon, “Student loans outstanding will exceed \$1 trillion this year,” *USA Today*,
<http://www.usatoday.com/story/news/nation/2011-10-19/student-loan-debt/50818676/1>

²⁹ U.S. Office of Federal Student Aid, numbers for 2009: <http://www2.ed.gov/offices/OSFAP/defaultmanagement/defaultrates.html>

³⁰ Sandy Baum and Patricia Steele, “Who Borrows Most? Bachelor’s Degree Recipients with High Levels of Student Debt,” The College Board

- **POINT: Higher education is not just an individual investment—it provides benefits to the community as well as the individual. But high levels of debt can counter-act the economic and social benefits.**

Section III: A History of Bad Priorities

- **Now we'd like to give you some historical context on how we got into the current crisis.**

- **The State's Priorities: Roadblocks to Accountability.**

- 74% of Californians say the state does not adequately fund public higher education.
- 68% think it should be a top priority.³¹
- **But the state continues to make deep cuts to the system at all levels—WHY?**

Discussion: What do you think should be the priorities of the state and the Regents when it comes to public education? Do you think the government and the UC administration have managed taxpayer money in a way that serves these priorities?

The Politics of Prop 13

- **Most analysts trace California's budget problems to the voter referendum Prop 13.**
 - **Prop 13 passed in 1978 and created two major obstacles for lawmakers attempting to fund services for Californians:**
 - It created complex property tax loopholes that allow corporations to dodge billions in taxes, making it difficult for the state to fund education.
 - Stipulated that any law that raises state revenue—for education or other services—must have a “yes” vote from 2/3rds of California lawmakers to pass.
 - In practical terms, this means that it only takes 34% of California lawmakers to block a bill. (Republicans now hold 35.8% of the state legislature. Even if 65% of California lawmakers want to raise revenue for public education, they still cannot pass a bill.)
- **POINT: Despite voter support for public education, state government has been unwilling or unable to fund public schools and universities. While most Californians vote for lawmakers who claim to support funding education, the representatives they elect are unaccountable on this issue because they are unable to raise the revenues it would take to provide a quality, affordable education.**

Discussion: What effect do you think the 2/3rds rule has on political representation? How does this rule affect the accountability of California lawmakers?

- **The UC's Priorities: Defunding by Design**

- **In 1960, California developed a “Master Plan for Higher Education,” which guaranteed a *free*, quality education to all Californians who qualified.**³²

Advocacy & Policy Center, 2010, <http://www.collegeboard.com/trends>

³¹ Public Policy Institute of California, “PPIC Poll: Funding for higher education is inadequate,” *Capitol Weekly*, Nov. 18, 2010 <http://www.capitolweekly.net/article.php?xid=za9us0kf9cxiw4>

³² Larry Gordon, “California universities consider adopting the T-word: tuition,” *L.A. Times*, June 14, 2010

- **But the UC abandoned this commitment in 2004**, when the Governor and the UC and CSU presidents signed **the Compact for Higher Education, a plan to reduce state contributions to the UCs and CSUs—and to shift costs to students and workers.**

➤ THREE POINTS:

- *In a time of prosperity, the UC made an explicit agreement with the governor that it would no longer look to the state for funding—but instead would rely on tuition hikes, layoffs, and pay-cuts.*
- *In the current crisis—when students can least afford increases in tuition—the UC has decided to accelerate and deepen this shift (of costs from the state to students.)*
- **Take-Home Message: The current budget “crisis” is the result of choices by government and the UC to de-fund public higher education, as well as by the UC Regents’ bad priorities, mismanagement, and risky investments.**

Section IV: Wrap-Up

- Now that you’re familiar with the challenges facing the UC, we want to talk to you about how students, educators, and workers are acting to make change.

➤ **Wrap-Up: Three Main Points:**

1 – The UC is walking away from its debt to students, workers, and parents.

- **UC parents—your parents—have paid into the UC system for years**, working hard and paying the taxes that have built our libraries and classrooms—based on the promise that if *you* also worked hard, you would have access to a quality, affordable education.
- **Likewise, UC workers and faculty work hard every day to make the university run**, taking pay-cuts and putting in extra hours—based on the UC’s promise that it would honor the retirement that workers have earned.
- **But now the UC, and the state, want to walk away from the debt owed to students and to workers**—by making you pay twice for an education your parents’ hard work and tax dollars have already purchased—and by raiding the retirement funds UC workers and faculty have worked decades to earn.

Discussion: What do you see as the main problems or contradictions in what we’ve just discussed? What changes would you like to see?

2 – The “crisis” in public education is a result of failures of representation in the UC and in Sacramento:

- Our political leaders in Sacramento have either been unable or unwilling to serve the needs of UC students.
- The UC Regents are unaccountable to students, workers, and even to lawmakers. Their decisions show a disregard for the UC community.

3 – But students, workers, and educators are fighting back:

- **Politicians are now in the business of persuading us to ask for less.**
- **We have big problems, and we are tired of thinking small.**
- **We deserve more and we should demand it.**

Get Involved!

➤ Occupy Education March 1st & 5th

- **In California, a coalition of hundreds of students, workers, and educators from across the state and across California public education**—the UCs, the CSUs, the Community Colleges, and K-12 schools—is planning two statewide days of action:
- **March 1st – Campus Actions:** Students, workers, teachers, and faculty are planning actions on campuses across the state.
- **March 5th – Occupy the Capitol/March on Sacramento:** Thousands of Californians from across public education will converge on the capitol to show lawmakers that we care about the education of our state:
 - A full day of rallies, marches, and even a free lunch with students, workers, and faculty from other UCs, K-12, community colleges, and CSUs!
 - **Sign up to get on the bus!** (Direct students to the sign-up sheet you're circulating.)
- **Information on campus actions, as well as this curriculum, can be found at www.teachthebudget.org. Download and share it!**

➤ Info for UCSC:

- Students are planning a **strike and campus shutdown March 1st and a Tent University at the base of campus.**
- On March 5th, buses to Sac leave UCSC at **6am from the East Remote Parking Lot.**
- Find links to sign the strike pledge and save a seat on the bus at www.teachthebudget.org
- Come to the **General Assembly every Monday at 7pm in Kresge Lounge.**

➤ Info for UCB:

- Currently organizing Teach the Budget campaign. See OccupyCal's facebook page for more info and updates.

➤ Info for other UCs coming soon!

Support the Millionaires Tax!

- Would raise income taxes by 3% on Californians making more than \$1 million per year, and by 5% on those making more than \$2 million per year.
- Would raise about \$6-9.5 billion per year for public education (60%), services for children, the disabled, and seniors (25%), public safety (10%), and roads and bridges (5%).

Other cool stuff about the Millionaires Tax

- It's the only progressive tax initiative on the 2012 ballot and polls show that 70% of likely voters support it.
- Endorsed by the UC Students Association and the UC campus unions for TAs, lecturers, and technical workers.
- More info at: www.millionairestaxca.com