Breakout Session Discussion Topics

1. How can government, business, and high education work together to address the problems and in turn solutions of the economic downturn?

2. What is the economic impact of the University of California?

3. How can we create more job opportunities for recent graduates?

4. How can we be more competitive with global business markets?

5. What are some pragmatic solutions to solve state economic crisis and create job initiatives?

6. What steps can government officials and business leaders take towards working more cohesively?

7. What are some political initiatives that are currently being worked on?

8. What can each constituency do today to ensure a more competitive economic climate?
The State of the Economy and its Impact

For the first time in UC history, student fees exceed State funding per student. The cost of higher education has been rising extremely rapidly. This historical fee schedule shows this trend:

Annual in-state undergraduate fees at UC Davis
- 1994-95 $828.50
- 2000-01 $4,072.00
- 2006-07 $8,323.16
- 2008-09 $9,496.60
- 2009-10 $10,989.95
- 2010-11 $13,079.91
- 2011-12 $15,123.36

These fee hikes make it increasingly difficult for students of all economic backgrounds to access excellent higher education. This is not only detrimental to those students but also to the State of California as a whole, which benefits tremendously from the UC system and the innovative, critically-thinking students who graduate and go on to do create jobs and new ideas in California. Here are some useful facts:

- UC Davis generates $6.9 billion in annual economic activity and accounts for 69,000 jobs
- For every two jobs at UC Davis an additional 1.2 jobs were created in other sectors of the region’s economy in 2009-10
- For every dollar of goods and services the university generated, Northern California benefited from an additional $1.10 to $1.40 in secondary economic activity
- The entire UC system generates $46.3 billion in annual economic activity
- Every $1 the California taxpayer invests in UC provides the foundational support that results in nearly $14 in overall economic output.
- The UC supports 1 in 46 jobs in California

Tax Initiatives:

The Schools and Local Public Safety Protection Act of 2012
Increases SUT by a half-cent for 4 years and PIT rates on income above $250,000 for 5 years. PIT increase is estimated to affect 1% of Californians. Adds to Constitution a tax shift to local governments to pay for incarceration & other “realigned” state services.

Effect on UC: None directly. Additional tax revenues generated by the temporary increases in PIT and SUT rates would be allocated 89% to K-12 and 11% to CCC.

Millionaires Tax to Restore Funding for Education and Essential Services Act of 2012 (aka “The Millionaires Tax”)
Income tax increase of 3% on income over $1 million, and 5% on income over $2 million. Funds would go to schools (early childhood through higher education), senior and disabled services, public safety, and rebuilding roads and bridges. 60% would go to education, 25% to services, 10% to public safety, and 5% to roads and bridges.

Effect on UC: 13.3% of 60% earmarked for education would go to UC, or roughly $480 million. (Same for CSU and CCC.)
Our Children, Our Future: Local Schools and Early Education Investment Act
A sliding scale income tax increase with those in the top 1% taxed the most. In years 1-4, 60% of funds go to K-12, 10% to early education, and 30% to reduce state debt and prevent further budget cuts. In years 5-13, 100% go to K-12 and early education. (*This group released an alternative version that it is also moving forward that is the same as the original except that it expands the scope of the original school bond debt reduction provision).

Effect on UC: None

Tax to Fund Free State Resident Tuition at UC and CSU
Increases income tax to 10% (personal filers) on income between $250,000 and $500,000, and 11% on income above $500,000. For joint filers, the brackets start at $500,000 and $1 million, respectively, and for heads of household, they start at $342,465 and $684,930, respectively. These brackets would be indexed for inflation. The incremental revenue raised from the two new brackets would be continuously appropriated to UC and CSU. Tuition Exemption: The initiative exempts resident undergraduate students at UC and CSU from mandatory tuition charges if they (1) attend full time and (2) either maintain at least a 2.7 grade point average or perform 70 hours of community service each year. Students would be eligible for this tuition exemption for up to four years of continuous full-time enrollment.

Effect on UC: Annual loss of state tuition revenue of about $1.5 billion for remainder of 2012-13, and $2.8 billion per year (UC and CSU combined) beginning 2013-14, backfilled by new personal income tax revenue of $2 billion/year. Net loss of $800 million combined for UC and CSU.

Protect Homeowners and Close Corporate Tax Loopholes Act
Reduce property taxes for homeowners by doubling exemption to $14,000. Ensure that commercial property is taxed at fair market value. Exclusion of $1 million in personal property tax for businesses. Provide additional money for local school districts that will increase the minimum funding guaranteed by Prop 98.

Effect on UC: None

Tax Oil to Fund Education
Imposes 15% tax on value of oil and natural gas extracted in California to supplement education funding, for purposes of reducing class size, reducing tuition, restoring classes cut, providing instructional materials and hiring teachers and professors.

Allocates tax revenues as follows: 11% to UC; 14% to CSU; 38% to CCC; and 37% to K-12. Prohibits reduction of existing education funding levels based on these additional tax revenues. Prohibits passing tax through to consumers by way of higher fuel prices.

Effect on UC: $330 million to UC annually. Unclear how maintenance of effort provision could be enforced, especially for higher education.

Save California’s Education Act
Imposes 10% tax on value of oil and natural gas extracted in California to supplement funding for education. Allocates 10% of tax revenues to grants for college and vocational students, and remainder to classroom education funding as follows: 10% to UC; 20% to CSU; 20% to CCC; and 40% to K-12. Prohibits reduction of existing education-funding levels based on these additional tax revenues. Prohibits passing tax through to consumers by way of higher fuel prices.

Effect on UC: $150-$250 million to classroom instruction annually. Unclear how maintenance of effort provision could be enforced, especially for higher education.
**Higher Education, Schools, Public Safety and Health Care Preservation Act**
Identical to AB 656 (Torrico) oil and gas severance bill from the 2009-10 legislative session. 12.5% oil and gas severance tax.
Effect on UC: Allocates 50% of tax revenues to CSU, and 25% to UC and CCC.
Based on BCR estimates, $350 million to UC.

**California Taxpayers Association, Howard Jarvis Taxpayers Association, Small Business Action Committee**
Limit annual state appropriations to the prior year's level adjusted for growth in the state's personal income, require surplus revenue to first be spent on debt service and strengthen the two-thirds vote requirement for legislative enactment of laws that authorize or raise new or higher taxes.
Effect on UC: Could impact general fund, and as a result affect funding for UC.

**Middle Class Scholarship Act:**
The Middle Class Scholarship will be paid for entirely by closing the $1 billion wasteful corporate tax loophole that allows out-of-state corporations to elect to lower their California tax bill. About 42,000 UC students will receive the Middle Class Scholarship and save up to $8,169 per year.

**About UC Davis**
For more than 100 years, UC Davis has engaged in teaching, research and public service that matters to California. Located close to the state capitol, UC Davis has more than 32,000 students, 2,500 faculty and 21,000 staff. UC Davis has an annual research budget that exceeds $684 million, as well as a comprehensive health system and 13 specialized research centers. The university offers interdisciplinary graduate studies and more than 100 undergraduate majors in four colleges — Agricultural and Environmental Sciences, Biological Sciences, Engineering, and Letters and Science. It also houses six professional schools — Education, Law, Management, Medicine, Veterinary Medicine and the Betty Irene Moore School of Nursing.

**ASUCD**
The Associated Students of the University of California (ASUCD) has one of the largest student government budgets in the nation, with $11.1 million dollars. A small portion of that sum comes from student fees, while the vast majority is generated by ASUCD’s 24 units, including the student-run Coffee House, with a $4 million dollar budget, and Unitrans, a bus service which serves the whole city of Davis and employs student drivers and managers. Each ASUCD unit allows student employees to have a greater financial security as well as useful work experience. The structure of ASUCD is based on the U.S. government, with a Legislative, Executive, and Judicial branch.

ASUCD Pantry provides students with a variety of food options at no cost and completely anonymously. This service is, on average, used by 300-500 students per week.

ASUCD's Lobby Corps advocates on behalf of students. They take trips to the Capitol to urge legislators to protect the affordability of higher education and show the benefits of the UC.