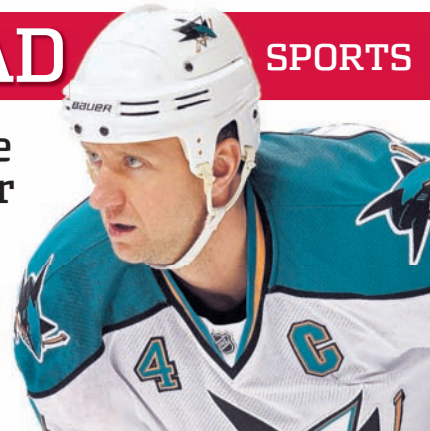


San Jose Mercury News

Sunday

Carry-on baggage next headache for passengers **TRAVEL**

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SV150: A 2010 SPECIAL REPORT

Silicon Valley's profits soar

Driven by relentless cost-cutting and thousands of layoffs, Silicon Valley's largest companies nearly doubled their profits in 2009 compared with the previous year, the Mercury News found in its annual SV150 analysis.

As a result, the valley's tech giants that struggled through the depths of the recession have now accumulated stockpiles of cash. Analysts expect them to go on a shopping spree and get even bigger.

And while Hewlett-Packard remained atop the SV150's ranking by total sales for the 25th straight year, a stunning rise by Apple put it in second place, displacing Cisco Systems and Intel.

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\$880 MILLION

Nursing homes pocket payout

Some benefit from state law meant to boost care

By Christina Jewett and Agustin Armendariz
California Watch

California's nursing homes have reaped \$880 million in additional funding from a 2004 state law designed to help them hire more caregivers and boost wages.

But about a quarter of the state's homes flouted the law's purpose. They cut staff or slashed wages, while padding their bottom lines, a California Watch investigation has found.

The 232 homes that made those cuts — including 20 in Santa Clara and San Mateo counties — collected about \$236 million through 2008, the last year of available data. And the law that made it all possible included few safeguards to ensure it was spent as intended.

About two dozen homes that made the deepest care-

See **NURSING**, Page 13

CALIFORNIA'S UNIVERSITIES IN CRISIS

Amid declining support and haphazard growth, state schools struggle to meet their 50-year-old goal of low-cost, world-class higher education

BROKEN PROMISE

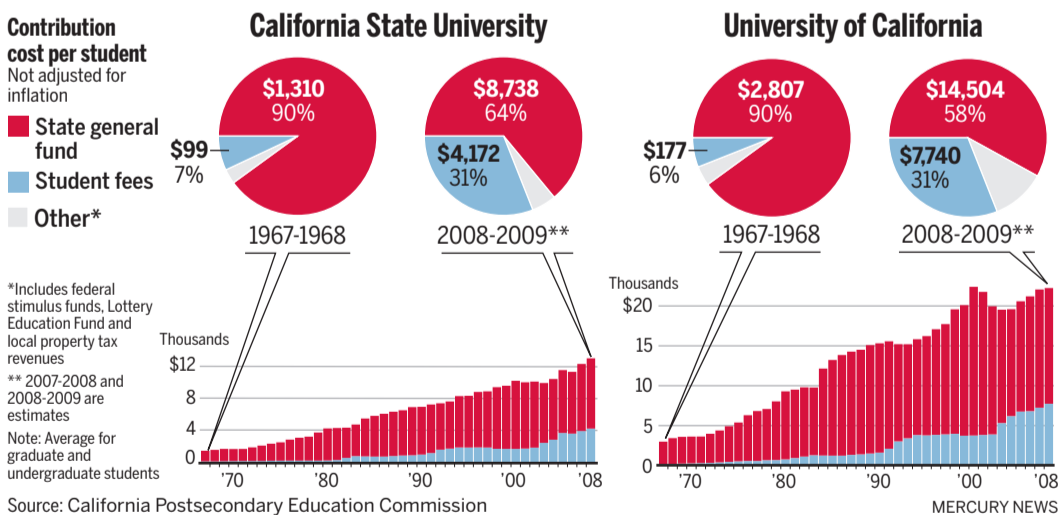


PAULINE LUBENS/MERCURY NEWS PHOTOGRAPHS

To save money, UC Berkeley has cut admission offers to state students but is still borrowing more than \$300 million to build a new Student Athlete High Performance Center, above.

Shifting the cost of education to students

California has been decreasing its contribution since 1967 despite its early pledge to provide low-cost college education.



Money: Caught in a budget meltdown, state pays less, students pay more

Growth: Schools expanded their facilities and ambitions even as funds grew tighter

Oversight: Lack of coordination means money is not spent efficiently



Students pack a lecture hall at San Jose State, which has cut staff and raised tuition.

By Lisa M. Krieger
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Fifty years ago this month, California promised a low-cost, high-quality university education for every qualified high school graduate in the state. But that promise — inflated by growing populations and academic aspirations — expanded beyond the state's willingness to pay for it.

What went wrong? How did the university system that was long the envy of the world suddenly become the focus of angry street protests, overcrowded classrooms, soaring tuition and a monumental debate over whether the state can ever make good again on its groundbreaking mission?

While the recession turned a slow-brewing problem into an instant crisis, a Mercury News analysis of California's higher-education mess reveals that many factors drove the inevitable and ugly collision between the university system's ambitious and uncoordinated growth and the state's declining ability and desire to pay for it. Among the most critical:

■ Plummeting state support: Since 1990, state spending per student has dropped by half in inflation-adjusted dollars. While the state paid about 90 percent of a student's education 40 years ago, it now pays 69 percent for California State University students and 62 percent for those in the University of California system.

■ No guaranteed funding: Unlike K-12 education, universities are not guaranteed a steady stream of funding. In the last 40 years, higher education's piece of the state's

See **EDUCATION**, Page 15

Brown challenges GOP rivals to three-way debates

By Steven Harmon

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LOS ANGELES — In a brazen move cheered by thousands of Democrats, Jerry Brown challenged both Republican gubernatorial candidates to a series of

three-way debates starting next month.

In what looked like an attempt to shake up a primary dominated by Republicans fighting it out — and grabbing all the attention — on the airwaves, Brown lived up

to his unpredictable reputation as he sprung the idea on Democratic activists gathered at the downtown convention center for the state party's annual convention.

"You gotta have TV commercials, and we'll have ours,

but campaigning and democracy are not about buying hundreds of millions of dollars of 30-second TV ads," said Brown, the 72-year-old state attorney general seeking to return to the governorship. "We're not consumers

of advertising, we're agents of democratic choice. We're actors in a historical drama. To be part of this process, I think we need a different framework. So today, I'm

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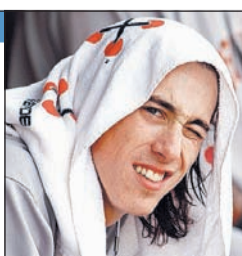
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