UNIVERSITY OF CALIFORNIA

Approval of the 2009-10 Mid-Year and 2010-11 Student Fee Increases, and Expansion of the Blue and Gold Opportunity Plan

Patrick J. Lenz
Vice President for Budget and Capital Resources
November 18, 2009
UC Budget Issues and Recommendations

- 2009-10 UC Budget (Actual)
- 2009-10 Mid-year
- 2010-11 UC Budget (Projected)
- 2010-11 Student Fee Increases
- Student Financial Aid
- Approval to Increase Blue and Gold Financial Aid
2009-10 UC Budget

- $368 M Mandatory Costs
- $637.1 M State General Fund Reduction
- $210.8 M Approved Fee Revenue
- $184 M Salary Reduction Plan
- $75 M Debt Restructuring
- $535.2 M UC Budget Cuts

Total: $1,005.1 million
Mid-Year Student Fee Increases

<table>
<thead>
<tr>
<th>Student Category</th>
<th>Current Fee</th>
<th>Proposed Increase*</th>
<th>Proposed Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>$7,788</td>
<td>$585</td>
<td>$8,373</td>
</tr>
<tr>
<td>Graduate Academic</td>
<td>$8,736</td>
<td>$111</td>
<td>$8,847</td>
</tr>
<tr>
<td>Graduate Professional</td>
<td>$7,722-$8,736</td>
<td>$579-$654</td>
<td>$8,301-$9,390</td>
</tr>
</tbody>
</table>

*Annualized fee increases would be $1,170, $222, and $1,1580-$1,308 for resident undergraduates, graduate academics, and graduate professional students, respectively.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenue</th>
<th>Student Financial Aid</th>
<th>Net Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009-10*</td>
<td>$100.2 M</td>
<td>$33.6 M</td>
<td>$66.6 M</td>
</tr>
</tbody>
</table>

*During 2010-11, annualized fee increases would generate $218.7 million in total revenue, of which $73.4 million would be set aside for financial aid, providing $145.3 million in net revenue to help address budget issues.
2009-10 UC Budget

- $368 M Mandatory Costs
- $637.1 M State General Fund Reduction
- $184 M Salary Reduction Plan
- $468.6 M UC Budget Cuts
- $210.8 M Approved Fee Revenue
- $250 M Mid-year Increase
- $75 M Debt Restructuring

Total: $1,005.1 million

$0
$250
$500
$750
$1,000
$1,250

$1,005.1 million

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2010-11 UC Potential Budget Reductions and Funding Issues

$1,223.4 million

$637.1 M State General Fund Reductions

$218.3 M Additional 2010-11 Mandatory Costs

$368 M Continuing Mandatory Costs

$145.3 M 2009-10 Mid-year Fee Increases

$210.8 M Approved Fee Increases

$75 M Debt Restructuring

$792.3 M UC Budget Funding Gap
2010-11 State Funding Request

- Restoration of One-Time Cuts $305.0 M
- State Obligation to UCRP and Annuitant Health Benefits $109.8 M
- Unfunded Enrollment (14,000 FTE) $155.8 M
- Re-Investment, Academic Excellence $332.1 M
- Health Sciences Initiatives $10.4 M
- Total $913.1 M
2010-11 State Funding Request: $305 Million

2009-10 Budget Actions

- Special Session (Ongoing Cut) ($65.5 M)
- Special Session (Trigger, One-Time) ($50.0 M)
- Special Session (Veto, One-Time) ($255.0 M)
- May 14, Revise (Unallocated) ($50.0 M)
- May 14, Revise (Academic Preparation) ($31.3 M)
- May 26, Budget Reduction ($167.5 M)
- Conference Committee Action ($17.8 M)
- Subtotal ($637.1 M)
2010-11 UC Potential Budget Reductions and Funding Issues

$1,223.4 million

$218.3 M Additional 2010-11 Mandatory Costs

$368 M Continuing Mandatory Costs

$637.1 M State General Fund Reductions

$487.3 M UC Budget Funding Gap

$305 M State General Fund Restoration

$145.3 M 2009-10 Mid-year Fee Increases

$210.8 M Approved Fee Increases

$75 M Debt Restructuring

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### 2010-11 Proposed Fee Increases

<table>
<thead>
<tr>
<th>Resident Students</th>
<th>2009-10 Fees</th>
<th>Proposed Increase</th>
<th>Proposed 2010-11 Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>$8,958</td>
<td>$1,344</td>
<td>$10,302</td>
</tr>
<tr>
<td>Graduate Academic</td>
<td>$8,958</td>
<td>$1,344</td>
<td>$10,302</td>
</tr>
<tr>
<td>Graduate Professional</td>
<td>$8,880-$10,044</td>
<td>$1,332-$1,566</td>
<td>$10,212-$11,550</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Total Revenue</th>
<th>Student Financial Aid</th>
<th>Net Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>$286.4 M</td>
<td>$101.7 M</td>
<td>$184.7 M</td>
</tr>
</tbody>
</table>
2010-11 UC Potential Budget Reductions and Funding Issues

- $637.1 M State General Fund Reductions
- $368 M Continuing Mandatory Costs
- $218.3 M Additional 2010-11 Mandatory Costs
- $330.1 M 2009-10 Mid-year and 2010-11 Fee Increases
- $210.8 M Approved Fee Increases
- $75 M Debt Restructuring
- $305 M State General Fund Restoration
- $302.5 M UC Budget Funding Gap

Total: $1,223.4 million
New Fee Revenue
How will it benefit UC?

- Increase financial aid
- Restore some class offerings
- Restore services for students and library hours
- Return to faculty hiring – although more slowly than in the past
- Address faculty retention issues
- End the furlough program on August 31

• No Educational Fee revenue is used to support capital facility projects.
Financial Aid for UC Undergraduates

• Financial aid and tax credits provided more than $1.7 billion to UC undergraduates in 2008-09

• 55% of undergraduates received $1 billion in grants and scholarships with an average award of $11,100

• One-third of undergraduates are low-income, Pell Grant recipients, more than any other comparable research university
Financial Aid Enhancements: 2009-10

- Augmentations to Cal Grants and UC grants to cover fee increases of lower-income students
- Pell Grant expansion raising maximum award by $619, from $4,731 to $5,350
- Tuition tax credit expansion raising maximum credit and raising income ceiling
- Introduction of Blue and Gold Opportunity Plan ensuring systemwide fees coverage
Financial Aid Enhancements: 2010-11

• Continue Undergraduate 33% return-to-aid policy and Graduate 50 % RTA

• Augmentations to Cal Grants to cover fee increases

• Further Pell Grant expansion raising maximum award by $200 to $5,550

• Expansion of Blue and Gold Opportunity Plan to include students with family income up to $70,000
Estimated Financial Aid and Systemwide Fees
Average Per Undergraduate by Parent Income, 2008-09 through 2010-11

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Estimated Change in Undergraduate Net Fee Costs
2009-10 and 2010-11, relative to 2008-09

<table>
<thead>
<tr>
<th>Parent Income Range</th>
<th>2009 Change</th>
<th>2010 Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below $60K</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>$60K to $90K</td>
<td>($291)</td>
<td>$359</td>
</tr>
<tr>
<td>$90K to $120K</td>
<td>($182)</td>
<td>$1,312</td>
</tr>
<tr>
<td>$120K to $180K</td>
<td>($291)</td>
<td>$1,509</td>
</tr>
<tr>
<td>Above $180K</td>
<td>$1,247</td>
<td>$3,176</td>
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</table>

Change From 2008-09 Net Fees

Display 17
Estimated Change in Net Cost of Attendance
2009-10 and 2010-11, relative to 2008-09

Parent Income

<table>
<thead>
<tr>
<th>Income Range</th>
<th>2009</th>
<th>2010</th>
<th>Change From 2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below $60K</td>
<td>$309</td>
<td>$271</td>
<td>$-309</td>
</tr>
<tr>
<td>$60K to $90K</td>
<td>$1,742</td>
<td>$395</td>
<td>$1,742</td>
</tr>
<tr>
<td>$90K to $120K</td>
<td>$2,718</td>
<td>$308</td>
<td>$2,410</td>
</tr>
<tr>
<td>$120K to $180K</td>
<td>$2,940</td>
<td>$1,857</td>
<td>$1,083</td>
</tr>
<tr>
<td>Above $180K</td>
<td>$4,615</td>
<td>$309</td>
<td>$4,306</td>
</tr>
</tbody>
</table>

($248)
Why fee increases are needed now:

- To address current state underfunding and growing mandatory costs.
- To allow prospective students full information in making their college choice.
- To provide new and continuing students sufficient time to address financial aid needs.
- To provide campus leadership, faculty and students with resources to plan and manage their budget.
- Fee increases signal the need to stop fiscal freefall independent of state budget decisions.