UC is not just an institution of higher learning. Here, research aims higher. Service reaches higher.

A higher level of excellence calls for a higher commitment.
State Budget Overview and UC Budget Issues

- Overview of 2010-11 Governor’s Budget
- 2010-11 UC Budget Issues
Overview of 2010-11 Governor’s Budget

State General Fund Revenue

- 2009-10 State General Fund $88.1 B
- 2010-11 State General Fund $89.3 B
- State General Fund Growth $ 1.2 B
  1.4%
Overview of 2010-11 Governor’s Budget

State General Fund Expenditures

- 2009-10 State General Fund: $86.1 B
- 2010-11 State General Fund: $82.9 B
- State General Fund Growth: ($3.2 B) -3.7 %
Overview of 2010-11 Governor’s Budget

- State General Fund Budget Gap $19.9 B
  - 2009-10 Fiscal Year Shortfall $6.6 B
  - 2010-11 Fiscal Year Shortfall $12.3 B
  - State General Fund Reserve $1.0 B

- What Contributed to the State Budget Gap?
  - Revenue Decline $3.4 B
  - Federal & State Court Litigation $4.9 B
  - Erosion of Budget Solutions $2.3 B
  - Population and Caseload Growth $1.4 B
Overview of 2010-11 Governor’s Budget

Closing the Budget Gap

- Expenditure Reductions (43%) $8.5 B
- Federal Funds (35%) $6.9 B
- Alternative Funding (20%) $3.9 B
- Fund Shifts/Other Rev. (3%) $0.6 B
- Closing the Budget Gap (100 %) $19.9 B
Overview of 2010-11 Governor’s Budget

Budget Process

• January 10 – Governor Declares Fiscal Emergency/ Calls Special Session
• January 13 – Assembly Budget Committee Overview Hearing
• January 14 – Senate Budget Committee Overview Hearing
• Mid-February – LAO Analysis on State Budget
• Early March – Budget Subcommittees Hold Hearings
2010-11 UC Regents 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 UC Budget Issues

• Governor Proposes Constitutional Amendment – State of the State Address

• Year-Over-Year Change
  – 2009-10 State General Funds $2.6 B
  – 2010-11 State General Funds $3.0 B
  – Overall General Fund Increase $370 M
2010-11 UC Budget Issues

• Funding Proposals:
  – Restoring 2009-10 Budget Cut $305.0 M
  – Enrollment Funding* $ 51.3 M
  – Health Annuitant Benefits $ 14.1 M
  – Total General Fund Support Increase $370.4 M

• Other Issues:
  – UCRP – Budget Trailer Bill Language
  – Capital Facilities – No 2010 Bond Measure, Alternative Funding Option
  – Cal Grants
    • Entitlement Awards Fully Funded*
    • No New Funding for Competitive Award

* Relies on approval of California’s request for federal funds
2010-11 UC Potential Budget Reductions and Funding Issues

- $218.3 M Additional 2010-11 Mandatory Costs
- $368 M Continuing Mandatory Costs
- $637.1 M State General Fund Reductions
- $237 M UC Budget Funding Gap
- Additional $65.4 M
- $305 M State General Fund Restoration
- $330.1 M 2009-10 Mid-year and 2010-11 Fee Increases
- $210.8 M Approved Fee Increases
- $75 M Debt Restructuring
UC Unfunded Enrollment

- In 2009-10, UC is over-enrolled by 14,000 students at a cost of $155.8 million (current estimates = more than 15,000)
- Multi-year plan to reduce total enrollments by 8,000 – 10,000 students
- For 2009-10, first-time freshmen reduced by 2,300 and CCC transfers increased by 500
- 2010-11 Regents Budget recommendation:
  - Request funding for 14,000 FTE
  - If no State funding for enrollment request, reduce first-time freshman by another 2,300
  - Increase CCC transfers by another 250
UC Unfunded Enrollment

• 2010-11 Budget provides $51.3 million to fund 5,121 Full-Time Equivalent Students (FTES)

• Growth funding is predicated on receipt of federal funds

• Assumes $64 million in fee revenue to fund 6,400 FTES

• Reduces unfunded enrollment by 11,521 FTES
State-Funded Enrollment

- **State-Funded Target**: 210,000
- **Actual Enrollment**: 200,000
- **Proposed Trajectory**: 190,000
- **Rebenched Enrollment Target**: 200,000
- **Current Trajectory**: 180,000

Legend:
- Orange triangle: State-Funded Target
- Purple diamond: Rebenched Enrollment Target
- Blue triangle: Actual Enrollment
- Green square: Proposed Trajectory

Year Graph:
- 2004-05
- 2007-08
- 2010-11
- 2013-14

Display 14
UC 2010-11 State-Funded Capital Budget Request

- Infrastructure/building renewal (51%) $325.0 M
- Seismic/life-safety (28%) $173.5 M
- Enrollment growth (17%) $106.0 M
- New program initiatives (4%) $27.0 M

Total $631.5 M

Funding requires a new General Obligation bond measure in November 2010 (SB 271-Ducheney, AB 220-Brownley)
Overview of 2010 Governor’s Budget

Impact of Failure to Achieve Governor’s Federal Fund Budget Solutions

- Eliminate CalWorks $1.0 B
- Reduce Medi-Cal Eligibility $532 M
- Cut State Employee Salaries (5%) $508 M
- Eliminate IHSS $495 M
- Shift County Savings $325 M
- Eliminate Inmate Rehab Program $280 M
Overview of 2010 Governor’s Budget

Impact of Failure to Achieve Governor’s Federal Fund Budget Solutions (cont’d)

• Eliminate Healthy Families Program $126 M
• Eliminate Prop. 99 programs $115 M
• Eliminate UC/CSU Enrollment Growth $112 M
• Freeze Eligibility, Cal Grants $79 M
• Eliminate Foster Youth Housing $36 M