UNIVERSITY OF CALIFORNIA

Development of the 2011-12 UC Budget

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2011-12 State Budget Assumptions

• 2010-11 State Budget: $20 billion deficit
• Closing the budget gap: Dependent on reduction in state funding commitments or additional state General Fund revenue
• Economic recovery remains slow
• Sun-setting of more than $8 billion in temporary tax revenue in 2011-12 fiscal year
• New Governor, partially new Legislature: Approach to balancing the State budget
Outlook for 2011-12

• Temporary Tax Increases to Sunset
  – Vehicle License Fee $1.6 B
  – Sales Tax $4.8 B
  – Personal Income Tax $2.1 B
2010-11 UC Budget Gap

- Additional Mandatory Costs, $218.3M
- Mandatory Costs, $368M
- State General Fund Reduction, $637.1M
- 2010-11 Budget Shortfall, $237.1M
- Additional State Funding, $65.4M
- State Funding Restoration, $305M
- November 2009 Fee Increases, $330.1M
- Earlier Fee Increases, $210.8M
- Debt Restructuring, $75M

Dollars in millions.
2011-12 UC Budget Gap

- Additional 2011-12 Mandatory Costs, $200M
- 2008-09 through 2010-11 Mandatory Costs, $586.3M
- State General Fund Reduction, $637.1M
- November 2009 Fee Increases, $330.1M
- Earlier Fee Increases, $210.8M
- 2010-11 Budget Shortfall, $237.1M
- Additional State Funding, $65.4M
- 2011-12 Additional Shortfall, $275M

Dollars in millions.
State-supported Enrollment

- State-Funded Target
- Actual Enrollment
- Current Trajectory
- Governor's Proposal

- Display 6
2011-12 UC Budget, Cost Increases

- Academic Merit Increases ~$27.7 M
- Employee Health Benefits up to $36.6 M
- Annuitant Health Benefits ~$10.5 M
- Retirement Contributions $58-87 M
- Purchased Utilities ~$6.7 M
2011-12 UC Budget, Cost Increases

- Collective Bargaining Agreements ~$8.6 M (AFSCME, UPTE)
- Potential Employee Salary Increases $29-58 M
- Non-salary Price Increases ~$18.0 M
- Enrollment Growth ?
2011-12 State Capital Budget

- November 2010 - General Obligation Bond, K-12 & Higher Education
- AB 220 (Brownley): K-12 & H.E., $6.1B, 2-year bond
  - $175 M per year for UC
- SB 271 (Ducheny): H.E. only, $8.6B, 4-year bond
  - $450 M per year for UC general campus projects
  - $100 M per year for UC medical education purposes
- Lease Revenue Bonds remain “back-up plan”
2011-12 State Capital Budget

*Issues to be addressed by the State:*

- What state actions will help create more jobs for California?
- At what level should a 2010-11 General Obligation bond be supported?
- Can the State sustain more debt through bonds?
  - currently at 6% of State General Fund, will be at 9% by 2014-15

*Issues to be addressed by the University:*

- Funding debt service and ongoing maintenance of new buildings in this budget climate?
- If State capital resources remain limited, what are UC’s highest capital priorities that would be funded with restrictive Lease-Revenue bonds?
- Addressing past capital program growth, new enrollment capital growth?