Development of the 2011-12 UC Budget
2010-11 UC Budget

• No State Budget
• UC will receive $106 million in “one-time” ARRA funding
• UC is not receiving approximately $200 million per month in state General Funds
• UC is providing $189 million to support Cal Grant awards until state budget is enacted
• $355 million in capital facility projects delayed until state budget is enacted
2011-12 State Budget Assumptions

• 2010-11 State Budget: $19 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
2010-11 UC Budget Gap

State General Fund Reduction, $637.1M

Mandatory Costs, $368M

Additional Mandatory Costs, $218.3M

Debt Restructuring, $75M

Earlier Fee Increases, $210.8M

November 2009 Fee Increases, $330.1M

State Funding Restoration, $305M

Additional State Funding, $65.4M

2010-11 Budget Shortfall, $237.1M

Dollars in millions.
2011-12 UC Budget Gap

Dollars in millions.

- **State General Fund Reduction, $637.1M**
- **2008-09 through 2010-11 Mandatory Costs, $586.3M**
- **Additional 2011-12 Mandatory Costs, $240M**
- **Earlier Fee Increases, $210.8M**
- **November 2009 Fee Increases, $330.1M**
- **State Funding Restoration, $305M**
- **Earlier Budget Cuts, $237.1M**
- **Additional State Funding, $65.4M**
- **2011-12 Shortfall, $315M**
State-supported Enrollment

- State-Funded Target
- Actual Enrollment
- Current Trajectory
- Governor's Proposal
2011-12 UC Budget Base

- Restore 2010-11 Commitment $305.0 M (2009-10 one-year budget cut)
- Restore 2011-12 Commitment $167.5 M (2009-10 two-year budget cut)
- Restore to 2007-08 Base Budget $164.6 M

Subtotal $637.1 M
2011-12 UC Budget, Mandatory Costs

- Academic Merit Increases $27.7 M
- Employee Health Benefits up to $36.6 M
- Annuitant Health Benefits $10.5 M
- Retirement Contributions $85.8 M
- Collective Bargaining Agreements $6.0 M (AFSCME, UPTE)
- Potential Employee Salary Increases $72.5 M

Subtotal $239.1 M
2011-12 UC Budget, Cost Increases

- Non-salary Price Increases $24.0 M
- Purchased Utilities $5.5 M
- Maintenance of New Space $5.0 M

Subtotal $34.5 M
2011-12 UC Budget, Initiatives

- PRIME Expansion $ 5.3 M
- Nursing Enrollment Growth $ 2.9 M
- UCR Medical School $ 15.0 M
- Graduate Student Support $ 10.0 M
- Cal ISIs $ 20.0 M
- Student-Faculty Ratio $ 10.0 M
- Faculty Salary Plan $ 20.0 M
- Core Academic Support $ 30.0 M

Subtotal $113.2 M
UC State Funding Needs: $1.02 billion

Dollars in millions.

- Initiatives: $113.2 million
- Additional Cost Increases: $34.5 million
- Mandatory Cost Increases: $239.1 million
- State Funding Restoration: $637.1 million
Student Fees

- Mandatory systemwide fees: $10,302
- Each 1% increase in systemwide fees: $21.8 M
- Financial aid (at current RTA levels): $7.7 M
- Net revenue for operations: $14.1 M
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 new 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:**

- How does UC fund debt service, ongoing maintenance, and staffing requirements for 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?
- How can UC best balance enrollment growth needs with renewal, seismic/life safety, and infrastructure needs, within limited resources?