

UNIVERSITY OF CALIFORNIA

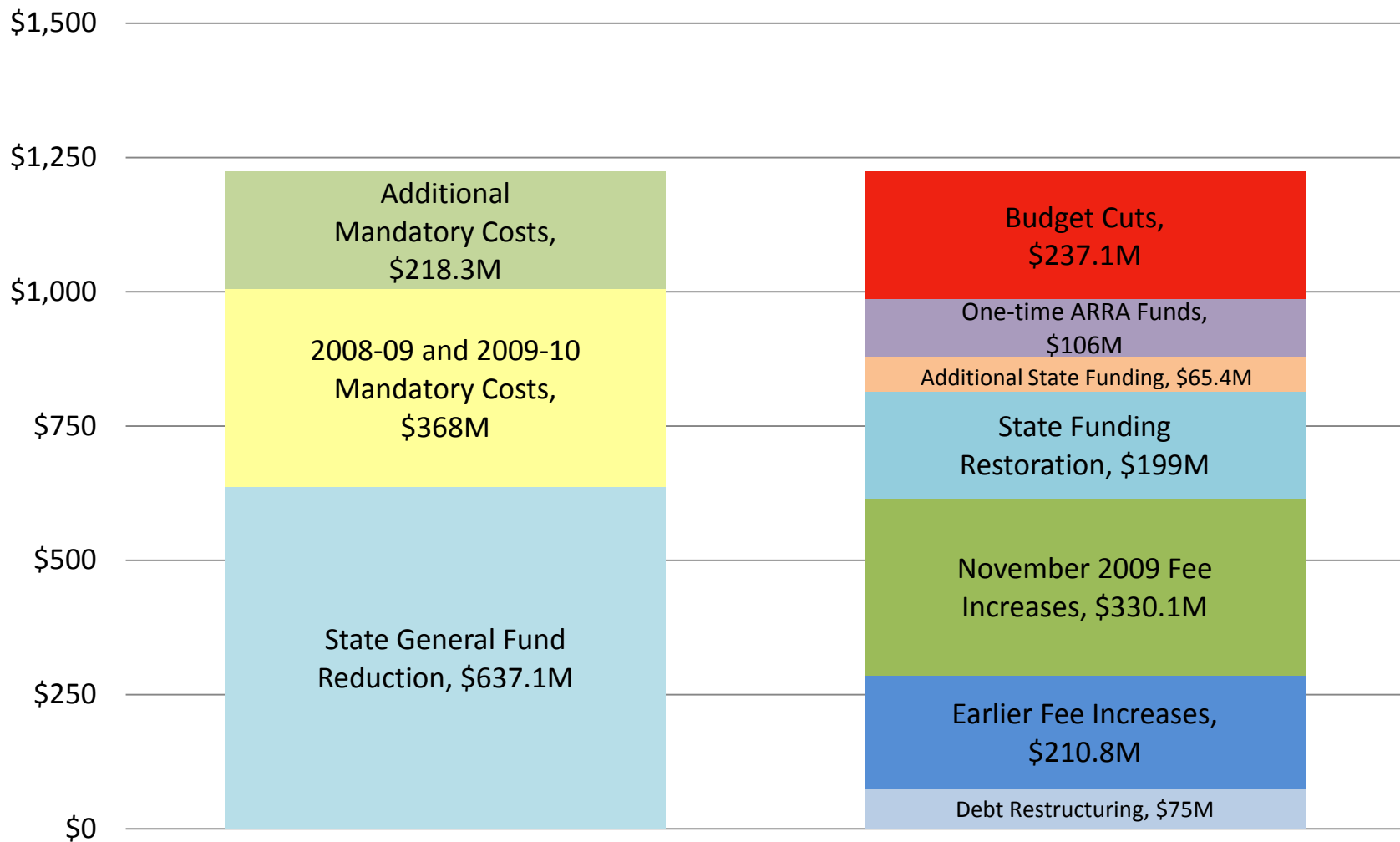
2011-12 UC Budget Proposal  
and Student Fee Increases

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Patrick J. Lenz  
Vice President for Budget and Capital Resources  
November 18, 2010

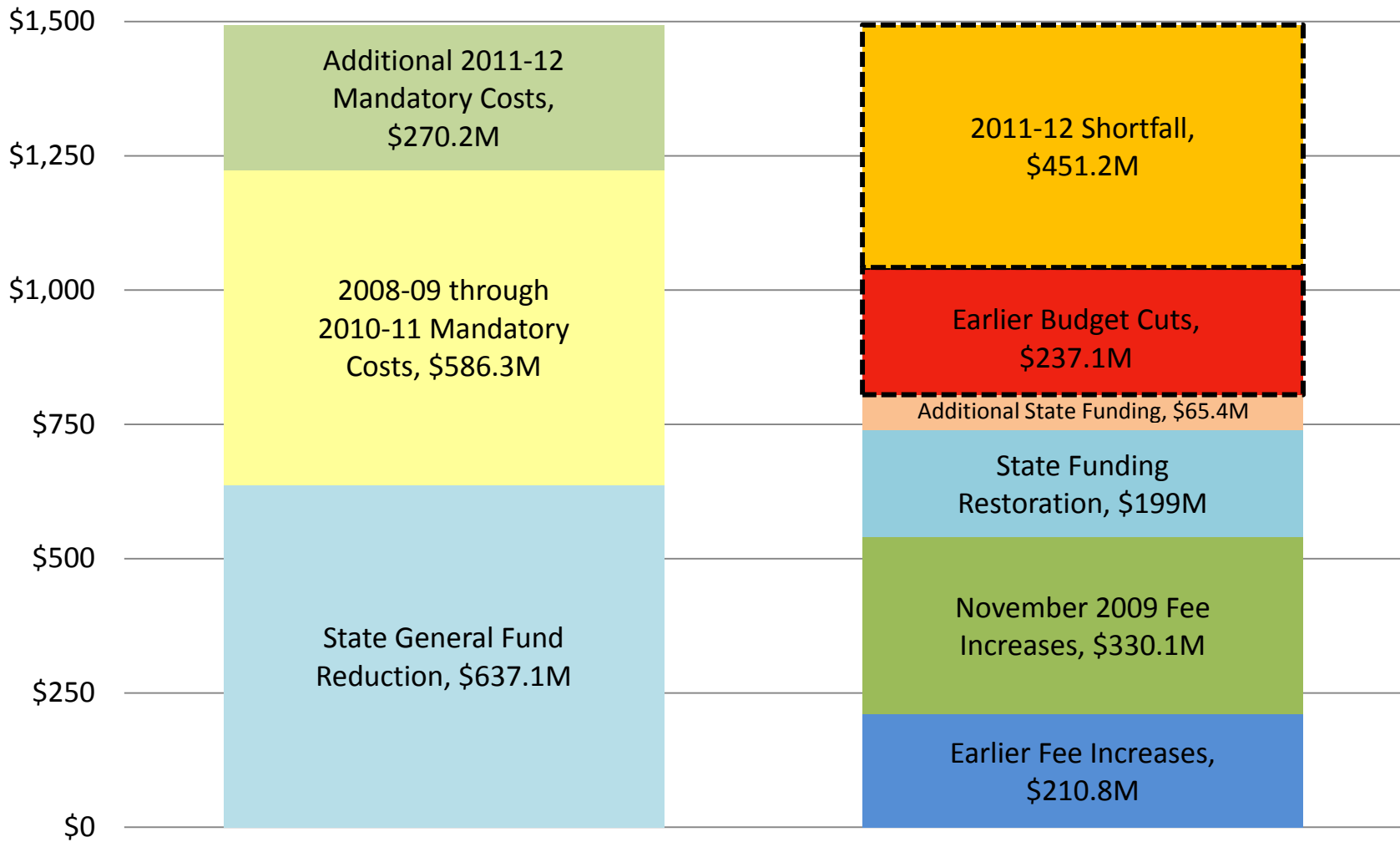
# 2010-11 State Budget Act

# 2010-11 UC Budget



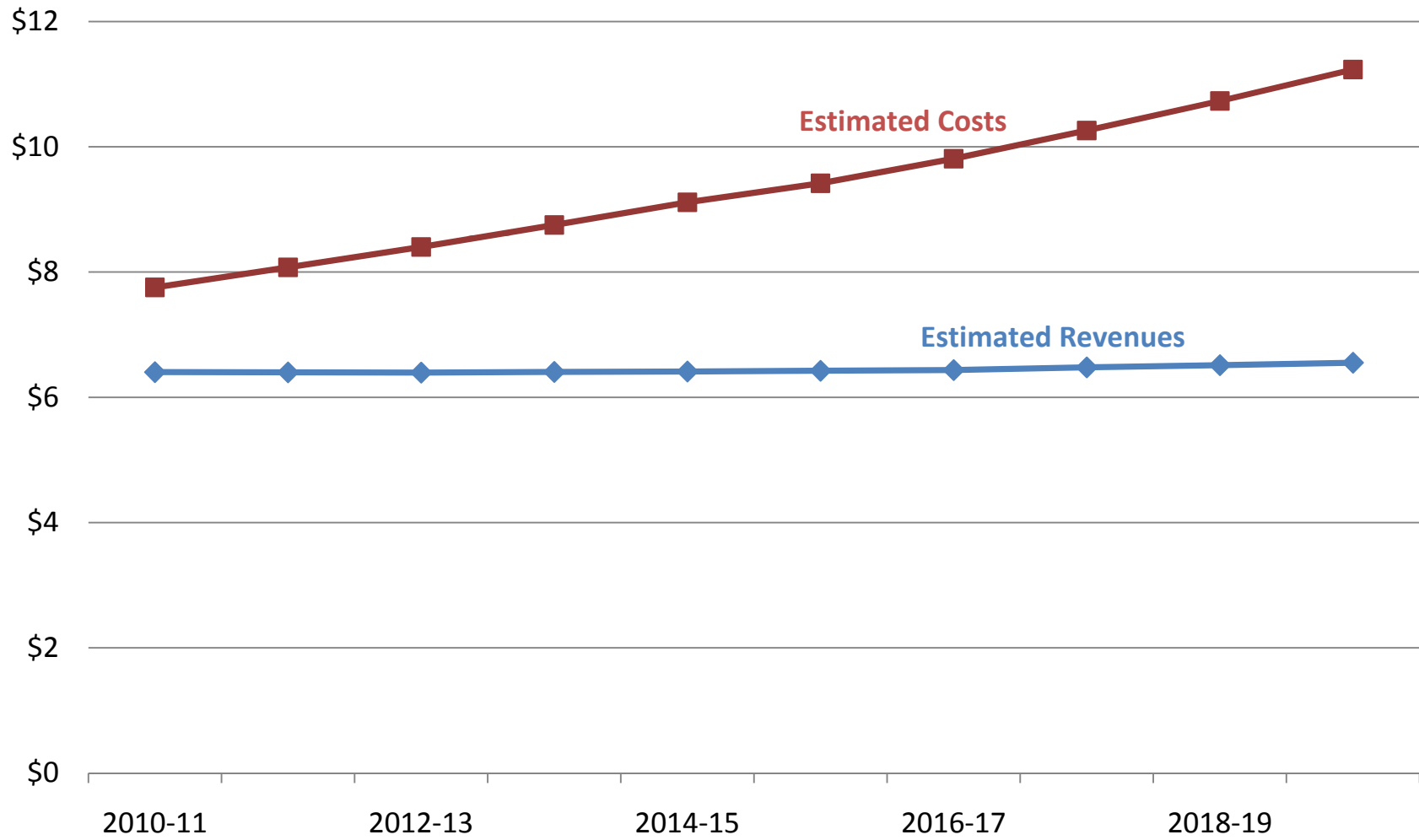
Dollars in millions.

# 2011-12 UC Budget Gap



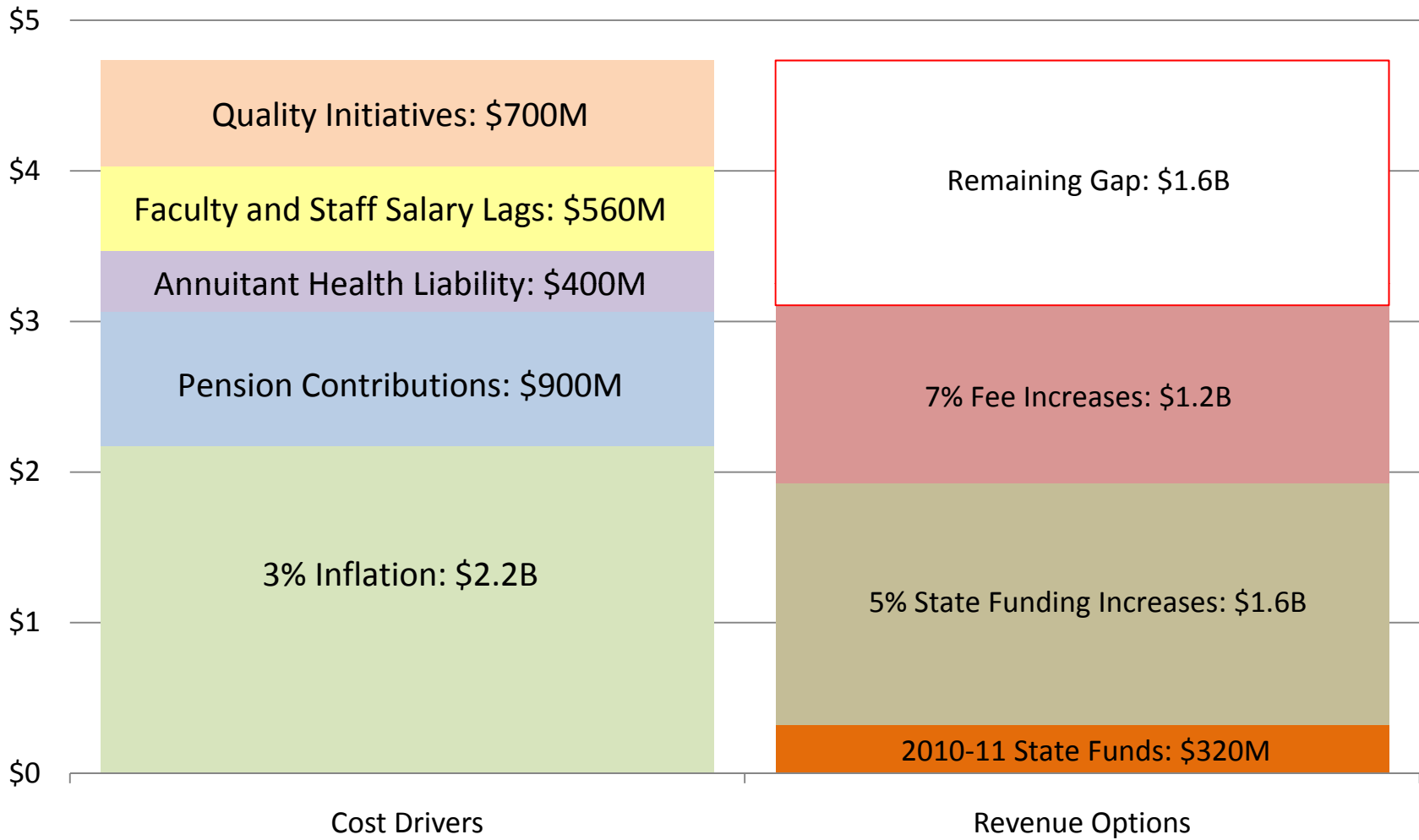
Dollars in millions.

# UC's Long-term Budget Gap: \$4.7 billion



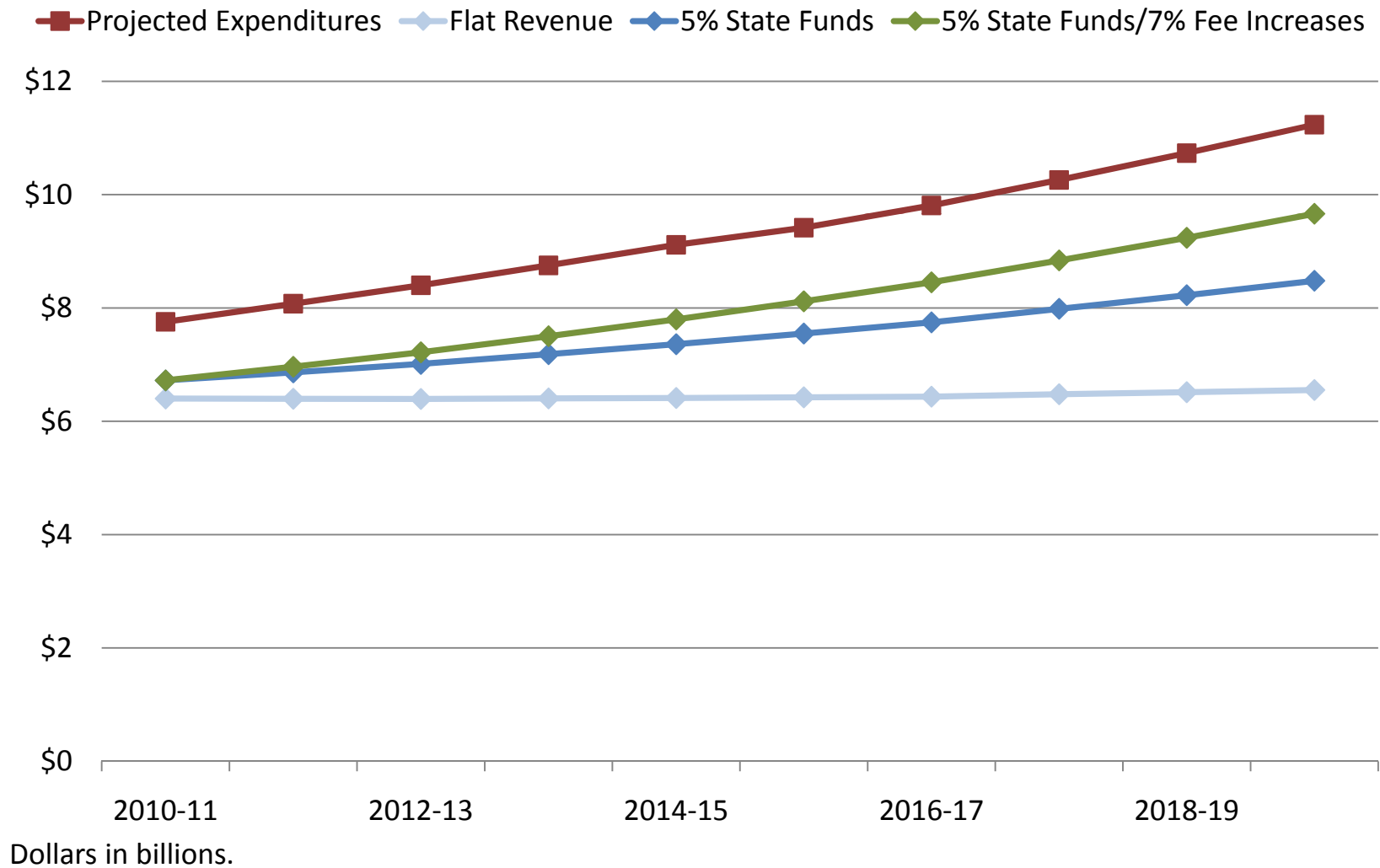
Dollars in billions.

# Revenue Options: 2019-20



Dollars in billions.

# Revenue Scenarios



# LAO - California Fiscal Outlook

- Reported Two-Year State Fiscal Deficit      \$25.4 Billion
  - 2010-11 State Budget Deficit      6.1 Billion
    - Unable to Secure Federal Funding      \$3.5 Billion
    - Prison Savings      \$965 Million
    - Shift of Transportation Funds      \$800 Million
    - Medi-Cal Savings      \$400 Million
    - Collective Bargaining Savings      \$400 Million
  - 2011-12 Fiscal Deficit      \$19.3 Billion
    - Sun-setting of Temporary Taxes      \$8 Billion
    - Expiration of Federal Stimulus Funds      \$4.5 Billion
- Annual Fiscal Deficit Through 2015-16      \$20 Billion



## 2011-12 UC Budget Base

• Restore 2010-11 Commitment (2009-10 – One-year budget cut)	\$106.0 M
• Restore 2011-12 Commitment (2009-10 – Two-year budget cut)	\$167.5 M
• Restore to 2007-08 Base Budget	<u>\$164.6 M</u>
Total	\$438.1 M

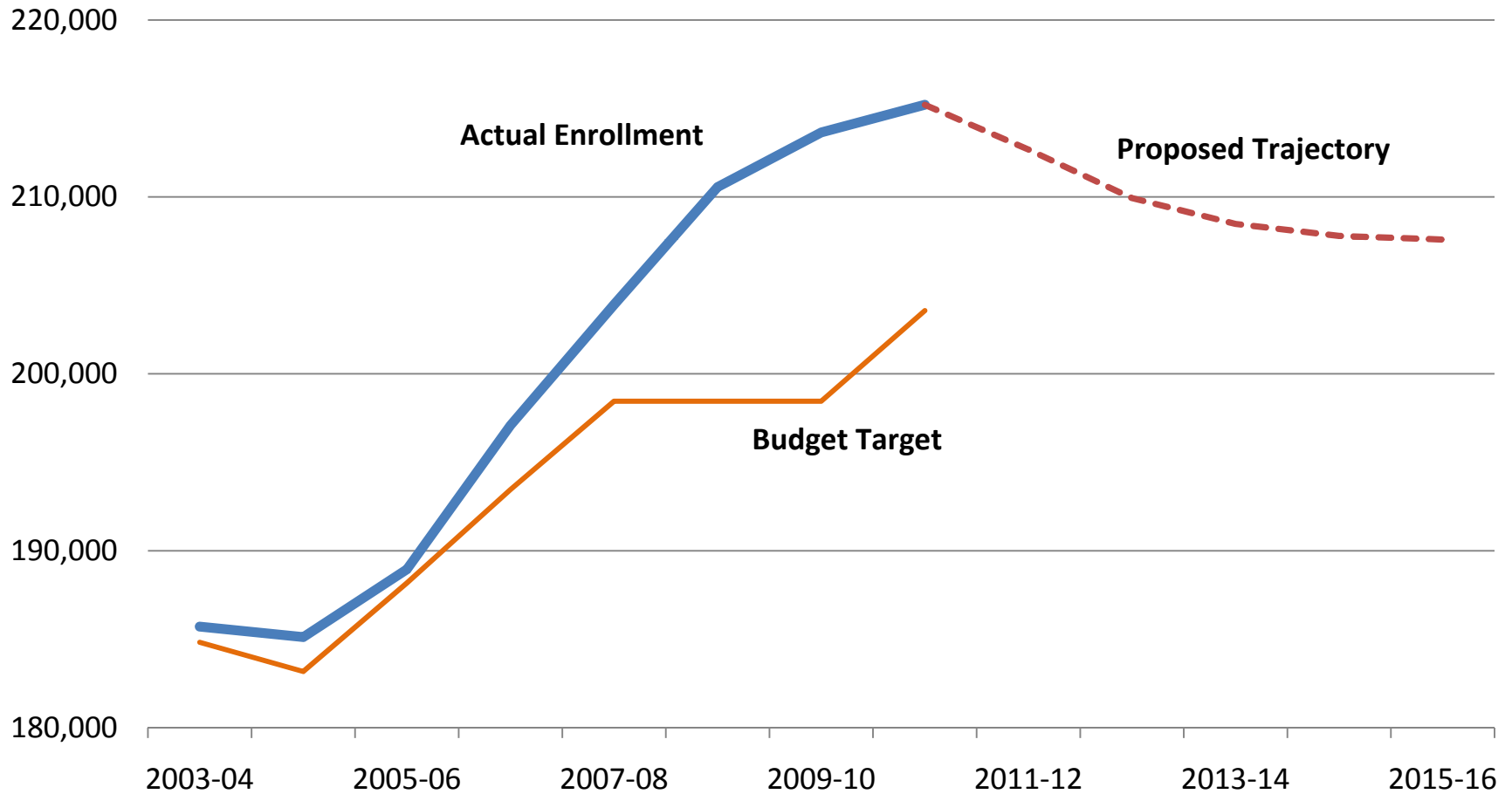
# 2011-12 UC Budget, Cost Increases

• Employee Health Benefits	\$22.9 M
• Annuitant Health Benefits	\$10.5 M
• Retirement Contributions	\$182.3M
• Academic Merit Increases	\$27.7 M
• Collective Bargaining Agreements (AFSCME, UPTe)	\$6.0 M
• Potential Employee Salary Increases	\$87.0 M
• Non-salary Price Increases	\$24.0 M
• Purchased Utilities	<u>\$5.5 M</u>
Total	\$365.9 M

# 2011-12 UC Budget, Initiatives

• PRIME Expansion	\$5.5 M
• Nursing Enrollment Growth	\$4.1 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	<u>\$ 30.0 M</u>
Total	\$114.6 M

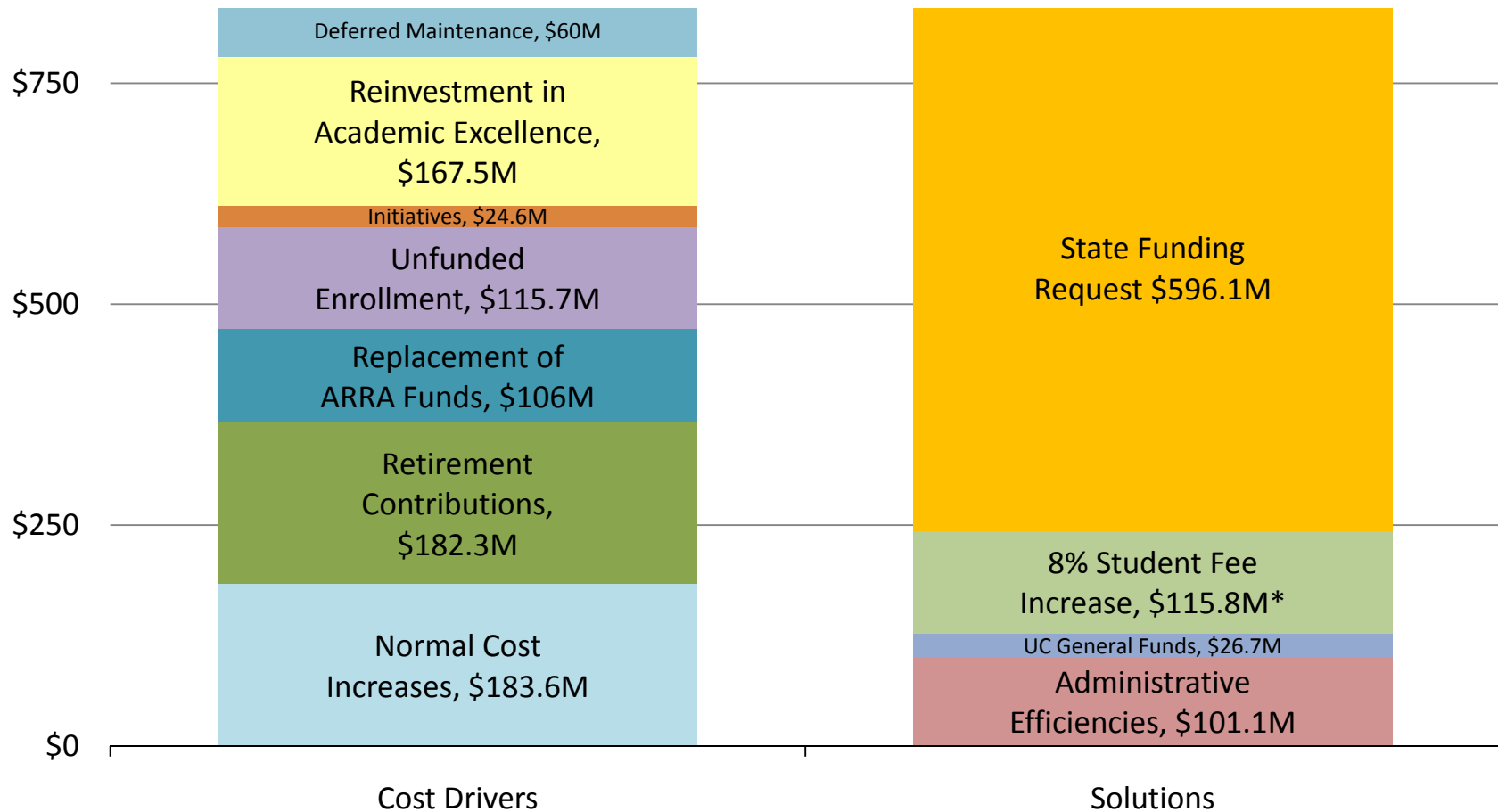
# UC Unfunded Enrollment: \$115.7M



# 2011-12 UC Budget Needs

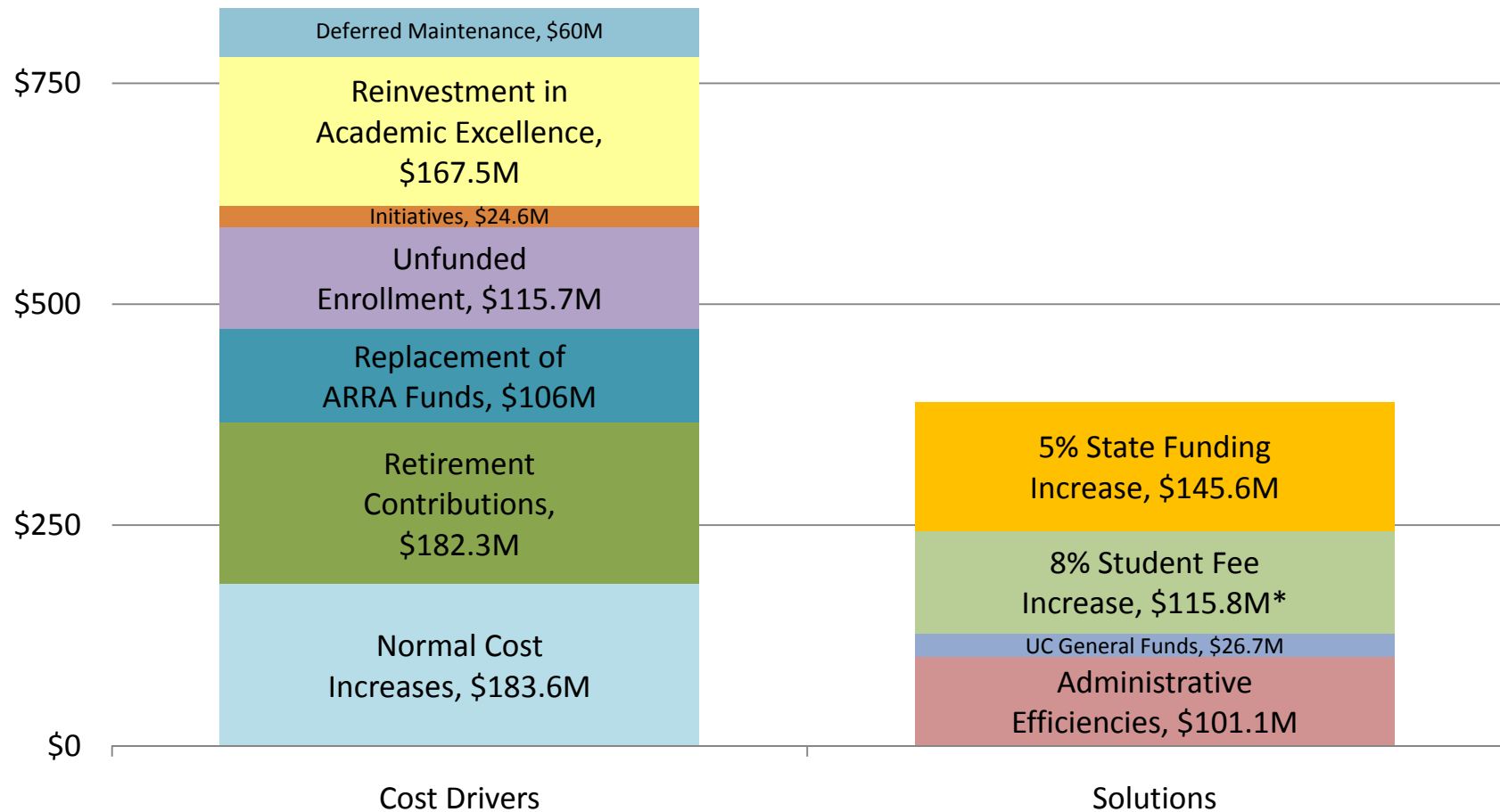
# 2011-12 State Operating Budget Request

# 2011-12 Operating Budget Request



Dollars in millions. \*Excludes student financial aid and professional degree fee increases.

# Modest State Funding Scenario



Dollars in millions. \*Excludes student financial aid and professional degree fee increases.



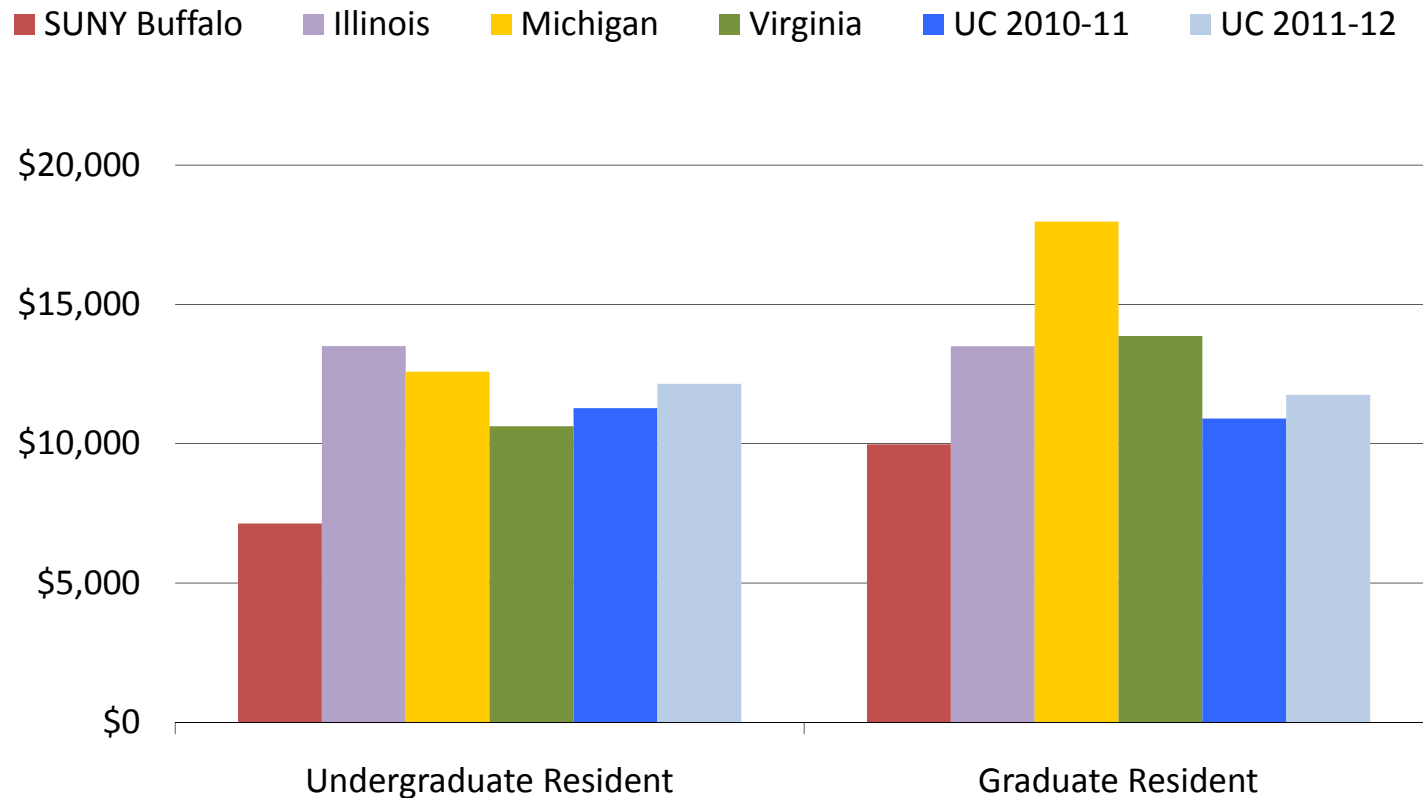
# 2011-12 State Capital Budget Request

• Enrollment-related expansion	\$276.0 M
• Seismic/life-safety improvements	\$121.0 M
• Capital renewal	\$308.4 M
• New program initiatives	<u>\$63.2 M</u>
Subtotal	\$786.6 M

# Mandatory Systemwide Fees

- Essential to support a portion of UC mandatory costs
- Will support additional faculty and course sections to provide student access and improve time-to-degree
- An 8% student fee increase will provide:
  - Support for operating costs \$115.8M
  - Student financial aid \$63.7M
  - Total revenue \$179.5M

# Comparison Institution Fees: 2010-11



- During 2010-11, UC fees are lower than two comparators at the undergraduate level and lower than three comparators at the graduate level.
- After an 8% increase in UC fees, UC's relative position would not change, even if the comparators do not raise their fees during 2011-12.

# Impact of Recent and Proposed Fee Increases

- Strong increases in application numbers
- No change in percentage of low- or middle-income students who decide to attend UC (“yield”)
- Low-income students continue to enroll in large numbers
- No change in drop-out or stop-out rates
- Debt at graduation remains low compared to other schools

# Financial Aid for UC Undergraduates

- Financial aid and tax credits provided more than \$2.0 billion to UC undergraduates in 2009-10
- 57% of undergraduates received \$1.3 billion in grants and scholarships with an average award of \$12,800
- Over one-third of undergraduates are low-income Pell Grant recipients – more than any other comparable research university

# Financial Aid Enhancements: 2010-11

- Large augmentations to Cal Grants and UC grants to cover fee increases for lower-income students
- Pell Grant expansion raising maximum award by an additional \$200 to \$5,550
- Tax credits continued to provide enhanced benefits: higher maximum credit, income ceiling
- Expansion of Blue and Gold Opportunity Plan ensuring systemwide fees coverage to students with family income up to \$70,000

# Financial Aid Proposals: 2011-12

- Continue Undergraduate 33% return-to-aid policy and Graduate 50 % RTA
- Support augmentations to Cal Grants to cover fee increases
- Expand Blue and Gold Opportunity Plan to include students with family income up to \$80,000
- Provide one-time coverage of 100% of 2011-12 fee increases for needy families earning up to \$120,000

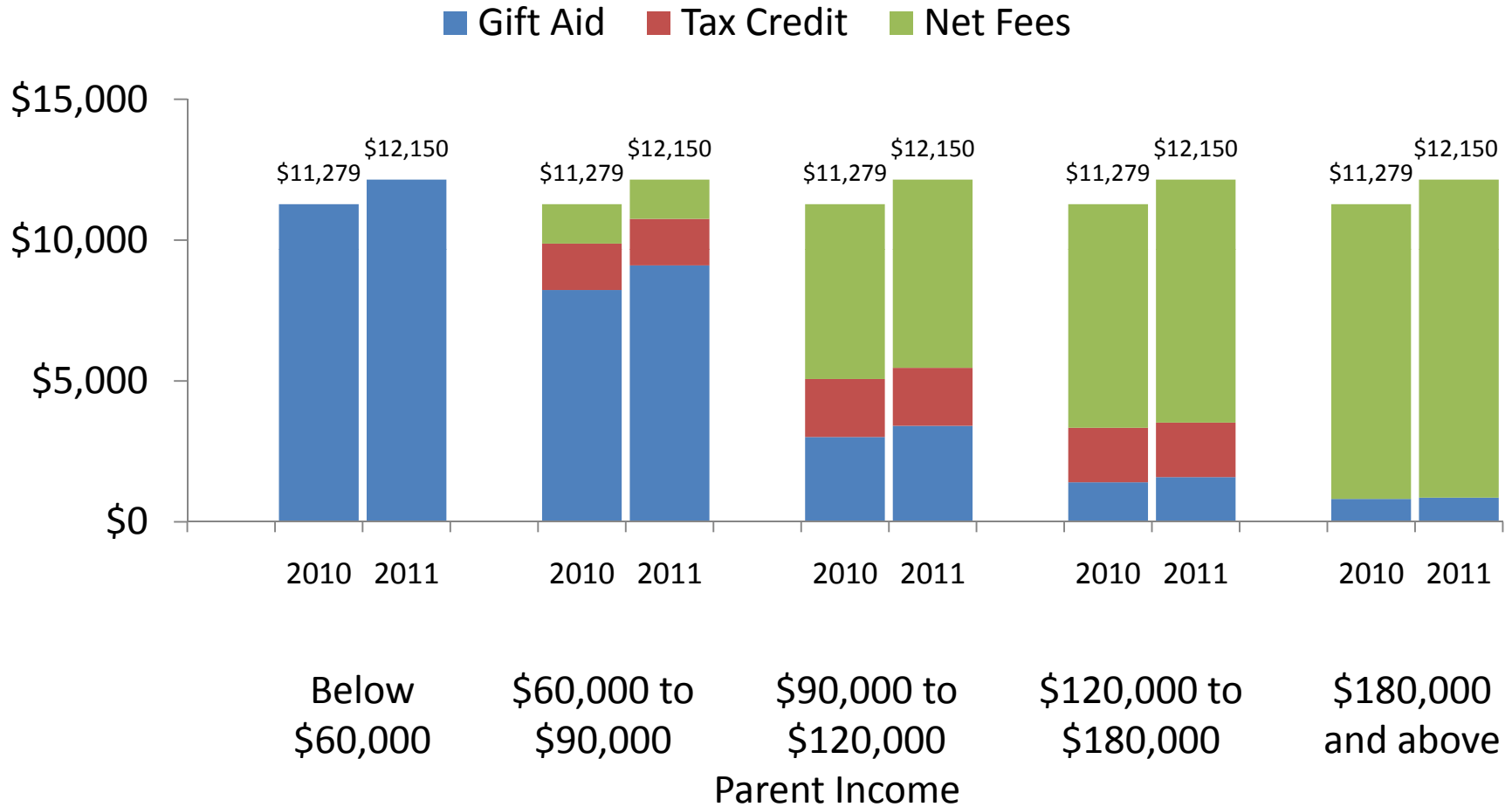
# Impact of No Fee Increase

- Costs of living continues to rise for students.
- Without a fee increase, costs for needy students will rise by \$583 per student.
- With an 8% fee increase, additional UC grant money generated from return-to-aid and Cal Grant funds will offset about \$170 of this increase.
- Without a fee increase, the University will forgo over \$40 million in additional Cal Grant funds.



# Fees and Financial Aid

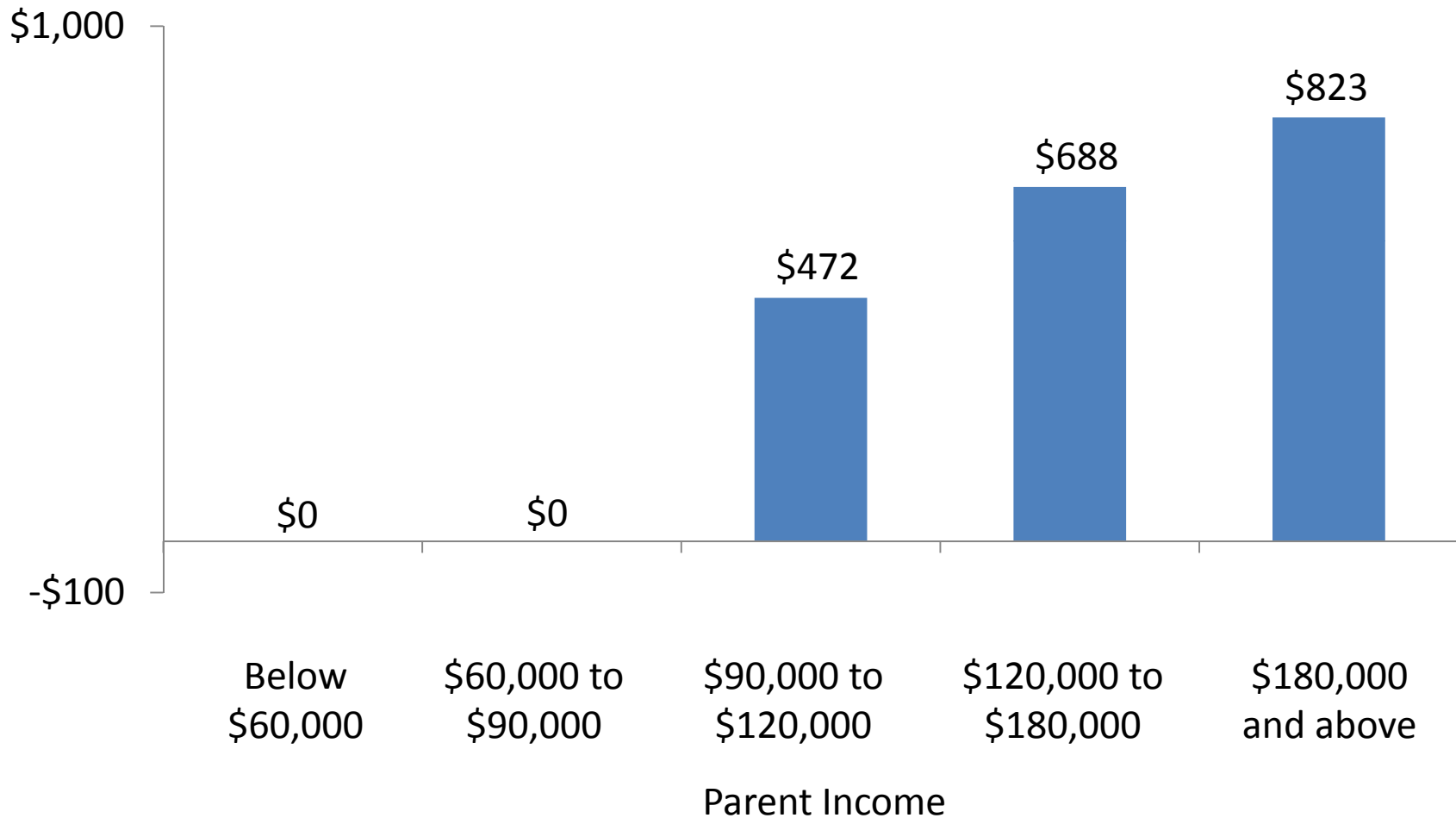
55% of undergraduates will have fee increase covered



Figures shown are averages per undergraduate.  
Includes system wide and estimated average campus fees.  
Assumes expanded higher education tax credits for 2011.

# Estimated Change in Net Fees for Undergraduates

Average Change Between 2010-11 and 2011-12 by Parent Income

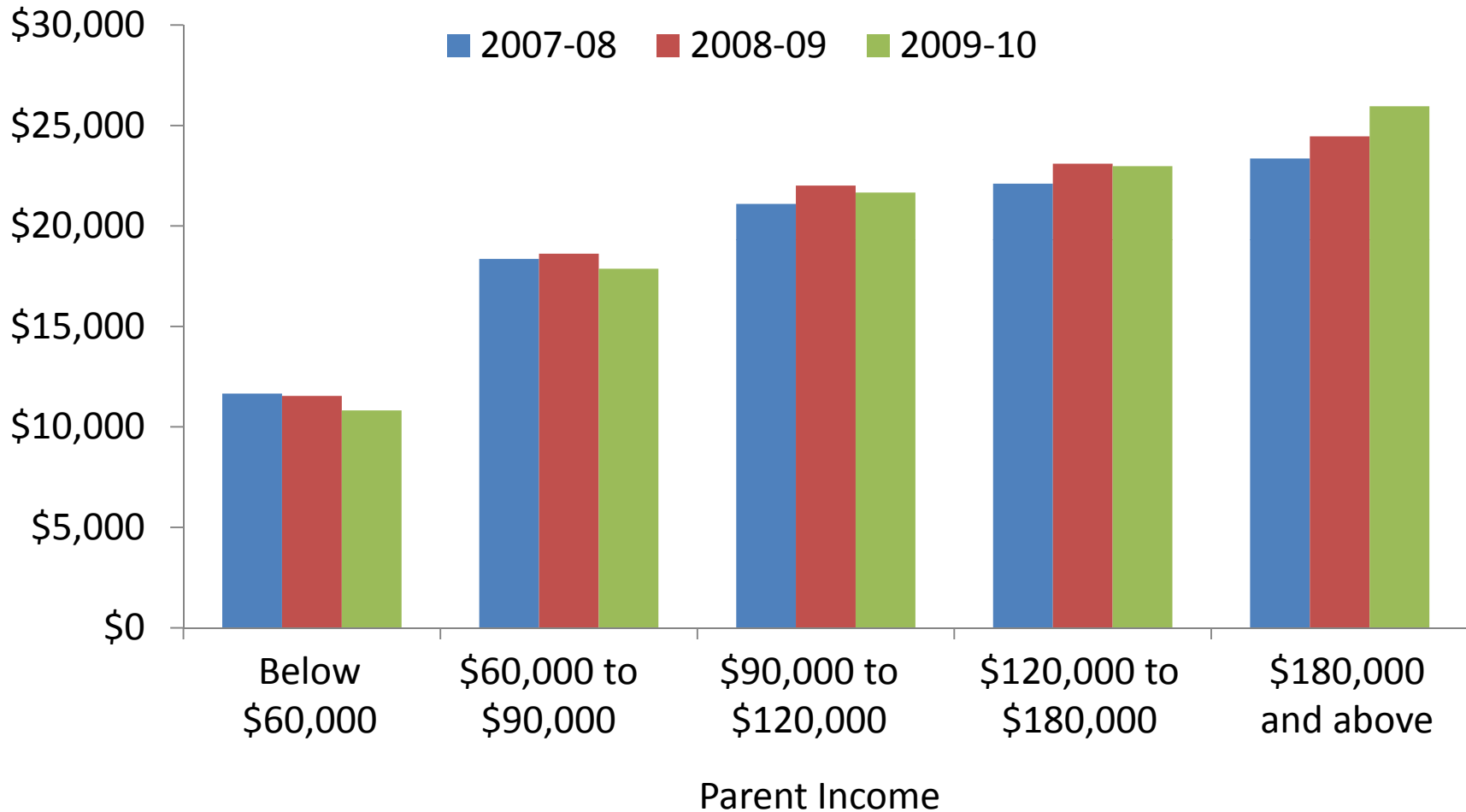


Includes systemwide and campus fees.

Assumes expanded higher education tax credits are extended for 2011.

# Net Total Cost of Attendance by Parent Income

Average Total Cost Less Gift Aid and Tax Credits, 2007-08 to 2009-10



Figures not adjusted for inflation.