Budget Update

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May 16, 2012
2012-13 UC Budget
Governor’s May Revise Proposal

- 2012-13 State General Funds $2.57 billion
  - General Obligation Bond debt service 196.8 million
  - State’s obligation to UCRP 52.0 million
  - Increase in UC’s LRB debt service 10.2 million
  - Annuitant health benefits 5.2 million

- Mid-year budget trigger reduction if Governor’s revenue initiative fails -$250 million
Governor’s 2012-13 Budget Assumptions

• January, Budget Gap $ 9.2 billion
• May Revise, Budget Gap $15.7 billion

Factors

• DOF January Revenue Estimates $4.3 billion
• Fed. Gov’t. rulings, Court Actions $1.7 billion
## Budget Update: May Revise

**Major Budget Solutions**

- **Redevelopment Agencies**: -$1.4 billion
- **Medi-cal, Managed Care**: -$1.2 billion
- **CalWorks, Time Limit**: -$880 million
- **State Mandates**: -$828 million
- **Child Care**: -$452 million
- **State Workers Compensation**: -$401 million
- **In Home Supportive Services**: -$225 million
- **November Tax Initiative**: $5.6 billion
## Budget Update: May Revise UC Budget, Cal Grants

### UC Budget
- **UCRP Reduction**
  - $38 million
- **Mid-Year Budget Trigger**
  - $250 million

### Cal Grant Program
- **Cal Grant Methodology**
  - $43 million
- **Cal Grant Standards**
  - $38.4 million
- **Cal Grant, TANF Backfill**
  - $803.8 million
UC’s 2011-12 Budget Shortfall

Dollars in millions.

- State Support Reduction, $750M
- Mandatory Costs, $362.5M
- Shortfall, $846.7M
- Additional 9.6% Tuition Increase, $150M*
- November 2010 8% Tuition Increase, $115.8M

* Annualized revenue impact.
## 2012-13 Funding Needs

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Increased Expenditures as Revised</td>
<td>($326.6)</td>
</tr>
<tr>
<td>Mid-year 2011-12 Budget Reduction, Permanently Absorbed Going Forward</td>
<td>($100.0)</td>
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<tr>
<td>Funding Provided in Governor’s Proposed Budget</td>
<td>$57.2</td>
</tr>
<tr>
<td>Savings to be Achieved by Working Smarter</td>
<td>$67.0</td>
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<tr>
<td>Funding Provided by Tuition and Fee Buy-out or 6%</td>
<td>$125.4</td>
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<tr>
<td>Tuition and Fee Increase (annualized)</td>
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<tr>
<td><strong>Total 2012-13 Budget Shortfall to Date</strong></td>
<td><strong>($177.0)</strong></td>
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<tr>
<td>New Revenue in First Year of LRB Refinancing</td>
<td>$80.0</td>
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<tr>
<td><strong>2012-13 Budget Shortfall with LRB Refinancing</strong></td>
<td><strong>($97.0)</strong></td>
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</tbody>
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Dollars in millions
2012-13 Funding Shortfall

- Addressing the $97 million shortfall on top of the existing budget gap means further erosion of quality:
  - Additional cutbacks in programs
  - Further delays in hiring faculty
  - More layoffs
  - More program consolidations or eliminations

- An additional $250 million mid-year reduction if the November tax initiative fails
Longer-Term Funding Needs

- $300 million a year over five years
- Assuming:
  - Meeting aggressive administrative efficiency and alternative revenue goals
  - Controlling mandatory costs
  - Eventually $100 million a year from refinancing of lease revenue bond debt
  - Reinvestment of State General Funds