University of California
2014-15 Operating and Capital Budget Plans

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November 14, 2013
UC’s 2014-15 Operating Budget Plan

- Addresses UC’s mandatory and high-priority costs
- Assumes no tuition increase
- Requires a substantial contribution from UC in alternative revenues and further efficiencies
- Seeks to begin a multi-year effort to reinvest in academic quality
The 2014-15 Budget Plan Assumes No Tuition Increase

• Tuition comprises nearly one-half of UC’s core funds (State funds are about 40%)
• The Governor’s proposal requires that sources other than tuition be identified to cost adjust half of UC’s core budget
• With aggressive assumptions about alternative revenues already included in the plan, additional State funds are necessary
Governor’s Multi-year Funding Plan

- State General Fund increases of 5% in 2013-14 and 2014-15 and 4% increases in 2015-16 and 2016-17
- State funding increases contingent on no tuition and fee increases over four-year period
Core Funds: 5% State Increase Yields Only a 2.48% Increase Overall

<table>
<thead>
<tr>
<th>Tuition and Fees</th>
<th>UC General Funds</th>
<th>State General Funds</th>
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</thead>
<tbody>
<tr>
<td>2013-14</td>
<td></td>
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</tr>
<tr>
<td>$3,029.2</td>
<td>$928.9</td>
<td>$2,844.4</td>
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<tr>
<td>No Increase</td>
<td>2.8% Increase</td>
<td>5% Increase</td>
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<tr>
<td>2014-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$3,029.2</td>
<td>$954.9</td>
<td>$2,986.6</td>
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<tr>
<td>2.48% Increase</td>
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</tbody>
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Dollars In Millions

Display 5
UC’s 2014-15 Budget Proposal: $383.1M in Revenue and Expenditure Increases

Dollars in Millions

- **Revenue Increases**
  - Additional State Funds: $120.9
  - UC Sources: $90.0
  - 5% Base Increase: $146.2

- **Expenditure Increases**
  - Reinvestment in Academic Quality: $50.0
  - High-Priority Costs: $165.0
  - Mandatory Costs: $168.1

Legend:
- Additional State General Funds
- Alternative Revenues/Cost Savings
- UC General Funds
- State General Funds
- Reinvestment in Academic Quality
- High-Priority Costs
- Mandatory Costs

Display 6
Proposed Increases in Revenues

New State General Funds: $267.1M

As Proposed in Governor’s Multi-Year Plan:

– 5% Base Budget Adjustment $142.2M

– Annuitant Health Benefit Costs $4.0M

$146.2M

Additional Request:

– UCRP Costs (2% increase) $64.1M

– 1% Enrollment Growth $21.8M

– Reinvestment in Academic Quality $35.0M

$120.9M
Proposed Increases in Revenues

New UC General Funds:  $26.0M

UC General Funds:

- Nonresident Supplemental Tuition  $26.0M*
- Indirect Cost Recovery  $0.0M

$26.0M

* Net of cost of instruction.
Proposed Increases in Revenues

UC-Generated Revenues/Savings: $90.0M

Alternative Revenue Strategies and Reduced Costs:

- Asset Management (STIP to TRIP) $35.0M
- Procurement $30.0M
- New Models of Philanthropy $25.0M

$90.0M
2014-15 Budget Plan: Expenditures

- **Mandatory Costs:**
  Cost increases that are unavoidable

- **High-Priority Costs:**
  Budget items that are discretionary but are essential for operating a world-class university

- **Reinvestment in Academic Quality:**
  Areas identified as key to maintaining UC’s excellence
Proposed Increases in Expenditures

**Mandatory Costs:** $168.1M

- UCRP (2% increase) $73.0M
- Health Benefits $20.3M
- Annuitant Health Benefits $4.0M
- Contractually Committed Compensation $16.3M
- Academic Merit Increases $30.0M
- Non-Salary Price Increases $24.5M

$168.1M
Proposed Increases in Expenditures

**High-Priority Costs:** $165.0M

- Compensation Increases (3%) $117.2M
- 1% Enrollment Growth $21.8M
- Deferred Maintenance $11.0M
- High-Priority Capital Needs $15.0M

$165.0M
Proposed Increases in Expenditures

Reinvestment in Quality: $50.0M

- Reduce Student-Faculty Ratio
- Support Startup Costs for New Faculty
- Reduce Faculty Salary Gap
- Reduce Staff Salary Gap
- Increase Graduate Student Support
- Enhance Undergraduate Instructional Support
Capital Finance Plan for 2013-14

- Budget Act appropriated GO bond funding for Merced and San Diego buildings, as well as State General Funds for another Merced building
  - Total: $54.5M
- UC has submitted seven additional projects to the State
  - Total: $87M
- Total funding need for 2013-14: $788.6M
Capital Finance Plan for 2014-15

• UC’s proposal focuses on infrastructure and seismic life-safety needs for ten major capital projects
  – Total: $202.8M
• Funding need for 2014-15: $1.1B
• Funding need over the next five years: $6.7B