



University of California 2014-15 Operating and Capital Budget Plans

Executive Vice President Nathan Brostrom
Vice President Patrick J. Lenz

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

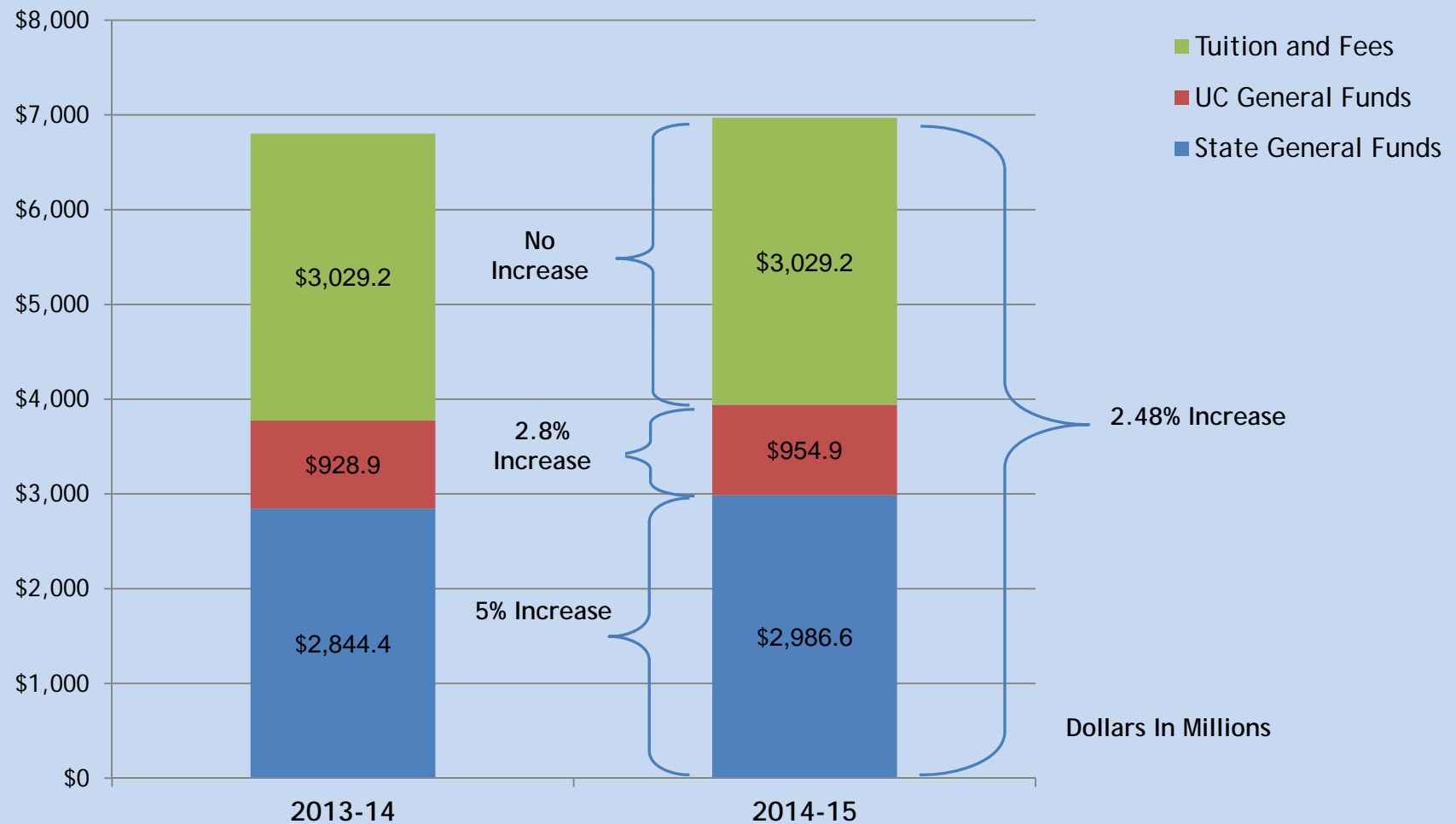


Governor's Multi-year Funding Plan

- 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

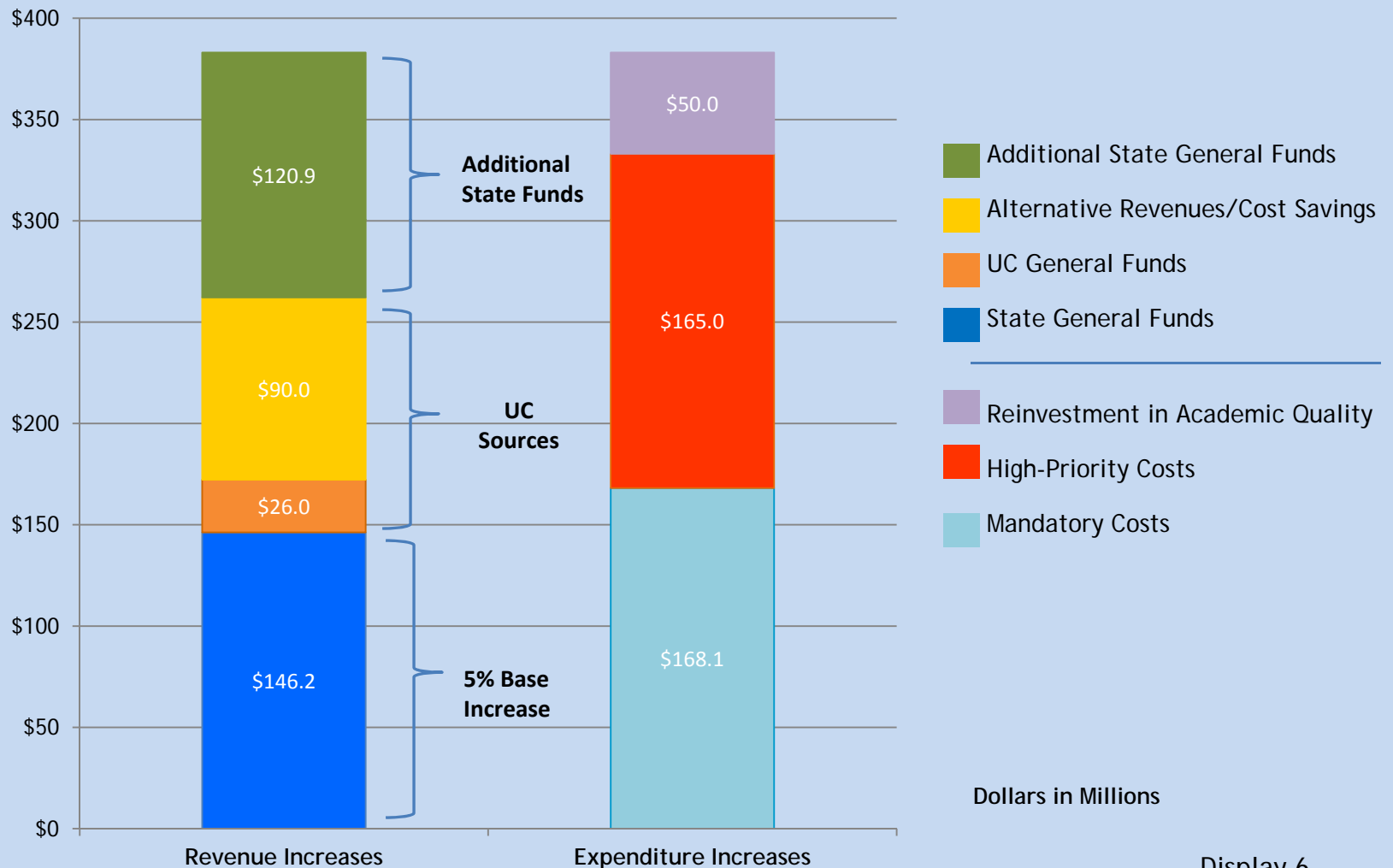


Core Funds: 5% State Increase Yields Only a 2.48% Increase Overall





UC's 2014-15 Budget Proposal: \$383.1M in Revenue and Expenditure Increases





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	<u>\$ 4.0M</u>
	\$146.2M

Additional Request:

– UCRP Costs (2% increase)	\$ 64.1M
– 1% Enrollment Growth	\$ 21.8M
– Reinvestment in Academic Quality	<u>\$ 35.0M</u>
	\$120.9M



Proposed Increases in Revenues

New UC General Funds: \$26.0M

UC General Funds:

– Nonresident Supplemental Tuition	\$ 26.0M*
– Indirect Cost Recovery	<u>\$ 0.0M</u>
	\$ 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	<u>\$25.0M</u>
	\$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	<u>\$24.5M</u>
	\$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	<u>\$15.0M</u>
	\$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

