Preliminary Discussion of 2015-16 Budget

Nathan Brostrom, Executive Vice President
Patrick Lenz, Vice President
September 17, 2014
<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Regents’ Recommendation</td>
<td>$383.1 M</td>
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<tr>
<td>State Budget Appropriation</td>
<td>$142.2 M</td>
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<tr>
<td>Nonresident Tuition Revenue</td>
<td>$26.0 M</td>
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<tr>
<td>Alternative Revenues/Cost Savings</td>
<td>$90.0 M</td>
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<tr>
<td>Revenue and Expenditure Shortfall</td>
<td>$124.9 M</td>
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</table>
2014-15 UC Budget Expenditures
November Regents’ Budget: $383.1 Million

• Mandatory Costs $168.1 M
  (Retirement, Health Benefits, Contractual Compensation, Academic Merits, Price Increases)

• High Priority Costs $165.0 M
  (Compensation, 1% Enrollment, Deferred Maintenance, High Priority Capital Facilities)

• Reinvestment in Academic Quality $ 50.0 M
  (Student/Faculty Ratio, New Faculty Start-up Costs Reduce Faculty and Staff Salary Gaps, Enhance Undergraduate Instructional Support)
### 2014-15 UC Budget – Recap

**Capital Facility Projects (1 of 2): $277.8 M**

- UC Berkeley, Tolman Hall $75.0 M
- UC Davis, Walker Hall Seismic Corrections $27.9 M
- UC Davis, Chemistry Seismic/Life Safety $3.5 M
- Div. of Ag. and Nat. Resources, Intermountain Research Center Modernization $0.2 M
- UC Irvine, Business Unit 2 – Equipment $1.1 M
- UC Irvine, Electrical Improvements $19.5 M
2014-15 UC Budget – Recap

*Capital Facility Projects (2 of 2): $277.8 M*

- UC Merced, Central Plant/Telecommunications Upgrade  
  $15.2 M
- UC Santa Barbara, Infrastructure Renewal  
  $12.1 M
- UC San Diego, Campus Life Safety  
  $49.0 M
- UC Santa Cruz, Coastal Biology Building  
  $64.1 M
- UC Santa Cruz, Life Safety Upgrades  
  $10.2 M
2015-16 UC Budget
Expenditure Assumptions
Proposed 2015-16 Expenditure Costs

*Mandatory Costs:* $120 – 135 M

- **UCRP** $18 – 20 M
- **Health Benefits** $28 – 34 M
- **Annuitant Health Benefits** $5 – 7 M
- **Contractually Committed Compensation** $15 – 18 M
- **Academic Merit Increases** $30 M
- **Non-Salary Price Increases** $25 M

**Total:** $120 – 135 M
Proposed 2015-16 Expenditure Costs

*High-Priority Costs: $190 – 205 M*

- Compensation Increases (3%) $120 M
- 1% Enrollment Growth $22 M
- Deferred Maintenance $35 – 50 M
- High-Priority Capital Needs $10 – 15 M

Total: $190 – 205 M
Proposed 2015-16 Expenditure Costs

*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
2015-16 UC Budget – Recap

Capital Facility Projects:  $298 M

Continuing Projects

• Div. of Ag. And Nat. Resources, Intermountain Research Extension Center  $ 1.8 M
• UC Davis, Chemistry Seismic/Life Safety  $31.1 M
• UC Merced, Classroom & Academic Office-Equipment  $ 5.0 M
• UC Riverside, Batchelor Hall Building Systems Renewal  $17.8 M
• UC Riverside, Environmental Health and Safety Expansion-Equipment  $ 0.4 M
• UC San Francisco, Clinical Sciences Retrofit/Renovation  $21.7M
• UC Santa Cruz, Coastal Biology Bldg.-Equipment  $ 2.0 M
2015-16 UC Budget – Recap

Capital Facility Projects: $298 M

New Projects

- UC Santa Barbara, Campbell Hall Replacement Bldg. $15.8 M
- UC Berkeley, Wheeler Hall Capital Renewal $19.4 M
- UC San Diego, Biological and Physical Sciences Bldg. $55.8 M
- UC Santa Cruz, Telecomm Infrastructure Renewal Ph. B $12.6 M
- UC Irvine, Fire and Life Safety Improvements Ph. 1 $35.5 M
- UC Riverside, Pierce Hall Improvements $34.7 M
- UC Santa Cruz, Environmental Health and Safety Facility $19.4 M
- UC Los Angeles, CHS – SOM West Seismic Renovation $25.0 M
Facts and Myths about the University of California
**Fact:** Last year, UC spent less from core funds to educate each student than it did in the early 1990s.

**Expenditures for Education Per Student from Core Funds**

<table>
<thead>
<tr>
<th>Year</th>
<th>Tuition/Fees</th>
<th>UC Gen. Funds</th>
<th>State Gen. Funds</th>
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<tbody>
<tr>
<td>1990-91</td>
<td>$22,390</td>
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<tr>
<td>1995-96</td>
<td>$20,590</td>
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<tr>
<td>2000-01</td>
<td>$19,790</td>
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<tr>
<td>2005-06</td>
<td>$18,990</td>
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<tr>
<td>2013-14</td>
<td>$19,590</td>
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</table>

Figures are for general campus students, adjusted for inflation.

**Myth:** UC has not “bent the cost curve”
Fact: Over 85% of the recent decline in core-funded UC employees were non-academic employees.

Decline in Faculty and Staff Paid with Core Funds: 2008 to 2013

- Faculty & Other Academic: -841
- Executives, Managers, and Other Staff: -5,236

Myth: UC has “administrative bloat”
Fact: Senior management salaries are only 1% of UC core funds expenditures.

Myth: Executive salaries are to blame for UC’s budget shortfall.
Fact: Most UC Chancellors rank near the bottom of AAU leaders in base pay.

Myth: UC’s Chancellors are overpaid

Figures reflect base pay for the years indicated. AAU figures are from the most recent years available.
**Fact:** Between 1990-91 and 2014-15, State funding increased only 31%, while inflation grew 80% and enrollment grew over 50% (82,000+).  

<table>
<thead>
<tr>
<th>Year</th>
<th>Health &amp; Human Services</th>
<th>Corrections</th>
<th>K-12 Education</th>
<th>Higher Education</th>
<th>UC</th>
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<td>2200%</td>
<td>2200%</td>
<td>2200%</td>
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</tr>
</tbody>
</table>

*Not adjusted for inflation*

**Myth:** UC has been a funding priority of the State
Fact: UC enrolls CA students above state-funded levels partly by enrolling nonresidents.

- Since 2007-08, UC has added over 6,000 California undergraduates.

Myth: UC is turning away CA students to enroll nonresidents.
Fact: UC enrolls a much smaller percentage of nonresident students compared to peer publics.

Myth: UC is not committed to serving California residents.
Fact: Students from all social backgrounds enroll and thrive at UC.

- UC enrolls far more Pell Grant recipients than other AAU schools.
- 43% of Fall 2014 freshman admits were first-gen college students.
- UC’s 4-year graduation rates are higher than at other AAU publics – and continue to rise.

Myth: A UC education is out of reach for many students
Fact: Transfers and freshmen graduate at very similar rates.

Myth: Transfer students are not as successful as freshmen.
Fact: Five- and six-year graduation rates for Pell recipients and other students are about the same.

Myth: Low-income students don’t do as well as other students.