

UNIVERSITY OF CALIFORNIA

2007-08 Budget Presentation



November 2006

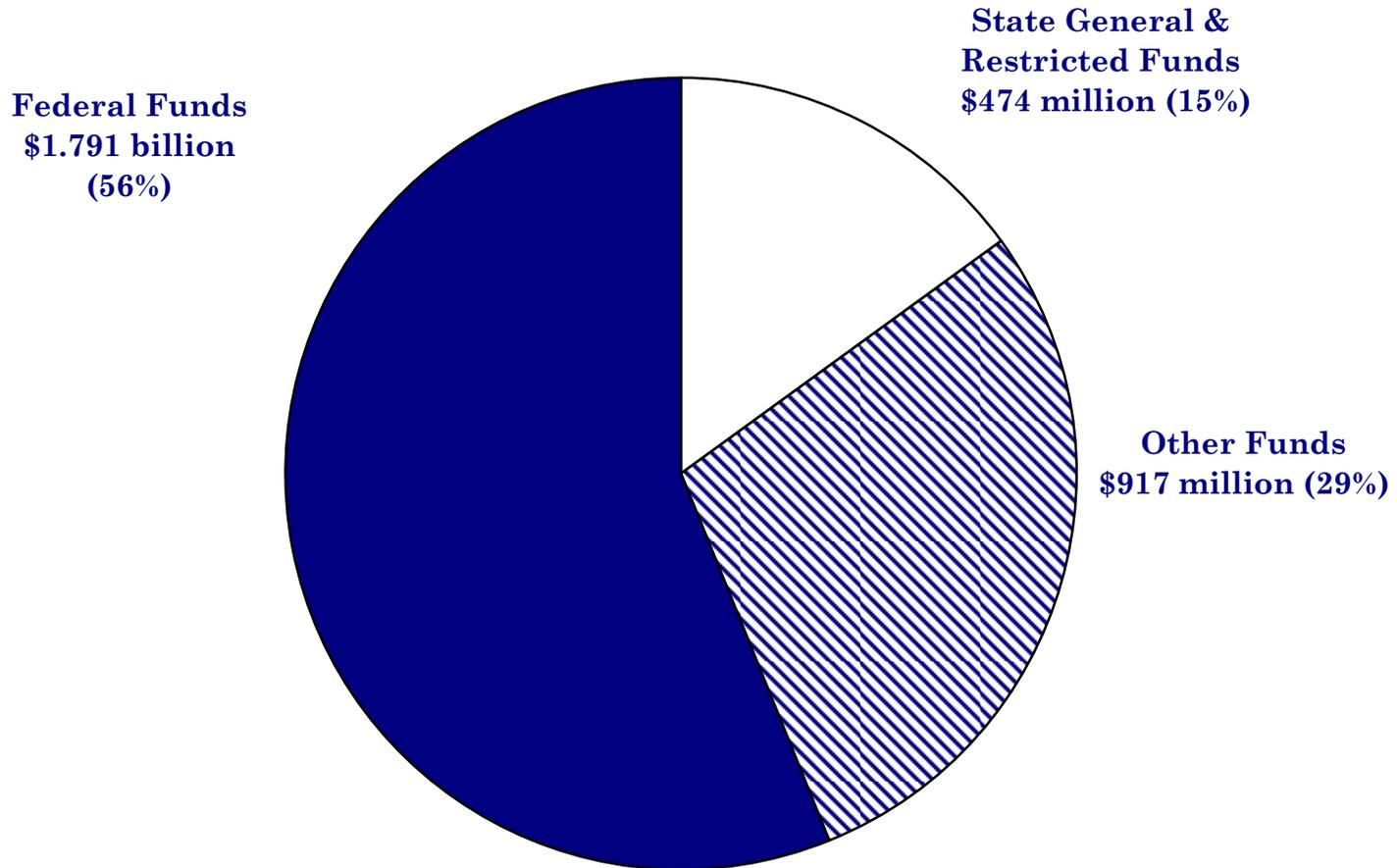
UNIVERSITY OF CALIFORNIA

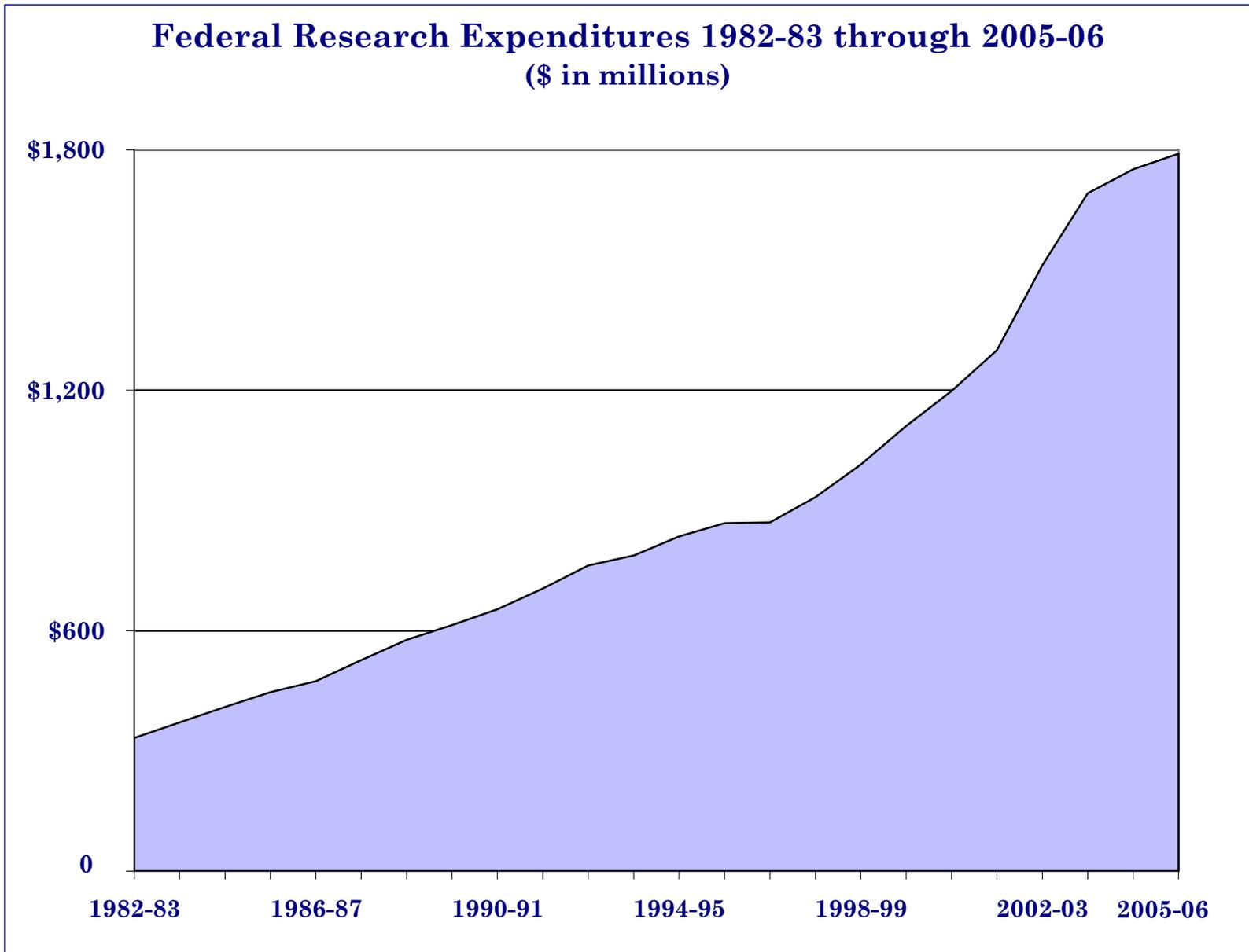
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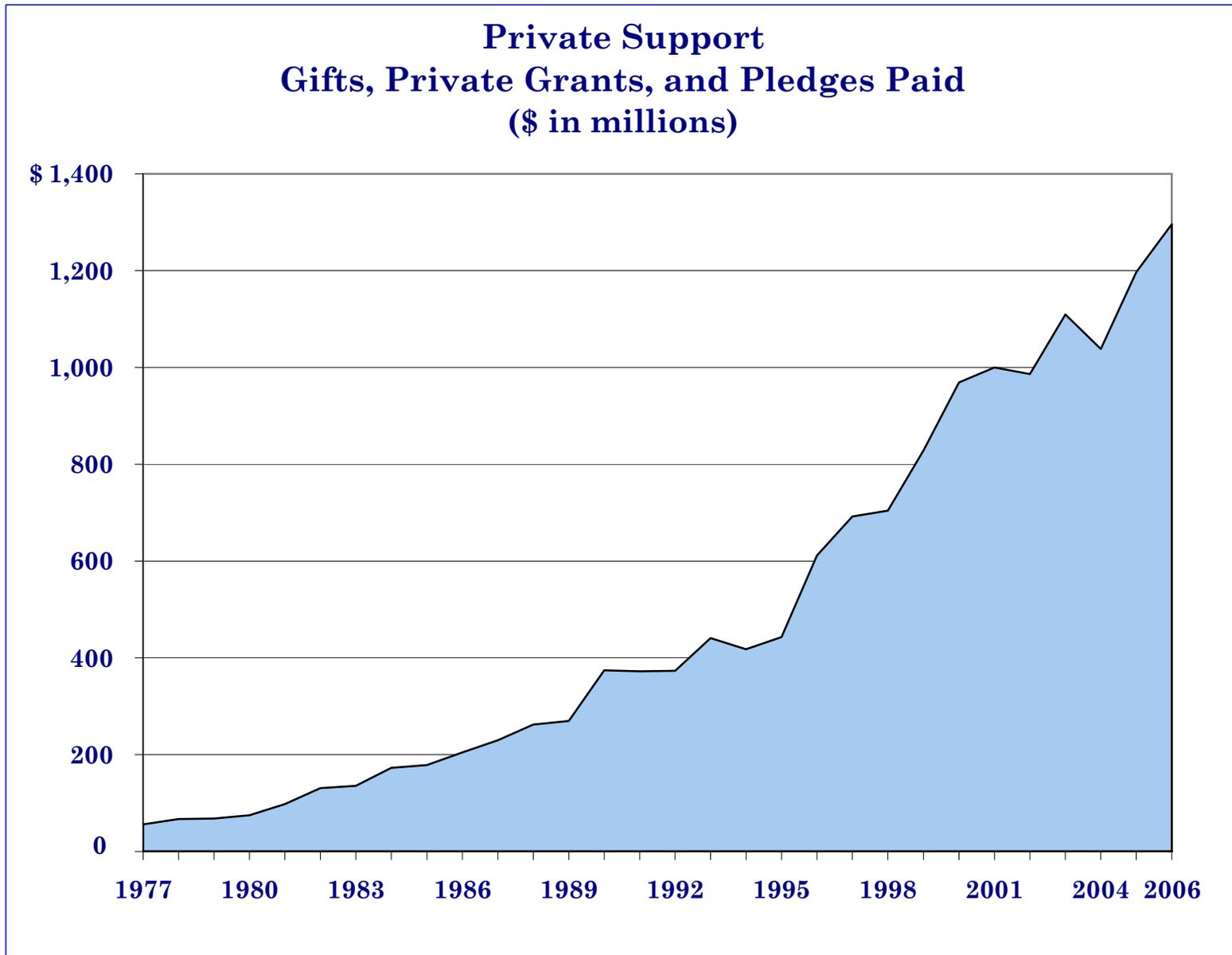
2007-08 BUDGET FOR CURRENT OPERATIONS AND EXTRAMURALLY FUNDED OPERATIONS

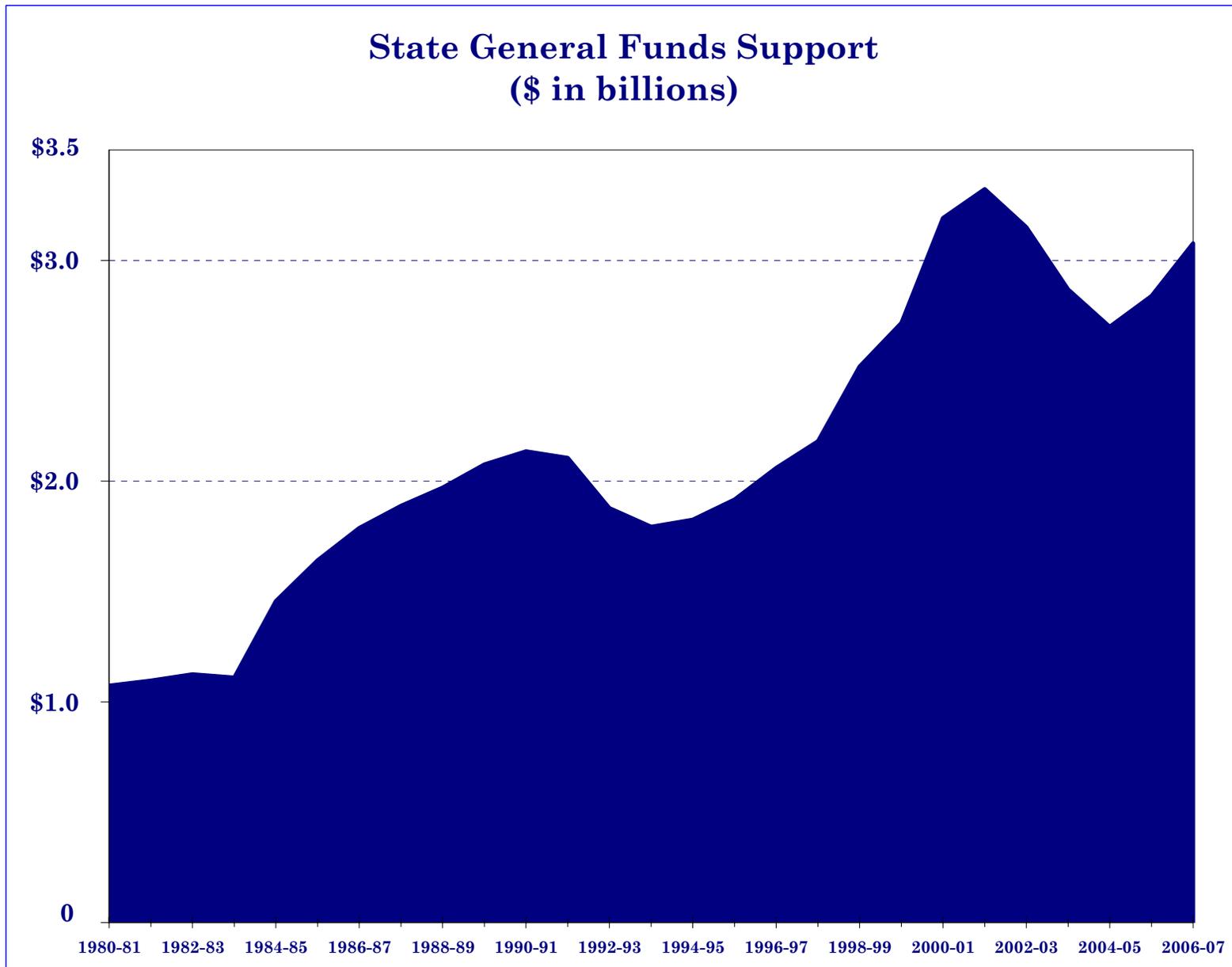
EXPENDITURES					INCOME				
	2006-07	2007-08	Change			2006-07	2007-08	Change	
	Budget	Proposed	Amount	%		Budget	Proposed	Amount	%
	(\$000s)	(\$000s)	(\$000s)			(\$000s)	(\$000s)	(\$000s)	
<u>BUDGET FOR CURRENT OPERATIONS</u>					<u>BUDGET FOR CURRENT OPERATIONS</u>				
Instruction:					<u>General Fund</u>				
General Campus	\$ 2,240,714	\$ 2,325,026	\$ 84,312	3.8%	State of California	\$ 3,076,681	\$ 3,324,584	\$ 247,903	8.1%
Health Sciences	840,675	859,495	18,820	2.2%	State of California / Possible Std Fee Incr	--	71,000	71,000	--
Summer Session	12,905	12,905	0	0.0%	UC Sources	560,594	576,777	16,183	2.9%
University Extension	198,109	202,071	3,962	2.0%					
Research	583,721	612,988	29,267	5.0%	Total General Funds	\$ 3,637,275	\$ 3,972,361	\$ 335,086	9.2%
Public Service	210,024	213,524	3,500	1.7%					
Academic Support:					<u>Restricted Funds</u>				
Libraries	262,652	265,652	3,000	1.1%	State of California	\$ 63,752	\$ 63,517	\$ (235)	-0.4%
Other	588,288	604,288	16,000	2.7%	U. S. Government Appropriations	17,000	17,000	0	0.0%
Teaching Hospitals	3,921,010	4,114,466	193,456	4.9%	Student Fees:				
Student Services	450,095	463,975	13,880	3.1%	Educational, Registration & Professional School Fees	1,437,446	1,472,234	34,788	2.4%
Institutional Support	601,648	614,648	13,000	2.2%	Extension, Summer Session & Other Fees	417,889	430,126	12,237	2.9%
Operation and Maintenance of Plant	529,946	544,146	14,200	2.7%	Teaching Hospitals	3,869,119	4,062,575	193,456	5.0%
Student Financial Aid	540,880	552,359	11,479	2.1%	Auxiliary Enterprises	777,694	816,579	38,885	5.0%
Auxiliary Enterprises	777,694	817,694	40,000	5.1%	Endowments	188,648	201,853	13,205	7.0%
Provisions for Allocation	73,667	69,850	(3,817)	-5.2%	Other	1,621,287	1,688,387	67,100	4.1%
University Opportunity Fund and Special Programs	198,082	204,545	6,463	3.3%					
Program Maintenance: Fixed Costs, Economic Factors	--	247,000	247,000	--	Total Restricted Funds	\$ 8,392,835	\$ 8,752,271	\$ 359,436	4.3%
TOTAL BUDGET FOR CURRENT OPERATIONS	\$ 12,030,110	\$ 12,724,632	\$ 694,522	5.8%	TOTAL BUDGET FOR CURRENT OPERATIONS	\$ 12,030,110	\$ 12,724,632	\$ 694,522	5.8%
<u>EXTRAMURALLY FUNDED OPERATIONS</u>					<u>EXTRAMURALLY FUNDED OPERATIONS</u>				
Sponsored Research	\$ 2,671,210	\$ 2,774,879	\$ 103,669	3.9%	State of California	\$ 221,089	\$ 225,511	\$ 4,422	2.0%
Other Activities	1,474,633	1,526,205	51,572	3.5%	U.S. Government	2,249,860	2,328,605	78,745	3.5%
TOTAL EXTRAMURALLY FUNDED OPERATIONS	\$ 4,145,843	\$ 4,301,084	\$ 155,241	3.7%	Private Gifts, Contracts & Grants	1,089,110	1,143,610	54,500	5.0%
					Other	585,784	603,358	17,574	3.0%
TOTAL EXTRAMURALLY FUNDED OPERATIONS	\$ 4,145,843	\$ 4,301,084	\$ 155,241	3.7%	TOTAL EXTRAMURALLY FUNDED OPERATIONS	\$ 4,145,843	\$ 4,301,084	\$ 155,241	3.7%
TOTAL OPERATIONS	\$ 16,175,953	\$ 17,025,716	\$ 849,763	5.3%	TOTAL OPERATIONS	\$ 16,175,953	\$ 17,025,716	\$ 849,763	5.3%
<u>MAJOR DEPARTMENT OF ENERGY</u>					<u>MAJOR DEPARTMENT OF ENERGY</u>				
LABORATORIES	\$ 2,151,103	\$ 2,151,103	\$ 0	0.0%	LABORATORIES	\$ 2,151,103	\$ 2,151,103	\$ 0	0.0%

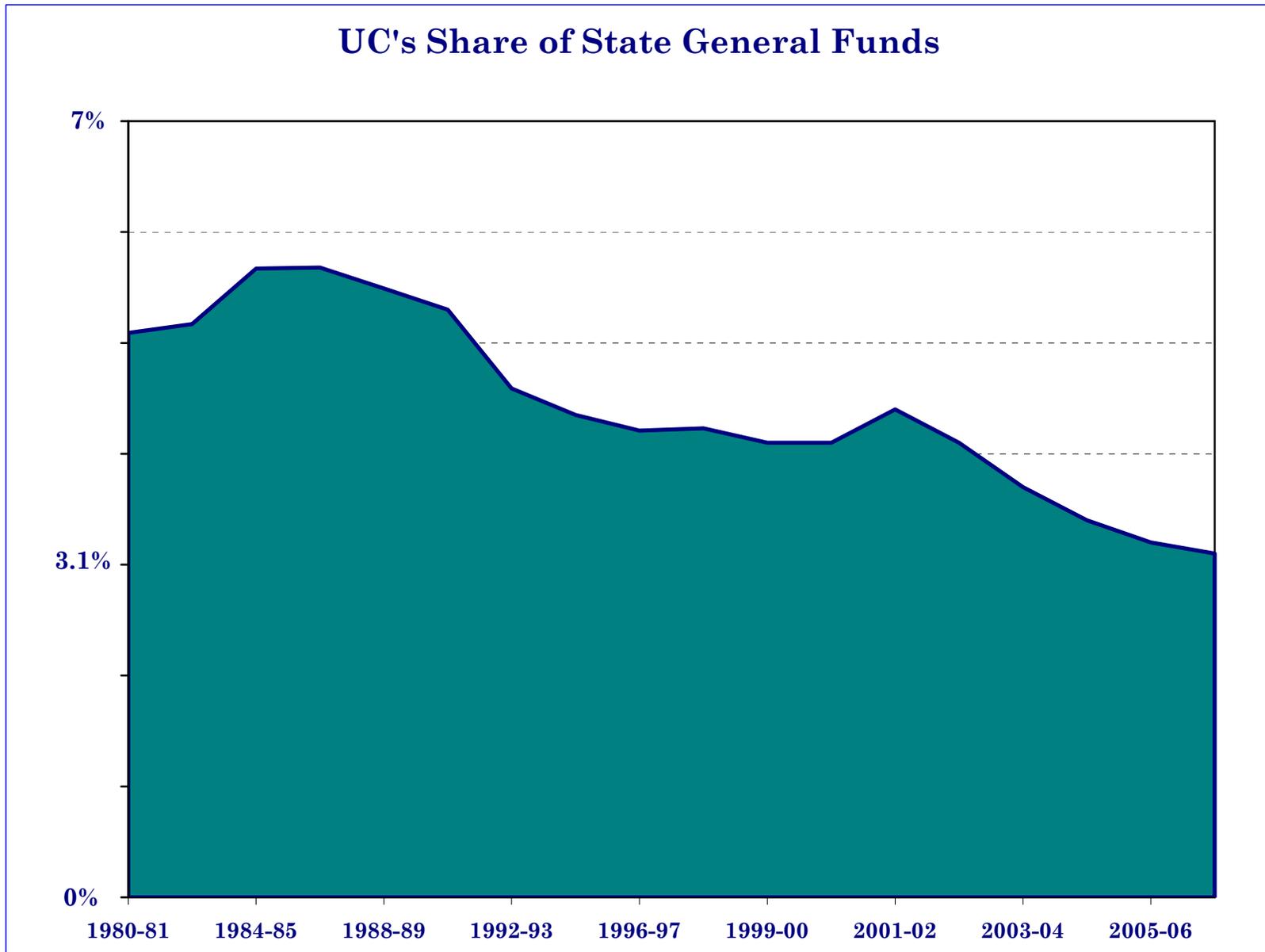
2005-06 Research Expenditures by Fund Sources
Total \$3.182 billion









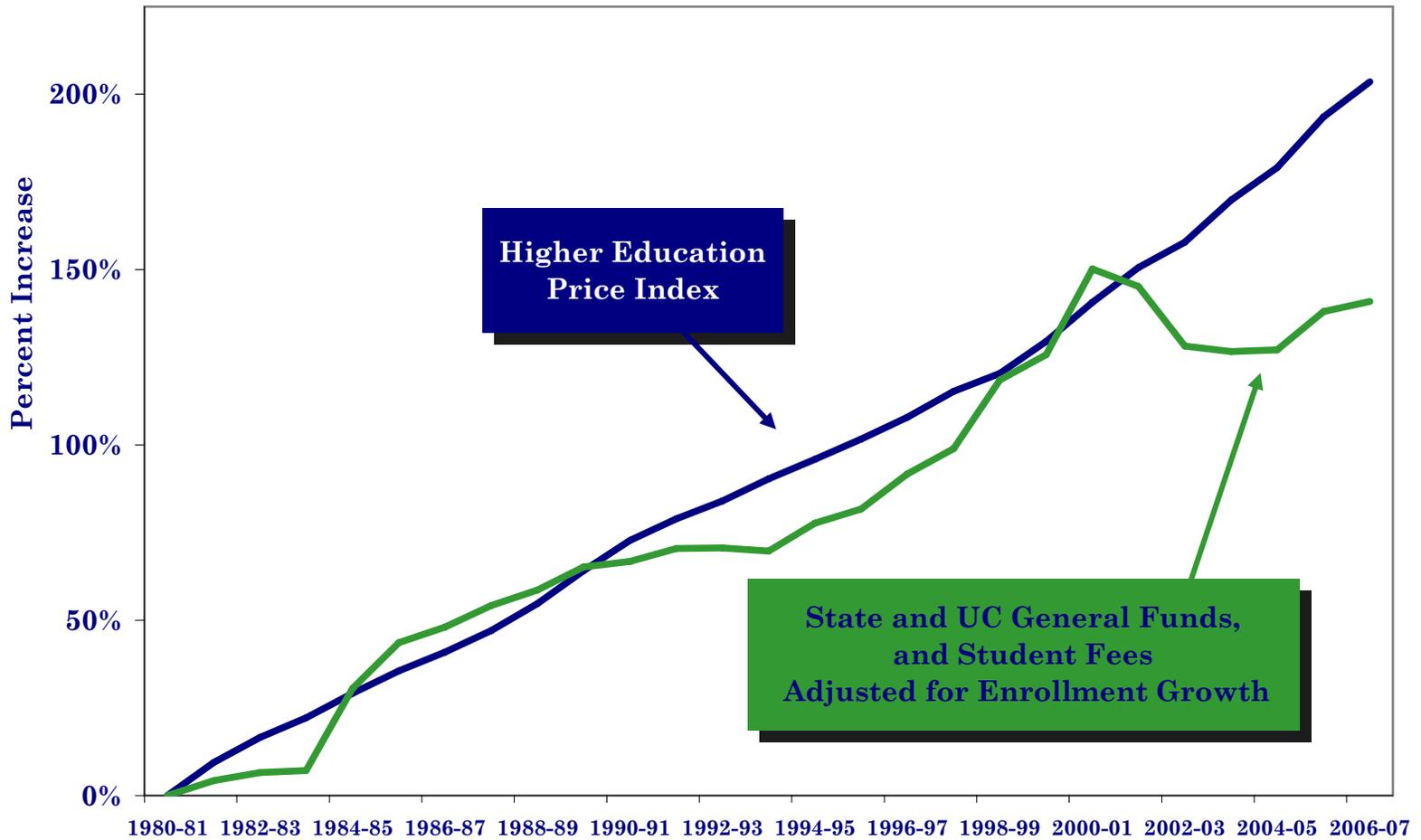


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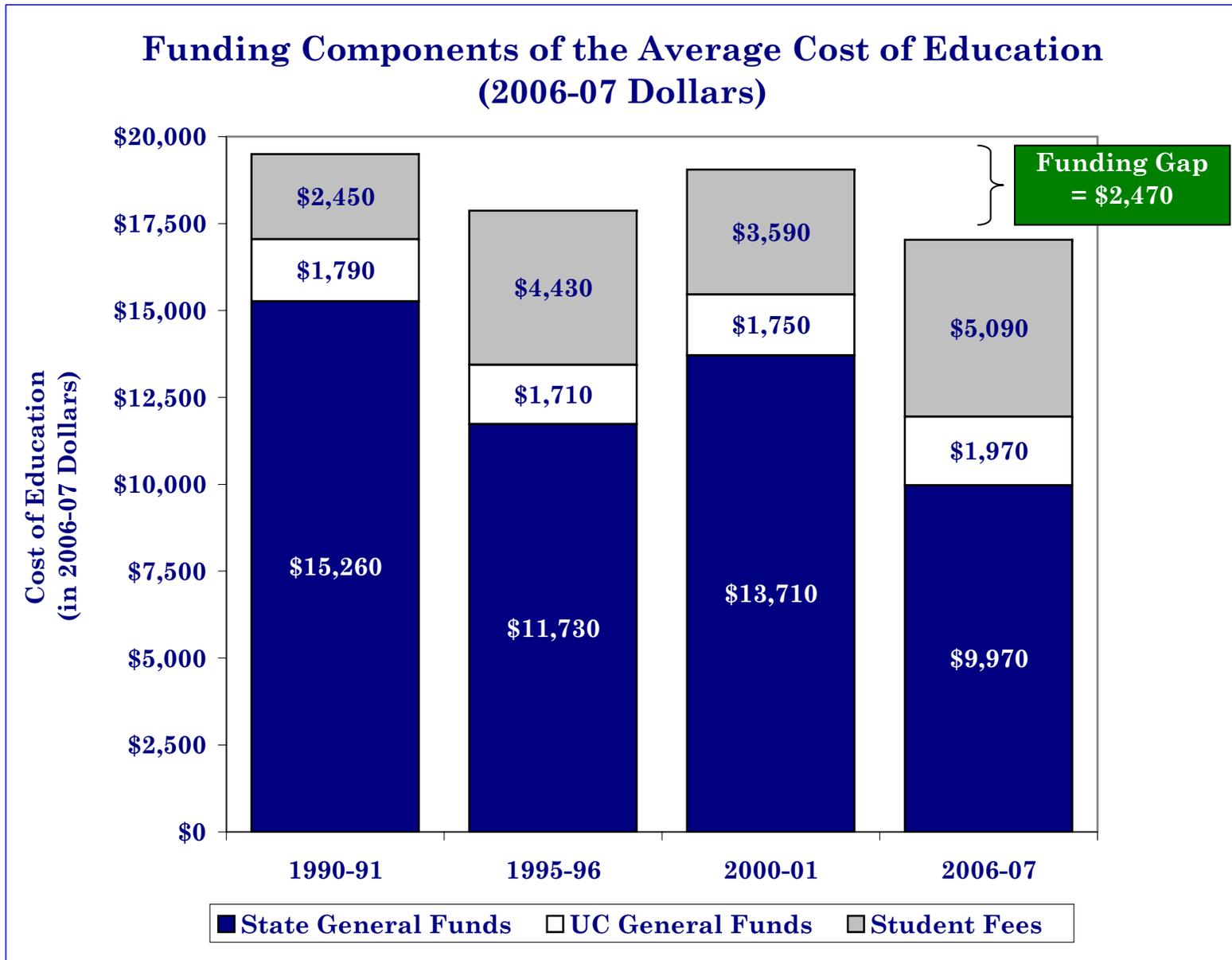
Revenue Sources (\$ in millions)								
Revenues	1975-76	%	1985-86	%	1995-96	%	2005-06	%
State General Fund	585	51%	1,642	50%	1,918	33%	2,839	26%
UC General Fund	41	4%	120	4%	249	4%	554	5%
Student Fees	64	6%	169	5%	583	10%	1,389	13%
Federal Funds	239	21%	485	15%	947	16%	2,226	20%
Private Funds	50	4%	199	6%	486	8%	1,062	10%
Other (University Extension, State Grants, Local Govt, Sales & Services, other UC funds)	164	14%	678	21%	1,564	27%	2,920	27%
Subtotal without Medical Centers, Auxiliary Enterprises, DOE Labs	1,144	100%	3,293	100%	5,747	100%	10,990	100%
Medical Centers	186		721		1,821		3,705	
Auxiliary Enterprises	56		171		450		733	
DOE Labs	470		1,844		2,254		4,190	
Total UC Revenues	1,856		6,029		10,272		19,618	

Source: UC Budget Office

Underfunding Per Student Compared to Inflation State and UC General Funds and Student Fees



Source: UCOP Budget Office



<i>Priorities for Restoring Cuts Critical to UC Academic Quality</i>	<i>Funding Needed to Close Shortfall</i>
Support to Close \$2,470 Gap in Education Funding Per Student	(\$ in millions)
Restoring competitive salaries (General Fund and student fee-funded portion)	\$290
Restoring unfunded price increases for non-salary budgets	40
Restoring the student-faculty ratio	50
Restoring funding for core academic support (instructional technology, instructional equipment replacement, building maintenance, and library resources)	100
Restoring student service reductions	<u>20</u>
Total Support Needed to Close Gap in Education Funding Per Student	\$500

Additional Resources
under the New Compact

➡ **State Funds**

Enrollment growth of 2.5% (over 5,000 students) per year
2005-06 and 2006-07: 3% increase
2007-08 through 2009-10: 4% increase
2008-09 and 2009-10: additional 1% for instructional
support (libraries, IT, equipment, and maintenance)
Capital Outlay: \$345 million per year

➡ **UC General Funds**

3% to 4% increases to cover inflation

➡ **Student Fee Increases**

California per capita personal income or more,
up to 10%, if fiscal circumstances indicate a
higher increase is needed to maintain access
and quality

Board of Regents Priorities

Priorities	2007-08 Budget	Long-Term Goals
Student/Faculty Ratio	Marginal cost funding + \$10 million for partial restoration	17.6:1
Faculty and Staff Salaries & Benefits	5% for salary increases, benefits, and equity/parity	Competitive salaries & total remuneration
Graduate Students (Numbers and Quality)	New initiatives to further increase graduate student support	Restoration of research dollars. Make competitive offers.
Instructional Support (libraries, instructional tech., equip., building maintenance)	New marginal cost funding; fund maintenance of core I&R facilities	Restoration and catch-up funding for instructional support
Enrollment	Funding for 2.5% annual enrollment growth (over 5,000 additional students), including 1,000 graduate students and planned increases in medicine and nursing.	Admit all qualified UG students per Master Plan and increase proportion of graduate and professional students
Student Fees & Financial Aid	Fee issues to be discussed in January 2008. If fee increase is implemented, Cal Grants, average 33% return-to-aid (33% UG, 45% grad acad --UG portion includes grants for middle-income needy students), exemption from nonresident tuition for students advanced to candidacy, 33% return-to-aid for graduate professional school students	Stable State funding, predictable fee increases, maintain access.
Student Academic Preparation (Outreach)	Obtain permanent funds in budget act	Continue funding for most effective programs

2007-08 Budget Request
(\$ in millions)

2006-07 Operating Budget

Estimated State General Funds (excluding one-time funds and lease revenue payments)	\$ 2,900.0
Estimated State and UC General Funds plus student fee income (excluding one-time funds and lease revenue payments)	\$ 4,900.0

PROPOSED INCREASES IN EXPENDITURES

(Based on the Compact)

Fixed Costs

Compensation and benefit increases for faculty and staff for merit, COLA, employee benefits, and equity increases (equivalent to 5% of total salaries and benefits)	\$ 157.0
Price increase for nonsalary budgets (2.25%)	23.5
Professional school cost increases	6.5
Employer retirement contributions	60.0

Workload and Program Growth

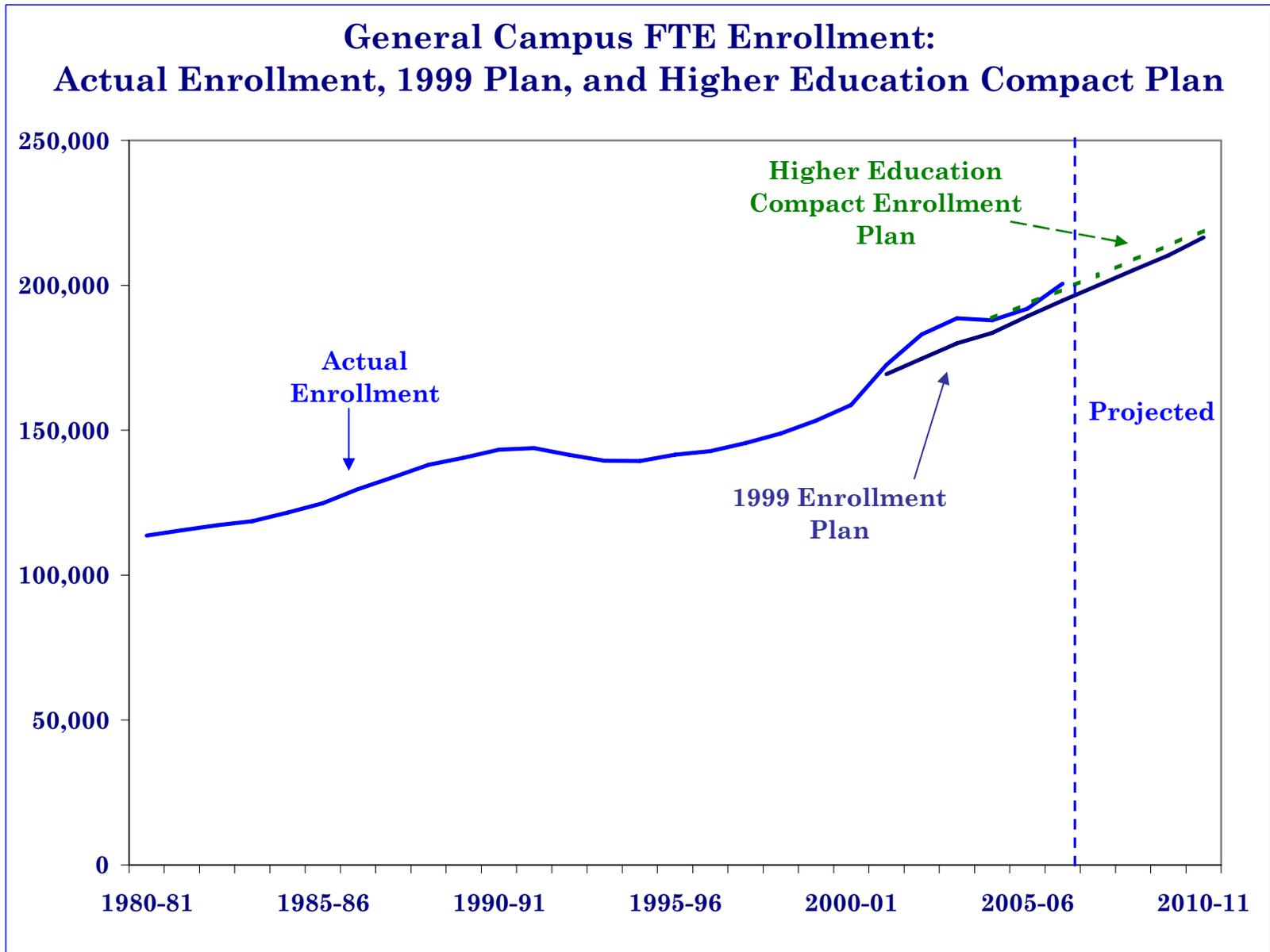
Enrollment growth of 5,340 FTE students (includes \$9.2 million related to maintenance of new space factor in marginal cost formula)	
State funds	56.9
Student fee funds (includes \$11.5 million related to financial aid for new enrollment)	34.8
Graduate student support	
Redirection of \$10 million in savings from Strategic Sourcing and other sources	--
Additional new support	10.0
Restoration of unallocated cuts related to Governor's previously proposed increase to the student-faculty ratio	10.0
Research Initiative	15.0

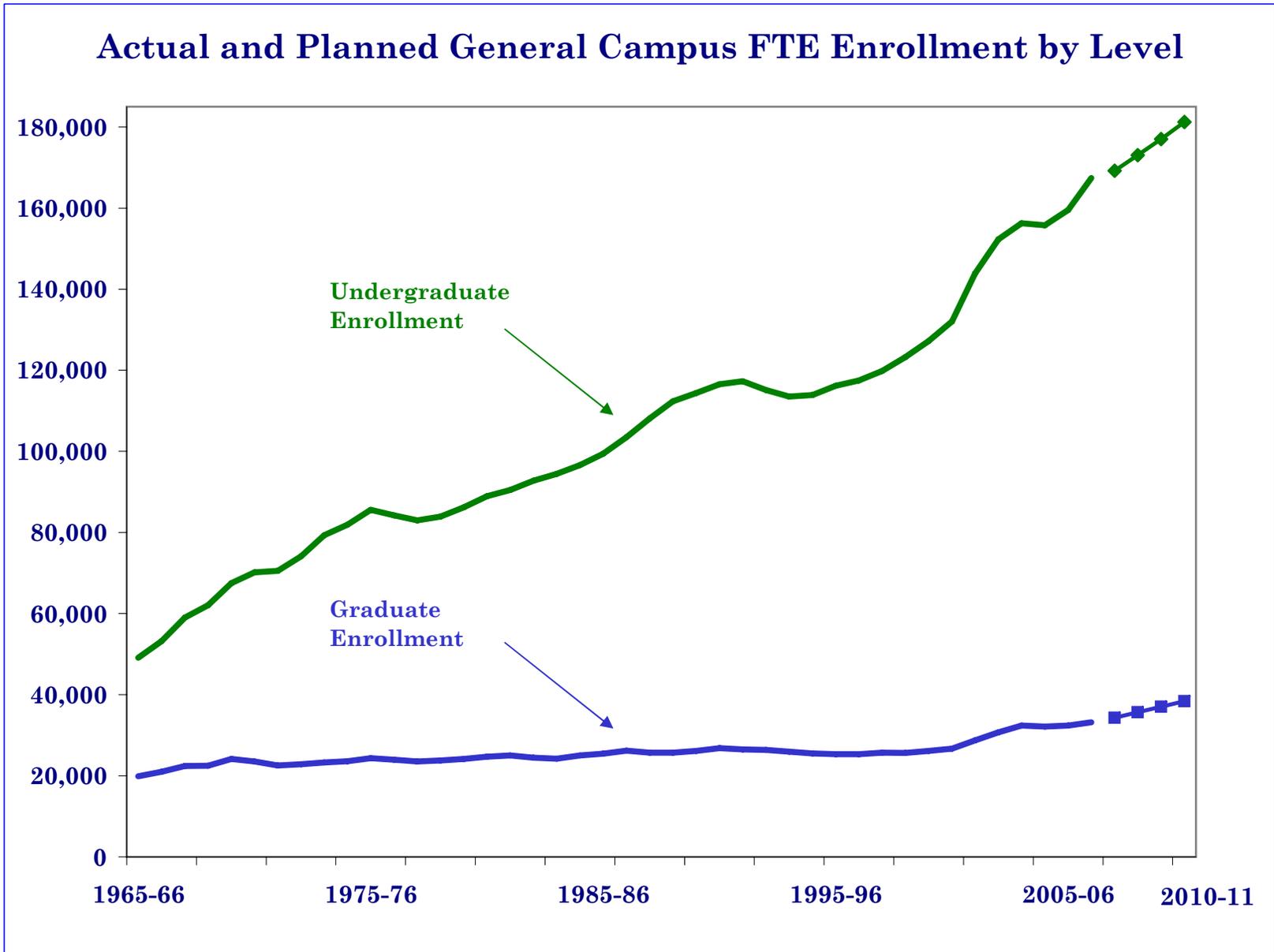
<i>Total Increase Under the Compact</i>	\$ 373.7
<i>% increase in State and UC General Funds, and Student Fee Income</i>	<i>7.6%</i>

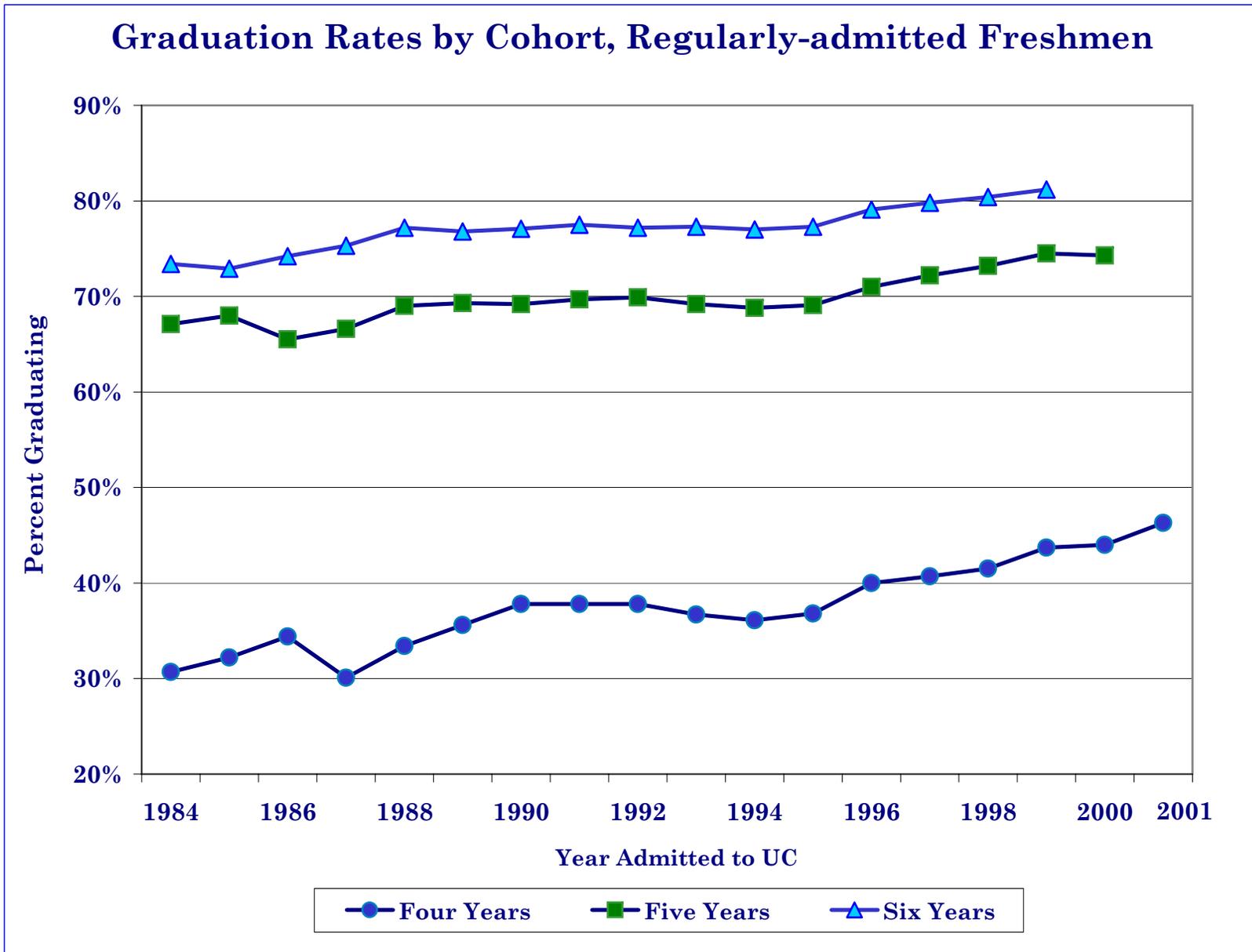
PROPOSED INCREASES IN INCOME

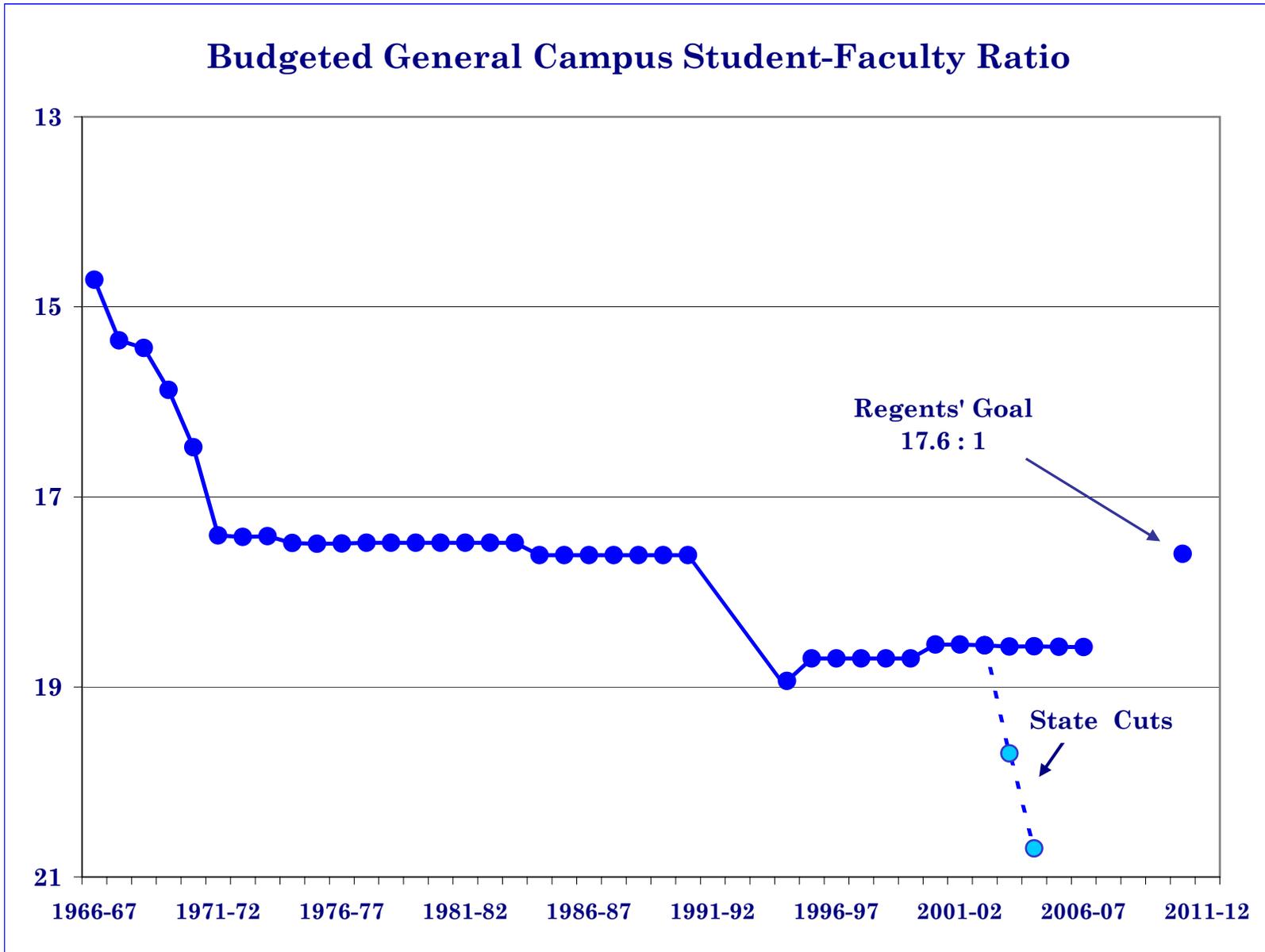
State General Funds (4% increase to the base, excludes debt service for capital outlay)	\$ 116.0
State General Funds for enrollment growth (revised marginal cost rate)	56.9
State General Funds for employer retirement contributions	60.0
State-funded research initiative	15.0
State funds/possible student fee increase	71.0
Increase in fee income related to increase in enrollment	34.8
UC General Funds income (including 5.0% increase in undergraduate nonresident tuition)	20.0

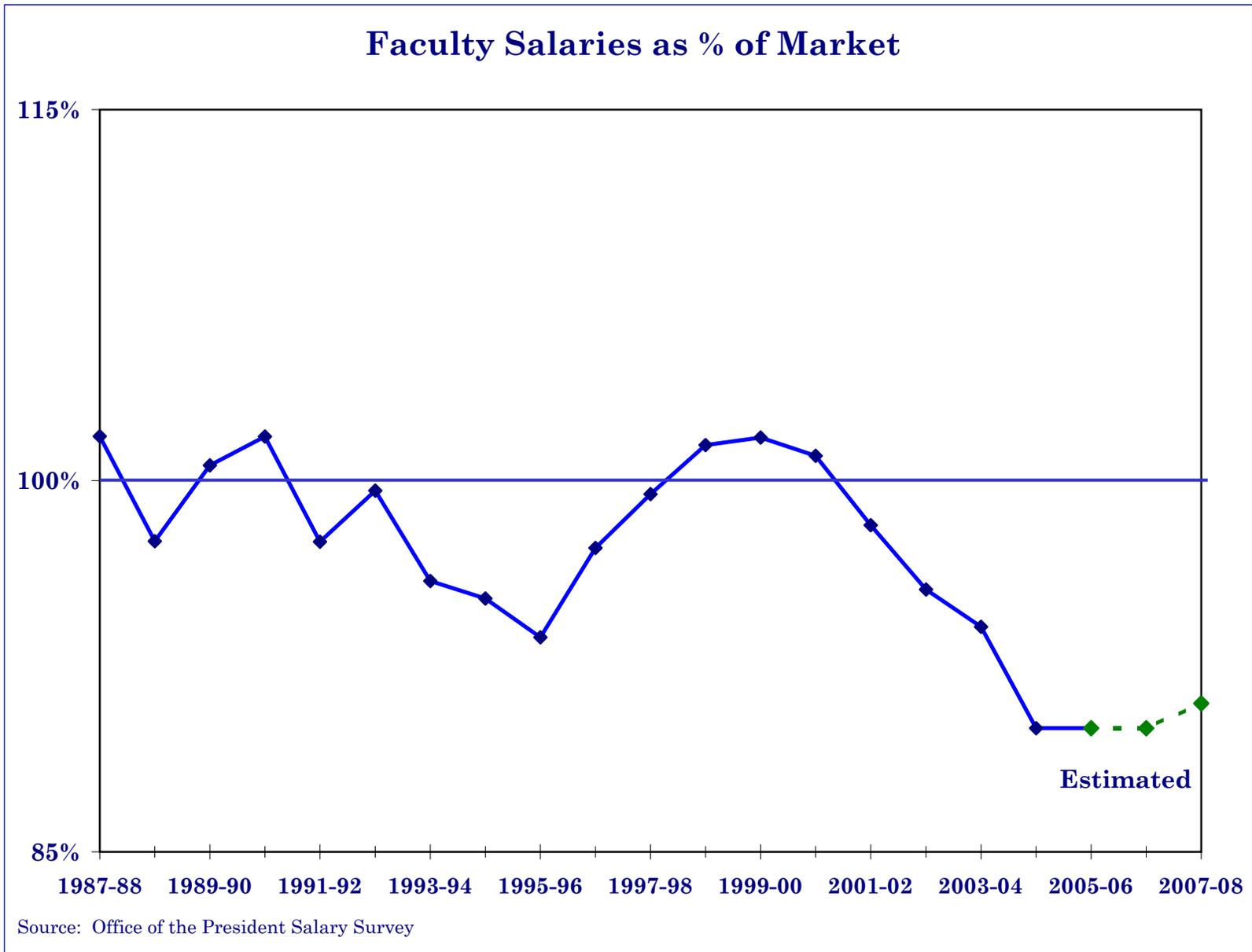
<i>Total Increase in State and UC General Funds, and Student Fee Income</i>	\$ 373.7
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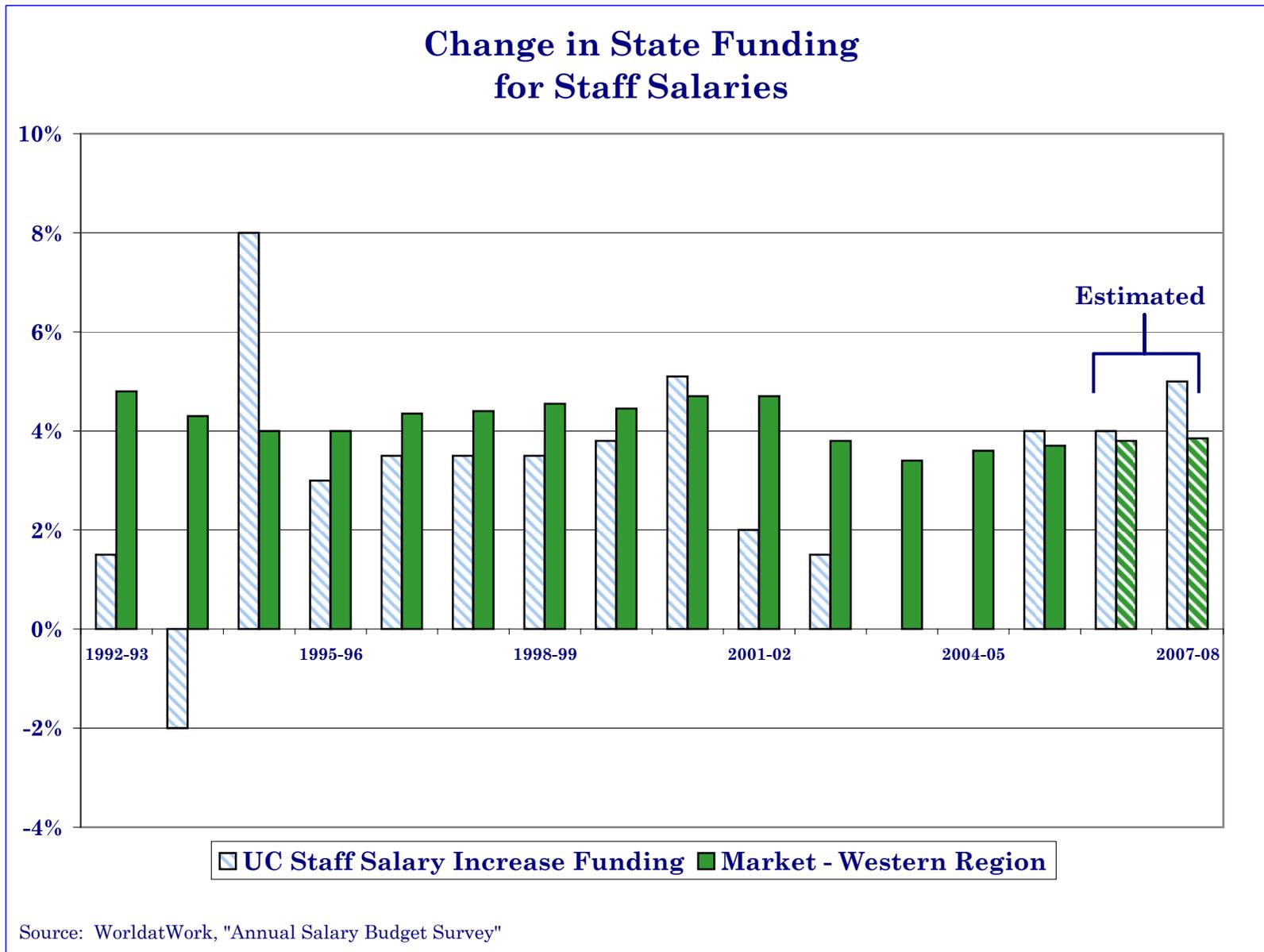




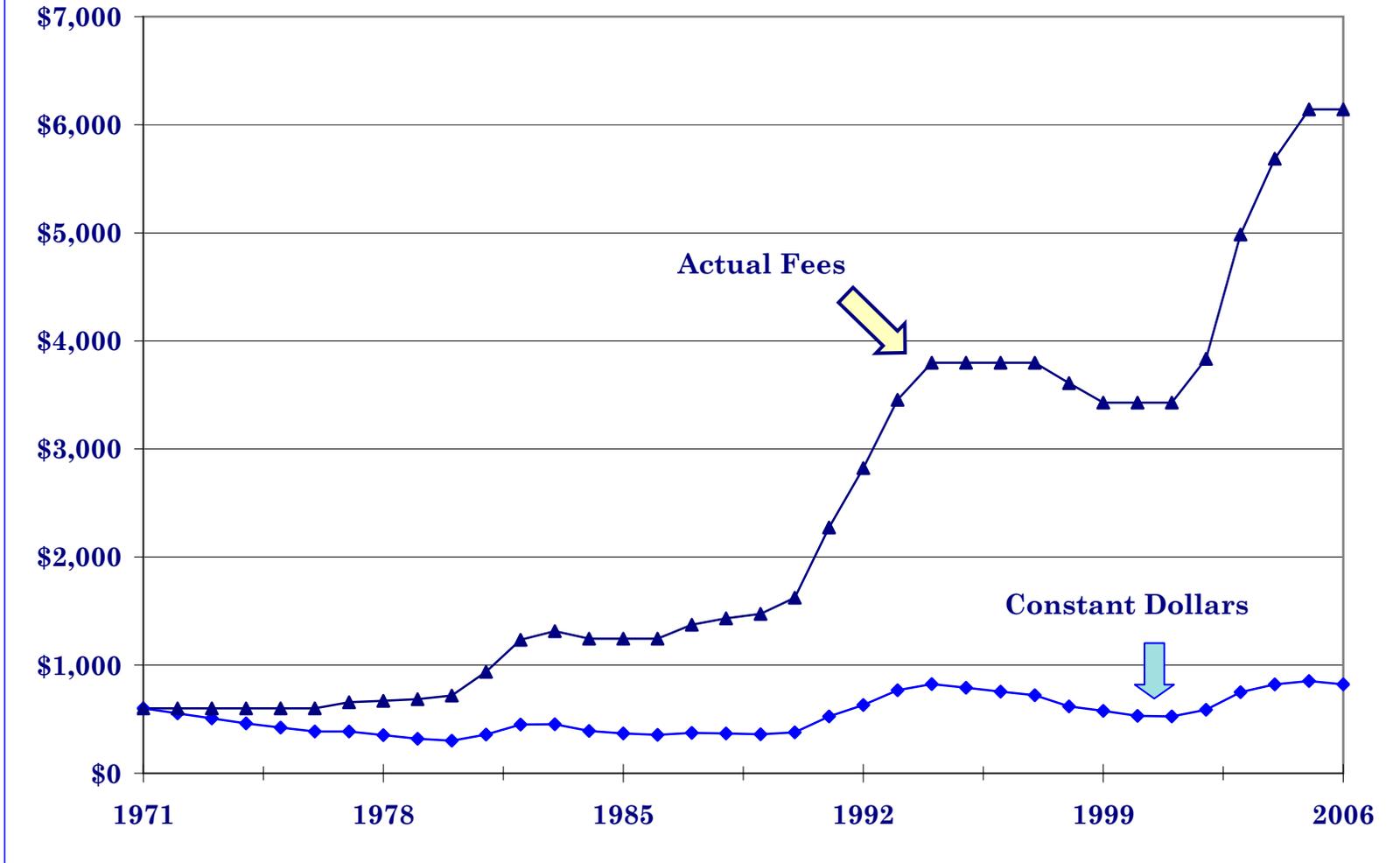






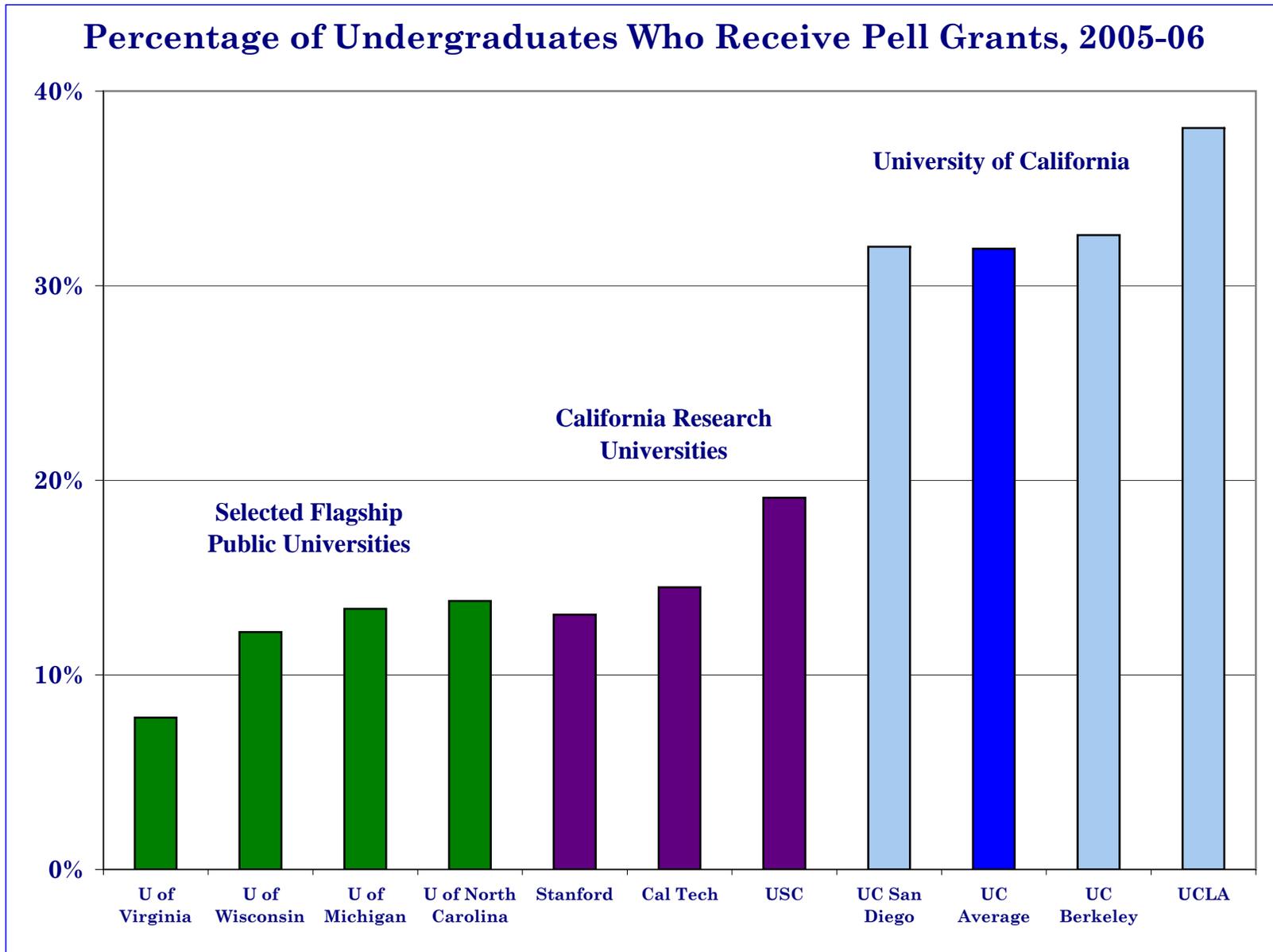


Resident Undergraduate Student Fee Levels
Compared to Fees in Constant 1971 Dollars
(Mandatory Systemwide Fees)



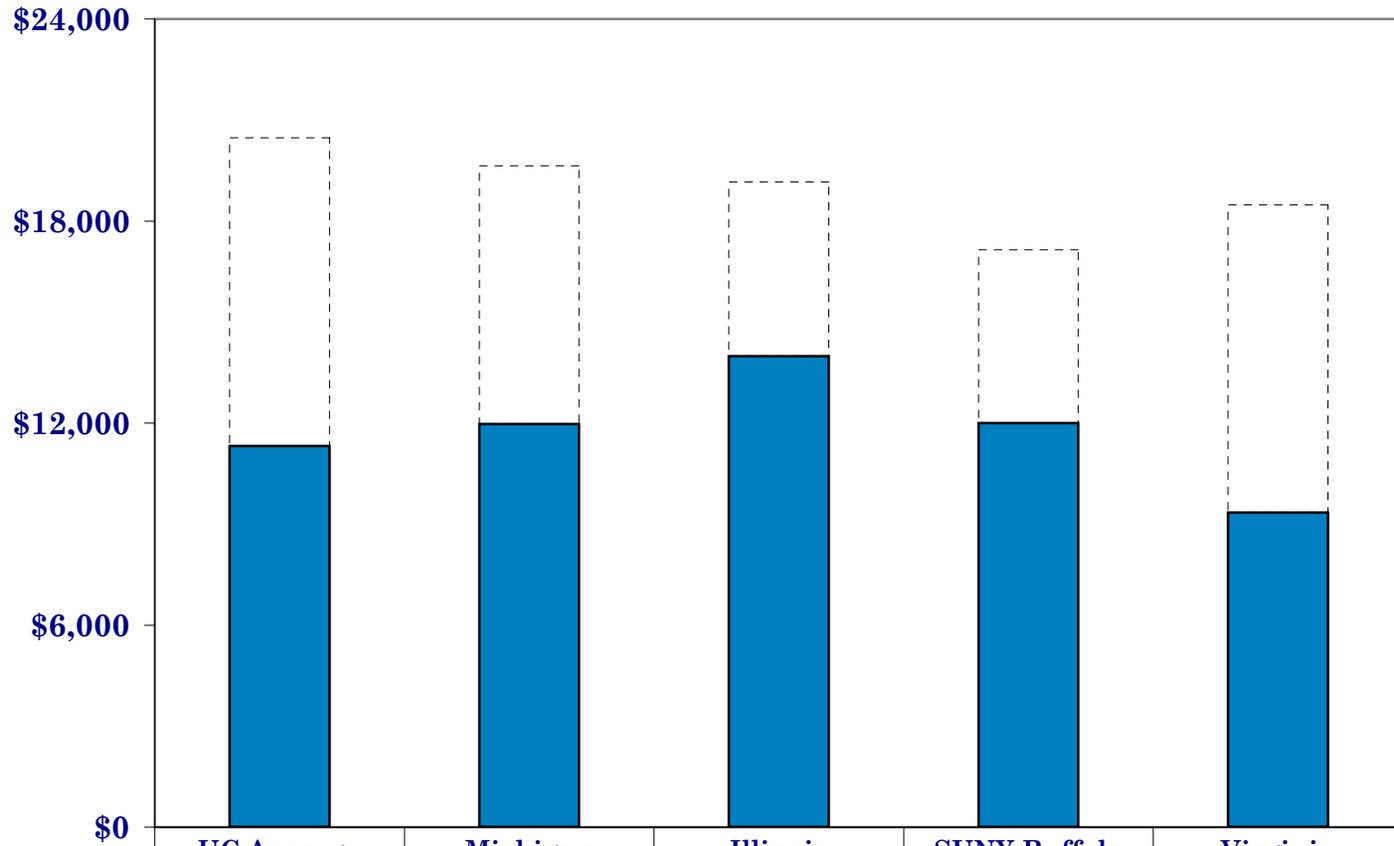
University of California and Public Salary Comparison Institutions Total Student Fees *				
Public Salary Comparison Institutions 2006-07 Fees	<u>Undergraduate</u>		<u>Graduate</u>	
	Resident	Nonresident	Resident	Nonresident
University of Illinois	\$ 9,522	\$ 23,608	\$ 10,152	\$ 22,992
University at Buffalo (SUNY)	\$ 6,129	\$ 12,389	\$ 9,448	\$ 13,468
University of Virginia	\$ 8,043	\$ 26,143	\$ 10,560	\$ 20,560
University of Michigan	\$ 9,723	\$ 29,131	\$ 14,991	\$ 30,137
2006-07 Average Fees of Comparison Institutions	\$ 8,354	\$ 22,818	\$ 11,288	\$ 21,789
2006-07 Average UC Fees	\$ 6,852	\$ 25,536	\$ 8,938	\$ 23,899

* Includes mandatory systemwide fees and campus-based fees, and nonresident tuition for nonresident students

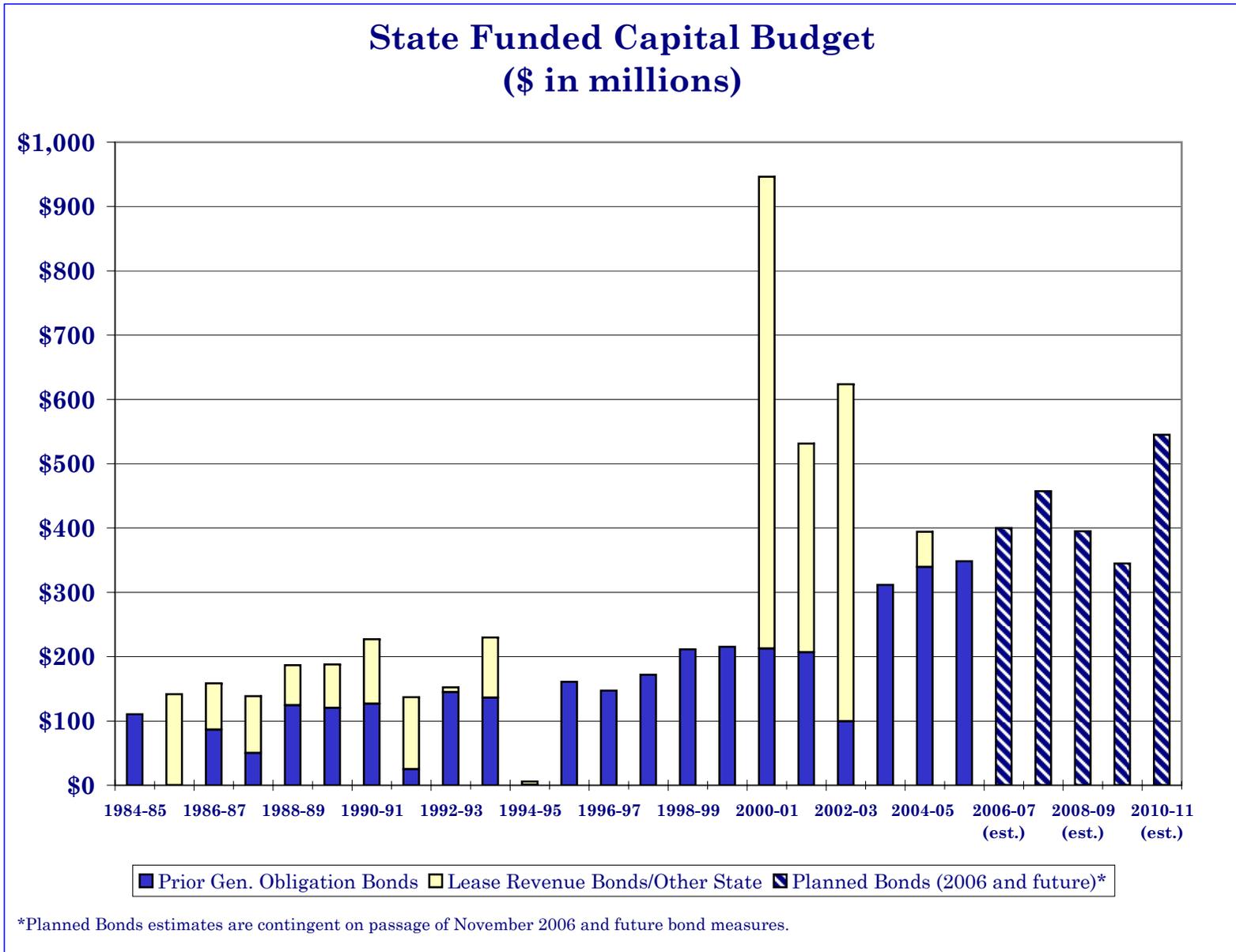


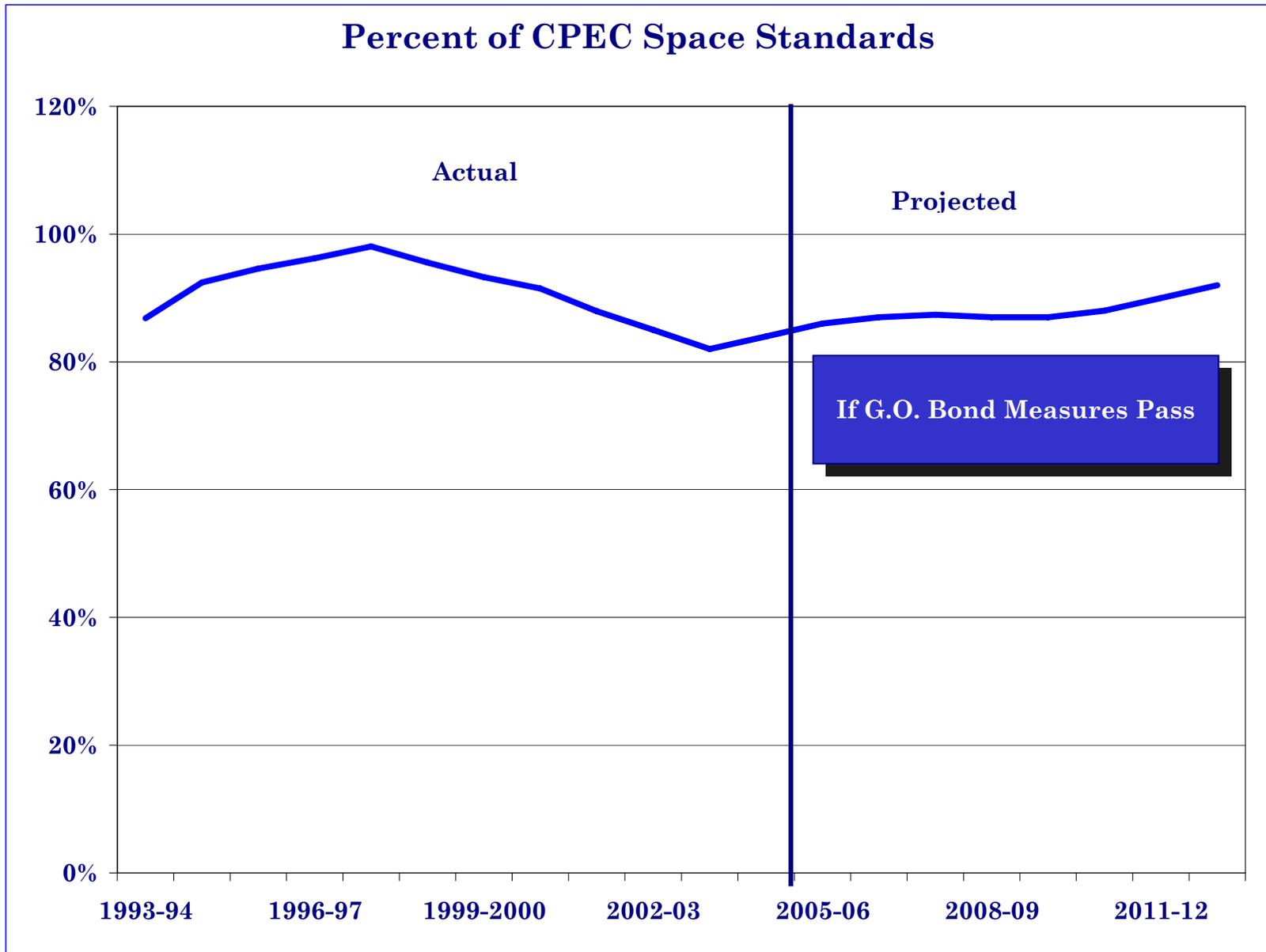
Scholarships, Grants, and Fellowships by Fund Source, 2002-03 to 2006-07 (\$ in millions)					
	2002-03	2003-04	2004-05	2005-06	2006-07
<i>UC Funds</i>					
Student Fees and State					
General Funds	\$ 262.7	\$ 330.8	\$ 357.8	\$ 421.8	\$ 443.0
Other University Funds	<u>125.4</u>	<u>159.1</u>	<u>164.3</u>	<u>168.1</u>	<u>172.0</u>
Subtotal	\$ 388.1	\$ 489.9	\$ 522.0	\$ 589.9	\$ 615.0
<i>Other Funds</i>					
Student Aid Commission	\$ 148.7	\$ 219.3	\$ 259.6	\$ 280.7	\$ 287.7
Federal	203.2	214.5	223.4	214.8	231.9
Private Agency Funds	<u>49.6</u>	<u>52.4</u>	<u>51.0</u>	<u>49.7</u>	<u>50.9</u>
Total	\$ 789.7	\$ 976.0	\$ 1,056.0	\$ 1,135.1	\$ 1,185.4
Note: Numbers for 2005-06 and 2006-07 are estimates. Student Fees and State General Funds are based on budgeted amounts.					

Estimated Average Net Cost for Undergraduate Need-based Aid Recipients at UC and Public Comparison Institutions, 2005-06



	UC Average	Michigan	Illinois	SUNY Buffalo	Virginia
Total Cost	\$20,474	\$19,643	\$19,154	\$17,140	\$18,482
Gift Aid	\$9,157	\$7,668	\$5,164	\$5,143	\$9,139
Net Cost	\$11,317	\$11,975	\$13,990	\$11,997	\$9,343
Pell Grants	32%	13%	16%	28%	8%





2007-08 BUDGET FOR STATE CAPITAL IMPROVEMENTS

Campus	Project	Prefunded		2007-08 Budget		Future Funding Requirements		CCCI 4890	EPI 2744
			(\$000)		(\$000)		(\$000)	Total Project Cost	(\$000)
Berk	Durant Hall Renovation			PWC	9,970 *		----		9,970
Berk	Campbell Hall Seismic Replacement Building			PW	6,400	CE	57,294		63,694
Dav	Veterinary Medicine 3B	P	3,100	W	4,751	C CE	61,125 [25,738] G		68,976 [25,738]
Dav	Electrical Improvements Phase 4			PWC	4,335		----		4,335
Dav	Seismic Corrections Thurman Laboratory			PWC	625 GF		----		625
Irv	Engineering Unit 3	PWC C	50,787 * [8,591] LB	E E	3,292 [3,292] X		----		54,079 [11,883]
Irv	Humanities Building	PW PWC	1,749 * [10,000] LB	C	23,977 *	E	2,064		27,790 [10,000]
Irv	Arts Building			PWC	39,855 *	E	2,500		42,355
Irv	Steinhaus Hall Seismic Improvements			PWC	9,681 *		----		9,681
Mer	Social Sciences and Management Building	PW	2,667	C	37,255	E	3,900		43,822
Riv	College of Humanities and Social Sciences Instruction and Research Facility	PWC C	31,227 * [5,299] X	E	940		----		32,167 [5,299]
Riv	Psychology Building	PWC C	32,433 [1,500] X	E	1,612		----		34,045 [1,500]
Riv	Environmental Health and Safety Expansion	PW	1,000	C	11,980	E	362		13,342
Riv	Boyce Hall and Webber Hall Renovations	P	900	WC	31,776		----		32,676
Riv	East Campus Infrastructure Improvements Phase 2			PWC C	8,893 * [2,809] X		----		8,893 [2,809]
Riv	Batchelor Hall Building Systems Renewal			P	402	WC	11,110		11,512
SD	Music Building	PWC	39,927	E	2,204		----		42,131
SD	Management School Facility Phase 2			P P	1,000 [1,000] G	WC WCE E	24,620 [17,150] G [1,000] X		25,620 [19,150]

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2007-08 BUDGET FOR STATE CAPITAL IMPROVEMENTS

Campus	Project	Prefunded (\$000)	2007-08 Budget (\$000)	Future Funding Requirements (\$000)	Total Project Cost (\$000)
SF	Electrical Distribution Improvements Phase 2	P 525	W 892	C 12,396	13,813
SB	Engineering II Life Safety Improvements and Addition	P [366] X	WC 5,000 WC [834] X CE [3,800] G	---	5,000 [5,000]
SB	Infrastructure Renewal Phase 1	P 489 P [251] X	W 252 W [130] X	WC 9,788 WC [5,042] X	10,529 [5,423]
SB	Davidson Library Addition and Renewal	P 1,250	W 1,055	CWE 60,494	62,799
SC	Digital Arts Facility	PWC 21,969	E 1,044	---	23,013
SC	McHenry Addition and Renovation Project	PWC 45,666 C [2,166] X	CE 38,184	---	83,850 [2,166]
SC	Biomedical Sciences Facility	PW 6,490	C 69,370	E 2,013	77,873
SC	Infrastructure Improvements Phase 2	P 367	W 317	C 6,355	7,039
ANR	Hopland REC Field Laboratory and Multipurpose Facility		PWC 1,708 *	---	1,708
TOTAL -- BASIC PROGRAM			316,770	254,021	
Dav	Telemedicine Resource Center and Rural - PRIME Facility		PWCE 35,000 PT	---	35,000
Irv	Telemedicine / PRIME - LC Facilities		PWCE 35,000 PT C [4,000] X E [1,000] G	---	35,000 [5,000]
SD	Telemedicine and PRIME - HEq Education Facility		PWCE 35,000 PT PWCE [20,375] G PWCE [3,295] X	---	35,000 [23,670]
SF	Telemedicine and PRIME - US Education Facilities		PWCE 35,000 PT	---	35,000
Subtotal -- PRIME / Telemedicine			140,000	0	
LBNL	Helios Research Facility		PWC 30,000 RB PWC [30,000] G PWC [30,000] LB	---	30,000 [60,000]
Subtotal -- LBNL Helios Facility			30,000	0	
TOTAL -- 2007- 08			486,770	254,021	