

UNIVERSITY OF CALIFORNIA

Development of the 2011-12 UC Budget

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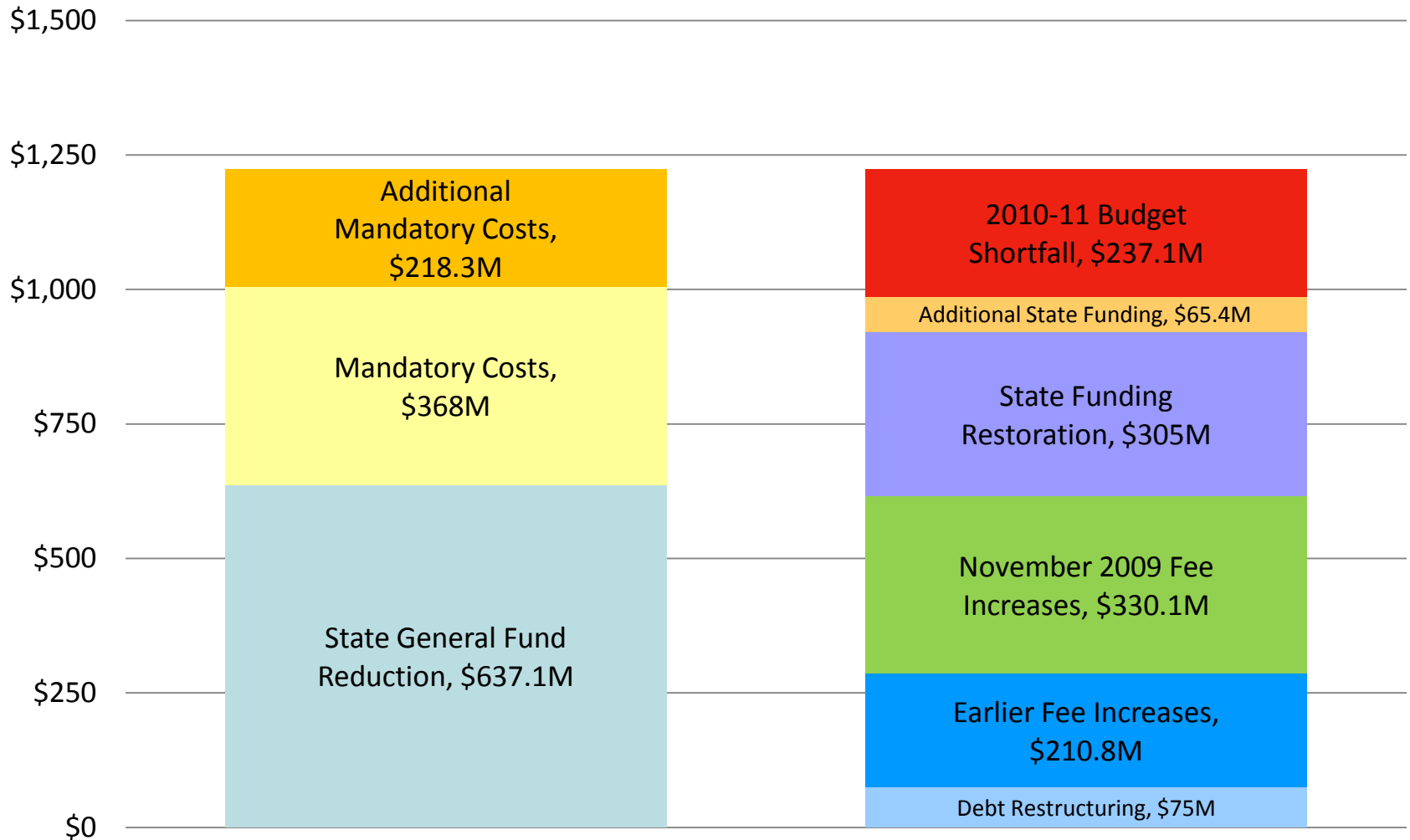
2010-11 UC Budget

- No State Budget
- UC will receive \$106 million in “one-time” ARRA funding
- UC is not receiving approximately \$200 million per month in state General Funds
- UC is providing \$189 million to support Cal Grant awards until state budget is enacted
- \$355 million in capital facility projects delayed until state budget is enacted

2011-12 State Budget Assumptions

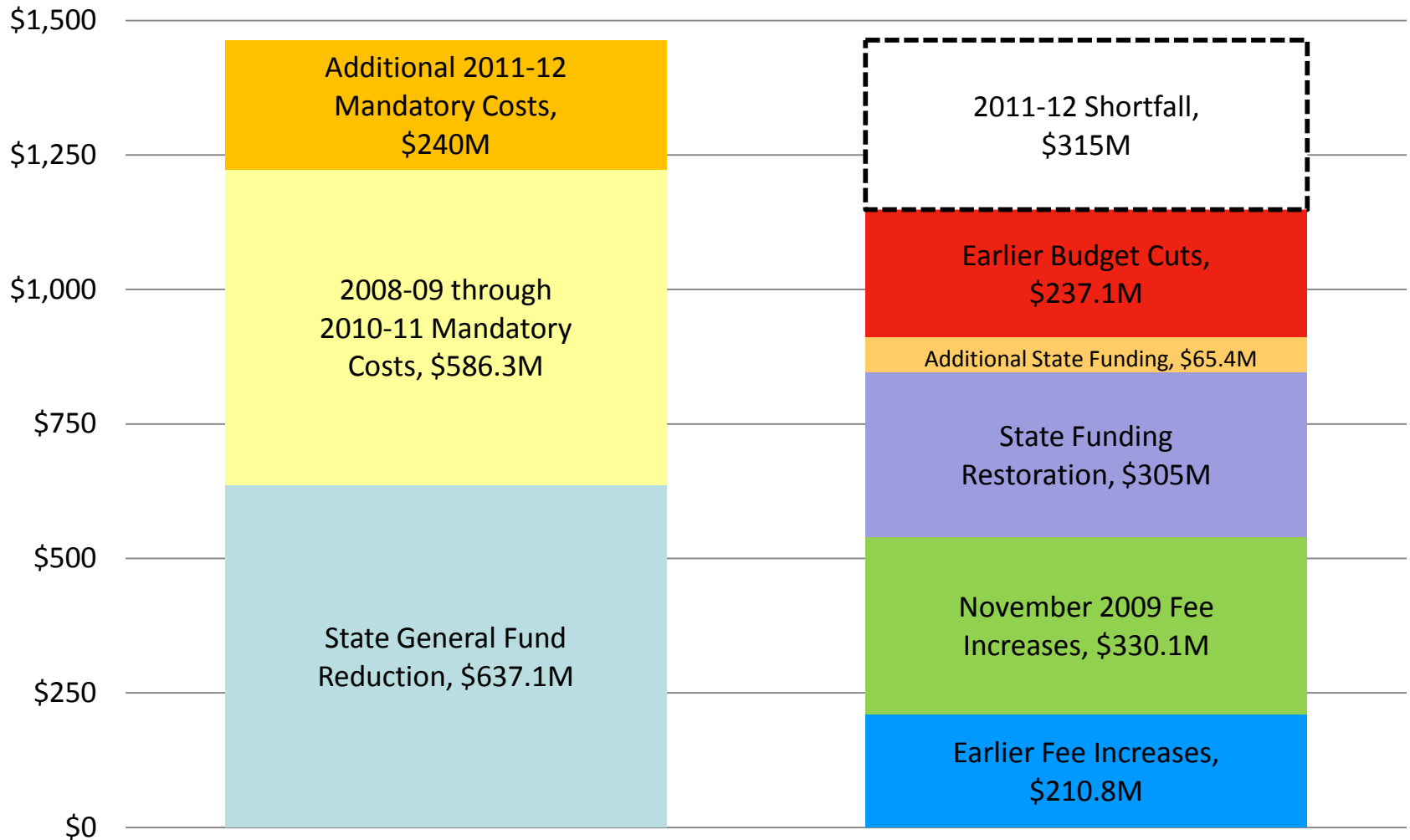
- 2010-11 State Budget: \$19 billion deficit
- Closing the budget gap: Dependent on reduction in state funding commitments or additional state General Fund revenue
- Economic recovery remains slow
- Sun-setting of more than \$8 billion in temporary tax revenue in 2011-12 fiscal year
- New Governor, partially new Legislature

2010-11 UC Budget Gap



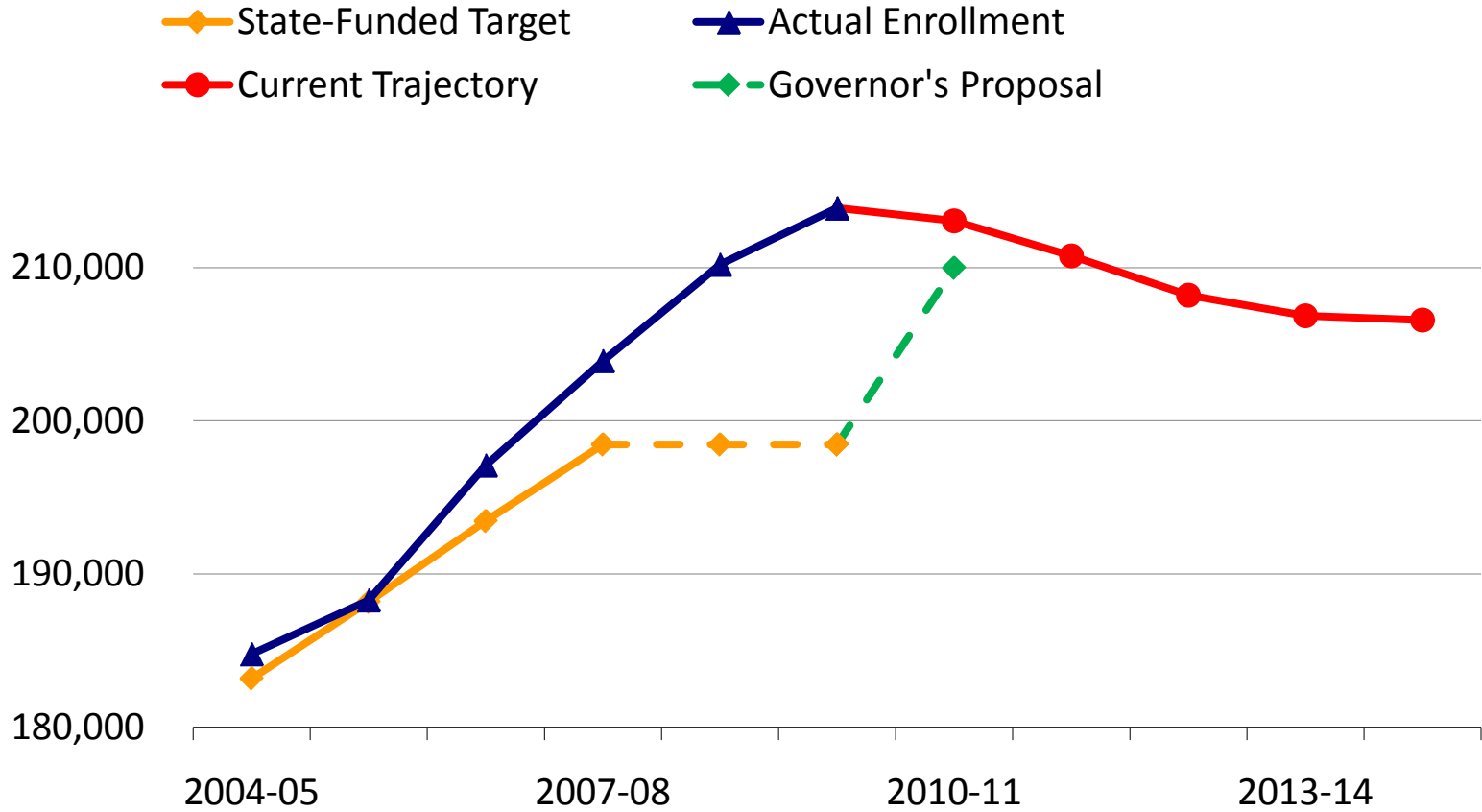
Dollars in millions.

2011-12 UC Budget Gap



Dollars in millions.

State-supported Enrollment



2011-12 UC Budget Base

• Restore 2010-11 Commitment (2009-10 one-year budget cut)	\$305.0 M
• Restore 2011-12 Commitment (2009-10 two-year budget cut)	\$167.5 M
• Restore to 2007-08 Base Budget	\$164.6 M
Subtotal	\$637.1 M

2011-12 UC Budget, Mandatory Costs

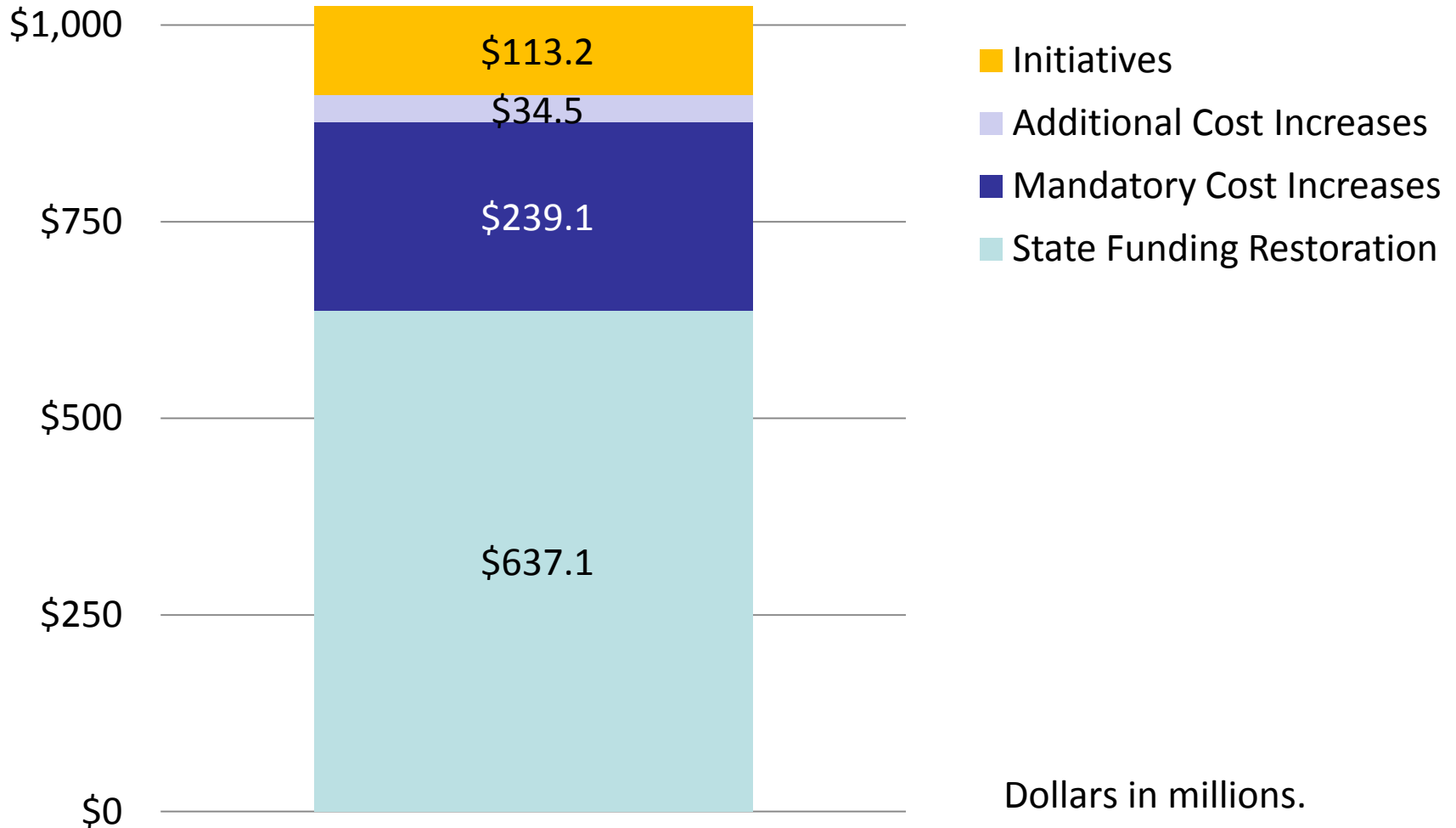
• Academic Merit Increases	\$27.7 M
• Employee Health Benefits	up to \$36.6 M
• Annuitant Health Benefits	\$10.5 M
• Retirement Contributions	\$85.8 M
• Collective Bargaining Agreements (AFSCME, UPTTE)	\$6.0 M
• Potential Employee Salary Increases	\$72.5 M
Subtotal	\$239.1 M

2011-12 UC Budget, Cost Increases

2011-12 UC Budget, Initiatives

• PRIME Expansion	\$ 5.3 M
• Nursing Enrollment Growth	\$ 2.9 M
• UCR Medical School	\$ 15.0 M
• Graduate Student Support	\$ 10.0 M
• Cal ISIs	\$ 20.0 M
• Student-Faculty Ratio	\$ 10.0 M
• Faculty Salary Plan	\$ 20.0 M
• Core Academic Support	\$ 30.0 M
Subtotal	\$113.2 M

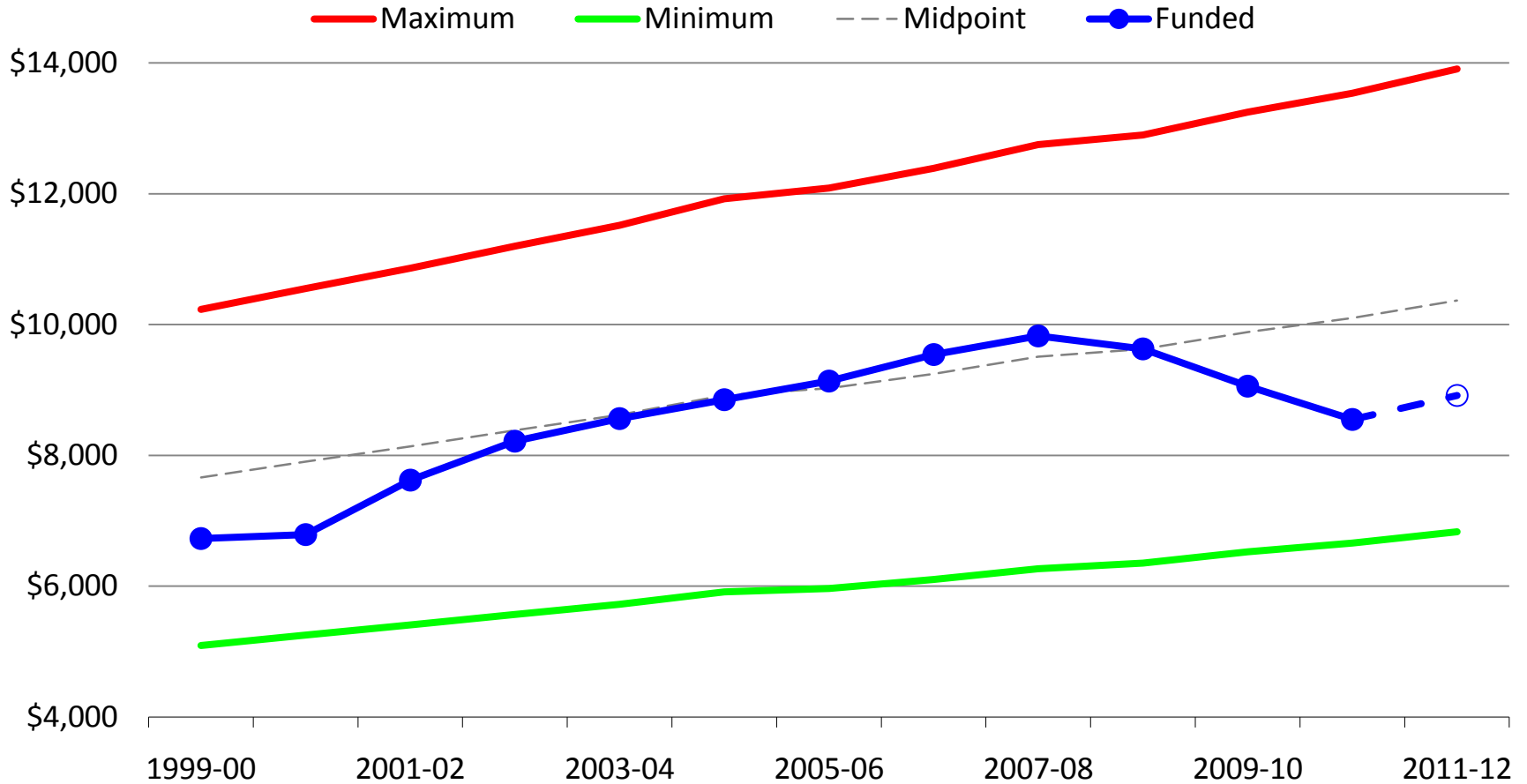
UC State Funding Needs: \$1.02 billion



Student Fees

- Mandatory systemwide fees: \$10,302
- Each 1% increase in systemwide fees: \$21.8 M
- Financial aid (at current RTA levels): \$7.7 M
- Net revenue for operations: \$ 14.1 M

Student Aid: Loan/Work Expectation



2011-12 State Capital Budget

- November 2010 - General Obligation Bond, K-12 & Higher Education
- AB 220 (Brownley): K-12 & H.E., \$6.1B, 2-year bond
 - \$175 M per year for UC
- SB 271 (Ducheny): H.E. only, \$8.6B, 4-year bond
 - \$450 M per year for UC general campus projects
 - \$100 M per year for UC medical education purposes
- Lease Revenue Bonds remain “back-up plan”

2011-12 State Capital Budget

Issues to be addressed by the State:

- What state actions will help create more jobs for California?
- At what level should a new General Obligation bond be supported?
- Can the State sustain more debt through bonds?
 - currently at 6% of State General Fund, will be at 9% by 2014-15

Issues to be addressed by the University:

- How does UC fund debt service, ongoing maintenance, and staffing requirements for new buildings in this budget climate?
- If State capital resources remain limited, what are UC's highest capital priorities that would be funded with restrictive Lease-Revenue bonds?
- How can UC best balance enrollment growth needs with renewal, seismic/life safety, and infrastructure needs, within limited resources?