



# 2014-15 Governor's Budget Overview and UC Budget Update

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*January 22, 2014*



# The Governor's Budget Reflects a Growing State Economy

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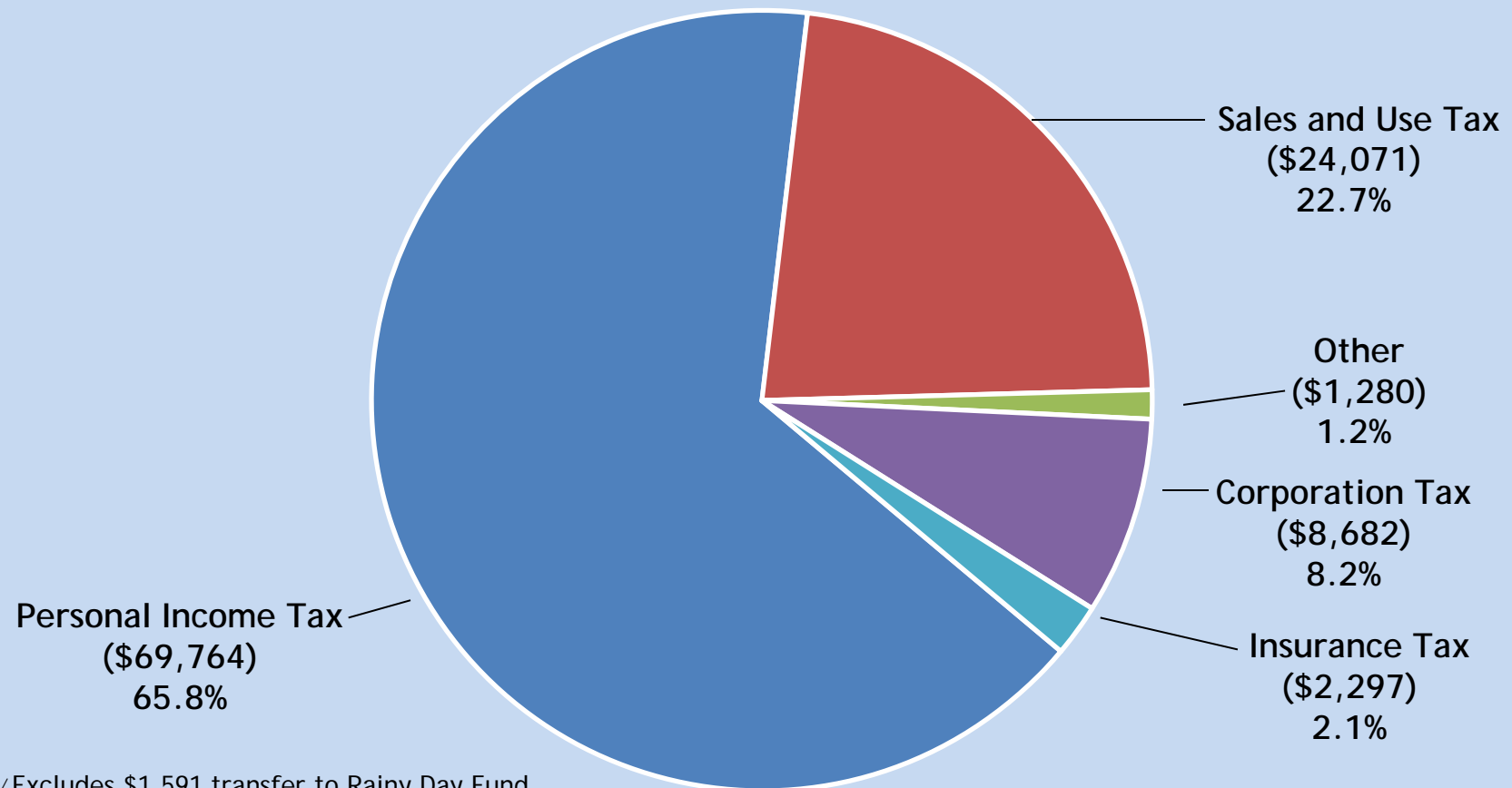
Total State Expenditures  
\$154.9 billion

- State General Fund                      \$106.8 billion\*
- Special Funds                              \$ 44.0 billion
- Bond Funds                                 \$ 4.2 billion

\* Increase of 8.5% over 2013-14 State General Fund budget



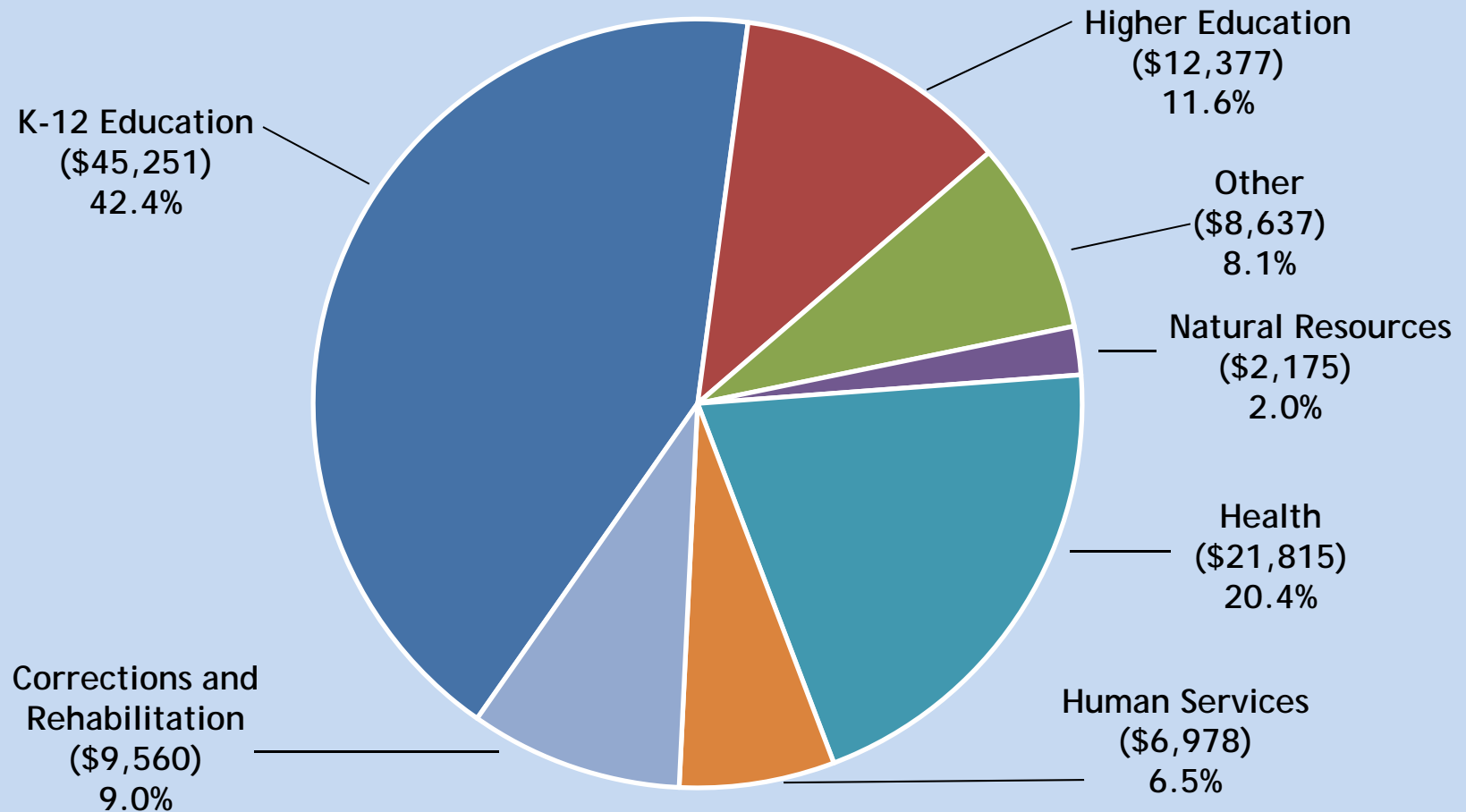
## Overview of 2014-15 Governor's Budget: General Fund Revenue Sources



<sup>1/</sup>Excludes \$1,591 transfer to Rainy Day Fund.

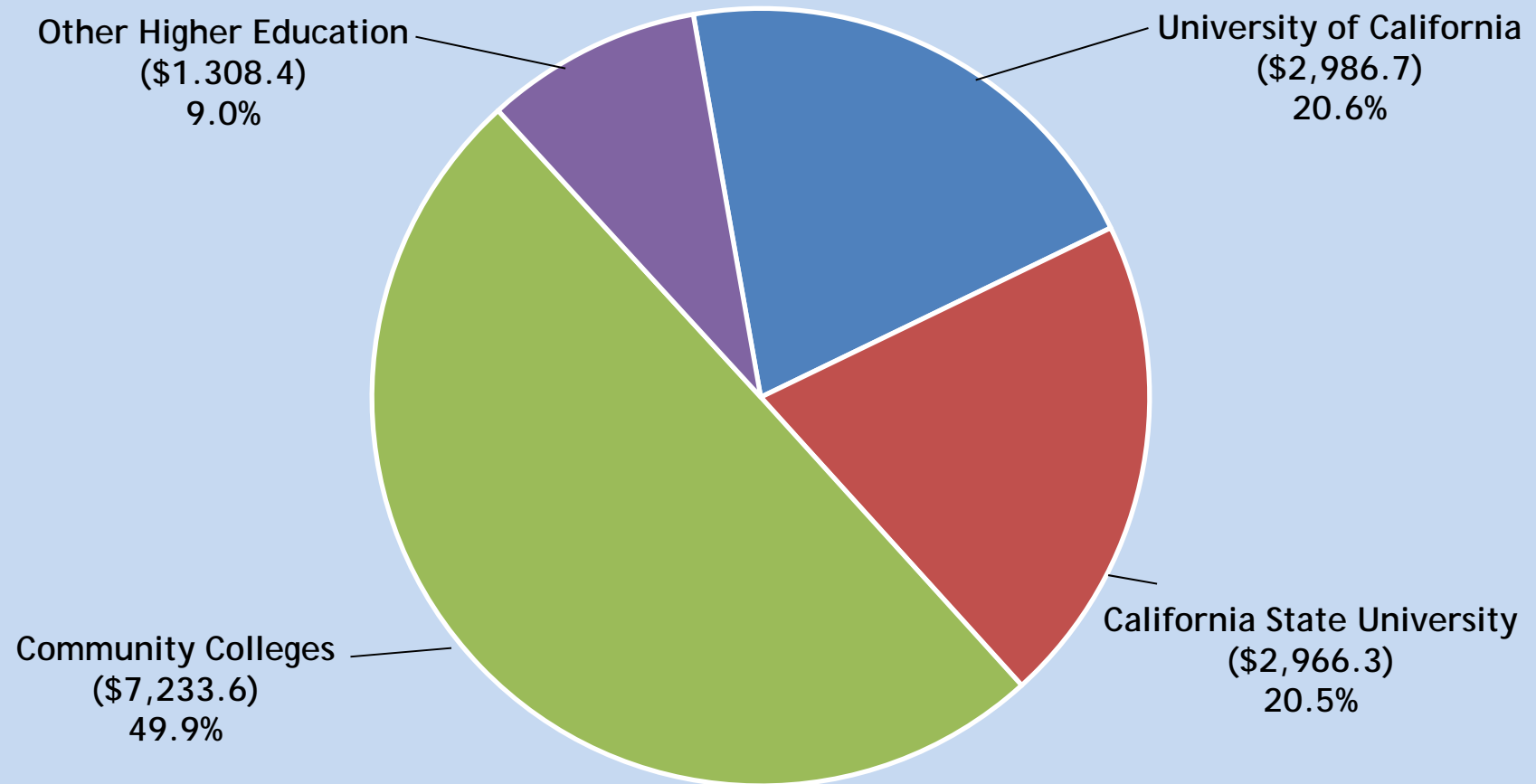


# Overview of 2014-15 Governor's Budget: General Fund Expenditures by Agency





## Overview of 2014-15 Governor's Budget: General Fund Expenditures for Higher Education





# Governor's Budget Priorities

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- State Budget Reserve \$2.3 billion
- K-12, CCC Budget Deferrals\* \$6.2 billion
- Retire State's ERB's\* \$1.6 billion
- Repay Special Fund loans\* \$1.6 billion
- Cap and Trade Expenditures\*\* \$850 million
- Deferred Maintenance\* \$815 million
- State Water Issues\*\* \$618 million

\* One-Time Funding

\*\* Special Funds



## Increase in Education Funding State General Funds

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- K-12 Education \$3.7 billion (10%)
- Community Colleges \$395 million (10%)
- Ca. State University \$177 million (6%)\*
- University of California \$142 million (5%)
- Student Aid Commission \$222 million (13%)\*\*

\* Includes funding for debt restructuring

\*\* Includes funding for new Middle Income Scholarship Program



# LAO Review of 2014-15 Governor's Budget

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## LAO Comments:

- Revenues could rise a few billion dollars more by May Revise
- Governor's Budget:
  - Increases size of state budget reserve
  - Addresses state's key retirement liabilities





## Governor's Budget Proposal for UC

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- Base budget adjustment of 5%, or \$142.2 million
- \$50 million for competitive innovative awards to incentivize UC, CSU and CCCs to increase degree completion and other performance measures
- No other funding adjustments for UC
- UC is committed to no general tuition increase in 2014-15, as requested by Governor



## Governor's Budget Proposal Does Not Cover UC's 2014-15 Mandatory Costs

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- With no tuition increase, fully one-half of UC's budget has no identified source of funds to support mandatory cost increases
- After years of severe budget cuts, the University is essentially being asked to make further cutbacks in order to meet basic obligations



## UC Budget Plan Revenue Assumptions - \$383.1 million

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- Base budget, General Funds \$146.2 million
- Additional, General Funds \$120.9 million
- UC General Funds \$ 26.0 million
- Alternative Revenues \$ 90.0 million



## UC Budget Plan Expenditure Proposals - \$383.1 million

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- Mandatory Costs \$168.1 million
- High-Priority Costs \$165.0 million
- Academic Quality \$ 50.0 million



## State's Surplus - Opportunity for More Funds in 2014-15?

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Additional ongoing funding could be used for:

- State share of 2014-15 UCRP costs (\$64.1 million)
- 1% enrollment growth (\$21.8 million)
- Reinvestment in academic quality



## State's Surplus - Opportunity for More Funds in 2014-15?

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“One-time” funding could be used for:

- Paydown of UCRP Liability (\$150 million)
- Capital Facilities
  - Seismic Upgrades
  - Enrollment Growth
- Deferred Maintenance (\$50 million)
- Instructional Equipment (\$35 million)
- Faculty Start-up Packages (\$30 million)
- Library Materials (\$35 million)

