



University of California Three-Year Financial Sustainability Plan

November 19, 2014

The Budget Act of 2014 calls upon UC to develop and submit a “sustainability plan” with projections and goals through 2017-18

The plan must include:

- Projections of resources and expenditures
- Enrollment projections
- Goals for performance measures including:
 - Transfer enrollment
 - Graduation rates
 - Pell Grant recipients
 - Degree completions
 - Student credit hours
 - Total funding per degree

The Budget Act requires the plan to reflect funding assumptions provided by the Department of Finance (DOF)

The DOF assumptions specify:

- Annual State funding increases of 4% (equates to 1.7% increase in core funds in 2015-16)
- No increase for 2015-16, 2016-17, or 2017-18 in:
 - Tuition
 - Student Services Fee
 - Nonresident Supplemental Tuition
 - Professional Degree Supplemental Tuition

No plan consistent with the DOF's assumptions can be called a "sustainability plan"

- The University of California's combination of **access, affordability, and excellence** is unmatched anywhere in the world
- Sustaining that track record **requires resources**
- Access, affordability and excellence **cannot all be sustained under the DOF's assumptions** given the large unrestored cuts UC has sustained

The University proposes a different plan to sustain and enhance access, affordability, and excellence

- Moderate, predictable annual increases of up to 5% in student charges
- Annual increases in State support of 4% – or more to “buy out” tuition increases
- Continued efforts to maximize efficiency
- Aggressive alternative revenues (e.g., philanthropy)

The plans represent two very different visions for the University of California

The University's Plan

- CA enrollment growth that maintains UC's Master Plan commitment
- More transfer students from California Community Colleges
- Increasing student diversity and opportunity for all Californians

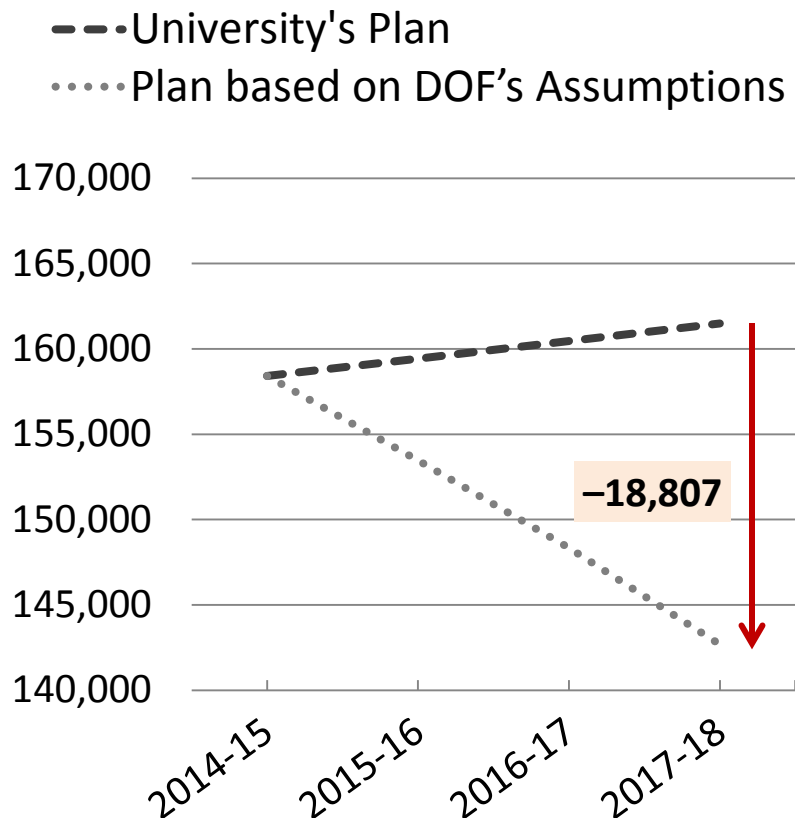
The Plan Resulting from DOF's Assumptions

- Large decline in CA student enrollment, leaving UC unable to honor Master Plan promise to all eligible CA students
- UC could serve fewer CA freshman and CCC transfer students
- Large declines in student diversity and students from low-income households

Compared to the University's plan, the plan based on DOF's assumptions could result in 18,000 fewer CA residents by 2017-18

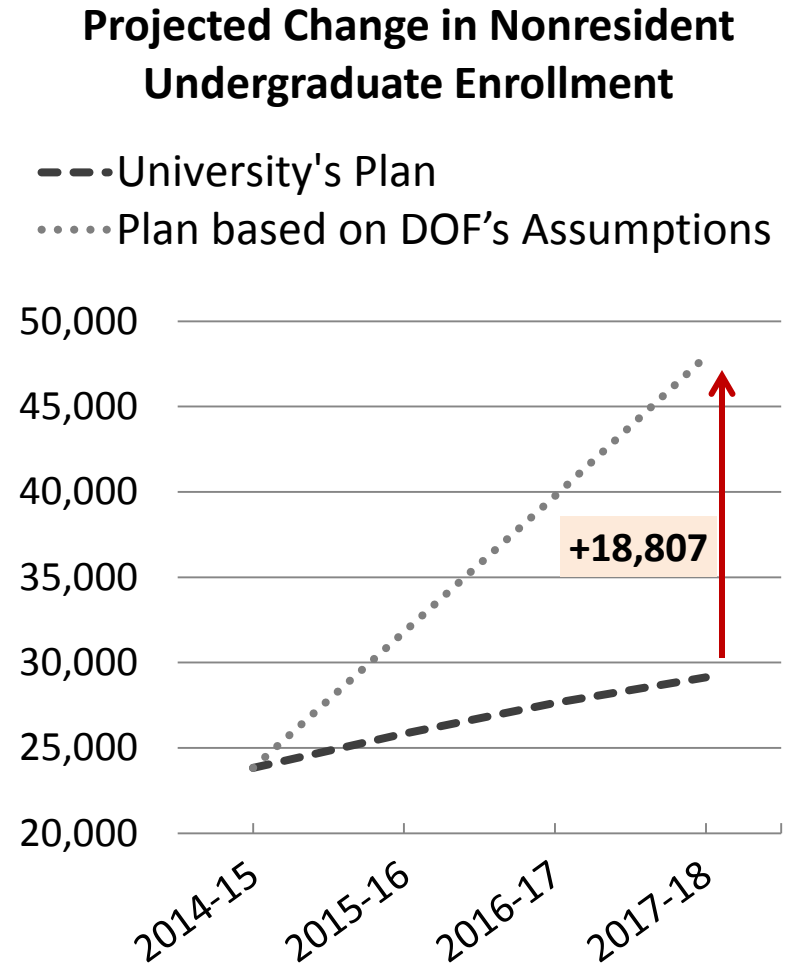
- Under the University's plan, CA undergraduate enrollment would grow by 3,000 by 2017-18 (and by a total of 5,000 by 2020-21)
- Under the DOF's assumptions, CA undergraduate enrollment would decline by over 15,000 students by 2017-18

Projected Change in California Resident Undergraduate Enrollment



Compared to UC's plan, the plan based on DOF's assumptions would lead to dramatically higher nonresident enrollment

- Under the University's plan, nonresident enrollment would grow moderately without displacing CA residents
- Under the DOF's assumptions, nonresidents would displace CA students because other revenue sources would be prohibited

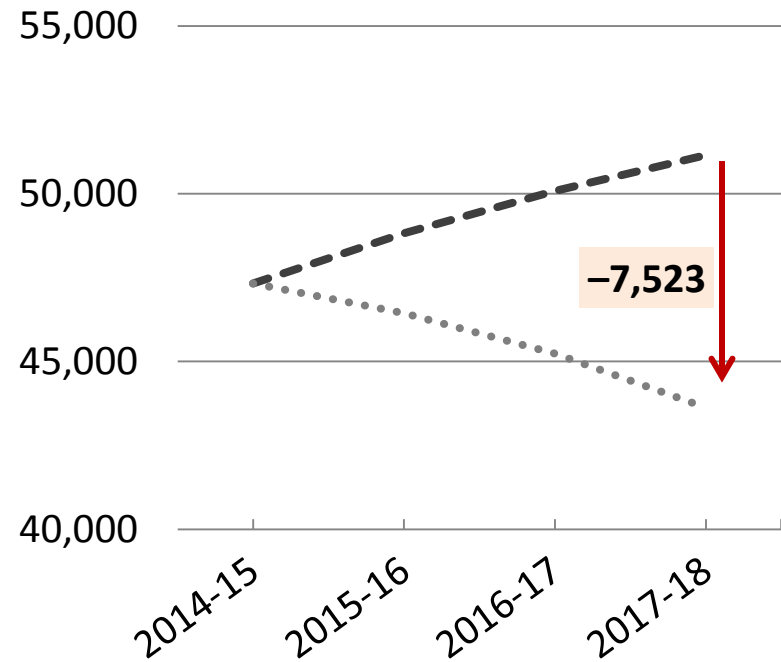


Because California students are ethnically diverse, the DOF's assumptions would reduce UC student diversity

- Under the University's Plan, CA resident enrollment would grow and diversity would increase
- Under the DOF's assumptions, fewer CA residents enrolled would result in declining undergraduate diversity

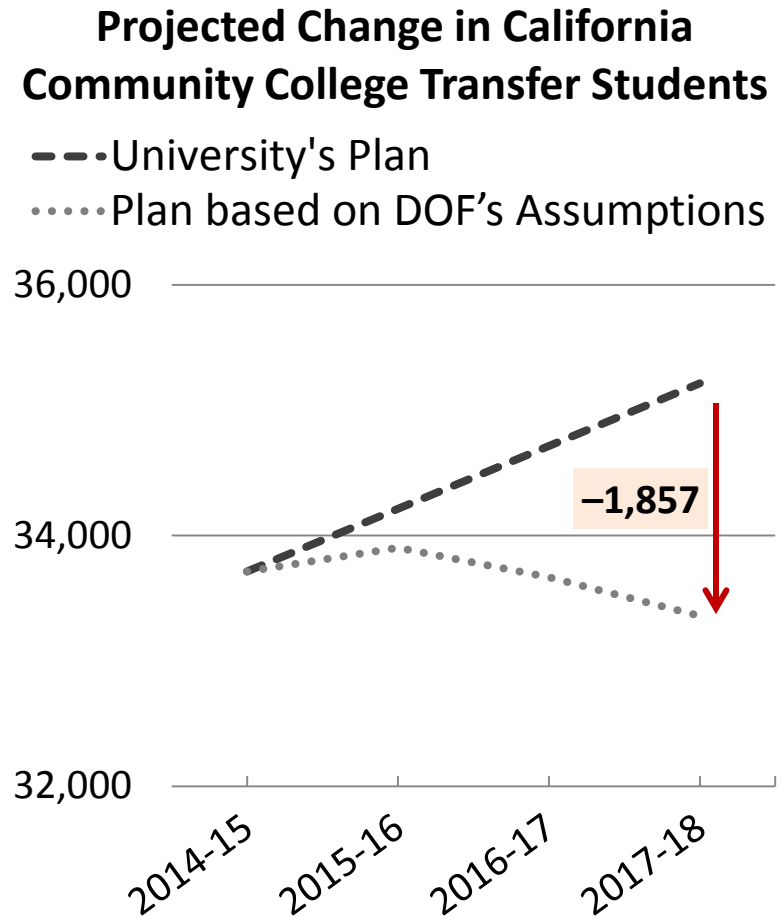
Projected Change in Undergraduate Underrepresented Minority Students

- University's Plan
- Plan based on DOF's Assumptions



Under the University's plan, the number of transfer students will continue to increase. Under the DOF's assumptions, UC would enroll fewer transfer students.

- Transfer students would continue to rise steadily under the University's plan
- Under the DOF's assumptions, CCC transfers would decline due to increases in nonresident freshman enrollment



Decisions about UC funding will have real and lasting consequences for students – and for California

- Under both plans, **UC would strive to maintain academic excellence**
 - Quality can be lost quickly and take decades to rebuild
- The consequences associated with the DOF's plan **are avoidable**
 - A **realistic funding plan** that represents a partnership between the University, its students, and the State would maintain access, affordability, and excellence for all students

