

Office of the President

TO MEMBERS OF THE COMMITTEE ON FINANCE:

ACTION ITEM

For Meeting of May 15, 2014

FISCAL YEAR 2014-15 BUDGET FOR THE OFFICE OF THE PRESIDENT

EXECUTIVE SUMMARY

Per Regents Policy 5101, the proposed spending plan for 2014-15 for the Office of the President (OP) is presented for approval by the Board. The plan totals \$618.6 million, including \$327.5 million in unrestricted funds and \$291.1 million in restricted sources, and reflects the President’s request to examine OP operations to ensure an appropriate nexus between the service OP provides and the cost associated with providing it. In February 2014, the President committed that the portion of the OP budget that is funded through an assessment to the campuses will remain flat for 2014-15. The President requested a comprehensive review of the overall OP budget for the 2015-16 budget year.

RECOMMENDATION

The President of the University recommends that the Committee on Finance recommend to the Regents that the University of California Office of the President fiscal year 2014-15 budget, as shown in the table below, be approved.

FY 2014-15 BUDGET SUMMARY		TOTAL BUDGET				UNRESTRICTED BUDGET		
OFFICE OF THE PRESIDENT		TOTAL	CHANGE	TOTAL	TOTAL	CHANGE	%	TOTAL
		FY 2013-14		FY 2014-15	FY 2013-14		CHANGE	FY 2014-15
GENERAL ADMINISTRATION AND CENTRAL SERVICES								
Provost Office	163,530,719	36,794,849 *	200,325,568	90,553,401	(893,906)	-1%	89,659,495	
Finance	68,623,749	(729,002)	67,894,747	32,720,609	601,921	2%	33,322,530	
Business Operations	91,149,449	(2,281,461)	88,867,988	43,778,721	562,181	1%	44,340,902	
President’s Executive Office	2,592,048	417,798	3,009,846	2,297,204	480,053	21%	2,777,257	
Health Sciences	9,079,898	(3,694,074)	5,385,824	3,258,102	127,722	4%	3,385,824	
External Relations	16,257,057	206,967	16,464,024	11,087,126	219,252	2%	11,306,378	
Lab Management	4,040,647	-	4,040,647	-	-			
Academic Senate	1,873,696	(6,259)	1,867,437	1,843,794	48,113	3%	1,891,907	
Regents Officers	-	-	-	-	-			
General Counsel	12,802,504	64,562	12,867,066	10,998,303	(43,064)	0%	10,955,239	
Secretary/COS	3,393,068	(199,286)	3,193,782	3,388,068	(199,286)	-6%	3,188,782	
Ethics and Compliance	5,634,522	(53,136)	5,581,386	5,625,287	(48,944)	-1%	5,576,343	
Centrally Funded	16,660,751	(2,456,315)	14,204,436	13,690,223	(363,045)	-3%	13,327,178	
SYSTEMWIDE PROGRAMS AND INITIATIVES								
Agriculture and Natural Resources	90,111,199	518,053	90,629,252	66,083,120	-	0%	66,083,120	
President’s Initiative	10,000,000	(153,000)	9,847,000	10,000,000	(153,000)	-2%	9,847,000	
Public Service, Research & Other	91,515,270	2,916,714	94,431,984	32,202,261	(337,997)	-1%	31,864,264	
TOTALS	\$ 587,264,577	\$ 31,346,410	\$ 618,610,987	\$ 327,526,219	-	0%	\$ 327,526,219	

* This increase is attributable to the inclusion of the Education Abroad Program budget, which was inadvertently omitted from the 2013-14 submission.

BACKGROUND

For 2014-15, the proposed spending plan for the Office of the President (OP) totals \$618.6 million, including \$327.5 million in unrestricted funds and \$291.1 million in restricted funds. Overall, this plan represents an increase of \$31 million, or 5.3 percent. This increase is attributable to the inclusion of the Education Abroad Program budget, which was inadvertently omitted from the 2013-14 submission. (At the time the 2013-14 Regents budget was submitted last year there was uncertainty as to whether EAP would be budgeted at OP or on a campus.) In keeping with the President's commitment to the campuses, there is no increase in the portion of the OP budget that is funded through an assessment to the campuses. The portion to be assessed remains flat for 2014-15 at \$294 million.

For the third year in a row, the Office of the President – as with the rest of the University of California system – faces steep mandatory cost increases in employee salaries and benefits, estimated at \$9.3 million, which it proposes to cover entirely through budget reductions. Divisions will be aided in meeting their budget reduction targets by actions the President has taken to curb costs. First, the President has requested OP to reduce travel costs by ten percent. Second, a new process for approving the outside use of consultants is expected to lower the amount of funding spent overall for this purpose. And third, the President has committed to keeping staff counts flat in 2014-15 through position management and the creation of staffing plans.

While the portion of the OP budget that is funded through the assessment to the campuses will remain flat, the actual amount campuses will contribute will change in 2014-15 due to a change in the formula for calculating each campus' share of the assessment. For the first two years of implementation, the assessment was calculated based on a flat tax on all expenditures. It was agreed by most that such a flat tax was not an appropriate measure of what campuses should be contributing to the support of OP. After months of consultation with the campuses, it was agreed that UC would move to a new formula for calculating the assessment that better reflects all the services OP provides to the campuses. Going forward, one-third of the campus assessment will be based on actual expenditures, one-third on total number of employees, and one-third based on total number of students.

This budget submission is summarized at the division level. Decisions regarding the realignment of funds based on priorities have yet to be distributed at the unit level.