

University of California Budget Update

UC Administrative Management
Professionals Conference
April 30, 2019

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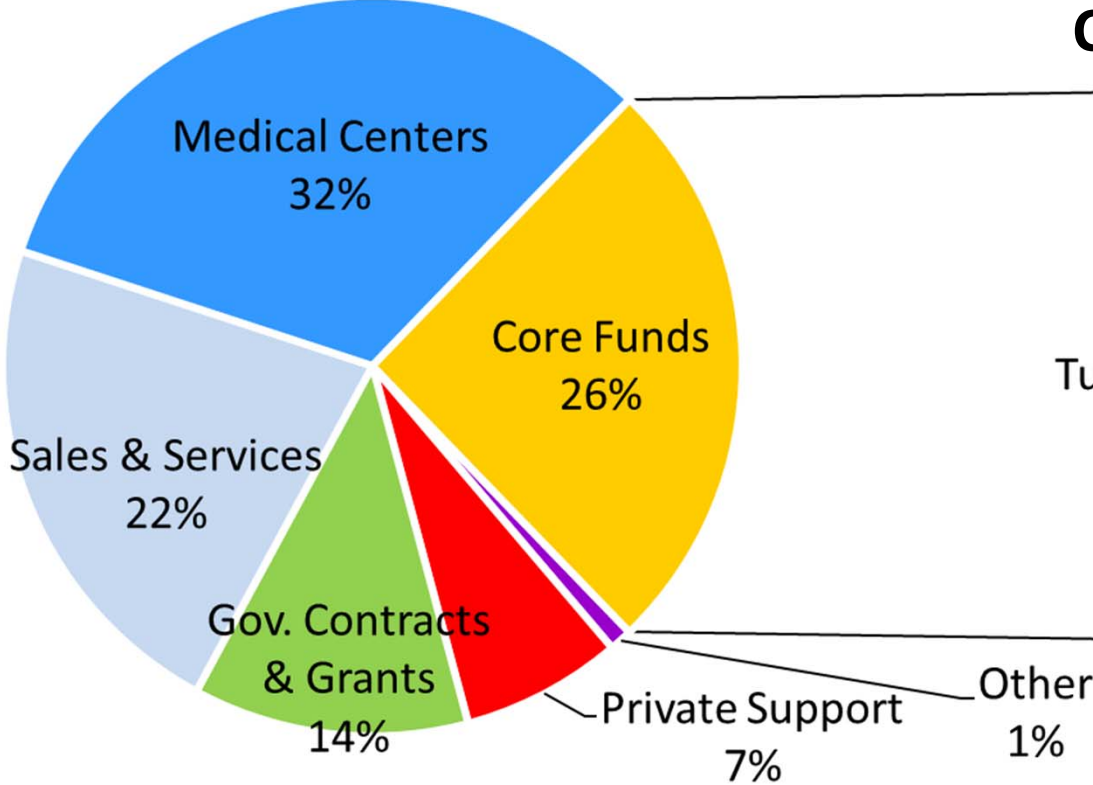


- UC Budget Overview
- Outlook for 2019-20
 - Operating Budget
 - Capital Needs
- Questions & Discussion

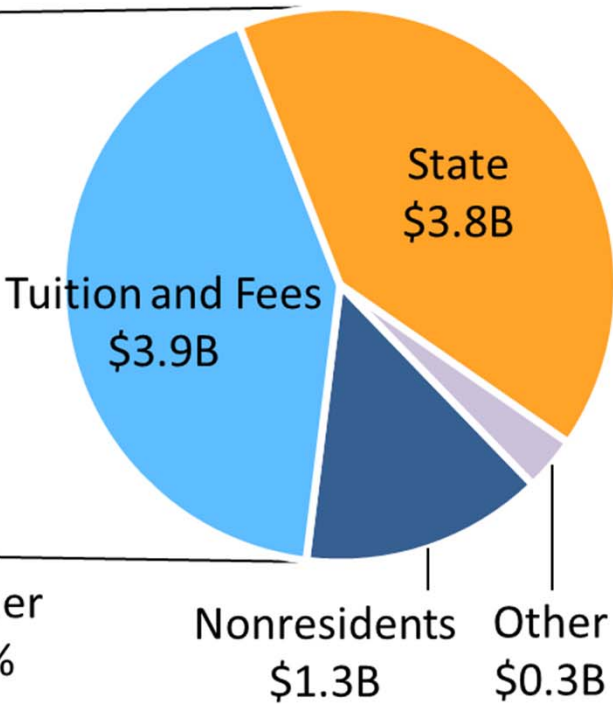


The University's overall operating budget reflects a large, diverse enterprise

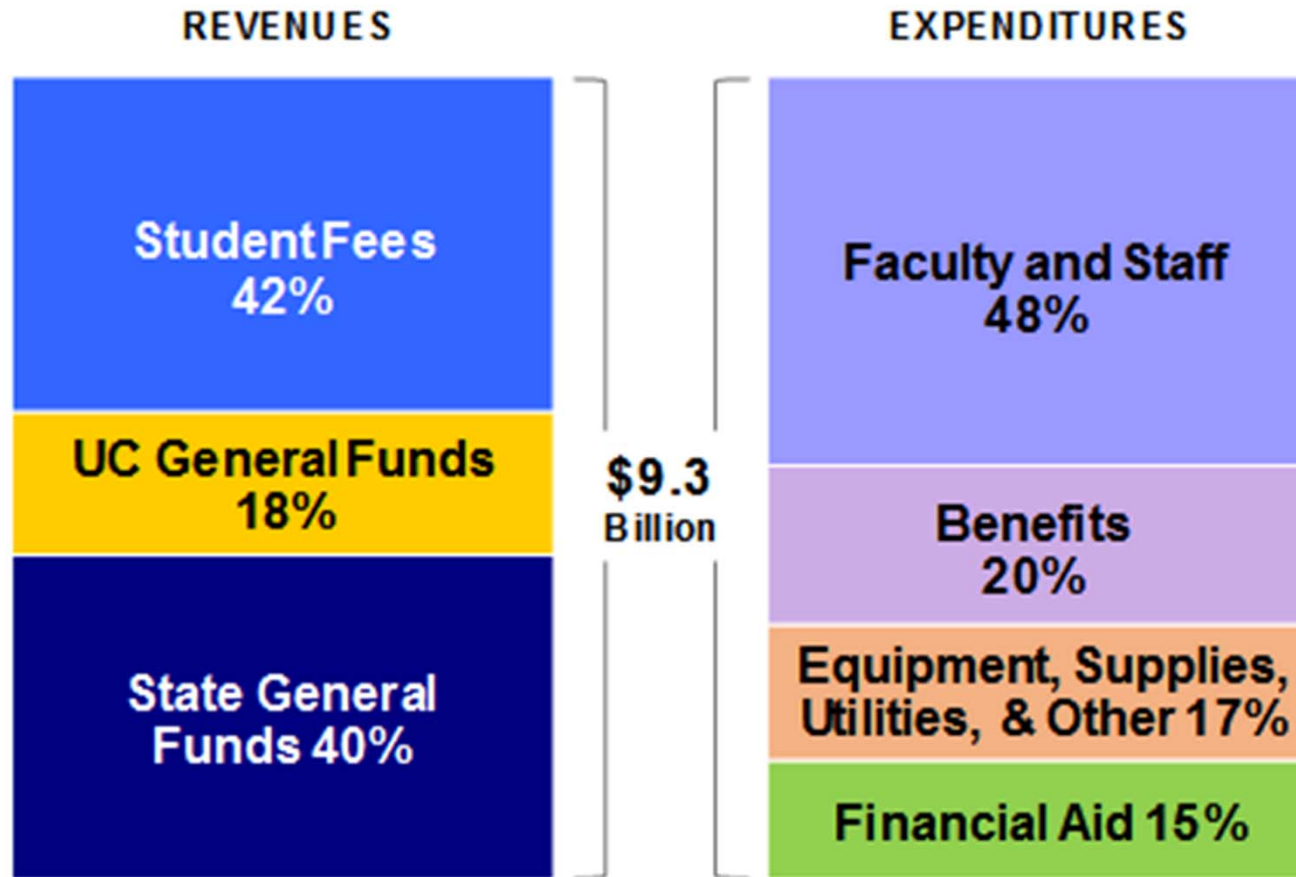
All Funds: \$36.5 Billion



Core Funds: \$9.3 Billion

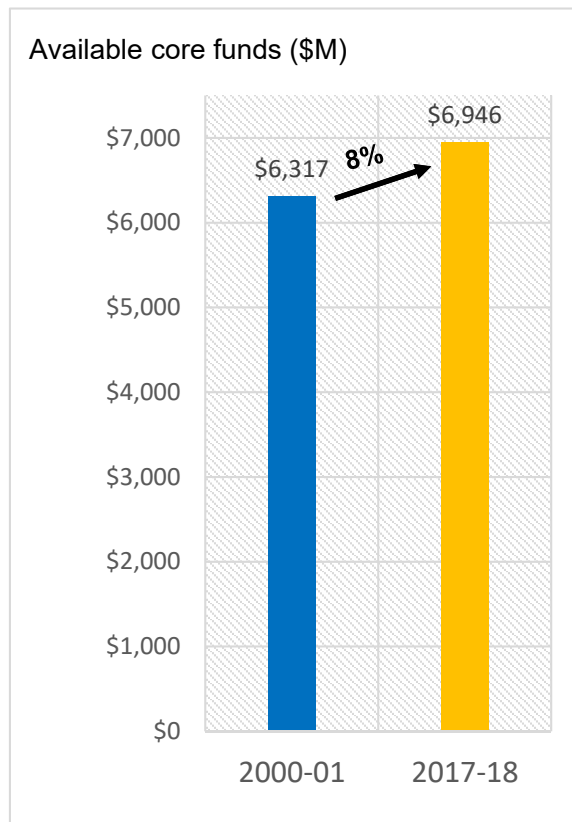


Over 2/3 of Core Fund expenditures are people-related

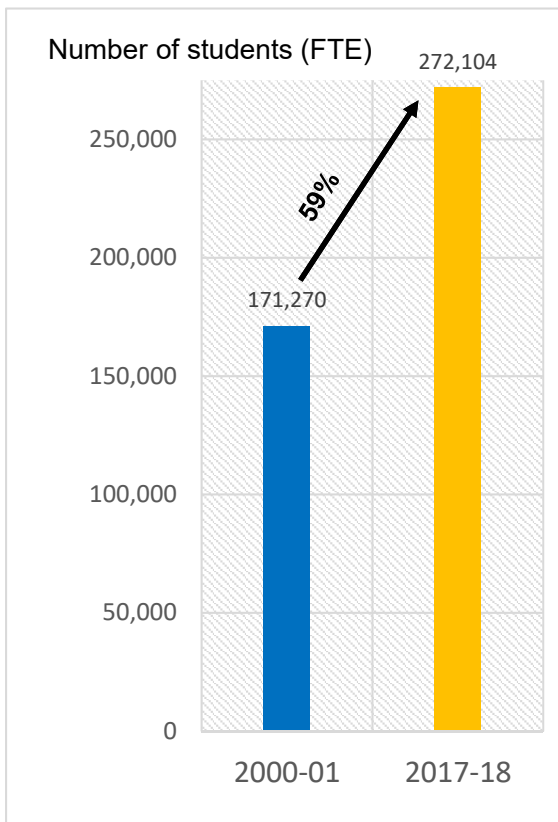


On a per-student basis, available Core Funds have declined over time

On an inflation adjusted basis, **available core funds*** have **increased by 10% since 2000-01**



While **number of students enrolled** have **increased by 59%**

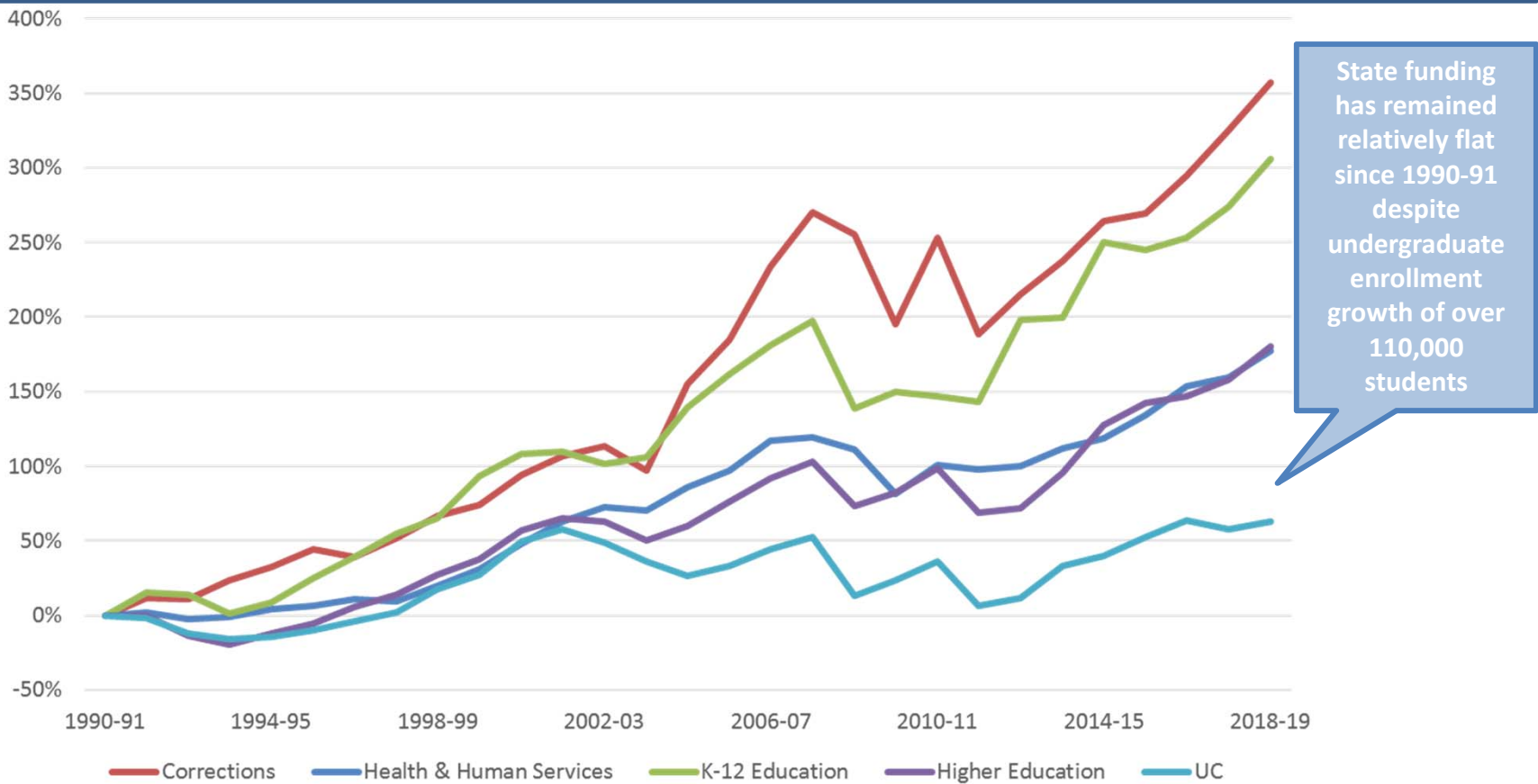


Resulting in a **31% decrease** in **funding per student**

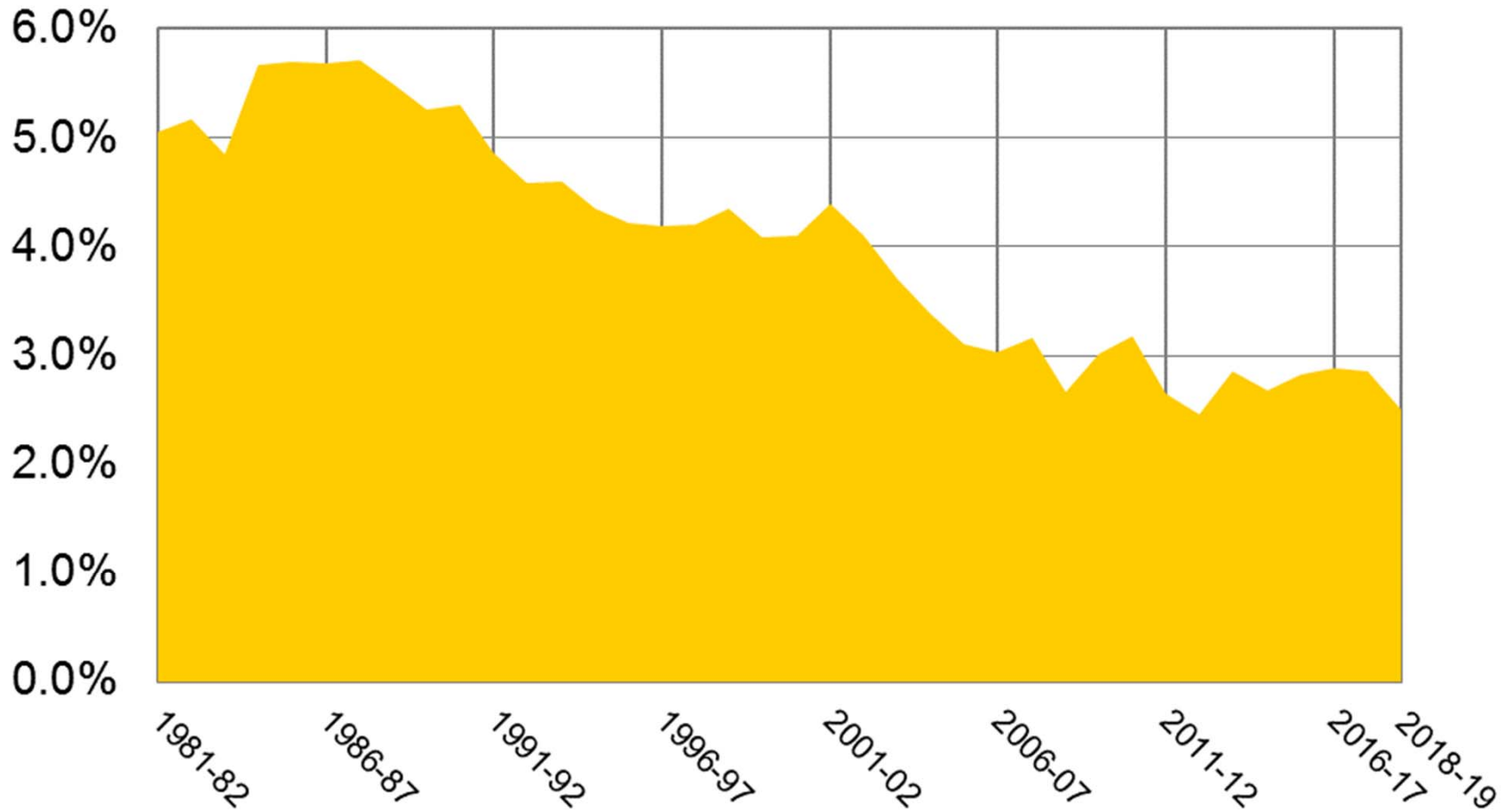


State support for UC has increased much more slowly than for other agencies

Change in State Agency Funding Since 1990-91



As a result, UC's share of the State budget has declined over time



2019-20 Budget Calendar

September	First discussion with Regents of next FY budget
November	Budget plan presented to Regents for approval
January	Release of Governor's January budget proposal
January – May	Legislative hearings Opportunities for stakeholder input
May	Governor releases May Revise proposal More legislative hearings
June	Budget Conference Committee meets Final Budget Act passed and signed

Components of a Proposed Multi-Year Framework

1. 200,000 more degrees by 2030

on top of the 1 million undergraduate and graduate degrees projected

2. Ensure the California Dream is for everyone

with 90 percent overall graduation rates and closing graduation gaps for low-income, first-generation and underrepresented students

3. Invest in the next generation of faculty and research

Multi-Year Funding Plan

- **Sustaining Core Operations**
 - Key to preserving access and quality for future generations of UC students
- **Funding the Framework**
 - Enrollment growth
 - Supporting student success
 - Investing in faculty
- **Capital Needs**

Sustaining Core Operations: Investing in Students, Faculty, and Staff

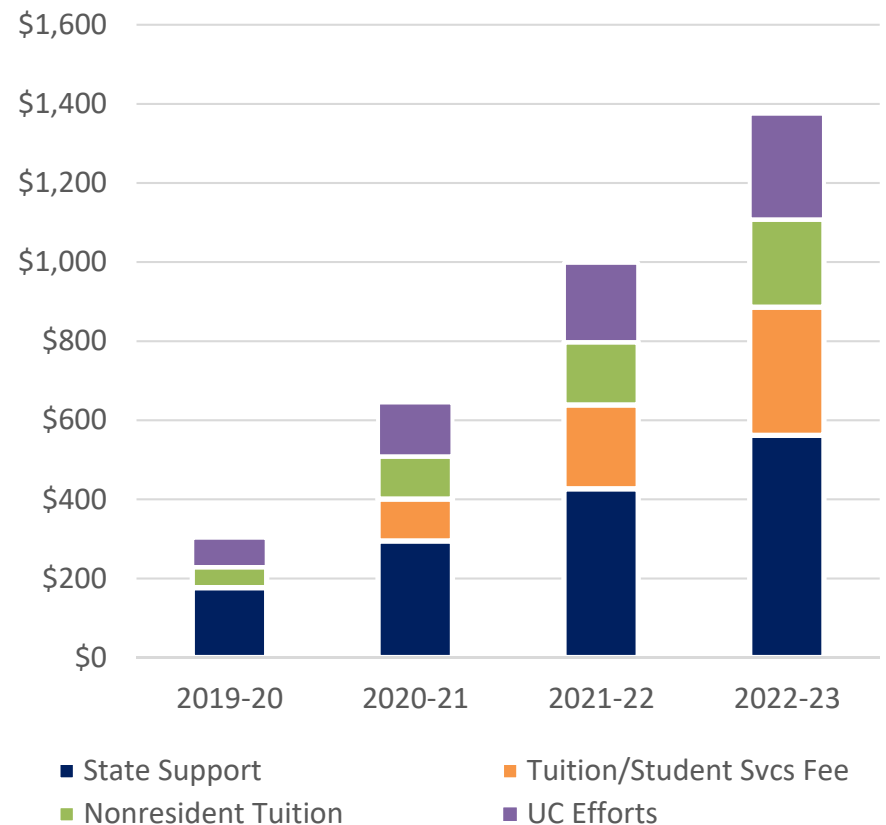
Key Investments:

- Recruiting and retaining faculty and staff
- Meeting collective bargaining commitments
- Funding employee and retiree benefits
- New resources for student financial aid, mental health advising, and basic needs
- Covering costs for instructional equipment, supplies, utilities, and other non-personnel costs

Key Resources:

- University efforts to identify new resources and control costs
- Holding systemwide tuition and fees and Nonresident Supplemental Tuition flat in constant dollars, rising only by inflation (CPI)
- Reliable year-over-year State investments

Funding to Sustain Core Operations



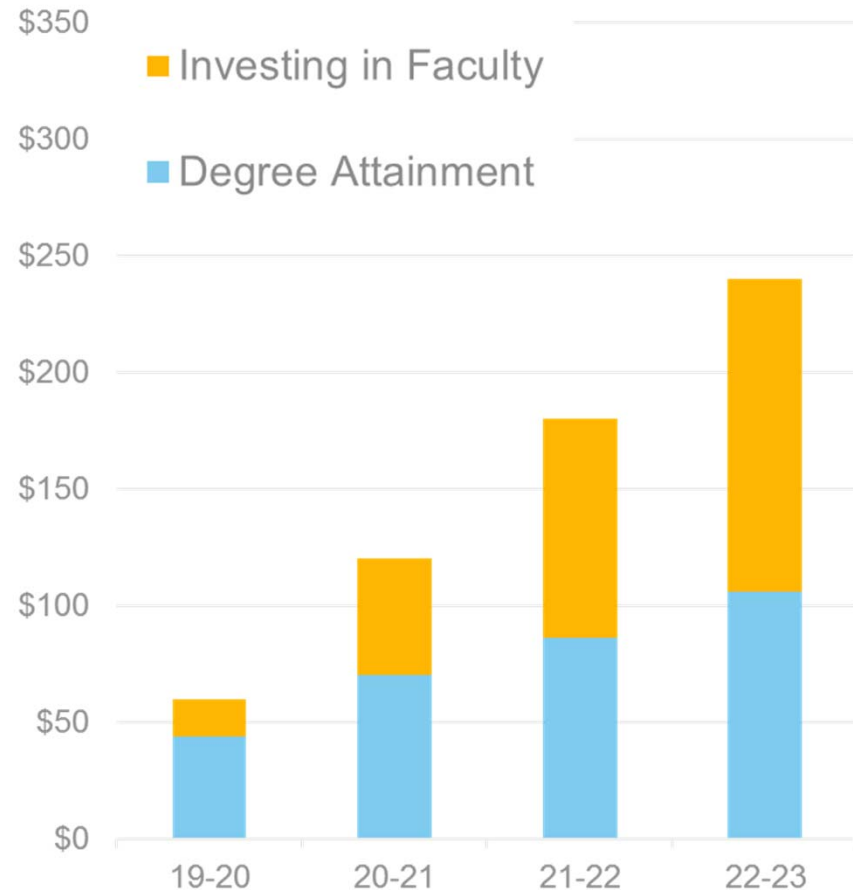
Funding the Framework: Enrollment Growth, Student Success

Student Success/Degree Attainment

- Student advising
- Academic Support
- Online Course Development
- Restructure/Reschedule Programs
- New Degrees/Courses
- Analytical Tools
- Scholarships/Work-Study
- Summer Bridge

Faculty

- 72% of proposed growth is in ladder-rank titles



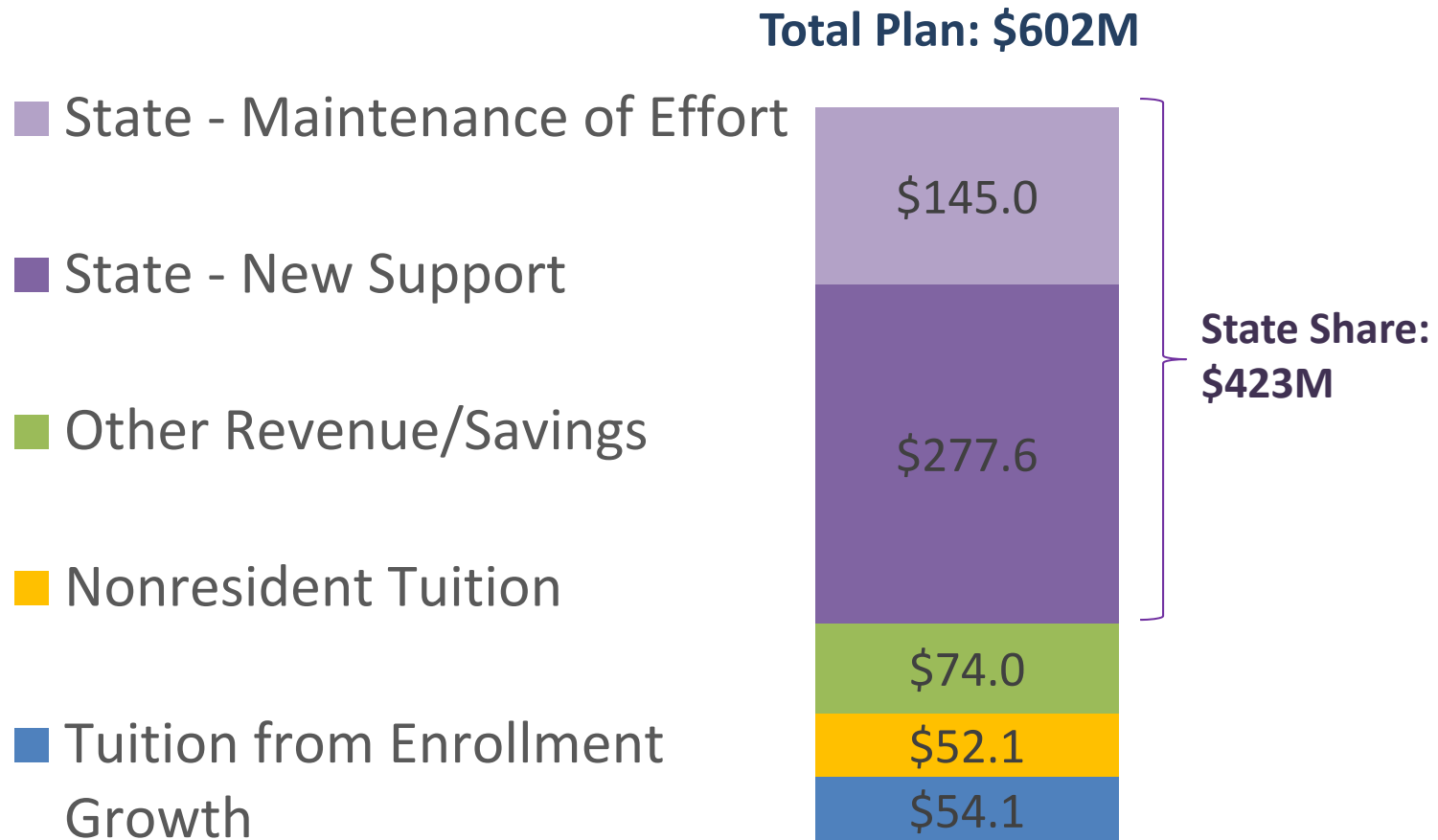
2019-20 Budget Plan Approved by the Regents

Resources (\$M)		Expenditures (\$M)	
UC Savings/Redirections	\$74.0	Enrollment Growth	\$86.3
Nonresident Tuition		Degree Attainment & Faculty	\$60.0
2.6% increase	\$28.9	Student Mental Health	\$5.3
Enrollment growth	\$23.2	Basic Student Needs	\$15.0
State General Funds		Mandatory Increases	\$119.8
Base Adjustment (3.7%)	\$127.9	UCRP, contracts, health, non-salary expenses	
Tuition/Fee Buy-out	\$63.8	Faculty Compensation	\$94.5
Enrollment/Overenrollment	\$71.0	Staff Compensation	\$42.6
Basic Student Needs	\$15.0	High-Priority Capital Needs	\$15.0
Tuition/Student Services Fee		Financial Aid	\$19.3
Enrollment Growth	\$34.7		
Return-to-Aid	\$19.3		
Total	\$457.8	Total	\$457.8

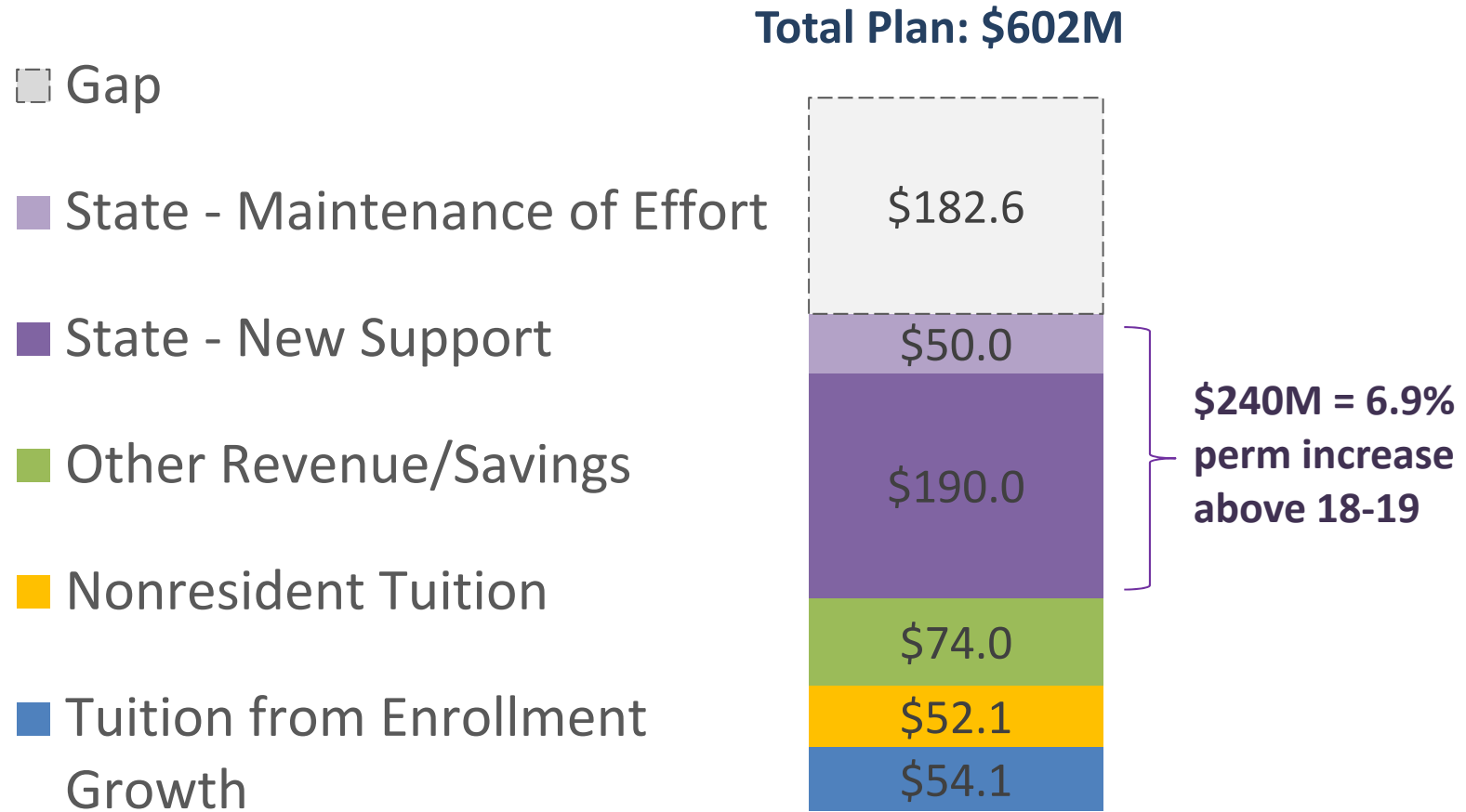
Plan also asks State for “maintenance of effort” from current year

- \$145 million of UC’s 2018-19 State appropriation is “one-time funding”
 - ✓ \$10 million for enrollment growth
 - ✓ \$40 million to backfill prior cut in medical residency programs
 - ✓ \$95 million for general use (including a buy-out of the 18-19 tuition increase)
- If not sustained 2019-20, effectively a budget cut to campuses

Proposed Revenue Sources: 2019-20



Funding Provided in Governor's January Budget Proposal



The Governor's January budget proposal funds some investments but not others

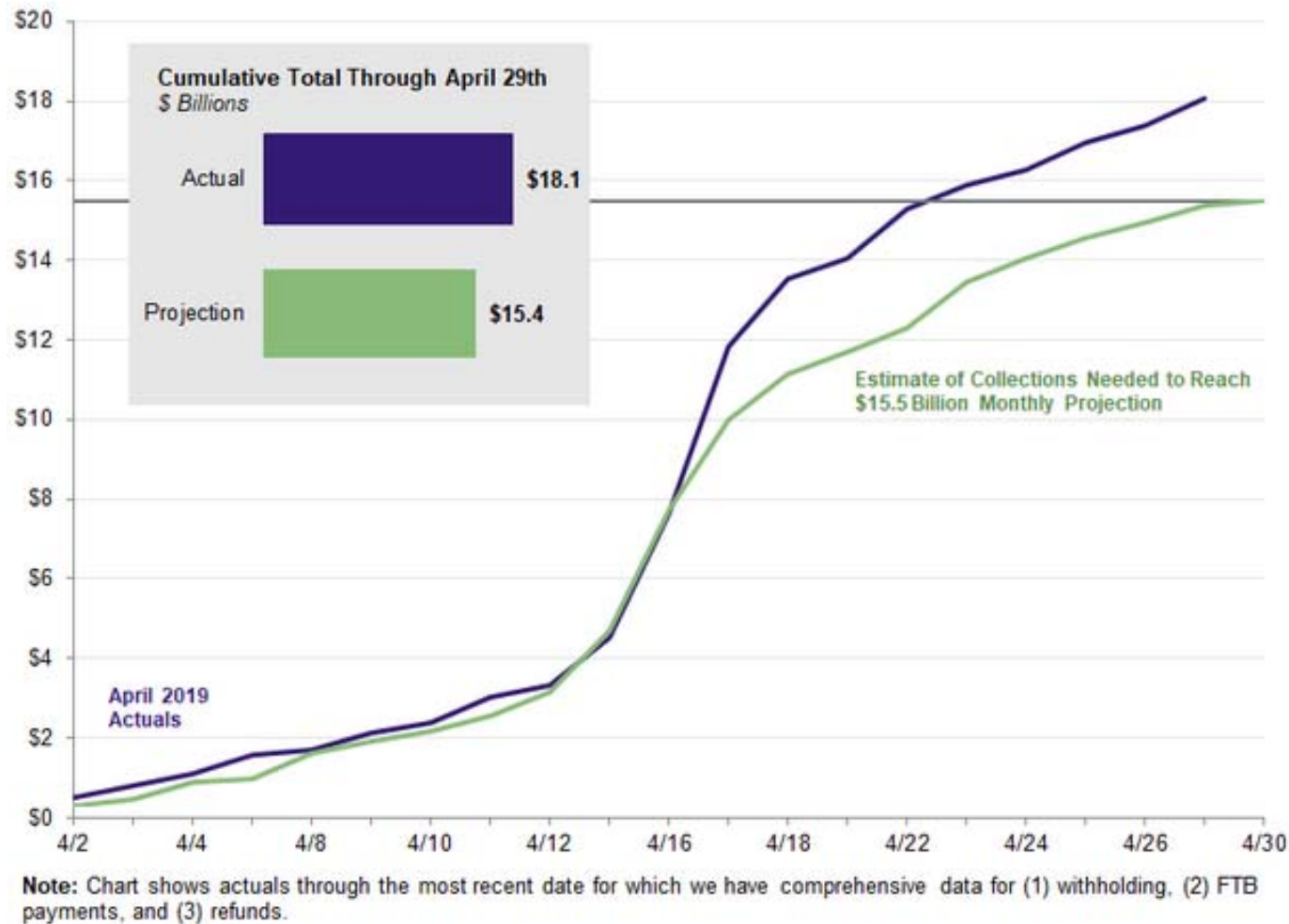
New Funding

- Degree attainment initiative (\$50M of \$60M)
- Collective bargaining agreements
- UCRP/retiree health
- Non-personnel cost increases
- Student mental health
- Student basic needs
- Makes permanent \$40M for medical residency programs & \$10M for overenrollment

No New Funding

- Salary increases for nonrepresented faculty and staff
- 2019-20 Enrollment growth
- Capital investments

Latest projections show tax revenue \$1B higher than January budget proposal



Capital Needs

Varied challenges at each campus

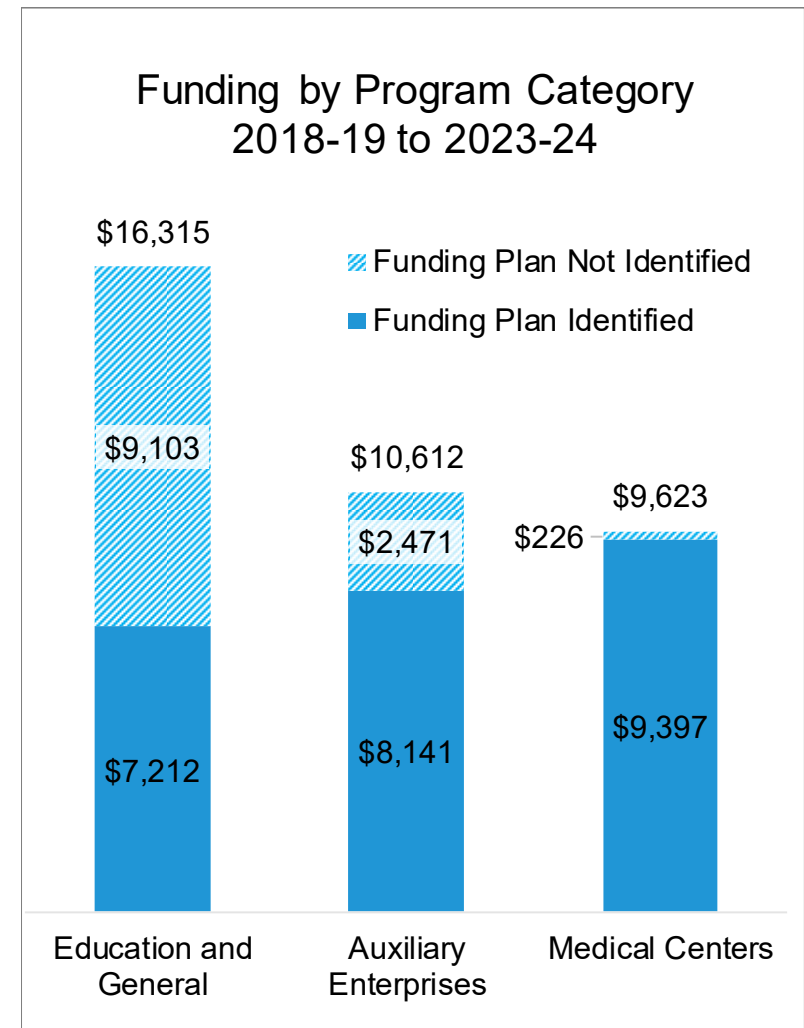
- Seismic retrofits
- Deferred maintenance
- Accommodating growth

AB 94 allows UC to partly address needs with State funds


- Multi-year plan includes annual increases of \$15M of State funds needed each year for debt service

Scale of challenges requires further State investment

- General Obligation Bond, State Public Works Bond



SB 14 (Glazer and Allen) would introduce new General Obligation Bond ballot measure

- \$4B for UC, \$4B for CSU for seismic needs, deferred maintenance, and new construction
- March 30: Senate Ed Policy Committee 
- April 3: Senate Governance and Finance Committee 
- Next steps: Senate Appropriations Committee, Assembly committees, Governor

Other Issues, Opportunities, and Considerations

- Ongoing discussions about nonresident students
 - Number of students, level of tuition
- National attention on college admissions
 - Greater interest in UC admissions process
- UC Retirement Plan
 - Updated assumptions about future costs
- Engaging with UC Regents
 - Many are new to UC

More Information

- Summary of University's 2019-20 Budget Plan for Current Operations
 - https://www.ucop.edu/operating-budget/_files/rbudget/2019-20-budget-summary.pdf
- Ten-Year Capital Financial Plan
 - https://www.ucop.edu/capital-planning/_files/capital/2018-28cfp/cfp2018-28_revised.pdf
- Regents Items on Multi-Year Plan
 - <https://regents.universityofcalifornia.edu/regmeet/jan19/b1.pdf>
 - <https://regents.universityofcalifornia.edu/regmeet/mar19/b1.pdf>
 - <https://regents.universityofcalifornia.edu/regmeet/mar19/b2.pdf>

- Questions/Discussion