

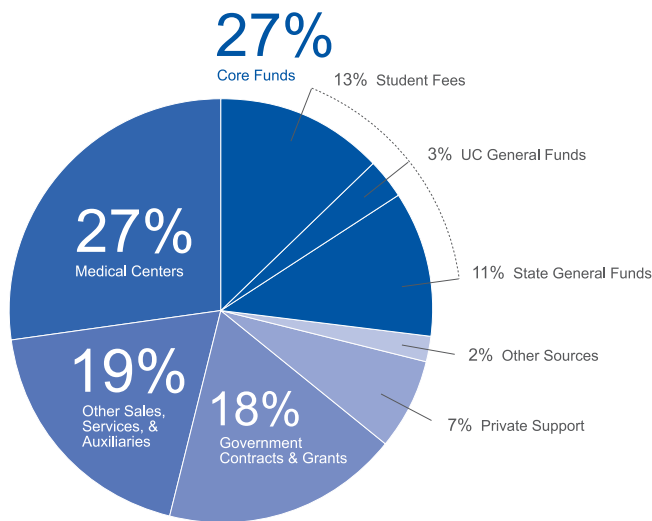
THE FACTS: UC BUDGET BASICS

The University of California's total 2011-12 budget is \$22.5 billion; 73 percent, \$16.3 billion, is largely restricted by the funding source for specific uses such as research, medical centers, campus housing and DOE lab operations.

About 27 percent, \$6.1 billion, makes up the unrestricted core funds that support classroom instruction, financial aid and other operating costs.

Historically, the state of California contributed the bulk of UC's core funds. Under Gov. Brown's 2011-12 budget, student tuition and fees will for the first time in UC history contribute more to core operating funds than the state general fund: nearly \$3 billion versus \$2.37 billion.

2011-12 Projected UC Revenue by Source



UC's 2011-12 core funds operating budget sources are:

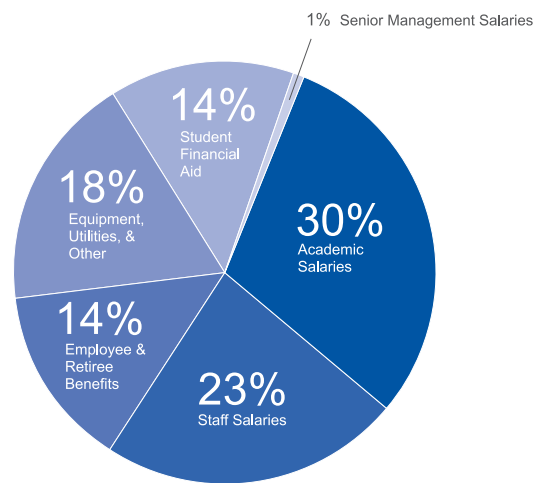
- state general funds (\$2.37 billion);
- student tuition and fees (\$2.97 billion); and
- UC general funds (\$792 million), which include nonresident tuition, portions of federal and state contracts and grants overhead, a portion of UC patent royalties, application and other fees and interest earnings.

Money from the restricted revenue sources cannot be used to fill the funding gap left when the state cuts its contributions to UC's core funds operating budget.

HOW DOES UC SPEND ITS CORE FUNDS?

The core funds support faculty and staff salaries, employee and retiree benefits, maintenance and operations and other costs for campus and health sciences instruction; 14 percent funds student financial aid.

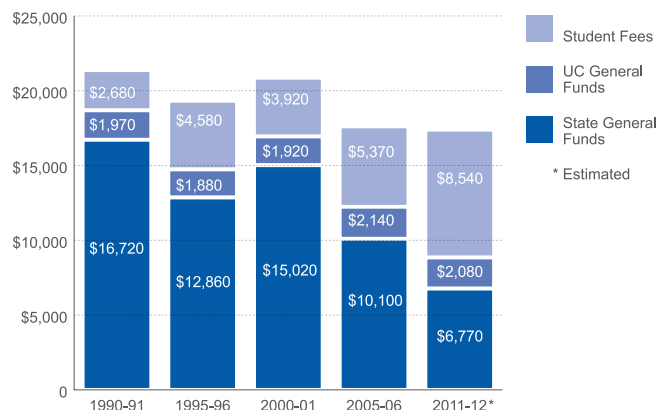
2011-12 UC Expenditures From Core Funds



HOW DO STATE FUNDING CUTS AFFECT UC?

Since 1990, the state's contribution to educating each UC student decreased by more than 60 percent in inflation-adjusted dollars — and will decline further in 2012-13.

Per Student Average Expenditures for UC Education



THE FACTS: UC BUDGET BASICS

As a result of declines in state support over the last 20 years, the overall amount spent on educating UC students has declined 19 percent.

With the decline in state subsidy, the share students pay has more than tripled. In 1990, students paid 13 percent of their educational costs. In 2011, they are paying 49 percent. But student fee increases have only partially made up for the decline in state support.

UC enrolls more than 24,000 California resident students for whom the state provides no funding.

In 2009-10, the state cut UC's operating budget by 20 percent. The 2010-11 budget restored about half of those cuts. The governor's 2011-12 budget provides state support for UC that is below 1998 funding levels, when UC had 75,000 fewer students than the 237,000 it does today, and may include additional mid-year cuts.

HOW HAS UC DEALT WITH STATE CUTS?

A systemwide 12-month employee furlough program reduced salaries from 4 to 10 percent, with higher-paid employees taking the biggest cuts. The program saved \$136 million as of December 2010.

UC has consolidated and restructured administrative departments and instituted energy efficiencies and group purchasing programs to trim operating costs by an estimated \$100 million annually over a five-year period for a total savings of \$500 million.

Campuses have laid off more than 4,400 employees, eliminated 3,570 positions and deferred faculty hiring. They have cut academic programs, eliminated courses, increased class size and cut back student services such as counseling and library hours.

UC curtailed freshman enrollment by 2,850 in the last two years, despite demand growing for UC admission: Fall 2011 undergraduate applications were the highest in UC history.

Student fees were increased 15 percent for the 2010 winter term, another 15 percent for fall 2010 and almost 18 percent for fall 2011.

The Office of the President downsized for a savings of more than \$85 million.

UC has implemented changes in its retiree benefits to address an unfunded pension and health care liability of more than \$22 billion.

The UC Commission on the Future completed a year-long exploration of ways to preserve UC's quality and accessibility in an era of declining state support. UC is pursuing commission recommendations to achieve administrative and academic efficiencies such as shortening the time to graduate, expanding online education and improving the transfer process from California community colleges.