

UNIVERSITY OF CALIFORNIA

2005-06 Budget Presentation

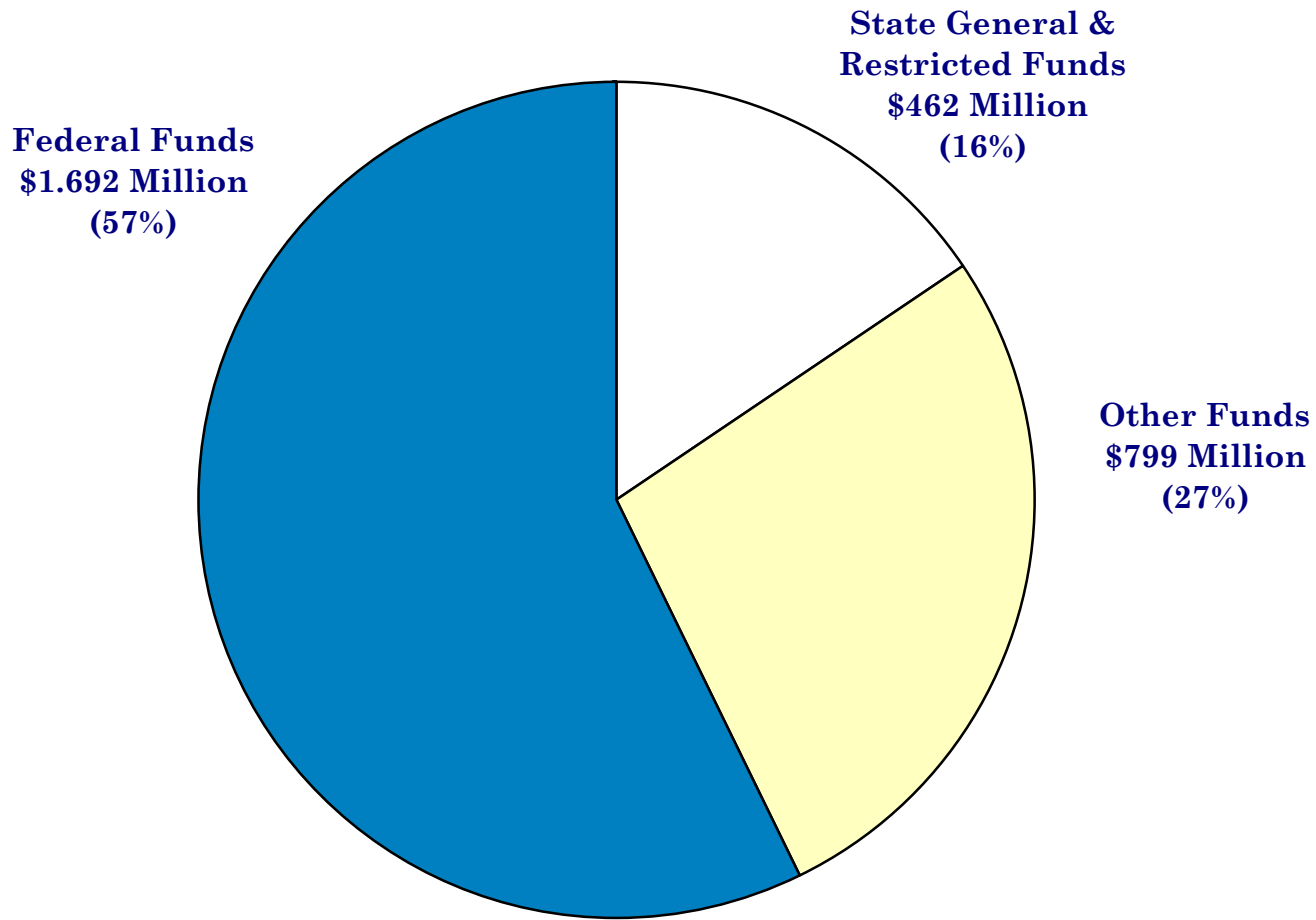


November 2004

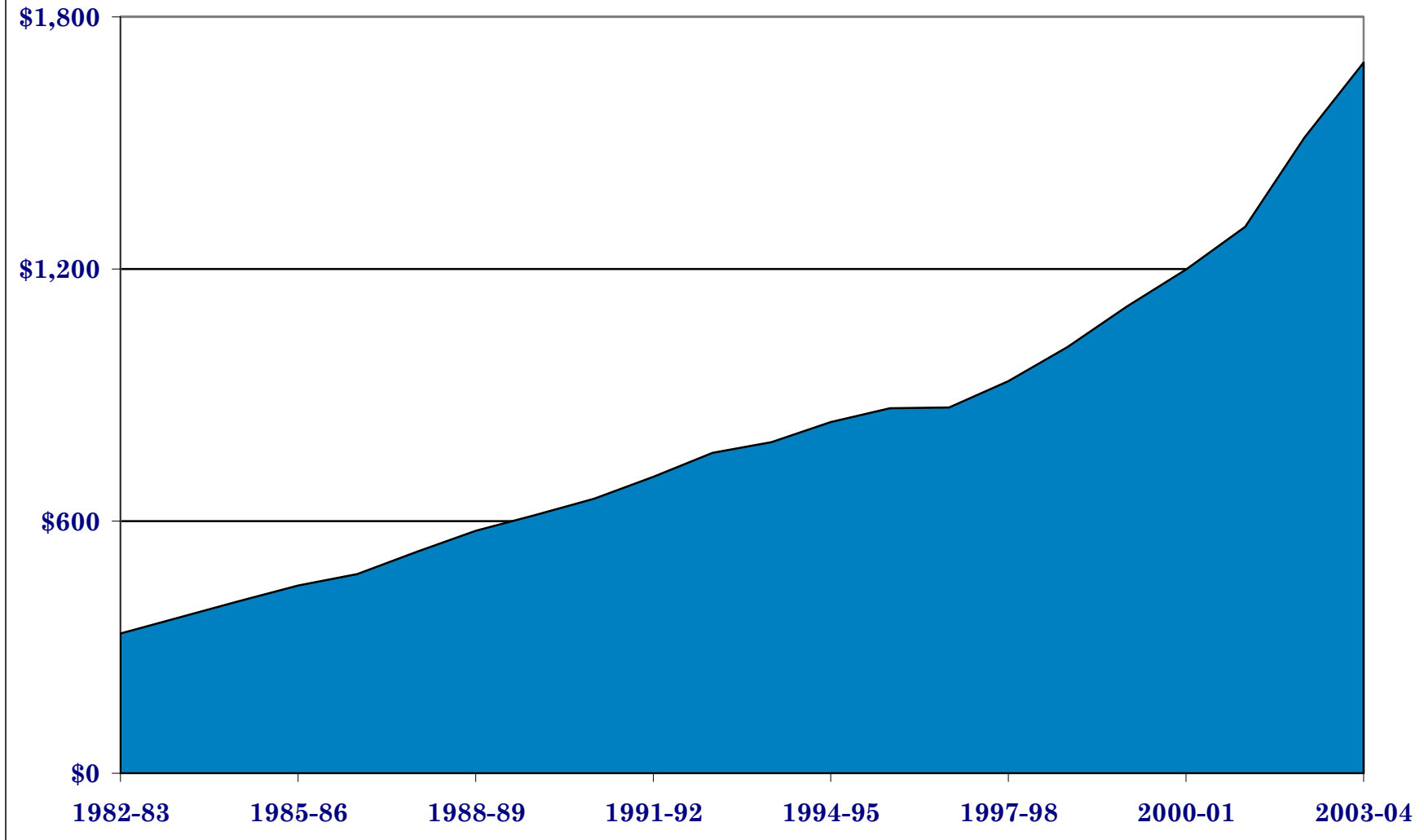
2005-06 BUDGET FOR CURRENT OPERATIONS AND EXTRAMURALLY FUNDED OPERATIONS

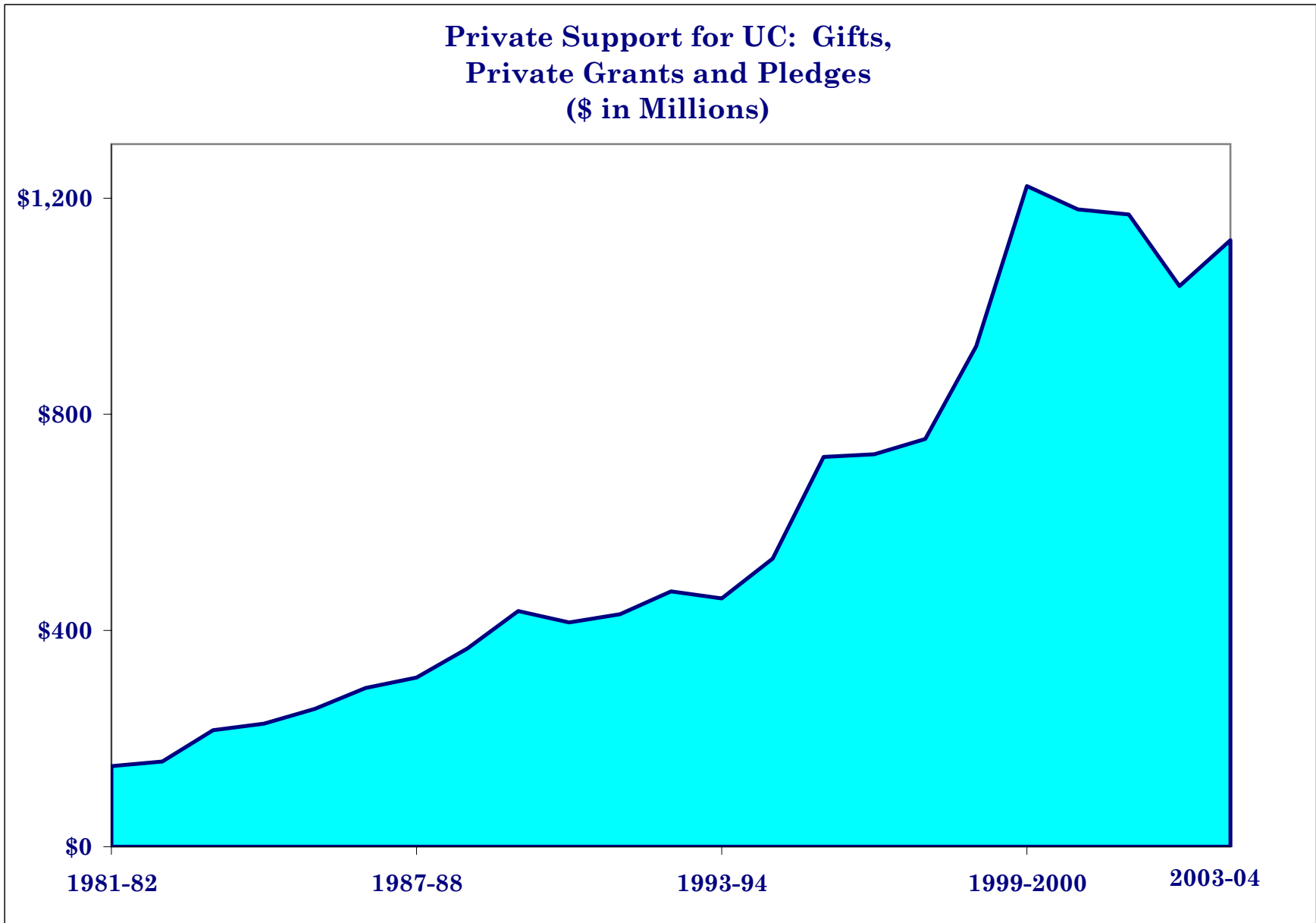
EXPENDITURES					INCOME				
	2004-05 Budget	2005-06 Proposed	Change Amount	%		2004-05 Budget	2005-06 Proposed	Change Amount	%
	(\$000s)	(\$000s)	(\$000s)			(\$000s)	(\$000s)	(\$000s)	
<u>BUDGET FOR CURRENT OPERATIONS</u>					<u>BUDGET FOR CURRENT OPERATIONS</u>				
Instruction:					<u>General Fund</u>				
General Campus	\$ 2,023,417	\$ 2,094,938	\$ 71,521	3.5%	State of California	\$ 2,720,841	\$ 2,835,841	\$ 115,000	4.2%
Health Sciences	763,094	770,063	6,969	0.9%	UC Sources	544,258	555,477	11,219	2.1%
Summer Session	11,682	11,682	0	0.0%					
University Extension	200,905	206,932	6,027	3.0%	Total General Funds	\$ 3,265,099	\$ 3,391,318	\$ 126,219	3.9%
Research	490,268	500,638	10,370	2.1%					
Public Service	180,796	184,910	4,114	2.3%	<u>Restricted Funds</u>				
Academic Support:					State of California	\$ 62,597	\$ 59,360	\$ (3,237)	-5.2%
Libraries	243,525	245,707	2,182	0.9%	U. S. Government Appropriations	17,000	17,000	--	--
Other	453,445	462,613	9,168	2.0%	Student Fees:				
Teaching Hospitals	3,707,346	4,009,096	301,750	8.1%	Educational, Registration & Professional School Fees	1,255,745	1,394,402	138,657	11.0%
Student Services	413,962	419,027	5,065	1.2%	Extension, Summer Session & Other Fees	344,006	354,000	9,994	2.9%
Institutional Support	458,861	462,542	3,681	0.8%	Teaching Hospitals	3,657,577	3,959,327	301,750	8.2%
Operation and Maintenance of Plant	435,928	453,322	17,394	4.0%	Auxiliary Enterprises	676,822	710,663	33,841	5.0%
Student Financial Aid	469,339	508,249	38,910	8.3%	Endowments	157,439	162,162	4,723	3.0%
Auxiliary Enterprises	676,822	710,663	33,841	5.0%	Other	1,335,093	1,365,731	30,638	2.3%
Provisions for Allocation	43,279	39,498	(3,781)	-8.7%	Total Restricted Funds	\$ 7,506,279	\$ 8,022,645	\$ 516,366	6.9%
University Opportunity Fund and Special Programs	198,709	202,391	3,682	1.9%					
Program Maintenance: Fixed Costs, Economic Factors	--	131,692	131,692	--					
TOTAL BUDGET FOR CURRENT OPERATIONS	\$ 10,771,378	\$ 11,413,963	\$ 642,585	6.0%	TOTAL BUDGET FOR CURRENT OPERATIONS	\$ 10,771,378	\$ 11,413,963	\$ 642,585	6.0%
<u>EXTRAMURALLY FUNDED OPERATIONS</u>					<u>EXTRAMURALLY FUNDED OPERATIONS</u>				
Sponsored Research	\$ 2,468,107	\$ 2,531,402	\$ 63,295	2.6%	State of California	\$ 211,089	\$ 211,089	\$ 0	0.0%
Other Activities	1,360,865	1,394,570	33,705	2.5%	U.S. Government	2,114,436	2,156,725	42,289	2.0%
TOTAL EXTRAMURALLY FUNDED OPERATIONS	\$ 3,828,972	\$ 3,925,972	\$ 97,000	2.5%	Private Gifts, Contracts & Grants	960,715	999,144	38,429	4.0%
					Other	542,732	559,014	16,282	3.0%
TOTAL OPERATIONS	\$ 14,600,350	\$ 15,339,935	\$ 739,585	5.1%	TOTAL EXTRAMURALLY FUNDED OPERATIONS	\$ 3,828,972	\$ 3,925,972	\$ 97,000	2.5%
					TOTAL OPERATIONS	\$ 14,600,350	\$ 15,339,935	\$ 739,585	5.1%
<u>MAJOR DEPARTMENT OF ENERGY</u>					<u>MAJOR DEPARTMENT OF ENERGY</u>				
LABORATORIES	\$ 4,082,089	\$ 4,082,089	\$ 0	0.0%	LABORATORIES	\$ 4,082,089	\$ 4,082,089	\$ 0	0.0%

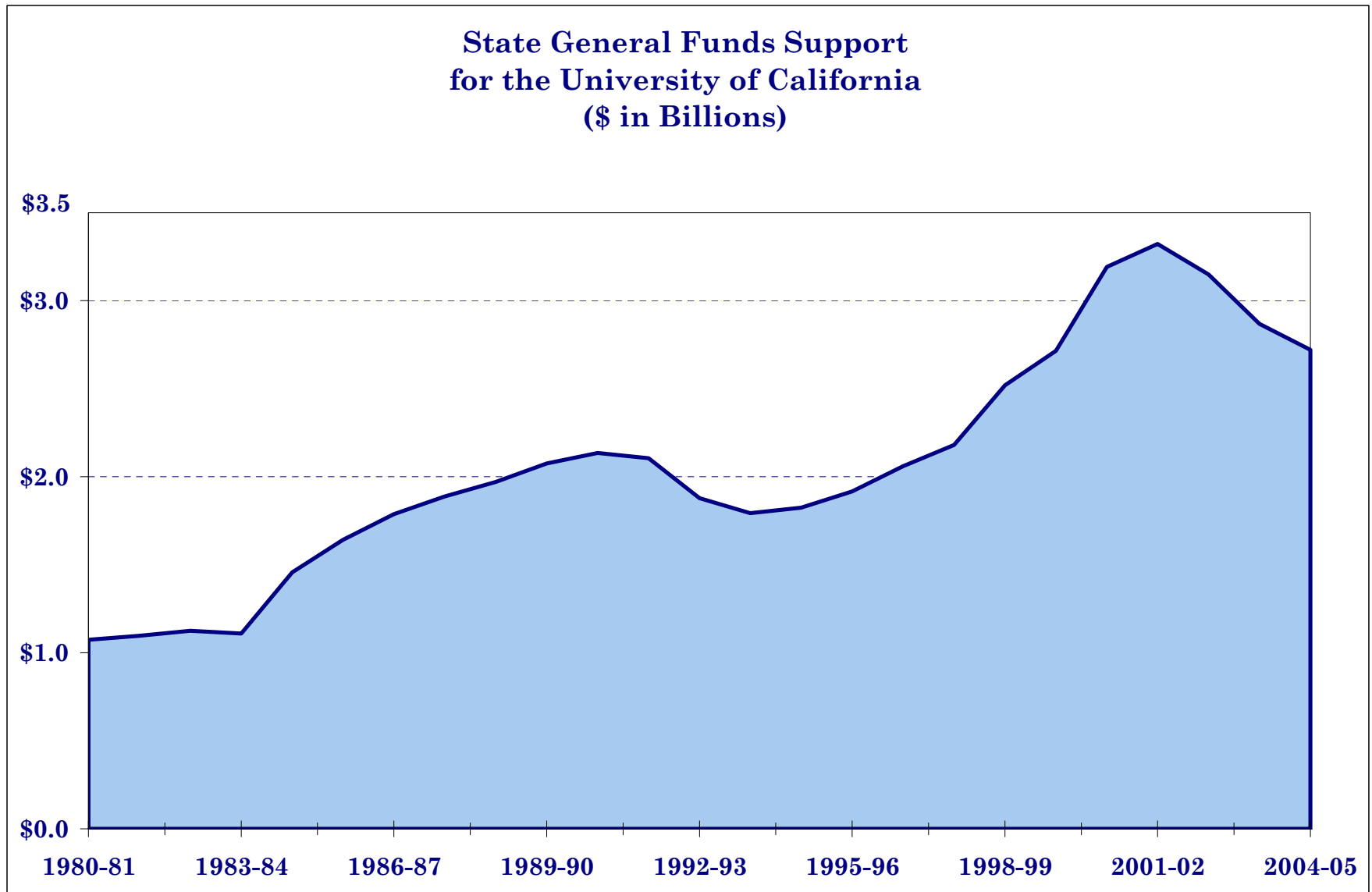
2003-04 Research Expenditures by Fund Sources
Total \$2.953 Billion

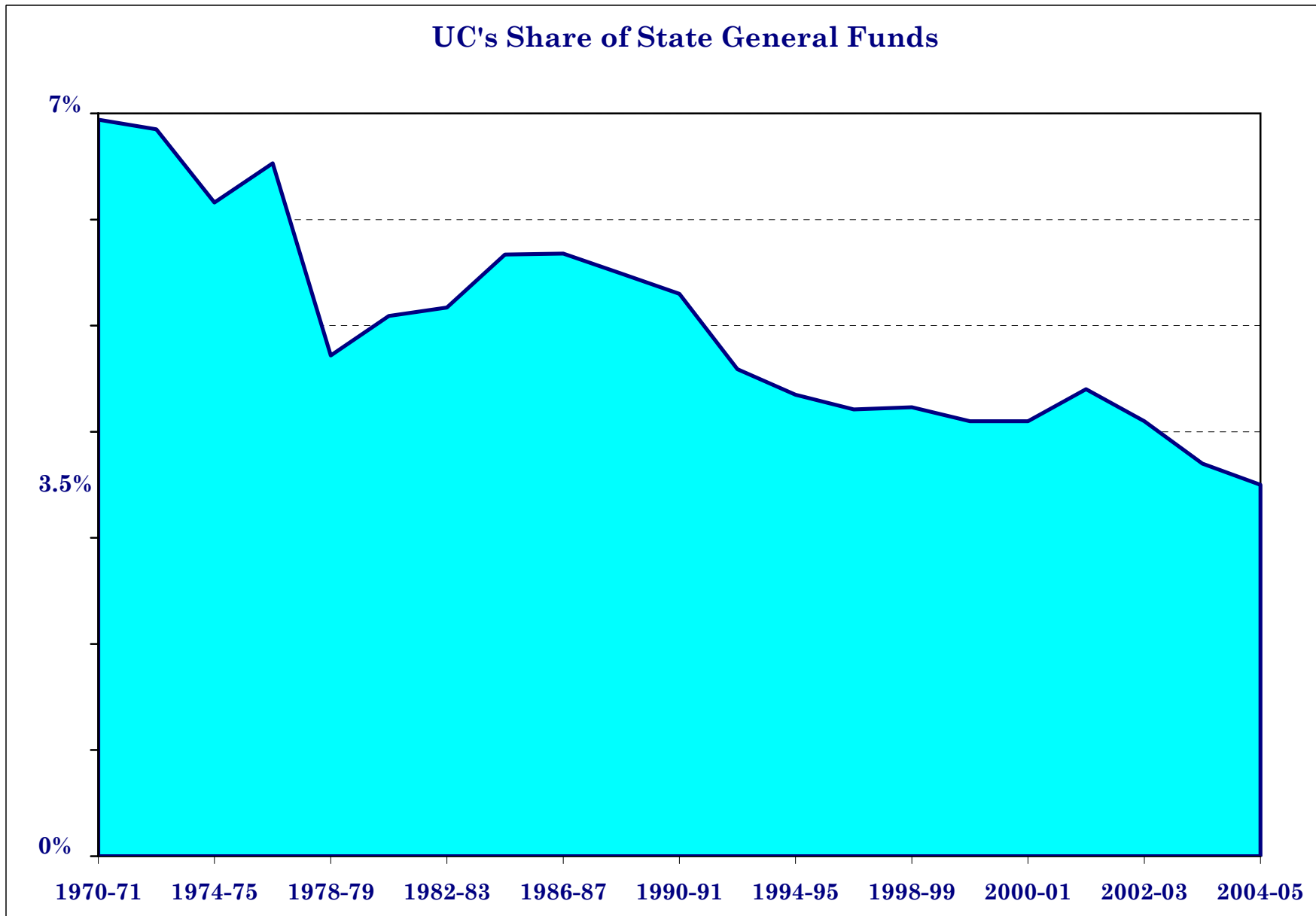


**Federal Research Expenditures at the
University of California 1982-83 through 2003-04
(\$ in Millions)**

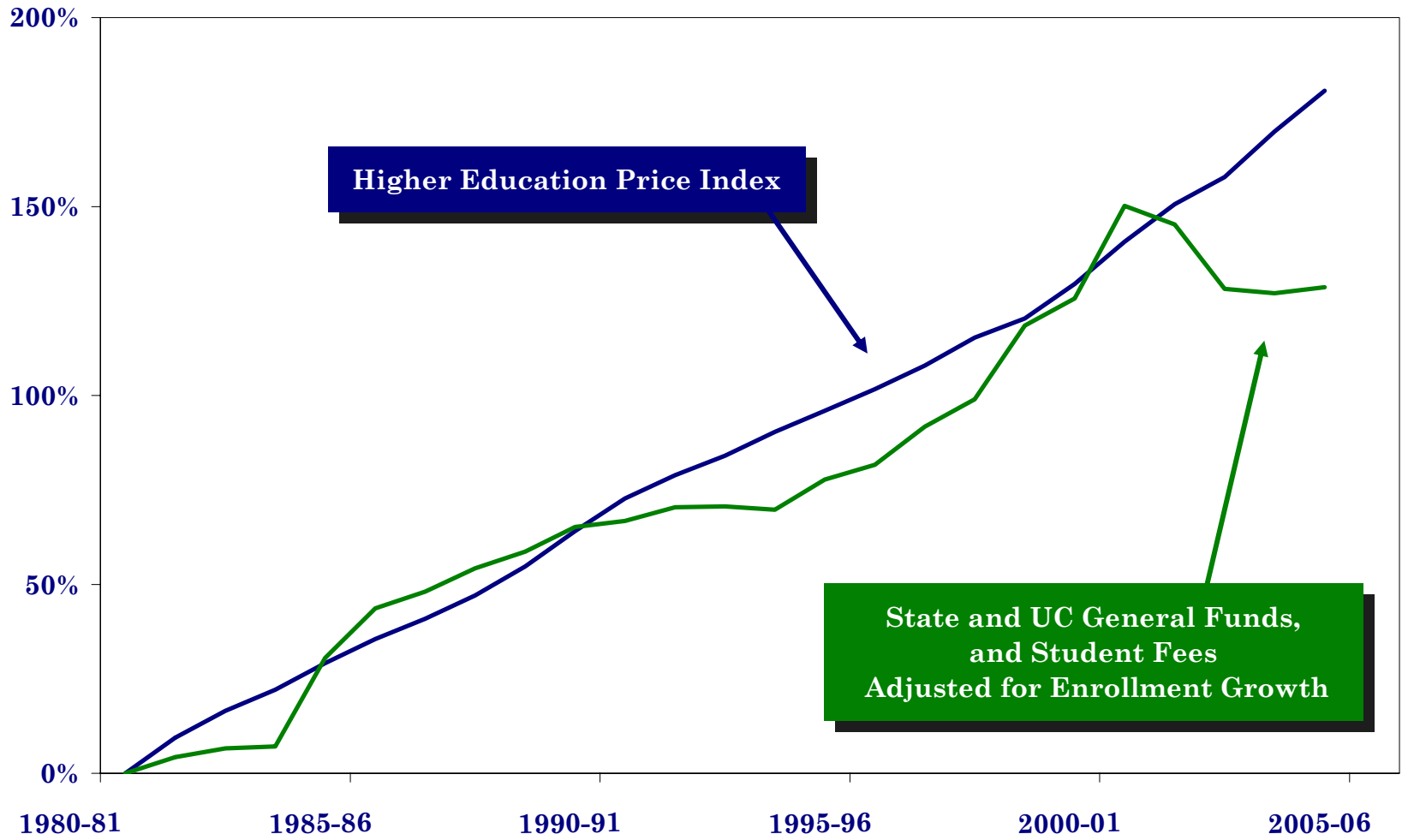




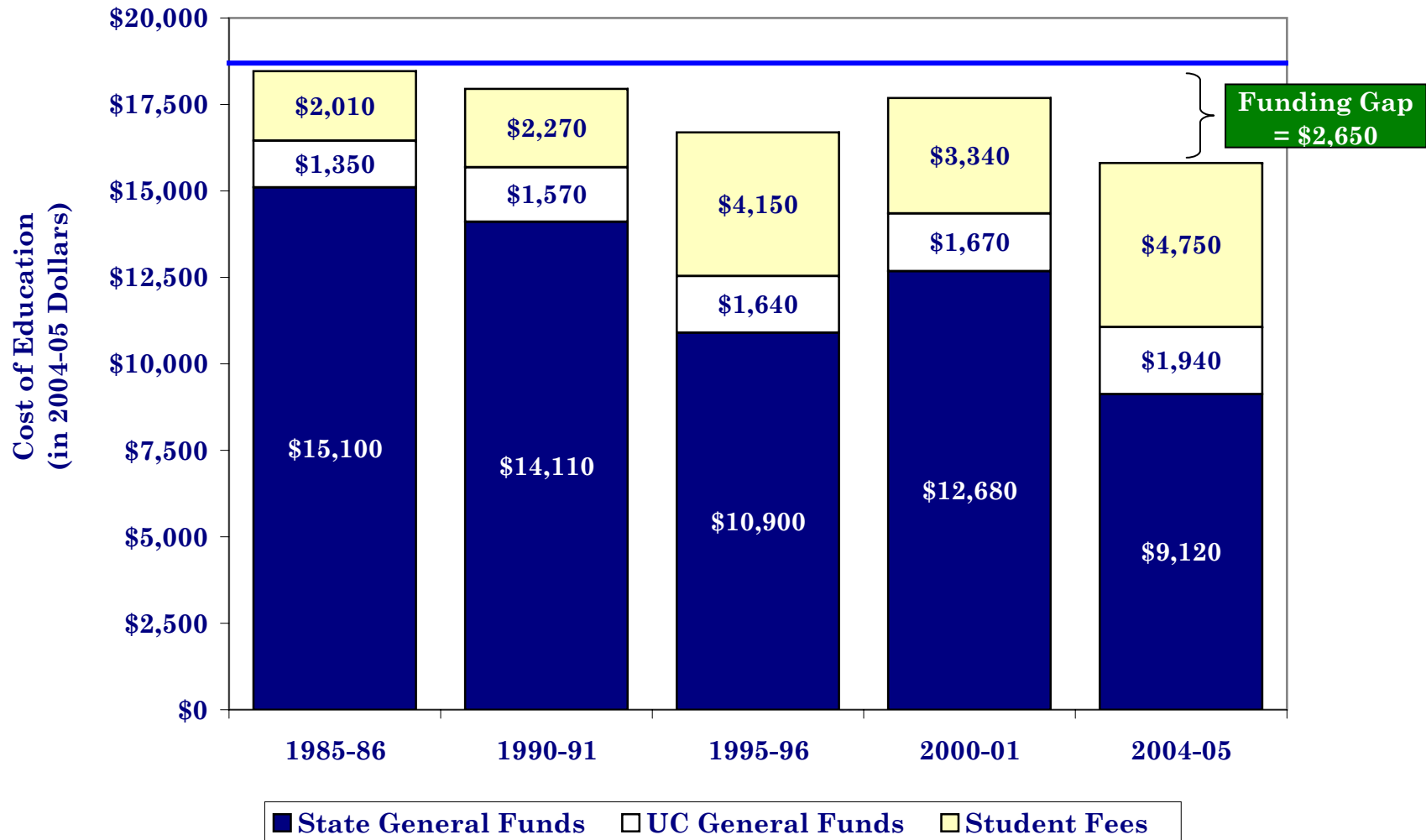




**Underfunding Per Student Compared to Inflation
State and UC General Funds and Student Fees**



Funding Components of the Average Cost of Education
(2004-05 Dollars)



Primary Principles and Priorities for the 2004-05 Budget

The Regents are committed to two Primary Principles for the 2004-05 Budget as follows:

- I. The quality of the University shall be maintained and enhanced – quality is basic to delivering its mission and is the most important asset that the University of California offers the state.**
- II. The University shall maintain access and affordability, and honor the Master Plan. The state needs the highly-skilled, well-educated graduates that are produced by the University of California.**

In order to support these Principles, the University recognizes that, due to the current funding challenges, it is necessary to establish certain priorities. These priorities are as follows, organized within the context of the two Primary Principles:

- I. The quality of the University shall be maintained and enhanced – quality is basic to delivering its mission and is the most important asset that the University of California offers the state.**

SHORT TERM PRIORITIES

LONG TERM PRIORITIES

STUDENT/FACULTY RATIO

The University must maintain a viable student/faculty ratio to achieve its research and teaching mission and to attract high quality students.

- | | |
|---|---|
| 1. The University will not permit the student-faculty ratio to deteriorate further. | 1. The University will achieve a student/faculty ratio of 17.6:1. |
|---|---|

FACULTY & STAFF SALARIES

To attract quality personnel needed to maintain the effectiveness of the University and its ability to accomplish its mission, faculty and staff salaries must be competitive.

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|---|---|
| 2. The University will continue to pay faculty merit increases. | 2. The University will return to paying competitive salaries for faculty and staff. |
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RESEARCH MISSION

The University's basic mission is that of a research institution. Adequate support of the research program is essential for the University to continue to be a quality research institution, to continue stimulate the economic vitality of the state, and to provide the human resources to meet this goal.

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|--|--|
| 3. Graduate student quality and ratios that exist today shall be maintained. That means that the net cost to attend and related financial support shall be maintained. | 3. Restore research funding and instructional support to previous levels, and seek funding for new research initiatives that represent high priorities. |
| 4. The instructional support of the University will be maintained at current levels. | 4. Depending on each campus' needs, specific ratios and support levels for graduate students necessary to meet the University's quality and research missions will be established. |

II. The University shall maintain access and affordability, and honor the Master Plan. The state needs the highly-skilled, well-educated graduates that are produced by the University of California.

ENROLLMENT

- | | |
|---|---|
| <p>5. Enrollment levels shall match the resources provided. Enrollment reductions may be necessary in the face of reduced financial support from the State. Any actions to reduce enrollments shall be implemented in such a way as to minimize the impact on UC's commitment to the access goals of the Master Plan and our promise to young people of California.</p> | <p>5. The University will adhere to the Master Plan, thus meeting its part of the promise to the youth of California.</p> |
|---|---|

FEES

- | | |
|--|--|
| <p>6. As student fees rise, financial aid will rise accordingly to mitigate the impact of fee increases on needy students.</p> | <p>6. A stable State funding formula shall be established that allows for the predictability of fees and revenues.</p> |
|--|--|

The University will continue to use a portion of the revenue raised from any increases in student fees in 2004-05 as necessary to offset increases for needy students.

7. The University's fee policy shall be based on established economic indicators, including State funding levels actually provided to the University, personal income growth, and other related items.

OUTREACH

- | | |
|---|---|
| <p>8. Cooperative efforts shall be made to achieve interim support.</p> | <p>8. Key aspects of the University's outreach programs shall be restored consistent with priorities identified by the Chancellors.</p> |
|---|---|
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**2005-06 Budget Request
(\$ in millions)**

2004-05 Operating Budget

Estimated State Funds (excluding one-time funds and lease revenue payments)	\$ 2,567.6
Estimated State and UC General Funds plus student fee income (excluding one-time funds and lease revenue payments)	4,367.6

PROPOSED INCREASES IN EXPENDITURES

(Based on the Compact)

Fixed Costs

Merit increases for faculty and staff (1.78% faculty; 1.5% staff)	46.8
Funding equivalent to an average 1.5% cost-of-living salary adjustment for faculty and staff	40.6
Funds to support health benefit costs plus parity and equity compensation for faculty and staff	23.7
Price increase for nonsalary budgets (2.25%)	20.6
Restoration of shortfall related to 2004-05 Professional School Fee Increase	5.0

Workload and Program Growth

Enrollment growth (5,000 FTE students)	
State funds	38.0
Student fee funds	29.0
Financial aid related to fee increases	30.1
Professional school funding	8.9
Maintenance of new space	16.0
Restoration of unallocated cuts related to Governor's proposed increase to the student-faculty ratio	10.0

Total Increase Under the Partnership

\$ 268.7
<i>6.2%</i>

% increase in State and UC General Funds, and Student Fee Income

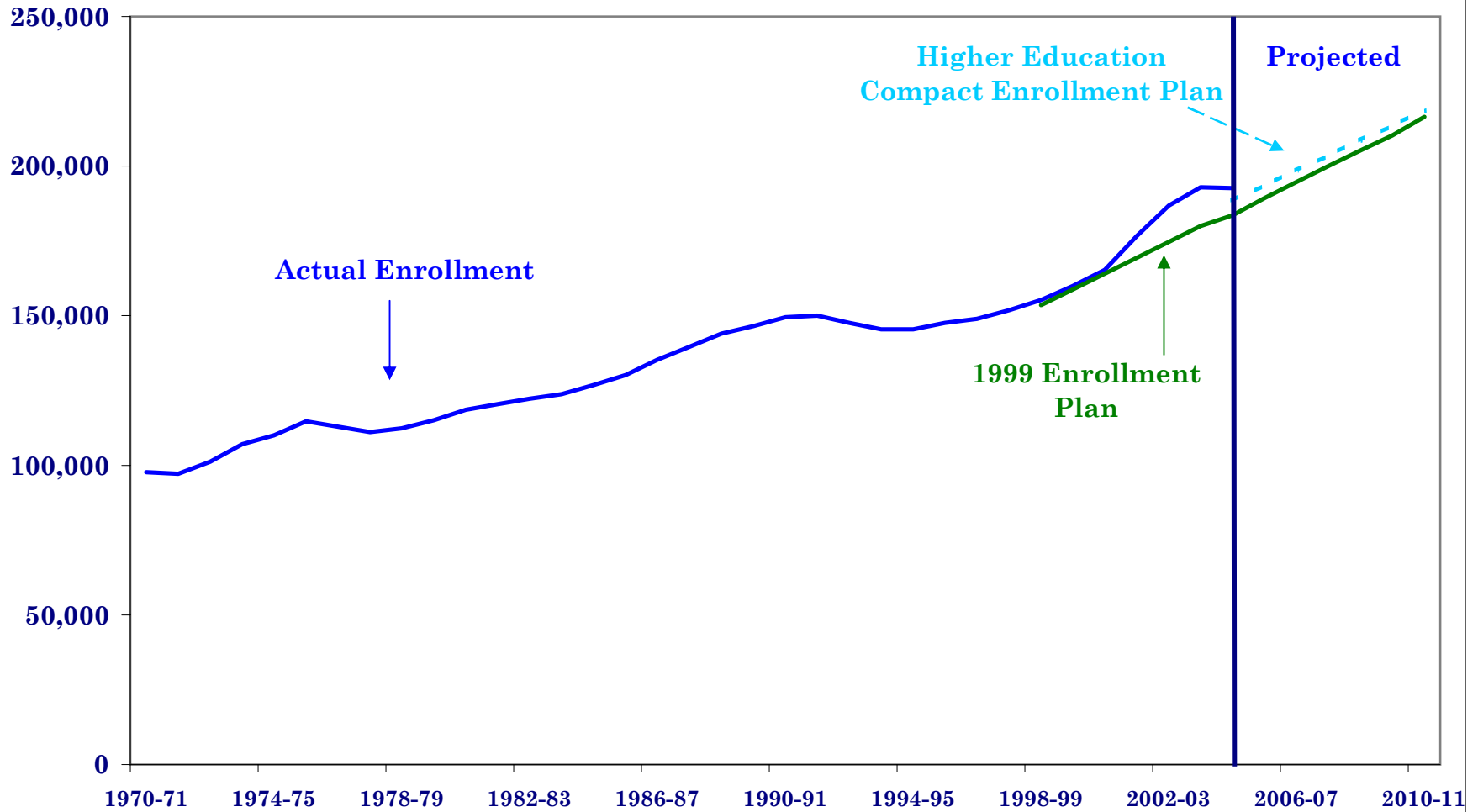
PROPOSED INCREASES IN INCOME

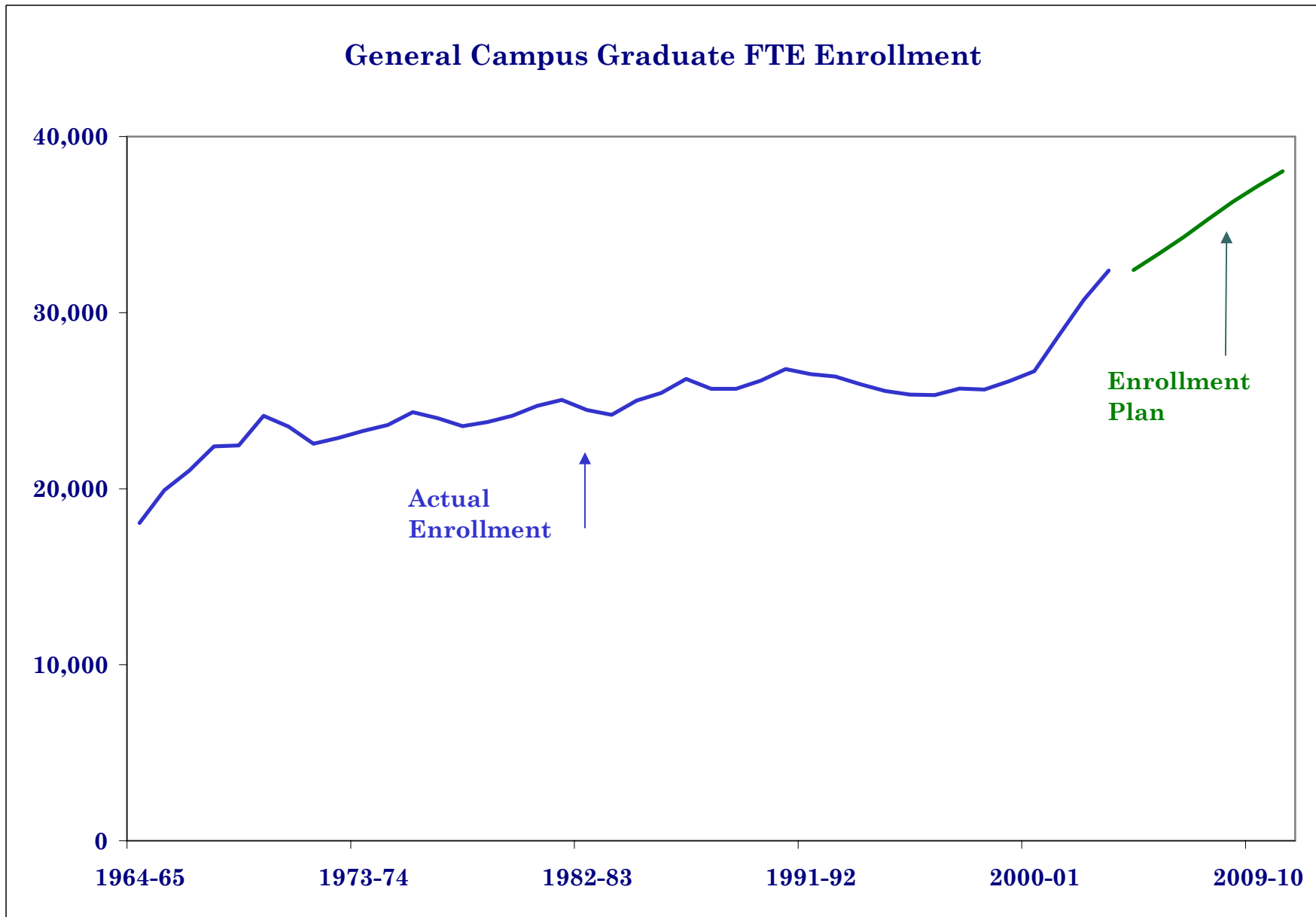
State General Funds (3% increase to the base, excludes debt service for capital outlay)	77.0
State General Funds for enrollment growth (marginal cost rate)	38.0
Revenue from an increase in mandatory systemwide student fees	100.8
Revenue from an increase in professional school student fees	8.9
Increase in fee income related to increase in enrollment	29.0
UC General Funds income (including 5.0% increase in undergraduate nonresident tuition)	15.0

Total Increase in State and UC General Funds, and Student Fee Income

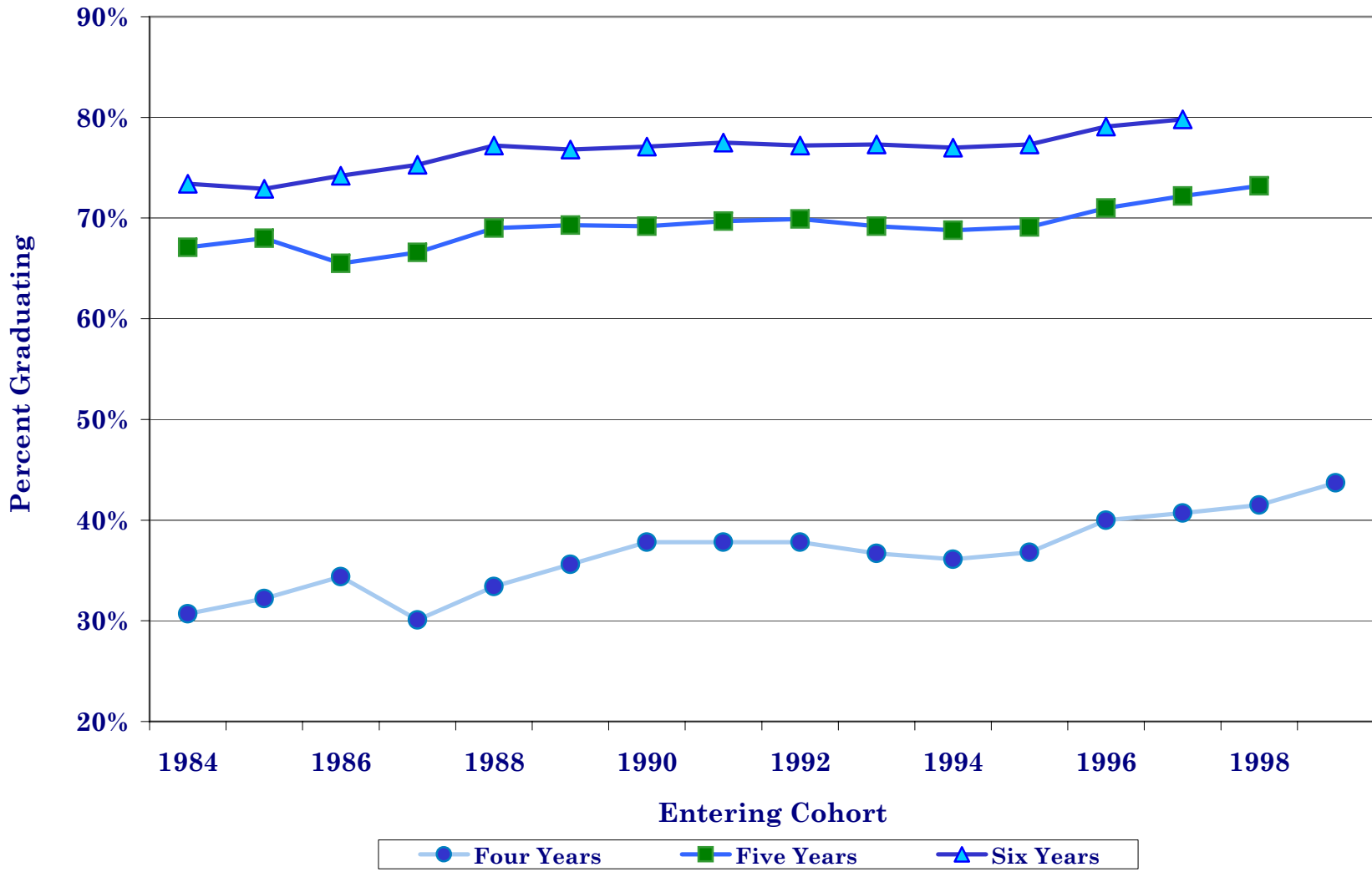
\$ 268.7

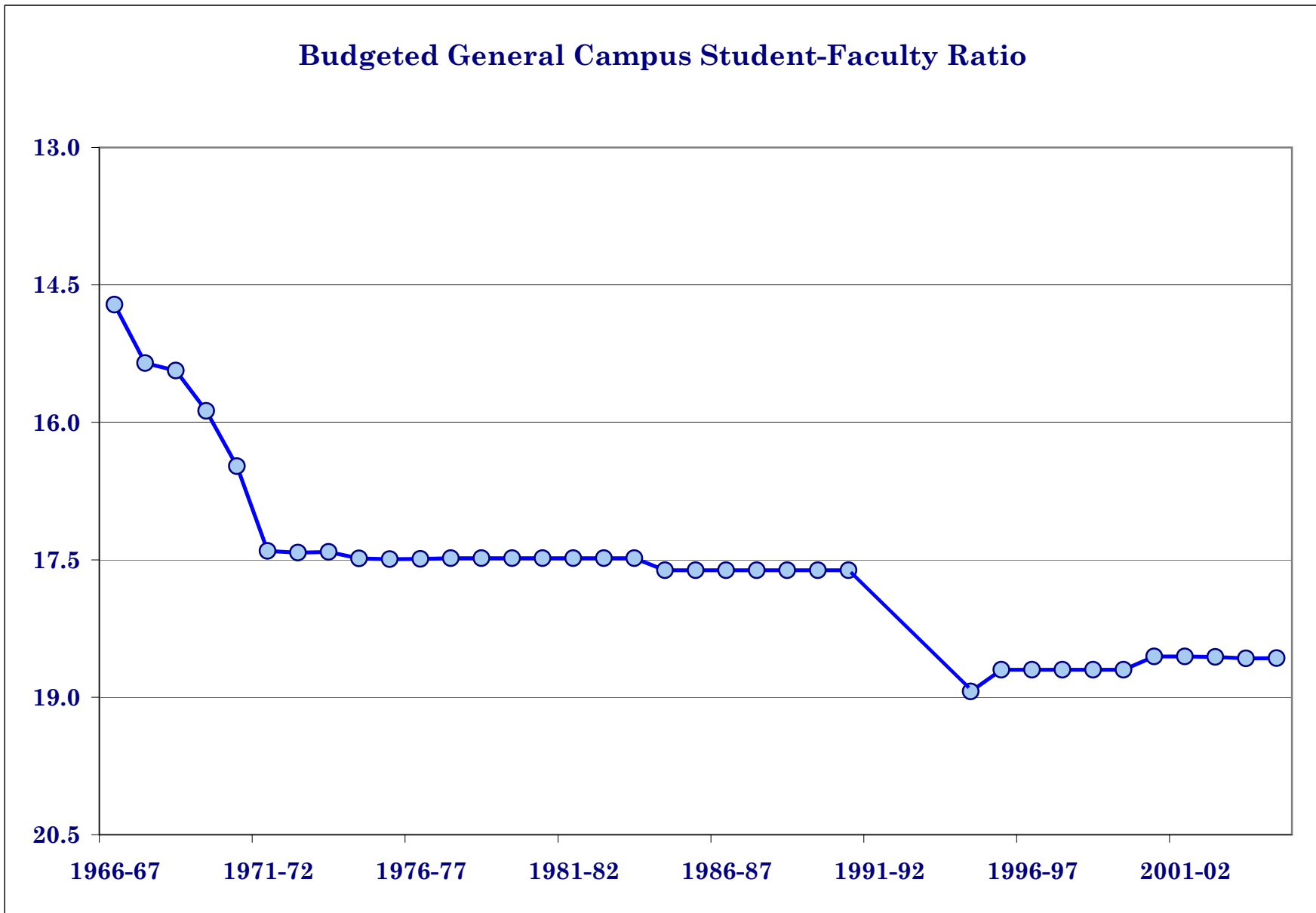
**General Campus FTE Enrollment:
Actual Enrollment, 1999 Plan, and Higher Education**



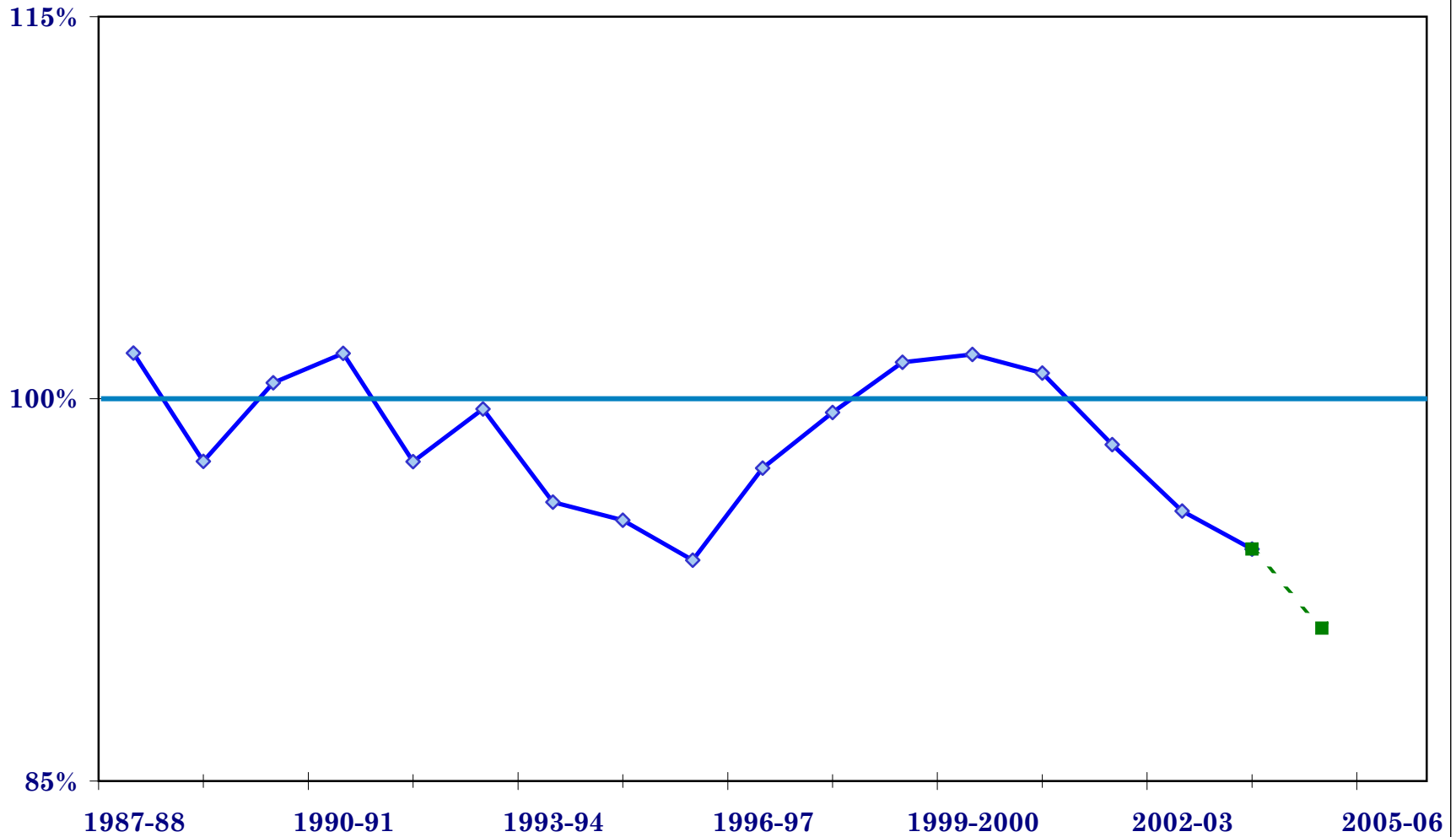


Graduation Rates by Cohort, Regularly Admitted Freshmen

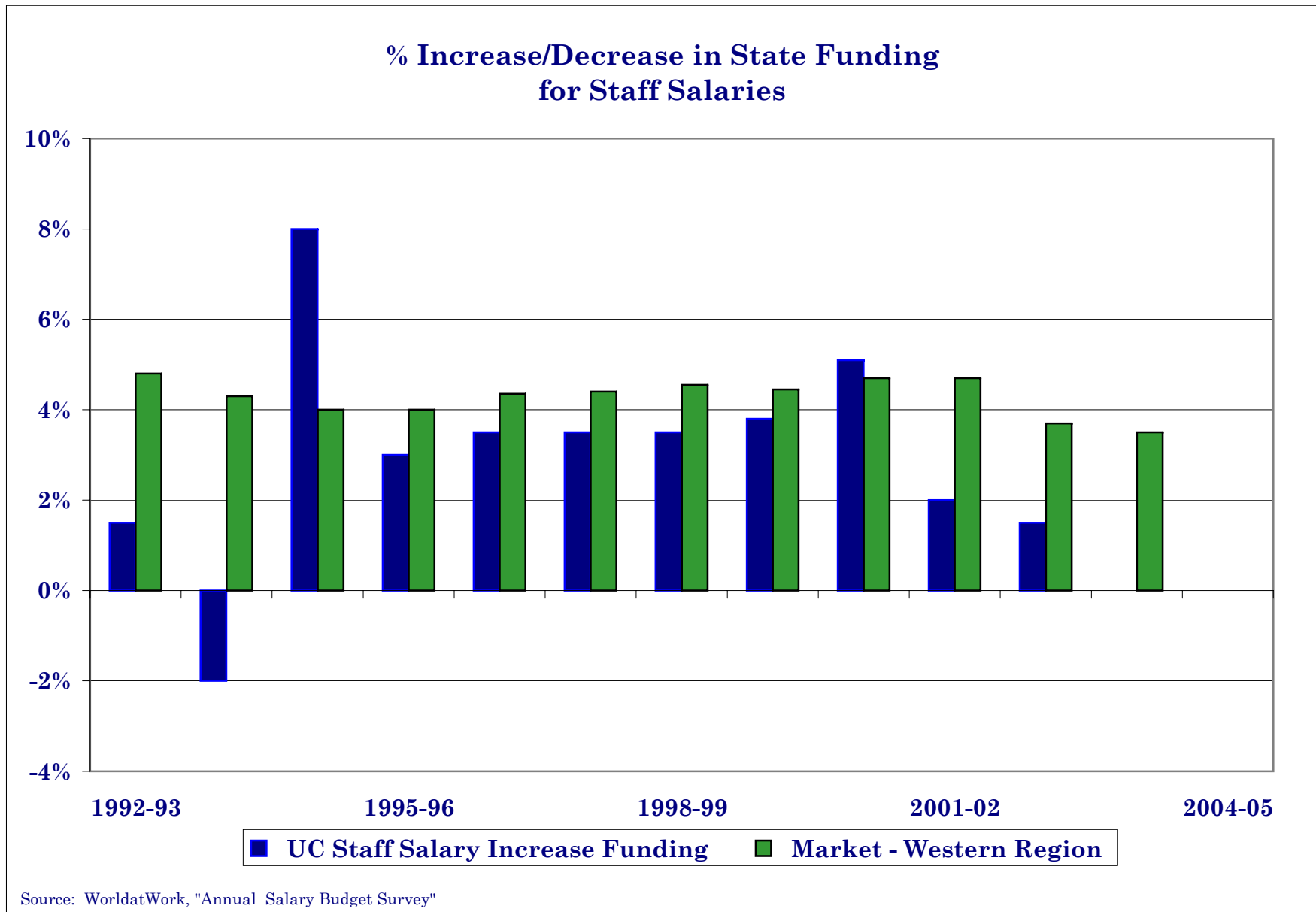




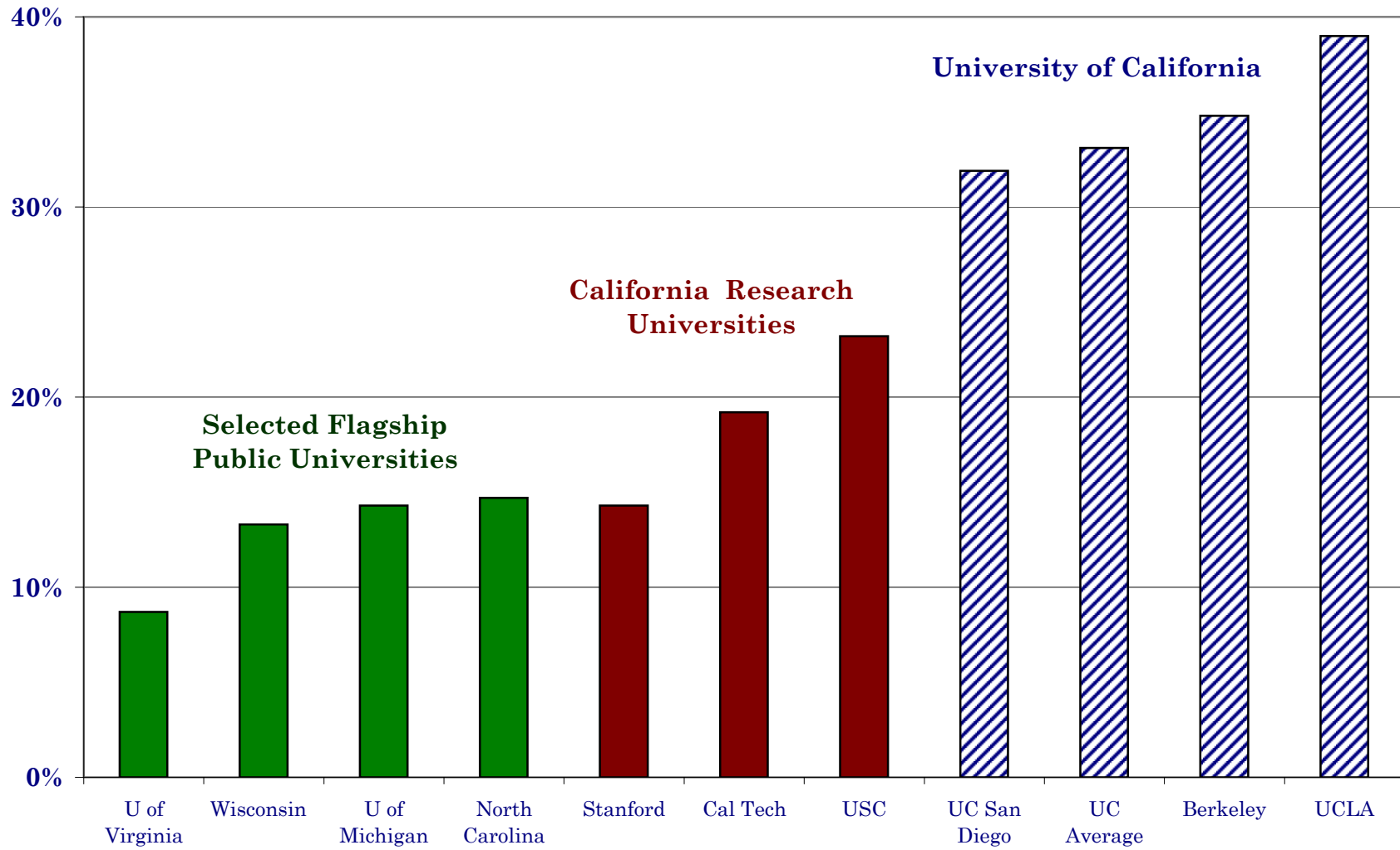
**UC Faculty Salaries as % of
Average at Comparison Institutions**



Source: Office of the President Salary Survey



Percent of Undergraduates Who Receive Pell Grants, 2003-04



University of California and Public Salary Comparison Institutions Student Fees				
Public Salary Comparison Institutions 2004-05 Fees	<u>Undergraduate</u>		<u>Graduate</u>	
	Resident	Nonresident	Resident	Nonresident
University of Illinois	\$ 7,944	\$ 20,864	\$ 8,310	\$ 20,310
University of Michigan	\$ 8,722	\$ 26,941	\$ 13,585	\$ 27,311
State University of New York	\$ 5,907	\$ 12,167	\$ 9,455	\$ 13,265
University of Virginia	\$ 6,790	\$ 22,890	\$ 9,200	\$ 20,200
2004-05 Average Fees of Comparison Institutions	\$ 7,341	\$ 20,716	\$ 10,138	\$ 20,272
<i>2004-05 Average UC Fees</i>	<i>\$ 6,312</i>	<i>\$ 23,268</i>	<i>\$ 7,928</i>	<i>\$ 22,867</i>
<i>2005-06 Estimated Average Fees for Public Salary Comparison Institutions</i>	7,781	21,958	10,847	21,082
<i>2005-06 Estimated Average UC Fees assuming increases in systemwide fees consistent with the Compact*</i>	<i>\$ 6,769</i>	<i>\$ 24,589</i>	<i>\$ 8,556</i>	<i>\$ 23,517</i>

*Increases of 8% for undergraduate students and 10% for graduate students in systemwide fees; and 5% in nonresident tuition for undergraduates.

FEEES FOR SELECTED PROFESSIONAL SCHOOL STUDENTS

University of California 2004-05 Resident Fees	Medicine	Dentistry	Veterinary Medicine	Law	Business Admin.	Optometry	Pharmacy	Nursing	Theater, Film & TV	Public Health	IRPS/ Public Policy
Total Average Fees --											
Base Fee Levels	\$ 21,388	\$ 20,233	\$ 20,131	\$ 20,826	\$ 21,279	\$ 15,327	\$ 15,889	\$ 9,933	\$ 12,459	\$ 7,468	\$ 7,601
Maximum Fee Levels (up to 10% above)		\$ 22,290		\$ 22,123	\$ 23,516		\$ 17,456				
Comparison Institution Fees											
2004-05 Resident Fees											
<i>Public Salary Comparison Institutions</i>											
University of Illinois (Champ/Urbana)			\$ 14,858	\$ 15,926	\$ 17,218				\$ 8,770		\$ 8,316
University of Illinois (Chicago)	\$ 24,572	\$ 18,558					\$ 13,782	\$ 16,710		\$ 9,470	
University of Michigan	\$ 21,355	\$ 21,581		\$ 29,357	\$ 31,687		\$ 14,991	\$ 14,007	\$ 13,849	\$ 14,797	\$ 15,375
State University of New York	\$ 21,267	\$ 17,522		\$ 14,577	\$ 9,735		\$ 14,847		\$ 9,455		
University of Virginia	\$ 26,074			\$ 26,100	\$ 30,200			\$ 6,655	\$ 9,210		\$ 9,210
<i>Additional Fee Comparison Institutions for Selected Programs</i>											
University of Alabama						\$ 12,642 *					
Cornell University (statutory college)			\$ 18,032								
University of Maryland											\$ 14,797
Michigan State University			\$ 14,800								
University of Minnesota			\$ 17,142								
University of Missouri						\$ 17,280					
University of North Carolina										\$ 5,508	
Ohio State University						\$ 14,370					
University of Wisconsin			\$ 15,882							\$ 7,866	\$ 7,866
University of Washington											
Public Comparison Institution											
Average Resident Fees for 2004-05	\$ 23,317	\$ 19,220	\$ 16,143	\$ 21,490	\$ 22,210	\$ 14,764	\$ 14,540	\$ 12,457	\$ 10,321	\$ 9,410	\$ 11,113
<i>Private Salary Comparison Institutions, 2004-05</i>											
Harvard University	\$ 34,776			\$ 36,110	\$ 41,812						
Massachusetts Institute of Technology					\$ 37,050						
Stanford University	\$ 37,947			\$ 35,502	\$ 39,630						
Yale University	\$ 37,315			\$ 36,490	\$ 37,652						
UNIVERSITY OF CALIFORNIA											
Estimated 2005-06 Resident Fees											
Total Average Fees --											
Base Fee Levels	\$ 22,407	\$ 21,238	\$ 21,076	\$ 21,863	\$ 22,323	\$ 16,215	\$ 16,777	\$ 10,649	\$ 13,261	\$ 11,291	\$ 11,424
Comparison Institution Fees											
Estimated 2005-06 Resident Fees											
(an average increase of 8%)	\$ 25,182	\$ 20,758	\$ 17,434	\$ 23,209	\$ 23,987	\$ 15,945	\$ 15,703	\$ 13,454	\$ 11,147	\$ 10,163	\$ 12,002
*does not include health insurance fees											

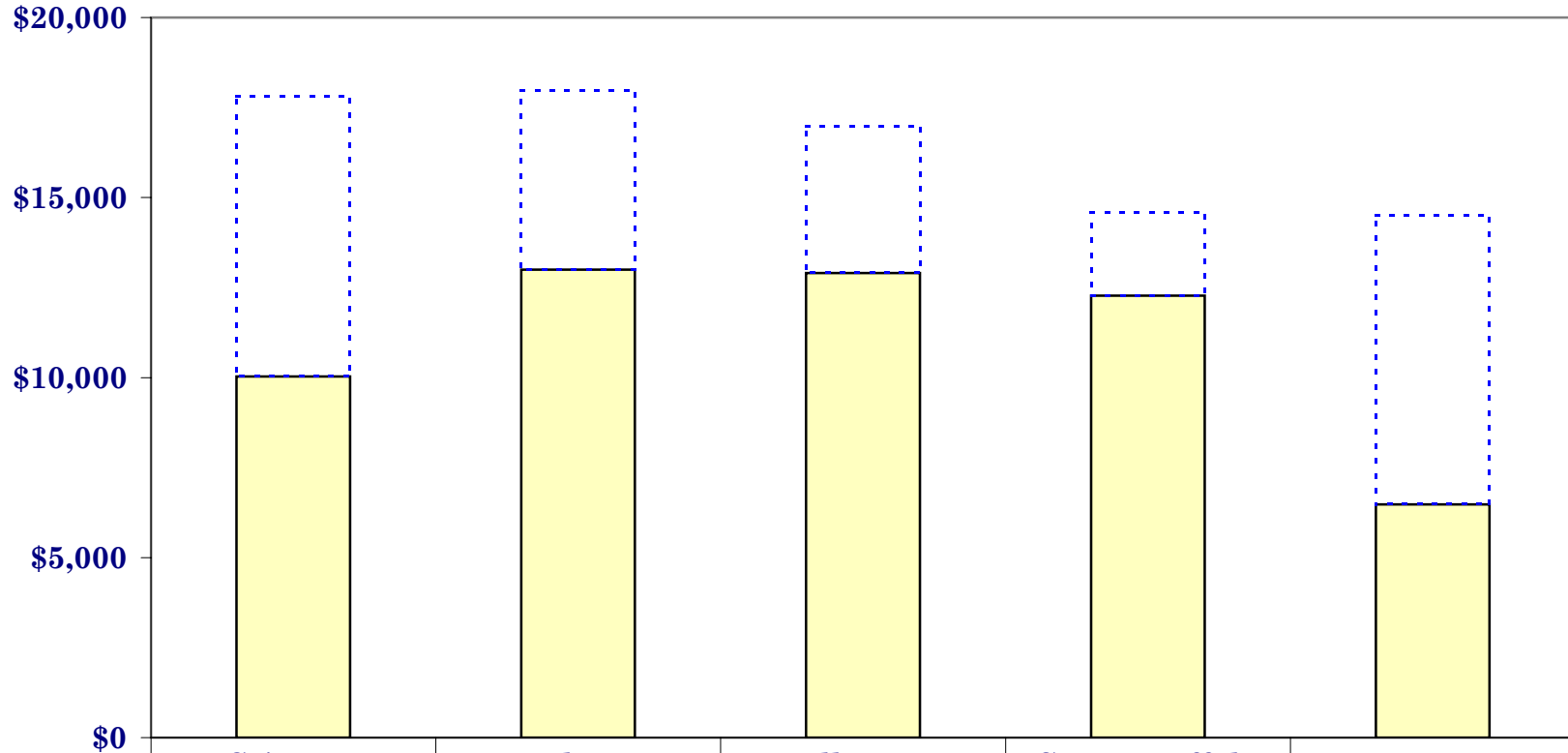
**Scholarships, Grants, and Fellowships
by Fund Source, 2001-02 to 2004-05**

(\$ in Millions)

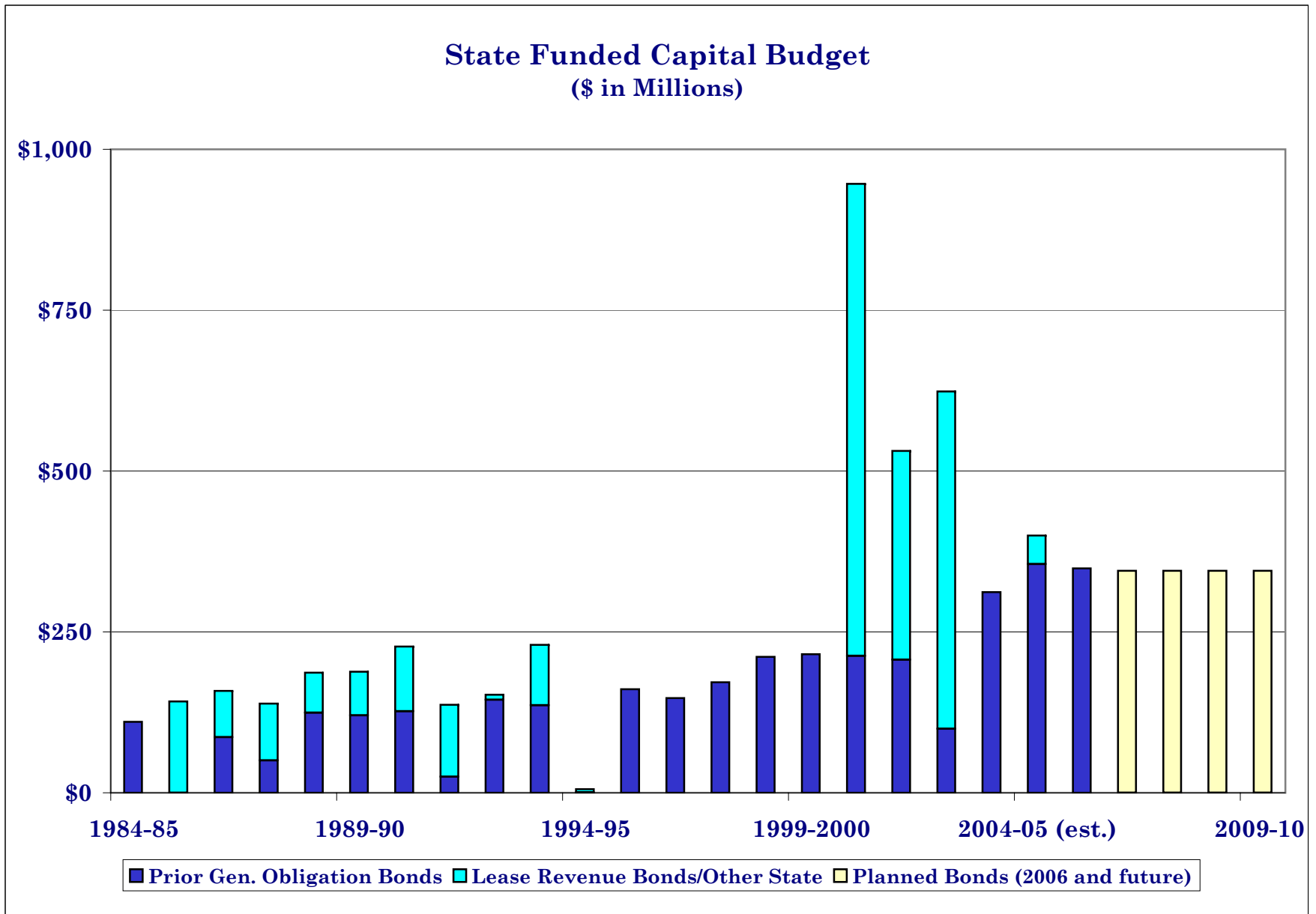
	2001-02	2002-03	2003-04	2004-05
<u>UC Funds</u>				
Student Fees and State General Funds	\$ 256.4	\$ 262.7	\$ 380.4	\$ 414.3
Other University Funds	111.7	125.4	128.8	131.6
Subtotal	\$ 368.1	\$ 388.1	\$ 509.2	\$ 545.9
<u>Other Funds</u>				
Student Aid Commission	\$ 133.4	\$ 148.7	\$ 195.6	\$ 213.7
Federal	185.3	203.2	212.1	216.7
Private Funds	43.2	49.6	51.2	52.3
Total	\$ 729.9	\$ 789.7	\$ 968.1	\$ 1,028.5

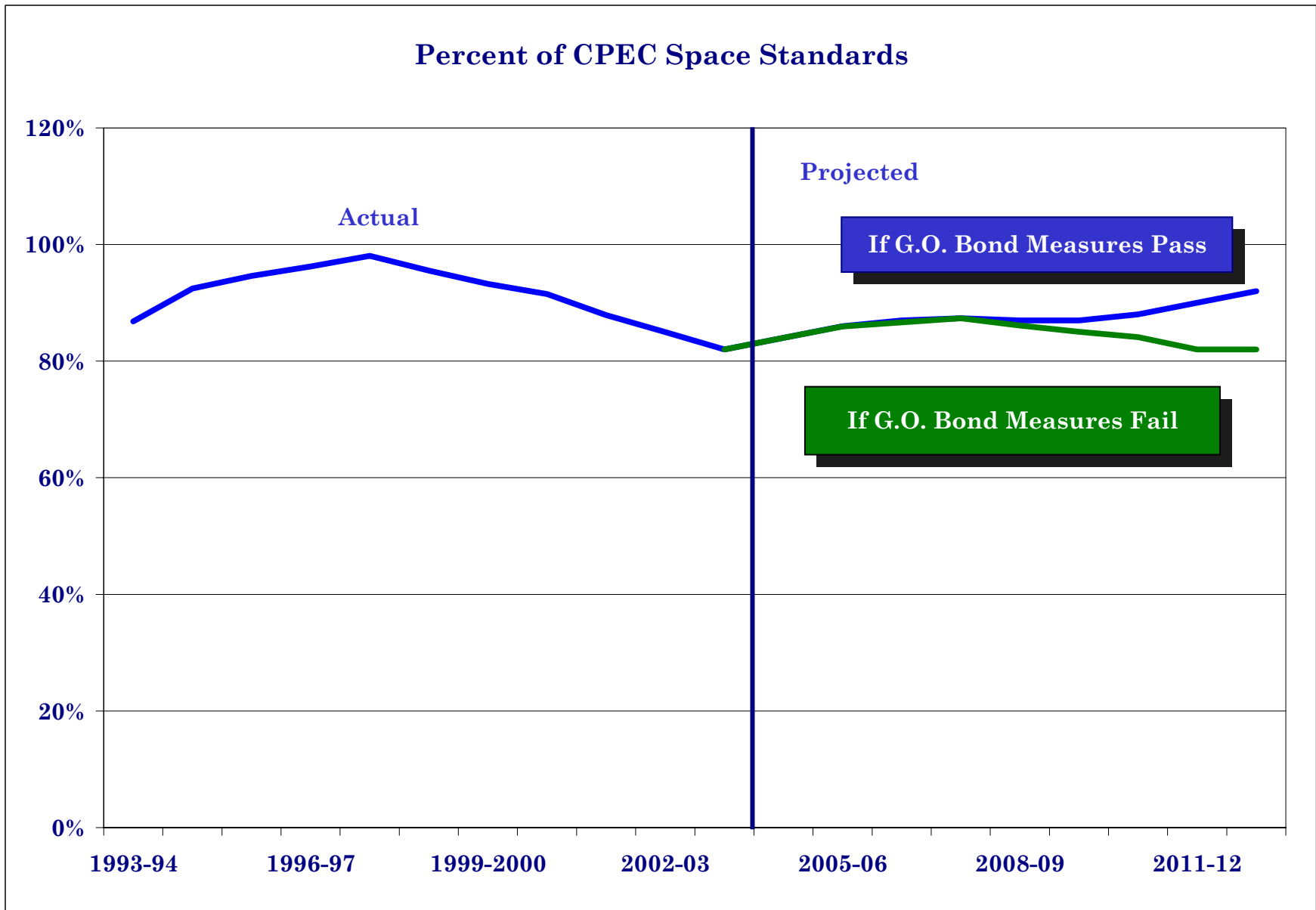
Note: Numbers for 2003-04 and 2004-05 are estimates; Student Fees and State General Funds are based on budgeted amounts.

Estimated Average Net Cost for Undergraduate Need-Based Aid Recipients at UC and Public Comparison Institutions, 2003-04



	UC Average	Michigan	Illinois	SUNY Buffalo	Virginia
Total Cost	\$17,814	\$17,957	\$16,991	\$14,592	\$14,498
Gift Aid	\$7,783	\$4,960	\$4,091	\$2,314	\$8,023
Net Cost	\$10,031	\$12,997	\$12,900	\$12,278	\$6,475





2005-06 BUDGET FOR CAPITAL IMPROVEMENTS

CCCI: 4328
EPI: 2649

Priority Number	Campus	Project	Prefunded (\$000)	2005-06 Budget (\$000)	Future Funding Requirements (\$000)	Total Project Cost (\$000)
Capital Equipment for Previously Authorized Projects						
---	Irv	Computer Science Unit 3	PWC 31,822 C [12,798] LB	E 3,025 E [3,025] X	---	34,847 [15,823]
---	SC	Humanities and Social Sciences Facility	PWC 27,305	E 1,075	---	28,380
---	SD	Biomedical Library Renovation and Addition	PWC 16,303 C [771] X	E 695	---	16,998 [771]
---	SD	Student Academic Services Facility	PWC 21,592 PWC 3,129 X C [5,000] LB	E 504	---	25,225 [8,129]
---	SB	Snidecor Hall Office Wing Seismic Replacement	PWC 11,744 PWC [765] X	E 405	---	12,149 [765]
---	SD	Mayer Hall Physics Addition and Renovation	PWC 28,655	E 445	C 12,277	41,377 [1,206]
Major Capital Projects						
1	Irv	Engineering Unit 3	PW 3,440 C [8,591] LB	C 47,347	E 3,176 E [3,176] X	53,963 [11,767]
2	Riv	Materials Science and Engineering Building	PW 3,749	C 50,549	E 4,370	58,668
3	SC	McHenry Addition and Renovation Project	PW 5,063	C 33,782	WCE 40,361	79,206
4	Dav	Physical Sciences Expansion	P 2,235	WC 46,280	E [1,206] X	80,435 [1,206]
5	Berk	Doe Library Seismic and Program Improvements Step 4	P 1,110 PW [3,640] G	C 30,810 C [8,640] G		144,298 [12,100]
6	LA	Life Sciences Replacement Building	P 2,200 P [1,003] LB	WC 52,042 C [5,876] LB	C 16,080 C [13,118] LB E [1,311] X	70,322 [21,308]
7	SD	Music Building	PW 3,802	C 36,125	E 2,129	42,056

2005-06 BUDGET FOR CAPITAL IMPROVEMENTS

CCCI: 4328
EPI: 2649

Priority Number	Campus	Project	Prefunded (\$000)	2005-06 Budget (\$000)		Future Funding Requirements (\$000)		Total Project Cost (\$000)
<u>Capital Equipment for Previously Authorized Projects</u>								
8	SF	Medical Sciences Building Improvements, Phase 2	PW 3,032	C	15,319	C	15,319	33,670
9	SC	Alterations for Engineering Phase 3	PW 389	C	4,161		---	4,550
10	Dav	Steam Expansion Phase 1	P [559] X	WC C	10,483 [1,520] X		---	10,483 [2,079]
11	Irv	Social and Behavioral Sciences Building		PW	2,850	CE E	37,850 [2,700] X	40,700 [2,700]
12	SC	Digital Arts Facility	P 1,330	W	888	CE	19,481	21,699
13	SD	Structural and Materials Engineering Building		P	3,067	WCE E	68,095 [4,000] X	71,162 [4,000]
14	Dav	Electrical Improvements Phase 3	P [488] X	WC C	10,166 [1,550] X		---	10,166 [2,038]
15	Riv	Environmental Health and Safety Expansion		PW	1,000	CE	10,964	11,964
16	Berk	Seismic Safety Corrections Giannini Hall		P	1,055	WC C	21,153 [2,336] X	22,208 [2,336]
17	Riv	Student Academic Support Services Building		PW	1,650	CE	17,730	19,380
18	SC	Infrastructure Improvements Phase 1		P	777	WC	7,326	8,103
19	ANR	Lindcove REC Laboratory Facility		PWC	1,030		---	1,030
TOTAL				355,530		276,311		