



Budget Update

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2012-13 UC Budget Governor's May Revise Proposal

- 2012-13 State General Funds \$2.57 billion
 - General Obligation Bond debt service 196.8 million
 - State's obligation to UCRP 52.0 million
 - Increase in UC's LRB debt service 10.2 million
 - Annuitant health benefits 5.2 million

- Mid-year budget trigger reduction if Governor's revenue initiative fails -\$250 million



Budget Update: May Revise State General Fund

Governor's 2012-13 Budget Assumptions

- January, Budget Gap \$ 9.2 billion
- May Revise, Budget Gap \$15.7 billion

Factors

- DOF January Revenue Estimates \$4.3 billion
- Fed. Gov't. rulings, Court Actions \$1.7 billion



Budget Update: May Revise Major Budget Solutions

- Redevelopment Agencies - \$1.4 billion
- Medi-cal, Managed Care - \$1.2 billion
- CalWorks, Time Limit - \$880 million
- State Mandates - \$828 million
- Child Care - \$452 million
- State Workers Compensation - \$401 million
- In Home Supportive Services - \$225 million

- November Tax Initiative \$5.6 billion



Budget Update: May Revise UC Budget, Cal Grants

UC Budget

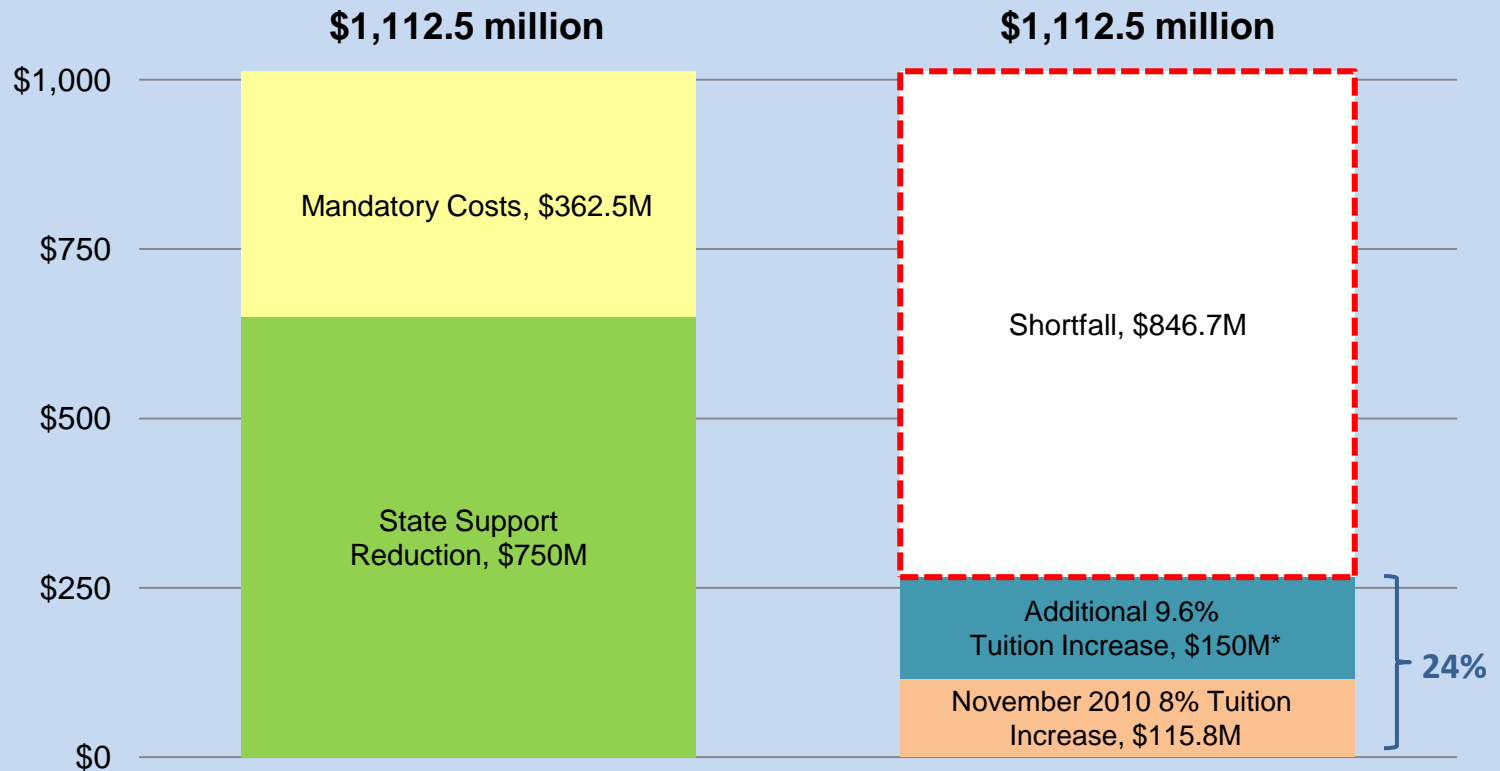
- UCRP Reduction - \$38 million
- Mid-Year Budget Trigger - \$250 million

Cal Grant Program

- Cal Grant Methodology - \$43 million
- Cal Grant Standards - \$38.4 million
- Cal Grant, TANF Backfill - \$803.8 million



UC's 2011-12 Budget Shortfall



Dollars in millions.

* Annualized revenue impact.



2012-13 Funding Needs

Increased Expenditures as Revised	(\$326.6)
Mid-year 2011-12 Budget Reduction, Permanently Absorbed Going Forward	(\$100.0)
Funding Provided in Governor's Proposed Budget	\$57.2
Savings to be Achieved by Working Smarter	\$67.0
Funding Provided by Tuition and Fee Buy-out or 6% Tuition and Fee Increase (annualized)	\$125.4
Total 2012-13 Budget Shortfall to Date	(\$177.0)
New Revenue in First Year of LRB Refinancing	\$80.0
2012-13 Budget Shortfall with LRB Refinancing	(\$97.0)

Dollars in millions



2012-13 Funding Shortfall

- Addressing the \$97 million shortfall on top of the existing budget gap means further erosion of quality:
 - Additional cutbacks in programs
 - Further delays in hiring faculty
 - More layoffs
 - More program consolidations or eliminations
- An additional \$250 million mid-year reduction if the November tax initiative fails



Longer-Term Funding Needs

- \$300 million a year over five years
- Assuming:
 - Meeting aggressive administrative efficiency and alternative revenue goals
 - Controlling mandatory costs
 - Eventually \$100 million a year from refinancing of lease revenue bond debt
 - Reinvestment of State General Funds

