



Update on May Revision and Endorsement of Framework Contained in Governor's Revised Budget for 2015-16

Provost and Executive Vice President Aimée Dorr

Executive Vice President Nathan Brostrom

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State Budget: 2015-16 May Revision

- May Revision reflects a \$6.7B increase in General Fund revenues compared to January Budget
- The majority of these increases is committed:
 - Prop 98 increases funding by \$5.5B for K-12 schools and community colleges over two years (including \$2.8B in 2014-15 and \$2.7B in 2015-16)
 - Prop 2 requires an additional \$633M to be deposited in Rainy Day Fund and an additional \$633M be used to pay down debts and liabilities



State Budget: 2015-16 May Revision

New spending in budget limited primarily to three areas:

- \$380M for California Earned Income Tax Credits to 2 million lowest income workers
- Funding for UC and CSU
 - One-time funds for energy projects from Cap and Trade (UC = \$25M, CSU = \$35M) and \$25 million each for deferred maintenance for UC and CSU
 - One-time funding to UC to pay down unfunded pension liability
 - \$38M permanent funding to CSU for enrollment and support services
- Health care and other safety net services to undocumented immigrants who gain permanent residence



2015-16 May Revision: UC's Funding Framework, 2015-16 through 2018-19

- Base budget adjustments of 4% annually for four years, 2015-16 through 2018-19
 - This extends the commitment to a 4% increase by two years
 - Over four years, represents a total increase of \$507 million in State appropriations
- Additional one-time funds for designated purposes
 - \$25 million in one-time funds for deferred maintenance
 - \$25 million in one-time Cap and Trade funds for energy projects
 - \$436 million in one-time Proposition 2 debt repayment funds over three years for UCRP



2015-16 May Revision: Funding for UCRP

- The \$436m of Prop 2 funds over three years is to be provided upon Regental approval of a new pension tier:
 - \$96M for 2015-16, \$170M for 2016-17, and \$170M for 2017-18
 - By Constitution, funds have to be supplemental above Regental-approved contribution rates
- By reducing the overall unfunded liability, will shorten the time it takes to reach fully funded status



2015-16 May Revision: New Pension Tier

- New tier will limit pensionable salary to State's PEPPRA cap (\$117,000 in 2015-16) for those on defined benefit plan
- New employees can also choose a fully defined contribution plan with no pensionable cap
- Will only affect new employees hired after new tier is implemented
- President will form workgroup to design new tier and, after wide consultation with stakeholder groups, will bring to Regents for review and approval



2015-16 May Revision: UC's Funding Framework, 2015-16 through 2018-19

- No in-state tuition increases in 2015-16 and 2016-17, with tuition increases of at least rate of inflation beginning in 2017-18
- Student Services Fee will increase 5% in 2015-16 and each year thereafter
 - Represents a \$48 increase in the coming year
 - New revenue split between student mental health and other critical student service programs



2015-16 May Revision: UC's Funding Framework, 2015-16 through 2018-19

- Undergraduate nonresident supplemental tuition increases of up to 8%
- Implementation of PDST increases approved by Regents in November
 - No increases for law schools



2015-16 May Revision: UC's Funding Framework, 2015-16 through 2018-19

- The agreement with the Governor meets nearly all the goals of the Regents November plan, including providing predictability and stability for the financial plan
- However, it does not provide funding for enrollment growth
- We continue to work with the Legislature for resources needed to support enrollment growth
 - Campuses have ability to grow by 10,000 additional California students if permanent funding is provided.
 - High priority of growth will be to accommodate California transfer students
 - Higher demand with increased Prop 98 funds for community colleges
 - Transfer pathways to streamline access to UC
- Governor will not veto additional funds provided by the Legislature



Enhanced Commitment to the Transfer Function

- Achieve goal by 2017-18 to have one-third of entering undergraduates start as transfers (except at Merced)
- Complete systemwide transfer preparation pathways for 20 top majors over next two academic years
- The President will ask the Academic Senate to examine adoption of state's Common Identification Numbering (C-ID) system to supplement current course numbering system



Innovations to Support Student Progress and Improve Time-to-Degree

- Review major requirements with goal of reducing units to 45 where possible for 75 percent of undergraduate majors by July 1, 2017 (UCLA has already completed this and San Diego is in process)
- All undergraduate campuses will identify three-year degree pathways for 10 of top 15 majors by March 1, 2016
- Three campuses to pilot alternative pricing models in summer sessions by Summer 2016



Innovations to Support Student Progress and Improve Time-to-Degree (cont.)

- Emphasize expansion of gateway courses in developing online undergraduate courses
- Ask the Academic Senate to reexamine current policies regarding Advanced Placement and College-Level Examination Program tests
- Enhance advising services to support students to complete degree within four years and to address achievement gap



Innovation in the Use of Data Analytics

- Expand predictive analytics to identify undergraduates at risk of academic difficulty
- Pilot activity-based costing at UC Riverside and engage two other campuses in a scoping study
- Pilot adaptive learning technology at UC Davis and two other campuses
- Convene industry and other stakeholders to indentify online certificate and masters degree programs that would provide significant benefit to the state's workforce



Next Steps

- UC is advocating strongly for inclusion of additional permanent funds for enrollment in the Assembly and Senate versions of the budget
- The Legislature's budget committees are finishing their process this week
- The remainder of the process in each house is likely to conclude next week
- The next step is a two-house conference committee to resolve differences in the Senate and Assembly versions of the budget
- Then the Assembly and Senate floors will convene for a vote by June 15 and transmit a budget to the Governor
- The University will report on final results at the July meeting

