

UNIVERSITY
OF
CALIFORNIA

Budget for Current Operations

Context for the Budget Request

2024-25

Foreword

The University of California was founded in 1868 as a public, State-supported land grant institution. The State Constitution establishes UC as a public trust to be administered under the authority of an independent governing board, the Regents of the University of California. The University maintains ten campuses: Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara, and Santa Cruz. Nine campuses offer undergraduate and graduate education; San Francisco is devoted primarily to health sciences graduate and professional instruction. The University operates teaching hospitals and clinics on the Los Angeles and San Francisco campuses, and in Sacramento, San Diego, and Orange counties. The University includes approximately 150 institutes, centers, bureaus, and research laboratories throughout the state. UC's Agricultural Field Stations, Cooperative Extension offices, and the Natural Reserve System benefit all Californians. The University also oversees the Lawrence Berkeley National Laboratory and is a partner in limited liability corporations that oversee two other Department of Energy laboratories.

ORGANIZATION OF THE 2024-25 BUDGET FOR CURRENT OPERATIONS – CONTEXT FOR THE BUDGET REQUEST

The companion to this document, the *2024-25 Summary of the Budget Request*, provides a brief overview of the major policy issues, revenue needs, and expenditure plans and objectives of the University for 2024-25. It provides explanatory detail for all aspects of the University's operating budget plan for core funds.

The first chapter, *UC's Role in the State of California*, provides an overview of the University's contributions to the state in both the education and economic sectors.

The *Sources of University Funds* chapter presents a digest of the major fund sources that constitute the University's total operating revenue.

The *Cross-Cutting Issues* chapter provides budget detail for issues that cross functional areas.



Subsequent chapters discuss specific program areas in more detail. These include chapters covering the core mission activities of instruction, research, and public service, as well as all support activities and student financial aid.

Employee compensation and rising costs of employee and retiree benefits are major drivers of the University's budget plan. These issues are discussed in the *Compensation, Employee and Retirement Benefits, and Non-Salary Cost Increases* chapter.

The *Student Tuition and Fees* chapter provides information about the University's tuition and fee policy and practices.

The *Historical Perspective* chapter provides a detailed account of the history of State funding for the University over the last several decades.

The Appendix includes various tables providing current and historical budget, enrollment, and tuition information.

A separate volume, the *2022-28 Capital Financial Plan*, provides information about the University's capital facilities needs.

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UC's Role in the State of California

California's public investment in higher education fuels economic growth, social mobility, scientific discovery, and cultural opportunities. The State's historic commitment to fund the University has enabled it to not only educate the brightest students – over 294,000 in 2022-23 alone – but also to positively affect the life of every Californian.

- **UC educates the workforce** for the types of high-skill high-wage jobs required by high technology, business, agriculture, entertainment, health care, education, and other sectors of the economy.
- **UC is committed to recognize and nurture merit, talent, and achievement by supporting diversity and equal opportunity** in its education, services, and administration, as well as research and creative activity.
- **UC conducts research that fuels the State's economy**, creates jobs, increases productivity, and solves societal and global problems, leading to higher standards of living.
- **UC is a key source of innovation and entrepreneurs**, which are essential to the industries that drive California's competitiveness.
- **UC improves the health of Californians** by providing an unmatched combination of state-of-the-art patient care, facilities, and groundbreaking research programs, which are integrated with the nation's largest medical education program.
- **UC collaborates with K-12 schools** to improve the quality of instruction and expand educational opportunities.
- **UC offers public venues for cultural opportunities**, with dozens of museums, concert halls, art galleries, botanical gardens, observatories, and marine centers that serve as academic resources, as well as exciting spaces for the broader community.

UC's excellence is well documented by the many honors and awards conferred upon faculty, departments, and campuses. That excellence, in turn, attracts billions of dollars in federal and private funding every year and supports the discovery and dissemination of new knowledge that promotes economic, social, and cultural development.

UC has long been a major contributor to California's vibrancy and strength. To meet the changing needs of future generations, California must continue to invest in the

Display I-1: UC At-A-Glance

Founded in 1868, the University of California consists of:

- 10 campuses serving an estimated 294,000 FTE students in more than 850 instructional programs in 2022-23;
 - Six academic health centers providing approximately 9.5 million hospital outpatient visits and other non-hospital clinic visits annually;
 - In 2022-23, an over \$7.2 billion research enterprise, seeking new knowledge and solutions to critical problems;
 - A network of libraries housing nearly 40 million print volumes, second only to the Library of Congress;
 - Approximately 5,700 buildings, representing over 151 million gross square feet in 2022-23; and
 - As of April 2023, 251,517 employees (or 190,280 full-time equivalent employees) across the system.
-

future by supporting its world-class public research university.

THE STATE'S HISTORIC INVESTMENT IN UC

The University's operating budget, estimated at \$47.1 billion in 2023-24, funds its tripartite mission of teaching, research, and public service, as well as a wide range of support activities, including teaching hospitals, the Lawrence Berkeley National Laboratory, UC Extension, housing and dining services, libraries, and other functions.

State General Funds remain extremely important because they support the University's core instructional mission and make it possible to attract funds from other sources. Other fund sources augment the University's core activities of instruction and research; support academic and administrative functions; allow UC to provide public service to the State and its people; and support rich social, cultural, and learning environments on its campuses. Each year, UC generates more than \$82.1 billion in economic activity. State funds leverage substantial private funding – the California Institutes for Science and Innovation, for example, is a unique funding partnership among the State, industry, and UC. This partnership is discussed in more detail in the

THE PURSUIT OF EXCELLENCE

The University of California is internationally renowned for the quality of its academic programs and consistently ranks among the world's leading institutions in the number of faculty, researchers, programs, and campuses singled out for awards and distinctions, election to academic and scientific organizations, and other honors. These include:

- Five UC campuses are classified as Hispanic-Serving Institutions (HSIs), with UC Santa Barbara as the first member of Association of American Universities to attain this designation.
- 70 Nobel laureates, representing nearly 7% of the 989 laureates globally.
- Over 645 UC faculty members have been elected to the National Academy of Sciences, one of the highest honors that can be accorded to a U.S. scientist.
- 63 National Medal of Science winners.
- Over 590 American Academy of Arts and Sciences members.
- More licensable patents secured by UC than by any other U.S. research university.
- Over 246 members of the National Academy of Medicine, formerly known as the Institute of Medicine.
- Nearly 1,000 American Association for the Advancement of Science members.
- 93 recipients of MacArthur Foundation "genius" grants since the Foundation's inaugural awards in 1981.
- Over 1,669 Guggenheim fellowships since 1930 – more than any other university or college.
- 40 Pulitzer Prize winners.
- Three UC campuses ranked among the top 20 institutions in the nation by *Washington Monthly* 2023 college rankings, which consider social mobility, research, and public service. The Berkeley campus was at the top of the list of UC campuses, ranking ninth overall.
- Five campuses among the top 10 American public universities in the 2022 edition of the *US News and World Report Best College* rankings, with the Los Angeles and Berkeley campuses ranked #1 and #2, respectively.
- The medical centers at San Diego, Los Angeles, and San Francisco nationally ranked 17th, 18th, and 19th, respectively, in *US News*' Honor Roll for the country's top hospitals in the 2023-24 rankings.
- Two UC campuses appeared in the top 20 of the 2023 Forbes Rankings of top colleges, the only public universities to appear in the top 20. The UC Berkeley campus ranked No. 5 and the UCLA campus ranked No. 7.

Research chapter of this document.

State General Funds provide a necessary and significant amount of UC's core operating revenues. Although State General Funds represent 11% of the University's total operating budget, they represent approximately 49% of the University's current core funds. The other core funds are primarily student tuition and fees, including nonresident supplemental tuition.

The University has historically received funding increases from the State during times of economic growth and decreases during times of State revenue decline. The fact that the State has typically increased its investment in UC during times of economic growth shows the value that the Governor and Legislators place on UC's service to the State in education, research, and public service. State funding decreases to UC can be dramatic, as during the aftermath of the Great Recession when the University's budget declined by a billion dollars over two years. While the State has fully restored the UC budget to the pre-recession and, more recently, pre-pandemic levels, inflation, and rapid enrollment growth, along with efforts to hold in-state tuition nearly flat over a ten-year period, have made it difficult for the University to sustain the same level of services. In May 2022, the Governor and the University of California announced a new multi-year compact that combines predictable increases in State support for the University with a commitment to advance multiple student-focused goals shared by the Governor and the University. Under the compact, the Governor will propose annual base budget adjustments of 5% for the University in 2023-24 through 2026-27, and will consider annual requests for additional support in various areas.

State investment has helped develop the finest public research university system in the world. Protecting that investment is essential if UC is to remain among the world's top universities, and to continue providing California with significant economic and societal benefits.

UC'S COLLEGE GRADUATES AND THE CALIFORNIA ECONOMY

California's Economic Performance. California has a long history of strong economic performance, including thriving industries and high-paying jobs. California's

economy, with an approximately \$3.6 trillion GDP in 2022, is the fifth largest in the world behind that of the United States, China, Japan, and Germany. Additionally, California's real median household income, adjusted for inflation, has exceeded the national average for the last three decades.¹

California became one of the world's leading economies in the second half of the 20th century in part because it has a high number of excellent research universities, which has helped to create and attract knowledge-based companies. For example, research at California's research universities served as the foundation for the biotechnology industry, and UC faculty and former students have founded hundreds of biotechnology companies. UC's discoveries, technology, and graduates are critical to the success of many knowledge-based companies.

Declining Educational Attainment of the Labor Force.

As the State's baby boomers continue to retire, they will be replaced by younger workers. These younger workers, however, will have lower educational levels than today's retirees. According to a 2006 report by economists at Sacramento State University's Applied Research Center, *Keeping California's Edge: The Growing Demand for Highly Educated Workers*:

"In recent history, California's education pipeline has always assured that the next cohort to enter the labor force would be better educated than current and previous cohorts. Employers could anticipate the ever-improving educational attainment of the labor force. Now, for the first time, projections of California's education pipeline indicate declining labor force quality compared to previous cohorts, which raises questions about our ability to supply the higher-educated labor force of the future."

Indeed, adults ages 60 to 64 represent the best-educated age group in California today.²

Knowledge-based industries will drive California's longer-term economic competitiveness. Professional and managerial jobs, such as software developers, nurse practitioners, statisticians, information security analysts, and research analysts, are among California's fastest growing occupations.³ These jobs typically require at least a bachelor's degree and often a master's or doctorate. Additionally, California's demand for a skilled workforce spans beyond professions that historically required higher educational attainment.⁴

PPIC's 2019 report, *Meeting California's Workforce Needs*, finds that the number of retirees with bachelor's degrees are outpacing the number of degrees conferred by the University of California. One explanation for this phenomenon is that the retirement of baby boomers represents an unprecedented labor force loss given the exceptional size and educational attainment of this generation, which is not being replicated in younger generations.

A Lumina Foundation report from 2010, called *A Stronger Nation through Higher Education*, shows that an annual increase of college graduates of 6.7% is needed to produce enough educated professionals by 2025 to meet California's projected workforce needs. Testimony from PPIC in February 2020⁵ indicate that California is now on track to close the degree gap, and this early progress is due in part to the concerted efforts by the State, UC, and CSU systems. According to Lumina Foundation's updated 2021 report, while California's percentage of college graduates is slightly higher than the national average, its projections for demand for college graduates maintain that increased efforts still need to be made to fully close the gap.

UC, CSU, and the California Community Colleges (CCC) each play a critical role in addressing these challenges

¹ U.S. Bureau of the Census, Real Median Household Income in California, retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/MEHOINUSCAA672N#0>.

² PPIC. "Will California Run Out of College Graduates?" *Public Policy Institute of California*. October 2015. Web. http://www.ppic.org/main/publication_quick.asp?i=1166.

³ Employment Development Department. "Top 100 Fastest Growing Occupations in California, 2018-2028." *State of California*. 2021. Web. <http://www.labormarketinfo.edd.ca.gov/OccGuides/FastGrowingOcc.aspx>.

⁴ PPIC. "Meeting California's Workforce Needs." *Public Policy Institute of California*. October 2019. Web. <https://www.ppic.org/publication/higher-education-in-california-meeting-californias-workforce-needs/>

⁵ PPIC. "Testimony" California Is on Track to Close the Degree Gap". Public Policy Institute of California. February 2020. Web. <https://www.ppic.org/blog/testimony-california-is-on-track-to-close-the-degree-gap/>

given the vast numbers of Californians that attend these institutions. As indicated earlier and discussed further in the *General Campus Instruction* chapter of this document, UC has a unique responsibility to help meet the need for technically and analytically sophisticated workers because UC alone is charged by the State with providing educational opportunities within a world-class public research university environment.

Efforts to Increase College Graduates

The need for more college graduates is evident, and UC is making gains towards meeting this demand. According to preliminary admissions reports, UC's fall 2022 incoming class was the largest class ever admitted. Among those admitted, an estimated 44% of California freshmen and 37% of California Community College (CCC) transfers came from historically underrepresented groups – African American, American Indian, Chicane/Latinx and Pacific Islander.⁶

Opportunities for students to transfer to the University are growing. Based on preliminary campus 2022-23 admissions reports, UC admitted the largest class of California Community College transfers in the history of the University (over 27,000, including 24,900 residents), advancing UC's efforts to enroll one new California resident transfer student for every two California resident first-year students.

California also needs more students with graduate-level training. Recent enrollment trends, efforts to expand transfer enrollment, and the need for more graduate students are discussed in more detail in the *General Campus Instruction* chapter of this document.

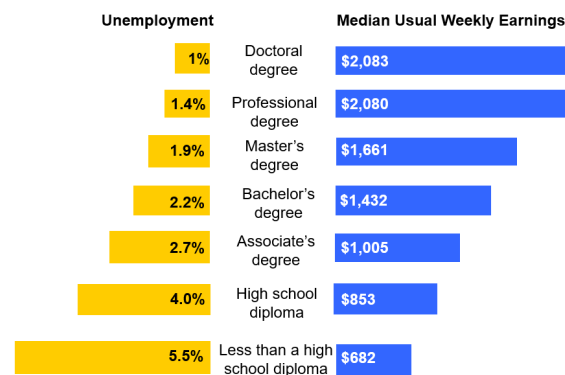
Returns on Investment. A more educated population generates more tax revenue and enjoys more rapid economic growth. Additionally, as Display I-2 demonstrates, higher education levels correlate with lower levels of unemployment and higher median earnings, which typically translate into enhanced social mobility. In fact, within five years of graduating from UC, Pell Grant recipients earn an average income higher than their parents' combined income during the time they attended UC. Across

THE CALIFORNIA MASTER PLAN FOR HIGHER EDUCATION

The Master Plan has served as California's blueprint for higher education for more than 60 years, specifying the mission of each segment of higher education. UC's mission is tripartite:

- **Teaching.** UC serves students at all levels of higher education, and is the public segment primarily responsible for awarding doctorate and professional degrees in areas such as medicine and law.
- **Research.** UC is the primary State-supported academic agency for research. Research is inextricably linked with teaching at UC, both at the graduate and undergraduate levels. Research also creates a vital link between UC and the private sector with the development of new knowledge and innovation leading to new industries and jobs.
- **Public Service.** UC contributes to the well-being of communities, the State, and the nation through efforts including academic preparation programs, Cooperative Extension, and health clinics. Policy makers draw on the expertise of UC's faculty and staff to address public policy issues that are of importance to the State and society at large.

Display I-2: Earnings and Unemployment by Level of Education*



Source: Bureau of Labor Statistics, 2022 Current Population Survey. *Data are for people age 25 and older. Earnings are for full-time wage and salary workers.

With the shift to a knowledge-based economy, individual income and employment are more closely linked to level of education. Average earnings are typically higher and unemployment rates are typically lower for those with more

⁶ Institutional Research and Academic Planning. "UC student data" *University of California, Office of the President*. August 2021. Web. <https://www.ucop.edu/institutional-research-academic-planning/content-analysis/ug-admissions/ug-data.html>.

advanced levels of education.

disciplines, incomes of UC bachelor's degree recipients double between two and ten years after graduation.

A more educated populace greatly benefits California. A March 2021⁷ report by The Campaign for College Opportunity, which focuses on the effects of raising college degree attainment for African American, Chicana/Latina, and American Indian/Alaska native populations, concludes:

- Reaching 60% California college graduates by 2030 will generate an additional \$133 billion in State and federal revenue, provide nearly \$20 billion in savings to the State in health and criminal justice expenditures, and California residents will see \$435 billion in additional pre-tax income.
- By 2028, revenue benefits to California will outweigh costs by \$2 billion per year.
- Raising college attainment for Chicana/Latina populations in California from 32.5% to 60% will result in an additional 1.26 million bachelor's degrees and 1.16 million in associate degrees, increasing average income from \$32,509 per year to \$42,130 per year.
- Raising college attainment for African American populations in California from 50.2% to 60% would increase average income from \$39,114 per year to \$43,310 per year by 2030.

As California's third largest employer, the University of California will continue to play a critical role in the State's recovery from the pandemic-induced economic downturn. UC will also help meet the workforce needs of a rapidly changing labor market – pre-existing trends of digitization, telecommuting and automation of work across industries – accelerated by the pandemic.^{8 9}

UC'S CONTRIBUTION TO THE STATE ECONOMY

In 2019, UC commissioned a study of its economic contribution to California. Though it is well established that UC-related economic activity touches every corner of California, making important contributions even in regions without a UC campus, the report quantified many of UC's

economic impacts.

- UC generates about \$82.1 billion in economic activity and contributes about \$55.8 billion to the Gross State Product annually.
- Every dollar the California taxpayer invests in UC results in \$14.32 in Gross State Product, and \$21.04 in overall economic output.
- One out of every 45 jobs in California – approximately 529,119 jobs – is supported by UC operations and outside spending by the University's faculty, staff, students, and retirees.
- UC is the state's third-largest employer, behind only the State and federal governments, and well ahead of California's largest private-sector employers.
- UC attracts about \$13.1 billion in annual funding from outside the state.
- Every 10% reduction in State funding for UC has the potential to reduce State economic output by \$5 billion, due to ripple effects of UC activities across the entire California economy.
- UC Health — UC's six academic health centers and 19 health professional schools — plays a major role in the University's economic contribution to California, generating about 197,835 jobs in the State, \$36.9 billion in economic activity, and contributing \$25.8 billion to the Gross State Product.

The University of California is a cornerstone of the State's economy, touching the lives of all Californians. UC and the State are intrinsically linked: State investment in UC represents an investment in California and its people, as well. The University of California remains one of the top higher education systems in the world, as a research institution and as an engine of economic growth and social mobility. State investment in UC translates to investment in the future of California.

⁷ The Campaign for College Opportunity (2021). "California's Biggest Return". March 2021. Web. <https://collegecampaign.org/portfolio/california-roi-2021/>.

⁸ Future of Work Commission (2019). 'Education, Skills, and Job Quality'. *Convening 3, 14 November 2019*, University of California, Riverside; McKinsey Global Institute. "The Future of Work in America: People and places, today and tomorrow". *McKinsey Global Institute*. July 2019. Web. <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-in-america-people-and-places-today-and-tomorrow#>.

⁹ McKinsey Global Institute. "The Future of Work after COVID-19". *McKinsey Global Institute*. February 2021. Web. <https://www.mckinsey.com/featured-insights/future-of-work/the-future-of-work-after-covid-19>.

Sources of University Funds

The University's operating revenues, estimated to be \$49.6 billion¹ in 2023-24, support its tripartite mission of teaching, research, and public service, as well as supporting activities including medical centers, the Lawrence Berkeley National Laboratory, University Extension, housing and dining services, and other functions. As shown in Display II-1, UC's sources of funds are varied:

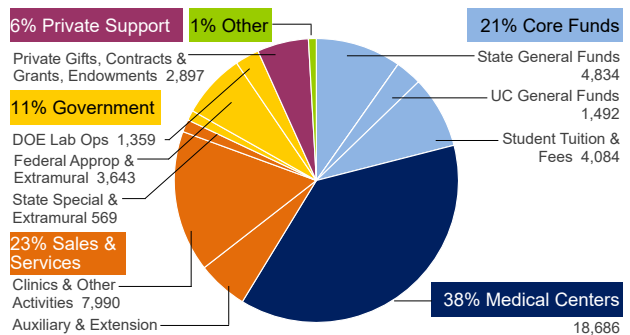
- **Core funds**, consisting of State General Funds, UC General Funds, and student tuition and fees, provide permanent funding for UC's core mission and support activities, including faculty salaries and benefits, academic and administrative support, student services, operation and maintenance of plant, and financial aid.
- **Medical center revenue**, including patient care service revenue from private health plans, Medi-Cal, and Medicare, and other operating revenues, supports medical centers (also known as teaching hospitals), clinical operations, research, and faculty.
- **Sales and services revenues** directly support faculty physician clinical operations, auxiliary enterprises such as housing and dining services, parking facilities, and bookstores, University Extension, and other activities such as museums, and publishing.
- **Government contracts and grants** provide direct support for specific research endeavors, student financial support, and other programs.
- **Private support**, including endowment payouts, campus foundation transfers, and other private gifts, grants, and contracts, funds a range of activities typically restricted by the donor or sponsor. Private support comes from alumni and friends of the University, foundations, corporations, and collaboration with other universities.
- **Other sources** include indirect cost recovery funds from research contracts and grants, patent royalty income, and management fees for Department of Energy labs.

The University's budget is based on estimated available funding from each of these sources.

CORE OPERATING FUNDS

The University's "core funds," comprised of State General Funds, UC General Funds, and student tuition and fee revenue, provide permanent support for the core mission activities of the University, as well as the administrative and

Display II-1: 2023-24 Sources of Funds (Dollars in Millions)



UC's operating budget, totaling \$49.6 billion¹ in 2023-24, consists of funds from a variety of sources. State support, which helps leverage other dollars, remains critical.

support services needed to perform them. Totalling \$10.4¹ billion in 2023-24, these funds represent 21% of UC's total operations. While all fund sources are critical to the success of the University, much of the focus of UC's strategic budget process and negotiation with the State is dedicated to the levels and use of these core fund sources.

State General Funds

State General Fund support for UC totals \$4.8¹ billion in 2023-24 and provides critical resources for the University. Each year, a portion of these funds is typically designated for specific programs or purposes in the State Budget Act. The majority of State General Funds, however, are undesignated, allowing them to be used where they are most needed to support the University's core mission activities.

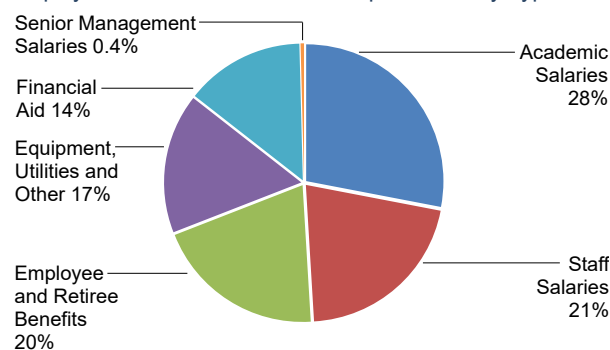
UC General Funds

In addition to State General Fund support, certain other fund sources are unrestricted and expected to provide general support for the University's core mission activities, based on long-standing agreements with the State. Collectively referred to as UC General Funds, these include:

- Nonresident Supplemental Tuition;
- a portion of indirect cost recovery on federal and State contracts and grants;
- fees for application for admission and other fees;

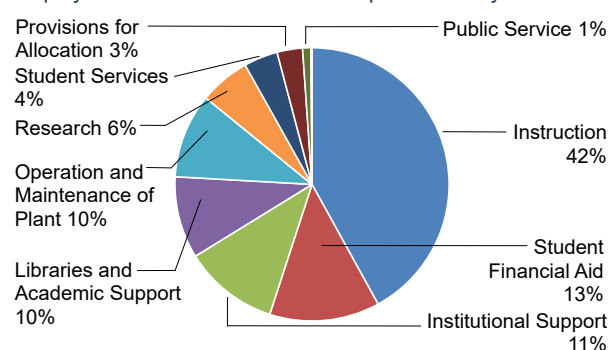
¹ Includes \$182.3 million of State support dedicated to General Obligation bond debt service. This is not available for current operations.

Display II-2: 2022-23 Core Funds Expenditures by Type



Two-thirds of core funds support academic and staff salaries and benefits.

Display II-3: 2022-23 Core Funds Expenditures by Function



Nearly half of core funds are spent on general campus and health sciences instruction.

- Student Services Fee revenue provides funding for student life, student services, and other activities that provide extracurricular benefits for students, as well as capital improvements for student life facilities. The Student Services Fee, currently set at \$1,230 for incoming undergraduates, \$1,176 for undergraduates enrolled beginning in 2022-23, and \$1,128 for all other returning undergraduates, will generate an estimated \$331 million during 2023-24.
- Professional Degree Supplemental Tuition revenue helps fund instructional costs associated with the professional schools, including faculty salaries, instructional support, and student services, as well as student financial support. Professional school fees vary by program, campus, and student residency status and are expected to generate \$392 million in 2023-24.

These and other UC student fees are discussed in detail in the *Student Tuition and Fees* chapter of this document.

Historical Changes in State Funds Support

State funding for UC has fluctuated dramatically over the past twenty years, as shown in Display II-4. Funding increases and reductions are largely driven by inflows of tax revenue, particularly personal income tax, which is the State's largest and most volatile source of general funds. Much of this volatility is attributable to rises and falls in capital gains taxes paid by wealthy Californians on windfall gains from the sales of stocks and real estate property. In 2021, the top 1% of income earners paid nearly half of all personal income taxes.

- a portion of patent royalty income; and interest on General Fund balances.

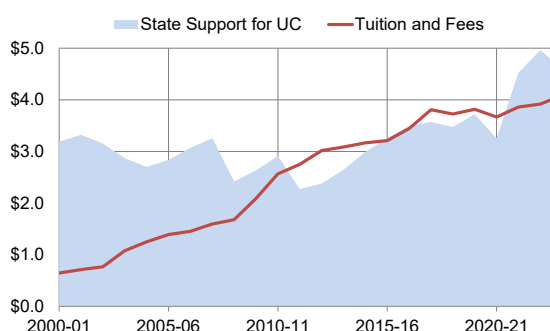
The University expects to generate \$1.5 billion in UC General Funds during 2023-24. The largest sources of UC General Funds are Nonresident Supplemental Tuition (estimated at \$1.1 billion) and indirect cost recovery on federal contracts and grants (\$269 million).

Student Tuition and Fees

Revenues from student fees fall into three general categories:

- Tuition revenue supports University operations for instruction, libraries, operation and maintenance of plant, student services, student financial aid, and institutional support. During 2023-24, the new cohort-based tuition is \$12,522 for incoming undergraduates, \$11,928 for undergraduates enrolled beginning in 2022-23, and \$11,442 for all other returning undergrads. Tuition will generate an estimated \$3.4 billion.

Display II-4: State General Fund Support versus Student Tuition and Fee Revenue (Dollars in Billions)

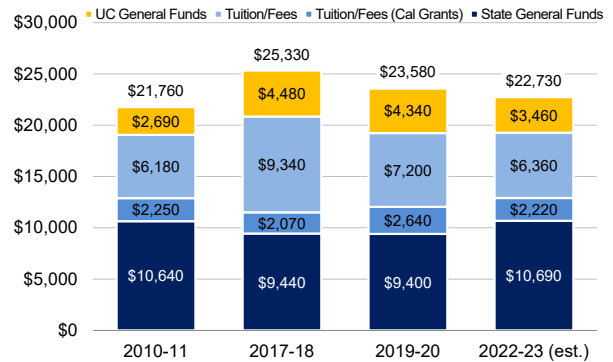


In recent years, the State significantly increased support for UC. State funding now exceeds tuition and fees revenue.

- The period from 2000-01 to 2011-12 was marked by several years of recession which resulted in cuts in State funding for the University. Despite these cuts, the University continued to grow undergraduate enrollments by 55,736 (or 42%) from 132,300 in 2000-01 to 188,036 by 2011-12 under compacts with Governors Davis and Schwarzenegger. The University increased tuition by fourfold during this period from \$2,716 in 2000-01 to \$11,160 in 2011-12 to help fund faculty and staff hiring needed to support enrollment growth and offset the impacts of cuts.
- Beginning in 2010-11, campuses began increasing enrollment of nonresident students, in large part to provide relief to campuses operating under constrained budgets. Campuses increased nonresident undergraduate students from 5.7% of total undergraduates in 2010-11 to 16.5% by 2016-17. The Regents adopted policy 2109 in May of 2017, which effectively capped nonresidents at 18% of total undergraduates. Three of the campuses: Berkeley, Los Angeles, and San Diego, had a higher % of nonresidents and were capped at 2017-18 levels.
- From 2012-13 to 2021-22, the State generally provided consistent increases in funding to the University under both Governors Brown and Newsom as long as the University agreed to hold tuition flat. The University, for its part, raised tuition only once, by \$282, in 2017-18.
- Beginning in 2015-16, the State provided additional funding for enrollment growth, and the University added a total of 32,615 new California resident undergraduates by 2020-21.
- As part of the Tuition Stability Plan, the University implemented a new cohort-based tuition model which would raise the tuition and fees for new incoming undergraduate students only beginning in Fall of 2023. Returning students would continue to pay the same tuition that they paid the year before.
- In 2022-23, the State provided additional funding to replace nonresident students with California resident undergraduates at the Berkeley, Los Angeles, and San Diego campuses.

Over time, the University's core fund budget has become more reliant on tuition and fees and UC General Funds. However, with the recent partnership with the State of California under Governor Newsom, the University is once again receiving more funding from the State than it receives in tuition revenue. Under the Compact with Governor Newsom, the State has agreed to provide the University with consistent annual increases of 5% to the University's base budget. The Compact comes with additional expectations related to California resident undergraduate enrollment growth, transfer enrollment, and limiting nonresident

Display II-5: Per-Student Average Expenditures for Education (2022-23 Est. Dollars)



Average inflation-adjusted expenditures for educating UC students have remained stable since 2010-11.

undergraduate enrollment, which the University continues to meet or exceed. Display II-5 shows per-student expenditures for education in inflation-adjusted dollars and yields several key findings:

- Average core fund expenditures have grown by 4.5% over the past 12 years. The average core fund expenditure per student increased from \$21,760 in 2010-11 to \$25,330 in 2017-18 but has since declined to an estimated \$22,730 in 2022-23.
- The share of support provided by the State has been consistent during the past 12 years. State funding for UC, including Cal Grants, totaled \$12,890, or 59% of the total cost, in 2010-11, and remained stable at \$12,910, or 57% of the total cost, in 2022-23.
- Revenue derived from tuition and fees and UC General Funds has grown, driven largely by increases in nonresident supplemental tuition. In 2010-11, tuition and fees represented 28.4% of expenditures for education, and remained at 28% in 2022-23. The share from UC General Funds grew from 12% to 15% over the same period.

While the State has provided increased funding during the past few years, the University's costs continue to outpace growth in core fund revenue due to post-COVID inflationary pressures and higher labor costs. The cohort-based tuition model provides additional revenue but will not be fully implemented until 2025-26. Campuses have adopted innovative budget strategies to adapt to these higher costs, but have also had to incorporate austerity measures that have potential long-term impacts on the quality of a UC education. Examples include higher student-faculty ratios; overcrowded classrooms; inadequate investment in instructional equipment, library materials, and online

courses; and a growing backlog of deferred maintenance. The University has a partnership with the State to invest in the future workforce of California. Every Governor for the past five administrations has asked UC to enroll more California resident undergraduates, and the University responded by nearly doubling enrollments over the past 25 years. More importantly, the University is educating an increasingly diverse student body, one that more closely reflects the demographics of the State. With State support, the University is spending more on food pantries, student basic needs, affordable student housing, and mental health programs. The University has also been working to provide debt-free pathways to a majority of incoming students beginning in Fall of 2022. All of these efforts have a cost impact, as the recent increases in per-student avg. cost per expenditures illustrate.

To accommodate the increased enrollments, the University has also had to invest in capital, including adding and modernizing classrooms, research and lab space, and housing, while addressing deferred maintenance. While the State has provided generous support for many projects during the past ten years, there are limits to the amount of funding the State can provide, as well as other external factors which may challenge the University's ability to grow further.

MEDICAL CENTERS

The University's medical centers generate three types of revenue:

- **Patient service revenues**, which are charges for services rendered to patients at a medical center's established rates, including rates charged for inpatient care, outpatient care, and ancillary services. Major sources of revenue are government-sponsored health care programs (i.e., Medicare and Medi-Cal), commercial insurance companies, managed care and other contracts, and self-paying patients.
- **Other operating revenues**, which are derived from non-patient care activities of the medical centers, such as cafeteria sales and parking fees.
- **Non-operating revenues**, which result from activities other than normal medical center operations, such as interest income and the sale or disposal of capital assets.

Medical center revenues are used for operating expenses, including salaries and benefits, supplies and services,

workers' compensation and medical malpractice insurance, among other expenditures. This revenue also helps support operations, clinical research, and faculty practice programs at the schools of medicine. Remaining revenues are used to meet working capital needs, fund capital improvements, and provide a reserve for unanticipated downturns.

Expenditures of hospital income for current operations are projected to total \$18.7 billion during 2023-24. The *Teaching Hospitals* chapter of this document discusses actions taken to address the challenges confronting UC's medical centers.

SALES AND SERVICES REVENUES

Revenues from self-supporting enterprises represent \$11.5 billion, or 23%, of the University's 2023-24 budget. Such enterprises include educational activities (including those of health clinics); auxiliary enterprises, such as housing and dining services, parking facilities and bookstores; University Extension; and other complementary activities such as museums, theaters, conferences, and scholarly publishing. Net revenues from these activities are dependent upon the quality of the direct services and products being provided as well as the prices that the market will bear.

Auxiliary Enterprises

Auxiliary enterprises are non-instructional support services provided primarily to students, faculty, and staff. Programs include student residence and dining services, parking, bookstores, faculty housing, and a portion of intercollegiate athletics or recreational activities on some campuses. No State funds are provided for auxiliary enterprises; revenues are derived from fees directly related to the costs of goods and services provided. Total expenditures for auxiliary enterprises are projected to be \$1.5 billion in 2023-24. These activities are described in more detail in the *Auxiliary Enterprises* chapter of this document.

University Extension, Other Self-Supporting Instructional Programs, and Other Campus Fees

In addition to the tuition and fees charged for full-time degree programs, the University generates fee revenue from enrollment in UC Extension courses and self-supporting instructional programs, along with the enrollment of non-UC students in summer instruction. These programs are expected to be entirely self-supporting: fees are charged to cover the full cost of offering the courses and programs.

Programs are dependent upon user demand. Campuses also charge fees for a variety of student-related expenses not supported by mandatory systemwide tuition and fees, such as student health insurance fees and course materials fees. Revenue from University Extension, other self-supporting instructional programs, and other campus fees is projected to be \$1.4 billion in 2023-24.

Educational and Support Activities

Revenue from sales and services of educational and support activities is projected to total \$8.0 billion in 2023-24. This includes revenue from the health sciences faculty compensation plans and a number of other sources, such as neuropsychiatric hospitals, the veterinary medical teaching hospital, dental and optometry clinics, fine arts productions, museum ticket sales, publication sales, and athletic facilities users. Similar to auxiliary enterprises and academic medical centers, revenues in this case are generally dedicated to support the underlying activity.

GOVERNMENT CONTRACTS, GRANTS, AND AGENCY APPROPRIATIONS

Contract and grant activity generates \$5.6 billion annually in revenue for the University and plays a key role in the University's position as a major driver of the California economy. Government sources, including the Department of Energy (DOE) and other federal agencies, state agencies, and local governments are significant providers of contract and grant funding. Contract and grant activity that is codified in legislation or based on long-standing agency agreements is permanently budgeted. In addition, non-permanent extramural funds are provided for specified purposes. The majority of this funding supports research, including salaries, benefits, equipment, subcontracts, and student financial aid.

Federal Funds

Federal funds provide support for UC in three primary areas: research contracts and grants, student financial aid, and health care programs.

In 2022-23, federal funds were the University's single most important source of support for research, generating \$2.8 billion and accounting for 48% of all University research expenditures in 2022-23. While UC researchers receive support from virtually all federal agencies, the National

FEDERAL INDIRECT COST REIMBURSEMENT

All federal contract and grant activity generates costs which are divided into two basic categories: direct costs charged to a specific contract or grant; and indirect costs, including facilities or administrative expenses, which are shared across multiple contracts or grants. The *Research* chapter discusses indirect cost recovery and federal research funds in greater detail.

The University has an agreement with the State regarding the disbursement of federal reimbursement. Pursuant to this agreement, the first 19.9% of the reimbursement accrues directly to the University for costs of contract and grant administration in campus sponsored project offices, academic departments, and research units.

The remaining 80% of the federal reimbursement is split into two funds. The first 55% is budgeted as UC General Funds, which help to support the University's core funds budget. The remaining 45%, the University Opportunity Fund, is used for strategic investments in faculty recruitment packages (laboratory alterations, equipment purchases), support for graduate student researchers, instructional programs, and additional funding for capital.

Display II-6: 2022-23 Federal Support for UC and UC Students (Dollars in Millions)

<u>Program Support</u>	
Research Grants and Contracts	\$2,814.2
Indirect Cost Recovery	\$1,062.1
DOE National Laboratory Operations	\$1,167.0
DOE Laboratory Management Fees	\$26.0
Other Contracts and Grants	\$500.6
<u>2020 CARES Act, CRRSAA & ARP Funding</u>	
Higher Education, including student direct aid	\$70.6
Healthcare Provider Relief	\$57.3
<u>Student Financial Aid</u>	
Pell Grants	\$447.9
Other Undergraduate Grants and Scholarships	\$39.0
Graduate Fellowships and Scholarships	\$94.7
Student Loans	\$1,047.7
Work-Study	\$23.4
<u>Patient Care</u>	
Medicare	\$4,355.9
Medicaid	\$4,004.9
Estimated Total Federal Support	\$15,710.7

Institutes of Health and the National Science Foundation are the two largest sponsors, accounting for nearly 78% of UC's federal research contract and grant awards in 2022-23.

Although federal funds for UC research have grown

significantly over the past several decades, constraints on federal spending have resulted in declines or stagnation of federal research funding available to the University. UC continues to face the prospect of lower federal award funding through 2025 for some mandatory programs.

Indirect cost recovery (ICR) funding reimburses the University for facilities and administration costs associated with research activity that cannot be identified as solely benefiting a particular contract or grant. During 2022-23, ICR funding from federal contract and grant activity was about \$1.1 billion and was dedicated to support contract and grant administration, core mission activities (in the form of UC General Funds), and special programs. The University is working to recover more of its indirect costs from research sponsors by increasing its negotiated federal rates and improving waiver management.

While nearly all campuses have negotiated increases in the ICR rate, this has only partially mitigated declines in federal research funding.

In addition to research contracts and grants, federal funds entirely support the Lawrence Berkeley National Laboratory, for which UC has management responsibility. This support is projected to be \$1.3 billion in 2023-24.

Federal student aid programs represent the single largest source of financial aid for UC students. Federal loan programs are available to assist both undergraduate and graduate UC students. In addition, needy students are eligible for federally-funded grant programs such as Pell Grants, and they may seek employment under the Federal Work-Study Program, through which the federal government subsidizes 50-100% of a student employee's earnings. Graduate students receive fellowships from a number of federal agencies, such as the National Science Foundation and the National Institutes of Health. The *Student Financial Aid* chapter provides additional detail on this subject.

Finally, as noted earlier, federally supported health care programs provide substantial funding to the University's medical centers for patient care through Medicare and Medi-Cal, totaling \$8.4 billion in 2022-23.

State Agency Agreements

Similar to federally sponsored research, California state agencies provide contracts and grants to the University for a variety of activities. The largest area is research, but these agreements also support public service and instruction. These agreements are expected to generate \$398 million in revenue for the University during 2023-24. Major providers of State agency agreements are the health care services, social services, transportation, food and agriculture, and education departments. Indirect cost recovery on State agency agreements is treated as UC General Fund income and supports the University's core mission activities.

State Special Funds

In addition to State General Fund support and State agency contracts, UC's budget for 2023-24 includes a total of \$155.4 million in appropriations from State special funds, as shown in Display II-7.

Display II-7: 2023-24 State Special Funds by Revenue Source (Dollars in Millions, unless otherwise noted)

<u>Research and Prevention Tobacco Tax Act of 2016</u>	
Medical Research of Tobacco-related diseases	\$41.0
Graduate Medical Education Programs	\$34.7
<u>California State Lottery Education Fund</u>	
Instructional Activities and Programs	\$45.8
<u>Cigarette and Tobacco Products Surtax Fund</u>	
Research of Tobacco-related diseases	\$10.5
Breast Cancer Research	\$6.6
<u>Other State Special Funds</u>	
Road Maintenance and Rehabilitation	\$5.0
Oil Spill Prevention and Administration Fund	\$2.5
Umbilical Cord Blood Collection Program	\$2.5
Health Care Benefits Fund	\$2.2
California Cannabis Tax Fund	\$2.0
State Transportation Fund	\$1.0
<u>Other Funds less than \$1M (in \$'000's)</u>	
Public Transportation Account	\$980
California Cancer Research Fund	\$425
Type I Diabetes Research Fund	<u>\$250</u>
Total State Special Funds	\$155.4

ENDOWMENT EARNINGS AND PRIVATE GIFTS, GRANTS, AND CONTRACTS

Private funds include endowment payout as well as gifts, grants, and contracts. The Regents' endowment annually provides support for a wide range of activities. Gifts and

private grants are received from alumni, friends of the University, campus-related organizations, corporations, private foundations, and other nonprofit entities, with foundations providing more than half of total private gift and grant support. Private contracts are entered into with for-profit and other organizations to perform research, public service, and other activities.

Endowments

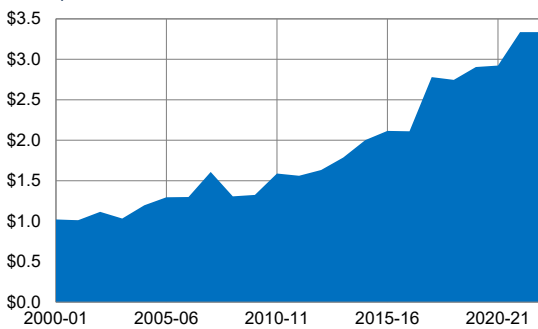
Combined Regents’ and campus foundation endowments were valued at approximately \$31 billion as of June 30, 2023. Payments from the Regents’ General Endowment Pool (GEP), computed as a trailing five-year moving average, resulted in distributions approximately 8.96% higher than those from 2021-22.

Expenditures of endowment payouts support a range of activities, including endowed faculty chairs, student financial aid, and research. Approximately 82% of UC’s overall endowment is restricted, however, limiting its use. This restriction is comparable to the percentages for most public institutions and higher than the percentages of most private institutions.

In 1998-99, the Regents approved a payout rate based on the total return of the GEP over the previous 60 months, with a long-term target rate set at 4.75%. This approach is intended to smooth annual payouts and avoid significant fluctuations due to market conditions.

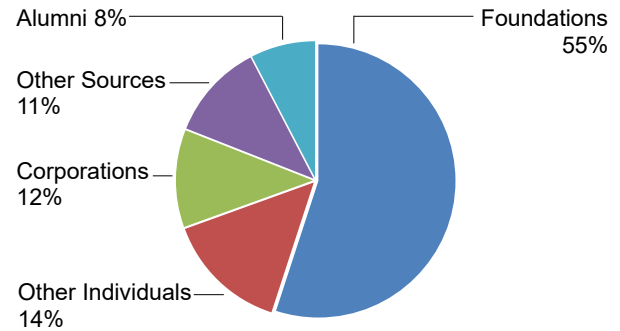
Payouts from the Regents’ endowments are permanently budgeted, while payouts from campus foundations are recorded as extramural (non-permanent) private grants.

Display II-8: Private Gift and Grant Support (Dollars in Billions)



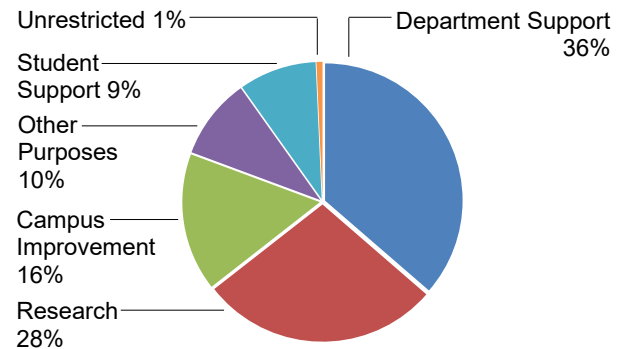
Gifts and pledge payments totaled \$3.1 billion in 2022-23.

Display II-9: 2022-23 Private Gift and Grant Support by Source



Two-thirds of gift and grant support to the University is provided by foundations and corporations.

Display II-10: 2022-23 Private Gift and Grant Support by Purpose



Academic departments and research receive nearly two-thirds of private gift and grant support.

In 2022-23, the expenditure of the payout distributed on endowments and similar funds was \$584 million from the Regents’ endowments and approximately \$529 million from campus foundations. Payouts in 2023-24 are expected to be slightly higher than those in 2022-23.

Private Support: Gifts and Grants

Private funds provide support for instruction, research, campus improvements, and student financial support, among other programs. In 2022-23, approximately 99% of new gifts to UC were restricted in their use.

In 2022-23, new gifts and private grants to the University totaled just under \$3.1 billion. Approximately \$625 million of this total was designated for endowments, which can be expected to generate stable future funding, but are unavailable for current expenditure. Health sciences disciplines receive nearly half of all private support. The

University's remarkable achievement in obtaining private funding in recent years – even during state and national economic downturns – is a testament to UC's distinction as a leader in philanthropy among the nation's public colleges and universities, and the high regard in which UC's alumni, corporations, foundations, and other supporters hold the institution.

Private Contracts

In 2022-23, revenue from private contracts totaled \$1.1 billion, an increase of 8% over 2021-22. Over the last ten years, awards have increased by 16% in inflation-adjusted dollars, making private contracts an increasingly important source of University funding. These contracts, which primarily support research purposes, include clinical drug trials with pharmaceutical and health care organizations, as well as agreements with other agencies, including institutions of higher education.

OTHER FUND SOURCES

DOE National Laboratory Management Fee Revenue

As compensation for its oversight of the DOE National Laboratories at Berkeley, Livermore, and Los Alamos, the University earns management fees which can be used to support other activities. Performance management fees from Lawrence Berkeley National Laboratory (LBNL) are gross earned amounts before the University's payments of unreimbursed costs. By contrast, net income from the Los Alamos National Security LLC (LANS) and Lawrence Livermore National Security LLC (LLNS) reflects net share of fee income remaining after payment of unreimbursed costs at the two laboratories and shares to other owners. For 2022-23, UC's estimated share of income from LANS and LLNS is \$26.0 million.

Management fee revenue related to LBNL is used for costs of oversight, research programs, reserves for future claims, and unallowable costs associated with LBNL. Per Regents' approval, revenue from LANS and LLNS will be used to provide supplemental income to select LANS employees, to cover unreimbursed oversight and post-contract costs, and to support a variety of University research programs. Further information about DOE Laboratory Management activity and revenue can be found in the *Department of Energy – UC National Laboratories* chapter of this document.

Intellectual Property Royalty Income

Income derived from royalties, fees, cashed out equity and litigation recovery, less the sum of payments to joint holders, net legal expenses, and direct expenses, is distributed to various stakeholders according to the University Patent Policy and campus policies. Patent income fluctuates significantly from year to year and budget estimates are based upon historical trends. This revenue appears in the University budget in two categories: as a component of UC General Funds and as part of Other Funds. Income distributions after mandatory payments to joint holders and law firms (for legal expenses) were \$101.5 million in 2021-22. While over 2,200 inventions generated royalty and fee income, the 25 most profitable inventions collectively accounted for more than 50% of total revenues.

- **Inventor Shares:** The University Patent Policy grants inventors the right to receive a percentage of net income accruing to individual inventions. The terms of the inventor share calculations are established in the Patent Policy. In 2021-22, over 2,100 inventors received \$47.1 million.
- **Research Allocation Share:** For inventions covered by the 1997 Patent Policy, 15% of net income from each invention is designated for research-related purposes at the inventor's campus or laboratory. This allocation totaled \$11.3 million in 2021-22.
- **General Fund Share:** In 2021-22, the portion of net income allocated to the UC General Fund totaled \$13.8 million after deducting payouts to joint holders, legal expenses, and inventor shares (excluding inventions managed by LBNL).
- **Income after Mandatory Distributions:** All income remaining after deductions and other distributions is allocated to the campuses. These funds are typically used by the chancellors to support education and research priorities. In 2021-22, this remaining income totaled \$29.3 million.

Cross-Cutting Issues

Several of the University's budget issues intersect multiple areas. This chapter provides detailed information about three of these cross-cutting issues for 2023-24: the University's multi-year compact with the Governor; University quality; and the diversity of the University's students, faculty, and staff.

NEW MULTI-YEAR COMPACT WITH THE GOVERNOR

The Governor and the University of California announced a new multi-year compact in May 2022 that combines predictable increases in State support for the University with a commitment to advance multiple student-focused goals shared by the Governor and the University.

Under the compact, the Governor will propose annual base budget adjustments of 5% for the University in 2023-24 through 2026-27. In addition, the Governor will consider annual requests for one-time funding for the University, particularly to support capital projects in energy efficiency, seismic renewal, and deferred maintenance. The Governor will also consider ongoing additions to the University's funding, including resources to support California resident undergraduate enrollment growth above the targets described in the compact, and graduate health science programs designed to improve healthcare access for medically underserved populations.

The University, in turn, has committed to specific, ambitious goals in six broad policy categories:

- **Expanding Access to the University of California.** With the 2022-23 academic year serving as the baseline, UC will add approximately 8,000 full-time equivalent resident undergraduates over four years (1% annual enrollment growth each year between 2023-24 and 2026-27). In doing so, UC will maintain its commitment of enrolling at least one new California resident transfer student for every two new California resident first-year students. UC will also add 2,500 graduate students systemwide by 2026-27 and continue to shift a portion of nonresident undergraduate enrollment at UC Berkeley, UCLA, and

UC San Diego to resident undergraduate enrollment, subject to the State providing new, ongoing funding to offset the financial impact of the shift.

- **Improving Student Success and Advancing Equity.** The compact is aligned with the University's goals of improving four-year graduation rates across the system and eliminating equity gaps in graduation rates between students from disadvantaged backgrounds and other students. The compact builds upon the University's goals for 2029-30 by specifying intermediate goals to be achieved by 2025-26.
- **Increasing the Affordability of a UC Education.** The compact establishes an aspirational goal of offering every UC undergraduate, by 2029-30, a pathway to a debt-free UC degree. Offering a debt-free pathway refers to providing resources such that total available resources (a combination of student self-help, an expected parent contribution, and grant or scholarships from UC, the state, federal, or private sources) cover a student's total cost of attendance. The intermediate goal is to provide a pathway for debt-free education to 60% of all undergraduate students by the end of the 2025-26 academic year, prioritizing low-income students and ensuring that all California resident undergraduate Pell Grant recipients attending a UC are provided a debt-free pathway by the end of the 2025-26 academic year. To advance this goal, UC is expected to set aside 45% of new revenue generated from undergraduate tuition and systemwide fee increases for financial aid. The University will also take steps to reduce non-tuition costs, such as on-campus housing, food, textbooks and course materials, and transportation.
- **Increasing Intersegmental Collaboration to Benefit Students.** Under the compact, the University will fully participate in the state's Cradle-to-Career Data System; adopt the same learning management system used by the California State University (CSU) and California Community Colleges (CCC); implement tools comparable to those used by other segments to

identify granular trends that can be used to address equity gaps; integrate its admissions platform with the Cradle-to-Career Data System; and redesign intersegmental data-sharing agreements to improve the transfer function.

- **Supporting Workforce Preparedness and High-Demand Career Pipelines.** The compact calls upon the University to increase the number of students graduating with degrees or credentials in science, technology, engineering and mathematics (STEM); education or early education; and academic doctoral degrees by 25% by 2026-27. In addition, the University will prioritize enrollment growth in high-demand disciplines, collaborate with the CCCs to develop transfer pathways in these fields, expand opportunities for dual enrollment, and further integrate career-relevant knowledge and skills into the educational experience.
- **Providing Access to Online Course Offerings.** With the 2019-20 academic year serving as the baseline, UC will double the number of student credit hours generated through undergraduate online courses offered in fall, winter, spring, and summer terms by 2029-30, with the goal of doubling the number of student credit hours generated through undergraduate online courses by 2029-30, compared to 2019-20.

QUALITY AT THE UNIVERSITY OF CALIFORNIA

Quality at a major research university can be defined in a myriad of ways. The metrics that are commonly used when rating universities include maintaining an outstanding faculty, measured in terms of individual achievements as well as adequate numbers to teach and train; recruiting and educating outstanding undergraduate and graduate students, as well as graduating them expeditiously; sustaining or enhancing those activities that receive positive evaluations from students and faculty with respect to the quality of education provided; and supporting core academic needs. Several key indicators of instructional performance show that to date, the University has managed to sustain and even improve outcomes for its students. Maintaining these outcomes, however, is a challenge the

University must address, given the reality of limited core resources.

A Distinguished Faculty

The quality of the University of California is founded on its distinguished faculty. UC faculty members provide stellar instructional programs, research and creative work, professional leadership, and public service. The faculty fulfill the University's goals on behalf of the State of California by:

- delivering excellence and innovation in teaching and student learning;
- driving intellectual engagement, discovery, economic vitality, and cultural vibrancy;
- educating the workforce to keep the California economy competitive;
- providing health care to millions of Californians; and
- attracting billions of research dollars, creating new products, technologies, jobs, companies, and advances in healthcare, and improving the quality of life.

In fall 2022, UC employed 11,593 faculty (headcount) with appointments in the Ladder Rank and Equivalent series, the core faculty series charged with the tripartite mission of teaching, research, and public service. (This includes retired faculty who are recalled to part-time service, to provide depth and breadth in fulfilling UC's mission.) The University employs additional faculty in Clinical Professor and In-Residence titles, as well as in Adjunct Professor, Visiting Professor, and Lecturer titles. In 2020-21 (the latest year for which data are available), expenditures on base salaries for appointments in all faculty series (from all revenue sources including State funds, student tuition and fees, contracts and grants, gifts and endowments, and clinical services) totaled more than \$3.3 billion. In recent years, recruitment and retention challenges have increased, but UC continues to grow and diversify its faculty in the face of market and budget pressures.

Faculty continue to perform at top levels marked by awards for both established and early career faculty. Moreover, in 2021-22, UC awarded 0.39 doctoral degrees per tenured/tenure-track faculty member, compared to 0.30 doctoral degrees per faculty on average at AAU private and 0.27 degrees at non-UC AAU public institutions. Nevertheless, several trends illustrate major challenges

facing the University that, if not addressed, will threaten the University’s ability to sustain access and excellence:

- Over the past two decades, student enrollment has far outpaced growth in faculty. This growing imbalance between enrollment growth and growth in the number of faculty is troubling and must be addressed in the coming years.
- In 2022-23, UC’s faculty salaries were 3.6% below market, as compared to its eight comparison institutions.
- Challenges of hiring a diverse faculty vary by discipline. Campus efforts to increase the representation of women and underrepresented minorities among the faculty have historically yielded limited progress due to several factors, including a particularly competitive labor market for these candidates and ongoing challenges in some disciplines in the proportion of faculty who are women and who are from underrepresented groups relative to the availability pool.

Since 1994, the University’s budgeted student-faculty ratio has been 18.7 to 1. However, the actual student-faculty ratio has deteriorated dramatically since the budget cuts of the early 1990s (as shown in Display III-1), currently standing at 22.7 to 1 systemwide and ranging from 19.6 to 26.0 on individual campuses. Improving the student-faculty ratio would permit the University to:

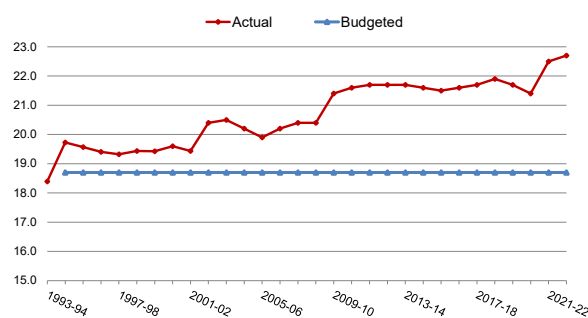
- offer smaller class sizes where appropriate,
- enhance the quality of the educational experience and richness of course offerings, and
- help students complete degree requirements and graduate more quickly.

A lower student-faculty ratio also increases opportunities for contact outside the classroom, guidance on internships and placements, and undergraduate participation in research and public service. Moreover, an improved ratio helps attract and retain high quality faculty who are both dedicated educators and outstanding researchers.

Although improving the student-faculty ratio has been an important goal of the University, funding for this purpose was not available for many years during fiscal crises. One of the University’s quality initiatives proposed in recent budget plans, including the multi-year framework, is to improve the student-faculty ratio over the next several years.

Maintaining the quality and quantity of the faculty is critical to both the University and the State. Following the Great

Display III-1: General Campus Student-Faculty Ratio



State cuts have led to increases in the budgeted student-faculty ratio. The University’s long-term goal is to improve the ratio to 18.7:1 or lower. (Note: enrollment was not budgeted during the budget cuts of the early 1990s, so there are no student-faculty ratio data available during those years.)

Recession, faculty numbers declined in 2010-11 and 2011-12. Although UC continues to replenish faculty ranks, rapid enrollment growth continues to highlight the need for additional faculty. Despite faculty hiring outpacing separations for the past three years, the ratio of students to faculty has grown slightly and remains high.

Timely Graduation

The University remains committed to ensuring that students are able to complete their degrees on time and to maintaining its excellent record of improving retention and graduation rates among all students.

The time it takes to earn a UC undergraduate degree, measured in the average number of years that elapse between matriculation and graduation, has improved from 4.36 years for the 1996 freshman class to 4.09 years for the 2015 cohort. (Recent progress is illustrated in Display III-2.) Students may take more total units or take longer to graduate if they change majors, pursue a double major, major in a field with a higher unit requirement, or take a lighter load some terms. In recent years, campuses have worked to increase the average number of units taken during a term while reducing excess units taken over a student’s career, thereby enabling students to graduate sooner and making room for additional students.

Approximately 92% of students from the 2020 freshman cohort persisted into the second year. Despite fiscal challenges, UC’s four-year freshman graduation rate

steadily improved and is 72.8% for the 2018 cohort (graduation rate data are shown in Display III-3). Those who do not graduate in four years often require only one more academic quarter to earn their degree; 84.2% of the 2016 entering freshmen earned a baccalaureate degree within five years and 86.1% within six years. UC graduation rates far exceed the national average: among freshman students entering four-year institutions nationwide, only 47% earn a bachelor's degree within four years and 62.3% within six years.

Students beginning their higher education at a community college have historically done very well after transferring to UC. Among California Community College (CCC) transfer students, approximately 91% continue on to the second year and approximately 89% earn a UC degree within four years, taking on average 2.36 years to complete their degrees (graduation rate data for CCC transfers are shown in Display III-4). Transfer students' UC grade point averages upon graduation are about the same as those of students who entered as freshmen.

Student Satisfaction

The University measures undergraduate student satisfaction, along with a host of other indicators of students' well-being, using the University of California Undergraduate Experience Survey, or UCUES. In 2022, 88% of survey participants reported that they are very satisfied, satisfied, or somewhat satisfied with their overall academic experience at UC. Despite this positive overall rating, some distressing trends have also emerged. For example:

- A declining percentage of students state that they would choose to attend the UC campus at which they enrolled knowing what they know today.
- An increasing percentage of students report that they cannot secure their first-choice major.
- A declining percentage of students report knowing at least one faculty member well enough to request a letter of recommendation.

DIVERSITY

UC is dedicated to achieving excellence through diversity in the classroom, research laboratory, medical center, and workplace. It strives to maintain a climate that welcomes, celebrates, and promotes respect for the contributions of all students and employees.

In 2007, the Regents adopted as policy the [UC Diversity Statement](#), defining diversity as the “variety of personal experiences, values, and worldviews that arise from differences of culture and circumstance. Such differences include race, ethnicity, gender, age, religion, language, abilities/disabilities, sexual orientation, gender identity, socioeconomic status, geographic region, and more”. The value of diversity in all aspects of UC's educational programs is fundamental to its mission as a land grant institution. A diverse University community enhances the quality of education by infusing perspectives and experiences from people of all walks of life in California and beyond, enriching and contributing to the educational, scholarship, research, and public service environment. An important aspect of this environment is the ability to take advantage of the social, cultural, and intellectual contributions enabled by having a diverse population of students, faculty, and staff. An overarching goal is to link and engage leaders throughout the UC – faculty, staff and students – to transform the University to become more equitable and inclusive, so that all communities at UC are able to thrive. To that end, the Regents requested an annual accountability report on diversity at UC. The annual accountability reports have focused on diversity by gender, race, and ethnicity of the University community and have provided information about efforts to enhance that diversity.¹

Diversity Within the University Community

UC often describes its diversity aspirations as reflecting the diversity of California. While the University has made progress in several key areas related to diversity and inclusion, it has not kept pace with demographic changes in California, especially with the rapid growth of the Chicanx/Latinx population. The racial and ethnic diversity of

¹ The January 2020 item on faculty diversity is available on the [UC Regents website](#). Detailed data on diversity and other accountability measures can be found in [UC's Accountability Report](#).

university populations change at different paces, over time. At the undergraduate level, the population changes roughly every four years, providing an opportunity for the University to become more responsive to demographic shifts in the graduating high school population. Conversely, faculty careers can last 30 to 40 years, requiring a much longer trajectory for these population shifts.

Undergraduate Students. At the undergraduate level, UC has made progress in expanding access to all Californians. At UC, underrepresented groups (URGs) include African American, American Indian, and Chicanx/Latinx students. In fall 1999, 16% of undergraduates were from underrepresented groups, compared to 30% in fall 2022. Among new California resident freshmen, students from URGs have increased from 16% in fall 1999 to 32% in fall 2022. This increase reflects, in part, the increases in diversity of California's high school graduating class. Additionally, new California resident California Community College transfer students from URGs have increased from 18% in fall 1999 to 35% in fall 2022.

Nevertheless, challenges remain. Although students from underrepresented groups constitute almost 60% of 12th graders, only 45% of students completing the A-G course requirements for UC admissions are Chicanx/Latinx and 4% are African American.

Graduate Academic Students. Similar to graduate programs across the country, UC's graduate academic programs strive to increase racial and ethnic diversity. The percentage of students from underrepresented racial/ethnic groups varied by academic discipline in fall 2022. Of the graduate academic students enrolled in social science disciplines, for example, 24% were from underrepresented groups in fall 2022. Of the graduate academic students enrolled in engineering, computer science, math, and the physical sciences, by contrast, 8.4% were from underrepresented groups in fall 2022. In nearly every discipline, UC graduates a higher percentage of students from underrepresented racial/ethnic groups than the average among other AAU public or private institutions.

The percentage of students who are women also varied by discipline in fall 2022, with 56% for social science disciplines and 29.7% for engineering, computer science,

math, and the physical sciences. Figures for UC graduates in these disciplines are generally comparable to those at other AAU public or private institutions.

Graduate Professional Students. Among graduate professional degree programs at UC, the percentage of students from underrepresented racial/ethnic groups varied in fall 2022, with 48% in education to 19% in life sciences disciplines. In nearly every discipline, UC graduates a higher percentage of students from underrepresented racial/ethnic groups than the average among other AAU public or private institutions.

In fall 2021, the percentage of women in UC professional degree programs ranged from 72.6% in education to 42.1% in business. Figures for UC graduates in these disciplines are generally comparable to those at other AAU public and private institutions.

Faculty Diversity. The ladder rank faculty at the University of California is more diverse, on average, than the faculty at AAU public and private institutions. Among the University's eight public and private comparison institutions, UC ranks first for the percentage of women tenured/tenure-track faculty. Additionally, UC places first for the percentage of URG tenured/tenure-track faculty and women URG tenured/tenure-track faculty.

In fall 2022, 14.2% of ladder-rank faculty or equivalent (LRE) at UC (excluding retired faculty recalled to active service) were from an underrepresented group (URG): 8.8% were Chicanx/Latinx, 0.5% were Native American, 4.1% were Black/African/African American, and 0.1% were Native Hawaiian/Pacific Islander. Additionally, 0.8% of LRE faculty identified as two or more races, of which one or more races was URG, and 20.0% were Asian or Asian American. Women made up 38.7% of the ladder rank equivalent faculty (excluding the portion of faculty who identified as another gender or who declined to state their gender), including 7.0% who were women URG faculty. (Figures include both domestic and international faculty.) Despite gains in faculty diversity over time, UC LRE are still 61.4% white and 61.3% male. Diversifying faculty is a national challenge for universities, including UC. The University is committing funding and personnel to support best practices in recruiting and retaining a diverse faculty.

This effort includes significant actions on all ten campuses, such as national outreach and monitoring of recruitment efforts; implicit bias and climate enhancement training; cluster hiring; use of statements on contributions to diversity, equity, and inclusion; use of a common online recruitment system that facilitates data collection about the diversity of candidate pools and finalist lists; and institution of a systemwide Faculty Retention and Exit Survey.

Advancing Faculty Diversity: UC's Primary Research and Development Engine for Transforming the Professoriate

The Budget Acts of 2016, 2017, and 2018 included one-time appropriations of \$2 million to support best practices in equal employment opportunity; the allocation was raised to \$2.5 million for 2019-20, providing total funding of \$8.5 million over four years. The funding has been used to establish and operate the Advancing Faculty Diversity (AFD) Program with funds awarded annually on a competitive basis to the campuses to support new interventions in the faculty recruitment process while being able to measure the interventions for their effectiveness in diversifying the faculty. AFD received one-time funding again in 2021-22 as part of \$5 million appropriation for equal opportunity hiring and a focus on culturally-aware training for faculty. Of this amount, \$3 million went to funding AFD recruitment projects and \$2 million were allocated to campuses for their participation and membership in [AAAS' SEA Change](#).

Beginning in 2018-19, the Office of the President supplemented allocations from the State by funding projects on improved academic climate and faculty retention, committing over \$400,000 to fund six projects in the first year and increasing that to \$1 million in 2019-20. Campuses proposed a variety of innovative approaches to improving climate and retention for faculty members from historically underrepresented backgrounds. Funded projects have included workshops, anti-bias training, and symposia on equity, diversity, and inclusion; cross-division and network mentoring programs; building allies among faculty members holding non-minority identities; establishing cross-campus faculty learning communities focused on pedagogy for URG students; and addressing inequitable service loads.

Since 2019-20, the Office of the President has committed \$3 million annually to advancing faculty diversity efforts on the campuses. In 2021-22, a total of seven recruitment pilots and eight projects on improved climate and retention projects were funded by the Office of the President, while in 2022-23, three recruitment pilots and six improved climate and retention projects received funding. UC did not receive additional state funds in 2022-23.

The 2022-23 awards went to projects on six of the ten campuses. Among the projects that involve recruitment of new faculty, there is a focus on hiring faculty whose research and pedagogical focus is on issues of race, equity and gender disparities in a variety of disciplines: social justice, Black Studies, Indigenous studies, and Chicanx/Latinx studies, among others.

In 2023-24, the University committed a total of \$3 million from university funds to fund eight proposals: three in recruitment and five in improved climate and retention. This year, projects are again focusing again on recruiting faculty whose research and pedagogy centers on issues affecting diverse populations across disciplines, including the arts, with an emphasis on developing inclusive curricula.

Each year the project issues a preliminary report in the fall term and an annual report at the end of the academic year. All reports are available online on the [UCOP website](#).

Staff Diversity. Among UC staff, the highest degree of diversity is observed within UC's professional and support staff, while the Senior Management Group exhibits the lowest level of diversity. Despite some progress over the past decade, in October 2022, the Senior Management Group (consisting of 168 employees) was 54.1% White and 58.6% male. In contrast, among the University's approximately 133,814 professional and support staff, 34.2% were White and 34.3% were male.

In October 2022, 34.2% of the University's 167,505 non-academic staff were from underrepresented groups (URG), up from 17.9% in April 2011. Chicanx/Latinx staff represented the largest URG, constituting 27.4% of non-academic staff.

Institutional Best Practices in Diversity

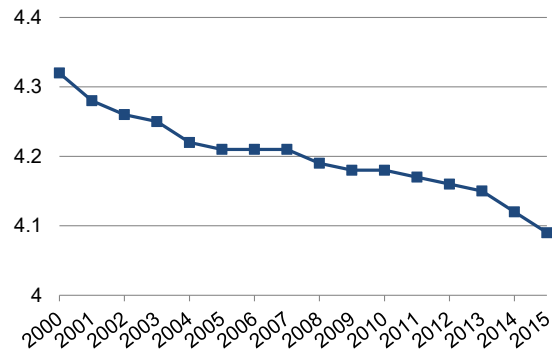
Recognizing the need for and importance of advancing the diversity and inclusion of faculty, students, and staff, UC campuses and locations have implemented a wide variety of programs and initiatives. Some of these efforts have been in place for more than 30 years, while others have been implemented recently. Selected best practices are summarized below.

Undergraduate Students. As part of a portfolio of outreach programs called Student Academic Preparation and Educational Partnerships (SAPEP), UC devotes considerable resources to extensive academic and college preparation support. In 2021-22, the most recent year for which data are available, SAPEP programs collectively served over 188,000 K-12 and community college students. In addition, most K-12 schools served by SAPEP programs are classified as “high-need”, meaning they have high percentages of students eligible for free or reduced-price meals under the National Schools Lunch Program.

When compared with their peers from California public high schools, program participants have significantly higher UC admission rates and rates of enrollment in all three of California’s public college segments. In addition, when program participants are admitted to UC, they are more likely to enroll.

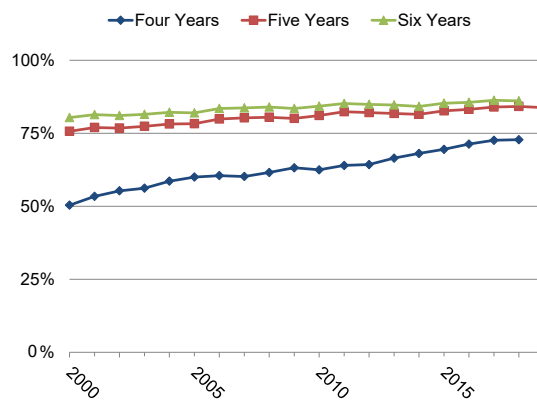
Hispanic Serving Institutions (HSI). Five of the nine UC undergraduate campuses are HSIs, a federal designation for colleges and universities with at least 25% Chicana/Latina undergraduate enrollment. Of the four remaining campuses, one is pending approval as an HSI and the remaining three undergraduate campuses are emerging HSI campuses and are expected to become full HSIs in the near future, making them eligible for federal grants and resources. As of fall 2022, 25.3% of UC undergraduate students were Chicana/Latina, which primes UC to becoming an HSI system at the R1 level. To support the University as a thriving HSI system, the UC HSI Initiative was developed as a collaboration between the nine undergraduate campuses and the Office of the President. The Initiative focuses on data-driven and research-informed best practices that support Chicana/Latina student success at UC and beyond in their post-UC careers. In addition, the UC HSI Doctoral Diversity

Display III-2: Time to Degree among Freshmen by Cohort



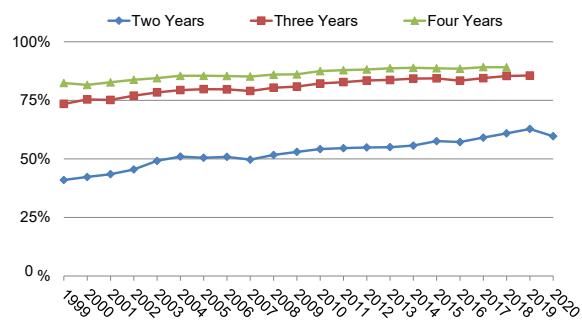
Time to degree, measured in average years elapsed between matriculation and graduation, has improved over time to 4.09 years for the most recent cohort.

Display III-3: Graduation Rates by Freshman Cohort



Over 72% of freshman entrants obtain their degree within four years and over 86% finish within six years.

Display III-4: Graduation Rates by CCC Transfer Cohort



CCC transfers to UC also exhibit strong graduation rates, with over 59% finishing in two years and over 89% graduating within four years of transfer.

Initiative (UC-HSI DDI), launched in 2019, aims to enhance faculty diversity and pathways to the professorate for underrepresented students from California HSIs. The

UC-HSI DDI awards competitive grants and funding to support graduate student preparation for the professoriate.

Graduate Academic and Graduate Professional Students. The UC-HBCU Initiative, first implemented in 2012-13, improves diversity and strengthens graduate programs by investing in relationships between UC campuses and Historically Black Colleges and Universities (HBCUs). Since its inaugural year, more than 815 HBCU scholars have participated in the program, which offers faculty-led summer research opportunities and year-round mentoring. More than 300 UC-HBCU former interns have applied to UC graduate programs. This fall, a total of 92 Ph.D. fellows will be enrolled at the University of California as a direct result of the UC-HBCU Initiative and 27 Ph.D. students have graduated. Of those 27, eight secured tenure track positions in the professoriate; five within California institutions (UC, CSU and private), one at an out-of-state public institution and two at HBCUs. Three Ph.D. graduates have received the UC President's Postdoctoral Fellowship (UC PFPF), and one received the UC Chancellor's Postdoctoral Fellowship.

The UC-HSI DDI includes two components: 1) competitive grant awards to UC faculty/faculty administrators to support short-term and long-term programs/projects to improve and expand pathways to the professoriate for underrepresented students; and 2) funding to directly support graduate student preparation for the professoriate. Funding includes resources to support a limited number of UC President's Pre-Professoriate Fellows (UC PFPF), who have advanced to candidacy in a UC Ph.D. program and are California HSI alumni, an opportunity to foster their interest and preparation for the professoriate. In 2020, UC named its first cohort of fellows. Additional professional development support for underrepresented Ph.D. students is provided to encourage and help equip them to consider careers in the professoriate.

Another goal of the UC-HSI DDI is to improve the climate of academic programs through interventions, incentives and efforts that foster an academic culture of inclusion and equity—especially for faculty and students from underrepresented communities. To date, the initiative has named 85 UC President's Pre-Professoriate Fellows since the program's inception. Twenty-six fellows have completed

their Ph.D. Of those that have graduated, 17 went on to postdoc appointments, including three that obtained the highly coveted UC President's Postdoctoral Fellowship (UC PFPF) and three that were awarded the Chancellor's Postdoctoral Fellowship (CPF). Nine fellows secured tenure-track faculty positions, with five hired within California's public institutions (UC/CSU/CCC).

Medical Education. UC's Programs in Medical Education (PRIME), available at all UC medical schools, is an innovative training program focused on meeting the needs of California's underserved populations in both rural communities and urban areas by combining specialized coursework, structured clinical experiences, advanced independent study, and mentoring. As of 2022-23, UC enrolled 396 medical students in PRIME, with 74% from underrepresented groups in medicine.

Ladder Rank Faculty. As mentioned earlier, the UC President's Postdoctoral Fellowship Program (UC PFPF) is a keystone program at the University of California that supports diversification of UC faculty through financial support and career development training for postdoctoral scholars that show promise to be successful faculty in the UC system. Fellows have a demonstrated record of commitment to diversity in their research, teaching, and/or outreach.

UC PFPF was founded in 1984 as a program designed to promote the diversity of the UC faculty through support of talented postdoctoral scholars in all fields whose research, teaching, and service will contribute to diversity and equal opportunity at UC. The program provides fellows with two years of postdoctoral training under a UC faculty mentor, offers guidance in career preparation, and promotes the hiring of fellows within the UC system. In support of the UC PFPF, individual UC campuses also support highly ranked candidates using local funding sources, and these are referred to as Chancellors Postdoctoral Fellows (CPF). As one of the largest public educational institutions in the U.S., UC recognizes this pool of outstanding talent and scholarship within the UC system as an important resource for increasing diversity of the UC faculty ranks. Indeed, the UC PFPF contributes to the national pool of university faculty candidates who advance equity and equal opportunity and is a model program for supporting scholars

aspiring to academic careers. Since its founding, there have been 868 participants in the UC PFPF. Of those, 530 have gone on to tenure-track faculty positions at any university. Since 2003, an important year for the program as it marks the inauguration of the Faculty Hiring Incentive Program that has promoted the hiring of fellows into ladder-rank positions at UC campuses, there have been 327 President's and Chancellor's Postdoctoral fellows hired into UC tenure track positions. At this time, 122 fellows have been considered for tenure, and 117, or 96%, have achieved that important career milestone. The program continues to contribute substantially to the diversity of new faculty hired into the UC system.

The success of the UC PFPF model has spurred new national partnerships. In early 2021, President Michael V. Drake engaged with the Andrew W. Mellon Foundation on the topic of the President's Postdoctoral Fellowship Program and its overall goals to diversify the UC faculty. This goal is in line with the approaches taken by the foundation's higher learning program, which includes three primary strategies to broaden understanding of American history and culture, developing tools and methods to create meaning, supporting faculty and students whose work exemplifies a drive toward greater equity in their fields and institutions, and promoting pathways for those seeking to exercise transformative institutional leadership. In July 2021, the Andrew W. Mellon Foundation committed \$15 million to the University in support of the Andrew W. Mellon Foundation/UC PFPF UC-HSI Humanities Initiative over five years to fund additional fellowships in humanities and humanities-inflected social sciences, to provide resources to six of the UC campuses that are or are emerging as HSIs (Davis, Irvine, Merced, Riverside, Santa Barbara, and Santa Cruz) to support hiring in these disciplines, and to introduce program activities that span the postdoctoral to early career transition. This transformative partnership is the first of its kind for the UC PFPF and will serve not only as a project that can fundamentally impact the faculty membership at these campuses, but also serve as a model for partnership with outside foundations that share the goals and mission of the UC PFPF.

Staff and Management. The University is focused on a broad range of staff diversity issues, including recruitment,

retention, and promotion; leadership commitment to staff diversity at each location; and systems for ensuring that best practices in support of staff diversity are woven throughout the fabric of the University. Many campuses now offer certificate programs in diversity and inclusion. These programs are designed to offer participants an in-depth examination of diversity and differences in order to gain a greater understanding of the benefits of—and strategies for—working together to build a stronger and more inclusive campus community.

Anti-Racism Resources and Initiatives. The University is committed to being consistently fair, equitable, and anti-racist in its behaviors, policies, practices, and structures. In order to guide members of the UC community to become more active participants in combating racism, campus leaders have gathered and shared anti-racism resources, including links to articles, books, podcasts and films; along with providing anti-racism trainings, webinars, and the formation of task forces across the system. In addition, live, virtual and e-course trainings on mitigating implicit bias in hiring processes, teaching, faculty evaluation and other university activities are available systemwide at no cost to faculty and staff. These resources can be found at the University's [Diversity website](#), which will be updated over time. Across the UC system, locations examined policies, practices and approaches for addressing anti-Black and other forms of racism and discrimination. At the Office of the President, the Anti-Racism Task Force undertook an assessment of policies and practices, facilitated employee feedback, and presented findings and recommendations to President Emeritus Napolitano in late July 2020. In fall 2020, President Michael Drake approved the report and charged an implementation team to carry out the report's recommendations. Implementation of the report's recommendations has been underway since 2020 and include the creation of a new Office of Workplace Inclusion and Belonging focused specifically on the inclusion and workplace climate needs of Office of the President employees.

UCOP is in the process of establishing a new central office to support the implementation of the Systemwide Anti-Discrimination Policy, as well as support the functions

of the Title IX office and the Americans with Disabilities Act (ADA). Both the policy and office will launch in 2024.

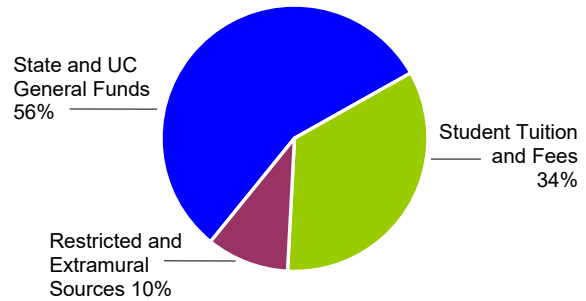
General Campus Instruction

The University of California provides undergraduate, graduate professional, and graduate academic education through the doctoral degree level and serves as the primary State-supported academic institution for research. Consistent with the California Master Plan for Higher Education, a fundamental mission of the University is to educate students at all levels, from undergraduate to the most advanced graduate level, and to offer motivated students the opportunity to realize their full potential. The University continues to offer a space to all qualified California resident undergraduates and provides programs for graduate academic and graduate professional students in accordance with standards of excellence and the growing needs of California, the fifth-largest economy in the world. To do this, the University must maintain a core of well-balanced, quality programs and provide support for newly emerging and rapidly developing fields of knowledge.

What attracts students to a research university is the opportunity to interact with faculty on the cutting edge of their field and to participate in, and even conduct their own, research. UC students are no different. The 2022 University of California Undergraduate Experience Survey (UCUES) found that 81% of respondents agreed that attending a university with world-class researchers was important. The survey also found that 69% of senior undergraduates have completed or are completing a research project or research paper as part of their coursework. The close relationship between instruction and research, at both the undergraduate and graduate levels, is the hallmark of a research university.

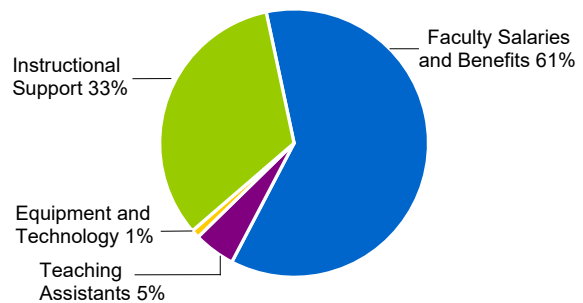
The University offers bachelor's, master's, and doctoral degrees in more than 850 instructional programs from agriculture to zoology and professional degrees in a growing number of disciplines. The University's Academic Senate authorizes and supervises courses offered within instructional programs, and also determines the conditions for admission and the qualifications for degrees and

Display IV-1: 2022-23 General Campus Instruction Expenditures by Fund Source (Total: \$3.1 Billion)



Core funds (State General Funds, UC General Funds, and mandatory and professional school student tuition and fees) provide 90% of funding for general campus instruction.

Display IV-2: 2022-23 General Campus Instruction Expenditures by Category (Total: \$3.1 Billion)



Over 60% of expenditures in general campus instruction are for faculty salaries and benefits.

credentials. UC began awarding degrees in 1870 and conferred 86,257 degrees in 2022-23.

The general campus Instruction and Research (I&R) budget includes direct instructional resources associated with schools and colleges located on the nine UC general campuses.¹ I&R expenditures totaled \$3.1 billion in 2022-23, 90% of which comes from core fund sources (State General Funds, UC General Funds, and student tuitions and fees). Additional resources for instruction are derived from self-supporting program charges, course materials and services fees, philanthropy, and other

¹ The San Francisco campus is primarily dedicated to the health sciences, which are discussed in the *Health Sciences Instruction* chapter of this document.

restricted sources. Budget elements and their proportions of the general campus I&R base budget include faculty and teaching assistant salaries and benefits (66%); instructional support (33%), which includes salaries and benefits of instructional support staff (such as laboratory assistants, supervisory, clerical and technical personnel, and some academic administrators) and costs of instructional department supplies; and instructional equipment replacement and technology (1%).

UNDERGRADUATE ENROLLMENT

Undergraduate and graduate enrollments are fundamental to the teaching and research components of the University's mission. Described below are some of the expectations set in the California Master Plan for Higher Education regarding University entrance requirements, admissions procedures, and enrollment policies.

Undergraduate Enrollment Provisions in the California Master Plan for Higher Education

The University of California remains committed to the Master Plan for Higher Education as the foundation for one of the finest higher education systems in the world. The interests of the State, its citizens, and the higher education segments in California have been well served by the Master Plan for more than 60 years.

The Master Plan calls for UC to offer access to all eligible California resident applicants to its undergraduate programs. The University establishes criteria designed to identify the top 12.5% of the State's public high school graduates and guarantees freshman admission to all California resident applicants who meet the requirements, apply on time, and choose to attend (though not necessarily at the campus or in the major of choice). In addition, the Master Plan calls for UC to guarantee a place for all California Community College (CCC) transfer applicants who meet the relevant admissions requirements. The Master Plan calls for the State to provide adequate resources to enable UC to accommodate all California resident students who are eligible and likely to apply.

Legislative reviews of the Master Plan have maintained its basic tenets, explicitly reaffirming the access guarantee for all eligible students. Indeed, section 66202.5 of the California Education Code states: "The University of

California and the California State University are expected to plan that adequate spaces are available to accommodate all California resident students who are eligible and likely to apply to attend an appropriate place within the system. The State of California likewise reaffirms its historic commitment to ensure that resources are provided to make this expansion possible, and shall commit resources to ensure that [eligible] students ... are accommodated in a place within the system."

History of State Support for Undergraduate Enrollment Growth

Historically, the State has provided sufficient funds to support enrollment growth as it occurred at UC. Specifically, the State provided funding for each additional FTE student added to the University's budgeted enrollment level based on an amount known as the marginal cost of instruction. This cost is intended to reflect the level of resources needed to educate each additional student at UC's historical level of quality and is calculated using an agreed-upon methodology with the State. Funding for enrollment growth at the marginal cost of instruction was included in the 2005-06, 2006-07, and 2007-08 budgets.

The State's ongoing fiscal woes led to reductions in support for UC – and no new funding for enrollment growth – during 2008-09 and 2009-10. In keeping with its commitment to the California Master Plan and California undergraduate applicants who had worked hard to become eligible for admission, the University made a decision in 2008-09 to ask that campuses, to the best of their ability, implement the enrollment increases that had been planned before the onset of budget cuts. This enrollment growth, including growth of planned health science programs, was funded through an internal redirection of existing resources. As a result of this action, and due in part to increased nonresident enrollment, the University's total enrollment continued to grow after 2008-09 (see Display IV-4). The State budget provided \$51.3 million to support 5,121 FTE students at UC at a marginal cost rate of \$10,012 in 2010-11. However, a few weeks after the budget was signed, UC was informed of the State's intent to cut \$500 million from its base – a cut that eventually rose to \$750 million – leaving this enrollment growth only temporarily funded.

After four consecutive years of no new funding for enrollment growth (from 2011-12 through 2014-15), the State once again began to include undergraduate enrollment growth funding in the University's budget in 2015-16 and 2016-17, albeit at levels below the State's traditional marginal cost rate. UC redirected funds from other programs to make up the difference. In 2017-18, the State directed the University to enroll at least 1,500 additional undergraduates in 2018-19 by internally redirecting existing funding. State funding for the University in 2018-19 included support for 500 new California resident undergraduates in 2018-19 (in addition to the 1,500 new California undergraduates funded by an internal reallocation of University resources). The 2019-20 Budget Act provided \$10 million in permanent funds to continue support of 2018-19 enrollment growth, as well as \$49.9 million to support the enrollment of 4,860 additional California resident undergraduates over 2018-19 enrollment levels by 2020-21. The 2020-21 Budget Act, which was enacted following the onset of the COVID-19 pandemic, did not include UC enrollment targets for 2021-22. The 2021-22 Budget Act expressed the intent of the Legislature to support additional California resident undergraduate enrollment growth in 2022-23. The 2022-23 Budget Act provided \$67.8 million in permanent funds to support the enrollment of 6,230 California resident undergraduates over 2018-19 enrollment levels by 2023-24; in addition, the Budget provided \$31 million in permanent funds to offset revenue reductions associated with the replacement of 902 nonresident undergraduate students enrolled at three UC campuses with an equivalent number of California resident undergraduate students at these campuses in 2022-23. The 2023-24 Budget Act, consistent with the 2021-22 Budget Act and section 68 of Chapter 68 of the Statutes of 2021, provided an increase of \$30 million ongoing General Fund to offset revenue reductions associated with the replacement of 902 nonresident undergraduate students enrolled at three campuses with an equivalent number of California resident undergraduate students at the campuses in 2023-24.

The resumption of State support for undergraduate enrollment growth has been a positive development. Nevertheless, actual California resident enrollment growth has far outpaced the levels supported in recent Budget

MARGINAL COST OF INSTRUCTION

The marginal cost of instruction formula includes:

- salary and benefits for additional faculty positions (based on the assumption of a budgeted student-faculty ratio of 18.7 to 1);
- related instructional support such as clerical and technical personnel, supplies, and equipment;
- support for teaching assistant positions;
- institutional support; and
- support for operation and maintenance of plant, libraries, and student services.

Activities that the State has historically not supported, such as student health services, plant administration, executive management, and logistical services, are excluded. The methodology identifies the State subsidy provided for the cost of education as well as the portion of this cost that is supported by student tuition and fees. To the extent that the methodology is based on expenditures, the marginal cost rate does not capture the full costs of instruction.

Acts. Undergraduate enrollment growth beyond the levels supported by State funds creates an ongoing challenge to campuses as they strive to maintain the quality of a UC education.

Demographic details about the University's undergraduate population can be found in Displays IV-8 through IV-13.

Recent Context for Undergraduate Enrollment Growth

The University, with the support of the State, has achieved an extraordinary level of enrollment growth in recent years. The growth in total enrollment of California resident undergraduates between fall 2015 and fall 2016, for example, was the largest one-year increase since the end of the Second World War. This expanded access has benefited both California high school graduates and California Community College students, who applied to – and enrolled at – the University in record numbers.

This growth, while a boon to California students seeking to enroll at UC, has created challenges for campuses. These challenges have resulted in part because actual enrollment growth far exceeded the funded enrollment growth targets specified in the Budget Acts of 2015 and 2016.

Respectively, those Acts provided \$25 million in State support for enrollment growth of 5,000 California resident undergraduates in 2016-17 over 2014-15 levels and \$18.5

million in State support for enrollment growth of 2,500 additional California resident undergraduates in 2017-18 compared to 2016-17. In both cases, funding was granted by the State after the University demonstrated to the Director of Finance that it would achieve, at a minimum, these enrollment targets.

Both Budget Acts provided funding on an all-or-nothing basis: UC was to receive no enrollment growth funding if it fell short of the specified goal, yet would receive no additional funding for enrolling students in excess of the goal. In order to avoid the prospect of receiving no State funds for enrollment growth, campuses made the rational decision to err high when trying to achieve their enrollment growth targets.

This tendency, combined with the often unpredictable nature of enrollment management, resulted in estimated enrollment growth of approximately 10,100 students between 2014-15 and 2017-18, or 2,600 more than the 7,500 students for which partial funding was provided in the Budget Acts of 2015 and 2016. In lieu of State support to subsidize the cost of educating these students, campuses have instead diverted funds from other pressing budgetary needs to accommodate the larger-than-expected enrollment of California resident undergraduates.

Although the University envisioned sustaining expanded access by increasing total California resident undergraduate enrollment by at least 10,000 students within four years (from 2014-15 through 2018-19), it ultimately enrolled over 10,000 new students in just three years (by 2017-18).

Display IV-3 illustrates the extent to which the enrollment growth of California resident freshmen and California resident transfer entrants in 2016-17 and 2017-18 mark departures from that of the previous five years and Display IV-4 shows how total University enrollment has grown since 2006-07. Actions taken for 2016-17 and 2017-18 have implications for future years – as classes of students coming in are larger than classes graduating, total enrollment grows, even if new student enrollment does not change. Moreover, in 2018-19, UC exceeded its budgeted growth of 2,000 California resident undergraduate FTE. In 2020-21, UC also exceeded the 4,860 California resident undergraduate FTE growth (relative to 2018-19) funded for 2019-20 and 2020-21 in the 2019 State Budget Act.

CALIFORNIA'S MASTER PLAN FOR HIGHER EDUCATION

In exchange for the higher education segments agreeing to differentiate functions and admissions pools and to reduce programmatic duplication, the State government and taxpayers agreed to provide support for higher education in the form of California's Master Plan.

Differentiation of function

- UC (10 campuses) – high-cost doctoral education, highly specialized professional schools
- CSU (23 campuses) – bachelor's and master's level education
- CCC (116 community colleges) – lower division and basic skills education and workforce training

Differentiation of admissions pools coupled with principle of universal access

- UC and CSU are to take all eligible students in the top one-eighth and one-third, respectively, of California public high school graduates.
- CCCs are to admit any student capable of benefiting from instruction.
- Any CCC student has the opportunity to become eligible for four-year instruction.
- UC and CSU give eligible CCC transfer students priority in admission.

Affordability

- A commitment to the principle of tuition-free education for California residents has been replaced in the last few decades with moderate tuition accompanied by robust financial aid policies.
- Student aid helps ensure finances are not a barrier to higher education and that State Cal Grants are portable to any institution in the state.

UNDERGRADUATE ADMISSIONS

In spite of the uncertainty brought on by the pandemic, the University has maintained its commitment noted in the Master Plan for Higher Education to provide a place in at least one of the UC campuses for all eligible undergraduate California applicants who wish to attend. UC received over 132,000 applications from California high school seniors for fall 2023 admission. California resident applications were flat relative to the prior year. This volume continues to reflect a high level of demand among California's high school graduates for access to the University of California.

Preliminary offers of admission for fall 2023 to California freshmen from underrepresented groups remained steady at 44.0%, a small increase over fall 2022 (43.8%).

Chicanx/Latinx students constitute the largest ethnic group of admitted freshmen at 37.6%. The proportion of African American and American Indian admits also remained similar to last year at 5.5% and 0.7% of total admits, respectively.

The proportion of California freshmen admitted who would be the first in their families to earn a four-year college degree remained flat at 44% (37,483) in fall 2023 as compared to fall 2022 (36,810), while the proportion of admitted students from low-income families declined to 45% (35,079) in fall 2023 from 47% (35,369) in fall 2022.

Applications from domestic California Community College (CCC) transfer students decreased for fall 2023 by 3.7%, from 30,936 for fall 2022 to 29,795 for fall 2023. Domestic CCC transfer applicants from underrepresented groups remained at 39% of applicants for fall 2023.

Offers of admission to domestic CCC transfers from underrepresented groups decreased by 2.6% for fall 2023, relative to offers for fall 2022. The racial/ethnic makeup of the fall 2023 admitted CCC transfer class was very similar to last year's. Asian American, Chicanx/Latinx, and White students made up the largest proportions of domestic CCC transfers at 31.5%, 29.9%, and 29.4% respectively. African American students increased slightly to 5.6% for fall 2023. American Indian students increased slightly to 0.9% from 0.8% of admitted students. The proportion of CCC transfers admitted who would be the first in their families to earn a four-year college degree declined to 48% in 2023 from 50% in 2022. The proportion of admitted students from low-income households also declined to 53% from 55% in fall 2022.

Admission Policies

The University strives each year to meet its commitment under the Master Plan to provide access to all eligible California high school graduating seniors who seek to attend UC. The University also strives to identify and enroll, on each of its campuses, a student body that demonstrates high academic achievement and exceptional personal talent, and that encompasses the broad diversity of backgrounds characteristic of California. The effect of the

University's admissions policy is continuously monitored and reviewed to ensure that the University receives applications from a wide range of students displaying high academic achievement and exceptional personal talent. UC eliminated the consideration of SAT or ACT scores in the admissions process beginning with the class entering in fall 2021.

Eligibility for guaranteed admission. There are two paths to attaining guaranteed admission to UC for California residents: through the Statewide Context, placing an applicant in the top 9% of graduates statewide, and through the Local Context, based on a class rank placing an applicant in the top 9% within his/her high school. Both guarantee a space at UC, though not necessarily to the campus of choice. Consistent with past practice, California residents who are guaranteed admission but are not accepted by any campus to which they apply are offered admission through the referral pool at one or more campuses with additional capacity. Currently, the Merced and Riverside campuses are offering admission through the referral pool at the freshman level. California resident applicants who have met all minimum requirements for freshman admission but are not identified in the top 9% in the state or within their high schools are entitled to review of their applications.

Comprehensive Review. The University's "comprehensive review" process, in place since 2002, ensures the admission of highly qualified students by allowing UC campuses to consider a variety of academic and other qualifications that all students present on the application. Data show that students admitted under comprehensive review present increasingly accomplished credentials.

All freshman applicant records are reviewed not only for their grades, rigor of their academic program and other academic criteria – important baseline indicators of academic potential – but also for additional evidence of such qualities as leadership, intellectual curiosity, and initiative. This policy sends a strong signal that UC is looking for students who have achieved at high levels and, in doing so, have challenged themselves to the greatest extent possible.

As part of its service to the State, UC is responsible for

certifying whether courses offered in California’s high schools qualify as A-G courses, which are required for eligibility to both the UC and the California State University (CSU) systems. For the 2022-23 academic year alone, UC reviewed more than 13,000 high school courses for UC and CSU eligibility. UC’s A-G course lists include approximately 260,000 approved courses from more than 2,900 high schools and programs.

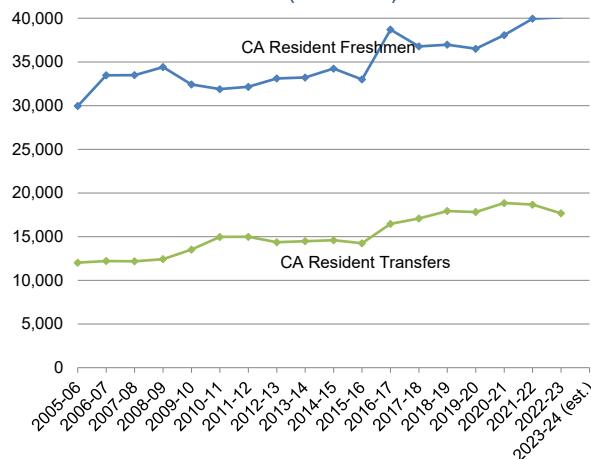
In recent years, a great deal of attention has been devoted to creating curricula that combine college-preparatory work with Career Technical Education (CTE). Courses that combine academic content knowledge with practical or work-related applications may be eligible for A-G approval. The Office of the President has assisted high schools to develop and implement integrated courses that unite academic study with CTE. More than 2,500 institutions across California offered their students the opportunity to enroll in A-G-approved integrated courses in 2021-22.

TRANSFER FROM CALIFORNIA COMMUNITY COLLEGES TO UC

For those students who choose not to attend a four-year university directly out of high school, the ability to transfer from a California Community College (CCC) to a four-year institution helps sustain the State’s commitment to educational opportunity for all. The California Master Plan prescribes a ratio of 60:40 in upper division to lower division undergraduate students in order to have ample upper division spaces for CCC transfer students. This 60% upper division proportion would be achieved if UC enrolled one upper division transfer student for every two new freshmen, assuming all students proceeded in lockstep.

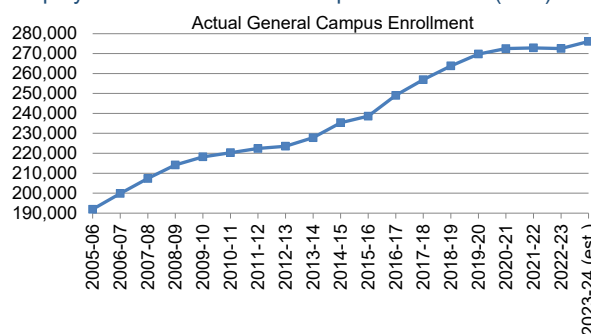
Many new freshmen attain upper division status in fewer than two years, however, through the application of Advanced Placement (AP) and other college credit. As a result, UC has been able to meet the 60:40 ratio without enrolling as many transfer students as originally envisioned in the Master Plan. To ensure consistency with the Master Plan, UC’s Commission on the Future recommended in 2011 that UC instead seek to reach the 2:1 ratio, resources permitting. The Budget Act of 2017 made \$50 million contingent upon the University demonstrating “a good faith effort” and taking “all possible actions” to attain a ratio of “at

Display IV-3: California Resident Freshman and California Resident Transfer Entrants (Fall Term)



After years of relatively flat enrollment growth among new California resident freshmen and California resident transfers, the University once again began to increase enrollments of these populations of students. The State called upon the University to enroll 5,000 additional California resident undergraduates in 2016-17 relative to 2014-15 enrollment, resulting in the dramatic increase in California resident freshman entrants that year.

Display IV-4: Total General Campus Enrollment (FTE)



Total (undergraduate and graduate) general campus FTE enrollment has grown substantially since 2005-06.

least one entering transfer student for every two entering freshman students beginning in the 2018-19 academic year” at each undergraduate campus except Merced. The University took important steps to advance this goal, including extending the application deadline for transfer applicants in order to increase the applicant pool, setting aggressive transfer enrollment targets for each undergraduate campus and signing a Memorandum of Understanding (MOU) with the California Community College Chancellor’s Office (CCCCO) to implement a guarantee of transfer admission for all qualified CCC

applicants (see more information in the following section). Collectively, these efforts satisfied the requirements in the Budget Act.

Transfer Student Enrollment. In 2020-21, UC set a record by enrolling just over 19,800 California resident transfer students. UC also enrolled over 19,600 California resident transfer students in 2021–22.

Transfer students are a crucial part of UC. In December 2017, President Emeritus Napolitano convened the Transfer Task Force to analyze the current scope of transfer admission options for prospective UC applicants, with a goal of attaining more and better-prepared transfer students by ensuring greater transparency of UC's requirements for successful transfer. Then in April 2018, the University of California and the California Community Colleges established a joint agreement aimed at increasing the number of academically prepared community college students who transfer to UC and earn a bachelor's degree. Under the MOU, the new Pathways+ program launched in fall 2019 and provides students with the security of an admissions guarantee to a UC campus of choice, strong major preparation for a competitive admissions edge at any UC campus, and a solid foundation for academic success and timely degree completion after transfer. The MOU concluded in summer 2022 and the data on the first official transfer cohort with Pathways+ is promising, with over 3,600 CCC students enrolled at UC in fall 2021. Evaluation of this program will continue with an analysis of Pathways+ student persistence and completion when data on the fall 2021 cohort become available.

All UC campuses are open to new transfer students for each fall term. CCC transfer applicants who are California residents and who have met UC's minimum requirements and completed lower division major courses are given priority in transfer admission at all campuses. Further, for fall 2023 admission, three campuses—Merced, Riverside and Santa Cruz—offered eligible transfer applicants admission through the transfer referral pool.

As with freshman applicants, campuses use comprehensive review criteria for transfer applicants to select students for admission to majors and campuses. Selection criteria at campuses with more eligible applicants

TRANSFER APPLICANTS

California resident transfer applicants who meet one of the following paths are guaranteed a comprehensive review of their application for admission.

- Completion of at least 60 semester/90 quarter units of transferable coursework with a 2.4 GPA, including seven specific transferable courses with a C grade or better in each, or
- Completion of an approved Associate Degree for Transfer at a California Community College, or
- Completion of an approved UC Transfer Pathway.

than spaces available include academic factors such as major preparation, the completion of a UC Transfer Pathway, and evidence of such qualities as motivation, leadership, and intellectual curiosity.

Transfer Advising. In order to promote the transfer process, the University provides admission advisors who regularly travel to CCCs to meet with students and staff regarding transfer admission and lower division coursework preparation requirements. Advisors also facilitate virtual visits with colleges and students. Outreach continues to be focused on CCCs with high numbers of educationally disadvantaged students and historically low transfer rates to UC.

To assist students preparing for transfer, UC developed the online Transfer Admission Planner (UC TAP), which allows students to begin tracking their completed coursework at CCCs in their first year and provides immediate feedback on their progress towards transfer. Furthermore, the tool allows UC and CCC counselors to track and communicate with potential transfer students. Additionally, UC campuses have transfer centers and advisors available to assist prospective and new transfer students who enroll at UC.

Course Articulation. To plan for transfer, students must know how the courses they take at a CCC will apply credits toward a degree at a particular UC campus (i.e., transfer articulation). Transfer course articulation at UC falls into two categories:

- **Universitywide Articulation.** Transferable Course Agreements, reviewed by the Office of the President, designate which courses can be transferred for unit credit at any UC campus and meet University transfer admission requirements. California community college

courses approved as part of a UC Transferable Course Agreement are then eligible to receive further joint UC and CSU review and approval as part of the IGETC (Intersegmental General Education Transfer Curricula) pattern.

- **Campus-specific Articulation.** Each UC campus designates which courses at the community college are directly comparable to courses taught at the UC campus. A community college course with UC campus-specific, course-to-course articulation may be accepted (where appropriate) as transfer credit toward the campus's major, breadth, or other undergraduate degree requirements.

Transfer Planning Tools. CCC students have three primary tools to navigate the transfer path: 1) ASSIST, the official statewide database and online resource of articulation information for California's public colleges and universities, more than 20 million articulation reports for the CCC, CSU, and UC systems to guide transfer students on how courses they complete at a community college transfer to any of the public four-year campuses; 2) the UC Transfer Pathways Guide, an online resource that shows prospective CCC transfers which UC-transferable courses from ASSIST meet the specific course expectations of a given UC Transfer Pathway; and 3) the UC Transfer Admission Planner, where students can plan and track their progress towards meeting transfer requirements.

UNDERGRADUATE NONRESIDENT ENROLLMENT

UC's priority is to enroll all eligible California residents for whom the State has provided funding. The California Master Plan for Higher Education calls upon UC to offer a space to, and the State to fund, all eligible California resident applicants at both the freshman and transfer levels. Campus enrollment targets for California residents are established on a university-wide level based on available State funding and campus growth plans.

Just as other forms of diversity enhance the educational experiences of students, California's dependence on an increasingly global society and economy requires geographic diversity among the student body. Nonresident students are essential to the University, contributing to the academic quality and educational experience of all students and enhancing the diversity of backgrounds and perspectives on the campuses at which they enroll. Their contributions help prepare all UC students to live and work

effectively in an increasingly global world. Nonresident enrollments also help grow and sustain the University's global reach, promoting new opportunities for students and faculty.

Until 2011-12, UC enrollment of undergraduate nonresidents was about 5% of total undergraduate enrollments across the system. With the onset of the Great Recession, UC began to increase the enrollment of nonresident undergraduates, in addition to continuing its commitment to resident undergraduate enrollment. For 2023-24, the systemwide total of undergraduate nonresidents is projected to be 36,059 FTE, or 16.5% of total undergraduate enrollment. UC continues to enroll a much lower percentage of nonresident undergraduate students compared to its public peer institutions. For example, at the University of Michigan and the University of Virginia, nonresidents constituted 44.8% and 33.1%, respectively, of undergraduates in fall 2022 (the most recent term for which these data are available).

Nonresident undergraduates pay \$32,574 more than California residents in Nonresident Supplemental Tuition, providing extra revenue that enables UC to improve educational programs for all students. Among other purposes, Nonresident Supplemental Tuition revenue is used to help recruit and retain high-quality faculty, mount additional courses that help lower class sizes and expand the breadth of offerings, expand library collections and services for students, renew instructional equipment and technology, and otherwise help to ameliorate the challenges to academic quality described earlier in this chapter.

Many nonresident students choose to stay in California after graduation from UC. According to California Employment Development Department data (which exclude federal employees and those who are self-employed), 48% of UC domestic nonresident undergraduates and 10% of international undergraduates remain in California for two or more years after graduating. Overall, around 22% of nonresidents are employed in California initially after completing their UC degrees. The State itself reaps benefits from the contributions to California industries of talented and highly qualified nonresident UC graduates. As discussed in the *UC's Role in the State of California* and

Health Sciences Instruction chapters of this document, California is in desperate need of college-educated workers in many industries. Nonresidents who stay in California after earning their degree at UC bolster the pool of highly educated workers in California and make significant contributions to the State economy.

As part of the conditions set by the Legislature for receiving funds to support enrollment growth in 2017-18, the Budget Act of 2016 called upon the University to adopt a policy on enrollment of nonresident students. The UC Board of Regents adopted such a policy in May 2017, reaffirming UC's historic commitment to California residents by limiting the proportion of out-of-state and international students at its nine undergraduate campuses. The policy caps nonresident enrollment at 18% or, for campuses that enrolled a higher percentage in 2017-18, their percentage from 2017-18.

GRADUATE STUDENT ENROLLMENT

Graduate education and research at UC have long fueled California's innovation and development, helping establish California as the fifth-largest economy in the world. Indeed, UC is charged by the California Master Plan for Higher Education with the responsibility to prepare professional and doctoral students to help meet California's and the nation's workforce needs.

Over the last 50 years, however, while well-justified attention has been paid to accommodating undergraduate enrollment growth, both for the baby boomers and for their children, graduate enrollment growth has not kept pace with that of undergraduates. Despite high-quality programs and many applicants, growth in graduate programs has been limited due to the lack of State support, creating an imbalance in University programs and preventing the University from keeping pace with growing workforce needs.

Since 1967-68, UC undergraduate enrollments have grown dramatically, from 59,000 FTE to an estimated 236,230 FTE in 2023-24, or 300.4% over 56 years. General campus graduate enrollment has grown at a much slower rate, from approximately 22,400 to an estimated 39,790 FTE in 2023-24, only 78%, during the same period (see Display IV-5).

IMPORTANCE OF STATE FUNDING

Accommodating enrollment in recent years without sufficient resources has affected students by eroding UC's traditional high-quality academic experience. For students, the dilution of resources potentially means fewer course offerings, less access to modern instructional equipment, larger class sizes, reduced interaction with top faculty, longer waits for student services, longer time-to-degree, fewer student jobs, and fewer library holdings and services relative to the number of students enrolled. This negative effect comes at a time when students are being asked to cover a greater share of costs through tuition and fees.

For faculty, the effect is similar. As funding remains constrained, fewer competitive offers can be made to new faculty. Existing faculty must manage the needs of ever-larger classes, with less assistance from additional faculty and graduate students and less time for research or public service. Working with outdated equipment in unmaintained buildings, faculty morale suffers and opportunities at other institutions become more attractive. If top faculty leave, UC's quality will suffer.

As a consequence of this imbalance, the proportion of graduate students decreased from 26.3% of general campus enrollment in 1969-70 to an estimated 15% in 2023-24 (see Display IV-6).

The graduate student percentage of total enrollment has declined in recent years, though graduate enrollments in raw numbers have risen slightly. (An increase in graduate professional students was partly offset by a decrease in graduate academic students.) UC's enrollments of graduate academic and graduate professional students (including health sciences and self-supporting enrollments) is about 18% of total UC enrollment, while among other Association of American Universities (AAU) institutions, approximately 29% of public and roughly 58% of private enrollments were graduate students. As Display IV-7 illustrates, UC's total graduate percentage is lower than the average among all of UC's eight comparison institutions.

UC has fallen behind in graduate enrollment for several reasons. Because of State budget constraints in the 1980s and 1990s, undergraduate growth was prioritized to ensure access to all eligible undergraduates choosing to attend UC. Graduate enrollment growth has also been slowed in many cases by the inability of departments to secure adequate and competitive student financial support. Higher education norms dictate that programs provide funding to

support their Ph.D. students. Competitive funding packages are critical to attract highly qualified students.

Graduate students are critical to the State's economic, social, and cultural development. In addition, UC graduate students play a vital role as future faculty in higher education in California, and help enhance the quality of the instructional and research enterprise while enrolled at UC.

Diversity in Graduate Education

UC is committed to training an academic graduate population that reflects the diversity of the state and nation. African American/Black students are extremely underrepresented in UC graduate and professional programs. This remains a challenging area. For example, the five-year average of 2010-14 for enrollment of African Americans in UC academic doctoral programs was 2.9%. The most recent five-year average enrollment rate (2018 through 2022) is 4.2%.

In order to enhance the pipeline of African American students who earn advanced degrees from UC Ph.D. programs, UC launched an initiative in 2011 that provides fellowships to UC Ph.D. students who participated in the UC-Historically Black Colleges and Universities (HBCUs) Initiative. The UC-HBCU Initiative seeks to improve the representation of HBCU alumni in UC graduate programs, particularly Ph.D. programs, by investing in relationships and projects with HBCU students and faculty. More than 300 UC-HBCU former interns have applied to UC graduate programs. This fall, a total of 92 Ph.D. fellows will be enrolled at the University of California as a direct result of the UC-HBCU Initiative and 27 Ph.D. students have graduated. Of those 27, eight secured tenure track positions in the professoriate; five within California institutions (UC, CSU and private), one at an out-of-state public institution and two at HBCUs.

In addition, the UC HSI Doctoral Diversity Initiative (UC-HSI DDI), launched in 2019, aims to improve faculty diversity and pathways to the professoriate for underrepresented students from California HSIs. The UC-HSI DDI awards competitive grants and funding to support graduate student preparation for the professoriate. The UC-HSI DDI includes two components: 1) competitive grant awards to UC faculty/faculty administrators to support short-term and

long-term programs/projects to improve and expand pathways to the professoriate for underrepresented students; and 2) funding to directly support graduate student preparation for the professoriate. Funding includes resources to support a limited number of Ph.D. students (three per campus starting fall 2023), named UC President's Pre-Professoriate Fellows (UC PPPF), who are California HSI alumni and have advanced to candidacy at UC. Additional professional development support for underrepresented Ph.D. students is provided to campus graduate divisions to encourage and help more scholars explore opportunities to help them consider, and pursue, careers in the professoriate. Another goal of the UC-HSI DDI is to improve the climate of academic programs through interventions, incentives and efforts that foster an academic culture of inclusion and equity — especially for faculty and students from underrepresented communities. To date, the initiative has named 85 UC President's Pre-Professoriate Fellows since the program's inception. Twenty-six fellows have completed their Ph.D. Of those that have graduated, 17 went on to postdoc appointments; including three that obtained the highly coveted UC President's Postdoctoral Fellowship (UC PPF) and three that were awarded the Chancellor's Postdoctoral Fellowship (CPF). Nine fellows secured tenure-track faculty positions; of which five are in California's public institutions (UC/CSU/CCC).

A diverse faculty is a crucial part of any strong research institution. The University of California President's Postdoctoral Fellowship Program (UC PPF) offers postdoctoral research fellowships, professional development, and faculty mentoring to outstanding scholars across fields whose research, teaching, and service contribute to diversity and equal opportunity at UC. In addition, UC is working to increase the number of UC PPF fellows hired as UC faculty at the completion of their fellowships. Since 2003-04, 327 UC PPF fellows have been hired into tenure-track positions at University of California campuses. For a description of these and other efforts to increase diversity among UC's faculty, see the *Cross-Cutting Issues* chapter of this document.

History of State Support for Graduate Student Enrollment Growth

Graduate enrollment must increase to complement dramatic undergraduate growth, to support faculty in the research mission of the University, and to help with the teaching and mentoring associated with additional undergraduates. To that end, the University’s 2016-17 budget plan requested an additional \$6 million in State General Funds above the base budget increase to support the enrollment of 600 additional graduate students by 2016-17. Although the State did not fund this request, it remained a high priority for the University.

In an effort to keep pace with the significant growth in undergraduate student enrollment in 2016-17, and in anticipation of further growth in 2017-18, the 2017-18 budget plan requested \$9 million to support graduate student enrollment. Ultimately, the 2017-18 Budget Act granted the University \$5 million for graduate student enrollment growth (500 students). This augmentation was a welcome reinvestment from the State in graduate student enrollment growth, which is a defining characteristic of the University as the State’s research institution.

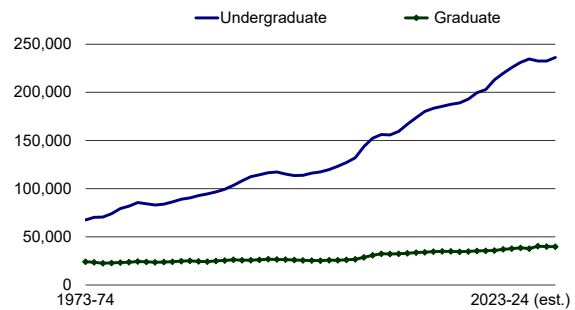
The University requested \$5 million of new permanent funding to support 500 additional graduate students in 2018-19. The final 2018-19 Budget Act provided one-time funding for general University needs, but included no permanent funding for graduate enrollment growth. By contrast, and as mentioned earlier, the 2019-20 Budget Act provided \$10 million in permanent funds to continue support of 2018-19 enrollment growth. Ultimately, these funds were sufficient to address only a portion of the undergraduate and graduate students that campuses enrolled in 2018-19 above previously funded levels.

Graduate Education and the State’s Economy

UC graduate education and research have a long history of fueling economic development in California. UC graduate education and research spawned the biotechnology industry, and UC graduates have been drivers in the development of the electronics industry, particularly in communications and semiconductors.

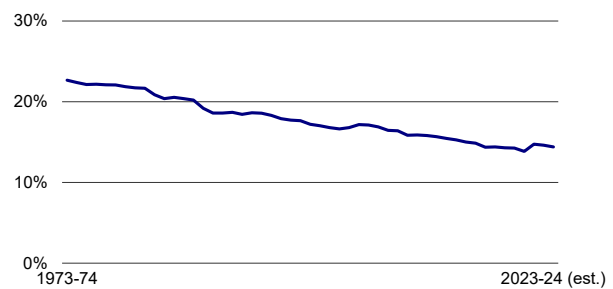
UC graduate programs directly contribute to California’s research and development-intensive industry sectors

Display IV-5: Undergraduate and Graduate General Campus FTE Enrollment



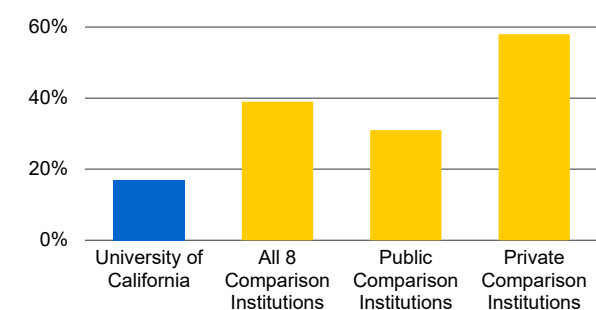
Since the 1960s, UC’s undergraduate enrollment has grown rapidly, but graduate enrollment has not kept pace. While undergraduate enrollment has grown 300.4%, graduate enrollment has only grown about 78%.

Display IV-6: Graduate Students as a Percentage of General Campus Enrollment



The proportion of graduate enrollment on the general campuses has fallen from over 25% in the 1970s to 15% in recent years.

Display IV-7: Proportion of Graduate Enrollment at UC and Comparison Institutions



In fall 2021 (the most recent year for which comparison institution data are available), 17% of total UC enrollment was graduate academic and graduate professional students (including health sciences and self-supporting enrollments), compared to 31% at its four public comparison universities and 58% at its four private comparison universities.

by supplying highly trained alumni and attracting industry to California. Companies in knowledge-based industries tend

to form clusters around major universities to take advantage of access to the pool of specialized workers and to benefit from knowledge transfers from the concentration of research, innovation, and specialization.

In the future, California's economy will depend even more on high-tech industries. Stem cell research, environmental research and innovation, global health care delivery, and energy research will have significant effects on the health and economy of California and the world.

All sectors of California's economy will need many more highly educated workers — engineers, scientists, business entrepreneurs, and others whose innovations will drive California's prosperity. In keeping with its charge under the Master Plan, the University will play a key role in helping to meet the need for these technically and analytically sophisticated workers. The looming retirement of highly educated workers in the large baby boomer generation and the declining in-migration of educated workers from other states and nations create additional significant challenges for California's economy. Growth in UC's graduate programs would help meet the need for more science and technology professionals.

UC's contribution toward fulfilling the State's need for intellectual resources is not limited to science, engineering, and health care. In addition to the needs of a technology-based economy, California and the nation face many social challenges that require highly educated individuals to analyze and solve problems as they shape California's future. UC graduate programs in the arts, humanities, social sciences, and professional fields continue to serve these needs:

- Professional and managerial jobs, such as financial managers, marketing specialists, software developers, engineers, and research analysts, are among California's fastest growing occupations.² These jobs typically

require at least a bachelor's degree and often a master's degree or doctorate.

- UC prepares highly skilled and creative school administrators, architects, lawyers, public health and public policy analysts, social workers, urban planners, and other professionals who add to the State's economic and social well-being.
- Creative industries in California, such as entertainment and digital media, also contribute to the State's economic growth. According to the Bureau of Economic Analysis (BEA), arts and entertainment contributed \$97.19 billion, or 3.5%, to California's gross domestic product in 2017.³ Alumni of UC's graduate programs are represented in many sectors of the arts world, leading and building programs and creating new ideas. California's entertainment and digital media industries are thriving precisely because of the many writers, musicians, visual artists, and actors the University trains.

Graduate Students and Higher Education

UC graduate students play a critical role in higher education in California, both as future faculty at UC, CSU, and other California colleges and universities, and as teaching and research assistants while in graduate school. Both UC and CSU depend heavily on the graduates of UC's Ph.D. programs.

Growth in graduate enrollments is necessary to maintain excellence in instruction and research. New faculty members are attracted to UC in part because of the high caliber of graduate students with whom they can work. In 2022-23, UC attracted substantial percentages of students with prestigious fellowships, including 12% of NSF's Graduate Research Fellowship Program (GRFP) recipients⁴. The most recent data also indicates that 26% of the Ford Foundation's Predoctoral Fellowship Scholar Award recipients chose to attend UC⁵. Graduate students also work as teaching assistants, helping to meet UC's overall instructional needs, though their primary importance lies in the ways they complement faculty roles: leading small discussion groups and laboratory sections, offering a

² Employment Development Department. "Top 100 Fastest Growing Occupations in California, 2018-2028." *State of California*. 2022. Web. <http://www.labormarketinfo.edd.ca.gov/OccGuides/FastGrowingOcc.aspx>.

³ Bureau of Economic Analysis. "Real Value Added to The Gross Domestic Product (GDP) of California in 2017, by Industry (in Billion Chained 2009 U.S. Dollars)." *Statista - The Statistics Portal*. Statista. May 2018. Web. <https://www.statista.com/statistics/304869/california-real-gdp-by-industry/>.

⁴ National Science Foundation. *Graduate Research Fellowship Program (GRFP), 2022 Offered Award List*. Data acquired on July 17, 2023: <https://www.research.gov/grfp/AwardeeList.do?method=sort&page=76>

⁵ National Academies. *Ford Foundation Fellowships Scholar Award List 2023*. Data acquired on July 17, 2023: <https://ra.nas.edu/FordFellows20/ExtRpts/PressReleaseRoster.aspx?RptMode=AW&CompYr=2023>

wider range of perspectives and teaching delivery modes, and serving as near-peer mentors for undergraduates.

Graduate students are vital to UC's discovery and innovation enterprise. Especially in the sciences and engineering, the research process entails teamwork, and graduate student researchers, as key members of these teams, have been central to the creative breakthroughs that have made UC one of the world's greatest universities. Graduate students further amplify UC's research contributions by supervising and mentoring undergraduates engaged in research projects, thus enabling greater involvement of undergraduates in primary research activities.

In the 21st century, access to a graduate education is becoming increasingly necessary to engage in analytic work across fields. For this reason, many undergraduates will seek to further their education beyond the baccalaureate level in the coming years. Following the growth of high school graduates during the last decade, California's 25 to 34-year-old population will grow about 6% between 2020 and 2030. As a result, demand for graduate education will likely increase.

A portion of this growing demand will likely be attributable to the University's own baccalaureate degree graduates. According to the 2022 administration of UCUES, whereas 37% of UC undergraduates plan to earn a graduate or professional degree soon after graduating, 62% plan to *eventually* earn a graduate or professional degree.

UC must also be particularly vigilant about ensuring access to graduate education for historically underrepresented groups, including individuals from disadvantaged socioeconomic backgrounds. For California to meet its growing workforce needs and to maximize the potential of so much talent within the State, UC must help far more students pursue graduate study. To that end, the University launched the Growing Our Own and Diversifying UC Ph.D. Pathways Initiative in May 2021. This initiative prioritizes investing in pathways to success for California undergraduates and focuses on expanding and diversifying California's much-needed pool of workers and innovators to meet the state's advanced workforce needs, ensuring that those pursuing advanced degrees and professoriate opportunities are

reflective of the state of California. The initiative is intended to: 1) increase the number and proportion of UC bachelor's degree recipients who get an academic doctoral degree; and 2) increase the number and proportion of UC PhD enrollees from UC, CSU, other HSIs, Tribal Colleges and Universities (TCUs), and HBCUs. With this initiative, UC aims to build sustainable pathways for students from first-generation, low-income, and underrepresented racial/ethnic groups to the professoriate in California and beyond. The initiative recognizes the importance of multiple interventions and partners – scaled up and sustained over time – to identify and cultivate talent for California's future professoriate. The initiative seeks to expand existing programs at UC, create stronger connections among institutions of higher education for identifying and cultivating talent, and prioritize academic doctoral training for undergraduate and master's-level students who collectively come from backgrounds as diverse as California itself. The Growing Our Own initiative is providing an infrastructure to better elevate, connect, and advance a range of pathways and inclusion efforts.

UC MERCED

The Merced campus was established as the tenth campus of the University of California to meet the State's overall needs for higher education as well as the needs of a significant and rapidly growing area of California – the San Joaquin Valley. Since opening its doors to freshmen, transfers, and graduate students in the fall of 2005 with just 875 students and 60 faculty members, the Merced campus has achieved critical milestones to mark the further development and expansion of the first new research university in the United States in the 21st century.

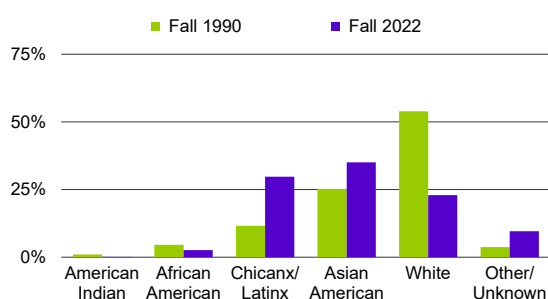
As the first new UC campus since 1965, the Merced campus has a rare opportunity to become an extraordinary institution as it builds on a heritage of distinction and legacy of excellence. Faculty, staff, and administrators have been drawn to Merced by the challenge of building and sustaining a unique institution in a traditionally underserved area of California. The collective energy and enthusiasm of those committed to development of the institution have resulted in the promise that the Merced campus will emerge as a world-class center of research, knowledge, intellectual relevance, and significance.

General Campus Instruction

Display IV-8: Characteristics of Fall 2022 Undergraduate Students

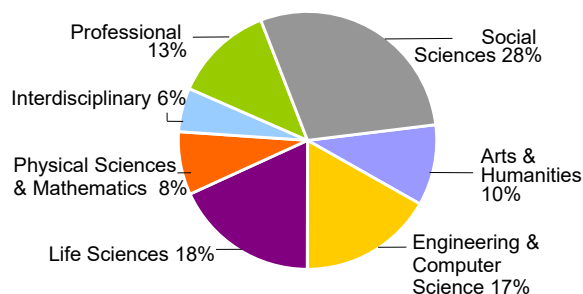
Headcount enrollment	230,407
Female	54.1%
Underrepresented group	30.2%
First-generation college students	37%
California residents	82.5%
Domestic nonresidents	7.5%
International students	10.0%

Display IV-9: Distribution of Domestic Undergraduate Students by Race/Ethnicity



Since fall 1990, the proportion among UC undergraduates of Chicano/Latinx students has risen more than 257% and the proportion of Asian American students has risen 139%.

Display IV-10: 2022-23 Bachelor's Degrees Conferred by Broad Discipline (Total: 62,311 Undergraduate Degrees)

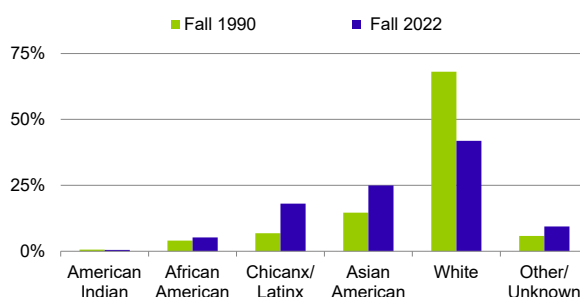


In 2022-23, UC undergraduates earned 62,311 bachelor's degrees. Approximately 39% of undergraduate students earned degrees in the social sciences, arts, and humanities, with nearly the same proportion earning degrees in STEM fields.

Display IV-11: Characteristics of Fall 2022 Graduate Students

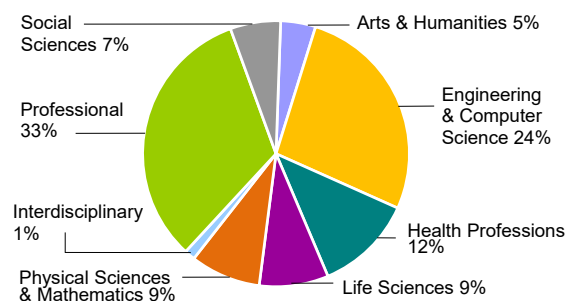
Headcount enrollment	63,978
Female	48.3%
Underrepresented group	17.8%
Doctoral students	44%
Academic master's students	14%
Professional students	42%
California residents	48%
Domestic nonresidents	8.4%
International students	24.2%

Display IV-12: Distribution of Domestic Graduate Students by Race/Ethnicity



Since fall 1990, the proportion among UC graduates of Chicano/Latinx students has risen over 264% and the proportion of Asian American students has risen approximately 171%.

Display IV-13: 2022-23 Graduate Degrees Conferred by Broad Discipline (Total: 23,943 Graduate Degrees)



In 2022-23, UC awarded 23,943 graduate degrees, which consisted of masters (16,653), doctoral (4,513), and professional degrees (2,777). Just over half were in sciences, mathematics, engineering, and health professions, and approximately one third were degrees in other professional disciplines.

Educational Access

Student interest in the Merced campus has continued to grow since the campus opened 18 years ago, although at a slower pace the past several years (see Display IV-14). Steps are being taken to increase student access and interest, including the addition of attractive new majors with strong post-graduate prospects and transfer pathways with a focus on San Joaquin Valley California Community College partners. For the fall 2022 admissions process, just over 34,000 students applied (freshmen and transfers) – a 4% increase over applicants for fall 2021.

In fall 2022, 99.6% of undergraduate students at the Merced campus were California residents, and nearly 61% were members of underrepresented groups. Display IV-15 provides demographic details about UC Merced's California resident undergraduates in fall 2022. As of fall 2022, 58% of Merced's undergraduates were eligible to receive Pell Grants and approximately 28% came from the San Joaquin Valley. Moreover, among all undergraduates (freshmen and transfers), 67% were first-generation college students. These students continue to serve as role models for others, helping to establish a college-going tradition in their families and communities.

The Merced campus plays a major role in fulfilling the goals of the Regents and the State to ensure that every eligible California student who meets UC admission standards is able to access UC quality education, thus helping to maintain UC's commitment to the California Master Plan for Higher Education. UC Merced is also uniquely positioned to raise the college-going rate in the San Joaquin Valley and beyond. Continued growth of Merced is a high priority for the system.

Academic Innovation and Excellence

As a research university, the Merced campus is particularly focused on increasing the number of students in California who complete advanced degrees. In fall 2022, the campus enrolled 760 graduate students, 94% of whom were pursuing doctoral degrees. Graduate students learn alongside distinguished Merced faculty who conduct groundbreaking research across a wide array of disciplines. UC Merced's graduate student population is the most diverse in the UC, with 21% of its domestic graduate

students from underrepresented communities. Since 2019, 51% of new, incoming graduate students are first-generation.

The Merced campus is in many ways an educational laboratory. Its faculty and students are deeply engaged in innovative programs in both education and research. The Merced campus' 290 ladder rank faculty members, drawn from around the world, are leading the way in advancing cutting-edge curricula in majors that will support a vibrant range of academic offerings. As of fall 2023, undergraduates are able to choose from 29 majors and 25 minors.

Research

In terms of developing its research enterprise, the Merced campus continues to demonstrate remarkable achievement, having grown its research expenditures many times over, from \$7.5 million in 2006-07 to \$35.4 million in 2022-23.

Awards have been granted by a variety of federal, state, and private sources, including the National Science Foundation, the National Institutes of Health, the U.S. Department of Agriculture, the Department of Energy, and a number of state agencies, foundations and private companies. The success in garnering extramural funding allows the Merced campus' innovative faculty and students to conduct trailblazing, multidisciplinary research in the campus' particular areas of strength (most notably climate change), solar and renewable energy systems and materials, water management and drought, eco-system management, artificial intelligence, inequality and social justice, psychology and cognitive science, computational and data science, agricultural technology, and biomedical topics (including biotechnology, biophysics, health disparities, and rural health). Cross-cutting these research fields are UC Merced's signature strengths in interdisciplinary, community-embedded, and applied research. The faculty's accomplishments in these areas are vital to the Merced campus' core mission as a research university with a strong commitment to graduate education.

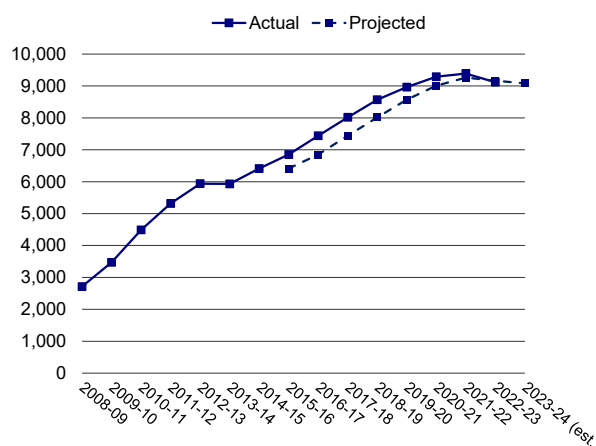
As UC Merced became one of the newest campuses in the system to be named an agricultural experiment station (AES) with an engineering perspective, research will focus

on precision agriculture, climate and wildfire challenges; examine opportunities in soil health, air quality and the reuse of agricultural byproducts; and delve into social justice by investigating the labor force and agriculture’s effects on the communities of the San Joaquin Valley—including public health impacts and disparities. UC Merced was also designated \$18 million by the state of California in 2022, per Assembly Bill 179, for climate action research and innovation to address critical needs of the State and the launch of the UC Merced Institute of Climate Resilience and Equity. Additionally, in 2022, the UC Merced-led coalition was awarded \$65.1 million — the largest federal grant ever awarded to the Central Valley — to the Fresno-Merced Future of Food Innovation (F3) Coalition as part of its “Build Back Better” initiative to boost economic recovery after the COVID-19 pandemic. The funding will help launch a state-of-the-art agricultural technology hub that will serve and connect farmers across the San Joaquin Valley to industry and spark a new, more advanced era in agriculture-based technology in an effort to boost productivity, create jobs and build capacity for regional sustainability.

A distinctive mark on research at the Merced campus is being made by its signature organizations: the Sierra Nevada Research Institute, the Health Sciences Research Institute, the Community and Labor Center, the Valley Institute of Sustainability, Technology and Agriculture encompassing the Center for Information Technology Research in the Interest of Society, and UC Solar. These and other research centers on campus facilitate direct involvement with communities within the San Joaquin Valley. Whether in precision agriculture, wildfire modeling, air quality, or development of bio-based products, for example, UC Merced researchers are in the Valley, engaging with local communities and helping to further economic development.

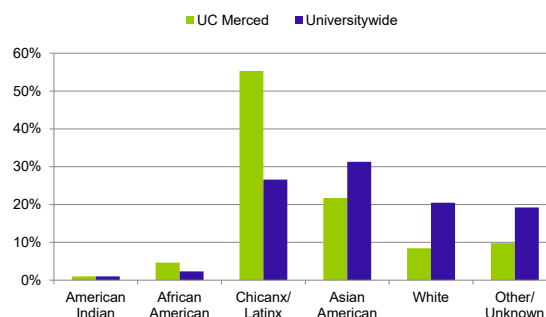
At the Merced campus, opportunities for undergraduates to become involved in research projects are a high priority. As with its instructional programs, the Merced campus’ research institutes foster collaboration across disciplinary areas – the relationships among environmental science, human health, and environmental and health policy are

Display IV-14: UC Merced Total FTE Student Enrollment



Total FTE enrollment at the Merced campus reached 9,116 students in 2022-23. Interest in the Merced campus continues to grow.

Display IV-15: Fall 2022 California Resident Undergraduates by Race/Ethnicity



Among UC Merced undergraduates in fall 2022, more than 60% are students from underrepresented groups.

examples of issues that are particularly important for the San Joaquin Valley. Partnerships with other UC campuses, the National Laboratories, Sequoia and Kings Canyon National Parks, and Yosemite National Park, also enhance education and research at Merced.

Economic Development

UC Merced serves the San Joaquin Valley as an economic engine. As the employer of more than 1,600 faculty and staff and a major user of local services, the campus continues to be a significant and growing contributor to the regional and state economy.

Essential Growth Funding and Continued Support

With the most diverse student body of any UC campus, UC Merced is the embodiment of the mission of the University

of California. The Merced campus' educational and economic impact will continue to grow as the campus matures and as its research agenda continues to contribute to the closure of knowledge gaps in crucial areas, including climate change and sustainable agriculture. Despite fiscal challenges, further investment in the Merced campus promises that the tenth campus, as first envisioned, will continue to contribute to the transformation of the Central Valley into a research and innovation hub, as well as to the education of UC Merced grown medical professionals who will help end the San Joaquin Valley's status as a health care desert. UC Merced is expected, through its transformative long-term impact on the San Joaquin Valley, to contribute to California's overall development by closing access gaps in education and health care for some of California and the nation's most vulnerable populations.

In order to keep the Merced campus on its intended trajectory, continued enrollment growth funding is essential.

Merced Capital Development

UC Merced has entered a new phase of capital development. With over two and a half million gross square feet in its physical plant, the campus is entering its adolescent phase of physical development. The 2020 Long Range Development Plan, along with the addition of new academic programs, puts the campus on course to reach 15,000 students by 2030. Continuing this trajectory of excellence requires thoughtful alignment of ambitious academic and research goals and creative deployment of limited resources.

The 2023-29 Capital Financial Plan (CFP) represents critical capital, capital renewal, restoration, and infrastructure projects in the near-term planning horizon. These projects are required to facilitate UC Merced's five-year Strategic Plan and meet student enrollment targets. The campus's highest priority capital initiatives are UC Merced Medical Education Building, an intersegmental housing project between UC Merced and Merced Community College, campus wide infrastructure augmentation, mid- and large-sized classroom facilities, and additional student amenities.

Post COVID-19, the campus has migrated more services and processes to hybrid and online solutions.

The campus continues to learn about the advantages of online, hybrid, and hyflex instruction, and is exploring the integration of these different teaching modalities into its learning environments. As a result, and in support of the new academic programs, future classroom needs continue to increase and evolve from the current classroom type, size and distribution.

During the 2023-2024 academic year, the campus will continue to evaluate its remote work program. UC Merced is implementing a live space occupancy sensing program at its Downtown Campus Center to assess current space use and inform revisions to the campus space assignment guidelines and protocols. The long-term impact on campus administrative space is yet to be fully determined; however, some form of hybrid work is expected to continue. The campus has already begun to see changes in space use and, in response, expects to implement new space utilization guidelines in January 2024. These changes in use have so far manifested as a reduction in the number of personally assigned workstations, the size of workstations and the number of private offices. In addition, there will be modifications to the design and character of new administrative work areas and space practices to reflect the new collaborative nature of onsite work.

The UC Merced Medical Education Building remains the campus's highest capital priority and is on course to be opened by fall 2027 for the initiation of the first class of medical students at UC Merced. Additionally, the Medical Education Building includes a number of intermediate sized general assignment classrooms intended to support the initial launch of a range of new academic programs and enrollment up to 12,500 students. The Classroom and Office Building (COB) III/Annex building, expected to open soon after the Medical Education Building, will include large lecture halls and an auditorium to support the mature development of academic programs and enrollment of up to 15,000 students. In addition to funding the COB III/Annex building, the campus expansion funds received through the 2023-24 State Budget (AB 102), will provide funding for a new Public Safety facility and an expansion of the Merced Vernal Pools and Grassland Reserve Field Research Center. The campus is currently developing external fund sources to increase student amenities by constructing a

new track facility and fieldhouse to support new athletic and recreation programs.

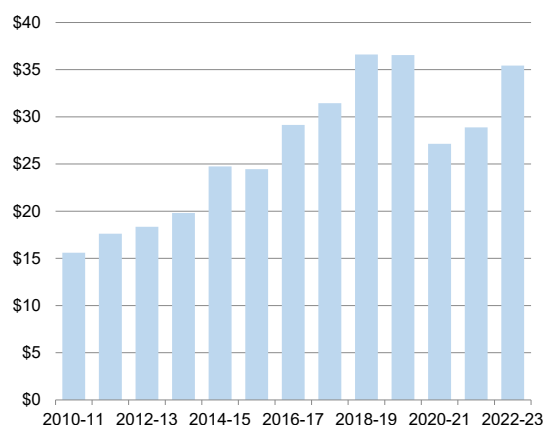
As a part of the 2020 Project, UC Merced's campus infrastructure was expanded to accommodate 10,000 students. As the campus plans for the next phase of enrollment growth to 15,000 students, a new, integrated infrastructure basis of design will be required to support the next phase of the campus's development. As the institution grows and becomes more complex, so do its needs. Maintenance of UC Merced's carbon neutrality status will be a driving determinant of the new infrastructure plan for the campus. The campus has launched a Utilities Master Planning effort predicated on the implementation of regional and expandable MUP (Modular Utility Plant) facilities. Consideration of the campus's infrastructure requirements is compounded by emerging research needs for infrastructure support for buildings as well as land, as evidenced in projects such as the Experimental Smart Farm. The building and land infrastructure requirements are interrelated and may cause solutions to be more expensive. Electrification of existing buildings will be included in the new Utilities Master Plan. The Campus currently boasts 29 LEED™ certified new construction buildings, and UC Merced stands out as the first public research university in the nation to achieve carbon neutrality.

In fall 2023, UC Merced housed 44% (4,045 beds) of its 9,138 enrolled students in campus housing. While the vacancy rate in the city of Merced has improved to approximately 2.45%, much of the available housing is not affordable to UC Merced students. To respond to the need for housing, UC Merced and Merced Community College are co-developing an intersegmental housing project to house low-income community college transfer students. UC Merced and Merced College have been awarded the funding for construction of the 125,000 sq ft "Promise" Housing building under the State's Higher Education Student Housing Grant Program (SB 117). Construction is expected to begin in late 2024.

SUMMER INSTRUCTION

The University, with funding from the State, began expanding summer instruction programs in 2001. Since that

Display IV-16: Research Expenditures at UC Merced (Dollars in Millions)



UC Merced and its faculty are attracting significant research dollars to the San Joaquin Valley. As student enrollment grows and additional faculty members are hired, research awards should also continue to rise.

time, the University has more than doubled its State-supported summer enrollments. As Display IV-17 demonstrates, over 103,180 UC students (or approximately 22,970 FTE) participated in summer instruction in summer 2020. Summer 2020 enrollment increased by an estimated 31%, or over 5,400 FTE, relative to summer 2019. A number of factors contributed to this extraordinary growth, including the University's adoption of fully remote summer instruction and students' relative lack of alternative options for summer activities during the COVID-19 pandemic. Summer 2022 enrollment decreased by an estimated 5%, or 1,040 FTE, relative to summer 2021.

UC campuses offered 5,716 summer primary courses in 2022. Summer expansion has resulted in more efficient use of facilities and accelerated time to degree for undergraduates, thereby making room for more students during the regular year. Students report using summer as a means to graduate on time or even early; they also report enjoying the smaller class sizes and faculty contact. In recent years, over 68% of undergraduate students have enrolled in at least one summer session, and approximately 35% enroll more than once (see Display IV-18) even though students can also use summer for other opportunities, such as work, travel, or internships. This participation rate has stabilized in recent years. However, the University believes the potential exists to further expand

summer enrollment, which will play an important role in the University’s efforts to help students make timely progress toward graduation and serve more California resident undergraduates.

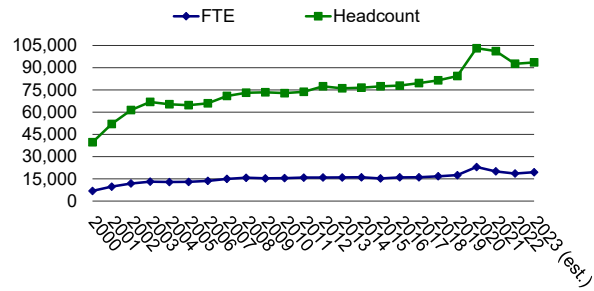
ONLINE EDUCATION AT UC

During the 2021-2022 academic year, UC students and faculty moved back to campus, with the majority of classes being delivered in-person. Online and hybrid course offerings continued, with increased interest from students and faculty in the flexibility offered by digital instruction. Faculty built upon the knowledge and experience they gained during pandemic, utilizing tools and technologies to support teaching and learning. UC campuses, in concert with UC Online (formerly the Innovative Learning Technology Initiative, ILTI) continued their work to develop and offer high-quality, fully online and hybrid courses. These efforts were enhanced by instructional technologists and designers, digital platforms and systems, including UC Online’s [cross-campus enrollment system](#), to support online education at UC and beyond.

All ten campuses have substantially increased their digital and online learning opportunities. Despite the challenges associated with remote instruction during the pandemic, interest in and enthusiasm for online learning at UC continues to grow. Recognition of the role that technology and innovation play in maintaining high quality and engaging instruction for UC students has increased significantly. As faculty and students returned to campuses in fall 2021, they brought with them experiences, knowledge, and skills learned in the remote format, to further advance digital inclusion and instructional resilience.

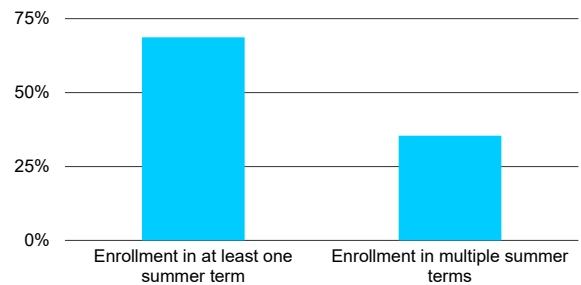
Systemwide, UC offers fully-online courses and programs, as well as online components of courses, to UC undergraduate and graduate students, enhancing learning opportunities, strengthening teaching and learning, and providing increased access to the courses necessary for timely graduation and degree completion. The UC Academic Senate is developing guidelines for fully-online

Display IV-17: Summer Term Headcount and FTE Enrollment at UC



FTE enrollment in summer instruction has grown by an estimated 45% since 2003, and by an estimated 31% between 2019 and 2020 alone – extraordinary growth by historical standards.

Display IV-18: Summer Enrollment Patterns of UC Undergraduates



Among undergraduates who entered UC in 2018 and 2019, over 68% enrolled in at least one summer term during their undergraduate careers, and 35% enrolled in summer courses during more than one year.

undergraduate degrees. Several campuses are examining proposals for fully online transfer degrees at the undergraduate level, with extensive input and review from the Academic Senate.

Prior to launching the systemwide initiative in 2013 to develop online education, UC offered approximately 2,600 online courses, totaling over 90,000 student enrollments. The majority of these online courses and enrollments were associated with certificate or other extension programs, as described in the *Self-Supporting Instructional Programs* chapter of this document. These courses and programs were generally not designed or offered for credit toward UC undergraduate degrees.

Since 2013, with input and funding from the State Legislature, UC has provided enrolled undergraduate students with flexible and innovative learning opportunities

that satisfy degree requirements. Today, there are approximately 1,000 approved fully-online undergraduate courses. At the graduate level, there are more than 400 fully-online courses. Together, these offerings represent a significant increase in the UC online catalog. An additional 6,000 online, not-for-credit courses are currently offered to non-matriculated students through UC Extension.

UC Online (formerly ILTI)

In close collaboration with campuses, UC Online functions as a systemwide program. Designed to increase online course offerings with State funding for online education, UC Online focuses on increasing undergraduate access to courses needed for timely graduation. It provides funding to campuses to support online and hybrid courses, campus and systemwide infrastructure, cross-campus course instruction, and evaluation and accountability efforts.

In 2021-22, UC Online achieved many milestones, including:

- increasing the number of courses in the catalog open to cross-campus enrollment to over 500;
- enrolling nearly 140,000 UC undergraduate students in online and hybrid courses, including approximately 5,000 cross-campus students (UC students at one home campus enrolling in online courses offered at another UC host campus during the academic year);
- substantially increasing the number of online courses that provide General Education, pre-major or major credit, and course equivalence at other UC campuses through focused and sustained efforts (approximately 2500);
- further enhancing the central infrastructure necessary to support online cross-campus offerings by creating compatibility between campus registration systems and equipping a cross-campus enrollment website with a searchable database of courses;
- funding for campus awareness building campaigns for cross-campus enrollment
- development of two courses focused on disaster preparedness at UC Berkeley, “Disaster Risk Management”, and Flood Risk Management”; and
- supporting the creation of a fully online minor in Native American Studies at UC Davis.

UC campuses continue to innovate and offer advanced degree programs with online components. Programs that feature this integration include: Information and Data

Science at UC Berkeley; Human Computer Interaction and Design at UC Santa Cruz; and the following two programs at UC Irvine: Criminology, Law and Society; and Journalism. Many of UC’s top-ranked graduate and professional degree programs offer online executive education and are actively developing more online degree programs.

New tools and applications, developed by UC and externally, support quality learning opportunities and student engagement with content, faculty, and other students. UC’s Scout program offers high schools approved A-G courses online. Schools, teachers, and students can choose from a variety of online A-G and College Prep approved Advanced Placement courses. Building on a \$4 million one-time appropriation from 2016-17, the University expanded the UC Scout program by increasing the number of courses offered through the A-G Success Initiative. This initiative has developed more than 50 high-quality, fully-online middle school and high school classes approved by the University to satisfy the A-G subject requirements.

Delivering outstanding online education to engage and inspire across the academic spectrum requires a long-range, multi-faceted strategy. The digital transformation of UC to support equitable, accessible and inclusive teaching and learning, remains essential and integral to the goals of the system, and is key to it achieving its 2030 goals.

Health Sciences Instruction

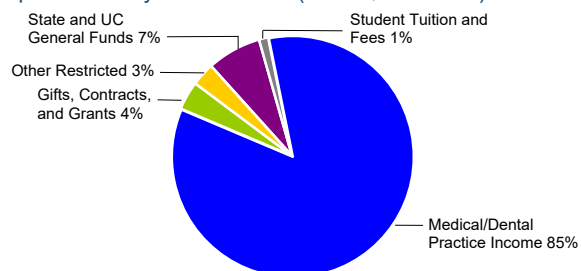
The University of California plays a critical role in training health professionals, conducting scientific research, and delivering high-quality health services. UC operates one of the largest health sciences instructional programs in the nation, educating approximately 16,000 health sciences students and trainees across 20 schools at seven campuses. These include schools of dentistry, medicine, nursing, optometry, pharmacy, public health, and veterinary medicine. Since 2013, UC has added four new health professional schools, including the UC Irvine Sue & Bill Gross School of Nursing, UC Riverside School of Medicine¹, UC San Diego Herbert Wertheim School of Public Health and Human Longevity Science, and UC Irvine School of Pharmacy and Pharmaceutical Sciences. Across the health sciences, UC programs provide an unparalleled integration of education, research, and patient care.

UC's research discoveries help prevent and cure diseases, create new technologies for diagnosing and treating illnesses, and provide new strategies to optimize health outcomes. In addition to millions in federal and philanthropic dollars invested in the State through research contracts and grants, UC's contributions to the prevention and treatment of chronic medical conditions, such as asthma, cancer, cardiovascular disease, and diabetes, promote affordable and accessible care to all of California's communities as we strive to achieve health equity.

UC operates six academic health centers, five of which own or operate their own hospitals and one that leverages community sites to deliver care. University of California academic health centers consistently rank among the State's top hospitals, providing high-quality health services to millions of Californians every year, as described in greater detail in the "Teaching Hospitals" chapter of this document. In addition, UC provides education, prevention, and early intervention services to thousands of Californians through community health and outreach programs.

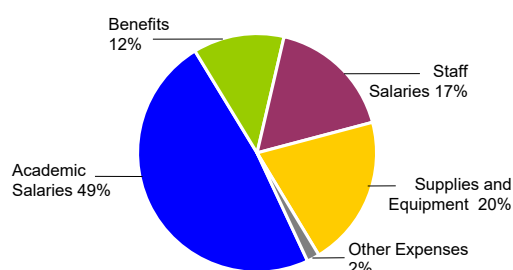
The most pressing goals of the University's health sciences programs are to train future generations of highly skilled,

Display V-1: 2022-23 Health Sciences Instruction Expenditures by Fund Source (Total: \$3.8 Billion)



Physician and other professional fee revenue as well as support from the medical centers contribute substantially to funding the cost of clinical training in the health sciences.

Display V-2: 2022-23 Health Sciences Instruction Expenditures by Category (Total: \$3.8 Billion)



Academic and staff salaries and benefits constitute two-thirds of all health sciences expenditures.

knowledgeable, and compassionate health care professionals; to improve health outcomes through state-of-the-art research; to achieve health equity; and to deliver high-quality health services in California and worldwide.

FUNDING FOR HEALTH SCIENCES

In 2022-23, expenditures for health sciences instruction totaled \$3.8 billion. Of these expenditures, \$279 million were from State and UC General Funds. The patient care services provided by UC health sciences faculty also generate significant revenue, which provides essential support for health sciences instruction. To operate the instructional program, the health sciences schools require faculty, administrative and staff personnel, supplies, space, and equipment. Faculty requirements for instruction are

¹ UC Riverside School of Medicine was established in 2008, but enrolled its first cohort of medical students in 2013.

linked to historic student-faculty ratios initially established for each profession and category of students enrolled. These student-faculty ratios— which are lower than those needed for effective general campus course instruction— reflect the intensity and accreditation requirements of both basic sciences and clinical instruction, including associated medical and legal responsibilities for supervision of students who are learning and engaged in direct patient care.

During the State's fiscal crisis of the early 2000s, followed by the Great Recession of 2008, State support for UC professional schools was substantially reduced and professional fees increased steadily to offset lost State revenue. Physician fees, other professional service fees, and Professional Degree Supplemental Tuition (PDST) charged to students in dentistry, medicine, nursing, optometry, pharmacy, public health, and veterinary medicine are necessary to support UC health sciences teaching programs. PDST levels in these programs have increased in order to offset reductions in State support and to maintain access and academic excellence, with 33% of new fee revenue (or an amount equivalent to 33% of a program's total PDST revenue) committed to financial aid, as required by Regents policy. Although schools have accelerated efforts to address the consequences of rising tuition by increasing scholarship funds, the collective effect of these increases heightens concerns about growing educational debt. Adding to these challenges, the COVID-19 pandemic increased budget pressures on UC health sciences teaching programs and, in many instances, also affected progress towards degree completion for students. In spring 2021, 12% of graduate health sciences students reported delays to their graduation, increasing both their educational expenses and costs of instruction for their campuses.²

Continued efforts are required to contain costs, maintain

and enhance access, and reduce student debt.

STATE NEEDS FOR HEALTH SCIENCES EXPANSION

California, the nation, and the world are still recovering from an unprecedented pandemic that challenged the University's clinicians, trainees and staff, as well as its hospitals, clinics, and associated public health systems. The COVID-19 pandemic heightened awareness of the vital statewide importance of frontline health care workers. It also magnified the critical need for greater investment in higher education to ensure the availability of a sufficiently sized and well-trained health workforce to care for patients, and to serve and protect the broader health of communities across California.

Both California and its need for health services are projected to continue growing. With over 39 million people, California is the nation's most populous state, with its population projected to reach 42 million by 2030.³ California's elderly population is also expected to grow between 2020 and 2030, with estimated growth of over 32% of those aged 85 or older, as shown in Display V-3.⁴ In the next five years, 35% of California's physician workforce will also be of retirement age. About 40% of active physicians will be 65 or older by 2034. While many physicians have historically retired closer to age 70, burnout exacerbated by COVID-19 will likely accelerate rather than delay retirement among the current cohort of practicing physicians.⁵ The aging state population, coupled with an aging physician population, indicate the need for a larger health workforce that can support a larger elderly population. The State is also facing physician and nursing shortages. Estimates from 2021 showed a shortage of over 40,000 licensed nurses, due to more nurses exiting than

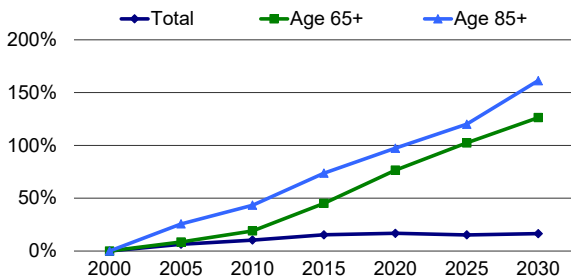
² Office of the President. "Instruction and Research at the University of California: COVID-19 Impact and Plans for Fall 2021", <https://regents.universityofcalifornia.edu/regmeet/july21/a2.pdf>

³ PPIC. "California's Population" *Public Policy Institute of California*. January 2023. Web. https://www.ppic.org/wp-content/uploads/JTF_PopulationJTF.pdf

⁴ California Department of Aging. "California State Plan on Aging 2017-2021" Web. <https://www.aging.ca.gov/download.ashx?IE0rcNUV0zbUy1iwYmWKng%3D%3D>

⁵ Association of American Medical Colleges. "The Complexities of Physician Supply and Demand: Projection From 2019-2034" June 2021. Web. <https://www.aamc.org/media/54681/download>

Display V-3: Projected California Population Growth by Age Group



Between 2020 and 2030, California's population will grow by 0%. During that time, the population age 65 and older will grow 28% and the population age 85 and older will grow 32%.

entering the workforce.⁶ Data from 2022 indicated that only about half of the State's primary care needs were met.

California's population is more racially and culturally diverse than most other states, with no race or ethnic group constituting a majority of the state population: 39% of California residents are Chicana/Latina, 35% are White, 15% are Asian or Pacific Islander, 5% are African American, 4% are multiracial, and fewer than 1% are Native American or Alaska Natives, according to the 2020 census. 27% of Californians are immigrants, about twice the share in the rest of the U.S.⁷

Notwithstanding these demographic trends, UC has only modestly expanded its enrollment in health sciences programs from about 12,600 trainees enrolled in 2006 to approximately 16,000 enrolled in 2022. Only recently has the University increased medical student enrollment through new medical education programs and the addition of the UC Riverside School of Medicine, the first UC School of Medicine to be established since 1967, enrolling its first class in 2013. Although the State did not provide funding for medical school enrollment growth from 2008 to 2015, campuses continued to grow enrollment in their six UC Programs in Medical Education (PRIME) programs, with full enrollment at planned levels (489) expected to occur by 2026-27.

Of note, the University established its fourth School of Nursing (2017) and third School of Pharmacy (2020) at UC Irvine, its sixth School of Medicine at UC Riverside (2013), and its third School of Public Health at UC San Diego (2019). These new schools, along with the continuing development of new nursing educational programs at UC Irvine and UC Davis and modest growth in existing nursing programs, further increased health sciences enrollments. However, despite increases in enrollment, many areas of California still face shortages of health care professionals, perpetuating longstanding gaps in access to care. Retention has also been an issue for nurses and physicians, as evidence has shown that burnout, career dissatisfaction, COVID-19 related anxiety and depression, and high workloads are all independently related to intent to reduce work hours within twelve months. Adequately expanding and preparing California's future health care workforce will likely require and benefit from:

- increased public investment and State support to expand access to health professions education;
- increased diversity of faculty and students across all UC health professions;
- increased use of telemedicine and virtual supervision to improve access to care, innovative distance learning strategies for trainees in remote, underserved areas, and integration of new technologies in clinical activities (e.g., artificial intelligence);
- an increased number of long-term, reliable clinical training sites for health professional students;
- development of new educational models involving inter-professional training and team-based approaches to patient care; and
- evidence-based approaches to better support and retain health care professionals.

INVESTING IN HEALTH SCIENCES EDUCATION

Among the University's ongoing health sciences budget priorities is securing permanent State support for expanding PRIME-like programs across health professions and the training continuum.

The University was extremely pleased that the 2023-24 State Budget included an increase of \$6.5 million in

⁶ Healthforce Center at UCSF. "California Faces Short-Term Nursing Shortage from COVID-19 Retirements" September 2021. Web. <https://healthforce.ucsf.edu/blog-article/healthforce-research/california-faces-short-term-nursing-shortage-covid-19-retirements>

⁷ Public Policy Institute of California. "California's Population", <https://www.ppic.org/publication/californias-population/>.

ongoing funding to support the Medical School Project at UC Riverside, an additional \$2 million of ongoing support for the UC Riverside School of Medicine, and an increase of \$4.9 million to offset declining Proposition 56 revenue for a statewide grant program to maintain \$40 million in total ongoing for graduate medical residency slots. In addition, the Governor's January budget proposal included plans for \$14.5 million of ongoing support for the Medical School Project at UC Merced beginning in 2024-25.

MEDICAL EDUCATION

UC Riverside School of Medicine

The School of Medicine (SOM) at UC Riverside (UCR) opened in 2013 as the first public M.D.-granting medical school to open in California in over 40 years. In 2012-13, the SOM secured preliminary accreditation from the Liaison Committee on Medical Education (LCME) and enrolled its first class of 50 students in August 2013. The School was granted provisional accreditation in June 2015 and received full accreditation from the LCME in June 2017.

UCR SOM is training a culturally competent and diverse physician workforce to help expand access and address the health care needs of Inland Southern California, which is one of the fastest growing regions in the State and has the greatest shortage of primary care and specialist physicians of any region in the State, according to the California Health Care Foundation. As of fall 2022, the UCR SOM has 341 M.D. students, 40 Ph.D. students, and 22 students pursuing an M.S. in Biomedical Sciences. In addition, the SOM-sponsored graduate medical education programs have a total of 137 residents and fellowship trainees. To fully deliver on its mission, the UCR SOM aspires to increase enrollment to 500 medical students over the coming years. In 2022, UCR SOM-sponsored residencies and fellowships graduated a total of 39 residents in Internal Medicine, Family Medicine, Psychiatry, and fellows in Cardiovascular Medicine, Interventional Cardiology, Addiction Medicine, and Child & Adolescent Psychiatry. Among these graduates, 69% remained in California, and 21% chose to stay in Inland Southern California to practice. Since 2016, 170 residents and fellows have completed residencies and fellowships sponsored by the UCR SOM. The UCR SOM is the only community-based medical school in the UC

system, and as such, it does not own or operate its own hospital. Consequently, the UCR SOM relies on regional hospitals and community providers to provide clinical training sites for its students and resident physicians. The goals of the SOM focus on transforming the way health care is delivered to the community by:

- selecting students oriented to the mission of the school, especially those who have ties to Inland Southern California, and creating new residency training slots in the region;
- strategizing on ways to increase access to care, such as creating new residency training positions in the region;
- improving the population's health through proactive primary and preventive care, effective management of chronic diseases, and expansion of the region's subspecialty services;
- enhancing the patient care experience by providing accessible, timely, and culturally responsive services;
- lowering health care costs by implementing a medical home model of care that emphasizes prevention, wellness, and chronic disease management by reducing variations in practice and outcomes and improving efficient use of specialty care services; and
- developing research and clinical expertise in population-based assessment of health and wellness, health interventions, and health care disparities.

The 2013-14 Budget Act included \$15 million in permanent State funding for the UCR SOM as part of UC's base budget augmentation. Although this funding was crucial to the first phase of the medical school's early development, it was not sufficient to fully develop the school's operational infrastructure, address its capital needs, or expand class sizes and faculty, all of which are in support of the School's goal to address the region's physician shortage. To help address this shortfall during the first five years of operation, the UC Riverside campus provided funding to help support the SOM, but this level of subsidy was not sustainable without reducing funds for other UCR programs.

A site visit report composed by the UC Office of the President in 2018 determined that "the initial funding for the SOM was approximately \$25 million less than was needed...to enable the full development of the SOM." Additional sustained operating revenues were felt to be necessary to support the existing SOM program, as well as to allow for planned increases in class size.

Fortunately, the 2020-21 State Budget recognized these critical needs and included an increase of \$25 million in ongoing funding for the UCR SOM, which was established to address the decades-long physician shortage. This support came at a critical time, with COVID-19 further revealing the effects of this shortage due to its disproportionate effect on communities of color and those with limited access to health care. The School's ongoing State funding now totals \$40 million.

The additional ongoing State appropriation of \$25 million, together with the funding to build a new Education and Administration building that was included in the State Budget Act of 2019 and just opened in September 2023, will enable the SOM to make progress toward an ultimate enrollment of approximately 125 medical students per class (or roughly 500 total) and to increase the number of residents in training, thereby contributing (on an ongoing basis) to addressing regional and community needs..

Thus far, the School has made progress toward increasing physician capacity in the Inland Empire by expanding student pathway programs to prepare more of the region's students for health profession careers and establishing new residency training programs. Although these efforts are mostly funded by grants and affiliate contracts, there is clear recognition of the value of these community partnerships. Supported in part by extramural funding, the SOM has also expanded its pathway programs for students from the middle school level through a post-baccalaureate "gap" year program. These programs, reaching approximately 1,000 pre-med high school students, provide enrichment and academic support to improve the educational attainment of youth and to create a clear pathway to medical school. In addition, the SOM has continued the tradition of providing a portal into its medical school exclusively for UCR's undergraduate degree holders. Specifically, up to 24 of the current medical school seats each year are reserved for these students in the Thomas Haider Program at the SOM.

To begin addressing the uneven distribution of residency training opportunities in California, the SOM has added over 100 new residency training slots in Inland Southern California with programs in internal medicine, family medicine, and psychiatry, as well as new fellowship

programs in child/adolescent psychiatry, cardiovascular medicine, and gastroenterology.. The SOM also partners with affiliated community hospitals in the region for programs in family medicine, general surgery, internal medicine, and neurology. UCR-sponsored and affiliate-sponsored programs combined are currently training approximately 280 resident physicians and fellows. Development of additional residency training programs and fellowships is planned for future years.

UC Programs in Medical Education (UC PRIME)

California's physician workforce is vital to the health and well-being of the State's over 39 million residents. As the most populous and one of the most ethnically and culturally diverse states in the nation, California faces unique challenges in improving access to care and health outcomes for its citizens. Health sciences graduates must be prepared and better trained to address the cultural and socioeconomic factors, health practices, and potential environmental hazards that affect health outcomes. Without comprehensive strategies and focused teaching programs, current health disparities will persist and likely intensify as the State faces a substantial shortage of physicians and other health care workers.

In 2004, UC launched a systemwide medical education program intended to help address State needs. Referred to as "UC Programs in Medical Education," or UC PRIME, the program includes innovative training opportunities focused on meeting the health needs of California's historically underserved populations. UC PRIME combines specialized coursework and clinical training experiences to develop the future medical experts, educators, innovators, researchers, leaders, and advocates for the communities they will serve.

UC PRIME's focus on medically underserved communities has also resulted in extraordinary increases in racial, ethnic, and socioeconomic diversity across the UC medical education system, with 74% of PRIME students from groups underrepresented in medicine, compared to 13.6% at medical schools nationally. In 2022-23, 396 medical students were enrolled in UC PRIME across 10 programs.

No single ethnic group forms a majority of California's population, making California a minority-majority state, and 39.5% of the State's students enrolled in public school

UC PROGRAMS IN MEDICAL EDUCATION (UC PRIME)

Rural PRIME (Rural California) at Davis

Incorporates an award-winning model program in telemedicine with a commitment to outreach and rural health care.

PRIME-LC (Latino Community) at Irvine

Emphasizes Latino health issues, including increased proficiency in medical Spanish and Latino culture.

PRIME (Leadership and Advocacy) at Los Angeles

Trains future physicians to lead and advocate for improved health care delivery systems in disadvantaged communities. A small number of PRIME students also participate in a joint UCLA program affiliated with Charles R. Drew University of Medicine and Science (CDU).

SJV PRIME (San Joaquin Valley)

Provides specialized training with an emphasis on community-based research and educational experiences to improve the health of populations in the San Joaquin Valley region of California. Prioritizes recruitment of students from the region.

PRIME-HEq (Health Equity) at San Diego

Builds upon research about health disparities to help students learn and contribute to achieving equity in health care delivery.

PRIME-US (Urban Underserved) at San Francisco

Offers students the opportunity to pursue interests in caring for the unhoused and other underserved populations in urban communities.

SJV PRIME at San Francisco and UCSF-Fresno

Provides specialized training with an emphasis on community-based research and educational experiences to improve the health of populations in the San Joaquin Valley region of California.

PRIME-LEAD-ABC (Leadership Education to Advance Diversity - African, Black, and Caribbean) at Irvine

Examines the intersections of Anti-Black racism, medicine, and health to effectively address health inequities impacting African, Black, and Caribbean communities in Southern California and beyond.

Tribal Health PRIME (Indigenous Community) at Davis

Trains future physicians to identify, understand, and serve the unique health needs of California's Indigenous, rural, urban, and Central Valley communities.

PRIME-TIDE (Transforming Indigenous Doctor Education) at San Diego

Prepares medical students for careers focused on providing healthcare to Native populations.

speak a language other than English in their homes. The primary goal of UC PRIME is to address the needs of the State's population by substantially expanding the number and diversity of UC medical school graduates committed to future practice in medically underserved communities across the State. In its February 2019 final report, the California Future Health Workforce Commission identified State support for unfunded PRIME positions among its top ten recommendations for addressing physician workforce shortages in California. Historically, to sustain UC PRIME, funding within the medical schools was redirected and, for some new programs, new philanthropic funds were raised.

In keeping with the Regents' formal State funding request for 2021-22, the Governor approved an augmentation of \$12.9 million in ongoing funding to support previously unfunded enrollments in all existing programs and to fund development of new programs focused on the needs of Native American/American Indian communities and Black/African American communities. This funding will benefit all six UC medical schools, stabilize resources for teaching across all programs, and grow total enrollment to nearly 500 PRIME students across all programs by the 2026-2027 academic year. Funding from the State will also require one-third of the amount to be set aside for need-based student financial aid. This new funding will support the enrollment of 48 PRIME students in each program, eventually resulting in 96 new UC medical students per year preparing for a career serving Black and Native American patients. The new funding will help meet the demonstrated financial need of each PRIME student at originally planned enrollment levels, improve resources for pathway programs to strengthen outreach and recruitment of diverse students, and secure additional training sites and preceptors in underserved communities, and help

Currently, UC enrolls 396 PRIME students across ten programs. Four of these programs are new additions to UC PRIME and enrolled their inaugural class in fall 2022. UC Irvine and UC Riverside share the increased enrollment (six students per year, or 24 total for each school) and funding for the two new programs focused on Black/African American communities. UC Davis and UC San Diego share the increased enrollment (six students per year, or 24 total

for each school) and funding for the two new programs focused on American Indian/Native American communities.

Over 750 UC PRIME students have graduated since 2004, more than half of whom have completed residency training in primary care and in residency programs serving designated health workforce shortage specialties (e.g., primary care, psychiatry, general surgery, emergency medicine). UCI PRIME-Latino Community (PRIME-LC) will be entering its 20th year as a program, with 62 students enrolled in 2022-23 and a 99% graduation rate from UC Medical Schools. The majority of PRIME graduates (nearly 70%) are in California residency programs or are practicing in the state.

Although most PRIME graduates are still in residency or fellowship training, over half of those who have completed their training are serving under-resourced communities⁸ (e.g., community health centers, academic teaching hospitals, hospitals or clinics that have a social mission) and report leadership experience outside of their practice setting and serving as mentors and teachers to students. These outcomes demonstrate that UC PRIME programs continue to have a substantial impact on increasing the number of UC medical school graduates who pursue careers devoted to improving the health of the underserved through leadership roles as community-engaged clinicians, educators, researchers, and social policy advocates.

UCSF School of Medicine Fresno Branch Campus

In 1975, UCSF Fresno was established as a regional graduate medical education campus of UCSF, with support from the State legislature and the Veterans Administration to address physician shortages in California's San Joaquin Valley (SJV). Today, UCSF Fresno is the largest academic physician training program between Sacramento and San Francisco to the north and Los Angeles to the south, training about 300 residents and fellows and 300 medical students, including students in the UCSF San Joaquin Valley Program in Medical Education (SJV PRIME), each year. Roughly 50% of the residents and fellows trained at UCSF Fresno stay in the Central Valley to provide care. Approximately 635 UCSF core and volunteer faculty at

UCSF Fresno care for thousands of patients each year and train the next generation of outstanding clinicians and patient advocates.

Today, two medical school programs train students in the San Joaquin Valley. The first, SJV PRIME, was launched in 2011 by the UC Davis School of Medicine, in partnership with UCSF, UCSF Fresno, and UC Merced, to recruit and prepare students for future careers in medicine in the SJV. In 2018-19, SJV PRIME program management and oversight transitioned from UC Davis to UCSF to better align with longstanding UCSF Fresno clinical teaching programs. Medical students enrolled in SJV PRIME spend 18 months at the UCSF main campus in San Francisco, and the remaining 30 months at UCSF Fresno. With this transition, UCSF effectively established a regional medical school campus in Fresno to further address physician shortages in the region and support a pathway for students from the Central Valley to pursue careers in medicine. As of May 2023, 42 students were enrolled in SJV PRIME. All six SJV PRIME students who graduated in 2023 stayed in California for residency training and to provide much needed care.

The second, SJV PRIME+, is a multi-campus baccalaureate/M.D. program designed to expand high-quality medical education in the San Joaquin Valley, diversify the medical profession, and address the physician shortage in the SJV. The program, which launched in fall 2023 with 15 students in the first cohort, includes a four-year baccalaureate component, leading into the UCSF Doctor of Medicine curriculum. All elements of the program, offered through UC Merced and UCSF Fresno, focus on preparing a physician workforce to address communities' unmet health and health care needs in the San Joaquin Valley. Eventually, this path—contingent upon sufficient stable operating revenues—could lead to an independent UC medical school in the San Joaquin Valley.

NURSING EDUCATION

Virtually all Americans will require nursing care in their lifetimes. The recent nursing shortage raises concerns that must be addressed in California and nationwide, especially

⁸ Office of the President. "Efforts by UC Medical Schools to Help Meet the Needs of Medically Underserved Communities through UC PRIME", https://www.ucop.edu/operating-budget/files/legreports/2022-23/uc_prime_legrp-3-8-23.pdf

in light of national health care reform and the substantial increase in numbers of Californians who have health insurance as a result of the Affordable Care Act and associated Medicaid (Medi-Cal) expansion.

One frequently used benchmark of the need for registered nurses (RNs) is the number of employed RNs per 100,000 people⁹. California remains among the states with the lowest number of employed RNs per capita (766 versus the U.S. average of 1,053 per 100,000), as of March 2021. Causes of the nursing shortage include rapid population growth (especially of those over age 65), COVID-related stress and burnout, and an aging nursing workforce (over half of California's licensed nurses are age 45 or older).

To help meet the State's future nursing needs, and given the size and scope of nursing programs offered by the California State University and California Community Colleges, UC has focused primarily on graduate level nursing education, including the preparation of advanced practice nurses and new faculty for nursing programs. The faculty shortage has been identified as a critical barrier to expanding the number of qualified students into programs for nursing education. All four UC nursing campuses (Davis, Irvine, UCLA, and UCSF) offer graduate programs to help prepare and train nurses and future nursing faculty.

Baccalaureate Nursing. Both the California State University and the California Community Colleges have large undergraduate programs in nursing. In fall 2006, UC reestablished UCLA's bachelor degree program in nursing and added a new undergraduate program at the Irvine campus. This programming created opportunities for college-bound high school graduates interested in nursing to pursue such a degree at UC. Additionally, some campuses were able to build a pathway from UC undergraduate pre-licensure nursing programs to UC graduate programs to increase the pool of nurses eligible to pursue post-graduate work, including as Advanced Practice Providers and faculty members. Of note, the undergraduate nursing programs are among the most competitive undergraduate majors on these campuses. In recent years, the health care industry has seen increased demand for

nurses with bachelor's degrees, with many employers preferring or requiring such a degree for employment.

UC Davis School of Nursing

In 2007, the Gordon and Betty Moore Foundation (GBMF) announced \$100 million in founding support, among the largest commitments ever made to a nursing school, to launch the Betty Irene Moore School of Nursing at the Davis campus. The GBMF's vision for the School of Nursing was as a public-private partnership between the Foundation and the State in which both would provide funding for the new school. The campus admitted its inaugural class of students in the master's and doctoral programs in fall 2010.

The expectation of the GBMF, as memorialized in the grant agreement with the University of California, was that as students are enrolled in the School, funding to support those students would be provided by the State in a manner consistent with funding provided to nursing programs at other UC campuses. This condition was endorsed by the Regents in their approval of the school in March 2009.

In 2013, the UC Davis School of Nursing added the Master of Science Nurse Practitioner and Master of Health Services Physician Assistant Studies programs. UC Davis is the only campus that currently offers a Physician Assistant Studies program, but UC San Diego is developing a Physician Assistant Education program within their School of Medicine, intending to launch it and matriculate their first class in January 2024, pending accreditation. A fifth program at UC Davis, which prepares new nurses—the Master's Entry Program in Nursing—opened in summer 2016.

UC Irvine School of Nursing

The UC Irvine (UCI) Program in Nursing Science was established in 2007. The Irvine campus added a master's degree program in 2009-10 and expanded with an initial cohort of Ph.D. students in fall 2013. In 2016, the William and Sue Gross Family Foundation committed \$40 million to establish the Sue & Bill Gross School of Nursing at the Irvine campus. The combination of public and private

⁹ California Board of Registered Nurses. "Survey of Registered Nurses in California, 2006" June 2007. Web. <https://www.rn.ca.gov/pdfs/forms/survey2006.pdf>

support enables UCI to train the next generation of nurse leaders. The foundation gift funds construction of state-of-the-art buildings, increasing classroom and research capacity, with a focus on real-world training, and expansion of faculty practice in community clinics.

UCI School of Nursing's overall enrollment is expected to grow from approximately 304 to 400 undergraduate, master's, and doctoral students by 2026. Total nursing faculty is also expected to grow from 13 senate professorial faculty and 13 health sciences clinical faculty to 17 senate professorial faculty and 17 health sciences clinical faculty by 2026.

UCLA School of Nursing

The UCLA School of Nursing was established in 1949. The school is ranked among the top nursing schools in the country and is highly ranked in nursing research funded by the National Institutes of Health (NIH). Research is at the core of its mission, not only as a primary component of a comprehensive education, but as a critical investment in the future of nursing. The School has a rich history of innovation in nursing research and is continually pushing the boundaries to improve health. Its findings are often relevant for other health disciplines. UCLA offers undergraduate, master, and doctoral degrees in nursing. Over 600 students were enrolled in 2021-22.

UC San Francisco School of Nursing

In the wake of the 1906 San Francisco earthquake, the University of California established a diploma program at the hospital training school for nurses in San Francisco. The UCSF School of Nursing is a vital part of UCSF's world-renowned health sciences campus and its mission to advance health worldwide. The School provides comprehensive graduate education (offering Master of Science, Doctor of Nursing Practice and Ph.D. degrees) and prepares its students for leadership roles in clinical practice, administration, teaching, and research. The School serves as a national leader in nursing science, having led the nation in research award revenues for many years. Additionally, the School served as the administrative home for the multi-campus collaborative preparing post-masters nurses in behavioral health—one of three

most pressing workforce needs in California. Over 500 students were enrolled in 2022-23.

EXPANSION OF PRIME-LIKE PROGRAMS ACROSS HEALTH PROFESSIONS

A priority within the UC Health Strategic Plan is to expand the PRIME model across other health professions and develop more career pathways from community colleges to health professional schools. The PRIME initiative is recognized as a model for other health profession programs committed to addressing societal needs and increasing the diversity and cultural humility of the health workforce. The University's compact with Governor Newsom notes that the Administration will consider Legislative additions to the University's ongoing funding for specific purposes, including support of graduate health sciences programs designed to improve access to healthcare for medically underserved populations (e.g. UC PRIME). Recommendation 5 of the Special Report of UC Health Sciences Diversity, Equity Task Force is to "[s]ustain and optimize the scale of UC PRIME programs and consider replicating the PRIME model for other UC health professions such as dentistry, nursing, optometry, pharmacy, public health and veterinary medicine." In alignment with these recommendations and priorities on both an institutional and State level, UC Health is seeking support to expand PRIME-like programs across health professions and across the training continuum.

DDS-ASPIRE

People in California who lack reliable access to medical providers have even less access to dental care services, which are often entirely lacking in lower income areas. Dental practices are disproportionately located in middle and higher-income areas of the state. There has been a longstanding need to increase the oral health workforce in underserved areas.

Part of the University's 2023-24 budget plan and priorities included securing State support for DDS-ASPIRE (Advocacy, Science, Public Interest, and Research), a new program from the UCSF School of Dentistry designed to recruit future dentists from underserved communities. The program aims to produce graduates with exceptional clinical skills and the ability to identify and meet community needs by practicing in underserved areas and settings

where dentists are needed most. Graduates will also be prepared to advocate for the resources required to address oral health disparities and advance health equity.

The budget plan included a request of \$1.8 million in new ongoing State funds to support DDS-ASPIRE, to recruit cohorts of future dentists from underserved communities and provide them with a leadership, advocacy, public health, and cohort-building program, integrated with the standard four-year DDS curriculum and an option for a fifth-year master's degree. The funding requested would support 42 new dental student enrollment slots at UCSF, including financial aid for students in need. This funding request was not met in 2023 due to a budget shortfall.

PRIME-Rx

UC San Diego Skaggs School of Pharmacy & Pharmaceutical Sciences (SPSS) is creating a Program in Medicinal Education (PRIME-Rx) to increase the California healthcare workforce, attracting future pharmacists who are interested in working with underserved populations in the Southern California border and inland regions.

PRIME-Rx will supplement standard clinical pharmacy training with additional curriculum tailored to meet the health needs of underserved populations, such as migrants and refugees living in urban and rural settings. The outcome of this structured program is to prepare highly motivated, socially conscious students as future clinicians, leaders and policymakers to manage complex chronic disease treatments and improve medication access and adherence among the underserved populations.

Approximately 698,000 immigrants currently live in San Diego County – comprising 23% of the total population (54% of immigrants are Latinx). Latinx populations have significant disparities in the management and outcomes of cardiovascular disease, diabetes, depression, HIV and asthma compared with Whites. Latinx patients were found to have the poorest medication adherence on a nationwide survey study. Because the Latinx population in the U.S. is expected to triple in size by 2050, continued poor medication adherence among this high-risk population could result in serious public health and economic consequences. As primary points of contact, pharmacists are well-positioned to improve vaccine uptake, health

screenings, medication adherence and many other health behaviors. UC San Diego SSPPS is the ideal pharmacy school to launch the first UC PRIME-Rx Program in the State given the high percentage of Latinx immigrants within the local population and its proximity to the border. SSPPS has all of the necessary curriculum, specialized faculty and community partnerships to make this program successful.

After full implementation of PRIME-Rx, SSPPS will enroll 70 students per class going forward - 60 in the traditional PharmD program, and 10 per year in the PRIME-Rx program, for a total of 40 newly supported healthcare professional students.

Vet SERVE

California and the nation face a burgeoning veterinary workforce crisis. Currently, it is estimated that 40,000 additional veterinarians will be needed nationally to meet the demands in companion animal health by 2030. Recent analyses show that the veterinary shortage is not uniformly distributed across California's communities. Veterinary medicine is the least diverse health profession (both ethnically and socioeconomically), with 87.5% being White (non-Hispanic). As the only State veterinary school in California and as a land grant university focused on access, UC Davis strives to improve the diversity of our veterinary graduates. UC Davis has made incremental progress -- 16% of their veterinary students are from under-represented groups.

The Davis Veterinary Medicine - **S**erving **E**very **R**egion through **V**eterinary **E**ducation (DVM-SERVE) program will recruit veterinary students from underserved counties with the goal to expand access to veterinary care. Access to veterinary care and mentorship in the veterinary profession will benefit from a program that supports veterinary students from northern, rural California, and the Central, San Bernardino, and Imperial Valleys.

UCD-SVM is committed to minimizing student debt and offers \$8M per year in scholarships (\$4M from return-to-aid funds and \$4M from donor funds). In 2023-24, they began allocating a portion of these funds specifically to students demonstrating need. To further demonstrate their commitment to students from diverse socioeconomic backgrounds, UCD-SVM is requesting \$5,000 in tuition and

fees per DVM-SERVE program student per year in the DVM-SERVE budget and will cover the balance (approximately \$35,575) from scholarship funds.

Self-Supporting Instructional Programs

This chapter describes three instructional program categories that largely generate their own support: University Extension, summer session for non-UC students, and self-supporting graduate professional degree programs.

UNIVERSITY EXTENSION

University Extension is the largest continuing education program in the nation, providing programming for nearly 300,000 registrations annually. Extension serves a range of students, from youth to seniors, but its core audience is employed adult learners with a bachelor's degree. UC Extension is a self-supporting operation, and its offerings are dependent upon user demand, which varies due to multiple factors, including the strength of the economy. In 2022-23, University Extension expenditures for instruction were \$259 million.

The University offered its first extension courses to students beyond the immediate campus community more than 100 years ago. Today, extension divisions at each of UC's ten campuses offer 15,685 courses (most current data), programs, seminars, conferences, and field studies throughout California, and in a number of foreign countries. The majority of UC Extension programs are designed to serve the continuing education needs of working professionals. Programs are presented through open-enrollment courses for individuals, as well as through organizational partnerships supported by contracts and grants with public agencies, non-profit organizations, and private companies. Certificate programs are offered in areas such as computing and information technology, environmental management, graphics and digital arts, and health and behavioral sciences. UC Extension awarded 10,681 certificates in 2021-22 (most current available data).

UC Extension offers a wide variety of online courses to students in California, across the nation, and around the world. These online course offerings range from undergraduate courses carrying UC academic credit to professional-level courses in subjects such as project management, computer programming, and technical

writing. These courses extend the instructional resources of the University to the global community, as exemplified by the Concurrent Enrollment Program, in which regular campus courses are made available to non-matriculated students on a space-availability basis.

Extension credit programs are reviewed and presented through policies established by the UC Academic Senate. While they do not offer degrees, extension credit programs provide transferrable degree credit, professional development, personal enrichment classes, and public service programs to matriculated and non-matriculated domestic and international students, and corporate and non-profit agencies and organizations. Various undergraduate and graduate degree credit courses are available, either as equivalents of existing UC campus courses, or structured as undergraduate classes with content not found in an existing campus offering. Extension courses explore history, literature, and the arts in traditional and innovative ways, providing cultural enrichment to Californians. Extension also serves UC's public service mission through lecture series, summer institutes, public affairs forums, and other events for the general public. Additionally, Extension conduces applied research, provides technical assistance, and promotes regional economic development that ultimately serves all Californians.

The 2019-20 State budget included \$15 million in one-time support for development or expansion of degree and certificate completion programs at the UC Extension centers, to be expended over a 5-year period. A request for proposals was then sent to the nine UC campuses with Extension centers and, after a review by a committee with academic and administrative representatives, three proposals, as well as funds for systemwide market demand and research, were approved to receive funding. More recently, the funding has supported creation of the University of California Reengagement Consortium (UCRC). The UCRC is a partnership between the four campus Extensions (UC Riverside, UC Davis, UC Santa Barbara, and UC Merced) designed to serve the most

Self-Supporting Instructional Programs

underserved populations across the state. The program targets working professionals, as well as unemployed and underemployed adults, and is designed to address specific barriers (e.g., financial barriers such as application fees, lack of sufficient advising support, familial and professional obligations, course scheduling and modality) that impede students from degree completion, transfer eligibility, and certificate attainment.

SUMMER SESSION FOR NON-UC STUDENTS

In addition to the University's course offerings during the regular academic year, UC and non-UC students may enroll in courses during the summer session on any of the ten campuses.

With State support, UC began converting summer instruction for UC students from self-supported to State-supported programs in 2001-02, and completed the conversion of all general campuses in 2006-07. Further discussion of State-supported summer instruction may be found in the *General Campus Instruction* chapter.

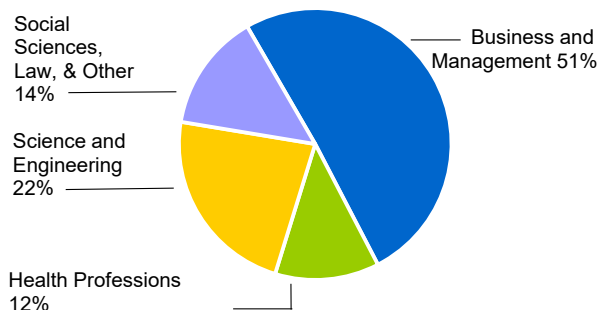
Non-UC students make up a small proportion of the student population during summer sessions. Non-UC students may pay higher fees to help support the cost of their education and are not eligible for financial aid.

In 2022-23, out of 106,619 total students, 8,883 non-UC students registered for UC summer sessions, many of whom were regularly enrolled at California State University, California Community Colleges, or other institutions. Approximately \$8 million of summer session expenditures in 2022-23 were funded from non-UC student fees.

SELF-SUPPORTING DEGREE PROGRAMS

The University operates over 100 self-supporting graduate professional degree programs. These programs, developed in accordance with the Presidential *Self-Supporting Graduate Professional Degree Programs (SSGPDP) Policy*, are intended to provide alternative pathways to graduate and professional degrees for academically qualified adults to further their education and upgrade their skills. Extending opportunities to working professionals is another way that the University helps meet state workforce needs.

Display VI-1: 2022-23 Self-Supporting Program Headcount Enrollment by Discipline (Total: 11,539)



More than half of self-supporting program enrollment is in MBA and other management programs for working professionals.

Self-supporting programs adhere to the same academic standards as do other graduate degree programs at UC, but do not receive State funds. Full program costs, including, but not limited to, faculty instructional costs, program support costs, student services costs, and overhead, are covered by student fees or other non-State allowable funds. Fees for these programs are set at market rates; any excess funds generated by these programs are available to support UC's core academic mission. Some programs are administered through University Extension (though degrees are granted by the department), while others are administered directly by professional schools or academic departments.

The University's largest self-supporting programs are evening/weekend and executive Master of Business Administration (MBA) programs (see Display VI-1). Programs have been established in a range of disciplines, however, and include online programs, off-site programs, joint programs with other institutions, and programs for foreign-trained students.

Initially, self-supporting programs were directed towards working adults and other non-traditional student populations, and were limited to part-time or alternately scheduled programs. In 2016, the University revised its policy on self-supporting programs to also permit full-time, regularly scheduled programs. In 2022-23 a total of 11,539 students enrolled in self-supporting programs. These programs generated approximately \$401 million in revenue in 2022-23.

Research

The University of California is among the top academic research and innovation ecosystems in the world. Research frames a powerful model for 21st century higher education. As California recovers from the economic hardships brought on by the COVID-19 pandemic, the University's research enterprise plays an unparalleled role in shaping broad-based prosperity for the lives and futures of all Californians.

Established as California's primary academic research institution in the 1960s by the Master Plan of Higher Education, UC alone is charged by the State with developing world-class research universities that serve as the State's research arm. Since then, UC has developed the largest number of top ranked research campuses of any system in the world. UC campuses routinely rank among the top five institutions internationally, and they are home to outstanding faculty, researchers, and staff. UC has more winners of the Nobel Prize, more Pulitzer Prize recipients, and more members of the National Academies of Science, Engineering, and Medicine than any other university system.

UC faculty are also mentors, whose excellence in research is not achieved in a vacuum. They support and guide their graduate and undergraduate students, postdoctoral scholars, and professional research staff in creating new knowledge. Together, they produce works of art and literature, author influential writings, find solutions to the most pressing social and environmental challenges, and push the boundaries of science, technology, engineering, mathematics, and medicine (STEMM).

Federal funds are the University's single largest source of support for research, accounting for more than half of UC's total research awards. UC federally supported research stimulates the economy through the development of new technologies, leads to the creation of jobs, companies, and industries, and advances scientific breakthroughs that benefit the entire world.

The State of California is a partner in the success of UC. Its annual investment in the university is leveraged in several ways. For every State dollar invested on research, UC expends approximately eight dollars from federal, private, and other non-State sources, providing a substantial return on investment and stimulus for growing the economy.

The effect of this partnership is reflected in the economic, healthcare, and societal successes the State values. The well-trained workforce arising from UC research programs is a magnet for drawing major industries to the State and for inspiring startup companies to anchor in California.

THE TEACHING-RESEARCH NEXUS

Research is inextricably linked to the University's instructional and public service missions. Integrating both research training and new research discoveries with formal education is the platform for preparing outstanding graduates. This demonstrated approach to higher education has placed eight of the nine¹ eligible UC campuses as members of the prestigious Association of American Universities (AAU), with UC Riverside joining in 2023. The nation's top undergraduate and graduate students and postdoctoral scholars pursue an education at UC because of the outstanding quality and reputation of its academic and professional programs. At this historic juncture, the University and, specifically, its research and teaching-learning enterprises also help to drive sustained excellence and an equitable recovery by ensuring a culture of diversity, equity, justice, and inclusion throughout UC's research and educational activities.

The strength of the degree programs is founded on the excellence of the faculty and the research programs they establish. This culture of excellence has created a robust, enterprising research and teaching ecosystem that touches all aspects of university life, attracts billions of dollars in funding annually to the University, and draws many of the best students in the world to learn and work in California.

¹ UCSF does not offer undergraduate degree programs and is, therefore, not eligible for AAU membership.

In 2021-22, UC trained about 17,400 graduate students as paid research assistants and employed or hosted over 6,100 postdoctoral scholars. Funding for graduate enrollment growth helps expand the pool of individuals who engage in and support research programs, and who often comprise the future professoriate.

Research is also embedded in the undergraduate curriculum and exposes students to the core skills and knowledge, overarching questions, latest findings, and methodology of their discipline. Outside of the classroom, undergraduate students participate in research activities and conduct original scholarship. This close engagement with research allows undergraduates to understand how new knowledge is created, while also mastering the valuable critical thinking, communication, and problem-solving skills that will help them become engaged citizens and competitive contributors to society and the economy.

UC is committed to diversifying its student body in research activities. The recent U.S. News and World Report² rankings for social mobility show that six UC campuses, three of which are in the AAU, are ranked in the Top 30 in social mobility. It also shows three UC campuses in the Top 10, and UC Riverside, UC Merced and UC Irvine ranked second, fifth and seventh, respectively. Diversity is at the heart of innovation and, thus, further adds value to the UC degree.

LEVERAGING THE STATE'S INVESTMENT IN THE UC RESEARCH ENTERPRISE

State investment in people, ideas, and tools is the foundation for UC research success. State funds are used to purchase equipment, launch early-career faculty, staff laboratories, and support graduate student research assistants. These State funds are crucial to supporting both ongoing research projects of high strategic priority for the state, and for seeding early-stage research not yet eligible for or sufficiently developed to enable pursuit of external funding. The State's investment in these areas is leveraged significantly by competitively-acquired external funds from federal, private, and other sources. Ongoing State

investment is a direct contributor to the long-term excellence of UC's research enterprise.

UC researchers are successful in securing external support for their research. In 2022-23, UC received over \$7.4 billion in research awards. The University's success in attracting extramural funds to California has been dependent on the State's continual investment and recognition that UC is an important contributor to the state's economic prosperity. In 2022-23, direct research *expenditures* (as distinct from *awards*) totaled \$5.4 billion, a 7.9% increase from the prior year.³

Federal, State, and private sources are major providers of UC research funding. Federal agencies are the largest source of support for research, accounting for about half of all University research expenditures in 2022-23. In addition, approximately 10% of UC's research expenditures from non-federal funds originate as federal awards to other institutions and come to UC as subawards. On the following page, Display VII-1 shows direct research expenditures by fund source for 2022-23, Display VII-2 shows changes over time by source, and Display VII-3 presents trend data about research expenditures in the various disciplines.

State Funds

In 2022-23, 10.5% of direct research expenditures came from State Funds (includes State General Funds and Special State Funds) and UC General Funds to support coordinated statewide programs and State agency agreements. For many UC research programs, State and UC General Funds provide seed money for research projects vital to California, such as earthquake engineering and improved crop varieties. This funding is then often leveraged to attract extramural funds.

In 2022-23, the State made an historic investment of \$100M for Climate Action applied research. Teams from research-active institutions of higher education were eligible to apply for these funds in support of projects that have a swift and measurable impact on climate resilience. The Office of Research & Innovation (R&I) at the UC Office of the President awarded \$15 million in UC Climate Action

² See <https://www.usnews.com/best-colleges/rankings/national-universities/social-mobility>.

³ This rate of growth differs from the rate of growth in extramural awards noted later, reflecting the multi-year nature of research awards.

Innovation & Entrepreneurship grants. R&I also held a statewide competition to fund action-oriented research to address California’s climate goals and needs, ensure that local communities are prepared and resilient, and prevent future disasters. Funding requests for over \$500 million were received by the University, and over \$80 million is being allocated to multidisciplinary, collaborative projects spanning the water, energy, decarbonization, wildfire, health, community engagement, and other critical areas, particularly in California’s climate-vulnerable communities and regions.

In 2022-23, State Special Funds also provided an additional \$70 million for a range of ongoing research initiatives. For example, State Special Funds provided support to a coordinated statewide program of tobacco-related disease research (\$62 million) administered by the University and available to researchers from other California institutions on a competitive basis. Part of the State’s tobacco tax also supports the Breast Cancer Research Program (\$8.1 million). The State voluntary income tax check-off donation program continued to support the California Breast Cancer Research Fund (\$356,000) and the UC Cancer Research Coordinating Committee-managed research program (\$425,000) in 2022-23. In 2023-24, the University anticipates new special one-time funding to support research statewide to address firefighter cancer.

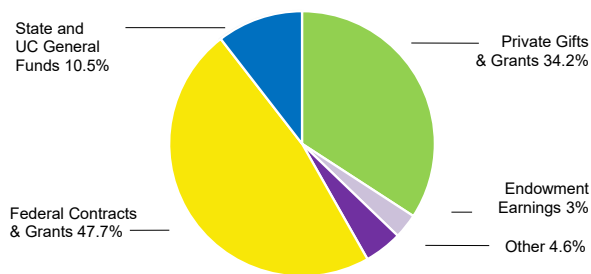
California State agencies also sponsor research at the University. Major providers of State agency agreements include the California Departments of Public Health, Transportation, Health Care Services, Social Services, and Food and Agriculture, as well as the California Energy Commission, the California Emergency Medical Services Authority, and the California Institute for Regenerative Medicine.

Federal Funds

Federal awards are the most significant source of support for UC research, and they have a profound effect on UC’s ability to support graduate students and post-doctoral scholars.

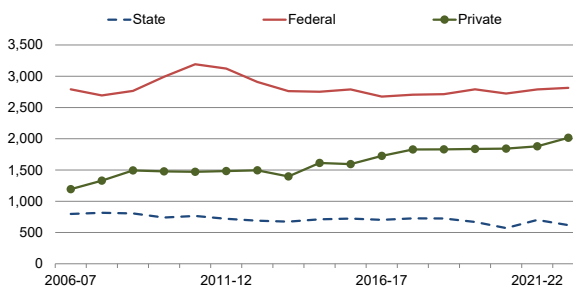
The University was awarded about \$4.08 billion in federal research awards alone in 2022-23. On the following page, Display VII-4 shows the federal research awards

Display VII-1: 2022-23 Direct Research Expenditures by Fund Source (Total: \$5.8 Billion)



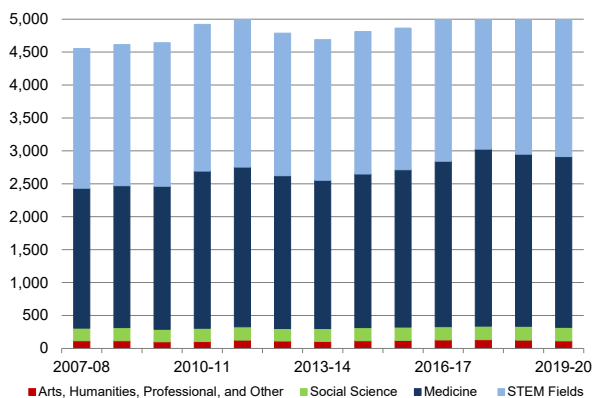
Over 80% of research funding is derived from federal agencies and private sources.

Display VII-2: Trends in Direct Research Expenditures by Source (Dollars in Millions; Inflation-adjusted)



Adjusted for inflation, direct research expenditures grew by about 15% since 2006-07. During this period, expenditures from State research funds (includes UC General Funds) have declined by 22%, while expenditures from federal and private research funds have grown by 1% and 69%, respectively.

Display VII-3: Direct Research Expenditures by Discipline (Dollars in Millions; Inflation-adjusted)



Expenditures for research in the medical fields continue to grow compared to expenses for all other disciplines.

distribution by agency. Awards from the National Science Foundation (NSF), National Institutes of Health (NIH), and other Health and Human Services (HHS) agencies account for 78%, or \$3.18 billion, of UC's federal research funding, with the Department of Defense (DOD), National Aeronautics and Space Administration (NASA), and Department of Energy (DOE) making up most of the rest. Historically, UC researchers have successfully competed to win nearly 5% and 8% of NIH and NSF annual research and development (R&D) appropriations, respectively. The UC system receives more NIH funding than any other entity in the country, and about two-and-a-half times more than the next highest set of institutions, the Harvard-affiliated Partners Healthcare System.

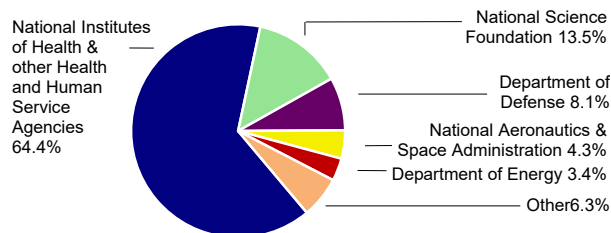
Federal funds are primarily targeted at research in STEM (science, technology, engineering, and mathematics) and medical fields, which total over 90% of direct research expenditures each year during the past decade. This proportion should not overshadow the vibrant research activity that also occurs in the social sciences, arts, and humanities, and professional disciplines. These fields make important contributions to scholarship yet have relatively little support from traditional external research funding.

Owing to the dominance of federal funds as a source of UC's research funding, the outcome of the annual federal budget and appropriations process has the largest effect on the University's research budget. The Budget Control Act of 2011 placed discretionary spending caps – sequestration – that equated to deep reductions in federal discretionary spending for ten years, i.e., federal fiscal years (FYs) 2012 to 2021. According to the American Association for the Advancement of Science (AAAS), more than \$200 billion in federal investment in research were lost over the period of sequestration. As shown in Display VI-6, UC's proportional share has remained relatively steady, in relation to trends in the budgets of federal research-granting agencies.

With the end of sequestration in FY2021, federal research agencies saw significant increases in appropriations for FY2022 and FY2023. In FY2022, nondefense funding received a 6.7% increase over FY2021.

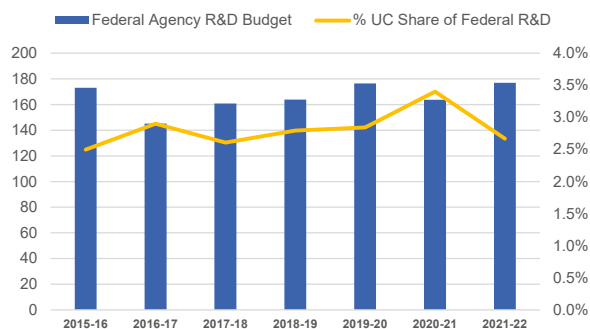
In FY2023, building upon the bipartisan support for the CHIPS and Science Act (which authorized significant

Display VII-4: 2022-23 Federal Research Awards by Sponsor (Total: \$4.1 Billion)



Federal agency sources supply about 43% (\$4.1 billion) of all research awards and almost 79% of those awards are from NSF, NIH and other Health and Human Services agencies.

Display VII-5: Trends in Federal Research Funding Budgeted to Federal Research-granting Agencies and Awarded to UC (Dollars in Billions; inflation adjusted)



The University remains competitive for federal research funding.

funding and established new programs at NSF and DOE Office of Science), the final appropriations package included:

- \$47.5 billion for NIH, an increase of \$2.5 billion (5.5%) above the FY2022 level;
- \$1.5 billion for ARPA-H, an increase of \$500 million (50%) above the FY2022 level;
- \$9.5 billion for NSF, an increase of \$700 million (7.9%) above the FY2022 level; and
- \$8.1 billion for DOE Office of Science, an increase of 625 million (8.3%) above the FY2022 level.

In June 2023, the United States was on the verge of reaching its debt limit, which is the amount of money the U.S. is allowed to borrow to meet its legal obligations. With the deadline approaching, Congress and the federal administration reached an agreement to avoid a default. The agreement included a two-year budget deal which

keeps FY2024 nondefense discretionary funding essentially flat at the FY2023 level, and increases it by 1% for FY2025.

With this cap in place, the Senate has marked up its FY2024 appropriations bills with mostly flat levels for the science agencies. However, the House appropriators, with pressure from fiscal conservatives, marked up its FY2024 appropriations bills at \$119 billion below the nondefense discretionary cap level reached in the debt limit agreement. While these flat appropriations are not ideal, like the sequestration period, UC's proportional share should remain relatively steady.

Private Funds

Research investment in the University by private organizations is an important source of funding, growing at a faster rate than funding from federal sources. From 2006-07 to 2022-23, private support for research has more than doubled in inflation-adjusted dollars (see Display VII-6); the more recent increase in industry funding is due largely to an increase in the number and cost of clinical trials. The global economic recession of 2008-2010 caused a decline in new corporate awards, but corporate support has increased since 2010-11, showing that the business community is reinvesting in UC research.

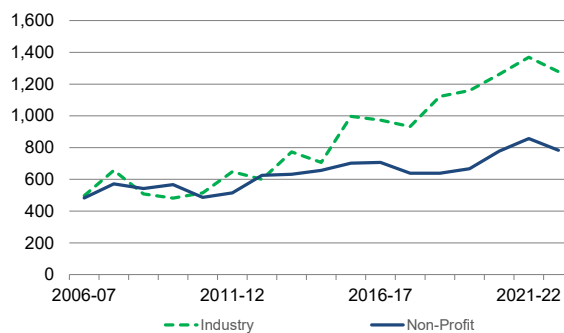
Sponsorship from non-profits has been increasing since 2010-11 and exceeds pre-recession levels. Private foundations, industry, and non-profit funding contributed over 25% of the total research awards in 2022-23.

Representative awards from non-profits include those from Chan Zuckerberg Initiative Foundation (\$21 million), the Bill and Melinda Gates Foundation (\$35 million), the Patient-Centered Outcomes Research Institute (\$29 million), the Andrew W. Mellon Foundation (\$15 million), the Gordon E. and Betty I. Moore Foundation (\$17 million), William and Flora Hewlett Foundation (\$10 million), the Henry M. Jackson Foundation for the Advancement of Military Medicine (\$8 million), the California Endowment (\$7 million), and SRCCO Inc. (\$7 million).

Department of Energy National Laboratories

UC is involved in the management and operations of three Department of Energy (DOE) laboratories: Lawrence Berkeley National Laboratory (LBNL) and two national

Display VII-6: Private Research Awards by Type of Sponsor (Dollars in Millions; Inflation-adjusted)



Representing over 25% of all research awards at the University in 2022-23, industry and non-profit funding have grown by 157% and 62%, respectively, since 2006-07.

security laboratories, Lawrence Livermore National Laboratory (LLNL) and Los Alamos National Laboratory (LANL). UC receives fees to manage the two national security laboratories and generally uses some of this money to fund collaborative research projects among UC scholars at the ten campuses, LBNL, LLNL, and LANL. The UC National Laboratory Fees Research Program (LFRP) supports projects on a range of issues, including climate science, wildfire, cybersecurity, human health, and national security through social sciences. Current initiatives include biosecurity, clean renewable energy and decarbonization, and mesoscale materials and high energy density science. The LFRP provides UC faculty and students access to unique research facilities and premier scientific experts at the national laboratories in fields of strategic importance to California and the nation. The DOE laboratories view this program as an important component of their long-term workforce development strategies. Undergraduate students, graduate students, and postdoctoral scholars working with DOE researchers on their projects often go on to build their careers in national security laboratories. UC has managed these DOE laboratories since their creation during and immediately after World War II, and it maintains close intellectual ties to its DOE laboratories through this program. The DOE laboratories are discussed in more detail in the *Department of Energy – UC National Laboratories* chapter of this document.

INDIRECT COST RECOVERY

Budgets for externally funded research projects include direct and indirect costs. Direct costs are those expenditures easily assigned to specific research projects, such as the salaries of the researchers and the equipment and materials that are uniquely used to conduct the research. Indirect costs cover the facilities and administrative expenses (e.g., compliance, electricity, and library costs) that are shared among many projects.

UC recovers only a portion of these indirect expenditures and must subsidize the remaining costs from other revenues. UC's federal Indirect Cost Recovery (ICR) rates are estimated to run below the true cost of conducting research. Moreover, funding for research projects sponsored by the State, corporations, foundations, endowments, and gifts often contains restrictions that preclude payment of indirect costs, or this type of non-federal funding has established rates significantly lower than the University's federal ICR rates. These policies and practices place an even greater burden on the University's limited resources. The real cost of doing important research is important for the State to realize.

UC is working to recover more of its indirect costs from research sponsors by increasing its negotiated federal Facilities and Administrative (F&A) rates. The administrative component of all federally-negotiated F&A rates is capped at 26%, regardless of actual administrative costs. Over the last few years, increased delays in negotiations resulted in unrealized indirect cost recovery.

In future indirect cost rate negotiations, the University intends to press its case to close the gap on the facilities portion of F&A rates. UC and higher education associations continue to make the case to rescind the cap on administrative costs. Historically, federal rate negotiators have justified lower negotiated federal rates at public institutions under the argument that public institutions receive State support. However, State funding to the University has declined over the years and does not compensate for lower federal rates. Closing the gap in the federal rate would lessen the real burden on University resources and allow greater flexibility in the use of

SPOTLIGHT ON INCLUSIVE INNOVATION EQUITABLE ENTREPRENEURSHIP (I²E²) INITIATIVE

For decades, the U.S. has enjoyed global leadership in innovation and entrepreneurship (I&E) without addressing long-standing structural impediments to the participation of ethnic and racial underrepresented groups, women, and persons with disabilities. In 2020, economists estimated that more than \$16 trillion of gross domestic product (GDP) was lost in the last twenty years due to the underrepresentation of these groups in I&E. Lacking the data to assess the current situation accurately and inform strategies for developing more inclusive I&E environments, federal agencies, including the U.S. Patent and Trademark Office (USPTO), have launched initiatives to engage diverse populations in entrepreneurship to uncover the demographics of inventors and entrepreneurs and heighten their visibility.⁴ The National Science Board passed resolutions to attract the “*missing millions*” to science and engineering to strengthen U.S. innovation.

The University is committed to reversing this “*missing millions*” trend and leading the nation in developing best practices, as well as cultivating a culture of innovation for all students, faculty, staff, and alumni. The UC Vice President for Research & Innovation has launched the Inclusive Innovation Equitable Entrepreneurship (I²E²) initiative to close critical gaps in our knowledge, develop evidence-based strategies to broaden participation in I&E, and position UC as the national leader for inclusive innovation in support of state and national needs.

discretionary funds.

IMPACTS OF UC RESEARCH

Strengthened by long-term state investment, UC has contributed directly to the entrepreneurial spirit of California and to its stature as the fifth-largest economy in the world. The UC research enterprise stimulates the state economy by graduating students with relevant research experience; creating new industries; launching companies; deploying new technologies; and creating new jobs. Almost all industries (in which California is among the world leader) grew out of University-based research: agriculture, biomedicine, medicine, computers, digital media, environmental technologies, semiconductors, web-enabled commerce and banking, and telecommunications.

For the past 20 years, the University has led the nation's

⁴ USPTO SUCCESS Act of 2018, <https://www.uspto.gov/ip-policy/legislative-resources/successact>

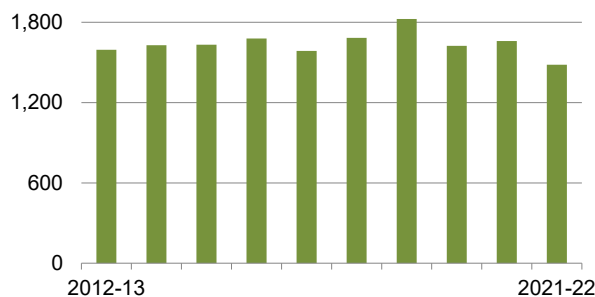
institutions of higher education in obtaining patents. The annual number of invention disclosures since 2007-08 is shown in Display VII-7 on the following page. In 2021-22, 1,483 new inventions were disclosed by UC researchers. See Display VII-8 for a select statistics of UC technology transfer activities.

Many of UC’s 5,692 active U.S. patents, of which 514 were issued in 2022-23, have led to the creation of today’s leading industries, which have improved our health, changed the way we do business, and enriched our lives. UC patents include the Hepatitis B vaccine, drugs to treat prostate cancer, the Nicotine Patch, mobility bionics and exoskeletons that enable paraplegics to walk, CRISPR gene-editing technologies, and market-leading varieties of strawberries and citrus. UC research and intellectual property also have global reach, with 7,191 active foreign patents, 937 of which were issued in 2021-22.

Many early-stage UC technologies are licensed to startup companies, which stimulate economic growth near UC campuses and throughout California. From the high-tech centers of San Diego and Silicon Valley to the agriculture of the Central Valley, UC licenses its technology throughout California. In 2021-22, approximately 84 companies licensed UC technologies that are foundational to each startup’s formation⁵. Since 1980, there is a cumulative total of approximately 1,600 startup companies established through UC-licensed innovations (including Lawrence Berkeley National Laboratory).

California’s small business employees make up 48.2% of the State’s total employees, higher than the national average. In 2021, 83.9% of jobs added in California came from small businesses. UC’s contributions to the small business ecosystem makes it a vibrant driver of the State’s economy. For example, UC has partnered with the State on the CalTestBed Initiative, a laboratory testing and commercialization development program for innovators with operations in California. The program assists clean energy entrepreneurs in testing their technology at world-class facilities across the UC system. Helicoid Industries is a program cohort, a developer of bioinspired fiber-reinforced

Display VII-7: UC Invention Disclosures



The annual number of invention disclosures dropped in FY2022 to 1,483.

Display VII-8: Effects of UC Technology Transfer*

Royalty and Fee Income (gross)	\$125.9M
Inventions Shares Distributions	\$47.1M
Portfolio of Active U.S. Patents	5,692
Portfolio of Active Foreign Patents	7,191
New Disclosures by UC Inventors	1,483
New Utility Licenses Issued	235
New Plant Licenses Issued	21

* Total as of June 30, 2022

composite technology that protects against severe impacts and harsh environments. Its foundational technology is licensed from UC Riverside, from the laboratory of Dr. David Kisailus. Working with the UC Irvine Institute for Design & Manufacturing Innovation, the company tests various configurations of laminates using Helicoid technology for protection of power-generating wind blades.

UC inventor-founder startups continue to add to the State’s small business ecosystem. UC San Diego startup LIMBER Prosthetics & Orthotics has developed a seamless digital scanning, design and fabrication workflow for producing prosthetic devices. Co-founded by Joshua Pelz and Luca De Vivo Nicoloso, recent UCSD PhD’s and current postdocs, LIMBER evolved from their doctoral research with Professor Falko Kuester. Their startup brings together imaging, modeling, simulation testing and 3D-printing to create low-cost, one-piece prostheses that can be tailored to their users. LIMBER receives support from campus

⁵ UC startups are independently operating companies, which formed to commercialize UC technology, and whose licensing of UC technology was deemed critical to the business.

funding, incubators, and accelerators as it moves toward commercialization.

UC startups provide jobs for Californians and tax revenues for the State. UC continues to launch and support these industries of the future.

As a land grant institution, the University has worked closely with California's agricultural industry. In the late 1800s, UC researchers discovered how to remove salts from the soils of California's Central Valley, transforming barren land into the most productive agricultural region in the world. UC is committed to supporting the agricultural sector, developing new technologies in crop management and pest control, and helping the industry adapt to changing regulations and environmental conditions (while remaining competitive). Today, the industry is at the cusp of an era of "precision agriculture," in which new technological tools offer the potential to enhance agricultural productivity and improve the lives of its workers.

SYSTEMWIDE RESEARCH PROGRAMS

The vitality and strength of UC research are further enabled by systemwide assets and programs. Systemwide efforts offer unique, collaborative approaches to tap the expertise, resources, and physical and cyber assets across the UC.

Natural Reserve System

Established in 1965, the Natural Reserve System (NRS)⁶ is a unique assemblage of 41 protected wildland sites throughout California, as shown in Display VII-9 on the following page. Under the California Environmental Quality Act (CEQA), UC is designated as a "Trustee Agency" of the NRS sites. In this important role, UC bears both a fiduciary and stewardship responsibility to protect the long-term integrity of the land's natural resources. The NRS also works in partnership with other stakeholders, such as the National Park Service and the Wildlife Conservation Board, to ensure the best stewardship possible. Because of these responsibilities, the Systemwide NRS Office serves as the state-identified recipient of, and responder to, legal environmental notices received by the University as Trustee Agency for projects that may affect its NRS reserves.

The NRS's marine and terrestrial reserves, field stations, and research centers encompass nearly all of the State's major ecosystems. The sites sit on more than 756,000 acres and provide access to several million more acres of protected public lands. Overall, the NRS is the largest and most diverse university-operated system of natural reserves in the world. There is no other outdoor laboratory like the NRS in the world.

The NRS sites are managed to support UC research, teaching, and public service programs. The ecosystems and facilities offered by each reserve are available to faculty and students from all UC campuses. They are also available to other institutions, public and private, from around the world, as well as approved users from the K-12 community and the general public.

Researchers use NRS reserves as outdoor laboratories where they can analyze natural systems, investigate important ecological and evolutionary principles, and attain a better understanding of society's effect on the environment and vice versa. The large-scale canvas of the NRS enables researchers to compare species and conditions in one portion of the state with those in another, at a spatial magnitude relevant to species and their management. The ability to conduct such studies over time is crucial when anthropogenic changes are occurring to the environment across the globe.

NRS Research addresses such pressing global problems as climate change, catastrophic wildfire, wildland conversion, environmental deterioration, declining water quality, and disappearing biodiversity. Reserves are also used to investigate human history in California, look for supernovae, and listen for earthquakes, among many other projects. Research conducted at NRS sites spans the breadth of intellectual endeavor, from anthropology to biology, and to the performing arts. Example projects include the following:

- The NRS Climate Modeling Network consists of 26 stations at 22 reserves. The stations are all constructed from similar, high precision weather and climate equipment that use identical data collection protocols to provide data to researchers.

⁶ See <https://ucnrs.org/> for more information.

- Using next-generation remote sensing technologies, the California Heartbeat Initiative tracks the pulse of water through state wildlands. The project correlates plant reactions to climate conditions, enabling scientists to monitor the water status of ecosystems on a landscape scale. The information can be used to produce forecasts of environmental health, including droughts and catastrophic wildfire.

The NRS recognizes that the environmental fields lag far behind other disciplines in racial and ethnic diversity. The Samuelsen Conservation Scholars Initiative seeks to introduce a broad range of students to the joys and rigors of field research. The initiative supports programs such as the NRS’s Field Science Fellowship. Available to UC undergraduates from backgrounds underrepresented in the environmental sciences, the fellowship funds a summer of independent field research at the NRS living laboratories.

The NRS receives modest State funding support, which is matched or exceeded by campuses to provide responsible administration and stewardship of the reserves. In recent years, the NRS benefited from a matching fund program that provided for facilities construction, improvements, and land acquisition via the 2006 Proposition 84 bond fund managed by the Wildlife Conservation Board. In 2018, the NRS was the beneficiary of a second voter initiative, Proposition 68 (the California Clean Water and Safe Parks Act). This new bond provides up to \$10 million in matching State funds for infrastructure improvements and land acquisition. The NRS faces significant challenges as it readies its land stewardship, infrastructure, and operations for the demands of 21st century research, education, and public service.

Agriculture and Natural Resources

University of California Agriculture and Natural Resources (UC ANR) is a statewide network of UC researchers and educators dedicated to the creation, development, and application of knowledge in agriculture, natural, and human resources. UC ANR serves as the land-grant arm for the UC system, and its mission is to maintain and enhance connections that fully engage UC with the people of California and achieve innovation in fundamental and applied research and education that supports sustainable, safe, nutritious food production and delivery systems; economic success in a global economy; a sustainable,

Display VII-9: Natural Reserve System Sites



The NRS covers 756,000 acres across 41 protected wildland sites throughout California. No other network of field sites matches its size, scope, and ecological diversity.

healthy, productive environment; science literacy; and positive youth development.

UC ANR is unique in its three-way partnership with federal, state, and county governments to provide local and statewide research and extension programs that address the critical issues of California. UC ANR’s research and public service programs are delivered through two organizational units: the Agricultural Experiment Station (AES) and UC Cooperative Extension (UCCE). While both units conduct research, UCCE is also the outreach arm for UC ANR, extending research to communities across the state, as described in the *Public Service* chapter.

Approximately 525 AES faculty are located within three colleges on the Berkeley, Davis, and Riverside campuses, as well as at the School of Veterinary Medicine at Davis. President Drake announced in November 2022 the addition of two new AES campuses at UC Santa Cruz and UC Merced. There are about 110 UCCE specialists and 170 UCCE advisors located in UC campuses and communities throughout the State. While UC ANR already has UCCE Specialists at both campuses conducting research on agricultural and food-related issues, the new AES designation expands UC’s agricultural research portfolio, and can help us develop the solutions needed for many

challenges facing California. Many AES faculty hold split UCCE and campus teaching appointments.

AES faculty represent a variety of disciplines, and consistent with the University's land-grant status, are charged with conducting fundamental and applied research related to contemporary and relevant problems facing agriculture, natural resources, nutrition, and youth development. UC ANR statewide programs focus on specific issues that engage AES faculty and academics from all UC campuses, allowing teams to work on complex issues that require multidisciplinary approaches. In addition, UC ANR's nine Research and Extension Centers (RECs), located in a variety of ecosystems across the state, provide a core research and extension base.

UC ANR is guided by its Strategic Plan that emphasizes strengthening research and increasing reach, expanding and diversifying resources, and improving efficiency. UC ANR has concentrated on maximizing resource deployment into areas that will yield higher efficiencies and bolster its programmatic research and delivery. For example, UC ANR has increased co-funded positions with external partners, such as commodity groups and governmental agencies, allowing it to hire new academics and continue addressing the growing needs of Californians. Another key focus of UC ANR is developing new partnerships to expand its academic presence. Partnering with California State Universities, California Community Colleges, and other universities has enabled UC ANR to broaden its academic reach while increasing the potential for sharing and collaborating.

Ongoing state and local funding support is the foundation that allows UC ANR to enhance its research programs and deliver science-based research to California's local communities. This funding is leveraged to expand and diversify alternative funding sources to support the mission. Awarded extramural funds rose by more than 50% since FY2022, and is expected to grow as UC ANR forms new partnerships and secures larger grants. A recent example is UC ANR's designation as the lead organization to create a Western Regional Food Business Support Center, which improves access and opportunities for growers and producers to regional food systems. In addition, UC ANR

ALLIANCES FOR RENEWAL CLEAN HYDROGEN ENERGY SYSTEMS (ARCHES)

A statewide public-private partnership embracing innovation to advance renewable hydrogen.

UC, led by R&I, partnered with the State, Organized Labor, and the Renewables 100 Policy Institute to establish ARCHES to catalyze and coordinate a statewide renewable hydrogen (H₂) economy. H₂ made from renewable resources offers enormous promise for a zero-carbon economy, especially in hard-to-electrify, high-polluting sectors such as heavy-duty transportation and shipping. ARCHES has built an ever-expanding network of over 350 organizations to create a proposal to the US Department of Energy (DOE) for up to \$1.25 billion in Hydrogen Hub (H2Hub) funding through the Infrastructure, Investment, and Jobs Act. ARCHES solicited over 80 project proposals for hydrogen production, infrastructure, end use, and support systems from its partners and included a subset of these projects (after external peer review) in its H2Hub proposal to DOE.

Researchers from all UC campuses, national labs, and UCOP played a fundamental role in establishing the ARCHES governance framework to ensure broad stakeholder representation, including representation from communities, tribes, businesses, labor, and more. ARCHES will coordinate efforts developing hydrogen codes and standards, workforce development, educational outreach, and accountability to ensure California's renewable hydrogen economy benefits the planet and all its people.

has made additional efforts to grow its donor base and gifts giving to support programmatic needs.

Organized by UC ANR public values, the following examples of recent research conducted by UC ANR scientists address current, complex challenges for the benefit of all Californians.

Promoting Economic Prosperity in California.

Developing high-value chemicals and pharmaceutical proteins can be costly, hard to scale, and carry risk of contamination. An AES researcher at UC Berkeley is working on a multistate research project that developed photosynthetic cyanobacteria cell factories using pioneering and proprietary methods to produce high-value chemicals and plant essential oils. This process creates enzymes and bio-pharmaceutical agents in greater volume and shorter periods of time than traditionally made by plants, with potential applications for oral vaccines, antigens against

livestock diseases, and cytokines and growth factors. The technology was patented by the University and has been purchased by a startup company as an option for commercialization. This is but one example of how UC ANR research increases emerging food economies and markets.

Protecting California's Natural Resources. An AES researcher at UC Riverside is addressing the challenge of balancing rangeland management practices that maximize livestock grazing resources and native biodiversity with ongoing stressors, such as drought and non-native plant invasion. The project involves long-term monitoring of plant and animal dynamics in grazed and ungrazed areas to inform conservation efforts. Research findings are being shared with federal land managers, informing practices that promote sustainable grazing practices and support native plant and animal biodiversity. Overall, the research will improve management and use of land.

Safeguarding Abundant and Healthy Food for All Californians. An AES researcher from UC Davis and a UCCE Specialist at the Nutrition Policy Institute collaborated on a project to investigate the impact of changes made to the Women Infants and Children (WIC) program during the COVID-19 pandemic. The changes included remote delivery of nutrition education services and an expansion of the monthly cash value benefit. Findings showed both participants and WIC directors had positive views on the remote work and services. Furthermore, the increased monthly cash value benefit was linked to higher purchasing of fruits and vegetables, which contributed to improved household food security and increased intake of fruits and vegetables. The findings suggest that these changes will attract and retain the most families, while providing more benefits to the health and well-being of participants. The study's results were shared with WIC program administrators and policymakers and contributed to decision to maintain remote delivery services after the COVID-19 public health emergency declaration was ended. Through their work, the UC ANR researchers are improving food security across the state.

Building Climate-resilient Communities and Ecosystems. An AES researcher at UC Berkeley is working with several Native American tribes to understand the specific roles that fire has for these communities.

Recently, policies have been developed to increase cultural burning by Native American tribes in California. The dramatic increase in prescribed and cultural burns is recognized as a key element to restore forest functioning. Based on understanding of traditional ecological knowledge, the researcher is testing the role that fire can play in increasing acorn yields through fires that directly control pest populations. The results are profound; not only because of the ecological field work, but also because they highlight how existing permitting constrains fire use and creates challenges for Native American communities to perform cultural burns. This study has demonstrated that permitting may need to change if the beneficial use of fire is to become significant across the landscape. As an example, this study shows one of the many ways that UC ANR research increases resilience to extreme weather and climate change.

Promoting Healthy People and Communities. Infant diet has significant effects on metabolic health and the development of the gut microbiome. An AES research project at UC Davis aims to understand the role of microbes in health and disease by using a system biology approach to determine how different microbes can alter host metabolism, and how the environment may be manipulated to ensure host health. One focus of the project is infant formula, and the findings on maternal and infant health provided to formula manufacturers will lead to the production of better formulas that mimic human milk more closely. These improved formulas could significantly affect long-term health for infants. The work may also provide information necessary for policymakers to champion better parental leave benefits for breastfeeding mothers, and to make recommendations for limiting the exposure to potentially toxic chemicals during pregnancy. Overall, the research demonstrates the innovative ways in which UC ANR research improves community health and wellness.

Developing an Inclusive and Equitable Society. Residents of California's Central Valley, the majority of whom are low-income and Latinx, tend to be exposed to more environmental pollutants. In particular, they are exposed to some of the poorest air quality in the country, which has the potential for lifelong health implications. AES researchers led a multi-part research project to assess

these effects, including a community health needs assessment of the San Joaquin Valley that was delivered door-to-door, air quality monitoring, water quality monitoring, and biological monitoring. The project has identified multiple routes of exposure for residents in the San Joaquin Valley. Such exposure requires further investigation to inform policy and regulations to better protect vulnerable communities from harmful environmental effects. A factsheet was developed to help residents try to take precautions and raise their awareness of some of the potential risks. Overall, this research contributes to improved living and working conditions for California's food system and farm workers by addressing environmental health effects of those who live and work in and around one of the State's most agriculturally productive areas.

Developing a Qualified Workforce. A UCCE Specialist based at the UC ANR Kearney Agricultural Research and Extension Center has promoted best practices for pesticide spray applications. The aim is to improve the efficiency, effectiveness, and environmental sustainability of critical crop protection efforts against pests and diseases in the San Joaquin Valley. This region has over 24 million acres of farmland in operation. To aid in this mission, the UCCE Specialist developed two decision support tools: CitrusSprayEx, a Windows-based application, and Airblast Spray Advisor, a web app. These tools are designed to help growers, pesticide applicators, and sprayer operators plan and evaluate airblast spray applications. The Specialist provided webinars and training for airblast spray applications to over 250 participants, most of whom received continuing education credits for their qualified pesticide applicator certification. After the webinars, 52% of participants were either very likely, or somewhat likely to adopt the new Airblast Spray Advisor web app, and 39% were either very likely, or somewhat likely to adopt the initial CitrusSprayEx expert system. These decision support tools have the potential to improve spray application effectiveness, profitability, and environmental stewardship. Training workers to use the tools contributes to increased workforce competency.

UC ANR collaborates with the UC campuses, California

State University campuses, California Community Colleges, non-profits, the private sector, and a diverse array of stakeholders in all 58 counties. This extensive network enables UC ANR to provide multidisciplinary basic research and applied research needed to address the complex challenges facing Californians. In FY2022, AES and UCCE researchers were issued 10 patents, developed 1,210 research-based publications, and participated in over 3,000 science-based policy engagement activities. Convening multidisciplinary teams to work on complex issues enhances UC ANR's ability to develop innovative solutions. UCCE then translates UC research into actionable management strategies to protect and support the state's farming, forestry, wildland, and urban communities and environments.

California Institutes for Science and Innovation

In the early 2000s, the State, UC, and hundreds of pioneering businesses and individuals joined together in an unprecedented partnership to create four thematic, multi-campus California Institutes for Science and Innovation (Cal ISIs). State funds are used to support research and knowledge transfer in selected areas benefiting the citizens of California. This investment has enabled follow-on investment from federal and private sources of more than two-to-one. Since then, the institutes have leveraged state investments, totaling \$400 million over 20 years, by two-to-one from federal and private sources.

The four Institutes, each jointly operated by at least two UC campuses, partner with industry, public sector, and international collaborators to address large-scale issues critical to the economy and quality of life. The Institutes are all structured in ways to accelerate business growth in the State, and their research, development, demonstration, and deployment activities interface with and shape sector-specific innovation policy and practices across the State, nation, and world on key societal issues of the day. They have remained vital over time and continue to affect California's industry, government, and workforce. For example:

- California Institute for Telecommunications and Information Technology (Calit2)⁷ at UC San Diego

⁷ Calit2: <http://www.calit2.net/>

(Qualcomm Institute⁸, UC Irvine⁹ and now UC Riverside¹⁰ focuses its research on Enabling Technologies (Wireless, Photonics, Cyber infrastructure, and Nanotechnology/Micro-Electrical-Mechanical Systems) to realize the goals of its socially relevant Application Thrusts (Culture, Energy, Environment, and Health).¹¹

- Calit2 jumpstarts innovation through cutting-edge technology. Advanced tools in high-speed data analysis, nanotechnology, and wireless and optical telecommunications are applied to 21st century challenges, such as traffic congestion mitigation, zero greenhouse gas homes and buildings, homeland security, smart manufacturing, and effective healthcare. Recent highlights include: receiving a National Science Foundation award to plan a multi-UC-campus, multi-disciplinary center to prevent and rapidly contain disease outbreaks; prototyping and securing federal support for a consortium creating a seamless, high-speed research internet platform across the State (that is being scaled globally); providing expertise and infrastructure for the development of a network of cameras in remote locations to provide California's first-responders, utility companies, and the general public with improved information in the face of wildfires or earthquakes; and pioneering new ways to bring wireless service to underserved communities.
- In the process, Calit2 has undertaken significant efforts to engage and enhance industry. Calit2's innovation space serves as a launching pad for dozens of California-based companies, a number of which contributed to the COVID-19 pandemic response. In addition, a new workforce training program and Calit2-guided Maker Space¹² supports the State's economy by equipping individuals with the high-tech and hands-on skills needed by cutting-edge sectors.
- California Institute for Quantitative Biosciences (QB3)¹³ at UC Berkeley, UC San Francisco and UC Santa Cruz covers the "quantitative biosciences," meeting challenges in molecular biology using the techniques of physics, chemistry, and computer sciences. This enables UC to convert life science research into solutions for better health, a sustainable environment, and a dynamic economy. QB3 supports UC life science researchers and

entrepreneurs, and empowers them to launch startup companies that advance products and services to market. QB3 scientists address complex challenges in biology enabled by QB3 space and core facilities, while taking advantage of the Institute's incubators, venture funds, and startup competitions. QB3 affiliated faculty have made advances in genome engineering and gene/cell therapy, in synthetic biology and biofuels, and in developing innovative medical devices. QB3 led efforts to design and build a new 40,000 square foot biotechnology incubator on the UC Berkeley campus, which opened in November 2021. The cutting-edge facility will house 50 companies at steady state, as well as accelerator programs, undergraduate and graduate internship programs, sponsored golden ticket competitions,¹⁴ executive and company mentoring programs, and an emerging venture fund. QB3 anticipates that the facility will enhance the translations of technologies from all of California to companies that create solutions to societal problems, as well as create hundreds of new jobs and enhance the education of university students.

- The Center for Information Technology Research in the Interest of Society and the Banatao Institute (CITRIS)¹⁵ leverages the research strengths of the UC campuses at Berkeley, Davis, Merced, and Santa Cruz. CITRIS creates information technology solutions for society's most pressing challenges, working at the forefront of IT innovation and its effect on society, prioritizing human-centric solutions, while striving to reduce inequality as the world digitizes. In 2021-22, CITRIS focused on addressing six main research initiatives: aviation, climate resilience, health, robotics, tech policy, and diversity in the women in technology sector. With state funding in FY2021, CITRIS created a workforce development program that will provide professional training in the above technical fields (plus semiconductor manufacturing) for nearly 500 students over the next 5 years. Its pioneering incubator helps startup teams to commercialize university-based innovations; since 2013, it has launched more than 70 startups that have spurred job creation and collectively raised over \$125 million in external funding.

⁸ <https://www.qi.ucsd.edu>

⁹ <https://calit2.uci.edu>

¹⁰ [UC Riverside joins UC San Diego, UC Irvine in multidisciplinary research institute Calit2 | News](#)

¹¹ <https://vcresearch.berkeley.edu/research-unit/citris-and-banatao-institute>

¹² The Calit2 Maker Space offers a shared work environment and creative space for corporate users, educators, and student groups to design or explore embedded systems. See <https://qi.ucsd.edu/engaging-qi.php>.

¹³ QB3: <https://qb3.org/>

¹⁴ Through the Cystic Fibrosis (CF) Foundation Golden Ticket program, up to three companies will win lab space and facilities for a year and tap into the CF Foundation's expertise, patient registry, and clinical trial support. See <https://bakarlabs.berkeley.edu/golden-ticket-2022-cff/>.

¹⁵ CITRIS and the Banatao Institute: <https://citris-uc.org/>

- California Nanosystems Institute (CNSI)¹⁶ at UCLA and UC Santa Barbara provides both fundamental and applied breakthroughs to drive state leadership in areas of economic and societal importance. By developing strategies to manipulate, control, and manufacture at the nanometer scale, precision nanosystems are of central importance in energy (solar cells and battery systems), healthcare (drug delivery and personalized medicine), the environment (water purification and sustainable materials), IT (quantum computing), and other sectors. CNSI provides enabling research infrastructure to researchers and innovators, and provides important opportunities for workforce development. NSF named UC Santa Barbara and UCLA joint partners in the BioPolymers, Automated Cellular Infrastructure, Flow, and Integrated Chemistry: Materials Innovation Platform (BioPACIFIC)¹⁷ with a five-year, \$23.7 million investment. Through key support of researchers and entrepreneurs, CNSI-supported companies have achieved over \$1.4 billion in investment funding and created thousands of jobs, contributing to economic development throughout California. Building on this entrepreneurial track record, CNSI received a philanthropic commitment of \$10 million over three years to establish the Noble Family Innovation Fund at UCLA that has funded 22 high-risk, high-reward seed projects with promise for future commercialization and societal impact.

While capital funding allowed the development of state-of-the-art facilities and resources over the years, funding for Cal ISI operations has been inadequate. Operations require funding for advanced technology infrastructure, specially trained technical personnel to operate the advanced instrumentation, and seed money to build new research teams across disciplines and campuses, as well as to attract large-scale extramural contracts and grants from industry and governmental sources.

In 2012-13, the State provided \$4.8 million for support of the Cal ISIs; this funding was supplemented by \$8.4 million from both permanent and one-time UC sources. The Institutes continue to be a systemwide priority, and, accordingly, base support for the Institutes was increased by \$3.5 million in 2013-14. Since then, total annual support for the Institutes is \$16.6 million; \$4.8 million in State support and \$11.8 million in other UC funds.

Multicampus Research Units

Multicampus Research Units (MRUs) are established by

UC to provide a cohesive infrastructure for exploring an emerging thematic, interdisciplinary research area. Formal MRUs enable long-term research and creative work, with collective expertise, that has far-ranging applications. An MRU also can be formalized between UC campuses and the UC national laboratories.

State resources are used for research training of graduate students, undergraduate students, and postdoctoral scholars in the most sophisticated facilities and laboratories, thus preparing the best-qualified workforce in the world that directly supports all sectors of the California economy. There are currently seven MRUs. One – the UC Observatories – is highlighted.

UC Observatories

The UC Observatories (UCO),¹⁸ a multicampus research unit (MRU) headquartered at UC Santa Cruz, fosters research collaboration and discovery in astronomy and astrophysics across nine UC campuses. UCO operates the Lick Observatory on Mt. Hamilton and technical labs at UC Santa Cruz and UCLA. UCO also serves as the managing partner of the Keck Observatory in Hawai'i, and as the hub for coordinating UC's participation in other international astronomy collaborations. This comprehensive research infrastructure and ecosystem positions UC as a national and international leader in astronomy and astrophysics. In addition to contracts and grants funding for instrument development, UCO is primarily funded by the State for research, and the annual commitment by UC exceeds \$14 million to support programs and operations at the Lick Observatory, UC's management role of the Keck Observatory, contractual commitments to the Thirty-Meter Telescope international collaboration, and core engineering capabilities at UCLA, UCSC, and other campuses.

Lick Observatory also plays a critical role in advancing UC's teaching, research, and public service missions. Telescope access for students enrolled in astronomy courses at the nine undergraduate campuses inspires a new generation to appreciate the vastness of the cosmos and pursue careers in STEM. Graduate students learn astronomical methods in

¹⁶ CNSI: <https://www.cnsi.ucsb.edu/>

¹⁷ NSF BioPACIFIC: <https://biopacificmip.org/news/all/2020/ucsb-and-ucla-lead-new-nsf-biopacific-mip>

¹⁸ UCO: <https://www.ucobservatories.org/>

systemwide workshops. In the public service arena, the Lick Observatory hosts events and summer internships to expand its educational reach on communities throughout California. A \$5 million grant from the Gordon and Betty Moore Foundation is allowing UCO to expand this significantly.

The Keck Observatory is UC's flagship astronomical facility. Graduate students, post-doctoral fellows, and faculty conduct experimental and novel research that positions them as leaders in astronomy and astrophysics public. Recent highlights include synergistic observations with the James Webb Space Telescope to study Saturn's cloudy and rainy moon Titan and the most distant galaxies in the universe, and work probing the stars and gas near giant black holes in our galaxy and beyond. Teams from multiple UC campuses are leading the construction of next-generation spectrographs for Keck to continue this excellence. These projects were launched with UCO seed funding for engineering and concept design. UCO and the teams raised more than \$10 million from federal agencies, private donors, and foundations in 2022-2023.

UCO is central to maintaining UC's preeminence in astronomy, but this commitment is not without persistent budgetary challenges to maintain the infrastructure underpinning UC's excellence. Recovery work continues from the devastating 2020 fire on Mt. Hamilton. The new UCO Director, Bruce Macintosh, is beginning a strategic planning process to define the role of UCO, enhance capabilities across the system, and develop sustainable budget models.

Multicampus Research Programs and Initiatives

By leveraging exceptional talent from across the UC system, the UC Multicampus Research Programs and Initiatives (MRPI) make critical contributions that fulfill the University's mission and benefit California. Selected through rigorous independent peer review, MRPI awards fund multicampus research collaborations to advance innovative scholarship, create new knowledge, and support students and postdoctoral scholars. The MRPI awards are typically in the range of \$150,000 to \$500,000 annually per project. The five medical centers, three national laboratories, and other research facilities are also eligible as partners in these grants. These networks, in turn, help

secure external support in emerging areas. For example, the California Institute for Quantum Entanglement MRPI was awarded \$25 million as an NSF Quantum Leap Challenge Institute (QLCI) for Present and Future Quantum Computation. Awards are made in all fields of university scholarship. Competitions for new awards are held biennially, with a new round of awards to be announced in January 2025.

The MRPI opportunity funds research in all fields of UC scholarship, generating a diverse portfolio of research that addresses some of California's most pressing problems. New awards launched in January 2023 include projects in health, economic and social justice, climate and sustainability, and basic research. Some highlights of these new multicampus research endeavors include the following:

- **Improving Air Quality in Low-income California Communities.** In the face of worsening air pollution in California, low-income neighborhoods bear the brunt of adverse health effects. Partnering with community groups, early-career scientists at the Davis, Irvine and Merced campuses are providing cost-effective tools to measure airborne pollutants and improve air quality and health.
- **Preserving Biodiversity in the Face of Climate Change.** Researchers at the Santa Cruz, Berkeley and Santa Barbara campuses are working with State agencies and community partners to develop and test conservation planning strategies for California's terrestrial ecosystems and the fundamental social goods that preservation of unique foundational species support.
- **Enhancing Green Building Design.** A five-campus collaboration is advancing environmentally, economically, and socially sustainable design, construction, and renovation approaches for "green buildings" to reduce CO2 emissions and promote an economically vibrant, sustainable future in California.
- **Improving Health Care Access for Indigenous Californians.** Researchers from Merced, Santa Cruz, and San Francisco campuses are working with California Native American communities that experienced high rates of hospitalization and death

from COVID-19 to explore how social networks affect health decision-making, in order to develop more effective interventions and health outcomes for California Native American tribes.

The MRPI portfolio of awards represents a shared and leveraged resource that enhances the effect of UC research across the State. Annual funding levels for the program declined by \$11.6 million between 2009-10 and 2014-15, but has since been partially restored and remains far below the investment level needed to achieve its potential. In FY2023, the MRPI grants budget is \$7.3 million.

Labor Research and Education

Growing international economic integration, policy shifts, transformations in business organization, new technology, and other changes have brought many positive developments. However, these changes have also resulted in emerging inequities and concerns for communities, researchers, and policy makers. The UC labor program engages in research and education that advances knowledge and understanding of these new challenges and opportunities from a variety of perspectives and disciplines, including historical, comparative, and institutional approaches.

State funding for the Institute for Labor and Employment (ILE) was first provided in 2000-01, when the State added \$6 million in the University's budget to establish a multicampus research program focused on issues related to labor and employment. However, funding for the program was unsteady from 2000-01 through 2007-08. The University supported labor research by providing \$4 million in 2008-09, and \$2 million in 2009-10 and 2010-11, which was split between the UC Berkeley and UCLA Institutes. After some variations in funding in the intervening years, in 2015-16, the Legislature augmented the University's budget for the program to \$6 million, or \$3 million for each institute. The 2022-23 Budget Act further increased the University's budget to bring permanent funding for the program to \$19 million, including funding for additional Labor Centers at the other campuses.

SUMMARY OF UC RESEARCH

UC's world-class research enterprise is exemplified and

guided by the principles of excellence, accessibility, equity, and societal impact. Contributing nearly 10% of all research activity in the United States, UC faculty and researchers enjoy outsized representation in preeminent national and international awards, prizes, and honors (Nobel, National Medal, Field Prize, MacArthur, etc.) and rankings (US News & World Reports, Academic Ranking of World Universities, Times Higher Education, etc.). In parallel, UC continues to accelerate progress in increasing demographic representation of post-graduate degree students, faculty, staff, and administrators who represent the rich racial-ethnic, socio-economic, geographic, and cultural diversities found throughout California.

The University's networks in academia, industry, philanthropy, and its presence in communities, all allow UC to convene a broad and diverse range of experts in every field. Its presence and relationships in every California county and its vast Natural Reserve System enable the University to foster participatory engagement and ensure equity and inclusion within its mission, goals, and strategies. Enabled by this foundation, UC continues to advance the frontiers of discovery and to tackle the most complex ecological, economic, health, educational, and workforce challenges facing California and Californians in the COVID-19 pandemic recovery period and beyond.

Public Service

Public service at UC includes a broad range of activities organized by the University to serve state and local communities, students, teachers, and staff in K-12 schools and community colleges, and the public in general.

Consistent with its mission as a land grant institution, UC's public service programs help improve the quality of life in California by focusing on major challenges, whether in business, education, health care, community development, or civic engagement, that affect the economic and social well-being of its citizens.

State funds support a variety of public service programs at UC. This chapter describes five major State-supported public service efforts:

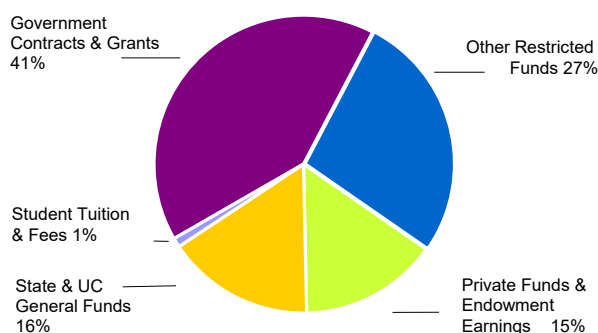
- SAPEP,
- the California Subject Matter Project,
- COSMOS,
- Cooperative Extension, and
- the Charles R. Drew University of Medicine and Science.

Campuses also conduct other public service programs that are supported by State funds, as well as by student tuition and fees, user fees, and other non-State fund sources. These programs include arts and lecture programs and student- or faculty-initiated community service projects.

STUDENT ACADEMIC PREPARATION AND EDUCATIONAL PARTNERSHIPS

Student Academic Preparation and Educational Partnerships (SAPEP) programs seek to raise student achievement levels and close equity gaps among groups of students throughout the K-20 (kindergarten through university) pipeline, tasks critical to keeping California's economy competitive. In fall 2022, students from a large majority of traditional California public high schools matriculated to UC: UC freshman enrollees came from 1,175 (71%) of the 1,656 schools open in 2021-22. However, over half of these students came from just 217 (13%) of all 1,656 high schools. With a focus on serving students who attend historically under-resourced schools in

Display VIII-1: 2022-23 Public Service Expenditures by Fund Source (Total: \$983 Million)



While State funds play an important role in UC's public service programs, significant funding for Cooperative Extension and other major programs is generated from government contracts and grants and private sources.

California, UC's 13 SAPEP programs reached students at more than 1,510 K-12 public schools and all 116 community colleges in 2021-22, raising college eligibility rates, increasing transfer from community college to four-year institutions, and preparing undergraduates for graduate or professional education.¹ The Regents have identified closing equity gaps, improving access to college, and increasing diversity at UC as among the University's highest priorities. As part of the multi-year compact with the Governor, the University has also committed to improving student success and advancing equity.

Through SAPEP programs, the University reaches students and schools in most need of assistance. Most schools served by the University's SAPEP programs are "high need", as evidenced by high percentages of students at these schools eligible for free or reduced-price meals under the National School Lunch Program (NSLP). In 2021-22, 81% of the high schools served by SAPEP's three largest high school programs were those in which more than 60% of all students were eligible for free or reduced-price meals. By contrast, 57% of all California public high schools in 2021-22 enrolled students in which more than 60% were eligible for free or reduced-price meals.

¹ The most recent SAPEP data are for the 2021-22 year, the most recent year available, unless otherwise noted.

The effects of the University's SAPEP programs on students from underrepresented groups is significant. While enrollment at UC is not the specific goal of UC's academic preparation programs, the ability of students to compete successfully for UC admission is a strong indicator of increased access to postsecondary opportunities. These programs also increase the diversity of the University: in fall 2021, for example, 12% of African Americans and 12% of Chicana/Latina new UC freshmen from California public high schools were 12th-grade participants in UC's student academic preparation programs in 2020-21.

In response to the COVID-19 pandemic, SAPEP programs quickly transitioned to offer robust online programs and services. SAPEP programs curated comprehensive advising, professional development, and academic enrichment programs to deliver in online formats/platforms.

The University has created innovative ways to help generate systemic changes in California's educational system through long-term partnerships with K-12 schools, businesses, community-based organizations, and parents and families. For example, UC's K-20 Regional Intersegmental Alliances align SAPEP programs with their local and regional K-12, community college, educational, community, and business partners. Activities and strategies vary by region depending on the needs and priorities of partner schools, and include direct student and family services, academic enrichment, and student academic and career advising; dissemination of research and best practices on teaching and learning; professional development and coaching in specific content for teachers; and collaboration with schools, districts, and community agencies on grant writing and resource development. Alliances design systemic strategies for improving academic achievement and college and career readiness for underserved student populations.

Starting in 2004, the University collaborated with these partnerships to implement the Transcript Evaluation Service (TES), a decision support tool that tracks A-G coursework progress and UC/CSU eligibility for students, schools, and school districts. TES is used in a variety of ways, from student assessment to research and policy studies. Data from TES is used by the University to support its SAPEP programs and used by schools and districts to support individual student eligibility and to assess student and school A-G progress annually and over time. In 2022-23, TES processed transcripts for 691,027 students at 562 high schools in 99 school districts. These schools represent 51% of all traditional public high schools in the state of California.

TES provides data for school and district administrators to diagnose course completion obstacles and improve UC/CSU course requirement completion on a school-wide basis. In 2014, TES was recognized by Achieve² for the role it plays in diagnostic assessment of where students are falling short of the courses needed for admission to the state's university systems.³ TES has also proved to be an important tool for policy and research studies. For example, TES data was used in the last two statewide eligibility studies (public high school classes of 2007 and 2015) commissioned by the Governor's Office of Planning and Research and conducted to estimate the number of public high school graduates who meet the freshman admission requirements for the University of California (UC) and California State University (CSU) systems.⁴

Program Descriptions and Outcomes

In addition to partnerships with K-12 and community organizations, UC's portfolio of SAPEP programs raises college eligibility rates, increases transfer from community colleges to baccalaureate-degree granting institutions, and prepares undergraduates for graduate programs.⁵

² Achieve works with states to raise academic standards and graduation requirements, improve assessments, and strengthen accountability, including helping to develop the Common Core State Standards. See <https://www.achieve.org/>.

³ Achieve, January 2015, "Closing the Expectations Gap: 2014 Annual Report on the Alignment of State K-12 Policies and Practice with the Demands of College and Careers."

⁴ D. Silver, et al., *University Eligibility Study for the Public High School Class of 2015*. RTI International, July 2017.

⁵ Detailed descriptions of each SAPEP program are available in the most recent SAPEP annual outcomes report at https://www.universityofcalifornia.edu/infocenter/sapep_outcomes, and an interactive map of SAPEP-served schools is available at <https://www.universityofcalifornia.edu/infocenter/k-12-directory>. In addition, an interactive dashboard with detailed outcomes for EAOP, MESA College Prep, and Puente High School Project is available at <https://www.universityofcalifornia.edu/infocenter/uc-k12-outreach>.

College Access and Preparation

With a focus on academic advising and building college knowledge, the **Early Academic Outreach Program (EAOP)**, UC's largest academic preparation program, helps students from underserved schools and colleges complete a rigorous college preparatory curriculum in high school, complete UC and CSU coursework and exam requirements, and apply for college and financial aid. EAOP provides academic enrichment, such as intensive workshops and summer courses, advising, test preparation, and information for parents such as how to apply for financial aid and college options in California. EAOP also supports schools by providing educators with valuable assistance in updating A-G course lists and submitting A-G courses for review, and explaining UC admissions and eligibility to teachers and counselors.

With a focus on science, technology, engineering, and mathematics (STEM) and workforce preparation, the **MESA (Mathematics, Engineering, Science Achievement) College Prep** program helps middle and high school students excel in math and science so they can graduate from college with degrees in science, engineering, computer science, or other math-based fields. MESA offers classes during the school day that allow advisors to work with students on academics and MESA activities. MESA's academic development curriculum includes math and science coursework that is A-G approved and based on California Math and Science Standards. MESA also offers individualized academic planning, tutoring, math workshops, study groups, and career exploration services. Parent involvement workshops and events help parents learn how to become effective advocates for their children's academic success.

With a focus on literacy development, **The Puente Project** prepares middle and high school students—many of whom are English language learners—for college through rigorous academic instruction in writing and literature, intensive college-preparatory counseling, and mentoring from successful members of the community. Students in the program study with the same Puente-trained English teacher for ninth and tenth grades in a college-preparatory English class, work closely with a Puente-trained counselor to prepare an academic plan and stay focused on their

HISTORY OF STUDENT ACADEMIC PREPARATION PROGRAMS AT UC

As early as 1872, then-University President Daniel Coit Gilman called on the University to collaborate with schools in enhancing student preparation for a college education so that the “work of the University shall clearly forward the welfare of the state, of the whole body politic.”

The current generation of student academic preparation programs took shape in the 1960s, when the civil rights movement drew attention to issues of access to the University. During this period when there were no fiscal constraints on enrollments, the Regents addressed access issues primarily through aggressive and innovative admissions policies.

In the 1970s, the University began providing underrepresented students with academic assistance and information to help them meet University admission standards. The Legislature passed the Meade Bill in 1975 (AB 2412), marking the first time that State resources were devoted to increasing the number and persistence of eligible underrepresented group students. With it was born the concept of developing a pipeline of academic preparation programs beginning with students in the seventh grade and continuing through their college careers. Academic preparation programs expanded gradually during the 1980s and early 1990s.

In July 1995, the Regents adopted Resolution SP-1, which eliminated consideration of race, ethnicity, and gender in UC admissions. At the same time, the Board called on the President to appoint the Outreach Task Force (OTF) to identify ways in which outreach programs could help to ensure that the University remain accessible to students from educationally disadvantaged backgrounds. Coupled with the passage by California voters of Proposition 209 in fall 1996, which essentially placed the tenets of SP-1 in the State's Constitution, these events elevated academic preparation programs to become the University's most critical tool for promoting access to the University for educationally disadvantaged students in California.

goals, participate regularly in community involvement activities, and attend field trips to college campuses.

With a focus on access to rigorous curriculum, **UC Scout** provides students, teachers, and schools access to online A-G and Advanced Placement (AP) course work. UC Scout offers 65 A-G courses (of which 26 are AP College Board approved) in seven disciplines, for middle and high school students. All California public schools, students, and teachers have free access to UC Scout Basic and Plus

Display VIII-2: 2022-23 SAPEP Expenditures by Program
(Total: \$53.2 Million) (Dollars in Thousands)

UC SCOUT	\$3,208
ASSIST	\$780
Community College Articulation	\$600
Community College Transfer Programs	\$6,976
EAOP	\$15,089
Graduate and Professional School Programs	\$8,884
MESA	\$6,551
Puente	\$1,689
Student Initiated Programs	\$2,652
GEAR UP	\$3,500
UC Links	\$914
K-20 Intersegmental Alliances	\$4,277
Evaluation	\$1,153
Other SAPEP Programs	\$988

courses. In 2022-23, UC Scout supported 25,133 enrollments and 12,725 students in California. Demand for UC Scout courses has grown throughout the state, with students and teachers seeking additional online instruction and resources. Other programs promoting college access and preparation include **ArtsBridge**, **Student-Initiated Programs**, **University-Community Engagement (UCE)** and **UC Links**.⁶

UC's college access and preparation programs have been recognized nationally as models of best practice. Specific program achievements include the following:

- Increased college eligibility: Participants are more likely to complete the A-G courses required for UC/CSU eligibility. In 2020-21, 83% of 12th-grade participants in EAOP, MESA, or Puente had completed A-G coursework (compared to 52% of all California public high school graduates⁷).
- Increased college attendance: Class of 2021 high school seniors from UC's three largest college access and preparation programs enrolled at California public colleges at higher rates than their peers in fall 2021: EAOP (66%), MESA (65%), and Puente (64%). In 2018-19, an estimated 55% of all California public high school graduates enrolled at California public colleges.⁸
- Increased community college transfer: as described below, SAPEP programs also promote transfer preparation for community college students to

SAPEP FUNDING SINCE 1997-98

In 1997-98, after the adoption of SP-1 and Proposition 209, the Legislature considered the University's academic preparation programs to be an effective means to increase access to college for educationally disadvantaged students and promote diversity. The University's budget for student academic preparation programs grew from \$18.1 million in State and University funds in 1997-98 to a peak of \$85 million in 2000-01.

Due to the State's fiscal crisis in the early 2000s, the SAPEP budget was reduced by \$55.7 million over several years, including a 56% reduction in 2003-04, bringing the total budget to \$29.3 million in 2005-06. In 2006-07, a \$2 million augmentation to expand community college transfer programs brought the SAPEP budget to \$31.3 million.

The Governor's proposed budget for 2009-10 originally slated to eliminate SAPEP programs, but the Legislature converted the cut to an undesignated reduction. As permitted by the 2009-10 Budget Act, campuses limited cuts to programs within the portfolio to no more than 10%, a half of the percentage cut to the University's State funds. For 2010-11, the Budget Act called for UC to maintain SAPEP funding at 2009-10 levels. The University experienced a 21.3% reduction in State funding in 2011-12. Budget Act language authorized reductions of no more than that percentage in SAPEP programs; however, the SAPEP portfolio ultimately experienced an overall budget reduction of 17%.

Consistent with the Budget Act, SAPEP programs were not eligible for reductions in 2012-13 as the Governor's revenue-enhancing initiative passed in November 2012 and no further cuts were made to UC's budget. SAPEP received \$22.5 million in one-time funding in 2021-22 to support increased academic preparation efforts. The 2022-23 Budget Act increased ongoing funding for SAPEP programs by \$22.5 million. Funding from the increase supports scaling programs and services to more students, schools, and community colleges to increase preparation for baccalaureate and graduate degrees and continue to address COVID-19 related effects on preparation and access. The cost per student of most programs is substantially less than the cost per student of comparable federally funded programs. In 2022-23, SAPEP expenditures totaled \$53.2 million.

baccalaureate granting institutions.

⁶ More information about other UC college access and preparation programs is available at <https://www.ucop.edu/outreach-educational-partnerships/resources-publications/outcomes-dashboards.html>.

⁷ Comparison data are for the Class of 2020, the most recent year available from the California Department of Education's DataQuest (see <https://dq.cde.ca.gov/dataquest/>).

⁸ Comparison data are for full-year 2018-19 enrollments by the Class of 2018, the most recent year available from the California Department of Education's DataQuest (see <https://dq.cde.ca.gov/dataquest/>).

Community College Articulation Agreements are agreements between individual California community colleges and individual UC campuses that define how specific community college courses can be used to satisfy subject matter requirements at UC.

ASSIST⁹ (Articulation System Stimulating Interinstitutional Student Transfer), the official transfer and articulation system for California's public colleges and universities, provides students and counselors with detailed course transfer and articulation information to streamline the transfer process.

The **MESA Community College Program (MCCP)** provides rigorous academic development for community college students who are pursuing transfer to four-year universities in majors that are calculus-based. All MCCP students are required to attend Academic Excellence Workshops, which are student-led supplemental instruction/study groups that emphasize the most challenging aspects of classes within the student's major. Additional services include individualized academic planning; college orientation for math-based majors; career exploration and professional development; and summer internships in business, industry, and academia.

Students enrolled in the **Puente Community College Program** take a demanding two-course English sequence, receive transfer requirement counseling, and meet regularly with a Puente-trained mentor from the professional community. Teachers and counselors receive training in innovative counseling and teaching methodologies for educationally disadvantaged students.

Community College Transfer Preparation (CCTP) Programs increase opportunities for California community college students to transfer to four-year institutions by providing comprehensive academic guidance and support for prospective transfers. Services include assistance with course selection, informational workshops on academic requirements for transfer admissions, and professional development and training for community college counselors and faculty. Students in transfer programs are more likely to be admitted to UC and more likely to enroll when admitted. Participants who applied to UC in fall 2021 had a 90%

admission rate (compared to 72% for all CCC applicants), and of the participants who were admitted, 75% enrolled (compared to 71% for all CCC admits).

Other SAPEP program achievements in transfer preparation include:

- In 2022-23, an estimated 1.3 million website visitors used ASSIST to determine course transferability between CCC, CSU, and UC systems. In addition, as of 2022-23, ASSIST tracks more than 211,000 CCC-UC articulation agreements by major, more than 447,000 CCC-CSU articulation agreements by major, approximately 52,400 CCC courses that can be transferred by general credit to any UC campus, and approximately 22,900 CCC courses approved to fulfill the Intersegmental General Education Transfer Curriculum that can be transferred to any CSU or UC.
- UC continues to simplify the transfer process for prospective students and counselors by implementing tools like the online UC Transfer Admission Planner (UC TAP). In 2022-2023, more than 78,800 students used this tool to stay on track to transfer successfully.
- Of those MESA Community College Program participants who transferred to a four-year campus in the most recent evaluations of the program, 100% majored in a STEM field.
- Puente Community College Program students maintain enrollment continuity more often than all CCC students statewide. For Puente participants in the most recent evaluation of the program, 83% enrolled in three continuous semesters (or four continuous quarters) as compared with 76% of all CCC students statewide.
- The *Discover Your UC* online webinar series assisted prospective UC transfer students. Between 2020-21 and 2021-22, more than 3,000 students participated in the webinar series and the video recordings had more than 4,500 views.

Graduate and Professional School Preparation

UC's SAPEP programs also prepare and encourage high-achieving undergraduates from educationally disadvantaged communities to pursue graduate and professional level training.

Leadership Excellence through Advanced Degrees Program (UC LEADS)

places juniors and seniors who have experienced conditions that have adversely affected their advancement in their field of study in two-year intensive research experiences with faculty mentors.

⁹ See <https://www.assist.org/>.

Summer Research Internship Programs (SRIP) also provide intensive research experiences. **UC Law Fellows** and **Post-baccalaureate Medical School Programs** provide preparation for graduate study through academic skills building, test preparation, and mentoring.

CALIFORNIA SUBJECT MATTER PROJECT

The California Subject Matter Project (CSMP) is a statewide network of nine subject-specific professional learning projects that provide rigorous training programs to enhance learning for all students. CSMP engages K-12 educators with university faculty in all disciplines from UC, CSU, and independent higher education institutions to collaboratively design and deliver intensive institutes for education professionals that promote teachers' understanding of K-12 content and instructional strategies. CSMP professional learning programs provide educators with the course content represented in California's K-12 standards and frameworks, and covers all of the academic disciplines required to meet college entrance (A-G) requirements, including arts, history/social science, global education, mathematics, physical education/health, reading and literature, science, world languages, and writing. The network reaches teachers and students across California through roughly 90 regional sites located at university and college campuses statewide.

In response to the COVID-19 pandemic, demand for CSMP's professional development services, including curated, multilingual teaching and learning resources for K-12 educators and administrators, increased substantially. Access to these services occurred through a variety of in-person and online platforms designed to support teachers, students, and schools during this period of unprecedented disruption to learning, with special attention to serving educators in under-resourced and high-need communities. This demand for high-quality, sustained educator professional learning has continued to increase as the state continues to contend with the effects of teacher retirements, pressures on the teaching profession, and the need for enhanced school leadership.

CSMP continues to be an active partner of the 21 California State Leadership Academy (21CSLA) State Center, a statewide collaboration led by the Principal Leadership

Institutes (PLIs) at the UC Berkeley Graduate School of Education and Center X within the UCLA School of Education. Funded by the California Department of Education, the 21CSLA State Center is dedicated to professional learning and support for California's educational leaders, including teachers and school and district administrators, across seven 21CSLA Regional Academies. 21CSLA programs are free for participants and include leadership coaching and an emphasis on improving instruction and achievement outcomes (including through distance learning) for English learners, students with disabilities, low-income students, and other historically marginalized students.

During 2021-22, CSMP provided nearly 850 professional learning programs to over 14,000 teachers and school administrators from more than 3,600 K-12 schools. Most school districts served qualified for "Differentiated Assistance Status" under the California Department of Education's Local Control Funding Formula system. These districts, therefore, received additional funding to better serve large populations of students who were English learners, foster youth, and/or eligible for free/reduced-priced meals under the National School Lunch Program.

Ongoing State funding to the University for CSMP has remained at \$5 million per year since 2003-04. In addition, CSMP received \$3.4 million in 2022-23 in federal funding from the California Department of Education (CDE), with the same amount of federal funding anticipated for 2024-2025. This represents a nearly 30% decrease in federal support since 2009-10. In 2022-23, the state provided \$2 million to launch a new professional learning program for K-12 teachers focused on teaching Ethnic Studies. The CSMP Ethnic Studies Initiative, led by the statewide office of the California History-Social Subject Project based at UC Davis, offered several new programs to educators to help build and strengthen their capacity to teach Ethnic Studies in response to the state's newly adopted Ethnic Studies high school requirements for students. These funds were allocated across all nine projects: Arts, Global Education, History-Social Science, Writing, Reading and Literature, Mathematics, Science, Physical and Health Education, and World Languages. For 2022-23, CSMP has allocated one-time State funding in the

amount of \$1.6 million to support the development of professional learning programs and resources in computer science.

CSMP leverages State and federal funding with foundation grants and district contracts to support the professional development programs. CSMP was originally authorized in 1998 and was reauthorized in 2002, 2007, and again in 2011. The 2011 bill (SB 612) extended authorization to June 30, 2017, and incorporated all nine projects into the legislation. In 2016, statute was enacted that eliminated the June 30, 2017, sunset provision noted in SB 612.

COSMOS

The California State Summer School for Mathematics and Science (COSMOS) provides an intensive academic experience for students who wish to pursue advanced mathematics and the sciences and prepare for their education in these areas. COSMOS is a four-week-long residential academic program for top California high school students with demonstrated aptitude for mathematics and science. COSMOS course clusters address topics at a level not traditionally taught in high schools such as astronomy, aerospace engineering, biomedical sciences, computer science, wetlands ecology, ocean science, robotics, game theory, and other STEM-related topics. The program takes place each summer at the Davis, Irvine, Santa Cruz, and San Diego campuses. Cluster sizes tend to vary from about 15 to 30 students, and the student to academic staff ratio is typically around 5:1. Due to the COVID-19 pandemic, COSMOS executed a remote program for summer 2021, returning to its residential format in summer 2022.

The California Education Code stipulates that the State funds at least 50%, but not more than 75%, of the program's actual costs; funds are also provided by participants with the ability to pay and by private sources, which predominantly support access through financial need scholarships. AB 1663 (2012) amended the Education Code to set the program's tuition level for California residents at \$2,810, and AB 616 (2017) reauthorized the fee provisions, which allowed for annual increases of up to 5% of the COSMOS program until January 1, 2023. Most recently, SB 1299 (2022) amended the Education Code to limit program eligibility to California students and to set the

allowable program application fee at \$40 and tuition at \$4,770, with allowed annual increases up to 5% until January 1, 2028.

UC COOPERATIVE EXTENSION

University of California Agriculture and Natural Resources (UC ANR) serves as the land-grant arm for the UC system through two organizational units: UC Cooperative Extension (UCCE) and the Agricultural Experiment Station (AES). UCCE develops and extends research-based, practical solutions to communities across the state, with a presence in all 58 counties. The AES mandate is to conduct research that addresses agricultural, environmental, and societal problems of importance to California (described in more detail in the *Research* chapter).

Nearly 350 UCCE academics (specialists, advisors, academic coordinators, and academic administrators) convene AES and other UC faculty, agencies, and industry groups, amongst others, to work with local communities to address needs in agriculture, natural resources, nutrition, youth development, and community economic development. Most UCCE specialists are located on the Berkeley, Davis, Merced, Riverside, Santa Barbara, and Santa Cruz campuses. They conduct research, develop new technologies, transmit results to communities statewide, and serve as a campus link for county-based UCCE advisors. UCCE advisors are in communities across California where they conduct applied research, translate, and test research findings for solutions to local problems. They extend practical, science-based information through workshops, demonstrations, field days, classes, digital media, and websites. They work with over 300 community educators to deliver audience-driven and research-based educational programs. In 2022, UCCE had about 468,000 direct educational interactions with adults and youth, including interactions with individual farmers on more effective pest management practices, nutrition education with families, and briefings with policymakers on wildfire preparation and recovery.

UC ANR statewide programs engage UCCE academics with faculty across the ten UC campuses, the National Laboratories, and medical centers to leverage resources to work on complex issues that require multidisciplinary

approaches. These programs and institutes include, for example, the UC Statewide Integrated Pest Management Program, the Agricultural Issues Center, the California Institute for Water Resources, and the Nutrition Policy Institute. In addition, nine Research and Extension Centers (RECs) located in a variety of ecosystems across the state engage diverse stakeholders in research and demonstrate practical solutions through outreach with regional communities.

Supporting volunteerism is an integral part of educational efforts in the California 4-H Youth Development, California Naturalist, UC Master Gardener, and UC Master Food Preserver programs. In 2022, there were over 19,300 volunteers who contributed over 1.2 million hours of public service.

With momentum gained from prior years, UC ANR is dedicated to investing in the UCCE academic footprint, placing academics and programmatic support in local communities. Additional one-time State support allowed UC ANR to build upon its statewide fire network to research wildfire related issues and assist Californians with their preparations, providing critical coordination and connection across geographies and disciplines ranging from forest to food safety to livestock to water quality. One-time State support was provided to the UC ANR Nutrition Policy Institute to conduct formative, process, and impact evaluation and deliver research on California's "universal school meals" program, one of the first such programs in the nation. UC ANR strengthened its infrastructure to support research at its facilities. Furthermore, UC ANR made facility upgrades to ensure public safety for researchers, its staff, and volunteers at extension events. UC ANR will expand the Verde Integration Network for Entrepreneurship (VINE) program, which connects researchers with corporate and community-based partners to develop innovative approaches to agricultural problems and market opportunities in California. VINE drives economic value and sustainability to California by equitably accelerating science-based solutions into the market and society.

The following are a few examples that demonstrate UC ANR's ability to adapt in meeting the increasingly varied

and evolving needs of local communities and stakeholders throughout the state.

Promoting Economic Prosperity in California. UCCE creates and extends new knowledge about agriculture and natural resource management and strategies for increasing yields and economic returns. For example, a UCCE Advisor responded to reports of rodent damage to bulbs and irrigation lines among nurseries and cut flower operations in San Diego by providing technical assistance and information about science-based pest management strategies. As a result of these efforts, growers reported a 5% increase in crop yield and up to 90% reduction in pesticide costs. Additionally, one grower estimated that the information on rodent management prevented annual crop losses of \$50,000.

Building Climate-resilient Communities and Ecosystems. UCCE programs develop solutions to increase the resilience of agriculture, communities, and natural ecosystems. For example, a UCCE specialist at UC Merced collaborated with other UC researchers to study the energy and water co-benefits of covering canals with solar panels. The results of this study were shared widely, including at the Latino Leaders for Water Education panel discussion, which was attended by approximately 150 elected officials serving Latino communities. The findings were also widely disseminated through media outlets, such as *Time Magazine*, *Los Angeles Times*, and *Vogue Magazine*. The study directly influenced the Turlock Irrigation District to construct solar panels over water canals with \$20 million in funding from the California Department of Water Resources. The study's results indicated potential water savings of 63 billion gallons annually, equivalent to the amount needed to irrigate 50,000 acres of farmland or meet the residential water needs of over 2 million people. Additionally, the 13 gigawatts of solar power generated each year by the panels would be equivalent to about one-sixth of the state's current installed capacity and roughly half of the projected new capacity needed by 2030 to achieve California's decarbonization goals.

Safeguarding Sufficient, Safe, and Healthy Food for all Californians. UCCE develops and provides outreach and education on science-based solutions to help ensure food safety and reduce food insecurity. For example, several

UCCE Advisors on California's North Coast have partnered with community organizations and local governments to strengthen local emergency food systems. Sonoma County has included plans for emergency food response in the county's Recovery and Resiliency Framework, which had been utilized during the pandemic. Several counties in California's North Coast have developed a three-year plan to form a centralized food hub and have already formed the Emergency Food System Committee for Humboldt and Del Norte counties. These efforts have positioned the California North Coast to respond quickly and effectively to periods of food insecurity during emergencies.

Protecting California's Natural Resources. UCCE collaborates with partners and agencies to increase ecological sustainability, improve air and water quality, and advance water and land management practices. For example, UCCE has developed a more comprehensive and quantified metric for defining and restoring forest resilience in restoration efforts. Forest restoration planning is a complex process that requires consideration of threats from drought, wildfires, insects, and disease. The resilience metric developed by UCCE helps forest managers determine the effectiveness of forest restoration projects. UCCE's research, including the use of the resilience metric, has been shared with local clientele, the state Board of Forestry and other stakeholders, and has received recognition from the chief of the Forest Service and news agencies. This applied research has been used by National Forest managers in designing landscape-level forest restoration projects and has informed new rules and practices in the management of public and private lands in California.

Developing a Qualified Workforce for California. UCCE trains and expands the current workforce while also preparing the next generation for success. For example, a UCCE Advisor played a crucial role in the Modoc Shared Stewardship, a partnership of the Modoc County Farm Bureau, Modoc County, Modoc National Forest, and UCCE. The partnership aims to address the consistent shortage of qualified workers in natural resources management, which hinders the timely completion of projects important to Modoc clientele on federal lands. The Advisor gathered collaborative resources to complete the human resources

work, job outreach and hiring, and on-the-ground training out of the UCCE Modoc office. Nearly 100 individuals were trained and hired to work on natural resources issues in Modoc County, with 15 of them becoming full-time federal employees. These employees have carried out diverse tasks such as rangeland monitoring, marking timber projects, completing archeology and wildlife surveys, treating noxious weeds, and ensuring National Environmental Policy Act compliance. This program also provides employment opportunities for students, giving them valuable experience before graduation, and for recent retirees, who can share their institutional knowledge with the next generation.

Another program, UC 4-H, prepares youth to succeed professionally. UCCE conducted a study of California 4-H alumni, surveying young and emerging adult alumni of the program to understand the long-term impacts of participating in UC 4-H. The study assessed career success, among other topics, and revealed that the UC 4-H program played a role in preparing students for college and career paths. Out of the 695 UC 4-H alumni who participated in the survey, 84% reported that the program contributed to their success in professional pursuits later in life.

Promoting Healthy People and Communities. UCCE supports health and well-being through education programs and by providing policymakers science-based information. UC ANR offers various nutrition education programs to both adults and children across the state. For example, CalFresh Healthy Living, UC (CFHL, UC) delivered nutrition education to over 58,000 youth and adults. According to a survey of 375 adult CFHL, UC participants, they reported making improvements in their healthy eating practices. For instance, 44% of the participants reported drinking less soda, and 71% reported eating more servings of fruit and vegetables. In another example, a UCCE Advisor in Alameda County extended the Happy Healthy Family curriculum to 1,545 children at 28 preschools in Oakland Unified School District through classroom teachers with positive results: an evaluation of the curriculum showed that 52% of children increased their intake of fruits and vegetables, and 17% reduced their consumption of sugary drinks.

The National Drinking Water Alliance (NDWA), coordinated by a UCCE academic at the Nutrition Policy Institute, shares data-driven information and best practices to improve access to safe drinking water and reduce the consumption of sugary drinks. The UCCE academic shares NDWA resources and knowledge with policymakers at the local, state, and national level. These activities have contributed to the passage of Assembly Bill 2638 (2022) that improves drinking water access and promotion in schools. The bill supports K-12 student access to drinking water by mandating water bottle filling stations in all new or renovated school buildings, permitting students to carry refillable water bottles, and asking schools to provide drinking water education and promotion.

Developing an Inclusive and Equitable Society. UCCE continues to work to ensure that outreach and education are inclusive and equitable for its diverse audiences. For example, UCCE collaborated with underserved farmers in the Sacramento Valley region, including around 200 Hmong and lu-Mien farmers who predominantly grow conventionally managed strawberries, vegetables, and flowers. Language and cultural barriers have previously prevented these farmers from integrating and receiving resources that are standard for California farmers. To address this, the UCCE Advisor worked with the Department of Pesticide Regulation to fund an integrated pest management extension program for Hmong and lu-Mien farmers in Sacramento. The funding was used to hire two staff persons, one Hmong and one lu-Mien speaker, to develop a culturally targeted outreach program. As a result, the UCCE Advisor was able to increase their reach to Hmong and lu-Mien farmers. Additionally, farmers reached by the program implemented integrated pest management strategies, composting, and other practices that made their farms more sustainable.

UCCE serves every county in California—connecting resources, forming integrated teams to work on complex issues, and delivering research-based, practical solutions. UCCE works with diverse stakeholders in local communities to determine the best use of academic positions and program funding for campus and off-campus locations throughout California. Programmatic priorities are derived through consultations with external stakeholders

such as local community leaders, legislators, campus leadership, and other internal University stakeholders.

CHARLES R. DREW UNIVERSITY OF MEDICINE AND SCIENCE

The Charles R. Drew University of Medicine and Science (CDU), a private, nonprofit university with its own Board of Trustees, conducts educational and research programs in South Los Angeles. Since 1973, the State has appropriated funds to UC to support a medical student education program operated by the Los Angeles campus in conjunction with CDU. State General Funds are provided to CDU under two contracts administered by the University. One contract provides State support for medical education; the other a separate public service program that funds activities in the Watts-Willowbrook community.

Historically, CDU received State funds through the University's budget for the training of 48 medical students (including 24 third-year and 24 fourth-year students) and 170 medical residents. Today, CDU provides educational, co-curricular and extra-curricular programming for all 109 medical students (years 1 through 4+). The joint CDU/UCLA affiliation agreement with the David Geffen School of Medicine outlines the structure of the relationship and instructional activities. Students participating in the joint Medical Education Program (MEP) earn a Doctor of Medicine (MD) degree, which is granted by the David Geffen School of Medicine. The fifth 10-year agreement between UCLA and CDU was signed June 2018.

The MEP, which started in 1981, continues today with a new class of 28 students matriculating in fall 2023. In addition, after advancing from applicant to candidate, CDU earned preliminary accreditation from the Liaison Committee on Medical Education (LCME) in October 2022. CDU started its own medical school admitting a class of 60 students whose first day of class was July 10, 2023. CDU's new medical school is ranked 157th in the United States and only the 4th at a historically Black university.

In 2008, UCLA expanded medical student enrollment in the MEP by four students (per class) as part of the UC Program in Medical Education (PRIME) initiative. The Los Angeles campus' PRIME program is designed to train physician leaders to be experts and advocates for improved

healthcare delivery systems in disadvantaged communities. In 2021, 45% of MEP graduates matched into primary care residency programs, with 11% going into Family Medicine.

CDU worked with state, county, and other local officials to re-establish residency programs in Family Medicine, Psychiatry, and Internal Medicine, bringing GME programs back to South Los Angeles in 2018 for the first time since the closure of the former MLK County Hospital in 2007.

Selected from the 2018 Residency Match, the first cohorts in Family Medicine and Psychiatry programs started in July 2018. CDU has received accreditation from the Accrediting Council of Graduate Medical Education (ACGME) for both programs with a total cap of 24 in Family Medicine and Internal Medicine and a cap of 26 in Psychiatry. Other specialties under consideration for future graduate medical education programs include General Surgery, Physical Medicine and Rehabilitation, Orthopedic Surgery, Pediatrics, and Obstetrics/Gynecology. In July 2022, CDU started an accredited Child and Adolescent Psychiatry

Fellowship with two fellows per year.

In July 2018, CDU was formally notified that the WASC Senior College and University Commission (WSCUC) reaffirmed accreditation for the institution for a period of ten years. The WSCUC commended CDU for, among other things, their strategic plan and strong commitments to the community, social justice, and community service; addressing health disparities; and producing health professionals who return to and serve under-resourced communities.

Funding for CDU instructional and public service programs currently is \$8.3 million in State General Funds and \$475,000 in matching funds. The University provides additional support for CDU from medical student Professional Degree Supplemental Tuition revenue and other University funds. One-time funding of \$50 million was included in the 2021-22 Budget Act for medical education facilities.

Academic Support – Libraries

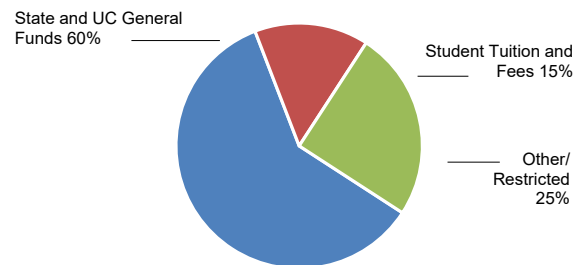
Individually and collectively, the University of California (UC) libraries provide access to the world's knowledge for the UC campuses and the communities they serve, supporting UC's missions of teaching, research and public service. The intellectual capital of the libraries – their acclaimed research collections, innovative services, user-friendly facilities and highly trained staff – constitutes an unparalleled resource for UC and all Californians.

As scholarly and creative hubs rooted in the physical and digital realms, UC's libraries are a network of locations, services and resources that evolve to better serve today's diverse students, scholars, and disciplines. Transformative library services enable UC's scholars to create, publish, share, store, search for and deliver information with ease. Through content licensing, digitization and open access strategies, the libraries provide access to far more information than they physically possess, supporting new forms of scholarship as well as remote learning, teaching and research. Further, many of UC's ever-growing digital collections and information services are accessible to all who seek such services and collections worldwide.

Campus libraries offer welcoming, inclusive and technology-rich learning spaces and services to meet myriad user needs and maximize intellectual potential and student success. Information professionals guide students through their scholastic careers, and digital scholarship centers, data labs and makerspaces introduce new opportunities to learn, experiment and create. UC special collections, unique on each campus, allow researchers of all levels to work with rare and original materials in carefully managed spaces.

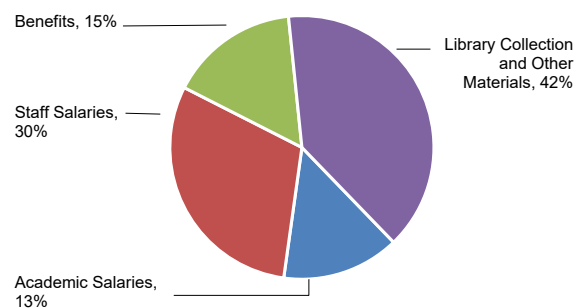
The UC Libraries' system includes more than 100 libraries across the ten campuses, two regional library facilities, and the California Digital Library (CDL).

Display IX-1: 2022-23 UC Libraries Expenditures by Fund Source (Total: \$360 Million)



The vast majority of the libraries' budget is derived from core funds (State support, UC General Funds and student tuition and fee revenue).

Display IX-2: 2022-23 UC Libraries Expenditures by Category (Total: \$360 Million)



Nearly 42% of the libraries' expenditures provides for the purchase, preparation, and use of library materials in a variety of formats (print, digital, multimedia and objects). As in other functions of the University, salaries and benefits are the UC Libraries' largest collective expenditure.

The UC Libraries hold 36 million print volumes, as shown in Display IX-3. The UC Libraries' print collection is now second in size and breadth only to the Library of Congress, for a single university within the United States.

In 2022-23, the economic value of the physical collection was estimated at \$1.2 billion, with special collections valued at an additional \$647 million, or 4.2% of UC's net capital assets.

UC LIBRARIES EXPENDITURES

Expenditures for the libraries totaled \$360 million in 2022-23. Approximately 75% of the budget is derived from core funds (State support, UC General Funds and student tuition and fee revenue). Significant restricted funding is provided from endowment earnings and private gifts and grants. As in other areas of the University, the libraries’ greatest expenses are salaries and benefits for more than 1,639 employees, including professional librarians, IT professionals and support staff. Compensation and benefits represented nearly 58% of the libraries’ expenditures in 2022-23. Library materials, which include books, subscriptions, and licensing of digital materials, made up nearly 42% of expenditures.

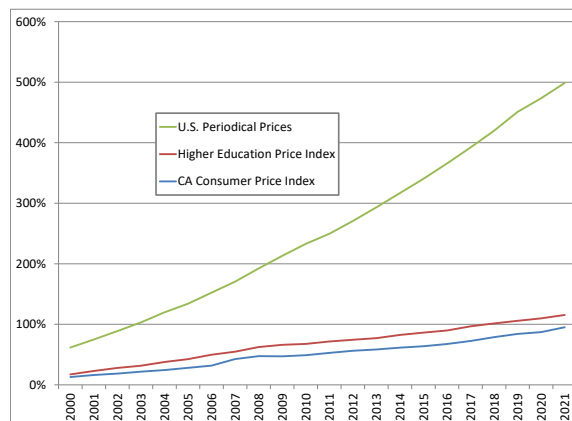
Numerous, longstanding budgetary pressures also remain for the libraries. Scholarly information continues to expand rapidly, while the number of academic programs, personnel and students further grow systemwide, all resulting in an increasingly greater need for new information resources. Students continue to require access to facilities that provide technologically well-equipped learning environments. And the need for information and data literacy is only heightened in our evermore complex information ecosystem. In the past, the State provided substantial support for UC’s strategy to promote systemwide library development. Over the last 20+ years, however, the State has been unable to provide sufficient funding to confront persistent price increases of books, journals and databases, which consistently outpace inflation (as shown in Display IX-4). Further, state funding fails to address additional, growing budgetary needs for new and evolving services.

To address funding shortfalls for collections and services, the libraries have identified and developed shared strategies to reduce costs and promote more efficient use of resources. Through shared electronic journal and book subscriptions, the UC Libraries generate annual savings and cost avoidances of over \$125 million. The libraries are also active leaders in numerous global open access initiatives to transform scholarly publishing into a system that is economically sustainable, while also ensuring the widest possible access to the scholarly record. Additional shared strategies include reduced

Display IX-3: UC Libraries At-A-Glance

Number of Libraries	100+
Library Holdings	
Print volumes	36,000,000
Total physical holdings (e.g., print volumes, maps, audio, video, etc.)	70,100,000
Average electronic holdings	3,111,000
Average e-books on each campus	2,400,000
Digitized UC volumes in HathiTrust	4,670,530
Electronic journals licensed collectively	320,990
Digitized items in campus collections	81,868,000
CDL/Shared print collection	947,230
Library Use	
Digital articles downloaded	50,480,960
eBooks accessed	4,716,190
Total library loans	275,000
Reference inquiries (total)	88,450
Virtual reference inquiries	51,150
Participants in instructional programs	131,640
Note: Data reported by all 10 campuses and the CDL. Numbers rounded.	

Display IX-4: Consumer, Higher Education, and Periodical Price Increases



Over the last 20 years, the cost of periodicals has risen more than 288.29%, while the consumer price index has risen only 85.37% during the same period. This cost increase has not changed in the digital environment.

purchasing costs through interlibrary lending, lower capital costs resulting from use of shared offsite facilities, and savings from systemwide digital collections development.

Though the libraries maximize systemwide savings and cost avoidances through numerous collaborative efforts, library budgets continue to be strained. The efficiencies generated through systemwide collaboration result in deep systemwide interdependence. As a result, budgetary decisions, whether at the Office of the

President or at a UC campus, can affect each partner's ability to contribute to and benefit from the coalition and may more broadly threaten the vitality of these core systemwide initiatives.

THE UC LIBRARIES PROGRAM

The UC Libraries have developed shared strategies to optimize resources and expertise, and strategically prioritize systemwide work. The most recent planning document, "[University of California Libraries, Systemwide Annual Plans and Priorities, FY 2023-24](#)," outlines the libraries' commitment to the transformation of scholarly communication; consideration of new shared services; and advancement of systemwide diversity, equity, and inclusion. The plan also positions the libraries to further improve long-term print collection management and explore opportunities to expand remote digital access to the University's immense print corpus. Through such collaborative work, the libraries expand shared capacity and advance both local and systemwide initiatives.

Open access remains a widely held institutional value at UC. As outlined in the UC Libraries' 2018 *Pathways to OA*¹ report, the libraries are concurrently investing in multiple open access strategies, at the campus and systemwide levels, to achieve the shared goal of making the products of scholarship freely and readily available to anyone in the world. Such efforts include directly engaging scholarly publishers, outreach to journal editors, support for academy-owned open access infrastructure, and investment in UC open access publishing. The libraries also provide crucial implementation support for the Academic Senate and Presidential open access policies², which commit the deposit of UC-authored scholarly articles to free and open digital repositories, like UC's eScholarship.

In partnership with the UC Academic Senate, the libraries are utilizing systemwide journal contract renewals to negotiate and implement transformative open access agreements with scholarly journal publishers. UC's

transformative open access model converts the University's subscription dollars into open access publishing payments and seeks long-term sustainability through a cost neutral conversion to open access. The libraries signed their first transformative agreement with Cambridge University Press in April 2019³ and have since signed more than 15 additional agreements, including with the largest academic publishers, Elsevier, Springer Nature and Wiley, and prominent scholarly societies, including IEEE and the American Chemical Society.⁴ UC's transformative publisher agreements now provide open access publishing eligibility for approximately 50 percent of UC articles; if planned UC negotiations are successful, about 70 percent of UC articles will be eligible by 2025.

The UC Libraries' leadership in resource stewardship is also long established, as evidence by UC's Regional Library Facilities (RLFs) in Richmond and Los Angeles, which currently house more than 15 million volumes of enduring research value deposited by campus libraries. An expansion at the northern RLF successfully opened in fall 2020 and will help ensure the preservation of UC's library collections for successive generations.

The RLFs are a major component of the UC Shared Print Collection, which contains single print copies of material for systemwide use and archival purposes. Shared print and other RLF collections alleviate campus space pressures by generating on-campus space for new print acquisitions, which remain critical to UC teaching and research, and enabling student-focused space redesign projects. To achieve even further economies of scale, the UC Libraries actively participate in numerous extramural shared print programs. For example, the libraries are founding members of the Western Regional Storage Trust (WEST) program to build a shared print journal archive with other institutions in the western region of the United States, and the HathiTrust Shared Print Program to build a shared print monograph archive with peer institutions in North America. Both programs help

¹ See <https://libraries.universityofcalifornia.edu/about/initiatives/scholarly-communication>.

² See <https://osc.universityofcalifornia.edu/open-access-at-uc/open-access-policy/>.

³ See <https://osc.universityofcalifornia.edu/2019/04/cambridge-uc/>.

⁴ See <https://osc.universityofcalifornia.edu/2021/03/uc-secures-landmark-oa-deal-with-worlds-largest-scientific-publisher/> and <https://www.universityofcalifornia.edu/press-room/uc-reaches-groundbreaking-open-access-deal-leading-global-publisher>

libraries at UC and beyond make more efficient use of limited storage space, while ensuring the continued preservation of print holdings.

UC Library Search (formerly referred to as the Systemwide Integrated Library System (SILS) project) launched in July 2021 and provides UC patrons with faster and easier access to the vast physical and digital collections of the UC Libraries, whether available at their home campus, online, or elsewhere within the system, including the RLFs. As the first truly unified discovery and borrowing enterprise system spanning the University, the libraries are further securing operational efficiencies, improving systems infrastructure, and bringing about significant cost avoidances. President Drake celebrated the launch of UC Library Search as “a transformational moment for the University of California.”⁵ Additional library discovery and delivery services continue to include overnight courier, interlibrary lending, and, if needed, immediate scanning and electronic delivery of articles.

With systemwide co-investments from the campus libraries, the CDL secures core scholarly electronic resources of systemwide importance and value, creating a level playing field for all UC students, faculty, researchers, clinicians and staff to excel. The value of this electronic access is demonstrable: the portfolio’s 1,200 databases, 120,000 online journals and 1.2 million eBooks are accessed 1 billion times annually across the UC community, including UC’s professional schools and health centers, from UC Merced to UCLA. In recent years, the COVID-19 pandemic and wildfires across the state have emphasized that access to online resources is more critical than ever, as it enables the continuation of UC’s teaching and research enterprises. CDL leverages the “power of ten” in their negotiations, bringing tens of millions of dollars in annual savings for digital serials and other materials. The centralized CDL negotiation and acquisition teams streamline the procurement process and create substantial efficiencies for the system.

CDL also built and manages the University’s open access publishing and repository platform, eScholarship.

As the institutional repository for the UC campuses and research centers, eScholarship hosts over 420,000 open access deposits – including graduate student dissertations and theses – which have been accessed almost 135 million times globally since the platform’s inception in 2002. eScholarship Publishing offers UC authors open access publishing services for journals, monographs, conference proceedings, preprints, and other UC-affiliated original scholarship. Demand for eScholarship, services, particularly open access journal publishing, continues to grow rapidly. In the past five years, the journals portfolio has grown over 20% and now totals more than 90 journals, showcasing research from all ten campuses.

The CDL further works in partnership with campuses to provide systems and tools for managing the University’s research outputs, and to share scholarly materials more broadly. CDL’s Online Archive of California (OAC) provides access to 55,000 finding aides to enable researchers to locate archival and unique materials from nearly 400 libraries, archives, and museums across the state. For users interested in viewing digitized versions of the content discoverable in OAC, CDL’s Calisphere provides free online access to over 2.1 million digital objects from throughout California, including images, texts, and recordings.

The libraries and CDL also support research data management and preservation for UC authors and scholarly community members through a variety of tools and services, including: the UC Merritt digital repository for managing, sharing, archiving and preserving digital content; and the Data Management Planning Tool (DMPTool) to help researchers create effective data management plans required by funding agencies.

The UC Libraries further augment the University’s capacity through strategic partnerships with the broader library community and other collaborators. In 2018, CDL and the Dryad Digital Repository announced their partnership to develop an open, community-supported data publishing and curation tool for researchers worldwide. Utilizing a technical platform developed by

⁵ See <https://ucnet.universityofcalifornia.edu/news/2021/07/president-drake-announces-the-introduction-of-uc-library-search.html>

CDL, CDL and Dryad relaunched the new Dryad data repository in fall 2019. By fall 2020, UC researchers, who are provided free use of Dryad through the partnership, had already published 800% more datasets, when compared to UC's former, institution-specific data repository. And UC adoption and use of Dryad only continues to grow. In 2023, the new National Institutes of Health (NIH) data management and sharing policy came into effect and requires all grant recipients to plan and budget for the management and sharing of generated scientific data. Given such changes, services like the DMPTool, Dryad and library data experts available to support UC researchers systemwide are increasingly critical to UC's research enterprise.

Since 2006, more than 4.6 million books from the UC Libraries have been scanned through participation in mass digitization partnerships with Google and the Internet Archive. These projects preserve content and expand the libraries' ability to provide faculty, students, and the public with access to collections. Leveraging these mass digitization partnerships, the UC Libraries are founding partners in the HathiTrust Digital Library, a collaboration of more than 200 top-tier research universities to archive and share their digitized book collections. Through the HathiTrust, UC gains access to millions of digitized books in the public domain, and benefits from cost-effective and reliable storage and preservation of its own digitized book collections. During the COVID-19 pandemic, the HathiTrust Emergency Temporary Access Service (ETAS) provided UC users with lawful access to in-copyright digital items that corresponded with physical volumes that were otherwise unavailable due to building closures.

While ETAS was deactivated with the reopening of library buildings, the service's success has left a resounding impact; faculty and students are eager for continued access to digital versions of the University's vast in-copyright print collection. With funding from the Mellon Foundation (currently \$1.1 million to fund 2023-2024 work), the UC Libraries have initiated a multi-phase project to explore and develop a comprehensive digitized book delivery system at UC. Phase 2 is currently underway and includes in-depth research into the four

main dimensions of service design: user needs, legal parameters, collection assessment and technology requirements. In carrying out this project work, the libraries will continue to partner and consult with peer institutions and organizations, like the HathiTrust Digital Library.

Through user-focused services and collaborative action at the local, systemwide, regional, national, and international levels, the UC libraries support the mission of UC, promoting the University as a leading research engine in the growth of California, the advancement of knowledge, and the education of California's students.

Academic Support

UC's academic support function includes various clinical and other support activities that are operated and administered in conjunction with schools and departments. These activities support the University's teaching, research, and public service missions. The University's clinics, the largest of these activities, are largely self-supporting through patient fees.

Academic support activities are funded from a combination of State funds, student or other fees, contracts and grants, and other revenues. Expenditures for academic support totaled \$3.8 billion in 2022-23 (see Display X-1). Various clinical and non-clinical activities, described in more detail below, provide academic support to campus programs, educational experiences for students, and valuable community services.

UNIVERSITY CLINICS

Community Dental Clinics

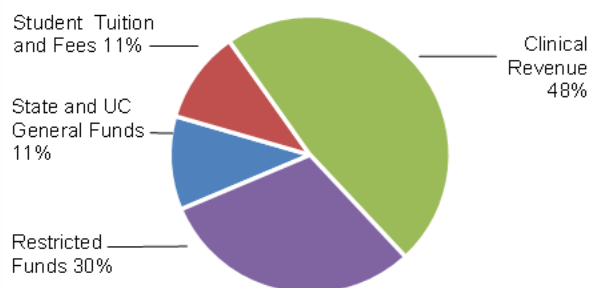
The pre-doctoral dental clinics in Los Angeles and San Francisco allow graduate professional students to pursue organized clinical curricula under the supervision of dental school faculty. Drawing from a diverse patient base, the clinics provide a spectrum of teaching cases that enhance the required training in general and pediatric dentistry.

These clinics, along with other community dental clinics staffed by students, residents and faculty from the schools of dentistry, serve to meet the dental health needs of hundreds of thousands of low-income patients, many of whom would not otherwise receive dental care. Despite providing a vital safety net for the community, these dental clinics are typically not self-supporting.

Optometry Clinics

The optometry clinics at Berkeley serves primarily as clinical teaching laboratories for the Herbert Wertheim School of Optometry and Vision Science, while providing comprehensive eye care and specialty services for a diverse patient cohort from throughout the region. At the clinics, optometry faculty supervise pre-doctoral

Display X-1: 2022-23 Academic Support Expenditures by Fund Source (Total: \$3.2 Billion)



Expenditures totaled \$3.8 billion in 2022-23. Clinics and other services are largely self-supporting.

optometry students and optometry residents in the clinical aspects of the prevention, diagnosis, and treatment of eye disease and visual problems. In addition, students and residents receive clinical experience at various Bay Area community health centers, which exposes them to a broad range of patients and cases and provides much-needed public service.

Veterinary Clinics

The veterinary medicine clinical teaching facilities at Davis, Tulare, and San Diego are teaching hospitals and clinics that support the UC Davis School of Veterinary Medicine. In these facilities, faculty train students enrolled in veterinary medicine in the clinical aspects of diagnosis, treatment, prevention, and control of diseases in animals. The clinical hospital facilities also support the largest veterinary residency program in the world, with over 30 different areas of board certification and veterinary specialty training. These facilities conduct clinical research, which advances discoveries in animal, human, and environmental health.

Occupational and Environmental Health Centers

The northern (Berkeley, Davis, and San Francisco) and southern (Irvine and Los Angeles) Centers for Occupational and Environmental Health (COEH) were created in 1979 as a joint project of the California Department of Industrial

Relations and UC. The centers serve Californians through programs and partnerships designed to deepen understanding and awareness of occupational and environmental hazards, and to prevent disease, fatalities, and injuries in and out of the workplace. Each center serves as the focal point for occupational health-related activities on the campuses in its geographical area, thereby strengthening the University's programs of teaching, research, and public service in these fields.

OTHER ACADEMIC SUPPORT PROGRAMS

In addition to the clinics, UC operates a wide variety of other academic support programs that are administered by schools and departments and enhance the University's teaching, research, and public service activities. Examples include the following:

Neuropsychiatric Institutes

UC's two neuropsychiatric institutes, the Semel Institute for Neuroscience and Human Behavior at the Los Angeles campus and the Langley Porter Neuropsychiatric Institute at the San Francisco campus, are among the State's principal resources for the education and training of psychiatric residents and other mental health professionals, and for the provision of mental health services. The primary missions of the institutes are to treat patients with diseases of the nervous system, and to strive for excellence in the development of approaches to problems associated with developmental, behavioral, psychological, and neurological disorders.

Laboratory School

The UCLA Lab School, which is part of the UCLA School of Education and Information Studies, serves as a laboratory for exploring innovative ideas regarding teaching, learning, and child development for approximately 450 children of diverse backgrounds in Pre-K through sixth grade. The results of its studies are shared through collaborations with educators from other schools, conferences, workshops, site visits, and in print publications and other media. Through this mix of strategies, UCLA Lab School teaching practices and research outcomes have been widely shared with schools across the globe.

Vivaria and Herbaria

Each campus operates vivaria and herbaria, which are centralized facilities for the ordering, receiving, and caring of animals and plants essential to instruction and research.

Museums and Galleries

The University operates many museums and galleries. These cultural resources are open to children and adults throughout the state and are largely self-supporting, generating revenue through ticket sales. Many of UC's museum and gallery holdings are also available to UC faculty and students conducting research.

Teaching Hospitals

UC operates the largest public academic health system and one of the most expansive health sciences instructional programs of its kind in the nation. Across its system, UC works to advance health through preeminent biomedical research, graduate-level education in the life sciences and health professions, and excellence in patient care. UC's patient care mission is carried out by its six academic health centers: UC Davis Health, UCI Health, UCLA Health, UC Riverside Health, UC San Diego Health and UCSF Health. UC students and employees are among those served.

Five of the six academic health centers provide or operate their own teaching hospitals, along with owned or operated clinics and other clinical services. UC Riverside Health provides clinical care through community facilities. These systems of care provide financial support to UC's public and academic missions, subsidizing care for vulnerable populations and the underinsured, and advancing greatly needed health equity and behavioral health initiatives.

The clinical delivery systems are financially self-supporting. Each academic health center must generate sufficient revenues to meet important needs in its community, including training physicians and other health professionals, supporting medical research, providing care to the medically and financially underserved, and building and operating facilities to serve the diverse needs of its patients.

Nearly three quarters of the inpatient days in UC hospitals are for patients enrolled in governmental health plans (Medicare and Medi-Cal). UC Health receives payment that is less than the cost of providing care for Medicare and Medi-Cal patients. The reimbursement gap for UC hospital-based care delivered to people with Medicare coverage was \$1.95 billion and approximately \$1 billion for Medi-Cal enrollees. Further Medicare and Medi-Cal uncompensated care occurred at UC faculty practice groups.

UC's ability to continue investing in its academic and public missions is linked to its health system's ability to maintain a balanced payor portfolio and to provide the most complex care in its own facilities. For these reasons, all State

DISPLAY XI-1: UC MEDICAL CENTERS AT-A-GLANCE, FISCAL YEAR 2022-23*

The University's six academic health centers are a critical part of California's health delivery system.

Licensed acute care inpatient bed capacity	3,904
Inpatient days	1,228,716
Outpatient clinic visits**	6,280,381
GME residents	5,931
Total operating revenue	\$18.1 billion

*UCSF Medical Center financial statements include UCSF Benioff Children's Hospital Oakland, a blended component unit of the University of California. Total outpatient visits include hospital and physician clinics, emergency room encounters, and home health and hospice visits.

**UC's six Schools of Medicine, among other health professional schools, work in conjunction with UC's academic health centers to provide patient care. Specifically, UC's medical schools and specialty clinics provided 3,780,504 outpatient clinic visits in 2022-23, for a total of 10,060,885.

funding is critical to economic sustainability and advancing the missions.

Core clinical learning experiences in the health sciences take place at all academic health centers and other UC-sponsored teaching programs. The University's hospitals and hospital-based outpatient clinics serve as regional referral centers, providing tertiary and quaternary clinical services that are often available only in an academic health setting. Additionally, UC hospitals and hospital-based clinics provide the entire spectrum of health services, including primary and preventive care.

UCLA Health, UC San Diego Health and UCSF Health all were recognized on U.S. News & World Report's Best Hospitals 2023-2024 Honor Role of the nation's highest performing hospitals and tied for the No. 1 in the ranking of hospitals in the State. All UC academic health centers are ranked among California's top 16 hospitals, according to the survey. All of UC Health locations were rated as national leaders in at least one adult specialty care area.

DELIVERING COMPLEX AND INNOVATIVE CARE

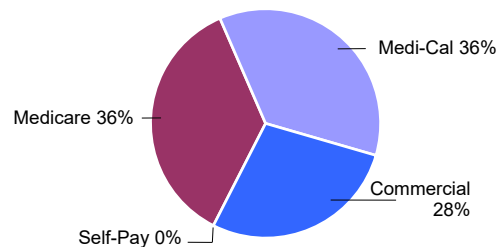
The academic health centers are internationally recognized as leading sites for research and development of new diagnostic and therapeutic techniques. A highly diverse portfolio of clinical research is funded by government agencies, foundations, and private industry. An important example of translating scientific research into clinical interventions was the involvement of the UC academic health centers in all major clinical trials of COVID-19 vaccines conducted in the United States. This includes the Pfizer-BioNTech, Moderna, and Johnson & Johnson vaccines that have been used across the nation and the world. UC Health clinical trial sites have been instrumental in critical efforts to increase the diversity of participants in these trials. Better representation is much-needed across clinical trials overall and essential to addressing vaccine hesitancy among historically marginalized groups.

UC academic health centers support Level 1 Trauma Centers, capable of providing the highest level of specialty expertise and surgical care to trauma victims. With a tripartite mission of teaching, public service, and research, these centers benefit both California and the nation. They not only provide excellent training and educational opportunities for health professionals who participate in the University's clinical teaching and continuing education programs, but also health care services through approximately 1.2 million inpatient days and 6.2 million outpatient visits in 2022-23.

UC Health's patients often have more complex medical conditions than patients at many other institutions, conditions that often can only be managed by quaternary and tertiary care referral hospitals like those at UC. The case mix index, which measures patient complexity and severity, has historically been higher than the state average.

UC's academic health centers collaborate on clinical excellence and population health improvement in a number of ways. At the UC Health system level, health centers work together through the Center for Data-Driven Insights and Innovation (CDI2), UC Population Health and other

Display XI-2: 2022-23 UC Medical Center Inpatient Days by Patient Type*



* Inpatient days associated with UCSF include UCSF Benioff Children's Hospital Oakland, a blended component unit of the University of California.

functions. These efforts are supported by the UC Health Data Warehouse which leverages information from electronic health records across the system. These collaborations are consistent with UC Health strategic plan objectives to become a market leader using data analytics to inform health-related research and improve patient outcomes and care.

UC Cancer Consortium

A key collaboration across UC academic health centers is around the fight against cancer. Despite advances in cancer research and care, there is a 40% chance that a person will develop cancer over their lifetime, and nearly one in five may die of the disease¹. Nearly 1.5 million California residents are living with a history of cancer².

Each of UC's cancer centers holds the highest designation from the National Cancer Institute (NCI) and supports all aspects of UC's tripartite mission of education, research and public service. UC cancer centers make up five of the eight NCI-designated Comprehensive Cancer Centers in California, and are among only 54 nationwide with the designation. They are at the frontlines of California's fight against cancer.

These five UC NCI-designated comprehensive cancer centers have come together to form the University of California Cancer Consortium (UCCC). Together, they are working to reduce cancer incidence across California, promote health equity by addressing cancer health

¹ See [Cancer Statistics Review, 1975-2018 - SEER Statistics](#).

² See <https://www.ccrca.org/learn-about-ccr/about-cancer/>.

disparities, and advance cancer research discoveries.

Because cancer is not one disease, determining each patient's course of treatment through data-driven, precision medicine approaches will become more important in delivering the best cancer care. With new discoveries in cancer treatment and prevention emerging all the time and many advances in collecting and analyzing big data, it is now even more critical to coordinate efforts among the most skilled people and institutions.

INTEGRAL PART OF CALIFORNIA'S SAFETY NET

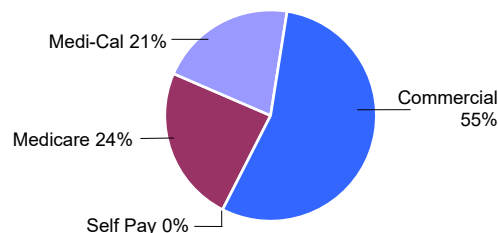
In alignment with the mission of public service and educating/training health professionals, UC's academic health centers also provide a critical service in maintaining health care access to medically vulnerable populations through UC Health facilities and specialty clinics, affiliations with other health care organizations, and expansion of telehealth services. UC Health hospitals play a significant role in the state's health care safety net system, providing patient care regardless of ability to pay. More than two-thirds of UC hospital inpatient days are for people with government-supported health care coverage through Medi-Cal or Medicare. Both payors provide reimbursements that are less than the cost of delivering care. Systemwide, just over 36% of inpatient days for 2022-23 are associated with Medi-Cal enrollees (see Display XI-2).

TEACHING HOSPITAL FUNDING SOURCES

Changes in health care delivery, financing, health insurance coverage and inflation are generating unprecedented pressures across the nation's health care systems. In order to thrive, contain health care costs and ensure that revenue remains stable, UC Health is working proactively to improve health care quality and outcomes; increase market share; decrease expenses; and improve alignment between the faculty practice groups and academic health centers.

The University's teaching hospitals earn revenue from a variety of sources, each with unique economic constraints, issues, and policies. In 2020-21, 93.9% of UC Health's operating revenue came from reimbursements for the provision of clinical care. Clinical revenues are critical not only to the operation of the academic health centers, but also to the schools of medicine and the broader University.

Display XI-3: 2022-23 UC Medical Center Revenue by Source* (Total: \$18.1 Billion)



*UCSF Medical Center financial statements include UCSF Benioff Children's Hospital Oakland, a blended component unit of the University of California.

The academic health centers provide financial support to UC schools of medicine to fund operating activities, clinical research, faculty practice plans and other programs. In 2020-21, the support was \$853.8 million.

Private Health Plans and Managed Care

Private health plans, in all forms, represent a large source of revenue for the academic health centers behind that of government payors (Medicare and Medicaid combined). Revenue from private health plans was \$9.7 billion in 2022-23. As commercial and Medicaid health insurance has evolved, health care services are increasingly paid for by managed care plans that incentivize reduced or limited cost and utilization of health care services. Managed care plans pay providers in various ways, including negotiated fee-for-service rates and "capitation" payments, under which providers are paid a predetermined periodic rate for each enrollee in the plan that is assigned or otherwise directed to receive care at a particular hospital. Under each model of managed care, providers assume a financial risk for the cost and scope of institutional care provided to a plan's enrollees. If an academic health center is unable to adequately contain its costs, net income is adversely affected. Conversely, academic health centers that improve efficiency or reduce incurred costs maximize revenue. This is another area in which data-driven insights not only improve patient care, but also have meaningful effects on financial performance.

Medicare

Patient care reimbursements from Medicare, the federal governmental health insurance system for eligible elderly and disabled persons, constituted 24% of health center

revenues in 2022-23 (see Display XI-3). Each of the academic health centers is currently certified as a provider for Medicare services and intends to continue to participate in the Medicare program. Periodically, the requirements for Medicare certification change, which can require academic health centers to alter or upgrade facilities, equipment, billing processes, policies, personnel, and services in order to remain certified.

Medicare Graduate Medical Education Payments

Graduate Medical Education (GME) programs provide in-depth residency and fellowship training in specialties of medicine after graduation from medical school. All of UC's academic health centers provide GME programs and fund a substantial number of them without traditional federal support.

Medicare has historically been the largest single funder of GME in California, with the state's historical investment being relatively small given the size and success of the state's residency programs in both training and retaining graduates for practice in California. In 1997, Congress capped the number of residency slots for which hospitals could receive Medicare GME funding and has not increased this cap until recently. Under the Consolidated Appropriations Act of 2021, 1,000 new Medicare-funded GME slots will be created, distributing only 200 GME slots nationwide each year for five years, starting in 2023.

Priority will be given to teaching hospitals in rural areas, hospitals training residents over their Medicare cap, hospitals in states with a new medical school or branch campus, and hospitals located in health professional shortage areas. To date, no UC residency program has received additional Medicare funding from this appropriation.

As a result, UC's academic health centers are continually absorbing costs for residency training slots. In 2022-2023, UC Health trained 5,931 health sciences residents. Of those, 5,911 are medical residents trained through UC Health-sponsored and longstanding UC Health-affiliated family medicine programs. This currently includes more than 900 positions for which UC received no federal GME direct support.

Additional funding for California GME programs comes

through a portion of Proposition 56 funds, as well as from the Song-Brown Healthcare Workforce Training Program, which seeks to increase the number of students and residents receiving quality primary care education and training in areas of unmet need throughout California. For Prop 56 GME funding, \$6.685 million was allocated for UC Health awardees in the 2021-2022 grant cycle, and \$6.875 million was allocated to UC Health awardees for the 2022-2023 grant cycle.

Medicaid/Medi-Cal

Medicaid (known as Medi-Cal in California) is a program of medical assistance, funded jointly by the federal government and the states, for low-income individuals, persons with disabilities, and their dependents. Under Medicaid, the federal government provides grants to states with medical assistance programs consistent with federal standards. Medicaid programs are operated by states and use various mechanisms to pay hospitals. About one-third of Californians are now covered by Medi-Cal.

According to data from the California Department of Health Care Access and Information, UC's academic health centers together are the second-largest provider of Medi-Cal hospital services by most measures, despite representing less than six percent of the hospital beds in the state.

Medi-Cal patients accounting for 35% of inpatient volume, yet Medicaid/Medi-Cal provided only 22% of health center revenue in 2022-23. Medi-Cal reimbursement covers an estimated 50% to 70% of the cost of care per patient. UC Health values the significant role Medi-Cal plays in providing access to needed health care services by low-income children and adults.

Current Medi-Cal Waiver. Since 2005, UC Health has relied heavily on Medicaid supplemental payments to help cover the growing expenses related to serving Medi-Cal beneficiaries. Additionally, as the State has moved more Medi-Cal beneficiaries into systems of managed care, UC Health and the State have worked together on new supplemental payments consistent with local managed care plan payments and utilization.

These new payments include the Enhanced Payment Program (EPP), the Quality Incentive Program (QIP), and

the Graduate Medical Education Program (GME), which provide new supplemental Medicaid payments to help cover the unreimbursed expenses related to providing Medicaid services. These programs also provide an infrastructure to transition payments that were historically paid under the Waiver program. For example, the Medicaid Waiver Public Hospital Redesign and Incentives in Medi-Cal program (also called “PRIME”) payments are being transitioned to the QIP, which is tied to Medicaid utilization.

UC Health is working closely with the State to maintain every possible Medi-Cal funding resource. Additionally, the University’s academic health centers continue to receive a fixed percentage of the statewide Medicaid Disproportionate Share Hospitals (DSH) allotment and the Safety Net Care Pool that were created in prior waiver agreements, but now paid outside the Waiver program.

Hospital Quality Assurance Fee. To help cover hospitals’ Medi-Cal costs, California developed a Medi-Cal provider fee program called the Hospital Quality Assurance Fee (QAF). Under QAF, selected hospitals self-assess fees on their operations and the resulting funds serve as non-federal share of Medi-Cal payments to hospitals. As a result of a successful ballot initiative in 2016, certain aspects of the provider fee program became permanent. UC and other public hospitals receive a portion of the QAF funding. While these payments are modest, they remain an essential component of total Medicaid payments.

LEVERAGING SCALE FOR VALUE

Operating under the vision of President Drake and Medical Center leadership, the Systemwide Operations (LSfV) team provides leadership and oversight across complex multidisciplinary areas, while executing targeted initiatives with the overarching goal of providing value through “systemness” across all of the UC Health system. Beginning in 2014-2015, this team was initially focused on areas of healthcare supply chain and revenue cycle. In subsequent years, and as the Systemwide Operations team grew in size and scope, it expanded its focus to additional operational areas that now include Information Technology, Laboratory, Pharmacy, Capital Equipment, Construction and Energy Efficiency. The team continues to demonstrate how operational efficiencies across the UC Medical Centers

produce much needed savings, revenue enhancement and generation, cost avoidance and quality improvement in the ever-changing landscape that is United States healthcare.

Financial and operational impact delivered to the UC Health system as a result of the work driven and managed by this team has resulted in significant measurable impact over the past few years. For example, in FY2021, the Systemwide Operations team delivered \$51.3 million in operational impact across the system. That number rose to \$77.4 million for FY2022, and the team is on track to again deliver significant financial impact for the current reporting period in FY2023.

UC SELF-FUNDED PLANS

The University of California offers self-funded PPO and flex-funded HMO coverage options to its employees, retirees, and their dependents: UC Care, Core, Health Savings Plan and UC Blue & Gold HMO. Additionally, the University offers three Medicare supplement plans that are self-funded. UC Care is a custom three-tier PPO plan. Tier 1 includes UC Health System providers from the five academic health campuses as well as other providers in markets that do not have UC health centers. Both Core and the Health Savings PPO plans are high deductible health plans. The Health Savings plan combines the flexibility of a PPO with the tax-saving benefits of a Health Savings Account (HSA). UC funds the Health Savings Account (HSA) up to \$1,000 for those employees with family coverage. UC Blue & Gold is an HMO with a custom network of providers created exclusively for UC that includes more than 240 hospitals, 10,000 PCPs and 26,100 specialists across 30 counties.

Over the long term, the oversight of self-funded plans will provide the University with the ability to more proactively manage health care costs and aim for better population health. Currently the University’s self-funded health plans have approximately 215,000 enrollees.

CURRENT CHALLENGES AND ISSUES

UC’s academic health centers are subject to a wide variety of pressures that affect their financial outlook over the next several years, including:

- continued financial uncertainties driven by inflationary pressure on labor and supply costs;
 - reimbursement rates for emerging treatment capabilities, such as chimeric antigen receptor T-cell therapy for some types of cancer, which are significantly lower than the cost of care;
 - reduction in 340B Drug Pricing Program proceeds (which enable safety net hospitals to purchase drugs at a substantial discount from participating drug manufacturers);
 - scheduled reductions in federal Medicaid Disproportionate Share Hospital (DSH) payments, have been repeatedly delayed by Congress. (Legislative efforts in response to the pandemic to further delay these cuts have likewise been successful. Delays in scheduled reductions will likely not be indefinite.);
 - downward pressure on Medi-Cal supplemental payments;
 - rising labor costs related to restrictions on contract labor and non-cash allocations for pension and other post-employment benefits (OPEB);
 - rising costs of pharmaceuticals and medical supplies;
 - increasing salary and health and welfare benefit costs;
 - financing the seismic safety retrofits mandated by SB 758 and other significant capital needs;
 - increasing demand for certain services and capacity constraints; and
 - increasing demand on medical centers to support the academic enterprise.
- rising and unpredictable energy commodity costs
 - continuing upward costs for major construction projects across health system
 - securing funding for full construction pipeline over next 10 years

Despite these economic issues, UC hospitals must generate sufficient funds to meet their teaching mission and help support the schools of medicine and other health professional schools. The financial viability of the UC Health hospitals depends upon payment strategies that recognize the need to maintain an operating margin sufficient to cover debt, provide working capital, purchase state-of-the-art equipment, invest in infrastructure and program expansion, support medical education, and allow provision of care for the poor. Higher commercial insurance reimbursements help fill the funding gap created by shortfalls in lower Medi-Cal and Medicare reimbursements. The academic health centers continue to expand access to

care and fulfill their missions, but the current landscape presents challenges.

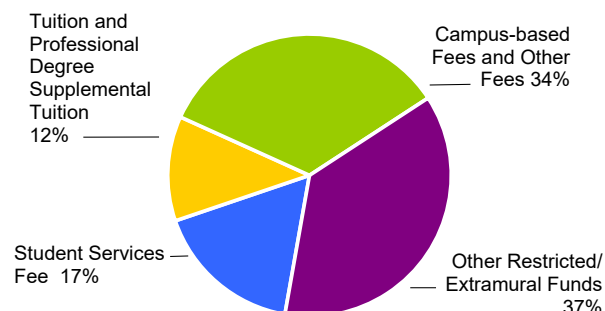
Student Services

Student services at the University of California are co-curricular programs and activities that contribute to the intellectual, cultural, and social development of students outside of UC's three-pronged mission of instruction, research, and public service. These services can have a significant influence on students' academic outcomes and personal development, and can help to build bridges between what students learn in the classroom, as well as how they apply their knowledge and skills on campus and in the broader community.

Student services are supported largely by non-State funds. Total expenditures for student services were \$1.5 billion in 2022-23 (see Display XII-1), most of which were covered from student fees. The University features a variety of student services programs. Elements of these programs are described below (also see Display XII-2).

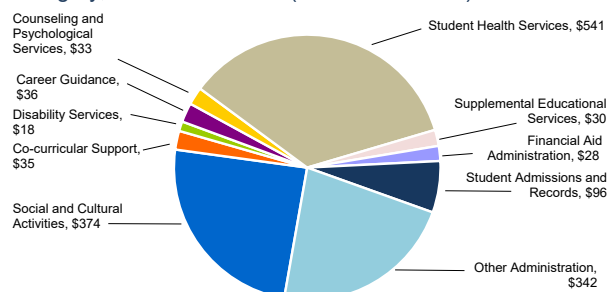
- **Campus admissions and registrar operations** include the processing of applications for admission, course registration, scheduling of courses, maintaining and updating of student academic records, preparing of diplomas, and reporting of statistics.
- **Campus financial aid offices** counsel students about their financing options; determine and monitor the eligibility of students for financial assistance; and develop financial aid packages for students, which include scholarships, fellowships, grants, fee waivers/remissions, and loans and work-study jobs from federal, State, UC, and private sources.
- **Counseling and psychological services** are available to all registered students. Campus services include emergency response, short-term counseling, outreach and prevention services, and faculty/staff consultation. All are aimed at maintaining the emotional health and wellness of individuals within the campus community.
- **Student health services** provide primary care and other services to keep students healthy, including general outpatient medical care; specialized medical care; psychiatry; and health education about wellness and stress reduction, among other topics.
- **Academic support services** include individual and group tutorial services in writing, mathematics, and study skills, as well as support for graduate school exam-preparation.
- **Co-curricular support and engagement** include services for student veterans, undocumented

Display XII-1: 2022-23 Student Services Expenditures by Fund Source (Total: \$1.5 Billion)



Student fee revenue, including campus-based fee revenue, provides 63% of the funding for student services. Total includes administrative activities.

Display XII-2: 2022-23 Student Services Expenditures by Category, Dollars in Millions (Total: \$1.5 Billion)



In 2022-23, 70% of student services expenditures were for non-administrative activities in counseling, cultural and social activities, and student health services.

students, transfer students, international students, LGBTQ students, cross-cultural centers, leadership programs, fellowship programs, and student government.

- **Services for students with disabilities** include accommodations such as readers for blind students, interpreters for deaf students, note-takers, mobility assistance, adaptive educational equipment, and other disability-related services.
- **Social and cultural activities** provide opportunities for students to participate in student organizations, recreational and sport activities, and various forms of art (music, dance, painting, etc.).
- **Career guidance activities** assist students with academic performance, choice of major, graduate or professional school applications, internships, career opportunities, and assessment of interests and aptitudes.

Student Services Fee Background

The Student Services Fee (formerly the University Registration Fee) is set by the UC Board of Regents and is charged to all registered students systemwide, with few exceptions.¹ The majority of Student Services Fee (SSF) funds are spent on services like counseling and career guidance, cultural and social activities, and student health. In addition, some SSF revenue is used for capital improvements that provide extracurricular benefits for students.

History of Student Services Funding

Student services, as with many University programs, suffer from persistent underfunding. Beginning in the early 1990s, student services were adversely affected by severe budget cuts when the University was forced to make substantial reductions, due to the State's fiscal crisis. At that time, student services were State-funded and have since been shifted to non-State funds, primarily tuition and the Student Services Fee. From 1995-96 through 2004-05, the SSF was \$713 per year. In 2002-03, student services programs were further reduced by a targeted midyear cut of \$6.3 million, which grew to \$25.3 million in 2003-04 – equivalent to a 20% reduction in SSF-funded programs. These reductions occurred when student enrollment was increasing, with corresponding growth in demand for student services, including during the summer.

From 2005-06 through 2011-12, the SSF increased (by an average of \$37 per year) to \$972. During this time, students' needs continued to evolve, and the increases did not meet the full extent of the demand. UC enrollment increased annually, along with program costs, making it difficult to continue providing adequate services.

From 2012-13 through 2014-15, the SSF did not increase. Renewed investment in UC from the State, announced by Governor Jerry Brown in the May Revision to the 2015-16 State budget, included a framework that initiated much-needed predictability in its long-term fiscal outlook and a solid foundation from which to plan. The budget framework also acknowledged the need for additional revenue for student services.

Thus, the UC Regents approved a plan starting in 2015-16 for increases of 5% annually to the Student Services Fee through 2019-20. Half of the revenue generated by the increase (net of aid) was designated for the hiring of direct mental health services providers, with the other 50% for critical student services. In 2023-24, the Student Services Fee is \$1,230 for new undergraduate students, \$1,176 for continuing undergraduate students, and \$1,206 for graduate students. For more information regarding the Student Services Fee, see the *Student Tuition and Fees* chapter of this document.

STUDENT MENTAL HEALTH SERVICES

Issues concerning student mental health continue to see heightened national attention, with colleges and universities reporting increasing numbers of students in psychological distress. The UC has not been immune to this trend. Historically the UC has implemented various funding strategies to keep pace with growing needs:

- **2011–14:** \$7.7 million for prevention is made available by the California Mental Health Services Act (Prop. 63).
- **2014:** UC Regents approved the Long-Term Stability Plan for Tuition and Financial Aid (LTSPFA) with a 5 percent increase in the student services fee (SSF) through fiscal year 2019.
- **2018:** UC Regents deferred the SSF increase for fiscal year 2018–19. The Budget Act of 2018 allocated \$5.3 million in one-time funds for student mental health.
- **2019:** The Budget Act of 2019 allocated \$5.3 million in ongoing funds for student mental health.
- **2021:** The Budget Act of 2021 allocated \$15 million in ongoing funds for student mental health.
- **2022:** SSF is approved, half of net revenue from increase to be used for student mental health and well-being.

In recent years, student mental health has received state support to broaden the scope of services to ensure UC campuses are meeting the needs of students across the continuum of care. In 2021, \$15 million in funding for student mental health was included in the State budget. The funds were allocated based on the proportion of student population per campus and a weighted equity index

¹ See <https://www.ucop.edu/operating-budget/fees-and-enrollments/other-fee-information/exemptions-reductions.html#exemption> for more information about tuition and fee exemptions.

developed by Institutional Research and Academic Planning. This State General Fund appropriation has increased campus support in the following programs:

- services to expand mental health crisis support;
- services to support underrepresented student groups (e.g. foster youth, Black, Indigenous, People of Color, LGBTQ, disabled, veterans, underground scholars, homeless, parenting students, etc.);
- programs to engage peers to increase outreach, education, and support;
- programs to support substance use and recovery services.

In 2023, UC received an increase in ongoing State funding for Student Mental Health, bringing the total amount of State funding to \$21.3 million. This funding is expected to assist campuses with increasing services in prevention, early intervention, treatment, and recovery programs. UC continues to advocate for increased funding, developing strategies to build capacity, and coordinating statewide support across public higher education segments and local counties. UC is currently working closely with California Children Youth Behavioral Health Initiative (CYBHI). As part of the 2021 Budget Act, the CYBHI received \$4.4 billion in one-time funding for a multi-year, multi-department package of investments that reimagines the systems that support behavioral health and wellness for all California’s children, youth, and their families. Efforts focus on promoting social and emotional well-being, substance use prevention, and providing equitable, appropriate, timely, and accessible services for emerging and existing behavioral health needs for children and youth ages 0-25. UC has a unique opportunity to leverage CYBHI grant funding through six competitive grant funding rounds to support trauma informed programs, early intervention, and youth-driven community defined programs. In addition, UC will be working closely with the Department of Health Care Services (DHCS) on a new “all payer fee” schedule to provide Medi-Cal reimbursable school-based behavioral health services to UC students.

Student Mental Health data from 2022-2023 reflect another year of hybrid (tele-mental health and in-person) services with counseling centers serving 34,467 unique clients (a 10% increase from 2021-22) in the provision of 128,619 counseling visits (a 2.2% decrease from 2021-22) within

individual counseling, case management, follow-ups, psychological assessment, intakes, triage, and urgent contacts. Access to counseling appointments for students with urgent mental health issues remains a priority at all campuses, with an average wait time of 0 days, and 90-99% of students seen on a same-day basis. Access to initial intake appointments for routine issues remains very good. The percentage of students seen within two weeks for initial counseling visits in 2022-23 was 83% (compared to 74.% in 2021-22), which surpasses the target goal of 80% of students seen within 14 days.

UC continues to work on reducing wait times, with the goal of seeing 80% of students within 14 calendar days when students present with routine, non-urgent issues.

UC STUDENT HEALTH INSURANCE PLAN

To ensure that UC students have access to high-quality healthcare services, the University requires all students to carry a minimum level of health insurance coverage. Students can meet this requirement by either enrolling in a UC-sponsored insurance plan, or by demonstrating adequate coverage through an external plan.

The largest UC-sponsored plan is the UC Student Health Insurance Program (UC SHIP), a self-funded PPO plan initially established in 2011. This program incorporates a shared governance structure whereby all key decisions are voted on in the Executive Oversight Board forum, which meets monthly and comprises leaders from campus student health services, student representatives, and UCOP executive leadership.

UC students at Davis, Hastings College of the Law, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara and Santa Cruz campuses were automatically enrolled in UC SHIP for the 2020-21 academic year. Students already covered by a health insurance plan can waive enrollment to UC SHIP by submitting a waiver application prior to the start of each new academic year. UC SHIP offers medical, pharmacy, dental and vision care benefits, and mental health and substance use disorder services for undergraduate and graduate students and their dependents. Berkeley provides medical, dental, and vision benefits administered at the campus level and is not part of UC SHIP. By leveraging the

purchasing power of students across multiple campuses, the University provides students with access to excellent coverage at affordable prices.

UC SHIP provides benefits that match or exceed those required by the Affordable Care Act (ACA), even though as a self-funded student health plan, it is not required to do so. University sponsorship of student health insurance plans remains relevant in this era of health care reform. Most students can obtain stronger benefits at a lower cost with a UC-sponsored student health plan than if they purchase an individual plan through the State insurance exchange. In 2015, UC SHIP applied to be a Minimum Essential Coverage (MEC) plan (as required by the Affordable Care Act), so students can avoid paying a fee for not having insurance. The UC SHIP plan has maintained its status as a MEC plan since that time.

In 2022-23, UC SHIP contracted with a new vendor, Lyra Health, to provide additional digital mental health resources, virtual mental health and wellness coaching, and additional access to both virtual and in-person mental health services, over and above the services that were provided within Anthem's mental health provider network. During the first year of service provision ending on August 15, 2023, Lyra Health provided 36,709 visits to 3,939 UC SHIP students, complementing access to mental health services available at UC campuses and their surrounding communities. For students requiring more complex or intensive evaluation and treatment, UC's academic health centers treat all students who require services without regard to race, color, religion, national origin, citizenship or other protected characteristics.

BASIC NEEDS

Since 2014, the University evolved from having no systemwide basic needs data or programs, to launching operative basic needs centers at all ten campuses. These State-funded hubs serve thousands of students annually. The tremendous success of the basic needs movement at UC is the result of a collaborative effort by all stakeholders—students, staff, University leaders, Regents, and State policymakers—who galvanized their efforts toward a common goal: providing a college experience

wherein all students have everything they need to thrive personally and academically.

The Budget Act of 2019 (Assembly Bill 74) included \$15 million to address food and housing insecurity at the University, with an additional \$3.5 million to support rapid rehousing efforts for homeless and housing-insecure students at UC.

The Budget Act of 2020 (Assembly Bill 85) included a one-time appropriation of \$650,000 to support UC's campus efforts to increase student applications to the CalFresh Program.

The Budget Act of 2023 provided UC with an additional \$800,000 for Basic Needs, and an additional \$200,000 for Rapid Rehousing, bringing the total annual budget to \$15.8 million and \$3.7 million, respectively.

Prior to attaining ongoing, sustainable funding, campuses varied greatly in the levels and duration of resources dedicated to campus-based basic needs programs. This included material resource contributions, revenues from campus-based fees introduced via student fee referenda, budget line items, external donations and grants, and specific project award and allocations. In addition to campus-generated funds (from student service fees and tuition revenue) allocated to individual campus basic needs programs and services, the Office of the President provided campuses with one-time funding for campus-based programs to address food security-related issues in 2015–16, 2016–17, and 2017–18, and the State Budget Act provided additional funding in 2017–18 and 2018–19.

In 2018, the UC Regents formed a special committee to further the discussion on basic needs, identify the root causes of basic needs insecurity, and develop a long-term strategy to eliminate basic needs insecurity at the University. In 2020, the committee concluded its work with the release of a report: *The University of California's Next Phase of Improving Student Basic Needs*. The report serves to guide UC's long-term strategic vision to convey potential solutions to basic needs insecurity at the University and beyond to administrators, policymakers, practitioners, and researchers. In 2021-2022, the University supported over 72,000 students experiencing any level of food or housing insecurity.

Food Support Programs

Campuses offer a variety of ongoing food assistance programs, educational workshops, and food operations. The enduring effects of the COVID-19 pandemic on financial instability and rising costs of living have underscored the importance of sustaining basic needs services to support student success. CalFresh, also known at the federal level as the Supplemental Nutrition Assistance Program (SNAP), is a highly effective food security program that provides monthly benefits to eligible individuals to purchase food. Reducing barriers to students enrolling in CalFresh and CalFresh application assistance has become a critical component of food security programs at UC's Basic Needs Centers.

Emergency Housing Support

To address the unique housing needs of students, UC campuses used the State's funds for a variety of housing services and support, including direct student housing awards, emergency relief and crisis resolution, student education and workshops, and staffing for both student and career positions. Although housing services and programs vary by campus, campuses engage with a variety of campus and community partners to implement best practices to rapidly rehouse students. These activities include assisting students with rental deposits and first-month's rent, and connecting them with on- or off-campus housing programs that provide temporary shelter for those who lack the resources to secure or maintain adequate housing throughout the academic year.

PRESIDENTIAL PRIORITIES

On February 21, 2023, President Michael V. Drake announced his priorities for the University in his testimony to the Assembly Budget Subcommittee: to expand student opportunity and academic excellence; to strengthen an inclusive, respectful, and safe university community; to lead on the big challenges facing California like climate change; and to serve the people of California by promoting health across the state, including in our most vulnerable communities. President Drake added that working towards equity and justice is a critical part of UC's vision to serve all of California.

At the September 2023 Regents meeting, President Drake shared several updates on his presidential priorities. UC has expanded outreach and education partnership programs across California. These programs prepare students who are low-income, first-generation, or from underrepresented groups to earn undergraduate and graduate degrees. UC is on track to achieve Hispanic-Serving Institution status at all campuses by 2030. All UC campuses and medical centers are moving forward with implementing the UC Community Safety Plan. While many of these are long-term goals, President Drake has asked UCOP leaders to monitor and to establish milestones for the next year. Continued student-focused projects are described below.

Undocumented Students. In 2013, the University allocated \$5 million one-time for financial aid and support services for undocumented UC students. As a result, campuses have designated primary contacts for undocumented student services at each campus and focus on providing a range of support services that help undocumented students balance being full-time students with other day-to-day challenges. The Office of the President also formed the President's Advisory Council on the Undocumented Community and Immigration to advise the University on future challenges and solutions, and established a pilot legal center at UC Davis to help students navigate immigration issues. In May 2015, UC hosted a National Summit on Undocumented Students, from which a number of recommendations and strategies emerged for better serving undocumented students at UC.

In spring 2016, the Office of the President announced an additional three-year commitment of \$25.2 million to support the University's efforts to assist undocumented students. The funding supports UC's DREAM Loan Program, student services, staff coordinators, and UC's Immigrant Legal Services Center. After the 2016 U.S. presidential election (and in response to concerns about possible changes to federal policy that would affect undocumented students), the University issued its *Statement of Principles in Support of Undocumented Members of the UC Community*, reaffirming its commitment to vigorously protect the privacy and civil rights of undocumented members of the UC community.

On September 5, 2017, the federal administration announced it would rescind the DACA program by March 5, 2018. Following this announcement, the University filed a lawsuit against the federal administration for violating administrative procedures and constitutional due process requirements by abruptly ending Deferred Action for Childhood Arrivals (DACA). The Office of the President called on Congressional leaders to immediately pass bipartisan legislation that would provide a permanent solution. The University also reaffirmed UC's unwavering support for all undocumented students and staff and expressed its commitment to ensuring that the University continues to be a welcoming and supportive place for students, faculty, and staff from all backgrounds. The Office of the President pledged that UC will continue to provide a broad range of support and legal services for undocumented students and will remain steadfast in upholding the *Statement of Principles in Support of Undocumented Members of the UC Community* issued in 2016.

The Principles state, in part, that campus police officers will not contact, detain, question or arrest an individual solely on the basis of suspected undocumented immigration status or to discover the immigration status of an individual, except as required by law. The Principles also clarify that the University will not release immigration status or related information from confidential student records, without permission from the student, to federal agencies or other parties without a judicial warrant, a subpoena, a court order, or as otherwise required by law. The Office of the President directed the advisory committee on undocumented students to determine additional necessary measures to best support and protect current and future UC students who rely on DACA.

In 2018, more than 117,000 young immigrants extended their authorization to legally live and work in the United States under the DACA program, which was a direct result of a federal injunction that forced the Department of Homeland Security to continue to process DACA renewal applications. The President's Advisory Council identified strategies to financially support undocumented students and prepare them for post-graduation career opportunities. The strategies focus on three areas: 1) support for

undocumented students to earn a living; 2) provision of career services; and 3) fundraising to support and strengthen undocumented student services. The University subsequently collaborated with Immigrants Rising, a community organization that helps undocumented students reach their educational and career goals, and conducts trainings focused on income-generation for immigrants, regardless of legal status. Immigrants Rising delivered such trainings in person and online in fall 2019 to a number of UC stakeholders, including directors and coordinators of undocumented student services, financial aid directors, career center staff, instructional faculty, hiring managers, UC students, and alumni from across the University system. In addition, Immigrants Rising, with the Office of the President's support, produced the *Income Generation Options for Undocumented Students Toolkit*, a resource that provides guidance on how to earn a living as an independent contractor, confers advice on how to incorporate a business, and shares supporting materials that are available both on and off UC campuses.

In 2018-19, the University's budget earmarked \$4 million to support legal services for undocumented and immigrant students, faculty, and staff. These funds allowed the University to expand the legal resources it provides to this population.

In spring 2020, shortly after the COVID-19 pandemic led to shelter-in-place orders, the federal administration enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act provides nearly \$14 billion to address higher education challenges created by the COVID-19 pandemic. Of this amount, \$12.6 billion has been allocated directly to colleges and universities using an enrollment-based formula that favors institutions that enroll higher numbers of Pell Grant recipients. Of the amount received by each institution, at least 50% must be used "to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus (including eligible expenses under a student's cost of attendance, such as food, housing, course materials, technology, health care, and child care)." The U.S. Department of Education, however, limited the awards to students eligible for Title IV financial aid authorized under the Higher Education Act. This decision

meant that undocumented and international students would not be eligible for support using these federal dollars. Consequently, the Office of the President encouraged campuses to leverage their own institutional aid resources to ensure that emergency grants could be made available to undocumented students in need who are also eligible to receive aid (i.e., AB 540 students). Undergraduate students must have filed a Free Application for Federal Student Aid (FAFSA) to be considered. Graduate students, the majority of whom do not file a FAFSA, were encouraged to either file one or complete an affidavit with their campus to confirm their eligibility for Title IV funding (e.g., citizenship status). The Office of the President also encouraged campuses to consider identifying financial resources to take the place of CARES Act funding, should the Department of Education subsequently issue additional guidance limiting the eligibility to those who have filed a FAFSA.

On June 18, 2020, the U.S. Supreme Court ruled in favor of the University's lawsuit against the federal administration's decision to end DACA. The Supreme Court found that the way the administration ended DACA was arbitrary and not justified, and therefore violated the Administrative Procedure Act. Following the Supreme Court ruling, the University issued a statement calling on Congress to pass legislation to permanently protect DACA recipients and provide a path to citizenship. Despite the Supreme Court's ruling, the legality of DACA continues to be challenged. In July 2021, a Texas federal court ruled against the DACA program. The Texas ruling prohibits new applications. Individuals with DACA at the time of the ruling or were in the processing of renewing their status, are unaffected by the Court's decision. The Fifth Circuit Court of Appeals published a decision on the case in fall 2022, affirming that DACA is unlawful and sent the case back to the Texas District Court. In summer 2023, the U.S. District Court for the Southern District of Texas heard oral arguments again for DACA but focusing on the federal administration's DACA rule that was published in August 2022. This protracted court case continues to bar new DACA applicants. The number of undocumented students without

DACA is increasing as a result of these legal challenges. Without work authorization and protection from deportation, students will encounter tremendous hurdles to their education. In 2022-23, the State appropriated \$5 million in ongoing funding for the University to establish and operate undocumented student services programs at every campus. Much of this new funding is supporting experiential learning opportunities and other services for undocumented students.

Native American students. In an effort to make college more affordable and accessible for Native American undergraduate and graduate students, UC introduced the Native American Opportunity Plan (NAOP) in fall 2022, which ensures that financial aid, as well as other resources, fully cover in-state systemwide Tuition and Student Services Fees for California residents who are members of federally recognized Native American, American Indian and Alaska Native tribes. In its first year, a total of 211 students were supported through the NAOP for a total of \$2.26 million in awards. An additional 65 UC students received scholarship support through the Federated Indians of Graton Rancheria (FIGR). In total, awards given to eligible UC students in year one of both programs resulted in \$2.7 million in aid.

UC is committed to the ethical and respectful care and culturally appropriate treatment of human remains and cultural items and to achieve the repatriation or disposition to tribes in accordance with federal and state Native American Graves Protection and Repatriation laws; NAGPRA² and CalNAGPRA³, respectively.

Military-Affiliated Students. In 2014, the University established the President's Advisory Council on Student Veterans to advise the President on how best to address the particular challenges experienced by military-affiliated students. With the Advisory Council's support, the University implemented a three-pronged "Red, White and Blue" approach for identifying emerging issues and challenges: Red (outreach to veterans interested in attending UC), White (campus services for current UC

² NAGPRA: <https://uscode.house.gov/view.xhtml?path=/prelim@title25/chapter32&edition=prelim>

³ CalNAGPRA: https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=HSC&division=7.&title=&part=2.&chapter=5.&article

student veterans), and Blue (transition support to career and/or graduate school for current UC student veterans).

Current military-affiliated educational support programs and services include admissions outreach, priority course registration, affordable housing, academic support, career development, graduate school support, and staff training. A systemwide military-affiliated resource website provides military-affiliated students with information on admissions, residency, educational benefits via the post-9/11 G.I. Bill, and campus mental health and counseling resources. In addition to the website, every campus has a designated military-affiliated services coordinator who connects students with supporters and advocates in health services, career centers, academic advisors, student mentors, and military-affiliated student groups across campus. Activities are offered that support military-affiliated students' transition to careers and/or graduate school. In 2020, the University also facilitated a Memorandum of Agreement between campus military-affiliated services and the Veterans Health Administration to provide students with free on-campus clinical services (e.g., psychotherapy and medical services).

Lesbian, Gay, Bisexual and Transgender (LGBT) Students, Faculty, and Staff. In 2014, the LGBT Advisory Council worked with the Office of the President to help identify and address specific student needs and strategies and create a more welcoming and inclusive environment for LGBTQ students, faculty, and staff. With the Advisory Council's support, the University added sexual orientation and gender identity questions to undergraduate and graduate admissions applications, allowing students to indicate a preferred name that appears on certain campus records. In June 2015, the University also issued guidelines for implementing gender inclusive facilities in University-owned buildings and facilities that are either new or undergoing major renovations, including restrooms and changing rooms.

The University continues to address the needs of sexual and gender variant student populations. Beginning in fall 2019, all mandatory systemwide sexual violence and sexual harassment (SVSH) prevention trainings (supervisory/faculty, non-supervisory, graduate student, and undergraduate student) now address harassment

based on gender, gender identity, gender expression, sex- or gender-stereotyping, or sexual orientation, and feature other gender-inclusive content on topics such as gender transitions, pronouns, and lived-name changes.

In November 2020, the Office of the President issued the presidential policy on *Gender Recognition and Lived Name*. Three key issues are addressed in the policy: 1) the University must provide three equally recognized gender options on university-issued documents and information systems — woman, man and nonbinary; 2) the University must provide an efficient process for students and employees to retroactively amend their gender designations and lived names on university-issued documents and in information systems; and 3) the legal name of University students, employees, alumni and affiliates, if different from the individual's lived name, must be kept confidential and not published in documents or displayed in information systems that do not require a person's legal name. UC locations have until December 31, 2023, to complete implementation and are making steady progress.

To support implementation, the Office of the President has hosted webinars and briefings on the policy and has consulted with several campuses and departments on implementation. Implementation leads from each of the campuses and locations met regularly to share promising practices on implementation.

Supporting Disabled Students. To support the increasing enrollment of students with disabilities, each UC campus has a disability services offices where students can register for accommodations (e.g., note takers, assistive technology, testing services). Through the years, the disability services directors and have also provided other forms of support such as advocacy for additional financial aid or extend time to degree, when needed. More recently and post-COVID, the disability services directors have advocated for online instructions. Additionally, in response to the growing population of students with disabilities, a Systemwide Advisory Workgroup on Students with Disabilities was formed in December 2021. The workgroup consists of faculty and students, as well as several subject matter experts in areas such as Americans with Disabilities Act (ADA) compliance, disabled student services, adaptive technologies, student well-being, and student success.

The workgroup is in charge of reviewing existing systemwide and campus policies and practices in academic accommodations for students with disabilities, including:

- assistive technologies;
- physical accommodations for students with disabilities (including on-campus housing, classrooms, laboratories, and other facilities);
- universal design as a tool to increase accessibility and expand inclusion in campus life experiences;
- analyzing existing data sources; and, if necessary,
- recommending new data collection to gain a deeper understanding of the needs and experiences of students with disabilities.

Analysis is to be inclusive of intersecting student identities and address sense of belonging. The workgroup will make recommendations to campus and systemwide leaders on policy changes and/or programmatic improvements to better support students with disabilities. Several stakeholders ranging from students, faculty, and disability experts have been engaged. The final report will be issued in December 2023.

Sexual Violence and Sexual Harassment. A Task Force was formed in July 2014 with the goal of transforming UC into a national model for preventing and combating sexual violence and sexual assault. This goal was to be achieved through the completion of two phases, as described below.

- **Phase I:** Identify steps to improve the University's current processes that will make a difference in effecting cultural change in sexual violence and assault prevention.
- **Phase II:** Develop recommendations for implementing strategies to support excellence in prevention, response, and reporting of sexual violence, harassment, and sexual assault based on evidence-informed solutions and approaches.

In September 2014, the Task Force presented Phase I, which introduced a national model for campuses to address the issues of sexual violence and sexual assault based on five key functions: Prevention, Education, Advocacy, Response and Reporting (PEAR). The Task Force also made the following seven recommendations:

- establish a consistent "response team" model at all campuses;

- adopt consistent systemwide investigation and adjudication standards;
- develop a comprehensive training and education plan;
- implement a comprehensive communication strategy to educate the community and raise awareness about UC programs;
- establish an independent, confidential advocacy office for sexual violence and sexual assault on each campus;
- establish a comprehensive systemwide website with campus customization capabilities; and
- initiate/develop a systemwide standard data collection system.

In July 2015, the Task Force presented Phase II to the UC Regents and outlined how UC has successfully implemented recommendations aimed at improving services and response to sexual violence, and ensuring consistency across the system. These recommendations included:

- establishing a CARE Advocate Office for Sexual and Gender-Based Violence and Sexual Misconduct at every campus;
- implementing a standardized two-team response model at all UC campuses for addressing sexual violence; and
- launching a new systemwide website designed to serve as a user-friendly, one-stop portal for quick access to campus resources and important information.

At the September 2015 Regents meeting, the Task Force provided an update on Phase II, primarily on the training efforts that had been implemented to address the recommendation to develop a comprehensive training and education plan for students, staff, and faculty. The presentation consisted of an overview of the training efforts for undergraduate and graduate student education and awareness related to sexual assault and sexual violence.

UC issued a robust systemwide SVSH policy in 2016 that defined prohibited behavior, set forth the University's prevention and response obligations, and established the authority of the Title IX coordinators. The University later adopted systemwide procedures for investigating and adjudicating SVSH reports for student respondents in 2016 and for faculty and staff respondents in 2017 to support the

stewardship of timely investigations, transparency of outcomes and consistency of discipline.

In January 2017, UC's first Systemwide Title IX Director was appointed to oversee the University's work to effectively address sexual violence and sexual harassment. Director responsibilities include improving UC's policies and procedures, developing effective education and prevention programs, ensuring fair and efficient investigation and adjudication processes, and ultimately changing the culture to create a safe and respectful learning environment for all students.

In 2018, the Office of the President established a 20-member Title IX Student Advisory Board, including one undergraduate and one graduate student from each campus, which meets monthly. The Student Advisory Board is tasked with providing input to the University on issues related to sexual harassment, which includes sexual violence. Members advise the Systemwide Title IX Office on its ongoing prevention and response efforts. They also assist in identifying emerging issues related to sexual harassment and sexual violence and contribute to the policy review process.

On July 31, 2019, the University issued a revised systemwide *Sexual Violence and Sexual Harassment (SVSH) Policy*. The revised policy addresses critical concerns identified through an extensive review process that included input from students, faculty, and staff from across the system. The policy also includes changes required by the U.S. Department of Education's Office for Civil Rights, as specified in its February 2018 resolution agreement with UC Berkeley, along with additions recommended by the California State Auditor in its June 2018 report.

On the same date, the University issued a revised *SVSH Student Investigation and Adjudication Framework*. This policy details the systemwide procedures for investigating, adjudicating, and imposing sanctions on sexual violence and sexual harassment cases involving student respondents. The framework was revised primarily in response to a January 2019 California appellate court ruling that colleges and universities in the state must hold live hearings to resolve certain sexual misconduct cases.

On May 6, 2020, the U.S. Department of Education (DOE) issued Title IX regulations detailing how schools across the country must respond to certain sexual harassment reports. These regulations impose new requirements for how the University responds to those reports, in some circumstances. Most significantly, the Title IX regulations require the University to follow a specific grievance process (the DOE Grievance Process) in response to complaints of conduct covered by the regulations (DOE-Covered Conduct). The DOE Grievance Process requires many components already included in University procedures, such as detailed written notices at the beginning and conclusion of the process; the right to an advisor; the opportunity to identify witnesses and present evidence, review and respond to evidence gathered, and pose questions to the other party and witnesses; and other measures to ensure access to University programs and activities.

Notably, the DOE Grievance Process also requires live fact-finding hearings and appeals in cases with faculty and staff respondents prior to the imposition of discipline, which the University has not previously provided as hearings are already available to employees as part of established grievance procedures and would be duplicative. As well as other elements that the University does not believe are reflective of best practices, such as the ability of parties to question each other through their advisors at the live hearing.

The University identified serious concerns with the new regulations when the DOE first proposed them. Despite the University's advocacy for changes, the DOE retained many of the most problematic parts in the final rules. The University nonetheless had to implement them by their effective date of August 14, 2020.

In order to comply with the mandate, the Office of the President convened a diverse systemwide workgroup inclusive of student, staff, and faculty representatives to help guide the University's implementation of the regulations through the issuance of interim policies.

It is important to note that the University continues to prohibit all forms of misconduct as specified in the *Sexual Violence and Sexual Harassment (SVSH) Policy*, and to

treat allegations of misconduct with the same seriousness and care. The scope of the SVSH Policy is unchanged, as is the University's commitment to preventing and responding to reports of sexual harassment.

On August 14, 2020, the University implemented the DOE Grievance Process in response to DOE-Covered Conduct, while maintaining existing processes for all other reports under the SVSH Policy. Although it may be confusing to have two processes for similar conduct, this approach provides the most protection for the University community. The University is strongly resolved to protect students and employees from sexual harassment and violence, and remains committed to fostering a culture of safety and respect for students and employees, while ensuring a fair and consistent process for responding to reports of sexual harassment.

In March 2021, the federal administration issued an executive order directing Education Secretary Miguel Cardona to re-examine the Title IX regulations issued under the former administration. In response to the executive order, the Office for Civil Rights initiated a comprehensive review of the U.S. Department of Education's actions under Title IX, including a first-ever virtual national public hearing focused on strengthening the Department's enforcement of Title IX. Representatives from the University of California participated in the hearing. The Department of Education issued the *Notice of Proposed Rule Making* in July 2022. The proposed regulations would restore vital protections against all forms of sex-based harassment, including unwelcome sex-based conduct that creates a hostile environment by denying or limiting a person's ability to participate in or benefit from a school's education program or activity. As well as explicit prohibitions against retaliation, a critical protection for the most vulnerable: providing express protection for students and employees who are pregnant or have pregnancy-related conditions, including protections for LGBTQI+ students from discrimination based on sexual orientation, gender identity, and sex characteristics, and calling attention to our responsibility to ensure meaningful access to and participation in the Title IX process for people with disabilities. The University submitted public comment and has continued to actively engage with the Office for Civil Rights to ensure full

protection under Title IX for students, teachers, and employees from all forms of sex discrimination, including sex-based harassment and sexual violence, in federally funded elementary schools, secondary schools, and postsecondary institutions. The University is preparing to convene a diverse systemwide group to revise the SVSH Policy and ensure compliance with the DOE Title IX regulations, which are set to be issued in October 2023.

FUTURE NEEDS

The University has identified a number of critical needs for additional student services funding to support higher levels of completion of baccalaureate and graduate degrees. These critical needs include:

- Additional support for academic support programs, such as tutoring in writing, mathematics, and study skills, as well as preparation for graduate and professional school exams.
- Support for students with disabilities. As evidenced by the systemwide workgroup on students with disabilities, the population of students with disabilities is increasing rapidly. Existing structures for accommodation are not keeping pace with student demand and need. This is true in both the undergraduate and graduate student populations. As part of a greater focus on the success of students with disabilities, the Compact with the State requires UC to collect better systemwide data and to build a dashboard to monitor student graduation.
- Support for health equity initiatives to ensure students have unencumbered access to care and holistic well-being support. Examples of health equity initiatives include provision of ongoing tele-health and tele-mental health services and support, and provision of appointments outside of regular business hours.
- Major student information systems (e.g., registration, admissions, student billing, financial aid, accounting, student information, and web-based services) to meet the current and future needs of students and student service organizations.

Institutional Support

Institutional support services provide the administrative infrastructure for the University’s operations. Grouped into five broad categories, institutional support activities include:

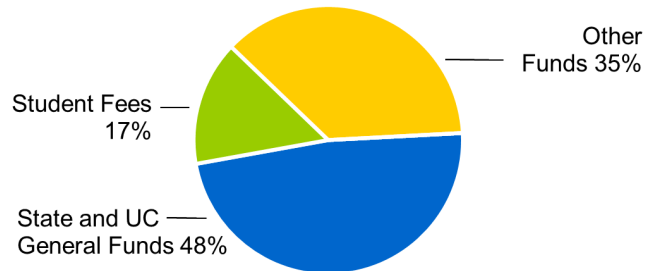
- **Executive Management** — Offices of the President, Vice Presidents, Chancellors, Vice Chancellors, Regents’ Officers, the Academic Senate, and Planning and Budget
- **Fiscal Operations** — accounting, audit, contract and grant administration, and insurance management
- **General Administrative Services** — information technology, human resources, and environmental health and safety
- **Logistical Services** — purchasing, mail distribution, police, construction management, and transportation services
- **Community Relations** — alumni and government relations, development, and publications

As the University faces unfunded mandates that affect its institutional support, including new accounting standards, accountability requirements, and increased compliance reporting, the University has absorbed the associated increased costs of developing new data collection processes, changing existing information and reporting systems, and growing its analytical staff.

Despite the added expenses, institutional support expenditures as a proportion of total University expenditures have steadily decreased over the last 30 years (see Display XIII-3). Institutional support budgets are often one of the first areas of the budget to be reduced in difficult economic times. In response to budget cuts, UC administrative units have implemented new processes, improved the use of technology, and consolidated operations to increase productivity and meet increasing workload demands under constrained budget situations.

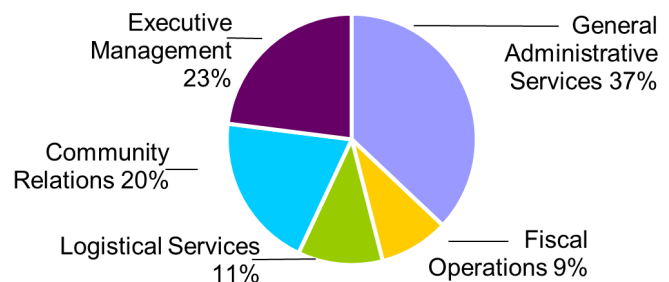
Since the early 1990s, as each recession has occurred, legislative intent language and the shared desire of the University and the State to protect core academic programs has meant that institutional support has often been targeted for additional cuts.

Display XIII-1: 2022-23 Institutional Support Expenditures by Fund Source



Core funds provide 65% of institutional support funding. Significant other sources include private funds, endowment earnings, and indirect cost recovery for contract and grant administration.

Display XIII-2: 2022-23 Institutional Support Expenditures by Category



Logistical services, fiscal operations, and general administrative services comprise less than half of institutional support expenditures.

Examples include the following:

- Between 1995-96 and 1998-99, budget reductions totaled \$40 million, consistent with productivity improvements mandated under a four-year Compact with then-Governor Pete Wilson.
- In 2003-04 and 2004-05, institutional support and academic support budgets were reduced by a total of \$81.9 million.
- For 2008-09, the State directed that \$32.3 million be reduced from institutional support.

Reduced funding for institutional support limits essential investment in UC’s technology infrastructure and constrains fundraising and development activities at a time when such activities are critical to sustain the institution.

THE OFFICE OF THE PRESIDENT AND UNIVERSITYWIDE ACADEMIC PROGRAMS

The 2023-24 UC Office of the President (UCOP) budget is \$1.228 billion. Funds will be used to support the functions described below.

Central and administrative services. These services support critical systemwide services to campuses and UCOP internal operations. These services include:

- Governance and administrative services, as performed by officers reporting directly to the Board of the Regents, the Academic Senate, and the immediate offices of senior administrative leadership
- Central service functions, such as systemwide budget management, external relations, management of the retirement and benefit systems, banking services, cash management, corporate accounting, risk services, and strategic sourcing
- Academic programs, including central administration of a single digital library system

Systemwide programs. These programs are administered at and/or funded from the center to benefit the UC system. They include the UC Press, Laboratory Fees Research Program, UC Observatories, public service programs, Agriculture and Natural Resources, Tobacco-Related Disease Research, and the UC Center for Health Quality and Innovation.

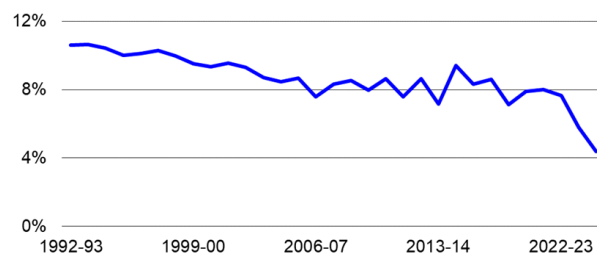
The UCPath Center. A crucial component of the University of California’s high priority project to centralize, streamline and standardize the university’s HR, payroll benefits, general ledger, workforce administration and academic processes.

The Strategic Priorities Fund. This fund supports short-term programmatic needs, administrative projects, emergent or urgent priorities, and presidential initiatives.

As shown in Display XIII-4, 43% of the UCOP budget supports Programs and Initiatives, 44% supports Central and Administrative Services, 10% supports the UCPath Center, and 4% supports the Strategic Priorities Fund. The total central budget represents less than 3% of the UCOP budget funds with the remaining funds passing through UCOP to campuses, California researchers, and the public.

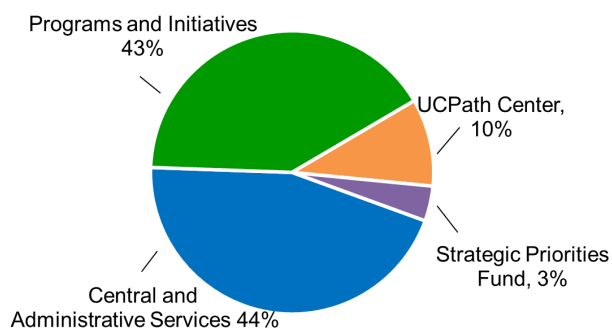
UCOP coordinates activities that allow a complex and unique system to operate efficiently as one university,

Display XIII-3: Institutional Support as a Percentage of University Spending



Spending on institutional support as a percentage of total UC expenditures was 4.4% for 2022-23.

Display XIII-4: 2022-23 UCOP Budget by Category



The total UCOP budget for 2023-24 is \$1.228 billion.

furthering its instruction, research, and public service missions. This structure reduces redundancy across the system and helps to strategically position the campuses to excel.

ADMINISTRATIVE EFFICIENCIES

The University is committed to achieving a level of administrative excellence equivalent to that of its teaching and research enterprises. To that end, the University has coordinated a number of systemwide efforts to leverage its size and scale to achieve operational efficiencies.

Examples include:

- **Connexus Travel**, a centrally managed travel program offering online and agent-based reservation options and discounts to UC and CSU travelers. To increase utilization, the Connexus team recently redesigned the web portal to strengthen the user experience at all UC locations.
- **Procurement and Supply Chain** are driving a university-wide program to leverage UC’s substantial combined buying power across all campuses when

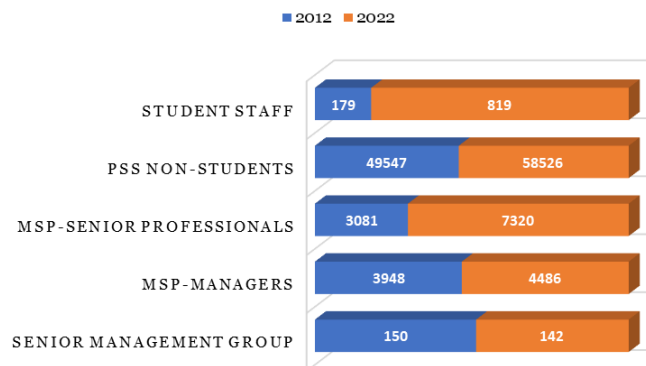
sourcing goods and services and managing the end-to-end supply chain. Through the development and implementation of best practice strategic sourcing, business processes and technology, UC Procurement expands the value delivered on funds expended across the UC network. The program also generates revenue for the campuses via commercial partnerships and other value incentive programs. This program also seeks to maximize UC's contribution to the California economy by proactively seeking opportunities to partner with small and diverse businesses.

- Fiat Lux Risk and Insurance Company (Fiat Lux)**, a wholly owned, single-parent, not-for-profit captive insurance company established by the UC Regents in 2012. As an incorporated and licensed insurance company, Fiat Lux provides the University a unique mechanism with which to finance UC's systemwide risks. It also allows UC to capture underwriting profits and corresponding investment income that would normally be retained by traditional insurance companies. Fiat Lux now purchases a majority of the insurance to cover the University's risks systemwide. Whereas in the past, UC purchased this insurance on a retail basis through brokers, Fiat Lux purchases reinsurance directly from the markets (on a wholesale basis), increasing UC's capacity and reducing its expense.
- UCPath**, a project launched to modernize UC's payroll system and standardize payroll, benefits, and human resources for all UC employees. UCPath supports UC employees at all ten campuses, the five medical centers, UCOP, UC Agriculture and Natural Resources, UC Hastings College of the Law, and the Associated Students of UCLA. Its portal provides employees 24/7 access to UC employment information, enabling them to update personnel and payroll information, update tax withholdings, view or enroll in benefits, and review vacation and sick leave balances.

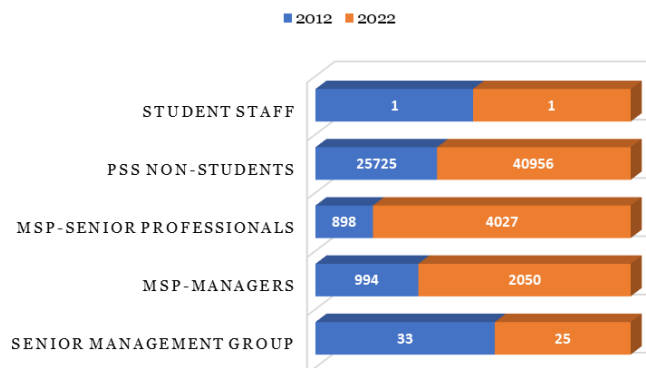
EMPLOYEE TRENDS AT UC

The growth in academic versus non-academic personnel is a topic that reemerges periodically, particularly during times of budgetary shortfalls and salary negotiations for specific employee groups. The most recent budget crisis rekindled concerns about growth in administration and how it compares to growth in student enrollments and faculty. Although there has been growth in staffing at the University as a whole, it has been due largely to a growing population of students on UC campuses and patients in UC medical centers. Over the past decade, UC has relied less on core funds (State funds, tuition and fees, and other general funds) to cover staff payroll.

Display XIII-5.1: UC Staff FTE, General Campus, October 2012 and 2022



Display XIII-5.2: UC Staff FTE, University of California Health, October 2012 and 2022



UC has about 33,796 more staff Full-time Equivalent (FTE) than ten years ago — largely due to University of California Health, student staff, and senior professional growth.

The University of California Health almost exclusively relies on non-core funds, particularly from hospital revenues, to support its staff. Over the last decade, non-core funds such as research funds, auxiliary revenues, and other sources have been increasingly used to fund general campus employees.

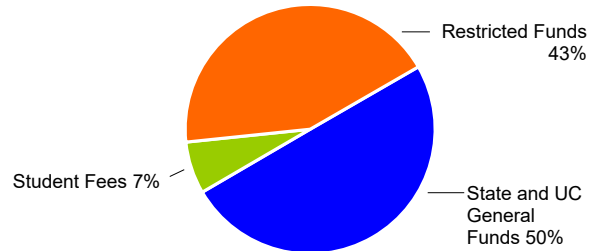
Operation and Maintenance of Plant

An essential activity in support of the University’s core mission of instruction, research, and public service is the operation and maintenance of facilities, grounds, and infrastructure, collectively known as operation and maintenance of plant (OMP). UC maintains and/or occupies 151 million gross square feet of space in over 5,700 buildings, 1,625 of which are buildings that are at least 10,000 square feet. These buildings at the University’s ten campuses, five medical centers, and nine agricultural research and extension centers include classrooms, laboratories, animal housing facilities, libraries, and specialized research facilities. Historically, the State funded space used for classrooms, laboratories, offices, and some research uses. Currently, nearly 70 million square feet (approximately 46% of UC’s total) are eligible for State-supported maintenance. The remaining space is used to house self-supporting activities, such as medical centers and auxiliary enterprises, and the OMP costs for these facilities must be included in their non-State budgets. OMP expenditures for State-eligible space totaled \$1.3 billion in 2022-23.

Operation and maintenance of plant funding typically falls into four basic categories: *facilities operations*, including facilities management, grounds maintenance, janitorial services, utilities operations, and purchased utilities; *facilities maintenance*, which includes preventive and repair activities necessary to realize the originally anticipated life of a fixed asset, including buildings, fixed equipment, and infrastructure; *capital renewal*, the systematic replacement of building systems and campus infrastructure to extend useful life; and *deferred maintenance*, the unaddressed backlog of renewal resulting from chronic underfunding of ongoing OMP support and the lack of regular and predictable investment in capital renewal.

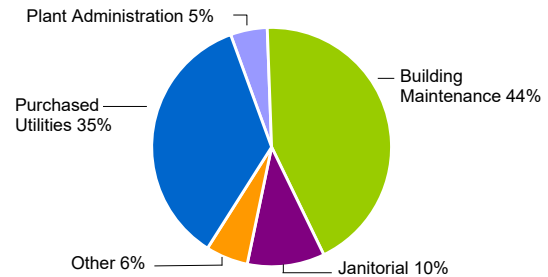
Between 2007-08 and 2011-12, the University was compelled to cut funding for the operation and maintenance of facilities to help protect core academic programs. Although some of this reduction was mitigated due to increased efficiency – which is good for the fiscal health of the University – much of the reduction resulted from

Display XIV-1: 2022-23 OMP Expenditures by Fund Source (Total: \$1.3 Billion)



The majority of OMP expenditures is supported by core funds (State funds, UC General Funds, and student Tuition and fees).

Display XIV-2: 2022-23 OMP Expenditures by Category (Total: \$1.3 Billion)



Purchased utilities for UC facilities account for 35% of OMP expenditures. Building maintenance accounts for 44% of OMP expenditures.

austerity measures, such as cuts in building maintenance activities, scaled-back or eliminated preventive maintenance programs, and reduced custodial and grounds maintenance services.

The University requires stable, ongoing funding to address the current deferred maintenance backlog and the extensive needs across its growing building and infrastructure portfolio. Chronic underfunding of basic maintenance has shortened the useful life of UC’s building systems and exacerbated the maintenance needs of its substantial inventory of aging facilities. Approximately 47% of the University’s State-eligible space is more than 30 years old, as Display XIV-3 helps illustrate. These aging facilities, some of which are at or beyond their useful life, are a principal driver of the University’s escalating capital

renewal needs. Moreover, specialized research facilities constitute a growing percentage of the University's inventory of State-eligible space. These facilities strain limited OMP funds with above-average maintenance and utility costs. Furthermore, nonstandard operations during Covid have particularly stressed mechanical equipment and we may anticipate shorter-than-typical life and sooner replacement needs for those assets.

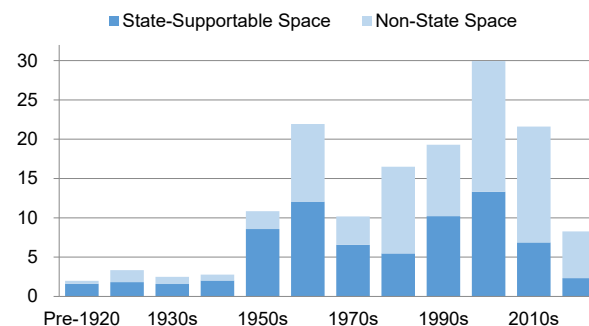
BUILDINGS AND GROUNDS MAINTENANCE

Funding for operation and maintenance of new space is an essential annual budget need; however, OMP is often one of the first functions to be cut in times of fiscal uncertainty and one of the last to be restored when conditions improve. Funding for OMP has not been stable or predictable since the mid-1990s when the State provided \$8 to \$25 million annually. The history of State funding for UC is discussed more in the *Historical Perspective* chapter of this document.

Starting in the mid-1990s, the State acknowledged the need to provide funding in recognition of more than two decades of chronic underfunding of the University's OMP needs. Funding agreements with three former Governors (Wilson from 1996-99, Davis from 1999-2003, and Schwarzenegger from 2003-11) attempted to tie OMP funding to annual base budget adjustments; ensuing fiscal crises, however, prevented most of the augmentations from occurring. Similarly, OMP funding was eventually included in the renegotiated marginal cost of instruction formula (described in more detail in the *General Campus Instruction* chapter) in 2006-07.

On several occasions the University has been forced to redirect its own resources to address its most serious OMP needs. With no State funding for OMP in 2008-09 due to the State's fiscal crisis, UC redirected \$9.7 million of permanent savings to OMP by restructuring the UC Office of the President. The University also redirected one-time savings from debt restructuring to provide \$11.2 million in 2009-10 and \$19.5 million in 2010-11 to cover maintenance of new space.

Display XIV-3: All Space by Decade of Construction (Gross Square Feet in Millions)



The University's physical plant expanded rapidly in the 1950s and 1960s and again in the late 1990s and 2000s.

CAPITAL RENEWAL AND DEFERRED MAINTENANCE

In addition to requiring funding for new space, along with building and grounds maintenance, the University faces growing costs to renew its existing buildings and to support infrastructure. This annual investment is needed for the normal replacement and renewal of building systems and components. Replacement and renewal cycles may occur several times during the life of a building.

Heating, ventilation, and air conditioning (HVAC) systems, elevator and conveying, plumbing, and electrical systems are all essential to UC's daily operations and have finite useful lives. As a result of the large underlying portfolio size, aging plant, and enrollment growth, the University's annual capital renewal needs are projected to increase. Campus infrastructure, including utility generation and distribution systems, roads, bridges, hardscape, and seawater systems, also requires substantial ongoing investment in renewal. Regular funding for the systematic replacement of building systems and campus infrastructure is currently not included in either the University's operating or capital budgets, though such funding is proposed in the University's ten-year capital financial plan and identified in the University of California LAO Supplemental Report of the 2019-20 Budget Act.

In the long term, failure to invest adequately in capital renewal and ongoing maintenance presents growing risks to the University. These risks range from disruptions of programs caused by a breakdown of a building's mechanical system or a facility's underperformance, to

entire campus shutdowns caused by the failure of a utility distribution (or other mission-critical) system. This risk of catastrophic failure was highlighted by the rupture of a city water distribution line on the Los Angeles campus in August 2020, in the same location as an earlier leak in 2014 that cost millions of dollars in damages.

Given the age and current condition of University facilities and infrastructure, there is a critical need at the campus and system levels to make sound, detailed, and data-driven capital renewal decisions based on accurate information that identifies, prioritizes, and quantifies renewal and deferred maintenance needs and their associated risks.

In order to support sound capital renewal and deferred maintenance decisions, the University has established a process and system that can identify, quantify, estimate, prioritize and track capital renewal and deferred maintenance needs, known as the Integrated Capital Asset Management Program (ICAMP).

ICAMP allows the University to better understand the consequences of its decisions and thus reduce risk. ICAMP performed initial real-time condition assessments on state funding eligible University-related buildings, as well as more detailed tracking of infrastructure assets. The ICAMP process identifies and estimates facility-related, condition-based deferred maintenance across the system, using industry standard asset classification specifications and construction project cost estimation data. All information is maintained in ICAMP's state-of-the-art software, which provides consistent and reliable information. The process includes a detailed inventory of all major building and infrastructure systems (and components), as well as an overall risk assessment of each.

Additionally, the University is able to project and forecast capital renewal needs (above and beyond specifically identified deferred maintenance items) based on plant items that have exceeded their anticipated lives. Regular state support for priority deferred maintenance items and capital renewal is paramount for enabling efficient and effective planning and execution and extending the operating capability of the portfolio.

PURCHASED ENERGY UTILITIES

In addition to the volume of energy used, the volatility of electricity and natural gas prices affects the ability of campuses to manage overall OMP costs. The "commodity" portion of electricity rises and falls based on a combination of supply and demand expectations and infrastructure (electric grid, gas transmission and distribution system) capacity. The physical grid that moves and delivers power, and the distribution systems that move and deliver natural gas, are also subject to their own cost increases related not only to safety and maintenance, but also to incorporating new renewable supply sources of power and gas. Natural gas has seen a substantial rise in commodity prices and volatility and meaningful cost increases in delivery rates; future energy costs associated with electricity are uncertain due to volatile gas markets, reduced dispatchable generation, and increasing renewable electricity standards in California.

Key Cost Drivers and Market Activity

The New York Mercantile Exchange (NYMEX) natural gas commodity future price projections have decreased since reaching near record highs last year. California, however, has had regional gas constraints that continue to bring high prices and volatility to the market. Pipeline maintenance, historically cold winter weather and low storage capacity have affected natural gas commodity pricing in both Southern and Northern California over the past year. Due to the more constrained local gas supply, the University has witnessed pricing volatility on wholesale gas and power prices. To counter this volatility and more actively manage their natural gas supplies, UCOP has selected a natural gas consultant to advise those campuses who are now managing their gas supply internally, as an increasing number of campuses will continue doing over the next 2-3 years. This new arrangement has provided more detailed and real-time market data to inform strategic procurement decisions.

As a result of increased production of electricity from solar projects, driven by aggressive state-wide renewable energy mandates, wholesale electricity markets in California have experienced hourly electricity prices that change significantly throughout the day. Prices for wholesale electricity during periods of solar generation can be quite

low, and prices for electricity are higher in the three hours preceding and following each day's solar production. This wholesale price pattern has led California's investor-owned utilities to shift their peak time-of-use periods to the late afternoon and evening when solar output is low and declining. UC has made large investments in on-campus solar energy generation, so the changes in utility rates may make these projects less cost-competitive over time, especially as utility tariff grandfathering periods for existing projects begin to expire.

Additionally, in 2019 Southern California Edison (SCE) and Pacific Gas and Electric (PG&E) commenced a preemptive electricity shutoff program known as Public Safety Power Shutoff (PSPS). The PSPS program is an attempt by the utilities to prevent the start of wildfires from electrical equipment during strong and dry winds. These "preemptive" power shutoffs occurred throughout the state and have affected some UC campuses, including UC Santa Cruz and UC Berkeley. Such outages have helped create strong, renewed interest in local/onsite electricity generation, to ensure a reliable supply of power to meet critical campus needs.

Cap and Trade

California implemented a cap and trade program in 2013 after the approval of AB 32, the Global Warming Solutions Act of 2006, which required the state's air resources board to undertake a statewide effort to reduce global warming pollution. Under the cap and trade program, the State established an overall limit on greenhouse gas (GHG) emissions (the "cap" in cap and trade) for each year through 2020. The Legislature extended the program in July 2017, to run through 2030 (Assembly Bill 398) with the goal of lowering California's GHG emissions to 40% below 1990 levels by December 31, 2030.

Eight UC campuses participate in the program, as their emissions either exceed the threshold of 25,000 metric tons of carbon-dioxide-equivalent per year, or they have opted to participate voluntarily. Like all obligated entities, the campuses must obtain permits (California Carbon Allowances) equivalent to their GHG emissions through State-run auctions or secondary markets (the "trade" in cap and trade). To help the University transition financially to this practice, the Air Resources Board (ARB) allocates a

portion of the allowances UC needs to comply with the regulations. The amount of allowances allocated, however, declines each year at the same rate as the statewide cap (3-5% annually). The University has been able to avoid much of the expense of compliance through the State allocation and by making advance purchases of allowances ahead of the compliance year in which they are needed. All participating campuses hold enough allowances to meet compliance through 2029; three campuses will need to purchase allowances from the market to shore up compliance through 2030.

Leading on Climate

To accelerate its transition away from fossil fuels, the University has adopted new, stronger climate action goals that prioritize direct emission reductions, limit the use of carbon offsets, and align UC's climate goals with those of the state of California.

The new goals build on UC's already significant achievements in cutting greenhouse gas emissions and transitioning to clean, carbon-free electricity. UC's carbon emissions are now 30% lower than they were in 2009, despite significant growth across the University. Those reductions are the result of concerted efforts at every campus, including energy efficiency programs that have saved UC more than \$400 million in energy costs, and the deployment of more than 100 on-campus solar projects.

The University even runs its own power company, allowing it to deliver clean, carbon-free electricity to seven of its campuses at below market rates. By 2025, all 10 campuses and six academic health centers will use 100% carbon-free electricity and will be accelerating efforts to eliminate their remaining sources of greenhouse gas emissions.

The new climate goals capitalize on those achievements in becoming more energy-efficient and transitioning to renewable and carbon-free electricity. The biggest challenge going forward is phasing out natural gas for heating, cooling, and electricity generation. Under UC's refined climate action policy, campuses will be encouraged to urgently decarbonize campus central plant operations, which are the primary source of natural gas combustion. About 80% of UC's remaining carbon emissions come from natural gas combustion.

In October 2022, President Drake created a Pathways to a Fossil-Free UC Task Force under the purview of the UC Global Climate Leadership Council. He tasked members with convening stakeholders — including students, faculty, staff, and administrators — across the University on the best path for accelerating UC’s decarbonization efforts.

The new policy goals supersede UC’s 2013 Carbon Neutrality Initiative and put in place a framework and timetable for UC campuses and academic health centers to fully decarbonize no later than 2045, while hitting progressively significant reductions in greenhouse gas emissions by 2030, 2035, and 2040.

State-funded decarbonization studies are already underway at all 10 campuses and academic health centers that will inform strategies, emission targets and location-specific climate action plans. Achieving these climate action targets will require a major shift in operations. There will be significant capital and operational costs associated with these changes, with an estimated systemwide capital investment of six to ten billion dollars.

The State is moving in a similar direction with AB 1279, the California Climate Crisis Act. The State’s latest Scoping Plan also specifies that combined heat and power facilities (like those on UC campuses) will need to be retired by 2040. As such, it is anticipated that additional financial support will become available as external policies and regulations are adopted that would require UC to decarbonize its operations, as outlined in the proposed policy. As an example of potential funding opportunities, UC is actively pursuing ways to leverage the Federal Inflation Reduction Act and associated decarbonization resources that are available through the federal government.

Strategic Efforts to Manage Purchased Energy Utility Costs and Reduce Carbon Emissions

The University continues efforts to obtain favorable commodity supply contracts, while implementing a long-term strategy for energy procurement that will reduce costs and advance efforts to meet the goal of decarbonizing operations by 2045.

To reduce carbon emissions from the combustion of natural gas on each UC campus and health system, the University has signed long-term supply agreements with renewable

PURCHASED UTILITY TERMINOLOGY

Biogas: methane produced from the decomposition of organic matter, sourced from the anaerobic digestion of agricultural waste, landfills, and wastewater treatment facilities.

Carbon allowances: permits used in the State’s cap and trade program. Each allowance must be surrendered by obligated entities for every metric ton of carbon equivalent emissions.

Carbon (equivalent) emissions: the emission of carbon dioxide into the atmosphere, which is a major contributor to global warming.

Co-generation: on-campus sequential generation of electricity and steam for operations.

Commodity pricing/costs: the price paid for the generation component of electricity, excluding transmission and distribution services provided by the utilities.

Direct Access: procurement by a retail customer of an electric commodity from an Electric Service Provider. The electric commodity is delivered by the local utility.

Electricity deliveries: the role of a distribution utility in furnishing the infrastructure to deliver third party generated energy.

Electric Service Provider (ESP): a non-utility entity that offers electric service to customers within the service territory of an electric utility.

Renewable energy content: the ratio of renewable energy in the energy commodity (e.g., electricity).

Statewide Energy Partnership (SEP): a partnership between the University, and the four California investor-owned utilities (e.g., PG&E) to incentivize energy efficiency projects.

natural gas (biogas) suppliers and is pursuing additional supply agreements. Biogas can be created from a decaying landfill or from organic waste. As of 2023, UC has five operating supplies of biogas. UC continues to pursue cost-effective biogas supply to bolster this solution.

Energy Efficiency

In addition to commodity rates, purchased utilities costs and UC’s carbon emissions are affected by energy consumption levels. UC has sought to mitigate rising purchased utilities costs and reduce its carbon footprint by aggressively managing energy consumption across buildings. These efforts include installing energy monitoring and metering systems, retrofitting existing facilities, implementing efficient

lighting systems, and optimizing HVAC systems. To support carbon emissions reductions, UC adopted an internal policy goal to reduce growth-adjusted energy use intensity by 2% each year. It is important to note that UC is unique among other California higher education segments, due to the significant number of highly energy-intensive buildings in the system, such as laboratories, medical centers, and other specialized research facilities.

Historically, many of the University's energy efficiency projects have been subsidized by the state's investor-owned utilities under the auspices of the Statewide Energy Partnership (SEP), which completed at the end of 2022. Results through 2022 show that since it began in 2004, the Partnership has completed more than 1,100 energy efficiency projects that generated more than \$100 million in incentive payments from the utilities to offset project costs and delivered over \$377 million in cumulative avoided costs to the participating campuses. To continue to support campuses after the Partnership agreement ended in 2022, UC has worked with Southern California Edison and the California Public Utilities Commission (CPUC) to create a next generation incentive program that targets reductions in carbon emissions, based on measured whole-campus performance. The incentive program started as a pilot in July 2019, and has provided more than \$7 million in incentive payments to participating UC campuses that generated annual eligible carbon emissions reductions. As a result of the pilot's early success and UC's continued efforts to shift the utility program paradigm to focus on carbon emissions, PG&E has also worked with UC to file an application with the CPUC to expand the pilot to their service territory in 2024.

Electricity Procurement

The University began directly supplying electricity to many of its campuses and medical centers in 2015 as part of the overall decarbonization strategy. The goal is to supply campuses with cost effective, carbon-free electricity. Since 2019, UC's Clean Power Program has been providing carbon-free electricity to all participating campus electricity accounts and continues to do so at a lower cost than what campuses would be incurring through their local utility company.

UC became a registered Electric Service Provider (ESP) in 2014 and is able to supply electricity through California's Direct Access rules. Direct Access is an optional service that allows retail customers to purchase electric supplies and additional energy services directly from an ESP. In 2022, approximately 40% of UC's purchased electricity came from Direct Access service. The remaining electric supply came from traditional utility service, municipal utilities, community choice aggregators, or federal supply.

As part of UC's effort to secure renewable energy supply, UC has four long-term power purchase agreements (PPAs) for the output from 195 megawatts of utility-scale solar and wind capacity across three California-based projects and one New Mexico based project. Two of the projects, totaling 80 megawatts, are currently operational, and the remaining two are under development. Together, they will allow UC to supply approximately 560 gigawatt-hours per year of carbon free solar energy to California's electrical grid.

Student Tuition and Fees

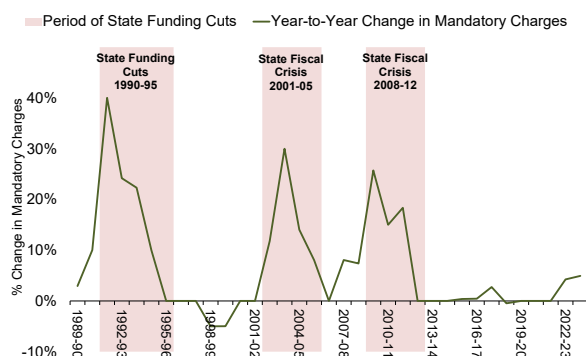
The University's need for a predictable means of covering annual cost increases, while providing families with increased certainty of educational costs led to the UC Board of Regents adoption of a multi-year Tuition Stability Plan in 2021 (discussed in detail later in the chapter). To support its core educational programs and services, the University relies primarily on revenue from three fund sources: State General Funds, student tuition and fees, and UC General Funds (collectively termed "core funds").

Although State support has increased during times of fiscal stability, these increases have not been enough to both fully restore prior funding levels and keep pace with enrollment growth. Since 2000-01, core funding per student has declined by over 35%.¹ The continued decline in core funding per student creates challenges for the campuses in maintaining the quality of a UC education (discussed further in the *Cross-Cutting Issues* chapter).

The University has increased its reliance on student tuition and fees. The composition of UC's core funds has changed since 2000, with a greater share derived from student tuition and fees (including those covered by Cal Grants, discussed further in the *Student Financial Aid* chapter) and UC General Funds, and a smaller share from direct State support. As a percentage of the University's core fund operating budget, student tuition and fees² have grown from less than 10% in 1980-81 to 50% in 2022-23, while State support has declined from 87% in 1980-81 to 46% in 2022-23. In 2022-23, tuition and fees provided about \$5.03 billion² to help support basic operations of the University.

Trends in State support have affected both the size and the volatility of tuition increases. Aligning closely with economic downturns, as shown in Display XV-1, the past three decades have seen periods of rapid increase in student tuition and fees as well as periods of great stability. Between 2000 and 2011, for example, undergraduate

Display XV-1: Year-to-Year Percentage Change in Mandatory Charges (Not Adjusted for Inflation)



UC's tuition levels have been subject to chronic volatility, with increases closely mirroring the State's fiscal condition. Tuition has increased to offset State budget cuts.

in-state tuition increased in nine out of ten years, with increases as high as 40%, ranging from \$384 to \$1,818. By contrast, between 2012 and 2021, in-state tuition has increased once: in 2017 by \$282 or 2.5% for all undergraduate students. The substantial, variable increases of the early 2000s, which were implemented in response to large declines in State support, created planning and fiscal challenges for students and families.

Because they were not always accompanied by anticipated increases in State support, the University's nearly flat tuition levels since 2011, on the other hand, have created planning challenges for campuses. To alleviate those unpredictable fluctuations, the UC Regents adopted the multi-year Tuition Stability Plan, which implements steady, planned tuition increases for each incoming cohort. Under the new model, tuition stays flat for six years for each cohort. Since the implementation of the University's Tuition Stability Plan in 2022, in-state undergraduate tuition has increased twice: \$486 or 4.25% for the undergraduate cohort first enrolled in 2022-23, and \$594 or 4.98% for the undergraduate cohort first enrolled in 2023-24. Tuition for all other undergraduate

¹ This figure accounts for inflation and excludes financial aid, debt service, and retirement plan contributions not available to support core operations.

² This amount includes mandatory systemwide charges, Professional Degree Supplemental Tuition, and Nonresident Supplemental Tuition, but excludes fees charged at the campus level (discussed later in the chapter), self-supporting graduate professional degree program fees, and UC Extension fees.

Student Tuition and Fees

Display XV-2: 2023-24 University of California and Public Comparison Institution Fees

Public Comparison Institutions	Undergraduate		Graduate	
	Resident	Nonresident	Resident	Nonresident
SUNY Buffalo	\$10,782	\$30,572	\$14,388	\$27,338
Illinois				
Lowest	\$17,114	\$34,564	\$18,636	\$34,620
Highest	\$22,836	\$46,944		
Average	\$19,975	\$40,754		
Michigan				
Lowest	\$17,228	\$58,072	\$27,524	\$55,052
Highest	\$23,724	\$67,406		
Average	\$20,476	\$62,739		
Virginia				
Lowest	\$18,816	\$56,422	\$22,610	\$36,198
Highest	\$30,336	\$68,364		
Average	\$24,576	\$62,393		
UC				
Lowest	\$14,198	\$43,952	\$14,485	\$29,587
Highest	\$15,380	\$47,954		
Average	\$14,627	\$45,404		

Note: The figures include tuition and required fees. UC figures include campus-based fees, mandatory systemwide charges, and Nonresident Supplemental Tuition for nonresident students; the average undergraduate amounts are weighted to reflect different fee levels paid by cohort. Waivable health insurance fees are not included. Undergraduate figures for Illinois, Michigan, and Virginia represent the average of the highest and lowest rates at each school. Actual rates may vary by major and/or year.

students remains flat at the 2021-22 level. Within this context, UC's average tuition and fees for state residents remain low relative to the amounts charged by most of the public institutions that serve as UC comparators, and its nonresident charges remain competitive. As shown in Display XV-2:

- UC's in-state tuition and fees are lower than the amounts charged by three of UC's four public comparison institutions for undergraduate and graduate students.
- UC's nonresident tuition and fees are lower than the amounts charged by two of UC's four public comparison institutions for undergraduate students and three of UC's four public comparison institutions for graduate students.
- While not shown in the display, UC's tuition and fees remain substantially lower than those of its private comparison institutions – Harvard, MIT, Stanford, and Yale.

Furthermore, as described in the *Student Financial Aid* chapter, more than half of UC's California undergraduates earn their degree without incurring any student loan debt. University grants and scholarships, combined with support from the state's Cal Grant program, have allowed UC to remain financially accessible to students across

Display XV-3: 2023-24 Student Tuition and Fee Levels

Tuition	
Undergraduate (UG) Cohort First Enrolled 2023-24	\$12,522
Undergraduate (UG) Cohort First Enrolled 2022-23	\$11,928
UG Cohorts First Enrolled in 2021-22 or earlier	\$11,442
Graduate	\$12,264
Student Services Fee	
UG Cohort First Enrolled in 2023-24	\$1,230
UG Cohort First Enrolled in 2022-23	\$1,176
UG Cohorts First Enrolled in 2021-22 or earlier	\$1,128
Graduate	\$1,206
Professional Degree Supplemental Tuition	\$4,962-\$54,318
Nonresident Supplemental Tuition	
UG Cohort First Enrolled in 2023-24	\$32,574
UG Cohort First Enrolled in 2022-23	\$31,026
UG Cohorts First Enrolled in 2021-22 or earlier	\$29,754
Graduate Academic	\$15,102
Graduate Professional	\$12,245
Campus-based Fees*	
Undergraduate	\$747-\$2,265
Graduate	\$413-\$1,791

* Waivable health insurance not included.

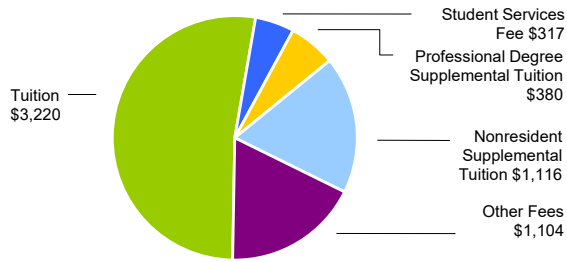
socioeconomic levels despite rising costs of attendance, as evidenced by the large number of UC undergraduates who qualify for federal Pell Grants (reserved for those with the fewest financial resources) and UC students' comparatively low student loan indebtedness upon graduation.

TYPES OF CHARGES

UC students pay the following types of charges:

- Tuition**, a mandatory systemwide charge assessed to all registered students providing general support for UC's operating budget;
- the **Student Services Fee**, a mandatory systemwide charge assessed to all registered students that supports services benefiting students such as career and guidance counseling and student mental health and other non-academic support services;
- Nonresident Supplemental Tuition**, charged to nonresident students in addition to mandatory systemwide charges and any applicable Professional Degree Supplemental Tuition charges, in lieu of State support for their cost of education;
- Professional Degree Supplemental Tuition**, paid by students enrolled in a number of graduate professional degree programs to support instruction and specifically to sustain and enhance program quality; and
- Fees Charged at the Campus Level**, which vary across

Display XV-4: 2022-23 Student Tuition and Fee Revenue (Dollars in Millions) (Total: \$5.03 Billion)



In 2022-23, student tuition and fees generated \$5 billion to support the University’s core operating budget and student financial aid. Campus-based/other fees totaling about \$1.1 billion support specific programs outside the core budget, such as student government and transportation.

campuses and by student level, and fund student-related expenses not supported by other fees.

As shown in the prior page, display XV-3 lists the level of each charge in 2023-24. Their respective contributions to the University’s core operating budget and financial aid in 2022-23 are shown in Display XV-4. Each type of charge is described in greater detail on the following pages.

Tuition

Established as the Educational Fee in 1970 for capital outlay purposes, Tuition is charged to all registered students and provides general support for the University’s operating budget, including costs related to general campus and health sciences faculty and instructional support, libraries and other academic support, student services, institutional support, and operation and maintenance of facilities. Tuition revenue is also used to provide student financial support through return to aid.

The Regents set Tuition levels annually in accordance with the 1994 Student Tuition and Fee Policy,⁴ which directs the President of the University to recommend Tuition levels to the Regents, taking five factors into consideration:

- the resources necessary to maintain access under the Master Plan, to sustain academic quality, and to achieve the University’s overall mission;
- the full cost of attending the University;

THE UNIVERSITY’S TUITION STABILITY PLAN

In July 2021, the UC Board of Regents approved a multi-year Tuition Stability Plan that affects Tuition, the Student Services Fee, and Nonresident Supplemental Tuition (NRST) for undergraduate and graduate students in State-supported programs.³ Effective fall 2022, the Plan provides tuition stability and predictability for students and parents, enhances financial aid and affordability for students with financial need, and supports campus operations to maintain and improve the quality of a UC education.

For undergraduate students:

- Students who enrolled prior to fall 2022 will continue to pay 2021-22 rates through 2026-27 for Tuition, the Student Services Fee, and NRST.
- For students who entered fall 2022 and later, the three charges are assessed on a **cohort basis** – all three charges for each entering cohort are expected to be higher than the amounts charged to prior cohorts, but remain flat for the duration of a student’s enrollment, up to six years.
- Annual adjustments from one cohort to the next are expected to decline over time, from inflation plus 2% for fall 2022 to inflation only for fall 2026.
- Forty-five percent of new revenue generated by adjustments to Tuition and the Students Services Fee are set aside for financial aid. Twenty percent of new revenue generated by adjustments to NRST are set aside for financial aid.

For graduate students:

- Tuition, the Student Services Fee, and NRST continue to be assessed on a **uniform basis** – the same rate applies to both new and continuing students, regardless of a student’s entering cohort.
- Commencing fall 2022, Tuition and the Student Services Fee adjusts annually based on inflation.
- For students in programs that charge Professional Degree Supplemental Tuition, 40% of new revenue generated by adjustments to Tuition and the Student Services Fee is set aside for financial aid.

For any year in which the increase to a student charge exceeds five percent, the increase is capped at five percent unless the Regents took action to approve a different amount. Student tuition and fee charges are subject to change by the UC Board of Regents for any reason and at its sole discretion. The Plan described here does not create any legal right or cause of action.

³ Detailed information on student fee adjustments under the Tuition Stability Plan is available here: [https://www.ucop.edu/operating-budget/files/fees/adjustments to student charges.pdf](https://www.ucop.edu/operating-budget/files/fees/adjustments%20to%20student%20charges.pdf).

⁴ See <https://regents.universityofcalifornia.edu/governance/policies/3101.html>.

- the amount of support available from different sources to assist needy students;
- overall State General Fund support for the University; and
- the full cost of attendance at comparable public institutions.

Under the 1994 Student Tuition and Fee Policy, Tuition revenue may only be used for general support of UC's operating budget and not for capital expenditures as initially intended when established in 1970. In July 2021 and effective fall 2022, the Regents approved the multi-year Tuition Stability Plan (see right inset on the prior page), which sets annual increases for incoming undergraduate and all graduate students.

In 2022-23, Tuition generated \$3.22 billion for operations. For the 2023-24 academic year, Tuition is \$12,522 for the undergraduate cohort first enrolled in 2023-24, \$11,928 for the undergraduate cohort first enrolled in 2022-23, and \$12,264 for all graduate students. Tuition stays at \$11,442 for cohorts first enrolled in 2021-22 or earlier.

Student Services Fee

The Student Services Fee is also charged to all registered students. Revenue from the fee funds services and programs that are not part of the University's programs of instruction, research, or public service. In 2022-23, \$317 million in Student Services Fee revenue was collected, a majority of which was spent on student services, including counseling and career guidance, cultural and social activities, and student health services. Student Services Fee revenue is also used for capital improvements that provide extracurricular benefits for students. As with Tuition, the Regents set Student Services Fee levels annually in accordance with the 1994 Student Tuition and Fee Policy. A portion of the Student Services Fee is provided as financial aid to the neediest students (see the *Student Financial Aid* chapter).

Chancellors are authorized to determine specific allocations of Student Services Fee income on their campuses, within UC policies and guidelines. Campus have Student Fee Advisory Committees, with at least half of its membership

represented by students, to advise chancellors.

In 2023-24, the Student Services Fee is \$1,230 for the undergraduate cohort first enrolled in 2023-24, \$1,176 for the undergraduate cohort first enrolled in 2022-23, and \$1,152 for graduate students. The Student Services Fee remains at \$1,128 for undergraduate cohorts first enrolled in 2021-22 or earlier.

Professional Degree Supplemental Tuition

Professional Degree Supplemental Tuition (PDST) was established in 1994-95 to allow UC's professional schools to maintain program quality as program costs grew faster than other funding sources. Assessed in addition to mandatory student charges and, if applicable, Nonresident Supplemental Tuition, PDST levels in 2023-24 range from \$4,962 to \$54,318, depending on the program, campus, and student residency status. See Appendix Display 14 for a list of programs that assess PDST and their accompanying PDST levels in 2023-24. In 2022-23, these charges generated \$380 million for the respective professional school operations.

Historically, many of UC's professional schools have held a place of prominence in the nation, promising an exceptional education at a reasonable price. State budget cuts in the early 2000s reduced resources available to the professional schools. They faced reduced capacity to recruit and retain excellent faculty, provide an outstanding curriculum, and attract high caliber students. Support from more recent State funding increases and new revenue generated from PDST increases has been critical to providing resources to attract high-caliber faculty and students, improving diversity, and regaining and maintaining excellence.

The Regents approve PDST charges in the context of multi-year plans that advance the mission and academic plans of each graduate professional degree program per the PDST Policy⁵. Multi-year planning with regard to PDST is a vital and fiscally prudent strategy that:

- provides a more stable planning environment for professional schools;
- allows the schools to act on long-term investment needs such as new faculty positions, facility needs, and

⁵ See <https://regents.universityofcalifornia.edu/governance/policies/3103.html>.

financial aid program development;

- provides each program the opportunity to comprehensively analyze its program needs, the costs to address those needs, and the revenue available to support those needs;
- allows each program to examine its competitiveness with other institutions on a number of measures, including the “sticker price” of attendance, financial aid programs and their effect on the net cost to students, and other indicators of national competitiveness of the program;
- helps inform decision making by clearly identifying each degree program’s goals and objectives and the steps needed to achieve them;
- enables each program to consult with students and faculty about long-term plans and tuition levels; and
- includes specific conditions for ensuring that the University’s commitment to access, affordability, diversity, and students’ public service career decisions are not adversely affected by fee increases for professional degree students.

At their January, March, and May 2023 meetings, the Regents approved 23 multi-year plans, 21 with increases in PDST levels starting in 2023-24 and the other two with no increases. Also, effective 2023-24, the President approved requests from five programs to assess PDST at a reduced level from the maximum levels authorized by the Regents and terminated the PDST for two programs.

Nonresident Supplemental Tuition

In addition to other applicable tuition and fees, UC students who do not qualify as California residents are required to pay Nonresident Supplemental Tuition (NRST). Enrollment of nonresident students, including undergraduate and graduate international students and domestic students from other states, generated \$1.12 billion in 2022-23. NRST levels in 2023-24 vary by student level and program: \$32,574 for the undergraduate cohort first enrolled in 2023-24, \$31,025 for the undergraduate cohort first enrolled in 2022-23, \$29,754 for undergraduate cohorts first enrolled in 2021-22 or earlier, \$15,102 for graduate academic students, and \$12,245 for graduate professional students.

Undergraduates who enroll as nonresidents typically pay

Display XV-5: 2023-24 Campus-based Fee Levels

Campus	Undergraduate	Graduate
Berkeley	\$1,850	\$1,791
Davis	\$2,247	\$1,090
Irvine	\$1,237	\$805
Los Angeles	\$747	\$413
Merced	\$1,167	\$717
Riverside	\$1,169	\$896
San Diego	\$2,265	\$1,065
San Francisco	N/A	\$722
Santa Barbara	\$1,965	\$983
Santa Cruz	\$1,560	\$1,385
Average	\$1,628	\$1,015

NRST,⁶ unless a student’s parents move to California or the student is deemed financially independent (a standard that is difficult to meet). Domestic graduate students are generally presumed to be financially independent and typically establish residency after one year. International students cannot establish residency and hence pay NRST every year (although graduate academic students are exempt from this charge for up to three years once they advance to candidacy).

Fees Charged at the Campus Level

Campuses may also charge fees for specific needs related to campus life and safety or instruction. Among the largest fee types assessed at the campus level are campus-based fees and Course Materials and Services Fees.

Campus-based Fees. Campus-based fees⁷ cover a variety of student-related expenses that are not supported by Tuition or the Student Services Fee. These fees help fund programs such as student government; the construction, renovation, and repair of sports and recreational facilities; and other programs and activities such as transit. As shown in Display XV-5, the number and dollar amounts of campus-based fees vary across campuses and between undergraduate and graduate students.

Campus-based fees for 2023-24 range from \$413 at UCLA (graduates) to \$2,265 at San Diego (undergraduates); in 2023-24, average campus-based fees⁸ are \$1,628 for

⁶ Certain nonresident students may qualify for an AB 540 exemption from Nonresident Supplemental Tuition at UC. For details, see <https://admission.universityofcalifornia.edu/paying-for-uc/tuition-and-cost/ab540/>.

⁷ UC’s Policy on Compulsory Campus-Based Student Fees is available at <https://policy.ucop.edu/doc/2710528/PACAOs-80>.

⁸ Campus-based fee figures are weighted by enrollment and do not include waivable health insurance premiums.

undergraduates and \$1,015 for graduates. Generally, students must vote to establish or increase campus-based fees, but these fees also can be set by chancellors (with the concurrence of the Regents) if a fee is necessary to help ensure the safety of students (e.g., to pay for the seismic retrofit of a building funded by student fees). A return-to-aid

component has been built into newly established campus-based fees.

Course Materials and Services Fees. Course Materials and Services Fees cover costs specific to a course, such as materials used in a studio art class, travel costs for an archeological dig, or laboratory supplies related to a specific course. The fees are set by the chancellors and may not exceed the actual cost of the materials and services provided for the course.

HISTORY OF STUDENT FEES

The University first assessed student fees in the 1920s with the establishment of the Incidental Fee. In 1960, the California Master Plan for Higher Education affirmed that UC should remain tuition-free but allowed that fees could be charged for costs not related to instruction. In the late 1960s, the Incidental Fee was renamed the Registration Fee, and revenue was used to support student services and financial aid. In 2010, the Registration Fee was renamed the Student Services Fee.

The Educational Fee was established in 1970-71 and was originally intended to fund capital outlay. Each year, however, a greater proportion of this fee was allocated for student financial aid. Consequently, in the late 1970s, the Regents stipulated that Educational Fee income was to be used exclusively for student financial aid and related programs. In 1981, the Regents extended the Educational Fee’s use to include basic student services, which had lost State General Fund support.

In 1994, the University of California Student Fee Policy established that the Educational Fee may be used for general support of the University’s operating budget. In addition, a goal of the policy is to maintain the affordability of a high-quality educational experience at the University for low- and middle-income students. In 2011, the

RECENT HISTORY OF UNIVERSITY OF CALIFORNIA STUDENT TUITION AND FEE LEVELS

2015-16 to 2016-17	Under the long-term funding framework, Tuition did not increase in 2015-16 or 2016-17, extending the Tuition freeze to six consecutive years. The Regents approved annual increases of 5% to the Student Services Fee for 2015-16 and 2016-17. Undergraduate Nonresident Supplemental Tuition increased by 8% and Professional Degree Supplemental Tuition increased moderately during this period.
2017-18	Tuition increased by 1.4% and the Student Services Fee increased by 5%. Professional Degree Supplemental Tuition increased up to 5% for 44 programs, with the remaining programs keeping levels unchanged. Undergraduate Nonresident Supplemental Tuition increased by 5%.
2018-19 to 2019-20	In concert with the State buy-out of Tuition and the Student Services Fee increases for 2018-19, the Student Services Fee remained unchanged and, with the Luquetta judgment mostly fully paid off, Tuition levels were reduced by \$60. The University held Tuition and the Student Services Fee flat in 2019-20. Professional Degree Supplemental Tuition and undergraduate Nonresident Supplemental Tuition increased moderately during this period.
2020-21 to 2021-22	Due to the COVID-19 pandemic, the Regents deferred action on the multi-year Tuition Stability Plan proposal, as well as proposed increases in Tuition and the Student Services Fee. Systemwide mandatory charges remained unchanged during this period.
2022-23 to 2023-24	In July 2021, the Regents approved the Tuition Stability Plan. Effective 2022-23, fee increases, including fee assessment based on cohort year, were implemented. The Regents also approved two new non-mandatory, systemwide opt-out fees to support the University of California Student Association (UCSA) and the University of California Graduate and Professional Council (UCGPC). The UCSA and UCGPC Systemwide Fees were first assessed in fall 2022 and fall 2023, respectively. Systemwide mandatory charges, in 2022-23, increased over 2% for graduate students and over 4% for the undergraduate cohort first enrolled in 2022-23 compared to the prior cohort. In 2023-24, systemwide mandatory charges were capped at a 5% increase for graduate students and the undergraduate cohort first enrolled in 2023-24.

Educational Fee was renamed Tuition.

Over time, UC's tuition and fee levels have largely tracked the state's economy. In more economically stable years, such as the mid-1980s and the late 1990s, charges were held steady or were reduced. In years of fiscal crisis – during the early 1990s and during the early 2000s, for example – tuition and fees increased dramatically in response to significant reductions in State funding, although these increases only partially compensated for the reductions in State support. The appendices to this document include historical tuition and fee levels for UC students by level and residency.

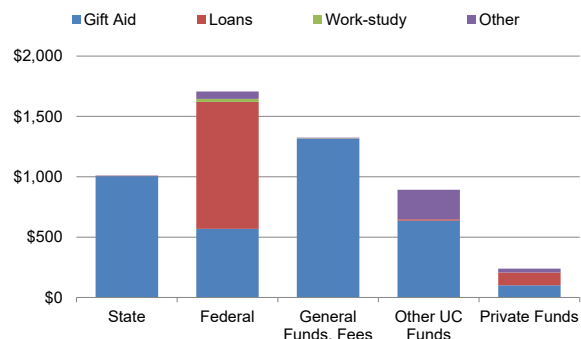
Student Financial Aid

Guided by the Regents' financial aid policy, the University's financial aid programs are closely linked to UC's goals of expanding student access and helping the state meet its professional workforce needs.¹ In 2021-22 (the most recent year for which information is available), UC students received \$5.2 billion in financial aid, of which \$2.2 billion (43%) was funded by the University and \$1 billion (19%) was funded by the State. Maintaining robust undergraduate and graduate aid programs remains among the University's highest budget priorities.

At the undergraduate level, the goal of UC's financial aid program is to ensure that the University remains financially accessible to all California students. During the 2021-22 academic year, 69% of California resident undergraduates received grant or scholarship aid averaging \$19,483 per recipient, while 55% of all California resident undergraduates received grant or scholarship assistance that fully covered their mandatory systemwide charges. In addition, 62% of UC undergraduates (56% of California residents) who graduated in 2021-22 had no student loan debt. The average debt among the 38% of UC students who borrowed was \$16,685, compared with \$17,100 in 2020-21. The average debt for undergraduates who were admitted as freshmen was \$17,900, well below the national average of \$28,950.² The share of students borrowing declined during the pandemic. This is likely due to two factors: 1) students moved home and thus had lower living and transportation costs and 2) federal, State, and University emergency relief funding may have mitigated the need to take out student loans.

At the graduate level, the Regents' financial aid policy calls upon the University to attract a diverse pool of highly qualified students by providing a competitive level of support relative to other peer institutions. Competitive support is key because graduate student enrollment is critical both to UC's research enterprise and to helping the state meet its academic and professional workforce needs. In 2021-22, 72% of graduate students received grant or

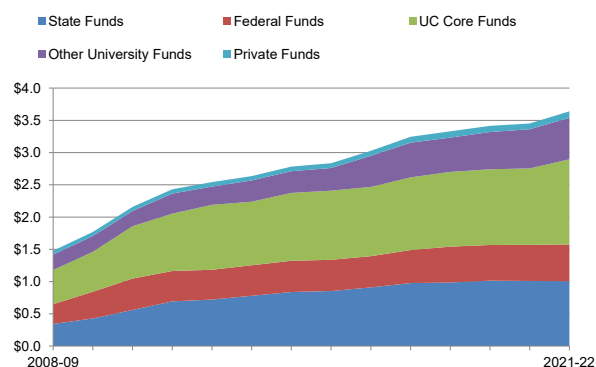
Display XVI-1: 2021-22 Financial Aid by Type and Source of Funds (Dollars in Millions) (Total: \$ 5.1 Billion)



	State	Federal	General Funds, Fees	Other UC	Private
Gift Aid	\$1,005.3	\$568.5	\$1,313.9	\$635.9	\$100.7
Loans	\$3.1	\$1,052.2	\$0.0	\$12.1	\$106.5
Work-study	\$0.0	\$24.7	\$4.1	\$0.0	\$0.0
Other	\$1.7	\$61.1	\$6.0	\$244.7	\$31.9
Total	\$1,010.1	\$1,706.5	\$1,324.0	\$892.7	\$239.1

State, federal, and University sources each provide large amounts of gift aid (i.e., scholarships and grants) for UC students, while federal funds provide the bulk of student loans.

Display XVI-2: Gift Aid Expenditures by Source (Dollars in Billions)



To offset tuition and fee increases and maintain the promise of higher education for all Californians, both the University and the State have invested heavily in student financial support. Total gift aid reached over \$3.6 billion in 2021-22, about 54 percent of which was generated from University sources.

¹ The UC Financial Aid Policy is available at <http://regents.universityofcalifornia.edu/governance/policies/3201.html>.

² TICAS. "Student debt." <https://ticas.org/wp-content/uploads/2021/11/classof2020.pdf>. Accessed January 20, 2021

fellowship support, averaging about \$20,388 per recipient. Also, teaching assistantships and research assistantships provide support to 53% of graduate students.

The University has faced challenges related to achieving its goals of affordability at the undergraduate level and competitiveness at the graduate level. During the years following the Great Recession, tuition and fee increases were implemented in response to declining State support for the University's budget. Tuition and fee levels have increased by less than 5% during the decade from 2012 to 2021 for California resident students, while other elements of the total cost of attendance (e.g., living expenses, books, and supplies) have increased at higher rates.

Increases in Professional Degree Supplemental Tuition, which were implemented to help professional schools maintain the quality of their programs, also increased the demand for financial aid. Without tuition increases, fewer funds are available to provide financial aid to cover rising non-tuition costs for an increasing number of students from low-income households.

The University has responded to these challenges by adopting measures to expand the availability of student support and to mitigate student cost increases. Examples of these measures include the following: augmenting funding for grants and fellowships, raising philanthropic support for scholarships, limiting Nonresident Supplemental Tuition increases for graduate students, and expanding loan repayment assistance programs for professional degree students choosing public interest careers.

Additionally, on July 22, 2021, the Regents approved a multi-year Tuition Stability Plan to keep UC tuition stable and predictable while providing new resources for financial aid. Undergraduate tuition is set annually and assessed on a cohort basis; each entering undergraduate cohort can expect their fees to be higher than the amounts charged to prior cohorts but can expect their tuition to remain at the same level for up to six academic years based on their time of enrollment. Graduate tuition is set annually and assessed uniformly, but does not rise faster than inflation, essentially remaining flat in constant dollars.

UNIVERSITY OF CALIFORNIA BLUE AND GOLD OPPORTUNITY PLAN

The Blue and Gold Opportunity Plan ensures that financially needy California resident undergraduates with total family incomes under \$80,000 have their Tuition and Student Services Fee covered by scholarship or grant awards, up to the student's need. This plan, introduced in 2009-10, helps ensure that these charges do not deter the half of California households with incomes below \$80,000 from aspiring to attend UC. Over half of California resident undergraduates at UC are expected to qualify for the plan in 2023-24.

Each year, UC prepares a comprehensive report for the Regents describing the grant and scholarship aid, student loans, and University employment that undergraduate and graduate students receive to finance their education.³ UC will continue to closely monitor the effectiveness of its financial aid programs in achieving the Regents' goals of affordability at the undergraduate level and competitiveness at the graduate level.

FUND SOURCES FOR FINANCIAL AID

UC students may receive scholarships, fellowships, grants, loans, work-study jobs, and tuition and fee remissions to assist them in paying the educational costs of attending UC. The cost of attendance includes tuition and fees, housing and meals, books, and other expenses. UC students receive assistance from four major fund sources: State aid programs, federal aid programs, University funds, and private entities.

State Aid Programs

California students at all eligible colleges and universities in the State may receive financial support from programs administered by the California Student Aid Commission (CSAC), including the Cal Grant A and B Programs:

- The Cal Grant A Program is the largest of the State's student aid programs and provides grants covering UC systemwide charges for meritorious undergraduates with financial need.
- The Cal Grant B Program provides grants covering systemwide charges and a small stipend for living expenses to undergraduates from particularly low-income backgrounds. Generally, first-year recipients

³ The *Annual Report on Student Financial Support* is available at <https://www.ucop.edu/enrollment-services//data-and-reporting/reports-to-the-regents-on-student-financial-support/index.html>.

receive only the stipend and, in subsequent years, the stipend plus a tuition grant.

The Cal Grant programs are designed to promote access to postsecondary education, and to foster student choice among California institutions of higher education. Cal Grant awards for recipients attending the University of California and the California State University (CSU) cover systemwide student charges, but only Cal Grant B provides minimal assistance to help students cover other costs of attendance, such as housing. The State enacted the Cal Grant Reform Act in the higher education budget trailer bill of 2022-23 (AB 183) for implementation in 2024-25 contingent upon funding. This would recast the Cal Grant program to provide awards for payment of tuition or student fees, non-tuition costs, or both tuition or student fees and non-tuition costs. This reform would also align Cal Grant eligibility with eligibility for the Federal Pell Grant program.

In 2021-22, about 90,400 UC students were awarded over \$1 billion in State-sourced financial aid. Cal Grant funding comprised the bulk of the support, but the Middle Class Scholarship (MCS) program represented \$31.8 million of the total funding. State financial aid for UC students has increased as enrollment and student fees have increased.

The MCS program is a state scholarship program that provides assistance to California resident undergraduates, and those pursuing a teaching credential with annual family incomes and assets up to \$201,000 in 2022-23, and up to \$217,000 in 2023-24. MCS was greatly expanded in 2022-23, providing an estimated \$150 million to over 80,000 UC students.

UC also administers the Dream Loan program, totaling \$5 million per year, which is jointly funded by the State and the University. UC works with the other segments of California higher education and stakeholders to ensure that the State maintains its historic commitment to the Cal Grant program, and that the program continues to be funded at necessary levels in the event of future increases in tuition and fees.

The 2021 Budget Act made permanent \$4 million for summer-term financial aid for UC students who are both California residents (including students receiving an exemption from Nonresident Supplemental Tuition) and

eligible for State financial aid. UC campuses awarded about 8,000 students an average of \$500 in summer 2022.

Federal Aid Programs

UC students who are U.S. citizens or legal permanent residents receive federal financial aid in the following ways:

- Federal grants and scholarships worth \$568.5 million in 2021-22, which amounts to about 15.7% of all grants and scholarships received by UC students that year;
- Loans totaling \$1.1 billion in 2021-22;
- Work-study funds totaling \$24.7 million in 2021-22; and
- Federal tax credits, which benefit many UC families. Nationally, the value of these federal benefits has grown steadily since their introduction in 1997.

While distinct from federal financial aid programs, federal research grants also provide financial support to many students, primarily those in graduate doctoral programs.

University Funds

University funds consist of two components: 1) University core operating funds, and 2) other University aid funds. The University designates about \$1.3 billion in UC core operating funds—student tuition and fee revenue, UC General Funds, and State General Funds—for student gift aid. Approximately \$636 million in other University aid funds are provided through campus-based programs funded by endowment income, current gifts, and campus discretionary funds in the form of fellowships, scholarships, and grants.

The University has funded its systemwide aid programs largely by setting aside a portion of revenue from tuition and fee increases for financial aid for students from low-income households. This practice is called “return-to-aid.” As UC more fully recognized student financial need not covered by external resources, and as student financial need increased over time, the return-to-aid increased. In 1987-88, the percentage of new tuition and fee revenue dedicated to financial aid was 16%; starting in the 1990’s the University set aside 33%. Effective fall 2022 as a part of the University’s Tuition Stability Plan, return-to-aid increased to 45% on new revenue from undergraduate Tuition and Student Services Fee increases.⁴ Together with the State’s Cal Grant program, this assistance is enough to offset the increases in tuition and fees for over half of

⁴ Return-to-aid rates can be found in the USAP Administrative Guidelines, which are available at <https://www.ucop.edu/enrollment-services/policies/financial-aid-policies/index.html>.

California resident undergraduate students, and to provide the neediest students with additional assistance to help offset other cost of attendance increases described above.

Consistent with past practices, for graduate student support, UC also sets aside 50% of the new revenue from Tuition and Student Services Fee increases charged to graduate academic students, and, starting in fall 2022, 40% (up from 33% prior to fall 2022) of the increases charged to students in graduate professional degree programs.

Graduate professional degree programs are also expected to supplement financial aid resources by an amount equivalent to at least 33% of new Professional Degree Supplemental Tuition (PDST) revenue, or to maintain a base level of financial aid equivalent to at least 33% of total PDST revenue. In addition, campuses are expected to set aside a minimum of 25% of the revenue from newly enacted campus-based fees for return-to-aid.

As part of the 2019-20 Budget for Current Operations, the Regents mandated that the increases in Nonresident Supplemental Tuition (NRST) be subject to return-to-aid. Campuses have long had the flexibility to return a portion of NRST revenue to financial aid, but the 2019-20 Budget included a set-aside of 10% of the increased revenue to provide financial aid to help continuing students afford the increase. As part of the Tuition Stability Plan, 20% of new revenue from NRST increases paid by undergraduate students is set aside for financial aid effective fall 2022.

In 2015-16, the University implemented the Dream Loan program for undocumented undergraduate AB 540 students.⁵ In 2020-21, this program was extended to qualifying graduate students. This program helps level the playing field for undocumented students, who have never had access to federal loan programs—the primary source of loans for documented UC students. In 2021-22, UC paid about \$3 million in Dream loans.

In 2019, the Legislature passed SB 77, which allows the University to provide aid funded by money received for that purpose (e.g., endowed scholarships) to undocumented students who do not qualify under the California Dream Act until June 30, 2021. This was extended twice, most recently via the 2022 Budget Act trailer bill, to June 30, 2027. This is

FEDERAL EMERGENCY GRANT FUNDING IN RESPONSE TO COVID-19

The Coronavirus Aid, Relief, and Economic Security (CARES) Act provided nearly \$14 billion in Higher Education Emergency Relief Funds (HEERF) in spring 2020 to address higher education challenges created by the COVID-19 pandemic. At least 50% of the funding was used “to provide emergency financial aid grants to students for expenses related to the disruption of campus operations due to coronavirus (including eligible expenses under a student’s cost of attendance, such as food, housing, course materials, technology, health care, and childcare).” There were three HEERF allocations, the CARES Act, followed by the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and the American Rescue Plan (ARP). The expenditures are shown in the table below. Any of the remaining HEERF funds disbursed in 2022-23 will be reported in next year’s report.

HEERF Payments	CARES	CRRSAA	ARP	Total Award
2019-20	\$112.6M			\$112.6M
2020-21	\$18.6M	\$125M	\$0.028M	\$144M
2021-22	\$1.0M	\$3.4M	\$323.8M	\$328.2M

UC campuses developed plans in 2019-20 and 2020-21 with an overarching goal to ensure students continue to make progress towards graduation, despite the financial and other challenges created by the COVID-19 pandemic. Financial Aid Offices managed the student emergency grants and were encouraged to consult with key leaders on campus, including Graduate Deans, Basic Needs Centers, and Associated Students. Given conflicting advice from the federal government about their eligibility, all campuses identified UC funding for emergency grants for undocumented students.

Given the flexibility in systemwide guidance and differing levels of per student HEERF funding, campus implementation plans varied, although with common themes. For graduate students, campuses generally provided funding equivalent to their proportion of total campus enrollment. Some campuses used financial need to scale awards, while others provided flat awards to all graduate students. For undergraduates, awards were tiered by financial need with highest need students from vulnerable populations and high-need dependent students receiving a higher level of HEERF funds. In 2021-22, about 50% of UC students received HEERF funding, with an average award of \$2,150 per recipient; 53% of undergraduate students received these funds in 2021-22, with an average grant of \$2,300 per recipient; and 39% of graduate students received these grants, with an average award of about \$2,300 per recipient.

⁵ Consistent with Section 68130.5 of the California Education Code and University policy, certain nonresident students may be eligible for exemption from Nonresident Supplemental Tuition at UC.

Student Financial Aid

in addition to the University and State financial aid available since 2013 to UC's undocumented students who qualify under AB 540. In 2021-22, UC AB 540 undocumented students received \$36 million in Cal Grants, and \$54 million in UC-funded need-based financial aid.

Private Support for Financial Aid

Private entities also provide student financial support through scholarships and other forms of aid. Funds in this category include traineeships and fellowships from private firms, funds from associations and foundations (e.g., the Gates Millennium Scholars program and the American Cancer Society), and small scholarships from community organizations. In 2021-22, \$100.7 million was awarded to UC students from private agency programs, representing 3% of the gift aid students received during that year.

Private loans are a financing option for students with unique circumstances, such as international students and students who have already borrowed the maximum allowable amount under federal student loan programs. Graduate students with excellent credit can also qualify for private loans with better terms than federal student loans. UC students borrowed \$106.5 million from private lenders in 2021-22. UC makes extensive efforts to identify lenders that offer private student loans with competitive terms, in order to help students in various programs make well-informed decisions about private loans.

UNDERGRADUATE STUDENT FINANCIAL AID

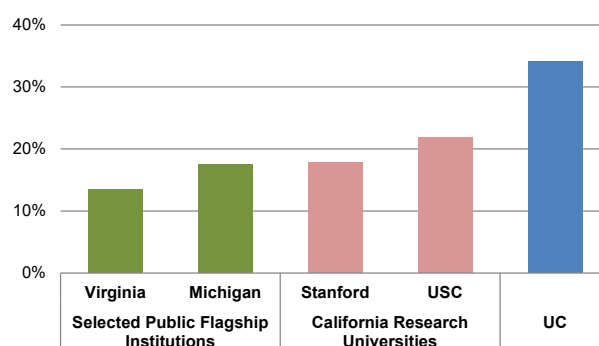
The University of California is committed to access for undergraduate students across income groups, particularly low-income students. In 2021-22, 34% of UC undergraduates were low-income Pell Grant recipients—more than at any other comparably selective research institution. Displays XVI-3 and XVI-4 provide a summary of undergraduate student financial aid.

Financial aid also contributes greatly to the University's ability to enroll a diverse population of undergraduate students. African American, Chicana/Latina, and Asian American undergraduate students are disproportionately low-income; 38%, 43%, and 24%, respectively, of these students have annual parent incomes of less than \$40,000, or are financially independent (generally financially independent students are low-income). Despite

Display XVI-3: All Undergraduate Student Financial Aid At-A-Glance, 2021-22 All Year

Total Aid (includes Summer)	\$3.3 billion
Aid Recipients	64%
Gift Aid	
Total gift aid	\$2.7 billion
Gift aid recipients	60%
Average gift aid award	\$18,246
Gift aid awards based on need	Over 90%
Student Loans	
Students who took out loans	25%
Average student loan	\$10,205
Students graduating with debt	38%
Avg. debt at graduation among borrowers	\$16,685
Student Employment	
Students who worked	38%
Students who worked more than 20 hours per week	9%

Display XVI-4: 2021-22 Undergraduate Pell Grant Recipients



UC remains accessible for students from low-income families. UC has a very high proportion of federal Pell Grant recipients – 34% during 2021-22 (the most recent year from which there are data), more than at any comparable public or private research institution.

only representing 64% of total undergraduate students, African American, Asian American, and Chicana/Latina undergraduate students received 80% of all undergraduate gift aid in 2021-22.

The estimated average net cost of attendance for UC California undergraduate students in 2021-22 was \$14,800 (see “UC Grant Assistance Under the Education Financing Model”), which represents the actual cost of attending the University for undergraduates, after taking into account scholarship and grant assistance and is a good general measure of affordability. In 2021-22, the University's total cost of attendance, before financial aid, is projected to be lower than the total cost of attendance at one of the

University’s four public comparison institutions, as shown in Display XVI-5. After adjusting for gift aid, UC’s *net cost* of attendance for resident need-based aid recipients remained lower than the estimated net cost at two of the University’s four public comparison institutions.

The Education Financing Model

Consistent with the financial aid policy for undergraduate students adopted by the Regents in January 1994, the University uses an integrated framework—the Education Financing Model (EFM)—to assess UC’s role in funding its financial support programs, to allocate financial aid across campuses, and to guide the awarding of aid to individual students.

The framework is based on four principles:

- The University must acknowledge the total cost of attendance: resident student fees, living and personal expenses, and costs related to books and supplies, transportation, and health care.
- To maintain equity among undergraduate students, all students, no matter which campus they attend or their income level, are expected to make a generally similar contribution from part time work, and loans if necessary, to help finance their education.
- Financing a UC education requires a partnership among students, their parents, federal and state governments, and the University.
- Flexibility is needed for students in deciding how to meet their expected contributions and for campuses in implementing the EFM to serve their particular student bodies.

These principles are reflected in the framework for determining the components of a student’s financial aid package (see “UC Grant Assistance Under the Education Financing Model” above).

Parent Contribution. Parents are expected to help cover the costs of attending the University if their children are considered financially dependent (which is the case for over 90% of UC undergraduates). The amount of parental contribution is determined by the same formula used to determine need for federal and State aid programs. This formula takes into account parental income and assets (other than home equity and retirement accounts), family size, and non-discretionary expenses. Particularly low-income parents have an expected contribution of zero.

**UC GRANT ASSISTANCE
UNDER THE EDUCATION FINANCING MODEL**

The Total Cost of Attendance

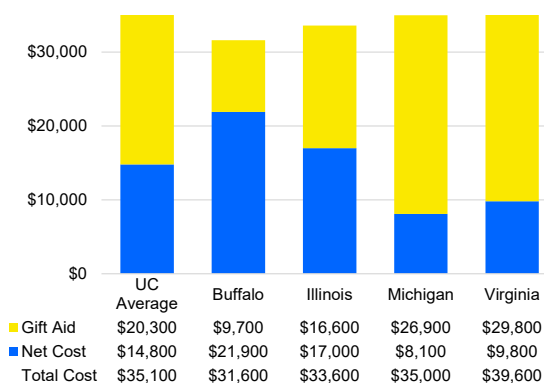
Minus Grants from federal and state programs

Minus A reasonable contribution from parents

Minus A manageable student contribution from work and borrowing

Equals University grant aid needed

Display XVI-5: 2021-22 Estimated Net Cost of Attendance for Undergraduate Aid Recipients



In 2021-22, undergraduate need-based aid recipients at UC are estimated to have received an average of \$20,300 in gift aid, resulting in a *net cost* of \$14,800. UC’s net cost in 2021-22 was lower than the net cost at two of its four public comparison institutions.

Student Contribution. Undergraduates are expected to cover a portion of their educational expenses through part-time employment, which reflects hours that do not have significant adverse effects on academic achievement. Student loans are made available to assist in meeting the student’s contribution, but the University endeavors to minimize borrowing. The expected contribution should be manageable so that students can make steady progress toward their degree objective. The EFM includes ranges for work expectations based on estimates of manageable work levels, adjusted annually for inflation and periodically for market changes in student wages and expected post-graduation earnings.

The University’s goal is to provide sufficient systemwide funding to ensure that a student’s expected contribution from work and borrowing falls within the manageable range established by the EFM. The determination of funding

Student Financial Aid

levels for the University's need-based grant program, how those funds are allocated across the campuses, and guidelines for awarding those funds to students are made in accordance with the EFM principles.

For 2023-24, UC grant recipients will be expected to work for or borrow, on average, \$9,000-\$11,500 to finance their education. Students can apply for UC scholarships and outside awards that effectively reduce their expected contribution. (During the 2021-22 academic year, 23% of undergraduates received scholarships worth \$5,263, on average.) Also in 2022-23, UC began the process of packaging a selected group of high-need students with a self-help of \$7,900, as part of President Drake's Debt-Free UC initiative (see right inset). The University awarded debt-free UC financial aid packages to about 6,000 new California residents from low-resourced high schools and community colleges who had an Expected Family Contribution of zero. In 2023-24, the program will expand to all students with an Expected Family Contribution of zero, as determined by the financial aid application. Current estimates indicate about 15,000 new students will be eligible.

Outcomes of the Undergraduate Aid Program

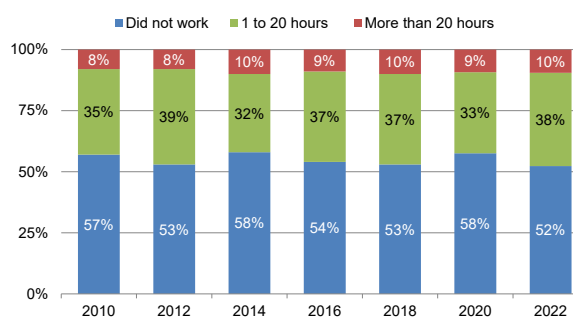
The University monitors a variety of outcome measures related to student support to evaluate the effectiveness of its undergraduate financial aid programs. These outcome measures are designed to answer the following questions:

- **Does the University enroll students from all income levels?** The University has achieved remarkable success at enrolling a high percentage of low-income undergraduate students. In fact, during the last period of consistent tuition and fee increases (2008-2011), the proportion of low-income students enrolling at the University increased to match the proportion they represented in the state as a whole (roughly 36%).
- **Do UC students work manageable hours?** The University funds and administers its financial aid programs such that no student is expected to work more than 20 hours per week in order to finance their education. Surveys conducted over time depict similar patterns of work, indicating that increases in UC's cost of attendance have not significantly affected this outcome measure. Display XVI-6 shows students' self-reported work hours from the University of California Undergraduate Experience Survey (UCUES); periodic UCUES results indicate that the percentage of

UNIVERSITY OF CALIFORNIA PATH TO A DEBT-FREE UNDERGRADUATE DEGREE

Under President Drake's leadership, the University of California began providing students with financial aid packages that would allow them to graduate without debt. Using the State of California's definition of a manageable amount of part-time work, a select group of incoming students in 2022-23 were packaged with a student contribution of \$7,900 (or less). Students still have the option to take out loans. New students with no expected family contribution from low-income high schools and colleges were provided debt-free financial aid packages in 2022-23. Under the Compact with Governor Newsom, UC will grow the number of students with debt-free packages in the coming years.

Display XVI-6: Trends in Student Work Hours, 2010-2022



University of California Undergraduate Experience Survey figures from 2010 to 2022 show only slight changes in students' work patterns during this period.

students working more than 20 hours per week has not increased.

- **Do students' financial circumstances affect their academic success?** Despite increases in tuition, fees, and other expenses, trends in student persistence remain stable for students at every income level. In addition, financial considerations do not seem to influence students' ability to graduate from UC. While students from lower-income families take longer, on average, to graduate, their 6-year graduation rate is on par with that of wealthier students who enrolled at UC with similar levels of academic preparation. UC is focused on closing the gaps in the four-year graduation rates to reduce debt and increase lifelong earnings.
- **Do students graduate with manageable debt?** Under the EFM, debt that requires under 9% of a student's annual postgraduate earnings is considered manageable. About 85 percent of UC baccalaureate recipients have a debt-to-earnings ratio of ten percent or less at two years after graduation and over 90 percent do at five years after graduation. Among students who

borrow, average cumulative debt has changed little during the past few years. Among all undergraduate students, both residents and nonresidents, who graduated in 2021-22, 38% borrowed at some point while enrolled at UC; their average cumulative borrowing at graduation was \$16,685 (\$19,200 for students who were admitted as freshmen), well below the national average of \$28,950.

GRADUATE STUDENT FINANCIAL AID

For graduate students, the burden of covering increases in the cost of attendance—including increases in tuition and fees—falls upon the University, research, and training grants funded by federal and other extramural sources, private foundations, and students. Display XVI-7 contains summary statistics of graduate student financial aid for 2021-22.

Graduate academic and graduate professional programs differ in a number of ways, including the intended outcomes of the programs, typical program length, and competitive markets for students. Because of these differences, the types of financial support provided to these two groups of graduate students differ greatly. In general, graduate academic students receive more grant aid and traineeships, and graduate professional students receive more loans.

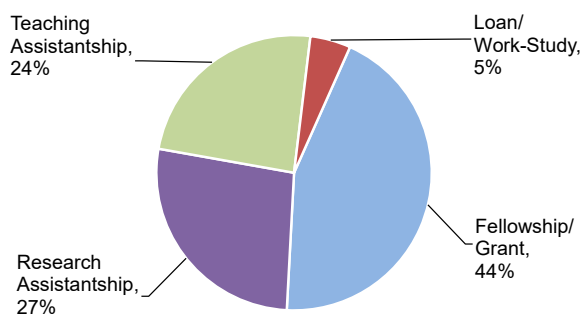
As shown in Display XVI-8, 44% of support for graduate academic students was in the form of fellowships and grants in 2021-22. Graduate academic students also serve as teaching and research assistants and, hence, receive substantial funding—about \$606 million in 2021-22—from extramural faculty research grants and University teaching funds. Fellowship, grant, and assistantship support are viewed as more effective than loans for recruiting and retaining doctoral students whose academic programs are lengthy, and whose future income prospects are relatively modest (compared to graduate professional degree students).

Fellowships, grants, and assistantships represent over 90% of all support received by graduate academic students. In contrast, in 2021-22, about 52% of the support for graduate professional students were in the form of student loans and work-study, and approximately 48% was in the form of fellowships, grants, and assistantships (see Display XVI-9).

Display XVI-7: Graduate Student Financial Aid At-A-Glance, 2021-22

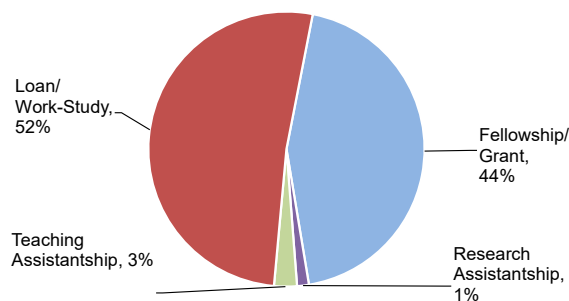
Total Aid	\$2.33 billion
From gift aid	34%
From loans/work-study	16%
From assistantships	50%
Aid recipients	90%
Gift Aid	
Gift aid recipients	72%
Average gift aid award	\$20,388

Display XVI-8: 2021-22 Graduate Academic Financial Support by Program Type and Aid Type



More than 90% of graduate academic financial aid is in the form of fellowships and grants, teaching assistantships, and research assistantships.

Display XVI-9: 2021-22 Graduate Professional Financial Support by Program Type and Aid Type



In contrast to graduate academic financial aid, most aid for professional school students is in the form of loans and less from research and teaching assistantships.

Graduate Academic Student Aid

The competitiveness of student support for UC graduate academic students and its effect on the ability to enroll top students from across the world has been a longstanding concern. Top graduate students receive competitive multi-

Student Financial Aid

year funding offers from peer institutions, and if UC cannot guarantee funding support, the best academic doctoral candidates will likely elect to attend other institutions.

Excellent graduate students are needed for undergraduate instruction support and for faculty research.

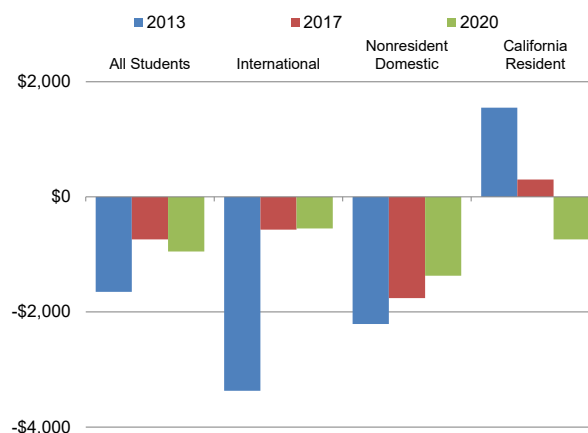
The University has taken several steps to address the gap between graduate student support demand and supply, including the following:

- The University dedicates 50% of new tuition and fee revenue from graduate academic students to graduate student support. These funds allow the University to cover cost increases associated with UC teaching assistantships and fellowships that cover students' tuition and fees.
- The University has not increased graduate academic Nonresident Supplemental Tuition levels since 2004-05. The foregone revenue is seen as a worthwhile trade-off in order to avoid further demands on limited fellowship and research assistantship funding. In effect, this practice has reduced, in real terms, the costs associated with covering Nonresident Supplemental Tuition for out-of-state and international graduate academic students.
- The University has reduced costs for academic doctoral candidates. Effective in fall 2006, graduate doctoral students who advance to candidacy are exempt from paying Nonresident Supplemental Tuition for three years. This practice provides an incentive for these students to complete their dissertation work promptly, and reduces the burden on research grants and other fund sources that are often used to fund this cost as part of a student's financial support package.

Since 2004, surveys of students admitted to the University's academic doctoral programs have repeatedly shown that the University's financial support offers are, on average, less than the offers students receive from competing institutions. Recent surveys suggest that efforts such as those described above have begun to narrow that gap—see Display XVI-10.

While UC remains less competitive than other institutions on average—especially for international and domestic nonresident students—the difference between UC and non-UC offers has been decreasing over time. These findings indicate progress in this metric of graduate student support, along with the need for continued investment in

Display XVI-10: Competitiveness of UC Financial Support Offers to Academic Doctoral Students



Data from 2013 to 2020 show an overall decline in the difference between UC's financial support offers to academic doctoral students and the offers students received from competing institutions. UC's competitive advantage for California residents has declined.

UC's ability to recruit highly talented students in a competitive environment.

Professional School Student Aid

The Regents' Policy on Professional Degree Supplemental Tuition⁶ (PDST) stipulates that graduate professional degree programs are expected to supplement financial aid resources by an amount equivalent to at least 33% of new Professional Degree Supplemental Tuition revenue, or to maintain a base level of financial aid equivalent to at least 33% of total Professional Degree Supplemental Tuition revenue. The policy has been amended in recent years to include specific conditions for ensuring that the University's commitments to access, affordability, diversity, and students' public service career decisions are not adversely affected by PDST increases.

The University sets aside less return-to-aid funding from Tuition and Student Services Fees for professional school students (40%) than for graduate academic students (50%). In addition to return-to-aid funding for the neediest graduate students, graduate degree programs use return-to-aid funds from PDST revenue, as well as funding from philanthropic sources, to pursue their affordability goals. More than half of financial support awarded to graduate

⁶ See <https://regents.universityofcalifornia.edu/governance/policies/3103.html>.

professional degree students is in the form of loans, primarily from federal loan programs. A greater reliance on loans and a smaller return-to-aid percentage are appropriate for professional school students because their programs are shorter and their incomes after graduation tend to be higher than graduate academic students.

University funds are also used for loan repayment assistance programs (LRAPs) in certain disciplines. These programs acknowledge that students who choose careers in the public interest often forego higher incomes and, hence, may be less able to meet their debt repayment obligations. Other LRAPs are funded at the federal, State, or regional level to encourage students to serve specific populations (e.g., to work as a physician in a medically underserved area). In recent years, every UC law school has significantly expanded its LRAP to provide a higher level of debt repayment relief to a broader population of graduates. Other professional schools are continuing to evaluate the appropriate mix of loan assistance and fellowship support to ensure that public interest careers remain a viable choice for their graduates.

Since 2009-10, students have been able to avail themselves of income-driven repayment plans for federal student loans, which are designed to make loan repayments easier for students who take jobs with lower salaries. The amount of debt repayment is determined not by the loan amount, but by the borrower's discretionary income, and repayment will never exceed 15% of net disposable income.

COVID-19 FINANCIAL AID

The COVID-19 pandemic disrupted the University's education delivery, moving nearly all courses online at the end of the 2019-20 academic year. The pandemic also had several effects on students, parents, and how they paid for college costs. The figures and tables reported in this chapter aside from the Federal Emergency Grant table, exclude funding from the CARES Act, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), and American Rescue Plan (ARP), as well as UC institutional COVID-19 emergency grants. Through 2021-22, most of the \$600 million that UC received from all three HEERF-related funds has been disbursed to students.

Approximately \$328 million of the HEERF funds were disbursed in academic year 2021-22, with \$324 million from ARP funds, \$3.4 million from CRRSAA, and \$1.0 million from CARES. In 2021-22, HEERF provided an average award of \$2,160 to about 150,000 students (nearly 50% of total students). About \$265 million was awarded to 124,700 undergraduate students (53% of total undergraduate students), with an average of \$2,130 per recipient. The remainder of the HEERF funds were awarded to 25,540 graduate students (39% of total graduate students), who received an average of about \$2,300.

To provide support for students without access to HEERF funds (e.g., undocumented students), UC allocated an additional \$1.8 million towards student financial support in 2021-22 from institutional funds and basic needs funding received from the State. This provided an average award of \$2,285 to nearly 800 students. For undergraduate students, a total of \$1.7 million was provided, with undergraduate students receiving an average grant of \$2,326. For graduate students, about \$0.1 million was provided with graduate students receiving an average grant of \$1,770. In 2021-22, the State provided \$15 million to UC in State COVID emergency grants to provide support to undocumented students without HEERF funding; \$11 million was awarded in 2021-22, with the remaining amount to be awarded in 2022-23. Over 23,500 students, including undocumented AB 540 students, received an average grant of \$491.

In 2021-22, UC benefited from federal HEERF (CARES, CRRSAA, and ARP), State, and University emergency grants totaling \$342 million. About 152,500 UC students (50% of all UC students) received some form of COVID relief grant from either State, federal, or institutional sources, with an average of about \$2,200 per recipient.

LOOKING AHEAD

In addition to the support described in this chapter, UC stepped out of the peak of the pandemic with an eye to expanding access and affordability to every Californian student with financial need. The University explored paths to provide additional financial aid to historically marginalized communities and those with financial need by reducing students' need to borrow and offering tuition assistance not already provided through other gift aid

Student Financial Aid

programs. Furthermore, UC is working to reduce the costs that students face, such as textbooks and on-campus housing, therefore extending the impact of its financial aid, under the Compact with Governor Newsom. The Path to Debt-Free UC (described earlier) and the Native American Opportunity Plan were new for 2022-23 and demonstrate the UC's commitment to reducing costs and making a UC education accessible.

In the inaugural year of President Drake's Native American Opportunity Plan (NAOP) and partnership with the Federated Indians of Graton Rancheria (FIGR), over \$2.7 million in scholarships were awarded to 222 UC Native American/American Indian students (see Display XV-11). In May 2022, the FIGR announced the tribe's Federated Indians of Graton Rancheria Scholarship Fund to cover tuition and mandatory fees both for non-federally recognized California Native American UC students along with any added needed support for those from federally recognized tribes, providing \$139,000 to 11 students. Furthermore, FIGR gifted \$316,000 to the University to augment awards for NAOP recipients for a combined contribution of \$455,000.

Display XV-11 Summary of New Scholarships for Native American Students at UC, 2022-23 (Thousands)

Description	Eligibility	Students	Total awards
UC NAOP: coverage of mandatory in-state tuition	CA residents of federally recognized tribes	211	\$2,263
Graton Direct Scholarship: coverage of mandatory in-state tuition	CA residents of non-federally recognized tribes or disenrolled members of federal tribes	11	\$139
Graton-UC Gift: campus-based fees and PDSTs	NAOP students from CA tribes	54	\$316
Total		222 (un-duplicated)	\$2,718

Auxiliary Enterprises

Auxiliary enterprises are activities that provide non-instructional support in the form of goods and services to students, faculty, staff and other individuals upon payment of a specific usage charge or fee. Student and faculty housing, dining services, and campus bookstores are the largest auxiliaries, with parking and some intercollegiate athletics making up the remaining components. Auxiliary enterprises are defined as self-supporting activities; however, they are not required to be entirely self-supporting as Chancellors may subsidize auxiliary enterprises with appropriate available campus funds. Certain activities may be considered hybrid auxiliaries since the activities include both student services and the collection of fees. For hybrid auxiliaries, the campus chancellors have discretion over the source of funds that will be used for direct and indirect costs of activities. Auxiliary enterprises expenditures totaled \$1.4 billion in 2022-23 (see Display XVII-1).

Like all functional areas of the University, auxiliary enterprises have sought to reduce costs through increased efficiencies in administration and operations. Savings achieved through these programs help to offset higher campus assessments for central operating costs and mandatory cost increases.

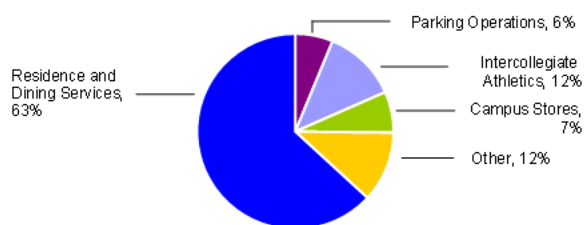
STUDENT, FACULTY, AND STAFF HOUSING

UC's largest auxiliary enterprise is student housing, comprising 60,751 University-owned residence hall beds (single student bed spaces) and 56,298 student apartments, for a total of 117,049 spaces in fall 2023 (see Display XVII-2).

Student Housing

Affordable student housing is an important component of the University's ability to offer a high-quality education and residential life experience. Campus housing is also important in addressing the University's sustainability goals and long-range enrollment planning targets. Enrollment growth over the last decade has made it challenging for the University to create enough affordable student housing to meet student demand.

Display XVII-1: 2022-23 Auxiliary Enterprises Expenditures by Service Type (Total: \$1.4 Billion)



Residence and dining services account for over two-thirds of the expenditures by auxiliary enterprises.

Display XVII-2: Auxiliary Enterprises At-A-Glance, Fall 2023 Student Housing:

Single student residence bed spaces	60,751
Student family apartments	56,298
Student housing occupancy rate	102%

Faculty Housing:

Mortgage loans provided	9,794
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Parking:

Parking spaces	143,713
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In accommodating this demand, campuses have identified guaranteed housing for all first-year students as one of their highest priorities, as well as providing additional housing options for transfer and graduate students.

In fall 2023, the systemwide student housing occupancy rate was 102% (compared to 104% in fall 2022).

HOUSING INITIATIVE

State Support for Student Housing

As part of the Budget Act of 2021, Governor Newsom and the State Legislature enacted the Higher Education Student Housing Grant Program, a \$2 billion affordable student housing initiative for higher education segments. UC is eligible to receive up to 20% of that funding as part of the grant process. The 2022 higher education budget trailer bill includes \$389 million of grant funds to support student housing at Berkeley (\$100 million), Irvine (\$65 million), Los Angeles (\$35 million), San Diego (\$100 million), and Santa Cruz (\$89 million) campuses, as well as a planning grant

for an intersegmental project for UC Merced and Merced Community College.¹

The Budget Act of 2023 changed the funding approach and appropriates ongoing State General funds to support external financing for University-issued bonds for the UC Higher Education Student Housing Grant Program.² This program includes the 2022 State-supported housing projects, as well as two intersegmental housing projects being developed by UC Merced/Merced Community College and UC Riverside/Riverside Community College District. The grant program will subsidize 3,518 beds.

California Student Housing Revolving Loan Fund

The California Student Housing Revolving Loan Fund provides zero-interest loans to qualifying applicants of the University of California, the California State University, and the California Community Colleges to construct affordable student, faculty, and staff housing. The 2023 higher education trailer bill includes \$200 million for the loan program, \$50 million for community colleges, and \$150 million to be shared by UC and CSU.³ Details on the application and selection process are forthcoming. The trailer bill also includes legislative intent language to appropriate \$300 million each year for the next five years (2024-25 to 2028-29) for a total future appropriation of \$1.5 billion to the loan fund. UC and CSU have been allocated 75% of the funding, or \$1.125 billion.

FACULTY AND STAFF HOUSING

The high price of housing in California makes the University's faculty recruitment efforts, particularly for junior faculty, challenging. To help facilitate this effort, the University has prioritized increasing the number of available faculty and staff housing units. Beginning in 1978, the University has conducted multiple surveys to better understand the current housing needs and preferences of new faculty hires. As a result of these surveys, various programs have been implemented to help alleviate faculty concerns about housing. Examples include:

- Rental housing units are made available to newly appointed faculty according to criteria established by each campus. These units are self-supporting without subsidy from student rental income.
- The University of California's Mortgage Origination Program and Supplemental Home Loan Program provide mortgage loans to full-time faculty members and other designated employee classes. The available loan products have favorable interest rates, no lender points or fees, and low-down payment requirements. The participants must use the property securing the loan as their primary residence, and the loan documents contain a condition of employment provision that requires repayment of the loan in the event the participant leaves the University.
- The Faculty Recruitment Allowance Program provides grants to faculty members to assist with housing-related costs. The Recruitment Allowance can be paid as a lump sum or over a period of up to ten years. The program is limited to eligible participants who are within two years of their qualifying appointment.
- Five campuses have developed for-sale housing on land owned by the University. Approximately 1,400 homes have been sold to faculty and other eligible participants subject to a long-term ground lease. Affordability of these homes is maintained by restricting the maximum sales price at the time of resale.

CAMPUS STORES

University of California campus stores provide campus communities with products, services, and technologies that ensure academic success, and promote campus pride.

Three campuses (Davis, Los Angeles, and Santa Barbara) operate University-managed campus stores. These campus stores provide a wide variety of products and services, including textbooks (print and digital), general books, computer products, art supplies, school supplies, sporting goods, groceries, branded clothing and gifts, dormitory and apartment living supplies, and a variety of other products. Each independent campus store is operated by the Student Affairs or Business Services divisions at its respective campus. The

¹ AB 183 Higher Education Trailer Bill, https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB183

² Budget Act of 2023 (Assembly Bill 102), Item 6440-001-0001, Provision 29.

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240AB102

³ 2023 Higher Education Trailer Bill (Senate Bill 117)

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB117

campus-owned and campus-operated stores provide financial support which benefits student programs and services.

UC San Diego has joined UC Santa Cruz in a hybrid model and delivers coursebook materials to students through a virtual coursebook partnership with a third party. In this hybrid model, all other campus store operations remain.

Five campuses (Berkeley, Irvine, Merced, Riverside, and San Francisco) have outsourced the management of their coursebook materials and store services to private operators.

Each campus store serves the unique needs of the campus within the context of the local marketplace. There are, however, common trends among UC campus stores and their counterparts serving other research universities, including:

- Textbooks continue to shift from non-interactive print versions from commercial publishers and University presses to the following:
 - Adaptive Digital Content, where each student has a unique experience depending on the knowledge they start with;
 - eBooks, which are digital equivalents of print;
 - textbooks, with some limited interactive features;
 - Open Educational Resources which come with low or no cost to students; and
 - Digital Distribution through the campus Learning Management System or other online platform, to complement remote or hybrid instruction.
- As first generation and low-income students are increasing in numbers, they are arriving to campus with greater economic challenges than previously seen. Campus stores have responded by working more closely with basic needs groups on campus, financial aid offices, and other campus services to ensure these students have the same access to the tools of education that higher income students can afford. Programs, such as Inclusive Access at UCLA and Equitable Access at UC Davis, aim to lower the cost of course content for students, while accepting Cal Fresh in support of addressing food insecurities.
- Ecommerce, or online sales, continues to increase and allows campus stores the ability to better serve alumni and athletics communities, as well as provide added convenience for campus departments. UC campus stores continue to be some of the largest employers of students on campus, providing valuable

work experience while allowing students to earn extra money with an employer that offers the flexibility college students need.

- UC campus stores deliver programs, services and experiences that promote student success, wellbeing, and engagement while building an inclusive campus community that seeks to address inequities so that every student can thrive. An example would be the Equitable Access program at UC Davis that has provided free textbooks to 7,000 of its lowest income students over the past two academic years.
- UC campus stores evaluate programs and services in a coordinated and intentional manner to inform strategic decision-making utilizing benchmarks, such as affordability, for improving student outcomes.
- Campus stores continue to look at their product mix to support UC's efforts in sustainability, such as transitioning single use plastic bottles to can or glass containers and using recyclable or compostable utensils in our eating establishments.

PARKING AND TRANSPORTATION

UC's parking program is another major auxiliary, with 143,713 spaces in 2023 for students, faculty, staff, and visitors. Campuses have successfully encouraged students, faculty, and staff through their Transportation Demand Management (TDM) programs to commute to campus via alternative modes. Alternative mode commuting reduces vehicle trips, parking demand, and greenhouse gas emissions. In support of the *UC Sustainable Practices Policy* and in conformance with campus Long-Range Development Plan Environmental Impact Reports (EIRs), all campuses have implemented extensive TDM programs, including carpools, vanpools, shuttles, transit pass subsidies, car-share vehicles, and similar initiatives.

Campus Long-Range Development Plan EIRs require mitigation of University-created traffic impacts; thus, the more the campus population commutes via alternative transportation modes, the less that the effects on off-campus intersections and roadways can be attributed to UC, and the less obligation UC has to contribute toward off-campus transportation improvements. TDM programs are funded, in part, by parking revenues; as TDM participation increases, parking revenue decreases, thus creating a challenge to continue and expand TDM programs. Lastly, the parking programs are installing and increasing the number of electric vehicle charging stations

to both serve campus permit holders (who already have electric vehicles), and to encourage the use and/or purchase of electric vehicles.

INTERCOLLEGIATE ATHLETICS

Most UC campuses operate recreation and intercollegiate athletics programs exclusively as student services. Athletic programs at certain campuses may be considered hybrid auxiliaries. The Berkeley and Los Angeles campuses – both hosting large intercollegiate sports programs – operate a portion of their recreational and intercollegiate athletics programs as auxiliary enterprises with revenue generated from ticket sales, concessions, and other sources. The San Francisco campus also runs its recreational facilities and

programs as self-supporting auxiliary enterprises, with modest subsidies from Student Services Fee revenue.

Several recent developments may impact the economics of college sports:

- The passage of SB26, Chapter 159, Statutes of 2021, California's Fair Pay to Play Act, which expands the rights of student athletes in NCAA football, basketball, and other sports to earn money for their name, image and likeness ("NIL"). The NLRB recently opined that college athletes should be considered employees.
- USC, the Pac-12, and the NCAA will now be given a chance to negotiate protections for the athletes with the NCPA. If they don't settle the dispute, the NLRB will issue a complaint, prosecuting this charge in a hearing with an administrative law judge, who could order remedies.

Provisions for Allocation

Provisions for allocation serve as a temporary repository for certain funds until final allocation decisions are made. For instance, funds allocated for across-the-board cost increases, such as salary adjustments, employee benefit increases, and price increases that occur in most program areas, may be held in provision accounts pending final allocation. Such cost increases are discussed in the *Compensation, Employee and Retirement Benefits, and Non-Salary Cost Increases* chapter of this document. Provisions for allocation also include negative appropriations, e.g., undesignated reductions in State General Fund budgets awaiting allocation decisions or budgetary savings targets.

The 2013-14 Budget Act provided for the transfer of \$200.4 million to UC's base budget to cover State General Obligation Bond debt service related to University capital projects. The portion of the University's appropriation that is annually required for debt service is, in effect, a pass-through that is not available for UC's operating needs. However, including the amount in the University's base budget increases the base from which future budget adjustments are calculated. For 2022-23, a total of \$280.8 million in the Provisions for Allocations included in the Governor's Budget accounts for the following: \$182.0 million for General Obligation Bond actual debt service payment, and \$98.8 million for Lease Purchase actual debt service payment.

Compensation, Employee and Retirement Benefits, and Non-Salary Cost Increases

The University of California is a people-driven institution. Consequently, employee salaries and benefits represent the single largest category of expenses for the University, as it does for other knowledge and service-based organizations. Increased salary costs are largely driven by the need to hire and retain faculty, other academic appointees, and staff at market-competitive rates that fairly compensate them for their services. Benefits and other non-salary increases are driven by inflation and price increases imposed by providers. To a large extent, adjustments to the University's budget reflect these rising costs of doing business, rather than initiation of new programs.

Display XIX-1: Compensation and Benefits At-A-Glance, 2022-23

Number of Employees as of October 2022 (base FTE)	
Academic Personnel	51,638
Professional/Support Staff	104,535
Managers/Senior Professionals	18,370
Senior Management	167
Total	174,710
Salaries and Wages as of July 2023	\$20.8 billion
Employee Health Benefits as of July 2023	\$3.0 billion
UC Retirement Plan as of July 2023 [*]	
Active members (Headcount)	138,961
Normal Cost	\$3.0 billion
Retirees and survivors	74,654
Benefits payout for 2022-2023	\$4.0 billion
Annuitant Health Benefits [*]	
Retirees and family members (Headcount)	75,749
Projected Cost for 2023-2024	\$388 million
[*] For campuses and medical centers (excludes DOE Labs).	

COMPENSATION FOR ACADEMIC AND STAFF EMPLOYEES

The University's annual budget plan typically includes funding for compensation adjustments for eligible employees paid from core funds. Compensation increases for employees funded from other fund sources – including teaching hospital income, auxiliary enterprises, federal funds, and other sources – are expected to be

COMPONENTS OF THE COMPENSATION BUDGET

Academic Merit increases recognize and reward relative levels of performance and contribution, and are critical to the preservation of the quality of the University and to reinforce a pay for performance philosophy. Merit salary increases for faculty and other academic employees provide a reward mechanism to recognize the quality and effectiveness of teaching and research, and enable the University to compete with other major research universities in offering long-term career opportunities. Merit increases are never automatic and are based on demonstrated contributions.

Contractual Wage Increases are established through collective bargaining agreements.

General Compensation Increases:

- **Merit-based/General Salary Program Increases** help the University to compete with other universities for talent and reward employees based on their performance and contribution to the University.
- **General range adjustments** for eligible employees reflect changes in the cost of labor.
- **Market and equity adjustments** help bring individual salaries to a competitive market level for individual employees in jobs with significant external market gaps and/or internal equity issues, or address recruitment and retention challenges.

Other Compensation Related Items:

- **Pension Contribution Increases** are paid by both the employer and the employee.
- **Health and Welfare Benefit Cost Increases** are paid by both the employer and employee, driven by rates negotiated with UC's health plan providers.
- **Retiree Health Cost Increases** are needed to cover similar cost increases in health benefits for annuitants.

accommodated from within those fund sources and to conform to the University's established systemwide salary programs for core-funded employees.

In 2009, a study of UC's total compensation program indicated that, in general, average UC salaries were substantially below the market median, but the total compensation package, including salary and health and welfare benefits for employees, as well as post-employment

benefits (pension and retiree health), helped make up some of the shortfall. A 2014 update to this study, however, which focused on ladder rank faculty, indicated that the value of benefits had decreased to such an extent that total remuneration for faculty was 10% behind market and cash compensation was lagging by nearly 12%.

The value of the benefit package has decreased as new pension tiers with reduced benefits were implemented in 2013 and 2016 for new hires. Also, employee contributions to the UC Retirement Plan have risen to help ensure the solvency of the retirement program and are either 7%, 8%, or 9% of salary, depending on the UCRP member tier. In addition, inflationary increases for health benefit costs have required employees to contribute a larger share toward their medical premiums.

Faculty Salary Gap

To evaluate its market position, UC compares its faculty salaries with 4 public and 4 private institutions, all of which are competitors in hiring. This methodology was negotiated with the Department of Finance, the Legislative Analyst's Office, and the former California Postsecondary Education Commission. The goal was to ensure UC excellence among American public higher education by keeping faculty salaries the highest paid of the public institutions, and competitive with the best private institutions. Due to State budget cuts during the early 2000s, UC's average faculty salaries declined from parity with these comparators to a 9.6% lag by 2006-07. In 2007-08, the University instituted a four-year plan to eliminate the lag and return faculty salaries to market levels, and after one year of the plan, the faculty salary gap was reduced to 7.1%. However, the State's ongoing fiscal crisis prevented continuation of this plan, and the gap widened to 12.8% by 2010-11. Subsequently, this gap has narrowed to 3.6% in 2022-23 as the University has been able to fund annual general increases for faculty. The 2019-20 academic salary program included a 3% general range adjustment for non-represented academic appointees and an additional 1% special salary plan for a total annual rate increase of 4% for ladder rank faculty. Due to budget concerns related to the COVID-19 pandemic, in 2020-21 there was no general range adjustment for non-represented academic appointees, but in 2021-22 there was a 3% general range

adjustment for this population. The 2023-24 academic salary program includes a 4.2% general range adjustment for non-represented academic appointees and policy-covered general campus faculty.

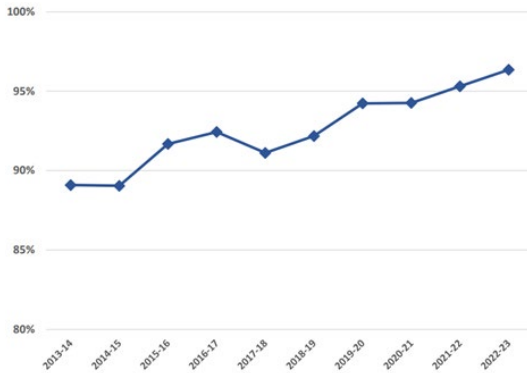
While the merit and promotion system for academic employees has been maintained (estimated at an incremental annual cost of about \$35 million), the University is concerned about the effects of the salary lag and reduced health and welfare, pension, and annuitant health benefits on faculty recruitment and retention, particularly for UC's promising junior faculty who are often supporting young families in high-cost environments. As endowments at private institutions recoup their losses and other states stabilize funding for public institutions, it is expected that those institutions will rapidly move to restore academic programs by recruiting faculty away from other universities. A 2021 study showed that among faculty members who left UC for another institution, salary was among the most often cited reason.

UC already finds itself struggling to retain its own high-quality faculty. Recruiting and hiring faculty to fill a vacancy can exceed \$500,000 for an Assistant Professor and \$1 million for a tenured associate or full professor. Additionally, recruitment of new faculty, which substantially slowed during the recent fiscal crisis, has improved but remains a concern in the face of increasing student enrollments and sizable faculty retirements. Salary lags pose challenges to attracting the best faculty candidates, and there is a reputational cost associated with an inability to adequately compensate faculty.

Staff Salary Gap

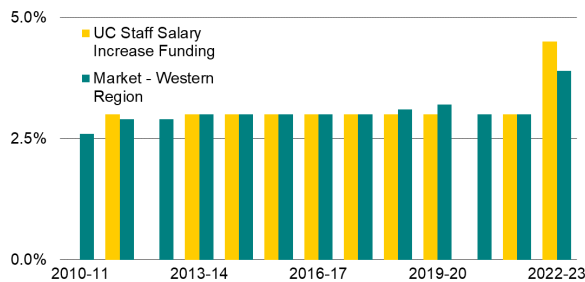
Staff salaries in most workforce segments present a similar competitive market problem for the University. UC was unable to provide salary increases in three years since 2010-11. Market salaries over the period have been increasing at approximately 3.0% per year, but UC staff salary increases have not kept pace. Detailed information about the limited and sporadic adjustments to non-represented staff salaries since 2008 is provided in the highlighted section titled "Recent History of Salary Increases for Non-Represented Staff." The UC system competes to retain and hire well qualified leadership talent with the top public and private universities in the

Display XIX-2: Ladder Rank Faculty Salaries as a Percentage of Market



Due to funding constraints, the University has struggled to bring faculty salaries to par with comparators. As of 2022-23, UC's faculty salaries were 3.6% below market.

Display XIX-3: Increases in Funding for Staff Salaries Compared to Market



UC lags the market for the western region as a result of staff salary increases not being provided in 2010-11, 2012-13, and 2020-21. In 2022-23, UC provided an above market staff salary increase in the western region. (Source: World at Work Annual Salary Budget Survey, which represents data from over 1,000 employers from all sectors in the western United States.)

country, as well as other employers in the local labor market. While the University does not have the same financial resources that private universities have, it nonetheless competes with them for talented academics and leaders. Many top public research universities compensate their staff (as well as faculty) more highly than UC. The University must pay competitive wages in order to continue to offer the highest quality research-driven education to students and contribute to a strong California economy.

2014 TOTAL REMUNERATION STUDY

Past cuts to the University's budget have resulted in disparities in faculty and staff salaries compared to the market. To determine how these disparities have changed since they were last evaluated, former President Yudof commissioned a total remuneration study in July 2013 for general campus ladder rank faculty. Prohibitive costs prevented a study of all employee categories. The purpose of the study was to evaluate the University's current position for total remuneration compared to the market and to determine the effects of the 2013 Tier post-employment benefits on total remuneration. (Currently, UC employees who are members of UCRP are governed by the 1976 Tier, 2013 Tier, or 2016 Tier plan provisions.)

The study found that salaries for UC's ladder rank faculty lag market by 12% across all pooled ranks; health and welfare benefits are 7% below market; total retirement packages (including the defined benefit plan and retiree health plan) are 6% above market; and UC's total remuneration position is 10% below market, due primarily to non-competitive salaries.

The study also compared UC's competitive position in 2009 (when the last total remuneration study was undertaken) and 2014. The findings about UC's changing competitive position were of particular concern because they identified longer term trends in UC's competitiveness relative to its principal comparator institutions.

The major findings included the following: UC's position with respect to total remuneration fell 8% between 2009 and 2014, from 2% below market to 10% below market; salaries fell from 10% below market to 12% below market; health and welfare benefits declined from 6% above to 7% below; changes to UC's retirement plans since 2009 based on the 2013 Tier have reduced UC's positioning against the market from 29% above market to 2% below market; total retirement decreased from 33% above market to 6% above market; and total benefits decreased from 18% above market to 1% below market.

The study found that the total remuneration mix changed substantially between 2009 and 2014. In 2009, salaries and benefits represented 68% and 32% of total remuneration, respectively. In 2014, salaries increased by 10% (to 78%) of total remuneration and benefits decreased by 10% (to 22%), underscoring the need for competitive salaries to address further erosion of UC's market position. Other staff salaries in most workforce categories exhibit similar downward trends. The University is concerned about UC's competitiveness with respect to compensation and the widening gap between funds available for compensation and the resources needed to fund competitive salaries.

RECENT HISTORY OF SALARY INCREASES FOR POLICY-COVERED STAFF

2008-09 through 2010-11: Due to budget shortfalls, general salary increases were not provided to faculty or staff. However, the University continued to fund faculty merit increases by redirecting funds from existing resources.

2009-10: The Regents approved a one-year salary reduction/furlough plan effective September 1, 2009 to August 31, 2010. The plan instituted a tiered system of furloughs and pay reductions, based on employee pay; employees were furloughed from 10 to 26 days per year, with the lowest paid employees (up to \$40,000) subject to the fewest furlough days. Pay reductions ranged from 4% to 10% per year for employees. The plan is estimated to have saved \$136 million in General Funds to help address the State funding shortfall and \$236 million from all fund sources.

2011-12: For the first time since 2007-08, policy-covered staff were eligible for merit salary increases (excludes Senior Management earning over \$200,000 per year).

2012-13: No salary increases were given to policy-covered staff.

2013-14: General salary increases of 2% for academic personnel and 3% for policy-covered staff were implemented.

2014-15: General salary increases of 3% for policy-covered staff and academic personnel were implemented.

2015-16 through 2019-20: Merit-based salary increases averaging 3% for policy-covered staff and academic personnel were implemented.

2020-21: No salary increases were given to policy-covered staff.

2021-22: General salary increases of 3% for policy-covered staff and academic personnel were implemented.

2022-23: General salary increases of 4.5% for policy-covered staff and academic personnel were implemented.

2023-24: General salary increases of 4.2% for policy-covered staff and academic personnel were implemented.

That can be a challenge, however, when other universities are offering more than the UC system. The labor market is no different from other markets for goods and services. As the demand for experienced leaders has grown over the last decade or so, compensation costs of these leaders also have increased. UC needs high-performing employees

at all levels, including senior leadership, to continue UC's success into the future. In order to attract and retain these employees, UC needs to have predictable, fair, and competitive compensation programs.

Illustrating UC's staff compensation gap problem is the total compensation of UC chancellors. UC chancellors continue to be among the lowest-paid university leaders compared with their AAU peers. Nine UC chancellor salaries fall among the lowest third in this group. UC San Francisco, an exclusively graduate health science campus, is the only exception.

In response to the COVID-19 pandemic and reduction in UC revenues, the UC President and UC Chancellors voluntarily agreed to reduce their salaries by ten percent. The UC Board of Regents approved pay raises for all nine UC chancellors with undergraduate student bodies in January 2022.

For five of the last six years, the University has been able to provide modest salary increases to non-represented staff, due in part to increases in the State budget. In addition to helping to restore staff morale, these actions also assist the University's efforts to retain skilled, experienced employees. These increases have started to address the lack of salary increases during the Great Recession and years immediately following that significant economic downturn. Represented staff have received contractually negotiated salary increases on schedule.

EMPLOYEE HEALTH AND WELFARE BENEFITS

As part of the total compensation package for faculty and staff, the University seeks to provide competitive health and welfare benefits including medical, dental, vision, basic disability, and life coverage. UC offers a range of medical plans to meet the varying needs of its employees, including HMOs for employees wanting predictable out of pocket costs, PPOs for those who prioritize choice of providers, and a Health Savings Plan that provides members with more financial control. For additional protection from adverse life events, employees may purchase optional voluntary disability, supplemental life, accidental death, supplemental health plans, and legal insurance. Depending upon appointment type, the University may pay on average

35% to 40% of an employee's annual base salary in employer benefits.

The University continues its commitment to manage healthcare expenses, despite health costs that are growing faster than the US economy and the uncertain future of the Affordable Care Act. To strengthen efforts on managing costs, UC Health and Human Resources created an innovative partnership, leveraging the University's capabilities as both provider and payer of health care to improve health outcomes while maintaining costs. These strategies include:

- Self-funding all PPO plans, including the Health Savings Plan.
- Providing incentives for employees and retirees to seek care at the world-renowned UC Medical Centers through a tiered benefit structure.
- Creating risk-sharing arrangements between UC Medical Centers and health plan administrators. By forming Accountable Care Organizations, UC health care providers assume some of the financial risk for their patients' care, encouraging them to create the most effective and cost-efficient care delivery systems and ensuring the best health outcome for patients.
- Strengthening disease and case management programs to improve the health of the UC population across the system and for early detection of at-risk candidates, further controlling costs over time.

This leading-edge approach, forging new collaboration between UC's health care providers and the benefits management team, is designed to improve patients' experiences and health outcomes while limiting cost escalation.

The University, through its Human Resources Compliance unit, continues the Family Member Eligibility Verification review for health benefits, ensuring that only those eligible for coverage by University benefits were enrolled in UC-funded plans. The annualized savings from this ongoing effort is approximately \$20 million.

For 2023, the UC faculty and staff medical program cost increase was held at 6.4% over 2022. The University will fund \$2.1 billion of the \$2.5 billion total cost of employee

SALARY VERSUS TOTAL COMPENSATION

Job seekers often focus on salary to determine where to apply for employment. Salaries are the largest component of a compensation package and job seekers are not necessarily aware of the value of the benefits the University offers. If salaries are too low, job seekers may not even consider the total compensation package and apply elsewhere. In order to attract quality faculty and staff, the University cannot rely solely on its benefits package and must offer competitive salaries as well.

The University's goal is to offer a total compensation package that is competitive with the market. However, due to the rising costs of health and retirement benefits, and the increasing costs to employees, the value of the University's compensation package is diminishing. As these costs continue to rise, the University will experience greater difficulty recruiting and retaining high-quality faculty and staff, particularly if salaries are not competitive.

medical benefits. Furthermore, a slight increase in active employee dental plans and no change in premiums on the active employee vision plans result in an overall health benefit package budget increase of 6%. This increase in the health program is within the national trend: two surveys of consulting firms show that health care costs are expected to rise by 6-7% in 2023¹. UC's progressive medical premium rate structure is designed to help offset the effects of the employee's share of the medical plan premiums on lower-paid employees. UC pays approximately 85% of medical premiums for employees on an aggregate basis and has made a strategic decision to cover an even larger portion of the premium for those in lower salary brackets.

Despite the University's extensive efforts to stabilize benefits expenses, UC expects the upward trend of health care costs will continue due to external factors outside of the control of UC. It is anticipated that in coming years, there will be a need to pass along a greater share of rising costs to employees through increased premiums.

RETIREMENT BENEFITS

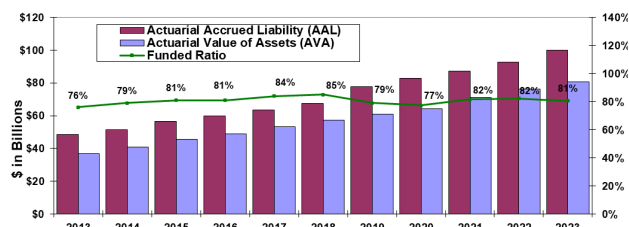
Pension Benefits

The University of California Retirement Plan (UCRP) is a governmental defined benefit plan that provides pension

¹ 2023 Milliman Medical Index and WTW 2023 Global Medical Trends Survey Report

benefits for more than 74,000 retirees and survivors and has more than 138,000 active employee members as of

Display XIX-4: UCRP Historical Funded Status (Campus and Medical Centers, Dollars in Billions)



The UC Retirement Plan funded percentage was 81% on an actuarial value of assets (AVA) basis as of July 2023.

July 1, 2023². UCRP promotes recruitment of talented individuals and provides incentives for long careers with UC. Because UCRP provides guaranteed benefits, career faculty and staff gain income security over the span of their retirement years. UCRP disbursed \$4.0 billion in benefits in 2022-23.

Employer and Member Contributions

Prior to November 1990, contributions to UCRP were required from all employer fund sources and from employees (members). In the early 1990s, the Regents suspended University and member contributions to UCRP after actuaries determined that UCRP was adequately funded to provide benefits for many years into the future. The University estimates that in the nearly 20 years during which employer contributions were not required, the State saved over \$2 billion in contributions for those UCRP members whose salaries were State-funded. Employer and member contributions were re-started in April 2010. The total cessation of contributions, which was desirable at the time for a variety of reasons, has created a serious problem today. For almost 20 years, faculty and staff continued to earn additional benefits as they accumulated UCRP service credit, yet no funds were collected from the fund sources that were supporting member salaries and invested in UCRP to offset the annual increase in liabilities. Plan liabilities currently increase by over \$3.0 billion (about 20% of covered payroll) annually as active members earn an

Transfers to UCRP

- April 2011:** \$1.1 billion from the UC Short Term Investment Pool (STIP)
- July 2011:** \$935 million from external borrowing through the issuance of a variable rate general corporate bond
- July 2014:** \$700 million from STIP
- December 2015:** \$564 million from STIP
- 2015-16:** \$96 million from Proposition 2 funding
- July – December 2016:** \$481 million from STIP
- 2016-17:** \$171 million from Proposition 2 funding
- 2017-18:** \$169 million from Proposition 2 funding
- July – December 2017:** \$392 million from STIP
- 2018-19:** \$500 million from STIP
- 2019-20:** \$500 million
- 2020-21:** \$600 million
- 2021-22:** \$700 million
- 2022-23:** \$500 million
- 2023-24:** \$500 million

Display XIX-5: Employer and Employee UCRP Contribution Rates¹

	Employer UCRP	STIP Note/ Bond Debt ²	Most Prevalent Member Rate UCRP
2010-11	4.00%	0.00%	2.00%
2011-12	7.00%	0.07%	3.50%
2012-13	10.00%	0.63%	5.00%
2013-14	12.00%	0.65%	6.50% ³
2014-15	14.00%	0.72%	8.00%
2015-16	14.00%	0.60%	8.00%
2016-17	14.00%	1.15%	8.00%
2017-18	14.00%	1.27%	8.00%
2018-19	14.00%	1.70%	8.00%
2019-20	14.00%	2.42%	8.00%
2020-21	14.50%	1.36%	8.00%
2021-22	15.00%	1.36%	8.00%
2022-23	14.00%	1.36%	8.00%
2023-24	14.00%	2.32%	8.00%

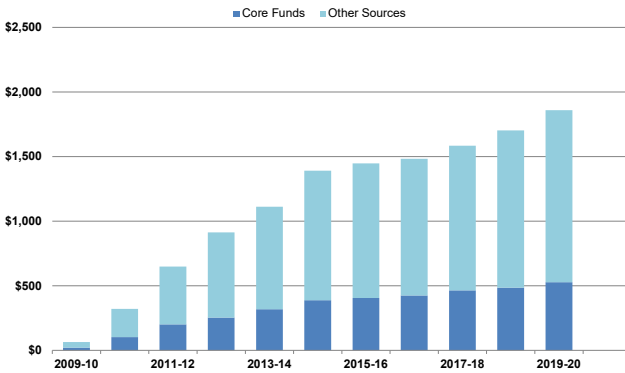
¹ Measured as a percentage of base pay. Member contribution amounts are pretax minus \$19 per month for 1976 Tier members. Member contributions are subject to collective bargaining agreements.

² Payroll assessment to cover the principal and interest on the STIP note and bond debt used to avoid further increases in the unfunded liability for UCRP.

³ Member contributions for employees hired on or after July 1, 2013 (in the 2013 and 2016 tiers) will be 7% with no \$19 per month offset.

² For campuses and medical centers (excludes DOE Labs).

Display XIX-6: Actual and Projected Employer Contributions to UCRP and Savings Choice by Fund Source (Dollars in Millions)



In April 2010, employer contributions to UCRP restarted and in the decade between 2009-10 and 2020-21, the core-funded program contribution to UCRP has gone from \$20.5 million to \$503 million.

additional year of UCRP service credit.

Due to various factors such as the usual growth in the actuarial liability, changes in actuarial assumptions, fluctuations in financial markets, and the suspension of contributions through 2010, the actuarial-funded ratio of UCRP for all locations excluding DOE labs, fell from 156% in July 2000 to 81% in July 2023. The accrued liability exceeds the actuarial value of assets by \$19 billion. The extent to which this unfunded liability grows depends on future investment returns, as well as employer and member contributions to UCRP and any future changes in actuarial assumptions or plan provisions.

In 2012-13, the State provided an augmentation to the University's budget of \$89.1 million intended as support of the State's share of the contribution to UCRP.

In September 2010, the Regents approved increases to both employer and member contributions for 2011-12 and 2012-13. Employer contributions rose from 4% in 2010-11 to 7% for 2011-12, to 10% for 2012-13, to 12% for 2013-14, and to 14% effective July 1, 2014. Contributions for most members rose from approximately 2% in 2010-11, to 3.5% for 2011-12, to 5% for 2012-13, to 6.5% in 2013-14, and to 8% effective July 1, 2014.

Changes to actuarial valuation assumptions, mainly

assumptions regarding investment returns and mortality rates, significantly increased plan liabilities and decreased the funded status of UCRP. In September 2019, the Regents approved a plan to increase the employer contribution rate from 14% to 17% over six years starting in 2020-21. The funded status of the University's retirement plan improved markedly in 2020-21 on a market valuation basis. As a result, the University adopted a reduction in the employer contribution rate from 15% to 14% effective July 1, 2022. Starting in 2024-25, the rate will increase to 15%, and then to an ultimate rate of 17% over a period of four years.

In December 2010 and March 2011, the Regents gave the President authority to transfer funds from the UC Short Term Investment Pool (STIP) to UCRP to help avoid further increases in the unfunded liability. In November 2015, the Regents again delegated to the President of the University authority and discretion to fully fund the Actuarially Determined Contribution (ADC) for the non-laboratory segment of UCRP during fiscal years 2015-16 through 2017-18. For UCRP, the ADC is the total funding policy contribution less expected member contributions. Campus and medical center payroll funds were assessed a fee to cover the principal and interest on the STIP note and bond debt. These cash transfers to UCRP were authorized to prevent future employer contributions to UCRP from rising to unsustainable levels. In addition, in 2015, the State provided a total of \$436 million in Proposition 2 funding over three years to help reduce the University's unfunded liability for UCRP, subject to certain conditions described below.

Changes to Post-Employment Benefits

In December 2010, the Regents took action to make changes to post-employment benefits that reduced long-term costs. Most significantly, the Regents approved the establishment of a new tier (2013 Tier) of pension benefits for employees hired, or in certain situations, rehired on or after July 1, 2013, which increased the earliest retirement age from 50 to 55, and the maximum age factor from age 60 to 65. In addition, 2013 Tier members are paying 7% of covered compensation. In addition, further STIP transfers were approved for 2018-19 through 2023-24.

In September 2012, the Governor signed legislation to

reform the California Public Employees Retirement System (CalPERS) for State employees hired after January 1, 2013. The legislation limited the maximum compensation used for benefit calculations, required State employees to pay 50% of their pension costs, and increased the earliest retirement age from 50 to 52, and the age at which the maximum age factor applies from 63 to 67. The pension reform also included measures (similar to measures the University already has) to prevent abusive practices such as “spiking,” when employees are given big raises in their final year of employment as a way to inflate their pensions.

General Accounting Standards Board (GASB) rules require UC to report unfunded pension liabilities on its financial statements. As of June 30, 2023, UC recorded a net pension liability of \$19.6 billion.

The State provided one-time funding for UCRP totaling \$436 million over three years, beginning in 2015-16. This funding could only be used to help fund the unfunded liability associated with UCRP and was conditional on a requirement that the University adopt a cap on UCRP covered compensation consistent with the cap mandated for other California public retirement plans by the Public Employees’ Pension Reform Act of 2013 (the PEPRA cap).

In March 2016, the Regents approved a new retirement choice program for employees hired or rehired on or after July 1, 2016. Under this program, new or rehired employees can choose to participate in Pension Choice or Savings Choice.

Employees who choose Pension Choice become members of a new tier (the 2016 Tier) in the current defined benefit plan, UCRP. The 2016 Tier includes a cap on covered compensation for newly hired employees consistent with the PEPRA cap. For 2023, the cap is \$146,042 for employees with Social Security and \$175,250 for employees without Social Security. All other provisions of the 2016 Tier are the same as for the 2013 Tier, including the employer and employee contribution rates. The employee contribution is 7% and effective July 1, 2023 the University contribution is 14% of covered compensation, but only up to the PEPRA cap for newly hired employees.

In addition to the defined benefit provided by UCRP, employees who chose Pension Choice may be eligible to receive a supplemental benefit under the UC Defined Contribution (DC) Plan. The employee contribution is 7% of covered compensation in excess of the PEPRA cap. The University contribution is 5% of all covered compensation for faculty and certain other academic appointees. For all other employees who choose Pension Choice, the University contribution is 3% of covered compensation that exceeds the PEPRA cap. This supplemental DC plan benefit was adopted to ensure that the University’s retirement benefits continue to be competitive.

Employees who choose Savings Choice do not become members of UCRP, but instead, receive their primary retirement benefits from the DC Plan. The employee contribution is 7% of covered compensation; effective July 1, 2023, the University contribution is 14% (8% to participant accounts and 6% to reduce the UCRP unfunded liability). Contribution amounts are invested in funds selected by the participant. Under Savings Choice, covered compensation is not subject to the PEPRA cap.

Savings Choice was adopted as an alternative to mandatory participation in UCRP to make UC more competitive in the labor markets for specific types of employees who typically have several employers during their careers and, therefore, may prefer the portable benefits provided by a defined contribution plan.

Annuitant Health Benefits

As part of the benefit package, UC provides medical and dental benefits for more than 75,000 eligible retirees, survivors, and their dependents.³ Eligible individuals who retire from UC with a monthly pension have health care coverage options similar to those offered to active employees. In 2023, the maximum UC contribution will be 70% of retiree medical premiums for in-state Medicare-eligible retirees, and 70% of retiree medical premiums for non-Medicare-eligible retirees under age 65.

Currently, the University does not pre-fund retiree health benefits and pays its share of health benefits for annuitants on a “pay-as-you-go” basis, whereby current plan premiums

³ For campuses and medical centers (excludes DOE Labs).

and costs are paid from an assessment on payroll of 2.23%. For 2023-24, UC's costs for annuitant health benefits are projected to be \$388 million from all fund sources.

Additional strategies are being employed to help control benefits costs. A request for proposals (RFP) was issued for Medicare Advantage PPO in 2019 for launch in 2020. The Medicare Advantage plans brought about significant premium savings in the retiree health population for the University.

As of June 30, 2023, UC has a Total OPEB liability (TOL) for retiree health of \$21.9 billion. This amount represents the cost of benefits accrued to date by current faculty, staff, and retirees based on past service. In December 2010, in order to reduce long-term costs and the unfunded liability for retiree health, the Regents approved changes to retiree health benefits. Changes included gradual reductions in the University's aggregate annual contribution to the Retiree Health Program to a floor of 70% (subject to annual review) and a new eligibility formula for all employees hired on or after July 1, 2013.

General Accounting Standards Board (GASB) rules require UC to report accrued unfunded retiree health liabilities on its financial statements. As of June 30, 2023, UC recorded a net retiree health liability of \$21.7 billion.

The budget plan for 2023-24 included funding for the increase in core funded annuitant health benefits.

In January 2018, Emeritus President Napolitano established the Retiree Health Benefits Working Group. The group was charged with exploring potential strategies and developing options for UC leaders to consider ensuring the long-term viability of the Program. After reviewing the group's report and reviewing the cost estimates for retiree health benefits for 2019, the President agreed to the following recommendations: to apply no significant changes to UC's contribution levels or plan design for 2019, and to gradually reduce the UC contribution for eligible retirees age 65 and older who have not elected Medicare coverage (or who are unable to coordinate with Social Security). This gradual reduction is meant to ensure equity between retiree groups.

NON-SALARY PRICE INCREASES

Prices of equipment, supplies, utilities, and other non-salary items purchased by the University are also rising. Non-salary items include instructional equipment and supplies such as chemicals, computers, machinery, library materials, and purchased utilities. Increases in non-salary costs without corresponding increases in budgeted funds oblige campuses to find alternative fund sources or efficiencies to cover these costs.

Department of Energy - UC National Laboratories

Since 1931, the University has played a major public service role as manager of three Department of Energy (DOE) and National Nuclear Security Administration (NNSA) laboratories. In this role, UC has focused on ensuring the health and vitality of the intellectual environment, promoting the highest integrity and quality standards in research, and sustaining efficient and effective business and operations functions at the national laboratories. UC's partnership with DOE has also provided extensive research opportunities for faculty and students, both via collaborations with national lab scientists and through access to unique research facilities at the laboratories.

Lawrence Berkeley National Laboratory (LBNL)

The University was awarded a new management and operating contract for LBNL in 2005. This contract, which had an initial five-year term, has been extended through 2025 following favorable DOE evaluations. The contract may be extended further through an award term provision that adds contract years, based on excellent annual performance, not to exceed 20 years in total, or until 2025.

Lawrence Livermore National Security Limited Liability Company

Lawrence Livermore National Laboratory (LLNL) is managed and operated by Lawrence Livermore National Security, LLC (LLNS), of which the University is a member. LLNS has managed LLNL since October 1, 2007. The Prime contract had an initial seven-year term that could be extended further, based on performance, through an award term provision for additional years, not to exceed 20 years in total. The LLNS contract currently expires on September 30, 2026, with no further award terms available.

Triad National Security Limited Liability Company

The Los Alamos National Security, LLC management and operating contract for LANL expired on October 31, 2018. The University submitted a successful bid for a follow-on contract for LANL with a new partnership, Triad National Security, LLC, which was awarded the contract in 2018 by

the Department of Energy's National Nuclear Security Administration (DOE/NNSA). Triad assumed management of LANL on November 1, 2018. The contract includes a five-year base and a five-year option period that has been exercised, such that the Triad contract extends through 2028.

REVENUE STREAMS

LLC Income

Net income to UC from LLNS and Triad reflects UC's net share of fee income remaining after payment of unreimbursed costs incurred by the LLCs at the two national laboratories and shares to other LLC owners. The majority of net income available after UC's expenses are allocated is used to fund the UC National Laboratory Fees Research Program, which fosters collaborative research between the UC campuses and LLNL and LANL. At their July 2023 meeting, the Regents approved an expenditure plan for income from Triad and LLNS totaling \$29.69 million for 2023-24, as shown in Display XX-1.

Indirect Cost Reimbursement

Under its contract for LBNL, the University receives indirect cost reimbursement from DOE. In accordance with a Memorandum of Understanding between the University and the State Department of Finance, this indirect cost reimbursement contributes to UC General Fund income and helps support the University's research programs. Negotiations are continuing with DOE on the direct and indirect cost allocation methodology for the coming years.

DOE Management Fee

The University's management fees from LBNL are gross earned amounts before the University's payments of unreimbursed costs. For 2023-24, LBNL is eligible to earn a maximum of \$7.3 million in management fee revenue. This fee revenue will be used for costs of LBNL-determined research programs not funded by DOE, reserves for future claims, a portion of UCOP indirect support costs, and other unreimbursed costs associated with LBNL.

Display XX-1: Expenditure Plan for Income from LLNS and Triad (Dollars in Millions) for 2023-24

Contract Non-Reimbursable Compensation for LLC Employees in UC-Designated Key Personnel	
Positions	\$2.0
UCOP Oversight	\$7.72
Post-Contract Contingency Fund	\$2.2
LLC Fee Contingency Fund (maintained at \$7.0 million)	\$0
UC Laboratory Fees Research Program	\$10.0
Livermore Lab Foundation	\$0.3
ATOM	\$1.0
Capital & Campus Opportunity Fund	\$4.3
Triad Reserve Fund	\$0.5
Business Development	\$1.67
Total allocation 2023-24	\$29.69

Historical Perspective

The University's ability to contribute to the economic, intellectual, and cultural vitality of California is due in large part to critical financial support provided by the State of California since the University's inception. That support remains an essential part of the University's core operating budget today. Historically, the University's State-funded budget has reflected the cyclical nature of the State's economy. During times of recession, the State's revenues have declined and appropriations to the University either held constant or were reduced. When the State's economy has been strong, there have been efforts to catch up. Prior to the Great Recession of 2008, significant economic downturns were followed by sustained periods of moderate, and sometimes extraordinary, economic growth. However, although the early 2000s began with an economic downturn, there was no sustained recovery as in prior years. Instead, the State was cast into a second downturn within two years of emerging from the first – and this was the longest and deepest downturn of all. This chapter details the history of State funding of the University over the last several decades.¹ A summary of State budget actions for UC since 2002-03 can be found at the end of this chapter in Display XXI-5.

1995-96 THROUGH 1999-00: THE COMPACT WITH GOVERNOR WILSON

The introduction of Governor Pete Wilson's 1995-96 budget, which included a Compact with Higher Education that was ultimately operational through 1999-00, represented a significant milestone in the recent history of State support for the University. The Compact, described in Display XXI-1, followed years of budget reductions to nearly every aspect of the University's operations, including cuts to the University's core-funded workforce and a substantial gap between UC faculty salaries and those of its comparison institutions. The goal of the Compact was to provide fiscal stability and allow for enrollment growth through a combination of State General Funds and student

DISPLAY XXI-1: PROVISIONS OF THE COMPACT WITH GOVERNOR WILSON, 1995-96 THROUGH 1999-00

- State funding increases to the University's base budget, averaging 4% per year
- Student fee increases averaging about 10% annually
- Further fee increases in selected professional schools
- At least 33% of new student fee revenue dedicated to financial aid
- Added financial aid through State Cal Grant Program
- Additional funding for deferred maintenance
- \$10 million budget reduction each year for four years, i.e., built-in cuts of \$10 million associated with expected efficiency savings
- \$150 million per year for capital budget
- Priority given to life-safety and seismic projects, infrastructure, and educational technology

fee revenue.

The funding provided under the Compact was to be sufficient to prevent a further loss of financial ground as the University entered a period of moderate enrollment growth of about 1% per year. The Compact was not intended to provide restoration of funding that had been cut during the early 1990s, but it did provide UC with much-needed fiscal stability after years of cuts, as well as a framework to begin planning for the future.

The Compact of 1995-00 was remarkably successful, allowing the University to maintain the quality, accessibility, and affordability that have been the hallmarks of California's system of public higher education. The University enrolled more students than the Compact anticipated, particularly at the undergraduate level, and the State provided funding to support them. Declining budgets were stabilized and further deterioration of the University's budget was halted.

Ultimately, the Governor and the Legislature not only honored the funding principles of the Compact, but also

¹ Information about State funding is also available in the *Sources of University Funds* chapter.

provided funding above the levels envisioned in the Compact. This additional funding allowed for buyouts of student fee increases and for reductions in student fees for California resident students; provided \$35 million for a number of high priority research efforts; and increased funding for K-14 and graduate outreach by \$38.5 million to expand existing programs and develop new ones.

Altogether, the State provided nearly \$170 million in funding above the level envisioned in the Compact. In addition, general obligation bonds and/or lease revenue bonds were provided each year for high priority capital projects.

2000-01: A NEW PARTNERSHIP AGREEMENT WITH GOVERNOR DAVIS

Governor Gray Davis entered office in January 1999 with a commitment to improve California public education at all levels. For UC, his commitment manifested itself in a new Partnership Agreement, described in Display XXI-2, a comprehensive statement of the minimum resources needed for the University to maintain quality and accommodate enrollment growth projected throughout the decade. The Agreement was accompanied by the expectation that the University would manage these resources so as to maintain quality, improve relationships with K-12 schools, and increase community college transfer enrollment, among other goals.

The significant infusion of State funding over this period was welcome support for the University. Faculty salaries once again reached competitive levels, the University began to address salary lags for staff employees, enrollment growth was fully funded, progress was made to restore funding for core areas of the budget, student fees were kept low, and funds supported a variety of research and public service initiatives of importance to the State and the University.

2001-02 THROUGH 2004-05: ANOTHER STATE FISCAL CRISIS

Unfortunately, by 2001-02, the State's fiscal situation began to deteriorate. The University based its budget request on the Partnership Agreement and included information about other high priorities for the University and the State to be funded when the State's economic situation improved. The Governor's Budget, released in January 2001, proposed full

DISPLAY XXI-2: PROVISIONS OF THE PARTNERSHIP AGREEMENT WITH GOVERNOR DAVIS

- 4% increase to the base budget each year to provide adequate funding for salaries and other cost increases
- Marginal cost funding for enrollment growth
- Further 1% annual increase to the base budget to address chronic underfunding of State support for core areas of the budget
- Acknowledgement of the need to either increase fees or provide equivalent revenue
- Commitment to provide State support for summer instruction
- State bond funding of \$210 million annually

funding for the University's budget request as well as additional funds for initiatives beyond the Partnership Agreement. By the time the May Revision was issued, however, the State's financial situation had weakened to the point of requiring reductions to the funding levels that the Governor had originally proposed – and the State became fully engaged in a major fiscal crisis that was to last four years.

The Budget Act of 2001 was the first budget in seven years that did not provide full funding of the Partnership Agreement or the earlier Compact. Partnership funds totaling \$90 million were eliminated from the University's proposed budget, thereby significantly reducing the funding available for compensation and other fixed costs and eliminating the additional 1% (\$30 million) above the 4% base budget increase originally proposed for core needs.

The budget did, however, provide an increase of \$131 million, which included partial funding of the Partnership. Several initiatives representing high priorities for the Governor and the Legislature were also funded above the level called for under the Partnership, totaling \$75 million in one-time and \$3 million in permanent funds. UC's State General Fund budget for 2001-02 totaled \$3.3 billion.

By the time development of the 2002-03 budget began, the State's fiscal situation had deteriorated markedly, necessitating the unusual action on the part of the Governor and the Legislature to adopt mid-year budget

reductions for UC totaling \$45.8 million for the 2001-02 budget. The State's budget deficit for 2002-03 eventually grew to \$23.5 billion.

The Budget Act of 2002 provided funding to the University for a 1.5% increase to the base budget — instead of the 4% called for in the Partnership Agreement — to fund compensation, health and welfare benefits, and other increases. Increases to UC's State General Fund budget totaled \$149 million. While the increases to the budget were welcome, the budget also included base budget reductions totaling \$322 million. State General Funds provided to the University in the 2002-03 Budget Act totaled \$3 billion.

Mid-year cuts instituted in December 2002 (though not formally approved by the Legislature until March 2003) included \$70.9 million in further base budget cuts for UC. In addition to cuts targeted at specific programs, \$19 million was designated as an unallocated reduction², which the University offset by instituting a mid-year increase in mandatory systemwide student fees.

By the time the mid-year budget cuts were approved for 2002-03, the State was facing a deficit for 2003-04 that was unprecedented in magnitude. With the release of the May Revision, the Governor estimated the State deficit to total \$38.2 billion. For the University, cuts proposed by the Governor in January totaling \$373.3 million and affecting nearly every area of the budget were all approved in the final Budget Act; this included \$179 million in cuts, offset by increases in mandatory systemwide student fees, that otherwise would have been targeted at instructional programs.

The University took \$34.8 million of the total cut that had been targeted at improving the University's student-faculty ratio as an unallocated reduction instead. In addition to cuts proposed by the Governor, the Legislature proposed \$98.5 million in unallocated cuts that ultimately were included in the final budget. Of the total, \$80.5 million was designated as one-time and \$18 million was designated as permanent.

The final budget for 2003-04 did include some funding increases; however, most of the Partnership was not funded and the \$29 million reduction in 2002-03 to core areas of the budget that had previously been specified as a one-time cut was not restored. The 2003-04 State General Fund budget approved in the Budget Act for the University was \$2.87 billion, \$282 million less than the State General Fund budget for 2002-03 adopted in September 2002.

A final round of mid-year reductions occurred in December 2003, totaling \$29.7 million. While these mid-year reductions were originally intended by the Governor to be permanent reductions, the budget agreement for 2004-05 restored funding for some programs. Consequently, the mid-year reductions were taken on a temporary basis in 2003-04 and only \$15 million associated with the unallocated reduction was ultimately approved as a permanent reduction. That reduction was ultimately offset on a permanent basis as part of the student fee increases approved for 2004-05.

The State remained in fiscal crisis for 2004-05 and the reductions to the University's budget were once again substantial. State funds for 2004-05 totaled \$2.72 billion, \$147 million less than the funding level provided in the previous year. Base budget reductions included another cut to research and a reduction to academic and institutional support. Once again, another cut had originally been targeted at increasing the University's student-faculty ratio, but was instead taken by the University as an unallocated reduction.

Also included in the total reduction to the University's budget was \$183.5 million in cuts, which were offset by increases in student fees. In 2004-05, undergraduate fees rose 14%, graduate academic fees rose 20%, and graduate professional fees rose 30%, which still generated \$5 million less than expected. As a result of the shortfall, campuses were asked to absorb a temporary unallocated reduction of \$5 million until fees could be raised again in 2005-06. Nonresident tuition was also increased by 20% in 2004-05 for undergraduate and graduate academic students.

One of the most difficult issues facing the University in the

² Unallocated reductions represent State budget cuts to the University that are not assigned to any particular budgetary function or existing program.

2004-05 budget related to funding for enrollment. For the first time in recent history, the University was asked to reduce enrollment to help meet budget reductions. The Governor's January budget had proposed a 10%, or 3,200 FTE, reduction in University freshman enrollments and called for the campuses to redirect these students to the California Community Colleges for their first two years of study before accepting them to enroll for their upper-division work at UC, a program referred to as the Guaranteed Transfer Option (GTO). As part of the actions taken on the final budget for 2004-05, the Governor and the Legislature reached a compromise that lowered the reduction in enrollment from 3,200 FTE to 1,650 FTE, which allowed the University to offer freshman admission to all students who originally received the GTO offer and preserve the Master Plan guarantee of access for eligible students.

Following the compromise, the University immediately sent offers of freshman admission to all eligible students who had not yet received a UC freshman offer. Among the roughly 7,600 applicants initially offered GTO and later offered freshman admission, approximately 1,850 enrolled at UC during 2004-05. Another 500 remained as GTO students with plans to later transfer to the University as upper division students.

Among other actions, the Governor's January budget proposed elimination of all State funds for the Institute for Labor and Employment (ILE) and student academic preparation. As part of the final budget package, the Governor and the Legislature assigned ILE a \$200,000 reduction and cut student academic preparation by \$4 million, leaving the program with a total of \$29.3 million for 2004-05. The final budget did, however, eliminate all remaining funding for the Digital California Project (K-12 Internet) from UC's budget. Also, \$80.5 million that was cut as part of a one-time reduction in 2003-04 was restored, consistent with the prior year's Budget Act; consistent with past practice, funding for annuitant health benefits and lease revenue bond payments was provided.

With the 2004-05 budget, as a result of the State's fiscal crisis, the University's State General Fund budget was nearly \$1.5 billion below what it would have been if a normal workload budget had been funded for the previous

DISPLAY XXI-3: PROVISIONS OF THE COMPACT WITH GOVERNOR SCHWARZENEGGER, 2005-06 THROUGH 2010-11

- Base budget adjustments of 3% in 2005-06 and 2006-07 and 4% for 2007-08 through 2010-11
- Additional 1% base budget adjustments for annual shortfalls in core areas beginning in 2008-09 and continuing through 2010-11
- Marginal cost funding for enrollment growth of 2.5% per year
- Student fee increases of 14% in 2004-05 and 2005-06 for undergraduates, and 20% in 2004-05 and 10% in 2005-06 for graduate students, followed by fee increases consistent with Governor's proposed long term student fee policy beginning in 2007-08
- Annual adjustments for debt service, employer retirement contributions, and annuitant health benefits
- One-time funds and new initiatives when the State's fiscal situation allowed
- At least \$345 million of capital outlay annually

four years. About one-third of this shortfall was accommodated through base budget cuts to existing programs and one-fourth was addressed through student fee increases. The remainder represented foregone salary increases and other unfunded cost increases.

A NEW COMPACT WITH GOVERNOR SCHWARZENEGGER

As the State's economic recovery remained slow, Governor Arnold Schwarzenegger's proposed solution to the overall deficit included major budget reductions in most areas of the budget, heavy borrowing, and several one-time actions that would only delay further cuts into future years. The University was gravely concerned about the future of the institution and the potential long term effect on quality of the academic enterprise as the State fought its way out of its economic crisis. The Governor was equally concerned about the University's future and asked his administration to work with the University and with the California State University on a new long-term funding agreement for the four year institutions.

A new higher education Compact was announced by Governor Schwarzenegger in May 2004, shown in detail in Display XXI-3. Negotiation of the Compact with Governor

Schwarzenegger helped stem the tide of budget cuts that had prevailed for four years.

According to the Compact, beginning in 2007-08, the University was to develop its budget plan each year based on the assumption that fees would be increased consistent with the Governor's proposed long-term student fee policy, which said that student fee increases should be equivalent to the rise in California per capita personal income or up to 10% in years in which the University determined that providing sufficient funding for programs and preserving academic quality would require more than the per capita increase rate. Revenue from student fees would remain with the University and would not be used to offset reductions in State support. The Compact also called for UC to develop a long-term plan for increasing professional school fees that considered average fees at other public comparison institutions, the average cost of instruction, the total cost of attendance, market factors, the need to preserve and enhance the quality of the professional programs, the State's need for more graduates in a particular discipline, and the financial aid requirements of professional school students. Revenue from professional school fees would remain with UC and would not be returned to the State.

As with the first iteration of the Compact under Governor Wilson, the new Compact included accountability measures relating to issues that traditionally had been high priorities for the State, including maintaining access and quality; implementing predictable and moderate fee increases; enhancing community college transfer and articulation; maintaining persistence, graduation, and time-to-degree rates; assisting the state in addressing the shortage in science and math K-12 teachers; returning to paying competitive salaries and closing long-term funding gaps in core areas of the budget; and maximizing funds from the federal government and other non-State sources. The University was to report to the Administration and the Legislature on its progress in these areas each year.

With the 2005-06 budget, the Compact represented a true turning point. The first three years of the Compact were very good for the University. In each year, the State provided adequate funding and UC began to address major shortfalls that had occurred in the recent fiscal crisis.

Over that three-year period, base budget adjustments helped support salary cost-of-living, market-based, and equity salary adjustments; merit salary increases; health and welfare benefit cost increases; and non-salary price increases. Enrollment workload funding was provided to support significant enrollment growth. In addition, the marginal cost of instruction methodology was revised in 2006-07 to more appropriately recognize the actual cost of hiring faculty, and to include a component for maintenance of new space, which had not been adequately funded by the State in recent years. In each of the three years, UC was also able to direct \$10 million for a multi-year plan to restore \$70 million of unallocated reductions that had originally been targeted at instructional programs. Thus, \$30 million was put toward this goal. The State also funded several initiatives during this period, including the Science and Math Initiative, the labor and employment institutes, and the Gallo Substance Abuse Program.

Funding for student academic preparation programs was a major issue in the budget process for all three years.

In each year, the Governor's January budget proposed eliminating State funds for this program, leaving only the University's \$12 million in support for student academic preparation as called for in the Compact. In the end, the final Budget Act each year restored the State support, and in 2006-07, included an augmentation of \$2 million for community college academic preparation programs. In 2007-08, the University's budget included \$500,000 to support an increase for the California State Summer School for Mathematics and Science (COSMOS), an intensive academic four-week residential program for motivated high school students.

Also in 2007-08, the Governor's January budget had proposed eliminating of State funds for labor and employment research; however, the Legislature augmented the University's budget by \$6 million to restore funding for labor research to its original level when the program was initiated in 2000-01.

In 2005-06 and 2007-08, fee increases were implemented, but in 2006-07, the State provided funding to avoid planned increases in student fees.

There were several initiatives the University had proposed

in 2007-08 that were not funded in the final budget. The University had requested that employer and employee contributions to the UC Retirement Plan be reinstated (at an estimated cost of \$60 million during the first year); however, the final budget did not include these funds. Also in 2007-08, the January Governor's budget proposed increasing core support for the four California Institutes for Science and Innovation by a total of \$15 million to ensure that each Institute had a minimum level of operating support with which to operate, which in turn would serve as seed money to continue to attract funds from industry and governmental sources.

UC's State-funded budget rose 5% in 2005-06, 8.2% in 2006-07, and 5.9% in 2007-08, rising from \$2.8 billion in 2005-06 to \$3.26 billion in 2007-08.

2008-09 THROUGH 2011-12: A SECOND STATE FISCAL CRISIS IN A DECADE

The 2008-09 academic year began, fiscally, as a very difficult year for the State. The State's ongoing structural deficit was estimated to be about \$6 billion when the University developed its plan for 2008-09 in November 2007, and ended up totaling closer to \$14.5 billion when the Governor and the Legislature negotiated a final budget in September 2008. The State addressed its problem through a combination of budget cuts, borrowing, and revenue enhancements such as closing tax loopholes, among other actions.

For the University, the budget was constrained, falling short of funding basic costs. In developing the Governor's Budget, the Department of Finance first "funded" a normal workload budget consistent with the Compact with the Governor, and then proposed a 10% reduction (totaling \$332 million) to that higher budget to address the State's fiscal situation. The net result in the Governor's January proposal between 2007-08 and 2008-09 was a reduction to the University's base budget of \$108 million (excluding lease revenue bond payments and one-time funds). The Governor's May revision proposed to restore \$98.5 million of the cut proposed in January, and this restoration was sustained through the signing of the Budget Act. With the adoption of a new State spending plan in September 2008, the University's State-funded budget was essentially flat

compared to 2007-08, totaling \$3.25 billion.

Unfortunately, the nation, and indeed the world, was entering the worst economic recession since the Great Depression of the 1930s. As a result, estimates of revenue contained in the State's September 2008 Budget Act proved unrealistic and the State began a process of budget negotiations over a ten-month period to resolve its deficit.

First, action occurred in October, after the final Budget Act had been passed, which required the University to achieve \$33.1 million in one-time savings during 2008-09. During November, the Governor called a special session of the Legislature to deal with the State's fiscal crisis. That effort ended with a new 18-month budget package adopted in February 2009 that implemented mid-year cuts for 2008-09 and developed a spending plan for 2009-10 instituting additional cuts. Within a matter of weeks, it became evident the revenue estimates used to adopt the February Special Session budget were too optimistic. Late into that summer, the Legislature adopted its third budget for 2008-09 (after the fiscal year had ended) and a revised spending plan for 2009-10 to resolve an estimated \$24 billion deficit.

Again, the State used a combination of spending cuts, borrowing, transfers to the General Fund, and increased revenue (through accounting system changes rather than additional taxes) to resolve the budget deficit. The new 18-month State budget included unprecedented cuts for the University. Reductions in 2008-09 totaled \$814 million and included both permanent and one-time cuts. These reductions were partially offset by \$716.5 million in one-time funds provided by the federal government through the American Recovery and Reinvestment Act (ARRA) as part of a wide-ranging economic stimulus package intended to jump-start economic recovery in a number of sectors, including education. Many of the reductions for 2008-09 were not approved until after the fiscal year had ended. In addition, much of the ARRA money was not provided until the new fiscal year. Thus, the University carried forward a large negative balance at the end of 2008-09.

The funding cuts for the University's 2009-10 budget reflected the continuing fiscal crisis in the State. When compared to the budget adopted in September 2008 before the mid-year cuts began, the University's 2009-10

State-funded budget was \$637 million less, totaling \$2.6 billion, a reduction of 20%.

The fiscal turbulence that characterized the 20 months between December 2008 and August 2010 for the State of California did not subside with the adoption of the 2009-10 budget. The State remained unable to develop permanent solutions to address its ongoing fiscal deficit.

Thus, with the presentation in January 2010 of a proposed budget for 2010-11, the Governor once again had difficult choices to make. As a signal of the high priority he placed on maintaining funding for higher education, the Governor proposed additional funding totaling \$370.4 million for UC, including the following:

- restoration of a \$305 million one-time cut adopted as part of the 2009-10 budget package;
- \$51.3 million to support 5,121 FTE students (at the time, UC estimated it had enrolled more than 14,000 students for whom it had not received State funding); and
- \$14.1 million in annuitant benefits.

While the funding only partially addressed the shortfalls UC had experienced since 2007-08, the Governor's proposal was welcome news for UC's students, faculty, and staff, signaling that adequate funding for UC was important to the state.

Supporting the budget proposals Governor Schwarzenegger submitted in his January budget, the final budget included an additional \$264.4 million for the University of California; another \$106 million in one-time ARRA funds was approved in early September. Of this total amount, \$199 million was permanent funding to partially restore the one-time budget cut agreed to as part of the 2009-10 State budget. When combined with the one-time \$106 million in ARRA funds, the total amount restored was \$305 million, which is the total restoration the Governor originally proposed. The total also included the \$51.3 million to address UC's unfunded enrollment. Another \$14.1 million was included for the increase in health care costs for UC's retired annuitants.

The funding of the State's share of the employer contribution to the University's retirement program, estimated to be \$95.7 million in 2010-11, was an issue of great concern. The final budget package for 2010-11 did

DISPLAY XXI-4: MAJOR 2011-12 STATE BUDGET ACTIONS (DOLLARS IN THOUSANDS)

Augmentation and Reductions

Restoration of One-time Cuts	\$106,000
Annuitant Health and Dental Benefits	\$7,089
Undesignated Reductions (January)	(\$500,000)
Undesignated Reductions (June)	(\$150,000)
Trigger Cut (December)	\$100,000

Other Initiatives

UC Merced (one-time)	\$5,000
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*Total State Funding = \$2.274 billion**

*Subsequent adjustments reduced this total to \$2.272 billion.

not contain the funding to support this cost. However, the Legislature did approve trailer bill language to eliminate the statutory language prohibiting any new State General Fund dollars from supporting the State's obligation to the University of California Retirement Program. The Legislature also adopted budget bill language asking for the Legislative Analyst's Office, the Department of Finance, and UC to work together to develop a proposal for how UC's retirement plan would be funded in future years. While this language was vetoed by the Governor, the Legislative Analyst's Office began to present the liability for contributions to the University's retirement program as an issue that must be addressed.

Other actions approved in the final package included budget language requiring UC to redirect \$10 million from existing resources to support planning for a new medical school at UC Riverside, and \$600,000 to be redirected from existing resources for the Institute of Governmental Studies at UC Berkeley.

While some of the earlier cuts in State support imposed on the University in 2008-09 and 2009-10 were restored in 2010-11, the University continued to face significant unfunded mandatory cost increases and a significant budget shortfall. In November 2010, in addition to requesting further restoration of funding, support for contributions to the UC Retirement Plan, and funding to cover the costs of unfunded enrollments from the State,

UC implemented an 8% student tuition and fee increase for 2011-12.

Despite the University's request for an increase in funding, in January 2011, newly-elected Governor Jerry Brown proposed the restoration of \$106 million that had been funded through ARRA during 2010-11, a \$7.1 million increase to support retiree health benefit cost increases, and a \$500 million undesignated reduction in State support for UC. This reduction was part of a budget package seeking, through the referendum process, the extension of temporary tax increases that were set to expire in 2011-12. In spring 2011, the Legislature approved the Governor's proposal for UC for 2011-12. UC also faced \$362.5 million in unfunded mandatory costs, bringing UC's total budget gap for 2011-12 at that point to \$862.5 million.

Ultimately, the Governor was unable to gain approval for placing the tax extension referendum on the ballot for 2011-12. On June 30, 2011, the Governor signed a second budget package for 2011-12 that included additional targeted reductions for many State programs, including \$150 million each for UC and CSU, an assumption of significant revenue increases, and a trigger mechanism for more cuts mid-year if revenue targets were not realized.

The combined reduction for UC totaled \$750 million, \$100 million of which was not allocated until mid-year. The decrease represented a cut to UC's budget of 26% over the prior year. Combined with the unfunded mandatory cost increases of \$360 million, the University's budget shortfall rose above \$1 billion.

In response to the additional reduction of \$150 million, at their July meeting the Regents approved a 9.6% increase in mandatory systemwide charges, effective for the fall 2011 term, to replace the lost State funding. This increase, combined with the increase approved in November 2010, meant that mandatory charges rose by \$1,890, or 18.3%, over 2010-11 charges. These increases covered about 26% of the University's budget shortfall for 2011-12.

The University sought endorsement by the Legislature of its plan to target specific cuts to programs that had received large increases from the State, but had not been reviewed to determine their necessity or appropriate funding level. While many of the targeted program cuts were accepted,

ACTIONS TO ADDRESS BUDGET SHORTFALLS: A SNAPSHOT FROM 2012-13

The 2012-13 academic year marked the fifth year in which UC campuses implemented measures to reduce expenditures, avoid costs, and introduce efficiencies at the local level to address significant budget gaps. Academic and administrative units on the campuses had been assigned cuts ranging in general from 0% to 35%. By 2012-13, more than 4,200 staff had been laid off and more than 9,500 positions had been eliminated or remained unfilled since the beginning of the recent fiscal crisis. Over 180 programs had been eliminated and others consolidated for an estimated savings of over \$116 million.

Against this backdrop, it is important to note that at that time, the University was enrolling about 11,500 students for whom it had never received funding from the State. In addition, in 2011-12 total faculty hires were substantially less than total faculty separations, yet enrollment had grown by more than 10,000 students since the fiscal crisis began. All campuses reported moving aggressively toward implementing shared service centers to reduce duplication and streamline processes. All campuses had curtailed faculty recruitment. No campus was applying across-the-board cuts; each used a consultative, deliberative process to determine how reductions should be allocated. All campuses applied disproportionate cuts to administrative programs in order to reduce the effects on academic programs. Campuses also reported taking a wide variety of other measures to avoid or reduce costs and raise new revenue to address budget shortfalls. Examples from campus reports include:

- Between April 2009 and April 2011, Berkeley reduced its staff workforce by more than 900, a 10% drop;
- Riverside reported that the average size of an undergraduate lower-division lecture class increased 33%, from just over 66 in fall 2008 to over 88 in fall 2011; and
- San Francisco eliminated Clinical Nurse Specialist programs in cardiovascular care and neonatal intensive care, as well as nurse practitioner programs.

several programs were protected by the Legislature.

2012-13: UC BEGINS TO SEE INCREASES IN STATE FUNDING

The budget package adopted by the Governor and the Legislature for 2012-13 resolved about \$10 billion of the \$15.7 billion gap identified by the Governor in his May Revision, primarily through cuts to Health and Human Services, Social Services, child care, Proposition 98, and

other State programs. The 2012-13 State budget assumed adoption of the Governor's revenue-raising initiative (*The Schools and Local Public Safety Protection Act of 2012*) on the November ballot, which was approved by California voters in November 2012 and addressed about \$5.6 billion of the gap. (If the Governor's revenue-raising initiative had not been adopted in the November election, the budget called for nearly \$6 billion in trigger reductions to various State agency budgets, including \$250 million to UC and \$250 million to the California State University.)

For the University, the 2012-13 budget included no further cuts to the base budget and provided an augmentation of \$89.1 million toward the State's share of the employer contribution to the University's retirement plan. The budget also included an augmentation of \$5.2 million for annuitant health benefits and \$11.6 million for lease revenue bond debt service. The new State funding base for UC in 2012-13 was \$2.38 billion, up from \$2.27 billion in 2011-12. Considering the \$15.7 billion budget gap that the Governor and the Legislature were addressing, UC fared well compared to other State agencies.

The budget deal also provided UC with \$125 million in deferred tuition buy-out funding in the 2013-14 budget upon passage of the Governor's revenue-raising initiative passes in November. In addition, UC students were spared major cuts to their Cal Grants in the 2012-13 State budget. (The Governor's January budget had proposed several changes to the entitlement provisions, all of which were rejected by the Legislature.)

2013-14: THE BEGINNING OF THE GOVERNOR'S MULTI-YEAR PLAN

When Governor Brown took office, the State faced a \$26.6 billion short-term budget problem and estimated annual gaps between spending and revenues of roughly \$20 billion. With submission of the 2013-14 State budget to the Legislature in January 2013, the Governor effectively completed his two-year effort to close the state's structural budget gap. His ability to close such a significant budget gap in a short period of time was due in part to the economic recovery at both the national and state levels, as well as the passage of Proposition 30 in November 2012.

The Governor stated his highest budget priority for 2013-14 was education, as reflected in his funding recommendations for K-12, the California Community Colleges, the California State University, and the University of California. For UC and CSU, these recommendations were embodied in a multi-year funding plan that proposed a level of State funding stability for both university systems over a four-year period. The overall base budget for UC increased from \$2.377 billion in 2012-13 to \$2.844 billion in 2013-14. However, \$400 million of that total was debt service related to capital outlay and was not available for operating budget purposes. Consistent with the 2012-13 Budget Act, the budget for 2013-14 included \$125 million to buy out the planned tuition and fee increase from 2012-13, and \$125.1 million for a 5% base budget adjustment, the first of four years of base budget adjustments under the Governor's multi-year funding plan for UC. Of this \$125.1 million, \$15 million was directed to the UC Riverside School of Medicine, \$10 million was to be used to advance online education, and \$3.6 million was to be used to fund the debt service for a \$45 million Classroom and Academic Office Building at the Merced campus. The budget also provided \$6.4 million for annuitant health benefit costs and a \$10.2 million adjustment for lease revenue bond payments. In addition, the budget shifted \$200.4 million of State General Obligation Bond debt service to the University's base; with this shift, the University was put in a position to benefit from future base budget adjustments.

Funding for debt service for capital outlay was changed substantially in 2013-14. With the shift of General Obligation Bond debt service to the University's budget, all State-funded debt service for capital outlay is now contained in the University's base budget. As indicated above, this is important for future base budget increases. Moreover, the State Lease Revenue bond debt has been shifted off of the State's balance sheet and onto the University's (General Obligation Bond debt service cannot be shifted from the State). The University refinanced the Lease Revenue bond debt in September 2013 – and by doing so, reduced the annual debt service by \$85 million for ten years, and by \$17 million for the subsequent seven years. Thus, about \$185 million of the \$221.4 million in UC's base budget (that otherwise would have been used to cover the State's debt service payments) was available to

help cover operating costs in 2013-14. The Legislature adopted budget trailer bill language requiring that the savings be used to address the University's UCRP unfunded liability. Because these were one-time funds, this requirement temporarily alleviated pressure on the University's operating budget, and helped mitigate the fact that there was no source of funding identified for the cost increases associated with the tuition-funded portion of the University's core operating budget.

Consistent with the Governor's request, there was no tuition increase proposed for 2013-14; tuition and fees remained flat at 2011-12 levels.

2014-15: ANOTHER YEAR OF FISCAL CONSTRAINT

The 2014-15 budget year marked the second year of the Governor's multi-year plan for UC. In addition to the base budget adjustment proposed by the Governor, other additional funds were targeted for the Governor's and Legislature's priorities. Specifically, the 2014-15 budget included the following provisions:

- an additional \$142.2 million from the State General Fund, representing a 5% increase to the University's base State General Fund budget (or a 1.8% increase in total core funds).
- \$2 million in one-time funding for the Labor Centers at UC Berkeley and UC Los Angeles;
- \$2 million in one-time funding to establish the California Blueprint for Research to Advance Innovations in Neuroscience (Cal BRAIN) program intended to leverage federal funding opportunities to accelerate the development of brain mapping techniques;
- \$15 million from the Proposition 63 mental health fund for the Behavior Health Centers for Excellence of California at UC Davis and UC Los Angeles.

The final budget specified that \$2 million of the permanent State funds provided to the University must be used for the Labor Research Centers at the Berkeley and Los Angeles campuses (in addition to the one-time funds noted above), and that \$770,000 must be used for the Statewide Database Project at the Berkeley campus. In addition, the State budget included funding for the first year of the new Middle Class Scholarship Program, which provides new assistance to students at UC and CSU with family incomes up to \$150,000. UC students received \$14.7 million in scholarship support from this program in 2014-15. UC

students also received an additional \$2 million in Cal Grants in 2014-15 due to a modest increase in Cal Grant B awards. Further information about Cal Grant B awards can be found in the *Student Financial Aid* chapter of this document.

The budget package also included \$50 million in one-time funds for the Governor's Innovation Awards, provided to the three higher education segments for programs that promote increased graduation rates, decreased time to degree, or improved Community College transfer.

Finally, the budget authorized funding for the UC Berkeley Tolman Hall Seismic Replacement Project, in addition to projects that had already been authorized for 2014-15.

Upon taking office, Emeritus President Napolitano pledged that tuition and fees would not rise in 2014-15 while the University developed a long-term plan to keep student fees as affordable as possible and end sudden spikes in tuition levels, in response to reduced State support. Thus, tuition and fees remained flat in 2014-15.

Despite the University's efforts to secure additional State funds in the 2014-15 budget, the final budget provided no new permanent funds for key components of the University's 2014-15 budget plan, including the State's share of the employer contribution to the University of California Retirement Plan, enrollment growth, and reinvestment in academic quality. Specifically, the University's budget plan requested \$35 million from the State for the first year of a multi-year effort to reinvest in critical areas of the academic program that had been adversely affected by the State's recent fiscal crisis. Examples of these critical areas include improving the student-faculty ratio, addressing the competitive gap in faculty and staff salaries, increasing graduate student support, increasing undergraduate instructional support, and supporting start-up costs for new faculty.

The State funds provided in 2014-15 were a welcome departure from past years' base budget cuts. However, the State funds were insufficient alone to fund mandatory cost increases, let alone to support other high-priority costs and begin to reinvest in quality. With tuition and fees held flat, more than half of the University's core budget had no

source of funds to support mandatory and high-priority cost adjustments.

2015-16 AND 2016-17: A NEW BUDGET FRAMEWORK WITH THE GOVERNOR

With enactment of the 2015-16 State Budget Act, the University of California found itself in a much better situation relative to the year before. The 2015-16 budget signed by the Governor included the principal elements of the funding framework that UC negotiated with the Governor and which were incorporated into the Governor's May Revision. The framework agreed upon with the Governor would provide the University with base budget adjustments of 4% annually over the next four years, through 2018-19, extending by two years the horizon of the Governor's original multi-year funding plan for the University. These base adjustments would be expected to increase State funding over the next four years by \$507 million.

Under the agreement with the Governor, the University would also receive \$436 million in one-time funds over the next three years in Proposition 2 debt repayment funds for UCRP, including \$96 million in 2015-16, \$170 million in 2016-17, and \$170 million in 2017-18. As specified in the State Constitution, Proposition 2 funds must be supplemental above Regent-approved contribution rates and must be used to help pay down the unfunded liability associated with UCRP. This funding was contingent upon the Regents approving a cap on pensionable salary at the same rate as the State's Public Employee Pension Reform Act (PEPRA) cap for the defined benefit plan for employees hired on or after July 1, 2016. The President convened a retirement options task force to advise on the design of new retirement options that would include the new pensionable salary cap consistent with PEPRA. The retirement options were brought to the Regents at the March 2016 meeting for review and were approved. The pension cap previously in place was equivalent to the Internal Revenue Service level, set at \$265,000. Under the new design, for employees hired on or after July 1, 2016, pensionable salaries would be capped at \$117,020 in 2015-16, for those in the defined benefit plan. New employees will have the opportunity to choose a fully defined contribution plan as a retirement option (an alternative to the PEPRA-capped defined benefit

plan). For represented groups, retirement options will be subject to collective bargaining.

These changes to UC's pension obligations were a key priority of the Governor and the Legislature. The one-time money from Proposition 2 could be combined with additional internal borrowing to improve the funding status of UCRP.

The framework also provided \$25 million in one-time funding for deferred maintenance. This was the first time since 2002 that the State provided funding to the University to help address its aging physical plant. The \$25 million in one-time Cap and Trade funds for energy projects proposed in the framework negotiated by the President and the Governor were not included in the final Budget Act.

The framework also called for no tuition increases in 2015-16 and 2016-17, with tuition increases generally pegged to the rate of inflation to be implemented beginning in 2017-18. The Student Services Fee was to increase 5% (\$48) in 2015-16 and each year thereafter with the customary one-third of the increase being directed to financial aid. 50% of the remaining revenue generated from the increase would be used to enhance student mental health services, consistent with the University's priority to build resources to support mental health programs, and the remaining 50% would be distributed to support other student services programs consistent with the Regental policy on the Student Services Fee.

The framework also acknowledged the University's plan to increase nonresident supplemental tuition by up to 8% (or \$1,830) for 2015-16 and 2016-17, and 5% thereafter, as approved by the Regents in May 2015. Additionally, the framework recognized the increases in Professional Degree Supplemental Tuition (PDST) approved by the Regents in November 2014 for existing and new programs other than the law schools. The framework called for no increases in law school PDSTs for the next four years.

In addition to these funding elements, the budget framework included a number of performance-related provisions. These provisions were the subject of considerable discussion and examination during the Select Advisory Committee meetings and covered five basic

performance areas involving delivery of the academic program.

2015-16 Budget Act Funding. In the final budget negotiations, the Legislature approved all of the major funding elements of the framework between UC and the Administration, and as set forth in the Governor's May Revision. As noted above, however, the funding framework did not address one significant element of UC's long-term funding plan: UC's desire to substantially increase enrollment of California students. While independent groups have confirmed that UC met its enrollment obligations under the Master Plan, even through the recession of the prior several years, enrollment growth was a key priority both for the University and for the Legislature. The final 2015-16 budget language indicated that the University would receive an additional \$25 million above its 4% base budget adjustment if it could demonstrate in the spring of 2016 that it had admitted a sufficient number of resident undergraduate students to achieve an increase in 2016-17 of 5,000 students over the 2014-15 academic year. As explained in more detail in the *General Campus Instruction* chapter of this document, the University met this enrollment goal and received the \$25 million at the end of the 2015-16 fiscal year.

The final budget also provided an additional \$4 million in permanent funding for the Labor Centers at the Berkeley and Los Angeles campuses above the 4% base budget adjustment, and above the \$2 million in permanent funding directed to the centers from the University's base support in 2014-15. The budget also included \$1 million in one-time funds for the Wildlife Health Center at the Davis campus.

Additionally, the final budget called for UC to redirect funds within its existing base budget to fund several items that continue to be priorities for various legislators, including planning for a School of Medicine at the Merced campus, the California DREAM Loan Program, and the Statewide Data project at the Berkeley campus.

For 2015-16, per Education Code Sections 92493 and 92496 (AB 94), the Department of Finance also authorized the University to finance 15 capital outlay projects totaling \$296.7 million with its State General Fund support appropriation.

Language accompanying the funding called for several reports and actions by the University and others. One provision indicated the Legislature's intent that UC use revenue from enrollment of nonresident students to help fund the 2016-17 enrollment increase. Language in the budget also called for several reports: a report on all "University fund sources legally allowable" to support costs for education; another three-year financial sustainability plan, which was again to be approved by the Board of Regents; and another on the use of funds for support services to increase graduation rates for low-income and underrepresented populations.

In addition, the University was asked to take two more actions: (1) revise Market Reference Zones for Senior Management Group employees to include comparable positions in State government; and (2) post information on its website that explains the details related to the subcategories of personnel within the Managers and Senior Professional personnel category, disaggregating personnel categories by fund source.

The higher education "trailer bill," which was legislation that accompanied the budget to implement certain related statutory provisions, also included two studies of note: one asked the Legislative Analyst to study the need for additional new campuses for CSU and for UC, and another asked the California State University to conduct a new eligibility study with the University's participation. An eligibility study of UC determines the proportion of students eligible for admission to the University, and recommends adjustment of admissions policies in the event of divergence from the Master Plan.

By adopting the provisions of the funding framework agreed upon by the Governor and the University, the budget approved by the Legislature put UC in a strong financial position. The budget provided the University with predictable and stable support for the next four years and enabled students and their families to confidently budget for the costs of a UC education. This outcome was sparked in large part by the plan adopted by the Board in November, which generated spirited debate regarding appropriate funding levels for higher education in California.

2016-17 Budget Act Funding. For 2016-17, ongoing State General Funds totaled \$3.279 billion, a 4.6% increase over 2015-16. This included a 4% base budget adjustment and \$91 million in one-time funds for a variety of programs of interest to the University, the Legislature, and the Governor. In addition, the State provided \$171 million of Proposition 2 funding to help address the unfunded liability associated with the University of California Retirement Plan (UCRP), consistent with the budget framework agreement, and \$3 million in one-time additional support from the State Transportation Account for the Institutes of Transportation Studies.

With regard to enrollment funding, the final budget included a compromise reached between the Governor and the Legislature to fund enrollment growth of 2,500 FTE California resident undergraduates with \$18.5 million. Similar to the arrangement in the prior year budget, UC was required to demonstrate by May 1, 2017 that it had taken sufficient action to increase enrollment of California resident undergraduate students by this number in 2017-18 in order to receive the enrollment funding. The level of enrollment increase was consistent with UC's own plan for growing enrollment by 2,500 undergraduates in 2017-18 and in 2018-19. However, the level of funding was less than the University's marginal cost of instruction of \$10,000 per student that UC requested; the amount provided was about \$7,400 per student, equivalent to the amount CSU receives per student from the State. That said, this was higher than the \$5,000 per student provided by the State for enrollment growth in the prior year.

In addition, the University was requested to adopt a policy that specifies a limit on nonresident enrollment. A nonresident undergraduate enrollment policy was developed and presented to the Board in May 2017. The Regents approved the policy, which caps nonresident enrollment on five campuses at 18%, with the other four campuses capped at the proportion that each campus enrolled in the 2017-18 academic year.

As noted above, the Budget Act included funding for several initiatives, including support for the Innovation and Entrepreneurship initiative, a program the University requested funding for early in the legislative process through a bill introduced by Assemblymember Jacqui Irwin.

One-time funds totaling \$22 million were provided to develop the infrastructure necessary to support innovative startups by sponsoring business training, incubation space, proof-of-concept support, and affiliations with local industry, among other activities. Funding for this initiative demonstrated the State's support for the crucial role UC research plays in the economic development of California.

Also, as part of a package of initiatives proposed by President Pro Tem of the Senate Kevin de León, the budget included \$20 million in one-time funds for support services for low-income students and students from underrepresented minority groups, including students who were enrolled in high schools in which more than 75% of the school's total enrollment is composed of pupils who are identified as either English learners, eligible for free or reduced-price meals, or foster youth. These schools, which are eligible for supplemental funding under the state's Local Control Funding Formula (LCFF), are known as "LCFF plus" (LCFF+) schools.

The final budget also included one-time funds for the following purposes:

- \$35 million for deferred maintenance;
- \$5 million for a firearms research center;
- \$4 million for the development of online courses for K-12 students;
- \$2 million for a program promoting best practices in equal employment opportunity to help enhance faculty diversity;
- \$2 million for the Wildlife Health Center at the Davis campus for support of local marine mammal stranding networks;
- \$500,000 for the Underground Scholars Initiative at the Berkeley campus; and
- \$100,000 for the Wildlife Health Center for large whale entanglement programs.

2017-18 Budget Act Funding. For 2017-18, the University received overall ongoing State support of about \$3.5 billion, including \$175.2 million for general obligation bond debt service. This included a 4% base budget increase of about \$131 million. In addition, the University received \$176 million in one-time funding, including the third installment of Proposition 2 funds in the amount of \$169 million toward the unfunded liability associated with the University of

California Retirement Plan. The Act also replaced \$50 million of State General Funding with \$50 million of revenue from the Tobacco Tax Act of 2016 (Proposition 56), to be used for graduate medical education.

The 2017-18 State Budget Act included an expectation that the University would enroll at least 1,500 more resident undergraduate students in 2018-19 compared to 2017-18. The Act acknowledged that the State and UC should share the cost of enrollment growth. As part of that cost-sharing, the Act requested that UC, the Legislature, and the Department of Finance identify funds to support enrollment growth from those that UC currently expends on systemwide programs or at UCOP. The budget also included \$5 million in new General Fund support to enroll an additional 500 graduate students in 2017-18.

The budget conditioned expenditure of \$50 million of the University's State General Fund appropriation upon UC demonstrating to the Department of Finance that it had met the following five conditions:

- demonstrate completion of an activity-based costing pilot at two additional campuses;
- attain a ratio at each UC campus (except Merced and San Francisco) of at least one entering transfer student for every two entering freshman students beginning in the 2018–19 academic year;
- by April 1, 2018, implement the recommendations issued by the California State Auditor;
- adopt a policy that does not provide supplemental retirement payments for any new employee designated to be in the Senior Management Group no later than May 1, 2018; and
- provide detailed reporting on revenues and expenditures as highlighted in the recent audit.

The final budget also included one-time funds for the following purposes:

- \$2.5 million to address food insecurity;
- \$2 million for a program promoting best practices in equal employment opportunity to help enhance faculty diversity;
- \$2 million for the Wildlife Health Center at UC Davis for support of local marine mammal stranding networks; and
- \$100,000 for the Wildlife Health Center for large whale entanglement programs.

Finally, the 2017-18 State Budget Act created a separate line-item appropriation of State General Funds to replace funding that UCOP would otherwise have received through two assessments. Previously, the general campus assessment supported a portion of the UCOP budget. This assessment was replaced by a State General Fund appropriation of \$296.4 million, and a separate assessment attributable to UCPath was replaced by a State General Fund appropriation of \$52.4 million.

2018-19 Budget Act Funding. For 2018-19, the University received overall ongoing State support of about \$3.5 billion, including \$184.4 million for general obligation bond debt service. This included a 2.9% base budget increase totaling \$98.1 million. In addition, the University received \$248.8 million in one-time funding, including \$105 million for general University needs.

The 2018-19 State Budget Act redirected \$8.55 million from UCOP to campuses to support a portion of 2018-19 enrollment growth, consistent with the University's proposal in response to provisions of the Budget Act of 2017. In addition, \$5 million was included as ongoing funding to support 500 new California undergraduates in 2018-19 (in addition to the 1,500 new California undergraduates funded by the internal reallocation of University resources).

The final budget also included one-time funds for the following purposes:

- \$40 million for graduate medical education to backfill, on a one-time basis, General Funds that were cut from the University's budget and replaced with Proposition 56 funds in 2017-18;
- \$35 million for deferred maintenance;
- \$25 million for UC Berkeley to address its operating deficit;
- \$15 million to support residency programs at UC Riverside's School of Medicine that utilize telemedicine and/or increase the number of psychiatry residents who use telemedicine;
- \$12 million to support research for Jordan's Syndrome at the Institute for Regenerative Cures at UC Davis;
- \$4 million for legal services to undocumented and immigrant students, faculty, and staff;
- \$3 million to support UC research efforts to combat Valley Fever;

- \$2.8 million to support planning efforts for Aggie Square, a satellite campus for UC Davis in Sacramento;
- \$2 million for a program promoting best practices in equal employment opportunity to help enhance faculty diversity;
- \$1.8 million for the Ralph J. Bunche Center for African American Studies at UCLA;
- \$1.5 million to address food insecurity;
- \$1.2 million for a two-year pilot program to provide anti-bias training for administrators, faculty, staff, and student leaders at UC and CSU campuses; and
- \$500,000 for the California Vectorborne Disease Surveillance Gateway at UC Davis.

The Budget Act continued to fund UCOP and UCPath as separate line items for General Fund support. It also allowed UCPath to assess campuses for up to \$15.3 million in additional expenditures, consistent with projected operating cost increases as UCPath was deployed to more UC campuses in 2018-19. Additionally, the Act created a new, separate line item for Agriculture and Natural Resources as part of the UCOP Budget.

2019-20 Budget Act Funding. For 2019-20, the University received overall ongoing State support of about \$3.95 billion, including projected \$187 million for general obligation bond debt service. The University received an additional \$247.5 million in permanent funding over 2018-19 levels for the following purposes:

- \$119.8 million to support ongoing mandatory cost increases, equivalent to a 3.4% adjustment to the University's 2018-19 permanent State General Fund appropriation;
- \$49.9 million to support enrollment of 4,860 additional California resident undergraduates over 2018-19 enrollment levels by 2020-21;
- \$40 million to restore State General Fund support that was cut in 2017-18 when the University was directed to shift funding for its graduate medical education programs from State General Fund to revenues generated by Proposition 56 (the California Healthcare, Research and Prevention Tobacco Tax Act of 2016);
- \$15 million to support student basic needs, including nutrition assistance and housing assistance;
- \$10 million to support enrollment growth in 2018-19 beyond the enrollment level previously funded by the State in past budget acts;
- \$5.3 million for student mental health services, equivalent to the estimated revenue that would have been generated for this purpose if the University had increased the Student Services Fee by 5% in 2019-20;
- \$4 million to provide financial aid to California resident students enrolled in summer session, with continued funding beyond summer 2021 contingent upon estimated State General Fund revenues in 2021-22 and 2022-23; and
- \$3.5 million to support rapid rehousing efforts for homeless and housing insecure students.

The final budget also included one-time funds for the following purposes:

- \$143.5 million for deferred maintenance;
- \$15 million to develop or expand degree and certificate completion programs through UC Extension;
- \$10 million to support conservation genomics programs;
- \$7.5 million to support Charles R. Drew University, an independent nonprofit university partnered with UCLA to provide training for leaders who will advance medical practice and knowledge in underserved areas;
- \$6 million for UC outreach and support to low-income students and students from underrepresented groups;
- \$6 million to establish the University of California and California State University Collaborative for Neurodiversity and Learning;
- \$3.85 million for the UC Davis Firearms Violence Research Center to support firearms injury and death prevention training;
- \$3.5 million to the UCSF Dyslexia Center to support a dyslexia screening and early intervention pilot program;
- \$3.5 million to support the Ralph J. Bunche Center for African American Studies at UCLA;
- \$2.5 million to support the creation or expansion of equal opportunity employment programs;
- \$2.5 million to support the Latino Policy and Politics Initiative at UCLA;
- \$2 million for grants administered by the Wildlife Health Center at UC Davis;
- \$2 million to support the Asian American and Asian Diaspora Studies Program at UC Berkeley;
- \$1.9 million to support the Statewide Database at UC Berkeley;
- \$1.5 million for the Center for Labor Research and Education at UC Berkeley;
- \$1.3 million for a statewide grant program expanding the number of primary care and emergency medicine

residency slots;

- \$1.2 million to establish the Marcus Foster Doctoral Fellowship program at the UC Berkeley Graduate School of Education;
- \$1 million to support the Bulosan Center for Filipino Studies at UC Davis;
- \$250,000 to support the Berkeley Underground Scholars initiative at UC Berkeley; and
- \$160,000 for the UC Davis School of Veterinary Medicine.

The Budget Act continued to fund UCOP, UCPath and Agriculture and Natural Resources as separate line items for General Fund support. It also allowed UCPath to assess campuses for up to \$15.3 million in additional expenditures, consistent with projected operating cost increases associated with the deployment of UCPath to more UC campuses in 2019-20.

2020-21 AND 2021-22: THE EFFECTS OF THE COVID-19 PANDEMIC

2020-21 Budget Act Funding. For 2020-21, State funds allocated to the University totaled about \$3.47 billion, which reflected a decrease of 7.1% to the University's base budget. In total, the University received a reduction of \$259.3 million to its ongoing support, with new permanent funding provided for the following purposes:

- \$25 million for the UC Riverside School of Medicine; and
- \$15 million for the UCSF Fresno branch campus.

The Budget Act included language stating that if sufficient federal funding were received by October 15, 2020, the University would receive \$471.6 million to offset these reductions, for a total allocation of \$3.94 billion. This funding would reverse the cuts described above and provide a net increase of \$212.3 million (or 5.7%) compared to the University's overall 2019-20 permanent appropriation. (This federal support ultimately did not materialize by October 15, 2020.)

The Budget Act also included changes to funds appropriated in the Budget Act of 2019. The final budget authorized the University to redirect at least \$21.6 million from unspent 2019-20 deferred maintenance funding to support undergraduate instruction and student support services. Campuses submitted a list of projects totaling

\$25.2 million, for which work had not yet commenced. In addition, the final budget converted \$4 million for summer-term financial aid from ongoing support to one-time funding.

The Budget Act continued to fund UCOP, Agriculture and Natural Resources, and UCPath as separate line items for General Fund support. Of the total \$3.47 billion State General Fund allocation, \$187.9 million, \$63.4 million, and \$45.7 million was used to fund UCOP, Agriculture and Natural Resources, and UCPath, respectively. If federal funding had been received by October 15, 2020, this funding would have reverted to 2019-20 levels. The Budget Act also allowed UCPath to assess campuses for up to \$46.8 million in additional expenditures, consistent with projected operating cost increases in 2020-21.

2021-22 Budget Act Funding. For 2021-22, State funds allocated to the University totaled about \$4.7 billion, including \$728.6 million in one-time funding (\$325 million of which is intended to address deferred maintenance across the system). The Budget Act reflects an increase of 15.8% to the University's base budget over 2020-21 levels, and an increase of 7.6% to the University's base budget over 2019-20 levels. In total, the University received an increase of \$547.9 million in ongoing support, with \$302.4 million provided to restore cuts to the University's budget made in 2019-20, \$173.2 million to sustain the University's core operations, and \$72.3 million for various programs that benefit the state, such as Agriculture and Natural Resources and Programs in Medical Education (PRIME).

Additionally, the Budget Act no longer funded UCOP, Agriculture and Natural Resources, and UCPath as separate line items for General Fund support.

2022-23 Budget Act Funding. For 2022-23, State funds allocated to the University totaled \$5.125 billion, including \$360.3 million in new, ongoing funding (an increase of approximately 8.9% over 2021-22) and \$754.1 million in one-time support. Of this one-time funding, \$125 million is intended to address deferred maintenance across the system and \$185 million will support climate research.

In addition, the Governor's budget reflects the first year of a multi-year Compact with the University for sustained ongoing funding. The multi-year Compact provides for UC

to receive annual 5% base budget adjustments through 2026-27, as long as progress is made towards specified policy goals.

THE COMPACT WITH GOVERNOR NEWSOM: 2023-24 THROUGH 2026-27

Under the compact, Governor Newsom will propose annual base budget adjustments of five percent for the University in 2023-24 through 2026-27. In addition, the Governor will consider annual requests for one-time funding for the University, particularly to support capital projects in energy efficiency, seismic renewal, and deferred maintenance. The Governor will also consider ongoing additions to the University’s funding, including resources to support California resident undergraduate enrollment growth above the targets described in the compact and graduate health science programs designed to improve healthcare access for medically underserved populations. The University, in turn, has committed to specific, ambitious goals in six broad policy categories described in Display XXI-5.

2023-24 Budget Act Funding. For 2023-24, State funds allocated to the University totaled \$4.08 billion, including \$329.2 million in new, ongoing funding and \$142.5 million in one-time support. The budget retains a separate line item for Agriculture and Natural Resources.

Other additional funds were targeted for the Governor’s and Legislature’s priorities. Specifically, the 2023-24 budget included the following provisions:

- \$30 million for replacing 902 nonresidents with residents at UC Berkeley, UCLA, and UC San Diego.
- \$33.5 million for the higher education student housing grant program projects.
- \$1.5 million for support for students with disabilities.
- \$1 million for student mental health resources (total funding \$21.3 million).
- \$800,000 for student basic needs and food security (total funding \$15.8 million).
- \$200,000 for rapid rehousing efforts (total funding \$3.7 million).

DISPLAY XXI-5: POLICY CATEGORIES OF THE COMPACT WITH GOVERNOR NEWSOM, 2022-23 THROUGH 2026-2027

- Increasing access to the University of California, including annual increases to both undergraduate and graduate enrollment.
- Improving student success and advancing equity, including increasing graduation rates and eliminating gaps in graduation rates between different student populations consistent with the University’s own multi-year framework, UC 2030.
- Increasing the affordability of a UC education by continuing to expand debt-free pathways for undergraduate students and reducing non-tuition student expenses such as textbooks, housing, food, and transportation.
- Increasing intersegmental collaboration to benefit students, including redesigned data-sharing agreements and common technology platforms.
- Supporting workforce preparedness and high-demand career pipelines, including prioritizing enrollment growth and increasing the number of degrees awarded in certain disciplines.
- Providing access to online courses, with the goal of doubling the number of student credit hours generated through undergraduate online courses by 2029-30 compared to 2019-20.

The final budget also included one-time funds for the following purposes:

- \$100 million for the California Institute for Immunology and Immunotherapy at UCLA.
- \$6.87 million for the Police Records Access Project at UC Berkeley.
- \$7 million for research into cancer in firefighters.
- \$5 million for the UC Davis Equine Performance and Rehabilitation Center.
- \$5 million for the Ralph J. Bunche Center.
- \$4 million for the Cal Bridge Initiative.
- \$3 million for the Scripps Institution of Oceanography at UC San Diego for the development of a Coastal Ocean Pollution Pathogen Predictions model for the Tijuana River Estuary and Border Beaches.
- \$2 million for UC Global Entrepreneurship Program for in-residence projects for foreign-born entrepreneurs, soon-to-graduate, and recently graduated students.

Historical Perspective

- \$2 million for Scripps Institution of Oceanography at UC San Diego for the California Coastal Mapping Program.
- \$2 million for the UCLA Center for Reproductive Health, Law, and Policy.
- \$2 million for UC ANR fire advisors.
- \$1.3 million for UC ANR University of California Nutrition Policy Institute. This is the second of four years of funding.
- \$1 million for UC Irvine to support Inclusive, Diverse, Equitable, and Able Leaders for Water Program.
- \$1 million for UC Berkeley School of Education for the Race Education and Community (REACH) Network.
- \$250,000 for UC Merced Labor Center to study oil and gas industry change on local service and jobs.
- \$125,000 for UCLA expansion of the UC/CSU Collaborative Neurodiversity and Learning to create the Collaborative Center for Public Engagement and Education.

Display XXI-6: The UC Budget Since 2003-04

Fiscal Year	Total State Funding (\$ in Billions)*	Notes
2003-04	\$2.87	Large cuts were made throughout the enterprise, as high as 50% in outreach, but increases to enrollment and annuitant benefits were still provided.
2004-05	\$2.70	The effect of the State budget on UC peaked, with increases in student fees and the student-faculty ratio, a smaller freshman class, and large budget reductions throughout the University.
2005-06	\$2.84	A return to increases in base budget and enrollment funding and few targeted cuts through the new Compact with Governor Schwarzenegger signaled a turning point in UC's budget after four years of reductions.
2006-07	\$3.07	The State provided Compact funding, as well as additional funding for outreach and research, and provided students with fee increase buyouts.
2007-08	\$3.26	Compact funding was again available, with some additional funding for outreach.
2008-09	\$2.69	With the onset of another fiscal crisis, the Compact was funded, but equivalent unallocated cuts were assigned and institutional support was reduced.
2009-10	\$3.04	The Compact was again funded, but equivalent unallocated cuts were assigned; in addition, large and wide-ranging cuts were assigned throughout the University.
2010-11	\$3.02	The Governor prioritized investing in higher education, which was reflected in the final State budget with partial restoration of earlier cuts and new funding for enrollment.
2011-12	\$2.27	With the Governor unable to place a referendum to extend temporary tax increases on the ballot, higher education was assigned cuts totaling \$1.7 billion. Also, for the first time, revenue from student tuition and fees exceeded revenue from the State.
2012-13	\$2.38	While most other State agencies received more budget cuts, the University received a budget augmentation to help fund the State's share of the employer contribution to the University's retirement plan. Given the passage of the Governor's revenue-raising initiative in November 2012, no further cuts occurred to the University's budget. A planned tuition increase was avoided with the promise of tuition buy-out funds provided in 2013-14, tied directly to the success of Proposition 30 on the November ballot.
2013-14	\$2.84	The State began implementing the Governor's multi-year funding plan for higher education, increasing the University's base budget 5% and marking the end of a half-decade of base budget cuts and extreme fiscal volatility in State funding. Tuition was held flat.
2014-15	\$2.99	The 5% base budget adjustment proposed by the Governor was provided to UC, however, with tuition held flat at the 2011-12 level, there was insufficient funding to meet UC's basic mandatory costs.
2015-16	\$3.26	UC's base budget was adjusted upward by 4% and tuition was once again held flat. One-time funds were provided for UCRP, deferred maintenance, and energy projects. A new framework agreed to with the Governor provided a stable base from which to plan.
2016-17	\$3.54	Consistent with the framework agreement with the Governor, UC's base budget was adjusted upward by 4% and tuition was held flat. One-time funds were made available for a variety of initiatives of importance to the University, Governor, and Legislature.
2017-18	\$3.54	Per the framework agreement with the Governor, UC's base budget was adjusted upward by 4%. In line with the framework, tuition was raised for the first time in six years. The Legislature directly appropriated funding for UCOP and UCPath.
2018-19	\$3.69	UC's base budget was adjusted upward by 2.9%, \$38.4 million less than the amount the University would have received under the framework agreement with the Governor. Tuition was lowered by \$60. The Legislature again directly appropriated funding for UCOP and UCPath.
2019-20	\$3.95	UC's base budget was adjusted upward by 7.1%, with a large portion of new funding appropriated additional workload. Funding available to address general operating cost increases increased by 3.4%. The benefit to UC campuses was partly offset, however, by the elimination of \$95 million in one-time funding that the University received in 2018-19.
2020-21	\$3.47	As a result of the COVID-19 pandemic, UC's base budget was reduced by \$259.3 million (7.1%), with new permanent funding provided for the following: \$25 million for the UC Riverside School of Medicine and \$15 million for the UCSF Fresno branch campus.
2021-22	\$4.74	A substantial surplus in the State's revenues resulted in \$302.4 million to restore the cuts made to UC in 2020-21 and an additional \$245.5 in ongoing support, representing an increase of 15.8% over 2020-21 funding levels. The Legislature no longer directly appropriated funding for UCOP and UCPath.
2022-23	\$5.13	State funds allocated to UC include \$360.3 million in new, ongoing funding (an increase of approximately 8.9% over 2021-22) and \$754.1 million in one-time support. The State budget reflects the first year of a multi-year Compact with the University for sustained ongoing funding. The multi-year Compact provides for UC to receive annual 5% base budget adjustments through 2026-27, as long as progress is made towards specified policy
2023-24	\$4.08	State funds allocated to UC include \$329.2 million in new, ongoing funding, including \$215.5 million for a 5% base budget adjustment under the multi-year Compact, and \$142.5 million in one-time support. The budget retains a separate line item for UC Agriculture and Natural Resources.

* Nominal Dollars

Appendix Display 1: Budget for Current Operations and Extramurally Funded Operations (Dollars in Thousands)

INCOME		
	2022-23 Actual	2023-24 Estimated
BUDGET FOR CURRENT OPERATIONS		
General Fund		
State of California	\$ 4,733,231	4,682,290
GO Bond Debt Service	182,278	151,847
UC Sources	1,463,559	1,492,157
Total General Funds	\$ 6,379,068	6,326,294
Restricted Funds		
State of California	\$ 168,708	171,105
U. S. Government Appropriations	44,000	44,000
Educational, Student Services & Professional School Fees	3,918,740	4,084,440
Extension, Summer Session & Other Fees	1,331,620	1,367,120
Teaching Hospitals	16,987,000	18,685,700
Auxiliary Enterprises	1,415,245	1,486,007
Endowment Earnings	349,000	393,000
Other	7,849,500	8,435,700
Total Restricted Funds	\$ 32,063,813	34,667,072
TOTAL BUDGET FOR CURRENT OPERATIONS	\$ 38,442,881	40,993,366
EXTRAMURALLY FUNDED OPERATIONS		
State of California	\$ 398,000	398,000
U.S. Government	3,692,000	3,595,803
Private Gifts, Contracts & Grants	2,431,000	2,503,930
Other	705,000	705,000
TOTAL EXTRAMURALLY FUNDED OPERATIONS	\$ 7,226,000	7,202,733
DEPARTMENT OF ENERGY LABORATORY (LBNL)	\$ 1,167,000	1,284,000
TOTAL OPERATIONS	\$ 46,835,881	49,480,099
EXPENDITURES		
	2022-23 Actual	2023-24 Estimated
BUDGET FOR CURRENT OPERATIONS		
Instruction:		
General Campus	\$ 4,568,632	4,797,388
Health Sciences	3,772,914	4,037,955
Summer Session	9,620	12,000
University Extension	218,000	218,000
Research	1,022,164	817,816
Public Service	394,993	395,572
Academic Support: Libraries	306,249	322,352
Academic Support: Other	3,428,031	3,649,260
Teaching Hospitals	16,998,238	18,696,938
Student Services	1,281,269	1,360,707
Institutional Support	1,849,435	1,948,925
Operation and Maintenance of Plant	1,026,625	1,010,801
Student Financial Aid	1,860,269	1,950,156
Auxiliary Enterprises	1,415,245	1,486,007
Provisions	108,919	137,642
Program Maintenance: Cost Increases	182,278	151,847
TOTAL BUDGET FOR CURRENT OPERATIONS	\$ 38,442,881	40,993,366
EXTRAMURALLY FUNDED OPERATIONS		
Sponsored Research	\$ 4,593,189	4,577,205
Other Activities	2,632,811	2,625,528
TOTAL EXTRAMURALLY FUNDED OPERATIONS	\$ 7,226,000	7,202,733
DEPARTMENT OF ENERGY LABORATORY (LBNL)	\$ 1,167,000	1,284,000
TOTAL OPERATIONS	\$ 46,835,881	49,480,099

Appendix Display 2: University of California Income and Funds Available (Dollars in Thousands)

	2022-23 Actual	2023-24 Estimated
STATE APPROPRIATIONS		
General Fund	\$ 4,733,231	\$ 4,682,290
GO Bond Debt Service	182,278	151,847
Special Funds	<u>168,708</u>	<u>171,105</u>
TOTAL, STATE APPROPRIATIONS	\$ 5,084,217	\$ 5,005,242
UNIVERSITY SOURCES		
General Funds Income		
Student Fees		
Nonresident Supplemental Tuition	\$ 1,116,257	\$ 1,142,157
Application for Admission and Other Fees	46,302	49,000
Interest on General Fund Balances	1,000	1,000
Federal Contract & Grant Overhead	269,000	269,000
Overhead on State Agency Agreements	25,000	25,000
Other	6,000	6,000
Total UC General Fund Income	\$ 1,463,559	\$ 1,492,157
Special Funds Income		
GEAR UP State Grant Program	\$ 3,500	\$ 3,500
United States Appropriations	44,000	44,000
Local Government	211,000	211,000
Student Fees		
Tuition [Educational Fee]	3,220,253	3,361,453
Student Services Fee [Registration Fee]	317,487	330,987
Professional School Fees	381,000	392,000
University Extension Fees	218,000	218,000
Summer Session Fees	9,620	12,000
Other Fees	1,104,000	1,137,120
Sales & Services - Teaching Hospitals	16,987,000	18,685,700
Sales & Services - Educational Activities	5,853,000	6,399,000
Sales & Services - Support Activities	1,340,000	1,380,200
Endowments	349,000	393,000
Auxiliary Enterprises	1,415,245	1,486,007
Contract and Grant Off-the-Top Overhead	59,000	59,000
DOE Management Fee	26,000	26,000
Other (incl. Oppty Fund, Ed Fund)	357,000	357,000
Total Special Funds	\$ 31,895,105	\$ 34,495,967
TOTAL, UNIVERSITY SOURCES	\$ 33,358,664	\$ 35,988,124
TOTAL INCOME AND FUNDS AVAILABLE	\$ 38,442,881	\$ 40,993,366

Note: Excludes extramural funds.

Appendix Display 3: Expenditures by Fund Category, 1985-86 through 2023-24 (Dollars in Thousands)

	Core Funds ¹	Medical Centers	Other Sales and Services ²	Government Contracts and Grants ³	Private Support ⁴	Other Sources ⁵	Total
1985-86	1,930,560	721,270	678,215	2,463,841	198,812	101,484	6,094,182
1986-87	2,060,597	791,311	786,544	2,624,563	222,154	120,950	6,606,119
1987-88	2,210,321	889,243	852,459	2,763,853	243,764	114,455	7,074,095
1988-89	2,341,127	1,002,931	934,816	3,004,112	272,735	126,654	7,682,375
1989-90	2,479,193	1,135,818	1,079,927	3,136,119	320,818	160,336	8,312,211
1990-91	2,553,581	1,384,994	1,120,365	3,177,571	339,355	159,856	8,735,722
1991-92	2,616,360	1,499,059	1,159,711	3,391,898	365,686	200,862	9,233,576
1992-93	2,583,420	1,570,590	1,253,884	3,549,713	392,237	249,080	9,598,924
1993-94	2,536,244	1,577,936	1,332,303	3,487,858	402,886	211,889	9,549,116
1994-95	2,652,691	1,609,225	1,461,064	3,541,181	456,243	210,963	9,931,367
1995-96	2,749,966	1,821,352	1,627,301	3,486,237	485,694	233,928	10,404,478
1996-97	2,924,341	1,906,454	1,660,431	3,789,774	540,194	245,973	11,067,167
1997-98	3,079,198	1,820,062	1,751,567	4,071,680	602,666	292,693	11,617,866
1998-99	3,461,295	1,811,702	1,936,911	4,459,237	675,989	343,902	12,689,036
1999-00	3,675,637	2,109,383	2,043,538	4,595,925	758,731	359,378	13,542,592
2000-01	4,206,044	2,662,843	2,055,110	4,831,201	851,127	335,733	14,942,058
2001-02	4,460,637	2,880,079	2,098,019	5,463,526	926,355	310,351	16,138,967
2002-03	4,395,681	3,114,683	2,218,477	6,294,983	1,002,227	352,736	17,378,787
2003-04	4,492,468	3,378,824	2,324,417	6,462,902	1,073,828	398,059	18,130,498
2004-05	4,490,079	3,579,653	2,510,067	6,575,227	1,107,101	432,874	18,695,001
2005-06	4,781,469	3,705,005	2,718,023	6,710,678	1,235,546	467,634	19,618,355
2006-07	5,083,748	4,126,066	3,049,629	4,755,621	1,338,356	516,046	18,869,466
2007-08	5,427,851	4,554,364	3,533,777	3,649,040	1,512,588	530,338	19,207,958
2008-09	4,980,495	4,913,330	3,693,711	3,324,549	1,632,435	517,999	19,062,519
2009-10	5,719,980	5,131,765	3,705,881	3,913,403	1,633,590	500,655	20,605,274
2010-11	5,921,179	5,595,563	4,107,989	4,256,858	1,684,369	449,128	22,015,086
2011-12	6,086,352	6,288,149	4,803,190	4,155,490	1,781,530	459,013	23,573,724
2012-13	6,244,066	6,717,232	5,324,980	4,059,432	1,820,887	606,151	24,772,748
2013-14	6,622,008	7,395,124	5,267,674	4,303,103	1,941,341	471,421	26,000,671
2014-15	7,035,207	7,939,016	6,282,346	3,978,141	2,009,279	395,228	27,639,217
2015-16	7,364,848	9,467,149	6,835,022	4,076,941	2,055,270	473,254	30,272,484
2016-17	8,009,129	10,394,923	7,298,955	4,028,370	2,250,404	401,607	32,383,388
2017-18	8,576,495	10,779,753	7,688,045	4,371,873	2,431,426	378,033	34,225,625
2018-19	8,824,288	12,781,190	8,199,315	4,339,675	2,506,193	407,404	37,058,065
2019-20	9,151,916	14,427,472	8,833,861	4,749,578	2,524,523	546,593	40,233,943
2020-21	8,577,183	14,474,706	8,605,554	5,346,712	2,696,727	389,809	40,090,691
2021-22	9,782,181	15,486,128	10,265,127	5,569,054	2,929,826	385,908	44,418,224
2022-23	10,115,530	16,987,000	10,855,865	5,473,208	2,780,000	442,000	46,653,603
2023-24 Est.	10,258,887	18,685,700	11,548,327	5,496,408	2,896,930	442,000	49,328,252

¹ **Core funds** consists of State General Funds [Excluding GO bond debt service & one-time State contribution to UCRS], UI General Funds, American Recovery and Reinvestment Act (2009) funds, and student tuition and fees.

² **Other sales and services** revenue includes support for clinical care staff; auxiliary enterprises such as housing and dining services, parking facilities, and bookstores; University Extension; and other complementary activities such as museums, theaters, conferences, and publishing.

³ **Government contracts and grants** include direct support for specific research programs as well as student financial support and DOE Laboratory operations.

⁴ **Private Support** includes earnings from the Regents' endowment earnings, grants from campus foundations, and other private gifts, grants, and contracts from alumni and friends of the University, foundations, corporations, and through collaboration with other universities.

⁵ **Other sources** include indirect cost recovery funding from research contracts and grants and other fund sources.

Appendix Display 4: Core Funds Expenditures by Fund Source, 1985-86 through 2023-24 (Dollars in Thousands)

	State General Funds	UC General Funds ¹	ARRA Funds ²	Tuition	Student Services Fees	Professional Degree Supplemental Tuition	Total
1985-86	1,641,741	119,936	-	97,025	71,858	-	1,930,560
1986-87	1,788,304	97,462	-	99,357	75,474	-	2,060,597
1987-88	1,888,872	126,870	-	112,102	82,477	-	2,210,321
1988-89	1,970,047	160,524	-	124,815	85,741	-	2,341,127
1989-90	2,076,662	172,676	-	135,944	93,911	-	2,479,193
1990-91	2,135,733	166,407	-	148,891	100,750	\$1,800	2,553,581
1991-92	2,105,560	182,250	-	223,690	103,046	1,814	2,616,360
1992-93	1,878,531	237,954	-	360,883	104,232	1,820	2,583,420
1993-94	1,793,236	223,104	-	418,623	99,461	1,820	2,536,244
1994-95	1,825,402	246,121	-	473,374	104,423	3,371	2,652,691
1995-96	1,917,696	249,124	-	479,480	90,238	13,428	2,749,966
1996-97	2,057,257	270,258	-	473,991	102,182	20,653	2,924,341
1997-98	2,180,350	281,911	-	480,804	105,304	30,829	3,079,198
1998-99	2,517,773	301,996	-	489,944	114,096	37,486	3,461,295
1999-00	2,715,762	340,779	-	460,913	114,014	44,169	3,675,637
2000-01	3,191,614	370,631	-	472,287	127,904	43,608	4,206,044
2001-02	3,322,659	428,115	-	525,943	130,663	53,257	4,460,637
2002-03	3,150,011	480,256	-	577,056	130,956	57,402	4,395,681
2003-04	2,868,069	549,393	-	860,935	131,596	82,475	4,492,468
2004-05	2,698,673	544,258	-	993,607	143,548	109,993	4,490,079
2005-06	2,838,567	554,151	-	1,118,723	147,278	122,750	4,781,469
2006-07	3,069,339	560,594	-	1,171,290	161,427	121,098	5,083,748
2007-08	3,257,409	577,299	-	1,299,590	165,575	127,978	5,427,851
2008-09 ²	2,418,291	616,872	\$268,500	1,358,365	164,856	153,611	4,980,495
2009-10 ²	2,591,158	626,413	448,000	1,722,946	163,595	167,868	5,719,980
2010-11 ²	2,910,697	691,238	106,553	1,816,444	190,703	205,544	5,921,179
2011-12	2,271,410	792,340	-	2,584,272	200,188	238,142	6,086,352
2012-13	2,376,805	848,466	-	2,549,871	211,196	257,728	6,244,066
2013-14 ³	2,644,064	891,422	-	2,606,111	221,913	258,498	6,622,008
2014-15 ³	2,797,495	1,072,026	-	2,678,868	226,119	260,699	7,035,207
2015-16 ³	2,959,247	1,194,188	-	2,702,598	239,228	269,587	7,364,848
2016-17 ³	3,148,838	1,418,345	-	2,896,443	254,277	291,226	8,009,129
2017-18 ³	3,225,725	1,541,576	-	3,203,628	297,624	307,939	8,576,495
2018-19 ³	3,512,607	1,585,283	-	3,093,612	311,101	321,685	8,824,288
2019-20 ³	3,751,318	1,582,794	-	3,156,649	314,186	346,969	9,151,916
2020-21 ³	3,247,450	1,661,700	-	3,033,577	285,220	349,236	8,577,183
2021-22 ³	4,558,326	1,365,189	-	3,175,922	313,185	369,559	9,782,181
2022-23 ³	4,733,231	1,463,559	-	3,220,253	317,487	381,000	10,115,530
2023-24 Est.	4,682,290	1,492,157	-	3,361,453	330,987	392,000	10,258,887

¹ UC General Funds includes Nonresident Supplemental Tuition, application fees, a portion of indirect cost recovery from federal and state contracts and grants, a portion of patent royalty income, and interest in General Fund balances.

² State Fiscal Stabilization Funds authorized by the 2009 American Reinvestment and Recovery Act.

³ State General Funds exclude GO bond debt service & one-time State contribution to UCRS.

Appendix Display 5: General Campus and Health Sciences Full-Time Equivalent Student Enrollment

	2022-23 Actual	2023-24 Estimated
Berkeley		
General Campus	41,312	41,632
Health Sciences	<u>793</u>	<u>726</u>
Total	42,105	42,358
Davis		
General Campus	36,523	37,084
Health Sciences	<u>2,508</u>	<u>2,536</u>
Total	39,031	39,620
Irvine		
General Campus	33,227	34,028
Health Sciences	<u>2,222</u>	<u>2,343</u>
Total	35,449	36,371
Los Angeles		
General Campus	40,801	41,518
Health Sciences	<u>3,836</u>	<u>3,835</u>
Total	44,637	45,353
Merced		
General Campus	9,116	9,163
Riverside		
General Campus	25,167	24,919
Health Sciences	<u>503</u>	<u>512</u>
Total	25,670	25,431
San Diego		
General Campus	40,127	40,834
Health Sciences	<u>2,728</u>	<u>2,855</u>
Total	42,855	43,689
San Francisco		
Health Sciences	4,579	4,611
Santa Barbara		
General Campus	25,973	26,146
Santa Cruz		
General Campus	20,281	20,773
Totals		
General Campus	272,527	276,097
Health Sciences	<u>17,169</u>	<u>17,418</u>
Total	289,696	293,515

Appendix Display 6: General Campus Full-Time Equivalent Student Enrollment

	2022-23 Actual	2023-24 Estimated
Berkeley		
Undergraduate	32,964	32,714
Graduate	<u>8,348</u>	<u>8,525</u>
Total	41,312	41,239
Davis		
Undergraduate	31,430	31,539
Graduate	<u>5,093</u>	<u>5,800</u>
Total	36,523	37,339
Irvine		
Undergraduate	28,741	28,879
Graduate	<u>4,486</u>	<u>4,609</u>
Total	33,227	33,488
Los Angeles		
Undergraduate	33,470	33,352
Graduate	<u>7,331</u>	<u>7,414</u>
Total	40,801	40,766
Merced		
Undergraduate	8,380	8,363
Graduate	<u>736</u>	<u>719</u>
Total	9,116	9,082
Riverside		
Undergraduate	22,437	21,919
Graduate	<u>2,730</u>	<u>2,781</u>
Total	25,167	24,700
San Diego		
Undergraduate	33,834	33,482
Graduate	<u>6,293</u>	<u>6,189</u>
Total	40,127	39,671
Santa Barbara		
Undergraduate	23,016	22,769
Graduate	<u>2,957</u>	<u>2,959</u>
Total	25,973	25,728
Santa Cruz		
Undergraduate	18,425	18,680
Graduate	<u>1,856</u>	<u>1,859</u>
Total	20,281	20,539
General Campus		
Undergraduate	232,697	231,697
Graduate	<u>39,830</u>	<u>40,855</u>
Total	272,527	272,552

Appendix Display 7: Enrollment History, 1980-81 through 2023-24

	<u>General Campus</u>		<u>Health Sciences</u>		Total
	Undergraduate	Graduate	Undergraduate	Graduate	
1980-81	88,963	24,704	697	11,755	126,119
1981-82	90,476	25,037	492	12,030	128,035
1982-83	92,771	24,470	370	12,102	129,713
1983-84	94,469	24,192	354	11,807	130,822
1984-85	96,613	24,996	344	11,752	133,705
1985-86	99,392	25,440	344	11,752	136,928
1986-87	103,506	26,229	347	11,694	141,776
1987-88	108,141	25,676	358	11,808	145,983
1988-89	112,377	25,676	364	11,903	150,320
1989-90	114,365	26,142	380	11,976	152,863
1990-91	116,546	26,798	412	12,125	155,881
1991-92	117,297	26,511	407	12,156	156,371
1992-93	115,133	26,374	410	12,318	154,235
1993-94	113,548	25,930	400	12,324	152,202
1994-95	113,869	25,546	400	12,235	152,050
1995-96	116,176	25,346	356	12,320	154,198
1996-97	117,465	25,318	315	12,289	155,387
1997-98	119,852	25,682	278	11,999	157,811
1998-99	123,227	25,629	292	12,252	161,400
1999-00	127,208	26,114	274	12,304	165,900
2000-01	132,026	26,666	274	12,279	171,245
2001-02	143,853	28,725	287	12,439	185,304
2002-03	152,320	30,738	321	12,809	196,188
2003-04	156,243	32,385	162	13,106	201,896
2004-05	156,066	31,872	127	13,338	201,403
2005-06	159,515	32,397	131	13,325	205,368
2006-07	166,966	32,882	202	13,596	213,646
2007-08	173,703	33,652	350	13,608	221,313
2008-09	180,210	33,939	462	13,714	228,325
2009-10	183,515	34,673	512	13,913	232,613
2010-11	185,442	34,851	504	14,075	234,872
2011-12	187,566	34,865	470	14,156	237,057
2012-13	188,991	34,556	435	14,138	238,156
2013-14	193,012	34,817	383	14,034	242,246
2014-15	199,995	35,341	353	14,098	249,787
2015-16	203,129	35,489	352	14,519	253,489
2016-17	213,213	35,829	358	14,557	263,957
2017-18	219,909	36,999	367	14,830	272,104
2018-19	226,115	37,709	364	14,957	279,145
2019-20	231,259	38,490	354	15,124	285,227
2020-21	237,769	38,586	358	15,246	291,959
2021-22	232,635	40,256	1,456	15,566	289,913
2022-23	232,697	39,830	1,485	15,684	289,696
2023-24 (est.)	236,304	39,793	1,566	15,852	293,515

Note: 2022-23 expenditure figures are preliminary and will be updated when final figures are available.

Appendix Display 8: UC Mandatory Student Charge Levels

	Student Services Fee		Tuition					Surcharge ³
	Undergraduate ¹	Graduate	Undergraduate ¹		Graduate Academic		Professional ²	
			Resident	Nonresident	Resident	Nonresident		
1986-87	\$523	\$523	\$722	\$722	\$782	\$782	\$782	
1987-88	570	570	804	804	804	804	804	
1988-89	594	594	840	840	840	840	840	
1989-90	612	612	864	864	864	864	864	
1990-91	673	673	951	951	951	951	951	
1991-92	693	693	1,581	1,581	1,581	1,581	1,581	
1992-93	693	693	2,131	2,131	2,131	2,131	2,131	
1993-94	693	693	2,761	2,761	2,761	2,761	2,761	
1994-95	713	713	3,086	3,086	3,086	3,086	3,086	
1995-96	713	713	3,086	3,086	3,086	3,086	3,086	
1996-97	713	713	3,086	3,086	3,086	3,086	3,086	
1997-98	713	713	3,086	3,086	3,086	3,086	3,086	
1998-99	713	713	2,896	3,086	3,086	3,086	3,086	
1999-00	713	713	2,716	3,086	2,896	3,086	3,086	
2000-01	713	713	2,716	3,086	2,896	3,086	3,086	
2001-02	713	713	2,716	3,086	2,896	3,086	3,086	
2002-03 ⁴	713	713	3,121	3,491	3,301	3,491	3,491	
2003-04	713	713	4,271	4,751	4,506	4,751	4,751	
2004-05	713	713	4,971	5,451	5,556	5,801	4,751	
2005-06	735	735	5,406	5,922	6,162	6,429	5,357	\$700
2006-07	735	735	5,406	5,922	6,162	6,429	5,357	1,050
2007-08	786	786	5,790	6,342	6,594	6,888	5,736	60
2008-09	864	864	6,202	6,789	7,062	7,374	6,144	60
2009-10 ⁵	900	900	7,998	8,742	7,998	8,352	7,920	60
2010-11	900	900	9,342	10,200	9,342	9,750	9,252	60
2011-12	972	972	11,160	11,160	11,160	11,160	11,160	60
2012-13	972	972	11,160	11,160	11,160	11,160	11,160	60
2013-14	972	972	11,160	11,160	11,160	11,160	11,160	60
2014-15	972	972	11,160	11,160	11,160	11,160	11,160	60
2015-16	1,020	1,020	11,160	11,160	11,160	11,160	11,160	60
2016-17	1,074	1,074	11,160	11,160	11,160	11,160	11,160	60
2017-18	1,128	1,128	11,442	11,442	11,442	11,442	11,442	60
2018-19	1,128	1,128	11,442	11,442	11,442	11,442	11,442	0
2019-20	1,128	1,128	11,442	11,442	11,442	11,442	11,442	0
2020-21	1,128	1,128	11,442	11,442	11,442	11,442	11,442	0
2021-22	1,128	1,128	11,442	11,442	11,442	11,442	11,442	0
2022-23	1,176	1,152	11,928	11,928	11,700	11,700	11,700	0
2023-24	1,230	1,203	12,522	12,522	12,264	12,264	12,264	0

¹ For 2022-23 and later years, the rates shown for undergraduate students reflect the amounts assessed to incoming students.

² Charged to professional degree students. Through 2010-11, excludes students paying Architecture, Environmental Design, Information Management, International Relations and Pacific Studies, Physical Therapy, Preventive Veterinary Medicine, Public Health, Public Policy, Social Welfare, and Urban Planning Professional Degree Supplemental Tuition.

³ The temporary surcharge was assessed to professional degree students *only* prior to 2007-08 and then assessed to *all* students from 2006-07 to 2017-18 to cover the costs associated with the *Kashmiri v Regents* and the *Luquetta v Regents* settlements. The temporary \$60 surcharge built into Tuition was eliminated in 2018-19.

⁴ Mid-year increases were applied to spring academic term. Figures shown are annualized levels.

⁵ Mid-year increases were applied in January 2010. Figures shown are annualized levels.

Appendix Display 9: UC Average Annual Student Charges for Resident Undergraduate Students

	Mandatory Charges ¹	Increase	Campus-based Fees ²	Total Charges	Total Increase
1986-87	\$1,245	0.00%	\$100	\$1,345	1.40%
1987-88	1,374	10.40%	118	1,492	10.90%
1988-89	1,434	4.40%	120	1,554	4.20%
1989-90	1,476	2.90%	158	1,634	5.10%
1990-91	1,624	10.00%	196	1,820	11.40%
1991-92	2,274	40.00%	212	2,486	36.60%
1992-93	2,824	24.20%	220	3,044	22.40%
1993-94	3,454	22.30%	273	3,727	22.40%
1994-95	3,799	10.00%	312	4,111	10.30%
1995-96	3,799	0.00%	340	4,139	0.70%
1996-97	3,799	0.00%	367	4,166	0.70%
1997-98	3,799	0.00%	413	4,212	1.10%
1998-99	3,609	-5.00%	428	4,037	-4.20%
1999-00	3,429	-5.00%	474	3,903	-3.30%
2000-01	3,429	0.00%	535	3,964	1.60%
2001-02	3,429	0.00%	430	3,859	-2.60%
2002-03 ³	3,834	11.80%	453	4,287	11.10%
2003-04	4,984	30.00%	546	5,530	29.00%
2004-05	5,684	14.00%	628	6,312	14.10%
2005-06	6,141	8.00%	661	6,802	7.80%
2006-07	6,141	0.00%	711	6,852	0.70%
2007-08	6,636	8.10%	881	7,517	9.70%
2008-09	7,126	7.40%	901	8,027	6.80%
2009-10 ⁴	8,958	25.70%	938	9,896	23.30%
2010-11	10,302	15.00%	977	11,279	14.00%
2011-12	12,192	18.30%	989	13,181	16.90%
2012-13	12,192	0.00%	1,008	13,200	0.10%
2013-14	12,192	0.00%	1,030	13,222	0.20%
2014-15	12,192	0.00%	1,125	13,317	0.70%
2015-16	12,240	0.40%	1,211	13,451	1.00%
2016-17	12,294	0.40%	1,258	13,552	0.80%
2017-18	12,630	2.70%	1,334	13,964	3.00%
2018-19	12,570	-0.50%	1,386	13,956	-0.10%
2019-20	12,570	0.00%	1,452	14,022	0.50%
2020-21	12,570	0.00%	1,507	14,077	0.40%
2021-22	12,570	0.00%	1,528	14,098	0.10%
2022-23	13,104	4.25%	1,567	14,671	4.06%
2023-24	13,752	4.95%	1,628	15,380	4.83%

¹ For 2022-23 and later years, the rates shown for undergraduate students reflect the amounts assessed to incoming students.

² Beginning in 1998-99, campus-based fees are calculated on a weighted basis using enrollments.

³ Mid-year charge increases were applied to spring academic term. Figures shown are annualized charge levels.

⁴ Mid-year charge increases were applied in January 2010. Figures shown are annualized charge levels.

Appendix Display 10: UC Average Annual Student Charges for Nonresident Undergraduate Students

	Mandatory Charges ¹	Increase	Campus- based Fees ²	Nonresident Supplemental Tuition ¹	Increase	Total Charges	Total Increase
1986-87	\$1,245	0.00%	\$100	\$4,086	7.10%	\$5,431	5.60%
1987-88	1,374	10.40%	118	4,290	5.00%	5,782	6.50%
1988-89	1,434	4.40%	120	4,806	12.00%	6,360	10.00%
1989-90	1,476	2.90%	158	5,799	20.70%	7,433	16.90%
1990-91	1,624	10.00%	196	6,416	10.60%	8,236	10.80%
1991-92	2,274	40.00%	212	7,699	20.00%	10,185	23.70%
1992-93	2,824	24.20%	220	7,699	0.00%	10,743	5.50%
1993-94	3,454	22.30%	273	7,699	0.00%	11,426	6.40%
1994-95	3,799	10.00%	312	7,699	0.00%	11,810	3.40%
1995-96	3,799	0.00%	340	7,699	0.00%	11,838	0.20%
1996-97	3,799	0.00%	367	8,394	9.00%	12,560	6.10%
1997-98	3,799	0.00%	413	8,984	7.00%	13,196	5.10%
1998-99	3,799	0.00%	428	9,384	4.50%	13,611	3.10%
1999-00	3,799	0.00%	474	9,804	4.50%	14,077	3.40%
2000-01	3,799	0.00%	535	10,244	4.50%	14,578	3.60%
2001-02	3,799	0.00%	430	10,704	4.50%	14,933	2.40%
2002-03 ³	4,204	10.70%	453	12,009	16.60%	17,137	14.80%
2003-04	5,464	30.00%	546	13,730	10.00%	19,740	15.20%
2004-05	6,164	12.80%	628	16,476	20.00%	23,268	17.90%
2005-06	6,657	8.00%	661	17,304	5.00%	24,622	5.80%
2006-07	6,657	0.00%	711	18,168	5.00%	25,536	3.70%
2007-08	7,188	8.00%	881	19,068	5.00%	27,137	6.30%
2008-09	7,713	7.30%	901	20,021	5.00%	28,635	5.50%
2009-10 ⁴	9,702	25.80%	938	22,021	10.00%	32,661	14.10%
2010-11	11,160	15.00%	977	22,021	0.00%	34,158	4.60%
2011-12	12,192	9.20%	989	22,878	3.90%	36,059	5.60%
2012-13	12,192	0.00%	1,008	22,878	0.00%	36,078	0.10%
2013-14	12,192	0.00%	1,030	22,878	0.00%	36,100	0.10%
2014-15	12,192	0.00%	1,125	22,878	0.00%	36,195	0.30%
2015-16	12,240	0.40%	1,211	24,708	8.00%	38,159	5.40%
2016-17	12,294	0.40%	1,258	26,682	8.00%	40,234	5.40%
2017-18	12,630	2.70%	1,334	28,014	5.00%	41,978	4.30%
2018-19	12,570	-0.50%	1,386	28,992	3.50%	42,948	2.30%
2019-20	12,570	0.00%	1,452	29,754	2.60%	43,766	1.90%
2020-21	12,570	0.00%	1,507	29,754	0.00%	43,831	0.10%
2021-22	12,570	0.00%	1,528	29,754	0.00%	43,852	0.00%
2022-23	13,104	4.25%	1,567	31,026	4.28%	45,697	4.21%
2023-24	13,752	4.95%	1,628	32,574	4.99%	47,954	4.94%

¹ For 2022-23 and later years, the rates shown for undergraduate students reflect the amounts assessed to incoming students.

² Beginning in 1998-99, campus-based fees are calculated on a weighted basis using enrollments.

³ Mid-year charge increases were applied to spring academic term. Figures shown are annualized charge levels.

⁴ Mid-year charge increases were applied in January 2010. Figures shown are annualized charge levels.

Appendix Display 11: UC Average Annual Student Charges for Resident Graduate Academic Students

	Mandatory Charges	Increase	Campus- based Fees ¹	Total Charges	Total Increase
1986-87	\$1,305	0.00%	\$82	\$1,387	1.30%
1987-88	1,374	5.30%	100	1,474	6.30%
1988-89	1,434	4.40%	125	1,559	5.80%
1989-90	1,476	2.90%	222	1,698	8.90%
1990-91	1,624	10.00%	482	2,106	24.00%
1991-92	2,274	40.00%	557	2,831	34.40%
1992-93	2,824	24.20%	608	3,432	21.20%
1993-94	3,454	22.30%	703	4,157	21.10%
1994-95	3,799	10.00%	786	4,585	10.30%
1995-96	3,799	0.00%	836	4,635	1.10%
1996-97	3,799	0.00%	868	4,667	0.70%
1997-98	3,799	0.00%	923	4,722	1.20%
1998-99	3,799	0.00%	839	4,638	-1.80%
1999-00	3,609	-5.00%	969	4,578	-1.30%
2000-01	3,609	0.00%	1,138	4,747	3.70%
2001-02	3,609	0.00%	1,305	4,914	3.50%
2002-03 ²	4,014	11.20%	1,327	5,341	8.70%
2003-04	5,219	30.00%	1,624	6,843	28.10%
2004-05	6,269	20.10%	1,606	7,875	15.10%
2005-06	6,897	10.00%	1,811	8,708	10.60%
2006-07	6,897	0.00%	1,973	8,870	1.90%
2007-08	7,440	7.90%	2,281	9,721	9.60%
2008-09	7,986	7.30%	2,367	10,353	6.50%
2009-10 ³	8,958	12.20%	2,505	11,463	10.70%
2010-11 ⁴	10,302	15.00%	602	10,904	-4.90%
2011-12	12,192	18.30%	606	12,798	17.40%
2012-13	12,192	0.00%	616	12,808	0.10%
2013-14	12,192	0.00%	621	12,813	0.00%
2014-15	12,192	0.00%	697	12,889	0.60%
2015-16	12,240	0.40%	801	13,041	1.20%
2016-17	12,294	0.40%	807	13,101	0.50%
2017-18	12,630	2.70%	884	13,514	3.20%
2018-19	12,570	-0.50%	898	13,468	-0.30%
2019-20	12,570	0.00%	931	13,501	0.20%
2020-21	12,570	0.00%	963	13,533	0.20%
2021-22	12,570	0.00%	951	13,521	-0.10%
2022-23	12,852	2.24%	974	13,826	2.26%
2023-24	13,470	4.81%	1,015	14,485	4.77%

¹ Beginning in 1998-99, campus-based fees are calculated on a weighted basis using enrollments.

² Mid-year charge increases were applied to spring academic term. Figures shown are annualized charge levels.

³ Mid-year charge increases were applied in January 2010. Figures shown are annualized charge levels.

⁴ Beginning in 2010-11, campus-based fee figures for graduate students do not include waivable health insurance fee.

Appendix Display 12: UC Average Annual Student Charges for Nonresident Graduate Academic Students

	Mandatory		Nonresident		Total		
	Charges	Increase	Campus-based Fees ¹	Supplemental Tuition	Increase	Charges	Total Increase
1986-87	\$1,305	0.00%	\$82	\$4,086	7.10%	\$5,473	5.60%
1987-88	1,374	5.30%	100	4,290	5.00%	5,764	5.30%
1988-89	1,434	4.40%	125	4,806	12.00%	6,365	10.40%
1989-90	1,476	2.90%	222	5,799	20.70%	7,497	17.80%
1990-91	1,624	10.00%	482	6,416	10.60%	8,522	13.70%
1991-92	2,274	40.00%	557	7,699	20.00%	10,530	23.60%
1992-93	2,824	24.20%	608	7,699	0.00%	11,131	5.70%
1993-94	3,454	22.30%	703	7,699	0.00%	11,856	6.50%
1994-95	3,799	10.00%	786	7,699	0.00%	12,284	3.60%
1995-96	3,799	0.00%	836	7,699	0.00%	12,334	0.40%
1996-97	3,799	0.00%	868	8,394	9.00%	13,061	5.90%
1997-98	3,799	0.00%	923	8,984	7.00%	13,706	4.90%
1998-99	3,799	0.00%	839	9,384	4.50%	14,022	2.30%
1999-00	3,799	0.00%	969	9,804	4.50%	14,572	3.90%
2000-01	3,799	0.00%	1,138	10,244	4.50%	15,181	4.20%
2001-02	3,799	0.00%	1,305	10,704	4.50%	15,808	4.10%
2002-03 ²	4,204	10.70%	1,327	11,132	4.00%	16,663	5.40%
2003-04	5,464	30.00%	1,624	12,245	10.00%	19,333	16.00%
2004-05	6,514	19.20%	1,606	14,694	20.00%	22,814	18.00%
2005-06	7,164	10.00%	1,811	14,694	0.00%	23,669	3.70%
2006-07	7,164	0.00%	1,973	14,694	0.00%	23,831	0.70%
2007-08	7,734	8.00%	2,281	14,694	0.00%	24,709	3.70%
2008-09	8,298	7.30%	2,367	14,694	0.00%	25,359	2.60%
2009-10 ³	9,312	12.20%	2,505	14,694	0.00%	26,511	4.50%
2010-11 ⁴	10,710	15.00%	602	14,694	0.00%	26,006	-1.90%
2011-12	12,192	13.80%	606	15,102	2.80%	27,900	7.30%
2012-13	12,192	0.00%	616	15,102	0.00%	27,910	0.00%
2013-14	12,192	0.00%	621	15,102	0.00%	27,915	0.00%
2014-15	12,192	0.00%	697	15,102	0.00%	27,991	0.30%
2015-16	12,240	0.40%	800	15,102	0.00%	28,143	0.50%
2016-17	12,294	0.40%	807	15,102	0.00%	28,203	0.20%
2017-18	12,630	2.70%	884	15,102	0.00%	28,616	1.50%
2018-19	12,570	-0.50%	898	15,102	0.00%	28,570	-0.20%
2019-20	12,570	0.00%	931	15,102	0.00%	28,603	0.10%
2020-21	12,570	0.00%	963	15,102	0.00%	28,635	0.10%
2021-22	12,570	0.00%	951	15,102	0.00%	28,623	0.00%
2022-23	12,852	2.24%	974	15,102	0.00%	28,928	1.07%
2023-24	13,470	4.81%	1,015	15,102	0.00%	29,587	2.28%

¹ Beginning in 1998-99, campus-based fees are calculated on a weighted basis using enrollments.

² Mid-year charge increases were applied to spring academic term. Figures shown are annualized charge levels.

³ Mid-year charge increases were applied in January 2010. Figures shown are annualized charge levels.

⁴ Beginning in 2010-11, campus-based fee figures for graduate students do not include waivable health insurance fee.

Appendix Display 13: 2023-24 Total Charges for Undergraduate and Graduate Academic Students¹

	Without Health Insurance		With Health Insurance	
	Undergraduate	Graduate	Undergraduate	Graduate
Berkeley				
Residents	\$15,602	\$15,261	\$19,460	\$21,417
Nonresidents	48,176	30,363	52,034	36,519
Davis				
Residents	15,999	14,560	19,116	20,746
Nonresidents	48,573	29,662	51,690	35,848
Irvine				
Residents	14,989	14,275	17,175	19,794
Nonresidents	47,563	29,377	49,749	34,896
Los Angeles				
Residents	14,499	13,883	17,701	19,454
Nonresidents	47,073	28,985	50,275	34,556
Merced				
Residents	14,919	14,187	17,185	18,067
Nonresidents	47,493	29,289	49,759	33,169
Riverside				
Residents	14,921	14,366	17,011	18,940
Nonresidents	47,495	29,468	49,585	34,042
San Diego				
Residents	16,017	14,535	18,276	18,945
Nonresidents	48,591	29,637	50,850	34,047
San Francisco				
Residents	n/a	14,192	n/a	21,552
Nonresidents	n/a	29,294	n/a	36,654
Santa Barbara				
Residents	15,717	14,453	18,909	20,654
Nonresidents	48,291	29,555	51,483	35,756
Santa Cruz				
Residents	15,312	14,855	18,453	20,069
Nonresidents	47,886	29,957	51,027	35,171

¹ Total charges include mandatory systemwide charges (i.e., Tuition and the Student Services Fee), campus-based fees, and, where applicable, Nonresident Supplemental Tuition and/or health insurance as estimated in July 2023. The rates shown for undergraduate students reflect the amounts assessed to incoming students.

Appendix Display 14: 2023-24 Total Charges for Professional Degree Students by Program and Campus

	<u>Professional Degree Supplemental Tuition</u>		<u>Total Charges¹</u>	
	Residents	Nonresidents	Residents	Nonresidents
Applied Economics and Finance				
Santa Cruz	\$10,422	\$10,422	\$29,608	\$41,853
Architecture				
Los Angeles	10,476	10,476	29,012	41,257
Art				
Los Angeles	8,478	5,820	27,103	36,690
Biomedical and Translational Science				
Irvine	14,763	14,763	35,433	47,678
Biotechnology Management				
Irvine	15,699	15,699	34,591	46,836
Business				
Berkeley	54,318	54,318	74,854	87,099
Davis	30,411	30,411	50,327	62,572
Irvine	30,702	30,702	49,604	61,849
Riverside	34,104	34,104	51,650	63,895
San Diego	34,965	34,965	53,110	65,355
Civil and Environmental Engineering				
Berkeley	7,096	13,830	27,653	46,632
Dentistry				
Los Angeles	31,809	31,809	52,017	64,262
San Francisco	35,985	35,985	56,382	68,627
Development Practice				
Berkeley	22,862	22,862	43,469	55,714
Educational Administration/Leadership				
Berkeley (M.A.)	6,000	6,000	35,249	47,494
Berkeley (Ed.D.)	8,000	8,000	33,702	45,947
Davis (Ed.D.)	4,962	4,962	24,804	37,049
Engineering (M.Eng.)				
Berkeley	33,700	32,032	66,112	76,689
Environmental Data Science				
Santa Barbara	21,216	21,216	49,832	62,077
Environmental Science and Engineering				
Los Angeles	8,490	8,490	27,026	39,271
Environmental Science and Management				
Santa Barbara	10,608	10,608	34,233	46,478
Games and Playable Media				
Santa Cruz	10,788	10,788	29,974	42,219
Genetic Counseling				
Irvine	13,962	13,962	32,848	45,093
Los Angeles	20,838	20,838	40,630	52,875
Health Informatics				
Davis	8,370	8,370	28,286	40,531
Human Computer Interaction				
Santa Cruz	24,294	24,294	43,471	55,716
Information Management				
Berkeley	9,112	9,112	29,669	41,914
International Affairs				
San Diego	10,704	10,704	28,584	40,828

¹ Total charges include estimated campus-based fees and health insurance. Total charges also include mandatory systemwide charges (i.e., Tuition and the Student Services Fee); Professional Degree Supplemental Tuition; and Nonresident Supplemental Tuition, disability, and other fees where applicable.

Appendix Display 14 (continued): 2023-24 Total Charges for Professional Degree Students by Program and Campus

	<u>Professional Degree Supplemental Tuition</u>		<u>Total Charges¹</u>	
	Residents	Nonresidents	Residents	Nonresidents
Journalism				
Berkeley	\$8,518	\$8,518	\$29,132	\$41,377
Law				
Berkeley	47,040	47,222	67,585	80,012
Davis	40,390	40,390	60,271	72,516
Irvine	41,670	41,670	60,557	72,802
Los Angeles	41,672	41,672	61,207	73,452
Management				
Merced	25,000	25,000	46,661	58,906
Medicine				
Berkeley	24,486	24,486	44,927	57,172
Davis	25,980	25,980	50,932	63,177
Irvine	25,986	25,986	44,963	57,208
Los Angeles	30,304	30,304	48,904	61,149
Riverside	25,944	25,944	44,108	56,353
San Diego	28,617	28,617	46,538	58,783
San Francisco	25,977	25,977	46,375	58,620
Natural Language Processing				
Santa Cruz	22,508	22,508	43,575	55,820
Nursing				
Irvine	13,437	13,437	32,329	44,574
Los Angeles	13,437	13,437	32,062	44,307
San Francisco	13,437	13,437	33,803	46,048
Optometry				
Berkeley	23,122	23,122	43,736	55,981
Pharmacy				
Irvine (4-yr program)	34,170	34,170	53,057	65,302
San Diego (4-yr program)	30,375	30,375	48,403	60,648
San Francisco (3-yr program)	32,196	32,196	56,828	69,073
Physical Therapy				
San Francisco	13,764	13,764	38,334	50,579
Preventive Veterinary Medicine				
Davis	6,243	6,741	26,122	38,865
Product Development				
Berkeley	35,066	35,066	55,673	67,918
Public Health				
Berkeley	10,176	10,176	30,556	42,801
Davis	9,390	9,390	32,351	44,596
Irvine	8,706	8,706	27,598	39,843
Los Angeles	7,200	7,656	25,825	38,526
Public Policy				
Berkeley	12,442	13,444	33,185	46,432
Irvine	9,234	9,234	28,120	40,365
Los Angeles	11,307	12,060	29,843	42,841
Riverside	5,952	5,952	24,076	36,321
San Diego	10,704	10,704	28,584	40,829

¹ Total charges include estimated campus-based fees and health insurance. Total charges also include mandatory systemwide charges (i.e., Tuition and the Student Services Fee); Professional Degree Supplemental Tuition; and Nonresident Supplemental Tuition, disability, and other fees where applicable.

Appendix Display 14 (continued): 2023-24 Total Charges for Professional Degree Students by Program and Campus

	<u>Professional Degree Supplemental Tuition</u>		<u>Total Charges¹</u>	
	Residents	Nonresidents	Residents	Nonresidents
Social Welfare				
Berkeley	\$6,186	\$6,186	\$26,722	\$38,967
Los Angeles	8,286	8,910	26,822	39,691
Statistics				
Berkeley	23,268	26,592	43,804	59,373
Teacher Education				
Berkeley	6,000	6,000	31,965	44,210
Technology Management				
Santa Barbara	40,152	40,152	58,627	70,872
Theater, Film & Television				
Los Angeles	14,790	14,790	33,326	45,571
Translational Medicine				
Berkeley (Jt. UCSF)	35,154	35,154	55,711	67,956
Urban and Regional Planning/Environmental Design				
Berkeley	8,252	8,252	28,788	41,033
Irvine	6,489	6,489	25,376	37,621
Los Angeles	8,793	9,444	27,329	40,225
Veterinary Medicine				
Davis	17,370	17,370	39,674	51,919

¹ Total charges include estimated campus-based fees and health insurance. Total charges also include mandatory systemwide charges (i.e., Tuition and the Student Services Fee); Professional Degree Supplemental Tuition; and Nonresident Supplemental Tuition, disability, and other fees where applicable.

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University of California
Office of the President
Budget Analysis and Planning
1111 Franklin Street
Oakland, California 94607
(510) 987-9113
www.ucop.edu/operating-budget

