1. Supporting Student Access and Enrollment Growth
2. UC Funding Sources: Focus on State Funds
3. New Compact with Governor
4. Budget Process and Issues
UC Faces a Period of Continued Growth

Can We Maintain Quality?

Education Pays

2004 Average Earnings

Source: UCOP Budget Office

Source: Bureau of Labor Statistics
Fastest Growing Occupations: Professionals and Managers

Graduation Rates Have been Increasing Steadily
Time to Degree is at an All-Time Low

Time-to-Degree: Average Number of Terms Enrolled
Regularly-admitted First-time Freshmen

Average Number of Terms Enrolled

Year Admitted to UC

Serving Low Income Students

Percentage of Undergraduates Who Receive Pell Grants, 2004-05
State Dollars, Student Fees, and UC General Funds Are the Foundation

- D.O.E.
- Auxiliaries
- Research
- Private Fund Raising
- UC General Funds
- Student Fees
- State Funds

- Restricted by Source
- Committed by Policy

UC General Funds
- Non-resident tuition and contract and grant overhead

Core Support for Academic Programs

- **State General Funds**: general tax revenues
- **Student Fees**: includes set-aside for Financial Aid
- **UC General Funds**: Non-resident tuition and contract and grant overhead
UC's Share of State General Funds Has Declined

California’s Fiscal Crisis Has Led to a Major Shortfall in UC’s Budget
Who Funds the Cost of a UC Education?

Funding Components of the Average Cost of Education (2005-06 Dollars)

- State General Funds
- UC General Funds
- Student Fees

Funding Gap = $2,520

Student-Faculty Ratio
Budgeted General Campus

Regents' Goal 17.6 : 1
State Cuts
Faculty Salaries as % Market

Source: Office of the President Salary Survey, based on CPEC methodology

Staff Salaries

% Increase/Decrease in State Funding for Staff Salaries

Source: WorkatWork, "Annual Salary Budget Survey"
The New Compact with Governor Schwarzenegger

State Funds

- Enrollment growth: 5,000 students/year
- 2005-06 and 06-07: 3% increase on base
- 2007-08 thru 09-10: 4% increase on base
- 2008-09 and 09-10: additional 1% for instructional support (Libraries, IT, Equipment, Maintenance)
- Capital outlay: $345 million per year

UC General Funds: 3 to 4% increases to cover inflation

Student Fees:
- Undergraduate - 8% annually
- Graduate - 10% annually
- Professional - multi-year plan

Accountability elements for student enrollment, timely graduation, faculty workload, etc.

Budget Development

1. UCOP Budget Office
2. Budget Development
3. UC Drafts Budget Request
4. January
5. Governor's Budget
6. Regents Approve Budget Request
7. July
8. Leg. Analyst Recommendations
9. President Meets with Dept. of Finance
10. Subcommittee Hearings

Legislative Process

1. Governor's Budget
2. Regents Approve Budget Request
3. January
4. Leg. Analyst Recommendations
5. President Meets with Dept. of Finance
6. Subcommittee Hearings
7. July
8. UC Drafts Budget Request
9. Conference Committee
10. Line Item Veto and Gov. Signature
11. Senate and Assembly Approve Budget Bill
12. Gov. Signature

The Political Process
Budget Issues

- Maintain Quality
  - Student/faculty ratio
  - Competitive salaries for faculty & staff
  - Translate into marginal cost of instruction and annual % increase on the base

- Retirement Contributions

- Facilities and Infrastructure Needs
  - Technology
  - Maintenance and capital renewal
  - Utilities

Systemwide Program Planning

- Long Range Guidance Team, convened by President Dynes
- Systemwide strategic academic planning process
- Task Force on Planning for Doctoral and Professional Education
- Advisory Council on Future Growth in the Health Professions
- Work Force on Multi-Campus Research
Summary

- UC is important to California’s economic future.
- UC faces continued enrollment growth and access issues.
- Can we maintain quality with growth given California’s fiscal problems?
- There will be continued competition for State funds.
- New funding sources required for program expansion.