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

Can We Maintain Quality?

Education Pays
Graduation Rates Have been Increasing Steadily

Time to Degree is at an All-Time Low
Serving Low Income Students

Percentage of Undergraduates Who Receive Pell Grants, 2005-06

Selected Flagship Public Universities

California Research Universities

University of California

State Dollars, Student Fees, and UC General Funds Are the Foundation

UC General Funds
Student Fees
State Funds
Private Fund Raising
Research
Auxiliaries
D.O.E.
UCOP Budget Office

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

![Graph showing UC's Share of State General Funds over time](image)
California’s Fiscal Crisis Has Impacted the UC Budget

- Normal UC Workload Budget
- Actual State Funding
- $1.5 Billion Shortfall in State Support

Resident Undergraduate Student Fee Levels Compared to Fees in Constant 1971 Dollars (Mandatory Systemwide Fees)
Who Funds the Cost of a UC Education?

Funding Components of the Average Cost of Education (2006-07 Dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>State General Funds</th>
<th>UC General Funds</th>
<th>Student Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>$15,260</td>
<td>$1,790</td>
<td>$1,710</td>
</tr>
<tr>
<td>1995-96</td>
<td>$11,730</td>
<td>$4,430</td>
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<td>2000-01</td>
<td>$13,710</td>
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<td>2006-07</td>
<td>$9,970</td>
<td>$5,000</td>
<td>$10,000</td>
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</tbody>
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Funding Gap = $2,470

Student-Faculty Ratio

Budgeted General Campus

Budgeted General Campus Student-Faculty Ratio

Regents' Goal 17.6 : 1

State Cuts
Faculty Salaries as % of Market

Staff Salaries

Change in State Funding for Staff Salaries

Source: Office of the President Salary Survey

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

- **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

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The New Compact with Governor Schwarzenegger

- **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

- Governor's Budget
- Regents Approve Budget Request
- January
- President Meets with Dept. of Finance
- UC Drafts Budget Request
- July
- Leg. Analyst Recommendations
- Subcommittee Hearings
- Conference Committee
- Senate and Assembly Approve Budget Bill
- Line item Veto and Gov. Signature

Budget Issues

- **Maintain Quality**
  - Student/faculty ratio
  - Competitive salaries for faculty & staff
  - Graduate student support
  - Student fee levels
  - 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

- Systemwide strategic academic planning process
- Systemwide enrollment plan to 2020
- 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 faces continued enrollment growth and access issues.
- UC is important to California’s economic future.
- Can UC maintain quality and growth given California’s fiscal situation?
- There will be continued competition for State funds.
- New funding sources required for program expansion.