

UNIVERSITY OF CALIFORNIA

Discussion of Tradeoffs for the University's 2008-09 Budget



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Development of 2008-09 Budget

- New expenditures under consideration
- New revenues expected
- Shortfall and tradeoffs

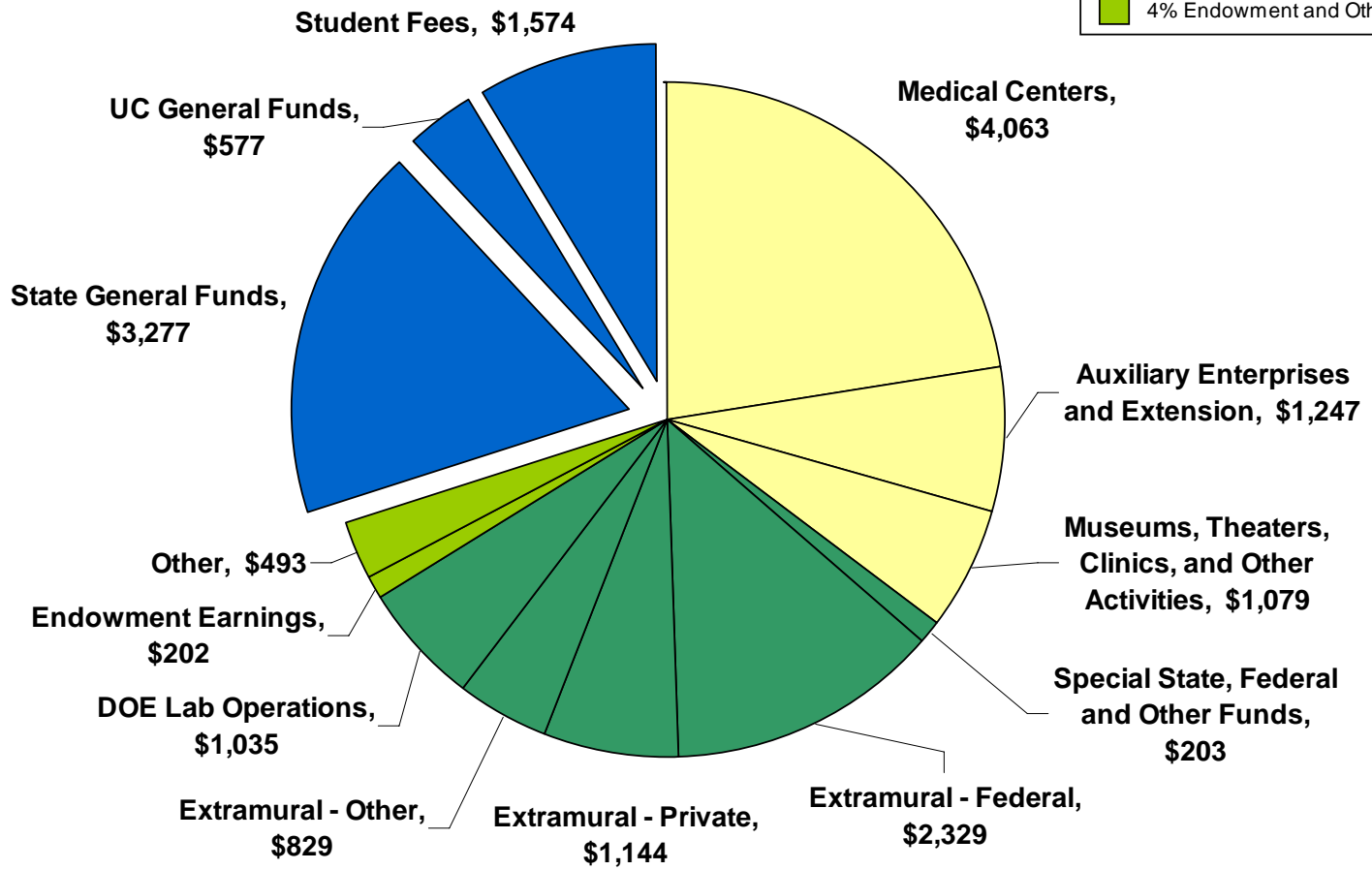
Context for 2008-09 Budget

- State budget balanced for 2007-08
- For 2008-09, DOF projects deficit of \$6.1 billion
- UC Goal: Maintain Compact with Governor
- Longer-term needs to be defined by the Task Force to Evaluate University Funding Options

Sources of Revenue

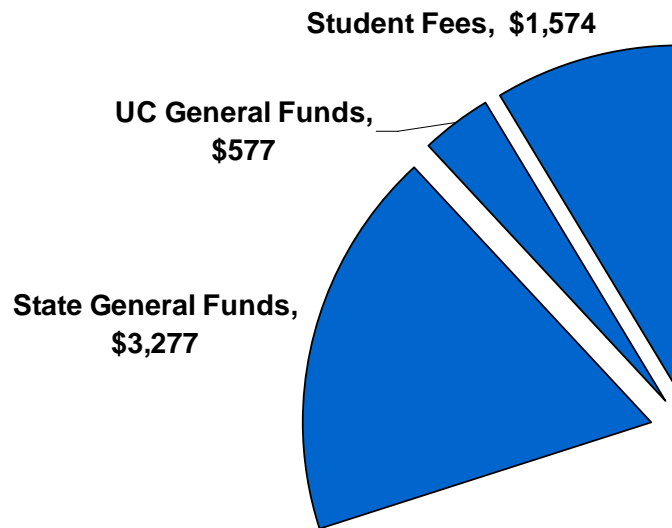
2007-08 Revenue from All Fund Sources: \$18.1 billion
(in millions of dollars)

- 30% General Funds and Fees
- 36% Services and Auxiliaries
- 30% Contracts and Grants
- 4% Endowment and Other



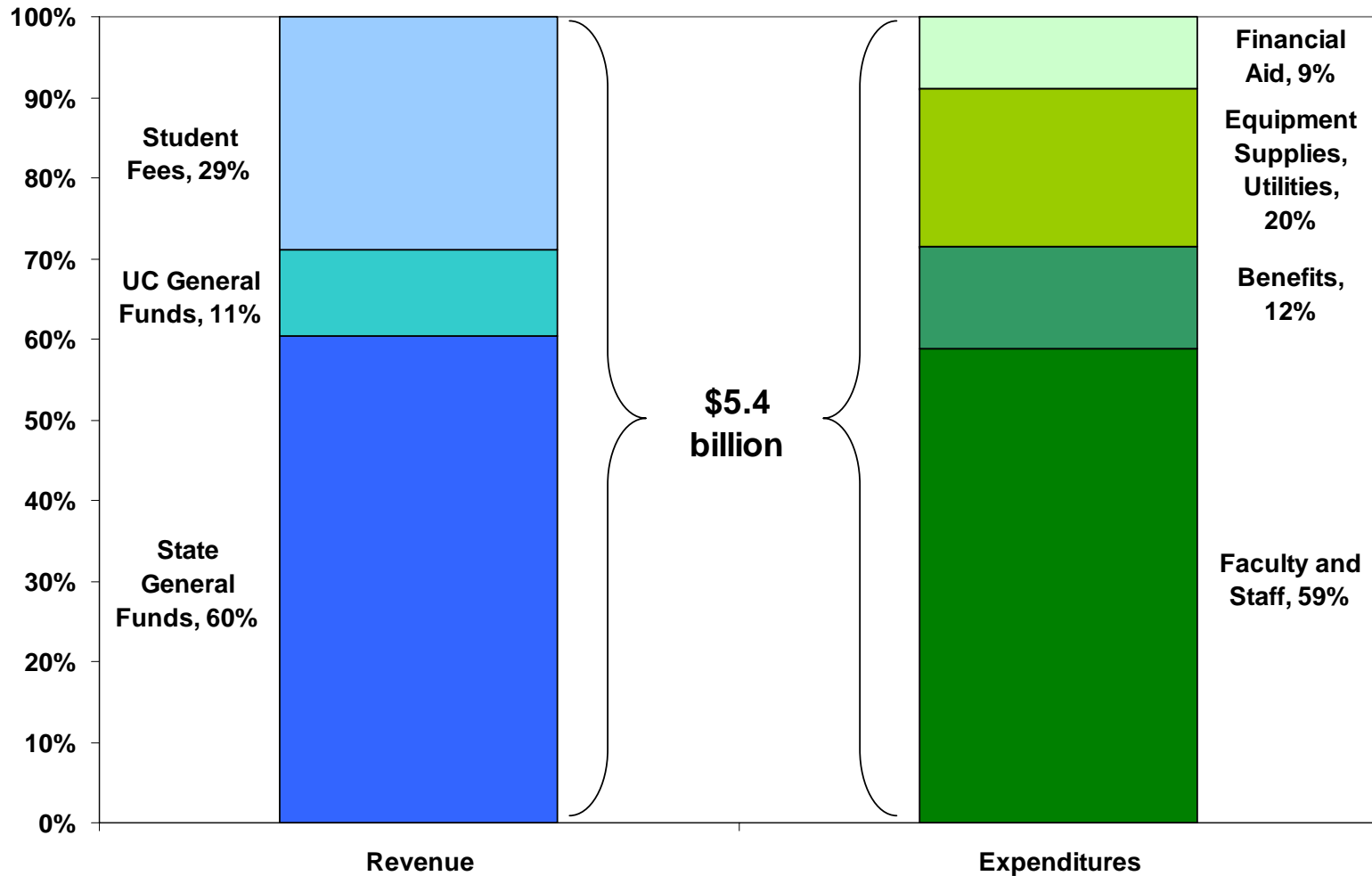
Sources of Revenue: Core Funds

2007-08 Revenue from Core Fund Sources: \$5.4 billion
(in millions of dollars)



Core Funds: Revenues and Expenditures

2007-08 Revenue and Expenditures from Core Funds



Projected Increases in Expenditures Under a Basic Budget Plan

▪ Compensation (5% for faculty and staff)	\$167.0 million
▪ Accelerated Faculty Salary Plan	20.0 million
▪ Non-salary price increases	25.0 million
▪ Enrollment growth	97.7 million
▪ Student financial support	36.3 million
▪ Core academic support (1% catch-up)	31.0 million
▪ Student-faculty ratio	10.0 million
▪ Graduate student support	10.0 million
▪ Student mental health services	<u>8.0 million</u>
▪ Total	\$405.0 million

Anticipated Increases in Revenue

State Funding:

- | | |
|--|-----------------|
| ▪ Compact Funding: 4% base budget adjustment | \$124.0 million |
| ▪ Compact Funding: 1% for core needs | 31.0 million |
| ▪ Enrollment growth: 2.5% | 60.0 million |

UC General Funds:

- | | |
|--|--------------|
| ▪ Nonresident Tuition, Indirect Cost Recovery, Other | 20.0 million |
|--|--------------|

Student Fee Revenue

- | | |
|---|----------------------|
| ▪ Enrollment growth | 37.7 million |
| ▪ 7% student fee increase (or equivalent State funding) | <u>102.9 million</u> |

Total	\$375.6 million
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Shortfall

- Total New Expenditures \$405.0 million
- Total New Revenues \$375.6 million
- Shortfall \$29.4 million

Options for Addressing Shortfall

Options to Reduce Expenditures:

- Identify new systemwide efficiencies -\$20.0-25.0 million
- Decelerate faculty compensation increases -20.0 million
- Designate a portion of the additional 1% for student-faculty ratio funding -10.0 million
- Limit return-to-aid to 30% -4.0 million
- Eliminate additional graduate student support -10.0 million
- Reduce increase for student mental health -5.0 million

Options to Increase Revenues:

- Raise fee increase by 1% (net of aid) +9.5 million
- Raise Registration Fee an additional 3% to fund a portion of student mental health) +5.2 million

New Initiatives

- Research
- Public Service
- Deferred Maintenance

Capital Outlay

- Compact specifies \$345 million from GO bonds (or State lease revenue bonds)
- Funding for 2008-09 will require a new bond measure
- Plan will continue to include projects that address seismic and life-safety improvements, enrollment growth, modernization of aging facilities, and infrastructure

Next Steps

- Approval of budget plan in November
- Governor's Budget is released January 10