



UNIVERSITY OF CALIFORNIA  
*2009-10 Budget for Current Operations*  
*Summary of the Budget Request*

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## 2008-09 State Fiscal Condition

- 2008-09 enacted budget did not resolve the ongoing structural deficit.
- The Governor called a special session, but that session expires at the end of November.
- DOF revenue shortfall estimated at \$24.2 billion over the next 20 months.
- LAO revenue shortfall estimated at \$27.8 billion.

# Governor's Special Session Budget Recommendations

- Additional State General Fund revenues \$4.7 billion
- Additional spending reductions \$4.5 billion
- No additional borrowing

# Proposed Special Session Reductions

- K-12 \$2.5 billion
- CCC \$332.2 million
- CSU \$66.3 million
- UC \$65.5 million

## 2008-09 State Fiscal Condition

- Legislature must act by November 30, 2008.
- Unclear if the Legislature will support the Governor's Special Session recommendations.
- As identified by the DOF and the LAO, this is clearly a multi-year problem.
- No action will result in deeper budget reduction proposed for the 2009-10 fiscal year.



# Final 2008-09 UC Budget

- Final 2008-09 UC Budget \$5.36 billion
- No funding for enrollment growth, health benefit cost increases, graduate student support, purchased utility deficits, salary commitments, academic merits, or the faculty salary plan
- Net campus reduction \$148.7 million
- Governor's proposal \$65.5 million

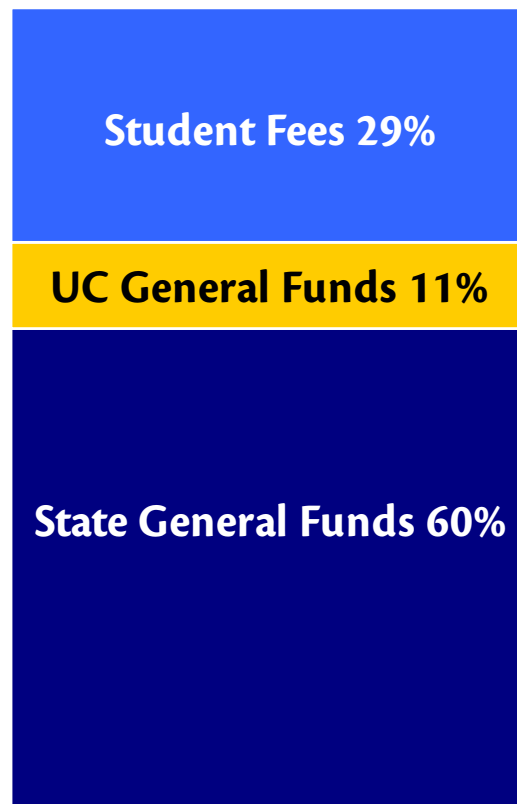
# 2008-09 UC Budget Campus Recommendations

- Implement hiring freeze
- Curtail non-essential travel
- Reduce leasing of space
- Limiting consulting contracts
- Defer purchasing equipment
- Energy cost savings
- Initiate START programs
- Administrative efficiencies

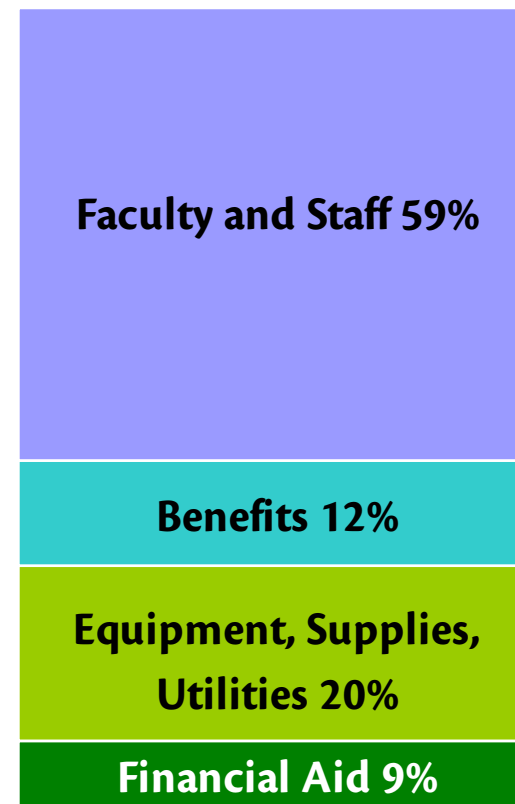
# Faculty and staff compensation comprises 70% of the core operating budget

## 2007-08 BUDGETED REVENUE AND EXPENDITURES FROM CORE FUNDS

### REVENUES



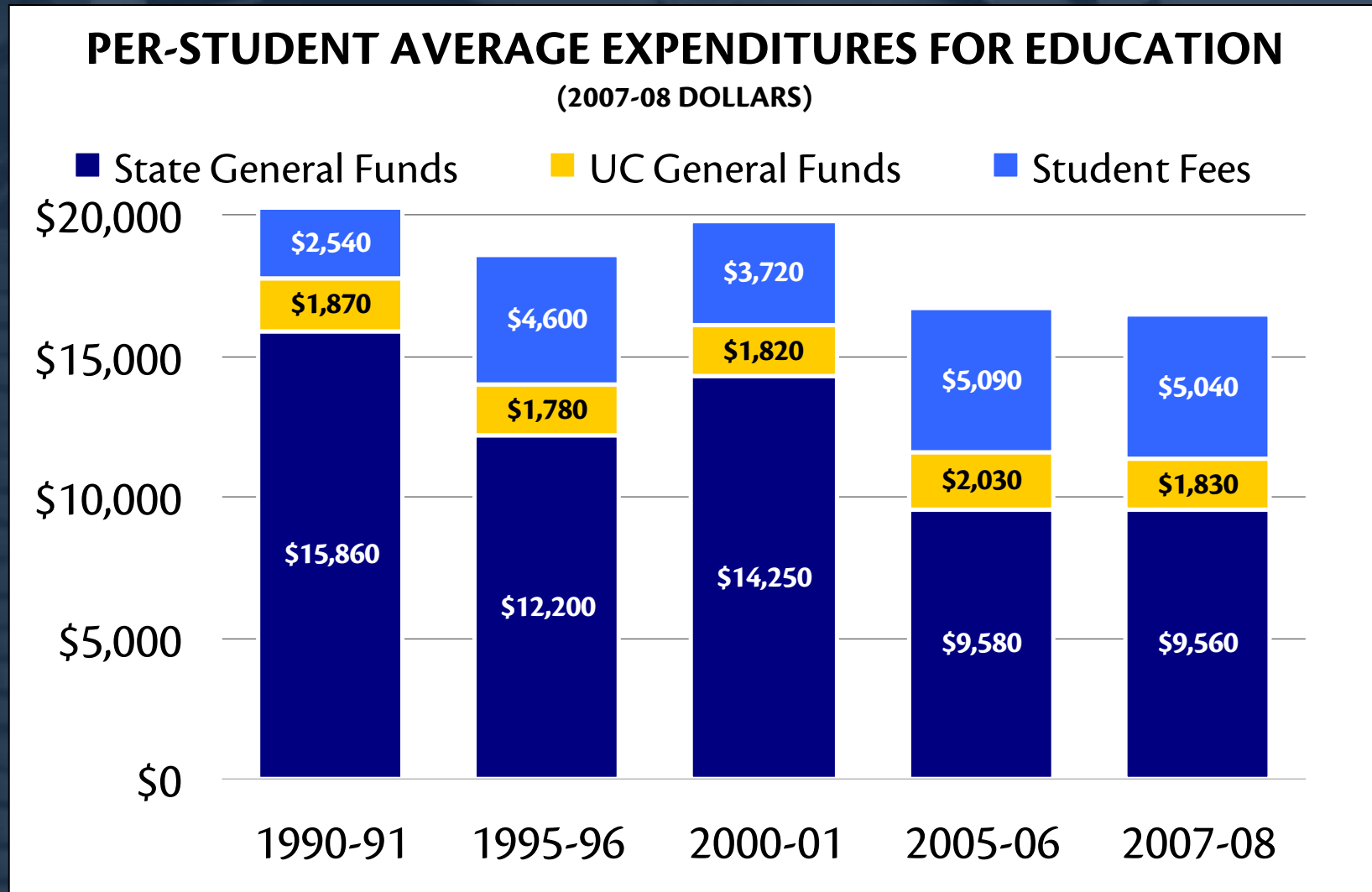
### EXPENDITURES





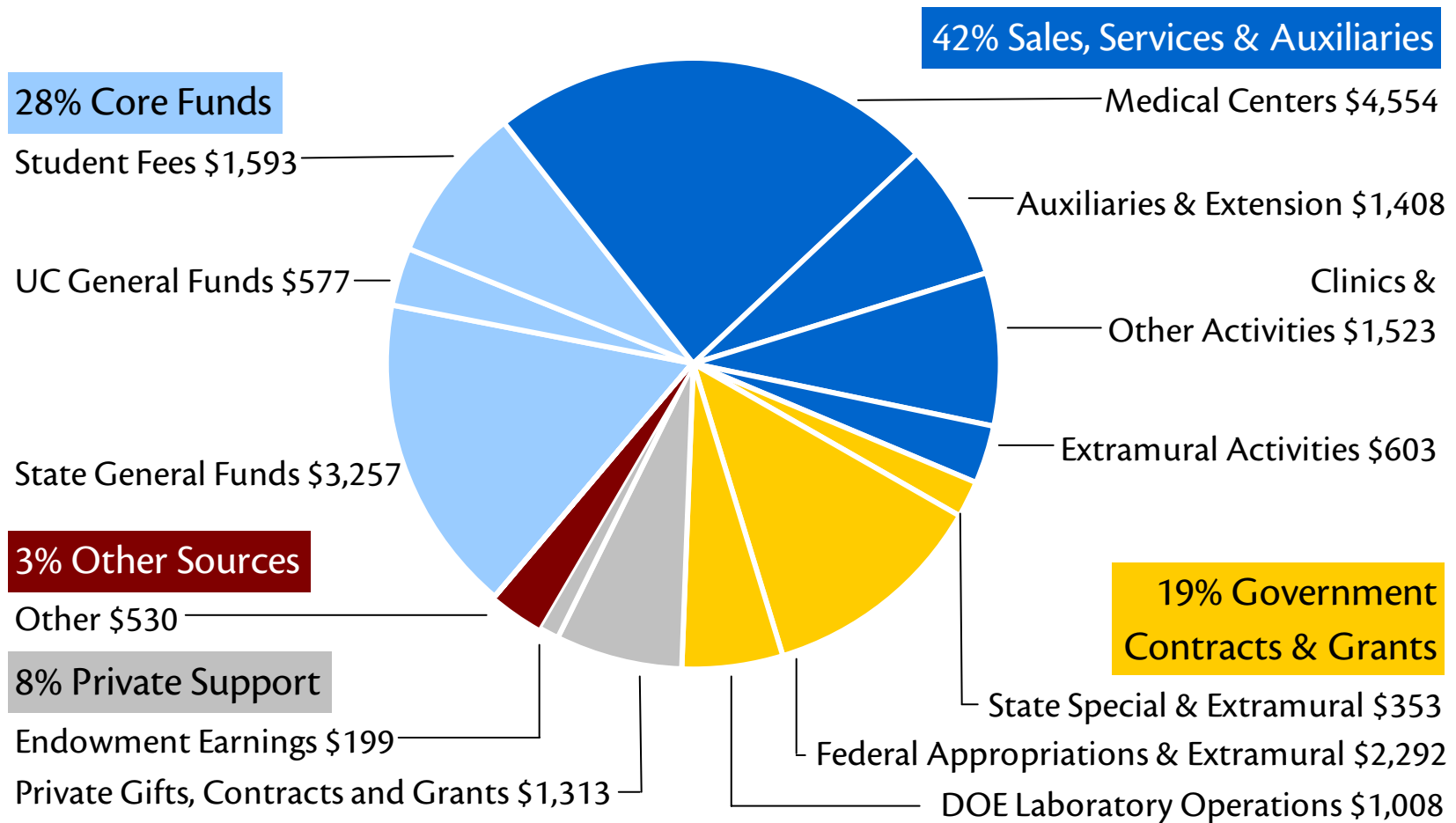
# State funds per student have dropped 40%, while the student share has doubled

- Since 1990, average inflation-adjusted expenditures for educating UC students has declined 19%.



# UC's \$19 billion operating expenditures are derived from variety of sources

## 2007-08 EXPENDITURES FROM ALL FUND SOURCES (DOLLARS IN MILLIONS)



# Summary of the Budget Plan

- Workload Budget
- Restart of Retirement Contributions
- Start-up Funding for UCR Medical School
- Additional Regental Priorities

# Proposed Increases in Revenue

- **State General Funds**

- 4% base budget adjustment \$123.0 million
- Additional 1% for core needs 30.8 million
- Enrollment growth (5,408 FTE for 2008-09) 61.4 million
- Enrollment growth (5,406 FTE for 2009-10) 60.9 million
- Annuitant health 11.0 million
- Retirement contributions 228.0 million

- **UC General Funds**

15.5 million

- **Student Fee Revenue**

- Mandatory fee increases (9.4%) 150.5 million
- Enrollment growth 44.7 million
- Professional fee increases (5-24%) 19.9 million

- **Additional Funding Needed for Initiatives**

69.8 million

**Total**

**\$815.4 million**

# Proposed New Expenditures

- Faculty and staff compensation increases (5%) \$126.5 million
- Additional faculty salary increases 24.4 million
- Health benefits 30.8 million
- Retirement contributions 270.8 million
- Enrollment growth and new space 150.4 million
- Core academic support 30.8 million
- Graduate student support 10.0 million
- Restoration of instructional budgets 10.0 million
- Non-salary budget cost increases 45.7 million
- Professional school programs 13.3 million
- Labor research restoration 5.4 million
- UCR medical school 10.0 million
- California Science Institutes 10.0 million
- Financial aid 77.3 million

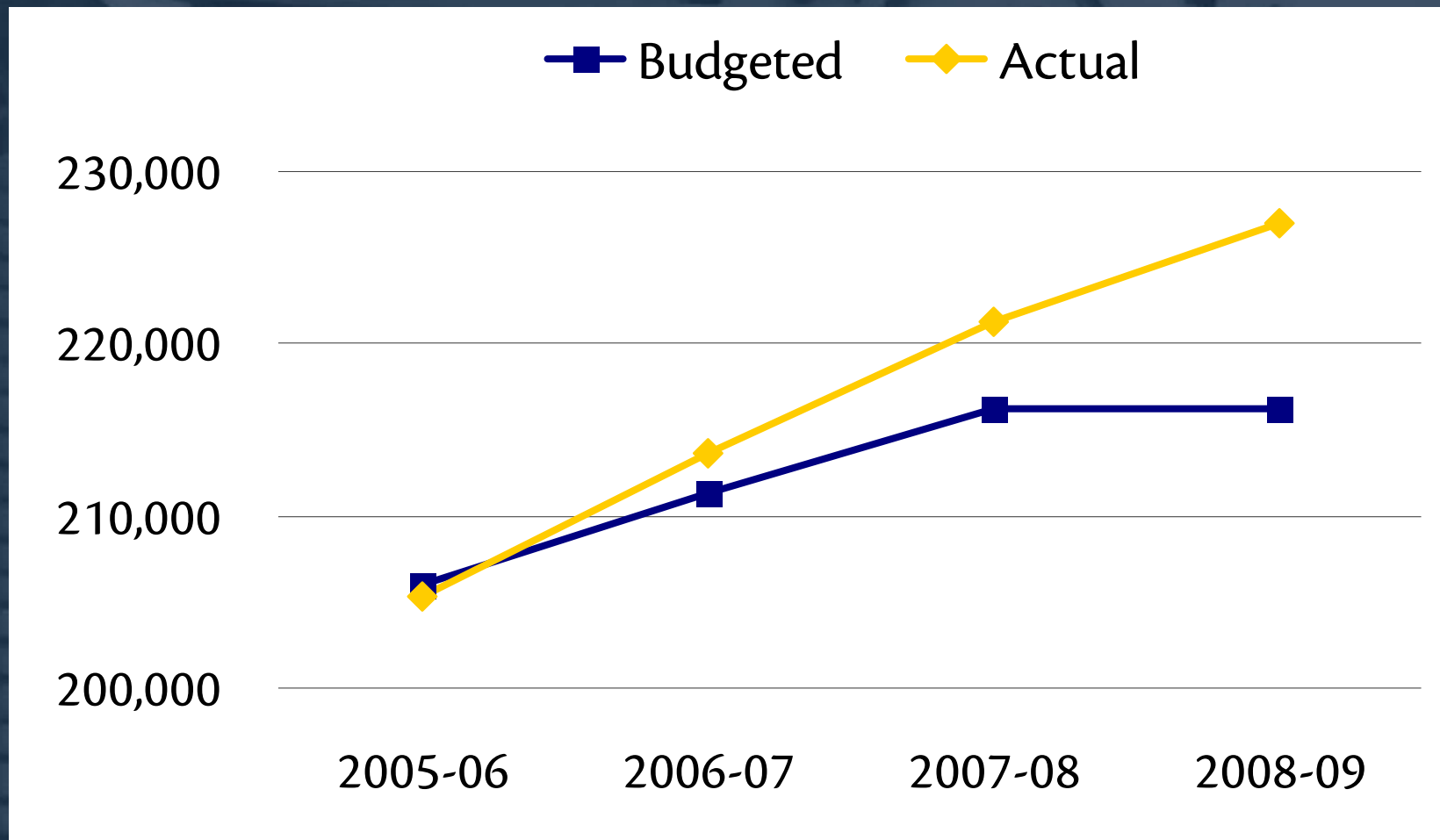
**Total**

**\$815.4 million**



## Enrollment Growth: \$150.4 million

- In 2008-09, enrollment exceeds resources provided by more than 10,000 FTE students.
- State support provides essential funding for faculty, teaching assistants, and other instructional support.

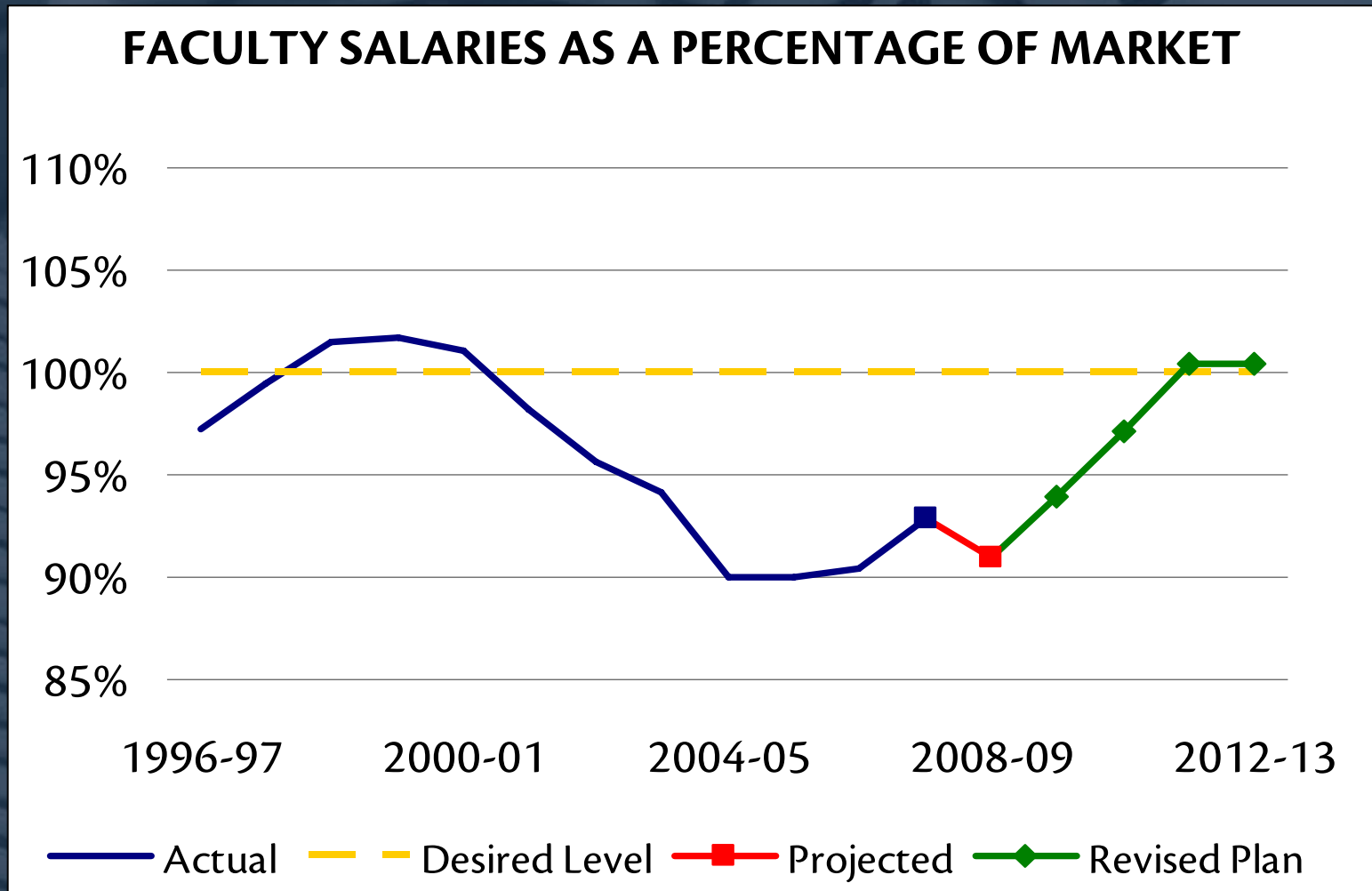


## Restoring Competitive Compensation for All Employees: \$126.5 million

- Attracting and retaining quality faculty and staff are critical to building the teaching and research core.
- Budget cuts have resulted in significant disparities in faculty and staff salaries compared to market.
- The University's goal is to achieve and maintain a market-based competitive compensation plan for all employees.
- For 2009-10, budget plan calls for a 5% compensation package for faculty and staff.

# Additional Faculty Salary Increases: \$24.4 million

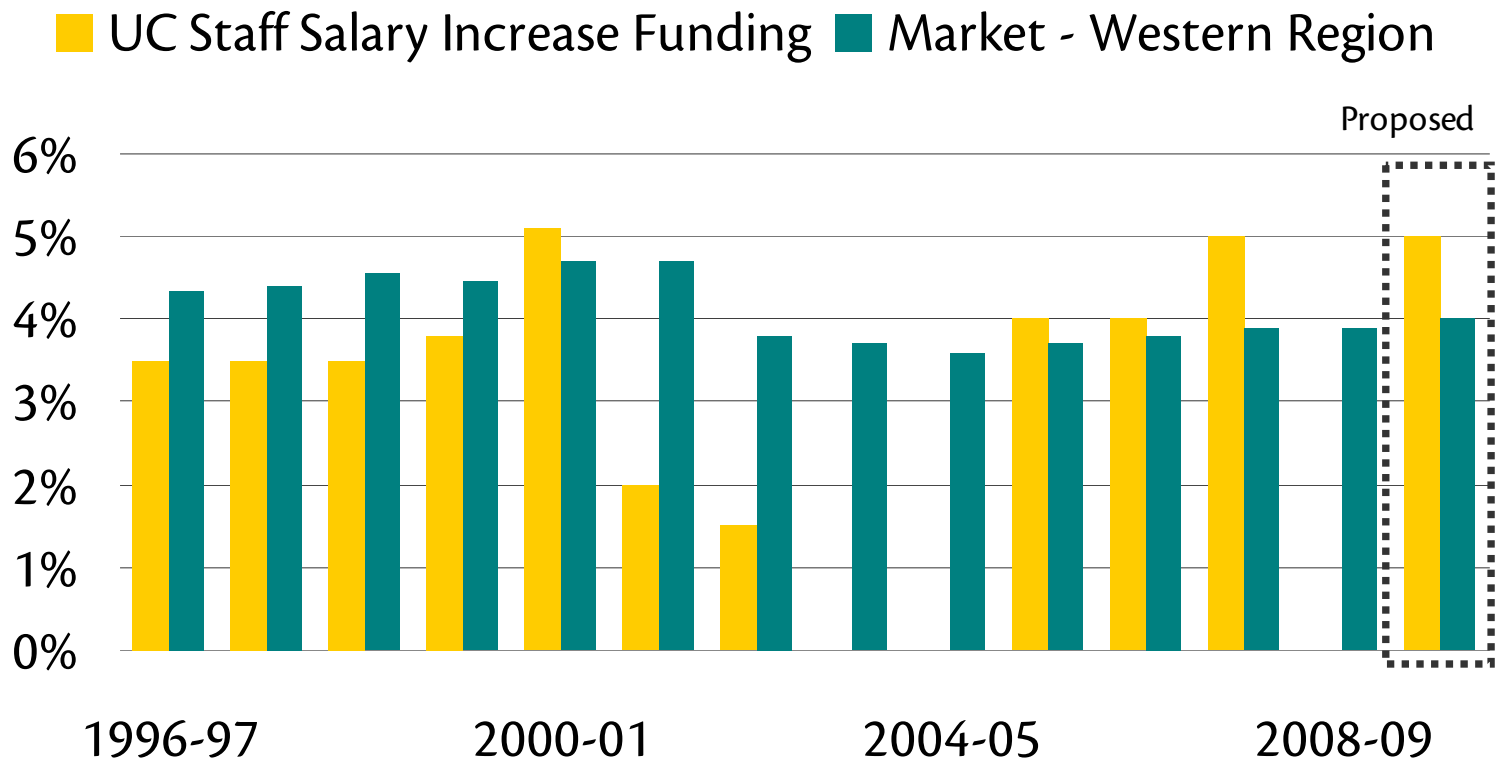
- Four-year plan to eliminate 10% salary lag was instituted in 2007-08, but the plan was delayed in 2008-09.



# Staff Compensation: 10-year Plan to Close the Market Gap

- UC staff salary increases lag market increases during 7 of the last 10 years. The staff salary plan calls for increases of at least 5% annually over 10 years.

## INCREASES IN FUNDING FOR STAFF SALARIES COMPARED TO MARKET



## Health Benefits: \$30.8 million

- 11% premium increases for 2009.
- Budget plan assumes similar increases for 2010.
- Despite budget shortfalls, UC continues to cover 87% of health benefit premiums for employees on average.
- For employees earning less than \$46,000, UC covers up to 96% of benefit premiums, depending on family type and plan.



# Retirement Contributions: \$270.8 million

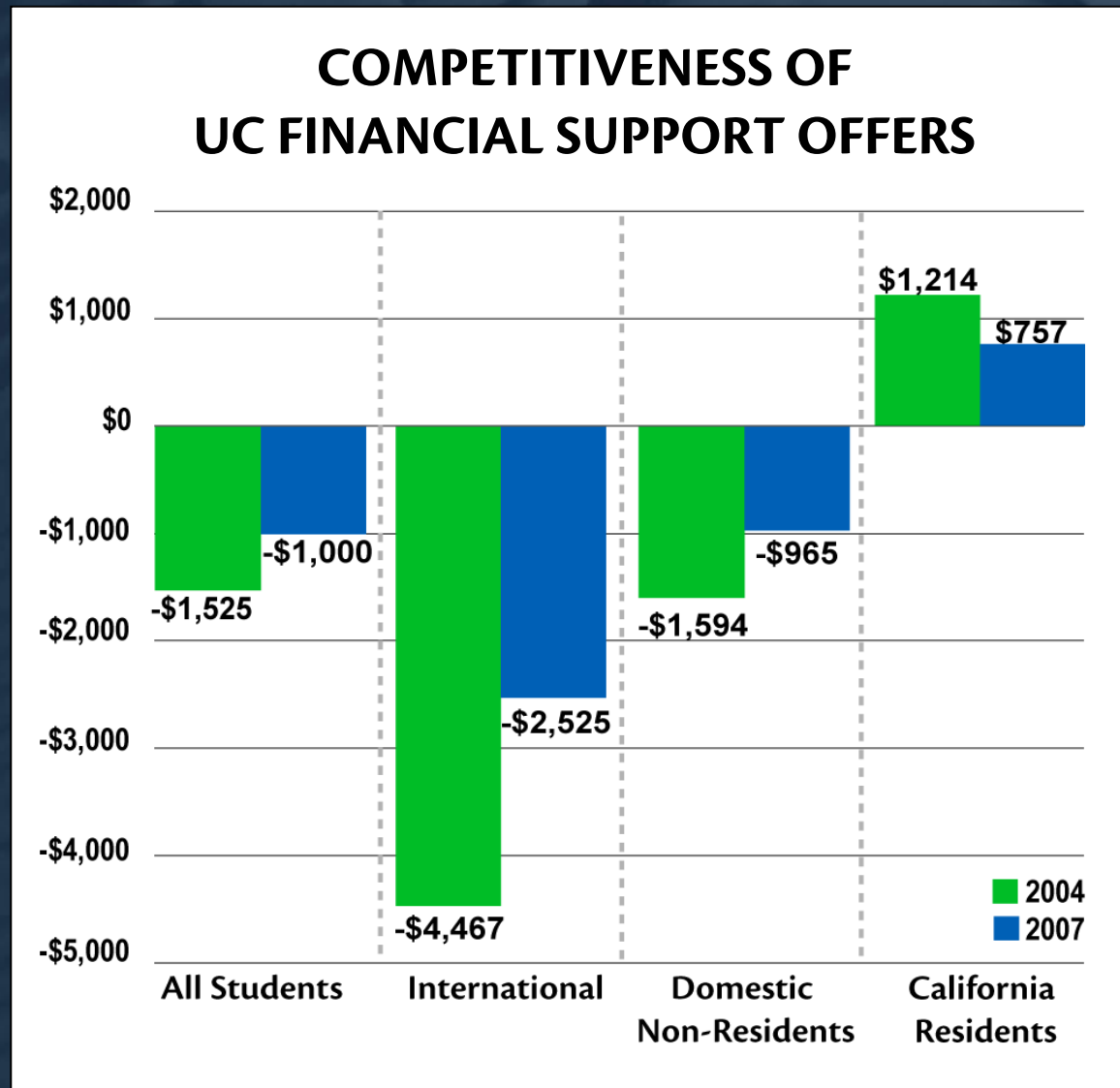
Total first-year need*	11.54%
Employee contribution	2.0%
Employer contribution	9.54%
Total cost – all fund sources	\$720.8 million
Core funds share	\$270.8 million
State and student fee share	\$228.0 million

\* Based on full funding of actuarial recommendation.

# Strengthening Core Academic Support: \$30.8 million

- Instructional Technology
- Instructional Equipment
- Libraries
- Operation and Maintenance of Plant

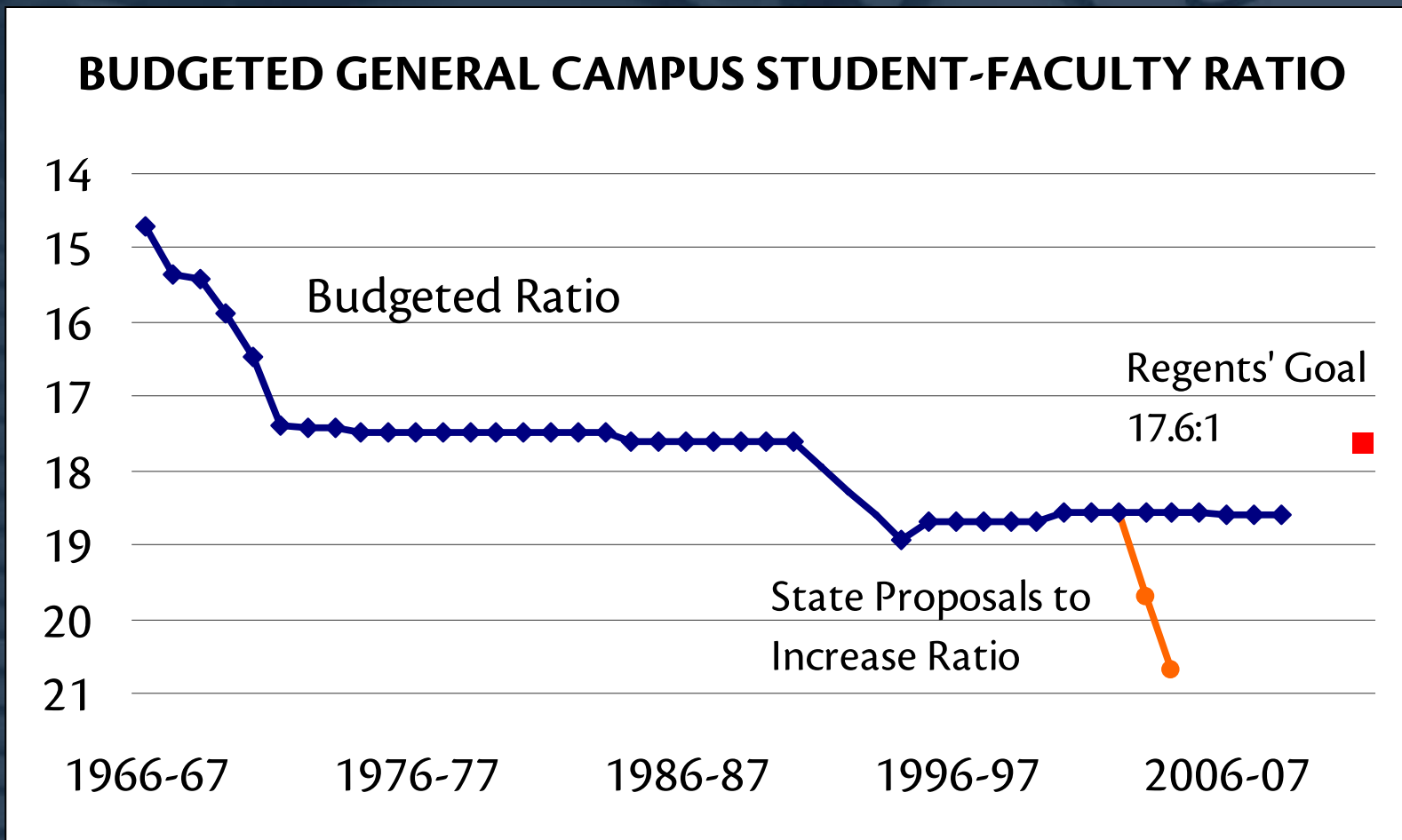
# Enhancing Graduate Student Support: \$10 million



- Financial support is critical to recruitment of the best graduate students.
- UC has made progress on support offers relative to competitors.
- Large gaps remain, which are exacerbated by the high cost of living in California.

# Restoring Instructional Budgets: \$10 million

- State cuts totaling \$70 million targeted at the student-faculty ratio were instead taken as unallocated reductions.
- The University restored a total of \$30 million between 2005-06 and 2007-08.



## Keeping Pace with Inflation: \$45.7 million

- Increasing costs for instructional equipment, library materials, and purchased utilities, among other non-salary items.
- Includes a 3% adjustment to help keep pace with inflation for most items.
- Includes a 10% adjustment for increased costs of purchased utilities, based on recent estimates.



# Maintaining Quality in Professional Schools: \$19.9 million

- Campuses have proposed professional school fee increases ranging from 5% to 24%, varying by campus and program.
- Funding will support cost increases and initiatives to improve program quality.
- At least 1/3 of fee increase funding will be used for student financial aid.

# Planning for a New Medical School at Riverside: \$10 million

- Plans call for the UCR medical school to officially open in 2012-13.
- Initial investment from the State needed for:
  - hiring a dean
  - recruiting faculty
  - planning curricula and facilities

# Promoting Research in Emerging Science and Technology Fields: \$10 million

- Core operating funding for California Institutes of Science and Innovation.

# Advancing Labor Research and Education: \$5.4 million

- Funding for UC's labor research and education centers was eliminated in 2008-09 by the Governor's veto.
- Partial funding from UC sources provided on a one-time basis in 2008-09 to continue the program.
- For 2009-10, UC has requested that the State restore funds to support research on emerging workforce issues.

# State-funded Capital Budget Request: \$842.4 million

