



UNIVERSITY OF CALIFORNIA

Approval of the 2010-11 UC Budget

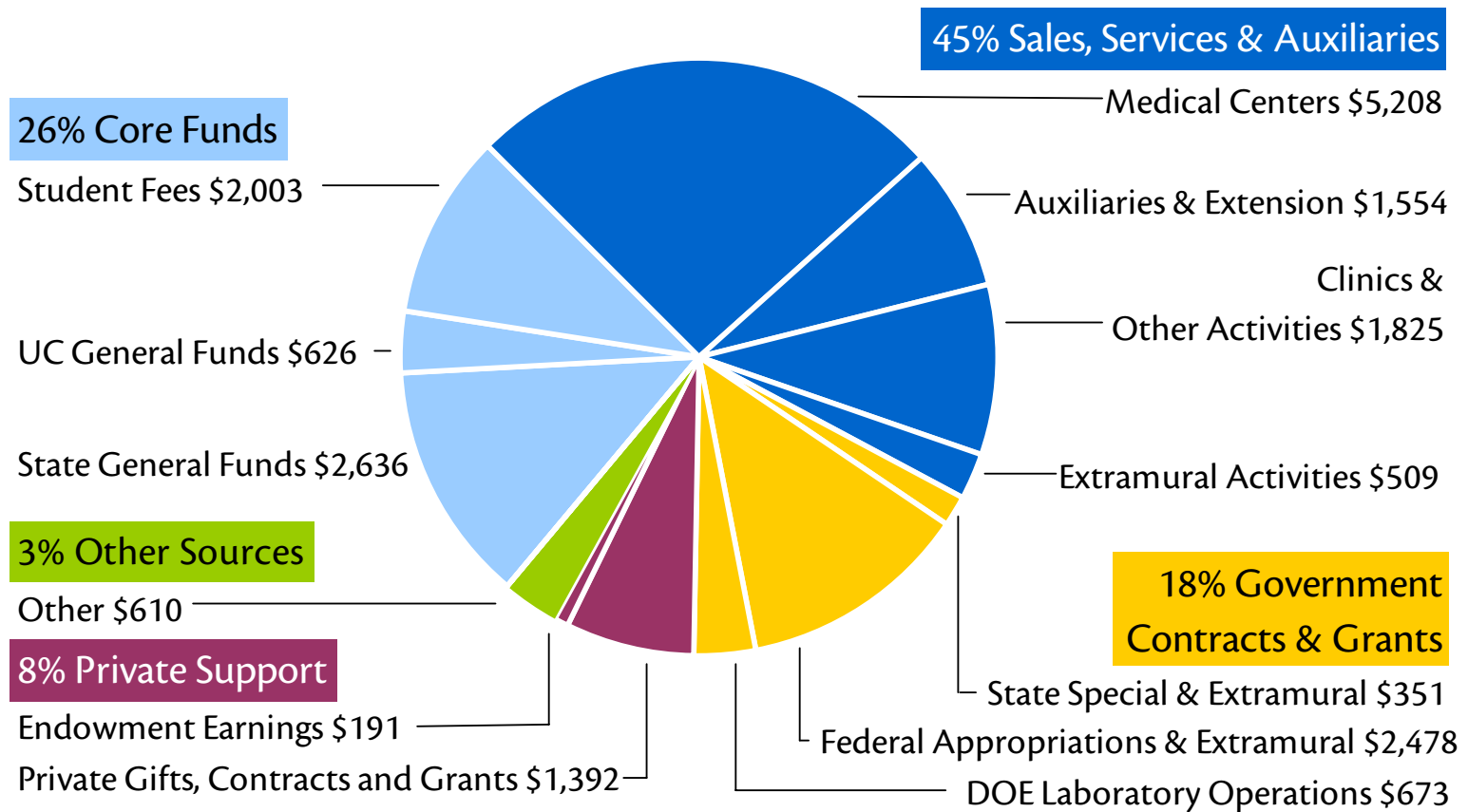
Patrick J. Lenz
Vice President for Budget and Capital Resources
November 18, 2009

UC Budget Issues and Recommendations

- Approval of the 2010-11 UC Budget
- Overview on State Fiscal Condition

2009-10 UC Budget

Projected Expenditures from All Fund Sources: \$20.1 billion
(dollars in millions)



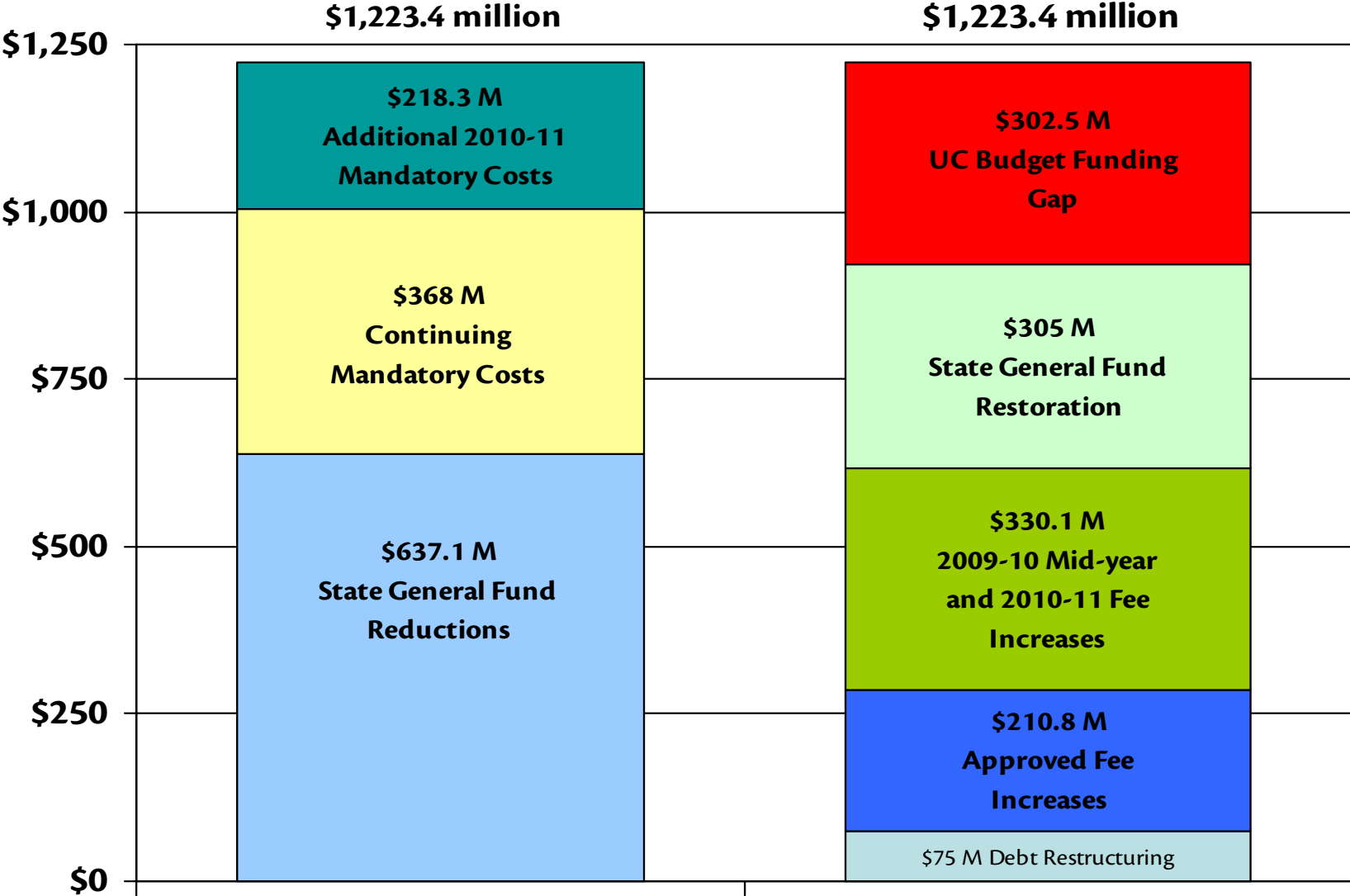
2009-10 UC Core Funding

* Includes \$100.2 million generated during 2009-10 from proposed mid-year fee increases.

2010-11 UC Core Funds

Requested or Projected Increases

2010-11 UC Potential Budget Reductions and Funding Issues



Magnitude of the UC Budget Gap

- 2010-11 UC Budget Gap \$607.5 M
- Equivalent to:
 - Eliminating State support for 2 medium-sized campuses
 - Reducing enrollment by 57,500 students
 - Closing UC libraries and public service programs
 - Terminating 8,300 employees
 - Eliminating all core-funded student financial aid

UC Administrative Efficiencies and Other Actions

- Furloughs/Salary Reductions (2009-10) \$184.0 M
- Debt Restructuring (2009-10 and 2010-11) \$150.0 M
- Strategic Sourcing \$154.0 M
- UCOP Restructuring \$62.2 M
- Energy Savings Program \$18.0 M
- Other Actions:
 - Senior management salary freeze
 - 5% senior administrator pay reductions on July 1, 2009
 - Cancellation or deferral of bonus and many incentive programs
 - Suspension of staff merit awards
 - Restrictions on hiring, travel, and purchasing

Campus Budget Actions

- Greater impact on administrative versus academic programs
- Administrative restructuring and consolidations
- Positions eliminated, hiring deferred, and layoffs
- Service reductions
- Increasingly using “one-time” campus reserves
- Class sections reduced or eliminated, class sizes increased

Campus Budget Actions

	2008-09 (Actual)	2009-10 (Projected)
Instructional Budget Reductions	\$56.4 M	\$139.2 M
Employee Layoffs	884	1,006 additional
Positions Eliminated	1,951	1,919 additional
Deferred Hiring	633	951 additional

2010-11 State Funding Request

Restoration of One-time Cuts: \$305 Million

2009-10 Budget Actions

UC Retirement Plan, Annuitant Health Benefits \$108.9 Million

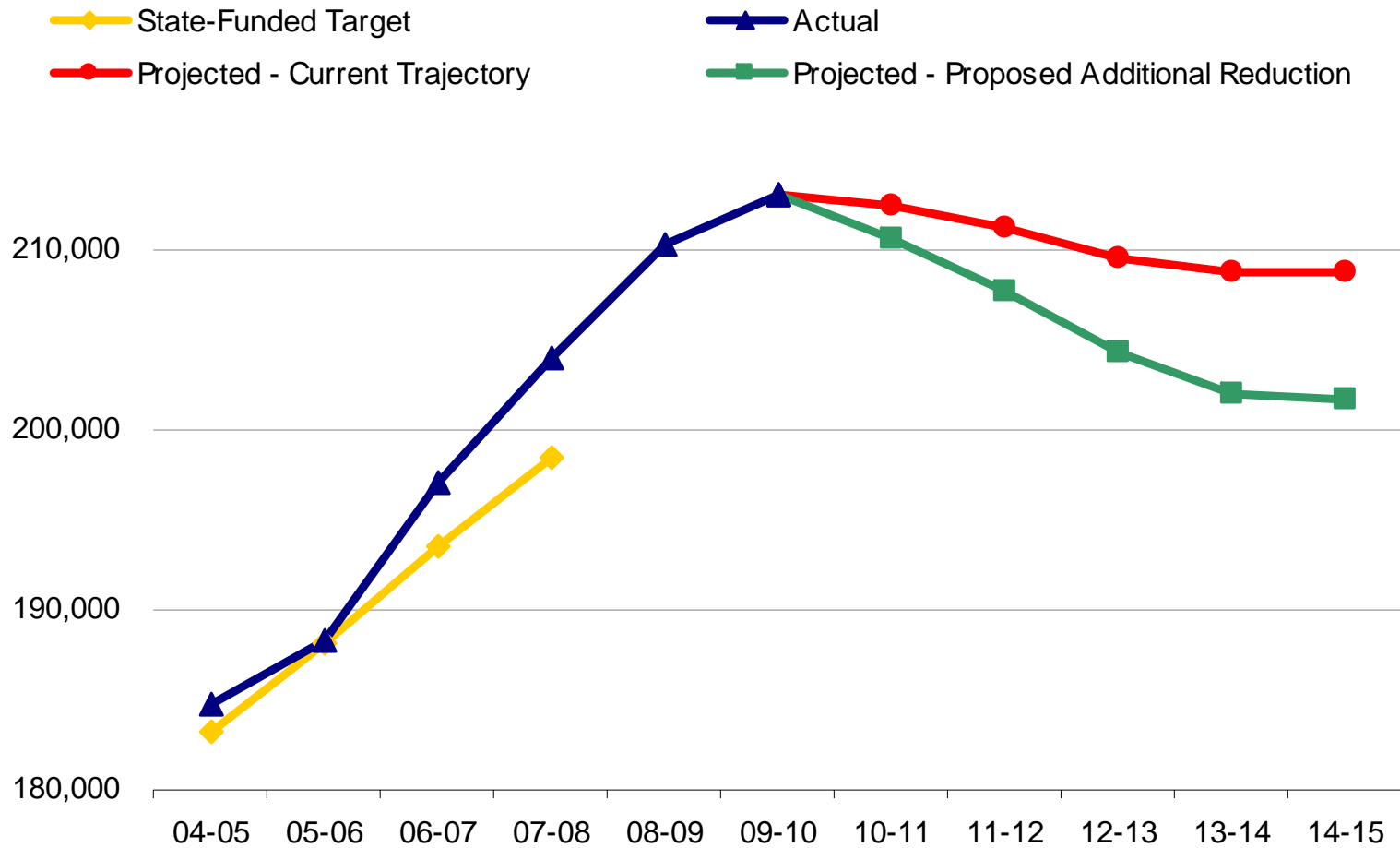
- February 2009, Regents approved April 15, 2010 implementation date for UCRP
- 2010-11 State share: \$95.7 M
- Annuitant Health Benefits \$14.1 M

Unfunded Enrollment

\$155.8 Million

- In 2008-09, UC was over-enrolled by 11,700 students
- Multi-year plan to reduce total enrollments by 8,000 – 10,000 students
- For 2009-10, first-time freshmen were reduced by 2,300 to slow enrollment growth and CCC transfers increased by 500
- Even so, projected over-enrollment will still grow to more than 14,000 students in 2009-10 at a cost of \$155.8 million
- 2010-11 recommendation:
 - Request funding for 14,000 FTE
 - Reduce first-time freshman by another 2,300
 - Increase CCC transfers by another 250

State-Funded Enrollment

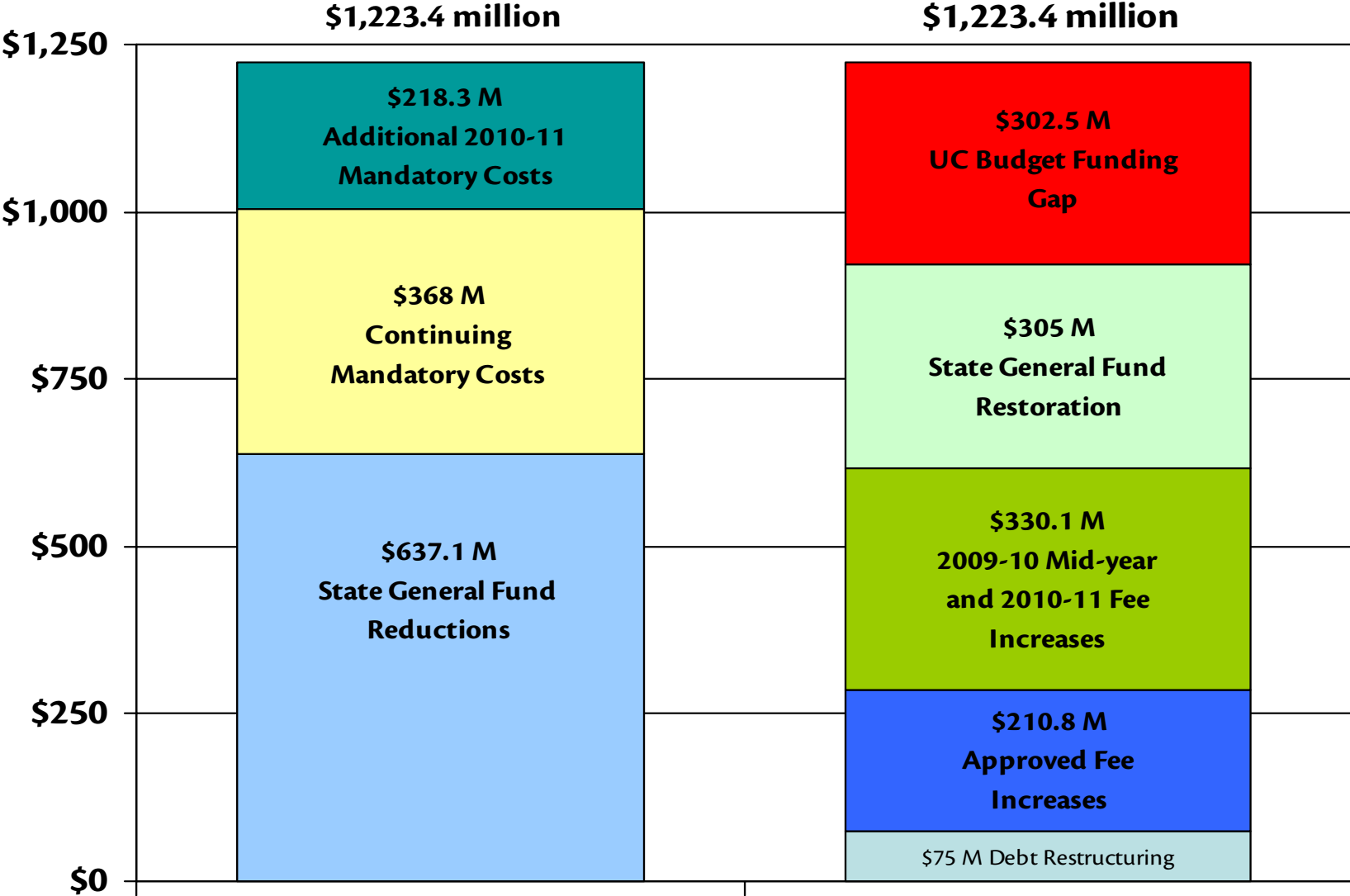


Reinvestment in Academic Excellence

\$332.1 Million

- Restoring instructional budgets
- Graduate Student Support
- Address faculty retention issues
- Return to faculty hiring
- Restore some class offerings and reduce class sizes
- Restore services for students and library hours

2010-11 UC Potential Budget Reductions and Funding Issues



UC 2010-11 State-Funded Capital Budget Request – \$631.5 Million

- Renewal/modernization & infrastructure (51%) \$325 M
- Seismic/life-safety (28%) \$173.5 M
- Enrollment Growth (17%) \$106 M
- New Program Initiatives (4%) \$27 M

Funding requires a new General Obligation bond measure in November 2010 (SB 271-Ducheny, AB 220-Brownley)

2009-10 State Budget Actions

<u>Process</u>	<u>Budget Gap</u>
• January State Budget	\$42.0 B
– Initial Budget Gap	
• February Special Session	\$36.0 B
– \$6 B May Election failed voter approval	
• May Revise	\$24.0 B
– State Budget Gap increases	
• Enacted State Budget	\$60.0 B
– Budget Solutions	

State Fiscal Condition and Future Budget Gap

• Budget Cuts	\$31.0 B
• Taxes	\$12.6 B
• Federal Stimulus (ARRA)	\$ 8.0 B
• Other	\$ 8.4 B
• Total	\$60.0 B
• 2010-11 Budget Gap	\$7 to \$8 B

October Monthly Cash Report

Major State Revenue Sources

- Personal Income Tax (\$1.2 billion)
- Sales and Used Tax (\$302 million)
- Corporation Tax (\$61 million)
- Vehicle License Fee (\$77 million)
- State's unemployment 12.2 percent