

UNIVERSITY OF CALIFORNIA

Development of the 2011-12 UC Budget

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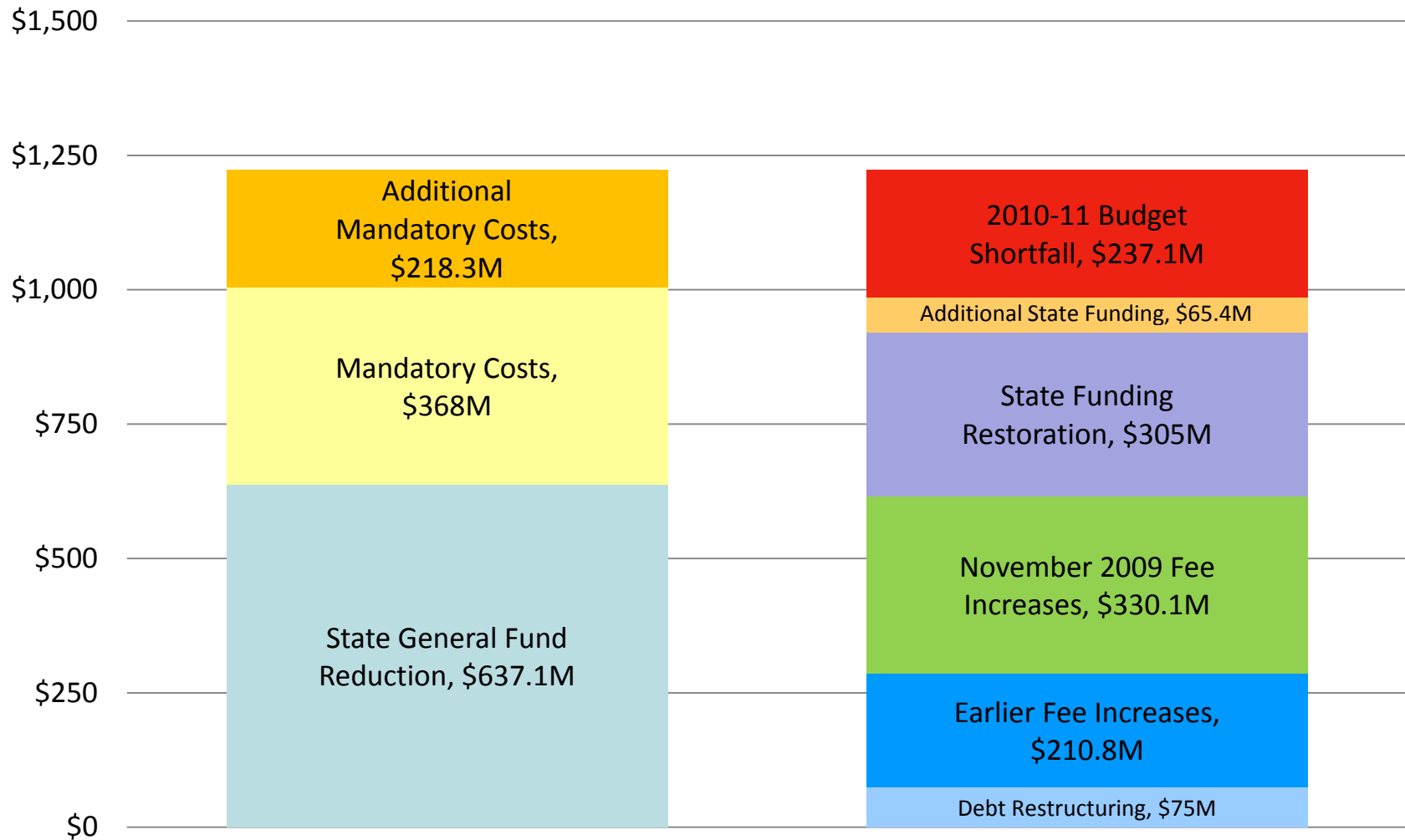
2011-12 State Budget Assumptions

- 2010-11 State Budget: \$20 billion deficit
- Closing the budget gap: Dependent on reduction in state funding commitments or additional state General Fund revenue
- Economic recovery remains slow
- Sun-setting of more than \$8 billion in temporary tax revenue in 2011-12 fiscal year
- New Governor, partially new Legislature: Approach to balancing the State budget

Outlook for 2011-12

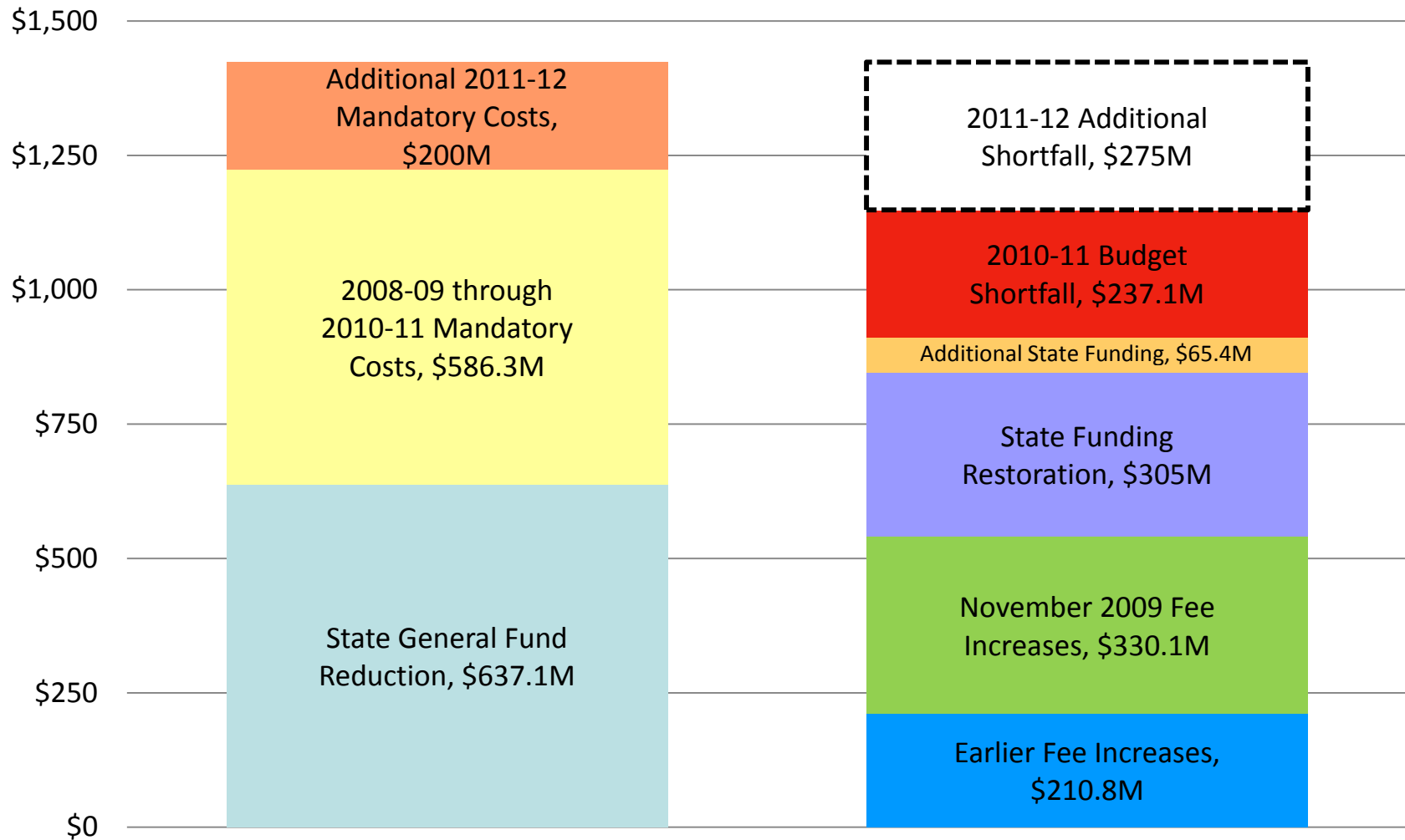
- Temporary Tax Increases to Sunset
 - Vehicle License Fee \$1.6 B
 - Sales Tax \$4.8 B
 - Personal Income Tax \$2.1 B

2010-11 UC Budget Gap



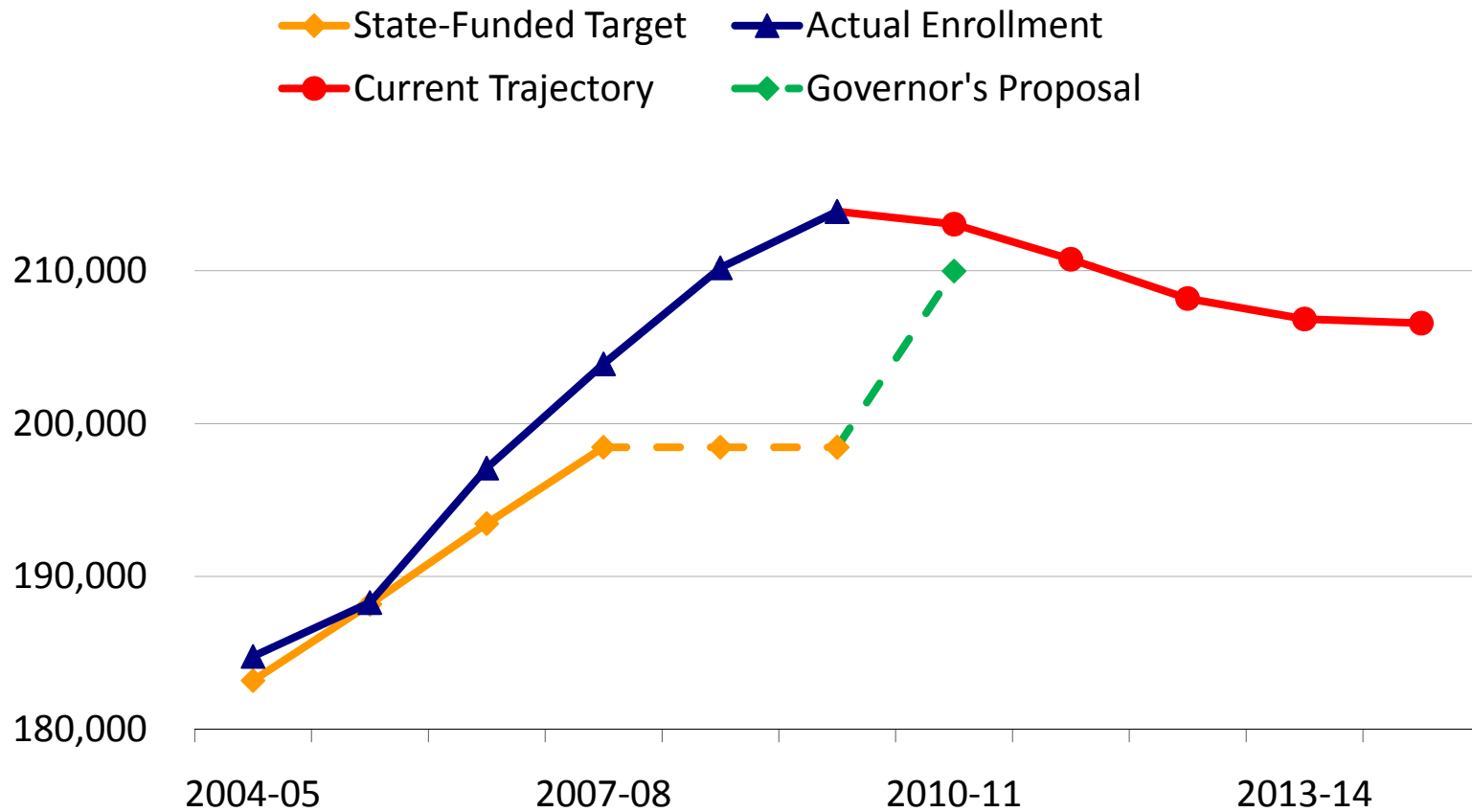
Dollars in millions.

2011-12 UC Budget Gap



Dollars in millions.

State-supported Enrollment



2011-12 UC Budget, Cost Increases

- Academic Merit Increases ~\$27.7 M
- Employee Health Benefits up to \$36.6 M
- Annuitant Health Benefits ~\$10.5 M
- Retirement Contributions \$58-87 M
- Purchased Utilities ~\$6.7 M

2011-12 UC Budget, Cost Increases

- Collective Bargaining Agreements (AFSCME, UPTe) ~\$8.6 M
- Potential Employee Salary Increases \$29-58 M
- Non-salary Price Increases ~\$18.0 M
- Enrollment Growth ?

2011-12 State Capital Budget

- November 2010 - General Obligation Bond, K-12 & Higher Education
- AB 220 (Brownley): K-12 & H.E., \$6.1B, 2-year bond
 - \$175 M per year for UC
- SB 271 (Ducheny): H.E. only, \$8.6B, 4-year bond
 - \$450 M per year for UC general campus projects
 - \$100 M per year for UC medical education purposes
- Lease Revenue Bonds remain “back-up plan”

2011-12 State Capital Budget

Issues to be addressed by the State:

- What state actions will help create more jobs for California?
- At what level should a 2010-11 General Obligation bond be supported?
- Can the State sustain more debt through bonds?
 - currently at 6% of State General Fund, will be at 9% by 2014-15

Issues to be addressed by the University:

- Funding debt service and ongoing maintenance of new buildings in this budget climate?
- If State capital resources remain limited, what are UC's highest capital priorities that would be funded with restrictive Lease-Revenue bonds?
- Addressing past capital program growth, new enrollment capital growth?