University of California
2015-16 Budget for Current Operations

November 19, 2014
UC’s 2015-16 Operating Budget Plan

The plan is built on the strategic priorities of the long-range financial plan

- Investment in academic programs
- Improving performance outcome measures
- Long-term stabilization plan for tuition and financial aid
- Long-range enrollment plan
- Continued growth of nonresident enrollment to help backfill budget shortfalls while ensuring access for California residents
- Investment in critical deferred maintenance
- Support of modest funding program for Merced campus development, life safety, capital renewal, and other capital needs
UC’s 2015-16 Operating Budget Plan

The plan is built on the assumption that a sustainable funding plan requires a combination of resources

- UC must continue to aggressively pursue operational efficiencies, cost savings, and alternative revenues
- State will provide modest support (4%)
- Modest tuition increases of up to 5% tuition and fees must be implemented, or equivalent additional State support must be provided
Proposed Increases in Revenues

New State General Funds: $119.5M

- The Governor’s multi-year funding plan for the University includes 4% increases in 2015-16 and 2016-17. A 4% increase equates to a 1.7% increase in UC’s core funds.
  - 4% base budget adjustment in 2015-16 consistent with Governor’s plan $119.5M
Proposed Increases in Revenues
Tuition and Student Services Fees & PDST
(net of financial aid)  $136.6M

This includes:

- 5% increase in systemwide tuition and fees, or additional State funds  $97.7M
- Tuition and fees from enrollment growth  $30.2M
- Professional Degree Supplemental Tuition (available for professional programs)  $8.7M

Total  $136.6M

Tuition revenue for financial aid  $72.9M
Proposed Increases in Revenues

UC-Generated Revenues/Savings: $130.0M

Alternative Revenue Strategies and Reduced Costs:

– Liquidity Management $40.0M
– Procurement $20.0M
– New Models of Philanthropy $20.0M

$80.0M

Nonresident Supplemental Tuition* $50.0M

*Net of instructional costs
2015-16 Budget Plan: Expenditures

• **Enrollment Growth:** Includes 1,025 new resident undergraduates at every campus, 750 graduate students, and funding for 425 enrolled students not funded by the State

• **Financial Aid:** To ensure access and affordability

• **Investment in Academic Quality:** Areas identified as key to maintaining UC’s excellence and helping students reduce their time-to-degree

• **Mandatory Costs:** Cost increases that are unavoidable

• **High-Priority Costs:** Budget items that are discretionary but have proven to be essential for operating a world-class university
Proposed Increases in Expenditures

Enrollment and Financial Aid:  $94.9M

- California Enrollment Growth  $22.0M
- Financial Aid  $72.9M
Proposed Increases in Expenditures

Reinvestment in Quality: $60.0M

- Reduce Student-Faculty Ratio
- Support Startup Costs for New Faculty
- Reduce Faculty Salary Gap
- Increase Graduate Student Support
- Enhance Undergraduate Instructional Support
Proposed Increases in Expenditures

Mandatory Costs: $125.4M

- UCRP (14%) $17.6M
- Health Benefits $27.0M
- Annuitant Health Benefits $5.2M
- Contractually-Committed Compensation $15.6M
- Faculty Merit Program $32.0M
- Non-Salary Price Increases $28.0M

Total: $125.4M
Proposed Increases in Expenditures

High-Priority Costs: $178.7M

- Compensation Increases (3%) $109.8M
- Deferred Maintenance $55.0M
- Capital Program $13.9M

$178.7M