



UNIVERSITY
OF
CALIFORNIA

Budget for Current Operations

Context for the Budget Request
As Presented to the Regents for Approval

2022–23

LETTER FROM THE PRESIDENT

Over the past year, the University of California community navigated the continued challenges of a global pandemic with remarkable resilience and determination. This fall, the start of the 2021–22 academic year and the resumption of on-campus instruction brought a renewed sense of optimism and energy to UC. As the University prepares for the upcoming academic year, I hope to capture that same spirit of revitalization in the 2022–23 budget plan and pave a new path of opportunity and excellence for UC students and community members.

The distribution of the COVID-19 vaccine has put us on a path to a safer and more hopeful future. California continues to lead the nation in providing health services to its diverse communities while fostering economic recovery and development. This recovery, enabled by the hard work and sacrifice of so many, demonstrates the resilience of the Golden State and the importance of the University's many contributions to the intellectual, cultural, and economic vitality of California.

During the quest to contain COVID-19, UC played a vital role in the historic mobilization of health care and vaccine administration in California. We did this by partnering with communities to set up pop-up vaccination clinics in underserved communities, and, in April, delivering our one millionth vaccine dose across stadiums, mobile vans, UC Health centers, and community clinics. In addition, through substantial campus investments in public health measures and a systemwide vaccine mandate, we protected UC students, faculty, and staff, and helped to reunite our campus communities following an extended period of remote instruction and work.

The University has continued to push forward in other areas as well. In 2021, despite unprecedented changes brought forth by the COVID-19 pandemic, UC admitted the largest and most diverse applicant pool in its history, with record-high levels of admission of California freshmen from underrepresented racial and ethnic group as well as California Community College transfer students. These milestones exemplify the strength and resilience of students and their families across California, and reflect the strides that the University continues to make on inclusion, access, and affordability for all students. In addition, the UC Board of Regents approved a landmark Tuition Stability Plan in July, providing more tuition predictability for students and families, increasing financial aid for students with the greatest need, and expanding vital resources to UC campuses. It is my hope that the state will continue to be a partner in our effort to uphold the University's commitment to affordability, access, and excellence.

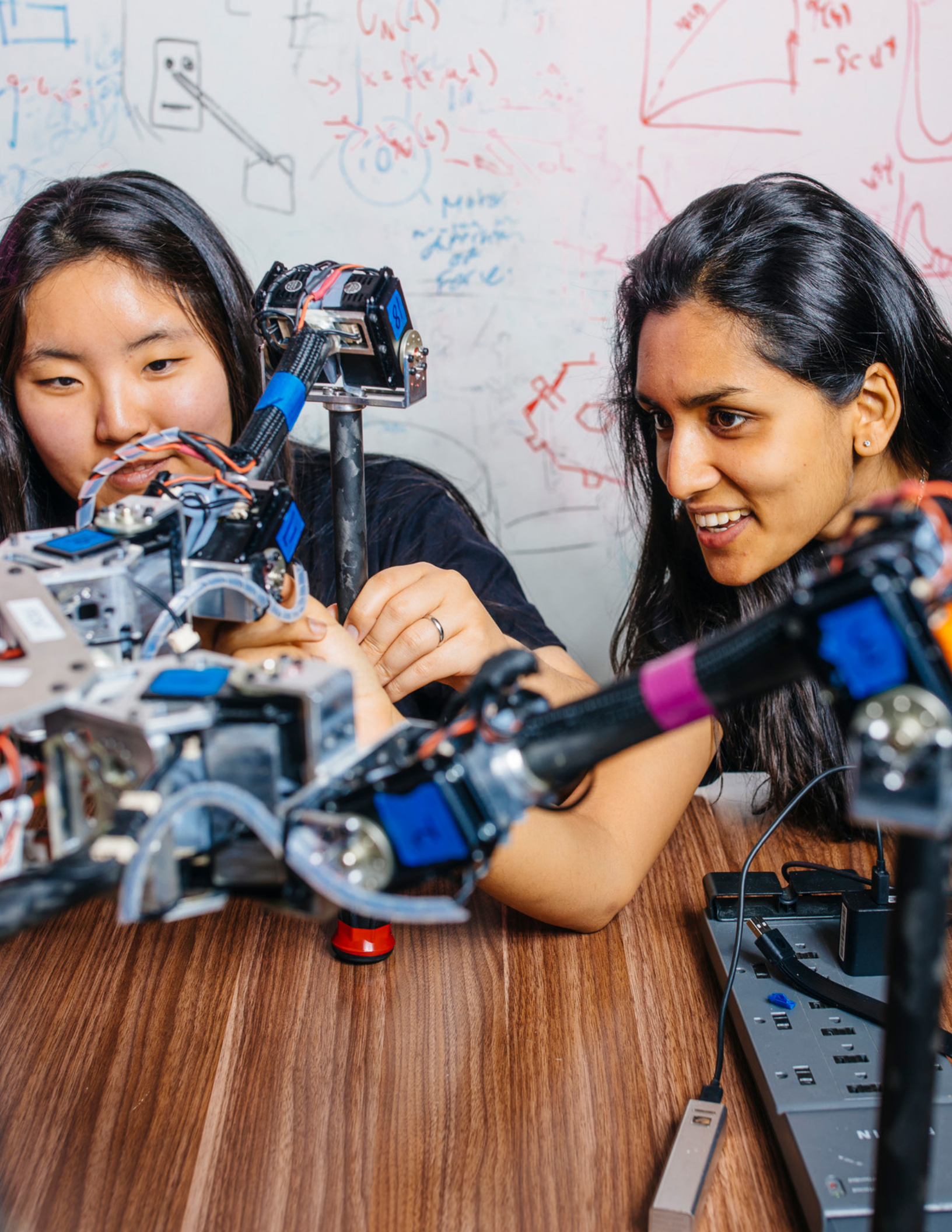
The 2022–23 budget plan seeks to expand the University's support for our students, faculty, and staff by continuing to prioritize undergraduate and graduate enrollment growth; bolstering student success; sustaining critical campus operations; addressing the University's most vital capital needs; and expanding the University's commitment to health care in underserved communities.

In guiding the University through such a turbulent time, I have been awed by the resilience and strength of the UC community and of California as a whole. Together, we met this moment with grace and courage. As we look to the future, I am honored to partner with Governor Newsom, the State Legislature, and other stakeholders to maintain the University's legacy of excellence, accelerate California's recovery, and make California – and the world – a better place for generations to come.



A handwritten signature in black ink that reads "Michael V. Drake, M.D." with a stylized flourish at the end.

Michael V. Drake, M.D.
President



2022–23 BUDGET PRIORITIES

The University's 2022–23 budget plan is designed to advance the University's longstanding goals of access, affordability, and inclusive excellence. To that end, the plan includes investments to sustain essential University operations while also expanding undergraduate and graduate enrollment, enhancing student success, addressing a portion of the University's most urgent capital needs, and addressing public healthcare needs across the state. In particular, the budget plan reflects the following priorities:

- Embarking on the first year of a multi-year effort to grow UC enrollment of California resident undergraduates by 16,000 students by 2030, accompanied by 4,000 additional graduate students. The combined growth of 20,000 students would, in effect, be comparable to adding an eleventh UC campus.
- Accelerating the University's progress toward closing educational opportunity gaps between students from disadvantaged backgrounds and others by enhancing student academic preparation, advising, and tutoring; bolstering analytical tools to allow for early academic intervention; and supporting innovations in instructional delivery.
- Pursuing a responsible compensation strategy that enables the University to retain and support faculty members as they grow in experience and productivity, follow through on collective bargaining agreements, and prevent further wage erosion for policy-covered (i.e., unrepresented) staff.
- Ensuring a safe and functional environment for students, faculty, and staff by addressing the most critical aspects of the University's substantial deferred maintenance backlog, while also achieving long-term benefits related to energy efficiency, seismic safety, and instructional capacity.
- Expanding services to students from particularly disadvantaged backgrounds, including former foster youth, undocumented students, and carceral system-impacted students.
- Leveraging the University's unique strengths in medical research and education to advance cancer research and address the current shortfall in psychiatric mental health nurse practitioners.
- Keeping projected increases in all other budget categories, including all non-personnel costs, to a minimum.

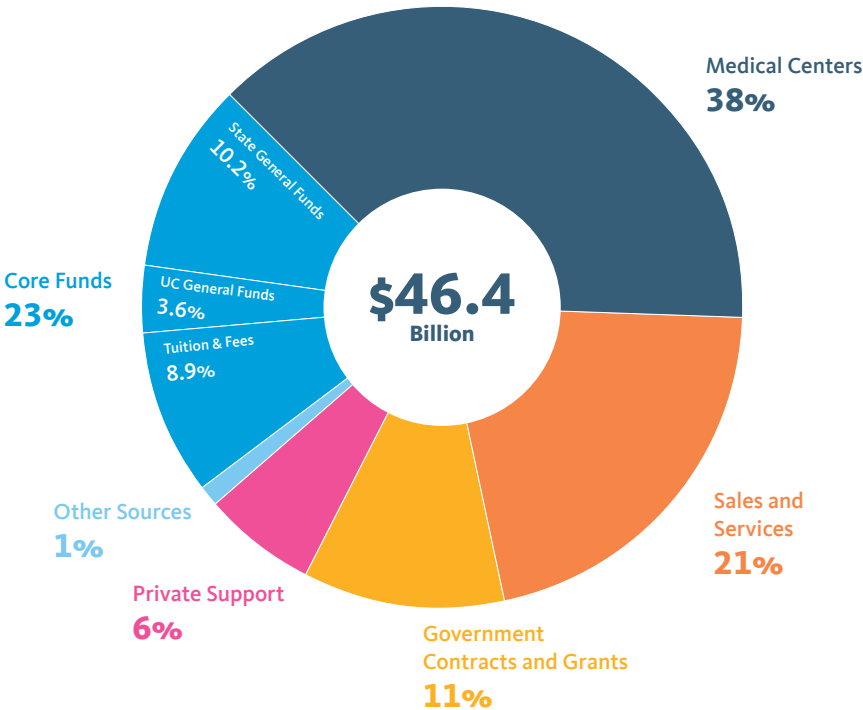
OVERVIEW

The 2022–23 budget plan represents a statement of the University’s funding priorities in advance of the Governor’s January State budget proposal for the next fiscal year. Among other elements, the plan includes instructional expenditures associated with undergraduate and graduate enrollment growth, particularly among California resident undergraduates; expanded efforts at every campus to improve student outcomes, consistent with the University’s goals to eliminate equity gaps in student outcomes by 2030; critical investments in faculty and staff; and the need for the University to set aside a growing portion of its operating budget each year to address its most pressing capital needs.

To support these investments, the plan includes a balanced funding strategy that includes three broad categories of resources: contributions from the University’s own efforts to operate more efficiently and optimize the investment of working capital to support the operating budget; moderate annual increases in State support, along with State funding for enrollment growth; and student tuition and fees, consistent with the multi-year plan for tuition and financial aid approved by the Regents in July 2021.

The 2022–23 budget cycle presents an opportunity for the University to strengthen its partnership with the State to advance shared goals of access, affordability, and inclusive excellence.

Display 1: Overview of the University of California Budget, 2021–22 (Estimated)



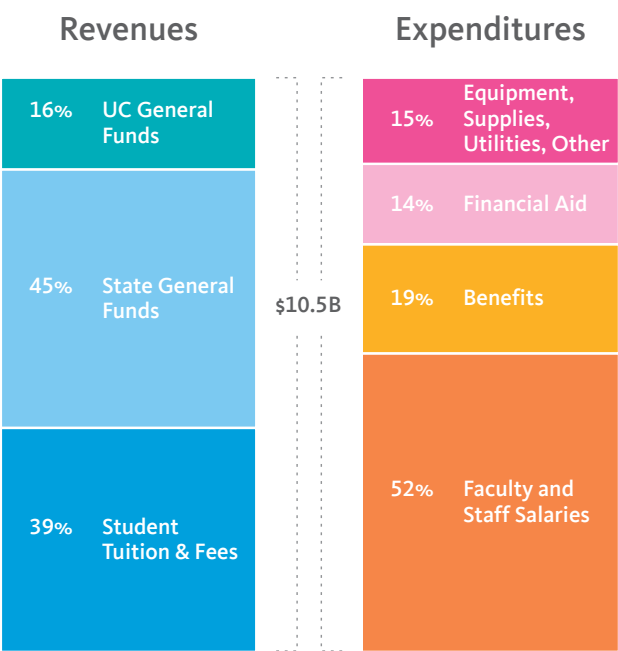
UC’s operating budget, totaling an estimated \$46.4 billion in 2021–22, consists of funds from a variety of sources. State support, which helps leverage other dollars, is critical.

Background

The scale and composition of the University of California operating budget reflects the University’s broad and diverse impact on Californians. The University’s operating revenue, estimated at \$46.4 billion in 2021–22, funds essential programs related to teaching, research, and public service, as well as a wide range of other activities, including academic medical centers, University Extension, housing and dining services, and sponsored research.

The University’s “core funds,” which include revenues from State General Funds, UC General Funds, and student tuition and fees, provide permanent funding for the University’s core mission, as well as the administrative and support services needed to perform them. Totalling an estimated \$10.5 billion in 2021–22, these funds represent 23 percent of the University’s total operating budget. While all fund sources are critical to the success of the University, much of the focus of UC’s strategic University-wide budget process and interaction with the State is dedicated to the sources and uses of these core fund sources.

Display 2: Revenue and Expenditures from Core Funds, 2021–22 (Estimated)



Three major fund sources make up UC’s core operating budget, with over 70 percent of expenditures funding faculty and staff salaries and benefits.

CONTEXT FOR THE 2022–23 BUDGET PLAN

University of California students, faculty, and staff have faced challenges over the past eighteen months unlike those at any other period in the University's history. The COVID-19 pandemic has affected the physical and mental well-being of members of the UC community; fundamental aspects of teaching, research, collaboration, and social and professional engagement have had to be rethought; and campuses and students have had to cope with ever-changing prognoses regarding the pandemic's trajectory, the return to "normal" operations, and many other factors.

Amid this uncertainty, the University has sought to maintain and, where possible, expand upon its unparalleled combination of access, affordability, and inclusive excellence.

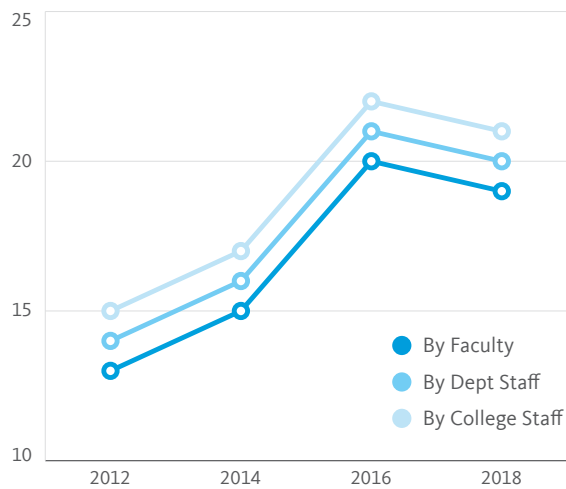
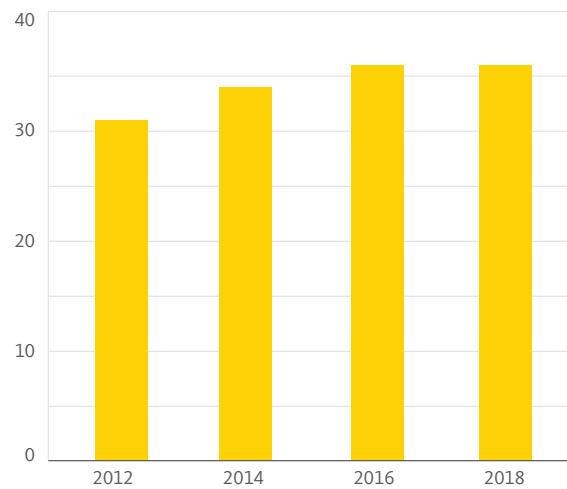
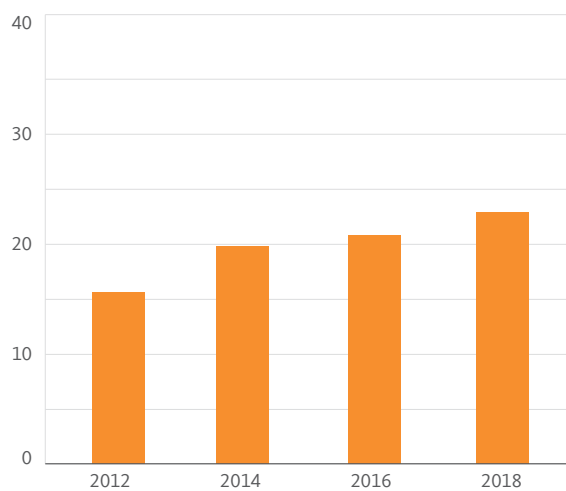
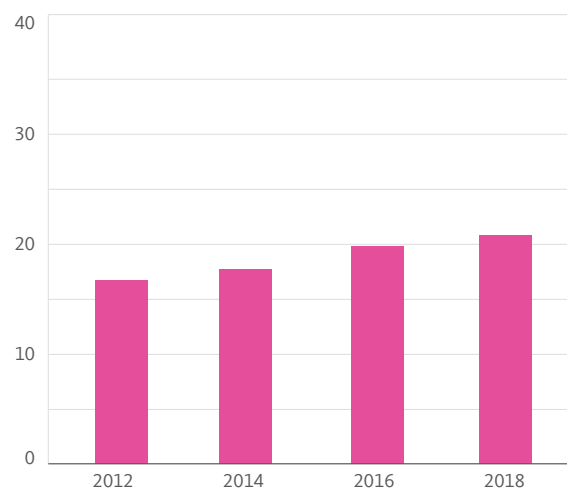
- **Access.** The University enrolled more students in 2020–21—including more California resident undergraduates—than at any time in history. Although final enrollment figures for 2021–22 are not yet known, additional growth is expected this year. The University is committed to continued enrollment growth in the years ahead by making the best use of its current physical capacity, making strategic investments to expand that capacity, and using innovative, alternative approaches to educate students such as remote instruction and off-campus programs.
- **Affordability.** In July 2021, the Regents approved a multi-year plan for tuition and financial aid that will reduce the net cost of attendance for over one-half of California resident undergraduates compared to a scenario in which systemwide tuition and fees remained flat. The plan will also provide new stability for those students and families who pay a portion of the University's systemwide charges out of pocket. In particular, under the plan, systemwide charges will remain flat for undergraduate students for the duration of their enrollment, up to six years, and will remain flat in constant dollars for graduate students, rising only by inflation. The plan also increases the percentage of new tuition and fee revenue that will be set aside for financial aid.

- **Inclusive Excellence.** Several metrics related to the quality of a UC education continue to improve. Four-year graduation rates, for example, have increased over time, and the average time to degree has declined. UC campuses also continue to be highly regarded by the general public and frequently appear in lists of top-ranked national universities published by various media outlets.

Nevertheless, a closer look at several quality-related metrics reveals worrisome trends that must be addressed—trends related not only to excellence but to equity: the University's ability to adequately support students who arrive at UC having overcome greater obstacles and/or having had fewer educational, social, or financial advantages compared to other UC students. Examples include students from low-income families, students from underrepresented minority groups, and first-generation college students (i.e., students whose parents did not attend college).

Collectively, these students are frequently referred to as "new generation" students. For these students in particular, a UC education can make a positive and profound impact on the trajectory of their lives. It is thus of great concern that, for several years, shortfalls in campus resources for instruction and academic support—which are derived primarily from the University's State appropriation and revenue from tuition and fees—have led to growing levels of dissatisfaction among new generation students in areas that directly impact their ability to succeed. Display 3, on the following page, illustrates the following trends between 2012 and 2018:

- A higher percentage of new generation students are dissatisfied with the quality of their academic advising (shown in blue), including faculty advising, department staff advising, and college staff advising.
- A growing percentage of new generation students (shown in gold) report that they do not know any faculty member well enough to request a letter of recommendation from him/her. This trend is consistent with observed trends in the student/faculty ratio: the student/faculty ratio for ladder-rank and

Display 3: Dissatisfaction with Academic Aspects of UC among New Generation Students**Dissatisfied with academic advising****Doesn't know any professor well enough to request letter of recommendation****Dissatisfied with overall academic experience****Would not re-enroll at this university**

Source: UC Undergraduate Experience Survey (UCUES)

equivalent faculty increased from 27.4 in 2011–12 to 28.4 in 2017–18. (By comparison, the ratio was 24.9 in 2005–06.) The ratio has increased the fastest at the University’s largest campuses.

- Dissatisfaction with academic advising and access to faculty likely contributed to new generation students’ growing dissatisfaction with their overall academic experience (shown in orange): 15 percent of new generation students reported begin dissatisfied with their academic experience in 2012 compared to 22 percent in 2018.
- The cumulative impact of inadequate campus resources likely contributed to an increase in the percentage of new generation students expressing regret at having enrolled at the University (shown in pink)—from 16 percent in 2012 to 20 percent in 2018.

To address these and other challenges, the University’s budget strategy must not only cover annual increases in operating costs attributable to inflation or other inexorable factors, or cover the additional marginal cost associated with future enrollment growth. It must also acknowledge shortfalls that the University already faces and the additional investments that are needed to ensure that all UC students, regardless of their socioeconomic background, have access not only to the substantial financial aid and basic needs resources provided by University and State programs, but also to the academic resources that they need to succeed at UC.

ELEMENTS OF THE 2022–23 BUDGET PLAN

Expenditure Components of the Plan

The proposed budget plan, shown in the Appendix, is organized around three categories of critical investments: sustaining core operations, funding the UC 2030 framework to expand student access and success, and other high-priority investments. Each category is described below.

Sustaining Core Operations

The University must ensure that current core operations related to its three-part mission of instruction, research, and public service are maintained as a prerequisite to achieving its ambitious goals related to access, affordability, and inclusive excellence.

The final 2021–22 State budget provided the University with much-needed resources for core operations. Effective 2021–22, the final budget fully restored the cut of \$302 million that the University sustained in 2020–21 and provided an additional increase of \$170 million (five percent) over 2020–21 levels to support new operational costs. The investments shown below are proposed to sustain core operations in 2022–23.

- **Faculty and Staff Support.** Creating and transmitting knowledge in a safe and supportive environment is inherently a people-intensive mission. As a result, faculty and staff salaries represent a significant portion of the University’s expenditures from core funds, as they do at other colleges and universities.

For ladder-rank faculty, the budget plan includes cost increases associated with the faculty merit program, a cornerstone of the University’s strategy for retaining and supporting faculty members as they grow in experience and productivity and progress through the ranks through a rigorous peer-reviewed process. The program is projected to require \$35 million in core funds next year. (This cost is effectively mandatory; UC lost two class action lawsuits in 1994 filed on behalf of faculty members who were eligible for review in 1991–92 but who did not receive merit increases due to budget constraints that year.)

The budget plan also includes \$63.1 million for policy-covered (i.e., unrepresented) faculty and other academic employees, including the projected cost of a three percent adjustment to academic salary scales (\$47.0 million) and an amount equivalent to one percent of academic salary expenditures (\$16.1 million) for equity- and market-based salary adjustments. Although these investments are not expected to fully close the current competitive gap between faculty salaries at UC and those at the University’s “comparison eight” public and private universities, they will help prevent further erosion of the University’s competitive position.

For policy-covered staff, the budget plan includes a merit increase budget that is based in part on the projected rate of inflation (in order to prevent an overall erosion in the University’s payroll in constant dollars) while allowing individual employees to receive adjustments based upon their performance. The budget reflects an increase of three percent, or \$44.5 million, next year.

For some represented employees, wage growth is already built into existing collective bargaining agreements. Projections must be used for employees covered by collective bargaining agreements that will come up for negotiation over the next fiscal year. The University projects wage growth for core-funded represented employees of approximately \$30.5 million next year, an increase of approximately 3.1 percent over estimated 2021–22 levels.

- **Contributions to the University of California Retirement Plan (UCRP).** In September 2019, updated actuarial projections led the Regents to approve a plan to phase in a three percent increase in the employer contribution rate over six years, resulting in annual increases of 0.5 percent beginning in 2020–21. The 2021–22 employer contribution rate is 15 percent (including an employer contribution of six percent for Savings Choice participants in the Defined Contribution Plan). At the current employer contribution rate, the salary changes described above are expected to increase the cost of UCRP contributions by \$24.4 million in 2022–23. In light

of strong investment returns that have significantly improved the funded status of the plan, however, the University proposes reducing the rate to 14 percent next year to provide greater relief to campus operating budgets. (See “Revenue and Cost-Saving Components of the Budget Plan” below.)

- **Employee and Retiree Health Benefits.** The University projects annual increases of four percent in the unit cost of employee and retiree health benefits. This rate is less than the annual increase projected by the National Business Group on Health annual survey (5.8 percent) but should be achievable given the University’s ongoing efforts to control costs in this area. For retiree health benefits, the overall cost of retiree health is projected to increase by an additional 2.6 percent due to projected increases in the number of UC retirees. The budget plan includes \$23.0 million to address the projected increase in employee health benefits and \$6.3 million to address higher retiree health benefit costs.
- **Other Operating Cost Increases.** Prices for items such as instructional equipment, laboratory supplies, computers, machinery, library materials, and purchased utilities tend to rise each year. Under the proposal, the University would seek to limit those cost increases to projected changes in the implicit price deflator for State and local governments (the institutional equivalent of the Consumer Price Index, which applies to household expenses). For travel-related expenditures, however, the proposal reflects a permanent reduction from pre-pandemic levels equivalent to one-third of core-funded travel expenditures made possible by the increased use of internet-based tools for remote collaboration, conferences, and the like. Altogether, the budget plan includes \$40.4 million for these non-personnel cost increases next year.

- **Debt Service for State-Approved Capital Projects.** In the absence of recent State-issued general obligation bonds or lease revenue bonds, the University has increasingly relied on the funding mechanism authorized by Assembly Bill 94 (2013) to meet a portion of its immediate capital needs. AB 94 allows the University to use a portion of its State General Fund allocation, subject to certain conditions, to finance the design, construction, and equipment of academic facilities to address seismic and life safety needs, enrollment growth, modernization of out-of-date facilities, and renewal or expansion of infrastructure to serve academic programs. The University’s budget proposal for 2022–23 requires an additional allocation of \$15 million to cover projected increases in debt service for State-approved projects that are scheduled to be completed that year

Funding the UC 2030 Framework: Enhancing Student Access and Success

In 2019, the University developed a multi-year framework for achieving three primary goals: producing 200,000 more degrees by 2030, eliminating equity gaps in students’ time-to-degree and improving overall graduation rates, and investing in the next generation of faculty and research. The investments shown below would allow the University to make further progress in 2022–23 towards these important goals

- **Enrollment Growth.** The University has set a goal of growing its existing population by roughly 20,000 students—nearly the equivalent of adding an eleventh UC campus—by 2030 and expanding its faculty in tandem. Growth would be achieved through a combination of traditional and alternative strategies, including greater utilization of existing physical infrastructure where possible; expanding physical capacity where necessary; improving student throughput to enable a shorter time to degree; continuing to deploy technology-enhanced education; greater use of summer session and off-campus programs such as the Education Abroad

Program, UCDC, and the UC Sacramento Center; and partnerships with the California State University and the California Community Colleges.

State support is a critical to enrollment growth. The State's share of the cost of enrolling each additional student (the "marginal cost"), in conjunction with the tuition and fees paid by the student, allows campuses to educate the student at UC's historical level of quality. The 2019–20 Budget Act provided the University with marginal cost funding to grow California resident undergraduate enrollment by 4,860 students between 2018–19 and 2020–21. Preliminary enrollment figures suggest that by 2021–22, the University will have exceeded that growth target by an estimated 4,360 students.

The 2021–22 Budget Act expresses the intent of the Legislature to support further enrollment growth among California resident undergraduates, including but not limited to funding that would allow certain high-demand campuses to reduce their enrollment of nonresident undergraduates and increase their enrollment of California resident undergraduates without incurring a net reduction in revenue associated with reduced levels of Nonresident Supplemental Tuition (NRST) or a net reduction in the average amount of financial aid available for California residents.

Although not specifically referenced in the Budget Act, graduate students are critical for California's future workforce, conduct groundbreaking research themselves, and help instruct and mentor undergraduate students. As a result, it is anticipated that about 4,000 of the proposed growth of 20,000 students will be in the University's graduate academic and professional programs.

Consistent with the University's and the State's shared goals of expanding access to UC while also maintaining UC affordability and inclusive excellence, the University's 2022–23 budget plan includes funding to (1) sustain enrollment growth that occurred between 2018–19 to 2021–22, and (2) enroll an additional 2,000 California resident undergraduates and 500 graduate students in 2022–23. Specifically, the plan includes:

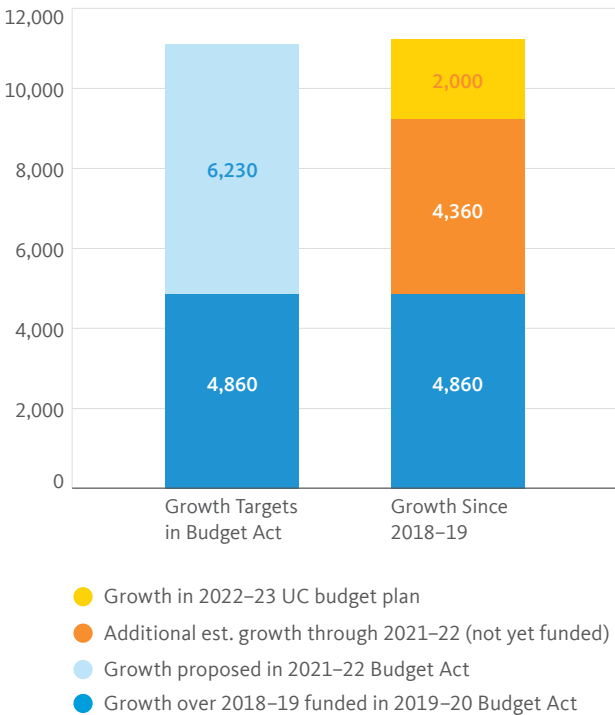
- \$48.8 million as the State's share of the marginal cost of enrolling 4,360 California resident undergraduates above the 4,860 target previously funded by the State in the Budget Act of 2019–20;
- \$32.1 million for the marginal cost of enrolling an additional 1,100 new California resident undergraduate students and 500 graduate students (composed of \$17.9 million of State support and \$14.2 million in net revenue from the tuition and fees paid by these students);
- an estimated reduction of \$27.2 million in NRST revenue resulting from replacing 900 nonresident undergraduate students at three UC campuses with an additional 900 California resident undergraduates; and
- \$11 million in student financial aid, including \$7.1 million derived from the tuition and fees generated by 1,100 additional resident undergraduates and 500 additional graduate students and \$3.9 million to address the increase in financial need resulting from the replacement of 900 nonresident undergraduates with 900 California resident undergraduates.





As shown in Display 4, below, the proposed enrollment growth of 2,000 California resident undergraduates in 2022–23 would result in total resident undergraduate growth of 11,220 full-time-equivalent students since 2018–19—6,360 above the level funded by the State in the 2019–20 Budget Act (4,860). State support for recent enrollment growth that has already occurred (4,360 students) as well as the additional growth proposed in 2022–23 (2,000 students) is critical to ensure that UC campuses have the resources necessary to support these students and to avoid further erosion in students’ academic experience at UC (as shown in Display 3).

Display 4: California Resident Undergraduate Enrollment Growth Since 2018–19 (Full-Time Equivalent)



- **Enhancing Degree Attainment and Eliminating Equity Gaps.** Among the goals of the UC 2030 Framework initiative are improving student graduation rates across the board; eliminating gaps in graduation rates that currently exist between students from disadvantaged backgrounds (including students from low-income families, first-generation students, and students from underrepresented groups) and other students; and investing in faculty research by adding 1,100 ladder-rank faculty over four years. The investments needed to achieve all four goals is estimated to be \$240 million annually, which the University proposed to achieve by making incremental investments of \$60 million over four years. Funding for UC 2030 was not included in the past three Budget Acts, placing these goals at risk. The budget plan for 2022–23 includes a focused investment in programs and services that are specifically designed to address the achievement gaps between students from disadvantaged backgrounds and other students. Campus strategies to achieve this goal emphasize enhanced student academic preparation, advising, tutoring, analytical tools to allow early intervention, and innovations in instructional delivery. The budget plan includes \$31.3 million to support these investments.

Other High-Priority Investments

The proposed 2022–23 also includes the following investments related to UC affordability, student outreach, support for particularly disadvantaged students, and addressing the State’s health care needs.

- **Student Financial Aid.** The University’s 2022–23 budget plan includes \$26.6 million of new resources for undergraduate UC grants and graduate student support resulting from the Tuition Stability Plan approved by the Regents in July 2021. For the over one-half of California resident undergraduates who qualify for need-based grants, this additional aid will result in a lower net cost of attendance compared to a scenario in which tuition and fees remained flat.

- Student Academic Preparation and Educational Partnerships (SAPEP).** The University of California's portfolio of SAPEP programs prepares California students — including those who are first-generation college-goers or socioeconomically disadvantaged, and those for whom English is a second language — for postsecondary education and for graduate and professional school opportunities, as well as success in the workplace. SAPEP includes academic preparation programs; community college articulation support; school and community partnerships; undergraduate, graduate, and educator preparation programs; and online and technology-assisted services. The 2021–22 Budget Act provided one-time funding of \$22.5 million to support this portfolio of programs. The budget plan requests that this funding be made permanent in 2022–23 in order to support a permanent expansion of the University's outreach efforts.
- Support for Former Foster Youth, Undocumented Students, and Carceral System Impacted Students.** The 2022–23 budget plan includes an ongoing investment of \$15 million for programs and services to support students who are former foster youth, undocumented students, and carceral system-impacted students (including students who were formerly incarcerated themselves). The students have already overcome tremendous obstacles in pursuing their educational goals but still face unique and significant challenges as they make progress towards graduation.
- UC Cancer Consortium (UCCC).** Cancer is the second leading cause of death in California, and more than 1.4 million Californians are living with a history of cancer. The UCCC is a collaboration among the five UC National Cancer Institute-designated Comprehensive Cancer Centers, which are working to reduce cancer incidence across California, promote health equity by addressing cancer health disparities, and advance cancer research discoveries. The 2022–23 budget plan includes a proposed annual investment of \$4 million to enable the UCCC to improve patients' access to cutting-edge therapies through organized and integrated clinical trials across UC; pilot a virtual

second opinion service that allows UC cancer patients to access expertise from cancer specialists across the UC system; implement a multi-source cancer database accessible to clinicians and researchers that will connect UC patients to targeted, life-saving treatments faster; and strengthen operational excellence through identifying best practices, quality improvement measures, and clinical care guidelines, and sharing these with the broader cancer community.

Revenue and Cost-Saving Components of the Budget Plan

The proposed funding strategy to support the budget plan includes the following new resources:

- Revenues and savings achieved from the University's own efforts to generate funds and reduce costs.** The University has made strides over the past decade in identifying alternative revenue sources, reducing elements of its cost structure, and optimizing the use of existing resources. The budget plan expects further contributions from these efforts. Specifically:
 - As noted earlier, strong investment returns have significantly improved the funded status of the UC Retirement Plan. As a result, the University is proposing a modest reduction in the employer contribution rate from 15 percent in 2021–22 to 14 percent in 2022–23 in order to provide much-needed relief to campuses' operating budgets. The estimated impact on core-funded compensation is a reduction of \$27.7 million from the cost to core funds that campuses would have otherwise incurred had the rate remained at 15 percent next year.
 - The University continues to expand efforts to leverage its purchasing power in order to negotiate discounts and rebates from vendors and service providers. The budget plan anticipates additional year-over-year savings of \$10.1 million from purchases attributable to the University's core funds operating budget next year.

- The University anticipates modest growth in nonresident undergraduate enrollment at campuses where nonresident enrollment is currently below the enrollment caps established by Regents Policy 2109: Policy on Nonresident Student Enrollment. The projected growth of 200 nonresident undergraduate students next year is expected to generate \$3.7 million in NRST revenue (net of the marginal cost of instructing these students).

- **Revenue from base tuition, the Student Services Fee, and Nonresident Supplemental Tuition.** The budget plan includes projected revenue increases resulting from the Tuition Stability Plan approved by the Regents in July 2021—specifically, a net contribution of \$27.7 million from base tuition and the Student Services Fee, \$13.6 million from NRST, and \$26.6 million to be set aside from these student charges for UC grants and graduate student support (“return-to-aid”).

The plan also includes projected increases in base tuition and the Student Services Fee revenue attributable to the planned enrollment growth described above, including \$14.2 million to cover a portion of the cost of instructing these students and \$7.1 million for student financial aid.

- **State General Fund support.** The budget plan includes a request for new ongoing State General Fund support for each of the three categories of expenditures described above.
 - Sustaining core operations. The budget plan includes a base budget adjustment of approximately five percent (\$199.4 million) to the University’s 2021–22 ongoing State General Fund appropriation—equivalent to a two percent increase in the University’s ongoing core funds budget. The proposed adjustment would be in line with the University’s 2021–22 General Fund appropriation, which provided UC with a five percent increase over 2020–21 levels for operating costs in addition to restoring the

budget cuts that the University sustained that year. Together with the University’s own efforts to reduce costs, opportunities for alternative revenues, and new resources provided by the Tuition Stability Plan previously approved by the Regents, this level of support would allow the University to cover expenses associated with sustaining core University operations, as described above.

- Funding the UC 2030 framework. The budget plan requests \$129.1 million of new ongoing State General Fund support to fund the UC 2030 framework. Of this amount, \$66.8 million represents the State’s contribution towards the marginal cost of enrollment growth (including \$48.8 million for California resident enrollment growth since 2018–19 above the level funded by the State in the Budget Act of 2019–20 and \$17.9 million for additional growth in 2022–23); \$27.2 million to offset the financial impact to campuses of enrolling 900 additional California resident students in 2022–23 in lieu of nonresident students, along with \$3.9 million to cover the resulting increase in California resident students’ need for UC grants; and \$31.3 million for focused campus efforts to improve graduation rates and eliminate equity gaps in student outcomes by 2030.
- Other High-Priority Investments. The plan requests new ongoing State General Fund support for the University’s SAPEP programs (\$22.5 million) to replace an equivalent amount of one-time support received in 2021–22; programs to support former foster youth, undocumented students, and carceral system-impacted students (\$15 million); and expansion of the UC Cancer Consortium (\$4 million).

ONE-TIME FUNDING REQUESTS

In addition to the proposed ongoing investments and resources described above, the University also proposes a limited number of requests for one-time funding in 2022–23.

Preparing Psychiatric Mental Health Nurse Practitioners

The budget plan includes a request for \$9 million in one-time funding to support enrollment and financial aid for the Psychiatric Mental Health Nurse Practitioner (PMHNP) post-master's program, a shared collaborative program across the UC Davis, UCLA and UCSF Schools of Nursing. This proposal was identified among the top 10 recommendations of the California Future Health Workforce Commission's final 2019 report (<https://futurehealthworkforce.org/our-work/finalreport/>) and was one of only two recommendations involving the University of California—the other being to fully fund and expand UC PRIME programs, which has now been achieved with the passage of this year's State budget.

This multi-campus effort involving three UC nursing schools would prepare 300 PMHNPs (60 graduates per year) over the next five years to serve the diverse communities of California. The proposal is modeled on the University's PRIME funding request for 2021–22, but at a level of \$30,000 per student for the one-year hybrid program with one third of the revenue set aside for student financial aid.

Deferred Maintenance, Energy, and Capital Investments

The 2022–23 budget plan requests \$600 million in one-time State General Fund support to continue UC's program to address critical deferred maintenance needs while also increasing energy efficiency, funding seismic upgrade projects, and expanding the University's capacity to deliver both in-person and remote instruction. The program builds upon previous efforts to help the University address its significant backlog of deferred maintenance projects and make meaningful progress on other important goals shared by the University and the State.

The University's deferred maintenance programs generally replace existing equipment with more efficient, modern systems. When new equipment uses less energy or switches to cleaner energy sources, these projects can also reduce ongoing operational costs, lower greenhouse gas emissions, and also result in improved conditions for building occupants. Initial investments in traditional deferred maintenance projects can be leveraged and expanded to deliver projects that help UC meet its energy and climate neutrality goals.

Similarly, efforts to retrofit existing academic facilities also provide opportunities to upgrade instructional technology and, in doing so, expand the number of students that can be accommodated. Traditional classrooms and lecture halls are often poorly configured or equipped for delivering both in-person and remote instruction. In contrast, instructional space that has been optimized for both teaching modalities can effectively serve many more students than would otherwise be possible, thereby increasing instructional capacity at a lower overall cost.

Projects funded through this program can serve as highly visible demonstrations for state-of-the-art energy conservation technologies (e.g., heat-pump water heaters and network-controlled LED lighting projects) and learning environments. As such, other State agencies will be able to follow the University's lead through the implementation of innovative solutions.

The University of California's Seismic Safety Policy was developed to provide an acceptable level of earthquake safety for students, employees, and the public who occupy University facilities located in California. This initiative is part of UC's ongoing commitment to the safety and well-being of the UC community. The requested funding would also allow campuses to address a portion of their most urgent seismic needs while simultaneously addressing, where feasible, other opportunities related to deferred maintenance, energy efficiency, and instructional capacity.

APPENDIX: 2022–23 BUDGET PLAN FOR CURRENT OPERATIONS (dollars in millions)**2021–22 Core Funds for Current Operations****Total Core Funds** (State General Funds, Student Tuition and Fee Revenue, and UC General Funds)**\$ 10,527****Proposed Changes in Expenditures****Proposed Changes in Revenues/Resources****Sustaining Core Operations***Proposed Investments*

Faculty compensation (policy-covered)	\$ 63.1
Faculty merit program	\$ 35.0
Staff compensation (policy-covered)	\$ 44.5
Contractually committed compensation	\$ 30.5
Retirement contributions	\$ 24.4
Employee health benefits	\$ 23.0
Retiree health benefits	\$ 6.3
Non-salary price increases	\$ 40.4
Debt service for AB 94 capital projects	\$ 15.0
Subtotal	\$ 282.1

University Sources

Reduce UCRP employer contribution rate by 1%	\$ 27.7
Procurement savings	\$ 10.1
Nonresident enrollment growth, net (200)	\$ 3.7
Tuition/Student Svcs Fee Adjustment (net of aid)	\$ 27.7
Nonresident tuition adjustment (net of aid)	\$ 13.6
Subtotal	\$ 82.7
<i>State General Funds</i>	
Base budget adjustment (5.0%)	\$ 199.4
Subtotal	\$ 282.1

Funding the UC 2030 Framework: Student Access and Success*Proposed Investments*

State share of unfunded CA growth, 19–20 to 21–22	\$ 48.8
2022–23 enrollment growth (2,000 UG/500 GR)	
Enrollment marginal cost (1,100 UG/500 GR)	
From State support	\$ 17.9
From Tuition/Fees	\$ 14.2
Convert 900 nonresident to resident UG	
Lost nonresident tuition revenue	\$ 27.2
Financial aid	
Enrollment growth (1,100 UG/500 GR)	\$ 7.1
900 add'l aid-eligible CA residents	\$ 3.9
Eliminate equity gaps in graduation rates	\$ 31.3
Subtotal	\$ 150.3

University Sources

Tuition/fees from enrollment growth (net of aid)	\$ 14.2
Return-to-aid from enrollment growth	\$ 7.1
Subtotal	\$ 21.3
<i>State General Funds</i>	
State share of unfunded CA growth, 19–20 to 21–22	\$ 48.8
2022–23 enrollment growth (1,100 UG/500 GR)	\$ 17.9
Offset to lost nonresident tuition revenue	\$ 27.2
Aid for 900 add'l CA residents	\$ 3.9
Eliminate equity gaps in graduation rates	\$ 31.3
Subtotal	\$ 129.1
Subtotal	\$ 150.3

Other High-Priority Investments*Proposed Investments*

Financial aid from Tuition/Fee/NRST adjustments	\$ 26.6
Convert one-time SAPEP funds to ongoing	\$ 22.5
Foster/Undoc/Carceral system-impacted youth	\$ 15.0
UC Cancer Consortium	\$ 4.0
Subtotal	\$ 68.1

University Sources

Financial aid: Tuition/Fee adjustments	\$ 23.2
Financial aid: NRST adjustments	\$ 3.4
Subtotal	\$ 26.6
<i>State General Funds</i>	
Convert one-time SAPEP funds to ongoing	\$ 22.5
Foster/Undoc/Carceral system-impacted youth	\$ 15.0
UC Cancer Consortium	\$ 4.0
Subtotal	\$ 41.5
Subtotal	\$ 68.1

Expenditures Total**\$ 500.5****Revenue/Resources Total****\$ 500.5****Additional Requests for One-Time State Funds**

Psychiatric Mental Health Nurse Practitioners	\$ 9.0
Deferred Maintenance, Energy, and Capital Investments	\$ 600.0

Figures may not sum to totals due to rounding.



