Campus Budget Overview

Provost and Executive Vice Chancellor Enrique Lavernia
Associate Vice Chancellor Kelly Ratliff
Student Dialogue November 30, 2009
Campus Facts: UC Davis Sources of Funds

2008-09
Campus Revenue by Fund Source Totaling $2.8 Billion

- Medical Center 38%
- State 17%
- Student Fees 13%
- Services/Auxiliaries 13%
- Federal 12%
- Private/Local 7%

2008-09
Campus Revenue by Fund Source Totaling $1.7 Billion (excluding medical center)

- Private/Local 12%
- Federal 20%
- Services/Auxiliaries 20%
- Student Fees 20%
- State 28%

- The instructional mission is supported largely with state and student fee funds.
- Many UC funds are restricted.
  - Federal funds primarily fund research.
  - Services and auxiliaries include student housing, parking, clinical activities and others.
  - Private and local funds are usually restricted to specific programs or research activities.
Campus Facts: UC Davis Uses of Funds

2008-09 Campus Expenses Totaling $1.7 Billion (excluding medical center)

- Supplies 14%
- Utilities 2%
- Financial Aid 3%
- Benefits 17%
- Staff Salaries 31%
- Senior Mgmt Salaries <1%
- Academic Salaries 33%

Over 81% of campus resources invested in personnel
- Salaries total over $1 billion
  - Academic salaries $540 million
  - Staff salaries $511 million
  - Senior Management $7 million
- Employer benefit contributions total over $285 million
  - Costs are rising (health care, retirement system contributions)

All other expenses total 19%
- Supplies and equipment $229 million
- Financial aid $51 million
- Utilities $37 million
Budget Facts: State is an Unreliable Partner

UC Davis Revenues (excluding medical center)

- **State** is largest funding source
  - $543,000 in 2000-01 (45% of total)
  - $476,000 in 2008-09 (28% of total)

- **State funding has declined during a period of growth.**
  - Undergraduate enrollment +19%
  - Graduate enrollment +30%
  - Faculty, research, space +15-50%

- **Cost of educating students declining.**
  - Total cost decreased from $20,492 to $15,817 (23%)

- **Proportional shares have reversed.**
  - State share almost cut in half
  - Student share almost doubled
Budget Process: Timeline

Legislative and Governor Final State Budget Act (July?)

Regents Budget Request (November)

Governor’s May Revision (mid-May)

Governor's Budget Proposal (January 10)

UC Advocacy (Spring)

Campus Budget Process
Campus Budget: Multi-Year, Multi-Pronged Strategy

Two primary drivers of shortfall:
1. State support is declining.
   - Budget cuts and growth not funded
   - Very late actions by state
2. Costs are Increasing.
   - Employee healthcare, retirement system

Challenges likely to continue:
1. Restoration by State not likely in near-term.
2. Temporary actions such as furloughs must be replaced with ongoing savings.

<table>
<thead>
<tr>
<th>Budget Summary</th>
<th>2008-09 Final</th>
<th>2009-10 Fall</th>
<th>2010-11 Estimated</th>
</tr>
</thead>
<tbody>
<tr>
<td>State GF Support Cuts</td>
<td>$14.02</td>
<td>$82.50</td>
<td>??</td>
</tr>
<tr>
<td>Increased Costs/Prior Year Shortfall</td>
<td>$18.96</td>
<td>$30.95</td>
<td>$76.67</td>
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<tr>
<td>Total Base Budget Shortfall</td>
<td>$32.98</td>
<td>$113.45</td>
<td>$76.67</td>
</tr>
<tr>
<td>Shortfall as % of GF Base</td>
<td>5.6%</td>
<td>20.0%</td>
<td>15.8%</td>
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<tr>
<td>Shortfall $ Address with Student Fees</td>
<td>$6.81</td>
<td>$23.08</td>
<td>$24.00</td>
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<tr>
<td>Shortfall $ Address Centrally</td>
<td>$4.34</td>
<td>$59.91</td>
<td>$14.62</td>
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<tr>
<td>Shortfall $ Passed on to Campus Units</td>
<td>$21.83</td>
<td>$30.46</td>
<td>$38.05</td>
</tr>
<tr>
<td>Total Actions to Address Shortfall</td>
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Capital Budget: Frequently Asked Questions

Why does the University Continue to Build?
• Address critical programmatic needs.
  – Critical fire and life safety needs
  – Catch-up past growth
  – Enable revenue generation or reduce operating costs (e.g., energy, leases)
• Some fund sources restricted to capital projects.
• Costs to suspend or cancel need to be considered.

Did the University Use Student Fees to Secure Debt Financing?
• University borrowing takes into account all funds to ensure best possible financing terms.
• Actual repayment tied to specific program.
  – Each individual capital project approval names the funding source
Campus Budget: Information Sources

- **Budget News**
  
  Campus, UC system, state budget information
  
  – [budgetnews.ucdavis.edu](http://budgetnews.ucdavis.edu)

- **Data, analysis, reports**
  
  
  – [budget.ucdavis.edu](http://budget.ucdavis.edu) Campus Budget Office

- **Advocacy**
  
  – [www.ucforcalifornia.org](http://www.ucforcalifornia.org)

- **Annual financial schedules and reports**
  
  – [www.universityofcalifornia.edu/reportingtransparencies](http://www.universityofcalifornia.edu/reportingtransparencies)