ABA Budget Discussion

Executive Vice Chancellor Suresh Subramani
Assistant Vice Chancellor Debbie McGraw
Director Kathy Farrelly
Assistant Vice Chancellor Sylvia Lepe-Askari

April 1, 2014
• What tools, assistance, training and development opportunities do you need personally to enable you to provide the kind of environment in which staff can thrive, maximize their potential, innovate?

• If you had the opportunity to hire staff, what skills would you be looking for? Are these different from what you would have emphasized in the past?

• What does the organization need to do (staff investments, change in the culture, etc.) to develop the kinds of staff you’ve said you need?

• Are there particular policies or practices that get in the way of being more of a service-oriented culture?

• Are there services that you are no longer providing due to budget cuts/consolidations that you feel would be valuable to offer?

• What are the barriers to hiring and retaining the right people to meet tomorrow’s needs?

• What are the specific employee attributes that correlate with long-term success at the university?

• What are you doing to groom your junior colleagues?

• If competitive pay raises are not possible, what other types of rewards should we offer staff? What prevents us from doing so?
Five Strategic Goals

1. **Deliver an educational and overall experience that develops students capable of solving problems, and leading and innovating in a diverse and interconnected world**

2. **Nurture and support a collaborative and interdisciplinary research culture that advances the frontiers of knowledge, shapes new fields, and disseminates discoveries that transform lives**

3. **Create an agile, sustainable, and supportive campus infrastructure by ensuring a dedication to service, people and financial stewardship**

4. **Drive economic development, shared prosperity, and social and cultural enrichment regionally and globally**

5. **Cultivate a diverse and inclusive campus community that encourages respectful open dialogue, and challenges itself to take bold actions that will ensure learning is accessible and affordable for all**
Taking Action

Administrative Organization Restructure

Organizational changes to ensure UC San Diego is positioned to achieve its goals

- Hired VC for Advancement
- Recruiting VC/CFO
- Realigned VC Student Affairs under EVC Academic Affairs
- Aligned Career Services under Alumni and Constituent Engagement
- Aligned Student Health Services under Medical Center
- Established Office of Ethics & Compliance
- Created Office of Operational Strategic Initiatives
Reaching our Goals

• Enhancing financial sustainability
• Evaluating existing revenues, reviewing current budget and resource allocation model
• Focus on attaining resources that will allow us to achieve our goals
• Identifying & implementing initiatives that increase operational efficiencies
  • Bottoms up all-funds budgets
Campus Priorities

Among developing campus priorities are:

- Improving graduation rates
- Faculty growth, recruitment and retention
  - UCSD currently at a 65% faculty filled ratio, 63% General Campus
- Recruiting graduate academic doctoral and master’s students
- Funding graduate fellowships and undergrad scholarships
- New Research initiatives identified in the strategic plan such as California Brain Institute and others
- Enhancing the campus climate and emphasizing diversity, equity and inclusion
- Explore technology enhanced learning through University Extension
- Capital, facilities renewal and infrastructure investment
- Leveraging tech transfer and expanding Advancement
Governor’s Proposed 2014/15 Budget for UC

- Governor proposes funding second year of multi-year funding plan; contingent on no general tuition increase
- 5% base increase on State Educational Appropriation or $142.2 M
- UC San Diego’s share = $15 M
- Not enough to cover basic mandatory cost increases
Students now contribute more directly to their education than the State.
### Long Term Financial Projections

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Tuition and Fees - gross (1)</strong></td>
<td>$532</td>
<td>$557</td>
<td>$592</td>
<td>$664</td>
<td>$693</td>
<td>$720</td>
<td>$728</td>
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<td><strong>State Educational Appropriations</strong></td>
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<td>250</td>
<td>280</td>
<td>295</td>
<td>308</td>
<td>321</td>
<td>333</td>
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<td><strong>Other State Appropriations</strong></td>
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<td>31</td>
<td>28</td>
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<tr>
<td><strong>Federal Grants and Contracts</strong></td>
<td>756</td>
<td>741</td>
<td>726</td>
<td>714</td>
<td>702</td>
<td>690</td>
<td>678</td>
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<tr>
<td><strong>Other Grants and Contracts</strong></td>
<td>727</td>
<td>265</td>
<td>281</td>
<td>293</td>
<td>315</td>
<td>338</td>
<td>364</td>
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<tr>
<td><strong>Medical Center</strong></td>
<td>1,042</td>
<td>1,133</td>
<td>1,159</td>
<td>1,216</td>
<td>1,288</td>
<td>1,390</td>
<td>1,483</td>
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<tr>
<td><strong>Educational Activities</strong></td>
<td>372</td>
<td>402</td>
<td>414</td>
<td>427</td>
<td>440</td>
<td>453</td>
<td>466</td>
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<tr>
<td><strong>Auxiliary Enterprises - gross (1)</strong></td>
<td>170</td>
<td>176</td>
<td>181</td>
<td>187</td>
<td>193</td>
<td>198</td>
<td>204</td>
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<tr>
<td><strong>Private Gifts</strong></td>
<td>68</td>
<td>54</td>
<td>55</td>
<td>57</td>
<td>59</td>
<td>61</td>
<td>62</td>
</tr>
<tr>
<td><strong>Investment Income</strong></td>
<td>37</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
<td>40</td>
</tr>
<tr>
<td><strong>Other Revenues - gross (1)</strong></td>
<td>66</td>
<td>71</td>
<td>71</td>
<td>70</td>
<td>71</td>
<td>74</td>
<td>76</td>
</tr>
<tr>
<td><strong>Other Resources: Systemwide Funding (2)</strong></td>
<td>35</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>29</td>
<td>29</td>
</tr>
</tbody>
</table>

| Revenues supporting core activities | $3,612 | $3,749 | $3,857 | $4,021 | $4,165 | $4,340 | $4,492 |

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<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salaries and Wages</strong></td>
<td>$1,566</td>
<td>$1,630</td>
<td>$1,693</td>
<td>$1,768</td>
<td>$1,847</td>
<td>$1,930</td>
<td>$2,016</td>
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<tr>
<td><strong>Benefits</strong></td>
<td>430</td>
<td>471</td>
<td>515</td>
<td>570</td>
<td>626</td>
<td>683</td>
<td>750</td>
</tr>
<tr>
<td><strong>UCOP Tax</strong></td>
<td>42</td>
<td>44</td>
<td>47</td>
<td>52</td>
<td>57</td>
<td>60</td>
<td>62</td>
</tr>
<tr>
<td><strong>Scholarships and Fellowships - gross (1)</strong></td>
<td>223</td>
<td>227</td>
<td>231</td>
<td>236</td>
<td>241</td>
<td>245</td>
<td>250</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>45</td>
<td>43</td>
<td>46</td>
<td>47</td>
<td>48</td>
<td>51</td>
<td>53</td>
</tr>
<tr>
<td><strong>Supplies and Materials</strong></td>
<td>860</td>
<td>939</td>
<td>1,024</td>
<td>1,045</td>
<td>1,085</td>
<td>1,177</td>
<td>1,213</td>
</tr>
<tr>
<td><strong>Debt Service</strong></td>
<td>133</td>
<td>144</td>
<td>156</td>
<td>156</td>
<td>204</td>
<td>215</td>
<td>213</td>
</tr>
<tr>
<td><strong>Capital Transfers</strong></td>
<td>245</td>
<td>205</td>
<td>205</td>
<td>205</td>
<td>205</td>
<td>205</td>
<td>205</td>
</tr>
</tbody>
</table>

| Spend associated with core activities | $3,545 | $3,702 | $3,917 | $4,079 | $4,313 | $4,567 | $4,762 |

| Income (loss) from core activities | $67 | $47 | ($59) | ($58) | ($148) | ($227) | ($271) |

(1) Campus current revenues and financial aid expenditures are shown gross, without offset by scholarship allowance, to reflect total volume of operations. 2012/13 scholarship allowance offsets to UCSD revenue in the UC Financial Schedules totaled $161M: Tuition & Fees $142M, Auxiliary $19M, Other $0.3M.

(2) Systemwide funding represents funding transferred to Campus from UCOP, and net intercampus Contract & Grant funding between UC campuses. UCOP funding includes Endowment payouts, Be Smart About Safety funding, Lab Management Fee allocations, Insurance reimbursements, & other misc. allocations.
Budget Planning Outlook

• Campus outlook requires strategic, multi-year planning:
  ➢ Low growth in revenue streams:
    • State *(Gov’s plan is base growth of 5%, 5%, 4%, 4% through 2016/17)*
    • Student fees *(Gov’s plan expects no fee level increase through 16/17)*
    • Research sponsors *(federal R&D IDC driving decline)*
  ➢ On-going costs that require significant levels of campus funding:
    • Compensation *(~$30M per year, includes 3% salary program)*
    • UCPath *(up to $15M/year without clarity on cost recovery or net savings)*
    • Others: debt service, deferred maintenance, IT infrastructure

• Planning efforts will require Campus to:
  ➢ Develop new and increase existing revenues *(Out-of-state students; Full-time MS Programs; Philanthropy; Technology Transfer)*
  ➢ Implement financial efficiency initiatives in non-instructional spending
ACADEMIC AFFAIRS BUDGET
**Academic Affairs Core Budget 7/1/2013**

**Sources of Funds (millions)**

- **General Funds**, $139.6 M
- **Tuition**, $181.2 M
- **Non-Resident Tuition**, $17.7 M
- **Outreach & Other State**, $4.3 M
- **Professional Degree Fees**, $4.3 M
- **Indirect Cost Recovery**, $39.7 M

**Total Budget**: $386.9 M

Budget as of 7/1/2013
Includes graduate aid (USAP) and benefits

Campus Core Funds Budget = $814M (12/13)
## Academic Affairs Permanent Budget 7/1/2013
### Uses of Funds (millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Uses of Funds</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$177.9 M</td>
<td>45.9%</td>
</tr>
<tr>
<td>Grad Support</td>
<td>$49.9 M</td>
<td>12.9%</td>
</tr>
<tr>
<td>Dept/ORU Supt</td>
<td>$70.8 M</td>
<td>18.3%</td>
</tr>
<tr>
<td>Academic Supt</td>
<td>$42.1 M</td>
<td>10.9%</td>
</tr>
<tr>
<td>Administration</td>
<td>$17.3 M</td>
<td>4.5%</td>
</tr>
<tr>
<td>Startup &amp; Other</td>
<td>$28.9 M</td>
<td>7.5%</td>
</tr>
<tr>
<td>Total Budget</td>
<td>$386.9 M</td>
<td></td>
</tr>
</tbody>
</table>

### Budget Breakdown

- **Permanent Faculty:** $106.3 M (27.5%)
- **Temporary Faculty:** $14.5 M (3.7%)
- **Teaching Assistants:** $23.1 M (6.0%)
- **Faculty Benefits:** $34.0 M (8.7%)
- **Graduate Support:** $49.9 M (12.9%)
- **Dept Staff & Benefits:** $51.8 M (13.4%)
- **Library:** $31.3 M (8.0%)
- **Academic Support:** $10.8 M (2.8%)
- **Research Admin:** $9.8 M (2.5%)
- **Temp Support:** $28.9 M (7.4%)
- **ORU Staff & Support:** $9.8 M (2.5%)
- **Admin:** $7.5 M (2.0%)
- **Academic Affairs Permanent Budget 7/1/2013:** $386.9 M

- **Total Budget:** $386.9 M

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*Note: The percentages add up to more than 100% due to rounding.*
## Change in People (all Fund sources)

<table>
<thead>
<tr>
<th>Headcount</th>
<th>1999</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>Two year change</th>
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<tbody>
<tr>
<td>Ladder Rank Faculty (LRF)</td>
<td>706</td>
<td>904</td>
<td>907</td>
<td>894</td>
<td>884</td>
<td>-2.54%</td>
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<tr>
<td>Temporary Faculty - Lecturers</td>
<td>396</td>
<td>625</td>
<td>567</td>
<td>568</td>
<td>584</td>
<td>3.00%</td>
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<tr>
<td>Total Teaching Faculty</td>
<td>1,102</td>
<td>1,529</td>
<td>1,483</td>
<td>1,462</td>
<td>1,468</td>
<td>-1.01%</td>
</tr>
<tr>
<td>Other Academics: PGRs, Librarians, Academic Coordinators</td>
<td>961</td>
<td>1,144</td>
<td>1,187</td>
<td>1,316</td>
<td>1,258</td>
<td>5.98%</td>
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<tr>
<td>Staff – Career and Non Career</td>
<td>4,228</td>
<td>5,107</td>
<td>5,057</td>
<td>5,248</td>
<td>5,201</td>
<td>2.85%</td>
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<tr>
<td>TAs, Tutors &amp; GSRs</td>
<td>3,341</td>
<td>4,194</td>
<td>4,510</td>
<td>4,669</td>
<td>4,662</td>
<td>3.37%</td>
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<tr>
<td>All Employees</td>
<td>9,632</td>
<td>11,974</td>
<td>12,237</td>
<td>12,695</td>
<td>12,589</td>
<td>2.88%</td>
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<td>Actual Student FTE (excl. SIO)</td>
<td>17,179</td>
<td>27,245</td>
<td>28,143</td>
<td>28,435</td>
<td>27,915</td>
<td>-0.81%</td>
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### Ratios

<table>
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<tr>
<th>Ratios</th>
<th>1999</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students per LRF</td>
<td>24.3</td>
<td>30.1</td>
<td>31.0</td>
<td>31.8</td>
<td>31.6</td>
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<tr>
<td>Students per All Teaching Fac</td>
<td>15.6</td>
<td>17.8</td>
<td>19.0</td>
<td>19.4</td>
<td>19.0</td>
</tr>
<tr>
<td>Staff per All Academics</td>
<td>2.0</td>
<td>1.9</td>
<td>1.9</td>
<td>1.9</td>
<td>1.9</td>
</tr>
</tbody>
</table>
ACADEMIC AFFAIRS
SPENDING AND FUND BALANCES
General Funds, Tuition, Fees, $360.7 M
Indirect Cost Recovery, $46.4 M
Contract & Grants, $216.9 M
Gifts & Endowments, $24.7 M
University Extension, $41.0 M
Other Self-Supporting Programs, $61.2 M

Academic Affairs
2012/13 Expenditures by Fund Source

12/13 Expenditures: $751.0 M
2012/13 Expenditures by Major Unit

- Arts & Humanities, $48.0 M (93%)
- Biological Sciences, $57.3 M (45%)
- Colleges, $13.7 M (93%)
- IR/PS, $14.7 M (58%)
- JSOE, $133.5 M (45%)
- Physical Sciences, $88.6 M (45%)
- Rady, $23.6 M (45%)
- Library, $40.6 M (88%)
- Administration, $7.7 M (99%)
- Academic Support, $78.1 M (36%)
- Graduate Support, $43.2 M (83%)
- Social Sciences, $73.7 M (82%)

12/13 Expenditures: $751.0 M

Percentages show core funds expense as a percent of total expense.
## Academic Affairs:
### Total All Funds Budget & Fund Balances

<table>
<thead>
<tr>
<th></th>
<th>(in thousands)</th>
<th>FY 2010/11</th>
<th>FY 2011/12</th>
<th>FY 2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Resources</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Core Budget incl. one time transfers</td>
<td>$ 383,345</td>
<td>$ 404,573</td>
<td>$ 409,976</td>
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<tr>
<td>Non Core Funds</td>
<td></td>
<td>362,212</td>
<td>344,554</td>
<td>346,263</td>
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<tr>
<td><strong>Expenditures</strong></td>
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<td></td>
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<tr>
<td>Compensation</td>
<td></td>
<td>$ 451,267</td>
<td>$ 476,353</td>
<td>$ 492,809</td>
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<tr>
<td>Non-Compensation</td>
<td></td>
<td>$ 203,670</td>
<td>$ 244,206</td>
<td>$ 258,164</td>
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<tr>
<td><strong>Year End Fund Balances</strong></td>
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<tr>
<td>Core Funds</td>
<td></td>
<td>$ 124,085</td>
<td>$ 156,512</td>
<td>$ 150,861</td>
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<tr>
<td>Other Unrestricted</td>
<td></td>
<td>77,022</td>
<td>87,789</td>
<td>96,099</td>
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<tr>
<td>Core Fund Balance as % of Core Fund Budget</td>
<td></td>
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<td></td>
<td>37%</td>
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## Core Funds Balance – 6.30.2013

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>Total Core Fund Balance</th>
<th>Faculty Startup/Retention</th>
<th>Other Faculty</th>
<th>Operating Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Divisions/Schools</td>
<td>$ 60,915</td>
<td>$ 18,713</td>
<td>$13,579</td>
<td>$ 28,624</td>
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<tr>
<td>Research Units (ORUs)</td>
<td>10,289</td>
<td>0</td>
<td>2,135</td>
<td>8,154</td>
</tr>
<tr>
<td>Academic &amp; Graduate Support</td>
<td>20,168</td>
<td>0</td>
<td>5,828</td>
<td>14,340</td>
</tr>
<tr>
<td>EVC and other Administration</td>
<td>59,488</td>
<td>22,000</td>
<td>0</td>
<td>37,488</td>
</tr>
<tr>
<td><strong>Total Core Funds Balance</strong></td>
<td><strong>150,860</strong></td>
<td><strong>40,713</strong></td>
<td><strong>21,542</strong></td>
<td><strong>88,605</strong></td>
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<tr>
<td>Operating Balance % of Total Core Balance</td>
<td></td>
<td></td>
<td></td>
<td>59%</td>
</tr>
</tbody>
</table>
Comparing Operating Funds Balance to Operating Budget – 2012/13

<table>
<thead>
<tr>
<th></th>
<th>Core Funds Operating Balance</th>
<th>Core Funds Adjusted Budget *</th>
<th>Balance as a percent of Budget</th>
<th>Balance greater than 20% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Divisions/Schools</td>
<td>$28,624</td>
<td>$67,369</td>
<td>42%</td>
<td>$15,149</td>
</tr>
<tr>
<td>Research Units (ORUs)</td>
<td>8,154</td>
<td>8,126</td>
<td>100%</td>
<td>6,527</td>
</tr>
<tr>
<td>Academic &amp; Grad Support</td>
<td>14,340</td>
<td>70,186</td>
<td>20%</td>
<td>302</td>
</tr>
<tr>
<td>EVC and other Admin.</td>
<td>37,488</td>
<td>138,552</td>
<td>27%</td>
<td>9,777</td>
</tr>
<tr>
<td>Total Core Funds</td>
<td>88,605</td>
<td>284,234</td>
<td>31%</td>
<td>31,758</td>
</tr>
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</table>

* Adjustment: Permanent budget less Faculty Salaries, plus Temp and TA budgets
ACADEMIC AFFAIRS
RESOURCE PRIORITIES
Academic Affairs Resource Priorities 2014/15 Highlights

• Faculty Recruitment and Retention to achieve net growth of at least 100 faculty in Academic Affairs
  • New three-year plan for faculty recruitment
    • Allocate net 60 new FTE plus 2/3 of separations/retirements
    • Allocate all terminal appointment FTE
    • Separate consideration for LPSOE/LSOE needs
    • Additional allocation of 20 FTE to support joint FTE that cross VC boundaries and link to interdisciplinary research initiatives
  • Adopt a model to effectively and sustainably address faculty salary compression problem
  • Renovation and allocation of existing space to support net new faculty is a priority
Academic Affairs Resource Priorities
2014/15 Highlights

• Education Initiative
  • Teaching and Learning Commons
  • Center for Teaching Development – expand to support faculty
  • Student Writing Center
  • Continued investments in classroom technology
  • Investments in new learning technologies and modalities
  • Better leveraging of decentralized network of instructional support
  • Better coordination and development of international programs
Academic Affairs Resource Priorities
2014/15 Highlights

- Graduate Student Support
  - GSGEI
  - Masters programs growth
  - Evaluate all major sources of support for most effective use

- Biology/Physical Sciences Building

- Investment in Research Initiatives

- Ensuring adequate support funding

- IT Infrastructure and targeted Systems Development
ACADEMIC AFFAIRS
13/14 UPDATES
Reporting on Expense

• Increasing requests for reports on use of funds

• Program 403000
  • Created to separately record faculty startup and retention costs
  • For faculty hires and retainments effective 7/1/14 or later, the EVC's office will only transfer funds to program 403000 for startup and retention

• NEW Program 404000
  • Created to allow departments to better segregate faculty support allocations and expenses from on-going departmental operations
  • Use of this program code is not required
Graduate Support

- Numerous institutional sources, each with different funding model and spending requirements
  - Block Grant, RTA, OP Match
  - GSGEI
  - Non-resident masters incentive
  - TAs

- Increased reporting, financial as well as other metrics to ensure that programs are meeting campus goals

- Divisional discussions of best practices encouraged
Undergraduate Instruction Allocation (Temp FTE & TA FTE)

- 13/14 allocation
  - To be updated in April
  - Funding will be re-calculated for each division, updating course counts and enrollment to include Fall 2013 and Winter 2014 data
  - Check with your Dean’s Office to find out whether your department will receive additional funding (end of April)

- Summer workgroup to review TA allocation and TA fee remission
  - Look at need for TAs for instruction vs. need for graduate support
  - Review of departmental and divisional expenditures for temporary faculty and TAs
General Campus Compensation Plan

- Minor changes in implementation guidelines for 14/15
  - Include FSEP & SAB/leave request forms with GCCP request form
  - Some revisions to request form and salary worksheet
  - Incorporate 3% salary increase for faculty in proposed salary

- General deadlines
  - Chairs should endorse proposals and send to Dean’s Offices no later than April 15
  - Dean’s Office should review, endorse and send proposals to EVC no later than May 1
  - EVC and CAP will review and approve proposals by June 1

- Reporting