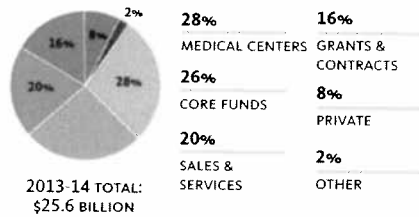


**Core funds provide the primary permanent support for the educational mission of the University**

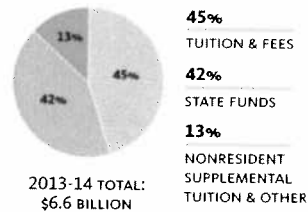
- Core funds provide the main source of support for the educational mission of the University, including faculty, academic support, instructional equipment, academic facilities, and student services needed to deliver a UC education.
- Core funds come from two principal sources: State funding, and student tuition and fees.
- Non-Core funds are generally restricted in use.

**UC FUNDING FOR EDUCATION**

TOTAL REVENUE 2013-14



CORE FUNDS 2013-14



## UC has done a lot already to improve efficiency and generate alternative revenues to mitigate reductions in State support

- **Working Smarter** – a portfolio of over 30 projects to increase operational efficiency and drive revenue – has generated more than \$660M in impact over the last 4 years. Major fiscal impacts have been in:
  - Benefits redesign (\$35M)
  - Enterprise Risk Management (\$183M)
  - Procurement (\$124M)
  - Statewide Energy Partnership program (\$43M)
- **Healthcare Costs** – UC has simplified insurance plan offerings, rebid insurance packages, and shifted a greater portion of retiree healthcare costs to retirees
- **UCRP** – Increases in University and employee contributions to UCRP have been initiated to put the program on a sustainable financial path

## UC is also transforming education delivery and improving student outcomes as the student demographic changes

Examples include:

- UCLA's Challenge 45 where approximately 50 majors streamlined curriculum to have no more than 45 required upper-division units
- UC Berkeley's Common Good Curriculum initiative that in 4 years directed \$16.4 million in nonresident tuition revenue to add 350 course sections in math, science, reading and composition, and foreign language; 900 math & science lab/discussions
- UC's cross-campus enrollments system and provision of 60 high-demand online undergraduate courses
- UC Irvine's pilot programs to leverage predictive analytics for entry level STEM majors and subscription to the Education Advisory Board's Student Success Collaborative
- UC Davis' three-year accelerated pathway to medical degrees

## 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

## 2015-16 Budget Plan: Expenditures

- **Enrollment Growth:** Includes 1,025 new resident undergraduates, 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**

**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**

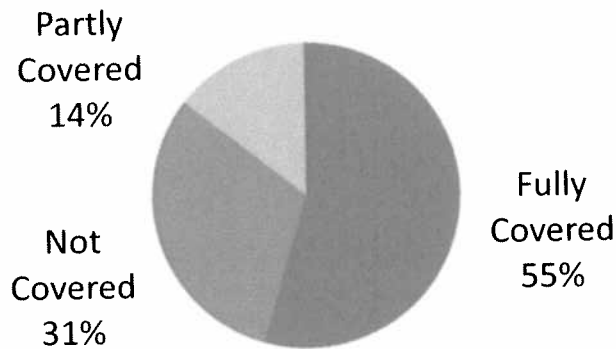
**Mandatory Costs: \$125.4M**

- |  |                |
|--|----------------|
| • 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           | <u>\$28.0M</u> |

**\$125.4M**

**UC estimates that over half of California resident students would continue to have their tuition and fees fully covered**

Percentage of CA Undergraduates with Grant and Scholarship Covering Systemwide Tuition and Fees, 2013-14

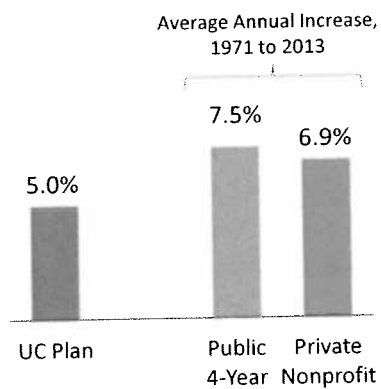


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**The proposed annual increase of up to 5% is low by historic standards for both public and private universities**

- Achievable through a combination of:
  - Aggressive cost-cutting
  - Alternative revenues
  - Reliable State support



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