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**

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Centers</td>
<td>28%</td>
</tr>
<tr>
<td>Grants &amp; Contracts</td>
<td>16%</td>
</tr>
<tr>
<td>State Funds</td>
<td>42%</td>
</tr>
<tr>
<td>Tuition &amp; Fees</td>
<td>45%</td>
</tr>
<tr>
<td>Private</td>
<td>8%</td>
</tr>
<tr>
<td>Nonresident Supplemented</td>
<td>13%</td>
</tr>
</tbody>
</table>

2013-14 Total: $25.6 Billion

2013-14 Core Funds:

- 28% Medical Centers
- 16% Grants & Contracts
- 8% Private
- 42% State Funds
- 45% Tuition & Fees
- 13% Nonresident Supplemented

2013-14 Total: $6.6 Billion
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 $28.0M

$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

- Partly Covered: 14%
- Not Covered: 31%
- Fully Covered: 55%

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

Average Annual Increase, 1971 to 2013

- UC Plan: 5.0%
- Public 4-Year: 7.5%
- Private Nonprofit: 6.9%