President Robert C. Dynes
University of California
Testimony before the
Senate Budget and Fiscal Review
Subcommittee on Education
March 8, 2004

Chairman Scott, Senator Vasconcellos, and Senator Margett, thank you for the opportunity to join you today. You and the rest of the Legislature are facing some very difficult budget decisions this year. I am pleased to join my colleagues from the other segments of public education in describing the situation we face and responding to any questions you may have.

This is my first appearance before this committee. You might ask, as I am often asked, why I was willing to take the position of president of the University of California at a time when we are facing such an immense budget challenge. My answer is simple: The University of California, and the rest of public higher education, are the source of a tremendous amount of our state's health, innovation, economic growth, and quality of life. And I can't think of a more exciting place to be than working to preserve and extend that impact for the people of California.

I have spent part of my first few months in office traveling around the state, visiting UC campuses and regions of the state without a UC campus. I've been talking to professors, students, staff, business leaders, alumni, elected officials, editorial boards, and many others in our communities. This experience has given me, if it is possible, an even deeper appreciation for what the University of California accomplishes for our great state.

We don't just teach 200,000 students; we touch the lives of every family in California. The impact is in jobs; UC faculty and graduate students produce three new inventions every single day, and these inventions lead to new products, new companies, and entire

new industries for California. The impact is in human health, where UC faculty make the discoveries that improve the quality of our lives. The impact is on the food we eat, where agricultural researchers and cooperative extension professionals have had a fundamental and lasting impact on the industry for decades.

The University of California, and the rest of public higher education, also mean something else to the people of California: promise. The promise of a high-quality, accessible, affordable higher education to all students who seek one was an extraordinary promise when it was made to the people of California in the Master Plan of 44 years ago. And I believe the broad availability of a top-quality higher education – the promise of both excellence and opportunity – is directly responsible for California's tremendous economic development and social mobility in the ensuing years.

But that promise is at risk today. Already, the campuses of the University of California have become more competitive for admission than ever before. Now, due to the budget, there will not be enough spaces in the University for students who have worked hard in school and achieved UC's eligibility requirements. Under the Administration's plan, the UC-eligible students for whom we are not funded will be redirected to community colleges and granted transfer admission to UC as juniors. This means, fortunately, that they ultimately will be able to attain a UC degree, but I think we all hope that this kind of action is temporary in nature.

All of us at the University of California understand the State's short-term budgetary plight. And I am proud to say that we have been working hard to keep our commitments to the people of the State as best we can. Our graduation rates have never been better; our average time to degree for entering freshmen is now four years plus one quarter. Over the past several years we have expanded by 70 percent our enrollment of engineering and computer science students, to continue providing the highly educated workforce our

state's knowledge-based industries need. Over that period of time we also have expanded our eligibility criteria to include the top 4% of students in every local high school, to make sure we pull in the highest-achieving students from every corner of the state – an initiative that actually started at my own campus, UC San Diego. And, we have continued to lead our nation's research universities, public and private, in the proportion of low-income students we serve.

The University of California has always been an institution focused on helping the people of California achieve their hopes and dreams. We remain focused on that objective today; it is the heart and soul of what we do. But let me say this, and say it clearly: We are on the edge right now. A great public research university – in fact, the world's best public research university – cannot be sustained if it is made to absorb dramatic budget cuts year after year, with no end in sight. The faculty won't stay; the best students won't come; the innovations that power our economy won't keep flowing. The last thing I want to be today is a purveyor of doom and gloom, but I think we all need to wrestle with the reality that by the time we see the drastic effects of budget cuts, it will be too late.

Let me use the remainder of my time before you to give some examples of our importance to Californians, summarize the impact of the budget cuts, and address some of the specific proposals in the Governor's Budget. We have compiled several graphics and remarks that speak to issues your committee will be addressing. In addition to the graphs from which I'll be speaking, we have included an Appendix with displays that provide additional information on the budgetary problems we are facing that historically have been of particular interest to the Legislature. Please review them at your convenience.

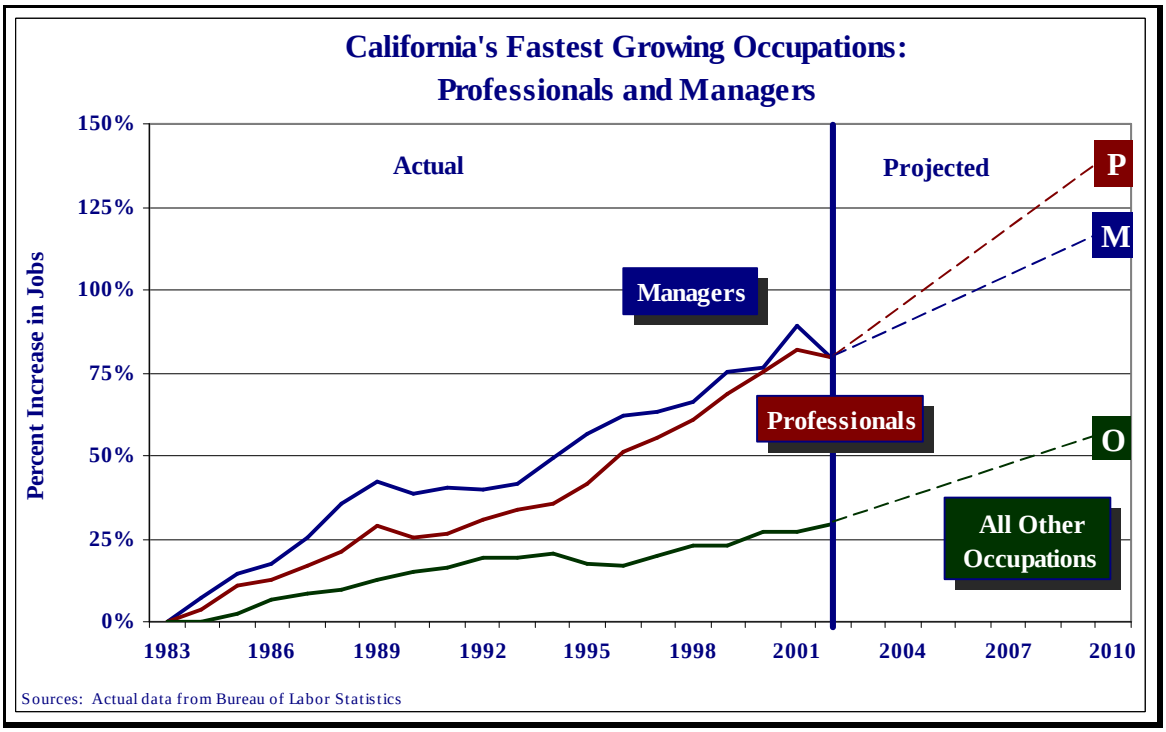
Before I move on to our displays, let me say how grateful we are to the public for their support of the education bond. Our facilities needs are enormous and this bond is very critical to our ability to stay on track.

As we step through the graphics, I will be referring to a speech that Alan Greenspan gave last month entitled, “The Critical Role of Education in the Nation’s Economy.” The Chairman of the Federal Reserve Board was talking about the shift to a Knowledge-Based Economy and the concerns that many good jobs are moving overseas. One way to think about that issue is to look at the first graph, which shows California’s fastest growing occupations.

Please turn to Display 1.

California Needs
More Highly Educated Workers

Display 1



- California's fastest growing occupations are professional and managerial jobs – they are growing faster than the average growth rate for all other occupational categories.

- In the early 1980s, one-fourth of all jobs in California were held by professionals and managers. Today, that fraction has grown to one-third of all jobs in our state.

- Most of these new professional and managerial jobs require at least a Bachelor's degree and many require a Master's or Doctorate.

- I agree with Alan Greenspan – the best way to keep these jobs here in California is to have a workforce with the knowledge and skills to compete in the global marketplace. Our role under California's Master Plan for Higher Education is to prepare university graduates who will fill many of those professional and managerial jobs.

California Needs
New Companies and Innovations
in Existing Companies

- UC is helping create fast-growing companies for leadership in the 21st century. R&D-intensive industries, like computers and software in the Silicon Valley, aerospace in Los Angeles, and pharmaceuticals in San Diego, tend to cluster around leading research universities because they depend upon discoveries from university research laboratories and the graduates who will fill their professional and managerial jobs.

- Existing California companies in the industries that will be driving California's economic recovery depend upon university research for innovations and productivity improvements. University research is essential because corporations typically focus their R&D spending on later stages and under-invest in basic research. UC research and Cooperative Extension are, for example, critical to California's nation-leading $27 billion agricultural industry.

- As Chancellor of the San Diego campus for many years, I saw first-hand how the excellence of the University impacts California companies.

  - UC San Diego registered more than 300 inventions, filed 222 patent applications, was awarded 73 patents, and initiated over 590 agreements.

  - Approximately 300 companies in the San Diego area were founded by UCSD faculty, staff, students, and alumni, or based on UCSD research.

  - Over 40% of the region's biotechnology firms is a UCSD spin-off.

  - Julie Meier Wright, President and CEO of the San Diego Regional Economic Development Corporation gets right to the point in saying, "UCSD brings a breathtaking entrepreneurial spirit to the development of our regional economy. San Diego's biotech and communications industries owe their existence in large part to UCSD. Today major global pharmaceutical and telecommunications firms seek to establish a presence here to be part of one of the most exciting research environments in the world."

Greater Needs But Declining State Support

Display 2

What California needs for economic competitiveness:

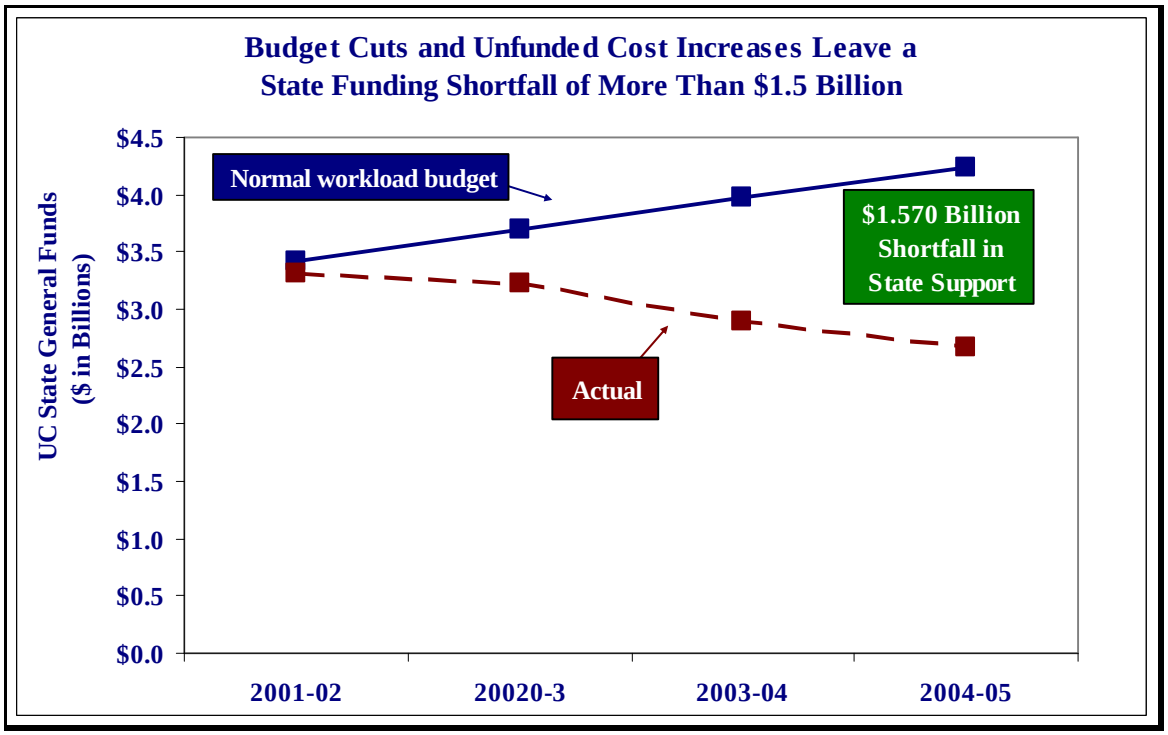
- More University graduates to fill a growing number of professional and managerial jobs.
- Research to support the knowledge-based industries that will be driving the economic recovery.
-

But our universities face:

- Declining State support
- Enrollment restrictions
- Higher tuition and fees
- Budget cuts that impact the quality of academic programs

Less State Support

Display 3

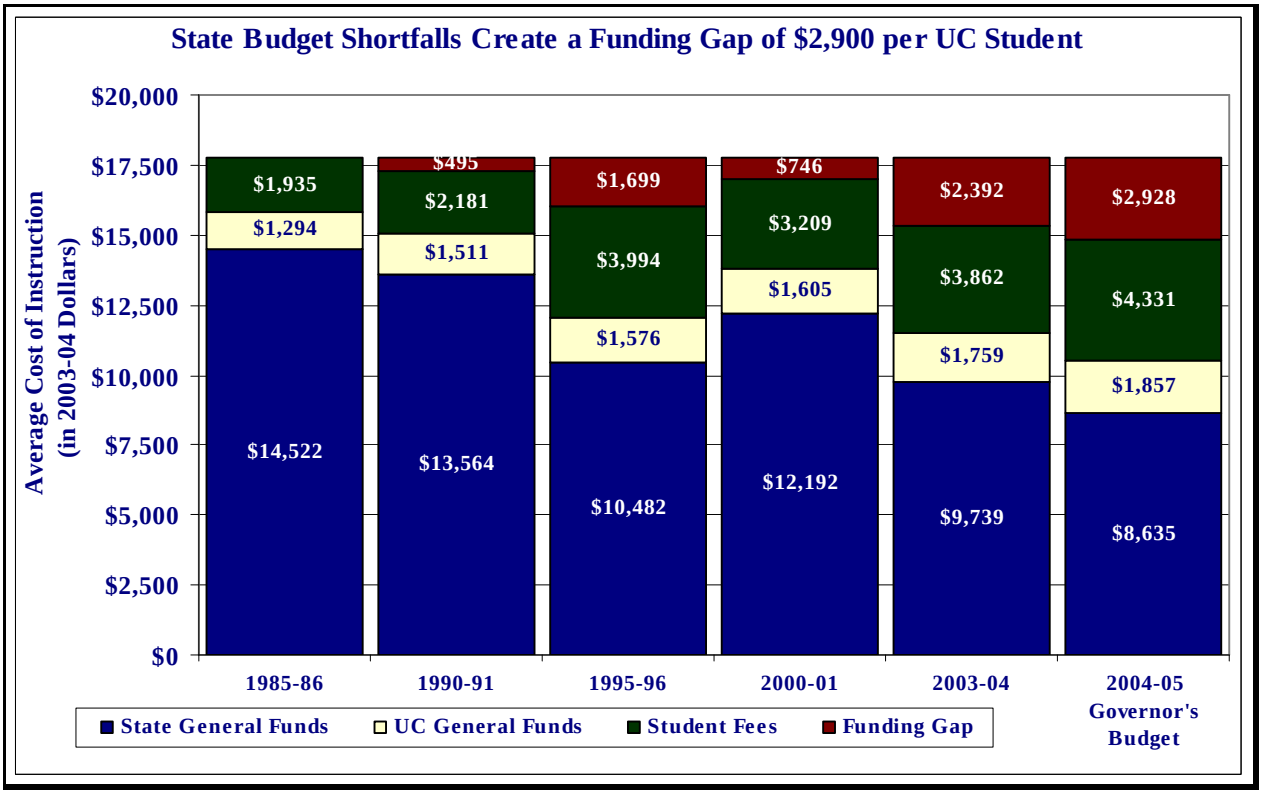


- With the cuts proposed in the Governor's 2004-05 Budget, the funding shortfall for UC will total $1.5 billion, following four consecutive years of budget cutting.
- The impact of California's fiscal crisis on the University's budget is staggering. Over that four-year period our enrollment has grown by 16% while our budget has been cut by 16%.
- The University has addressed its $1.5 billion funding shortfall through a balanced approach. Tuition and fee increases offset only about ¼ of the total $1.5 billion shortfall.
  - Base Budget cuts in every area of the budget (instruction, research, public service, academic and administrative support, student services. . . . . $520 million
  - Reduced enrollment/unfunded enrollment growth. . . . . 65 million
  - Budget cuts offset with student fee increases. . . . . 435 million
  - Unfunded salary and cost increases . . . . . 550 million

    Faculty salaries are more than 10% below market; health benefit costs are skyrocketing; energy costs are continuing to increase; maintenance backlogs continue to grow; no funding provided for maintenance of new space; non-salary price increase (inflation costs for equipment, library materials, etc.) is not funded

The Funding Gap Affects the Quality of Education

Display 4



- This is a very important graph.

- To determine the cumulative effects of the economic recession in the early 1990s and California's current fiscal crisis, we looked at the distribution of State support, University support, and student fees in terms of the average cost of instruction over the last 18 years and projected this distribution for 2004-05, based on the Governor's Budget.

- There are several points to make about what this graph shows.

- First, average expenditures per student will have declined over the last 20 years by almost $3,000, going from $17,800 in 1985-86 down to under $15,000 by 2004-05 (expressed in 2004-05 dollars).

- This means that the quality of a UC education has been affected because the University has less money to spend on each student. The $2,900 funding gap means larger classes and less time with faculty outside the classroom. It also means that students are paying a larger share of the cost of their education and getting less for it.

- Second, the amount of student fee revenue supporting educational costs has more than doubled.

- Third, the amount of State funds has declined dramatically, about 40%.

- We must halt this decline and begin to return to adequate support for educational costs.

The Governor's Proposals

Display 5

- In dealing with cuts of this magnitude the University is faced with only three options:
  - Enroll fewer students
  - Raise the price through higher tuition and fees
  - Make budget cuts that affect the quality of the academic program.

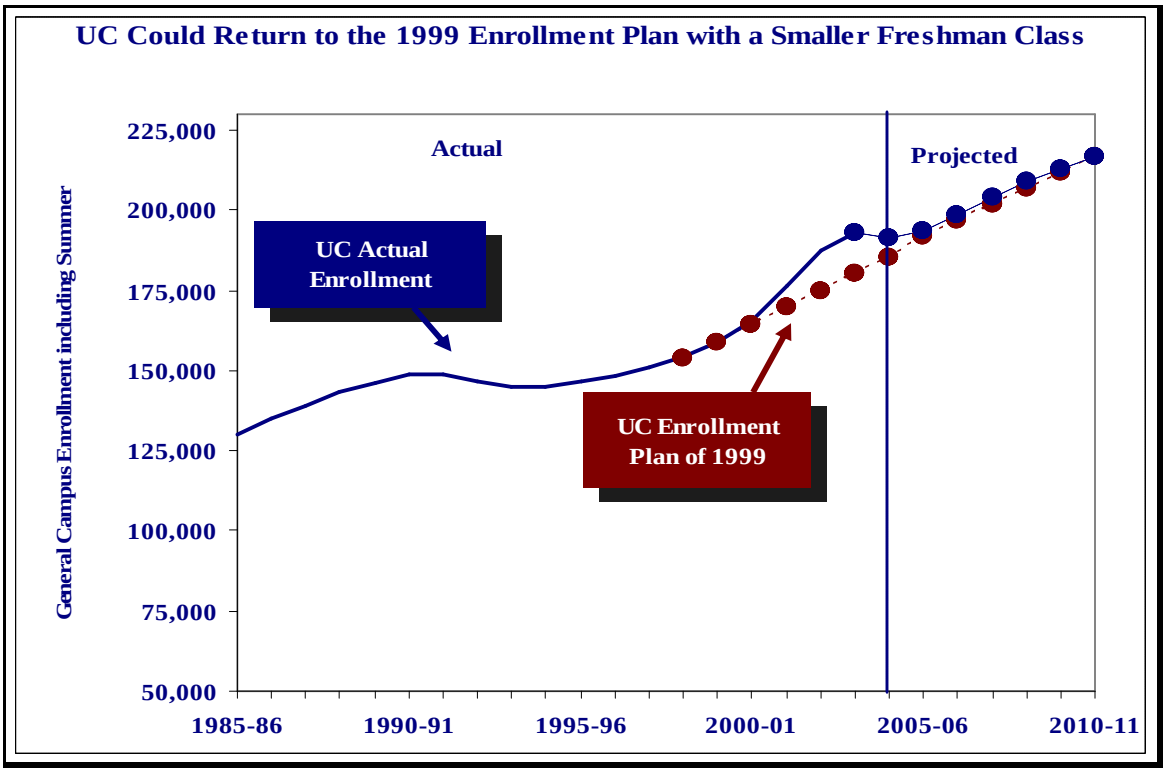
- With budget cuts and unfunded cost increases over the past three years, we have clearly gone well beyond the usual belt-tightening.

- The Governor's Budget is a combination of all three of those strategies. I will step through his proposals in each of these categories, but before I do I would like to make one more point.

- A recent Field poll confirms something we learned two decades ago – the public is strongly opposed to cuts that would reduce the quality of the University's academic programs. Californians would rather limit enrollment or raise fees than take actions that would reduce the quality of these great institutions.

The Governor's Budget Reduces Enrollment

Display 6



- In 1999, The Regents adopted a long-range enrollment plan that accommodated the sharp increase in high school graduates that some have called "Tidal Wave II." That plan assumed an increase of approximately 5,000 students per year.

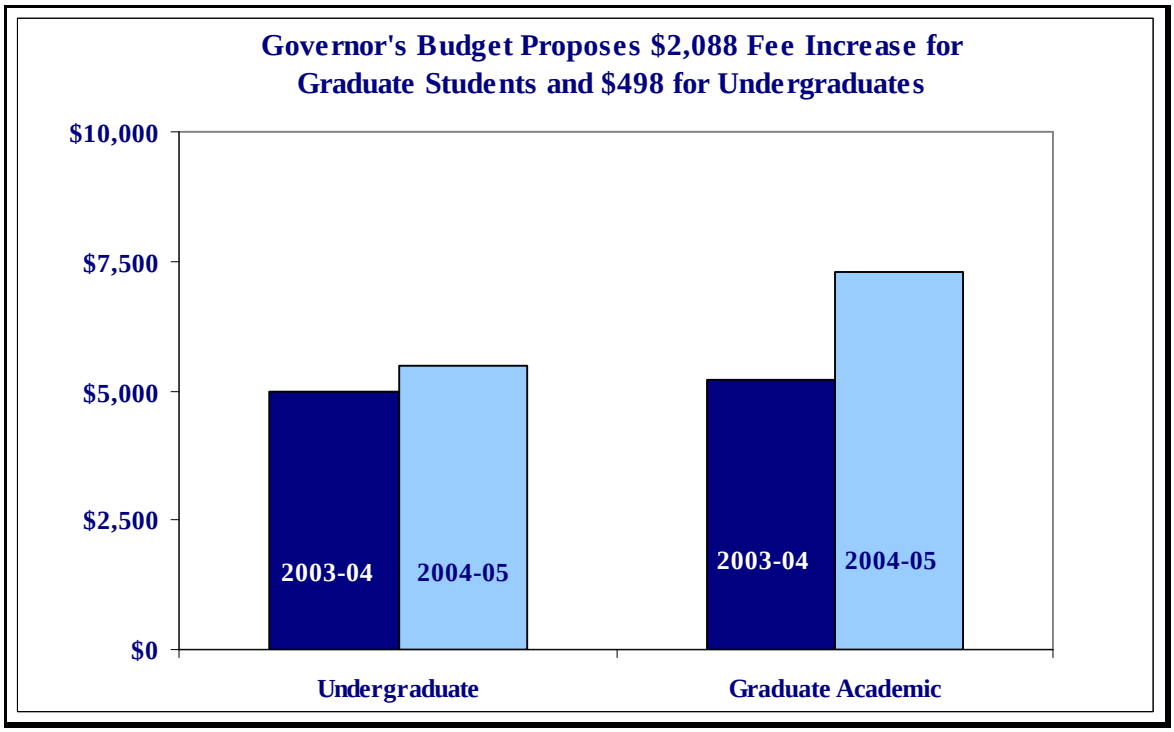
- Our graduate enrollments are very close to the levels envisioned in that 1999 plan. However, undergraduate enrollments of both high school students and transfers has been far greater than projected – we are currently 12,000 over our planned level, as indicated in the graph above.

- For 2004-05, the Governor proposes to reduce the number of new freshmen by 3,200, which is a 10% reduction.

- Turning eligible students away is deeply regrettable. These students have worked hard to prepare for the University, believing that if they followed our eligibility guidelines, the University would find a place in the system for them. As I said, we hope this is a one-time necessity and that the State's long-standing commitment to the Master Plan will be reaffirmed the following year, consistent with the new eligibility study due out in May.

The Governor's Budget
Raises Fees and Reduces Financial Aid

Display 7



- The Governor's Budget includes a 10% fee increase ($498) for undergraduates. The increase for graduate students is 4 times larger ($2,088).

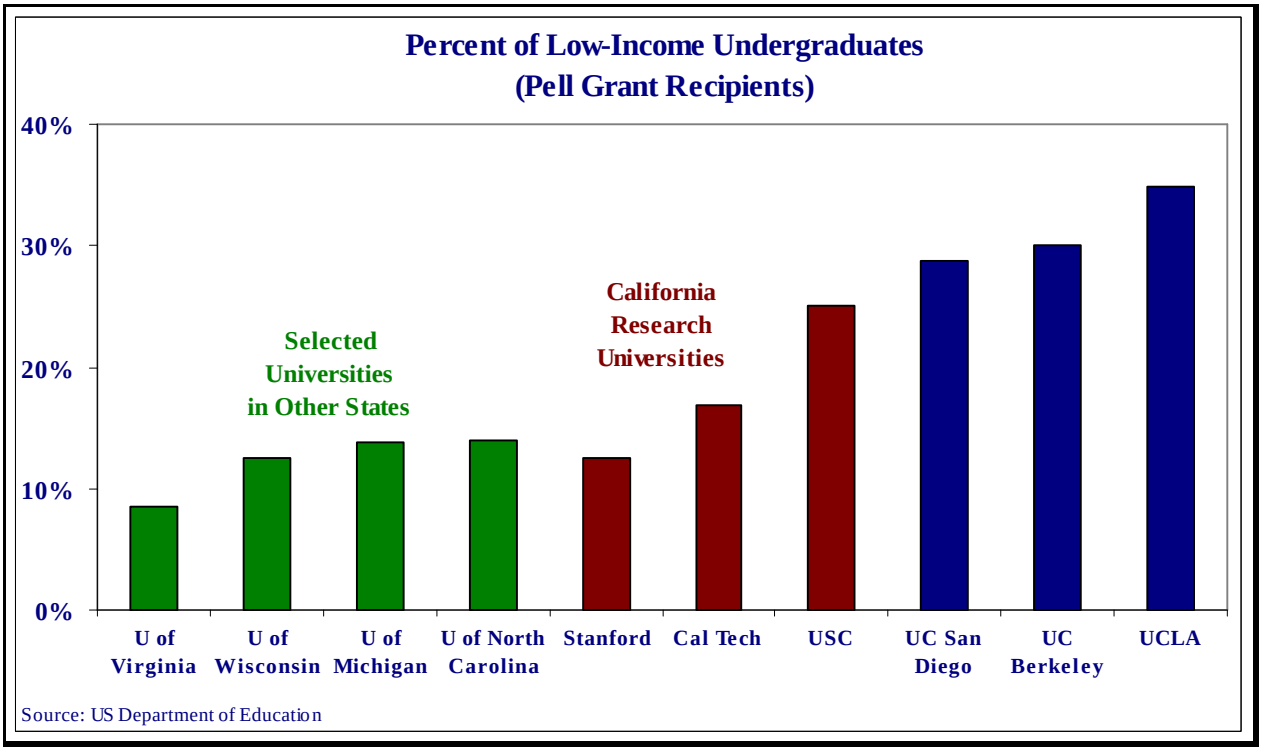
- The 40% increase proposed for graduate academic students is of deep concern, given the need to continue to attract the very best graduate students from around the world.

- California has fallen seriously behind in meeting state workforce needs for managerial and professional workers in California's growing industries -- biotechnology, telecommunications, engineering, computer science, multimedia, health care, microelectronics, as well as many other high-tech fields.

- The University has been striving in recent years to become more competitive in attracting top quality graduate students to this state. Unfortunately, the dramatic increase in fees proposed in the Governor's Budget would make it more difficult to develop the financial support packages necessary to attract these students. We need strategies to strengthen, rather than weaken, our ability to recruit and retain the best graduate student.

The Governor's Budget
Raises Fees and Reduces Financial Aid

Display 8



- We've had a long history of low fees and strong financial aid programs – what some call a "low tuition / high aid" policy.

- The success of the University's financial aid program in helping to ensure access for needy students was illustrated in a study by the James Irvine Foundation published in March 2002, which demonstrated that UC institutions have a much higher proportion of low-income students than other major research institutions.

- Along with the 10% fee increase for undergraduates, the Governor's proposal calls for significant reductions to the amount of new student fee revenue that can be used for financial aid (reducing it from 33% to 20%) and no increased funding for Cal Grants related to help cover fee increases. This combination of factors would start the shift to a "moderate tuition / moderate aid" policy. I am concerned that this shift in policy could lead to a substantial reduction in the percentage of low-income students in the UC system (currently 33% overall).

The Governor's Budget Affects the Quality of the University's Academic Programs

Display 9

The University of California is no longer competitive on several fronts:

- Our **faculty salaries** will be 10.6% below market and no funds are provided for salary or merit increases in 2004-05.
- Our **student/faculty ratio** was well above those of our competitors before the recent budget cuts. Last year's budget raised the student/faculty ratio by 5% and the Governor's 2004-05 budget proposes another 5% increase in that important ratio. We simply cannot endure further erosion in this area.
- Our **graduate student support** levels were about $3,000 below market *before* California's fiscal crisis began to take its toll on the University. The Governor's proposed fee increases for graduate academic students of $2,000 per year will make it difficult to recruit the best graduate students.
- The State-supported **research** budget was cut by 10% two years ago, and another 10% last year. The Governor's 2004-05 Budget contains another 5% cut. All of this comes on top of 20% cuts in Research budgets during the early 1990s.

- When I said in my opening remarks that the University is on the edge, I was referring to the quality of the academic enterprise. The quality of our academic programs is directly related to the quality of our faculty. Our ability to recruit and retain the world's leading scholars depends upon competitive salaries and working conditions.
- Cuts also mean we have less impact on economic growth, less impact on jobs, less impact on quality of life issues to important to Californians.
- Every time we make an offer to prospective faculty members they ask the Chancellors whether in good conscience they can recommend that promising young scholars begin their careers in California given the State's fiscal crisis and the instability of the UC budget.
- We must reverse this trend. We must stop the erosion of State support and begin the process of bringing faculty salaries and working conditions back to competitive levels over the next few years.

Conclusion

I referred earlier to a speech by Alan Greenspan and I want to return to another remark he made a few years ago in reference to the cyclical nature of the economy. Mr. Greenspan said that he believed California's economy would bounce back and be highly competitive in the 21st century because this state has more research universities than any other. Our research and educational programs have been an engine for economic growth for decades and one of the reasons why California's economy is one of the largest in the world.

It has taken many decades of cooperation between political and academic leaders to build the University of California into the world's best multi-campus research university. Californians are justifiably proud of the University of California, but it wouldn't take long to tear it down. We owe it to this and future generations of Californians to find ways to avoid actions during this fiscal crisis that would cause irreparable harm to this great institution.

APPENDIX

President Robert C. Dynes
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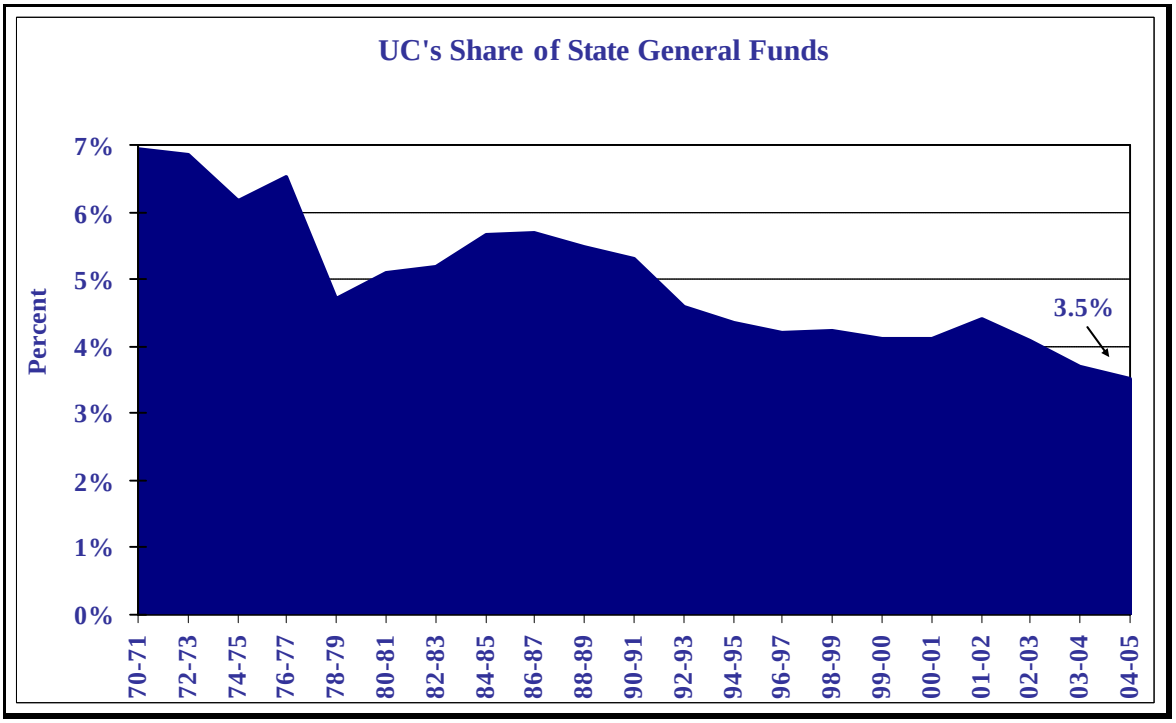
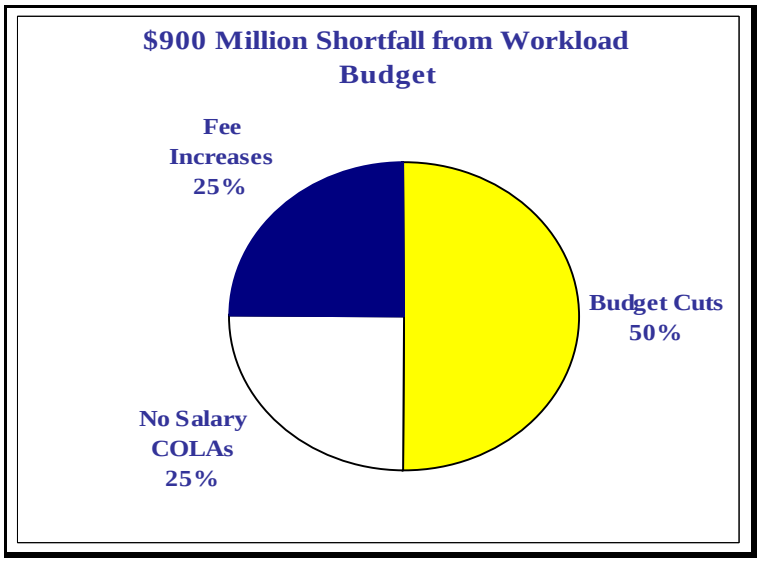
Display A



- This display shows how UC's budget as a share of the State's General Fund has changed over time.
- Our share declined dramatically after Proposition 13 in 1978-79, regained some ground in the 1980s, but began a steady decline with the cuts of the early 1990s.
- That decline was moderated with the first Compact in 1995-96.
- A two-year upturn occurred reflecting the recent surplus at the State level, but the slope has once again continued a steady decline to its lowest point yet – in 2004-05, our share will have dropped to 3.5% of the State's budget.
- Our current concern is the downward trend in recent years. As the discretionary portion of the State's budget continues to experience financial pressures, the risk to the University remains high.
- This is particularly problematic in an era when the University's enrollment growth is expected to increase significantly and the University will be attempting to regain its competitive position in terms of faculty and staff salaries and other core areas of the budget.

Display B



- As we face the difficulties of this current fiscal crisis, it is important to remember how the University coped with a similar crisis in the early 1990s, when the University experienced a shortfall of $900 million from a workload budget. Then, as now, we were simultaneously getting less money, and yet coping with inflation and other fixed cost increases.
- An important distinction between then and now is that we were not growing in the early 1990s. In fact, we experienced a slight decline in enrollment during those years. In recent years, our enrollment has grown dramatically. We are very concerned about our ability to absorb significant budget cuts and continue to adequately serve our students.
- As the graph shows, we took a number of budgetary actions to address this shortfall:
  - *½ of the cuts occurred through campus-based budget cuts ($433 million).* Only a fraction of the funding we lost in the early 1990s was restored; our campuses are still struggling with the effects and enormity of these budget cuts, even as we face this next round of cuts.
  - *¼ of the solution came through not giving our employees COLAs for 3 consecutive years* and by reducing salaries on a temporary basis for 1 year. Faculty salaries were restored to competitive levels in the latter part of the 1990s, which allowed us at the beginning of this decade to turn our attention to bringing staff salaries to more competitive levels. Unfortunately, the budgetary constraints in the last three years have prevented us from offering competitive salary increases for either faculty or staff. We believe our faculty salaries will be about 10.7% behind the average of our comparison institutions by 2004-05; we'll have a similar problem on the staff side.
  - *¼ of the solution came through increases in student fees,* though significant increases in financial aid helped to offset the impact on our needy students and helped to preserve access. From 1994-95, there were no increases in mandatory systemwide fees until the fee increase was instituted for Spring 2003 to address an unallocated reduction that was part of the mid-year cuts assigned to the University; in fact, fees for resident undergraduate students were reduced 10% and fees for resident graduate students were reduced 5% during the late 1990s.
- Many believe the University addressed the budget cuts of the early 1990s primarily through large increases in student fees. This chart clearly shows we used a balanced approach to deal with cuts.

Display C

As the State's fiscal situation began to improve, the University entered into a Compact agreement with Governor Wilson, and upon his election to office, a Partnership Agreement with Governor Davis. These agreements included both funding principles intended to provide the University with the support needed to maintain quality and accommodate enrollment growth, and accountability principles intended to measure the University's progress in areas that have traditionally been of particular importance to the State. The State has not been able to provide the support envisioned under these agreements in recent years; however, the University has continued its efforts to achieve the outcomes desired in the Partnership. This display shows the University's progress in specified areas of accountability.

Progress on Accountability Measures
2002-03

- **Access.** UC has admitted all eligible applicants who wished to attend. In fact, UC has exceeded budgeted enrollment levels each year of the Partnership Agreement.

- **Student Eligibility**. The University has implemented a new path to eligibility (Eligibility in the Local Context, or ELC) that opens UC's doors to the top 4% of students in each California high school. For Fall 2002, 13,000 ELC students were identified in the top 4% of their high school classes. Of this total, 10,800 students applied to the University and were admitted by a UC campus; of these, 6,500 students enrolled. All ELC-eligible students who apply to the University have been guaranteed a space in the UC system.

- **Community College Transfer**. The Partnership specifies an increase in community college transfers of 6% per year, from 10,150 in 1998-99 to 15,300 in 2005-06. Over the last four years, full-year transfer enrollment growth has met the Partnership goal, increasing on average 6% per year. In 2002-03, UC enrolled 12,780 new community college transfer students.

- **Graduation Rates**. Average time to degree for undergraduates who entered in 1995 is now 13 quarters, down from 13.4 quarters for students who entered in 1984. Of the freshmen who entered UC in 1996, 40% graduated in four years, 71% in five years, and 79% in six years. These rates are an improvement over 10 years ago, when the four-year rate was 34%, the five-year rate was 66%, and the six-year rate was 74%.

- **State-Supported Summer Instruction**. The Governor and the Legislature provided funds in 2001-02 for the first State-supported summer terms at the Berkeley, Los Angeles, and Santa Barbara campuses; UC Davis was added in 2002-03. Funds to reduce student fees at all campuses in the summer to the level of the rest of the year were first provided in 2000-01. As a result, summer enrollments increased substantially, enhancing UC's ability to plan for and accommodate the 216,500 students expected to enroll in the University by 2010. The four State-supported campuses enrolled 8,600 FTE students in Summer 2003, an increase of 9% over the previous summer and 100% since Summer 2000. These campuses increased the number of classes they provided by 14% and the number of regular-rank faculty who were assigned to teach by 16% over Summer 2002. They also provided an estimated $11 million in student financial aid that would not have been available in summer programs without State support.

- **Graduate Enrollments**. In 2002-03, UC enrolled nearly 31,000 graduate FTE students, an increase of 4,400 FTE since 1999-2000.

- **Engineering and Computer Science Enrollment**. UC surpassed its goal in 2001-02 to increase engineering and computer science enrollments by 50%, from 16,000 to 24,000 students – four years ahead of schedule. In 2002-03, enrollments reached 26,500 FTE. Because of demand from industry, UC intends to continue growing in engineering and computer and information sciences, and expects enrollment in these fields to exceed 27,500 in 2003-04.

Progress on Accountability Measures
2002-03

(Display C, continued)

- **Credential Enrollment** UC more than doubled its education credential enrollment, from 1,000 FTE students in 1998-99 to 2,300 in 2002-03, as agreed under the Partnership with the Governor.

- **Student Fees**. For seven consecutive years, mandatory systemwide student fees were not increased. In 1998-99 and again in 1999-2000, fees for resident undergraduates were reduced 5%. In 2002-03, and again in 2003-04, mandatory systemwide student fees were increased to offset a total of $230 million in base budget cuts that otherwise would have been targeted at instructional programs. As a consequence, fees rose by $1,555 for resident undergraduates over the 18-month period. Annual student fees for resident undergraduates at UC are now about $1,300 below the average of UC's public comparison institutions.

- **Financial Aid**. The amount of aid UC students receive has risen to more than $1.3 billion a year, more than half of it in the form of gift aid.

- **UC Merced**. UC Merced will open to undergraduates in Fall 2005, and will serve 1,000 students in its inaugural year, with the addition of 800 students each year thereafter. In the meantime, the campus has established a system of distributed learning centers in conjunction with local community colleges at three locations: Fresno, Merced, and Bakersfield; a fourth is planned for Modesto. Development of UC Merced is part of the University's strategy to increase its enrollment capacity, to encourage San Joaquin Valley students to attend the University of California, and to provide the benefits of a research university to Californians in the Central Valley. Central Valley outreach programs developed by Merced have led to an increase of 94% (758 students) between 1990 and 2002 in the number of freshmen students enrolled in UC from Central Valley high schools.

- **Science Institutes**. UC has created four *California Institutes for Science and Innovation* that are pursuing cutting-edge research in fields that will be critical to the future of the state's economy by bringing together university researchers and private-sector partners to push the boundaries of knowledge, maintain California's economic leadership, and create jobs for the state's growing population. The Institutes are required to provide non-State matching funds at a 2:1 ratio, and they are expected to meet that requirement.

- **Research Funding**. The Partnership called for the University to seek to increase its share of federal research and development dollars to help maintain high-quality programs. Federal funding for UC research has increased on average by 8%-9% per year in recent years.

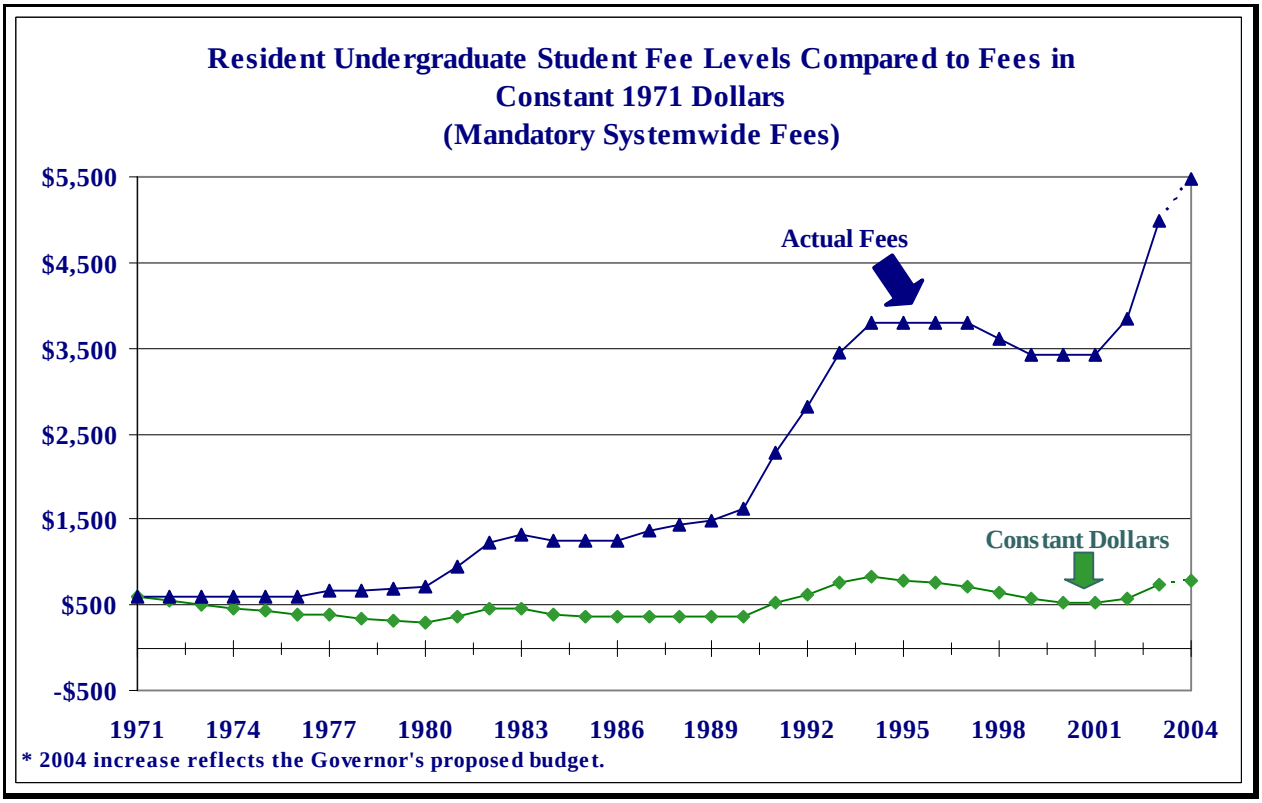
- **Private Support**. Similarly, the University has met with great success in securing private support to supplement State funding, raising $1.2 billion in 1999-2000 – the first year ever over $1 billion – and exceeding $1 billion again each year for the following three fiscal years (through June 30, 2003**)**, in spite of the economic recession and sharp downturn in the stock market.

Display D

University of California
2004-05 Governor's Budget
($ in millions)

2003-04 State General Fund Budget per State Budget Act prior to 2003-04 Mid-Year Reductions	$	2,898.0
Increase Student Share of Funding for Educational Expenses and Reduce State Funds		
Increase undergraduate student fees $500 (10%) -- limit return to financial aid to 20%	$	(63.6)
Increase graduate academic student fees $2,088 (40%)—limit return to financial aid to 20%		(57.4)
Increase professional school fees to reduce State subsidy overall by 25% -- no return to financial aid		(42.2)
Increase non-resident tuition $2,746 (20%) -- assumes 20% return to financial aid		(32.6)
Charge students an excess units fee for units that exceed a threshold of 10% above minimum number of credit units needed to graduate		(9.3)
(Note: A $15.7 million unallocated mid-year reduction grows to $47.2 million in the budget year and is included in the student fee increase offsets above).		
Subtotal, State General Fund Cuts Offset by Increases in Student Fees	$	(205.1)
Reduce Enrollment		
Reduce Freshmen enrollment by 10% (3,200 FTE)	$	(24.8)
Provide counselors for redirection of freshman to community colleges		1.6)
Subtotal, Enrollment-Related Changes	$	(23.2)
Other Budget Cuts		
Increase student/faculty ratio from 19.7:1 to 20.7:1		(35.3)
Reduce academic and institutional support 7.5%		(45.4)
Reduce research 5%		(11.6)
Eliminate State funding for Institute for Labor and Employment (mid-year reduction of $2 million grows to $4 million in 2004-05)		(4.0)
Eliminate State funding for outreach (mid-year reduction of $12.2 million grows to $33.3 million in 2004-05)		(33.3)
Eliminate State funding for California Digital Project (K-12 Internet)		(14.3)
Subtotal, Other Budget Cuts	$	(143.9)
Subtotal, All State General Fund Reductions	**$**	**(372.2)**
Other Budget Adjustments and One-Time Actions		
Restore one-time $80.5 million unallocated cut from 2003-04 budget	$	80.5
Provide one-time funds for UC Merced (increase one-time funding from $7.3 to $10 million)		2.7
Funding for annuitant health care benefits cost increase		34.4
Lease revenue bond payments		27.1
Subtotal, Other Budget Adjustments and One-Time Actions	$	144.7
Partnership Funding Not Provided		
4% increase to the base for salaries, benefits, and other cost increases ($114.2 million)		0
1% increase to the base for core needs ($28.5 million)		0
Normal funding for 5,000 FTE enrollment growth ($40.0 million)		0
Funding for State-funded summer instruction at four remaining campuses ($31.0 million)		0
Total Governor's Proposed State General Fund Budget for 2004-05	**$**	**2,670.5**
2004-05 Governor's Budget for Capital Outlay		
General Obligation Bond Program	$	339.4
State Lease Revenue Bonds		55.0
Total State Budget for Capital Outlay	**$**	**394.4**

Display E



- The history of undergraduate student fees is shown in the top line of Display E. The wide fluctuation in student fees tracks fairly closely with changes in the State's economy. In good years, fees were held steady or reduced. In years of fiscal crisis, student fees increased dramatically.

- The display also shows that, when adjusted to account for a family's ability to pay (using California per capita personal income), fees in 2004-05 (assuming the Governor's Budget proposed 10% fee increase is implemented) would be only slightly higher than they were in 1971-72.

Display F

University of California and Public Salary Comparison Institutions
Student Fees

Public Salary Comparison Institutions 2003-04 Fees	Undergraduate		Graduate	
	Resident	Nonresident	Resident	Nonresident
University of Illinois	$ 7,010	$ 18,046	$ 7,756	$ 18,866
University of Michigan	$ 8,481	$ 25,647	$ 12,933	$ 25,999
State University of New York	$ 5,851	$ 11,801	$ 7,987	$ 11,587
University of Virginia	$ 6,149	$ 22,169	$ 7,856	$ 19,964
2003-04 Average Fees of Comparison Institutions	$ 6,873	$ 19,416	$ 9,133	$ 19,104
2003-04 Average UC Fees *	*$ 5,530*	*$ 19,740*	*$ 6,843*	*$ 19,333*
2004-05 Estimated Average Fees for Public Salary Comparison Institutions	***$ 7,423***	***$ 20,969***	***$ 9,864***	***$ 20,632***
2004-05 Estimated Average UC Fees *	***$ 6,028***	***$ 22,984***	***$ 8,931***	***$ 23,870***

* Does not include undergraduate student health insurance fees which may be waived.
Note: Estimated Average UC Fees reflects increases proposed in the Governor's Budget.

- Display F compares UC fee levels with the average of four public comparison institutions for 2003-04 and projects comparisons for 2004-05 (averages for comparison institutions for 2004-05 are based on UC estimates, and UC fee levels are based on the Governor's proposal for a 10% student fee increase for undergraduates and a 40% increase for graduate academic students next year).

- The University is exploring possible alternatives to the Governor's proposal and will keep the Legislature informed about potential changes to levels already proposed. No action will be taken by the Board to increase fees for 2004-05 until further consultation has occurred.

- In terms of the Governor's proposal for a long-term student fee policy, the University's preference would be to have a fee policy accepted by both the University and those in State government that would assume student fees would increase annually consistent with an economic measure, such as per capita personal income. Such a policy would be contingent upon the State being able to provide adequate support for the University's basic needs. If the State can afford basic support to maintain quality and access for the University, student fee increases should occur gradually, moderately, and predictably.

Display G

2003-04 RESIDENT FEES FOR SELECTED PROFESSIONAL SCHOOL STUDENTS

University of California	Under-graduate	Graduate	Medicine	Dentistry	Veterinary Medicine	Law	Business Admin.	Optometry	Pharmacy	Nursing	Theater, Film & TV
2003-04 Fees											
Educational Fee, University Registration Fee, and Average Miscellaneous Fees	$ 5,530 *	$ 6,843	$ 7,108	$ 7,634	$ 9,272	$ 6,984	$ 6,209	$ 6,414	$ 7,166	$ 6,969	$ 6,563
Professional Fees	--	--	$ 8,549	$ 8,060	$ 6,565	$ 9,849	$ 9,360	$ 4,875	$ 4,875	$ 2,925	$ 3,185
Total Fees for *2003-04*	**$ 5,530 ***	**$ 6,843**	**$ 15,657**	**$ 15,694**	**$ 15,837**	**$ 16,833**	**$ 15,569**	**$ 11,289**	**$ 12,041**	**$ 9,894**	**$ 9,748**
Comparison Institution Fees											
2003-04 Fees											
Public Salary Comparison Institutions											
University of Illinois	$ 7,010	$ 7,756	$ 22,832	$ 17,258	$ 13,488	$ 14,566	$ 15,960		$ 12,842	$ 10,613	$ 7,754
University of Michigan	$ 8,481	$ 12,933	$ 20,525	$ 19,865		$ 27,863	$ 29,687		$ 16,619	$ 13,833	$ 13,417
State University of New York	$ 5,851	$ 7,987	$ 17,949	$ 14,509		$ 12,849	$ 8,159		$ 13,109		$ 7,992
University of Virginia	$ 6,149	$ 7,856	$ 22,486			$ 23,798	$ 28,220			$ 6,019	$ 7,866
Additional Fee Comparison Institutions for Selected Programs											
University of Alabama								$ 12,000			
Cornell University (statutory college)					$ 16,650						
Michigan State University					$ 14,000						
University of Minnesota					$ 15,911						
University of Missouri								$ 16,752			
Ohio State University								$ 10,995			
University of Wisconsin					$ 15,856						
Public Comparison Institution Average Fees for *2003-04*	**$ 6,873**	**$ 9,133**	**$ 20,948**	**$ 17,211**	**$ 15,181**	**$ 19,769**	**$ 20,507**	**$ 13,249**	**$ 14,190**	**$ 10,155**	**$ 9,721**
Private Salary Comparison Institutions											
Harvard University		$ 28,404	$ 34,741				$ 39,288				
Massachusetts Institute of Technology	$ 29,600	$ 29,500					$ 34,680				
Stanford University	$ 28,563	$ 28,563	$ 34,716			$ 32,424	$ 36,252				
Yale University	$ 28,400	$ 28,400	$ 35,450			$ 33,690	$ 34,772				

* Excludes undergraduate student health insurance fees. Effective Fall 2001, undergraduate students must demonstrate proof of insurance to enroll.

- Display G shows 2003-04 professional school fees at the University of California in relation to the University's public comparison institutions.
- The Governor's Budget proposes increases in these fees sufficient to reduce the total State subsidy provided to these programs by 25%, allowing flexibility for the University to determine the actual fee increases for each school. The estimates of revenue generated assume no return to financial aid related to this increase.
- The University is developing a plan to achieve the $42.2 million in revenue expected from these fee increases. If across-the-board increases were implemented, fees at each of the schools would need to rise by about $5,000. However, the University has been asked to exempt Nursing from these increases and to implement smaller than average increases for students in the Schools of Medicine. In addition, a few of the schools -- such as Optometry, Pharmacy, Theater Film & TV -- could probably not sustain increases of $5,000 and still attract sufficient numbers of highly qualified students. Therefore, fees at some schools may need to be increased higher than the $5,000 average.
- We are also considering the possibility of further increasing these fees, if it is determined the school must do so to provide sufficient financial aid (the Governor's Budget assumes no return-to-aid associated with these fee increases) and/or to maintain quality of the academic program. Because students will be paying significantly more to attend these schools, it is critical that the schools are able to offer high quality programs.
- By way of example, if fees for MBA students were increased by $5,000 and business schools determine it is necessary to raise fees by an additional 10% to help meet financial aid needs and maintain quality, then the total fees paid by resident MBA students could range from about $21,000 to $23,000, when all fees are taken into account. Fees for Law students under similar assumptions would range from about $22,000 to $24,000. Under such a scenario, UC fees would be comparable to those charged in these disciplines at other public comparison institutions.

Display H

UNIVERSITY OF CALIFORNIA

TOTAL TUITION AND FEE CHARGES
FOR NONRESIDENT UNDERGRADUATE STUDENTS

Year	Mandatory Systemwide Fees	Average Campus Fees	Nonresident Tuition	Total Fees & Tuition	Total % Increase in Tuition and Fees
1978-79	$ 671	$ 49	$ 1,905	$ 2,625	--
1979-80	685	51	2,400	3,136	19.5%
1980-81	719	57	2,400	3,176	1.3%
1981-82	938	60	2,880	3,878	22.1%
1982-83	1,235	65	3,150	4,450	14.7%
1983-84	1,315	72	3,360	4,747	6.7%
1984-85	1,245	79	3,564	4,888	3.0%
1985-86	1,245	81	3,816	5,142	5.2%
1986-87	1,245	100	4,086	5,431	5.6%
1987-88	1,374	118	4,290	5,782	6.5%
1988-89	1,434	120	4,956	6,510	12.6%
1989-90	1,476	158	5,799	7,433	14.2%
1990-91	1,624	196	6,416	8,236	10.8%
1991-92	2,274	212	7,699	10,185	23.7%
1992-93	2,824	220	7,699	10,743	5.5%
1993-94	3,454	273	7,699	11,426	6.4%
1994-95	3,799	312	7,699	11,810	3.4%
1995-96	3,799	340	7,699	11,838	0.2%
1996-97	3,799	367	8,394	12,560	6.1%
1997-98	3,799	413	8,984	13,196	5.1%
1998-99	3,799	428	9,384	13,611	3.1%
1999-2000	3,799	474	9,804	14,077	3.4%
2000-01	3,799	535	10,244	14,578	3.6%
2001-02	3,799	430	10,704	14,933	2.4%
2002-03 (Annualized)	4,204	453	12,480	17,137	14.8%
2003-04	5,464	546	13,730	19,740	15.2%
2004-05 (Governor's Budget)	5,962	546	16,476	22,984	16.4%

- UC has been increasing nonresident tuition fairly steadily over the years until recently, when significant increases were implemented for nonresident undergraduate students.

- For 2004-05, the Governor has proposed a 20% increase in nonresident tuition. If all the Governor's fee proposals are implemented, undergraduate nonresidents would be paying total fees that exceed the average paid by nonresidents at comparison institutions by about $2,000; for graduate students, the difference is about $3,200 (See Display F).

- The University has already witnessed a dramatic decline in the number of undergraduate nonresidents applying to the University—exceeding 22% over the last two years.

- It should be noted that these students actually pay significantly more than the cost of their education.

Display I

Scholarships, Grants, and Fellowships
by Fund Source, 2000-01 to 2003-04
($ in Millions)

	2000-01	2001-02	2002-03	2003-04
UC Funds				
Student Fees and State General Funds	$ 229.3	$ 256.4	$ 266.0	$ 383.6
Other University Funds	99.7	111.7	114.9	117.6
Subtotal	$ 329.0	$ 368.1	$ 380.9	$ 501.2
Other Funds				
Student Aid Commission	$ 126.3	$ 133.4	$ 148.0	$ 185.5
Federal	155.6	185.3	192.2	196.8
Private Funds	36.8	43.2	45.4	46.4
Total, All Funds	**$ 647.7**	**$ 729.9**	**$ 766.5**	**$ 929.9**

Note: Numbers for 2002-03 and 2003-04 are estimates; Student Fees and State General Funds are based on budgeted amounts.

- Financial aid is a major component in the University's ability to maintain access for needy students. We are very proud of our financial aid programs.

- By providing assistance through grants, loans, and work-study experiences, funded from UC, State, Federal, and private resources, the University can help ensure that the cost of attending UC is not a barrier for needy students. Nearly 50% of UC undergraduates receive grant/scholarship aid averaging approximately $6,500 per student; about 62% of graduate academic students receive such aid averaging about $9,800 per student.

- To mitigate the impact of the recent fee increases, the University used 1/3 of the fee revenue generated by the combined 2002-03 and 2003-04 fee increases and enrollment growth to augment its institutional aid program. As shown in the display above, these funds, in combination with an estimated $52.1 million increase in Cal Grant funds awarded to UC undergraduates and an estimated $20.7 million increase in other scholarship, fellowship and grant funds, raised the total estimated amount of gift aid for UC students over the two-year period by $200 million, from $729.9 million in 2001-02, prior to the fee increases, to $929.9 million in 2003-04.

- This augmentation ensured that the 2003-04 fee increase was offset with at least some grant assistance for all undergraduates with financial need and parent income of less than $90,000. Needy students with parent incomes below $60,000 generally received fee grants that covered the full 2002-03 and 2003-04 fee increases, whereas those with parent incomes from $60,000 to $90,000 generally received fee grants that covered one-half the fee increases.

- The 2004-05 Governor's Budget calls for significant reductions to the amount of new student fee revenue that can be used for financial aid (limiting the return-to-aid from undergraduate and graduate academic fee increases to 20% instead of the 33% used in recent years) and proposes no funding increases to the Cal Grant Program to help cover fee increases for UC's needy students.

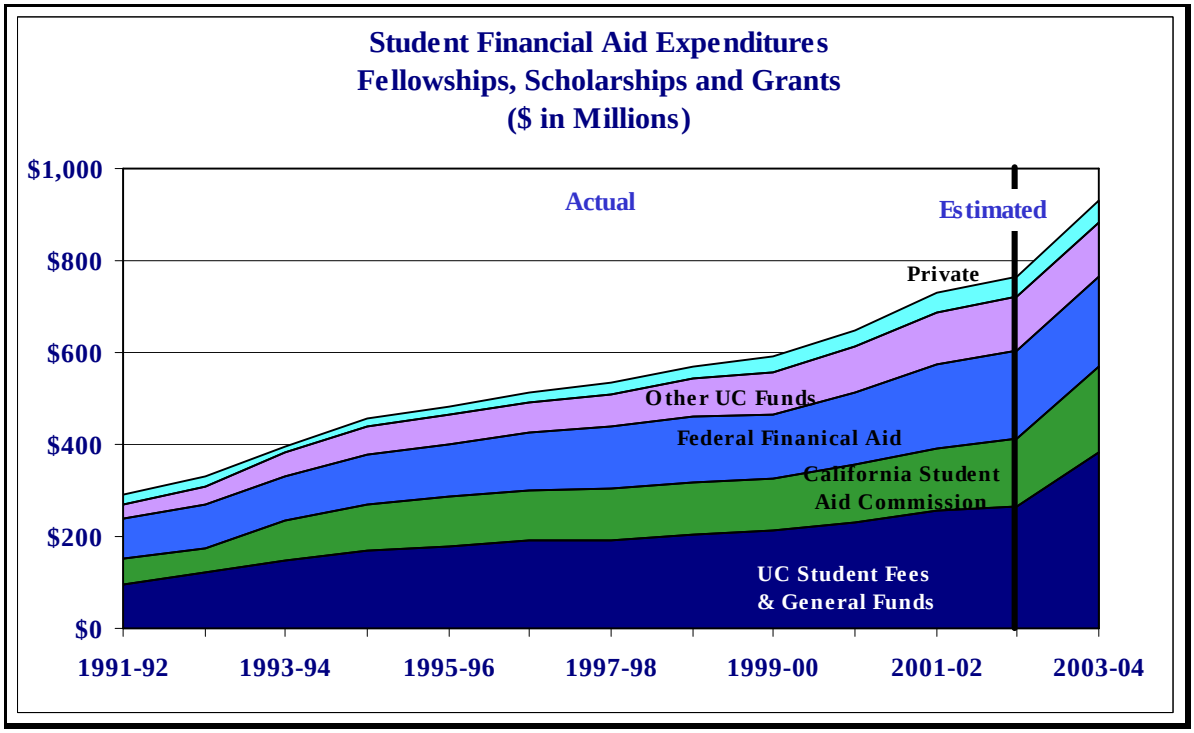
- Compounding this problem is the fact that for the first time in 10 years, UC anticipates Pell Grant awards will not increase.

- In order to address the issue of affordability for the neediest undergraduates, the University intends to continue to provide grant aid to mitigate the impact of fee increases for those students with the most need. Because of the shortfalls in funding for financial aid anticipated for 2004-05, grant aid previously provided to needy middle-income students (those who generally come from families with income of around $60,000 - $90,000) will no longer be available. Also, it is expected that the student contribution from loan and work in 2004-05 could rise from $8,600 to anywhere from $9,500 to $9,700 for all needy undergraduates, depending on the fee increase that is ultimately approved.

- The University is exploring possible alternatives to the Governor's proposals related to undergraduate and graduate fee increases and financial aid. The University may need to consider using some of the revenue generated from undergraduate increases to help fund the dramatic increases in graduate student fees proposed for 2004-05.

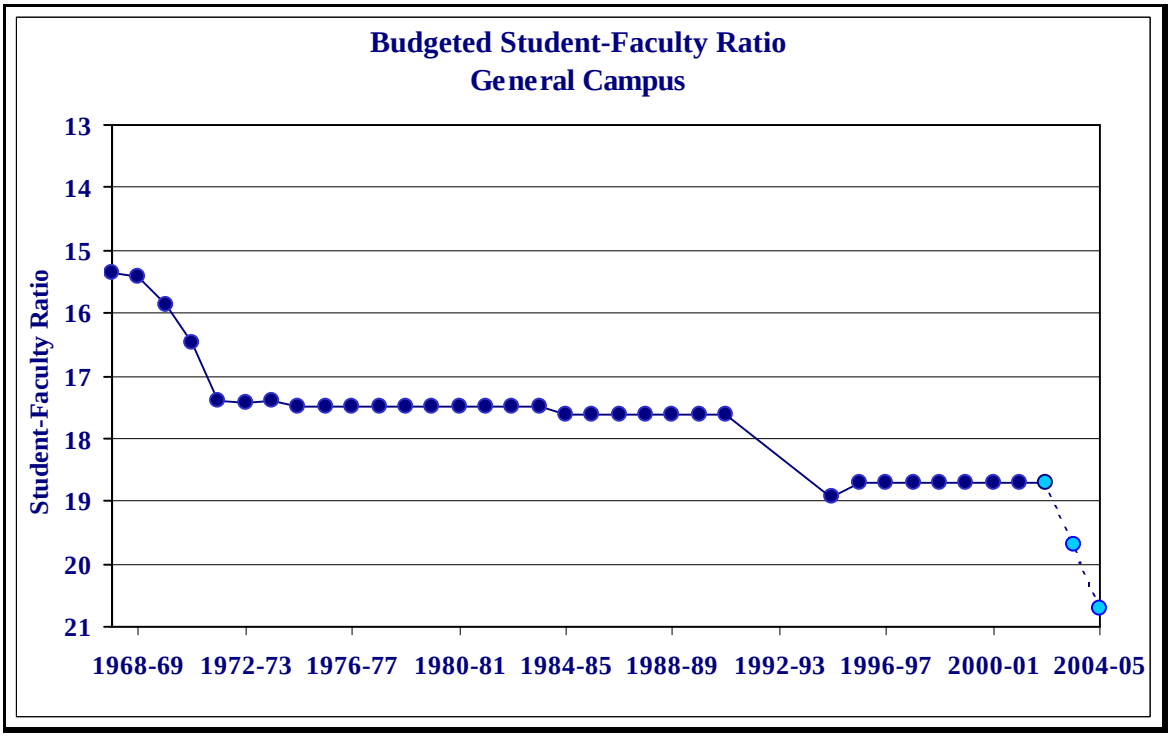
- For the long term, the University is very concerned about limiting to 20% the return-to-aid generated from fee increases, as the Governor has proposed for 2004-05. The University will develop a justification for an appropriate level of return-to-aid for future years.

Display J



- Display J shows the increases in grant aid from various fund sources since 1991-92. As indicated, fellowship, scholarship, and grant expenditures from all fund sources have increased dramatically over a ten-year period.

Display K



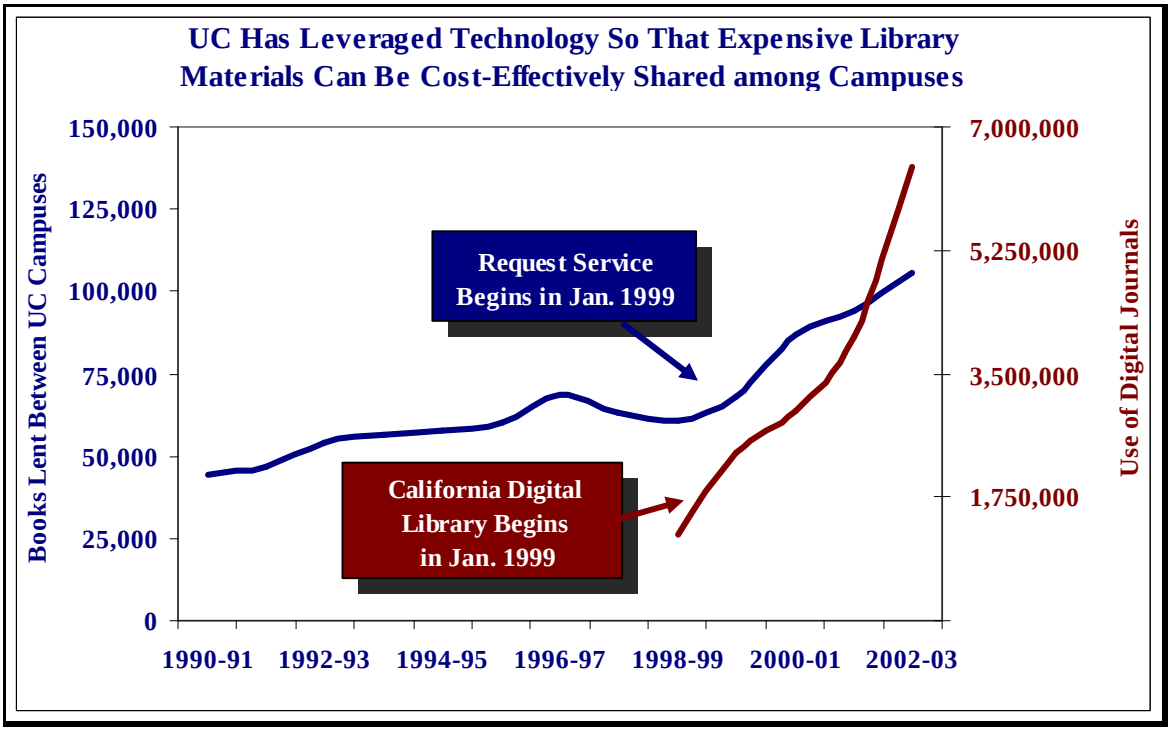
- Beginning in the mid-1960s, the University's budgeted student-faculty ratio was 14.5:1. In the early 1970s, it increased to 17.6:1, where it stayed for nearly 20 years. During the budget cuts of the early 1990s, it rose to 18.6:1.

- As part of their budget proposal for 2003-04, the Governor's office designated a $34.8 million cut as an increase to the student-faculty ratio from 18.6:1 to 19.6:1. Through negotiations, we agreed that the University would treat it as an unallocated reduction, but the reality is that, given the lack of resources, campuses have not been able to hire as many faculty as they need. Therefore, the student-faculty ratio is likely to deteriorate to somewhere between 19.5:1 and 20:1 in the current year.

- The Governor's Budget for 2004-05 proposes to further erode the ratio by raising it to 20.7:1, representing a 10% increase over a two-year period.

- The University's ratio already compared unfavorably with our eight comparison institutions, which average 17:1 at the four public comparison schools and 10.4:1 at the four private comparison schools. Further deterioration of this ratio places us in an even poorer competitive position.

Display L



- We have looked for efficiencies in our operations. For example, Academic Support budget cuts have affected our libraries. But, we are taking advantage of being a multi-campus system and utilizing technology to improve access to our library collections.

- A path-breaking project, the California Digital Library, allows students and faculty from every campus to request articles from more than 7,000 journals available to UC scholars online. These articles are delivered electronically to the desktop, rather than by trucks driving between campuses.

- Note that the level of activity for online access to journal articles is counted in the millions, rather than the tens of thousands of interlibrary loans.

- The cost-effective California Digital Library has been a great success in the few years since it has been established. There is an important lesson to be learned from this project: We are now reaping the benefits of investments in technology made in better times. The campuses have identified some other cost-saving measures that cannot be implemented because we do not have the resources.

- We have also taken other steps to streamline our processes and to increase other sources of funds for critical needs but there is simply no way to compensate for the cumulative effects of cuts of this magnitude.

Display M

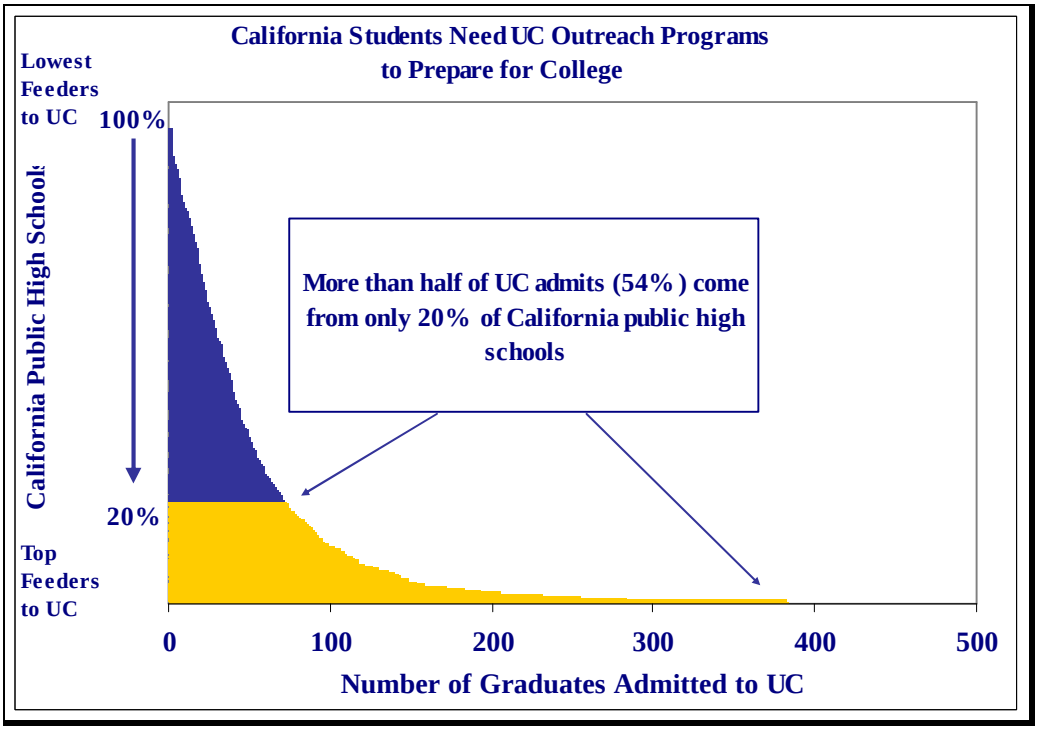
Domestic Undergraduate Headcount

Fall 1980 - 2003

	1980	2003	Change	Percent Change
African-American	3,474	4,846	1,372	39%
American-Indian	483	908	425	88%
Chicano	3,816	16,234	12,418	325%
Latino	1,539	5,400	3,861	251%
Subtotal	9,312	27,388	18,076	194%
Asian	10,700	45,401	34,701	324%
Filipino	1,304	7,515	6,211	476%
White/Other	68,200	64,643	(3,557)	-5%
Decline to State	5,362	10,820	5,458	102%
Subtotal	85,566	128,379	42,813	50%
TOTAL	94,878	155,767	60,889	64%

- We have made progress over the last 20 years in terms of the diversity of our student body, increasing the number of undergraduates from underrepresented backgrounds attending the University by 194%.
- Nevertheless, we understand this isn't enough. We share the commitment many legislators and others in the University community feel toward improving educational opportunities for those from disadvantaged backgrounds.
- Unfortunately, funding for outreach has been unstable for the last couple of years and now the Governor's Budget proposes to eliminate all funding for these programs.
- The University is deeply concerned about the level of cuts proposed for next year.
- We are committed to working together with the Governor and the Legislature through this budget process to reach some agreement for continued support for these programs. This is a high priority for the University -- outreach is part of the core mission of our institution.

Display N



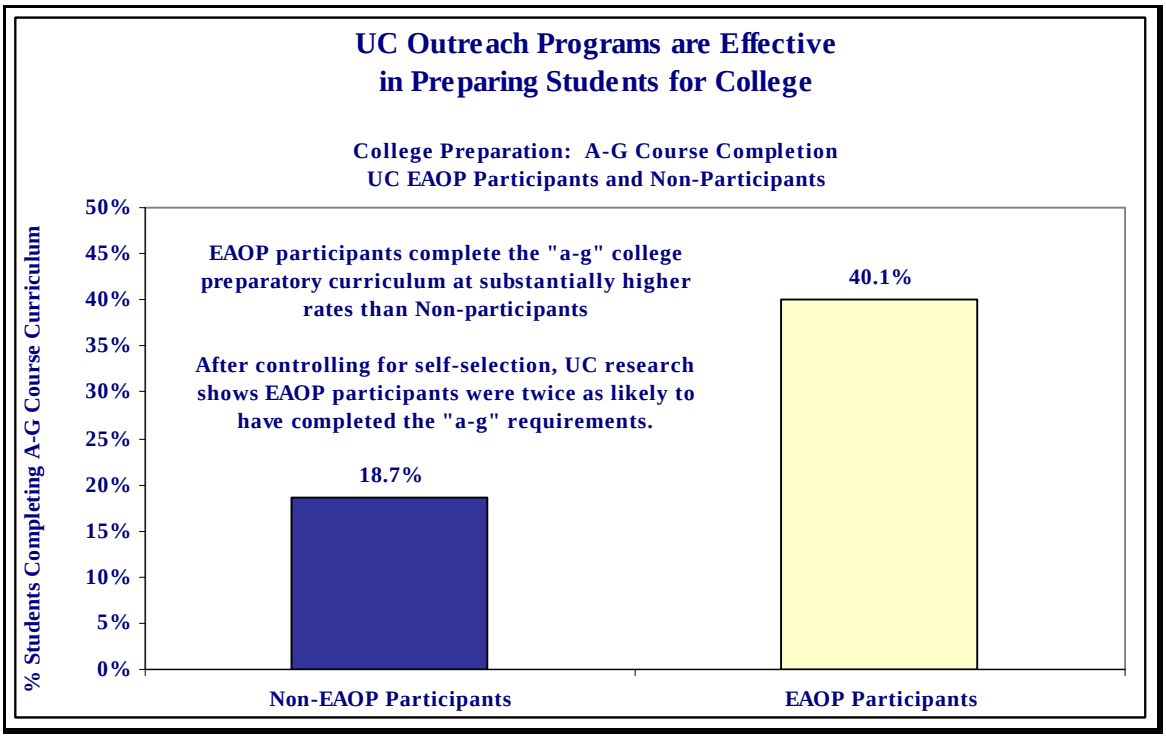
- High schools differ dramatically in the number of students they prepare for higher education. More than half of UC's applicants who qualify for admission come from just 20% of California's high schools.

- Low-income students are concentrated in schools without the resources to prepare them for college. In schools with the lowest standardized scores, an average of 80% of students come from families in poverty. For these students, neither their schools nor their families have the resources to help them become college ready.

- UC outreach programs provide disadvantaged students direct, high quality academic programs: Saturday academies, after school programs, test preparation, financial aid counseling, parent counseling, and one-on-one mentoring.

- Since 1998, UC has served an average of 102,000 participants annually in the Student Academic Development Programs. Thousands more have been served through school-based programs and educational partnerships.

Display O

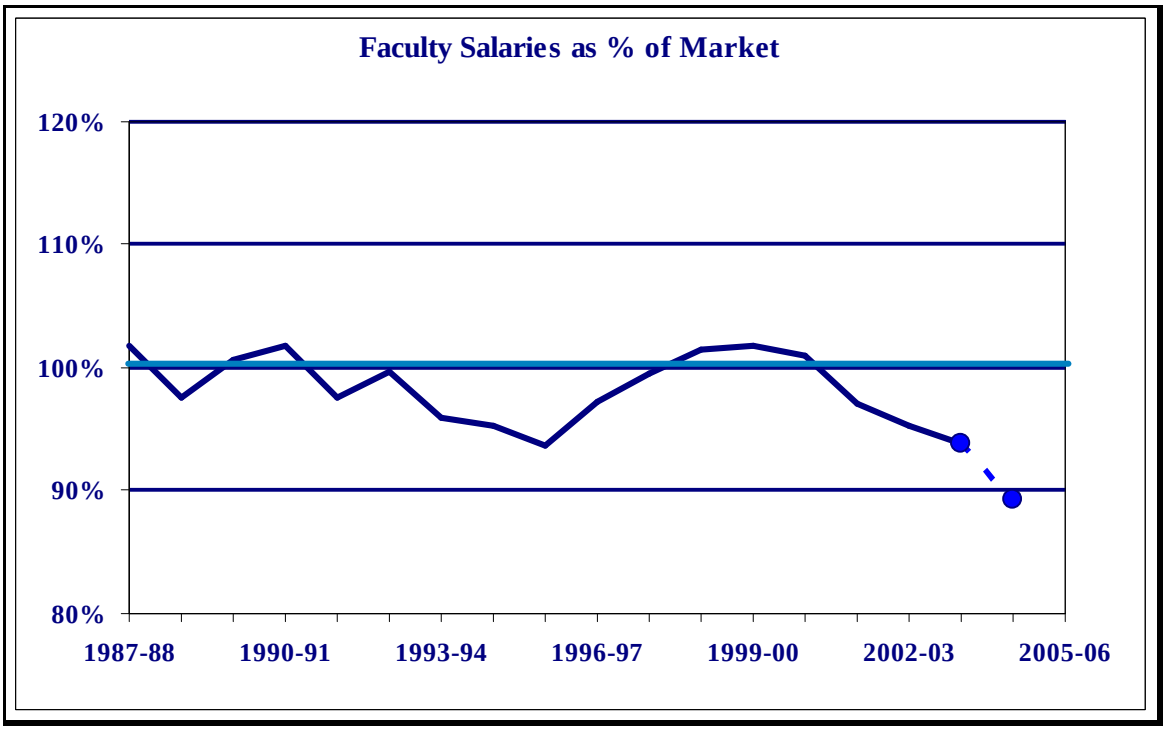


- UC EAOP outreach participants complete the "a-g" college preparatory course work at twice the rate of similar students not in outreach programs, when controlling for self-selection by students.

- Overall, 50.7% of UC outreach participants enroll at UC, CSU, or Community Colleges, compared to 25.9% for their peers. Differences are most dramatic for student enrolled in the state's lowest performing schools – those scoring in the API deciles 1 and 2.

- Outreach helps prepare students for the rigors of college work. After 3 years of college enrollment, 80.3% of outreach participants are still enrolled at UC. This is exactly the same rate as for other UC students.

Display P



- As funding shortfalls persist, one area of deep concern to the University is the growing lag in faculty and staff salaries compared to our competitors. The University's goal has been to maintain market-based competitive salaries for its employees. This means providing sufficient funds, through a combination of merit salary increases and COLAs, to keep UC faculty salaries at the average of the salaries provided at the eight comparison institutions, and to provide salary increases for other employees that, on average, at least keep pace with inflation and the marketplace.

- The display above shows how faculty salaries over time have compared to the average salaries at the University's faculty salary comparison institutions, and illustrates the gap that has occurred in recent years, as well as the degree to which this gap increases, without funding for COLAs.

- As part of the State's actions to reduce the University's Partnership funding in the 2001-02 and 2002-03 budgets, the University lost funding that had been targeted for COLA and parity increases for faculty and staff. As a result, the University was only able to fund a combination of merit and COLA increases averaging 2% for faculty and staff in 2001-02 and merit increases of 1.5% in 2002-03. No State funding was provided in 2003-04 for either COLA or merit increases. The University instituted additional internal budget cuts in order to fund faculty merit increases for 2003-04, but no employees received a general COLA and staff employees received no general merit increases.

- As a result of recent funding shortfalls and if no salary increases are provided in 2004-05, the lag in faculty salaries is likely to grow to 10.7%, based on the CPEC methodology for calculating this average. It is estimated that a similar problem exists with respect to staff salaries

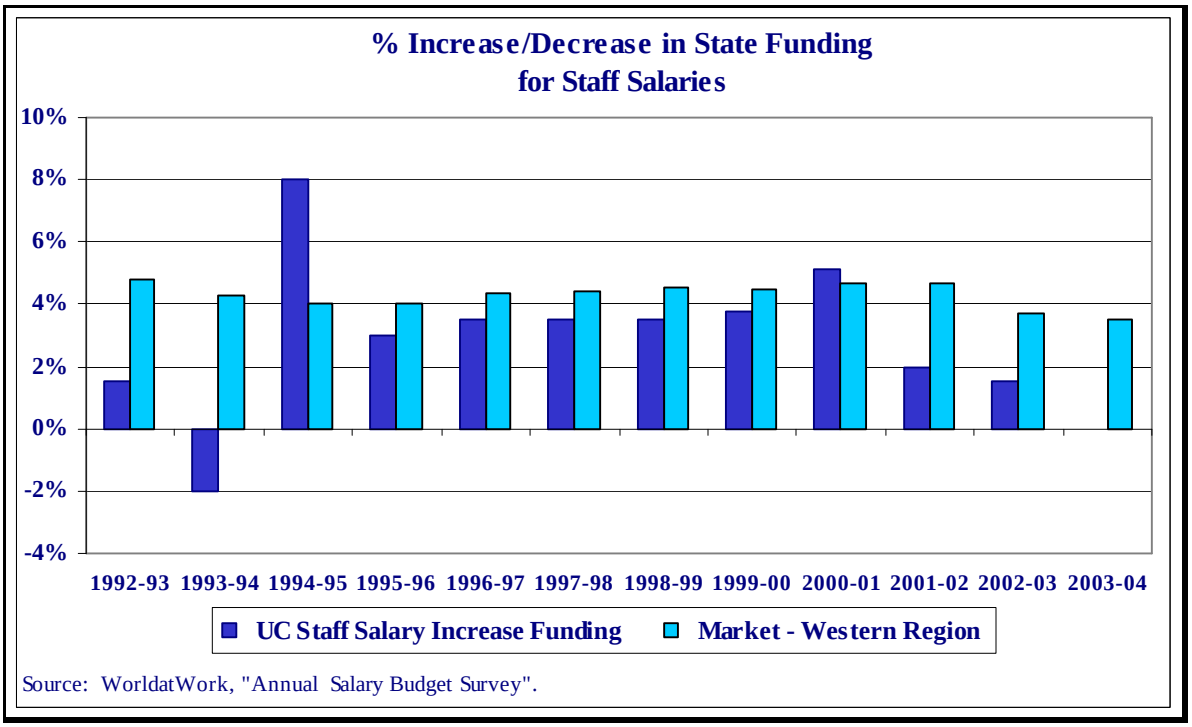
- California is already a hard sell because of our cost of living; we will simply not be able to hire the 7,000 new faculty we need over this decade if we can't pay competitive salaries.

- In a survey conducted by the University spanning the last half of the 1990s, the reason most often cited by first-offer candidates for not accepting a UC appointment was that they had received a better salary offer elsewhere.

- Moreover, a lag in faculty salaries sends a negative message about the University across the nation. Nothing is more certain to undermine quality than a persistent inability to offer competitive salaries. The University must be able to compete for and retain the best faculty if its quality is to be maintained. This is particularly important during a time of dramatic enrollment growth when campuses must hire thousands of new faculty over this decade.

- We must make every effort to return our salaries to competitive levels as soon as possible.

Display Q

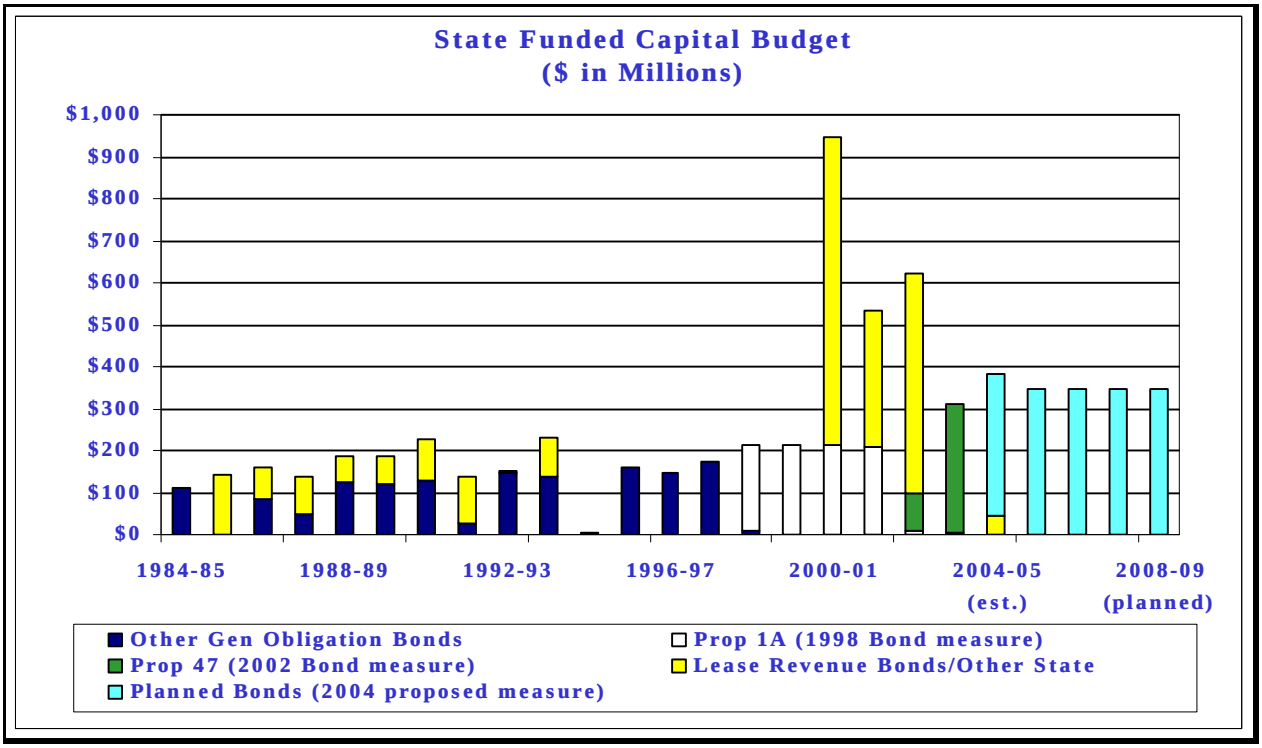


- The gap with respect to staff salaries presents a similar problem for the University.

- The display above compares the annual salary increase funding for UC staff employees to market data from over 800 employers of all sizes and industries, including the public sector, in the western United States. As the chart shows, market salaries have been increasing at approximately 4% per year, but UC staff salaries have not kept pace, both in the early 1990s and currently, as the State's fiscal crisis has prevented full funding of normal staff salary increases.

- The University is deeply concerned about the widening gap between funds available to support staff salary increases and the resources needed to fund more competitive salaries. Recent surveys indicate severe market lags in salaries for Chancellors and other high-level administrators. These lags make it difficult to attract and retain senior leadership in the University, which is particularly important during this period of significant enrollment growth.

Display R



- This display shows what has happened to the University's capital outlay budget over time. Historically, funding has fluctuated significantly. For several years, capital budgets totaled around $200 million. The display also shows what happened in 1991-92 and 1994-95, when the voters defeated bond measures.

- Funding increased significantly in 2000-01 as lease revenue bonds were provided for a variety of projects including $600 million for hospital seismic safety and over $300 million for the Science Institutes.

- Proposition 47, passed by the voters in 2002-03, in combination with additional lease revenue bonds in 2002-03, has provided UC with about $345 million per year in 2002-03 and 2003-04.

- We are extremely grateful for the passage last week of Proposition 55. It will provide the University with another $345 million for capital outlay for each of the next two years (2004-05 and 2005-06).

- The State funds only a portion of the University's capital needs. The University estimates it will need at least $600 million per year in capital funding for core academic space, about half or more of which would be used for projects related to enrollment growth, and the other half for projects related to seismic and life-safety needs, infrastructure, and renovation of space that can no longer support the academic program. The University is making every effort to maximize other fund sources, such as private giving and Garamendi financing, to help meet capital needs.

- With planned levels of funding each year, the University estimates it will construct sufficient space to achieve 90% of the standards for instruction and research space set by the California Postsecondary Education Commission (CPEC space standards) by 2011-12. This level of support needs to continue throughout this decade and perhaps beyond.

DISPLAY S

- The 2-page display on the following pages shows the capital projects included in the Governor's Budget for 2004-05.

- Most of the projects scheduled for 2004-05 are related to enrollment growth (22 out of 31); others are needed for seismic and other life-safety purposes (7), and renovation of out-moded facilities (3).

- These are all high priority needs. Campuses work very hard to balance their capital needs among competing priorities, working within available resources. This is a major planning process on the campuses and we do our best to honor their priorities within the dollars we can expect to receive.

Display S

UNIVERSITY OF CALIFORNIA

2004-05 BUDGET FOR CAPITAL IMPROVEMENTS

CCCI: 4100
EPI: 2627

Priority Number	Cam-pus	Project	Prefunded ($000)	2004-05 Budget ($000)	Future Funding Requirements ($000)	Total Project Cost ($000)
	Capital Equipment for Previously Authorized Projects					
---	SD	Pharmaceutical Sciences Building	PWC 27,728 C [360] X PWCE [12,325] LB	E 2,049	--- --- ---	29,777 [12,685]
---	SB	Psychology Building Addition and Renewal	P [397] U WC 10,293 PWC [2,282]	E 410	---	10,703 [2,769]
---	UW	Northern Regional Library Facility, Phase 3	PWC 18,020	E 499	---	18,519
	Major Capital Projects					
1	Irv	Biological Sciences Unit 3	PW 3,592 C [4,000] LB	C 50,120	E 3,150 E [3,150] X	56,862 [7,150]
2	Riv	Psychology Building	PW 2,241	C 30,192	E 1,924	34,357
3	Dav	Robert Mondavi Institute for Wine and Food Science	PW 1,500 PW [1,800] X PWC [20,000] G	C 30,135	---	33,635 [21,800]
4	SD	Student Academic Services Facility	PW 2,131 PW [789] X	C 19,461 C [2,340] X C [5,000] LB	E 500	22,092 [8,129]
5	SB	Biological Sciences Buildings Renovation	PW 1,000	C 9,691	---	10,691
6	SC	Alterations for Engineering, Phase 2	PW 396	C 4,002	---	4,398
7	SB	Education and Social Sciences Building	PW 4,116 PW [600] G	C 49,706 C [7,232] G	E 2,432 E [218] G	56,254 [8,050]
8	SD	Satellite Utilities Plant, Phase 1	PW 647	C 8,200	---	8,847
9	LA	Geology Seismic Correction	PW 978	C 9,489	---	10,467
10	Dav	Seismic Corrections -- Phase 4	PW 574	C 6,714	---	7,288
11	SD	Applied Physics and Mathematics Renovation	PW 845	C 8,809	---	9,654
12	Merc	Logistical Support/Service Facilities	PW 874	CE 9,290	---	10,164
13	Riv	Geology and Physics Renovations		PWC 17,777	---	17,777
14	SD	Mayer Hall Physics Addition and Renovation	PW 3,559	C 25,096	CE 12,071 E [559] X	40,726 [559]
15	SC	McHenry Addition and Renovation	P 3,602	W 1,461	WCE 70,319	75,382
16	Irv	Engineering Unit 3		PW 3,440 C [8,591] LB	CE 48,003 E [3,150] X	51,443 [11,741]

UNIVERSITY OF CALIFORNIA

2004-05 BUDGET FOR CAPITAL IMPROVEMENTS

CCCI: 4100
EPI: 2627

Priority Number	Cam-pus	Project	Prefunded ($000)	2004-05 Budget ($000)	Future Funding Requirements ($000)	Total Project Cost ($000)
17	SF	Medical Sciences Building Improvements, Phase 2	P 1,400	W 1,632	C 29,024	32,056
18	Dav	Campus Wastewater Treatment Plant Expansion Phase 1		PWC 3,543 PWC [3,080] X	---	3,543 [3,080]
19	SB	Electrical Infrastructure Renewal Phase 2	P [410] X	WC 7,305	W [310] X C 5,607 C [2,097] X	12,912 [2,817]
20	Riv	Materials Science and Engineering Building		PW 3,749	CE 52,220	55,969
21	LA	Campbell Hall Seismic Correction	PW 534	C 5,084	---	5,618
22	SC	Seismic Corrections Phase 3	P [351] X	WC 7,514	---	7,514 [351]
23	LA	CHS South Tower Seismic Renovation Phase A	P [5,700] LB	W 2,500 W [1,700] LB	C 44,800 C [46,215] LB	47,300 [53,615]
24	Dav	Life Sciences Alterations Phase 2		PWC 3,506	---	3,506
25	SD	SIO Research Support Facilities		PWC 3,426	---	3,426
26	Dav	Physical Sciences Expansion		P 2,235	WC 43,842 E [1,196] X	46,077 [1,196]
27	SC	Alterations for Engineering Phase 3		PW 389	C 3,942	4,331
28	LA	Life Sciences Replacement Building		P 2,200 P [1,003] LB	WC 64,533 WC [17,993] LB E [1,300] X	66,733 [20,296]
29	SC	Digital Arts Facility		P 1,330	WCE 19,341	20,671
30	SD	Music Building		PW 3,802	CE 36,333	40,135
31	LA	Graduate School of Education and Information Science Seismic Correction		PWC 2,680	---	2,680
	TOTAL, General Obligation Funds			**339,436**	**438,041**	
---	Riv	Genomics Building		PWCE 55,000		55,000
	TOTAL, Lease Revenue Bonds			**55,000**		