

UNIVERSITY OF CALIFORNIA

The facts: UC budget basics

The University of California's total 2012-13 budget is \$24.1 billion; 74 percent, \$17.9 billion, is largely designated by the funding source for specific uses such as research, medical centers, campus housing and DOE lab operations.

About 27 percent, \$6.2 billion, makes up the unrestricted core funds that support classroom instruction, financial aid and other operating costs.

Historically, the state of California contributed the bulk of UC's core funds. As state support has declined in recent years, however, tuition has become the largest single source of core operating funds. Under the 2012-13 budget adopted by the Legislature and signed by the governor, student tuition and fees contributed nearly \$3 billion versus the \$2.38 billion UC received from the state.

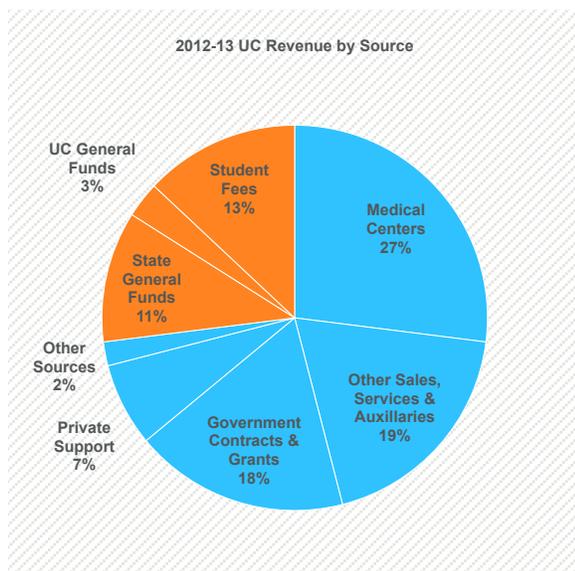
UC's 2012-13 core funds operating budget sources are:

- state general funds (\$2.38 billion);
- student tuition and fees (\$2.98 billion); and
- UC general funds (\$848 million), which include nonresident tuition, portions of federal and state contracts and grants overhead, a portion of UC patent royalties, application and other fees, and interest earnings.

Funds that support the medical centers, auxiliaries, government contracts and grants, and other non-core enterprises generally are designated for specific uses and are not available to fill the funding gap left when the state cuts its contributions to UC's core funds operating budget.

HOW DOES UC SPEND ITS CORE FUNDS?

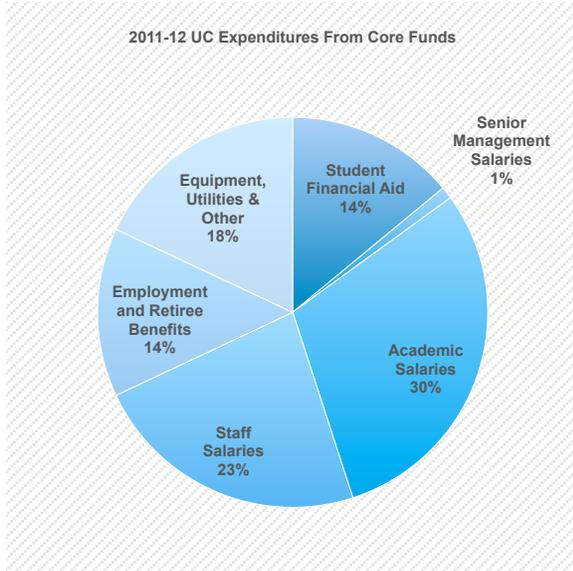
The core funds primarily support faculty and staff salaries in all basic operations of the university, as well as employee and retiree benefits; 14 percent funds student financial aid.



Core funds

Non-core funds

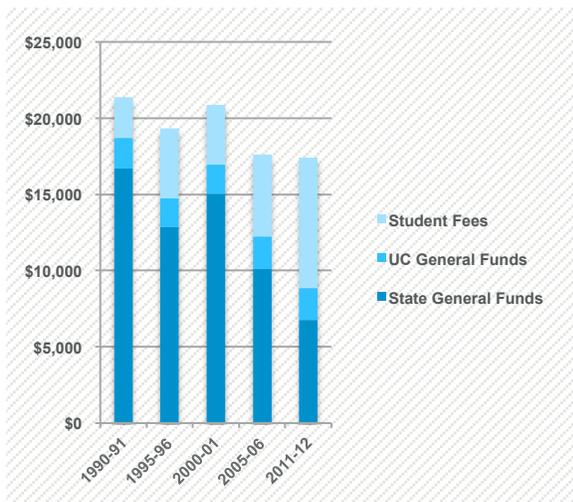
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HOW DO STATE FUNDING CUTS AFFECT UC?

Since 1990, the state's contribution to educating each UC student has decreased by 65 percent in inflation-adjusted dollars.

Per Student Average Expenditures for UC Education



Since 1990-91, UC's average per-student expenditures have declined by 25 percent in inflation-adjusted dollars, a figure that reflects both UC's success in holding down costs and the reality of declining state support.

State funds now comprise just 37 percent of the per student average expenditure, while the student share, net of financial aid, has more than tripled, from 13 percent to 49 percent.

In all, state funds have plunged by **65 percent** since 1990-91, yet student tuition and fees have only partially made up for the decline.

HOW HAS UC DEALT WITH STATE CUTS?

In 2008-09, with California facing a deep recession, state cuts to UC accelerated. By 2012-13, UC's state appropriations had been slashed by roughly \$900 million, or 27 percent.

The university responded with a variety of long- and short-term actions.

It enacted a systemwide 12-month employee furlough program in 2009-10 that reduced salaries from 4 to 10 percent, with higher-paid employees taking the biggest cuts. The program saved nearly \$136 million in core funds and \$240 million across all fund sources.

UC also launched a systemwide administrative efficiencies program, known as Working Smarter, through which it consolidated and restructured administrative departments and instituted energy efficiencies and group purchasing programs. That program has produced nearly \$300 million in cost savings and other positive financial impacts. It is on track to reduce operating costs by \$500 million over five years, of which it is estimated about two thirds have accrued to the core budget.

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Although UC has worked hard to spare academic programs from the brunt of state cuts, the degree of disinvestment has affected nearly every part of the university. Over the past five years, campuses have laid off more than 4,200 employees, eliminated or left unfilled 9,500 positions and deferred faculty hiring. They have cut academic programs, eliminated courses, increased class size and cut back student services such as counseling and library hours. Academic and administrative cuts have ranged from 0 percent to 35 percent, resulting in an estimated savings of more than \$155 million.

TOWARD A FINANCIALLY STABLE FUTURE

Faced with rising costs and limited state funds, UC continues to look for operational efficiencies and new, reliable sources of non-state revenue. These efforts are all pursued with the primary goal of retaining our academic and research excellence, and maintaining our historic commitment to providing an affordable, accessible education to California's brightest students.

Although both California and UC still face financial challenges, the economic climate appears to be stabilizing, largely because of Proposition 30, a statewide tax initiative approved by voters in November 2012. The measure is expected to generate significant new revenue for the state through 2018-19. Its passage also has created an opportunity to bring stability to the funding of public higher education in California.