UCRS Advisory Board Budget Update

December 6, 2024

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State Budget Deficit and Proposed Reduction for the University

	Actual 2024-25	Projected 2025-26	Projected 2026-27	Projected 2027-28	Total
Ongoing State Funding					
2024-25 Compact	$ 227.8				$ 227.8
2025-26 Compact		deferred	$ 240.8		$ 240.8
2026-27 Compact			deferred	$ 240.8	$ 240.8
NR Swap (2024-25)	$ 31.0				$ 31.0
NR Swap (2025-26)		deferred	$ 31.0		$ 31.0
NR Swap (2026-27)			deferred	$ 31.0	$ 31.0
UCM Medical Education Bldg.	$ 14.5				$ 14.5
Proposition 56 True-up	$ (13.5)				$ (13.5)
2024-25 Cut / Restoration	$ (125.0)	$ 125.0			$ -
7.95% Cut in 2025-26	$ -	$ (396.0)			$ (396.0)
Total New Ongoing Funding	**$ 134.8**	**$ (271.0)**	**$ 271.8**	**$ 271.8**	**$ 407.4**
Total One-time Funding	**$ 2.4**	**$ 1.3**	**$ 271.8**	**$ 271.8**	**$ 547.3**
Total New Ongoing + One-time	**$ 137.2**	**$ (269.7)**	**$ 543.6**	**$ 543.6**	**$ 954.7**

UNIVERSITY OF CALIFORNIA

Elements of the 2025-26 Budget Plan

- **Expenditure Components**
  - Sustaining Core Operations
  - Enrollment Growth
  - Student Financial Aid
  - Additional High-Priority Investments
- **Revenue and Cost-Saving Components**
  - Alternative Revenue Sources
  - State General Funds
  - Tuition and Fees
- **One-time Funding Request for Capital Projects**

University of California — **Attachment 1**

2025-26 Budget Plan for Current Operations

(dollars in millions)

2024-25 CORE FUNDS FOR CURRENT OPERATIONS

Total Core Funds (State General Funds, Student Tuition and Fees, and UC General Funds)	$ 10,758.3

PROPOSED CHANGES IN EXPENDITURES

Sustaining Core Operations	
Faculty compensation: policy-covered	$ 80.1
Faculty merit program	$ 36.0
Staff compensation: policy-covered	$ 69.5
Contractually committed compensation	$ 51.2
Represented academic employees	*$ 36.9*
Represented staff employees	*$ 14.3*
Retirement contributions	$ 19.4
Employee health benefits	$ 40.4
Retiree health benefits	$ 11.3
Non-salary price increases	$ 35.9
Subtotal	***$ 343.7***
Enrollment Growth	
Compact: 2,044 CA undergrad, 625 grad*	$ 62.8
Subtotal	***$ 62.8***
Student Financial Aid	
New enrollment (2,044 undergrad, 625 grad)	$ 14.2
Add'l 902 aid-eligible undergrads (NR swap)	$ 4.0
Tuition/Fee/NRST Adjustments	$ 83.5
Subtotal	***$ 101.6***
Additional High-Priority Investments	
DDS-ASPIRE, PRIME-Rx, DVM-SERVE	$ 4.3
Subtotal	***$ 4.3***
EXPENDITURES TOTAL	**$ 512.5**

PROPOSED CHANGES IN REVENUE / RESOURCES

Alternative Revenue Sources	
Procurement savings	$ 9.0
Asset management	$ 20.0
Nonresident enrollment growth (200), net	$ 4.2
Subtotal	***$ 33.2***
State General Funds	
5% Base Budget Adjustment	$ 242.8
Convert 902 nonresident to resident slots	$ 32.9
Offset lost nonresident tuition revenue	*$ 28.9*
Aid for add'l 902 eligible undergrads	*$ 4.0*
DDS-ASPIRE, PRIME-Rx, DVM-SERVE	$ 4.3
Subtotal	***$ 280.1***
Tuition and Fees	
For campus operations	
Enrollment growth (net of aid)	$ 31.1
Nonresident tuition reduction from swap	$ (28.9)
Tuition/Fee Adjustment (net of aid)	$ 83.3
Nonresident tuition adjustment (net of aid)	$ 58.1
For student financial aid	
From enrollment growth	$ 14.2
From Tuition/Fee/NRST adjustments	$ 83.5
Subtotal	***$ 241.2***
REVENUE / RESOURCES TOTAL	**$ 554.5**
Add'l cost savings/revenues required with proposed $271M State reduction	***$ 504.7***

ADDITIONAL REQUEST FOR ONE-TIME STATE FUNDS

Capital Support for Facilities Renewal, Enrollment Growth, and Clean Energy Projects	**$ 1,360.0**

Figures may not sum to totals due to rounding.

** Does not include additional CA undergraduate growth beyond the level in the Compact, which would be funded from the University's 2024-25 State appropriation together with students' tuition and fees.*

Proposed Changes in Expenditures

- **Sustaining Core Operations**
  - $170 million to hire/retain policy-covered faculty and staff
  - Contractually committed compensation: $51.2 million
    - $36.9 million for represented academics
    - $14.3 million for represented staff
  - UCRP employer contribution increase to 15%

PROPOSED CHANGES IN EXPENDITURES		
Sustaining Core Operations		
Faculty compensation: policy-covered	$	80.1
Faculty merit program	$	36.0
Staff compensation: policy-covered	$	69.5
Contractually committed compensation	$	51.2
Represented academic employees	$	*36.9*
Represented staff employees	$	*14.3*
Retirement contributions	$	19.4
Employee health benefits	$	40.4
Retiree health benefits	$	11.3
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Subtotal	$	***343.7***
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Subtotal	$	***62.8***
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Tuition/Fee/NRST Adjustments	$	83.5
Subtotal	$	***101.6***
Additional High-Priority Investments		
DDS-ASPIRE, PRIME-Rx, DVM-SERVE	$	4.3
Subtotal	$	***4.3***
EXPENDITURES TOTAL	**$**	**512.5**

Proposed Changes in Expenditures

- **Enrollment Growth**
  - Growth of 2,044 Undergraduate FTE and 625 grad
- **Student Financial Aid**
  - Over $100 million of new resources for student financial aid
  - With planned expansion of the State's Middle Class Scholarship, UC would offer aid to provide debt-free pathway to over 41,000 incoming CA resident undergraduates in 25-26
- **Additional High-Priority Investments**
  - DDS-ASPIRE, PRIME-Rx, DVM-SERVE

PROPOSED CHANGES IN EXPENDITURES		
Sustaining Core Operations		
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Subtotal	***$***	***101.6***
Additional High-Priority Investments		
DDS-ASPIRE, PRIME-Rx, DVM-SERVE	$	4.3
Subtotal	***$***	***4.3***
EXPENDITURES TOTAL	**$**	**512.5**

Proposed Changes in Revenues / Available Resources

- **Alternative Revenue Sources**
  - Procurement savings
  - Asset management
  - Continued growth of nonresidents at campuses below the 18% cap
- **State General Funds**
  - 5% increase consistent with multi-year compact
  - Funding to replace 902 nonresidents and provide financial aid
  - DDS-ASPIRE, PRIME-Rx, DVM-SERVE

PROPOSED CHANGES IN REVENUE / RESOURCES		
Alternative Revenue Sources		
Procurement savings	$	9.0
Asset management	$	20.0
Nonresident enrollment growth (200), net	$	4.2
Subtotal	$	*33.2*
State General Funds		
5% Base Budget Adjustment	$	242.8
Convert 902 nonresident to resident slots	$	32.9
Offset lost nonresident tuition revenue	$	*28.9*
Aid for add'l 902 eligible undergrads	$	*4.0*
DDS-ASPIRE, PRIME-Rx, DVM-SERVE	$	4.3
Subtotal	$	*280.1*
Tuition and Fees		
For campus operations		
Enrollment growth (net of aid)	$	31.1
Nonresident tuition reduction from swap	$	(28.9)
Tuition/Fee Adjustment (net of aid)	$	83.3
Nonresident tuition adjustment (net of aid)	$	58.1
For student financial aid		
From enrollment growth	$	14.2
From Tuition/Fee/NRST adjustments	$	83.5
Subtotal	$	*241.2*
REVENUE / RESOURCES TOTAL	$	554.5

Proposed Changes in Revenues / Available Resources

- **Tuition and Fees (for Campus Operations)**
  - Increases consistent with approved Tuition Stability Plan on Tuition and the Student Services Fee
  - Proposed increase to undergraduate NRST
- **Tuition and Fees (for Student Financial Aid)**
  - Additional funding for financial aid from return-to-aid

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For student financial aid		
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From Tuition/Fee/NRST adjustments	$	83.5
Subtotal	***$***	***241.2***
REVENUE / RESOURCES TOTAL	**$**	**554.5**

Additional Cost Savings / Revenues Required

- **Without $271 million reduction in State support:**
  - Increase in expenditures of $512.5 million
  - Increase in revenues of $554.5 million

- **With $271 million reduction in State support:**
  - Increase in expenditures of $508 million (no increase for Additional High-Priority Investments)
  - Reduced revenues of $3.4 million (i.e., $554.5M - $280.1M - $271M)
  - **Gap of $504.7 million**

EXPENDITURES TOTAL	$ 512.5	REVENUE / RESOURCES TOTAL	$ 554.5
		Add'l cost savings/revenues required with proposed $271M State reduction	*$ 504.7*
ADDITIONAL REQUEST FOR ONE-TIME STATE FUNDS			
Capital Support for Facilities Renewal, Enrollment Growth, and Clean Energy Projects	$ 1,360.0		

One-time State Support for Capital Projects

- **University request for $1.36 billion:**
  - Improve energy efficiency
  - Support enrollment growth
  - Address other capital needs

- **Minimal funding received in support of prior requests included as part of the 2023-24 and 2024-25 University budget proposals**

Questions & Discussion