

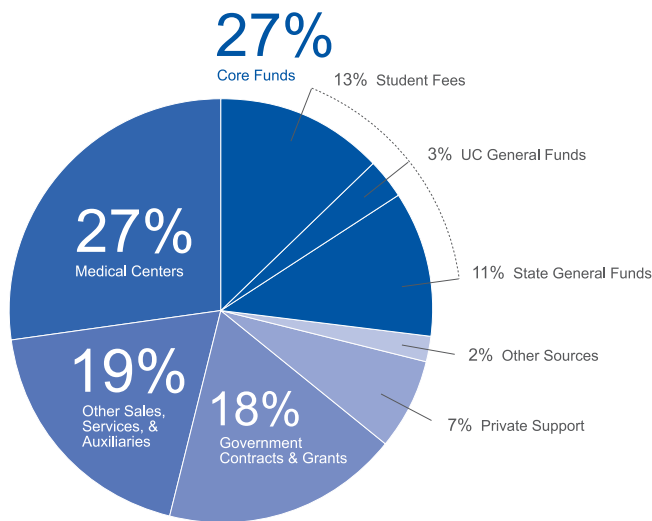
# THE FACTS: UC BUDGET BASICS

The University of California's total 2011-12 budget is \$22.5 billion; 73 percent, \$16.3 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, \$6.1 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. Under the 2011-12 budget adopted by the Legislature and signed by the Governor, student tuition and fees will for the first time in UC history contribute more to core operating funds than the state general fund: nearly \$3 billion versus \$2.37 billion.

## 2011-12 Projected UC Revenue by Source



UC's 2011-12 core funds operating budget sources are:

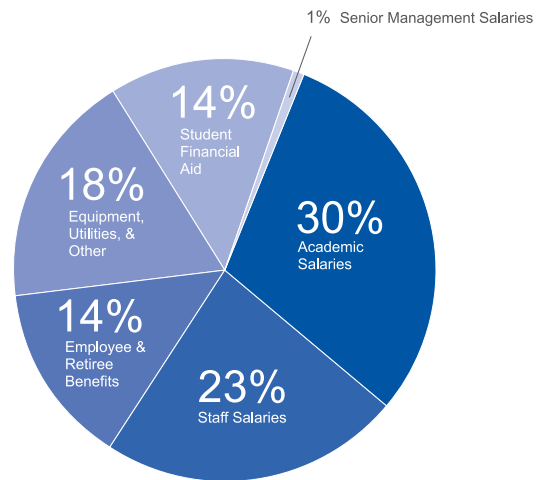
- state general funds (\$2.37 billion);
- student tuition and fees (\$2.97 billion); and
- UC general funds (\$792 million), which include nonresident tuition, portions of federal and state contracts and grants overhead, a portion of UC patent royalties, application and other fees and interest earnings.

Funds that support the medical centers, auxiliaries, government contracts and grants, and other non-core enterprises are generally designated for specific use 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.

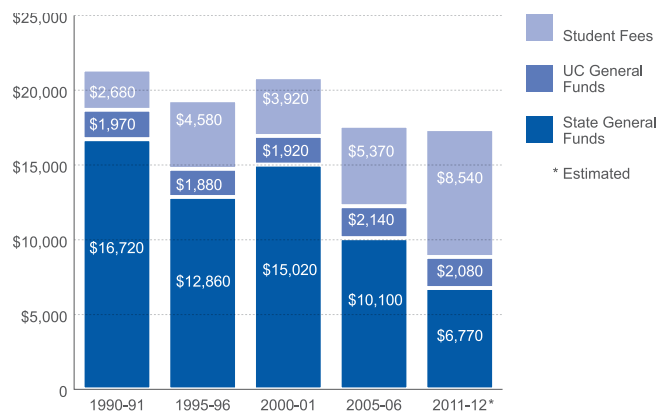
## 2011-12 UC Expenditures From Core Funds



## HOW DO STATE FUNDING CUTS AFFECT UC?

Since 1990, the state's contribution to educating each UC student has decreased by more than 60 percent in inflation-adjusted dollars.

## Per Student Average Expenditures for UC Education



## THE FACTS: UC BUDGET BASICS

As a result of declines in state support over the last 20 years, the overall amount spent on educating UC students has declined 19 percent.

With the decline in state subsidy, the share students pay has more than tripled. In 1990, students paid 13 percent of their educational costs. In 2011, they are paying 49 percent. But student fee increases have only partially made up for the decline in state support.

With recent cuts, it is estimated that more than 24,000 California resident students are not funded by the state.

In 2009-10, the state cut UC's operating budget by 20 percent. The 2010-11 budget restored about half of those cuts. Then, in 2011-12, the state cut an additional \$650 million from UC's base. UC also faces the threat of an additional \$100 million base budget reduction if certain revenue assumptions built into the 2011-12 budget are not achieved. The governor's 2011-12 budget provides state support for UC that is below 1998 funding levels, when UC had 75,000 fewer students than the 237,000 it does today.

### HOW HAS UC DEALT WITH STATE CUTS?

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

UC has consolidated and restructured administrative departments and instituted energy efficiencies and group purchasing programs to trim operating costs by an estimated \$100 million annually over a five-year period for a total savings of \$500 million. In 2010-11, these efforts produced \$157 million in cost savings and new revenue.

Campuses have laid off more than 4,400 employees, eliminated 3,570 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 6 percent to 35 percent, resulting in an estimated savings of more than \$155 million.

UC curtailed freshman enrollment by 2,850 in the last two years, despite demand growing for UC admission: Fall 2011 undergraduate applications were the highest in UC history.

Student fees were increased 15 percent for the 2010 winter term, another 15 percent for fall 2010 and almost 18 percent for fall 2011.

The Office of the President downsized for a savings of nearly \$87 million.

UC has implemented changes in its retiree benefits to address an unfunded pension and health care liability of more than \$22 billion.

The UC Commission on the Future completed a yearlong exploration of ways to preserve UC's quality and accessibility in an era of declining state support. UC is pursuing commission recommendations to achieve administrative and academic efficiencies such as shortening the time to graduate, expanding online education and improving the transfer process from California community colleges.