Funding Streams - OP Assessment
Campus Assessment Model - Planning

February 21, 2012
Funding Streams Initiative Overview

Funding the OP Center *(Attachment 1)*

- Historically, the OP central operations budget was primarily funded with a variety of funds retained from campus Core Funds and Common Fund taxes on Med Centers, Auxiliaries, and Med Group (HSCP)
  - Core Funds partially retained: State General Funds, Educational Fee, ICR, Application Fees, UCGF Patent revenue, and certain STIP earnings
- Under Funding Streams, all campus revenues are retained by the source campus
  - OP also distributed its State General Funds budget to the campuses
- OP Center budget is now funded by a Campus assessment on total operating expenditures
  - The OP Center budget funded by the OP Assessment includes Administration, UC Programs, MRUs, ANR, other UC initiatives *(i.e. UCPath, etc.)*
  - Excludes directly recharged services for Benefits Administration, Asset Management, Risk Management, etc...
  - The assessment total will be based on a regular review of the OP Center budget
2011/12 UCOP Assessment

- 2011/12 OP Center budget = $277M OP Assessment
  - 2009/10 total of all Campus current operating expenditures = $17.3B
  - OP Assessment = 1.6% of Campus expenditures

- UCSD share of the OP Assessment = $40.9M (14.7% of the total)
  - 2009/10 UCSD current operating expenditures = $2,553M

- Funding UCSD’s 2011/12 OP Assessment
  - $13.3M – Returned ICR funds & Eliminated Assessments (Med Center, Aux, HSCP)
  - $20.8M – OP’s State General Fund budget distributed to campuses
  - $ 6.8M – Shortfall (UCSD’s share of $51.4 OP non-neutral shortfall)
  - $40.9M

- Estimated 2012/13 OP assessment, assuming 1.6% rate = $43.7M
  - 2010/11 UCSD current operating expenditures = $2,731M
In decisions relating to resource allocations priority is given to the core academic and research missions, including the necessary administrative and institutional support.

Development of the methodology and the resulting assessments is a transparent and open process.

The Campus distribution of the OP Assessment is to be based on a methodology that minimizes exemptions.

Where possible, the assessment should be collected from the fund type that was assessed by UCOP, while still recognizing the need to allow for some VC flexibility. If the assessment includes funds that are restricted and cannot directly bear the tax, the most closely related funding source should pay the tax.

The first year assessment, FY 2011/12, is to be primarily revenue neutral to VCs. After the first year, a multi-year phased implementation could be used if the approved methodology results in a change that differs significantly from the status quo.

After any phased implementation period, the assessment methodology should be clear, logical and consistent from year-to-year to facilitate long term planning by the VCs.
Campus Expenditure Analysis

- Current Operating Expenditures by VC by Division – 2003/04 to 2009/10 (Attachment 2)
  - Amounts adjusted for Standard Exclusions (SFA, Utility, Campuswide)
  - Assumed OP Assessment of $43M, mirrors OP Model’s flat % assessment

- Current Operating Expenditures by VC by Fund Grouping – 2010/11 (Attachment 3)
  - Fund based on Level 3 fund hierarchy

- Scenario 1: Campus distribution of OP Assessment (Attachment 4)
  - Excludes non-operating accounts:
    - Student Financial Aid
    - Purchased Utilities
    - Campuswide / Year-End Adjustments
  - Assumes OP Assessment of $43.7M, flat % assessment of adjusted Base