I. State and UC Budget
   - State Fiscal Overview
   - State Budget Impact to UC
   - UC Fiscal Overview & Outlook
   - UC Capital

II. UC San Diego Financial Overview
   - Revenues
   - Expenditures
   - State Budget Impact

III. UCSD Budget Planning
   - Budget Planning
   - Select Topics
   - Next Steps
Budgetary Impact

State Fiscal Overview
State Budget Impact to UC
UC Fiscal Overview & Outlook
UC Capital
2013/14 Governor’s Proposed Budget
General Fund Summary
(Dollars in Millions)

- In 2011, the state faced $20 billion in expected annual gaps.
- Two years later, California is on a more stable fiscal footing due to tough spending cuts and temporary revenues provided by Proposition 30.
- Although the state’s budget is projected to remain balanced for the foreseeable future, by May Revise projected revenue could be ~ $5B higher than the budget.

<table>
<thead>
<tr>
<th>Prior Year Balance</th>
<th>2012/13</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues and Transfers</td>
<td>$(1,615)</td>
<td>$785</td>
</tr>
<tr>
<td>Total Resources Available</td>
<td>$95,394</td>
<td>$98,501</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$93,779</td>
<td>$99,286</td>
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<tr>
<td>Fund Balance</td>
<td>$785</td>
<td>$1,636</td>
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<tr>
<td>Reserve for Liquidation of Encumbrances</td>
<td>$618</td>
<td>$618</td>
</tr>
<tr>
<td>Special Fund for Economic Uncertainties</td>
<td>$167</td>
<td>$1,018</td>
</tr>
</tbody>
</table>

Source: 2013/14 Governor’s Budget Summary
State of California 2013/14 Revenue Sources

General Fund: $98.5B\(^{(1)}\) - Total Funds: $138.7B\(^{(2)}\)

(Dollars in Billions)

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>Dollar Change</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Income Tax</td>
<td>$54,186</td>
<td>$60,268</td>
<td>$61,747</td>
<td>$7,561</td>
<td>14.0%</td>
</tr>
<tr>
<td>Sales and Use Tax</td>
<td>$18,777</td>
<td>$20,605</td>
<td>$23,264</td>
<td>$4,487</td>
<td>23.9%</td>
</tr>
<tr>
<td>Corporation Tax</td>
<td>$9,479</td>
<td>$8,488</td>
<td>$9,130</td>
<td>($349)</td>
<td>-3.7%</td>
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<tr>
<td>Special Funds</td>
<td>$31,978</td>
<td>$37,015</td>
<td>$40,174</td>
<td>$8,196</td>
<td>25.6%</td>
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<td>Other Taxes</td>
<td>$6,164</td>
<td>$6,526</td>
<td>$4,360</td>
<td>($1,804)</td>
<td>-29.3%</td>
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<tr>
<td><strong>Total</strong></td>
<td>$120,584</td>
<td>$132,902</td>
<td>$138,675</td>
<td>$18,091</td>
<td>30.5%</td>
</tr>
</tbody>
</table>

Footnotes:
\(^{(1)}\) 2012/13 State GF revenues were $95.7B.
\(^{(2)}\) 2012/13 State total revenues were $132.7B.

Source: 2013/14 Governor’s Budget Summary

PIT = 62.6% of General Fund

General Funds: 70.9%
Special Funds: 30.1%
Other Taxes, $4.4
Corporation Tax, $9.1
Sales Tax, $23.2
Growth in State General Fund – 21 years

Corrections has outpaced other agencies in GF budget growth.

Source: UC Budget Presentation to Board of Regents, January 2011.
State of California 2013/14 Expenditures by Agency

General Funds: $97.7 Billion
(Dollars in Million)

<table>
<thead>
<tr>
<th>Agency</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2-Year Dollar Change</th>
<th>2-Year Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative, Judicial, Executive</td>
<td>$2,540</td>
<td>$2,056</td>
<td>$2,546</td>
<td>$6</td>
<td>0.2%</td>
</tr>
<tr>
<td>Health and Human Services</td>
<td>$26,668</td>
<td>$26,695</td>
<td>$28,370</td>
<td>$1,702</td>
<td>6.4%</td>
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<tr>
<td>General Government</td>
<td>$7,849</td>
<td>$8,887</td>
<td>$8,805</td>
<td>$956</td>
<td>12.2%</td>
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<tr>
<td>Higher Education</td>
<td>$11,109</td>
<td>$9,432</td>
<td>$11,109</td>
<td>$1,288</td>
<td>13.1%</td>
</tr>
<tr>
<td>K-12 Education</td>
<td>$41,068</td>
<td>$37,848</td>
<td>$41,068</td>
<td>$3,220</td>
<td>8.0%</td>
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<tr>
<td>Other Agencies</td>
<td>$4,031</td>
<td>$3,018</td>
<td>$4,031</td>
<td>$1,013</td>
<td>33.7%</td>
</tr>
<tr>
<td>Corrections and Rehabilitation</td>
<td>$9,821</td>
<td>$10,192</td>
<td>$11,109</td>
<td>$2,217</td>
<td>21.9%</td>
</tr>
</tbody>
</table>

Footnote: (1) Includes State and Consumer Services; Business, Transportation & Housing; Natural Resources; Environmental Protection; Labor and Workforce Development.

Source: 2013/14 Governor’s Budget Summary

Revenue up $1.3 B, or 13%, from 12/13
Decline in State funding precedes 2008 crisis
- Since 1990 State per student expenditures have dropped 60%
- Over this same period, UC per student expenditures have declined 19%
- In the last decade, UC has experienced 7 years of cuts
- Today, UC relies on the same absolute level of funding as in 1997/98, even though it:
  - Educates 73,000 more students
  - Operates one additional campus
  - Offers many new programs
State and UC Proposed Budget

- For 2013/14, UC requested $291M from State
  + Student Tuition and Fee increases of 6% (PDST > 35%) = $185M

- Governor Proposed 2013/14 UC State General Fund $2,377M
  - 2012/13 Tuition/Fee Buy-out 125M
  - Base budget adjustment – 5% (2012/13) 125M
  - Lease purchase revenue bonds 10M
  - Annuitant Health Benefits 6M

  UC Operating Total $2,644M

Transfer of GO bond debt service to UC Base 202M

Total Proposed UC State General Fund $2,846 B

*As recommended in the 2013/14 Governor’s Proposed Budget*
Governor’s January Budget proposes increases for UC in each of next three years:
- 5% in 2014/15
- 4% in 2015/16
- 4% in 2016/17

Not enough to address base mandatory compensation costs on UC State general funds.

Governor not supportive of Tuition & Fee increases.

UC has agreed to NO Tuition & Fee increase in 2013/14, working with DOF on out years.

UC has not made final decision on PDST increases. Proposal to Regents if March for discussion, and May or June for Vote.

*As recommended in the 2013/14 Governor’s Proposed Budget*
UC 2012/13 Sources of Funds
Total Operating Budget: $24.1 Billion
(Dollars in Millions)

- 25.8% Core Funds
  - Student Fees, $2,981
  - UC General Funds, $848
  - State General Funds, $2,378

- 7.4% Private Support
  - Regent's Endowments, $217
  - Private Gifts, Contracts and Grants, $1,616

- 16.4% Government Contracts & Grants
  - DOE Laboratory Ops, $810
  - Federal Appropriations & Extramural, $2,766

- 48.5% Sales, Services & Auxiliaries
  - Medical Centers, $6,791
  - Auxiliaries & Extension, $1,609
  - Clinics & Other Activities, $2,890
  - Extramural Activities, $387

State Funding = 38% of Core Funds, 9.9% of All Funds, come from the State

Source: UC 2013/14 Budget for Current Operations
Nearly half of core funds are spent in general campus and health sciences instruction.
UC 2011/12 Core Funds Expenditures By Type

Total Core Budget: $6.2 B
(Compared to 2010/11, Total Core Budget: $6.1 B)

- Academic Salaries, 30%
- Staff Salaries, 22%
- Senior Management Salaries, 1%
- Employee & Retiree Benefits, 16%
- Equipment, Utilities, & Other, 15%
- Student Financial Aid, 16%

69% of core funds are spent on salaries and benefits, up from 68% in 2010/11

Source: UC 2012/13 Budget for Current Operations; UC 2013/14 Budget for Current Operations
Sustainable Funding Model for UC 2012/13

1. Wise stewardship of the UC’s financial resources
   - Implementing efficiencies and organizational restructuring
2. Leveraging the other strengths of the UC
   - Working Smarter targets $500 million in positive fiscal impact
   - UC enterprise is both strong and diverse
     - Research
     - Private Philanthropy
     - Medical Enterprise
   - Other opportunities
     - Nonresident student enrollments
     - Self-supporting academic programs
3. A stable relationship with the State
4. Predictable funding from other financial sources, including student tuition
Higher Education Long-Term Funding Plan
UC/CSU Proposal to State

- **Fiscal Stability, Predictability in State Funding**
  - 6% base budget growth
  - Base funding for UCRP
  - Block grant funding, fiscal flexibility
  - Timely implementation of critical UC capital projects
  - UC Merced capital funding

- **Affordability**
  - Modest, predictable, and affordable tuition increases
  - Lessen the pressure for burdensome student loans/debt

- **Student Success**
  - Improve graduation rates, time of completion, transfer students, teaching workload
  - For CCC’s improve successful credit and basic skills course completion
State-Funded Capital Facility Projects
As Proposed by Governor

- Restructuring of lease revenue bonds (LRB) provides opportunity to fund capital projects in more efficient, timely manner
  - UC will retain savings if debt service reduced below 2011/12 level and gain flexibility in constructing buildings

- General obligation bond will not shift to UC, though debt service will be included in UC’s base for calculating base budget adjustment
  - UC will continue to participate in future general obligation bond initiatives

- Increase each year could be used to finance a regular and predictable capital outlay program
State 2013/14 Capital Outlay Objectives

- Total UC State capital proposal for 2013/14 is $788.5 million
- Over half supports new construction

Capital Outlay Objectives

- Includes projects previously proposed but not included in State Budgets for past four years

Source: UC 2013/14 Budget for Current Operations
UC San Diego
Financial Overview

Revenues
Expenditures
State Budget Impact
Gross Revenues by Source
Actual 2008/09 vs. Projected 2013/14
All Funds

2008/09
$2.7 Billion

2013/14 proj.
$3.7 Billion

<table>
<thead>
<tr>
<th>Source</th>
<th>2008/09 millions</th>
<th>2013/14 proj. millions</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition &amp; Fees</td>
<td>330</td>
<td>590</td>
<td>44.1%</td>
</tr>
<tr>
<td>Federal Government</td>
<td>584</td>
<td>736</td>
<td>20.7%</td>
</tr>
<tr>
<td>State Government</td>
<td>300</td>
<td>352</td>
<td>14.8%</td>
</tr>
<tr>
<td>Local Government</td>
<td>11</td>
<td>14</td>
<td>21.4%</td>
</tr>
<tr>
<td>Private Gifts, C&amp;G</td>
<td>231</td>
<td>318</td>
<td>27.4%</td>
</tr>
<tr>
<td>Educational Activities</td>
<td>227</td>
<td>394</td>
<td>42.4%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>149</td>
<td>180</td>
<td>24.2%</td>
</tr>
<tr>
<td>Medical Center</td>
<td>806</td>
<td>1078</td>
<td>33.0%</td>
</tr>
<tr>
<td>Other Sources</td>
<td>61</td>
<td>109</td>
<td>69.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,699</strong></td>
<td><strong>3,771</strong></td>
<td><strong>28.4%</strong></td>
</tr>
</tbody>
</table>

Revenues By Sources - millions

UC San Diego Financial Overview
Campus Budget Office

19
UCSD Financial Performance: Selected Resources
Actual 2001/02 - 2011/12 & Projections thru 2013/14

($ Millions)

Overall Total Revenue:
12-YR Growth (120%)

Medical Center (148%)
Federal Government (79%)
Tuition & Fees (355%)
State Government (-1%)
Auxiliary Enterprises (111%)
Private Gifts, C&G (145%)

Data Source: UC Financial Schedules
Campus revenues are shown gross, without offset by scholarship allowance.
## Current Fund Resources

**($ Millions)**

<table>
<thead>
<tr>
<th>BY FUND SOURCE</th>
<th>2008/09</th>
<th>2009/10</th>
<th>change</th>
<th>2010/11</th>
<th>change</th>
<th>2011/12</th>
<th>change</th>
<th>2012/13</th>
<th>change</th>
<th>2013/14</th>
<th>change</th>
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<tbody>
<tr>
<td><strong>Tuition and Fees - gross (1)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Tuition</td>
<td>$227</td>
<td>$274</td>
<td>20.7%</td>
<td>$337</td>
<td>23.0%</td>
<td>$393</td>
<td>16.6%</td>
<td>$411</td>
<td>4.6%</td>
<td>$439</td>
<td>6.8%</td>
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<tr>
<td>- Student Services Fee</td>
<td>23</td>
<td>25</td>
<td>8.7%</td>
<td>25</td>
<td>0.0%</td>
<td>26</td>
<td>4.0%</td>
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<td>27</td>
<td>3.8%</td>
</tr>
<tr>
<td>- Other Student Fees</td>
<td>80</td>
<td>82</td>
<td>2.5%</td>
<td>95</td>
<td>0.0%</td>
<td>113</td>
<td>0.0%</td>
<td>116</td>
<td>2.7%</td>
<td>124</td>
<td>6.9%</td>
</tr>
<tr>
<td><strong>Total Tuition and Fees</strong></td>
<td>330</td>
<td>381</td>
<td>15.5%</td>
<td>457</td>
<td>19.9%</td>
<td>532</td>
<td>16.4%</td>
<td>553</td>
<td>3.9%</td>
<td>590</td>
<td>6.7%</td>
</tr>
<tr>
<td><strong>State Appropriations</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Educational Appropriations</td>
<td>245</td>
<td>292</td>
<td>19.2%</td>
<td>308</td>
<td>5.5%</td>
<td>235</td>
<td>(23.7%)</td>
<td>250</td>
<td>6.4%</td>
<td>278</td>
<td>11.2%</td>
</tr>
<tr>
<td>- Other Appropriations</td>
<td>31</td>
<td>19</td>
<td>(38.7%)</td>
<td>26</td>
<td>36.8%</td>
<td>27</td>
<td>3.8%</td>
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<td>0.0%</td>
<td>27</td>
<td>0.0%</td>
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<tr>
<td><strong>Grants &amp; Contracts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Federal</td>
<td>584</td>
<td>685</td>
<td>17.3%</td>
<td>752</td>
<td>9.8%</td>
<td>756</td>
<td>0.5%</td>
<td>749</td>
<td>(0.9%)</td>
<td>736</td>
<td>(1.7%)</td>
</tr>
<tr>
<td>- State</td>
<td>24</td>
<td>28</td>
<td>16.7%</td>
<td>35</td>
<td>25.0%</td>
<td>48</td>
<td>37.1%</td>
<td>50</td>
<td>4.2%</td>
<td>47</td>
<td>(6.0%)</td>
</tr>
<tr>
<td>- Private</td>
<td>175</td>
<td>193</td>
<td>10.3%</td>
<td>204</td>
<td>5.7%</td>
<td>212</td>
<td>3.9%</td>
<td>233</td>
<td>9.9%</td>
<td>246</td>
<td>5.6%</td>
</tr>
<tr>
<td>- Local</td>
<td>11</td>
<td>11</td>
<td>0.0%</td>
<td>13</td>
<td>18.2%</td>
<td>13</td>
<td>0.0%</td>
<td>13</td>
<td>0.0%</td>
<td>14</td>
<td>7.7%</td>
</tr>
<tr>
<td><strong>Total Grants &amp; Contracts</strong></td>
<td>794</td>
<td>917</td>
<td>15.5%</td>
<td>1,005</td>
<td>9.6%</td>
<td>1,028</td>
<td>2.3%</td>
<td>1,044</td>
<td>1.6%</td>
<td>1,043</td>
<td>(0.1%)</td>
</tr>
<tr>
<td><strong>Private Gifts</strong></td>
<td>56</td>
<td>86</td>
<td>53.6%</td>
<td>51</td>
<td>(40.7%)</td>
<td>68</td>
<td>33.3%</td>
<td>70</td>
<td>2.9%</td>
<td>72</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Sales and Services of Educational Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Med Group / MSCCP</td>
<td>194</td>
<td>235</td>
<td>21.1%</td>
<td>286</td>
<td>21.7%</td>
<td>344</td>
<td>20.3%</td>
<td>354</td>
<td>2.9%</td>
<td>364</td>
<td>2.8%</td>
</tr>
<tr>
<td>- Other</td>
<td>34</td>
<td>25</td>
<td>(26.5%)</td>
<td>26</td>
<td>4.0%</td>
<td>29</td>
<td>11.5%</td>
<td>29</td>
<td>0.0%</td>
<td>30</td>
<td>3.4%</td>
</tr>
<tr>
<td><strong>Sales and Services of Auxiliary Enterprises (1)</strong></td>
<td>149</td>
<td>154</td>
<td>3.4%</td>
<td>159</td>
<td>3.2%</td>
<td>170</td>
<td>6.9%</td>
<td>175</td>
<td>2.9%</td>
<td>180</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Sales and Services of Medical Center</strong></td>
<td>806</td>
<td>855</td>
<td>6.1%</td>
<td>960</td>
<td>12.3%</td>
<td>1,042</td>
<td>8.5%</td>
<td>1,024</td>
<td>(1.7%)</td>
<td>1,078</td>
<td>5.3%</td>
</tr>
<tr>
<td><strong>Other Sources (1)</strong></td>
<td>61</td>
<td>60</td>
<td>(1.6%)</td>
<td>61</td>
<td>1.7%</td>
<td>103</td>
<td>68.9%</td>
<td>114</td>
<td>10.7%</td>
<td>109</td>
<td>(4.4%)</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td>$2,700</td>
<td>$3,024</td>
<td>12.0%</td>
<td>$3,339</td>
<td>10.4%</td>
<td>$3,577</td>
<td>7.1%</td>
<td>$3,641</td>
<td>1.8%</td>
<td>$3,772</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

(1) Campus revenues and financial aid expenditures are shown gross, without offset by scholarship allowance.

**Assumptions:**
- Tuition & Fee estimates based on projected enrollment & approved Student Fee increases to-date
- Teaching Hospitals estimates based on projections from the Medical Center
- Investment Income estimates based on 0% growth
- Remaining revenue generally increased at 3% annually

Data Source: UC Financial Schedules
Operating Expenditures by Major Program
Actual 2008/09 vs. Projected 2013/14
All Funds

2008/09
$2.5 Billion

2013/14 proj.
$3.5 Billion

Expenditures By Sources - millions

<table>
<thead>
<tr>
<th>Source</th>
<th>2008/09</th>
<th>2013/14 proj.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$475</td>
<td>$669</td>
</tr>
<tr>
<td>Research</td>
<td>610</td>
<td>748</td>
</tr>
<tr>
<td>Public Service</td>
<td>17</td>
<td>23</td>
</tr>
<tr>
<td>Academic Support</td>
<td>201</td>
<td>341</td>
</tr>
<tr>
<td>Medical Center</td>
<td>693</td>
<td>1,035</td>
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<tr>
<td>Student Services</td>
<td>62</td>
<td>98</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>111</td>
<td>120</td>
</tr>
<tr>
<td>Oper &amp; Maint of Plant</td>
<td>69</td>
<td>66</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>143</td>
<td>245</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>111</td>
<td>134</td>
</tr>
<tr>
<td>Total</td>
<td>$2,492</td>
<td>$3,479</td>
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</table>

% Change

<table>
<thead>
<tr>
<th>Source</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>29.0%</td>
</tr>
<tr>
<td>Research</td>
<td>18.4%</td>
</tr>
<tr>
<td>Public Service</td>
<td>26.1%</td>
</tr>
<tr>
<td>Academic Support</td>
<td>41.1%</td>
</tr>
<tr>
<td>Medical Center</td>
<td>33.0%</td>
</tr>
<tr>
<td>Student Services</td>
<td>36.7%</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>7.5%</td>
</tr>
<tr>
<td>Oper &amp; Maint of Plant</td>
<td>-4.5%</td>
</tr>
<tr>
<td>Student Financial Aid</td>
<td>41.6%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>17.2%</td>
</tr>
<tr>
<td>Total</td>
<td>28.4%</td>
</tr>
</tbody>
</table>
UCSD Financial Performance: Selected Expenditures
Actual 2001/02 - 2011/12 & Projections thru 2013/14
($ Millions)

Overall Total Revenue:
12-YR Growth (130%)

Medical Center (162%)
Research (84%)
Instruction (131%)
Academic Support (161%)
Auxiliaries Enterprises (109%)
Institutional Support (85%)
Student Services (158%)
Oper & Maint of Plant (47%)

Data Source: UC Financial Schedules
Campus expenditures are shown gross, without offset by scholarship allowance.
### Current Fund Expenditures

($) Millions

<table>
<thead>
<tr>
<th>EXPENDITURES BY PROGRAM</th>
<th>2008/09</th>
<th>2009/10</th>
<th>Actual</th>
<th>2010/11</th>
<th>2011/12</th>
<th>Projected</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>change</td>
<td>change</td>
<td>change</td>
<td>change</td>
</tr>
<tr>
<td><strong>Instruction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Regular &amp; Summer Session</td>
<td>$223</td>
<td>$216</td>
<td>(3.1%)</td>
<td>$225</td>
<td>4.2%</td>
<td>$249   10.7%</td>
</tr>
<tr>
<td>- Professional Schools</td>
<td>223</td>
<td>262</td>
<td>17.5%</td>
<td>300</td>
<td>14.5%</td>
<td>315     5.0%</td>
</tr>
<tr>
<td>- University Extension</td>
<td>36</td>
<td>35</td>
<td>(2.8%)</td>
<td>37</td>
<td>5.7%</td>
<td>37      0.0%</td>
</tr>
<tr>
<td><strong>Total Instruction</strong></td>
<td>475</td>
<td>513</td>
<td>8.0%</td>
<td>561</td>
<td>9.4%</td>
<td>601     7.1%</td>
</tr>
<tr>
<td><strong>Research</strong></td>
<td>610</td>
<td>666</td>
<td>9.2%</td>
<td>700</td>
<td>5.1%</td>
<td>738     5.4%</td>
</tr>
<tr>
<td><strong>Public Service</strong></td>
<td>17</td>
<td>17</td>
<td>0.0%</td>
<td>21</td>
<td>23.5%</td>
<td>21      0.0%</td>
</tr>
<tr>
<td><strong>Academic Support</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Med Group / MSCCP</td>
<td>82</td>
<td>85</td>
<td>3.7%</td>
<td>98</td>
<td>15.3%</td>
<td>132     34.7%</td>
</tr>
<tr>
<td>- Libraries</td>
<td>38</td>
<td>32</td>
<td>(15.8%)</td>
<td>33</td>
<td>3.1%</td>
<td>39      18.2%</td>
</tr>
<tr>
<td>- Other Academic Support</td>
<td>85</td>
<td>88</td>
<td>3.5%</td>
<td>105</td>
<td>19.3%</td>
<td>121     15.2%</td>
</tr>
<tr>
<td><strong>Total Academic Support</strong></td>
<td>201</td>
<td>205</td>
<td>2.0%</td>
<td>236</td>
<td>15.1%</td>
<td>292     23.7%</td>
</tr>
<tr>
<td><strong>Medical Center</strong></td>
<td>693</td>
<td>721</td>
<td>4.0%</td>
<td>793</td>
<td>10.0%</td>
<td>911     14.9%</td>
</tr>
<tr>
<td><strong>Student Services</strong></td>
<td>62</td>
<td>67</td>
<td>8.1%</td>
<td>76</td>
<td>13.4%</td>
<td>89      17.1%</td>
</tr>
<tr>
<td><strong>Institutional Support</strong></td>
<td>111</td>
<td>96</td>
<td>(13.5%)</td>
<td>86</td>
<td>(10.4%)</td>
<td>105     22.1%</td>
</tr>
<tr>
<td><strong>Operation &amp; Maintenance of Plant</strong></td>
<td>69</td>
<td>65</td>
<td>(5.8%)</td>
<td>63</td>
<td>(3.1%)</td>
<td>60      (4.8%)</td>
</tr>
<tr>
<td><strong>Student Financial Aid - gross (1)</strong></td>
<td>143</td>
<td>183</td>
<td>28.0%</td>
<td>212</td>
<td>15.8%</td>
<td>225     6.1%</td>
</tr>
<tr>
<td><strong>Auxiliary Enterprises</strong></td>
<td>111</td>
<td>108</td>
<td>(2.7%)</td>
<td>112</td>
<td>3.7%</td>
<td>124     10.7%</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>$2,492</td>
<td>$2,641</td>
<td>6.0%</td>
<td>$2,860</td>
<td>8.3%</td>
<td>$3,166  10.7%</td>
</tr>
</tbody>
</table>

(1) Campus revenues and financial aid expenditures are shown gross, without offset by scholarship allowance.

**Assumptions:**

- Compensation (salaries, wages, and benefits) increased for Faculty merits, Bargaining Unit increases, Insurance cost increases, and UCRP contributions
  (Projections do not include proposed compensation actions currently under discussion at this date)
- Teaching Hospitals estimates based on projections from the Medical Center
- Remaining expenditures generally increased at 3% annually

**Data Source:** UC Financial Schedules
Operating Expenditures by Major Program
Actual 2008/09 vs. Projected 2012/13

Core Funds

2008/09
$633.3 Million

- Instruction: 43%
- Research: 8%
- Public Service: 1%
- Student Services: 4%
- Student Financial Aid: 11%
- Institutional Support: 14%
- Academic Support: 10%
- Auxiliary: 0%
- UCSD Medical Center: 1%

2012/13
$814 Million

- Instruction: 41%
- Research: 7%
- Public Service: 1%
- Student Services: 4%
- Student Financial Aid: 16%
- Institutional Support: 11%
- Academic Support: 10%
- Auxiliary: 0%
- UCSD Medical Center: 1%

<table>
<thead>
<tr>
<th>Expenditure by Program - million</th>
<th>Core Funds</th>
<th>All Funds</th>
<th>Core as % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$287</td>
<td>$475</td>
<td>60.4%</td>
</tr>
<tr>
<td>Research</td>
<td>51</td>
<td>610</td>
<td>8.4%</td>
</tr>
<tr>
<td>Public Service</td>
<td>5</td>
<td>17</td>
<td>0.2%</td>
</tr>
<tr>
<td>Academic Support</td>
<td>64</td>
<td>201</td>
<td>31.8%</td>
</tr>
<tr>
<td>Student Services</td>
<td>28</td>
<td>62</td>
<td>45.2%</td>
</tr>
<tr>
<td>Student Financial Support</td>
<td>70</td>
<td>143</td>
<td>49.0%</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>92</td>
<td>110</td>
<td>33.6%</td>
</tr>
<tr>
<td>Operations, Maintenance Plant</td>
<td>56</td>
<td>69</td>
<td>81.2%</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>1</td>
<td>111</td>
<td>0.5%</td>
</tr>
<tr>
<td>Medical Center</td>
<td>9</td>
<td>693</td>
<td>1.3%</td>
</tr>
<tr>
<td>Total</td>
<td>$663</td>
<td>$2,402</td>
<td>26.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure by Program - million</th>
<th>Core Funds</th>
<th>All Funds</th>
<th>Core as % of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>$335</td>
<td>$613</td>
<td>52.2%</td>
</tr>
<tr>
<td>Research</td>
<td>55</td>
<td>779</td>
<td>7.1%</td>
</tr>
<tr>
<td>Public Service</td>
<td>7</td>
<td>23</td>
<td>0.4%</td>
</tr>
<tr>
<td>Academic Support</td>
<td>83</td>
<td>268</td>
<td>31.7%</td>
</tr>
<tr>
<td>Student Services</td>
<td>34</td>
<td>85</td>
<td>40.2%</td>
</tr>
<tr>
<td>Student Financial Support</td>
<td>130</td>
<td>237</td>
<td>30.6%</td>
</tr>
<tr>
<td>Institutional Support</td>
<td>90</td>
<td>100</td>
<td>50.4%</td>
</tr>
<tr>
<td>Operations, Maintenance Plant</td>
<td>89</td>
<td>69</td>
<td>100.0%</td>
</tr>
<tr>
<td>Auxiliary</td>
<td>2</td>
<td>124</td>
<td>1.6%</td>
</tr>
<tr>
<td>Medical Center</td>
<td>7</td>
<td>966</td>
<td>0.7%</td>
</tr>
<tr>
<td>Total</td>
<td>$814</td>
<td>$3,305</td>
<td>24.6%</td>
</tr>
</tbody>
</table>
Since 2008/09, the State Permanent Budget Shortfall is $216M

- From 2008/09 thru 2013/14, cumulative State budget shortfalls impact the campus by $858M
  - Tuition/Fee Revenue has offset shortfall by $359M
UC San Diego
Budget Planning

Budget Planning
Select Topics
Next Steps
UCSD Budget
Incentives and Transparency

- Historically
  - Incentives have been in place for instructional funds flow to VC units impacted by enrollment growth; and research support funds flow to units with research overhead growth
  - Available sources of core funds reflected in annual allocations along with proposed use; using approved allocation methodologies to facilitate planning
  - Options for budget reductions and funding new initiatives are shared and discussed

- In current budgetary climate and challenging outlook: limited state support, federal sequestration, funding streams initiative, maturing campus – seeking opportunities to improve and be more strategic at campus level

- In current transition as campus develops Strategic Plan
2013/14 UCSD Budget Framework

- Approach to 2013/14 Budget likely similar to current year, allowing time for conclusion of Strategic Planning Process
- Establish baseline expenditure budget
  - Based on 2012/13 expenditure authority
  - Understand differences between 2012/13 expenditure authority and unit’s projected expenditure
- Provide additional authority & resources for mandatory costs, priority programs
- Identify new priority investments in alignment with strategic planning discussions, as limited funds allow
- Review with Chancellor
- Establish new 2013/14 expenditure authority
- Monitor total funds and carryforward balances as part of annual budget process.
Highest priority to academic enterprise

Propose the following:
- No core baseline reductions
- Mandatory costs funded by campus
  - Compensation cost increases (incl. UCRP)
  - OP Assessment
  - Garamendi-type facility cost obligations
  - Need based SFA

Propose to continue strategic priority investments
- Faculty Recruitment and Retention
- Graduate Student Support
- Technology (Instruction, RCI, eRap, UCPath)
- Academic Initiatives: (Qbio, Energy, Design, Education)
UCSD Campus Collaborations

Tiger Teams – 2011/12 (Updates provided in July)

- Campus IT-Services and Initiatives:
  - Identify opportunities for consolidating & restructuring IT services

- Enrollment Planning Committee:
  - Evaluate strategies that will best achieve recommended enrollment targets
  - Advise on support programs that will promote retention and student satisfaction
  - Analyze any related budgetary implications

- Strategic International Outreach Workgroup
  - Seek to expand international student enrollment, alumni outreach, and philanthropy through effective recruitment and retention programs, faculty engagement, alumni engagement and private support fund-raising efforts

- Budget Review Workgroup (BRWG)
  - Assess and Implement Funding Streams Initiative (UCOP Tax; Decoupling of bundled GF)
  - Review current Budget Process and allocation policies; and
  - Review and recommend alternate allocation model, specifically for major funding components
Select Topics
Effective 2011/12, most revenue, including student tuition income and research indirect cost recoveries, to remain at source campuses instead of being pooled together and differentially reallocated by OP.

- State general fund is handled separately as part of ‘Rebenching’ effort.
- Funding held to support UC budget of $278M is returned to campuses; and replaced by a “Systemwide Assessment” on “All funds”
- UCSD received $34M for OP; taxed at $41M = Non-neutrality: $6.9M
- Last year, campus funded full cost centrally, including $6.9M non-neutral component.

- Effective current year, assessment distributed to campus VC units. Cost on ‘Core funded program’ continues to be fully funded. Units have discretion on how to fund the non-core cost component.
- Future tax will increase / decrease as Budget needs change.
Principles under consideration:

- Current model: all OP operations and services regarded as a “common good” that should be shared equally among the campuses and medical centers. Distributed on share of all annual expenditures.
- Alternative: “fee for service” in which campuses and medical centers would only support those operations and services from which they benefit.
- Hybrid methodology: acknowledges both the “common good” and the increasing trend to providing services that can and should be supported by fees imposed on the campuses and medical centers based on usage. Hybrid model considers mix of drivers like expenditures, personnel and enrollment.
Redistribution of State General Funds
UC Rebenching Initiative

- Rebenching Budget Committee recommended a more transparent and equitable method for allocating funds
- Rebenching Goal: all campuses receive an equal amount of funding based on a weighted per-student average
- Funding to be allocated based on the following weights:
  - UG, Postbac, Grad Prof, Grad Masters = 1.0
  - Grad Doctoral = 2.5
  - Health Sciences students = 5.0
  (except HS UG = 1.0 and HS Grad Doctoral = 2.5)
Redistribution of State General Funds
UC Rebenching Initiative

- Include: CA-resident UG students, both CA-resident and non-resident graduate students
- Exclude: Non-resident undergrads
- Budgeted enrollments only
- Potential Penalty for under-enrollment in resident UG
- Growth funding to campuses under 12% academic doctoral (ratio of General Campus Ph.D. to total UG)
- Effective with 2012/13 and continue for 6 years
  - Only partly implemented this year due to cost pressures and need to address deferred $100M trigger cut
  - Five campuses with lowest per-student allocation received funding
Redistribution of State General Funds
UC Rebenching Initiative

Rebenching Model Results: Dollars per “Weighted” Student*

*Date of Rebenching Model: State General Fund Base Year 2011/12

Source: UCOP Rebenching Budget Committee Report, June 25 2012
UCPath / HRIS

- New System – People Soft (Oracle)
- System-wide Service Center (UC Riverside)
- UCSD in Wave II of implementation *(Projected Implementation: January 2015)*
- Campus expects increase in OP tax to pay for the development and implementation of UCPath
- Much work by many:
  - Develop and implement new processes
  - Write new system interfaces
  - Learn new Oracle system
  - Learn how to relate to new Central Service Center
  - [http://blink.ucsd.edu/sponsor/ucpath/](http://blink.ucsd.edu/sponsor/ucpath/)
UCPath / HRIS

Timeline

- Original Wave 1 “go-live” of July 1, 2013; now delayed until July 1, 2014
- Original Wave 2 “go-live” of April 1, 2014; now delayed to January 1, 2015
- Original Wave 3 “go-live” of July 1, 2015....

Impacted systems and business processes

- Major information systems affected
  - General Ledger
  - Permanent Staffing
  - Employee Database
  - Data Warehouse
  - Time and Attendance
  - Identify and Access Management
  - Other downstream shadow systems

- Business Processes
  - Bi-weekly payroll: converted staff eligible for overtime under the Fair Labor Standards Act effective January 19, 2013
  - Composite Benefits Rate – advantages:
    - Increased efficiency and easier budgeting
    - Reduce the need for customization and programming to the PeopleSoft system
    - Single negotiation UC system with the Division of Cost Allocation
    - Consistent application across UC system
  - Factored Leave Accrual
  - Common Chart of Accounts
UCPath / HRIS

- **UC System Cost for Implementation**
  - Revised estimate now $169M over 3 years; up from original estimate of $151M
  - Total amount amortized over 7 years > $188M
  - Annual ongoing operations of ~ $70M

- **UCSD Cost**
  - UCSD share of implementation debt ~ $26.5M annually through FY 2019/20
  - Current estimated cost of implementation during 3-year period is $20.3M, includes:
    - UCOP reimbursing the campus for $2M
    - $2.5M was set aside in the FY 2011/12 Resources Allocation Package
    - $4.7M funded as “in-kind” by existing staffing levels
    - Remainder funded by campus resources
Next Steps

- Monitor State and UC Budget
- Continue Promoting Financial Health
  - Increase, Diversify & Optimize Resource
  - Monitor campus expenditures in line with resources
  - All Funds, Multi-year Approach

- Other Initiatives
  - Composite Benefit Rates
  - Common Chart of Accounts

- Maintain Campus Collaborations
  - Happy to visit and update your Departments
APPENDIX
Revenue Classifications

Receipts are reported by “uniform classification categories” which were developed by the National Association of College and University Business Officers (NACUBO) for all higher education budgetary and financial reporting systems.

- **Tuition & Fees** – mandatory registration and educational fees for resident and non-resident students, as well as professional school fees, campus-based student fees, extension and summer session fees.

- **Federal Government** – federal contracts and grants for research and student aid programs. Specific examples include Department of Health & Human Services and National Science Foundation for research, and Pell grants for student aid program.

- **State Government** – state general appropriation to support core campus operations as well as funds associated with specific state research and student aid. Specific examples include state general funds, state capital lease-purchase funds, California Student Aid Commission revenue, and California Department of Transportation contracts.

- **Local Government** – contracts and grants with local governments. Specific examples include county funding for the Preuss School average-daily-attendance and funding for the County Immunization Program.

- **Private Gifts, Grants, & Contracts** – individual gifts or contracts from non-governmental agencies for specified purposes. Examples include clinical drug trial revenue, grants from private entities, current & endowed gifts, and funds received by the campus from the UC San Diego Foundation.

- **Sales & Services of Educational Activities** – sales of products or services to organizations outside the university in connection with training students. Some examples include medical school clinical compensation plan, Birch Aquarium, DHS Smoker’s Helpline services, and campus laboratory and machine shop external sales & services.

- **Sales & Services of Auxiliary Enterprises** – self-supporting operations as required by UC. Some examples include student housing and dining services, bookstore, parking, summer sports camps and day-care center revenue.

- **Sales & Services of Teaching Hospitals** – user fees for services provided at the Medical Centers.

- **Other Sources** – receipts that do not naturally fall into one of the other major classifications. Some examples include property rental, royalties on patents, and sales of surplus equipment.
Expenditure Classifications

Expenditures are reported by “uniform classification categories” which were developed by the National Association of College and University Business Officers (NACUBO) for all higher education budgetary and financial reporting systems.

- **Instruction** – academic departments' classroom instruction and departmental research operations; also includes extension and summer session.
- **Research** – organized research, including institutes, research centers, and individual or project research, such as the Cancer Center and the Supercomputer Center.
- **Public Service** – community services such as lectures, art, work-study programs, and community health service projects.
- **Academic Support** – libraries, audio-visual services, academic computing support, course and curriculum development. Includes academic departmental admin. and medical school clinical compensation & practice plans.
- **Teaching Hospital** – operating costs related to the UCSD Medical Center and Thornton Hospital.
- **Student Services** – social and cultural activities, counseling and career guidance, student admissions and records, student health services and financial aid administration.
- **Institutional Support** – central executive-level activities, fiscal operations, human resources, contracts and grants, administrative computing, procurement, security, and community relations.
- **Operation and Maintenance of Plant** – buildings and grounds maintenance, janitorial, plant, and refuse disposal services, major repairs and alterations.
- **Student Financial Aid** – direct student aid expenditures excluding administrative costs.
- **Auxiliary Enterprises** – self-supporting operations such as housing and dining services, the bookstore and parking.