

Enrollment and Fiscal Challenges and Strategies

Commission on the Future

June 2010



Challenges for UC

How to Maintain Quality and Access in the Face of Declines in State Funding and Subsequent Increases in Student Fees

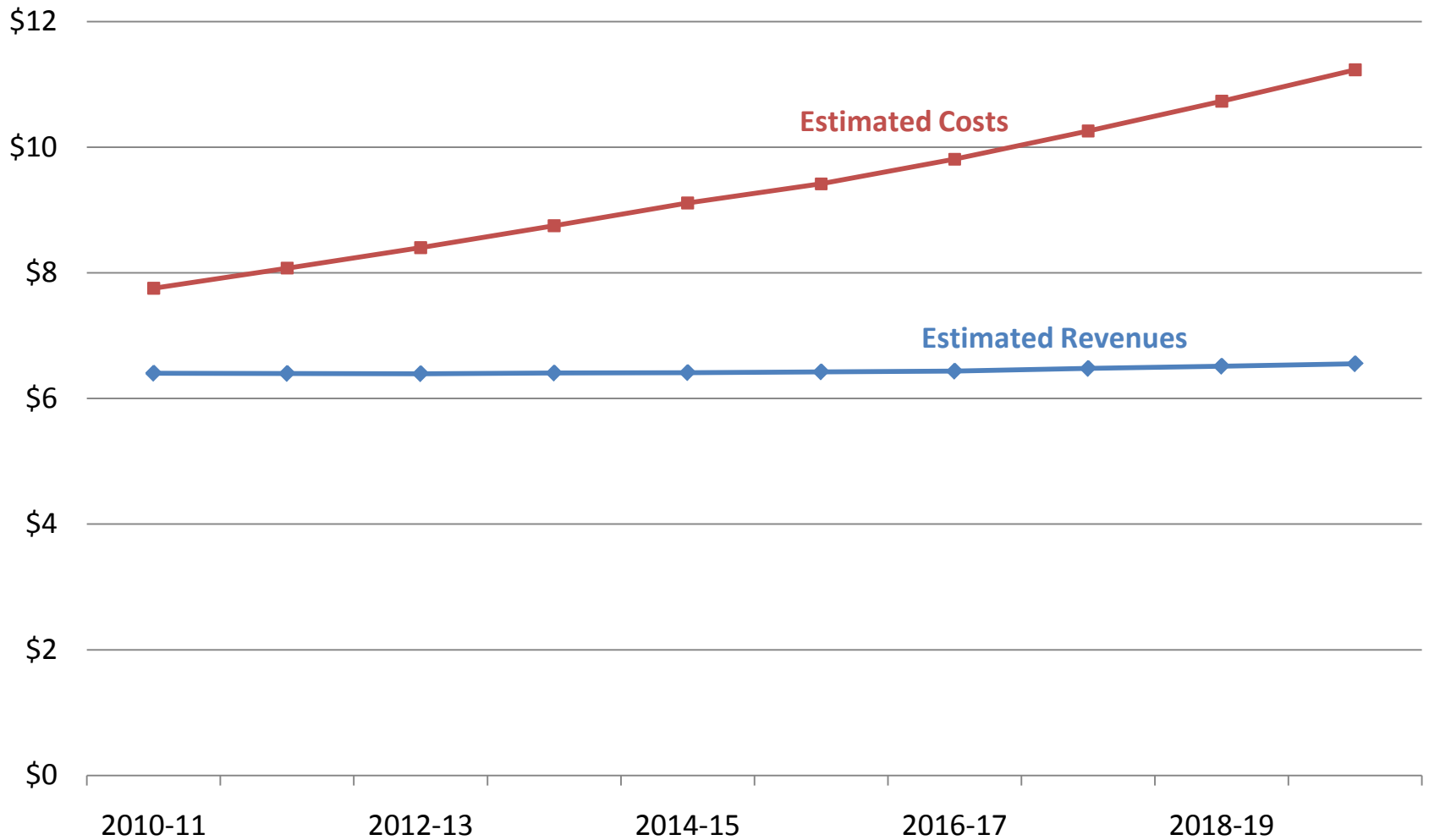
Obligations:

- Compensation
- Restart of Retirement Contributions
- Employee Benefits
- Non-salary Items
- Bargaining Unit Contracts

Regents' Priorities:

- Enrollment Growth
- Educational Quality
- Faculty and Staff Salary Gaps
- Graduate Support
- Capital Renewal and Deferred Maintenance
- Financial Aid

Looming Budget Gap: \$4.7 billion



Dollars in billions.

Assumptions for Slide 3

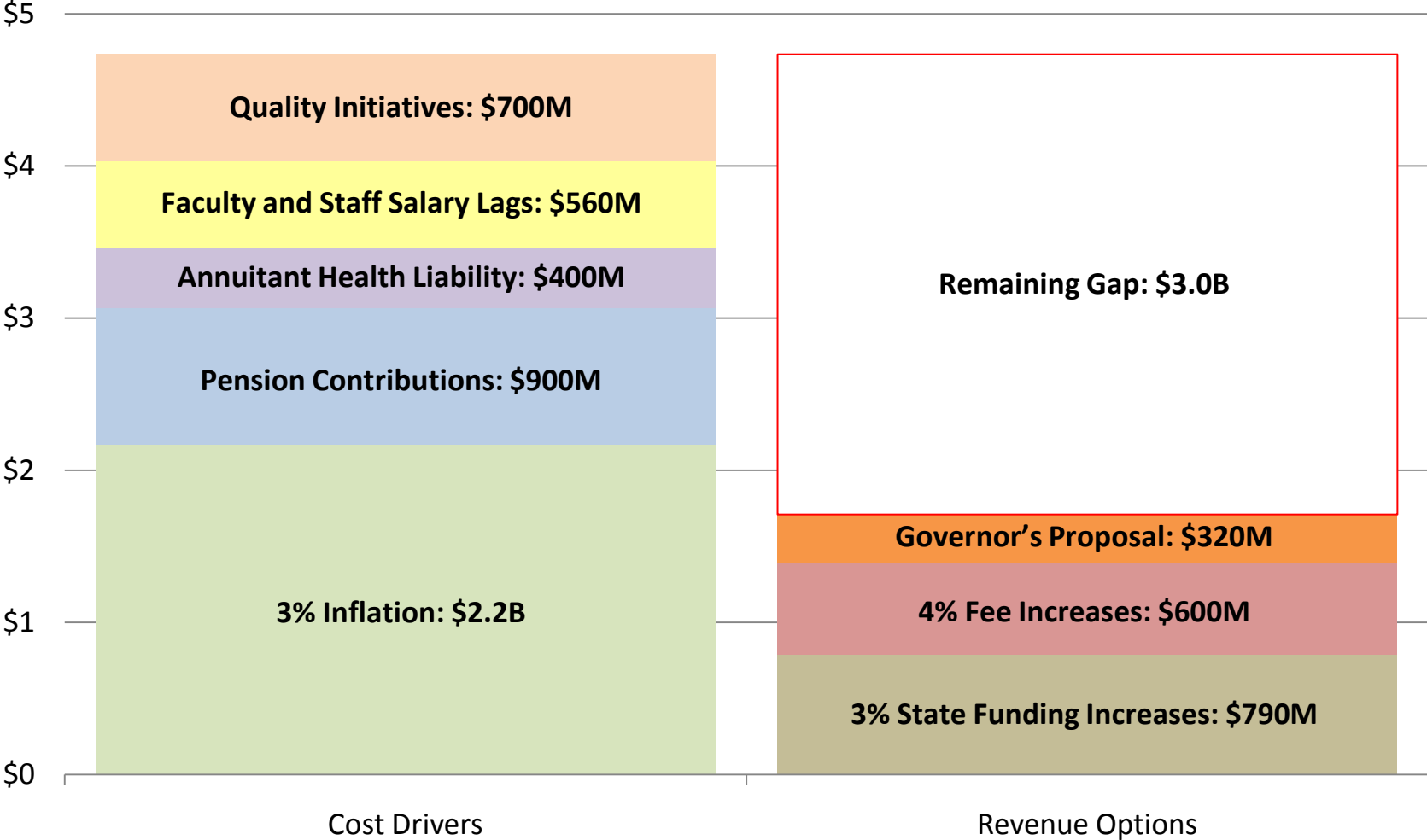
Funding

- Level enrollment, no increases in State funding, private gifts or research revenues, and no student fee increases after 15% in 2010-11.

Costs

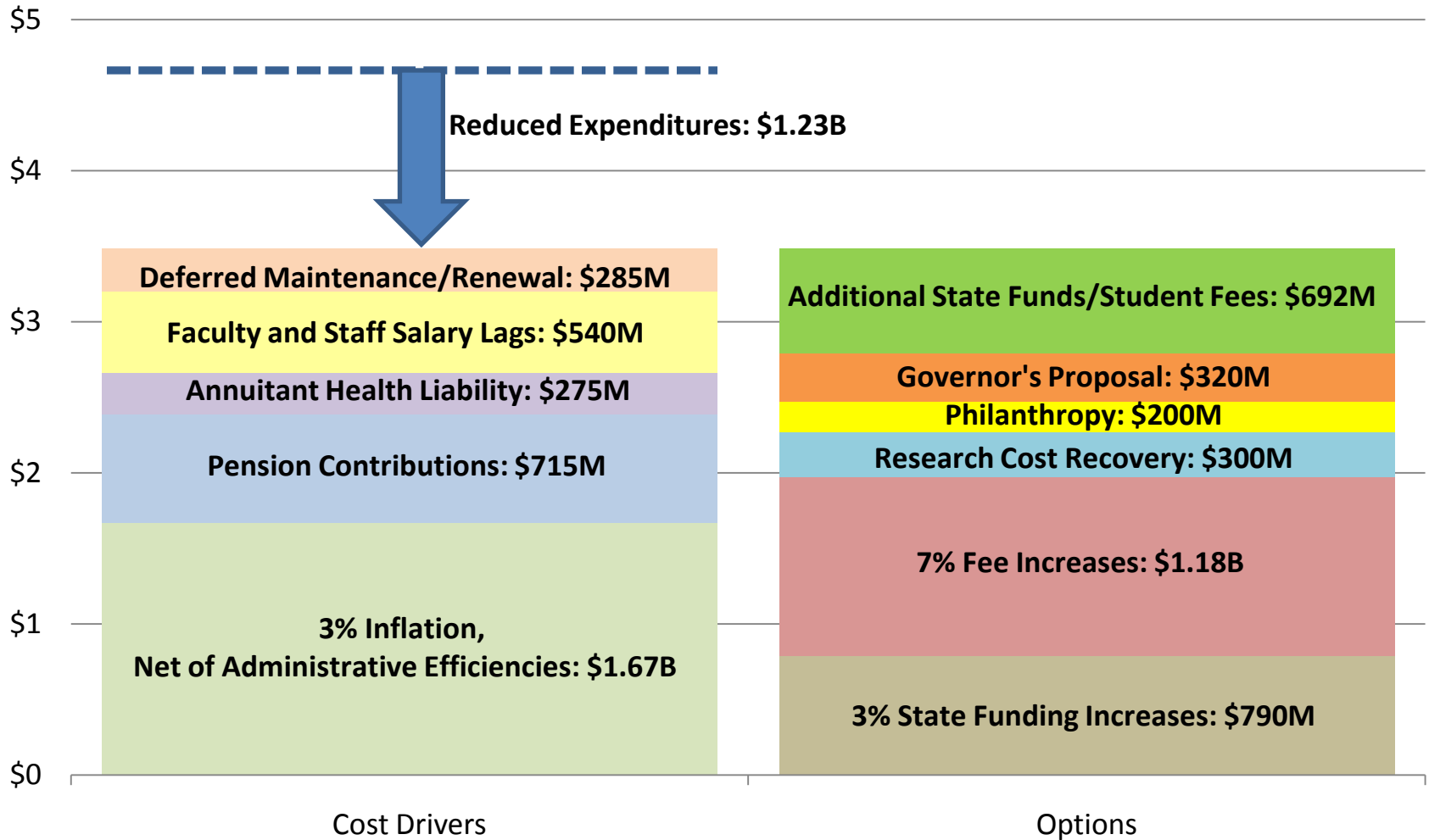
- 3% Annual Inflation - on compensation, benefits, utilities, other non-salary items (but not financial aid).
- Employer Retirement Contributions - growing from 4% of covered compensation in 2010-11 to 22% in 2019-20.
- Annuitant Health - payment is toward core funds share of liability for retiree health costs.
- Faculty Salaries - additional 1% annually above inflation (for a total of 4% annually) for ten years to catch up with market.
- Staff Salaries - consistent with faculty salaries, additional 1% annually for ten years.
- Student-Faculty Ratio - Starting in 2010-11, over ten years improving ratio from 18.7 to 17.6:1.
- Graduate Support - Initial \$10 million investment in 2010-11, increasing by \$10 million annually until \$50 million is reached.
- IT Investments - \$88 million investments for five years, followed by a \$15 million maintenance effort going forward.
- Academic Support - Restoring \$150 million to academic support (equipment, instructional technology, libraries, and maintenance).
- Capital Renewal and Deferred Maintenance - \$200M initially rising to \$285M.

Modest Revenue Options: 2019-20



Dollars in billions.

Aggressive Cost and Revenue Options: 2019-20



Dollars in billions.

Assumptions for Slide 6

Assumes no enrollment growth through 2019-20.

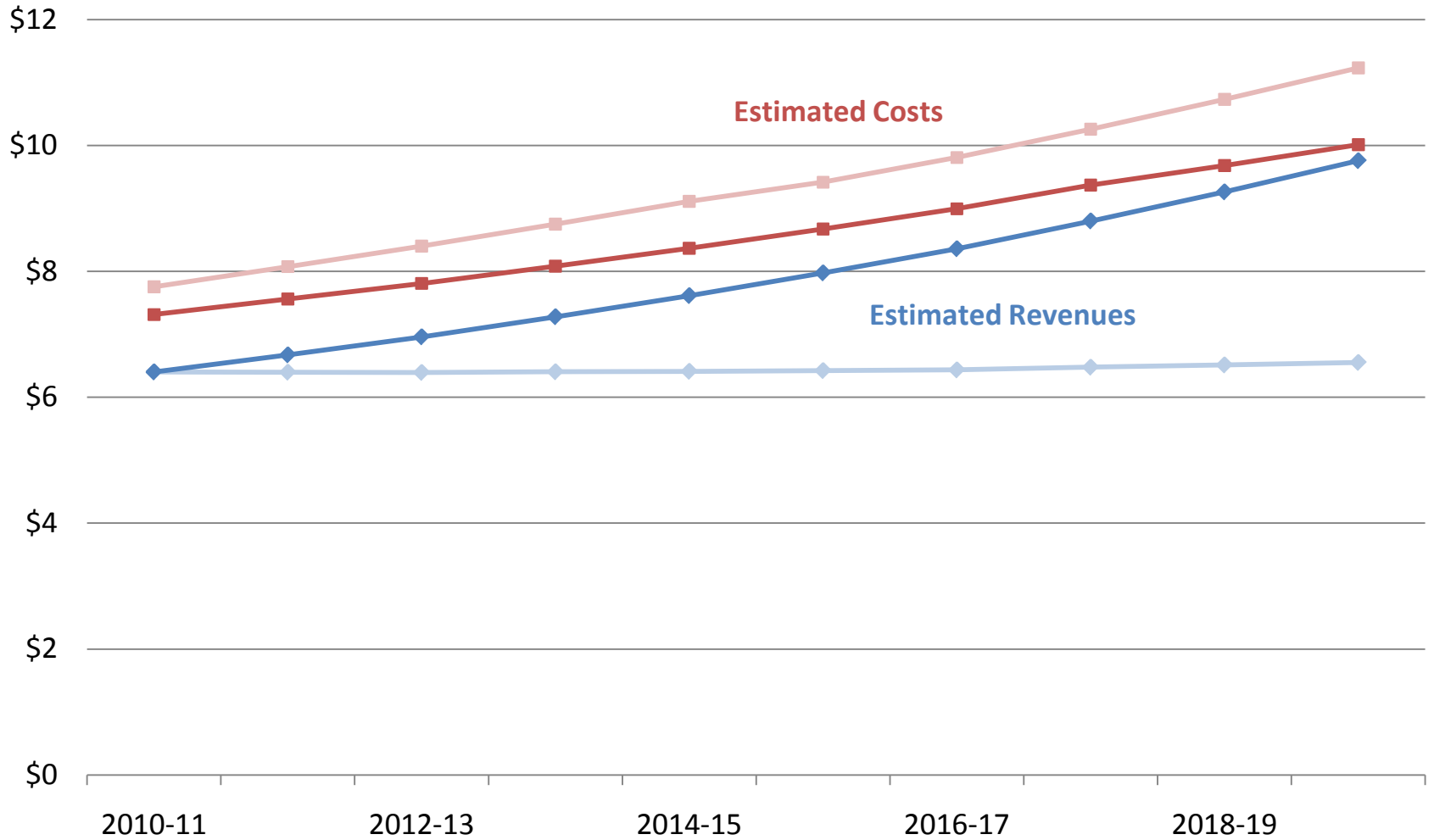
Cost Reductions :

- New administrative efficiencies totaling \$500 million across the system, above the efficiencies already achieved over the last twenty years.
- Changes in post-employment benefits, saving \$310 million.
- Delays in quality initiatives related to the student-faculty ratio, graduate student support, and investments in academic support and information technology, totaling \$415 million.

Revenue Options:

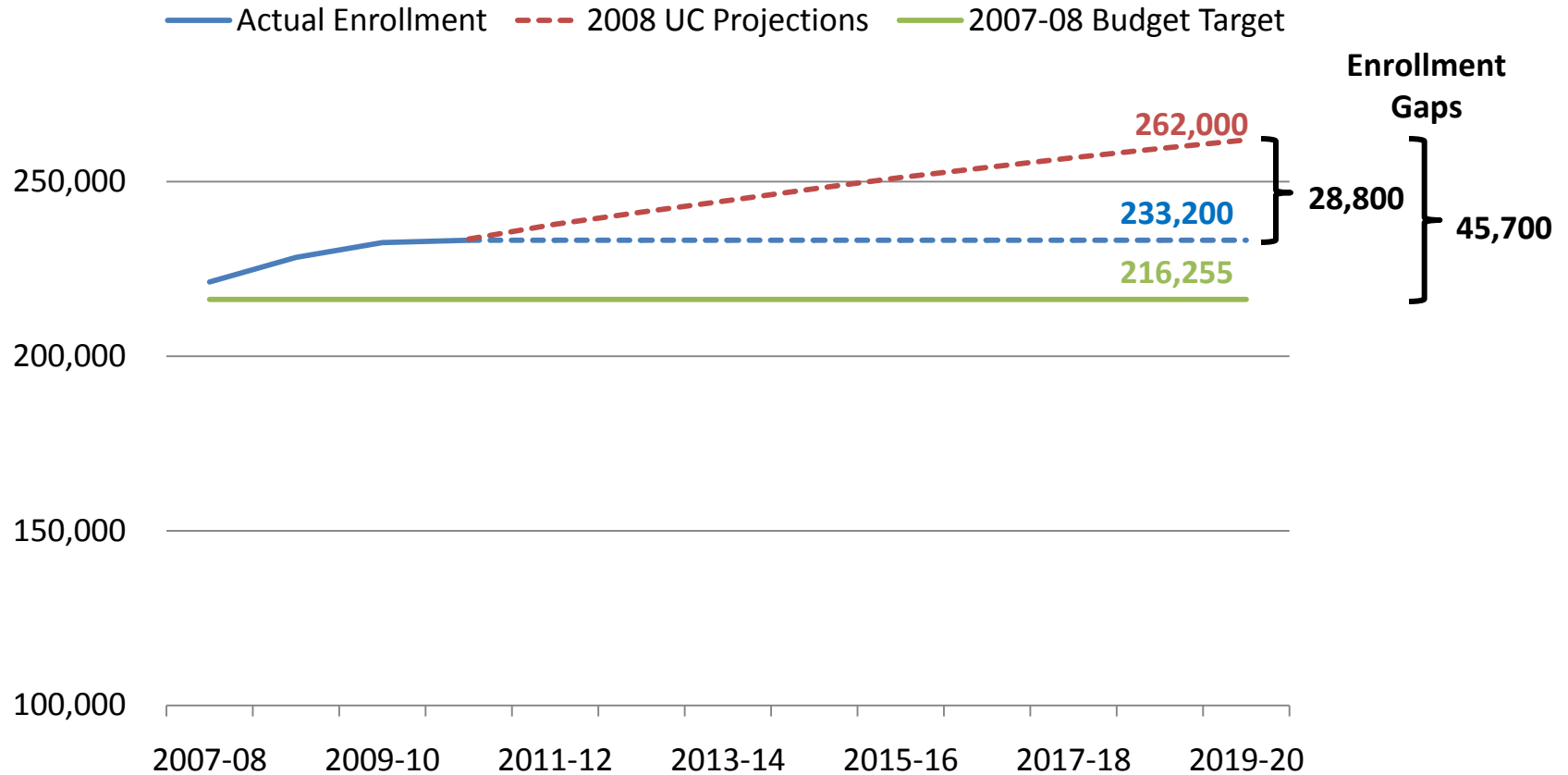
- Consistent State funding increases averaging 3% annually, totaling \$790 million by 2019-20.
- Annual student fee increases of 7%, resulting in total revenue of \$1.18 billion, net of financial aid.
- Enhanced research recovery of approximately \$300 million.
- Growth in unrestricted endowments, resulting in \$200 million in additional endowment earnings annually.
- Doubling of nonresident undergraduate enrollments (7,600 students), resulting in \$100 million net of instructional costs.
- Additional State funding and/or student fee revenue totaling \$912 million to close the budget gap.

Closing the Gap



Dollars in billions.

Looming Enrollment Gap

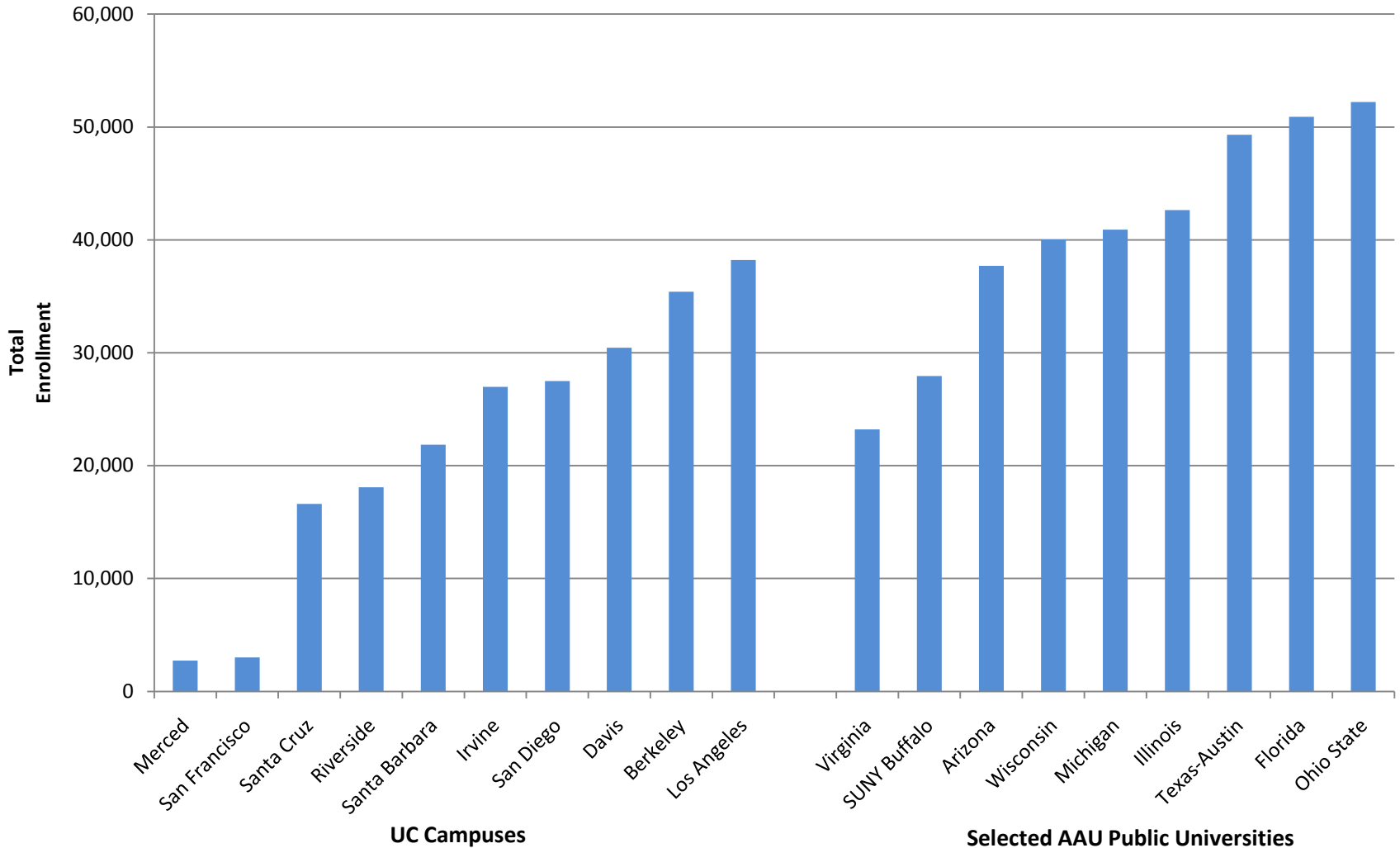


Total full-year, full-time equivalent (FTE) enrollments, including health sciences.

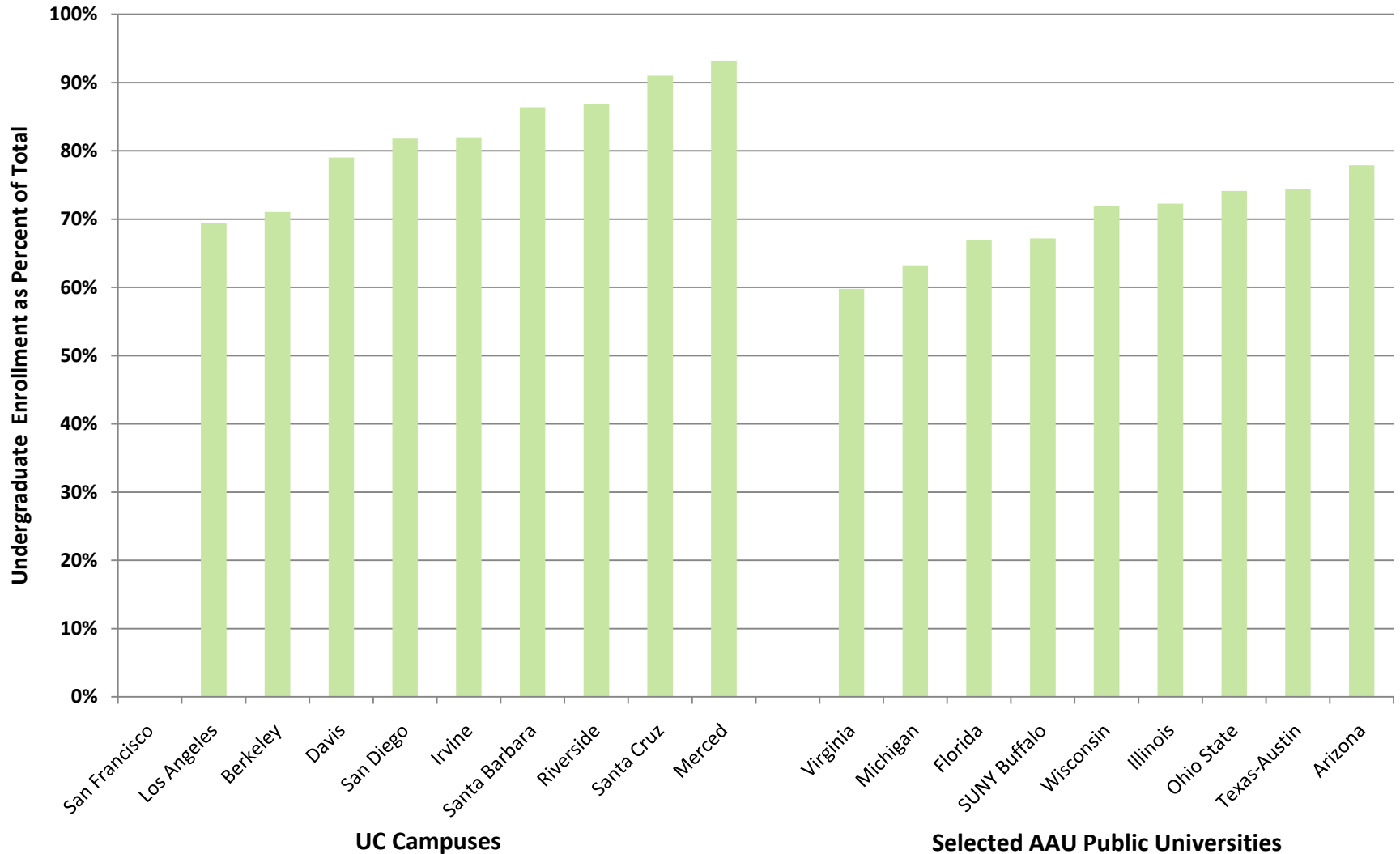


Fall 2008 Total Enrollment

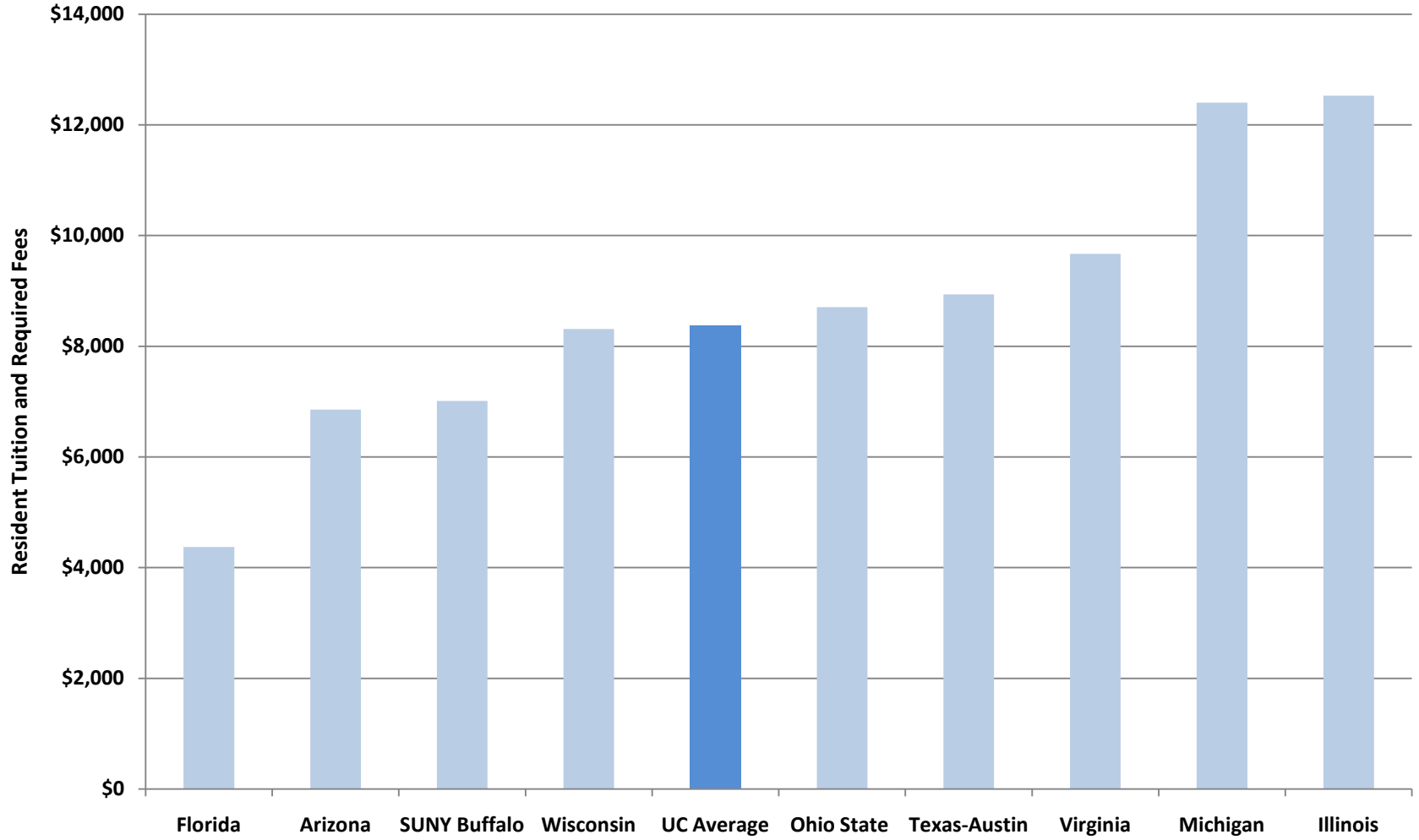
UC Campuses and Selected AAU Public Universities



Fall 2008 Percent Undergraduate Enrollment UC Campuses and Selected AAU Public Universities

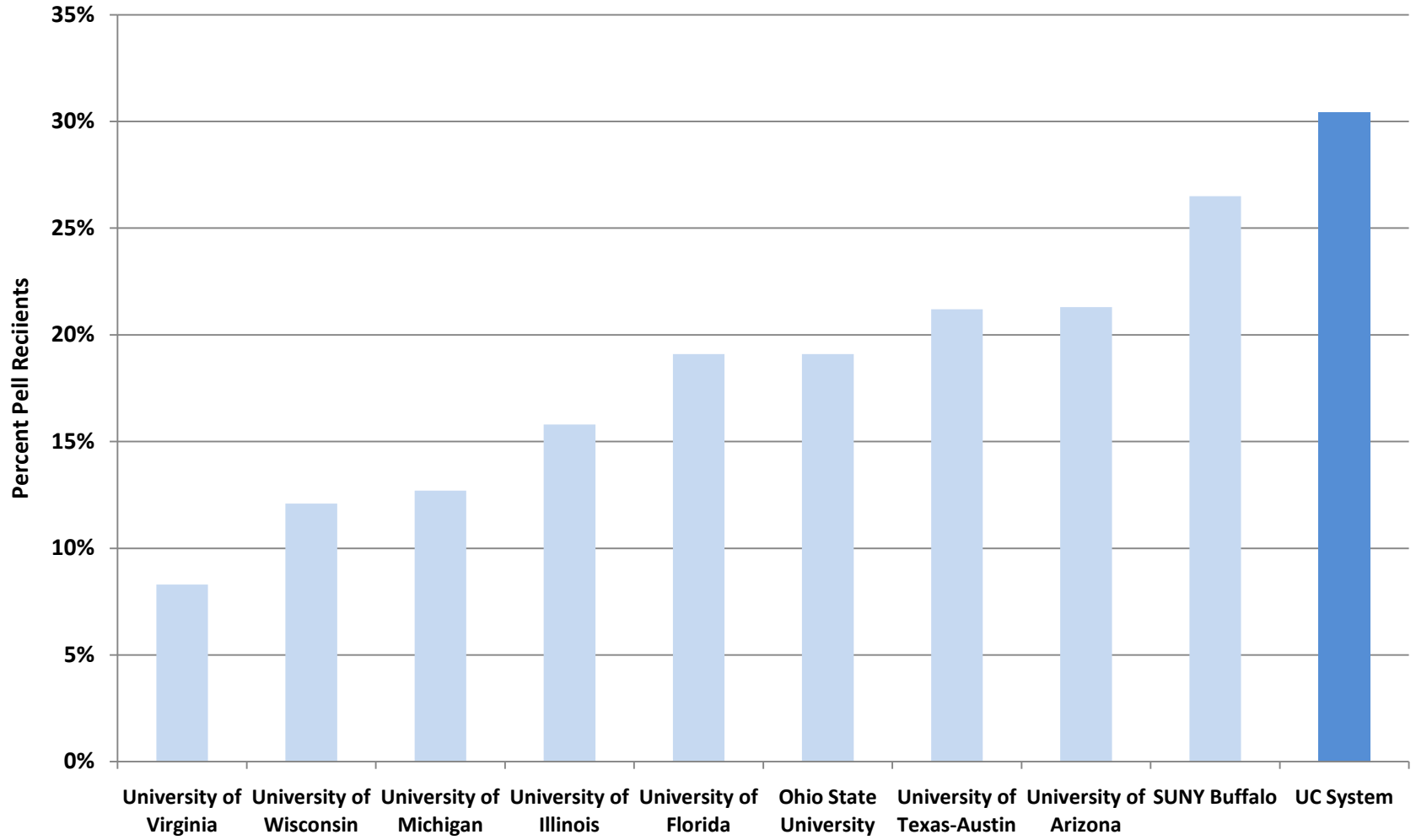


2009-10 Tuition and Required Fees for RESIDENT Undergraduates UC System Average and Selected AAU Public Universities



2007-08 Percent Undergraduate Pell Recipients

UC System Average and Selected AAU Public Universities



Estimated Financial Aid and Systemwide Fees

Average Per Undergraduate by Parent Income, 2008-09 through 2010-11

