



UC San Diego

Campus Budget Office



Campus Budget Planning

Presentation to the Representative Assembly

October 27, 2009

Overview

- State Budget
- UC Budget
- UCSD Budget
- Next Steps



State Budget Overview

- January 2009 – Budget Gap was \$42 Billion
- February Special Session addressed \$36 Billion
- May Revise – Budget Gap increases to \$24 Billion
- Enacted State Budget – \$60 Billion in Solutions
 - \$31.0 B budget cuts
 - \$12.6 B tax increases
 - \$ 8.0 B Federal Stimulus (ARRA) Funding
 - \$ 8.4 B Other
- 2010/11 - projected budget gap is \$7 to \$8 Billion



UC Budget Update

2008/09 State Budget Reductions

Mandatory Savings Target (September 2008 Budget Act)	\$	(33.1)	
Mid-year Permanent Reduction (February Special Session)		(65.5)	*
Additional Reduction (May 14 Revision)		(510.0)	
Additional Reduction (May 26 Revision)		(207.5)	
Subtotal	\$	(816.1)	
One-time Offset - Federal Stimulus / ARRA Funding (May Revision)		640.0	
Net State Reduction	\$	(176.1)	

2009/10 State Budget Reductions

Governor's Veto - 'trigger' funding (February Special Session)	\$	(50.0)	
Governor's Veto (February Special Session)		(255.0)	
Unallocated Permanent Reduction (May 14 Revision - inc. adj. for Outreach)		(81.3)	
Additional Reduction (May 26)		(167.5)	
Conference Committee Adjustment		(17.8)	
Net State Reduction	\$	(571.6)	
Two-Year Cumulative Reduction	\$	(813.2)	*

* Total recognizes continuing impact of the \$65.5M permanent reduction in 2008/09; but does not include income from fee increases approved by the Regents in May 2009, nor additional mandatory cost increases such as retirement and compensation costs.



UC Budget Response

- Enrollment Reduction by 8,000 – 10,000 over four years
 - 2009/10: freshman reduced by 2,300 and CCC transfer increase by 500
 - 2010/11: current plan is to reduce freshman another 2,300 and increase CCC transfers by 250
- Salary Reduction Plan
- Student Fee Increases & Return to Student Aid
- Other UC Actions
 - UC Debt Restructuring
 - UCOP Restructuring
 - Senior Management salary freeze, suspension of Staff merits, etc.
 - Strategic Sourcing, Energy Savings, etc.



UC Budget Planning 2010/11

- **State Budget Gap*:** **(\$632.6 Million)**
 - State General Fund Reduction **(\$637.1 Million)**
 - *State General Fund Restoration* **\$305.0 Million**
 - Continuing Mandatory Costs 2008/09 - 2009/10 **(\$368.0 Million)**
 - Additional Mandatory Costs 2010/11 **(\$218.3 Million)**
 - 2008/09 – 2009/10 Approved Fee Revenues **\$210.8 Million**
 - Debt Restructuring **\$ 75.0 Million**

- **Additional Fee Increases** **\$378.1 Million**
 - 2009/10 Mid-year Fee Increase - 15% (Annualized) **\$ 162.8 Million**
 - 2010/11 Fee Recommendation - 15% **\$ 215.3 Million**
 - Net of \$209.5 Million for Student Financial Aid

* Based on approved 2008/09 State Budget (September 2009)



UCSD Budget Strategic Approach

- Validate Campus Priorities
- Balanced Multi-Year Effort
 - Reduce Operating Budget
 - Campus-wide Participation
 - Phase-in Multi-year Permanent Reduction
 - Leverage Operating Balances to Mitigate Short Term Impacts
 - Cost Containment
 - Program Consolidation and Restructuring
 - Increase Revenues



UCSD Budget Planning

Campus Affirmed Guiding Principles

- Minimal Impact on Classroom, Research and Academic Laboratory Instruction
- Maintain a World Class Research Program
- Campus Diversity Efforts, including California Schools Outreach
- Patient Care and Environmental Health & Safety
- Keep Employees a Priority
- Seek and Implement Administrative Efficiencies



UCSD Budget Update

	2009/10		Fiscal Impact
	Permanent +	One-Time =	
Remaining 2008/09 State Reductions			
Mid-year February Special Session (\$65.5M)	(7.7)		(7.7)
May Revision (\$77.5M)		(9.3)	(9.3)
2009/10 State Reductions			
Governor's Veto - Feb. Special Session (\$50M/\$255M)		(35.8)	(35.8)
Governor's Revision (\$81.3M)	(9.6)		(9.6)
Governor's Revision (\$167.5M)	(19.7)		(19.7)
Conference Committee Adjustment (\$17.8M)	(2.1)		(2.1)
Subtotal	(39.0)	(45.1)	(84.2)

•Totals do not include other mandatory costs like faculty merits, bargained salary increases, state utility funds shortfalls, restart of UCRP contributions; nor income from approved student fee increases.



UCSD Budget Response

- 2008/09: One-time \$12 million mid-year reduction on Vice Chancellor Unit base budgets.

- 2009/10: Campus maintained multi-year approach and responded with a multi-pronged plan:
 - A permanent \$20 Million base budget reduction on Vice Chancellor budgets
 - Approximately \$25 Million in one-time salary savings resulting from Regents approved furlough plan
 - One-time internal financing of approximately \$43 Million



UCSD Budget Response

Campus Collaborations -- Financial Officers and “Tiger Teams”

- **Campus IT-Services:** Identify opportunities for consolidating & restructuring IT services
- **Auxiliaries and Self-Supporting Enterprise:** Ensure activity contributes proportionately to the cost of core administrative infrastructure from which it derives benefit
- **Non-Resident Enrollment:** Assess options for increasing enrollments over the short and longer term
- **Campus Budget Communications:** Develop and implement a basic campus communications plan that informs and engages campus constituents



UCSD Budget Planning 2010/11

- **2010/11 Budget Gap:** (\$ 87.5 Million)
 - State General Fund Reduction (\$ 84.2 Million)*
 - Additional Federal Stimulus Relief Expected \$ 9.3 Million
 - State General Fund Restoration \$ 35.8 Million
 - Continuing Mandatory Costs 2008/09 – 2009/10 (\$ 40.6 Million)*
 - Additional Mandatory Costs 2010/11 (\$ 32.1 Million)
 - 2008/09 – 2009/10 Approved Fee Revenue \$ 24.3 Million*

- **Additional Fee Increases** \$ 40.9 Million

- **Concern:** (\$ 35.8+ Million)
 - State unable to reinstate UC's one-time reduction of \$305 Million;
and further reductions given growing state gap.

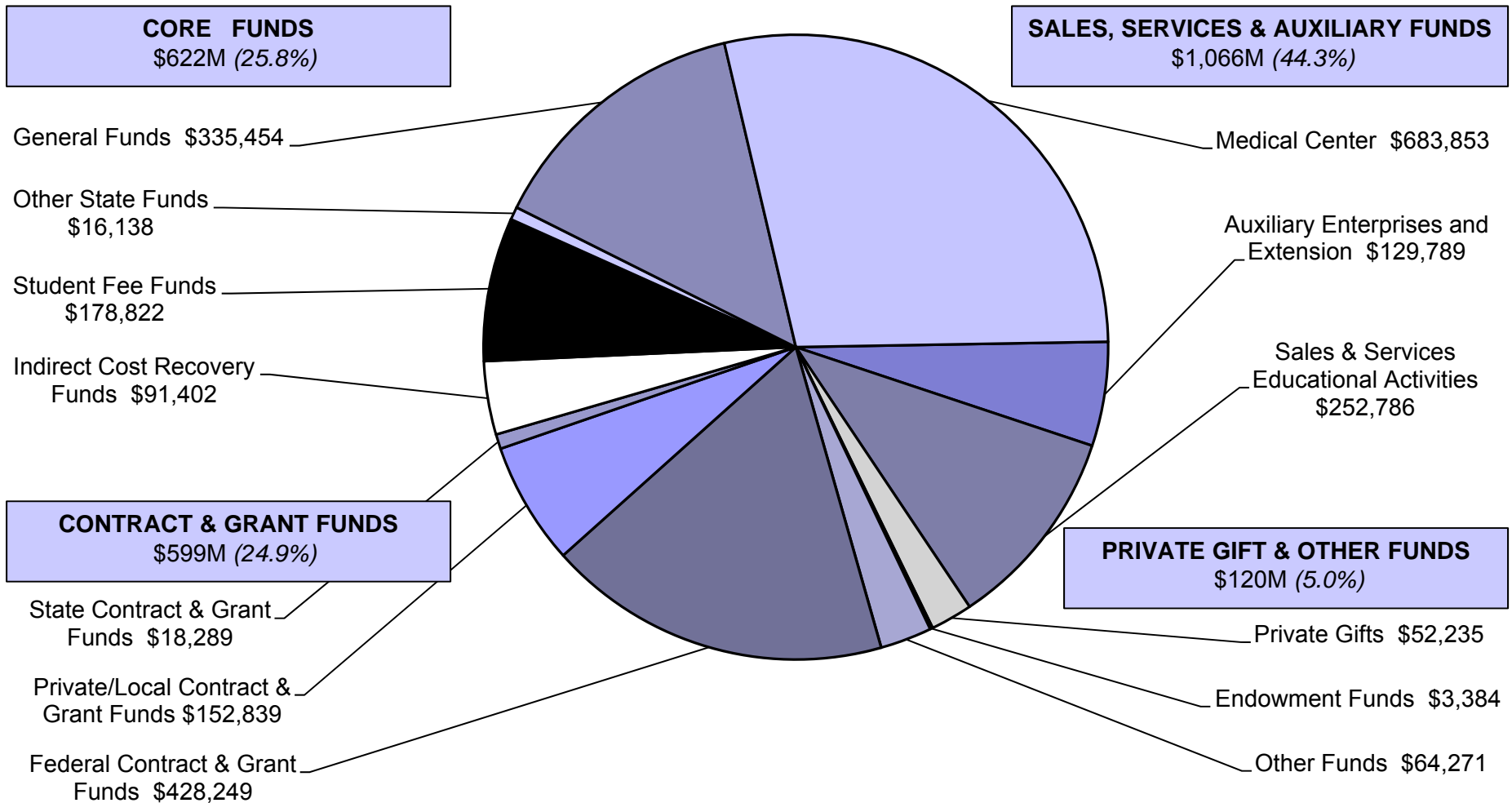
* Partial state reductions and prior mandatory costs are addressed by campus multi-year funding plan, including fee revenues and other core funds.



2008/09 Expenditures by Fund Source

\$2.408 Billion

(\$ in thousands)



Questions?

