

The University of California: Access, Affordability & Excellence in an Environment of Rapid State Disinvestment

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The Framework

The State's disinvestment in higher education jeopardizes UC's status as a world-class research public university

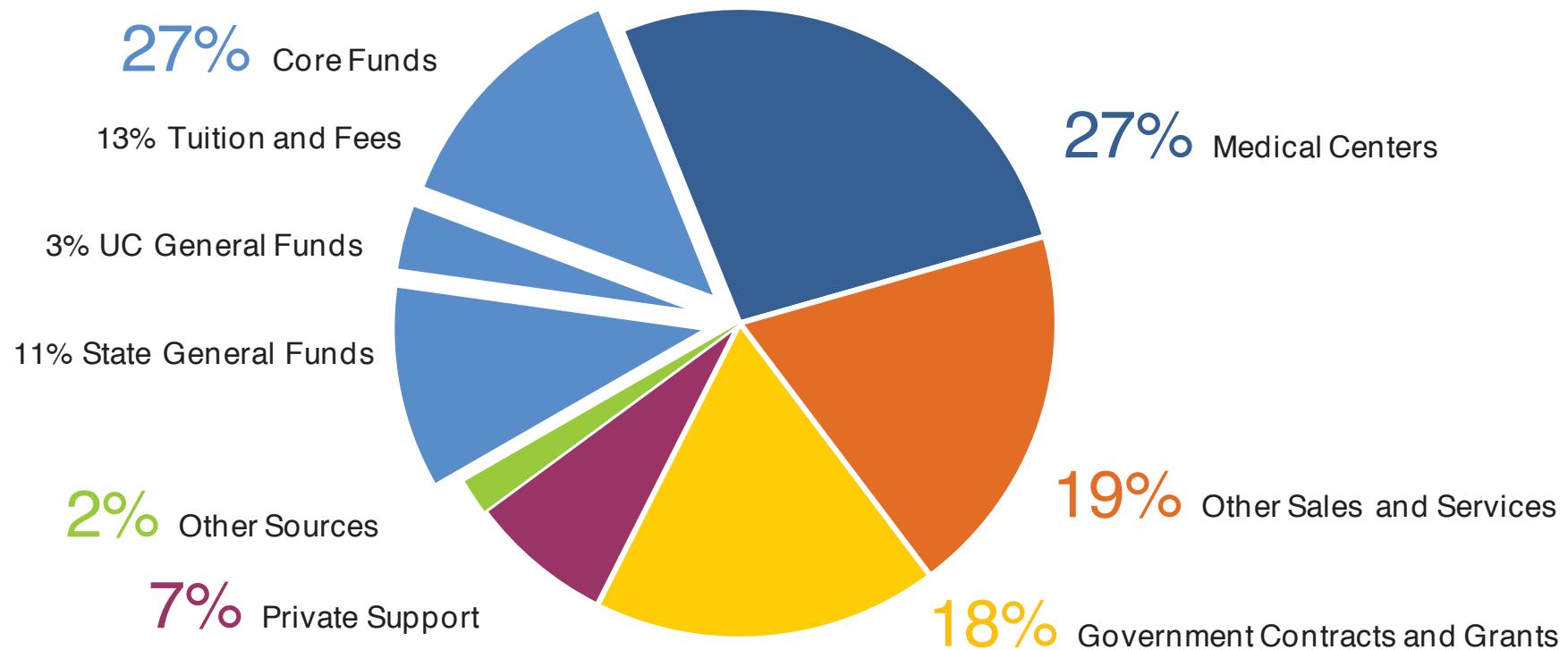
- State funds are now about 11% of UC's total budget
- State funds, along with tuition and fees (core funds), provide the resources essential to UC's academic program

Discuss

- The disinvestment
- The effects
- The continued success

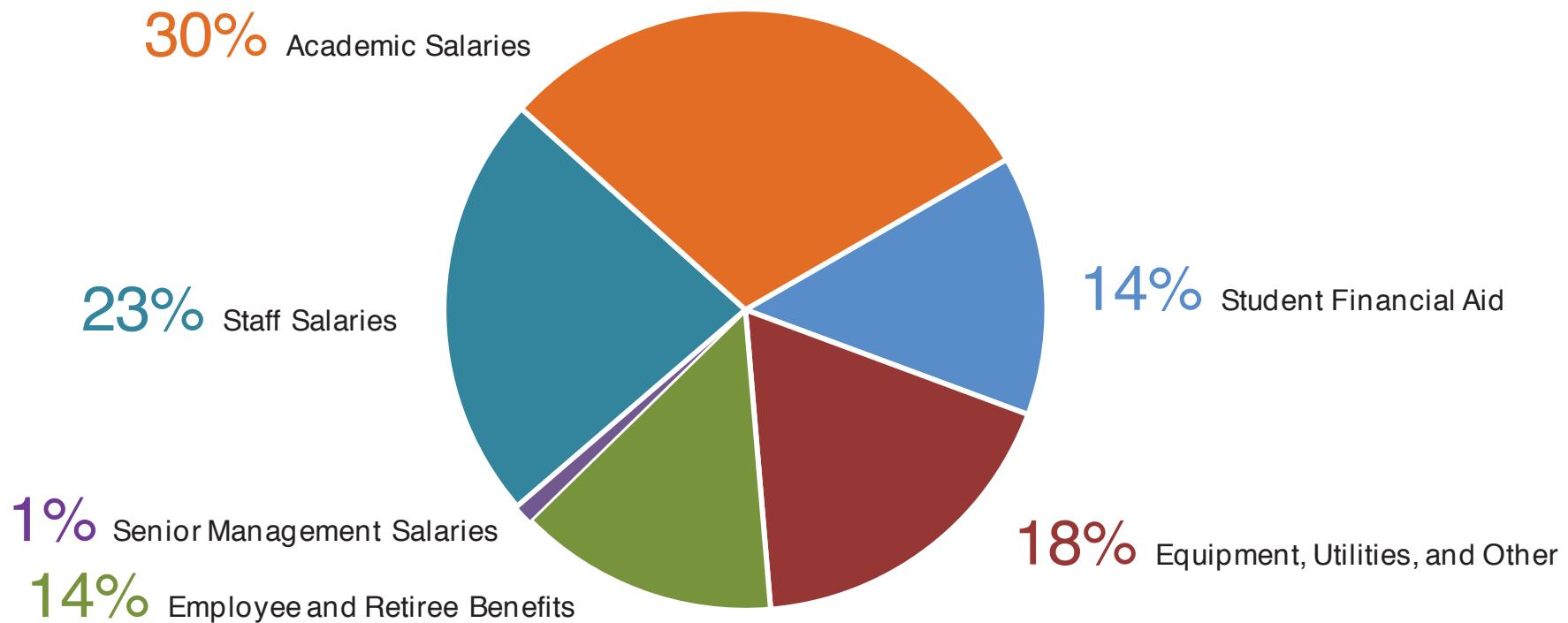


Budget



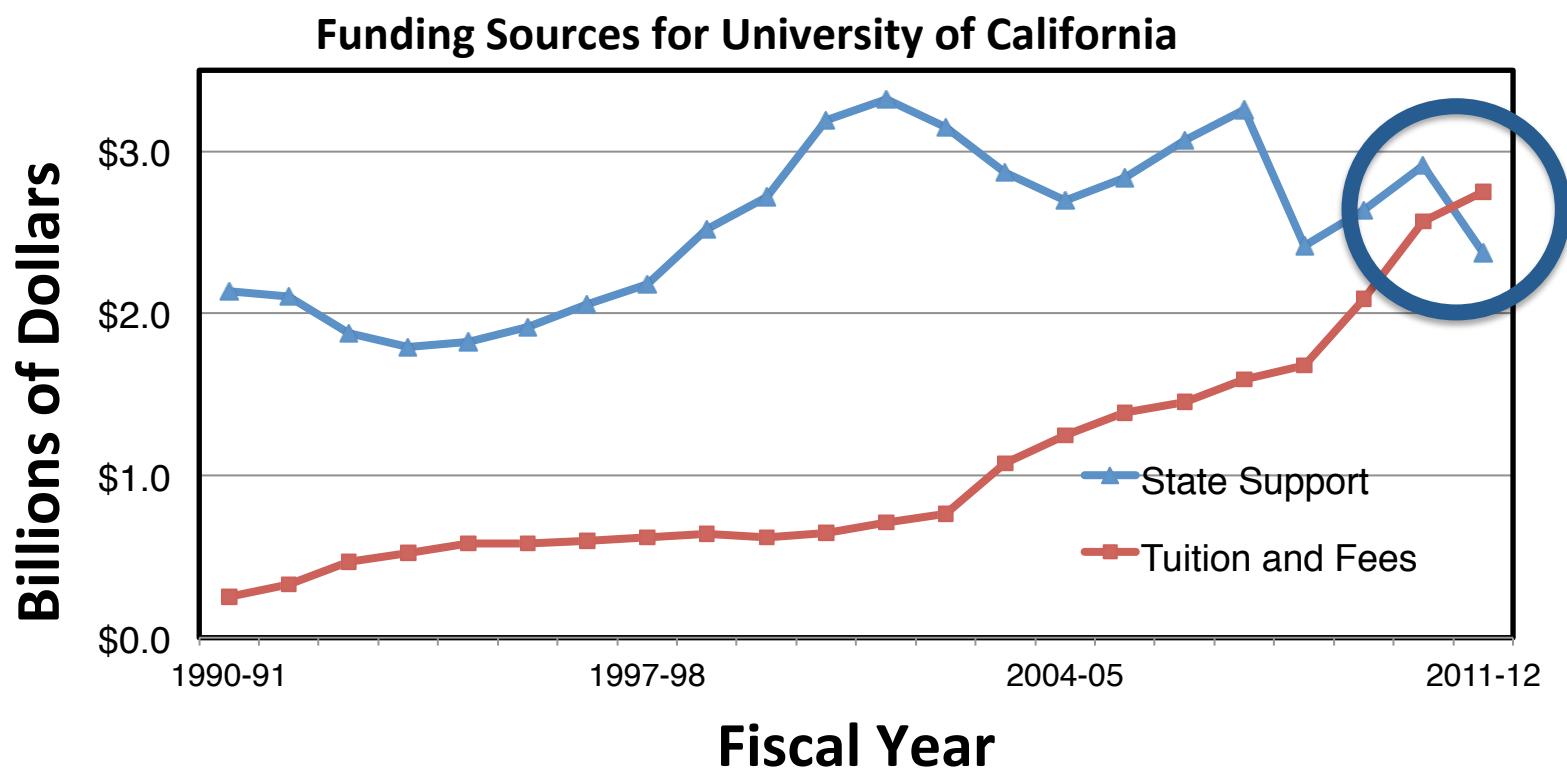


Core Funds Expenditures



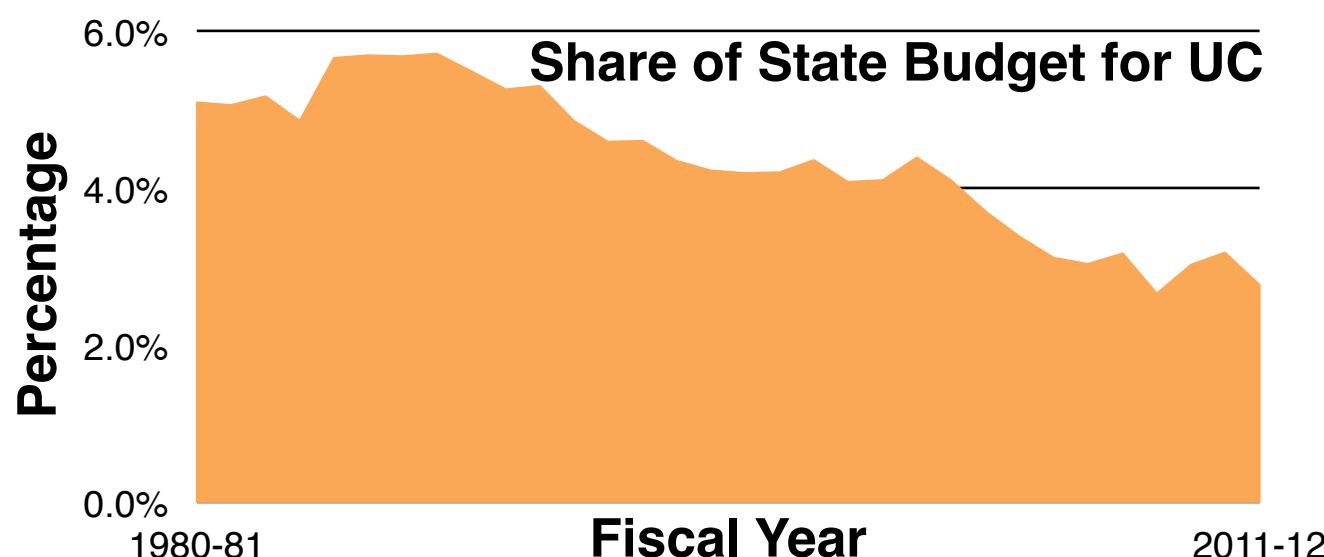
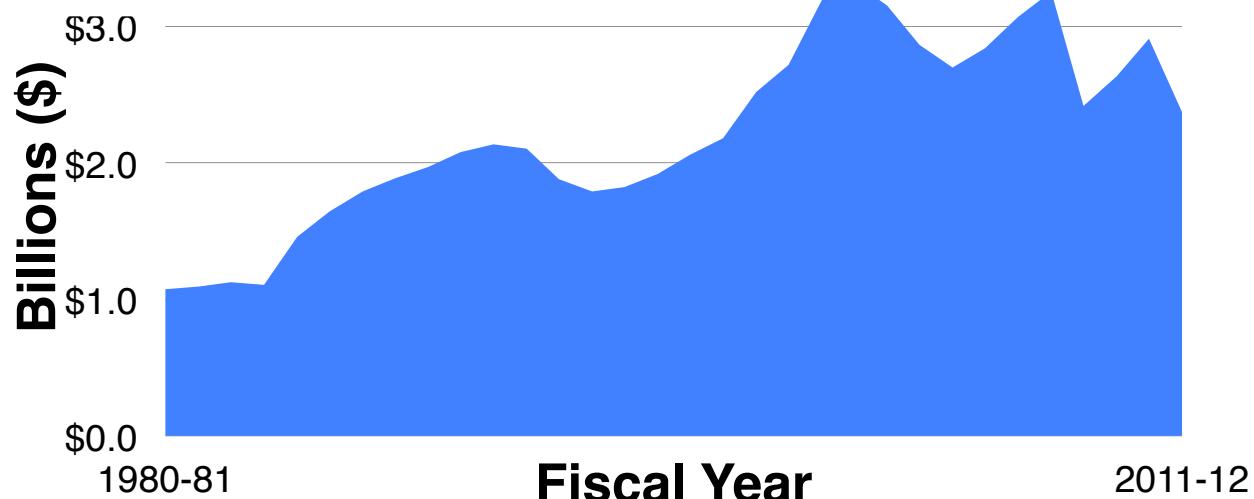


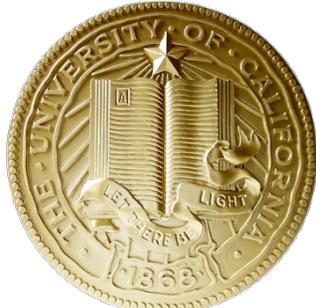
Changing Funding Base



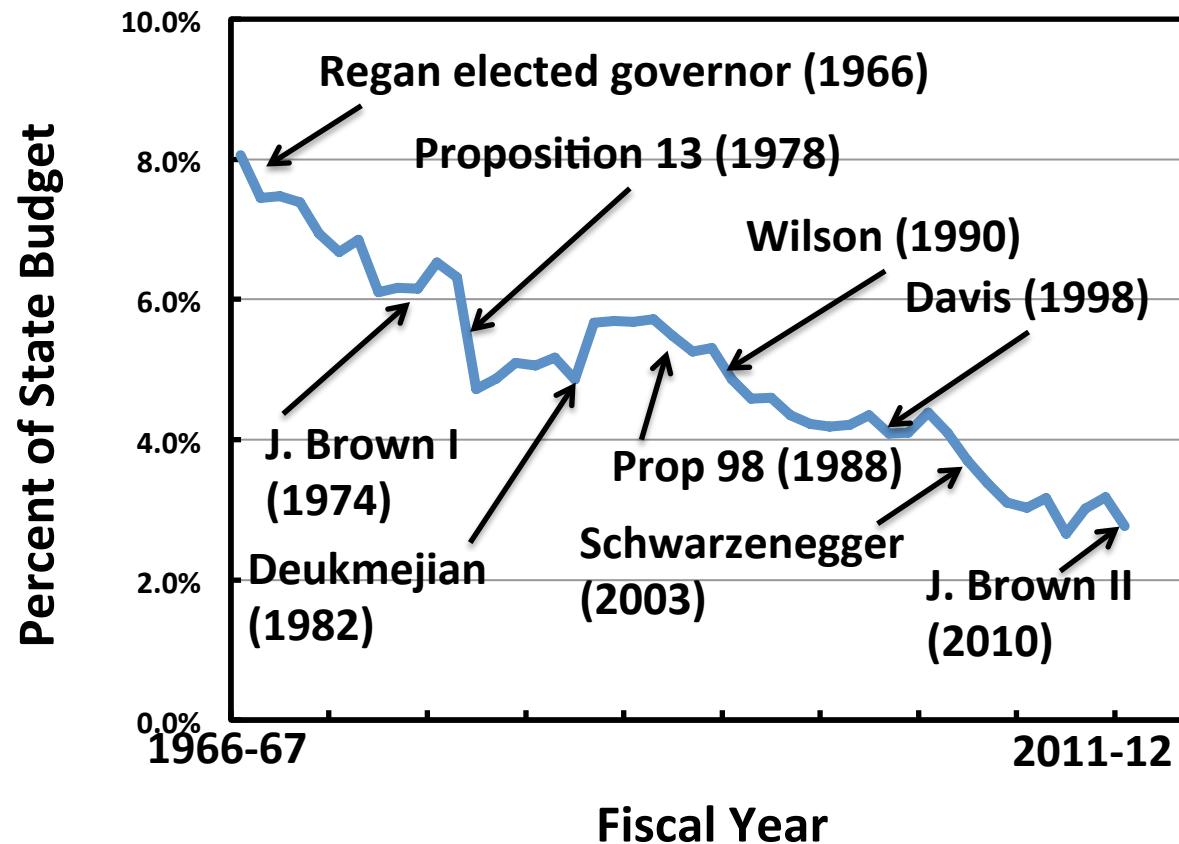


State General Funds Support



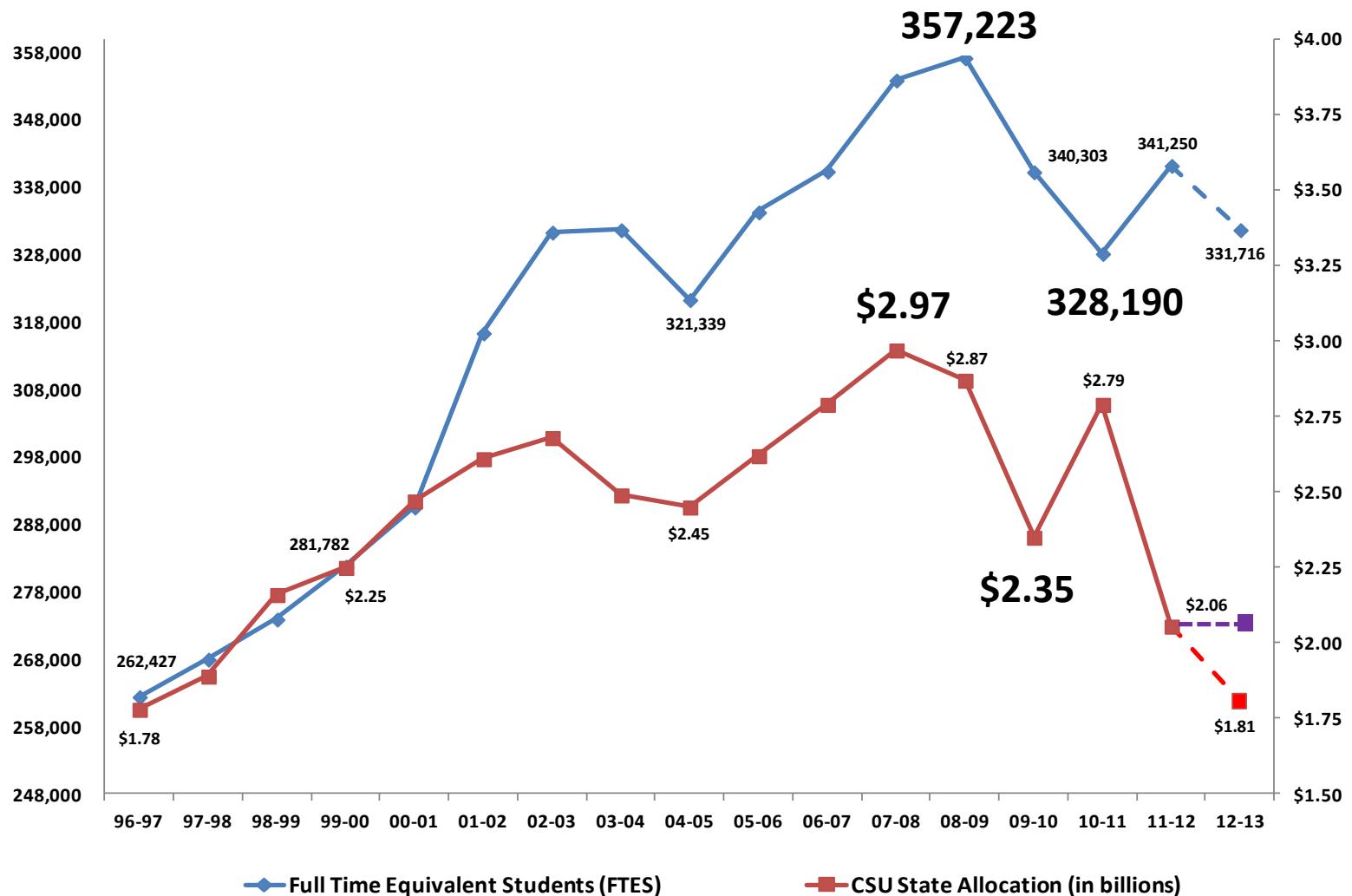


The Winds of Politics





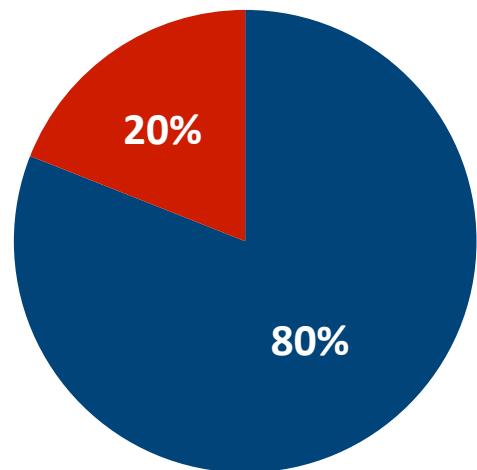
CSU: Budget History



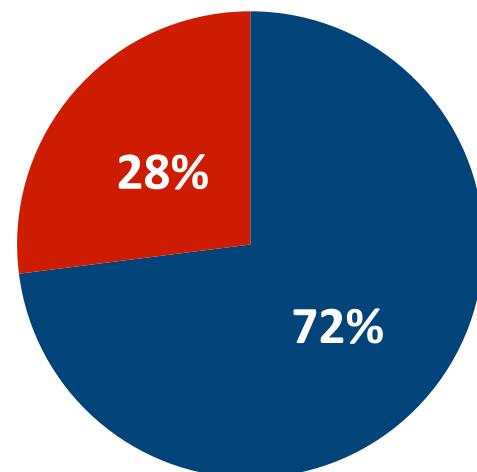


CSU: Declining State Commitment

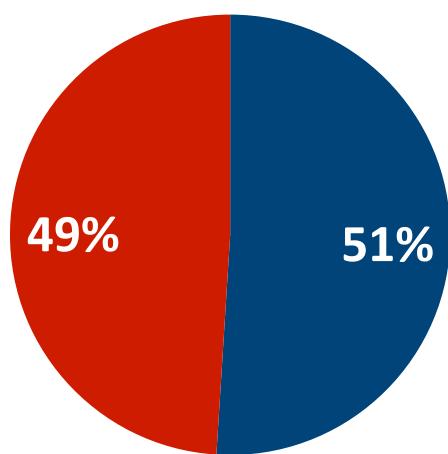
2002-2003



2007-08



2012-13 *



- State Support (General Fund)
- Student Tuition Fees and other support

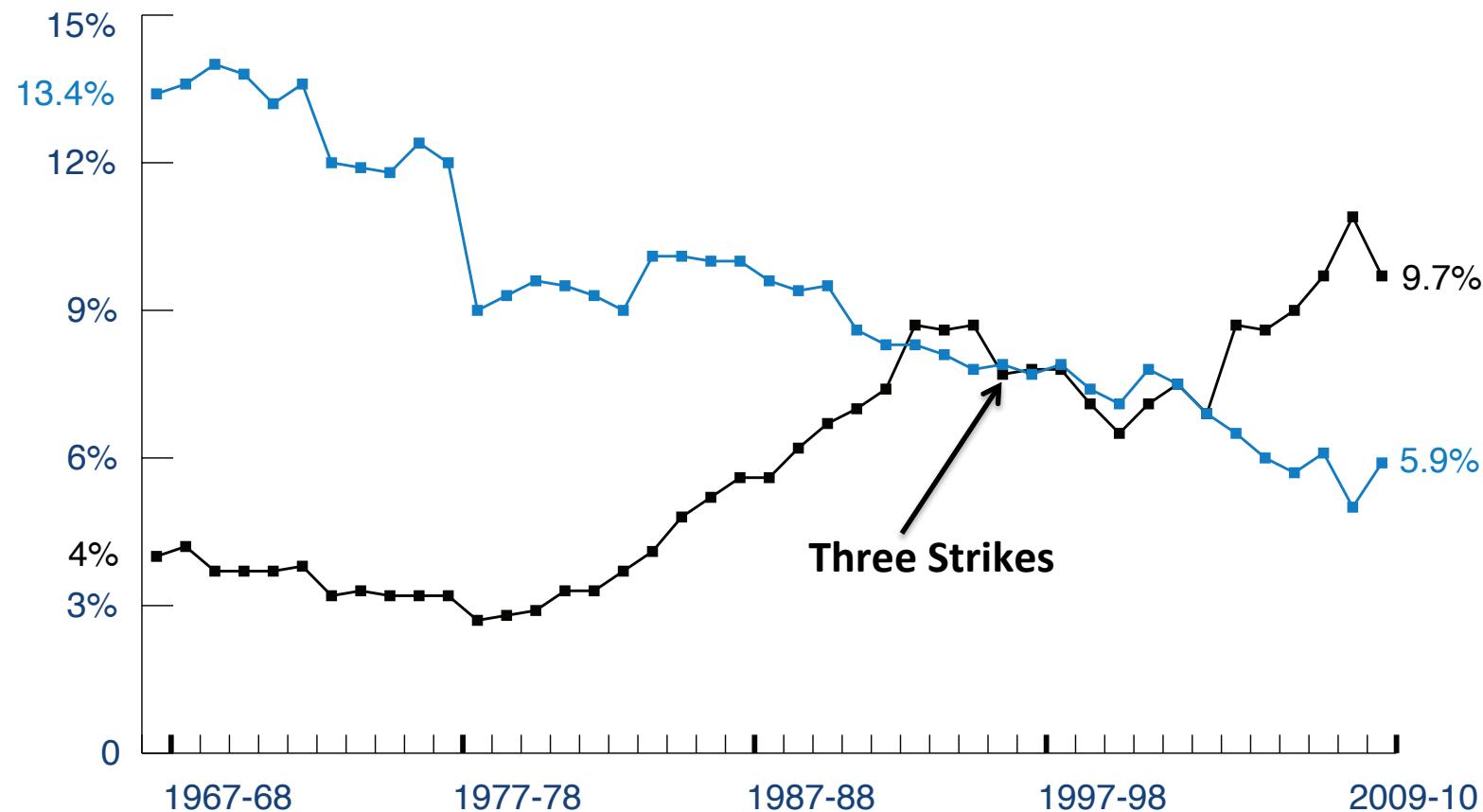
* Does not include \$250 million “trigger” cut



Prisons or Universities?

State General Funds
UC/CSU vs. Corrections

UNIVERSITY *of* CALIFORNIA

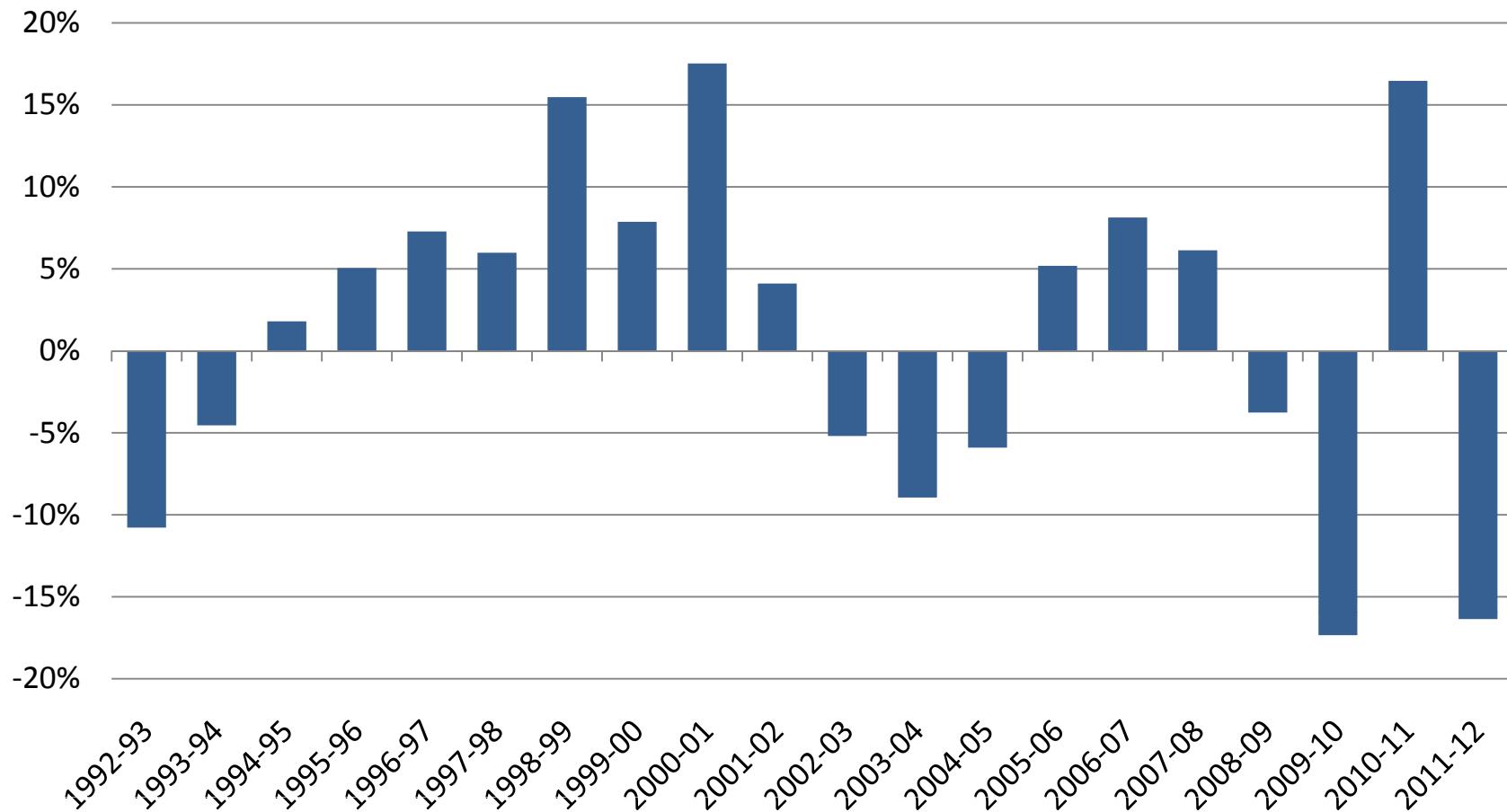


Sources: CPEC Fiscal Profiles, 2008. Displays 1 and 21;
Department of Finance budget documents.

■ UC/CSU
■ Corrections



UC: State = Unreliable Partner

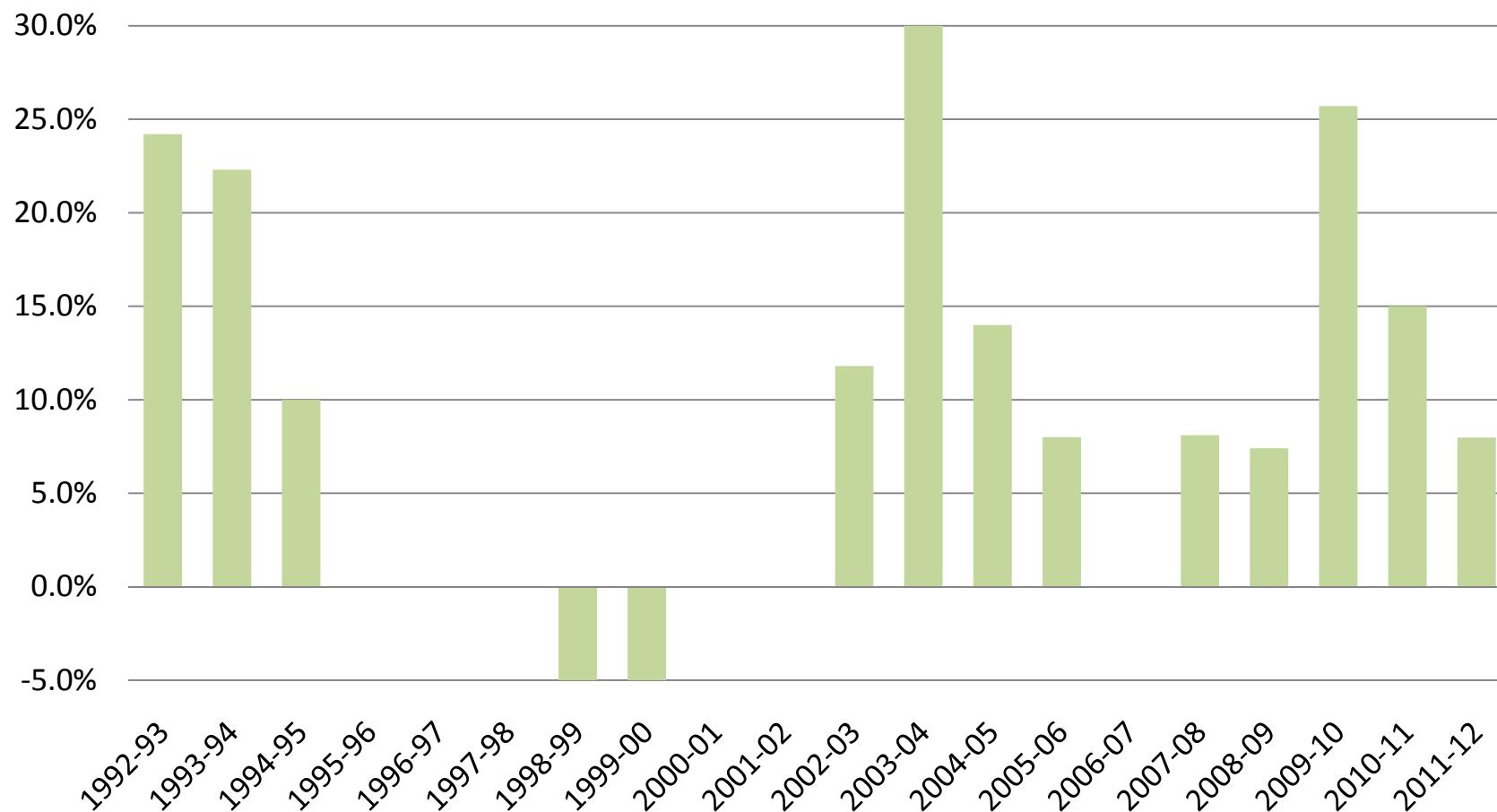


Includes ARRA funds of \$716.5 million during 2008-09 and \$106 million during 2010-11.

Disp



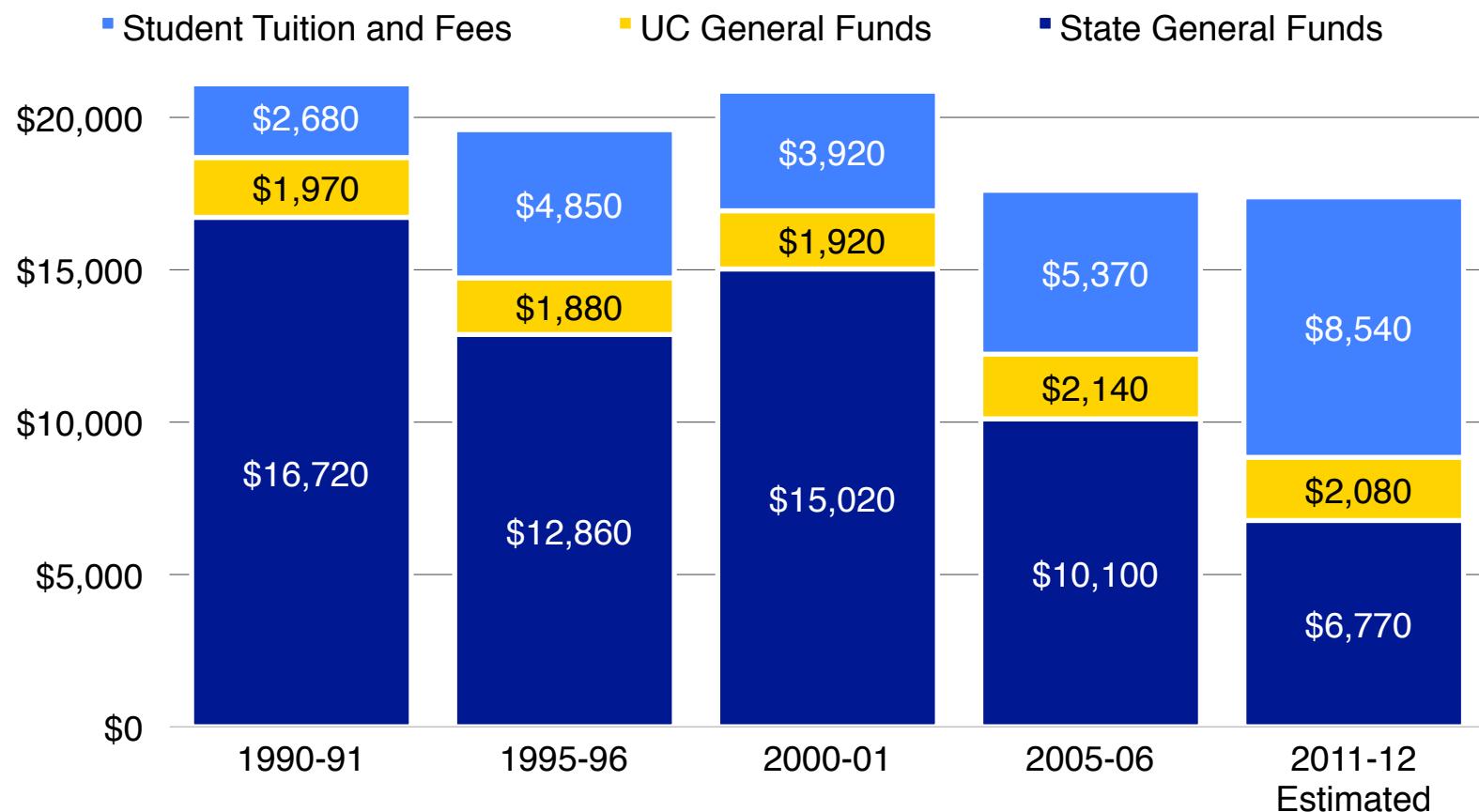
Volatility of Tuition and Fee Increases



Tuition and fees did not increase during 8 of the last 20 years, but rose by more than 10% during 7 years.



Spending / Student Decline



Average inflation-adjusted resources per general campus student.
Excludes financial aid. 2010-11 dollars.

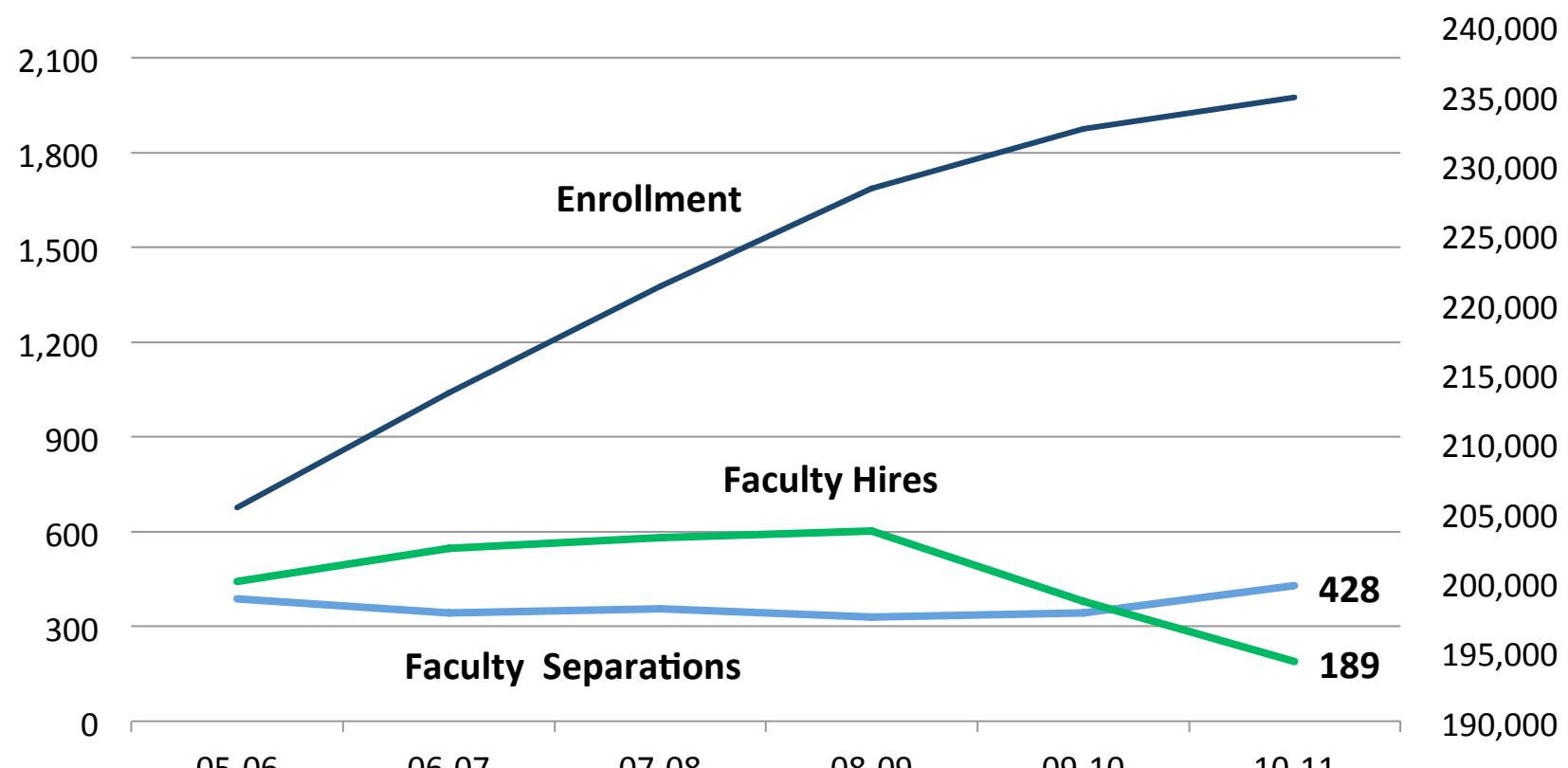


Funds Lost and Found

- State funds have been reduced by \$880M since the recent crisis began – from \$3.26B to \$2.38B – a reduction of 27%
- Exacerbated by the State not funding \$1.2B in mandatory cost increases during that time
- **Tuition and fee increases have only mitigated about 39% of the budget gap in recent years – campuses have absorbed the remaining shortfall**
- Solutions to funding the budget gap must ultimately help address the projected shortfall in core funds if the academic program – and UC quality – are to be protected



Loss of Core Funds: Fewer Faculty and More Workload

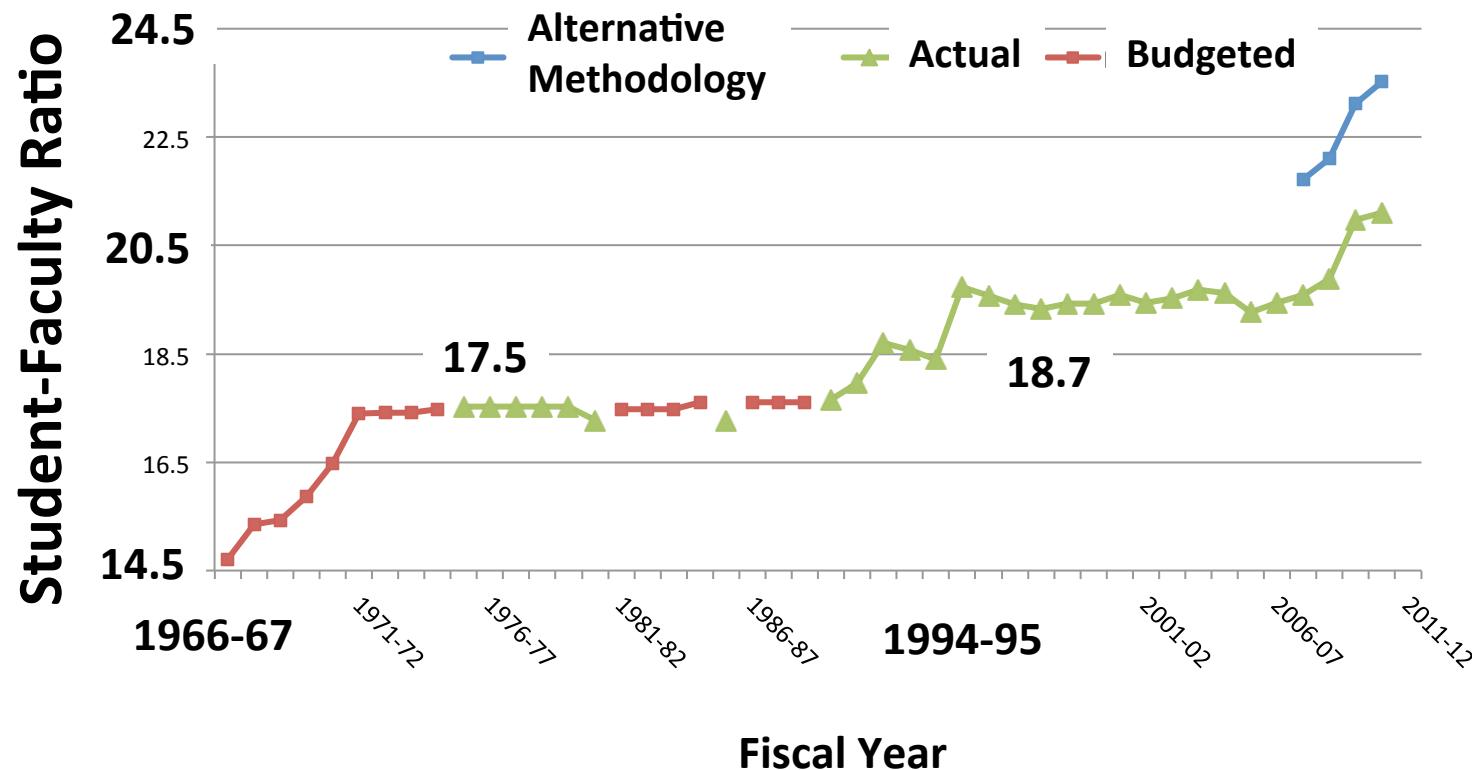


Faculty Hires and Separations

Display 15

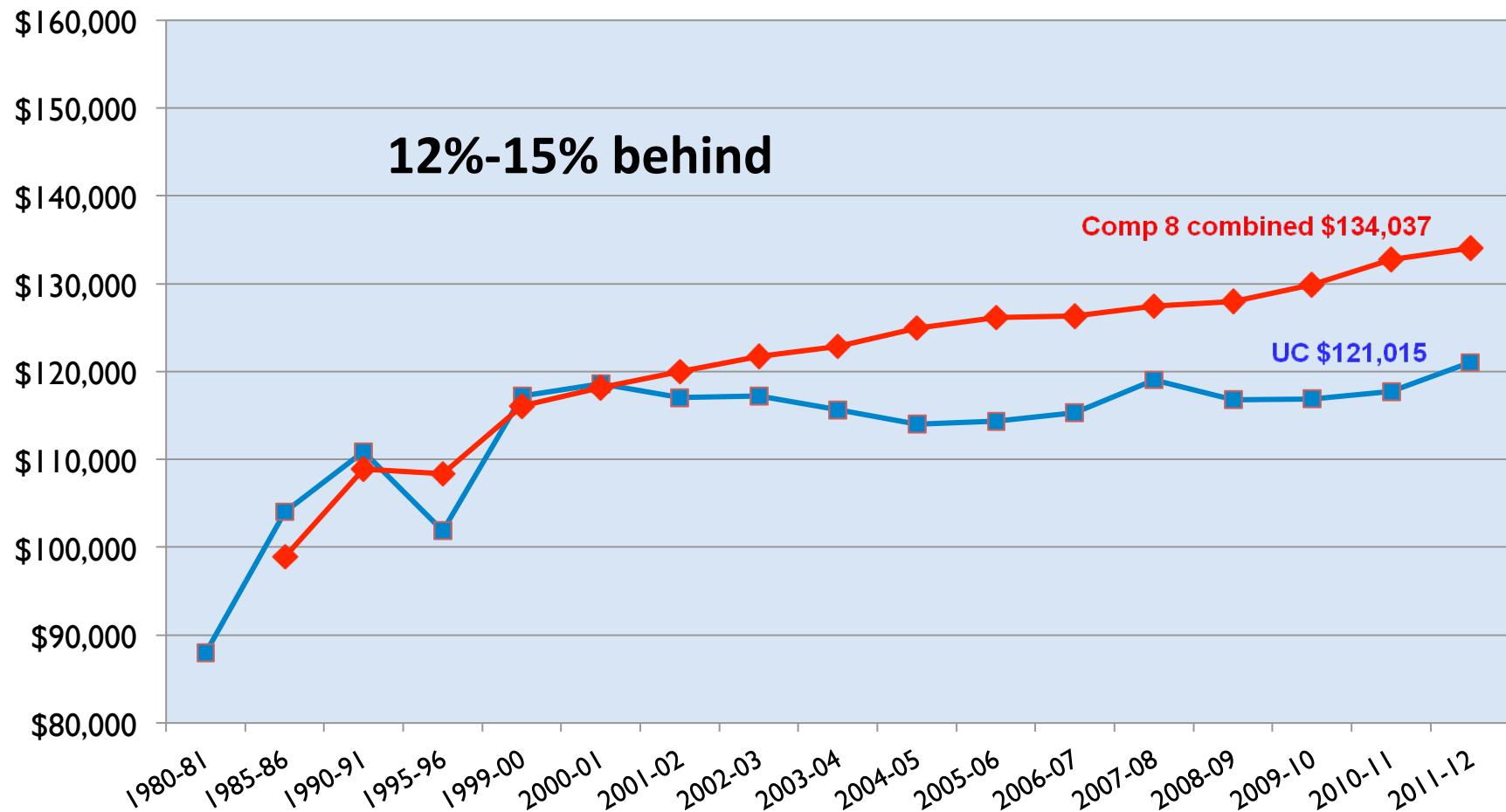


Loss of Core Funds: Fewer Faculty and More Workload





Average Faculty Salaries: General Campus Private/Public (Comparison 8) and UC



5-Year Intervals to 1999-00, and each year 1999-00 through 2011-12
Adjusted for Inflation in 2011 Dollars



Three Pillars of UC Excellence

- **Access** – UC is committed to its obligations under the Master Plan
- **Affordability** – Tuition levels are in line with comparator public institutions and UC's financial aid program has protected low-income students
- **Quality** – The tradition of quality at UC has placed it among the foremost educational institutions in the world – public and private

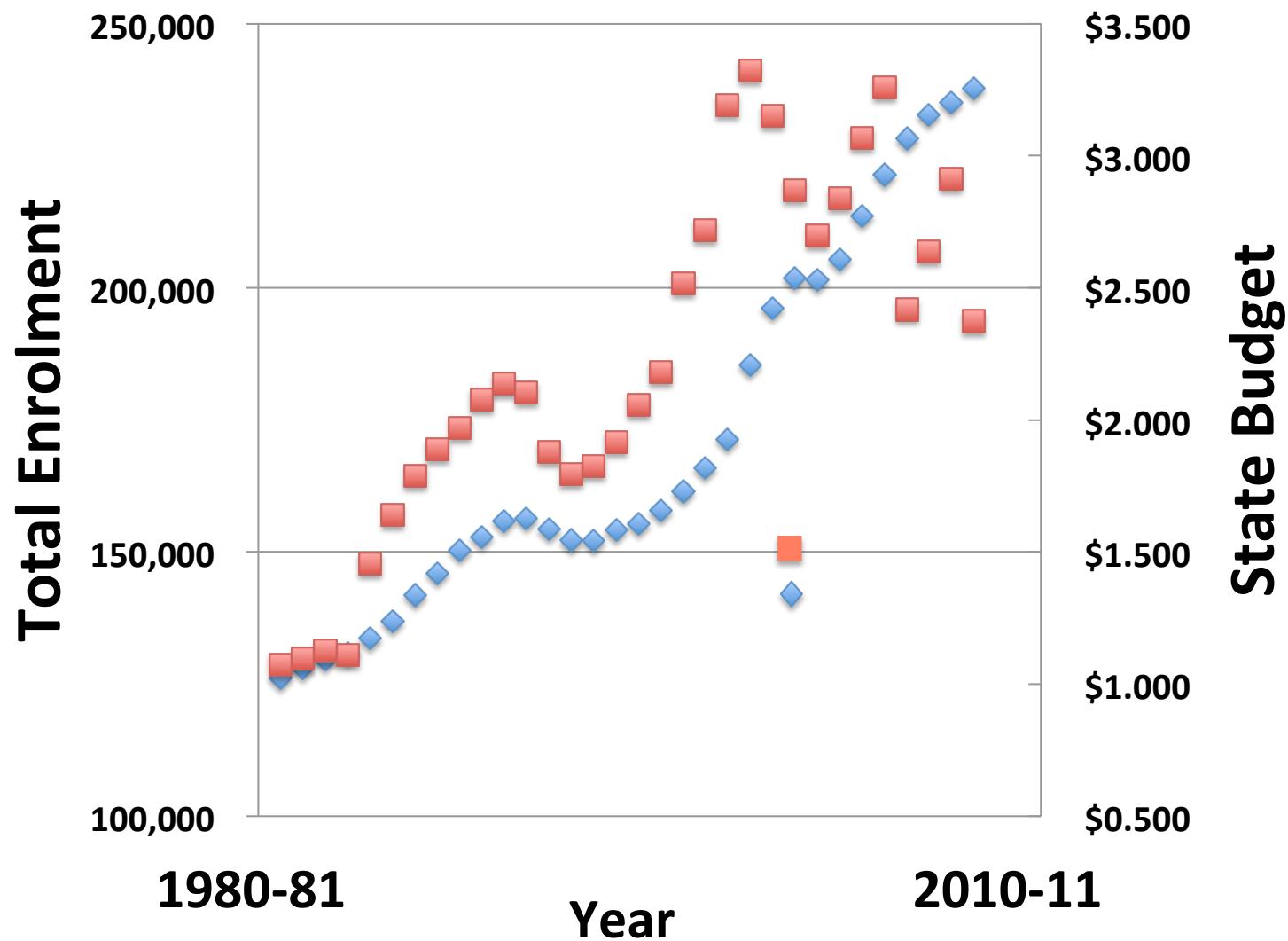


UC Has Maintained Access

- UC has maintained its commitment under the Master Plan, despite lack of State funding
 - Applications continue to rise significantly
 - All eligible students wishing to attend have been offered a seat
 - Projections indicate UC is educating more than 24,000 students for whom it has received no funding from the State, when budget cuts are taken into account

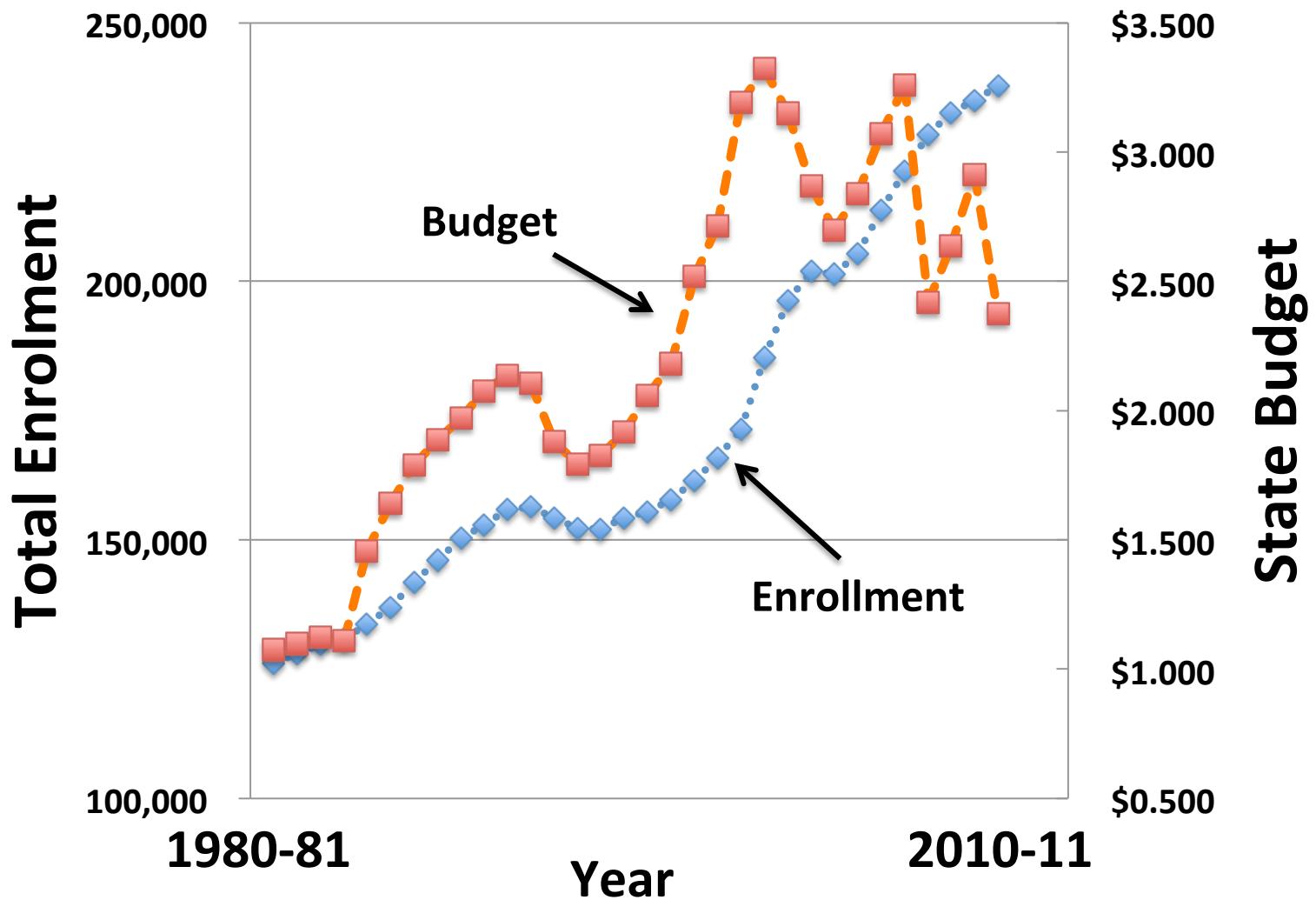


Enrollment and State Funding





Enrollment and State Funding



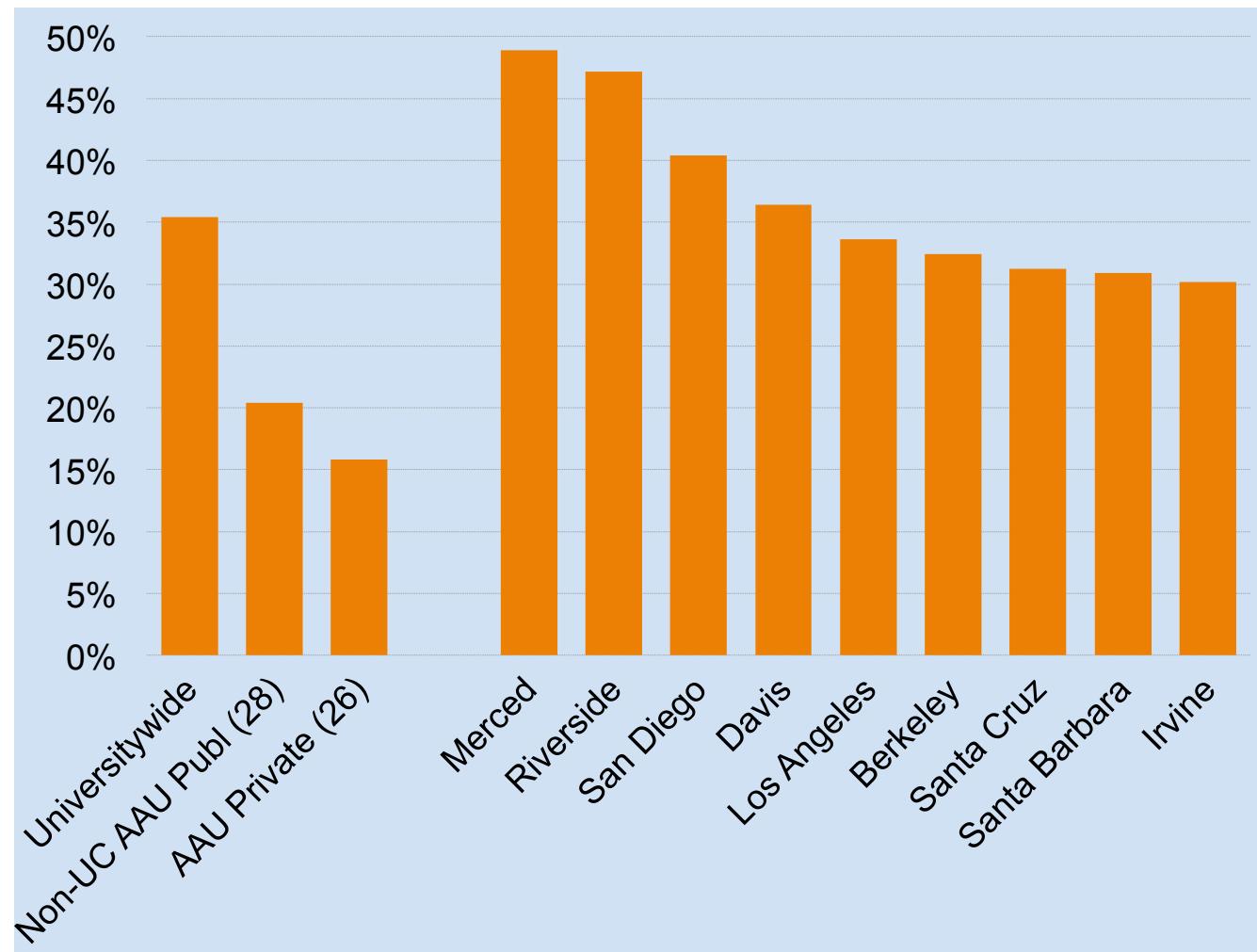


UC Has Maintained Affordability

- Tuition and fee levels remain in line with comparator public research universities in the nation
 - UC undergraduate tuition and fees remain below two of four public comparators
- Two thirds of UC undergraduates receive grants or scholarships from Federal, State, UC, and private sources
 - Over 50% of California undergraduates pay no tuition or fees
- Average net tuition paid by UC undergraduates was \$4,400 in 2010-11
- UC enrolls a higher proportion of Pell Grant recipients (35%) than any other research university in the nation



Pell Grant Recipients, UC and Comparison Institutions





Other Affordability Indicators

- Net costs for students with incomes below \$100,000 have not increased
- The percent of lower-income students graduating with debt has not increased
 - Half of the 2010-11 graduating class had no student loan debt
 - Among borrowers, average debt was about \$18,800, nearly \$7,500 less than the national average; this may be going up with tuition increases

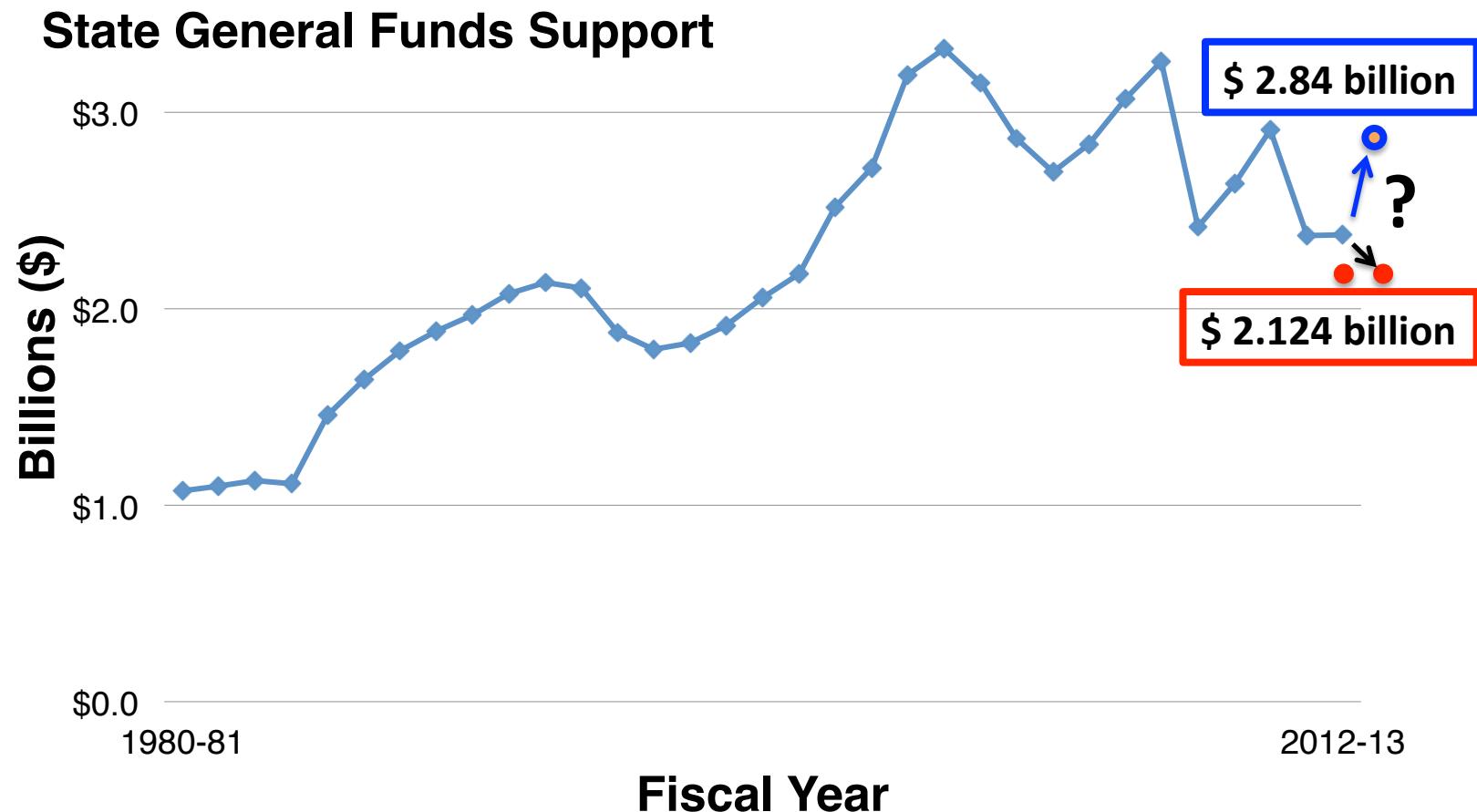


Governor's November 2012 Revenue Initiative

- Increase temporarily by 0.5 percent the current sales tax
- Increase temporarily the tax rates on highest income Californians
- Proposal to generate \$6.9 billion in new State General Fund revenue
- Despite new revenue assumptions, Governor included \$4.2 billion in 2012-13 budget cuts
- **If tax initiative fails, Governor \$5.4 billion in mid-year budget “trigger” reductions**
- **\$250 million each to UC and CSU**

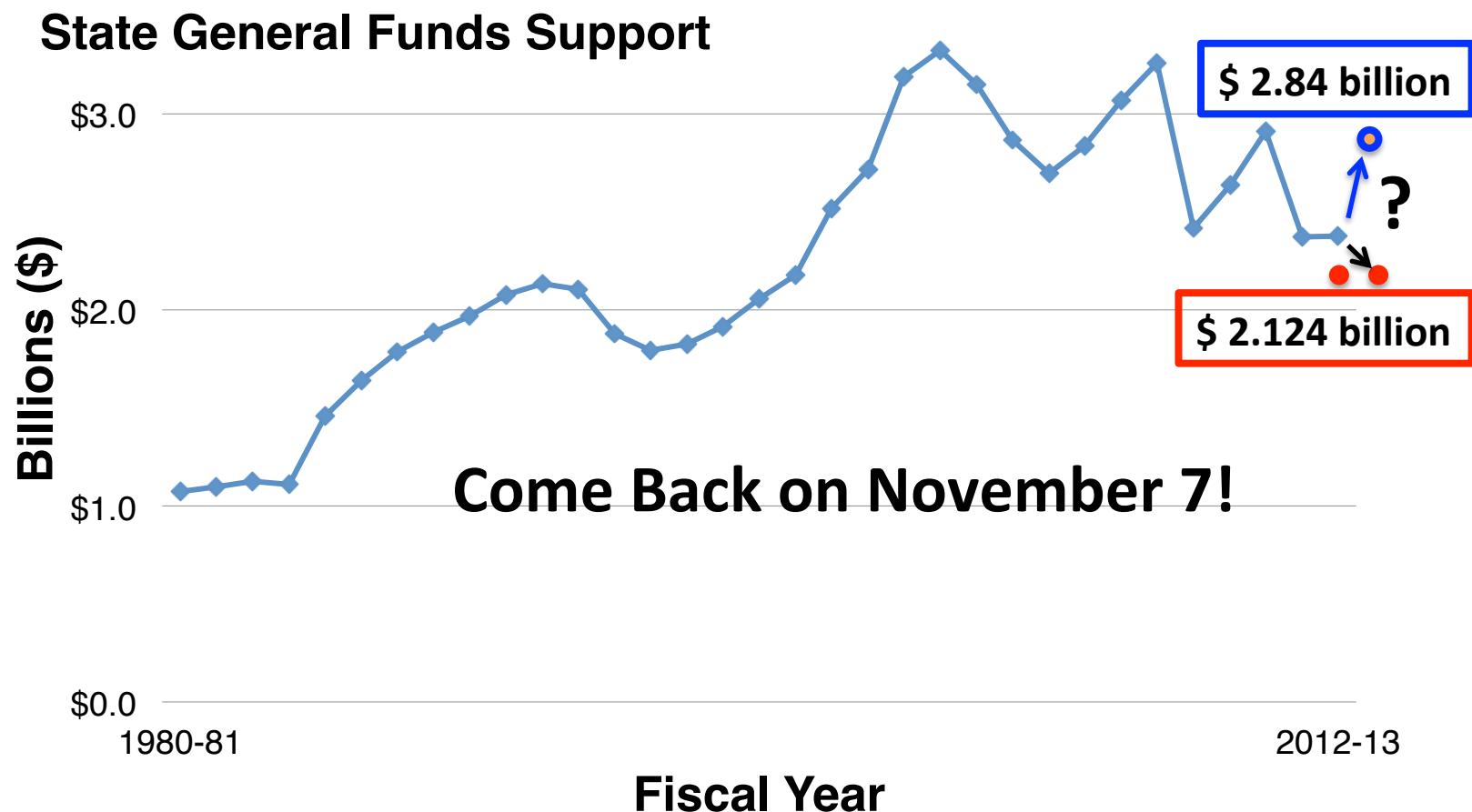


The Possibilities





The Possibilities





Future of Higher Ed - UC Approach

- Completion rates
- Family ability to pay
- Diversity
- Shared Governance



ACCESS