



1111 Franklin Street  
Oakland, California 94607-5200  
Phone: (510) 987-9074  
Fax: (510) 987-9086  
<http://www.ucop.edu>

RECEIVED BY  
CODVC info LK

January 27, 2010

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

As follow-up to last week's Board of Regents meeting, I enclose Vice President Lenz's presentation on the Governor's proposed 2010-11 State budget and UC budget issues.

With best wishes, I am,

Sincerely yours,

A handwritten signature in black ink, appearing to read "M. Yudof".

Mark G. Yudof  
President

Enclosure

cc: Chancellors

RECEIVED  
REGENTS OFFICE  
FEB -2 A 10:08

**UC is not just an  
institution of higher learning.  
Here, research aims higher.  
Service reaches higher.**

**A higher level of excellence  
calls for a higher commitment.**

**UNIVERSITY OF CALIFORNIA**  
**2010-11 State Budget Overview and 2010-11 UC Budget Issues**

Patrick J. Lenz  
Vice President for Budget and Capital Resources  
January 20, 2010

**State Budget Overview and  
UC Budget Issues**

- Overview of 2010-11 Governor's Budget
- 2010-11 UC Budget Issues

1/20/10

## Overview of 2010-11 Governor's Budget

### State General Fund Revenue

- 2009-10 State General Fund \$88.1 B
- 2010-11 State General Fund \$89.3 B
- State General Fund Growth \$ 1.2 B  
1.4%

Display 3

## Overview of 2010-11 Governor's Budget

### State General Fund Expenditures

- 2009-10 State General Fund \$86.1 B
- 2010-11 State General Fund \$82.9 B
- State General Fund Growth (\$ 3.2 B)  
-3.7 %

Display 4

## Overview of 2010-11 Governor's Budget

- State General Fund Budget Gap \$19.9 B
  - 2009-10 Fiscal Year Shortfall \$6.6 B
  - 2010-11 Fiscal Year Shortfall \$12.3 B
  - State General Fund Reserve \$1.0 B
- What Contributed to the State Budget Gap?
  - Revenue Decline \$3.4 B
  - Federal & State Court Litigation \$4.9 B
  - Erosion of Budget Solutions \$2.3 B
  - Population and Caseload Growth \$1.4 B

Display F

## Overview of 2010-11 Governor's Budget

### Closing the Budget Gap

- Expenditure Reductions (43%) \$ 8.5 B
- Federal Funds (35%) \$ 6.9 B
- Alternative Funding (20%) \$ 3.9 B
- Fund Shifts/Other Rev. (3%) \$ 0.6 B
- Closing the Budget Gap (100 %) \$19.9 B

Display G

## Overview of 2010-11 Governor's Budget

### Budget Process

- January 10 – Governor Declares Fiscal Emergency/  
Calls Special Session
- January 13 – Assembly Budget Committee Overview  
Hearing
- January 14 – Senate Budget Committee Overview  
Hearing
- Mid-February – LAO Analysis on State Budget
- Early March – Budget Subcommittees Hold Hearings

Display 7

## 2010-11 UC Regents Funding Request

• Restoration of One-Time Cuts	\$305.0 M
• State Obligation to UCRP and Annuitant Health Benefits	\$109.8 M
• Unfunded Enrollment (14,000 FTE)	\$155.8 M
• Re-Investment, Academic Excellence	\$332.1 M
• Health Sciences Initiatives	<u>\$10.4 M</u>
• Total	\$913.1 M

Display 8

## 2010-11 UC Budget Issues

- Governor Proposes Constitutional Amendment – State of the State Address
- Year-Over-Year Change
  - 2009-10 State General Funds \$2.6 B
  - 2010-11 State General Funds \$3.0 B
  - Overall General Fund Increase \$370 M

Display 9

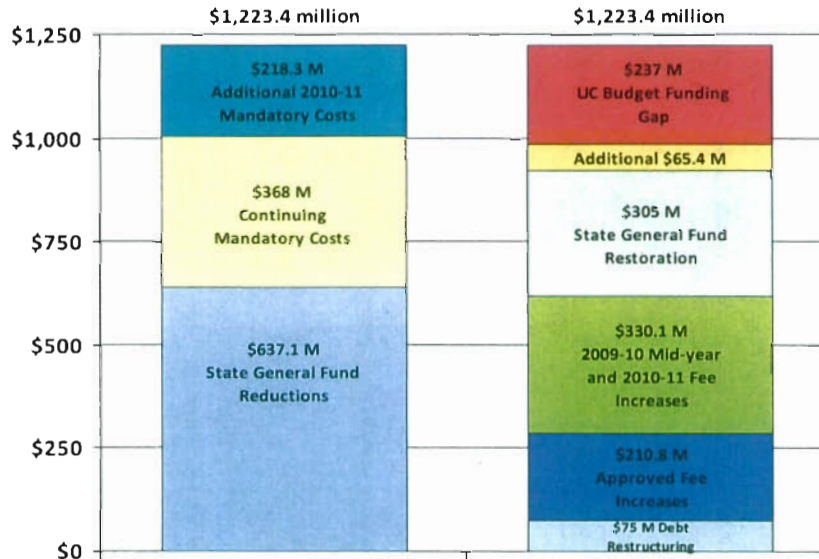
## 2010-11 UC Budget Issues

- Funding Proposals:
  - Restoring 2009-10 Budget Cut \$305.0 M
  - Enrollment Funding\* \$ 51.3 M
  - Health Annuitant Benefits \$ 14.1 M
  - Total General Fund Support Increase \$370.4 M
- Other Issues:
  - UCRP – Budget Trailer Bill Language
  - Capital Facilities – No 2010 Bond Measure, Alternative Funding Option
  - Cal Grants
    - Entitlement Awards Fully Funded\*
    - No New Funding for Competitive Award

\* Relies on approval of California's request for federal funds

Display 10

## 2010-11 UC Potential Budget Reductions and Funding Issues



Display 11

## UC Unfunded Enrollment

- In 2009-10, UC is over-enrolled by 14,000 students at a cost of \$155.8 million (current estimates = more than 15,000)
- Multi-year plan to reduce total enrollments by 8,000 – 10,000 students
- For 2009-10, first-time freshmen reduced by 2,300 and CCC transfers increased by 500
- 2010-11 Regents Budget recommendation:
  - Request funding for 14,000 FTE
  - If no State funding for enrollment request, reduce first-time freshman by another 2,300
  - Increase CCC transfers by another 250

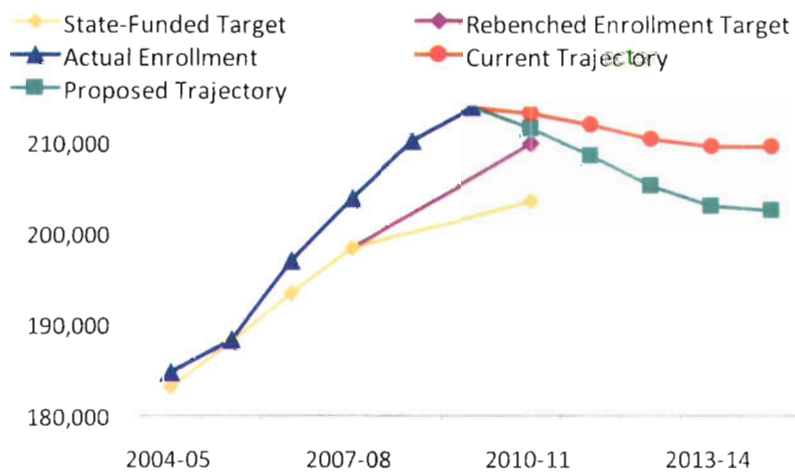
Display 12

## UC Unfunded Enrollment

- 2010-11 Budget provides \$51.3 million to fund 5,121 Full-Time Equivalent Students (FTES)
- Growth funding is predicated on receipt of federal funds
- Assumes \$64 million in fee revenue to fund 6,400 FTES
- Reduces unfunded enrollment by 11,521 FTES

Display 28

## State-Funded Enrollment



Display 14



## UC 2010-11 State-Funded Capital Budget Request

• Infrastructure/building renewal (51%)	\$325.0 M
• Seismic/life-safety (28%)	\$173.5 M
• Enrollment growth (17%)	\$106.0 M
• New program initiatives (4%)	<u>\$27.0 M</u>
Total	\$631.5 M

Funding requires a new General Obligation bond measure in November 2010 (SB 271-Ducheny, AB 220-Brownley)

Display 15

## Overview of 2010 Governor's Budget

### Impact of Failure to Achieve Governor's Federal Fund Budget Solutions

• Eliminate CalWorks	\$1.0 B
• Reduce Medi-Cal Eligibility	\$532 M
• Cut State Employee Salaries (5%)	\$508 M
• Eliminate IHSS	\$495 M
• Shift County Savings	\$325 M
• Eliminate Inmate Rehab Program	\$280 M

Display 16

## Overview of 2010 Governor's Budget

### Impact of Failure to Achieve Governor's Federal Fund Budget Solutions (cont'd)

- |                                      |         |
|--------------------------------------|---------|
| • Eliminate Healthy Families Program | \$126 M |
| • Eliminate Prop. 99 programs        | \$115 M |
| • Eliminate UC/CSU Enrollment Growth | \$112 M |
| • Freeze Eligibility, Cal Grants     | \$ 79 M |
| • Eliminate Foster Youth Housing     | \$ 36 M |

Worksheet 6.7