BUDGET OVERVIEW
2016 NEW DEPARTMENT CHAIRS WORKSHOP

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Balancing Investments for Growth and Resource Constraints

Enrollment:

- Total undergraduate enrollment: almost **28,000**
- **9,135** (7,735 CA residents) new freshmen and transfer students this fall
- Undergraduate enrollment increased by **4,100** students since 2011-12
- Proportion of national/international students increased from 4% to **15%**
Enrollment Planning

- Process spans entire year and involves many stakeholders
- Major issues include CA access, budget, infrastructure, goals
- Planning process needs to integrate all of the above while maintaining excellence in many dimensions
- Communication between deans/FEC and chairs/faculty is critical
2020 Enrollments: Undergraduate Totals - Straight-line Trajectory v. Actuals
Total UG and CA Residents

- Original Projection
- Total UG - Actual
- Total UG - Rev Projection
- CA Residents - Actual
- CA Residents - Rev Projection


Enrollment Numbers: 20,000, 22,000, 24,000, 26,000, 28,000, 30,000, 32,000
2020 Enrollments: Undergraduate Totals - Straight-line Trajectory v. Actuals
National & International Students

Note: The enrollment categories of Resident and National/International (Nat/Intl) are determined by the students’ NRST fee assessment status.
The Budget: Big Picture

The Budget Process: Annual Decisions & Check-In

The Budget Model: Revenue Allocation

2015-16 Revenue: $4.3 Billion, All Funds
Operating Expenditures: 2014-15 Actuals, $3.86 Billion, All Funds

<table>
<thead>
<tr>
<th>Function</th>
<th>Amount (Millions)</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction and Academic Support</td>
<td>$985</td>
<td>24%</td>
</tr>
<tr>
<td>Research</td>
<td>$542</td>
<td>13%</td>
</tr>
<tr>
<td>Student Services and Financial Aid</td>
<td>$403</td>
<td>10%</td>
</tr>
<tr>
<td>Operation and Maintenance</td>
<td>$94</td>
<td>2%</td>
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<tr>
<td>Auxiliary</td>
<td>$103</td>
<td>2%</td>
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<tr>
<td>Institutional Support</td>
<td>$116</td>
<td>3%</td>
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<tr>
<td>Public Service</td>
<td>$81</td>
<td>2%</td>
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<tr>
<td>Medical Center</td>
<td>$1,589</td>
<td>38%</td>
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<tr>
<td>Depreciation/Interest Expense/Other</td>
<td>$275</td>
<td>7%</td>
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<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$4,189</strong></td>
<td><strong>100%</strong></td>
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</tbody>
</table>

- Supplies & Equipment: 26%
- Salaries & Wages Academic: 15%
- Salaries & Wages Staff: 35%
- Benefits: 18%
- Scholarships: 7%
2016-17 Budget Process and Decisions: Balancing Investments for Growth and Resource Constraints

Some Revenue Increases:
- State Funds: ~$394M, increase of $21M
- Tuition & Supplemental Tuition: ~$515M, increase of $27M due to growth
- Indirect Cost Recovery: $126.6M, increase of $6.1M
2016-17 Budget Process and Decisions:
Balancing Investments for Growth and Resource Constraints

Resource Constraints:

- Fixed Cost Increases for Employee Salaries & Benefits Continue to Grow: $25.2M increase on core funds
- Central Campus Structural Deficit: $25M on core funds, NOT sustainable.
- Continued need for basic infrastructure & costs of growth
- State is funding enrollment growth at lower level than past, ~$7K compared to ~$10K per student
## 2016-17 Budget Process and Decisions: Incremental Allocations

<table>
<thead>
<tr>
<th>Dollars in millions</th>
<th>Deans</th>
<th>Academic Support and Administration</th>
<th>Campus</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budget Model Allocations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Tuition</td>
<td>$0.0</td>
<td>$10.0</td>
<td>$0.0</td>
<td>$10.0</td>
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<tr>
<td>Indirect Cost Return</td>
<td>$2.2</td>
<td>$0.9</td>
<td>$2.1</td>
<td>$3.1</td>
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<tr>
<td><strong>Subtotal, Budget Model</strong></td>
<td>$12.2</td>
<td>$0.9</td>
<td>$13.1</td>
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<tr>
<td><strong>Provost Investment Decisions</strong></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Hiring Investment Program</td>
<td>$5.0</td>
<td></td>
<td>$5.0</td>
<td></td>
</tr>
<tr>
<td>Salary &amp; Benefit Funding for Fixed Cost Increases</td>
<td>$19.6</td>
<td>$4.7</td>
<td>$24.3</td>
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</tr>
<tr>
<td>Decisions-Base</td>
<td>$5.8</td>
<td>$11.7</td>
<td>$10.4</td>
<td>$27.9</td>
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<tr>
<td>Decisions-One-Time</td>
<td>$3.0</td>
<td>$9.8</td>
<td>$10.1</td>
<td>$22.9</td>
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<tr>
<td><strong>Subtotal, Provost Investments</strong></td>
<td>$33.4</td>
<td>$26.2</td>
<td>$20.5</td>
<td>$80.1</td>
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<tr>
<td><strong>Total Allocations</strong></td>
<td>$45.6</td>
<td>$27.1</td>
<td>$20.5</td>
<td>$93.2</td>
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2016-17 Budget Process and Decisions: Key Investment Decisions

- Debt Service for Growth-Related Capital ($2M)
- Modernized Classroom Technology ($2M)
- Instructional Equipment Replacement ($1M)
- Faculty Equity, additional over requirement ($2M)
- Animal Program Per Diem, Improvements, Cage Wash ($3.9M)
- Advising ($500K), Testing Center ($160K), Graduate Program Recruitment ($150K)
UC Davis Budget Model

Key Principles

• Create incentives to advance campus goals
• Transparency
• Simplicity
• Balance local autonomy with campuswide vision
• Transition strategies

How it Works (Briefly)

• Revenue only
• Hybrid: mix of formulas & incremental decisions
• Allocations to deans: departmental allocations determined within unit
• Allocation methodology differs by revenue source
• Ability to adjust
UC Davis Budget Model

Undergraduate Tuition
• Pool Allocated: Net after return-to-aid, includes share of supplemental tuition paid by non-residents, prospective revenue estimate
• 30% Retained by Provost for Campus Investments
• 70% Allocated to Units based on Metrics:
  • 60% Student Credit Hours
  • 30% Majors
  • 10% Degrees Awarded
• $236 Million Allocated in 2016-17
UC Davis Budget Model

Professional Tuition
- All Retained by Schools

Graduate Tuition
- Incremental growth since 2013 shared between provost, deans, programs

Summer Session Tuition
- Pool Allocated: Net after return-to-aid and historic commitments
- 20% Retained by Provost for Campus Investments
- 80% Allocated to Units by SCH, $94/SCH
- $9.3M Allocated in 2015-16
Indirect Cost Return

• Pool Allocated: Net received by campus after categorical set asides
• 63% Retained by Provost to fund campus research infrastructure and investments
• 37% Allocated to Deans based on administrative home of grant

For 2016-17, total ICR allocated $126.6M:
  • $23.6M Categorical Set Asides (debt service, ARRA, CIRM, CNPRC)
  • $38.1M Units
  • $64.9M Provost
Budget Model Source, Authority, and Use

Revenue Sources
- State Appropriation

Spending Authority
- Provost
  - Tuition: undergraduate, graduate, summer
    - Indirect Cost Recovery
  - School College Division

Spending Uses
- Administrative & Academic Support Units
  - Fixed Costs
    - Salary
    - Benefits
    - OP Tax

- Other priorities
  - Start-ups
  - Capital
  - Graduate Student Support
  - Student success investments
  - Research infrastructure

- Faculty Positions
  - Faculty merits
  - HIP
  - CAMPOS

- Faculty Positions
  - Salary
  - Benefits
  - Start-ups
  - Retentions

- Instruction
  - TAs
  - Lecturers
  - Readers
  - Advisors
  - Student success investments

- Fixed Costs
  - Staff salaries
  - Faculty salaries
  - Benefits
  - OP Tax

- Other Priorities
  - Infrastructure
  - Staff
  - Initiatives
  - Research Support
Sample Unit Base Budget Allocations

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget Allocations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-13:</td>
<td>$43,608 at June 30</td>
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<tr>
<td>2013-14:</td>
<td>$47,371 at June 30</td>
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<td>2014-15:</td>
<td>$54,497 at June 30</td>
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<td>2015-16:</td>
<td>$58,545 at February 2016</td>
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<tr>
<td>2016-17:</td>
<td>$61,751 April Estimate</td>
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</table>

Dollars in Thousands:

- UG Tuition Revenue
- Provost Allocation
- ICR
- Graduate Tuition
- Summer Sessions
**Goal:**

250 Net New Ladder Faculty

**Status:**

- Almost 100 net new ladder faculty hired in colleges
- 70 new lecturers or adjuncts, 29% increase
- 1,585 total ladder faculty, increase of 124 since 2011
- 48 HIP positions authorized, 21 hired to date.

- Budget Planning & Process Info
- Budget Model
- Campus Metrics & Data
- Hiring Investment Program