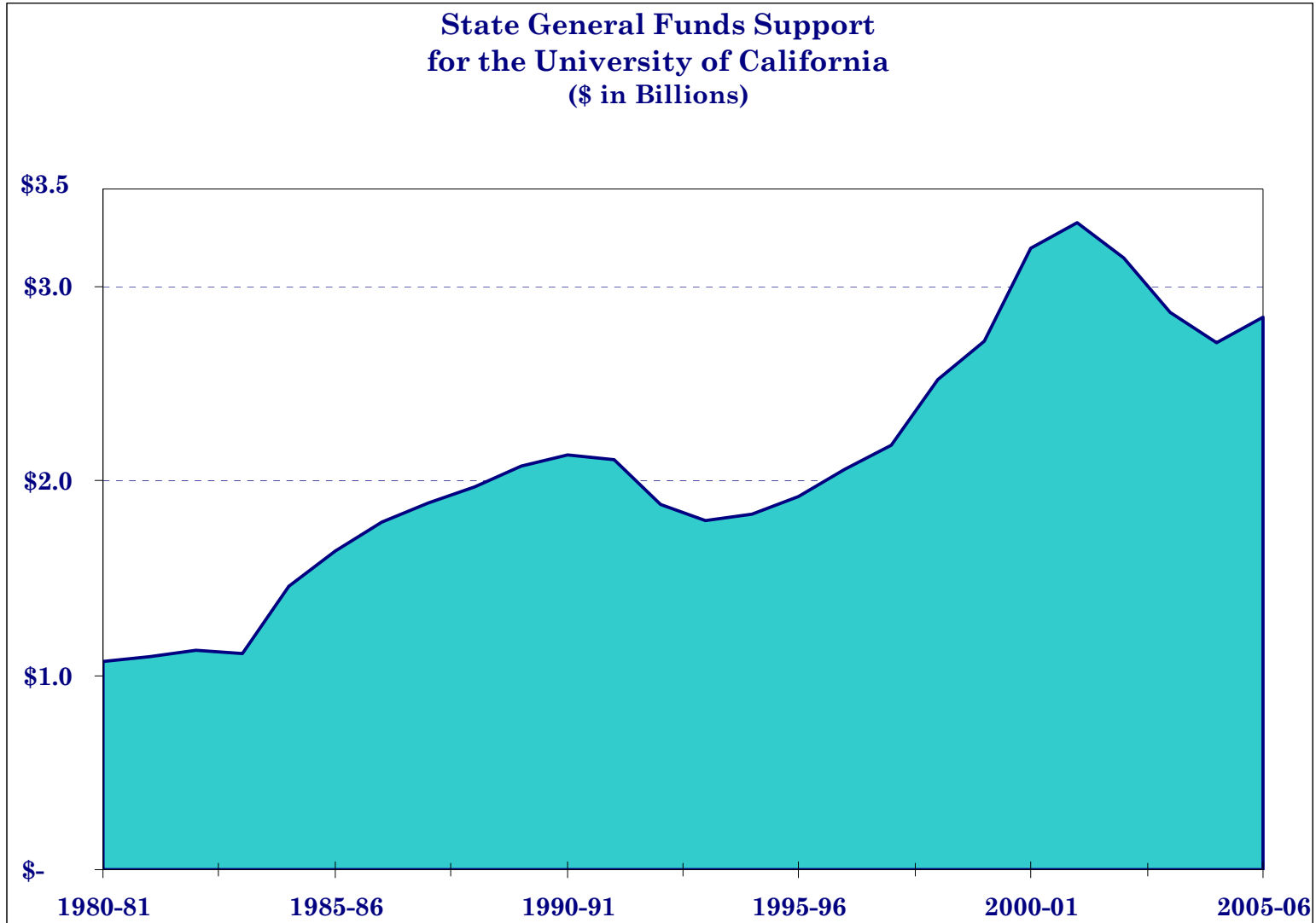


# UC and UCI Budget

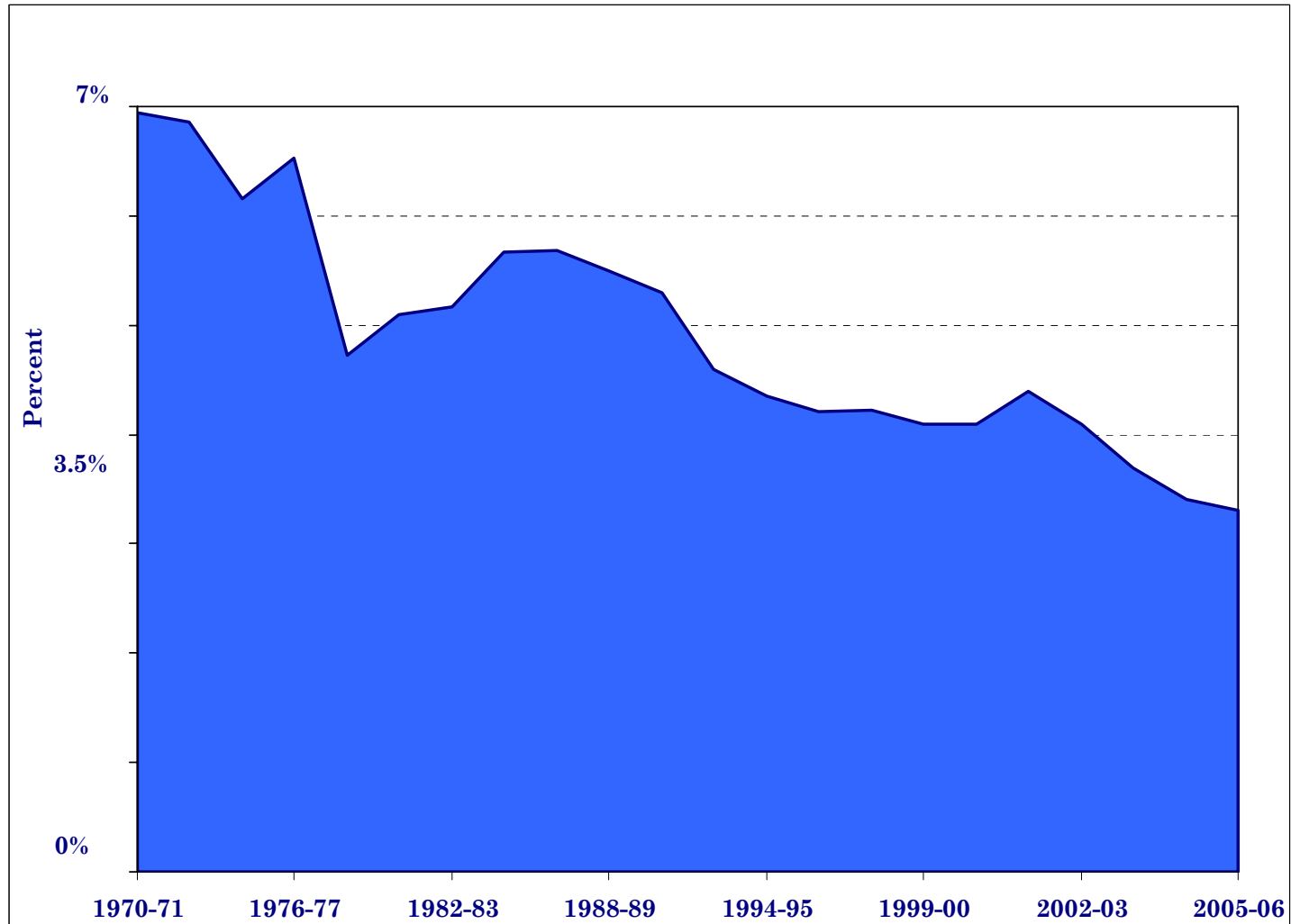
# UC's Budget Process

- Internal budget consultation occurs as early as Spring prior to the fiscal year before the related budget year
- UC drafts a budget request, meets with Dept of Finance, and obtains approval by The Regents in November
- Governor announces his budget plan Jan 10th
- Legislative review occurs in Spring
- Governor revises budget plan in mid-May
- Senate and Assembly approve the Budget Bill
- Governor signs the Budget Act  
(has line item veto power)
- UC receives budget
- UC allocates funds to the campuses

# State General Fund Support of UC



# UC's Share of State General Funds



# State's Compact with Higher Education

Latest agreement ended four years of budget cuts and provides a floor for future budget increases. It represents a phased, multi-year plan for providing sufficient basic operating and capital funding needed through the remainder of this decade to support UC's core missions of teaching, research, and public service. The plan is contingent on UC's agreement to report progress and sustain or improve performance on accountability measures.

# Compact Agreement

## UC's Commitments

- To the extent resources are provided, admit all eligible students (top 12.5%)
- Continue efforts to achieve on all campuses 40% of avg FWS enrollment as summer/off-campus enrollment by 2010-11
- Maintain progress and improve grad rates and time-to-degree
- UC to collaborate with CSU on major initiative to improve supply and quality of science and math teachers in K-12
- Coordinate efforts with CC to enhance chances for transfer
- Strengthen community service programs for students
- Maintain comparable faculty workload
- Provide courses required to graduate in 4 years or less

## Governor's Commitments

- 3% increase to State General Fund base for 2005-06 and 2006-07 to help prevent further erosion
- 4% increase to State General Fund base for 2007-08 through 2010-11 for basic budget needs
- An additional 1% increase in 2008-09 through 2010-11 for other I&R support to maintain the quality of the academic program - including instructional equipment and technology, and libraries
- Enrollment funding for approx. 5,000 students per year
- UC retains student fee revenue
- One-time funds may be provided
- Bond funding for capital outlay

# **The New Compact with Governor Schwarzenegger**

- Provides operating funds for enrollment growth and salary increases. Continues the current level of capital funds for UC's facilities
- Contains a schedule of fee increases so that students and parents can plan. Raises financial aid to insure access for low-income students
- Includes accountability elements for student enrollment, timely graduation, faculty workload, etc.

# UC's Budget Request

State-funded base is the accumulation of previous years' funding which is requested for continuation in new budget year

Increases/adjustments to base include:

- Fixed Costs/Economic Factors related to maintaining the value of the base
- Workload Increases
- New Initiatives or Program Expansion

# UC Allocations to Campuses

Fixed cost/economic factors include:

- Salary increases for budgeted positions - Cost of Living Adjustments and Merits

Faculty salary increases are based on salaries of faculty at comparison institutions

Staff salary increases try to keep pace with State employees

- Price increase for non-salary aspects of the budget

# UC Allocations to Campuses

Workload Increases Include:

- Enrollment growth funding on a per student FTE basis (Marginal Cost of Instruction - faculty and TA FTE, staff & supplies for instructional depts, admin support, libraries, student services, instructional equipment)
- Instructional Equipment Replacement
- Instructional Technology
- Operation and maintenance funding for new state supportable space

# UC Allocations to Campuses

New Initiatives or Program Expansion include such allocations as:

- Funding to support research and innovation to help move the State forward economically
- Funding for deferred maintenance
- Funding for strengthening the quality of undergraduate programs

# UCI's Budget Process

- Normally a budget call is sent out to campus control units in late January/early February identifying assumptions for UC that are contained in Governor's Budget and reiterating campus budget principles
- Control units submit operating budget requests
- Estimate of resources available for allocation may be revised with Governor's May Revision to the budget
- Planning and Budget analyzes requests and budget discussions take place
- Allocations are made to campus control units

# UCI's Budget Philosophy and Principles

- Resources are distributed to Dean/Director/Vice Chancellor level, not to the department level or individual faculty member.
- Strategic budgetary decisions are based on analysis, evaluation, and consultation.
- UCI will continue to build excellence of academic and professional programs, while accommodating enrollment increases.
- We will continue to recruit highest-quality faculty and provide associated new staff.
- We must continue to streamline processes and seek new sources of revenue.

# **“All Money is Green” Concept**

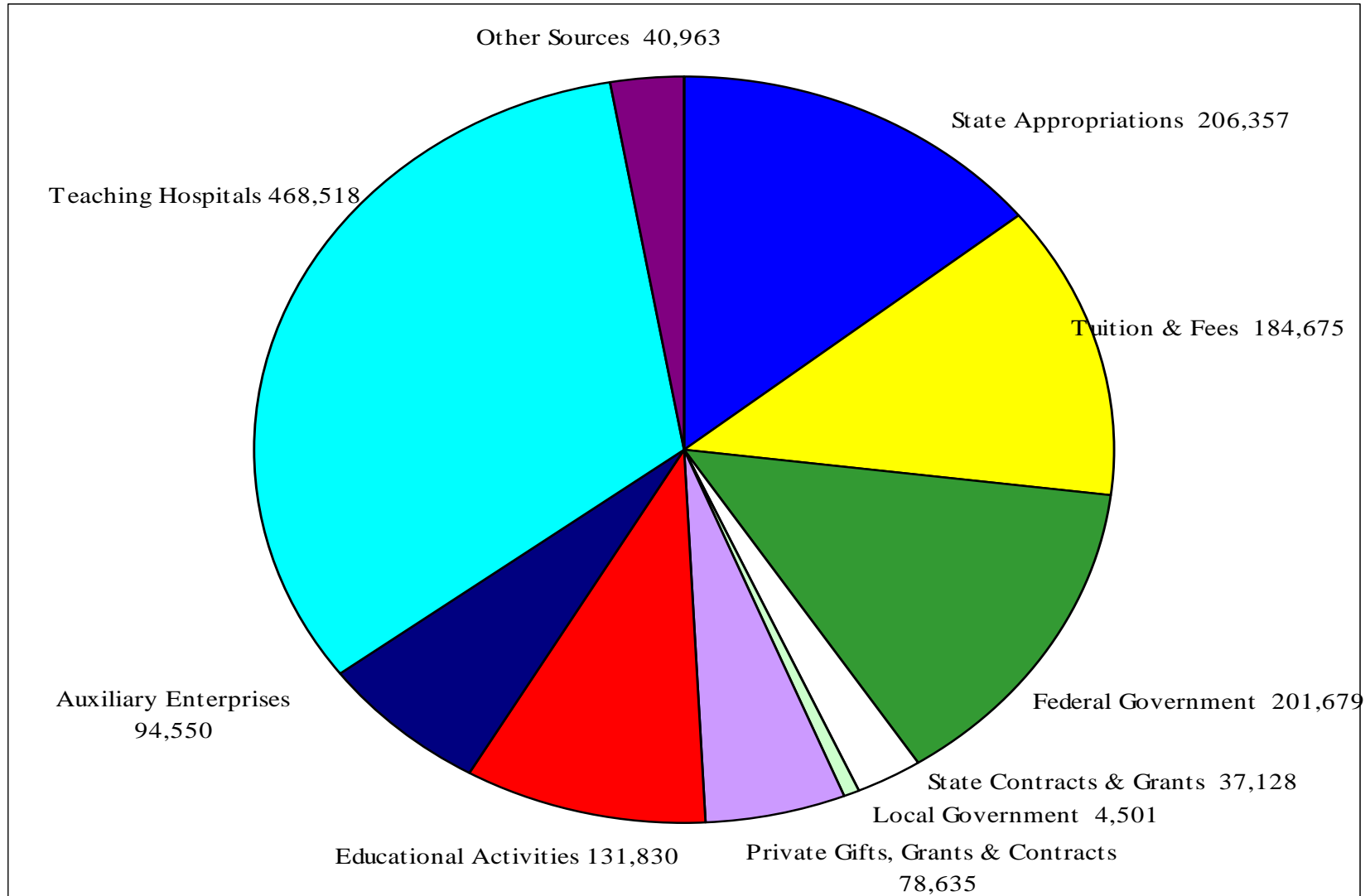
To the extent possible UCI attempts to provide funds under this concept.

Funds are allocated on basis of need, not on basis of type of funds available.

However, fund accounting requires that appropriate fund sources be utilized for specific purposes.

# Current Fund Receipts by Source 05-06

## (\$\$\$ in Thousands)



# 2005-06 Current Fund Expenditures By Department/Function

(\$ 000's)

Claire Trevor School of the Arts	\$ 14,470
School of Biological Sciences	62,044
Paul Merage School of Business	26,190
Department of Education	6,755
The Henry Samueli School of Engineering	45,627
School of Humanities	33,600
Donald Bren School of Information and Computer Sciences	17,709
School of Physical Sciences	62,759
School of Social Ecology	18,041
School of Social Sciences	29,350
College of Health Sciences	1,385
School of Medicine	332,278
Graduate Division	6,205
Summer Session	5,095
University Extension	20,860
Libraries	19,851
Other Campus-Wide Programs	67,136
Teaching Hospitals	409,776
Student Services	48,339
Institutional Support	42,509
Operation and Maintenance of Plant	38,603
Student Financial Aid	49,449
Auxiliary Enterprises	66,893
<b>05-06 Total Current Expenditures</b>	<b>\$ 1,424,924</b>
<b>Total includes overhead and capitalized expenses</b>	

# F&A (Indirect) Cost Recovery

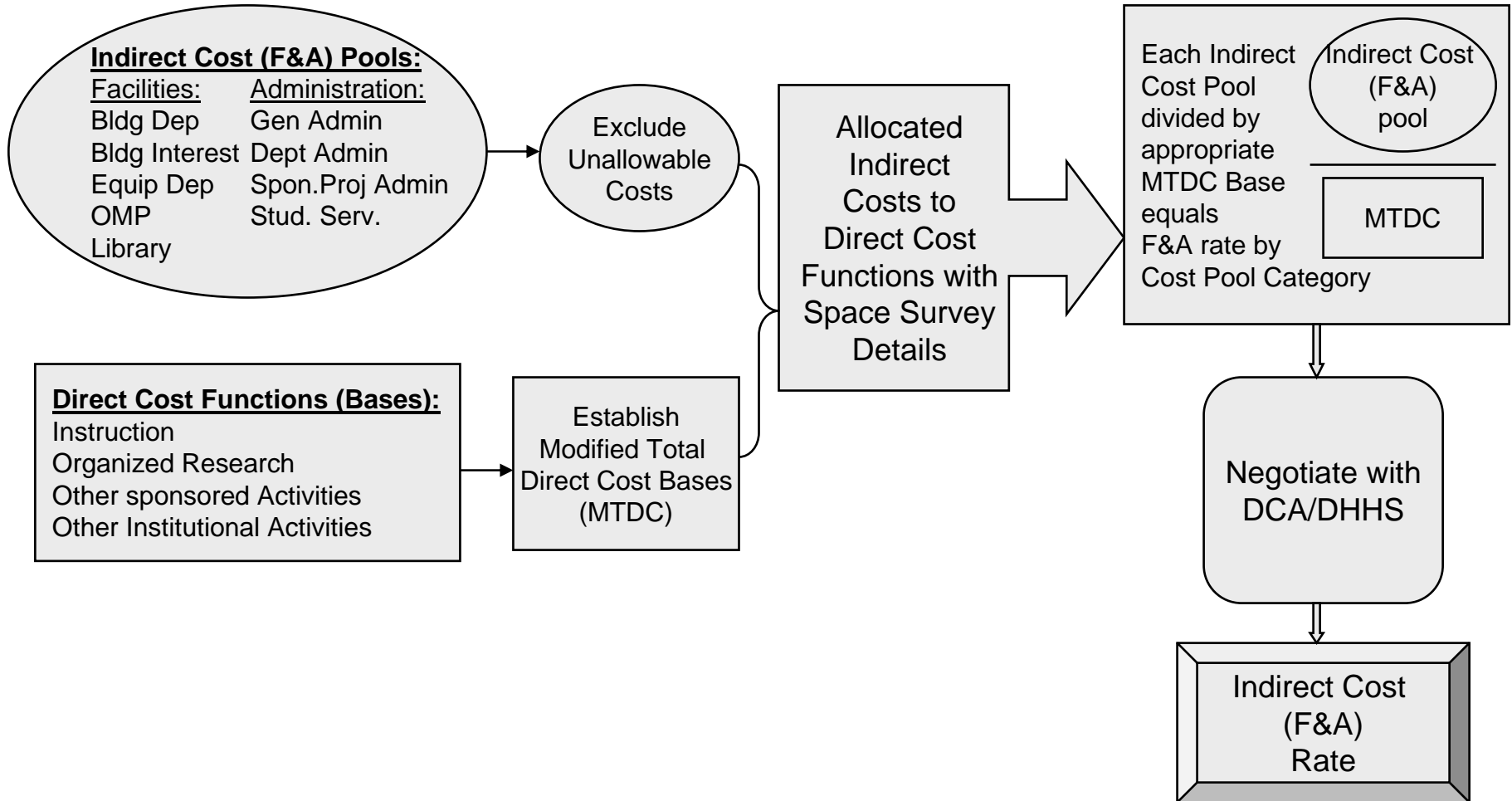
F&A recovery is the income generated when the approved F&A (indirect cost) rates are applied to the eligible direct expenses of contracts and grants. It represents reimbursement for costs already incurred by the University, in support of research.

# F&A Cost Rates

**Facilities and Administrative Rates are an outcome of a process of:**

1. Developing a rate proposal
  - Assign costs to bases and pools
  - Exclude unallowable costs from indirect cost pools
  - Establish modified total direct cost bases
  - Allocate pools to bases on the basis of space usage
  - Define rate for specific bases
2. Presenting and reviewing proposal with Federal cost allocation negotiators, and
3. Negotiating a final rate

# F&A (Indirect) Cost Rate Calculation



# Indirect Cost (F & A) Rate Information

<b>Indirect Cost Rate Information</b>					
<b>Data Year</b>	<b>1999-00</b>				
<b>Rate Year</b>		2001-02	2002-2005	2005-06	
<b>Component</b>	<b>Proposed</b>	<b>Negotiated</b>	<b>Negotiated</b>	<b>Negotiated</b>	<b>Expenses included</b>
<b>Facilities:</b>					
<b>Building Use</b>	5.39%	6.90%	4.60%	4.60%	Building use allowance (excl federal funded portion)
<b>Building Interest</b>	7.78%		5.90%	5.90%	Building Interest
<b>Equipment</b>	2.95%	4.20%	2.90%	3.90%	Equipment depreciation (excl federal funded portion and recharge equipment)
<b>OMP</b>	10.63%	12.00%	11.00%	11.00%	Building maintenance, utilities, janitorial services, EH&S, Security
<b>Library</b>	<u>1.09%</u>	<u>2.00%</u>	<u>1.10%</u>	<u>1.10%</u>	Library operating costs - books, library material etc.
<b>Facilities Rate:</b>	<b>27.84%</b>	<b>25.10%</b>	<b>25.50%</b>	<b>26.50%</b>	
<b>Administration:</b>					
<b>Gen. Admin.</b>	4.32%	4.60%	4.30%	4.30%	Pres' office, Chancellor's office, Budget Office, HR, Acct, General Counsel, etc.,
<b>Dept Admin.</b>	20.07%	19.00%	19.00%	19.00%	Dean's office, Acad depts (plus 3.6% for admin. work of faculty)
<b>Spon Proj. Admin.</b>	2.51%	1.40%	2.50%	2.50%	Office of Research Administration, C&G Accounting and Human subject
<b>Student Services</b>	<u>0.18%</u>	<u>0.30%</u>	<u>0.20%</u>	<u>0.20%</u>	Student Health, Dean of Students, Admissions, Registrar, etc.
<b>Admin. Rate:</b>	<b>27.08%</b>	<b>25.30%</b>	<b>26.00%</b>	<b>26.00%</b>	
<b>DA above 26%:</b>	<b>26.00%</b>				
<b>IDC Rate:</b>	<b>54.92%</b>	<b>50.40%</b>	<b>51.50%</b>	<b>52.50%</b>	
* Starting 1992/93, the Administrative component is capped at 26%					



# OP Allocation Policy

## Federal Recovery

Campus receives 100% of justified Garamendi recovery (Federal recovery generated within the specific research facility) to pay for building maintenance costs and debt repayment.

Campus receives 94% of the Opportunity Funds and Off-the-Top Funds, which results in about 52.5% of the Federal recovery being allocated to the campus for distribution – the General Fund portion is distributed according to the UC budget plan.

# Federal Overhead Recovery Funds

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According to MOU with State and more recent legislation, four types of funds are created from Federal Overhead Recovery:

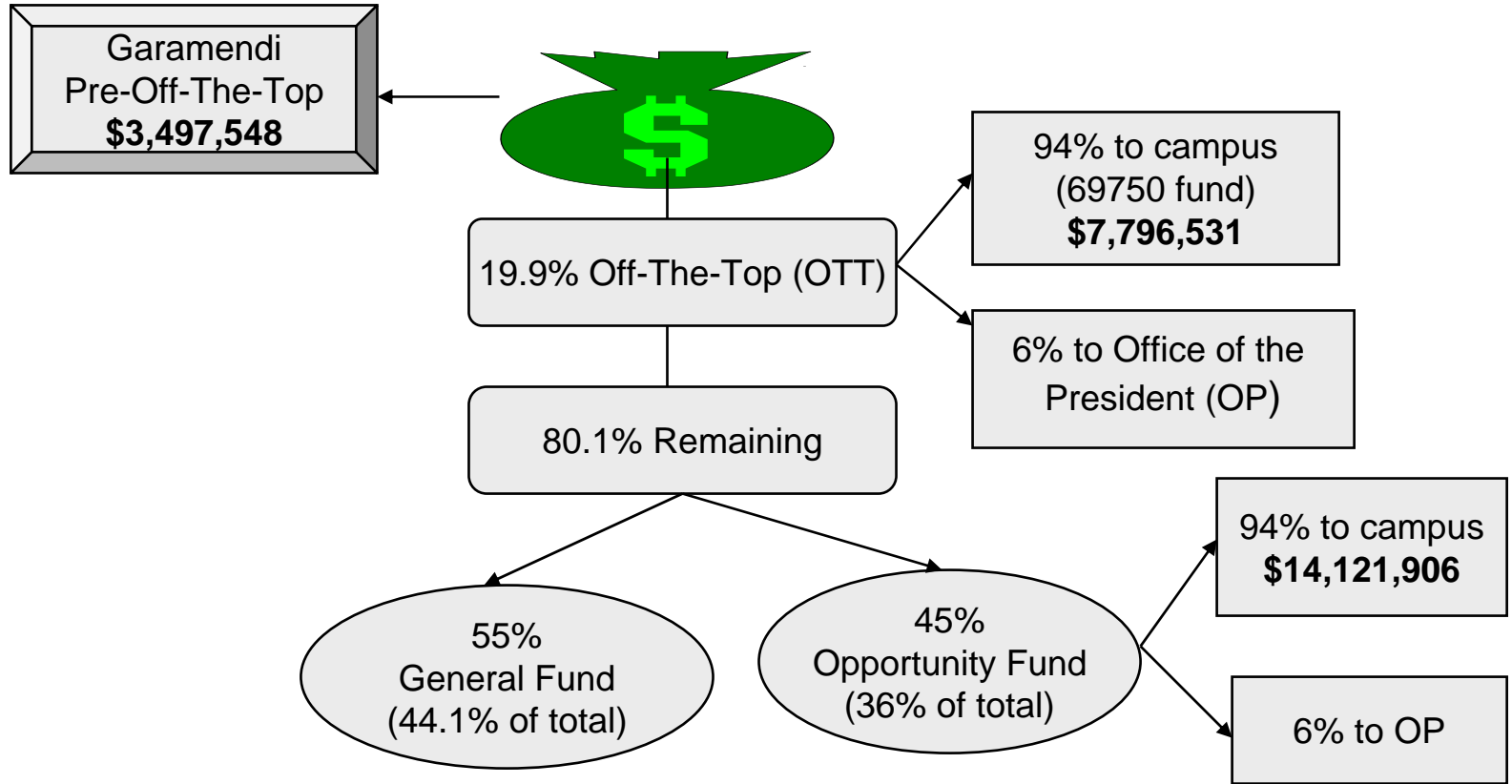
- Garamendi
- Off-the-Top
- Opportunity
- State (UC General Funds)



# OP Allocation of Federal Recovery

Federal Dollars Recovered in 2005-06 by UCI

\$45,176,852

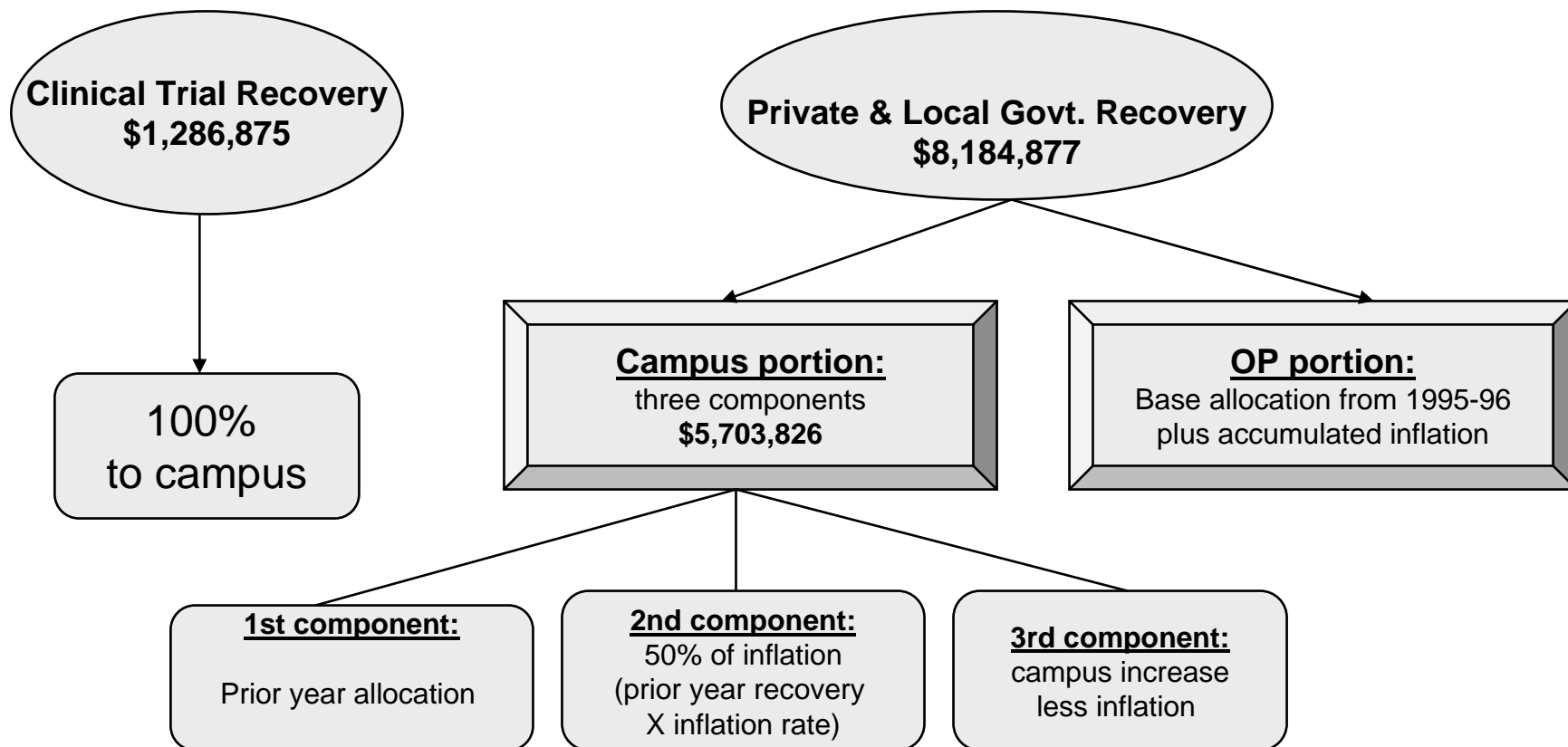


# **OP Allocation Policy**

## **Private & Local Govt Recovery**

- **Private Recovery (excluding Clinical Trial Recovery):**
  - Campus receives base allocation plus 50% of an inflation amount (example: 3% of total recovery) plus 100% of increment /decrement between current year and prior year private recovery excluding inflation
- **Clinical Trial Recovery:**
  - Campus receives 100% of Clinical Trial Recovery

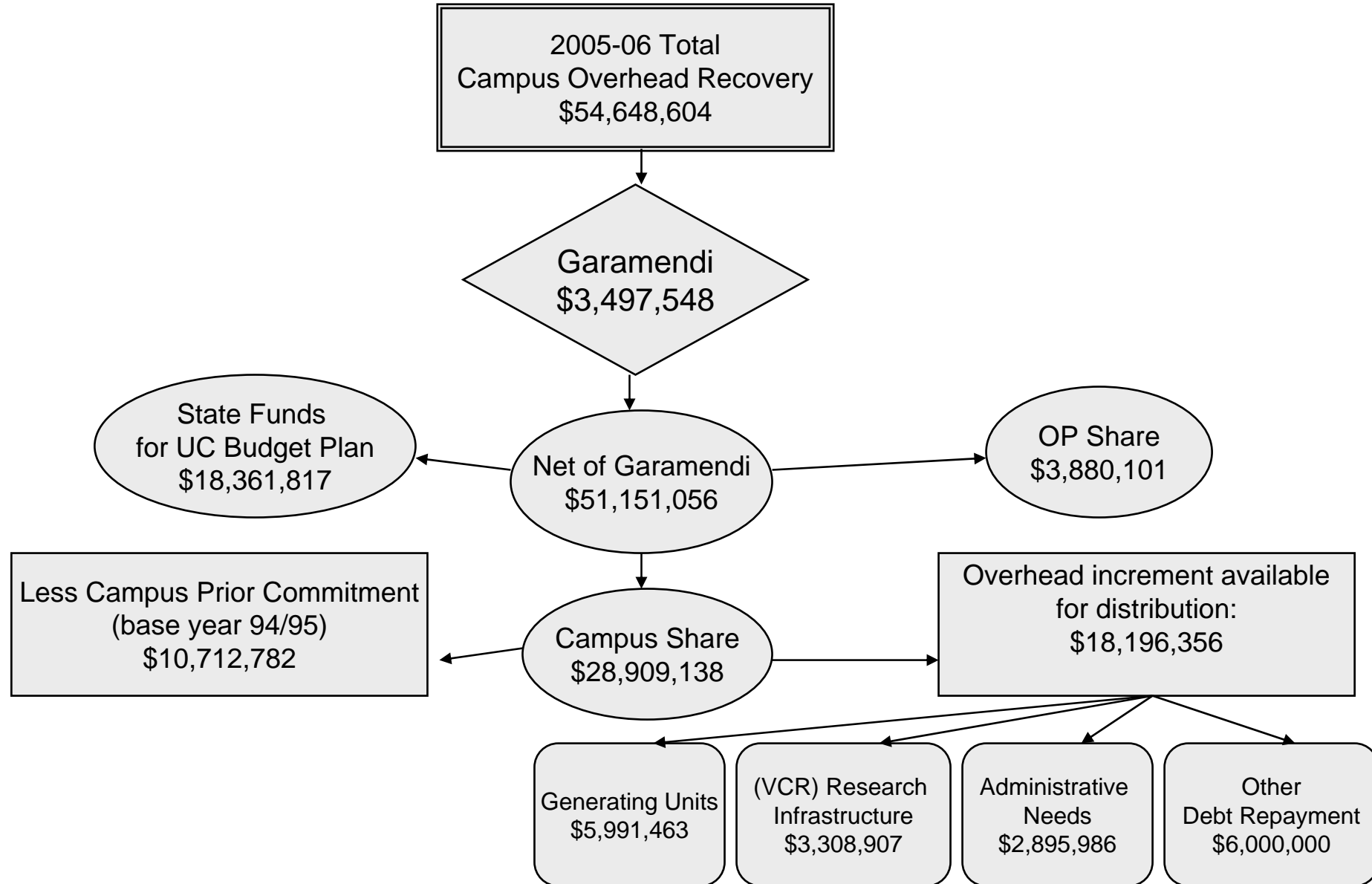
# OP Allocation of Private & Local Government Recovery (Including Clinical Trial Recovery) Based on Private Recovery by UCI in 2005-06



# Campus Policy on Distribution of Incremental Overhead

- Policy initiated in 1995/96 to distribute the incremental overhead allocated to the campus
- 50% of the increment above the base year allocation (1994/95) is allocated to the academic units on the basis of generation
- 30% of the increment is allocated to the VC Research for research initiatives
- 20% of the increment supports administrative cost increases
- Modification to hold back \$6M for other campus debt repayments initiated in 2003-04

# Campus Overhead Recovery Distribution



**UNIVERSITY OF CALIFORNIA IRVINE DATA 2005-06**

SCHOOL/DEPARTMENT	ProgramsHS	SOM	BUSINESS	BIO SCI	PHY SCI	ENGR	ICS	ARTS	HUMAN	SOC ECO	SOC SCI	EDUC	All Other	UNALLOC	TOTAL	
<b>DEPTS WITHIN EACH SCHOOL</b>		25	1	4	4	5	3	5	15	4	7	1			74	
<b>RESOURCES:</b>																
<b>PERMANENTLY BUDGETED STAFF FTE</b>	3.00	73.49	14.91	59.51	66.61	43.95	31.00	35.61	73.13	19.25	57.00	20.25	1,089.76		1,587.47	
<b>FACULTY FTE</b>																
Budgeted FTE	11.66	192.34	54.75	128.67	146.83	115.00	70.33	72.00	194.33	82.17	155.00	18.51	5.00	163.13	1,409.72	
Filled FTE	3.00	165.00	45.00	101.17	123.33	93.50	58.50	66.00	165.83	71.00	119.50	11.00	5.00		1,027.83	
<b>BUDGETED TA FTE</b>	0.00	0.00	7.00	37.00	85.00	23.00	22.50	26.50	109.00	43.00	101.00	7.00	0.70		461.70	
<b>ASSIGNABLE SQUARE FOOTAGE</b>																
Instruction	0	24,536	7,282	14,476	40,980	19,267	8,090	86,502	4,502	5,152	8,294	4,251	108,748		332,080	
Research	2,330	278,733	3,828	186,143	204,533	119,332	29,078	20,215	8,191	26,610	36,522	2,470	111,850		1,027,505	
Academic Office	90	58,963	10,352	17,222	38,146	20,959	8,856	11,322	43,864	12,523	30,613	4,319	2,238		259,377	
Administration/Assembly	1,050	194,829	19,368	28,973	33,137	34,330	18,421	46,440	30,918	19,519	24,977	8,721	30,257		489,890	
<b>AWARDS</b>																
Total Award Dollars	1,036,674	169,188,121	1,465,836	39,560,413	33,155,913	26,106,098	13,222,220	42,916	873,623	7,162,466	4,102,962	1,614,259	13,222,979		310,754,480	
Award Dollars/Filled Faculty FTE	345,558	1,025,383	32,574	391,029	268,839	279,210	226,021	650	5,268	100,880	34,334	146,751				
<b>APPROPRIATIONS</b>																
Includes all fund sources (except Overhead Recovery)	3,440,879	408,933,409	33,924,350	99,782,062	97,897,918	73,020,431	27,043,144	16,132,042	41,880,754	27,123,468	37,598,236	10,204,687			873,540,501	
Overhead recovery	0	2,361,693	2,185	937,512	663,199	359,516	62,396	0	0	55,234	53,911	4,066	393,624		4,893,336	
<b>FUNDS RAISED</b>	833,333	60,287,538	4,291,698	4,114,456	3,360,591	10,043,001	1,050,656	644,235	1,262,333	412,914	1,484,033	0	13,637,049		101,421,837	
<b>THROUGHPUT:</b>																
<b>ENROLLMENT (Including self-supporting programs)</b>																
U/G majors		0.00	0.00	3,470.80	955.30	1,990.30	960.00	928.30	2,120.40	2,622.30	4,583.70	0.00	31.30	1,796.40	19,458.80	
Masters		14.70	790.70	27.00	18.70	195.30	54.70	118.30	34.30	96.30	15.70	40.30			1,406.00	
M.D.		372.30														
Doctoral		146.30	46.00	244.70	411.00	438.00	215.00	12.00	387.00	160.70	295.00	92.70			2,448.40	
<b>STUDENT CREDIT HRS (SCH) Includes self-supporting programs</b>																
Credited to Dept offering the course																
SCH undergraduate			15,824	97,524	141,854	45,096	25,192	42,826	189,695	81,394	214,388	9,670			863,463	
SCH grad			30,118	23,541	17,541	21,572	10,409	5,342	15,548	8,636	14,225	10,231			157,163	
<b>EXPENDITURES</b>																
Direct C&G Expenditures	310,000	95,089,000	451,000	26,462,000	23,794,000	15,716,000	4,019,000	1,213,000	1,060,000	4,128,000	2,648,000	794,000	61,850,000		237,534,000	
Indirect C&G Expenditures	87,647	24,263,519	16,998	9,026,449	7,297,197	4,124,573	1,014,929	27,956	62,384	836,996	590,896	36,673	7,935,523		55,321,738	
Other Expenditures	987,000	212,926,000	25,722,000	26,556,000	31,668,000	25,787,000	12,675,000	13,229,000	32,478,000	13,076,000	26,111,000	5,924,000	110,696,639		537,835,639	
Total Expenditures	1,384,647	332,278,519	26,189,998	62,044,449	62,759,197	45,627,573	17,708,929	14,469,956	33,600,384	18,040,996	29,349,896	6,754,673	180,482,162		830,691,377	
								<b>NON-ACADEMIC UNITS</b>	A&BS	Student Affairs	Univ Adva	Athletics & Rec	Chancellor's	UCIMC	Other	Total
								<b>RESOURCES</b>								
								Staff FTE	488.86	475.72	30.94	included under Chanc	93.24	1.00		1089.76
								Funds Raised		794,976		725,203				
								<b>EXPENDITURES</b>	60,325,117	95,289,201	9,474,303	13,862,024	8,760,991	402,134,534	4,386,453	594,232,623
								<b>TOTAL CAMPUS EXPENDITURES (Including indirect C&amp;G expenditures not included on financial statements)</b>								1,424,924,000