Outline: This afternoon

1. Breakouts: Your personal considerations
2. Strategic planning
3. University budgeting & financial strategy
4. External relations & development
5. Reception
Common university actions

• Someone else will pay for it
• “Build it and they will come”

The reality: “hope” is not a strategy
Typical university actions

“If it moves, tax it.
If it keeps moving, regulate it.
If it stops moving, subsidize it.”

(President Ronald Reagan)
The result of vague missions

• Scope expansion

• Many areas are being subsidized
  • Some should be

• But are the subsidized areas chosen strategically?

• Use the strategic planning framework set up previously

• Recognize financial realities
A transforming financial strategy

University of Texas: Funding then and now

UCI Provost’s Leadership Academy
University of California Average Expenditure/FTE

Since 1990-91, average inflation-adjusted expenditures for educating UC students have declined. The State-funded share has declined even more rapidly, with student-related charges playing a larger role. Figures are inflation-adjusted resources per general campus student, net of financial aid.
Summary: Critical ingredients

- Skilled, empowered leadership
- A positioning strategy
- A carefully selected set of priorities
- A realistic financial strategy
The flow of funds

The General Fund (allocated by the central administration)

- State Appropriation
- Indirect Cost: Grants
- Tuition Revenue (other than self-supporting programs)
- Tax on self-supporting pgms, gifts & enterprises
- Areas of Excellence, Opportunity
- Academic Areas
- Central Services, Fixed Costs

UCI Provost’s Leadership Academy
The tensions

THE GENERAL FUND
(allocated by the central administration)

STATE APPROPRIATION

TUITION REVENUE
(other than self-supporting programs)

AREAS OF EXCELLENCE, OPPORTUNITY

ACADEMIC AREAS

CENTRAL SERVICES, FIXED COSTS

INDIRECT COST: GRANTS

TAX on self-supporting pgms, gifts & enterprises

Provost’s Leadership Academy
Katherine Gallardo
Director of Strategic Planning
Budget Office
Agenda

- Changing Sources of Funding
- UCI Revenues by Fund Source
- All Funds Model
- Past Budgeting Process
- Current State Budgeting Process
- Changes to Unit Planning
UCI Revenues by Fund Source | FY2017, $1.83B
(Excluding Teaching Hospital)

- Tuition & Fees: 29%
- State App. & Grants: 1%
- Educational Activities: 16%
- Federal Government: 14%
- Core Funds: 45%
- Non-Core Funds: 55%
- State Appropriations: 16%
- Auxiliary Enterprises: 11%
- Private Sources: 7%
- Other Sources: 6%

Division of Finance and Administration | With U • For U
## All Funds Model

### UC IRVINE - ALL FUNDS BUDGET MODEL (excl. MC) (in 000's)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Tuition and Fees (SRECNP)</td>
<td>446,990</td>
<td>483,255</td>
<td>523,326</td>
<td>568,717</td>
<td>602,801</td>
<td>624,421</td>
<td>638,084</td>
<td>650,452</td>
</tr>
<tr>
<td>Tuition, Student Services Fee</td>
<td>528,247</td>
<td>328,427</td>
<td>374,488</td>
<td>414,811</td>
<td>431,413</td>
<td>439,145</td>
<td>443,049</td>
<td>447,104</td>
</tr>
<tr>
<td>Other Student Fees</td>
<td>132,354</td>
<td>126,209</td>
<td>142,316</td>
<td>153,907</td>
<td>171,388</td>
<td>185,275</td>
<td>195,035</td>
<td>203,348</td>
</tr>
<tr>
<td>State Educational Appropriations</td>
<td>251,445</td>
<td>283,433</td>
<td>301,677</td>
<td>313,336</td>
<td>320,611</td>
<td>328,061</td>
<td>335,689</td>
<td>333,296</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>272,921</td>
<td>286,785</td>
<td>298,602</td>
<td>312,650</td>
<td>332,463</td>
<td>351,779</td>
<td>370,123</td>
<td>389,292</td>
</tr>
<tr>
<td>Federal Pell Grants</td>
<td>53,588</td>
<td>52,703</td>
<td>56,360</td>
<td>59,715</td>
<td>62,978</td>
<td>64,910</td>
<td>65,999</td>
<td>66,942</td>
</tr>
<tr>
<td>Sales and Services</td>
<td>498,691</td>
<td>524,419</td>
<td>561,883</td>
<td>599,183</td>
<td>634,499</td>
<td>672,157</td>
<td>712,315</td>
<td>755,139</td>
</tr>
<tr>
<td>Private Gifts</td>
<td>41,709</td>
<td>42,622</td>
<td>44,161</td>
<td>47,694</td>
<td>51,509</td>
<td>55,630</td>
<td>60,081</td>
<td>64,887</td>
</tr>
<tr>
<td>STIP/TRIP and Other Investments</td>
<td>50,586</td>
<td>41,813</td>
<td>23,952</td>
<td>30,779</td>
<td>33,988</td>
<td>50,988</td>
<td>51,962</td>
<td>51,962</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>45,586</td>
<td>53,099</td>
<td>57,635</td>
<td>61,636</td>
<td>65,917</td>
<td>70,498</td>
<td>75,399</td>
<td>80,644</td>
</tr>
<tr>
<td><strong>Total Income/Sources</strong></td>
<td>1,661,516</td>
<td>1,768,129</td>
<td>1,867,596</td>
<td>1,993,711</td>
<td>2,104,766</td>
<td>2,218,444</td>
<td>2,309,288</td>
<td>2,392,613</td>
</tr>
</tbody>
</table>

| USES (excluding MC)             |      |      |      |      |      |      |      |      |
| Salaries and Wages              | 798,820 | 855,385 | 931,718 | 981,960 | 1,039,610 | 1,139,834 | 1,190,216 |
| UCRP Benefits                   | 59,147  | 65,701  | 102,482 | 111,192 | 119,086  | 144,882  | 158,171  | 166,388  |
| Retiree Health Benefits         | 15,411  | 18,489  | 18,943  | 21,742  | 24,332  | 27,116  | 28,559  | 30,079  |
| Other Employee Benefits         | 176,100 | 182,428 | 165,542 | 176,419 | 189,642  | 202,141  | 214,213  | 226,943  |
| Scholarships and Fellowships    | 65,911  | 77,452  | 77,802  | 84,585  | 90,000  | 93,485  | 95,928  | 98,291  |
| Utilities                       | 25,261  | 23,616  | 24,629  | 24,728  | 25,114  | 25,493  | 25,786  | 26,046  |
| Depreciation-Adjusted           | 43,584  | 35,294  | 40,739  | 43,146  | 45,689  | 48,372  | 51,204  | 54,192  |
| Debt Service                    | 161,750 | 55,710  | 58,276  | 60,030  | 63,567  | 71,783  | 84,233  | 89,091  |
| Deferred Maintenance Debt Serv  | 2,485   | 9,710   | 10,339  | 10,699  | 10,723  | 10,970  | 11,292  | 11,718  |
| Other Operating Expenses        | 170,041 | 203,008 | 223,341 | 238,975 | 254,508  | 269,779  | 284,617  | 298,847  |
| Investments in New Initiatives  | 0       | 0       | 0       | 12,760  | 21,770  | 25,615  | 29,499  | 32,421  |
| **Total Expenses/Uses**         | 1,545,072 | 1,672,652 | 1,779,395 | 1,885,720 | 2,013,884 | 2,153,009 | 2,271,539 | 2,382,052 |

| Net Income (Loss)               | 116,444 | 95,477 | 88,201 | 107,992 | 90,882  | 65,435  | 37,750  | 10,562  |
Past Budgeting Process

Funding Dynamics - Then

State Funds / Tuition

- Incremental Revenues
- Incremental Allocations

Process

- Deans ask for
  - instruction
  - TAs
  - staffing
  - new programs
  - etc

- Provost Allocates:
  - X
  - Y
  - Z
Budget Model Change Eff. 14/15

- More control to schools – formula allocation
  - Based on growth (SCHs, majors)
  - Size of budget
  - FY15 → FY16 → FY17 → FY18

- More resources remain in schools
  - Faculty downgrade – 90% remains
  - Retirements exempt from 25% FTE withdrawal

- Increased emphasis on new sources

- Benefits decentralized - increases are not funded

Model is being revisited.
Budgeting is Fundamentally Different

Funding Dynamics-Now

- State
- Tuition
- Non-resident
- Summer session
- Concurrent enrollment
- Philanthropy
- C&G
- Self-supporting degrees
- Sales & service

19900

Process

- Strategic
- We can’t do everything!
- New ideas → prioritize, impact on strategic plan?
- How fund? Tradeoffs?
Changes to Unit Planning

- All Funds
- Multi-Year
- Position Management
- Workload
Questions?