Provost’s Leadership Academy

Enrique Lavernia

Executive Vice Chancellor
and
Provost

University of California, Irvine
Provost’s Leadership Academy

Diane O’Dowd

Vice Provost
and
Professor, Developmental and Cell Biology
University of California, Irvine
Provost’s Leadership Academy

Andy Policano

Former Dean
and
Dean’s Leadership Circle Professor Emeritus

The Paul Merage School of Business
University of California, Irvine
Goals

• Familiarize you with
  • Tradeoffs in pursuing a leadership role
  • Different leadership styles
  • Challenges posed by the external environment
  • Skills you will need to succeed
Outline: This morning

1. Overview
2. The turbulent external environment
3. Panel: choosing a leadership path
4. Pragmatics: the first 100 days & beyond
5. Lunch
Outline: This afternoon

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

<table>
<thead>
<tr>
<th>Date</th>
<th>Session Topics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 9</td>
<td>• External relations and development</td>
</tr>
<tr>
<td>Dec 14</td>
<td>• Leadership characteristics &amp; strategies</td>
</tr>
<tr>
<td>Jan 18</td>
<td>• Affecting change</td>
</tr>
<tr>
<td>Feb 8</td>
<td>• Managing conflict</td>
</tr>
<tr>
<td>Mar 15</td>
<td>• Recruitment, retention and development</td>
</tr>
<tr>
<td>April 9</td>
<td>• Lunch with the Chancellor</td>
</tr>
<tr>
<td>May 3</td>
<td>• Wrap up</td>
</tr>
</tbody>
</table>

UCI Provost’s Leadership Academy
Public No More:
A new path to excellence for America’s public universities

Gary C Fethke and Andrew J Policano
From Ivory Tower to Glass House: Strategies for Academic Leaders During Turbulent Times

Andrew J Policano
Motivation

• Department Chair
  • Economics, University of Iowa

• Senior Associate Dean
  • College of Business, University of Iowa

• Dean
  • Social and Behavioral Sciences, Stony Brook University

• Dean
  • School of Business, University of Wisconsin

• Dean
  • The Paul Merage School, University of California Irvine
UC tuition increase can broaden access for California students

BY ANDREW J. POLICANO
Special to The Bee
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Overview and introductions</td>
</tr>
<tr>
<td>2</td>
<td>The turbulent external environment</td>
</tr>
<tr>
<td>3</td>
<td>Panel: choosing a leadership path</td>
</tr>
<tr>
<td>4</td>
<td>Pragmatics: the first 100 days &amp; beyond</td>
</tr>
<tr>
<td>5</td>
<td>Lunch</td>
</tr>
</tbody>
</table>
Why study the environment?

• A *key role of the leader is to define reality*

• If faculty and staff are not informed:
  • Fosters belief that local challenges are idiosyncratic
    • Battles ensue for non-existent resources

• Communicate universally shared challenges
  • Align constituents toward common goals
Growing importance of emerging economies

Global competition

Digital Transformation

Student unrest: cost and debt

A permanently changed environment

Diversity and inclusion

Federal research support insufficient

State funding insufficient
<table>
<thead>
<tr>
<th>Traditional</th>
<th>New Reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ivory Tower</td>
<td>Glass House</td>
</tr>
<tr>
<td>All things to all people</td>
<td>Strategic positioning</td>
</tr>
<tr>
<td>Internal focus</td>
<td>External focus</td>
</tr>
<tr>
<td>Low tuition-high subsidy</td>
<td>High tuition-low subsidy-high aid</td>
</tr>
<tr>
<td>Hour-glass governance</td>
<td>Top down shared governance</td>
</tr>
<tr>
<td>Opaque financial reporting</td>
<td>Transparent financial reporting</td>
</tr>
<tr>
<td>Many/high internal subsidies</td>
<td>Fewer/lower internal subsidies</td>
</tr>
<tr>
<td>Reliant on subsidy</td>
<td>Financially self-reliant</td>
</tr>
</tbody>
</table>

UCI Provost’s Leadership Academy
Common external perceptions

• The cost of college is too high
  • Student debt is out of control

• Universities are inefficient

• Tenure results in low productivity & high cost
  • Faculty do too much research

• Distance education can solve many problems

• Non-academic leaders are needed

How prepared are you to address these issues?
Has the cost of higher education risen?
Confusion between price and cost

- Cost = faculty + staff + operations +...
- Price = tuition
- Cost/student has been restrained
  - At 2 year publics:
    - $1K decrease over last 10 years
  - In the UC
    - decrease >20% since 1991
The challenge at four year publics

<table>
<thead>
<tr>
<th>4 yr publics</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Published tuition</td>
<td>$9,970</td>
</tr>
<tr>
<td>Cost per student FTE</td>
<td>~$15,500</td>
</tr>
</tbody>
</table>

*Difference paid with state subsidy, gifts, entrepreneurial activities*

*State support is down about 20% since 2008*
Is College Too Expensive?

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Average</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>Four Year Publics Published tuition</td>
<td>$9,970</td>
<td>$5,220</td>
<td>$16,070</td>
</tr>
<tr>
<td>Two Year Publics Published tuition</td>
<td>$3,520</td>
<td>$1,430</td>
<td>$7,980</td>
</tr>
<tr>
<td>Day Care Centers*</td>
<td>$11,666</td>
<td>$3,582</td>
<td>$18,773</td>
</tr>
</tbody>
</table>

Source: for tuition figures: College Board
Source for day care: https://www.babycenter.com/0_how-much-youll-spend-on-childcare_1199776.bc#articlesection1

Los Angeles Times

Op-Ed The problem with the cost of college isn’t the price but who’s paying the bill
Andrew J. Policano
Challenge

• Room and board are expensive
  • But college or not, the individual needs food & shelter

• Often, these costs are outside university control
Comparative room and board

For upper middle and upper income families

<table>
<thead>
<tr>
<th>Princeton</th>
<th>UC Irvine: in-state</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Tuition: $49,330</td>
<td>• Tuition &amp; student fees: $12,630</td>
</tr>
<tr>
<td>• Residential college fee: $890</td>
<td>• Other campus Fees: $2,885</td>
</tr>
<tr>
<td>• Room and board: $16,290</td>
<td>• Room and board: $14,861</td>
</tr>
<tr>
<td>• Total: $66,510</td>
<td>• Total $30,376</td>
</tr>
</tbody>
</table>
The reality

• Costs can still be lowered but, the real debate is not about the cost of higher education, but rather on who should pay for it.
Consider the choice of a legislator

• Is the benefit of a 4-year college education greater than alternative uses?
  • Community colleges
  • K – 12 education
  • Health care
  • Job training
  • Prisons

Student share of cost of education

Student share of cost increased by > 70%

When legislators cut funding, they are revealing their preference that students should pay more.

Note: Net tuition revenue used for capital debt service is included in net tuition revenue, but excluded from total educational revenue in calculating the above figures.

Source: SSDB
Tuition has risen but not for everyone

- Actual price = published tuition – financial aid
  - In 2016, about 70% of students received grants

- California Blue and Gold Program
  - <$80K, tuition = zero
  - <$125K, receive financial support
  - ~40% of UC students pay no tuition
What students actually pay: 2017-18

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Published Tuition</th>
<th>Average Grants &amp; Financial Aid</th>
<th>Net Tuition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two Year Publics</td>
<td>$3,570</td>
<td>$3,900</td>
<td>negative</td>
</tr>
<tr>
<td>Four Year Publics (in state)</td>
<td>$9,970</td>
<td>$5,839</td>
<td>$4,131</td>
</tr>
<tr>
<td>Four Year Privates</td>
<td>$34,740</td>
<td>$20,210*</td>
<td>$14,530</td>
</tr>
</tbody>
</table>

*estimate by College Board

Source: College Board
### Average Published Charges (Enrollment-Weighted) for Full-Time Undergraduates, 2016-17 and 2017-18

<table>
<thead>
<tr>
<th>Year</th>
<th>Sector</th>
<th>Carnegie Classification</th>
<th>Tuition and Fees</th>
<th>Room and Board</th>
<th>Tuition and Fees and Room and Board</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Public Two-Year In-District</td>
<td>Public Four-Year Out-of-State</td>
<td>Public Four-Year For-Profit</td>
<td>Carnegie Classification</td>
<td>Public Four-Year For-Profit</td>
</tr>
<tr>
<td></td>
<td>$3,570</td>
<td>$25,620</td>
<td>$34,740</td>
<td></td>
<td>$10,830</td>
</tr>
<tr>
<td></td>
<td>$3,470</td>
<td>$24,820</td>
<td>$33,520</td>
<td></td>
<td>$10,510</td>
</tr>
<tr>
<td></td>
<td>$100</td>
<td>$800</td>
<td>$1,220</td>
<td></td>
<td>$320</td>
</tr>
<tr>
<td></td>
<td>2.9%</td>
<td>3.2%</td>
<td>3.6%</td>
<td></td>
<td>3.0%</td>
</tr>
<tr>
<td>Tuition and Fees</td>
<td>$8,400</td>
<td>$10,800</td>
<td>$12,210</td>
<td></td>
<td>$11,220</td>
</tr>
<tr>
<td></td>
<td>$8,170</td>
<td>$10,480</td>
<td>$11,850</td>
<td></td>
<td>$10,900</td>
</tr>
<tr>
<td></td>
<td>$230</td>
<td>$320</td>
<td>$360</td>
<td></td>
<td>$320</td>
</tr>
<tr>
<td></td>
<td>2.8%</td>
<td>3.1%</td>
<td>3.0%</td>
<td></td>
<td>2.9%</td>
</tr>
<tr>
<td>Room and Board</td>
<td>$11,970</td>
<td>$36,420</td>
<td>$46,950</td>
<td></td>
<td>$22,050</td>
</tr>
<tr>
<td></td>
<td>$11,640</td>
<td>$35,300</td>
<td>$45,370</td>
<td></td>
<td>$21,410</td>
</tr>
<tr>
<td></td>
<td>$330</td>
<td>$1,120</td>
<td>$1,580</td>
<td></td>
<td>$640</td>
</tr>
<tr>
<td></td>
<td>2.8%</td>
<td>3.2%</td>
<td>3.5%</td>
<td></td>
<td>3.0%</td>
</tr>
</tbody>
</table>

Source: The College Board, Trends in College Pricing 2017, Table 1.
In sum, the facts...

- **Average net tuition:**
  - is negative at 2-year publics
  - ~ $4,100/year at 4-year publics

- Room and board are major expenses

- Lower income students pay little if any tuition
  - Live at home or have room/board subsidized

- **Shift in who is paying**
  - Upper middle & upper class pay full price
How serious is this problem?  
Who is at fault?  
What should we do?

Student debt now exceeds $1.5 trillion

37% between 18 - 29 years old have loans
How significant is this burden?

About 7% > $100K: mostly post graduate degrees
How significant is this burden?

Only 7% > $100K: mostly post graduate degrees

$17,000 loan
20 yr term @6%
Monthly payment = $122/mo

Is this too heavy a burden?

It depends...
The return to a college degree

Overall return compared to a high school degree has held steady at 15% over the last decade.

Note: Wages are adjusted to control for differences in worker characteristics.
The consequence of poor judgment

The Law School Debt Crisis

By THE EDITORIAL BOARD  OCT. 24, 2015

- Florida Coastal School of Law
- 93% of 2014 class in debt
- Average = $163K
Who is at fault?

A. The law school
B. The student
C. Both
Who is at fault?

The law school should not
- Admit students unlikely to be employed
  - They admit bottom \( \frac{1}{4} \) of LSAT takers; unlikely to pass the bar

Students should
- Understand employment possibilities
- Financial ramifications of student loans
Other issues (discussed in Chapter 1)

• MOOCs and Distance Education
• The future of tenure
  • Too much research?
• Diversity and inclusion
• Who should lead?
Who should lead?

• Non-traditional academic leaders

• A good idea?
Conclusions

• A new paradigm
• Competitive positioning strategy
• Sustainable-funding plan
• Financial management model
• Universities
  • Less like an Ivory Tower
  • More efficient & accountable
  • More externally focused
Outline: This morning

1. Overview and introductions
2. The turbulent external environment
3. Panel: choosing a leadership path
4. Pragmatics: the first 100 days & beyond
5. Lunch
Choosing a leadership path

• Dean Stephen Barker
• Associate Dean Beth Van Es
• Vice Provost Diane O’Dowd
Panel

- What surprised you most about your role
- To what extent you are able to maintain your research program
- Other tradeoffs you face as a dean compared to a faculty member
- The most challenging aspects of your role
- The rewards associated with a leadership role
- How you judge success
- What considerations you are contemplating regarding the next steps in your career
Outline: This morning

1. Overview and introductions
2. The turbulent external environment
3. Panel: choosing a leadership path
4. Pragmatics: the first 100 days & beyond
5. Lunch
Panel

• Dean Song Richardson

• Dr. Ruth Benca

• Professor Chris Schwarz
Panel questions

• What surprised you most about your role?

• What do you wish you had known before you began?

• What are the most challenging aspects of the position?

• What advice would you offer to others to prepare for a role similar to yours?
Outline: This afternoon

1. Breakouts: Your personal considerations
2. Strategic planning
3. University budgeting & financial strategy
4. External relations & development
5. Reception
Breakouts: Issues in your choice

1. Tradeoffs
2. Traits and skills
3. Is a leadership path right for you?
4. Personal considerations
5. When is the right time?
Outline: This afternoon

1. Breakouts: Your personal considerations
2. Strategic planning
3. University budgeting & financial strategy
4. External relations & development
5. Reception
## A transforming model

<table>
<thead>
<tr>
<th>Traditional</th>
<th>New Reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ivory Tower</td>
<td>• Glass House</td>
</tr>
<tr>
<td>• All things to all people</td>
<td>• <strong>Strategic positioning</strong></td>
</tr>
<tr>
<td>• Internal focus</td>
<td>• External focus</td>
</tr>
<tr>
<td>• Low tuition-high subsidy</td>
<td>• High tuition-low subsidy-high aid</td>
</tr>
<tr>
<td>• Hour-glass governance</td>
<td>• Top down shared governance</td>
</tr>
<tr>
<td>• Opaque financial reporting</td>
<td>• Transparent financial reporting</td>
</tr>
<tr>
<td>• Many/high internal subsidies</td>
<td>• Fewer/lower internal subsidies</td>
</tr>
<tr>
<td>• Reliant on subsidy</td>
<td>• <strong>Financially self-reliant</strong></td>
</tr>
</tbody>
</table>

**Note:**
- **Transforming Model**
- Traditional vs. New Reality contrasts in leadership and governance models.
Blend of background & skills needed

• Appreciation of academic environment
• Financial acumen
• Human resource management
• Effective communicator
• Effective with external community
• Political savvy
• Fundraising skills
Steps in developing a plan

1. Develop a *competitive* positioning strategy
2. Evaluate scope; estimate and contain cost
3. Identify revenue sources for each initiative
Strategic planning

- Not usually a welcomed idea
- Can you summarize UCI’s strategic plan?
- Does your department have a plan?
- Why is a plan important?
  - Defines what truly matters

Provost’s Leadership Academy
Sample statements

• “Advance academic and research excellence”

• “Serve the people of the state and beyond”

• “Use technology to expand access and opportunities”

• “Recruit and retain the best faculty and staff”

• “Mobilize knowledge, serve the people, educate the best and brightest”
Mission Statements

• Most are aspirational lists
• Promising to be top twenty is vacuous
  • Few universities have resources to do so
• Must prioritize
  • Truly distinguished
  • Excellent
  • Good
  • Good enough
Is your strategic plan strategic?

• An effective strategy is NOT
  • “We do everything”
  • “We serve everyone”
  • “We like every idea”

A plan that promises everything prioritizes nothing.
Key decisions

- Who to admit
- How much to charge
- Quality of student infrastructure
- Infrastructure for research support
- Quality of faculty
- Which areas to prioritize
  - Areas of distinction

These decisions matter!
The dangers of complacency

USNews ranking of US universities

• 1988
  • Three of the top ten were public universities

• 2019
  • None of the top ten universities are public
  • None of the top twenty are public
The dangers of complacency

- NSF Research Rankings

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wisconsin</td>
<td>2</td>
<td>Out of top 5</td>
</tr>
<tr>
<td>Ohio State</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Missouri</td>
<td>71</td>
<td>85</td>
</tr>
</tbody>
</table>
Strategic planning and alignment

- Develop Vision/Mission with all constituents
  - Identify priorities
    - Internal alignment

- Develop financial strategy
  - Assess cost; identify funding sources

*If you don’t have a financial plan...*  
...*you don’t have a strategic plan.*
Identifying priorities

• Measure quality & productivity in every area
• How should quality be measured?
  • Externally validated
  • Measurable outcomes
• What is the net revenue generated?
  • Realistic cost assumptions
• Based on values in mission
  • Which areas should be subsidized?
How will we achieve our vision?

• Financial strategy over next ten years
• Fund
  • Additional faculty, centers
  • Student support
  • Research support
Example: an Economics department

• Strategic Plan
  • *please see pages 92 – 94*

• Compute net revenue
  • *please see page 121*

• Financial Strategy
  • *please see page 95*
Summary: Critical ingredients

• Skilled, empowered leadership
• A positioning strategy
• A carefully selected set of priorities
Outline: This afternoon

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

STATE APPROPRIATION

INDIRECT COST: GRANTS

TUITION REVENUE (other than self-supporting programs)

THE GENERAL FUND (allocated by the central administration)

AREAS OF EXCELLENCE, OPPORTUNITY

ACADEMIC AREAS

CENTRAL SERVICES, FIXED COSTS

TAX on self-supporting pgms, gifts & enterprises
Organizational Chart UC Irvine as of July, 2018

CHANCELLOR
Howard Gillman

PROVOST and EXECUTIVE VICE CHANCELLOR
Enrique J. Lavemia

Associate Chancellor/Chief of Staff
Michael R. Arias

Associate Chancellor/
Chief Human Resources Executive
Ramona Agrela

Associate Chancellor
Equal Opportunity and Compliance
Kirsten Quanbeck

Associate Chancellor
Strategic Communications and Public Affairs
Ria M. Carlson

Vice Chancellor
Research
Pramod Khargonekar

Chief Financial Officer and Vice Chancellor
Division of Finance and Administration
Ronald S. Cortez

Vice Chancellor
Student Affairs
Edgar Dormitorio (interim)

Vice Chancellor
University Advancement and Alumni Relations
Brian T. Hervey

Vice Chancellor
Health Affairs
Alan L. Coldin (interim)

Chief Executive Officer
UCI Health System
Richard Gannotta

Director
Intercollegiate Athletics
Paula Smith (interim)

Director
Internal Audit Services
Michael Bathke

http://www.policies.uci.edu/about/orgcharts/orgcharti.pdf
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
Changing Sources of Funding | UCI

- Teaching Hospital
- Tuition and Fees
- State Appropriations
- Educational Activities
- Federal Government
- Auxiliary Enterprises
- Other Sources
  - Private Gifts, Grants & Contracts
  - State Contracts & Grants / Local Government
UCI Revenues by Fund Source | FY2017, $1.83B
(Excluding Teaching Hospital)

- Tuition & Fees, 29%
- State Appropriations, 16%
- Educational Activities, 16%
- Federal Government, 14%
- Auxiliary Enterprises, 11%
- Private Sources, 7%
- Other Sources, 6%
- State Contract & Grants, 1%

Core Funds 45%
Non-Core Funds 55%
## UC IRVINE - ALL FUNDS BUDGET MODEL (excl MC) (in 000's)

### Scenario 1 - Target

<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>51,598</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>
<tr>
<td><strong>USES (excluding MC)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages</td>
<td>798,820</td>
<td>855,385</td>
<td>931,718</td>
<td>981,960</td>
<td>1,039,610</td>
<td>1,091,602</td>
<td>1,139,834</td>
<td>1,190,216</td>
</tr>
<tr>
<td>UCRP Benefits</td>
<td>59,147</td>
<td>65,701</td>
<td>102,482</td>
<td>111,192</td>
<td>119,086</td>
<td>144,882</td>
<td>158,171</td>
<td>166,388</td>
</tr>
<tr>
<td>Retiree Health Benefits</td>
<td>15,411</td>
<td>18,489</td>
<td>18,943</td>
<td>21,742</td>
<td>24,332</td>
<td>27,116</td>
<td>28,559</td>
<td>30,079</td>
</tr>
<tr>
<td>Other Employee Benefits</td>
<td>176,100</td>
<td>182,428</td>
<td>165,542</td>
<td>176,419</td>
<td>189,642</td>
<td>202,141</td>
<td>214,213</td>
<td>226,943</td>
</tr>
<tr>
<td>Scholarships and Fellowships</td>
<td>65,911</td>
<td>77,452</td>
<td>77,802</td>
<td>84,585</td>
<td>90,000</td>
<td>93,485</td>
<td>95,928</td>
<td>98,291</td>
</tr>
<tr>
<td>Utilities</td>
<td>25,261</td>
<td>23,616</td>
<td>24,269</td>
<td>24,728</td>
<td>25,114</td>
<td>25,493</td>
<td>25,786</td>
<td>26,046</td>
</tr>
<tr>
<td>Depreciation-Adjusted</td>
<td>43,584</td>
<td>35,294</td>
<td>40,739</td>
<td>43,146</td>
<td>45,689</td>
<td>48,372</td>
<td>51,204</td>
<td>54,192</td>
</tr>
<tr>
<td>Debt Service</td>
<td>51,750</td>
<td>55,710</td>
<td>58,276</td>
<td>60,030</td>
<td>63,567</td>
<td>71,783</td>
<td>84,233</td>
<td>89,091</td>
</tr>
<tr>
<td>Deferred Maintenance Debt Serv</td>
<td>2,485</td>
<td>9,710</td>
<td>10,339</td>
<td>10,699</td>
<td>10,723</td>
<td>10,790</td>
<td>10,292</td>
<td>11,718</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>170,041</td>
<td>203,008</td>
<td>223,341</td>
<td>238,975</td>
<td>254,508</td>
<td>269,779</td>
<td>284,617</td>
<td>298,847</td>
</tr>
<tr>
<td>Investments in New Initiatives</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12,760</td>
<td>21,770</td>
<td>25,615</td>
<td>29,499</td>
</tr>
<tr>
<td><strong>Total Expenses/Uses</strong></td>
<td>1,545,072</td>
<td>1,672,652</td>
<td>1,779,395</td>
<td>1,885,720</td>
<td>2,013,884</td>
<td>2,153,009</td>
<td>2,271,539</td>
<td>2,382,052</td>
</tr>
<tr>
<td>Net Income (Loss)</td>
<td>116,444</td>
<td>95,477</td>
<td>88,201</td>
<td>107,992</td>
<td>90,882</td>
<td>65,435</td>
<td>37,750</td>
<td>10,562</td>
</tr>
</tbody>
</table>
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
Outline: This afternoon

1. Breakouts: Your personal considerations
2. Strategic planning
3. University budgeting & financial strategy
4. External relations & development
5. Reception
The Glass House: external focus

• Increased use of external boards
• Increased engagement
• Challenges
  • Many faculty are inexperienced at
    • Working with boards
    • Speaking to a lay audience
    • Fundraising
Initial Steps

• First principle:

  Internal before external

• Assess faculty, staff and student morale
  • If no one is behind you, how can you lead?

• If you are not happy inside the college,…
  how can you be happy outside?
Initial steps: financial strategy

- Assess financial strategy and development goals
- Financial strategy derives from strategic plan

If you don’t have a financial plan,
you don’t have a strategic plan.

- Revise vision/mission with all constituents
  - Seek alignment: avoid “free agents”
  - Identify priorities
    - Assess cost and funding sources
    - The outcome is your financial strategy
Priorities from Vision and Mission

• To achieve our vision we will need
  • Additional faculty, faculty chairs, staff
  • Scholarships
  • Research support
  • Other
## Example: School Ten-Year Financial Strategy

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>Add’l annual expense</th>
<th>University funded</th>
<th>Self-funded</th>
<th>Donor funded</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase faculty</td>
<td>2.0</td>
<td>1.0</td>
<td>.75</td>
<td>.25</td>
</tr>
<tr>
<td>New faculty chairs</td>
<td>1.0</td>
<td>0</td>
<td>0</td>
<td>1.0</td>
</tr>
<tr>
<td>Post-docs</td>
<td>.5</td>
<td>0</td>
<td>.25</td>
<td>.25</td>
</tr>
<tr>
<td>Doctoral students</td>
<td>.5</td>
<td>0</td>
<td>0</td>
<td>1.0</td>
</tr>
<tr>
<td>Lab equipment</td>
<td>1.5</td>
<td>.75</td>
<td>.25</td>
<td>0</td>
</tr>
<tr>
<td>Staff and other</td>
<td>.5</td>
<td>.25</td>
<td>0</td>
<td>.25</td>
</tr>
<tr>
<td>Totals</td>
<td>6.0</td>
<td>2.0</td>
<td>1.25</td>
<td>2.75</td>
</tr>
</tbody>
</table>
Initial steps: Development Plan

A development plan is not an independent list of needs.

Fundraising priorities should flow directly from the vision, mission and financial strategy.
Initial Steps

• Assess pool of potential donors
  • Are the development goals realistic?

• Assess recent development experience
  • Read memoranda of agreement for major gifts!
  • Steward key donors

• Create a path to your goal
Develop a strategy for each group

• Donors
• Alumni
• Students and parents
• Faculty and staff
• Media
• Other units on the campus
• Local community
• Peer academic units & societies
• Advisory boards, Regents
• Others
• YOU HAVE HELP!
Organizational Chart UC Irvine as of July, 2018

http://www.policies.uci.edu/about/orgcharts/orgcharti.pdf
The role of the Foundation and the Development Officer

Donna Mumford
Senior Executive Director
Advancement Mentoring and Counseling
The UCI Foundation

• Brian Hervey, Vice Chancellor, University Advancement

Vision

• To realize the brilliant future referenced in the University of California, Irvine’s strategic plan by mobilizing support, creating partnerships and offering transformative guidance.
The UCI Foundation

• Identifies and provides research on potential donors
• Helps to staff the development operation in each unit
• Coordinates the development effort across the campus
• Maintains financial records, memoranda of agreement
• Stewards major donors
• Ensures that gift agreements are satisfied
The Development Officer (DO)

- Helps the leader
  - create a development strategy
  - decide who to meet, how to prepare
  - steward existing and potential donors
  - communicate with the donor base
  - decide what community events to attend
  - what travel to undertake
  - oversee the external advisory board
  - write proposals for funding
  - make asks
External board considerations

• What is the purpose of the board?
  • Advisory, fundraising

• What is the role and responsibility of members?

• Should you require a fee?

  If you want advice, ask for money

  If you want money, ask for advice
The Art & Science of Development

• Will be the focus of our next session on November 9.