

BOARD OF REGENTS

January 26, 2017

APPROVAL OF UNIVERSITY OF CALIFORNIA 2017-18 BUDGET FOR CURRENT OPERATIONS AND PROPOSAL FOR TUITION AND FINANCIAL AID

The President of the University recommends that the Regents:

1. Approve the budget plan as shown in Attachment 1 and included in the document *2017-18 Budget for Current Operations*.
2. Approve the amounts shown in Display 1 for tuition and the Student Services Fee for undergraduate, graduate academic, and graduate professional students, effective with the 2017-18 academic year.
3. Authorize the President to assess charges below the amounts shown in Display 1 if the State provides additional permanent funding to buy out some or all of the proposed increase in student tuition and fees.
4. Approve the amount shown in Display 2 for Nonresident Supplemental Tuition for undergraduate nonresident students, effective with the 2017-18 academic year.

DISPLAY 1: Proposed Maximum Increases to Mandatory Systemwide Charges¹

	2016-17 Charges	Adjustment	Proposed 2017-18 Charges
Tuition²			
Undergraduate and Graduate	\$11,220	\$282	\$11,502
Student Services Fee			
Undergraduate and Graduate	\$1,074	\$54	\$1,128
Total Mandatory Systemwide Charges			
Undergraduate and Graduate	\$12,294	\$336	\$12,630

¹ Charges are effective the summer term preceding the academic year indicated – e.g., summer 2017 for 2017-18.

² Includes \$60 Surcharge to cover costs associated with the *Luquetta v. Regents* class action lawsuit.

DISPLAY 2: Proposed Increases to Nonresident Supplemental Tuition for Undergraduates¹

	2016-17 Charges	<i>Adjustment</i>	Proposed 2017-18 Charges
Nonresident Supplemental Tuition			
Undergraduate	\$26,682	\$1,332	\$28,014
Including Mandatory Systemwide Charges (from Display 1)			
Undergraduate	\$38,976	\$1,688	\$40,644

¹ Charges are effective the summer term preceding the academic year indicated – e.g., summer 2017 for 2017-18.

Board vote: Regents Brody, De La Peña, Elliott, Gould, Island, Kieffer, Lansing, Lozano, Makarechian, Napolitano, Ortiz Oakley, Pattiz, Schroeder, Sherman, Varner, and Zettel voting “aye,” and Regents Newsom, Pérez, Ramirez, and Torlakson voting “no.”

2017-18 Budget Plan for Core Funds (Dollars in Millions)

2016-17 OPERATING BUDGET

State General Funds	\$3,351.1
Less General Obligation Bond Debt Service	<u>(220.8)</u>
State General Funds (excluding GO Bond Debt Service)	\$3,130.3
Total Core Funds (State General Funds, Student Tuition and Fee Revenue, and UC General Funds)	\$7,832.4

PROPOSED INCREASES IN REVENUE

Cost Savings/Alternative Revenues

Asset Management	\$ 3.0
Systemwide Contracts	\$ 7.8
Fiat Lux / Risk Captive	\$ 5.0
Philanthropy	\$ 10.0
Reallocation from Nonresident Aid	<u>\$ 14.0</u>
Subtotal	\$ 39.8

State General Funds

CA Undergraduate Enrollment Growth	\$ 18.5
Graduate Enrollment Growth	\$ 9.0
4% Base Budget Increase	<u>\$ 131.2</u>
Subtotal	\$ 158.7

Fees

Student Services Fee Adjustment (\$54)	\$ 9.2
Tuition Adjustment (\$282)	\$ 48.0
Enrollment Growth - Tuition & SSF	\$ 36.2
Revenue for Financial Aid	<u>\$ 49.3</u>
Subtotal	\$ 142.6

UC General Funds

Nonresident Tuition Adjustment (\$1,332)	\$ 42.1
Nonresident Enrollment Growth	<u>\$ 28.6</u>
Subtotal	\$ 70.7

One-Time Resources

Deferred Maintenance (to be requested)	\$ 35.0
Prior Year Enrollment Funding	\$ 18.5

TOTAL INCREASE IN REVENUE \$ 465.2

PROPOSED INCREASES IN EXPENDITURES

Enrollment Growth Marginal Cost \$ 79.9

Mandatory Costs

Retirement Contributions	\$ 18.3
Employee Health Benefits	\$ 19.0
Annuitant Health Benefits	\$ 8.1
Contractually Committed Compensation	\$ 29.9
Faculty Merit Program	\$ 32.0
Non-Salary Price Increases	<u>\$ 27.3</u>
Subtotal	\$ 134.6

Student Success & Academic Excellence \$ 50.0

Student Mental Health Resources \$ 4.6

High-Priority Costs

Compensation	\$ 81.8
Deferred Maintenance	\$ 50.0
High-Priority Capital Needs	<u>\$ 15.0</u>
Subtotal	\$ 146.8

Financial Aid

Return-to-aid	<u>\$ 49.3</u>
Subtotal	\$ 49.3

TOTAL INCREASE IN EXPENDITURES \$ 465.2

Figures may not sum to totals due to rounding.