

**Office of the President**

**TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:**

**DISCUSSION ITEM**

*For Meeting of November 17, 2016*

**CAMPUS OVERVIEW, SANTA BARBARA CAMPUS**

**EXECUTIVE SUMMARY**

UC Santa Barbara became part of the University in 1944 and was designated as a campus by the Regents in 1958. Today, the campus is home to 20,615 undergraduate and 2,882 graduate students. Forty-two percent of undergraduates are first-generation college students, 38 percent are Pell Grant recipients (compared with 42 percent and 40 percent systemwide), and the ratio of new California freshmen to transfer students is 2.93. Almost all of the graduate students are in academic degree programs. Twenty-nine percent of bachelor's degrees and 47 percent of graduate degrees granted by UC Santa Barbara are in science, technology, engineering, and mathematics fields. UC Santa Barbara is ranked eighth among top public universities by *U.S. News & World Report*. UC Santa Barbara is the only Hispanic-serving Institution in the Association of American Universities.

UC Santa Barbara has 10,735 faculty and staff. UCSB's outstanding faculty include six winners of Nobel Prizes for landmark research in chemistry, physics, and economics. An alumna of UCSB's College of Creative Studies was named 2009 Nobel Laureate in Medicine. UCSB faculty members are also elected members of the most prestigious academic organizations, including the 90 current and former faculty who are fellows of the American Association for the Advancement of Science, more than 60 Guggenheim fellows, 34 American Academy of Arts and Sciences members, and 28 National Academy of Engineering members.

UC Santa Barbara Chancellor Yang, Campus Provost and Executive Vice Chancellor David Marshall, and interim Assistant Chancellor of Finance and Resource Management Chuck Haines will present this overview of the campus's financial position.

**BACKGROUND**

***Financial Data***

Campus financial results for the last three fiscal years, estimates for the current year, and projections for the next four years are as follows:

<i>(in millions of dollars)</i>	2013 <sup>1</sup> (Actual)	2014 <sup>1</sup> (Actual)	2015 <sup>1</sup> (Actual)	2016 <sup>1</sup> (Actual)
Revenues	\$879.0	\$907.2	\$930.7	\$996.0
Expenses	(898.4)	(919.3)	(973.9)	(990.4)
<b>Income (loss)</b>	<b>(\$19.4)</b>	<b>(\$12.1)</b>	<b>(\$43.2)</b>	<b>\$5.6</b>

  

<i>(in millions of dollars)</i>	2017 <sup>2</sup> (Projected)	2018 <sup>2</sup> (Projected)	2019 <sup>2</sup> (Projected)	2020 <sup>2</sup> (Projected)
Revenues	\$1,057.3	\$1,114.1	\$1,167.9	\$1,217.7
Expenses	(1,033.4)	(1,094.4)	(1,145.4)	(1,199.6)
<b>Income (loss)</b>	<b>\$23.9</b>	<b>\$19.7</b>	<b>\$22.5</b>	<b>\$18.1</b>

<sup>1</sup> Source: Revenue and Expense Trends, adjusted for full endowment payout. <http://reportingtransparency.universityofcalifornia.edu/>

<sup>2</sup> Projections based on assumptions below.

**Campus comments:**

2015: The campus recorded \$12.7 million in expenses related to a one-time write off of library collections. For 2015, cash flow income which excludes write-offs, depreciation and interest expense, but does include full debt service would be \$27.1 million, an increase of \$70.3 million.

Revenue annual increase assumptions:	Expense annual increase assumptions:
<ul style="list-style-type: none"> <li>State General Funds: +4%</li> <li>Student Services Fee: +5%</li> <li>Tuition: +2.5% beginning in 2017-18</li> <li>Nonresident Supplemental Tuition: +8% in 2016-17, then +5% thereafter.</li> <li>Investment returns:                             <ul style="list-style-type: none"> <li>STIP: 1.6% for 2016-17, 1.8% for 2017-18 and 2.0% thereafter.</li> <li>TRIP: 4.6% for 2016-17, 4.9% for 2017-18 and 5.2% thereafter.</li> <li>GEP: 6.5% for all fiscal years through 2020.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Salaries (including faculty and collective bargaining units): +3%</li> <li>Academic faculty merits: +1.7%</li> <li>Health benefits: +4%</li> <li>Employer’s pension contribution: 14% of payroll</li> <li>OPEB assessment: 3.29% in 2016-17, then 3.51% thereafter</li> </ul>

UC Santa Barbara’s strengths include its high-quality, diversified students, faculty, and staff. The campus has developed a strategic vision for the future and a Long Range Development Plan, which was approved by the Coastal Commission in 2014. The campus continues to improve its national and international stature and ranking. The campus recently completed a very successful fundraising campaign, raising \$1 billion dollars.

The Santa Barbara campus is highly dependent on State appropriations and student tuition and fees: 59 percent of its revenues are derived from these two sources. UC Santa Barbara is challenged to fund its investments in state-of-the-art teaching and research facilities to match its world-class stature. Providing affordable, high-quality housing for the campus community is difficult since the surrounding community is one of the most expensive markets in the country. The campus will continue to build on its strengths, including its distinguished record of achievement, vibrant culture of interdisciplinary collaboration, and shared commitment to the missions of teaching, research, and public service.