

Office of the President

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

ACTION ITEM

For Meeting of January 26, 2017

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

EXECUTIVE SUMMARY

The Regents are being asked to approve the University of California operating budget plan for 2017-18 and proposed adjustments to tuition, the Student Services Fee, and undergraduate Nonresident Supplemental Tuition.

The 2017-18 budget plan directly addresses some of the most significant issues facing the University, including enrollment growth for California resident students, preserving and enhancing UC affordability, improving the student-faculty ratio, increasing course availability, expanding access to student mental health services, and addressing the University's most critical capital needs. The plan also addresses anticipated funding needs associated with collective bargaining agreements, employee and retiree health benefits, and employer contributions to the University of California Retirement Plan, among other important areas. The budget plan reflects the University's best estimate of what is needed in 2017-18 to maintain its commitment to the three pillars of its success – affordability, access, and excellence.

Revenue components of the plan include a four percent base budget adjustment from the State; enrollment growth funding for an additional 2,500 California undergraduate students and 900 graduate students; adjustments to tuition and the Student Services Fee of \$282 and \$54, respectively; an increase of \$1,332 in undergraduate Nonresident Supplemental Tuition; and continued savings from efficiencies and alternative revenues as part of the University's efforts to "bend the cost curve" with internal solutions for its budget needs.

Increases in student financial aid from the University's own programs and two State programs – the Cal Grant program and the Middle Class Scholarship program – are expected to exceed the proposed adjustments to student charges for about two-thirds of all California resident undergraduates under the current terms of those programs, resulting in no additional expenses for mandatory charges for these students *and* additional resources that these students can use to cover housing, food, books, and other expenses that they face. Last year, UC undergraduates received more than \$540 million in UC, federal, and State grants to help cover these other costs while attending the University.

By providing resources that are critical to maintaining student success and the quality of a UC education while also improving UC's overall affordability for students with limited resources, the proposed adjustments will preserve and strengthen the University's strong and distinctive track record in providing a world-class education to a socioeconomically diverse and talented student body.

RECOMMENDATION

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.

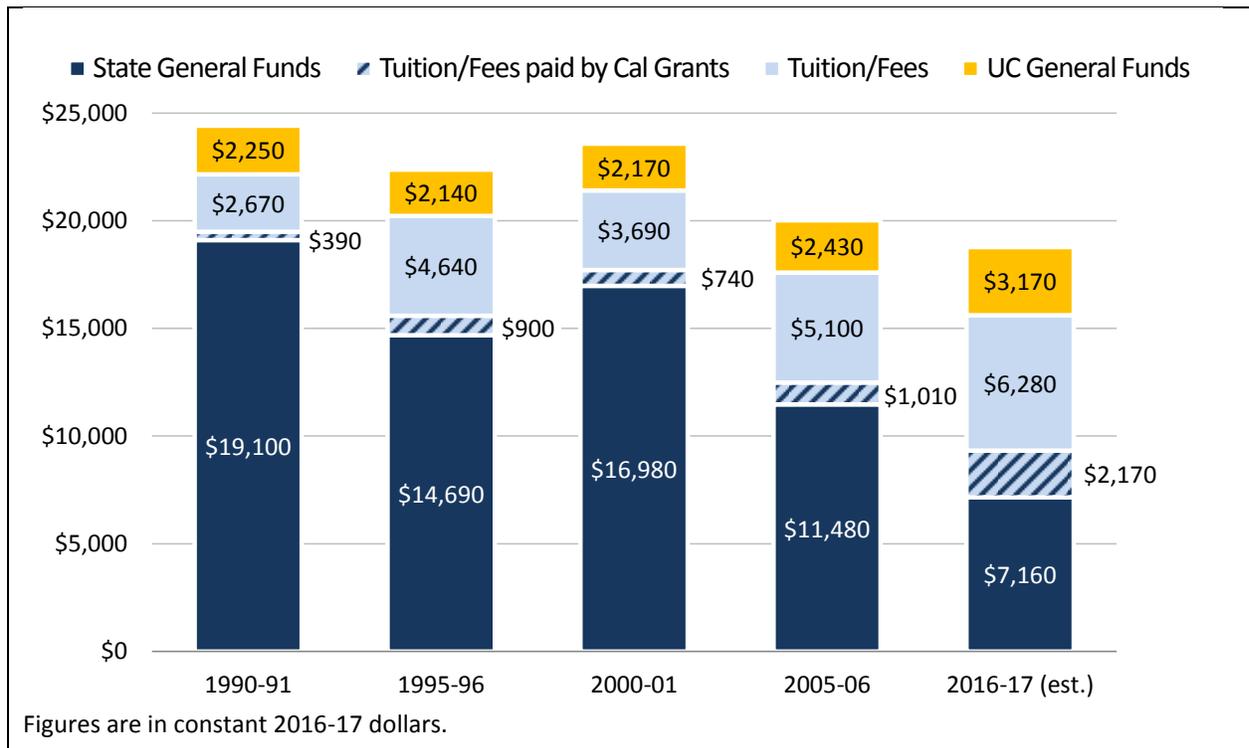
BACKGROUND

The current 2016-17 fiscal year represents the second year of the long-term funding framework established between the University and the Governor and endorsed by the Board of Regents in 2015. It also represents the fourth consecutive year in which the University has received predictable annual increases in permanent State General Fund support for its core funds operating budget. Together with a wide variety of measures that the University has taken, and continues to take, to improve operational efficiencies and to identify alternative revenue sources, this funding has helped enable UC to continue to provide students with a world-class education and to meet the University’s commitment under the California Master Plan for Higher Education to offer admission to all eligible California high school graduates.

Predictable State support for the University’s base budget represents a welcome development after the significant cuts in State funding that occurred since the year 2000, both during the State’s fiscal crisis during the early 2000s and again during the Great Recession. Funding cuts during those periods were only partly restored through a combination of tuition increases, a greater reliance on revenues provided by nonresident students, and increases in other revenue sources. Display 3 depicts two consequences of this shift in the resources available to support instruction at UC:

- Average instructional expenditures from core funds per student remain low by historic standards. The impact of this trend can be seen in indicators as well, such as a rising student-faculty ratio and larger class sizes.
- The composition of funding has changed, with a greater share derived from student tuition and fees (including those covered by Cal Grants) and UC General Funds (primarily Nonresident Supplemental Tuition) and a smaller share from direct State support of the University’s budget.

DISPLAY 3: Average Expenditures for Instruction per General Campus Student from Core Funds



PROPOSED 2017-18 OPERATING BUDGET PLAN

Summary of the 2017-18 Budget Plan

The University’s 2017-18 budget plan represents an integrated strategy for addressing the most pressing needs of the University and its students:

- *increasing access* for California undergraduates and expanded graduate programs, consistent with the University’s role under the Master Plan;
- *restoring and enhancing academic excellence and student success* for undergraduate and graduate students alike;
- *improving affordability* for UC students, so that the University can continue to attract, enroll, and graduate a diverse and talented student body, regardless of students’ financial circumstances;
- *expanding student mental health services* and related resources for UC students;
- *addressing the University’s most pressing capital needs* within a context of aging facilities and prospects for future enrollment growth; and

- *acknowledging other mandatory and high-priority budget needs* related to collective bargaining agreements, employee and retiree health benefits, competitiveness for faculty and staff, and inflation.

The expenditure components of the plan are described below, followed by a description of the proposed sources of revenues and savings.

Major Expenditure Categories for 2017-18

Enrollment Growth. The 2017-18 budget plan reflects enrollment growth of 2,500 California resident undergraduate students and 900 graduate students over 2016-17 levels. The plan also reflects growth of 1,000 undergraduate nonresident students, which is less than the 1,200 increase that was incorporated into the University's budget plan for 2016-17. Projected expenditures associated with enrollment growth are about \$18,000 per student (excluding financial aid) based upon the longstanding marginal cost calculation methodology agreed to by the University and the State.

The planned growth in California resident undergraduates builds upon the significant growth that occurred in Fall 2016. Preliminary estimates suggest that UC enrolled more than 6,400 additional full-time equivalent California resident undergraduates in 2016-17 compared with 2014-15, and about 7,400 more than it enrolled in 2015-16. The resulting growth in California resident undergraduate enrollment between Fall 2015 and Fall 2016 was the largest one-year increase in California resident Fall enrollment since the end of the Second World War about 70 years ago. The growth planned for 2017-18 is also consistent with the State's interest in increasing California resident undergraduate enrollment by 2,500 as reflected in the Budget Act of 2016, which would provide \$18.5 million for this purpose.

As the State's research university, UC is also concerned with enrollment of graduate students to complement and support undergraduate growth. Graduate students are critical to attracting and retaining talented faculty members, serve as educators and mentors for undergraduate students, and make important individual contributions to the University's research mission and, upon graduation, to the workforce of California. The University is requesting an additional \$9 million above the base budget increase to support in the enrollment of 900 more graduate students by 2017-18.

Investments to Support Students and Their Educational Experience. Reinvestment in supporting UC students and their educational experience, including their ability to complete their degrees in a timely fashion, remains a top priority. The University 2017-18 budget plan includes \$50 million for this purpose to address the following needs:

- *Improving the Student-Faculty Ratio.* While the University's budgeted student-faculty ratio has held steady at 18.7:1, the actual student-faculty ratio has deteriorated dramatically in the recent fiscal crisis, standing currently at about 21:1. Improving the student faculty ratio would permit the University to offer smaller class sizes where possible; to improve the quality of the educational experience and the number of course

offerings, particularly bottleneck courses; and to help students complete requirements and graduate more quickly.

- *Improving Graduate Student Support.* The University has long fueled California's innovation and economic development, helping to establish California as one of the ten largest economies in the world. The strength of UC's graduate programs is a key factor in attracting and retaining the highest-quality faculty. The University must ensure that the amount and duration of graduate student support remain competitive.
- *Supporting Startup Costs for New Faculty.* As campuses begin to hire faculty once again – to replace those who have retired or separated, to expand into emerging areas of scholarship and research, and to accommodate enrollment growth – they are faced with the need to cover startup packages for new faculty. Startup costs include renovation of laboratory space; equipment; graduate student, postdoctoral scholar, and technical staff support; and other costs that are necessary for new faculty to establish their research teams and projects to become productive members of the University community.
- *Enhancing Undergraduate Instructional Support.* Historically, the State has recognized chronic shortfalls in funding for key areas of the budget that directly affect instructional quality – instructional equipment replacement, instructional technology, libraries, and ongoing building maintenance. The previous two Compacts with former Governors proposed an additional one percent per year base budget adjustment to help address these shortfalls. The University must reinvest in these areas if it is to keep up with technical innovations in equipment, libraries, and instructional technology.

Improving Affordability. The budget plan for 2017-18 includes \$49.3 million in additional student financial aid for undergraduate and graduate students. For undergraduate students, the additional aid is more than enough to cover the proposed adjustments to tuition and the Student Services Fee for UC financial aid recipients. The impact of the proposed adjustments on undergraduate and graduate students is described more fully in the section titled “Financial Aid, Tuition, and UC Affordability,” below.

Expanded Student Mental Health Services. The budget includes \$4.6 million for expanded student mental health services, consistent with the high priority that the Regents have placed on this issue in recent years. Funding will allow campuses to make progress on their plans to hire additional mental health advisors and other professionals in order to provide students with easier access to counseling and related resources.

Capital Needs. Two components of the budget plan directly address a portion of the University's capital needs.

- *Deferred Maintenance.* The 2017-18 budget plan includes \$50 million for deferred maintenance, to be funded from a request for \$35 million of one-time funds from the State for this purpose and a commitment of other revenues to this pressing budget need. The University's deferred maintenance backlog – which now exceeds \$3 billion for State-eligible facilities alone – represents a substantial and growing safety and economic risk to

the University. As University facilities deteriorate, the threat of a significant building or infrastructure failure grows – a failure that could place students, faculty, and other staff at risk, cause extensive damage to facilities and other property, destroy years of research, or disrupt instructional and other core mission activities for an extended period of time.

- *Capital Improvements.* The University is faced with a growing backlog of capital projects over the coming years. The new State process introduced by AB 94 allows the University to address its highest-priority capital needs until a new General Obligation Bond can be brought before California voters. The budget plan for 2017-18 includes \$15 million for debt service and related capital expenses, including those associated with Merced 2020, enrollment growth, seismic safety, and other approved capital projects. The University maintains a continuing commitment to pursue gifts and other potential sources to supplement State funding for construction.

Mandatory and Other High-Priority Costs. There are a variety of cost increases the University must pay each year, regardless of whether new funding is provided to support them. Other cost increases are ultimately discretionary but are essential to the ongoing operation of a major research University. Below is a description of the major mandatory and other high-priority cost increases reflected in the 2017-18 budget plan:

- *UC Retirement Plan.* The 2017-18 budget plan includes \$18.3 million for the increase in core-funded employer contributions to the retirement system. With no expected change in the 14 percent current employer contribution rate, this increase represents only new costs associated with anticipated growth in faculty and other personnel.
- *Employee Health Benefits.* Through negotiations with providers and other measures, UC has been able to hold health benefit cost increases to levels below the national trend. Overall health benefit costs in 2017-18 are expected to increase by four percent, or \$19 million.
- *Retiree Health Benefits.* For 2017-18, the impact of health benefits for UC retirees and beneficiaries on UC core funds is expected to increase by \$8.1 million. This reflects both the projected cost increase of four percent and growth in the number of UC retirees and beneficiaries.
- *Contractually Committed Compensation.* Salary increases for represented employees are governed by collective bargaining agreements with each represented bargaining unit. These agreements are expected to result in additional costs of \$29.9 million in 2017-18 from core funds.
- *Faculty Merit Program.* The University has maintained the faculty merit program each year – even through years of fiscal crisis – because of the importance of this program to the quality of the University. This program requires a rigorous peer review process before a merit increase is awarded. The budget plan includes \$32 million for this purpose in 2017-18.

- *Non-Salary Price Increases.* To maintain the quality of the instructional program and all support activities, the University must regularly replace, upgrade, or purchase new instructional equipment, library materials, and other non-salary items. The University must also purchase utilities to provide energy to its facilities. The University's 2017-18 expenditure plan includes \$27.3 million for non-salary price increases of 2.5 percent.
- *Compensation.* To ensure that UC is able to recruit and retain faculty and prevent further growth in salary lags for both faculty and staff, the University must continue to support regular and predictable compensation increases. The budget plan in 2017-18 proposes an average increase in compensation of three percent for nonrepresented faculty and staff, with a total cost of \$81.8 million.

Major Revenue and Savings Components of the 2017-18 Budget Plan

The 2017-18 budget plan proposes \$465.2 million in revenue increases to match expenditure needs. These increases fall into four revenue categories.

- *Cost Savings/Alternative Revenue Sources.* The budget plan assumes \$25.8 million in funding attributable to continued asset management strategies, savings through new systemwide procurement contracts in 2017-18, savings associated with Fiat Lux (the University's self-insurance initiative), and philanthropic giving.

In addition, the plan incorporates \$14 million in new savings derived from the continued phase-out of need-based financial aid currently provided to nonresident undergraduate students. Currently enrolled nonresident students receiving this aid will not be affected. These initiatives continue the University's practice of resolving a portion of its funding needs through internal actions to reduce costs, promote efficiencies, and generate new revenue.

- *State General Funds.* The plan includes a four percent base budget increase, or \$131.2 million in new State General Funds, as proposed in the Governor's multi-year funding plan. The plan assumes receipt of \$18.5 million in permanent State funding in 2016-17 associated with enrolling an additional 2,500 undergraduate California residents in 2017-18 as compared with 2016-17 levels. It also includes a request for \$9 million from the State to support graduate enrollment growth to complement and support dramatic increases in undergraduate enrollment that have occurred since 2014-15. The plan proposes \$35 million in one-time funds for deferred maintenance, comparable to the funding provided in the 2016-17 budget for this purpose.
- *Systemwide Tuition and Fees.* The plan includes \$142.6 million of new revenue from tuition and the Student Services Fee. More than one-third of this amount (\$49.3 million) will be provided as financial aid to UC students. (See the section below for additional details.) Another \$36.2 million will help cover costs associated with the proposed enrollment growth described above. The remaining net revenue – \$9.2 million from a \$54 adjustment to the Student Services Fee and \$48 million from a \$282 adjustment to tuition – will be available to improve academic quality, to expand access to student

mental health services, to address a portion of the University's capital needs, and to help cover the mandatory and high-priority expenditures described above.

Several campuses, for example, intend to use tuition revenue and other resources provided under the plan to hire between 25 and 50 new faculty members per campus next year. Campuses are also developing plans to hire more counselors, advisors, tutors, and student mental health professionals to accommodate growing numbers of students and to improve access to these services for current students. The bulk of the Student Services Fee adjustment will go toward financial aid and student mental health services. Each campus will be expected to describe how the revenue provided by the proposed adjustment to these charges will be used to benefit students at that campus.

- *UC General Funds.* The budget plan proposes \$70.7 million in new revenue from Nonresident Supplemental Tuition based on a five percent adjustment to nonresident tuition and a projected increase in nonresident enrollment of 1,000 students. This constitutes reduced growth in nonresidents from the prior year.

FINANCIAL AID, TUITION, AND UC AFFORDABILITY

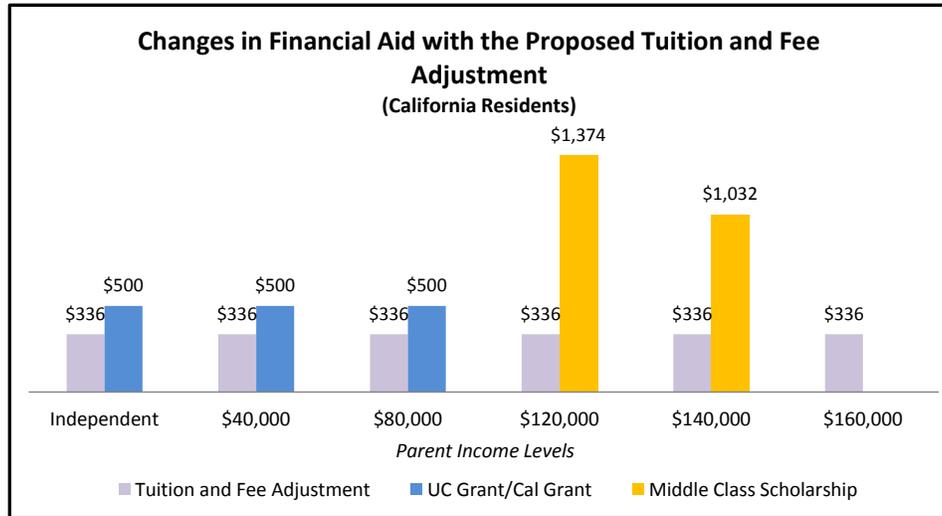
Financial aid helps students and their families cover the total cost of attending the University of California. That goes beyond tuition and fees – it also helps with housing, food, books, and other educational expenses. Last year, UC undergraduates received more than \$540 million in UC, federal, and State grants to help cover these other costs while attending the University.

The relationship between UC tuition and both University and State financial aid programs has been key to the University's ability to sustain access, affordability, and excellence over time. In past years, when precipitous declines in State support resulted in higher tuition rates, additional financial aid from both the University's own aid program and the Cal Grant program not only offset those increases for most California resident students but also provided additional assistance to help the neediest students cover expenses such as housing, food, and books and supplies that also rose during the same period.

One-third of all new undergraduate tuition revenue is set aside to fund UC's robust financial aid program. As a result, the proposed adjustments to tuition and the Student Services Fee will also increase the pool of funds available for financial aid. In addition, over one-third of UC undergraduates benefit from the State's Cal Grant program, which fully covers in-state tuition and the Student Services Fee (along with any increase to those charges). The State's Middle Class Scholarship program, which is still being implemented in phases, is also expected to provide about \$18 million to UC students from middle-income families earning up to \$156,000 in 2016-17. In 2017-18, under the current terms of the program, the continued expansion of the program will result in greater State support for students who would otherwise not qualify for need-based grant assistance under the Cal Grant program or the University's institutional aid program. Many middle-class families at UC also benefit from federal income tax deductions and credits that reduce the cost of college.

Because of this, California undergraduate students who currently receive need-based grants, as well as those who currently receive a Middle Class Scholarship program award, can expect to have any tuition adjustment completely covered. For most California resident undergraduates, their financial awards will rise by more than the amount of any increase. The chart below shows the effect that a tuition adjustment of \$282 and a Student Services Fee adjustment of \$54 would have on California resident undergraduates and their families at different income levels.

DISPLAY 4: Increases in Financial Aid will Exceed Adjustments to Student Charges for Most California Resident Undergraduates



An estimated one in three California undergraduates – typically, those from families with the greatest financial resources – can expect to pay the proposed adjustment out-of-pocket.

Note that in his recently released January budget proposal, the Governor has proposed phasing out the Middle Class Scholarship program for new participants beginning next year. As proposed, students who received awards under the program in 2016-17 would be unaffected by the phase-out; their awards would continue to be renewed at the levels specified in statute in subsequent years. Under the Governor’s proposal, the program would not be available to new recipients, however. The University has been supportive of the Middle Class Scholarship program, which provides tuition relief to students who do not have sufficient financial need to qualify for other University or State grant programs. If awards are not eligible to new students beginning in 2017-18, however, it is unlikely that the proposed modest adjustments to tuition and the Student Services Fee would deter new students from pursuing a UC education.

For those students with greater financial resources who do not receive financial aid to help cover their fees, UC’s fees are still likely to remain below those of three of the University’s four public comparison institutions – and well below the amounts charged by private institutions. As shown in Display 5,

- UC’s undergraduate resident tuition and fees are lower than the amounts charged by three of UC’s four public comparison institutions; and
- UC’s graduate resident tuition and fees are the lowest among UC’s public comparison institutions.

DISPLAY 5: Comparison of Tuition and Fees at UC and Public Comparison Institutions, 2016-17

	Undergraduate		Graduate	
	Resident	Nonresident	Resident	Nonresident
Public Comparison Institutions				
SUNY Buffalo	\$9,574	\$26,814	\$13,347	\$24,687
Illinois				
Lowest	\$14,856	\$29,238	\$15,288	\$29,524
Highest	\$20,062	\$40,804		
Average	\$17,459	\$35,021		
Michigan				
Lowest	\$14,238	\$45,246	\$21,630	\$43,510
Highest	\$19,698	\$54,138		
Average	\$16,968	\$49,692		
Virginia				
Lowest	\$13,722	\$45,066	\$17,688	\$28,512
Highest	\$19,734	\$50,158		
Average	\$16,728	\$47,612		
University of California	\$13,351	\$40,233	\$13,095	\$28,197

Note: Comparison institution figures include tuition and required fees. UC figures include campus-based fees, mandatory systemwide charges, and Nonresident Supplemental Tuition for nonresident students. Waivable health insurance fees are not included. Undergraduate figures for Illinois, Michigan, and Virginia represent the average of the highest and lowest rates at each school. Actual rates may vary by major and/or year in school.

The increased financial aid derived from the proposed adjustments to tuition and the Student Services Fee is thus likely to result in lower overall costs for the neediest UC undergraduates, while the modest level of the proposed adjustments should be manageable for those who do not receive financial aid.

By providing resources that are critical to maintaining the quality of a UC education while also having an overall positive effect on UC affordability, the proposed adjustments will preserve and strengthen the University’s strong track record in serving a diverse and talented student body:

- The University of California ranks among the nation’s best colleges in serving the public interest, with six campuses making the top twenty and all nine undergraduate campuses in the top 100, according to *Washington Monthly*. Colleges and universities were ranked according to how well they improve social mobility, produce research, and promote public service.
- In March 2016, *Forbes Magazine* ranked four UC campuses among the top ten (and six in the top fifty) of all colleges nationally in its annual list of 300 “Best Value Colleges.” Rankings were based on a combination of quality, student retention, time to graduation, alumni salaries, and tuition and fees.

- The *New York Times* dubbed UC “California’s Upward Mobility Machine” based on the result of its College Access Index, a measure of economic diversity at top colleges. Six of the top seven institutions on the list were UC campuses. The index is based on the share of students receiving Pell Grants (which typically go to students whose families earn less than \$50,000); the graduation rate of Pell Grant recipients; and the net cost, after financial aid, that a college charges low- and middle-income students.

Maintaining Competitiveness for Graduate Academic and Professional Students

The University would continue its practice of setting aside 50 percent of new tuition revenue attributable to graduate academic students, and 33 percent of new tuition from students in professional degree programs, for graduate student support.

The funding provided under the budget plan would be available to programs and departments to provide whatever forms of student financial support are most appropriate in light of their enrollment goals and the students that they serve. For example, fellowship and assistantship support is particularly important to academic doctoral programs that compete against the very best public and private institutions worldwide to enroll the most talented students. New funding provided under the plan would enhance these programs’ ability to craft desirable multi-year offers of support.

Graduate programs in professional disciplines provide fellowships and grants to assist students from all socioeconomic backgrounds to obtain professional degrees, thereby enabling these students to make significant contributions to their respective fields. In addition to funding provided under the budget plan from mandatory systemwide charges, professional degree programs are also expected to supplement financial aid resources by an amount equivalent to at least 33 percent of new Professional Degree Supplemental Tuition revenue, or to maintain a base level of financial aid equivalent to at least 33 percent of the total Professional Degree Supplemental Tuition revenue.

Attachments:

Attachment 1: 2017-18 Budget Plan for Core Funds

[Attachment 2: 2017-18 Budget for Current Operations Summary](#)

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.