

Office of the President

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

DISCUSSION ITEM

For Meeting of September 15, 2016

CAMPUS OVERVIEW, RIVERSIDE CAMPUS

BACKGROUND

UC Riverside opened in 1954 with 127 students. Today, the campus is home to 18,637 undergraduate and 3,007 graduate students. Fifty-six percent of undergraduates are first-generation students and 56 percent are Pell grant recipients (compared to 42 percent and 40 percent systemwide). Approximately two-thirds of all graduate students are in academic rather than professional degree programs. Since 2008, UC Riverside has been designated a Hispanic Serving Institution¹ (HSI). *Time Magazine* ranked UC Riverside first in metrics based on criteria of graduation rate, affordability, and the financial aid available to students.

Based on current projections, UC Riverside expects to enroll its largest incoming class this fall, as well as its most diverse. Over the last three years, UC Riverside has improved graduation rates by ten percentage points. Thirty percent of bachelor's degrees and 42 percent of graduate degrees granted by UC Riverside are in science, technology, engineering, and mathematics (STEM) fields.

UC Riverside has 8,849 faculty and staff. Of the 624 ladder-rank faculty, 48 are Fulbright Fellows, 19 are Guggenheim Fellows, and six (current and former) are National Academy members. On a per capita basis, UC Riverside is second only to the California Institute of Technology (CalTech) in terms of active National Science Foundation Early Career Development awards among California institutions.

UC Riverside Chancellor Wilcox and Campus Provost and Executive Vice Chancellor Paul D'Anieri will present this overview of the campus's financial position.

¹ To be designated a HSI institution, at least 25 percent of undergraduate enrollments must be Hispanic.

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 ¹ (Actual)	2014 ¹ (Actual)	2015 ¹ (Actual)	2016 ² (Estimated)
Revenues	\$684.6	\$739.1	\$800.6	\$837.6
Expenses	(678.4)	(717.2)	(799.1)	(850.2)
Income (loss)	\$6.2	\$21.9	\$1.5	(\$12.6)

<i>(in millions of dollars)</i>	2017 ² (Projected)	2018 ² (Projected)	2019 ² (Projected)	2020 ² (Projected)
Revenues	\$893.1	\$948.8	\$1,011.0	\$1,073.1
Expenses	(923.3)	(984.9)	(1,052.0)	(1,108.7)
Income (loss)	(\$30.2)	(\$36.1)	(\$41.0)	(\$35.6)

¹ Source: Revenue and Expense Trends, adjusted for full endowment payout. <http://reportingtransparency.universityofcalifornia.edu/>
² Projections based on assumptions below.

Campus comments: UCR focuses on a cash based income. The income (loss) below does not include depreciation and interest expense, but does include full Debt Service.					
	2016	2017	2018	2019	2020
Cash based Income (loss)	\$36.9	\$20.3	\$12.0	(\$0.5)	\$4.2

Revenue annual increase assumptions:	Expense annual increase assumptions:
<ul style="list-style-type: none"> State General Funds: +4% Student Services Fee: +5% Tuition: +2.5% beginning in 2017-18 Nonresident Supplemental Tuition: +8% in 2016-17, then +5% thereafter. Investment returns: <ul style="list-style-type: none"> STIP: 1.6% for 2016-17, 1.8% for 2017-18 and 2.0% thereafter. TRIP: 4.6% for 2016-17, 4.9% for 2017-18 and 5.2% thereafter. GEP: 6.5% for all fiscal years through 2020. Total Students - Fall 2015: 21,539; 2020 Projection: 27,400 	<ul style="list-style-type: none"> Salaries (including faculty and collective bargaining units): +3% Academic faculty merits: +1.7% Health benefits: +4% Employer's pension contribution: 14% of payroll OPEB assessment: 3.29% in 2016-17, then 3.51% thereafter New Faculty 2015 - 2021 + 300

These tables are derived from the University's corporate financial reporting system, and represent financial information that supports the University's audited financial statements. As such, the tables include certain non-cash expense items, most notably depreciation. In the case of UC Riverside, depreciation accounted for roughly \$68 million in annual expense in the most recent fiscal year. As noted above, the campus has a surplus on a cash basis (before depreciation and interest) from operations after debt service for all years, resulting in the growing balances in working capital the campus has seen in recent years.

UC Riverside's federal research awards have increased 40 percent in the last three years, as compared to little change in total federal awards for the system over the same period. The campus projections include adding 300 faculty and almost 6,000 additional students by fiscal year 2020-21.

The Riverside campus is highly dependent on State appropriations and student tuition and fees: 68 percent of its revenues are derived from these two sources. UC Riverside is challenged to fund its capital needs to meet its planned enrollment growth. Housing demand greatly exceeds supply and debt capacity is limited. The campus is investing in development to increase philanthropy; however, both enrollment growth and development activities require upfront investments which will be funded from campus working capital. Despite these challenges, UC Riverside is in a strong position, not just from a budgetary standpoint, but because the campus has the human capital, fiscal discipline, and regional support to position it for growth and investment.