The University of California: Access, Affordability & Excellence in an Environment of Rapid State Disinvestment

Bob Powell, Professor
Chemical Engineering & Materials Science
Food Science & Technology
Chair, UC Academic Senate
RESEARCH UNIVERSITIES
AND THE FUTURE OF AMERICA

Ten Breakthrough Actions Vital to Our Nation’s Prosperity and Security
The Framework

The State’s disinvestment in higher education jeopardizes UC’s status as a world-class research public university

• State funds are now about 11% of UC’s total budget
• State funds, along with tuition and fees (core funds), provide the resources essential to UC’s academic program

Discuss
• The disinvestment
• The effects
• The continued success
Core Funds Expenditures

- **30%** Academic Salaries
- **23%** Staff Salaries
- **14%** Senior Management Salaries
- **14%** Employee and Retiree Benefits
- **18%** Equipment, Utilities, and Other
- **14%** Student Financial Aid
Changing Funding Base

Funding Sources for University of California

Billions of Dollars

Fiscal Year

1990-91 1997-98 2004-05 2011-12

State Support
Tuition and Fees
The Winds of Politics

- Reagan elected governor (1966)
- Proposition 13 (1978)
- J. Brown I (1974)
- Deukmejian (1982)
- Prop 98 (1988)
- Schwarzenegger (2003)
- Wilson (1990)
- Davis (1998)
- J. Brown II (2010)
- J. Brown II (2010)
CSU: Budget History

<table>
<thead>
<tr>
<th>Year</th>
<th>FTES</th>
<th>CSU State Allocation (in billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>96-97</td>
<td>262,427</td>
<td>$1.78</td>
</tr>
<tr>
<td>97-98</td>
<td>281,782</td>
<td>$2.25</td>
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<tr>
<td>98-99</td>
<td>281,782</td>
<td>$2.25</td>
</tr>
<tr>
<td>99-00</td>
<td>321,339</td>
<td>$2.45</td>
</tr>
<tr>
<td>00-01</td>
<td>321,339</td>
<td>$2.45</td>
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<tr>
<td>01-02</td>
<td>357,223</td>
<td>$2.97</td>
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<tr>
<td>02-03</td>
<td>340,303</td>
<td>$2.87</td>
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<td>03-04</td>
<td>340,303</td>
<td>$2.87</td>
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<tr>
<td>04-05</td>
<td>341,250</td>
<td>$2.79</td>
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<tr>
<td>05-06</td>
<td>341,250</td>
<td>$2.79</td>
</tr>
<tr>
<td>06-07</td>
<td>331,716</td>
<td>$2.06</td>
</tr>
<tr>
<td>07-08</td>
<td>331,716</td>
<td>$2.06</td>
</tr>
<tr>
<td>08-09</td>
<td>328,190</td>
<td>$2.35</td>
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<tr>
<td>09-10</td>
<td>328,190</td>
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<tr>
<td>10-11</td>
<td>328,190</td>
<td>$2.35</td>
</tr>
<tr>
<td>11-12</td>
<td>328,190</td>
<td>$2.35</td>
</tr>
<tr>
<td>12-13</td>
<td>328,190</td>
<td>$2.35</td>
</tr>
</tbody>
</table>
CSU: Declining State Commitment

- **2002-2003**
  - State Support (General Fund): 80%
  - Student Tuition Fees and other support: 20%

- **2007-08**
  - State Support (General Fund): 72%
  - Student Tuition Fees and other support: 28%

- **2012-13**
  - State Support (General Fund): 49%
  - Student Tuition Fees and other support: 51%

* Does not include $250 million “trigger” cut
Prisons or Universities?

Sources: CPEC Fiscal Profiles, 2008. Displays 1 and 21; Department of Finance budget documents.
UC: State = Unreliable Partner

Includes ARRA funds of $716.5 million during 2008-09 and $106 million during 2010-11.
Volatility of Tuition and Fee Increases

Tuition and fees did not increase during 8 of the last 20 years, but rose by more than 10% during 7 years.
Spending / Student Decline

<table>
<thead>
<tr>
<th>Year</th>
<th>Student Tuition and Fees</th>
<th>UC General Funds</th>
<th>State General Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990-91</td>
<td>$16,720</td>
<td>$1,970</td>
<td>$2,680</td>
</tr>
<tr>
<td>1995-96</td>
<td>$12,860</td>
<td>$1,880</td>
<td>$4,850</td>
</tr>
<tr>
<td>2000-01</td>
<td>$15,020</td>
<td>$1,920</td>
<td>$3,920</td>
</tr>
<tr>
<td>2005-06</td>
<td>$10,100</td>
<td>$2,140</td>
<td>$5,370</td>
</tr>
<tr>
<td>2011-12</td>
<td>$6,770</td>
<td>$2,080</td>
<td>$8,540</td>
</tr>
</tbody>
</table>

Average inflation-adjusted resources per general campus student.
Funds Lost and Found

- State funds have been reduced by $880M since the recent crisis began – from $3.26B to $2.38B – a reduction of 27%
- Exacerbated by the State not funding $1.2B in mandatory cost increases during that time
- Tuition and fee increases have only mitigated about 39% of the budget gap in recent years – campuses have absorbed the remaining shortfall
- Solutions to funding the budget gap must ultimately help address the projected shortfall in core funds if the academic program – and UC quality – are to be protected
Loss of Core Funds: Fewer Faculty and More Workload
Loss of Core Funds: Fewer Faculty and More Workload

<table>
<thead>
<tr>
<th>Student-Faculty Ratio</th>
<th>Alternative Methodology</th>
<th>Actual</th>
<th>Budgeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24.5</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Fiscal Year

- 1966-67
- 1971-72
- 1976-77
- 1981-82
- 1986-87
- 1994-95
- 2001-02
- 2006-07
- 2011-12
Average Faculty Salaries: General Campus Private/Public (Comparison 8) and UC

12%-15% behind

Comp 8 combined $134,037
UC $121,015

5-Year Intervals to 1999-00, and each year 1999-00 through 2011-12
Adjusted for Inflation in 2011 Dollars
Average Faculty Salaries: General Campus
Private/Public (Comparison 8) and UC

Illinois
Michigan
Buffalo
Virginia
Harvard
MIT
Stanford
Yale
Older Faculty/Staff and Lower Compensation Predict Hiring Challenges

Ladder-Rank Faculty

1990
- <35: 0%
- 36-45: 30%
- 46-55: 30%
- 56-65: 30%
- >66: 10%

2011
- <35: 0%
- 36-45: 30%
- 46-55: 30%
- 56-65: 30%
- >66: 10%

Career Staff

1998
- <30: 30%
- 30-39: 30%
- 40-49: 20%
- 50-59: 10%
- >60: 10%

2011
- <30: 30%
- 30-39: 30%
- 40-49: 20%
- 50-59: 10%
- >60: 10%
TAKE A DEEP BREATH
Three Pillars of UC Excellence

• Access – UC is committed to its obligations under the Master Plan

• Affordability – Tuition levels are in line with comparator public institutions and UC’s financial aid program has protected low-income students

• Quality – The tradition of quality at UC has placed it among the foremost educational institutions in the world – public and private
UC Has Maintained Access

- UC has maintained its commitment under the Master Plan, despite lack of State funding
  - Applications continue to rise significantly
  - All eligible students wishing to attend have been offered a seat
  - Estimates indicate UC is educating more than 24,000 and up to 36,000 students for whom it has received no funding from the State, when budget cuts are taken into account
UC Has Maintained Access

[Chart showing the relationship between enrollment and budget from 1980-81 to 2010-11]
UC Has Maintained Affordability

• Tuition and fee levels remain in line with comparator public research universities in the nation
  – UC undergraduate tuition and fees remain below two of four public comparators

• Two thirds of UC undergraduates receive grants or scholarships from Federal, State, UC, and private sources
  – Over 50% of California undergraduates pay no tuition or fees

• Average net tuition paid by UC undergraduates was $4,400 in 2010-11

• UC enrolls a higher proportion of Pell Grant recipients (35%) than any other research university in the nation
Pell Grant Recipients, UC and Comparison Institutions
Other Affordability Indicators

• Net costs for students with incomes below $100,000 have not increased

• The percent of lower-income students graduating with debt has not increased
  – Half of the 2010-11 graduating class had no student loan debt
  – Among borrowers, average debt was about $18,800, nearly $7,500 less than the national average; this may be going up with tuition increases
Future of Higher Ed* - UC Approach

• Completion rates
• Diversity
• Family ability to pay
• Shared Governance

*Selingo- Editorial Director and Vice President at the Chronicle of Higher Education
**Future of Higher Ed - UC Approach**

**Six Year Completion Rates – Public Universities**

<table>
<thead>
<tr>
<th>Campus</th>
<th>Six Year Completion</th>
<th>National Ranking</th>
</tr>
</thead>
<tbody>
<tr>
<td>UCB</td>
<td>91.1</td>
<td>2</td>
</tr>
<tr>
<td>UCLA</td>
<td>89.9</td>
<td>3</td>
</tr>
<tr>
<td>UCSD</td>
<td>86.1</td>
<td>9</td>
</tr>
<tr>
<td>UCI</td>
<td>82.6</td>
<td>15</td>
</tr>
<tr>
<td>UCD</td>
<td>82.3</td>
<td>17</td>
</tr>
<tr>
<td>Ethnicity</td>
<td>2011</td>
<td>% Class</td>
</tr>
<tr>
<td>------------------------</td>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td>African American</td>
<td>1,370</td>
<td>3.9%</td>
</tr>
<tr>
<td>American Indian</td>
<td>222</td>
<td>0.6%</td>
</tr>
<tr>
<td>Asian American</td>
<td>14,307</td>
<td>41.1%</td>
</tr>
<tr>
<td>Chicano/Latino</td>
<td>9,014</td>
<td>25.9%</td>
</tr>
<tr>
<td>Pacific Islander</td>
<td>90</td>
<td>0.3%</td>
</tr>
</tbody>
</table>
## Diversity - UC Davis

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>2011</th>
<th>% Class</th>
<th>2012</th>
<th>% Class</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>126</td>
<td>2.7%</td>
<td>157</td>
<td>3.1%</td>
<td>31</td>
</tr>
<tr>
<td>American Indian</td>
<td>34</td>
<td>0.7%</td>
<td>37</td>
<td>0.7%</td>
<td>3</td>
</tr>
<tr>
<td>Asian American</td>
<td>2,094</td>
<td>45.4%</td>
<td>2,206</td>
<td>43.4%</td>
<td>112</td>
</tr>
<tr>
<td>Chicano/Latino</td>
<td>904</td>
<td>19.6%</td>
<td>956</td>
<td>18.8%</td>
<td>52</td>
</tr>
<tr>
<td>Pacific Islander</td>
<td>16</td>
<td>0.3%</td>
<td>13</td>
<td>0.3%</td>
<td>-3</td>
</tr>
</tbody>
</table>
Future of Higher Ed* - UC Approach

- Completion rates
- Diversity
- Family ability to pay
- Shared Governance

*Selingo- Editorial Director and Vice President at the Chronicle of Higher Education
Governor’s November 2012 Revenue Initiative (Prop 30)

• Increase temporarily by 0.5 percent the current sales tax
• Increase temporarily the tax rates on highest income Californians
• Proposal to generate $6.9 billion in new State General Fund revenue
• Despite new revenue assumptions, Governor included $4.2 billion in 2012-13 budget cuts

• If tax initiative fails, Governor $5.4 billion in mid-year budget “trigger” reductions
• $250 million each to UC and CSU
The Possibilities

State General Funds Support

Billions ($)

$3.0

$2.0

$1.0

$0.0

1980-81

2012-13

Fiscal Year

$ 2.88 billion

$ 2.124 billion
The Possibilities

State General Funds Support

Fiscal Year

Come Back on November 7!

1980-81

2012-13

Billions ($)

$0.0

$1.0

$2.0

$3.0

$2.88 billion

$2.124 billion
ACCESS