Bright Past. Brilliant Future.

Evaluating Options Using the 10 Year Budget Model

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Goal 4.1: Develop a sustainable financial plan

To escalate our national and international leadership, continue our excellence in research and teaching, and respond to global grand challenges, we will develop a financial plan with sustainable and diverse sources of revenue, along with the agility needed to reallocate resources to meet emerging needs. Through deliberate fiscal planning and optimized business processes, UCI will remain focused on its mission.
Higher Education as a Priority in California?

Higher Education’s Share of the State Budget

14% 5%

Source: UCOP Information Center
Higher Education as a Priority in California?

Higher Education’s and Corrections’ Share of the State Budget

Source: UCOP Information Center
Higher Education as a Priority in California?

Growth in Spending on Students and Prisoners Since 1970

Source: UCOP Information Center
...and We’re Not Alone

Figure 1: Percent Change in State Support for Public Higher Education (All Colleges and Universities) per Full-Time Equivalent Student, in Constant 2014 $, since 2000


Source: The Lincoln Project: Excellence and Access in Public Higher Education
If we do not grow, and do things no differently…

Updated 2/29/16
If we *grow*, and still do things no differently.

![Graph showing net income trends over fiscal years from 2015 to 2025. The graph includes two lines: one representing flat enrollment and the other showing growth with historic patterns. The net income values range from positive to negative, indicating a decline over the years. The graph is updated as of 2/29/16.]
What the model looks like…

### UC Irvine - 10 Year Budget Model (excl MC) (in 000's)

<table>
<thead>
<tr>
<th>FY17 Scenario 1 - Growth</th>
<th>PROJECTED</th>
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<tbody>
<tr>
<td><strong>SOURCES</strong></td>
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<tr>
<td>Student Tuition and Fees (SRECNP)</td>
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<td>400,856</td>
<td>432,117</td>
<td>446,990</td>
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<td>Grants and Contracts</td>
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<td>326,610</td>
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<td>365,766</td>
<td>384,672</td>
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<td>Federal Pell Grants</td>
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<td>53,588</td>
<td>55,560</td>
<td>61,560</td>
<td>64,416</td>
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<td>69,895</td>
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<td><strong>USES (excluding MC)</strong></td>
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<td>Salaries and Wages</td>
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<td>761,253</td>
<td>797,696</td>
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<td>974,915</td>
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<td><strong>USES</strong></td>
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<tr>
<td>Total Income/Sources</td>
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<td>1,476,290</td>
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<td><strong>USES (excluding MC)</strong></td>
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<tr>
<td>Total Expenses/Uses</td>
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<td>1,402,160</td>
<td>1,493,774</td>
<td>1,554,309</td>
<td>1,622,888</td>
<td>1,824,141</td>
<td>1,962,967</td>
<td>2,105,287</td>
<td>2,254,602</td>
<td>2,384,693</td>
<td>2,495,420</td>
<td>2,613,370</td>
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<td><strong>Net Income (Loss)</strong></td>
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<td>74,130</td>
<td>26,915</td>
<td>76,452</td>
<td>26,332</td>
<td>31,265</td>
<td>30,034</td>
<td>(23,933)</td>
<td>(54,174)</td>
<td>(86,390)</td>
<td>(103,115)</td>
<td>(122,008)</td>
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</table>
Some of the Knobs and Levers…

Options for closing the gap:

• Philanthropy
• Research grant and contract awards
• Operational efficiencies
• Entrepreneurial efforts by campus units
• Reallocation
• Community partnerships
• Increase indirect cost recovery rate
• Timing of implementation
What if we increase **fundraising**
What if we increase research funding

S1 - Initial Assumptions
S3 - C&G Fed/Priv @ 4%
What if we increase **self-supporting degree** and **sales & service programs**?

<table>
<thead>
<tr>
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<th>School 1</th>
<th>School 2</th>
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<td><strong>Yr</strong></td>
<td><strong>Revenues</strong></td>
<td><strong>Expenses</strong></td>
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<td>1</td>
<td>200,000</td>
<td>600,000</td>
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<td>2</td>
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<td>1,400,000</td>
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<tr>
<td>6</td>
<td>1,200,000</td>
<td>1,600,000</td>
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</tbody>
</table>
What if we realize operational efficiencies as we grow?

- S1-Initial Assumptions
- S4-Efficiencies (staff/faculty ratio 10%)
Context

• 2005-2015 Strategic Plan
  – Estimated Resource Needs: $3.643B
  – Estimated Revenue: $2.476B

• Shortfall: ($1.167B)

• 2016 gap of ($165M-215M) - very reasonable by comparison.
THEN

Private

Tuition and Fees

Research

State Funding

NOW

Private

Tuition and Fees

Research

State Funding