

**UCDAVIS**

Finance and Business

# Budget Overview: Council on Student Affairs and Fees

September 26, 2023

**Clare Shinnerl**

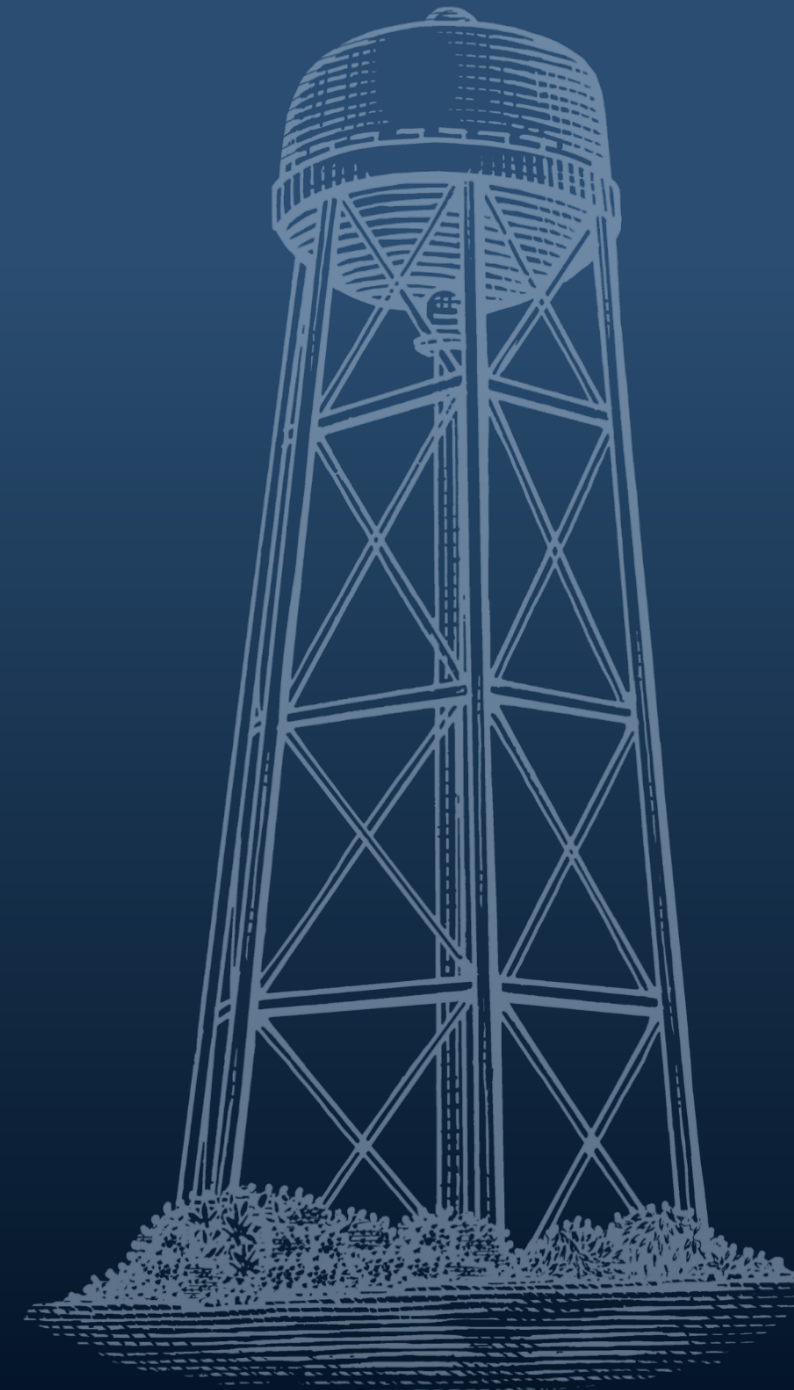
*Vice Chancellor – Finance, Operations and Administration*

**Sarah Mangum**

*Associate Vice Chancellor – Budget & Institutional Analysis*

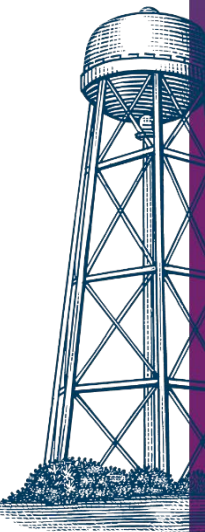
**Jessica Lewis**

*Principal Budget Analyst – Budget & Institutional Analysis*



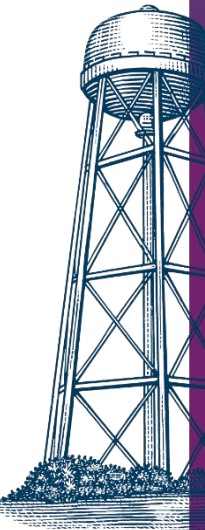
# UC Davis Core Funds Budget Deficit

**UC Davis  
Budget  
Deficit in  
5 Minutes**



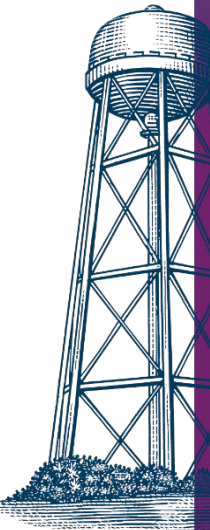
# Funding Compact and UC 2030 Plan

- Governor's multi-year [compact](#) to provide 5% state funding increases to UC for 5 years.
  - Contingent on increasing enrollment systemwide, UC Davis does not expect significant enrollment increases. Enrollment funding is *included* in the 5%.
- UC must meet goals in the following areas:
  - Student success and equitable outcomes
  - Affordability
  - Collaboration with CSU and CCC
  - Workforce preparedness
  - Increased access to online course offerings



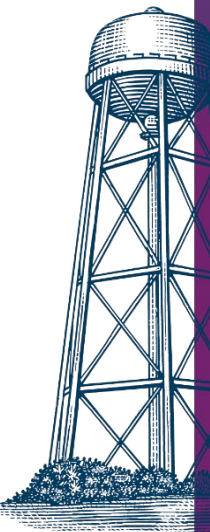
# The Challenges

- The State is an inconsistent partner and provides a shrinking share of our core funds. Recent increases in state funding, while helpful, have not been sufficient to cover our increased costs. We need to make progress on Compact goals with the funding provided.
- The state budget does not provide full-funding for the faculty and staff salary programs approved by the regents.
- Recent labor negotiations, such as the UAW contract approved last year put more pressure on our core funds.
- We have critical priorities and needs that require investment and very limited new funds to do so.



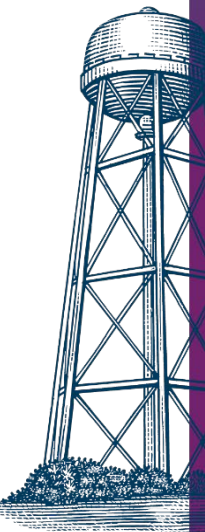
# The Challenges

- State capital and deferred maintenance funding is insufficient, we are increasingly using our operating budget to meet these needs. There has not been a general obligation bond for Higher Ed in 20+ years.
- Other operating costs are increasing: utilities, insurance premiums, systemwide costs, technology needs.
- Our *structural* core fund budget remains out of balance. Ongoing, permanent actions must continue.
- Accruing one-time core fund debt that can no longer be addressed with central funds.
- Several units continue to maintain large, and sometimes growing, carryforward balances.



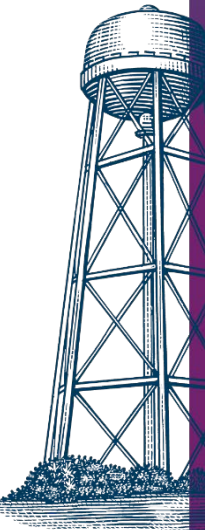
# Initial Actions

- Early in 2020, we identified a need to reduce ongoing reliance on core funds by **\$80-100 million over five years, this amount is monitored and has changed over time primarily due to state actions, salary programs, and enrollment changes.**
- Established Budget Framework [Advisory Committee](#) to provide feedback and guidance on approach.
- Established Initial Unit & Campus [Savings Targets](#) totaling \$70 million.
- Established Space Release Program

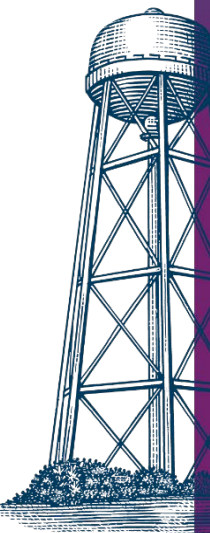
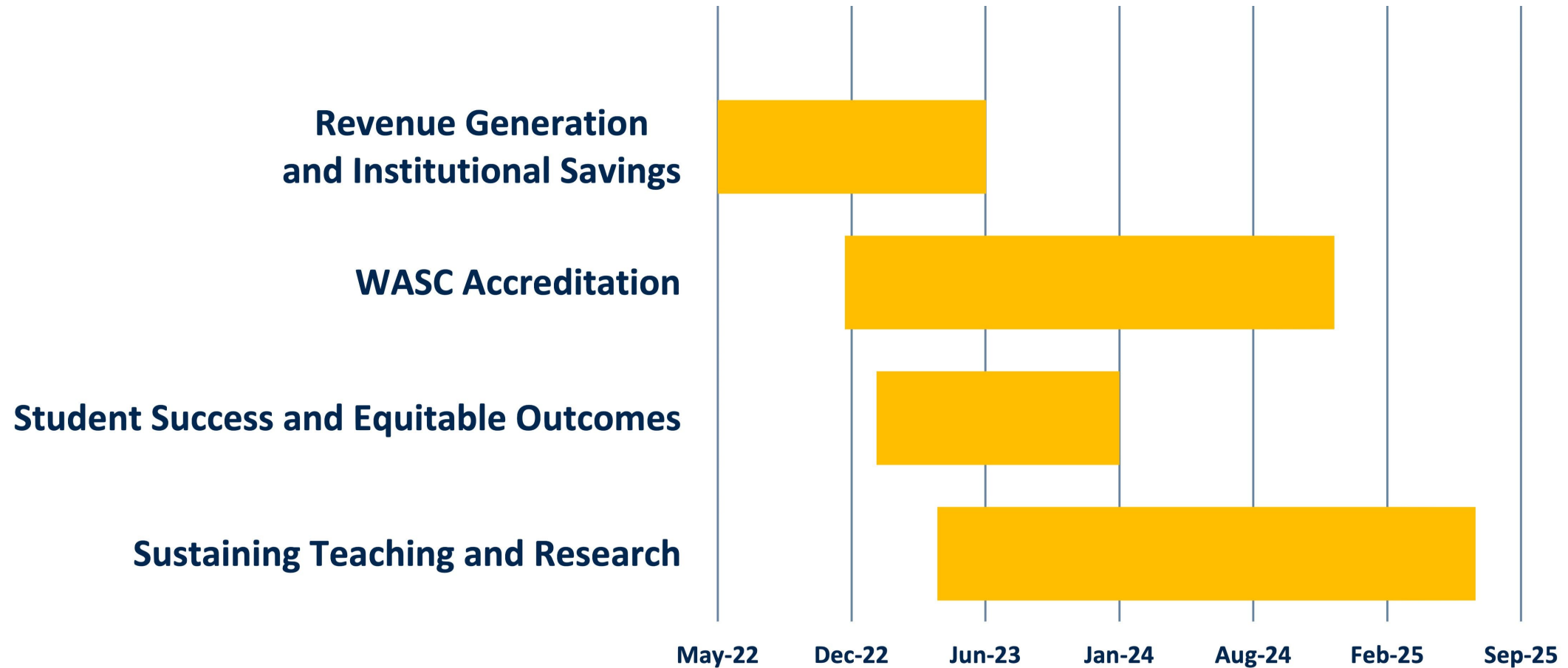


# Recent Actions

- Revenue Generation and Institutional Savings Task Force worked to identify \$50 million in ongoing net revenue and/or savings opportunities.
- Added another year and \$9 million to savings targets.
- Did not accept new budget requests during 2023-24 budget process, saved \$3.5 million compared to plan.
- Redirected \$45.9 million from administrative units with carryforward above guidelines to central campus to address one-time debt and support critical one-time needs.
- Increased focus on unit carryforward use and planning.



# Task Forces Focused on Transformative Change





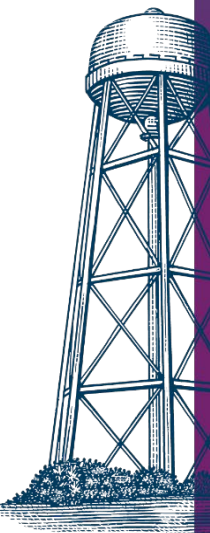


**Student Fees:  
Authority, Budgeting and CPI**

# Authority Over Student Fees: Overview

## UC Regents approve:

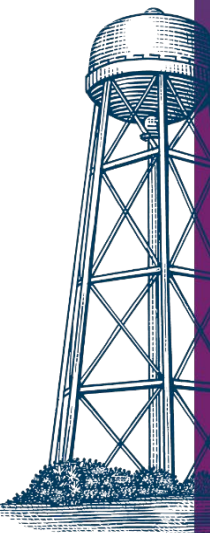
- Tuition
- Nonresident Supplemental Tuition
- Professional Degree Supplemental Tuition
- Student Services Fee
- Compulsory Campus-Based Life Safety Fees
- Summer Session Per-Unit Rates for UC Students (based on approved Tuition and SSF)



# Authority Over Student Fees: Overview

## The UC President Approves:

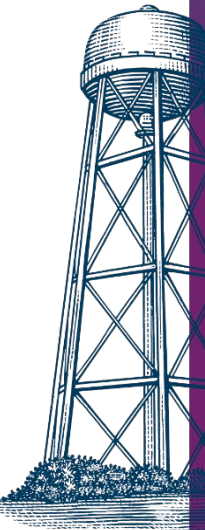
- Self-Supporting Graduate Professional Degree Program Fees
- Compulsory Campus-Based Student Referenda Fees
- Other fees, fines and deposits charged to students that are not approved by the Regents or the campuses, such as Application Fee, Filing Fee, Intent to Register Fee, etc.



# Authority Over Student Fees: Overview

## Campuses (Chancellors) Approve:

- Course Materials and Services Fees
- Voluntary Campus-Based Fees
- Summer Session Per-Unit Rates for Non-UC Students
- University Extension Fees
- Miscellaneous Student Fees, such as New Student Orientation Fee, Document Fee, etc.
- Administrative service charges and penalties, such as Late Payment of Fees, Overdue Book Fines, etc.



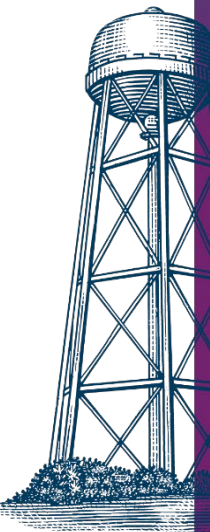
# COSAF's Role

Advise the Provost and Chancellor via the Vice Chancellor for Student Affairs and the Vice Chancellor of Finance, Operations, and Administration regarding the **use of the Student Services Fee (SSF)**.

Provide input to referendum sponsors on draft ballot language to create a **new compulsory campus-based fee**.

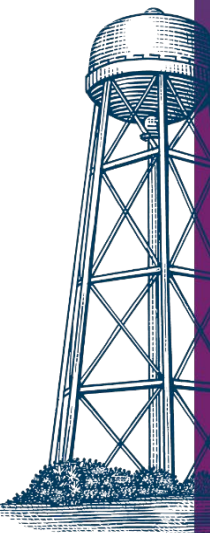
Advise the Provost and Chancellor via the Vice Chancellor for Student Affairs and the Vice Chancellor of Finance, Operations, and Administration regarding the **use of and, where applicable, annual CPI adjustments to, the following campus-based fees:**

- Associated Students of UC Davis (ASUCD)
- Facilities and Campus Enhancements (FACE)
- Student Activities and Services Initiative (SASI)
- Graduate Student Association (GSA)
- Legal Education Enhancement and Access Program (LEEAP)
- Campus Expansion Initiative (CEI)
- The Green Initiative Fund (TGIF)
- Unitrans



# Student Fee Revenue

Fees Reviewed by COSAF	2022-23 Revenue <i>in millions</i>
Student Services Fee	\$38.1
Campus Expansion Initiative (CEI) Fee	\$21.6
Facilities and Campus Enhancements (FACE) Fee	\$18.2
Student Activities and Services Initiative (SASI) Fee	\$13.1
Associated Students of UC Davis (ASUCD) Fee	\$7.5
Unitrans	\$4.2
Legal Education Enhancement and Access Program (LEEAP) Fee	\$0.3
Graduate Student Association (GSA) Fee	\$0.2
<b>Total Revenue</b>	<b>\$103.2</b>



# Budgeting for SSF and Campus-Based Student Referenda Fees

## Sources (Revenue)

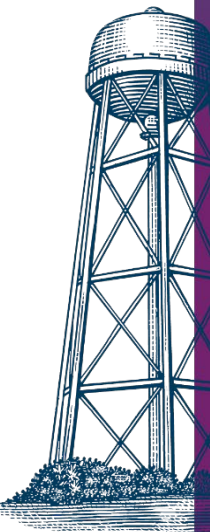
*amount of the fee x number of students who pay the fee*

- Campus-based student referenda fee revenue is allocated on a formulaic basis to specific programs, mostly within Student Affairs and Intercollegiate Athletics.
- Student Services Fee revenue is not allocated on a formulaic basis and is allocated to a variety of units across campus.

## Uses (Expenses)

*costs to provide services and maintain facilities*

- Expenses are primarily for labor – student and staff positions. Costs increase every year as hourly wages, salaries, and benefit costs rise.
- Demand for services increases as student enrollment grows and new priorities emerge.
- Several student fees support capital projects, debt service, and facility maintenance.

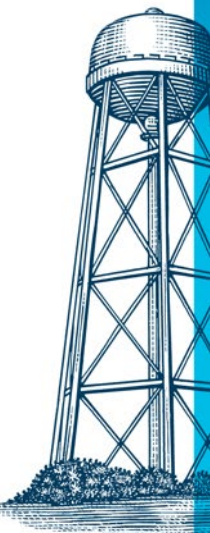


# Budgeting for SSF and Campus-Based Student Referenda Fees

**If sources are greater than uses**, then decisions can be made about growing/enhancing programs or making strategic investments such as expanding or renovating facilities.

**If uses are greater than sources**, then decisions need to be made to bring expenditures in line with revenues while maintaining core services.

The scenarios above can be either **structural** (ongoing) or **one-time**. For example, money you receive as a gift on your birthday is **one-time**, while your monthly paycheck is **structural** (ongoing). If you routinely cannot pay your rent/bills with your monthly paycheck, that is a **structural** deficit. If your monthly expenses are greater than your paycheck one month because you bought a new TV, that is a **one-time** deficit, and hopefully you had some one-time savings from that birthday gift to pay for it.

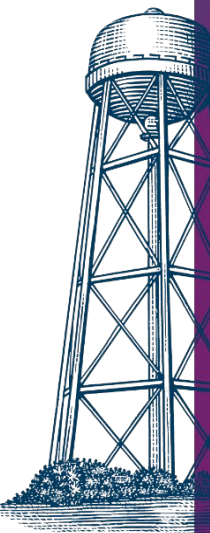




# Budgeting for SSF and Campus-Based Student Referenda Fees

## *Example Fee*

	Unit A	Unit B	Unit C	Total
Total Sources	\$12,000,000	\$1,000,000	\$100,000	<b>\$13,100,000</b>
Total Uses	\$11,500,000	\$1,000,000	\$110,000	<b>\$12,610,000</b>
<b>Contribution to Reserve</b>	<b>\$500,000</b>	<b>\$0</b>	<b>-\$10,000</b>	<b>\$490,000</b>



# Why Are CPI Adjustments Important?

- **Consumer Price Index (CPI)**

CPI is a rate that measures change in prices for consumer goods and services.

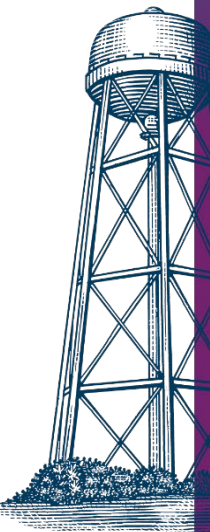
- **CPI and Student Referenda Fees**

Some student referenda fees can be increased on an annual basis by the CPI. These adjustments are intended to help sources keep up with increasing uses, with the ultimate goal of maintaining the programs that fees support.

COSAF advises the Provost and Chancellor via the Vice Chancellor of Student Affairs and the Vice Chancellor of Finance, Operations, and Administration on whether eligible fees should be adjusted by the CPI rate.

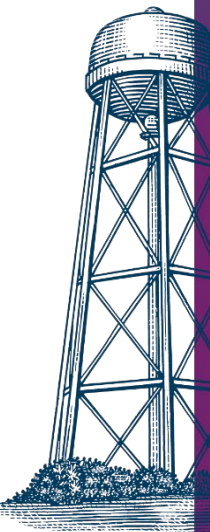
- **What does a decision NOT to adjust by the CPI rate mean?**

This would essentially be a budget cut to the program. Other funding sources would need to be identified and/or reductions to the program would be required.



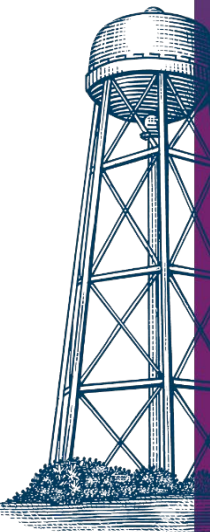
# More on Student Services Fee (SSF)

- Mandatory systemwide fee that supports services and programs that are not part of the core instructional mission
- Same challenges as described for core funds – new revenue is not keeping pace with cost increases
- 75% of expenses on SSF (\$26M) are staff and student salaries/benefits
- Annual increases to tuition and other mandatory systemwide fees (including SSF) under the [Tuition Stability Plan](#) (cohort tuition model) apply to only incoming undergraduates and to new and continuing graduate students.
  - Mandatory systemwide fees (including SSF) are set for undergraduates at the time of enrollment, with the expectation that these charges remain the same each year for the duration of a student's college career, up to 6 years.



# More on Student Services Fee (SSF)

- Planned increases with the cohort model result in limited increases in discretionary SSF funding.
  - Return-to-Aid (RTA) requirement increased from 33% to 45% for undergraduates, 33% to 40% for professional students, and remains at 50% for graduate students.
  - After RTA, the remaining amount of the fee increase is divided evenly between Mental Health support services and SSF discretionary funding, which is the portion that supports the expenditures COSAF will be reviewing.

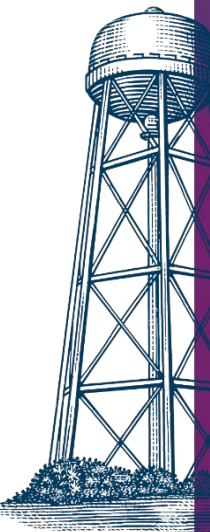


# More on Student Services Fee (SSF)

- In 2023-24 SSF will increase 4.5% (or \$54) for incoming undergraduates.

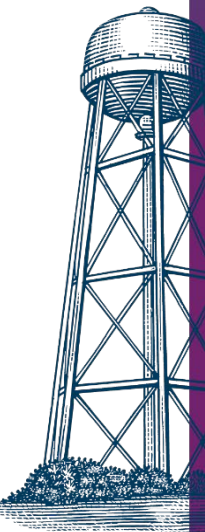
	2022-23 SSF	2023-24 SSF Incoming Cohort	Incremental Increase Incoming Cohort
RTA	\$98	\$122	\$24
Mental Health Fee	\$126	\$141	\$15
<b>Discretionary SSF</b>	<b>\$952</b>	<b>\$967</b>	<b>\$15</b>
TOTAL	\$1,176	\$1,230	\$54

- Estimate ~\$300,000 in new discretionary SSF for 2023-24 as a result of the cohort model compared to estimated salary/benefits increases of \$1.2M.
- Based on current enrollment projections there is a structural deficit in order to keep pace with salary and benefit increases.



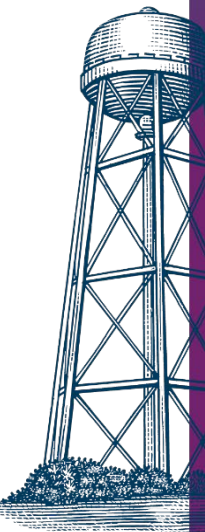
# Recent Actions - SSF

- Increased focus on carryforward planning and redirecting excessive carryforward to central campus.
  - [Campus carryforward guidelines](#) establish a prudent level of carryforward funds. For SSF this is 10-15% of prior year expenditures.
  - Estimated \$7.5M SSF carryforward will be redirected from Student Affairs to central campus to bridge the structural deficit due to salary increases and support critical one-time needs (TBD in consultation with Student Affairs).
  - This approach leaves individual units with sufficient resources to address highest priorities while relieving cost pressures on this fund overall for the campus.
  - Note: This strategy helps address the shortfall on a temporary basis, but action must be taken to prevent an ongoing structural deficit.



# Next Steps

- As a campus we need to make sure we are being good stewards of the limited resources.
- Campus stakeholders need to identify both short-term and long-term solutions in order to achieve financial sustainability.
- BIA is working with units on how to better utilize all funding available and to reallocate funds to the highest priorities.
- COSAF has an important role of reviewing and making recommendations regarding the use of SSF.



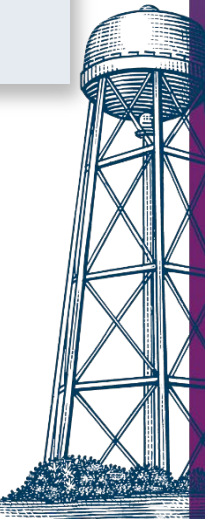
# Resources

The screenshot shows the UC Davis Finance & Business website. The header includes the UC Davis logo and navigation links for STUDENT RESOURCES, BIA, FINANCE, OBT, SUPPLY CHAIN, UP3, and SYSTEMS. A search icon is also present. Below the header is a purple navigation bar with icons for STAFF DIRECTORY, FORMS, ORG CHART, and ABOUT US. The main content area features a large image of students sitting on steps in front of a building. A blue banner with the word "Budget" is overlaid on the image. Below the image, the breadcrumb "Home > BIA > Budget" is shown. The text below reads: "The UC Davis Budget team is committed to efficient and effective management of the university's operating budget resources. By providing financial analysis, planning frameworks and tools, decision support for campus leadership, and guidance to campus units, we enable our partners to be effective stewards of university resources."

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[financeandbusiness.ucdavis.edu/bia/budget](https://financeandbusiness.ucdavis.edu/bia/budget)

[financeandbusiness.ucdavis.edu/student-resources/tuition-fees](https://financeandbusiness.ucdavis.edu/student-resources/tuition-fees)





THANK YOU  
THANK YOU  
THANK YOU  
**THANK YOU**

**for all you are doing  
for UC Davis!**



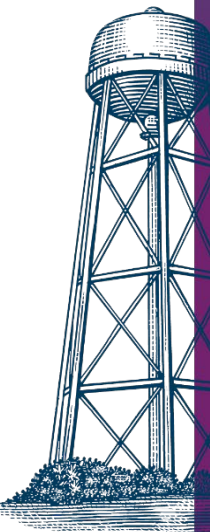
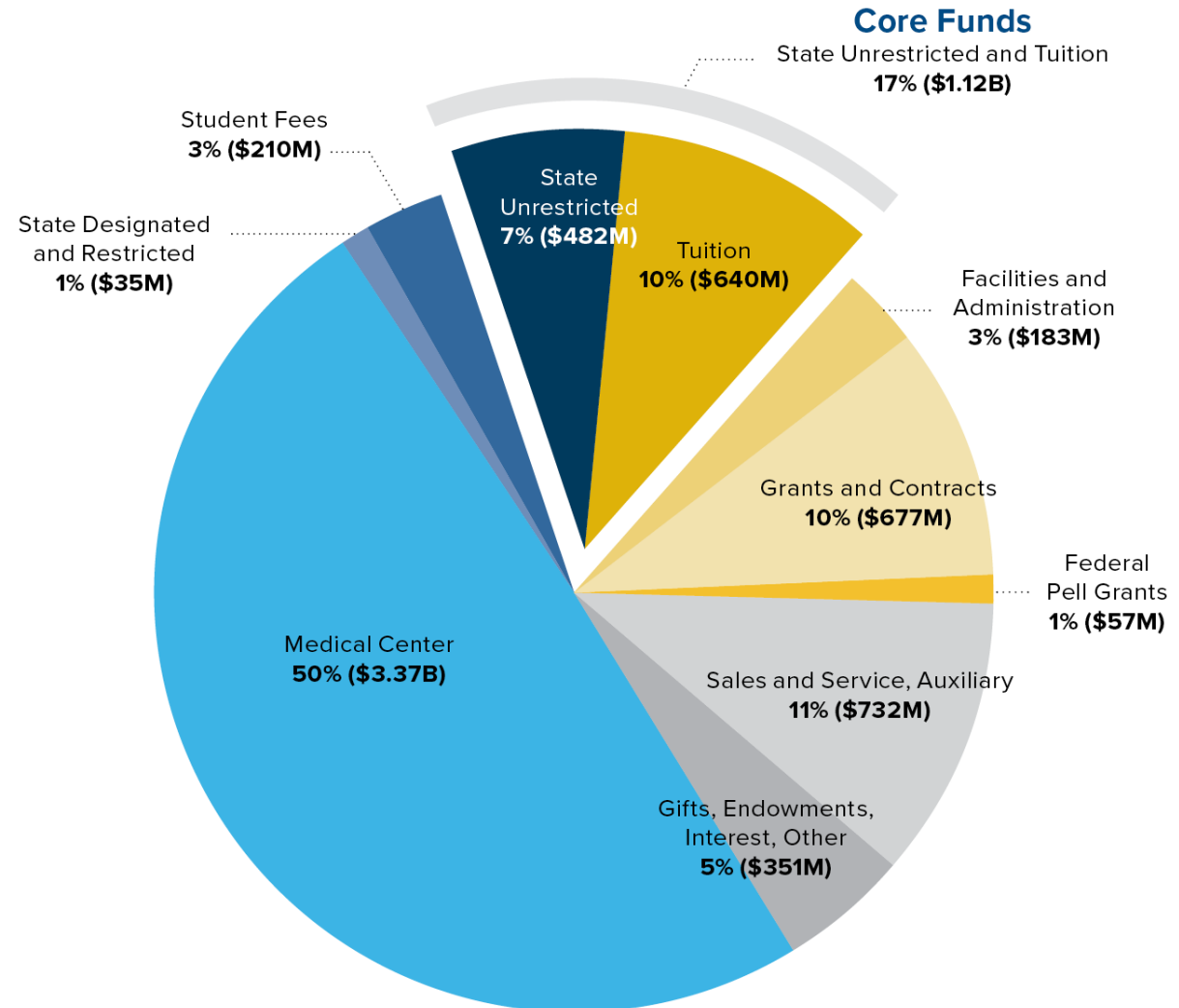
# Appendix



# Revenue

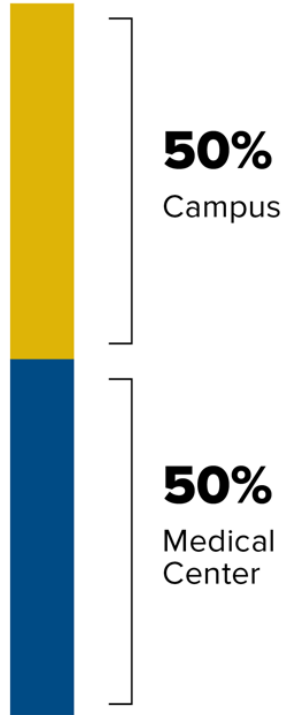
## 2022–23 Budgeted Revenue \$6.7 Billion

- This slide shows the all-funds view of campus revenue, including the Medical Center.
- UC Davis revenues come from many sources, but roughly 80% are designated or restricted.
- The primary source for the campus’s teaching mission comes from unrestricted state funds and student tuition, as represented in the pulled-out slices of the pie chart. These are also called “Core Funds.”
- Over the last 10 years, the state’s percentage share has decreased, even though the dollar amount from the State has increased.
- Over the last 6 years, Gifts and endowments revenue has increased \$135M (62%). The largest increase in that time has been the Medical Center (\$1.4B or 75%).

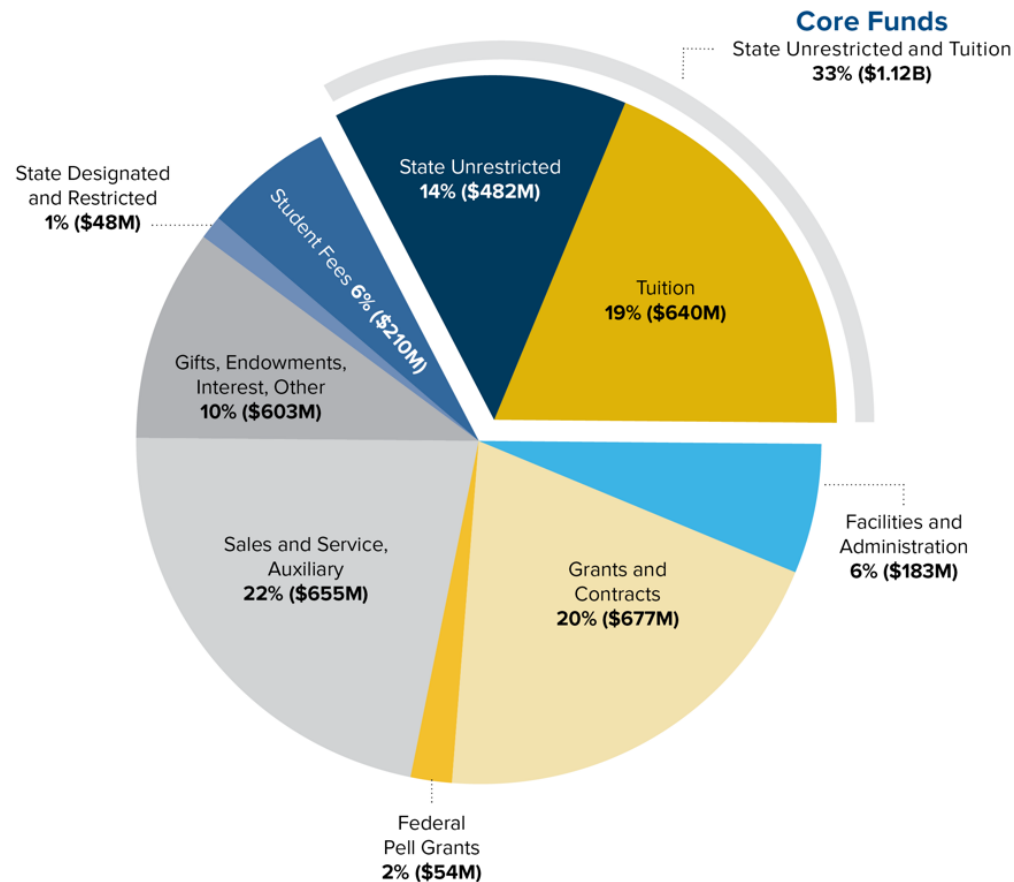


# Revenue

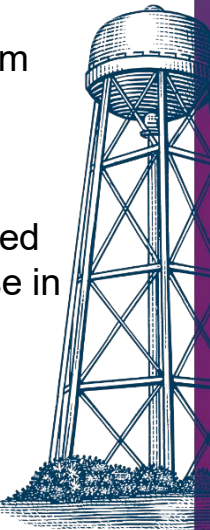
## 2022–23 Budgeted Revenue \$6.7 Billion



## 2022–23 Budgeted Revenue Excluding Medical Center \$3.4 Billion



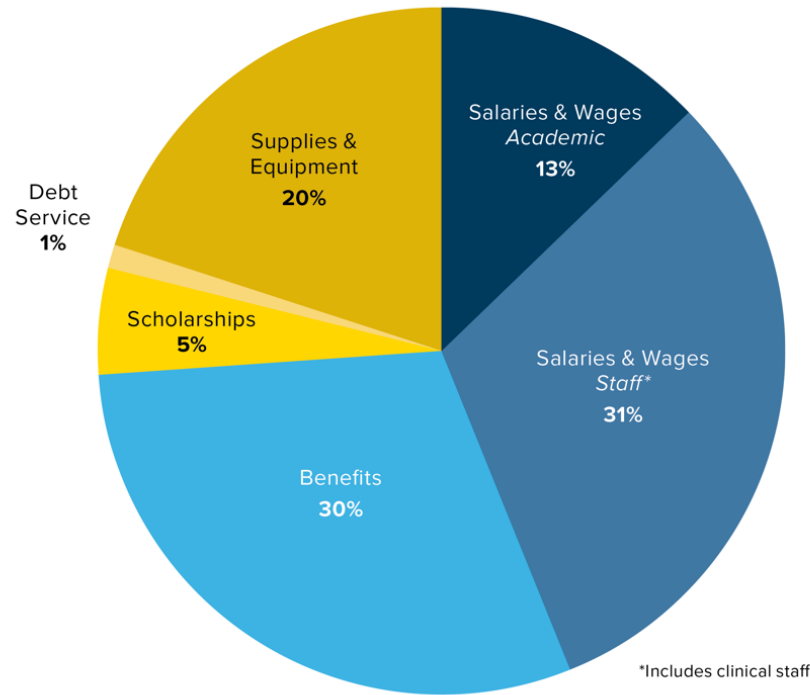
- This slide shows the all-funds view of campus revenue, excluding medical center.
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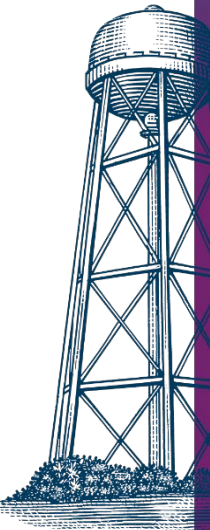
# Expenditures

## UC Davis Operating Expenditures 2021-22

Function	Amount (Millions)	% of Total
Instruction and Academic Support	\$ 1,615	23%
Research	\$ 569	11%
Student Services and Financial Aid	\$ 542	8%
Operation and Maintenance	\$ 101	1%
Auxiliary	\$ 140	2%
Institutional Support	\$ 253	4%
Public Service	\$ 243	3%
Medical Center	\$ 3,085	44%
Depreciation/Interest Expense/Other	\$ 333	5%
<b>Total Expenses</b>	<b>\$ 7,089</b>	<b>100%</b>



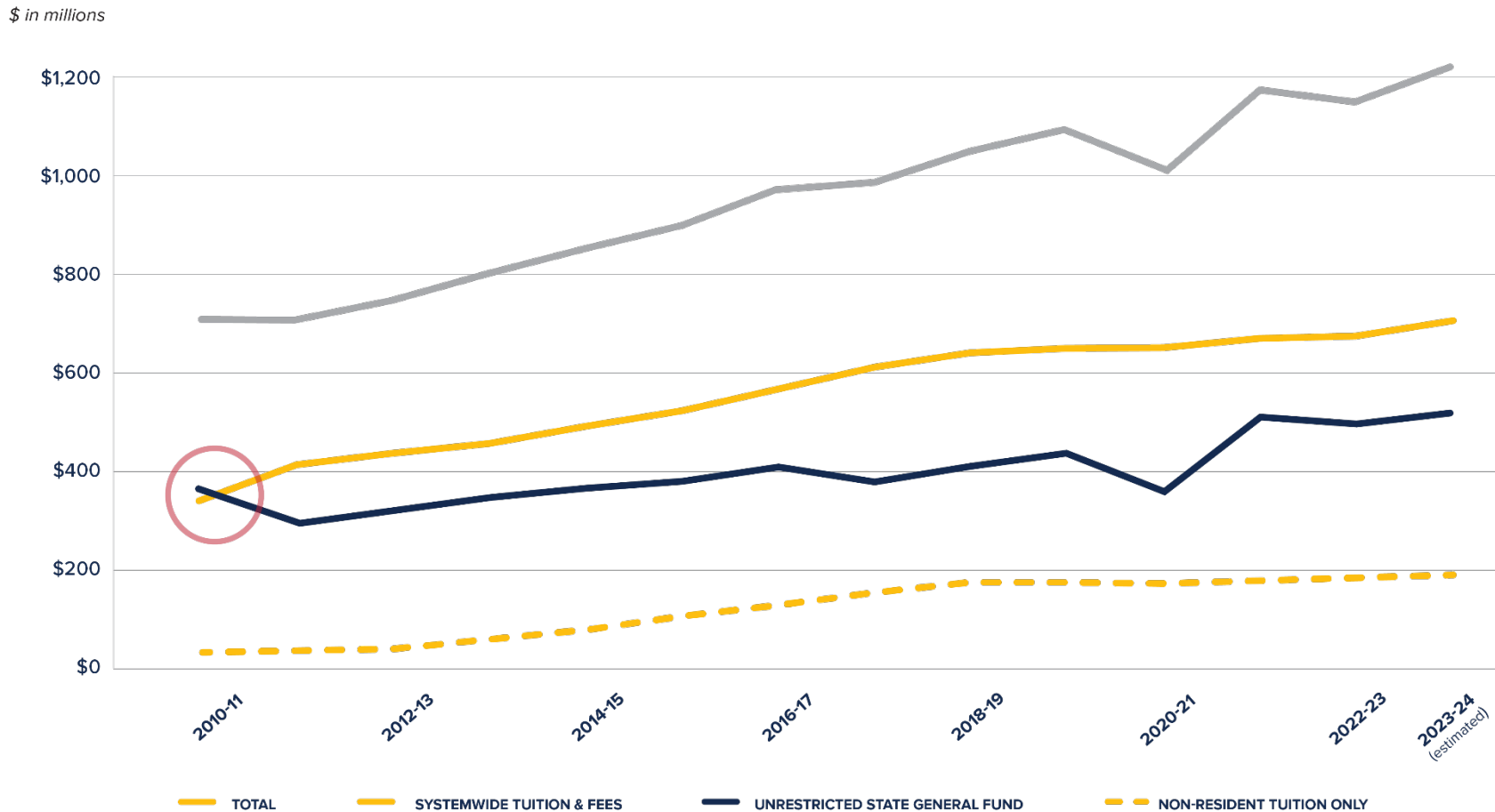
- Institutions of higher education are people-driven.
- At UC Davis, employee-driven costs were about 74% of our total operating expenditures.
- Excluding the Medical Center, which has higher costs for supplies and equipment, the employee-driven costs are closer to 80%.



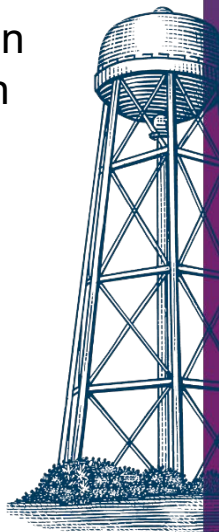
# Core Fund Sources Over Time

## Unrestricted State General Funds vs. Systemwide Student Fees\*

*Systemwide Student Fees include: tuition, nonresident supplemental tuition, summer sessions tuition, & student services fee.*



- Since 2010, tuition and fees paid by students and their families have exceeded funding UC Davis received from the State of California.
- Nonresident supplemental tuition revenue has addressed most of this gap over the past 14 years.
- 2020-21 reflects a \$45 million state budget reduction which was restored in 2021-22.



# Core Funds Savings Targets: Year 4 Status

## Central Campus Savings Target



## Unit Savings Target

