



Budget Overview 2018 New Department Chairs Workshop

September 12, 2018

Ralph Hexter, Provost and Executive Vice Chancellor

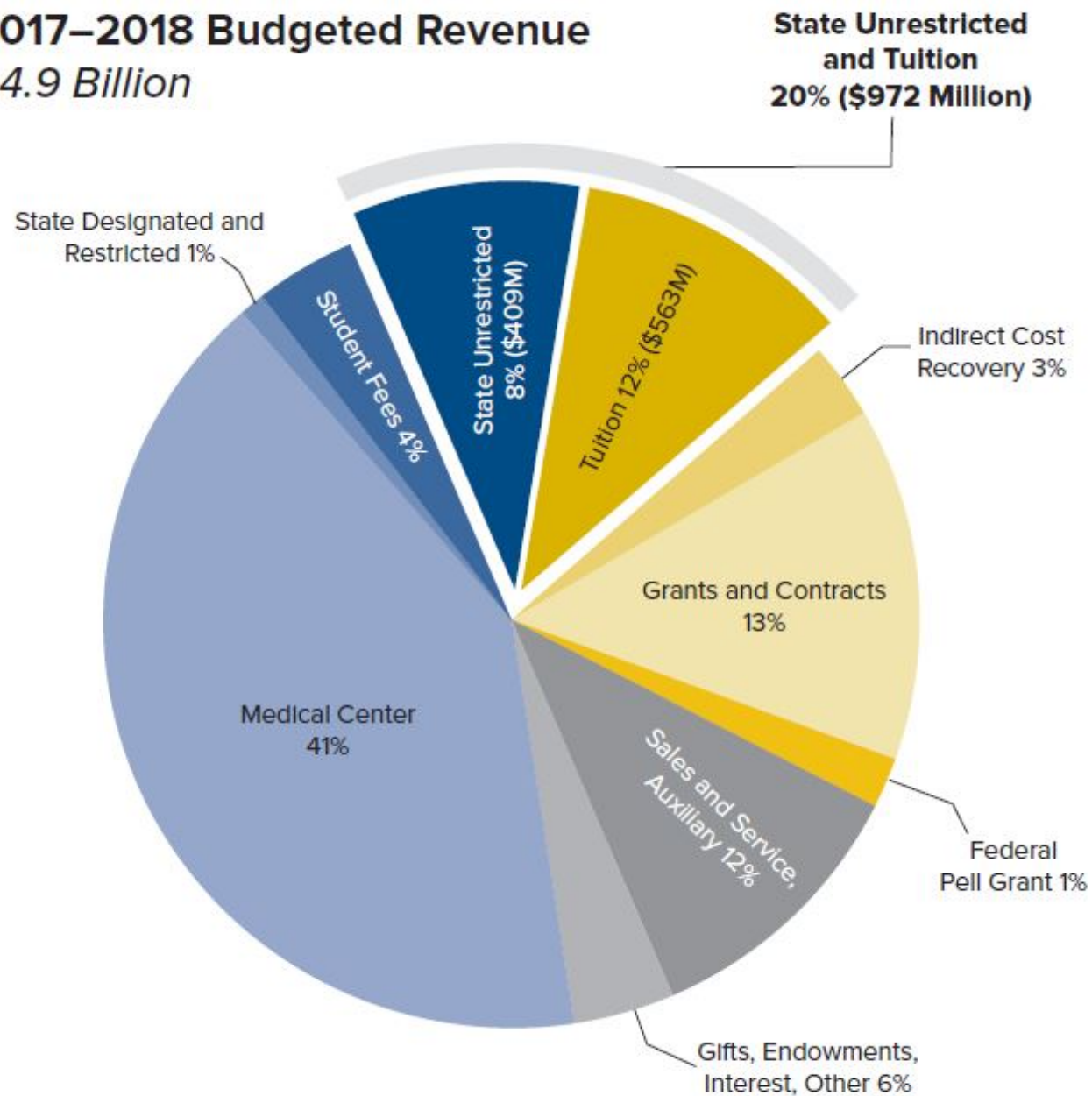
Sarah Mangum, Assistant Vice Chancellor, Budget Director, Budget and Institutional Analysis

The Budget: Big Picture All Funds

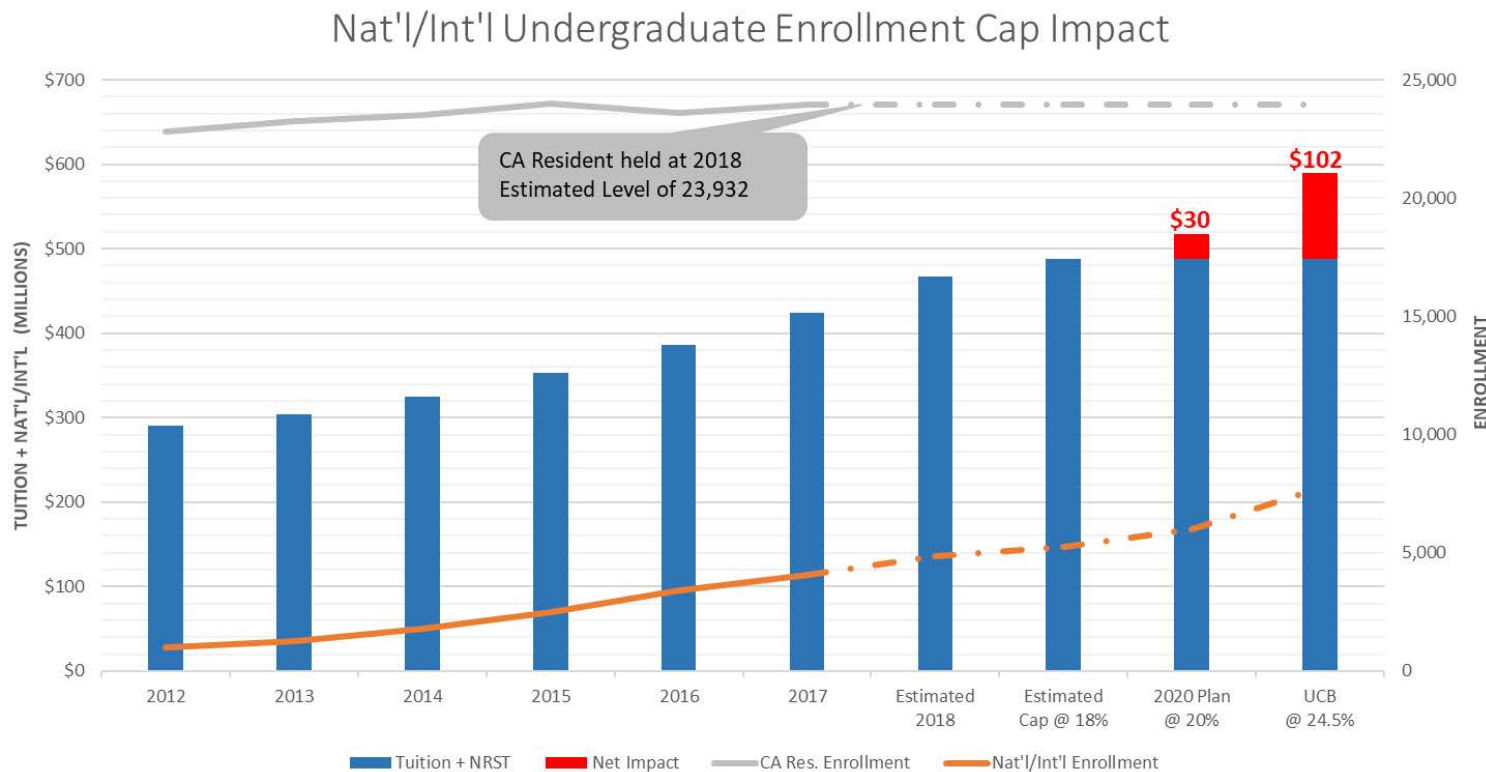
What resources do we have and how can we use them?

The Budget: All Funds Revenue

2017–2018 Budgeted Revenue \$4.9 Billion



The Budget: Enrollment Planning & Revenue

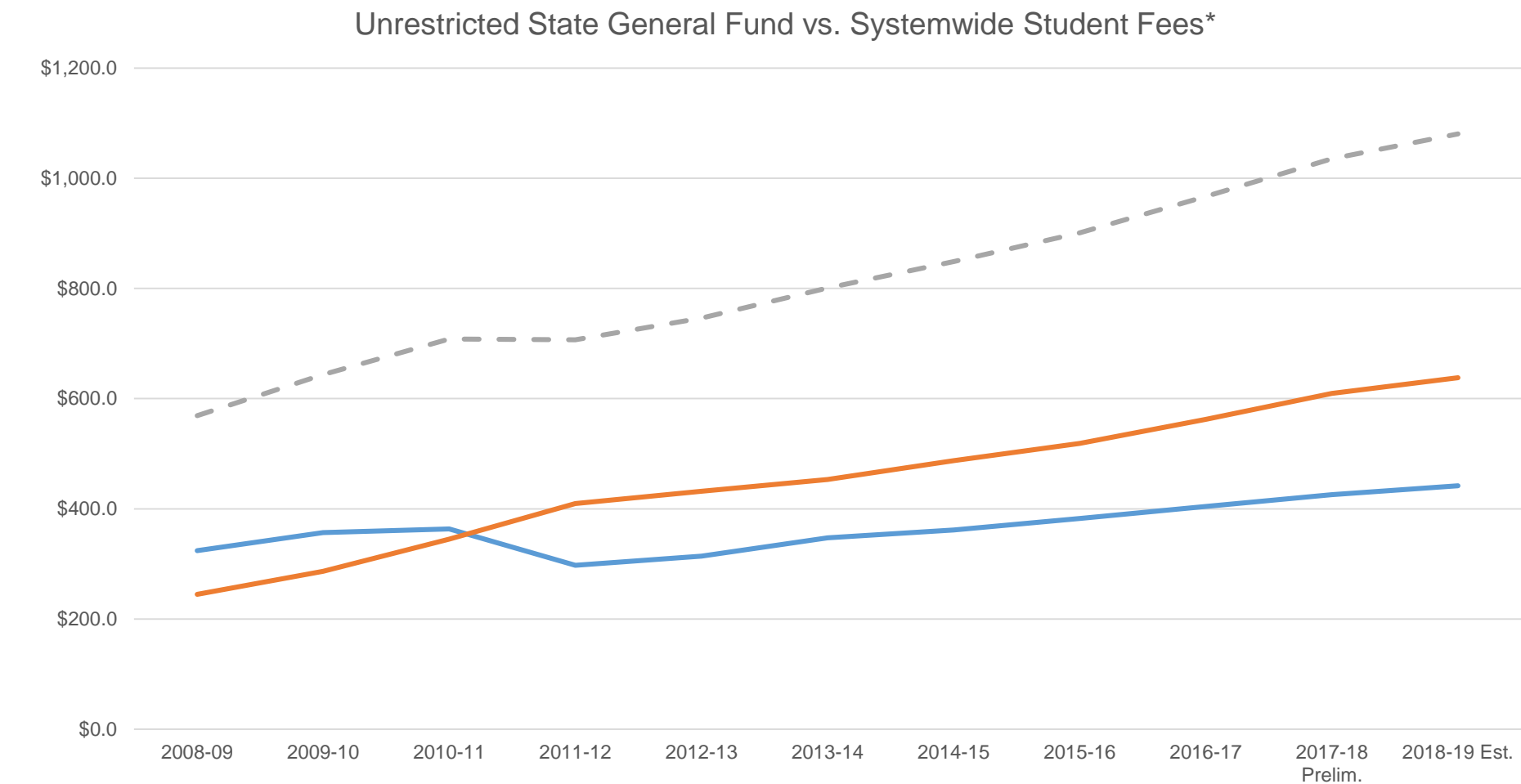


Enrollment Insights

- 2020 plan largely complete
- 18% cap fall 2018
- Total enrollment stabilizing
- Rebalancing new student ratios
- Focusing on graduation rates
- Future new growth may be outside of Davis

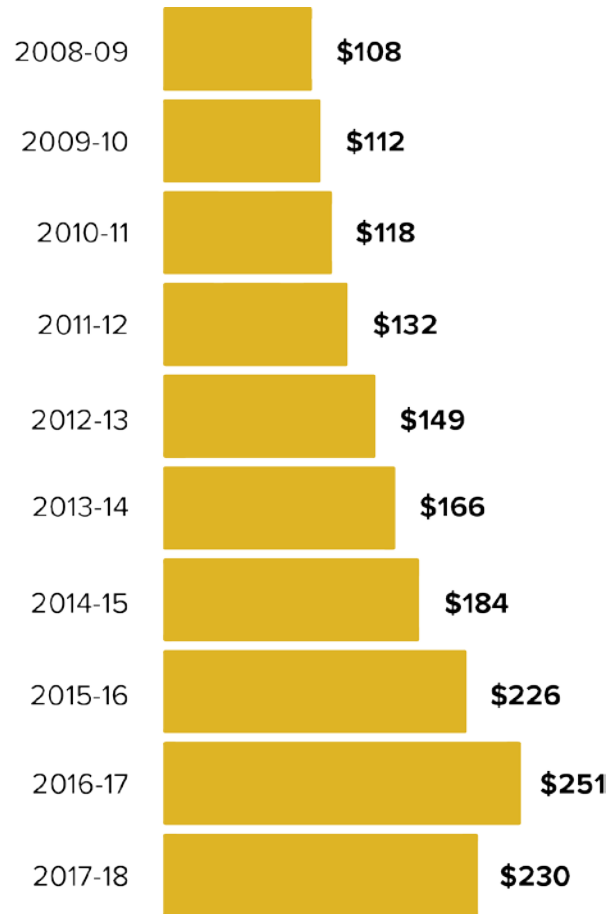
Provost Perspective:
Future Growth

The Budget: State Disinvestment



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

The Budget: Fundraising



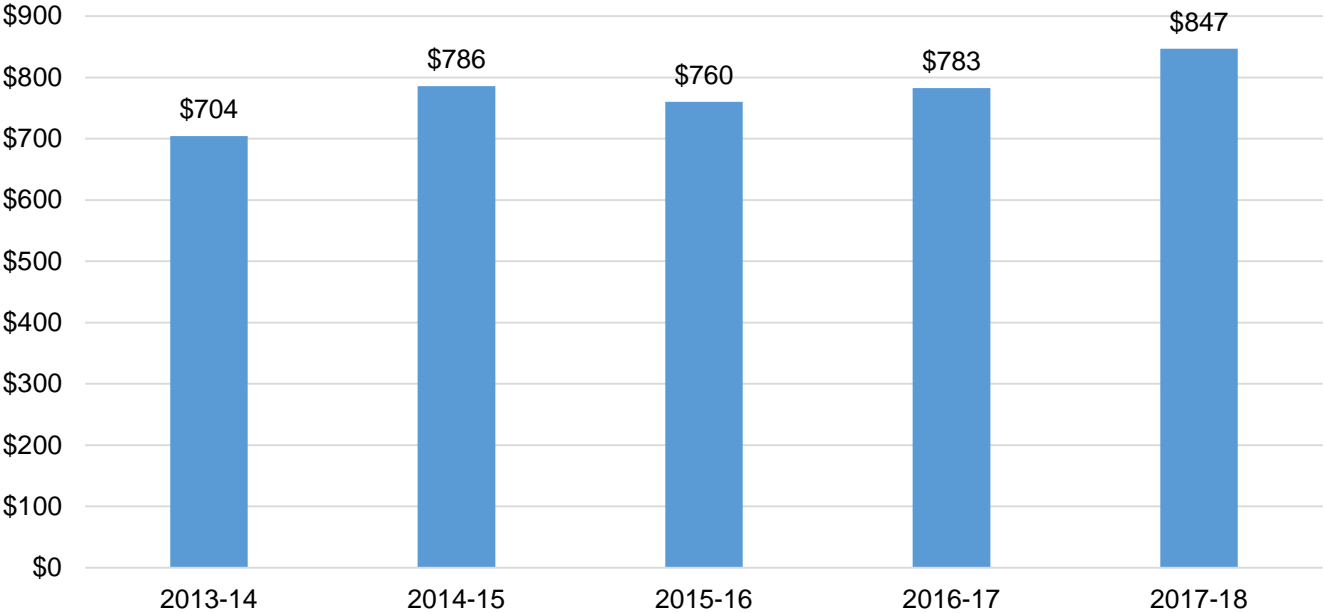
Fundraising in Millions of Dollars 2008-2018

- Record **\$226 million** raised in 2015-16; **\$251 million** for 2016-17 and **\$230 million** for 17-18.
- In “quiet phase” of 2nd comprehensive campaign
- Public launch in **2020** (tentative)
- Goal: **\$2 billion** over next 8 years
- 13 Big Ideas moving forward

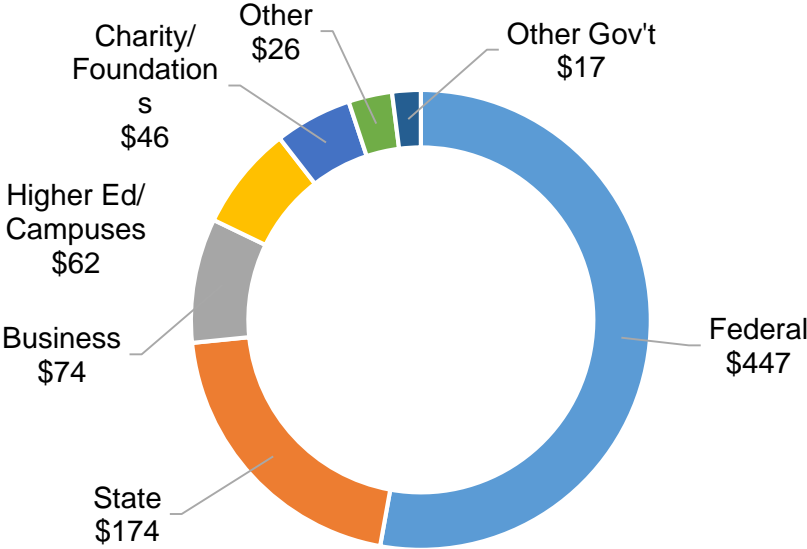
Provost Perspective:
Fundraising

The Budget: Research

Annual Research Funding Totals
dollars in millions



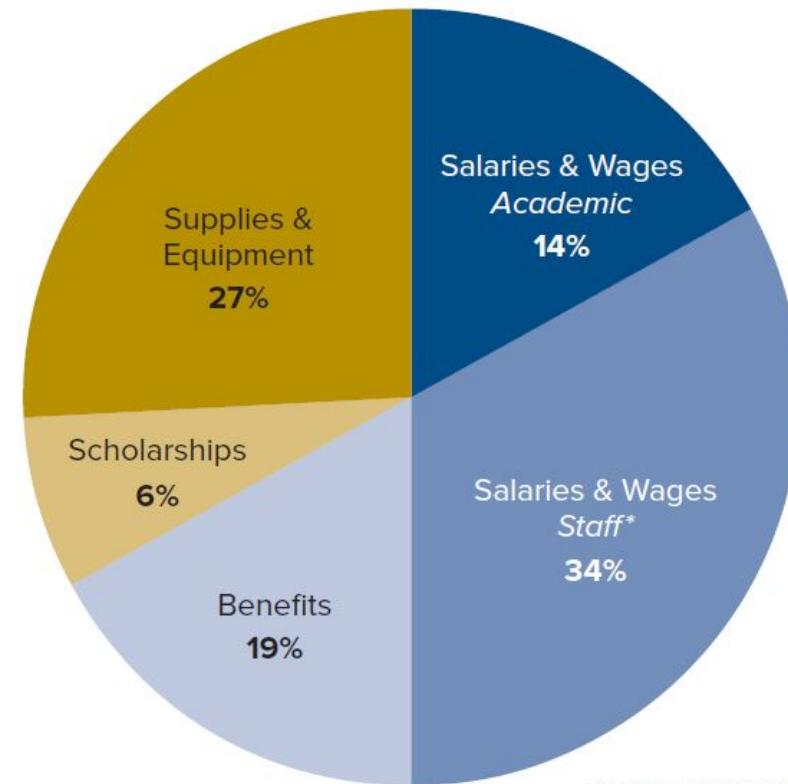
Funding Sources 2017-18
dollars in millions



The Budget: Expenditures

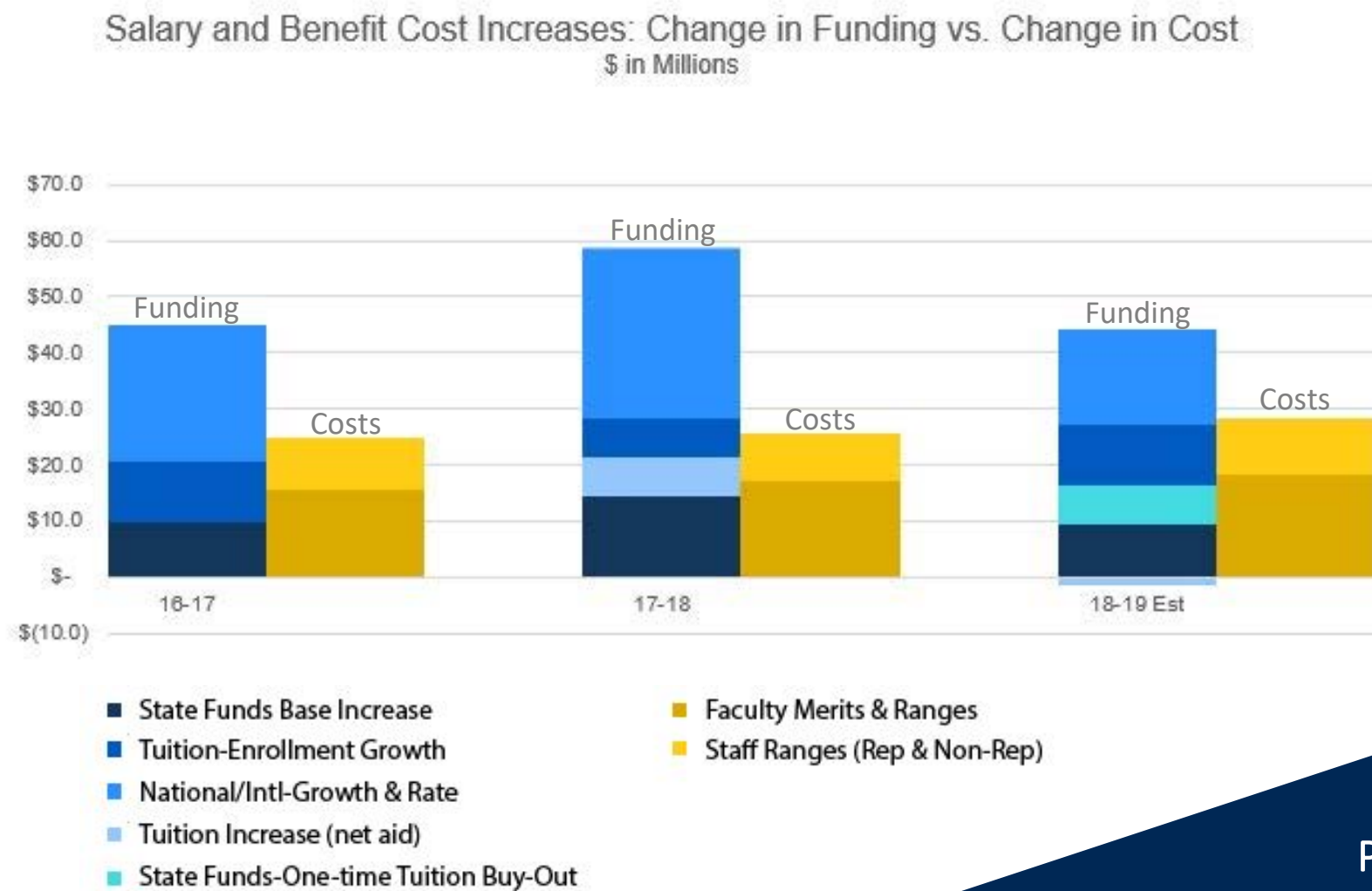
UC Davis Operating Expenditures \$4.74 Billion

Function	Amount (Millions)	% of Total
Instruction and Academic Support	\$ 1,151	25%
Research	\$ 538	11%
Student Services and Financial Aid	\$ 427	9%
Operation and Maintenance	\$ 101	2%
Auxiliary	\$ 105	2%
Institutional Support	\$ 162	3%
Public Service	\$ 93	2%
Medical Center	\$ 1,874	40%
Depreciation/Interest Expense/Other	\$ 293	6%
Total Expenses	\$ 4,744	100%



* Includes clinical staff

The Budget: Spending on People



Provost Perspective:
Faculty Salary Funding

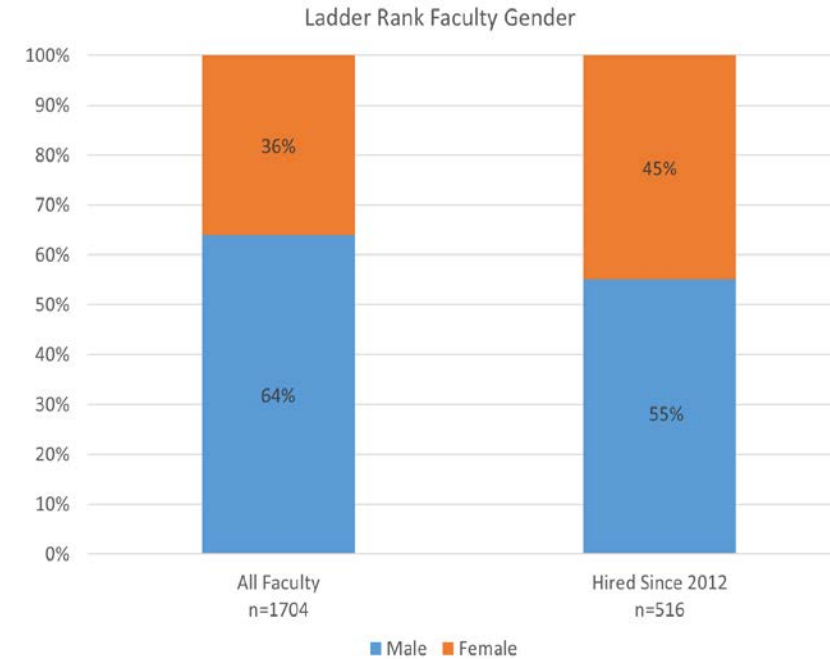
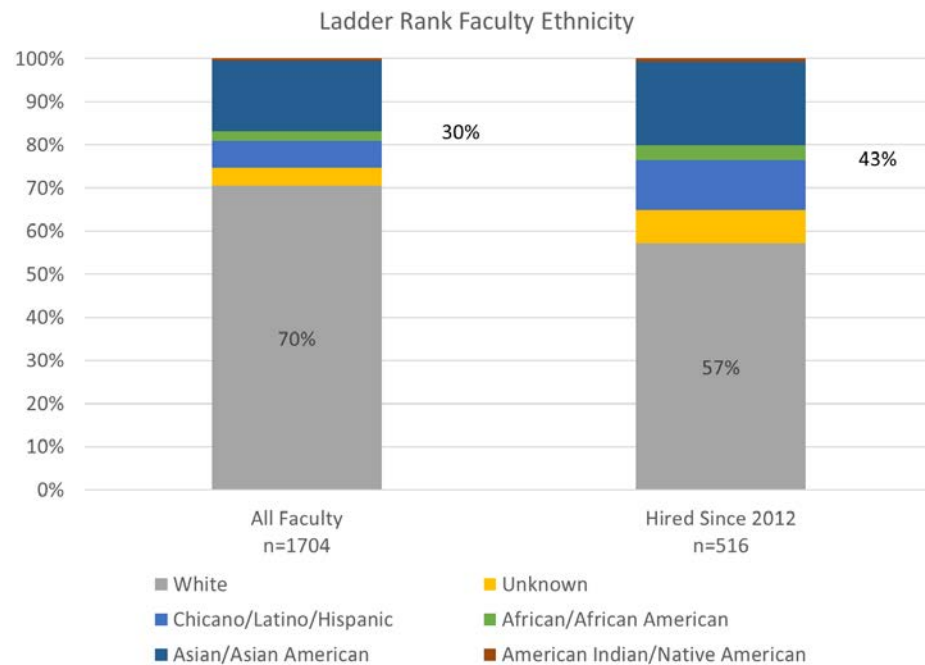
The Budget: Spending on People

Ladder Rank Faculty Hiring

- Hired **over 500** Ladder Rank Faculty since 2012
- **Over 130** Net New Faculty
- **36** faculty hired through campus Hiring Investment Program since 2014 to support hiring in areas that cross-disciplines and/or supports growth in new areas. An additional **11** positions are authorized and under recruitment.
- **30** hired with CAMPOS/IRI support to encourage hiring that enhances the campus diversity, goal of **35** steady-state by 2021.
- **10** Presidential Postdoctoral Fellows hired since 2012.

Provost Perspective:
Faculty Hiring

The Budget: Spending on People, Gains in Diversity



Provost Perspective:
Faculty Diversity

The Budget: Spending on Capital & Space

- Investment in Capital and Infrastructure is critical to our mission
- Limited State Support has Required Use and Development of Different Types of Funding:
 - Gifts
 - Public-Private Partnerships
 - Converting Operating Funds into Debt Repayment Streams
 - \$3.5M per year from core funds (total pool ~\$14M to date)
 - Every \$1M debt service is ~\$15M capital spend





The Budget Process:

Development of Annual Spending Plan and Internal Incremental Decisions

Budget Planning Cycle



The Budget Process: What is a Budget?

- A PLAN! (not actuals, not allocations, not an account)
- Links strategic priorities to resources
- Is based on assumptions and drivers informed by data and information
 - Past data & experience, key cost and revenue drivers
 - Estimates based on anticipated changes, i.e. salary increases or rate increases
 - Reflects changing needs and circumstances
- Ideally projects over time (3-5 years).
- High Level View: level of detail should be material to decisions needed.

The Budget Process:

What Does a Budget Do for You?

- Helps answer the question: do I have money for that?
- Helps identify trade-offs and flexibility within your resources.
- Helps you to anticipate coming trends and future trade-offs of current decisions.
- Provides a framework for scenario planning.
- Helps to identify and quantify needs or opportunities.
- Provides confidence in financial decision-making.
- Allows evaluation of resource status and opportunity to adjust throughout year before there is a problem. (Budget to Actual)

The Budget Process: Chair's Role in Budget Development

- Understand your College/School expectations around level of financial accountability of chairs.
- Actively participate in your College or School's budget and faculty hiring planning process.
- Understand the resources available to support the strategic priorities of your Department.
- Partner on faculty start-up investments.
- Consider the role of carryforward funds: balance savings and investing in mission
- Review budget plans and understand the level of flexibility or constraint you have.
- Review regular budget to actual reports.

Provost Perspective:
Start-up and Carryforward

The Budget Process: Chair's Role in Budget Development

- Ask questions, if something doesn't make sense to you, be curious.
- If you see a concerning trend (i.e. deficit or unanticipated costs) elevate the issue to your dean's office.
- Get to know your Assistant Dean and key financial staff at the College/School level.
- There are resources: Dean's Office, BIA, A&FS

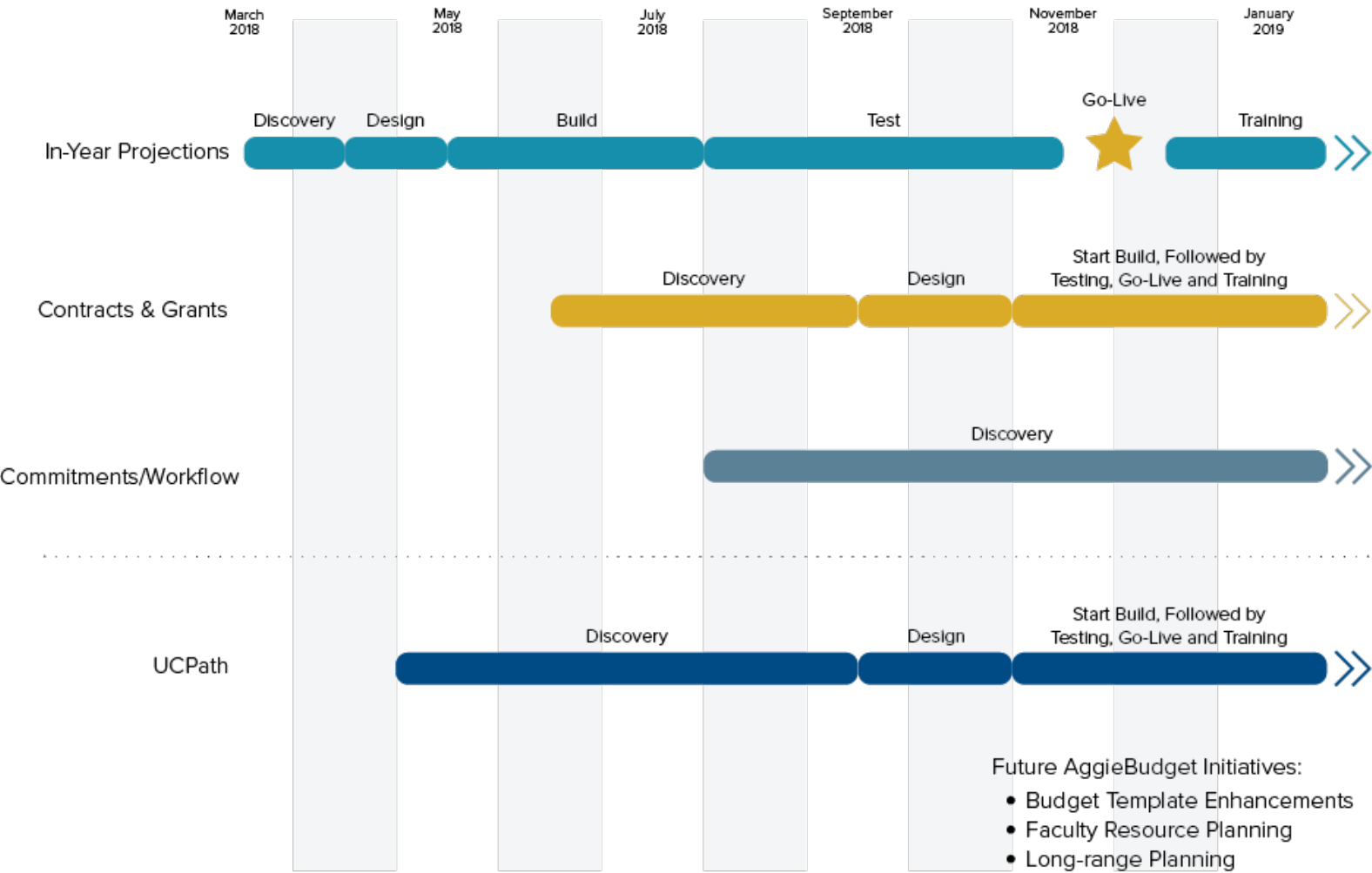
Provost Perspective:
Working with Staff

AggieBudget:

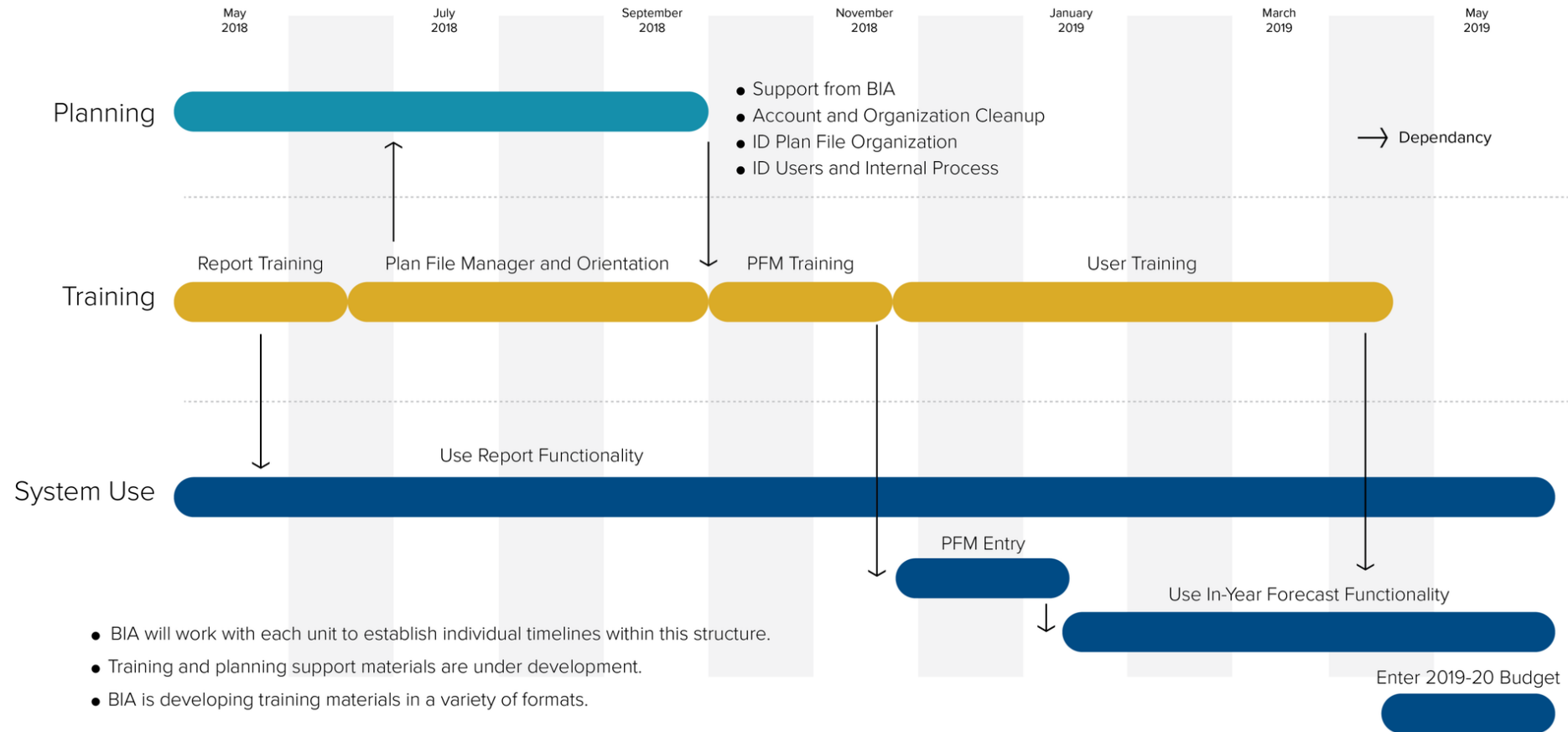
A financial planning tool that supports our strategic and programmatic objectives

- **Accountability and Transparency:** Ensure that appropriate budget planning and monitoring
- **Consistency:** Tool that allows for consistent financial planning and reporting
- **Detailed Planning:** Allows for planning at the level that is right for your unit
- **Long-term Planning:** Enables multi-year planning and reporting at all levels of the organization
- **Efficiency:** Reduce redundancies to save time (eventually)

2018 - 2019 AggieBudget Project Timeline



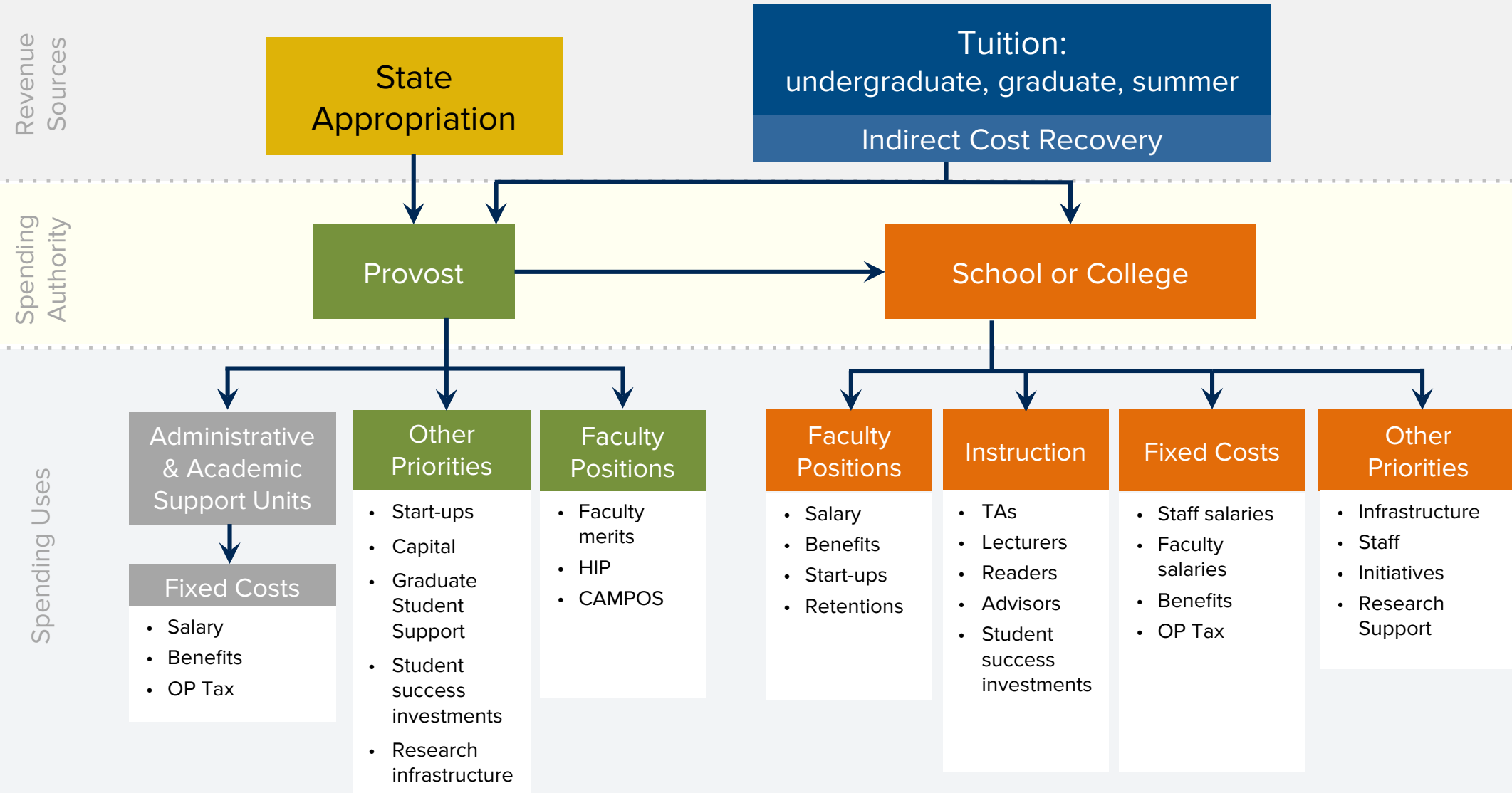
AggieBudget Implementation



The Budget Model:

Formula-Based Allocations (Specific Revenue Streams)

Budget Model Source, Authority, and Use



UC Davis Budget Model

Key Principles

- Create incentives to advance campus goals
- Transparency
- Simplicity
- Balance local autonomy with campuswide vision
- Transition strategies

How it Works (Briefly)

- Revenue only
- Hybrid: mix of formulas and incremental decisions
- Allocations to deans: departmental allocations determined within unit
- Allocation methodology differs by revenue source
- Ability to adjust

UC Davis Budget Model

Undergraduate Tuition

- Pool Allocated: Net after return-to-aid, includes share of supplemental tuition paid by non-residents, prospective revenue estimate
- 30% Retained by Provost for Campus Investments
- 70% Allocated to Units based on Metrics:
 - 60% Student Credit Hours
 - 30% Majors
 - 10% Degrees Awarded
- \$252 Million Allocated in 2018-19

UC Davis Budget Model

Professional Tuition

- All Retained by Schools

Graduate Tuition

- Incremental growth since 2013 shared between provost, deans, programs
- Optional Master's Incentive Program directed about \$1 million to provost, deans, and programs for 2017-18
- \$64 Million Allocated in 2017-18

UC Davis Budget Model

Summer Session Tuition

- Pool Allocated: Net after return-to-aid and historic commitments
- 20% Retained by Provost for Campus Investments
- 80% Allocated to Units by SCH, \$94/SCH
- \$10.3M Allocated in 2017-18

Faculty Resources

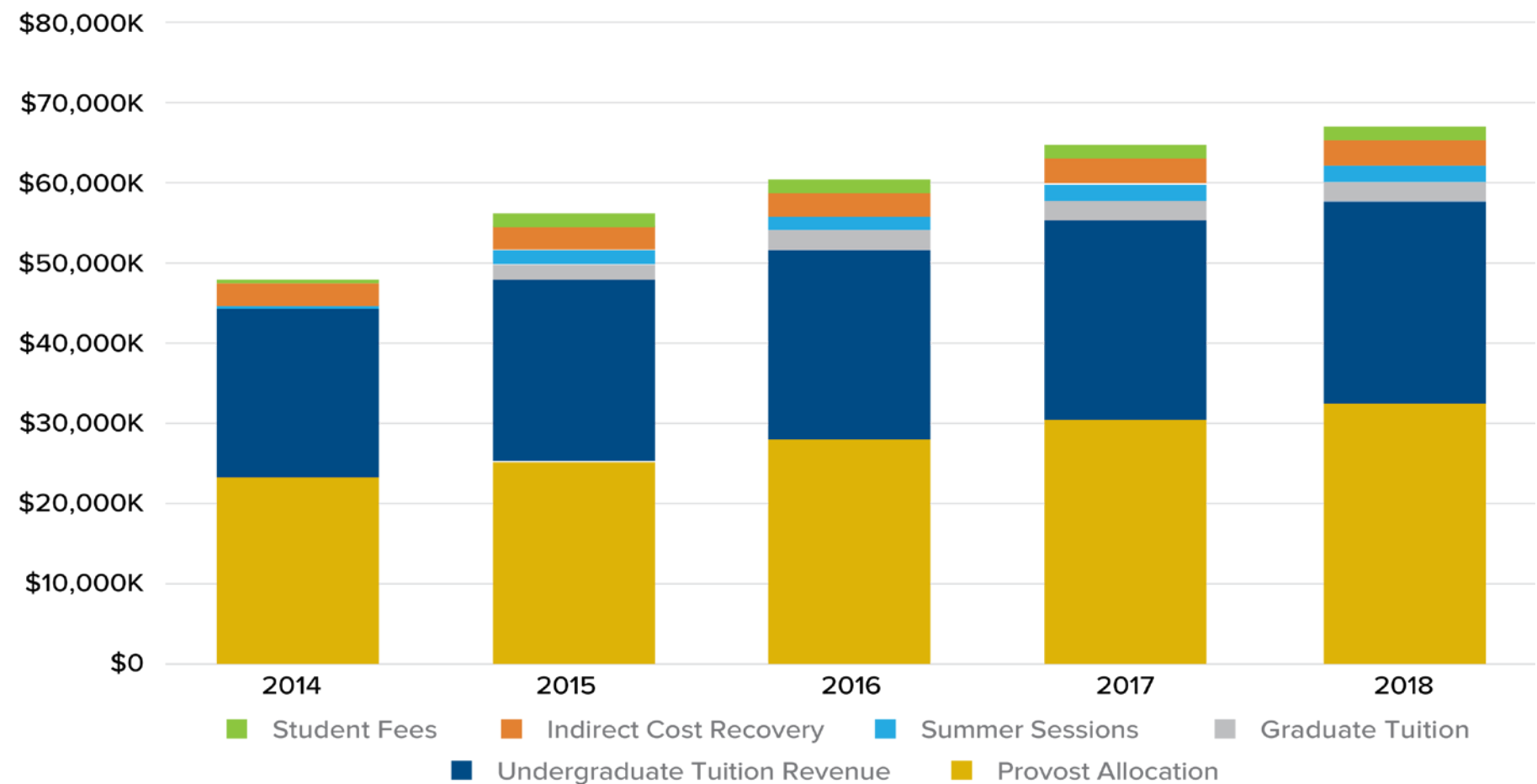
- At retirement or resignation, portion of ladder faculty salary & benefits return to Provost for reallocation.
 - Retirement: Colleges return 35%, professional schools return 20%
 - Resignation: All deans return 10%

UC Davis Budget Model

Indirect Cost Return

- Pool Allocated: Net received by campus after categorical set asides
- 68% Retained by Provost to fund campus research infrastructure and investments
- 32% Allocated to Deans based on administrative home of grant
- For 2018-19, total ICR allocated \$139.2M:
 - \$24.4M Categorical Set Asides (debt service, CIRM, CNPRC)
 - \$36.7M Units
 - \$78.1M Provost
- In 2019-20, will adjust % allocation to 70% Campus and 30% Deans.

Sample Unit Budget Allocations, Core Funds



UC Davis Budget Model: Changes Planned

- During 17-18 External Review by EY, Key Findings:
 - Incentives should better balance growth & quality outcomes
 - More transparent process needed at all levels
 - Need to develop more revenue or efficiencies as enrollment growth flattens
- During 2018-19, will be analyzing and sharing possible changes to model.

Provost Perspective:
Budget Model

UC Davis Budget Model: Changes Planned

Process:

- Identify principles
- concepts to analyze
- deep analysis and development of options and potential impacts
- stakeholder feedback with lots of opportunity for iteration and adjustment
- Transition strategies

Questions?

Budget and Institutional Analysis Resources:

<http://www.budget.ucdavis.edu/>

[2018-19 Planning Letter](#)

[2018-19 Decisions](#)

[Budget Planning & Process Info](#)

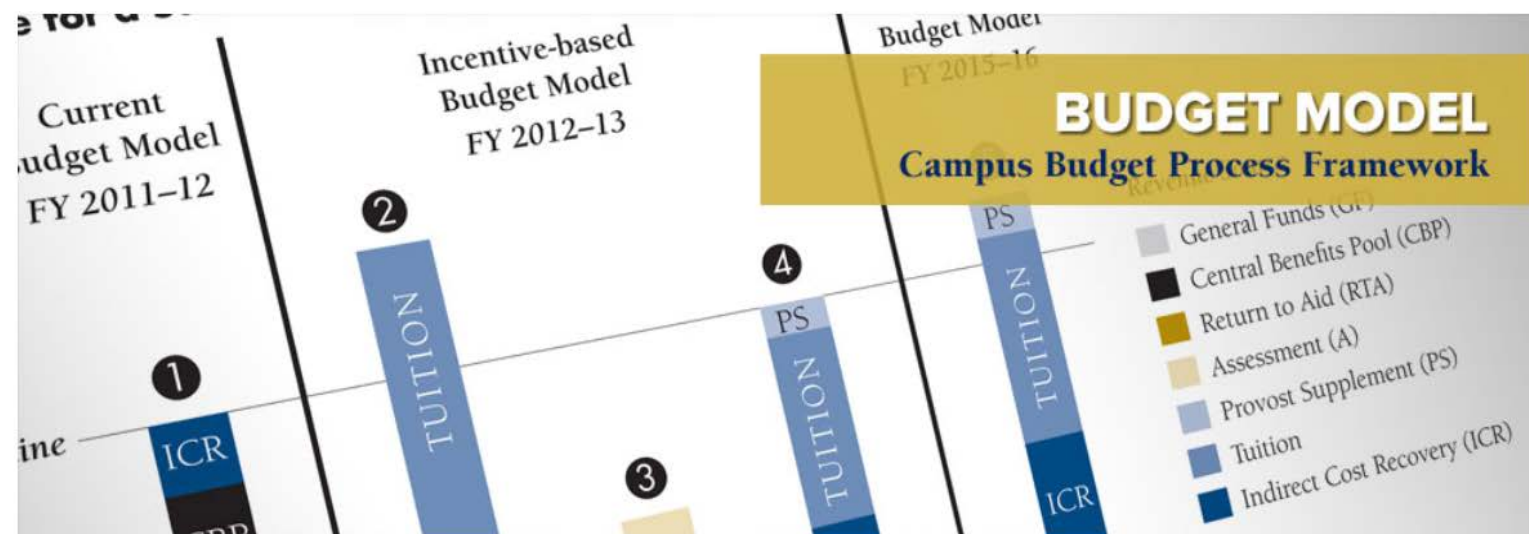
[Budget Model](#)

[Campus Metrics & Data](#)

Budget & Institutional Analysis

About ▸ Analyses & Reports ▸ Budget Model Budget Planning ▸ Campus Data ▸ Tuition & Fees ▸

Presentations Rates ▸



Appendix

- Enrollment Trends
- 2018-19 Budget Process Outcomes
- Significant Capital Projects



Campus Enrollment Trends

More Detailed Data at this Site:

<http://www.budget.ucdavis.edu/data-reports/enrollment-data.html>

Enrollment Overview

Undergraduate Enrollment:

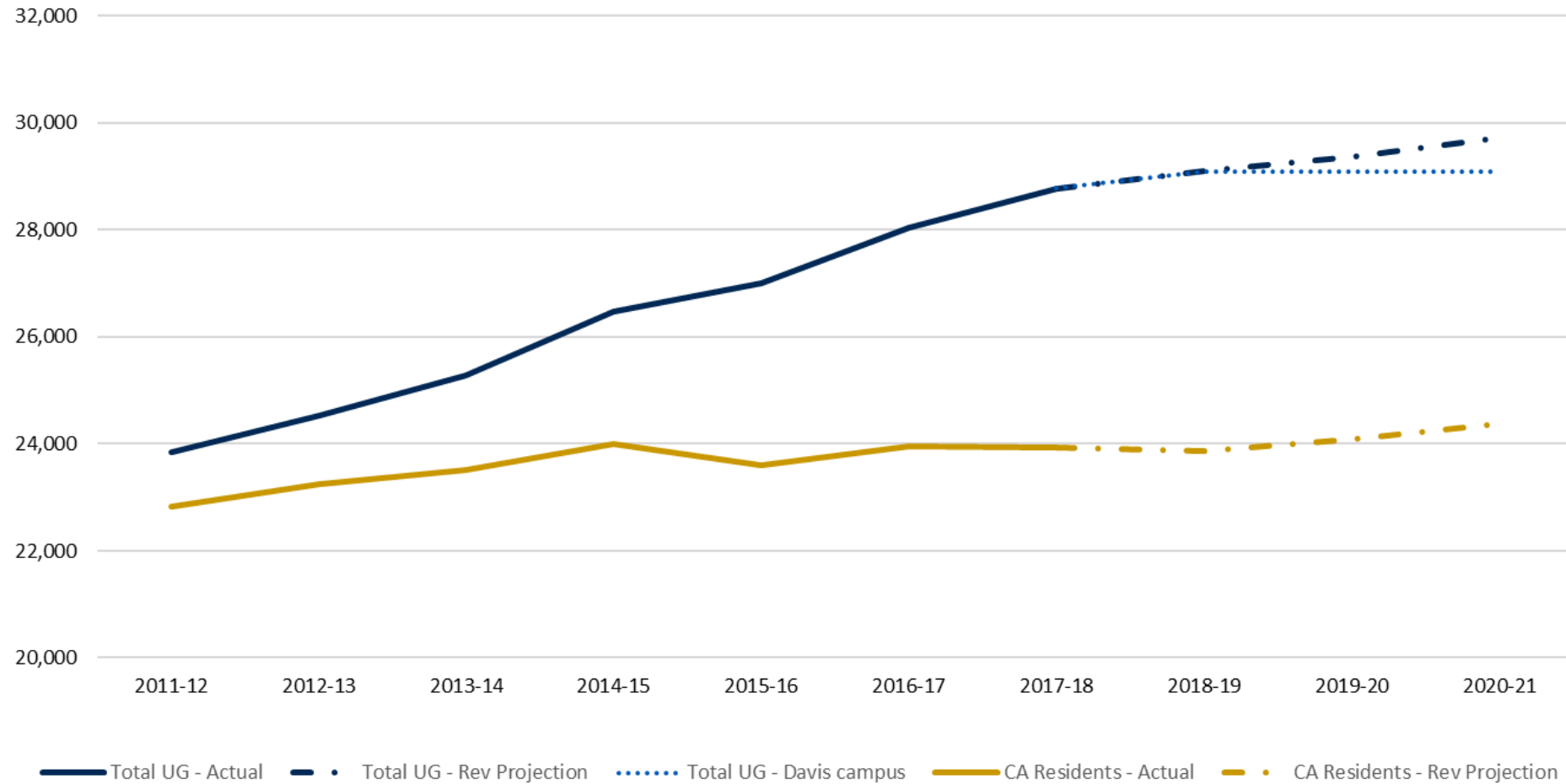
- Total undergraduate enrollment: over **29,000**
- **9,300** (7,500 CA residents) new freshmen and transfer students this fall
- Undergraduate enrollment **increased by 5,200** students since 2011-12
- Proportion of national/international students **increased from 4% to 18%**

Enrollment Overview

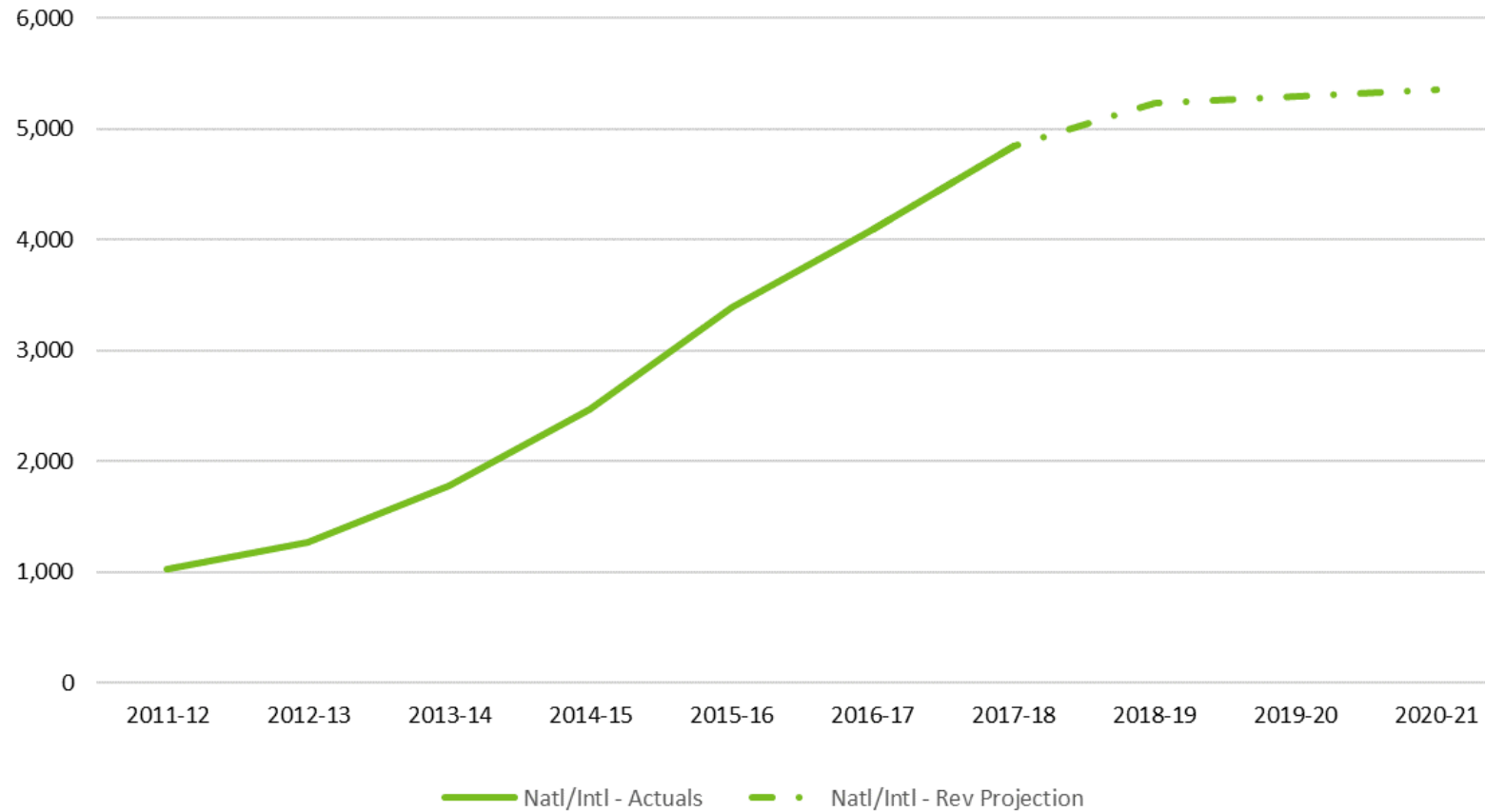
Graduate and Professional Enrollment:

- Total graduate enrollment: over 7,000
- Graduate and professional enrollment increased by 600 students since 2011-12
- Approximately 24% of graduate and professional students are national/international
- Ratio of Undergraduates to PhD students has increased from 7.7 to 8.6 since 2011-12

Undergraduate Enrollment Projections Total UG and CA Residents

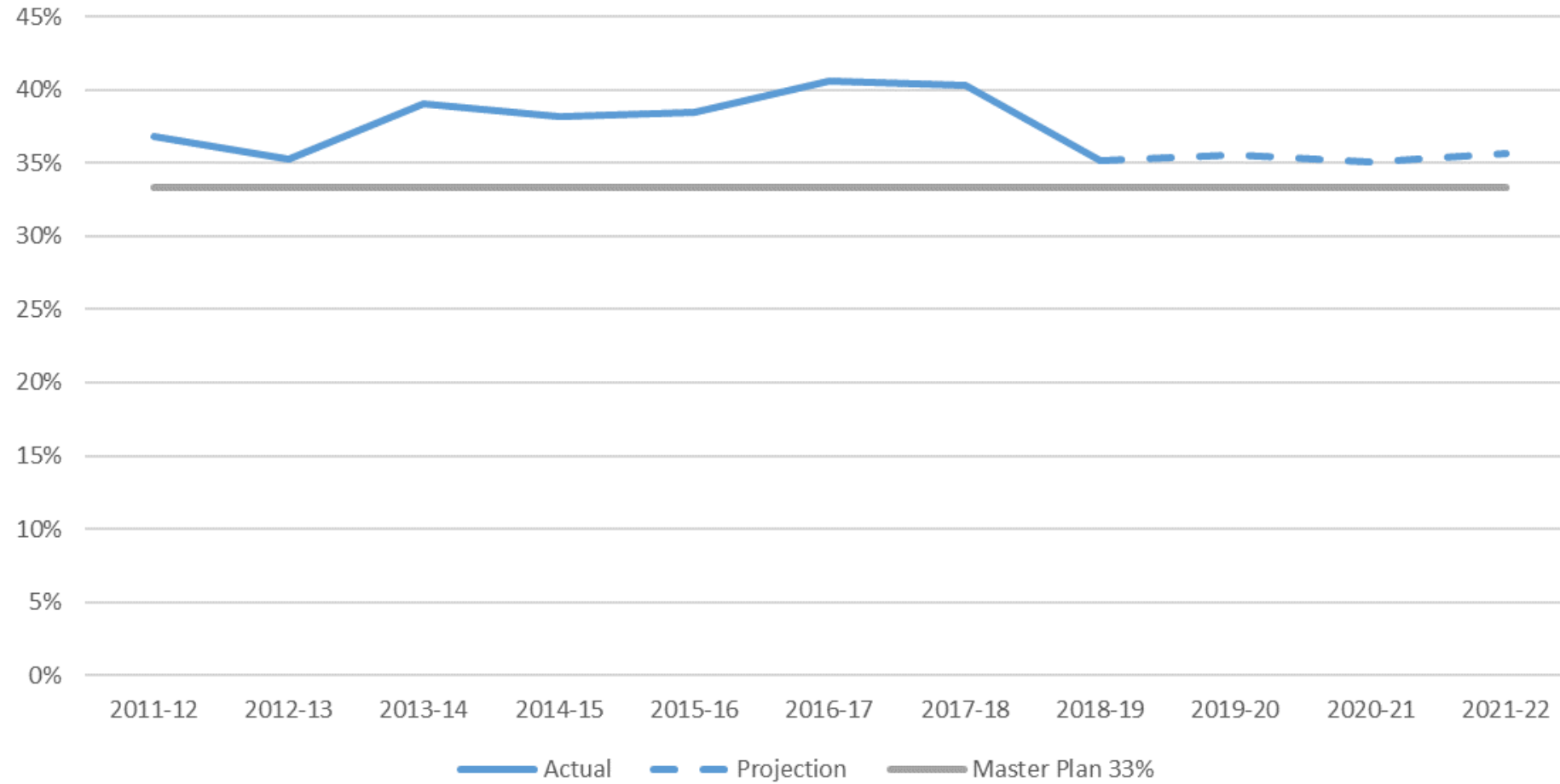


Undergraduate Enrollment Projections National & International Students



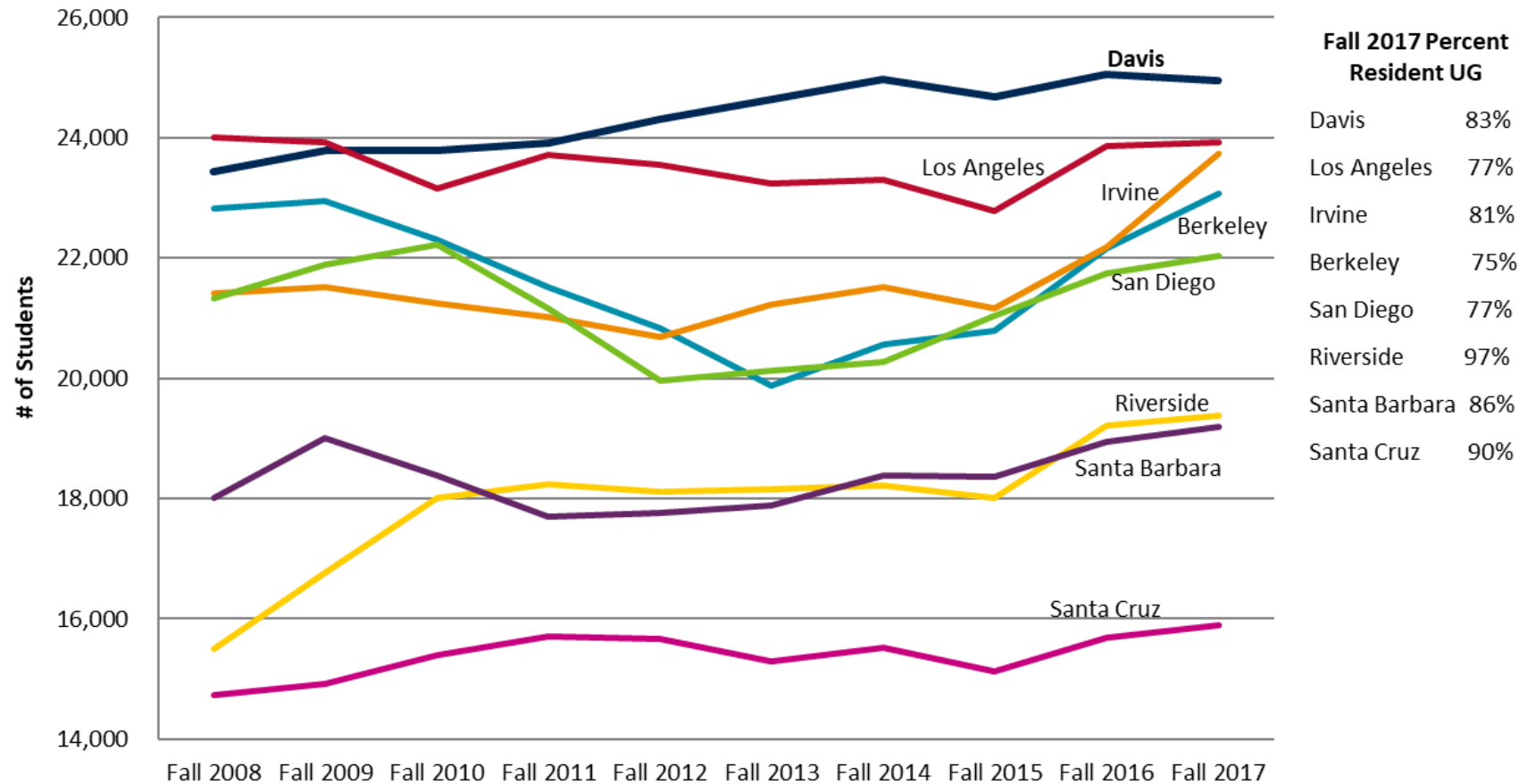
Note: The enrollment categories of Resident and National/International (Natl/Intl) are determined by the students' NRST fee assessment status.

Percent Transfer of New CA Resident Students



California Resident Undergraduates by Campus

(Excludes UC Merced)





2018-19 Budget Process Outcomes

More Information and Details at this Site:

<http://www.budget.ucdavis.edu/budget-planning/index.html>

The Budget Process

2018-19 Maintaining a Stable Financial Position

Some Revenue Increases:

- State Funds: Increase of ~\$36 million, of that \$9 million is ongoing, ~\$27 million is one-time, of which ~\$7 million is in lieu of a tuition increase.
- Tuition & Supplemental Tuition: Increase of ~\$27 million net of aid
 - \$10.8 million due to enrollment growth
 - \$17.3 million due to increased national/international students and a 3.5% fee increase for these students
 - A decrease of \$1.4 million due to a \$60 reduction in tuition for all students.
- Indirect Cost Recovery: \$139 million, increase of \$6 million
- \$7M of unexpected one-time Lottery Funds

The Budget Process

2018-19 Maintaining a Stable Financial Position

Continued Resource Constraints:

- Fixed Cost Increases for Employee Salaries & Benefits Continue to Grow: ~\$30 million increase on core funds
 - \$7.5 M for faculty merit process
 - \$10.5 M for faculty range
 - \$10.2 M for staff salary & benefit increases
 - \$2M for TA fee remission
- State provided one-time funds for ongoing costs.
- Continued need for capital investment, basic infrastructure & growth costs
- State funding for undergraduate enrollment growth is at lower level than past, ~\$7K compared to ~\$10K per student

The Budget Process

2018-19 Decisions and Incremental Allocations: \$54 million ongoing, \$46 million one-time

- \$30 million for increased salary and benefit costs campuswide
 - \$18M faculty, \$10M staff, \$2M TAs
- \$37 million (\$25.6M one-time) to academic units:
 - \$6.7 million budget model; \$22 million faculty start-up; CAMPOS/IRI, & HIP; \$8.4 million other incremental decisions
- \$17.1 million to administrative and academic support units
- \$17 million, central campus managed investments:
 - \$3.5 million capital debt, \$5 million classroom investments, 4.7 million other incremental decisions with campuswide impact

[More Details Here](#)



Capital and Facility Investments

More Detailed Data and Information:

<https://dcm.ucdavis.edu/projects-phase>

<http://crm.ucdavis.edu/>

Capital and Facility Investments: Instructional Space

- Program to invest \$5 million annually through 2020-21 to renovate and improve technology in general assignment classrooms
- First two years of program: 32 classrooms totaling approximately 2000 seats renovated, 20 classrooms with technology upgrades
- Work currently underway in 12 classrooms (Chemistry 179, 11 rooms in Olson Hall); 19 classroom projects scheduled in 2019-20 (Wellman)
- \$1 million per year for enhanced custodial and technology upgrades across all general assignment rooms

Capital and Facility Investments: New Projects

Many significant Capital Needs, investments and planning is underway:

- California Hall: Opening early 2019, under construction, 600 seats
- Walker Hall: Opening Fall 2019, under construction, 400 seats
- Teaching and Learning Complex: in planning, 2,000 seats
- Chemistry and Chemistry Annex: seismic, life safety, & increased laboratory capacity
- Briggs Hall: first floor renovations, roof and electrical improvements
- Controlled Environment Facility: Opening 2019
- Cage Wash Facility: completed 2018
- Student Housing and Dining Projects, including West Village