

Campus Finance Committee Meeting

Date: Monday, July 12, 2021

Time: 1:30pm

In Attendance

Elizabeth Watkins, Gerry Bomotti, Anil Deolalikar, Brian Haynes, Christopher Lynch, Deborah Deas, Jason Stajich, Jeff Girard, Jennifer Brown, Juliet McMillian, Katherine Kinney, Kathryn Uhrich, Kevin Vaughn, Louie Rodriguez, Mariam Lam, Peter Hayashida, Rodolfo Torres, Shaun Bowler, Yunzeng Wang, Kim Wilcox (guest), Christine Victorino (guest), Melanie Yuquin Wu (guest), Daryle Williams (new), Dana Simmons (new) and Stephanie Flores (committee support)

Opening Comments - Liz

Quick touch base on the draft HEERF announcement that was sent to the group on the junior faculty piece to make sure all are in agreement. No concerns.

Introductions of guests (Kim, Christine, and Melanie ACE Fellow) and new members - Dana Simmons, incoming Academic Senate Planning & Budget Chair, will be replacing Katherine Kinney and Daryle Williams, incoming CHASS Dean, will be replacing Juliet McMillian on the CFC.

Thank you to the Academic Senate for submitting the P&B Final Report which contained several great questions:

- 1) How will the administration analyze the impact of the cuts across campus, especially on staffing levels and workload increases? How have these impacts affected faculty research, retention, and recruitment?
- 2) What strategic principles will guide the budget process for FY22?
- 3) Will the cuts to the colleges, schools, and divisions be fully restored if the anticipated increase to the UC budget is included in the new state budget? What process will be used to decide how much funding each unit will receive?
- 4) Will there be a realignment of the budget to address pre-pandemic concerns such as covering salary and benefit increases, expanding funding for PhD students, and addressing the chronic understaffing of academic units?
- 5) Will the RCM budget model be reviewed in light of this financial crisis and the ability of units to protect core priorities?

These complex questions will guide upcoming discussions in this committee.

Campus Budget 101 – Gerry and Stephanie

Presentation attached.

Discussion – all attendees

Most of UCR's funding comes from student tuition and fees and state funds. We need to think about ways to expand revenue generation and this will be a future topic for this group.

Comments from the committee:

- Regents are voting on cohort tuition next week. [Multi-Year Tuition and Financial Aid Plan](#)
- If non-resident enrollment is capped at 18% at UCB, UCLA, and UCSD and state buys out the tuition, it would be important to get that funding into the per student value in rebenching. It could possibly increase the international and out-of-state enrollment at campuses below the cap.
- The budget model has a calculation for enrollment growth that benefits the Colleges and Schools, but where/how do we account for the student support units?

Note by G. Bomotti: It is unknown how and why the support units are budgeted the way they are. Previously, those units would bring incremental requests for consideration to the BAC. A topic for a future CFC meeting is to decide how to entertain these requests, in the context of our overall campus priorities, moving forward. I am not aware of any budget model that allocates funding based on every unit of the campus that would be impacted by enrollment changes, mostly because there would never be enough funding to allow for this AND cover things like salary and benefit increases.

Graduate Student Funding – Shaun

Presentation attached.

Discussion – all attendees

Need to consider incentives for PhD student growth by funding them on extramural grants.

The full support of PhD students across TAs, GSRs, Readers, Assoc___In and Fellowships (salary, benefits, GSHIP, and Fee Remissions) from all sources was \$105M in FY19.

Action Items

Provide the total Tuition and Non-Resident Tuition revenue numbers for all students and the revenue for Self-Supporting and Professional Degree Supplemental tuition.

Next Meeting

Friday, July 30 at 9am



UCR Budget and Financial Fundamentals

July 12, 2021

➤ Campus Budget Overview

FY19-20 Campus Budget

~\$1 billion total revenues and expenditures

Core revenue (state funds, tuition) plus Student Fees, Contract & Grants, Gifts, Sales & Service, and Auxiliary Services.

~\$610 million core revenue and expenditures

Core revenue (state funds, tuition, F&A) used to fund the teaching and research operations for the campus

Budget in FY20 -21

~\$908 million total budgeted revenues and expenditures

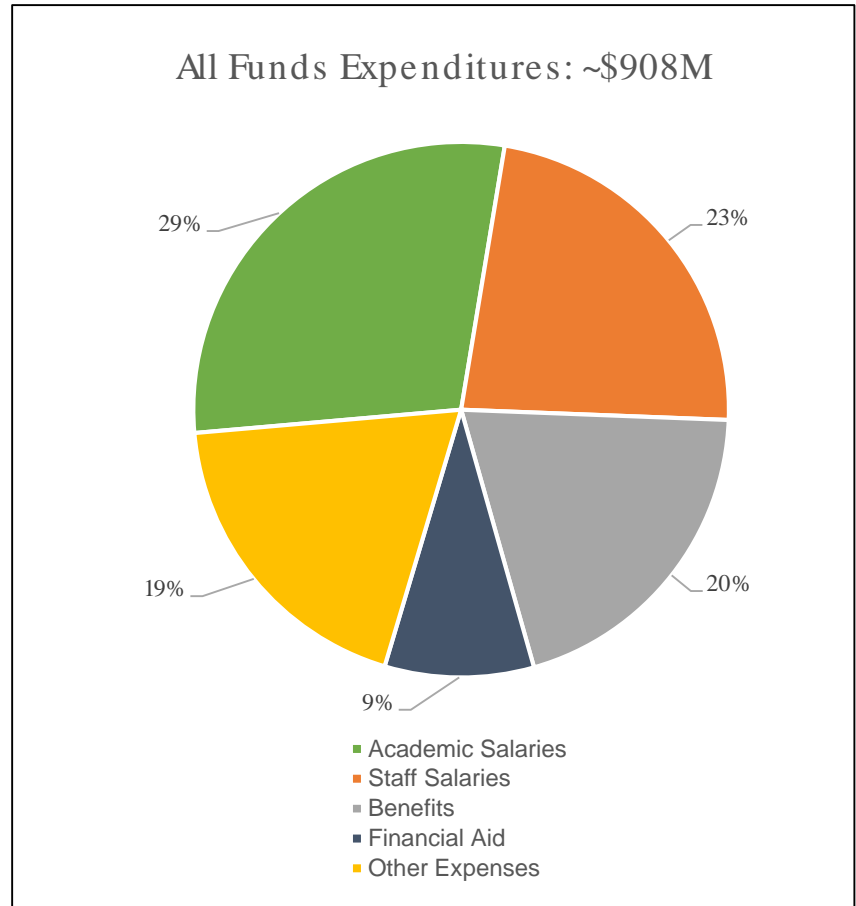
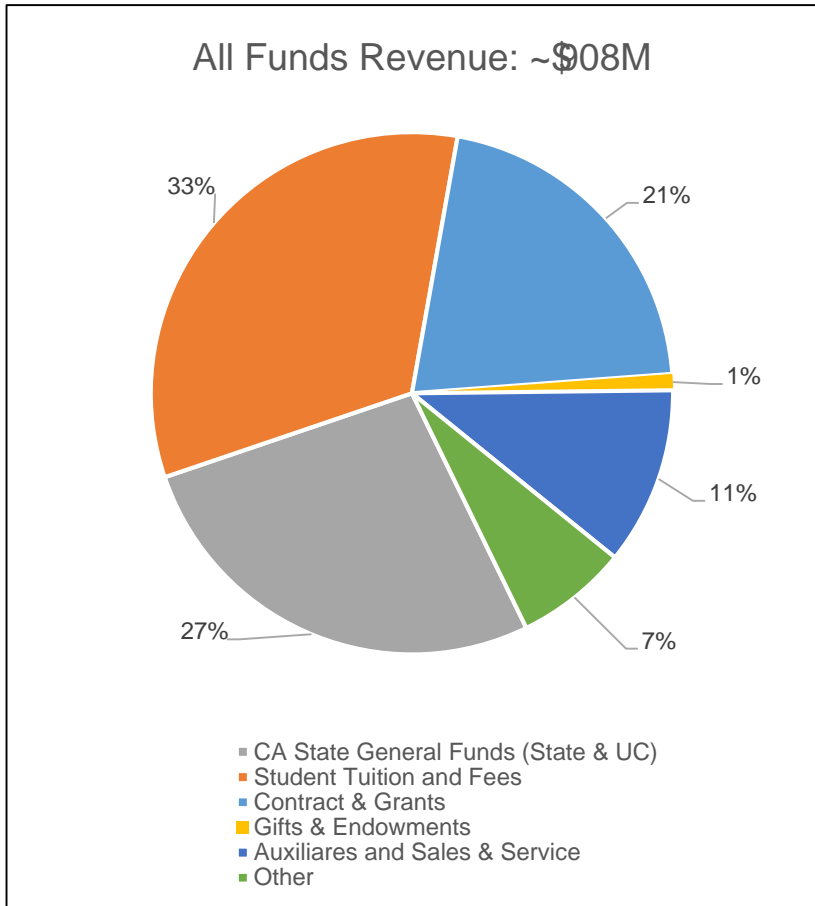
Core Budget plus Student Fees, Sales & Service, and Auxiliaries

~\$602 million core budgeted revenues and expenditures

Core teaching and research operations for the campus

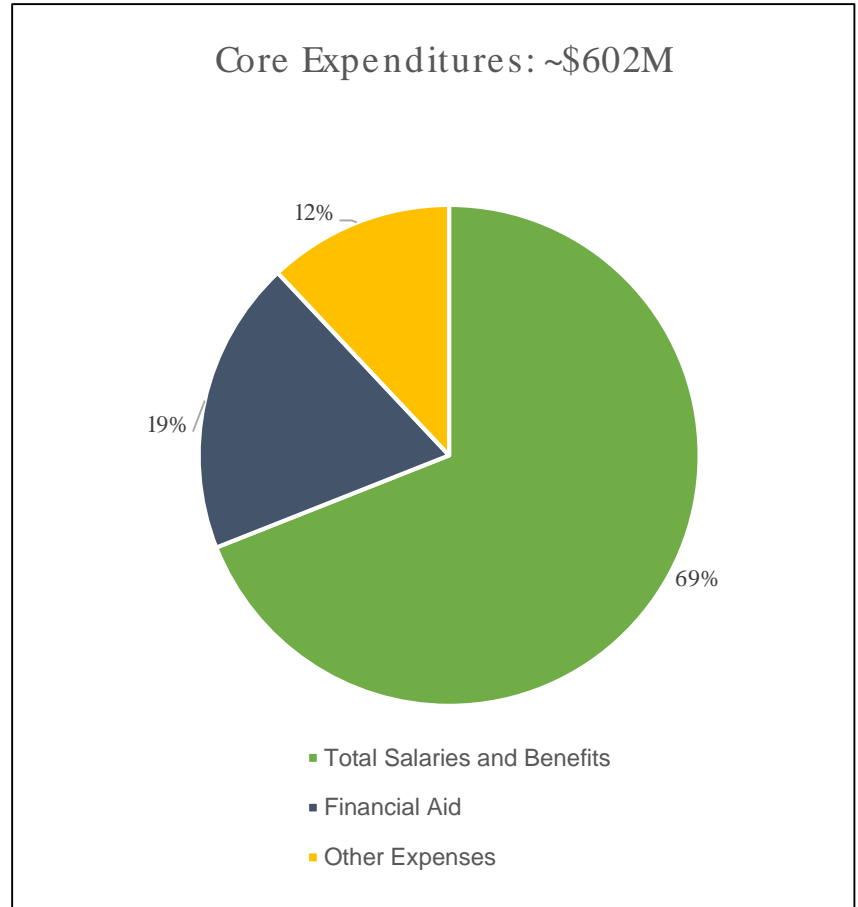
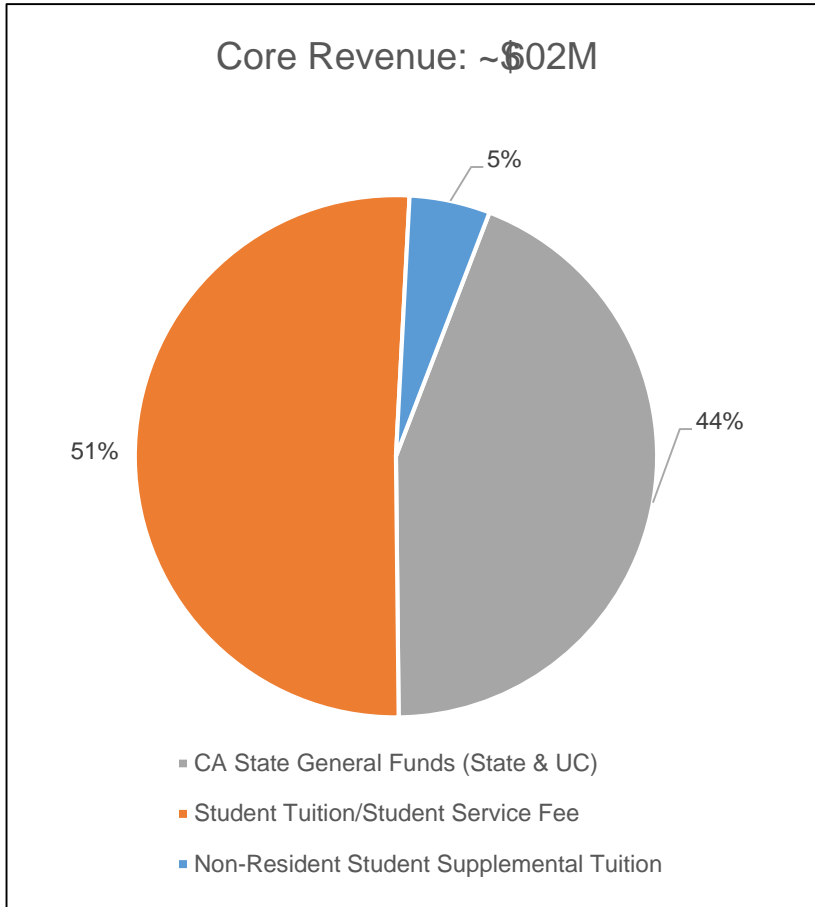
➤ Campus Budget Overview

FY21 All Funds Revenue and Expenditures



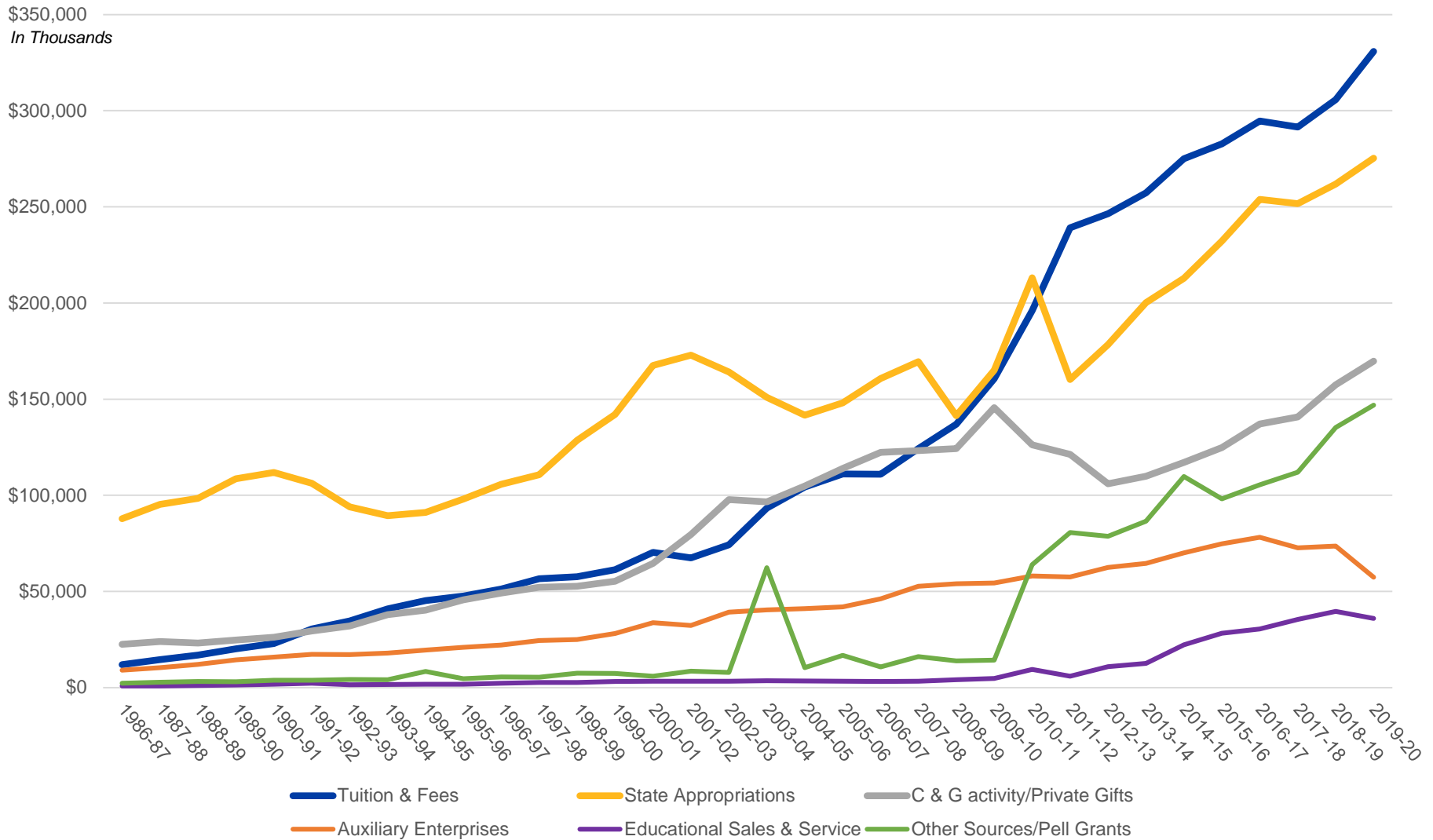
➤ Campus Budget Overview

FY21 Core Revenue and Expenditures



Campus Budget Overview

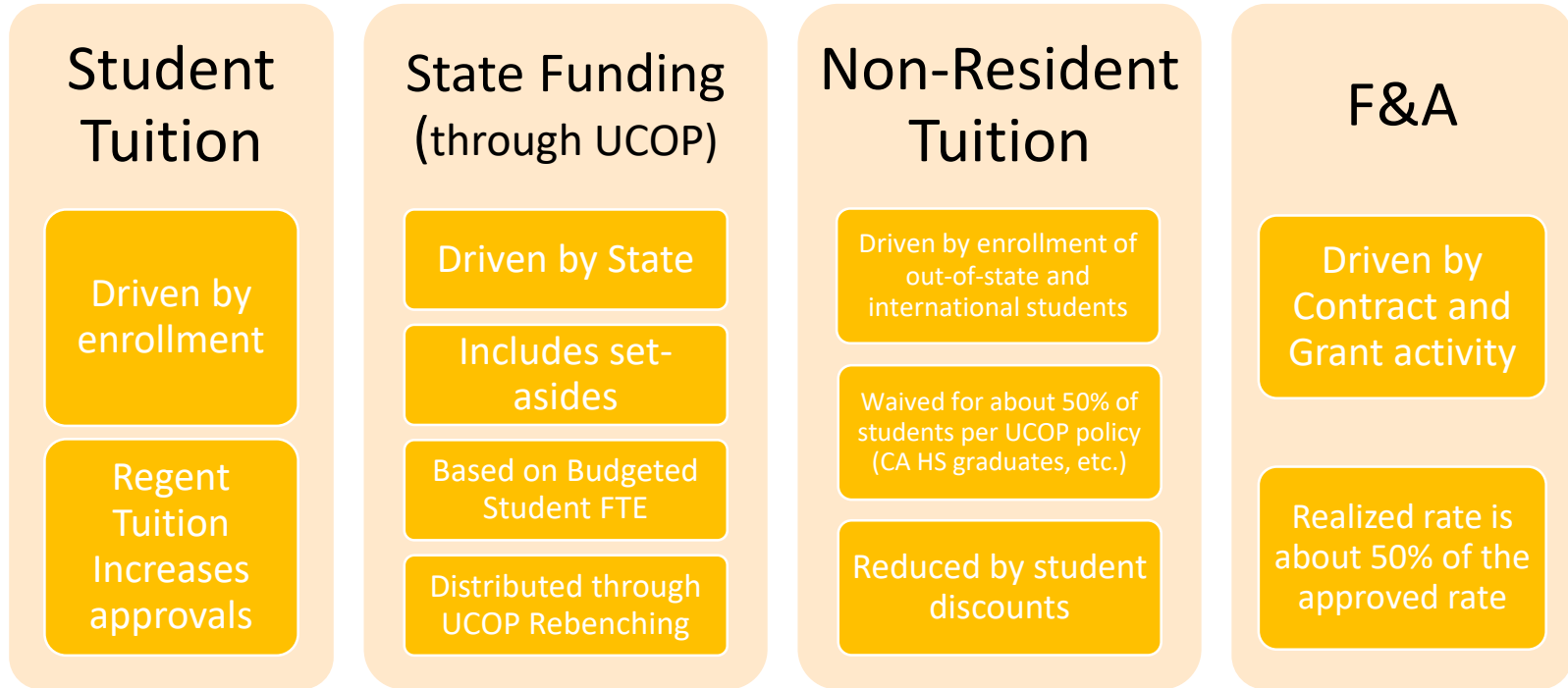
UCR Major Revenue Streams over time



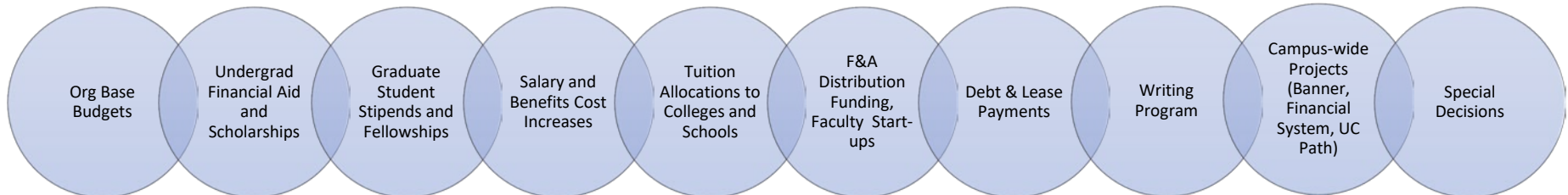
➤ Campus Budget Overview

UCR Major Core Revenue Flows

Inflow



Outflow



➤ Campus Budget Overview

Major Core Revenue Variables

01

Tuition Increases

- Tuition provides ~50% of our core revenues
- Tuition changes require Regental approval

02

State Funding Increases

- State funding provides ~44% of our core revenues
- Based on FTE enrollment (average unit loads) and defined set-asides
- Negotiated by UCOP and CA Legislature, Governor

03

Student Enrollment Growth

- Additional tuition & state funds (offset by costs)
- Enrollment of self-supporting Masters and non-residents provide additional revenue
- Determined by UCR, approved by UCOP
- Limited by current human and capital infrastructure

➤ Campus Budget Overview

Major Core Revenue Variables

04

UCOP Rebenching Model

- The UCOP process to allocate state funds to each of the campuses based on student enrollment.
- UCOP also allocates state funds to “set - asides”
- UCOP determines model and the last rebenching process took multiple years to determine (2008 -12) and to implement (2013-2018) We are awaiting an update to the model from UCOP. Goal is to bring each UC campus up to 95% of the UC average for state funding per unweighted student over no more than three years.

➤ Campus Budget Overview

Major Core Revenue Variables

05

UCOP Assessment

- Total assessment in FY2021 = \$17M
- UCOP “charges” each campus an assessment fee to fund their central operations
- UCOP determines model

06

Fixed Cost Increases

- Salary and Benefits for faculty and staff are the main drivers.

➤ Campus Budget Overview

UCR's FY21 State Permanent Budget with Set -Asides Noted

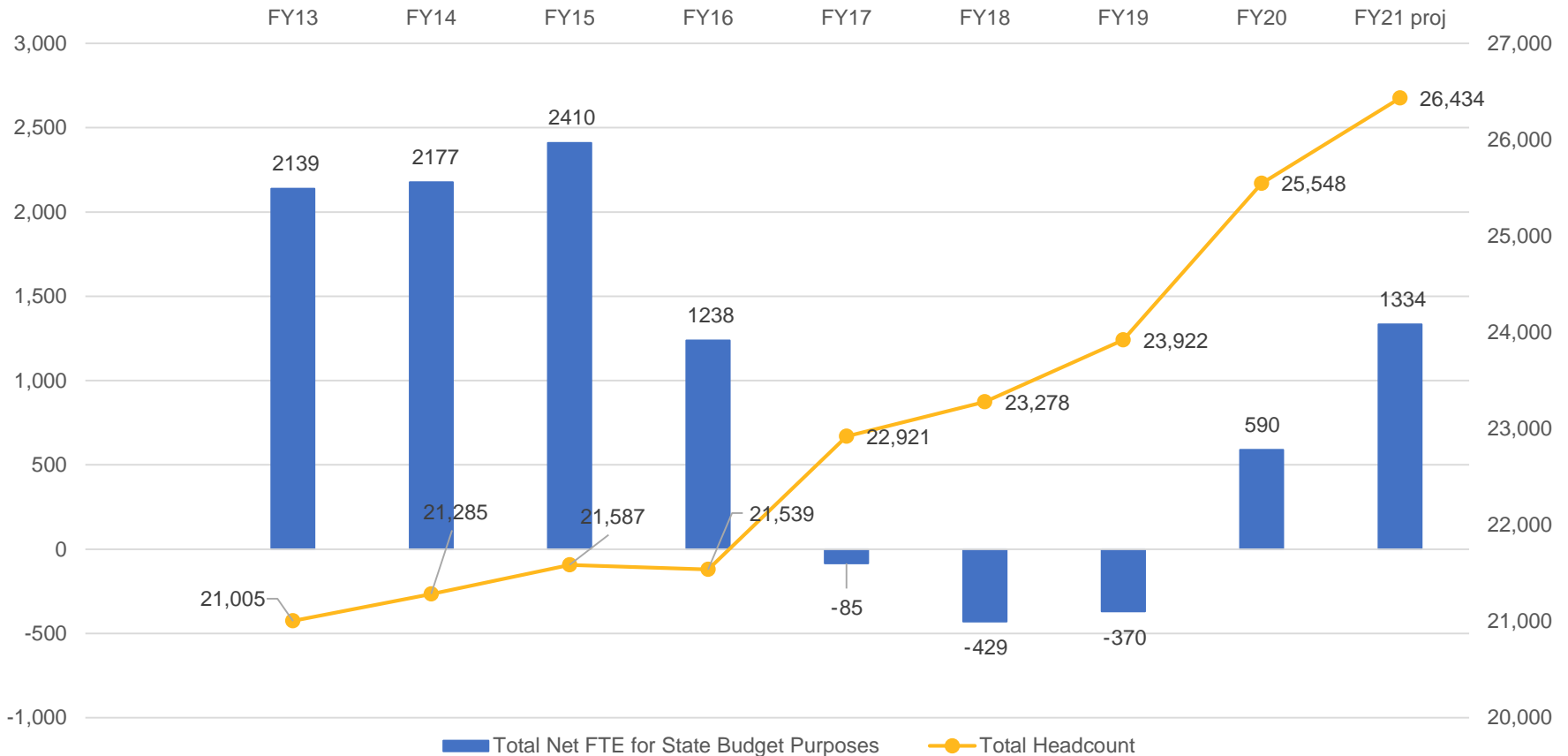
Description	UCR Amount	Location
AgOps - Agricultural Exp Stations	\$28,935,597	UCB, UCD, UCR (only set-aside currently adjusted for inflation)
SAPEP	\$718,000	All campuses
Fixed Cost Set-Aside	\$15,000,000	Rebenching Campuses (all campuses except UCM and UCSF)
SOM	\$40,000,000	UCR Only
Improve Grad Rates	\$1,600,000	UCM, UCR, UCSC, UCSB
Dream Loan Program	\$331,000	All campuses
Student Basic Needs	\$1,240,000	All campuses
Student Rapid Rehousing	\$307,000	All campuses
Student Mental Health	\$434,000	All campuses
Faculty Hiring Incentive Program	\$1,190,000	All campuses
USAP Financial Aid Program	\$761,000	All campuses
UCR State Funding from set-asides	\$90,516,597	
UCR's State Funding based on Enrollment	\$164,975,966	Rebenching Funds which are adjusted for inflation with state funds
UCR's Total FY21 State Perm Budget*	\$255,492,563	

*Does not include the \$3.5M Perm Budget for Alianza UCMX transferred from UCOP's ledger to UCR's ledger in FY21

Campus Budget Overview

State Funding is dependent on a Campus meeting the UCOP approved budgeted student FTE targets

UCR - State Funded FTE vs Budget for State Funded FTE



Note: Unfunded Grad FTE was 159 in FY20 and 205 in FY21



UCR Financial Metrics

Financial Information

UCR Net Position from the annual Financial Statements and UCR Foundation Combined

– UCR

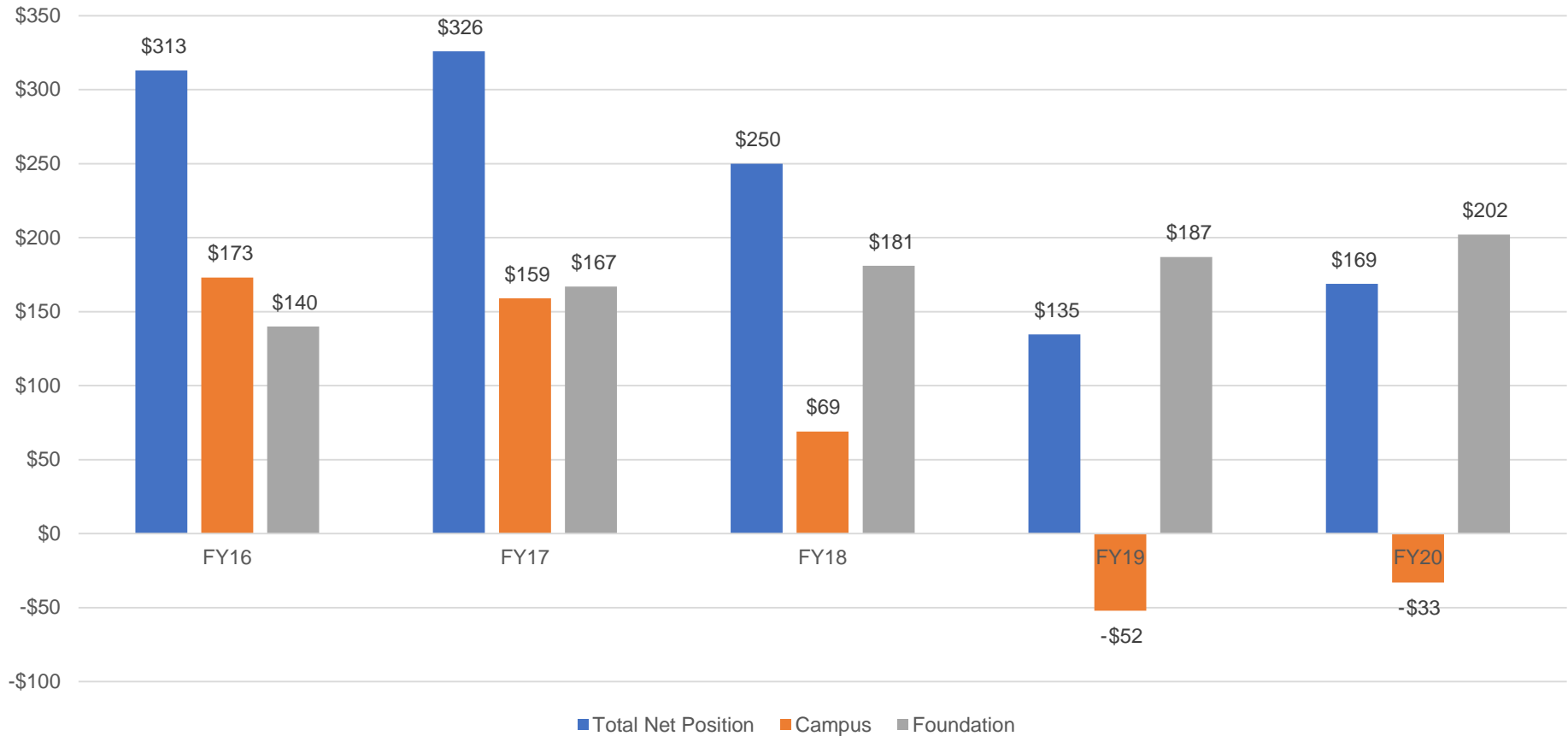
UCR's Statement of Net Position



Financial Information

UCR Net Position from the annual Financial Statements

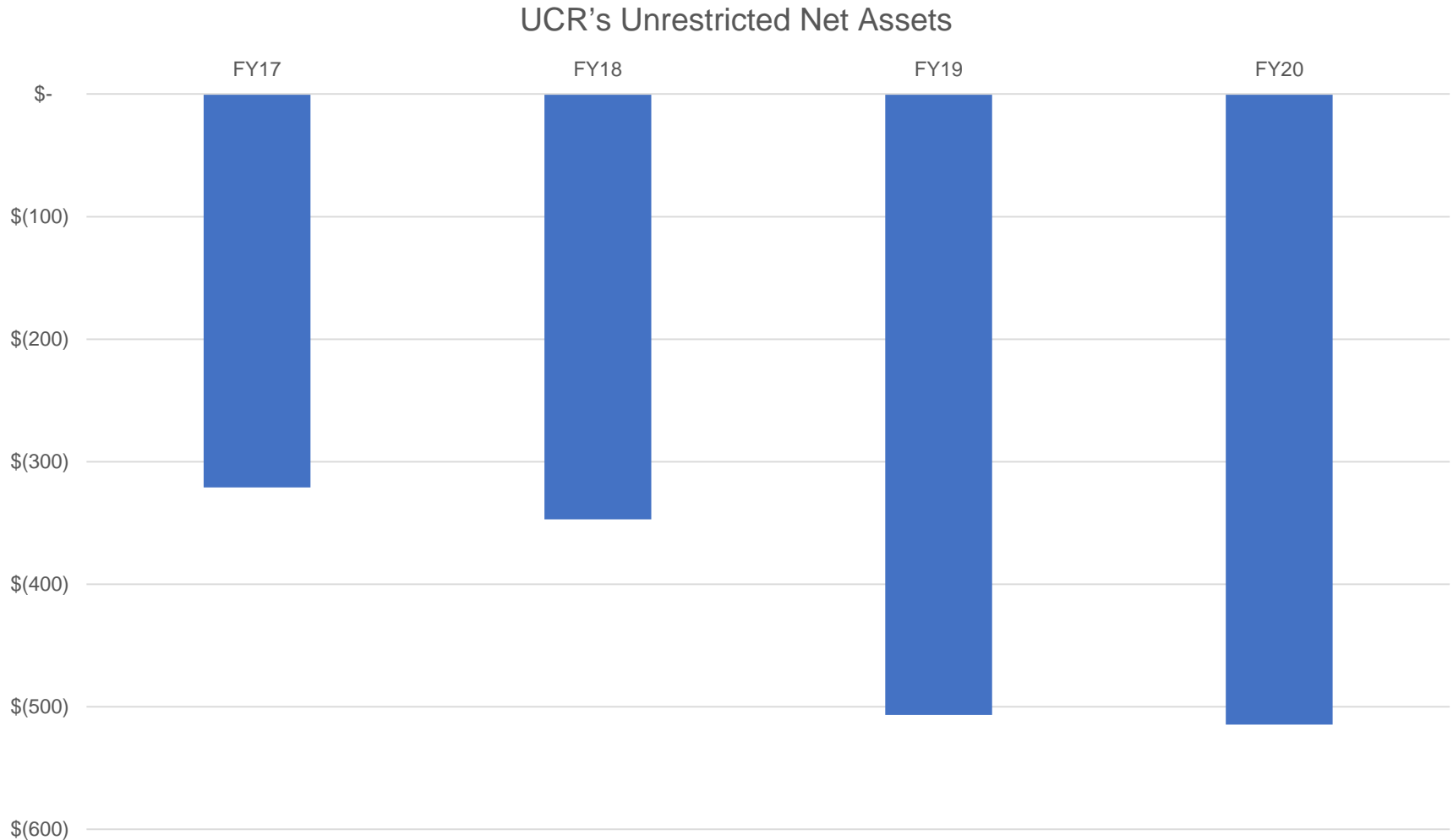
UCR's Total Net Position – Campus and Foundation



Financial Information

UCR Unrestricted Net Assets from the annual Financial Statements

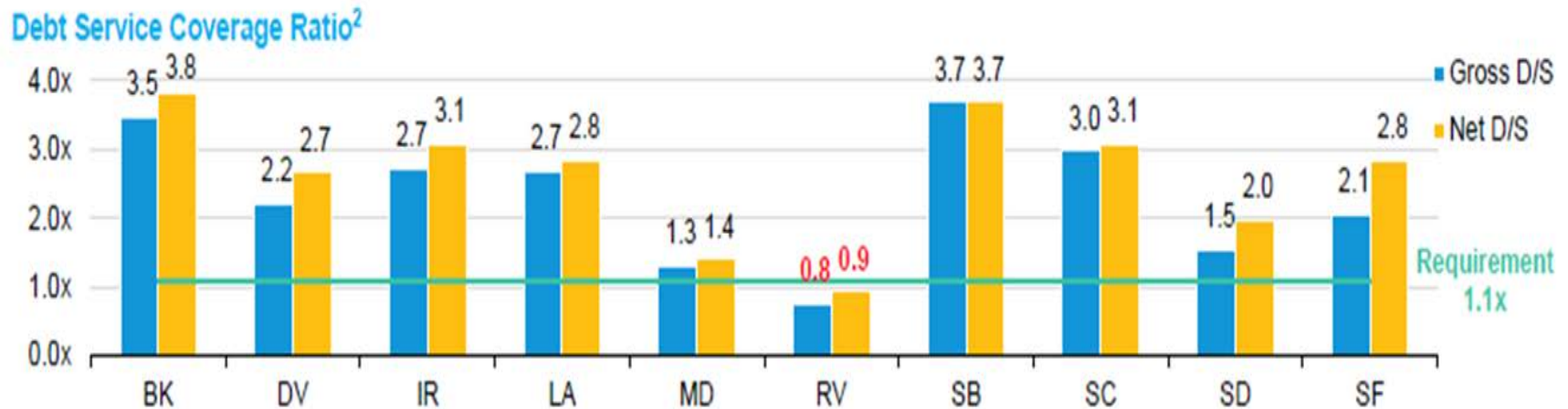
A major financial statement metric used to gauge reserves and financial trends



➤ Financial Information

UCR's Debt Affordability highlights a symptom of campus resource decline combined with increased debt.

UC defines a "Debt Affordability Model" to track our ability to take on additional debt.



As of spring 2020, UCR is the only UC campus that falls below the requirement

Key Issues for UCR:

- Increased Debt
- Slower Rate of Income Growth

Definitions:

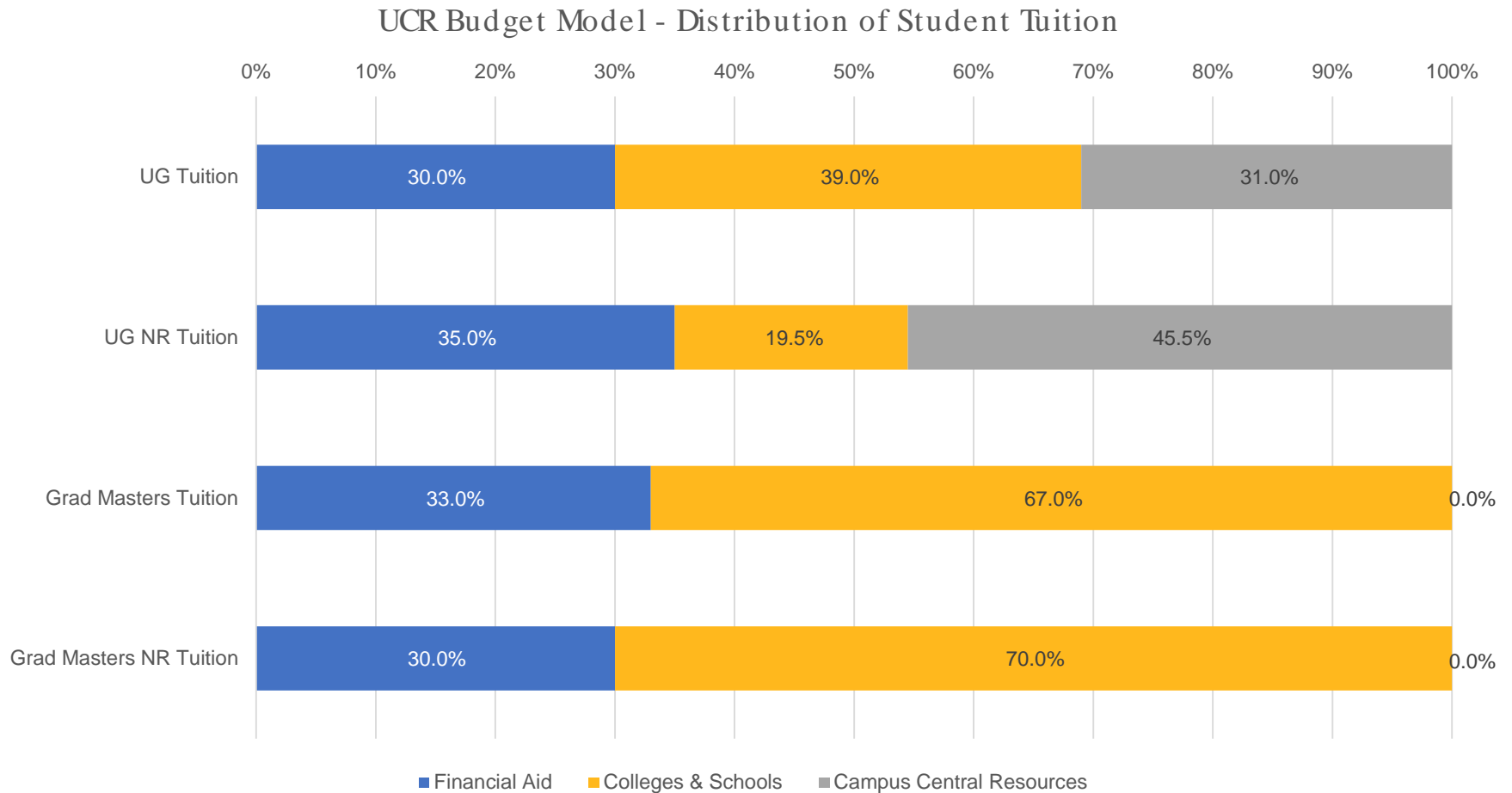
- $Gross\ D/S = Gross\ Operating\ Income / Debt\ Service$
- $Net\ D/S = Net\ Operating\ Income / Debt\ Service$



Current Budget Model – Revenue Distribution and Impacts to Central Campus Resources

Revenue Distribution

Distribution of Tuition & Non-Resident Tuition by Student Type

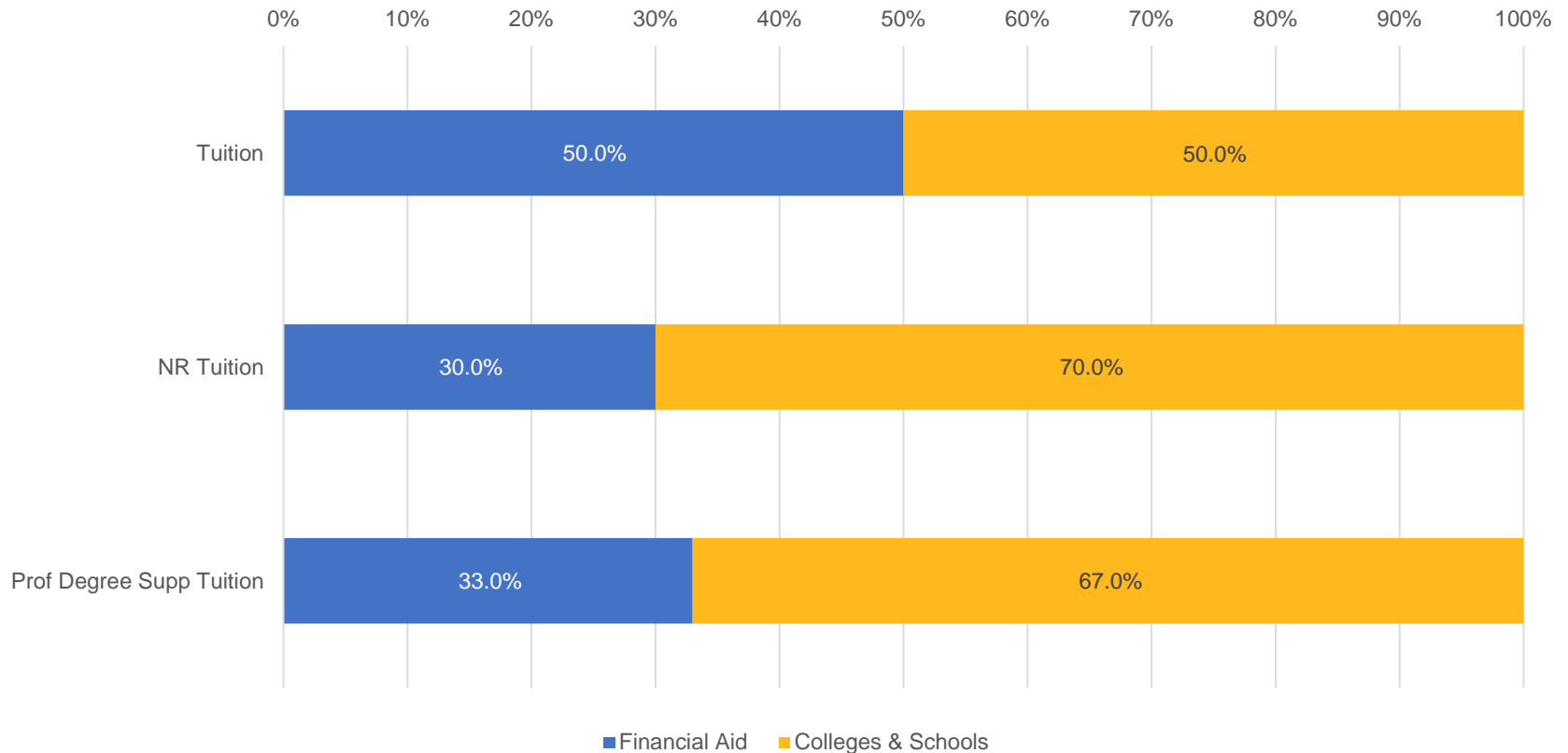


- Prior to the Budget Model, all of the gold funding went to the Campus Central Resources.
- All Financial Aid from Graduate Masters Tuition/NRT goes to Grad Division to support PhD students.

➤ Revenue Distribution

Distribution of Tuition & Non-Resident Tuition for Professional Masters

UCR Budget Model - Distribution of Professional Masters Fees



- Prior to the Budget Model, all of the gold funding went to the Campus Central Resources
- All Financial Aid from Prof. Masters Tuition/NRT goes to the Grad Division to support PhD students.
- PDST Financial Aid must be spent on Professional Masters Students only.

➤ Campus Core Budget

Core Budget Summary as of 7/1/20

<u>Org</u>	<u>Subvention</u>	<u>Tuition Distrib.</u>	<u>Total Core Budget</u>
Academic Senate	1,816,419		1,816,419
Bourns College of Engineering	25,926,704	14,951,545	40,878,249
Chancellor	6,876,242		6,876,242
Coll of Hum, Arts & Social Sci	41,843,416	51,736,685	93,580,101
College of Nat & Agr Sciences	76,330,706	28,115,683	104,446,389
Control Functions	20,427,919		20,427,919
Enrollment Services	12,826,776		12,826,776
Fac- Plng - Design - Const	43,443,124		43,443,124
Graduate Division	2,729,494		2,729,494
Graduate School of Education	6,805,326	4,146,723	10,952,049
Info. Technology Solutions	23,871,755		23,871,755
International Affairs	1,837,482		1,837,482
Palm Desert Graduate Center	1,153,445		1,153,445
Planning, Budget & Admin	26,799,117		26,799,117
Provost/Exec Vice Chancellor	6,047,999		6,047,999
School of Business	5,734,577	9,179,206	14,913,783
School of Medicine	20,126,117	1,615,890	21,742,007
School of Public Policy	4,450,118	941,876	5,391,994
UCR Intercollegiate Athletics	6,249,469		6,249,469
Undergraduate Education	4,380,384		4,380,384
University Library	16,854,352		16,854,352
Vice Chancellor - Research	5,493,382		5,493,382
Vice Chancellor - Univ Adv	20,745,459		20,745,459
Vice Chancellor Student Affairs	17,138,622		17,138,622
Graduate Financial Aid	-	25,587,847	25,587,847
Undergraduate Financial Aid	-	68,563,034	68,563,034
Total	399,908,403	204,838,489	604,746,892

Core Budget includes:

- State General Funds
- UC General Funds
- Tuition
- Student Services Fee
- Non-Resident Tuition

Thank you

Grad Student Funding

- LOTS of detail.. This is broad brush
- Where's my money??
- Where does the money come from?
- Where does it go?
- What are we trying to do? How about increasing PhD numbers?



Where's my money??

- Everyone wants more money for grad students.

STEM *"we get the grants that go to non-STEM"*

non-STEM *"we have the enrollments that pay for campus:"*

Putting aside the turf.. What helps us as an R1 institution?

Where does the money come from?

- Tuition paid e.g grants
- 1/3 Masters tuition
- + a little bit

Total ≈ \$24M

Source of Funding for Graduate Student Support (Fellowships)			
	2016-17	2017-18	2018-19
Fund Source			
PhD Tuition	\$10,018,491	\$10,227,831	\$10,916,587
Masters Tuition	\$797,200	\$772,093	\$827,962
Prof Masters Tuition	\$1,382,233	\$1,421,608	\$1,445,942
PhD NRT	\$5,981,938	\$7,037,968	\$7,884,188
Masters NRT	\$654,564	\$738,357	\$631,962
Prof Masters NRT	\$288,645	\$337,962	\$238,780
Fund Source Total	\$19,123,071	\$20,535,819	\$21,945,421
	2016-17	2017-18	2018-19
Fellowship Expense			
Stipend	(\$10,937,889)	(\$9,289,185)	(\$9,182,452)
Fees	(\$9,366,178)	(\$7,342,217)	(\$7,507,330)
NRT	(\$891,793)	(\$6,274,805)	(\$7,189,610)
Chancellor's Dissertations	(\$639,930)	(\$518,425)	(\$516,729)
Expense Total	(\$21,835,790)	(\$23,424,632)	(\$24,396,120)
Net covered by Central Resources	(\$2,712,719)	(\$2,888,813)	(\$2,450,699)

Where does it go?

- Money tied to a cohort
- **Dissertation support** What is not spent on recruitment spent down on dissertation support over 6 years (or until the money is gone)
- **Offers**
Each summer program establishes target # for following year conditional on anticipated TA/grant income

Where does it
go?

Offers...

- Each summer program establishes target # for following year conditional on anticipated TA/grant income
- Each program has baseline per student average: can recruit **X** students but on average the offer has to be **\$Y** (~\$30k)
- *V similar to control figure for staff raises/awards*
- Program can make 2 **X** offers
- “Add-ons” .. Top-ups go to best students who are recruited (merit/diversity). GRE affects this... Stipend closer to \$20k for qualified.. Gives money to good **students**

Why not just give programs the money in a block grant?

- **Still just \$24M.** Block grants don't mean more money
- Campus experience with block grant not good.. (over-spending, fewer students)
- It is a mechanism that builds in getting numbers of best PhD students relatively inexpensively so is sensible from a **campus** perspective
- What is our shared goal?

Increasing grad student numbers?

~ 1000 TAs teach ~20,000 undergrads

~ 900 GSRs (+ ~250 postdocs) from ~\$180M grants

...permanent 10% increase in PhD students (~200) requires a permanent increase of ~2000 undergrads **plus** ~\$15M more in grants

A lot of inputs for some modest outputs at PhD level ... Hence the emphasis on growing Masters programs to grow grad student numbers

Questions?