

UCR Budget Primer

prepared by the Senate Committee on Planning & Budget with assistance from VCPBA Gerry Bomotti, Milly Paradez and Jesse Ha,
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(Based on a document by former Planning & Budget Chairs Christian Shelton followed by Dana Simmons)

Abstract

This document is to give an overview and rough budget numbers for the UCR campus. It is intended to bring academic senate members up to speed on the budget and the budget process. Numbers are taken from the 2021-22 Operating Performance Model report, the FY22 [Financial Dashboard Report](#) and the [Campus Financial Schedule](#) (The Fiscal Year FY22 refers to the period July 1, 2021 - June 30, 2022).

Campus Budget

All numbers in this document have been rounded to a few significant digits. The goal is to give relative sizes, not precise details (which can change depending on the year and how the numbers are calculated). The campus's total budget is roughly \$1.3 B. UCR's core instructional budget (not counting auxiliaries like Housing and Parking and Grants/Gifts) is roughly \$ 840 M. The budget can be broken into revenues (money coming in) and expenses (money going out).

1.1 Revenues

The campus has four major types of revenue: State funding, Tuition, Grants/ Contracts/ Gifts, and Other

State UCOP distributes money from the state according to a complex formula. The basics are that UCR is funded based on budgeted students, excluding non-resident undergraduates, with PhD students counting for 2.5 times the amount and health care and VetMed students counting five times the amount (except that UCR's medical students are not counted, see below) (UC negotiates with UCOP every year to set budgeted enrollment targets (the number of students to enroll that year). The weighting formula described here may change with the UCOP rebenching review now complete). The UCOP formula is based on undergraduate student FTE (credit hours taken with 1 FTE corresponding to 15 u/qtr) and graduate student headcount. The School of Medicine is funded directly by the state legislature (\$40 M set-aside funds annually).

	FY22	
	Revenue (\$M)	
State	405.5	
Tuition & Fees	432.0	
Undergraduate		263.7
Grad/Prof		60.3
Summer		18.9
Self-Supp. Prog.		22.0
Campus Fees		67.1
Grants/Gifts	291.2	
Federal Grants, direct		122.8
Federal Student Aid		62.2
Private Gifts		16.8
Other Grants/Contracts		89.4
Other	148.6	
Auxiliary /Services		106.7
Other revenues		41.9
Total Revenue	1,277.3	

Table 1: UCR revenues for 2021-2022

Set-aside funds are for specific campus or system-wide programs. They are earmarked as a portion of the annual State General Fund appropriation. Major set-aside funding for UCR is: \$23.4 M for the Agriculture Experiment Station (AES), \$40 M for the School of Medicine, and \$4.3M for Allanza/UC Mexus. UCR receives the largest amount of set-aside funds of all the UC campuses. Comparable examples of set-aside funding from other UC campuses include the Scripps institute at UC San Diego, the AES funding to UC Berkeley and UC Davis, and the UCSF-Fresno Branch Campus.

Compared to our report from May 2022 in which FY2020 data was used, there has been an increase in state funding of \$130.5 M, in tuition & fees of \$98 M, in grants/gifts of \$60.2 M, and in other categories of \$10.6 M for a total increase of \$299.3 M.

Increasing enrollment

UCR student enrollment data for the current and previous three years are shown in **Table 2**.

	Fall 2019 FY 2020	Fall 2020 FY 2021	Fall 2021 FY 2022	Fall 2022 FY 2023
Undergraduate				
CA Resident Undergraduates	21,157	21,783	22,082	21,930
NRT Undergraduates	885	892	784	973
Post-Bacc (SOM)	13	12	0	0
Total Undergraduate	22,055	22,687	22,866	22,903
Graduate				
Academic Master's	559	578	698	768
Professional Master's	114	183	236	181
Self-Supporting Master's	423	531	629	585
PhD	2,103	2,153	2,112	2,051
MD	284	293	300	319
Credential	10	9	6	2
Total Graduate	3,493	3,747	3,981	3,906
Total	25,548	26,434	26,847	26,809

Table 2. Enrollment growth across all categories for the past four years.

State funding supplies about half of UCR's core instructional budget. Tuition and fees fund the other half.

Tuition The Regents set tuition and some fees. UCR also imposes some campus fees. With the exception of professional and self-supporting degree programs, tuition is the same across all degrees at UC (graduate and undergraduate). UC has phased in a cohort tuition model, which raises tuition for each incoming undergraduate cohort (who then have a fixed yearly tuition rate of up to six years). Non-resident supplemental tuition (NRST) varies by degree type. In 2019-20 undergraduate NRST made up \$24 M and this has grown in the past year as Berkeley, UCLA and UCSD have been required to reduce their NRT enrollments. Most likely this will be a temporary growth impact as NRT enrollments at these campuses stabilize. The graduate and professional program tuition revenue includes tuition paid from external grants or contracts.

Professional school degrees have a supplemental tuition (PDST) that increases their cost. *Self-supporting programs* set their fees at a market rate to generate revenues for the program. These programs cannot use any state supported funds and must pay for the use of all campus staff, facilities and resources using program-generated funds.

Grants/Gifts All of the grants and gift sources are restricted (the use of the money is pre-specified) with the exception of the indirect cost recovery, which comes to the campus for reimbursement of audited costs.

Financial aid A mandated portion of undergraduate tuition goes to financial aid (now roughly 33%, scheduled to increase to 45%). This money is, of course, paid back as tuition. However, instead of reducing tuition by the amount of financial aid, we consider tuition revenue as the full revenue on all students, and take the amount paid in financial aid as an expense. In 2021-2022, \$99M was directed to financial aid.

1.2 Expenses

As with most service-orientated enterprises, salaries and benefits comprise most of UCR's expenses. Salary and benefits increases for all employees are set by UCOP: for unionized employees like GSRS and TAs, increases are mandated by negotiated contracts. GSRS and TAs are counted in the academic salary and benefits categories. Other operating expenses include debt servicing of buildings.

Table 3: UCR Expenses (\$ M) for FY 2022 compared with FY2020

Category	FY2020	FY2022
Academic Salary	\$254	\$268
Staff Salary	\$226	\$227
Benefits	\$184	\$181
Utilities	\$18	\$21
Supplies and Expenses	\$148	\$160
Financial Aid	\$73	\$99
Capital Projects	\$0	\$247
Facilities	\$37	\$44
Contracts and Grants - Subcontracts	\$11	\$13
Contracts and Grants – Facilities and Admin	\$29	\$34
Total	\$980	\$1,294

College and School Budgeting

UCR's budget is divided into two parts: the Core (instructional) budget and Auxiliary/ Self-Supporting. Core funds should not be used to support auxiliary activities. Below are units under these two categories. Some units have both kinds of activities (such as an academic unit that has some self-supporting professional degree programs).

Core Budget: Academic

Units

BCOE	CHASS	CNAS	SOE	SPP
SOBA	SOM	UG Education	Grad Division	

Core Budget: Central Administration

IT Solutions	Chancellor	Student Affairs	Acad. Senate	Central Resources
Fac-Plng & Constr	Provost/EVC	Enrollment Serv	Library	UG Financial Aid
HR	Univ. Advance. Research & Econ..	Athletics	Grad Financial Aid	
Plan. Budg. & Ad.	Intl Affairs	Palm Desert		

Auxiliary & Self-Supporting

Housing & Dining	Extension	Health Center	Bookstore	HUB
Faculty Housing	Parking	Rec Center	UCR Card	

1.1 Hybrid RCM Budget Model

UCR adopted a *hybrid RCM* (Responsibility Center Management) budget model in 2016-17. Prior to that year, the Provost/EVC controlled most of the core instructional budget. The Provost made most of the decisions about faculty lines, TAs, faculty start-up and retention packages, etc. The hybrid RCM model decentralizes budgetary

responsibility and decision making to the Deans of the schools and colleges. There are no more staff or faculty "lines" held by central administration. Deans allocate their own schools' and colleges' budgets to hire and retain faculty, staff and TAs. In other words, the most significant change with the new budget model was in UCR's governance structure. The budget model is a "hybrid" because Deans do not have to cover every cost associated with running their schools and colleges. Central administration remains responsible for campus infrastructure, administration and research support, and also currently covers salary and benefits increases, including for merits and promotions. Graduate first-year stipends and other graduate supplemental funding are covered centrally by Graduate Division.

1.2 Revenues

Under the budget model, each school or college receives a *share of tuition revenue* based on its enrollment, a *share of its faculty's contracts and grant revenue*, and a *share of state general funds* ("subvention").

Tuition Fees for self-supporting programs (programs not funded by the state) and professional degree supplemental tuition go directly to those programs, minus any mandated amounts for overhead or financial aid.

Undergraduate tuition is allocated to academic units as follows.

- *Financial Aid: 30%* A state-mandated fraction is reserved for financial aid.
- *Central: 31%* This money is taken centrally to supplement state general funds.
- *Workload: 29.25%* Schools and colleges receive a share proportional to the number of undergraduate FTEs (credit hours) taught.
- *Headcount: 9.75%* Schools and colleges receive a share proportional to the number of undergraduate majors.

From the schools' and colleges' perspective, 75% of their enrollment-based funding comes from workload (credit hours taught) and 25% comes from a headcount of majors in the college (Beginning in 2022-2023).

Central administration retains 46% of undergraduate *non-resident supplemental tuition* (NRST) and 30% of masters NRST, and the remainder (net of financial aid) is distributed proportional to headcount (essentially returned to the enrolled college or unit). For PhD students, 100% of NRST goes to graduate student support (Graduate Division).

For academic masters students, 33% of the *graduate* tuition goes to fellowships (through graduate division) and 67% goes to the school or college of the student's major. For professional masters, 50% of the tuition goes to fellowships and 100% of *professional degree* supplemental tuition goes back to the school. The school must spend at least 33% of this on financial aid.

Self-Supporting programs are subject to a campus assessment for overhead (secondary services and infrastructure), generally 10-15% of program revenue. The remaining tuition (minus fees) goes back to the school. The program sets its own rate of return to financial aid. Summer tuition is mainly distributed to academic departments.

Indirect (Facilities and Administration, F&A)

12% of indirect revenue is returned to UCOP (and not reported in any budget numbers here) (This is not a fixed percentage. 12% is just the current fraction, based on current grant funding.), The remainder is allocated as shown in this table. The PI portion is allocated based on the PI's primary affiliation and does not consider co-PIs.

<i>Central</i>	40%
<i>VCRED</i>	20%
<i>College</i>	25%
<i>Department</i>	10%
<i>PI</i>	5%

Subventions The schools' and colleges' share of state general funds (subvention) is not allocated by any formula. Subventions were set up to provide continuity when the hybrid RCM budget model began. When the budget model was rolled out, the 2015-2016 fiscal year served as a baseline reference. Schools and colleges' share of tuition revenue (plus their share of F&A on contracts and grants and any other revenue) would not have been enough to match their funding levels in 2015-2016. State general funds were used to fill the gap. These subventions have remained relatively constant since the new budget model was instituted (they are adjusted annually, mostly to cover salary and benefits increases).

Below are **A. FY 2022** numbers for academic units' tuition allocation and subvention (general funds, not counting F&A on contracts and grants or other sources of revenue). These are shown together with the **B. FY2020** numbers from last years UCR Budget Primer.

A. FY2022

	BCOE	CHASS	CNAS	SOE	SOBA	SOM	SPP
Tuition	\$17.8 M	\$48.7 M	\$28.5 M	\$3.8 M	\$9.8 M	\$1.8 M	\$1.3 M
Subvention	\$27.2 M	\$44.6 M	\$78.1 M	\$6.9 M	\$5.1 M	\$43.1 M	\$4.9 M
F&A	\$3.7 M	\$1.2 M	\$7.2 M	\$0.3 M	\$0.1 M	\$1.0 M	\$0.2 M
Tuition % of gen fund budget	36.6%	51.5%	25.0%	34.5%	65.3%	3.9%	20.3%

B. FY2020

	BCOE	CHASS	CNAS	SOE	SOBA	SOM	SPP
Tuition	\$ 15 M	\$ 50 M	\$ 29 M	\$ 5 M	\$ 10 M	\$ 2 M	\$ 1 M
Subvention	\$ 26 M	\$ 42 M	\$ 74 M	\$ 6 M	\$ 5 M	\$ 42 M	\$ 4 M
Tuition % of gen fund budget	37%	54%	28%	42%	68%	4%	21%

Schools and colleges can grow revenue by increasing undergraduate and Masters enrollment (share of tuition allocation), increasing contracts and grants and/or other revenue sources such as self-supporting professional degree programs.

1.3 Expenditures

A. FY2022

	BCOE	CHASS	CNAS	SOE	SOBA	SOM	SPP
Acad Sal & Benefits	\$58 M	\$85 M	\$116 M	\$10 M	\$16 M	\$44 M	\$5 M
Staff Sal & Benefits	\$12 M	\$18 M	\$30 M	\$3 M	\$4 M	\$30 M	\$3 M
Contracts & Grants support	\$11 M	\$3 M	\$24 M	\$1 M	0	\$6 M	\$1 M
Equipment & Facilities	\$4 M	\$0.3 M	\$8 M	0	\$0.2 M	\$4 M	0
General Expenses & Supplies	\$7 M	\$6 M	\$24 M	\$1 M	\$3 M	\$32 M	\$1 M
Total	\$92 M	\$112.3 M	\$202 M	\$15 M	\$23.2 M	\$116 M	\$10 M

A. FY2020

	BCOE	CHASS	CNAS	SOE	SOBA	SOM	SPP
Acad Sal & Benefits	\$ 55 M	\$ 84 M	\$112 M	\$ 9 M	\$ 16 M	\$ 39 M	\$ 5 M
Staff Sal & Benefits	\$ 12 M	\$ 17 M	\$ 31 M	\$ 3 M	\$ 3 M	\$ 23 M	\$ 2 M
Contracts & Grants support	\$ 10 M					\$ 5 M	
Equipment & Facilities	\$ 6 M	\$ 1 M	\$ 7 M			\$ 6 M	
General Expenses & Supplies	\$ 9 M	\$ 7 M	\$ 21 M	\$ 2 M	\$ 2 M	\$ 25 M	\$ 1 M
Total	\$ 92 M	\$108 M	\$172 M	\$ 14 M	\$ 21 M	\$ 91 M	\$ 8 M

1.4 Shared Governance in the UCR Budget Process

The Provost convenes a Campus Finance Committee (CFC), which includes the Deans, several Vice Chancellors, the VC of Planning & Budget, the Executive Director of Financial Planning & Analysis, the Academic Senate Divisional Chair and the Chair of the Senate Planning & Budget Committee. The CFC reviews changes to the budget model and advises the Provost on the use of any permanent or one-time supplemental funding.

Faculty Executive Committees of the Schools and Colleges can review their units' budgets and engage with the Dean on financial planning and budget issues. (This role is critical given the budget model's decentralized governance structure.)

The Senate's Planning & Budget Committee addresses the aspects of planning or budget it sees most relevant. Typically, the committee meets with the Deans and heads of other units to learn more about their budget. Often, the committee issues a report (on general planning and budget issues) at the end of the academic year.