

November 8, 2022

**Subject:** UCR Budget Update for Fiscal Year 2022-23

Dear UCR Colleagues,

We are writing to give you an update on the final outcome of the fiscal year 2022-23 UC Riverside operating budget. As we noted in [last year's letter](#), we once again have a lot of information to share, which makes this email a lengthy read.

### **A RELATIVELY GOOD YEAR FOR REVENUES**

The University received a 5% increase to our state funding. Because 45% of our core operating budget comes from state funding, this translates to a 2.2% increase in our core revenue (\$13.4M). The state also provided additional funding to account for our past enrollment growth (\$5.2M), and the UC Office of the President fulfilled the second year of its promised three-year commitment to bring UCR (and other UC campuses in similar circumstances) up to at least 95% of the unweighted average student funding level of the entire UC system (\$6.8M). Overall UCR had an increase in core perm funding of approximately \$28M.

UCR also received additional permanent funding from the Office of the President to support Foster Youth Services (\$734K), Undocumented Student Services (\$594K), and Carceral System-Impacted Student Services, also known as Underground Scholars (\$424K). Our Student Academic Preparation and Educational Partnerships programs received an ongoing addition of \$2.1M to their annual allocation.

New students in fall 2022 were the first cohort to enroll under the UC [Tuition Stability Plan](#). While 45% of the tuition increase is directed to financial aid, this plan produced a net increase to the core budget of \$570K. UCR also welcomed 36% more nonresident students this year, which brought an additional \$2.2M to core revenues.

In addition to these increments to our annual revenues, UCR received one-time funds for capital projects: \$51.5M toward a new undergraduate teaching and learning facility to address our [classroom seat shortage](#) (with legislative intent to provide another \$51.5M each of the next two years) and \$47M toward a clean tech building as part of the [OASIS initiative](#).

Congratulations are in order to the faculty, who boosted UCR's total amount of extramural funding from grants and contracts to more than \$200M. Many of these grants come with Facilities & Administrative (F&A) Cost Recovery Funds, also known as indirect costs (IDC), which increased by \$3M from 2021-22 to more than \$34M.

### **INVESTING IN OUR PEOPLE**

Over 80% of the new revenues went to support salary and benefit cost increases for our staff and faculty. As described in our [spring budget update letter](#), policy-covered staff received a 4.5% salary increase, academic employees received a 4% base salary increase, and represented employees received increases per their collective bargaining agreements. In addition, UCR implemented a faculty [salary equity program](#) in 2022-23 to bring all Senate ladder-rank faculty to within 3% of the expected median salary for their discipline, rank, and step.

Another 6% of the new perm core funding went to cover the fixed cost increases in utilities and other facilities services requirements.

With support from these revenue increases, our schools and colleges are planning searches for more than 60 ladder rank faculty positions this year. Other notable new campus investments recommended by the Campus Finance Committee and approved by the Provost and Chancellor include:

- A new Occupational Health program
- Transportation services for mobility-impaired members of our community
- An increase in the annual budget for Staff Assembly
- Salary and benefit cost increases for all teaching assistants, no matter the source of their pay
- A permanent Title IX officer
- A campus Fire Safety officer
- A new Preventive Maintenance program in Facilities Services (3 staff plus budget for materials)
- Three new Articulation Specialists in Enrollment Services who will support college and school advising teams by reducing the advisors' workload burden by 7500 hours/year
- Support of Student Affairs staff and operations.

The spring budget update letter also described the following budget modifications recommended by the Campus Finance Committee that were implemented for the FY23 budget year:

- Adoption of credit hour weights for new tuition dollars
- Additional Facilities & Administrative (F&A) Cost Recovery Funds from extramural contracts and grants allocated to the schools and colleges and incorporated into permanent budget funding
- Allocation of administrative cost recovery from self-supporting master's programs to support units engaged in the establishment and ongoing management of these programs.

We encourage you to re-read [that communication](#) for details.

## **INVESTING IN OUR INFRASTRUCTURE**

The state also allocated \$125M to the University of California for deferred maintenance, seismic mitigation, and energy efficiency; UCR received \$4.4M of that allocation for deferred maintenance, as well as \$1M to initiate a decarbonization study of the central heating plant. These funds will complement the ongoing campus investment of more than \$20M in deferred maintenance projects.

We also have a number of new construction and renovation projects in process:

- Renovation of Batchelor Hall
- New Student Health and Counseling Center facility (to be completed next summer)
- New School of Medicine instructional facility (to be completed next summer)
- Ground breaking on the new School of Business academic facility (scheduled for later this year)
- Planning for phase two of North District student housing
- Planning for the undergraduate teaching and learning facility.

The addition of 570 classroom seats in the School of Business building will help to address our campus seat shortage; additionally, classrooms in the School of Medicine buildings will be made available for campus scheduling.

All across campus, academic units are investing a total of [\\$25M in state lottery funds](#) on instructional equipment upgrades and teaching facilities improvements. And Information Technology Solutions (ITS) is working to replace older, end-of-life networking hardware; add new wireless networking to improve performance and availability; and invest in security upgrades to protect our people, programs, and research from cyberattack.

In response to concerns from faculty and staff about campus safety, we will make an investment in card-reader electronic access in ten buildings and additional outdoor cameras to deter theft and vandalism.

To smooth the transition to our new Oracle financial system, Impact23, we will also contract with a service team to support staff and faculty with troubleshooting during the changeover period.

### **A CHALLENGING YEAR FOR ENROLLMENT**

Although we had projected growth of 2.5% over 2021-22, our headcount (the number of students enrolled at UCR) remained flat, and the average undergraduate credit load stayed virtually unchanged, which means our student FTE (Full Time Equivalents) count also remained flat. This situation can be partly attributed to the dramatic decline in community college enrollment, which had a negative impact on the number of transfer students who applied to and then enrolled at UCR.

Unfortunately, this trend could have a negative impact on our budget, as the state funds UCR based on student FTE, where one FTE is an undergraduate taking 45 student credit hours over the academic year. The FY23 allocation from the state also included funds for projected enrollment growth. Since we did not meet that goal, those funds may be subtracted from our FY24 allocation, and we may not be able to petition for additional resources if this trend continues. Hence, we are focusing efforts on improving our student FTE numbers, as discussed in my [provost's fall campus update](#), and on building revenue streams beyond the state allocation, as outlined in the [draft strategic plan](#).

### **FINAL THOUGHTS**

Thanks to all of the students, faculty, and staff who advocated on behalf of Assemblymember Medina's Inland Rising bill. [AB 2046](#) was signed into law by the Governor in September; it "require[s] certain moneys appropriated by the Legislature during the 2022–23 to 2024–25, inclusive, fiscal years to directly support campus expansion projects or University of California climate initiatives, or both, at the University of California, Riverside, and the University of California, Merced, to supplement and not supplant any current or future funding, as provided."

Finances are a necessary part of UCR's ability to operate, but our success is generated by our people and the individual and collective application of their expertise, experience, and enthusiasm. We are fortunate to work alongside so many talented staff and faculty at UCR, and we will continue to strive to provide you with the resources you need to succeed.

Sincerely,

Liz Watkins  
Provost and Executive Vice Chancellor

Gerry Bomotti  
Vice Chancellor, Planning, Budget and Administration