

I am writing to respond to your request for an explanation of the differences between General Funds reported in the UC Financial Schedules and what appears in the Income and Funds Available table in the Regents' Budget. Indeed, there is something other than, as you put it, "simple incompetence" behind the fact that you have not received a response to your latest accusation in two weeks – an unprecedented budget crisis. We are not incompetent, just very busy.

We will respond to your questions, but they join a long queue of demands on the Office of the President. As you know, the Governor has proposed an extraordinary budget reduction for the University, and our top priority right now is to identify options for addressing this budget reduction. In addition, we are in the midst of an audit from the Bureau of State Audits. And, given the Legislative Special Session, we are receiving numerous information requests from key constituencies that must be answered quickly: the Governor's office, the Legislative Analyst's Office, the Department of Finance, the campuses, systemwide faculty committees, students and their parents, and many other interested parties just like yourself. I am certain you understand our highest priority is working on ways to preserve the quality of our University in the face of drastic cuts.

The implication that the staff here in the Office of the President are anything but loyal, hard-working, highly competent, and dedicated to doing good work for our beloved University is simply intolerable.

To respond to your inquiry:

First, you are using incorrect data in your analysis. Specifically, you are not using the final budget amounts provided by the State. There are a number of reasons why the amounts appearing in the Regents' Budget, published in November, for the current year, do not match the final budget. The State often makes adjustments at mid-year, and in some years, will even make adjustments after fiscal close. You may have heard about the significant cuts imposed on the University for the 2008-09 year, enacted in July 2009. The best place to find the final budget is the annual Governor's Budget proposal, published in January, which includes information for the prior year, the current year, and the budget year. The Governor's Budget can be found at www.dof.ca.gov.

Second, it's important to pay attention to footnotes. You may have noted the footnote at the bottom of Table 12H that indicating that the General Funds column "Excludes General funds Specific Funds." These include General Funds specifically identified in the budget act as designated for certain programs or activities, including debt service on lease purchase bonds, the Drew Medical School, and the Merced campus. These funds are not excluded from the State appropriation line in the budget, but they are counted in the Special State Appropriation column of Table 12H. In addition, Table 12H includes other adjustments to exclude funds provided by the State but which are not current funds expenditures, while the budget figures include all State funds provided during the year.

Third, you asked what types of tuition and fees are included in the "Tuition and Fees" column of Table 12H. These are the Educational Fee (now "Tuition"), the Student Services Fee (formerly the Registration Fee), Professional Degree Supplemental Tuition, fees generated from University Extension, Summer Session fees, and "Other Fees." The amounts for each of these six categories are published in the Regents' Budget and Governor's Budget documents. The last "Other Fees" category includes fees

generated from self-supporting graduate degree programs, campus-based fees, course materials fees, and various other user fees. As stated in the Regents' Budget, nearly \$121 million of this amount is derived from self-supporting programs, while course materials fees account for about \$13.7 million. I encourage you to read more in the Regents' Budget at <http://www.ucop.edu/budget/rbudget/201112/2011-12-budget-detail.pdf>.

Fourth, you asked about the location of expenditures funded from Nonresident Supplemental Tuition and application fees. As stated in various budget publications, nonresident tuition and application fees (except for one-third of graduate application fees which are retained in the "Other Fees" category) are treated as a UC General Fund and are included in the "General Funds" column of Table 12H.

If you wish to publicize already public information about the University, that is certainly your prerogative; however, I do not consider that possibility a punishment, though I hope you will correct the flaws in your analysis before disseminating inaccurate information. As I have said more than once, the University is very open about its finances and anyone with a solid understanding of the budget can see that the University has nothing to hide.

We developed the above responses to the questions you raised in your January 25, 2011 email. As of February 17, you have now added to your original request with more data you would like us to check into, which will require additional work on the part of my staff. Please understand that we will address your latest request, none of which is unexplainable, as you imply, but all of which requires a great deal of time to research and respond. I hope the information above provides you with sufficient explanation to question your eagerness to leap to conclusions and publish them without sufficient budgetary facts.

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