



UC MERCED BUDGET REPORT
University of California
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CONTENTS

INTRODUCTION	1
EXECUTIVE SUMMARY.....	2
INSTRUCTION	4
1. Academic Planning.....	4
2. Academic Plans for Fall 2005	4
3. Faculty Recruitment	7
4. Summer Session	7
ORGANIZED RESEARCH.....	7
LIBRARY	9
PUBLIC SERVICE AND STUDENT ACADEMIC PREPARATION	9
1. Small Business Development Center	10
2. Student Academic Preparation Programs.....	11
STUDENT AFFAIRS	14
PHYSICAL PLANNING, DESIGN AND CONSTRUCTION ACTIVITIES	15
1. Environmental Permitting and Conservation Planning.....	16
2. Capital Budget	16
FACILITIES AND PLANT OPERATIONS	17
GENERAL ADMINISTRATION AND INSTITUTIONAL SUPPORT	17
ATTACHMENT 1 – OPERATING BUDGET	19
ATTACHMENT 2 – CAPITAL BUDGET	20

INTRODUCTION

This is the annual report on expenditures from Item 6440-004-0001 as requested in the Supplemental Report on the 1998 Budget Act as follows:

Merced Campus. It is the intent of the Legislature that UC submit an annual report on expenditures from Item 6440-004-0001 related to: (a) planning and development of academic programs in the San Joaquin Valley; and (b) planning, startup costs, and ongoing expenses associated with the Merced campus. This report should include actual expenditures for the past year, and budgeted expenditures for the current and budget years. Each year, the report should describe academic programs to which startup funding has been allocated and should include the projected number of students to be served for each program. This report should be submitted to the budget committees by February 15, 1999 and every year thereafter until the campus opens.

In accordance with the above item, this budget report includes actual expenditures for fiscal year 2003-04, and expenditure plans for fiscal years 2004-05 and 2005-06.

EXECUTIVE SUMMARY

UC Merced will open in fall 2005, welcoming 1,000 undergraduate and graduate students. It has been nearly 40 years since the University of California has launched a new campus, and the opening of UC Merced is eagerly anticipated throughout the state, and especially among Central Valley residents.

To date, \$427 million has been invested in establishing UC Merced. The State has shown strong support for the new campus, although UC Merced is weathering some very lean budgets as a result of the State's fiscal situation. Over the last three years, UC Merced has reduced its expenditure plans a total of \$17 million. The campus's 2005-06 budget, as detailed by the Governor, shows an unfunded balance of \$4.8 million and requires further measures to bring it into balance. Funds received by the campus have been used to plan, develop, construct and now launch a modern research university. Launching a major research university in the 21st century is a significant undertaking, especially with the recent changes in environmental requirements. Developing UC Merced is similar to establishing a small city. As such, the campus must provide a number of services and activities outside of the classroom and also operate a large and complex facility that functions 24 hours a day. Over the last eight years, developing UC Merced has encompassed a wide array of tasks, from ordering dishes for the dining hall to creating emergency response plans and community safety programs; from negotiating the extension of utilities to the campus site to recruiting world-class faculty and designing current and relevant degree programs. In the months leading up to opening the campus, all programs, procedures, and systems must be put into place to ensure a safe and enriching environment for students that facilitates their educational pursuits.

Applications for admission show that there is significant student interest in the 10th campus. UC Merced has received 9,000 applications for admission from first year students, transfer students and graduate students. Living up to its claims to be a technology-rich campus, UC Merced has launched self-help systems that allow applicants to track their admission status online. UC Merced's Web site has been specifically designed to address the questions and interests of the initial entering class, and the campus has planned strategic communications with applicants throughout the admissions process.

Admitted students will choose from nine undergraduate and six graduate majors from science, engineering, social science and the humanities. The courses associated with these 15 degree programs were published in UC Merced's first catalogue (November 2004) and are also listed on the

campus's Web site. The campus will have a total of 75 teaching staff in the first year. Thirty-five full-time faculty have been recruited at the time of this writing, and the campus is vigorously recruiting another 25 faculty and 15 lecturers who will arrive in July 2005. Recruitment efforts for full-time faculty and qualified lecturers will continue in 2005-06 as 40-50 new faculty and lecturers will need to be hired by July 2006 to accommodate the 800 new enrollments expected in the fall of 2006.

Construction at the campus site continues at an energetic pace. Core facilities to be in place during the first year include student housing, the dining commons, the Library/Information Technology Center, the Classroom and Office Building, the Science and Engineering Building and central plant facilities. Three new projects will be under construction during 2005-06 – the Recreation and Wellness facility, phase two of student housing (400 bedspaces), and a logistical services building to house facilities operations and emergency services.

The economic benefits of UC Merced have been eagerly anticipated. Even before opening, the 10th campus has had a significant economic impact on the region. UC Merced currently employs 300 staff with a monthly payroll of \$1.5 million. A significant portion of employee salaries is spent in the local region for goods and services, which supports the creation of further jobs in the community. UC Merced's staff will grow along with student enrollments (about 100 new employees will be hired in 2005), increasing the campus's ongoing economic impact in the region for the foreseeable future. Construction of the campus site has also made a significant contribution to the regional economy. Construction-related expenditures in the Central Valley total \$30 million to date. More than 1750 people have worked on constructing the campus; 78% of these workers live in the Central Valley region. As the campus grows, it will become an even more powerful economic engine for the Central Valley, creating new jobs and demand for local and regional goods and services, attracting federal grants and contracts, and stimulating the economy in multiple ways.

INSTRUCTION

Instruction during the opening year of UC Merced is to be offered by 75 faculty. The first 35 faculty hired at UC Merced are nationally and internationally recognized researchers in their fields, and were selected for their excellence as teachers and mentors. These faculty and the deans of UC Merced's three schools are actively recruiting the additional founding faculty necessary to open the campus in fall 2005. At the same time, the faculty are actively engaged in research, curriculum development, and teaching the first class of graduate students, who arrived in fall 2004.

1. Academic Planning

UC Merced's academic programs have been developed to offer an exemplary learning environment that provides critical hands-on experience in the student's area of interest, with courses taught by outstanding faculty. These programs will prepare students not only to excel in helping to solve the complex technical problems confronting contemporary society, but will provide learning skills that enable them to be successful throughout their careers. The campus has an interdisciplinary orientation, emphasizing links among the disciplines and minimizing barriers between academic areas. Each school has developed a small number of areas in depth for the first year; additional disciplines are planned and programs will continue to be added as the campus grows.

2. Academic Plans For Fall 2005

UC Merced's opening majors include bioengineering, biological sciences, computer science & engineering, earth systems science, environmental engineering, human biology, management, social behavioral and cognitive sciences, world cultures and history. These initial programs are housed in three schools that are described in some detail below.

School of Engineering

A UC Merced engineering education will be a life-changing experience for students. Engineering at UC Merced will grow quickly to take its place beside the other world-class engineering programs within the University of California system, and will do so in a manner that will bring tremendous opportunities to the Central Valley.

Opening Majors: Computer Science & Engineering; Environmental Engineering; Bioengineering

Areas of Focus: Computing, communications, energy and environment. The faculty of these disciplines will link to the Sierra Nevada Research Institute, which specializes in the natural resources issues of the San Joaquin Valley and the Sierra Nevada range.

School of Natural Sciences

Faculty and students in the School of Natural Sciences are interested in understanding the physical and natural world. Advances in biology, chemistry, earth sciences, mathematics, and physics promise solutions to many of humankind's most pressing problems -- from fighting disease to creating sustainable energy sources. Solutions to complex problems depend upon understanding physical and biological processes. The academic and research programs in the School of Natural Sciences create the environment for excellence in student achievement and cutting-edge research in the broad areas of life, physical and environmental sciences.

The School of Natural Sciences is particularly committed to using regional problems to find solutions that are national and international in scope, recognizing that one of the most important resources is the Central Valley community. Drawing on the strength of the community and collaborations with the Schools of Engineering and Social Sciences Humanities and the Arts, the School's initial focus is on the health of the environment, human health, and sustainable and renewable energy.

Majors: Biological Science; Earth Systems Science; Human Biology
Areas of Focus: Biotechnology, biochemistry and cellular biology, ecology and environmental biology, geology and environmental science. The Natural Sciences faculty will also contribute greatly to the Sierra Nevada Research Institute and develop partnerships with Lawrence Livermore National Laboratory scientists.

School of Social Sciences/Humanities/Arts

The School of Social Sciences, Humanities and Arts offers undergraduate and graduate programs that allow flexible courses of study and opportunities for research at the intersections of disciplines. Students will have the opportunity to follow personal paths of discovery in an interdisciplinary curriculum, while at the same time gaining depth and expertise in methodological domains such as social statistics, historiography, geographic information systems, economics, cultural analysis, and cognitive science.

Opening Majors: World Cultures and History; Social and Cognitive Sciences; Management

Areas of Focus: Psychology, political science, sociology, economics, literature, languages and anthropology, as well as two areas of special interest, public policy and management. The faculty of these disciplines will also contribute to the World Cultures Institute. As one of the campus's two initial research institutes, the World Cultures Institute is intended to specialize in issues concerning migration, peoples and cultures with special emphasis on the San Joaquin Valley.

College One

College One will oversee general education, lower division academic advising, undergraduate research, and curricular initiatives such as freshman seminars. The College will also offer programs and services to transfer students to support their academic achievement. The dean of College One will work closely with the deans of the schools and the vice chancellor for student affairs to develop a rich array of co-curricular activities that support student success and retention. In the early years of UC Merced, all undergraduate students (including commuting students, transfers, and those living on campus) will be members of College One. As enrollment grows, additional Colleges will be developed.

Graduate Programs

Graduate education is focused on learning the processes of discovery. Be it in the laboratory, field, museum or library, students will learn how to identify research and objectively analyze major problems of importance to society. As a natural laboratory for research of international significance, the San Joaquin Valley is defined by the diversity of its people and the proximity of the Sierra Nevada Mountains. UC Merced's ties with both Yosemite and Kings Canyon National Parks, and with the Lawrence Livermore National Laboratory, provide abundant opportunities for graduate students to interact with a broad range of scientists and policy makers.

Graduate education at UC Merced is organized around multi-disciplinary graduate groups that will emphasize a highly interdisciplinary approach to research and scholarship. The faculties of the three Schools have committed to work together to provide course offerings and research experiences that transcend disciplinary boundaries and attack important real-world problems.

Initially, an Individual Graduate Program degree will be offered, with students selecting from six emphases. The emphases planned for 2005-06 include:

M.S./Ph.D. in Computer and Information Systems

M.S./Ph.D. in Environmental Systems
M.S./Ph.D. in Quantitative and Systems Biology
M.A./Ph.D. in World Cultures
M.S./Ph.D. in Molecular Sciences and Engineering
M.S./Ph.D. in Social and Cognitive Sciences

UC Merced is committed to increasing educational access and opportunities for Valley students, thus making a significant contribution to the economic growth of the Central Valley. The University will draw upon the vitality and rich history of the Central Valley to fulfill the University of California's historic commitment to excellence in teaching, research and public service.

3. Faculty Recruitment

With 35 faculty now hired, recruitment efforts are focused on filling 40 positions, consisting of 25 full-time faculty and 15 lecturers, who will bring the campus's total teaching staff to 75 for fall 2005. All of the positions are being vigorously recruited and many are in the late stages of the recruitment process. The School of Natural Science is recruiting faculty in the areas of Physics, Applied Mathematics, and Earth-Systems Science. The School of Social Sciences, Humanities and Arts intends to hire faculty and lecturers in Political Science, Economics, Psychology, Writing, and Spanish language and literature. The School of Engineering is continuing to hire in the areas of Bio-Engineering, Air Quality, and Computer Science (sub-areas are Autonomous Systems, Software, and Spatial Analysis).

The total budget in 2005-06 for faculty recruitment is \$8.5 million for 30 faculty, which is equivalent to \$285,000 per position. Recruitment costs include advertising and interviewing candidates, and also specific costs to establish a faculty member's career with the University. Establishment costs include equipment to support academic and research programs, initial summer salary and support for graduate students until grant funds materialize (usually in the first or second year), and relocation costs.

4. Summer Session

For the last five years, UC Merced has offered a select group of for-credit summer session courses in collaboration with UC Davis. In summer 2004, UC Merced began to offer summer courses under its own banner. From its inception, the campus will have a state-supported summer session. Taught primarily through the UC Merced Centers located in Fresno, Merced and Bakersfield, summer courses aim to serve UC students returning home for the summer who wish to continue their

academic pursuits. More than 150 Central Valley students have participated in UC Merced's summer session over the last two years.

ORGANIZED RESEARCH

With the continuing build-out of the founding faculty, the Office of Research and the Sponsored Programs Office have provided assistance to assure that new faculty arrivals have the resources necessary to maintain their research programs with minimal interruption. This year was marked by the completion of a \$4 million state-funded improvement project that brought approximately 12,000 square feet of wet laboratory space on line in UC Merced's facilities at Castle Aviation Business Center (funded in the 2003-04 capital budget). An additional 10,000 square feet of dry laboratory space have also been upgraded for core electron optic facilities and computer and information science programs. This space has allowed UC Merced to accommodate the research programs of the initial faculty, maintaining their productivity in the period leading up to the campus's opening. The wet lab facilities at the Castle facility are currently used by a combination of environmental and biological researchers, including the pioneering wave of fourteen graduate students and a cadre of twenty postdoctoral students and research associates.

During the past 18 months the Office of Sponsored Programs has processed 137 grant proposals and accepted 52 awards totaling more than \$10.5 million. UC Merced's principle investigators currently have an additional 64 proposals under consideration that total \$10.4 million. This is a remarkable level of activity given the modest faculty size, which currently numbers 30 individuals (five more faculty have been hired and will start during the year). It is also indicative of their quality and their competitive standards. As the faculty doubles in size over the next eight months, grant and contract activity will continue to escalate, including expansion in the numbers of industrial research contracts developed around the campus's solar energy initiative.

The past year was also marked by the formal dedication of the first field station laboratory of the Sierra Nevada Research Institute (SNRI), located in Yosemite National Park. The station is housed in a landmark building in Wawona Village and was refurbished with funding provided by the Yosemite Fund. Additional buildings will be provided to house the facility's director (search in progress), and faculty and students using the SNRI field station. The director of SNRI continues to hold conversations with the leadership of Sequoia/Kings Canyon National Park concerning the placement of a field station in the Ash Mountain area of the park. These discussions are ongoing and there is every confidence that they will also lead to the establishment of a facility in Sequoia/Kings Canyon Park.

The Office of Research continues to implement research administration procedures to comply with all Federal and State mandates. UC Merced's Biosafety Committee was established this year, and faculty members are working with the Lawrence Livermore Labs to review human subjects and vertebrate animal research protocols.

LIBRARY

Library services for current UC Merced faculty and students are fully operational. The Library provides direct access to the on-site book collection, around-the-clock online access to the resources of the California Digital Library, and Melvyl Request service for next-day delivery of books and articles from any UC system library. The on-site book collection numbers approximately 25,000 volumes, nearly half of which were acquired through private support. UC Merced plans to acquire another 50,000 volumes by fall 2005 to provide a minimal undergraduate collection of 75,000 total volumes. The original plan for UC Merced's library collection was to begin with the standard collection of books and materials for undergraduate university study, which includes approximately 500,000 volumes and costs about \$5 million (this plan was conveyed to CPEC in 1999, which had great interest in UC Merced's library plans). Due to budget constraints, the campus reduced its plans for initial holdings from 500,000 to 250,000 in 2003-04, and then to 75,000 in 2004-05. Focus has shifted to online and borrowed materials, thus the California Digital Library and the Interlibrary Loan program are integral parts of UC Merced's plan to provide students with access to materials needed for their studies. The CDL comprises a collection of more than 130,000 online books, 8,000 online scholarly journals, 4,500 online statistical files, 250 reference databases, and one of the world's largest online collections of historical art images. Melvyl Request, which facilitates the Interlibrary Loan program, provides easy access within a couple of days to the 32 million volumes held by the libraries of the University of California System; this collection is surpassed in size on the American continent only by the Library of Congress collection.

The Library has implemented a comprehensive information system for greater administrative efficiency that provides integrated modules for acquisition processes, journal management, catalog management, circulation, and the public search interface. In addition to managing collections, the system also provides wireless access to the University's catalog of collections via a personal digital assistant (PDA) device. Radio frequency identification (RFID), another wireless technology, has been implemented for materials security and inventory management.

The UC Merced Library is actively involved in creating digital access to research information and fine art. The Library places particular emphasis on the digitization of specialized materials that are of importance to the Sierra Nevada and the San Joaquin Valley. These online resources are being made available to anyone with Internet access so that they can benefit scholars anywhere in addition to supporting UC Merced research and instruction.

PUBLIC SERVICE AND STUDENT ACADEMIC PREPARATION PROGRAMS

Public service is a component of the University's tripartite mission and includes a broad range of activities organized by the University to serve local communities, students, teachers and staff in K-12 schools and community colleges, and the public in general. Consistent with its mission as a land grant institution, the University's public service programs help improve the quality of life in California by focusing on major challenges that impact the economic and social well-being of its citizens. UC Merced continues this mission in the Central Valley through two Centers – the Small Business Development Center and the Center for Educational Partnerships. A detailed explanation of each Center and its contributions to the Central Valley region follows.

1. Small Business Development Center

In 2003, UC Merced was awarded a \$637,000 grant from the U.S. Small Business Administration (SBA) to operate the Small Business Development Center network's lead office. In this role, UC Merced provides vision, leadership and administrative oversight for the network's centers in Bakersfield, Fresno, Gilroy, Modesto and San Luis Obispo, as well as satellite centers in Merced and Visalia. The SBA awarded UC Merced a \$1.1 million renewal grant in 2004, which extends the original grant for a second year. In August the campus submitted a proposal to renew the grant for 2005 and has received a letter of intent for continued funding from the SBA.

To support small businesses, the network offers services including one-on-one consulting, technical assistance on loan packaging, dissemination of business information, workshops and conferences. Business plan development, financial planning, marketing and advertising, employee hiring and other common business issues are addressed with the general goal of improving management and productivity. All services are free of charge or provided for a minimal fee.

Complementing its role as an incubator of small business, the UC Merced SBDC Regional Network helps create economic opportunities and growth. Under UC Merced's leadership of the network, the Center has made significant contributions to small business development in the region, including:

- Sales increases of \$9 million
- 250 loans to small business, totaling \$42 million
- Creation of 710 regional jobs
- Trained 5,000 clients (potential or existing small business owners)

The network is a partnership between the SBA, UC Merced, Gavilan College, Cuesta College, Bakersfield College, California State University at Fresno and the Stanislaus Economic Development and Workforce Alliance. Additional financial support is provided by a number of community and corporate contributors.

2. Student Academic Preparation Programs

With the establishment of UC Merced, the University's student academic preparation programs serving the Central Valley region were moved under the campus's oversight in 2004. The Central Valley programs have historically served the University as a system, focusing on increasing eligibility and participation rates within the region. The number of San Joaquin Valley students completing college preparatory coursework lags the state average by 7%, and UC attendance lags the state average by 50%. Provided state support for these programs continues, efforts will continue under UC Merced's leadership, and existing partnerships with K-12 schools and community colleges should further benefit with the presence of a local UC campus.

While the need exists for student academic preparation programs in the Central Valley region, recent fluctuations in funding have interrupted the persistent efforts necessary to bring about systemic change. Table 2 below shows the budgets for Central Valley student academic preparation programs in the last three years. In 2003-04, program budgets were initially totally eliminated, but then were partially restored late in the fiscal year. Further reductions were made to 2004-05 budgets. The unpredictable nature of state support makes it especially difficult to recruit and retain staff to carry out these programs.

Program	2002-03	2003-04	2004-05
Information & Recruitment Programs	\$ 880,227	\$ 515,227	\$ 0
Early Academic Programs	1,039,000	594,500	902,181
Community College Program	204,000	102,000	102,000
Dual Admissions		70,000	0
School-Centered Programs	300,000	0	325,000
Program Evaluation	65,000	32,500	50,000
	<u>\$2,488,227</u>	<u>\$ 1,314,227</u>	<u>\$1,379,181</u>

UC Merced's student academic preparation programs and the effects of resource uncertainties are described in detail in the following paragraphs.

Information & Recruitment Programs. As you can see from Table 2, this function has been phased out of the budget. As part of the actions to accommodate budget cuts, information and recruitment programs were eliminated from student academic preparation program budgets on a systemwide basis. At UC Merced, the unit was reassigned to the Admissions Office and is now reported as part of the Student Affairs budget (see page 13).

Community College Program. The Community College Program assists community college students in academic preparation so that they are eligible to matriculate to UC Merced. In 2002, the campus received a grant from the Ford Foundation to launch a concurrent admissions pilot program with three community colleges in the Central Valley region. While the period of the grant has ended, the campus continues to work with students who plan to enter UC Merced in fall 2005 or fall 2006.

The primary focus of the community college program during the 2003-04 academic year has been establishing transfer articulation agreements with community colleges in the San Joaquin Valley. These agreements chart a clear course for students to ensure that they are academically prepared for majors and have taken courses that satisfy some of the general education requirements at UC Merced.

In addition to course articulation, the unit worked through the Central Valley Higher Education Consortium in developing improved transfer pathways to UC and other universities and colleges in the region. UC Merced staff also visited the majority of regional community colleges on a weekly or biweekly basis in both the fall and spring. During these visits

staff advised students on transfer preparation specific to UC Merced as well as general preparation to the UC system as a whole. Staff also worked with transfer centers and other student focused units to increase access to the University for community college students from throughout the region.

Center for Educational Partnerships (CEP). The 2003-04 fiscal year was the Center for Educational Partnership's second operational year. The Center for Educational Partnerships houses all student- and school-centered educational partnership programs, including the:

- UC Scholars Early Academic Outreach Program (EAOP);
- School/University Partnership Program (SUP);
- Parent Empowerment Program;
- P-16 Regional Alliances; and
- Data Analysis and Evaluation Program.

The budget reductions in 2003-04 limited the number of student- and school-centered activities that could be undertaken; hence visits to a college campus, academic enrichment activities and teacher-supported activities were reduced. A small group of other activities were also eliminated in order to save resources.

Despite reductions in funding in 2003-04, CEP was able to obtain several grants to support these important contacts with K-12. For example, the Center received a grant from the California Student Aid Commission to establish the Parent Empowerment Program. The Parent Empowerment Program has allowed the Center to fulfill its goal of supplementing student and school-centered activities with parental interventions. Parental support is critical to students pursuing a college degree. Through this grant, a total of nine overnight and day parent visits were organized for parents whose students were admitted to the University of California and California State University campuses. These activities were designed for families who did not fully support their student's desire to enroll at a postsecondary institution due to deeply rooted cultural values. A total of 172 students and family members participated in these campus visits.

Another grant, from the California Department of Education, allowed the Center for Educational Partnerships to expand its program of providing our K-12 partners with data analysis that examines students' achievements on state-mandated standardized tests. After analyzing the data, the Center provides diagnostic data to schools that allow them to identify trouble areas and make informed decisions to improve student achievement. A correlation analysis is also performed with each of these

tests and the school's "a-g" course pattern completion data. This service has now been provided to 15 K-12 partners.

During 2003-04, CEP also leveraged its resources by working with other partners to address the issues impacting student achievement throughout the Central San Joaquin Valley. For example, UC Merced was a partner in the establishment of P-16 Councils in Merced and Tulare Counties. In addition, UC Merced continued its support of Central Valley Higher Education Consortium (CVHEC). This consortium was established by the presidents and chancellors of the San Joaquin Valley's colleges and universities in 2000 through a grant from the James Irvine Foundation. CVHEC's goal is to prepare, enroll, and graduate more students from college.

Although the state's budget crisis posed an ongoing threat to UC Merced's educational partnership efforts throughout 2003-04, the Center for Educational Partnerships continued to provide needed services, at a reduced level, to area elementary, middle and high school students throughout the San Joaquin Valley.

STUDENT AFFAIRS

During 2004, the Division of Student Affairs welcomed UC Merced's first graduate students, arranged a health insurance program for them, assisted them with financial aid, and registered them using the newly implemented student information system. In addition, planning for all essential student services continued at a rapid pace in 2004, but special emphasis was placed on admissions and financial aid. The Office of Admissions and Relations with Schools & Colleges undertook an active campaign to inform students about the opportunities available at UC Merced. In November 2004, UC Merced began receiving its first undergraduate applications. The campus has partnered with UC Davis to deliver financial aid and has successfully completed the process to add UC Merced to UC Davis's federal and state institutional participation agreements. This ensures that UC Merced students will be able to participate fully in the Pell and Cal Grant Programs, as well as the Federal Family Educational Loan and PLUS Loan programs, prior to UC Merced obtaining full accreditation.

Three important student affairs building projects are underway.

- UC Merced's first housing and dining commons is in its final stages of construction. The housing project will provide 602 student beds in suite-style housing and will include offices for

residence life staff, a multi-purpose room, and laundry facilities for residents. The dining commons has been planned to serve the needs of the campus community during the first years of operation. UC Merced expects to move residence life staff into their new offices in spring 2005.

- The Joseph Edward Gallo Recreation and Wellness Center will house campus recreation and the student health center, embodying the campus' commitment to healthy lifestyles. The project has received approval by the UC Regents and has completed the schematic design phase. The Recreation and Wellness Center is scheduled to open in fall 2006.
- To meet the residential needs of a growing student population, a committee was appointed in late 2004 to plan the second phase of on-campus housing. This complex, known as the Sierra Terraces, will provide approximately 400 beds in a more traditional freshman residence hall design. The facility is expected to open in fall 2007.

Other priorities during the last year have included planning for student health services, psychological counseling, career services, advising and tutoring services, and disability services; developing plans for a campus bookstore/cafe; coordinating the publication of the University's inaugural catalog; creating new publications and websites; working on the development of student life programs and policies; meeting with Merced City and County officials on alcohol and other drug related issues; and submitting applications to the Federal government for the admission of international students and veterans. UC Merced has received permission from the Department of Homeland Security to enroll and issue visas to international students.

PHYSICAL PLANNING, DESIGN AND CONSTRUCTION ACTIVITIES

The University completed the Long Range Development Plan (LRDP) and Environmental Impact Report (EIR) processes in 2001-02, culminating in approval by the Board of Regents of the LRDP and certification of the EIR in January 2002. Design approval for the campus's first buildings quickly followed, which allowed construction to occur. Through a competitive bidding process, the first construction contract was awarded to a construction manager-general contractor in September 2002. The site development, underground utility work and central plant are complete.

The 602 bed housing facilities and the associated dining commons are close to completion. Construction of the first three academic buildings—Kolligian Library/Information Technology Center, the Classroom and Office Building, and the Science and Engineering building—is moving toward completion.

The University continues to work closely with the County of Merced, the City of Merced, the Virginia Smith Trust, and the Merced Irrigation District on planning for the adjacent University (residential) Community. The University Community Land Company, a limited liability company is in negotiations with a master developer for the creation of this residential community.

Construction of City of Merced water and sewer lines to the campus is complete. The City of Merced, the County of Merced, the County Bank of Merced and the California Infrastructure and Economic Development Bank partnered with the University in this endeavor. All necessary city- and county-related permits have been obtained.

Electrical and gas service contracts have been completed with Pacific Gas and Electric Company and electrical and gas lines have been extended to the campus site. Fiber optic conduit to extend the CalREN2 network to the campus is also underway.

1. Environmental Permitting and Conservation Planning

A permit from the Army Corp of Engineers is needed for full build-out of the campus. The University has submitted an application for the 404 permit and is now working on the required environmental impact statement (EIS) that is necessary to complete the process. Following the Army Corp's recommendation, the campus has engaged a consultant to draft the EIS, an action intended to expedite the process on a more favorable schedule. Publication of the EIS is anticipated in summer of 2005.

2. Capital Budget

The State and The Regents of the University of California have now invested \$283 million in the physical development of the Merced Campus. The scope of work includes site development and infrastructure, along with construction of the Library/Information Technology Center, the Classroom and Office Building, the Science and Engineering Building, the Logistical Support/Services Facility, the Housing and Dining-Phase 1 project, the Recreation and Wellness Center, and parking lots. Future projects for Phase 1 development of the campus includes the Social Sciences and Management Building, the

second phase of Housing (400 bedspaces), and an Early (Child) Care and Education Center. Attachment 2 details the campus's State Funded Capital Improvement Program.

FACILITIES AND PLANT OPERATIONS

UC Merced currently maintains primary facilities in Merced, Atwater, Fresno and Bakersfield that house the campus's main operations and the UC Merced Centers. In order to make room for the entire faculty and academic enterprises at the Castle facility in Atwater, a good portion of the administrative staff moved to leased space in downtown Merced in 2004.

UC Merced Centers. Following Chancellor Tomlinson-Keasey's vision, UC Merced has opened three Centers, distributed through the Valley to serve as the hosts for early instructional activities, as well as outreach and admissions efforts. The Centers also form the network to deliver the campus's distance learning courses. The UC Merced Centers are located at Fresno, Bakersfield and Tri-College in Merced. A fourth UC Merced Center is planned for Modesto when resources permit.

Castle Aviation Center Facility. The campus's operations moved to the former Civil Engineering building at Castle Aviation Center in spring 2002. Two adjacent buildings contain 83,000 square feet of space, including 26,000 square feet of office space. The facilities provide both high bay space and warehouse space that will support ongoing academic use including faculty laboratories until appropriate campus space is ready. With \$4.2 million in State capital funds, laboratory facilities at the Castle site in Atwater were renovated to support up to 30 initial faculty. As mentioned in the Research section of this report, these faculty are now on board and working productively in the renovated space.

GENERAL ADMINISTRATION AND INSTITUTIONAL SUPPORT

The leadership team of UC Merced is now complete. With the campus leadership now fully in place, systems and procedures for all facilities management, financial management, business services, human resources and information technology are under implementation. Staff to carry out these functions will continue to be hired through the coming summer. However, UC Merced continues to leverage existing resources at UCLA and UC Davis to provide some support for business functions and for enterprise systems, which is very cost-effective. As the campus grows and realizes economies of size, UC Merced will gradually provide

all services in-house and maintain its own enterprise systems. Essential services, such as central plant operations and police services, are now in final planning or are just commencing final implementation.

Information Technology. Over the past year, UC Merced continued to make substantial progress in planning and implementing the campus's technology infrastructure, administrative applications, network services, and technical specifications for the campus buildings.

The student information system, which records all enrolled students and their academic records, has been substantially completed, and a web-based job application system was developed and implemented.

The campus web site was completely redesigned to support the expansion of web content for prospective and admitted students. The deployment of an identity management system has started; the first phase supported the deployment of student self-help services, such as admission status, online registration, and grades.

From a software infrastructure perspective, UC Merced procured and deployed an enterprise file service, and also enhanced security by deploying virtual private network services and authenticated access to the campus's wireless network.

In support of campus construction, work continued on refining the specifications for networking, telecommunications, and audio/visual equipment to ensure that all of the elements will function properly and interoperate. Specifications for the 800 MHz emergency communications system have been developed, and final planning for implementing network and telecommunications connectivity for the first two buildings on the campus site (Central Plant and Telecom) is complete. Construction is underway to connect UC Merced to CalREN under the CENIC Optical Network Initiative (ONI). Final design for classroom audio/visual equipment and the request for proposals for procuring the campus wireless network and audio/visual equipment for classrooms have been substantially completed.

Private Support. UC Merced continued to generate significant private support during 2003-04, receiving more than \$4.6 million in gifts to further develop the campus. With the dedicated assistance of its Foundation Board of Trustees, UC Merced attracted donors who provided two additional endowed chairs, over \$500,000 for student scholarships, property for research and teaching on the Merced River and funds to expand the student health center. In addition, a major campaign was launched to raise funds to enlarge the campus gymnasium, which will soon be under construction (as part of the Recreation and Wellness

Center). The Chancellor's Associates donor group, which continues to serve as an important fundraising body, expanded to 185 members during the year.

OPERATING BUDGET
UNIVERSITY OF CALIFORNIA, MERCED
Proposed Legislative Report Budget

	<u>2003-04</u> Actual	<u>2004-05</u> Budget	<u>2005-06</u> Proposed	<u>Page #</u>
Revenue Sources				
Base State Appropriation	10,000,000	10,000,000	10,000,000	
Supplemental State Appropriation	7,300,000	10,000,000	14,000,000	
Enrollment Support	-	-	7,500,000	
Student Fees	-	143,000	6,468,000	
Operation & Maintenance of Plant	302,300	800,000	5,406,000	
Inflation Adjustments	1,299,645	1,388,000	1,480,000	
"Base" Budget	<u>\$ 18,901,945</u>	<u>\$ 22,331,000</u>	<u>\$ 44,854,000</u>	
Other Appropriations & Carry Forward				
Carry-forward from prior years	\$ 5,518,053	\$ 2,955,300	\$ -	
Carry-forward - restricted gifts and grants	823,000	1,613,000	-	
Interest Earnings	43,106	-	-	
Miscellaneous Income	898,994	300,000	489,000	
Gifts & Grants (non-research)	3,110,218	650,000	560,000	
Other UC Allocations	2,148,668	3,925,700	2,160,000	
Subtotal	<u>\$ 12,542,039</u>	<u>\$ 9,444,000</u>	<u>\$ 3,209,000</u>	
Total Appropriations	<u>\$ 31,443,984</u>	<u>\$ 31,775,000</u>	<u>\$ 48,063,000</u>	
Use of Funds				
Permanent Budget				
Instruction & Research: Faculty & Teaching Support	3,126,352	5,063,000	11,377,000	4
Academic Planning & Program Support	436,000	788,000	846,000	4
Academic Support: UC Merced Centers	337,364	303,000	303,000	7,15
Organized Research	418,611	650,000	866,000	7
Library	827,000	1,587,000	2,449,000	9
Public Service	-	118,000	83,000	9
Physical Planning	676,915	1,553,000	1,783,000	15
Maintenance & Operation of Plant	786,280	1,212,000	5,362,000	17
Student Affairs	779,379	2,139,000	3,149,000	14
General Administration & Services	2,709,905	4,876,000	5,730,000	17
Institutional Support	3,906,000	4,788,000	6,100,000	17
Student Aid	-	20,000	2,239,000	
Total Permanent Budget	<u>\$ 14,003,806</u>	<u>\$ 23,097,000</u>	<u>\$ 40,287,000</u>	
One-Time, Temporary & Faculty Start-up				
Instruction & Research: Faculty Recruitment	1,783,000	708,000	6,217,000	7
Instruction & Research: Other Support	730,040	1,035,000	348,000	4
Academic Planning & Program Support	41,718	165,000	132,000	4
Organized Research	-	25,000	-	7
Library	54,973	-	250,000	9
Public Service	2,310,024	570,000	570,000	9
Facilities	2,258,290	2,060,000	2,249,000	17
Physical Planning: Consultants	179,680	149,000	97,000	15
Physical Planning: Legal Fees	1,136,693	150,000	-	16
Physical Planning: Environmental	1,144,066	-	350,000	16
Student Affairs	69,487	502,000	567,000	14
General Administration and Services	215,953	1,645,000	440,000	17
Institutional Support	429,004	932,000	628,000	17
Total One-time, Temporary	<u>\$ 10,352,928</u>	<u>\$ 7,941,000</u>	<u>\$ 11,848,000</u>	
Total Permanent & Temporary Requirements	<u>\$ 24,356,734</u>	<u>\$ 31,038,000</u>	<u>\$ 52,135,000</u>	
Debt Service	\$ 737,000	\$ 737,000	\$ 737,000	
Balance	<u>\$ 6,350,250</u>	<u>\$ -</u>	<u>\$ (4,809,000)</u> [1]	

[1] Further measures are necessary to balance the 2005-06 budget.

UC Merced

2000-2010 STATE FUNDED CAPITAL IMPROVEMENT PROGRAM

CCCI 4328

PROJECT NAME	PREVIOUSLY FUNDED					PROPOSED					TOTAL PROJECT COST
	2000-01 (000s)	2001-02 (000s)	2002-03 (000s)	2003-04 (000s)	2004-05	2005-06 (000s)	2006-07 (000s)	2007-08 (000s)	2008-09 (000s)	2009-10 (000s)	(000s)
Site Development and Infrastructure, Phase 1 (906000)	P 2,100 GO W 1,708 GO C 6,192 GO	C 37,012 LRB									47,012
Site Development and Infrastructure, Phase 2 (906020)		W 771 LRB	C 15,678 LRB								16,449
Site Development and Infrastructure, Phase 3 (906040)			W 566 GO	C 12,799 GO							13,365
Science and Engineering Building (900000)	P 2,500 GO W 2,600 GF	C 62,313 LRB E 12,298 LRB									79,711
Library/Information Technology Center (900040)	P 1,800 GO W 2,100 GF	C 43,080 LRB E 12,298 LRB									59,278
Classroom and Office Building (900100)	P 833 LRB W 1,018 LRB	C 26,180 LRB C 1,900 U E 3,004 LRB									29,931
Castle Facilities Improvements (900160)			P 230 U W 230 U	C 4,167 GO							4,167 460 U
Logistical Support/Service Facilities (900080)				P 393 GO W 481 GO	C 8,326 GO E 964 GO						10,164
Social Science and Management (900060)							P 1,600 W 2,200	C 34,050		E 3,325	41,175
Science and Engineering Building 2 (900020)							P 2,300	W 2,500	C 34,100		42,900
CAMPUS TOTAL	20,851	198,856	16,704	17,840	9,290		6,100	36,550	34,100	3,325	343,616
State	20,851	196,956	16,244	17,840	9,290		6,100	36,550	34,100	3,325	341,256
Non-State		1,900	460								2,360