

Office of the President

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

ACTION ITEM

For Meeting of May 18, 2017

FISCAL YEAR 2017-18 SYSTEMWIDE ACADEMIC AND PUBLIC SERVICE PROGRAMS BUDGET FOR OFFICE OF THE PRESIDENT

EXECUTIVE SUMMARY

Per Regents Policy 5101: Policy Regarding Approval of Annual Budget for the Office of the President (UCOP), the proposed budget for fiscal year (FY) 2017-18 for the Office of the President is presented for approval by the Board. As has been the case for the last two years, the Office of the President budget is being presented as two items to clearly delineate the two important and distinct functions of the Office: Systemwide Academic and Public Service Programs, and Central and Administrative Services. The request for approval of these budgets falls under each respective item (B3 and B4).

As part of this year's budget presentation, the first item, B3, begins with an overview of the combined UCOP budget, the campus assessments, and unrestricted and restricted funding balances.

PART 1: Overall UCOP Budget and Balances

Summary of UCOP Budget

The total proposed FY 2017-18 UCOP budget (items B3 and B4) is \$813.5 million. The total budget includes \$424.7 million for the Systemwide Academic and Public Service Programs budget and \$388.8 million for the Central and Administrative Services budget. The budget includes \$402.6 million in unrestricted funds and \$410.9 million in restricted funds, and it represents approximately two percent of the estimated \$32.8 billion University of California budget. Of the \$813.5 million budget, 43 percent (\$352 million) flows through the UCOP budget to the campuses, Agriculture and Natural Resources, and award recipients.

In addition to the budget, UCOP will have fund balances at the end of the fiscal year including Restricted Multi-Year Funds and committed and uncommitted balances in the Strategic Priorities Reserve. The FY 2016-17 Strategic Priorities Reserve year-end balances are projected to be \$57.1 million in committed funds and \$29.9 million in uncommitted reserves (down from \$38 million in uncommitted reserves at the beginning of the fiscal year). These fund balances and commitments are discussed below in their respective sections of this item.

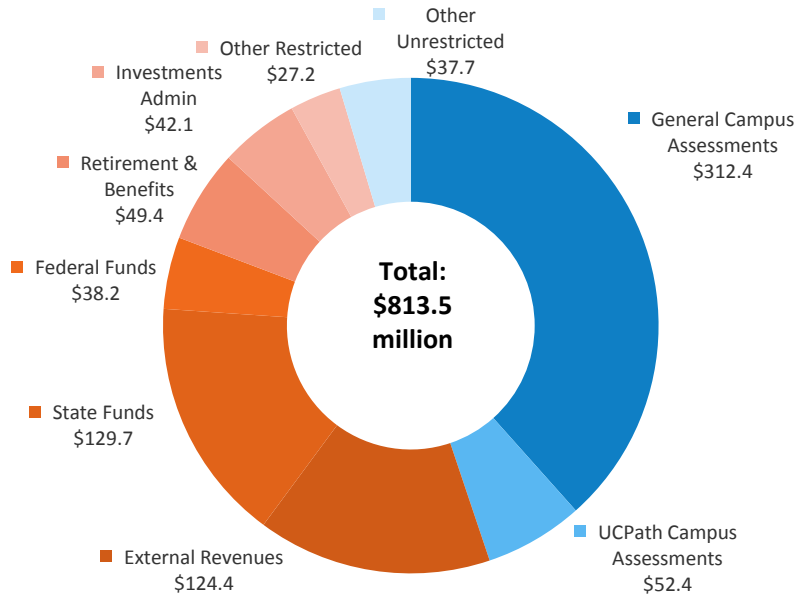
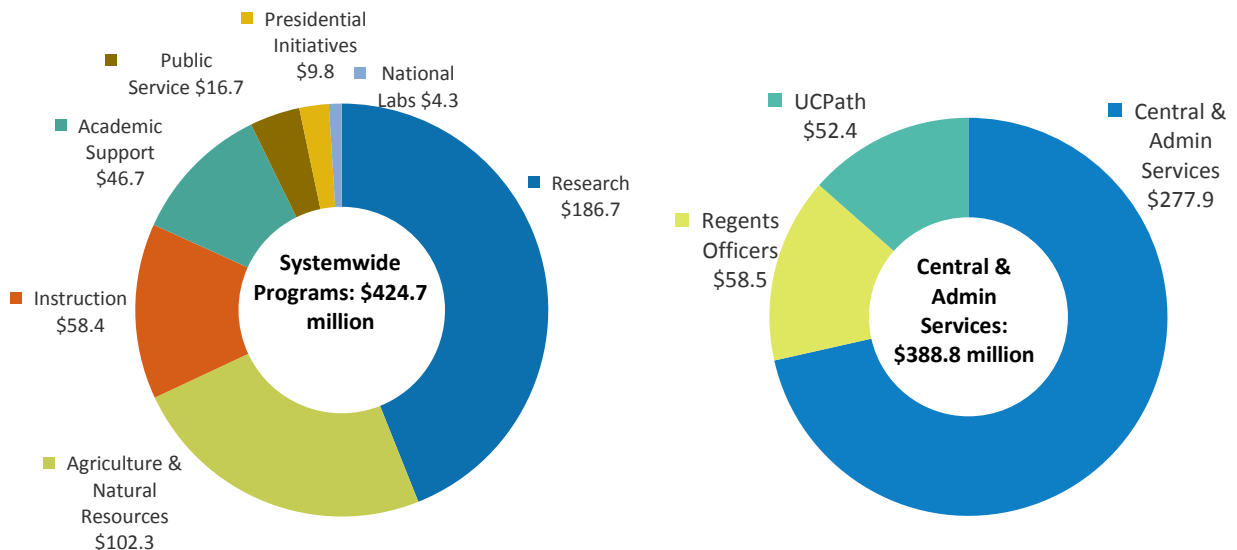


Figure 1: UCOP Funding Sources

Figure 1, at left, represents the funding sources for the UCOP budget. Unrestricted funding, shown in blue, includes campus assessments and totals \$402.6 million and comprises 49 percent of the budget. Restricted funding, shown in red, totals \$410.9 million and comprises 51 percent of the budget. Of the total \$813.5 million, \$352 million or 43 percent of the budget flows directly to the campuses for programs and initiatives.

Figure 2: Systemwide Programs and Central Services Budgets

Figure 2, below, represents the programs and services provided through the Systemwide Academic and Public Services Programs budget and the Central and Administrative Services budget. The Systemwide Academic and Public Services Programs budget makes up 52 percent of the total budget, while the Central and Administrative Services budget comprises 48 percent of the budget. Detailed discussion regarding the programs and services are included later in this item for Systemwide Academic and Public Service Programs and in item B4 for Central and Administrative Services.



UCOP Current Year Projections and Proposed FY 2017-18 Budget

The total UCOP budget for the current year ending June 30, 2017 (FY 2016-17) is \$685.7 million including \$339.9 million in Systemwide Academic and Public Service Programs and \$345.8 million in Central and Administrative Services. The budget is funded by \$370.3 million in unrestricted funds and \$315.4 million in restricted funds.

Projections for current year end expenditures total \$648 million, a difference of \$37.7 million or 5.8 percent from the budget. Of the \$37.7 million in savings relative to the current year budget, \$25.4 million results from one-time salary savings across the entire organization. Salary savings are a result of turnover in existing positions and hiring lags in areas of strategic reorganizations and growth. In addition, as UCPath expands its services, growth in a competitive market has resulted in slower hiring than planned and a resulting temporary salary savings. The non-salary one-time savings total \$12.3 million and are largely attributable to uncommitted Presidential Initiative Funding (\$4.5 million), unexpended emergency funding (\$3 million), and timing of project related consultant expenses (\$3 million).

The total UCOP budget for FY 2017-18 is proposed at \$813.5 million, a difference of \$165.5 million to current year expense projections and an increase of \$127.8 million over the current year budget. The \$165.5 million difference is primarily a result of additions to the budget and non-recurrence of one-time savings. Additions include; \$78 million in flow-through Tobacco-Related Disease funding from Proposition 56, \$32.3 growth due to the UCPath expansion of services, \$8.2 million increase in patent prosecution expense, and \$4.5 million in growth in the Education Abroad Program. One-time savings include one-time salary savings of \$25.4 million and non-recurrence of non-salary savings of \$12.2 million from FY 2016-17 actuals.

Figure 3: Reconciliation of FY 2016-17 Projected Year-End Actuals to FY 2017-18 Proposed Budget

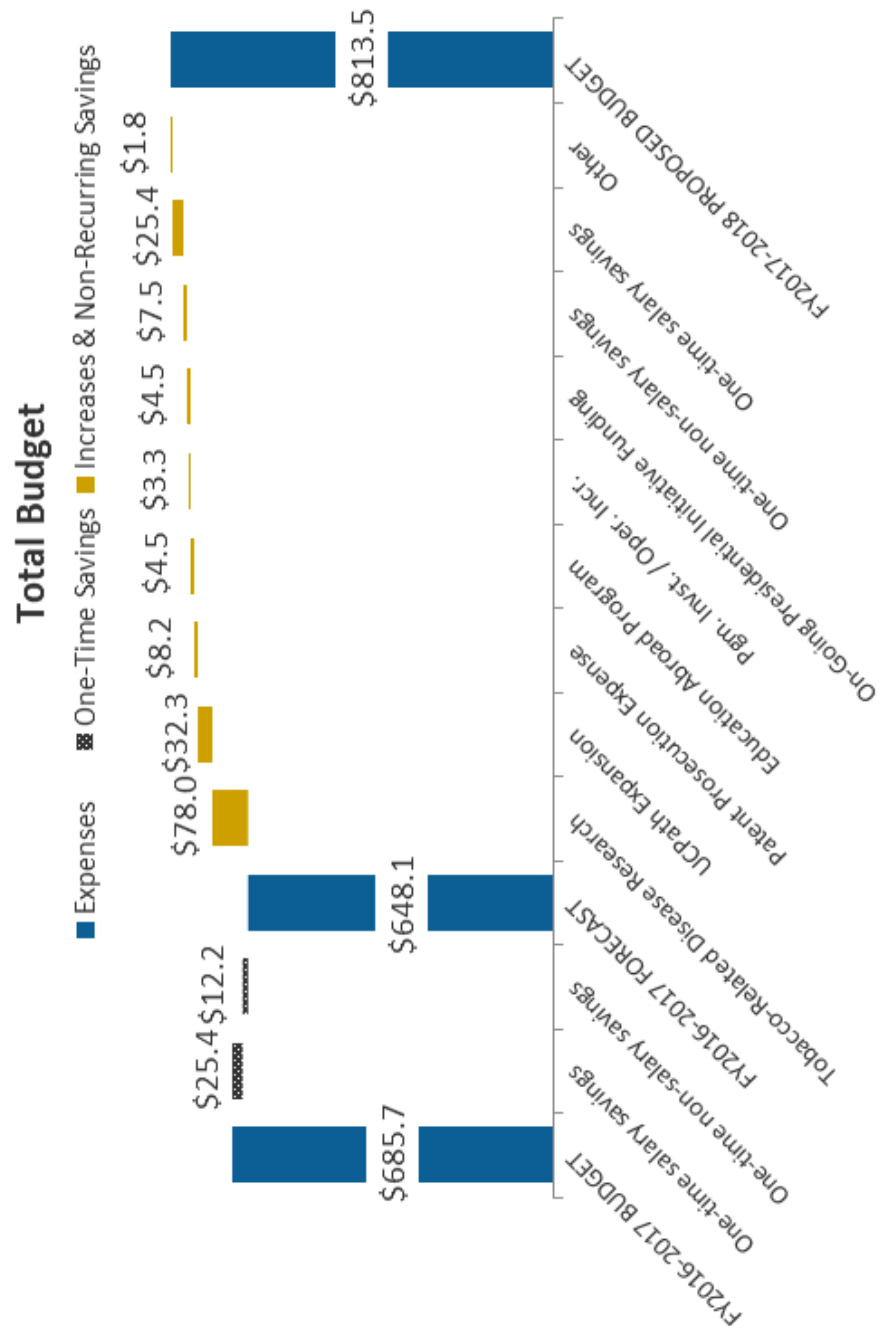


Figure 4: Total FY 2017-18 Proposed Budget Compared to FY 2016-17 Projected Actuals

FY 2017-18 BUDGET SUMMARY OFFICE OF THE PRESIDENT (\$ millions)						
	TOTAL Proposed Budget FY 2017-18	FORECAST FY2016-2017	TOTAL Budget FY 2016-2017	Var-FY17-18 Budget to Forecast	% More / (Less) Budget vs Forecast	% More / (Less) to Prior Year Budget
OFFICE OF THE PRESIDENT						
Central and Administrative Services	277.87	249.82	267.70	28.06	11%	4%
Academic Affairs	30.04	28.11	29.93	1.93	7%	0%
Innovation & Entrepreneurship	61.93	53.60	52.73	8.33	16%	17%
Finance	40.85	33.09	39.77	7.76	23%	3%
Operations	118.68	111.32	119.30	7.36	7%	-1%
President's Exec. Office	2.61	3.41	3.18	(0.80)	-23%	-18%
Health Sciences	4.16	3.69	4.17	0.47	13%	0%
Governmental Relations	5.44	5.07	5.41	0.37	7%	1%
Public Affairs	14.18	11.53	13.21	2.65	23%	7%
Regents Officers	58.45	49.71	57.96	8.74	18%	1%
General Counsel	12.49	10.91	11.65	1.58	14%	7%
Secretary of the Regents	3.08	2.76	2.91	0.32	12%	6%
Ethics & Compliance	7.54	7.34	7.67	0.20	3%	-2%
Investments Office	35.34	28.70	35.74	6.64	23%	-1%
TOTAL w/o UCPath Operations	336.32	299.53	325.66	36.79	12%	3%
UCPath Operations	52.44	16.25	20.15	36.19	223%	160%
Grand Total (including UCPath Operations)	388.76	315.78	345.81	72.98	23%	12%
FY 2017-18 BUDGET SUMMARY OFFICE OF THE PRESIDENT (\$ millions)						
	TOTAL Proposed Budget FY 2017-18	FORECAST FY2016-2017	TOTAL Budget FY 2016-2017	Var-FY17-18 Budget to Forecast	% More / (Less) Budget vs Forecast	% More / (Less) to Prior Year Budget
SYSTEMWIDE ACADEMIC & PUBLIC SERVICE PROGRAMS						
Instruction	58.38	52.95	53.67	5.43	10%	9%
Research	186.68	106.68	108.58	80.00	75%	72%
Public Service	16.69	16.32	16.43	0.37	2%	2%
Academic Support	46.68	46.31	46.40	0.37	1%	1%
National Laboratories	4.27	3.59	3.94	0.68	19%	9%
Presidential Initiatives	9.77	5.57	9.77	4.20	75%	0%
TOTAL	322.48	231.43	238.79	91.05	39%	35%
Agriculture and Natural Resources	102.27	100.82	101.08	1.45	1%	1%
Grand Total (including ANR)	424.74	332.25	339.87	92.50	28%	25%
TOTAL OF BOTH TABLES (w/o UCPath)	761.06	631.77	665.53	129.29	20%	14%
TOTAL OF BOTH TABLES	813.50	648.02	685.68	165.48	26%	19%
Strategic Priorities Reserve Year End Projected						
Committed	38.7	57.1		(18.4)		
Uncommitted	16.2	29.9		(13.7)		

Further details of funding sources, expenditures, and changes in the two components of the budget will be discussed below as part 2 of this item, B3, and in the following item B4.

Campus Assessment Support of the Office of the President

Consistent with practice over the last five years, a portion of the Office of the President budget, covered in both items B3 and B4, is funded by the campus assessments. The total Campus Assessment amount, which includes \$312.4 in General Campus Assessment and a separate \$52.4 million UCPATH assessment, is \$364.8 million for FY 2017-18. Total campus assessments fund 44.8 percent of the UCOP budgets.

The Office of the President develops the priorities that are reflected in its budget, and impact the campus assessment, with extensive campus consultation. Some examples of the consultative process include; on a monthly basis, the President formally meets with campus Chancellors, the Provost formally meets with campus Provosts, and the Chief Financial Officer formally meets with the Chief Financial Officers of the campuses. This regular engagement informs the priorities that are then funded from the campus assessment and other funding in the UCOP budget. In addition, the UCOP proposed budget is discussed with campus finance and budget leadership during the year, prior to requesting approval from the Regents.

A primary goal achieved in the FY 2017-18 budget process was to continue to support the campuses by keeping the unrestricted funds portion of the budget, which impacts the General Campus Assessment at a zero-increase relative to FY 2016-17. The \$312.4 million in General Campus Assessment funds supports \$165.9 million in Systemwide Academic and Public Service Programs and \$146.5 million in Central and Administrative Services. The General Campus Assessment funds 38.4 percent of the UCOP budget.

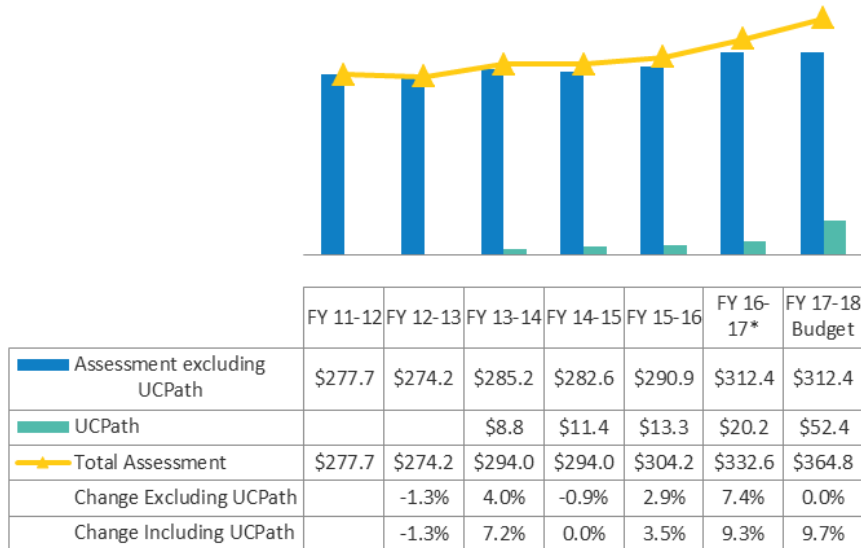
The formula for allocating the General Campus Assessment across campus locations will not change in FY 2017-18 and will be based on each campus' pro-rata share of the following campus data; one-third on actual expenditures, one-third on total number of employees, and one-third on total number of students.

Starting in FY 2016-17, a separate UCPATH Campus Assessment was negotiated with the campuses to fund the implementation and operations of the UCPATH Center. The UCPATH assessment for FY 2017-18 is \$52.4 million, an increase of \$32.3 million over the previous year due to expansion of services to pilot locations at UCLA, UC Riverside, UC Merced, and ASUCLA set to go-live in December 2017.

The UCPATH Center Campus Assessment is allocated based on the number of W-2s for each location. The UCPATH Center derives 100 percent of its funding from the UCPATH Campus Assessment. Figures 5 and 6 below summarize the campus assessments trend over the last seven years.

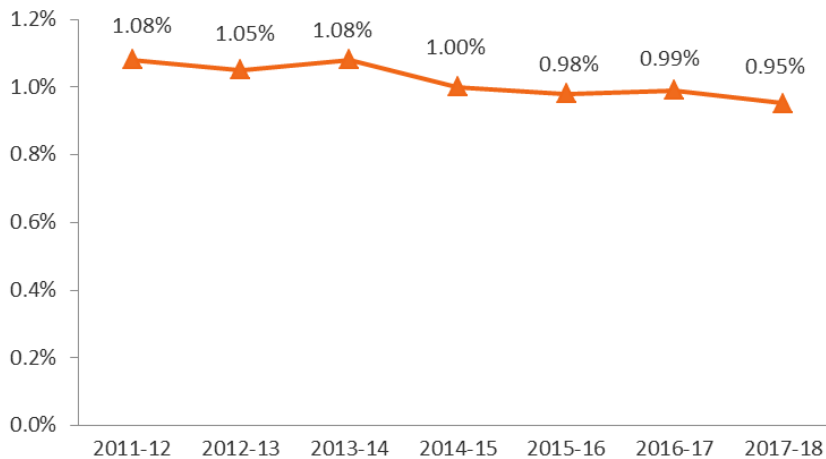
Figures 5 and 6 below show the campus assessments trend over the last seven years. Figure 5 shows the General Campus Assessment, the UCPath Campus Assessment, and the total Campus Assessments. Figure 6 shows the General Campus Assessment as a percentage of the total UC systemwide budgets over last five years during which time the General Campus Assessment as a percentage of the systemwide budgets has declined from 1.08 percent to 0.95 percent.

Figure 5: Campus Assessment Trends



*FY2016-17 was the first year of a separate assessment for UCPath operations.

Figure 6: General Campus Assessment as a Share of Total Revenues



Note: Total University of California budget for FY 2017-18 is projected to \$32.8 billion.

Strategic Priorities Reserves

UCOP has historically followed a practice of funding emerging and critical projects and initiatives from Strategic Priorities Reserves. The Strategic Priorities Reserves are funded by three primary mechanisms: (1) one-time savings from unrestricted budgets; (2) ongoing annual

funding such as Presidential Initiatives Funds; and (3) interest income on unrestricted fund balances.

The FY 2015-16 Strategic Priorities Reserves year-end uncommitted balance totaled \$38 million and represented 5.8 percent of the total FY 2015-16 UCOP budgets. The FY2016-17 year-end uncommitted balance is projected to be \$29.9 million and represents 3.7 percent of the total FY 2017-18 UCOP budgets. Given that the projects and initiatives supported by the Strategic Priorities Reserves largely benefit the campuses and the overall UC system directly, the projected \$29.9 million balance can also be seen as less than 0.1 percent of the total projected systemwide \$32.8 billion UC budget.

Requests for funding for projects and initiatives from the Strategic Priorities Reserves which are known at the time of the annual budget call are included in the budget process and subsequently undergo further rigorous review prior to consideration for final approval and funding by the President. Additional requests for funding emergent issues that arise during the fiscal year undergo the same stringent level of review prior to consideration for approval and funding by the President. Upon funding approval, the total committed amount is noted as committed funds and is no longer available for other projects.

Restricted Multi-Year Funds

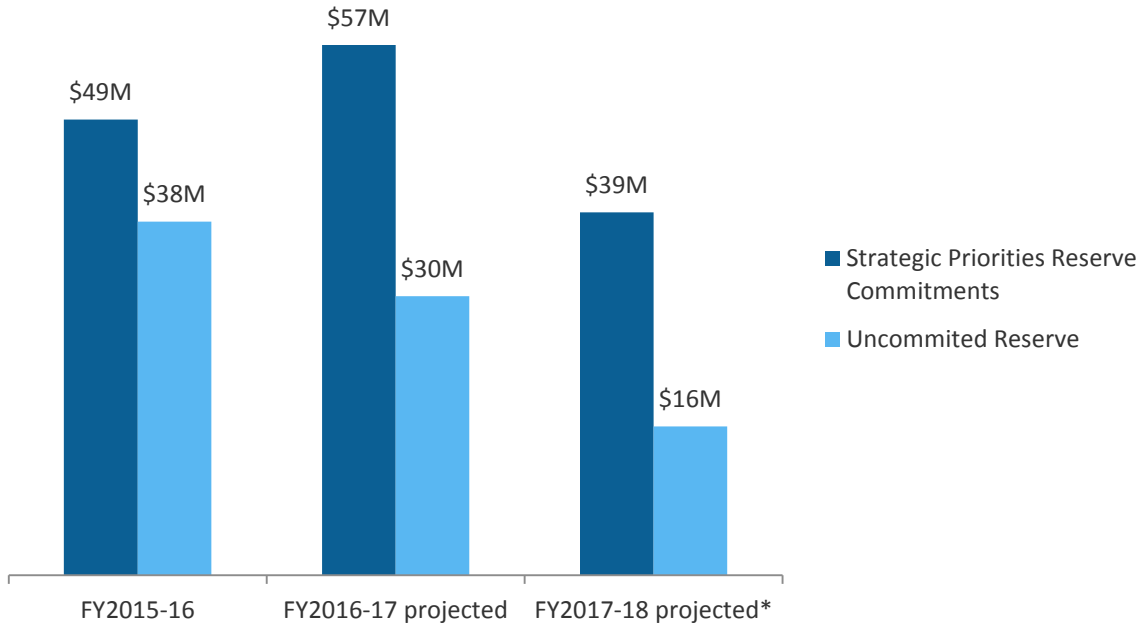
UCOP maintains Restricted Multi-Year Funds that result from four primary sources: (1) multi-year grant and program funding that is not fully expended in the year revenue is received; (2) timing differences in revenue receipt and expense distribution (e.g. federally funded programs with October 1 funding date but operating on UCOP July 1 fiscal year); (3) program specific operating balances (e.g. UC Press); and (4) restricted building and infrastructure deferred maintenance balances.

Multi-year grant and program funding accounted for \$59 million of the \$83 million in Restricted Multi-Year Funds balances as of June 30, 2016. Restricted building and infrastructure deferred maintenance balances totaled \$15 million as of June 30, 2016. The remaining \$9 million of the balance was attributed to program specific balances and timing differences in revenue receipt and expense distribution. The June 30, 2017 balances will be available by September 1, 2017.

Summary of Strategic Priorities Reserves Balances and Commitments

The total balances and detailed funding commitments for Strategic Priorities Reserves are detailed in Figure 7 below.

Figure 7: Strategic Priorities Reserve Fund Balances and Limited-Term Funding Commitments



*Reflects what is known during the budget process as of 4/30/17

Commitments, FY2015-16 (year-end)

Cybersecurity	¹ \$ 7.2
Operations Management	² 6.0
Global Food Initiative	³ 5.2
Transition funding to campus assessment model	² 5.0
UC Merced Wetlands	⁴ 4.6
President's Public Service Law Fellowships	³ 4.5
Funding for emergency maintenance and legal fees	² 3.5
Undocumented Students Initiative	¹ 2.5
Carbon Neutrality Initiative	³ 2.5
President's Post Doctoral Fellows	¹ 2.1
UC Riverside Medical School	² 2.0
Alzheimer's Research	² 2.0
applyUC, ASSIST, and other student support	² 2.0
Total, FY2015-16 (year-end)	\$49.1

Projected Commitments, FY2016-17 (year-end)

Cybersecurity	¹ \$ 7.2
Operations Management	² 6.0
Global Food Initiative	³ 5.2
Transition funding to campus assessment model	² 5.0
UC Merced Wetlands	⁴ 4.6
President's Public Service Law Fellowships	³ 4.5
Funding for emergency maintenance and legal fees	² 3.5
Undocumented Students Initiative	¹ 2.5
Carbon Neutrality Initiative	³ 2.5
President's Post Doctoral Fellows	¹ 2.1
UC Riverside Medical School	² 2.0
Alzheimer's Research	² 2.0
applyUC, ASSIST, and other student support	² 2.0
Carryover Commitments, subtotal	\$49.1
Sexual Violence / Sexual Harassment	¹ 1.4
UC Care Gap Funding	² 1.3
Enrollment Growth Program Support	² 0.7
Campus Facilities Financing Support	² 0.6
UCPath UCOP Project Implementation Costs	² 0.6
Systemwide Student Housing Initiative	² 0.5
Efficiency Review Systemwide Legal Services	² 0.4
President's Diversity Pipeline Initiative & SAPEP Programs	² 0.3
Limited-Term Program Funding	² 0.7
Limited Term Operations Funding	² 1.4
Total, FY2016-17 (projected at year-end)	\$57.1

Projected Commitments, FY2017-18

Operations Management	² 6.0
UCOP Financial Systems Replacement	² 5.0
Funding for emergency maintenance and legal fees	² 3.5
UCOP Budget System Replacement/Migration	² 3.0
Undocumented Students Initiative	¹ 2.5
Bridge support legacy payroll/personnel systems	² 2.3
Agriculture and Natural Resource Program Support	² 2.1
UC Riverside Medical School	² 2.0
Alzheimer's Research	² 2.0
Corporate Financial Systems	² 2.0
Cybersecurity	¹ 1.6
Transition Funds to bridge campus assessment model	⁴ 1.6
Audit Response Expense	² 1.0
President's Diversity Pipeline Initiative & SAPEP Programs	² 0.7
Innovation and Entrepreneurship strategic investments	² 0.7
Audit and Compliance Symposium/Training	² 0.5
UCOP IT upgrades, OGC Governance project	² 0.5
Limited Term Operations Funding	² 0.4
Other requests	² 1.4
Total, FY2017-18 (projected at year-end)	\$38.8

Systemwide Programs and Initiatives

The funding of strategic, critical, and emerging initiatives and programs that benefit students, multiple campuses, and the entire system that could otherwise not be effectively funded or managed by individual campuses continues to be a key role of UCOP. Depending on the need, systemwide initiatives and programs can receive either limited-term funding from the Strategic Priorities Reserves or can be funded as part of the ongoing budget for UCOP.

Strategic Priorities Reserve funding has been used for limited-term funding for items including: Presidential Initiatives such as the Global Food Initiative and the Undocumented Students Initiative, start-up funding for new critical and emerging programs such as Cybersecurity, Sexual Violence/Sexual Harassment, and the UC Riverside Medical School; or special projects such as the UC Merced Wetlands mitigation project. Strategic Priorities Reserves can also be used to support critical short-term operational projects such as the corporate financial systems replacement.

A number of systemwide programs and initiatives that benefit students, the campuses, and the UC system are budgeted on an ongoing basis. This category includes programs such as the Education Abroad Program, California Institutes for Science and Innovation (Cal ISIs), the UC Mexico Initiative, UC Sacramento, Institute of Transportation Studies, and many others. Details of current year and projected FY 2017-18 funding for initiatives can be found in Figure 12 in the Appendix.

PART 2: Systemwide Academic and Public Services Programs

Systemwide Academic and Public Service Programs Budget

The Systemwide Academic and Public Service Programs budget totals \$424.7 million, including \$177.3 million in unrestricted funds and \$247.4 million in restricted funds, and it represents approximately one percent of the estimated \$32.8 billion University of California budget. Of the \$424.7 million budget, approximately 80 percent flows through the OP budget to the campuses, Agriculture and Natural Resources, and award recipients, and the remaining \$72.7 million relates to the operating budget for Systemwide Academic and Public Service Programs.

The Systemwide Academic and Public Service Programs budget supports the statewide delivery of programs in instruction, research, public service, and academic support, including the UC Washington Center, the Education Abroad Program, Agriculture and Natural Resources, breast cancer, tobacco and HIV/AIDS research, the UC National Laboratory Fees Research Program, K-12 initiatives, community college transfer initiatives such as the Scout program, the California Digital Library, and UC Press. More details about these programs are included in the *Background* section of this item below.

The distribution of funds to each program area in the Systemwide Academic and Public Service Programs budget is detailed in Figure 8 below. Details of expenditures by department can be

found in Figure 15 in the Appendix. Funding sources include campus assessment funds, revenues, restricted State funds, federal funds, and other funds. The \$352 million in UCOP to campus flow-through funds are detailed in Figure 9 below.

General Campus Assessment funds provide \$165.9 million to the budget for Systemwide Academic and Public Service Programs. A primary goal achieved in the FY 2017-18 budget process was to continue to support the campuses by keeping the unrestricted funds portion of the budget, which impacts the General Campus Assessment, at a zero-increase relative to FY 2016-17.

Figure 8: Sources and Uses Systemwide Academic and Public Service Programs

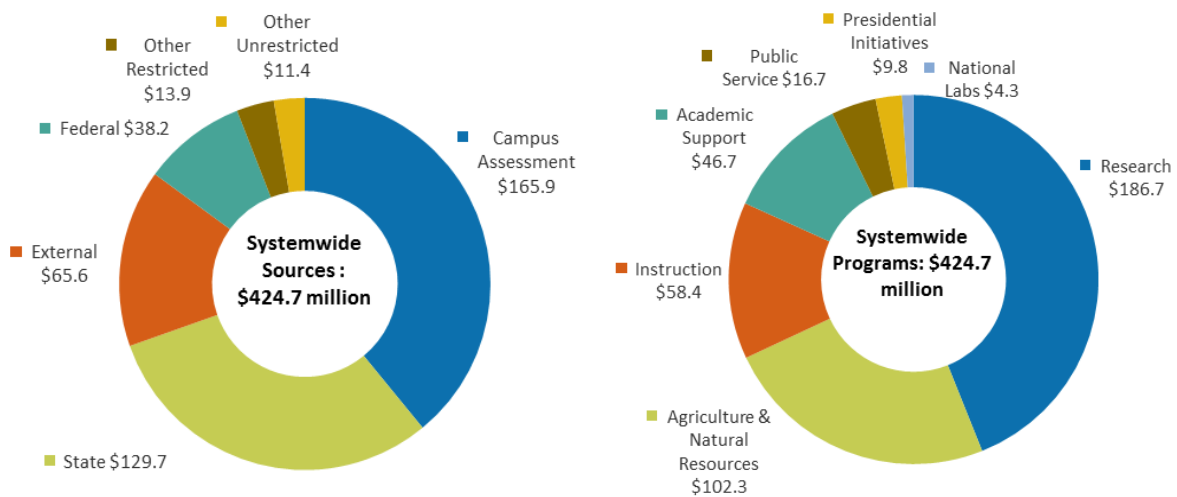
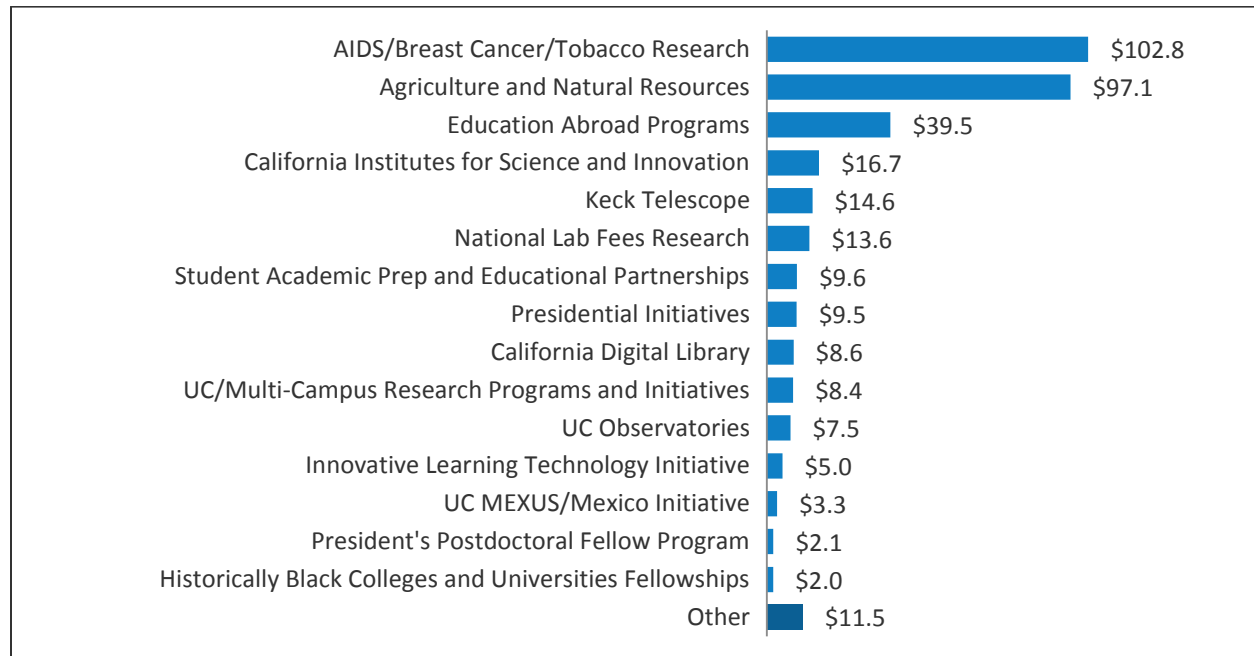


Figure 9: \$352 million in projected UCOP to Campus Flow-Through Funds



Current Year Projections and Proposed FY 2017-18 Budget

The total Systemwide Academic and Public Service Programs budget for the current year ending June 30, 2017 (FY 2016-17) is \$339.9 million including \$162.8 million in unrestricted funds and \$177.1 million in restricted funds.

Projections for current year end expenditures total \$332.3 million, a difference of \$7.6 million or 2.2 percent from the budget. Of the \$7.6 million in savings relative to the current year budget, \$4.5 million results from one-time unexpended funds from the annual Presidential Initiative Funds, \$2.6 million in one-time salary savings related to turnover in existing positions, and \$0.5 million in other one-time savings.

The total UCOP budget for FY 2017-18 is proposed at \$424.7 million, a difference of \$92.5 million to current year expense projections and an increase of \$84.9 million over the current year budget. The \$92.5 million difference is primarily a result of additions to the budget and non-recurring one-time savings. Additions include; \$78 million increase in flow-through Tobacco-Related Disease funding from Proposition 56, \$4.5 million in growth in the Education Abroad Program, and a \$0.3 million increase in funding for Assist. One-time savings include non-recurrence of one-time savings in Presidential Initiative Funds of \$4.5 million and one-time salary savings of \$2.6 million from FY 2016-17 actuals.

Details of Fund Sources and Uses and projected differences from forecasted FY 2016-17 actuals to FY 2017-18 budget are included in Figure 10 and Figure 11 below.

Figure 10: Differences projected FY 2016-17 actuals to FY 2017-18 Budget

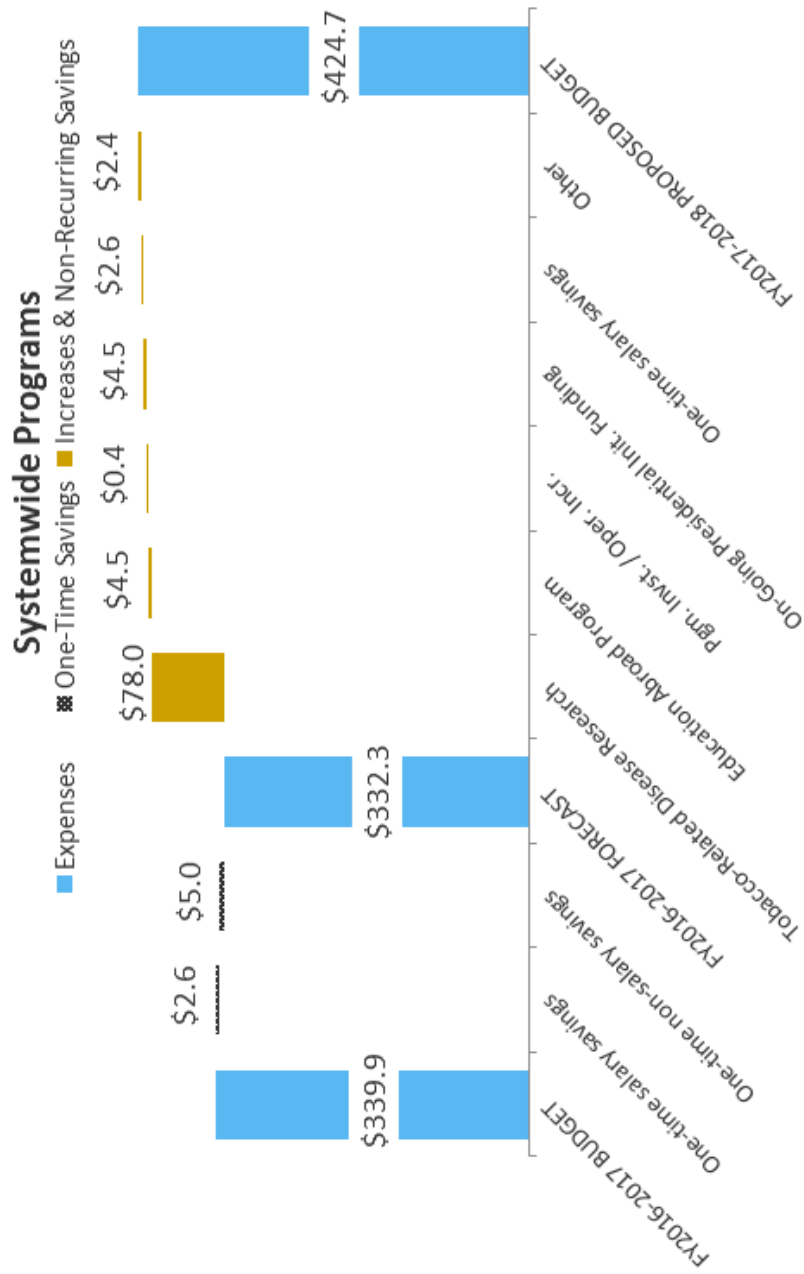


Figure 11: Fund Sources and Uses: Systemwide Academic & Public Services Programs

FY 2017-2018 Budget - Fund Sources and Uses
Systemwide Academic & Public Service Programs

(\$ millions)	TOTAL Proposed Budget FY 2017-18	FORECAST FY2016-2017	TOTAL Budget FY 2016-2017	Var-FY17-18 Budget to Forecast	Var-FY17-18 Budget to FY16-17 Budget	% More / (Less) Budget vs Forecast	% More / (Less) to Prior Year Budget
Sources:							
General Campus Assessment	1 \$ 165.90	\$ 165.85	\$ 165.85	\$ 0.05	\$ 0.05	0.0%	0.0%
Other Unrestricted Sources	2 11.41	11.18	11.18	0.23	0.23	2.1%	2.1%
Subtotal - Unrestricted Sources	177.31	177.03	177.03	0.28	0.28	0.2%	0.2%
State Funds	129.69	51.75	51.75	77.94	77.94	150.6%	150.6%
External Revenues	3 65.64	60.94	60.94	4.70	4.70	7.7%	7.7%
Federal Funds	38.23	37.82	37.82	0.41	0.41	1.1%	1.1%
Other Sources	4 13.87	12.32	12.32	1.55	1.55	12.5%	12.5%
Subtotal - Restricted Sources	247.43	162.84	162.84	84.59	84.59	51.9%	51.9%
Total Sources	424.74	339.87	339.87	84.88	84.88	25.0%	25.0%
Uses:							
Research	186.68	106.68	108.58	80.00	78.10	75.0%	71.9%
ANR	102.27	100.82	101.08	1.44	1.19	1.4%	1.2%
Instruction	58.39	52.95	53.67	5.44	4.72	10.3%	8.8%
Academic Support	46.68	46.31	46.40	0.37	0.28	0.8%	0.6%
Public Service	16.69	16.33	16.44	0.37	0.26	2.3%	1.6%
Presidential Initiatives	9.77	5.57	9.77	4.20	-	75.5%	0.0%
National Laboratories	4.27	3.59	3.94	0.69	0.34	19.1%	8.5%
Total Uses	424.74	332.25	339.87	92.50	84.88	27.8%	25.0%
Projected Year-End Fav/(Unfav)	\$ -	\$ 7.62					

Notes:

1. Total General Campus Assessment for FY17-18 is flat to last year.
2. Other Unrestricted Sources include: endowment income from two central endowments and indirect cost recovery funds.
3. External Revenues include: patent royalties, tuition and fees, UC Press Income as well as sales and services revenues.
4. Other Sources include endowment and gift funds, cost recovery and bond management funds and Federal funds.

RECOMMENDATION

The President of the University recommends to the Regents that the University of California Office of the President fiscal year 2017-18 budget for Systemwide Academic and Public Service Programs be approved, as outlined in **Figure 11** above.

BACKGROUND

A significant component of the Office of the President budget is allocated for the University's statewide delivery of programs in the areas of instruction, research, public service, and academic support as shown in **Figure 11** above. These programs provide vital systemwide support in a number of areas:

- Instruction: These include programs such as the online Innovative Learning Technology Initiative; the UC Washington Center, which brings nearly 900 students from all nine UC undergraduate campuses to Washington, D.C. each academic year for internships and courses; and the Education Abroad Program, now in its 55th year, which served more

than 5,600 students in 2016-17 and currently has students at more than 120 universities and programs in 42 countries.

- **Research:** Several systemwide research programs are administered and, in some cases, funded through the Office of the President. These programs include three State-funded research programs: the Tobacco-Related Disease Research Program, the California Breast Cancer Research Program, and the California HIV/AIDS Research Program. In fiscal year 2017-18, the Tobacco-Related Disease Research Program anticipates a budget increase of approximately \$80 million due to the passage of Proposition 56. The UC-funded programs include the multi-campus research programs which funded \$8.3 million in new and continuing grants during FY 2016-17 as part of a total multi-year research portfolio of over \$33 million that supports projects across the University involving at least three campuses. The UC National Laboratory Fees Research Program enhances research partnerships between UC researchers and scientists at Lawrence Livermore National Laboratory and Los Alamos National Laboratory, investing \$14 million in FY 2016-17 for four comprehensive collaborative research and training grants in High Energy Density Science, Mesoscale Materials Science, and Biological Applications of Advanced Computing and supporting four UC graduate student in-residence fellowships. Finally, the Cancer Research Coordinating Committee provides UC faculty seed grants in all aspects of cancer prevention, diagnosis, and cure.
- **Public Service:** These programs provide outreach to future students in areas such as preparation and access; high school and community college articulation; and educator professional development. UC's public service efforts reach roughly 200,000 individual K-12 and community college students annually at more than 1,000 K-12 schools and all California Community Colleges. This includes the Scout program, which provided online access to college preparatory and Advanced Placement courses to 2,000 California students.
- **Academic Support:** In addition to the work of the Academic Senate, this category includes UC Press, which is the first university press to launch born-digital products (products that originate in a digital form), and the California Digital Library, through which nearly four million digitized books, 900,000 digital images and historical documents, and nearly 150,000 scholarly publications authored by UC faculty and students are freely available to the world.
- **Agriculture and Natural Resources:** The FY 2017-18 budget supports 165 locally-based Cooperative Extension (CE) advisors in 57 counties and 115 predominantly campus-based CE specialists that collaborate with 600 Agriculture Experiment Station (AES) campus-based faculty housed in 38 departments on three campuses (UC Berkeley, UC Davis, and UC Riverside). The budget also supports nine Research and Extension Centers, which provide researchers places to conduct field experiments and outreach programs, and ten statewide programs and institutes, which engage academics across UC to focus on specific, complex issues that need multidisciplinary approaches. Annually, ANR conducts hundreds of research projects and over a thousand education and outreach programs, with around one million youth and adult contacts statewide.
- **National Laboratories:** The 2017-18 budget includes contract administration and governance for the Lawrence Berkeley National Laboratory and governance for the Lawrence Livermore National Laboratory and Los Alamos National Laboratory, where UC is a member of the LLCs.

Unrestricted Funding and Associated Expenses

As mentioned above, unrestricted portion of Systemwide Academic and Public Service Programs budget which impacts the General Campus Assessment was held flat compared to the current year at \$177.3 million and funds 41.7 percent of the budget.

Sources for the total of \$177.3 million in unrestricted funding include \$165.9 million General Campus Assessment funds and \$11.4 million in other unrestricted funds including endowment and interest income.

In order to keep the unrestricted budget flat, UCOP absorbed any new costs in existing budgets, including the cost of a three percent performance-based merit increase program. A zero-increase budget to budget comparison was achieved by: (1) making trade-offs to fund new expenses from existing budgets; and (2) improving budgeting for salary savings created by vacancies through the year.

The difference between the current year forecasted actuals and the FY 2017-18 budget is \$4.8 million, the majority of which is \$4.5 million in one-time unallocated funds from the Presidential Initiative Funds.

Restricted Funding and Associated Expenses

Restricted funding and associated expenses for UCOP Systemwide Academic and Public Service Programs increased by \$84.6 million to \$247.4 million (58.3 percent of the total budget). Increases were primarily driven by new research revenue for tobacco-related diseases (\$78 million) and an adjustment for growth in the Education Abroad Program (\$4.5 million). Other significant programs funded by restricted funds include State-funded tobacco, breast cancer and HIV/AIDS research (\$25 million), laboratory research funding (\$14 million) and the Innovative Learning Technology Initiative (\$10 million).

Sources for the \$247.4 million in restricted funding include; \$129.7 million in restricted State funds including funds for tobacco-related disease research, HIV/AIDS research and breast cancer research and other programs, \$65.6 million in External Revenues including Tuition and Fees mainly for the Education Abroad Program and UC Press income, \$38.2 in federal funds including federal grant income and laboratory management fees, \$13.9 million in other sources including endowment interest income and other restricted income.

The difference between the current year forecasted actual expenditures and the FY 2017-18 budget is \$87.5 million, the majority of which is \$78 million in new Tobacco-related Disease funding and \$4.5 million in growth in the Education Abroad Program.

Designated Funding for Agriculture and Natural Resources

Total funding designated for Agriculture and Natural Resources is \$102.3 million for FY 2017-18, an increase of 1.2 percent over the prior year. Unrestricted funding was held flat at \$73.6 million, while restricted funding increased by \$1.2 million (4.3 percent) due to an increase in federal funding and sales and service revenues. In addition to ongoing funding, \$2.1 million has been authorized from the uncommitted fund balance as one-time bridge funding to support the ANR corridor funding model. Allocation of permanent funding will be considered for the FY 2018-19 budget cycle.

Appendix

Figure 12: Funding Detail for Systemwide Initiatives and Programs

	Total Proposed Budget	Forecast	Total Budget
	FY 17-18	FY 16-17	FY 16-17
A) Initiatives with Limited Term Funding			
1 CyberSecurity ¹		7,235,000	7,235,000
2 Global Food Initiative ^{P2}	5,000,000	2,400,000	5,200,000
3 UC Merced Wetlands ³		4,600,000	4,600,000
4 Undocumented Students Initiative ^{P1}	2,500,000	3,431,628	3,431,628
5 Research Catalyst Awards ^{P2}		3,000,000	3,000,000
6 Carbon Neutrality ^{P2}		1,600,000	2,500,000
7 President's Postdoctoral Fellows ^{P1}		2,149,456	2,149,456
8 UC Riverside Medical School ⁴	2,000,000	2,000,000	2,000,000
9 Sexual Violence/Sexual Harrassment ¹		1,664,174	1,664,174
10 Historically Black Colleges and Universities ^{P1}		174,362	174,362
Subtotal	9,500,000	28,254,620	31,954,620
B) Initiatives in the Permanent Budget			
13 Education Abroad Program	34,982,928	34,982,928	34,982,928
14 California Institutes for Science and Innovation	16,660,000	16,660,000	16,660,000
15 CyberSecurity ¹	9,600,000	9,600,000	9,600,000
16 UC Observatories	7,598,244	7,598,244	7,598,244
17 Public Service Law Fellowships ^P	4,500,000	4,500,000	4,500,000
18 UC Mexico Initiative ^P	2,348,742	2,348,742	2,348,742
19 Natural Reserve System	2,193,281	2,193,281	2,193,281
20 President's Postdoctoral Fellows ^{P1}	2,000,000	2,000,000	2,000,000
21 Historically Black Colleges and Universities ^{P1}	2,000,000	2,000,000	2,000,000
22 Student Academic Prep and Ed Partnerships (SAPEP) Puente	1,266,403	1,266,403	1,266,403
23 Inst of Transportation Studies	980,000	980,000	980,000
24 Sexual Violence/Sexual Harrassment ¹	975,000	875,000	975,000
25 California Program on Access to Care (CPAC)	935,465	935,465	935,465
26 UC Mexus	930,136	930,136	930,136
27 UC Sacramento Center	636,603	636,603	636,603
28 D. Hayes-Bautista Project	556,602	556,602	556,602
29 Song Brown Act	500,000	500,000	500,000
30 Drew Matching Funds	475,000	475,000	475,000
31 CA State Summer School for Math & Science (COSMOS)	240,562	240,562	240,562
32 Wilkie-Soc Security/Double Taxation	187,093	187,093	187,093
33 Mathematics Diagnostic Testing Project	59,082	59,082	59,082
34 Youth Leadership	50,000	50,000	50,000
35 Graduate Fellows Program	41,000	54,000	41,000
Subtotal	89,716,141	89,629,141	89,716,141
Grand Total	99,216,141	117,883,761	121,670,761
P Presidential Initiative			
1 Initiative has moved from one-time to permanent funding			
2 Initiative has moved from one-time to Presidential Initiatives Fund permanent funding			
3 Final payment of limited-term funding			
4 One-time/limited-term			

Figure 13: Unrestricted Budget: Systemwide Academic and Public Service Programs

FY 2017-2018 Budget - Fund Sources and Uses
Systemwide Academic & Public Service Programs

		UNRESTRICTED BUDGET						
		TOTAL Proposed Budget FY 2017-18	FORECAST FY2016-2017	TOTAL Budget FY 2016-2017	Var-FY17-18 Budget to Forecast	Var-FY17-18 Budget to FY16- 17 Budget	% More / (Less) Budget vs Forecast	% More / (Less) to Prior Year Budget
(\$ millions)								
Sources:								
General Campus Assessment	1	\$ 165.90	\$ 165.85	\$ 165.85	\$ 0.05	\$ 0.05	0.0%	0.0%
Other Unrestricted Sources	2	11.41	11.18	11.18	0.23	0.23	2.1%	2.1%
Subtotal - Unrestricted Sources		177.31	177.03	177.03	0.28	0.28	0.2%	0.2%
State Funds		-	-	-	-	-		
External Revenues	3	-	-	-	-	-		
Federal Funds		-	-	-	-	-		
Other Sources	4	-	-	-	-	-		
Subtotal - Restricted Sources		-	-	-	-	-		
Total Sources		177.31	177.03	177.03	0.28	0.28	0.2%	0.2%
Uses:								
Research		56.24	56.04	56.25	0.20	(0.02)	0.4%	0.0%
ANR		73.60	73.40	73.60	0.20	0.00	0.3%	0.0%
Instruction		3.63	3.54	3.55	0.09	0.08	2.7%	2.3%
Academic Support		22.50	22.44	22.53	0.06	(0.03)	0.2%	-0.1%
Public Service		11.58	11.29	11.34	0.29	0.24	2.6%	2.2%
Presidential Initiatives		9.77	5.57	9.77	4.20	-	75.5%	0.0%
National Laboratories		-	-	-	-	-		
Total Uses		177.31	172.28	177.03	5.03	0.28	2.9%	0.2%
Projected Year-End Fav/(Unfav)		\$ -	\$ 4.75	\$ -	\$ (4.75)	\$ -	-100.0%	

Notes:

1. Total General Campus Assessment for FY17-18 is flat to last year.
2. Other Unrestricted Sources include: endowment income from two central endowments and indirect cost recovery funds.
3. External Revenues include: patent royalties, tuition and fees, UC Press Income as well as sales and services revenues.
4. Other Sources include endowment and gift funds, cost recovery and bond management funds and Federal funds.

Figure 14: Restricted Budget: Systemwide Academic and Public Service Programs

FY 2017-2018 Budget - Fund Sources and Uses
Systemwide Academic & Public Service Programs

		RESTRICTED BUDGET							
		TOTAL Proposed Budget FY 2017-18	FORECAST FY2016-2017	TOTAL Budget FY 2016-2017	Var-FY17-18 Budget to Forecast	Var-FY17-18 Budget to FY16-17 Budget	% More / (Less) Budget vs Forecast	% More / (Less) to Prior Year Budget	
(\$ millions)									
Sources:									
	1	\$ -	\$ -	\$ -	\$ -	\$ -			
	2	-	-	-	-	-			
		Subtotal - Unrestricted Sources	-	-	-	-			
		State Funds	129.69	51.75	51.75	77.94	77.94	150.6%	150.6%
	3	External Revenues	65.64	60.94	60.94	4.70	4.70	7.7%	7.7%
		Federal Funds	38.23	37.82	37.82	0.41	0.41	1.1%	1.1%
	4	Other Sources	13.87	12.32	12.32	1.55	1.55	12.5%	12.5%
		Subtotal - Restricted Sources	247.43	162.84	162.84	84.59	84.59	51.9%	51.9%
		Total Sources	247.43	162.84	162.84	84.59	84.59	51.9%	51.9%
Uses:									
		Research	130.44	50.64	52.33	79.80	78.11	157.6%	149.3%
		ANR	28.66	27.42	27.48	1.24	1.18	4.5%	4.3%
		Instruction	54.76	49.41	50.12	5.34	4.64	10.8%	9.2%
		Academic Support	24.18	23.87	23.87	0.31	0.31	1.3%	1.3%
		Public Service	5.11	5.03	5.10	0.08	0.01	1.6%	0.3%
		Presidential Initiatives	-	-	-	-	-		
		National Laboratories	4.27	3.59	3.94	0.69	0.34	19.1%	8.5%
		Total Uses	247.43	159.97	162.84	87.46	84.59	54.7%	51.9%
		Projected Year-End Fav/(Unfav)	\$ -	\$ 2.87					

Notes:

1. **Total General Campus Assessment for FY17-18 is flat to last year.**
2. Other Unrestricted Sources include: endowment income from two central endowments and indirect cost recovery funds.
3. External Revenues include: patent royalties, tuition and fees, UC Press Income as well as sales and services revenues.
4. Other Sources include endowment and gift funds, cost recovery and bond management funds and Federal funds.

Figure 15: Department Detail: Systemwide Academic and Public Service Programs

ITEM B3 - FY17-18 UCOP Systemwide Budget Regents Tables

FY 2017-18 BUDGET SUMMARY OFFICE OF THE PRESIDENT (\$ millions)	TOTAL BUDGET		UNRESTRICTED BUDGET		RESTRICTED BUDGET	
	TOTAL Proposed Budget FY 2017-18	TOTAL FY 2016-17	TOTAL Proposed Budget FY 2017-18	TOTAL FY 2016-17	TOTAL Proposed Budget FY 2017-18	TOTAL FY 2016-17
SYSTEMWIDE ACADEMIC & PUBLIC SERVICE PROGRAMS						
Instruction	58.39	53.67	3.63	3.55	54.76	50.12
<i>Education Abroad Program</i>	39.46	34.98	0.20	0.20	39.26	34.78
<i>Innovative Learning Technology Initiative (online) (1)</i>	10.00	10.00	-	-	10.00	10.00
<i>UC Washington DC Center</i>	6.73	6.66	1.43	1.36	5.30	5.30
<i>UC Center Sacramento</i>	0.68	0.68	0.64	0.64	0.04	0.04
<i>Other programs</i>	1.52	1.35	1.36	1.35	0.16	0.00
Research	186.68	108.58	56.24	56.25	130.44	52.33
<i>California Institute for Science and Innovation (2)</i>	16.66	16.66	11.86	11.86	4.80	4.80
<i>Keck</i>	14.58	14.58	14.58	14.58	-	-
<i>Lab Fee Research funds (3)</i>	13.60	13.60	-	-	13.60	13.60
<i>Tobacco Research</i>	90.41	12.47	-	-	90.41	12.47
<i>UC Research Initiatives (incl multi-campus research)</i>	10.18	10.15	9.35	9.35	0.83	0.80
<i>HIV/AIDS Research</i>	8.75	8.75	-	-	8.75	8.75
<i>Breast Cancer Research</i>	8.33	8.33	-	-	8.33	8.33
<i>UC Observatories</i>	7.55	7.55	7.55	7.55	-	-
<i>UC MEXUS/Mexico Initiative</i>	3.28	3.28	3.28	3.28	-	-
<i>Historically Black Colleges and Universities Fellowships</i>	2.00	2.00	2.00	2.00	-	-
<i>President's Postdoctoral Fellow Program</i>	1.20	2.06	2.06	2.06	-	-
<i>Other programs</i>	10.14	9.15	5.56	5.57	3.72	3.58
Public Service	16.69	16.43	11.58	11.33	5.11	5.10
<i>California Subject Matter Projects/Teacher Prep (4)</i>	5.19	5.19	0.19	0.19	5.00	5.00
<i>Mathematics, Engineering, Science Achievement (MESA) (5)</i>	4.22	4.22	4.22	4.22	-	-
<i>Student Academic Prep and Ed Partnerships - Campus</i>	2.51	2.51	2.41	2.41	0.10	0.10
<i>Student Academic Prep and Ed Partnerships - Puente</i>	1.27	1.27	1.27	1.27	-	-
<i>High School Articulation Program</i>	1.08	1.08	1.08	1.08	-	-
<i>Other programs</i>	2.42	2.16	2.41	2.16	0.01	-
Academic Support	46.68	46.40	22.50	22.53	24.18	23.87
<i>UC Press</i>	23.11	23.11	1.03	1.03	22.08	22.08
<i>California Digital Library</i>	21.08	21.13	19.40	19.45	1.68	1.68
<i>Academic Senate</i>	2.12	2.10	2.01	1.99	0.11	0.11
<i>Other programs</i>	0.37	0.07	0.06	0.07	0.31	0.00
National Laboratories	4.27	3.94	-	-	4.27	3.94
Presidential Initiatives	9.77	9.77	9.77	9.77	-	-
TOTAL	322.48	238.79	103.72	103.43	218.76	135.36
% change	35.0%		0.3%		61.6%	
Agriculture and Natural Resources	102.26	101.08	73.60	73.60	28.66	27.48
	1.2%		0.0%		4.3%	
GRAND TOTAL	424.74	339.87	177.32	177.03	247.42	162.84
	25.0%		0.2%		51.9%	

- (1) ILTI is designed to help campuses create online or hybrid course offerings, by providing course designers and guidance
- (2) California Institute for Science and Innovation encompasses four institutes across the system
- (3) Lab Fee Research Funds are funds for research collaborations between campus researchers and national lab scientists
- (4) California Subject Matter Projects are teacher professional development programs
- (5) MESA prepares students for study and careers in STEM fields by providing support throughout their education