Approved

REPORT OF THE NATIONAL LABORATORIES SUBCOMMITTEE
July 18, 2025

ALLOCATION OF LLC FEE INCOME TO BE EXPENDED IN FISCAL YEAR 2025–26

The President of the University recommended to the Regents that the President be authorized to expend an estimated $30 million from the University's net share of Triad National Security, LLC (Triad) and Lawrence Livermore National Security, LLC (LLNS) income earned in the respective LLC 2025 fiscal years (FY),[1] as projected by the LLCs, for the purposes and in the amounts described below:

A. An estimated $3.3 million for the University's contractually required share of compensation-related costs for LLC staff that are not reimbursed by the federal government under the prime contracts. This category also includes up to $500,000 for the UC/Los Alamos National Laboratory (LANL) Entrepreneurial Postdoctoral Fellowship Program, and $100,000 for the LANL childcare center, and $300,000 for UC faculty affiliations. Any unspent funds allocated for this purpose will be transferred to the Capital and Campus Opportunity Fund (paragraph H).

B. Consistent with the approved FY 2025–26 Office of the President (UCOP) budget, an appropriation in the amount of $7.65 million for FY 2025–26 to the Office of the President's budget for federally unreimbursed costs of University oversight of its interests at LANL and Lawrence Livermore National Laboratory (LLNL), paid or accrued July 1, 2025 through June 30, 2026, including, but not limited to, an allocable share of the costs of the President's Executive Office, Academic Affairs, the Academic Senate, Human Resources, Ethics, Compliance and Audit Services, UC Finance, UC National Laboratories (UCNL), Federal Governmental Relations, UC Legal, Office of the Secretary and Chief of Staff to The Regents, UCOP facility charges, and the University-appointed Governors on the Boards of the LLCs. Any unspent funds allocated for this purpose will be transferred to the Capital and Campus Opportunity Fund (paragraph H).

C. An appropriation in the amount of $2.1 million to the LLNS/Los Alamos National Security, LLC (LANS) Post-Contract Contingency Fund (PCCF) to be allocated for the University's expenses related to the Frederick National Laboratory for Cancer Research (FNLCR) contract competition. Pursuant to the approved FY 2025–26 UCOP budget, the Regents authorized the President to spend up to approximately $2.1 million on FNLCR-related costs. Any income generated by the PCCF reserve fund under the University's Short Term Investment Pool (STIP) or other UC investment fund shall be reserved exclusively for the PCCF. If the actual LLC income varies from the $30 million projection, the President is authorized to revise the allocation to the PCCF, up or down, in his discretion.

D. An appropriation in the amount of $1.45 million for FY 2025–25 to the LLC Fee Contingency Fund (FCF). Any income generated by the LLC Fee Contingency Fund

[1] The University also remains a member of Los Alamos National Security, LLC (LANS), which managed Los Alamos National Laboratory through October 31, 2018. It is not expected that LANS will earn any appreciable net fee income during this next fiscal year.

under the University's STIP or other UC investment fund shall be reserved exclusively for FCF. If the actual LLC income varies from the $30 million projection, the President is authorized to revise the allocation to the FCF, up or down, in his discretion.

Due to increased nondiscretionary expenses due to inflation and higher labor costs, the President of the University recommends that the National Laboratories Committee recommend to the Regents that the target balance for FCF be raised from the current $12 million to $15 million.

E. An appropriation in the amount of $4 million for FY 2025–26 to establish a reserve fund for the LANL Guest House to be used for future maintenance and repair expenses over the course of the long-term lease, and other related expenses.

F. An appropriation in the amount of $500,000 to fund the affiliation agreement between the University and the Livermore Lab Foundation (LLF). In the event all or part of this funding for LLF is not spent in FY 2025–26, the funding will be carried over to FY 2026–27 for the same purpose, subject to an ongoing affiliation agreement.

G. An appropriation in the amount of $5.75 million for FY 2025–26 to establish a reserve fund for Frederick National Laboratory to be used for unreimbursed expenses related to legal challenges for the contract award following recompetition, and other unreimbursed expenses incurred by the University's team post-contract award.

H. An appropriation in the amount of $2.6 million for the Capital and Campus Opportunity Fund (CCOF). Pursuant to the approved FY 2025–26 UCOP budget, the President is authorized to spend up to $2 million of CCOF funds on the SoCal Hub initiative; $350,000 of CCOF funds on the UC Postdoctoral Fellowship in Technology and International Security program, a collaboration of UCSD and UC-affiliated National Laboratories; and $100,000 on the LANL Guest House project. UCNL is requesting an additional $150,000 for the UC Postdoctoral Fellowship in Technology and International Security program, bringing the annual support for that program to $500,000. Any income generated by this fund under the University's STIP or other UC investment fund shall be reserved exclusively for CCOF. If the actual LLC income varies from the $30 million projection, the President is authorized to revise the allocation to the CCOF, up or down, in his discretion.

I. An appropriation in the amount of $1 million in FY 2025–26 for the Triad Reserve Fund (TRF). Any income generated by this fund under the University's STIP or other UC investment shall be reserved exclusively for TRF. If the actual LLC income varies from the $30 million projection, the President is authorized to revise the allocation to the TRF, up or down, in his discretion.

J. Consistent with the approved FY 2024–25 UCOP budget, an appropriation in the amount of $1.65 million for the purpose of business development, which would support the University's efforts to explore and develop opportunities to participate in the management of one or more National Laboratories and other Federally Funded Research

and Development Centers (FFRDCs) in addition to the three current UC-affiliated National Laboratories. Formal bids on specific National Laboratory or FFRDC contracts would be subject to further Regental approval. Any unspent funds appropriated for this purpose will be transferred to the Capital and Campus Opportunity Fund (paragraph H).

Committee vote: Regents Anguiano, Hernandez, Reilly, Robinson, and Wang voting "aye."

Board vote: Regents Anguiano, Batchlor, Brooks, Cohen, Hernandez, Komoto, Kounalakis, Leib, Makarechian, Matosantos, Park, Reilly, Robinson, Sarris, and Wang voting "aye."