

REPORT OF THE NATIONAL LABORATORIES SUBCOMMITTEE

July 19, 2024

ALLOCATION OF LLC FEE INCOME TO BE EXPENDED IN FISCAL YEAR 2024–25

The Committee recommends 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 2024 fiscal years (FY),¹ as projected by the LLCs, for the purposes and in the amounts described below:

- A. An estimated \$2.6 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. Any unspent funds allocated for this purpose will be transferred to the Fee Contingency Fund (paragraph D).
- B. Consistent with the approved FY 2024–25 Office of the President (UCOP) budget, an appropriation in the amount of \$9.1 million for FY 2024–25 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, 2024 through June 30, 2025, including, but not limited to, an allocable share of the costs of the President's Executive Office, the Provost, the Academic Senate, Human Resources, Ethics, Compliance and Audit Services, UC Finance, UC National Laboratories (UCNL), Federal Governmental Relations, Research and Innovation, 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 Fee Contingency Fund (paragraph D).
- C. An appropriation in the amount of \$3.2 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 2024–25 UCOP budget, the Regents authorized the President to spend up to approximately \$2.1 million on FNLCR-related costs. Due to the nearly yearlong delay in the award of the FNLCR contract, which is now anticipated at the end of 2024, the President requests authority to expend an additional approximately \$1.1 million on FNLCR-related costs. Any income generated by the PCCF reserve fund under the University's Short Term Investment Pool (STIP) shall be reserved exclusively for the PCCF. In the event that 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.

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.

- D. No appropriation for FY 2024–25 to the LLC Fee Contingency Fund (FCF). Any income generated by the LLC Fee Contingency Fund under the University’s STIP shall be reserved exclusively for the LLC Fee Contingency Fund. In the event that 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 described in Paragraphs A and B, 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 \$7 million to \$12 million.

- E. An appropriation in the amount of \$10 million for FY 2024–25 for the UC Laboratory Fees Research Program and other research relevant to the missions of the National Laboratories and the University, including the UC-National Laboratory Graduate Student Fellowship Program. In the event all or part of this funding for the UC Laboratory Fees Research Program is not spent in FY 2024–25, the funding will be carried over to FY 2025–26 for the same purpose. In the event that the actual LLC income varies from the \$30 million projection, the President is authorized to revise this allocation, up or down, in his discretion.
- F. An appropriation in the amount of \$400,000 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 2024–25, the funding will be carried over to FY 2025–26 for the same purpose, subject to an ongoing affiliation agreement.
- G. [RESERVED]²
- H. Consistent with the approved FY 2024–25 UCOP budget, an appropriation in the amount of \$2.45 million for the Capital and Campus Opportunity Fund (CCOF). Pursuant to the approved FY 2024–25 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. Any income generated by this fund under the University’s STIP shall be reserved exclusively for this fund. In the event that 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 \$600,000 in FY 2024–25 for the Triad Reserve Fund. Any income generated by this fund under the University’s STIP shall be reserved exclusively for this fund. In the event that the actual LLC income varies from the \$30 million projection, the President is authorized to revise the allocation to the Triad Reserve Fund, up or down, in his discretion.

² To maintain consistency from year to year, this section is reserved to document funding for the Accelerating Therapeutic Opportunities for Medicine program. This year, the program is not receiving funding from fee income.

- 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 Fee Contingency Fund (paragraph D).

Committee vote: Regents Drake, Hernandez, Lee, Pack, Reilly, Robinson, Salazar, Sherman, and Sures voting “aye.”

Board vote: Regents Batchlor, Beharry, Cohen, Drake, Hernandez, Kounalakis, Leib, Makarechian, Pack, Pérez, Reilly, Salazar, Sarris, and Sherman voting “aye.”