

REPORT OF THE NATIONAL LABORATORIES COMMITTEE

July 23, 2021

ALLOCATION OF LLC FEE INCOME TO BE EXPENDED IN FISCAL YEAR 2021–22

The Committee recommends that the President of the University be authorized to expend an estimated \$27.6 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 2021 fiscal years (FY),¹ as projected by the LLCs, for the purposes and in the amounts described below:

- A. An estimated \$1.6 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, including up to \$400,000 for the UC/Los Alamos National Laboratory (LANL) Entrepreneurial Postdoctoral Fellowship Program.
- B. Consistent with the approved FY 2021–22 Office of the President (UCOP) budget, an appropriation in the amount of \$7.33 million for FY 2021–22 to the UCOP budget for federally unreimbursed costs of University oversight of its interests at LANL and Lawrence Livermore National Laboratories (LLNL), paid or accrued July 1, 2021 through June 30, 2022, including, but not limited to, an allocable share of the costs of the President's Executive Office, the Provost, the Academic Senate, Human Resources, Compliance and Audit, Financial Accounting, UC National Laboratories (UCNL), Federal Governmental Relations, Office of Research and Graduate Studies, Office of the General Counsel, Office of the Secretary and Chief of Staff to The Regents, Office of the President 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 million to the LLNS/LANS Post-Contract Contingency Fund (PCCF) for FY 2021–22. 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 \$27.6 million projection, the President is authorized to revise the allocation to the PCCF, up or down, in his discretion.
- D. No appropriation for FY 2021–22 to the fully funded LLC Fee Contingency Fund. Any income generated by the LLC Fee Contingency Fund under the University's STIP shall be reserved exclusively for the LLC Fee Contingency Fund.
- E. An appropriation in the amount of \$10 million for FY 2021–22 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

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.

- Fellowship Program. In the event all or part of this funding for the UC Laboratory Fees Research Program is not spent in FY 2021–22, the funding will be carried over to FY 2022–23 for the same purpose. In the event that the actual LLC income varies from the \$27.6 million projection, the President is authorized to revise this allocation, up or down, in his discretion.
- F. An appropriation in the amount of \$300,000 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 2021–22, the funding will be carried over to FY 2022–23 for the same purpose.
- G. An appropriation in the amount of \$1 million for FY 2021–22 for the Accelerating Therapeutic Opportunities for Medicine (ATOM) collaboration.
- H. An appropriation in the amount of \$1.7 million for FY 2021–22 for the Capital and Campus Opportunity Fund (CCOF). Consistent with the approved FY 2021–22 UCOP budget, the President is authorized to spend up to \$1.0 million of CCOF funds on the SoCal Hub initiative and \$200,000 of CCOF funds on the UC Postdoctoral Fellowship in Technology and International Security program, a collaboration of UCSD and UC-affiliated National Laboratories. 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 \$27.6 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 \$2 million in FY 2021–22 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 \$27.6 million projection, the President is authorized to revise the allocation to the Triad Reserve Fund, up or down, in his discretion.
- J. Consistent with the approved FY2021–22 UCOP budget, an appropriation in the amount of \$1.67 million for FY 2021–22 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 U.S. Department of Energy 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 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 Cohen, Drake, Estolano, Reilly, and Sures voting “aye.”

Board vote: Regents Butler, Cohen, Drake, Elliott, Estolano, Guber, Leib, Lott, Makarechian, Ortiz Oakley, Park, Pérez, Reilly, Sherman, Torres, and Zaragoza voting “aye.”