

brought before the Regents again at the September meeting.

F. ***Verano 8 Graduate Student Housing and Long Range Development Plan Amendment for On-Campus Housing, Irvine Campus***

This item was not summarized.

G. ***Proposed Mixed Use Development of Up to 36.2 Acres at Moffett Field, Berkeley Campus***

Regent Park reported that that National Aeronautics and Space Administration (NASA) had invited UC Berkeley to participate in a joint venture project that NASA had authority from Congress to develop. This had a great deal of potential with regard to the partnership, the ground lease, and academic space, but it was not without risk in terms of the environmental liabilities, where were not clear. More information was forthcoming. Chancellor Christ indicated that the faculty at UC Berkeley gave their full and robust support, which was a good sign.

H. ***UC Center Sacramento Facility Acquisition and Renovation***

Regent Park stated that the current UC Center Sacramento (UCCS) building was seismically unsafe. A nearby building needed to be developed, and this was a great opportunity for the Center's presence in Sacramento. Regent Kieffer had been a proponent of the endeavor.

I. ***Update Regarding the New Hospital UCSF Helen Diller Medical Center Program at Parnassus Heights Integrated Form of Agreement and Procurement Strategy, San Francisco Campus***

Regent Park stated that UCSF brought forth a different kind of financing model and procurement strategy. The Committee had many questions about risk; UC had not done this before. She anticipated further discussions about whether this would produce the desired project at the desired price. Chancellor Hawgood and his staff would return to the Committee with an update.

J. ***University of California Innovation and Entrepreneurship***

Regent Park reported that the Committee requested more data. She stated that the presentation was related to the question of how UC increases its potential revenue sources to fund the desired version of the University.

K. ***Approaches to Address Student Housing Insecurity***

Regent Park stated that UC Santa Cruz wished to have a safe parking program and that the Committee decided that this discussion should occur at a meeting of the Special Committee on Basic Needs. Regent Weddle agreed to consider the issue and requested its legal review.

Upon motion duly made and seconded, the recommendations of the Finance and Capital Strategies Committee were approved.

Governance Committee

The Committee presented the following from its meeting of June 17, 2019. The Committee considered one action items:

Fiscal Year 2019–20 Budget for the University of California Office of the President

The Committee recommended the approval of the Fiscal Year 2019-20 Budget for the University of California Office of the President, as provided in Attachments 1 and 4.

Chair Pérez reported that the Committee voted unanimously to recommend the Budget.

The Committee presented the following from its meeting of July 18, 2019. The Committee considered seven action items and one discussion item:

A. ***Approval of Appointment of and Compensation for Peggy Arrivas, Interim Associate Vice President – Capital Assets Strategy and Finance, in Addition to Existing Appointment as Associate Vice President and Systemwide Controller, Office of the President, as Discussed in Closed Session***

The Governance Committee recommended approval of the following items in connection with the appointment of and compensation for Peggy Arrivas as Interim Associate Vice President – Capital Asset Strategies and Finance, Office of the President, in addition to her existing appointment as Associate Vice President – Systemwide Controller, Office of the President:

- (1) Appointment of Peggy Arrivas as Interim Associate Vice President – Capital Asset Strategies and Finance, Office of the President, effective as an exception to policy June 1, 2019 through May 31, 2020 or until the appointment of a new Associate Vice President – Capital Asset Strategies and Finance, whichever occurs first.
- (2) Per policy, continued appointment as Associate Vice President – Systemwide Controller, Office of the President.
- (3) Per policy, an annual base salary of \$371,256 during the appointment as Interim Associate Vice President – Capital Asset Strategies and Finance, Office of the President. At the conclusion of the interim appointment, Ms. Arrivas's annual base salary will revert to her annual base salary in effect as of June 5, 2018, plus any adjustments made under the Office of the President salary program since that date.

- (4) Per policy, continuation of standard pension and health and welfare benefits and standard senior management benefits including eligibility for senior manager life insurance and executive salary continuation for disability.
- (5) Per policy, continued eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- (6) Per policy, continuation of monthly contribution to the Senior Management Supplemental Benefit Program.

B. *Approval of Appointment of and Compensation for PK Agarwal as Dean – University Extension, Santa Cruz Campus, as Discussed in Closed Session*

The Committee recommended approval of the following items in connection with the appointment of and compensation for PK Agarwal as Dean – University Extension, Santa Cruz campus:

- (1) Per policy, appointment of PK Agarwal as Dean – University Extension, Santa Cruz campus, at 100 percent time.
- (2) Per policy, an annual base salary of \$260,000.
- (3) Per policy, standard pension and health and welfare benefits and standard senior management benefits including eligibility for senior management life insurance and executive salary continuation for disability (eligible after five consecutive years of Senior Management Group service).
- (4) Per policy, eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- (5) This action will be effective on or about August 1, 2019.

C. *Approval of Appointment of and Compensation for Carrie Byington, M.D., as Executive Vice President – UC Health, Office of the President, as Discussed in Closed Session*

The Committee recommended approval of the following items in connection with the appointment of and compensation for Carrie Byington, M.D., as Executive Vice President – UC Health, Office of the President:

- (1) Per policy, appointment of Carrie Byington, M.D. as Executive Vice President – UC Health, Office of the President, at 100 percent time.
- (2) Per policy, annual base salary of \$869,800, which will be partially or fully State-funded.

- (3) Per policy, eligibility to participate in the Short Term Incentive (STI) component of the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of 20 percent of base salary (\$173,960) and maximum potential award of 30 percent of base salary (\$260,940), subject to all applicable plan requirements and Administrative Oversight Committee approval. Actual award will be determined based on performance against pre-established objectives and will be prorated in her first year of participation. CEMRP incentive awards are funded by Health Enterprise revenues. No State funds will be used.
- (4) Per policy, eligibility to participate in the Long Term Incentive (LTI) component of the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of ten percent of base salary and a maximum potential award of 15 percent of base salary, subject to all applicable plan requirements and Administrative Oversight Committee approval. The LTI uses rolling three-year performance periods, and any actual award will be determined based on performance against pre-established objectives over the three-year LTI performance period and will be prorated in her first three-year performance period. CEMRP incentive awards are funded by Health Enterprise revenues. No State funds will be used.
- (5) Reimbursement of actual and reasonable moving and relocation expenses associated with relocating Dr. Byington's primary residence, subject to the limitations under Regents Policy 7710, Senior Management Group Moving Reimbursement, except for the specific exception to policy listed below.
 - a. As an exception to policy, authorize reimbursement of the cost of either furnished or unfurnished temporary lodging up to 180 days, not to exceed \$30,000 in total. The policy limitations of 90 days for reasonable residential parking fees and 30 days for meals, if the temporary quarters do not have cooking facilities, remain unchanged.
- (6) Per policy, eligibility to participate in the UC Employee Housing Assistance Program, subject to all applicable program requirements.
- (7) Per policy and contingent upon the San Francisco campus's approval of a tenured academic appointment, eligibility to accrue sabbatical credits as a member of the tenured faculty, consistent with academic personnel policy.
- (8) Per policy, standard pension and health and welfare benefits and standard senior management benefits including eligibility for senior management life insurance and eligibility for executive salary continuation for disability (eligible after five consecutive years of Senior Management Group service).
- (9) For any outside professional activities, Dr. Byington will comply with

applicable Outside Professional Activity (OPA) policies and reporting requirements.

- (10) This action will be effective as of Dr. Byington's hire date, estimated to be on or about October 31, 2019.

D. ***Establishment of a New Senior Management Group Position of Chief Strategy Officer and Head of Health Affiliates Network, UCSF Health, and the Market Reference Zone for the Position, San Francisco Campus***

The Committee reported its approval of:

- (1) Establishment of a new Senior Management Group position of Chief Strategy Officer and Head of Health Affiliates Network, UCSF Health, San Francisco campus. This will be a Level Two position in the Senior Management Group.
- (2) Establishment of a Market Reference Zone for this position as follows: 25th percentile – \$557,500, 50th percentile – \$689,900, 60th percentile – \$747,900, 75th percentile – \$834,800, and 90th percentile – \$925,700.
- (3) The position also includes eligibility to participate in the Short Term Incentive (STI) component of the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of 15 percent and a maximum potential award of 25 percent of base salary. Participation is reviewed and approved prior to the start of each CEMRP Plan Year.
- (4) This action will be effective upon approval.

E. ***Resolution to Exclude Access to Federal Classified Information***

The Committee recommended that the resolution pertaining to the University's Department of Energy Facility Security Clearance be approved as shown in Attachment 5.

Chair Pérez stated that this was the normal course of action while background checks were being conducted.

F. ***Adoption of Regents Principles on Contracting Out***

Chair Pérez reported that the Committee had a very extensive conversation and provided clear direction for revising the proposal. The item was deferred for a future meeting.

G. ***Amendment of the Schedule of Reports to the Regents***

The Committee recommended that the Schedule of Reports be amended as shown in Attachment 6.

H. ***Annual Reports on Compensated and Uncompensated Outside Professional Activities for Calendar Year 2018, and Semi-Annual Reports on Outside Professional Activities Approved between June 1, 2018 and November 30, 2018, and between December 1, 2018 and May 31, 2019***

This item was not summarized.

Upon motion duly made and seconded, the recommendations of the Governance Committee were approved.

Report of the Health Services Committee

The Committee presented the following from its meeting of June 11, 2019. The Committee considered four action items and three discussion items:

A. ***Remarks of the Executive Vice President – UC Health***

Regent Lansing stated that Executive Vice President Stobo reported that the medical centers continued to perform very well financially.

B. ***Approval of Appointment of and Compensation for Donald Larsen, M.D., as Chief Executive Officer, UC Riverside Health System, Riverside Campus, as Discussed in Closed Session***

This item was not summarized.

C. ***Establishment of a New Senior Management Group Position of Chief Strategy Officer and Head of Health Affiliates Network, UCSF Health, and the Market Reference Zone for the Position, San Francisco Campus***

Regent Lansing reported that this position would be funded by UCSF's Health System revenue.

D. ***High Reliability Organizations: Joint Commission Readiness***

This item was not summarized.

E. ***Amendment of the Clinical Enterprise Management Recognition Plan***

Regent Lansing stated that some changes were made to the plan to ensure more transparency and more accountability.

F. ***Approval of the Proposed Request for Approval for the UC Irvine Campus Medical Complex, Irvine Campus***

Regent Lansing reported that UC Irvine wished to expand its campus and there was a need for a new medical complex offering inpatient, ambulatory, and emergency care services. The Committee asked many questions, such as questions about funding and the number of hospital beds. The Committee agreed that this expansion was needed.

G. ***UC Davis Health: Interrupting the Cycle of Homelessness, Mental Illness and Incarceration***

Regent Lansing encouraged the Regents to meet with UC Davis Vice Chancellor David Lubarsky to learn more about how to address homelessness, which was a health problem. Homelessness was both a mental and physical health issue, as well as something that caused the spread of disease. UC Davis was trying to raise funding for a Sacramento pilot program with a complex to provide housing, psychiatric, and medical facilities on one campus. The complex would treat psychiatric problems, medical issues, and substance abuse, as well as provide work force training in order to reverse the trend of homelessness. Regent Lansing stated that she found Dr. Lubarsky's confidence very inspirational.

Report of the National Laboratories Committee

The Committee presented the following from its meeting of July 17, 2019. The Committee considered one action item:

Allocation of Triad National Security, LLC and Lawrence Livermore National Security LLC Fee Income to be Expended in Fiscal Year 2019–20

The Committee recommended that the President of the University be authorized to expend an estimated \$22.5 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 2019 fiscal years (FY),² as projected by the LLCs, for the purposes and in the amounts described below:

- A. The University's contractually required share of compensation-related costs for LLC employees in UC-designated key personnel positions that are not reimbursed by the federal government under the prime contracts. Compensation for LLC employees in key personnel positions is paid by the LLCs as approved by the LLC governing boards. A portion of these compensation-related expenses are deemed non-reimbursable by the federal government. The amount of UC's contractual

² The University also remains a member of Los Alamos National Security, LLC (LANS), which managed Los Alamos National Laboratory through October 31, 2018. There is a possibility that LANS will earn fee income during its 2019 fiscal year. However, due to the uncertainty regarding the timing and amount of any such income, the estimated LLC fee income presented in this Item does not include any LANS income.

share of unreimbursed compensation for UC-designated key personnel positions for FY 2019–20 is estimated at \$1.2 million (\$2.2 million in FY 2018-19).

- B. An appropriation to the Office of the President’s budget for federally unreimbursed costs of University oversight of its interests at LANL and LLNL, paid or accrued July 1, 2019 through June 30, 2020, 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 Government 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, in the amount of \$5.8 million for FY 2019–20 (\$5.2 million in FY 2018–19). Any unspent funds allocated for this purpose will be transferred, at the President’s discretion, to the UC Laboratory Fees Research Program (paragraph E below) or one or more of the newly created reserve funds (paragraphs G and H below).
- C. An appropriation to the LLNS/LANS Post-Contract Contingency Fund (PCCF), in the amount of \$900,000 for FY 2019–20 (\$3.5 million in FY 2017–18). Any income generated by the PCCF under the University’s Short Term Investment Pool (STIP) shall be reserved exclusively for the LLNS/LANS PCCF. The balance in the LANS/LLNS PCCF as of May 31, 2019 is \$13.7 million, which does not reflect the \$3.5 million allocated in FY 2018–19. The target balance for the LLNS/LANS PCCF approved by the Regents in 2013 is \$27 million, which includes more than \$8 million held as equity in the LANS and LLNS LLC accounts.
- D. The Regents previously approved a target balance for the LLC Fee Contingency Fund of \$7 million. The LLC Fee Contingency Fund is currently fully funded with a balance of \$7.76 million as of May 31, 2019. No allocation to the Fund is required for FY 2019–20. As set forth in paragraph H below, it is proposed that \$750,000 from this Fund be transferred to the newly created Triad Reserve Fund to align the balance of the LLC Fee Contingency Fund with the target balance. Funds remaining in the LLC Fee Contingency Fund will be carried over to FY 2020–21 to maintain the \$7 million target balance. 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 2019–20 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, subject to any reallocation up or down required after the end of LLC 2019 fiscal years as a result of reporting by the LLCs of actual net fee income earned by the University in order to meet the ongoing appropriations under paragraphs A through D above and F through I below. In the event all or part of this funding for the UC Laboratory Fees Research

Program is not needed in FY 2019–20, the funding will be carried over to FY 2020–21 for the same purpose.

- F. The Regents previously approved appropriations in the amount of \$300,000 per year for FYs 2016–17 through 2018–19, with unspent funds carried forward for the same purpose, to fund an affiliation agreement between the University and the Livermore Lab Foundation. Of the \$900,000 appropriated for this purpose, \$672,000 remains unspent as of May 31, 2019. No new allocation is requested for FY 2019–20 but the unspent funds from prior appropriations may be used in FY 2019–20 to continue funding the affiliation agreement. If the remaining funds are not spent in FY 2019–20, the funding will be carried over to FY 2020–21 for the same purpose.
- G. An appropriation in the amount of \$3.3 million for FY 2019–20 for the newly created Capital and Campus Opportunity Fund (CCOF). The purpose of this new reserve fund is to set aside funds for capital projects and other special projects that would foster increased collaboration between the UC-affiliated National Laboratories and the UC campuses and medical centers. The target balance for this Fund is \$10 million by the end of FY 2021–22. Use of the CCOF on specific projects would be subject to further Regental approval.
- H. An appropriation in the amount of \$300,000 for FY 2019–20 for the newly created Triad Reserve Fund, and a transfer of \$750,000 from the LLC Fee Contingency Fund to the Triad Reserve Fund. The purpose of this new reserve fund is similar to the purpose of the LLNS/LANS PCCF: to fund residual post-contract liabilities, obligations associated with the Triad performance guarantee, and expenses related to contract re-competition. The target balance for the Triad Reserve Fund is \$10 million by the end of the ten-year anticipated length of the Triad contract.
- I. An appropriation in the amount of \$1 million for FY 2019–20 for the purpose of business development. This funding would support the University’s efforts to explore and develop opportunities to participate in the management of one or more DOE National Laboratories and other Federally Funded Research and Development Centers (FFRDC) beyond the current three UC-affiliated National Laboratories. Formal bids on specific Lab or FFRDC contracts would be subject to further Regental approval. In the event all or part of this funding for Business Development is not needed in FY 2019–20, the funding will be carried over to FY 2020–21 for the same purpose.

Regent Sures stated that the Committed unanimously approved the recommendation.

Upon motion duly made and seconded, the recommendation of the National Laboratories Committee was approved.

Report of the Public Engagement and Development Committee

The Committee presented the following from its meeting of April 22, 2019. The Committee considered four discussion items:

A. *State Governmental Relations Update*

Regent Leib stated that the two most important legislative bills to UC were Senate Bill (SB) 14, also known as the Higher Education Facilities Bond Act of 2020, an \$8 billion bond shared by UC and the California State University, and Assembly Constitutional Amendment (ACA) 14, which would limit contracting out by the University and which UC opposed. In his role as Committee Chair, Regent Leib wished to engage Regents in more active legislative advocacy.

B. *Federal Update*

Regent Leib reported that, if Congress and the White House did not reach an agreement on a budget deal, spending cuts of more than \$10 billion in federal support to the University would apply to Fiscal Year 2020–21. In addition, the Committee heard about House Resolution (H.R.) 6, also known as the American Dream and Promise Act of 2019, foreign influence in academic research, and the reauthorization of the Higher Education Act.

C. *Student Mental Health Funding*

Regent Leib stated that the Committee learned about the increasing need for access to mental health services at UC and that there was less funding to address it. The Committee discussed how UC could access money allocated to counties through Proposition 63, much of which had not been spent. The \$5.3 million allocation for UC mental health services in the State Budget would not be sufficient. Regent Leib decided to convene a task force that included himself and Regents Kieffer, Lansing, Thurmond, and Zettel, as well as Chancellor Block, who had launched unique mental health programs at UCLA and could advocate for funding in Los Angeles County.

D. *Discussion of Future Goals for the Upcoming Year*

Regent Leib reported that he and Committee Vice Chair Simmons sought to bring the Committee out into the community. The Committee was planning three off-site meetings, the first of which was planned for September 17, 2019 at UCLA Mann Community School and would focus on encouraging underrepresented minority students to apply to UC. He welcomed Regents and Chancellors to attend, and he hoped that State budget proposals to fund programming would result from the meeting. The other off-site meeting would be at a community college likely in Riverside. Regent Ortiz Oakley would help shape the agenda on transfer student engagement. Another off-site meeting would be at UC Merced, which he

encouraged all Regents to attend. The meeting would focus on campus diversity, creating pipelines for UC faculty diversity, and engaging the agricultural community in the Central Valley. Regent Leib invited the Regents to contact him with more ideas for off-site meetings.

Faculty Representative Bhavnani suggested that admissions directors be present at off-site meetings in order to provide technical insight regarding admissions. Transfer student issues were more complicated, and she suggested that Interim Vice President Gullatt and her team from Student Affairs at UCOP be invited to the meeting regarding transfer students. This would ensure that messaging would be uniform. She also suggested that the representatives from the Academic Senate be present for the off-site meeting discussing faculty diversity.

Report of the Special Committee on Basic Needs

The Committee presented the following from its meeting of July 16, 2019. The Committee considered four discussion items:

A. ***Supporting University of California Students' Financial Literacy***

Regent Weddle stated that financial literacy was identified by the Total Cost of Attendance Working Group as an area of importance in 2017. Some best practices included skills-based education related to budgeting and borrowing was offered to students. The Committee discussed the need to evaluate these programs and assess their impact on student learning.

B. ***Exploring Housing Insecurity Among University of California Students***

Regent Weddle reported that this was an update from researchers gathering data to create a validated survey scale about housing insecurity. There was currently no valid survey scale for students, who represented a unique housing population. The goal was to develop an instrument that could potentially be used nationwide to measure housing insecurity. The Committee also discussed rapid rehousing and safe parking lots, and both topics would return at an upcoming meeting.

C. ***Special Committee's Report to the Board***

Regent Weddle stated that the Special Committee would submit a final report to the Board by November 2020. She reviewed possible topics, and the Committee discussed areas that needed to be explored in greater detail, such as the intersection of basic needs and mental health, basic needs for students with dependents, and CalFresh benefits. She would be creating a work group to draft the report.

D. *Update on Basic Needs Spending Plan*

Regent Weddle reported that presenters discussed and proposed ways to distribute the \$15 million for basic needs and \$3.5 million for rapid rehousing from the State to the campuses. The plan would allocate a baseline amount to all campuses and the remaining amount based on the number of students with need. Regents were very supportive of the plan. Chancellors working with campus basic needs committees to develop spending plans as a best practice was also discussed.

Report of the Special Committee on Nominations

The Special Committee presented the following from its meeting of July 17, 2019. The Committee considered one action item:

Appointment of Regents-Designate, Faculty Representatives and Chancellors as Advisory Members to Standing Committees for 2019–20

The Special Committee recommended to the Regents that:

- A. Regents-designate be appointed as advisory members of Standing Committees, effective immediately through June 30, 2020, as follows:
- (1) Regent-designate Mart be appointed as an advisory member of the Finance and Capital Strategies Committee, the National Laboratories Committee, and the Public Engagement Committee.
 - (2) Regent-designate Stegura be appointed as an advisory member of the Academic and Student Affairs Committee and the Public Engagement and Development Committee.
 - (3) Contingent upon his appointment as student Regent for 2020–21, Regent-designate Muwwakkil be appointed as an advisory member of the Finance and Capital Strategies Committee and the Public Engagement and Development Committee.
- B. Faculty Representatives be appointed as advisory members of Standing Committees, effective September 1, 2019 through August 30, 2020 as follows:
- (1) Faculty Representative Bhavnani be appointed as an advisory member of the Compliance and Audit Committee, the Finance and Capital Strategies Committee, and the Investments Committee.
 - (2) Faculty Representative Gauvain be appointed as an advisory member of the Academic and Student Affairs Committee, the National Laboratories Committee, and the Public Engagement and Development Committee.
- C. The following be approved:

- (1) Chancellor Larive be appointed as an advisory member of the Academic and Student Affairs Committee, effective immediately.
- (2) Interim Chancellor Brostrom be appointed as an advisory member of the Academic and Student Affairs Committee and the Public Engagement and Development Committee, effective August 15, 2019.

Regent Sherman briefly summarized the item and noted that members of the Health Services Committee would serve three-year terms. He added that there were no objections to the appointments.

Upon motion duly made and seconded, the recommendations of the Special Committee on Nominations were approved.

13. **REPORT OF INTERIM, CONCURRENCE AND COMMITTEE ACTIONS**

Secretary and Chief of Staff Shaw reported that, in accordance with authority previously delegated by the Regents, action was taken on routine or emergency matters as follows:

Approvals Under Interim Action

- A. The Chair of the Board, the Chair of the Academic and Student Affairs Committee, and the President of the University approved the following recommendation:

Approval of Professional Degree Supplemental Tuition for a Graduate Professional Degree Program at the Santa Cruz Campus

That the Regents approve the multi-year plan for charging Professional Degree Supplemental Tuition (PDST) for the Natural Language Processing program at UC Santa Cruz. Effective upon approval of the multi-year plan, PDST levels are established for the program and the maximum annual PDST levels for the five-year period specified in the program's multi-year plan can be assessed (as shown in Display 1). This action corrects and supersedes the Regents' January 17, 2019 approval of PDST for the Natural Language Processing program at UC Santa Cruz, which included a typographical error in the original recommendation language submitted by the Office of the President.

DISPLAY 1: Proposed Professional Degree Supplemental Tuition Levels for AY 2019-20 through AY 2023-24*

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Natural Language Processing, UC Santa Cruz					
Resident PDST Level	\$20,000	\$20,600	\$21,220	\$21,856	\$22,508
Nonresident PDST Level	\$20,000	\$20,600	\$21,220	\$21,856	\$22,508

* The amounts in the display reflect the maximum PDST levels to be assessed, effective as of the academic year indicated. Assessing PDST levels less than the level indicated in the display requires approval by the President with the concurrence of the Chancellor. PDST levels may be assessed beyond the period covering the program's approved multi-year plan but not in excess of the maximum levels specified in the final year. Assessing PDST levels greater than the amounts in the display requires Regental approval of a new multi-year plan.

- B. The Chair of the Board, The Vice Chair of the Board, and the President of the University approved the following recommendation:

Appointment of and Compensation for Susan Carlson as Acting Provost and Executive Vice President – Academic Affairs, Office of the President, in Addition to Her Existing Appointment as Vice Provost – Academic Personnel and Programs, Office of the President

Background

The President of the University recommended approval by the Regents under interim authority of the appointment of and compensation for Susan Carlson as Acting Provost and Executive Vice President – Academic Affairs, Office of the President, in addition to her existing appointment as Vice Provost – Academic Personnel and Programs, Office of the President, with a proposed annual base salary of \$348,657. The proposed base salary is 2.2 percent below the 25th percentile (\$356,300) of the position's Market Reference Zone (MRZ), 10.7 percent below the current incumbent's base salary of \$390,372, and 15 percent above Ms. Carlson's current salary of \$303,180. The placement in the Market Reference Zone is appropriate based on knowledge and experience to perform in an acting capacity.

Provost and Executive Vice President – Academic Affairs is a Level One Senior Management Group (SMG) position; therefore, approval by the Regents is required. Approval via interim action is being sought due to the time constraint for this request. Provost Michael Brown will be starting a leave of absence on or about June 5, 2019, and the President requests that Ms. Carlson be appointed on an acting basis to assume the responsibilities of this position. Ms. Carlson will maintain her appointment as the Vice Provost – Academic Personnel and Programs, Office of the President, as well as her underlying tenured faculty appointment.

This action will be effective upon the start of Provost Brown's leave of absence (on or about June 5, 2019). Provost Brown's return from his leave of absence is estimated to be on or about July 15, 2019. However, in the event that Provost Brown's return date is extended past July 15, 2019, approval of the acting appointment and base salary is being requested until Provost Brown returns to work or November 30, 2019, whichever occurs first.

At the conclusion of the acting appointment, Ms. Carlson will continue in her current position as Vice Provost – Academic Personnel and Programs, Office of the President, and her compensation will revert to the compensation in effect as of the day prior to the effective date of the acting appointment, plus any adjustments made under the UCOP salary program during her acting appointment.

As Acting Provost, Ms. Carlson will report directly to the President of the University. The Provost and Executive Vice President – Academic Affairs is

responsible for developing and implementing strategies, policies, and processes across the University system that align with the public mission of the University. The Provost works closely with the campus provosts and key stakeholders such as the Academic Senate, Regents, Legislature, and the public to provide excellence in research, teaching and public service.

Ms. Carlson joined the UC Office of the President as Vice Provost – Academic Personnel in May 2010. Subsequently, Academic Personnel became Academic Personnel and Programs when the unit became responsible for several systemwide programs. Academic Personnel and Programs is responsible for systemwide policy and practice in the recruitment, retention, diversity, career advancement, and compensation for faculty and other academic appointees, and for selected topics for postdoctoral scholars and graduate students. It is also responsible for the Academic Personnel Manual (which contains personnel regulations for academic appointees that include ladder-rank faculty, health sciences clinical faculty, other Senate faculty, researchers, lecturers, librarians, postdoctoral scholars, graduate students, and faculty administrators such as deans), policy development and revision, and academic perspectives on labor contracts. Academic Personnel and Programs manages systemwide programs that include UC Center Sacramento, UC Washington Center, California Digital Library, UC Press, UCTV, and the President’s Postdoctoral Fellowship Program.

Prior to joining the Office of the President, Ms. Carlson served as Interim Provost and Chief Academic Officer at Iowa State University, with full responsibility for the academic enterprise and oversight of an academic fundraising campaign. She provided leadership for academic affairs, including direct reports from deans of seven colleges and the university library, the Vice President for Research and Economic Development, and the Vice President for Extension and Outreach. While at Iowa State, she also served as Associate Provost for Faculty Advancement and Diversity and as Professor, Department of English. In her role as Associate Provost, Ms. Carlson was responsible for all faculty personnel matters, including promotion and tenure, recruitment and retention, discipline, diversity, awards, and academic personnel policy. In addition, she was the principal investigator for the NSF-funded Iowa State University ADVANCE Program focused on women faculty in STEM (science, technology, engineering and mathematics) fields.

Ms. Carlson has a bachelor’s degree from the University of Iowa and a master’s degree and Ph.D. degree from the University of Oregon. She has published two books on women and comedy and numerous articles and essays on Shakespeare, women playwrights, and the British suffrage theatre. Her teaching has ranged from *modern* drama and political theater to writing and women’s studies.

Executive Director of the John Wayne Cancer Institute from August 2015 – October 2018, concurrent with his role as the CMO, providing interim leadership as the Inaugural Executive Director of the Institute to steer the organization through a period of significant change.

Dr. Larsen previously worked as Chief Medical Officer, USC Verdugo Hills Hospital University of Southern California (USC) from July 2013 to March 2015; CMO, Keck Medical Center, USC from May 2009 to September 2013; Medical Director, USC Care Medical Group, Inc., from August 2006 to June 2011; Executive Medical Director, USC Student Health Center – Health Sciences Campus, from January 2008 to June 2011; and President, Medical Faculty Keck School of Medicine of USC from 2005 to 2006.

He holds an active California Medical License and an active certification from the Drug Enforcement Administration. He completed an internship in Internal Medicine at Nassau County Medical Center and his residency in Diagnostic Radiology at the LA/USC Medical Center followed by a fellowship at the LA/USC Medical Center in Vascular and Interventional Radiology. Additionally, Dr. Larsen completed two fellowships at UCSF in Diagnostic Neuroradiology and Interventional Neuroradiology.

Dr. Larsen is an active member of the American Board of Radiology and is a Fellow of the American College of Healthcare Executives. He is certified in Medical Quality from the American Board of Medical Quality.

Dr. Larsen received his bachelor's degree from Boston University, and earned his medical degree from the Chicago Medical School and a master's degree in business administration and master's in healthcare administration from University of Southern California.

Recommendation

That the following items were approved in connection with the appointment of and compensation for Donald Larsen, M.D., as Chief Executive Officer, UC Riverside Health System, Riverside campus:

- a. Per policy, appointment of Donald Larsen, M.D., as Chief Executive Officer, UC Riverside Health System, Riverside campus, at 100 percent time.
- b. Per policy, annual base salary of \$500,000, which will be funded by Health Enterprise revenues. No State funds will be used.
- c. Per policy, eligibility to participate in the Short Term Incentive (STI) component of the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of 20 percent of base salary (\$100,000) and a maximum potential award of 30 percent of base salary (\$150,000), subject

to all applicable plan requirements and Administrative Oversight Committee approval. Actual award will be determined based on performance against pre-established objectives and will be prorated in his first year of participation. CEMRP incentive awards are funded by Health Enterprise revenues. No State funds will be used.

- d. Per policy, eligibility to participate in the Long Term Incentive (LTI) component of the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of ten percent of base salary and a maximum potential award of 15 percent of base salary, subject to all applicable plan requirements and Administrative Oversight Committee approval. The LTI uses rolling three-year performance periods, and any actual award will be determined based on performance against pre-established objectives over the three-year LTI performance period and will be prorated in his first three-year performance period. CEMRP incentive awards are funded by Health Enterprise revenues. No State funds will be used.
- e. Per policy, standard pension and health and welfare benefits and standard senior management benefits (including eligibility for senior management life insurance and eligibility for executive salary continuation for disability after five consecutive years of Senior Management Group service).
- f. Per policy, eligibility to participate in the UC Employee Housing Assistance Program, subject to all program requirements.
- g. Per policy, reimbursement of actual and reasonable moving and relocation expenses associated with relocating his primary residence, subject to the limitations under Regents Policy 7710, Senior Management Group Moving Reimbursement.
- h. For any outside professional activities, Dr. Larsen will comply with applicable Outside Professional Activity (OPA) policies.
- i. This action will be effective as of Dr. Larsen's hire date, which is estimated to be on or about July 1, 2019.

COMPARATIVE ANALYSIS

Recommended Compensation

Effective Date: Date of hire, estimated to be on or about July 1, 2019

Annual Base Salary: \$500,000

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI): \$100,000 (at 20 percent target rate)

Clinical Enterprise Management Recognition Plan (CEMRP) – Long Term Incentive (LTI): 10 percent target rate with the first possible payment to occur after the end of the 2021-22 Plan Year.

Target Cash Compensation:* \$600,000, plus possible LTI awards starting after the end of the 2021-22 Plan Year

Funding: Non-State funded (UC Riverside Health System revenue)

Budget &/or Prior Incumbent Data (No previous incumbent as this is a new position.)

Title: N/A

Annual Base Salary: N/A

Clinical Enterprise Management Recognition Plan (CEMRP) – Short Term Incentive (STI): N/A

Clinical Enterprise Management Recognition Plan (CEMRP) – Long Term Incentive (LTI): N/A

Target Cash Compensation:* N/A

Funding: N/A

* Target Cash Compensation consists of base salary and, if applicable, incentive and/or stipend.

- (2) ***Establishment of a New Senior Management Group Position of Chief Strategy Officer and Head of Health Affiliates Network, UCSF Health, and the Market Reference Zone for the Position, San Francisco Campus***

Contingent upon approval by the Governance Committee, the following recommendation was approved:

- a. Establishment of a new Senior Management Group position of Chief Strategy Officer and Head of Health Affiliates Network, UCSF Health, San Francisco campus. This will be a Level Two position in the Senior Management Group.
- b. Establishment of a Market Reference Zone for this position as follows: 25th percentile - \$557,500, 50th percentile - \$689,900, 60th percentile \$747,900, 75th percentile - \$834,800, and 90th percentile - \$925,700.
- c. The position also includes eligibility to participate in the Short Term Incentive (STI) component of the Clinical Enterprise Management Recognition Plan (CEMRP), with a target award of 15 percent and a maximum potential award of 25 percent of base salary. Participation is reviewed and approved prior to the start of each CEMRP Plan Year.
- d. This action will be effective upon approval.

- (3) ***Amendment of the Clinical Enterprise Management Recognition Plan***

Amendment of the Clinical Enterprise Management Recognition Plan as shown in Attachment 11, the plan document for the 2019–20 plan year was approved.

- (4) *Approval of the Proposed Request for Approval for the UC Irvine Campus Medical Complex, Irvine Campus*

The Committee approved the (A) proposed discussion of the UCI Campus Medical Complex project with the Finance and Capital Strategies Committee, which is anticipated to take place in Fall 2019, and (B) subsequent requests to the Finance and Capital Strategies Committee at its future meetings for: (1) approval of preliminary plans funding, budget, external financing, and design pursuant to the California Environmental Quality Act (CEQA), and (2) approval of any amendment or modification to the foregoing.

14. **REPORT OF MATERIALS MAILED BETWEEN MEETINGS**

Secretary and Chief of Staff Shaw reported that, on the dates indicated, the following were sent to the Regents or to Committees:

To the Regents of the University of California:

- A. From the President of the University, a letter regarding the Governor's May Revision of the 2019-20 budget plan. May 9, 2019.
- B. From the Secretary and Chief of Staff, the Summary of Communications Received in April, 2019. May 10, 2019.
- C. From the President of the University, an email announcing the resignation of the Chancellor, UC Merced. May 13, 2019.
- D. From the President of the University, a letter from the ten UC Chancellors expressing their support for returning to campus assessments as the means for funding the operation of the UC Office of the President. May 13, 2019.
- E. From the President of the University, the *2018 UC Technology Commercialization Report*. May 23, 2019.
- F. From the President of the University, an email, including a formal announcement from the Chancellor of UC San Francisco and the President/CEO of UCSF Health, indicating that UC San Francisco will no longer continue to pursue negotiations with Dignity Health for a larger integrated affiliation. May 28, 2019.
- G. From the President of the University, the *Annual Report on Self-Supporting Graduate Professional Degree Programs for 2019-20*. June 10, 2019.
- H. From the Chancellor and Vice Chancellor, UCLA, a letter regarding a physician formerly employed by UCLA, who has been charged with sexual battery. June 10, 2019.

- I. From the President, a letter regarding the 2019-20 State Budget. June 10, 2019.
- J. From the Secretary and Chief of Staff, the Summary of Communications Received in May, 2019. June 18, 2019.
- K. From the President of the University, a letter regarding the University's admissions practices and procedures. June 20, 2019.
- L. From the Chair of the Board, a letter regarding appointments to the Committee to Advise the President on the Selection of a Chancellor for the Merced campus. June 27, 2019.
- M. From the President of the University, a letter announcing that the Governor signed into law the Budget Act of 2019, providing \$3.9 billion for the University. June 27, 2019.
- N. From the President of the University, an email announcing that the U.S. Supreme Court granted certiorari in the University's Delayed Action on Childhood Arrivals (DACA) case. June 28, 2019.
- O. From the Secretary and Chief of Staff, a letter announcing the membership of the Special Committee on Basic Needs. July 1, 2019.
- P. From the General Counsel and Vice President, the *UC Legal Annual Report of Settlement of Claims, Litigation, and Separation Agreements over \$50,000 for 2016-2018*). July 1, 2019.

To the members of the Compliance and Audit Committee:

- Q. From the President of the University, the *2018 Report on Financial Statements and Expenditures of Federal Awards in Accordance with Uniform Guidance (formerly titled Summary of Results of the University's A-133 Audit)*. May 28, 2019.
- R. From the General Counsel and Vice President, the *Bi-monthly Report of New Litigation* for reporting period August 5, 2017 to August 13, 2018. May 31, 2019.

To the members of the Health Services Committee:

- S. From the President of the University, the *UC Medical Centers Reports for the Six Months Ended December 31, 2018*. May 28, 2019.
- T. From the President of the University, the *UC Medical Centers Reports for the Nine Months Ended March 31, 2019*. June 3, 2019.

To the members of the Investments Committee:

- U. From the Chief Investment Officer, a letter outlining *UC Investments' Five Year Journey of Sustainable Investing*. May 13, 2019.

To the members of the Public Engagement and Development Committee:

- V. From the Associate Vice President, the Federal Update, Issue 6. July 3, 2019.

The meeting adjourned at 2:25 p.m.

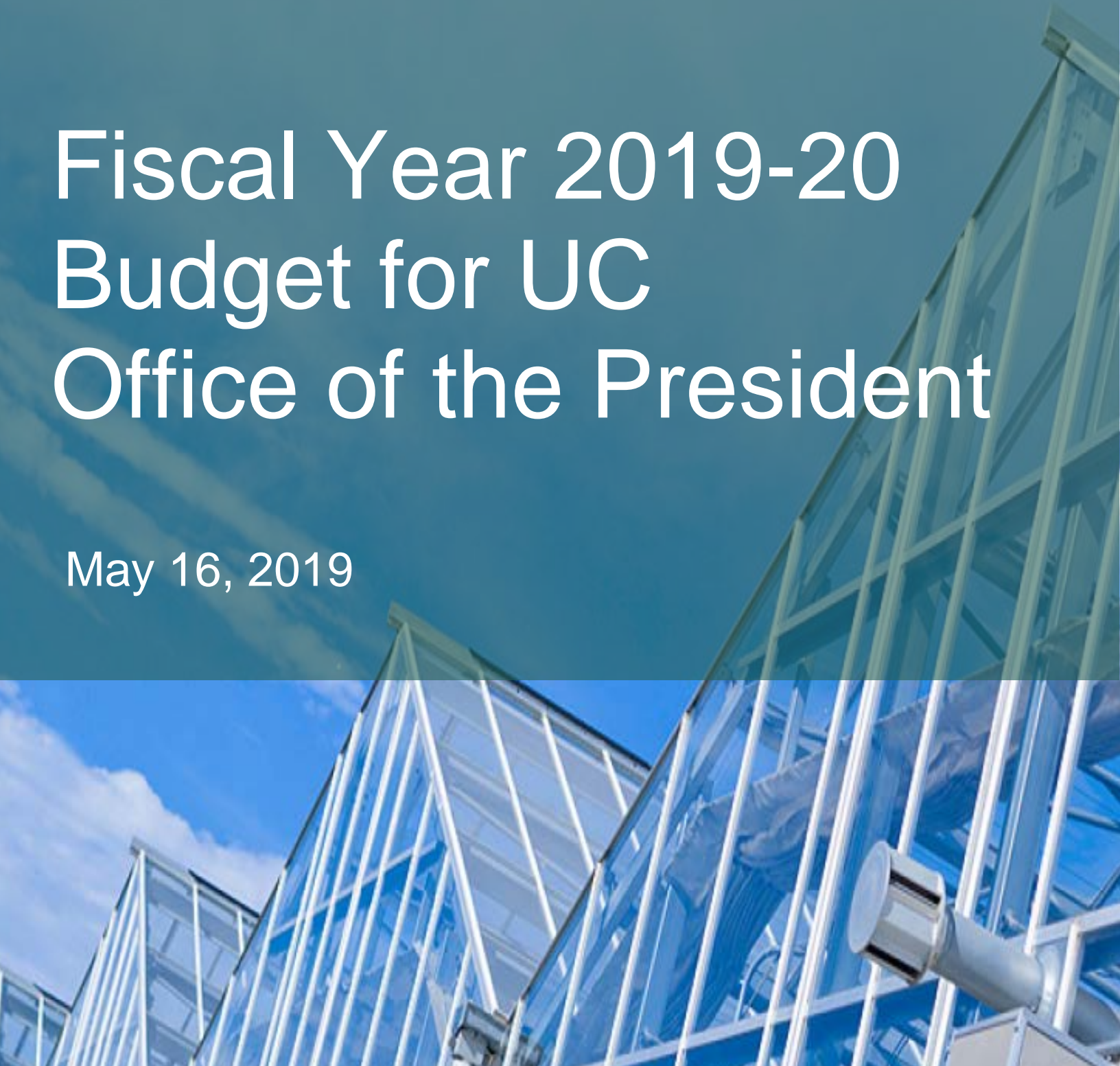
Attest:

Secretary and Chief of Staff

UNIVERSITY
OF
CALIFORNIA

Fiscal Year 2019-20 Budget for UC Office of the President

May 16, 2019



TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

FISCAL YEAR 2019-20 BUDGET FOR THE UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT (UCOP)

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BACKGROUND

About the University of California

The University of California (UC) serves nearly 280,000 students, produces ground-breaking research, and is a powerful economic engine for the State of California, through its 10 campuses, 5 medical centers, and 3 national laboratories. The University of California provides unparalleled access to upward economic mobility, focuses on its core missions of teaching, research, and public service, and touches the life of every Californian.

UC is the largest university system in the nation. It is twice as large as the next largest system, the University of Texas, and the third largest in the country by enrollment, behind only CSU and SUNY. UC is committed to access, affordability, and excellence. UC leads the way in enrolling and graduating Pell Grant recipients and low-income undergraduate students, and five of the ten campuses have been designated Hispanic Serving Institutions (HSIs) for maintaining undergraduate Hispanic enrollment at or above 25% of their total population.

Figure 1: UC At-A-Glance

Founded in 1868, the University of California consists of:

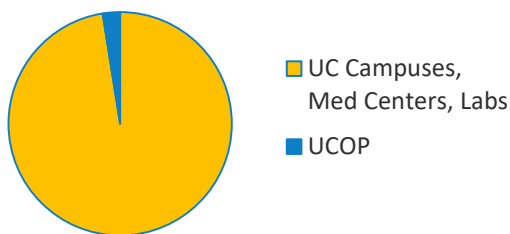
- 10 campuses serving an estimated 280,000 students in 818 instructional programs
- 5 academic medical centers providing approximately 4.7 million outpatient clinic visits each year
- A nearly \$5 billion research enterprise, seeking new knowledge and solutions to critical problems
- A network of libraries housing nearly 40 million print volumes, second only to the Library of Congress
- Approximately 228,000 employees, making UC California's third largest employer

UC receives roughly 10% of total federal research dollars awarded annually, totaling more than \$16 billion over the past five years. Six UC campuses are members of the prestigious Association of American Universities (AAU) – the only university system with more than two members. UC is one of only seven universities to manage a national laboratory, and the only university to manage more than two.

About UCOP

The UC Office of the President (UCOP) is the systemwide headquarters of the University of California. UCOP operates as the nexus between the 10 campuses, 5 medical centers, and 3 national laboratories, the Board of Regents, Academic Senate, state and federal governments, and the public. Together with the University's leadership, UCOP helps shape the vision for the University, managing activities that align with the UC mission and support the essential premise that UC is one University. In total, UCOP represents 2.6% of the UC budget. The divisions that make up UCOP are available in Appendix 2.

Figure 2: UCOP as a Percentage of UC



The UCOP budget represents 2.6% of the \$36.5 billion UC budget. **39% of the UCOP budget is not spent at UCOP but rather passes through UCOP to the campuses, California researchers, and the public through ~30 programs and initiatives. 29% of the budget supports fee-for-service activities. Net of pass-through programs and fee-for-service activities, UCOP represents 0.8% of the UC budget.**

Academic and Public Service Programs – UCOP manages almost 30 programs that support the teaching, research, and public service mission of the University. These programs provide thousands of students learning and research opportunities; fund researchers across the State through competitive grant programs, and promotes access and diversity through its outreach programs. Below are a few examples:

Research Programs

- ✓ Tobacco-Related Diseases
- ✓ Breast Cancer
- ✓ HIV/AIDs
- ✓ UC Observatories

Teaching Programs

- ✓ UC Washington Center
- ✓ UC Sacramento Center
- ✓ Innovative Learning and Technology

Outreach Programs

- ✓ Student Academic Preparation and Academic Partnerships (SAPEP)
- ✓ Historically-Black Colleges and Universities
- ✓ Post-Doctoral Fellowships

Other Programs

- ✓ Agriculture and Natural Resources (ANR)
- ✓ California Digital Library
- ✓ UC Press
- ✓ UC National Laboratories

Centralized Services – Several divisions manage systemwide services on behalf of the University. A few examples of these services are listed below:

- | | | |
|---------------------------------|-----------------------------|------------------------|
| ✓ Retirement Center | ✓ Employee benefit programs | ✓ Student Aid |
| ✓ UCPath Center | ✓ HR/Career Tracks | ✓ General Counsel |
| ✓ Risk services/insurance | ✓ Labor negotiations | ✓ Government relations |
| ✓ Capital financing and bonding | ✓ Information technology | ✓ Compliance and audit |
| ✓ Corporate accounting | ✓ Real estate & financing | ✓ Energy purchases |

UCOP employees make a significant impact on UC and the State of California. Figure 3 lists examples of these impacts, organized around three core functions that account for roughly 90% of UCOP’s budget.

Figure 3: UCOP Impacts and Achievements

Academics & Programs	Operations	Financial Services
<ul style="list-style-type: none"> • Award nearly \$150 million in research grants • Engage over 20,000 volunteers and 1.4M participants in Agriculture & Natural Resources programming • Oversee SAPEP programs that annually serve over 186,000 K-12 students at nearly 1,500 schools in California and over 27,000 community college students at all 114 California Community Colleges • Educate hundreds of students at the Washington and Sacramento centers • Save over \$100 million annually by coordinating shared library collections • Publish over 180 books and 38 multi-issue journals annually and maintain 4,000 books in print 	<ul style="list-style-type: none"> • Pay roughly \$3 billion in benefits to over 73,000 retirees and beneficiaries • Manage the ApplyUC system through which 220,000 high school students and transfers applied to UC last year • Purchase \$18 million in energy contracts annually • Oversee over 90 renewable energy projects including the development of a 660-acre solar energy farm • Support and pay more than 190,000 employees including 101,000 across 8 locations on the UCPath system supported by the UCPath Center • Administer the UC Learning Center, providing online training to 40,000 employees and students per month 	<ul style="list-style-type: none"> • Manage a general revenue debt portfolio of \$23.7 billion • Contribute roughly \$300 million in financial benefits to the UC through central purchasing contracts, from new revenue, and reduced costs • Manage mortgage loans for qualified faculty and staff totaling \$3 billion • Leverage the Regents Captive insurance platforms to smooth premium rates for campuses. Launch new captives to seek savings in voluntary benefits programs • Manage nearly \$119 billion in total investments and assets at a cost of less than 0.03% in fees • Add billions of dollars in value for the retirement system through strategic borrowing and restructuring

UCOP Optimization Efforts

The Office of the President has undertaken significant efforts in the past two years to ensure services and programs are managed effectively and aligned with the University's mission, solicit and respond to stakeholder input, develop multi-year plans that clearly communicate objectives and goals, and apply industry best practices to budgeting and compensation practices. UCOP is committed to transparency and continuous improvement. The below activities contribute to the effective management of UCOP and where applicable are reflected in the budget.

Independent Reviews

Five independent reviews were completed over the past two years to satisfy a range of concerns regarding financial management, controls, organizational size, scope, duplication of effort, and the role of UCOP within the University. These independent assessments generally concluded that UCOP programs and services are valued by the University community and align with the University's mission.

- **PwC** audited UCOP FY16-17 statement of operating revenues and concluded data was presented in accordance with accounting principles.
- **Deloitte** reviewed the design and effectiveness of UCOP budgeting and reserve controls and concluded controls are operating effectively.
- **Huron** performed a UCOP-wide organizational review and proposed optimization and efficiency options to potentially reduce the size of UCOP by moving various programs and services to other locations. It also confirmed many practices are leading the higher ed industry.
- **Sjoberg Evashenk** conducted a 10-campus survey which identified areas for improved collaboration and communication and also confirmed many functions are appropriately scoped and not duplicative of campus efforts.
- **Sullivan Cotter** confirmed the UC career tracks compensation methodology aligns with industry best practices and accurately reflects public sector comparators, recommended a plan to narrow UCOP salary ranges, and validated market midpoint adjustments.

OP Optimization and Strategic Planning Efforts

UCOP engaged with over 700 stakeholders within and external to UC through the OP Optimization Effort project and strategic planning processes.

- The **UC Executive Budget Committee** comprised of campus, Academic Senate, and UCOP leadership, provides direct input to the President on the UCOP budget.
- **Eight UCOP divisions have restructured their organizations** in response to independent assessments. For example, President Napolitano commissioned two independent advisory committees to determine whether ANR and the UC Health Collaborative should be positioned separately from UCOP. Both committees advised these functions stay within UCOP and made other recommendations around growth models and governance.
- **UCOP is engaged in strategic planning**, and divisions comprising over 88% of the UCOP budget have completed plans that will advance the UC mission, develop policies and advocacy, strengthen financial stability, optimize operations, and develop their staff. This effort is foundational for the subsequent development of multi-year budgets and workforce plans.

UCOP Audit

In response to the 2017 CSA audit, which included budget and compensation-related recommendations, UCOP staff has dedicated over 18,000 hours responding to the 33 recommendations. As of April 25th, 12 have been recognized by the Auditor as complete, and 11 were recently submitted for review. The remaining recommendations will be completed by their due date in April 2020. Information about UCOP's progress is available at <http://www.ucop.edu/ucop-audit-implementation/index.html>.

EXECUTIVE SUMMARY

FY19-20 UCOP Budget

The proposed FY19-20 UCOP budget is **\$941.7M**. This budget retains significant reductions to the FY18-19 budget while recognizing new contract and grant revenues, funding mandatory cost increases, and making modest, strategic programmatic and risk mitigation investments.

The budget reflects stakeholder support for UCOP programs and services confirmed through the multiple external and internal assessments over the past two years and the continued involvement of the Executive Budget Committee (EBC), which includes campus, Academic Senate and UCOP leaders. Sjoberg Evashenk participated in every EBC meeting over the past year, and various aspects of the budget have been reviewed with members of the Regents, Council of Chancellors and external advisors. While consideration was given to moving certain functions out of UCOP, the overwhelming consensus has been to not only retain them within UCOP but to allow for modest increases.

UCOP continues to improve and tighten its budget processes, including quarterly forecasting, fund classification and reallocation, and clearly-defined reserve practices. Consistent with last year’s revised best-practice budget presentation, the UCOP budget is organized according to three different categories as defined below.

Sources of Funds	Uses of Funds	Special Expense Classifications
<ul style="list-style-type: none"> Unrestricted Designated Restricted 	<ul style="list-style-type: none"> Programs and Initiatives Central and Administrative Services UCPath Center Strategic Priorities Fund 	<ul style="list-style-type: none"> Pass-through Fee-for-Service

Figure 4: FY19-20 Budget Summary by Category

\$ millions

Sources of Funds	FY19-20 Budget	% of Total
Unrestricted	\$ 282.8	30.0%
Designated	\$ 430.9	45.8%
Restricted	\$ 228.0	24.2%
Total Sources	\$ 941.7	100.0%
Uses of Funds		
Programs and Initiatives	\$ 408.2	43.3%
Central/Admin Services	\$ 409.8	43.5%
UCPath Center	\$ 93.7	9.9%
Strategic Priorities Fund	\$ 30.0	3.2%
Total Uses	\$ 941.7	100.0%
Special Expense Classification		
Pass-Throughs	\$ 364.5	38.7%
Fee-For-Service	\$ 276.9	29.4%
Total Special Expense Classification	\$ 641.4	68.1%
Budget Net of Expense Classification	\$ 300.3	31.9%

70% of the sources of funds are designated for specific programs and services or restricted for use by a third party.

43% of the uses of funds are dedicated to ~30 programs managed by UCOP on behalf of the State, Federal Government, Regents and the UC system.

32% is the remaining UCOP budget net of dollars passed through UCOP to recipients across the State and fee-for-service activities.

FY18-19 to FY19-20 Budget Summary

Figure 5 summarizes and compares the proposed FY19-20 budget with the current budget, including fund balances and reserves. This figure is adapted from a California State Auditor recommendation.

Figure 5: FY18-19 to FY19-20 Budget Summary¹

\$ in millions

	FY18-19		Variance: Inc/(Dec)	FY19-20 Budget	Variance: Increase/(Decrease)	
	Budget	FY18-19 Forecast	FY18-19 Forecast vs FY18-19 Budget		FY18-19 Forecast vs FY19-20 Budget	FY18-19 Budget vs FY19-20 Budget
UCOP USES²						
Programs and Initiatives ³	\$ 388.1	\$ 393.5	\$ 5.4	\$ 408.2	\$ 14.7	\$ 20.1
Central and Administrative Services (excl UCPath) ⁴	390.6	380.1	(10.4)	409.8	29.7	19.3
Strategic Priorities Fund ⁵	30.0	24.5	(5.5)	30.0	5.5	0.0
SUBTOTAL USES	\$ 808.6	\$ 798.1	\$ (10.5)	\$ 848.0	\$ 50.0	\$ 39.4
UCPath Center Operations	67.8	76.0	8.2	93.7	17.7	25.9
TOTAL USES	\$ 876.4	\$ 874.1	\$ (2.4)	\$ 941.7	\$ 67.6	\$ 65.3
			% Spent: 99.7%		% Change: 7.4%	
					% Change Unrestricted: 1.6%	
INCLUDED IN USES ABOVE						
Fee-For-Service ⁶	\$ 239.4	\$ 240.2	\$ 0.8	\$ 276.9	\$ 36.7	\$ 37.5
Pass-Throughs ⁷	335.2	331.6	(3.5)	364.5	32.8	29.3
Total Fee-For-Service and Pass-Throughs	\$ 574.6	\$ 571.9	\$ (2.7)	\$ 641.4	\$ 69.5	\$ 66.8
CENTRAL OPERATING RESERVE^{8,9}		\$ 15.0				
NON-OPERATING AND PROGRAM RESERVES⁸		\$ 88.9				
		6/30/19 Balance	Commitments	Remaining Balance		
FORECASTED FUND BALANCES NET OF RESERVES¹⁰						
Undesignated - UCOP		\$ 31.8	\$ 20.0	\$ 11.8		
Undesignated - Systemwide		7.1	7.1	0.0		
Designated ¹¹		88.3	3.0	85.3		
Restricted ¹¹		13.0	0.0	13.0		
		\$ 140.2	\$ 30.1	\$ 110.2		

¹ Figure 11 in *CSA Report 2016-130* issued April 25, 2017.

² Additional details in Schedule A and Schedule B.

³ Additional details in Schedule C.

⁴ Additional details in Schedule D.

⁵ Additional details in Schedule F.

⁶ Additional details on pg 16.

⁷ Additional details on pg 14.

⁸ Additional details in Schedule H.

⁹ Held in President's Endowment Fund.

¹⁰ Additional details in Schedule I.

¹¹ Designated and Restricted fund balances are intended for their original purpose.

FY18-19 to FY19-20 Budget Cause of Change

Over the past four years UCOP consistently minimized budgetary increases while absorbing rising costs in labor, goods, and services. In 2017, UCOP's primary source of unrestricted funds, the campus assessment, was replaced by a State General Funds appropriation. Last year, excluding UCPath, the FY18-19 budget was reduced by \$33M, including \$8.5M of unrestricted funding redirected to student enrollment growth. This revenue source has declined from \$218M to \$215M over the past four years, a **compound annual growth rate of -0.4%**.

The proposed FY19-20 budget reflects a minimal **1.6% increase in unrestricted funds**. The remaining designated and restricted fund increases represent programs and services that either pass budget dollars through UCOP to other recipients (pass-through), or fund specific fee-for-service programs.

Figure 6: FY18-19 to FY19-20 Cause of Change Summary

\$ in millions

Cause of Change	Unrestricted	Designated	Restricted	Total
Revenue Growth	\$ -	\$ 2.3	\$ 16.1	\$ 18.4
UCPath Center	-	25.9	-	25.9
UC Health Collaborative	-	7.3	-	7.3
ANR	-	3.2	-	3.2
Contract / Risk Mitigation	3.4	6.3	0.4	10.0
Net Strategic Investments	1.2	(0.7)	-	0.5
Total Budget Change (\$)	\$ 4.6	\$ 44.2	\$ 16.5	\$ 65.3
Total Budget Change (%)	1.6%	11.4%	7.8%	7.4%

Minimal 1.6% increase in unrestricted funds

The first four categories account for \$54.8M of the total increase

Four primary causes of change account for \$54.8M of the \$65.3M increase:

1. **Revenue Growth:** Primarily restricted revenue growth anticipated by ANR and the Research Grants Program from Federal and State research funds such as Prop 56.
2. **UCPath Center:** The expansion of the Center to onboard the remaining campuses.
3. **UC Health Collaborative:** The outcome of an OP Restructuring Advisory Committee to retain this function within UCOP; funded, within certain parameters, oversight and guidance, by the health centers in accordance with a shared strategic plan.
4. **ANR:** The outcome of an OP Restructuring Advisory Committee to retain this function within UCOP and grow under certain parameters with committee oversight and governance.

Primary causes of the remaining \$10.5M increase are attributable to:

5. **Contract/Risk Mitigation Increases:** Contractual increases including auditing, custodial, subscription and other services, leases, IT systems, labor, employee health care, and risk mitigation increases in legal, Title IX, investigations, which cannot be absorbed.
6. **Strategic Investments/Reductions/Adjustments:** Minimal increases to support faculty and student diversity, the UC digital library, national labs, multi-campus research, and high school transcript evaluation services, offset almost entirely by budget reductions and adjustments.

Prioritization decisions were made whereby more than \$30M in requested increases were rejected and other requests reduced or funded over multiple years. The January Governor’s budget assumed flat State General Funds appropriations for UCPath, ANR, and the remainder of the UCOP budget, formerly funded through a campus assessment. However, all three components of the budget require additional funding. Three budget change proposals were submitted to the Department of Finance in April.

Reserves

In March 2019, UCOP reviewed reserve guidelines with the Regents which included target funding levels and controls for monitoring, reporting, and drawing on funds. UCOP projects a total reserve balance of \$103.9M, which is below the target maximum of \$115.8M.

Fund Balances

Total fund balances as of June 30, 2019 are forecasted to decrease by 37% compared to 2018 and includes FY18-19 commitments to fund campus housing priorities, the UC Riverside School of Medicine, and UCOP’s strategic priorities fund. Unrestricted fund balances are forecasted to decrease by 81%.

Key Takeaways

1. **39% of the FY19-20 budget will not be spent at UCOP.**
2. The FY19-20 budget includes a minimal **1.6% increase to unrestricted funds.**
3. Unrestricted fund balances are forecasted to **decline by 81%** net of commitments.

FY19-20 UCOP BUDGET

UCOP’s total proposed budget for FY19-20 is \$941.7M. The following section describes UCOP’s approach to preparing the budget, challenges in developing the budget, and the major categories of funding sources and uses.

The preparation of the FY19-20 budget built on the strengths of last year’s process and included:

- Significant stakeholder involvement to evaluate and prioritize UCOP programs and services
- Thoroughly evaluating and prioritizing ~\$60M in requested investments with stakeholders
- Leveraging current year actuals and forecasts to develop budgets
- Providing clear, transparent budgeting and financial reporting throughout the fiscal year and further implementing best practices

UCOP navigated several continuing and new challenges in preparing the budget including;

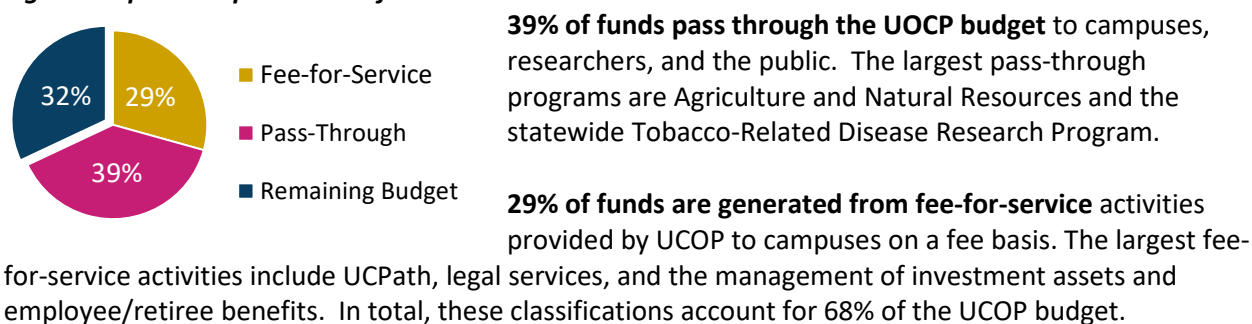
- Conflicting expectations to keep the budget flat but grow several programs and services while receiving more State funds to run research and public service programs
- Constraints on unrestricted funds, primarily the State General Funds appropriations
- Increased funding required for systemwide strategic programs and services (UC Health Collaborative, UCPATH, ANR) and demand for UCOP services that mitigate risk across the system (e.g., legal, Title IX, investigations, cybersecurity)
- Trade-off decisions and deferment or under-funding of requests for important, qualified items
- Unavoidable inflationary cost increases in operations including: rents, employee benefits, salaries, and contracts (e.g., audit fees, janitorial, security)

The budget is structured in categories that define where funds come from (“Sources”) and how they are used by or passed through the UCOP budget (“Uses”).

Sources of Funds	Uses of Funds	Special Expense Classifications
<ul style="list-style-type: none"> • Unrestricted • Designated • Restricted 	<ul style="list-style-type: none"> • Programs and Initiatives • Central and Administrative Services • UCPATH Center • Strategic Priorities Fund 	<ul style="list-style-type: none"> • Pass-through • Fee-for-Service

In addition to the Sources and Uses of Funds, UCOP created the *Pass-throughs* and *Fee-for-Service* expense classifications to clearly communicate how budgeted funds are used as displayed in Figure 7.

Figure 7: Special Expense Classifications



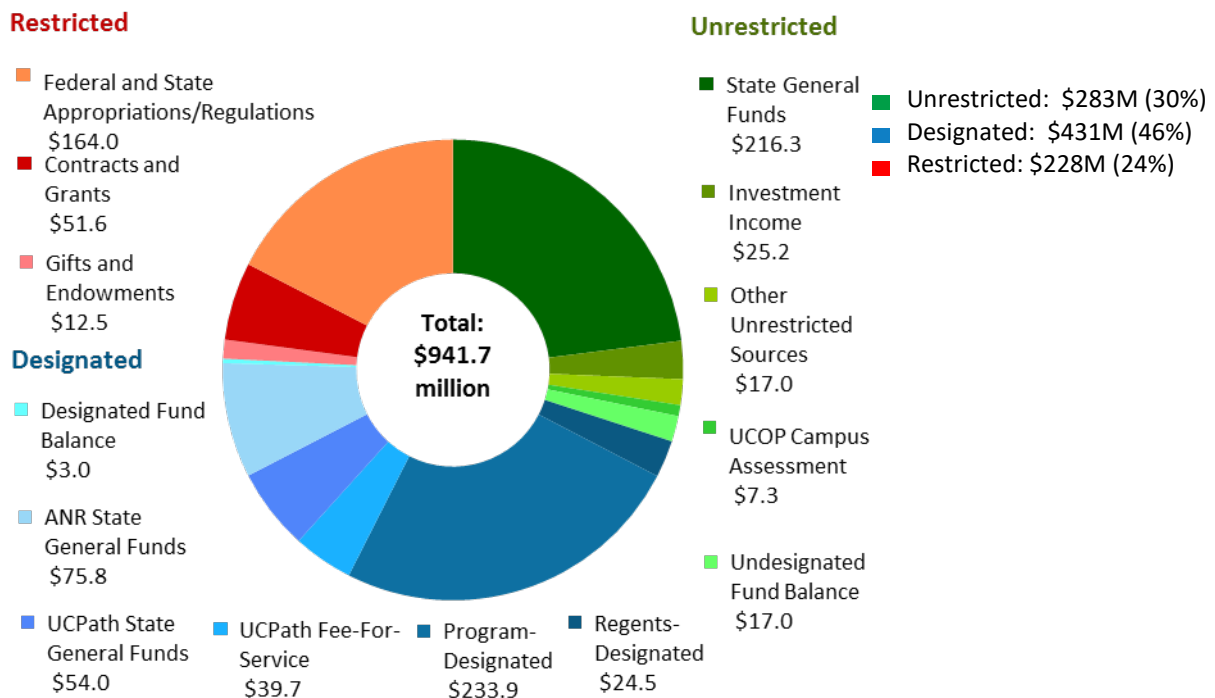
Sources of Funds

(See Schedule A)

In FY18-19, UCOP began budgeting sources as revenue whereas prior budgets only reflected uses of funds as expenditures. Planned sources for FY19-20 total \$941.7M, and are detailed in the attached **Schedule A**. As shown in Figure 8 below, **70% of fund sources are either restricted or designated**. Three State General Funds appropriations represent 37% of the UCOP budget.

Figure 8: Sources of Funds

\$ in millions



UCOP completed an extensive review of all its funds into defined categories, and presented them to the Regents in March 2018. **Three distinct types of funding sources** support the UCOP budget:

- **Unrestricted Funds** include the State General Funds appropriation for UCOP, investment income, campus assessment, unrestricted fund balances, and other sources.
- **Designated Funds**, sourced from Regents, program or service designations are typically funded via a fee-for-service methodology established for the designated purpose. UCPATH and ANR are also funded in part from specific State General Funds appropriations.
- **Restricted Funds**, sourced through Federal and State appropriations, endowments, gifts, contracts, and grants are restricted for specific purposes in accordance with Generally Accepted Accounting Principles (GAAP).

Figure 9 below shows the difference between the FY18-19 and FY19-20 budgets by fund type.

Figure 9: Change in Sources of Funds

\$ millions

Fund Type	FY18-19 Budget	FY19-20 Budget	% Inc/(Decr)	% of Total	
Unrestricted	\$ 278.2	\$ 282.8	1.6%	7.0%	<i>Minimal unrestricted funds increase of 1.6%.</i>
Designated	\$ 386.7	\$ 430.9	11.4%	67.7%	<i>Growth in restricted funds largely from State/Federal programs.</i>
Restricted	\$ 211.5	\$ 228.0	7.8%	25.3%	
Total	\$ 876.4	\$ 941.7	7.4%	100.0%	

Budget Change Proposals (BCP)

The Governor’s January budget proposed the continuation of State appropriations for three separate line items in the UCOP budget: ANR, UCPATH, and the primary source of UCOP’s unrestricted budget. The budget proposed each appropriation remain flat for FY19-20 with no additional assessments.

Over the past four year period between FY14-15 and FY18-19, UCOP’s primary source of unrestricted funds declined from \$218.5M to \$215.2M, a compound annual growth rate -0.4 percent. Except for UCPATH, overall annual budget increases were minimal and mostly absorbed into the existing budget.

In FY18-19, UCOP submitted a budget change proposal to the Department of Finance to supplement the UCPATH appropriation with a fee-for-service model. This proposal was accepted. For FY19-20, UCOP submitted a budget change proposal for each line item, requesting an increase at roughly the cost of inflation for each, and requesting additional anticipated expenditures for UCPATH be funded from the fee-for-service model, and the general UCOP budget from the campus assessment model. For the general unrestricted budget, this increase would equate to a five-year 0.3% compound annual growth rate.

Campus Assessment

Prior to FY17-18, the majority of the Office of the President’s unrestricted funding came from a campus assessment methodology that a systemwide committee designed and adopted several years ago. In FY17-18, an appropriation of State General Funds replaced the assessment methodology.

In FY18-19, AB97 required a redirection of \$15M of UC’s budget to enrollment growth. UC reduced the UCOP budget by \$8.5M, and other budgets by an additional \$6.5M. The UCOP reductions remain in effect. In FY19-20, UCOP is requesting a cost adjustment and the use of a hybrid model, similar to UCPATH, with a supplemental campus assessment of \$7.3M to support cost increases and strategic investments in systemwide services such as the California Digital Library. This model was reviewed with and approved by campus stakeholders.

Key Takeaways

1. **Unrestricted funds** increase by a **minimal 1.6%** over last year’s budget.
2. **UCPATH, ANR, and the UC Health Collaborative** are growing as intended based on significant stakeholder input.
3. UCOP submitted three budget change proposals to the Department of Finance, including a request to utilize fee-for-service and campus assessment methodologies to address anticipated expenditures.

Uses of Funds

(See Schedule A)

The FY19-20 planned use of funds budget is \$941.7M. Programs and Initiatives and Central and Administrative Services together make up 87% of the budget. The UCPATH Center represents 10% of the budget, and the Strategic Priorities Fund comprises approximately 3% of the budget. Figure 10 provides an overview of UCOP uses by functional area.

Figure 10: Uses of Funds

\$ in millions

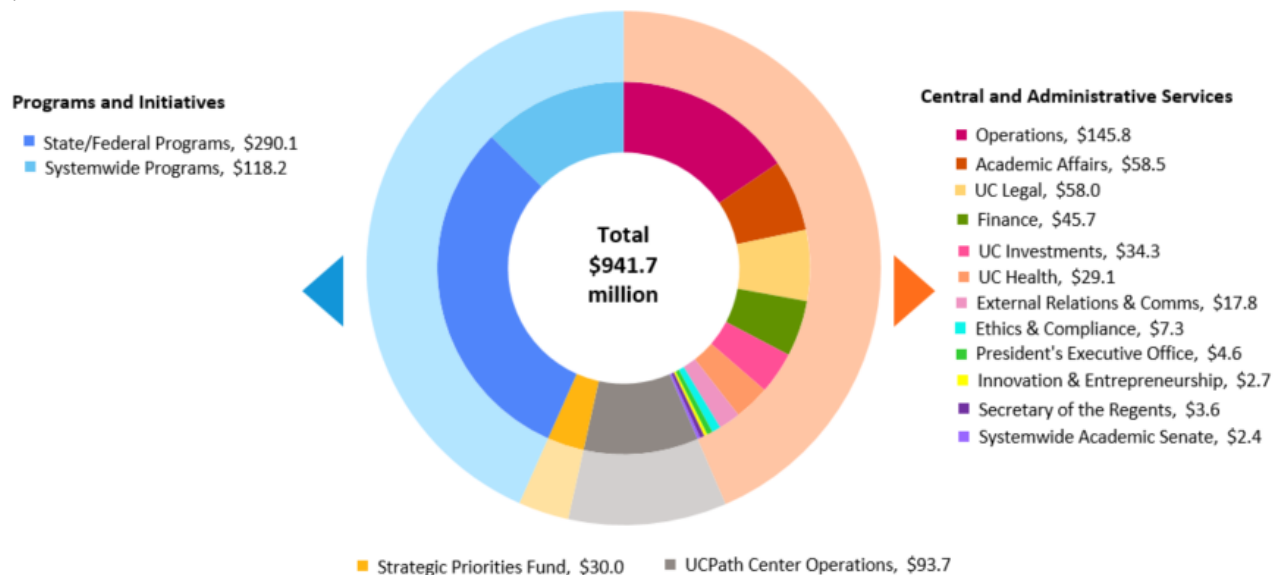


Figure 11 below outlines the changes in the budget by functional area. Additional detail on the Uses of Funds, including budgets, forecasts and variances are included in this section. Year-to-year budget changes are also detailed in **Schedule G**.

Figure 11: Change in Uses of Funds

\$ millions

Functional Area	FY18-19 Budget	FY19-20 Budget	\$ Incr/(Decr)	% Incr/(Decr)
Programs and Initiatives	\$ 388.1	\$ 408.2	\$ 20.1	5.2%
Central/Admin Services	390.6	409.8	19.3	4.9%
UCPATH Center	67.8	93.7	25.9	38.1%
Strategic Priorities Fund	30.0	30.0	0.0	0.0%
Total	\$ 876.4	\$ 941.7	\$ 65.3	7.4%
excl. UCPATH Center	\$ 808.6	\$ 848.0	\$ 39.4	4.9%

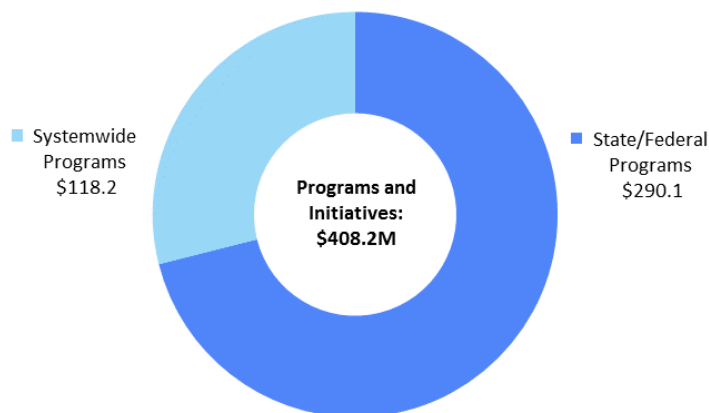
The UCPATH Center accounts for the largest \$ and % increase to the budget as the remaining campuses transition to UCPATH over the next year.

Programs and Initiatives

The proposed FY19-20 Programs and Initiatives budget is \$408.2M, or 43% of the uses of funds. Figure 12 below shows the distribution between ~30 State/Federal and systemwide programs. The complete list of programs, budgets, forecasts and comparisons, can be found in **Schedule C**.

Figure 12: Programs and Initiatives

\$ in millions



71% - State/Federal Programs are either required by legislation or operated by UC on behalf of the State or Federal government, e.g., ANR and the Tobacco-Related Disease Research program.

29% - Systemwide Programs benefit the UC campuses and many other statewide recipients, e.g., SAPEP, UC Press, UC research and astronomy programs.

Last year UCOP also created definitions for systemwide initiatives and campus programs. Outside of the Strategic Priorities Fund, the FY19-20 budget does not contain either of these.

Forecast and Budget Variances

UCOP forecasts quarterly, and the table below reflects the third quarter FY18-19 forecast which shows a small variance between the FY18-19 budget and forecast. Projected variances for the current year and a comparison to the FY19-20 budget are shown in Figure 13 below and on **Schedule C**.

Figure 13: Programs and Initiatives Budget Variances (Summary of Schedule C)

\$ in millions

Uses	FY18-19			FY19-20		
	Budget	Forecast	Incr/(Decr) ³	Budget	Incr/(Decr) Forecast	Incr/(Decr) Budget ⁴
Campus Programs	\$ 0.9	\$ 0.9	\$ (0.0)	\$ -	\$ (0.9)	\$ (0.9)
State/Federal Programs ¹	\$ 269.2	\$ 281.5	\$ 12.3	\$ 290.1	\$ 8.6	\$ 20.9
Systemwide Programs ²	\$ 117.9	\$ 111.0	\$ (6.9)	\$ 118.2	\$ 7.1	\$ 0.2
Total Uses	\$ 388.1	\$ 393.5	\$ 5.4	\$ 408.2	\$ 14.7	\$ 20.1

¹ State / Federal Programs includes ANR and TRDRP (Tobacco Research) which make up 71% of the total.

² Systemwide Programs include UC Press, UC Astronomy, Laboratory Fees Research, CA HIV/Aids research and SAPEP programs.

³ The FY18-19 forecast to budget variances are due to:

- \$12.3M increase in revenues and funding for grants in ANR and Tobacco-Related Disease Research

- \$6.9M decrease in research awards for Laboratory Fees Research Programs and lower than budgeted expenses for UC Washington Center

⁴ The FY19-20 budget to FY18-19 budget differences are due to:

- \$18.9M increase in State/Federal revenue in ANR and Tobacco-Related Disease Research funding
- 0.9M decrease by moving Hayes Bautista and Drew Medical School funding to the systemwide budget

The majority (96%) of pass-through programs are contained within the Programs and Initiatives Budget. Figure 14 below compares FY18-19 to FY19-20. **39% of the UCOP budget is not spent at UCOP.**

Figure 14: Pass-through Funds Programs

\$ in millions

	FY18-19 Budget	FY19-20 Budget
Pass-Throughs		
Agriculture & Natural Resources	\$ 158.5	\$ 173.2
Research Grant Programs	88.0	93.2
UC Observatories	22.2	22.2
National Laboratory Programs	14.1	14.0
UC Libraries	8.5	11.8
Public Service Programs	12.8	11.6
UC Research Initiative	6.4	9.7
Public Service & Law Fellowship	4.0	5.2
Diversity Initiatives	3.0	5.0
Online Education Initiatives	5.1	4.0
Other Academic Pass-Throughs	3.8	2.5
Undocumented Students	0.9	2.2
UC Health Initiatives	1.9	1.9
All Others	6.1	8.1
Total Pass-Throughs	\$ 335.2	\$ 364.5
	Year-Over-Year Increase \$	\$ 29.3
	Year-Over-Year Increase %	8.7%

The top three pass-through programs account for 79% of the total.

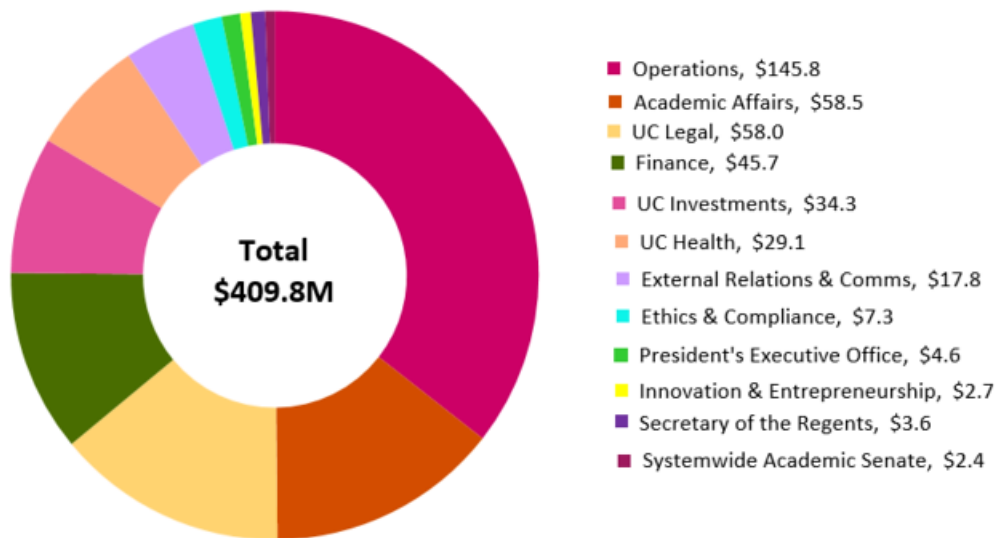
Key Takeaways

1. State and Federal Programs make up **71%** of the Programs & Initiatives budget.
2. **Growth in ANR and Prop 56 tax revenues** are reflected in the State and Federal Programs.
3. **96%** of pass-through funds are tied to the Programs and Initiatives budget.
4. **39% of the UCOP budget is not spent at UCOP.**

Central and Administrative Services

Central and Administrative Services make up \$409.8M, or 44% of the total budget. Figure 15 below and **Schedule D** provide an overview of the budget by division. The Central and Administrative Services budget supports critical systemwide campus services and UCOP internal operations. The Operations division, which makes up a third of the Central and Administrative Services budget, provides systemwide HR, benefits and retirement management, technology services, and energy programs, and oversees internal UCOP operations.

Figure 15: Central and Administrative Services
\$ in millions



Forecast and Budget Variances

The third quarter FY18-19 forecast projects UCOP will end the year \$10.4M or 2.7% below budget. In FY19-20, total Central and Administrative Services activities are projected to be \$19.3M above the FY18-19 budget. Variances are shown in Figure 16 below and in **Schedule D**.

Figure 16: Central and Administrative Services Budget Variances

\$ in millions

Uses	FY18-19			FY19-20		
	Budget	Forecast ¹	Incr/(Decr)	Budget	Incr/(Decr) Forecast	Incr/(Decr) Budget ²
Academic Affairs	\$ 55.7	\$ 53.2	\$ (2.5)	\$ 58.5	\$ 5.3	\$ 2.8
Ethics & Compliance	\$ 6.6	\$ 6.2	\$ (0.4)	\$ 7.3	\$ 1.1	\$ 0.7
External Relations & Communications	\$ 18.1	\$ 16.3	\$ (1.8)	\$ 17.8	\$ 1.5	\$ (0.3)
Finance	\$ 46.0	\$ 45.8	\$ (0.2)	\$ 45.7	\$ (0.0)	\$ (0.3)
Innovation & Entrepreneurship	\$ 4.0	\$ 1.7	\$ (2.3)	\$ 2.7	\$ 0.9	\$ (1.3)
Operations	\$ 139.9	\$ 136.9	\$ (3.0)	\$ 145.8	\$ 8.9	\$ 5.9
President's Executive Office	\$ 4.0	\$ 3.5	\$ (0.5)	\$ 4.6	\$ 1.1	\$ 0.6
Secretary of the Regents	\$ 3.1	\$ 2.9	\$ (0.2)	\$ 3.6	\$ 0.7	\$ 0.5
Systemwide Academic Senate	\$ 2.1	\$ 2.4	\$ 0.3	\$ 2.4	\$ 0.0	\$ 0.3
UC Legal	\$ 56.6	\$ 56.8	\$ 0.2	\$ 58.0	\$ 1.2	\$ 1.4
UC Health	\$ 21.1	\$ 22.6	\$ 1.6	\$ 29.1	\$ 6.5	\$ 8.0
UC Investments	\$ 33.3	\$ 31.8	\$ (1.6)	\$ 34.3	\$ 2.6	\$ 1.0
Total (excluding UC Path Center)	\$ 390.6	\$ 380.1	\$ (10.4)	\$ 409.8	\$ 29.7	\$ 19.3

¹ FY18-19 variances between the third quarter forecast and budget include:

- \$2.5M decrease in Academic Affairs due to movement of patent royalty income to systemwide revenues
- \$1.8M decrease in ER&C due to open positions during a FY18-19 reorganization. Positions will be filled in FY19-20
- \$2.3M decrease in I&E due to open positions pending strategic organizational review. Positions to be filled in FY19-20
- \$3.0M decrease in Operations due to timing differences in energy efficiency biogas programs
- \$1.6M increase in UC Health for expenses related to the new resident and fellows health plan
- \$1.6M decrease in UC investments due to savings from vacant positions

² FY19-20 budget differences to FY18-19 budget include:

- \$2.8M increase in Academic Affairs for investments in Faculty Diversity Programs and the California Digital Library
- \$5.9M increase Operations related to inflationary cost increases for rent, security and the new retirement administration system.
- \$1.4M increase to UC Legal due to the increasing costs of outside counsel, offset by increasing internal staffing and negotiating value-based pricing
- \$8M increase to the UC Health Collaborative funded by and in partnership with the UC health centers, and for self-funded health insurance program management such as the resident and fellows insurance plan

The majority of **UCOP Fee-for-Service activities**, shown in Figure 17 below, are contained within the Central and Administrative Services budget.

Figure 17: Fee-for-Service Activities

\$ in millions

	FY18-19 Budget	FY2018-19 Forecast	FY19-20 Budget
Fee-for-Service			
UCPath	\$ 67.8	\$ 73.1	\$ 93.7
Office of the General Counsel	44.5	42.6	45.4
Investments & Asset Management	36.2	34.8	37.6
UC Retirement System	27.2	25.7	29.4
Employee Benefits Administration	19.8	21.5	21.8
UC Health Collaborative	12.9	11.4	20.2
Risk Management	6.2	6.1	6.9
Information Technology Services	8.1	9.9	6.2
Health Insurance Programs	5.3	6.8	6.0
Bond Management	4.4	2.5	3.4
Patent Royalty Administration	3.5	2.3	2.7
UC Mortgage Origination Plan	2.1	2.1	2.1
Other Services	1.4	1.6	1.6
Total Fee-for-Service	\$ 239.4	\$ 240.2	\$ 276.9
	<i>Year over Year Increase \$</i>		<i>37.5</i>
	<i>Year over Year Increase %</i>		<i>15.7%</i>

The top five fee-for-service activities account for 82% of the total.

Key Takeaways

1. The **Central and Administrative Services (CAS) budget supports critical systemwide services** in finance, human resources, legal, investments, health, compliance and others.
2. Most **Fee-for-Service activities** are in the CAS budget and **make up 29%** of the total budget.
3. **Budgeted increases** in CAS are **due to increasing operating costs**, such as rent, contracts, and benefits **and strategic growth**, such as the UC Health Collaborative funded by the health centers.

UCPath Center

The UCPath Center, located in Riverside, is now providing HR and payroll services to eight UC locations and over 100,000 employees. In the next fiscal year, the **UCPath Center is projected to grow from \$68M to \$94M as it prepares to bring all remaining locations and 125,000+ employees on-line.** Currently, UC Davis and ANR will go live in October; UC Irvine and UC Santa Cruz in January; UC San Francisco, LBNL and UC Hastings in March; and UC San Diego in April.

The January 2019 Governor's budget kept the UCPath appropriation flat from two years ago at \$52.4M. However, in FY18-19 the Department of Finance permitted UCOP to use of a fee-for-service model for UCPath to fund the difference between the appropriation and the actual cost. In April 2019, UC submitted a request to the Department of Finance to increase the UCPath appropriation by 3% to \$54.0M, and again allow UCOP to use the fee-for-service model to fund the difference. In FY19-20, the budget total of \$93.7M assumes \$39.7M will be collected from the campuses via the fee-for-service model.

Key drivers of the FY19-20 budget growth for UCPath include:

- \$7.5M for data processing and storage due to more-than-doubling the employee base
- \$6.4M to bring the UCPath Center up to full 440 FTE staffing by November 2019
- \$5.1M for temporary labor to ensure successful transition of the remaining UC locations
- \$2.7M for ongoing support of the existing legacy system

Without full funding, the UCPath effort will not be able to support the additional 125,000+ UC employees transitioning to UCPath by May 2020. Looking ahead, UC will advocate restoring the fee-for-service model for the entire UCPath budget, as this model allocates the costs more appropriately across all funding sources. The current hybrid model, combining State General Funds and approved fee-for-service funding, is unnecessarily complex.

Strategic Priorities Fund (SPF)

Established in FY18-19, the Strategic Priorities Fund (SPF) replaced the past practice of using temporary, one-time, unrestricted fund balances with a line item in the operating budget of \$30M annually. The SPF funds short-term programmatic needs, administrative projects, emergent or urgent priorities, and the President's initiatives. The \$30M target in the FY19-20 budget is flat to FY18-19.

Schedule F details the projected FY18-19 forecast and FY19-20 known commitments of approximately \$17.5M. Committed funds include the presidential initiatives and several OP, campus and systemwide projects and initiatives. The remaining \$12.5M uncommitted balance will fund short-term projects or emergent or urgent priorities identified during the fiscal year. A detailed description of the presidential initiatives can be found in Appendix 3. For the second consecutive year UCOP proposes utilizing unspent SPF funds and additional unrestricted fund balances, for a total of \$17M, to fund the SPF.

Key Takeaways

1. The **UCPath Center budget will grow to accommodate all remaining campuses.** UCOP is requesting the fee-for-service model to fund the budget over the State appropriation.
2. The FY19-20 **SPF budget will remain at \$30M**, consistent with FY18-19.

RESERVES

UCOP reserves are funds intentionally allocated and accrued from fund sources for use in the event of revenue disruption, increased expenses, maintenance of assets including buildings and infrastructure, or in anticipation of a large expense, such as preparing an RFP response for the Department of Energy. UCOP completed a comprehensive review of best practices and peer benchmarking and established target funding levels for all reserves.

Reserves are not fund balances. While a reserve is intentionally accrued to manage risk, a fund balance is the net position, or the cumulative revenues (sources) received in excess of expenditures (uses) for a fund at any given time. Beginning in FY19-20, reserve funds will be maintained separately from operating funds in order to manage each more effectively and transparently.

Reserve Target Funding Levels

In March 2019, UCOP established and reviewed [guiding principles](#) for UCOP reserves with the Board of Regents. The guiding principles include target funding levels, and controls for monitoring, reporting, and drawing on funds. In January, 2018 the Regents adopted the [Policy on a Central Operating Reserve for the University of California Office of the President](#). The policy and presidential guidelines establish the size, funding source and circumstances for drawing on the Central Operating Reserve. This reserve target is set at \$15M or at least 3.5% of covered funds and expenses against the principle of the President's Endowment Fund. The \$15M target for the Central Operating Reserve is unchanged for FY19-20.

Forecasted Reserves

UCOP reports reserve balances and target funding levels to the Regents twice annually, during the presentation of the budget, and after fiscal year close. At the time the budget is presented, the fiscal year is not yet finalized, and therefore reserve balances are forecasted. Figure 18 projects a total reserve balance of \$103.9M as of June 30, 2019, which is within the established target funding range minimum of \$90.1M and maximum of \$115.8M. Details are in **Schedule H**.

Figure 18 – UCOP Reserve Balances

\$ in millions

UCOP RESERVES	Reserve Target Minimum	Reserve Target Maximum	6/30/19 Forecasted Reserve	Variance:
				6/30/19 Reserve Over Max / (Under Min)
Building and Capital Assets Reserves	\$ 3.0	\$ 8.5	\$ 4.4	\$ -
Program Reserves	49.9	67.3	54.0	1.0
Other Required Reserves	20.0	25.0	30.5	5.5
Sub-Total Program and Non-Operating Reserves	\$ 72.9	\$ 100.8	\$ 88.9	\$ 6.5
Central Operating Reserve	15.0	15.0	15.0	-
TOTAL UCOP RESERVES	\$ 87.9	\$ 115.8	\$ 103.9	\$ 6.5

¹ See Schedule H for additional details. Total reserve balances are under the target maximum, however some reserves may be slightly over the target maximum.

Key Takeaways

1. **Guiding principles were published for all UCOP reserves**, establishing target funding levels and controls for funding, reporting, monitoring, and drawing from all UCOP reserves.
2. **Reserves are maintained separately from operating fund balances**, in order to manage each more effectively and transparently.
3. **UCOP projects a total reserve balance of \$103.9M**, below the maximum target of \$115.8M.

FUND BALANCES

Fund balances reflect the difference at a point in time between sources and uses, less any known encumbrances and commitments. Because fund balances are one-time non-recurring funding streams, they cannot be relied upon to fund recurring operations. **Schedule I, UCOP Fund Balances by Fund Type**, provides additional detail to the fund balances described below.

UCOP has taken several steps to improve the management and transparency of fund balances including development of:

- Clearer definitions and a decision tree used to revalidate the categorization of all funds
- Reports providing actual and forecasted fund balances and commitments at year-end (June 30)
- Repeatable processes to categorize funds, assess all potential needs or uses, and reallocate funds to the campuses, as available

Actual and Forecast Balances

To develop the FY19-20 budget, UCOP analyzed actual fund balances as of February 28, 2019 and then forecasted fund balances for June 30, 2019. UCOP also reviewed known commitments identified for next year. Restricted or designated fund balances are committed for their intended purpose.

In FY18-19, UCOP initiated the CSA recommendation to reallocate fund balances back to the campuses. Balances are forecasted to be much lower this year, so UCOP intends to review final year-end balances before identifying reallocation opportunities. Figure 19 shows a breakdown of fund balance by fund type, forecasted as of June 30, 2019. Overall, fund balances are projected to decrease by \$65.9 million or 37% compared to last year, the largest reduction of 81% taking place in the unrestricted fund.

Figure 19: UCOP Fund Balances

\$ millions

	6/30/19						
	6/30/18 Balance	Forecasted Balance	Commitments	Remaining Balance	Change in Fund Balance		% Change
Unrestricted	\$ 62.5	\$ 38.9	\$ 27.1	\$ 11.8	\$ (50.7)		-81.1%
Designated	99.9	88.3	3.0	85.3	(14.6)		-14.6%
Restricted	13.6	13.0	-	13.0	(0.6)		-4.2%
Total Fund Balance	\$ 176.0	\$ 140.2	\$ 30.1	\$ 110.2	\$ (65.9)		-37.4%

Unrestricted Fund Balances afford the most flexibility for use. Unrestricted balances total \$11.8M or 11% of the total remaining fund balance. Historically, UCOP relied on these balances to address emergent priorities, but this practice was replaced last year with the establishment of the Strategic Priorities Fund. Some of the key causes of the change in unrestricted fund balances include:

- \$17.0M committed for the FY19-20 UCOP Strategic Priorities Fund
- \$7.1M committed to campus-specific seismic work using GO bond income balances
- \$12M of GO bond income for campus housing strategies paid in FY18-19
- \$6M investment income paid to the UC Riverside School of Medicine in FY18-19

Designated Funds Balances total \$85.3M or 77% of the forecasted remaining fund balance. A designated balance is considered committed by the Regents or Administration for an intended purpose. The largest balance, \$55.6M, is Regents-designated for the UC National Laboratories and the Lab Fees Research Program. The Office of National Labs provides a spending and reserves plan to the Labs Committee each July for approval.

Designated fund balances also include balances for self-funded programs such as the UC Washington Center. The causes of change are due to:

- \$15.3M reduction in Housing Loan Program funds reallocated to the campuses in FY19-20
- \$11.9M decrease in the Lab LLC program, offset by a \$7.8M increase in the Lab Fees Research program to fund additional research opportunities
- \$6.9M decrease in UC Health funds for two strategic initiatives (CHQI and LSFV)
- Other changes including a \$2.6M increase in iCAMP capital asset planning funding, \$1.7M increase in endowment cost recovery funds and a \$3M increase in Energy and Sustainability funds related to the biogas program.

Restricted Fund Balances by definition, cannot be reallocated for other purposes. Contracts and grants are funded on a reimbursement basis and thus carry no balances. Federal and special State appropriations are forecasted to be slightly lower based on disbursements to the campuses and laboratories. Restricted balances represent only 12% of the forecasted remaining fund balance.

At this time, given the uncertainty in State funding for the FY19-20 year, UCOP is not recommending a reallocation of unrestricted fund balances. Balances will be reviewed by UCOP in consultation with the Executive Budget Committee after the June 30, 2019 fiscal close and reported in the FY18-19 Budget-to-Actuals item to be presented at the November 2019 Regents Meeting.

Key Takeaways

1. Unrestricted fund balances are forecasted to **decline by 81%**.
2. Overall, fund balances are forecasted to **decline by 37%**
3. Given the uncertainty of forecasted fund balances and UCOP's FY19-20 constraints, UCOP will **review fund balances and evaluate reallocation opportunities after fiscal year end.**

PRESIDENT'S RECOMMENDATION

The proposed budget is comprehensive, transparent and clearly demonstrates UCOP's contributions to the University's teaching, research, and public service mission. The UCOP budget was reviewed in its entirety by the Executive Budget Committee, which includes campus, Academic Senate and UCOP leaders. All of the Committee's recommendations were accepted by the President.

Pursuant to Regents Policy 5101, the President of the University recommends approval of the UCOP FY19-20 budget by the Board of Regents.

The image is a composite of two photographs. The top half shows a large, blue, angular architectural structure against a light-colored wall. The bottom half shows a staircase with wooden railings and a wooden wall. The word "Appendices" is centered in white text on a blue background that spans both images.

Appendices

APPENDIX 1: UCOP SCHEDULES

Schedule A

Sources & Uses by Year

Overall UCOP

\$ in millions

	FY18-19 Budget ¹	FY18-19 Forecast	FY19-20 Budget	Variance: Increase/(Decrease)		
				FY18-19 Forecast vs FY18-19 Budget	FY18-19 Forecast vs FY19-20 Budget	FY18-19 Budget vs FY19-20 Budget
SOURCES						
Unrestricted Sources						
Undesignated						
State General Funds ²	\$ 215.6	\$ 215.7	\$ 216.3	\$ 0.1	\$ 0.7	\$ 0.8
Investment Income	25.4	23.4	25.2	(2.0)	1.8	(0.2)
Other Unrestricted Sources	17.0	8.8	17.0	(8.2)	8.2	(0.0)
UCOP Campus Assessment	-	-	7.3	-	7.3	7.3
Undesignated Fund Balance	20.3	20.3	17.0	(0.0)	(3.3)	(3.3)
Subtotal - Undesignated	278.2	268.1	282.8	(10.1)	14.7	4.6
Designated						
Regents-Designated	24.6	19.6	24.5	(5.1)	4.9	(0.2)
Program-Designated	218.3	211.8	233.9	(6.4)	22.1	15.6
UCPath Fee-For-Service	18.8	23.7	39.7	4.9	16.0	20.9
UCPath State General Funds	52.4	52.3	54.0	(0.1)	1.7	1.6
UC ANR State General Funds	72.6	72.6	75.8	(0.0)	3.3	3.2
Designated Fund Balance	-	-	3.0	-	3.0	3.0
Subtotal - Designated	386.7	379.9	430.9	(6.8)	51.0	44.2
Subtotal - Unrestricted Sources	664.9	648.0	713.7	(16.9)	65.7	48.8
Restricted Sources						
Gifts and Endowments	10.6	12.9	12.5	2.2	(0.4)	1.8
Contracts and Grants	44.4	51.9	51.6	7.5	(0.3)	7.2
Federal and State Appropriations/Regulations	156.5	161.3	164.0	4.8	2.7	7.5
Subtotal - Restricted Sources	211.5	226.0	228.0	14.5	2.0	16.5
TOTAL SOURCES	\$ 876.4	\$ 874.1	\$ 941.7	\$ (2.4)	\$ 67.6	\$ 65.3
USES						
Programs and Initiatives						
Campus Program	\$ 0.9	\$ 0.9	\$ -	\$ (0.0)	\$ (0.9)	\$ (0.9)
State/Federal Programs	269.2	281.5	290.1	12.3	8.6	20.9
Systemwide Program	117.9	111.0	118.2	(6.9)	7.1	0.2
Subtotal - Programs and Initiatives	388.1	393.5	408.2	5.4	14.7	20.1
Central and Administrative Services						
Academic Affairs	55.7	53.2	58.5	(2.5)	5.3	2.8
Ethics & Compliance	6.6	6.2	7.3	(0.4)	1.1	0.7
External Relations & Communications	18.1	16.3	17.8	(1.8)	1.5	(0.3)
Finance	46.0	45.8	45.7	(0.2)	(0.0)	(0.3)
Innovation & Entrepreneurship	4.0	1.7	2.7	(2.3)	0.9	(1.3)
Operations	139.9	136.9	145.8	(3.0)	8.9	5.9
President's Executive Office	4.0	3.5	4.6	(0.5)	1.1	0.6
Secretary of the Regents	3.1	2.9	3.6	(0.2)	0.7	0.5
Systemwide Academic Senate	2.1	2.4	2.4	0.3	0.0	0.3
UC Health	21.1	22.6	29.1	1.6	6.5	8.0
UC Investments	33.3	31.8	34.3	(1.6)	2.6	1.0
UC Legal	56.6	56.8	58.0	0.2	1.2	1.4
Subtotal - Central and Administrative Services (excl UCPath Center Operations)	390.6	380.1	409.8	(10.4)	29.7	19.3
Strategic Priorities Fund	30.0	24.5	30.0	(5.5)	5.5	0.0
SUBTOTAL USES	\$ 808.6	\$ 798.1	\$ 848.0	\$ (10.5)	\$ 50.0	\$ 39.4
UCPath Center Operations	67.8	76.0	93.7	8.2	17.7	25.9
TOTAL USES	\$ 876.4	\$ 874.1	\$ 941.7	\$ (2.4)	\$ 67.6	\$ 65.3
NET MARGIN SURPLUS (DEFICIT)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Included in Sources and Uses Above						
Fee-For-Service	\$ 239.4	\$ 240.2	\$ 276.9	0.8	36.7	37.5
Pass-Throughs	335.2	331.6	364.5	(3.5)	32.8	29.3
Total Fee-For-Service and Pass-Throughs	\$ 574.6	\$ 571.9	\$ 641.4	\$ (2.7)	\$ 69.5	\$ 66.8

¹ The FY18-19 Budget includes an allocation of the UCOP Vacancy Factor at the Division Level for comparability purposes with FY19-20 but remains constant at \$876.4M.

² Excluded from the \$216.3M in State General Funds listed under Undesignated sources are \$5.8M in campus programs previously budgeted at UCOP, but administered on the campuses, that will be permanently budgeted on their home campuses beginning in FY19-20.

Schedule B

Expenditures by Fund

Overall UCOP

\$ in millions

	Unrestricted Funds		Restricted Funds	FY19-20 Budget
	Undesignated	Designated		
Programs and Initiatives				
Campus Program	\$ -	\$ -	\$ -	\$ -
State/Federal Programs	1.0	117.4	171.7	290.1
Systemwide Program	46.5	69.6	2.1	118.2
Total - Programs and Initiatives	47.5	187.0	173.7	408.2
Central and Administrative Services				
Academic Affairs	49.0	6.5	3.1	58.5
Ethics & Compliance	7.3	0.0	-	7.3
External Relations & Communications	12.3	4.7	0.8	17.8
Finance	25.3	18.0	2.5	45.7
Innovation & Entrepreneurship	2.6	0.0	0.0	2.7
Operations	87.3	11.6	46.8	145.8
President's Executive Office	4.2	0.3	0.1	4.6
Secretary of the Regents	3.6	0.0	-	3.6
Systemwide Academic Senate	2.3	0.0	0.1	2.4
UC Health	4.0	25.1	-	29.1
UC Investments	0.0	34.3	-	34.3
UC Legal	10.4	46.7	0.9	58.0
Subtotal - Central and Administrative Services (excl UCPath Center Operations)	208.3	147.3	54.3	409.8
Strategic Priorities Fund	27.0	3.0	-	30.0
SUBTOTAL USES	\$ 282.8	\$ 337.2	\$ 228.0	\$ 848.0
UCPath Center Operations	-	93.7	-	93.7
TOTAL USES	\$ 282.8	\$ 430.9	\$ 228.0	\$ 941.7
Included in Sources and Uses Above				
Fee-For-Service	\$ -	\$ 225.7	\$ 51.2	\$ 276.9
Pass-Throughs	61.9	139.3	163.2	364.5
Total Fee-For-Service and Pass-Throughs	\$ 61.9	\$ 365.1	\$ 214.4	\$ 641.4

¹ Schedule B includes the impact to fund designations resulting from further fund definition reviews undertaken in FY18-19.

Schedule C

Budget by Programs and Initiatives Programs and Initiatives

\$ in millions

	FY18-19 Budget ¹	FY18-19 Forecast	FY19-20 Budget	Variance: Increase/(Decrease)		
				FY18-19 Forecast vs Budget	FY18-19 Forecast vs FY19-20 Budget	FY18-19 Budget vs FY19-20 Budget
PROGRAMS AND INITIATIVES						
Campus Program	\$ 0.9	\$ 0.9	\$ -	\$ (0.0)	\$ (0.9)	\$ (0.9)
State/Federal Programs						
Agriculture and Natural Resources (ANR)	163.7	171.8	178.7	8.1	7.0	15.0
California Breast Cancer Research Program	11.9	8.6	12.8	(3.3)	4.2	1.0
California Subject Matter Project (CSMP)	8.6	9.5	8.6	0.8	(0.8)	(0.0)
Gaining Early Awareness and Readiness for Undergraduate Programs	3.5	3.4	3.5	(0.1)	0.1	(0.0)
Graduate Medical Education	-	-	2.0	-	2.0	2.0
Mathematics Diagnostic Testing Project (MDTP)	1.0	1.0	-	0.0	(1.0)	(1.0)
Office of the National Laboratories (UCNL)	4.8	4.4	5.4	(0.4)	0.9	0.6
Other State/Federal Programs	1.7	1.2	0.5	(0.5)	(0.7)	(1.2)
Tobacco-Related Disease Research Program (TRDRP)	71.7	79.2	76.2	7.5	(2.9)	4.5
UC Research Initiatives: Cancer Research Coordinating Committee (CRCC)	2.2	2.4	2.3	0.2	(0.2)	0.0
Subtotal - State/Federal Programs	269.2	281.5	290.1	12.3	8.6	20.9
Systemwide Program						
California HIV/AIDS Research Program (CHRP)	8.8	8.8	8.8	0.1	(0.1)	(0.0)
Eligibility in the Local Context (ELC)	1.0	1.0	1.0	(0.0)	0.0	0.0
Historically Black Colleges and Universities (HBCU) Fellowship Initiative	1.0	1.0	1.8	-	0.8	0.8
Historically Black Colleges and Universities (HBCU) Summer Research Initiative	1.0	1.0	1.8	-	0.8	0.8
Innovative Learning Technology Initiative (Online Education)	10.3	8.9	9.0	(1.5)	0.2	(1.3)
Natural Reserve System (NRS)	2.2	2.8	3.0	0.5	0.2	0.7
Other Systemwide Programs	4.2	4.2	2.4	(0.0)	(1.7)	(1.8)
San Joaquin Valley PRIME program	1.9	1.9	1.9	-	-	-
SAPEP	1.9	1.8	1.9	(0.1)	0.1	0.1
SAPEP - ASSIST	1.9	2.2	2.2	0.4	(0.1)	0.3
SAPEP - Mathematics, Engineering, Science Achievement (MESA)	4.3	4.0	4.3	(0.3)	0.4	0.0
UC Astronomy Programs: UC Observatories (UCO)	7.6	7.4	7.5	(0.2)	0.2	(0.1)
UC Astronomy Programs: W.M. Keck Observatory (Keck)	14.6	14.6	14.6	0.0	0.0	0.0
UC Institute for Mexico and the United States (UC MEXUS)	3.3	3.3	-	0.0	(3.3)	(3.3)
UC Press	23.7	22.5	23.9	(1.1)	1.4	0.3
UC Research Initiatives: Laboratory Fees Research Program (LFRP)	15.0	11.1	14.9	(4.0)	3.9	(0.1)
UC Research Initiatives: Multi-Campus Research Programs and Initiatives (MRPI)	7.4	8.4	8.0	1.0	(0.4)	0.6
UC Washington Center (UCDC)	7.9	6.3	8.2	(1.7)	1.9	0.3
Valley Fever Research	-	0.0	2.9	0.0	2.9	2.9
Subtotal - Systemwide Program	117.9	111.0	118.2	(6.9)	7.1	0.2
TOTAL USES	\$ 388.1	\$ 393.5	\$ 408.2	\$ 5.4	\$ 14.7	\$ 20.1

¹ The FY2018-19 Budget includes an allocation of the UCOP Vacancy Factor at the Division Level for comparability purposes with FY2019-20. The total FY2018-19 Regents Budget remains constant at \$876.4M.

Schedule D

Budget by Division and Sub-Division Central and Administrative Services

\$ in millions

	FY18-19 Budget ¹	FY18-19 Forecast	FY19-20 Budget	Variance: Increase/(Decrease)		
				FY18-19 Forecast vs FY18-19 Budget	FY18-19 Forecast vs FY19-20 Budget	FY18-19 Budget vs FY19-20 Budget
CENTRAL AND ADMINISTRATIVE SERVICES USES						
Academic Affairs						
Academic Personnel and Programs	\$ 25.2	\$ 26.7	\$ 29.4	\$ 1.5	\$ 2.8	\$ 4.2
Diversity and Engagement	1.1	1.1	0.8	0.1	(0.3)	(0.2)
Immediate Offices	6.8	6.4	6.5	(0.5)	0.2	(0.3)
Institutional Research and Academic Planning	4.1	4.0	4.1	(0.1)	0.2	0.1
Research and Graduate Studies	9.0	6.4	7.9	(2.6)	1.5	(1.1)
Student Affairs	9.6	8.7	9.7	(0.9)	1.0	0.0
Subtotal - Academic Affairs	55.7	53.2	58.5	(2.5)	5.3	2.8
Ethics & Compliance	6.6	6.2	7.3	(0.4)	1.1	0.7
External Relations & Communications						
Alumni and Constituent Affairs	1.0	0.8	0.7	(0.2)	(0.2)	(0.4)
Executive Communications & Engagement	0.9	0.7	0.8	(0.2)	0.1	(0.1)
Federal Government Relations	2.6	2.5	2.8	(0.2)	0.4	0.2
Immediate Office	1.5	1.6	0.6	0.1	(1.0)	(0.9)
Institutional Advancement	1.9	1.7	2.0	(0.2)	0.3	0.1
Legislative Analysis	0.8	0.7	0.8	(0.1)	0.1	0.0
Marketing and Communications	5.9	5.3	6.3	(0.6)	1.0	0.4
Media Relations	0.9	0.7	0.9	(0.2)	0.2	0.0
State Government Relations	2.5	2.2	2.9	(0.4)	0.7	0.3
Subtotal - External Relations & Communications	18.1	16.3	17.8	(1.8)	1.5	(0.3)
Finance						
Budget Analysis and Planning	2.5	2.0	2.3	(0.5)	0.4	(0.2)
Capital Asset Strategies & Finance	12.8	13.9	12.4	1.1	(1.4)	(0.4)
Financial Accounting	10.2	10.2	10.5	0.0	0.4	0.4
Immediate Office	1.4	1.1	1.3	(0.3)	0.1	(0.1)
Risk Services	7.8	7.7	8.3	(0.1)	0.6	0.5
Strategic Sourcing/Procurement	11.4	11.0	10.9	(0.4)	(0.1)	(0.5)
Subtotal - Finance	46.0	45.8	45.7	(0.2)	(0.0)	(0.3)
Innovation & Entrepreneurship	4.0	1.7	2.7	(2.3)	0.9	(1.3)
Operations						
Energy and Sustainability	4.7	2.9	4.4	(1.8)	1.6	(0.3)
Immediate Office	1.3	1.1	1.1	(0.2)	0.1	(0.2)
Information Technology Services	50.6	48.9	51.5	(1.7)	2.6	0.9
Operational Expenses	6.1	4.7	8.0	(1.4)	3.3	1.9
Strategic Program Management Office	2.0	1.9	1.8	(0.1)	(0.1)	(0.2)
Systemwide Human Resources	45.1	46.7	48.2	1.6	1.5	3.0
UCOP Operations	30.2	30.8	30.8	0.6	0.0	0.7
Subtotal - Operations	139.9	136.9	145.8	(3.0)	8.9	5.9
President's Executive Office	4.0	3.5	4.6	(0.5)	1.1	0.6
Secretary of the Regents	3.1	2.9	3.6	(0.2)	0.7	0.5
Systemwide Academic Senate	2.1	2.4	2.4	0.3	0.0	0.3
UC Health						
Self-Funded Health Plans	3.8	5.2	4.6	1.4	(0.6)	0.9
UC Health Core	4.4	5.9	4.3	1.6	(1.7)	(0.1)
UC Healthcare Collaborative	12.9	11.5	20.2	(1.4)	8.7	7.3
Subtotal - UC Health	21.1	22.6	29.1	1.6	6.5	8.0
UC Investments	33.3	31.8	34.3	(1.6)	2.6	1.0
UC Legal	56.6	56.8	58.0	0.2	1.2	1.4
SUBTOTAL USES	\$ 390.6	\$ 380.1	\$ 409.8	\$ (10.4)	\$ 29.7	\$ 19.3
UCPath Center Operations	67.8	76.0	93.7	8.2	17.7	25.9
TOTAL USES	\$ 458.4	\$ 456.1	\$ 503.5	\$ (2.2)	\$ 47.4	\$ 45.1

¹ The FY2018-19 Budget includes an allocation of the UCOP Vacancy Factor at the Division Level for comparability purposes with FY2019-20. The total FY2018-19 Regents Budget remains constant at \$876.4M.

Schedule E

UC ANR Budget within UCOP

Budget by Program and Unit - All Funds

\$ in millions

	FY18-19 Budget	FY18-19 Forecast	FY19-20 Budget	Variance: Increase/(Decrease)		
				FY18-19 Forecast vs FY18-19 Budget	FY18-19 Forecast vs FY19-20 Budget	FY18-19 Budget vs FY19-20 Budget
SOURCES						
UC ANR Budget within UCOP						
Federal AES	\$ 7.3	\$ 7.3	\$ 7.3	\$ 0.0	\$ (0.0)	\$ (0.0)
State UCCE	72.6	72.6	75.8	0.0	3.2	3.2
Federal UCCE	12.2	12.1	12.1	(0.1)	(0.0)	(0.1)
Endowment Payout	8.4	9.5	9.9	1.1	0.4	1.5
Extramural Funding	34.0	40.0	42.1	6.0	2.1	8.1
Other Sources	29.2	30.2	31.5	1.0	1.2	2.3
TOTAL UC ANR Budget within UCOP	\$ 163.7	\$ 171.8	\$ 178.7	\$ 8.1	\$ 7.0	\$ 15.0
USES						
UC ANR Budget within UCOP						
AES Campuses						
UC Berkeley	\$ 6.9	\$ 7.1	\$ 7.4	\$ 0.2	\$ 0.3	\$ 0.5
UC Davis	22.6	23.3	24.2	0.6	0.9	1.6
UC Riverside	6.5	6.5	6.7	0.0	0.2	0.2
Other Campus-Based Academics	0.1	0.2	0.2	0.0	0.0	0.0
Subtotal - AES Campuses	36.1	37.0	38.5	0.9	1.4	2.3
Statewide Programs & Institutes						
Agriculture Issues Center	0.3	0.3	0.3	0.0	0.0	0.0
California Institute for Water Resources	0.7	0.7	0.8	0.0	0.0	0.0
Elkus Ranch Youth Development Center	0.6	0.8	0.8	0.2	0.0	0.3
Informatics & Geographic Information Systems	0.7	0.7	0.7	0.0	0.0	0.1
Integrated Pest Management	4.0	4.5	4.5	0.4	0.1	0.5
Nutrition Policy Institute	7.8	9.4	9.2	1.6	(0.2)	1.4
Statewide Programs & Initiatives	3.5	3.9	4.1	0.5	0.2	0.7
Sustainable Agriculture Research & Education	0.8	0.8	0.8	0.0	0.0	0.0
Volunteer Based Programs (MFP, MG, Naturalist)	1.1	1.5	1.5	0.3	0.1	0.4
Youth, Family & Communities	7.0	4.1	4.0	(2.9)	(0.1)	(3.1)
Subtotal - Statewide Programs & Institutes	26.5	26.7	26.7	0.2	0.1	0.3
Research and Extension Centers (RECs)	20.8	15.4	16.1	(5.4)	0.7	(4.7)
County-Based Research and Extension	54.5	68.2	72.0	13.8	3.7	17.5
Administration						
General Administration	17.5	17.1	17.8	(0.4)	0.7	0.4
UCPath	1.5	1.5	1.6	0.1	0.1	0.1
Subtotal - Administration	19.0	18.6	19.4	(0.3)	0.8	0.5
Institutional Support	6.9	5.7	6.0	(1.1)	0.2	(0.9)
TOTAL UC ANR Budget within UCOP	\$ 163.7	\$ 171.8	\$ 178.7	\$ 8.1	\$ 7.0	\$ 15.0
NET MARGIN SURPLUS (DEFICIT)	\$ -	\$ 0.0	\$ 0.0	\$ 0.0	\$ -	\$ 0.0

¹ The UC ANR state fund allocation reflects an outstanding budget change proposal submitted to the State of California to request additional funding for cost increases. These funds are pending State approval and may not reflect final state funding.

Schedule F

Strategic Priorities Fund

Overall UCOP

\$ in millions

	FY18-19 Budget	FY18-19 Forecast	FY19-20 Budget	Variance: Increase/(Decrease)		
				FY18-19 Forecast vs Budget	FY18-19 Forecast vs FY19-20 Budget	FY18-19 Budget vs FY19-20 Budget
COMMITMENTS						
Campus Program						
Alzheimer's Research	\$ -	\$ 2.0	\$ -	\$ 2.0	\$ (2.0)	\$ -
Clean Energy Research Center - Energy & Water	-	0.2	0.2	0.2	-	0.2
Subtotal - Campus Program	-	2.2	0.2	2.2	(2.0)	0.2
Central & Administrative						
Audit Response - Finance Resource	-	0.2	0.3	0.2	0.0	0.3
Audit Response - Oversight	0.3	0.1	-	(0.2)	(0.1)	(0.3)
Audit Response - Salary Workstream	-	0.3	-	0.3	(0.3)	-
Audit Response - Workforce Plan	-	0.1	0.3	0.1	0.2	0.3
College Signing Day	-	0.3	-	0.3	(0.3)	-
Corporate Financial System Replacement	3.0	0.3	0.6	(2.7)	0.3	(2.4)
eBilling SW Implementation	-	0.2	0.1	0.2	(0.1)	0.1
Financial Info System (FIS) Project	-	0.9	2.1	0.9	1.2	2.1
Intellectual Property Asset Management System	0.3	0.2	-	(0.1)	(0.2)	(0.3)
OP Restructuring Effort	-	1.1	-	1.1	(1.1)	-
PPS Maintenance	-	2.7	-	2.7	(2.7)	-
Procurement Legal Support	0.4	0.3	0.4	(0.0)	0.0	0.0
Supply Chain 500	-	0.2	0.3	0.2	0.1	0.3
SW Compliance/Audit Symposium	-	0.0	0.1	0.0	0.1	0.1
Transfer Guarantee Implementation	-	0.1	0.3	0.1	0.2	0.3
UCLA Chancellor's Residence Renovation	-	0.2	-	0.2	(0.2)	-
UCOP Budget Development System (BDS) Improvement Project	-	0.2	-	0.2	(0.2)	-
UCPath Guided Onboarding	-	0.3	-	0.3	(0.3)	-
UCSC Chancellor Search	-	0.2	-	0.2	(0.2)	-
Windows10/Off2016 Hardware Refresh Project	0.4	0.4	-	0.0	(0.4)	(0.4)
Subtotal - Central & Administrative	4.2	8.4	4.4	4.2	(4.0)	0.2
Presidential Initiatives						
Carbon Neutrality Initiative (CNI)	0.9	0.9	1.4	(0.0)	0.5	0.5
Global Food Initiative (GFI)	0.3	0.3	0.5	0.0	0.2	0.2
Presidential Public Service Fellowship	0.1	0.1	0.2	(0.0)	0.1	0.1
Public Service Law Fellowship	3.9	3.9	5.1	-	1.2	1.2
UC National Center for Free Speech	1.0	1.0	0.6	-	(0.4)	(0.4)
UC-Mexico Initiative	0.8	0.8	-	-	(0.8)	(0.8)
Undocumented Students Initiative	0.9	0.9	-	-	(0.9)	(0.9)
Subtotal - Presidential Initiatives	7.8	7.8	7.7	(0.0)	(0.1)	(0.1)
Systemwide Initiative						
Diversity Pipeline Initiative	-	0.7	0.7	0.7	0.0	0.7
Subtotal - Systemwide Initiative	-	0.7	0.7	0.7	0.0	0.7
Systemwide Program						
ASSIST Program	-	0.5	0.6	0.5	0.1	0.6
CDL UC Open Access Policy Support	-	0.2	0.2	0.2	(0.0)	0.2
Faculty Diversity (HBCU)	-	0.6	-	0.6	(0.6)	-
MRPI Critical Mission Studies @ CA Crossroads	-	0.3	0.5	0.3	0.3	0.5
President's Postdoctoral Fellowship Program	0.3	0.6	0.3	0.3	(0.3)	-
Research Catalyst Awards	-	0.8	-	0.8	(0.8)	-
UC-Mexico Program	-	-	0.8	-	0.8	0.8
Undocumented Students - Campus Student Svcs & Financial Aid	-	2.5	2.2	2.5	(0.3)	2.2
Subtotal - Systemwide Program	0.3	5.4	4.6	5.1	(0.8)	4.3
Committed SPF Funds	12.3	24.5	17.5	12.2	(7.0)	5.2
Uncommitted SPF Funds ¹	17.7	5.5	12.5	(12.2)	7.0	(5.2)
Total Strategic Priorities Fund	\$ 30.0	\$ 30.0	\$ 30.0	\$ -	\$ 0.0	\$ 0.0

¹ The FY18-19 Forecast includes commitments of \$24.5M to be funded from the Strategic Priorities Fund. The Uncommitted amount of \$5.5M preserves the residual fund balance to be applied towards the FY19-20 SPF.

Schedule G

FY19-20 BUDGET Cause of Change - Sources

Overall UCOP

\$ in millions

FY18-19 Budget		\$ 876.4		
Changes to Sources of Funds	FY19-20 Incr / (Decr)	% of Total Incr/(Decr)	Comments:	
I. Unrestricted Fund Increase				
1 State General Funds				
Increase from State of CA	6.5	9.9%	Pending BCP approval of 3% increase over \$215M State General Funds (SGF) base	
Campus Programs	(2.5)	-3.8%	Funding for campus programs Drew, Hayes-Bautista, PFPF, UCCS transferred to SGF Set-Asides	
UC Mexus	(3.3)	-5.0%	Per optimization review, transfer UC Mexico fundig to UC Riverside via SGF Set-Asides	
Investment Income / Other	0.1	0.1%		
Sub-total State General Funds	0.8	1.2%		
2 Undesignated Fund Balance	(3.3)	-5.0%	Reduce dependence of SPF on fund balances from \$20.3M in FY18-19 to \$17.0M in FY19-20	
3 Campus Assessment	7.3	11.2%	Pending BCP approval, UCOP to utilize a campus assessment for investments approved by the EBC	
4 Investments, Other	(0.2)	-0.3%		
Sub-Total Unrestricted Funds	\$ 4.6	7.0%		
II. Designated Fund Increase				
5 UCPath Fee-For-Service	20.9	32.0%	Supports onboarding new campuses and employees to UCPath	
6 UCPath State General Funds	1.5	2.3%	Pending BCP approval of 3% over \$52.4M SGF base	
7 Program Designated				
ANR	2.0	3.1%	Sales and service revenues generated by the ANR Division	
UC Health Collaborative	7.2	11.0%	Strategy approved by the campuses and funded by the UC health centers	
Diversity	2.3	3.4%	Investment in HSI - Doctoral Diversity, HBCU Summer Research Initiative and HBCU Fellowship Initiative	
UC National Laboratories	0.8	1.1%	Lab management growth strategy	
Other	3.6	5.5%	Offset to FY18-19 Path vacancy factor	
Sub-Total Program Designated	15.8	24.2%		
7 ANR State General Funds	3.2	4.9%	Pending BCP approval of \$3.2M over \$72.6M in SGF base per corridor model	
8 Designated Fund Balance	3.0	4.6%	Use of fund balance for iCamp operations	
9 Regents Designated	(0.2)	-0.2%		
Sub-Total Increase in Designated Funds	\$ 44.2	67.7%		
III. Restricted Fund Increase				
10 Federal and State Appropriations/Regulations				
RGPO: Tobacco-Related Disease Research	5.0	7.6%	Tobacco-Related Disease Research from State Prop 56 funds of \$4.5M	
UC Health - Graduate Med Education	2.0	3.1%	Graduate Medical Education funded by State Prop 56 funds	
California Digital Library	0.7	1.0%	Growth in CDL grant awards	
Other	(0.1)	-0.2%		
Sub-Total Fed/State Appropriations/Regulations	7.5	11.5%		
11 Contracts and Grants				
ANR	8.1	12.5%	Federal / State grant award revenue growth	
AA - Diversity & Engagement	(1.0)	-1.5%	Math Diagnostic Testing Program (MDTP) funding moved to UCSD	
Sub-Total Contracts and Grants	7.2	11.0%		
12 Gifts and Endowments	1.8	2.8%	Increased ANR revenues of \$1.5M	
Sub-Total Restricted Funds	\$ 16.5	25.3%		
Total FY19-20 BUDGET INCREASE TO FUND SOURCES	65.3	100.0%		
Total FY19-20 BUDGET SOURCES	\$ 941.7			

Schedule G

FY19-20 BUDGET Cause of Change - Uses

Overall UCOP

\$ in millions

FY18-19 Budget		\$	876.4	
Changes to Uses of Funds	FY19-20 Incr / (Decr)	% of Total Incr / (Decr)		Comments:
I. Programs and Initiatives:				
1 Campus Programs	(0.9)	-1.4%		Funding for campus programs Drew, Hayes-Bautista, PFPF, UCCS transferred to SGF Set-Asides
2 State / Federal Programs				
ANR	15.0	23.0%		Federal / State grant award revenue growth
Tobacco-Related Disease Research	4.5	6.9%		Increased Tobacco-Related Disease Research grants
Breast Cancer Research	1.0	1.5%		
UCNL	0.6	0.9%		Lab management growth strategy
Other	(0.2)	-0.4%		Math Diagnostic Testing Program (MDTP) funding moved to UCSD, \$1.2M other
Sub-Total State / Federal Programs	20.9	32.0%		
3 Systemwide Programs				
Valley Fever Research	2.9	4.5%		UCOP administration of State-funded Valley Fever grants program
Diversity (HBCU - Fellowship, Summer Research)	1.5	2.3%		Increased investment in faculty pipeline diversity programs
Natural Reserve System	0.7	1.1%		Increase due to additional grant and gift income
Multi-Campus Research Program	0.6	1.0%		Increase of \$500K for additional research grants to the campuses
SAPEP	0.4	0.6%		Public service program to improve college preparedness
UC Washington Program (UCDC)	0.3	0.4%		Increased building occupancy costs
Other	0.1	0.2%		
ILTI	(1.3)	-2.0%		Reduction to ILTI at UCOP funds increase to MRPI
Other Systemwide Programs	(1.8)	-2.7%		Funding for campus programs Drew, Hayes-Bautista, PFPF, UCCS transferred to SGF Set-Asides
UC Mexus	(3.3)	-5.0%		Per optimization review, transfer UC Mexico fundig to UC Riverside via SGF Set-Asides
Sub-Total Systemwide Programs	0.2	0.3%		
SUB-TOTAL PROGRAMS AND INITIATIVES	\$ 20.1	30.9%		
II. Central and Administrative Services				
8 Academic Affairs				
California Digital Library	3.7	5.6%		\$2.5M for new/existing subscriptions; \$1.3M restricted funds for shared print membership coalition
Research & Graduate Studies	(1.1)	-1.6%		Patent royalties transferred to systemwide revenue
Other	0.1	0.2%		
Sub-Total Academic Affairs	2.8	4.2%		
9 Ethics & Compliance	0.7	1.1%		Increased volume of systemwide investigations
10 External Relations & Communications	(0.3)	-0.4%		SGR rent, offset by savings from org changes
11 Finance	(0.3)	-0.4%		
12 Innovation & Entrepreneurship	(1.3)	-2.0%		
13 Operations				
Systemwide Human Resources	3.0	4.6%		Increased Retirement Administration System (Redwood) operational support
Information Technology Systems & Infrastructure	0.9	1.3%		Change is primarily attributed to UCOP transition to UCLA mainframe
Building / Occupancy Costs	0.9	1.4%		Cost increases related to Rent, Janitorial, and Security
Other Operations	1.4	2.2%		Other Operating cost increases including net impact of vacancy factor
Energy & Sustainability, Immediate Office	(0.4)	-0.6%		
Sub-Total Operations	5.9	9.0%		
14 President's Executive Office	0.6	0.9%		Increased investment in Title IX office
15 Secretary of the Regents	0.5	0.8%		Increased number of off-cycle meetings and campus visits travel
16 Systemwide Academic Senate	0.3	0.4%		
17 UC Health	8.0	12.3%		UC Health Collaborative strategy approved by the campuses and funded by the UC health centers
18 UC Investments	1.0	1.5%		
19 UC Legal	1.4	2.1%		Offset rising outside council expense with internal resources
TOTAL CENTRAL AND ADMINISTRATIVE EXCL. UCPath	\$ 19.3	29.5%		
20 UCPath Center Operations	25.9	39.6%		Supports onboarding new campuses and employees to UCPath
TOTAL CENTRAL AND ADMINISTRATIVE INCL UCPath	\$ 45.1	69.1%		
TOTAL FY19-20 BUDGET INCREASE TO FUND USES	65.3	100.0%		
TOTAL FY19-20 BUDGET USES	\$ 941.7			

Schedule H

UCOP Reserves

\$ in millions

	Reserve Target Minimum	Reserve Target Maximum	6/30/18 Actual Reserve	6/30/19 Forecasted Reserve	Variance:	
					6/30/18 Actual vs 6/30/19 Forecast	6/30/19 Reserve Target Over Max / (Under Min)
UCOP RESERVES						
Building and Capital Assets Reserves						
Capital Maintenance and Renewal	\$ 2.6	\$ 7.9	\$ 6.2	\$ 4.0	\$ (2.2)	\$ -
UCOP IT Infrastructure	0.4	0.6	0.4	0.4	-	-
Sub-Total Building and Capital Assets Reserves	\$ 3.0	\$ 8.5	\$ 6.6	\$ 4.4	\$ (2.2)	\$ -
Program Reserves						
UC National Laboratories						
LANS and LLNS-LLC Post Contract Contingency ¹	23.0	23.0	14.0	17.2	3.2	-
LANS and LLNS-LLC Fee Contingency ¹	7.0	7.0	7.9	7.8	(0.1)	0.8
LBNL Post Contract Contingency ²	4.0	4.0	2.7	3.3	0.6	-
LBNL Building Commitment ²	10.0	23.0	14.2	16.2	2.0	-
LBNL Guest House Renewal & Replacement ²	1.5	2.5	1.4	1.5	0.1	-
UC Press	1.5	1.5	1.5	1.5	-	-
UC Washington Center (UCDC) ³	2.9	6.3	6.3	6.6	0.3	0.3
Sub-Total Program Reserves	\$ 49.9	\$ 67.3	\$ 48.0	\$ 54.0	\$ 6.0	\$ 1.0
Other Required Reserves						
Housing Loan Program ⁴	20.0	25.0	39.4	30.5	(8.9)	5.5
Sub-Total Other Required Reserves	\$ 20.0	\$ 25.0	\$ 39.4	\$ 30.5	\$ (8.9)	\$ 5.5
SUB TOTAL NON-OPERATING AND PROGRAM RESERVES⁵	\$ 72.9	\$ 100.8	\$ 94.0	\$ 88.9	\$ (5.1)	\$ 6.5
Central Operating Reserve⁶	15.0	15.0	15.0	15.0	-	-
TOTAL UCOP RESERVES	\$ 87.9	\$ 115.8	\$ 109.0	\$ 103.9	\$ (5.1)	\$ 6.5

¹ UCNL LANS and LLNS-LLC reserves and reserve targets are established by the UC Regents.

² LBNL reserves targets are established by LBNL and UCNL management.

³ UCDC reserve includes \$1M in reserves and \$5.5M in TRIP.

⁴ \$14.5M of reserve balance was redistributed to campuses during FY18-19.

⁵ Pursuant to this guidance, UCOP will not maintain a systemwide benefits reserve for fully-insured health benefit plans.

⁶ Central Operating Reserve is held in the President's Endowment Fund. Per the established Presidential guidelines, the Central Operating Reserve may be supplemented with up to an additional \$100M or three months of covered funds from a variety of sources.

Schedule I

UCOP Fund Balances by Fund Type ^{1, 2, 3}

\$ in millions

	6/30/18 Balance	6/30/19			
		Forecasted Balance	Commitments ⁴	Remaining Balance	Change in Fund Balance
UNRESTRICTED					
Undesignated - UCOP					
Investment Income	\$ 20.4	\$ 6.7	\$ 3.0	\$ 3.7	\$ (16.7)
UC General Funds	12.6	20.9	17.0	3.9	(8.7)
Legal Settlements	6.3	4.0	-	4.0	(2.3)
Department Deficits	(3.3)	-	-	-	3.3
Other	-	0.2	-	0.2	0.2
Sub-Total Undesignated - UCOP	\$ 36.0	\$ 31.8	\$ 20.0	\$ 11.8	\$ (24.1)
Undesignated - Systemwide					
General Obligation Bond Income	\$ 26.5	\$ 7.1	\$ 7.1	\$ -	\$ (26.5)
Sub-Total Undesignated - Systemwide	\$ 26.5	\$ 7.1	\$ 7.1	\$ -	\$ (26.5)
Sub-Total Undesignated	\$ 62.5	\$ 38.9	\$ 27.1	\$ 11.8	\$ (50.7)
DESIGNATED					
Regents Designated					
DOE Laboratories ⁵					
LLC	\$ 14.4	\$ 2.5	\$ -	\$ 2.5	\$ (11.9)
LBNL	11.0	14.0	-	14.0	3.0
Lab Fees Research	31.4	39.2	-	39.2	7.8
Housing Loan Programs	15.3	-	-	-	(15.3)
Programs and Initiatives					
UC Healthcare Collaborative	\$ 10.2	\$ 3.4	\$ -	\$ 3.4	\$ (6.9)
California Digital Library	2.4	2.7	-	2.7	0.3
ICAMP	-	5.6	3.0	2.6	2.6
UC Washington Center	2.1	2.1	-	2.1	0.0
Procurement Initiatives	0.9	1.7	-	1.7	0.9
Writing Placement Exam	1.3	0.8	-	0.8	(0.5)
Other	(0.3)	1.4	-	1.4	1.6
Central Services Designated					
Endowment cost recovery	6.8	8.5	-	8.5	1.7
Energy and sustainability	2.5	5.5	-	5.5	3.0
UC Path	0.1	0.0	-	0.0	(0.1)
Other	1.9	1.0	-	1.0	(0.9)
Sub-Total Designated	\$ 99.9	\$ 88.3	\$ 3.0	\$ 85.3	\$ (14.6)
RESTRICTED					
Federal and Special State Appropriations/Regu	\$ 10.0	\$ 9.4	\$ -	\$ 9.4	\$ (0.6)
Gifts and Endowments	3.6	3.6	-	3.6	(0.0)
Sub-Total Restricted	\$ 13.6	\$ 13.0	\$ -	\$ 13.0	\$ (0.6)
TOTAL BALANCES	\$ 176.0	\$ 140.2	\$ 30.1	\$ 110.2	\$ (65.9)

¹ Fund balances are exclusive of Reserve amounts

² Systemwide and pass-through fund balances are excluded, such as health and welfare benefits balances, wholesale power program funds, systemwide procurement incentives and patent royalty income

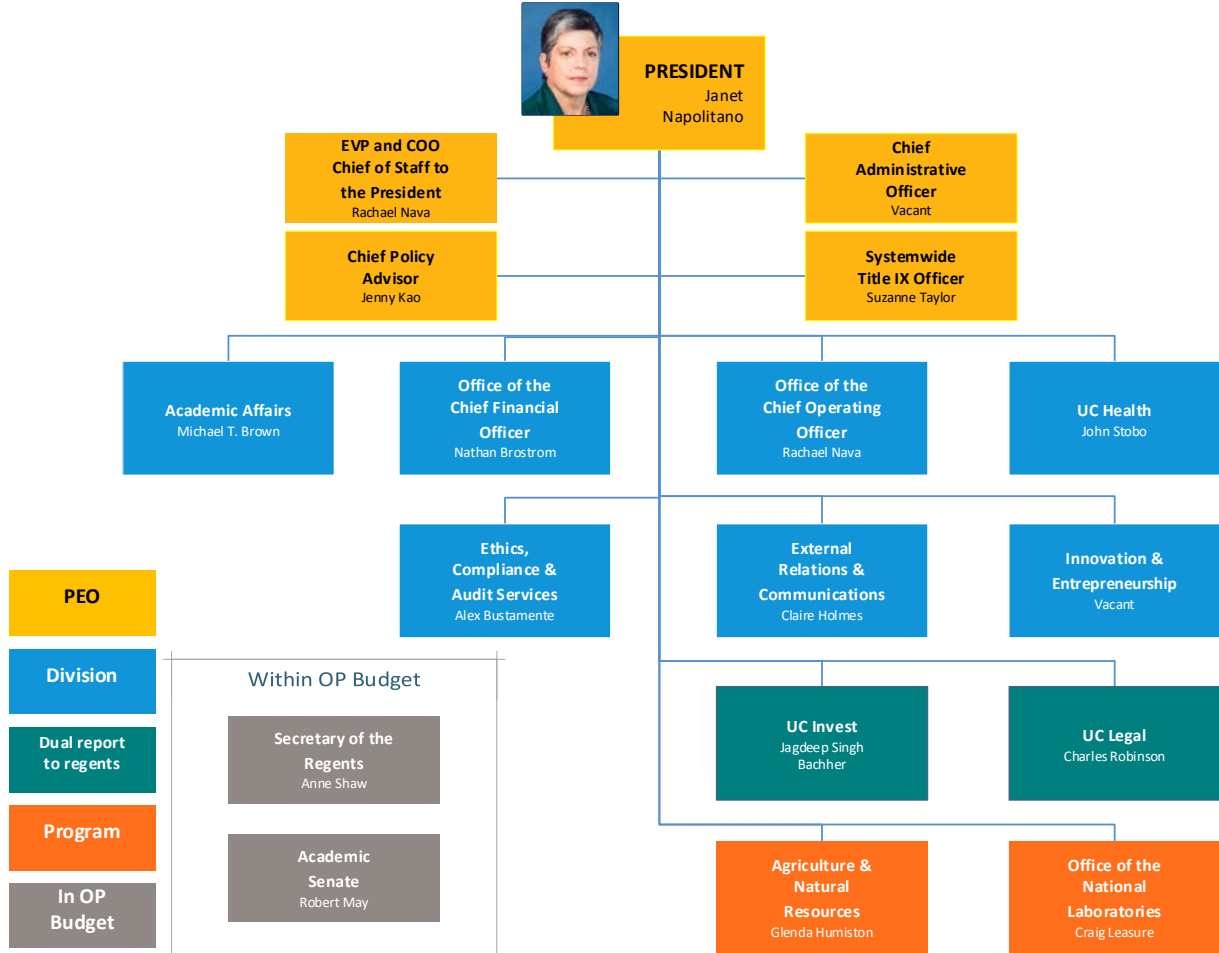
³ Through additional reviews of fund designations, certain funds have shifted from Undesignated to Designated and from Designated to Restricted, such as health benefit and retirement funds which are restricted due to IRS oversight.

⁴ Commitments include \$3M in year-end accruals, \$17M for the FY19-20 SPF, \$7.1M for campus seismic work and interest expense and \$3M for ICAMP.

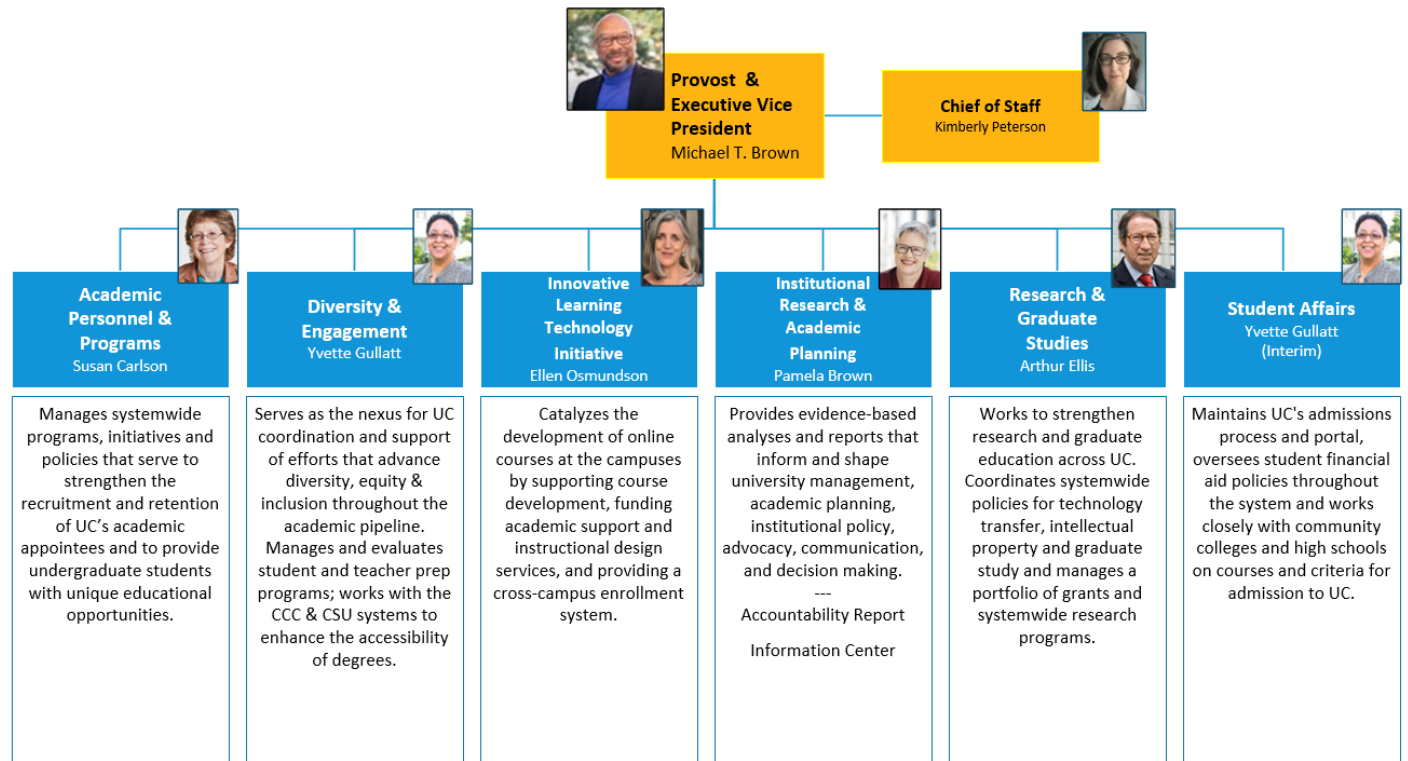
⁵ DOE Laboratories fund balances include DOE fee income from the three UC-run national labs, for lab oversight and building operations.

APPENDIX 2: UCOP ORGANIZATION CHARTS

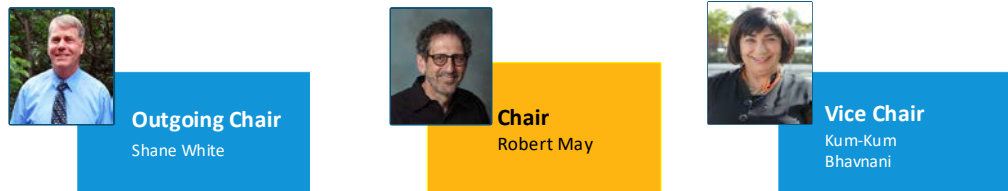
UC Office of the President



Academic Affairs

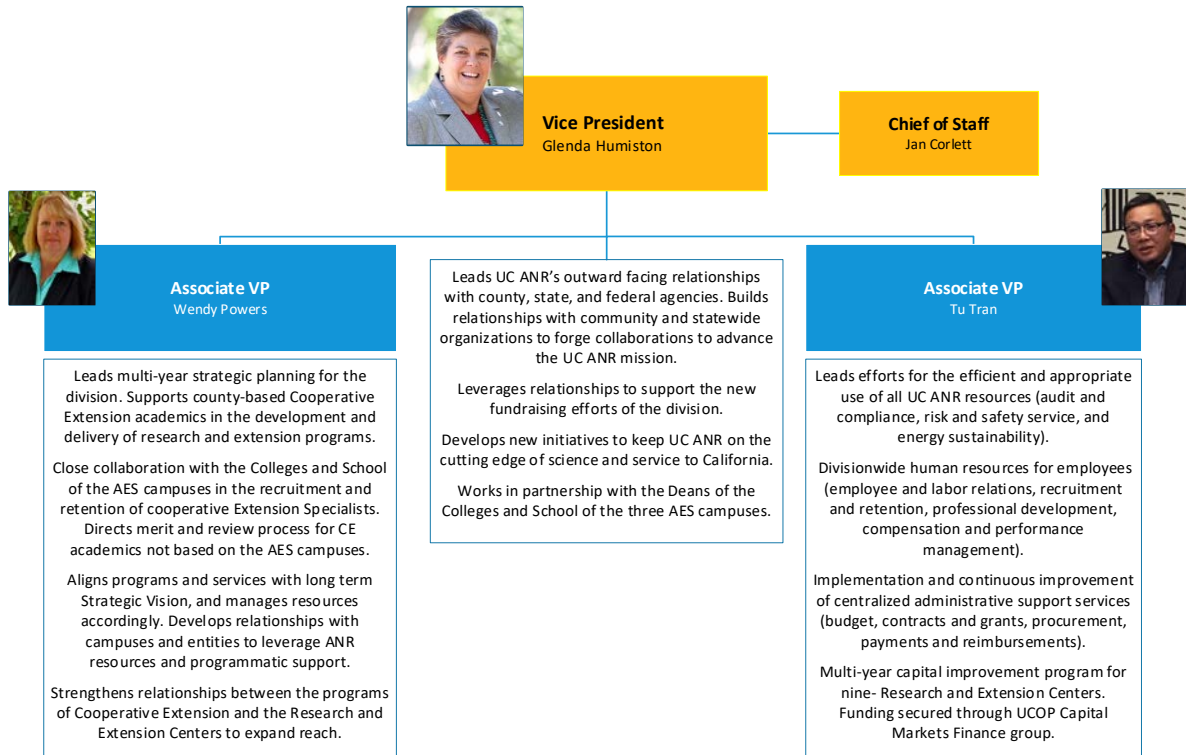


Academic Senate Leadership

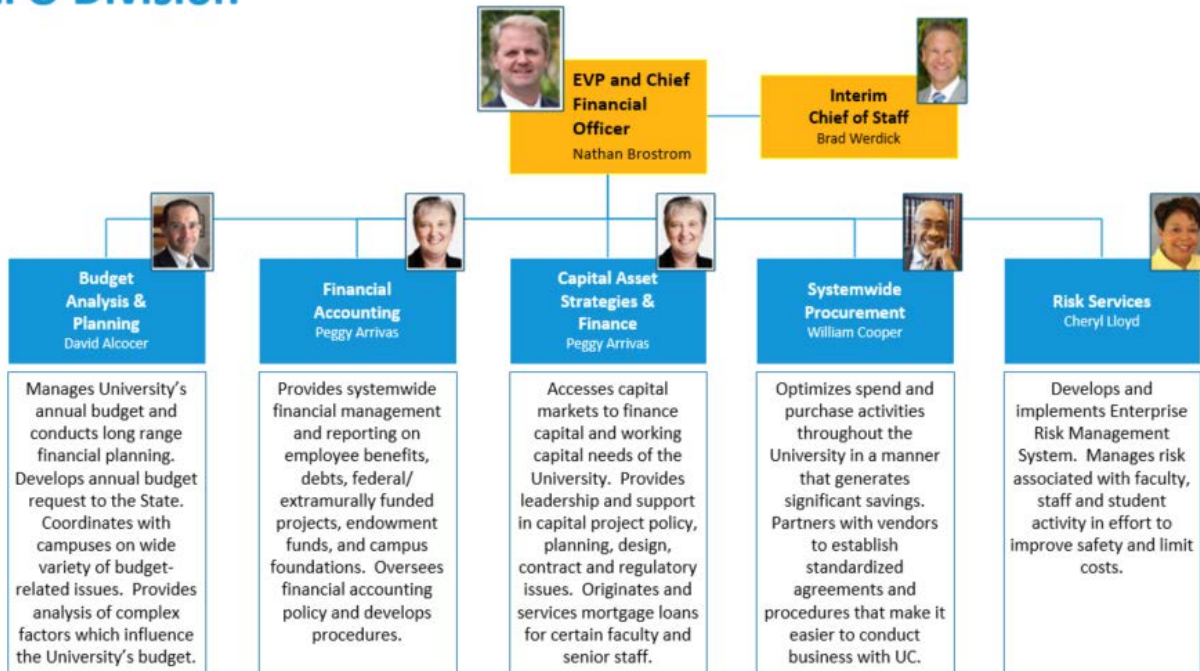


The Systemwide Academic Senate and the ten Divisional Senates provide the organizational framework that enables the faculty to exercise its right to participate in the University's governance. The faculty voice is formed through a deliberative process that includes the Standing Committees of the Senate, the Academic Council, the Assembly of the Academic Senate, and their Divisional counterparts. Consultation with the senior administration occurs in a parallel structure: at the systemwide level between the Academic Council Chair and the President; and on the campus level between the Divisional Senate Chairs and the Chancellors.

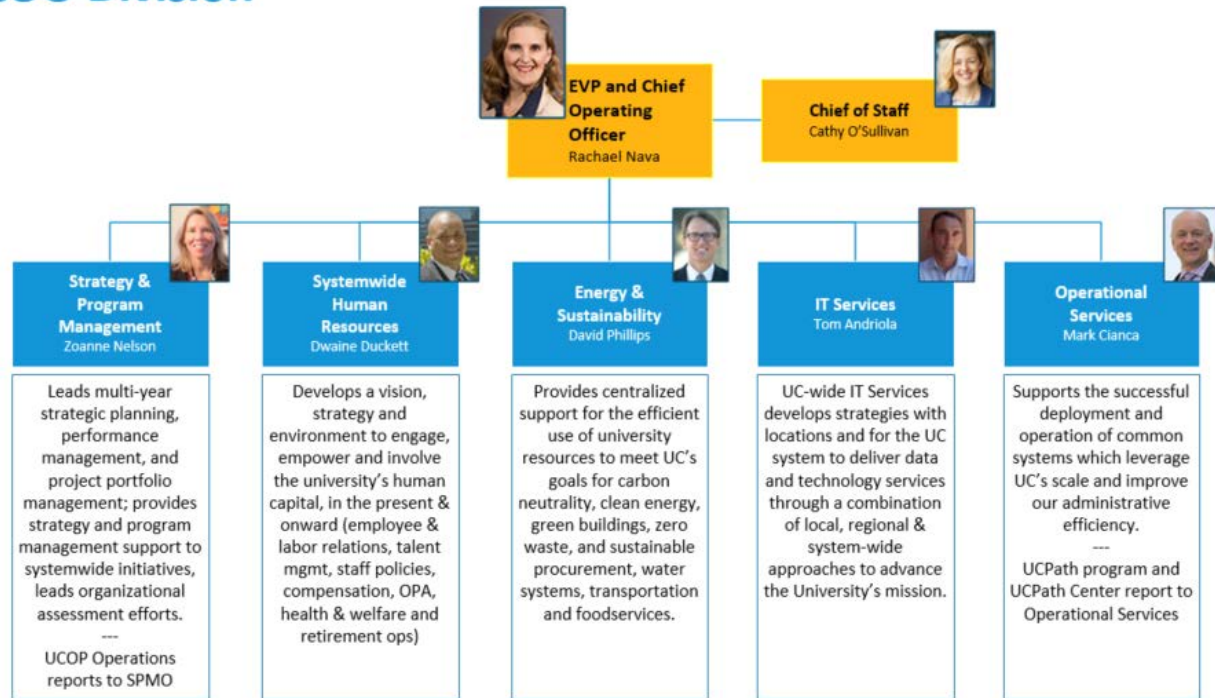
Agriculture and Natural Resources



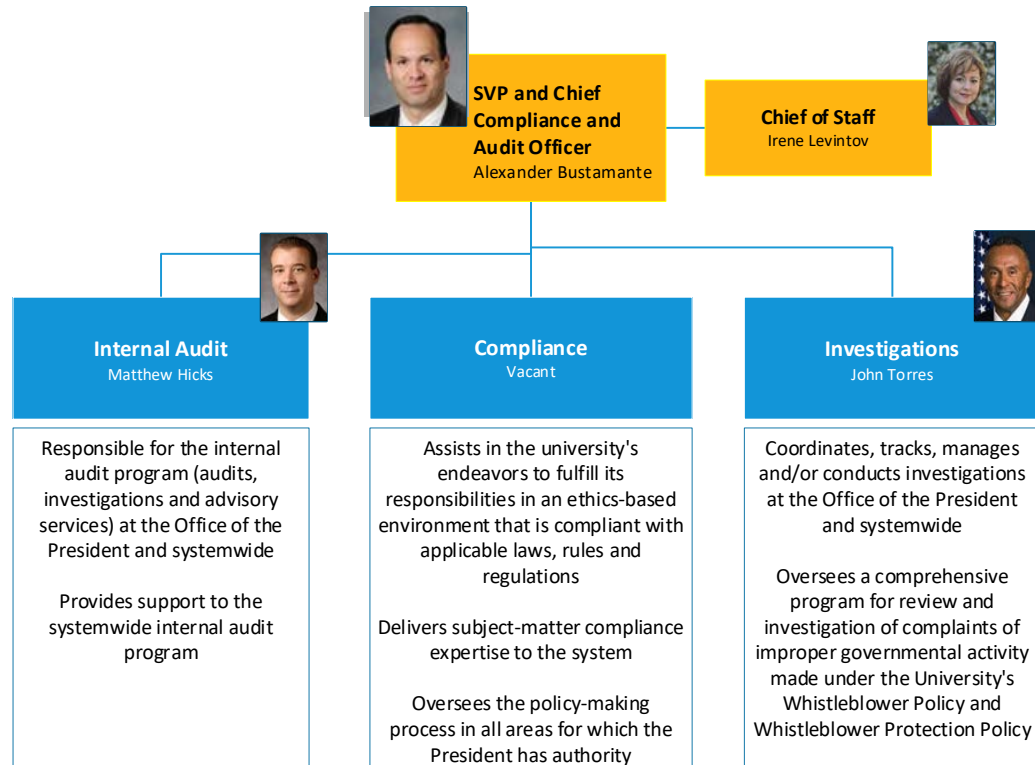
CFO Division



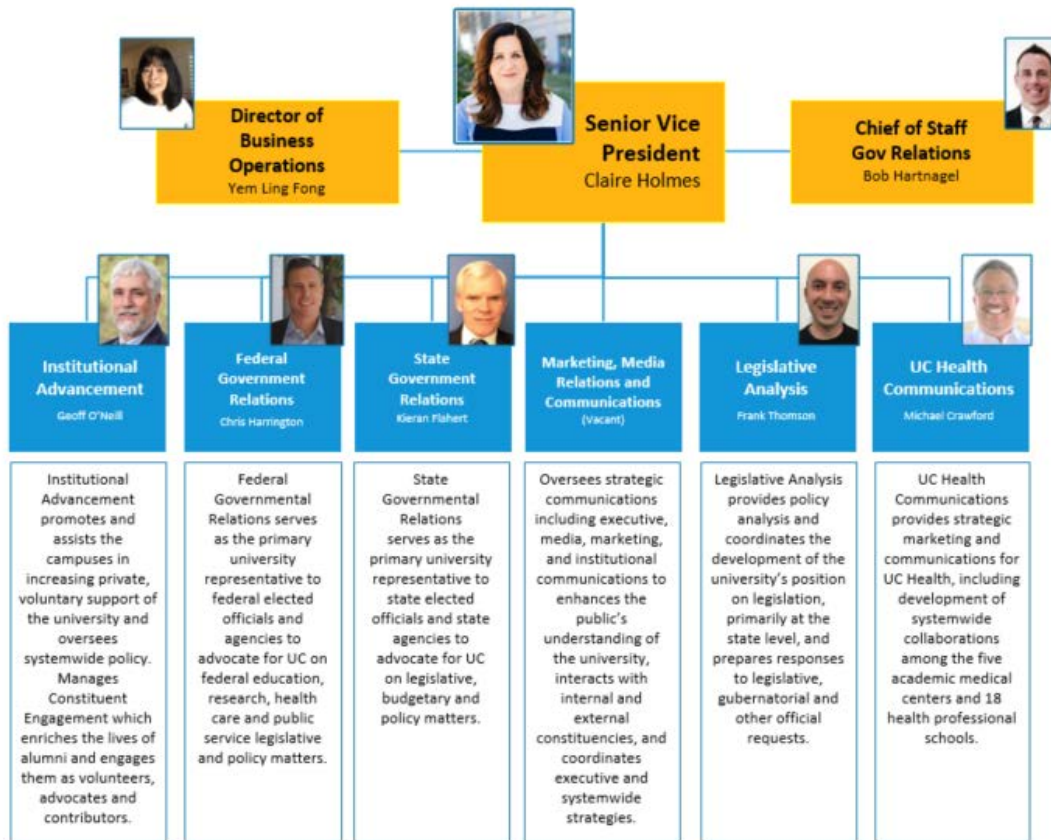
COO Division



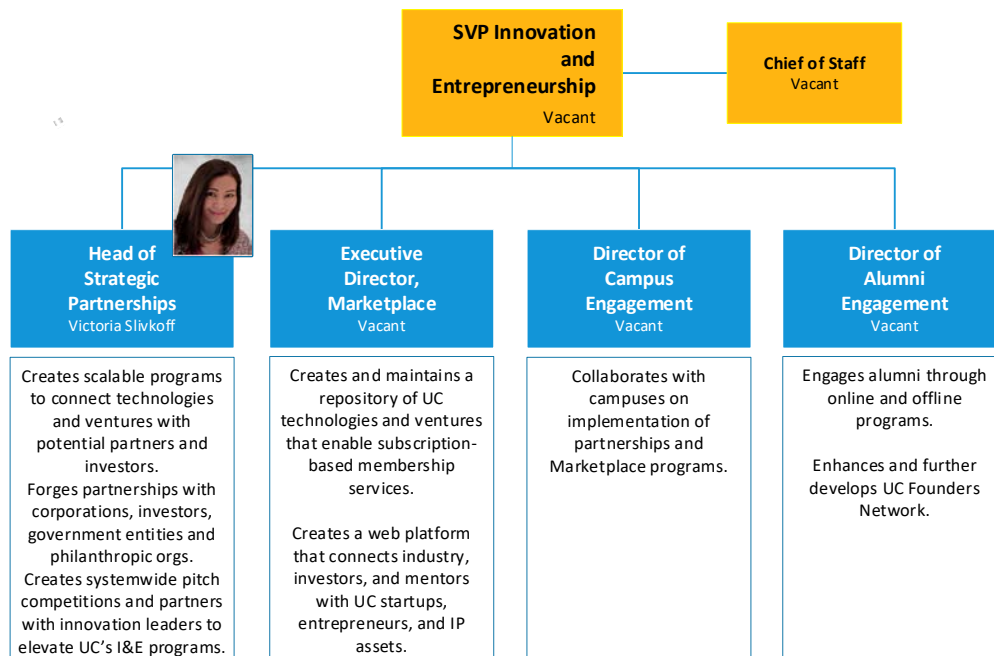
Ethics, Compliance and Audit



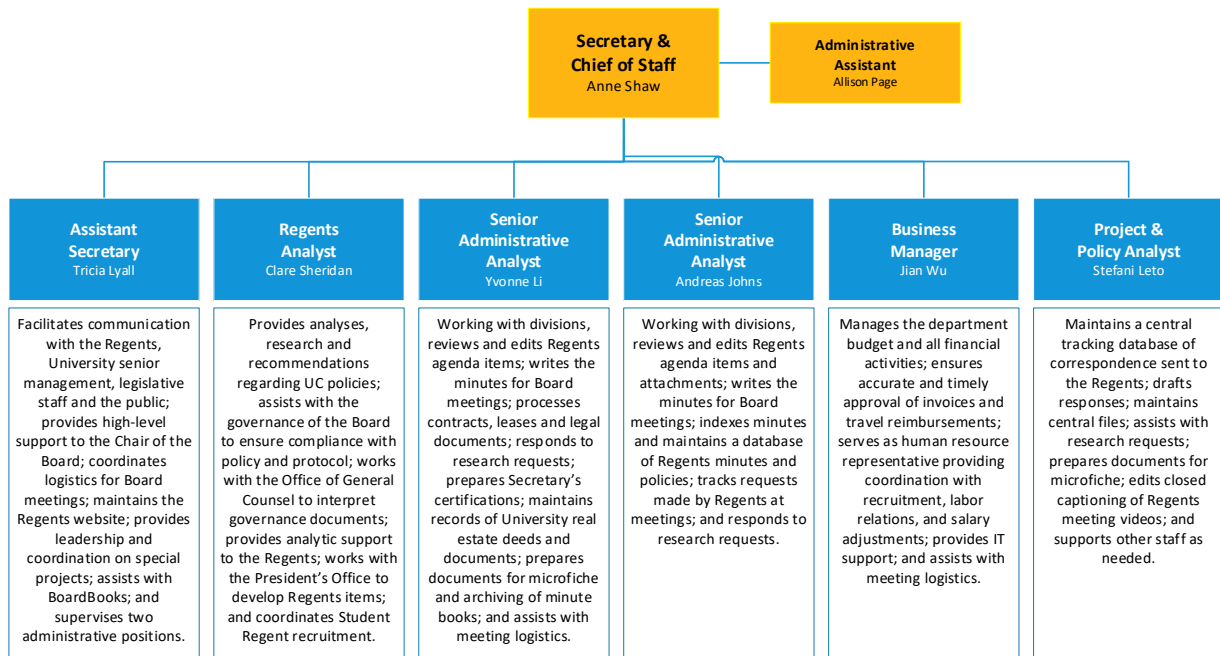
External Relations and Communications



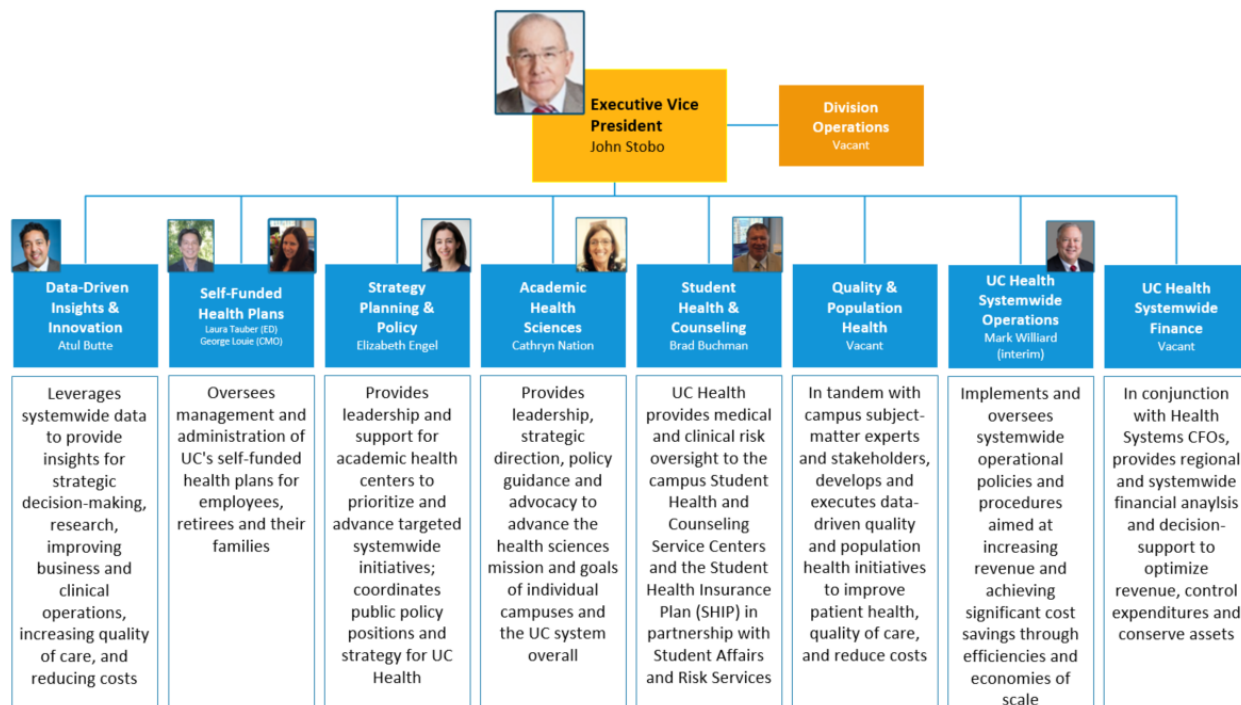
Innovation and Entrepreneurship



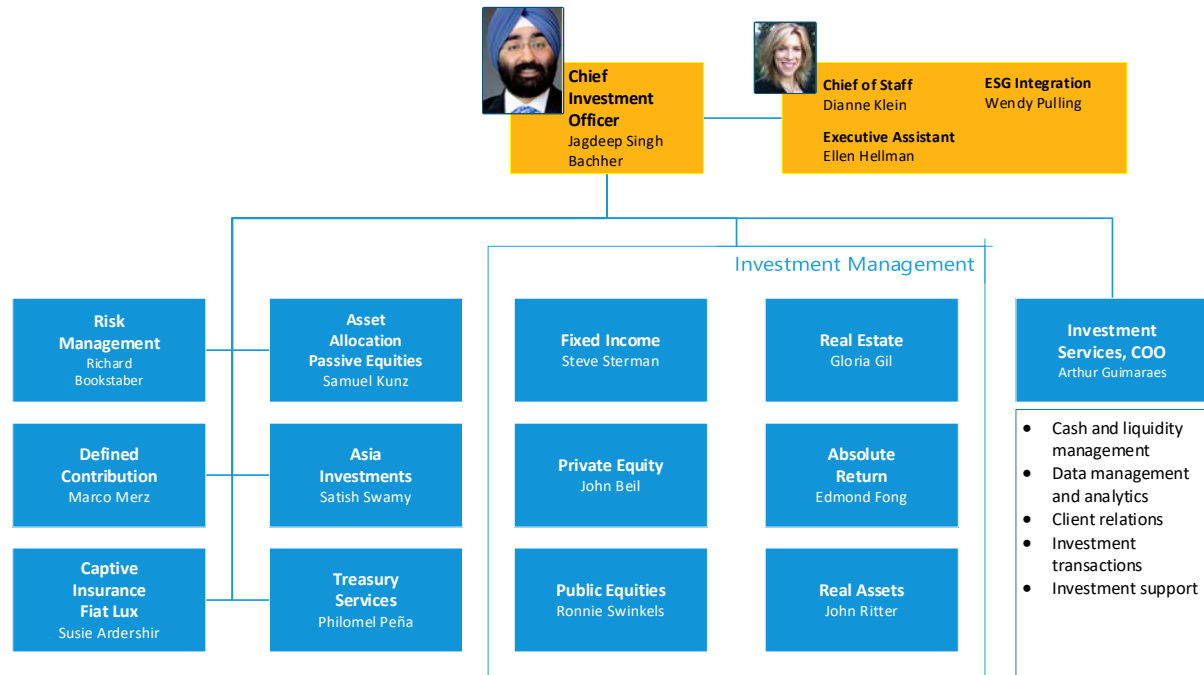
Secretary and Chief of Staff to the Regents



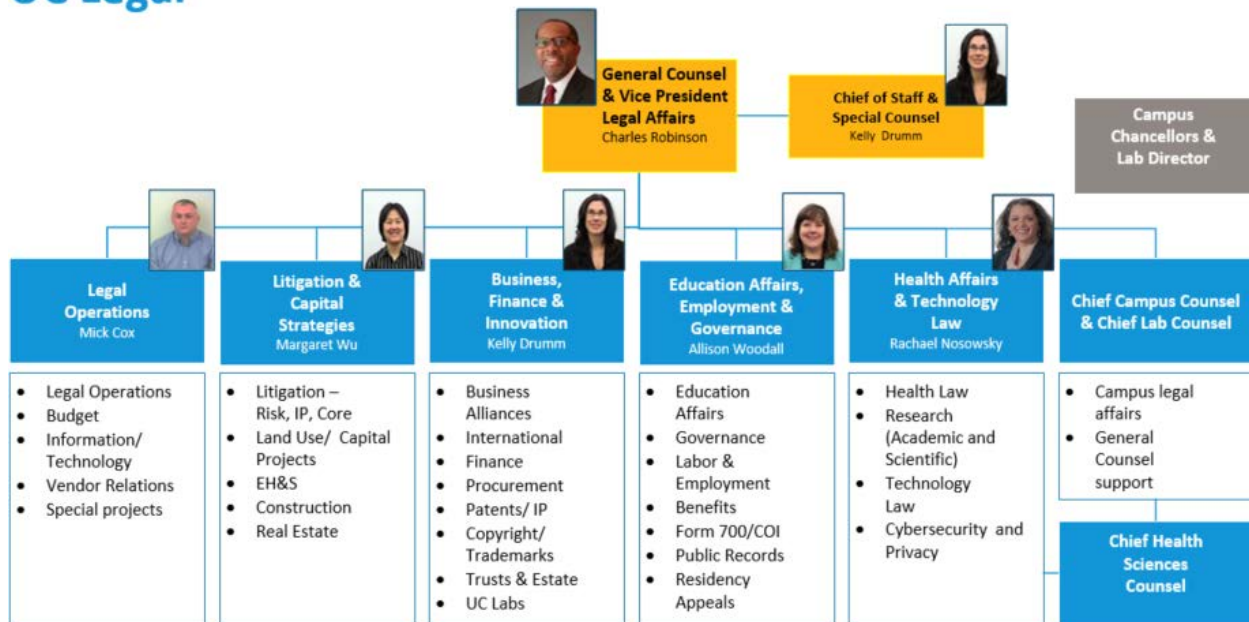
UC Health



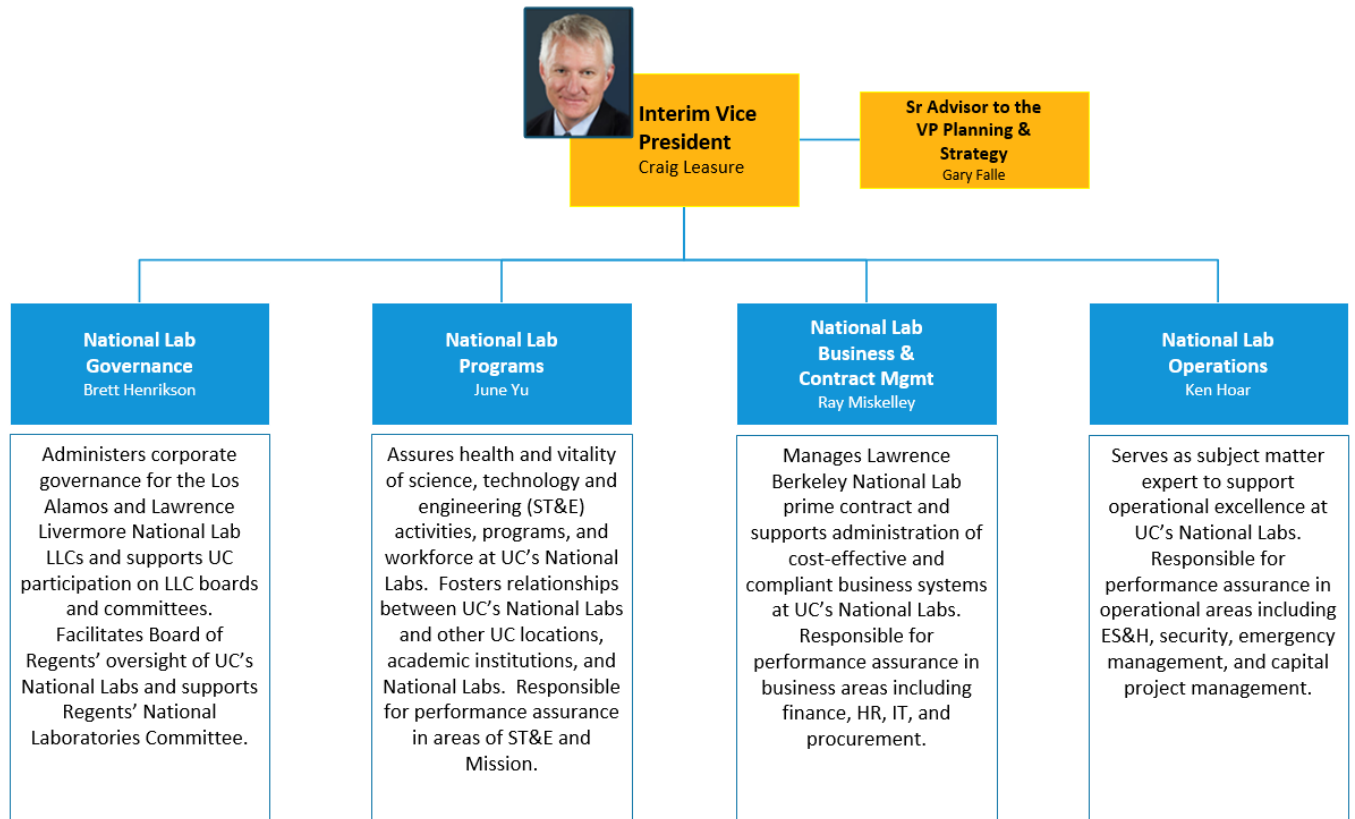
UC Investments



UC Legal



UC National Laboratories



APPENDIX 3: FY19-20 PRESIDENTIAL INITIATIVES

The following provides a description of each UC Presidential Initiative including how it furthers the mission of the University.

#	Presidential Initiative	FY18-19 Budget	FY19-20 Budget	Increase/ (Decrease)
1	Carbon Neutrality Initiative (CNI)	\$ 900,000	\$ 1,380,383	\$ 480,383
2	Global Food Initiative (GFI)	250,000	496,000	246,000
3	Presidential Public Service Fellowship	82,000	168,142	86,142
4	Public Service Law Fellowships	3,920,000	5,080,000	1,160,000
5	UC-Mexico Initiative	770,000	0	(770,000)
6	UC National Center for Free Speech and Civic Engagement	1,000,000	565,000	(435,000)
7	Undocumented Students Initiative – UCIMM ¹	900,000	0	(900,000)
Sub-Total Presidential Initiatives		\$ 7,822,000	\$ 7,689,525	
Remaining Balance		-	132,475	132,475
Total Budget Presidential Initiatives		\$ 7,822,000	\$ 7,822,000	\$ 0

¹ In FY19-20, the State will directly fund the UCIMM at \$1.3 million per year and UCOP support for the UCIMM and Campus Student Services and Financial Aid will be combined into the Undocumented Students Campus Program.

1. **Carbon Neutrality Initiative (CNI)**

The Carbon Neutrality Initiative (CNI) launched in 2013, committing UC to emit net zero greenhouse gases from its buildings and vehicle fleet by 2025 – something no other major university system has done. This initiative advances the **public service** component of the University’s mission by helping both California and the world to curb the forces that are driving global warming. This initiative also furthers the University’s mission to provide **instruction** by giving undergraduate and graduate students the opportunity to study issues and fund student-generated projects that support the UC system’s carbon neutrality goal through its Carbon Neutrality Student Fellowship Program. By bringing together a Global Climate Leadership Council to advance both teaching and research about climate change and sustainable business practices, this initiative also furthers the **instruction** and **research** components of the University’s mission.

2. **Global Food Initiative (GFI)**

The Global Food Initiative (GFI) was launched in 2014 to address how to sustainably and nutritiously feed a world population expected to reach 8 billion by 2025. By working to increase food access and security among communities across the ten UC campuses, this initiative furthers the **public service** component of the University’s mission. This initiative also furthers the University’s mission to provide **instruction** by giving undergraduate and graduate students the opportunity to study issues such as food security and food waste through the GFI Fellowship Program. Additionally, by conducting systemwide studies about UC student food access and security through the Healthy Campus Network, and by providing development-oriented graduate students from multiple UC campuses the opportunity to engage in planning and implementing projects related to international food systems and agriculture, this initiative furthers the **research** component of UC’s mission.

3. **Presidential Public Service Fellowship**

The Presidential Public Service Fellowship launched in FY15-16. This need-based fellowship catalyzes student interest in public service careers and encourage more undergraduate students to apply for public service internships in D.C. and Sacramento. By providing educational opportunities to UC students and encouraging students to become agents of change in the public arena, this initiative advances UC's **instruction** and **public service** mission components.

4. **Public Service Law Fellowships**

The Public Service Law Fellowship launched in FY16-17 to support approximately 425 summer and 60 post-graduate fellowships annually at all four UC law schools for students pursuing opportunities in public service. Post-graduate fellowships provide up to \$45,000 for graduates entering public service plus an additional \$2,500 to help defray bar-related costs. Summer fellowships provide approximately \$4,000 to subsidize summer public interest law jobs. The second UC National Public Service Law Conference was held in March 2019 to showcase important legal scholarship and practice and contribute to the national conversation on public interest law. By making post-graduate work and summer positions accessible for students who want to pursue public service legal careers, this initiative advances UC's **instruction** and **public service** missions.

5. **UC-Mexico Initiative**

The UC-Mexico Initiative launched in FY13-14 to enhance UC's relationships with academia, government, and the private sector in Mexico and create the ability for UC to respond quickly to emerging issues. By supporting academic and student exchanges and collaborating with Mexican universities, governmental agencies, and foundations on projects pertaining to arts and culture, education, energy, the environment, and public health, this initiative furthers the **instruction** and **research** components of UC's mission. Going forward, the Initiative is broadening into a systemwide program encompassing UC-Mexico, UC Mexus and Casa de California, and will no longer be classified as a Presidential Initiative.

6. **UC National Center for Free Speech and Civic Engagement**

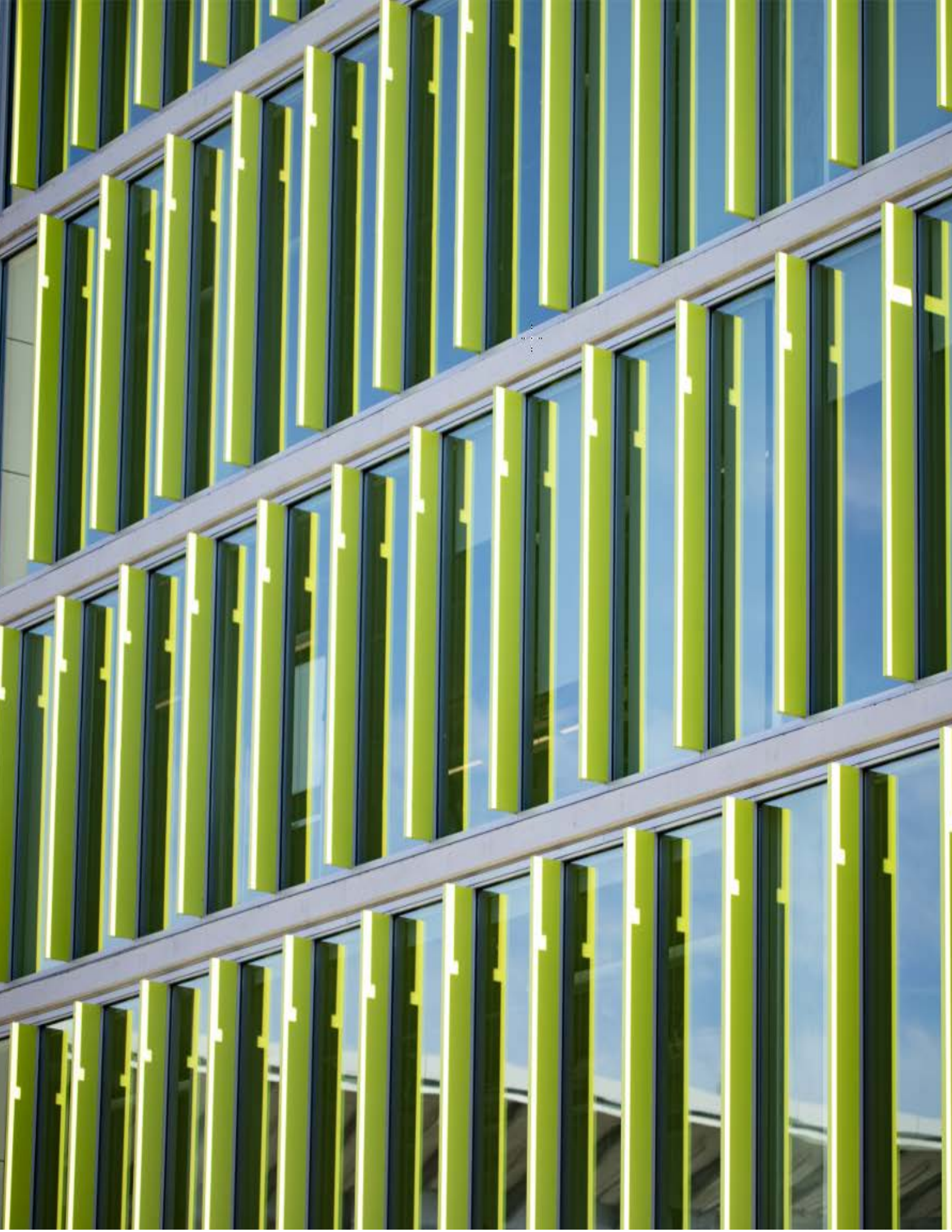
The UC National Center for Free Speech and Civic Engagement launched in FY17-18 to explore how the fundamental democratic principles of free speech and civic engagement must adapt to the challenges and opportunities of modern society. By bringing together people of various academic and experiential background from across the country to inform free speech and civic engagement policies on college campuses, in State legislatures, and in Washington, D.C., this initiative furthers the **public service** mission of the University. Through this initiative, the UC National Center for Free Speech and Civic Engagement supports a fellowship program wherein fellows research First Amendment issues and present their findings at a national conference. The output of this Center also furthers the **research** component of the University's mission.

7. **Undocumented Students Initiative**

Launched in FY16-17, this purpose of this initiative is to strengthen programs and services aimed at improving access and success for undocumented students at the University through support for the UCIMM at UC Davis, support for Campus Student Services and Financial Aid, and the DREAM Loan Program. This initiative furthers the **instruction** component of UC's mission by lowering barriers to entry into the UC system for undocumented students. By enabling every campus to provide support services for undocumented students, this initiative also advances the **public service** component of UC's mission. Beginning in FY19-20, the State will directly fund the UCIMM at \$1.3 million per year and UCOP support for the UCIMM and Campus Student Services and Financial Aid will be combined into the Undocumented Students Campus Program.

APPENDIX 4: KEY TO ACRONYMS

Acronym	Description
AAU	Association of American Universities
ANR	Agriculture and Natural Resources
BCP	Budget Change Proposal
CAS	Central and Administrative Services
COO	Chief Operating Officer
CSA	California State Auditor
CSU	California State University
EBC	Executive Budget Committee
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GFOA	Government Finance Officers Association
GO Bond	General Obligation Bond
HSI	Hispanic Serving Institutions
HR	Human Resources
Incr/(Decr)	Increase/(Decrease)
IT	Information Technology
LANL	Los Alamos National Laboratory
LBNL	Lawrence Berkeley National Laboratory
LLNL	Lawrence Livermore National Laboratory
NACUBO	National Association of College and University Business Officers
SAPEP	Student Academic Preparation and Academic Partnerships
SPF	Strategic Priorities Fund
SUNY	State University of New York
TRDRP	Tobacco-Related Disease Research Program
UC	University of California
UCDC	University of California Washington Center
UCNL	University of California National Laboratories
UCOP	University of California Office of the President



UCOP FY19-20 BUDGET ADDENDUM IN RESPONSE TO THE FINAL STATE BUDGET AND INPUT FROM THE JUNE UC GOVERNANCE COMMITTEE MEETING

The FY19-20 State of California budget was enacted in June 2019. For the University of California Office of the President (UCOP), the state budget holds direct state fund appropriations flat to FY18-19 levels for UCOP, Agriculture and Natural Resources (ANR) and UCPATH. The budget also continues to enable UCPATH to use a fee-for-service model as was deployed in FY18-19. UCOP is explicitly precluded from using a campus assessment model to support UCOP operations.

The proposed FY19-20 budget of **\$941.7 million** is the outcome of a rigorous evaluation of all funding sources and uses, and was developed through collaboration with and endorsement by the UCOP Executive Budget Committee, the Academic Senate and the UC Chancellors. Funding sources included in the \$941.7 million plan included \$18.6 million now known not to be available to UCOP, as per the approved state budget.

The UCOP FY19-20 total budget originally assumed incremental state funding totaling \$11.3 million:

- \$6.5M increase for the UCOP general budget
- \$3.2M increase for ANR
- \$1.6M increase for UCPATH

The UCOP unfunded request for \$11.3 million represents 1.2 percent of the total proposed budget of \$941.7 million; by comparison, UC systemwide incurred a \$183 million shortfall in requested state funds or 0.5 percent of the total systemwide budget of \$36.5 billion.

In addition, the UCOP budget included \$7.3M in a campus assessment, supported by all campus Chancellors. The impact of these two changes result in a total fund source deficit of \$18.6 million in the UCOP FY19-20 budget.

To address the \$18.6M budget gap, UCOP proposes the following changes to sources of funds:

- Replace the requested increase of \$1.6M in State General Funds for UCPATH with an increase to the service fee; and
- Utilize the entire \$11.8M in forecasted unrestricted fund balances. This will bring forecasted unrestricted fund balances to \$0.

The result above leaves a remaining \$5.2 million budget deficit. UCOP commits to finalizing the unrestricted fund balances as part of the fiscal year-end close process and identifying specific actions to balance the budget by eliminating the remaining deficit.

AMENDED PRESIDENT'S RECOMMENDATION

The President recommends the Board of Regents approve a total FY19-20 UCOP budget of **\$941.7M**, assuming UCOP will address the changes in funding as noted in the addendum above.

Schedule C - 1: Designated Funds Detail *

*Note - Restricted Funds are restricted for specific purposes by external, third parties (see page 10 of Attachment 1 for more information), therefore additional descriptions are not captured here

Budget by Programs and Initiatives

Programs and Initiatives

\$ in millions

	FY19-20 Budget	Unrestricted Funds		Restricted Funds	Designated by	Description of Designation	Notes
		Undesignated	Designated				
PROGRAMS AND INITIATIVES							
Campus Program	\$ -	\$ -	\$ -	\$ -			
State/Federal Programs							
Agriculture and Natural Resources (ANR)	178.7	0.3	107.0	71.4	Systemwide/State Budget	Budget bill specifically designates this funding for ANR (\$75M); other funding such as sales & service income and program revenues are UC designated	
California Breast Cancer Research Program	12.8	-	-	12.8			
California Subject Matter Project (CSMP)	8.6	0.2	5.0	3.4	Systemwide	State General Funds allocated as a set-aside for the CSMP program	
Gaining Early Awareness and Readiness for Undergraduate Programs	3.5	-	-	3.5			
Graduate Medical Education	2.0	-	-	2.0			
Mathematics Diagnostic Testing Project (MDTP)	-	-	-	-			
Office of the National Laboratories (UCNL)	5.4	-	5.4	0.0	Regents	Lab fee income (DOE), designated by the Regents based on the annual spending plan for the labs	
Other State/Federal Programs	0.5	0.5	-	(0.0)			
Tobacco-Related Disease Research Program (TRDRP)	76.2	-	-	76.2			
UC Research Initiatives: Cancer Research Coordinating Committee (CRCC)	2.3	-	-	2.3			
Subtotal - State/Federal Programs	290.1	1.0	117.4	171.7			
Systemwide Program							
California HIV/AIDS Research Program (CHRP)	8.8	-	8.8		Systemwide	State General Funds allocated as a set-aside for the HIV/AIDS research	
Eligibility in the Local Context (ELC)	1.0	1.0	-				
Historically Black Colleges and Universities (HBCU) Fellowship Initiative	1.8	1.0	0.8		Systemwide	State General Funds allocated as a set-aside for faculty diversity	
Historically Black Colleges and Universities (HBCU) Summer Research Initiative	1.8	1.0	0.8		Systemwide	State General Funds allocated as a set-aside for faculty diversity	
Innovative Learning Technology Initiative (Online Education)	9.0	-	9.0		Systemwide	State General Funds allocated as a set-aside for ILTI	
Natural Reserve System (NRS)	3.0	1.9	-	1.1			
Other Systemwide Programs	2.4	2.3	0.1	0.1	Systemwide	Fee-for-service funds collected from high schools for transcript evaluation services	
San Joaquin Valley PRIME program	1.9	1.9	1.9	-	Systemwide	State General Funds allocated as a set-aside for medical education (PRIME)	
SAPEP	1.9	0.4	-	-			
SAPEP - ASSIST	2.2	4.3	0.9	0.9	Systemwide	State General Funds allocated as a set-aside for SAPEP	
SAPEP - Mathematics, Engineering, Science Achievement (MESA)	4.3	7.5	-				
UC Astronomy Programs: UC Observatories (UCO)	7.5	14.6	-				
UC Astronomy Programs: W.M. Keck Observatory (Keck)	14.6	-	-				
UC Institute for Mexico and the United States (UC MEXUS)	-	-	-				
UC Press	23.9	1.0	22.9		Systemwide	Revenue generated from the sale of books and journals, used for the operations of UC Press	
UC Research Initiatives: Laboratory Fees Research Program (LFRP)	14.9	-	14.9		Regents	DOE lab fees set aside via the Regents-approved spending plan for the lab-campus research program	
UC Research Initiatives: Multi-Campus Research Programs and Initiatives (MRPI)	8.0	7.9	0.1	(0.0)	Systemwide	Funds set aside for administrative overhead on research initiatives	
UC Washington Center (UCDC)	8.2	1.6	6.6	0.0	Systemwide	Fee-for-service funds collected for the operations of UCDC from student fees, conferences and dorm rentals	
Valley Fever Research	2.9	-	2.9	-	Systemwide	State General Funds allocated as a set-aside for Valley Fever research	
Subtotal - Systemwide Program	118.2	46.5	69.6	2.1			
TOTAL USES	\$ 408.2	\$ 47.5	\$ 187.0	\$ 173.7			

Schedule D - 1: Designated Funds Detail*

*Note - Restricted Funds are restricted for specific purposes by external, third parties (see page 10 of Attachment 1 for more information), therefore additional descriptions are not captured here

Budget by Division and Sub-Division

Central and Administrative Services

\$ in millions

	FY19-20 Budget	Unrestricted Funds			Restricted Funds	Designated by	Description of Designation
		Undesignated	Designated				
CENTRAL AND ADMINISTRATIVE SERVICES USES							
Academic Affairs							
Academic Personnel and Programs	\$ 29.4	\$ 24.3	\$ 2.4	\$ 2.8	Systemwide	State General Funds set-aside for Faculty Diversity (\$750K); fee-for-service funds collected from 3rd parties for service agreements in CDL (\$1.6M)	
Diversity and Engagement	0.8	0.6	-	0.3			
Immediate Offices	6.5	6.5	0.0	-			
Institutional Research and Academic Planning	4.1	4.1	0.0	-			
Research and Graduate Studies	7.9	5.2	2.7	-	Systemwide	Fee-for-service funds designated for patent administration	
Student Affairs	9.7	8.3	1.3	0.0	Systemwide	Fee-for-service funds collected from participants for conferences (\$450K) and from students for the writing placement exam (\$850K)	
Subtotal - Academic Affairs	58.5	\$ 49.0	\$ 6.5	\$ 3.1			
Ethics & Compliance	7.3	7.3	-	-			
External Relations & Communications							
Alumni and Constituent Affairs	0.7	0.2	0.5	-	Systemwide	Endowment cost recovery funds designated for fundraising and development	
Executive Communications & Engagement	0.8	0.8	-	-			
Federal Government Relations	2.8	2.2	0.7	0.0	Regents	DOE Lab fee funding for federal government relations	
Immediate Office	0.6	0.8	(0.1)	(0.1)			
Institutional Advancement	2.0	-	2.0	-	Regents/Systemwide	Lab Fees for LBNL and LLNL Foundations; Endowment cost recovery funds designated for fundraising and development	
Legislative Analysis	0.8	0.8	-	-			
Marketing and Communications	6.3	3.8	1.7	0.8	Systemwide	Endowment cost recovery funds designated for fundraising and development	
Media Relations	0.9	0.9	-	0.1			
State Government Relations	2.9	2.9	-	-			
Subtotal - External Relations & Communications	17.8	12.3	4.7	0.8			
Finance							
Budget Analysis and Planning	2.3	2.3	-	-			
Capital Asset Strategies & Finance	12.4	5.5	6.9	-	Systemwide	Fee-for-service for bond and home loan program operations(\$4.4M); and set-aside for capital planning(\$2.2M)	
Financial Accounting	10.5	6.3	2.0	2.3	Systemwide	Fee-for-service for asset management and bond operations; lab admin funds for program operations	
Immediate Office	1.3	0.5	0.5	0.2	Systemwide	Fee-for-service for asset management and bond operations	
Risk Services	8.3	-	8.3	-	Systemwide	Fee-for-service for the management of UC's risk and insurance programs	
Strategic Sourcing/Procurement	10.9	10.7	0.2	-	Systemwide	Fee-for-service collected from CSU for procurement services	
Subtotal - Finance	45.7	25.3	18.0	2.5			
Innovation & Entrepreneurship	2.7	2.6	0.0	0.0			
Operations							
Energy and Sustainability	4.4	3.3	1.1	-	Systemwide	Fee-for-service for the administration of wholesale power and gas programs	
Immediate Office	1.1	0.5	0.0	0.7			
Information Technology Services	51.5	40.7	7.0	3.7	Systemwide	Fee-for-service funds for IT services	
Operational Expenses	8.0	6.6	1.4	-	Systemwide	Various designated funds set aside for equities and promotions across UCOP	
Strategic Program Management Office	1.8	1.8	-	-			
Systemwide Human Resources	48.2	7.2	0.0	41.0			
UCOP Operations	30.8	27.3	2.0	1.5	Systemwide	Endowment cost recovery funds designated for fundraising and development	
Subtotal - Operations	145.8	87.3	11.6	46.8			
President's Executive Office	4.6	4.2	0.3	0.1	Systemwide	Fee-for-service for asset management operations; lab admin funds for program operations	
Secretary of the Regents	3.6	3.6	-	-			
Systemwide Academic Senate	2.4	2.3	0.0	0.1			
UC Health							

	FY19-20 Budget	Unrestricted Funds		Restricted Funds	Designated by	Description of Designation
		Undesignated	Designated			
Self-Funded Health Plans	4.6	-	4.6		Systemwide	Fee-for-service for the administration of several self-funded plans (UC Care, Blue & Gold and Residents/Fellows plan)
UC Health Core	4.3	4.0	0.3		Systemwide	Fee-for-service from medical schools for the anatomical materials program
UC Healthcare Collaborative	20.2	-	20.2		Systemwide	Fee-for-service from the medical centers for key UC Health initiatives such as leveraging scale for value (LSV)
Subtotal - UC Health	29.1	4.0	25.1	-		
UC Investments	34.3	-	34.3		Systemwide	Fee-for-service to administrer the operations of the Office of the Chief Investment Officer
UC Legal	58.0	10.4	46.7	0.9	Systemwide	Fee-for-service to pay for legal resources housed or managed at UCOP
SUBTOTAL USES	\$ 409.8	\$ 208.3	\$ 147.3	\$ 54.3		
UCPath Center Operations	93.7	-	93.7	-	Systemwide/State Budget	Fee-for-service and State general funds specifically allocated for UCPC in the budget bill
TOTAL USES	\$ 503.5	\$ 208.3	\$ 240.9	\$ 54.3		

Schedule I - 1: Designated Funds Detail

UCOP Fund Balances by Fund Type^{1, 2, 3}

\$ in millions

	6/30/19			Designated by	Description of Designation
	Forecasted Balance	Commitments	Remaining Balance		
DESIGNATED					
Regents Designated					
DOE Laboratories ⁴					
LLC	\$ 2.5	\$ -	\$ 2.5	Regents	Regents approve annual spending plan
LBNL	14.0	-	14.0	Regents	DOE Lab fees for the operation of LBNL
Lab Fees Research	39.2	-	39.2	Regents	Regents approve annual spending plan
Housing Loan Programs	-	-	-	Regents	Regents approve balances and reserves
Programs and Initiatives					
UC Healthcare Collaborative	\$ 3.4	\$ -	\$ 3.4	Systemwide	Fee-for-service collected from UC medical centers for UC Health initiatives
California Digital Library	2.7	-	2.7	Systemwide	Fee-for-service from 3rd parties for CDL service agreements (with Google, DOE labs, etc)
ICAMP	5.6	3.0	2.6	Systemwide	GO Bond funds set-aside for the asset management program work
UC Washington Center	2.1	-	2.1	Systemwide	Fee-for-service for the operations of UCDC from student fees, space rentals and dorm rentals
Procurement Initiatives	1.7	-	1.7	Systemwide	Fee-for-service for CSU procurement work and P200 initiative
Writing Placement Exam	0.8	-	0.8	Systemwide	Fee-for-service collected from incoming students for the writing placement exam
Other	1.4	-	1.4	Systemwide	Fee-for-service from non-UC students for online courses; revenue from CASA; interest income on ANR funds
Central Services Designated					
Endowment cost recovery	8.5	-	8.5	Systemwide	Endowment cost recovery funds designated for fundraising and development
Energy and sustainability	5.5	-	5.5	Systemwide	Income from biogas facilities for operations; energy efficiency partnership funds
UC Path	0.0	-	0.0		
Other	1.0	-	1.0	Systemwide	Fee-for-service to support employee benefits administration
Sub-Total Designated	\$ 88.3	\$ 3.0	\$ 85.3		

¹ Fund balances are exclusive of Reserve amounts

² Systemwide and pass-through fund balances are excluded, such as health and welfare benefits balances, wholesale power program funds, systemwide procurement incentives and patent royalty income

³ Through additional reviews of fund designations, certain funds have shifted from Undesignated to Designated and from Designated to Restricted, such as health benefit and retirement funds which are restricted due to IRS oversight.

⁴ DOE Laboratories fund balances include DOE fee income from the three UC-run national labs, for lab oversight and building operations.

UCOP FY19-20 BUDGET ADDENDUM IN RESPONSE TO THE GOVERNOR'S MAY REVISE

The FY19-20 budget for the University of California Office of the President (UCOP) was submitted to the Board of Regents on May 6th, and assumed the following requests in State General Funds would be approved in the Governor's May Revised budget:

- Each of the three appropriated line items in the UCOP budget would receive an increase over the existing "base budget," commensurate with the Governor's January budget assumptions for the systemwide appropriation, for a total of \$11.3M:
 - \$1.6M increase for UCPATH
 - \$3.2M increase for Agriculture and Natural Resources (ANR)
 - \$6.5M increase for the UCOP general budget
- In addition, UCOP would utilize the existing fee-for-service model for the remaining UCPATH funding gap of \$39.7M and the former campus assessment model to fund the remaining \$7.3M unrestricted funding gap.

The Governor's May Budget Revise released on May 9th excluded the \$11.3M of the requested State General Funds. However, it did acknowledge that existing budget bill language permits the service fee for UCPATH but expressly does not permit a campus assessment for the remaining UCOP operations. The result of the May Revise is an \$18.6M funding deficit for the UCOP FY19-20 budget.

The proposed FY19-20 budget of **\$941.7M** was the outcome of a rigorous assessment of all funding sources and uses and was achieved through collaboration with and endorsement by the UCOP Executive Budget Committee and the UC Chancellors. However, in light of the current situation, UCOP proposes the following changes to sources of funds:

- Replace the requested increase of \$1.6M in State General Funds for UCPATH with an increase to the service fee
- Utilize the entire \$11.8M in forecasted unrestricted fund balances to replace the requested increase of \$9.7M in State General Funds, and offset \$2.1M of the campus assessment, bringing forecasted unrestricted fund balances to \$0

Regarding the remaining \$5.2M proposed campus assessment, the UC Chancellors have voiced their support for the replacing the State General Funds appropriation with the campus assessment. Pending Regents approval of the proposed FY19-20 budget, UCOP would, over the next few weeks, continue to work with the Department of Finance and the Legislature to request allowing the \$5.2M assessment.

If these efforts are not successful, UCOP will address the remaining unfunded \$5.2M in the budget through the quarterly forecast process and will commit to a balanced budget.

AMENDED PRESIDENT'S RECOMMENDATION

The President recommends the Board of Regents approve a total FY19-20 UCOP budget of **\$941.7M**, assuming UCOP will address the changes in funding as noted in the addendum above.

RESOLUTION

Pursuant to the *Policy on Security Clearance for Access to Federal Classified Information* adopted on March 29, 2012, and amended on December 30, 2015 and March 16, 2017, and this Resolution, the following named Key Management Personnel member as defined in Regents Policy 1600 shall not require, shall not have, and can be effectively excluded from access to all classified information and/or special nuclear material released to the Regents of the University of California until such individual is granted the required access authorization from the cognizant security agency. And, as a consequence of this Resolution, such individual does not occupy a position that would enable him to adversely affect the policies or practices of the University of California, or its subsidiary, regarding the performance of classified contracts for the United States Government.

NAME

TITLE

John A. Pérez

Chair of the Board of Regents

Additions shown by underscoring; deletions shown by strikethrough**SCHEDULE OF REPORTS TO THE REGENTS
[Pursuant to the Policy on Reports to Regents]****Amended ~~May-2018~~ July 2019****Month(s) Provided
to Regents****BOARD**

Annual University of California Accountability Report	July
UC Health Strategic Plan and Budget	November <u>May</u>
Health Systems Transactions Approved by Health Services Committee (<i>mbm</i>)	July

GOVERNANCE AND COMPENSATION COMMITTEE

Annual Reports on Executive Compensation for Calendar Year ___: (a) Incumbents in Senior Management Positions and (b) Deans and Certain Faculty Administrators (<i>mbm</i>) ¹	July
Annual Report on Compensated Outside Professional Activities for Calendar Year ___: Incumbents in Senior Management Positions	July
Semi-Annual Report on Outside Professional Activities Approved in the Preceding Six Month Period: Incumbents in Senior Management Positions (<i>mbm</i>)	January July
Annual Report on Compensated Outside Professional Activities for Calendar Year ___: Deans and Faculty Administrators (<i>mbm</i>)	January
Annual Compensation Monitoring Report for Calendar Year ___: Actions for Certain Athletic Positions and Coaches Systemwide (<i>mbm</i>)	July

COMPLIANCE AND AUDIT COMMITTEE

Biennial Report on Risk Management (<i>mbm</i>)	November
Annual Report on Use of Outside Counsel (<i>mbm</i>)	January
Annual Report on Settlements and Separation Agreements (<i>mbm</i>)	January

¹ *mbm*: Report is sent to all Regents as a mailing between meetings (*mbm*)

Bi-Monthly Report on New Litigation (mbm)	January March May July September November
Internal Audit Plan	July
Annual Review of External Audit of Hastings College of the Law (mbm)	March
<u>Summary of Results of the University's A-133 Audit Report on Financial Statements and Expenditures of Federal Awards in Accordance with Uniform Guidance (mbm)</u>	March
Annual Ethics and Compliance Plan	July
Annual Report on Ethics and Compliance	September
Annual Report of External Auditors for the Year Ended June 30, ____	November
Annual Report on Internal Audit Activities	November
ACADEMIC AND STUDENT AFFAIRS COMMITTEE	
Annual Report on Student Financial Support (mbm)	March
Annual Report on Undergraduate Admissions Requirements and Comprehensive Review (mbm)	March
Annual Report on Self-Supporting Professional Degree Programs (mbm)	August
Annual Accountability Sub-Report on Diversity at the University of California	May
University of California Technology Commercialization Report (mbm)	May
Annual Report on Implementation of Regents Policy on Student-Athletes and the Guiding Principles to Enhance Student-Athlete Welfare	September
FINANCE AND CAPITAL STRATEGIES COMMITTEE	
Annual Report on University Housing Assistance Programs (mbm)	January
University of California Financial Reports	November
Annual University of California Retirement Plan-Actuarial Valuation Report	November

Annual Actuarial Valuation of the University of California Retiree Health Benefit Program	November
Annual Report on Debt Capital and External Finance Approvals (mbm)	January <u>February</u>
Annual Report on Major Capital Projects Implementation (mbm)	October
Ten-Year Consolidated State and Non-State <u>Capital Financial Plan</u>	November
Significant Information Technology Projects	March July (mbm) November (mbm)

HEALTH SERVICES COMMITTEE

University of California Medical Centers Reports (mbm)	March <u>June</u> November
Annual Report on Health Sciences Compensation Plan Participants' Compensation that Exceed the Reporting Threshold (mbm)	November
Annual Report on Student Health and Counseling Centers and UC Student Health Insurance Plan (mbm)	March

INVESTMENTS ~~SUB~~ COMMITTEE

Annual Endowment Investment Report (mbm)	December
Annual Report of the Chief Investment Officer	September
Annual Report on UC Ventures	September

PUBLIC ENGAGEMENT AND DEVELOPMENT COMMITTEE

Annual Report on Private Support, Major Donors, and Namings and Endowed Chairs	November
Annual Report on Sustainable Practices	January