The Regents of the University of California

FINANCE AND CAPITAL STRATEGIES COMMITTEE
November 13, 2024

The Finance and Capital Strategies Committee met on the above date at the UCSF–Mission Bay Conference Center, San Francisco campus and by teleconference meeting conducted in accordance with California Government Code §§ 11133.

Members present: Regents Cohen, Elliott, Kounalakis, Lee, Makarechian, Matosantos, Pérez, Sherman, and Sures; Ex officio members Drake and Reilly; Advisory members Brooks, Cheung, and Komoto; Chancellors Hawgood, Larive, and May and Interim Chancellor Hunt; Staff Advisor Frias

In attendance: Regent Robinson, Secretary and Chief of Staff Lyall, General Counsel Robinson, Chief Compliance and Audit Officer Bustamante, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Rubin, Interim Senior Vice President Turner, Chancellors Khosla, Lyons, and Yang, and Recording Secretary Johns

The meeting convened at 10:50 a.m. with Committee Chair Cohen presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes the meeting of September 18, 2024 were approved, Regents Cohen, Drake, Kounalakis, Lee, Makarechian, Matosantos, Pérez, Reilly, Sherman, and Sures voting "aye."[1]

2. CONSENT AGENDA

A. *Bank Line Program: External Financing*

The President of the University recommended that the President be authorized to obtain, renew, extend, replace and utilize external financing for any University-related purpose through one or more bank lines or similar instruments in an amount not to exceed $1.5 billion in principal amount available.

B. *Rancho Bernardo Healthcare Center Medical Office Building, San Diego Campus: Design Following Adoption of a Mitigated Negative Declaration Pursuant to the California Environmental Quality Act*

The President of the University recommended that, following review and consideration of the environmental consequences of the proposed Rancho Bernardo

1 Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code §11123(b)(1)(D)] for all meetings held by teleconference.

Healthcare Center Medical Office Building project, as required under the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:

(1) Adopt the Mitigated Negative Declaration for the Rancho Bernardo Healthcare Center Medical Office Building project.

(2) Adopt the Mitigation Monitoring and Reporting Program prepared for the project and make a condition of approval the implementation of all mitigation measures within the responsibility and jurisdiction of UC San Diego.

(3) Adopt the CEQA Findings for the Rancho Bernardo Healthcare Center Medical Office Building project.

(4) Approve the design of the Rancho Bernardo Healthcare Center Medical Office Building project, San Diego campus.

C. ***La Jolla Medical Center Tower 2, San Diego Campus: Preliminary Plans Funding***

The President of the University recommended that:

(1) The 2024–25 Budget for Capital Improvements and the Capital Improvement Program be amended to include:

San Diego: La Jolla Medical Center Tower 2 – preliminary plans – $110 million, to be funded from external financing.

(2) The President be authorized to obtain external financing in an amount not to exceed $110 million plus additional related financing costs to finance the La Jolla Medical Center Tower 2 project and declare that external financing may be used to reimburse prior expenditures. The President shall require that:

a. As long as the debt is outstanding, the general revenues of UC San Diego Health shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

b. The general credit of the Regents shall not be pledged.

c. Any reimbursements will meet all requirements set forth in Treasury

Regulations Section 1.150-2.

D. ***East Campus Student Housing, Santa Barbara Campus: Preliminary Plans Funding***

The President of the University recommended that the Regents amend the 2024–25 Budget for Capital Improvements and the Capital Improvement Program to include the following project:

Santa Barbara: East Campus Student Housing – preliminary plans – $16.49 million from campus funds.

E. ***Central Utility Plant Modernization and Expansion Project, UC Davis Health, Sacramento Campus: Budget, Scope, External Financing, and Design Following Adoption of Findings Pursuant to the California Environmental Quality Act***

The President of the University recommended that:

(1) The 2024–25 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Davis: Central Utility Plant Modernization and Expansion – preliminary plans for the entire project, and working drawings, construction, and equipment for the Advanced Work Phase – $66 million to be funded from hospital reserves.

To: Davis: Central Utility Plant Modernization and Expansion – preliminary plans, working drawings, construction, and equipment – $406 million to be funded from external financing.

(2) The scope of the Central Utility Plant Modernization and Expansion project be approved. The project involves constructing a 33,000-gross-square-foot annex to support hospital functions and critical utility equipment, including hydronic systems, emergency generators, and electrical switchgear. It will also add a new Sacramento Municipal Utility District (SMUD) feed, extend and relocate utilities, and construct new roadways, traffic signals, and sidewalks. Additionally, a modular trailer will be installed to serve as the project's design and coordination office for the duration of the project.

(3) The President be authorized to obtain external financing in an amount not to exceed $406 million plus additional related financing costs to finance the Central Utility Plant Modernization and Expansion project and declare that external financing may be used to reimburse prior expenditures. The President shall require that:

a. Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.

b. As long as the debt is outstanding, the general revenues of UC Davis Health shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

c. The general credit of the Regents shall not be pledged.

d. Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.

(4) Following review and consideration of the environmental consequences of the Central Utility Plant Modernization and Expansion project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:

a. Adopt CEQA Findings for the Central Utility Plant Modernization and Expansion project, having considered the previously certified Central Utility Plant Expansion Final Environmental Impact Report (EIR).

b. Make a condition of approval the implementation of applicable mitigation measures within the responsibility and jurisdiction of UC Davis as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the Central Utility Plant Expansion EIR.

c. Approve the design of the Central Utility Plant Modernization and Expansion project.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Committee Chair Cohen briefly introduced the items.

Upon motion duly made and seconded, the Committee approved the President's recommendations and voted to present them to the Board, Regents Cohen, Drake, Elliott, Kounalakis, Lee, Makarechian, Matosantos, Pérez, Reilly, Sherman, and Sures voting "aye."

3. **COGENERATION PLANT EQUIPMENT REPLACEMENT, LOS ANGELES CAMPUS: BUDGET AMENDMENT AND EXTERNAL FINANCING**

The President of the University recommended that:

A. The 2024–25 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Los Angeles: Cogeneration Plant Equipment Replacement – preliminary plans, working drawings, and construction – $62 million to be funded from campus funds.

To: Los Angeles: Cogeneration Plant Equipment Replacement – preliminary plans, working drawings, and construction, – $82.5 million to be funded by external financing.

B. The President shall be authorized to approve external financing (Century Bonds 2012AD) in an amount not to exceed $82.5 million, plus additional related financing costs to finance the Cogeneration Plant Equipment Replacement project and declare that external financing may be used to reimburse prior expenditures. The President shall require that:

(1) As long as the debt is outstanding, the general revenues of the Los Angeles campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

(2) The general credit of the Regents shall not be pledged.

(3) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Interim Chancellor Hunt introduced the item, a request for a $20.5 million increase to the approved budget for the Cogeneration Plant Equipment Replacement project. The project was originally approved under a delegation of authority in October 2022 with a total budget of $62 million funded from campus funds. Construction began in January 2024 and was ongoing. As the proposed revised budget was now $82.5 million, Regents' approval was required for the budget augmentation. In addition, the campus was requesting $82.5 million in external financing from previously issued century bond proceeds. UCLA's cogeneration plant provides an essential source of electricity, chilled water, and steam for the UCLA campus and the UCLA Ronald Reagan Medical Center. The Cogeneration Plant Equipment Replacement project was initiated in response to stricter emissions limits imposed by the South Coast Air Quality Management District (South Coast AQMD) which took effect on January 1, 2024. These emissions limits were beyond the capability of the cogeneration plant's existing turbine technology and required replacement with modern, compliant, and more efficient engines. Interim Chancellor Hunt drew attention to the fact that this investment was not inconsistent with the campus' decarbonization plan. The Cogeneration Plant Equipment Replacement project would provide an important bridge for implementation of UCLA's decarbonization plan. Even after that implementation, the plant would remain an integral part of UCLA's plan for resilience and reliability.

Associate Vice Chancellor Peter Hendrickson explained that the new emissions reduction standards, which went into effect on January 1, necessitated the replacement of the two existing cogeneration plant turbines as well as associated emission controls and carbon monoxide and selective catalytic reduction features with equipment that could meet the more stringent criteria. Noncompliance with the new standard is subject to citations of up to $50,000 a day.

In anticipation of the new emissions reduction standard, UCLA initiated a study in November 2021 to replace both turbines for compliance and mechanical purposes. The study was completed in May 2022. UCLA then ordered the equipment and defined the project scope concurrently by submitting a permit request to the South Coast AQMD in June 2022, and the project was originally approved with a total budget of $62 million funded from campus funds in October 2022. The project was anticipated to start construction in 2023, but the South Coast AQMD permit review period extended throughout 2023, thus requiring UCLA to pursue and receive a one-year extension to meet the new standards. The project began demolition and abatement in late 2023 with the objective of replacing the first engine by the fourth quarter of 2024 and the second engine by the fourth quarter of 2025.

The project was currently on schedule to meet these milestones. Key challenges to the project included the phased replacement of components while continuing to operate the plant with the residual equipment to serve the power, chilled water, and steam needs of the campus and medical center. The South Coast AQMD made regulatory changes as late as April 2024 which necessitated significant equipment modifications to comply with stricter nitrogen oxide (NOx) emissions limits imposed during the permitting process. The project faced unexpected site conditions such as additional lead abatement and increased complexity in plant controls related to the new equipment requirements. This combination of factors, along with inflation in labor and materials costs, led to the project cost increase of $20.5 million, which included approximately $10.5 million related to the increase in the contractor's guaranteed maximum price, approximately $6.3 million in South Coast AQMD compliance costs, and an increased contingency of approximately $3.7 million to address potential cost increases during project execution and to manage any further unforeseen impacts. In the near term, the new, more efficient turbines were projected to save roughly $1 million per month in utility costs and would reduce carbon emissions by 11 percent by leveraging modern technology. The new turbine technology also provided the opportunity to work on increasing the amount of hydrogen as a fuel source when such supply is available. The project would also serve as a critical backup power supply to support campus and medical center reliability and resiliency as part of the future decarbonization plan.

Regent Makarechian commented that the changes to the project were largely the result of labor cost increases and the “guaranteed maximum price,” which appeared to be meaningless in this case. He asked how UCLA had arrived at this situation. Mr. Hendrickson responded that this was partly due to delay in approval by the South Coast AQMD. Initially, the approval was to occur in early 2023, but there were issues with like for like specifications, which UCLA addressed with a software fix, but this delayed the project almost a year. As mentioned earlier, the South Coast AQMD also changed NOx emissions standards in April 2024, and this affected the type and complexity of the equipment that UCLA would have to install. There were many late changes that the contractor was required to address.

Regent Makarechian reiterated his concern about the guaranteed maximum price for this project. Committee Chair Cohen asked how the contract was structured so that the contractor could make a claim for a higher amount. Mr. Hendrickson responded that there were changes in equipment type and a delay in the schedule. The mobilization, installation, and type of equipment was changed significantly by the South Coast AQMD.

Committee Chair Cohen asked if the bid was only valid as long as the project began within a specific time frame. Mr. Hendrickson responded in the affirmative; both schedule and scope of the work changed.

Regent Pérez asked if the contract included explicit time frames to which the guaranteed maximum price was limited. If so, he asked what the time frames were. Mr. Hendrickson responded in the affirmative. The contract terms were to complete and install the first unit by the end of 2023.

Regent Pérez stated that the contractor’s inability to complete a project on time should not relieve the contractor of the price limit. Mr. Hendrickson responded that the agreement was predicated on an approved permit to construct which was held by the South Coast AQMD.

Regent Pérez asked why no one informed the Regents about this delay involving the South Coast AQMD. The Regents would have been able to provide help in navigating this situation toward a timely outcome. He expressed his understanding of Regent Makarechian’s frustration about the guaranteed maximum price.

Upon motion duly made and seconded, the Committee approved the President’s recommendation and voted to present it to the Board, Regents Cohen, Drake, Elliott, Kounalakis, Lee, Pérez, Reilly, and Sherman voting “aye,” Regent Makarechian voting “no,” and Regent Sures abstaining.

4. **CAL SOFTBALL FIELD RENOVATION, BERKELEY CAMPUS: AMENDMENT OF BUDGET, EXTERNAL FINANCING, SCOPE, AND DESIGN FOLLOWING CERTIFICATION OF AN ENVIRONMENTAL IMPACT REPORT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

The President of the University recommended that:

A. The 2023–24 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Berkeley: Levine-Fricke Softball Field Improvements – preliminary plans, working drawings, and construction – $31.48 million, to be funded from campus ($27,903,000) and gift funds ($3,577,000).

To: Berkeley: Cal Softball Field Renovation Project – preliminary plans, working drawings, construction, and equipment – $57.95 million, to be funded from campus funds ($24,883,000), gift funds ($3,577,000), and external financing supported by campus funds ($29.49 million).

B. The scope of the Cal Softball Field Renovation project be approved. The project shall provide permanent spectator seats and concourse, a press box, competition-grade lights, restrooms, a public address system, expanded playing field dimensions to meet National Collegiate Athletic Association Division I standards, team locker rooms, improved training facilities, a ticket booth, an entry plaza, and circulation improvements along Centennial Drive.

C. The President be authorized to obtain external financing in an amount not to exceed $29.49 million plus additional related financing costs to finance the Cal Softball Field Renovation project and declare that external financing may be used to reimburse prior expenditures. The President shall require that:

(1) Interest only, based on the amount drawn, shall be paid on the outstanding balance during the construction period.

(2) As long as the debt is outstanding, the general revenues of the Berkeley campus shall be maintained in amounts sufficient to pay the debt service and to meet the related requirements of the authorized financing.

(3) The general credit of the Regents shall not be pledged.

(4) Any reimbursements will meet all requirements set forth in Treasury Regulations Section 1.150-2.

D. Following review and consideration of the environmental consequences of the Cal Softball Field Renovation project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:

(1) Certify the Environmental Impact Report for the Cal Softball Field Renovation project.

(2) Adopt the Mitigation Monitoring and Reporting Program for the Cal Softball Field Renovation project and make as a condition of approval the implementation of mitigation measures within the responsibility and jurisdiction of the Berkeley campus.

(3) Adopt the CEQA Findings and Statement of Overriding Considerations for the Cal Softball Field Renovation project.

(4) Approve the design of the Cal Softball Field Renovation project, Berkeley campus.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chancellor Lyons began his remarks by asserting UC Berkeley's and the UC system's unwavering commitment to gender equity on campus. This project would improve the athletic facilities used by female student athletes and therefore support the campus' commitment to gender equity across its athletics program. The project would upgrade the existing softball facility to meet modern safety and National Collegiate Athletic Association Division I competition standards including improved field dimensions, training facilities, team locker rooms, permanent spectator seating, and access improvements. The facility would also allow UC Berkeley to host postseason competition. Over the past several months, UCB has provided additional information to the Regents about the factors that affected the cost of this project. The revised budget also included a contingency. If the project is approved by the Regents, the campus anticipated going out to bid in early January 2025. Construction would likely begin in April or early May, immediately following this academic year's softball season.

Regent Pérez asked what percentage of UCB female student athletes were softball players. UC Berkeley Director of Athletics Jim Knowlton responded that there were 35 players out of a total of about 400 athletes, or less than ten percent.

Regent Pérez stated his support for this project but noted that it was not being brought before the Regents in an ideal form. The Regents felt frustration about how this project had progressed to this point. In part, this situation was due to earlier decisions made about men's sports teams without fully thinking through the implications for athletics and equity in general. This project had become much more costly than it might have been otherwise, and some of these monies might have been used for even more impactful investments in women's athletics.

Regent Reilly encouraged the Berkeley campus to make a concerted effort to raise more philanthropic funding for this project and to present an attractive opportunity for donors and softball supporters.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Cohen, Drake, Elliott, Kounalakis, Lee, Makarechian, Pérez, Reilly, Sherman, and Sures voting "aye."

5. **SAN BENITO STUDENT HOUSING, SANTA BARBARA CAMPUS: PRELIMINARY PLANS FUNDING AMENDMENT, SCOPE, LONG RANGE DEVELOPMENT PLAN AMENDMENT #7 AND DESIGN FOLLOWING CONSIDERATION OF AN ADDENDUM TO THE 2010 LONG RANGE DEVELOPMENT PLAN ENVIRONMENTAL IMPACT REPORT PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT**

The President of the University recommended that:

A. The 2024–25 Budget for Capital Improvements and the Capital Improvement Program be amended as follows:

From: Santa Barbara: San Benito Student Housing – preliminary plans – $19.15 million to be funded from campus funds.

To: Santa Barbara: San Benito Student Housing – preliminary plans – $32,076,000 to be funded from campus funds.

B. The scope of the San Benito Student Housing project be approved. The project shall provide approximately 718,900 gross square feet for approximately 2,238 beds for undergraduate students and resident professional staff in seven buildings ranging from two to eight stories. The project would also provide community amenities and a retail food market, restored Environmentally Sensitive Habitat Area, and improved bicycle and pedestrian connections to the UC Santa Barbara Main Campus. The scope includes removal of the foundations of the former Facilities Management yard.

C. Following review and consideration of the environmental consequences of the San Benito Student Housing project, as required by the California Environmental Quality Act (CEQA), including any written information addressing this item received by the Office of the Secretary and Chief of Staff to the Regents no less than 48 hours in advance of the beginning of the Regents meeting, testimony or written materials presented to the Regents during the scheduled public comment period, and the item presentation, the Regents:

(1) Adopt the CEQA Findings for the San Benito Student Housing project, having considered both the 2010 Long Range Development Plan (LRDP) Environmental Impact Report (EIR) for the Santa Barbara Campus and Addendum No. 5 to the 2010 LRDP EIR for the San Benito Student Housing project.

(2) Adopt as conditions of approval the implementation of applicable

mitigation measures within the responsibility and jurisdiction of the Santa Barbara campus as identified in the Mitigation Monitoring and Reporting Program adopted in connection with the 2010 LRDP EIR.

(3) Approve Amendment No. 7 to the 2010 Long Range Development Plan.

(4) Approve the design of the San Benito Student Housing project.

(5) Authorize the UC Santa Barbara Chancellor to amend the LRDP, if required, in response to comments received from the California Coastal Commission, provided that any changes: 1) preserve the fundamental planning principles and objectives of the previously adopted LRDP; 2) do not modify greater than 30,000 gross square feet of allocated building space; and 3) do not modify land use boundaries or designations greater than four acres, except for changes required for additional environmental or coastal protections that may apply campuswide. Any associated changes to the project budget or scope that fall within the parameters in Regents Policy 8103, Policy on Capital Project Matters and/or Delegation of Authority 2629 on Capital Project Matters, including any conforming changes to the project's design, may be approved by the President or designee.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chancellor Yang introduced the item, which proposed the construction of approximately 2,238 new undergraduate student beds in apartment-style housing on the Santa Barbara main campus. This project would help the campus make progress toward the housing goals as expressed in the 2010 Long Range Development Plan. The item sought approval of additional preliminary plans funding. The campus hoped to return to the Regents in January 2025 for approval of the project budget, consistent with the construction cost at similar UC campuses and for similar UC housing projects.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Cohen, Drake, Elliott, Kounalakis, Lee, Makarechian, Pérez, Reilly, Sherman, and Sures voting "aye."

6. **UNIVERSITY OF CALIFORNIA CONSOLIDATED CAPITAL REPORT AND 2024–30 CAPITAL FINANCIAL PLAN**

The President of the University recommended to the Regents that the University of California 2024–30 Capital Financial Plan be approved.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Executive Vice President and Chief Financial Officer Brostrom recalled that, in previous years, the Regents received three separate reports related to the University's capital program. The first was a major capital implementation report, which provided an overview of capital projects at the end of the prior fiscal year. The second was an update on the Integrated Capital Asset Management Program, which reviewed deferred maintenance needs in the UC system, and the seismic safety program. The third report was the University's six-year Capital Financial Plan outlining the University's future plans for new construction.

In response to Regents' feedback and a request for a more integrated perspective, the Office of the President (UCOP) consolidated these reports into a single document, the UC Consolidated Capital Report. The report included systemwide summary information followed by individual chapters and sections for each of the campuses, medical centers, Agriculture and Natural Resources, and the Lawrence Berkeley National Laboratory. Henceforth, this consolidated report would be provided every November.

Associate Vice President David Phillips briefly outlined the process of the Capital Financial Plan, project approval, and active projects and reporting. The current Capital Financial Plan had a total of almost $31 billion in projects with funding identified. He noted that there was a growing list of projects without funding listed in the appendix. Last year, 165 projects were approved totaling almost $4 billion. The University had over 400 active projects totaling almost $21 billion. Last year, UC completed 139 projects totaling $1.4 billion.

Mr. Phillips presented a chart showing project budget approvals in fiscal year 2023–24 and noted that this did not include real estate transactions, which were significant last year for UC Health. The Regents approved 11 of these major capital projects, only about ten percent, but importantly, these projects accounted for 70 percent of the project budgets. He believed that the University had achieved an appropriate balance in delegated authority for some capital projects.

UC's progress had been less impressive in renewal and deferred maintenance needs. Over the last year, the backlog of renewal and restoration needs grew by over $1 billion. Some of this was due to inflation and the remainder due to the identification of new projects during the year. The University was assessing all its space types, but most needs were in the State-eligible facilities.

With respect to seismic safety policy, the University has continued to make good progress in reducing the backlog of noncompliant space. Since 2021, noncompliant space in UC-owned facilities had decreased from 47 million square feet to 40.9 million square feet, a reduction of 13 percent. Nevertheless, this process remained challenging due to the level of funding available. An important tool in addressing UC's seismic need has been to carry out more detailed assessments, which have shown that many buildings are compliant and not in need of retrofits. UC identified 33 such buildings last year, and overall, about 118 such buildings. Mr. Phillips thanked the Regents for encouraging UCOP to review the UC Seismic Safety Policy. UCOP had reviewed feedback from the Regents and the campuses, and the previous day, November 12, President Drake had signed off on a new Seismic Safety Policy that took this into account. The Policy now requires all UC locations to reduce their backlog of noncompliant space by four percent per year and applies to all UC-occupied space, including critical care facilities, leased space, and UC-owned buildings. The Policy would address the highest priorities and needs first.

Mr. Phillips then presented a chart with a breakdown of UC's occupied space by type of space and seismic safety compliance status. The vast majority of critical care facilities owned by UC needed upgrades by 2030, per State law. In UC-owned buildings other than critical care facilities, about one-third of space was noncompliant and continued to be a high priority. A smaller fraction of leased space was noncompliant, but the University had been spending a disproportionate amount of time on leases and trying to work with landlords to upgrade spaces where the University is a minority tenant. The new Seismic Safety Policy considered all these together and required campuses to take a holistic look at reducing seismic risk.

This item requested Regents' approval of the Capital Financial Plan, which would be submitted to the State. Approval of the Plan did not constitute approval of individual projects. Any project above $70 million must be approved by the Regents, as well as any project below that amount which is not adequately described in the Capital Financial Plan. As in previous years, capital projects in the Plan were placed in three main categories: Education and General, Auxiliary Enterprises, and Medical Centers.

Mr. Brostrom recalled that between 2001 and 2010, UC received over $3.6 billion in capital support from the State in general obligation and lease revenue bonds. Since 2011, there had been only one approval of lease revenue bonds for about $342 million. A new funding mechanism was developed through Assembly Bill 94 in 2012, and this has provided more than $1 billion in financing. The mechanism allows UC to use part of its State appropriation toward its own debt service. The University has also received direct appropriations from the State. Some of this support, about $700 million, has been for discretionary use, primarily for deferred maintenance and seismic safety, while some support addressed State goals for student enrollment and housing. Mr. Brostrom stressed that identification of consistent and reliable sources for capital restoration and renewal remained one of the greatest challenges for the University.

Mr. Brostrom concluded by presenting examples of recently completed capital projects. The UCSF BayFront Medical Building includes ambulatory surgery, urgent care, adult primary, secondary, and multi-specialty clinics, and a pharmacy. The project came in five percent or $16 million under budget. The UC Berkeley Undergraduate Academic Building, approved by the Regents in September 2022 (formerly referred to as the Evans Hall Replacement Building or Academic Replacement Building), would open in the next fiscal year and would include 27 classrooms, advising space, informal study areas and an auditorium. It was also the first structure at UC Berkeley constructed with mass timber, which was a lighter, safer, and more energy-efficient alternative to traditional construction. The UC Santa Cruz Kresge College Academic Center opened in fall 2023. It houses multiple departments, faculty offices, multipurpose classrooms, a state-of-the-art computer laboratory, and a 600-seat lecture hall. UCSC was now in Phase II of the rebuilding of Krese College, which was designed by Charles Moore and William Turnbull in 1973. The new construction would accommodate 600 additional students at the Santa Cruz campus. The UC Riverside School of Medicine Education Building II, approved by the Regents in 2021, has enabled UCR to expand its M.D. program from 80 students to 125 students per cohort. Mr. Brostrom also mentioned the UC Davis “Big Shift” infrastructure program and UC Berkeley Helen Diller Anchor House, which provides housing for transfer students.

Regent Pérez referred to the comment made earlier about UC spending a disproportionate amount of time on working with landlords to upgrade spaces where the University is a minority tenant. He raised the issue of how the University balances compliance with State seismic safety standards versus UC standards. He recalled that UCLA struggled to find a home for its Labor Center downtown, where there were no spaces that met UC standards. There was a tradeoff between compliance with UC policy and targeted services to communities. As UC Health expanded its reach, there were implications for leased facilities that were compliant with State standards but not with UC standards. There might be artificial impediments to expansion of UC ambulatory care services in underserved communities. Mr. Phillips responded that the University struggles with precisely these questions when it considers leases and lease renewals. The Seismic Safety Policy allows exceptions when reviewed and found to be appropriate. UCLA Health had a number of leased facilities in Santa Monica. Over the years, UCLA spent a significant amount of money to improve these facilities, but they were not compliant with the Seismic Safety Policy. It would not make sense for UCLA to move out of these spaces. UCLA would not find other facilities that serve its needs, and UCLA Health’s competitors would move right into these same spaces. There needed to be some flexibility in applying the Policy.

Regent Pérez reiterated his concern about new UC Health facilities and UC’s ability to be nimble enough to make evaluations in real time and to avoid artificial impediments to being able to serve communities. Mr. Brostrom responded that UC grants waivers for new leases. Especially in the case of medical office buildings, owners would not carry out upgrades, but a medical center might very much want to provide services in that geographical area and request an exception. In these cases, UC would grant exceptions for buildings with Seismic Performance Ratings of V and VI, but not VII.

Upon motion duly made and seconded, the Committee approved the President’s recommendation and voted to present it to the Board, Regents Cohen, Drake, Elliott, Kounalakis, Lee, Makarechian, Pérez, Reilly, Sherman, and Sures voting “aye.”

7. UNIVERSITY OF CALIFORNIA FINANCIAL REPORTS, 2024

The President of the University recommended that the Regents adopt the 2023–24 Annual Financial Reports for the University of California, the University of California Retirement System, and the five University of California Medical Centers.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Associate Vice President and Systemwide Controller Barbara Cevallos commented that the University's financial highlights for fiscal year 2024 were led by medical center acquisitions. The acquisitions by UCSF were finalized in August and so would be reflected in the 2025 financial reports. Another highlight was strong investment performance with net investment gains. Some of the variability in financial results from year to year was the result of the financial market's impact on the pension and pension reporting requirements under the Governmental Accounting Standards Board. Tuition revenue remained stable while the auxiliary revenues grew in line with UC initiatives to expand campus housing. While operating expenses, led by salaries and benefits, slightly outpaced operating revenues, strong investment gains made up the difference, resulting in a positive net position for the University in fiscal year 2024. Employee salaries and benefits were the major expense drivers and would continue to increase in the coming years. Future commitments requested by the State in the University's Compact with the Governor as well as the outcomes of collective bargaining agreements will have significant impact on UC revenues and expenses from primary activities in the coming years. As a result, continued focus on budget containment and alternative revenue sources was necessary.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Cohen, Drake, Elliott, Kounalakis, Makarechian, Pérez, Reilly, Sherman, and Sures voting "aye."

8. **UNIVERSITY OF CALIFORNIA 2025–26 BUDGET FOR CURRENT OPERATIONS AND STATE REQUEST FOR CAPITAL PROJECTS**

The President of the University recommended that the Regents approve the following items:

A. The amount shown in Display 1 for Nonresident Supplemental Tuition for incoming undergraduate nonresident students who first enroll at the University in the 2025–26 academic year.

B. The proposed budget plan shown in Attachment 1, *University of California 2025–26 Budget Plan for Current Operations*.

C. A request for one-time State funding of $1.36 billion in 2025–26 for capital projects to support facilities renewal, enrollment growth, and clean energy.

Display 1: Proposed Increase to Undergraduate Nonresident Supplemental Tuition

NRST for 2024-25 Incoming Cohort	*Adjustment*	Proposed NRST for 2025-26 Incoming Cohort
$34,200	$3,402	$37,602

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Executive Vice President and Chief Financial Officer Brostrom drew attention to the fact that this item included three separate actions. The first was approval of Nonresident Supplemental Tuition (NRST) for the incoming cohort of undergraduate nonresident students. Currently, enrolled nonresident students would continue to pay the fees they have been paying. The second action was approval of the University's proposed Budget Plan for 2025–26, and the third was approval of UC's request for much-needed one-time State support for capital projects.

The campuses had now submitted their final enrollment data for the 2023–24 academic year. The University has met undergraduate enrollment growth expectations outlined as part of the Compact and the 2024 State Budget Act. UC campuses enrolled over 6,500 additional full-time equivalent (FTE) students in 2023–24, which was in addition to the growth of 1,250 students in 2022–23. This was consistent with the two-year growth goal of 7,800 FTE. The Berkeley, Los Angeles, and San Diego campuses were also on track to reduce their overall nonresident enrollment to 18 percent and were projected to reach this goal by 2027–28.

In its 2024 Budget Act, the State had to address a $48.6 billion deficit in the current fiscal year and a $28.6 billion deficit in fiscal year 2025–26. The Budget Act included language reflecting proposed funding levels for the University through 2027–28. The State signaled the intention to reduce the University's budget by over $270 million next year. UC would receive a restoration of the $125 million cut this year but would still experience an approximately 5.6 percent reduction in State support. Combined with ongoing increases in salaries and benefits, this would result in a fiscal impact to the University exceeding $500 million. State revenues for the 2023–24 budget year were higher than projected, and revenues for the 2024–25 fiscal year were about $5.2 billion higher than projected. However, under the terms of the 2024 Budget Act, the first $5 billion in excess revenues must flow to K–14 schools under an obligation negotiated by the State Legislature. While the University would continue to hope for better revenues, it was most likely that one would seek to mitigate rather than eliminate a cut in State support.

Associate Vice President Caín Diaz recalled that fees paid by nonresident undergraduates at UC were about $7,000 lower than those paid by nonresident students at the University of Virginia and about $11,500 lower than these fees at the University of Michigan. One might argue that the cost of living was higher in California than in these other states; nevertheless, the total cost of attendance at a UC campus for nonresident undergraduates was lower than at these comparator institutions. Students at UC were graduating with less debt than students at most Association of American Universities (AAU) public institutions. Among UC nonresident undergraduates, the share of students graduating with debt declined from about 33 percent in 2010 to 13 percent today. The average debt at graduation for these students, adjusted for inflation, was also declining. In its proposal for undergraduate NRST, the Office of the President (UCOP) wanted to ensure that prospective nonresident students who are considering UC as an option see that the total cost of attendance at a UC campus is favorable compared to other institutions. The 20 percent return-to-aid component built into NRST as part of the Tuition Stability Plan further supported affordability for nonresident undergraduates.

The University's 2025–26 Budget Plan was divided into three main elements: expenditures, revenues, and one-time funding for capital projects. The expenditure components of the budget reflected ongoing investments in four broad categories. The first was sustaining core operations. This category captured the expected increases in the upcoming year. As for most research universities, these increases were generally associated with compensation and benefits for faculty and staff. The second expenditure category was enrollment growth, with expectations consistent with UC's Compact with the Governor. The third category, student financial aid, remained a priority, including new resources to provide more students with a debt-free pathway toward a UC degree. The fourth category was a request for State support for three new programs: DDS-ASPIRE, PRIME-Rx, and DVM-SERVE. These were graduate health sciences programs in dentistry, pharmacy, and veterinary medicine that were consistent with Compact goals. The second main element of the Budget Plan, the revenue and cost-saving component, reflected ongoing support expected to be generated. The third main element was a request for $1.36 billion in one-time funds to address the campuses' highest-priority projects related to facilities renewal, enrollment growth, and clean energy, which were all permitted investments under the Compact beyond the five percent base budget adjustment.

An approximately $340 million increase in expenditures would be necessary to sustain core operations. Most of this was related to compensation and benefits for active employees and benefits for retirees. Some of the cost increases were effectively mandatory, such as the faculty merit program and existing collective bargaining agreements. The Budget Plan would also increase the University's employer contribution to the UC Retirement Plan (UCRP) to 15 percent.

Consistent with the Compact, the Budget Plan included the estimated cost of increasing enrollment by one percent and over $100 million in additional student financial aid. About $14 million of that increase would come from enrollment growth, but most would come from the return-to-aid from new tuition and fee revenues. The University would continue expanding access to a debt-free pathway for students from low-income families, combined with the planned expansion of the State's Middle Class Scholarship. Over 41,000 incoming resident undergraduates would receive aid to provide debt-free pathways.

The Budget Plan included $33 million in new resources from the University's efforts to achieve further savings from procurement contracts, improving the return on the portion of the University's working capital, and slightly higher nonresident enrollment at campuses where nonresident students were currently less than 18 percent of total enrollment. The Budget Plan envisioned $280 million in new State support consistent with the Compact, and this included the five percent base budget adjustment; new funding for California resident undergraduates in lieu of nonresidents at three campuses: Berkeley, Los Angeles, and San Diego; and funding for the graduate health sciences programs mentioned earlier.

Finally, the Budget Plan included $241 million in total new tuition and fee revenues from enrollment growth and the University's Tuition Stability Plan. Of that amount, $144 million would support campus operations and $98 million would be used to enhance the University's financial aid programs. These projected revenues also reflected the proposed increase to undergraduate NRST of $3,402 for incoming undergraduate nonresident students.

If State funding consistent with the multi-year Compact materializes, the University would generate sufficient revenues to fully cover expected cost increases on core funding. However, if the State approved the reduction that was signaled in this year's Budget Act, the University would face a gap of over $500 million between incremental expenditures and incremental revenues. Specifically, the $280 million in new State funding shown in the Budget Plan would be removed and, in addition, UC would experience a reduction of about $271 million in State support. In that case, the University would need to take further steps to control costs, focus limited resources on activities most directly related to UC's highest-priority needs, and continue to develop alternative revenue sources to close the remaining gap over time.

Mr. Brostrom commented that despite the State budget situation, UCOP believed that it was important that the University continue to request one-time funding for capital needs in support of enrollment growth in the construction of classrooms and laboratories, for improving energy efficiency, and to address seismic safety and deferred maintenance, especially since the University was not included in the November 2024 Proposition 2, bonds for public school and community college facilities, which was approved by California voters.

Mr. Brostrom concluded his remarks by noting that UCOP meets with the UC Student Association (UCSA) to discuss priorities. UCSA's budget priorities for 2025–26 were the phased implementation of the Cal Grant equity program, expanded food security programs, particularly for undocumented and international students, additional funding for disability services, and ongoing work to improve the process and infrastructure for transfer students, with better articulated pathways.

Student observer Miguel Craven voiced students' concerns about the proposed increases to NRST. UC was more accessible and affordable than other State university systems. Accessibility and affordability were important values for the University, not just for California residents, but for students from throughout the U.S. and the world. The increase in NRST might discourage out-of-state students from enrolling at UC. He hoped that the University would consider how to continue supporting nonresident students and how to mitigate the tuition increase. Mr. Craven expressed enthusiasm about the proposed capital renewal and seismic safety programs. The expansion of food security programs for undocumented and international students was an important objective. The University must try to provide these students with the resources they need and ensure their safety as they continue their education at UC. He conveyed UCSA's support for the health sciences programs that had been mentioned. The DVM-SERVE program in veterinary education would have a positive impact at UC Merced. Mr. Craven asked that students and staff be included in discussions about saving money and specific budget decisions, with a focus not on which programs to cut but on what UC wants to protect.

Regent Pérez commended the presentation of the Budget Plan for its clarity and transparency. He referred to a chart from the presentation showing student debt at graduation at AAU institutions and the fact, mentioned earlier, that the percentage of nonresident undergraduate students graduating with debt had declined from 32.5 percent in 2010 to 13 percent in 2023. This might be a misleading statistic. The University did not provide many aid programs for these students, and this shift in percentages did not mirror the pattern for California resident students graduating without debt. Even though UC might be more affordable than the Universities of Michigan and Virginia, it might be out of reach for students who need financial aid, and UC might be disproportionately enrolling out-of-state students whose families have the means to cover the total cost of attendance. This seemed problematic. If there was an academic benefit in having out-of-state students on campus, and the State wished to maintain these students below a certain percentage of total enrollment, this benefit should be spread among the campuses. UC admits students on a need-blind basis. The University should work to ensure that its out-of-state and international students come from a variety of income levels. Mr. Diaz responded that UC had data on nonresident students by income levels. For students with family income below $60,000, debt at graduation had declined from $41,000 to $27,000 today. He believed that the campuses effectively provided resources, especially in the form of return-to-aid, to enable them to enroll students from all backgrounds. Mr. Brostrom added that, nevertheless, the nonresident student population tended to be wealthier. Nonresident students could not receive Cal Grants, and international students did not qualify for Pell Grants. The University only provided the 20 percent return-to-aid from NRST for these students.

Regent Pérez suggested that UC review the family income levels of international and out-of-state students annually to ensure that this group is not skewed and does not reflect economic barriers. Mr. Brostrom noted that 70 percent of financially independent nonresident students graduated with debt, but the average debt was only $40,000.

Committee Chair Cohen asked that this information be included in presentations, so that the Regents have information about the student body and nonresident students before making decisions on next year's budget. Mr. Brostrom responded that this information and information on affordability would be provided.

Regent Elliott asked what percentage of incoming freshmen at the Berkeley, Los Angeles, and San Diego campuses were nonresident students. Mr. Diaz responded that this ranged from 20 percent to 22 percent.

Regent Beharry stated that the Regents should have a discussion about encouraging the development of online education as a way of reducing costs. He asked about Chief Investment Officer Bachher's view of the University's liquidity and working capital in case there was a gap of over $500 million in the next year. Mr. Brostrom responded that he had discussed with Mr. Bachher the approach of including a portion of the returns from working capital in the operating budget: four percent from the Total Return Investment Pool (TRIP), all of the Short Term Investment Pool (STIP), and five percent from the Blue and Gold Pool. In years when there are higher returns, UCOP would advise the campuses to use these funds for one-time capital needs such as deferred maintenance, for which it was difficult to secure philanthropy or State support.

Regent Beharry expressed frustration about the fact that the University had been meeting the terms of the Compact by reducing the enrollment of nonresident students, but the State might not cover this loss of revenue to UC. Mr. Brostrom responded that the University would monitor the Governor's budget actions in January 2025. UC would continue to pursue most of the other goals of the Compact regardless of funding, such as enrollment growth, reducing equity gaps, and reducing time to degree. The replacement of nonresident students by resident students had a significant financial impact.

Regent Matosantos asked about communication with the Governor's administration about enrollment growth and its impact on revenues, and how UC would navigate the period of State budget development in January through July. Mr. Brostrom responded that this year would be more challenging for UC advocacy. The University would be attentive to State action on buyouts of nonresident tuition. UC sends out offer letters to potential students in March, and students make decisions about enrollment before the May Revision and before there are good revenue estimates.

Regent Matosantos expressed her misgivings about the uncertainty of State funding and asked about UC's planning and timing of campus budgets, consideration of various scenarios, and the possibility of receiving early signals from the State about the status of funding. Mr. Brostrom responded that the campuses were assuming that the full cut would take place. Almost every campus had already started a process of making reductions this year in anticipation of 2025–26. Much of this activity involved position control and vacancy management, and these actions needed to begin now in order to build up to the extent of the budget cut, especially if the University were to maintain a reasonable salary program in 2025–26.

Regent Matosantos asked when the Regents would receive information on the campus budgets. Chancellor May responded that the Davis campus would be able to present its budget at the May 2025 meeting. Chancellor Larive added that the Santa Cruz campus was in a similar situation.

Regent Matosantos asked about possible risks and implications with respect to Medicaid and Medicare Advantage as well as any major upcoming negotiations with health plans. Mr. Brostrom responded that, at a recent meeting with the medical center chief executive officers, a daunting list of potential actions and vulnerabilities was discussed, including site-neutral payment policies, reductions in the premium subsidies for the Affordable Care Act, and cuts to Medicare supplements.

Committee Chair Cohen seconded Regent Matosantos' request for briefings on campus budget plans. It would be useful for the Regents to receive this information at the March and May 2025 meetings. Mr. Brostrom responded that this could be provided, with some campuses reporting in March, and others in May.

Staff Advisor Frias asked about the projected expenditure of $170 million to hire and retain policy-covered faculty and staff. Mr. Brostrom responded that this projection assumed a five percent increase in State support. This was one of the few flexible expenses, and UCOP and the campuses might revisit this projection depending on the development of the State budget.

Ms. Frias asked how the projection might change, and, if a reduction took place, if the reduction would be the same for faculty as for staff. Mr. Brostrom responded that the University has done this in the past, but UC might make different decisions.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Cohen, Drake, Elliott, Lee, Matosantos, Pérez, Reilly, Sherman, and Sures voting "aye" and Regent Kounalakis abstaining.

9. **ANNUAL ACTUARIAL VALUATIONS FOR THE UNIVERSITY OF CALIFORNIA RETIREMENT PLAN AND ITS SEGMENTS AND FOR THE 1991 UNIVERSITY OF CALIFORNIA-PUBLIC EMPLOYEES' RETIREMENT SYSTEM VOLUNTARY EARLY RETIREMENT INCENTIVE PROGRAM**

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Executive Vice President and Chief Operating Officer Nava presented highlights of the 2024 valuation of the UC Retirement Plan (UCRP). The UCRP paid out $5 billion in benefits to 89,000 retirees during the 2024 year. The rate of return on a market basis was 12.9 percent, but only 7.7 percent was recognized on an actuarial basis due to five-year asset smoothing and to the recognition of losses in 2021 and 2022. The UCRP was 84.7 percent funded on a market basis and 82.5 percent on an actuarial basis; these figures were improvements over the prior year. The unfunded liability remained close to what it had been the prior year, about $20 billion. The total funding policy contribution decreased, and this was primarily due to the action taken by the Regents in November 2023 to increase the employer contributions in order to reach full funding sooner. Full funding of the UCRP was now projected to occur in 17 years rather than 24 years.

Segal Representative Todd Tauzer commented that in the last ten years, the funded ratios for the UCRP had only increased a modest amount, even though the UCRP had experienced higher returns than expected on a market value basis during this period. One reason for this was the decreasing total funding policy contribution. More important was the fact that there had been significant changes in actuarial assumptions over the last ten years with respect to expected returns and "generational mortality," the expectation that UCRP members and retirees would live longer. Due to these two factors, assumptions were more conservative now than ten years ago. This was the case for retirement plans across the U.S. Plans were moving to more conservative assumptions, recognizing that the current and ongoing economic and demographic environment differed from the past. This has led to calculations of liabilities about 20 percent higher on average than ten years ago; this was based only on changes in assumptions, not any other factors. Mr. Tauzer concluded that, even though the UCRP funded ratio had not increased very much over the prior year, the UCRP was on a stronger footing from the perspective of assumptions.

10. **ANNUAL ACTUARIAL VALUATION OF THE UNIVERSITY OF CALIFORNIA RETIREE HEALTH BENEFIT PROGRAM**

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Executive Vice President and Chief Operating Officer Nava presented highlights of the UC Retiree Health Benefit Program valuation. There were 51,000 participants, retirees and survivors, in the 2024 plan year. The total cash cost on a pay-as-you-go basis was $386 million for fiscal year 2023–24. The University was projecting an increase in cash cost in fiscal year 2024–25 of about 11 percent to $428 million, primarily due to increases in health benefit costs as well as an increase in the retiree population accessing benefits. The Program's liability was $20.4 billion, a decrease from the prior year and primarily due to an increase in the discount rate, currently at 3.93 percent per year based on the index rate for 20-year tax-exempt general obligation municipal bonds. Ms. Nava recalled that UC retiree health benefits are not accrued or vested benefits.

11. **REPORT OF BUDGET TO ACTUAL EXPENDITURES FOR FISCAL YEAR 2023-24 FOR THE OFFICE OF THE PRESIDENT AND FIRST QUARTER FISCAL YEAR 2024–25 RESULTS**

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

This information item was not discussed.

The meeting adjourned at 12:25 p.m.

Attest:

Secretary and Chief of Staff

University of California

Attachment 1

2025-26 Budget Plan for Current Operations

(dollars in millions)

2024-25 CORE FUNDS FOR CURRENT OPERATIONS

Total Core Funds (State General Funds, Student Tuition and Fees, and UC General Funds)	**$**	**10,758.3**

PROPOSED CHANGES IN EXPENDITURES

Sustaining Core Operations		
Faculty compensation: policy-covered	$	80.1
Faculty merit program	$	36.0
Staff compensation: policy-covered	$	69.5
Contractually committed compensation	$	51.2
Represented academic employees	*$*	*36.9*
Represented staff employees	*$*	*14.3*
Retirement contributions	$	19.4
Employee health benefits	$	40.4
Retiree health benefits	$	11.3
Non-salary price increases	$	35.9
Subtotal	***$***	***343.7***
Enrollment Growth		
Compact: 2,044 CA undergrad, 625 grad*	$	62.8
Subtotal	***$***	***62.8***
Student Financial Aid		
New enrollment (2,044 undergrad, 625 grad)	$	14.2
Add'l 902 aid-eligible undergrads (NR swap)	$	4.0
Tuition/Fee/NRST Adjustments	$	83.5
Subtotal	***$***	***101.6***
Additional High-Priority Investments		
DDS-ASPIRE, PRIME-Rx, DVM-SERVE	$	4.3
Subtotal	***$***	***4.3***
EXPENDITURES TOTAL	**$**	**512.5**

PROPOSED CHANGES IN REVENUE / RESOURCES

Alternative Revenue Sources		
Procurement savings	$	9.0
Asset management	$	20.0
Nonresident enrollment growth (200), net	$	4.2
Subtotal	***$***	***33.2***
State General Funds		
5% Base Budget Adjustment	$	242.8
Convert 902 nonresident to resident slots	$	32.9
Offset lost nonresident tuition revenue	*$*	*28.9*
Aid for add'l 902 eligible undergrads	*$*	*4.0*
DDS-ASPIRE, PRIME-Rx, DVM-SERVE	$	4.3
Subtotal	***$***	***280.1***
Tuition and Fees		
For campus operations		
Enrollment growth (net of aid)	$	31.1
Nonresident tuition reduction from swap	$	(28.9)
Tuition/Fee Adjustment (net of aid)	$	83.3
Nonresident tuition adjustment (net of aid)	$	58.1
For student financial aid		
From enrollment growth	$	14.2
From Tuition/Fee/NRST adjustments	$	83.5
Subtotal	***$***	***241.2***
REVENUE / RESOURCES TOTAL	**$**	**554.5**
Add'l cost savings/revenues required with proposed $271M State reduction	***$***	***504.7***

ADDITIONAL REQUEST FOR ONE-TIME STATE FUNDS

Capital Support for Facilities Renewal, Enrollment Growth, and Clean Energy Projects	**$**	**1,360.0**

Figures may not sum to totals due to rounding.

** Does not include additional CA undergraduate growth beyond the level in the Compact, which would be funded from the University's 2024-25 State appropriation together with students' tuition and fees.*