

The Regents of the University of California

FINANCE AND CAPITAL STRATEGIES COMMITTEE

May 14, 2025

The Finance and Capital Strategies Committee met on the above date at the UCSF Mission Bay Conference Center, San Francisco campus.

Members present: Regents Chu, Cohen, Elliott, Makarechian, Matosantos, and Sures; Ex officio members Drake and Reilly; Advisory members Brooks and Komoto; Chancellors Hawgood, Larive, and May; Staff Advisor Frías

In attendance: Regents Beharry and Robinson, Secretary and Chief of Staff Lyall, Deputy General Counsel Drumm, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Executive Vice President Rubin, Senior Vice President Turner, Vice Presidents Kao and Lloyd, and Recording Secretary Johns

The meeting convened at 3:45 p.m. with Committee Chair Cohen presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes the meeting of March 19, 2025 were approved, Regents Chu, Cohen, Drake, Elliott, Makarechian, Reilly, and Sures voting “aye.”¹

2. CONSENT AGENDA

A. *Fiscal Year 2025–26 Bond Issuances*

The President of the University recommended that the Regents authorize the President to:

- (1) Issue an aggregate principal amount of bonds not to exceed \$4 billion plus financing costs in Fiscal Year 2025–26. As long as the bonds are outstanding, the following requirements shall be satisfied:
 - a. The locations receiving such proceeds shall maintain revenues 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.

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

- (2) Take all appropriate actions related to the action outlined above, including, but not limited to, approval, execution, and delivery of all necessary or appropriate financing documents.

B. *Adoption of Expenditure Rate for the General Endowment Pool*

The President of the University recommended that the expenditure rate per unit of the General Endowment Pool (GEP) for expenditure in the 2025–26 fiscal year remain at five percent of a 60-month moving average of the market value of a unit invested in the GEP.

C. *Adoption of Endowment Administration Cost Recovery Rate*

The President of the University recommended that the endowment administration cost recovery rate remain at 55 basis points (0.55 percent)² and apply to distributions from the General Endowment Pool (GEP) to be made after July 1, 2025, from the eligible assets invested in the GEP. The funds recovered shall be used to defray, in part, the cost of administering and carrying out the terms of endowments on the campuses and at the Office of the President.

[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 Chu, Cohen, Drake, Elliott, Makarechian, Reilly, and Sures voting "aye."

3. *UCLA RESEARCH PARK EAST CORE AND SHELL IMPROVEMENTS, LOS ANGELES CAMPUS: PRELIMINARY PLANS FUNDING*

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

Los Angeles: UCLA Research Park East Core and Shell Improvements – preliminary plans – \$19.6 million to be funded from campus funds.

[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.]

UCLA Health Sciences Vice Chancellor John Mazziotta briefly introduced the item.

² One basis point is 0.01 percent of yield (i.e., one hundred basis points equals one percent); 55 basis points are the equivalent of \$55 on endowment assets with a 60-month average market value of \$10,000.

Committee Chair Cohen asked when UCLA expected to return to the Committee with a plan for the next phase. Vice Chancellor Agostini anticipated that this would occur in early 2026. UCLA was currently engaged in the planning process with its design team and tenants.

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

4. FACILITIES RENEWAL AND IMPROVEMENTS, UNIVERSITY OF CALIFORNIA AGRICULTURE AND NATURAL RESOURCES: AMENDMENT OF BUDGET, SCOPE, 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: Division of Agriculture and Natural Resources: Facilities Renewal and Improvements – preliminary plans, working drawings, and construction – \$19,237,000 to be funded with external financing supported by State appropriations under provisions of Section 92493 et seq. of the California Education Code.

To: University of California, Agriculture and Natural Resources: Facilities Renewal and Improvements – preliminary plans, working drawings, and construction – \$38,205,000 to be funded with external financing supported by State appropriations under provisions of Section 92493 et seq. of the California Education Code (\$19,237,000) and external financing supported by non-State Agriculture and Natural Resources' funds (\$18,968,000).

- B. The project scope be expanded to include a new subproject to improve the Modjeska and Still Night intersection near the South Coast Research and Extension Center.

- C. The President of the University be authorized to obtain external financing supported by non-State University of California, Agriculture and Natural Resources' (UC ANR) funds in an amount not to exceed \$18,968,000 plus additional related financing costs to finance the Facilities Renewal and Improvements 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 UC ANR 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.

[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.]

Vice President Humiston explained that UC Agriculture and Natural Resources (UC ANR) had been working on this item since 2019. Originally, the item consisted of 11 subprojects bundled together because they were all individually relatively small with a cost under the \$20 million threshold for ongoing action. Two of the subprojects had increased significantly, and the item was now before the Regents because the cost was above the \$20 million threshold. The projects were located at several of UC's Research and Extension Centers throughout the state. The projects included ongoing maintenance and new projects, but two were significant because they were for educational facilities or engagement centers at the Research and Extension Centers. Part of the reason for the delay, which has been a major part of the increased cost, has been extensive work by ANR with the community to receive input on these community engagement centers. ANR has been dealing with delays and lack of staff due to the COVID-19 pandemic and anticipated future cost increases for labor and materials due to the wildfires in Los Angeles County and the ongoing volatility of tariffs.

Regent Elliott asked why two projects in particular had become much more expensive and whether they were still prudent investments. Ms. Humiston responded that the engagement centers at Research and Extension Centers had been needed for a long time. A major cost was also due to the need for a new intersection at the South Coast Research and Extension Center, prompted by community concerns about traffic. Restructuring of buildings has also added to the cost. She acknowledged that ANR might have underestimated costs when this work was begun before the pandemic.

Regent Makarechian asked about the source of funds and who would benefit from ANR research, such as an individual department or campus. He asked if UC would receive reimbursement from the State. Ms. Humiston responded that these projects were part of ANR's mission of field research and translating research into usable products, technologies, and knowledge then provided to the community. ANR hosts more than one million people in its various facilities each year. UC affiliates from almost every campus work at ANR at various times.

Regent Makarechian asked if any of the people who use ANR facilities make a financial contribution. Ms. Humiston responded that the location with a significant cost in this item, the South Coast Research and Extension Center in Orange County, has been the location

of a great deal of patent revenue for the University for decades, in the tens of millions of dollars. New avocado and citrus varieties have been created at this site. About one-third of UC's annual patent revenue came from new plant varieties and research conducted at ANR stations.

Regent Makarechian asked if ANR revenue flows to the UC General Fund or to specific campuses. Ms. Humiston responded that some revenue flows to the system as a whole, some to the campuses, and some to the inventors and others involved, per UC policy and formulas.

Regent Makarechian asked if ANR was a profit center of the University. Executive Vice President and Chief Financial Officer Brostrom explained that ANR receives a separate line item appropriation from the State, so some of this funding was State funding. ANR works with many of the campuses on pure and applied research. UC Cooperative Extension works with individual farmers and growers in their regions. ANR is a standalone unit but has close ties with many of the campuses and with the Cooperative Extension stations in each county. Ms. Humiston added that these programs were based on an agreement that has been in place for over 100 years, authorized by the U.S. Congress to be funded by federal, State, and County governments. ANR receives funds from a variety of sources and provides service to a variety of recipients.

Regent Makarechian asked if revenues from inventions developed at ANR return to ANR. Ms. Humiston responded that in fact, very little of this revenue currently returned to ANR. She believed that the bulk of patent revenue flowed to the Davis and Riverside campuses.

Regent Makarechian asked why revenues based on inventions or patents at the South Coast Research and Extension Center in Orange County would flow to UC Riverside. Ms. Humiston responded that the Riverside, Davis, and Berkeley campuses were the original agricultural experiment stations. These campuses host several hundred faculty and researchers engaged in research who develop intellectual property which results in patents, licensing, and revenue. She noted that UC Merced and UC Santa Cruz were now also agricultural experiment station campuses.

Upon motion duly made and seconded, the Committee approved the President's recommendation and voted to present it to the Board, Regents Cohen, Drake, Makarechian, and Reilly voting "aye" and Regent Elliott voting "no."

5. **THE GOVERNOR'S MAY REVISION TO THE 2025–26 BUDGET AND UPDATE FROM THE SYSTEMWIDE BUDGET MANAGEMENT WORKGROUP**

[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.]

President Drake announced positive news from Governor Newsom in the May Revision to the 2025–26 State budget. The Governor's proposed budget reduced the University's cut from eight percent to three percent for next year and preserved some investments for

affordable student housing construction. This was a significant improvement compared to the January budget, which called for a much more significant cut. The University was very grateful to Governor Newsom for this budget proposal, which reflected his commitment to California's students and recognized the University's many contributions to California. This was very meaningful at this moment, when the State was facing difficult budget choices and the University was managing challenges to federal funding sources. President Drake expressed gratitude to the Governor and UC's partners in the State Legislature for their ongoing collaboration on the funding Compact and the resulting years of stable funding, and the Regents for their continued advocacy on State budget matters. He also thanked Associate Vice President Kathleen Fullerton and the State Governmental Relations team for all their work.

Executive Vice President and Chief Financial Officer Brostrom explained that the May Revision would provide UC with over \$4.85 billion of State General Fund support in 2025–26. It included a three percent reduction of \$129.7 million in the base budget, but this was a major improvement over the Governor's January budget. It reduced the proposed cut from 7.95 percent to three percent. It also excluded over \$665 million of fixed bond payments from UC's base in calculating the cut. In addition, consistent with the expectations UC had in the January budget, the one-time cut of \$125 million in this year would be restored. The May Revision would reduce funding for UC student housing bonds by \$3.6 million but altogether, overall funding for the University in 2025–26 would be about \$8.3 million less than UC received in the current year, while the January budget introduction reflected a net reduction of \$271 million. The May Revision also retained expectations about the deferrals of the five percent annual Compact increases and the non-resident student swap at the Berkeley, Los Angeles, and San Diego campuses.

Mr. Brostrom presented a chart showing the changes to the University's proposed funding levels. The deferrals of the annual increases under the Compact would continue to 2026 and 2027. Similarly, the restoration of the \$125 million remained the same. The biggest change was in the proposed cut from 7.95 percent to three percent, which was, all told, a \$267 million improvement from the January budget. There was also \$1 million one-time funding for the First Star program, which supports foster youth in their journey toward a college education. Beyond this main appropriation, UC would continue its advocacy for funding. Assemblymember David Alvarez proposed to place Assembly Bill (AB) 48 on the ballot in 2026. This was an education bond measure for UC and the California State University. There were two housing bonds of interest to the University: AB 736 by Assemblymember Buffy Wicks and Senate Bill (SB) 417 by State Senator Christopher Cabaldon, which would propose \$10 billion in bonds. UC has met with both these legislators to advocate the inclusion of UC to support staff, faculty, and student housing. State Senator Scott Wiener has introduced SB 829, which would create the California Institute for Scientific Research to help bridge some of the potential federal funding gaps.

Although the May Revision certainly represented good news for the University, one had to acknowledge the challenging budget circumstances that the UC system faced. Another chart presented the broad context of the University's core funds budget, consistent with what the Regents review and approve each November, with estimates for 2026–27 and

2027–28. By 2027–28, State support was projected to be about \$674 million higher than it was today. Incremental revenues—tuition and fees, asset management, procurement, and other revenue sources included in UC’s annual budget proposals—were projected to grow by about \$1.77 billion over the next three years. However, over this same period, UC expected incremental ongoing expenditure increases of about \$2.2 billion, leaving a gap of \$466 million, which would have to be addressed by measures at the campuses and systemwide.

The State Legislature budget subcommittees would vote on the budget later this month. The budget must be passed by the Legislature by June 15, and the Governor would have two weeks to sign it. The University would monitor ongoing budget trailer bills.

Associate Vice President Caín Diaz provided an update from the Systemwide Budget Management Workgroup. The Workgroup was formed the prior year in response to the proposed State budget cuts reflected as intent language in the Budget Act of 2024 and to address existing budget challenges across the UC system. The focus of the Workgroup has evolved, now taking into account the federal landscape and the recent exacerbation of budget issues. Three overarching principles guided the Workgroup’s efforts: (1) the work must be transparent, and the Workgroup would consult with various stakeholders; (2) any recommendations or best practices that are developed are in the service of budget sustainability and multi-year planning; and (3) the Workgroup would uphold the mission and the values of the University. The Workgroup had five main goals, and Mr. Diaz outlined two of them. One was to develop a comprehensive inventory of the budget and financial management practices in place across the UC system and then create a matrix with information from each location. A second goal was to identify best practices and issue recommendations. It was important to recognize that given the unique nature of each campus and its operations, there was unlikely to be “one size fits all” solution for any recommendation or goal.

The Workgroup issued a survey with more than 35 detailed questions for the locations about financial systems, asset management, payroll and Human Resources decisions, campus budget models, revenue opportunities, and communication about the campus budget with various audiences. Campuses submitted their detailed responses to the survey a few weeks prior, and the Workgroup has built a draft summary matrix.

One sample question concerned how campuses use investment and working capital returns as part of their budget. Six locations stated that returns are managed centrally at the discretion of campus leadership. Three locations had a hybrid approach, with some funding designated for parts of the campus enterprise automatically, and the balance available centrally. Two locations had no specific formula or stated that returns are embedded as part of the campus budget model.

Another question focused on how campuses fund faculty startup and retention packages, and whether commitments are time-bound and whether they are managed as credit lines. Some locations manage these packages centrally rather than providing budgets to departments. Most locations have expiration dates for these funds and most do not use a

credit line model. This was a potential area for engagement with the campuses and stakeholder groups.

A third sample question concerned regular review processes to identify programs or activities to terminate. Mr. Diaz noted that this question did not concern academic programs, which are managed separately and not within the purview of the Workgroup. Most locations reported that there is no regular process to review activities. This was also a question which the Workgroup would like to pursue further and for which it might issue recommendations.

The Workgroup was continuing to meet on a regular basis. Its next steps were to finalize the summary matrix, begin a thorough analysis to identify best practices and develop recommendations, meet with key stakeholder groups, and present a final report at a future meeting.

Student observer Miguel Craven welcomed the positive news about State funding for UC and underscored the role that students played in lobbying and advocacy in Sacramento. He urged chancellors to involve students in the budget process. Mr. Diaz had mentioned that the Workgroup wished to engage with key stakeholders. The University should ensure that there is transparency and that students are continuously involved in this process. These budget considerations would affect student success and programs that students rely on. Campuses could ensure student involvement by reaching out to student government or large student organizations and hosting town halls.

Chancellor Larive reported that the UC Santa Cruz Vice Chancellor and Chief Financial Officer and the Associate Vice Chancellor for Budget Analysis and Planning, Amber Blakeslee, recently held a town hall for the students about the campus budget. Ms. Blakeslee had been invited to join the Workgroup mentioned earlier and she was helping UCSC learn from the other campuses. UCSC now had better processes.

Regent Beharry expressed gratitude to the Legislature for its positive action. Committee Chair Cohen concurred and expressed optimism about Senator Wiener's concept of a fund to promote innovation and research.

Regent Reilly added her thanks to Governor Newsom, the Legislature, and Mr. Brostrom and his team. She hoped that the campuses would benefit from the activity of the Systemwide Budget Management Workgroup.

Committee Chair Cohen commended the effective cooperation between UC Finance and State Governmental Relations, which helped the University tell its story in Sacramento and resulted in a successful advocacy effort.

6. **REVISION TO REQUIREMENT ON UNDERGRADUATE NONRESIDENT SUPPLEMENTAL TUITION RETURN-TO-AID**

The President of the University recommended that the Regents approve a revision to the return-to-aid (RTA) allocation requirement for undergraduate Nonresident Supplemental Tuition (NRST) such that RTA from this fund source may be awarded, starting in the 2025–26 academic year, to California resident undergraduates. Campuses will still retain flexibility to award institutional financial aid from new undergraduate NRST to nonresident undergraduates.

[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 Caín Diaz introduced the item, which proposed a change to existing requirements on the return-to-aid (RTA) generated from increases to undergraduate Nonresident Supplemental Tuition (NRST). Under the existing requirements, this funding is only available to undergraduate nonresident students. If approved, this item would revise the requirements so that California resident students would be eligible for aid from this pool. It was important to note that nonresident undergraduates would still be eligible for aid from this pool as well. The current pool of funding was relatively small, only about \$10 million across the UC system. According to current UC financial aid guidelines, half of this funding should be used for need-based aid. Mr. Diaz noted that approval of this item would likely not have much of an impact on awards in the upcoming 2025–26 academic year because campuses have already committed the bulk of the financial aid funding.

Executive Vice President and Chief Financial Officer Brostrom recalled the implementation and structure of the Tuition Stability Plan. The Plan increased RTA on undergraduate NRST to 20 percent of new revenues, while it previously had been ten percent, and increased RTA on in-state undergraduate tuition and the Student Services Fee to 45 percent of new revenues. This has had a dramatic effect, and the percentage of students able to complete a UC education on a debt-free pathway has increased every year. Next year, the Tuition Stability Plan would come up for a five-year review. Mr. Brostrom stressed the Plan's positive elements: increased financial aid, more students on debt-free pathways, and incremental tuition. The Plan and potential adjustments would be reviewed in detail at a future meeting.

President Drake noted that the Ohio State University, where he had served as President, initiated a similar program in 2016. This program was positive for families and the institution and helped low-income families in particular. He suggested that raising the cap on increases in the Tuition Stability Plan from five to seven percent and having a 35 percent RTA provision would increase financial aid to students from lower-income families.

Regent Beharry asked about recent developments affecting the Free Application for Federal Student Aid (FAFSA) and reductions to the Middle Class Scholarship, noting that in this context, the proposed action would benefit California resident undergraduates.

Mr. Brostrom recollected that there had been debacles with financial aid in the last few years. The botched launch of a new FAFSA had resulted in many students not being able to qualify for or receive aid packages in a timely manner. More recently, with the new U.S. presidential administration, many students chose not to submit the FAFSA because they did not wish to disclose the mixed immigration status of their families. The State had underestimated the amount that would be needed this year for the Middle Class Scholarship program in part due to the FAFSA. The University worked with the State Director of Finance in order to be able to fully fund students in this current year with the amount they were expecting under the Middle Class Scholarship. Otherwise, this would have resulted in a cut to financial aid for many students in their second semester or third quarter.

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, Makarechian, and Reilly voting "aye."

7. UNIVERSITY OF CALIFORNIA RETIREMENT PLAN – AMENDMENT OF A PREVIOUSLY APPROVED ACTION: AUTHORIZATION TO MAINTAIN THE CURRENT UNIVERSITY EMPLOYER CONTRIBUTION RATE FOR 2025–26 AND TO NO LONGER TRANSFER \$700 MILLION FROM THE SHORT TERM INVESTMENT POOL IN 2025–26

The President of the University recommended that:

- A. The University contribution rate on behalf of active members in the Campus and Medical Centers and Lawrence Berkeley National Laboratory segments of the University of California Retirement Plan (UCRP) and on behalf of active participants in "Savings Choice" be maintained at 14.5 percent and 6.5 percent effective for fiscal year 2025-26, respectively and then be increased by 0.5 percent per year based on the following schedule, an amendment of the schedule approved in the Regents' November 2023 action, *University of California Retirement Plan – Proposal to Authorize Changes to University Contribution Rates and Make Additional Contributions through Transfers from the Short Term Investment Pool*:

Additions shown by underscoring; deletions shown by strikethrough

Effective Date	University Contribution Rate to UCRP	
	UCRP Active Members	Savings Choice "UAAL Surcharge" ³
July 1, 2024	14.5%	6.5%
July 1, 2025	<u>14.5%</u> 15.0%	<u>6.5%</u> 7.0%
July 1, 2026	<u>15.0%</u> 15.5%	<u>7.0%</u> 7.5%
July 1, 2027	<u>15.5%</u> 16.0%	<u>7.5%</u> 8.0%
July 1, 2028	<u>16.0%</u> 16.5%	<u>8.0%</u> 8.5%

³ The "UAAL Surcharge" is the employer contribution to UCRP on behalf of active employees who elected "Savings Choice" as their primary retirement benefit and are current participants in the Defined Contribution Plan. The UAAL Surcharge pays down UCRP's unfunded actuarial accrued liability (UAAL).

July 1, 2029	<u>16.5%</u> 17.0%	<u>8.5%</u> 9.0%
July 1, 2030	<u>17.0%</u> 17.5%	<u>9.0%</u> 9.5%
July 1, 2031	<u>17.5%</u> 18.0%	<u>9.5%</u> 10.0%
July 1, 2032 and later	<u>18.0%</u>	<u>10.0%</u>

- B. Sections P. through R. of the Regents' November 2023 action, *University of California Retirement Plan – Proposal to Authorize Changes to University Contribution Rates and Make Additional Contributions through Transfers from the Short Term Investment Pool*, be amended as follows:

Additions shown by underscoring; deletions shown by strikethrough

- P. Transfer funds from the Short Term Investment Pool (STIP) to UCRP in FY 2024–25 through FY 2028–29 in amounts shown in the table below each year.

Fiscal Year	Transfer Amount
2024-25	\$800,000,000
2025-26	\$700,000,000
2026-27	\$550,000,000
2027-28	\$550,000,000
2028-29	\$400,000,000

...

- Q. Obtain external financing not to exceed \$32.3 billion, plus additional related financing costs in lieu of or in addition to the STIP transfers, for the purpose described above in Section P if it is expected that this option could be accomplished at a lower cost or is more practical for the University. The repayment of external financing is anticipated to be from the same University fund sources that would be responsible for making payments on the STIP Note as outlined above.
- R. For Sections P and Q above, the total amount of the STIP transfers and external financing shall not exceed \$32.3 billion plus additional related financing costs.

[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 introduced the item, which proposed a change to the University's contribution to the UC Retirement Plan (UCRP) and to the transfer of funds from the Short Term Investment Pool (STIP). Given that the University was preparing for potential State and federal fiscal challenges, the Office of the President has been considering a portfolio of actions that the University could take in order to maintain liquidity for the institution as well as relieve operating budget pressures on the campuses. This was a time of extraordinary challenges, and this item was being proposed after careful thought and consideration, with awareness of the importance of appropriately funding the UCRP. The item recommended that UC maintain the current employer

contribution rate at 14.5 percent instead of increasing by a half a percent to 15 percent as scheduled. This would save about \$100 million in impacts to the operating budget for the campuses. The second component of the action would be to not transfer \$700 million from STIP to the UCRP in the next fiscal year as planned.

Segal representative Todd Tauzer discussed impacts of the recommended action to the UCRP. He noted that the item provided to the Regents in advance of the meeting estimated impacts based on assumption of a zero percent return for the year. The information presented now was updated to reflect updated information from the Office of the Chief Investment Officer. He explained that negative amortization occurs when contributions are not sufficient to cover just the interest on the unfunded liability. According to the original plan for the UCRP, UCRP would exit negative amortization in the following year. The proposed action would add another year of negative amortization, so there would be two more years of negative amortization rather than one. The actuary considers two different kinds of contributions, the total funding policy contribution rate and the actual contribution. There was a difference or shortfall between the two. If this action were approved, the shortfall would grow by an additional \$200 million over a ten-year period. The actuary also considers the number of years until full funding is achieved. This action would add another two years to reach full funding, or 19 years based on current projections. Mr. Tauzer stressed that the key driver in the actuary's projections was that, over time, the University would reach the 18 percent employer contribution rate. The longer it took to reach the 18 percent rate, the longer it would take to reach full funding, and the higher the costs over time due to the total unfunded liability and the interest on the unfunded liability. It was important that, even with this action in one year, the University continue to progress toward the 18 percent contribution rate.

Ms. Nava clarified that this action anticipated that this pause would be a pause for only one year. The University would return to the previously approved contribution schedule in the next fiscal year. In 2026–27, the employer contribution rate would increase to 15 percent and then continue with 0.5 percent annual increases up to 18 percent.

Committee Chair Cohen reflected that history is not kind to pension systems that make contribution pauses. He asked if UC had done any financial modeling for what would be required to catch up from this pause in a year's time. He understood the rationale for the action. The University was facing unprecedented threats to its finances. It made sense to have the \$700 million in liquidity. Executive Vice President and Chief Financial Officer Brostrom responded that the University would return to the scheduled 0.5 percent increases, reevaluate the STIP borrowing, and continue doing this until achieving full funding and reaching the 18 percent contribution rate as soon as possible.

Regent Makarechian asked about the rationale for raising the employee contribution from eight percent to only 8.1 percent over the ten-year period, while the funding policy shortfall would increase from \$879 million to about \$1.6 billion. Even though the market value of the UCRP had doubled over the last ten years, the funded ratio had remained at only about 80 percent. He believed that the employee contribution had to increase; otherwise this shortfall would remain. Ms. Nava responded that the rationale for keeping the employee

contributions flat has been the environment of high inflation. When the University considered salaries and the increases UC was able to provide staff, it did not feel there was sufficient room in its salary program to support increases to UCRP contributions. The University was currently engaged in a total remuneration study which, when completed, would show UC's position in the market in terms of cash compensation and benefits and how competitive the University is. That would be an opportune moment to reevaluate employee contributions.

Regent Makarechian reiterated his concern about the unfunded liability of the UCRP over time. Mr. Brostrom expressed agreement but recalled that two UCRP experience studies had lowered the funded status due to mortality and the discount rate, which was reduced from 7.5 percent to 7.25 percent and then to 6.75 percent. He noted that every quarter point added \$2 billion to the unfunded liability. The mortality studies had also contributed to the situation of the funding ratio remaining flat even though assets have increased dramatically.

Committee Chair Cohen asked Mr. Tauzer about any factors the University should be considering from an actuarial standpoint. Mr. Tauzer responded that the Regents' total funding policy contribution was effective at paying down the unfunded liability. It would significantly reduce costs to the plan, not immediately but over time. Actual contributions were lower and so there was a shortfall between the two. Nevertheless, even if the University made an adjustment this year and took a step back, this would not disrupt the funding plan for the UCRP or change the overall grand scheme of funding. In Mr. Tauzer's view, the more important question was how to achieve the 18 percent total funding policy contribution rate, or as close as possible to this rate, so that the University could effectively pay down the funded liability and work toward full funding of the UCRP over time. The sooner the University could do this, the better, but of course, within many other existing constraints.

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

8. **FISCAL YEAR 2025–26 BUDGET FOR THE UNIVERSITY OF CALIFORNIA
OFFICE OF THE PRESIDENT**

The President of the University recommended that the Regents approve the Fiscal Year 2025–26 Budget for the University of California Office of the President as provided in Attachment 1.

[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.]

President Drake presented the item and provided context regarding the Office of the President (UCOP). UCOP exists to support the campuses, medical centers, National Laboratories, and other UC locations so they can focus on their core missions of teaching, research, patient care, and public service. UCOP programs and staff enable student success,

better patient outcomes, and the impactful work of the University's research enterprise. The UCOP budget is intended to help UCOP have a positive direct effect on UC locations and the people the University serves: students, patients, and the general public. Most of the UCOP budget, about 70 percent, was non-discretionary or pass-through funding. Discretionary funding, the part that UCOP actually controls, made up about four-tenths of one percent of the University's overall budget.

UCOP was continually working to become more efficient and bring down its discretionary spending. This year, when considering inflation, the spending level was lower than it was in fiscal year 2016–17, nine years ago. President Drake thanked Executive Vice President and Chief Operating Officer Nava and her entire team for their work on the budget proposal, developing this budget amidst uncertainty about State and federal funding. Recognizing this uncertainty, UCOP has prepared a conservative proposal that thoughtfully prioritizes available resources. This was a difficult year for all UC campuses and locations, and the UCOP team was working hard to ensure that UCOP was doing its part through reductions to its own budget. UCOP has been working on solutions to help mitigate the brunt of budget impacts that the campuses might bear if there are more funding reductions to come. The proposed budget included reductions in line with State funding projections in the Governor's May Revision. Should UCOP need to adapt in the future in response to federal action, it was prepared to do so.

Ms. Nava explained that in a challenging budget cycle shaped by continuing uncertainty, UCOP has been focusing on three main priorities: protecting the campuses, reducing their financial burdens, and supporting UC's highest-impact programs and services. UCOP took deliberate action to reduce overall costs and protect the campuses. There was a ten percent reduction in the campus assessment, which is UCOP's discretionary funding, the establishment of a \$15 million fund to cover systemwide legal expenses, and \$37.3 million in total campus funding reductions. To enable this, an aggressive internal cost reduction target has been established for UCOP. Each division would be asked to reduce its non-payroll expenses by approximately nine percent. UCOP was reducing the President's discretionary funding source, the Strategic Priorities Fund, by \$5 million to help ease campus financial strain.

There were some revenue increases in next year's budget. There would be \$7 million in new revenue for research in designated and restricted areas and \$10 million of one-time funds, which resulted in a modest budget increase. The overall proposed budget was \$1.18 billion, and it was declining relative to the UC systemwide budget. Ms. Nava presented a chart showing the decline in the UCOP campus assessment and simultaneous growth in systemwide expenditures from 2016–17 to 2025–26. Ms. Nava acknowledged that the proposed cost reductions would present some risk to the UC enterprise, but UCOP has been mindful of ensuring that resources are going to the highest priorities of the institution. Most importantly, UCOP was relieving the campuses of some budget pressure as they faced economic uncertainty in the next year.

Regent Beharry expressed concern about the decrease in the Strategic Priorities Fund, the President's discretionary funding. He asked if the proposed amount would be adequate for

the incoming President. President Drake responded that when he began serving as UC President, the discretionary spending at his disposal was \$190,000. The current amount was a dramatic increase over the amount in 2020. He believed that the amount would be sufficient for the first 11 months after the new President's arrival. If an emergency arises or a special investment in a particular project is needed—for example, this year the University needed to increase its investment in external legal services—there is a way to find extra funding. The Strategic Priorities Fund was at a reasonable level, given overall budget pressures.

Regent Beharry thanked President Drake for using some of these discretionary funds to support undocumented students.

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

9. EAST CAMPUS STUDENT APARTMENTS PHASE 5, IRVINE 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.]

This information item was not discussed.

The Committee recessed at 4:50 p.m.

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The Committee reconvened at 5:15 p.m. with Committee Chair Cohen presiding.

Members present: Regents Cohen, Elliott, Makarechian, and Matosantos; Ex officio members Drake and Reilly; Advisory member Komoto; Chancellors Hawgood, Larive, and May

In attendance: Secretary and Chief of Staff Lyall, Deputy General Counsel Drumm, Executive Vice President and Chief Financial Officer Brostrom, Executive Vice President and Chief Operating Officer Nava, Vice President Lloyd, Chancellor Khosla, and Recording Secretary Johns

10. UNIVERSITY OF CALIFORNIA RETIREMENT PLAN – AMENDMENT TO ALLOW EXTRA SHIFT INCENTIVE PAY AS COVERED COMPENSATION FOR SPECIFIC PERIOD

The President of the University recommended that the Regents:

- A. Approve an amendment to the University of California Retirement Plan (UCRP) and Defined Contribution (DC) Plan to allow earnings paid to eligible employees through the UC San Diego Health Extra Shift Incentive Pay (ESIP) program be treated as Covered Compensation, from the program's inception through the earlier

of June 30, 2025, or implementation date of UC San Diego Health's new ESIP program.

B. Authorize the Plan Administrator to implement this change.

[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 item.

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

The meeting adjourned at 5:20 p.m.

Attest:

Secretary and Chief of Staff

UC Office of the President Fiscal Year 2025-26 Budget

University of California Board of the Regents
May 14, 2025

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

FISCAL YEAR 2025-26 BUDGET FOR THE UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT (UCOP)

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ACHIEVING THE MISSION OF THE UNIVERSITY OF CALIFORNIA

Through world-class educational opportunities, groundbreaking research, top-rated health care and agricultural expertise, the University of California improves the lives of people in California and around the world. A powerful engine for the State of California, the University of California drives \$82 billion in economic output per year, contributing \$55.8 billion to the Gross State Product. UC supports the economy as the state's second-largest employer, directly employing about 265,000 full- and part-time faculty and staff and, through external programs, supporting more than half a million jobs in total.

UC's commitment to excellence in education is deeply rooted in fostering access and opportunity, serving 300,000 students across ten campuses. UC drives research, innovation, and medical breakthroughs, which have local, national, and global impacts through its six academic health centers and three affiliated national laboratories.

The University of California Office of the President (UCOP) serves as the central hub for leadership and coordination across the UC system, ensuring alignment with the University's mission and strategic goals. UCOP plays a key role in securing state and federal funding, advocates for systemwide priorities, and defends against legislative threats that could impact the University's operations and financial stability. Through these efforts, UCOP protects vital funding streams and enables campuses to focus on their local missions and impact.

In addition to its advocacy and leadership role, UCOP provides centralized operations and administrative support across the system. Streamlining services in areas such as retirement administration, investments and many others eliminates duplication and promotes efficiency. Centralized management of systemwide research grant programs further advances innovation that benefit the entire state, while shared expertise ensures every campus has access to high-quality services and operational support.

UCOP also plays a pivotal role in directly supporting the student lifecycle and experience across the UC system. It manages high-impact academic programs like the UC Washington Center and UC Sacramento academic programs, coordinates campus safety initiatives, and expands access to digital content and shared library resources. Tools such as UCApply and transfer evaluation services simplify the admissions process, while oversight of student health insurance and basic needs programs prioritize student well-being. Through these efforts, UCOP strengthens the academic journey and supports student success at every UC campus.

Select examples of programs and services that provide the breadth of UCOP's function are highlighted:

Student experience

- ✓ **UC Sacramento Student and Policy Center** serves as an educational hub for UC students pursuing public policy internships and real-world experiences with state government. It offers programs that combine academic coursework with professional internships, allowing students to gain firsthand knowledge of California's public policy processes.
- ✓ **UC Washington Center** is a multi-campus residential, instructional, and research facility located in Washington, D.C. which offers UC undergraduate students the opportunity to gain professional experience through internships in government, non-profit organizations, and media outlets while earning academic credit.
- ✓ **UCApply** is UC's centralized online application platform allowing prospective students to apply to all UC campuses through a single, streamlined portal. A record-breaking 230,000+ undergraduate applications were processed in the 2024 admissions cycle.

- ✓ **Student Academic Preparation and Educational Partnerships (SAPEP)** is an initiative with state support that comprises thirteen programs aimed at enhancing student achievement and closing achievement gaps throughout California's educational pipeline. SAPEP programs serve approximately 1,766 public K–12 schools and all 116 California Community Colleges.
- ✓ **California Digital Library (CDL)** harnesses emerging technologies to transform the publication and access of digital information. In collaboration with the 10 UC campus libraries and other partners, CDL has developed one of the world's largest digital research libraries, significantly altering how faculty, students, and researchers discover and utilize information.

Academic, Research, Health Services

- ✓ **UC National Laboratories (UCNL)** oversees three prominent national laboratories: Lawrence Berkeley National Laboratory (associated with 16 Nobel Prizes), Lawrence Livermore National Laboratory, and Los Alamos National Laboratory. UCOP administers the program, ensuring effective contract administration, and fosters research, education, and innovation collaborations between UC campuses and the national labs.
- ✓ **UC Observatories (UCO)** is a multi-campus astronomical research unit which manages and coordinates access to world-class observational facilities for UC astronomers, including the operation of the Lick Observatory. UCO plays a crucial role in coordinating and supporting researchers' access to its suite of facilities.
- ✓ **Research Grants Program Office (RGPO)** manages a diverse portfolio of grant-making programs totaling over \$100 million annually. RGPO oversees various grant programs including the California Breast Cancer Research Program, California HIV/AIDS Research Program, Tobacco-Related Disease Research Program, Cancer Research Coordinating Committee, and the Multi-Campus Research Programs & Initiatives.
- ✓ **UC Agriculture and Natural Resources (ANR)** is a statewide network dedicated to addressing California's agricultural, environmental, and societal challenges through research and education in areas such as natural resources, wildfire prevention and response, water resource management, and nutrition. By connecting the expertise of UC researchers with local communities, UC has a presence in every California county.
- ✓ **UC Health Collaborative** is a UCOP administered initiative that aims to strengthen and coordinate health services across UC's medical centers and health care programs. Through UCOP's centralized systems, the UC Health Initiative leverages the University's collective expertise and resources to improve patient care, research, and education in healthcare.

Systemwide services and support:

- ✓ **Retirement Administration** oversees and coordinates retirement benefits systemwide, ensuring consistency and efficiency across all UC campuses and affiliates. UCOP also operates the Retirement Administration Service Center, which serves as the centralized hub for handling pension and retirement health benefit issues.
- ✓ **Employee Benefit Administration** enables consistency across all UC locations in the design and management of systemwide benefits programs and the establishment of policies and guidelines for employee benefits, defining eligibility, coverage levels, and rules for benefits enrollment, changes, and claims.
- ✓ **UC Legal** serves as the chief legal advisor for the UC system, providing comprehensive legal services such as representation, advice, research, and training to support operations.
- ✓ **UC Investments** manages the University's endowments, pension funds, and other financial assets. UCOP develops and implements investment policies, managing risk, ensuring compliance, and for the UC Regents. These efforts ensure the university's financial health, promote sustainable investment practices and support the long-term goals of the UC system.

- ✓ **Information Technology Services** is responsible for protecting critical data and meeting cybersecurity threats for one of the most complex and large U.S. higher education systems.
- ✓ **UCPath** provides a shared services center for delivery of human resource systems, payroll, and benefits administration services. As the largest shared services organization in U.S. higher education, UCPath serves more than 265,000 employees managing \$24 billion in annual payroll.

To learn more about the contributions of UC and UCOP, please refer to: [University of California at a Glance](#), [The Function of the University of California Office of the President](#) and [FY25-26 Presidential Initiatives](#).

FY25-26: BACKGROUND AND BUDGET CLIMATE

Each year between January and April, UCOP develops its budget proposal for the subsequent fiscal year. The budget proposal is presented for approval at the May Regents meeting. Typically, this process requires us to make financial assumptions about the current economy, the California Governor's May budget revision, ongoing labor negotiations and associated costs, investment markets, and more. Based on these assumptions, the UCOP budget seeks to optimize resource allocations to support the university's mission of teaching, research, and public service.

This year's planning has been undertaken during a period of unprecedented uncertainties and a rapidly changing landscape, including a state budget shortfall caused by slower economic growth and reduced tax revenues. In response, this proposal takes a conservative approach that anticipates a 7.95 percent or \$271 million reduction in state core funds for the University. The UCOP budget proposal includes necessary reductions while continuing to focus limited resources on the University's and the state's highest priorities, including supporting UC campuses who are facing significant local budget challenges.

As we move into FY25-26, the University is proactively responding to a challenging economic landscape. With uncertain investment returns and federal action considerations, UC President Michael V. Drake and campus chancellors have already begun to implement cost-cutting measures across the UC system including a systemwide hiring freeze already in effect. Our planning considers that this period of economic disruption may extend well beyond FY25-26, so we are making decisions that will slow the trajectory of necessary future budget increases. Critical costs associated with UC's mission continue to increase as do annual operating expenses. Despite these factors, we believe this proposal enables UCOP to weather the storm while remaining on track to achieve FY25-26 operational goals, including our challenging commitment to increase enrollment and expand opportunities for California residents. As the year unfolds, we will leverage our quarterly forecasts and use alternative scenario modeling to navigate changes. These processes are designed to allow UCOP to alter our course in cases of more optimistic or pessimistic updates.

FY25-26 UCOP BUDGET: EXECUTIVE SUMMARY

UCOP's proposed FY25-26 budget includes \$1.180 billion in expenditures, a decrease of \$4.6 million (0.4 percent) compared to the FY24-25 budget of \$1.185 billion in a period of approximately 3 percent inflation. UCOP has taken a conservative budget approach to limit financial impacts on campuses in both the upcoming year and over the longer term.

Given the extraordinary financial pressure on the campuses due to the economic climate and the anticipated deferral of the UC California state compact increase, the proposed UCOP budget includes

\$37.3 million in campus funding reductions and relief which equates to a 10% reduction. The \$37.3 million includes - \$22.3 million in reductions to campus assessment funding, \$18.8 million (7.7 percent) from the core campus assessment, and \$3.5 million from the UC Path campus assessment. In addition, UCOP has committed \$15 million in one-time funds to provide funding relief for campus payments into the systemwide litigation fund¹.

In the overall budget of \$1.180 billion, revenue increases of \$17 million mask the \$22.3 in campus assessment reductions with increases of \$6.1 million in designated and \$0.8 million in restricted funding, and the use of \$10 million in limited one-time investment income, procurement revenue, and fund balances closing the remaining funding gap.

In total, proposed revenues are \$1.199 billion, slightly exceeding expenditures, primarily due to the increases in designated and restricted funding. The UCOP budget relies on funding from several key sources; the campus assessment model which provides support for UC systemwide programs, planning, and coordination; the UCPath fee-for-service assessment based on the number of employee W-2s; and a state direct appropriation for the UC Agriculture and Natural Resources division (ANR). Additional support comes from a mix of unrestricted, designated, and restricted funding sources as detailed in Figure 5 of this document.

Although the consolidated UCOP budget reflects an overall expenditure reduction, it includes targeted investments to support key priorities. These include strengthening the UC Sacramento Student & Policy Center - which offers an undergraduate academic program near the state capitol and advances policy development benefiting both the University and the state. Other increases include investments in systemwide safety, security, and compliance, the general salary increase program, and inflation-related costs adjustments. Further details are included in Schedule A in Appendix 1.

The following sections address the FY25-26 budget in detail, explain the drivers behind year-over-year changes, and provide alternative views to show how resources are deployed. Included is a detailed section covering UCOP fund balances and reserves. Detailed financial schedules are provided in Appendix 1. Appendix 2 is a snapshot of UC contributions to the state and beyond. Appendix 3 includes an overview of UCOP's function and services, and Appendix 4 provides updated details of one remaining Presidential Initiative.

FY24-25 to FY25-26 Budget Summary

Figure 1 summarizes and compares the proposed FY25-26 budget with the FY24-25 budget and Q2 forecast and includes fund balances and reserves.

¹ Systemwide litigation support of \$15M will be paid from budget savings and one-time funds as it is expended.

in millions

¹ UCPath is now included in the Systemwide and Core Services total and not a separate line item

The following key budget highlights summarize information in this item that either follows in subsequent sections of this proposal or are found in the Regents Schedules in the appendix.

1. **The UCOP proposed \$1.18 billion budget** is \$4.6M or 0.4% lower than FY24-25.
2. The UCOP budget proposal **includes \$37.3M in campus reductions and expense relief, equivalent to a 10% cut to campus assessments** from FY24-25.
3. The FY25-26 budget proposal includes a **\$18.8M or 7.7 percent decrease** to the UCOP campus assessment and a **\$3.5M or 2.5 percent decrease** in UCPath's W-2 fee-for-service assessment.
4. **UCOP has allocated \$15M to support the campus Systemwide Litigation Fund**, which is usually funded at only \$2.5M by the campuses. Given current uncertain circumstances, UCOP is providing funding for systemwide matters normally paid for by the campuses.
5. **\$17M in revenue increases** mask \$22.3M in campus assessment reductions, resulting in a modest budget decrease. Revenue increases include \$7M in new revenue for research in designated and restricted funding combined with \$10M of limited one-time funds.
6. To preserve University funds and reduce expenses, UCOP implemented the **systemwide hiring**

freeze and issued budget savings targets of 9% on non-payroll expenses across all divisions.

7. **\$881.3M or 75 percent of the budget uses designated and restricted funds**
8. **Unrestricted funds**, which are UCOP's most flexible, discretionary funds **total \$298.6M or 25% of total sources**; these fund sources **are down \$10.1M** versus the prior year.
9. **\$819.4M or 69 percent** of the budget is comprised of pass-throughs or fee-for-service activities supporting the campuses.
10. Excluding pass-through and fee-for-service activities, the UCOP budget is **\$298.6M (25 percent)** of the UCOP total budget and **0.6 percent of the approximate systemwide \$53.5B total budget** based on the latest information available from the 2025-26 Budget for Current Operations.
11. **Key Drivers** of reduced expenditures include divisional Cost Reduction Targets, research reductions in the Tobacco-Related Disease Research Program and Firefighter Cancer Research, operational savings including UCPATH, lower pension system project costs ("Redwood"), and UC Health savings in the health collaborative. Decreases are partly offset by increases related to participation in the UC systemwide general salary increase program, UC Legal (outside counsel), UC Investments, required contract cost increases, and strategic investment in the UC Sacramento Student & Policy Center.

Programs and Initiatives (P&I) (Schedule C)

1. The FY25-26 budget for Programs and Initiatives (P&I) is \$459.0M (39 percent) of the UCOP total budget and remains flat to the FY24-25 budget.
2. \$400.8M (34 percent) of total budget is in pass-through expenditures which are largely in the Programs and Initiatives budget; these funds are distributed and are not expended at UCOP, but rather by campuses, researchers, K-12 programs, and other recipients throughout California in support of the University's teaching, research, and public service mission.
3. State and Federal Programs make up \$336.7M (73 percent) of the P&I budget; the Agriculture & Natural Resources division (ANR), and the Tobacco-Related Disease Research Program (TRDRP) comprise \$283.4M of this total.
4. Systemwide Programs make up \$122.3M (27 percent) of the P&I budget; these programs cross teaching, research and public service and include UC Press, UC Astronomy, Student Academic Preparation and Educational Partnerships (SAPEP), Online Education, the UC Washington Center and more.

Systemwide and Core Services and UCPATH (Schedule D)

1. The FY25-26 budget for Systemwide and Core Services is \$691.6M (59 percent) of the UCOP total budget.
2. The Systemwide and Core Services budget supports critical services in finance, human resources, compliance, legal, health, communications, government relations and others. This budget is \$4.5M (0.6 percent) lower than FY24-25 and decreases are driven primarily by UCPATH, systemwide human resources and the UC Health Collaborative.
3. Fee-for-service activities, performed centrally at UCOP for efficiencies, are primarily in the Systemwide and Core Services budget and total \$418.6M (35% percent of total budget). UCPATH, UC Legal, management of the UC retirement, investments, and employee benefits programs are key activities supporting our campuses and employees leveraging a central-service model.
4. The UCPATH operations budget of \$136.0M is down by \$3.5M or 2.5 percent from \$139.1M in FY24-25. UCPATH is expected to have sufficient staffing and will deploy resources to complete some critical one-time system roadmap enhancements in the year.

Strategic Priorities Funds (SPF) (Schedules F1 and F2)

1. The Unrestricted Strategic Priorities Fund has been reduced from \$30M to \$25M; with \$15M in existing commitments, there remains \$10M for new priorities and initiatives and urgent / emergent issues. The \$15M in committed funds include support for the presidential transition, campus community safety, cybersecurity, the intellectual property management system implementation, chancellor searches and more.
2. The Designated/Restricted Strategic Priorities Fund includes \$4.7M in UCPATH system roadmap projects approved by the campuses, including efforts to stabilize and reduce web hosting by moving it in-house.

Fund Balances and Reserves (Schedules G, H)

1. Net of commitments and including fund balances applied to FY25-26 sources, unrestricted fund balances are forecasted to be \$14.7M, a 63 percent decrease from the current year. Any remaining balances at year end will be held to cover potential future funding gaps if state revenues and the economic climate remain challenging beyond the FY25-26 budget horizon.
2. Designated fund balances are primarily held by UCNL (46 percent of total fund balances) from laboratory fees collected for managing multi-billion-dollar federal laboratory contracts. UCNL presents these balances annually to the Regents each July.
3. Forecasted year-end reserve balances are \$179.1M. Most of the reserves support multi-billion-dollar systemwide national laboratory contracts and the housing loan program.

The following sections provide FY25-26 budget details for fund sources and uses. In addition, there is more information about pass-through expenditures, and fee-for-service shared services. Lastly, there is a detailed review of UCOP fund balances and reserves.

FY25-26 BUDGET CONSIDERATIONS – OPPORTUNITIES AND RISKS

Each year, UCOP reviews new and shifting priorities, assesses both internal and external risk factors and strives to limit budgetary impacts on the campuses. This year, the UC system faces tremendous budgetary pressure and UCOP has extremely limited ability to address critical priorities. This budget proposal includes augmentations for limited investments, contract increases, and alignment with systemwide general salary increase programs. FY25-26 includes the impact of a systemwide hiring freeze which is expected to continue at least into early 2026. In addition, UCOP incorporated “Cost Reduction Targets” (CRT) of approximately 9 percent on non-payroll expenses across divisions which will identify savings initiatives that will be tracked throughout UCOP’s quarterly forecasting cycles.

The UCOP Executive Budget Committee (EBC) played an active role providing input on campus priorities, assessing fee-for-service activities increases, and submitting its annual budget recommendation letter to the President. The EBC supports the 10% campus assessment reductions and relief set forth in this budget proposal.

The investment opportunities that are captured in the FY25-26 budget proposal include:

- Investment in the UC Sacramento Student and Policy Center to ensure a vibrant, year-round academic program and policy development center in the state capital
- Addition of internal legal counsel in favor of higher cost outside legal fees
- Funding to support the transition of a new UC President
- Increased resources to support valued finance programs such as the Housing Loan Program and Treasury function

- Funding for UCPATH roadmap projects that have been endorsed and prioritized by the campuses as critical enhancements
- Alignment with the systemwide general salary increase program to retain existing staff and adjust for inflation
- Operating cost increases for existing contracts include audit fees, building security and software licenses

The primary risks in the budget proposal are:

- External risks:
 - A period of unprecedented economic uncertainty and volatility, which may extend for an unknown duration causing a long-term budget challenge
 - An increasing chance that the economy is heading into a recession
- Revenue risks:
 - The aggressive reduction of the UCOP campus assessment of 7.7 percent combined with annual inflation of approximately 3.0 percent compromises the quality of programs and services. UCPATH reduction of 2.5 percent may impact service levels and slow progress on roadmap requirements.
 - Our campuses face uncertain revenues and large budget cuts and may be unable to pay their portion(s) of the campus assessment.
 - Some one-time funds from investment income are used in the UCOP budget and these funds can be variable. The current investment markets are performing very poorly with high volatility and reduced investor confidence.
 - Some Systemwide Programs, requiring on-going operating budget increases, can only be supported with one-year bridge funding until more sustainable support can be identified.
- Impacts of cost reductions:
 - Many cuts will be permanent and this will force decisions that may be felt by our campuses and students.
 - Budget constraints and the requirement to reduce the year-over-year campus assessment are driving UCOP budget reductions in a year where the Higher Education landscape indicates a need for a stronger central presence, leadership, and response to support the system and our campuses.
 - Budget cuts force some compromises to enterprise risks including investigations, systems, cybersecurity, and others.
 - The hiring freeze will increase the workload on our staff and may impede UCOP progress of some programs and services. Service levels may diminish in the year.
- Limited investment funding:
 - UCOP received approximately \$41.5 million in requests for budget augmentations. Unrestricted funding continues to be insufficient, forcing budget reallocations; Unrestricted funding requests total \$14.3 million, however only approximately \$5.5 million were approved.
 - Risk areas such as cybersecurity, network stabilization, patent audit compliance and similar issues needed to be prioritized as funding was unavailable to address all proposed items.
 - The unrestricted SPF amount has been reduced to \$25 million, lower than the initial amount of \$30 million in its inception year (FY17-18). \$15 million in SPF is already committed in FY25-26 leaving \$10 million to address urgent or emergent issues in the coming year, and this may not be adequate under a new Presidential administration.

Budget Requests, Reduced or Not Funded

During this budget cycle, UCOP rejected, reduced, or required divisions' budgets to absorb \$6M in unrestricted augmentation requests to balance the budget. The compromises were made across all divisions, and some of the items not funded included:

- New positions, requested on unrestricted funds, were not approved in alignment with the systemwide hiring freeze. This included positions throughout the organization to support Academic Affairs (IRAP, CDL, Administrative support), State Government Relations, UCOP accounting functions, investigations, and some compliance areas.
- Any augmentations requiring funds for additional meetings and conferences, even if aligned with key University objectives
- Increases to valued UC academic programs including the California Digital Library (CDL) for centrally purchased library collections available to all campuses
- Systems upgrades to out-of-date financial systems to address cybersecurity risks, large-scale requests to address network and data security vulnerabilities and increase system efficiencies

FY25-26 UCOP BUDGET DETAIL

The following sections describe the sources and uses, which are also detailed in **Schedules A-E**. The section also includes details on the various categories of the budget: Programs and Initiatives, Systemwide and Core Services, UCPATH and the Strategic Priorities fund. In addition, the details of all Pass-Through and Fee-for-Service activities are provided. Finally, a summary of uses by fund type is included.

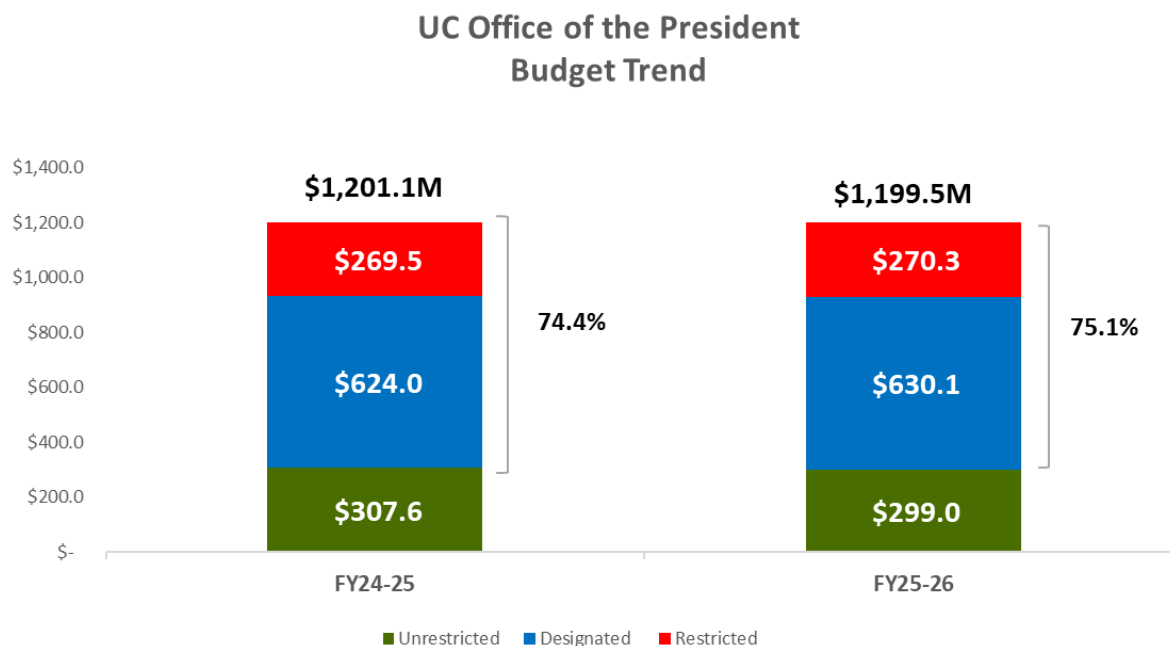
The FY25-26 UCOP Budget Categories

UCOP presents its budget according to three distinct categories defined below.

Fund Sources	Fund Uses	Special Expense Classifications
<ul style="list-style-type: none"> • Unrestricted • Designated • Restricted 	<ul style="list-style-type: none"> • Programs and Initiatives • Systemwide and Core Services • UCPATH • Strategic Priorities Funds <ul style="list-style-type: none"> ○ Unrestricted ○ Designated/Restricted 	<ul style="list-style-type: none"> • Pass-Through • Fee-for-Service

Figure 2, below, provides the UCOP budgeted fund sources by fund type. Sources are \$1.199 billion, slightly exceeding expenditures, primarily due to the increases in designated and restricted funding. Approximately 75 percent of UCOP's funding is either restricted or designated. Restricted and designated funding can only be used for specific, defined purposes aligned to the research, teaching, and public service mission or to provide critical campus services.

Figure 2: UCOP Budget - Sources by Fund Type (FY24-25 to FY25-26)



Restricted funds may vary significantly from year to year, and recent UCOP budgets have seen fluctuations in contracts, grant funding or state revenues for the ANR division as well as the Tobacco-Related Disease Research Program. Restricted fund uses support the management of UC’s systemwide retirement program and include investments made to improve systems and services for the UC system’s Pension Administration system and the Retirement Administration Service Center.

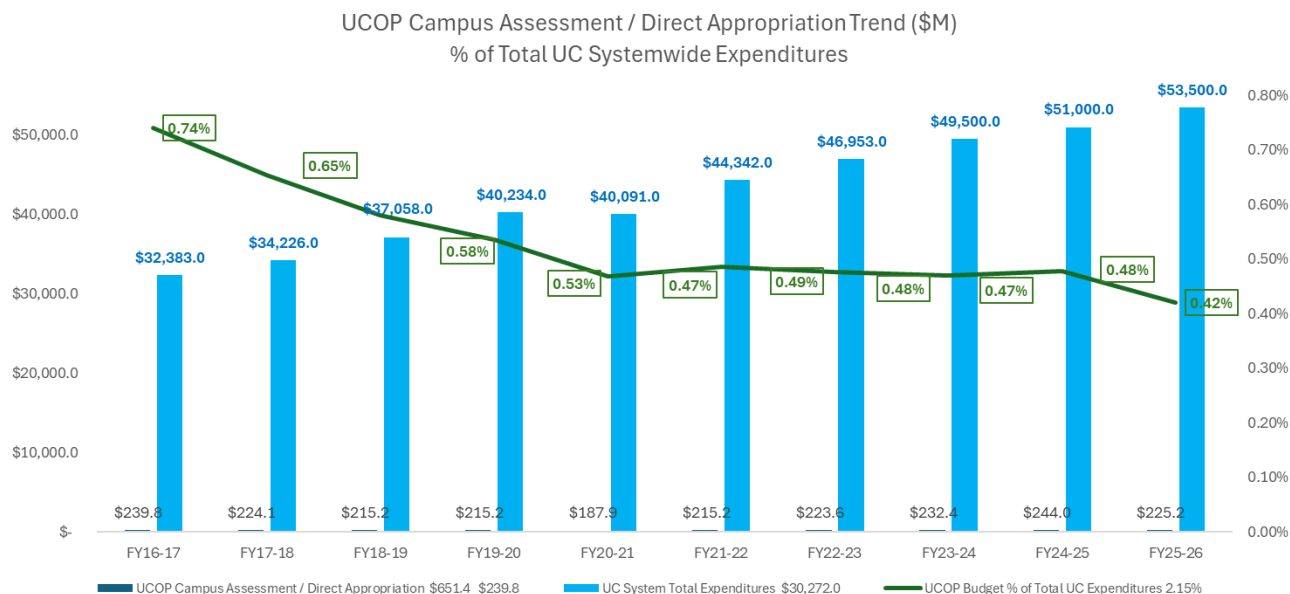
Designated funds are most affected by changes in designated fee-for-service activities including UCPATH and UC Legal costs. Other designated fund increases are attributed to Agriculture and Natural Resources, UC National Laboratories, UC Press, UC Health, and UC Investments. In instances where higher expenditures require campus funds, UCOP consults with the Executive Budget Committee, which includes senior finance, business, or academic leaders from each campus, to assess and set resource allocations for the coming year. Designated funds include a \$3.5 million (2.5 percent) reduction to UCPATH campus assessment funding.

Unrestricted funds, comprising 25 percent of UCOP’s budget, are the most flexible fund sources and can be used to support the operating cost of UC’s headquarters location as well as some systemwide programs and the Strategic Priorities Fund. The unrestricted funds budget includes a \$18.8 million or 7.7 percent decrease to the UCOP campus assessment.

- UCOP uses the Campus Assessment Funding Stream Model to fund approximately three-quarters of the unrestricted UCOP budget. Each campus contributes a pro-rata share based on a formula of total campus expenditures, undergraduate student population and total headcount including faculty and staff. Annually, this amount is established based on guidance from the UC President and input from the campuses. The campus assessment is used to fund UCOP’s core operations, some systemwide academic programs including the UC Observatories and Student Academic Preparation and Educational Partnerships (SAPEP) and the Strategic Priority Fund. The campus assessment is best measured as a percentage of the total UC system budget.
- The FY25-26 campus assessment, proposed \$225.1 million, is lower than the campus assessment

nine years earlier (FY16-17), despite historical annual inflation of approximately 4 percent. As demonstrated in **Figure 3**, the overall UCOP campus assessment (excluding UCPath) is now at a historical low of 0.42 percent of the \$53.5 billion UC budget.

Figure 3: UCOP Budget As a Percentage of Total UC Systemwide Expenditures



In addition to the Sources and Uses of Funds, UCOP shows **pass-through** dollars which flow through the UCOP budget to campuses, researchers, and the public for systemwide programs. The largest programs are Agriculture and Natural Resources and the statewide Tobacco-Related Disease Research Program.

Systemwide **fee-for-service** activities are provided by UCOP to campuses on a fee basis. The largest fee-for-service activities include UCPath, legal services, and management of investment assets and employee/retiree benefits. The three budget categories are displayed in **Figure 4**.

Figure 4: FY25-26 Budget Summary by Category

				YOY Var	
	FY24-25 Budget	FY25-26 Budget	% of Total	\$	%
Sources of Funds					
Unrestricted	\$ 307.6	\$ 299.0	24.9%	(\$8.6)	-2.8%
Designated	\$ 624.0	\$ 630.1	52.5%	\$6.1	1.0%
Restricted	\$ 269.5	\$ 270.3	22.5%	\$0.8	0.3%
Total Sources	\$ 1,201.1	\$ 1,199.5	100.0%	(\$1.7)	-0.1%
Uses of Funds					
Programs and Initiatives	\$ 458.6	\$ 459.0	38.9%	\$0.4	0.1%
Systemwide and Core Services	\$ 696.1	\$ 691.6	58.6%	(\$4.5)	-0.6%
Strategic Priorities Funds	\$ 30.2	\$ 29.7	2.5%	(\$0.5)	-1.6%
Total Uses	\$ 1,184.9	\$ 1,180.3	100.0%	(\$4.6)	-0.4%
Special Expense Classification					
Pass-Throughs	399.5	400.8	34.0%	\$1.3	0.3%
Fee-For-Service	411.4	418.6	35.5%	\$7.2	1.8%
Total Special Expense Classification	\$ 810.8	\$ 819.4	69.4%	\$8.6	1.1%
Budget Net of Expense Classification	\$ 374.0	\$ 360.9	30.6%	(\$13.2)	-3.5%

75% of the sources of funds are designated for specific programs and services or restricted for use by a third party.

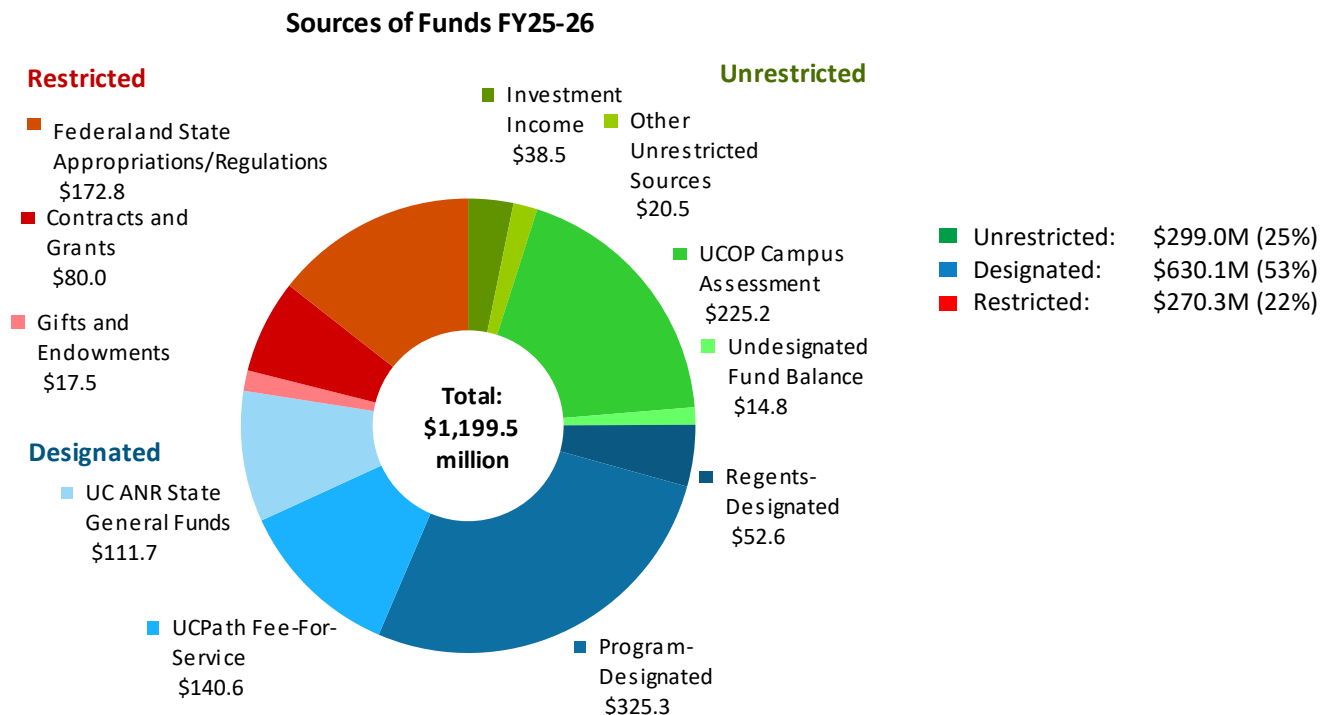
39% of the uses of funds are dedicated to ~30 programs managed by UCOP on behalf of the State, Federal Government, Regents, and the UC system.

69% of the budget is passed through UCOP to recipients across the state or UCOP provided fee-for-service activities.

Fund Sources

In FY25-26, UCOP's budget provides sources totaling \$1.199 billion which are detailed in the appendix, **Schedule A**. As shown in **Figure 5** below, **75 percent of fund sources are either restricted or designated**. The campus assessments for UCOP and UCPath total) \$225.3 and \$136 million, respectively. Total UCPath fund sources of \$140.6M include designated funds for one-time projects. Combined, these two sources provide 31 percent of the UCOP budgeted sources of funds. The direct appropriation for UC ANR totals \$111.7M.

Figure 5: Fund Sources (\$M)



Due to the timing of sources and uses, the net margin reflects a surplus of \$19.2 million for FY25-26 on designated and restricted funds. Surplus funds, primarily from UCNL will be used in subsequent years and/or added to the fund balances for future expenditures. Additional information can be found in Schedule B. **Figure 6** below shows the source changes between FY24-25 and FY25-26 by fund type.

Figure 6: Change in Fund Sources

Fund Type			Variance	
	FY24-25 Budget	FY25-26 Budget	FY25-26 vs FY24-25	
			\$	%
Unrestricted	\$ 307.6	\$ 299.0	(\$8.6)	(2.8%)
Designated	\$ 624.0	\$ 630.1	\$ 6.1	1.0%
Restricted	\$ 269.5	\$ 270.3	\$ 0.8	0.3%
Total	\$ 1,201.1	\$ 1,199.5	(\$1.7)	-0.1%

- Decrease on unrestricted funds from a 7.7% decrease in campus assessment funds.
- Increase on designated funds driven by UC National Labs, UC Legal, and UC Investments.
- Restricted funds stay relatively flat with increases in Contracts & Grants offset by reductions in the UC Retirement System and the Tobacco-Related Disease Research Program.

Fund Uses

The FY25-26 budgeted use of funds is \$1.18 billion. Programs and Initiatives comprise 39 percent and Systemwide and Core Services comprise 59 percent of the budget, and the Strategic Priorities Funds comprise approximately 2.1 percent of the budget. **Figure 7** provides an overview of UCOP uses by functional area.

Figure 7: Fund Uses

\$ in millions

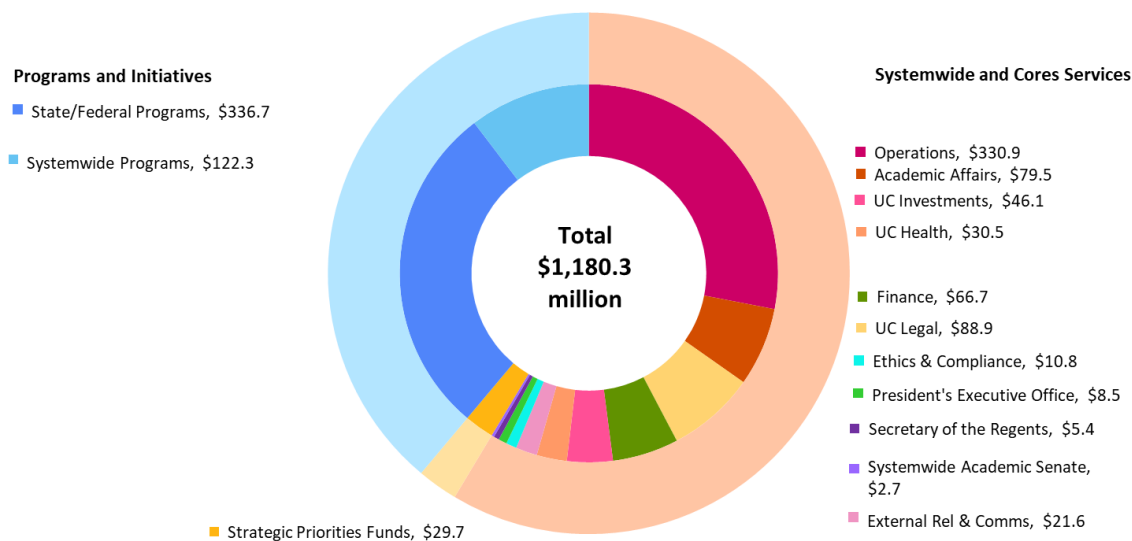


Figure 8 below outlines the changes in the budget by functional area. Additional details on the Uses of Funds, including budgets, forecasts, and variances, are included in the section below and **Schedules A-E**.

Figure 8: Change in Fund Uses

\$ millions

Functional Area	Variance			
	FY24-25 Budget	FY25-26 Budget	FY25-26 vs FY24-25	
			\$	%
			Incr/(Decr)	Incr/(Decr)
Programs and Initiatives	\$ 458.6	\$ 459.0	\$ 0.4	0.1%
Systemwide and Cores Services	696.1	691.6	(4.5)	(0.6%)
Strategic Priorities Fund, Unrestricted	30.0	25.0	(5.0)	(16.7%)
Strategic Priorities Fund, Desig. & Restricted	0.2	4.7	4.5	2387.3%
Total	\$ 1,184.9	\$ 1,180.3	(\$4.6)	(0.4%)

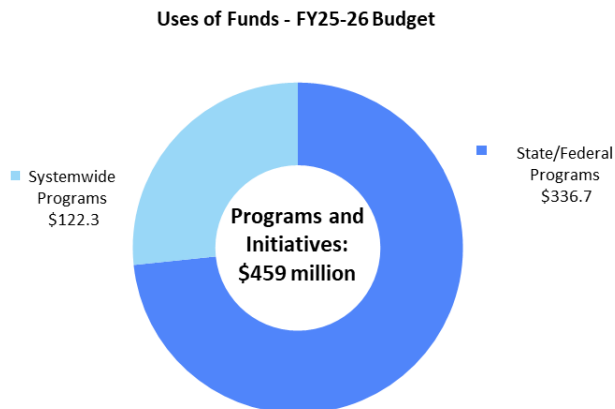
The total budget has decreased by \$4.6M or 0.4%.

Programs and Initiatives

The proposed FY25-26 Programs and Initiatives budget is \$459 million, or 39 percent of the budget.

Figure 9 below shows the distribution between approximately 30 State/Federal and Systemwide programs. Most programs are managed by Academic Affairs as part of the research and public service the University provides on behalf of the state and federal governments. The complete list of programs, budgets, forecasts, and comparisons, can be found in **Schedule C**.

Figure 9: Programs and Initiatives
\$ in millions



73% - 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.

27% - Systemwide Programs benefit the UC campuses and other statewide recipients, e.g., SAPEP, UC Press, UC research and astronomy programs.

Variances for the current year and comparison to the FY25-26 budget are in **Schedule C**.

Figure 10 below details the pass-through funds, all of which are in the Programs and Initiatives portion of the budget. Pass-through funds flow through the UCOP budget directly to campuses or other California institutions, individuals, or researchers. The largest pass-through program is ANR which UC operates as the land-grant university for the State of California (see **Schedule E**). Most pass-through funds are distributed by the Academic Affairs division for research, diversity programs, online learning and more.

Figure 10: Pass-through Funds Programs
\$ in millions

	FY24-25 Budget	FY25-26 Budget	Year-over- Year Change
Pass-Throughs			
Agriculture & Natural Resources	\$ 245.5	\$ 244.4	\$ (1.1)
Research Grant Programs	64.7	56.7	(8.0)
Other Strategic Priorities Fund	3.4	2.9	(0.5)
UC Observatories	17.0	17.3	0.3
California Subject Matter Projects	7.9	7.6	(0.3)
National Laboratory Programs	9.2	15.8	6.5
UC Research Initiative	7.4	7.4	-
All Others	5.2	8.6	3.4
Diversity Initiatives	8.4	8.4	(0.1)
Other Academic Pass-Throughs	3.8	6.4	2.5
Public Service Programs	6.6	5.3	(1.3)
Online Education Initiatives	2.8	2.7	(0.1)
UC Libraries	16.7	16.7	0.0
UC Health Initiatives	0.8	0.7	(0.1)
Total Pass-Throughs	\$ 399.5	\$ 400.8	\$ 1.3
Year-Over-Year Decrease \$	\$	1.3	
Year-Over-Year Decrease %		0.3%	

- Pass-throughs, funds not expended at UCOP, comprise 34% of the total UCOP budget.
- Pass-throughs are essentially flat to FY24-25.
- Research grant programs decreased due to lower anticipated grant awards for the TRDRP program and non-recurring funding for Firefighter Cancer Research offset by higher grants in the CA Breast Cancer Research and Lab Fees Research Programs.

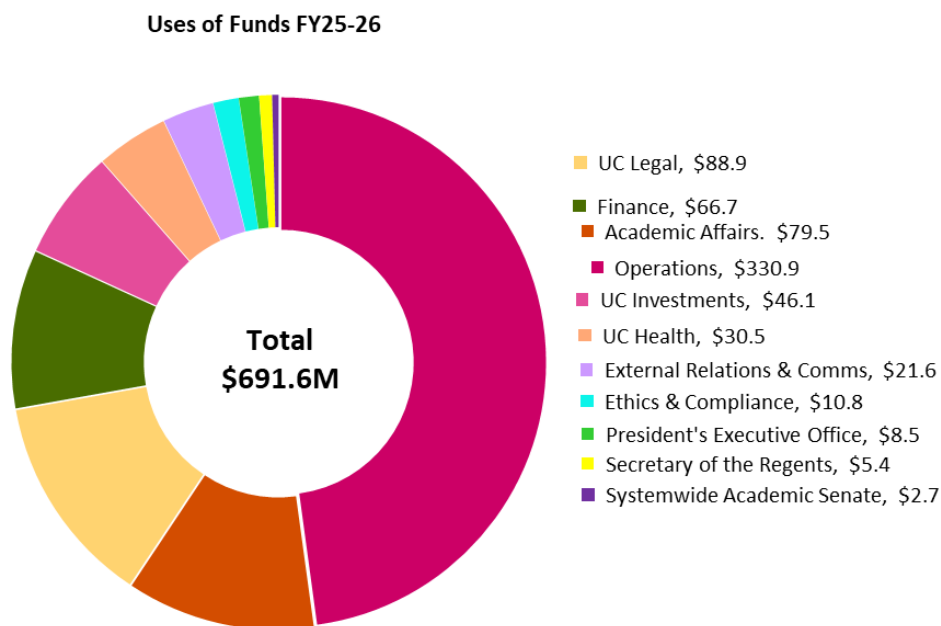
For FY25-26, the pass-through funds are \$1.3 million higher than in FY24-25.

- Minimal changes to pass-through funding in a year with budget cuts is a positive outcome. UCOP has aimed to preserve funds that are not expended at UCOP as this fuels activities that are campus-based.
- The reduction in Research Grants is driven by lower anticipated grant awards from the Tobacco-Related Disease Research Program (TRDRP) and non-recurring Firefighter Cancer Research, offset by higher awards in the Lab Fees Research Program (LFRP) and California Breast Cancer Research.

Systemwide and Core Services

Systemwide and Core Services, including UCPATH, total \$691.6M and comprise 59 percent of the total budget. **Figure 11** below and **Schedule D** provide a budget overview by division. The Systemwide and Core Services budget supports critical systemwide services and UCOP internal operations. The UC Operations division, which makes up almost one-half of these services, includes UCPATH, systemwide human resources, benefits and retirement management, technology services, community safety, strategic planning and program management, and internal UCOP operations.

Figure 11: Systemwide and Core Services
\$ in millions



Projected variances for the current year and a comparison to the FY25-26 budget are shown on **Schedule D**. Most UCOP Fee-for-Service activities, shown in **Figure 12** below, are in the Systemwide and Core Services budget.

Figure 12: Fee-for-Service Activities

\$ in millions

	FY24-25 Budget	FY25-26 Budget	Year-over- Year Change
Fee-for-Service			
UC Path	\$ 139.1	\$ 140.7	\$ 1.6
Office of the General Counsel	67.9	73.1	5.2
UC Retirement System	64.9	63.2	(1.7)
Investments & Asset Management	52.1	55.0	2.9
Employee Benefits Administration	34.0	34.4	0.4
UC Health Collaborative	26.0	24.4	(1.6)
Risk Management	8.5	7.5	(1.0)
Bond Management	5.6	5.5	(0.0)
Information Technology Services	3.5	2.8	(0.8)
Other Services	3.2	5.2	2.0
Patent Royalty Administration	3.4	3.2	(0.2)
UC Mortgage Origination Plan	3.2	3.8	0.5
Total Fee-for-Service	\$ 411.4	\$ 418.6	\$ 7.2
	Year over Year Increase \$	7.2	
	Year over Year Increase %	1.8%	

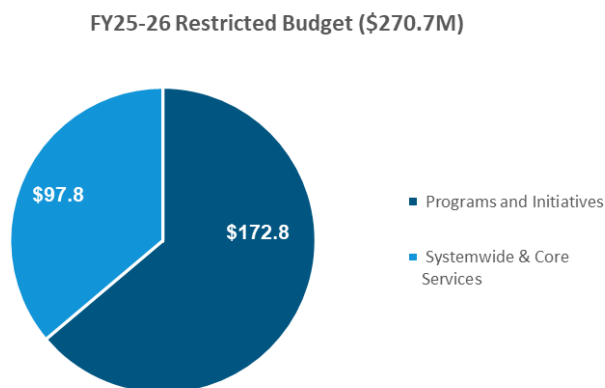
- The top six fee-for-service activities account for **93% of the total**.
- UCPath includes \$4.7M in one-time system roadmap enhancements, plus the operating budget of \$136M.
- Office of the General Counsel (UC Legal) is higher with increases expected in outside counsel matters.
- UC Investments increase based on higher investment in data-driven, technology solutions.
- Retirement System is lower as the pension system project is now operational.

Fee-for-service activities are functions that UCOP operates on behalf of the UC system to avoid redundancy on campuses and to save costs. UCPath provides systemwide payroll and human resource services, and FY25-26 includes \$4.7M in one-time designated SPF funds for system roadmap enhancements adding to the \$136M operating budget. UC Legal fees fund internal and third-party legal costs that UC Legal coordinates on behalf of the campuses. UCOP also manages investment, systemwide retirement and employee benefit programs.

Fund Uses by Fund Type

As shown in **Figure 13**, fifty percent of restricted funds primarily support two large state and federal programs, Agriculture and Natural Resources (ANR) and the Tobacco-Related Disease Research Program (TRDRP). Restricted funds also support the UC retirement administration and systems.

Figure 13: FY25-26 Restricted Fund Uses



Programs and Initiatives, \$172.8M (64%):

- \$167.4M of this total is from state / federal Programs with ANR and TRDRP accounting for \$99.3M and \$37.1M, respectively

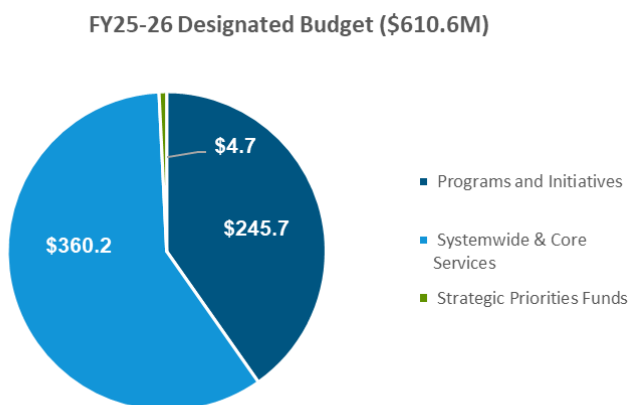
Systemwide Services, \$97.8M (36%):

- \$84.1M of this total is in Systemwide Human Resources associated with management of UC's systemwide retirement program

As shown in **Figure 14**, FY25-26 designated funds total \$610.6 million. Designated funds may only be used for a specific program, initiative, or expenditure. Examples include UC Press, UC National Laboratories, and UC Investments. UCPath is also entirely funded on designated funds.

In FY25-26, designated funds increased by \$3 million from FY24-25. The change is driven largely by UC Legal's anticipated increase in outside counsel expense and UC Investments external services expense.

Figure 14: FY25-26 Designated Fund Uses



Programs and Initiatives, \$245.7M (40%):

- \$169M of the total is in state / federal programs incl. ANR \$147M and UCNL \$14.6M.
- \$77M of the total is in Systemwide programs: UC Press \$22.3M, Lab Fees Research Program \$14.6M, CA HIV/AIDS \$10M, UCDC \$9.4M, and UC Online \$8.1M

Systemwide and Core Services, \$360.2M (59%):

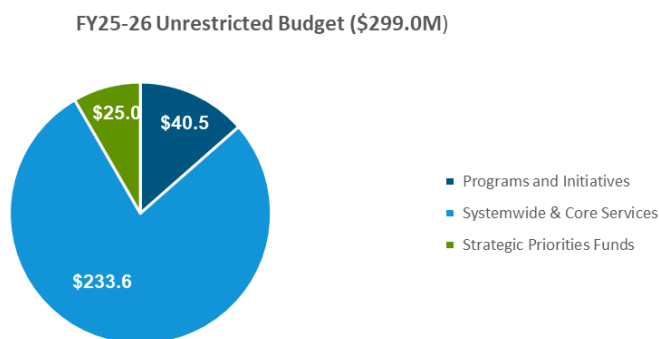
- UCPATH \$136M, UC Legal \$76M, UC Investments \$46.1M, UC Health \$24.6M and California Digital Library \$17.4M

Strategic Priorities Fund, \$4.7M: (1%):

- Funds are all for UCPATH roadmap projects

As shown in **Figure 15**, the FY25-26 budget includes total unrestricted funds of \$299 million. Seventy-eight percent of these funds go toward Systemwide and Core Services to provide services across the system, gain efficiencies and reduce redundancies. Detailed expenditures by fund type are provided in the Regents Schedule C-1 and D-1 in the appendix.

Figure 15: FY25-26 Unrestricted Fund Uses



Systemwide and Core Services, \$233.6M (78%):

- External Relations & Communications \$14.1M, Finance \$35.3M, UC Operations \$91.3M (including IT, Systemwide Human Resources), UC Legal \$11.8M, and Other (President's Executive Office, Secretary of the Regents, and more)

Programs and Initiatives, \$40.5M (14%):

- Funding supports research and teaching: UC Observatories, \$17.2M; Multi-campus research, \$8.4M, UC NRS \$2.3M
- And supports public service: SAPEP \$7.2M, HBCUs \$2M

Strategic Priorities Fund, \$25.0M (8%)

UCPATH

UCPATH is the University of California's shared services center for HR systems, payroll, and benefits administration, serving more than 265,000 employees. As the largest organization of its kind in U.S. higher education, UCPATH aims to be the premier provider of these services nationwide.

As of 2020, when all the campuses and locations completed the migration into UCPATH, leadership has focused on three strategic goals:

1. Stabilize UCPATH operations
2. Create value for stakeholders
3. Be an employer of choice consistent with UC's priorities

Current Progress and Milestones:

2024: Strengthened partnerships with UC stakeholders across the system to emphasize UCPATH's value-add and assisted four UC Health organizations with acquisitions of eight hospitals and two surgical centers, adding nearly 8,000 new UC Health employees.

2025: Focused on leveraging emerging technologies – including AI, robotic process automation, and machine learning to streamline and elevate service delivery to become the premier HR systems, payroll, and benefits administration shared services center in U.S. higher education.

Key Achievements:

- Met 78% of service targets in 2024 while managing over 317,000 cases – a 7% increase from the prior year
- Achieved 99.99% paycheck accuracy
- Managed an 8% increase in W-2 issuance while achieving the highest customer satisfaction levels since full UCPATH adoption
- Supported compliance with new California legislation, processed thousands of strike-related overpayments, and strengthened fraud prevention measures

FY25-26 Budget and Outlook

UCPATH's FY25-26 funding request builds upon these improvements and supports the transition from post-implementation to a steady-state, best-in-class shared services organization. With budget reductions across the system, UCPATH has reduced the FY24-25 budget of \$139.5 million to \$136.0 million.

This budget proposal:

- Provides \$4.7 million for one-time hosting and security cost projects (designated SPF funds)
- Makes some reductions that may impact roadmap enhancement progress during the year

While these reductions may affect response times for unplanned projects, peak-period scalability, and roadmap scope, UCPATH remains committed to its strategic goals. The focus continues to be on reducing manual effort, streamlining processes, improving accuracy, and transitioning from customizations to vendor-supported functionality.

Unrestricted Strategic Priorities Fund (SPF)

The SPF is funded at \$25 million in FY25-26 which is a \$5 million or 16.7 percent reduction from FY24-25. This funding supports emergent and urgent priorities, one remaining Presidential initiative, and key projects requiring one-time funding. The reduction of \$5 million from prior years was necessitated by the lower campus assessment and is unlikely to be restored without an increase to the campus assessment. Many SPF priorities and projects span two or more years, so a portion of the \$25 million budget is already committed at the start of the fiscal year to priorities started in the previous fiscal year.

The uncommitted portion allows the President to fund new priorities and projects throughout the year which are reviewed by the Supplemental Funding Request (SFR) process. In preparation for the challenging financial climate, we have implemented more rigor in our review of SFR submissions including a new, objective scoring process. Also, we have enhanced our process in collecting financial data from project owners, which has improved the accuracy of our quarterly forecast.

Schedule F-1 details the FY24-25 forecast and FY25-26 known commitments of approximately \$15M, which include:

- On-going support for UC National Center for Free Speech & Civic Engagement
- Programs that support the academic mission, students, and researchers
- IT projects, including a critical effort to stabilize the UCOP network and reduce vulnerability to security breach issues
- Campus community safety response

The \$25 million SPF currently includes \$10 million in uncommitted funds. These funds, while limited, remain at the discretion of the President for new initiatives or strategies. However, these uncommitted funds also are used for unforeseen requirements, such as systemwide community safety reforms, and technology upgrades, which can further limit the Presidents' flexibility.

Designated and Restricted Strategic Priorities Fund (SPF)

If needed, one-time designated and restricted projects can be funded with the Designated and Restricted SPF. This provides transparency for short-term projects funded on designated or restricted funds so they may be tracked separately from operating costs. In the coming year, we have identified \$4.7 million in one-time hosting and security projects for UCPath, approved by the campuses.

RESERVES

UCOP reserves are funds intentionally allocated for use in the event of revenue disruption, for maintenance of assets including buildings and infrastructure, or used by UC National Laboratories for business development opportunities or potential post-contract liability risks.

UCOP regularly completes a review of best practices and peer benchmarking to establish target funding levels for all reserves. The largest UCOP reserves, for the National Laboratories and UC Housing Loan programs, are reserves against multi-billion-dollar portfolios that are managed by UCOP and overseen by the Regents.

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. Reserve funds are kept separately from operating funds 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. The central operating reserve is unchanged from previous years and set at \$15 million or at least 3.5 percent of covered funds and expenses and maintained in the President's Endowment Fund.

Forecasted Reserves

UCOP reports reserve balances and target funding levels to the Regents twice annually, during the presentation of the budget, and after the fiscal year close. At the time the budget is presented, the fiscal year is not yet finalized, and therefore reserve balances are forecasted. **Figure 16** below projects a total reserve balance of \$179 million as of June 30, 2025. Details are in **Schedule G**.

Figure 16 – UCOP Reserve Balances

\$ in millions

			6/30/25 Forecasted Reserve	Variance:
	Reserve Target Minimum	Reserve Target Maximum		6/30/25 Reserve Over Max / (Under Min)
UCOP RESERVES				
Building and Capital Assets Reserves	\$ 3.0	\$ 8.5	\$ 5.2	\$ -
Program Reserves ¹	97.6	115.0	96.3	(1.3)
Other Required Reserves ²	72.5	93.3	62.5	(10.0)
Sub-Total Program and Non-Operating Reserves	\$ 173.1	\$ 216.8	\$ 164.0	
Central Operating Reserve	15.0	15.0	15.0	-
TOTAL UCOP RESERVES	\$ 188.1	\$ 231.8	\$ 179.0	

¹ Within Program Reserves, the UCNL reserve targets have shifted to reflect current operations.

² Housing Loan Program outstanding balance has grown, and the reserve range has shifted to reflect that, the actual reserve is still being increased to meet the new range.

Overall, current reserves fall just under the established target funding range of a minimum of \$188.1 million and maximum of \$231.8 million. Program Reserves are largely (93%) comprised of UC National Laboratories reserves which are designated by the UC Regents. These reserve targets have shifted to reflect the three current contracts and additional allocations for the Capital and Campus Opportunity Fund. The Housing Loan program reserve requirement reflects a 4 percent maximum reserve target on the overall size of the loan portfolio of approximately \$2.1 billion. The Regents determined in [January 2012](#) that the program is required to maintain a 3.5 percent maximum reserve target. Given the current economic uncertainty, the need to accommodate requests for loan forbearance, and current higher interest rates, the Office of Loan Programs recommended a maximum target equal to 4.0 percent, with a resulting target maximum of \$93.3 million, which includes \$10.5 million for campus supplemental loans. The forecasted reserve is below the minimum target of \$72.5 million, as a result additional funds will be added in the upcoming year.

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 sources, they must not be relied upon to fund recurring operations. **Schedule H, UCOP Fund Balances by Fund Type**, provides additional detail to the fund balances described below.

Actual and Forecasted Balances

To develop the FY25-26 budget, UCOP analyzed actual fund balances as of March 31, 2025, and forecasted fund balances for June 30, 2025. UCOP also reviewed known commitments identified for next year. Restricted or designated fund balances may only be used for their defined purpose.

Figure 17 shows a breakdown of fund balances by fund type, forecasted as of June 30, 2025. Overall, fund balances are projected to decrease by \$114.5 million or 53 percent compared to last year, the largest reduction (63 percent) taking place in the unrestricted funds.

Figure 17: UCOP Fund Balances

\$ millions

	6/30/25						
	6/30/24 Balance	Forecasted Balance	Commitments	Remaining Balance	Change in Fund Balance % Change		
Unrestricted	\$ 77.8	\$ 56.4	\$ 41.7	\$ 14.7	\$ (63.1)		-81.1%
Designated	124.6	121.3	49.5	71.8	(52.8)		-42.4%
Restricted	13.7	15.1	-	15.1	1.4		10.4%
Total Fund Balance	\$ 216.1	\$ 192.8	\$ 91.2	\$ 101.6	\$ (114.5)		-53.0%

Unrestricted fund balances afford the most flexibility for use. Unrestricted balances total \$14.7 million or 14 percent of the total remaining fund balance, net of funds being used for FY25-26 budget sources. This balance is planned to be retained considering current financial uncertainties at both the state and federal levels. The main cause of the change in unrestricted fund balances was due to the use of \$13 million in fund balances to balance the FY25-26 budget, along with approximately \$25 million additional planned for the FY26-27 budget and beyond. Fund balances at year-end are used in the subsequent year and may reduce the overall demand for increased campus assessment funding. Final balances will be reviewed by UCOP after the June 30, 2025 fiscal close and reported in the FY24-25 Budget-to-Actuals item presented at the November 2025 Regents Meeting.

Designated fund balances total \$71.8 million or 71 percent of the forecasted remaining fund balance. A designated balance is considered committed by the Regents or UCOP for an intended purpose. The largest balance, \$36.5 million, or 36 percent of total fund balances, is Regents-designated for the management of the UC National Laboratories. The Office of National Laboratories provides a spending, and reserves plan to the Regents each July for approval.

Designated fund balances also include balances for self-funded programs. The fund balance changes are due to:

- \$31.7M decrease in the Lab Fees Research program used to fund campus research opportunities as funds are committed for current and future grant cycles
- \$19.9M decrease in other balances such as UCPath assessment funds to be applied to FY25-26 budget and UC Legal funds for Systemwide Litigation
- \$9.2M decrease in endowment cost recovery funds planned for future development work

Restricted fund balances 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 are 15 percent of the forecasted remaining fund balance.

EXECUTIVE BUDGET COMMITTEE RECOMMENDATIONS

The Executive Budget Committee (EBC) issued its annual budget letter to President Drake in April. This year's discussion was dominated by concerns over state and federal funding levels. Given the ongoing uncertainty, UCOP will assess alternative scenarios and continue its robust forecasting process as the year evolves. It has been imperative to look at critical investment needs and make trade-off decisions to achieve systemwide goals. The UCOP budget process includes regular consultation with the EBC, and the Committee's feedback, recommendations, and guiding principles include:

- Support for the ongoing use of the campus assessment funding model which improves systemwide coordination
- Widespread appreciation for UCOP's \$37.3M campus reduction and relief consisting of \$22.3M in reductions to the UCOP and UCPath campus assessments as well as an allocation of \$15M to fund campus systemwide legal matters
- Use of budget targets to contain costs and implementation of the systemwide hiring freeze
- UCOP's conservative planning and assessment of key priorities in both Programs and Initiatives as well as Systemwide and Core Services.
- SPF funding reduced to \$25M allowing a new President only a modest level of flexibility in which to set vision or strategic direction for the University

This committee continues to serve a key role in UCOP finances with strong collaboration and partnership.

PRESIDENT'S RECOMMENDATION

The University of California Office of the President (UCOP) presents its FY25-26 budget proposal, developed amid ongoing funding uncertainty and fiscal constraints. To meet these challenges, UCOP has implemented significant internal expense reductions to support a budget that prioritizes key programs and services while reducing the financial burden on the campuses.

This proposal includes \$37.3 million in campus reductions and relief which is equivalent to a ten percent cut to the combined campus assessments. The UCOP campus assessment is reduced by 7.7 percent reduction and UCPath shows a 2.5 percent reduction compared to FY24-25. Campus assessment reductions were also augmented by the \$15 million allocation from UCOP for the systemwide litigation fund. Despite fiscal pressures, the budget upholds UC's core mission of teaching, research, and public service, and supports ongoing efforts to grow undergraduate enrollment. It is both comprehensive and transparent, reflecting UCOP's alignment with systemwide goals and priorities.

Pursuant to Regents Policy 5101, the President of the University recommends approval of the UCOP FY25-26 Budget by the Board of Regents.

Appendices

APPENDIX 1: UCOP SCHEDULES

Schedule A

Sources and Uses by Year

Overall UCOP

\$ in millions

				Variance Increase/ (Decrease)		
	FY24-25 Budget	FY24-25 Q2 Forecast	FY25-26 Budget	FY24-25 Fcst vs FY24-25 Bud	FY25-26 Bud vs FY24-25 Fcst	FY25-26 Bud vs FY24-25 Bud
SOURCES						
Unrestricted Sources						
Investment Income	32.6	47.1	38.5	14.5	(8.6)	5.9
UCOP Campus Assessment	244.0	244.0	225.2	0.0	(18.8)	(18.8)
Undesignated Fund Balance	13.2	13.2	14.8	0.0	1.7	1.7
Other Unrestricted Sources	17.9	18.8	20.5	0.9	1.7	2.7
Subtotal - Unrestricted Sources	\$307.6	\$323.0	\$299.0	\$15.4	(\$24.0)	(8.6)
Designated Sources						
Regents-Designated	43.1	35.3	52.6	(7.8)	17.3	9.5
Program-Designated	322.3	324.7	325.3	2.4	0.6	3.0
UCPath Fee-For-Service	139.2	141.8	140.6	2.6	(1.2)	1.4
UC ANR State General Funds	119.4	118.2	111.7	(1.2)	(6.6)	(7.7)
Subtotal - Designated Sources	\$624.0	\$620.1	\$630.1	(\$3.9)	\$10.0	\$6.1
Restricted Sources						
Gifts and Endowments	16.9	8.2	17.5	(8.6)	9.3	0.6
Contracts and Grants	73.4	71.4	80.0	(2.0)	8.6	6.6
Federal and State Appropriations/ Regulations	179.3	166.4	172.8	(12.8)	6.4	(6.4)
Subtotal - Restricted Sources	\$269.5	\$246.0	\$270.3	(\$23.5)	\$24.3	\$0.8
TOTAL SOURCES	\$1,201.1	\$1,189.2	\$1,199.5	(\$12.0)	\$10.3	(\$1.7)
USES						
Programs and Initiatives						
State/ Federal Programs	345.7	310.9	336.7	(34.9)	25.9	(9.0)
Systemwide Programs	112.9	113.5	122.3	0.6	8.7	9.4
Subtotal - Programs and Initiatives	\$458.6	\$424.4	\$459.0	(\$34.2)	\$34.6	\$0.4
Systemwide and Core Services						
Academic Affairs	80.3	79.7	79.5	(0.5)	(0.2)	(0.8)
Ethics & Compliance	10.4	10.5	10.8	0.1	0.2	0.3
External Relations & Communications	22.3	22.3	21.6	(0.0)	(0.7)	(0.7)
Finance	67.2	63.8	66.7	(3.3)	2.9	(0.4)
Operations	340.0	341.4	330.9	1.4	(10.5)	(9.2)
President's Executive Office	7.9	8.3	8.5	0.4	0.1	0.5
Secretary of the Regents	5.0	6.3	5.4	1.3	(0.9)	0.4
Systemwide Academic Senate	2.7	2.7	2.7	0.1	(0.0)	0.1
UC Health	32.6	32.8	30.5	0.2	(2.3)	(2.1)
UC Investments	43.2	48.0	46.1	4.8	(1.9)	2.9
UC Legal	84.6	93.5	88.9	9.0	(4.6)	4.4
Subtotal - Systemwide and Core Services	\$696.1	\$709.5	\$691.6	\$13.4	(\$17.9)	(\$4.5)
SPF - Unrestricted	30.0	30.1	25.0	0.1	(5.1)	(5.0)
SPF - Designated/ Restricted	0.2	0.1	4.7	(0.1)	4.6	4.5
Strategic Priorities Funds	\$30.2	\$30.1	\$29.7	(0.0)	(\$0.4)	(0.5)
TOTAL USES	\$1,184.9	\$1,164.0	\$1,180.3	(\$20.9)	16.3	(4.6)
NET MARGIN SURPLUS (DEFICIT)						
	\$16.2	\$25.2	\$19.2	8.9	(6.0)	2.9
Included in Sources and Uses Above						
Pass-Throughs	399.5	374.6	400.8	(24.8)	26.1	1.3
Fee-For-Service	411.4	426.0	418.6	14.6	(7.4)	7.2
Total Fee-For-Service and Pass-Throughs	\$810.8	\$800.7	\$819.4	(\$10.2)	\$18.8	\$8.6

Notes to Schedule A

Sources

Unrestricted Sources

1. Investment Income: \$38.5M estimate based on current year returns; higher by \$5.9M due to higher short-term rates of return.
2. UCOP Campus Assessment: \$225.2M net total represents a \$18.8M, or 7.7% decrease to the campus assessment year-over-year. Following the 2017 CSA audit of UCOP, approximately \$15 million in campus contributions for specific programs — the California NanoSystems Institute (CNSI) at UCSB, the Center for Information Technology Research in the Interest of Society (CITRIS) at UCB, the California Institute for Telecommunications and Information Technology (CalIT2) at UCSD, QB3 Innovation Ventures at UCSF, and the President's Postdoctoral Fellowship Program (PPFP) at UCB — are not included in the UCOP budget, as these funds are appropriated at the campuses.
3. Undesignated Fund Balance: \$14.8M estimate based on FY24-25 Forecast investment earnings, to be used in part to offset the campus assessment decrease.
4. Other Unrestricted: \$20.5M is an increase of \$2.7M due to a one-time allocation of strategic procurement funds.

Designated Sources

5. Regents Designated: \$52.6M increased by \$9.5M (22%) for UCNL fee income, partially designated for reserves.
6. Program-Designated: \$325.3M decreased by \$3M (1%) due to increases in UC Legal services demand, and UC Investments cost increases offset by the reduction in one-time funds for the Firefighter Cancer Research Program.
7. UCPath Fee-For-Service: \$140.6M increased by \$1.4M (1%) for one-time roadmap projects totaling \$4.7M offset by a decrease in ongoing operating expenses of \$3.5M.
8. UC ANR State General Funds: \$111.7M a decrease of \$7.7M (6.4%) in state allocations given the projected reductions in state funding.

Restricted Sources

9. Gifts and Endowments: \$17.5M is up \$0.6M (3.6%) compared to FY24-25.
10. Contracts and Grants: \$80M increased \$6.6M (9%) driven by ANR's extramural funding and other research funding.
11. Federal and State Appropriations: \$172.8M decreased \$6.4M (3.6%) due to lower anticipated funds for Tobacco-related Disease and Breast Cancer Research.

Notes regarding Uses are appended to Schedules, C, D and F

Schedule B

Expenditure by Fund *Overall UCOP*

\$ in millions

	Undesignated Funds	Designated Funds	Restricted Funds	FY25-26 Budget
TOTAL SOURCES	\$ 299.0	\$ 630.1	\$ 270.3	\$ 1,199.5
TOTAL USES				
Programs and Initiatives				
State/Federal Programs	0.6	168.7	167.4	336.7
Systemwide Programs	39.8	77.0	5.4	122.3
Subtotal	40.5	245.7	172.8	459.0
Systemwide and Core Services				
Academic Affairs	48.5	28.7	2.3	79.5
Ethics & Compliance	10.8	0.0	-	10.8
External Relations & Communications	14.1	5.7	1.8	21.6
Finance	35.3	27.7	3.7	66.7
Operations	91.3	150.9	88.7	330.9
President's Executive Office	7.9	0.4	0.2	8.5
Secretary of the Regents	5.4	0.0	-	5.4
Systemwide Academic Senate	2.6	0.0	0.1	2.7
UC Health	5.8	24.6	0.1	30.5
UC Investments	-	46.1	-	46.1
UC Legal	11.8	76.0	1.1	88.9
Subtotal	233.6	360.2	97.8	691.6
Strategic Priorities Funds	25.0	4.7	-	29.7
TOTAL USES	299.0	610.6	270.7	1,180.3
NET MARGIN SURPLUS (DEFICIT)	\$ -	\$ 19.5	\$ (0.4)	\$ 19.2

Notes to Schedule B

1. The total budget reflects a surplus for FY25-26 in Designated funds. Any realized surplus funds will be used in subsequent years and/or added to fund balances for future expenditures.
2. Restricted fund balance will be used to augment any immaterial deficit in the budget to ensure it is balanced.

Schedule C

Budget by Programs and Initiatives *Programs and Initiatives*

\$ in millions

	Variance Increase/(Decrease)					
	FY24-25	FY24-25	FY25-26	FY24-25	FY25-26	FY25-26
	Budget	Q2 Forecast	Budget	Fcst vs FY24-25 Bud	Bud vs FY24-25 Fcst	Bud vs FY24-25 Bud
PROGRAMS AND INITIATIVES						
State/Federal Programs						
Agriculture and Natural Resources (ANR)	247.4	225.4	246.3	(22.0)	20.9	(1.1)
California Breast Cancer Research Program	11.1	7.2	15.3	(3.9)	8.1	4.2
California Subject Matter Project (CSMP)	8.9	9.2	9.0	0.3	(0.2)	0.1
California Managed Care Organization (MCO) Tax Funding Program	3.4	0.0	3.7	(3.4)	3.7	0.3
Gaining Early Awareness and Readiness for Undergraduate Programs	3.5	1.5	3.5	(2.0)	2.0	(0.0)
Graduate Medical Education	1.9	1.2	1.2	(0.7)	0.0	(0.7)
Office of the National Laboratories (UCNL)	14.1	12.9	14.6	(1.3)	1.7	0.5
Other State/ Federal Programs	0.5	2.1	2.1	1.5	(0.0)	1.5
Tobacco-Related Disease Research Program (TRDRP)	44.8	42.9	37.1	(1.9)	(5.8)	(7.7)
UC Research: Cancer Research Coordinating Committee (CRCC)	2.7	1.7	2.1	(1.1)	0.4	(0.6)
Firefighter Cancer Research Program	6.0	5.6	0.9	(0.4)	(4.7)	(5.1)
UC Climate Action Research Initiative 2022	1.3	1.4	1.0	0.1	(0.4)	(0.3)
Subtotal - State/ Federal Programs	345.7	310.9	336.7	(34.9)	25.9	(9.0)
Systemwide Programs						
California HIV/ AIDS Research Program (CHRP)	8.8	8.8	10.0	0.0	1.2	1.2
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	3.1	3.1	3.1	0.0	0.0	0.0
Historically Black Colleges and Universities (HBCU) Summer Research Initiative	2.0	2.0	2.0	0.0	0.0	0.0
Innovative Learning Technology Initiative (Online Education)	8.4	8.3	8.1	(0.1)	(0.2)	(0.3)
Natural Reserve System (NRS)	3.2	3.0	3.2	(0.3)	0.2	(0.1)
Other Systemwide Programs	4.1	4.1	3.8	0.0	(0.3)	(0.3)
President's Postdoctoral Fellowship Program (PPFP)	0.9	1.9	2.7	1.0	0.8	1.8
SAPEP	15.7	16.1	15.4	0.4	(0.7)	(0.3)
UC Astronomy: University of California Observatories (UCO)	7.5	7.5	7.5	0.0	0.0	0.0
UC Astronomy: W.M. Keck Observatory (Keck)	9.5	9.5	9.7	0.0	0.3	0.3
University of California Press	22.7	22.2	23.3	(0.4)	1.0	0.6
UC Research: Laboratory Fees Research Program (LFRP)	8.1	7.4	14.6	(0.7)	7.1	6.5
UC Research: Multi-Campus Research Programs and Initiatives (MRPI)	8.4	9.1	8.4	0.7	(0.7)	(0.0)
University of California Washington Center (UCDC)	9.5	9.6	9.4	0.0	(0.1)	(0.1)
Subtotal - Systemwide Programs	112.9	113.5	122.3	0.6	8.7	9.4
TOTAL USES	458.6	424.4	459.0	(34.2)	34.6	0.4

Notes to Schedule C: Budget by Programs and Initiatives
FY25-26 Budget Increase / (Decrease) vs. FY24-25 Budget > \$1M.

State / Federal Programs

1. Agriculture and Natural Resources: \$246.3M decreased by \$1.1M due to projected reductions in state funding.
2. California Breast Cancer Research Program: \$15.3M increased by \$4.2M (38%) due to the timing of grant awards projected in FY25-26.
3. Other State/Federal Programs: \$1.5M increase in grants through the Research Grants Program Office.
4. Tobacco-Related Disease Research Program (TRDRP): \$37.1M decreased by \$7.7M, (17%) due to lower anticipated grant awards related to lower revenues compared to prior years.
5. Firefighter Cancer Research Program: \$0.9M a decrease of \$5.1M as this was one-time funding from the state for research to reduce the incidence of cancer among California firefighters.

Systemwide Programs

6. President's Postdoctoral Fellowship Program: \$2.7M increased by \$1.8M, 200% due to a new campus allocation.
7. Lab Fees Research Program (LFRP): \$14.6M increased by \$6.5M, 80% as the program follows a two-year grant cycle.

Schedule C-1

Programs and Initiatives by Fund

\$ in millions

	Unrestricted Funds	Designated Funds	Restricted Funds	FY25-26 Budget
PROGRAMS AND INITIATIVES				
State/Federal Programs				
Agriculture and Natural Resources (ANR)	0.0	147.0	99.3	246.3
California Breast Cancer Research Program	0.0	0.0	15.3	15.3
California Subject Matter Project (CSMP)	0.4	5.0	3.5	9.0
California Managed Care Organization (MCO) tax funding program	0.0	0.0	3.7	3.7
Gaining Early Awareness and Readiness for Undergraduate Programs	0.0	0.0	3.5	3.5
Graduate Medical Education	0.0	0.0	1.2	1.2
Office of the National Laboratories (UCNL)	0.0	14.6	0.0	14.6
Other State/Federal Programs	0.2	0.3	1.6	2.1
Tobacco-Related Disease Research Program (TRDRP)	0.0	0.0	37.1	37.1
UC Research: Cancer Research Coordinating Committee (CRCC)	0.0	0.0	2.1	2.1
Firefighter Cancer Research Program	0.0	0.9	0.0	0.9
UC Climate Action Research Initiative 2022	0.0	0.9	0.0	1.0
Subtotal - State/Federal Programs	0.6	168.7	167.4	336.7
Systemwide Program				
California HIV/AIDS Research Program (CHRP)	0.0	10.0	0.0	10.0
Eligibility in the Local Context (ELC)	0.0	1.0	0.0	1.0
Historically Black Colleges and Universities (HBCU) Fellowship Initiative	1.0	2.2	0.0	3.1
Historically Black Colleges and Universities (HBCU) Summer Research Initiative	1.0	1.0	0.0	2.0
Innovative Learning Technology Initiative (Online Education)	0.0	8.1	0.0	8.1
Natural Reserve System (NRS)	2.3	0.0	0.9	3.2
Other Systemwide Programs	1.8	2.0	0.0	3.8
President's Postdoctoral Fellowship Program (PPFP)	0.0	0.0	2.7	2.7
SAPEP	7.2	6.4	1.7	15.4
UC Astronomy: University of California Observatories (UCO)	7.5	0.0	0.0	7.5
UC Astronomy: W.M. Keck Observatory (Keck)	9.7	0.0	0.0	9.7
University of California Press	0.9	22.3	0.0	23.3
UC Research: Laboratory Fees Research Program (LFRP)	0.0	14.6	0.0	14.6
UC Research: Multi-Campus Research Programs and Initiatives (MRPI)	8.4	0.0	0.0	8.4
University of California Washington Center (UCDC)	0.0	9.4	0.0	9.4
Subtotal - Systemwide Programs	39.8	77.0	5.4	122.3
TOTAL USES	40.5	245.7	172.8	459.0

Schedule D

Budget by Division and Sub-Division

Systemwide and Core Services

\$ in millions

	Variance Increase/ (Decrease)					
	FY24-25	FY24-25	FY25-26	FY24-25	FY25-26	FY25-26
	Budget	Q2 Forecast	Budget	Fcst vs FY24-25 Bud	Bud vs FY24-25 Fcst	Bud vs FY24-25 Bud
SYSTEMWIDE AND CORE SERVICES						
Academic Affairs						
Academic Personnel and Programs	40.5	40.0	40.4	(0.6)	0.5	(0.1)
Immediate Offices	8.6	7.6	10.4	(1.0)	2.8	1.8
Institutional Research and Academic Planning	6.6	6.5	6.4	(0.1)	(0.2)	(0.2)
Research and Innovation	9.7	9.4	8.1	(0.3)	(1.3)	(1.6)
Graduate Undergraduate and Equity Affairs	14.8	16.2	14.2	1.4	(2.1)	(0.7)
Subtotal - Academic Affairs	80.3	79.7	79.5	(0.5)	(0.2)	(0.8)
Ethics & Compliance	10.4	10.5	10.8	0.1	0.2	0.3
External Relations & Communications						
Alumni and Constituent Affairs	0.5	0.6	0.5	0.1	(0.1)	(0.0)
Executive Communications & Engagement	0.9	0.8	0.8	(0.2)	0.0	(0.1)
Federal Government Relations	3.4	3.3	3.7	(0.1)	0.3	0.3
Institutional Advancement	2.9	2.7	3.2	(0.2)	0.5	0.3
Legislative Analysis	1.0	1.0	0.6	(0.0)	(0.4)	(0.4)
Marketing and Communications	7.4	6.5	6.9	(0.9)	0.4	(0.5)
Media Relations	0.8	1.0	0.7	0.2	(0.3)	(0.1)
State Government Relations	3.6	3.6	3.9	(0.1)	0.3	0.3
Immediate Office	1.7	2.8	1.2	1.1	(1.6)	(0.5)
Subtotal - ER&C	22.3	22.3	21.6	(0.0)	(0.7)	(0.7)
Finance						
Budget Analysis and Planning	2.7	2.3	2.5	(0.3)	0.1	(0.2)
Capital Markets Finance	9.3	8.4	9.4	(0.8)	1.0	0.1
Financial Accounting	15.8	15.9	15.3	0.1	(0.7)	(0.5)
Risk Services	10.4	9.5	9.8	(1.0)	0.3	(0.7)
Strategic Sourcing/ Procurement	14.1	14.1	16.0	(0.0)	1.8	1.8
Immediate Office	1.8	1.7	1.7	(0.2)	0.0	(0.1)
Capital Programs Energy and Sustainability	13.1	11.9	12.2	(1.2)	0.3	(0.9)
Subtotal - Finance	67.2	63.8	66.7	(3.3)	2.9	(0.4)
Operations						
Information Technology Services	57.0	58.1	57.8	1.1	(0.3)	0.8
Operational Expenses	3.0	(0.1)	(0.2)	(3.1)	(0.1)	(3.1)
Strategic Program Management Office	2.0	2.0	2.0	0.0	(0.0)	(0.0)
Systemwide Human Resources	101.3	102.8	99.0	1.5	(3.8)	(2.3)
UCOP Operations	30.6	30.6	29.2	(0.1)	(1.4)	(1.4)
Immediate Office	2.6	2.6	2.6	(0.0)	0.0	0.0
Systemwide Community Safety	4.0	4.1	4.4	0.1	0.3	0.4
UCPath	139.5	141.3	136.0	1.8	(5.3)	(3.5)
Subtotal - Operations	340.0	341.4	330.9	1.4	(10.5)	(9.2)
President's Executive Office	7.9	8.3	8.5	0.4	0.1	0.5
Secretary of the Regents	5.0	6.3	5.4	1.3	(0.9)	0.4
Systemwide Academic Senate	2.7	2.7	2.7	0.1	(0.0)	0.1
UC Health						
UC Health Core	(1.3)	0.2	(1.5)	1.5	(1.7)	(0.2)
Academic Health Sciences	3.7	3.7	3.0	(0.0)	(0.7)	(0.7)
Center for Data Driven Insights and Innovation	8.0	8.0	7.7	0.0	(0.3)	(0.2)
Clinical Strategy & Operations	6.2	5.0	4.9	(1.2)	(0.1)	(1.3)
Health Policy and Regulatory Affairs	1.3	1.1	1.7	(0.2)	0.5	0.4
Finance and Administration	7.0	7.0	7.5	(0.1)	0.5	0.4
Leveraging Scale for Value	7.6	7.8	7.2	0.1	(0.6)	(0.4)
Subtotal - UC Health	32.6	32.8	30.5	0.2	(2.3)	(2.1)
UC Investments	43.2	48.0	46.1	4.8	(1.9)	2.9
UC Legal						
In-House Counsel	42.0	42.0	41.4	0.0	(0.6)	(0.6)
Outside Counsel	40.1	47.6	45.0	7.6	(2.6)	4.9
Systemwide Litigation	2.5	3.9	2.5	1.4	(1.4)	0.0
Subtotal - UC Legal	84.6	93.5	88.9	9.0	(4.6)	4.4
TOTAL USES	696.1	709.5	691.6	13.4	(17.9)	(4.5)

Notes to Schedule D: Systemwide and Core Services
FY25-26 Budget Increase / (Decrease) vs. FY24-25 Budget > \$1M.

Academic Affairs

1. Academic Affairs Immediate Offices: \$10.4M, increased by \$1.8M, (21%) due to additional grant funding for the Global Entrepreneur in Residence Program.
2. Research and Innovation: \$8.1M, decreased by \$1.6M, (16%), due to the systemwide hiring freeze.

Finance

3. Strategic Sourcing/Procurement: \$16.0M increased by \$1.8M, (13%) due to consulting support for systemwide initiatives.

Operations

4. Operational Expenses: (\$0.2M) decreased by \$3.1M, (100%) due to reduction in central salary program funding.
5. Systemwide Human Resources: \$99.0M decreased by \$2.3M, (2%) driven by the completion of the Redwood pension system and transition from outside vendor to internal IT resources.
6. UCOP Operations: \$29.2M decreased by \$1.4M (5%) due to lower maintenance and debt service expenses.
7. UCPath: \$136.0M decreased by \$3.5M (2.5%) due to shift of one-time roadmap projects and lower operating expenses.

UC Health

8. Clinical Strategy and Operations: \$4.9M decreased by \$1.3M, (21%) driven by the sunseting of the Cancer Consortium Initiative.

Other Divisions

9. President's Executive Office: The Associate of the President budget of \$25,000 is included in the PEO total budget.
10. UC Investments: \$46.1M increased by \$2.9M (7%), given higher data processing and consulting expenses.
11. UC Legal: \$88.9M increased by \$4.4M, (5%) given an expected growth in the need for outside counsel.

Schedule D-1

Systemwide and Core Services by Fund

\$ in millions

	Unrestricted Funds	Designated Funds	Restricted Funds	FY25-26 Budget
SYSTEMWIDE AND CORE SERVICES USES				
Academic Affairs				
Academic Personnel and Programs	20.2	18.0	2.2	40.4
Immediate Office	8.3	2.1	0.0	10.4
Institutional Research and Academic Planning	6.4	0.0	0.0	6.4
Research and Innovation	5.0	3.2	0.0	8.1
Graduate Undergraduate and Equity Affairs	8.6	5.5	0.1	14.2
Subtotal - Academic Affairs	48.5	28.7	2.3	79.5
Ethics & Compliance	10.8	0.0	0.0	10.8
External Relations & Communications				
Alumni and Constituent Affairs	0.0	0.5	0.0	0.5
Executive Communications & Engagement	0.8	0.0	0.0	0.8
Federal Government Relations	2.9	0.8	0.0	3.7
Institutional Advancement	0.0	2.4	0.8	3.2
Legislative Analysis	0.6	0.0	0.0	0.6
Marketing and Communications	4.2	1.7	1.1	6.9
Media Relations	0.7	0.0	0.0	0.7
State Government Relations	3.9	0.0	0.0	3.9
Immediate Office	1.0	0.3	(0.1)	1.2
Subtotal - ER&C	14.1	5.7	1.8	21.6
Finance				
Budget Analysis and Planning	2.4	0.1	0.0	2.5
Capital Markets Finance	0.0	9.4	0.0	9.4
Financial Accounting	8.3	3.5	3.4	15.3
Risk Services	0.0	9.8	0.0	9.8
Strategic Sourcing/Procurement	16.0	0.0	0.0	16.0
Immediate Office	0.2	1.1	0.3	1.7
Capital Programs Energy and Sustainability	8.5	3.7	0.0	12.2
Subtotal - Finance	35.3	27.7	3.7	66.7
Operations				
Information Technology Services	42.2	11.6	4.0	57.8
Operational Expenses	(0.2)	0.0	0.0	(0.2)
Strategic Program Management Office	2.0	0.0	0.0	2.0
Systemwide Human Resources	13.2	1.8	84.1	99.0
UCOP Operations	27.6	1.5	0.0	29.2
Immediate Office	2.0	(0.0)	0.6	2.6
Systemwide Community Safety	4.4	0.0	0.0	4.4
UCPath	0.0	136.0	0.0	136.0
Subtotal - Operations	91.3	150.9	88.7	330.9
President's Executive Office	7.9	0.4	0.2	8.5
Secretary of the Regents	5.4	0.0	0.0	5.4
Systemwide Academic Senate	2.6	0.0	0.1	2.7
UC Health				
UC Health Core	(0.5)	(1.0)	0.0	(1.5)
Academic Health Sciences	2.7	0.2	0.1	3.0
Center for Data Driven Insights and Innovation	0.0	7.7	0.0	7.7
Clinical Strategy & Operations	0.9	4.0	0.0	4.9
Health Policy and Regulatory Affairs	0.2	1.4	0.0	1.7
Finance and Administration	2.4	5.0	0.0	7.5
Leveraging Scale for Value	0.0	7.2	0.0	7.2
Subtotal - UC Health	5.8	24.6	0.1	30.5
UC Investments	0.0	46.1	0.0	46.1
UC Legal				
In-House Counsel	11.8	28.5	1.1	41.4
Outside Counsel	0.0	45.0	0.0	45.0
Systemwide Litigation	0.0	2.5	0.0	2.5
Subtotal - UC Legal	11.8	76.0	1.1	88.9
TOTAL USES	233.6	360.2	97.8	691.6

Schedule E

UC ANR Budget within UCOP

Budget by Program and Unit - All Funds

\$ in millions

	FY24-25 Budget	FY24-25 Q2 Forecast	FY25-26 Budget	Variances: Increase/ (Decrease)		
				FY24-25 Fcst vs FY24-25 Bud	FY25-26 Bud vs FY24-25 Fcst	FY25-26 Bud vs FY24-25 Bud
SOURCES						
Endowment Payout	12.7	5.3	14.0	(7.4)	8.7	1.3
Extramural Funding	61.6	59.2	65.3	(2.5)	6.2	3.7
Federal AES	8.3	9.5	8.1	1.2	(1.5)	(0.2)
Federal UCCE	12.7	7.0	11.9	(5.7)	4.9	(0.8)
Other Sources	32.7	26.2	35.3	(6.5)	9.2	2.6
State UCCE	119.4	118.2	111.7	(1.2)	(6.6)	(7.7)
TOTAL UC ANR Budget within UCOP	247.4	225.4	246.3	(22.0)	20.9	(1.1)
NET MARGIN SURPLUS (DEFICIT)	0.0	0.0	0.0	0.0	0.0	0.0
USES						
AES Campuses						
Other Campus-Based Academics	1.8	1.7	0.8	(0.0)	(0.9)	(1.0)
UC Berkeley	8.8	8.0	9.3	(0.8)	1.3	0.5
UC Davis	24.0	22.7	22.0	(1.2)	(0.7)	(2.0)
UC Riverside	6.8	6.4	6.4	(0.3)	(0.1)	(0.4)
UC Santa Cruz	0.2	0.2	1.6	(0.0)	1.3	1.3
UC Merced	0.6	0.6	2.7	(0.0)	2.1	2.1
Subtotal - AES Campuses	42.2	39.7	42.8	(2.5)	3.0	0.6
Statewide Programs & Institutes						
Agriculture Issues Center	0.5	0.5	0.6	(0.0)	0.1	0.1
California Institute for Water Resources	1.4	1.3	2.7	(0.1)	1.4	1.3
Elkus Ranch Youth Development Center	0.5	0.3	0.4	(0.2)	0.2	(0.0)
Informatics & Geographic Information Systems	1.0	1.0	1.2	(0.0)	0.2	0.2
Integrated Pest Management	6.5	6.2	6.8	(0.3)	0.5	0.3
Nutrition Policy Institute	5.5	5.3	6.6	(0.2)	1.3	1.1
Statewide Programs & Initiatives	5.9	5.4	6.0	(0.5)	0.6	0.1
Sustainable Agriculture Research & Education	3.0	2.9	5.3	(0.1)	2.3	2.2
Volunteer Based Programs (MFP MG Naturalist)	3.2	2.7	3.3	(0.5)	0.6	0.1
Youth Family & Communities	3.3	3.0	5.0	(0.3)	2.0	1.7
Research and Extension Centers (RECs)	22.3	19.0	18.3	(3.3)	(0.7)	(4.0)
County-Based Research and Extension	106.2	96.0	102.0	(10.2)	6.1	(4.2)
Administration						
General Administration	29.6	27.0	34.0	(2.6)	7.1	4.5
Technology Implementation	6.8	6.0	2.2	(0.8)	(3.8)	(4.5)
Subtotal - Administration	36.3	33.0	36.3	(3.4)	3.3	(0.1)
Institutional Support	9.5	9.1	9.0	(0.4)	(0.1)	(0.5)
TOTAL UC ANR Budget within UCOP	247.4	225.4	246.3	(22.0)	20.9	(1.1)

Schedule F-1

Strategic Priorities Fund

Unrestricted Funds

Overall UCOP

\$ in millions

	FY24-25 Budget	FY24-25 Q2 Forecast	FY25-26 Budget	Variances: Increase/ (Decrease)		
				FY24-25 Fcst	FY25-26 Bud	FY25-26 Bud
				vs FY24-25 Bud	vs FY24-25 Fcst	vs FY24-25 Bud
UNRESTRICTED-UNDESIGNATED FUNDS						
COMMITMENTS						
Systemwide and Core Services						
President Transition Expense	0.0	0.5	2.4	0.5	1.8	2.4
Campus CommSafety Planning/ RFC	0.0	2.3	1.7	2.3	(0.6)	1.7
UCOP CYBER Investment	0.0	3.5	1.3	3.5	(2.2)	1.3
UC NRS - Health Safety	0.0	0.8	0.7	0.8	(0.1)	0.7
Mitigating SSN Use Assessment	0.0	0.6	0.6	0.6	0.0	0.6
UCCS-UC Student Policy Center	0.0	0.4	0.5	0.4	0.1	0.5
Innov Trf Entrep (ITE) Sys Stabilization	0.8	0.6	0.5	(0.2)	(0.1)	(0.3)
Campus Climate Management	0.0	0.0	0.5	0.0	0.5	0.5
IP Mgmt Financial SystemReplacement	0.0	0.5	0.5	0.5	0.0	0.5
UC Employee Experience Surveys	0.0	0.5	0.5	0.5	0.0	0.5
UC Health Stakeholder Digital Engagement	0.0	0.4	0.4	0.4	0.0	0.4
Payroll Personnel Analytics Assessment	0.4	0.4	0.4	0.0	0.0	0.0
UCCS ProgramBridge Funding	0.1	0.1	0.4	(0.0)	0.3	0.3
UCSB Chancellor Search	0.0	0.3	0.3	0.3	0.0	0.3
Regents Policy 1112 Complaint -2023	0.0	0.3	0.3	0.3	0.0	0.3
IT Accessibility Assessment	0.0	0.3	0.3	0.3	0.0	0.3
UC Riverside Chancellor Search	0.0	0.0	0.3	0.0	0.3	0.3
UC Fed Govt Rln - SKDK Contract	0.0	0.0	0.3	0.0	0.3	0.3
IRAP Data Systemto AWS Cloud	0.0	0.2	0.2	0.2	0.0	0.2
Lightcast SW Workforce Reporting	0.0	0.2	0.2	0.2	0.0	0.2
State Advocacy Firm	0.0	0.2	0.2	0.2	0.0	0.2
UCDC IT Review	0.0	0.2	0.2	0.2	0.0	0.2
Academic Labor Relations Org Alignment Project	0.2	0.1	0.1	(0.1)	0.0	(0.1)
UCB Chancellor Search	0.0	0.1	0.1	0.1	0.0	0.1
SW Survey-UC Faculty on AI	0.0	0.1	0.1	0.1	0.0	0.1
Board Counsel For Investigation	0.0	0.4	0.1	0.4	(0.3)	0.1
Digital Donor Library	0.1	0.1	0.1	0.0	(0.1)	(0.1)
SWHR Instructional Designer	0.0	0.2	0.1	0.2	(0.1)	0.1
Anti Racism ELearning Course Pilot	0.1	0.0	0.0	(0.1)	0.0	(0.1)
Corp System Gateway App Migration To AWS	0.2	0.2	0.0	0.0	(0.2)	(0.2)
Corporate Financial SystemReplacement	0.0	0.1	0.0	0.1	(0.1)	0.0
Internal Audit - QA Resources	0.5	0.5	0.0	(0.0)	(0.5)	(0.5)
Jira & Confluence SaaS Cloud Move	0.2	0.0	0.0	(0.1)	(0.0)	(0.2)
Mainframe Services Migration	0.0	0.1	0.0	0.1	(0.1)	0.0
Mulesoft Platform Migration UC Online To TDS	0.1	0.1	0.0	0.0	(0.1)	(0.1)
Privileged Access Management - PAM	0.3	0.0	0.0	(0.3)	0.0	(0.3)
PTS Security Assessment Phase I	0.2	0.2	0.0	0.0	(0.2)	(0.2)
Regents Legal Advice & Counsel	0.1	0.2	0.0	0.0	(0.2)	(0.1)
San Diego Supercomputer Exit	2.0	1.6	0.0	(0.4)	(1.6)	(2.0)
Sharepoint Move to Cloud	0.1	0.1	0.0	(0.1)	(0.1)	(0.1)
Student Health Plan-3rd Party Billing	0.0	0.4	0.0	0.4	(0.4)	0.0
SAB	0.1	0.1	0.0	0.0	(0.1)	(0.1)
Systemwide Director Athletics	0.0	0.2	0.0	0.2	(0.2)	0.0
Symposium	0.0	0.3	0.0	0.3	(0.3)	0.0
UCOP COVID-19 Response	0.2	0.1	0.0	(0.0)	(0.1)	(0.2)
Vaccine Compliance Project	1.0	1.0	0.0	0.0	(1.0)	(1.0)
Vulnerability Remediation of UCOP Applications	2.0	2.4	0.0	0.4	(2.4)	(2.0)
Services	10.5	22.8	13.2	12.3	(9.7)	2.7
Presidential Initiatives						
Engagement	0.9	0.9	0.9	0.0	0.0	0.0
Subtotal - Presidential Initiatives	0.9	2.5	0.9	1.6	(1.6)	0.0
Systemwide Initiatives						
ARCHES Hydrogen Hub	1.2	0.5	0.7	(0.7)	0.1	(0.5)
(I2E2) Initiative	0.1	0.2	0.2	0.1	0.0	0.1
National ED Equity Pilot	0.1	0.1	0.0	(0.0)	(0.1)	(0.1)
A-G Course Management Portal	0.2	0.2	0.0	0.0	(0.2)	(0.2)
Subtotal - Systemwide Initiative	1.5	0.9	0.9	(0.6)	(0.1)	(0.7)
Committed SPF Funds	12.9	26.3	14.9	13.3	(11.3)	2.0
Uncommitted SPF Funds	17.1	3.8	10.1	(13.3)	6.3	(7.0)
Total Strategic Priorities Fund	30.0	30.1	25.0	0.1	(5.1)	(5.0)

Schedule F-2
Strategic Priorities Fund
Designated/Restricted Funds
Overall UCOP
\$ in millions

	Designated	Restricted	FY 25-26 Budget
Systemwide and Core Services			
UCPath Roadmap	4.7	0.0	4.7
Subtotal - Systemwide and Core Services	4.7	0.0	\$4.7
Total Strategic Priorities Fund	4.7	0.0	\$4.7

Schedule G

UCOP Reserves

\$ in millions

				Variance:		
	Reserve Target Minimum	Reserve Target Maximum	6/30/24 Actual Reserve	6/30/25 Forecasted Reserve	6/30/24 Actual vs 6/30/25 Forecast	6/30/25 Reserve Target Over Max / (Under Min)
UCOP RESERVES						
Building and Capital Assets Reserves						
Capital Maintenance and Renewal	\$ 2.6	\$ 7.9	\$ 4.7	\$ 4.7	\$ (0.0)	\$ -
UCOP IT Infrastructure	0.4	0.6	0.6	0.6	(0.0)	-
Sub-Total Building and Capital Assets Reserves	\$ 3.0	\$ 8.5	\$ 5.3	\$ 5.2	\$ (0.1)	
Program Reserves						
UC National Laboratories						
LANS and LLNS-LLC Post Contract Contingency ¹	23.2	23.2	23.0	27.6	4.6	2.0
LANS and LLNS-LLC Fee Contingency ¹	15.0	15.0	7.3	12.0	4.7	(0.6)
TRIAD Reserve Fund ¹	10.0	10.0	7.2	8.8	1.6	(1.2)
Capital and Campus Opportunity Fund ¹	25.0	25.0	16.6	14.5	(2.1)	(10.5)
LBNL Post Contract Contingency ²	8.5	8.5	6.5	7.3	0.8	(1.2)
LBNL Building Commitment ²	10.0	23.0	16.8	18.8	2.0	
LBNL Guest House Renewal & Replacement ²	1.5	2.5	0.5	0.4	(0.1)	(1.1)
UC National Laboratories Sub-Total	93.2	107.2	77.9	89.5	11.6	
UC Press	1.5	1.5	1.5	1.5	(0.0)	-
UC Washington Center (UCDC) ³	2.9	6.3	5.3	5.3	0.0	-
Sub-Total Program Reserves	\$ 97.6	\$ 115.0	\$ 84.7	\$ 96.3	\$ 11.6	
Other Required Reserves						
Housing Loan Program ⁴	72.5	93.3	56.4	62.5	6.1	(10.0)
Sub-Total Other Required Reserves	\$ 72.5	\$ 93.3	\$ 56.4	\$ 62.5	\$ 6.1	
SUB TOTAL NON-OPERATING AND PROGRAM RESERVES	\$ 173.1	\$ 216.8	\$ 146.4	\$ 164.1	\$ 17.7	
Central Operating Reserve⁵	15.0	15.0	15.0	15.0	-	-
TOTAL UCOP RESERVES	\$ 188.1	\$ 231.8	\$ 161.4	\$ 179.1	\$ 17.7	

¹ UCNL TRIAD (LANL) 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 \$5.3M in TRIP.

⁴ The Housing Loan Program reserve has been adjusted to reflect a maximum of 4% of outstanding loans, plus \$10.1M of reserve balance, set aside for campus supplemental home loans.

⁵ 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 H

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

\$ in millions

	6/30/25				
	6/30/24 Balance	Forecasted Balance	Commitments ³	Remaining Balance	Change in Fund Balance
UNRESTRICTED					
Unrestricted - UCOP					
Investment Income	\$ 46.2	\$ 43.5	\$ 41.2	\$ 2.3	\$ (43.9)
UC General Funds	2.4	0.7		0.7	(1.7)
Legal Settlements	5.0	1.1	0.5	0.6	(4.4)
Other	24.2	11.2		11.2	(13.0)
Sub-Total Unrestricted	\$ 77.8	\$ 56.4	\$ 41.7	\$ 14.7	\$ (63.1)
DESIGNATED					
Regents Designated					
DOE Laboratories ⁴					
LLC	\$ 11.0	\$ 15.0	\$ -	\$ 15.0	\$ 4.0
LBNL	16.2	20.1	-	20.1	3.9
Triad	11.3	11.4	-	11.4	0.1
Lab Fees Research	33.8	35.3	33.2	2.1	(31.7)
Programs and Initiatives					0
UC Healthcare Collaborative	\$ 3.2	\$ 3.7	\$ -	\$ 3.7	\$ 0.5
California Digital Library	1.7	2.0		2.0	0.3
ICAMP	(0.1)	-		-	0.1
UC Washington Center	3.0	3.4	-	3.4	0.4
Procurement Initiatives	2.1	1.2		1.2	(0.9)
Other	1.8	1.5	-	1.5	(0.3)
Central Services Designated					-
Endowment cost recovery	\$ 15.4	\$ 16.2	\$ 10.0	\$ 6.2	\$ (9.2)
Energy and sustainability	1.1	1.1	-	1.1	0.0
Other	24.1	10.5	6.3	4.2	(19.9)
Sub-Total Designated	\$ 124.6	\$ 121.3	\$ 49.5	\$ 71.8	\$ (52.8)
RESTRICTED					
Federal and Special State Appropriations/Regulations	\$ 3.4	\$ 3.4	\$ -	\$ 3.4	\$ (0.0)
Gifts and Endowments	10.3	11.8	-	11.8	1.5
Sub-Total Restricted	\$ 13.7	\$ 15.1	\$ -	\$ 15.1	\$ 1.4
TOTAL BALANCES	\$ 216.1	\$ 192.8	\$ 91.2	\$ 101.6	\$ (114.5)

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 Commitments include \$13.1M in fund balances used in the FY25-26 budget, \$28M rainy day fund; \$33.2M for commitments on the Lab Fees Research grants, \$10M for development efforts, \$2.1M for UCPath and \$4M for campus legal recharges in FY25-26

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

APPENDIX 2: UC AT A GLANCE

THE UNIVERSITY OF CALIFORNIA AT A GLANCE

FEBRUARY 2025

The University of California improves the lives of people in California and around the world through world-class educational opportunities, groundbreaking research, top-rated health care and agricultural expertise. We are driven by values of public service in all we do.



EDUCATION

Total enrollment	299,407
Undergraduate students	236,070
Graduate students	63,337
Alumni	2.5 M
More than 170 academic disciplines	
880 degree programs	
UC HAS SET A GOAL OF PRODUCING 1.2M GRADUATES BY 2030.	

FACULTY AND STAFF

Faculty	26,100
Other academic (postdocs, etc.)	47,700
Staff	192,400

UC IS THE STATE'S SECOND-LARGEST EMPLOYER.

STATISTICS DRAWN FROM MOST RECENT DATA AVAILABLE

UNDERGRADUATE SNAPSHOT

California resident	84.2%		
Nonresident	15.8%		
Community college transfer	26%		
First-generation students	36%		
African American	5%		
Hispanic/Latino(a)	27%		
White	20%		
Asian	37%		
Graduation rate	4-YEAR	5-YEAR	6-YEAR
ALL STUDENTS	73%	84%	86%
PELL STUDENTS	67%	81%	83%

STUDENT FINANCIAL AID

Total financial aid	\$5.3 B
Federal aid	\$1.73 B
> Federal Pell Grants	\$495 M
> Undergrads who qualify for Pell Grants	35%
> CA undergrads who qualify for Pell Grants	41%
University aid	\$2.11 B
State aid	\$1.28 B
Private aid	\$221 M
CA undergrads with tuition fully covered	54%
CA undergrads who pay full tuition	33%
CA undergrads without loans at graduation	64%
UC student debt at graduation (avg.)	\$17,200

HONORS AND AWARDS

Nobel Prize winners	70
MacArthur "Genius" grants	101
National Medal of Science winners	66
Breakthrough Prize winners	14
Pulitzer Prize winners	42

EIGHT OF UC'S 10 CAMPUSES ARE MEMBERS OF THE PRESTIGIOUS 71-MEMBER ASSOCIATION OF AMERICAN UNIVERSITIES (AAU), REPRESENTATION NO OTHER STATE SYSTEM CAN MATCH.

THE UNIVERSITY OF CALIFORNIA AT A GLANCE

FEBRUARY 2025

RESEARCH IMPACT

Inventions per day (avg.)	4
Inventions disclosed (FY 2023)	1,440
Startups from UC intellectual property/technology (FY2023)	78
Active US and foreign patents (THRU FY2023)	13,810

MANY OF CALIFORNIA'S LEADING INDUSTRIES GREW FROM UC RESEARCH, INCLUDING BIOTECHNOLOGY, COMPUTING, SEMICONDUCTORS, TELECOMMUNICATIONS AND AGRICULTURE.

RESEARCH FUNDING

Research awards	\$7.49 B
Federal research awards	\$3.85 B
Federal research contracts/grants	6,682

UC IS AWARDED MORE NIH AND NSF FUNDING THAN ANY OTHER INSTITUTION IN THE COUNTRY.

K-12 EDUCATIONAL OUTREACH

Schools and Departments of Education	9
K-12 school partnerships	2,257
Students reached by UC programs	256,277
Participants who go on to college	62%

UC PLAYS A ROLE IN THE EDUCATION OF MILLIONS OF CALIFORNIA K-12 STUDENTS, WHETHER OR NOT THEY ARE UC-BOUND.

AGRICULTURE AND NATURAL RESOURCES DIVISION

Counties with UC ANR projects	58
Cooperative Extension advisors and specialists	295
Agricultural experiment station researchers	513
Community volunteers	16,647
Volunteer hours	1,256,263
Educational exchanges with adults and youth	1,255,994

UC HAS HELPED CALIFORNIA BECOME THE NATION'S TOP AGRICULTURAL STATE WITH FARM REVENUES OF \$59.4 BILLION.

ACADEMIC HEALTH CENTERS AND CLINICS

Outpatient visits	10.8 M
Emergency visits	474,000
Inpatient days	1.32 M
Medicare inpatient days	39%
Medi-Cal inpatient days	35%

*UNAUDITED FINANCIALS AS OF 1Q FY2025

UC ACADEMIC HEALTH CENTERS CONDUCT NEARLY 4,900 CLINICAL TRIALS EACH YEAR, SUPPORTING DEVELOPMENT OF NEW DRUGS AND DISEASE TREATMENTS.

HEALTH PROFESSIONAL INSTRUCTIONAL PROGRAMS

Health professional schools	21
Health professional students and residents	16,100

69 PERCENT OF UC MEDICAL SCHOOL GRADUATES PRACTICE IN CALIFORNIA — THE HIGHEST IN THE NATION.

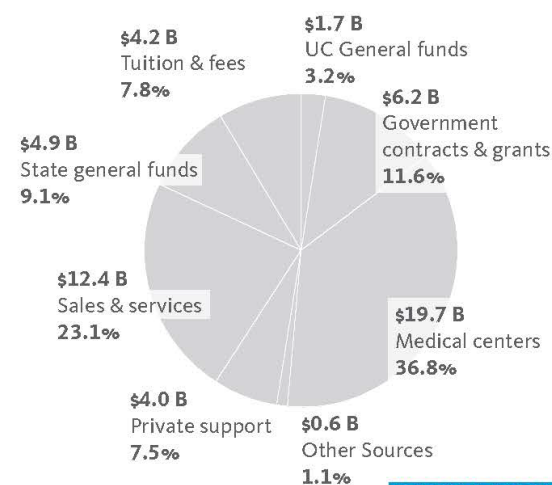
ECONOMIC IMPACT

CA jobs supported by UC operations	529,000 (1 in 45)
Economic impact of UC activities	\$82.0 B
Contributions to gross state product	\$55.8 B

UC RESEARCH IN NANOTECHNOLOGY, CLEAN ENERGY, NEUROSCIENCE, GENOMICS AND MEDICINE IS HELPING DRIVE THE NEXT WAVE OF CALIFORNIA ECONOMIC GROWTH.

UC REVENUE SOURCES

2024–25 Operating Budget	\$53.6 B
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UNIVERSITY
OF
CALIFORNIA

APPENDIX 3: THE FUNCTION OF THE UC OFFICE OF THE PRESIDENT

The University of California Office of the President (UCOP) supports the UC system by providing the leadership to execute the mission cohesively, by incubating, funding, coordinating, and managing systemwide programs and initiatives, and by supporting operations and realizing efficiencies through Systemwide and Core Services.

UCOP’s FY25-26 budget of \$1.180 billion is approximately 2.2 percent of total UC expenditures of ~\$53.5 billion in FY25-26. The budget primarily supports two major areas, Programs and Initiatives and Systemwide and Core Services which are described below.

Programs and Initiatives – UCOP manages approximately 30 State & Federal programs and systemwide 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 promote access and diversity through its outreach programs. While UCOP directs these programs, the funding passes through to the campuses and other California-based researchers where they employ scientists, fund research studies, and utilize funding in alignment with the UC mission.

State and Federal Programs: UCOP oversees these programs on behalf of the state or the federal government, and some are required by state legislation. These programs are primarily funded by restricted (~60 percent) and designated funds (~40 percent). Key examples of state & federal Programs include:

Research Programs

- ✓ ANR
- ✓ Tobacco-Related Diseases (TRDRP)
- ✓ Breast Cancer
- ✓ UC National Laboratories

Outreach & Public Service Programs

- ✓ ANR
- ✓ California Subject Matter Project (CSMP)
- ✓ GearUp
- ✓ Graduate Medical Education

Systemwide Programs: UCOP oversees programs that benefit the state or one or more campuses and are funded on an-ongoing basis. These programs include unrestricted, discretionary (~40 percent) and designated funds (~60 percent) with a negligible amount of restricted funds.

Key examples of Systemwide Programs include:

Teaching Programs

- ✓ UC Online
- ✓ UC Sacramento Student & Policy Center
- ✓ UC Washington Center

Research Programs

- ✓ California HIV/AIDS Research
- ✓ Multi-campus Research Programs
- ✓ National Lab Research Programs
- ✓ UC Observatories
- ✓ UC Press

Outreach & Public Service Programs

- ✓ HBCU fellowship and summer intern programs
- ✓ Natural Reserve System (NRS)
- ✓ Student Academic Preparation and Educational Partnerships (SAPEP)

Systemwide and Core Services – UCOP performs Systemwide and Core functions on behalf of the University to maximize efficiencies, eliminate redundancies, and reduce risk. Systemwide and Core Services are funded through a combination of fee-for-service, designated, and unrestricted funds. Examples of these services are:

- | | | |
|--|-------------------------------------|--|
| ✓ Undergraduate/Transfer Admissions | ✓ UCPATH | ✓ UC Investments (retirement, endowment funds, etc.) |
| ✓ Student Aid | ✓ Employee benefit programs | ✓ Capital financing and bond issuance |
| ✓ Academic Personnel and Programs | ✓ Retirement Center | ✓ Corporate accounting |
| ✓ Institutional Research and Academic Planning | ✓ Labor relations | ✓ Energy purchases |
| ✓ Knowledge Transfer and Intellectual Property | ✓ Systemwide Office of Civil Rights | ✓ Risk services/insurance |
| | ✓ UC Legal | ✓ Information technology |
| | ✓ Ethics, Compliance and Audit | ✓ Government Relations |

APPENDIX 4: FY25-26 UC PRESIDENTIAL INITIATIVES

UC Presidential Initiatives Detail

There is one UC Presidential Initiative:

	UC Presidential Initiatives	FY24-25 Budget	FY25-26 Budget	Incr / (Decr) ¹
1	UC National Center for Free Speech and Civic Engagement	920,000	920,000	-0-
	Total	\$ 920,000	\$ 920,000	\$-0-

1. Increase/(Decrease) for FY25-26 versus the FY24-25 Budget.

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

The UC system and the Free Speech Movement have long been synonymous. As an extension of this great legacy, President Napolitano launched the UC National Center for Free Speech and Civic Engagement in FY17-18 to further the public service mission of the University. The Center is housed at UC Irvine and at UCD, the Washington D.C. location of the University of California. It serves as a national leader and resource on issues including how simultaneously to encourage robust inquiry and dialogue while safeguarding other institutional values such as equity and inclusivity. Through its programming, publications and preeminent fellows, the Center is blazing a trail to prominence as it researches how the fundamental democratic and academic principles of free speech and civic engagement enrich the discovery and transmission of knowledge in America's colleges and universities.

APPENDIX 5: KEY TO ACRONYMS

Acronym	Description
ANR	Agriculture and Natural Resources
CDL	California Digital Library
CFO	Chief Financial Officer
COO	Chief Operating Officer
CSA	California State Auditor
CSU	California State University
EBC	Executive Budget Committee
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GO Bond	General Obligation Bond
HBCU	Historically Black Colleges and Universities
HSI	Hispanic Serving Institutions
HR	Human Resources
iCAMP	Integrated Capital Asset Management Program
Incr/(Decr)	Increase/(Decrease)
IT	Information Technology
LANL	Los Alamos National Laboratory
LBNL	Lawrence Berkeley National Laboratory
LLC	Limited Liability Company
LLNL	Lawrence Livermore National Laboratory
NAGPRA	Native American Graves Protection and Repatriation Act
SAPEP	Student Academic Preparation and Academic Partnerships
SPF	Strategic Priorities Fund
TRDRP	Tobacco-Related Disease Research Program
UC	University of California
UCDC	University of California Washington Center
UCGPC	University of California Graduate and Professional Council
UCNL	University of California National Laboratories
UCOP	University of California Office of the President
UCSA	University of California Student Association

