

Office of the President

TO MEMBERS OF THE BOARD OF REGENTS:

ACTION ITEM

For Meeting of July 30, 2020

FISCAL YEAR 2020–21 BUDGET FOR THE UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT

EXECUTIVE SUMMARY

The University of California Office of the President (UCOP) is submitting a budget proposal during uncertain economic times for the University and without a complete understanding of systemwide COVID-19 impacts over the course of the next year. In response to the University’s rapidly-changing circumstances, the July budget proposal aims to satisfy three objectives:

- ***Reduce the budget:*** by 8.5 percent in total, including 16.7 percent on unrestricted funds from FY19–20
- ***Balance the budget:*** by fund type and align to available financial resources
- ***Mitigate the financial impact to campuses:*** from budget changes in FY20–21

The UCOP Fiscal Year 2020–21 budget of \$862 million reflects an \$80 million or 8.5 percent reduction to the FY2019–20 budget of \$941.7 million. To achieve this goal, UCOP substantially slowed and reduced the rate of expenditures, especially but not exclusively those from State General funds, by implementing nine percent divisional expense reduction targets on unrestricted funds, a hiring freeze, travel restrictions, limited funding for the President to respond to urgent or emergent priorities, transitioning services to fee-based models, and delaying critical investments in services and mission-driven programs. These measures offset increased operating costs, prior programmatic commitments, and critical information system investments already under way. Many of these cuts are one-time reductions which may not be repeatable or sustainable in future years, and are not without consequence to the campuses.

Of the total budget, 69 percent of the funds either pass through UCOP to recipients across the State or support fee-for-service activities aligned to the University’s mission. While some budget reductions may impact certain service levels this year, UCOP continues to support valued programs that support the University’s mission of education, research, and public service.

RECOMMENDATION

The President of the University recommends that the Regents approve the Fiscal Year 2020–21 Budget for the University of California Office of the President, as provided in Attachment 1.

BACKGROUND

Given the evolving State of California budget situation, the University of California Office of the President received approval from the Regents in May 2020 to expend fiscal year 2020–21 funds beginning on July 1, 2020, with the understanding that UCOP would return to the July meeting with an updated budget. Assembly Bill 89, the State budget bill, signed on June 29 by the Governor, reduced the FY2020–21 UCOP appropriation to \$297 million, a \$43.2 million (12.7 percent) reduction from the FY2019–20 year.

The FY2020–21 Budget was developed with extensive collaboration from the UC Executive Budget Committee, made up of campus leaders, Academic Senate members, and UCOP representatives. Their recommendations were considered and adopted by the President.

In total, the proposed UCOP FY20–21 budget of \$862 million is \$80 million and 8.5 percent less than FY2019–20.

[Attachment 1: Fiscal Year 2020–21 Budget for UC Office of the President](#)