

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

DISCUSSION ITEM

For Meeting of May 14, 2025

THE GOVERNOR’S MAY REVISION TO THE 2025-26 BUDGET AND UPDATE FROM THE SYSTEMWIDE BUDGET MANAGEMENT WORKGROUP

EXECUTIVE SUMMARY

The Governor’s May revision for the proposed 2025-26 State budget is expected to be released in early May. Executive Vice President and Chief Financial Officer Brostrom and Associate Vice President Caín Díaz will make an oral presentation to the Board providing an overview of the Governor’s revisions and their implications for the 2025-26 University of California budget. In addition, the Board will hear an update on the Systemwide Budget Management Workgroup’s efforts to date.

BACKGROUND

The University’s Systemwide Budget Management Workgroup

Purpose and Context

The University of California has established a Systemwide Budget Management Workgroup to review existing budget management and planning strategies across the system and identify potential opportunities and best practices. The workgroup is composed of representatives from UC campuses and the Office of the President (UCOP), bringing together a diverse range of expertise to ensure a comprehensive approach.

Guiding Principles

Guided by principles that emphasize transparency, sustainable practices, and alignment with UC’s mission and strategic goals, the workgroup was charged with developing recommendations to enhance systemwide financial practices and communication.

Promoting Transparency and Shared Governance: Fostering trust and collaboration across multiple key stakeholder groups while standardizing and/or enhancing budget communication strategies.

Emphasizing Sustainable Budget Practices and Multi-year Planning: Supporting financial resilience by encouraging multi-year budgeting and long-term solutions.

Ensuring Alignment with UC Values and Strategic Goals: Prioritizing investments and practices that recognize and address current budget challenges while reflecting UC's mission, values, and aspirations.

Workgroup Goals

1. Ensure accurate and consistent data collection and reporting that aligns with systemwide expectations to enable informed decision-making.
2. Create a detailed inventory of current budget and financial management practices and strategies, providing a comprehensive overview of existing approaches.
 - a. Identify existing decision-making processes with significant implications for campus budgets where budget and financial leadership currently lack representation or engagement.
3. Identify existing strategies within the inventory that serve as best practices and pinpoint opportunities for enhancement, for individual campuses and at the systemwide level.
4. Identify challenges faced by campuses in optimizing budget resilience and develop suggestions to enhance flexibility and adaptability.
5. Develop common communication points to ensure clarity and consistency in messaging for both internal and external audiences.
 - a. Highlight the importance of stakeholder education as a necessary component of any communication strategy.

Latest Updates

The workgroup had its first meeting in December 2024 and continues to meet regularly to discuss existing and emerging budget challenges across the system. It has most recently focused on surveying the campuses to identify and document existing budget and financial practices and strategies (Goal 2) and is currently finalizing a summary matrix of that information. That review will highlight potential best practices currently in place across the system (Goal 3), which can be shared with various stakeholders across the University.

The Budget Management Workgroup anticipates that its final recommendations will be available in July 2025.