

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

ACTION ITEM

For Meeting of November 19, 2025

UNIVERSITY OF CALIFORNIA FINANCIAL REPORTS, 2025

EXECUTIVE SUMMARY

Despite economic and policy challenges, the University of California's investment performance remained strong, and revenues modestly exceeded expenses for the fiscal year ended June 30, 2025.

In fiscal year 2024–25 (FY2025), the University reported \$8.4 billion in short- and long-term financing activity, supporting strategic acquisitions, medical center expansions, and enhanced systemwide liquidity.

The University implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, with financial information for fiscal year 2023-24 (FY 2024) restated accordingly. Certain FY 2024 amounts were also restated to reflect a revised revenue recognition principle for Medi-Cal reimbursement programs.

The University continues to exercise prudent financial management amid rising personnel costs and ongoing fiscal uncertainties.

RECOMMENDATION

The President of the University recommends that the Finance and Capital Strategies Committee recommend that the Regents adopt the FY2025 Annual Financial Reports for the University of California, the University of California Retirement System, and the five University of California Medical Centers.

BACKGROUND

Attached are the June 30, 2025, annual financial reports for the following:

- The University of California;

- The University of California Retirement System: The University's Defined Benefit Plans (including University of California Retirement Plan and University of California Voluntary Retirement Incentive Program) and the University of California Retirement Savings Program (including the Defined Contribution, 403(b) and 457(b) Plans); and
- The five University of California Medical Centers: Davis, Irvine, UCLA, San Diego, and UCSF.

Financial Results

The University's financial results for the last three years ended June 30, 2025, are as follows:

<i>(in millions of dollars)</i>	2025	2024	2023
REVENUES			
Student tuition and fees, net	\$ 5,962	\$ 5,663	\$ 5,515
State educational appropriations	4,822	4,714	4,387
Direct government grants	207	5	128
Federal Pell Grants	600	442	448
Grants and contracts, net	8,654	8,403	7,615
Medical centers, net	25,322	21,467	19,202
Educational activities, net	7,323	6,537	5,890
Auxiliary enterprises, net	2,231	2,018	1,851
Department of Energy laboratories	1,240	1,190	1,147
Private gifts, net	2,172	2,024	1,826
Other revenues	2,149	2,763	2,192
Revenues supporting primary activities	60,682	55,226	50,201
EXPENSES			
Salaries and wages	27,366	24,444	21,880
Pension benefits	1,723	3,375	4,892
Retiree health benefits	279	994	1,108
Other employee benefits	6,069	5,819	5,213
Scholarships and fellowships	1,098	964	893
Supplies and materials	7,612	6,410	5,922
Depreciation and amortization	3,124	3,001	2,830
Department of Energy laboratories	1,194	1,147	1,104
Interest expense	1,318	1,226	1,158
Other expenses	9,309	8,346	7,385
Expenses associated with primary activities	59,092	55,727	52,385
Income (loss) from primary activities	1,590	(501)	(2,184)
Net appreciation in fair value of investments	3,913	4,294	1,218
Income (loss) before other changes in net position	\$ 5,503	\$ 3,793	\$ (966)

The University's operations continued to grow, principally at the medical centers, and expenses increased consistent with the overall growth in operations. In FY 2025, salaries and wages, representing the largest change, increased by \$2.9 billion due to an increase in full-time

employees and a general salary increase in July 2024. Pension benefits expense decreased due to higher-than-expected investment returns. The retiree health benefits expense decreased due to a higher discount rate.

Financial Position

The University of California's financial position on June 30, 2025, is as follows:

<i>(in millions of dollars)</i>	2025	2024	2023
ASSETS			
Investments	\$ 41,545	\$ 39,914	\$ 37,609
Investment of cash collateral	2,423	2,299	1,914
Accounts receivable, net	9,718	8,825	6,930
Capital assets, net	52,699	48,572	43,804
Other assets	5,679	5,100	5,119
Total assets	112,064	104,710	95,376
DEFERRED OUTFLOWS OF RESOURCES	5,307	6,571	7,694
LIABILITIES			
Debt, including commercial paper	40,828	37,909	36,341
Securities lending collateral	2,423	2,299	1,914
Net pension liability	11,939	17,495	20,385
Net retiree health benefits liability	19,811	20,911	22,328
Other liabilities	15,673	14,704	12,637
Total liabilities	90,674	93,318	93,605
DEFERRED INFLOWS OF RESOURCES	15,634	12,616	9,495
NET POSITION			
Net investment in capital assets	21,093	19,002	13,778
Restricted:			
Nonexpendable	1,420	1,349	1,336
Expendable	15,638	12,994	11,639
Unrestricted	(27,087)	(27,998)	(26,782)
Total net position	\$ 11,064	\$ 5,347	\$ (29)

The largest capital asset additions in FY 2025 were related to the construction of housing, instruction, and research facilities at various campuses and the acquisition and expansion of medical center facilities.

In FY 2025, general revenue bonds totaling \$4.9 billion were issued to finance the acquisition, construction, improvement, and renovation of certain facilities of the University and refund general revenue bonds totaling \$0.6 billion and limited project revenue bonds totaling \$0.9 billion.

The net pension liability decreased in FY 2025 by \$5.6 billion. The change was driven by investment returns for the UC Retirement Plan (UCRP) portfolio. In FY 2025, market performance was favorable compared to expected returns. The obligation for retiree health benefits decreased due to changes in actuarial assumptions, including an increase in the discount rate and healthcare cost trend assumptions.

Medical Centers

The medical centers' financial results for the year ended June 30, 2025, and 2024 are as follows:

(in thousands of dollars)	DAVIS		IRVINE		LOS ANGELES		SAN DIEGO		SAN FRANCISCO		TOTAL	
2025												
Net patient service revenue	\$	3,865,080	\$	3,372,217	\$	4,400,893	\$	4,117,937	\$	8,418,664	\$	24,174,791
Other operating revenue		199,415		210,776		632,227		154,122		489,609		1,686,149
Total other operating revenue		4,064,495		3,582,993		5,033,120		4,272,059		8,908,273		25,860,940
Total operating expenses		3,799,436		3,676,467		4,239,920		3,823,190		8,375,018		23,914,031
Income/(loss) from operations		265,059		(93,474)		793,200		448,869		533,255		1,946,909
Net nonoperating revenues (expenses)		(23,259)		(51,867)		96,057		(24,268)		276,206		272,869
Income (loss) before other changes in net position	\$	241,800	\$	(145,341)	\$	889,257	\$	424,601	\$	809,461	\$	2,219,778

<i>(in thousands of dollars)</i>	DAVIS		IRVINE		LOS ANGELES		SAN DIEGO		SAN FRANCISCO		TOTAL	
2024												
Net patient service revenue	\$	3,576,086	\$	2,282,371	\$	3,804,340	\$	3,509,541	\$	7,251,719	\$	20,424,057
Other operating revenue		167,147		163,869		404,699		159,595		262,633		1,157,943
Total other operating revenue		3,743,233		2,446,240		4,209,039		3,669,136		7,514,352		21,582,000
Total operating expenses		3,784,781		2,516,570		3,706,660		3,525,165		7,142,885		20,676,061
Income/(loss) from operations		(41,548)		(70,330)		502,379		143,971		371,467		905,939
Net nonoperating revenues (expenses)		(46,657)		5,313		143,775		(5,735)		111,900		208,596
Income (loss) before other changes in net position	\$	(88,205)	\$	(65,017)	\$	646,154	\$	138,236	\$	483,367	\$	1,114,535

In FY 2025, net patient service revenues at each medical center increased due to higher volume, third-party supplemental revenues, and growth in pharmacy revenue. Salaries and benefits increased due to continued growth in the medical centers in FY 2025.

Retirement Plans (UCRP, UCRSP and PERS-VERIP)

Investment returns for the UCRP were 12.7 percent for FY 2025 as compared to 12.2 percent in 2024. Contributions to UCRP in FY 2025 and FY 2024 were \$5.2 billion and \$4.3 billion, respectively. Benefit payments in FY 2025 and FY 2024 were \$5.5 billion and \$5.1 billion, respectively.

The Regents determine the portion of the total contribution made by the employer (University) and by the employees (members). The University contribution rate for active members was 14.5 percent, 14 percent, and 14 percent of covered payroll for the years ended June 30, 2025, 2024 and 2023, respectively. The University contribution rate remains at 14.5 percent effective July 1, 2025, with annual increases of 0.5 percent until the rate reaches 18 percent on July 1, 2032.

Attachments:

[Attachment 1: University of California Annual Financial Report](#)

[Attachment 2: University of California Retirement System Annual Financial Report](#)

[Attachment 3: University of California Medical Centers Annual Financial Report](#)