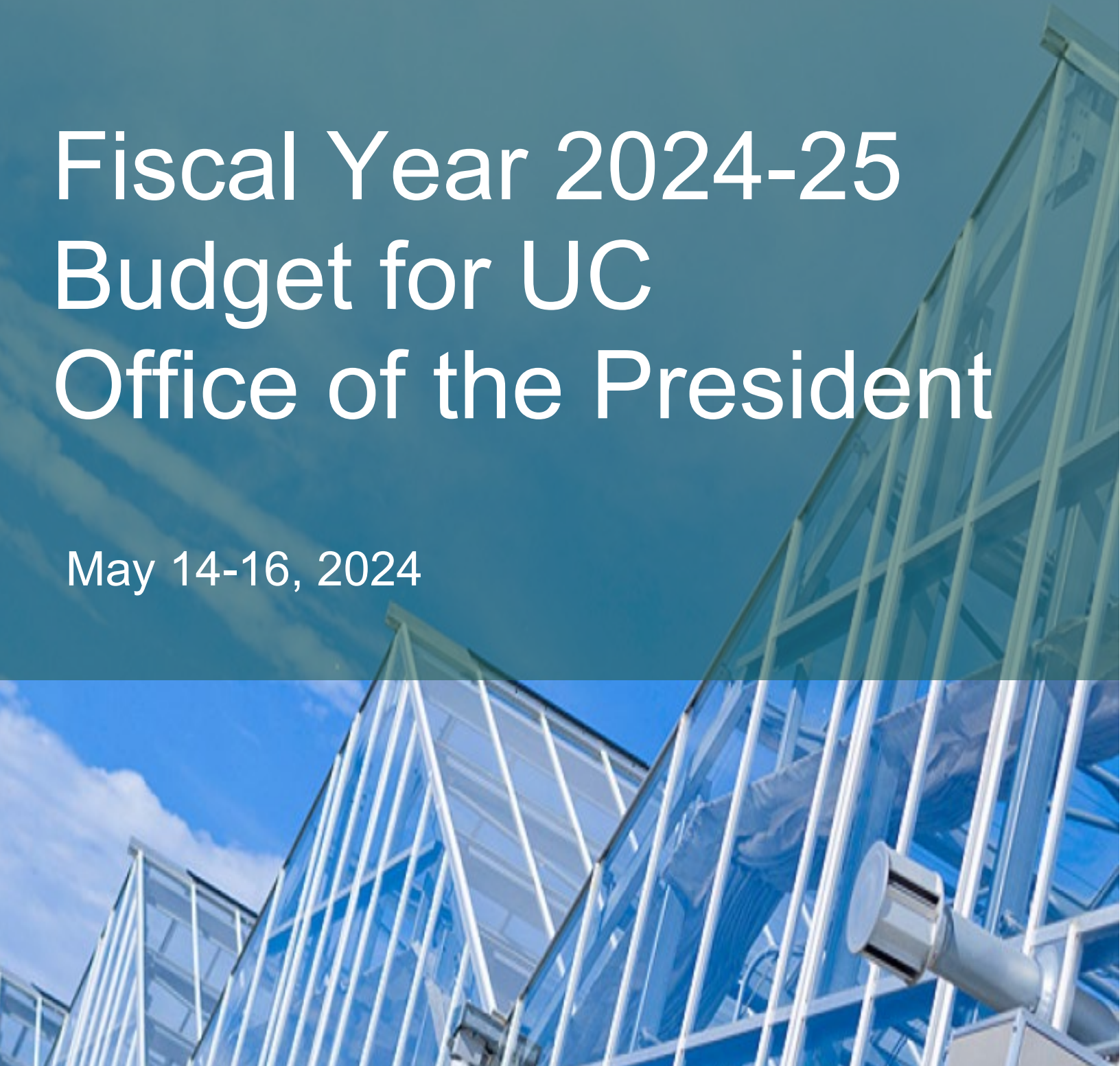


UNIVERSITY
OF
CALIFORNIA

Fiscal Year 2024-25 Budget for UC Office of the President

May 14-16, 2024



TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA:

FISCAL YEAR 2024-25 BUDGET FOR THE UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT (UCOP)

CONTENTS:

FY24-25: BACKGROUND AND BUDGET CLIMATE	2
Budget Climate	2
FY24-25 UCOP BUDGET: EXECUTIVE SUMMARY	2
FY23-24 to FY24-25 Budget Summary	3
Key Drivers	4
Budget Requests, Reduced or Not Funded	5
The FY24-25 UCOP Budget Categories	6
Key Budget Highlights	9
FY24-25 UCOP BUDGET DETAIL	10
Fund Sources	10
Fund Uses	11
Programs and Initiatives	12
Systemwide and Core Services	13
UCPath	15
Unrestricted Strategic Priorities Fund (SPF)	16
Designated and Restricted Strategic Priorities Fund (SPF)	16
Fund Uses by Fund Type	16
RESERVES	18
Reserve Target Funding Levels	18
Forecasted Reserves	19
FUND BALANCES	19
Actual and Forecasted Balances	19
EXECUTIVE BUDGET COMMITTEE RECOMMENDATIONS	20
PRESIDENT’S RECOMMENDATION	21
APPENDIX 1: UCOP SCHEDULES	22
APPENDIX 2: THE FUNCTION OF THE UC OFFICE OF THE PRESIDENT	37
APPENDIX 3: FY24-25 PRESIDENTIAL INITIATIVES	39
APPENDIX 4: KEY TO ACRONYMS	41

FY24-25: BACKGROUND AND BUDGET CLIMATE

Budget Climate

As we developed this year's UCOP budget proposal, the state's ongoing budget challenge remains at the forefront of our thinking. After several years of robust growth, the state's revenues have declined due to higher interest rates which have slowed economic growth and reduced tax receipts. Latest projections of the state's budget deficit for Fiscal Year 2024-25 (FY24-25) range from \$38 to \$58 Billion, and this gap is driving significant measures to slow and reduce expenditures in the state budget for the coming year.

As we move into FY24-25, the University is also responding to challenging economics. At the time of this proposal, the five-percent compact related to the state general funds increase is expected to be deferred until the Fiscal Year 2025-26 (FY25-26). UC has identified internal financing mechanisms to address this one-time deferral in anticipation of receiving the deferred funds in FY25-26. However, the UC recognizes that economic uncertainty persists, and that clarity related to state funding could take time. We believe it is prudent to also consider that state deficits may persist longer than one year. Meanwhile, critical costs associated with UC's mission continue to escalate as do annual operating expenses. Despite these factors, we believe this proposal enables UCOP to weather the storm while still tracking to achieve FY24-25 operational goals including our commitment to increase enrollment and expand opportunities for California residents.

FY24-25 UCOP BUDGET: EXECUTIVE SUMMARY

UCOP's proposed FY24-25 budget is \$1,184.9 million, \$43.2 million or 3.5 percent lower than the FY23-24 budget of \$1,228.1 million. Revenue modeling, current year actuals, and forecasts provide the basis for the upcoming budget. The budget is balanced with expenditures supported by revenue sources across all fund types.

This FY24-25 UCOP budget proposal relies on funding from the campus assessment funding stream model which allows for UC systemwide planning and coordination, a UCPath fee-for-service assessment based on employee W-2s, a state direct appropriation for the UC Agriculture and Natural Resources division (ANR), and additional designated and restricted funding sources as detailed in Figure 5 of this document. Given current economic headwinds, financial pressures on the campuses, and the requirement to increase undergraduate enrollment, this UCOP budget proposal promotes a conservative outlook to limit financial impacts on the campuses.

The University depends on the ongoing state commitment to increase state general funds by five percent over three remaining years. To bridge the gap, necessitated by the deferral, UCOP will minimize the fiscal impact on the campuses by using a one-time investment income increase related to recent favorable short-term investment returns. For FY24-25 only, the campus assessment increase will be offset by a one-year "Campus Assessment Relief Program" which will hold the net campus assessment to a manageable level.

The consolidated UCOP budget includes a reduction in the state-funded Climate Action Research Initiative as these were one-time research grants that occurred in FY23-24 which will not be received in FY24-25. This reduction is offset by increased contract and grant revenue in ANR, as well as a new Fire

Fighter Cancer Research grant. Other increases include investments in safety, security, and compliance across the system, the systemwide general salary increase program, and inflation driven costs. Further details are included in the Key Drivers section below and on Schedule A in Appendix 1.

The following sections address the FY24-25 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 includes an overview of UCOP's function and services, and Appendix 3 provides updated details of one remaining Presidential Initiative.

FY23-24 to FY24-25 Budget Summary

Figure 1 summarizes and compares the proposed FY24-25 budget with the FY23-24 budget and Q2 forecast and includes fund balances and reserves.

Figure 1: FY23-24 to FY24-25 Budget Summary

Overall UCOP

\$ in millions

\$ in millions

	Variance: Increase/(Decrease)					
	FY23-24	FY23-24	FY24-25	FY23-24 Fcst	FY24-25 Bud	FY24-25 Bud
				vs	vs	vs
	Budget	Q2 Forecast	Budget	FY23-24 Bud	FY23-24 Fcst	FY23-24 Bud
UCOP USES						
Programs and Initiatives	\$ 532.8	\$ 514.7	\$ 458.5	(\$18.1)	(\$56.2)	(\$74.3)
Systemwide and Core Services	530.0	540.4	556.7	10.4	16.3	26.8
Strategic Priorities Fund' Unrestricted	30.0	29.9	30.0	(0.1)	0.1	(0.0)
Strategic Priorities Fund' Desig. & Restricted	1.0	0.9	0.2	(0.1)	(0.7)	(0.8)
SUBTOTAL USES	\$ 1,093.7	\$ 1,086.0	\$ 1,045.4	(\$7.8)	(\$40.6)	(\$48.3)
UCPath	134.4	131.0	139.5	(3.4)	8.5	5.1
TOTAL USES	\$ 1,228.1	\$ 1,216.9	\$ 1,184.9	(\$11.2)	(\$32.1)	(\$43.2)
% Spent:		99.1%	% Change:		-3.5%	
			% Change Unrestricted:		7.9%	
INCLUDED IN USES ABOVE						
Fee-For-Service	\$ 401.5	\$ 403.7	\$ 410.8	\$ 2.2	\$ 7.1	\$ 9.3
Pass-Throughs	492.0	481.7	399.5	(10.3)	(82.2)	(92.6)
Total Fee-For-Service and Pass-Throughs	\$ 893.5	\$ 885.4	\$ 810.3	\$ (8.1)	\$ (75.2)	\$ (83.2)
CENTRAL OPERATING RESERVE ¹	\$ 15.0					
NON-OPERATING AND PROGRAM RESERVES ²	\$ 145.1					
	6/30/24			Remaining		
	Balance	Commitments		Balance		
FORECASTED FUND BALANCES NET OF RESERVES ²						
Unrestricted	\$ 40.1	\$ 24.1	\$ 16.0			
Designated	104.8	51.6	53.2			
Restricted	12.6	-	12.6			
Total Forecasted Fund Balances Net of Reserves	\$ 157.5	\$ 75.7	\$ 81.8			

¹ Held in President's Endowment Fund.

² Reserves and Fund Balances provided are projections at June 30, 2024.

Key Drivers

Key drivers for the change from the FY23-24 to FY24-25 budget include:

The overall reduction of \$74.3M in **Programs and Initiatives** results from the non-recurrence of one-time state funding for climate change research. The Agriculture and Natural Resources (ANR) division continues to expand with growth coming from extramural funds and grant awards. The \$74.3M year-over-year change includes the following:

- \$65.1M net decrease in State and Federal Programs including:
 - (\$82.5M) reduction in Climate Action Research Initiative funding from the state of California, which were one-time funds awarded in FY23-24.
 - \$18.4M increase in Agriculture and Natural Resources from grant and extramural funds, continuing to advance key issues including climate change, water management resources, food system resiliency, and health education.
 - (\$6.8M) reduction in Breast Cancer Research awards based on the expected award cycle.
 - (\$5.1M) reduction in Tobacco-Related Disease Research due to lower anticipated tax receipts.
 - \$3.4M increase from the California Managed Care Organization (MCO) tax funding for medical education; and
 - \$1.5M increase for UC National Laboratories business development.
- \$9.1M net decrease in Systemwide Programs including:
 - (\$6.2M) reduction for the Laboratory Fees Research Program (UC National Laboratories funded) given the biennial grant cycle.
 - (\$2.4M) reduction for President's Postdoctoral Fellowship Program pending a program review; and
 - (\$1.1M) reduction for SAPEP given one-time funding received in prior years.

The budget reflects a \$26.8M increase in **Systemwide and Core Services** to address systems, risk mitigation, compliance requirements, and investment in services to the campuses. Material increases on all fund types are reviewed with the campuses prior to committing the funds. This increase includes:

- A 4.2 percent systemwide UC general salary increase program; budgeted increases are partially offset by reductions in other expense budgets with the continuation of many FY23-24 savings initiatives, including: Targets for expenses on unrestricted funds, and use of a salary vacancy factor to offset salary and benefits due to recruiting timelines and expected employee turnover.
- \$5.4M to better support campus and systemwide needs with more UC Legal in-house capabilities while driving greater efficiencies by implementing a longer-range strategy to shift some more costly outside counsel fees to less expensive in-house legal support.
- \$4M in Operations to permanently fund the Systemwide Community Safety office to oversee the Community Safety Plan implemented in 2021 (previously funded with one-time funds).
- \$4M for additional resources in loan and treasury programs due to increased workloads, as well as investment in strategic sourcing programs within systemwide procurement.
- \$3.2M in strategic investments to address enterprise risks in Ethics, Compliance and Audit, and establish the Systemwide Office of Civil Rights reporting to the President.
- \$5.1M UCPath, year-over-year increase to cover operating cost increases and to allow continued progress on system roadmap enhancements endorsed by all campuses.
- \$2.3M in Academic Affairs via additional grant and contract funds within CDL; and \$0.4M to fund new positions to address complex Academic Labor issues.

FY24-25 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. However, each year UCOP must also address critical priorities, contract increases, alignment with systemwide general salary increase programs, and preserve some flexibility for the year ahead.

The UCOP Executive Budget Committee (EBC) played an active role throughout the budget process to provide input regarding campus priorities, evaluate increases in fee-for-service activities, and provide its annual budget recommendation letter to the President.

The investment opportunities that are captured in the FY24-25 budget proposal include:

- Formation of a new Systemwide Office of Civil Rights.
- Resource allocations to support community safety and required compliance areas (ex. Research Security, Article V).
- Funding for stabilization and operationalization of critical systems, services, and IT networks.
- Increased funding for the UC Center Sacramento to ensure this systemwide asset is optimized and more resources for the increasing demands on academic labor negotiations.
- Operating cost increases for existing contracts including audit fees, building security and software licenses.
- Alignment with the systemwide general salary increase program to retain existing staff and address high inflation.

The primary risks in the budget proposal are:

- The use of one-time funds from investment income to address the state's deferment and balance the budget for limited unrestricted funds.
- The conservative 2.0 percent increase to the net UCOP campus assessment which is outpaced by inflation.
- The potential that an extended state budget deficit may extend austerity measures which may increase enterprise risks (investigations, systems, cybersecurity, and others).
- 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.
- Risk areas such as cyber security, network stabilization, patent audit compliance and similar issues needed to be prioritized as funding was unavailable to address all proposed items.
- The \$30M unrestricted SPF amount has not been adjusted for inflation since its inception in FY17-18. \$13M in SPF is already committed in FY24-25 and includes investment to support the ARCHES hydrogen hub, support for the UC National Center for Free Speech & Civic Engagement, funds for campus efforts related to the Native American Graves Protection and Repatriation Act (NAGPRA), programs that support the academic mission, students, and researchers and IT projects, including a critical effort to stabilize the UCOP network and reduce vulnerability to security breach issues. The remaining uncommitted portion of \$17M must cover urgent and emergent needs for the full year and may not be adequate.
- Unrestricted funding continues to be insufficient, forcing reallocations; UCOP received approximately \$17M in requests for budget augmentations, and over 55% of these requests will not be funded in the budget.

Budget Requests, Reduced or Not Funded

During this budget cycle, UCOP rejected, reduced, or required divisions' budgets to absorb \$10M in unrestricted requests to balance the budget. The compromises were made across all divisions, and some

of the items not funded included:

- New position funding requests for several under-resourced areas in Academic Affairs and UC Operations.
- Increases to valued UC academic programs including the California Digital Library (CDL) for centrally purchased library collections available to all campuses.
- Full financial support to the UC Observatories program (a multi-campus research unit) to offset uncertain FY24-25 grant fund revenues.
- Multiple large-scale requests to address network and data security vulnerabilities and increase system efficiencies.

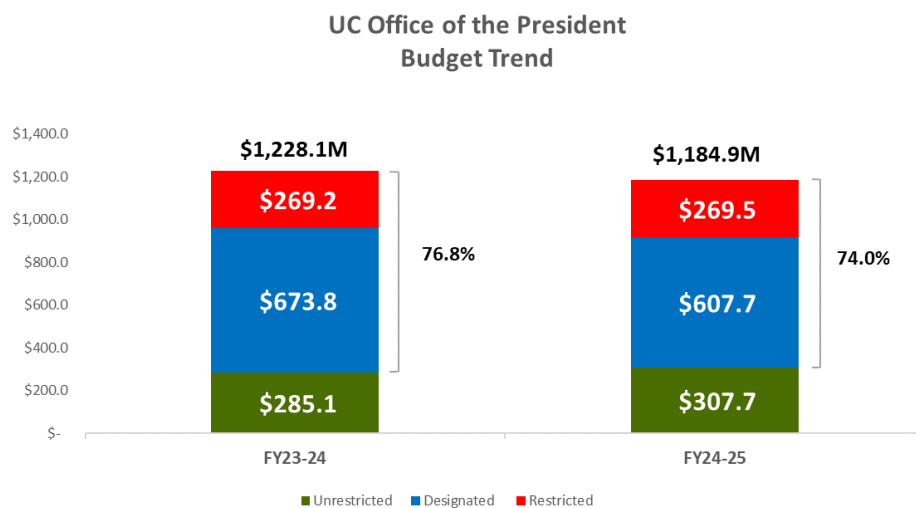
The FY24-25 UCOP Budget Categories

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

Fund Sources	Fund Uses	Special Expense Classifications
• Unrestricted • Designated • Restricted	• Programs and Initiatives • Systemwide and Core Services • UCPATH • Strategic Priorities Funds ○ Unrestricted ○ Designated/Restricted	• Pass-Through • Fee-for-Service

Figure 2, below, provides the UCOP budgeted fund uses by fund type. Approximately 74 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 by Fund Type (FY23-24 to FY24-25)



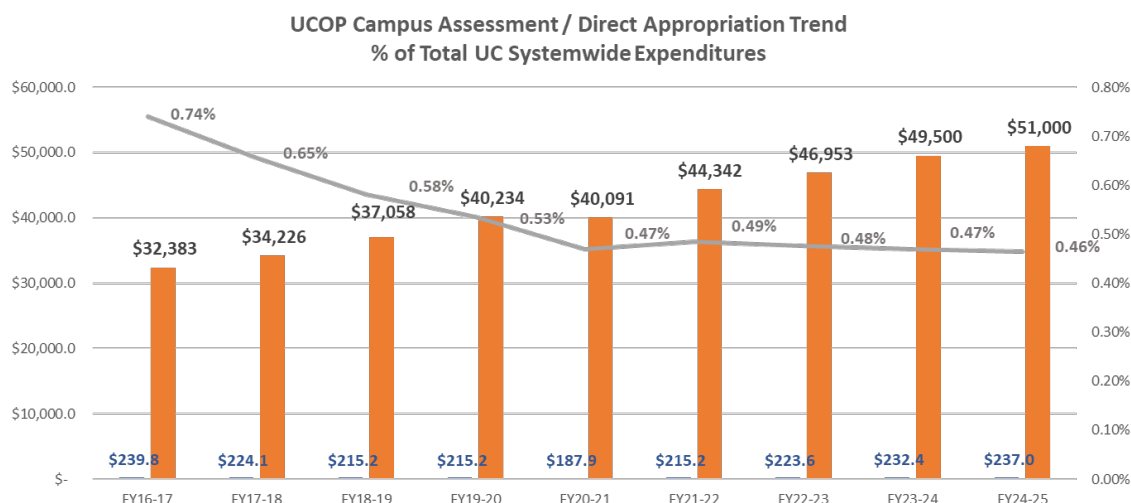
Restricted funds may vary significantly from year to year, and recent UCOP budgets have seen fluctuations in contracts, grant funding or state revenues such as the Tobacco-Related Disease Research

Program. Restricted fund uses have also increased with UCOP's continued efforts 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 programs like ANR or the climate change research. Other designated fund increases are attributed to UCPath, UC National Laboratories and UC Legal. 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.

Unrestricted funds, comprising 26 percent of UCOP's budget, are the most flexible fund source 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 FY24-25 budget includes a \$4.6M or 2.0 percent net increase to the UCOP campus assessment. As demonstrated in Figure 3, the overall UCOP campus assessment (excluding UCPath) has remained at less than 0.5% of total campus expenditures for the last 5 years.

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



Including the FY24-25 proposed net increase, these unrestricted funds have increased by a conservative compound annual growth rate of 0.8 percent over the last seven years. These funds support operating expenses in Systemwide and Core Services, some systemwide academic and research programs, and the President's Strategic Priorities Fund (SPF).

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: FY24-25 Budget Summary by Category

\$ millions

Sources of Funds	FY23-24 Budget	FY24-25 Budget	% of Total	YOY Var	
				\$	%
Unrestricted	\$ 285.1	\$ 307.6	25.6%	\$22.5	7.9%
Designated	\$ 676.9	\$ 624.0	51.9%	(\$52.9)	-7.8%
Restricted	\$ 269.6	\$ 269.5	22.4%	(\$0.1)	0.0%
Total Sources	\$ 1,231.6	\$ 1,201.1	100.0%	(\$30.5)	-2.5%
Uses of Funds					
Programs and Initiatives	\$ 532.8	\$ 458.5	38.7%	(\$74.3)	-13.9%
Systemwide and Core Services	\$ 530.0	\$ 556.7	47.0%	\$26.8	5.0%
UCPath	\$ 134.4	\$ 139.5	11.8%	\$5.1	3.8%
Strategic Priorities Funds	\$ 31.0	\$ 30.2	2.5%	(\$0.8)	-2.6%
Total Uses	\$ 1,228.1	\$ 1,184.9	100.0%	(\$43.2)	-3.5%
Special Expense Classification					
Pass-Throughs	492.0	399.5	33.7%	(\$92.6)	-18.8%
Fee-For-Service	401.5	410.8	34.7%	\$9.3	2.3%
Total Special Expense Classification	\$ 893.5	\$ 810.3	68.4%	(\$83.2)	-9.3%
Budget Net of Expense Classification	\$ 334.6	\$ 374.6	31.6%	\$40.0	12.0%

74% 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.

68% of the budget is passed through UCOP to recipients across the state or UCOP provided fee-for-service activities.

Key Budget Highlights

The following key takeaways are provided upfront, and details either follow in the information in subsequent sections of this proposal or are found in the Regents Schedules in the appendix.

Total UCOP Budget Summary

1. The UCOP proposed **\$1,184.9M** budget is **\$43.2M or 3.5 percent lower than** FY23-24.
2. The single largest driver of the budget change is the non-recurrence of one-time funds for **Climate Change Research (\$82.5M lower in FY24-25)**.
3. **\$877.2M or 74 percent** of the budget is in restricted and designated activities.
4. Excluding pass-through and fee-for-service activities, the UCOP budget is **\$374.6M (32 percent)** of the UCOP total budget and **0.7 percent of the approximate systemwide \$51B total budget**.
5. **Other Key drivers** of reduced expenditures (including research grant awards) include CA Breast Cancer research, Lab Fees Research, the Tobacco Related Disease Research program, and lower pension system project costs ("Redwood"). Decreases are partly offset by increases related to participation in the UC systemwide general salary increase program, required contract cost increases, and strategic investments including the establishment of a systemwide Office of Civil Rights.

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

1. The FY24-25 budget for Programs and Initiatives (P&I) is **\$458.5M (39 percent)** of the UCOP total budget.
2. **\$399.5M (34 percent)** of total budget is **pass-through** funding; these funds are distributed to 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 **\$345.7M** of the P&I budget; ANR, and the Tobacco-Related Disease Research Program (TRDRP) comprise **\$292.2M** of that total.
4. Program funding for FY24-25 is **\$74.3M (14 percent) lower**, because of one-time, state-supported climate change funding provided to UC in FY23-24.

Systemwide and Core Services and UCPATH (Schedule D)

1. The FY24-25 budget for Systemwide and Core Services is **\$696.2M (59 percent)** of the UCOP total budget.
2. **Fee-for-service** activities are primarily in the Systemwide and Core Services budget and total **\$410.8M (35 percent)** of total budget.
3. The Systemwide and Core Services budget **supports critical services in finance, human resources, compliance, legal, health, communications, government relations and others**; this budget is **\$31.8M (4.8 percent)** higher than FY23-24; increases are driven primarily by the systemwide salary program, UCPATH, higher operating costs including finance, legal, occupancy, and systems upgrades and resources to scale the pension system and service capacity.
4. The **UCPATH operations budget** of \$139.5M up from \$134.4M in FY23-24 or 3.8 percent to achieve staffing level targets, optimize campus services and for system roadmap enhancements.

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

1. The Unrestricted Strategic Priorities Fund is set at **\$30M**, allowing the President \$17M in uncommitted, discretionary funds for new priorities and initiatives and urgent / emergent issues. The \$13M in committed funds includes support for the: North American Graves Protection and Repatriation Act (NAGPRA), ARCHES Hydrogen Hub project, a large IT project to exit the San Diego Supercomputer, and legacy system vulnerability remediation.
2. The **Designated/Restricted Strategic Priorities Fund** includes only \$0.2M for the completion of the Lived-Name project.

Fund Balances and Reserves (Schedules G, H)

1. Net of commitments and including fund balances applied to FY24-25 sources, unrestricted fund balances are forecasted to be **\$6.2M**, an 81 percent decrease from the current year. Any remaining balances at year end will be held to cover potential future funding gaps if state revenues remain challenging beyond the FY24-25 budget horizon.
2. Designated fund balances are primarily held by **UCNL (50 percent of total fund balances)** from laboratory fees collected from managing multi-billion-dollar federal laboratory contracts. UCNL presents these balances annually to the Regents each July.
3. Forecasted year-end **reserve balances are \$160.1M**. Most of the reserves support multi-billion-dollar systemwide national laboratory contracts and the housing loan program.

The following sections provide FY24-25 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.

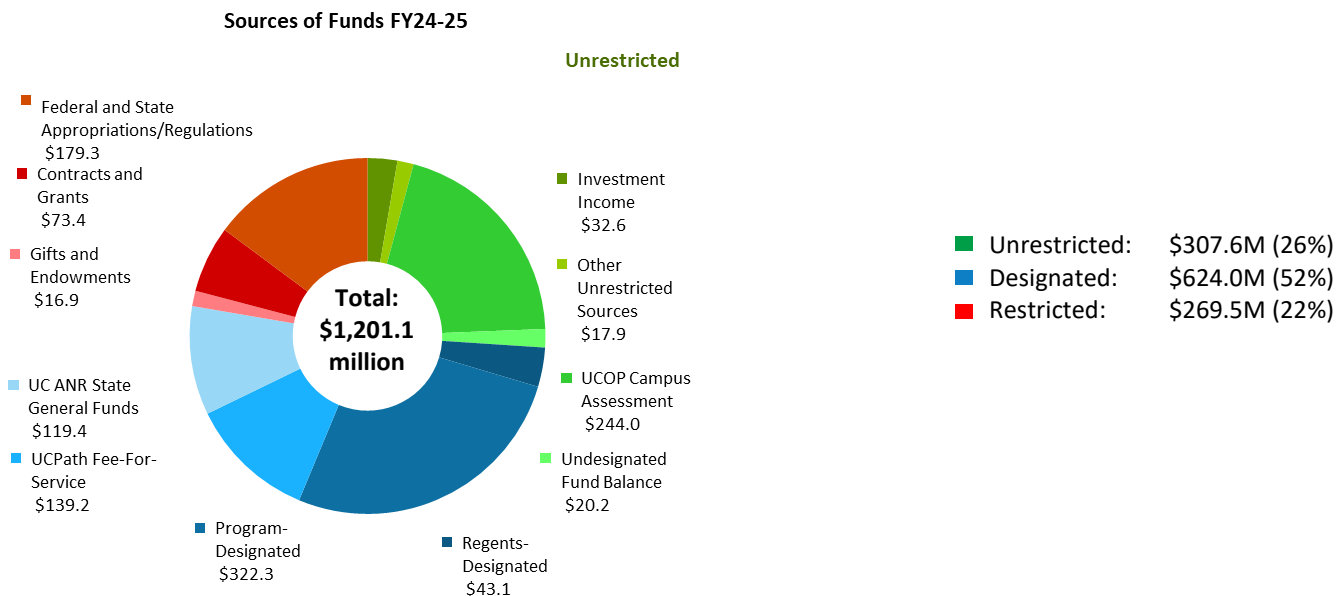
FY24-25 UCOP BUDGET DETAIL

UCOP's total proposed expenditures, including grant awards, for FY24-25 are \$1,184.9M. 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 detail of all Pass-Through and Fee-for-Service activities are provided. Finally, a summary of uses by fund type is included.

Fund Sources

In FY24-25, UCOP's budget provides sources totaling \$1,201.1M which are detailed in the appendix, **Schedule A**. As shown in Figure 4 below, **74 percent of fund sources are either restricted or designated**. The campus assessments for UCOP and UCPath total \$244.0M (\$237.0M net) and \$139.2M, respectively. Combined, these two sources provide 32 percent of the UCOP budgeted sources of funds. The direct appropriation for UC ANR totals \$119.4M.

Figure 5: Fund Sources (\$M)



Due to timing of sources and uses, the net margin reflects a surplus of \$16.2M for FY24-25 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 FY23-24 and FY24-25 by fund type.

Figure 6: Change in Fund Sources

\$ millions

Fund Type			Variance	
			FY24-25 vs FY23-24	
	FY23-24 Budget	FY24-25 Budget	\$	%
Unrestricted	\$ 285.1	\$ 307.6	\$ 22.5	7.9%
Designated	\$ 676.9	\$ 624.0	(\$52.9)	(7.8%)
Restricted	\$ 269.6	\$ 269.5	(\$0.1)	(0.0%)
Total	\$ 1,231.6	\$ 1,201.1	(\$30.5)	-2.5%

- Increase on unrestricted funds from a 2.0% net increase in campus assessment funds and higher investment income.
- Decrease on designated funds driven by state funded climate research.
- Restricted funds stay flat with program increases offset by lower project costs using retirement administration funds for the pension system and ANR

Fund Uses

The FY24-25 budgeted use of funds is \$1,184.9M. Programs and Initiatives comprise 39 percent and Systemwide and Core Services comprise 47 percent of the budget. UCPATH represents 12 percent of the budget, and the Strategic Priorities Funds comprise approximately 2.5 percent of the budget. Figure 7 provides an overview of UCOP uses by functional area.

Figure 7: Fund Uses

\$ in millions

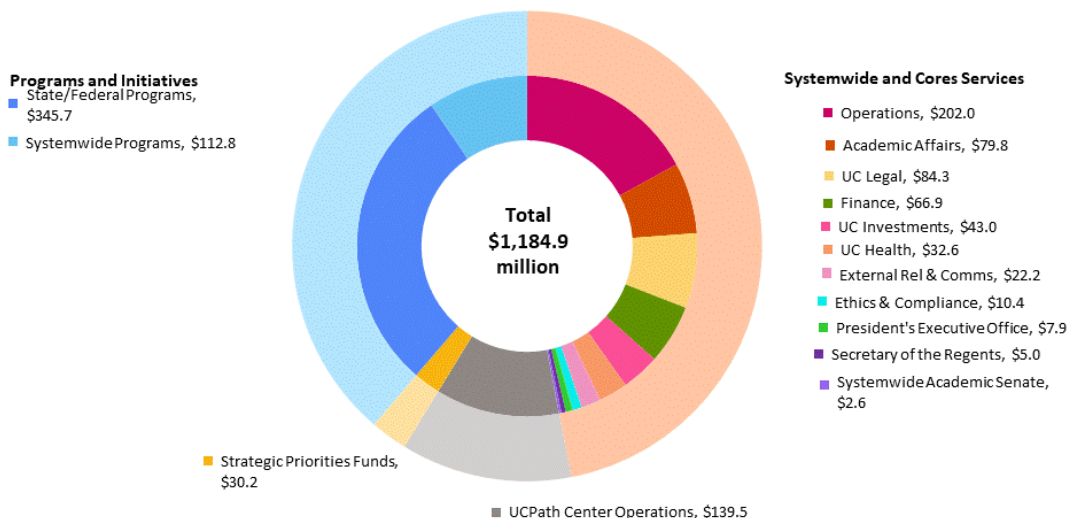


Figure 8 below outlines the changes in the budget by functional area. Additional detail on the Uses of Funds, including budgets, forecasts and variances are included in the section below and **Schedules A-E**.

Figure 8: Change in Fund Uses

\$ millions

<i>\$ millions</i>	Variance			
			FY24-25 vs FY23-24	
	FY23-24	FY24-25	\$	%
Functional Area	Budget	Budget	Incr/(Decr)	Incr/(Decr)
Programs and Initiatives	\$ 532.8	\$ 458.5	(\$74.3)	(13.9%)
Systemwide and Cores Services	530.0	556.7	26.8	5.0%
UCPath	134.4	139.5	5.1	3.8%
Strategic Priorities Fund, Unrestricted	30.0	30.0	(0.0)	(0.0%)
Strategic Priorities Fund, Desig. & Restricted	1.0	0.2	(0.8)	(80.7%)
Total	\$ 1,228.1	\$ 1,184.9	(\$43.2)	(3.5%)
	excl. UCPath	\$ 1,093.7	(\$48.3)	(4.4%)

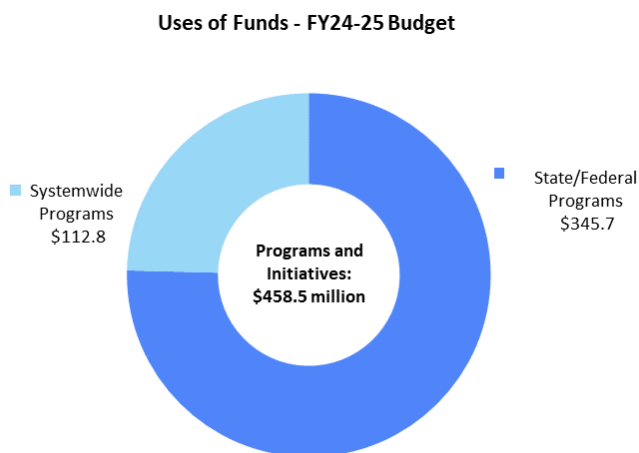
The total budget has decreased by \$43.2M or 3.5%, or by \$48.3M or 4.4% excluding UCPath

Programs and Initiatives

The proposed FY24-25 Programs and Initiatives budget is \$458.5M, 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



75% - 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.

25% - Systemwide Programs benefit the UC campuses and many other statewide recipients, e.g., SAPEP, UC Press, UC research and astronomy programs.

Variances for the current year and comparison to the FY24-25 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

	FY23-24 Budget	FY24-25 Budget	Year-over- Year Change
Pass-Throughs			
Agriculture & Natural Resources	\$ 227.2	\$ 245.5	\$ 18.4
Research Grant Programs	153.6	64.7	(88.9)
Other Strategic Priorities Fund	14.7	3.4	(11.3)
UC Observatories	17.0	17.0	-
California Subject Matter Projects	7.9	7.9	0.0
National Laboratory Programs	15.3	9.2	(6.1)
UC Research Initiative	7.4	7.4	-
All Others	5.5	5.2	(0.3)
Diversity Initiatives	8.4	8.4	0.1
Other Academic Pass-Throughs	10.3	3.8	(6.5)
Public Service Programs	7.0	6.6	(0.4)
Online Education Initiatives	3.1	2.8	(0.3)
iCAMP	0.1	-	(0.1)
UC Libraries	14.0	16.7	2.7
UC Health Initiatives	0.6	0.8	0.2
Total Pass-Throughs	\$ 492.0	\$ 399.5	\$ (92.6)
Year-Over-Year Decrease \$	\$	(92.6)	
Year-Over-Year Decrease %		-18.8%	

- Pass-throughs, funds not expended at UCOP, comprise 34% of the total UCOP budget.
- Pass-throughs decrease in this year's budget proposal by \$92.6M.
- Research grant programs decreased due to one-time climate research grants.

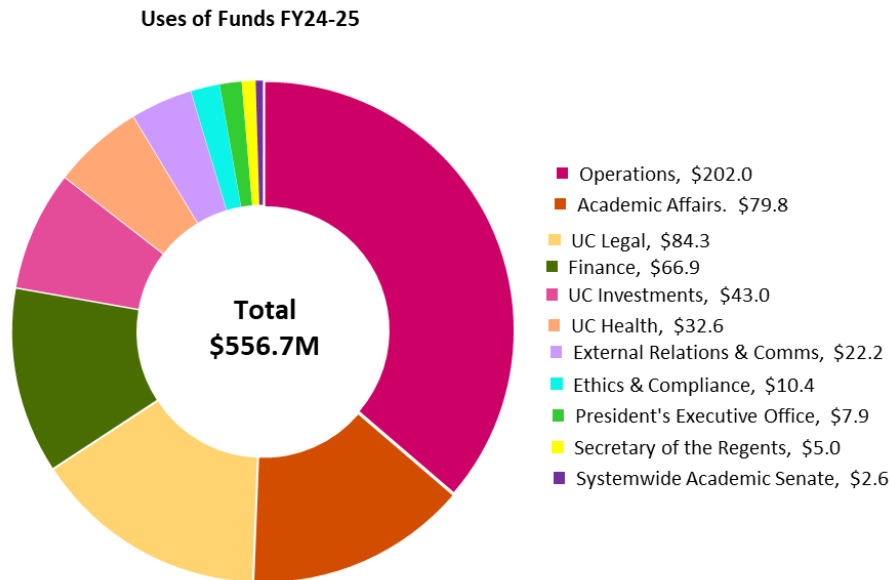
For FY24-25, the pass-through funds decreased by \$92.6M (18.8 percent). Of the total,

- (\$88.9M) decrease in Research Grant Programs, with the reduction of climate research one-time funds, lower Tobacco-Related Disease and Breast Cancer Research funds, offset by new funding for Firefighter Cancer Research.
- \$18.4M increase in ANR for expansion of contracts and grants.
- (\$11.3M) decrease in Strategic Priorities funds as several projects receiving funding have transitioned to the campuses. Notably, \$17M in uncommitted is not included in pass-throughs (at this time) as it is yet to be determined.

Systemwide and Core Services

Systemwide and Core Services, excluding UCPath, total \$556.7M and comprise 47 percent of the total budget; including UCPath, the total is \$696.2M or 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 a third of these services, provides systemwide HR, 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 FY24-25 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

	FY23-24 Budget	FY24-25 Budget	Year-over- Year Change
Fee-for-Service			
UC Path	\$ 134.0	\$ 139.1	\$ 5.1
Office of the General Counsel	63.5	67.9	4.3
UC Retirement System	68.7	64.8	(3.9)
Investments & Asset Management	51.5	51.9	0.4
Employee Benefits Administration	33.7	33.8	0.1
UC Health Collaborative	25.5	26.0	0.5
Risk Management	8.3	8.5	0.2
Bond Management	4.7	5.5	0.9
Information Technology Services	2.9	3.5	0.6
Other Services	3.1	3.2	0.1
Patent Royalty Administration	3.0	3.4	0.4
UC Mortgage Origination Plan	2.7	3.2	0.5
Total Fee-for-Service	\$ 401.5	\$ 410.8	\$ 9.3
Year over Year Increase \$		9.3	
Year over Year Increase %		2.3%	

- The top six fee-for-service activities account for **93% of the total**.
- UCPath is higher due to staffing costs and some system improvements.
- UC 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. 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.

UCPath

UCPath provides a shared services center for delivery of HR systems, payroll, and benefits administration services. It serves more than 246,000 employees across the UC system and is the largest such shared services organization in U.S. higher education. Beyond being the largest, UCPath's mission is to be the premier HR systems, payroll and benefits administrated shared services provider in U.S. higher education.

Leadership continues to focus on stabilizing business operations and enhancing the UCPath technology platform and service delivery to meet agreed-upon service outcomes. Therefore, UCPath's strategic priorities for FY24-25 will be to:

- Stabilize UCPath operations through organizational alignment, operational improvements, and transformative technology.
- Collaborate with stakeholders to maximize the value of UCPath services to the UC employees.
- Continue a customer-focused organizational transformation.
- Improve the employee experience and service delivery while minimizing risk across the enterprise; and
- Become an employer of choice consistent with UC's priorities.

In FY23-24, UCPath made significant year-over-year improvements in several key areas:

- Reduced call waits by 80% and transaction turnaround by 50%.
- Increased the number of cases meeting service target while decreasing the case backlog.
- Achieved 99.98% paycheck accuracy, while increasing volume by 6.8%.
- Absorbed continued growth in the UC employee population, while decreasing reliance on surge staffing and reducing incoming call and case volume.

The UCPath FY24-25 funding request builds upon these improvements and enables the transition from post-implementation operation to a steady-state, best-in-class shared services organization. The proposed budget has been socialized with stakeholders and approved by UCPath [governance](#). For FY24-25, the proposed UCPath operating budget is \$139.5M, an increase of 3.8% from \$134.4M in FY23-24. This budget proposal:

- Reduces staff costs by more than \$1.5M.
- Includes \$1.2M discretionary fund for unplanned projects, such as legislative changes.
- Includes operating costs supported by the UCOP common fund for UCOP supported services in functions such as procurement, human resources, accounts payable, finance and operations.

The UCPath FY24-25 budget increase from FY23-24 is primarily driven by:

- UCOP operational cost support: \$2.4M for UCPath and \$0.5K for UCOP Information Technology Services (ITS).
- Building occupancy / other: \$643K for UCPath and \$398K for UCOP ITS
- Unplanned mandatory work: \$1.2M
- UCOP ITS staff and infrastructure: \$1.5M

UCPath will continue to prioritize technology changes to reduce manual effort, streamline processes, improve accuracy, and replace customizations with vendor-supported functionality.

Unrestricted Strategic Priorities Fund (SPF)

The SPF continues to be funded at \$30M in FY24-25 to support emergent and urgent priorities, Presidential initiatives, and key projects requiring one-time funding. Many SFP priorities and projects span two or more years, so a portion of the \$30M budget is already committed at the start of the fiscal year to priorities started in the previous fiscal year. The remaining uncommitted portion allows the President to fund new priorities and projects throughout the year which are reviewed by the Supplemental Funding Request (SFR) process.

Schedule F-1 details the projected FY23-24 forecast and FY24-25 known commitments of approximately \$13M, which include:

- On-going support for UC National Center for Free Speech & Civic Engagement.
- Needed campus funding for Native American Graves Protection and Repatriation Act (NAGPRA).
- 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.
- Bridge funding for UC Sacramento academic program.

The \$30M SPF currently includes \$17M 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)

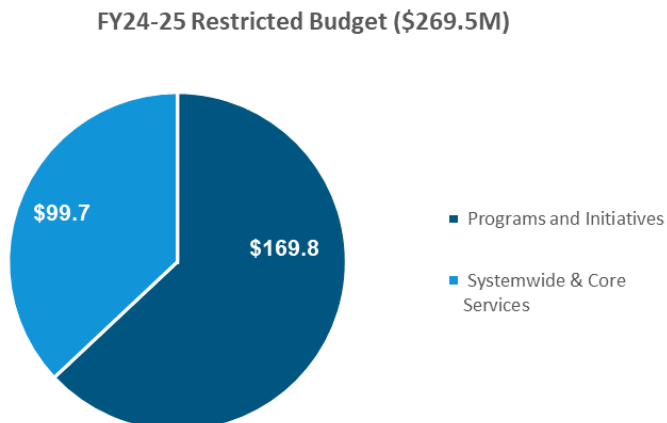
In addition to the unrestricted SPF, one-time designated and restricted projects can be funded with the Designated and Restricted SPF. This provides transparency to short-term projects funded on designated or restricted funds so they may be tracked separately from operating costs.

Schedule F-2 shows the planned projects to be funded by this SPF totaling \$0.2M. This year there is one major project in the final year of funding, Non-Binary Gender, and Lived Name, which addresses The Gender Recognition Act that was signed into California law on October 15, 2017.

Fund Uses by Fund Type

52 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: FY24-Restricted Fund Uses



Programs and Initiatives, \$169.8M (63%):

- \$166.3M of this total is from state / federal Programs with ANR and TRDRP accounting for \$95.3M and \$44.8M, respectively

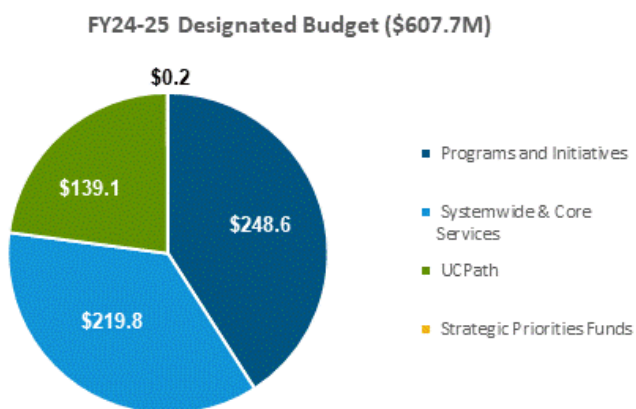
Systemwide Services, \$99.7M (37%):

- \$82.3M of this total is in Systemwide Human Resources associated with management of UC's systemwide retirement program

FY24-25 designated funds total \$607.7M. 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 FY24-25, designated funds decrease by \$66.1M from FY23-24. The change is driven, in large part, by the reduction of one-time funds for climate change research. Increases in Systemwide and Core Services for fee-for-service activities were reviewed with and supported by the Executive Budget Committee.

Figure 14: FY24-25 Designated Fund Uses



Programs and Initiatives, \$248.6M (41%):

- \$179M of the total is in state / federal programs incl. ANR \$152.1 and UCNL \$14.1M
- \$69.6M of the total is in Systemwide programs: UC Press \$21.7M, UCDC \$9.5M, CA HIV/AIDS \$8.8M and UC Online \$8.2M

Systemwide and Core Services, \$219.8M (36%):

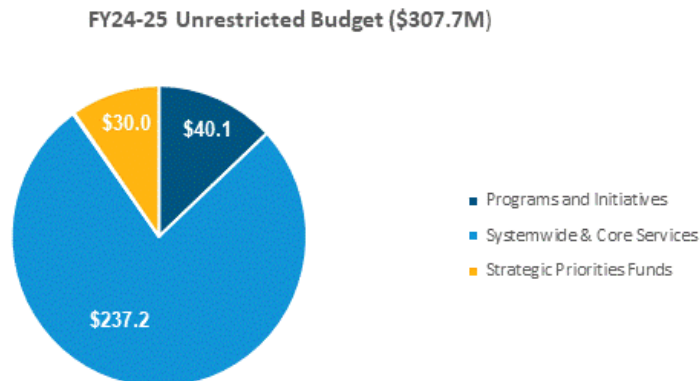
- UC Legal \$71.2M, Risk Services \$10.4M, UC Investments \$43M, UC Health \$26.4M

UCPATH, \$139.1M (23%)

Strategic Priorities Fund, \$0.2M: (<1%).

The FY24-25 budget includes total unrestricted funds of \$307.7M. 77 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: FY24-25 Unrestricted Fund Uses



Systemwide and Core Services, \$237.2M (77%):

- External Relations & Communications \$14.6M, Finance \$35.2M, UC Operations \$95.1M (including IT, Systemwide Human Resources), UC Legal \$12.1M, and Other (President's Executive Office, Secretary of the Regents, and more)

Programs and Initiatives, \$40.1M (13%):

- Funding supports research and teaching: UC Observatories, \$17.0M; Multi-campus research, \$8.4M, UC NRS \$2.2M
- And supports public service: SAPEP \$7.1M, HBCUs \$2M.

Strategic Priorities Fund, \$30.0M (10%)

RESERVES

UCOP reserves are funds intentionally allocated and accrued from fund sources 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 completed a comprehensive review of best practices and peer benchmarking and established 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 maintained 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 \$15M 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 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 \$160.1M as of June 30, 2024. Details are in **Schedule G**.

Figure 16 – UCOP Reserve Balances

\$ in millions

UCOP RESERVES	Reserve Target Minimum	Reserve Target Maximum	6/30/24 Forecasted Reserve	Variance:
				6/30/24 Reserve Over Max / (Under Min)
Building and Capital Assets Reserves	\$ 3.0	\$ 8.5	\$ 4.1	\$ -
Program Reserves ¹	65.9	83.3	87.2	3.9
Other Required Reserves	56.5	71.5	53.8	-
Sub-Total Program and Non-Operating Reserves	\$ 125.4	\$ 163.3	\$ 145.1	
Central Operating Reserve	15.0	15.0	15.0	-
TOTAL UCOP RESERVES	\$ 140.4	\$ 178.3	\$ 160.1	

¹ Program Reserves are over target due to UCNL funds to be allocated in the annual spend plan

Individual reserves fall within the established target funding range minimum of \$140.4M and maximum of \$178.3M, except where noted above. Program Reserves are largely (92%) comprised of UC National Laboratories reserves which are designated by the UC Regents. The Housing Loan program reserve requirement reflects a 4 percent maximum reserve target on the overall size of the loan portfolio of approximately \$1.75 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 \$71.5M, which includes \$10.5M for campus supplemental loans. The forecasted reserve is below that maximum.

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 FY24-25 budget, UCOP analyzed actual fund balances as of March 31, 2024, and forecasted fund balances for June 30, 2024. 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, 2024. Overall, fund balances are projected to decrease by \$59.4M or 42 percent compared to last year, the largest reduction (52 percent) taking place in the unrestricted funds.

Figure 17: UCOP Fund Balances

\$ millions

	6/30/24						
	6/30/23	Forecasted		Remaining	Change in		
	Balance	Balance	Commitments	Balance	Balance	% Change	
Unrestricted	\$ 33.4	\$ 40.3	\$ 34.1	\$ 6.2	\$ (27.2)	-81.4%	
Designated	98.7	104.8	51.6	53.2	(45.5)	-46.1%	
Restricted	9.1	12.6	-	12.6	3.5	38.3%	
Total Fund Balance	\$ 141.2	\$ 157.7	\$ 85.7	\$ 72.0	\$ (69.2)	-49.0%	

Unrestricted fund balances afford the most flexibility for use. Unrestricted balances total \$6.2M or 8.6 percent of the total remaining fund balance, net of funds being used for FY24-25 budget sources. This balance is planned to be retained in the event next year's state budget continues to be constrained and impacts the UC compact. The main cause of the change in unrestricted fund balances was due to the use of \$5M in fund balances to balance the FY23-24 budget, along with approximately \$14M additional planned for the FY24-25 budget. Fund balances at year-end are planned 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, 2024, fiscal close and reported in the FY23-24 Budget-to-Actuals item presented at the November 2024 Regents Meeting.

Designated fund balances total \$53.2M or 74 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, \$36.1M, or 50 percent of total fund balances, is Regents-designated for the management of the UC National Laboratories and the Laboratory Fees Research Program. 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:

- \$8.9M decrease in endowment cost recovery funds planned for future development work
- \$28.5M decrease in the Lab Fees Research program used to fund campus research opportunities as funds are committed for current and future grant cycles
- \$12.7M decrease in other balances such as UCPC assessment funds to be applied to FY24-25 budget

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 represent 17.5 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. UCOP and all campuses continue to share concerns over financial challenges in this upcoming year, exacerbated by the deferral of the state funding increase as outlined in the compact. 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 campus assessment funding model which improves systemwide coordination and agreement of a 5 percent increase in FY24-25, offset by 3 percent using UCOP one-time funds.
- UCOP's conservative planning and assessment of key priorities in both Programs and Initiatives as well as Systemwide and Core Services. The EBC acknowledges that financial decisions are becoming better harmonized with the campuses.
- A systemwide general salary increase program of 4.2 percent which seeks to retain UC's important human capital resources.
- Use of budget targets on unrestricted funds to contain costs and a continued use of a UCOP vacancy factor to partially offset the impact of time to hire and turnover.
- Increased focus and time spent on budget uses funded by unrestricted or designated sources to control growth and fiscal impacts on the campuses; there is universal agreement that restricted funds are variable and impacted by factors outside direct control of UCOP.
- Continued and further evaluation of cost impacts on the campuses when new policies are introduced by UCOP.
- SPF funding totaling \$30M, to allow the President only a modest level of flexibility in which to set vision or strategic direction for the University.
- Measured investment in UCPath to address campus service-levels with trade-off decisions to keep the overall budget growth conservative.

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

PRESIDENT'S RECOMMENDATION

UCOP has developed this budget based on anticipated FY24-25 funding that delivers valued programs and services. Importantly, it minimizes the budgetary impact of the campus assessment on the campuses through the application of a one-time campus assessment relief program. UC remains committed to honor its goal to grow undergraduate enrollment. The proposed budget is comprehensive, transparent and demonstrates UCOP's contributions to the University's teaching, research, and public service mission.

Pursuant to Regents Policy 5101, the President of the University recommends approval of the UCOP FY24-25 Budget by the Board of Regents.



Appendices

Schedule A

Sources and Uses by Year

Overall UCOP

\$ in millions

				Variance Increase/(Decrease)		
	FY23-24 Budget	FY23-24 Q2 Forecast	FY24-25 Budget	FY23-24 Fcst vs FY23-24 Bud	FY24-25 Bud vs FY23-24 Fcst	FY24-25 Bud vs FY23-24 Bud
SOURCES						
Unrestricted Sources						
Investment Income	30.3	37.0	32.6	6.7	(4.4)	2.3
UCOP Campus Assessment	232.4	232.4	244.0	0.0	11.6	11.6
FY24-25 Assessment Relief Program (one-time)	0.0	0.0	(7.0)	0.0	(7.0)	(7.0)
UCOP Campus Assessment (Net)	232.4	232.4	237.0	0.0	4.6	4.6
Undesignated Fund Balance	5.0	2.2	20.2	(2.8)	11.0	8.2
Other Unrestricted Sources	17.5	18.4	17.9	0.9	(0.5)	0.4
Subtotal - Unrestricted Sources	\$285.1	\$289.9	\$307.6	\$4.8	\$17.7	\$22.5
Designated Sources						
Regents-Designated	39.8	48.0	43.1	8.2	(4.9)	3.3
Program-Designated	383.5	384.4	322.3	0.9	(62.1)	(61.2)
UCPath Fee-For-Service	132.6	134.8	139.2	2.2	4.3	6.6
UC ANR State General Funds	121.0	121.0	119.4	0.0	(1.6)	(1.6)
Subtotal - Designated Sources	\$676.9	\$688.2	\$624.0	\$11.3	(\$64.2)	(52.9)
Restricted Sources						
Gifts and Endowments	15.8	9.7	16.9	(6.0)	7.1	1.1
Contracts and Grants	64.7	62.4	73.4	(2.3)	11.1	8.7
Federal and State Appropriations/ Regulations	189.2	185.9	179.3	(3.3)	(6.7)	(10.0)
Subtotal - Restricted Sources	\$269.6	\$258.0	\$269.5	(\$11.6)	\$11.5	(0.1)
TOTAL SOURCES	\$1,231.6	\$1,236.1	\$1,201.1	\$4.5	(35.0)	(\$30.5)
USES						
Programs and Initiatives						
State/ Federal Programs	410.9	400.7	345.7	(10.2)	(55.0)	(65.1)
Systemwide Programs	121.9	114.0	112.8	(7.9)	(1.2)	(9.1)
Subtotal - Programs and Initiatives	\$532.8	\$514.7	\$458.5	(\$18.1)	(\$56.2)	(\$74.3)
Systemwide and Core Services						
Academic Affairs	74.1	73.6	79.8	(0.5)	6.3	5.8
Ethics & Compliance	9.2	9.8	10.4	0.6	0.6	1.3
External Relations & Communications	20.4	19.5	22.2	(0.9)	2.7	1.8
Finance	62.9	61.7	66.9	(1.2)	5.2	4.0
Operations	196.4	197.4	202.0	1.0	4.6	5.6
President's Executive Office	6.1	6.5	7.9	0.5	1.4	1.8
Secretary of the Regents	4.3	4.7	5.0	0.4	0.2	0.7
Systemwide Academic Senate	2.6	2.7	2.6	0.1	(0.1)	0.0
UC Health	31.4	32.5	32.6	1.1	0.1	1.2
UC Investments	43.7	48.0	43.0	4.3	(5.0)	(0.7)
UC Legal	78.9	84.0	84.3	5.0	0.3	5.4
Subtotal - Systemwide and Core Services (excl UCPath)	\$530.0	\$540.4	\$556.7	\$10.4	\$16.3	\$26.8
SPF - Unrestricted	30.0	29.9	30.0	(0.1)	0.1	(0.0)
SPF - Designated/ Restricted	1.0	0.9	0.2	(0.1)	(0.7)	(0.8)
Strategic Priorities Funds	\$31.0	\$30.9	\$30.2	(0.1)	(\$0.7)	(0.8)
SUBTOTAL USES	\$1,093.7	\$1,086.0	\$1,045.4	(\$7.8)	(40.6)	(48.3)
UCPath	\$134.4	\$131.0	\$139.5	(3.4)	\$8.5	\$5.1
TOTAL USES	\$1,228.1	\$1,216.9	\$1,184.9	(\$11.2)	(32.1)	(43.2)
NET MARGIN SURPLUS (DEFICIT)						
	\$3.5	\$19.2	\$16.2	15.7	(3.0)	12.7
Included in Sources and Uses Above						
Pass-Throughs	492.0	481.7	399.5	(10.3)	(82.2)	(92.6)
Fee-For-Service	401.5	403.7	410.8	2.3	7.1	9.3
Total Fee-For-Service and Pass-Throughs	\$893.5	\$885.4	\$810.3	(\$8.1)	(\$75.2)	(\$83.2)

Notes to Schedule A:

Sources

Unrestricted Sources

1. Investment Income: \$32.6M estimate based on current year returns; higher by \$2.3M due to higher short-term rates of return.
2. UCOP Campus Assessment: \$237.0M net total represents the \$11.6M, 5% increase, offset by a one-time allocation of investment returns of \$7M to reduce the campus contribution to a \$4.6M, 2% increase.
3. Undesignated Fund Balance: \$20.2M estimate based on FY23-24 Forecast investment earnings, to be used in part to offset the campus assessment increase.
4. Other Unrestricted: \$17.9M is flat to FY23-24.

Designated Sources

5. Regents Designated: \$43.1M increased by \$3.3M (8%) for UCNL fee income, partially designated for reserves.
6. Program-Designated: \$322.3M decreased by \$61.2M (16%) due to one-time Climate Research funding of \$84M in FY23-24, off-set by additional extramural funding for ANR, a new Firefighters Cancer Research fund and UC Legal campus supported work.
7. UCPath Fee-For-Service: \$139.2M increased by \$6.6M (5%) compared to FY23-24 due to target staffing levels, strategic projects, and operating cost increases.
8. UC ANR State General Funds: \$119.4M a decrease of \$1.6M (1.3%) in state allocations as the FY23-24 increase was lower than anticipated, and FY24-25 is expected to be flat.

Restricted Sources

9. Gifts and Endowments: \$16.9M is up \$1.1M (7%) compared to FY23-24.
10. Contracts and Grants: \$73.4M increased \$8.7M (13%) driven by ANR's extramural funding and other research funding.
11. Federal and State Appropriations: \$179.3M decreased \$10M (5%) 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

	Unrestricted Funds	Designated Funds	Restricted Funds	FY24-25 Budget
TOTAL SOURCES	307.6	624.0	269.5	1,201.1
TOTAL USES				
Programs and Initiatives				
State/ Federal Programs	0.4	179.0	166.3	345.7
Systemwide Programs	39.6	69.6	3.6	112.8
Subtotal - Programs and Initiatives	40.1	248.6	169.8	458.5
Systemwide and Core Services				
Academic Affairs	48.9	28.3	2.6	79.8
Ethics & Compliance	10.4	0.0	0.0	10.4
External Relations & Communications	14.6	5.9	1.7	22.2
Finance	35.2	28.1	3.6	66.9
Operations	95.1	16.5	90.4	202.0
President's Executive Office	7.4	0.4	0.2	7.9
Secretary of the Regents	5.0	0.0	(0.0)	5.0
Systemwide Academic Senate	2.5	0.0	0.1	2.6
UC Health	6.0	26.4	0.1	32.6
UC Investments	0.0	43.0	0.0	43.0
UC Legal	12.1	71.2	1.1	84.3
Subtotal - Systemwide and Cores Services (excl UCPath)	237.2	219.8	99.7	556.7
Strategic Priorities Funds	30.0	0.2	0.0	30.2
UCPath	0.4	139.1	0.0	139.5
TOTAL USES	307.7	607.7	269.5	1,184.9
NET MARGIN SURPLUS (DEFICIT)	(0.0)	16.3	(0.0)	16.2

Notes to Schedule B

- The total budget reflects a surplus for FY24-25 in Designated funds. Any realized surplus funds will be used in subsequent years and/or added to fund balances for future expenditures.

Schedule C

Budget by Programs and Initiatives

Programs and Initiatives

\$ in millions

				Variance Increase/(Decrease)		
	FY23-24 Budget	FY23-24 Q2 Forecast	FY24-25 Budget	FY23-24 Fcst vs FY23-24 Bud	FY24-25 Bud vs FY23-24 Fcst	FY24-25 Bud vs FY23-24 Bud
PROGRAMS AND INITIATIVES						
State/ Federal Programs						
Agriculture and Natural Resources (ANR)	229.0	219.3	247.4	(9.6)	28.0	18.4
California Breast Cancer Research Program	17.8	14.7	11.1	(3.1)	(3.6)	(6.8)
California Subject Matter Project (CSMP)	8.8	9.8	8.9	1.0	(0.8)	0.1
California Managed Care Organization (MCO) Tax Funding Program	0.0	0.0	3.4	0.0	3.4	3.4
Gaining Early Awareness and Readiness for Undergraduate Programs	3.5	3.5	3.5	0.0	(0.0)	0.0
Office of the National Laboratories (UCNL)	12.6	13.1	14.1	0.5	1.0	1.5
Other State/ Federal Programs	0.9	0.5	0.5	(0.4)	0.1	(0.4)
Tobacco-Related Disease Research Program (TRDRP)	49.9	54.3	44.8	4.4	(9.5)	(5.1)
UC Research: Cancer Research Coordinating Committee (CRCC)	2.7	1.9	2.7	(0.8)	0.9	0.1
Firefighter Cancer Research Program	0.0	0.0	6.0	0.0	6.0	6.0
UC Climate Action Research Initiative 2022	83.8	81.7	1.3	(2.1)	(80.4)	(82.5)
Subtotal - State/ Federal Programs	410.9	400.7	345.7	(10.2)	(55.0)	(65.1)
California HIV/ AIDS Research Program (CHRP)	8.8	8.7	8.8	(0.1)	0.1	0.0
Eligibility in the Local Context (ELC)	0.9	0.9	1.0	(0.0)	0.1	0.1
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)	8.7	8.3	8.4	(0.3)	0.1	(0.2)
Natural Reserve System (NRS)	3.3	3.4	3.2	0.1	(0.2)	(0.1)
Other Systemwide Programs	3.9	3.9	4.1	(0.0)	0.2	0.2
President's Postdoctoral Fellowship Program (PPFP)	3.3	0.9	0.9	(2.4)	0.0	(2.4)
SAPEP	16.7	16.7	15.6	(0.1)	(1.0)	(1.1)
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	9.3	9.5	(0.2)	0.2	0.0
University of California Press	22.3	22.3	22.7	(0.0)	0.4	0.4
UC Research: Laboratory Fees Research Program (LFRP)	14.3	9.3	8.1	(5.0)	(1.2)	(6.2)
UC Research: Multi-Campus Research Programs and Initiatives (MRPI)	8.4	8.4	8.4	0.0	0.0	0.0
University of California Washington Center (UCDC)	9.3	9.4	9.5	0.1	0.2	0.3
Subtotal - Systemwide Programs	121.9	114.0	112.8	(7.9)	(1.2)	(9.1)
TOTAL USES	532.8	514.7	458.5	(18.1)	(56.2)	(74.3)

Notes to Schedule C: Budget by Programs and Initiatives
FY24-25 Budget Increase / (Decrease) vs. FY23-24 Budget > \$1M

State / Federal Programs

1. Agriculture and Natural Resources: \$247.4M increased by \$18.4M due to projected contracts and grants funding.
2. California Breast Cancer Research Program: \$11.1M decreased by \$6.8M, (38%) due to the timing of grant awards projected in FY24-25.
3. California Managed Care Org Tax Funding Program: \$3.4M increase as this is a new tax revenue program managed through UC Health for the benefit of medical education.
4. Office of the National Laboratories (UCNL): \$14.1M increased by \$1.5M, +12% for needed business development funds to grow lab management and the Livermore Collaboration Center.
5. Tobacco-Related Disease Research Program (TRDRP): \$44.8M decreased by \$5.1M, (10%) due to lower anticipated grant awards related to timing of research grant payments and lower revenues compared to prior year.
6. Firefighter Cancer Research Program: \$6M in new funding from the state for research to reduce the incidence of cancer among California firefighters.
7. UC Climate Action Research Initiative: \$1.3M decreased by \$82.5M (98%) as the one-time State allocation was entirely distributed in FY23-24.

Systemwide Programs

8. President's Postdoctoral Fellowship Program: \$0.9M decreased by \$2.4M, 73% due to pending changes in campus allocations.
9. SAPEP: \$15.6M, decreased \$1.1M, (7%) due to one-time funding received in FY23-24.
10. Lab Fees Research Program (LFRP): \$8.1M decreased by \$6.2M, 43% 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	FY24-25 Budget
PROGRAMS AND INITIATIVES				
State/ Federal Programs				
Agriculture and Natural Resources (ANR)	0.0	152.1	95.3	247.4
California Breast Cancer Research Program	0.0	0.0	11.1	11.1
California Subject Matter Project (CSMP)	0.3	5.1	3.5	8.9
California Managed Care Organization (MCO) tax funding program	0.0	0.0	3.4	3.4
Gaining Early Awareness and Readiness for Undergraduate Programs	0.0	0.0	3.5	3.5
Graduate Medical Education	0.0	0.0	1.9	1.9
Office of the National Laboratories (UCNL)	0.0	14.1	0.0	14.1
Other State/ Federal Programs	0.2	0.3	0.1	0.5
Tobacco-Related Disease Research Program (TRDRP)	0.0	0.0	44.8	44.8
UC Research: Cancer Research Coordinating Committee (CRCC)	0.0	0.0	2.7	2.7
Firefighter Cancer Research Program	0.0	6.0	0.0	6.0
UC Climate Action Research Initiative 2022	0.0	1.3	0.0	1.3
Subtotal - State/ Federal Programs	0.4	179.0	166.3	345.7
Systemwide Program				
California HIV/ AIDS Research Program (CHRP)	0.0	8.8	0.0	8.8
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	8.2	0.2	8.4
Natural Reserve System (NRS)	2.2	0.0	1.0	3.2
Other Systemwide Programs	2.1	2.0	0.0	4.1
President's Postdoctoral Fellowship Program (PPFP)	0.0	0.0	0.9	0.9
SAPEP	7.1	7.2	1.4	15.6
UC Astronomy: University of California Observatories (UCO)	7.5	0.0	0.0	7.5
UC Astronomy: W.M. Keck Observatory (Keck)	9.5	0.0	0.0	9.5
University of California Press	1.0	21.7	0.0	22.7
UC Research: Laboratory Fees Research Program (LFRP)	0.0	8.1	0.0	8.1
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	9.5	0.0	9.5
Subtotal - Systemwide Programs	39.6	69.6	3.6	112.8
TOTAL USES	40.1	248.6	169.8	458.5

Schedule D

Budget by Division and Sub-Division

Systemwide and Core Services

\$ in millions

				Variance Increase/ (Decrease)		
	FY23-24	FY23-24	FY24-25	FY23-24 Fcst vs FY23-24 Bud	FY24-25 Bud vs FY23-24 Fcst	FY24-25 Bud vs FY23-24 Bud
	Budget	Q2 Forecast	Budget			
SYTSEMWISE AND CORE SERVICES						
Academic Affairs						
Academic Personnel and Programs	35.8	36.9	40.3	1.1	3.3	4.5
AA_ Immediate Offices	7.3	7.3	8.5	0.0	1.2	1.2
Institutional Research and Academic Planning	6.2	6.2	6.5	0.0	0.3	0.3
Research and Innovation	8.5	8.6	9.7	0.1	1.2	1.3
Graduate Undergraduate and Equity Affairs	16.3	14.5	14.8	(1.8)	0.3	(1.5)
Subtotal - Academic Affairs	74.1	73.6	79.8	(0.5)	6.3	5.8
Ethics & Compliance	9.2	9.8	10.4	0.6	0.6	1.3
External Relations & Communications						
Alumni and Constituent Affairs	0.5	0.5	0.5	(0.0)	0.0	0.0
Executive Communications & Engagement	0.9	0.8	0.9	(0.1)	0.2	0.0
Federal Government Relations	2.9	3.1	3.4	0.2	0.3	0.5
Institutional Advancement	2.7	2.6	2.9	(0.1)	0.3	0.2
Legislative Analysis	0.9	0.9	1.0	(0.0)	0.1	0.1
Marketing and Communications	6.9	5.8	7.4	(1.2)	1.6	0.5
Media Relations	1.0	0.7	0.8	(0.2)	0.0	(0.2)
State Government Relations	3.3	3.0	3.6	(0.3)	0.6	0.3
Immediate Office	1.2	2.1	1.7	0.8	(0.4)	0.5
Subtotal - ER&C	20.4	19.5	22.2	(0.9)	2.7	1.8
Finance						
Budget Analysis and Planning	2.5	2.0	2.6	(0.5)	0.6	0.1
Capital Markets Finance	8.1	7.6	9.2	(0.4)	1.6	1.2
Financial Accounting	14.1	13.8	15.7	(0.3)	1.9	1.6
Risk Services	12.0	11.7	10.4	(0.3)	(1.2)	(1.6)
Strategic Sourcing/ Procurement	12.3	13.3	14.0	1.0	0.7	1.7
Immediate Office	1.6	1.8	1.8	0.2	0.1	0.2
Capital Programs Energy and Sustainability	12.3	11.4	13.0	(0.8)	1.6	0.7
Subtotal - Finance	62.9	61.7	66.9	(1.2)	5.2	4.0
Operations						
Information Technology Services	56.4	59.8	56.6	3.4	(3.2)	0.2
Operational Expenses	1.1	2.6	5.3	1.5	2.7	4.3
Strategic Program Management Office	1.8	1.9	2.0	0.1	0.1	0.2
Systemwide Human Resources	95.1	95.2	91.5	0.1	(3.7)	(3.6)
UCOP Operations	39.7	35.6	40.0	(4.1)	4.4	0.3
Immediate Office	2.3	2.3	2.6	(0.0)	0.3	0.3
Systemwide Community Safety	0.0	0.0	4.0	0.0	4.0	4.0
Subtotal - Operations	196.4	197.4	202.0	1.0	4.6	5.6
President's Executive Office	6.1	6.5	7.9	0.5	1.4	1.8
Secretary of the Regents	4.3	4.7	5.0	0.4	0.2	0.7
Systemwide Academic Senate	2.6	2.7	2.6	0.1	(0.1)	0.0
UC Health						
UC Health Core	(1.3)	0.2	(1.3)	1.5	(1.5)	(0.0)
Academic Health Sciences	3.4	3.3	3.7	(0.1)	0.4	0.3
Center for Data Driven Insights and Innovation	7.5	7.5	8.0	(0.0)	0.5	0.5
Clinical Strategy & Operations	6.3	5.7	6.2	(0.6)	0.5	(0.1)
Health Policy and Regulatory Affairs	1.1	1.2	1.3	0.1	0.1	0.2
Finance and Administration	5.0	6.2	7.0	1.2	0.8	2.0
Leveraging Scale for Value	9.4	8.4	7.6	(1.0)	(0.8)	(1.8)
Subtotal - UC Health	31.4	32.5	32.6	1.1	0.1	1.2
UC Investments	43.7	48.0	43.0	4.3	(5.0)	(0.7)
UC Legal						
In-House Counsel	38.3	38.3	41.8	0.0	3.5	3.5
Outside Counsel	38.2	42.0	40.1	3.8	(1.9)	1.9
Systemwide Litigation	2.5	3.7	2.5	1.2	(1.2)	0.0
Subtotal - UC Legal	78.9	84.0	84.3	5.0	0.3	5.4
SUBTOTAL USES						
	530.0	540.4	556.7	10.4	16.3	26.8
UCPath	134.4	131.0	139.5	(3.4)	8.5	5.1
TOTAL USES						
	664.4	671.4	696.2	7.0	24.8	31.8

Notes to Schedule D: Systemwide and Core Services
FY24-25 Budget Increase / (Decrease) vs. FY23-24 Budget > \$1M

Academic Affairs

1. Academic Personnel and Programs: \$40.3M, increased by \$4.5M, +13% due to contract and grant funding for CDL, resources in UCDC for student services and IT.
2. Academic Affairs Immediate Offices: \$7.3M, increased by 1.2M, +16% due to additional grant funding in Student Affairs, resources in Academic Labor, and the systemwide salary program.
3. Research and Innovation: \$9.7M, increased by \$1.3M, +15%, due to the systemwide salary program and a reduction in projected vacancy savings.
4. Graduate, Undergraduate and Equity Affairs: \$14.8M decreased by \$1.5M or 9% due to Student Basic Needs funding in FY23-24 which will go directly to campuses, offset by a shift of funding for UCSA from the campuses.

Ethics and Compliance

5. Ethics & Compliance: \$10.4M increased by \$1.3M, +14% related to additional resources for audit-related efforts.

Finance

6. Capital Markets Finance: \$9.2M increased by \$1.2M, +15% due to position changes and the systemwide salary program.
7. Financial Accounting: \$15.7M increased by \$1.6M, +11% for additional systems and audit/tax resources.
8. Risk Services: \$10.4M decreased by \$1.6M, (13%) as security services transitioned to the Operations organization.
9. Strategic Sourcing/Procurement: \$14.0M increased by \$1.7M, +14% due to consulting support for systemwide initiatives.

Operations

10. Operational Expenses: \$5.3M increased by \$4.3M, +390% due to reduction of central vacancy factor and increased funds for equity and promotions.
11. Systemwide Human Resources: \$91.5M decreased by \$3.6M, (4%) driven by the completion of the Redwood pension system and transition from outside vendor to internal IT resources offset by an internal reorganization with additional resources for executive searches.
12. Systemwide Community Safety: \$4.0M for a new office of Systemwide Community safety, includes funds moved from Risk Services, and increased staffing.

UC Health

13. Finance and Administration: \$7.0M increased by \$2M, +40% for oversight of MCO tax, and position changes offset by reductions in Leveraging Scale for Value.
14. Leveraging Scale for Value: \$7.6M decreased by \$1.8M, (19%) including staffing reductions, to offset increases in other areas of UC Health.

Other Divisions

15. President's Executive Office: \$7.9M increased by \$1.8M, +30% with the addition of a new Systemwide Office of Civil Rights, including additional staffing. Note: The Associate of the President budget of \$25,000 is included in the PEO total budget.
16. UC Legal: \$84.3M increased by \$5.4M, +7% to improve internal UC legal capacity and reduce outside counsel reliance; however overall legal expenses continue to increase with system growth and specialized practice areas.
17. UCPath Center Operations: \$139.5M increased by \$5.1M, +4% to staff the Path Center at recommended levels, optimize campus services and pay debt service.

Schedule D-1

Systemwide and Core Services by Fund

\$ in millions

	Unrestricted Funds	Designated Funds	Restricted Funds	FY24-25 Budget
SYSTEMWIDE AND CORE SERVICES USES				
Academic Affairs				
Academic Personnel and Programs	19.1	18.8	2.3	40.3
Immediate Office	7.9	0.4	0.2	8.5
Institutional Research and Academic Planning	6.5	0.0	0.0	6.5
Research and Innovation	6.3	3.4	0.0	9.7
Graduate Undergraduate and Equity Affairs	9.0	5.7	0.1	14.8
Subtotal - Academic Affairs	48.9	28.3	2.6	79.8
Ethics & Compliance	10.4	0.0	0.0	10.4
External Relations & Communications				
Alumni and Constituent Affairs	0.0	0.5	0.0	0.5
Executive Communications & Engagement	0.9	0.0	0.0	0.9
Federal Government Relations	2.6	0.8	0.0	3.4
Institutional Advancement	0.0	2.3	0.6	2.9
Legislative Analysis	1.0	0.0	0.0	1.0
Marketing and Communications	4.6	1.7	1.0	7.4
Media Relations	0.7	0.0	0.0	0.8
State Government Relations	3.6	0.0	0.0	3.6
Immediate Office	1.1	0.6	(0.1)	1.7
Subtotal - ER&C	14.6	5.9	1.7	22.2
Finance				
Budget Analysis and Planning	2.5	0.1	0.0	2.6
Capital Markets Finance	0.0	9.2	0.0	9.2
Financial Accounting	9.1	3.3	3.3	15.7
Risk Services	0.0	10.4	0.0	10.4
Strategic Sourcing/ Procurement	14.0	0.0	0.0	14.0
Immediate Office	0.3	1.2	0.3	1.8
Capital Programs Energy and Sustainability	9.2	3.8	0.0	13.0
Subtotal - Finance	35.2	28.1	3.6	66.9
Operations				
Information Technology Services	42.4	10.1	4.2	56.6
Operational Expenses	2.2	3.1	0.0	5.3
Strategic Program Management Office	2.0	0.0	0.0	2.0
Systemwide Human Resources	8.4	0.8	82.3	91.5
UCOP Operations	34.1	2.5	3.4	40.0
Immediate Office	2.0	0.0	0.6	2.6
Systemwide Community Safety	4.0	0.0	0.0	4.0
Subtotal - Operations	95.1	16.5	90.4	202.0
President's Executive Office	7.4	0.4	0.2	7.9
Secretary of the Regents	5.0	0.0	(0.0)	5.0
Systemwide Academic Senate	2.5	0.0	0.1	2.6
UC Health				
UC Health Core	(0.3)	(1.0)	0.0	(1.3)
Academic Health Sciences	3.2	0.5	0.1	3.7
Center for Data Driven Insights and Innovation	0.0	8.0	0.0	8.0
Clinical Strategy & Operations	0.9	5.3	0.0	6.2
Health Policy and Regulatory Affairs	0.2	1.1	0.0	1.3
Finance and Administration	2.0	5.0	0.1	7.0
Leveraging Scale for Value	0.0	7.6	0.0	7.6
Subtotal - UC Health	6.0	26.4	0.1	32.6
UC Investments	0.0	43.0	0.0	43.0
UC Legal				
In-House Counsel	12.1	28.6	1.1	41.8
Outside Counsel	0.0	40.1	0.0	40.1
Systemwide Litigation	0.0	2.5	0.0	2.5
Subtotal - UC Legal	12.1	71.2	1.1	84.3
SUBTOTAL USES	237.2	219.8	99.7	556.7
UCPath	0.4	139.1	0.0	139.5
TOTAL USES	237.6	358.9	99.7	696.2

Schedule E

UC ANR Budget within UCOP

Budget by Program and Unit - All Funds

\$ in millions

	FY23-24 Budget	FY23-24 Q2 Forecast	FY24-25 Budget	Variances: Increase/ (Decrease)		
				FY23-24 Fcst vs	FY24-25 Bud vs	FY24-25 Bud vs
SOURCES						
Endowment Payout	11.6	7.0	12.7	(4.6)	5.7	1.1
Extramural Funding	51.4	51.4	61.6	0.0	10.3	10.3
Federal AES	8.2	8.2	8.3	0.0	0.0	0.0
Federal UCCE	12.6	8.8	12.7	(3.8)	3.9	0.1
Other Sources	24.2	23.0	32.7	(1.2)	9.7	8.5
State UCCE	121.0	121.0	119.4	0.0	(1.6)	(1.6)
TOTAL UC ANR Budget within UCOP	229.0	219.3	247.4	(9.6)	28.0	18.4
NET MARGIN SURPLUS (DEFICIT)	0.0	0.0	0.0	0.0	0.0	0.0
USES						
Unrestricted Sources						
AES Campuses						
Other Campus-Based Academics	1.1	1.1	1.8	(0.0)	0.7	0.7
UC Berkeley	8.7	8.3	8.8	(0.5)	0.6	0.1
UC Davis	25.7	24.5	24.0	(1.2)	(0.5)	(1.7)
UC Riverside	6.7	6.5	6.8	(0.2)	0.3	0.1
UC Santa Cruz	0.2	0.2	0.2	0.0	0.1	0.1
UC Merced	0.4	0.4	0.6	(0.0)	0.2	0.2
Subtotal - AES Campuses	42.8	40.9	42.2	(1.9)	1.4	(0.6)
Statewide Programs & Institutes						
Agriculture Issues Center	0.4	0.4	0.5	(0.0)	0.1	0.1
California Institute for Water Resources	1.1	1.0	1.4	(0.1)	0.4	0.3
Elkus Ranch Youth Development Center	0.5	0.4	0.5	(0.1)	0.0	(0.1)
Informatics & Geographic Information Systems	0.9	0.9	1.0	(0.0)	0.1	0.1
Integrated Pest Management	6.7	6.5	6.5	(0.1)	(0.0)	(0.2)
Nutrition Policy Institute	5.0	4.9	5.5	(0.0)	0.6	0.5
Statewide Programs & Initiatives	6.6	6.2	5.9	(0.4)	(0.3)	(0.8)
Sustainable Agriculture Research & Education	1.4	1.3	3.0	(0.1)	1.7	1.7
Volunteer Based Programs (MFP MG Naturalist)	1.5	1.3	3.2	(0.2)	1.9	1.7
Youth Family & Communities	3.2	3.4	3.3	0.2	(0.1)	0.1
Research and Extension Centers (RECs)	19.7	18.0	22.3	(1.7)	4.3	2.7
County-Based Research and Extension	94.6	90.9	106.2	(3.7)	15.3	11.6
Administration						
General Administration	26.8	25.7	29.6	(1.1)	3.9	2.8
Technology Implementation	8.7	8.5	6.8	(0.3)	(1.7)	(1.9)
Subtotal - Administration	35.5	34.2	36.3	(1.4)	2.2	0.8
Institutional Support	9.1	9.0	9.5	(0.0)	0.4	0.4
TOTAL UC ANR Budget within UCOP	229.0	219.3	247.4	(9.6)	28.0	18.4

Schedule F-1

Strategic Priorities Fund

Unrestricted Funds

Overall UCOP

\$ in millions

				Variances: Increase/ (Decrease)		
	FY23-24	FY23-24	FY24-25	FY23-24 Fcst	FY24-25 Bud	FY24-25 Bud
	Budget	Q2 Forecast	Budget	vs	vs	vs
				FY23-24 Bud	FY23-24 Fcst	FY23-24 Bud
UNRESTRICTED-UNDESIGNATED FUNDS						
COMMITMENTS						
Systemwide and Core Services						
PTS Security Assessment Phase I	0.6	1.2	0.2	0.6	(1.1)	(0.5)
Systemwide Office Of Civil Rights (SOCR)	0.0	0.4	0.0	0.4	(0.4)	0.0
SAB	0.0	0.1	0.1	0.1	0.0	0.1
Corp System Gateway App Migration To AWS	0.0	0.6	0.2	0.6	(0.4)	0.2
Academic Labor Relations Org Alignment Project	0.0	0.6	0.2	0.6	(0.4)	0.2
Mulesoft Platform Migration UC Online To TDS	0.0	0.4	0.1	0.4	(0.3)	0.1
Center For Academic Experiments-Evaluation	0.0	0.4	0.0	0.4	(0.4)	0.0
Vaccine Compliance Project	4.0	4.0	1.0	0.0	(3.0)	(3.0)
ECAS Privacy Program FTE	0.0	0.1	0.0	0.1	(0.1)	0.0
Jira & Confluence SaaS Cloud Move	0.1	0.2	0.2	0.0	(0.0)	0.0
Regents Legal Advice & Counsel	0.3	0.3	0.1	0.0	(0.2)	(0.2)
TDS UCOP Security Risk FTE Increase	0.1	0.0	0.0	(0.1)	(0.0)	(0.1)
Innov Trf Entrep (ITE) Sys Stabilization	1.0	0.1	0.8	(0.9)	0.7	(0.2)
Vulnerability Remediation of UCOP Applications	3.5	1.9	2.0	(1.7)	0.1	(1.6)
Sharepoint Move to Cloud	0.2	0.2	0.1	0.0	(0.1)	(0.1)
Compliance Project 1 Resource	0.2	0.2	0.0	(0.0)	(0.2)	(0.2)
Internal Audit - QA Resources	0.7	0.2	0.5	(0.4)	0.3	(0.1)
EDIB Data Metrics Workstream	0.0	0.1	0.0	0.1	(0.1)	(0.0)
UCOP COVID-19 Response	0.2	0.4	0.2	0.2	(0.2)	0.0
GASB Lease Accounting System	0.0	0.1	0.0	0.1	(0.1)	0.0
Campus Comm Safety Planning/ RFC	1.6	1.6	0.0	0.0	(1.6)	(1.6)
Digital Donor Library	0.0	0.0	0.1	0.0	0.1	0.1
NAGPRA/ CalNAGPRA Implementation	0.0	2.5	1.9	2.5	(0.6)	1.9
UCSA UCGPC Bridge Funding	0.2	0.1	0.0	(0.1)	(0.1)	(0.2)
Ediscovery SW/ SVC Implementation	0.1	0.2	0.0	0.1	(0.2)	(0.1)
San Diego Supercomputer Exit	0.0	0.7	2.0	0.7	1.3	2.0
ECAS Research Security Staff	0.0	0.2	0.0	0.2	(0.2)	0.0
Corporate Financial System Replacement	0.0	0.1	0.0	0.1	(0.1)	0.0
Anti Racism ELearning Course Pilot	0.1	0.1	0.1	0.0	(0.0)	0.0
Title IX Case Management	0.0	0.1	0.0	0.1	(0.1)	0.0
Privileged Access Management - PAM	0.0	0.5	0.3	0.5	(0.1)	0.3
Lightcast SW Workforce Reporting	0.0	0.1	0.0	0.1	(0.1)	0.0
UCCS Program Bridge Funding	0.8	0.8	0.1	(0.0)	(0.7)	(0.7)
Payroll Personnel Analytics Assessment	0.0	0.4	0.4	0.4	0.0	0.4
Services	13.6	18.8	10.5	5.1	(8.2)	(3.1)
Presidential Initiatives						
Carbon Neutrality Initiative (CNI)	3.1	2.6	0.0	(0.5)	(2.6)	(3.1)
Global Food Initiative (GFI)	0.2	0.1	0.0	(0.1)	(0.1)	(0.2)
Engagement	0.9	0.9	0.9	0.0	0.0	0.0
Subtotal - Presidential Initiatives	4.2	3.6	0.9	(0.6)	(2.7)	(3.3)
Systemwide Initiatives						
ARCHES Hydrogen Hub	2.1	0.4	1.2	(1.8)	0.8	(1.0)
SW Integrated Library System (SILS)	0.1	0.0	0.0	(0.0)	(0.0)	(0.1)
(I2E2) Initiative	0.1	0.1	0.1	0.0	0.0	0.0
National ED Equity Pilot	0.0	0.0	0.1	0.0	0.1	0.1
A-G Course Management Portal	0.0	0.2	0.2	0.2	0.0	0.2
Subtotal - Systemwide Initiative	2.3	0.6	1.5	(1.6)	0.9	(0.8)
Systemwide Program						
Subtotal - Systemwide Program	0.0	0.0	0.0	0.0	0.0	0.0
Committed SPF Funds	20.2	23.0	12.9	2.8	(10.0)	(7.2)
Uncommitted SPF Funds	9.8	6.9	17.1	(2.9)	10.1	7.2
Total Strategic Priorities Fund	30.0	29.9	30.0	(0.1)	0.1	(0.0)

Schedule F-2
Strategic Priorities Fund
Designated/Restricted Funds
Overall UCOP

\$ in millions

	Designated	Restricted	FY 23-24 Budget
Systemwide and Core Services			
Lived Name & Gender Identity	0.2	0.0	0.2
Services	0.2	0.0	\$0.2
Total Strategic Priorities Fund	0.2	0.0	\$0.2

Schedule G

UCOP Reserves

\$ in millions

	Reserve Target Minimum	Reserve Target Maximum	6/30/23 Actual Reserve	6/30/24 Forecasted Reserve	Variance:	
					6/30/23 Actual vs 6/30/24 Forecast	6/30/24 Reserve Target Over Max / (Under Min)
UCOP RESERVES						
Building and Capital Assets Reserves						
Capital Maintenance and Renewal	\$ 2.6	\$ 7.9	\$ 3.7	\$ 3.5	\$ (0.2)	\$ -
UCOP IT Infrastructure	0.4	0.6	0.6	0.6	(0.0)	-
Sub-Total Building and Capital Assets Reserves	\$ 3.0	\$ 8.5	\$ 4.3	\$ 4.1	\$ (0.2)	
Program Reserves						
UC National Laboratories						
LANS and LLNS-LLC Post Contract Contingency ¹	19.0	19.0	19.7	22.0	2.3	3.0
LANS and LLNS-LLC Fee Contingency ¹	7.0	7.0	7.2	7.2	(0.0)	0.2
TRIAD Reserve Fund ¹	10.0	10.0	6.7	7.2	0.5	(2.8)
Capital and Campus Opportunity Fund ¹	10.0	10.0	11.9	20.5	8.6	10.5
LBNL Post Contract Contingency ²	4.0	4.0	5.6	6.4	0.8	2.4
LBNL Building Commitment ²	10.0	23.0	14.4	16.6	2.2	-
LBNL Guest House Renewal & Replacement ²	1.5	2.5	0.7	0.5	(0.2)	(1.0)
UC National Laboratories SubTotal	61.5	75.5	66.2	80.4	14.2	
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	\$ 65.9	\$ 83.3	\$ 73.0	\$ 87.2	\$ 14.2	
Other Required Reserves						
Housing Loan Program ⁴	56.5	71.5	67.4	53.8	(13.6)	-
Sub-Total Other Required Reserves	\$ 56.5	\$ 71.5	\$ 67.4	\$ 53.8	\$ (13.6)	
SUB TOTAL NON-OPERATING AND PROGRAM RESERVES	\$ 125.4	\$ 163.3	\$ 144.6	\$ 145.1	\$ 0.5	
Central Operating Reserve⁵	15.0	15.0	15.0	15.0	-	-
TOTAL UCOP RESERVES	\$ 140.4	\$ 178.3	\$ 159.6	\$ 160.1	\$ 0.5	

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 \$10.5M 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

	6/30/23		6/30/24		
	Balance	Forecasted Balance	Commitments ³	Remaining Balance	Change in Fund Balance
UNRESTRICTED					
Unrestricted - UCOP					
Investment Income	\$ 0.6	\$ 27.2	\$ 25.1	\$ 2.1	\$ 1.5
UC General Funds	3.3	2.2		2.2	(1.1)
Legal Settlements	4.3	4.4	4.0	0.4	(3.9)
Other	24.9	6.5	5.0	1.5	(23.4)
Sub-Total Unrestricted - UCOP	\$ 33.1	\$ 40.3	\$ 34.1	\$ 6.2	\$ (26.9)
Undesignated - Systemwide					
General Obligation Bond Income	\$ 0.3	\$ (0.0)		\$ (0.0)	\$ (0.3)
Sub-Total Unrestricted - Systemwide	\$ 0.3	\$ (0.0)	\$ -	\$ (0.0)	\$ (0.3)
Sub-Total Unrestricted	\$ 33.4	\$ 40.3	\$ 34.1	\$ 6.2	\$ (27.2)
DESIGNATED					
Regents Designated					
DOE Laboratories ⁴					
LLC	\$ 10.2	\$ 10.4	\$ -	\$ 10.4	\$ 0.2
LBNL	11.5	15.8	-	15.8	4.3
Triad	10.8	9.9	-	9.9	(0.9)
Lab Fees Research	28.5	30.0	30.0	-	(28.5)
Programs and Initiatives					
UC Healthcare Collaborative	\$ 3.2	\$ 3.8	\$ -	\$ 3.8	\$ 0.6
California Digital Library	2.0	2.0		2.0	(0.0)
ICAMP	(0.1)	(0.1)		(0.1)	0.0
UC Washington Center	0.8	0.8	-	0.8	(0.0)
Procurement Initiatives	1.9	3.0		3.0	1.1
Writing Placement Exam	-	(0.0)	-	(0.0)	(0.0)
Other	2.3	1.5	-	1.5	(0.8)
Central Services Designated					
Endowment cost recovery	\$ 13.8	\$ 14.9	\$ 10.0	\$ 4.9	\$ (8.9)
Energy and sustainability	1.1	1.1	-	1.1	0.0
Other	12.7	11.6	11.6	0.0	(12.7)
Sub-Total Designated	\$ 98.7	\$ 104.8	\$ 51.6	\$ 53.2	\$ (45.5)
RESTRICTED					
Federal and Special State Appropriations/Regulations	\$ 0.3	\$ 2.5	\$ -	\$ 2.5	\$ 2.2
Gifts and Endowments	8.8	10.1	-	10.1	1.3
Sub-Total Restricted	\$ 9.1	\$ 12.6	\$ -	\$ 12.6	\$ 3.5
TOTAL BALANCES	\$ 141.2	\$ 157.5	\$ 85.7	\$ 72.0	\$ (69.2)

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 fund balances used in the FY24-25 budget and \$30M for commitments on the Lab Fees Research grants, and \$10M for development efforts

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

APPENDIX 2: 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 FY24-25 budget of \$1,184.9 million is approximately 2.3 percent of total UC expenditures of ~\$51 billion in FY24-25. The budget primarily supports two major areas, Programs and Initiatives and Systemwide and Core Services which are described below.

Programs and Initiatives – UCOP manages almost 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
- ✓ 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
- ✓ 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 3: FY24-25 PRESIDENTIAL INITIATIVES

Presidential Initiatives Detail

The following provides a description of each UC Presidential Initiative including how it furthers the mission of the University.

	Presidential Initiatives	FY23-24 Budget	FY24-25 Budget	Incr / (Decr) ¹
1	Carbon Neutrality Initiative (CNI)	\$ 3,140,016	\$ -0-	\$(3,140,016)
2	Global Food Initiative (GFI)	184,000	-0-	\$(184,000)
3	UC National Center for Free Speech and Civic Engagement	920,000	920,000	-0-
	Total	\$ 4,244,016	920,000	\$(3,324,016)

1. Increase/(Decrease) for FY24-25 versus the FY23-24 Budget.

1. Carbon Neutrality Initiative (CNI)

The Carbon Neutrality Initiative (CNI) launched in 2013, committing UC to emit net zero greenhouse gases from its buildings and vehicle fleet by 2025. This initiative advances the **public service** component of the University's mission by helping both California and the world to curb global warming. This initiative also furthers the University's mission to provide **instruction** by giving undergraduate and graduate students the opportunity to study issues and fund student-generated projects that support the UC system's carbon neutrality goal through its Carbon Neutrality Student Fellowship Program. By bringing together a Global Climate Leadership Council to advance both teaching and research about climate change and sustainable business practices, this initiative also furthers the **instruction** and **research** components of the University's mission. In FY23-24, CNI was provided one final year of bridge funding. The program will be incorporated into the UC Finance division beginning in FY24-25.

2. Global Food Initiative (GFI)

The Global Food Initiative (GFI) was launched in 2014 to address how to sustainably and nutritiously feed a world population expected to reach 8 billion by 2025. By working to increase food access and security among communities across the ten UC campuses, this initiative furthers the **public service** component of the University's mission. This initiative also furthers the University's mission to provide **instruction** by giving undergraduate and graduate students the opportunity to study issues such as food security and food waste through the GFI Fellowship Program. A community garden project also enables this initiative to provide instruction to elementary school students about ecology and nutrition. Additionally, by conducting systemwide studies about UC student food access and security through the Healthy Campus Network, and by providing development-oriented graduate students from multiple UC campuses the opportunity to engage in planning and implementing projects related to international food systems and agriculture, this initiative furthers the **research** component of UC's mission. GFI was provided one final year of bridge funding. The program will be incorporated into the UC Finance division beginning in FY24-25.

3. 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 UCDC, 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 4: KEY TO ACRONYMS

Acronym	Description
ANR	Agriculture and Natural Resources
CAS	Systemwide and Core Services
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

