



UNIVERSITY OF CALIFORNIA

Michael V. Drake, MD
President

December 18, 2024

Office of the President
1111 Franklin St.
Oakland, CA 94607

The Honorable Scott D. Wiener
Chair, Joint Legislative Budget Committee
1020 N Street, Room 553
Sacramento, California 95814

universityofcalifornia.edu

Dear Senator Wiener:

CAMPUSES

- Berkeley
- Davis
- Irvine
- UCLA
- Merced
- Riverside
- San Diego
- San Francisco
- Santa Barbara
- Santa Cruz

Pursuant to Item 6440-001-0001, Provision 5(a), of the Budget Act of 2023 (AB102, Chapter 38, Statutes of 2023), enclosed is the University of California’s report to the Legislature on 2023-24 Net Expenditure Increases on Core Funds.

If you have any questions regarding this report, Associate Vice President Cain Diaz would be pleased to speak with you. Cain can be reached by telephone at (510) 987-9350, or by e-mail at Cain.Diaz@ucop.edu.

Sincerely,

Michael V. Drake, MD
President

MEDICAL CENTERS

- Davis
- Irvine
- UCLA
- San Diego
- San Francisco

Enclosure

NATIONAL LABORATORIES

- Lawrence Berkeley
- Lawrence Livermore
- Los Alamos

- cc: Senate Budget and Fiscal Review
The Honorable John Laird, Chair
Senate Budget and Fiscal Review Subcommittee #1
(Attn: Mr. Diego Lopez)
(Attn: Mr. Kirk Feely)
The Honorable David A. Alvarez, Chair
Assembly Education Finance Subcommittee #3
(Attn: Mr. Mark Martin)
(Attn: Ms. Sarah Haynes)
Mr. Hans Hemann, Joint Legislative Budget Committee
Ms. Jessica Holmes, Department of Finance
Ms. Jessica Deitchman, Department of Finance
Ms. Gabriela Chavez, Department of Finance
Mr. Gabriel Petek, Legislative Analyst Office
Ms. Jennifer Pacella, Legislative Analyst Office
Mr. Ian Klein, Legislative Analyst’s Office

DIVISION OF AGRICULTURE AND NATURAL RESOURCES

Senior Vice President Meredith Turner
Executive Vice President and Chief Financial Officer Nathan Brostrom
Associate Vice President and Systemwide Controller Barbara Cevallos
Associate Vice President and Director Kathleen Fullerton
Associate Vice President Cain Diaz

UNIVERSITY OF CALIFORNIA

2023-24 Net Expenditure Increases on Core Funds

AB 102, Chapter 38, Statutes of 2023, requires that the University of California submit a report to the California Department of Finance and Legislature on actual core fund expenditure increases:

To maximize transparency and accountability, the University of California shall report to the Department of Finance and the budget committees of the Legislature by December 31, 2024, its actual net expenditure increases for 2023-24 in each expenditure category identified in its initial budget plan for that year, as reflected in its 2023–24 Budget Plan for Current Operations.

Overview

The University's [2023-24 Budget for Current Operations](#), approved by the Regents in November 2022, included a core funds (i.e., State funding, tuition and fees, and UC General Funds) budget proposal reflecting incremental cost increases of over \$541 million. Expenditure components of the budget reflected ongoing investments in four broad categories, and 14 specific subcategories:

- **Sustaining Core Operations**
 - Faculty compensation: policy-covered
 - Faculty merit program
 - Staff compensation: policy-covered
 - Contractually committed compensation
 - Retirement contributions
 - Employee health benefits
 - Retiree health benefits
 - Non-salary price increases
 - Debt service for AB 94 capital projects
- **Enrollment Growth**
 - Compact: 2,000 CA undergrad, 625 grad
- **Student Financial Aid**
 - New enrollment (2,000 undergrad, 625 grad)
 - Add'l 900 aid-eligible undergrads (NR swap)
 - Tuition/Fee/NRST Adjustments
- **Additional High-Priority Investments**
 - DDS-ASPIRE

This report will provide information on actual expenditure increases/decreases by cost category, with three exceptions:

1. Enrollment growth: Actual expenses attributable to enrollment growth (e.g., new faculty and staff hires, increased compensation costs, non-salary price increases, etc.) are ultimately captured in the categories under the Sustaining Core Operations section.

Accordingly, those expenditure increases are included as part of that section, and no separate itemization is possible to isolate costs specific to enrollment growth in 2023-24.

2. Student Financial Aid: Overall increased financial aid expenditures for 2023-24 can be identified and are reported here; however, the University’s financial systems do not differentiate financial aid costs by the subcategories used for itemizing information in the Budget for Current Operations (i.e., new enrollment vs. nonresident swap vs. fee adjustments). As a result, reporting for student financial aid expenditure increases are consolidated into a single financial aid line.
3. Additional High-Priority Investments: The University’s request for \$1.8 million of ongoing support for the DDS-ASPIRE program was not funded by the State. There were no incremental expenditures for this program.

2023-24 Net Expenditure Increases

	Net Expenditure Increases (\$ in millions)
Sustaining Core Operations	
Faculty compensation: policy-covered	\$ 27.1
Faculty merit program	\$ 35.9
Staff compensation: policy-covered	\$ 85.7
Contractually committed compensation	\$ 202.3
Retirement contributions	\$ 70.0
Employee health benefits	\$ 47.6
Retiree health benefits	\$ 1.4
Non-salary price increases	\$ (45.1)
Debt service for AB 94 capital projects	\$ 6.0
Subtotal	\$ 430.9
Enrollment Growth	
Compact: 2,000 CA undergrad, 625 grad	<i>Included Above</i>
Subtotal	-
Student Financial Aid	\$ 99.7
Subtotal	\$ 99.7
Additional High-Priority Investments	
DDS-ASPIRE	<i>Not Funded</i>
Subtotal	-
Total - Net Expenditure Increases	\$ 530.6

Contact Information:
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