



UNIVERSITY
OF
CALIFORNIA

Michael V. Drake, MD
President

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November 22, 2024

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

Dear Senator Wiener:

Pursuant to Item 6440-001-0001, Section 2, Provision 18 of the Budget Act of 2024, (AB157, Chapter 994, Statutes of 2024), enclosed is the University of California's annual report to the Legislature on the 2024 Office of the President Budget.

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

Sincerely,

Michael V. Drake, MD
President

Enclosure

CAMPUSES

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

MEDICAL CENTERS

Davis
Irvine
UCLA
San Diego
San Francisco

NATIONAL LABORATORIES

Lawrence Berkeley
Lawrence Livermore
Los Alamos

DIVISION OF AGRICULTURE AND
NATURAL RESOURCES

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
Mr. Chris Ferguson, 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 Office
Provost and Executive Vice President Katherine S. Newman

Senior Vice President Meredith Turner
Executive Vice President and Chief Operating Officer Rachael Nava
Executive Vice President and Chief Financial Officer Nathan Brostrom
Associate Vice President and Director Kathleen Fullerton

UNIVERSITY OF CALIFORNIA

2024 University of California Office of the President (UCOP) Budget Legislative Report

AB 157, the Budget Act of 2024, Section 2, Provision 18 requires the University of California to provide the following report to the Legislature regarding the budget of the UC Office of the President (UCOP):

To provide for legislative oversight, the Office of the President of the University of California shall report to the Legislature and the Department of Finance, by September 30 each year, all of the following information for the preceding fiscal year and estimates of all of the following for the current fiscal year:

- (a) The amount of any campus assessments charged to support the Office of the President of the University of California, reflecting amounts contributed by each campus and the fund source or sources from which those amounts were paid.*
- (b) The total budget of the Office of the President of the University of California.*
- (c) A categorized list of actual and planned budgetary expenditures for the Office of the President of the University of California.*
- (d) Factors contributing to any year-over-year change in the budget of the Office of the President of the University of California.*
- (e) The amount of the budget of the Office of the President of the University of California that either passes through to recipients across the state or supports fee-for-service activities aligned with the university's mission.*
- (f) Information on reserves and fund balances held by the Office of the President of the University of California.*

This report is submitted in response to this reporting requirement.

UCOP BUDGET - EXECUTIVE SUMMARY

Each year, the UC Office of the President (UCOP) prepares its annual budget proposal with extensive collaboration from key constituents including the campuses, the UC Regents, and the state. UCOP seeks to optimize resources in support of the university's teaching, research, and public service mission.

The UCOP budget proposal is presented annually in May at the UC Regents meeting. The Regents approved the FY24-25 UCOP budget in May 2024. The complete budget proposal can be found here: <https://regents.universityofcalifornia.edu/regmeet/may24/f7attach1.pdf>.

UCOP provides the Regents with a separate November report that shares the actual expenditures for each fiscal year ended June 30th. At the time of this legislative report, the University has not yet completed its annual financial close. Hence, actual results shown in this report, in schedules A-1 through C-1, should be considered preliminary until the final close has occurred.

The approved FY24-25 budget was developed to ensure that UCOP can deliver on its priorities while maintaining a balanced budget across all fund types. Revenue modeling, current year actuals, and forecasts provide the basis for the upcoming budget year. **UCOP's total FY24-25 proposed budget is \$1,184.9M which is a \$43.2M (3.5 percent) decrease compared to FY23-24.**

Budget Changes

As compared to the FY23-24 budget, the \$43.2M budget decrease is due to a few key drivers across each of three fund types: Unrestricted, Designated, and Restricted.

- *Unrestricted Funds*: The unrestricted UCOP campus assessment amount in FY24-25 is \$237M (\$244M net of a one-time campus assessment offset of \$7M funded by UCOP), which is an increase of \$4.6M or 2 percent compared to FY23-24. Other increases are supported by higher investment income, \$2.3M; Undesignated Fund Balance and Other Sources, \$15.6M. This is a total increase of unrestricted funds of \$22.5M.
- *Designated* : the decrease in designated funds is driven by the reduction in state funded climate research, which was a one-time allocation in the FY22-23 fiscal year.
- *Restricted Funds*: Restricted funds stay flat;

Budget Funding – Fund Types, Fluctuations, and Flexibility

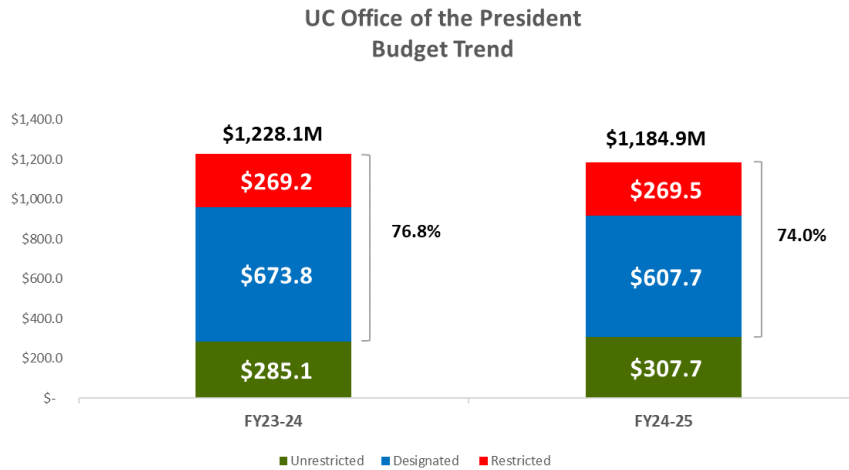
Approximately 74 percent of UCOP’s funding is either restricted or designated. Restricted and designated funding can only be used for specific, defined purposes aligned to the research, teaching, and public service mission or to provide critical campus services.

Restricted funds can fluctuate from year to year depending on grant funding available from outside sources, including the state. For example, grant awards for Tobacco-Related Disease Research Programs has fluctuated by millions of dollars from year to year due to unforeseen events such as COVID-19 which slowed the grant award cycle during the pandemic.

Designated funds are most affected by changes in designated programs, UCPath, and campus-sponsored fee-for-service (e.g., UC Legal, UC Health) or self-supporting activities (e.g., UC Investments). Increases in these areas benefit or are in service of the campuses and fee-for-service increases are closely reviewed by the UCOP Executive Budget Committee which includes either senior administrative or academic leaders from each campus.

Unrestricted funds, comprising 26 percent of UCOP’s budget, allow the most flexibility and can support discretionary spending. These funds largely support operating expenses in Systemwide and Core Services, and to a smaller extent academic and research programs in Programs and Initiatives.

Figure 1: UCOP Budget by Fund Type (FY23-24 to FY24-25)



- 74% (down from 76.8%) of UCOP’s budget is either restricted or designated and can only be used for defined purposes.
- Restricted funds, in red, fluctuate with availability of grant funds.
- Designated funds, in blue, are impacted by designated state appropriations and fee-for-service or self-funded services.
- Unrestricted funds, in green, are largely from campus assessment.

Campus Assessments to Support the Office of the President

The UCOP campus assessment is the single largest source of unrestricted funds used to support the Office of the President. The UCOP assessment totaled \$237M¹ in FY23-24. Figure 1a, below, shows the contribution by campus and fund source towards this total. In cases where a campus covered its share of the assessment from a pooled fund composed of different fund sources, the amount attributed to each fund source reflects its proportionate contribution towards the pooled fund.

Figure 1a: UCOP Assessment by Campus and Fund Source, FY23-24
(All figures are in thousands)

	Core Funds	Medical Center Funds	Sales & Services (incl. Auxiliary Enterprises)	Other Unrestricted Funds	Total
Berkeley	\$ 4,007		\$ 2,394	\$ 17,537	\$ 23,938
Davis	\$ 10,244	\$ 16,804		\$ 8,049	\$ 35,096
Irvine	\$ 9,959	\$ 3,167		\$ 12,038	\$ 25,164
Los Angeles	\$ 12,792	\$ 14,341		\$ 20,841	\$ 47,974
Merced	\$ 1,966			\$ 2,480	\$ 4,446
Riverside	\$ 9,108			\$ 2,421	\$ 11,529
San Diego	\$ 12,457	\$ 9,249	\$ 7,029	\$ 8,176	\$ 36,912
San Francisco	\$ 4,903	\$ 15,379	\$ 155	\$ 10,201	\$ 30,639
Santa Barbara	\$ 9,016		\$ 1,269	\$ 2,151	\$ 12,436
Santa Cruz	\$ 6,690			\$ 2,921	\$ 9,611
Total	\$ 81,143	\$ 58,941	\$ 10,848	\$ 86,815	\$ 237,747

Core Funds includes State General Funds, systemwide Tuition and Fees, Nonresident Supplemental Tuition, and other UC General Funds (e.g., a portion of federal contract and grant overhead). Other Unrestricted Funds includes other indirect cost recovery funds, local administrative fees or assessments used by some campuses to fund campus operations, patent royalty income, short-term investment returns, and other miscellaneous sources, depending on the campus.

¹ In addition to the campus assessment used to support UCOP, campuses contributed \$15.3M in 2023-24 to support initiatives that are permanently budgeted at the campus level, not at the Office of the President.

FY23-24 AND FY24-25 BUDGET SUMMARY

Figure 2, below, provides FY23-24 and FY24-25 budget details for uses of funds and year-over-year changes. In addition, this section shares more information about Special Expense Classification activities, specifically Pass-Through expenditures, and Fee-for-Service shared services. Lastly, this section provides an overview of UCOP fund balances and reserves. The changes between the FY24-25 and FY23-24 budgets are detailed in the next section. The FY23-24 figures are preliminary at this time, and details can be found in Schedules A-1 through C-1 at the end of this document.

Figure 2: FY23-24 to FY24-25 Budget Summary¹

Overall UCOP

\$ in millions

	FY23-24 Budget	FY23-24 Q2 Forecast	FY24-25 Budget	Variance: Increase/(Decrease)		
				FY23-24 Fcst vs FY23-24 Bud	FY24-25 Bud vs FY23-24 Fcst	FY24-25 Bud vs 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 RESERVE¹ \$ 15.0

NON-OPERATING AND PROGRAM RESERVES² \$ 145.1

	6/30/24		Remaining Balance
	Balance	Commitments	
FORECASTED FUND BALANCES NET OF RESERVES²			
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 of Budget Changes from FY23-24 to FY24-25

The overall reduction of (\$74.3M) in **Programs and Initiatives** (Schedule B) 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 drivers of change:

- (\$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** (Schedule C) 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 for UCPath, a 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.

Key Budget Highlights

The following is a summary of key takeaways provided within the FY24-25 budget proposal presented to and approved by the UC Regents in May 2024.

Total UCOP Budget Summary

1. The UCOP approved **\$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 B)

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 C)

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.

Fund Balances and Reserves (Schedules D, E)

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.

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 5 **below** projects a total reserve balance of \$160.1M as of June 30, 2024.

Figure 5 – UCOP Reserve Balances

\$ in millions

	Reserve Target Minimum	Reserve Target Maximum	6/30/24 Forecasted Reserve	Variance:
				6/30/24 Reserve Over Max / (Under Min)
UCOP RESERVES				
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 to the Regents a maximum reserve 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.

The following sections provide FY24-25 budget details for Pass-Through and Fee-for-Service activities, followed by fund sources and uses. Lastly, there is a detailed review of UCOP fund balances and reserves.

Pass Throughs

Figure 3 below details the Pass-through funds, virtually 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 portion of the University for the State of California. Most pass-through funds are distributed by the Academic Affairs division for research, diversity programs, online learning initiatives, undocumented students and more.

Figure 3: 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 in this year's budget proposal decrease \$92.6M.*
- *Research grant programs decrease with the ending of the climate change grant.*
- *UC Libraries include the impact of CDL collections which are managed at UCOP.*

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.

Fee for Service

Figure 4: 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
	<i>Year over Year Increase \$</i>	<i>9.3</i>	
	<i>Year over Year Increase %</i>	<i>2.3%</i>	

- *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.

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 E, 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 6 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 6: UCOP Fund Balances

\$ millions

	6/30/24						
	6/30/23 Balance	Forecasted Balance	Commitments	Remaining Balance	Change in Fund 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 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 increase to the campus assessment. Final balances will be 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.

UCOP FINANCIAL SCHEDULES

The financial schedules in the following section are labeled by letter and correspond to the letter used in the UCOP budget presentation, consistent with the link in the Executive Summary. The first set relate to the FY24-25 UCOP Budget, and the second (A-1 through C-1) contain preliminary FY23-24 year-end financials.

Schedule A

Sources and Uses by Year

Overall UCOP

\$ in millions

	FY23-24 Budget	FY23-24 Q2 Forecast	FY24-25 Budget	Variance Increase/(Decrease)		
				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 B and C

Schedule B

Budget by Programs and Initiatives

Programs and Initiatives

\$ in millions

	Budget FY23-24 YearTotal	Q2Forecast FY23-24 YearTotal	Budget FY24-25 YearTotal	Variance Increase/ (Decrease)		
				FY23-24 Q2ForecastvsFY2 3-24 Budget	FY24-25 BudgetvsFY23-24 Q2Forecast	FY24-25 BudgetvsFY23-24 Budget
				(A)	(B)	(C)
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
Graduate Medical Education	1.9	1.9	1.9	(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)
Systemwide Programs						
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 B: 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. SAPPEP: \$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

Budget by Division and Sub-Division

Systemwide and Core Services

\$ in millions

	FY23-24 Budget YearTotal (A)	FY23-24 Q2Forecast YearTotal (B)	FY24-25 Budget YearTotal (C)	Variance Increase/(Decrease)		
				FY23-24 Q2ForecastvsFY23-24 3-24 Budget	FY24-25 BudgetvsFY23-24 Q2Forecast	FY24-25 BudgetvsFY23-24 Budget
				(B) - (A)	(C) - (B)	(C) - (A)
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 C: 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

UCOP Reserves

\$ in millions

	Reserve Target		6/30/23		6/30/24		Variance:	
	Minimum	Maximum	Actual Reserve	Forecasted Reserve	Actual vs 6/30/24 Forecast	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 E

UCOP Fund Balances by Fund Type ^{1, 2, 3}

\$ in millions

	6/30/23 Balance	6/30/24			
		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.

Schedule A-1 PRELIMINARY actuals

Sources and Uses by Year

Overall UCOP

\$ in millions

	Budget FY23-24 YearTotal (A)	Actual FY23-24 YearTotal (B)	Budget FY24-25 YearTotal (C)	Variance Increase/(Decrease)		
				FY23-24 Actualvs Budget (B) - (A)	FY24-25 Budgetvs Actual (C) - (B)	FY24-25 Budgetvs Budget (C) - (A)
SOURCES						
Unrestricted Sources						
Investment Income	30.272	69.023	32.587	38.751	(36.435)	2.316
UCOP Campus Assessment	232.366	221.872	244.000	(10.494)	22.128	11.634
Undesignated Fund Balance	5.000	0.000	13.160	(5.000)	13.160	8.160
Other Unrestricted Sources	17.503	18.773	17.882	1.269	(0.890)	0.379
Subtotal - Unrestricted Sources	285.141	309.668	307.630	24.526	(2.038)	22.488
Designated Sources						
Regents-Designated	39.793	21.729	43.085	(18.064)	21.356	3.292
Program-Designated	383.499	375.850	322.290	(7.649)	(53.560)	(61.209)
UCPath Fee-For-Service	132.611	129.338	139.185	(3.273)	9.847	6.574
UC ANR State General Funds	120.963	95.866	119.408	(25.097)	23.542	(1.555)
Subtotal - Designated Sources	676.865	622.782	623.968	(54.083)	1.186	(52.897)
Restricted Sources						
Gifts and Endowments	15.764	15.591	16.868	(0.173)	1.277	1.104
Contracts and Grants	64.666	58.915	73.411	(5.752)	14.496	8.745
Federal and State Appropriations/ Regulations	189.210	116.704	179.251	(72.506)	62.547	(9.959)
Subtotal - Restricted Sources	269.640	191.210	269.530	(78.430)	78.320	(0.110)
TOTAL SOURCES	\$1,231.646	\$1,123.660	\$1,201.128	(107.986)	\$77.468	(30.519)
USES						
Programs and Initiatives						
State/ Federal Programs	410.870	368.139	345.735	(42.732)	(22.403)	(65.135)
Systemwide Programs	121.914	114.720	112.766	(7.194)	(1.955)	(9.149)
Subtotal - Programs and Initiatives	532.785	482.859	458.501	(49.926)	(24.358)	(74.284)
Systemwide and Core Services						
Academic Affairs	74.074	73.116	79.841	(0.958)	6.725	5.767
Ethics & Compliance	9.154	9.359	10.410	0.205	1.051	1.256
External Relations & Communications	20.418	18.630	22.242	(1.788)	3.612	1.824
Finance	62.888	59.931	66.853	(2.957)	6.922	3.965
Operations	196.442	170.499	202.011	(25.943)	31.511	5.569
President's Executive Office	6.076	6.641	7.903	0.565	1.262	1.827
Secretary of the Regents	4.297	5.175	4.950	0.878	(0.225)	0.653
Systemwide Academic Senate	2.572	2.605	2.607	0.033	0.003	0.036
UC Health	31.386	32.140	32.564	0.754	0.424	1.178
UC Investments	43.716	47.674	43.019	3.959	(4.655)	(0.697)
UC Legal	78.942	95.159	84.328	16.217	(10.831)	5.386
Subtotal - Systemwide and Core Services (excl UCPath)	529.964	520.928	556.727	(9.036)	35.799	26.763
SPF - Unrestricted	30.004	17.670	30.000	(12.335)	12.330	(0.004)
SPF - Designated/ Restricted	0.981	0.787	0.189	(0.194)	(0.597)	(0.791)
Strategic Priorities Funds	30.985	18.456	30.189	(12.529)	11.733	(0.796)
SUBTOTAL USES	1,093.734	1,022.244	1,045.418	(71.490)	23.174	(48.316)
UCPath	134.387	125.120	139.466	(9.268)	14.346	5.078
TOTAL USES	1,228.121	1,147.363	1,184.883	(80.758)	37.520	(43.238)
NET MARGIN SURPLUS (DEFICIT)	3.525	(23.703)	16.244	(27.229)	39.948	12.719
Included in Sources and Uses Above						
Pass-Throughs	492.024	430.210	399.461	(61.814)	(30.749)	(92.563)
Fee-For-Service	401.481	403.037	410.814	1.556	7.777	9.333
Total Fee-For-Service and Pass-Throughs	893.505	833.247	810.275	(60.258)	(22.972)	(83.230)

Schedule B-1 PRELIMINARY actuals

Budget by Programs and Initiatives Programs and Initiatives

\$ in millions

	Budget FY23-24 YearTotal	Actual FY23-24 YearTotal	Budget FY24-25 YearTotal	Variance Increase/ (Decrease)		
				FY23-24 ActualvsFY23-24 Budget	FY24-25 BudgetvsFY23-24 Actual	FY24-25 BudgetvsFY23-24 Budget
				(B) - (A)	(C) - (B)	(C) - (A)
PROGRAMS AND INITIATIVES						
State/ Federal Programs						
Agriculture and Natural Resources (ANR)	228.967	198.678	247.384	(30.289)	48.706	18.417
California Breast Cancer Research Program	17.822	10.482	11.055	(7.341)	0.574	(6.767)
California Subject Matter Project (CSMP)	8.781	7.814	8.915	(0.966)	1.100	0.134
California Managed Care Organization (MCO) Tax Funding Program	0.000	0.000	3.390	0.000	3.390	3.390
Gaining Early Awareness and Readiness for Undergraduate Programs	3.500	3.956	3.500	0.456	(0.456)	0.000
Graduate Medical Education	1.918	1.814	1.926	(0.104)	0.112	0.008
Office of the National Laboratories (UCNL)	12.622	10.302	14.120	(2.320)	3.818	1.498
Other State/ Federal Programs	0.899	2.232	0.547	1.333	(1.685)	(0.352)
Tobacco-Related Disease Research Program (TRDRP)	49.938	49.628	44.813	(0.310)	(4.815)	(5.126)
UC Research: Cancer Research Coordinating Committee (CRCC)	2.653	1.930	2.730	(0.723)	0.800	0.077
Firefighter Cancer Research Program	0.000	0.148	6.040	0.148	5.893	6.040
UC Climate Action Research Initiative 2022	83.770	81.154	1.315	(2.616)	(79.839)	(82.455)
Subtotal - State/ Federal Programs	410.870	368.139	345.735	(42.732)	(22.403)	(65.135)
Systemwide Programs						
California HIV/ AIDS Research Program (CHRP)	8.753	8.795	8.753	0.042	(0.042)	0.000
Eligibility in the Local Context (ELC)	0.937	0.975	0.994	0.038	0.019	0.057
Historically Black Colleges and Universities (HBCU) Fellowship Initiative	3.130	3.130	3.130	0.000	0.000	0.000
Historically Black Colleges and Universities (HBCU) Summer Research Initiative	1.950	2.228	1.950	0.278	(0.278)	0.000
Innovative Learning Technology Initiative (Online Education)	8.651	8.167	8.416	(0.484)	0.249	(0.235)
Natural Reserve System (NRS)	3.270	3.172	3.204	(0.098)	0.032	(0.066)
Other Systemwide Programs	3.899	5.311	4.086	1.412	(1.225)	0.187
President's Postdoctoral Fellowship Program (PPFP)	3.334	1.077	0.906	(2.257)	(0.170)	(2.428)
SAPEP	16.739	15.825	15.640	(0.914)	(0.185)	(1.099)
UC Astronomy: University of California Observatories (UCO)	7.548	7.548	7.548	0.000	0.000	0.000
UC Astronomy: W.M. Keck Observatory (Keck)	9.479	9.479	9.479	0.000	0.000	0.000
University of California Press	22.288	23.791	22.657	1.503	(1.134)	0.369
UC Research: Laboratory Fees Research Program (LFRP)	14.310	7.839	8.099	(6.471)	0.260	(6.211)
UC Research: Multi-Campus Research Programs and Initiatives (MRPI)	8.361	7.662	8.381	(0.699)	0.719	0.020
University of California Washington Center (UCDC)	9.266	9.721	9.522	0.455	(0.199)	0.256
Subtotal - Systemwide Programs	121.914	114.720	112.766	(7.194)	(1.955)	(9.149)
TOTAL USES	532.785	482.859	458.501	(49.926)	(24.358)	(74.284)

Schedule C-1 PRELIMINARY actuals

Budget by Division and Sub-Division

Systemwide and Core Services

\$ in millions

	FY23-24 Budget YearTotal (A)	FY23-24 Actual YearTotal (B)	FY24-25 Budget YearTotal (C)	Variance Increase/ (Decrease)		
				FY23-24 Actuals	FY24-25 Budgets	FY24-25 Budgets
				FY23-24 Budget	FY23-24 Actual	FY23-24 Budget
	(B) - (A)	(C) - (B)	(C) - (A)			
SYTSEMWISE AND CORE SERVICES						
Academic Affairs						
Academic Personnel and Programs	35.822	36.712	40.281	0.889	3.569	4.459
AA_Immediate Offices	7.330	7.893	8.545	0.563	0.652	1.215
Institutional Research and Academic Planning	6.188	6.136	6.520	(0.052)	0.384	0.332
Research and Innovation	8.460	8.513	9.730	0.054	1.217	1.270
Graduate Undergraduate and Equity Affairs	16.274	13.862	14.765	(2.412)	0.903	(1.509)
Subtotal - Academic Affairs	74.074	73.116	79.841	(0.958)	6.725	5.767
Ethics & Compliance	9.154	9.359	10.410	0.205	1.051	1.256
External Relations & Communications						
Alumni and Constituent Affairs	0.513	0.433	0.521	(0.081)	0.089	0.008
Executive Communications & Engagement	0.906	0.577	0.943	(0.329)	0.365	0.036
Federal Government Relations	2.912	3.058	3.426	0.145	0.368	0.513
Institutional Advancement	2.741	2.116	2.902	(0.625)	0.786	0.161
Legislative Analysis	0.912	0.888	0.966	(0.024)	0.079	0.054
Marketing and Communications	6.933	5.373	7.415	(1.560)	2.042	0.483
Media Relations	0.965	0.878	0.762	(0.088)	(0.116)	(0.203)
State Government Relations	3.315	3.291	3.605	(0.025)	0.314	0.289
Immediate Office	1.220	2.017	1.702	0.798	(0.315)	0.482
Subtotal - ER&C	20.418	18.630	22.242	(1.788)	3.612	1.824
Finance						
Budget Analysis and Planning	2.504	2.254	2.649	(0.250)	0.396	0.145
Capital Markets Finance	8.068	6.205	9.233	(1.863)	3.028	1.165
Financial Accounting	14.131	14.764	15.716	0.633	0.952	1.585
Risk Services	11.999	10.492	10.439	(1.507)	(0.052)	(1.559)
Strategic Sourcing/ Procurement	12.316	14.327	13.988	2.011	(0.339)	1.672
Immediate Office	1.576	1.634	1.817	0.059	0.182	0.241
Capital Programs Energy and Sustainability	12.295	10.255	13.012	(2.040)	2.756	0.716
Subtotal - Finance	62.888	59.931	66.853	(2.957)	6.922	3.965
Operations						
Information Technology Services	56.411	47.222	56.631	(9.188)	9.408	0.220
Operational Expenses	1.079	(5.012)	5.335	(6.091)	10.347	4.256
Strategic Program Management Office	1.840	1.939	2.021	0.099	0.082	0.181
Systemwide Human Resources	95.110	90.129	91.484	(4.982)	1.356	(3.626)
UCOP Operations	39.701	33.923	40.002	(5.778)	6.079	0.301
Immediate Office	2.301	2.299	2.571	(0.002)	0.272	0.270
Systemwide Community Safety	0.000	0.000	3.968	0.000	3.968	3.968
Subtotal - Operations	196.442	170.499	202.011	(25.943)	31.511	5.569
President's Executive Office	6.076	6.641	7.903	0.565	1.262	1.827
Secretary of the Regents	4.297	5.175	4.950	0.878	(0.225)	0.653
Systemwide Academic Senate	2.572	2.605	2.607	0.033	0.003	0.036
UC Health						
UC Health Core	(1.270)	0.231	(1.305)	1.501	(1.536)	(0.034)
Academic Health Sciences	3.395	3.110	3.716	(0.285)	0.606	0.320
Center for Data Driven Insights and Innovation	7.487	7.380	7.984	(0.108)	0.604	0.497
Clinical Strategy & Operations	6.272	5.534	6.193	(0.738)	0.658	(0.079)
Health Policy and Regulatory Affairs	1.057	1.176	1.291	0.119	0.115	0.234
Finance and Administration	5.039	6.379	7.048	1.339	0.670	2.009
Leveraging Scale for Value	9.405	8.331	7.637	(1.075)	(0.694)	(1.768)
Subtotal - UC Health	31.386	32.140	32.564	0.754	0.424	1.178
UC Investments	43.716	47.674	43.019	3.959	(4.655)	(0.697)
UC Legal						
In-House Counsel	38.292	34.229	41.753	(4.063)	7.524	3.461
Outside Counsel	38.150	60.004	40.075	21.854	(19.929)	1.925
Systemwide Litigation	2.500	0.926	2.500	(1.574)	1.574	0.000
Subtotal - UC Legal	78.942	95.159	84.328	16.217	(10.831)	5.386
SUBTOTAL USES	529.964	520.928	556.727	(9.036)	35.799	26.763
UCPath	134.387	125.120	139.466	(9.268)	14.346	5.078
TOTAL USES	664.351	646.048	696.193	(18.303)	50.145	31.842

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