



UNIVERSITY OF CALIFORNIA

James B. Milliken
President

February 11, 2026

Office of the President
1111 Franklin Street
Oakland, CA 94607

universityofcalifornia.edu

The Honorable John Laird
Chair, Joint Legislative Budget Committee
1020 N Street, Room 502
Sacramento, California 95814

Dear Senator Laird:

CAMPUSES

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

Pursuant to Item 6440-001-0001, Provision 14 of the Budget Act of 2025 (SB101, Chapter 4, Statutes of 2025), enclosed is the University of California’s annual report to the Legislature on *UCPath*.

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,

James B. Milliken
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 Lena Gonzalez, Chair
- Senate Budget and Fiscal Review Subcommittee #1
- (Attn: Mr. Diego Lopez)
- (Attn: Mr. Kirk Feely)
- The Honorable David A. Alvarez, Chair
- Assembly Budget Subcommittee #3
- (Attn: Mr. Christian Griffith)
- (Attn: Mr. Tobias Wolken)
- 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
- Ms. Florence Bouvet, Legislative Analyst’s Office

DIVISION OF AGRICULTURE AND NATURAL RESOURCES

Provost and Executive Vice President Katherine S. Newman
Executive Vice President and Chief Operating Officer Rachael Nava
Executive Vice President and Chief Financial Officer Nathan Brostrom
Senior Vice President Meredith Turner
Associate Vice President and Director Kathleen Fullerton
Associate Vice President Cain Diaz

UNIVERSITY OF CALIFORNIA

2025 UCPATH Legislative Report

SB101, Chapter 4, Budget Act of 2025, requires the University of California to provide the following report to the Legislature regarding UCPATH:

“By November 1 each year, the University of California shall report key information regarding UCPATH to the Department of Finance and the Joint Legislative Budget Committee. At a minimum, the report shall include UCPATH’s staffing levels, funding by source, and spending by function. The funding source data shall summarize fund sources used by campuses to cover any campus assessment. The report shall include actual data for the prior fiscal year, budgeted data for the current fiscal year, and projected data for the coming fiscal year. The report shall include any cost savings resulting from the UCPATH project at the campus level.”

Overview

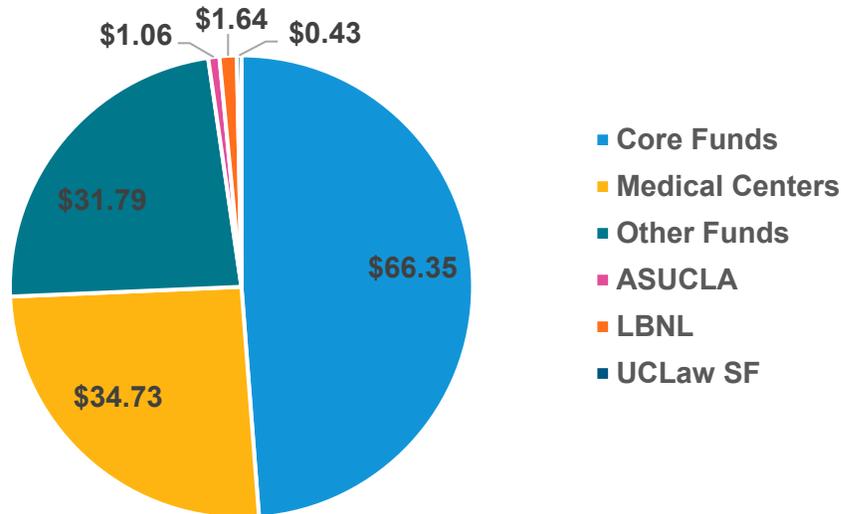
UC fully implemented UCPATH in July 2020 to meet the complex needs of its large workforce through a shared services technology platform, operations center and employee contact center. The term UCPATH contains an acronym of its core service components: **P**ayroll, **A**cademic personnel, **T**imekeeping and **H**uman resources.

UCPATH provides payroll, HR systems, and benefits administration services to more than 265,000 employees at all UC campuses, medical centers, UC Office of the President (UCOP), the Associated Students of UCLA (ASUCLA), UC Agriculture and Natural Resources (ANR), UC College of the Law, San Francisco and Lawrence Berkeley National Lab (LBNL). In 2024, UCPATH issued 5.1 million paychecks, totalling \$26.4 billion. In January 2025, UCPATH issued 358,000 W-2s.

UCPATH Funding and Operating Costs

Between FY 2017-18 and FY 2020-21, UCPATH was jointly funded from a direct appropriation of State General Funds and contributions from the campuses. Since then, UC locations fully fund UCPATH operations via fee-for-service assessments based on W-2 count. UC campus leaders approve the UCPATH budget annually. Approximately two-thirds of the UCPATH assessment comes from campus core funds and medical center sources, as shown below:

UCPath Sources of Campus Funds FY 2025-26
(Millions)



UCPath actual expenses for FY 2024-25, budgeted expenses for FY 2025-26 and forecast expenses for FY 2026-27 are shown in the table below:

UCPath Operating and Financing Costs: FY 2024-25 - FY2026-27
(\$ in millions)

	FY2024-25 Actual	FY2025-26 Budget	FY2026-27 Forecast¹
OPERATIONS			
UCPath Operations	\$119.7	\$119.0	\$124.6
PROJECT DEBT SERVICE			
Interest Payment	\$3.2	\$3.1	\$3.1
Principal Payment	\$13.8	\$13.9	\$13.9
Subtotal Debt Service	\$17.0	\$17.0	\$17.0
Total	\$136.7	\$136.0	\$141.6

¹ The forecast amounts are pre-decisional and do not reflect FY 2026-27 planning activities now underway.

UCPath recorded a positive variance of \$2.4 million on an operating budget of \$139.1 million in FY 2024-25. The variance is primarily driven by lower staff costs as hiring lagged projections and temp staff was utilized to backfill vacancies, and UCPath project and technology costs came in under budget due to schedule changes, contract delays and other savings. This underspend has been authorized to be carried forward to fund unplanned and unbudgeted requests, such as legislative or regulatory actions affecting payroll and impacts from labor union contract negotiations.

The FY 2025-26 budget of \$136.0 million approved earlier this year includes provisions for:

- A headcount of 427 positions – 406 FTE and 21 temporary staff to support backfill – against UCPath’s authorized headcount of 465, reflecting budget limitations
- Contractual and cost-of-living increases
- Continued dependence on temporary surge staffing to support peak workload periods, such as fall hiring, end-of-year processing and open enrollment
- One-time project costs to automate manual processes through technology improvements, increase operational efficiency and improve customer service
- Summer student internship program

In addition to the operating budget of \$136.0 million, two key projects were designated for Special Project Funding (SPF) in the amount of \$4.7 million to complete security projects and a project to set up internal hosting for UCPath.

The proposed FY 2026-27 budget of \$141.6 million is preliminary and will not be finalized until May 2026 when the UC Regents consider the Office of the President budget. UCPath is currently in the budget planning for review and feedback by stakeholders through early 2026. Compared to FY 2025-26, this preliminary budget provides for:

- Level systems and operational project activity
- Operational processing optimization to increase efficiency and capacity
- A 3% general cost increase
- A 3% staff cost increase for contractual and cost-of-living adjustments

UCPath allocates operating and financing costs by service as follows:

UCPath Operating and Financing Costs by Service
(\$ in millions)

	FY 2024-25 Actual	FY 2025-26 Budget	FY 2026-27 Forecast
Customer Facing Services	\$90.4	\$89.8	\$94.1
HR Administration	\$14.5	\$14.4	\$15.1
Payroll Processing	\$14.5	\$14.4	\$15.1
Benefits Processing	\$14.5	\$14.4	\$15.1
Absence Management	\$12.9	\$12.8	\$13.5
Mass Update of Records	\$8.5	\$8.5	\$8.9
Customer Support	\$16.0	\$15.9	\$16.6
Records and Fulfillment	\$9.5	\$9.4	\$9.8
Delivery Support Costs	\$29.3	\$29.2	\$30.5
Subtotal Operating Costs	\$119.7	\$119.0	\$124.6
UCPath Debt Service	\$17.0	\$17.0	\$17.0
Total	\$136.7	\$136.0	\$141.6

UCPath Headcount

Budgeted headcount aligns with planned headcount for UCPath’s scope of services and the UC employee population. While employee retention has improved year over year, recruitment remains a challenge in the California current labor market. To mitigate the staff shortage, UCPath leverages contract and temporary staff to backfill vacancies and support peak workload periods.

