

UNIVERSITY
OF
CALIFORNIA

Annual Financial Report

2024-25



The University of California was founded on a revolutionary idea: That the state deserved a great public research university, open to all. Today, UC is essential to California's success, creating social mobility for its people and developing solutions to our most urgent societal challenges.

Contents

University of California Annual Financial Report 2024–25

Letter from the Executive Vice President and CFO.	3
Facts in Brief (<i>Unaudited</i>).	4
Campus Facts in Brief (<i>Unaudited</i>).	6
University of California Management’s Discussion and Analysis (<i>Unaudited</i>).	10
Report of Independent Auditors.	28
Financial Statements.	30
Statements of Net Position	30
Statements of Revenues, Expenses and Changes in Net Position.	31
Statements of Cash Flows	32
Fiduciary Financial Statements.	34
Statements of Fiduciary Net Position.	34
Statement of Changes in Fiduciary Net Position	35
Notes to Financial Statements.	38
Required Supplementary Information (<i>Unaudited</i>).	110
Accessible Appendix.	126
University of California Regents and Officers.	128

Annual Report URL

<https://www.ucop.edu/uc-controller/financial-reports/annual-financial-reports.html>

All images included in this report are from the University of California Office of the President’s digital repository of photographs taken at various UC campuses, showing the depth and breadth of research, education and public service occurring at the University of California.





Letter from the Executive Vice President and CFO

It is an honor to present the University of California's annual financial report for the fiscal year ended June 30, 2025. These financial statements reflect the University's ongoing commitment to transparency, accountability and stewardship of resources through our mission of academic excellence, research, medical care and public service, entrusted to us by the State, our partners and the public. We are facing uncertain times, with serious challenges facing higher education. Despite these challenges, I remain optimistic about the University of California's enduring financial resilience.

The 2024–25 Budget Act provides \$4.86 billion in State support to UC, a 2.9 percent increase over the prior year. This funding demonstrates that our State partners recognize the value of the University of California to all Californians, and it advances our shared goals toward increasing access to higher education, ensuring affordability and making sure that all students have the support that they need to achieve their educational goals. In the four years since we entered into a new funding compact with the State the University has added nearly 15,000 California undergraduates and our total enrollment now exceeds 300,000. At the same time, we must continue to navigate challenges associated with rising costs, particularly in salaries and employee health benefits, and ensure sustainable growth for our campuses and medical centers.

This fiscal year also marked a historically high level of financing activity. The University successfully executed \$8.4 billion in short- and long-term transactions, supporting strategic acquisitions, medical center expansions and improved liquidity. These financings exceeded any prior year and are not expected to recur at this scale in the near term. Importantly, they demonstrate our proactive approach to ensuring liquidity, strengthening our capital structure and positioning the University to meet future challenges in a changing environment.

Looking ahead, the University remains vigilant to federal funding uncertainties and broader economic risks. By maintaining disciplined financial management, we are better prepared to navigate volatility while continuing to deliver on our core values of excellence, access and affordability in all components of our mission.

Nathan Brostrom

Executive Vice President, CFO
University of California

Facts in Brief (Unaudited)

University of California Population

Population segment	2025	2024	2023	2022	2021
Students					
Undergraduate fall enrollment	236,070	233,272	230,407	230,529	226,595
Graduate fall enrollment	69,692	68,607	70,098	70,327	65,274
Total fall enrollment	305,762	301,879	300,505	300,856	291,869
University Extension course enrollments	360,960	332,211	349,189	300,583	334,329
Faculty and staff (full-time equivalents)	204,292	197,402	189,743	180,193	168,446

University of California: Summary Financial Information

(in thousands of dollars)

Description	2025	2024	2023	2022	2021
Primary revenue sources					
Student tuition and fees, net ^[1]	\$5,962,205	\$5,663,450	\$5,514,899	\$5,440,530	\$5,100,747
Grants and contracts, net	8,654,256	8,403,406	7,614,917	7,055,009	6,234,370
Medical centers, educational activities and auxiliary enterprises, net	34,851,512	29,950,404	26,901,261	24,463,503	21,006,438
State educational appropriations	4,821,601	4,713,643	4,387,338	4,296,909	3,260,441
Federal Pell Grants	600,053	441,616	447,641	443,777	607,356
Private gifts, net	2,171,959	2,023,566	1,825,635	1,736,613	1,572,402
Capital gifts and grants, net	213,375	647,560	339,658	311,160	228,422
Department of Energy laboratories	1,239,849	1,190,174	1,147,115	1,031,233	1,081,254
Total primary revenue sources	58,514,810	53,033,819	48,178,464	44,778,734	39,091,430
Operating expenses by function					
Instruction	10,050,051	10,345,611	10,078,087	9,247,472	8,126,839
Research	6,652,607	6,989,811	6,372,538	6,011,775	5,194,750
Public service	1,186,030	1,199,486	1,029,124	915,903	787,475
Academic support	4,855,968	4,631,312	3,901,644	3,644,864	3,396,245
Student services	1,773,051	1,774,003	1,598,149	1,404,110	1,205,324
Institutional support	2,593,382	2,365,445	2,013,577	2,530,862	1,897,211
Operation and maintenance of plant	1,018,540	1,028,357	1,141,966	897,983	382,519
Student financial aid ^[2]	1,083,133	928,403	864,179	1,161,776	1,097,227
Medical centers	22,304,432	19,486,435	18,218,096	16,337,439	14,318,946
Auxiliary enterprises	1,819,469	1,674,316	1,792,990	1,458,613	1,044,381
Depreciation and amortization	3,124,013	3,001,265	2,829,698	2,694,875	2,623,858
Department of Energy laboratories	1,194,419	1,146,576	1,104,266	990,713	1,042,258
Other	112,232	(54,366)	224,630	111,500	78,729
Total operating expenses by function	57,767,327	54,516,654	51,168,944	47,407,885	41,195,762
Change in net position	5,716,821	4,567,302	(491,112)	(4,387,783)	4,993,885
Financial position					
Investments, at fair value	41,545,022	39,914,453	37,609,407	37,340,881	38,448,400
Capital assets, at net book value	52,699,300	48,572,417	43,803,907	41,893,424	40,335,142
Other assets and deferred outflows	23,126,858	22,794,780	21,656,991	25,321,911	21,558,026
Outstanding debt, including financing obligations	(40,827,782)	(37,909,348)	(36,340,775)	(35,929,881)	(32,667,856)
Obligations for pension and retiree health benefits	(31,749,742)	(38,406,068)	(42,712,748)	(41,574,932)	(30,811,391)
Other liabilities and deferred inflows	(33,729,440)	(29,618,839)	(24,046,071)	(26,589,580)	(32,012,715)
Net position	11,064,216	5,347,395	(29,289)	461,823	4,849,606

[1] Scholarship allowances, including both financial aid and fee waivers that are not paid directly to students, are recorded primarily as a reduction of student tuition and fees in the statement of revenues, expenses and changes in net position.

[2] Includes only financial aid paid directly to students. The state-administered California grant awards are not included as expenses since the government determines grantees. Work-study expenses are shown in the programs in which the student worked.

University of California Campus Foundations: Summary of Financial Information

(in thousands of dollars)

Description	2025	2024	2023	2022	2021
Primary revenue sources					
Private gifts	\$1,372,004	\$1,298,412	\$2,241,726	\$1,980,697	\$1,310,945
Primary expenses					
Grants to campuses	1,930,367	1,903,810	1,846,139	1,528,788	1,350,578
Change in net position	1,462,612	1,170,005	1,695,516	(150,838)	3,670,980
Financial position					
Investments, at fair value	17,689,924	16,003,395	14,824,345	13,274,035	13,910,200
Pledges receivable, net	1,414,218	1,572,120	1,650,698	1,228,442	927,869
Net position	18,937,586	17,474,974	16,304,969	14,609,453	14,760,291

University of California Retirement System: Summary of Financial Information

(in thousands of dollars, except for retirement plan participation information)

Description	2025	2024	2023	2022	2021
Plan participation					
Plan membership	378,231	365,844	349,254	333,293	320,401
Retirees and beneficiaries currently receiving payments	91,424	89,186	87,282	85,466	83,012
Primary revenue sources					
Contributions*	\$7,924,492	\$6,685,653	\$6,123,368	\$6,009,511	\$5,615,851
Interest, dividends and other investment income, net	2,691,567	2,962,318	5,572,589	1,778,104	3,023,265
Net appreciation (depreciation) in the fair value of investments	14,914,659	13,883,079	5,808,449	(16,450,328)	25,738,318
Primary expenses					
Benefit payments	5,362,742	4,981,862	4,626,420	4,363,593	4,144,612
Participant and member withdrawals	2,992,469	2,425,490	2,315,919	2,097,185	1,834,962
Change in net position	17,068,178	16,017,840	10,482,009	(15,212,142)	28,328,964
Financial position					
Investments, at fair value	151,383,843	134,618,075	118,799,215	109,139,801	124,576,493
Members' defined pension plan benefits	110,808,448	98,764,294	88,262,774	81,428,052	91,826,002
Participants' defined contribution plan benefits	44,121,337	39,097,313	33,580,993	29,933,706	34,747,898
Actuarial information (as of the beginning of the year)					
Actuarial value of assets	96,053,525	90,044,950	85,720,233	80,812,073	73,318,652
Actuarial accrued liability	116,497,210	110,057,241	102,715,788	97,243,831	93,088,224

*Total contributions to the University of California Retirement Plan and the University of California Retirement Savings Plan.

University of California Retiree Health Benefit Trust: Summary of Financial Information

(in thousands of dollars, except for retirement plan participation information)

Description	2025	2024	2023	2022	2021
Plan participation					
Plan membership	220,362	205,652	195,669	190,380	186,726
Retirees and beneficiaries currently receiving payments	51,740	50,291	49,252	47,765	46,751
Primary revenue sources					
Contributions	\$462,890	\$414,775	\$371,631	\$355,137	\$350,774
Interest, dividends and other investment income, net	10,455	9,987	7,345	345	208
Primary expenses					
Insurance premiums	421,858	386,180	360,771	343,198	331,810
Change in net position	44,345	33,062	13,350	7,853	14,803
Financial position					
Investments, at fair value	228,719	196,916	176,766	164,240	148,451
Net position for retiree health benefits	270,231	225,886	192,824	179,474	171,621
Actuarial information (as of the beginning of the year)					
Actuarial value of assets	225,886	192,824	179,474	171,621	156,818
Actuarial accrued liability	20,515,149	21,860,662	19,750,973	24,380,432	23,303,096

Campus Facts in Brief (Unaudited)

University of California Population: Berkeley through Merced campuses

Population segment	Berkeley	Davis	Irvine	Los Angeles	Merced
Students					
Undergraduate fall enrollment	33,070	32,273	30,204	33,475	8,372
Graduate fall enrollment	12,812	8,966	7,878	15,185	738
Total fall enrollment	45,882	41,239	38,082	48,660	9,110
University Extension course enrollments ^[1]	29,965	81,952	18,586	81,201	3,928
Degrees conferred ^[2]					
Bachelor	9,207	8,157	8,219	9,609	1,632
Advanced	5,178	2,509	2,839	5,307	206
Cumulative	745,003	362,070	277,710	677,483	20,197
Faculty and staff (full-time equivalents) ^[3]	15,973	29,488	22,809	46,326	2,839
Library collection (volumes) ^[4]	10,437,351	4,269,590	3,415,438	10,460,084	1,815,743
Campus land area (in acres)	8,179	7,209	1,582	721	7,658

[1] Total courses enrolled in by University Extension students for academic year 2024–2025.

[2] As of academic year 2023–2024.

[3] As of April 30, 2025.

[4] As of June 30, 2024.

Campus Financial Facts: Berkeley through Merced campuses (in thousands of dollars)

Description	Berkeley	Davis	Irvine	Los Angeles	Merced
Operating expenses by function					
Instruction	\$1,143,942	\$1,496,638	\$1,311,483	\$3,965,187	\$104,423
Research	835,813	794,041	415,052	1,233,915	67,065
Public service	120,049	199,920	17,017	274,991	18,190
Academic support	155,467	368,069	421,231	1,729,590	46,850
Student services	391,408	262,521	147,757	264,500	53,192
Institutional support	501,969	263,152	139,662	466,915	78,423
Operation and maintenance of plant	144,621	132,444	91,336	165,354	35,047
Student financial aid	226,981	163,696	135,276	185,365	17,209
Medical centers		3,614,812	3,461,964	3,867,029	
Auxiliary enterprises	213,046	130,519	191,529	562,601	70,549
Depreciation and amortization	298,947	418,258	371,361	585,389	87,550
Other*	7,252	6,439	3,732	80,684	
Total	\$4,039,495	\$7,850,509	\$6,707,400	\$13,381,520	\$578,498
Grants and contracts revenue					
Federal government	\$490,025	\$561,609	\$373,368	\$872,609	\$47,855
State government	109,957	246,040	34,706	169,985	17,693
Local government	10,440	17,310	5,987	119,218	65
Private	291,633	228,723	154,050	470,896	8,160
Total	\$902,055	\$1,053,682	\$568,111	\$1,632,708	\$73,773
University endowments					
Nonspendable endowments	\$455,564	\$143,223	\$14,193	\$342,362	\$27,307
Other endowments	4,647,867	1,651,693	636,134	3,674,258	65,526
Annual income distribution	181,337	63,245	23,352	104,650	4,120
Campus foundations' endowments					
Nonspendable endowments and gifts	1,997,961	466,517	600,336	2,215,726	17,835
Other endowments	1,469,420	400,136	427,752	1,704,874	18,849
Capital assets					
Capital assets, at net book value	5,190,126	7,480,906	5,798,672	8,921,390	1,683,456
Capital expenditures	925,221	1,346,827	583,231	924,686	122,237

*Includes impairment of capital assets, noncapitalized expenses associated with capital projects and write-off, cancellation and bad debt expenses for loans.

University of California Population: Riverside through Santa Cruz campuses, with Systemwide

Population segment	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Systemwide ^[1]
Students						
Undergraduate fall enrollment	22,600	34,955		23,181	17,940	
Graduate fall enrollment	3,906	10,254	5,003	2,952	1,998	
Total fall enrollment	26,506	45,209	5,003	26,133	19,938	
University Extension course enrollments ^[2]	11,456	88,158		6,745	38,969	
Degrees conferred ^[3]						
Bachelor	5,399	8,923		6,429	4,677	
Advanced	1,409	3,265	898	954	590	
Cumulative	165,079	282,850	60,897	286,710	155,680	
Faculty and staff (full-time equivalents) ^[4]	6,435	32,465	31,665	7,213	5,752	3,327
Library collection (volumes) ^[5]	3,546,096	4,212,889	1,447,872	5,109,871	3,239,940	
Campus land area (in acres)	1,917	2,205	227	1,129	8,477	67,022

[1] Full-time equivalents count includes employees at all campuses involved in systemwide activities, including Agriculture and Natural Resources.

[2] Total courses enrolled in by University Extension students for academic year 2024–2025.

[3] As of academic year 2023–2024.

[4] As of April 30, 2025.

[5] As of June 30, 2024.

Campus Financial Facts: Riverside through Santa Cruz campuses, with Systemwide (in thousands of dollars)

Description	Riverside	San Diego	San Francisco	Santa Barbara	Santa Cruz	Systemwide ^[1]
Operating expenses by function						
Instruction	\$445,369	\$1,192,388	\$353,975	\$498,524	\$304,624	(\$766,502)
Research	238,912	1,372,605	1,371,236	288,072	218,332	(182,436)
Public service	15,123	33,797	296,776	18,396	60,995	130,776
Academic support	107,056	1,488,779	589,267	121,920	79,208	(251,469)
Student services	142,008	292,853	33,539	127,365	134,388	(76,480)
Institutional support	85,983	228,670	442,406	24,439	66,848	294,915
Operation and maintenance of plant	84,247	111,958	144,797	79,285	69,669	(40,218)
Student financial aid	108,705	57,950	18,915	138,923	44,728	(14,615)
Medical centers		3,745,290	8,207,318			(591,981)
Auxiliary enterprises	131,328	260,440	49,714	151,587	127,038	(68,882)
Depreciation and amortization	128,076	501,338	485,332	97,887	83,800	66,075
Department of Energy laboratories						1,194,419
Other ^[2]		9,584	3,150		1,864	(473)
Total	\$1,486,807	\$9,295,652	\$11,996,425	\$1,546,398	\$1,191,494	(\$306,871)
Grants and contracts revenue						
Federal government	\$140,383	\$995,325	\$999,462	\$165,795	\$109,131	\$3,445
State government	19,407	69,718	162,193	18,823	12,452	147,068
Local government	5,785	21,922	340,402	3,387	2,202	45
Private	49,874	459,618	573,943	76,592	44,703	2,252
Total	\$215,449	\$1,546,583	\$2,076,000	\$264,597	\$168,488	\$152,810
University endowments						
Nonspendable endowments	\$17,132	\$63,815	\$168,417	\$63,051	\$12,456	\$80,382
Other endowments	535,695	1,432,211	4,141,939	222,253	161,000	1,747,421
Annual income distribution	20,760	53,336	118,734	8,950	5,069	36,821
Campus foundations' endowments						
Nonspendable endowments and gifts	161,343	835,687	1,295,553	254,953	68,108	
Other endowments	143,162	911,801	1,611,629	301,524	111,131	
Capital assets						
Capital assets, at net book value	1,930,985	9,116,758	8,671,008	1,736,852	1,611,491	557,656
Capital expenditures	321,324	1,229,015	1,454,542	255,097	240,441	78,306

[1] Includes expenses for systemwide and research programs, systemwide support services and administration.

[2] Includes impairment of capital assets, noncapitalized expenses associated with capital projects and write-off, cancellation and bad debt expenses for loans.





University of California Management's Discussion and Analysis *(Unaudited)*

The objective of this Management's Discussion and Analysis is to help readers of the University of California's financial statements better understand the financial position and operating activities for the year ended June 30, 2025, with selected comparative information for the years ended June 30, 2024 and 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes to the financial statements. Unless otherwise indicated, years (2023, 2024 and 2025, etc.) in this discussion refer to the fiscal years ended June 30.

The University of California's financial report communicates financial information for the University of California (the University), the University of California campus foundations (campus foundations), the University of California Retirement System (UCRS), the University of California Retiree Health Benefit Trust (UCRHBT) and custodial external investment pool funds, through five primary financial statements and notes to the financial statements. Three of the primary statements, the statements of net position, the statements of revenues, expenses, and changes in net position, and the statements of cash flows, present the financial position, changes in financial position and cash flows for the University and the affiliated campus foundations. The financial statements for the campus foundations are presented discretely from the University. Two of the primary statements, the statements of fiduciary net position and the statements of changes in fiduciary net position, present the financial position and operating activities for UCRS, UCRHBT and the custodial external investment pool funds. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

The University of California

The University of California, one of the largest and most acclaimed institutions of higher learning in the world, is dedicated to excellence in teaching, research, health care and public service. The University encompasses 10 campuses, five medical centers, four law schools and a statewide Division of Agriculture and Natural Resources. The University is also involved in the operation and management of three national laboratories for the U.S. Department of Energy (DOE).

Campuses. The 10 campuses are located in Berkeley, Davis, Irvine, Los Angeles, Merced, Riverside, San Diego, San Francisco, Santa Barbara and Santa Cruz. All of the campuses, except San Francisco, offer undergraduate, graduate and professional education; the San Francisco campus is devoted exclusively to graduate and professional education in health sciences.

Health sciences. The University operates one of the nation's largest health science and medical training programs. The instructional program is conducted in 21 health professional schools on seven campuses. The University's health programs include six academic health centers, two dental schools, four nursing schools, four public health schools and two pharmacy schools, in addition to a school of optometry and a school of veterinary medicine. The University's medical schools play a leading role in the development of health services and the advancement of medical science and research.

Law schools. The University has law schools at Berkeley, Davis, Irvine and Los Angeles. Also, UC College of the Law, San Francisco (UC Law SF) is affiliated with the University, although not included in the financial reporting entity.

Agriculture and Natural Resources. The Division of Agriculture and Natural Resources is a statewide research and public service organization that serves a large and diverse agricultural community. The division collaborates on research with all campuses and conducts studies at nine research and extension centers and on private land in cooperation with California producers. In addition, research and educational programs are conducted in each of the state’s 58 counties.

University Extension. The foremost continuing education program of its kind in size, scope and quality of instruction, University Extension offers almost 20,000 self-supporting courses statewide and in several foreign countries.

National laboratories. Under contract with the DOE, the University operates and manages the Lawrence Berkeley National Laboratory (LBNL) in California. The University is also a member in two separate joint ventures, Triad National Security, LLC (Triad) and Lawrence Livermore National Security, LLC (LLNS) that operate and manage the Los Alamos National Laboratory (LANL) and Lawrence Livermore National Laboratory (LLNL), respectively, under contracts directly with the DOE. The laboratories conduct broad and diverse basic and applied research in nuclear science, energy production, national defense and environmental and health areas.

The University’s Financial Position

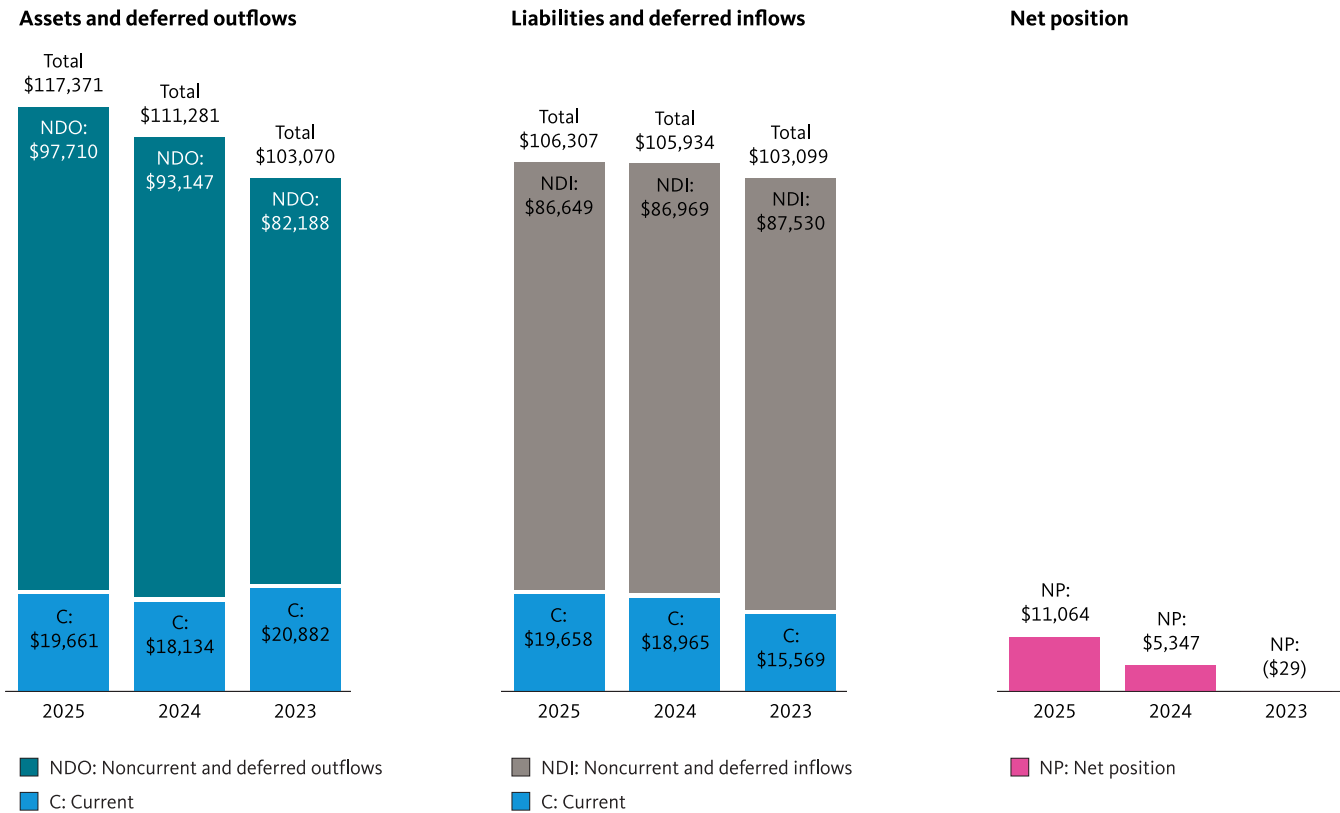
The University implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* (GASB 101), effective with the fiscal year starting July 1, 2024. Under this new standard, the University recognized liabilities for compensated absences for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Additionally, GASB 101 established guidance for measuring a liability for leave that has not been used. As a result, the University has restated its financial information for 2024 to retroactively apply the new accounting standard.

Certain amounts in the 2024 financial information have been restated to reflect a change in the revenue recognition principle for Medi-Cal reimbursement programs. The change has been applied retroactively to 2024 for comparability.

The University’s financial position as of June 30, 2025, 2024 and 2023 is illustrated in **Display 1**.

Display 1: The University’s financial position (in millions of dollars)

Table data for Display 1 is on page 126



The statements of net position present the financial position of the University at the end of each fiscal year. They display all of the University's assets, deferred outflows, liabilities, deferred inflows and net position. The difference between assets, deferred outflows, liabilities and deferred inflows is net position. The major components of the statements of net position as of June 30, 2025, 2024 and 2023 are presented in **Table MDA.1**.

The University's Assets and Deferred Outflows

The University's total assets and deferred outflows of resources were \$117.4 billion in 2025, compared to \$111.3 billion in 2024 and \$103.1 billion in 2023. Capital assets have increased due to continued investments in facilities in excess of depreciation. Investments increased in 2025 due to positive financial market returns. Deferred outflows have fluctuated primarily due to changes in the University's net pension and retiree health benefits liabilities.

Investments

Investments held by the University are principally carried in the following investment pools: the Short Term Investment Pool (STIP), the Total Return Investment Pool (TRIP), the Blue and Gold Pool (BGP) and the General Endowment Pool (GEP). Cash for operations and bond proceeds for construction expenditures are invested in STIP. The University uses STIP to meet operational liquidity needs. TRIP provides the opportunity to enhance returns on long-term capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. The University maximizes its use of TRIP while still maintaining sufficient funds in STIP to meet operational and liquidity needs. BGP was created to enhance returns by passively investing funds in the equity and fixed-income markets while still maintaining liquidity. The investment policy for TRIP is balanced between equities and fixed income while the investment policy for BGP is more heavily weighted toward equities. GEP is a balanced portfolio and the primary investment vehicle for individual endowments and funds functioning as endowments.

Table MDA.1: The University's net position *(in millions of dollars)*

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

*Does not reflect adoption of GASB 101 and change in accounting principle

The University utilizes asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and at acceptable levels of risk. GEP had returns of 12.2 percent in 2025, 11.7 percent in 2024 and 8.2 percent in 2023. BGP had returns of 15.8 percent in 2025, 15.7 percent in 2024 and 13.3 percent in 2023. TRIP had returns of 12.0 percent, 12.1 percent and 8.6 percent in 2025, 2024 and 2023, respectively. STIP had returns of 4.5 percent, 4.2 percent and 2.8 percent in 2025, 2024 and 2023, respectively.

Capital assets, net

The University's enrollment growth, the enhancement and expansion of health care services and the ongoing need for renewal, modernization and seismic upgrades of existing facilities are the primary drivers of capital investments. Capital spending continued at a brisk pace to provide the facilities necessary to support the University's teaching, research and public service mission and for patient care. Capital spending includes constructing and renovating academic buildings, research laboratories, medical center facilities, libraries, student services, parking structures and infrastructure projects at all 10 campuses and five medical centers. The University has a goal to increase affordable campus housing for more students, given escalating living costs in many of the surrounding campus communities. The largest capital asset additions in 2025 were related to the construction of housing, instruction and research facilities at various campuses and expansion of medical center facilities. The largest capital asset additions in 2024 were related to the medical center acquisitions and construction of housing and research facilities at various campuses. The largest capital asset additions in 2023 were related to the construction of

housing, classroom, parking and research facilities at various campuses and expansion of medical center facilities. Total additions of capital assets were \$7.5 billion in 2025 as compared to \$7.9 billion in 2024 and \$5.0 billion in 2023.

Other assets

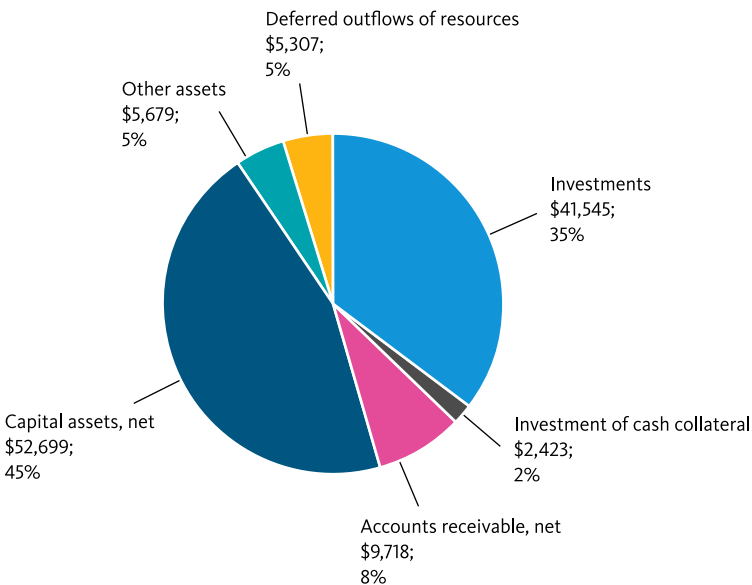
Other assets include cash, investments held by trustees, pledges receivable, notes and mortgages receivable, inventories and receivables from the DOE. The noncurrent receivable from the DOE fluctuates with the net pension and retiree health benefits liabilities due to the DOE's continuing responsibility to contribute for retired and terminated vested members of LLNL and LANL. This amount decreased by \$293.5 million in 2025 and decreased by \$122.7 million in 2024.

Deferred outflows of resources

Changes in the fair value of the University's interest rate swaps that are determined to be hedging derivatives, losses on debt refunding, asset retirement obligations, excess of consideration from acquisitions and certain changes in the net pension and net retiree health benefits liabilities are reported as deferred outflows of resources. In 2025, deferred outflows decreased due to changes in the pension obligations as a result of actual earnings exceeding expectations and changes in assumptions for retiree health benefits. In 2024, deferred outflows decreased due to changes in the pension obligations as a result of actual earnings exceeding expectations and changes in assumptions for retiree health benefits, partially offset by increases due to acquisitions for the Irvine and Los Angeles medical centers. The major components of the University's assets and deferred outflows for 2025 are illustrated in **Display 2**.

Display 2: The University's assets and deferred outflows for 2025 *(in millions of dollars)*

[Table data for Display 2 is on page 126](#)



The University's Liabilities and Deferred Inflows

The University's liabilities and deferred inflows of resources decreased to \$106.3 billion in 2025 as compared to \$105.9 billion in 2024, and \$103.1 billion in 2023.

The major components of the University's liabilities and deferred inflows for 2025 are illustrated in **Display 3**.

Debt, including commercial paper

Capital assets are financed from a variety of sources, including state support, gifts, revenue bonds, bank loans and leases or structures that involve separate legal entities.

Commercial paper and bank loans provide interim financing for capital assets during the construction period. Outstanding debt increased by \$2.9 billion and \$1.6 billion in 2025 and 2024, respectively. A summary of the debt activity in 2025 and 2024 is displayed on [page 15](#) in **Table MDA.2**.

The University's debt, which is used primarily to finance capital assets, includes \$1.3 billion, \$1.6 billion and \$0.9 billion of commercial paper outstanding at the end of 2025, 2024 and 2023, respectively. Total debt outstanding was \$40.8 billion at the end of 2025 compared to \$37.9 billion and \$36.3 billion at the end of 2024 and 2023, respectively.

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

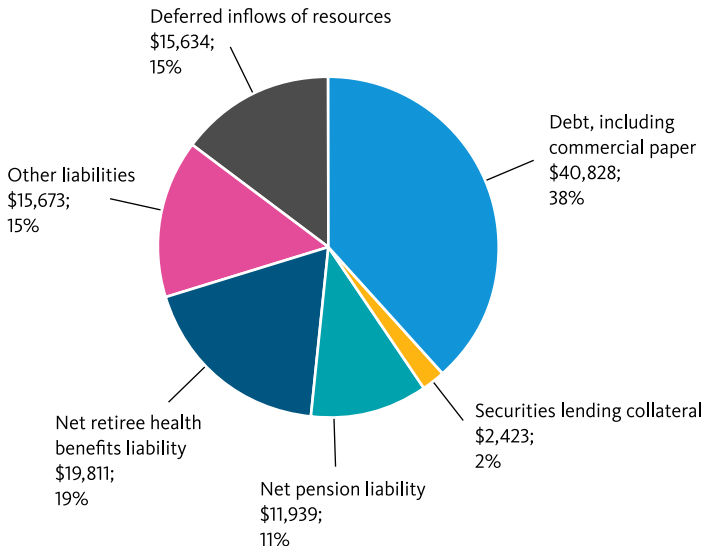
In 2024, General Revenue Bonds totaling \$3.2 billion were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University and refund general revenue bonds totaling \$1.6 billion and limited project revenue bonds totaling \$0.5 billion.

The University's General Revenue Bond ratings are currently rated at Aa2, AA and AA by Moody's Investors Service, Standard & Poor's and Fitch, respectively, all with stable outlooks. The University's Limited Project Revenue Bonds and Medical Center Pooled Revenue Bonds are currently rated at Aa3, AA- and AA- by Moody's Investors Service, Standard & Poor's and Fitch, respectively, all with stable outlooks.

Commercial paper borrowings decreased by \$267.5 million in 2025 as compared to 2024 and increased by \$702.5 million in 2024 compared to 2023. Commercial paper is primarily used as interim financing for construction projects and short-term financing for other needs. Commercial paper fluctuates based upon the timing of refinancing construction projects with the issuance of long-term revenue bonds. The University has various

Display 3: The University's liabilities and deferred inflows for 2025 *(in millions of dollars)*

Table data for Display 3 is on [page 126](#)



revolving credit agreements totaling \$1.0 billion with major financial institutions for the purpose of providing additional liquidity for certain variable-rate demand bonds, commercial paper and other liquidity needs. The University has revolving line of credit totaling \$200 million for the purpose of financing capital projects.

Net pension liability and retiree health benefits

The University has financial responsibility for pension benefits associated with its defined benefit plans and for retiree health benefits. The University's net pension liability was \$11.9 billion, \$17.5 billion and \$20.4 billion in 2025, 2024 and 2023, respectively. The changes were driven primarily by investment returns for the UCRP portfolio. In both 2025 and 2024 market performance was favorable compared to expected returns. The total investment rate of return for UCRP was 12.7 percent in 2025, 12.2 percent in 2024 and 10.1 percent in 2023. The discount rate used to estimate the net pension liability was 6.75 percent for 2025, 2024 and 2023, respectively.

LBNL participates in the University's defined benefit pension plan, although the DOE has ongoing financial responsibility to reimburse the University for LBNL's share of the obligation to UCRP. In addition, under certain circumstances, the University makes contributions to UCRP for LANL and LLNL retirees and, based upon contractual arrangements with the DOE, is reimbursed by the DOE. The University recorded receivables

from the DOE of \$236.9 million, \$517.7 million, \$645.4 million for each of 2025, 2024 and 2023, respectively, representing the DOE's share of the net pension liability.

The University's net retiree health benefits liability was \$19.8 billion, \$20.9 billion and \$22.3 billion in 2025, 2024 and 2023, respectively. While retiree health benefits are not a legal obligation of the University and can be canceled or modified at any time, accounting standards require the University to recognize a net retiree health benefits liability based on the current practices of providing such benefits. The University funds the retiree health benefits through UCRHBT on a pay-as-you-go basis. Since the assets in the trust are not currently sufficient to fund retiree health benefits, the Bond Buyer 20-year tax-exempt general obligation municipal bond index rate is used to discount the retiree health benefits liability. The decrease in the net retiree health benefits liabilities in 2025 was primarily driven by changes in actuarial assumptions including an increase in the discount rate and health care cost trend assumptions. The changes in the net retiree health benefits liabilities in 2024 were primarily driven by changes in actuarial assumptions including an increase in the discount rate and a decrease in plan participation and health care cost trend assumptions. The discount rates as of June 30, 2025, 2024 and 2023 were 5.20 percent, 3.93 percent and 3.65 percent, respectively.

Table MDA.2: Summary of debt activity *(in millions of dollars)*

Debt activity	2025	2024
Additions to outstanding debt		
General Revenue Bonds	\$4,895	\$3,195
Blended Component Unit Revenue Bonds	490	
Financing obligations, leases and SBITAs	1,018	450
Commercial paper, net		703
Other borrowings	268	132
Bond premium, net	445	443
Total additions to outstanding debt	7,116	4,923
Reductions from outstanding debt		
Refinancing and prepayments	(1,505)	(2,082)
Scheduled principal payments	(1,911)	(1,036)
Payments on other borrowings	(321)	(75)
Commercial paper, net	(268)	
Amortization of bond premium	(191)	(161)
Total reductions from outstanding debt	(4,196)	(3,354)
Net increase in outstanding debt	\$2,920	\$1,569

LBNL participates in the University’s retiree health benefits plans and, based on contractual arrangements with the DOE, the University is reimbursed for retiree health benefits costs associated with LBNL retirees. The University recorded receivables from the DOE of \$702.3 million, \$715.1 million and \$710.0 million for 2025, 2024 and 2023, respectively, representing the DOE’s share of the net retiree health benefits liability.

Other liabilities

Other liabilities consist of accounts payable, accrued salaries, other employee benefits, unearned revenue, DOE laboratories’ liabilities, federal refundable loans, self-insurance liabilities and obligations under split-interest agreements held by the University. Accrued salaries changes were due to the timing of payroll and benefit payments. Self-insurance liabilities increased by \$553.3 million and increased by \$451.6 million in 2025 and 2024, respectively, due to changes in claims and changes in estimates.

Deferred inflows of resources

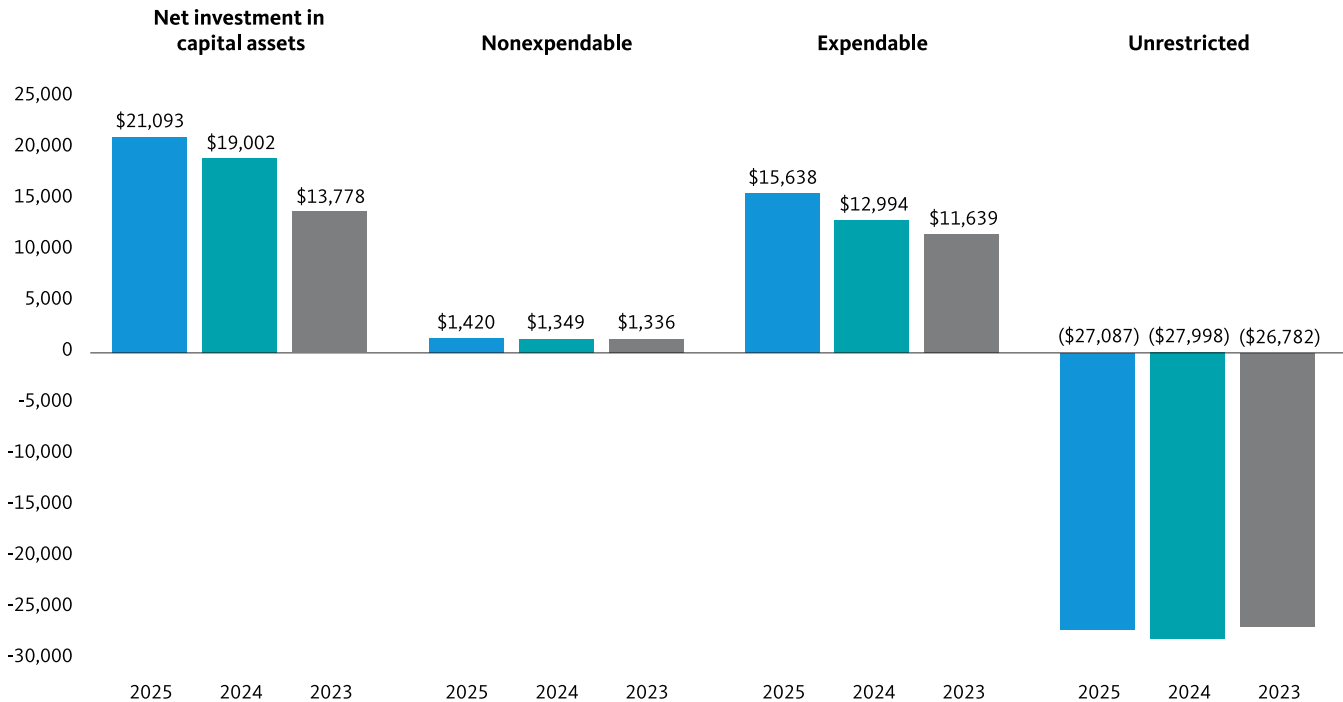
Deferred inflows of resources are related to the University’s service concession arrangements, gains on debt refunding, sales of certain future patent royalty revenues, changes in the estimated future value of irrevocable split-interest agreements and certain changes in the net pension and net retiree health benefits liabilities. Changes in deferred inflows of resources were primarily due to fluctuations in the net pension liability related to investment market performance and the retiree health liability as a result of changes in the discount rate.

The University’s Net Position

Net position represents the residual interest in the University’s assets and deferred outflows after all liabilities and deferred inflows are deducted. The University’s net position was \$11.1 billion in 2025 compared to \$5.3 billion in 2024 and \$(29.3) million in 2023. Net position is reported in the following categories: net investment in capital assets, restricted nonexpendable, restricted expendable and unrestricted, which are illustrated in **Display 4**.

Display 4: The University’s net position (in millions of dollars)

Table data for Display 4 is on page 126



Net investment in capital assets

The portion of net position invested in capital assets, net of accumulated depreciation and the related outstanding debt used to finance the acquisition, construction or improvement of these capital assets, was \$21.1 billion in 2025 compared to \$19.0 billion in 2024 and \$13.8 billion in 2023. To support its growth, the University continues to invest in its physical facilities, and financing with debt is used for a significant portion of the investments. Net investment in capital assets increased by \$2.1 billion and \$5.2 billion in 2025 and 2024, respectively, as the University continues to invest in its physical facilities.

Restricted nonexpendable

Restricted nonexpendable net position includes the corpus of the University's permanent endowments as well as minority interests. In 2025 and 2024, the increase in restricted nonexpendable net position was principally due to the receipt of new gifts.

Restricted expendable

Restricted expendable net position is subject to externally imposed restrictions governing its use. Restricted expendable net position may be spent only in accordance with the restrictions placed upon it and may include endowment income and gains, subject to the University's spending policy; support received from gifts, state or federal appropriations; and trustee-held investments. The increases or decreases in restricted expendable funds are principally due to the timing of spending restricted gifts and endowment income and gains.

Unrestricted

Net position that is not subject to externally imposed restrictions governing its use is classified as unrestricted for financial reporting purposes. Unrestricted net position is negative due primarily to obligations for pension and retiree health benefits exceeding University assets available to pay such obligations. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of the University's unrestricted net position is allocated for academic and research initiatives or programs, for capital projects or for other purposes.

The University's Results of Operations

The statements of revenues, expenses and changes in net position present the University's operating results and indicate whether the financial condition has improved or deteriorated. In accordance with GASB requirements, certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the University are required to be recorded as nonoperating revenues, including state educational appropriations, private gifts and investment income. A summarized comparison of the operating results for 2025, 2024 and 2023, arranged in a format that matches the revenue supporting the primary activities of the University with the expenses associated with these primary activities, is presented on [page 18](#) in **Table MDA.3**.

Table MDA. 3: The University's results of operations (in millions of dollars)

Primary activities	2025 Operating	2025 Non- operating	2025 Total	2024 Operating	2024 Non- operating	2024 Total	2023* Operating	2023* Non- operating	2023* Total
Revenues									
Student tuition and fees, net	\$5,962		\$5,962	\$5,663		\$5,663	\$5,515		\$5,515
State educational appropriations		\$4,822	4,822		\$4,714	4,714		\$4,387	4,387
Direct government grants		207	207		5	5		128	128
Federal Pell Grants		600	600		442	442		448	448
Grants and contracts, net	8,654		8,654	8,403		8,403	7,615		7,615
Medical centers, net	25,298	24	25,322	21,395	72	21,467	19,160	42	19,202
Educational activities, net	7,323		7,323	6,537		6,537	5,890		5,890
Auxiliary enterprises, net	2,231		2,231	2,018		2,018	1,851		1,851
Department of Energy laboratories	1,240		1,240	1,190		1,190	1,147		1,147
Private gifts, net		2,172	2,172		2,024	2,024		1,826	1,826
Other revenues	1,150	999	2,149	1,045	1,718	2,763	1,024	1,168	2,192
Revenues supporting primary activities	51,858	8,824	60,682	46,251	8,975	55,226	42,202	7,999	50,201
Expenses									
Salaries and wages	27,366		27,366	24,444		24,444	21,880		21,880
Pension benefits	1,723		1,723	3,375		3,375	4,892		4,892
Retiree health benefits	279		279	994		994	1,108		1,108
Other employee benefits	6,069		6,069	5,819		5,819	5,213		5,213
Scholarships and fellowships	1,098		1,098	964		964	893		893
Supplies and materials	7,612		7,612	6,410		6,410	5,922		5,922
Depreciation and amortization	3,124		3,124	3,001		3,001	2,830		2,830
Department of Energy laboratories	1,194		1,194	1,147		1,147	1,104		1,104
Interest expense		1,318	1,318		1,226	1,226		1,158	1,158
Other expenses	9,302	7	9,309	8,362	(16)	8,346	7,327	58	7,385
Expenses associated with primary activities	57,767	1,325	59,092	54,517	1,210	55,727	51,169	1,216	52,385
Income (loss) from primary activities	(\$5,909)	\$7,499	\$1,590	(\$8,266)	\$7,765	(\$501)	(\$8,967)	\$6,783	(\$2,184)
Other nonoperating activities									
Net appreciation (depreciation) in fair value of investments			3,912			4,294			1,218
(Loss) before other changes in net position			5,502			3,793			(966)
Other changes in net position									
State capital appropriations			2			106			105
Capital gifts and grants, net			213			648			340
Additions to permanent endowments						20			30
Change in net position			5,717			4,567			(491)
Net position									
Beginning of year, as previously reported			5,347			(41)			462
Cumulative effect of accounting changes						821			
Beginning of year, as restated			5,347			780			462
End of year			\$11,064			\$5,347			(\$29)

*Does not reflect adoption of GASB 101 and change in accounting principle

Revenues Supporting Primary Activities

Revenues to support the University’s primary activities, including those classified as nonoperating revenues, were \$60.7 billion, \$55.2 billion and \$50.2 billion in 2025, 2024 and 2023, respectively. These diversified sources of revenue increased by \$5.5 billion in 2025 and \$5.0 billion in 2024.

The state of California’s educational appropriations, in conjunction with student tuition and fees, are the main components that support the instructional mission of the University. Grants and contracts provide opportunities for undergraduate and graduate students to participate in basic research alongside some of the most prominent researchers in the country.

Gifts to the University allow crucial flexibility to faculty for support of their fundamental activities or new academic initiatives. Other significant revenues are from medical centers, educational activities and auxiliary enterprises such as student housing, food service operations and parking.

Revenues by category for 2025, 2024 and 2023 are illustrated in **Display 5**.

A major financial strength of the University is its diverse source of revenues, including those from student fees, federally sponsored grants and contracts, medical centers, the state of California, private support and auxiliary enterprises. The variety of fund sources has become increasingly important over the past several years.

Display 5: The University’s revenues by category *(in millions of dollars)*

Table data for Display 5 is on page 127

Student tuition and fees, net

2025	\$5,962	
2024	\$5,663	
2023	\$5,515	

State educational appropriations

2025	\$4,822	
2024	\$4,714	
2023	\$4,387	

Grants and contracts, net

2025	\$8,654	
2024	\$8,403	
2023	\$7,615	

Medical Centers, net

2025	\$25,322	
2024	\$21,467	
2023	\$19,202	

Educational activities and auxiliary enterprises, net

2025	\$9,554	
2024	\$8,555	
2023	\$7,741	

DOE laboratories and other operating revenues

2025	\$2,390	
2024	\$2,236	
2023	\$2,171	

Other nonoperating revenues (Pell Grants, private gifts, net investment income and other)

2025	\$3,978	
2024	\$4,188	
2023	\$3,569	

Categories of both operating and nonoperating revenue that supported the University’s primary activities in 2025 are illustrated in **Display 6**.

Student tuition and fees, net

Net student tuition and fees were \$6.0 billion, \$5.7 billion and \$5.5 billion in 2025, 2024 and 2023, respectively. Scholarship allowances, or financial aid, are the difference between the stated charge for tuition and fees and the amount that is paid by the student and third parties on behalf of the student. Scholarship allowances, netted against student tuition and fees, were \$1.6 billion, \$1.5 billion, \$1.4 billion in each of 2025, 2024 and 2023, respectively. Student tuition and fees, net of scholarship allowances, increased by \$298.8 million in 2025 and by \$148.6 million in 2024, respectively.

In 2024–25, the University enrolled its largest-ever incoming class of California resident students for the second year in a row, contributing to an increase of 6,986 full-time equivalent (FTE) resident undergraduates compared to the previous year, exceeding the total enrollment target included in the Budget Act of 2024 by 4,047 FTE. Consistent with the Tuition Stability Plan approved by the Regents in July 2021, which authorizes increases to mandatory systemwide fees applicable to the incoming cohort of undergraduate students, undergraduates who first enrolled in 2025–26 are assessed a mandatory tuition level that is 3.47% higher than the prior cohort. For graduate students in state-supported programs, adjustments to mandatory tuition and fees are pegged to the rate of inflation beginning with the 2022–23

academic year. Professional Degree Supplemental Tuition varies by discipline, with fee levels approved on a regular interval as existing plans expire; the latest increases for certain programs were approved by the Regents for 2025.

State educational appropriations

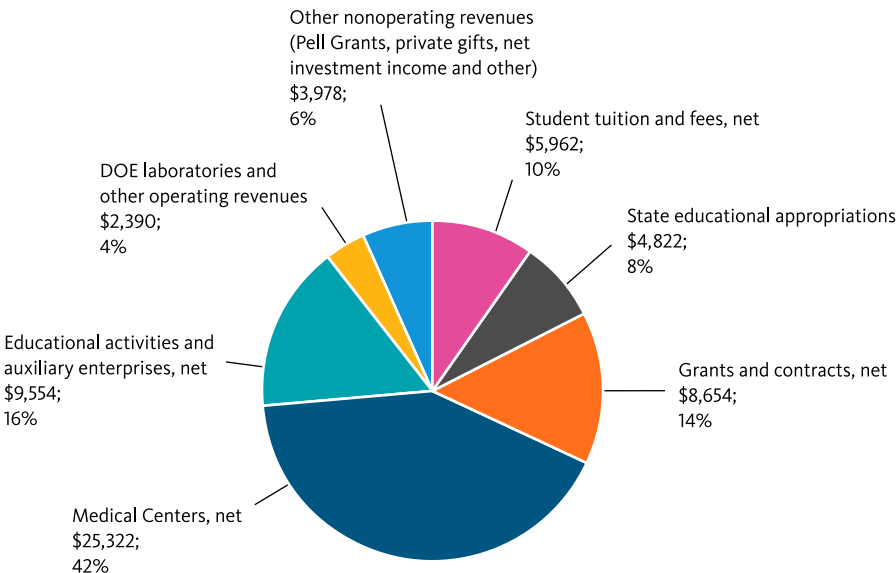
Educational appropriations from the state of California (both ongoing and one-time) were \$4.8 billion, \$4.7 billion and \$4.4 billion in 2025, 2024 and 2023, respectively. State educational appropriations increased by \$0.1 billion and \$0.3 billion in 2025 and 2024 due to a restoration of state support cut in 2024–25, a base budget deferral to 2026–27 and new one-time funds for various purposes.

Direct government grants

The medical centers received funds under certain provision from the Federal Emergency Management Agency (FEMA) to aid in disaster response and recovery related to COVID-19. In 2025, UCSF medical center received \$129.3 million in Measure C funds with the intent to ensure that Alameda County children receive high-quality early education and health care services. The medical centers received Employee Retention Credits (ERC) which are refundable tax credits for eligible tax-exempt organizations that had employees that were affected during the COVID-19 pandemic. Revenues from direct government grants were \$207.3 million, \$5.1 million, \$127.9 million in 2025, 2024 and 2023, respectively.

Display 6: The University’s operating and nonoperating revenues in 2025 *(in millions of dollars)*

Table data for Display 6 is on page 127



Grants and contracts, net

Revenue from federal, state, private and local government grants and contracts (net of any allowances), including facilities and administration cost recovery of \$1.8 billion, \$1.7 billion and \$1.6 billion in 2025, 2024 and 2023, respectively, were \$8.7 billion, \$8.4 billion and \$7.6 billion in 2025, 2024 and 2023, respectively.

In 2025, federal grants and contracts revenue remained flat, compared to 2024. In 2024, federal grants and contracts revenue increased \$374.0 million, or 8.5 percent, compared to 2023. Federal grants and contracts include federal facilities and administrative cost recovery of \$1.2 billion, \$1.1 billion and \$1.1 billion in 2025, 2024 and 2023, respectively. Changes in the federal budget impact the University's revenue from federal grants and contracts. Federal grants and contracts revenue in 2025, 2024 and 2023, is from a variety of federal agencies as indicated in **Table MDA.4**.

Medical centers, net

Medical center revenue, net of allowances, increased \$3.9 billion, or 18.0 percent, in 2025 and \$2.3 billion, or 11.8 percent, in 2024. Revenue growth in 2025 and 2024 was the result of increases in both inpatient and outpatient volumes, including the activities from acquired facilities.

Educational activities and auxiliary enterprises, net

Revenue from educational activities, primarily medical professional fees, net of allowances, increased by \$0.8 billion, or 12.0 percent, in 2025 and \$647.2 million, or 11.0 percent, in 2024, due to higher patient volumes.

Auxiliary enterprises include housing, food service, parking, bookstores, student centers and child care centers. Revenue from auxiliary enterprises, net of allowances, increased by \$212.4 million, or 10.5 percent, in 2025 and by \$167.2 million, or 9.0 percent, in 2024 in line with the University's initiative to expand campus housing while minimizing increases in housing costs for students.

Table MDA.4: Grants and contracts revenue sources *(in millions of dollars)*

Sources	2025	2024	2023
Department of Health and Human Services	\$2,984	\$2,962	\$2,808
National Science Foundation	600	568	566
Department of Education	122	142	92
Department of Defense	317	320	306
National Aeronautics and Space Administration	147	141	142
Department of Energy (excluding national laboratories)	191	187	175
Other federal agencies	398	441	298
Federal grants and contracts net revenue	\$4,759	\$4,761	\$4,387

Expenses Associated with Primary Activities

Expenses associated with the University's primary activities, including those classified as nonoperating expenses, were \$59.1 billion, \$55.7 billion and \$52.4 billion in 2025, 2024 and 2023, respectively. These expenses increased in 2025 by \$3.4 billion and in 2024 by \$3.3 billion. The University's operations continued to grow, principally at the medical centers, and expenses increased

consistent with the overall growth in operations. Pension expenses have caused significant fluctuations in total expenses due to the performance of the financial markets. Retiree health benefits expenses decreased in 2025 and 2024 due to changes in the discount rate. Expenses in the various categories are presented in **Display 7**. Categories of both operating and nonoperating expenses related to the University's primary activities in 2025 are illustrated on [page 23](#) in **Display 8**.

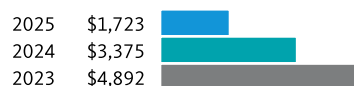
Display 7: The University's expenses by category *(in millions of dollars)*

[Table data for Display 7 is on page 127](#)

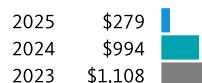
Salaries and wages



Pension benefits



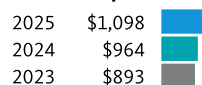
Retiree health benefits



Other employee benefits



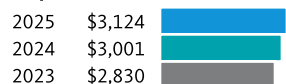
Scholarships and fellowships



Supplies and materials



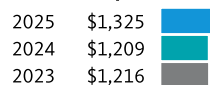
Depreciation and amortization



DOE laboratories, utilities and other operating expenses



Interest expense and other nonoperating expenses



Salaries and benefits

Approximately two-thirds of the University’s expenses are related to salaries and benefits. There were 204,300 full-time equivalent (FTE) employees in 2025, excluding employees who were associated with LBNL, whose salaries and benefits were included as laboratory expenses, as compared to 197,400 FTEs in 2024. Total salaries and benefits expense decreased by 2.3 percent in 2025, with the increase in salaries and wages of \$2.9 billion offset by the decrease in pension expense and retiree health benefits expense of \$1.7 billion and \$0.7 billion, respectively. Total salaries and benefits expense increased by 4.7 percent in 2024, primarily driven by the increase in salaries and wages of \$2.6 billion offset by a decrease in pension expense of \$1.5 billion.

In 2025, salaries increased by 12.0 percent, primarily comprised of an increase of 3.5 percent in the number of FTEs and a 4.2 percent salary increase for policy-covered staff and academic appointees. Salary increases for union-represented employees and academic appointees are governed separately by the relevant collective bargaining agreements. In 2025, employee benefits, excluding pension and retiree health benefits, decreased by \$250.4 million, or 4.3 percent. Pension expenses decreased in 2025 primarily due to higher than expected investment returns. Retiree health benefits expenses decreased in 2025 primarily due to increases in the discount rate.

In 2024, salaries increased by 11.7 percent, primarily comprised of an increase of 4.1 percent in the number of FTEs and a 4.6

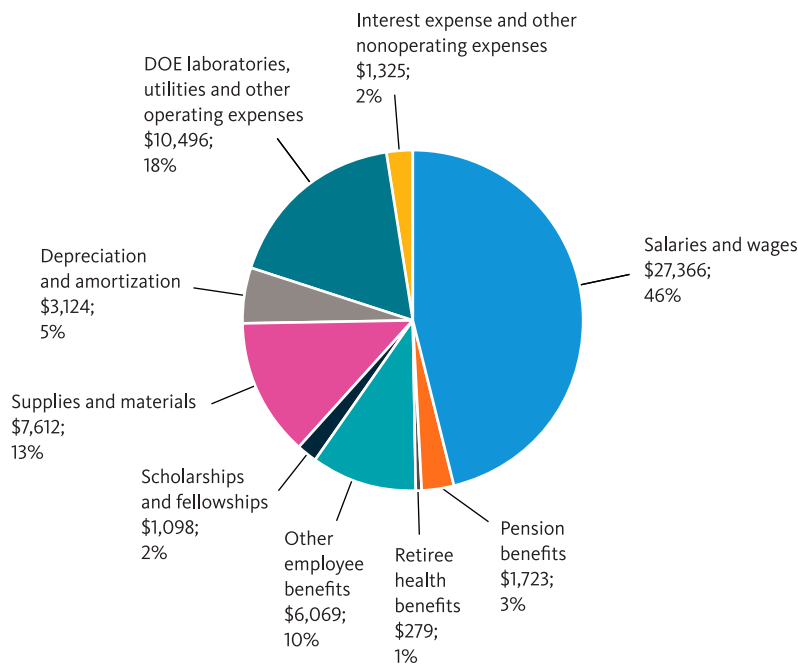
percent salary increase for policy-covered staff and academic appointees. Salary increases for union-represented employees and academic appointees are governed separately by the relevant collective bargaining agreements. In 2024, employee benefits, excluding pension and retiree health benefits, increased by \$605.9 million, or 11.6 percent. Pension expense decreased by \$1.5 billion due to changes in actuarial assumptions related to the experience study. Retiree health benefits expense decreased by \$114.0 million or 10.3 percent due to an increase in the discount rate.

Scholarships and fellowships

The University places a high priority on student financial aid as part of its commitment to affordability. The University’s practice is to minimize the impact of cost increases on first-generation and low-income students. Financial aid in all forms awarded by the University was \$3.1 billion, \$2.8 billion and \$2.7 billion in 2025, 2024 and 2023, respectively. Scholarship allowances which are netted against student tuition and fees were \$2.0 billion, \$1.8 billion and \$1.8 billion in 2025, 2024 and 2023, respectively. Scholarships and fellowships expense, representing payments of financial aid made directly to students and reported as an operating expense were \$1.1 billion, \$1.0 billion and \$0.9 billion in 2025, 2024 and 2023, respectively. On a combined basis, as the University continues its commitment to provide financial support for students in need, financial aid in all forms increased by \$0.3 million, or 10.6 percent, in 2025 as compared to 2024, and by \$0.1 million, or 3.1 percent, in 2024 as compared to

Display 8: Expenses related to primary activities in 2025 (in millions of dollars)

Table data for Display 8 is on page 127



2023. Increases in financial aid, scholarships and fellowships are consistent with increases in enrollment, tuition, fees and housing costs.

Supplies and materials

In recent years, there has been inflationary pressure on the costs for medical supplies and laboratory instruments and higher costs for general supplies necessary to support expanded medical patient volumes. The University continues to find opportunities to manage the costs of supplies and materials. During 2025 and 2024, supplies and materials costs increased by \$1.2 billion, or 18.7 percent and \$487.9 million, or 8.2 percent, respectively. The largest increases occurred at the medical centers due to increased patient volumes. In 2025 and 2024, supplies costs increased for research activities related to increased federal contract and grant activities.

Other expenses

Other expenses consist of a variety of expense categories, including travel, rent, insurance, legal settlements and repairs and maintenance, plus any gain or loss on disposals of capital assets and other nonoperating expenses.

Operating gains and losses

In accordance with GASB's reporting standards, operating losses were \$5.9 billion, \$8.3 billion and \$9.0 billion in 2025, 2024 and 2023, respectively. The operating losses in 2025, 2024 and 2023 were offset by \$7.5 billion, \$7.8 billion and \$6.8 billion, respectively, of net nonoperating revenue that supports primary operating activities of the University. Revenues associated with primary activities exceeded expenses by \$1.6 billion in 2025 primarily due to the decrease in pension expense and retiree health benefits expense. In 2024 and 2023, expenses exceeded revenues associated with primary activities by \$0.5 billion and 2.2 billion, respectively. These fluctuations have been primarily driven by changes in pension and retiree health benefits expenses.

Other nonoperating activities

The University's other nonoperating activities, consisting of net appreciation or depreciation in the fair value of investments, are noncash transactions and, therefore, are not available to support operating expenses. In 2025 and 2024, the University recognized net appreciation in the fair value of investments of \$3.9 billion and \$4.3 billion, respectively. In 2023, the University recognized net depreciation in the fair value of investments of \$1.2 billion. The University's portfolio returns fluctuate with the overall performance in the investment markets.

Other changes in net position

Similar to other nonoperating activities discussed above, other changes in net position are also not available to support the University's operating expenses in the current year. State capital appropriations and capital gifts and grants may only be used for the purchase or construction of the specified capital assets. Only income earned from gifts of permanent endowments is available in future years to support the specified program.

Research Enterprise at University of California

The University of California's research enterprise represents a vital and expansive component of its academic mission, involving a diverse community of faculty, postdoctoral scholars and students engaged in cutting-edge research across multiple disciplines. This vibrant ecosystem supports innovation, education and economic growth through a broad range of active research awards and groundbreaking discoveries.

Scale and Scope of the Research Enterprise

The University's research community includes approximately 26,000 faculty members, 7,000 postdoctoral scholars and nearly 86,000 students, with over six thousand students actively participating in research as part of their academic training. As of June 2025, there are nearly 50,000 active research awards spanning fields such as life and health sciences, engineering, physical and environmental sciences, social and behavioral sciences, arts, humanities and interdisciplinary innovation centers. These efforts have yielded significant breakthroughs including universal vaccine approaches, brain implants for Parkinson's disease, climate-friendly AI and advances in cancer research that contributed to a 33 percent reduction in cancer deaths over a generation. Additionally, UC research has catalyzed the creation of hundreds of companies that address societal needs and economic development, such as wave energy turbines, enhanced nutrition in garbanzo beans and infection control in hospitals.

Research infrastructure and support systems

The University's research endeavors are supported by a dedicated team of faculty, research staff and administrative personnel who maintain high-tech laboratories and ensure smooth experimental operations. A robust administrative framework manages grant processes, regulatory compliance, intellectual property and procurement of essential materials. Advanced information technology infrastructure underpins data storage, computational resources, software licensing and network security — critical for modern research activities including high-performance computing and secure data management.

Compliance and regulatory services oversee adherence to legal and ethical standards through institutional review boards, animal care committees, and environmental health and safety protocols. Utilities such as electricity, water, heating and cooling are crucial for maintaining laboratory environments, while facilities management coordinates shared core laboratories and specialized equipment access. Administrative support encompasses pre- and post-award management, human resources, finance, procurement and library resources that provide access to academic materials. Training and professional

development programs further enhance researcher skills and foster a community prepared to address future challenges.

Financial aspects and sustainability challenges

While the University meticulously allocates costs related to research in compliance with federal regulations (2 CFR Part 200, Uniform Guidance), some expenses support multiple mission areas and are carefully distributed to avoid overcharging sponsored awards. Despite these measures, the University is not fully reimbursed for the true costs of conducting research due to regulatory caps and other limitations, necessitating institutional subsidies. **Table MDA.5** reflects rates associated with Modified Total Direct Costs (as defined in 2 CFR Part 200, Uniform Guidance) at each campus from the proposed capped research rate (what the university spends in support of research, net of any expenses over the 26% administrative cap applicable to Institutions of Higher Education) to the effective rate (amount of recovery actually received).

Increasing expenses for advanced equipment, regulatory compliance, utilities and skilled personnel place strain on the University's financial resources. This pressure may force difficult decisions between maintaining research excellence and funding other core missions. Moreover, fluctuations in public and private funding sources, influenced by economic conditions or policy changes, add uncertainty to the stability of research activities.

Impact and importance of sustained research

A reduction in research scale or quality would have profound consequences. The pace of scientific and technological innovation would slow, diminishing the University's ability to contribute solutions to global challenges like climate change and public health crises. Students and postdoctoral fellows would lose critical opportunities for practical training and professional development, weakening the future pipeline of innovators and leaders. The regional and broader economy, which benefits from research-driven startups, patents and workforce development, could also experience setbacks in growth and job creation.

Despite these challenges, the university's strong foundation and partnership with government entities enable continued groundbreaking discoveries and nurture the next generation of innovators. Continued investment in research and support systems is essential not only for advancing science and technology but also for driving economic growth and maintaining the university's position as a vibrant hub of knowledge and opportunity.

Table MDA.5: Rates associated with Modified Total Direct Costs for 2025 *(in millions of dollars)*

Sources	Proposed capped on campus research rate ^[1]	Negotiated / provisional on campus research rate	Research effective rate	Effective Rate — All Functions (excluding Student Financial Aid) ^[2]
Berkeley	70.0%	60.5%	47.4%	\$28.8%
Davis	67.8	61.0	51.0	32.8
Irvine	62.3	57.0	54.5	31.2
Los Angeles	62.6	57.5	50.3	29.5
Merced	63.8	58.5	52.1	30.9
Riverside	64.5	57.5	49.1	32.1
San Diego	66.1	59.0	48.0	34.0
San Francisco	68.3	64.0	56.5	38.9
Santa Barbara	59.9	55.5	43.4	28.7
Santa Cruz	68.3	56.0	44.9	30.8

[1] Includes regulatory cap on administration components at 26%.

[2] Overall effective rate including student financial aid is 27.7%.

Looking Forward: Factors Impacting Future Periods

Governor Newsom signed SB 101 and AB 102 on June 27, 2025. These bills, along with issue-specific budget trailer bills, comprise the 2025 Budget Act. For 2025–26, State funding allocated to the University of California (UC) totals \$4.9 billion. Of this amount, \$46.8 million is appropriated on a one-time basis for a variety of programs.

The 2025 Budget Act defers \$129.7 million from the University's budget to 2026–27. To help the University cover expenditures in 2025–26, the Budget Act includes language providing the University, upon approval of the Director of the Department of Finance, with an optional, zero-interest loan for cash management to remediate this deferral. In addition, the budget restores \$125.0 million that was reduced on a one-time basis in the 2024–25 fiscal year. The budget also includes \$430,000 in new, ongoing support for the California Newspaper Projects at the Riverside campus, as well as a \$1.0 million reduction in savings for affordable student housing projects. The net impact of these adjustments is a reduction of \$5.3 million in ongoing State General Fund support compared to last year.

The Governor's multi-year Compact with the University, which took effect in 2022–23, includes annual base budget increases of five percent for the University through 2026–27. The University, in turn, has committed to specific and ambitious goals related to increasing access to UC, improving student success and advancing equity, increasing the affordability of a UC education, increasing intersegmental collaboration, supporting workforce preparedness and providing access to online course offerings.

The 2025 Budget Act defers the 2025–26 Compact-related base budget increase of \$240.8 million, noting that a partial payment of \$96.3 million (two percentage points of the five percent increase) is intended for 2026–27, and that the remaining \$144.5 million is intended for 2028–29 (two years later). An appropriation of \$31.0 million for the replacement of nonresident students with resident undergraduates at the Berkeley, Los Angeles and San Diego campuses is also deferred to 2026–27.

The University's medical centers, which are self-funding and without support from the State's general fund, continue to face financial and competitive challenges in their regional markets, along with the added costs and responsibilities related to their function as academic institutions. The demand for health care services, especially at the level of complexity provided by the medical centers and the cost of providing them continue to increase significantly. In addition to the rising costs of salaries, benefits and supplies faced by hospitals across the state, the University's medical centers face other costs associated with maintaining and upgrading facilities, seismic retrofitting, new technologies, biomedical research and the education and training of health care professionals. Another financial pressure is caused by care delivered for a significant share of patients who are covered by Medicare or Medi-Cal (California's Medicaid program), which are programs whose reimbursements do not fully compensate the medical centers for care delivered. Other than Medicare and

Medi-Cal, health insurance payments do not recognize the added cost of teaching in academic medical centers. Possible changes to government sponsored health insurance programs and potentially rising rates of uninsured, if they occur, would place downward pressure on operating results for the medical centers.

The University must have a wide range of facilities to meet its education, research and public service goals and continues to assess its long-term capital requirements. Support for the University's capital program is expected to be provided from a combination of sources, including the state of California, external financing, gifts and other sources.

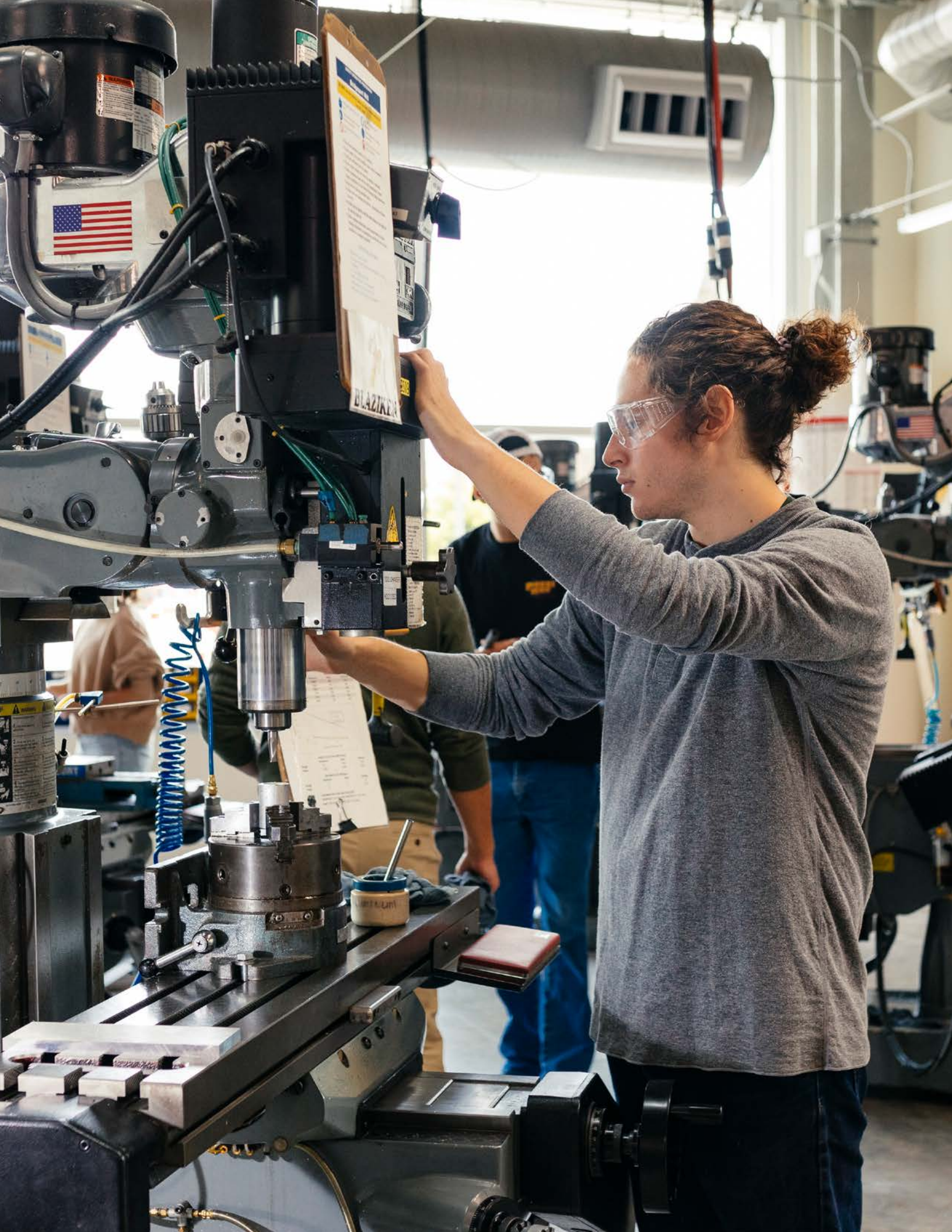
The Regents continues to monitor the federal government's actions with respect to the higher education sector and, in particular, the University. Such actions may have the direct or indirect effect of, among other things, reducing federal support for the University's research or other operations, reducing the University's fundraising or other revenue sources, and/or increasing costs borne by the University, and include or could possibly include, but are not limited to: investigations by governmental agencies, Congress or others into allegations of discrimination and harassment and related corrective or enforcement actions; regulatory changes to programs administered by federal agencies; suspensions, terminations, funding draw rejections and stop-work orders of various federal grants and contracts pursuant to certain executive orders, departmental memos and other governmental actions.

It is unclear how the matters described herein (and other or future federal actions) will ultimately impact the University, including its operations, financial condition and reputation. The University cannot predict if any of the federal actions will continue and for how long, if any potential resolutions may arise, the consequences and impacts of such actions, or whether any new federal actions may be proposed or pursued by the current or future administration or legislature.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the University, including written as outlined above or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, which address activities, events or developments that the University expects or anticipates will or may occur in the future contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. The University does not undertake to update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions or changes in other factors affecting such forward-looking information.





Report of Independent Auditors

To The Regents of the University of California

Opinions

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University of California (the “University”), a component unit of the State of California, as of and for the years ended June 30, 2025 and 2024, including the related notes, which collectively comprise the University’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of the University as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 26 and the required supplementary information on pages 110 through 125 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises pages 4 through 7, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

San Francisco, California
November 21, 2025

Financial Statements

Statements of Net Position

At June 30, 2025 and 2024 (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024
Assets				
Cash and cash equivalents	\$626,001	\$510,362	\$260,157	\$255,142
Short-term investments	4,774,768	5,105,163	1,542,257	1,562,469
Investment of cash collateral	2,276,110	2,203,923		
Investments held by trustees	706,869	179,524		
Accounts receivable, net	9,717,871	8,825,210	66,356	30,332
Pledges receivable, net	32,735	29,061	385,043	311,690
Current portion of notes and mortgages receivable, net	93,091	31,000		
Inventories	522,598	438,656		
Department of Energy receivable	223,075	222,359		
Other current assets	687,896	588,283	4,239	11,972
Current assets	19,661,014	18,133,541	2,258,052	2,171,605
Investments	36,770,254	34,809,290	16,147,667	14,440,926
Investment of cash collateral	146,534	95,416		
Investments held by trustees	187,368	164,374		
Pledges receivable, net	38,949	41,250	1,029,175	1,260,430
Notes and mortgages receivable, net	245,406	448,105	250	250
Department of Energy receivable	939,191	1,232,727		
Capital assets, net	52,699,300	48,572,417		
Other noncurrent assets	1,376,261	1,213,812	149,042	171,717
Noncurrent assets	92,403,263	86,577,391	17,326,134	15,873,323
Total assets	112,064,277	104,710,932	19,584,186	18,044,928
Deferred outflows of resources	5,306,903	6,570,718		
Liabilities				
Accounts payable	3,983,992	3,242,388	26,799	16,669
Accrued salaries	1,962,654	1,817,454		
Employee benefits	2,804,732	2,574,140		
Unearned revenue	1,804,482	2,162,184	11,178	20,279
Collateral held for securities lending	2,422,644	2,299,343		
Commercial paper	1,320,000	1,587,500		
Current portion of long-term debt	3,298,866	3,113,605		
Department of Energy laboratories' liabilities	234,161	233,294		
Other current liabilities	1,826,135	1,935,466	145,455	100,363
Current liabilities	19,657,666	18,965,374	183,432	137,311
Federal refundable loans	169,696	174,486		
Self-insurance	1,943,331	1,632,855		
Obligations under life income agreements	33,642	32,491	141,930	136,581
Long-term debt	36,208,916	33,208,243		
Net pension liability	11,939,036	17,494,965		
Net retiree health benefits liability	19,810,706	20,911,103		
Other noncurrent liabilities	910,000	898,855	45,453	45,319
Noncurrent liabilities	71,015,327	74,352,998	187,383	181,900
Total liabilities	90,672,993	93,318,372	370,815	319,211
Deferred inflows of resources	15,633,971	12,615,883	275,785	250,743
Net position				
Net investment in capital assets	21,092,930	19,001,613		
Restricted: Nonexpendable endowments and gifts	1,387,902	1,316,568	7,935,552	7,424,469
Restricted: Nonexpendable, reserved for minority interests	31,909	32,591		
Restricted: Expendable	15,637,984	12,994,201	9,567,548	8,616,153
Unrestricted	(27,086,509)	(27,997,578)	1,434,486	1,434,352
Total net position	\$11,064,216	\$5,347,395	\$18,937,586	\$17,474,974

See accompanying notes to financial statements.

Statements of Revenues, Expenses and Changes in Net Position

Years ended June 30, 2025 and 2024 (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024
Operating revenues				
Student tuition and fees, net	\$5,962,205	\$5,663,450		
Grants and contracts, net: Federal	4,759,007	4,760,611		
Grants and contracts, net: State	1,008,042	857,440		
Grants and contracts, net: Private	2,360,444	2,312,299		
Grants and contracts, net: Local	526,763	473,056		
Medical centers, net	25,297,351	21,395,180		
Educational activities, net	7,323,237	6,537,041		
Auxiliary enterprises, net	2,230,624	2,018,183		
Department of Energy laboratories	1,239,849	1,190,174		
Campus foundation private gifts			\$1,372,004	\$1,298,412
Other operating revenues, net	1,150,216	1,045,359	1,643	745
Total operating revenues	51,857,738	46,252,793	1,373,647	1,299,157
Operating expenses				
Salaries and wages	27,366,099	24,444,384		
Pension benefits	1,722,779	3,375,398		
Retiree health benefits	279,012	994,256		
Other employee benefits	6,069,355	5,818,947		
Supplies and materials	7,612,143	6,410,253		
Depreciation and amortization	3,124,013	3,001,265		
Department of Energy laboratories	1,194,419	1,146,576		
Scholarships and fellowships	1,097,826	963,827		
Utilities	470,773	422,983		
Campus foundation grants			1,930,367	1,903,810
Other operating expenses	8,830,908	7,938,765	87,554	46,961
Total operating expenses	57,767,327	54,516,654	2,017,921	1,950,771
Operating loss	(5,909,589)	(8,263,861)	(644,274)	(651,614)
Nonoperating revenues (expenses)				
State educational appropriations	4,821,601	4,713,643		
State hospital fee grants	24,419	71,774		
Direct government grants	207,338	5,141		
Build America Bonds federal interest subsidies	31,256	48,085		
Federal Pell Grants	600,053	441,616		
Private gifts, net	2,171,959	2,023,566		
Investment income: Short term investment pool and other, net	525,625	678,208		
Investment income: Endowment, net	196,396	149,340		
Investment income: Securities lending, net	7,936	(14,154)		
Investment income: Campus foundations			202,610	183,114
Net appreciation in fair value of investments	3,912,530	4,293,507	1,429,740	1,180,425
Interest expense	(1,318,340)	(1,225,704)		
Gain (loss) on disposal of capital assets	(6,706)	16,242		
Other nonoperating revenues (expenses)	237,332	856,197		61
Net nonoperating revenues	11,411,399	12,057,461	1,632,350	1,363,600
Income before other changes in net position	5,501,810	3,793,600	988,076	711,986
Other changes in net position				
Capital gifts and grants	213,375	647,560		
State capital appropriations	1,636	105,714		
Additions to permanent endowments		20,428	474,536	458,019
Change in net position	5,716,821	4,567,302	1,462,612	1,170,005
Net position				
Beginning of year	5,347,395	(40,570)	17,474,974	16,304,969
Cumulative effect of accounting changes		820,663		
Beginning of year, restated	5,347,395	780,093	17,474,974	16,304,969
End of year	\$11,064,216	\$5,347,395	\$18,937,586	\$17,474,974

See accompanying notes to financial statements.

Statements of Cash Flows

Years ended June 30, 2025 and 2024 (in thousands of dollars)

Description	University of California 2025	University of California 2024
Cash flows from operating activities		
Student tuition and fees	\$5,957,992	\$5,789,726
Grants and contracts	8,375,821	7,290,492
Medical centers	24,390,387	21,364,069
Educational activities	7,590,837	6,077,254
Auxiliary enterprises	2,221,788	1,996,689
Collection of loans from students and employees	44,203	158,809
Payments to employees	(26,741,906)	(23,624,242)
Payments to suppliers and utilities	(16,951,896)	(14,175,643)
Payments for pension benefits	(3,610,265)	(3,047,569)
Payments for retiree health benefits	(613,771)	(518,495)
Payments for other employee benefits	(5,938,061)	(4,914,804)
Payments for scholarships and fellowships	(1,097,826)	(963,827)
Loans issued to students and employees	(57,331)	(241,189)
Other receipts	517,060	809,031
Net cash used by operating activities	(5,912,968)	(3,999,699)
Cash flows from noncapital financing activities		
State educational appropriations	4,766,405	4,712,940
Federal Pell Grants	596,270	437,644
Direct government grants	207,338	5,141
State hospital fee grants	24,419	71,774
Gifts received for other than capital purposes: Private gifts for endowment purposes	33,489	90,745
Gifts received for other than capital purposes: Other private gifts	2,155,684	1,975,417
Receipt of retiree health contributions from UCRP	144,198	130,407
Payment of retiree health contributions to UCRHBT	(157,990)	(133,042)
Receipts from UCRHBT	475,808	442,314
Payments for retiree health benefits made on behalf of UCRHBT	(524,870)	(471,928)
Student direct lending receipts	592,035	529,656
Student direct lending payments	(591,515)	(446,260)
Repayment of debt	(900,000)	
Commercial paper financing: Proceeds from issuance	54,170	786
Commercial paper financing: Payments of principal		(24,351)
Interest paid on debt	(80,617)	(37,990)
Other receipts	186,121	557,560
Net cash provided by noncapital financing activities	6,980,945	7,840,813
Cash flows from capital and related financing activities		
Commercial paper financing: Proceeds from issuance	6,841,860	1,567,884
Commercial paper financing: Payments of principal	(7,163,530)	(841,819)
Commercial paper financing: Interest paid	(39,032)	(34,703)
State capital appropriations	3,046	105,651
Build America Bonds federal interest subsidies	25,435	52,835
Capital gifts and grants	101,462	82,846
Proceeds from debt issuance	6,177,114	3,771,001
Proceeds from the sale of capital assets	6,926	28,210
Purchase of capital assets	(6,440,233)	(6,030,397)
Cash paid for acquisitions, net of cash acquired	(69,396)	(1,477,462)
Refinancing or prepayment of outstanding debt	(1,504,809)	(2,081,989)
Scheduled principal paid on debt	(1,329,674)	(1,110,538)
Interest paid on debt	(839,395)	(885,727)
Other receipts	97,875	376,865
Net cash used by capital and related financing activities	(4,132,351)	(6,477,343)

See accompanying notes to financial statements.

Statements of Cash Flows

Years ended June 30, 2025 and 2024 (in thousands of dollars) continued

Description	University of California 2025	University of California 2024
Cash flows from investing activities		
Proceeds from sales and maturities of investments	\$163,418,596	\$152,848,128
Purchase of investments	(160,777,244)	(151,346,808)
Investment income, net of investment expenses	538,661	1,095,283
Net cash provided by investing activities	3,180,013	2,596,603
Net change in cash and cash equivalents	115,639	(39,626)
Cash and cash equivalents, beginning of year	510,362	549,988
Cash and cash equivalents, end of year	\$626,001	\$510,362
Reconciliation of operating loss to net cash used by operating activities		
Operating loss	(\$5,909,589)	(\$8,263,861)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization expense	3,124,013	3,001,265
Allowance for uncollectible accounts	489,876	852,879
Loss on impairment of capital assets	112,312	48,675
Changes in assets and liabilities:		
Investments held by trustees	(32,951)	(26,604)
Accounts receivable	(1,231,871)	(2,236,997)
Inventories	(83,942)	(41,249)
Other assets	(138,465)	(136,655)
Accounts payable	(100,801)	628,494
Accrued salaries	145,200	1,011,905
Employee benefits	399,887	492,433
Unearned revenue	(357,703)	(32,572)
Department of Energy	293,687	122,840
Self-insurance	553,287	451,555
Net pension liability	(2,300,471)	252,614
Net retiree health benefits liability	(334,758)	306,646
Other liabilities	(540,679)	(431,067)
Net cash used by operating activities	(\$5,912,968)	(\$3,999,699)
Supplemental noncash activities information		
Capital assets acquired through leases	\$776,139	\$281,952
Capital assets acquired through SBITAs	233,567	194,072
Capital assets acquired with a liability at year end	191,073	112,725
Change in fair value of investments	3,912,530	4,293,507
Change in fair value of interest rate swaps classified as hedging derivatives	3,221	8,693
Gifts of capital assets	78,763	496,076
Other noncash gifts	14,451	22,221
Proceeds from issuance of blended component unit revenue bonds deposited with trustees	489,725	
Beneficial interests in irrevocable split-interest agreements administered by third parties	1,354	12

See accompanying notes to financial statements.

Fiduciary Financial Statements

Statements of Fiduciary Net Position

At June 30, 2025 and 2024 (in thousands of dollars)

Description	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024	University of California Retiree Health Benefit Trust (UCRHBT) 2025	University of California Retiree Health Benefit Trust (UCRHBT) 2024	Total UCRS and UCRHBT 2025	Total UCRS and UCRHBT 2024	Custodial External Investment Pool Funds 2025	Custodial External Investment Pool Funds 2024
Assets								
Investments	\$151,383,843	\$134,618,075	\$228,719	\$196,916	\$151,612,562	\$134,814,991	\$478,489	\$630,465
Participants' interests in mutual funds	3,329,248	2,921,181			3,329,248	2,921,181		
Investment of cash collateral	13,178,002	13,310,868			13,178,002	13,310,868		
Participant 403(b) loans	243,048	225,426			243,048	225,426		
Accounts receivable:								
Contributions from University and affiliates	246,463	224,866	47,037	37,249	293,500	262,115		
Investment income	95,024	116,650			95,024	116,650		
Security sales and other	538,033	614,202	868	888	538,901	615,090		
Prepaid insurance premiums			2,362	1,847	2,362	1,847		
Total assets	169,013,661	152,031,268	278,986	236,900	169,292,647	152,268,168	478,489	630,465
Liabilities								
Payable to University			8,755	11,014	8,755	11,014		
Payable for securities purchased	340,386	323,960			340,386	323,960		
Member withdrawals, refunds and other payables	565,488	534,850			565,488	534,850		
Collateral held for securities lending	13,178,002	13,310,851			13,178,002	13,310,851		
Total liabilities	14,083,876	14,169,661	8,755	11,014	14,092,631	14,180,675		
Net position held in trust								
Members' defined benefit plan benefits	110,808,448	98,764,294			110,808,448	98,764,294		
Participants' defined contribution plan benefits	44,121,337	39,097,313			44,121,337	39,097,313		
Retiree health benefits			270,231	225,886	270,231	225,886		
Custodial external investment pool funds							478,489	630,465
Total net position held in trust	\$154,929,785	\$137,861,607	\$270,231	\$225,886	\$155,200,016	\$138,087,493	\$478,489	\$630,465

See accompanying Notes to Financial Statements.

Statement of Changes in Fiduciary Net Position

Years ended June 30, 2025 and 2024 (in thousands of dollars)

Description	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024	University of California Retiree Health Benefit Trust (UCRHBT) 2025	University of California Retiree Health Benefit Trust (UCRHBT) 2024	Total UCRS and UCRHBT 2025	Total UCRS and UCRHBT 2024	Custodial External Investment Pool Funds 2025	Custodial External Investment Pool Funds 2024
Additions								
Contributions:								
Members and employees	\$4,017,870	\$3,516,891			\$4,017,870	\$3,516,891		
University	3,906,622	3,168,762	\$462,890	\$414,775	4,369,512	3,583,537		
Other							\$233,671	\$353,895
Total contributions	7,924,492	6,685,653	462,890	414,775	8,387,382	7,100,428	233,671	353,895
Investment income (loss), net:								
Net appreciation in fair value of investments	14,914,659	13,883,079			14,914,659	13,883,079	22,961	267,343
Interest, dividends and other investment income	2,645,524	2,958,517	10,455	9,987	2,655,979	2,968,504	12,593	11,966
Securities lending income	647,166	197,750			647,166	197,750		
Securities lending fees and rebates	(601,123)	(193,949)			(601,123)	(193,949)		
Net investment income (loss)	17,606,226	16,845,397	10,455	9,987	17,616,681	16,855,384	35,554	279,309
Total additions, net	25,530,718	23,531,050	473,345	424,762	26,004,063	23,955,812	269,225	633,204
Deductions								
Benefit payments:								
Retirement payments	3,716,775	3,538,126			3,716,775	3,538,126		
Member withdrawals	149,701	145,122			149,701	145,122		
Cost-of-living adjustments	920,704	875,875			920,704	875,875		
Lump sum cash-outs	626,580	469,517			626,580	469,517		
Preretirement survivor payments	62,977	61,540			62,977	61,540		
Disability payments	24,636	25,070			24,636	25,070		
Death payments	11,070	11,734			11,070	11,734		
Participant withdrawals	2,842,768	2,280,368			2,842,768	2,280,368		
Total benefit payments	8,355,211	7,407,352			8,355,211	7,407,352		
Insurance premiums:								
Insured plans			189,165	158,992	189,165	158,992		
Self-insured plans			197,295	187,295	197,295	187,295		
Medicare Part B reimbursements			35,398	39,893	35,398	39,893		
Total insurance premiums, net			421,858	386,180	421,858	386,180		
Other deductions:								
Plan administration and other expenses	107,329	105,858	7,142	5,520	114,471	111,378		
External investment withdrawals							421,201	597,841
Total other deductions	107,329	105,858	7,142	5,520	114,471	111,378	421,201	597,841
Total deductions	8,462,540	7,513,210	429,000	391,700	8,891,540	7,904,910	421,201	597,841
Change in net position held in trust	17,068,178	16,017,840	44,345	33,062	17,112,523	16,050,902	(151,976)	35,363
Net position held in trust								
Beginning of year	137,861,607	121,843,767	225,886	192,824	138,087,493	122,036,591	630,465	595,102
End of year	\$154,929,785	\$137,861,607	\$270,231	\$225,886	\$155,200,016	\$138,087,493	\$478,489	\$630,465

See accompanying Notes to Financial Statements.





Notes to Financial Statements

Years ended June 30, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies

Organization

The University of California (the University) was founded in 1868 as a public, state-supported institution. The California State Constitution provides that the University shall be a public trust administered by the corporation, “The Regents of the University of California,” which is vested with full powers of organization and government, subject only to such legislative control necessary to ensure the security of its funds and compliance with certain statutory and administrative requirements. The majority of the 26-member independent governing board (The Regents) are appointed by the governor and approved by the state Senate. Various University programs and capital outlay projects are funded through appropriations from the state’s annual Budget Act. The University’s financial statements are discretely presented in the state’s basic financial statements as a component unit.

Financial Reporting Entity

The University’s financial statements include the 10 campuses, five medical centers, a statewide agricultural extension program and the operations of most student government or associated student organizations as part of the primary financial reporting entity because The Regents has certain oversight responsibilities for these organizations. Organizations that are not significant or for which the University is not financially accountable, such as booster and alumni organizations, are not included in the reporting entity.

Fiat Lux Risk and Insurance Company (Fiat Lux), the University’s wholly owned captive insurance company, is a blended component unit of the University. New Century Health Plan, Inc. (NCHP), a for-profit corporation wholly owned by The Regents, is a blended component unit of the University. The Regents is the sole corporate and voting member of UCSF Health Community Hospitals and Children’s Hospital & Research Center at Oakland (CHRCO), which are both private, not-for-profit Internal Revenue Code section 501(c)(3) corporations. Children’s Hospital & Research Center Foundation, a not-for-profit public benefit corporation, is organized and operated for the purpose of supporting CHRCO. CHRCO, combined with its foundation, and UCSF Health Community Hospitals are blended component units of the University. In addition, the financial position and operating results of certain other legally separate organizations are included in the University’s financial reporting entity on a blended basis if The Regents is determined to be financially accountable for the organization. These include legally separate organizations that provide research and housing services entirely, or almost entirely, to the University or otherwise exclusively, or almost exclusively, to benefit the University.

The University has 12 legally separate, tax-exempt, affiliated foundations, one for each campus, with one additional associated with UCLA, and one supporting the Lawrence Berkeley National Laboratory (LBNL). The economic resources received or held by the foundations are entirely for the benefit of the campuses. Because of the nature and significance of their relationship with the University, including their ongoing financial support, the campus foundations are reported under GASB requirements as discretely presented component units of the University.

Specific assets and liabilities and all revenues and expenses associated with LBNL, a major United States Department of Energy (DOE) national laboratory operated and managed by the University under contract directly with the DOE, are included in the accompanying financial statements.

The Regents has fiduciary responsibility for the University of California Retirement System (UCRS), which includes two defined benefit plans, the University of California Retirement Plan (UCRP) and the University of California Voluntary Early Retirement Incentive Plan (UC-VERIP), and four defined contribution plans in the University of California Retirement Savings Program (UCRSP): the Defined Contribution Plan (DC Plan), the Supplemental Defined Contribution Plan (SDC Plan), the Tax-Deferred 403(b) Plan (403(b) Plan) and the 457(b) Deferred Compensation Plan (457(b) Plan). As a result, the UCRS statements of fiduciary net position and changes in fiduciary net position are shown as a fiduciary activity in the University’s financial statements.

The Regents also has fiduciary responsibility for the University of California Retiree Health Benefit Trust (UCRHBT). As a result, UCRHBT’s statements of fiduciary net position and changes in fiduciary net position are shown as a fiduciary activity in the University’s financial statements. UCRHBT allows certain University locations and affiliates, primarily campuses and medical centers that share the risks, rewards and costs of providing for retiree health benefits, the opportunity to fund such benefits on a cost-sharing basis and

to accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. The Regents serves as Trustee of UCRHBT and has the authority to amend or terminate the trust.

Acquisitions

In August 2024, the Regents, representing UCSF Health, acquired two hospitals for the preliminary cash consideration of \$69.5 million. The purpose of the acquisition was to address hospital inpatient capacity needs and to continue to better serve the local community with safe, timely and equitable access to high-quality health care.

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, using the economic resources measurement focus and the accrual basis of accounting. The University follows accounting principles issued by the Governmental Accounting Standards Board (GASB).

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. As a public institution, the University is considered a special-purpose government engaged primarily in a business-type activity under the provisions of GASB Statements Nos. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—an amendment of GASB Statement No. 34*. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Change in Accounting Principle

Certain amounts in the 2024 financial statements have been restated to reflect a change in the revenue recognition principle for Medi-Cal reimbursement programs, previously recognized upon final Centers for Medicare & Medicaid Services (CMS) approval, now recognized when preprint approval* is obtained, services are rendered and amounts are reasonably estimable. This approach is preferable as it aligns revenue with the period of service, avoids timing mismatches, is supported by consistent funding patterns, reliable historical estimates and CMS preprint approvals. The change has been applied retroactively to prior periods for comparability.

*Preprint approval refers to CMS's review and acceptance of an application form (preprint) that states, including California under its Medi-Cal program, must submit for Medicaid managed care contracts and rate certifications. This approval authorizes states to implement specific directed payment arrangements and related payment terms under the Medicaid (or Medi-Cal) program.

Adoption of Accounting Pronouncement

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* (GASB 101), effective for the University's fiscal year beginning July 1, 2024. The Statement replaces Statement No. 16, *Accounting for Compensated Absences*, to align recognition and measurement guidance for all types of compensated absences under a unified model. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement also establishes guidance for measuring a liability for leave that has not been used.

The adoption of GASB 101 did not result in any adjustments to the financial statements of the campus foundations, UCRS, UCRHBT or the custodial external investment pool funds as these entities do not have employees.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102), effective for the University's fiscal year beginning July 1, 2024. GASB 102 requires the University to assess whether a concentration or constraint makes the University vulnerable to the risk of a substantial impact and whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. See Note 23. Subsequent Events for additional discussion.

Table 1.1 presents the effect of adopting GASB 101 and the change in accounting principle on beginning net position for July 1, 2023.

Table 1.1: Effects of adopting GASB 101 and the change in accounting principle on beginning net position for July 1, 2023
(in thousands of dollars)

Description	Total
Beginning net position, as previously reported	(\$40,570)
Effect of adoption of GASB 101	(89,565)
Effect of change in accounting principle	910,228
Beginning net position, as restated	\$780,093

Tables 1.2a, 1.2b and 1.2c present the effects of adopting GASB 101 and the change in accounting principle in the University's financial statements for the year ended June 30, 2024.

Table 1.2a: Restated statement of net position at June 30, 2024 (in thousands of dollars)

Statement of net position	As previously reported and revised	Effect of adoption of GASB 101	Effect of change in accounting principle	As restated
Accounts receivable, net	\$8,226,291		\$598,919	\$8,825,210
Accounts payable	3,218,340		24,048	3,242,388
Employee benefits	1,470,455	\$1,103,685		2,574,140
Other current liabilities	3,041,403	(1,082,242)	(23,695)	1,935,466
Other noncurrent liabilities	822,166	76,689		898,855
Unrestricted net position	(28,498,012)	(98,132)	598,566	(27,997,578)

Table 1.2b: Restated statement of revenues, expenses and changes in net position for the year ended June 30, 2024
(in thousands of dollars)

Statement of revenues, expenses and changes in net position	As previously reported	Effect of adoption of GASB 101	Effect of change in accounting principle	As restated
Medical centers, net	\$22,050,727		(\$256,223)	\$21,794,504
Educational activities, net	6,187,696		(49,979)	6,137,717
Other employee benefits	5,810,379	\$8,568		5,818,947
Other operating expenses	7,933,306		5,459	7,938,765

Table 1.2c: Restated statement of cash flows for the year ended June 30, 2024 (in thousands of dollars)

Statement of cash flows	As previously reported and revised	Effect of adoption of GASB 101	Effect of change in accounting principle	As restated
Reconciliation of operating loss to net cash used by operating activities				
Operating loss	(\$8,144,433)	(\$8,568)	(\$311,661)	(\$8,464,662)
Accounts receivable	(2,543,199)		306,202	(2,236,997)
Accounts payable	623,035		5,459	628,494
Employee benefits	483,865	8,568		492,433

Revision

During fiscal year 2025, the University identified a prior period misclassification in which bond proceeds were reported as net investment in capital assets rather than unrestricted net position. Accordingly, the June 30, 2024, Statement of Net Position was revised to increase the net investment in capital assets by \$400.0 million and decrease unrestricted net position by the same amount, with no impact on total net position or the 2024 Statements of Revenues, Expenses, Changes in Net Position or cash flows.

Reclassification

Reclassifications have been made to the 2024 financial information to conform to the 2025 financial statement presentation. In Note 12, certain reclassifications have been made to the 2024 amounts to categorize the short-term portion of compensated absences as part of employee benefits on the statements of net position. Such amounts were previously included in other current liabilities. In the Statement of Net Position and Note 12, certain reclassifications have been made to the 2024 amounts to categorize the long-term portion of compensated absences as part of other noncurrent liabilities. Such amounts were previously included in other current liabilities.

Significant Accounting Policies

The significant accounting policies of the University are as follows:

Cash and cash equivalents

The University and campus foundations consider all balances in demand deposit accounts to be cash. The University classifies all other highly liquid cash equivalents with original maturities of less than one year as short-term investments. Certain campus foundations classify their deposits in the University's Short Term Investment Pool (STIP) as cash equivalents.

Investments

Investments are measured and reported at fair value. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry-standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Investment in non-exchange traded debt and equity investments are valued using inputs provided by independent pricing services or by brokers/dealers who actively trade in these markets. Certain securities may be valued on a basis of the price provided by a single source.

Investments also include private equities, private credit, absolute return funds, real estate, real asset and certain corporate asset-backed securities. Private equities include venture capital partnerships, buyouts, real assets and international funds. Fair values for interests in private equity, absolute return partnerships and real estate partnerships are based on valuations provided by the general partners of the respective partnerships. The valuations are primarily based on the most recent net asset value (NAV) of the underlying investments. The NAV is reported by the external investment managers, including general partners, in accordance with their policies as described in their respective financial statements and offering memoranda. The most recent NAV is adjusted for capital calls, distributions and significant known valuation changes, if any, of its related portfolio through June 30, 2025 and 2024.

Interests in certain direct investments in real estate and private credit are estimated based upon independent appraisals. Because the private equity, real estate, real assets and absolute return partnerships, along with direct investments in real estate, are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would be used had a ready market for such investments existed. These investments are generally less liquid than other investments.

For other investments, the University considers various factors to estimate fair value, such as the timing of the transaction, the market in which the company operates, comparable transactions, company performance and projections as well as discounted cash flow analysis. The selection of an appropriate technique may be affected by the availability and general reliability of relevant inputs. In some cases, one valuation technique may provide the best indication of fair value, while in other circumstances, multiple valuation techniques may be appropriate. Furthermore, the University may review the investment's underlying portfolio as well as engage external appraisers, depending on the nature of the investment.

The University exercises due diligence in assessing the external managers' use of and adherence to fair value principles. In conjunction with these procedures, estimated fair value is determined by consideration of a wide range of factors, including market conditions, redemption terms and restrictions and risks inherent to the inputs of the external investment managers' valuation. In situations where the information provided by the external manager is deemed to not be representative of the fair value as of the measurement date, management evaluates specific features of the investment and utilizes supplemental fair value information provided by the external manager along with any relevant market data to measure the investment's fair value.

Investments in registered investment companies are valued based upon the reported NAV of those companies. Mortgage loans held as investments are valued on the basis of their future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Insurance contracts are valued at contract value, plus reinvested interest, which approximates fair value.

Investments denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign currency exchange rates. Purchases and sales of investments and their related income are translated at the rate of exchange on the respective transaction dates. Realized and unrealized gains and losses resulting from foreign currency changes are included in the University's statements of revenues, expenses and changes in net position as part of net appreciation in fair value of investments.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. Gifts of securities are recorded based on fair value at the date of donation.

Campus foundations may invest all or a portion of their investments in University-managed investment pools.

Derivative financial instruments

Derivative instruments are recorded at fair value. Futures contracts, foreign currency exchange contracts, stock rights and warrants, options and swaptions are valued at the settlement price on the last day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry-standard pricing service, when available. Financial institutions or independent advisors have estimated the fair value of the interest rate swaps and total return swaps using quoted market prices when available or discounted expected future net cash flows.

The University has entered into interest rate swap agreements to limit the exposure of its variable-rate debt to changes in market interest rates. Interest rate swap agreements involve the exchange with a counterparty of fixed- and variable-rate interest payments periodically over the life of the agreement without exchange of the underlying notional principal amounts. The net differential to be paid or received is recognized over the life of the agreements as an adjustment to interest expense. The University's counterparties are major financial institutions.

Derivatives are recorded at estimated fair value as either assets or liabilities in the statements of net position. Certain derivatives are determined to be hedging derivatives and designated as either a fair value or cash flow hedge. Under hedge accounting, changes in the fair value of hedging derivatives are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

Changes in the fair value of derivatives that are not hedging derivatives are recorded as net appreciation or depreciation in fair value of investments in the statements of revenues, expenses and changes in net position.

Accounts receivable, net

Accounts receivable, net of allowance for uncollectible amounts, include reimbursements due from state and federal sponsors of externally funded research, patient billings, accrued income on investments and other receivables. Other receivables include local government and private grants and contracts, educational activities and amounts due from lessees, students, employees and faculty.

Pledges receivable, net

Unconditional pledges of private gifts to the University or campus foundations, net of allowance for uncollectible amounts, are recorded as pledges receivable and revenue in the year promised at the net present value of expected cash flows. Conditional pledges, including all pledges of endowments and intentions to pledge, are recognized as receivables and revenues when the specified conditions are met.

Beneficial interests in irrevocable split-interest agreements

The beneficial interests in irrevocable split-interest agreements represent the University's and the campus foundations' right to the portion of the benefits from the irrevocable split-interest agreements that are administered by third parties and are recognized as assets and deferred inflows of resources. These beneficial interests are measured at fair value and are reported as other noncurrent assets in the statements of net position. Changes in the fair value of the beneficial interest assets are recognized as an increase or decrease in the related deferred inflows of resources. At the termination of the agreement, net assets received from the beneficial interests are recognized as revenues.

Notes and mortgages receivable, net

Loans to students, net of allowance for uncollectible amounts, are provided from federal student loan programs and from other University sources. Home mortgage loans, primarily to faculty, are funded from the University's STIP and from other University sources. Mortgage loans funded by STIP are classified as investments, and loans provided by other sources are classified as mortgages receivable in the statements of net position.

Inventories

Inventories for the campuses, consisting primarily of supplies and merchandise for resale, are valued at cost, typically determined under the weighted average method, which is not in excess of estimated net realizable value. Inventories for the medical centers consist primarily of pharmaceuticals and medical supplies which are stated on a first-in, first-out basis at the lower of cost or market.

DOE national laboratories

The University operates and manages LBNL under a contract directly with the DOE. Specific assets and liabilities and all revenues and expenses associated with LBNL are included in the financial statements. Other assets, such as cash, property and equipment and other

liabilities of LBNL are owned by the United States government rather than the University and, therefore, are not included in the statements of net position. The statements of cash flows exclude the cash flows associated with LBNL other than reimbursements, primarily related to pension and retiree health benefits, since all other cash transactions are recorded in bank accounts owned by the DOE.

The University is a member in two separate joint ventures that operate and manage two other DOE laboratories under contracts directly with the DOE. Lawrence Livermore National Security, LLC (LLNS) operates and manages Lawrence Livermore National Laboratory (LLNL). Triad National Security, LLC (Triad) operates and manages Los Alamos National Laboratory (LANL). The University's investments in Triad and LLNS are accounted for using the equity method. Accordingly, the University's statements of net position include its equity interest in Triad and LLNS, adjusted for the equity in undistributed earnings or losses and the statements of revenues, expenses and changes in net position include its equity in the current earnings or losses of Triad and LLNS.

The DOE is financially responsible for substantially all of the current and future costs incurred at any of the national laboratories, including pension and retiree health benefit costs. Accordingly, to the extent there are liabilities on the University's statements of net position for pension or retiree health obligations related to these laboratories, the University also records a receivable from the DOE.

Capital assets, net

Land, infrastructure, buildings and improvements, intangible assets, equipment, libraries, collections and special collections are recorded at cost at the date of acquisition or estimated acquisition value at the date of donation in the case of gifts. Estimates of acquisition value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual value. Intangible assets include easements, land rights, trademarks, patents, right-to-use lease assets, right-to-use subscription-based information technology arrangement (SBITA) assets and other similar arrangements. Leases and SBITAs are recorded at the estimated present value of future payments, net of amounts paid in advance and capitalizable implementation costs. Significant additions, replacements, major repairs and renovations to infrastructure and buildings are generally capitalized if the cost equals or exceeds \$35,000 and if they have a useful life of more than one year. Minor renovations are considered operating expenses. Equipment with a cost equal to or in excess of \$5,000 and a useful life of more than one year is capitalized. Incremental costs, including salaries and employee benefits, directly related to the acquisition, development and installation of major software projects are included in the cost of the capital assets. All costs of land, library collections and special collections are capitalized.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Assets under leases and SBITAs are amortized over the shorter of the lease or subscription term or the estimated useful life of the asset. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the applicable lease or the useful life of the asset.

Estimated useful lives are presented in **Table 1.3**.

Table 1.3: Estimated useful lives

Description	Years
Infrastructure	25
Buildings and improvements	15 to 33
Equipment	2 to 20
Computer software	3 to 7
Intangible assets	2 to indefinite
Library books and collections	15

Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are also capitalized and depreciated.

Inexhaustible capital assets, such as land or special collections that are protected, preserved and held for public exhibition, education or research, including art, museum, scientific and rare book collections are not depreciated.

Service concession arrangements

The University has entered into service concession arrangements with third parties for parking, student housing and certain other faculty and student services. Under these arrangements, the University enters into ground leases with third parties at minimal or no cost and gives the third party the right to construct, operate and maintain a facility, primarily for the benefit of students and faculty at competitive rates. Rate increases for use of the facilities are subject to certain constraints, and ownership of the facilities reverts to the University upon expiration of the ground leases. The facilities are reported as capital assets by the University when placed in service and a corresponding deferred inflow of resources is reported. The University has not provided guarantees on financing obtained by the third parties under these arrangements.

Unearned revenue

Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees for housing and dining services.

Federal refundable loans

Certain loans to students are administered by the University with funding primarily supported by the federal government. The University's statements of net position include both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed.

Bond premium

The bond premium received in the issuance of long-term debt is amortized as a reduction to interest expense over the term of the related long-term debt.

Self-insurance programs

The University is self-insured or insured through Fiat Lux for medical malpractice, workers' compensation, employee health care and general liability claims. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by independent insurers. Liabilities are recorded when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments. Settlements did not exceed self-insured or supplemental insured coverage for any program in the past three fiscal years.

Obligations under life income agreements

Obligations under life income agreements represent trusts with living income beneficiaries where the University has a residual interest. The investments associated with these agreements are recorded at fair value. The discounted present value of the income beneficiary interest is reported as a liability in the statements of net position. Gifts subject to such agreements administered by the University are recorded as deferred inflows of resources, net of the income beneficiary share, at the date of the gift. At the termination of the agreement, the University's residual interest is recorded as gift revenue in the statements of revenues, expenses and changes in net position.

Pollution remediation obligations

Upon an obligating event, the University estimates the components of any expected pollution remediation costs and recoveries from third parties. The costs, estimated using the expected cash flow technique, are accrued as a liability. Pollution remediation liabilities generally involve groundwater, soil and sediment contamination at certain sites where state and other regulatory agencies have indicated that the University is among the responsible parties. The liabilities are reviewed annually and may increase or decrease the cost of recovery from third parties, if any, as a result of additional information that refines the estimates, or from payments made from revenue sources that support the activity. There were no expected recoveries at June 30, 2025 and 2024 reducing the pollution remediation liability.

Asset retirement obligations

Upon an obligating event, the University records the costs of any expected tangible capital asset retirement obligations using the best estimate of the current value of outlays expected to be incurred. The liabilities are reviewed annually and may change as a result of additional information that refines the estimates. Actual asset retirement obligation costs may vary from these estimates as a result of changes in assumptions such as asset retirement dates, regulatory requirements, technology and costs of labor, materials and equipment. The estimated remaining useful lives of these assets range from 1 to 26 years.

Deferred outflows of resources and deferred inflows of resources

Deferred outflows of resources and deferred inflows of resources represent a consumption and acquisition of net position that apply to a future period, respectively. The University classifies gains on refunding of debt, increases in the fair value of hedging derivatives, payments received or to be received from service concession arrangements, changes in irrevocable split-interest agreements and certain lease payments to be received as deferred inflows of resources. The University classifies losses on refunding of debt, decreases in the fair value of hedging derivatives and certain asset retirement obligations as deferred outflows of resources. The difference between the net position acquired and consideration provided for acquisitions are reported as deferred outflow of resources and are recognized over the expected remaining service life of capital assets acquired when acquisitions are largely based on the expected use of those capital assets. Gains or losses on refunding of debt are amortized as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter. Asset retirement obligations are recognized over the remaining useful life of the related asset. Revenues from split interest agreements are recognized when the resources become available to spend. Lease revenues are recognized over the lease term.

Changes in the net pension and net retiree health liabilities not included in expenses are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and retiree health liabilities are reported as deferred outflows of resources.

Net position

Net position is required to be classified for accounting and reporting purposes into the following categories:

- **Net investment in capital assets.** This category includes all of the University's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.
- **Restricted.** The University and campus foundations classify the net position resulting from transactions with purpose or time restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact.
 - **Nonexpendable.** The net position subject to externally imposed restrictions, which must be retained in perpetuity by the University or campus foundations, is classified as restricted nonexpendable. This includes the University and campus foundation permanent endowment funds.

Also included in restricted nonexpendable net position are minority interests, which include the net position of legally separate organizations attributable to other participants.
 - **Expendable.** The net position whose use by the University or campus foundations is subject to externally imposed restrictions that can be fulfilled by actions of the University or campus foundations pursuant to those restrictions or that expire by the passage of time is classified as restricted expendable.
- **Unrestricted.** The net position that is not subject to externally imposed restrictions governing its use is classified as unrestricted. The University's unrestricted net position may be designated for specific purposes by management or The Regents. The campus foundations' unrestricted net position may be designated for specific purposes by their Boards of Trustees. Substantially all of the University's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs or for other purposes.

Restricted or unrestricted resources are spent based upon a variety of factors, including funding restrictions, consideration of prior and future revenue sources, the type of expense incurred, the University's budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost. Unrestricted net position is negative due primarily to liabilities for pension and retiree health benefits exceeding University assets available to pay such obligations.

Revenues and expenses

Operating revenues of the University include receipts from student tuition and fees, grants and contracts for specific operating activities and sales and services from medical centers, educational activities and auxiliary enterprises. Expenses incurred in conducting the programs and services of the University are presented in the statements of revenues, expenses and changes in net position as operating activities. The University's equity in current earnings or losses of Triad and LLNS is also considered operating.

Certain significant revenues relied upon and budgeted for fundamental operational support of the primary mission of the University are mandated by GASB to be recorded as nonoperating revenues, including state educational appropriations, certain federal grants for student financial aid, private gifts and investment income, since GASB does not consider them to be related to the principal operating activities of the University.

Nonoperating revenues and expenses also include state financing appropriations, state hospital fee grants, direct government grants, Build America Bond federal interest subsidies, net appreciation (depreciation) in the fair value of investments, interest expense and the gain (loss) on the disposal of capital assets.

Campus foundations are established to financially support the University. Private gifts to campus foundations are recognized as operating revenues since, in contrast to the University, such contributions are fundamental to the primary mission of the campus foundations. Foundation grants to the University are recognized as operating expenses by the foundations. Private gift or capital gift revenues associated with campus foundation grants to the University are recorded by the University as gifts when the foundations transfer the gifts to the University.

State capital appropriations, capital gifts and grants and gifts for permanent endowment purposes are classified as other changes in net position.

Student tuition and fees

Substantially all student tuition and fees provide for the current operations of the University. A small portion of the student fees, reported as capital gifts and grants, is required for debt service associated with student unions and recreational centers.

The University recognizes scholarship allowances as the difference between the stated charge for tuition and fees, housing and dining charges, recreational center and other fees, and the amount that is paid by the student and third parties on behalf of the student. Payments of financial aid made directly to students are classified as scholarship and fellowship expenses.

Scholarship allowances are netted against student tuition and fees in the statements of revenues, expenses and changes in net position for the years ended June 30 as presented in **Table 1.4**.

Table 1.4: Scholarship allowances (in thousands of dollars)

Description	2025	2024
Student tuition and fees	\$1,582,167	\$1,531,090
Auxiliary enterprises	358,980	245,909
Other operating revenues	11,836	18,517
Scholarship allowances	\$1,952,983	\$1,795,516

State appropriations

The state of California provides appropriations to the University on an annual basis. State educational appropriations are recognized as nonoperating revenue as required by GASB; however, the related expenses for educational, retirement or other specific operating purposes are reported as operating expenses. State appropriations for capital projects are recorded as revenue under other changes in net position when the related expenditures are incurred. Special state appropriations such as those for research related to AIDS, tobacco and breast cancer are reported as state grants and contracts operating revenue.

Grant and contract revenue

The University receives grant and contract revenue from governmental and private sources. The University recognizes revenue associated with the direct costs of sponsored programs as the related expenditures are incurred. Direct costs are comprised of directly assignable programmatic expenses. Indirect shared essential research support costs (otherwise known as facilities and administrative costs, or F&A) are comprised of essential research support expenses for facilities, regulatory compliance and administrative services. Recovery of F&A costs of federally sponsored programs is at cost reimbursement rates negotiated with the University's federal cognizant agency, the U.S. Department of Health and Human Services. For the year ended June 30, 2025, the F&A cost recovery totaled \$1.8 billion, which consisted of \$1.2 billion from federally sponsored programs and \$599.2 million from other sponsors. For the year ended June 30, 2024, the F&A cost recovery totaled \$1.7 billion, which consisted of \$1.1 billion from federally sponsored programs and \$561.6 million from other sponsors.

Medical center revenue

Medical center revenue is reported at the estimated net realizable amounts from patients and third-party payors, including Medicare, Medi-Cal and others, for services rendered, as well as estimated retroactive adjustments under reimbursement agreements with third-party payors. Laws and regulations governing Medicare and Medi-Cal are complex and subject to interpretation. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is reasonably possible that estimated amounts accrued could change significantly based upon settlements, or as additional information becomes available.

Net pension liability

The University records a net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plans' fiduciary net positions. The fiduciary net position and changes in net position of the defined benefit plans have been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

Pension expense is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors

are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual investment returns are reported as deferred inflows or outflows and are recognized over five years.

Both current employees and retirees at LBNL participate in UCRP. The University makes contributions to UCRP for LBNL employees based upon rates authorized by The Regents and is reimbursed by the DOE. The University also makes contributions to UCRP for LANL and LLNL retirees and terminated vested members, whose benefits were retained in UCRP at the time the joint ventures were formed. The University records a receivable for the net pension liability that is expected to be collected from the DOE. The University deposits funds in UCRP when the DOE makes payments for these contributions. Pension expense for LBNL is included within the DOE laboratory expense, and the contributions from the DOE and deposits into UCRP on behalf of DOE are included as DOE laboratory revenue in the statements of revenues, expenses and changes in net position.

Retiree health benefits and liability

The University's net retiree health benefits liability is measured as the total retiree health benefits liability, less the amount of the UCRHBT's fiduciary net position. The fiduciary net position and changes in net position of UCRHBT have been measured consistent with the accounting policies used by the trust. The total retiree health benefits liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the health benefit trust's fiscal year end. Projected benefit payments are discounted using tax-exempt, high-quality municipal bond rate.

Expense for retiree health benefits is recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for retiree health benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

LBNL participates in the University's retiree health plans. The net retiree health benefits liability for LBNL is determined independently from the University's campuses and medical centers. Retiree health benefits expense for LBNL is included within the DOE laboratory expense, and the contributions from the DOE are included as DOE laboratory revenue in the statements of revenues, expenses and changes in net position.

The University records a receivable from the DOE for the DOE's portion of the University's net retiree health benefits liability attributable to LBNL. The University does not have any retiree health benefits liability for LANL or LLNL retiree health benefit costs since their current or former employees do not participate in the University's retiree health plans.

Campus and medical center contributions toward retiree health costs made to UCRHBT, the University's LBNL-related payments made directly to health care insurers and administrators and the corresponding reimbursements from the DOE are shown as operating activities in the statements of cash flows. Cash flows resulting from retiree health contributions from retirees are shown as noncapital financing activities in the statements of cash flows.

University of California Retiree Health Benefit Trust

UCRHBT receives the University's contributions toward retiree health benefits from campuses, medical centers and University affiliates. The University receives retiree health contributions from University affiliates and campus and medical center retirees that are deducted from their UCRP benefit payments or are received from the retirees through direct pay and then remitted to UCRHBT.

The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees. UCRHBT reimburses the University for these amounts.

Since LBNL does not participate in UCRHBT, the DOE has no interest in its assets.

Compensated absences

The University accrues various types of compensated absences, including vacation, sick leave and other employer-related costs, for employees at rates based on factors such as length of service and job classification. Compensatory time is accrued based on job classification and hours worked. When accumulated compensated absence balances are utilized by employees for time off, it is assumed that those balances are used chronologically from those recently earned to those earned in prior fiscal years.

Endowment spending

Under provisions of California law, the Uniform Prudent Management of Institutional Funds Act allows for investment income, as well as a portion of realized and unrealized gains, to be expended for the operational requirements of University programs.

Custodial external investment pool funds

Custodial funds represent assets held in the University's investment pools on behalf of associated organizations that are not part of the University's financial reporting entity. As a result, these funds are reported as fiduciary activities in the University's financial statements.

Tax exemption

The University is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), except for tax on unrelated business income under IRC Section 511. The University is also exempt from federal income tax under IRC Section 115(a) as a state institution. In addition, the University is exempt from state income taxes imposed under the California Revenue and Taxation Code. UCRS plans are qualified under IRC Section 401(a) and the related trusts are tax-exempt under Section 501(c)(3). The campus foundations are also qualified for tax exemption under IRC Section 501(c)(3). CHRCO and its component unit, the Children's Hospital and Research Center Foundation, are qualified for exemption under IRC Section 501(c)(3). Income received by UCRHBT is tax-exempt under IRC Section 115(a).

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates.

New Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), effective for the University's fiscal year beginning July 1, 2025. GASB 103 changes some of the reporting requirements issued in Statements 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and Statement 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. GASB 103 adds a section for noncapital subsidies in the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP). This means state educational appropriations will move from nonoperating revenue to the new noncapital subsidies section, with a required subtotal described as "Operating income (loss) and noncapital subsidies." Other provisions of GASB 103 (1) clarify guidance for management's discussion and analysis, (2) define operating and nonoperating revenues and expenses, (3) move items from other changes in net position into the other nonoperating revenues and expenses section, (4) replace extraordinary items and special items into a new "unusual or infrequent items" category. The University is evaluating the full effect that GASB 103 will have on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), effective for the University's fiscal year beginning July 1, 2025. GASB 104 requires certain types of capital assets to be disclosed separately. The Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if the University has decided to pursue the sale of the capital asset and it is probable that the sale will be finalized within one year of the financial statement date. The University is evaluating the full effect that GASB 104 will have on its financial statements.

2. Cash and Cash Equivalents

The University maintains centralized management for substantially all of its cash and cash equivalents. Cash in demand deposit accounts is minimized by sweeping available cash balances into investment accounts on a daily basis.

Under University policy, deposits are only held at financial institutions that maintain an issuer rating on long-term debt of A3 or higher by Moody's Investors Service (Moody's), A- or higher by Standard & Poor's (S&P) or an Asset Peer Group rating of 65 or higher as defined by Sheshunoff Bank Rating Reports. At June 30, 2025 and 2024, the carrying amount of the University's cash and cash equivalents, generally held in five nationally recognized banking institutions, was \$0.6 billion and \$0.5 billion, respectively, compared to bank balances of \$162.8 million and \$277.9 million, respectively. Deposits in transit and cash awaiting investment are the primary differences. The University's deposits are uninsured and uncollateralized except for bank balances insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable statutory limits.

The University does not have significant exposure to foreign currency risk in demand deposit accounts. Accounts held in foreign countries maintain minimum operating balances with the intent to reduce potential foreign exchange risk while providing an adequate level of liquidity to meet the obligations of the academic programs established abroad. The equivalent U.S. dollar balances required to support research groups and education abroad programs in foreign countries was \$3.7 million at June 30, 2025 and \$2.9 million at June 30, 2024.

The carrying amount of the campus foundations' cash and cash equivalents at June 30, 2025 and 2024 was \$260.2 million and \$255.1 million, respectively, compared to bank balances of \$121.3 million and \$103.1 million, respectively. Deposits in transit and cash awaiting investment are the primary differences. Included in cash and cash equivalents are deposits in the University's Short Term Investment Pool (STIP) of \$136.1 million at June 30, 2025 and \$150.5 million at June 30, 2024, with the remaining uncollateralized bank balances insured by the Federal Deposit Insurance Corporation (FDIC) up to applicable statutory limits. Uncollateralized bank balances include \$28.8 million and \$7.8 million in excess of the FDIC limits at June 30, 2025 and 2024, respectively. The campus foundations do not have exposure to foreign currency risk in their cash and cash equivalents.

3. Investments

The Regents, as the governing board of the University, is responsible for the oversight of the University's, UCRS' and UCRHBT's investments and establishes an investment policy, which is carried out by the Office of the Chief Investment Officer (UC Investments). These investments are associated with STIP, Total Return Investment Pool (TRIP), Blue and Gold Pool (BGP), General Endowment Pool (GEP), UCRS, UCRHBT and other investment pools managed by UC Investments, or are separately invested. Pursuant to The Regents' policies on campus foundations, the Board of Trustees for each campus foundation may determine that all or a portion of their investments will be managed by UC Investments. Asset and Risk Allocation Policy guidelines are provided to the campus foundations by the Investments Committee of The Regents.

Short Term Investment Pool (STIP)

STIP allows participants to maximize the returns on their short-term cash balances by taking advantage of the economies of scale of investing in a large pool with a broad range of maturities and is managed to maximize current earned income. Cash to provide for payroll, construction expenditures and other operating expenses for campuses and medical centers is invested in STIP. The available cash in UCRS or endowment investment pools awaiting investment, or cash for administrative expenses, is also invested in STIP.

Investments authorized by The Regents for STIP include fixed-income securities with a maximum maturity of three years. In addition, for STIP, The Regents has also authorized loans, primarily to faculty members residing in California, under the University's Mortgage Origination Program with terms of up to 40 years.

Total Return Investment Pool (TRIP)

TRIP allows participants the opportunity to maximize the return on their intermediate-term working capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. TRIP is managed to a total return objective and is intended to supplement STIP. Investments authorized by The Regents for TRIP include a diversified portfolio of equity, fixed-income and alternative investments.

Blue and Gold Pool (BGP)

BGP is an investment pool whose objective is to provide a low-cost, liquid, diversified investment vehicle to invest long-term excess reserves to earn a higher return than would otherwise be expected from STIP and TRIP. To achieve liquidity, transparency and minimal expense, a passive investment strategy in equities and bonds is used.

General Endowment Pool (GEP)

GEP is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. GEP is a balanced portfolio and the primary investment vehicle for endowed gift funds. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements.

Other

Other investment pools primarily facilitate annuity and life income arrangements. Separate investments are those that cannot be pooled due to investment restrictions or income requirements.

Investments authorized by The Regents for BGP, GEP, UCRS, other investment pools and separate investments include equity securities, fixed-income securities and certain other asset classes. The equity portion of the investment portfolios include both domestic and foreign common and preferred stocks which may be included in actively or passively managed strategies, along with exposure to private equities. The University's investment portfolios may include foreign currency-denominated equity securities. The fixed-income portion of the investment portfolios may include both domestic and foreign securities, along with certain securitized investments, including mortgage-backed and asset-backed securities. Fixed-income investment guidelines permit the use of futures and options on fixed-income instruments in the ongoing management of the portfolios. Real estate investments are authorized for all pools except STIP. Absolute return strategies, which may incorporate short sales, plus derivative positions to implement or hedge an investment position, are also authorized for all pools except STIP.

Derivative instruments, including futures, forward contracts, options and swap contracts are authorized for portfolio rebalancing in accordance with The Regents' asset allocation policy and as substitutes for physical securities. Derivatives are not used for speculative purposes.

The Regents has also authorized certain employee account balances in defined contribution plans included as part of UCRS' investments to be invested in mutual funds. The participants' interests in mutual funds are not managed by UC Investments and totaled \$3.3 billion and \$2.9 billion at June 30, 2025 and 2024, respectively.

Investments authorized by The Regents for the UCRHBT are restricted to a portfolio of high-quality money market instruments in a commingled fund that is managed externally. The average credit quality of the portfolio is A-1/P-1 with an average maturity of 49 days and 14 days at June 30, 2025 and 2024, respectively. The fair values of UCRHBT's investment in this portfolio were \$228.7 million and \$196.9 million at June 30, 2025 and 2024, respectively. These are measured at net asset value as of June 30, 2025 and 2024, respectively.

The composition of investments, by investment type at June 30 is presented in **Table 3.1**.

Table 3.1: Composition of investments by investment type (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Equity securities	\$22,220,069	\$20,272,963	\$77,741	\$207,303	\$90,912,582	\$72,487,939
U.S. government-guaranteed						
U.S. Treasury bills, notes and bonds	3,197,230	4,678,906	557,849	459,894	7,505,988	7,425,508
U.S. Treasury strips		414,381	4,301	4,120		72,438
U.S. TIPS				13,029	1,649,662	1,380,675
U.S. government-backed securities	171		12,142	8,813	4,133	
U.S. government-backed asset-backed securities			6,627	6,398	134,018	121,898
Total U.S. government-guaranteed	3,197,401	5,093,287	580,919	492,254	9,293,801	9,000,519
Other U.S. dollar-denominated						
Corporate bonds	1,030,629	1,516,702	298,115	230,668	4,583,715	5,257,199
Commercial paper	3,806,416	4,240,634				338,980
Repurchase agreements*					784,000	
U.S. agencies	630,275	114,979	6,040	7,576	2,055,107	2,742,743
U.S. agencies asset-backed securities	724	887	91,596	75,290	465,643	441,136
Corporate asset-backed securities			33,892	36,378	28,706	32,017
Supranational/foreign	497,127	791,323	4,254		1,424,635	2,065,615
Other	3,318	4,843	107,049	61,741	11,718	13,746
Total other U.S. dollar-denominated	5,968,489	6,669,368	540,946	411,653	9,353,524	10,891,436
Commingled funds						
Absolute return funds	345,979	904,680	4,032,169	3,344,044	860,943	1,845,464
Non-U.S. equity funds	1,430,036	1,303,338	971,434	855,618	3,847,482	3,296,006
Private equity	6,818,267	4,866,898	3,560,935	3,161,609	10,171,815	9,743,822
Private credit	875,348	939,761			2,100,137	2,278,817
Money market funds	989,844	1,202,918	1,511,348	1,811,420	4,135,762	5,323,090
U.S. equity funds	410	3,447	2,263,782	2,103,962	5,694,162	5,213,097
Real estate investment trusts	3,141,016	2,705,633	304,073	245,774	6,331,452	6,078,038
Real assets	563,842	593,136	33,542	59,314	2,831,386	3,154,240
U.S. bond funds	171,245	157,865	133,543	122,573	1,923,696	1,555,295
Non-U.S. bond funds	148	119	35,271	31,247		
Balanced funds	348,375	321,842	3,661,199	3,197,494		
Total commingled funds	14,684,510	12,999,637	16,507,296	14,933,055	37,896,835	38,487,869
Other investments						
Investment derivatives	3,940	495	36,558	10,279	7,400	4,012
Publicly traded real estate investment trusts	437,021	431,333			2,651,349	2,295,247
Mortgage loans	1,666,697	1,408,454				
Real estate	152,864	127,343	337,224	324,795	852,997	875,979
Other investments	73,480	169,554	362,663	352,312	415,355	575,074
Campus foundations' investments with the University	(4,128,780)	(3,673,607)				
UCRS investment in STIP	(2,252,180)	(2,953,909)				
Custodial investment funds	(478,489)	(630,465)	(753,423)	(728,256)		
Total other investments	(4,525,447)	(5,120,802)	(16,978)	(40,870)	3,927,101	3,750,312
Total investments	41,545,022	39,914,453	17,689,924	16,003,395	\$151,383,843	\$134,618,075
Less: Current portion	(4,774,768)	(5,105,163)	(1,542,257)	(1,562,469)		
Noncurrent portion	\$36,770,254	\$34,809,290	\$16,147,667	\$14,440,926		

*The Regents is invested in repurchase agreements held directly between SSGA Trust Company and various counterparties. As of June 30, 2025, the Regents recorded repurchase agreements of \$784.0 million, with investments of \$802.7 million in carrying value pledged as collateral. The repurchase agreement positions held have overnight maturities.

Investment Risk Factors

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk, may affect both equity and fixed-income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed-income securities are particularly sensitive to credit risks and changes in interest rates. Alternative investment strategies and their underlying assets and rights are subject to an array of economic and market vagaries that can limit or erode value.

Credit risk

Fixed-income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or the possibility that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond and, ultimately, to pay the principal. Credit quality is evaluated by independent bond rating agencies, like Moody's or S&P. The lower the rating, the greater the chance, in the rating agency's opinion, that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Certain fixed-income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk. Asset-backed securities are debt obligations that represent claims to the cash flows from pools of commercial, mortgage, credit card or student loans. Mortgage-backed securities issued by Ginnie Mae are backed by the full faith and credit of the U.S. government.

The investment guidelines for STIP recognize that a limited amount of credit risk, properly managed and monitored, is prudent and provides incremental risk-adjusted return over its benchmark. The combined benchmark for STIP is a 50/50 weighted average of the yield on a constant maturity one-year U.S. Treasury Note and U.S. 30-day Treasury Bills.

The University recognizes that credit risk is appropriate in balanced investment pools such as TRIP, BGP, UCRS and GEP by virtue of the benchmarks chosen for the fixed-income portion of those pools.

The core fixed-income benchmark for UCRSP is the Bloomberg MSCI US Aggregate ex-Tobacco ex-Fossil Fuels Index, comprised of 24.0 percent corporate bonds, 3.7 percent non-corporate bonds and 26.4 percent mortgage/asset-backed bonds, all of which carry some degree of credit risk. The remaining 45.9 percent is government-issued bonds. The core fixed-income benchmark for TRIP, BGP, UCRP and GEP is the Bloomberg 1-5 Year US Government/Credit Index, comprised of 25.6 percent corporate bonds and 4.9 percent non-corporate bonds, all of which carry some degree of credit risk. The remaining 69.5 percent is government-issued bonds.

Credit risk is managed primarily by diversifying across issuers. The University monitors and reviews its exposures on an ongoing basis and will maintain a high-quality portfolio within its investment guidelines.

The credit risk profile at June 30 is presented in **Table 3.2**.

Table 3.2: Credit risk profile (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Fixed- or variable-income securities						
U.S. government-guaranteed	\$3,197,401	\$5,093,287	\$580,919	\$492,254	\$9,293,801	\$9,000,519
Other U.S. dollar-denominated: AAA	167,181	268,379	86,735	97,827	302,619	1,215,657
Other U.S. dollar-denominated: AA	258,757	293,487	38,456	12,239	2,216,639	2,506,535
Other U.S. dollar-denominated: A	577,074	855,677	12,139	13,315	1,008,921	1,839,179
Other U.S. dollar-denominated: BBB	663,938	999,773	39,078	36,470	1,261,718	2,320,142
Other U.S. dollar-denominated: BB	8,291	7,862	125,589	99,963	1,567,357	1,039,782
Other U.S. dollar-denominated: B			93,609	62,946	1,201,525	798,524
Other U.S. dollar-denominated: CCC or below			7,342	2,848	360,559	240,890
Other U.S. dollar-denominated: Not rated	4,293,248	4,244,190	137,998	86,045	1,434,186	930,727
Commingled funds						
U.S. bond funds: Not rated	171,245	157,865	133,543	122,573	1,923,696	1,555,295
Non-U.S. bond funds: Not rated	148	119	35,271	31,247		
Money market funds: Not rated	989,844	1,202,918	1,511,348	1,811,420	4,135,762	5,323,090
Other investments						
Mortgage loans: Not rated	1,666,697	1,408,454				

Custodial credit risk

Custodial credit risk is the risk that in the event of the failure of the custodian, the investments may not be returned.

Substantially all of the University's, campus foundations' and UCRS' securities are registered in the University's name by the custodial bank as an agent for the University. Other types of investments such as private investments, real estate, commingled funds and derivatives represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk for such investments is remote.

Concentration of credit risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic or credit developments.

The U.S. and non-U.S. equity portions of the University and UCRS portfolios may be managed either passively or actively. For the portions managed passively, the concentration of individual securities is similar to their concentration in the benchmark. While some securities have a larger representation in the benchmark than others, the University considers passive management results in an absence of concentration of credit risk. For the portions managed actively, asset class guidelines do not specifically address concentration risk, but do state that the equity asset class, in the aggregate, will be appropriately diversified to control overall risk and will exhibit portfolio characteristics similar to the asset class benchmark (including concentration of credit risk). Concentration risk for individual portfolios is monitored relative to their individual benchmarks and agreed-upon risk parameters in their guidelines.

Each campus foundation may have its own individual investment policy designed to limit exposure to a concentration of credit risk. Securities issued or explicitly guaranteed by the U.S. government, mutual funds, external investment pools, other investment pools or investments that are invested by the University for the campus foundations are not subject to concentration of credit risk. Most of the campus foundations that hold other types of investments have policies to limit the exposure to an individual issuer.

At June 30, 2025 and 2024, no single issuer comprised more than 5 percent of investments held by the University, campus foundations or UCRS, excluding US government securities.

Interest rate risk

Interest rate risk is the risk that the value of fixed-income securities will decline because of changing interest rates. The prices of fixed-income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 1-percentage-point change in the level of interest rates. Interest rate risk for STIP is managed by constraining the maturity of all individual securities to be less than or equal to three years. There is no restriction on weighted average maturity of the portfolio as it is managed relative to the liquidity demands of the investors. The nature and maturity of individual securities in STIP allow for the use of weighted average maturity as an effective risk management tool, rather than the more complex measure, effective duration.

The portfolio guidelines constrain the potential price movement due to interest rate changes of the portfolio being similar to that of the benchmark. There are similar restrictions for the high-yield and emerging market debt portfolios relative to their benchmarks.

The effective durations at June 30 are presented in **Table 3.3**.

Table 3.3: Effective durations for securities (in years)

Securities	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Fixed- or variable-income securities						
U.S. government-guaranteed						
U.S. Treasury bills, notes and bonds	2.4	2.5	2.4	2.2	4.7	4.8
U.S. Treasury strips		1.6	0.5	12.4		1.1
U.S. TIPS				4.0	4.6	4.8
U.S. government-backed securities	2.6				13.5	
U.S. government-backed asset-backed securities					5.0	5.1
Other U.S. dollar-denominated						
Corporate bonds	2.7	2.7	1.3	1.7	3.2	3.2
U.S. agencies	0.2	0.5	4.4	4.1	0.5	1.1
U.S. agencies asset-backed securities	2.9	3.1			4.8	5.1
Corporate asset-backed securities					2.2	2.7
Supranational/foreign	2.7	2.7			3.1	2.9
Other	2.7	2.0	3.8	3.5	5.8	5.8
Commingled funds						
U.S. bond funds	4.0	3.8	5.7	5.6	4.3	3.0
Non-U.S. bond funds			6.9	7.5		
Money market funds*			0.2	0.2		

*Foundation investment in STIP

The University considers the effective durations for commercial paper, mortgage loans, insurance contracts and money market funds to be zero. The terms of the mortgage loans include variable interest rates. Insurance contracts can be liquidated without loss of principal, and money market funds consist of underlying securities that are of a short-term, liquid nature.

Investments also include various mortgage-backed securities, collateralized mortgage obligations, structured notes, variable-rate securities and callable bonds that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features. The effective durations of these securities, however, may be low.

At June 30, the fair values of such investments are presented in **Table 3.4**.

Table 3.4: Fair value of certain investments highly sensitive to interest rate changes *(in thousands of dollars)*

Investments	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Mortgage-backed securities	\$724	\$887	\$21,524	\$19,615	\$580,055	\$551,656
Collateralized mortgage obligations			68,829	61,854	37,201	39,592
Other asset-backed securities			28,566	20,293	338,525	320,917
Variable-rate securities	1,330,599	1,486,920			2,581,225	3,274,876
Callable bonds	1,276,899	1,493,945			7,198,363	8,552,739
Structured notes	340,604	189,820			2,517,414	517,812
Convertible bonds					2,282	9,265
Total	\$2,948,826	\$3,171,572	\$118,919	\$101,762	\$13,255,065	\$13,266,857

Mortgage-backed securities

These securities are issued primarily by Fannie Mae, Ginnie Mae and Freddie Mac and various commercial entities and include short embedded prepayment options. Unanticipated prepayments by the obligees of the underlying assets reduce the total expected rate of return.

Collateralized mortgage obligations

Collateralized mortgage obligations (CMOs) generate a return based upon either the payment of interest or principal on mortgages in an underlying pool. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates. In falling interest rate environments, the underlying mortgages are subject to a higher propensity of prepayments. In rising interest rate environments, the opposite is true.

Other asset-backed securities

Other asset-backed securities also generate a return based upon either the payment of interest or principal on obligations in an underlying pool, generally associated with auto loans or credit cards. As with CMOs, the relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates.

Variable-rate securities

These securities are investments with terms that provide for the adjustment of their interest rates on set dates and are expected to have fair values that will be relatively unaffected by interest rate changes. Variable-rate securities may have limits on how high or low the interest rate may change. These constraints may affect the market value of the security.

Callable bonds

Although bonds are issued with clearly defined maturities, an issuer may be able to redeem, or call, a bond earlier than its maturity date. The University must then replace the called bond with a bond that may have a lower yield than the original. The call feature causes the fair value to be highly sensitive to changes in interest rates.

Structured notes

Structured notes are investments whose interest payments or principal values are linked to changes in interest rates through embedded formulas or derivative features. The terms of these securities cause their fair values to be more sensitive to interest rate movements than traditional fixed-rate bonds. Depending on the structure, changes in interest rates may have a disproportionate effect on the note's market value or yield characteristics.

At June 30, the effective durations for these securities are presented in **Table 3.5**.

Table 3.5: Effective durations for certain securities *(in years)*

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Mortgage-backed securities	2.9	3.1	3.6	3.9	4.9	5.0
Collateralized mortgage obligations			2.9	2.5	3.4	3.7
Other asset-backed securities			1.6	1.2	6.2	0.1
Structured notes	2.6	2.7			3.8	3.0
Variable-rate securities	0.7	0.7			1.6	0.9
Callable bonds	2.5	2.6			2.5	2.6
Convertible bonds					1.2	1.5

Foreign currency risk

The University's strategic asset allocation policy for TRIP, UCRS and GEP includes allocations to non-U.S. equities and non-dollar-denominated bonds. The benchmarks for these investments are not hedged; therefore, foreign currency risk is part of the investment strategy. Portfolio guidelines for U.S. investment-grade fixed-income securities also allow exposure to non-U.S. dollar-denominated bonds up to 10 percent of the total portfolio market value. Exposure to foreign currency risk from these securities is permitted, and it may be fully or partially hedged using forward foreign currency exchange contracts. Under the University's investment policies, such instruments are not permitted for speculative use or to create leverage. Similar limits on foreign exchange exposure apply to the high-yield debt and emerging market debt portfolios.

At June 30, the foreign currency risk expressed in U.S. dollars, organized by currency denomination and investment type, is presented in **Table 3.6**.

Table 3.6: Foreign currency risk *(in thousands of dollars)*

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Equity securities						
Euro	\$1,483,137	\$1,296,877			\$6,325,805	\$4,819,475
British Pound	573,751	537,197			2,387,584	1,959,161
Japanese Yen	1,009,592	969,169			4,269,674	3,594,100
Canadian Dollar	505,454	430,449			2,117,632	1,589,364
Swiss Franc	392,423	382,550			1,665,437	1,386,611
Australian Dollar	267,251	258,231			1,129,256	952,003
Hong Kong Dollar	520,500	393,814			2,021,505	1,394,759
Swedish Krona	160,821	162,393			666,172	605,268
Singapore Dollar	56,431	46,951			239,014	176,521
Danish Krone	104,708	166,110			447,891	618,245
Norwegian Krone	31,215	30,447			135,651	109,119
South Korean Won	234,352	238,104			901,151	831,154
Brazilian Real	68,556	70,473			266,131	236,433
Indian Rupee	1,051,824	576,251	\$20,986	\$21,584	1,850,934	1,809,608
Taiwan New Dollar	410,291	399,717			1,587,451	1,398,843
South African Rand	68,887	56,109			260,474	196,222
Thai Baht	21,163	26,980			84,352	96,127
Mexican Peso	36,355	38,922			145,174	135,152
Chinese Yuan Renminbi	53,866	55,489			241,732	198,567
Other	278,485	265,263	50	64	1,092,806	902,388
Subtotal	7,329,062	6,401,496	21,036	21,648	27,835,826	23,009,120
Commingled funds (various currency denominations)						
Absolute return funds	3,174	2,960	1,733,252	1,560,254	279,605	260,692
Non-U.S. equity funds	1,430,036	1,303,338	971,434	855,618	3,847,482	3,296,006
Private equity	56,580	34,688	546,094	549,599	295,055	273,072
Real estate investment trusts			5,290	10,215		
Real assets	11,515	9,661	108,150	120,886	65,250	54,744
Non-U.S. bond funds	148	119	35,271	31,247		
Balanced funds			290,401	239,379		
Real estate			45,666			
Subtotal	1,501,453	1,350,766	3,735,558	3,367,198	4,487,392	3,884,514
Investment derivatives						
Canadian Dollar	5	9			35	66
Hong Kong Dollar		17				38
Euro	25	30			41	49
Other	127	18			558	59
Subtotal	157	74			634	212
Publicly traded real estate investment trusts						
Australian Dollar	23,995	22,005			99,978	82,744
Euro	13,622	10,674			50,581	38,830
British Pound	13,534	14,174			53,650	49,692
Japanese Yen	20,388	21,104			80,790	65,544
Singapore Dollar	9,698	9,202			40,001	33,691
Canadian Dollar	4,128	4,233			16,907	13,737
Other	10,484	8,506			35,864	28,315
Subtotal	95,849	89,898			377,771	312,553
Total exposure to foreign currency risk	\$8,926,521	\$7,842,234	\$3,756,594	\$3,388,846	\$32,701,623	\$27,206,399

The University's Investment Pools

The composition of the University's investments at June 30, 2025, by investment pool, is presented in **Table 3.7a**.

Table 3.7a: Composition of University's investments by investment pool at June 30, 2025 (in thousands of dollars)

Description	STIP	TRIP	BGP	GEP	Other	Total
Equity securities		\$4,630,920	\$6,189,772	\$11,170,757	\$228,620	\$22,220,069
U.S. government-guaranteed	\$324,034	2,279,975	394,697	196,705	1,990	3,197,401
Other U.S. dollar-denominated	4,385,627	1,269,885	191,300	115,827	5,850	5,968,489
Commingled funds	694,208	1,308,691	69,770	11,986,584	625,257	14,684,510
Investment derivatives		1,112	1,241	1,708	(121)	3,940
Publicly traded real estate investment trusts		85,162	128,522	221,568	1,769	437,021
Mortgage loans	1,666,697					1,666,697
Real estate		24,863		91,258	36,743	152,864
Other investments				63,076	10,404	73,480
Subtotal	7,070,566	9,600,608	6,975,302	23,847,483	910,512	48,404,471
Campus foundations' investments with the University	(435,963)	(16,113)	(8,978)	(3,454,148)	(213,578)	(4,128,780)
UCRS investment in STIP	(2,252,180)					(2,252,180)
Custodial investment funds	(232,128)			(246,361)		(478,489)
Total investments	\$4,150,295	\$9,584,495	\$6,966,324	\$20,146,974	\$696,934	\$41,545,022

The composition of the University's investments at June 30, 2024, by investment pool, is presented in **Table 3.7b**.

Table 3.7b: Composition of University's investments by investment pool at June 30, 2024 (in thousands of dollars)

Description	STIP	TRIP	BGP	GEP	Other	Total
Equity securities		\$5,090,829	\$5,750,667	\$9,326,642	\$104,825	\$20,272,963
U.S. government-guaranteed	\$652,573	2,921,264	636,037	860,679	22,734	5,093,287
Other U.S. dollar-denominated	4,336,402	1,500,215	315,036	511,768	5,947	6,669,368
Commingled funds	940,531	121,747	62,774	11,254,593	\$619,992	12,999,637
Investment derivatives		160	134	173	28	495
Publicly traded real estate investment trusts		111,894	126,551	191,143	1,745	431,333
Mortgage loans	1,408,454					1,408,454
Real estate				95,163	32,180	127,343
Other investments				159,359	10,195	169,554
Subtotal	7,337,960	9,746,109	6,891,199	22,399,520	797,646	47,172,434
Campus foundations' investments with the University	(406,261)			(3,024,147)	(243,199)	(3,673,607)
UCRS investment in STIP	(2,953,909)					(2,953,909)
Custodial investment funds	(353,602)	(50,852)		(226,011)		(630,465)
Total investments	\$3,624,188	\$9,695,257	\$6,891,199	\$19,149,362	\$554,447	\$39,914,453

The total investment returns based upon unit values, representing the combined income plus net appreciation or depreciation in the fair value of investments, for the year ended June 30, 2025 were 12.0 percent for TRIP, 15.8 percent for BGP, 12.2 percent for GEP and 12.7 percent for UCRP. The total investment returns based upon unit values, representing the combined income plus net appreciation or depreciation in the fair value of investments, for the year ended June 30, 2024, were 12.1 percent for TRIP, 15.7 percent for BGP, 11.7 percent for GEP and 12.2 percent for UCRP. The investment return for STIP distributed to participants, representing combined income and realized gains or losses, during the same periods, was 4.5 percent and 4.2 percent, respectively. Other investments consist of numerous small portfolios of investments or individual securities, each with its own individual rate of return.

Related Party Relationships with the University

UCRS and campus foundations may invest available cash in STIP. Shares are purchased or redeemed at a constant value of \$1 per share. Actual income earned, including any realized gains or losses on the sale of STIP investments, is allocated to UCRS and campus foundations based upon the number of shares held. Unrealized gains and losses associated with the fluctuation in the fair value of investments included in STIP are recorded by the University as the manager of the pool. The net asset value for STIP is held at a constant value of \$1 and is not adjusted for unrealized gains and losses associated with the fluctuation in the fair value of investments included in STIP.

The campus foundations may also purchase or redeem shares in GEP, BGP, TRIP or other investment pools at the unitized value of the portfolio at the time of purchase or redemption. Actual income earned is allocated to the campus foundations based upon the number of shares held.

Campus Foundations

The campus foundations' cash and cash equivalents and investments that are invested with the University are excluded from the University's statements of net position and included in the campus foundations' statements of net position. Under the accounting policies elected by each campus foundation, certain foundations classify all or a portion of their investment in STIP as cash and cash equivalents, rather than investments. Substantially all of the campus foundations' investments managed by the University are categorized as commingled funds or commingled money market funds by the campus foundations in the composition of investments.

The fair value of the campus foundations' cash and cash equivalents and investments that are invested with the University, by investment pool, at June 30 are presented in **Table 3.8**.

Table 3.8: Fair value of the Foundations' cash, cash equivalents, investments *(in thousands of dollars)*

Description	Campus Foundations 2025	Campus Foundations 2024
STIP	\$435,963	\$406,261
TRIP	16,113	
BGP	8,978	
GEP	3,454,148	3,024,147
Other investment pools	213,578	243,199
Total investments with the University	4,128,780	3,673,607
Classified as cash and cash equivalents by campus foundations	(137,048)	(147,742)
Classified as investments by campus foundations	\$3,991,732	\$3,525,865

Investment income in the University's statements of revenues, expenses and changes in net position is net of income earned by, and distributed to, the campus foundations totaling \$41.4 million and \$49.9 million for the years ended June 30, 2025 and 2024, respectively.

UCRS

UCRS had \$2.3 billion and \$3.0 billion invested in STIP at June 30, 2025 and 2024, respectively. These investments are excluded from the University's statements of net position and are included in UCRS' statements of fiduciary net position. They are categorized as commingled money market funds in the composition of investments for UCRS. STIP investment income in the University's statements of revenues, expenses and changes in net position is net of income earned by, and distributed to, UCRS totaling \$58.1 million and \$136.8 million for the years ended June 30, 2025 and 2024, respectively.

External Investment Pools

STIP and GEP are external investment pools. The composition of their net position at June 30 is presented in **Table 3.9**.

Table 3.9: Composition of net position for STIP and GEP (in thousands of dollars)

Description	STIP 2025	STIP 2024	GEP 2025	GEP 2024
Investments	\$7,070,566	\$7,337,960	\$23,847,483	\$22,399,520
Investment of cash collateral			1,038,098	810,073
Securities lending collateral			(1,038,098)	(810,073)
Other assets, net	6,831,379	5,843,743	275,800	201,180
Net position	\$13,901,945	\$13,181,703	\$24,123,283	\$22,600,700

Participants purchase or redeem shares in STIP at a constant value of \$1 per share and purchase or redeem shares in GEP at the unitized value of the portfolio at the time of purchase or redemption. Actual income earned is allocated to participants based upon the number of shares held.

Other assets include amounts receivable for pension benefits from the campuses and medical centers of \$7.2 billion and \$5.9 billion at June 30, 2025 and 2024, respectively.

The changes in net position for STIP and GEP for the year ended June 30 are presented in **Table 3.10**.

Table 3.10: Changes in net position for STIP and GEP (in thousands of dollars)

Description	STIP 2025	STIP 2024	GEP 2025	GEP 2024
Net position, beginning of year	\$13,181,703	\$16,350,213	\$22,600,700	\$20,581,840
Investment income	424,517	576,010	251,138	179,409
Net appreciation in fair value of investments	4,290	12,175	13,131,551	2,130,895
Net transfer to BGP		(2,987,621)		
Participant contributions (withdrawals)	291,435	(769,074)	(11,860,106)	(291,444)
Net position, end of year	\$13,901,945	\$13,181,703	\$24,123,283	\$22,600,700

4. Securities Lending

The University and UCRS jointly participate in a securities lending program as a means to augment income. Securities are lent to selected brokerage firms for which collateral received equals or exceeds the fair value of such investments lent during the period of the loan. Securities loans immediately terminate upon notice by either the University or the borrower. Collateral may be cash or securities issued by the U.S. government or its agencies, or the sovereign or provincial debt of foreign countries. Securities collateral cannot be pledged or sold by the University unless the borrower defaults.

Loans of domestic equities and all fixed-income securities are initially collateralized at 102 percent of the fair value of securities lent. Loans of foreign equities are initially collateralized at 105 percent. All borrowers are required to provide additional collateral by the next business day if the value of the collateral falls to less than 100 percent of the fair value of securities lent.

Cash collateral received from the borrower is invested by lending agents, as agents for the University, in investment pools in the name of the University, with guidelines approved by the University. These investments are shown as investment of cash collateral in the statements of net position. At June 30, 2025 and 2024, the securities in these pools had a weighted average maturity of 3 days and 11 days, respectively. The University records a liability for the return of the cash collateral shown as collateral held for securities lending in the statements of net position. Securities collateral received from the borrower is held in investment pools by the University's custodial bank.

At June 30, 2025 and 2024, the University had insignificant exposure to borrowers because the amounts the University owed the borrowers were substantially the same as the amounts the borrowers owed the University. The University is indemnified by its lending agents against any losses incurred as a result of borrower default.

The composition of the securities lending program at June 30 is presented in **Table 4.1**.

Table 4.1: Composition of the securities lending program (in thousands of dollars)

Description	University of California 2025	University of California 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Securities lent				
For cash collateral:				
Equity securities:				
Domestic	\$1,634,356	\$1,349,360	\$8,812,667	\$8,002,493
Foreign	419,472	429,580	1,505,216	1,302,812
Fixed-income securities:				
U.S. government-guaranteed	7,292	9,404	390,617	773,870
U.S. agency	68,603	118,604	1,344,362	1,590,843
Other U.S. dollar-denominated	235,887	327,079	827,250	1,308,722
Total securities lent for cash collateral	2,365,610	2,234,027	12,880,112	12,978,740
For securities collateral:				
Equity securities:				
Domestic		299	9	
Foreign	2,051	2,168	3,849	2,161
Publicly traded real estate investment trusts:				
Publicly traded real estate investment trust	343		1,150	
Fixed-income securities:				
U.S. government-guaranteed	7,899	46,481	2,225,754	3,583,205
U.S. agency			1,051,704	
Total securities lent for securities collateral	10,293	48,948	3,282,466	3,585,366
Total securities lent	\$2,375,903	\$2,282,975	\$16,162,578	\$16,564,106
Collateral received				
Cash	\$2,422,644	\$2,299,343	\$13,178,002	\$13,310,851
Total cash collateral received	2,422,644	2,299,343	13,178,002	13,310,851
Securities	10,294	53,841	3,282,467	3,943,813
Total collateral received	\$2,432,938	\$2,353,184	\$16,460,469	\$17,254,664
Investment of cash collateral				
Fixed-income securities:				
Other U.S. dollar-denominated:				
Corporate bonds		25,777		149,223
Commercial paper	71,075	194,918	386,615	1,128,376
Repurchase agreements	1,539,301	1,645,503	8,373,043	9,525,781
Corporate asset-backed securities	99,681		542,217	
Certificates of deposit/time deposits	247,819	369,251	1,348,016	2,137,588
Supranational/foreign	468,669	64,494	2,549,331	373,357
Other liabilities, net*	(3,901)	(604)	(21,220)	(3,457)
Total investment of cash collateral	2,422,644	2,299,339	\$13,178,002	\$13,310,868
Less: Current portion	(2,276,110)	(2,203,923)		
Noncurrent portion	\$146,534	\$95,416		

*Other liabilities, net is comprised of pending settlements of cash collateral investments.

Investment Risk Factors

There are a variety of potential risk factors involved in a securities lending program. Risks associated with the investment of cash collateral may include the credit risk from fixed-income securities, concentration of credit risk, interest rate risk and foreign currency risk. In addition, there may be custodial credit risk associated with both cash and securities received as collateral for securities lent.

Credit risk

The University's and UCRS' investment guidelines for the investment of cash collateral maintained in separately managed collateral pools restrict the credit rating of issuers at the time of purchase to no less than A-1, P-1 or F-1 for short-term securities and no less than A2/A for long-term securities. Asset-backed securities must have a rating of AAA at the time of purchase.

The credit risk profile for fixed- or variable-income securities associated with the investment of cash collateral at June 30 is presented in **Table 4.2**.

Table 4.2: Credit risk profile *(in thousands of dollars)*

Description	University of California 2025	University of California 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Fixed- or variable-income securities:				
Other U.S. dollar-denominated:				
AAA	\$61,508	\$35,298	\$334,571	\$204,340
AA-	204,205	128,959	1,110,777	746,540
A+	224,753	203,583	1,222,549	1,178,536
A	119,730	98,395	651,272	569,604
A-1+		27,176		
A-1 / A-2 / P-1 / F-1	238,876	131,384	1,299,366	920,506
Not rated	38,173	29,196	207,645	169,017
Other liabilities, net:* not rated	(3,901)	(604)	(21,220)	(3,457)

*Other liabilities, net is comprised of pending settlements of cash collateral investments.

Custodial credit risk

Cash collateral received for securities lent is invested in pools by the University's lending agents. The University's and UCRS' securities related to the investment of cash collateral are registered in the University's name by the lending agents. Securities collateral received for securities lent are held in investment pools by the University's lending agents. As a result, custodial credit risk is remote.

Concentration of credit risk

The University's and UCRS' investment guidelines with respect to the concentration of credit risk associated with the investment of cash collateral in the separately managed collateral pools restricts investments in any single issuer of corporate debt securities, time deposits, certificates of deposit, banker's acceptances and money market funds to no more than 5 percent of the portfolio value at the time of purchase. Campus foundations that directly participate in a securities lending program do not have specific investment policies related to concentration of credit risk, although the lending agreements with the agents establish restrictions for the type of investments, as well as minimum credit ratings.

Investments in issuers other than U.S. government-guaranteed securities that represent 5 percent or more of the total investment of cash collateral at June 30 are presented in **Table 4.3**.

Table 4.3: Investment in issuers other than U.S. government-guaranteed securities that represent 5 percent or more of the total investment of cash collateral *(in thousands of dollars)*

Description	University of California 2025	University of California 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Goldman Sachs & Co.	\$210,420	\$181,176	\$1,144,580	\$1,048,823
Citigroup Global Markets Inc.	162,572	337,352	884,314	1,952,931
Bank of America Corporation		138,460		801,541
JP Morgan Securities LLC	132,463	125,203	720,537	724,799
BNP Paribas Prime Brokerage	248,466		1,351,533	
Barclays Bank PLC	223,464	142,437	1,215,536	824,564

Interest rate risk

The nature of individual securities in the collateral pools allows for the use of weighted average maturity as an effective risk management measure. The University's and UCRS' investment guidelines with respect to the interest rate risk associated with the investment of cash collateral in the separately managed collateral pools require the weighted average maturity of the entire collateral pool to be less than 120 days. The maturity of securities issued by the U.S. government and asset-backed securities must be less than five years, corporate debt obligations must be less than two years and time deposits must be less than 190 days.

The weighted average maturity expressed in days for fixed- or variable-income securities associated with the investment of cash collateral at June 30 is presented in **Table 4.4**.

Table 4.4: Weighted average maturity *(in days)*

Description	University of California 2025	University of California 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Fixed- or variable-income securities:				
Other U.S. dollar-denominated:				
Corporate bonds		150		150
Commercial paper	1	38	1	38
Repurchase agreements	1	2	1	2
Corporate asset-backed securities	12		12	
Certificates of deposit/time deposits	9	25	9	26
Supranational/foreign	4	43	4	43

Investment of cash collateral may include various asset-backed securities, structured notes and variable-rate securities that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features, although the weighted average maturity may be short.

At June 30, the fair value of investments that are considered to be highly sensitive to changes in interest rates is presented in **Table 4.5**.

Table 4.5: Fair value of investments highly sensitive to interest rate changes *(in thousands of dollars)*

Description	University of California 2025	University of California 2024	University of California Retirement System (UCRS) 2025	University of California Retirement System (UCRS) 2024
Other asset-backed securities	\$98,572	\$60,812	\$536,183	\$352,039
Variable-rate investments	2,060,072	1,519,212	11,205,785	8,794,688
Total	\$2,158,644	\$1,580,024	\$11,741,968	\$9,146,727

At June 30, 2025, the weighted average maturity expressed in days for asset-backed securities and variable-rate investments was 1 day. At June 30, 2024, the weighted average maturity expressed in days for asset-backed securities was 2 days and 1 day for variable-rate investments.

Foreign currency risk

The University's and UCRS' investment policy with respect to the foreign currency risk associated with the investment of cash collateral maintained in separate collateral pools restricts investments to U.S. dollar-denominated securities. Therefore, there is no foreign currency risk.

5. Derivative Financial Instruments

The University may use derivatives including futures, forward contracts, options and interest rate swap contracts as a substitute for investing in equity and fixed-income securities to reduce the effect of fluctuating foreign currencies on foreign currency-denominated investments, or to limit its exposure of variable-rate bonds to changes in market interest rates. The Board of Trustees for each campus foundation may also authorize derivatives in its investment policy.

The University enters into futures contracts for the purpose of acting as a substitute for investing in equity and fixed-income securities. A futures contract is an agreement between two parties to buy and sell a security or financial index, interest rate or foreign currency at a set price on a future date. They are standardized contracts that can be easily bought and sold and are exchange-traded. Upon entering into such a contract, the University is required to pledge to the broker an amount of cash or securities equal to the minimum initial margin requirements of the exchange on which the contract is traded. Pursuant to the contract, the University agrees to receive from, or pay to, the counterparty an amount of cash equal to the daily fluctuation in the value of the contract. These contracts are settled on a daily basis, with the resulting realized gain or loss included in the statements of revenues, expenses and changes in net position. The settlement amount at the end of each day for each of the contracts, or variation margin, is included in investments and represents the fair value of the contracts.

Forward contracts are similar to futures contracts, although they are not exchange-traded. Foreign currency exchange contracts are forward contracts used to hedge against foreign currency exchange rate risks on non-U.S. dollar-denominated investment securities and to increase or decrease exposure to various foreign currencies.

An options contract gives the University the right to buy or sell a specified security or index at a fixed price during a specified period for a nonrefundable fee (the "premium"). The maximum loss to the University is limited to the premium originally paid for covered options. The University initially records premiums paid for the purchase of these options in the statements of net position as an investment which is subsequently adjusted to reflect the fair value of the options, with unrealized gains and losses included in the statements of revenues, expenses and changes in net position.

Rights and warrants provide the holder the right to buy a stock at a predetermined price for a finite period of time. Warrants usually have a longer time period to expiration. The holder of a right or warrant is permitted to buy at a price that may be below the actual market price for that stock. Warrants and rights cease to exist and become worthless if not used by their expiration date.

An interest rate swap is a contractual agreement between the University and a counterparty under which each agrees to exchange periodic fixed or variable payments for an agreed period of time based upon a notional amount of principal or value of the underlying

contract. The payments correspond to an equity index, an interest rate or currency. A credit default swap is an agreement whereby the seller will compensate the buyer in the event of a loan default. A swaption is an option granting its owner the right to enter into an underlying swap. The University considers its futures, forward contracts, options, credit default swaps, swaptions, rights, warrants and certain interest rate swaps to be investment derivatives.

As a means to lower the University's borrowing costs, when compared against fixed-rate bonds at the time of issuance, the University entered into interest rate swap agreements in connection with certain of its variable-rate Medical Center Pooled Revenue Bonds and General Revenue Bonds. The University determined that certain of its interest rate swaps are derivative instruments that meet the criteria for an effective hedge. Certain of the interest rate swaps are considered hybrid instruments since, at the time of execution, the fixed rate on each of the swaps was off-market and the University received an upfront payment. As such, these swaps are each comprised of a derivative instrument, an at-the-market swap that is an effective hedge and a companion borrowing represented by the upfront payment. The unamortized amount of the borrowing under the companion instruments was \$60.2 million and \$63.2 million at June 30, 2025 and 2024, respectively.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, categorized by type, and the changes in fair value of such derivatives are presented in Tables 5.1a, 5.1b and 5.1c.

University

Table 5.1a: Fair value balances and notional amounts of derivative instruments outstanding for the University (in thousands of dollars)

Category	Notional amount 2025	Notional amount 2024	Fair value classification	Fair value 2025	Fair value 2024	Changes in fair value classification	Changes in fair value 2025	Changes in fair value 2024
Investment derivatives								
Domestic equity futures: Long positions	\$160,631	\$125,036	Investments	\$3,873	\$378	Net appreciation	\$13,060	\$14,575
Foreign equity futures: Long positions	3,067	1,970	Investments	40	15	Net appreciation	43	10
Total futures contracts	163,698	127,006		3,913	393		13,103	14,585
Foreign currency exchange contracts: Long positions	2,656	22	Investments	(135)		Net appreciation (depreciation)	(77)	(18)
Foreign currency exchange contracts: Short positions		3,052	Investments		20	Net appreciation (depreciation)	(144)	127
Total foreign currency exchange contracts	2,656	3,074		(135)	20		(221)	109
Other: Stock rights/warrants			Investments	162	82	Net appreciation (depreciation)	45	(167)
Total investment derivatives	\$166,354	\$130,080		\$3,940	\$495		\$12,927	\$14,527
Cash flow hedges								
Effective interest rate swaps								
Pay fixed, receive variable	\$1,136,505	\$1,148,715	Other assets	\$84,377	\$97,416	Deferred (inflows)/outflows	(\$13,039)	\$34,264

Campus Foundations

Table 5.1b: Fair value balances and notional amounts of derivative instruments outstanding for campus foundations

(in thousands of dollars)

Category	Notional amount 2025	Notional amount 2024	Fair value classification	Fair value 2025	Fair value 2024	Changes in fair value classification	Changes in fair value 2025	Changes in fair value 2024
Investment derivatives								
Foreign equity futures: Long positions								\$947
Domestic fixed income futures: Long positions	\$79,839	\$30,129	Investments	\$1,507	\$64	Net appreciation	(\$56)	(2,434)
Domestic fixed income futures: Options/swaptions			Investments	25,307	10,215	Net appreciation	93	(14,845)
Other: Swaps	323,046	205,848	Investments	9,744		Net depreciation	31,584	27,747
Total investment derivatives	\$402,885	\$235,977		\$36,558	\$10,279		\$31,621	\$11,415

UCRS

Table 5.1c: Fair value balances and notional amounts of derivative instruments outstanding for UCRS (in thousands of dollars)

Category	Notional amount 2025	Notional amount 2024	Fair value classification	Fair value 2025	Fair value 2024	Changes in fair value classification	Changes in fair value 2025	Changes in fair value 2024
Investment derivatives								
Domestic equity futures: Long positions	\$845,257	\$737,499	Investments	\$18,378	\$1,951	Net appreciation	\$61,325	\$76,873
Foreign equity futures: Long positions	18,978	33,386	Investments	226	226	Net appreciation	3,882	4,828
Total futures contracts	864,235	770,885		18,604	2,177		65,207	81,701
Foreign currency exchange contracts: Long positions	233,925	10,125	Investments	(11,889)	(161)	Net depreciation	(6,506)	(2,481)
Foreign currency exchange contracts: Short position		268,869	Investments		1,740	Net appreciation (depreciation)	(12,496)	11,140
Total foreign currency exchange contracts	233,925	278,994		(11,889)	1,579		(19,002)	8,659
Other: Stock rights/warrants			Investments	685	256	Net appreciation (depreciation)	371	(1,402)
Total investment derivatives	\$1,098,160	\$1,049,879		\$7,400	\$4,012		\$46,576	\$88,958

Objectives and Terms of Hedging Derivative Instruments

The objectives and terms of the hedging derivative instruments outstanding at June 30, along with the credit rating of the associated counterparty, are presented in **Table 5.2**.

Table 5.2: Objectives and terms of the hedging derivative instruments outstanding for the University (in thousands of dollars)

Type	Objective	Notional amounts 2025	Notional amount 2024	Effective date	Maturity date	Cash paid or received	Terms	Counterparty credit rating	Fair value 2025	Fair value 2024
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	\$36,020	\$40,470	2020	2032	None	Pay fixed 3.5897%; receive 58% of Federal Funds Rate +0.564%	Aa2/A+	(\$1,345)	(\$1,022)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	21,055	24,730	2020	2030	None	Pay fixed 4.55%; receive 67% of Federal Funds Rate +0.76%	Aa2/A+	(916)	(818)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	38,670	38,670	2020	2037	None	Pay fixed 4.625%; receive 67% of Federal Funds Rate +0.797%	Aa2/A+	(4,334)	(3,928)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	54,495	54,495	2020	2043	None	Pay fixed 4.6935%; receive 67% of Federal Funds Rate +0.861%	Aa2/A+	(8,363)	(6,045)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate Medical Center Pooled Revenue Bonds	50,000	50,000	2020	2045–2047	None	Pay fixed 4.741%; receive 67% of Federal Funds Rate +0.902%	Aa2/A+	(8,765)	(9,041)
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	500,000	500,000	2023	2039	None	Pay fixed 1.9817%; receive 70% of Federal Funds Rate	Aa2/AA-	34,779	40,816
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	100,000	100,000	2023	2039	None	Pay fixed 1.899%; receive 70% of Federal Funds Rate	Aa2/A+	7,697	8,981
Pay fixed, receive variable interest rate swap	Hedge of changes in cash flows on variable-rate General Revenue Bonds	336,265	340,350	2023	2048	None	Pay fixed 0.926% to 1.238%; receive 70% of Federal Funds Rate	A2/A, A2/A+	65,624	68,473
Interest rate swaps, net		\$1,136,505	\$1,148,715						\$84,377	\$97,416

Hedging Derivative Instrument Risk Factors

Credit risk

The University could be exposed to credit risk if the interest rate swap counterparties to the contracts are unable to meet the terms of the contracts. Contracts with positive fair values are exposed to credit risk. The University faces a maximum possible loss equivalent to the amount of the derivative's fair value, less any collateral held by the University provided by the counterparty. Contracts with negative fair values are not exposed to credit risk.

Although the University has entered into interest rate swaps with creditworthy financial institutions to hedge its variable-rate debt, there is credit risk for losses in the event of nonperformance by counterparties or unfavorable interest rate movements.

There are no collateral requirements related to the interest rate swap with the \$36.0 million notional amount. Depending on the fair value and the counterparty credit rating for the swaps related to the Medical Center Pooled Revenue Bonds with the counterparty that is currently rated Aa2/A+ with a combined notional amount of \$164.2 million, the University may be entitled to receive collateral to the extent the positive fair value exceeds \$20.0 million. At June 30, 2025 and 2024, there was no collateral received.

Depending on the fair value and the counterparty credit rating for the swaps related to the General Revenue Bonds with a combined notional amount of \$336.3 million, the University may be entitled to receive collateral. At June 30, 2025 and 2024, there was no collateral received.

Depending on the fair value and the counterparty credit rating for the swap related to the General Revenue Bonds with the counterparty that is currently rated Aa2/A+ with a notional amount of \$100.0 million, the University may be entitled to receive collateral to the extent the positive fair value with the counterparty exceeds \$20.0 million. At June 30, 2025 and 2024, there was no collateral required.

Interest rate risk

There is a risk that the value of the interest rate swaps will decline because of changing interest rates. The values of the interest rate swaps with longer maturities tend to be more sensitive to changing interest rates and, therefore, more volatile than those with shorter maturities.

Basis risk

There is a risk that the basis for the variable payment received on interest rate swaps will not match the variable payment on the bonds. This exposes the University to basis risk whenever the interest rates on the bonds are reset. The interest rate on the bonds is a tax-exempt interest rate, while the basis of the variable receipt on the interest rate swaps is taxable. Tax-exempt interest rates can change without a corresponding change in the Federal Funds Rate due to factors affecting the tax-exempt market which do not have a similar effect on the taxable market.

Termination risk

There is termination risk for interest rate swaps associated with variable-rate bonds in the event of nonperformance by counterparties in an adverse market, resulting in cancellation of the synthetic interest rate and returning the interest rate payments to the variable interest rates on the bonds. In addition, depending on the agreement, certain interest rate swaps may be terminated if a counterparty's credit quality rating, as issued by Moody's or S&P, falls below certain thresholds. For the interest rate swap with the \$36.0 million notional amount, the termination threshold is reached when the credit quality rating for either the underlying Medical Center Pooled Revenue Bonds or swap counterparty falls below Baa2 or BBB. For the swaps with the combined \$164.2 million notional amount, the termination threshold is reached when the credit quality rating for the underlying Medical Center Pooled Revenue Bonds falls below Baa3/BBB-, or the interest rate swap counterparty's rating falls below Baa2 or BBB. For the swaps with a combined notional amount of \$336.3 million with counterparties that are currently rated A2/A+ and A2/A, the termination threshold is reached when either the credit quality rating for the Medical Center Pooled Revenue Bonds or the swap counterparty's rating falls below Baa2 or BBB. Upon termination, the University may also owe a termination payment if there is a realized loss based on the fair value of each interest rate swap.

For the swap with notional amounts of \$500.0 million with a counterparty that is currently rated Aa2/AA-, the termination threshold is reached when the credit quality rating for the underlying General Revenue Bonds falls below Baa2 or BBB, or the swap counterparty's rating falls below A3 or A-. For the swap with a notional amount of \$100.0 million with a counterparty that is currently rated Aa2/A+, the termination threshold is reached when the credit quality rating for the underlying General Revenue Bonds falls below Baa2 or BBB, or the swap counterparty's rating falls below A3 or A-. Upon termination, the University may also owe a termination payment if there is a realized loss based on the fair value of each interest rate swap.

Rollover risk

The University is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, the University will be re-exposed to the risks being hedged by the hedging derivative instruments. The University is exposed to rollover risk on the interest rate swaps that mature in March 2039 and June 2039 because the hedged debt is scheduled to mature in May 2048.

6. Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

- **Level 1.** Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Level 1 investments include equity securities, commingled funds (exchange traded funds and mutual funds) and other publicly traded securities.
- **Level 2.** Quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly, are classified as Level 2. Level 2 investments include fixed- or variable-income securities, commingled funds, certain derivatives and other assets that are valued using market information. Swaps are classified as level 2 on the fair value hierarchy.
- **Level 3.** Investments, variable rate investment contracts and other assets classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these financial instruments are based upon the best information in the circumstance and may require significant management judgment. Level 3 financial instruments include mortgage loans, private equity investments, private credit, real assets, real estate and beneficial interests in irrevocable split-interest agreements.
- **Net Asset Value (NAV).** Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in nongovernmental entities that do not have a readily determinable fair value may be valued at NAV. Investments measured at NAV include hedge funds, private equity investments and commingled funds.
- **Not Leveled.** Cash and cash equivalents including pending trades and settlements within various pools are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

Tables 6.1a, 6.1b and 6.1c summarize the investments and other assets reported at fair value within the fair value hierarchy as of June 30, 2025.

Table 6.1a: Investments and other assets reported at fair value for the University as of June 30, 2025 *(in thousands of dollars)*

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$22,220,069	\$22,102,426	\$26	\$117,601		\$16
Fixed- or variable-income securities: U.S. government-guaranteed	3,197,401		3,197,401			
Fixed- or variable-income securities: Other U.S. dollar-denominated	5,968,489		5,968,489			
Commingled funds	14,684,510	1,164,857		3,033,929	\$10,489,344	(3,620)
Investment derivatives	3,940	3,940				
Publicly traded real estate investment trusts	437,021	437,021				
Mortgage loans	1,666,697			1,666,697		
Real estate	152,864			152,864		
Other investments	73,480			73,480		
Campus foundations' investments with the University	(4,128,780)					(4,128,780)
UCRS investment in STIP	(2,252,180)					(2,252,180)
Custodial investment funds	(478,489)					(478,489)
Total investments	\$41,545,022	\$23,708,244	\$9,165,916	\$5,044,571	\$10,489,344	(\$6,863,053)
Securities lending investments of cash collateral	\$2,422,644	\$8,696	\$2,417,849			(\$3,901)
Investments held by trustees	\$894,237	\$175,263	\$527,543		\$2,090	\$189,341
Beneficial interests included in other noncurrent assets	\$53,414			\$53,414		

Table 6.1b: Investments and other assets reported at fair value for the Foundations as of June 30, 2025 *(in thousands of dollars)*

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$77,741	\$50,938		\$26,803		
Fixed- or variable-income securities: U.S. government-guaranteed	580,919		\$580,919			
Fixed- or variable-income securities: Other U.S. dollar-denominated	540,946		540,892	54		
Commingled funds	16,507,296	2,193,298	416	163,573	\$14,061,841	\$88,168
Investment derivatives	36,558	1,507	35,051			
Real estate	337,224			36,825	300,399	
Other investments	362,663	4,669		2,034	353,952	2,008
Custodial investment funds	(753,423)	(89,850)	(20,631)	(1,292)	(272,159)	(369,491)
Total investments	\$17,689,924	\$2,160,562	\$1,136,647	\$227,997	\$14,444,033	(\$279,315)
Beneficial interests included in other noncurrent assets	\$95,843			\$95,843		

Table 6.1c: Investments and other assets reported at fair value for UCRS as of June 30, 2025 *(in thousands of dollars)*

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$90,912,582	\$90,911,697		\$885		
Fixed- or variable-income securities: U.S. government-guaranteed	9,293,801		\$9,293,801			
Fixed- or variable-income securities, Other U.S. dollar-denominated	9,353,524		9,353,524			
Commingled funds	37,896,835	2,999,150		5,374,190	\$29,042,781	\$480,714
Investment derivatives	7,400	7,400				
Publicly traded real estate investment trusts	2,651,349	2,651,349				
Other investments	415,355			253,600	161,755	
Real estate	852,997			543,319	309,678	
Total investments	\$151,383,843	\$96,569,596	\$18,647,325	\$6,171,994	\$29,514,214	\$480,714
Securities lending investments of cash collateral	\$13,178,002	\$47,304	\$13,151,918			(\$21,220)

Tables 6.2a, 6.2b and 6.2c summarize the investments and other assets reported at fair value within the fair value hierarchy as of June 30, 2024.

Table 6.2a: Investments and other assets reported at fair value for the University as of June 30, 2024 *(in thousands of dollars)*

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$20,272,963	\$20,272,737	\$26	\$200		
Fixed- or variable-income securities: U.S. government-guaranteed	5,093,287		5,093,287			
Fixed- or variable-income securities: Other U.S. dollar-denominated	6,669,368		6,669,368			
Commingled funds	12,999,637	1,148,539	152,905	2,452,000	\$9,167,205	\$78,988
Investment derivatives	495	82	413			
Publicly traded real estate investment trusts	431,333	431,333				
Mortgage loans	1,408,454			1,408,454		
Real estate	127,343			127,343		
Other investments	169,554			169,554		
Campus foundations' investments with the University	(3,673,607)					(3,673,607)
UCRS investment in STIP	(2,953,909)					(2,953,909)
Custodial investment funds	(630,465)					(630,465)
Total investments	\$39,914,453	\$21,852,691	\$11,915,999	\$4,157,551	\$9,167,205	(\$7,178,993)
Securities lending investments of cash collateral	\$2,299,339		\$2,299,943			(\$604)
Investments held by trustees	\$343,898	\$114,473	\$101,386		\$2,197	\$125,842
Beneficial interests included in other noncurrent assets	\$54,768			\$54,768		

Table 6.2b: Investments and other assets reported at fair value for the Foundations as of June 30, 2024 *(in thousands of dollars)*

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$207,303	\$175,044	\$1,425	\$30,834		
Fixed- or variable-income securities: U.S. government-guaranteed	492,254		492,254			
Fixed- or variable-income securities: Other U.S. dollar-denominated	411,653		411,599	54		
Commingled funds	14,933,055	1,228,769	410	163,813	\$13,467,951	\$72,112
Investment derivatives	10,279	64	10,215			
Real estate	324,795			42,403	282,392	
Other investments	352,312	4,266		1,780	343,673	2,593
Custodial investment funds	(728,256)	(24,863)	(13,265)	(1,655)	(346,362)	(342,111)
Total investments	\$16,003,395	\$1,383,280	\$902,638	\$237,229	\$13,747,654	(\$267,406)
Beneficial interests included in other noncurrent assets	\$99,698			\$99,698		

Table 6.2c: Investments and other assets reported at fair value for UCRS as of June 30, 2024 *(in thousands of dollars)*

Description	Total	Quoted prices in active markets (Level 1)	Other observable inputs (Level 2)	Unobservable inputs (Level 3)	Net Asset Value (NAV)	Not leveled
Equity securities	\$72,487,939	\$72,483,258		\$4,681		
Fixed- or variable-income securities: U.S. government-guaranteed	9,000,519		\$9,000,519			
Fixed- or variable-income securities: Other U.S. dollar-denominated	10,891,436	3,679	10,887,757			
Commingled funds	38,487,869	3,283,462		4,883,383	\$29,921,317	\$399,707
Investment derivatives	4,012	256	3,756			
Publicly traded real estate investment trusts	2,295,247	2,295,247				
Other investments	575,074			399,912	175,162	
Real estate	875,979			477,150	398,829	
Total investments	\$134,618,075	\$78,065,902	\$19,892,032	\$5,765,126	\$30,495,308	\$399,707
Securities lending investments of cash collateral	\$13,310,868		\$13,314,325			(\$3,457)

Tables 6.3a, 6.3b and 6.3c present significant terms of certain investments at June 30, 2025.

Table 6.3a: Significant terms of investments for the University (in thousands of dollars)

Investment type	Fair value	Unfunded commitments	Remaining life (years)	Redemption terms and restrictions
Absolute return	\$345,979			Not eligible for redemption and lock-up provisions ranging from zero to three years. For securities not eligible for redemption, the underlying assets are estimated to be liquidated within three to five years. For securities eligible for redemption, after initial lock-up expires, the redemption is available on a rolling basis and requires 30 to 365 days' prior notification.
Private equity	6,818,267	\$1,111,096	0 to 15	Not eligible for redemption.
Private credit	875,348	132,427	0 to 10	Not eligible for redemption and lock-up provisions ranging from zero to 10 years. For securities not eligible for redemption, the underlying assets are estimated to be liquidated within three to seven years. For securities eligible for redemption, after initial lock-up expires, the redemption is available on a rolling basis and requires 30 to 365 days' prior notification before winding down.
Real assets	563,842	193,673	0 to 15	Not eligible for redemption.
Real estate and real estate investment trusts	3,293,880	156,972	0 to 10	Closed-end funds are not eligible for redemption. For open-end funds, redemptions are generally on a quarterly basis where the redemption date is the last day of each quarter. Payments of withdrawal requests are generally made within four quarters.
U.S. equity funds	410			Redemption generally requires at least zero to 90 days' written notice of intention to terminate as of a date specified in the notice. Payments of withdrawal requests are generally made within zero to 120 days.
Non-U.S. equity funds	1,430,036			Redemption requires at least zero to 180 days' written notice of intention to terminate as of a date determined by the legal agreement between the investment manager and The Regents. Withdrawals may occur on the last business day of the month and are subject to certain withdrawal guidelines.
Balanced funds	348,375			Redemption requires at least 12 months' prior written notice of intention to terminate as of a date specified in the notice. Withdrawals will occur on the last business day of the month and are subject to certain withdrawal guidelines.

Table 6.3b: Significant terms of investments for the Foundations (in thousands of dollars)

Investment type	Fair value	Unfunded commitments	Remaining life (years)	Redemption terms and restrictions
Absolute return	\$4,032,169	\$324,919	0 to 1	Generally, lock-up provisions ranging from 0 to 3 years. After initial lock-up expires, redemptions are available and require 30 to 180 days' prior notification.
Private equity	3,560,935	1,491,284	0 to 15	Generally, lock-up provisions ranging from 0 to 16 years. After initial lock-up expires, redemptions are available and require 30 to 180 days' prior notification.
Real assets	33,542	68,072	0 to 12	Not eligible for redemption.
Real estate and real estate investment trusts	641,297	318,286	0 to 12	Not eligible for redemption.
U.S. equity and non-U.S. equity funds	3,235,216	47,600	0 to 15	Generally, lock-up provisions ranging from 0 to 4 years. After initial lock-up expires, redemptions are available and require 0 to 365 days' prior notification.

Table 6.3c: Significant terms of investments for UCRS *(in thousands of dollars)*

Investment Type	Fair value	Unfunded commitments	Remaining life (years)	Redemption terms and restrictions
Absolute return	\$860,943			Not eligible for redemption and lock-up provisions ranging from zero to three years. For securities not eligible for redemption, the underlying assets are estimated to be liquidated within three to five years. For securities eligible for redemption, after initial lock-up expires, the redemption is available on a rolling basis and requires 30 to 365 days' prior notification.
Private equity	10,171,815	\$2,391,408	0 to 15	Not eligible for redemption.
Private credit	2,100,137	675,216	0 to 10	Not eligible for redemption and lock-up provisions ranging from zero to 10 years. For securities not eligible for redemptions the underlying assets are estimated to be liquidated within three to seven years. For securities eligible for redemptions, after initial lock-up expires, redemptions are available on a rolling basis and require 30 to 365 days' prior notification before winding down.
Real assets	2,831,386	633,191	0 to 15	Not eligible for redemption.
U.S. equity funds	5,694,162			Redemption generally requires at least zero to 90 days' written notice of intention to terminate as of a date specified in the notice. Payments of withdrawal requests are generally made within 0 to 120 days.
Non-U.S. equity funds	3,847,482			Redemption requires at least zero to 180 days' written notice of intention to terminate as of a date determined by the legal agreement between the investment manager and The Regents. Withdrawals may occur on the last business day of the month and are subject to certain withdrawal guidelines.
Real estate and real estate investment trusts	7,184,449	296,943	0 to 10	Closed-end funds are not eligible for redemption. For open-end funds, redemptions are generally on a quarterly basis where the redemption date is the last day of each quarter. Payments of withdrawal requests are generally made within four quarters.

7. Investments Held by Trustees

The University has entered into agreements with trustees to maintain trusts for compliance with the University's long-term debt requirements, capital projects and certain other requirements.

Capital Projects

Proceeds from the sale of bonds for the design and construction of third-party blended component unit housing and research facilities are held by trustees. The fair value of these investments was \$580.8 million and \$78.4 million at June 30, 2025 and 2024, respectively. Substantially all of these investments are of a highly liquid, short-term nature.

8. Accounts Receivable

Accounts receivable and the allowance for uncollectible accounts at June 30, 2025 and 2024 are presented in **Table 8.1a** and **8.1b**, respectively.

Table 8.1a: Accounts receivable and the allowance for uncollectible accounts at June 30, 2025 *(in thousands of dollars)*

Description	University of California state and federal government	University of California Medical Centers	University of California investment sales	University of California private grants and contracts	University of California Medical professional fees	University of California other	University of California total	Campus Foundations
Accounts receivable	\$1,437,076	\$6,044,179	\$280,302	\$936,739	\$671,214	\$1,712,522	\$11,082,032	\$66,356
Allowance for uncollectible accounts	(17,405)	(1,016,625)		(41,073)	(189,201)	(99,857)	(1,364,161)	
Accounts receivable, net	\$1,419,671	\$5,027,554	\$280,302	\$895,666	\$482,013	\$1,612,665	\$9,717,871	\$66,356

Table 8.1b: Accounts receivable and the allowance for uncollectible accounts at June 30, 2024 *(in thousands of dollars)*

Description	University of California state and federal government	University of California Medical Centers	University of California investment sales	University of California private grants and contracts	University of California Medical professional fees	University of California other	University of California total	Campus Foundations
Accounts receivable	\$1,442,568	\$5,034,817	\$171,911	\$806,873	\$937,409	\$1,636,707	\$10,030,285	\$30,332
Allowance for uncollectible accounts	(17,319)	(875,745)		(46,180)	(182,686)	(83,145)	(1,205,075)	
Accounts receivable, net	\$1,425,249	\$4,159,072	\$171,911	\$760,693	\$754,723	\$1,553,562	\$8,825,210	\$30,332

The University's other accounts receivable are primarily related to investment income, tuition and fees, auxiliary enterprises, insurance rebates and legal settlements.

The campus foundations' accounts receivable are primarily related to investment income.

The allowance for uncollectible accounts has changed the following revenues for the University for the years ended June 30 as presented in **Table 8.2**.

Table 8.2: Revenues decreased by the allowance for uncollectible accounts *(in thousands of dollars)*

Description	2025	2024
Student tuition and fees	(\$8,562)	(\$7,506)
Grants and contracts: Federal	(511)	2,434
Grants and contracts: State	418	(1,391)
Grants and contracts: Private	(1,859)	3,150
Grants and contracts: Local	135	(726)
Medical centers	(459,680)	(817,446)
Educational activities	(17,122)	(24,899)
Auxiliary enterprises	2,758	(1,276)
Other operating revenues	(5,453)	(5,219)
Expense for uncollectible accounts	(\$489,876)	(\$852,879)

9. Pledges Receivable

The composition of pledges receivable at June 30 is summarized in **Table 9.1**.

Table 9.1: Composition of pledges receivable (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024
Total pledges receivable outstanding	\$82,409	\$82,561	\$1,621,820	\$1,809,303
Unamortized discount to present value	(1,530)	(1,422)	(135,052)	(156,048)
Allowance for uncollectible pledges	(9,195)	(10,828)	(72,550)	(81,135)
Total pledges receivable, net	71,684	70,311	1,414,218	1,572,120
Current portion of pledges receivable	(32,735)	(29,061)	(385,043)	(311,690)
Noncurrent portion of pledges receivable	\$38,949	\$41,250	\$1,029,175	\$1,260,430

Future receipts under pledge agreements for each of the five fiscal years subsequent to June 30, 2025 and thereafter are presented in **Table 9.2**.

Table 9.2: Future receipts under pledge agreements (in thousands of dollars)

Year ending June 30	University of California	Campus Foundations
2026	\$41,097	\$437,902
2027	13,509	302,263
2028	8,906	256,350
2029	8,060	206,594
2030	3,527	112,422
2031–2035	7,060	206,167
Beyond 2035	250	100,122
Total future receipts under pledge agreements	\$82,409	\$1,621,820

10. Notes and Mortgages Receivable

The University's notes and mortgages receivable at June 30, 2025 and 2024 are presented in **Table 10.1a** and **10.1b**, respectively.

Table 10.1a: Notes and mortgage receivable at June 30, 2025 (in thousands of dollars)

Description	Current	Noncurrent notes	Noncurrent mortgages	Noncurrent total
Notes and mortgages receivable	\$98,406	\$212,016	\$44,878	\$256,894
Allowance for uncollectible amounts	(5,315)	(11,309)	(179)	(11,488)
Notes and mortgages receivable, net	\$93,091	\$200,707	\$44,699	\$245,406

Table 10.1b: Notes and mortgage receivable at June 30, 2024 (in thousands of dollars)

Description	Current	Noncurrent notes	Noncurrent mortgages	Noncurrent total
Notes and mortgages receivable	\$34,923	\$417,624	\$37,409	\$455,033
Allowance for uncollectible amounts	(3,923)	(6,742)	(186)	(6,928)
Notes and mortgages receivable, net	\$31,000	\$410,882	\$37,223	\$448,105

11. Capital Assets

The University's capital asset activity for the years ended June 30 is presented in **Table 11.1**.

Table 11a: University's capital asset activity at original cost (in thousands of dollars)

Capital assets, at original cost	2023	Additions/ transfers	Disposals	2024	Additions/ transfers	Disposals	2025
Land	\$1,719,374	\$408,323	(\$12,201)	\$2,115,496	\$223,501	(\$4,782)	\$2,334,215
Infrastructure	1,059,741	27,500		1,087,241	62,109		1,149,350
Buildings and improvements	51,314,709	3,894,835	(120,176)	55,089,368	3,335,533	(60,107)	58,364,794
Equipment, software and intangibles	10,195,351	964,614	(442,173)	10,717,792	1,029,748	(343,224)	11,404,316
Leases	3,295,799	281,952	(134,417)	3,443,334	776,139	(271,403)	3,948,070
Subscription-based IT arrangements	396,120	194,072	(60,879)	529,313	233,567	(70,085)	692,795
Libraries and collections	4,914,342	185,196	(63,568)	5,035,970	165,229	(88,580)	5,112,619
Special collections	647,193	10,803	(14)	657,982	46,516	(2,289)	702,209
Construction in progress	6,264,963	1,906,627	(7,784)	8,163,806	1,599,424	(72,004)	9,691,226
Total	\$79,807,592	\$7,873,922	(\$841,212)	\$86,840,302	\$7,471,766	(\$912,474)	\$93,399,594

Table 11b: University's net capital assets and accumulated depreciation and amortization (in thousands of dollars)

Accumulated depreciation and amortization	2023	Depreciation and amortization	Disposals	2024	Depreciation and amortization	Disposals	2025
Infrastructure	\$541,700	\$35,497		\$577,197	\$35,363		\$612,560
Buildings and improvements	23,326,475	1,618,732	(\$107,949)	24,837,258	1,744,049	(\$48,366)	26,532,941
Equipment, software and intangibles	7,304,810	787,450	(455,835)	7,636,425	758,156	(294,692)	8,099,889
Leases	958,161	293,915	(61,664)	1,190,412	285,146	(185,525)	1,290,033
Subscription-based IT arrangements	156,168	123,653	(60,981)	218,840	159,984	(71,189)	307,635
Libraries and collections	3,716,371	142,018	(50,636)	3,807,753	141,315	(91,832)	3,857,236
Total	\$36,003,685	\$3,001,265	(\$737,065)	\$38,267,885	\$3,124,013	(\$691,604)	\$40,700,294
Capital assets, net	\$43,803,907			\$48,572,417			\$52,699,300

Service concession arrangements, reported as buildings and improvements, are \$469.2 million of original cost and \$63.3 million of accumulated depreciation at June 30, 2025, and are \$278.7 million of original cost and \$55.2 million of accumulated depreciation at June 30, 2024.

12. Self-Insurance and Other Liabilities

The University's self-insurance, obligations under life income agreements and other liabilities at June 30, 2025 and 2024 are presented in **Table 12.1**.

Table 12.1: Self-insurance, obligations under life income agreements and other liabilities (in thousands of dollars)

Description	University of California 2025	University of California 2024	Campus Foundations 2025	Campus Foundations 2024
Employee benefits				
Compensated absences	\$1,466,812	\$1,309,727		
Other employee benefits	1,337,920	1,264,413		
Total employee benefits	2,804,732	2,574,140		
Other current liabilities				
Accrued interest	240,455	222,474		
Self-insurance programs	1,050,477	807,666		
Obligations under life income agreements	1,156	1,276	\$18,481	\$16,825
Other current liabilities	534,047	904,050	126,974	83,538
Total other current liabilities	1,826,135	1,935,466	145,455	100,363
Self-insurance programs	1,943,331	1,632,855		
Obligations under life income agreements	33,642	32,491	141,930	136,581
Other noncurrent liabilities				
Compensated absences	685,173	721,786		
Fair value of interest rate swaps	24,997	36,644		
Other long-term liabilities	199,830	140,425	45,453	45,319
Total other noncurrent liabilities	\$910,000	\$898,855	\$45,453	\$45,319

Self-Insurance Programs

Self-insured liabilities changed as presented in **Table 12.2a** and **12.2b** for the years ended June 30, 2025 and 2024, respectively.

Table 12.2a: Self-insured liabilities at June 30, 2025 (in thousands of dollars)

Description	Medical malpractice	Workers' compensation	Employee & student health care	General liability and other	Total
Liabilities at June 30, 2024	\$409,406	\$1,335,275	\$312,627	\$383,213	\$2,440,521
Claims incurred and changes in estimates	185,164	466,169	2,663,518	230,599	3,545,450
Claim payments	(94,707)	(103,492)	(2,673,319)	(120,645)	(2,992,163)
Liabilities at June 30, 2025	\$499,863	\$1,697,952	\$302,826	\$493,167	\$2,993,808
Discount rate	3.0%	3.0%	Undiscounted	3.0%	

Table 12.2b: Self-insured liabilities at June 30, 2024 (in thousands of dollars)

Description	Medical malpractice	Workers' compensation	Employee & student health care	General liability and other	Total
Liabilities at June 30, 2023	\$276,714	\$1,058,806	\$312,756	\$340,689	\$1,988,965
Claims incurred and changes in estimates	202,197	369,416	2,377,879	164,587	3,114,079
Claim payments	(69,505)	(92,947)	(2,378,008)	(122,063)	(2,662,523)
Liabilities at June 30, 2024	\$409,406	\$1,335,275	\$312,627	\$383,213	\$2,440,521
Discount rate	3.00%	3.00%	Undiscounted	3.00%	

13. Debt

The University directly finances the construction, renovation and acquisition of facilities and equipment, or such other purposes as authorized by The Regents through the issuance of debt obligations or indirectly through structures that involve legally separate entities reported as blended component units. Commercial paper and bank loans provide interim financing. Long-term financing includes revenue bonds, financing obligations and other borrowings.

The University's outstanding debt at June 30 is presented on **Table 13.1**.

Table 13.1: Outstanding debt (in thousands of dollars)

Description	Weighted average interest rate	Interest rate range	Maturity years	2025	2024
Interim financing: Commercial paper		2.7 to 4.4%	2025	\$1,320,000	\$1,587,500
Long-term financing:					
University of California General Revenue Bonds: Fixed rate	4.70%	0.9 to 7.6%	2026–2115	18,617,360	15,806,875
University of California General Revenue Bonds: Variable rate	2.20%	1.1 to 4.4%	2026–2054	1,336,265	1,086,265
University of California Limited Project Revenue Bonds	4.40%	1.8 to 5.5%	2026–2058	3,802,675	4,767,780
University of California Medical Center Pooled Revenue Bonds: Fixed rate	4.10%	2.5 to 6.6%	2026–2120	6,583,040	6,647,560
University of California Medical Center Pooled Revenue Bonds: Variable rate	2.60%	2.5 to 2.9%	2026–2047	205,965	205,965
Unamortized bond premium				2,215,115	1,967,016
Total revenue bonds	5.00%			32,760,420	30,481,461
Financing obligations		Various	2026–2042	103,080	64,893
Other University borrowings		Various	2026–2091	753,910	807,504
Leases		Various	2026–2120	2,933,842	2,519,174
Subscription-based information technology arrangements		Various	2026–2034	288,672	236,471
Blended component unit revenue bonds, net	4.80%	3.0 to 6.5%	2026–2059	2,667,858	2,212,345
Total outstanding debt				40,827,782	37,909,348
Less: Commercial paper				(1,320,000)	(1,587,500)
Current portion of outstanding debt				(3,298,866)	(3,113,605)
Noncurrent portion of outstanding debt				\$36,208,916	\$33,208,243

The activity with respect to the University's current and noncurrent debt, including the revenue bonds associated with blended component units, for the years ended June 30 is presented in **Tables 13.2a** and **13.2b**.

Table 13.2a: Current and noncurrent debt activity for the year ended June 30, 2025 *(in thousands of dollars)*

Description	University revenue bonds	Financing obligations, leases and subscription-based IT arrangements	Other university borrowings	Blended component unit revenue bonds	Total
Long-term debt at June 30, 2024	\$30,481,477	\$2,820,522	\$807,504	\$2,212,345	\$36,321,848
New obligations	4,894,770	1,017,705	267,663	489,725	6,669,863
Bond premium, net	424,804			20,243	445,047
Refinancing or prepayment of outstanding debt	(1,409,015)	(95,794)			(1,504,809)
Scheduled principal payments	(1,454,895)	(416,839)	(321,257)	(39,690)	(2,232,681)
Amortization of bond premium	(176,721)			(14,765)	(191,486)
Long-term debt at June 30, 2025	32,760,420	3,325,594	753,910	2,667,858	39,507,782
Less: Current portion	(2,670,225)	(399,968)	(170,748)	(57,925)	(3,298,866)
Noncurrent portion at June 30, 2025	\$30,090,195	\$2,925,626	\$583,162	\$2,609,933	\$36,208,916

Table 13.2b: Current and noncurrent debt activity for the year ended June 30, 2024 *(in thousands of dollars)*

Description	University revenue bonds	Financing obligations, leases and subscription-based IT arrangements	Other university borrowings	Blended component unit revenue bonds	Total
Long-term debt at June 30, 2023	\$29,624,896	\$2,812,011	\$750,220	\$2,268,648	\$35,455,775
New obligations	3,194,785	449,802	132,075		3,776,662
Bond premium, net	443,120				443,120
Refinancing or prepayment of outstanding debt	(2,030,205)	(51,784)			(2,081,989)
Scheduled principal payments	(605,200)	(389,507)	(74,791)	(41,040)	(1,110,538)
Amortization of bond premium	(145,919)			(15,263)	(161,182)
Long-term debt at June 30, 2024	30,481,477	2,820,522	807,504	2,212,345	36,321,848
Less: Current portion	(2,485,980)	(364,244)	(212,224)	(51,157)	(3,113,605)
Noncurrent portion at June 30, 2024	\$27,995,497	\$2,456,278	\$595,280	\$2,161,188	\$33,208,243

Commercial Paper

As of June 30, 2025 and 2024, the University has available \$4.0 billion and \$2.0 billion, respectively, in its commercial paper program, issued in two series, with tax-exempt and taxable components. Commercial paper may be issued for interim financing for capital projects or equipment, financing for working capital for the medical centers, standby or interim financing for gift-financed projects and working capital for the University.

The program's liquidity is primarily supported by available investments in STIP, BGP and TRIP. Commercial paper is collateralized by a pledge of the revenues derived from the ownership or operation of the projects financed and constitutes limited obligations of the University. There is no encumbrance, mortgage or other pledge of property securing commercial paper and the paper does not constitute general obligations of the University.

Commercial paper outstanding, including interest rates, at June 30 is presented in **Table 13.3**.

Table 13.3: Commercial paper (in thousands of dollars)

Description	Interest rates 2025	Outstanding 2025	Interest rates 2024	Outstanding 2024
Tax-exempt	2.8 to 3.3%	\$1,105,000	3.5 to 3.9%	\$1,401,000
Taxable	4.2 to 4.5%	215,000	5.3 to 5.5%	186,500
Total outstanding		\$1,320,000		\$1,587,500

The expectation is that the University will continue to utilize available investments for liquidity support of the commercial paper program. Alternatively, the University may utilize lines of credit from external banks for the purpose of providing additional liquidity support for the commercial paper program. As of June 30, 2025, the University has three revolving credit agreements totaling \$1.0 billion. There were no borrowings against the revolving credit lines as of June 30, 2025.

University of California Revenue Bonds

Revenue bonds have financed various auxiliary, administrative, academic, medical center and research facilities of the University. The bonds generally have annual principal and semiannual or monthly interest payments, serial and term maturities, contain sinking fund requirements and may have optional redemption provisions. Revenue bonds are not collateralized by any encumbrance, mortgage or other pledge of property, except pledged revenues, and do not constitute general obligations of The Regents. Revenue bond indentures require the University to use the facilities in a way which will not cause the interest on the tax-exempt bonds to be included in the gross income of the bondholders for federal tax purposes. The indentures permit the University to issue additional bonds as long as certain conditions are met.

General revenue bonds are collateralized solely by general revenues as defined in the general revenue bond indenture. General revenues are certain operating and nonoperating revenues of the University consisting of gross student tuition and fees; a portion of state appropriations; facilities and administrative cost recovery from contracts and grants; revenues from educational, auxiliary and other activities; and other revenues, including unrestricted investment income. The General revenue bond indenture requires the University to set rates, charges and fees each year sufficient for general revenues to pay for the annual principal and interest on the bonds and certain other covenants. The pledge of general revenues for interest rate swap agreements is on a parity basis with the University's general revenue bonds. General revenues for the years ended June 30, 2025 and 2024 were \$23.4 billion and \$21.7 billion, respectively.

Limited project revenue bonds have been issued to finance auxiliary enterprises and are collateralized by a pledge consisting of the sum of the gross revenues of specific projects. The limited project revenue bond indenture requires the University to achieve the sum of revenues equal to 1.1 times debt service and to maintain certain other covenants. The pledge of revenues for limited project revenue bonds is subordinate to the pledge of revenues for general revenue bonds, but senior to pledges for commercial paper notes. Pledged revenues for the years ended June 30, 2025 and 2024 were \$2.0 billion and \$1.9 billion, respectively.

Medical center pooled revenue bonds have been issued to finance the University's medical center facilities and are collateralized by joint and several pledges of the gross revenues of all five of the University's medical centers. Medical center gross revenues are excluded from general revenues. The medical center pooled revenue bond indenture requires the medical centers to set rates, charges and fees each year sufficient for the medical centers' total operating and nonoperating revenues to pay for the annual principal and interest on the bonds and certain other covenants. The pledge of medical center revenues for interest rate swap agreements may be at parity with, or subordinate to, medical center pooled revenue bonds. Pledged revenues of the medical centers for the years ended June 30, 2025 and 2024 were \$26.2 billion and \$21.9 billion, respectively.

2025 Activity

In August 2024, general revenue bonds totaling \$1.7 billion, including \$250.0 million in variable-rate demand bonds, were issued to finance or refinance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2054. The fixed rate-tax exempt bonds have a stated weighted average interest rate of 5.0 percent. The interest rate resets weekly for the variable rate demand bonds. The deferred premium of \$168.1 million will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of \$16.8 million and an economic gain of \$12.9 million.

In February 2025, general revenue bonds totaling \$2.0 billion were issued to finance or refinance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2050. The fixed-rate tax-exempt bonds have a stated weighted average interest rate of 5.0 percent. The deferred premium of \$238.9 million will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of \$86.5 million and an economic gain of \$85.4 million.

In March 2025, general revenue bonds totaling \$1.2 billion were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2055. The fixed-rate tax-exempt bonds have a stated weighted average interest rate of 4.9 percent. The deferred premium of \$134.0 million will be amortized as a reduction to interest expense over the term of the bonds.

2024 Activity

In March 2024, general revenue bonds totaling \$1.1 billion were issued to refund certain outstanding general revenue bonds and limited project revenue bonds of the University. The bonds mature at various dates through 2045. The fixed-rate tax-exempt bonds have a stated weighted average interest rate of 5.0 percent. The deferred premium of \$199.6 million will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of \$103.1 million and an economic gain of \$46.8 million.

In February 2024, general revenue bonds totaling \$1.4 billion, including \$144.0 million in taxable bonds, were issued to finance or refinance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2044. The fixed-rate tax-exempt bonds have a stated weighted average interest rate of 5.0 percent. The taxable bonds have a stated weighted average interest rate of 4.9 percent. The deferred premium of \$174.4 million will be amortized as a reduction to interest expense over the term of the bonds. The refinancing and refunding of previously outstanding bonds resulted in cash flow savings of \$149.1 million and an economic gain of \$100.4 million.

In September 2023, general revenue bonds totaling \$706.6 million, including \$586.5 million in tax-exempt bonds, were issued to finance the acquisition, construction, improvement and renovation of certain facilities of the University. The bonds mature at various dates through 2035. Proceeds of the bonds, including a bond premium of \$93.0 million, were used to pay for project construction and issuance costs. The fixed-rate tax-exempt bonds have a stated weighted average interest rate of 5.0 percent. The taxable bonds have a stated weighted average interest rate of 5.1 percent. The deferred premium will be amortized as a reduction to interest expense over the term of the bonds.

Leases

The University has leases for land, buildings and equipment under agreements that extend through 2120. Some leases include one or more options to renew, with renewal terms that can extend the lease term from 1 to 40 years. Leases may also include options to terminate the leases.

Certain of the University's lease agreements include rental payments adjusted periodically primarily for inflation. The lease agreements do not contain any material lease incentive received, residual value guarantees, material restrictive covenants or material termination penalties. The University also subleases certain real estate to third parties.

The University measures the lease liability at the present value of payments expected to be made during the lease term. Leases with a term of 12 months or less, real estate leases with cumulative undiscounted payments of less than \$300,000 (including option periods) or equipment leases with cumulative undiscounted payments of less than \$100,000 (including option periods) are recognized as operating expense on a straight-line basis over the lease term. If the interest rate implicit in the lease cannot be readily determined, the University uses an incremental borrowing rate to discount the lease payments, which is an estimate of the interest rate that would be charged for borrowing the lease payment amounts during the lease term.

Future minimum payments on the University's leases with an initial or remaining non-cancelable term in excess of one year are presented in **Table 13.4**.

Table 13.4: Future minimum payments on leases *(in thousands of dollars)*

Year ending June 30	Principal	Interest	Total payments
2026	\$248,230	\$110,117	\$358,347
2027	237,319	101,409	338,728
2028	230,516	98,879	329,395
2029	216,694	89,876	306,570
2030	197,072	81,846	278,918
2031–2035	766,679	295,405	1,062,084
2036–2040	518,644	156,138	674,782
2041–2045	240,669	78,789	319,458
2046–2050	153,839	37,259	191,098
2051–2055	33,869	19,724	53,593
2056–2060	25,860	16,305	42,165
2061–2065	13,742	13,415	27,157
2066–2070	2,911	15,087	17,998
2071–2075	3,690	14,799	18,489
2076–2080	4,677	14,298	18,975
2081–2085	5,928	16,556	22,484
2086–2090	6,816	15,651	22,467
2091–2095		15,582	15,582
2096–2100		16,260	16,260
2101–2105		16,989	16,989
2106–2110		17,772	17,772
2111–2115	10,814	7,799	18,613
2116–2120	15,278	1,579	16,857
Total	\$2,933,247	\$1,251,534	\$4,184,781

Subscription-based Information Technology Arrangements

The University has subscription-based information technology arrangements (SBITAs) under agreements that extend through 2037. Some SBITAs include one or more options to renew, with renewal terms that can extend the subscription term from 1 to 10 years. SBITAs may also include options to terminate the subscription. SBITAs do not contain any material incentive received, material restrictive covenants or material termination penalties.

The University measures the SBITA liability at the present value of payments expected to be made during the subscription term. SBITAs with a term of 12 months or less or those with cumulative undiscounted payments of less than \$500,000 (including option periods) are recognized as operating expense on a straight-line basis over the subscription term. If the interest rate implicit in the SBITA cannot be readily determined, the University uses an incremental borrowing rate to discount the SBITA payments, which is an estimate of the interest rate that would be charged for borrowing the SBITA payment amounts during the subscription term.

Future minimum payments on the University's SBITAs with an initial or remaining non-cancelable term in excess of one year are presented in **Table 13.5**.

Table 13.5: Future minimum payments on SBITAs (in thousands of dollars)

Year ending June 30	Principal	Interest	Total payments
2026	\$122,975	\$10,074	\$133,049
2027	86,337	5,909	92,246
2028	42,743	2,844	45,587
2029	21,120	1,454	22,574
2030	7,837	586	8,423
2031–2035	6,952	821	7,773
2036–2037	708	31	739
Total	\$288,672	\$21,719	\$310,391

Other University Borrowings

Other University borrowings consist of contractual obligations resulting from the acquisition of land or buildings and the construction and renovation of certain facilities, along with the borrowing component associated with hybrid derivative instruments.

The University may use uncollateralized revolving lines of credit with commercial banks for capital purposes and to provide interim financing for buildings and equipment. Lines of credit commitments for general corporate purposes totaled \$200.0 million at June 30, 2025 and 2024. Outstanding borrowings under these bank lines totaled \$117.0 million and \$167.0 million at June 30, 2025 and 2024, respectively.

Certain of the interest rate swaps are considered hybrid instruments. As such, the interest rate swaps are comprised of a derivative instrument and a companion instrument recorded as a borrowing. The unamortized amount of the borrowing was \$60.2 million and \$63.2 million at June 30, 2025 and 2024, respectively.

In August 2016, the University entered into an agreement with a developer to design, construct, finance, operate and maintain certain auxiliary, administrative, academic and research facilities of one of its campuses through 2055. Construction of all of the facilities was completed in the summer of 2020. Payments under this agreement have two components: the first component of the agreement is related to the operations and maintenance of the facilities; the second component is to service the private debt incurred by the developer. The payments for servicing the private debt are recorded as other borrowings by the University. The operations and maintenance component of the payments are expensed as incurred. In the event that the operations and maintenance agreement with the developer is terminated, the outstanding portion of the private debt incurred by the developer would become an obligation of the University. The outstanding amount of the borrowing was \$475.1 million and \$515.0 million at June 30, 2025 and 2024, respectively.

Blended Component Unit Revenue Bonds

Student housing

The University has entered into ground leases with legally separate nonprofit corporations that develop and own student housing projects and related amenities and improvements on three University campuses through the use of project limited liability corporations (LLC). Each LLC, through a conduit issuer, has outstanding Student Housing LLC Revenue Bonds to finance the construction of the student housing facilities. Each LLC manages the premises. The University's reversionary interest in the land is not subordinated. All costs associated with the ownership, operation and management of the improvements are the obligation of each LLC. Student rental rates are established in order to provide for operating expenses and to maintain the required debt service coverage ratios. The bonds generally have annual principal and semiannual interest payments, serial and term maturities, certain sinking fund requirements and optional redemption provisions. They are not collateralized by any encumbrance, mortgage or other pledge of property, except pledged revenues of the student housing projects, and do not constitute general obligations of The Regents.

The LLCs, through a conduit issuer, have outstanding Student Housing LLC Revenue Bonds totaling \$1.6 billion at June 30, 2025 and 2024. The bonds mature at various dates through 2054 and have a weighted average interest rate of 4.5 percent.

Research facilities

The University has a public/private partnership for the purpose of developing, constructing and managing a neuroscience research and laboratory building, a psychiatry youth and family center and a clinical and life sciences building, with a legally separate, nonprofit corporation (the Corporation). In connection with these facilities, the University entered into ground leases with the Corporation. The Corporation has entered into a sub-ground lease with a developer to construct, own and manage the facilities. The University agreed to lease all of the space in the building from the developer. The University's base rent payments are equal to the principal and interest payments on the bonds that are issued by a conduit issuer and loaned to the nonprofit corporation to finance the construction of the building. As security on the bonds, the developer has assigned all payments received from the University for the space lease to the bond trustee.

At June 30, 2025, the Corporation, through a conduit issuer, has outstanding tax-exempt revenue bonds totaling \$648.2 million and taxable revenue bonds totaling \$188.0 million. At June 30, 2024, the Corporation, through a conduit issuer, had outstanding tax-exempt revenue bonds totaling \$165.5 million and taxable revenue bonds totaling \$188.0 million. The tax-exempt revenue bonds mature at various dates through 2059 and have a weighted average interest rate of 5.0 percent. The tax-exempt revenue bonds have annual serial maturities, certain sinking fund requirements, semiannual interest payments and optional redemption provisions. The taxable bonds mature through 2049 and have an interest rate of 6.5 percent. The taxable bonds were issued as Build America Bonds, under which the U.S. Treasury was expected at the time of issuance to send the conduit issuer 35.0 percent of the semiannual interest cost on the taxable bonds. As of June 30, 2025, the U.S. Treasury had reduced the subsidy by 5.7 percent for a net subsidy of 33.0 percent and has published its intention to do so through Federal Fiscal Year 2030, making the net interest rate 4.3 percent post-subsidy. The taxable bonds have a term maturity with various certain annual sinking fund requirements, semiannual interest payments and optional redemption provisions.

In addition, the University entered into a ground lease with another legally separate, nonprofit corporation (the Consortium). The Consortium entered into an agreement with a developer to develop and own a research laboratory facility designed to expand collaborative work in stem cell research and facilitate its translation into tools and techniques to diagnose and treat degenerative diseases and other ailments. The developer constructed the research laboratory facility. All costs associated with the ownership, operation and management of the laboratory research facility are the obligation of the Consortium. The University, along with the other collaborative research partners, will lease space in the building.

The Consortium, through a conduit issuer, has outstanding revenue bonds totaling \$41.0 million and \$42.8 million at June 30, 2025 and 2024, respectively. The bonds mature at various dates through 2040 and have a weighted average interest rate of 4.3 percent. The bonds generally have annual principal and semiannual interest payments, serial and term maturities, certain sinking fund requirements and optional redemption provisions. Lease payments from the occupants of the building are pledged as collateral on the bonds. To the extent the lease payments are not sufficient to pay the debt service, the University is obligated to pay the shortfall.

Future Debt Service and Hedging Derivative Interest Rate Swaps

Future debt service payments for the University's fixed- and variable-rate debt, excluding leases and SBITAs, for each of the five fiscal years subsequent to June 30, 2025, and thereafter are presented in **Table 13.6a**. Although not a prediction by the University of the future interest cost of the variable-rate bonds, these amounts assume that current interest rates on variable-rate bonds will not change. As these rates vary, variable-rate bond interest payments will vary.

Table 13.6a: Future debt service payments (in thousands of dollars)

Years ending June 30	Commercial paper	Medical Center revenue bonds	University revenue bonds	Financing obligations	Other university borrowings	Blended component unit revenue bonds	Total payments	Principal	Interest
2026	\$1,330,513	\$364,717	\$1,917,702	\$31,753	\$175,884	\$161,569	\$3,982,138	\$2,509,811	\$1,472,327
2027		366,020	2,075,786	24,763	62,372	164,172	2,693,113	1,282,127	1,410,986
2028		351,080	1,616,904	20,983	62,745	166,241	2,217,953	845,718	1,372,235
2029		350,522	2,026,686	17,942	63,040	166,992	2,625,182	1,288,691	1,336,491
2030		350,008	2,588,965	13,118	61,523	167,535	3,181,149	1,910,309	1,270,840
2031–2035		2,250,545	8,989,948	3,770	276,829	881,424	12,402,516	6,916,189	5,486,327
2036–2040		1,924,944	7,163,442		72,980	851,625	10,012,991	6,066,112	3,946,879
2041–2045		1,935,273	4,527,302		23,717	718,346	7,204,638	4,578,330	2,626,308
2046–2050		2,185,077	2,868,346		3,019	699,890	5,756,332	4,102,748	1,653,584
2051–2055		1,259,046	2,245,277		125	345,276	3,849,724	3,010,265	839,459
2056–2060		1,043,970	397,833			128,432	1,570,235	1,026,270	543,965
Thereafter		967,080	4,843,423				5,810,503	1,660,000	4,150,503
Total future debt service	1,330,513	13,348,282	41,261,614	112,329	802,234	4,451,502	61,306,474	\$35,196,570	\$26,109,904
Less: Interest component of future payments	(10,513)	(6,559,277)	(17,505,314)	(9,249)	(48,324)	(1,977,227)	(26,109,904)		
Principal portion of future payments	1,320,000	6,789,005	23,756,300	103,080	753,910	2,474,275	35,196,570		
Adjusted by: unamortized bond premium		172,260	2,042,855			193,583	2,408,698		
Total debt	\$1,320,000	\$6,961,265	\$25,799,155	\$103,080	\$753,910	\$2,667,858	\$37,605,268		

Long-term debt does not include \$500.0 million of defeased liabilities at June 30, 2025. Investments that have maturities and interest rates sufficient to fund retirement of these liabilities are being held in irrevocable trusts for the debt service payments. Neither the assets of the trusts nor the outstanding obligations are included in the University's statement of net position.

General revenue bonds of \$1.3 billion are variable-rate demand bonds which reset daily or weekly and, in the event of a failed remarketing, can be put back to The Regents for tender. The University has classified these bonds as current liabilities as of June 30, 2025.

Medical center pooled revenue bonds of \$206.0 million are variable-rate demand bonds which give the debt holders the ability to put the bonds back to The Regents upon demand. The University has classified these bonds as current liabilities as of June 30, 2025.

For the University's cash flow hedges, future debt service payments for the University's variable-rate debt and net receipts or payments on the associated hedging derivative instruments for each of the five fiscal years subsequent to June 30, 2025, and thereafter are as presented in **Table 13.6b**. Although not a prediction by the University of the future interest cost of the variable-rate bonds or the impact of the interest rate swaps, using rates as of June 30, 2025, combined debt service requirements of the variable-rate debt and net swap payments are presented in **Table 13.6b**.

Table 13.6b: Future debt service payments — hedging derivative instruments *(in thousands of dollars)*

Years ending June 30	Variable-rate bonds: Principal	Variable-rate bonds: Interest	Interest rate swap, net	Total payments
2026	\$12,595	\$26,709	(\$11,549)	\$27,755
2027	12,990	26,954	(11,576)	28,368
2028	13,420	26,702	(11,595)	28,527
2029	13,830	26,294	(11,475)	28,649
2030	14,285	26,118	(11,602)	28,801
2031–2035	52,470	125,500	(57,284)	120,686
2036–2040	118,080	119,224	(49,401)	187,903
2041–2045	416,185	100,763	(14,547)	502,401
2046–2050	488,375	24,317	(3,350)	509,342
Total	\$1,142,230	\$502,581	(\$182,379)	\$1,462,432

14. Deferred Outflows of Resources and Deferred Inflows of Resources

The University's composition of deferred outflows of resources at June 30 are summarized in **Table 14.1**.

Table 14.1: Deferred outflows of resources (in thousands of dollars)

Description	2025	2024
Net pension liability	\$2,167,271	\$2,419,904
Net retiree health benefits liability	2,360,833	3,323,514
Debt refunding	175,043	216,839
Interest rate swap agreements	17,479	14,054
Asset retirement obligations	73,860	59,087
Acquisitions	512,417	537,320
Total	\$5,306,903	\$6,570,718

The University's composition of deferred inflows of resources at June 30 are summarized in **Table 14.2**.

Table 14.2: Deferred inflows of resources (in thousands of dollars)

Description	2025	2024
Service concession arrangements	\$407,630	\$223,504
Net pension liability	5,700,041	2,697,214
Net retiree health benefits liability	8,420,065	8,617,107
Debt refunding	122,510	71,661
Interest rate swap agreements	101,856	111,470
Royalty sales	144,430	191,285
Irrevocable split-interest agreements	67,672	68,817
Leases	669,767	634,825
Total	\$15,633,971	\$12,615,883

The campus foundations' deferred inflows of resources are primarily related to irrevocable split-interest agreements.

15. Retirement Plans

Most University employees participate in UCRS. UCRS consists of UCRP, a governmental defined benefit plan funded with University and employee contributions; UCRSP, which includes defined contribution plans with options to participate in internally or externally managed investment portfolios generally funded with employee nonelective and elective contributions; and UC-VERIP, a defined benefit plan for University employees who were members of the California Public Employees' Retirement System (CalPERS) who elected early retirement. Other retirement plans include the Children's Hospital and Research Center at Oakland (CHRCO) Pension Plan, a defined benefit plan fully funded with CHRCO contributions and the Orange County Employees' Retirement System (OCERS) retirement plan, a cost-sharing multiemployer defined benefit pension plan for former employees of an Orange County hospital center who chose to remain with OCERS at the time the hospital was acquired by the University. The Regents has the authority to establish and amend UCRS, and administration authority with respect to the UCRS plans is vested with the President of the University as plan administrator. CHRCO administers the CHRCO Pension Plan as the Sponsor and plan assets are held by State Street Bank and Trust Company (Trustee).

Condensed financial information related to each plan in UCRS and CHRCO Pension Plan and the changes in pension liability for UCRP, UC-VERIP and the CHRCO Pension Plan for the year ended June 30, 2025 are presented in **Table 15.1**.

Table 15.1: Condensed financial information for retirement plans (in thousands of dollars)

Description	University of California Retirement Plan	University of California UC-VERIP	Subtotal	University of California Retirement Savings Program	Total	Children's Hospital & Research Center at Oakland Pension Plan
Condensed Statement of Fiduciary Net Position						
Investments at fair value	\$110,560,138	\$81,523	\$110,641,661	\$40,742,182	\$151,383,843	\$789,306
Participants' interests in mutual funds				3,329,248	3,329,248	
Investment of cash collateral	8,263,620	6,091	8,269,711	4,908,291	13,178,002	
Other assets	832,911	355	833,266	289,302	1,122,568	
Total assets	119,656,669	87,969	119,744,638	49,269,023	169,013,661	789,306
Collateral held for securities lending	8,263,620	6,092	8,269,712	4,908,290	13,178,002	
Other liabilities	666,080	398	666,478	239,396	905,874	
Total liabilities	8,929,700	6,490	8,936,190	5,147,686	14,083,876	
Net position held in trust	\$110,726,969	\$81,479	\$110,808,448	\$44,121,337	\$154,929,785	\$789,306
Condensed Statement of Changes in Fiduciary Net Position						
Contributions	\$5,174,807		\$5,174,807	\$2,749,685	\$7,924,492	\$41,800
Net appreciation in fair value of investments	10,693,740	\$7,917	10,701,657	4,213,002	14,914,659	
Investment and other income, net	1,783,507	1,357	1,784,864	906,703	2,691,567	89,585
Total additions, net	17,652,054	9,274	17,661,328	7,869,390	25,530,718	131,385
Benefit payment and participant withdrawals	5,509,922	2,521	5,512,443	2,842,768	8,355,211	29,566
Other deductions	104,729	2	104,731	2,598	107,329	3,102
Total deductions	5,614,651	2,523	5,617,174	2,845,366	8,462,540	32,668
Change in net position held in trust	12,037,403	6,751	12,044,154	5,024,024	17,068,178	98,717
Net position held in trust						
Beginning of year	98,689,566	74,728	98,764,294	39,097,313	137,861,607	690,589
End of year	\$110,726,969	\$81,479	\$110,808,448	\$44,121,337	\$154,929,785	\$789,306
Changes in total pension liability						
Service cost	\$3,443,672		\$3,443,672			\$14,263
Interest	7,945,333	\$879	7,946,212			48,326
Difference between expected and actual experience	788,362	(101)	788,261			4,631
Changes of benefit terms						(135,792)
Changes of assumptions or other inputs						21,940
Benefits paid, including refunds of employee contributions	(5,509,922)	(2,521)	(5,512,443)			(29,566)
Net change in total pension liability	6,667,445	(1,743)	6,665,702			(76,198)
Total pension liability						
Beginning of year	116,231,549	14,385	116,245,934			690,636
End of year	\$122,898,994	\$12,642	\$122,911,636			\$614,438
Net pension liability (asset), end of year	\$12,172,025	(\$68,837)	\$12,103,188			(\$174,868)

Additional information on the retirement plans can be obtained from the 2024–2025 annual reports of the UCRS which can be found at <https://ucop.edu/uc-controller/financial-reports/retirement-system-annual-reports.html>.

University of California Retirement Plan

UCRP provides lifetime retirement income, disability protection, death benefits and postretirement and preretirement survivor benefits to eligible employees of the University, its affiliates and their survivors and beneficiaries.

The University's membership in UCRP consisted of the following as presented in **Table 15.2** at June 30, 2025.

Table 15.2: Membership in UCRP

Membership	Campuses and Medical Centers	DOE National Laboratories	Total University of California
Retirees and beneficiaries receiving benefits	79,065	12,359	91,424
Inactive members entitled to, but not receiving benefits	123,247	6,847	130,094
Active members:			
Vested	88,886	1,775	90,661
Nonvested	65,363	689	66,052
Total active members	154,249	2,464	156,713
Total membership	356,561	21,670	378,231

Contributions

Contributions to UCRP are based upon rates determined by The Regents. The Regents' funding policy provides for contributions at rates to maintain UCRP on an actuarially sound basis. While the University's independent actuary annually determines the total funding policy contributions, the University is not required to contribute an amount equal to the total funding contribution. The actual contributions and the contribution rates of the University and employees are based on numerous factors, including the availability of funds to the University, the impact of employee contributions on the competitiveness of the University's total remuneration package and collective bargaining agreements.

The Regents determines the portion of the total contribution to be made by the employer and by the employees, and employee contribution rates for represented employees are subject to collective bargaining. Additional information on UCRP contributions can be obtained from the 2024-2025 annual report of the UCRS.

As of June 30, 2025 and 2024, the University reported \$236.9 million and \$517.7 million, respectively, as other noncurrent Department of Energy receivables for pension liabilities. Contributions of \$105.3 million and \$108.3 million were deposited into UCRP on behalf of the DOE for the years ended June 30, 2025 and 2024, respectively.

Net pension liability

All UCRP assets are available to pay any member's benefit. However, assets and liabilities for the campus and medical center segment of UCRP are internally tracked separately from the DOE national laboratory segments of UCRP. The net pension liability for UCRP at June 30, 2025 and 2024 are presented in **Table 15.3a** and **Table 15.3b**, respectively.

Table 15.3a: Net pension liability for UCRP at June 30, 2025 (in thousands of dollars)

Description	Campuses and Medical Centers	DOE National Laboratories	Total University of California
UCRP net position	\$100,372,652	\$10,354,317	\$110,726,969
Total pension liability	112,810,920	10,088,074	122,898,994
Net pension liability (asset)	\$12,438,268	(\$266,243)	\$12,172,025

Table 15.3b: Net pension liability for UCRP at June 30, 2024 (in thousands of dollars)

Description	Campuses and Medical Centers	DOE National Laboratories	Total University of California
UCRP net position	\$88,857,638	\$9,831,928	\$98,689,566
Total pension liability	106,158,524	10,073,025	116,231,549
Net pension liability	\$17,300,886	\$241,097	\$17,541,983

The University's net pension liability was measured as of June 30 and was calculated using the plan net position valued as of the measurement date and total pension liability determined by rolling forward the total pension liability from the results of the actuarial valuations as of July 1, one year prior to the measurement date. Actuarial assumptions were based upon the results of an experience study conducted for the period July 1, 2018 through June 30, 2022. The University's net pension liability was calculated using the following methods and assumptions as presented in **Table 15.4**.

Table 15.4: Actuarial assumptions used to calculate net pension liability *(as percentage)*

Description	2025	2024
Inflation	2.50%	2.50%
Investment rate of return	6.75	6.75
Projected salary increases	3.65 to 5.95	3.65 to 5.95
Cost-of-living adjustments	2.00	2.00

Mortality rates used to calculate the net pension liability are presented in **Table 15.5**.

Table 15.5: Mortality rates used to calculate the net pension liability

Description	Actuarial valuation basis
Preretirement	Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table multiplied by 90 percent for males and 95 percent for females
Postretirement: Healthy Members	Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 85 percent for male faculty members, 95 percent for female faculty members, 100 percent for other male members and 105 percent for other female members
Postretirement: Disabled Members	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table multiplied by 100 percent for males and 95 percent for females
Beneficiaries of Retired Members	In Pay Status as of Valuation: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table (separate tables for males and females) unadjusted for males and decreased by 10% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021 Not in Pay Status as of Valuation: Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females), unadjusted for males and increased by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021
Projection scale for all mortality tables	Generationally with the two-dimensional mortality improvement scale MP-2021.

The long-term expected investment rate of return assumption for UCRP was determined based on the aforementioned experience study, using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected expenses and a risk margin. The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized in **Table 15.6**.

Table 15.6: Target allocation and projected real rates of return *(as percentage)*

Asset Class	Target allocation	Projected real rate of return
U.S. equity	33.0%	6.0%
Developed international equity	13.0	6.8
Emerging market equity	7.0	8.5
Core bonds	13.0	1.8
High-yield bonds	2.5	4.6
Emerging market debt	1.5	4.6
Private equity	12.0	9.6
Private credit	3.5	2.9
Real estate	7.0	3.9
Absolute return	3.5	1.1
Real assets	4.0	4.0
Total	100.0%	5.6%

Discount rate

The discount rate used to estimate the net pension liability was 6.75 percent as of June 30, 2025 and 2024. To calculate the discount rate, cash flows into and out of UCRP were projected in order to determine whether UCRP has sufficient cash in future periods for projected benefit payments for current members. For this purpose, University, state and member contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected University contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. UCRP was projected to have assets sufficient to make projected benefit payments for current members for all future years as of June 30, 2025 and 2024.

Sensitivity of the net pension liability to the discount rate assumption

Table 15.7 presents the June 30, 2025 net pension liability of the University as well as what the net pension liability would be if it were calculated using a discount rate 1% lower and 1% higher than the current assumption.

Table 15.7: Sensitivity of net pension liability to changes in the discount rate *(in thousands of dollars)*

Description	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
UCRP	\$28,936,331	\$12,172,025	(\$1,560,317)
UC-VERIP	(68,258)	(68,837)	(69,360)

Deferred outflows of resources and deferred inflows of resources

The University's composition of deferred outflows of resources and deferred inflows of resources for pensions are summarized in **Tables 15.8a** and **15.8b**.

Table 15.8a: Deferred outflows and deferred inflows for pensions at June 30, 2025 *(in thousands of dollars)*

Description	Campuses and Medical Centers	DOE National Laboratories	Total UCRP	UC-VERIP	Total
Deferred outflows of resources					
Difference between expected and actual experience	\$1,924,366	\$5,689	\$1,930,055		\$1,930,055
Changes of assumptions or other inputs	190,647		190,647		190,647
Total	\$2,115,013	\$5,689	\$2,120,702		\$2,120,702
Deferred inflows of resources					
Net difference between projected and actual earnings on pension plan investments	\$5,113,053	\$508,801	\$5,621,854	\$4,539	\$5,626,393
Total	\$5,113,053	\$508,801	\$5,621,854	\$4,539	\$5,626,393

Table 15.8b: Deferred outflows and deferred inflows for pensions at June 30, 2024 *(in thousands of dollars)*

Description	Campuses and Medical Centers	DOE National Laboratories	Total UCRP	UC-VERIP	Total
Deferred outflows of resources					
Difference between expected and actual experience	\$2,071,355		\$2,071,355		\$2,071,355
Changes of assumptions or other inputs	303,457		303,457		303,457
Total	\$2,374,812		\$2,374,812		\$2,374,812
Deferred inflows of resources					
Difference between expected and actual experience		\$1,876	\$1,876		\$1,876
Net difference between projected and actual earnings on pension plan investments	\$2,361,358	274,683	2,636,041	\$4,480	2,640,521
Total	\$2,361,358	\$276,559	\$2,637,917	\$4,480	\$2,642,397

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ended June 30 as presented in **Table 15.9**.

Table 15.9: Net deferred outflows and deferred inflows of resources *(in thousands of dollars)*

Year Ended June 30	Campuses and Medical Centers	DOE National Laboratories	Total UCRP	UC-VERIP	Total
2026	\$1,272,355	\$99,710	\$1,372,065	\$382	\$1,372,447
2027	(1,707,936)	(271,173)	(1,979,109)	(2,196)	(1,981,305)
2028	(1,633,864)	(221,709)	(1,855,573)	(1,862)	(1,857,435)
2029	(928,595)	(109,940)	(1,038,535)	(863)	(1,039,398)
Total	(\$2,998,040)	(\$503,112)	(\$3,501,152)	(\$4,539)	(\$3,505,691)

Defined Contribution Plan (DC Plan) / Supplemental Defined Contribution Plan (SDC Plan)

The DC Plan was established by resolution of The Regents to accept after-tax contributions and pretax contributions. The Regents established the SDC Plan to provide retirement benefits to certain designated employees of the University and their beneficiaries.

Additional information on the DC Plan and SDC Plan can be obtained from the 2024–2025 annual report of the UCRS.

Tax Deferred 403(b) Plan

The University's Tax-Deferred 403(b) Plan (403(b) Plan) accepts pretax employee contributions.

Employer contributions to the 403(b) Plan were \$11.0 million and \$8.9 million for the years ended June 30, 2025 and 2024.

Additional information on the 403(b) Plan can be obtained from the 2024–2025 annual report of the UCRS.

457(b) Deferred Compensation Plan

The University's 457(b) Deferred Compensation Plan (457(b) Plan) accepts pretax employee contributions.

There were no employer contributions to the 457(b) Plan for the years ended June 30, 2025 and 2024.

Participants in the DC Plan, the SDC Plan, the 403(b) Plan and the 457(b) Plan may direct their elective and nonelective contributions to investment funds managed by the University. They may also invest account balances in certain mutual funds. The participants' interests in mutual funds is shown separately in the plans' statements of fiduciary net position.

Additional information on the 457(b) Plan can be obtained from the 2024–2025 annual report of the UCRS.

University of California Voluntary Early Retirement Incentive Program (UC-VERIP)

UC-VERIP is a defined benefit pension plan providing lifetime supplemental retirement income and survivor benefits to UC-VERIP members who elected early retirement under CalPERS.

As of June 30, 2025, there are 243 retirees or beneficiaries receiving benefits under this voluntary early retirement program.

The University and the DOE laboratories previously made contributions to the UC-VERIP sufficient to maintain the promised benefits. The actuarially determined contributions are zero for the years ended June 30, 2025 and 2024.

Additional information on UC-VERIP can be obtained from the UCRS 2024–2025 annual report.

Children's Hospital and Research Center at Oakland Pension Plan (CHRCO Pension Plan)

CHRCO administers the CHRCO Pension Plan as the sponsor and plan assets are held by State Street Bank and Trust Company (the Trustee). The CHRCO Pension Plan is a noncontributory defined benefit plan subject to the single employer defined benefit under ERISA rules that covers active and retired employees. The CHRCO Pension Plan was amended effective January 1, 2012 to exclude unrepresented employees hired or rehired on or after January 1, 2012. The CHRCO Pension Plan provides retirement, disability and death benefits to plan participants. Benefits are based on a participant's length of service, age at retirement and average compensation as defined by the CHRCO Pension Plan.

The CHRCO Pension Plan was amended during the fiscal year ended June 30, 2025 to close the CHRCO Pension Plan to new participants effective July 6, 2025, freeze credited service for benefit accrual purposes as of July 5, 2025, freeze pay for benefit accrual purposes after June 30, 2030 for unrepresented employees and December 31, 2030 for represented employees and provide partial benefit service for represented employee participants working between 500 and 999 hours during 2025.

Table 15.10 presents assumptions used to calculate the net pension liability for the CHRCO Pension Plan.

Table 15.10: CHRCO actuarial assumptions

Description	2025	2024
Inflation	3.00%	3.00%
Investment rate of return	6.75%	7.00%
Projected salary increases: Represented employees	4.50% for FYE 2025, 4.20% for FYE 2026 and 3.50% for FYE 2027 annually thereafter	4.50% for FYE 2024, 4.50% for FYE 2025, 4.20% for FYE 2026 and 3.50% for FYE 2027 annually thereafter
Projected salary increases: Unrepresented employees	4.20% for FYE 2025 and 3.50% for FYE 2026 annually thereafter	4.20% for FYE 2024, 4.20% for FYE 2025 and 3.50% for FYE 2026 annually thereafter
Cost-of-living adjustments	None	None

CHRCO recognized pension expense of \$(119.4) million and \$36.1 million at June 30, 2025 and 2024, respectively.

The actuarial assumptions used in the June 30, 2025 and 2024 valuations were based on the results of an experience study conducted during 2024. In 2025 and 2024, the mortality rates were based on Pri-2012 Private Retirement Plans Mortality Table with fully generational projected mortality improvements using Scale MP-2021.

Additional information on the CHRCO Pension Plan can be found in the annual reports, which can be obtained by writing to Children's Hospital Oakland, Finance Department, 747 52nd Street, Oakland, California 94609.

Table 15.11 presents membership in the CHRCO Pension Plan at June 30, 2025.

Table 15.11: CHRCO pension plan membership

Description	Total
Retirees and beneficiaries receiving benefits	1,501
Inactive members entitled to, but not yet receiving benefits	626
Active members	2,104
Total membership	4,231

Contributions

Employer contributions are determined under IRC Section 430. Employees are not required or permitted to contribute to the CHRCO Pension Plan.

Net pension liability

The net pension liability for the CHRCO Pension Plan was measured as of June 30 and the total pension liability was determined by an actuarial valuation as of January 1, rolled forward to June 30.

Discount rate

The discount rate used to estimate the net pension liability was 6.75 percent and 7.0 percent for June 30, 2025 and 2024, respectively. The projection of cash flows used to determine the discount rate assumes that CHRCO will make contributions to the CHRCO Pension Plan under IRC Section 430's minimum requirements for a period of three and six years for its unrepresented and represented employees, respectively, and that all future assumptions are met. Based on these assumptions, the CHRCO Pension Plan's fiduciary net position is projected to be available to make all projected future benefit payments for current active and inactive employees.

Investment rate of return

The target allocation and projected arithmetic real rates of return, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class for the CHRCO Pension Plan are presented in **Table 15.12**.

Table 15.12: CHRCO pension plan target allocation and real rates of return *(as percentage)*

Asset class	Target allocation	Projected real rate of return
Global Equity	70.0%	4.0%
Core Fixed Income	30.0%	2.2%
Total	100.0%	

16. Retiree Health Benefit Costs and Obligations

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees (and their eligible family members) of the University and its affiliates through the University of California Retiree Health Benefit Program (the Program). The Regents has the authority to establish and amend the program. While retiree health benefits are not a legal obligation of the University and can be canceled or modified at any time, accounting standards require the University to recognize a net retiree health liability based on the current practices of providing retiree health benefits.

The University established the UCRHBT in order to allow certain University locations and affiliates (primarily campuses and medical centers) that share the risks, rewards and costs of providing for retiree health benefits to fund such benefits on a cost-sharing basis and accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. Campus and medical center contributions toward retiree health benefits are made to UCRHBT at rates determined by the University. The University receives retiree health contributions from retirees that are deducted from their UCRP benefit payments or are received from the retiree through direct pay. The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the Program for retirees. UCRHBT reimburses the University for these amounts.

LBNL participates in the Program. LBNL does not participate in UCRHBT; therefore, the DOE has no interest in UCRHBT's assets. The University directly pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees who previously worked at LBNL and is reimbursed by the DOE. To the extent the University has recorded a net retiree health benefits liability (and related deferred outflows and inflows of resources) that will be reimbursed under DOE contracts, a receivable from the DOE is recorded. The University recorded receivables from the DOE of \$702.3 million and \$715.1 million for 2025 and 2024, respectively, representing the DOE's share of the net retiree health benefits liability.

Condensed financial information related to UCRHBT and the changes in retiree health benefits liability for the year ended June 30, 2025 is presented in **Table 16.1a** and **Table 16.1b**, respectively.

Table 16.1a: Condensed financial information related to UCRHBT at June 30, 2025 *(in thousands of dollars)*

Description	Campuses and Medical Centers	LBNL	Total University of California
Contributions	\$705,131	\$23,785	\$728,916
Investment income, net	10,455		10,455
Total additions	715,586	23,785	739,371
Insurance premiums, net	(664,099)	(23,785)	(687,884)
Other deductions	(7,142)		(7,142)
Total deductions	(671,241)	(\$23,785)	(695,026)
Change in net position held in UCRHBT	44,345		44,345
Net position held in UCRHBT, beginning of year	225,886		225,886
Net position held in UCRHBT, end of year	\$270,231		\$270,231

Table 16.1b: Changes in total retiree health benefits liability at June 30, 2025 *(in thousands of dollars)*

Description	Campuses and Medical Centers	LBNL	Total University of California
Service cost	\$821,764	\$18,646	\$840,410
Interest	827,643	24,769	852,412
Difference between expected and actual experience	(264,182)	(17,423)	(281,605)
Changes in assumptions and other inputs	(1,836,938)	(49,658)	(1,886,596)
Benefits paid	(664,099)	(23,785)	(687,884)
Retiree contributions	104,110	3,101	107,211
Net change in total retiree health benefits liability	(1,011,702)	(44,350)	(1,056,052)
Total retiree health benefits liability			
Beginning of year	20,515,149	621,840	21,136,989
End of year	\$19,503,447	\$577,490	\$20,080,937
Net retiree health benefits liability, end of year	\$19,233,216	\$577,490	\$19,810,706

Benefits

Retirees are eligible for medical and dental benefits. The costs of the medical and dental benefits are shared between the University and the retiree. The University does not contribute toward the cost of other benefits available to retirees. Retirees employed by the University prior to 1990 and not rehired after that date are eligible for the University's maximum contribution if they retire before age 55 and have at least 10 years of service, or if they retire at age 55 or later and have at least five years of service. Retirees employed by the University after 1989 and prior to July 1, 2013 become eligible for a percentage of the University's contribution starting at 50 percent of the maximum University contribution with 10 years of service or if age plus years of service equal at least 75, and increasing to 100 percent after 20 years of service. Retirees who are employed by the University after July 1, 2013, and retire at the age of 56 or older, become eligible for a percentage of the University's contribution based on age and years of service. These retirees are eligible for the maximum University contribution at age 65 with 20 or more years of service. Retirees pay the excess, if any, of the premium over the applicable portion of the University's contribution.

Membership in a defined benefit plan to which the University contributes or participates in the DC Plan is required to become eligible for retiree health benefits. Participation in the Retiree Health Benefit Program plans consisted of the following at July 1, 2025 as presented in **Table 16.2**.

Table 16.2: Participation in the retiree health benefit program plans

Description	Campuses and Medical Centers	LBNL	Total University of California
Retirees and beneficiaries receiving benefits	51,740	1,848	53,588
Active members	168,622	3,212	171,834
Total membership	220,362	5,060	225,422

Contributions

The University does not pre-fund retiree health benefits and instead provides for benefits based upon projected pay-as-you-go financing. University and retiree contributions toward premiums made under purchased plan arrangements are determined by applying the health plan contract rates across the number of participants in the respective plans. Premium rates for the self-insured plan contributions are set by the University based upon a trend analysis of the historic cost, utilization, demographics and administrative expenses to provide for the claims incurred and the actuarially determined level of incurred but not reported liability. The retiree health benefits assessment rate was \$2.23 per \$100 of UCRP covered payroll effective July 1, 2024 and 2023.

In addition to the explicit University contribution provided to retirees, there is an "implicit subsidy." The gross premiums for members that are not currently eligible for Medicare benefits are the same for active employees and retirees, based on a blend of their health costs. Retirees, on average, are expected to have higher health care costs than active employees. This is primarily due to the older average age of retirees. Since the same gross premiums apply to both groups, the premiums paid for active employees by the University are subsidizing the premiums for retirees. This effect is called the implicit subsidy. The implicit subsidy associated with retiree health costs paid during the past year is also considered to be a contribution from the University.

Net Retiree Health Benefits Liability

The University's net retiree health benefits liability was measured as of June 30 based on rolling forward the results of the actuarial valuations as of June 30, one year prior to the measurement date. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. Significant actuarial methods and assumptions used to calculate the University's net retiree health benefits liability are presented in **Table 16.3**.

Table 16.3: Net retiree health benefits actuarial assumptions

Description	2025	2024
Discount rate*	5.20%	3.93%
Inflation	2.50	2.50
Investment rate of return	2.50	2.50
Initial medical trend rate	1.01% to 20.68%	0.20% to 20.46%
Ultimate medical trend rate	3.94%	3.94%
Year ultimate trend rate reached	2075	2075

*The discount rate was based on the Bond Buyer 20-year tax-exempt general obligation municipal bond index rate since UCRHBT assets are not sufficient to make projected benefit payments.

Mortality Rates

Mortality rates used to calculate the University's net retiree health benefits liability are presented in **Table 16.4**.

Table 16.4: Mortality rates valuation basis

Description	Mortality rate valuation basis
Preretirement	Pub-2010 Teacher Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.
Postretirement: Healthy Participants	Pub-2010 Healthy Teacher Retiree Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021. Base Mortality Tables are adjusted as follows: <ul style="list-style-type: none"> • Faculty: 90% for Males and Females • Staff and Safety: 110% for Males and 105% for Females
Postretirement: Spouses/Domestic Partners	Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021 with no adjustment for Males and 95% for Females, applied after the expected (and actual) death of the retiree. While retiree is still alive, rates for Healthy Participants are applied.
Postretirement: Disabled Participants	Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021, adjusted 85% for Males and Females.

Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used at June 30, 2025 were based upon the results of the most recent experience study covering the period of July 1, 2018 through June 30, 2022.

Sensitivity of Net Retiree Health Benefits Liability to the Health Care Cost Trend Rate

Table 16.5 presents the June 30, 2025 net retiree health benefits liability of the University as well as what the net retiree health benefits liability would be if it were calculated using a health care cost trend rate 1% higher and 1% lower than the current assumption.

Table 16.5: Sensitivity of net retiree health benefits liability to health care cost trend rate (in thousands of dollars)

Description	1% Decrease (0.01% to 19.68%) decreasing to (2.94%)	Current trend (1.01% to 20.68%) decreasing to (3.94%)	1% Increase (2.01% to 21.68%) decreasing to (4.94%)
Net retiree health benefits liability	\$16,946,818	\$19,810,706	\$23,454,428

Discount Rate

The discount rates used to estimate the net retiree health benefits liability as of June 30, 2025 and 2024 were 5.20 percent and 3.93 percent, respectively.

Sensitivity of Net Retiree Health Benefits Liability to the Discount Rate Assumption

Table 16.6 presents the June 30, 2025 net retiree health benefits liability of the University as well as what the net retiree health benefits liability would be if it were calculated using a discount rate 1% higher and 1% lower than the current assumption.

Table 16.6: Sensitivity of net retiree health benefits liability to discount rate assumption (in thousands of dollars)

Description	1% Decrease (4.20%)	Current discount (5.20%)	1% Increase (6.20%)
Net retiree health benefits liability	\$22,982,017	\$19,810,706	\$17,234,049

Deferred Outflows of Resources and Deferred Inflows of Resources

Tables 16.7a and **16.7b** present the composition of deferred outflows of resources and deferred inflows of resources for retiree health benefits at June 30, 2025 and 2024.

Table 16.7a: Composition of deferred outflows and deferred inflows of resources for retiree health benefits in 2025

(in thousands of dollars)

Description	Campuses and Medical Centers	LBNL	Total University of California
Deferred outflows of resources			
Difference between expected and actual experience	\$775,142	\$33,841	\$808,983
Changes in assumptions or other inputs	1,547,677	4,173	1,551,850
Total	\$2,322,819	\$38,014	\$2,360,833
Deferred inflows of resources			
Difference between expected and actual experience	\$1,074,142	\$18,491	\$1,092,633
Changes in assumptions or other inputs	7,176,333	144,355	7,320,688
Net difference between projected and actual earnings on plan investments	6,744		6,744
Total	\$8,257,219	\$162,846	\$8,420,065

Table 16.7b: Composition of deferred outflows and deferred inflows of resources for retiree health benefits in 2024

(in thousands of dollars)

Description	Campuses and Medical Centers	LBNL	Total University of California
Deferred outflows of resources			
Difference between expected and actual experience	\$919,741	\$47,013	\$966,754
Changes in assumptions or other inputs	2,334,387	22,373	2,356,760
Total	\$3,254,128	\$69,386	\$3,323,514
Deferred inflows of resources			
Difference between expected and actual experience	\$1,415,134	\$16,647	\$1,431,781
Changes in assumptions or other inputs	7,036,175	145,970	7,182,145
Net difference between projected and actual earnings on plan investments	3,181		3,181
Total	\$8,454,490	\$162,617	\$8,617,107

The net amount of deferred outflows and deferred inflows of resources as of June 30, 2025 related to retiree health benefits that will be recognized in retiree health benefit expense during the next five years and thereafter is presented in **Table 16.8**.

Table 16.8: Net deferred outflows and deferred inflows of resources for retiree health benefits *(in thousands of dollars)*

Year	Campuses and Medical Centers	LBNL	Total University of California
2026	(\$1,015,770)	(\$42,936)	(\$1,058,706)
2027	(855,235)	(32,765)	(888,000)
2028	(1,014,285)	(16,113)	(1,030,398)
2029	(1,161,613)	(20,032)	(1,181,645)
2030	(860,317)	(10,819)	(871,136)
Thereafter	(1,027,180)	(2,167)	(1,029,347)
Total	(\$5,934,400)	(\$124,832)	(\$6,059,232)

17. Endowments and Gifts

Endowments and gifts are held and administered either by the University or by the campus foundations.

University

The value of endowments and gifts held and administered by the University, excluding income distributed to be used for operating purposes, at June 30, 2025 and 2024 is presented in **Table 17.1a** and **Table 17.1b**, respectively.

Table 17.1a: Endowments and gifts held and administered by the University at June 30, 2025 *(in thousands of dollars)*

Description	Restricted nonexpendable	Restricted expendable	Unrestricted	Total
Endowments	\$1,387,902	\$5,487,681	\$8,313	\$6,883,896
Funds functioning as endowments		4,126,627	10,474,905	14,601,532
Gifts		3,285,326	193,405	3,478,731
Total	\$1,387,902	\$12,899,634	\$10,676,623	\$24,964,159

Table 17.1b: Endowments and gifts held and administered by the University at June 30, 2024 *(in thousands of dollars)*

Description	Restricted nonexpendable	Restricted expendable	Unrestricted	Total
Endowments	\$1,316,568	\$4,983,530	\$6,269	\$6,306,367
Funds functioning as endowments		3,793,654	10,206,461	14,000,115
Gifts		3,318,517	195,573	3,514,090
Total	\$1,316,568	\$12,095,701	\$10,408,303	\$23,820,572

The University's endowment income distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and to generate a predictable stream of spendable income. Endowment investments are managed to achieve the maximum long-term total return. As a result of this emphasis on total return, the proportion of the annual income distribution provided by dividend and interest income and by capital gains may vary significantly from year to year. The University's policy is to retain the realized and unrealized appreciation with the endowment after the annual income distribution has been made. The net appreciation available to meet future spending needs is subject to the approval of The Regents and amounted to \$4.3 billion and \$3.9 billion at June 30, 2025 and 2024, respectively.

The portion of investment returns earned on endowments held by the University and distributed at the end of each year to support current operations for the following year is based upon a rate that is approved by The Regents. The annual income distribution

transferred to the campuses from endowments held by the University was \$620.4 million and \$600.6 million for the years ended June 30, 2025 and 2024, respectively. The portion of this annual income distribution from accumulated capital gains, in addition to the dividend and interest income earned during the year, was \$284.3 million and \$297.3 million for the years ended June 30, 2025 and 2024, respectively. Accumulated endowment income available for spending in the future, including the annual income distribution, was \$1.7 billion and \$1.3 billion at June 30, 2025 and 2024, respectively.

Campus Foundations

The value of endowments and gifts held by the campus foundations and administered by each of their independent Boards of Trustees at June 30, 2025 and 2024 is presented in **Table 17.2a** and **Table 17.2b**, respectively.

Table 17.2a: Endowments and gifts held and administered by campus foundations at June 30, 2025 (in thousands of dollars)

Description	Restricted nonexpendable	Restricted expendable	Unrestricted	Total
Endowments	\$7,935,552	\$3,609,578		\$11,545,130
Funds functioning as endowments		3,491,769		3,491,769
Gifts		2,466,201	\$1,434,486	3,900,687
Total	\$7,935,552	\$9,567,548	\$1,434,486	\$18,937,586

Table 17.1b: Endowments and gifts held and administered by the University at June 30, 2024 (in thousands of dollars)

Description	Restricted nonexpendable	Restricted expendable	Unrestricted	Total
Endowments	\$7,424,469	\$2,969,942		\$10,394,411
Funds functioning as endowments		3,084,513		3,084,513
Gifts		2,561,698	\$1,434,352	3,996,050
Total	\$7,424,469	\$8,616,153	\$1,434,352	\$17,474,974

18. Leases

The University is a lessor of land, buildings and equipment under agreements that extend through 2112. Some leases include one or more lessee options to renew, with renewal terms that can extend the lease term from one to 40 years. These leases may also include lessee options to terminate the leases.

Certain of the University's lease agreements include rental payments that are adjusted periodically, primarily for inflation. The lease agreements do not contain any material lease incentives paid, residual value guarantees, material restrictive covenants or material termination penalties.

The University measures the deferred inflow of resources at the present value of payments expected to be received including any advance lease payments or lease incentives during the lease term.

During the years ended June 30, 2025 and 2024, the University recorded \$94.7 million and \$70.6 million, respectively, in lease revenues.

19. Segment Information

The University's medical centers and CHRCO's revenues are pledged in support of the outstanding University of California Medical Center Pooled Revenue Bonds. The medical centers' operating revenues and expenses consist primarily of revenues associated with patient care and the related costs of providing that care.

Table 19.1 presents condensed financial statement information related to the University's medical centers for the years ended June 30, 2025 and 2024.

Table 19.1: Condensed financial statement information related to the medical centers *(in thousands of dollars)*

Description	2025	2024
Revenue bonds outstanding	\$9,155,481	\$7,602,026
Related debt service payments	385,596	393,682
Bonds due serially through	2120	2120
Condensed Statement of Net Position		
Current assets	12,715,029	11,853,702
Capital assets, net	14,826,746	13,141,424
Other assets	2,545,226	2,438,463
Total assets	30,087,001	27,433,589
Deferred outflows of resources	4,320,893	4,118,152
Current liabilities	5,530,728	5,214,449
Long-term debt, net of current portion	10,402,026	8,951,739
Other noncurrent liabilities	15,218,079	16,360,157
Total liabilities	31,150,833	30,526,345
Deferred inflows of resources	5,904,895	4,513,134
Net investment in capital assets	5,405,915	5,078,852
Restricted	151,017	155,847
Unrestricted	(8,204,766)	(8,722,437)
Total net position	(\$2,647,834)	(\$3,487,738)
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Operating revenues	25,860,940	21,582,000
Operating expenses before depreciation and amortization	(23,008,888)	(19,873,456)
Depreciation and amortization	(905,143)	(802,605)
Operating income	1,946,909	905,939
Nonoperating revenues, net	272,869	208,596
Income before other changes in net position	2,219,778	1,114,535
Health systems support	(1,281,570)	(1,200,119)
Transfers from University, net	19,076	32,031
Changes in allocation for pension payable to University	(140,338)	(90,173)
Other, including donated assets	22,958	32,704
Change in net position	839,904	(111,022)
Net position, beginning of year, as previously reported	(3,487,738)	(4,011,872)
Cumulative effect of accounting change		635,156
Beginning of year, as restated	(3,487,738)	(3,376,716)
Net position, end of year	(\$2,647,834)	(\$3,487,738)
Condensed Statement of Cash Flows		
Net cash provided (used) by:		
Operating activities	2,098,087	2,461,337
Noncapital financing activities	(941,393)	(1,000,526)
Capital and related financing activities	(1,623,777)	(3,217,231)
Investing activities	483,738	2,348,608
Net change in cash and cash equivalents	16,655	592,188
Cash and cash equivalents,* beginning of year	6,526,013	5,933,825
Cash and cash equivalents,* end of year	\$6,542,668	\$6,526,013

*Cash and cash equivalents in the medical centers' financial statements are included in the University's Short Term Investment Pool.

Summarized financial information in these tables is from the medical centers' audited financial statements. Certain revenue, such as financial support from the state for clinical teaching programs, is classified as state educational appropriations rather than medical center revenue in the University's statements of revenues, expenses and changes in net position. However, in the medical centers' audited financial statements and for segment reporting purposes, these revenues are classified as operating revenue. Additional information on the individual University of California medical centers can be obtained from their audited financial statements which are available at <https://www.ucop.edu/uc-controller/financial-reports/medical-center-financial-reports.html>.

Certain revenue generating projects (including student and faculty housing, parking facilities, student centers, recreation and events facilities, student health facilities and athletics facilities) are also financed by Limited Project Revenue Bonds; however, assets and liabilities are not required to be accounted for separately.

20. Blended Component Unit Information

Condensed financial statement information related to certain of the University's blended component units for the year ended June 30, 2025 is presented in **Table 20.1a**.

Table 20.1a: Condensed financial statement information related to blended component units for 2025 (in thousands of dollars)

Description	Fiat Lux	New Century Health Plan	CHRCO	UCSF Health Community Hospitals	Research	Housing
Condensed Statements of Net Position						
Current assets	\$2,400,923	\$28,465	\$458,994	\$157,079	\$7,190	\$118,504
Capital assets, net			595,183	124,638	146,186	1,359,670
Other assets	164,345	308	577,074	35,762	860,125	265,282
Total assets	2,565,268	28,773	1,631,251	317,479	1,013,501	1,743,456
Total deferred outflows of resources			45,791	7,167	4,144	10,943
Current liabilities	483,944	12,052	258,091	61,728	49,296	121,137
Noncurrent liabilities	1,210,546		153,001	12,471	951,312	1,729,121
Total liabilities	1,694,490	12,052	411,092	74,199	1,000,608	1,850,258
Total deferred inflows of resources			92,046	39,522		26,659
Net investment in capital assets			466,223	120,652	37,127	(273,505)
Restricted		308	113,821	878		256,203
Unrestricted	870,778	16,413	593,860	89,395	(20,090)	(105,216)
Total net position	\$870,778	\$16,721	\$1,173,904	\$210,925	\$17,037	(\$122,518)
Condensed Statement of Revenues, Expenses and Changes in Net Position						
Operating revenues	807,357	65,741	745,397	358,576	37,768	226,538
Operating expenses	(705,346)	(71,329)	(655,949)	(477,572)	(6,772)	(91,595)
Depreciation and amortization expense			(36,173)	(642)	(4,968)	(70,781)
Operating income (loss)	102,011	(5,588)	53,275	(119,638)	26,028	64,162
Nonoperating revenues (expenses), net	205,774	(1)	185,031	(14,305)	(20,640)	(79,410)
Income before other changes in net position	307,785	(5,589)	238,306	(133,943)	5,388	(15,248)
Transfers from University		22,310			(7,090)	0
Other, including donated assets			15,903	344,868		12,076
Change in net position	307,785	16,721	254,209	210,925	(1,702)	(3,172)
Net position, beginning of year	562,993		919,695		18,739	(119,346)
Net position, end of year	\$870,778	\$16,721	\$1,173,904	\$210,925	\$17,037	(\$122,518)
Condensed Statement of Cash Flows						
Net cash provided (used) by:						
Operating activities	333,454	(17,840)	4,614	(250,220)	60,294	77,668
Noncapital financing activities	6,475	22,309	145,012	343,653	(2,477)	(13,237)
Capital and related financing activities			(84,797)	(93,411)	449,500	(75,391)
Investing activities	(259,483)	(308)	10,503		(80)	8,066
Net change in cash and cash equivalents	80,446	4,161	75,332	22	507,237	(2,894)
Cash and cash equivalents, beginning of year	157,268		196,542		7,230	58,367
Cash and cash equivalents, end of year	\$237,714	\$4,161	\$271,874	\$22	\$514,467	\$55,473

Condensed financial statement information related to certain of the University's blended component units for the year ended June 30, 2024 is presented in **Table 20.1b**.

Table 20.1b: Condensed financial statement information related to blended component units for 2024 (in thousands of dollars)

Description	Fiat Lux	CHRCO	Research	Housing
Condensed Statements of Net Position				
Current assets	\$1,799,697	\$392,181	\$5,802	\$209,498
Capital assets, net		501,454	122,861	1,423,017
Other assets	218,267	375,985	360,117	158,046
Total assets	2,017,964	1,269,620	488,780	1,790,561
Total deferred outflows of resources		42,984	4,420	166
Current liabilities	408,569	220,749	18,163	83,616
Noncurrent liabilities	1,046,402	147,030	456,298	1,798,572
Total liabilities	1,454,971	367,779	474,461	1,882,188
Total deferred inflows of resources		76,430		27,885
Net investment in capital assets		382,942	37,253	
Restricted		114,394		
Unrestricted	562,993	371,059	(18,514)	(119,346)
Total net position	\$562,993	\$868,395	\$18,739	(\$119,346)
Condensed Statement of Revenues, Expenses and Changes in Net Position				
Operating revenues	570,137	866,088	29,571	214,602
Operating expenses	(642,682)	(777,876)	1,456	(64,837)
Depreciation expense		(32,990)	(4,817)	(66,346)
Operating income (loss)	(72,545)	55,222	26,210	83,419
Nonoperating revenues (expenses), net	169,888	51,101	(16,329)	(73,624)
Income before other changes in net position	97,343	106,323	9,881	9,795
Transfers from University			(9,255)	
Other, including donated assets		(5,967)		
Change in net position	97,343	100,356	626	9,795
Net position, beginning of year	465,650	768,039	18,113	(129,141)
Net position, end of year	\$562,993	\$868,395	\$18,739	(\$119,346)
Condensed Statement of Cash Flows				
Net cash provided (used) by:				
Operating activities	143,454	35,181	29,169	29,879
Noncapital financing activities	587	16,797	14	
Capital and related financing activities		(73,462)	(27,431)	(22,234)
Investing activities	(391,055)	21,410	(493)	14,050
Net change in cash and cash equivalents	(247,014)	(74)	1,259	21,695
Cash and cash equivalents, beginning of year	404,282	196,616	5,971	36,672
Cash and cash equivalents, end of year	\$157,268	\$196,542	\$7,230	\$58,367

CHRCO's other assets include investments in the UCSF Foundation's Endowed Investment Pool of \$348.4 million and \$321.8 million at June 30, 2025 and 2024.

21. Discretely Presented Component Unit Information — Campus Foundations

Under University policies, each individual campus may establish a separate foundation to provide valuable assistance in fundraising, public outreach and other support for the missions of the campus and the University. Although independent boards govern these foundations, their assets are dedicated for the benefit of the University of California.

Condensed financial statement information related to the University's campus foundations, including their allocated share of the assets and liabilities associated with securities lending transactions in the University's investment pools, for the year ended June 30, 2025 is presented in **Table 21.1a** and **Table 21.2a**.

Table 21.1a: Condensed statements of net position at June 30, 2025 *(in thousands of dollars)*

Description	Berkeley	San Francisco	Los Angeles	San Diego	All other	Total
Current assets	\$268,032	\$510,276	\$1,129,005	\$55,029	\$295,710	\$2,258,052
Noncurrent assets	3,723,890	3,718,579	4,858,255	1,960,640	3,064,770	17,326,134
Total assets	3,991,922	4,228,855	5,987,260	2,015,669	3,360,480	19,584,186
Current liabilities	11,907	114,542	25,988	8,048	22,947	183,432
Noncurrent liabilities	78,899	47,529	32,005	7,532	21,418	187,383
Total liabilities	90,806	162,071	57,993	15,580	44,365	370,815
Total deferred inflows of resources	81,040	32,971	63,485	73,287	25,002	275,785
Restricted	3,807,598	4,033,574	4,530,455	1,868,888	3,262,585	17,503,100
Unrestricted	12,478	239	1,335,327	57,914	28,528	1,434,486
Total net position	\$3,820,076	\$4,033,813	\$5,865,782	\$1,926,802	\$3,291,113	\$18,937,586

Table 21.2a: Condensed statements of revenues, expenses and changes in net position for the year ended June 30, 2025 *(in thousands of dollars)*

Description	Berkeley	San Francisco	Los Angeles	San Diego	All other	Total
Operating revenues	\$281,511	\$393,276	\$264,605	\$182,514	\$251,741	\$1,373,647
Operating expenses	(431,158)	(507,131)	(561,715)	(230,378)	(287,539)	(2,017,921)
Operating loss	(149,647)	(113,855)	(297,110)	(47,864)	(35,798)	(644,274)
Nonoperating revenues	306,574	275,121	523,560	219,468	307,627	1,632,350
Income before other changes in net position	156,927	161,266	226,450	171,604	271,829	988,076
Additions to permanent endowments	116,129	58,758	101,555	50,005	148,089	474,536
Change in net position	273,056	220,024	328,005	221,609	419,918	1,462,612
Net position, beginning of year	3,547,020	3,813,789	5,537,777	1,705,193	2,871,195	17,474,974
Net position, end of year	\$3,820,076	\$4,033,813	\$5,865,782	\$1,926,802	\$3,291,113	\$18,937,586

Condensed financial statement information related to the University's campus foundations, including their allocated share of the assets and liabilities associated with securities lending transactions in the University's investment pools, for the year ended June 30, 2024 is presented in **Table 21.1b** and **Table 21.2b**.

Table 21.1b: Condensed statements of net position at June 30, 2024 *(in thousands of dollars)*

Description	Berkeley	San Francisco	Los Angeles	San Diego	All other	Total
Current assets	\$254,040	\$503,114	\$1,174,544	\$41,031	\$198,876	\$2,171,605
Noncurrent assets	3,439,326	3,454,814	4,481,685	1,764,133	2,733,365	15,873,323
Total assets	3,693,366	3,957,928	5,656,229	1,805,164	2,932,241	18,044,928
Current liabilities	10,694	65,260	24,866	21,548	14,943	137,311
Noncurrent liabilities	74,113	47,157	29,659	7,750	23,221	181,900
Total liabilities	84,807	112,417	54,525	29,298	38,164	319,211
Total deferred inflows of resources	61,539	31,722	63,927	70,673	22,882	250,743
Restricted	3,538,949	3,813,417	4,178,513	1,667,555	2,842,188	16,040,622
Unrestricted	8,071	372	1,359,264	37,638	29,007	1,434,352
Total net position	\$3,547,020	\$3,813,789	\$5,537,777	\$1,705,193	\$2,871,195	\$17,474,974

Table 21.2b: Condensed statements of revenues, expenses and changes in net position for the year ended June 30, 2024 *(in thousands of dollars)*

Description	Berkeley	San Francisco	Los Angeles	San Diego	All other	Total
Operating revenues	\$260,809	\$386,128	\$319,253	\$137,356	\$195,611	\$1,299,157
Operating expenses	(441,553)	(443,490)	(463,410)	(360,117)	(242,201)	(1,950,771)
Operating loss	(180,744)	(57,362)	(144,157)	(222,761)	(46,590)	(651,614)
Nonoperating revenues	224,885	202,364	415,019	236,334	284,998	1,363,600
Income before other changes in net position	44,141	145,002	270,862	13,573	238,408	711,986
Additions to permanent endowments	103,408	58,841	165,916	61,153	68,701	458,019
Change in net position	147,549	203,843	436,778	74,726	307,109	1,170,005
Net position, beginning of year	3,399,471	3,609,946	5,100,999	1,630,467	2,564,086	16,304,969
Net position, end of year	\$3,547,020	\$3,813,789	\$5,537,777	\$1,705,193	\$2,871,195	\$17,474,974

Additional information on the foundations can be found in the foundations' separately issued annual reports, which can be obtained by contacting each individual foundation.

22. Commitments and Contingencies

Contractual Commitments

Amounts committed but unexpended for construction projects totaled \$17.6 billion at June 30, 2025. The University has a remaining commitment to contribute \$60.0 million for investments in joint ventures at June 30, 2025. The University has a remaining commitment for one of its campuses through 2036 to provide \$65.5 million for fire and other city-related services at June 30, 2025.

Contingencies

Substantial amounts are received and expended by the University, including its medical centers, under federal and state programs, and are subject to audit and other inquiries by cognizant governmental agencies and other parties. This funding relates to research, student

aid, medical center operations and other programs. University management believes that any liabilities arising from such audits and other inquiries will not have a material effect on the University's financial position.

The University and the campus foundations are contingently liable in connection with certain other claims and contracts, including those currently in litigation, arising in the normal course of its activities. Although there are inherent uncertainties in any litigation, University management and general counsel are of the opinion that the outcome of such matters will not have a material effect on the University's financial position.

The Regents continues to monitor the federal government's actions with respect to the higher education sector and, in particular, the University. Such actions may have the direct or indirect effect of, among other things, reducing federal support for the University's research or other operations, reducing the University's fundraising or other revenue sources, and/or increasing costs borne by the University, and include or could possibly include, but are not limited to: investigations by governmental agencies, Congress or others into allegations of discrimination and harassment and related corrective or enforcement actions; regulatory changes to programs administered by federal agencies; suspensions, terminations, funding draw rejections and stop-work orders of various federal grants and contracts pursuant to certain executive orders, departmental memos and other governmental actions.

It is unclear how the matters described herein (and other or future federal actions) will ultimately impact the University, including its operations, financial condition and reputation. The University cannot predict if any of the federal actions will continue and for how long, if any potential resolutions may arise, the consequences and impacts of such actions, or whether any new federal actions may be proposed or pursued by the current or future administration or legislature.

23. Subsequent Events

The University was notified at the end of July 2025 and beginning of August 2025 through a series of letters from the federal government that (i) the federal government was suspending more than 800 grant awards to one of its campuses (UCLA), which places at risk approximately \$584.0 million in funding over the remaining life of those grants, in relation to claims that UCLA engages in race and sex discrimination and fails to promote a research environment free of antisemitism and bias and (ii) that, unless there is reasonable certainty that certain antisemitism-related investigations by the U.S. Department of Justice ("DOJ") can be resolved outside of litigation, the United States was prepared to file a complaint in federal district court by September 2, 2025 regarding allegations by DOJ that the University violated the Equal Protection Clause of the Fourteenth Amendment and the Civil Rights Act of 1964 with respect to Jewish and Israeli individuals.

On August 8, 2025, the DOJ sent a proposed resolution agreement to the University. The proposed resolution agreement provides that the United States would restore a specified set of the suspended UCLA grants (but did not specify which or how many), treat UCLA as eligible for further awards in the ordinary course, and close pending civil rights investigations and compliance reviews of UCLA and release related claims. In exchange, the proposed resolution agreement seeks a payment from UCLA to the United States of \$1.0 billion payable in three equal annual installments beginning five business days from the effective date of the agreement, a \$172.0 million payment into a claims fund in connection with resolution of the DOJ and the U.S. Equal Employment Opportunity Commission investigations, and a set of changes to UCLA policies and procedures.

The University has not accepted this proposed resolution. However, the University has offered to engage in a dialogue with the federal administration about these matters. Thus far, the University is not aware of the federal government initiating litigation against the University on or after its stated September 2, 2025 deadline. Further, court decisions in two separate lawsuits, one brought by a class of University researchers and another brought by a group of associations and labor unions representing University employees, faculty and students, have preliminarily ordered that the federal government reinstate the suspended \$584.0 million in grant funding, restricted the federal government's ability to seek payments or impose penalties or fines in connection with civil rights investigations or violations, or to withhold funding from the University without meeting certain conditions. Those decisions remain subject to further proceedings and/or appeals.

In November 2025, the Joint Legislative Budget Committee granted the University a no-interest, short-term cash flow loan of \$129.7 million from the State's General Fund for fiscal year 2025–26. The funding will be used for one-time student support services that are critical to ensuring student success and timely degree completion and must be repaid by July 1, 2026.



Required Supplementary Information

(Unaudited)

UCRP

The schedule of changes in net pension liability includes multiyear trend information about whether the pension assets are increasing or decreasing over time relative to the pension liabilities. **UCRP RSI Tables 1a** and **1b** present the schedule of changes in the net pension liability for UCRP as of June 30 for the past 10 years.

UCRP RSI Table 1a: Changes in net pension liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$3,443,672	\$3,007,048	\$2,753,510	\$2,588,194	\$2,564,134
Interest on the total pension liability	7,945,333	7,458,897	6,985,737	6,633,210	6,311,412
Changes in benefit terms			33,303		
Difference between expected and actual experience	788,362	2,324,145	451,908	284,807	462,839
Changes of assumptions or other inputs			469,788		
Benefits paid, including refunds of employee contributions	(5,509,922)	(5,124,238)	(4,764,459)	(4,534,161)	(4,299,910)
Net change in total pension liability	6,667,445	7,665,852	5,929,787	4,972,050	5,038,475
Total pension liability, beginning of year	116,231,549	108,565,697	102,635,910	97,663,860	92,625,385
Total pension liability, end of year	122,898,994	116,231,549	108,565,697	102,635,910	97,663,860
Plan net position					
Contributions: Employer	3,690,291	3,001,069	2,770,474	2,892,621	2,705,058
Contributions: Member	1,484,516	1,332,768	1,206,097	1,105,405	1,053,939
Net investment income	12,477,247	11,387,694	7,696,274	(9,765,875)	21,439,296
Benefits paid, including refunds of employee contributions	(5,509,922)	(5,124,238)	(4,764,459)	(4,534,161)	(4,299,910)
Administrative expense	(104,729)	(102,512)	(76,629)	(84,760)	(64,826)
Net change in plan net position	12,037,403	10,494,781	6,831,757	(10,386,770)	20,833,557
Plan net position, beginning of year	98,689,566	88,194,785	81,363,028	91,749,798	70,916,241
Plan net position, end of year	110,726,969	98,689,566	88,194,785	81,363,028	91,749,798
Net pension liability, end of year	\$12,172,025	\$17,541,983	\$20,370,912	\$21,272,882	\$5,914,062

UCRP RSI Table 1b: Changes in net pension liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$2,466,497	\$1,946,612	\$1,873,004	\$1,807,143	\$1,710,241
Interest on the total pension liability	5,981,599	5,576,660	5,295,733	5,035,267	4,784,904
Difference between expected and actual experience	(282,321)	334,605	138,419	74,664	136,167
Changes of assumptions or other inputs		7,816,717			
Benefits paid, including refunds of employee contributions	(3,944,998)	(3,816,434)	(3,587,554)	(3,320,990)	(3,105,641)
Net change in total pension liability	4,220,777	11,858,160	3,719,602	3,596,084	3,525,671
Total pension liability, beginning of year	88,404,608	76,546,448	72,826,846	69,230,762	65,705,091
Total pension liability, end of year	92,625,385	88,404,608	76,546,448	72,826,846	69,230,762
Plan net position					
Contributions: Employer	2,444,025	2,408,650	2,335,874	2,385,576	2,426,683
Contributions: Member	1,019,302	956,543	941,144	891,987	845,036
Contributions: State			169,000	171,000	96,000
Net investment income	1,184,938	4,018,595	4,837,552	7,866,281	(1,104,655)
Benefits paid, including refunds of employee contributions	(3,944,998)	(3,816,434)	(3,587,554)	(3,320,990)	(3,105,642)
Administrative expense	(65,989)	(61,981)	(36,684)	(44,128)	(48,340)
Net change in plan net position	637,278	3,505,373	4,659,332	7,949,726	(890,918)
Plan net position, beginning of year	70,278,963	66,773,590	62,114,258	54,164,532	55,055,450
Plan net position, end of year	70,916,241	70,278,963	66,773,590	62,114,258	54,164,532
Net pension liability, end of year	\$21,709,144	\$18,125,645	\$9,772,858	\$10,712,588	\$15,066,230

Notes to Required Supplementary Information: UCRP

Changes of benefit terms

UCRP was amended during the plan year ended June 30, 2023 to provide an ad-hoc cost-of-living adjustment (ad-hoc COLA) to a cohort of retirees. There were no changes to the size or composition of the covered population in any of the fiscal years in the 10-year period which ended June 30, 2025, that significantly affected the total pension liability.

Changes of assumptions

Actuarial assumptions were changed three times during the 10-year period which ended June 30, 2025, each time coinciding with an experience study. Amounts reported in 2023 include an adjustment to the mortality assumption reflecting longer life expectancy. Amounts reported in 2019 include an adjustment to the mortality assumption reflecting longer life expectancy and a decrease in the investment rate of return from 7.25 percent to 6.75 percent.

UCRP RSI Tables 2a and 2b present a 10-year history of the ratio of plan net position to total pension liability and the net pension liability as a percentage of covered payroll.

UCRP RSI Table 2a: Schedule of net pension liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total pension liability	\$122,898,994	\$116,231,549	\$108,565,697	\$102,635,910	\$97,663,860
Plan net position	110,726,969	98,689,566	88,194,785	81,363,028	91,749,798
Net pension liability	\$12,172,025	\$17,541,983	\$20,370,912	\$21,272,882	\$5,914,062
Ratio of plan net position to total pension liability	90.1%	84.9%	81.2%	79.3%	93.9%
Covered payroll	\$18,568,742	\$16,749,455	\$15,191,170	\$13,921,086	\$13,215,494
Net pension liability as a percentage of covered payroll	65.6%	104.7%	134.1%	152.8%	44.8%

UCRP RSI Table 2b: Schedule of net pension liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total pension liability	\$92,625,385	\$88,404,608	\$76,546,448	\$72,826,846	\$69,230,762
Plan net position	70,916,241	70,278,963	66,773,590	62,114,258	54,164,532
Net pension liability	\$21,709,144	\$18,125,645	\$9,772,858	\$10,712,588	\$15,066,230
Ratio of plan net position to total pension liability	76.6%	79.5%	87.2%	85.3%	78.2%
Covered payroll	\$13,056,696	\$12,168,209	\$11,923,489	\$11,301,506	\$10,689,424
Net pension liability as a percentage of covered payroll	166.3%	149.0%	82.0%	94.8%	140.9%

The Regents' funding policy provides for actuarially determined contributions at rates reasonably expected to maintain UCRP on an actuarially sound basis. LBNL is required to make employer and employee contributions in conformity with The Regents' contract with the DOE. The annual contribution deficiency as of June 30 is presented in **UCRP RSI Table 3**.

UCRP RSI Table 3: Annual contribution deficiency (in thousands of dollars)

Year ended June 30	Actuarially determined contributions	Contributions in relation to actuarial contributions	Contribution deficiency	Covered payroll	Contributions as a percentage of covered payroll
2025	\$4,661,188	\$3,690,291	\$970,897	\$18,568,742	20%
2024	4,221,586	3,001,069	1,220,517	16,749,455	18
2023	3,814,606	2,770,474	1,044,132	15,191,170	18
2022	3,712,774	2,892,621	820,153	13,921,086	21
2021	3,523,568	2,705,058	818,510	13,215,494	20
2020	2,516,234	2,444,025	72,209	13,056,696	19
2019	2,742,671	2,408,650	334,021	12,168,209	20
2018	2,669,169	2,504,874	164,295	11,923,489	21
2017	2,654,710	2,556,576	98,134	11,301,506	23
2016	2,610,953	2,522,683	88,270	10,689,424	24

UCRP RSI Table 4 presents the methods and assumptions used to determine contribution rates for UCRP.

UCRP RSI Table 4: Methods and assumptions used to determine contribution rates

Methods and assumptions	Description
Valuation date	Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which contributions are reported.
Actuarial cost method	Entry age actuarial cost method.
Amortization method	Level dollar, closed periods.
Remaining amortization period	15.55 years as of July 1, 2023. The July 1, 2010 amortization bases were combined into a single amortization base and amortized over 30 years. Any changes in Unfunded Actuarial Accrued Liability (UAAL) due to actuarial experience gains or losses after July 1, 2010, are separately amortized over a fixed (closed) 30-year period effective with that valuation. Any changes in UAAL due to a change in actuarial assumptions or plan provisions are separately amortized over a fixed (closed) 15-year period. Any changes in UAAL due to actuarial experience gains or losses or a change in actuarial assumptions after July 1, 2014, are separately amortized over a fixed (closed) 20-year period. Any changes in UAAL due to a change in plan provisions are separately amortized over a fixed (closed) 15-year period. Any changes in UAAL due to plan amendments after July 1, 2014 affecting non-active members are separately amortized over a fixed (closed) 10-year period.
Asset valuation method	The market value of assets less unrecognized returns in each of the last five years. An unrecognized return is equal to the difference between the actual and the expected return on a market value basis and is recognized over a five-year period.
Inflation	2.50%.
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation.
Projected salary increases	3.65 to 5.95%, varying by service, including inflation.
Cost-of-living adjustments	2.00%
Mortality	<p>Actives and inactive: Pub-2010 Teacher Employee Amount-Weighted Above-Median Mortality Table multiplied by 90 percent for males and 95 percent for females.</p> <p>Healthy retired members: Pub-2010 Healthy Teacher Amount-Weighted Above-Median Mortality Table, multiplied by 85 percent for male faculty members, 95 percent for female faculty members, 100 percent for other male members and 105 percent for other female members.</p> <p>Beneficiaries of retired members - in pay status as of valuation: Pub-2010 Contingent Survivor Amount-Weighted Above-Median Mortality Table multiplied by 100 percent for males and 90 percent for females.</p> <p>Beneficiaries of retired members - not in pay status as of valuation: Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table multiplied by 100 percent for males and 105 percent for females.</p> <p>Disabled members: Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table multiplied by 100 percent for males and 95 percent for females.</p> <p>All mortality tables listed above are projected generationally with the two-dimensional mortality improvement scale MP-2021.</p>

UC-VERIP

The schedule of changes in net pension liability includes multiyear trend information about whether the pension assets are increasing or decreasing over time relative to the pension liabilities. UC-VERIP RSI Tables 1a and 1b present the schedule of changes in the net pension liability for the UC-VERIP as of June 30 for the past 10 years.

UC-VERIP RSI Table 1a: Changes in net pension liability, 2021–2025 *(in thousands of dollars)*

Description	2025	2024	2023	2022	2021
Total pension liability					
Interest on the total pension liability	\$879	\$996	\$1,181	\$1,384	\$1,513
Difference between expected and actual experience	(101)	(604)	(1,242)	108	179
Changes of assumptions or other inputs			(440)		
Benefits paid, including refunds of employee contributions	(2,521)	(2,746)	(2,987)	(3,324)	(3,750)
Net change in total pension liability	(1,743)	(2,354)	(3,488)	(1,832)	(2,058)
Total pension liability, beginning of year	14,385	16,739	20,227	22,059	24,117
Total pension liability, end of year	12,642	14,385	16,739	20,227	22,059
Plan net position					
Net investment income	9,274	9,488	5,955	(7,853)	18,277
Benefits paid, including refunds of employee contributions	(2,521)	(2,746)	(2,987)	(3,324)	(3,750)
Administrative expense	(2)	(3)	(3)	(3)	(4)
Net change in plan net position	6,751	6,739	2,965	(11,180)	14,523
Plan net position, beginning of year	74,728	67,989	65,024	76,204	61,681
Plan net position, end of year	81,479	74,728	67,989	65,024	76,204
Net pension surplus, end of year	(\$68,837)	(\$60,343)	(\$51,250)	(\$44,797)	(\$54,145)

UC-VERIP RSI Table 1b: Changes in net pension liability, 2016–2020 *(in thousands of dollars)*

Description	2020	2019	2018	2017	2016
Total pension liability					
Interest on the total pension liability	\$1,656	\$1,983	\$2,042	\$2,463	\$2,533
Difference between expected and actual experience	(1,342)	(79)	(436)	(189)	(650)
Changes of assumptions or other inputs		714			
Benefits paid, including refunds of employee contributions	(4,142)	(4,213)	(4,610)	(4,738)	(4,937)
Net change in total pension liability	(3,828)	(1,595)	(3,004)	(2,464)	(3,054)
Total pension liability, beginning of year	27,945	29,540	32,544	35,008	38,062
Total pension liability, end of year	24,117	27,945	29,540	32,544	35,008
Plan net position					
Net investment income	1,049	3,748	4,885	8,666	(1,425)
Benefits paid, including refunds of employee contributions	(4,142)	(4,213)	(4,610)	(4,738)	(4,937)
Administrative expense	(4)	(5)	(5)	(6)	(7)
Net change in plan net position	(3,097)	(470)	270	3,922	(6,369)
Plan net position, beginning of year	64,778	65,248	64,978	61,056	67,425
Plan net position, end of year	61,681	64,778	65,248	64,978	61,056
Net pension surplus, end of year	(\$37,564)	(\$36,833)	(\$35,708)	(\$32,434)	(\$26,048)

Notes to Required Supplementary Information: UC-VERIP

Plan fiduciary net position (plan assets) is valued as of the measurement date, while the total pension liability is determined by rolling forward the total pension liability from the July 1 actuarial valuations.

Changes of benefit terms

There were no changes in benefit terms or the size or composition of the covered population in any of the fiscal years in the 10-year period which ended June 30, 2025, that significantly affected the total pension liability.

Changes of assumptions

Actuarial assumptions were changed three times during the 10-year period which ended June 30, 2025, each time coinciding with an experience study. Amounts reported in 2023 include an adjustment to the mortality assumption reflecting longer life expectancy. Amounts reported in 2019 include an adjustment to the mortality assumption reflecting longer life expectancy and a decrease in the investment rate of return from 7.25 percent to 6.75 percent.

UC-VERIP RSI Tables 2a and 2b present a 10-year history of the ratio of plan net position to total pension liability.

UC-VERIP RSI Table 2a: Ratio of plan net position to total pension liability, 2021–2025 *(in thousands of dollars)*

Description	2025	2024	2023	2022	2021
Total pension liability	\$12,642	\$14,385	\$16,739	\$20,227	\$22,059
Plan net position	81,479	74,728	67,989	65,024	76,204
Net pension surplus	(\$68,837)	(\$60,343)	(\$51,250)	(\$44,797)	(\$54,145)
Ratio of plan net position to total pension liability	644.5%	519.5%	406.2%	321.5%	345.5%

UC-VERIP RSI Table 2b: Ratio of plan net position to total pension liability, 2016–2020 *(in thousands of dollars)*

Description	2020	2019	2018	2017	2016
Total pension liability	\$24,117	\$27,945	\$29,540	\$32,544	\$35,008
Plan net position	61,681	64,778	65,248	64,978	61,056
Net pension surplus	(\$37,564)	(\$36,833)	(\$35,708)	(\$32,434)	(\$26,048)
Ratio of plan net position to total pension liability	255.8%	231.8%	220.9%	199.7%	174.4%

The University is not required to make contributions to the UC-VERIP due to its fully funded status.

CHRCO Pension Plan

The schedule of changes in net pension liability includes multiyear trend information about whether the pension assets are increasing or decreasing over time relative to the pension liabilities. **CHRCO RSI Tables 1a** and **1b** present the schedule of changes in the net pension liability for the CHRCO Pension Plan as of June 30 for the past 10 years.

CHRCO RSI Table 1a: Changes in net pension liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total pension liability					
Service cost	\$14,263	\$14,012	\$14,159	\$15,775	\$14,873
Interest on the total pension liability	48,326	45,927	44,522	42,159	38,932
Changes of benefit terms	(135,792)	3,805			
Difference between expected and actual experience	4,631	23,722	6,851	1,058	18,527
Changes of assumptions or other inputs	21,940	(6,149)	(23,590)	(22,525)	(2,413)
Benefits paid, including refunds of employee contributions	(29,566)	(65,531)	(25,027)	(22,683)	(19,684)
Net change in total pension (asset) liability	(76,198)	15,786	16,915	13,784	50,235
Total pension liability, beginning of year	690,636	674,850	657,935	644,151	593,916
Total pension liability, end of year	614,438	690,636	674,850	657,935	644,151
Plan net position					
Contributions: Employer	41,800	46,500	41,400	37,452	31,752
Net investment income (loss)	89,585	90,743	73,339	(94,275)	111,835
Benefits paid, including refunds of employee contributions	(29,566)	(65,531)	(25,027)	(22,683)	(19,684)
Administrative expense	(3,102)	(4,979)	(4,073)	(4,062)	(3,600)
Net change in plan net position	98,717	66,733	85,639	(83,568)	120,303
Total plan net position, beginning of year	690,589	623,856	538,217	621,785	501,482
Total plan net position, end of year	789,306	690,589	623,856	538,217	621,785
Net pension (asset) liability, end of year	(\$174,868)	\$47	\$50,994	\$119,718	\$22,366

CHRCO RSI Table 1b: Changes in net pension liability, 2016–2020 *(in thousands of dollars)*

Description	2020	2019	2018	2017	2016
Total pension liability					
Service cost	\$12,648	\$11,430	\$11,304	\$9,910	\$10,410
Interest on the total pension liability	36,005	34,165	31,854	29,672	27,782
Changes of benefit terms			92	33	24
Difference between expected and actual experience	23,581	5,214	3,609	2,442	(3,690)
Changes of assumptions or other inputs	28,609	(9,540)			3,613
Benefits paid, including refunds of employee contributions	(17,262)	(15,143)	(12,802)	(11,767)	(9,509)
Net change in total pension liability	83,581	26,126	34,057	30,290	28,630
Total pension liability, beginning of year	510,335	484,209	450,152	419,862	391,232
Total pension liability, end of year	593,916	510,335	484,209	450,152	419,862
Plan net position					
Contributions: Employer	31,200	31,200	33,600	28,800	24,000
Net investment income	(7,468)	25,203	33,269	41,256	214
Benefits paid, including refunds of employee contributions	(17,262)	(15,143)	(12,802)	(11,767)	(9,509)
Administrative expense	(3,598)	(2,711)	(3,014)	(2,727)	(1,816)
Net change in plan net position	2,872	38,549	51,053	55,562	12,889
Total plan net position, beginning of year	498,610	460,061	409,008	353,446	340,557
Total plan net position, end of year	501,482	498,610	460,061	409,008	353,446
Net pension liability, end of year	\$92,434	\$11,725	\$24,148	\$41,144	\$66,416

CHRCO RSI Tables 2a and 2b present a 10-year history of the ratio of plan net position to total pension liability and net pension liability as a percentage of covered payroll.

CHRCO RSI Table 2a: Schedule of net pension (asset) liability, 2021–2025 *(in thousands of dollars)*

Description	2025	2024	2023	2022	2021
Total pension liability	\$614,438	\$690,636	\$674,850	\$657,935	\$644,151
Plan net position	789,306	690,589	623,856	538,217	621,785
Net pension (asset) liability	(\$174,868)	\$47	\$50,994	\$119,718	\$22,366
Ratio of plan net position to total pension liability	128.5%	100.0%	92.4%	81.8%	96.5%
Covered payroll	\$285,119	\$245,944	\$224,898	\$214,184	\$220,208
Net pension liability as a percentage of covered payroll	N/A	0%	22.7%	55.9%	10.2%

CHRCO RSI Table 2b: Schedule of net pension (asset) liability, 2016–2020 *(in thousands of dollars)*

Description	2020	2019	2018	2017	2016
Total pension liability	\$593,916	\$510,335	\$484,209	\$450,152	\$419,862
Plan net position	501,482	498,610	460,061	409,008	353,446
Net pension liability	\$92,434	\$11,725	\$24,148	\$41,144	\$66,416
Ratio of plan net position to total pension liability	84.4%	97.7%	95.0%	90.9%	84.2%
Covered payroll	\$209,596	\$190,599	\$187,639	\$184,083	\$165,672
Net pension liability as a percentage of covered payroll	44.1%	6.2%	12.9%	22.4%	40.1%

CHRCO RSI Tables 3a and 3b present the schedule of employer contributions for the CHRCO Pension Plan as of June 30 for the past 10 years.

CHRCO RSI Table 3a: Schedule of employer contributions, 2021–2025 *(in thousands of dollars)*

Description	2025	2024	2023	2022	2021
Actuarially calculated employer contributions	\$33,030	\$34,660	\$17,990	\$11,050	\$15,270
Contributions in relation to the actuarially calculated employer contribution	41,800	46,500	41,400	37,452	31,752
Annual contribution deficiency (excess)	(\$8,770)	(\$11,840)	(\$23,410)	(\$26,402)	(\$16,482)
Covered payroll	\$285,119	\$245,944	\$224,898	\$214,184	\$220,208
Actual contributions as a percentage of covered payroll	14.7%	18.9%	18.4%	17.5%	14.4%

CHRCO RSI Table 3b: Schedule of employer contributions, 2016–2020 *(in thousands of dollars)*

Description	2020	2019	2018	2017	2016
Actuarially calculated employer contributions	\$22,070	\$17,870	\$7,710	\$5,642	\$7,823
Contributions in relation to the actuarially calculated employer contribution	31,200	31,200	33,600	28,800	24,000
Annual contribution deficiency (excess)	(\$9,130)	(\$13,330)	(\$25,890)	(\$23,158)	(\$16,177)
Covered payroll	\$209,596	\$190,599	\$187,639	\$184,083	\$165,672
Actual contributions as a percentage of covered payroll	14.9%	16.4%	17.9%	15.6%	14.5%

HRCO RSI Table 4 presents the methods and assumptions used to determine contribution rates for the CHRCO Pension Plan.

CHRCO RSI Table 4: Methods and assumptions used to determine contribution rates

Methods and assumptions	Description
Valuation date	Actuarially calculated contributions are calculated as of January 1 of the fiscal year (for the Represented Plan) and as of July 1 of the beginning of the fiscal year (for the Unrepresented Plan) in which contributions are reported.
Actuarially determined contribution	The Plan is subject to funding requirements under ERISA. The contribution shown is the IRC Section 430 minimum contribution prior to offset by credit balances prorated for the number of months in the fiscal year. The contributions reflect the Highway and Transportation Funding Act of 2014 (HATFA). The contribution for July 1, 2020 and after reflects the American Rescue Plan Act of 2021 (ARPA).
Contributions in relation to the actuarially determined contribution	The amount shown is equal to the contributions contributed to the plan during the fiscal year shown.
Actuarial cost method	Unit Credit Actuarial Cost Method
Amortization method	Level dollar, closed amortization over a 15-year period from the valuation date as specified under the Pension Protection Act (PPA) of 2006
Remaining amortization period	15 years for changes in unfunded liabilities that occur each valuation date
Asset valuation method	The actuarial value of assets is equal to the two-year average of Plan asset values as of the valuation date. The two-year average is the average of the two prior years' adjusted market value of assets and the current year's market value of assets. For this purpose, the prior years' market value of assets is adjusted to reflect benefit payments, administrative expenses, contributions and expected returns for the prior years. The resulting actuarial value of assets is adjusted to be within 10% of the market value of assets at the valuation date, as required by IRC Section 430.
Inflation	3.0%
Investment rate of return	7.00% (limited to the 3rd segment rate applicable for each year) for the Represented Plan 7.00% (limited to the 3rd segment rate applicable for each year) for the Unrepresented Plan
Projected salary increases	Represented employees: 4.50% for FYE 2025, 4.2% for FYE 2026 and 3.5% for FYE 2027 annually thereafter Unrepresented employees: 4.20% for FYE 2025 and 3.5% for FYE 2026 annually thereafter Salary increase assumption includes inflation
Cost-of-living adjustments	None
Mortality	IRS generational mortality table prescribed for the valuation year

Notes to Required Supplementary Information: CHRCO Pension Plan

Changes of benefit terms

The CHRCO Pension Plan was amended during the fiscal year ended June 30, 2025 to close the CHRCO Pension Plan to new participants effective July 6, 2025, freeze credited service for benefit accrual purposes as of July 5, 2025, freeze pay for benefit accrual purposes after June 30, 2030 for unrepresented employees and December 31, 2030 for represented employees and provide partial benefit service for participants working between 500 and 999 hours during 2025 for represented employees. Certain employees also transferred out of the CHRCO Pension plan due to a change in employment status.

Change in assumption

The long-term expected return on plan assets (which is also used to discount plan liabilities) was revised from 7.0% as of June 30, 2024 to 6.75% as of June 30, 2025 to better reflect the expected future anticipated experience.

University Retiree Health Benefits Program

The schedule of changes in the net retiree health benefits liability includes multiyear trend information about whether the net retiree health benefits liability is increasing or decreasing over time relative to the pension liabilities. The University's net retiree health benefits liability includes liabilities for campuses, medical centers and LBNL.

Retiree Health Benefits RSI Tables 1a and 1b present the schedule of changes in the net retiree health benefits liability as of June 30 for the past 10 years.

Retiree Health Benefits RSI Table 1a: Changes in net retiree health benefits liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total retiree health benefits liability					
Service cost	\$840,410	\$1,001,187	\$912,741	\$1,336,924	\$1,296,146
Interest on the total retiree health benefits liability	852,412	848,800	743,948	565,679	554,169
Difference between expected and actual experience	(281,605)	157,808	917,259	177,238	(521,647)
Changes of assumptions or other inputs	(1,886,596)	(2,852,917)	96,545	(6,341,718)	212,837
Retiree contributions	107,211	95,032	89,525	90,710	88,625
Benefits paid	(687,884)	(633,176)	(591,124)	(565,532)	(551,760)
Net change in total retiree health benefits liability	(1,056,052)	(1,383,266)	2,168,894	(4,736,699)	1,078,370
Total retiree health benefits liability, beginning of year	21,136,989	22,520,255	20,351,361	25,088,060	24,009,690
Total retiree health benefits liability, end of year	20,080,937	21,136,989	22,520,255	20,351,361	25,088,060
Plan net position					
University contributions	621,705	566,739	512,458	486,761	482,099
Retiree contributions	107,211	95,032	89,525	90,710	88,625
Net investment income	10,455	9,987	7,345	345	208
Insurance premiums	(687,884)	(633,176)	(591,124)	(565,532)	(551,760)
Other deductions	(7,142)	(5,520)	(4,854)	(4,431)	(4,369)
Net change in retiree health benefits net position	44,345	33,062	13,350	7,853	14,803
Retiree health benefits net position, beginning of year	225,886	192,824	179,474	171,621	156,818
Retiree health benefits net position, end of year	270,231	225,886	192,824	179,474	171,621
Net retiree health benefits liability, end of year	\$19,810,706	\$20,911,103	\$22,327,431	\$20,171,887	\$24,916,439

Retiree Health Benefits RSI Table 1b: Changes in net retiree health benefits liability, 2016–2020 (in thousands of dollars)

Description	2020	2019	2018	2017	2016
Total retiree health benefits liability					
Service cost	\$912,067	\$815,654	\$835,154	\$1,004,644	\$830,041
Interest on the total retiree health benefits liability	724,584	758,521	716,777	646,279	735,294
Changes of benefit terms		(29,315)			
Difference between expected and actual experience	(1,539,139)	(1,219,146)	(1,173,742)	101,280	(1,948,111)
Changes of assumptions or other inputs	4,354,033	1,124,039	(354,585)	(3,827,924)	3,925,503
Retiree contributions	86,166	85,820	79,849	72,716	65,705
Benefits paid	(546,616)	(512,824)	(504,745)	(467,846)	(451,166)
Net change in total retiree health benefits liability	3,991,095	1,022,749	(401,292)	(2,470,851)	3,157,266
Total retiree health benefits liability, beginning of year	20,018,595	18,995,846	19,397,138	21,867,989	18,710,723
Total retiree health benefits liability, end of year	24,009,690	20,018,595	18,995,846	19,397,138	21,867,989
Plan net position					
University contributions	462,609	451,437	453,988	432,953	410,945
Retiree contributions	86,166	85,820	79,849	72,716	65,705
Net investment income	2,281	3,195	1,634	606	155
Insurance premiums	(546,616)	(512,824)	(504,745)	(467,846)	(451,166)
Other deductions	(4,531)	(4,300)	(3,859)	(4,256)	(3,743)
Net change in retiree health benefits net position	(91)	23,328	26,867	34,173	21,896
Retiree health benefits net position, beginning of year	156,909	133,581	106,714	72,541	50,645
Retiree health benefits net position, end of year	156,818	156,909	133,581	106,714	72,541
Net retiree health benefits liability, end of year	\$23,852,872	\$19,861,686	\$18,862,265	\$19,290,424	\$21,795,448

Retiree Health Benefits RSI Tables 2a and 2b present a 10-year history of the ratio of net retiree health benefits liability to total retiree health benefits liability and the net retiree health benefits liability as a percentage of covered payroll.

Retiree Health Benefits RSI Table 2a: Schedule of net retiree health benefits liability, 2021–2025 (in thousands of dollars)

Description	2025	2024	2023	2022	2021
Total retiree health benefits liability	\$20,080,937	\$21,136,989	\$22,520,255	\$20,351,361	\$25,088,060
Retiree health benefits net position	270,231	225,886	192,824	179,474	171,621
Net retiree health benefits liability	\$19,810,706	\$20,911,103	\$22,327,431	\$20,171,887	\$24,916,439
Ratio of retiree health benefits net position to total retiree health benefits liability	1.3%	1.1%	0.9%	0.9%	0.7%
Covered payroll	\$21,268,689	\$19,083,502	\$17,108,454	\$15,453,288	\$13,975,566
Net retiree health benefits liability as a percentage of covered payroll	93.1%	109.6%	130.5%	130.5%	178.3%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%

Retiree Health Benefits RSI Table 2b: Schedule of net retiree health benefits liability, 2016–2020 *(in thousands of dollars)*

Description	2020	2019	2018	2017	2016
Total retiree health benefits liability	\$24,009,690	\$20,018,595	\$18,995,846	\$19,397,138	\$21,867,989
Retiree health benefits net position	156,818	156,909	133,581	106,714	72,541
Net retiree health benefits liability	\$23,852,872	\$19,861,686	\$18,862,265	\$19,290,424	\$21,795,448
Ratio of retiree health benefits net position to total retiree health benefits liability	0.7%	0.8%	0.7%	0.6%	0.3%
Covered payroll	\$13,461,790	\$12,717,122	\$12,391,018	\$11,495,997	\$10,689,424
Net retiree health benefits liability as a percentage of covered payroll	177.2%	156.2%	152.2%	167.8%	203.9%
Discount rate	2.21%	3.50%	3.87%	3.58%	2.85%

Retiree Health Benefits RSI Table 3 presents additional information related to the University Retiree Health Benefits Program.

Retiree Health Benefits RSI Table 3: Notes to schedule

Notes to schedule	Description																						
Mortality	<p>Preretirement</p> <p>Pub-2010 Teacher Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.</p> <p>Postretirement</p> <p>Healthy: Pub-2010 Healthy Teacher Retiree Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021. Base Mortality Tables are adjusted as follows:</p> <ul style="list-style-type: none"> • Faculty: 90% for Males and Females • Staff and Safety: 110% for Males and 105% for Females <p>Spouses/Domestic Partners: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021 with no adjustment for Males and 95% for Females, applied after the expected (and actual) death of the retiree. While retiree is still alive, rates for Healthy Participants are applied.</p> <p>Disabled: Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021, adjusted 85% for Males and Females.</p>																						
Changes of benefit terms	In 2019, University contributions for retirees age 65 and older not eligible for Medicare were reduced to levels comparable to Medicare-eligible retirees over a three-year period.																						
Changes of assumptions or other inputs	<p>Changes in assumptions or other inputs primarily reflect the effects of changes in the discount rate and health care cost trend rate in each period. The following are the health care cost trend assumptions used in each period:</p> <table> <tr> <th>As of June 30</th><th>Health care cost trend rate</th></tr> <tr> <td>2025</td><td>1.01% to 20.7% decreasing to 3.9% in 2075</td></tr> <tr> <td>2024</td><td>0.2% to 20.5% decreasing to 3.9% in 2076</td></tr> <tr> <td>2023</td><td>(3.1%) to 29.1% decreasing to 3.9% in 2075</td></tr> <tr> <td>2022</td><td>1.4% to 14.6% decreasing to 3.9% in 2075</td></tr> <tr> <td>2021</td><td>2.7% to 7.5% decreasing to 4.0% in 2075</td></tr> <tr> <td>2020</td><td>2.7% to 9.0% decreasing to 4.0% in 2076</td></tr> <tr> <td>2019</td><td>4.4% to 9.4% decreasing to 4.0% in 2077</td></tr> <tr> <td>2018</td><td>5.0% to 9.3% decreasing to 5.0% in 2033</td></tr> <tr> <td>2017</td><td>5.0% to 9.5% decreasing to 5.0% in 2032</td></tr> <tr> <td>2016</td><td>6.3% to 9.0% decreasing to 5.0% in 2031</td></tr> </table>	As of June 30	Health care cost trend rate	2025	1.01% to 20.7% decreasing to 3.9% in 2075	2024	0.2% to 20.5% decreasing to 3.9% in 2076	2023	(3.1%) to 29.1% decreasing to 3.9% in 2075	2022	1.4% to 14.6% decreasing to 3.9% in 2075	2021	2.7% to 7.5% decreasing to 4.0% in 2075	2020	2.7% to 9.0% decreasing to 4.0% in 2076	2019	4.4% to 9.4% decreasing to 4.0% in 2077	2018	5.0% to 9.3% decreasing to 5.0% in 2033	2017	5.0% to 9.5% decreasing to 5.0% in 2032	2016	6.3% to 9.0% decreasing to 5.0% in 2031
As of June 30	Health care cost trend rate																						
2025	1.01% to 20.7% decreasing to 3.9% in 2075																						
2024	0.2% to 20.5% decreasing to 3.9% in 2076																						
2023	(3.1%) to 29.1% decreasing to 3.9% in 2075																						
2022	1.4% to 14.6% decreasing to 3.9% in 2075																						
2021	2.7% to 7.5% decreasing to 4.0% in 2075																						
2020	2.7% to 9.0% decreasing to 4.0% in 2076																						
2019	4.4% to 9.4% decreasing to 4.0% in 2077																						
2018	5.0% to 9.3% decreasing to 5.0% in 2033																						
2017	5.0% to 9.5% decreasing to 5.0% in 2032																						
2016	6.3% to 9.0% decreasing to 5.0% in 2031																						

University of California Retiree Health Benefit Trust

The schedule of changes in the net retiree health benefits liability includes multiyear trend information about whether the trust assets are increasing or decreasing over time relative to the total retiree health benefits liability for the campuses and medical centers.

UCRHBT RSI Tables 1a and 1b present the schedule of changes in net retiree health benefits liability as of, and for, the year ending June 30 for the past 10 years.

UCRHBT RSI Table 1a: Schedule of changes in net retiree health benefits liability, 2021–2025 *(in thousands of dollars)*

Description	2025	2024	2023	2022	2021
Total retiree health benefit liability					
Service cost	\$821,764	\$978,585	\$891,714	\$1,305,803	\$1,270,153
Interest on the total retiree health benefits liability	827,643	824,253	722,279	549,921	538,187
Difference between expected and actual experience	(264,182)	147,103	888,337	138,495	(493,529)
Changes of assumptions or other inputs	(1,836,938)	(2,776,854)	90,193	(6,167,373)	206,722
Retiree contributions	104,110	92,194	86,800	87,861	85,607
Benefits paid	(664,099)	(610,794)	(569,634)	(544,166)	(529,804)
Net change in total retiree health benefits liability	(1,011,702)	(1,345,513)	2,109,689	(4,629,459)	1,077,336
Total retiree health benefits liability, beginning of year	20,515,149	21,860,662	19,750,973	24,380,432	23,303,096
Total retiree health benefits liability, end of year	19,503,447	20,515,149	21,860,662	19,750,973	24,380,432
Plan net position					
University contributions	601,021	547,195	493,693	468,244	463,161
Retiree contributions	104,110	92,194	86,800	87,861	85,607
Net investment income	10,455	9,987	7,345	345	208
Insurance premiums	(664,099)	(610,794)	(569,634)	(544,166)	(529,804)
Other deductions	(7,142)	(5,520)	(4,854)	(4,431)	(4,369)
Net change in UCRHBT net position	44,345	33,062	13,350	7,853	14,803
UCRHBT net position, beginning of year	225,886	192,824	179,474	171,621	156,818
UCRHBT net position, end of year	270,231	225,886	192,824	179,474	171,621
Net retiree health benefits liability, end of year	\$19,233,216	\$20,289,263	\$21,667,838	\$19,571,499	\$24,208,811

UCRHBT RSI Table 1b: Schedule of changes in net retiree health benefits liability, 2016–2020 *(in thousands of dollars)*

Description	2020	2019	2018	2017	2016
Total retiree health benefit liability					
Service cost	\$893,557	\$798,249	\$816,483	\$981,745	806,817
Interest on the total retiree health benefits liability	702,640	734,693	694,562	625,947	711,365
Changes of benefit terms		(28,401)			
Difference between expected and actual experience	(1,474,623)	(1,175,284)	(1,149,032)	95,254	(1,875,009)
Changes of assumptions or other inputs	4,222,620	1,091,609	(353,516)	(3,707,921)	3,798,113
Retiree contributions	83,111	82,710	76,873	69,968	65,705
Benefits paid	(525,262)	(490,615)	(483,479)	(447,604)	(433,849)
Net change in total retiree health benefits liability	3,902,043	1,012,961	(398,109)	(2,382,611)	3,073,142
Total retiree health benefits liability, beginning of year	19,401,053	18,388,092	18,786,201	21,168,812	18,095,670
Total retiree health benefits liability, end of year	23,303,096	19,401,053	18,388,092	18,786,201	21,168,812
Plan net position					
University contributions	444,310	432,338	435,698	415,459	393,628
Retiree contributions	83,111	82,710	76,873	69,968	65,705
Net investment income	2,281	3,195	1,634	606	155
Insurance premiums	(525,262)	(490,615)	(483,479)	(447,604)	(433,849)
Other deductions	(4,531)	(4,300)	(3,859)	(4,256)	(3,743)
Net change in UCRHBT net position	(91)	23,328	26,867	34,173	21,896
UCRHBT net position, beginning of year	156,909	133,581	106,714	72,541	50,645
UCRHBT net position, end of year	156,818	156,909	133,581	106,714	72,541
Net retiree health benefits liability, end of year	\$23,146,278	\$19,244,144	\$18,254,511	\$18,679,487	\$21,096,271

UCRHBT RSI Tables 2a and 2b present the schedule of net retiree health benefits liability for campuses and medical centers as of June 30 for the past 10 years.

UCRHBT RSI Table 2a: Schedule of net retiree health benefits liability, 2021–2025 *(in thousands of dollars)*

Description	2025	2024	2023	2022	2021
Total retiree health benefits liability	\$19,503,447	\$20,515,149	\$21,860,662	\$19,750,973	\$24,380,432
UCRHBT net position	270,231	225,886	192,824	179,474	171,621
Net retiree health benefits liability	\$19,233,216	\$20,289,263	\$21,667,838	\$19,571,499	\$24,208,811
Ratio of UCRHBT net position to total retiree health benefits liability	1.4%	1.1%	0.9%	0.9%	0.7%
Covered payroll	\$20,757,399	\$18,599,776	\$16,665,067	\$15,048,178	\$13,595,891
Net retiree health benefits liability as a percentage of covered payroll	92.7%	109.1%	130.0%	130.1%	178.1%
Discount rate	5.20%	3.93%	3.65%	3.54%	2.16%

UCRHBT RSI Table 2b: Schedule of net retiree health benefits liability, 2016–2020 *(in thousands of dollars)*

Description	2020	2019	2018	2017	2016
Total retiree health benefits liability	\$23,303,096	\$19,401,053	\$18,388,092	\$18,786,201	21,168,812
UCRHBT net position	156,818	156,909	133,581	106,714	72,541
Net retiree health benefits liability	\$23,146,278	\$19,244,144	\$18,254,511	\$18,679,487	\$21,096,271
Ratio of UCRHBT net position to total retiree health benefits liability	0.7%	0.8%	0.7%	0.6%	0.3%
Covered payroll	\$13,104,846	\$12,381,741	\$12,087,000	\$11,196,485	\$10,396,827
Net retiree health benefits liability as a percentage of covered payroll	176.6%	155.4%	151.0%	166.8%	202.9%
Discount rate	2.21%	3.50%	3.87%	3.58%	2.85%

UCRHBT RSI Table 3 presents additional information related to the University of California Retiree Health Benefit Trust.

UCRHBT RSI Table 3: Notes to schedule

Notes to schedule	Description																						
Mortality	<p>Preretirement Pub-2010 Teacher Employee Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021.</p> <p>Postretirement Healthy: Pub-2010 Healthy Teacher Retiree Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021. Base Mortality Tables are adjusted as follows:</p> <ul style="list-style-type: none"> • Faculty: 90% for Males and Females • Staff and Safety: 110% for Males and 105% for Females <p>Spouses/Domestic Partners: Pub-2010 Contingent Survivor Headcount-Weighted Above-Median Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021 with no adjustment for Males and 95% for Females, applied after the expected (and actual) death of the retiree. While retiree is still alive, rates for Healthy Participants are applied.</p> <p>Disabled: Pub-2010 Non-Safety Disabled Retiree Headcount-Weighted Mortality Table, projected generationally with the two-dimensional mortality improvement scale MP-2021, adjusted 85% for Males and Females.</p>																						
Changes of benefit terms	In 2019, University contributions for retirees age 65 and older not eligible for Medicare were reduced to levels comparable to Medicare-eligible retirees over a three-year period.																						
Changes in assumptions or other inputs	<p>Changes in assumptions or other inputs primarily reflect the effects of changes in the discount rate and health care cost trend rate in each period. The following are the health care cost trend assumptions used in each period:</p> <table> <tr> <th>As of June 30</th><th>Health care cost trend rate</th></tr> <tr> <td>2025</td><td>1.01% to 20.7% decreasing to 3.9% in 2075</td></tr> <tr> <td>2024</td><td>0.2% to 20.5% decreasing to 3.9% in 2076</td></tr> <tr> <td>2023</td><td>(3.1%) to 29.1% decreasing to 3.9% in 2075</td></tr> <tr> <td>2022</td><td>1.4% to 14.6% decreasing to 3.9% in 2075</td></tr> <tr> <td>2021</td><td>2.7% to 7.5% decreasing to 4.0% in 2075</td></tr> <tr> <td>2020</td><td>2.7% to 9.0% decreasing to 4.0% in 2076</td></tr> <tr> <td>2019</td><td>4.4% to 9.4% decreasing to 4.0% in 2077</td></tr> <tr> <td>2018</td><td>5.0% to 9.3% decreasing to 5.0% in 2033</td></tr> <tr> <td>2017</td><td>5.0% to 9.5% decreasing to 5.0% in 2032</td></tr> <tr> <td>2016</td><td>6.3% to 9.0% decreasing to 5.0% in 2031</td></tr> </table>	As of June 30	Health care cost trend rate	2025	1.01% to 20.7% decreasing to 3.9% in 2075	2024	0.2% to 20.5% decreasing to 3.9% in 2076	2023	(3.1%) to 29.1% decreasing to 3.9% in 2075	2022	1.4% to 14.6% decreasing to 3.9% in 2075	2021	2.7% to 7.5% decreasing to 4.0% in 2075	2020	2.7% to 9.0% decreasing to 4.0% in 2076	2019	4.4% to 9.4% decreasing to 4.0% in 2077	2018	5.0% to 9.3% decreasing to 5.0% in 2033	2017	5.0% to 9.5% decreasing to 5.0% in 2032	2016	6.3% to 9.0% decreasing to 5.0% in 2031
As of June 30	Health care cost trend rate																						
2025	1.01% to 20.7% decreasing to 3.9% in 2075																						
2024	0.2% to 20.5% decreasing to 3.9% in 2076																						
2023	(3.1%) to 29.1% decreasing to 3.9% in 2075																						
2022	1.4% to 14.6% decreasing to 3.9% in 2075																						
2021	2.7% to 7.5% decreasing to 4.0% in 2075																						
2020	2.7% to 9.0% decreasing to 4.0% in 2076																						
2019	4.4% to 9.4% decreasing to 4.0% in 2077																						
2018	5.0% to 9.3% decreasing to 5.0% in 2033																						
2017	5.0% to 9.5% decreasing to 5.0% in 2032																						
2016	6.3% to 9.0% decreasing to 5.0% in 2031																						

Accessible Appendix

Display 1: The University's financial position *(in millions of dollars)*

Description	2025	2024	2023
Assets and deferred outflows			
Current	\$19,661	\$18,134	\$20,822
Noncurrent and deferred	97,710	\$93,147	82,188
Total assets and deferred outflows	117,371	\$111,281	103,070
Liabilities and deferred inflows			
Current	19,658	18,965	15,569
Noncurrent and deferred	86,649	86,969	87,530
Total liabilities and deferred inflows	106,307	105,934	103,099
Net position	11,064	5,347	(29)
Total net position	\$11,064	\$5,347	(29)

[Go back to page 11](#)

Display 2: The University's assets and deferred outflows for 2025 *(in millions of dollars and by percentage)*

Description	Allocation	Percentage
Investments	\$41,545	35%
Investment of cash collateral	2,423	2
Accounts receivable, net	9,718	8
Capital assets, net	52,699	45
Other assets	5,679	5
Deferred outflows of resources	5,307	5

[Go back to page 13](#)

Display 3: The University's liabilities and deferred inflows for 2025 *(in millions of dollars and by percentage)*

Description	Allocation	Percentage
Debt, including commercial paper	\$40,828	38%
Securities lending collateral	2,423	2
Net pension liability	11,939	11
Net retiree health benefits liability	19,811	19
Other liabilities	15,673	15
Deferred inflows of resources	15,634	15

[Go back to page 14](#)

Display 4: The University's net position *(in millions of dollars)*

Year	Net investment in capital assets	Nonexpendable	Expendable	Unrestricted
2025	\$21,093	\$1,420	\$15,638	(27,087)
2024	19,002	1,349	12,994	(27,998)
2023	13,778	1,336	11,639	(26,782)

[Go back to page 16](#)

Display 5: The University's revenues by category *(in millions of dollars)*

Category	2025	2024	2023
Student tuition and fees, net	\$5,962	\$5,663	\$5,515
State educational appropriations	4,822	4,714	4,387
Grants and contracts, net	8,654	8,403	7,615
Medical Centers, net	25,322	21,467	19,202
Educational activities and auxiliary enterprises, net	9,554	8,555	7,741
DOE laboratories and other operating revenues	2,390	2,236	2,171
Other nonoperating revenues (Pell Grants, private gifts, net investment income and other)	3,978	4,188	3,569

[Go back to page 19](#)

Display 6: The University's operating and nonoperating revenues in 2025 *(in millions of dollars and by percentage)*

Category	Revenue	Percentage
Student tuition and fees, net	\$5,962	10%
State educational appropriations	4,822	8
Grants and contracts, net	8,654	14
Medical Centers, net	25,322	42
Educational activities and auxiliary enterprises, net	9,554	16
DOE laboratories and other operating revenues	2,390	4
Other nonoperating revenues (Pell Grants, private gifts, net investment income and other)	3,978	6

[Go back to page 20](#)

Display 7: The University's expenses by category *(in millions of dollars)*

Category	2025	2024	2023
Salaries and wages	\$27,366	\$24,444	\$21,880
Pension benefits	1,723	3,375	4,892
Retiree health benefits	279	994	1,108
Other employee benefits	6,069	5,819	5,213
Scholarships and fellowships	1,098	964	893
Supplies and materials	7,612	6,410	5,922
Depreciation and amortization	3,124	3,001	2,830
DOE laboratories, utilities and other operating expenses	10,496	9,508	8,431
Interest expense and other nonoperating expenses	1,325	1,209	1,216

[Go back to page 22](#)

Display 8: Expenses related to primary activities in 2025 *(in millions of dollars and by percentage)*

Category	Revenue	Percentage
Salaries and wages	\$27,366	46%
Pension benefits	1,723	3
Retiree health benefits	279	1
Other employee benefits	6,069	10
Scholarships and fellowships	1,098	2
Supplies and materials	7,612	13
Depreciation and amortization	3,124	5
DOE laboratories, utilities and other operating expenses	10,496	18
Interest expense and other nonoperating expenses	1,325	2

[Go back to page 23](#)

University of California Regents and Officers

As of November 2025

Appointed Regents

(In alphabetical order by last name)

Maria Anguiano
Elaine E. Batchlor
Sonya Brooks
Carmen Chu
Michael Cohen
Gareth Elliott
Jose M. Hernandez
Brian Komoto
Nancy Lee
Richard Leib
Hadi Makarechian
Ana Matosantos
Robert Myers
Lark Park
Janet Reilly
Mark Robinson
Gregory Sarris
Jonathan “Jay” Sures
Ann Wang

Ex Officio Regents

Gavin Newsom, *Governor of California*
Eleni Kounalakis, *Lieutenant Governor*
Robert Rivas, *Speaker of the Assembly*
Tony Thurmond, *State Superintendent of Public Instruction*
James B. Milliken, *President of the University*

Regents-Designate

Charles Melton, *Alumni Regent-Designate*
Karl Tokita, *Alumni Regent-Designate*
Miguel Craven, *Student Regent-Designate*

Faculty Representatives *(non-voting)*

Ahmet Palazoglu, *Chair, Universitywide Academic Senate*
Susannah Scott, *Vice Chair, Universitywide Academic Senate*

Officers of the Regents

Tricia Lyall, *Secretary and Chief of Staff*
Charles F. Robinson, *General Counsel and Senior Vice President of Legal Affairs*
Jagdeep Singh Bachher, *Chief Investment Officer, Senior Vice President of Investments*
Alexander Bustamante, *Chief Compliance and Audit Officer and Senior Vice President*

Office of the President

James B. Milliken, *President of the University*
Katherine Newman, *Provost and Executive Vice President of Academic Affairs*
Nathan Brostrom, *Executive Vice President and Chief Financial Officer*
Rachael Nava, *Executive Vice President and Chief Operating Officer*
David Rubin, *Executive Vice President of UC Health*
Meredith Turner, *Senior Vice President of External Relations and Communications*

Chancellors

Richard Lyons, *Berkeley*
Gary S. May, *Davis*
Howard Gillman, *Irvine*
Julio Frenk, *Los Angeles*
Juan Sánchez-Muñoz, *Merced*
S. Jack Hu, *Riverside*
Pradeep K. Khosla, *San Diego*
Sam Hawgood, *San Francisco*
Dennis Assanis, *Santa Barbara*
Cynthia K. Larive, *Santa Cruz*

Director of DOE Laboratory

Dr. June Yu, *Vice President of UC National Laboratories*





University of California
Office of the President
1111 Franklin Street
Oakland, CA 94607
ucop.edu