TO MEMBERS OF THE COMMITTEE ON FINANCE:

ACTION ITEM

For Meeting of July 20, 2016

FISCAL YEAR 2016-17 BUDGET FOR SYSTEMWIDE ACADEMIC AND PUBLIC SERVICE PROGRAMS, OFFICE OF THE PRESIDENT

EXECUTIVE SUMMARY

Per Regents Policy 5101, Policy Regarding Approval of Annual Budget for the Office of the President, the proposed budget for 2016-17 for the Office of the President (OP) is presented for approval by the Board. As noted in item F5, the budget is being presented as two items in order to clearly delineate the two important and distinct functions of the Office: Central and Administrative Services, and Systemwide Academic and Public Service Programs. The Systemwide Academic and Public Service Programs budget totals $371.6 million, including $207.6 million in unrestricted funds and $164 million in restricted funds, and it represents one percent of the nearly $29 billion University of California budget. Of the $371.6 million budget, more than 50 percent of the funds flow through the OP budget to Agriculture and Natural Resources and the campuses. The Systemwide Academic and Public Service Programs budget supports the statewide delivery of programs in instruction, research, public service, and academic support, including Agriculture and Natural Resources, the Education Abroad Program, breast cancer, tobacco and HIV/AIDS research, K-12 and community college transfer initiatives, the California Digital Library, and UC Press.

RECOMMENDATION

The President of the University recommends that the Committee on Finance recommend to the Regents that the University of California Office of the President fiscal year 2016-17 budget for Systemwide Academic and Public Service Programs be approved, as outlined in Table A below.
A significant component of the Office of the President budget is allocated for the University’s statewide delivery of programs in the areas of instruction, research, public service, and academic support as shown in Table A. These programs provide vital systemwide support in a number of areas:

- **Instruction:** These include programs such as the online Innovative Learning Technology Initiative; the UC Washington Center, which brings nearly 900 students from all nine UC undergraduate campuses to Washington, D.C. each academic year for internships and courses; and the Education Abroad Program, now in its 54th year, which served over 5,600 students in 2015-16 and currently has students at 120 universities and programs in 43 countries.

- **Research:** Several systemwide research programs are administered and, in some cases, funded through the Office of the President. These programs include three state-funded research programs: the Tobacco-Related Disease Research Program, the California Breast Cancer Research Program, and the California HIV/AIDS Research Program. Also included are UC-funded programs such as the multi-campus research programs which funded $8.3 million in continuing grants during fiscal year 2015-16 as part of a four-year, $23 million commitment (and will make approximately $4.5 million in new annual awards in fiscal year 2016-17) to support projects across the University that involve at least three campuses; the Laboratory Fees Research Program which enhances research partnerships between UC researchers and scientists at Lawrence Livermore National Laboratory and Los Alamos National Laboratory; and the Cancer Research Coordinating Committee, which provides faculty seed grants in all aspects of cancer prevention, diagnosis, and cure.
Public Service: These programs provide outreach to future students in areas such as preparation and access; high school and community college articulation; and educator professional development. UC’s public service efforts reach roughly 200,000 individual K-12 and community college students annually at more than 1,000 K-12 schools and all California Community Colleges. This includes the Scout program, which served over 3,000 California students in 2014-15, providing online access to college preparatory and Advanced Placement courses.

Academic Support: In addition to the work of the Academic Senate, this category includes UC Press, which is the first university press to launch born-digital products (products that originate in a digital form), and the California Digital Library, through which 3.8 million digitized books, 500,000 digital images and historical documents, and nearly 110,000 scholarly publications authored by UC faculty and students are freely available to the world.

Agriculture and Natural Resources: The fiscal year 2016-17 budget supports 175 locally-based advisors in 57 counties and 115 campus-based specialists that collaborate with 650 Agriculture Experiment Station (AES) campus-based faculty housed in 38 departments on three campuses (UC Berkeley, UC Davis and UC Riverside). The budget also supports nine Research and Extension Centers and the Nutrition Policy and California Water Research Institutes, among other programs. Annually, ANR serves hundreds of thousands of youth and adults in underserved communities and carries out hundreds of research projects.

National Laboratories: The 2016-17 budget includes contract administration and governance for the Lawrence Berkeley National Laboratory, and governance for the Lawrence Livermore National Laboratory and Los Alamos National Laboratory, where UC is a member of the LLCs.

Overall, the Systemwide Academic and Public Service Programs budget is proposed to grow $20.7 million, or 5.9 percent. The growth is mainly due to three Systemwide Services which have been presented separately in Table A to reflect their systemwide importance:

- **UCPath Center:** The Center will provide payroll and human resources administrative services systemwide. In preparation for the launch of three pilot campuses, UCLA, Merced and Riverside, the UCPath Center will be gradually increasing its staffing level to 179 FTEs. Beginning in FY 2016-17, the UC Path Center costs, while still included in the overall UCOP budget, will be funded through a new assessment to the campuses based on proportional shares of W2s issued by campus.

- **Cybersecurity:** Implementation of a comprehensive cybersecurity program for the entire system, including a Cyber-Risk Coordination Center, Systemwide Threat Detection and Intelligence capabilities and the formation of a Cybersecurity Audit Team.

- **Agriculture and Natural Resources:** Salary and other cost increases consistent with campus budget adjustments, in addition to projected increases in Federal and other grant funding.
Office of the President Assessment

Consistent with practice over the last four years, a portion of the Office of the President budget, covered in both items F5 and F6, is funded by a campus assessment. The fiscal year 2016-17 budget includes an increase of 7.4 percent to the assessment; nearly half of this increase is due to the costs related to the cybersecurity program. Table B shows the annual campus assessment for the past three years. Note that in prior years, the UCPath Center operations costs have been funded through the general assessment; however, Table B shows the assessment trends without those costs. As noted above, in fiscal year 2016-17, a separate assessment to fund the ongoing operating needs of the UCPath Center has been established, with the distribution of that assessment to the campuses based upon proportional share of W2s issued by campus.

Table B
($ millions)

<table>
<thead>
<tr>
<th></th>
<th>FY2014-15</th>
<th>FY2015-16</th>
<th>FY2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus Assesment</td>
<td>$282.6</td>
<td>$290.9</td>
<td>$312.4</td>
</tr>
<tr>
<td>% change</td>
<td></td>
<td>2.9%</td>
<td>7.4%</td>
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The formula for allocating the assessment across campus locations will not change in 2016-17 and will be based one-third on actual expenditures, one-third on total number of employees, and one-third on total number of students.